

Ladies and Gentlemen

The Swiss National Bank (SNB) conducts the country's monetary policy as an independent central bank, on the basis of the National Bank Act (NBA). The first part of this *105th Annual Report* comprises the SNB's accountability report to the Federal Assembly, and provides information about how the SNB has fulfilled its mandate – in particular its conduct of monetary policy and contribution to the stability of the financial system.

The second part of the *Annual Report* comprises the financial report, which is submitted for approval, first to the Federal Council and then to the General Meeting of Shareholders. The financial report provides information on organisational and operational developments as well as the financial result of the SNB. It contains the annual financial statements of the SNB (parent company), with the balance sheet, income statement and notes, as well as the financial information on the stabilisation fund and the consolidated financial statements, as required under Swiss law. Selected information on the bank supervisory and management bodies may be found at the end of the *Annual Report*.

The SNB again faced major monetary policy challenges in 2012. In a difficult environment with substantial uncertainty, it was necessary to ensure monetary conditions that were appropriate for the Swiss economy. In 2012, the minimum exchange rate of CHF 1.20 per euro, which the SNB had set on 6 September 2011, continued to serve the SNB as an important instrument for fulfilling its mandate. It curbed the threat of deflation, which appeared on the verge of becoming more widespread, thereby preventing destabilising economic and price developments. However, given the weakening of the global economy and the continuing high level of the Swiss franc, the momentum of economic growth waned in Switzerland, too, and unemployment rose.

At the operating level, the SNB focused on enhancing a flawless reputation, in particular in the area of private financial transactions. It revised the relevant regulations governing SNB bank bodies, management and staff, and strengthened the structures and procedures for the supervision of these regulations.

In 2012, the annual financial statements of the SNB (parent company) closed with a profit of CHF 6.0 billion, following CHF 13.0 billion in the previous year. The positive annual result was attributable, first, to income and price gains on interest-bearing paper and equity securities under foreign currency positions and, second, to valuation gains on gold holdings. This more than outweighed the substantial exchange rate losses, recorded mainly in US dollars and yen.

The level of profit distribution to the Confederation and the cantons is based on the result of the parent company. For 2012, in accordance with the profit distribution agreement between the Federal Department of Finance and the SNB, the National Bank is distributing CHF 1 billion to the Confederation and the cantons following the allocation to the provisions for currency reserves. A dividend amounting to CHF 1.5 million is to be paid out to shareholders.

The stabilisation fund showed a profit of USD 1.9 billion for the 2012 financial year. The SNB loan decreased from CHF 7.6 billion to CHF 4.4 billion.

The stabilisation fund contributed CHF 0.9 billion to the consolidated result. The consolidated profit thus amounted to CHF 6.9 billion.

We wish to thank the bank authorities and our employees for their hard work and valuable support over the past year.

Berne and Zurich, 1 March 2013



JEAN STUDER
President of the Bank Council



THOMAS J. JORDAN
Chairman of the Governing Board