

Swiss Financial Accounts 2017

SCHWEIZERISCHE NATIONALBANK
BANQUE NATIONALE SUISSE
BANCA NAZIONALE SVIZZERA
BANCA NAZIUNALA SVIZRA
SWISS NATIONAL BANK



Swiss Financial Accounts 2017

Volume 14

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The Swiss financial accounts are concerned with the financial assets and liabilities of the economy's institutional sectors. These sectors are non-financial and financial corporations, general government and households. The financial accounts are a synthesis statistic, and are based, in particular, on banking statistics, the survey on cross-border capital linkages, insurance statistics, pension fund statistics and statistics on public finances. Data from these sources are systematically evaluated and processed to provide a consistent overall picture that allows for a variety of macroeconomic analyses.

The financial accounts form part of Switzerland's system of national accounts. The Swiss National Bank (SNB) compiles the financial accounts in collaboration with the Swiss Federal Statistical Office (SFSO). They are based

on the European System of Accounts 2010 (ESA 2010), thereby ensuring their methodological compatibility with the section of the national accounts compiled by the SFSO – which reflects the real part of the Swiss economy – and with the financial accounts of the EU countries.

In the first section of this publication, a commentary on selected results from the financial accounts is provided, while a second section covers the balance sheet of households. This balance sheet combines data on financial assets and liabilities derived from the financial accounts with an estimate of real estate assets held by households.

Data and notes on the financial accounts on the SNB's data portal

Tables with detailed data on the Swiss financial accounts can be found on the SNB's data portal (data.snb.ch) under 'Other areas of the economy'. The annual data, which are currently available for the period 1999 to 2017, can be accessed in the form of charts and configurable tables. Detailed notes on the methods for the financial accounts, and information on revision of data and breaks in series, can also be found on the data portal.

General comments on the Swiss financial accounts

Institutional sectors

In the financial accounts, the institutional units in the economy are allocated on the basis of their economic behaviour to the following institutional sectors: non-financial corporations, financial corporations, general government and households.¹

Non-financial corporations and financial corporations include both private and government market producers. The financial corporations sector is made up of the following sub-sectors: central bank, commercial banks, investment funds, other financial intermediaries as well as insurance corporations and pension funds.

The general government sector is made up of institutions that provide the public with non-market services; they are financed by compulsory payments or are primarily engaged in redistributing income or assets. The general government sector is broken down into the following sub-sectors: central government, cantons, municipalities and social security funds.

The characteristic feature of households is their function as consumers. The household sector also includes non-profit institutions serving households (NPISHs), such as relief organisations, churches, trade unions, political parties and recreational clubs, which provide households with non-market services.

Breakdown of financial assets and liabilities by financial instrument

Financial assets and liabilities are broken down by financial instrument as follows: currency and deposits, debt securities, loans, shares and other equity, units in collective investment schemes, insurance and pension schemes, financial derivatives, and other accounts receivable/payable. An additional instrument is the monetary gold and special drawing rights (SDRs) item, which only appears under the total for financial corporations and the Swiss National Bank sub-sector.

Valuation of financial assets and liabilities

Valuation of both financial assets and liabilities is, in principle, at market value. Unlike in the accounts of corporations and general government, debt securities and shares are therefore stated at market value, even on the liabilities side of the financial accounts.

An important deviation from this market value principle is made in the case of participating interests abroad, which are included under financial assets of non-financial and financial corporations, as part of the shares and other equity financial instrument. The figure for participating interests abroad is taken from the survey on cross-border capital linkages and represents subsidiaries' book value rather than their market value.

Breakdown of changes in stocks

Changes in the stocks of financial assets and liabilities can, in principle, be broken down into transactions, capital gains and losses, and statistical changes and reclassifications. Transactions include the creation or liquidation of financial assets and liabilities (e.g. by paying into bank accounts, granting loans or issuing securities) and changes in ownership of a financial asset (e.g. through purchasing and selling securities in the secondary market). Capital gains and losses arise from valuation changes caused by movements in market prices and exchange rates.

Data on transactions are available for all sectors and positions, except for securities (debt securities, shares and other equity, units in collective investment schemes) in the financial corporations sector, where only data for stocks are currently available. Data for capital gains and losses as well as statistical changes and reclassifications are only available for the household and general government sectors.

¹ Institutional units are characterised by decision-making autonomy in economic matters and either keep a complete set of accounts or are able to compile a complete set of accounts. It should be noted that the concept underlying the division of the economy into institutional sectors according to ESA 2010 is different from that underlying the classification of productive economic units according to NOGA (General Classification of Economic Activities).

2

Financial assets and liabilities of the institutional sectors

This section of the report compares the financial assets and liabilities of the institutional sectors. It also looks at the breakdown of, and selected developments in, the financial assets and liabilities of each sector.

The financial assets and liabilities of the financial corporations sector greatly exceed those of the other sectors. This is because the institutions combined in this sector act as financial intermediaries. Foreign positions account for a substantial share of the financial assets and liabilities of these financial corporations. Moreover, the data in the Swiss financial accounts are unconsolidated (i.e. financial assets and liabilities within a sector are not set off against each other), and this is particularly significant for the financial corporations.

In the financial corporations sector, the level of financial assets and liabilities is fairly balanced, which is not the case for households and non-financial corporations. For households, financial assets substantially exceed liabilities, mainly because claims on insurance corporations and pension funds arising from occupational pension schemes are included in household financial assets. For non-financial corporations, liabilities significantly exceed financial assets. This is because non-financial assets are not reported on the financial assets side of the financial accounts. Furthermore, alongside loans and debt securities, the liabilities include shares issued by the corporations – and, unlike in the corporations’ accounts, these are reported at market value rather than book value in the financial accounts.

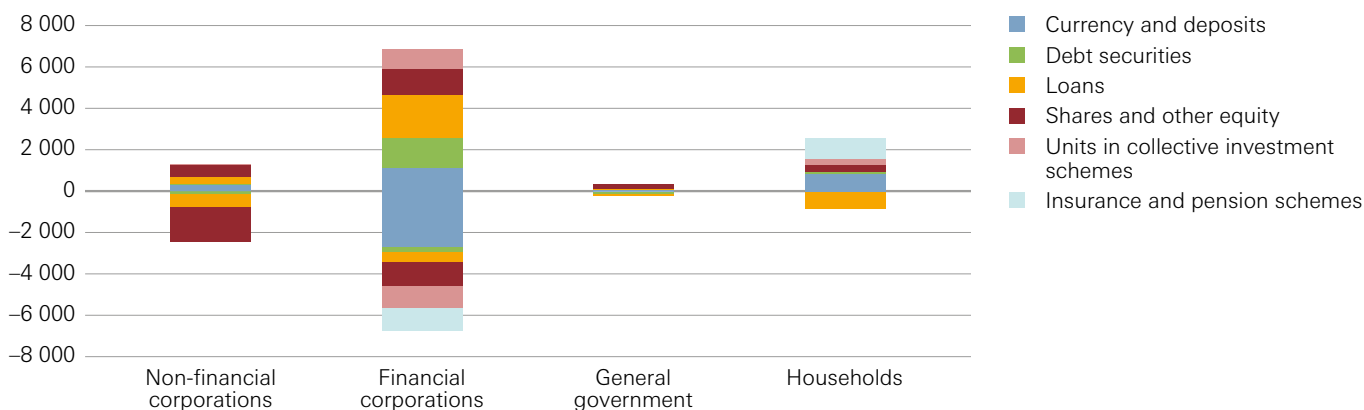
By comparison with the dimensions of the other sectors, the financial assets and liabilities of the general government sector are minimal.

Chart 1

STOCKS OF FINANCIAL ASSETS AND LIABILITIES OF INSTITUTIONAL SECTORS, 2017

Selected financial instruments
Financial assets (+) / liabilities (–)

CHF billions



Source: SNB

Table 1

STOCKS OF FINANCIAL ASSETS AND LIABILITIES OF INSTITUTIONAL SECTORS, 2017

In CHF billions

	Non-financial corporations	Financial corporations	General government	Households
Financial assets				
Monetary gold and SDRs	.	47	.	.
Currency and deposits	289	1 084	38	825
Debt securities	26	1 474	22	92
Loans	359	2 049	39	..
Shares and other equity	593	1 282	206	336
Units in collective investment schemes	25	957	9	289
Insurance and pension schemes	8	2	..	1 019
Financial derivatives	..	39	0	..
Other accounts receivable	29	..	44	..
Total	1 329	6 934	359	2 561
Liabilities				
Monetary gold and SDRs	.	5	.	.
Currency and deposits	.	2 693	10	.
Debt securities	116	241	144	0
Loans	669	495	69	855
Shares and other equity	1 651	1 159	.	0
Units in collective investment schemes	.	1 026	.	.
Insurance and pension schemes	.	1 157	4	.
Financial derivatives	..	35	1	..
Other accounts payable	..	..	63	9
Total	2 435	6 811	291	864

0 Absolute zero, rounded zero or value negligible.

. Not applicable.

