

Communications

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SNB profit distribution to remain at CHF 2.5 billion

New agreement concluded by the SNB and the FDF

The Swiss Federal Department of Finance (FDF) and the Swiss National Bank (SNB) have concluded a new agreement on SNB profit distribution whereby the current annual distribution of CHF 2.5 billion will continue unchanged in the 2008–2017 business years. The new profit distribution agreement replaces the previous agreement, dated April 2002, and takes account of the statutory requirement that SNB profit distribution be maintained at a steady level.

The previous agreement covered profit distribution by the SNB for the 2002–2012 business years, with a review planned after five years. In the course of this review, the FDF and the SNB decided to conclude a new agreement that would take account of the changes that had occurred in the statutory environment since 2002 as well as the SNB's new accounting procedures and its substantial distribution reserve. The new agreement would be valid for the 2008–2017 business years.

Under the National Bank Act, the SNB is required to set aside provisions from its annual result in order to maintain the currency reserves at the level necessary for monetary policy. Responsibility for establishing the provisioning requirements is now entirely in the hands of the SNB. The remaining net profit after the allocation to the provisions is, in principle, available for distribution to the Confederation and the cantons. Since, according to the National Bank Act, the actual distribution flows must be kept steady in the medium term, the FDF and the SNB establish the key distribution goals in an agreement that covers several years.

At the end of 2007, the distribution reserve amounted to CHF 22.9 billion, a result that differed from expectations at the time the previous agreement was concluded. At that time, it had been anticipated that the reserve would be exhausted by the end of 2012. However, unusually high book profits on gold holdings in recent years have caused the distribution reserve to increase, rather than decrease. Looking at the situation from the current vantage point, this now makes it possible for the SNB to retain the current annual distribution level of CHF 2.6 billion through to the 2017 business year. Since planning

14 March 2008

2

over such a long period of time involves a considerable degree of uncertainty, the new agreement again provides for a review in five years' time.

Press release