# 2023

# We are developing tomorrow's public service today

Financial Report 2023

## Reporting structure
The Swiss Post annual reporting documents for 2023 consist of:

- Swiss Post Ltd:
  - Annual Report 2023
  - Financial Report 2023 (management report, corporate governance, annual financial statements for the Group, Swiss Post Ltd and PostFinance Ltd)
  - Non-Financial Report 2023
- PostFinance Ltd:
  - Annual Report 2023
  - Report on non-financial matters 2023
  - Capital adequacy disclosure on grounds of systemic importance as at 31 December 2023
  - Capital adequacy disclosure as at 31 December 2023
  - Disclosure of climate-related financial risks for financial year 2023

## Forward-looking statements
This report contains forward-looking statements. They are based on current management estimates and projections, and on the information currently available to management. Forward-looking statements are not intended as guarantees of future performance and results, which remain dependent on many different factors; they are subject to a variety of risks and uncertainties, and are based on assumptions that may not prove accurate.

## Presentation of figures
The figures are rounded so that the original rounded total is preserved. While commercial rounding rules are applied to the summands, they are rounded so that their total is equal to the rounded total of the summands. 0 is a rounded amount, indicating that the original figure was less than half of the unit used. A dash (–) in place of a figure indicates that the value is zero.

## True-to-scale representation of figures in charts
Charts are shown to scale to present a true and fair view. 20 mm is equivalent to one billion francs. Percentages in charts are standardized as follows:
Horizontal: 75 mm is equivalent to 100 percent.
Vertical: 40 mm is equivalent to 100 percent.

## Key for charts and tables
Current year
Previous year
Positive effect on result
Negative effect on result
Planned, target or expected value
If the figures shown are not comparable with the more recent figures (e.g. due to a change in method or change in the scope of consolidation), this is shown as follows:

Non-comparable prior-year figure
Non-comparable difference with positive effect on result
Non-comparable difference with negative effect on result

# We are developing tomorrow's public service today

Customer-centric, trustworthy, committed

**7,279** million

francs in **operating income,** up by 6.1 percent year-on-year.

**254** million

francs in **Group profit,** down 41 million francs year-on-year.

**1,647** million

**letters** delivered by Swiss Post in Switzerland, down 5.6 percent compared to the previous year.

**185** million

**parcels** delivered by Swiss Post in Switzerland, down 4.6 percent compared to the previous year.

**104** billion

francs, down by 0.5 percent, represents the level of average **customer assets** at **PostFinance.**

**175** million

**passengers** transported by PostBus, 11.9 percent more than in the previous year.

**76** points

The **customer satisfaction** score stands at an impressive 76 points (scale 0–100).

**62.4**%

of **vehicles** used for **delivery** are equipped with **alternative drive systems.**

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**Non-Financial Report 2023**
The Non-Financial Report, published for the first time in 2023, supplements the Financial Report and Annual Report. It focuses on social, environmental, ethical and governance aspects.

Non-Financial Report 2023 (PDF)

# Management report

Swiss Post operates in markets that are undergoing rapid change due to intense competition, internationalization, technology deployment and regulations. Driven by e-commerce, the logistics market is facing global competition. The level of digitization in the communication market continues to rise. In financial services, digital providers have the possibility to gain a foothold in payment transactions following regulatory changes. In mobility, multimodal transport services, which complement and compete with traditional public transport, are increasingly being offered.

Swiss Post is meeting the challenges in its market environment and at the regulatory level with the "Swiss Post of tomorrow" strategy for the current strategy period from 2021 to 2024, and is looking ahead to the future.


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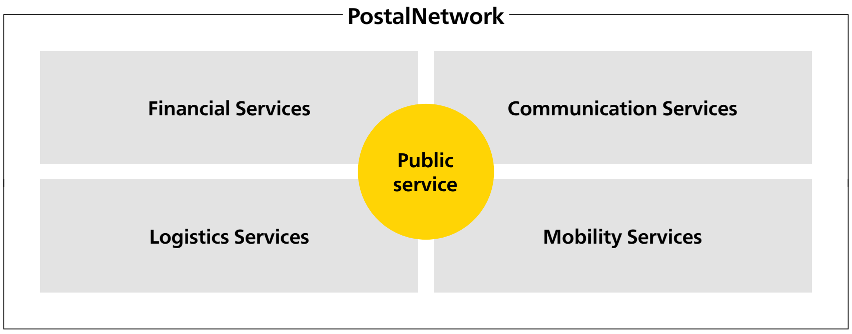
# Business activities

## Markets

Swiss Post operates in four markets: logistics, communication, financial services and mobility services. It complements its traditional, postal core business in the logistics of letters, parcels and newspapers with goods logistics, physical and digital advertising, and tailored, sector-specific logistics solutions. In the communication market, Swiss Post develops secure, trustworthy communication solutions for private customers and SMEs, the healthcare sector, public authorities and cantons. As a systemically important payment service provider, its banking subsidiary PostFinance provides financial services, including payment transactions, saving and investment services and new digital and platform-based solutions. Mobility Services primarily operates in regional passenger transport, but also provides fleet management and other mobility services on the free market. As a linking element, Swiss Post operates an extensive, national network of access points, fulfilling the statutory universal service obligation for postal services and payment transactions. In all four markets, Swiss Post plays a crucial role in ensuring Switzerland's economy and society run smoothly.

Our markets[1]




1 In 2022, Swiss Post sold its business unit Swiss Post Solutions, which operates in business process outsourcing (see page 124).

Swiss Post is constantly developing its products and services in line with the needs of business and private customers. In particular, this means developing Swiss Post to increase the level of digitization, whether in e-commerce, the advertising market, in communication or in banking. Swiss Post has set itself the goal of developing digital solutions: for private customers with the ePost App, in healthcare with the electronic patient record and for authorities with SwissID, e-voting and municipal solutions. This will enable relevant customer groups to obtain services, network internally and with one another and interact.

With its services, Swiss Post generates almost 88 percent of its revenue on the free market, in competition with numerous domestic and foreign rivals. The remaining 12 percent is accounted for by the residual monopoly in letters up to 50 grams, which are exposed to a significant substitution effect from electronic solutions. Due to the advance of electronic substitution, both revenue and the relative share of operating income generated by Swiss Post's residual monopoly is falling year after year. This means the monopoly is contributing less and less to the financing of the universal service, and already falls well short of covering the costs of the statutory universal service.

# Customers

Swiss Post is committed to meeting the needs of its customers. Contact with Swiss Post should be a positive experience for customers. They should discover that Swiss Post makes everyday life easier. This is why Swiss Post's services need to be easy to understand and straightforward to use. Thanks to the many physical and digital access points, customers can choose how, when and where they wish to enter into contact with Swiss Post.

Swiss Post's customer base comprises 9 million individuals and hundreds of thousands of companies, ranging from small enterprises to large multinationals.

# Geographical segmentation

Swiss Post operates first and foremost in Switzerland and for Switzerland. In the international market, it focuses primarily on the expansion and further development of cross-border services in its core business in line with the needs of its customers and Switzerland. Domestic business accounts for 90 percent of Group revenue, with 10 percent generated abroad or in cross-border business.

## Domestic

### Access points

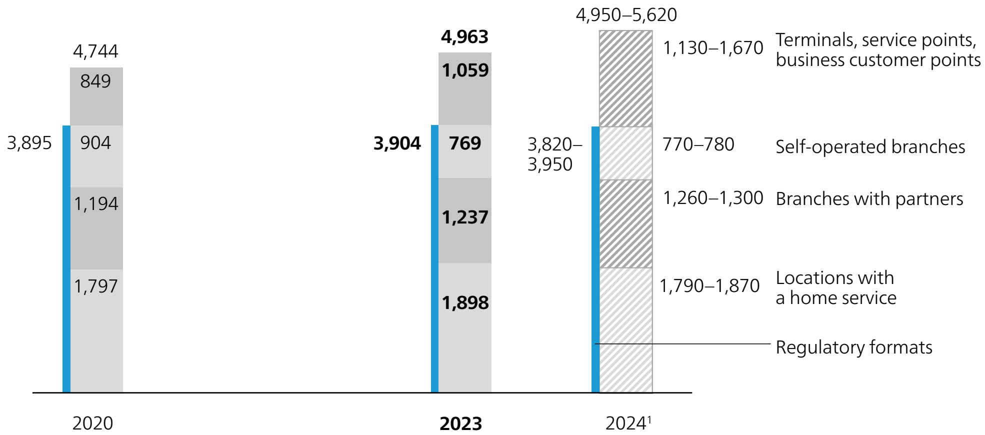
Physical access points remain a key part of Swiss Post's services. This means customers can use the services throughout Switzerland.

Swiss Post is continually developing its many different access points and is increasing the number to over 5,000 – which, in the coming years, will include new acceptance and collection points at shops, and additional My Post 24 terminals and business customer points. The number of self-operated branches remains at around 800.

Swiss Post is opening up its branch network to service providers and public authorities. The partners benefit from Swiss Post's services and can provide their customers with a physical contact point locally. By opening the network, Swiss Post intends to create its own service centers in the regions.

The postal network of the future

**Number of access points** as at 31.12.




1 Expected values.

Present throughout Switzerland.

### Locally: branches and additional access points

Every day, thousands of Swiss Post employees and numerous partner staff serve and advise over one million customers in 769 branches and 1,237 branches with partners. A network of 34 PostFinance branches and 57 consulting offices is available for financial services. PostFinance employees advise small and medium-sized business customers directly at their premises. 820 Postomats, 14,199 letter boxes and 275 My Post 24 terminals are also available to customers around the clock, as are 563 acceptance and collection points at locations such as Migros branches. Nationwide, there are 1,657 P.O. Box locations, with 232,044 P.O. Boxes available.

To meet the needs of business customers, Swiss Post operates 249 counters for business customers in branches and 221 business customer points in industrial or business districts as well as at letter and parcel processing centers.

### At home: basic and home service

Swiss Post serves over 4 million households, can offer delivery of consignments on a specific day or at a specific time on request, e.g. on Saturdays or in the evening, or collect parcels from the customer’s home with the pick@home service. In 1,898 – predominantly rural – locations, customers can take advantage of the home service (“branch counter” at their front door), where they can for example hand over letters and parcels to delivery staff directly at their front door. In other areas, where a branch with a partner is normally operated at the same time, Swiss Post offers payments and withdrawals from home, allowing customers to pay bills or withdraw cash on the doorstep. Swiss Post offers business customers consignment collections from their company address.

### Digital: expansion of online services

Private and business customers can use a range of digital services via the Swiss Post Customer Center (e.g. e-finance, TWINT, My consignments, WebStamp and PostCard Creator) or communicate with Swiss Post via mobile applications (e.g. ePost App, PostFinance App) or social media. At the Contact Center, around 280 call center agents answer enquiries via e-mail and over the phone. Around 8,300 enquiries are dealt with every day at the Fribourg, Schaffhausen, Kriens and Visp locations. Swiss Post’s online services, including its website (swisspost.ch), are visited 371,000 times each day. That’s over 135.5 million potential digital customer contacts a year. This illustrates the digital relevance of Swiss Post.

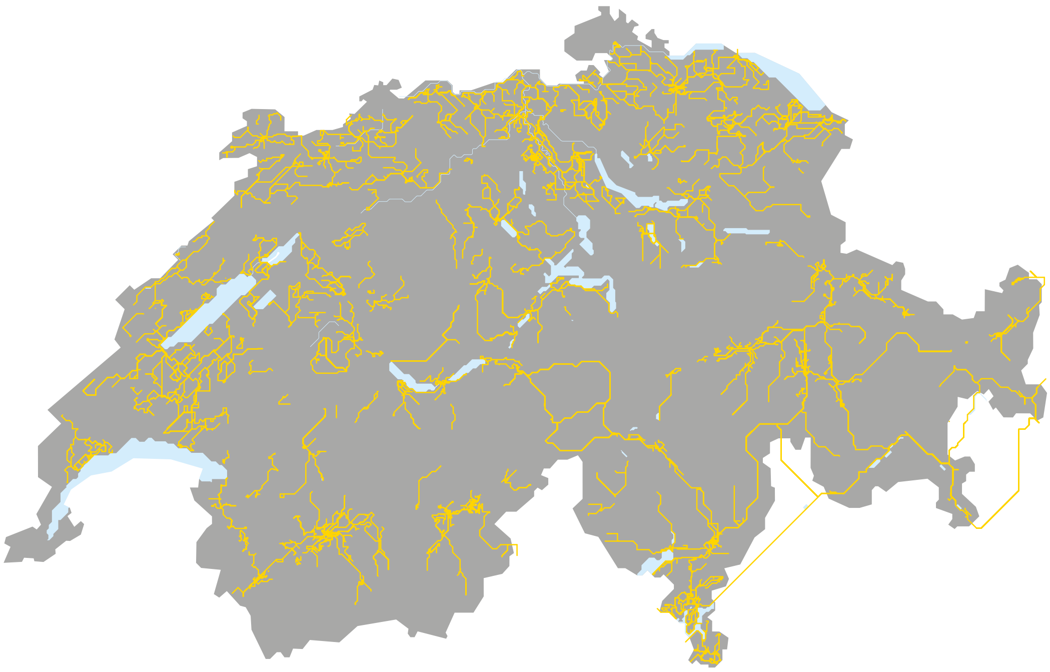
More information on developments in the network and universal service can be found on page 22 and on pages 26 to 27 of the Annual Report.

## PostBus routes

Covering a distance of 18,322 kilometres in total, PostBus maintains 969 routes and 11,086 stops in public transport in Switzerland. In addition, PostBus offers its passengers tourist trips as well as school and on-demand buses. PostBus also provides scheduled and unscheduled rail replacement services on behalf of the rail companies.

PostBus connects the whole of Switzerland with its route network

**PostBus route network** as at 31.12.2023



The subsidiary Post Company Cars is Switzerland's biggest manufacturer-independent, full-service fleet manager, managing over 25,000 vehicles owned by Swiss Post and external companies. With over 7,400 Swiss Post vehicles, Post Company Cars also has Switzerland's biggest fleet of electric vehicles.

# International

Selective presence abroad.

Swiss Post maintains a presence in 13 countries in Europe and North America via subsidiaries – on the one hand to meet the needs of its customers and the Swiss economy, and on the other to ensure that it can offer high-quality and competitive services.

In its core business and in goods logistics, Swiss Post focuses primarily on the expansion and further development of cross-border services and on connections to important logistics hubs within Europe, with key roles played in particular by its partnerships with foreign postal companies (e.g. the Asendia joint venture with La Poste) and other logistics providers, and by access to their global logistics networks. International connections constitute an important basis for ensuring the mailing of letters, parcels and goods to and from other countries.

For some business models, particularly in the area of digital communication services, an international presence is also a necessity. In ensuring that we can offer high-quality and competitive services for our customers and Swiss society, acquiring the right expertise and the ability to scale are important success factors.

More information on the associated companies and joint ventures can be found on page 117, on the acquisitions and disposals of subsidiaries on page 91 and on the scope of consolidation on page 185.

# Brands

Three brands under one roof.

Swiss Post is one of the best-known brands in Switzerland. With its many physical touchpoints – such as delivery vehicles, letter boxes, My Post 24 terminals, branches, etc. – and the high number of employees who have customer contact, it is omnipresent in everyday Swiss life. The brand is also continually raising its profile in the digital arena with its wide range of services.

With a view to raising awareness of the Swiss Post brand, giving expression to its future-oriented strategy and simplifying operational brand management, the Swiss Post logo was modernized in 2023. There is now just one version of the logo, which can be used regardless of language and application. Since May 2023, PostBus Ltd services have also been operating under the new Swiss Post logo – showing a clear commitment on the part of Swiss Post to passenger transport. The PostFinance Ltd logo was reviewed and revised over the course of 2023. At the beginning of 2024, the new logo was launched with an updated brand identity.

The changeover to the new logo will take place gradually and will be completed by 2028 at the latest, taking advantage in particular of the cycles for procurement of new vehicles and other resources.

In addition to the Swiss Post and PostFinance brands, the Group’s brand portfolio also includes other brands. Most are added to the portfolio as a result of company acquisitions and are actively used to expand recognition of Swiss Post into certain competency areas.

## Image campaign enters final phase

The final phase of communications in support of “Swiss Post of tomorrow” began in October 2023, with a focus on the value of Swiss Post to the economy. The overriding theme is contained in a traditional image advert featuring Swiss Post’s brand values and laying the emotional foundation for specific themed adverts focusing on “Climate and energy”, “Swiss Post as an employer”, “Digitization” and “Proximity”. The themed adverts communicate concise promises and refer the audience through a hub to the unit pages, where they can deepen their knowledge. The campaign will run until the end of the strategy period on national TV, on frequently visited online portals and on Livesystems’ in-house screen system.

## Sponsoring alignment

Like the company itself, Swiss Post’s commitments are all about strengthening Switzerland, representing a part of Swiss identity, quality and reliability. Sponsoring is used by Swiss Post as a means of active brand management with the aim of creating image-transfer value for Swiss Post.

As part of its commitment to Switzerland, Swiss Post is also there for its customers in their leisure time, creating lasting and positive memories. Among its commitments are the main partnership with the Swiss Hiking Trail Federation, the Locarno Film Festival and the Museum of Communication. With its social sponsorship, Swiss Post fulfils its social responsibility and supports both charitable and cultural projects that are important for Switzerland. For example, Swiss Post is a partner of the Swiss Red Cross and a co-sponsor of 2 × Christmas, a charitable campaign that collects goods throughout Switzerland for people living in poverty in Switzerland. Swiss Post therefore makes an active contribution to social cohesion.

As a company operating in both the physical and digital worlds, Swiss Post positions itself in its business sponsorship as a competent enabler, stands out with its broad experience and engages in dialogue with its customers. This dialogue is used to determine wishes and needs and place the focus on current products and services.

## Reputation and image analysis

Swiss Post regularly commissions reputation and image analysis studies. For the purposes of these studies, an ongoing survey of the general public is carried out (quarterly report) and used to calculate the current image value. For the Sedimented Reputation Index (SRI®), media articles are analysed on a daily basis. The SRI® is calculated based on the evaluations of Swiss Post in the reporting of around 35 leading Swiss media companies. Because this is not just a snapshot and past reporting is also taken into account (with a "forgetting" rate), it gives the current reputation value in public reporting. The SRI® ranges from a score of –100 (only negative ratings) to +100 (only positive ratings). For Swiss Post, a value between –15 and 0 is considered realistic.

The reputation scores were lower in 2023 than in 2022 (–4.9 points), but they are still within the range expected by Swiss Post. The image among private and business customers deteriorated over the course of the final quarter. However, the scores for business customers are higher than in 2022. Both remain in positive territory. It is still the case that personal experiences of Swiss Post are more positive than indicated by the general sentiment towards Swiss Post. Image clarity (how easy survey participants find it to classify the organization's image) fell in the third quarter, but rose slightly again in the fourth. This may be interpreted as an indication that Swiss Post can initiate the strategically relevant change to brand perception.

# Organization

The Group structure is aligned with the strategic focus.

As a Group, Swiss Post operates five executive units: Logistics Services, Communication Services, PostalNetwork, Mobility Services and PostFinance. They are presented as individual segments in the annual financial statements (see Segment information, page 97).

The Finance, Real Estate, Informatics/Technology, Communication, Human Resources and CEO Corporate Services function units support the management of the Group and the provision of services by the executive units. In the annual financial statements, the results for these function units are included in Segment results, Functions and Management.

In the legal structure, "Swiss Post Ltd" is the holding company. The strategic subsidiaries, which in turn have subsidiaries of their own, are managed under this structure (see Consolidated Group, page 185).

Organization chart

31.12.2023

**Swiss Post Ltd**

**Board of Directors**
Christian Levrat

**General Secretariat**
Roger Schoch

**Group Audit**
Esther Brändli

**Executive Management**
Roberto Cirillo[1]

**Finance & Real Estate**
Alex Glanzmann[1]

**Informatics/Technology**
Wolfgang Eger[1]

**Communication**
Franco Gullotti (a.i.), Jesko Herre (a.i.)

**Human Resources**
Valérie Schelker[1]

**Corporate Services**
Katrin Nussbaumer, Matthias Dietrich

| **Logistics Services** | **Communication Services** | **PostalNetwork** | **Mobility Services** | **PostFinance** |
|---|---|---|---|---|
| Johannes Cramer[1] | Nicole Burth[1] | Thomas Baur[1] | Christian Plüss[1] | Hansruedi Köng |
| Post CH Ltd | Post CH Communication Ltd | Post CH Network Ltd | PostBus Ltd | PostFinance Ltd |

**Board of Directors** (PostFinance)
Marcel Bührer

1 Member of Executive Management.

More information on the Board of Directors and Executive Management can be found on pages 59 to 63 and 67 to 70.

