

## Foreword

Ladies and Gentlemen

The past year has made a profound impact. The terrorist attacks of 11 September in the United States left death and destruction in their wake. They also revealed the vulnerability of modern industrial societies. The international financial system, however, was not destabilised by the crisis.

The terrorist attacks hit the world economy in a phase when business activity was cooling. The slowdown did not come as a surprise, but turned out to be more pronounced than anticipated. It went hand in hand with losses on the equity markets, which corrected previous excesses.

Switzerland did not remain immune to the unfavourable developments. In the course of the year, economic growth lost momentum. As a result, unemployment increased.

Central banks, including the Swiss National Bank, responded to the weakening of economic activity and the receding danger of inflation by strongly easing their monetary policies. The National Bank thus created an important precondition for a sustained economic recovery without jeopardising the goal of price stability.

The launch of euro notes and coins as legal tender in twelve European countries at the beginning of this year caused no significant problems. The new currency has been favourably received by the public. In the long term, the public will benefit from efficiency gains associated with the euro. The euro is also expected to have positive effects for the Swiss economy.

This year, the earnings of the National Bank again permit a distribution of profits to the Confederation and the cantons in the agreed amount of Sfr 1.5 billion.

We wish to thank the bank authorities as well as our staff for their support in the past year.

Berne, 8 March 2002

**Eduard Belser**

President of the Bank Council

**Jean-Pierre Roth**

Chairman of the Governing Board