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Press release

Swiss National Bank Financial Statements and Annual Report 2002

Aggregate income much lower – reduction in distributable provisions

The Swiss National Bank's aggregate income fell markedly during the 2002 financial year, to Sfr 2.25 billion, compared with Sfr 4.05 billion the previous year. Gold transactions and the revaluation of gold holdings resulted in higher income of Sfr 1.53 billion (2001: 1.27), while earnings on foreign currency investments fell to Sfr 0.5 billion (2001: 2.41) owing to exchange rate movements. At Sfr 0.82 billion, income from financial assets denominated in Swiss francs – primarily securities and repo transactions – was slightly higher than the previous year's figure of Sfr 0.76 billion. Lower interest expenses brought about a reduction in ordinary expenses to Sfr 0.32 (0.43) billion. In addition to the distribution of Sfr 1.5 billion that they have received in the past, the Confederation and the cantons receive a special distribution of an additional Sfr 1 billion in the 2002 accounts. The surplus remaining for future distributions fell from Sfr 13.38 billion to Sfr 10.74 billion year-on-year.

The new profit distribution agreement, concluded in Spring 2002 with the Federal Department of Finance, lays the foundation for the reduction of distributable provisions that have accumulated in the accounts of the National Bank owing to cautious earnings forecasts in previous years. The agreement provides for annual distributions of Sfr 2.5 billion for the 2003 to 2012 financial years. This amount was determined in order to eliminate distributable provisions entirely within ten years. The level of provisions also permits a special distribution of Sfr 1 billion to be made to the Confederation and the cantons for the 2002 financial year.

Of the Sfr 2.25 billion in aggregate earnings for 2002, Sfr 1.08 billion (2001: 0.36) has been allocated to the provision for the planned assignment of free assets (countervalue of the gold holdings no longer required) and Sfr 0.4 billion (0.83) to the provision for market and liquidity risks on the gold remaining with the National Bank. The increased provisions are due to the increase in the gold price and earnings from the hedging of future dollar income from gold transactions. After these allocations, the remaining sum was Sfr 0.77 billion. Sfr 1.73 billion was added to this figure out of the general provisions for market, credit and liquidity risks to produce the reported annual profit of Sfr 2.51 billion. These provisions have contracted from Sfr 40.25 billion to Sfr 38.52 billion as a result.

It will be proposed to the Annual General Meeting that the shareholders continue to receive the statutory maximum dividend of 6%.

Annual Report 2002 of the Swiss National Bank

Swiss National Bank