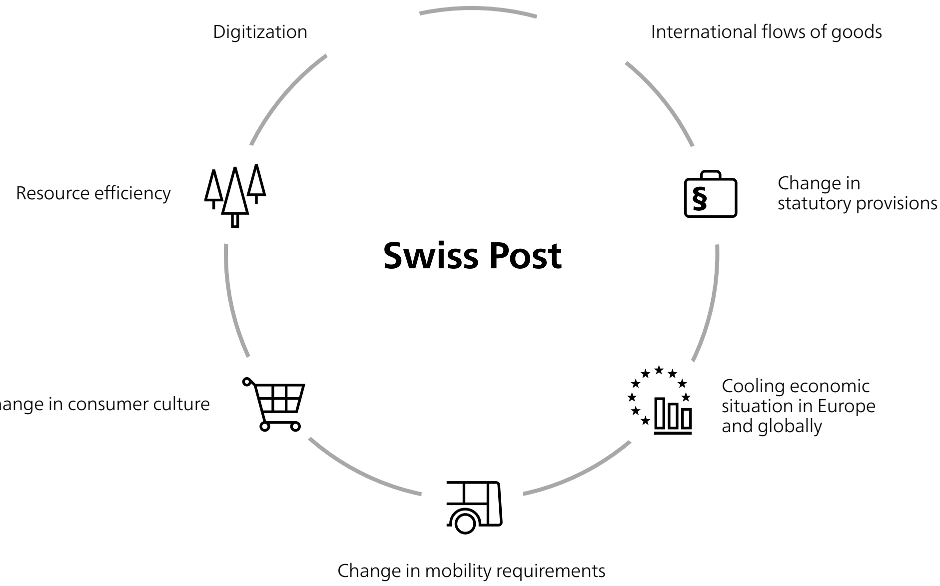
◊ The strategy for the period 2021 to 2024 entered into force on 1 January 2021. The Group structure is aligned with the strategic focus (see pages 17 to 24).

# Background

Swiss Post's activity is affected by changing technological, sociocultural, economic, ecological, legal and political factors. As a company in a constantly changing environment, it is important to engage with it proactively. Getting to grips with environmental developments and trends at an early stage helps Swiss Post to make strategic decisions that are fit for the future and is a crucial part of ensuring its entrepreneurial freedom. This approach ensures upcoming changes can be capitalized upon in the best possible way at an early stage.

Trends in the environment

2023




## Technological factors

The digital transformation is presenting Swiss Post with challenges.

Digitization has made rapid progress in recent years and has been accelerated further since 2020 due to the coronavirus pandemic. As a result, the physical communication market has been particularly hard hit. Letter volumes, newspapers and physical promotional mailings are constantly declining, while over-the-counter transactions continue to fall. This presents huge challenges for Swiss Post.

However, digitization presents opportunities as well: new, future-oriented business models in the field of digital communication are opening up, allowing a look ahead towards the public service of the future. In the core business, too, digitization and new technologies are key in evolving into the Swiss Post of tomorrow. Electric vehicles have become standard and are helping Swiss Post on the way to providing sustainable services. Artificial intelligence is enabling the development and optimization of processes and solutions. In logistics, robots – combined with the Internet of things (IoT) – are performing key tasks and simplifying the day-to-day handling of goods. Time-consuming, administrative tasks are being automated and digital and physical channels merged to create holistic customer experiences.

The advancement of digitization means data and its trustworthy handling are becoming increasingly important. Data protection and digital ethics are, in turn, playing a greater role.

## Sociocultural factors

Swiss Post is evolving in step with the socio-cultural transformation.

People are on the go more often than in the past, and this trend is set to increase over the coming years. Fast and mobile access to the Internet via smart devices will continue to change how people live and work. Influenced by this development and accelerated by changes related to the coronavirus pandemic, employees have a greater need for more flexibility and alternative working models, such as working from home.

Different generational values and attitudes are colliding, with generations Y and Z driving cultural change. Instead of money and ownership of goods, priority is being given to leisure time, a sense of purpose and self-fulfilment. In step with this trend, there’s a growing awareness of sustainability.

Swiss Post needs to remain an attractive employer by providing interesting areas of activity, forward-looking work models and development opportunities for its employees. The company also aims to win over customers with solutions that are both sustainable and provide an impressive holistic customer experience. It wants to stay abreast of changing social values and to grow with new opportunities in an effort to promote sustainable sociocultural development.

## Economic factors

Swiss Post remains an important part of the Swiss economy.

Technological and sociocultural factors are causing the competitive landscape to change rapidly. This trend is currently being spurred on by the challenging economic climate (inflation and low consumer confidence). Over 50 percent of the companies with the greatest market capitalization didn’t even exist 20 years ago. It’s precisely these tech companies that are increasingly penetrating our markets with disruptive business models. They continue to develop products and services that allow their customers to consume everything from a single source. With platform-based solutions, they are strengthening their customer retention, making it harder for other companies to gain direct access to customers.

To counter these economic pressures, new economic ways of thinking are needed. A key factor here is further development into nodes within larger networks. These ecosystems enable Swiss Post to enter into new collaborations, both international and local, with a view to offering customers holistic solutions.

A change among companies is taking place not only in the global business environment, but also at national level. Forecasts show that an ageing population and a low birth rate could result in a shortage of up to 500,000 skilled workers in Switzerland by 2030. The balance of power on the labour market is shifting in favour of employees. In view of the high number of forthcoming retirements, Swiss Post is under pressure to remain an attractive employer by providing attractive employment conditions, interesting areas of activity and future-oriented work models. For Swiss Post, maintaining its appeal as an employer is crucial to ensure that it continues to attract and retain the best talent in the future.

## Logistics

Internationalization in digital commerce is leading to fiercer competition.

Traditional services in the letter and newspaper business are increasingly being replaced by digital solutions. Consignment volumes are falling. Demand for traditional services at the counter continues to decline.

There are growth opportunities in goods logistics and the market areas in all aspects of digital commerce, from cross-border e-commerce services to services over the last mile. We are seeing a convergence of new platform-based and traditional (physical) business models, encouraging the further development of logistics towards digital solutions. In addition to strong growth in parcels, progressive internationalization over the last decade has also brought international logistics competitors and price pressure to Switzerland. In the current market and geopolitical situation, this growth is being inhibited, at least in the short term (for example, post-Covid consumer behaviour, general consumer confidence), and this is reflected in increased volatility in volumes. Pressure on prices on the other hand continues to rise on the back of higher production costs (higher energy and fuel prices, inflation).

Parcel senders and parcel recipients are price-sensitive and have high expectations as regards quality. There is a demand for sustainable, rapid delivery, flexible recipient services and seamless processing of comprehensive logistics services (including customs clearance and returns). In this context, the issue of ecological sustainability is becoming steadily more important, despite a lack of willingness to pay for it.

## Communication

The need for the highest standard of data security will decisively shape the provider market.

Everyday life is increasingly digital and interconnected, which, in turn, is boosting the communication market. The resulting networked society is changing the basis for entrepreneurial success – and requires both individuals and companies to acquire new skills. Solutions for the simple and secure processing, transmission and storage of information and data are required. There is a constant rise in the need for maximum data security, traceability, inalterability and protection against misuse (cybersecurity), which is shaping the provider market. Swiss Post is participating in the debate on the development of a suitable regulatory basis.

## Mobility

The future of mobility is post-fossil, connected and (semi) autonomous.

In times of standstill – which global society experienced during coronavirus – the importance of flexibility, autonomy and mobility in everyday life became clearly evident. Modern mobility requirements are increasingly shifting towards a seamless system. This means multimodal solutions consisting of public services, car, bike and scooter sharing and taxis, etc. In this seamless system, providers are increasingly adopting a post-fossil, networked and (partially) autonomous approach through their solutions.

In the public passenger transport market, Swiss Post still assumes that the mobility requirements of the population will continue to increase in the long term. However, the funding available to the purchasers (the Confederation and the cantons) is not rising to the same extent. Events such as the coronavirus crisis and the rise in energy prices have created additional cost pressure. New technologies and the opportunities they present are promoting the development of mobility towards seamless systems, such as via the provision of on-demand solutions, alternative drive technologies or sharing models. The environmental sustainability of mobility is becoming more relevant, but also requires significant investment in alternative drive systems. Within the current legal framework, the possibilities for further development are also still limited in some cases (e.g. autonomous driving).

## Financial services

Customer requirements for digital services are changing rapidly.

The gradual normalization of the interest margin, UBS's takeover of Credit Suisse and the ongoing process of digitization had a big impact on the Swiss financial market in 2023. While saving in the retail business is now more attractive again in view of higher interest rates, slowly rising inflation is having a negative effect on consumer confidence and investments. The financial difficulties experienced by Credit Suisse and its subsequent merger with UBS tested confidence in the Swiss financial market again. The positive interest rate trend – combined with revenue in the non-interest business – will provide the potential to significantly improve profitability over the medium term.

Digitization is also progressing in the financial market and was accelerated by the coronavirus crisis. This is reflected by the continual growth of the fintech sector, blockchain technology firms and cryptocurrencies as well as the emergence of ecosystems related to digital payment services. Regulatory conditions continue to be tightened, levelling up the competitive environment for established financial service providers in relation to fintechs. Demand continues to grow for services such as digital asset management and instant payment solutions. Companies also need to continually improve the customer experience using artificial intelligence and data analysis.

## Legal and political factors

The future of the universal service is the subject of political debate.

In 2022, the Egerszegi expert committee appointed by the Federal Council presented its proposals on the universal postal service from 2030, and the Federal Council tasked the Department of the Environment, Transport, Energy and Communications (DETEC) with exploring the key issues and setting out specific proposals on how to proceed in a report. The report had still not been published by early 2024, which means the next steps have not yet been defined.

In Swiss Post's view, the future development of the universal service, including digital services and the funding of the entire postal system, are the most urgent issues and need to be addressed from a holistic perspective. To ensure that, in the post-2030 period, the universal service and, in turn, Swiss Post remains beneficial for Switzerland, relevant for the public and that the company can continue financing it from its own resources, the universal service obligation needs to evolve in line with the changing requirements of society, the economy and the public sector.

The owner and politicians now need to look at the public service from 2030. By implementing the "Swiss Post of tomorrow" strategy, Swiss Post has provided politicians with the time required to define the legal framework from a holistic perspective. The 2021–2024 strategy period is now coming to an end, and there is now even greater need for regulatory action due to the demand trend within the universal service compared with the beginning of the strategy period.

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# “Swiss Post of tomorrow” strategy

A dynamic country needs a dynamic postal service.

The “Swiss Post of tomorrow” strategy is based on Swiss Post’s traditional strengths and is shaped by the three key structural elements of state ownership, universal service and economic viability. However, the relevance of Swiss Post will need to be reformed for the future. The goal is to build a robust postal service that evolves in sync with the requirements of the Swiss economy and public, and, in turn, meets the strategic goals set by the Federal Council. Swiss Post is making substantial investments in an effort to achieve this and intends to continue generating profits, which it will then invest in its ongoing development and the fulfilment of its universal service obligation.

Swiss Post’s strategy is based on its statutory mandate, the strategic goals set by the Federal Council and the Swiss Post vision. The strategy came into force on 1 January 2021 and has since been systematically refined to reflect the changed environment and new insights. Its horizon extends over a ten-year period.

## Statutory mandate and strategic goals set by the Federal Council

Swiss Post’s activity is based on the Postal Services Act, the Postal Services Organization Act and the related ordinances. As the owner, the Confederation defines strategic goals for Swiss Post every four years.

### Statutory mandate

The revised postal legislation was adopted by the Swiss Parliament in December 2010 and has been in force since October 2012. The Postal Services Act aims to guarantee a sufficient, inexpensive universal service for the entire Swiss population in every part of the country. Swiss Post has a universal service obligation to provide postal services and payment transaction services respectively. In the Postal Services Ordinance, the Federal Council differentiates between the two mandates, paving the way for a customer-oriented, financially viable service in line with market needs. Swiss Post’s monopoly on domestic letters up to 50 grams is the essential legal pillar for financing the universal service.

The universal postal service sets out requirements concerning the range of services, prices and quality to be provided, focusing on the needs of sender customers; with high demands placed on Swiss Post for home delivery (frequency, quality and nationwide coverage), the universal service also takes into account the needs of recipient customers. The universal service includes priority and non-priority individual items (A and B Mail, Priority and Economy parcels) for which strict guidelines regarding delivery times must be met compared with other countries, as well as delivery of subscription newspapers. Postal legislation stipulates, among other things, that 97 percent of addressed domestic letters and 95 percent of domestic parcels must be delivered by Swiss Post on time. Priority items must be delivered to their destination by the following day, while non-priority individual items must be delivered within three working days after the day of posting. The delivery deadline for subscription newspapers is 12.30 p.m. daily. Payment transaction services and the posting of individual consignments that form part of the universal service must be available in branches and be accessible to 90 percent of the population in each canton within 20 minutes on foot or by public transport. In areas where Swiss Post offers a home service, they must be less than 30 minutes away. Besides what it offers under the universal service, Swiss Post may also provide services outside the universal service.

Classification of services

2023

| | Monopoly services | Services open to competition |
|---|---|---|
| **Universal services** | Addressed letters up to 50 g | e.g. letters over 50 g, parcels up to 20 kg, payment transactions |
| **Services outside the universal service** | – | e.g. unaddressed items, express and courier consignments, savings accounts |

## Strategic goals set by the Federal Council

The Confederation, as Swiss Post's owner, manages the company through the designation of strategic goals. In December 2020, the Federal Council set out the strategic goals for Swiss Post for the years 2021 to 2024. Here, it was guided by the key principles of the last strategy period. The financial targets were adjusted in view of the huge transformation challenges. Explicit reporting on the implementation of the strategy was also carried out and a goal of network stabilization and opening was added.

With its strategic requirements for the 2021 to 2024 period, the Federal Council is supporting the strengths of Swiss Post and, in turn, the "Swiss Post of tomorrow" strategy: transporting goods, data, information and people in a trustworthy manner.

Swiss Post is expected to offer high-value services in physical and electronic form.

For the current four-year period, the Federal Council also wants Swiss Post to stabilize the number of branches, provided this is economically justifiable, to commit itself to an environmentally sound corporate strategy and to operate a modern compliance management system.

With the new financial objectives, the Federal Council recognizes that Swiss Post is in a challenging phase of transformation. The Council is adjusting its expectations accordingly, but Swiss Post is expected over the next four years to establish the conditions required to allow it to safeguard the value of the company sustainably in the medium term. In addition, all business areas (with the exception of the subsidized area where PostBus operates) must achieve an industry-standard level of profitability. With its human resources policy, Swiss Post is required to continue offering attractive, competitive employment conditions and help employees to balance work and family commitments.

## Regulatory accounting and companies under individual supervision

### Net costs arising from the universal service obligation

Swiss Post must present its accounts in such a way that costs and revenue can be identified for individual services (article 19, para. 2 of the Postal Services Act of 17 December 2010). The Postal Services Ordinance substantiates these requirements and regulates how net costs for the universal service obligation are to be calculated.

The net costs result from a comparison of a hypothetical result recorded by Swiss Post excluding the universal service obligation with the actual result achieved. They represent the difference between the avoided costs and lost revenue. Swiss Post specifically calculated the net costs arising from the universal service obligation for the first time in 2013. They stood at around 268 million francs for 2023. The calculation is expected to be approved by the regulatory authority PostCom in 2024.

At most, Swiss Post can offset the net costs from the previous year between different segments and Swiss Post subsidiaries. This net cost compensation enables Swiss Post to spread the universal service burden over the services and segments that are best able to support it. Net cost compensation does not influence the Group's financial result in any way.

Each year, the auditing firm checks for PostCom the calculation of net costs, net cost compensation, regulatory accounting and compliance with the ban on cross-subsidies.

## PostFinance Ltd

Since 2013, PostFinance has been a private limited company under private law wholly owned by Swiss Post Ltd. The financial institution was granted a banking licence as a bank and securities dealer on 26 June 2013 and is subject to regulation by the Swiss Financial Market Supervisory Authority (FINMA). Postal legislation and the strategic goals set by the Federal Council remain relevant to PostFinance's business activities. In particular, postal legislation specifies that PostFinance must provide a universal service for payment transactions throughout Switzerland. It also states that PostFinance may not issue loans and mortgages to third parties. In the summer of 2015, the Swiss National Bank (SNB) declared PostFinance to be a systemically important bank. In this regard, FINMA sets out specific requirements to be met by PostFinance. PostFinance issues annual financial statements in accordance with the accounting rules under banking law (articles 25–28 of the Banking Ordinance, the FINMA Accounting Ordinance and FINMA Circular 2020/1 "Accounting – banks"). The statutory auditor audits the financial statements of PostFinance Ltd, which comprise the balance sheet, income statement, cash flow statement, statement of changes in equity and notes.

## PostBus Ltd

Since 2005, PostBus Ltd has been a private limited company under private law wholly owned by Swiss Post Ltd. The passenger transport company is subject to supervision by the Federal Office of Transport (FOT). The strategic goals set by the Federal Council remain relevant to PostBus's business activities. PostBus Ltd issues annual financial statements in accordance with accounting regulations under commercial law (article 957 et seq. of the Swiss Code of Obligations). The statutory auditor audits the financial statements of PostBus Ltd, which comprise the balance sheet, income statement and notes. It carries out the special audit on subsidies in accordance with FOT guidelines and monitors compliance with the DETEC ordinance relating to the accounting system of licensed companies (ALEO) as well as compliance with other legislation under a special statutory regime. The FOT audits, periodically or as required, the approved financial accounts of companies that receive financial assistance or compensatory payments from the Confederation in accordance with the Railways Act or the Passenger Transport Act. The results of the audit were not available at the time of publication of the Annual Report.

# Raison d’être, vision and values

In its “Swiss Post of tomorrow” strategy, Swiss Post defined its raison d’être and set itself a Group-wide reference point for its development:

**Swiss Post’s raison d’être**

Everyone has the power to make a difference.

From small to large scale. No matter where. And in their own personal way.

That’s why we at Swiss Post do our very best, day in and day out.

Every day, we perform valuable work and are actively involved in the community, helping to bring Switzerland together.

We create new opportunities to ensure that everyone can achieve their goals and dreams. Individually, in teams and as a company. Yesterday, today and tomorrow, too.

Because we are Swiss Post:

**Bringing Switzerland together – every day since 1849.**

**Swiss Post’s vision**

Something special is created when we can focus on essentials. This is why people and companies need as much freedom as possible.

At Swiss Post, we create this freedom. We do so by moving goods, information, assets and people.

We get Switzerland moving. With trustworthy services in the physical and digital worlds.

At home, during leisure time and at work. In the countryside and in the city. At any time and across all borders.

To ensure that Switzerland can focus on the important issues in the future, too.

**Thanks to Swiss Post: powering a modern Switzerland.**

When implementing its vision, Swiss Post focuses on its core values: “customer-centric”, “trustworthy” and “committed”.

# Implementation of the “Swiss Post of tomorrow” strategy

As part of its “Swiss Post of tomorrow” strategy, Swiss Post focuses on the following priorities:

– **Remaining relevant and fostering growth through new business by developing and transforming the core business**
  Swiss Post is developing its existing core business and transforming its business models to adapt to technological, social, economic, regulatory and political changes (levers include digitization, data and the solutions business) so it can continue meeting customer requirements in future. Swiss Post is evolving in its core markets and opening up new markets through organic and inorganic

growth. In particular, it is focusing on the transition of postal and mail secrecy to the digital age (portfolio of Communication Services), the opening-up of the network and new logistics solutions.

- **Underpinning economic viability through efficiency and pricing measures**
  To ensure Swiss Post can continue providing the universal service from its own resources in future and invest in core and new business areas, greater cost efficiency (productivity increase or stabilization) and new price models are required. Efficiency measures were identified with the focus on reducing expenditure and improving EBIT throughout the entire Group. They are to be implemented by 2030. By implementing pricing measures for letters, parcels and newspapers, Swiss Post is ensuring it can continue to provide a comprehensive universal service on all working days at competitive prices throughout Switzerland.
- **Making a social contribution by adopting a sustainable approach**
  Swiss Post makes a relevant contribution to Switzerland's sustainable development. It assumes responsibility for the direct and indirect consequences of its business activities on various stakeholders and on the environment. The corporate responsibility goals are being implemented in five priority areas of action across the value chain: responsible procurement, climate and energy, responsible employer, sustainable customer solutions (circular economy) and the common good. Details on the corporate responsibility strategy can be found in the Non-Financial Report from page 11.

# Market strategies

The strategies of the executive units form the link between Group strategy and Swiss Post's activities in its markets.

## Logistics Services

Comprehensive one-stop logistics services.

In the Logistics Services segment, Swiss Post pools its logistics competencies. It intends to defend its leading position as a complete logistics service provider – in Switzerland and for Switzerland. The strategy was therefore specifically geared to the market areas in which it plans to operate and to their requirements. The approach underpinning this is to reinforce what is already in place and continue to develop in line with new requirements (e.g. through digital expansion), to grow in new areas and, in its capacity as a trustworthy partner, to connect Switzerland to the world for the goods flows of the future.

The courier, express, parcels (CEP) and mail services are operated by Swiss Post both nationally and internationally. While on the one hand the CEP market is particularly attractive given the e-commerce boom, it is also highly competitive. Swiss Post offers comprehensive, high-quality and sustainable products and services. It wants to further increase convenience for senders and recipients and simplify border crossings.

Swiss Post also delivers both newspapers and addressed and unaddressed advertising. The media and advertising market is strongly affected by digitization. Swiss Post is securing its relevance in this market by supplementing and expanding its products and services with digital solutions.

To ensure that it offers a comprehensive range of logistics services for business customers, Swiss Post is continuing to expand its goods logistics, helping Swiss companies to connect with the most important source and sales markets. Swiss Post is making targeted investments in the domestic market and in neighbouring countries, in an effort to dovetail its national logistics with international goods flows.

Swiss Post combines its industry know-how and logistics expertise with digital solutions and tailor-made industry solutions. Its current focus is on hospital and construction logistics and on logistics solutions in urban areas.

## Communication Services

Transporting information securely and confidentially.

The needs and day-to-day life of people in Switzerland are changing. Handling sensitive data carefully will become even more important in the future. At the same time, customers – whether private individuals, companies or public authorities – want a positive digital experience. At Communication Services, the focus is on these customer needs. Swiss Post believes that secure and simple handling of digital information is vital for a progressive Switzerland.

