

Structure and organisation of the National Bank

1 Organisation

Unlike many foreign central banks, the Swiss National Bank is not a government-owned bank: it is an independent public-law institution in the form of a joint-stock company. All its shares are registered shares and are listed on the stock exchange. Shareholders' voting rights are restricted by statute to Swiss citizens, Swiss public-law corporations and legal entities whose main establishment is in Switzerland. Cantons and cantonal banks hold 55% of the shares. The remainder are mostly held by private persons. The Confederation does not hold any shares.

Legal form

The National Bank is administered with the cooperation and under the supervision of the Confederation. The Governing Board, which consists of three members of equal status, is entrusted with the Bank's management. Each member heads one of the three Departments. The Governing Board enjoys a high degree of independence in fulfilling its monetary policy mandate. The Governing Board and the Federal Council must consult each other before passing any major monetary and economic policy decisions. The Bank Council, Bank Committee and Auditing Committee are responsible for the supervision of the National Bank's business activity.

Responsibilities

The National Bank has two head offices: the legal domicile in Berne and the seat of the Governing Board in Zurich. Department I and Department III are in Zurich, Department II is in Berne. To ensure the distribution of currency, the National Bank has - in addition to the two head offices - branch offices with cash distribution services in Geneva and Lugano. Four more branch offices located in Basel, Lausanne, Lucerne and St Gallen as well as the head offices and the branch offices that maintain cash distribution services are responsible for monitoring economic developments in the regions. The National Bank maintains 18 agencies operated by cantonal banks for the receipt and distribution of banknotes and coins. Moreover, it has an extensive network of banking correspondents which serve as agents for local payment transactions.

Structure

The National Bank's chief task is to pursue a monetary policy serving the overall interests of the country. Department I is responsible for the monetary policy concept. The Economic Division supplies statistical data, analyses the economic situation and developments in Switzerland and abroad, and provides the basis for monetary policy decisions. The international aspects of monetary policy are dealt with by the International Affairs Division. The Monetary Operations Division of Department III implements monetary policy by carrying out transactions in the financial markets. Department II deals with issues relating to the stability of the financial system.

Monetary policy

The head offices and branch offices assist the Economic Division in analysing the economic situation and development by reporting on regional economic conditions in Switzerland. For this purpose, they are in contact with a large number of enterprises from all sectors and with the major trade associations.

Regional economic relations

The National Bank's foreign currency reserves are allocated and managed by the Monetary Operations Division in Department III, gold reserves and Swiss franc reserves by the Banking and Administrative Division in Department II.

Management of assets

Cash transactions

The National Bank exercises its mandate in the field of payment transactions by issuing banknotes and putting the coins minted by the Confederation into circulation through its network of bank offices. It assures that the quality of currency in circulation is kept at a high level by checking the cash returned to the National Bank and disposing of those banknotes and coins which no longer meet the requirements as well as counterfeits. These tasks fall within the competence of the Cash Division in Department II.

Cashless payment transactions

Moreover, the National Bank cooperates in the planning and processing of cashless payment transactions. Conceptual and technical issues in the area of cashless payment transactions are dealt with by the Banking Operations and Information Technology Division in Department III. Cashless payment transactions with the banks are processed by Department III, those with the Confederation by Department II.

Bank of the Confederation

Acting as the bank of the Confederation is a function primarily performed by Department II. It maintains the accounts, carries out domestic and foreign payments on behalf of the Confederation, participates in the floating of bonds and holds the Confederation's securities in safe custody. Department III carries out money market and foreign exchange transactions on behalf of the Confederation.

2 Staff and resources

At the end of 2001, the National Bank staff numbered 585 persons, an increase of 10 persons from the year-earlier level. Converted into full-time jobs, the number of employees rose from 534.1 to 543.6 persons. The number of part-time employees was up by 10 to 127 persons, corresponding to a part-time rate of 21.7%. Personnel turnover dropped to 7.9% in 2001 from 14.3% in the previous year. At the end of 2001, there were 15 vacancies at the National Bank.

Number of staff and turnover

In autumn 2001, a survey on job satisfaction of the National Bank employees was conducted with the assistance of an external consultant. A total of 73% of employees took part in the survey. Overall job satisfaction was roughly equal to the average results of comparable companies in Switzerland. In 2002, the insights gained from the employee satisfaction analysis are to be translated into concrete measures to improve the motivation and development of employees at all levels. In mid-2001, a new working-time model based on annual working hours was introduced to increase the flexibility in coordinating the actual workload and staff resources.

