

Business report

The business report provides information on the organisational and operational development as well as the financial result of the Swiss National Bank. Since the SNB is a listed company, the report also contains information on corporate governance in accordance with the SIX Swiss Exchange Ltd corporate governance directive.

The business report and the annual financial statements together constitute the financial report of the SNB, as stipulated under Swiss company law (art. 958 of the Swiss Code of Obligations (CO)). At the SNB, the business report fulfils the function of a management report (art. 961c CO).

The fulfilment of the SNB's statutory mandate is explained in the accountability report.

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Corporate governance

1.1 BACKGROUND

The Swiss National Bank is a special-statute joint-stock company that is administered with the cooperation and under the supervision of the Confederation. Its organisational structure and responsibilities are governed by the National Bank Act of 3 October 2003 (NBA) and the ‘Regulations on the organisation of the Swiss National Bank’ of 14 May 2004 (Organisation Regulations). At the SNB, statutes and regulations fulfil the function of articles of association.

Mandate

The SNB’s mandate is derived directly from the Federal Constitution. Under the terms of art. 99 of the Constitution, the SNB is required to pursue a monetary policy that serves the overall interests of the country. In addition, the article enshrines the SNB’s independence and requires it to set aside sufficient currency reserves from its earnings, also specifying that a part of these reserves be held in gold. Finally, the Constitution stipulates that the SNB must allocate at least two-thirds of its net profits to the cantons.

NBA and implementation decrees

The main legislation governing the activities of the SNB is the NBA, which sets out in detail the various elements of the SNB’s constitutional mandate (art. 5) and independence (art. 6). To counterbalance the SNB’s independence, the NBA specifies a duty of accountability and a duty to provide information to the Federal Council, parliament and the public (art. 7). The SNB’s scope of business is outlined in arts. 9–13 NBA. The instruments used by the SNB to implement its monetary policy and for investing its currency reserves are set out in the ‘Guidelines on monetary policy instruments’ and the ‘Investment policy guidelines’.

The NBA also sets out the legal basis for the collection of statistical data on financial markets, the imposition of minimum reserve requirements on banks and the oversight of financial market infrastructures. Provisions governing the implementation of these statutory powers may be found in the National Bank Ordinance (NBO) issued by the SNB Governing Board.

Finally, the NBA lays down the foundations of the SNB’s organisational structure (arts. 3, 33–48).

The Swiss company law provisions on remuneration, the delegation of voting rights to corporate bodies and for deposited shares, and independent proxy voting at listed companies are not applicable to the SNB as key elements of the organisation are not governed by company law but by the NBA. However, where the NBA leaves room for manoeuvre, the SNB implements these company law provisions. This applies especially to the prohibition of the delegation of voting rights to corporate bodies and for deposited shares, as well as the requirements regarding independent proxy voting and the proxy's powers.

1.2 SHAREHOLDERS

The share capital of the SNB amounts to CHF 25 million and is fully paid up. It is divided into 100,000 registered shares with a nominal value of CHF 250 each. SNB registered shares are traded on the Swiss stock exchange (SIX Swiss Exchange) under the Swiss Reporting Standard.

Listed registered shares

The cantons and cantonal banks did not make any changes to their holdings of SNB shares in 2023, and at the end of the year still held 50.9% of the share capital. Of the remaining registered shares, which make up 26.9% of the share capital (2022: 27.0%), 26,559 shares are owned by private sector shareholders (2022: 26,652). Of these, 15,116 are voting shares (2022: 14,686). The proportion of shares not entered in the share register (shares pending registration of transfer) rose slightly from 22.0% to 22.2% year-on-year.

Total voting stock increased marginally compared to the previous year. At the end of 2023, 26 cantons (2022: 26) and 24 cantonal banks (2022: 24) held 76.8% of the voting shares (2022: 77.2%), while private sector shareholders accounted for 22.8% of voting rights (2022: 22.3%). The Confederation is not a shareholder.

The major shareholders were the Canton of Berne with 6.63% of the share capital (6,630 shares), the Canton of Zurich with 5.20% (5,200 shares), Theo Siegert (Düsseldorf) with 5.01% (5,010 shares), the Canton of Vaud with 3.40% (3,401 shares) and the Canton of St Gallen with 3.00% (3,002 shares).

In 2023, the members of the Bank Council did not hold any SNB shares. According to the ‘Code of Conduct for members of the Bank Council’, Bank Council members may not hold such shares. At 31 December 2023, an alternate member of the Governing Board and a party related to a member of the Governing Board held one share each.

Shareholder rights

Shareholder rights are governed by the NBA, with the provisions of company law only being complementary to those of the NBA. As the SNB fulfils a public mandate and is administered with the cooperation and under the supervision of the Confederation, these rights are restricted as compared with a joint-stock company under private law. For shareholders from outside the public sector, voting rights are limited to 100 shares. Dividends may not exceed 6% of the share capital. Of the remaining distributable net profit, one-third accrues to the Confederation, and two-thirds to the cantons.

The business report and the annual financial statements must be approved by the Federal Council before being submitted to the General Meeting of Shareholders for its approval. Other provisions on the General Meeting of Shareholders that deviate from company law concern its convocation, agenda and adoption of resolutions. Agenda items with motions must be signed by at least 20 shareholders and submitted to the President of the Bank Council in writing and in good time before invitations are sent out.

Notifications

Notifications to shareholders are generally communicated in writing to the address listed in the share register, and by one-off publication in the Swiss Official Gazette of Commerce. They relate exclusively to information which is also available to the public.

Independent proxy

Powers of attorney and instructions can be issued to the independent proxy, either in writing or electronically.

1.3 ORGANISATIONAL STRUCTURE

The SNB has two head offices, one in Berne and one in Zurich. It is divided into three departments. For the most part, the organisational units of Departments I and III are located in Zurich, while those of Department II are mainly in Berne. Each of the three departments is headed by a member of the Governing Board and is assigned up to two alternate members of the Governing Board.

