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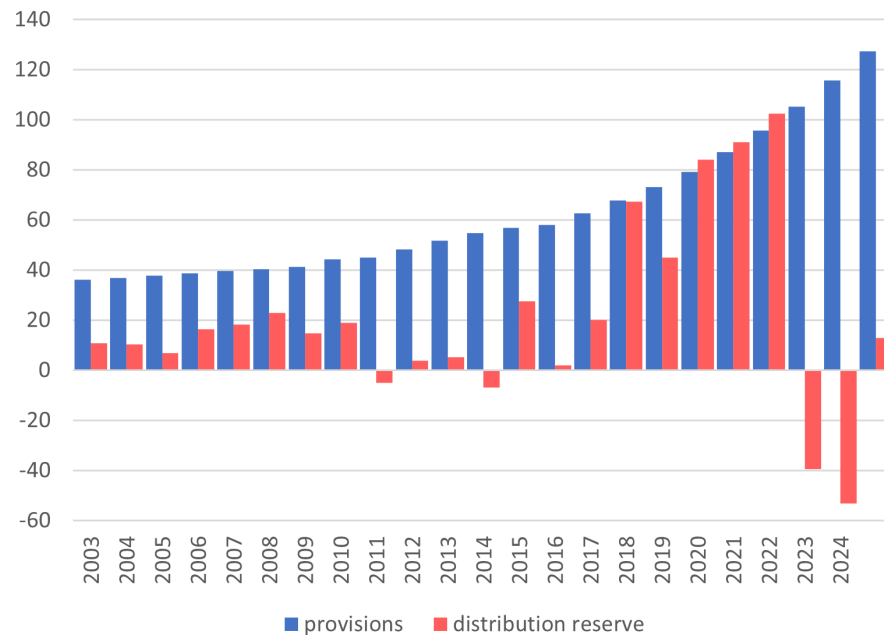
SNB

bservatory

EFD-SNB Agreement on Profit Distribution

- Periodically (about every 5 years), a new agreement is reached.
- The previous ended 2025, so a new agreement is due.
- This is an opportunity to improve the procedure.

Capital accumulation with no limit?



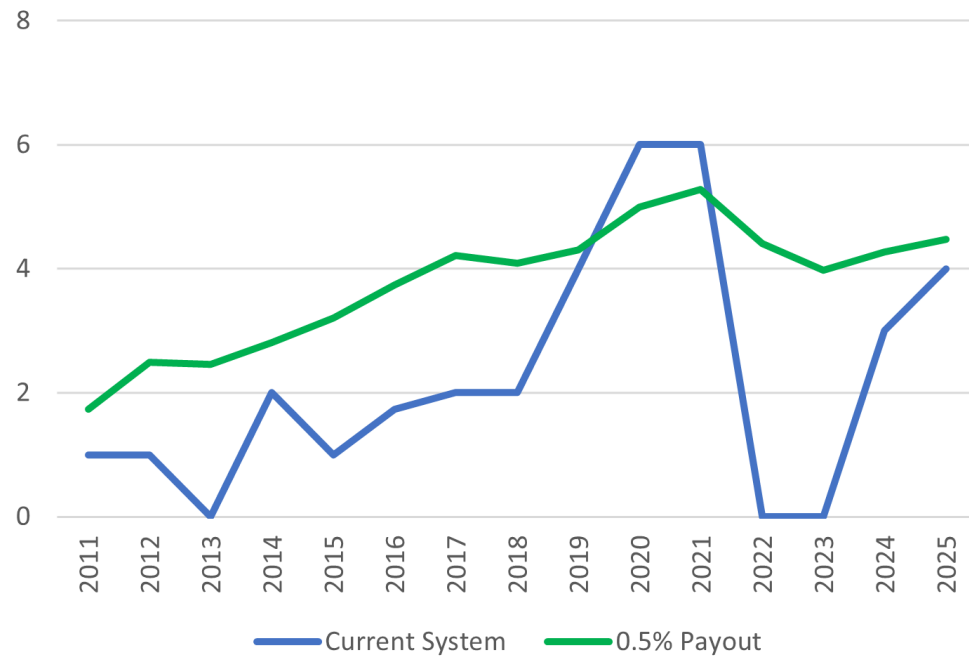
- SNB has increased its provisions (= capital not intended for distribution) by 10% every year.
- All risk borne by distribution reserve.
- Return rate 2011-2025: 1.9%
- Payout rate 2011-2025: 0.3%

A simple proposal

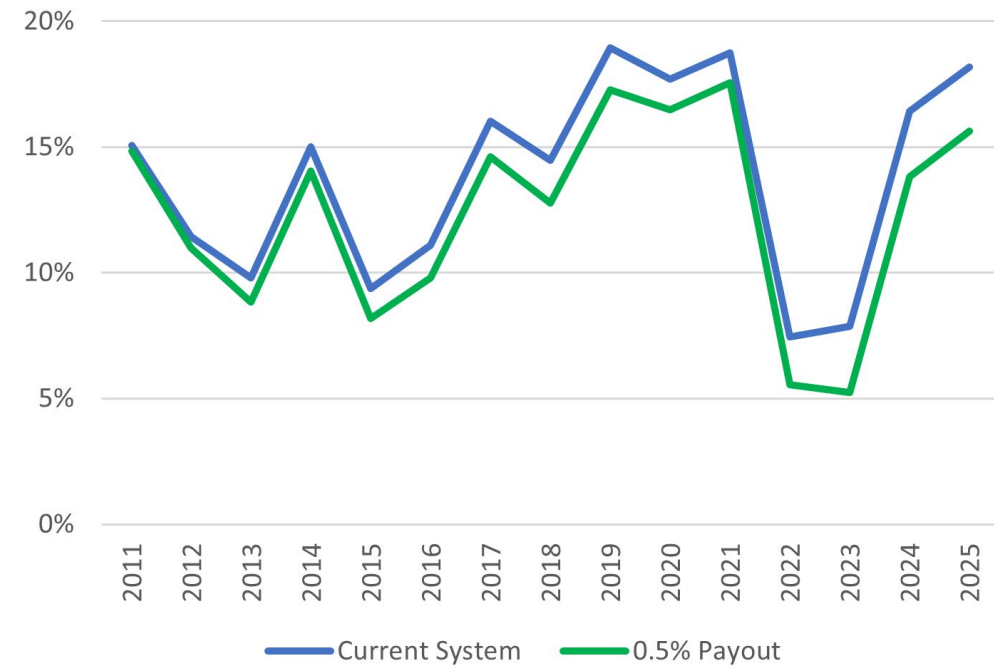
- Distribute $x\%$ of the balance sheet every year ... like a fixed income fund.
- Example: $x = 0.5\%$, which is very low.
- Advantages:
 - Easy to understand and transparent. Easy to plan for.
 - More stable payouts, never zero.
 - Depending on x , distribution can be higher than under current procedure.
 - Capital of SNB remains positive if x is chosen appropriately.

Comparison

Distribution



SNB Capital Quota



Simple principle

- The SNB balance sheet is treated like a fixed income portfolio from the point of view of public finance.
- Details can be made more sophisticated:
 - Link x to market returns?
 - Or determined in negotiation between EFD-SNB?

A procedure that is easy to understand, allows for better fiscal planning, makes higher payouts, and keeps SNB capital positive is possible.