Survey on employee satisfaction

In the field of information technology, the National Bank continued its efforts towards a strategic new orientation to the new systems and applications architecture. Except for the applications in the payment transactions section and in some accounting sub-sections, all applications in the fields of banking transactions, the Bank's operational activities as well as statistics were based on the new architecture at year-end. A new application was implemented for the administration of time series. The migration of the remaining banking applications to the new integrated banking package has been completed to a large degree. The applications already operating on the new architecture as well as the technical infrastructure were further expanded while taking into consideration new professional requirements and new technological developments.

Developments in information technology

With the completion of the renovation of the buildings located at Stadthausquai/Fraumünsterstrasse (second building phase) and the remodeling of the 4th floor of the main building at Börsenstrasse, the use of the buildings at the Zurich head office has been significantly optimised. The comprehensive renewal of the building's equipment in need of renovation and the conversion of the cashier's office and the mezzanine floor of the main building are in the project planning stage.

Property management

The bulk of the National Bank's total operating costs is incurred by cash transactions. These include the costs of producing banknotes and costs arising in connection with banknote and coin circulation. The reorganisation of cash transactions, notably the reduced number of cash distribution and processing services, contributed to a significant easing of the cost burden over the past few years. The share of costs stemming from cash transactions contracted by 3 percentage points in 2001, accounting for 41% of total operating costs. The costs in connection with cashless payments remained stable and represented a 4% share. This position includes the services of the National Bank in interbank payment transactions as well as services in the field of payment transactions on behalf of other central banks and international organisations.

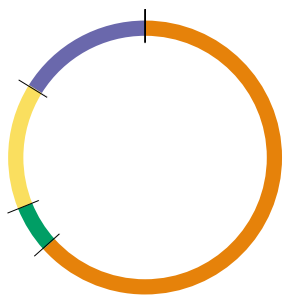
Declining share of costs from cash transactions

Increasing share of costs from asset management

The position asset management, which comprises the costs relating to foreign exchange, money market, securities, gold and Lombard business and the management of financial investments and gold holdings, rose by 2 percentage points to 21% of total operating costs. The main factors contributing to this development arose from the expansion of the Bank's business activity, i.e. the increased expenses for the management of foreign exchange reserves and free assets, notably the management of gold holdings. The item monetary policy, which includes the costs involved in planning and formulating monetary policy as well as the costs for compiling statistics, accounted for 22%. This was slightly more than in the previous year. The share of the other two cost units – services on behalf of the Confederation, services on behalf of third parties – remained unchanged at 5% and 7%, respectively, of total costs. The item services on behalf of the Confederation includes the costs of all services the National Bank provides on behalf of the Federal Government and its agencies. The position services on behalf of third parties comprises the Bank's contribution to the Study Center Gerzensee, expenses for international cooperation (notably with the International Monetary Fund) and technical assistance to foreign central banks.

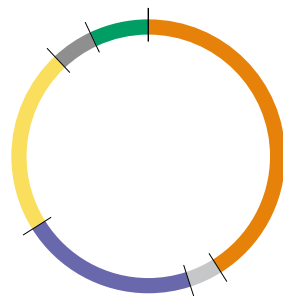
Improvement of the environmental performance evaluation

The National Bank's environmental performance evaluation for 2000, compiled in 2001, continued to improve compared with previous years, as the total environmental impact caused by the National Bank declined. Because of the closing of cash distribution services at four branches (cf. 92nd Annual Report, page 65), notably electricity and heat consumption fell markedly. Irrespective of the reduction in cash distribution services, water and paper consumption were reduced significantly; the proportion of recycled paper, for the first time, accounted for more than 50% of total paper consumption.



Personnel
Number of employees

- Full-time, men 371
 - Part-time, men 32
 - Full-time, women 87
 - Part-time, women 95
- Total: 585.
End 2001



Cost units
in percent

- Cash transactions 41
- Cashless payment transactions 4
- Asset management 21
- Monetary policy 22
- Services for the Confederation 5
- Services for third parties 7

3 Changes in the bank authorities and management

After the Annual General Meeting of 20 April 2001, the Federal Council completed the Bank Council by electing the following persons:

Andreas W. Keller, Erlenbach, Chairman of the Board of Diethelm Keller Holding Ltd,
Hansueli Raggenbass, Kesswil, National Councillor, Attorney-at-law, and
Hansjörg Walter-Heim, Wängi, National Councillor, President of the Swiss farmers' association.

Bank Council

On the day of the Annual General Meeting of 26 April 2002, the following members retire from the Bank Council:

Eduard Belser, Lausen, President of the Bank Council,
Jörg Baumann, Langenthal, Chairman of the Board of Création Baumann, Weavers and Dyers Ltd,
Peter Everts, Zollikofen,
Yvette Jaggi, Lausanne, Member of the Bank Committee, President of the Arts Council of Switzerland Pro Helvetia,
Andres F. Leuenberger, Riehen, Member of the Bank Committee, Vice-Chairman of the Board of F. Hoffmann-La Roche Ltd.