.. No data available.

Source: SNB

HOUSEHOLDS

Financial assets held by households¹ considerably exceed liabilities. This is largely due to the fact that the accumulated claims on insurance corporations and pension funds arising from occupational pension schemes are included in household financial assets. When interpreting the data, it should be noted that they are aggregate economic data. The Swiss financial accounts do not

¹ Including non-profit institutions serving households (NPISHs), such as relief organisations, churches, trade unions, political parties and recreational clubs, which provide households with non-market services. The financial assets and liabilities of NPISHs account for 2–3% of total financial assets and liabilities of households.

provide any information about the assets of individual households or the distribution of wealth within the sector.

At the end of 2017, the insurance and pension schemes item accounted for 40% of total household financial assets. Of this item, 83% were occupational pension entitlements, 11% life insurance entitlements and 6% non-life insurance entitlements. The currency and deposits item accounted for 32% of financial assets, while securities represented 28% (shares and other equity 13%, units in collective investment schemes 11%, debt securities 4%).

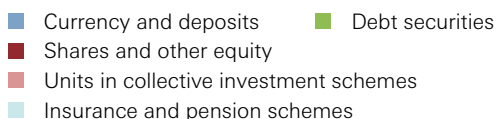
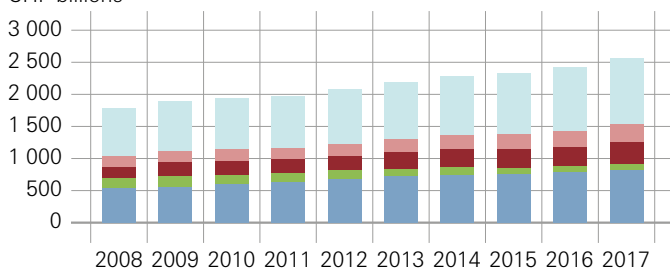
In 2017, household financial assets rose by CHF 145 billion to CHF 2,561 billion (2016: increase of CHF 93 billion). More than half of this rise was attributable to transactions: specifically, to an expansion of household deposits

Chart 2

FINANCIAL ASSETS OF HOUSEHOLDS

All financial instruments; stocks

CHF billions



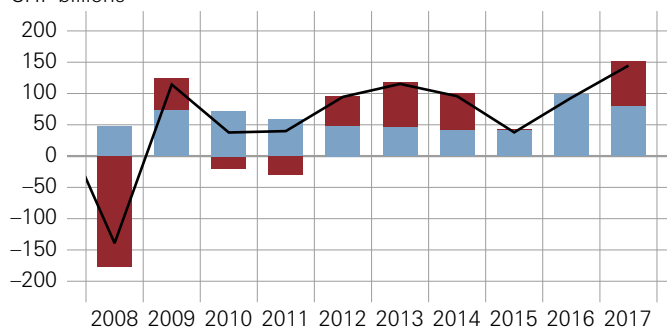
Source: SNB

Chart 3

FINANCIAL ASSETS OF HOUSEHOLDS: CHANGE IN STOCKS

Total of all financial instruments

CHF billions

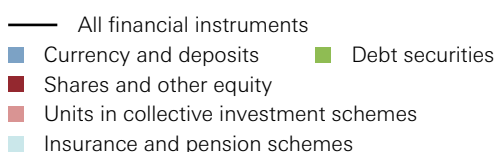
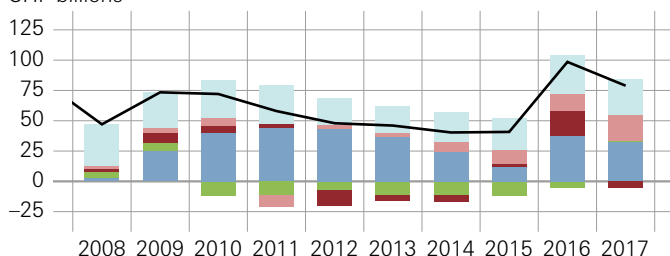


Source: SNB

Chart 4

FINANCIAL ASSETS OF HOUSEHOLDS: TRANSACTIONS

CHF billions

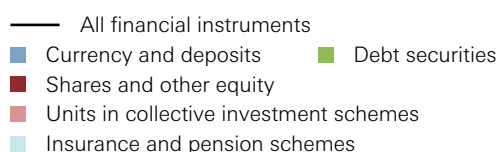
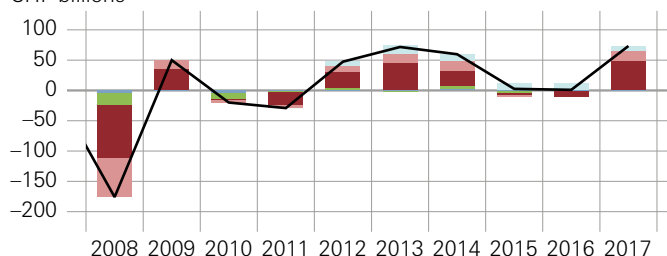


Source: SNB

Chart 5

FINANCIAL ASSETS OF HOUSEHOLDS: CAPITAL GAINS AND LOSSES

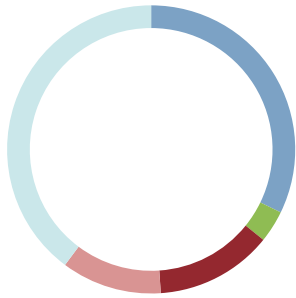
CHF billions



Source: SNB

Chart 6

BREAKDOWN OF FINANCIAL ASSETS OF HOUSEHOLDS, 2017

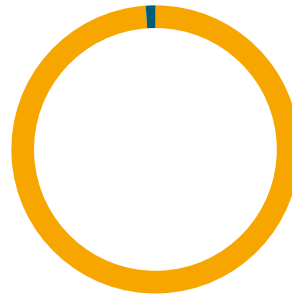


—	Currency and deposits 32.2%
—	Debt securities 3.6%
—	Shares and other equity 13.1%
—	Units in collective investment schemes 11.3%
—	Insurance and pension schemes 39.8%

Source: SNB

Chart 7

BREAKDOWN OF LIABILITIES OF HOUSEHOLDS, 2017



—	Loans 98.9%
—	Other accounts payable 1.1%

Source: SNB

Table 2

STOCKS OF FINANCIAL ASSETS AND LIABILITIES OF HOUSEHOLDS

In CHF billions

	2013	2014	2015	2016	2017
Financial assets					
Monetary gold and SDRs	.	.	.	.	.
Currency and deposits	718	743	754	792	825
Debt securities	117	111	97	91	92
Loans	..	..	..	..	..
Shares and other equity	267	285	285	295	336
Units in collective investment schemes	203	227	236	250	289
Insurance and pension schemes	885	918	952	988	1 019
Financial derivatives	..	..	..	..	..
Other accounts receivable	..	..	..	..	..
Total	2 189	2 285	2 323	2 416	2 561
Liabilities					
Monetary gold and SDRs	.	.	.	.	.
Currency and deposits	.	.	.	.	.
Debt securities	0	0	0	0	0
Loans	760	788	809	830	855
Shares and other equity	0	0	0	0	0
Units in collective investment schemes	.	.	.	.	.
Insurance and pension schemes	.	.	.	.	.
Financial derivatives	..	..	..	..	..
Other accounts payable	11	10	9	10	9
Total	771	798	818	839	864

Source: SNB

(up CHF 32 billion), increased insurance and pension scheme entitlements (up CHF 30 billion), and the acquisition of units in collective investment schemes (up CHF 21 billion). Capital gains, mainly due to rising share prices, contributed CHF 73 billion to the result.

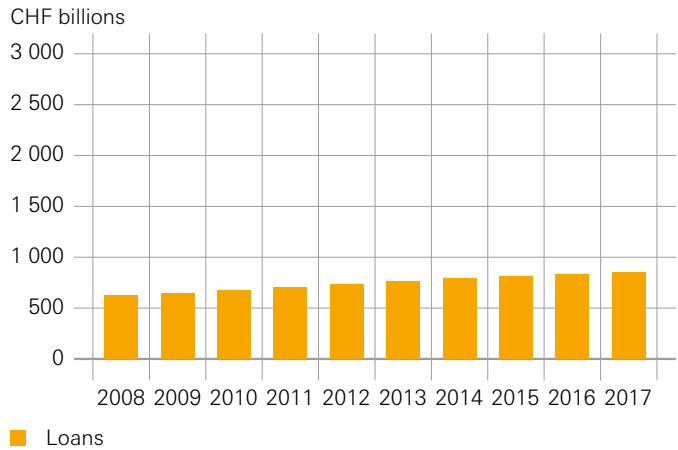
Household liabilities consist essentially of mortgages, consumer loans and other loans (e.g. lombard loans), with mortgages constituting the major part.² Of total household loans amounting to CHF 855 billion, mortgages accounted for 94% at the end of 2017. Overall, household loans rose by CHF 25 billion in 2017, a slightly higher rise than in the previous year (2016: increase of CHF 21 billion), chiefly as a result of mortgage growth. Mortgages granted by banks rose by CHF 18 billion to CHF 754 billion and mortgages granted by insurance corporations and pension funds increased by CHF 5 billion to CHF 53 billion.