Departments

The Singapore branch office enables the SNB to efficiently manage the Asia-Pacific part of its foreign exchange reserves and also serves in the implementation of monetary policy. Furthermore, this local presence allows in-depth monitoring and analysis of financial market developments and promotes understanding of market and economic conditions within the Asia-Pacific region.

Branch office

The delegates for regional economic relations are responsible for monitoring economic developments and explaining the SNB's monetary policy in the regions. In addition to the head offices in Berne and Zurich, the SNB therefore maintains representative offices in Basel, Geneva, Lausanne, Lucerne, Lugano and St Gallen. The delegates are supported by the Regional Economic Councils, which analyse the economic situation and the effect of monetary policy in their regions and report the results to the Governing Board. The Regional Economic Councils also regularly exchange information with the delegates.

Representative offices

The SNB maintains 13 agencies for the receipt and distribution of banknotes and coins. These agencies are run by cantonal banks.

Agencies

1.4 CORPORATE BODIES AND RESPONSIBILITIES

The corporate bodies of the SNB are the General Meeting of Shareholders, the Bank Council, the Governing Board and the External Auditor. The composition of these bodies is described on pp. 229–230.

The General Meeting of Shareholders elects five of the Bank Council's eleven members (via separate ballot per member) and the External Auditor. It approves the business report and the annual financial statements, and grants discharge to the Bank Council. Furthermore, within the context of the profit appropriation, the General Meeting of Shareholders determines the dividend. This may not exceed 6% of the share capital.

General Meeting of Shareholders

Bank Council

The Bank Council is the SNB's supervisory and control body. Six of its members are elected by the Federal Council; five by the General Meeting of Shareholders. The Federal Council is also responsible for appointing the President and Vice President. The Bank Council oversees and controls the conduct of business by the SNB. The individual tasks of the Bank Council are described in art. 42 NBA and art. 10 of the Organisation Regulations. The Bank Council's responsibilities cover, in particular, the determination of the basic principles according to which the SNB should be organised (including the structure of its accounting and financial control systems and its financial planning) and the approval of the budget and the provisions for currency reserves (art. 30 NBA). The Bank Council also assesses risk management and the basic principles underlying the investment process, and is kept informed of the SNB's operational resource strategies. The Bank Council submits proposals to the Federal Council for the appointment of Governing Board members and their deputies. It determines, in a set of regulations, the compensation of its own members, and the salaries of Governing Board members and their deputies. Finally, the Bank Council approves the agreement with the Federal Department of Finance (FDF) on profit distribution, decides on the design of banknotes and appoints the members of the Regional Economic Councils. Monetary policy does not form part of its remit; this falls to the Governing Board.

Bank Council activities

In 2023, the Bank Council held nine meetings (three in March, two in April, and one each in June, September, November and December), all of which were attended by the members of the Governing Board.

The Bank Council took note of the accountability report for 2022 submitted to the Federal Assembly and approved the financial report for 2022 for submission to the Federal Council and the General Meeting of Shareholders. Furthermore, it discussed the reports submitted by the External Auditor to the Bank Council and the General Meeting of Shareholders, as well as the Internal Audit annual report. It also took note of the annual reports on financial and operational risks, the annual compliance report, and the 2022 annual report of the pension fund. The Bank Council approved the 2022 budget statement as well as the 2024 budget, taking note of the medium-term resource and performance management plan.

The Bank Council prepared the 2023 General Meeting of Shareholders and conducted its annual discussion on investment policy. It approved the allocation to the provisions for currency reserves for the 2023 financial year.

In several meetings, the Bank Council was informed about the acquisition of Credit Suisse by UBS, the measures implemented by the federal government, the Swiss Financial Market Supervisory Authority (FINMA) and the SNB, and the associated risks for the SNB.

The Bank Council was also briefed on the applicability to the SNB of the provisions on non-financial reporting, and it approved the corresponding implementation strategy.

In addition, the Bank Council was informed about the introduction in 2024 of a roles map for staff development and career planning, and in this context it revised the salary regulations. Furthermore, it partially revised the SNB's regulations on the authority to sign.

Further topics on which the Bank Council was briefed included the pension fund's risk management, liability of the SNB's corporate bodies, the status of the 'SNB visitor centre in Berne' project, the latest HR key figures, the further development and modernisation of the SNB website, and the SNB's contribution to the 175-year anniversary of the Federal Constitution.

The Bank Council also dealt with various HR matters. It bid farewell to Andréa M. Maechler, Member of the Governing Board, at the end of June 2023 and proposed to the Federal Council that Antoine Martin be appointed as Member of the Governing Board with effect from 1 January 2024 for the remainder of the 2021–2027 term of office.

The Bank Council took note of the retirement of Dewet Moser, Alternate Member of the Governing Board, as of 31 March 2024. It proposed to the Federal Council that Sébastien Kraenzlin and Rosmarie Schlup be appointed as Alternate Members of the Governing Board with effect from 1 April 2024 and 1 September 2024 respectively.

Finally, the Bank Council determined the membership of its committees for the 2023–2024 term of office as well as the members of the Regional Economic Councils applicable from the 2023 General Meeting of Shareholders.

Bank Council committees

The Bank Council has an Audit Committee, a Risk Committee, a Compensation Committee and a Nomination Committee, each of which has three members.

The Audit Committee supports the Bank Council in monitoring financial reporting, and oversees the activities of the External Auditor and the Internal Audit unit. It also assesses the appropriateness and efficacy of the internal control system (ICS), in particular regarding the processes for managing operational risk and ensuring compliance with laws, regulations and directives.

The Risk Committee assists the Bank Council in monitoring risk management and in assessing the governance of the investment process. The Audit Committee and the Risk Committee coordinate their activities and collaborate in areas where their tasks overlap.