The National Bank thanks the retiring members for their valuable services.

Special thanks are extended to the departing President of the Bank Council, Eduard Belser.

In 1986 he was elected to the Bank Council, which delegated him to the Bank Committee in 1988. In 1999 the Federal Council elected him President of the Bank Council. Eduard Belser has fulfilled his duties as president with a great deal of dedication and good judgement, thus rendering valuable service to the National Bank.

One of the five vacant positions is to be filled by the Annual General Meeting of Shareholders, four by the Federal Council.

The Bank Council proposes to the Annual General Meeting that the following new member be elected as successor to Mr Everts:

Hansueli Loosli, Basel, Chairman of the management Coop.

The Bank Council delegated the following member to the Bank Committee with effect from 20 April 2001:

Bank Committee

Hansheiri Inderkum, Altdorf, as successor to Melchior Ehrler.

Local Committees

As per the date of the Annual General Meeting of 20 April 2001, the following committee members resigned their positions:

Peter Grogg, Bubendorf, Chairman of the Local Committee of Basel since 1996 (Member since 1993),
Jean Lauener, Saint-Aubin NE, Chairman of the Local Committee of Berne since 2000
(Member of the Local Committee of Berne since 1999, previously in the Local
Committee of Neuchâtel since 1993),
Peter G. Anderegg, Egnach, Chairman of the Local Committee of St Gallen since 1998
(Member since 1993).

The National Bank thanks the resigning persons for their services to the Bank.

The Bank Council made the following appointments:

Basel

Bruno Sidler, Basel, President of the Executive Board, CEO of Panalpina Management Ltd.

Berne

Edgar Geiser, Brügg, Senior Vice-President and Chief Financial Officer, Member of the Executive
Board of Swatch Group Ltd.

St Gallen

Urs Kienberger, Sils-Maria, Director of Hotel Waldhaus.

The Bank Committee made its appointments for the chairmanship and vice-chairman-
ship of the different Local Committees according to seniority.

Auditing Committee

Upon the proposal of the Bank Council, the Annual General Meeting of Shareholders
of 20 April 2001 elected the incumbent office holders:

Kaspar Hofmann, Adliswil, Certified Auditor, Hofmann Wirtschaftsprüfung AG, as Member,
Hans Michel, Egnach, as Member,
Maryann Rohner, Zurich, Certified Auditor, Treureva AG, as Member, and
Josef Blöchlinger, Begnins, Certified Auditor, Refidar Société Fiduciaire, as Substitute Member
Jean-Claude Grangier, Epalinges, as Substitute Member,
Werner M. Schumacher, Binningen, Director of Banque Jenni et Cie SA, as Substitute Member
of the Auditing Committee.

The Bank Council proposes to the Annual General Meeting of 26 April 2002 that the
current members and substitute members of the Auditing Committee be reelected.

As per the end of November 2001,

Georg Rich, Director and Deputy Head of Department I, took early retirement. During his 24 years with the National Bank, 16 years of which he spent as chief economist and deputy head of department, Mr Rich, in particular, made a significant contribution to the formulation of the principles of monetary policy, gaining international recognition for his work.
The National Bank thanks Mr Rich for his valuable services.

Upon the proposal of the Bank Council, and with effect from 1 December, the Federal Council appointed

Ulrich Kohli, formerly Professor of Economics at the University of Geneva, as Mr Rich's successor.

As per the end of November 2001,

Jean-Pierre Borel, Director at the head office in Berne, retired. Mr Borel worked for the National Bank for almost three decades, initially as an employee at the Geneva branch, later on as deputy to the director. In 1985, he assumed the management of the Neuchâtel branch. In 1998, he was put in charge of regional economic relations and transferred to the head office in Berne.

At the end of February 2001,

Roland-Michel Chappuis, Assistant Director and Head of the Cashier's Office Zurich, took early retirement.

We thank the above employees for their many years of valuable service to the National Bank.

Effective 1 January 2002, the Bank Committee promoted

Hans-Christoph Kesselring (Payment Transactions/Settlements/Custody) to Director,
Peter Schöpf (Secretary General) to Director,
Daniel Heller (Payment Systems) to Deputy Director,
Thomas Jordan (Research) to Deputy Director,
Eveline Ruoss (Economic Analysis) to Deputy Director,
Vincent Crettol (Securities and Gold Operations) to Assistant Director,
Daniel Hübscher (Central Accounting) to Assistant Director,
Wolfgang Meyer (Investment) to Assistant Director,
Roland Wettstein (Banking Applications) to Assistant Director,
Niklaus Wyss (Payment Transactions/Settlements/Custody) to Assistant Director.

Effective 1 January 2002, the Bank Committee appointed

Beat Müller as Deputy Head of Internal Auditors (Assistant Director).