² A further position is other accounts payable which, however, is quantitatively insignificant in the household sector. This is a counterpart entry to other accounts receivable/payable for the general government sector, for which there is no economic interpretation.

Chart 8

LIABILITIES OF HOUSEHOLDS

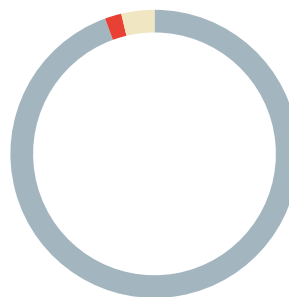
Excluding other accounts payable; stocks



Source: SNB

Chart 9

**LIABILITIES OF HOUSEHOLDS:
FUNCTIONAL BREAKDOWN OF LOANS, 2017**



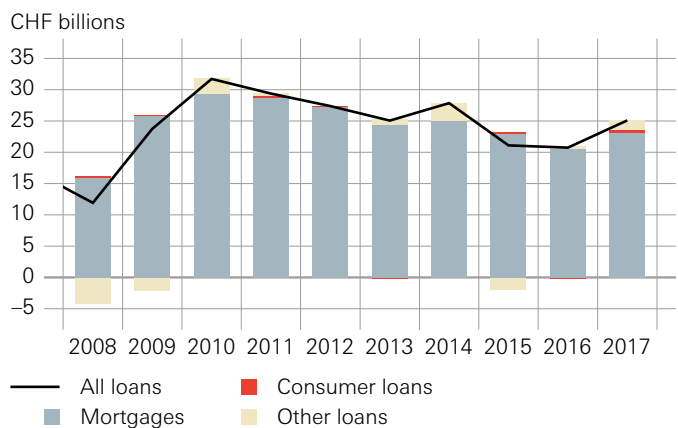
— Mortgages **94.4%**
 — Consumer loans **1.9%**
 — Other loans **3.7%**

Source: SNB

Chart 10

**LIABILITIES OF HOUSEHOLDS:
CHANGE IN LOANS**

Change in stocks



Source: SNB

Retirement assets in pillars 2 and 3a

Retirement assets from occupational pension schemes and private tied pension provision are a key part of household financial assets. They consist of occupational pension entitlements and vested benefits (pillar 2), and pillar 3a assets. At the end of 2017, retirement assets made up 40% of total household financial assets. Pillar 1 (AHV/AVS) entitlements are not considered financial assets and are therefore not included in the financial accounts. Flexible pension provision is included in the financial accounts but it is not separately identifiable.

The vast majority of retirement assets are occupational pension entitlements. At the end of 2017, these accounted for 82% of the total, while pillar 3a assets and vested benefits accounted for 12% and 6%, respectively. Pillar 3a assets were primarily invested in bank deposits (48%), followed by life insurance (37%) and units in collective investment schemes (15%). Vested benefits were also mainly invested in bank deposits (59%), followed by units in collective investment schemes (30%) and life insurance (11%). The relatively high share of units in collective investment schemes within vested benefits is attributable to the vested benefits accounts at the Substitute Occupational Benefit Institution¹. These vested benefits accounts are deemed collective investment schemes.

In 2017, household retirement assets rose by CHF 39 billion to CHF 1,023 billion. CHF 32 billion of this increase was accounted for by occupational pension entitlements which grew to CHF 841 billion. Pillar 3a assets were up CHF 4 billion to CHF 121 billion and vested benefits rose by CHF 3 billion to CHF 61 billion. The increase in retirement assets was lower in 2017 than in 2016, when they rose by CHF 43 billion.

With the publication of this edition of the *Swiss Financial Accounts*, data on the vested benefits and pillar 3a assets of households are, for the first time, being reported separately in the tables on the data portal (data from 2015).

Chart 11

BREAKDOWN OF FINANCIAL ASSETS OF HOUSEHOLDS: SHARE OF RETIREMENT ASSETS, 2017

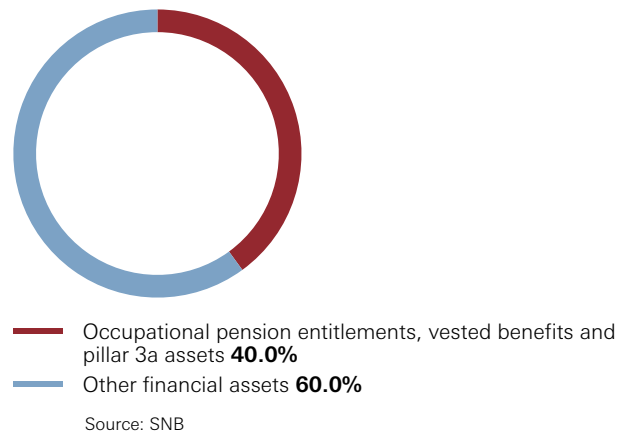
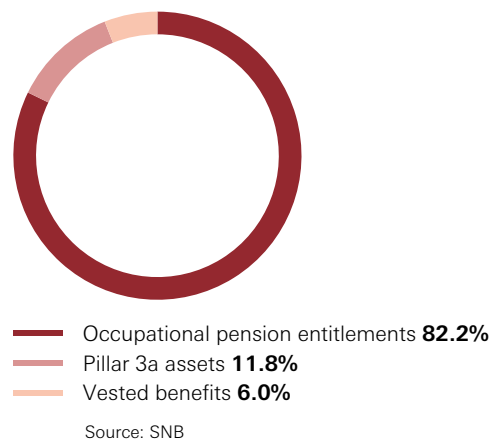


Chart 12

FINANCIAL ASSETS OF HOUSEHOLDS: RETIREMENT ASSETS, 2017



¹ The Substitute Occupational Benefit Institution is a national occupational benefits organisation. It acts on behalf of the central government and accepts any employer and any individual who wants to join, thereby ensuring that the legal minimum benefits are provided. In addition to occupational benefits plans, it offers vested benefits accounts.

NON-FINANCIAL CORPORATIONS

The liabilities of non-financial corporations are significantly higher than their financial assets. This is due to the fact that non-financial assets are not reported on the financial assets side of the financial accounts. Furthermore, alongside loans and debt securities, the liabilities include shares issued by the corporations – and, unlike in the corporations' accounts, these are reported at market value rather than book value in the financial accounts.

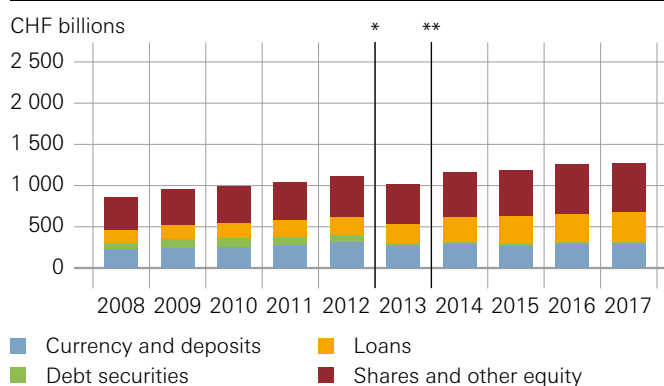
When interpreting the data on non-financial corporations, it should be noted that until 2012 they include the financial assets and liabilities of PostFinance, which until then had been a division of Swiss Post and not a legally independent corporation. Since receiving its banking licence in 2013, PostFinance has been included in the commercial banks sub-sector of financial corporations. Further, it should be noted that there are breaks in series in the 2014 stocks of financial assets and liabilities of non-financial corporations due to the revision of the survey on cross-border capital linkages and to the closing of a data gap for shares of domestic issuers.³

At the end of 2017, 45% of the financial assets of non-financial corporations were accounted for by the shares and other equity item, 27% by loans and 22% by currency and deposits. The debt securities, units in collective investment schemes, and insurance and pension schemes items together accounted for 5% of financial assets.⁴ The shares and other equity item is primarily made up of participating interests abroad (86%); the rest is portfolio investment in shares of domestic and foreign issuers (14%). The loans item is composed exclusively of loans to foreign borrowers, particularly intragroup lending (loans granted by companies in Switzerland to their parent companies, subsidiaries and fellow companies abroad). Due to a lack of statistical sources, participating interests in subsidiaries in Switzerland and domestic intragroup loans are not reported.

