

Communications

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Interim results of the Swiss National Bank as at 30 September 2018

The Swiss National Bank (SNB) reports a loss of CHF 7.8 billion for the first three quarters of 2018.

A valuation loss of CHF 3.7 billion was recorded on gold holdings. The loss on foreign currency positions amounted to CHF 5.3 billion. The profit on Swiss franc positions was CHF 1.5 billion.

The SNB's financial result depends largely on developments in the gold, foreign exchange and capital markets. Strong fluctuations are therefore to be expected, and only provisional conclusions are possible as regards the annual result.

Loss on foreign currency positions

The loss on foreign currency positions amounted to CHF 5.3 billion.

In terms of current income, interest and dividend income contributed CHF 7.2 billion and CHF 2.7 billion respectively. There was a divergence between bond and equity valuations. Price losses of CHF 8.5 billion were recorded on interest-bearing paper and instruments. By contrast, price gains on equity securities and instruments came to CHF 8.2 billion. Exchange rate-related losses totalled CHF 14.8 billion.

Valuation loss on gold holdings

A valuation loss of CHF 3.7 billion was registered on gold holdings, which remained unchanged in volume terms. Gold was trading at CHF 37,274 per kilogram at end-September 2018 (end-2017: CHF 40,859).

Press release

Profit on Swiss franc positions

The net result from Swiss franc positions totalled CHF 1.5 billion, this largely resulting from negative interest charged on sight deposit account balances.

Provisions for currency reserves

As at end-September 2018, the SNB recorded a loss of CHF 7.8 billion before allocation to the provisions for currency reserves.

In accordance with art. 30 para. 1 of the National Bank Act (NBA), the SNB is required to set aside provisions permitting it to maintain the currency reserves at the level necessary for monetary policy. The allocation for 2018 will be determined at the end of the year.

Press release

Income statement, 1 January–30 September 2018¹

In CHF millions

	Item in Notes	Q1–Q3 2018	Q1–Q3 2017	Change
Net result from gold		–3 728.6	2 274.0	–6 002.6
Net result from foreign currency positions	1	–5 266.9	30 267.7	–35 534.6
Net result from Swiss franc positions	2	1 458.7	1 463.8	–5.1
Net result, other		–5.0	11.7	–16.7
Gross income		–7 541.8	34 017.3	–41 559.1
Banknote expenses		–45.2	–41.0	–4.2
Personnel expenses		–129.6	–123.7	–5.9
General overheads		–89.2	–85.0	–4.2
Depreciation on tangible assets		–20.0	–22.6	+2.6
Interim result		–7 825.8	33 745.0	–41 570.8

¹ Unaudited. The external auditors only audit the annual financial statements.

Press release

Income statement for the third quarter of 2018¹

In CHF millions

	Q3 2018	Q3 2017	Change
Net result from gold	-2 796.3	1 928.2	-4 724.5
Net result from foreign currency positions	-10 510.1	30 157.0	-40 667.1
Net result from Swiss franc positions	470.4	520.0	-49.6
Net result, other	-4.1	1.8	-5.9
Gross income	-12 840.1	32 607.0	-45 447.1
Banknote expenses	-22.2	-1.1	-21.1
Personnel expenses	-43.1	-40.6	-2.5
General overheads	-29.4	-27.5	-1.9
Depreciation on tangible assets	-6.6	-7.7	+1.1
Interim result	-12 941.4	32 530.1	-45 471.5

¹ Unaudited. The external auditors only audit the annual financial statements.

Press release

Balance sheet as at 30 September 2018¹**Assets**

In CHF millions

	30.09.2018	31.12.2017	Change
Gold holdings	38 765.5	42 494.0	-3 728.5
Foreign currency investments ²	763 049.3	790 124.8	-27 075.5
Reserve position in the IMF	1 002.8	871.3	+ 131.5
International payment instruments	4 431.6	4 495.5	-63.9
Monetary assistance loans	266.9	210.3	+56.6
Claims from Swiss franc repo transactions	-	-	-
Swiss franc securities	3 833.1	3 956.2	- 123.1
Tangible assets	412.6	396.3	+ 16.3
Participations	151.0	156.9	-5.9
Other assets	865.1	601.1	+264.0
Total assets	812 778.0	843 306.4	-30 528.4

1 Unaudited. The external auditors only audit the annual financial statements.

2 Includes, as at end-September 2018, cash received from repo transactions relating to the management of foreign currency investments amounting to CHF 23.5 billion (end-2017: CHF 45.9 billion). The associated liabilities are included in the balance sheet under foreign currency liabilities and result in an increase in the balance sheet total.

Press release

Liabilities

In CHF millions

	30.09.2018	31.12.2017	Change
Banknotes in circulation	78 610.3	81 638.9	-3 028.6
Sight deposits of domestic banks	467 378.0	470 439.4	-3 061.4
Liabilities towards the Confederation	19 805.6	14 754.8	+ 5 050.8
Sight deposits of foreign banks and institutions	54 995.5	54 085.6	+ 909.9
Other sight liabilities	36 412.0	34 398.8	+ 2 013.2
Liabilities from Swiss franc repo transactions	-	-	-
SNB debt certificates	-	-	-
Foreign currency liabilities	23 537.5	45 933.6	-22 396.1
Counterpart of SDRs allocated by the IMF	4 479.4	4 572.7	-93.3
Other liabilities	219.2	314.8	-95.6
Equity			
Provisions for currency reserves ¹	67 792.9	62 771.2	+ 5 021.7
Share capital	25.0	25.0	-
Distribution reserve ²	67 348.4	20 000.0	+47 348.4
Annual result 2017		54 371.6	-54 371.6
Interim result	-7 825.8		-7 825.8
Total equity	127 340.6	137 167.8	-9 827.3
Total liabilities	812 778.0	843 306.4	-30 528.4

1 The allocation to the provisions for currency reserves forms part of the profit appropriation. The increase of around CHF 5.0 billion represents the allocation for the 2017 financial year.

