



Equity and Profit Distribution

Press brief

Feb 24, 2025

09:30 am

Profit 80 billion, Equity ratio > 16%

	2023 after appropriation	2024 SNB's plan
Balance Sheet	794.6	854.1
Profit or Loss *		80
Distribution to Confederation and cantons		3.0
Equity	62.6	139.6
Equity Ratio	7.9%	16.3%

* SNB's projection

How much equity does the SNB need?

Maintaining price stability in a small open economy with a safe-haven currency

November 22, 2024

The SNB and its Watchers, Zurich

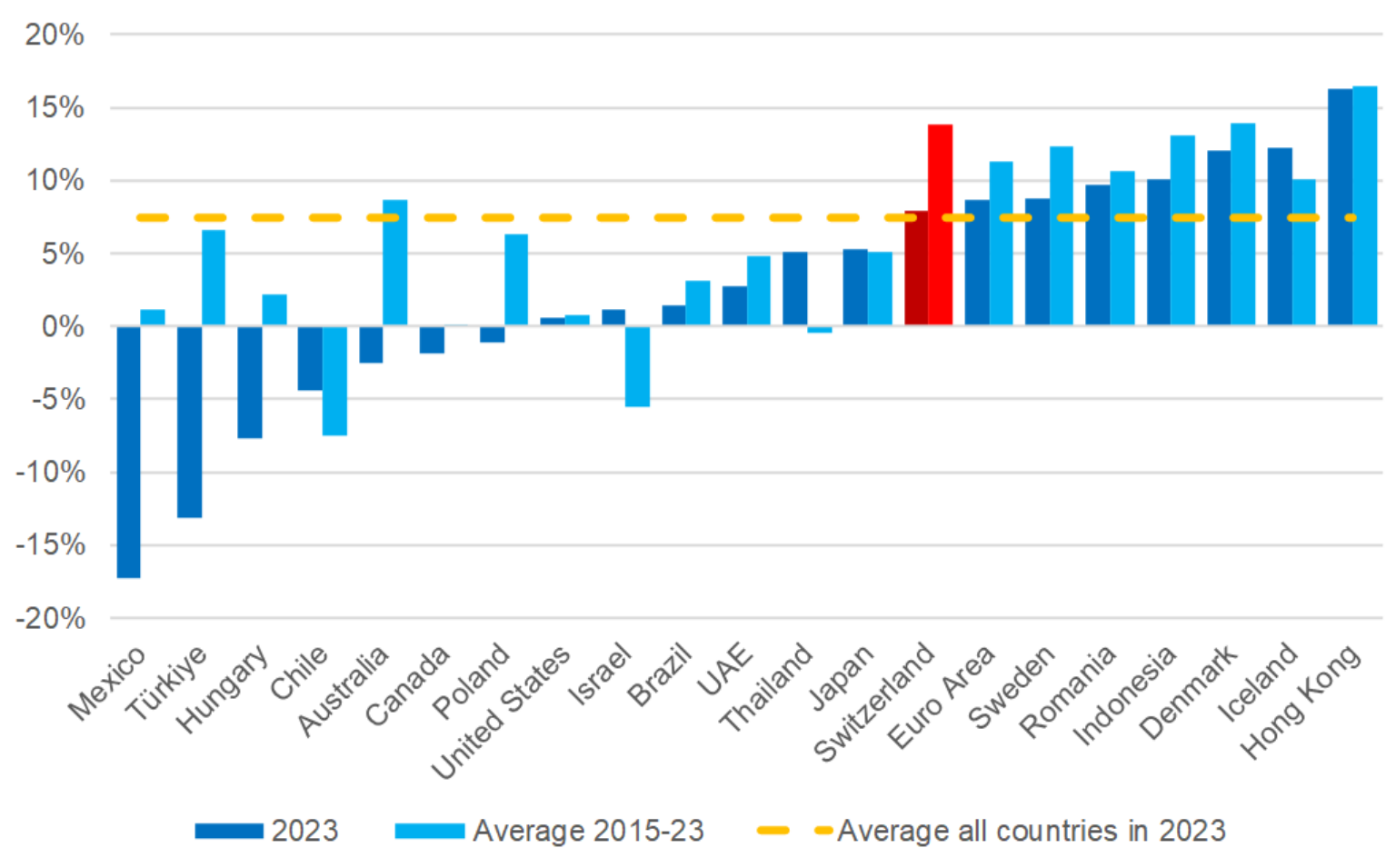
The SNB's main tool is the SNB policy rate, which determines the monetary policy stance and is thus the focus of its communication. As an additional monetary policy measure, the SNB has also used foreign exchange interventions, both for countering the threat of deflation and for fighting inflation. A major side effect of the foreign currency purchases required in the years after the global financial crisis has been the expansion of the SNB's balance sheet, which has led to major fluctuations in its annual results. In light of the balance sheet risks, the SNB's equity capital is currently considerably too low. Building up the SNB's capital must thus take precedence over profit distributions.