Chart 13

FINANCIAL ASSETS OF NON-FINANCIAL CORPORATIONS

Selected financial instruments; stocks



* Until 2012, including PostFinance

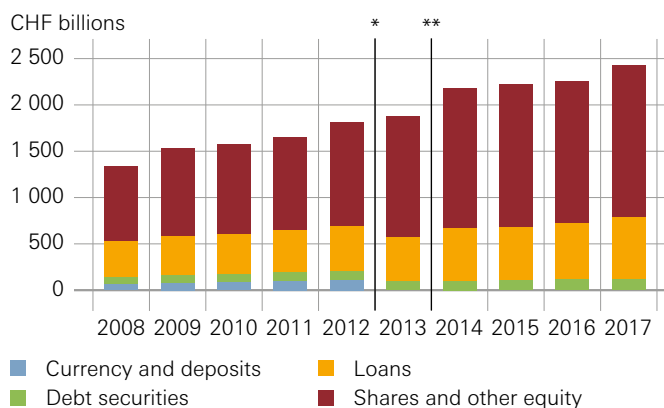
** 2014, revision of the survey on cross-border capital linkages

Source: SNB

Chart 14

LIABILITIES OF NON-FINANCIAL CORPORATIONS

All financial instruments; stocks



* Until 2012, including PostFinance

** 2014, revision of the survey on cross-border capital linkages

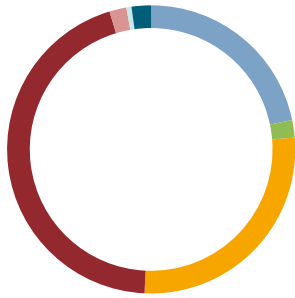
Source: SNB

³ The breaks in series are quantified in the tables on the data portal as statistical changes and reclassifications.

⁴ A further item is other accounts receivable which, however, is quantitatively insignificant in the non-financial corporations sector. This is a counterpart entry to other accounts receivable/payable for the general government sector, for which there is no economic interpretation.

Chart 15

BREAKDOWN OF FINANCIAL ASSETS OF NON-FINANCIAL CORPORATIONS, 2017

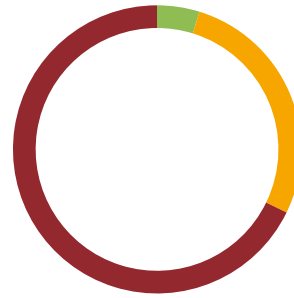


—	Currency and deposits	21.7%
—	Debt securities	2.0%
—	Loans	27.0%
—	Shares and other equity	44.6%
—	Units in collective investment schemes	1.9%
—	Insurance and pension schemes	0.6%
—	Other accounts receivable	2.2%

Source: SNB

Chart 16

BREAKDOWN OF LIABILITIES OF NON-FINANCIAL CORPORATIONS, 2017



—	Debt securities	4.8%
—	Loans	27.5%
—	Shares and other equity	67.8%

Source: SNB

Table 3

STOCKS OF FINANCIAL ASSETS AND LIABILITIES OF NON-FINANCIAL CORPORATIONS

In CHF billions

	2013	2014	2015	2016	2017
Financial assets					
Monetary gold and SDRs	.	.	.	.	.
Currency and deposits	274	283	266	283	289
Debt securities	28	29	25	26	26
Loans	228	310	338	350	359
Shares and other equity	485	535	561	595	593
Units in collective investment schemes	19	18	18	22	25
Insurance and pension schemes	8	8	8	8	8
Financial derivatives	..	..	..	..	..
Other accounts receivable	27	22	24	24	29
Total	1 070	1 204	1 239	1 308	1 329
Liabilities					
Monetary gold and SDRs	.	.	.	.	.
Currency and deposits	.	.	.	.	.
Debt securities	95	98	102	113	116
Loans	477	568	574	614	669
Shares and other equity	1 309	1 518	1 547	1 525	1 651
Units in collective investment schemes	.	.	.	.	.
Insurance and pension schemes	.	.	.	.	.
Financial derivatives	..	..	..	..	..
Other accounts payable	..	..	..	..	..
Total	1 880	2 184	2 223	2 251	2 435

Source: SNB

The currency and deposits item on the financial assets side was up by CHF 6 billion in 2017 to CHF 289 billion. This rise was mainly due to higher other deposits abroad. Financial assets in the form of loans increased by CHF 9 billion to CHF 359 billion: intragroup loans were up by CHF 10 billion while loans to third parties abroad stagnated. Shares and other equity declined by CHF 2 billion to CHF 593 billion. The decrease was primarily attributable to the reduction in participating interests abroad of CHF 7 billion, principally due to sales. In the case of portfolio investment, sales of CHF 7 billion were offset by capital gains of CHF 12 billion. Movements in share prices have only a moderate impact on the financial assets of non-financial corporations because participating interests abroad, which are taken from the survey on cross-border capital linkages, correspond to the book value and not the market value of subsidiaries.

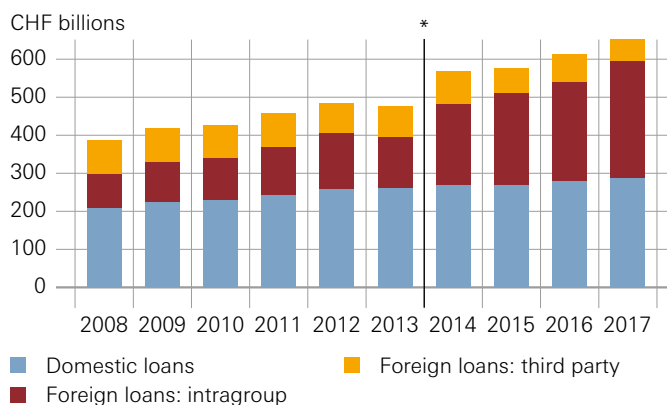
At the end of 2017, the liabilities of non-financial corporations broke down as follows: shares and other equity (68%), loans (28%) and debt securities (5%). Unlike shares and other equity under financial assets, the shares and other equity item on the liabilities side of non-financial corporations largely consists of quoted shares and is therefore affected by stock market movements.⁵ In 2017, it increased by CHF 126 billion to CHF 1,651 billion. This sharp increase was mainly due to rising stock market prices in Switzerland. The loan liabilities of non-financial corporations rose by CHF 55 billion to CHF 669 billion in 2017, following a CHF 40 billion increase in 2016. The increase in 2017 was almost exclusively attributable to domestic loans (up CHF 9 billion) and foreign intragroup loans (up CHF 45 billion). Both components had already contributed to the rise in 2016, which was additionally driven by foreign loans from third parties.

⁵ Shares and other equity on the liabilities side are estimated using portfolio investment in shares of non-financial corporations and foreign participating interests in non-financial corporations in Switzerland. There are gaps in the data in the case of participating interests of domestic parent companies in subsidiaries in Switzerland and also for shares of small and medium-sized corporations.

Chart 17

LIABILITIES OF NON-FINANCIAL CORPORATIONS: LOANS

Stocks

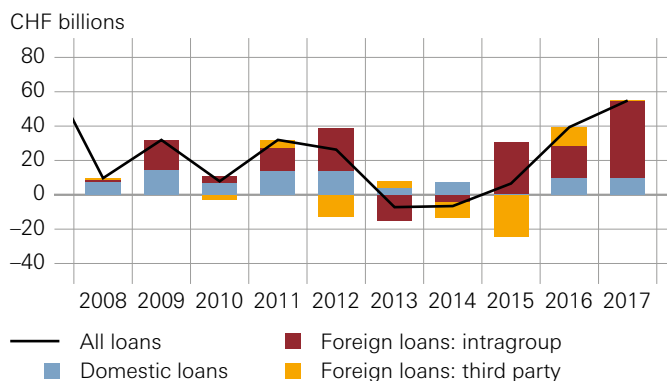


* 2014, revision of the survey on cross-border capital linkages
Source: SNB

Chart 18

LIABILITIES OF NON-FINANCIAL CORPORATIONS: CHANGE IN LOANS

Change in stocks*



*Excluding change in foreign loans due to the 2014 revision of the survey on cross-border capital linkages
Source: SNB

GENERAL GOVERNMENT

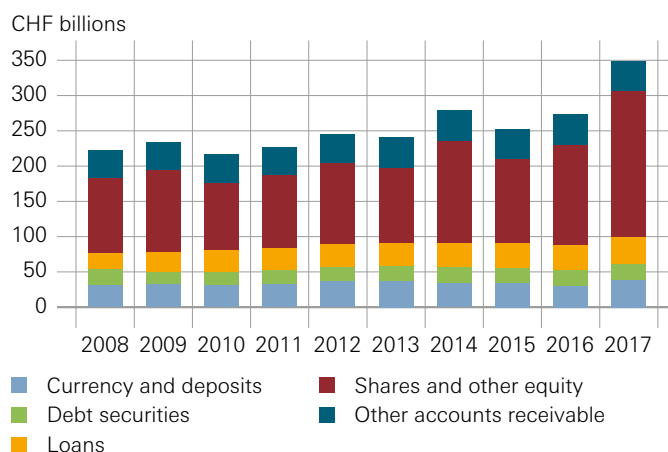
General government data are based on statistics concerning Swiss public finances, a detailed commentary on which is provided in the annual reports by the Federal Finance Administration. The following remarks are limited to selected macroeconomic observations on the general government sector.