To achieve this goal, Swiss Post assumes the role of a trustworthy, independent intermediary between the physical and digital worlds, focusing on five market areas:

- **Trusted Interaction Services**
  With its trust-based information services, Swiss Post transports data in a secure, unalterable and traceable manner and ensures that the sender and recipient are authorized to receive and send the information.

- **Digital solutions for SMEs and private customers**
  Thanks to its digital assistant services, Swiss Post ensures that the interfaces between the physical and digital worlds function smoothly. The company helps Swiss SMEs and the general public to navigate the digitized world securely and easily.

- **Digital services for public authorities**
  Swiss Post is expanding its position as a provider of secure and legally compliant digital services for public authorities, with the aim of further digitizing processes for the Confederation, cantons and municipalities and simplifying the dialogue between the population and public administrations.

- **Digital solutions in the healthcare sector**
  Swiss Post is continuing to reinforce its leading role as a one-stop provider of digital services in the healthcare sector, and is tapping into new business areas.

- **Cybersecurity solutions**
  Swiss Post supports public authorities and companies in identifying and responding to specific cyber threats.

## PostalNetwork

Expanding access points and opening up the branch network to partners.

Today, Swiss Post offers the densest network of postal services in Europe. The branches and other access points remain a central pillar of Swiss Post's services. Swiss Post's physical presence in all regions of Switzerland reflects its view of a nationwide universal service. Swiss Post is continuing to expand its network, which currently totals around 5,000 access points, with innovations such as terminals, business customer points and services at home. Swiss Post is investing some 40 million francs in modernizing over 300 self-operated branches. It is strengthening the quality of its branches with partners through local support from Swiss Post staff, training for partner staff and customer-friendly infrastructure.

The network will be stabilized at a figure of around 800 self-operated branches. In addition, Swiss Post is opening its premises both to public authorities and to companies operating in the health insurance, banking, insurance and healthcare sectors, giving these partners access to people in urban and rural areas. By taking this step, Swiss Post is establishing new service centers in all regions, with products and services that are relevant to everyday life.

## Mobility Services

Networked and sustainable road-based mobility solutions.

Swiss Post is a leading mobility provider in road-based public passenger transport in Switzerland. It intends to continue strengthening this position with its Postbuses, as the Swiss public transport system needs to remain attractive and meet customer requirements in future. Because half of regional passenger transport is publicly funded, Swiss Post does everything it can to ensure that the compensatory payments from the Confederation, cantons and municipalities are used as efficiently as possible.

Swiss Post supplements its services in the mobility market with Post Company Cars, Switzerland's biggest independent full-service fleet management company. Post Company Cars manages the entire Swiss Post fleet and is also a leader in external markets in the area of individual and sustainable mobility solutions.

As a competence center for e-mobility, Post Company Cars enables its customers to switch to electric drives with ease. As the electrification of vehicles gathers pace (Postbuses and fleet vehicles of all kinds, including trucks and delivery vans, cars and special vehicles), the Mobility Services unit is being expanded to include a new, separate "Charging systems" development area, with appropriate solutions being developed and offered both for Swiss Post's own charging needs and for the third-party market.

## PostFinance

Assuring the universal service for payment transactions and expanding digital solutions.

PostFinance is a diversified, innovation-driven financial service provider. It offers its customers fresh solutions and smart innovations for their finances. PostFinance simply wants to make banking enjoyable. To do so, it relies on future-oriented tools and technologies it has specially developed or adapted for the Swiss market. PostFinance adopts a highly responsible, careful and sustainable approach to its use of resources and investments. By establishing four clearly separate business units focusing on their own activities, PostFinance has consistently geared itself towards customer requirements. Each business unit concentrates specifically on its customers' requirements:

– **Payment Solutions**
  In Payment Solutions, PostFinance is the reliable partner for payment and billing solutions for retailers and invoice issuers in Switzerland.

– **Retail Banking**
  In Retail Banking, PostFinance is offering its private and business customers the smartest ways to handle their money – whether physically or digitally.

– **Digital First Banking**
  In Digital First Banking with Yuh, PostFinance and Swissquote offer, in addition to the core business, a radical new service for "Banking & Beyond" geared entirely to the digital world.

– **Platform Business**
  In Platform Business, PostFinance operates an independent Swiss comparison and sign-up platform (Valuu) for financing. As a result of PostFinance's partnership with Credit Exchange Ltd (CredEx), platform business will continue at CredEx from 2024.

# Strategic review on behalf of the owner

The review confirms the strategy's foundations have been successfully laid and that Swiss Post is carrying out its transformation process professionally.

In the middle of the 2021–2024 strategy period, Swiss Post carried out a strategic review on behalf of the Confederation (DETEC and FDF). Swiss Post and the FDF each commissioned a report from two external consulting firms. The results – a status check on Swiss Post's strategy implementation and a plausibility assessment by the owner's departments – were communicated in June and paint a positive picture: Swiss Post is well on track overall with the implementation of its current "Swiss Post of tomorrow" strategy for the period 2021 to 2024. The review confirms the strategy's foundations have been successfully laid and that Swiss Post is carrying out its transformation process professionally.

Both reports evaluate the long-term growth targets as ambitious, but entirely achievable. Growth is an important element of the strategy, offering an opportunity to compensate for lower income in the logistics core market. However, investments in digital business are key not only in relation to the declining letter business, but also due to the changing needs of the public and the economy.

The two reports also show that Swiss Post can only implement some of the measures in the ongoing strategy period less quickly than originally planned. For example, the Communication Services unit is growing more slowly than planned with the acquired companies. However, the external consultants confirm that these delays are normal for a transformation of this scope. They also state that Swiss Post has credible predefined withdrawal plans, should certain subgoals in the strategy become unrealistic. For this reason, the departments DETEC and FDF explicitly rate the risks as "proportionate".

Swiss Post developed its current "Swiss Post of tomorrow" strategy in the years leading up to 2020 – in other words, during a time when a pandemic and interruptions to global supply chains were still almost unthinkable. The two reports show that, despite the change in circumstances, the strategy implementation has created a foundation for Swiss Post that will be stable and resilient in the long term.

More information:

- Press release of the Federal Council, available in German
- Strategy implementation review: Bain & Company report, available in German
- Plausibility – strategy implementation review: Roland Berger AG report, available in German

# Financial management

Creating economic value added in the long term.

Swiss Post’s financial management model defines the management of the Group. Based on the Group strategy, it defines the basic principles and is aligned with the owner’s goals and regulatory requirements. The basic principles apply to the entire Group with its organizational units. The financial management model aims:

– to increase transparency and improve the manageability of the Group
– to establish a decision-making basis and set target attainment incentives

## Goals set by the owner

The owner expects Swiss Post to create the conditions during the current strategy period to sustainably secure economic value added in future. The company’s value increases when adjusted operating profit exceeds the cost of average invested capital. In addition to the income statement, this approach also factors in the risks and the capital employed. Innovations and investments must be financed from the company’s own efforts.

To achieve the goals, Swiss Post is managed and controlled based on the results of all executive units (segments).

Operating profit and economic value added are key financial objectives and form part of the calculation of the management’s variable remuneration (see determination of remuneration on page 71).

The executive units (segments) are largely free to decide on investments, projects or the acquisition of participations with significant financial consequences and of strategic character as part of strategic financial planning. Executive Management or the Board of Directors makes the final decision, depending on the funding requirements.

## Internal reporting and consolidated financial statements

The financial management model defines the management tools and key figures as well as the implementation processes required for reporting on management – always based on the consolidated financial statements.

## Consolidated financial statements

The consolidated financial statements are produced in accordance with the provisions of IFRS© Accounting Standards (subsequently referred to as IFRS) and show the financial performance of the Group and its executive units (segments). Financial reporting is based on the Group structure in line with the Group strategy and is divided into segments on which the Group management is reported to as well as the geographical information “Switzerland” and “other countries”.

## Management tools

The income statement, balance sheet and cash flow statement form the basis for the executive units (segments) and the Group. The income statement is produced monthly, and the balance sheet and cash flow statement on a quarterly basis.

## Key management figures

The key management figures are divided into target, management and control variables and reflect the financial and socio-economic performance of the executive units (segments) and Group overall. The development of the key management figures is shown by the management instruments in internal reporting and, in certain cases, external reporting.

## Internal reporting

Based on the key management figures, internal reporting shows what the executive units (segments) contribute to the financial result. It indicates the progress of measures used to implement the "Swiss Post of tomorrow" strategy. Analysis, evaluations and, if required, measures at all levels show the main developments of the organizational units and their investments, projects and acquired participations. As well as showing the change from the previous year and any deviation from planned values, they describe the expectations for the current year. The periodicity of the commentary depends on the key management figure on which it is based and the variance.

# Business performance

Operating profit and Group profit down on previous year.

In 2023, Swiss Post generated Group profit of 254 million francs, 41 million francs less than the previous year's figure. Operating profit fell to 323 million francs, reflecting the challenges faced in core postal services and highlighting the necessity of continuing to pursue the "Swiss Post of tomorrow" strategy. The prior-year figure stood at 358 million francs.

**Group | Key figures**

| 2023 with previous year for comparison | | 2022 | 2023 |
|---|---|---|---|
| **Results** | | | |
| Operating income | CHF million | 6,859 | 7,279 |
| Of which revenue abroad[1] | CHF million | 682 | 711 |
| As a share of operating income | % | 9.9 | 9.8 |
| Reserved services[2] | CHF million | 961 | 905 |
| As a share of operating income | % | 14.0 | 12.4 |
| Operating profit | CHF million | 358 | 323 |
| As a share of operating income | % | 5.2 | 4.4 |
| Group profit | CHF million | 295 | 254 |
| **Employees** | | | |
| Headcount at Swiss Post Group | Full-time equivalents | 34,072 | 34,587 |
| Abroad | Full-time equivalents | 751 | 1,200 |
| **Financing** | | | |
| Total assets | CHF million | 120,470 | 108,866 |
| of which customer deposits (PostFinance) | CHF million | 89,994 | 89,121 |
| Equity | CHF million | 9,884 | 10,255 |
| **Investments** | | | |
| Investments | CHF million | 478 | 605 |
| Other property, plant and equipment, intangible assets | CHF million | 211 | 266 |
| Operating property | CHF million | 133 | 149 |
| Investment property | CHF million | 37 | 13 |
| Investments | CHF million | 97 | 140 |
| Biological assets | CHF million | – | 37 |
| Degree of self-financed investment | % | 100 | 100 |
| **Value generation** | | | |
| Cash flow from operating activities[3] | CHF million | –8,862 | –8,883 |
| Value added[4] | CHF million | 4,296 | 4,279 |
| Economic value added[5] | CHF million | –96 | –215 |

1 Definition of "abroad" in accordance with Notes to the 2023 Group annual financial statements, Note 6.6, Geographical information.
2 Letters up to 50 g.
3 The figure has been adjusted (see Notes to the 2023 Group annual financial statements, Note 2.2, Accounting changes).
4 Value added = operating profit + personnel expenses + depreciation – gain/loss on the sale of property, plant and equipment, intangible assets and interests.
5 The net costs of 268 million francs for the universal service obligation (2022: 260 million francs) are included in economic value added. See the definition of net costs on page 18.

In the Logistics Services and PostalNetwork segments, operating profit fell further in 2023. With declining volumes in letters and parcels and in over-the-counter payment transactions, both segments are facing major challenges in core postal services. Logistics Services nevertheless made the largest contribution to consolidated operating profit. Mobility Services recorded higher production costs in franchised transport business, which also resulted in lower operating profit. At PostFinance, an increase in interest income and improved returns on financial investments had a positive impact on the result. The new Communication Services segment, which was created at the beginning of 2021, remains in the development phase with a focus on inorganic growth. The result for 2023 therefore remained unchanged. In the central Functions and Management segment, income from sales of property, plant and equipment declined, leading to a fall in its operating result year-on-year.

# Value drivers

## The Swiss economy

Although inflationary pressures have eased, the international security situation and resulting inflation in many countries continued to have an impact on the global economic situation. The Swiss economy continued to recover in 2023, although growth in gross domestic product (GDP) slowed significantly over the course of the year. For many companies in Switzerland, stricter financing conditions, subdued demand from abroad and a rate of inflation that continues to be felt pose major challenges. In view of these factors, the overall economic outlook for 2024 remains subdued overall. While inflation in Switzerland is likely to stabilize at a more moderate level, the geopolitical security situation means that demand trends for many products remain difficult to predict. The policy rate changes undertaken by the Swiss National Bank (SNB), adjusting it from –0.75 percent to 1.75 percent in several steps starting in summer 2022, have led to a reduction in inflation over the last year. In its baseline scenario for Switzerland, the SNB assumes that the economy will show a slight improvement at a low level next year.

## Segments

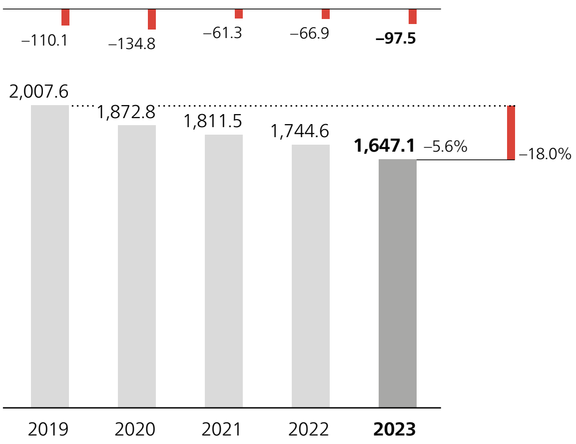
### Logistics Services

Demand for physical letter mail falls.

With around 5.4 million letters at home and abroad every day, Swiss Post is one of Switzerland's leading logistics companies. Its products for private and business customers range from physical, hybrid or electronic letters and goods consignments to value-added services such as cash on delivery, registered letters and promotional mail. Swiss Post faces challenges because demand for physical services is falling. At the end of 2023, for example, the number of letters handled was down 5.6 percent on the previous year. The reliability and quality of these services continue to be guaranteed by the use of the latest technology and a mix of traditional and new access points.

Continuing steady decline in letter volumes

**Logistics Services | Letters** in millions
2019 to 2023
2019 = 100%

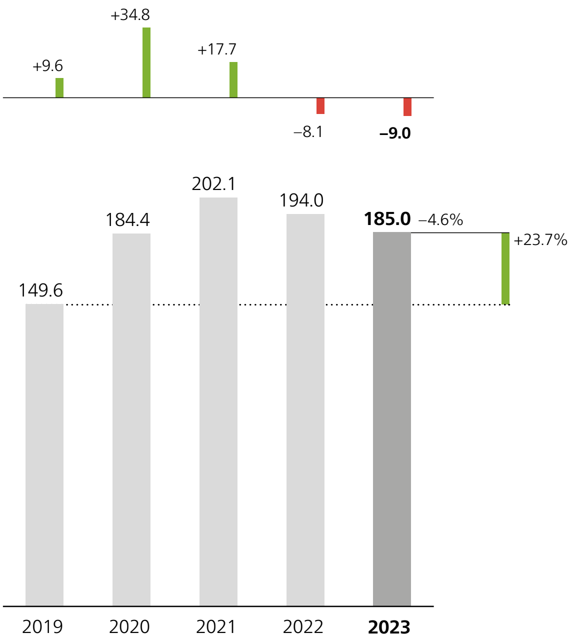



Demand for parcel services remains subdued.

Every working day, Swiss Post delivers around 730,000 parcels in Switzerland, making it the market leader. Its comprehensive range of services in the national and international parcel business, digital commerce, freight and warehousing, Innight, Courier and Express and in customs clearance continues to experience high demand. Swiss Post is pleased to meet this demand by investing, for example, in new parcel centers and warehouses. Domestic parcel volumes decreased year-on-year (–4.9 percent). Import and export volumes fell by 0.8 percent. The overall decline stood at 4.6 percent.

Decline in parcel volumes continues for another year due to subdued consumer confidence

**Logistics Services | Parcels** in millions
2019 to 2023
2019 = 100%



## Communication Services

Developing new digital solutions for companies, authorities and the general public.

With the Communication Services segment, which is currently under development, Swiss Post guarantees the established principle of mail secrecy in the digital world, too. It is building on its many years of experience as a trustworthy carrier of sensitive information – with new digital solutions for companies, public authorities and the general public, allowing them to exchange confidential data securely via a trustworthy Swiss provider. As a public service company owned by the Confederation, Swiss Post supports Switzerland, and SMEs in particular, in their digital transformation process and in ensuring the secure exchange of information with customers and the general public. The first phase of development is focused on establishing business in specific markets, including through acquisitions.

## PostalNetwork

Physical access points remain important to the public despite declining over-the-counter transactions.

In 2023, PostalNetwork recorded more than 325,000 customer transactions per day and continues to face the challenge of declining demand for traditional over-the-counter transactions. For example, the number of payments at the counter fell by over 18 percent year-on-year. The reliability and quality of the services offered by PostalNetwork continue to be guaranteed by a mix of traditional and new access points. Swiss Post is opening up its branch network to service companies and public authorities and stabilizing the number of self-operated branches. This means partners with access to the network benefit from Swiss Post's service provision and the opportunity to offer their customers a physical point of contact in this digital age through the branch network.

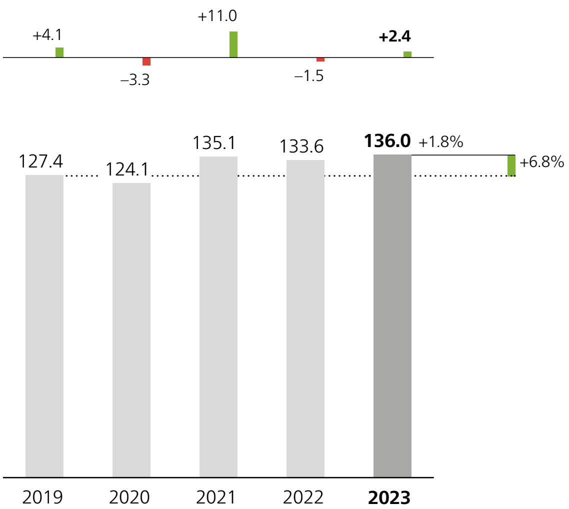
## Mobility Services

Growth in demand continues and reaches new high.

PostBus, which is part of Mobility Services, is the market leader in public bus transport in Switzerland. It offers high-quality regional passenger transport services, innovative mobility solutions and system services aligned with the changing needs of today's customers. PostBus recorded an increase in the number of vehicle kilometres, due in particular to the expansion of its services. The transport services provided by PostBus rose by 1.8 percent to around 136 million kilometres covered.

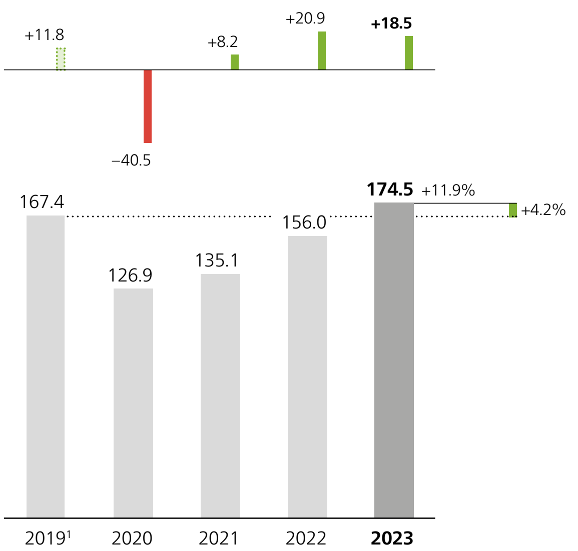
Higher number of vehicle kilometres as a result of expansion of services

**Mobility Services | Vehicle kilometres** in million km
2019 to 2023
2019 = 100%



Passenger numbers exceed pre-pandemic levels

**Mobility Services | Number of passengers** in millions
2019 to 2023
2019 = 100%




1 A modified calculation basis and method of calculating was used for the first time in 2019. The difference relative to 2018 is not comparable.

Innovation and sustainability play an important role in the development of the PostBus network. For years now, PostBus has been making increasing use of vehicles with alternative drives, such as purely electrically powered vehicles in Saas-Fee, Sempach and the Bündner Herrschaft region. By the end of 2024, PostBus aims to operate at least 100 vehicles with alternative drive systems. PostBus is thereby contributing to the social, economic and ecological benefits of public transport and the high quality of life in Switzerland. Post Company Cars, which is part of Mobility Services, continues to evolve as a partner for efficient and sustainable fleet management for its customers.

## PostFinance

Gradual normalization of interest margin has positive impact on future prospects.

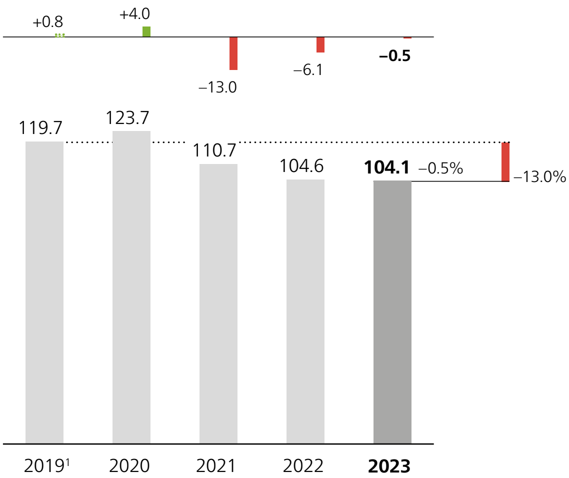
PostFinance is a diversified, innovation-driven financial service provider. It offers its customers fresh solutions and smart innovations for their finances. To do so, it relies on future-oriented tools and technologies it has specially developed or adapted for the Swiss market. PostFinance ensures provision of the universal service for payment transactions within the framework of postal legislation, making a significant contribution to the functioning of the Swiss economy. In addition, PostFinance has a business relationship with a large proportion of households and SMEs in Switzerland. More information on PostFinance's universal service obligation can be found on page 19. PostFinance adopts a highly responsible, careful and sustainable approach to its use of resources and investments.