Apparently it wants more...

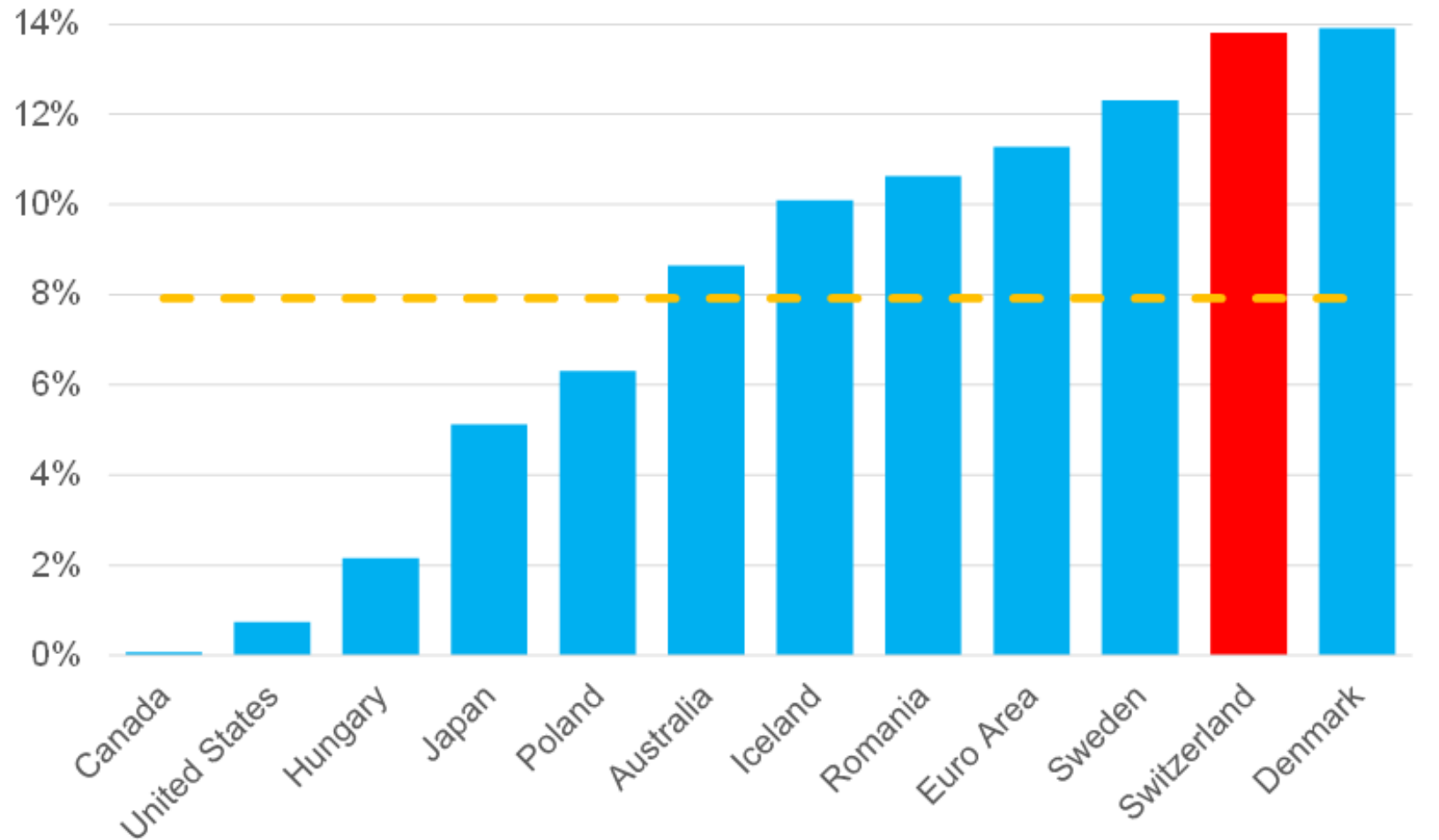
International comparisons

Equity to Asset Ratio



International comparisons

Equity to Asset Ratio, 2015 - 2023



Is 10% or 15% reasonable?

	SNB's Plan	10% target	15% target
Balance Sheet	854.1	854.1	854.1
Distribution to Confederation and cantons	3.0	3.0	3.0
Equity	139.6	139.6	139.6
Equity Ratio	16.3%		
Equity Target		85.4	128.1
Equity in Excess of Target		54.2	11.5



Available for
distribution over
time

SNB must explain itself

- SNB should clarify what target it deems reasonable and why.
- SNB only says: “We need more”.
- But retaining more is costly for the broader economy.
- MoU SNB-EFD expires in 2025.
- Opportunity to switch
 - ... from the current system (based on provisions and distribution reserve) ...
 - ... to an explicit equity target.