The largest component of financial assets for the general government sector is the shares and other equity item. At the end of 2017, this component stood at CHF 206 billion. Around CHF 70 billion of this consists of participating interests of central government, the cantons and the municipalities in public-sector companies as well as investments of social security funds. The general government's share in SNB equity capital makes up another CHF 137 billion. SNB equity capital is viewed as public wealth (represented by general government in the national accounts).⁶ The significant decline in shares and other equity in 2015 and the rises in 2016 and 2017 were chiefly attributable to the general government's share of SNB equity capital. This equity capital depends largely on the SNB's annual results which have fluctuated substantially in recent years. The currency and deposits item also grew strongly in 2017, by CHF 8 billion to CHF 38 billion. This increase was mainly attributable to higher central government sight deposits at the SNB.

Chart 19

FINANCIAL ASSETS OF GENERAL GOVERNMENT

Selected financial instruments; stocks

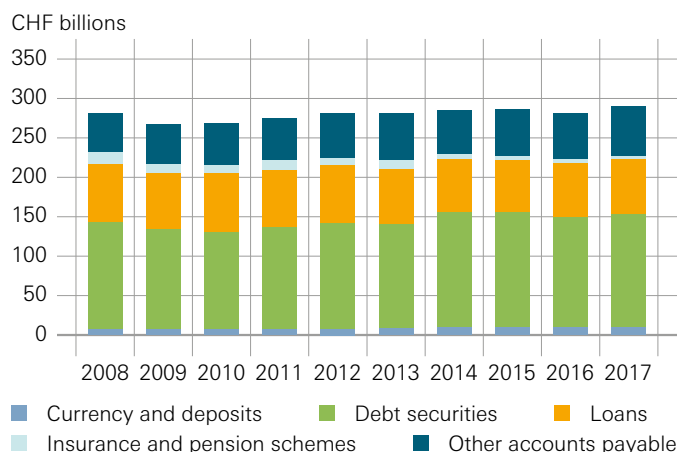


Source: SNB

Chart 20

LIABILITIES OF GENERAL GOVERNMENT

Selected financial instruments; stocks

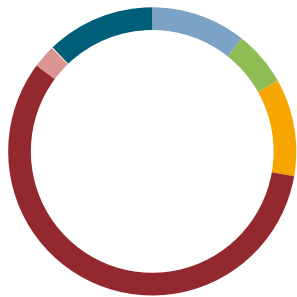


Source: SNB

⁶ The general government's share in SNB equity capital includes the provisions for currency reserves, the share capital, the distribution reserve and the annual result.

Chart 21

BREAKDOWN OF FINANCIAL ASSETS OF GENERAL GOVERNMENT, 2017

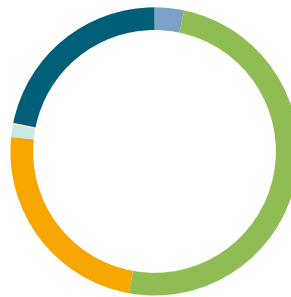


—	Currency and deposits	10.7%
—	Debt securities	6.2%
—	Loans	10.9%
—	Shares and other equity	57.4%
—	Units in collective investment schemes	2.6%
—	Financial derivatives	0.1%
—	Other accounts receivable	12.2%

Source: SNB

Chart 22

BREAKDOWN OF LIABILITIES OF GENERAL GOVERNMENT, 2017



—	Currency and deposits	3.3%
—	Debt securities	49.6%
—	Loans	23.7%
—	Insurance and pension schemes	1.4%
—	Financial derivatives	0.2%
—	Other accounts payable	21.8%

Source: SNB

Table 4

STOCKS OF FINANCIAL ASSETS AND LIABILITIES OF GENERAL GOVERNMENT

In CHF billions

	2013	2014	2015	2016	2017
Financial assets					
Monetary gold and SDRs	.	.	.	.	.
Currency and deposits	37	34	34	30	38
Debt securities	21	23	21	22	22
Loans	33	35	35	35	39
Shares and other equity	106	144	119	143	206
Units in collective investment schemes	4	5	7	8	9
Insurance and pension schemes	..	..	..	..	..
Financial derivatives	0	0	0	0	0
Other accounts receivable	43	44	44	43	44
Total	244	285	260	282	359
Liabilities					
Monetary gold and SDRs	.	.	.	.	.
Currency and deposits	8	9	9	9	10
Debt securities	132	146	146	140	144
Loans	70	68	67	68	69
Shares and other equity	.	.	.	.	.
Units in collective investment schemes	.	.	.	.	.
Insurance and pension schemes	12	6	5	5	4
Financial derivatives	0	1	1	1	1
Other accounts payable	59	56	59	58	63
Total	281	286	287	282	291

Source: SNB

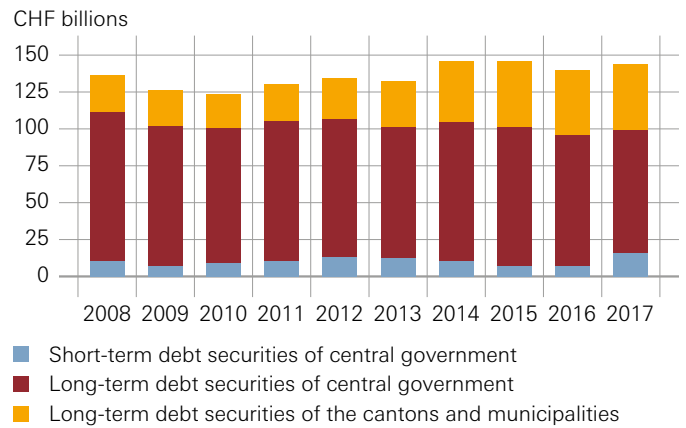
Under general government liabilities, almost half of the total is made up of debt securities. At the end of 2017, the market value of debt securities issued by central government, cantons and municipalities stood at CHF 144 billion.⁷ General government's share of the total debt securities issued by domestic institutions thus came to approximately a third. In recent years, financial transactions and price changes have significantly affected the performance of general government debt securities. Despite an increase in issued debt securities, their market value declined in 2013, while in 2014 it rose as a result of both financial transactions and price changes. In 2015, a reduction in debt securities was offset by a slight rise in prices. In 2016, the stock of debt securities once again fell slightly, as central government reduced the volume of long-term debt securities it issued. In 2017, a reduction in long-term debt securities as well as falling prices were recorded.

The other accounts receivable/payable item, which at the end of 2017 constituted 12% of financial assets and 22% of liabilities, consists of trade credits and accounts receivable/payable that arise from accrual accounting of tax and interest.⁸

Chart 23

**LIABILITIES OF GENERAL GOVERNMENT:
DEBT SECURITIES**

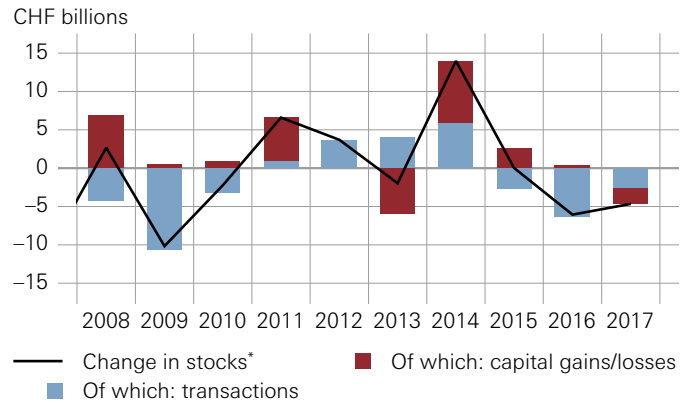
Stocks



Source: SNB

Chart 24

**LIABILITIES OF GENERAL GOVERNMENT:
CHANGE IN STOCKS OF DEBT SECURITIES**



* Excluding the change in stocks attributable to statistical changes and reclassifications
Source: SNB

7 In the Swiss financial accounts, debt securities are stated at market value on both the financial assets and the liabilities side. From an investor's point of view, the market value represents the proceeds if the security is sold, whereas for a borrower, the market value corresponds to the funds needed to repurchase the debt security in the secondary market.

8 To guarantee consistency in the Swiss financial accounts, counterparty entries are made to the other accounts receivable/payable item of the general government sector under the liabilities of households and the financial assets of non-financial corporations. In the absence of information on the counterparties in the general government sector, this consists of formal harmonisation positions, for which there is no economic interpretation.

FINANCIAL CORPORATIONS

The financial corporations sector is made up of the following sub-sectors: central bank, commercial banks, investment funds, other financial intermediaries, as well as insurance corporations and pension funds. The other financial intermediaries sub-sector mainly consists of the two Swiss mortgage bond institutions, the finance and holding companies of foreign groups whose activities in Switzerland are limited to group management and treasury operations, and the investment foundations of tax-exempt old-age benefit institutions.

