

**Communications**

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## Annual result of the Swiss National Bank for 2018

**The Swiss National Bank (SNB) reports a loss of CHF 14.9 billion for the year 2018 (2017: profit of CHF 54.4 billion).**

The loss on foreign currency positions amounted to CHF 16.3 billion. A valuation loss of CHF 0.3 billion was recorded on gold holdings. The profit on Swiss franc positions was CHF 2.0 billion.

For the financial year just ended, the SNB has set the allocation to the provisions for currency reserves at CHF 5.4 billion. After taking into account the distribution reserve of CHF 67.3 billion, the net profit comes to CHF 47.0 billion. This will allow a dividend payment of CHF 15 per share, which corresponds to the legally stipulated maximum amount, as well as a profit distribution to the Confederation and the cantons of CHF 1 billion. The Confederation and the cantons are also entitled to a supplementary distribution of CHF 1 billion as the distribution reserve after appropriation of profit exceeds CHF 20 billion. Of the total amount to be distributed (CHF 2 billion), one-third goes to the Confederation and two-thirds to the cantons. After these payments, the distribution reserve will amount to CHF 45.0 billion.

### Loss on foreign currency positions

The loss on foreign currency positions was CHF 16.3 billion (2017: profit of CHF 49.7 billion).

Price losses of CHF 5.6 billion were recorded on interest-bearing paper and instruments. Furthermore, the unfavourable stock market environment led to a loss of CHF 12.4 billion on equity securities and instruments. Exchange rate-related losses totalled CHF 11.3 billion. This was offset by interest income amounting to CHF 9.6 billion and dividend income amounting to CHF 3.4 billion.

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## **Valuation loss on gold holdings**

At CHF 40,612 per kilogram, the price of gold was 0.6% lower than at the end of 2017 (CHF 40,859). This gave rise to a valuation loss of CHF 0.3 billion on the unchanged holdings of 1,040 tonnes of gold (2017: valuation gain of CHF 3.1 billion).

## **Profit on Swiss franc positions**

The profit on Swiss franc positions, which stood at CHF 2.0 billion (2017: CHF 2.0 billion), largely resulted from negative interest charged on sight deposit account balances.

## **Provisions for currency reserves**

In principle, given the high market risks present in the SNB balance sheet, the percentage increase in provisions is calculated on the basis of double the average nominal GDP growth rate for the previous five years. In addition, a minimum annual allocation of 8% of the provisions at the end of the previous year has applied since 2016. This is aimed at ensuring that sufficient allocations are made to the provisions and the balance sheet is further strengthened, even in periods of low nominal GDP growth.

Since nominal GDP growth over the last five years has averaged just 1.2%, the minimum rate of 8% will be applied for the 2018 financial year. This corresponds to an allocation of CHF 5.4 billion (2017: CHF 5.0 billion). As a result, the provisions for currency reserves will grow from CHF 67.8 billion to CHF 73.2 billion.

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## Income statement for 2018

In CHF millions

	Item no. in Notes	2018	2017	Change
Net result from gold		-256.7	3 093.7	-3 350.4
Net result from foreign currency positions	1	-16 337.5	49 672.0	-66 009.5
Net result from Swiss franc positions	2	2 046.2	2 007.0	+39.2
Net result, other		-4.8	13.1	-17.9
<b>Gross income</b>		<b>-14 552.7</b>	<b>54 785.8</b>	<b>-69 338.5</b>
Banknote expenses		-56.8	-97.8	+41.0
Personnel expenses		-174.5	-165.6	-8.9
General overheads		-122.9	-120.3	-2.6
Depreciation on tangible assets		-27.1	-30.6	+3.5
<b>Annual result</b>		<b>-14 934.0</b>	<b>54 371.6</b>	<b>-69 305.6</b>

Press release

## Appropriation of profit for 2018

In CHF millions

	2018	2017	Change
<b>Annual result</b>	<b>- 14 934.0</b>	<b>54 371.6</b>	<b>- 69 305.6</b>
- Allocation to provisions for currency reserves	- 5 423.4	- 5 021.7	- 401.7
<b>= Distributable annual result</b>	<b>- 20 357.4</b>	<b>49 349.9</b>	<b>- 69 707.3</b>
+ Profit carried forward (distribution reserve before appropriation of profit)	67 348.4	20 000.0	+ 47 348.4
<b>= Net profit</b>	<b>46 991.0</b>	<b>69 349.9</b>	<b>- 22 358.9</b>
- Payment of a dividend of 6%	- 1.5	- 1.5	-
- Profit distribution to Confederation and cantons <sup>1</sup>	- 2 000.0	- 2 000.0	-
<b>= Balance carried forward to following year's financial statements (distribution reserve after appropriation of profit)</b>	<b>44 989.5</b>	<b>67 348.4</b>	<b>- 22 358.9</b>

<sup>1</sup> Profit distribution agreement of 9 November 2016 between the Federal Department of Finance and the Swiss National Bank.

