

Agreement between the Federal Department of Finance and the Swiss National Bank on the SNB's profit distributions

of 29 January 2021

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 the development of the Swiss economy (art. 30 para. 1 NBA). The amount of the allocation to the provisions for currency reserves is determined by the SNB (art. 42 para. 2 (d) NBA). The portion of the annual result remaining after this allocation is deemed the distributable annual profit (art. 30 para. 2 NBA).

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 the annual profit distribution for a specified period of time (art. 31 para. 2 NBA).

The distribution for a given financial year is determined by the amount of the net profit (art. 31 NBA). The net profit comprises the distributable annual profit and the balance sheet item 'Distribution reserve'. The distribution reserve serves as a fluctuation reserve to enable the smoothing of the profit distribution. It corresponds to a profit/loss carried forward. The non-distributed amount of the annual result is allocated to this reserve, and any shortfall for a distribution is drawn from it. A net profit must be shown for a distribution to be made; in the event of a net loss, no distribution is made.

Against this background, with the Federal Council having taken note on 27 January 2021 and the cantons having been informed on 29 January 2021, the FDF and the SNB agree as follows:

1. This agreement covers the SNB's profit distributions for the financial years 2020 to 2025.
2. A profit distribution will be made to the Confederation and the cantons in the event of a net profit. In the event of a net loss, no distribution will be made.
3. The amount of the profit distribution to the Confederation and the cantons is determined as follows:
 - Net profit equal to or greater than CHF 40 billion: A distribution of CHF 6 billion
 - Net profit equal to or greater than CHF 30 billion, but less than CHF 40 billion: A distribution of CHF 5 billion

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- Net profit equal to or greater than CHF 20 billion, but less than CHF 30 billion: A distribution of CHF 4 billion
 - Net profit equal to or greater than CHF 10 billion, but less than CHF 20 billion: A distribution of CHF 3 billion
 - Net profit less than CHF 10 billion: Distribution of the net profit up to a maximum of CHF 2 billion, whereby the distribution together with the dividend paid to shareholders may not result in a negative distribution reserve.
4. The SNB transfers the profit distribution 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.
 5. This agreement replaces the profit distribution agreement between the FDF and the SNB of 9 November 2016, including the supplementary agreement of 28 February 2020.

Berne, 29 January 2021

Zurich, 29 January 2021

FEDERAL
DEPARTMENT OF FINANCE

SWISS NATIONAL BANK

Head

President
of the Bank Council

Chairman
of the Governing Board

Ueli Maurer

Barbara Janom Steiner Thomas Jordan