When interpreting the data, it should be noted that PostFinance was not included in the commercial banks sub-sector until 2013, when it received a banking licence. It should also be noted that there are breaks in series in the 2014 stocks of financial assets and liabilities of the financial corporations sector and the sub-sectors commercial banks, other financial intermediaries, and insurance corporations and pension funds. These breaks in series are due to the revision of the survey on cross-border capital linkages and to the closing of a data gap for shares of domestic issuers.⁹

FINANCIAL CORPORATIONS OVERALL

The largest component of the financial assets of financial corporations is loans (30% at the end of 2017). Debt securities accounted for 21%, and the shares and other equity item for 19%. The currency and deposits item made up 16% of the financial assets of financial corporations. The largest components of the liabilities of financial corporations are currency and deposits as well as insurance and pension schemes. The currency and deposits item accounted for 40% and insurance and pension schemes for 17% of the liabilities of financial corporations.

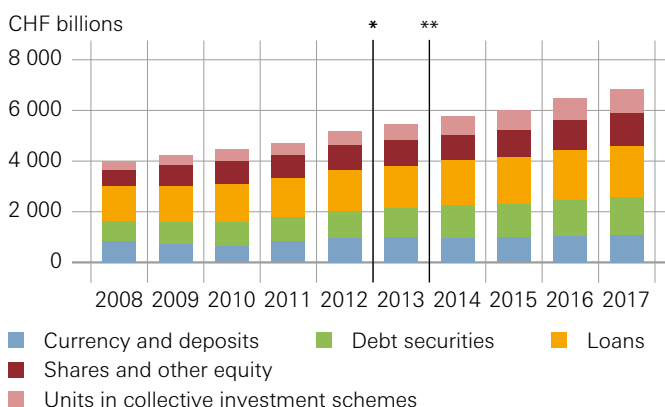
An analysis of the financial corporations sub-sectors shows that loans and deposits dominate the financial assets of the commercial banks, whereas securities (debt securities, shares and units in collective investment schemes) account for the majority of the financial assets of the SNB, insurance corporations and pension funds as well as investment funds. The liabilities of the commercial banks and the SNB mainly consist of deposits, while those of insurance corporations and pension funds predominantly consist of insureds' entitlements, and those of investment funds almost exclusively of investment fund units. In the other financial intermediaries sub-sector, the most important financial instruments, both in terms of financial assets and liabilities, are shares and other equity, as well as loans. Around 90% of the shares and other equity on the liabilities side are foreign participating interests in corporations in Switzerland.

⁹ The breaks in series are quantified as statistical changes and reclassifications in the tables on the data portal.

Chart 25

FINANCIAL ASSETS OF FINANCIAL CORPORATIONS

Selected financial instruments; stocks



* From 2013, including PostFinance

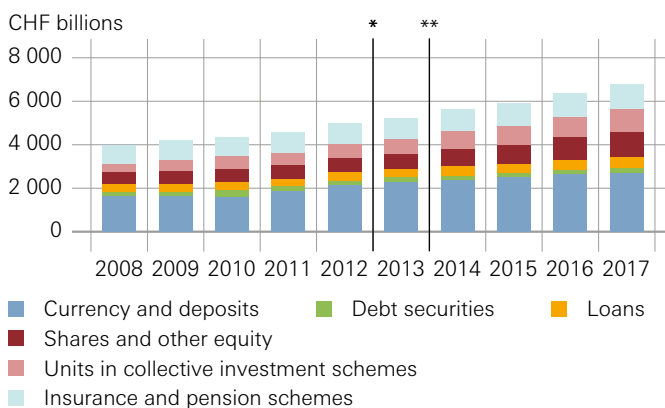
** 2014, revision of the survey on cross-border capital linkages

Source: SNB

Chart 26

LIABILITIES OF FINANCIAL CORPORATIONS

Selected financial instruments; stocks



* From 2013, including PostFinance

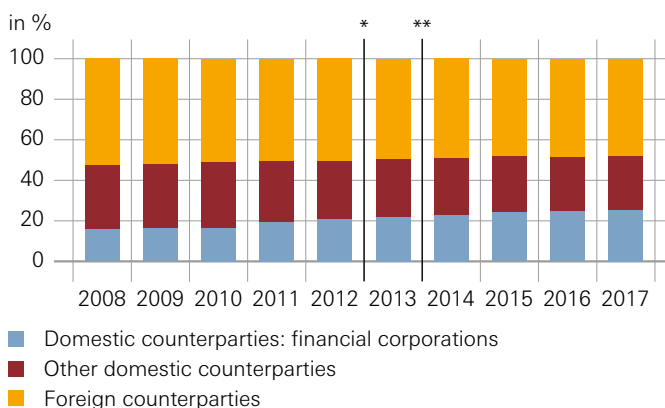
** 2014, revision of the survey on cross-border capital linkages

Source: SNB

Chart 27

COUNTERPARTIES OF FINANCIAL CORPORATIONS

Counterparties' share of total assets



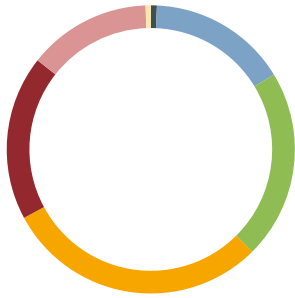
* From 2013, including PostFinance

** 2014, revision of the survey on cross-border capital linkages

Source: SNB

Chart 28

BREAKDOWN OF FINANCIAL ASSETS OF FINANCIAL CORPORATIONS, 2017

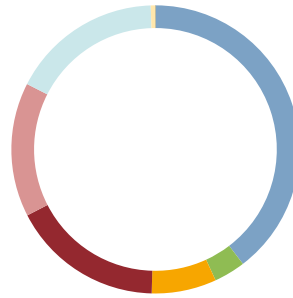


Monetary gold and SDRs	0.7%
Currency and deposits	15.6%
Debt securities	21.3%
Loans	29.5%
Shares and other equity	18.5%
Units in collective investment schemes	13.8%
Insurance and pension schemes	0.0%
Financial derivatives	0.6%

Source: SNB

Chart 29

BREAKDOWN OF LIABILITIES OF FINANCIAL CORPORATIONS, 2017



Monetary gold and SDRs	0.1%
Currency and deposits	39.5%
Debt securities	3.5%
Loans	7.3%
Shares and other equity	17.0%
Units in collective investment schemes	15.1%
Insurance and pension schemes	17.0%
Financial derivatives	0.5%

Source: SNB

Table 5

STOCKS OF FINANCIAL ASSETS AND LIABILITIES OF FINANCIAL CORPORATIONS

In CHF billions

	2013	2014	2015	2016	2017
Financial assets					
Monetary gold and SDRs	40	44	40	44	47
Currency and deposits	1 014	965	986	1 052	1 084
Debt securities	1 126	1 278	1 331	1 407	1 474
Loans	1 638	1 787	1 845	1 971	2 049
Shares and other equity	1 044	1 003	1 064	1 190	1 282
Units in collective investment schemes	622	735	789	851	957
Insurance and pension schemes	9	3	2	3	2
Financial derivatives	59	84	56	58	39
Other accounts receivable	..	..	..	..	..
Total	5 552	5 901	6 112	6 576	6 934
Liabilities					
Monetary gold and SDRs	5	5	5	4	5
Currency and deposits	2 290	2 349	2 499	2 627	2 693
Debt securities	189	211	215	227	241
Loans	389	428	412	434	495
Shares and other equity	685	814	859	1 057	1 159
Units in collective investment schemes	690	802	854	913	1 026
Insurance and pension schemes	1 001	1 040	1 079	1 122	1 157
Financial derivatives	64	84	51	51	35
Other accounts payable	..	..	..	..	..
Total	5 312	5 733	5 973	6 435	6 811

Source: SNB

The counterparty breakdown of the financial assets of financial corporations shows that at the end of 2017 around a quarter of them were claims on domestic corporations from the same sector. The largest of these intra-sectoral items were as follows: units in domestic investment funds held by insurance corporations and pension funds, commercial bank deposits held with the SNB, and loans granted by mortgage bond institutions to commercial banks. A further quarter of the financial assets of financial corporations were claims on other domestic counterparties (non-financial corporations, general government and households). The bulk of these financial assets were commercial bank loans. Approximately half of the financial assets of financial corporations were claims on foreign counterparties. The largest foreign positions were as follows: foreign-issued securities held by the SNB, investment funds as well as insurance corporations and pension funds; commercial banks' foreign deposits; participating interests abroad and foreign loans granted by other financial intermediaries.

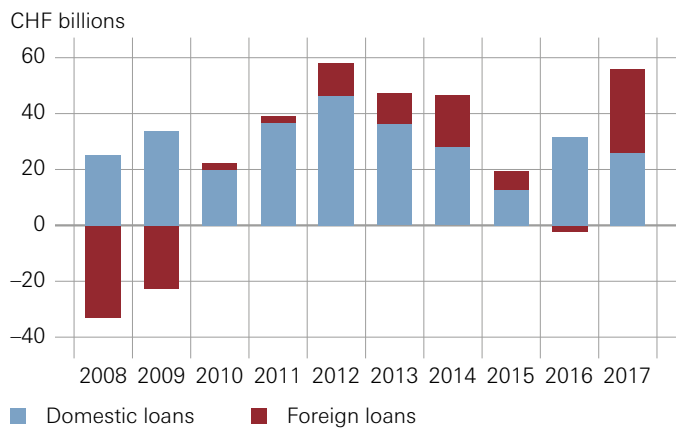
SWISS NATIONAL BANK

In 2017, the SNB's financial assets grew by CHF 97 billion to CHF 843 billion (2016: increase of CHF 106 billion). On the one hand, the SNB purchased foreign currency in the context of its ongoing expansionary monetary policy and, on the other, it made substantial capital gains on its investments.