The gradual normalization of the overall interest margin has the potential to improve PostFinance's profitability appreciably. Nevertheless, the regulatory environment remains challenging for PostFinance. Despite the positive interest rate environment, the competitive disadvantage that it faces in not being able to issue loans and mortgages independently remains unchanged.

Customer assets stabilized compared to the previous year. Customer deposits fell by 2.39 billion francs year-on-year, mainly due to outflows from business accounts. Non-interest-sensitive customer assets, such as funds and e-trading, have increased by 1.85 billion francs since December 2022 due to a recovery in market values and net inflows of funds.

Stabilization of customer assets due to positive interest rate trend

**PostFinance | Customer assets** in CHF billion, monthly avg.
2019 to 2023
2019 = 100%

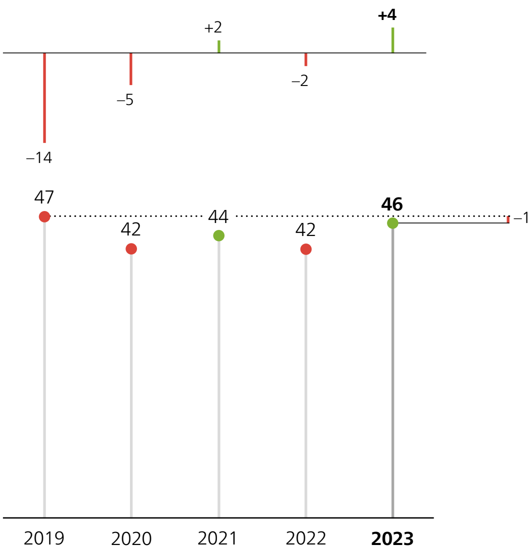



1 The year 2019 was adjusted due to a change in the definition of average customer assets. The difference relative to 2018 is not comparable.

Interest margins rose year-on-year by 4 basis points to 46 basis points. Higher long-term interest rates gradually resulted in higher income from financial investments over the course of the year. Interest has also been paid on liquid assets held with the Swiss National Bank (SNB) since autumn 2022. By contrast, PostFinance suffered a loss of previous income from negative interest rates on the interbank money market. PostFinance expects the trend in interest margins to improve in the positive interest environment.

Trend towards higher interest margins on the basis of long-term forecasts

**PostFinance | Interest margin** in basis points
2019 to 2023
2019 = 100%



# Profit situation

## Economic value added

No economic value added as yet during transformation phase.

With its financial objectives for the 2021–2024 strategy period, the Federal Council recognizes that Swiss Post is in a challenging phase of transformation. The Council is adjusting its expectations accordingly and expects Swiss Post in the coming years to establish the conditions required to allow it to safeguard its economic value added sustainably in the medium term. Value added is created when adjusted operating profit exceeds the cost of average invested capital. In addition to the income statement, this approach also factors in the risks and the capital employed. When assessing target achievement for economic value added, the owner has the option of including further aspects – in particular the financial burden of the universal service. The net costs of the universal service obligation are therefore also included in this calculation.

The method for measuring economic value added has been agreed with the owner. Its focus is on operating performance. The main elements in the method for measuring economic value added are as follows:

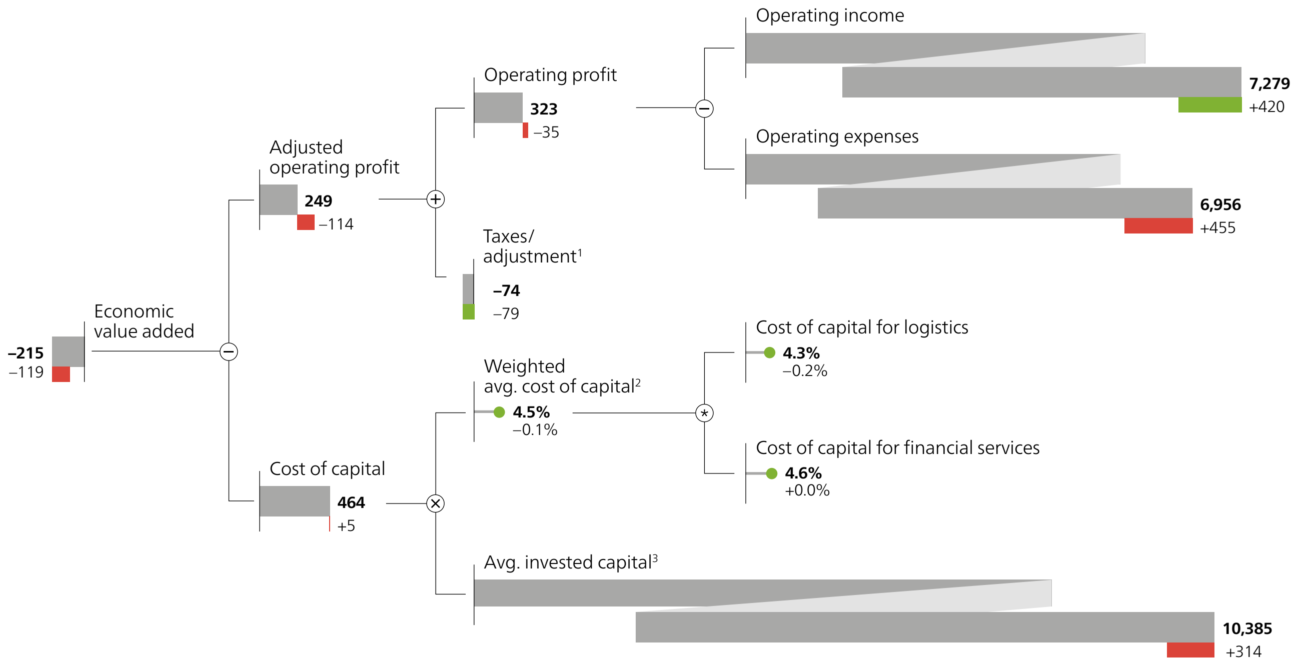
– PostBus Ltd is not taken into account to determine economic value added, as no profits may be generated in regional passenger transport.
– The cost of capital is determined on the basis of returns expected in the long term. The weighted total cost of capital applied is based on an industry-specific business risk in individual segments and a target capital structure derived from comparable companies.
– Employer contributions as per OPA are used instead of employee benefit expenses in accordance with IAS 19 to calculate economic value added.
– Tied capital is taken into account to determine the economic value added produced in all segments.
– Only the liquid assets required for operational purposes are included in the determination of economic value added.

Economic value added in the logistics unit is calculated from adjusted operating profit (NOPAT) minus capital costs (cost of capital for logistics multiplied by average invested capital, or NOA). In the financial services market, economic value added is calculated from earnings before tax (EBT) in accordance with IFRS minus capital costs (cost of capital in the financial services market multiplied by the relevant average capital amount).

Economic value added totalled –215 million francs, 119 million francs below the previous year’s figure. This fall is mainly due to the decline in operating profit and, in turn, the decline in NOPAT.

## Lower economic value added due to lower adjusted operating profit

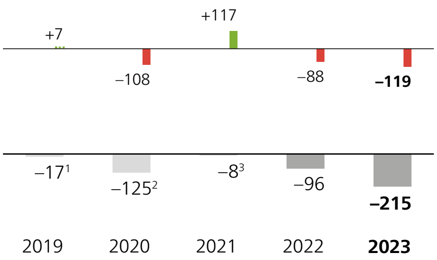
**Group | Economic value added** in CHF million
2023




⊙ Weighted with the average invested capital in logistics and in the financial services market (PostFinance).
1 Part of the adjustment is the deduction for NOPAT and PostBus Ltd capital costs.
2 Corresponds to weighted average cost of capital after taxes (WACC) for logistics and cost of equity for the financial services market.
3 At PostFinance corresponds to average equity in accordance with IFRS of 5,895 million francs and in logistics units to the average net operating assets (NOA) of 4,490 million francs.

## Continued negative economic value added

**Group | Economic value added** in CHF million
2019 to 2023




1 The comparability with the prior-year change for 2018 is limited due to an adjustment in the calculation method in 2019.
2 The figure has been adjusted (see Notes to the 2021 Group annual financial statements, Note 2.2, Accounting changes).
3 Normalized figure. The 2021 figure has also been adjusted due to an enhancement in the calculation method. The figures for 2019 and 2020 are not comparable with the figures for 2021 to 2023.

# Income statement

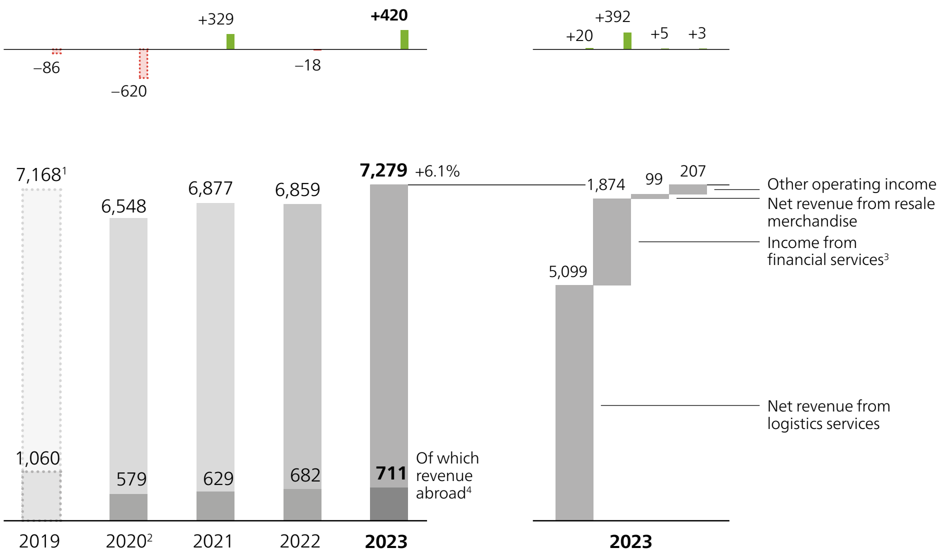
## Operating income

Higher income from financial services and acquired companies.

In 2023, operating income was 7,279 million francs, up 420 million francs year-on-year. The increase is mainly due to higher income from interest operations at the PostFinance segment. Acquisitions in the Logistics Services and Communication Services segments and higher income from transport services in franchised business at Mobility Services as a result of the recovery in demand for public transport following the coronavirus pandemic also contributed to this growth in earnings. The continued decline in addressed letter and parcel volumes reduced the increase in earnings, particularly in the Logistics Services and PostalNetwork segments.

Higher interest income from financial services and additional income from acquisitions

**Group | Operating income** in CHF million
2019 to 2023
2020 = 100%




1 The figure has been adjusted (see Notes to the 2020 Group annual financial statements, Basis of accounting, Accounting changes). The difference relative to 2018 is not comparable.
2 The figures have been adjusted (see Notes to the 2021 Group annual financial statements, Note 2.2, Accounting changes). The year 2019 is not comparable with the years 2020 to 2023.
3 Including "Other revenue from financial services" as at 31 December 2023: 1,165 million francs (as at 31 December 2022: 742 million francs).
4 The figures for 2020 to 2022 have been adjusted. The definition of "abroad" is in accordance with the Notes to the 2023 Group annual financial statements, Note 6.6, Geographical information.

Net revenue from logistics services rose by 20 million francs as a result of acquisitions made at Logistics Services and Communication Services, and of higher income from transport services in franchised business at Mobility Services. This offset the impact of declining letter and parcel volumes on the income side. Income from financial services rose by 392 million francs to 1,874 million francs. This was mainly due to an increase of 409 million francs in interest income. Net revenue from resale merchandise rose 5 million francs as a result of successful trading activities at Post Company Cars and PostalNetwork. Other operating income increased by 3 million francs year-on-year to 207 million francs.

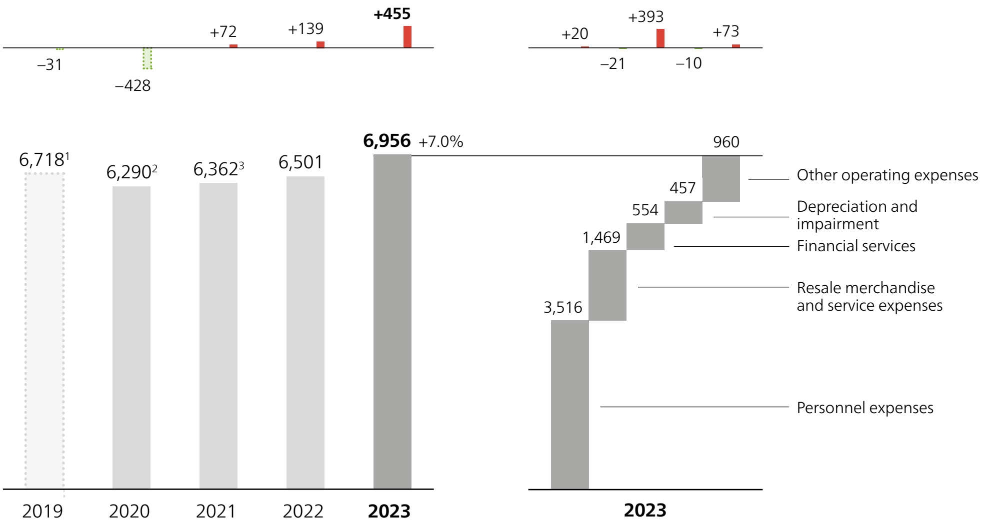
## Operating expenses

Increase in operating expenses due to rise in interest expense from repo transactions and customer deposits.

Operating expenses stood at 6,956 million francs, an increase of 455 million francs compared to the previous year's figure. The share of personnel expenses in relation to total operating expenses fell from 54 to 51 percent in 2023, but also increased by 20 million francs overall.

Higher expenses from financial services as a result of the rise in interest rates

**Group | Operating expenses** in CHF million
2019 to 2023
2020 = 100%




1 The figure has been adjusted (see Notes to the 2020 Group annual financial statements, Basis of accounting, Accounting changes). The difference relative to 2018 is not comparable.
2 The figure has been adjusted (see Notes to the 2021 Group annual financial statements, Note 2.2, Accounting changes). The year 2019 is not comparable with the years 2020 to 2023.
3 Normalized figure.

The increase in personnel expenses was the result of higher expenses for wages and salaries due to inflation. Resale merchandise and service expenses stood at 1,469 million francs, The decrease of 21 million francs is partly due to lower compensation paid to forwarding companies in the logistics sector. The increase in expenses for financial services of 393 million francs was mainly due to expenses from repo transactions and higher interest paid on customer deposits. Expenses for depreciation and impairment fell by 10 million francs to 457 million francs. Other operating expenses increased by 73 million francs in 2023.

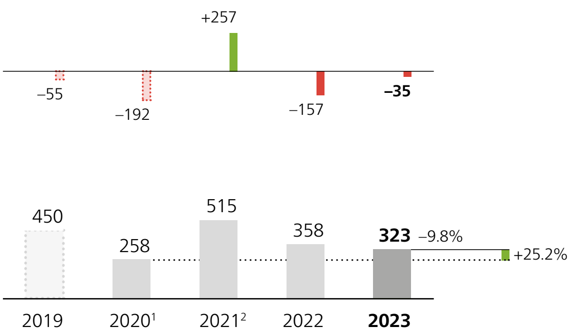
## Operating profit

Declining operating profit due to volume trends in core postal business.

Swiss Post generated an operating profit of 323 million francs in 2023. This represents a decrease of 35 million francs in comparison with the prior-year figure. The decrease reflects the challenges Swiss Post faces in its postal core business. At Logistics Services, volume trends and inflation had a negative impact, while at PostalNetwork the negative trend in over-the-counter payment transaction volumes also led to a decline in earnings. The result at Mobility Services was also lower as a result of increased production costs, and despite growth in demand for public transport. By contrast, PostFinance improved its result thanks to higher income from the interest differential business. The Communication Services segment remains under development and achieved a result on a par with the previous year. Implementation of the “Swiss Post of tomorrow” strategy is progressing as planned.

Lower operating profit due to major challenges in core postal services

**Group | Operating profit** in CHF million
2019 to 2023




1 The figures have been adjusted (see Notes to the 2021 Group annual financial statements, Note 2.2, Accounting changes). The year 2019 is not comparable with the years 2020 to 2023.
2 Normalized figure.

## Group profit

Lower operating profit leads to lower Group profit.

Financial income and financial expenses each totalled 71 million francs. Net income from associates and joint ventures stood at –4 million francs, down 3 million francs from the previous year’s level. Expenses for income taxes fell by 23 million francs in comparison with the prior-year figure to 65 million francs. This includes a one-off, positive tax effect amounting to 27 million francs. In total, this resulted in Group profit of 254 million francs for 2023, which is 41 million francs less than Group profit for 2022. This figure included a profit of 28 million francs from the discontinued Swiss Post Solutions business unit.

# Segment results

## Overview

| **Group \| Segment results**<br>1.1. to 31.12.2023 with prior-year period<br>CHF million, percent, full-time equivalents | Operating income[1] CHF million | | Operating result[1, 2] CHF million | | Margin[3] Percent | | Headcount[4] Full-time equivalents | |
|---|---|---|---|---|---|---|---|---|
| | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 |
| Logistics Services | 4,194 | 4,127 | 358 | 335 | 8.5 | 8.1 | 21,032 | 20,898 |
| Communication Services | 73 | 157 | –72 | –72 | – | – | 474 | 820 |
| PostalNetwork | 577 | 547 | –71 | –93 | – | – | 3,373 | 3,323 |
| Mobility Services[5] | 1,069 | 1,069 | 27 | 21 | | | 2,747 | 2,856 |
| PostFinance[6] | 1,566 | 1,961 | 229 | 264 | | | 3,250 | 3,340 |
| Functions and Management[7] | 936 | 972 | –121 | –132 | | | 3,196 | 3,350 |
| Consolidation[8] | –1,556 | –1,554 | 8 | 0 | | | | |
| **Group** | **6,859** | **7,279** | **358** | **323** | **5.2** | **4.4** | **34,072** | **34,587** |

1 Operating income and operating result by segment are reported before management, licence fees and net cost compensation.
2 Operating result corresponds to earnings before net non-operating financial income/expenses and taxes (EBIT).
3 PostFinance uses the indicator return on equity; no EBIT margin is reported for Mobility Services with regard to its business model; no margin is calculated for Functions and Management; negative margins are not reported.
4 Average expressed in terms of full-time equivalents (excluding trainees).
5 Within the field of regional public transport, PostBus Ltd is subject to the DETEC ordinance on the accounting of licensed businesses (ALEO). There are differences between the ALEO and the IFRS results.
6 PostFinance Ltd also applies the FINMA Accounting Ordinance and FINMA Circular 2020/1 "Accounting – banks". There are differences between the results in accordance with "Accounting – banks" and those as per IFRS.
7 Includes function units (e.g. Real Estate, Informatics, Human Resources, Finance and Communication).
8 The consolidation effects also include the IC items for the discontinued operation Swiss Post Solutions. Operating income from 1 January to 30 March 2022 (date of sale): 13 million francs; operating profit from 1 January to 30 March 2022 (date of sale): 10 million francs.

## Logistics Services

Decline in demand and inflation weighed on the result.

In 2023, Logistics Services generated an operating profit of 335 million francs, down 23 million francs year-on-year. As a result of difficult economic conditions and subdued consumer confidence, declines in demand and in volumes were seen in all major product groups: letters and parcels, promotional mailings and subscription newspapers. Goods logistics also operated in a difficult environment and suffered, in particular, from falling industrial and consumer demand. Together with additional costs driven by inflation, the expansion of infrastructure in the core business caused higher unit costs, and this was reflected in the overall decline in the result.

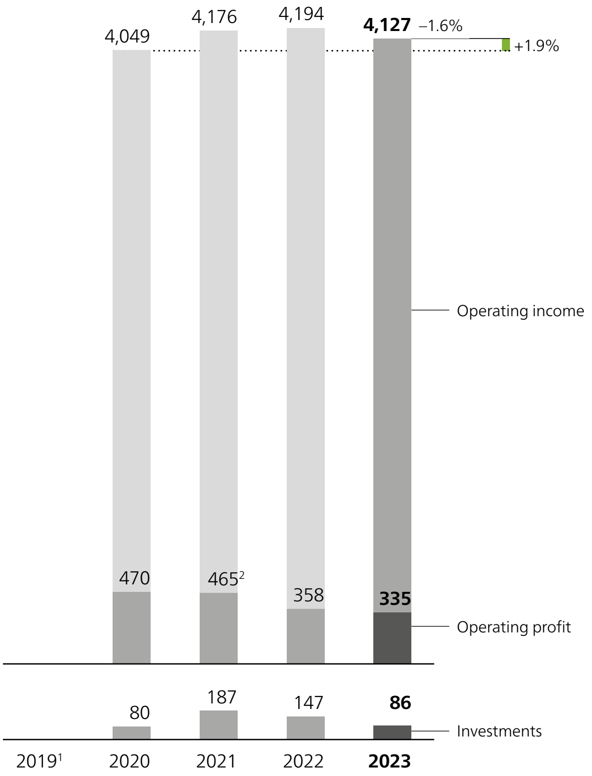
Operating income totalled 4,127 million francs, 67 million francs or 1.6 percent lower than the income from the prior-year period. The volume declines previously noted resulted in a significant fall in operating income in the core business. This decline was only marginally offset by the energy and inflation surcharge levied on parcel prices for business customers. In goods logistics, a decline in orders and a mood of uncertainty within the industry led to a fall in revenue. Further targeted investments were made in growth with additional acquisitions, resulting in an increase in income of 62 million francs. A resurgence in demand for international small goods, and in particular for imports from Asia, led to double-digit growth rates in this area. Growth was also achieved in healthcare logistics, again as a result of acquisitions. Overall, this growth only partially offset the decline in earnings in the core postal business.

