

Communications

P.O. Box, CH-8022 Zurich
Telephone +41 58 631 00 00
communications@snb.ch

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Interim results of the Swiss National Bank as at 30 June 2020

The Swiss National Bank reports a profit of CHF 0.8 billion for the first half of 2020.

The first half of 2020 was dominated by the effects of the coronavirus pandemic, which led to high volatility on the financial markets. The loss on foreign currency positions amounted to CHF 6.8 billion. A valuation gain of CHF 7.1 billion was recorded on gold holdings. The profit on Swiss franc positions was CHF 0.6 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 totalled CHF 6.8 billion.

Interest and dividend income amounted to CHF 4.1 billion and CHF 1.8 billion respectively. A price gain of CHF 10.8 billion was recorded on interest-bearing paper and instruments, while equity securities and instruments registered a loss of CHF 4.4 billion. Exchange rate-related losses totalled CHF 19.1 billion.

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Valuation gain on gold holdings

A valuation gain of CHF 7.1 billion was recorded on gold holdings, which remained unchanged in volume terms. Gold was trading at CHF 54,069 per kilogram at the end of June 2020 (end-2019: CHF 47,222).

Profit on Swiss franc positions

The profit on Swiss franc positions totalled CHF 0.6 billion. It largely resulted from negative interest charged on sight deposit account balances.

Provisions for currency reserves

As at end-June 2020, the SNB recorded a profit of CHF 0.8 billion before the 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 the current financial year is determined at the end of the year.

Press release

Income statement, 1 January–30 June 2020¹

In CHF millions

	Item in Notes	Q1–Q2 2020	Q1–Q2 2019	Change
Net result from gold		7 121.1	3 778.0	+ 3 343.1
Net result from foreign currency positions	1	– 6 783.8	33 759.7	– 40 543.5
Net result from Swiss franc positions	2	633.5	1 140.5	– 507.0
Net result, other		– 8.3	– 7.8	– 0.5
Gross income		962.6	38 670.4	– 37 707.8
Banknote expenses		– 19.7	– 36.5	+ 16.8
Personnel expenses		– 90.5	– 89.3	– 1.2
General overheads		– 65.2	– 65.2	–
Depreciation on tangible assets		– 19.3	– 15.0	– 4.3
Interim result		767.9	38 464.5	– 37 696.6

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

Press release

Income statement for the second quarter of 2020¹

In CHF millions

	Q2 2020	Q2 2019	Change
Net result from gold	4 311.7	2 897.5	+ 1 414.2
Net result from foreign currency positions	34 415.4	4 424.3	+ 29 991.1
Net result from Swiss franc positions	366.4	553.9	– 187.5
Net result, other	0.5	0.7	– 0.2
Gross income	39 094.0	7 876.4	+ 31 217.6
Banknote expenses	– 19.7	– 36.4	+ 16.7
Personnel expenses	– 44.1	– 44.2	+ 0.1
General overheads	– 27.6	– 27.8	+ 0.2
Depreciation on tangible assets	– 9.6	– 7.6	– 2.0
Interim result	38 993.0	7 760.4	+ 31 232.6

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

Press release

Balance sheet as at 30 June 2020¹

Assets

In CHF millions

	30.06.2020	31.12.2019	Change
Gold holdings	56 232.0	49 110.9	+ 7 121.1
Foreign currency investments ²	863 218.9	794 015.3	+ 69 203.6
Reserve position in the IMF	1 654.3	1 368.7	+ 285.6
International payment instruments	4 451.7	4 380.6	+ 71.1
Monetary assistance loans	932.9	276.2	+ 656.7
Claims from US dollar repo transactions ³	9 608.5	–	+ 9 608.5
Claims from Swiss franc repo transactions	4 654.0	6 529.0	– 1 875.0
Swiss franc securities	4 003.7	4 074.3	– 70.6
Secured loans ⁴	10 102.0	–	+ 10 102.0
Tangible assets	443.1	449.8	– 6.7
Participations	132.4	135.3	– 2.9
Other assets	864.1	616.3	+ 247.8
Total assets	956 297.5	860 956.3	+ 95 341.2

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

2 Includes, as at end-June 2020, cash received from repo transactions relating to the management of foreign currency investments amounting to CHF 1.9 billion (end-2019: CHF 13.3 billion). The associated liabilities are included in the balance sheet under foreign currency liabilities and result in a balance sheet expansion.

3 With these repo transactions, the SNB provides US dollar liquidity. It engages in foreign exchange swaps with the US Federal Reserve for this purpose. The amount in Swiss francs for the account of the Federal Reserve is stated on the liabilities side under other term liabilities.

4 The SNB COVID-19 refinancing facility (CRF) for banks based in Switzerland and the Principality of Liechtenstein. The CRF allows banks to obtain liquidity from the SNB, which is secured by loans guaranteed by the Confederation or the cantons.