The Compensation Committee supports the Bank Council in determining the principles of the SNB's compensation and salary policy, and submits proposals to the Bank Council regarding the salaries of Governing Board members and their deputies.

The Nomination Committee submits proposals to the Bank Council for those Bank Council members who are elected by the General Meeting of Shareholders, and for members of the Governing Board and their deputies, who are appointed by the Federal Council.

The Audit Committee held four meetings in 2023, all of which were attended by the External Auditor. The Risk Committee met four times, the Compensation Committee once, and the Nomination Committee nine times.

Executive management

The Governing Board is the SNB's highest management and executive body. Its three members are appointed for a six-year term by the Federal Council on the recommendation of the Bank Council. The Governing Board is responsible, in particular, for monetary policy, asset management strategy, contributing to the stability of the financial system, and international monetary cooperation.

The Enlarged Governing Board is made up of the three Governing Board members and their deputies. It issues the strategic guidelines for the SNB's business operations.

The Board of Deputies is responsible for the planning and implementation of the strategic guidelines for the SNB's business operations. It ensures coordination in all operational matters of interdepartmental importance.

The External Auditor examines whether the accounting records, the annual financial statements and the proposal for the appropriation of the net profit are in accordance with statutory requirements. To this end, it is entitled to inspect the SNB's business activities at any time. It is appointed by the General Meeting of Shareholders for a term of one year. The auditors must meet special professional qualifications pursuant to art. 727b CO, and must be independent of the Bank Council, the Governing Board and the controlling shareholders.

External Auditor

KPMG Ltd has been the SNB's External Auditor since 2015 and was re-elected by the General Meeting of Shareholders for the 2023–2024 term of office. Erich Schärli has been the auditor in charge since the 2022 General Meeting of Shareholders. The role of auditor in charge was rotated in compliance with the regulations on terms of office; as stipulated in the Swiss Code of Obligations, this mandate can be exercised for seven years at the most. Auditing fees for the 2023 financial year amounted to CHF 0.3 million (2022: CHF 0.3 million). Furthermore, KPMG Ltd provided services in 2023 in connection with sustainability reporting in the amount of CHF 0.03 million (2022: none).

The Internal Audit unit is an independent instrument for overseeing and monitoring the SNB's business activities. It reports to the Audit Committee of the Bank Council.

Internal Audit

1.5 REMUNERATION REPORT

Remuneration	<p>When remunerating the members of the Bank Council and the Enlarged Governing Board, the Bank Council is required to comply analogously with the Confederation's principles governing the remuneration and other contractual conditions for senior staff and management officers of federal enterprises and institutions, as outlined in art. 6a of the Federal Personnel Act. The Bank Council laid down the principles governing remuneration in the 'Regulations on the compensation of SNB supervisory and executive bodies' of 14 May 2004 (Compensation regulations).</p> <p>Remuneration and compensation remitted in 2023 are listed in the tables on pp. 209–210.</p>
Bank Council	<p>The compensation for members of the Bank Council is made up of a fixed annual remuneration plus per diem payments for special assignments and committee meetings. No compensation is due for committee meetings that are held on the same day as Bank Council meetings.</p>
Executive management	<p>The remuneration paid to members of the Enlarged Governing Board comprises a salary and a lump sum for representation expenses. It is based on the level of remuneration in other financial sector companies of a similar size and complexity, and in large federally run companies.</p>
Regional Economic Councils	<p>Information on the remuneration for members of the Regional Economic Councils can be found on p. 209.</p>
Severance payments and compensation for restrictions	<p>The SNB does not make severance payments to departing members of the Bank Council. In accordance with the SNB's Regulations on the Governing Board, members of the Governing Board and their deputies are understood to be employed for a further six months after their term of office has come to an end, although they will be released from their duties during these six months ('cooling-off period'). The continuation of salary payments during this period of release from duties compensates them for any restrictions imposed on them after the end of their term of office. If a member of the Enlarged Governing Board is not reappointed or is removed from office, the Bank Council may grant a severance payment amounting to a maximum of one year's salary. The same applies in the case of retirement or termination of employment of a member of the Enlarged Governing Board in the interest of the bank.</p>

1.6 INTERNAL CONTROL SYSTEM

The internal control system comprises all the control structures and processes which ensure orderly procedures for operational activities and contribute to the attainment of business goals.

Aim and purpose

The ICS makes a major contribution towards compliance with legal requirements and internal specifications, as well as the prudential protection of corporate assets. It helps to prevent, reduce and detect errors and irregularities, in addition to ensuring that accounts are reliable and complete, and that reporting is timely and dependable. Furthermore, the ICS ensures that the bankwide management of risk is appropriate and efficient.

The ICS comprises the management of financial risk, operational risk, compliance risk and risk associated with financial reporting pursuant to art. 728a CO.

Elements

The ICS is divided into three levels. The three organisationally separate levels are line management, risk monitoring and internal audit.

Organisation

The first level is ensured through the line management's responsibility to provide verification of its duty of care and orderly business procedures. Organisational units define their structures and procedures so as to ensure that tasks are carried out efficiently and their objectives achieved. To this end, they specify operational goals and control measures to manage the risks they are exposed to in their business activities.

First level

The second level is risk monitoring. The units responsible (Operational Risk and Security, Compliance, and Risk Management) advise and support line managers in the management of risk in their units. They monitor and report on the appropriateness and efficacy of risk management. In addition, they make their own assessment of the risk situation. They draw up specifications and measures to identify and limit risk, and submit corresponding proposals to executive management.