Operating expenses were reduced by 44 million francs year-on-year to 3,792 million francs. Persistent inflation and the expansion of parcel processing capacity led to a significant rise in operating expenses. Operating expenses also increased as a result of the acquisitions made. The increase was offset by headcount adjusted to demand, the impact of further efficiency measures and lower employee benefit expenses, ultimately leading to a decline in operating expenses.

Average headcount fell by 134 to 20,898 full-time equivalents The lower count – a necessary response to the decline in demand in the core business – was partially offset by the acquisitions made.

Decline in demand leads to reduced revenues and a lower result

**Logistics Services | Operating income, operating profit and investments** in CHF million
2020 to 2023




1 The Logistics Services segment has been operational since 1 January 2021. No comparative values are available for 2019.
2 Normalized figure.

In recent years, operating profit at Logistics Services has been heavily influenced by market volatility caused by the general economic and geopolitical situation. The coronavirus pandemic led to an enormous surge in growth in the parcel and goods logistics market, with an increase of around 40 percent in parcel volumes in some cases. Coupled with a moderate decline in letter volumes in the period following the pandemic, this led to an operating profit of 470 and 465 million francs in 2020 and 2021, respectively. The brief period of normalization after the pandemic saw consumption shift back to some extent to over-the-counter retail, which resulted in a slight decrease in parcel volumes. This was immediately followed by geopolitical uncertainties, a sharp rise in inflation and historically low consumer confidence, leading to lower demand in almost the entire core business. The combination of sharply increased costs and declining demand resulted in a fall in operating profit of almost 30 percent in 2023 compared to 2020.

Despite a decline in the core business, operating income has increased overall over the past four years due to targeted investments and both organic and inorganic expansion of activities in growth markets such as goods logistics, healthcare logistics and the digital advertising market. Higher parcel volumes, still 23.7 percent above 2019, also contributed to the additional revenue. For letters, on the other hand, the price adjustments introduced failed to offset the structural decline in volumes. The inflation levels seen in recent years led to a significant increase in personnel expenses, while also having a negative impact on energy and fuel prices. The sharp increase in parcel volumes underlined the need for a substantial expansion of parcel processing infrastructure, which is required to ensure the promised performance and quality of services in the long term. This also led to an increase in fixed costs, with the first stage of expansion completed in 2023. The structural change towards digitization is currently continuing unabated. This development is not only having a negative impact on the letter and newspaper business, but also on the physical advertising market. Here, expenses could not be adjusted to the extent required to match the volume trend. However, digitization is also a growth driver for expansion of the digital advertising business and the basis for further automation in the provision of services.

## Communication Services

Inorganic growth leads to increase in operating income.

The operating result at Communication Services was –72 million francs in 2023. This segment is still being developed. Due to the expenses incurred in this respect, along with a challenging macroeconomic environment, the unit's result remained unchanged year-on-year. Swiss Post is driving the digital transformation, enabling secure digital applications, services and solutions that are accessible anywhere, anytime and to everyone, and are easy and intuitive to use. In 2023, the focus was on expanding the areas of cybersecurity and trusted interaction services, and on the introduction of e-voting.

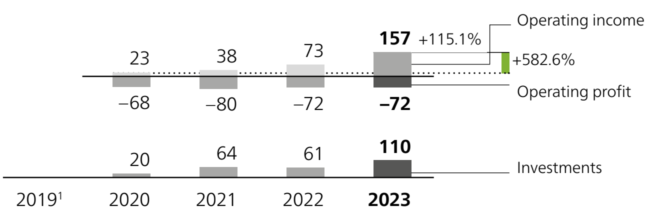
Operating income totalled 157 million francs. This represents an increase of 84 million francs year-on-year, more than double the previous year's figure. The main contributors to the increase were the companies T2i, unblu and the Hacknowledge Group, which were acquired in the second half of 2022, as well as Post Sanela Health AG and the acquisition of SPOTME Group in April 2023 and terreActive Ltd in July 2023.

Operating expenses totalled 229 million francs, up 84 million francs over 2022. The main drivers behind these higher expenses were the aforementioned acquisitions in the second half of 2022 and in April and July 2023.

As a result of the company acquisitions, average headcount rose from 474 to 820 full-time equivalents.

Financial result continues to be shaped by development strategy

**Communication Services | Operating income, operating profit and investments** in CHF million
2020 to 2023




1 The Communication Services segment has been operational since 1 January 2021. No comparative values are available for 2019.

Operating income rose from 23 million francs at the end of 2020 to 157 million francs in 2023, representing an average growth rate of 90 percent. This increase is largely due to the companies acquired and is therefore in line with the growth strategy in the area of digital services. Over the same reporting period, operating profit fell by just 4 million francs to –72 million francs despite the required development costs for the new segment.

With an outlay of 110 million francs, Communication Services again invested in the development of the newly created segment in 2023. The investments related primarily to the acquisition of new companies. Through these investments, Communication Services is focusing on individual companies that complement services in the core market of communication, while also meeting the strategic goals set by the owner.

## PostalNetwork

Efficiency measures and complementary business partially offset volume declines.

The fall in revenue associated with declining volumes was not fully offset on the cost side. At –93 million francs in 2023, the operating result at PostalNetwork was down 22 million francs year-on-year.

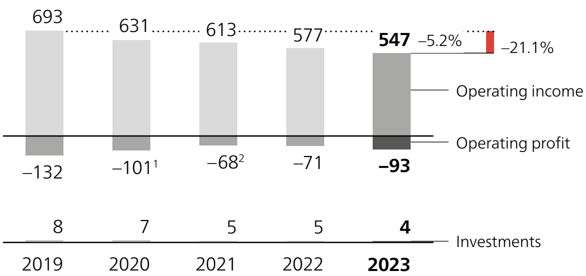
PostalNetwork generated operating income of 547 million francs in 2023, down 30 million francs year-on year. The decline in payment transactions as a result of substitution by e-banking continued. The fall in the number of payment transactions resulted in an 18 million franc drop in revenue from financial products overall. Income from logistics products fell by 15 million francs. Both letter and parcel volumes declined compared to the previous year. Net revenue from complementary business rose by 5 million francs, partly due to the opening of the network.

At 640 million francs, operating expenses were cut by 8 million francs year-on-year – despite persistently high inflation. Lower personnel expenses also had a positive impact, standing at 16 million francs below the previous year's figure, due largely to an interest-related reduction in employee benefit expenses. Resale merchandise and service expenses fell slightly, by one million francs year-on-year. Other operating expenses rose by 9 million francs year-on-year.

Headcount fell by 50 to 3,323 full-time equivalents year-on-year.

Ongoing decline in volumes leads to negative profit trend

**PostalNetwork | Operating income, operating profit and investments** in CHF million
2019 to 2023




1 The figure has been adjusted (see Notes to the 2021 Group annual financial statements, Note 2.2, Accounting changes).
2 Normalized figure.

Operating profit at PostalNetwork has improved in recent years, primarily as a result of efficiency measures and network development. Due to the persistently high decline in volumes, inflation and the stable network, the fall in revenue was not fully offset by cost savings.

Constant investments in recent years ensure that PostalNetwork meets its part of the universal service obligation.

## Mobility Services

Decline in profit due to higher production costs.

Operating profit fell by 6 million francs year-on-year to 21 million francs. Higher costs for transport staff and fuel reduced the balance between expenses and revenue (including compensatory payments) in franchised business at PostBus. Development in special transport services and lower employee benefit expenses had a positive impact on the result. Post Company Cars maintained the previous year's result.

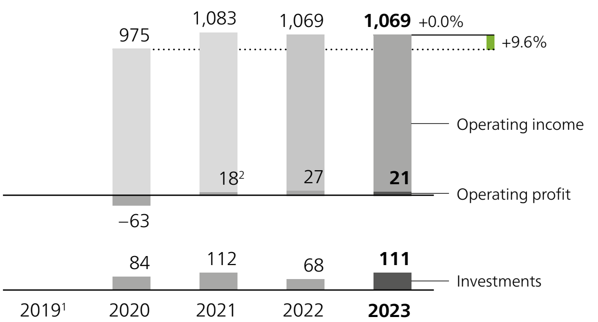
Operating income remained constant year-on-year. An encouraging trend in demand in franchised business had a positive impact on income from transport services. As a consequence, this effect was neutralized to some extent by lower compensatory payments. Operating income from special transport services also failed to match the previous year's figure. Post Company Cars recorded a decline in fuel volumes and prices, as well as lower income from internal Group customers due to a reduction of the vehicle fleet. These effects were largely offset by additional income from third-party business.

Operating expenses rose by 6 million francs year-on-year. At PostBus, there was an increase in production costs in franchised business. Operating expenses at Post Company Cars fell, in particular, due to lower fuel volumes. Growth in third-party business, on the other hand, led to an increase in operating expenses at Post Company Cars.

At 2,856, the number of full-time equivalents at Mobility Services rose by 109 year-on-year, mainly due to expansion of services and the integration of PostBus companies into PostBus.

Stabilization of revenues and results after the coronavirus pandemic

**Mobility Services | Operating income, operating profit and investments** in CHF million
2020 to 2023




1 The Mobility Services segment has been operational since 1 January 2021. No comparative values are available for 2019.
2 Normalized figure.

After financial challenges during the coronavirus pandemic, the situation has stabilized in the last two years. In 2021, the remaining reserves subject to a special statutory regime were offset against the compensation for loss of revenue during the pandemic.

Operating income increased by 9.6 percent in the period under review. Passenger numbers have recovered since 2021 and exceeded pre-pandemic levels last year, leading to an increase in income from transport services. This was offset by the cessation of PostBus operations in Liechtenstein in 2023 and the sale of PubliBike in 2022.

Operating expenses rose due to the expansion of services at PostBus, the positive trend in third-party business at Post Company Cars and the general price trend. These effects were partially offset by the discontinuation of PostBus operations in Liechtenstein and PubliBike.

Investments in the last four years averaged 94 million francs. They mainly concerned replacements and new acquisitions in the vehicle fleet. Cyclical vehicle procurement and the expansion of services have led to fluctuations in annual investment at PostBus. Growth in third-party customer business and the electrification of the delivery fleet meant there were higher investment volumes at Post Company Cars. Delays in delivery in the vehicle industry have prevented the implementation of investment projects in recent years.

## PostFinance

Higher interest income and positive returns on financial investments led to improved operating profit.

In 2023, PostFinance recorded an operating profit of 264 million francs, representing an increase of 35 million francs year-on-year.

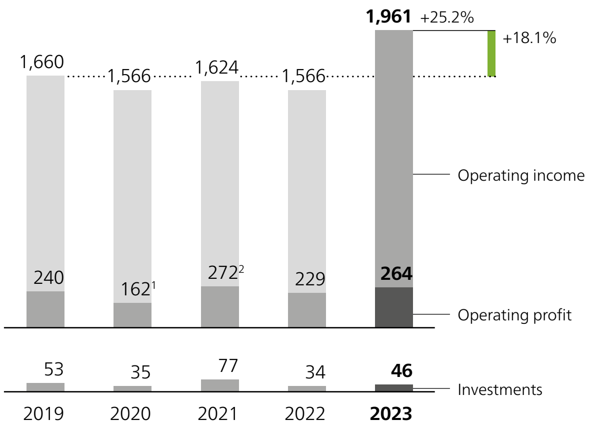
Operating income was up 395 million francs to 1,961 million francs. As a result, interest income in the reporting period was up 409 million francs year-on-year. Due to market conditions, positive returns from new investment tranches in financial assets led to an increase in income of 116 million francs. As a result of the Swiss National Bank's (SNB) decision to return to positive policy rates, PostFinance cancelled customer asset fees for its private and business customers with effect from 1 October 2022. Together with income from the interbank money market, this led to a loss of income from negative interest rates totalling 166 million francs compared to the previous year. This was offset by higher income of 460 million francs from interest on credit balances at the SNB and income from repurchase agreements (repo transactions) at positive interest rates. PostFinance itself has increased customer interest rates on various products several times, resulting in a sharp rise in costs due to interest payable. With a drop of 31 million francs, PostFinance also generated lower service and commission income. In particular, PostFinance was unable to offset the accelerated decline in physical payment transactions at Swiss Post branches, despite an expansion of the product range. The pandemic and the switch to the QR-bill have led to a sustained change in customer behaviour towards online banking. In 2023, this caused a sharp drop of around 19 percent in over-the-counter transactions at Swiss Post branches.

Operating expenses rose by 360 million francs year-on-year to 1,697 million francs. Interest expenses from repo transactions with banks and interest on customer deposits rose by 393 million francs in the positive interest rate environment. Commission and service expenses fell by 20 million francs. Lower expenses in the programme and project business reduced general and administrative expenses by 13 million francs. Expenses for wages and salaries rose by 12 million francs. This increase was however fully offset by lower employee benefit expenses due to interest rates.

Average headcount stood at 3,340 full-time equivalents, an increase of 90 full-time equivalents year-on-year, primarily due to the internalization of external specialists. PostFinance's strategic focus is on the simplification and digitization of processes and targeted investment in new business areas, particularly in the areas of IT and the data-driven company initiative. At the Sales unit, which was partially reorganized in 2023, the number of full-time equivalents increased, in particular due to measures to improve customer satisfaction and accessibility. At the same time, however, PostFinance pushed ahead with further innovations and built up staff in various areas.

Gradual normalization of the interest margin leads to rise in income and result

**PostFinance | Operating income, operating profit and investments** in CHF million
2019 to 2023




1 The figure has been adjusted (see Notes to the 2021 Group annual financial statements, Note 2.2, Accounting changes).
2 Normalized figure.

The interest differential business is the key source of revenue for PostFinance. The interest rate turnaround enabled PostFinance to lift restrictive measures, where negative interest rates were passed on to customers, in October 2022, stabilizing customer assets. In the positive interest environment, PostFinance also suffered a loss of income from negative interest rates on the interbank money market. By contrast, new income was generated by interest on assets held with the Swiss National Bank (SNB). PostFinance itself has increased customer interest rates on various products several times, resulting in a sharp rise in costs due to interest payable. Overall, net interest income rose again for the first time after years of margin erosion. It is becoming clear that PostFinance is well on the way to a gradual normalization of the overall interest margin, and therefore to improved profitability of the company.

In terms of both commission business and services and trading portfolio assets, trends became apparent. The continued trend towards online banking caused the number of over-the-counter payment transactions to shrink. The share of inpayments made via Swiss Post access points in relation to the overall transaction volume processed by PostFinance stands at just 1.5 percent. Cash withdrawals at Swiss Post branches and Postomats also continued to decline. This is additionally because, as digitization continues to progress, more and more customers are using payment options other than cash. In particular, card payments and mobile payment solutions such as TWINT have become increasingly popular since the coronavirus pandemic.

## Functions and Management

Lower income from sales of property, plant and equipment had a negative impact on the result.

In 2023, the operating result for the function units fell by 11 million francs to –132 million francs.

Reduced income from the sale of property, plant and equipment and higher project expenses caused the result to decline by 20 million francs. These negative effects were partially offset by the absence of one-off costs of 9 million francs related to implementation of the strategy.

Average headcount rose by 4.8 percent to 3,350 full-time equivalents. The build-up was mainly in the Informatics function, as a result in particular of the insourcing of external employees.

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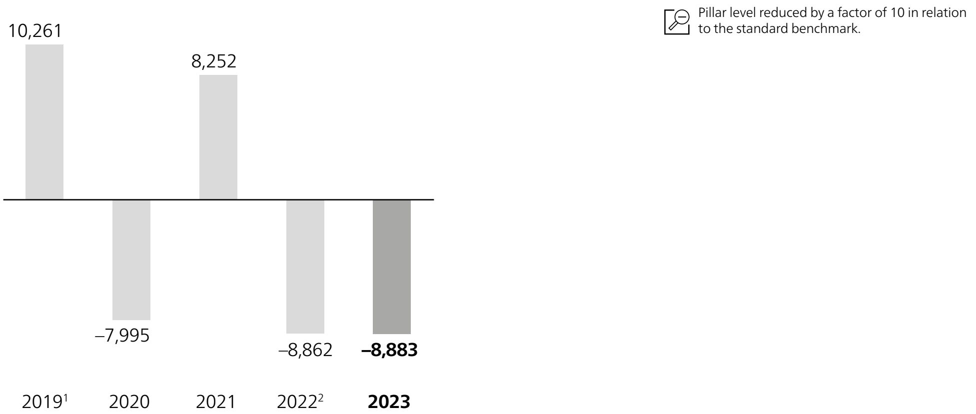
# Assets and financial situation

## Cash flow and investments

Cash flow from operating activities totalled –8,883 million francs in 2023. Cash flow from operating activities of –8,862 million francs was recorded in the 2022 comparison period. The outflow of funds in 2023 mainly concerned the financial services business. For more information on changes in the consolidated cash flow statement, see page 84.

Repayment of liabilities from repo transactions at PostFinance leads to high cash outflow

**Group | Cash flow** in CHF million
2019 to 2023

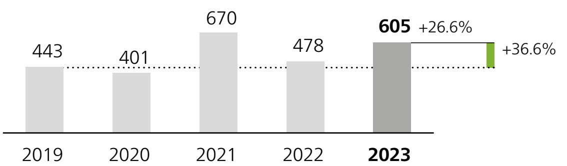



1 The figure has been adjusted (see Notes to the 2020 Group annual financial statements, Basis of accounting and Accounting changes).
2 The figure has been adjusted (see Notes to the 2023 Group annual financial statements, Note 2.2, Accounting changes).

Overall, investments in property, plant and equipment (375 million francs, for the most part in operating property and vehicles), as well as in investment property (13 million francs), intangible assets (40 million francs), interests (140 million francs) and biological assets (37 million francs) were up 127 million francs on the previous year. Swiss Post will continue to invest in efficient processing, sustainable provision of services and the “Swiss Post of tomorrow” strategy over the coming year. Investments will be made mainly in Switzerland in the area of property, plant and equipment, as well as in interests.

Investments in the electrification and modernization of the vehicle fleet and strategic company acquisitions

**Group | Investments** in CHF million
2019 to 2023



## Net debt

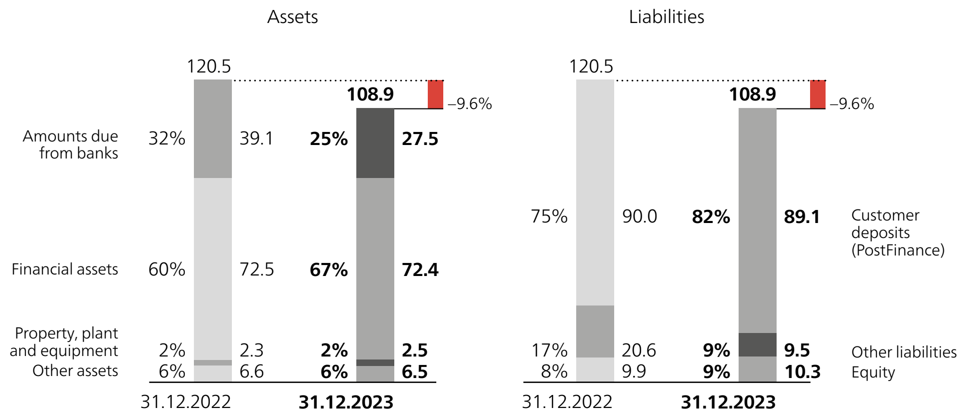
Swiss Post has been set a strategic goal by the owner that the ratio of net debt to EBITDA (operating profit before depreciation and amortization) may not exceed a maximum value of 1. Customer deposits and financial investments of PostFinance Ltd are not included in the calculation of this indicator. Values above the maximum are possible in the short term. Values below the target indicate financial leeway for Swiss Post. The strategic target was met in 2023.

## Consolidated balance sheet

In comparison with 31 December 2022, amounts due from banks decreased by 11.6 billion francs. This was due to the settlement of short-term funds from the financial services business in 2023.

Balance sheet reduction due to lower outstanding amounts from financing transactions

**Group | Balance sheet structure** in CHF billion
As at 31.12.2022 and 31.12.2023




### Financial assets

In comparison with 31 December 2022, financial assets decreased by 0.1 billion francs, which is primarily attributable to PostFinance.

### Property, plant and equipment

The carrying amount for property, plant and equipment rose by around 0.2 billion francs compared with 31 December 2022. The consistently high value can be explained by increased investment activity, particularly in more efficient processing centers at Logistics Services and climate-friendly vehicles at Mobility Services.

### Customer deposits

Within a one-year period, customer deposits at PostFinance have fallen by 0.9 billion francs to 89.1 billion francs as at 31 December 2023. Customer deposits accounted for around 82 percent of the Group's total assets (previous year: 75 percent).

### Other liabilities

Other liabilities fell significantly as at 31 December 2023. The decline is mainly due to the development of other financial liabilities from banking transactions. These are current liabilities from PostFinance repo transactions. Provisions fell by 11 million francs to 217 million francs in total.

### Equity

Consolidated equity as at 31 December 2023 (10.3 billion francs) is calculated net of the appropriation of profit for 2022.