Chart 31

FINANCIAL ASSETS OF COMMERCIAL BANKS: LOANS

Change in stocks



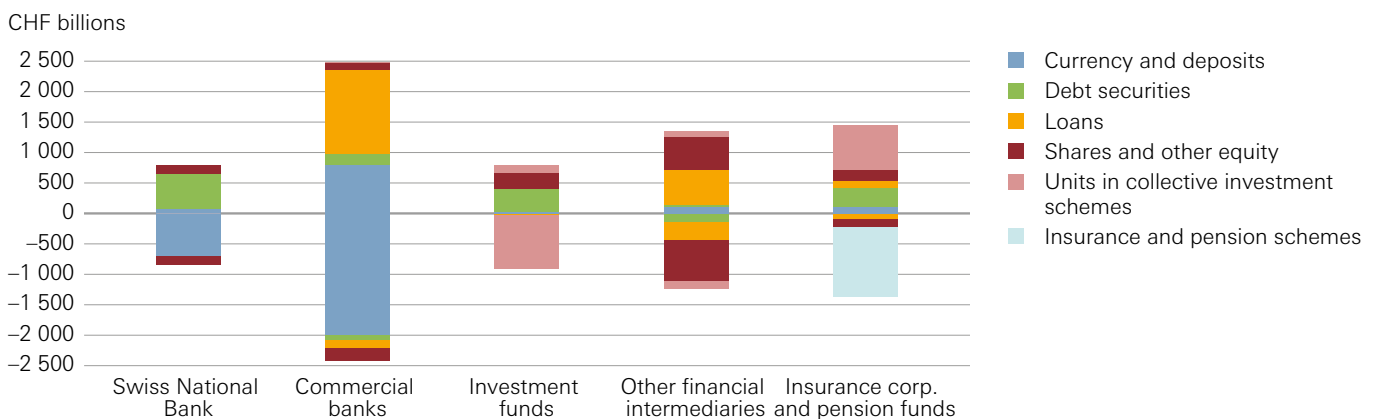
Source: SNB

On the liabilities side, the maintenance of the SNB's expansionary monetary policy led to an increase in the currency and deposits item of CHF 44 billion to CHF 701 billion. This increase was smaller than in the previous year (2016: increase of CHF 83 billion), and approximately two-thirds of it was attributable to a rise in sight deposits of foreign banks and institutions. The high capital gains resulted in a positive annual result, which led to an increase in the SNB's equity capital. This was reflected in an increase in the shares and other equity item of CHF 53 billion to CHF 138 billion.

Chart 30

STOCKS OF FINANCIAL ASSETS AND LIABILITIES OF THE SUB-SECTORS OF FINANCIAL CORPORATIONS, 2017

Selected financial instruments
Financial assets (+) / liabilities (-)



Source: SNB

COMMERCIAL BANKS

On the financial assets side, commercial banks increased their deposits at the SNB by CHF 2 billion to CHF 478 billion in 2017. This increase was considerably smaller than in the previous year (2016: increase of CHF 66 billion). Commercial bank deposits at other commercial banks in Switzerland rose by CHF 11 billion to CHF 99 billion. Commercial banks' deposits abroad, on the other hand, declined by CHF 12 billion to CHF 212 billion, continuing the declining trend in deposits abroad observed since 2014. Overall, commercial bank deposits grew slightly, by CHF 3 billion to CHF 794 billion. Financial assets of commercial banks in the form of loans were up by CHF 55 billion to CHF 1,366 billion, with loans to domestic borrowers growing by CHF 26 billion to CHF 1,147 billion. The increase in domestic loans was thus lower than in the previous year (2016: increase of CHF 32 billion). Loans to foreign borrowers rose strongly in 2017 (up CHF 30 billion to CHF 220 billion), following a modest decline in the previous year (2016: down CHF 2 billion).

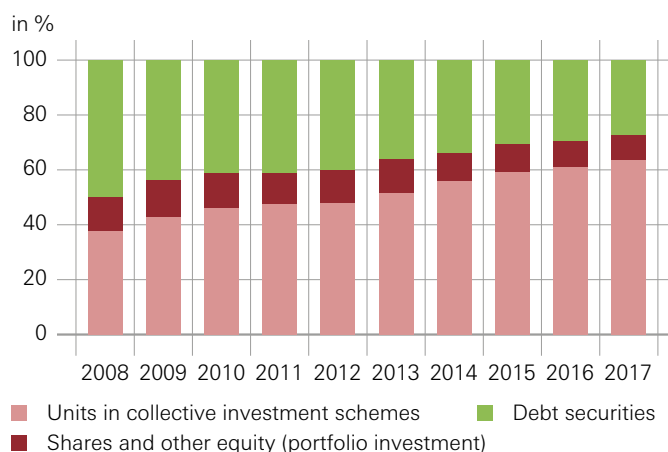
On the liabilities side, commercial bank deposits increased by CHF 22 billion to CHF 1,988 billion in 2017. While domestic deposits expanded by CHF 71 billion to CHF 1,286 billion, foreign deposits declined by CHF 48 billion to CHF 702 billion. Commercial banks' loan liabilities (loans granted by mortgage bond institutions) rose by CHF 6 billion to CHF 119 billion.

INSURANCE CORPORATIONS AND PENSION FUNDS

In the insurance corporations and pension funds sub-sector, the shift from direct investments in debt securities and shares to units in collective investment schemes continued. The stock of units in collective investment schemes grew by CHF 78 billion to CHF 735 billion in 2017. The share of units in collective investment schemes in the total securities portfolio of insurance corporations and pension funds (excluding participating interests) currently stands at 64%. In 2008, this share had amounted to only 38%.

Chart 32

BREAKDOWN OF SECURITIES PORTFOLIO OF INSURANCE CORPORATIONS AND PENSION FUNDS



Source: SNB

Table 6

STOCKS OF FINANCIAL ASSETS AND LIABILITIES OF THE SUB-SECTORS OF FINANCIAL CORPORATIONS, 2017

In CHF billions

	Swiss National Bank	Commercial banks	Investment funds	Other financial intermediaries	Insurance corporations and pension funds
Financial assets					
Monetary gold and SDRs	47	.	.	.	.
Currency and deposits	66	794	23	103	100
Debt securities	576	182	363	35	318
Loans	0	1 366	..	575	108
Shares and other equity	154	128	274	540	187
Units in collective investment schemes	0	2	127	93	735
Insurance and pension schemes	..	..	..	..	2
Financial derivatives	0	39	..	..	..
Other accounts receivable	..	..	..	..	..
Total	843	2 511	787	1 346	1 448
Liabilities					
Monetary gold and SDRs	5	.	.	.	.
Currency and deposits	701	1 988	.	4	.
Debt securities	0	94	.	136	10
Loans	0	119	17	293	66
Shares and other equity	138	217	.	669	135
Units in collective investment schemes	.	.	888	138	.
Insurance and pension schemes	.	.	.	.	1 157
Financial derivatives	0	35	..	..	..
Other accounts payable	..	..	..	..	..
Total	844	2 453	905	1 240	1 368

Source: SNB

As a supplement to the Swiss financial accounts, the SNB estimates the real estate assets of households. This estimate covers single-family houses, privately owned apartments and apartment buildings with rental apartments in Switzerland, including the land belonging to the buildings. Commercial real estate, undeveloped land and real estate abroad are not covered.

A balance sheet of households is derived from the financial assets and liabilities according to the Swiss financial accounts and an estimate of real estate assets. The assets side comprises financial assets and real estate assets at market value. The liabilities side contains liabilities and net worth.¹

The market value of real estate owned by households grew by CHF 81 billion to CHF 2,024 billion (+4.1%) in 2017. This increase was principally due to the rise in real estate prices. Together with the financial assets, which grew by

¹ The balance sheet data also comprise the financial assets and liabilities of non-profit institutions serving households (NPISHs), such as relief organisations, churches, trade unions, political parties and recreational clubs. The financial assets and liabilities of NPISHs account for 2–3% of total financial assets and liabilities of households. The real estate of the NPISHs is not included in the estimate of real estate assets.

CHF 145 billion to CHF 2,561 billion (+6%), this resulted in an increase in assets of CHF 224 billion to CHF 4,584 billion (+5.2%). Liabilities – mainly mortgages – were up by CHF 25 billion to CHF 864 billion (+3%).