Second level

Third level	<p>Finally, at a third, independent level, Internal Audit examines the SNB's business activities by applying a systematic and targeted approach to assessing and helping to improve the effectiveness of risk management and processes for internal monitoring, control and governance. Internal Audit's approach is first and foremost risk-oriented.</p>
Responsibilities of Bank Council and executive management	<p>The Bank Council and, in particular, its Audit Committee and Risk Committee, assess the appropriateness and efficacy of the ICS and satisfy themselves with regard to the security and integrity of the business processes.</p> <p>The Enlarged Governing Board approves strategies for the SNB's business operations.</p> <p>The Board of Deputies approves the specifications with respect to the ICS and ensures compliance therewith. To this end, it issues directives and guidelines on operational management.</p>
Reporting	<p>Individual reports on the monitoring of financial, operational and compliance risks are submitted via the ICS to executive management and the Bank Council on an annual basis. In addition, Internal Audit communicates its audit findings to executive management and to the Bank Council's Audit Committee at least twice a year.</p>
ICS for financial reporting	<p>The SNB has extensive control mechanisms in place for the prevention or early identification of errors in financial reporting (accounting procedures and bookkeeping). This ensures that the SNB's financial position is correctly reported. The ICS for financial reporting, which is managed by the Accounting unit, comprises all of these controls.</p>

1.7 RISK MANAGEMENT

In fulfilling its statutory mandate, the SNB incurs various risks. These include financial risks in the form of market, credit, country and liquidity risks. It is also exposed to compliance and operational risks. These consist of personal injury, financial loss or reputational damage arising as a result of inadequate internal processes, incorrect reporting, a lack of – or disregard for – regulations or rules of conduct, insufficient oversight, technical failure and the impact of external events.

Risks

The Bank Council oversees and monitors the conduct of business by the SNB. It is responsible for assessing risk management and monitors its implementation. The Risk Committee and the Audit Committee discuss the risk reports and support the Bank Council in overseeing risk management.

Assessment of risk management

The Governing Board issues the ‘Investment Policy Guidelines of the Swiss National Bank (SNB)’ and annually determines the strategy for the investment of assets. In so doing, it determines the framework for the financial risks associated with investments.

Risk strategy

The Enlarged Governing Board approves strategies for business operations and has strategic responsibility for the management of operational and compliance risks. It defines the corresponding guidelines.

Financial risk associated with investment is monitored by the Risk Management unit. Each quarter, the Governing Board discusses the reports on investment activities and risk management. The Risk Management unit’s reports are discussed by the Risk Committee of the Bank Council, and the annual report on financial risk is also discussed by the full Bank Council. Details of the investment and risk control process for financial investments can be found in chapter 5 of the accountability report. If necessary, the Head of Risk Management can also brief the Chair of the Governing Board and the Chair of the Risk Committee directly.

Monitoring of financial risks

The department heads ensure implementation of the operational risk guidelines issued by the Enlarged Governing Board in their organisational units. Management of operational risk is the responsibility of line managers.

Monitoring of operational risks

Operational risk, specifically with regard to cybersecurity, information security, business continuity management and operational security, is monitored by the Operational Risk and Security unit. The Board of Deputies is responsible for the management and control of operational risk. It prepares the relevant guidelines, is responsible for their implementation throughout the SNB, and ensures reporting to the Enlarged Governing Board. The Audit Committee discusses the annual report on the management of operational risk before it is submitted to the Bank Council. The Risk Committee and the Audit Committee are jointly responsible for monitoring operational risk arising from the SNB's investment activities.

Monitoring of compliance risks

The department heads ensure implementation of the compliance risk guidelines issued by the Bank Council, the Enlarged Governing Board and the Board of Deputies in their respective organisational units. Management of compliance risk is the responsibility of line managers.

Compliance risk is monitored by the Compliance unit and, where it overlaps with operational risk, by the Operational Risk and Security unit. The Compliance unit advises and supports the department heads, line managers and staff with regard to the handling of compliance risks. It monitors the appropriateness of, and adherence to, rules of conduct and specifications, and reports on the status of compliance risks arising from the disregard for rules of conduct and specifications. In addition, it operates an electronic reporting platform where employees can submit reports on rule violations.

In connection with its responsibilities, the Compliance unit may at any time approach the Chair of the Audit Committee or the President of the Bank Council, should this prove necessary. It submits a report on its activities annually to executive management, the Audit Committee and the Bank Council.

The following table summarises the organisation of risk management:

ORGANISATION OF RISK MANAGEMENT

	Specifications	Risk management (first level)	Independent oversight (second level)	Supervisory bodies of the Bank Council
Financial risk	Governing Board	Line management	Risk Management unit	Risk Committee
Operational risk	Enlarged Governing Board, Board of Deputies	Line management	Operational Risk and Security unit	Audit Committee, Risk Committee
Compliance risk	Bank Council, Enlarged Governing Board, Board of Deputies	Line management	Compliance unit, Operational Risk and Security unit	Audit Committee

1.8 BLACK-OUT PERIODS

For a period starting at least three weeks before a scheduled monetary policy decision and ending one day after the publication of that decision, staff members taking part in the preparation and/or making of the monetary policy decision are prohibited from executing any private financial investment transactions. This provision does not apply to payments into pension funds.

1.9 CROSS REFERENCE TABLES

Further information on corporate governance may be found in other sections of the Annual Report, on the SNB website, in the NBA, in the Organisation Regulations and in the following places:

NBA (SR 951.11)	www.snb.ch, The SNB/Organisation/Legal basis/Constitution and laws
Organisation Regulations (SR 951.153)	www.snb.ch, The SNB/Organisation/Legal basis/Guidelines and regulations
Shareholders	www.snb.ch, The SNB/Organisation/The SNB as a joint-stock company
Participation rights	www.snb.ch, The SNB/Organisation/The SNB as a joint-stock company/2024 General Meeting of Shareholders
Listing in share register	www.snb.ch, The SNB/Organisation/The SNB as a joint-stock company/2024 General Meeting of Shareholders
Decision-making quorums	Art. 38 NBA; art. 9 Organisation Regulations
General Meeting of Shareholders	Arts. 34–38 NBA; arts. 8–9 Organisation Regulations
Regulations on the recognition and representation of shareholders of the Swiss National Bank	www.snb.ch, The SNB/Organisation/Legal basis/Guidelines and regulations
Bank Council	www.snb.ch, The SNB/Organisation/Supervisory and executive bodies/The SNB's Bank Council
Members	Annual Report, p. 229
Nationality	Art. 40 NBA
Affiliations	www.snb.ch, The SNB/Organisation/Supervisory and executive bodies/The SNB's Bank Council/The composition of the Bank Council/The members of the Bank Council
Election and term of office	Art. 39 NBA
Initial and current election	Annual Report, p. 229
Internal organisation	Arts. 10 et seq. Organisation Regulations
Committees	www.snb.ch, The SNB/Organisation/Supervisory and executive bodies/The SNB's Bank Council/Bank Council committees
Regulations on the Audit Committee Risk Committee Compensation Committee Nomination Committee	www.snb.ch, The SNB/Organisation/Legal basis/Guidelines and regulations

Regulations on the compensation of SNB supervisory and executive bodies (Compensation regulations)	www.snb.ch, The SNB/Organisation/Legal basis/ Guidelines and regulations
Delimitation of powers	Art. 42 NBA; arts. 10 et seq. Organisation Regulations
Internal control system	Annual Report, pp. 157–158; arts. 10 et seq. Organisation Regulations
Remuneration	Annual Report, p.209
Code of Conduct	www.snb.ch, The SNB/Organisation/Legal basis/ Guidelines and regulations
Executive management	www.snb.ch, The SNB/Organisation/ Supervisory and executive bodies/The SNB's Governing Board and Enlarged Governing Board
Members	Annual Report, p.230
Affiliations	www.snb.ch, The SNB/Organisation/ Supervisory and executive bodies/The SNB's Governing Board and Enlarged Governing Board
Election and term of office	Art. 43 NBA
Internal organisation	Arts. 18–24 Organisation Regulations
Regulations on the office-holder relationship and employment relationship of members of the Governing Board of the Swiss National Bank and their deputies (Regulations on the Governing Board)	www.snb.ch, The SNB/Organisation/Legal basis/ Guidelines and regulations
Regulations on the compensation of SNB supervisory and executive bodies (Compensation regulations)	www.snb.ch, The SNB/Organisation/Legal basis/ Guidelines and regulations
Regulations on private financial investments and financial transactions by members of SNB management	www.snb.ch, The SNB/Organisation/Legal basis/ Guidelines and regulations
Regulations on the acceptance by members of the Enlarged Governing Board of gifts, invitations and third-party considerations	www.snb.ch, The SNB/Organisation/Legal basis/ Guidelines and regulations
Federal Personnel Act	www.admin.ch, Bundesrecht/Systematische Rechtssammlung/Landesrecht/1 Staat – Volk – Behörden/17 Bundesbehörden/172.220 Arbeitsverhältnis/172.220.1 Bundespersonalgesetz vom 24. März 2000 (BPG) Not available in English
Remuneration	Annual Report, p.210
Code of Conduct	www.snb.ch, The SNB/Organisation/Legal basis/ Guidelines and regulations

Staff	
Charter	www.snb.ch, The SNB/Organisation/Legal basis/Guidelines and regulations
Code of Conduct	www.snb.ch, The SNB/Organisation/Legal basis/Guidelines and regulations
Private financial investments and financial transactions	www.snb.ch, The SNB/Organisation/Legal basis/Guidelines and regulations
Principles governing procurement	www.snb.ch, The SNB/Organisation/Legal basis/Guidelines and regulations
External Auditor	
Election and requirements	Art. 47 NBA
Tasks	Art. 48 NBA
Information policy	Annual Report, pp. 150, 236–237 as well as information for SNB shareholders at www.snb.ch, The SNB/Organisation/The SNB as a joint-stock company/Ad hoc announcements and messaging services
Corporate structure and shareholders	Annual Report, pp. 148 et seq., 203–204
Head offices	Art. 3 para. 1 NBA
Ticker symbol/ISIN	SNBN/CH0001319265
Breakdown of capital	Annual Report, p. 203
Accounting principles	Annual Report, p. 184

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Resources

2.1 ORGANISATIONAL CHANGES

The departments are made up of divisions and organisational units that report directly to them. Divisions encompass large specialised areas that are covered by several organisational units.

Organisation

The divisions making up Department I are the Secretariat General, Economic Affairs, International Monetary Cooperation and Statistics. It also includes the Legal Services, Compliance, Human Resources, and Premises and Technical Services units, which report directly to the department management. Internal Audit reports administratively to Department I.

In addition to the Financial Stability and Cash divisions, Department II includes the Accounting, Controlling, Risk Management, and Operational Risk and Security units, which report directly to the department management.

Department III comprises the Money Market and Foreign Exchange, Asset Management, Banking Operations, and Information Technology divisions, as well as the Singapore branch office, which reports directly to the department management.

The organisational structure is presented on pp. 234–235.

Organisational development is steered by the strategic priorities set by executive management and is aimed at ensuring that the SNB is able to perform its tasks effectively and efficiently at all times in a changing environment. Executive management also ensures that the organisation remains adaptable with regard to performance, human resources and processes. The most important management tools are resource and performance management, project portfolio planning, and budgeting.

2.2 HUMAN RESOURCES

Number of staff

At the end of 2023, the SNB employed 999 people. In terms of full-time equivalents, the number of employees rose by 2.1% to 910.0. The SNB also employed 21 apprentices. Averaged over the year, the number of full-time equivalents was 899.6. The overall staff turnover rate was 1.4 percentage points lower at 4.6%. Net fluctuation (excluding retirements and deaths) decreased by 1.0 percentage point to 2.4%.

The development of staff numbers falls within the parameters laid down in the medium-term resource and performance management plan approved by the Bank Council.