## Outlook

According to the Swiss National Bank SNB, the global economic outlook for the coming quarters remains subdued. As previously, the reasons for the gloomy outlook are the loss of purchasing power due to inflation and tighter monetary policy. With inflation still above the respective targets, monetary policy is likely to remain restrictive in many countries for the time being. In the medium to long term, however, inflation should return to a more moderate level, not least as a result of monetary policy and the economic slowdown.

In Switzerland, growth is expected to be weak in the coming quarters. Creation of added value in the services sector increased in the second half of 2023, although not as soundly as in the first half of the year. Creation of added value in the industrial sector stagnated. The SNB is forecasting GDP growth of between 0.5 percent and 1 percent for 2024. Subdued demand from abroad and tighter financing conditions in particular are having a dampening effect.

To ensure that Swiss Post can continue to play an important role in Switzerland in the future, the company is taking a very close look at its fundamental and still challenging operating framework. Swiss Post ensures the universal postal service and the universal service for payment transactions and has a good market position in its core competencies: logistics, communication, financial services and passenger transport. In turn, it ensures the provision of needs-based, high-quality and innovative physical and digital services. It connects the physical and digital worlds and is continuously developing its range of services.

# Non-financial results of a material nature

In addition to financial goals, Swiss Post aims to meet non-financial targets, including on service quality, employees and climate, in particular.

**Non-Financial Report 2023**
The Non-Financial Report, published for the first time in 2023, supplements the Financial Report and Annual Report. It focuses on social, environmental, ethical and governance aspects.

Non-Financial Report 2023 (PDF)


The non-financial results of a material nature, arising from the statutory mandate and the Federal Council's strategic goals, are explained below (see page 18 to 19). For details, refer to the relevant pages in the Non-Financial Report.

## Service quality

### Delivery quality

Legal requirements on the delivery of letters, parcels and newspapers exceeded.

Swiss Post adhered to all of the Confederation's regulatory quality requirements in 2023. Recipients received letters, parcels and newspapers punctually throughout the country. Swiss Post exceeded its targets both for letters (for which the Confederation requires punctuality of 97 percent) and for parcels and newspapers (which have a punctuality requirement of 95 percent).[1] In 2023, 97.3 percent of A Mail letters, 99.5 percent of B Mail letters, 95.7 percent of Priority parcels and 99.6 percent of Economy parcels were delivered on time, measured by the legal requirements. With 98.5 percent of newspaper deliveries on time, Swiss Post also exceeded the quality target of 95 percent in this case.

More information: Non-Financial Report, page 54

### Accessibility

The statutory mandate on accessibility was met in all cantons in 2023.

The statutory mandate on accessibility (see page 17) was met in all cantons in 2023. In specific terms, this means 90 percent of a canton's permanent resident population must be able to access a post office or postal agency within 20 minutes by foot or on public transport, or within 30 minutes if home service is available. A national score of 96.7 percent was achieved for the accessibility of postal services, and a score of 98.1 percent was achieved for payment transactions.

More information: Non-Financial Report, page 54

### Network development

The number of customer access points was increased again.

in 2023, the number of customer access points was also expanded, to 4,967 in total. For example, touchpoints for terminals and service points were upgraded and expanded.

The number of self-operated branches (–4), branches with partners (–17) and locations offering home service (+17) remains stable. Business customer points (+10) and other service points (My Post 24: +50 and My Post Service: +9) were also expanded, while the number of letter boxes is on a slight downward trend.

See also page 7 to 8 and the Non-Financial Report, page 54

1 To ensure comparability and transparency of the figures long-term, Swiss Post brought the measurement method for letters and parcels into line with regulatory requirements in 2023, after formal approval by PostCom. The requirements of the Postal Services Act and Postal Services Ordinance are less strict than the measurement method previously used by Swiss Post.

### Customer satisfaction

Once again, customers were generally satisfied with Swiss Post in 2023.

Once again, customers were generally satisfied with Swiss Post in 2023. At 76 out of 100 points, the company achieved the same score as the previous year. This shows that Swiss Post is succeeding in meeting customers' needs. 13,000 private customers and 5,000 business customers from the five Group units were surveyed. As Swiss Post adapted its calculation method to the new Group structure in 2022, the current figure can be compared only with last year's score.

More information: Non-Financial Report, page 31

## Employees

### Employee satisfaction

Employees view Swiss Post as an attractive employer.

The annual employee survey indicated that employees are very satisfied with Swiss Post as an employer. At 83 out of 100 points, "My direct manager" received a particularly positive rating. Within the "My team" topic block, mutual respect, support within teams and the feedback culture were evaluated as very good. The index "I see the purpose of my work" scored equally highly, receiving 85 points. This demonstrates that employees regard Swiss Post as an attractive employer. At Group level, the results of the employee survey have been very stable in recent years.

More information: Non-Financial Report, page 40

### Employment conditions

#### Collective employment contract for the delivery sector

Negotiations on an industry-wide CEC for delivery in Switzerland completed and ratified.

The largest employers and associations in the Swiss logistics market and the social partners syndicom and transfair completed and ratified negotiations on an industry-wide collective employment contract (CEC) for delivery in Switzerland in 2023. If the Federal Council approves the proposal on universal validity, the industry-wide CEC will enter into force. The binding standards on employment conditions will then apply to around 40,000 employees in the Swiss delivery sector, including subcontractors. Nothing will change for Swiss Post employees, who are already covered by an existing company collective employment contract for the Group. They fare at least as well if not better under the existing company collective employment contracts.

More information: Non-Financial Report, page 48

#### Equal pay

All units achieved good to very good scores.

Swiss Post is consistently committed to equal pay. The company aims to pay equal salaries for work of equal value, regardless of the employees' gender. Equal pay is reviewed at regular intervals. The latest salary analysis, based on the salary and employee data for April 2023, shows that this commitment is paying off, with good to very good scores achieved across all units. Unexplained salary differences between women and men are low, and all below the Confederation's tolerance threshold of 5 percent.

More information: Non-Financial Report, page 44

#### Balancing work and family life

14.6 percent of employees in management roles work part-time.

Swiss Post supports all employees, no matter their gender, in fostering professional development and work-life balance. For example, its Smart Work policy sets an optimal framework for time- and location-dependent working practices. Many positions provide a part-time, job-sharing or co-leadership option. Management positions are advertised with an employment level of 80 to 100 percent. 14.6 percent of employees in management roles work part-time (employment level of < 90 percent) and 93 teams are under co-leadership.

More information: Non-Financial Report, page 44

New apprenticeship as a digital business developer.

### Vocational, basic and advanced training

In 2023, young people began an apprenticeship as a digital business developer for the first time at Swiss Post. Swiss Post Vocational Training was the co-initiator of this innovative job profile and played a key role in defining the skills requirements and drawing up the documentation required. Through its Digital Champions programme, Swiss Post also generally improved the digital skills of its employees and leaders. Personal tech knowledge is being improved through self-learning modules, expert sessions and networking opportunities.

More information: Non-Financial Report, ➔ page 46

## Climate

In 2023, the focus was on converting delivery vehicles and Postbuses to electric drive systems.

Greenhouse gas emissions in Swiss Post's own operations fell by 2.7 percent in 2023. This is primarily due to the following market and business developments: a decline in consignment volumes, outsourcing of transport services to subcontractors at newly acquired subsidiaries and electrification of the delivery fleet. Swiss Post's four-wheeled vehicles covered over 3.7 million kilometres more than in the previous year, equating to a $CO_2$ reduction of 6 percent per kilometre travelled. These measures were negated by the additional kilometres travelled at PostBus and growth in vehicle leasing at third-party customers. 23 Postbuses were converted to alternative drive systems in 2023, replacing approximately 0.9 million fossil fuel kilometres. Emissions per kilometre travelled were down by 0.6 percent.

More information: Non-Financial Report, ➔ page 22

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# Risk report

## Risk management principles

Today's business environment is constantly changing. The success of a company greatly depends on the early recognition and control of opportunities and threats (risk awareness), and taking account of capital and yield considerations (risk appetite). Risk management can make an important contribution to the achievement of corporate goals and quality of decisions and help increase the company's value. It also promotes a company-wide risk culture and risk awareness among all employees across all hierarchical levels.

## Risk management system

The Board of Directors sets out the primary guidelines and principles for the risk management system, defines risk policy at Swiss Post Ltd and approves the risk strategy. The risk strategy is derived from the Group strategy and defines Swiss Post's general attitude towards risk detection, risk-taking and risk management. This makes it an integral part of entrepreneurial activities. It forms the basis for the design and operational implementation of risk management at Swiss Post. The risk strategy comprises the protection objectives and qualitative and quantitative statements about risk appetite as fundamental elements.

The risk management system complies with the applicable laws and the Swiss Code of Best Practice for Corporate Governance. It is based on the COSO ERM (Committee of Sponsoring Organizations of the Treadway Commission Enterprise Risk Management) and ISO standard 31000:2018.

In 2023, Internal Auditing audited the Group's risk management system and confirmed that it is a suitable means of promptly identifying, assessing and monitoring material risks. In operational terms, it found that the introduction of a new GRC tool has significantly improved the risk management process. In addition, the enterprise risk management process was audited by the independent expert auditing firm Mazars in accordance with the audit objectives and criteria of the Federal Finance Administration defined within the framework of the Federal Council's objectives. Mazars confirms that, overall, Swiss Post demonstrates a high level of maturity with regard to the development and implementation of enterprise risk management compared to other companies of similar size and complexity.

## Risk definition

Swiss Post understands "risk" to mean each possibility of an event or development occurring and exerting a positive or negative impact on the achievement of corporate goals. Risk is thus the umbrella term for a threat (negative target deviation) or opportunity (positive target deviation).

Successful entrepreneurial action is based on adequately controlling or avoiding material threats and taking advantage of opportunities that arise in a value-enhancing way. Risk assessment is carried out as part of operational planning for a four-year planning period (2023–2026).

## Risk management process

The risk management process is implemented in all Group and function units. It is based on the strategy and financial planning processes in which the business objectives are defined. It helps to mitigate threats that prevent these objectives from being achieved and to implement identified opportunities. The individual subsidiaries, business units and other units conduct, consolidate and direct the risk evaluations to the next-highest hierarchical level.

The risk management process at Swiss Post comprises the following five stages:

Risk management process


- **Risk identification**
  Risk management comprises all risks associated with the business activity. Alongside financial risks, it also takes reputational, personal, environmental and compliance risks into account. Group and unit strategies and a company-wide basic catalogue of causes form the basis for risk identification, among other factors.

- **Risk assessment**
  Threats and opportunities are defined in the assessment as potential deviations from planned business objectives. An individual scoring model is created at Group and unit level that enables the risk probability of occurrence and the scale of impact to be easily evaluated using clear definitions of different characteristics. In addition to financial impact, consideration is also given to reputational impact, compliance damage and personal and environmental damage, which is shown in a complete overview.

  The scoring model allows the risk impact to be quantitatively and qualitatively recorded. The scoring model also defines the unit's own risk strategy by setting out the limit from which measures need to be defined for identified risks.

  At least once a year, managers and specialists measure the risks that have been identified. This measurement is carried out according to a credible worst-case or best-case scenario on the basis of event data, analyses or expert estimates. A management assessment of the Swiss Post risk map is added to this bottom-up process at Group level.

- **Definition of measures**
  As part of the risk management process, the Group units define appropriate measures in order to take advantage of opportunities whilst avoiding, reducing, or passing on threats to third parties.

- **Control of measures**
  Comprehensive checks are carried out to ensure that risks are being controlled effectively by implementation and the effectiveness of the measures in place. Additional measures are defined if necessary.

- **Reporting**
  Reports are submitted yearly to the Executive Boards, Executive Management, Board of Directors' Audit, Risk & Compliance Committee and Board of Directors. They summarize the threats and

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opportunities identified together with the planned and implemented measures and the risk indicators, and outline the actions that need to be taken.

## Emerging risks

In addition to risks over the next four years, Swiss Post also monitors longer-term trends with the potential to have a positive or negative impact on its business model. These trends can arise as a result of various factors, including for example technological advances, socio-economic changes, environmental changes or new legal and regulatory frameworks.

## Networking of risk management

Swiss Post aims to take an integral approach to risk management. Risk management is therefore combined with the Strategy, Accounting, Controlling, Insurance, Security, Internal Control System and Crisis Management units as well as with Group Audit and Compliance.

Swiss Post's 2nd line of defence functions support one another and form an assurance community led by Group risk management. The aim is to regularly share information and knowledge with one another and coordinate their activities, terminology, assessment logic, awareness-raising activities and reporting. The assurance community thereby promotes coordination, mutual foundations and the exploitation of integration and synergy potential.

# Risk situation

Based on the latest calculations, the Group has an expected loss potential of 910 million francs in relation to the 2023–2026 business period. The unexpected four-year loss potential (VaR 99 percent) for the Group totals 2,700 million francs. This means the Group's risk capacity is ensured so that sufficient equity capital would be available at the end of the evaluation period (2026) even in the event of an unexpected cumulative cashflow deviation (VaR 99 percent).

The greatest threats include restriction/failure of system-critical infrastructure, the development of earnings/equity at PostFinance, potential violations of external directives, economic downturns, geopolitical tensions and difficulties with strategy implementation. Positive effects could occur as a result of business optimization measures, customer acquisitions and the implementation of transformation projects.

According to current estimates and taking into account the present circumstances, no risks have been identified that could jeopardize the future of the Group either on their own or in combination with other risks. The possibility cannot be ruled out that additional risks that are not yet known or that have currently been classed as immaterial could have an unexpected negative influence on the achievement of the desired Group objectives. In addition, new opportunities could arise that have not yet been identified, or current opportunities could become irrelevant.

With regard to emerging risks, a number of factors are having a growing impact on Swiss Post's core business while also showing a great deal of potential for opening up new business areas, including in particular the trends towards on-the-go consumption, data literacy and artificial intelligence, sharing and the circular economy, and climate change and $CO_2$ reduction.

For more information on risk management at Swiss Post, see pages 150 to 180.

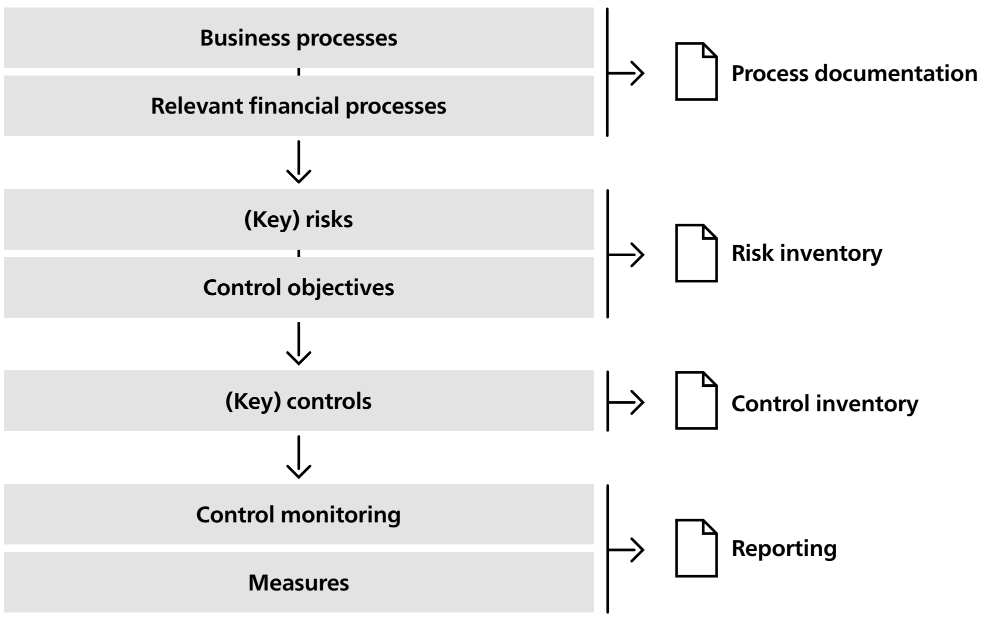
# Internal control system

The Board of Directors and Executive Management are responsible for establishing and maintaining appropriate internal controls. The internal control system (ICS) at Swiss Post Ltd is required to provide reasonable assurance that the financial reporting is in accordance with the relevant accounting regulations and corresponding internal guidelines. It therefore encompasses principles, procedures and measures to ensure proper bookkeeping and rendering of accounts. In accordance with article 728 a, paragraph 1, section 3 of the Swiss Code of Obligations, the external auditors check that an ICS is in place in conducting their regular audit each year.

## Design of the internal control system

The Swiss Post ICS is established in line with the internationally recognized framework for internal control systems of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The evaluation of ICS-relevant risks, known as scoping, is a standardized process carried out in spring throughout Swiss Post Group on the basis of the Group ICS Finance risk catalogue. In the identification of the relevant risks, so-called key risks, the qualitative factors are also to be considered in addition to the quantitative dimension. These key risks are given priority treatment by ICS Finance and are covered by appropriate key controls. Only those controls (concepts, procedures and practices) are included that ensure an adequate reduction of the risk and the creation of a degree of certainty that the control targets can be met and that undesired events can be prevented or detected and corrected.

ICS



## Monitoring and effectiveness of the internal control system

The key controls undergo an annual maturity assessment. It investigates whether the respective controls are suitable to effectively reduce or eliminate the risk described.

The minimum maturity level pursued is "3 – standardized". Basic principles on the operation of ICS finance are defined and ICS-relevant risks and controls are documented. The controls carried out are clearly documented and regularly updated to take account of changes to risks. The maturity evaluation is based on a self-assessment by the person responsible for controls.

## Assessment of the internal control system on 31 December 2023

All key controls were formally assessed at the end of the financial year as part of the control monitoring procedure, with only one identifying potential for improvement. No systematic control weaknesses were identified. As a result of inherent limitations, the internal control system may, however, not completely prevent or detect misstatements in the financial reports.

Ernst & Young Ltd, the independent auditors for Swiss Post, verified and unreservedly confirmed that an internal control system is in place for financial reporting as at 31 December 2023.

# Corporate governance

Swiss Post attaches great importance to corporate governance. For years, it has based its actions on the Swiss Code of Best Practice for Corporate Governance drawn up by economiesuisse. Swiss Post structures its reporting in line with the SIX guidelines for listed companies.

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# Basic principles

Corporate governance refers to all of the principles and rules under which a company is managed. The goal of corporate governance is to achieve effective and transparent management in order to create sustainable value. It is important to ensure that tasks and responsibilities are set out clearly and consistently.

Swiss Post Ltd’s rules on corporate governance are set out in the articles of association and organization regulations. Both sets of regulations are reviewed for any necessary amendments and updated on a regular basis. The organization regulations contain provisions on dealing with conflicts of interest, the duty of recusal and the rules on posts held by members of the Board of Directors and Executive Management. Swiss Post Ltd’s governance is based on the relevant framework conditions, including, in particular, the Postal Services Organization Act and the related ordinance. The Board of Directors has laid down the key rules and principles in the Code of Conduct, which all employees are expected to adhere to in their everyday working lives. Violations of the fundamental values and rules of conduct are not tolerated.

In addition to the regular reviews, the Group directives were reduced in scope, formulated using a principle-based approach and made available to staff online in an easy-to-find form during the year under review (“Smart Governance” project).

# Group structure and shareholders

## Legal form and ownership

Swiss Post has been structured as a holding company since 26 June 2013. Swiss Post Ltd as the overall holding company is a company limited by shares subject to a special statutory regime solely owned by the Confederation. The organization chart on page 12 shows the Group’s organizational units. The “Consolidated Group” section on pages 185 to 188 outlines the investments.

## Control by the Confederation

The Confederation controls Swiss Post by setting strategic goals and checking that these are being met, using for this purpose Swiss Post’s annual reporting to its owner and a report on staff (Public Officials Act/Ordinance on Executive Pay). See also the information policy section on page 76.

# Capital structure

Swiss Post has Group equity comprising 1.3 billion francs of fully paid-in share capital as well as capital reserves and retained earnings of around 9.0 billion francs. This means that total equity on the reference date stood at 10.3 billion francs (previous year: 9.9 billion francs). External debt amounted to around 0.8 billion francs on the reference date.

The General Meeting will be asked to approve a dividend distribution of 50 million francs for the 2023 financial year (resolution in previous year: 50 million francs, distribution in 2023).

# Board of Directors

The Board of Directors has a responsibility to the Federal Council to guarantee the uniform management of Swiss Post Ltd and its subsidiaries. The holding company represents the entire Group to the owner and is responsible for ensuring that Swiss Post fulfils the universal service obligation. It is entitled to enlist the help of subsidiaries to do so.

The Board of Directors is responsible for implementing the strategic goals, for submitting reports to the Federal Council on their attainment and for providing the latter with the information it needs for verification purposes. The Board of Directors is also governed by the rights and duties set out in the provisions of the Swiss Code of Obligations on the subject of corporate law.

## Composition as at 31 December 2023

On the reference date (31 December 2023), the Board of Directors had nine members.

### Education, professional activities and interests

The following section sets out the most important details on the education, professional background and key posts held outside the Group by each of the members of the Board of Directors. Before accepting a new post, the members of the Board of Directors are obliged to consult the Chairman of the Board of Directors and to notify him immediately of any changes to their professional situation. If the Chairman of the Board is affected, the Board of Directors' People, Sustainability & Governance Committee (BoD PSGC) must be consulted. These professional changes or new posts are assessed to ensure compatibility with the post held at Swiss Post. An internal body draws up a written report on potential conflicts of interest for the auditor. The report is submitted to the members of the Board of Directors concerned for their response. The Chairman decides whether the new post held by the member of the Board of Directors is compatible with their post at Swiss Post. In the event that the Chairman acquires a new post, the Chair of the BoD PSGC decides. The Chair provides regular updates on the mandates reported by the members of the Board of Directors during the Board's meetings. Private posts held by newly appointed Board of Directors members are also assessed for conflicts of interest by an internal body. A written report is drawn up for the appointment committee.