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## Balance sheet as at 31 December 2018

### Assets

In CHF millions

	31.12.2018	31.12.2017	Change
Gold holdings	42 237.3	42 494.0	-256.7
Foreign currency investments <sup>1</sup>	763 727.9	790 124.8	-26 396.9
Reserve position in the IMF	1 188.4	871.3	+317.1
International payment instruments	4 440.6	4 495.5	-54.9
Monetary assistance loans	260.3	210.3	+50.0
Claims from Swiss franc repo transactions	-	-	-
Swiss franc securities	3 977.1	3 956.2	+20.9
Tangible assets	435.5	396.3	+39.2
Participations	151.0	156.9	-5.9
Other assets	650.7	601.1	+49.6
<b>Total assets</b>	<b>817 068.8</b>	<b>843 306.4</b>	<b>-26 237.6</b>

<sup>1</sup> Includes, as at end-December 2018, cash received from repo transactions relating to the management of foreign currency investments amounting to CHF 34.8 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.

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**Liabilities**

In CHF millions

	31.12.2018	31.12.2017	Change
Banknotes in circulation	82 238.8	81 638.9	+ 599.9
Sight deposits of domestic banks	480 634.3	470 439.4	+ 10 194.9
Liabilities towards the Confederation	15 612.6	14 754.8	+ 857.8
Sight deposits of foreign banks and institutions	37 101.7	54 085.6	- 16 983.9
Other sight liabilities	41 478.6	34 398.8	+ 7 079.8
Liabilities from Swiss franc repo transactions	-	-	-
SNB debt certificates	-	-	-
Foreign currency liabilities	34 811.8	45 933.6	- 11 121.8
Counterpart of SDRs allocated by the IMF	4 486.5	4 572.7	- 86.2
Other liabilities	472.2	314.8	+ 157.4

**Equity**

Provisions for currency reserves <sup>1</sup>	67 792.9	62 771.2	+ 5 021.7
Share capital	25.0	25.0	-
Distribution reserve <sup>1</sup>	67 348.4	20 000.0	+ 47 348.4
Annual result	- 14 934.0	54 371.6	- 69 305.6
<b>Total equity</b>	<b>120 232.3</b>	<b>137 167.8</b>	<b>- 16 935.5</b>
<b>Total liabilities</b>	<b>817 068.8</b>	<b>843 306.4</b>	<b>- 26 237.6</b>

<sup>1</sup> Before appropriation of profit.

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## Valuation rates

	Year under review			Previous year		Change In percent
	31.12.2018 CHF	31.12.2017 CHF	Change In percent	31.12.2017 CHF	31.12.2016 CHF	
1 EUR	1.1283	1.1711	-3.7	1.1711	1.0723	+9.2
1 USD	0.9868	0.9765	+1.1	0.9765	1.0164	-3.9
100 JPY	0.8969	0.8678	+3.4	0.8678	0.8707	-0.3
1 GBP	1.2630	1.3205	-4.4	1.3205	1.2587	+4.9
1 CAD	0.7232	0.7775	-7.0	0.7775	0.7564	+2.8
1 kilogram of gold	40 612.43	40 859.28	-0.6	40 859.28	37 884.60	+7.9

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## Notes to the annual financial statements

### Item no. 1: Net result from foreign currency positions

Breakdown by origin in CHF millions

	2018	2017	Change
Foreign currency investments	-16 328.1	49 648.9	-65 977.0
Reserve position in the IMF	-15.5	25.0	-40.5
International payment instruments	2.2	-4.8	+7.0
Monetary assistance loans	3.9	3.0	+0.9
<b>Total</b>	<b>-16 337.5</b>	<b>49 672.0</b>	<b>-66 009.5</b>

Breakdown by type in CHF millions

	2018	2017	Change
Interest income	9 622.9	9 267.0	+355.9
Price gain/loss on interest-bearing paper and instruments	-5 617.4	-5 460.9	-156.5
Interest expenses	-17.2	145.7	-162.9
Dividend income	3 424.5	3 203.3	+221.2
Price gain/loss on equity securities and instruments	-12 377.6	21 516.3	-33 893.9
Exchange rate gain/loss	-11 335.8	21 030.9	-32 366.7
Asset management, safe custody and other fees	-36.9	-30.2	-6.7
<b>Total</b>	<b>-16 337.5</b>	<b>49 672.0</b>	<b>-66 009.5</b>



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

	2018	2017	Change
Negative interest on sight deposit account balances	2 048.0	2 020.7	+27.3
Swiss franc securities	0.7	-11.9	+12.6
Liquidity-providing Swiss franc repo transactions	-	-	-
Liquidity-absorbing Swiss franc repo transactions	-	-	-
Liabilities towards the Confederation	-	-	-
SNB debt certificates	-	-	-
Other Swiss franc positions	-2.5	-1.8	-0.7
<b>Total</b>	<b>2 046.2</b>	<b>2 007.0</b>	<b>+39.2</b>

**Breakdown by type** in CHF millions

	2018	2017	Change
Negative interest on sight deposit account balances	2 048.0	2 020.7	+27.3
Interest income	49.6	54.7	-5.1
Price gain/loss on interest-bearing paper and instruments	-40.2	-57.0	+16.8
Interest expenses	-2.5	-1.8	-0.7
Trading, safe custody and other fees	-8.7	-9.6	+0.9
<b>Total</b>	<b>2 046.2</b>	<b>2 007.0</b>	<b>+39.2</b>