The SNB's HR strategy ensures that it always has the necessary number of employees with the required skills to best fulfil its mandate. In this respect, the SNB sees itself as a learning organisation. Its HR strategy is geared to the continuing professional development of its employees, and to the ongoing evolution of its processes and instruments.

More information and key figures on human resources and the SNB as an employer can be found in the 'Employees' chapter of the Sustainability Report for 2023.

Equal pay compliance

The SNB is committed to pay equality. In 2021, it conducted the equal pay analysis prescribed by law, and based on the results received the 'We Pay Fair' label from the Competence Centre for Diversity and Inclusion (CCDI) at the University of St. Gallen (HSG) as well as industry certification from the Social Partnership Centre for Equal Pay in the Banking Industry (SoPaCEB). It continues to perform regular internal analyses to ensure pay equality in the long term as well.

The SNB believes that diversity helps it fulfil its mandate while at the same time making it a more attractive employer. Accordingly, it creates conditions that enable all employees to feel they are part of the institution and to be committed and successful in terms of the performance mandate.

Diversity strategy

The diversity strategy covers three main areas of impact: ensuring equal opportunity and non-discrimination; reducing structural and cultural barriers; and taking targeted measures to promote under-represented groups.

2.3 PREMISES

The SNB owns premises in Berne and Zurich for its own use. These are managed according to a long-term strategy. As part of this strategy, extensive construction work has been ongoing at the Berne premises since the beginning of 2015.

Renovation of the six buildings making up the Kaiserhaus (Marktgasse 37–41 and Amthausgasse 22–26) is expected to continue until autumn 2025. In 2023, work on the interior of the premises to be used by the SNB continued. The areas open to the public will house an SNB visitor centre focusing on the topic of money, as well as food and drink facilities, businesses and apartments.

Kaiserhaus construction project

2.4 INFORMATION TECHNOLOGY

IT operations

Internal IT systems and applications were reliable and stable. Any occasional disruptions were swiftly resolved.

IT projects

IT service providers increasingly offer cloud-based software applications (software as a service, SaaS). To prepare for the use of SaaS applications in the future, the SNB launched a project ensuring the planning, design and implementation of technical and organisational measures for the secure use of cloud services.

The coronavirus pandemic has shown that working from home is an important prerequisite, especially in critical situations, for the SNB to be able to fulfil its mandate at all times. Therefore, in order to protect remote access systems against cyberattacks, the SNB introduced a secure network service in collaboration with telecommunications providers. This network service is based on the SCION (Scalability, Control and Isolation on Next-Generation Networks) technology developed at ETH Zurich.

With a view to the introduction of instant payments (IP) in Switzerland's payments landscape (cf. accountability report, chapter 4), the SNB defined new processes and implemented technologies to enable processing of this type of payment. To this end, the SNB added functionalities to its core banking system, allowing it to perform its role as system manager for the IP-enabled Swiss Interbank Clearing payment system (SIC system).

For the effective protection of its IT systems and data, the SNB implemented a new bankwide access management system, allowing users to efficiently and autonomously manage access rights for applications and data.

3

Changes in bank bodies

On 28 April 2023, the General Meeting of Shareholders elected Angelo Ranaldo as a member of the Bank Council for the remainder of the 2020–2024 term of office. He succeeded Cédric Pierre Tille, who stepped down at the end of April 2023 due to the statutory limit on the maximum term of office.

Bank Council

Shelby R. du Pasquier and Christoph Lengwiler will leave the Bank Council at the end of April 2024, having served the maximum tenure.

Shelby R. du Pasquier was elected to the Bank Council by the Federal Council in 2012. From the start of his term of office, he has been a member of the Risk Committee and, from 2016, its chair.

Christoph Lengwiler was also elected by the Federal Council in 2012. From the start of his term of office, he has been a member of the Audit Committee and, from 2014, its chair.

The SNB thanks the departing members of the Bank Council for their strong commitment and the valuable service they have provided over many years.

On 22 September 2023, the Federal Council appointed Andreas Dietrich and Renaud de Planta as new members of the Bank Council for the 2024–2028 term of office. They will succeed Shelby R. du Pasquier and Christoph Lengwiler.

Also on 22 September 2023, the Federal Council re-elected four members of the Bank Council for the new term of office beginning on 1 May 2024. It confirmed Barbara Janom Steiner as President of the Bank Council for three more years until 30 April 2027, when she will reach the maximum tenure of 12 years. Christoph Ammann, Cornelia Stamm Hurter and Christian Vitta were re-elected until the end of the new term of office on 30 April 2028. Romeo Lacher was also re-elected as Vice President of the Bank Council for the 2024–2028 term of office, subject to his re-election as a member of the Bank Council by the SNB's General Meeting of Shareholders.

The General Meeting of Shareholders is responsible for electing the other members of the Bank Council for the 2024–2028 term of office.

External Auditor

On 28 April 2023, the General Meeting of Shareholders elected KPMG Ltd as External Auditor for the 2023–2024 term of office, with Erich Schärli as auditor in charge.

Governing Board

Andréa M. Maechler, Member of the Governing Board, left the SNB at the end of June 2023 to assume the position of Deputy General Manager at the Bank for International Settlements in Basel at the beginning of September 2023. She had been a member of the Governing Board since July 2015, heading Department III. The SNB thanks Andréa M. Maechler for her strong commitment to a stability-oriented monetary policy and for her outstanding services on behalf of the SNB.

At its meeting of 22 September 2023, the Federal Council appointed Antoine Martin, Financial Research Advisor on Financial Stability Policy Research at the Federal Reserve Bank of New York, as Member of the SNB's Governing Board for the remainder of the 2021–2027 term of office, with effect from 1 January 2024. Antoine Martin succeeds Andréa M. Maechler as head of Department III.