Each member of the Board of Directors must organize their personal and business relationships in such a way as to avoid, as far as possible, conflicts of interest. A conflict of interest arises if business activities are conducted that affect their own interests or those of close natural persons or legal entities. If a conflict of interest nevertheless arises, the member of the Board of Directors concerned notifies the Chairman of the Board of Directors, or the Chairman of the Board of Directors notifies the Chair of the BoD PSGC. The Chairman of the Board of Directors or the Chair of the BoD PSGC requests a decision by the Board of Directors that is commensurate with the severity of the conflict of interest. Every member of the Board of Directors is obliged to abstain from voting in the event of a conflict of interest. The Board of Directors makes a decision whereby the member of the Board of Directors concerned abstains.

After the Chairman of the Board, the other Board members are listed in alphabetical order.

## Christian Levrat

Chairman of the Board of Directors, member since 2021
Switzerland, 1970, lic. iur./MA

**Committees**
- People, Sustainability & Governance
- Audit, Risk & Compliance
- Audit, Risk & Compliance (expert committee for PostFinance themes)
- Investment, Mergers & Acquisitions

**Professional background**
- Member of the Council of States (Fribourg, SP, 2012–2021), Member and Chair of the Committee for Economic Affairs and Taxes, Member and Chair of the Foreign Affairs Committee, Member of the Committee for Legal Affairs, Member of the Finance Committee
- Member and Chair of the Swiss Delegation at the French-speaking Parliamentary Assembly, Chair of the Committee for Education, Culture and Communication, Chair of the Parliamentary Network for the Fight Against AIDS, Tuberculosis and Malaria
- President of the Swiss Social Democratic Party (2008–2020)
- National Councillor (Fribourg, 2003–2012), Member of the Committee for Transportation and Telecommunications, Member of the Finance Committee
- Communications Union, General Secretary and Chair (2000–2008)
- Swiss Refugee Council (SRC), Head of the Legal Service, Member of the Executive Board (1997–2000)

**Key posts**
- UNICEF Switzerland and Liechtenstein, President
- Municipality of Vuadens, Member of the General Council
- Forum Helveticum, Member of the Steering Committee

## Thomas Bucher

Member of the Board of Directors, member since 2019
Switzerland, 1966, lic. oec. University of St. Gallen

**Committees**
- Audit, Risk & Compliance
- Audit, Risk & Compliance (expert committee for PostFinance themes)

**Professional background**
- Archroma Management GmbH, CFO, Member of the Executive Committee (since 2021)
- Alpiq Holding Ltd, CFO, Member of the Executive Board (2015–2021)
- Gategroup, CFO, Member of the Executive Board (2008–2014)
- Ciba Specialty Chemicals, Regional CFO, Head of Business Support Center EMEA and Divisional CFO (1992–2008)

**Key posts**
- Tareno Ltd, Member of the Board of Directors (departure 2023)

## Ronny Kaufmann

Member of the Board of Directors, human resources representative, member since 2018
Switzerland, 1975, lic. rer. publ. University of St. Gallen

**Committees**
- People, Sustainability & Governance

**Professional background**
- Swisspower AG, CEO (since 2015)
- Swiss Post, Head of Public Affairs & CSR (2006–2014)
- Mediapolis AG für Wirtschaft und Kommunikation, Co-owner and Partner (2003–2006)

**Key posts**
- Muntagna – Die AlpenExpo 2027+, Member of the Board

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## Bernadette Koch

Member of the Board of Directors, since 2018; Vice-Chair, since 2022
Switzerland, 1968, certified public accountant, business economist, Higher School of Economics and Administration

**Committees**
– Audit, Risk & Compliance (Chair)
– Audit, Risk & Compliance (expert committee for PostFinance themes; Chair)

**Professional background**
– Ernst & Young AG, People Partner, Member of the Management Committee of Assurance Switzerland, Partner/Head of the Public Sector market area, Auditor (1993–2018)

**Key posts**
– PostFinance Ltd, Member of the Board of Directors and Member of the Audit & Compliance Committee
– Energie Oberkirch AG, Member of the Board of Directors
– Geberit AG, Member of the Board of Directors
– Mobimo Holding AG, Member of the Board of Directors
– EXPERTsuisse, Member of the Professional Ethics Committee

## Denise Koopmans

Member of the Board of Directors, member since 2019
Netherlands, 1962, Master of Law

**Committees**
– Investment, Mergers & Acquisitions (Chair)

**Professional background**
– Wolters Kluwer, Managing Director Legal & Regulatory Division (2011–2015)
– LexisNexis Business Information Solutions, CEO (2007–2011)
– Capgemini Engineering, various management roles (2000–2007)

**Key posts**
– Royal BAM Group NV (Netherlands), Member of the Board of Directors
– Sanoma Corporation (Finland), Member of the Board of Directors
– Enterprise Chamber of the Amsterdam Court of Appeal (Netherlands), lay judge/expert
– Swiss Data Alliance, Member of the Expert Committee
– Cicor Technologies Ltd., Member of the Board of Directors
– NORMA Group SE (Germany), Member of the Supervisory Board

## Corrado Pardini

Member of the Board of Directors, human resources representative, member since 2020
Switzerland/Italy, 1965, former National Councillor, degree in NPO Management, University of Fribourg

**Committees**
– Investment, Mergers & Acquisitions

**Professional background**
– pardini consulting gmbh, Self-Employed Management Consultant (since 2020)
– Labour Court of the Canton of Bern, specialist judge (since 2000)
– National Council: Committee for Economic Affairs and Taxes (CEAT), Committee for Legal Affairs (CLAG), Committee for Science, Education and Culture (CSEC) (2011–2019)
– Swiss Trade Union Federation (SGB), Member of the Presidential Committee (2014–2020)
– Unia, Member of the Management Board and Head of Industry Sector (National Head of Pharmaceutical and Chemical Industry, Regional Secretary for Biel-Seeland, Canton of Solothurn) (1997–2020)
– Foundation Board of the pension funds for the carpentry industry (2005–2016)
– Member of the Cantonal Parliament, Canton of Bern (2002–2011)

**Key posts**
– Tripartite Commission for matters arising from the International Labour Organization (ILO), Member of the Extraparliamentary Committee of the Swiss Confederation
– Suva Council, Member
– Volkshaus AG Bern, Chair of the Board of Directors
– Freienhof Thun AG, Chair of the Board of Directors
– Employment Market Inspectorate Bern, Chair of the Board
– Trade Union Federation for the Canton of Bern, Chair of the Executive Board
– syndicom Central Secretariat, Advisor, Chair

**Dirk Reich**

Board of Directors, member since 2021
Germany/Switzerland, 1963, business administration graduate, WHU – Otto Beisheim School of Management

**Committees**
– Investment, Mergers & Acquisitions

**Professional background**
– Cargolux Airlines International S.A. (Luxembourg), Chairman and CEO (2014–2016)
– Kühne + Nagel International AG, Member of the Management Board (1994–2013)
– VIAG AG, Head of Investment Controlling, Transport and Logistics (1993–1994)
– German Cargo Services GmbH, Route Manager, America & West Africa (1986–1992)

**Key posts**
– Det Forenede Dampskibs-Selskab (DFDS) A.S., Member of the Board of Directors (Non-Executive Director)
– InstaFreight GmbH, Chair of the Supervisory Board (departure 2023)
– SkyCell AG, Member of the Board of Directors (departure 2023)
– Log-hub Ltd, Chair of the Board of Directors

**Maria Teresa Vacalli**

Member of the Board of Directors, since 2022
Switzerland, 1971, degree in operational and production engineering, Federal Institute of Technology Zurich

**Committees**
– Audit, Risk & Compliance
– Audit, Risk & Compliance (expert committee for PostFinance themes)

**Professional background**
– Bank Cler, CEO (2019–2022)
– Basler Kantonalbank, Chief Digital Officer (2018–2019)
– Moneyhouse AG, NZZ Mediengruppe, CEO (2016–2018)
– Sunrise Communications AG, Executive Director, Wholesale (2013–2016), Director in various departments (2008–2013)
– Cablecom GmbH, Director (2002–2008)
– GCI Consulting, Manager & Head of Business Process Design (2001–2002)
– Ernst & Young, Center of eBusiness Innovation (CBI), Manager (2001)
– Seavantage AG, Partner, Co-Founder and Owner (2000–2001)
– PwC, Manager (1998–2000)

**Key posts**
– PostFinance Ltd, Chair of the Organisation, Nomination & Remuneration Committee and Member of the IT & Digitization Committee
– Burckhardt Compression Holding AG, Member of the Board of Directors
– Kontivia AG, Member of the Advisory Board
– Kardex Holding Ltd (Member of the Board of Directors)

**Antonia Wanner**

Member of the Board of Directors, since 2023
Germany, 1967, Dr jur., University of Bonn

**Committees**
– People, Sustainability & Governance (Chair)

**Professional background**
– Nestlé Group, Vevey, Head of ESG Strategy & Deployment (2020), Chief Procurement Officer (2017), Head of Commodity Procurement Nestlé (2013)
– Nestlé Germany, Frankfurt, Head of Sustainability (2012), Head of Sales Services (2010)
– Nestlé Group, Vevey, Head of Procurement Excellence (2006)
– Nestlé Germany, Frankfurt, Head of Procurement (2003)
– Nestlé Germany, Nestlé Europe, Packaging Procurement Manager (2000)
– Nestlé Germany, Frankfurt, Legal Advisor (1996)

**Key posts**
– Nestlé Deutschland AG, Member of the Supervisory Board

**Roger Schoch**

General Secretary, member since 2018
Switzerland, 1971, Lawyer, Executive M.B.L. HSG

**Professional background**
- Alpiq Holding Ltd, General Secretary of the Board of Directors (2013–2018)
- Swiss federal railways SFR Ltd, Secretary to the Board of Directors/Vice General Counsel (2003–2012); Secretary to the Board of Directors/Chief Compliance Officer (2012–2013)

**Key posts**
- None

## Changes in the year under review and after the reporting period

Antonia Wanner was elected to the Board of Directors during the Ordinary General Meeting in May 2023. She succeeded Nadja Lang, who decided in 2022 not to stand for re-election.

## Election and term of office

The Federal Council elects the Chairman of the Board of Directors and the other members of the Board of Directors for a period of two years. Re-election is possible. All members of the Board are subject to a 12-year limit for terms of office and an age limit of 70 years.

In accordance with the Postal Services Organization Act, employees have the right to appropriate representation on the Board of Directors. In 2023, this employee representation was provided by Ronny Kaufmann and Corrado Pardini.

## Role and internal organization

As part of the Federal Council's strategic goals, the Board of Directors is responsible for the overall management and supervision of the persons entrusted with management. It defines company and business policy, medium- and long-term Group objectives and the means required to achieve those goals. Its remit includes authorizing the basic structure of the Group, the principles for financial controlling for the Group, strategic financial planning, reports to the owner, OFCOM and PostCom, and large and strategic projects. It also determines Swiss Post's owner strategy for PostFinance and appoints Swiss Post's representatives on PostFinance Ltd's Board of Directors. In addition, the Board of Directors appoints the members of Executive Management and approves the collective employment contracts and remuneration for the members of Executive Management. In the year under review, the Board of Directors met a total of 12 times (i.e. 11 ordinary day-long sessions and one extraordinary meeting). The meetings took place either in person or via video conference. The CEO and Head of Finance attend Board meetings in an advisory capacity.

The Chairman maintains good relations with the owner and coordinates matters of major importance, particularly with regard to exchanges with the Chairman of the Board of PostFinance Ltd. The Chairman chairs the meetings of the Board of Directors and represents the body externally.

The Board of Directors attaches great importance to its continual development. Training to gain a greater understanding of certain topics is provided twice a year by external experts. These training sessions generally take two days. After the appointment of a new member of the Board of Directors, various introductory events related to the position are held in preparation for the new role. The members of the Board of Directors also take part in Swiss Post's annual management event. In addition, they regularly undertake training on compliance, which must be completed with a test. This training also addresses the issue of conflicts of interest and raises awareness among Board members of how to manage conflicts of this nature. The Board of Directors undertakes annual self-evaluation, which, in addition to the body itself, also covers the work of the individual Board of Directors’ Committees. Relevant measures are determined based on the insights gained. An internal body conducts an annual review of the mandates reported by the members of the Board of Directors by self-declaration to ensure that they are up to date and compiles a general overview. This general overview of the mandates of the members of the Board of Directors is submitted to the Board of Directors’ People, Sustainability & Governance Committee for information.

## Board of Directors’ Committees

The Board of Directors establishes a standing committee for each of the following areas of responsibility: Audit, Risk & Compliance, Investment, Mergers & Acquisitions and People, Sustainability & Governance. The latter of these replaces the Organisation, Nomination & Remuneration Committee and is additionally responsible for sustainability issues, which were previously handled directly by the Board of Directors. In addition, the Board of Directors may appoint non-standing committees at any time. As a rule, the committees consist of three to four members of the Board of Directors who have relevant experience in the area of responsibility in question. The role of the committees is to advise the Board of Directors, prepare business for the Board and implement Board resolutions where necessary. To a limited extent, the committees also have decision-making authority.

### Board of Directors’ Audit, Risk & Compliance Committee

The Board of Directors’ Audit, Risk & Compliance Committee assists the Board in, among other things, the supervision of the accounts and financial reporting operations. It also supports the Board of Directors in the supervision of risk management and assesses Swiss Post’s risk control at regular intervals. The committee is responsible for the creation and development of appropriate internal supervisory structures and ensures compliance with legal provisions (Compliance). It checks the findings and recommendations of Group Audit and the external audit teams and submits corresponding proposals to the Board as appropriate. The committee met eight times during the year under review (seven ordinary day-long sessions and one extraordinary meeting). The CEO, the Head of Finance and the Head of Group Audit attend the meetings.

### Board of Directors’ Audit, Risk & Compliance Committee (expert committee for PostFinance-related matters)

The Board of Directors’ Audit, Risk & Compliance Committee (BoD ARCC) is an expert committee for PostFinance-related matters that was set up in 2022 to deal with issues on behalf of the Swiss Post Board of Directors. These issues are based either on proposals presented by PostFinance Ltd’s Board of Directors to the PostFinance Ltd General Meeting or on proposals from Group bodies. The BoD ARCC (expert committee for PostFinance-related matters) prepares the decision-making on these matters in the Swiss Post Board of Directors and provides recommendations on them. The committee addresses PostFinance’s strategic challenges and supports strategy implementation. The BoD ARCC (expert committee for PostFinance-related matters) met seven times during the year under review. In addition to the members of the BoD ARCC, the representatives of the PostFinance Ltd Board of Directors as mandated by the parent company take part in meetings (Alex Glanzmann, Giulia Fitzpatrick and Maria Teresa Vacalli participate alongside Bernadette Koch). The CEO also takes part in the meetings.

### Board of Directors’ Investment, Mergers & Acquisitions Committee

The Board of Directors’ Investment, Mergers & Acquisitions Committee deals with M&A strategy, strategic alliances and major investment. It identifies and assesses opportunities for participations, mergers and acquisitions. In addition, it oversees the formation, liquidation and sale of subsidiaries, associates and interests. The committee met 13 times during the year under review (six ordinary day-long sessions and seven extraordinary meetings). In 2023, the committee addressed various innovative, long-term projects at Swiss Post on forward-looking topics within the above framework. The CEO, Head of Finance and Head of F Mergers & Acquisitions attend the meetings.

### Board of Directors’ People, Sustainability & Governance Committee (previously Organisation, Nomination & Remuneration)

The Board of Directors’ People, Sustainability & Governance Committee (BoD PSGC) met nine times during the year under review (six ordinary day-long sessions and three extraordinary meetings). It has a pre-advisory role vis-à-vis the Board of Directors as a whole with regard to appointing and removing the members of Executive Management and deciding their remuneration. It also approves the negotiating mandate for the annual round of pay negotiations with the employee associations. It prepares all strategic organizational decisions for the Board of Directors, evaluates the size and composition of the Board of Directors and identifies and nominates new Board members. In addition, the committee reviews the independence rules for members of the Board of Directors on an annual basis. As the preliminary advisory body, the BoD PSGC analyses corporate responsibility issues and makes recommendations. The CEO and the Head of Human Resources attend the meetings.

## Independence

None of the members of the Board of Directors has any business relationships with Swiss Post or its subsidiaries, nor have they been involved in an executive capacity in the companies of Swiss Post in the past four years.

There is no contractually agreed reciprocal occupation of seats on boards between Swiss Post and any other commercial company.

# Information and supervisory tools

## Reporting

The Board of Directors receives monthly reports on the financial situation of the Group and its individual operating units. The financial and non-financial key figures relevant to management and the drivers of the current development are compared with the previous year, planning and expectations for the current year and analysed.

In addition, the Board of Directors receives quarterly reports from the Board of Directors’ Investment, Mergers & Acquisitions Committee about the investments of the Group and the individual operational units. This also includes effectiveness monitoring of the strategic measures and participations used to implement the strategic investment goals.

The Chairman of the Board of Directors receives Executive Management meeting minutes. The Board of Directors receives reports from Risk Management (see pages 51 to 55 and 150 to 159), Compliance, Treasury & Taxes, Communication and Group Audit. At each Board of Directors meeting, the CEO and the Head of Finance provide information on the company’s current business situation.

## Risk management

Swiss Post operates a risk management system in line with COSO ERM (Committee of Sponsoring Organizations of the Treadway Commission Enterprise Risk Management) and the ISO standard 31000:2018 (see pages 51 to 55).

## Internal control system

As part of its risk management, Swiss Post has an internal control system (ICS) which uses appropriate key controls to promptly identify and evaluate the financial processes and bookkeeping and accounting risks. The Board of Directors receives a report on the progress of the ICS once a year.

## Compliance

Swiss Post operates a compliance management system (CMS) based on the ISO standard 37301:2021. The CMS is continually adapted to new requirements and circumstances. CMS will be developed as part of a project from 2024 to continue achieving the defined level of ambition.

Swiss Post's CMS takes appropriate account of the strategy, concrete business activities and the risks these entail. In addition, Swiss Post promotes a culture in which all parties conduct themselves ethically and lawfully.

## Group Audit

Group Audit monitors compliance with internal and external directives, the efficiency and effectiveness of risk management, controls and governance and monitoring processes. This also includes IT processes and project management. It submits ongoing reports to the Board of Directors' Audit, Risk & Compliance Committee and an annual report to the whole Board of Directors. Group Audit works in accordance with international standards and adheres to principles relating to integrity, objectivity, confidentiality, technical expertise and quality assurance. To guarantee maximum independence, Group Audit is a separate organizational unit which reports to the Board of Directors.

# Executive Management

## Composition as at 31 December 2023

The CEO and the other seven members of Executive Management are elected by the Board of Directors. Each is responsible for the operational management of the unit assigned to them. The CEO represents Executive Management to the Board of Directors.

The Chief Executive Officer of PostFinance Ltd participates in Executive Management meetings as an observer.

## Education, professional activities and interests

The following section sets out the most important information on the education, professional background and key posts of each of the members of Executive Management. Before accepting a new post outside the Group, the members of Executive Management are obliged to consult the Chairman of the Board of Directors. These posts are reviewed to ensure compatibility with the post held at Swiss Post. In the event of new private posts held by members of Executive Management, an internal unit prepares a written report on potential conflicts of interest for the attention of the authorizing body. The Chairman of the Board of Directors decides whether the new post held by the Member of Executive Management is compatible with the Executive Management function. Private posts held by newly appointed Executive Management members are also assessed for conflicts of interest by an internal body. A written report is drawn up for the appointment committee.

Each member of Executive Management must organize their personal and business relationships in such a way as to avoid, as far as possible, conflicts of interest. A conflict of interest arises if business activities are conducted which affect their own interests or those of close natural persons or legal entities. If a conflict of interest arises, the Member of Executive Management concerned notifies the CEO or the CEO notifies the Chairman of the Board of Directors. Every member of Executive Management is obliged to abstain from voting in the event of a conflict of interest. Executive Management makes decisions while the Member of Executive Management concerned abstains.

After the CEO, the other members of Executive Management are listed in alphabetical order. The list concludes with the CEO of PostFinance Ltd.

