

**Communications**

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## **Interim results of the Swiss National Bank as at 30 September 2020**

**The Swiss National Bank reports a profit of CHF 15.1 billion for the first three quarters of 2020.**

The profit on foreign currency positions amounted to CHF 5.3 billion. A valuation gain of CHF 9.1 billion was recorded on gold holdings. The profit on Swiss franc positions was CHF 1.0 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.

### **Profit on foreign currency positions**

The profit on foreign currency positions totalled CHF 5.3 billion.

Interest and dividend income amounted to CHF 6.1 billion and CHF 2.6 billion respectively. A price gain of CHF 11.7 billion was recorded on interest-bearing paper and instruments, while equity securities and instruments registered a gain of CHF 7.1 billion. Exchange rate-related losses totalled CHF 22.3 billion.

Press release

## **Valuation gain on gold holdings**

A valuation gain of CHF 9.1 billion was recorded on gold holdings, which remained unchanged in volume terms. Gold was trading at CHF 55,989 per kilogram at the end of September 2020 (end-2019: CHF 47,222).

## **Profit on Swiss franc positions**

The profit on Swiss franc positions totalled CHF 1.0 billion. It largely resulted from negative interest charged on sight deposit account balances.

## **Provisions for currency reserves**

As at end-September 2020, the SNB recorded a profit of CHF 15.1 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 September 2020<sup>1</sup>**

In CHF millions

	Item in Notes	Q1–Q3 2020	Q1–Q3 2019	Change
Net result from gold		9 118.4	7 287.6	+ 1 830.8
Net result from foreign currency positions	1	5 252.0	42 738.4	–37 486.4
Net result from Swiss franc positions	2	988.3	1 738.7	–750.4
Net result, other		–6.2	0.2	–6.4
<b>Gross income</b>		<b>15 352.4</b>	<b>51 764.9</b>	<b>–36 412.5</b>
Banknote expenses		–19.7	–47.2	+27.5
Personnel expenses		–135.4	–132.7	–2.7
General overheads		–88.3	–92.0	+3.7
Depreciation on tangible assets		–28.8	–23.4	–5.4
<b>Interim result</b>		<b>15 080.2</b>	<b>51 469.6</b>	<b>–36 389.4</b>

<sup>1</sup> Unaudited. The external auditors only audit the annual financial statements.

Press release

## Income statement for the third quarter of 2020<sup>1</sup>

In CHF millions

	Q3 2020	Q3 2019	Change
Net result from gold	1 997.3	3 509.6	-1 512.3
Net result from foreign currency positions	12 035.7	8 978.7	+3 057.0
Net result from Swiss franc positions	354.7	598.2	-243.5
Net result, other	2.0	8.1	-6.1
<b>Gross income</b>	<b>14 389.8</b>	<b>13 094.5</b>	<b>+1 295.3</b>
Banknote expenses	-	-10.8	+10.8
Personnel expenses	-44.9	-43.4	-1.5
General overheads	-23.2	-26.8	+3.6
Depreciation on tangible assets	-9.5	-8.3	-1.2
<b>Interim result</b>	<b>14 312.2</b>	<b>13 005.2</b>	<b>+1 307.0</b>

<sup>1</sup> Unaudited. The external auditors only audit the annual financial statements.

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**Balance sheet as at 30 September 2020<sup>1</sup>****Assets**

In CHF millions

	30.09.2020	31.12.2019	Change
Gold holdings	58 229.2	49 110.9	+9 118.3
Foreign currency investments <sup>2</sup>	884 157.4	794 015.3	+90 142.1
Reserve position in the IMF	1 872.8	1 368.7	+504.1
International payment instruments	4 418.5	4 380.6	+37.9
Monetary assistance loans	922.5	276.2	+646.3
Claims from US dollar repo transactions <sup>3</sup>	689.5	–	+689.5
Claims from Swiss franc repo transactions	8 217.6	6 529.0	+1 688.6
Swiss franc securities	4 009.0	4 074.3	–65.3
Secured loans <sup>4</sup>	11 175.9	–	+11 175.9
Tangible assets	439.0	449.8	–10.8
Participations	134.0	135.3	–1.3
Other assets	748.3	616.3	+132.0
<b>Total assets</b>	<b>975 014.1</b>	<b>860 956.3</b>	<b>+114 057.8</b>

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

2 Includes, as at end-September 2020, cash received from repo transactions relating to the management of foreign currency investments amounting to CHF 0.4 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