2 The distribution reserve only changes once a year, as part of the profit appropriation.

Press release

Condensed changes in equity

In CHF millions

	Q1–Q3 2018	Q1–Q3 2017
Equity at beginning of period¹	137 167.8	84 527.4
Distribution of dividends to shareholders	– 1.5	– 1.5
Profit distribution to Confederation and cantons	– 2 000.0	– 1 729.7
Interim result	– 7 825.8	33 745.0
Equity at end of period	127 340.6	116 541.2

¹ At the beginning of the period, equity is composed of share capital, provisions for currency reserves, the distribution reserve and the annual result.

Valuation rates

	Year under review			Previous year		
	30.09.2018 CHF	31.12.2017 CHF	Change In percent	30.09.2017 CHF	31.12.2016 CHF	Change In percent
1 EUR	1.1313	1.1711	– 3.4	1.1457	1.0723	+ 6.8
1 USD	0.9769	0.9765	0.0	0.9706	1.0164	– 4.5
100 JPY	0.8608	0.8678	– 0.8	0.8620	0.8707	– 1.0
1 GBP	1.2709	1.3205	– 3.8	1.2976	1.2587	+ 3.1
1 CAD	0.7535	0.7775	– 3.1	0.7781	0.7564	+ 2.9
1 kilogram of gold	37 274.14	40 859.28	– 8.8	40 071.15	37 884.60	+ 5.8

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Appendix

Accounting and valuation principles

The SNB is a special-statute joint-stock company with head offices in Berne and Zurich. These interim results have been drawn up in accordance with the provisions of the NBA and the Swiss Code of Obligations (CO) as well as the accounting principles detailed in the notes to the annual financial statements as at 31 December 2017. These results present a true and fair view of the financial position and the results of operations of the SNB. Unless otherwise stated, the accounting principles are based on the Swiss GAAP FER standards (Accounting and Reporting Recommendations). Departures from Swiss GAAP FER occur only if an accounting principle runs counter to the provisions of the NBA or if the special nature of the SNB needs to be taken into account. In a departure from Swiss GAAP FER, no cash flow statement has been prepared. The structure and designation of the items in the balance sheet and the income statement take into consideration the special character of the business conducted at a central bank.

Compared with the annual financial statements as at 31 December 2017, there were no changes to the accounting and valuation principles.

The SNB interim results as at 30 September 2018 constitute an interim report in accordance with Swiss GAAP FER 31, with condensations in presentation and disclosures.

Swiss GAAP FER 31 requires the presentation of earnings per share. This has no informative value in view of the special statutory provisions for the SNB. Shareholders' rights are determined by the NBA and their dividends, in particular, may not exceed 6% of share capital (with a nominal value of CHF 250 per share, a maximum of CHF 15); the Confederation is entitled to one-third and the cantons to two-thirds of the remaining distributable profit. Therefore, no presentation of earnings per share is made.

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Notes to the balance sheet and income statement

Item no. 1: Net result from foreign currency positions

Breakdown by origin in CHF millions

	Q1–Q3 2018	Q1–Q3 2017	Change
Foreign currency investments	– 5 252.9	30 263.5	– 35 516.4
Reserve position in the IMF	– 17.2	6.2	– 23.4
International payment instruments	2.4	– 1.3	+ 3.7
Monetary assistance loans	0.8	– 0.7	+ 1.5
Total	– 5 266.9	30 267.7	– 35 534.6

Breakdown by type in CHF millions

	Q1–Q3 2018	Q1–Q3 2017	Change
Interest income	7 191.1	6 789.3	+ 401.8
Price gain/loss on interest-bearing paper and instruments	– 8 520.8	– 3 978.5	– 4 542.3
Interest expenses	6.8	111.0	– 104.2
Dividend income	2 699.8	2 507.6	+ 192.2
Price gain/loss on equity securities and instruments	8 167.8	14 410.6	– 6 242.8
Exchange rate gain/loss	– 14 782.7	10 450.4	– 25 233.1
Asset management, safe custody and other fees	– 28.9	– 22.7	– 6.2
Total	– 5 266.9	30 267.7	– 35 534.6

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Item no. 2: Net result from Swiss franc positions**Breakdown by origin** in CHF millions

	Q1–Q3 2018	Q1–Q3 2017	Change
Negative interest on sight deposit account balances	1 528.4	1 496.8	+ 31.6
Swiss franc securities	– 67.8	– 31.6	– 36.2
Liquidity-providing Swiss franc repo transactions	–	–	–
Liquidity-absorbing Swiss franc repo transactions	–	–	–
Liabilities towards the Confederation	–	–	–
SNB debt certificates	–	–	–
Other Swiss franc positions	– 1.8	– 1.4	– 0.4
Total	1 458.7	1 463.8	– 5.1

Breakdown by type in CHF millions

	Q1–Q3 2018	Q1–Q3 2017	Change
Negative interest on sight deposit account balances	1 528.4	1 496.8	+ 31.6
Interest income	37.6	41.5	– 3.9
Price gain/loss on interest-bearing paper and instruments	– 98.4	– 65.8	– 32.6
Interest expenses	– 1.8	– 1.4	– 0.4
Trading, safe custody and other fees	– 7.0	– 7.3	+ 0.3
Total	1 458.7	1 463.8	– 5.1