

Ladies and Gentlemen

It is our pleasure to present the Swiss National Bank's Annual Report for 2021. The first part of the report 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 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. The financial report is submitted for approval first to the Federal Council and then to the General Meeting of Shareholders.

The global economy continued to be shaped by the coronavirus pandemic in 2021, the second year after its outbreak. Nevertheless, it was able to recover from the sharp recession of the previous year. A decline in new infections as the summer approached and progress in vaccination programmes led to an easing of containment measures in many countries. This contributed to strong global economic growth in the second and third quarters. From the autumn onwards, infection numbers rose again rapidly in some countries, bringing renewed restrictions in certain cases. The global economic recovery nevertheless continued, albeit somewhat subdued. Against this backdrop, the Swiss franc remained highly valued and was subject to upward pressure at times.

Compared with other advanced economies, the Swiss economy has weathered the coronavirus crisis well. It recovered comparatively quickly and fully from 2020's severe downturn. The situation in the labour market improved over the course of the year, with marked declines in both unemployment and the use of short-time working. Inflation rose, mainly influenced by a significant increase in prices for oil products and for certain imported goods. However, it was consistently within the range the SNB equates with price stability.

The SNB maintained its expansionary monetary policy and thereby supported the recovery of the Swiss economy. It left the SNB policy rate and interest on sight deposits at the SNB at -0.75% and intervened in the foreign exchange market as necessary. The SNB prevented an excessive appreciation of the Swiss franc and ensured favourable financing conditions for businesses and the public sector. Through the SNB COVID-19 refinancing facility set up in March 2020, it continued to allow banks to obtain additional liquidity against collateral at the SNB policy rate in 2021.

SARON (Swiss Average Rate Overnight) established itself as the central reference interest rate on the Swiss financial market. The Swiss franc Libor was discontinued at the end of the year.

The SNB's operations were still affected by the coronavirus pandemic, with the majority of staff working from home.

In 2021, the SNB conducted an equal pay analysis. The results showed that it complies with equal pay for women and men and it was awarded the 'We Pay Fair' label.

Furthermore, the SNB subjected its processes for hiring and promotion, as well as the setting and development of salaries, to detailed review. The objective was to make sure that, in particular, the processes ensure equal opportunity and prevent any form of discrimination. The processes adapted due to the review were already applied in the course of 2021. In this context, the reporting system for violations of regulations was also adapted and certified to an ISO standard.

In addition, the SNB developed its Charter further with regard to diversity, adding more specific detail in this respect. Its diversity strategy contributes to ensuring conditions that enable all employees to work successfully and with commitment in the interests of the performance mandate, and to feel they are part of the institution.

The SNB's 2021 annual financial statements closed with a profit of CHF 26.3 billion, following a profit of CHF 20.9 billion in 2020.

The allocation to the provisions for currency reserves amounts to CHF 8.7 billion. After taking into account the distribution reserve of CHF 90.9 billion, the net profit comes to CHF 108.5 billion. This allows a dividend payment of the legally stipulated maximum amount of CHF 15 per share. In accordance with the profit distribution agreement signed in January 2021 between the SNB and the Federal Department of Finance for the 2020–2025 period, a total of CHF 6 billion will be distributed to the Confederation and the cantons for 2021.

We would like to thank our employees for their hard work and valuable support during these ongoing extraordinary times.

Berne and Zurich, 4 March 2022



BARBARA JANOM STEINER
President of the Bank Council



THOMAS J. JORDAN
Chairman of the Governing Board