



Notes on the supplementary agreement between the FDF and the SNB on the distribution of the SNB's profits for 2019 and 2020

1. Background

The profit distribution to the Confederation and the cantons for the financial years 2016–2020 is governed by the agreement of 9 November 2016. This agreement remains in force without change.

The Federal Department of Finance (FDF) and the Swiss National Bank (SNB) have agreed to amend the 2016–2020 profit distribution agreement with a supplementary agreement on the distribution of the SNB's profits for the financial years 2019 and 2020.

From the 2021 financial year, the profit distribution to the Confederation and the cantons will be based on a new profit distribution agreement between the FDF and the SNB, which is still to be negotiated.

2. Agreement of 9 November 2016

The existing profit distribution agreement between the FDF and the SNB provides for an annual distribution of up to CHF 2 billion.

The ordinary annual distribution amounts to CHF 1 billion. If the balance of the distribution reserve is negative, the distribution is reduced or suspended. If the distribution reserve after appropriation of profit exceeds CHF 20 billion, an additional CHF 1 billion is distributed for the relevant financial year. This supplementary distribution is capped at CHF 1 billion per year. It is reduced accordingly if its payment would result in the distribution reserve falling below CHF 20 billion.



3. Supplementary agreement of 28 February 2020

The SNB's good financial situation already allows for a moderate increase in the distribution from the 2019 financial year.

The SNB's balance sheet has lengthened further since the existing profit distribution agreement was concluded, thus increasing earnings potential. The good results of recent years are also reflected in the high level of the distribution reserve. Both of these factors together contribute to the fact that, from the present standpoint, the distribution potential for the next few years is higher than is reflected in the existing profit distribution agreement. This situation allows the SNB to already make a moderate increase in the distribution to the Confederation and the cantons for the 2019 and 2020 financial years.

The supplementary agreement amends the agreement of 9 November 2016 and applies to the 2019 and 2020 financial years. It provides for additional annual distributions up to a maximum of CHF 2 billion.

Given that the short and medium-term results are subject to considerable uncertainty, any supplementary distribution will continue to be dependent on the size of the distribution reserve. The supplementary agreement provides for the introduction of additional thresholds.

- If the distribution reserve after appropriation of profit exceeds CHF 30 billion, the SNB will distribute an additional CHF 1 billion to the Confederation and the cantons for the relevant financial year, thus bringing the total distribution to CHF 3 billion.
- If the distribution reserve after appropriation of profit exceeds CHF 40 billion, this supplementary distribution will be increased to CHF 2 billion for the relevant financial year, bringing the total distribution to CHF 4 billion.

The amount of any supplementary distribution is reduced accordingly if its payment would result in the distribution reserve falling below the respective threshold.

The size of the distribution reserve is known for the 2019 financial year. Both thresholds have been exceeded, resulting in a total distribution to the Confederation and the cantons of CHF 4 billion (CHF 2 billion on the basis of the profit distribution agreement of 9 November 2016, plus CHF 2 billion on the basis of the supplementary agreement of 28 February 2020).

An augmentation of the distribution framework for the next agreement period covering the financial years 2021–2025 is being examined.

From the present standpoint, the distribution potential is also higher over the medium term. In drawing up the next agreement, the FDF and the SNB will therefore address the question as to whether the framework for the distribution to the Confederation and the cantons can be augmented. In this regard, high priority is to be given to smoothing the distribution flows and thus facilitating planning for the Confederation and the cantons.