

Ladies and Gentlemen

It is our pleasure to present the Swiss National Bank's Annual Report for 2023. The first part comprises the accountability report submitted by the Governing Board to the Federal Assembly, and sets out how the SNB has fulfilled its tasks pursuant to art. 5 of the National Bank Act (NBA) during the past year. The second part comprises the financial report, which provides information on organisational and operational developments as well as the financial result of the SNB. The financial report is submitted for approval first to the Federal Council and then to the General Meeting of Shareholders.

One of the defining events of 2023 was the crisis at Credit Suisse. On 19 March, the Federal Council, the Swiss Financial Market Supervisory Authority (FINMA) and the SNB announced a package of measures comprising the acquisition by UBS as well as state support. The SNB played a key part in finding a solution. Moreover, in its role as lender of last resort, it made ample liquidity assistance available on an unprecedented scale and in various currencies. The package of measures was crucial in managing the acute crisis at Credit Suisse and thus in avoiding a financial crisis which would have had serious economic consequences for Switzerland and other countries.

Global economic growth was solid overall in 2023, while growth in Switzerland was modest. The US economy remained robust, and China's exit from its zero-COVID policy led to a significant recovery. However in Europe, which is important for Switzerland's economy, momentum slowed markedly. Inflation declined globally in the course of the year, but remained above central banks' targets in most countries at the end of 2023. Many central banks initially tightened their monetary policy further, before leaving their key rates at the higher level and at the same time signalling that monetary policy could remain restrictive for some time yet.

The SNB too initially continued to pursue its policy of monetary tightening. It countered remaining inflationary pressure by raising the SNB policy rate and selling foreign currency. Inflation receded during 2023 and returned to the range that the SNB equates with price stability in the second half of the year. Furthermore, at the December 2023 monetary policy assessment, the conditional inflation forecast was back within the range of price stability over the entire three-year forecast horizon for the first time in two years. Accordingly, having already chosen not to increase its policy rate in September, the SNB announced that it would no longer be focusing on foreign currency sales in its foreign exchange market activities.

For the first time, the SNB and the Federal Finance Administration held a roundtable on the supply and distribution of cash in Switzerland. A group of experts was set up to identify challenges in this field and to develop solutions for ensuring continued access to, and acceptance of, cash in the future.

Since November 2023, the successful integration of instant payments into the Swiss Interbank Clearing (SIC) system has enabled the immediate and final transfer of value for payments throughout the entire settlement chain, and this around the clock.

On 1 December 2023, the SNB, together with six commercial banks, launched a pilot project and for the first time issued central bank digital currency for financial institutions (wholesale CBDC) in Swiss francs on the regulated platform of SIX Digital Exchange (SDX). With the pilot project, the SNB hopes to gain further insights in this area.

At an operational level, the SNB's website was overhauled, with user navigation being significantly improved thanks to a contemporary design and a new information architecture. In addition, the SNB further strengthened its protection against cyberattacks.

The SNB's 2023 annual financial statements closed with a loss of CHF 3.2 billion, following a loss of CHF 132.5 billion in 2022. The SNB set the allocation to the provisions for currency reserves at CHF 10.5 billion. After taking into account the negative distribution reserve of CHF 39.5 billion, the net loss comes to CHF 53.2 billion. In accordance with the NBA and the profit distribution agreement signed in January 2021 between the Federal Department of Finance and the SNB, the SNB is unable either to pay a dividend to the shareholders or to make a profit distribution to the Confederation and the cantons for 2023.

We would like to thank our employees for all their hard work, which we were again able to count on in the past year.

Berne and Zurich, 29 February 2024



BARBARA JANOM STEINER
President of the Bank Council



THOMAS J. JORDAN
Chairman of the Governing Board