



Agreement between the Federal Department of Finance and the Swiss National Bank on the distribution of the Swiss National Bank's profits

of 9 November 2016

The Swiss National Bank (SNB) sets up provisions from its annual result to maintain the currency reserves at the level necessary for monetary policy. In so doing, it takes into account economic developments in Switzerland (art. 30 para. 1 NBA). The allocation to the provisions for currency reserves is determined by the SNB (art. 42 para. 2 (d) NBA). The proportion of the annual result remaining after the allocation to the currency reserves is the distributable annual profit. To ensure that distribution flows are smoothed in the medium term, the Federal Department of Finance (FDF) and the SNB agree on the amount of any annual profit distribution for a specified period of time (art. 31 para. 2 NBA). The distribution reserve serves as a buffer. The non-distributed annual profit is allocated to the distribution reserve, or the shortfall for the appropriation of profit is drawn from it. Losses can lead to the distribution reserve turning negative.

Against this background, after having informed the cantons on 23 September 2016 and after submitting the plan to the Swiss Federal Council on 9 November 2016, the FDF and the SNB agreed to the following:

1. This agreement covers the SNB's profit distributions for the financial years 2016–2020.
2. A profit distribution to the Confederation and the cantons is made, provided the balance of the distribution reserve after appropriation of profit is not negative.
3. If the condition under section 2 is met, the SNB distributes CHF 1 billion to the Confederation and the cantons for the relevant financial year.
4. The distribution under section 3 will be reduced if the profit distribution results in the distribution reserve turning negative. Any reduction is performed in such a way that the balance of the distribution reserve subsequently amounts to precisely zero.
5. The distribution is suspended entirely if the distribution reserve is not positive after allocation to the provisions for currency reserves.
6. If one or several profit distributions are reduced or suspended, the difference versus the amount to be distributed under section 3 will be distributed in one or several subsequent years, provided doing so does not turn the balance of the distribution reserve negative after appropriation of profit.

7. If the distribution reserve after appropriation of profit exceeds CHF 20 billion, the SNB will make a supplementary distribution of CHF 1 billion to the Confederation and the cantons for the relevant financial year. The supplementary distribution will be reduced if the payment of the supplementary distribution results in the distribution reserve falling below CHF 20 billion.
8. The SNB transfers the profit distribution for the account of the Confederation and the cantons to the Federal Finance Administration following the ordinary General Meeting of Shareholders. The Federal Finance Administration transfers two-thirds of the amount to the cantons in accordance with the distribution formula set out in art. 31 para. 3 NBA.
9. This agreement replaces the profit distribution agreement between the FDF and the SNB of 21 November 2011.

Berne, 9 November 2016

Zurich, 9 November 2016

FEDERAL
DEPARTMENT OF FINANCE

SWISS NATIONAL BANK

Head

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