Dewet Moser, Alternate Member of the Governing Board, is to retire at the end of March 2024. He has been with the SNB since 1986 and, as an Alternate Member of the Governing Board since 2007, has been involved in an advisory capacity in the decisions of the Governing Board. The SNB thanks Dewet Moser for his considerable and long-standing commitment in the service of the SNB.

At its meeting of 22 December 2023, the Federal Council appointed Sébastien Kraenzlin, Head of the SNB's Banking Operations division, and Rosmarie Schlup, Ambassador and Executive Director at the European Bank for Reconstruction and Development, as Alternate Members of the Governing Board for the remainder of the 2021–2027 term of office, with effect from 1 April 2024 and 1 September 2024 respectively.

4.1 ANNUAL RESULT

The Swiss National Bank reported a loss of CHF 3.2 billion for 2023 (2022: loss of CHF 132.5 billion).

Summary

The profit on foreign currency positions amounted to CHF 4.0 billion. A valuation gain of CHF 1.7 billion was recorded on gold holdings. The loss on Swiss franc positions was CHF 8.5 billion. Operating expenses came to CHF 0.4 billion.

For the financial year just ended, the SNB has 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. Pursuant to the provisions of the National Bank Act and the profit distribution agreement between the Federal Department of Finance and the SNB, this net loss precludes a distribution for the 2023 financial year. This affects both dividend payments to the SNB shareholders and the profit distribution to the Confederation and the cantons.

At the end of 2023, the price of gold stood at CHF 55,593 per kilogram, 3.1% higher than at the end of 2022 (CHF 53,941). This gave rise to a valuation gain of CHF 1.7 billion on the unchanged holdings of 1,040 tonnes of gold (2022: CHF 0.4 billion).

Valuation gain on gold holdings

The profit on foreign currency positions totalled CHF 4.0 billion (2022: loss of CHF 131.5 billion). Interest and dividend income amounted to CHF 10.1 billion and CHF 3.6 billion respectively, while interest expenses stood at CHF 1.0 billion. Price gains of CHF 14.8 billion were recorded on interest-bearing paper and instruments, and CHF 34.6 billion in price gains were recorded on equity securities and instruments. Exchange rate-related losses totalled CHF 58.0 billion.

Profit on foreign currency positions

Loss on Swiss franc positions	The loss on Swiss franc positions totalled CHF 8.5 billion (2022: CHF 1.0 billion). This largely resulted from the CHF 7.4 billion in remuneration of sight deposit account balances. Additional interest expenses of CHF 2.5 billion arose from liquidity-absorbing operations. The SNB absorbs liquidity with repo transactions and SNB debt certificates. The interest income on secured loans and on the loans granted under emergency law that were outstanding until August 2023 amounted to CHF 1.4 billion.
Operating expenses	Operating expenses are made up of banknote and personnel expenses, general overheads and depreciation on the SNB's tangible assets. They totalled CHF 418.6 million (2022: CHF 397.8 million).
Outlook	The SNB's financial result depends largely on developments in the gold, foreign exchange and capital markets. Consequently, very strong fluctuations in quarterly and annual results are to be expected. In view of the considerable volatility in its results, the SNB does not exclude the possibility that, in future years too, distributions will only be able to be carried out on a reduced scale or will have to be suspended completely.

4.2 PROVISIONS FOR CURRENCY RESERVES

In accordance with art. 30 para. 1 of the National Bank Act (NBA), the SNB sets up provisions to maintain the currency reserves at the level necessary for monetary policy. Independent of this financing function, the provisions for currency reserves have a general reserve function and thus serve as equity capital. They act as a buffer against all the different forms of loss risk at the SNB. The SNB aims for a robust balance sheet with sufficient equity capital, to ensure that it can also absorb potentially high losses.

Purpose

When setting aside provisions for currency reserves, the SNB must take into account the development of the Swiss economy (art. 30 para. 1 NBA).

Level of provisions

The allocation in a given year is determined on the basis of double the average nominal GDP growth rate over the previous five years. To ensure that sufficient allocations are made to the provisions for currency reserves even in periods of low nominal GDP growth, the minimum annual allocation is currently set at 10% of the provisions at the end of the previous year.

**Allocation from
2023 annual result**

Since nominal GDP growth over the last five years has averaged just 1.9%, the minimum allocation of 10% will be applied for the 2023 financial year. This corresponds to CHF 10.5 billion (2022: CHF 9.6 billion). As a result, the provisions for currency reserves will grow from CHF 105.2 billion to CHF 115.8 billion.

Multi-year comparison of provisions

PROVISIONS

	Growth in nominal GDP In percent (average period) ¹	Annual allocation In CHF millions	Provisions after allocation In CHF millions
2019 ²	1.3 (2013–2017)	5 857.3	79 073.6
2020 ³	1.7 (2014–2018)	7 907.4	86 981.0
2021 ³	1.6 (2015–2019)	8 698.1	95 679.1
2022 ³	0.8 (2016–2020)	9 567.9	105 247.0
2023 ^{3,4}	1.9 (2017–2021)	10 524.7	115 771.7

1 The average nominal GDP growth rate is based on the last five years for which definitive values are available. GDP figures are revised on a regular basis. This means that the latest available growth rates may deviate from reported figures. This does not affect the allocation.

2 Minimum allocation of 8% of the provisions at the end of the previous year.

3 Minimum allocation of 10% of the provisions at the end of the previous year.

4 For information on the allocation for 2023, cf. accountability report, chapter 5.4.

Distributable annual result and net profit/net loss

The portion of the annual result remaining after the allocation to the provisions for currency reserves corresponds to the distributable annual result as per art. 30 para. 2 NBA. Together with the distribution reserve, this makes up the net profit/net loss (art. 31 NBA). If a net profit is achieved, this is used for distributions. In the event of a net loss, no distribution is made.

For 2023, the distributable annual result amounts to CHF –13.7 billion. The net loss is CHF 53.2 billion.