	30.09.2020	31.12.2019	Change
Banknotes in circulation	85 263.3	84 450.1	+ 813.2
Sight deposits of domestic banks	636 612.1	505 810.6	+ 130 801.5
Liabilities towards the Confederation	22 022.8	23 481.5	- 1 458.7
Sight deposits of foreign banks and institutions	18 598.3	30 164.1	- 11 565.8
Other sight liabilities	28 655.9	31 997.4	- 3 341.5
Liabilities from Swiss franc repo transactions	-	-	-
SNB debt certificates	-	-	-
Other term liabilities	694.3	-	+ 694.3
Foreign currency liabilities	412.5	13 314.7	- 12 902.2
Counterpart of SDRs allocated by the IMF	4 267.1	4 417.9	- 150.8
Other liabilities	326.6	237.5	+ 89.1
<b>Equity</b>			
Provisions for currency reserves <sup>1</sup>	79 073.6	73 216.3	+ 5 857.3
Share capital	25.0	25.0	-
Distribution reserve <sup>2</sup>	83 982.4	44 989.5	+ 38 992.9
Annual result 2019		48 851.7	- 48 851.7
Interim result	15 080.2		+ 15 080.2
<b>Total equity</b>	<b>178 161.2</b>	<b>167 082.5</b>	<b>+ 11 078.7</b>
<b>Total liabilities</b>	<b>975 014.1</b>	<b>860 956.3</b>	<b>+ 114 057.8</b>

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.

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## Condensed changes in equity

In CHF millions

	Q1–Q3 2020	Q1–Q3 2019
<b>Equity at beginning of period<sup>1</sup></b>	<b>167 082.5</b>	<b>120 232.3</b>
Distribution of dividends to shareholders	– 1.5	– 1.5
Profit distribution to Confederation and cantons	– 4 000.0	– 2 000.0
Interim result	15 080.2	51 469.6
<b>Equity at end of period</b>	<b>178 161.2</b>	<b>169 700.4</b>

<sup>1</sup> 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		
	30.09.2020 CHF	31.12.2019 CHF	Change In percent	30.09.2019 CHF	31.12.2018 CHF	Change In percent
1 EUR	1.0805	1.0848	– 0.4	1.0864	1.1283	– 3.7
1 USD	0.9239	0.9668	– 4.4	0.9965	0.9868	+ 1.0
100 JPY	0.8739	0.8900	– 1.8	0.9226	0.8969	+ 2.9
1 GBP	1.1878	1.2776	– 7.0	1.2271	1.2630	– 2.8
1 CAD	0.6906	0.7436	– 7.1	0.7524	0.7232	+ 4.0
1 kilogram of gold	55 989.14	47 221.54	+ 18.6	47 619.68	40 612.43	+ 17.3

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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 September 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–Q3 2020	Q1–Q3 2019	Change
Foreign currency investments	5 322.5	42 734.0	–37 411.5
Reserve position in the IMF	–47.2	–0.9	–46.3
International payment instruments	–2.7	–0.3	–2.4
Monetary assistance loans	–20.5	5.6	–26.1
<b>Total</b>	<b>5 252.0</b>	<b>42 738.4</b>	<b>–37 486.4</b>

Breakdown by type in CHF millions

	Q1–Q3 2020	Q1–Q3 2019	Change
Interest income	6 108.8	6 944.5	–835.7
Price gain/loss on interest-bearing paper and instruments	11 749.6	19 485.5	–7 735.9
Interest expenses	–29.2	–75.0	+45.8
Dividend income	2 594.1	2 908.1	–314.0
Price gain/loss on equity securities and instruments	7 132.7	22 381.5	–15 248.8
Exchange rate gain/loss	–22 278.8	–8 879.4	–13 399.4
Asset management, safe custody and other fees	–25.2	–26.9	+1.7
<b>Total</b>	<b>5 252.0</b>	<b>42 738.4</b>	<b>–37 486.4</b>

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

	Q1–Q3 2020	Q1–Q3 2019	Change
Negative interest on sight deposit account balances	1 017.3	1 528.2	–510.9
Swiss franc securities	25.6	211.6	–186.0
Liquidity-providing Swiss franc repo transactions	–18.1	–	–18.1
Liquidity-absorbing Swiss franc repo transactions	–	–	–
Secured loans	–35.8	–	–35.8
Liabilities towards the Confederation	–	–	–
SNB debt certificates	–	–	–
Other Swiss franc positions	–0.7	–1.1	+0.4
<b>Total</b>	<b>988.3</b>	<b>1 738.7</b>	<b>–750.4</b>

**Breakdown by type** in CHF millions

	Q1–Q3 2020	Q1–Q3 2019	Change
Negative interest on sight deposit account balances	1 017.3	1 528.2	–510.9
Interest income	–24.2	33.9	–58.1
Price gain/loss on interest-bearing paper and instruments	2.0	183.0	–181.0
Interest expenses	–0.7	–1.1	+0.4
Trading, safe custody and other fees	–6.0	–5.4	–0.6
<b>Total</b>	<b>988.3</b>	<b>1 738.7</b>	<b>–750.4</b>