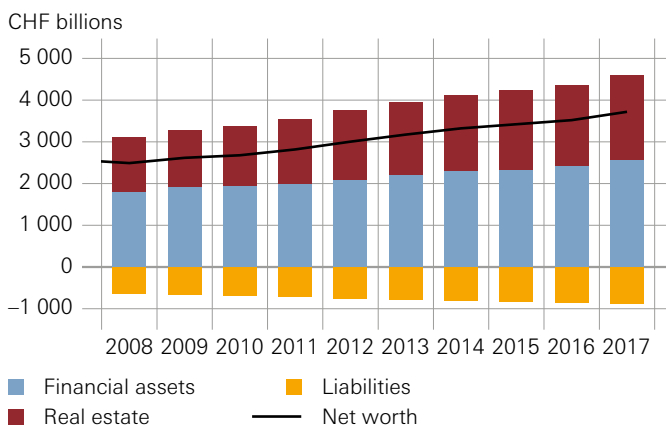
The net worth of households rose by CHF 200 billion to CHF 3,720 billion (+5.7%). In 2017, the increase in net worth was higher than in previous years. This was attributable, first, to the strong increase in the financial assets of households (expansion of bank deposits, increased insurance and pension scheme entitlements, acquisition of units in collective investment schemes); and second, to substantial capital gains due to higher real estate and share prices.

With a share of 44%, real estate was the largest component of household assets in 2017, followed by insurance and pension schemes (22%), currency and deposits (18%) and securities (debt securities, shares and other equity, and units in collective investment schemes; 16%). While the market value of real estate stood at CHF 2,024 billion, mortgages totalled CHF 807 billion. After deduction of mortgages from real estate, the assets of households in 2017 broke down as follows: real estate (less mortgages): 32%; insurance and pension schemes: 27%; currency and deposits: 22%; and securities: 19%.

Chart 33

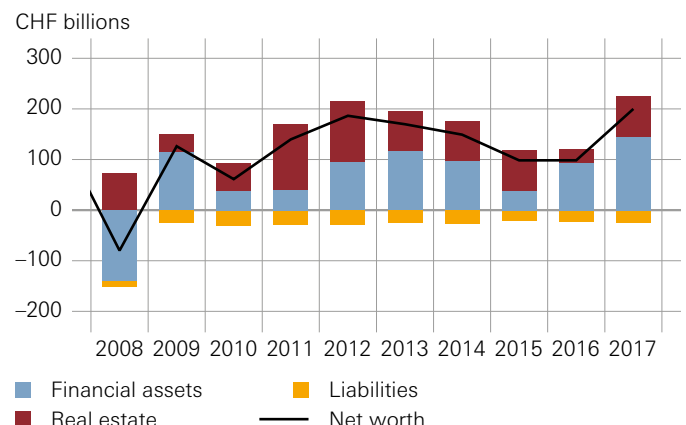
BALANCE SHEET OF HOUSEHOLDS

Financial assets and real estate (+) / liabilities (–)



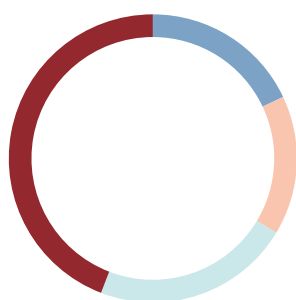
Source: SNB

Chart 34

CHANGE IN NET WORTH OF HOUSEHOLDSIncrease in financial assets and real estate (+)
Increase in liabilities (–)

Source: SNB

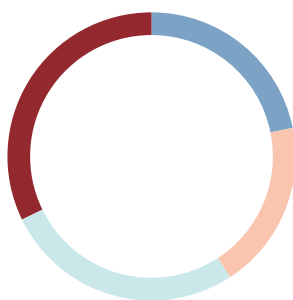
Chart 35

BREAKDOWN OF ASSETS OF HOUSEHOLDS, 2017

Currency and deposits **18.0%**
 Securities **15.6%**
 Insurance and pension schemes **22.2%**
 Real estate **44.1%**

Source: SNB

Chart 36

BREAKDOWN OF ASSETS 2017, INCLUDING MORTGAGES

Currency and deposits **21.8%**
 Securities **19.0%**
 Insurance and pension schemes **27.0%**
 Real estate less mortgages **32.2%**

Source: SNB

Table 7

BALANCE SHEET OF HOUSEHOLDS

In CHF billions

	2013	2014	2015	2016	2017
Assets					
Financial assets	2 189	2 285	2 323	2 416	2 561
Currency and deposits	718	743	754	792	825
Securities	586	624	618	636	717
Debt securities	117	111	97	91	92
Shares and other equity	267	285	285	295	336
Units in collective investment schemes	203	227	236	250	289
Insurance and pension schemes	885	918	952	988	1 019
Real estate	1 756	1 836	1 916	1 943	2 024
Total	3 945	4 121	4 239	4 360	4 584
Liabilities					
Liabilities	771	798	818	839	864
Loans	760	788	809	830	855
Mortgages	716	741	764	784	807
Consumer loans (including financial leasing)	15	15	16	15	16
Other loans	29	32	30	30	32
Other accounts payable	11	10	9	10	9
Net worth	3 174	3 323	3 422	3 520	3 720
Total	3 945	4 121	4 239	4 360	4 584

Source: SNB

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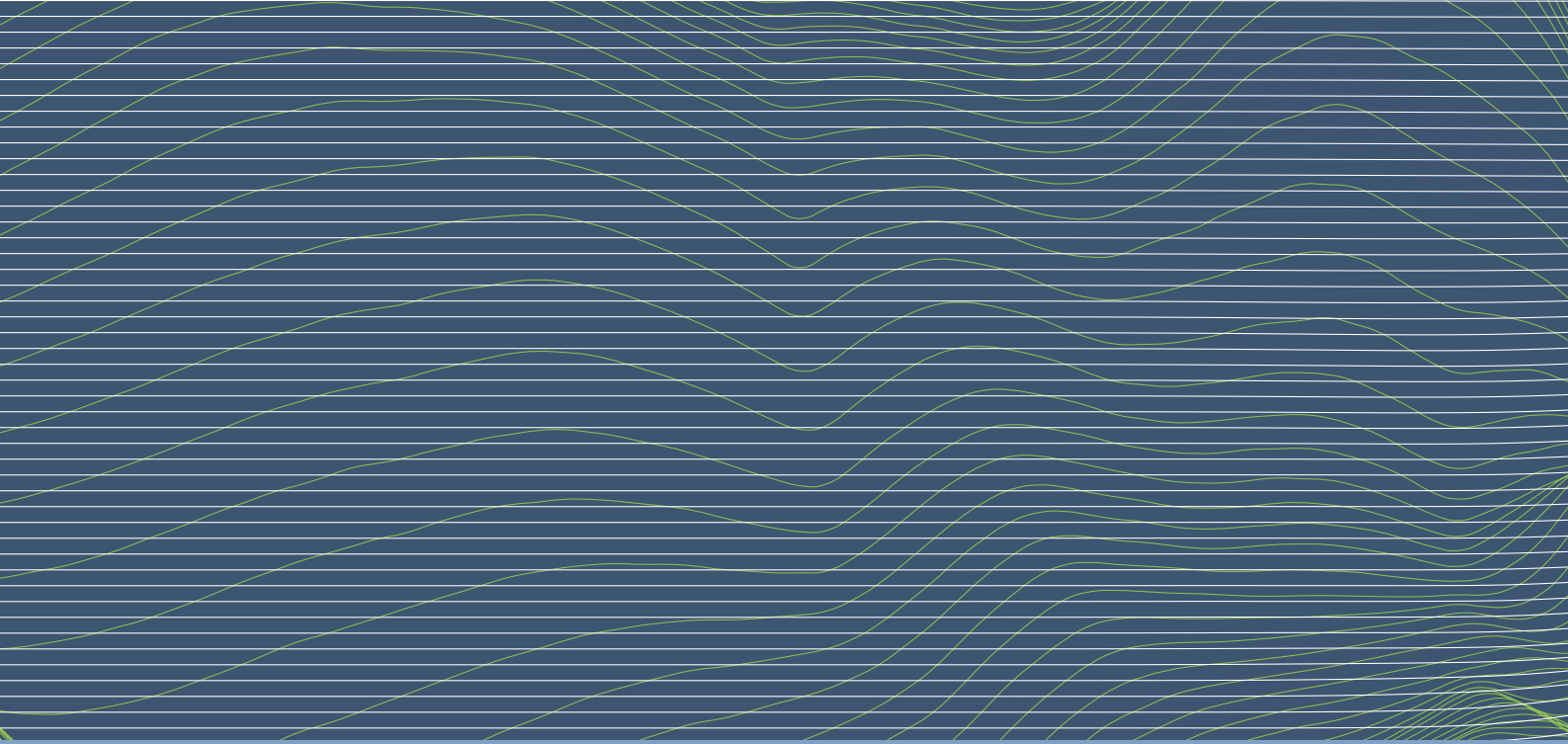
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