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Liabilities

In CHF millions

	30.06.2020	31.12.2019	Change
Banknotes in circulation	84 901.4	84 450.1	+ 451.3
Sight deposits of domestic banks	596 650.0	505 810.6	+ 90 839.4
Liabilities towards the Confederation	35 720.3	23 481.5	+ 12 238.8
Sight deposits of foreign banks and institutions	26 063.1	30 164.1	– 4 101.0
Other sight liabilities	32 936.8	31 997.4	+ 939.4
Liabilities from Swiss franc repo transactions	–	–	–
SNB debt certificates	–	–	–
Other term liabilities	9 717.7	–	+ 9 717.7
Foreign currency liabilities	1 891.5	13 314.7	– 11 423.2
Counterpart of SDRs allocated by the IMF	4 299.4	4 417.9	– 118.5
Other liabilities	268.3	237.5	+ 30.8

Equity

Provisions for currency reserves ¹	79 073.6	73 216.3	+ 5 857.3
Share capital	25.0	25.0	–
Distribution reserve ²	83 982.4	44 989.5	+ 38 992.9
Annual result 2019		48 851.7	– 48 851.7
Interim result	767.9		+ 767.9
Total equity	163 848.9	167 082.5	– 3 233.6
Total liabilities	956 297.5	860 956.3	+ 95 341.2

1 The allocation to the provisions for currency reserves forms part of the profit appropriation. The increase of around CHF 5.9 billion represents the allocation for the 2019 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–Q2 2020	Q1–Q2 2019
Equity at beginning of period¹	167 082.5	120 232.3
Distribution of dividends to shareholders	– 1.5	– 1.5
Profit distribution to Confederation and cantons	– 4 000.0	– 2 000.0
Interim result	767.9	38 464.5
Equity at end of period	163 848.9	156 695.3

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

	30.06.2020 CHF	31.12.2019 CHF	Year under review Change In percent	30.06.2019 CHF	31.12.2018 CHF	Previous year Change In percent
1 EUR	1.0647	1.0848	– 1.9	1.1112	1.1283	– 1.5
1 USD	0.9498	0.9668	– 1.8	0.9762	0.9868	– 1.1
100 JPY	0.8822	0.8900	– 0.9	0.9059	0.8969	+ 1.0
1 GBP	1.1684	1.2776	– 8.5	1.2409	1.2630	– 1.7
1 CAD	0.6949	0.7436	– 6.5	0.7454	0.7232	+ 3.1
1 kilogram of gold	54 068.72	47 221.54	+ 14.5	44 245.09	40 612.43	+ 8.9

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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 2019. 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.

There were no changes to the accounting and valuation principles of the existing items in the annual financial statements as at 31 December 2019. Following the introduction of the temporary SNB COVID-19 refinancing facility, these items were supplemented by the new balance sheet item secured loans. The facility allows banks to obtain liquidity from the SNB, which is secured by loans guaranteed by the Confederation or the cantons. The claims are stated at nominal value. The interest income is stated under net result from Swiss franc positions.

Furthermore, the SNB is participating in the coordinated central bank action to further enhance the provision of dollar liquidity via the existing US dollar swap agreements. The SNB uses repo transactions to provide US dollar liquidity. These transactions are stated under the balance sheet items claims from US dollar repo transactions and other term liabilities.

The SNB interim results as at 30 June 2020 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. 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–Q2 2020	Q1–Q2 2019	Change
Foreign currency investments	– 6 732.2	33 761.7	– 40 493.9
Reserve position in the IMF	– 37.2	– 3.4	– 33.8
International payment instruments	– 1.6	– 0.1	– 1.5
Monetary assistance loans	– 12.7	1.6	– 14.3
Total	– 6 783.8	33 759.7	– 40 543.5

Breakdown by type in CHF millions

	Q1–Q2 2020	Q1–Q2 2019	Change
Interest income	4 122.2	4 689.8	– 567.6
Price gain/loss on interest-bearing paper and instruments	10 811.1	14 170.4	– 3 359.3
Interest expenses	– 23.2	– 55.1	+ 31.9
Dividend income	1 806.0	2 102.7	– 296.7
Price gain/loss on equity securities and instruments	– 4 368.2	20 832.4	– 25 200.6
Exchange rate gain/loss	– 19 114.0	– 7 962.6	– 11 151.4
Asset management, safe custody and other fees	– 17.8	– 17.9	+ 0.1
Total	– 6 783.8	33 759.7	– 40 543.5

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Item no. 2: Net result from Swiss franc positions

Breakdown by origin in CHF millions

	Q1–Q2 2020	Q1–Q2 2019	Change
Negative interest on sight deposit account balances	664.0	1 008.6	– 344.6
Swiss franc securities	– 6.9	132.7	– 139.6
Liquidity-providing Swiss franc repo transactions	– 8.1	–	– 8.1
Liquidity-absorbing Swiss franc repo transactions	–	–	–
Secured loans	– 14.9	–	– 14.9
Liabilities towards the Confederation	–	–	–
SNB debt certificates	–	–	–
Other Swiss franc positions	– 0.4	– 0.8	+ 0.4
Total	633.5	1 140.5	– 507.0

Breakdown by type in CHF millions

	Q1–Q2 2020	Q1–Q2 2019	Change
Negative interest on sight deposit account balances	664.0	1 008.6	– 344.6
Interest income	– 3.0	23.2	– 26.2
Price gain/loss on interest-bearing paper and instruments	– 23.1	113.2	– 136.3
Interest expenses	– 0.4	– 0.8	+ 0.4
Trading, safe custody and other fees	– 3.9	– 3.7	– 0.2
Total	633.5	1 140.5	– 507.0