4.3 DIVIDEND AND PROFIT DISTRIBUTION

Art. 31 para. 1 NBA specifies that a dividend not exceeding 6% of the share capital shall be paid from the net profit, with the decision on this matter being taken by the General Meeting of Shareholders on the basis of a Bank Council proposal.

Dividend

In accordance with art. 31 para. 2 NBA, one-third of any net profit remaining after the payment of a dividend will accrue to the Confederation and two-thirds to the cantons.

Profit distribution to Confederation and cantons

The amount of the annual profit distribution to the Confederation and the cantons is laid down in an agreement between the Federal Department of Finance and the SNB. Given the considerable fluctuations in the SNB's earnings, the NBA stipulates that profit distribution be maintained at a steady level in the medium term. Consequently, a smoothing of payments over several years is provided for in the agreement and a distribution reserve carried on the balance sheet. However, depending on the annual result, this distribution reserve can become negative, which precludes a profit distribution.

Distribution agreement

The existing agreement covers the profit distributions for the financial years 2020–2025. A profit distribution will be made to the Confederation and the cantons in the event of a net profit. In the event of a net loss, no distribution will be made. If the net profit is less than CHF 10 billion, a maximum amount of CHF 2 billion will be distributed to the Confederation and the cantons, provided that – after deduction of the dividend to shareholders (max. CHF 1.5 million) – this does not result in a negative distribution reserve. Added to this are four possible supplementary distributions of CHF 1 billion each, which are made if the net profit reaches the thresholds of CHF 10 billion, CHF 20 billion, CHF 30 billion and CHF 40 billion respectively. This allows for an annual distribution of up to CHF 6 billion to the Confederation and the cantons.

For 2023, owing to its net loss, the SNB is unable either to pay a dividend to the shareholders or to make a profit distribution to the Confederation and the cantons.

No distribution for 2023

Distribution reserve

The distribution reserve forms part of the loss-absorbing equity capital alongside the provisions for currency reserves. The non-distributed amount of the annual result is allocated to the distribution reserve, or the shortfall for the appropriation of profit is drawn from it. The distribution reserve is a form of profit/loss carried forward and serves as a fluctuation reserve to enable the legally required medium-term smoothing of the annual distributions.

Following last year's profit appropriation, the distribution reserve showed a value of CHF –39.5 billion. After offsetting against the distributable annual result, the distribution reserve will amount to CHF –53.2 billion.

PROFIT DISTRIBUTION AND DISTRIBUTION RESERVE

In CHF millions

	2019	2020	2021	2022	2023 ²
Annual result	48 851.7	20 869.6	26 300.0	-132 479.5	-3 184.1
- Allocation to provisions for currency reserves	-5 857.3	-7 907.4	-8 698.1	-9 567.9	-10 524.7
= Distributable annual result	42 994.4	12 962.2	17 601.9	-142 047.4	-13 708.8
+ Distribution reserve before appropriation of profit ¹	44 989.5	83 982.4	90 943.1	102 543.5	-39 504.0
= Net profit/loss	87 983.9	96 944.6	108 545.0	-39 504.0	-53 212.8
- Payment of a dividend of 6%	-1.5	-1.5	-1.5	-	-
- Profit distribution to Confederation and cantons	-4 000.0	-6 000.0	-6 000.0	-	-
= Distribution reserve after appropriation of profit	83 982.4	90 943.1	102 543.5	-39 504.0	-53 212.8

1 Year-end total as per balance sheet.

2 In accordance with appropriation of profit.

4.4 MULTI-YEAR COMPARISON OF ASSETS AND LIABILITIES

The following summary provides an overview of the movements in balance sheet positions over the last five years.

Year-end values in CHF millions

	2019	2020	2021	2022	2023
Gold holdings	49 111	55 747	55 691	56 099	57 818
Foreign currency investments	794 015	910 001	966 202	800 566	677 396
Reserve position in the IMF	1 369	1 850	2 001	2 137	1 885
International payment instruments	4 381	4 364	11 912	11 381	10 902
Monetary assistance loans	276	908	908	877	745
Claims from US dollar repo transactions	–	8 842	2 147	–	–
Claims from Swiss franc repo transactions	6 529	550	3 216	–	–
Swiss franc securities	4 074	4 073	4 032	3 565	3 852
Secured loans	–	11 176	9 202	4 430	40 306
Tangible assets	450	438	437	440	451
Participations	135	134	136	132	130
Other assets	616	946	892	1 749	1 159
Total assets	860 956	999 028	1 056 776	881 377	794 644
Banknotes in circulation	84 450	89 014	90 685	81 697	76 321
Sight deposits of domestic banks	505 811	628 825	651 091	466 923	449 439
Liabilities towards the Confederation	23 481	13 755	12 617	16 668	15 398
Sight deposits of foreign banks and institutions	30 164	28 120	28 156	27 584	5 945
Other sight liabilities	31 997	32 161	35 298	27 804	2 143
Liabilities from Swiss franc repo transactions	–	–	–	67 145	61 668
SNB debt certificates	–	–	–	98 169	86 700
Other term liabilities	–	9 027	2 174	–	–
Foreign currency liabilities	13 315	9 573	20 889	16 740	22 859
Counterpart of SDRs allocated by the IMF	4 418	4 214	11 325	10 919	10 100
Other liabilities	238	388	292	1 961	1 487
Equity					
Provisions for currency reserves ¹	73 216	79 074	86 981	95 679	105 247
Share capital	25	25	25	25	25
Distribution reserve ¹	44 989	83 982	90 943	102 543	–39 504
Annual result	48 852	20 870	26 300	–132 480	–3 184
Total equity	167 083	183 951	204 249	65 768	62 584
Total liabilities	860 956	999 028	1 056 776	881 377	794 644

¹ Before appropriation of profit, cf. p. 182.