**Roberto Cirillo**

CEO, member since 2019
Switzerland/Italy, 1971, ETH graduate in mechanical engineering, Advanced Management Program, Columbia Business School, New York, USA

**Professional background**
- Optegra Eye Health Care (United Kingdom), Group CEO (2014–2018)
- Sodexo Group (France), CEO France, COO, various management positions (2007–2014)
- McKinsey & Company (Zurich and Amsterdam), Associate Principal (1999–2007)
- ETH Zurich, Researcher and Lecturer (1995–1999)

**Key posts**
- Croda International Plc (United Kingdom), Board of Directors, Non-Executive Director

**Thomas Baur**

Head of PostalNetwork, member since 2016, Deputy CEO since 2021
Switzerland, 1964, MBA ETH in Supply Chain Management

**Professional background**
- PostBus Ltd, Interim Head of PostBus Ltd (2018)
- Swiss Post Ltd, PostMail, Head of Delivery (2005–2016); Head of Logistics (2001–2005); Head of Business Development for ExpressPost (1994–2001)
- PTT, Electronic Data Center, Balico Project Manager (Construction & Real Estate) (1992–1994); Head of Quality Assurance (1989–1990); Programmer/Analyst (1983–1988)

**Key posts**
- None

**Nicole Burth**

Head of Communication Services, member since 2021
Switzerland, 1972, MA in Economics, University of Zurich; Global Leadership Program, IESE Business School

**Professional background**
- The Adecco Group, Head of Austria, Luxembourg, Belgium, Switzerland; CEO The Adecco Group Switzerland; Head of EMEA Pontoon Solutions; CFO Pontoon Solutions; The Adecco Group, Head of M&A; The Adecco Group Germany, Business Executive; The Adecco Group, Head of Investor Relations & Special Projects (2005–2020)
- Lombard Odier Darier Hentsch, Head of Technology & Business Service Equity Research (2002–2005)
- Deutsche Bank (Switzerland) Ltd, Equity Research Analyst (2000–2002)
- UBS Switzerland & UK, Junior Equity Research Analyst (1998–2000)

**Key posts**
- Advance, Member of Executive Board
- Ascom Holding AG, Board Member and Chair of the Compensation & Nomination Committee

**Johannes Cramer**

Head of Logistics Services, member since 2021
Germany, 1981, Dr rer. pol. Friedrich–Alexander University Erlangen–Nürnberg

**Professional background**
- Digitec Galaxus Ltd, COO (logistics, branch operations, customer service and B2B service, after-sales services) (2015–2020)
- Petobel GmbH, Co-Founder and Co-CEO (purchasing, logistics, finance, business development, content development) (2013–2014)
- McKinsey & Company, Engagement Manager (portfolio management, post-merger integration, strategy development, store operations) (2007–2013)

**Key posts**
- None

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## Wolfgang Eger

Head of Informatics/Technology, since 2022
Germany, 1966, degree in IT, University of Karlsruhe; Leadership & Organizational Change Program, Harvard Business School, Boston

**Professional background**
– Swisscom IT Services Ltd, Swisscom Ltd, Head of Operations; Head of Outsourcing Services; Head of System Integration; Head of Risk and Quality Management; Head of Bid & Product Management (2003–2019)
– EDS Information Business GmbH, Zurich, Client Executive Representative Mega Deals, EMEA; Atraxis AG, Zurich, VP Network, Finance & Flight Operations; VP eBusiness Solutions (2001–2003)
– TTI Consult GmbH, Frankfurt, Managing Consultant (1999–2000)
– McKinsey & Co. Inc., Zurich, Associate Business Technology Office (1998–1998)
– Atraxis AG, Zurich, General Project Manager; Head of Warehouse Competence Center (1996–1997)
– Lufthansa Systems AG, Frankfurt, Project Manager; SW Engineer (1991–1996)

**Key posts**
– None

## Alex Glanzmann

Head of Finance, member since 2016, Deputy CEO since 2021
Switzerland, 1970, lic. rer. pol. University of Bern, Executive MBA HSG in Business Engineering

**Professional background**
– Post CH Ltd, PostLogistics, Head of Finance (2010–2016); Head of Central Distribution Zone (2008–2010); Head of Strategic Projects & Business Controlling for the Goods Logistics unit (2006–2008); Project Portfolio Manager for the Goods Logistics unit (2005–2006)
– BDO Visura, Head of Management & HRM advisory unit and Vice-Director (2004–2005); Chief Management Consultant (1999–2004)
– Office for Information Technology and Organization at the Canton of Solothurn, Research Assistant (1998–1999)

**Key posts**
– PostFinance Ltd, Member of the Board of Directors, Member of the Risk and Organisation, Nomination & Remuneration Committees
– Swiss Post pension fund (Chairman of the Foundation Board)

## Christian Plüss

Head of Mobility Services, member since 2018
Switzerland, 1962, Dr sc. ETH Zurich

**Professional background**
– Alpiq Ltd, Head of Hydro Power Generation (2014–2018)
– MeteoSchweiz, Director (2011–2014)
– Erdgas Ostschweiz AG, CEO (2005–2011)
– SBB AG, Head of Offer Management (2002–2005)
– Cap Gemini SA, Managing Consultant (2000–2002)

**Key posts**
– Swiss Association of Public Transport (APT), cooperative, Member of the Committee
– LITRA (Ligue suisse pour l'organisation rationnelle du trafic), Member of the Management Committee
– Alliance SwissPass, Vice-President of the Strategy Council (departure 2023)
– Swiss Association for Technical Inspections (SVTI), Member of the Board of Directors
– Swiss Safety Center AG, Board of Directors

**Valérie Schelker**

Head of Human Resources, member since 2017
Switzerland, 1972, lic. rer. pol. University of Bern, CAS "Certified Strategy Professional" certificate programme at St. Gallen University

**Professional background**
- PostFinance Ltd, Head of Working Environment and Member of the Executive Board (2014–2017); Head of HR Strategy, Management and Organizational Development (2009–2014); Head of HR Consulting, IT and Finance (2007–2009), Data Analysis and Market Research Employee in Corporate Development (2001–2007)

**Key posts**
- Swiss Employers' Association, Member of the Board
- Swiss Post pension fund (Member of the Foundation Board)

**Hansruedi Köng**

CEO of PostFinance Ltd[1], member since 2012
Switzerland, 1966, lic. rer. pol. University of Bern, Business Administration and Economics, Advanced Executive Program, Swiss Finance Institute

**Professional background**
- PostFinance Ltd, Head of Treasury (2003–2006); Head of Finance (2007–2011)
- BVgroup Bern, Deputy Managing Director (2001–2003)
- PricewaterhouseCoopers Ltd, Senior Manager (1999–2001)
- Basler Kantonalbank, Member of Executive Management (1996–1999)
- Schweizerische Volksbank, Head of Asset & Liability Management (1992–1995)

**Key posts**
- Yuh Ltd, Vice-Chair of the Board of Directors
- Handels- und Industrieverein des Kantons Bern (Member of the Cantonal Board)

1 As CEO of PostFinance Ltd, Hansruedi Köng is not a Member of Executive Management, but attends Executive Management meetings as an observer.

## Changes in the year under review and after the reporting period

Hansruedi Köng, CEO of PostFinance, announced on 6 March 2023 that he will step down from his position of his own volition at the end of February 2024. Beat Röthlisberger was appointed the new CEO of PostFinance and will take up his position on 1 July 2024. Kurt Fuchs, CFO of PostFinance, will take over management responsibility in the interim.

## Management contracts

There are no management contracts with companies or natural persons outside the Group.

# Compensation and remuneration

## Policy

Corporate risk, scope of responsibility and its strategic importance and the Confederation's Ordinance on Executive Pay are taken into account by the Board of Directors when determining the remuneration due to members of Executive Management. The variable remuneration component rewards sustainable conduct and behaviour on the part of management in line with the strategy applicable to Swiss Post and its associated organizations, enabling managers to share in the company's success.

The Board of Directors has regulated the remuneration and fringe benefits for its members in the remuneration and expenses regulations of the Board of Directors of Swiss Post Ltd.

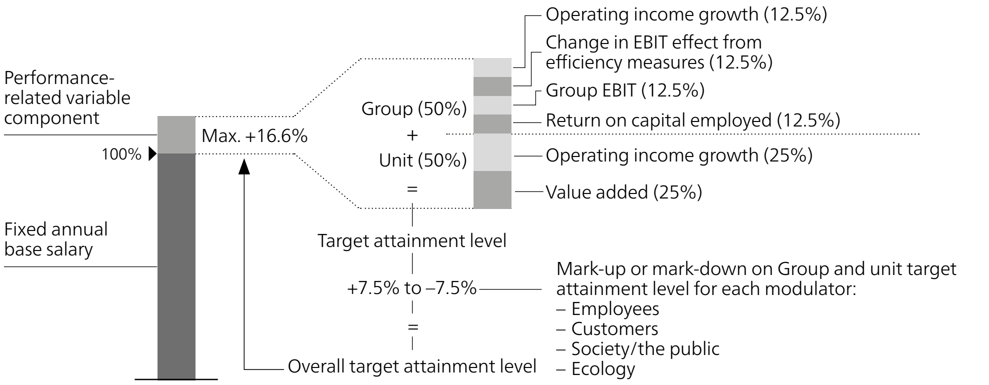
## Determination

Remuneration for the CEO and members of Executive Management is comprised of a fixed annual base salary and a variable performance-related component. This may be a maximum of 16.6 percent of the gross annual base salary and is paid annually. Every year, the Board of Directors sets quantitative targets, taking account of additional qualitative figures, with a focus on the Group and taking into account the activities of the units. Target achievement is assessed by the Board of Directors and is identical for all management levels. In addition to the objectives at the level of the Group as a whole, the Board of Directors decides each year whether targets should be set for individual units or subsidiaries and what emphasis they are to be given. It may delegate the setting of unit goals, their weighting and their assessment to the CEO. At PostFinance Ltd, the PostFinance Ltd Board of Directors sets the annual quantitative and qualitative goals. The personal performance of employees is not taken directly into account.

For the period 2023, the Board of Directors defined the following targets at Group level: growth in operating income, change in EBIT effect from efficiency measures, EBIT and return on capital employed (each weighted at 12.5 percent). As a rule, the benchmarks for unit level are third-party operating income growth and value added (each weighted at 25 percent). In the determination of overall target achievement, additional qualitative supplementary values (so-called modulators) are taken into account, with consideration given to the following aspects: employees, customers, society/the public and ecology. Depending on the assessment of the various factors, overall target achievement can be marked up or marked down for each modulator. Both mark-ups and mark-downs can amount to a maximum of 7.5 percent for each modulator. In all cases, however, overall target achievement may be a maximum of 100 percent.

The performance-related variable salary component is a maximum of 16.6 percent of the fixed annual base salary

**Executive Management | Breakdown of remuneration**
2023




Members of Executive Management also receive a first-class GA Travelcard or a company car, a mobile phone and a monthly expense account. Individual bonuses may be paid to reward special personal contributions.

Neither the members of Executive Management nor persons closely linked to them received any additional fees, remuneration, guarantees, advances, credits, loans or benefits in kind during the financial year.

The fixed base annual salary and the performance-based variable salary component of members of Executive Management are insured in accordance with the OPA: salary elements up to 352,800 francs are insured with the Swiss Post Group pension fund; salary elements above the maximum salary insured with the Swiss Post pension fund are insured with an external management insurance scheme. The retirement provision with the pension fund and the management insurance scheme is based on a defined contribution plan. The employer makes a disproportionally high contribution (around 60 percent) for employee benefits. Employment contracts are based on the Swiss Code of Obligations. The notice period for members of Executive Management is six months. No agreements exist regarding possible severance payments.

# Level of compensation and remuneration

## Remuneration paid to members of the Board of Directors

In 2023, the nine members of the Board of Directors (including the Chair) received remuneration (fees and fringe benefits) totalling 971,340 francs. The fringe benefits totalling 84,170 francs are shown in the total remuneration. Employer contributions to mandatory social insurance stood at 69,008 francs, while employer contributions to ordinary employee benefits for Board of Directors members insured by Swiss Post amounted to 34,864 francs. In 2023, the Chairman of the Board's fee totalled 225,000 francs (including employer contribution to employee benefits). The fringe benefits amounted to 28,170 francs.

The upper limit for total remuneration of 1,145,395 francs (including employer contributions to social insurance and employee benefits), which was determined by the General Meeting, was respected.

**Remuneration paid to members of the Board of Directors**

| CHF | 2023 |
|---|---|
| **Chairman of the Board of Directors (1)** | |
| Fees | 203,158 |
| Fringe benefits | 28,170 |
| Expenses and representation allowances | 22,500 |
| First-class GA Travelcard | 5,670 |
| **Fees and fringe benefits** | **231,328** |
| Employer contribution to social insurance | 15,075 |
| Employer contribution to employee benefits | 21,842 |
| **Employer contributions to social insurance and employee benefits[1]** | **36,917** |
| **Total remuneration** | **268,245** |
| **Other members of the Board of Directors (8)[2]** | |
| Fees | 684,012 |
| Base remuneration | 595,812 |
| Remuneration for committees | 88,200 |
| Fringe benefits | 56,000 |
| Expenses and representation allowances | 56,000 |
| First-class GA Travelcard | – |
| **Fees and fringe benefits** | **740,012** |
| Employer contribution to social insurance | 53,933 |
| Employer contribution to employee benefits | 13,022 |
| **Employer contributions to social insurance and employee benefits[1]** | **66,955** |
| **Total remuneration** | **806,967** |
| **Entire Board of Directors (9)** | |
| Fees | 887,170 |
| Fringe benefits | 84,170 |
| **Fees and fringe benefits** | **971,340** |
| Employer contribution to social insurance | 69,008 |
| Employer contribution to employee benefits | 34,864 |
| **Employer contributions to social insurance and employee benefits** | **103,872** |
| **Total remuneration** | **1,075,212** |

1 Swiss Post now indicates the fees, including employer contributions to social insurance and employee benefits, in its Annual Report (in line with the Confederation's management salaries reporting www.epa.admin.ch/epa/de/home/themen/lohnsystem.html, available in German). This means a comparison cannot be made with the previous year in the Annual Report.
2 Eight members in total. In 2023, one member left the Board and one joined.

## Remuneration paid to Executive Management

The members of Executive Management who were paid during the year under review and the CEO received remuneration totalling 4,859,394 francs in 2023. The fringe benefits totalling 210,217 francs are shown in the total remuneration. The performance-related variable salary component calculated for the members of Executive Management (including the CEO) for the period 2023, which is based on attainment of targets in 2022 and 2023, amounts to 612,878 francs. Employer contributions towards mandatory social insurance amounted to 346,464 francs. Employer contributions towards mandatory employee benefits amounted to 834,858 francs. A decision regarding the approval (entitlement and calculation) of the performance-related component for the former CEO and former Head of PostBus, who left the company in 2018, will not be reached until the investigations into the subsidy law breaches in the regional passenger transport segment have been completed.

The fixed annual base salary of the CEO totalled 678,726 francs. The additional calculated performance-related variable salary component for the period 2023 amounts to 112,669 francs.

The upper limit of 6,111,905 francs for the total remuneration amount (including employer contributions to social insurance and employee benefits), which was determined by the General Meeting, was respected.

**Remuneration paid to Executive Management**

| CHF | 2023 |
|---|---|
| **CEO** | |
| Fixed annual base salary | 678,726 |
| Performance-related variable salary component (reference period 2023)[1] | 112,669 |
| Fringe benefits | 33,246 |
| Expenses and representation allowances[2] | 24,000 |
| Additional fringe benefits[3] | 9,246 |
| Additional payments[4] | – |
| **Remuneration** | **824,641** |
| Employer contribution to social insurance | 57,145 |
| Employer contribution to employee benefits | 154,396 |
| **Employer contributions to social insurance and employee benefits[5]** | **211,541** |
| **Total remuneration** | **1,036,182** |
| **Other members of Executive Management (7)** | |
| Fixed annual base salary | 3 357,573 |
| Performance-related variable salary component (reference period 2023)[1] | 500,209 |
| Fringe benefits | 176,971 |
| Expenses and representation allowances[2] | 105,000 |
| Additional fringe benefits[3] | 71,971 |
| Additional payments[4] | – |
| **Remuneration** | **4,034,753** |
| Employer contribution to social insurance | 289,319 |
| Employer contribution to employee benefits | 680,462 |
| **Employer contributions to social insurance and employee benefits[5]** | **969,781** |
| **Total remuneration** | **5,004,534** |
| **All members of Executive Management (8)** | |
| Fixed annual base salary and performance-related variable salary component[1] | 4,649,177 |
| Fringe benefits[2, 3] | 210,217 |
| **Remuneration** | **4,859,394** |
| Employer contribution to social insurance | 346,464 |
| Employer contribution to employee benefits | 834,858 |
| **Employer contributions to social insurance and employee benefits[5]** | **1,181,322** |
| **Total remuneration** | **6,040,716** |

1 For this period, the performance-related components generated in the current year under review are reported.
2 The expenses regulation for Executive Management was amended on 1 January 2023. The expenses allowance is lower than in the previous year and was incorporated into the base salary on a pro-rata basis.
3 Other fringe benefits include: first-class GA Travelcard or company car, mobile phone and top bonuses.
4 No agreements exist regarding possible severance payments.
5 Swiss Post now indicates the fees, including employer contributions to social insurance and employee benefits, in its Annual Report (in line with the Confederation's management salaries reporting www.epa.admin.ch/epa/de/home/themen/lohnsystem.html, available in German). This means a comparison cannot be made with the previous year in the Annual Report.

# Auditor

The statutory auditors are appointed annually by the General Meeting. Since 16 April 2019, Ernst & Young Ltd has been responsible for auditing at Swiss Post Ltd and the majority of its subsidiaries.

The fee agreed upon for the 2023 audit and the fees for services provided in the financial year 2023 total 3.2 million francs.

# Information policy

A report on strategic goals and a report on staff are submitted to the owner annually (see page 58). PostCom also receives a regulatory report on the universal service for postal services, and OFCOM is issued with a report on the universal service for payment transactions. Swiss Post additionally submits its Annual Report to the owner for approval. Ongoing discussions on key areas of business are held during regular Postrapport meetings between Confederation representatives and Swiss Post bodies.

# Group annual financial statements

The consolidated annual financial statements include all of Swiss Post's subsidiaries. They have been prepared in accordance with IFRS Accounting Standards and meet the requirements of the Postal Services Organization Act.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# Consolidated income statement

**Group | Income statement**

| CHF million | Notes | 2022 | 2023 |
| --- | --- | --- | --- |
| **Continuing operations** | | | |
| Revenue | 7 | 6,655 | 7,072 |
| of which interest income as per effective interest method | | 283 | 374 |
| Other operating income | 9 | 204 | 207 |
| **Total operating income** | 7, 8 | **6,859** | **7,279** |
| Personnel expenses | 10, 11 | −3,496 | −3,516 |
| Resale merchandise and service expenses | 12 | −1,490 | −1,469 |
| Expenses for financial services | 8 | −161 | −554 |
| Depreciation and impairment | 22–25 | −467 | −457 |
| Other operating expenses | 13 | −887 | −960 |
| **Total operating expenses** | | **−6,501** | **−6,956** |
| **Operating profit** | 6 | **358** | **323** |
| Financial income | 14 | 64 | 71 |
| Financial expenses | 15 | −66 | −71 |
| Net income from associates and joint ventures | 16 | −1 | −4 |
| **Group profit before tax from continuing operations** | | **355** | **319** |
| Income taxes | 17 | −88 | −65 |
| **Group profit from continuing operations** | | **267** | **254** |
| **Discontinued operations** | | | |
| Group profit from discontinued operations | 18 | 28 | – |
| **Group profit** | | **295** | **254** |
| Group profit attributable to | | | |
| Swiss Confederation (owner) | | 306 | 260 |
| Non-controlling interests | | −11 | −6 |

# Consolidated statement of comprehensive income

**Group | Statement of comprehensive income**

| CHF million | Notes | 2022 | 2023 |
|---|---|---|---|
| **Group profit** | | **295** | **254** |
| **Other comprehensive income** | | | |
| Revaluation of employee benefit obligations and employee benefit assets | 11 | 1,313 | –138 |
| Change in unrealized gains/losses from fair value reserves in equity instruments FVTOCI | | –56 | 38 |
| Change in share of other comprehensive income from associates and joint ventures | 16 | 1 | 0 |
| Change in income taxes | 17 | –202 | 16 |
| **Items not reclassifiable in the consolidated income statement, after tax** | 27 | **1,056** | **–84** |
| Change in currency translation reserves | | 42 | –9 |
| Change in share of other comprehensive income from associates and joint ventures | 16 | –4 | –2 |
| Change in unrealized gains/losses from fair value reserves in debt instruments FVTOCI | | –567 | 232 |
| Unrealized gains/losses from cash flow hedges | | 373 | 427 |
| Realized gains/losses from cash flow hedges reclassified to the income statement | | –181 | –371 |
| Change in income taxes | 17 | 74 | –52 |
| **Reclassifiable items in consolidated income statement, after tax** | 27 | **–263** | **225** |
| **Total other comprehensive income** | | **793** | **141** |
| **Total comprehensive income** | | **1,088** | **395** |
| Total comprehensive income attributable to | | | |
| Swiss Confederation (owner) | | 1,098 | 401 |
| Non-controlling interests | | –10 | –6 |

# Consolidated balance sheet

**Group | Balance sheet**

| CHF million | Notes | 31.12.2022 | 31.12.2023 |
|---|---|---|---|
| **Assets** | | | |
| Cash | 19 | 1,328 | 1,278 |
| Amounts due from banks | 19 | 39,100 | 27,515 |
| Interest-bearing amounts due from customers | 19 | 607 | 493 |
| Trade accounts receivable | 19 | 691 | 734 |
| Contract assets | | 339 | 238 |
| Other receivables | 19 | 851 | 814 |
| Inventories | 20 | 56 | 71 |
| Assets held for sale | 18 | 7 | 1 |
| Financial assets | 19 | 72,488 | 72,443 |
| Biological assets | 21 | – | 41 |
| Investments in associates and joint ventures | 16 | 45 | 55 |
| Property, plant and equipment | 22 | 2,299 | 2,467 |
| Investment property | 23 | 432 | 428 |
| Intangible assets and goodwill | 24 | 650 | 733 |
| Right-of-use assets | 25 | 757 | 819 |
| Employee benefit assets | 11 | 349 | 289 |
| Deferred income tax assets | 17 | 471 | 447 |
| **Total assets** | | **120,470** | **108,866** |
| **Liabilities** | | | |
| Customer deposits (PostFinance) | 19 | 89,994 | 89,121 |
| Other financial liabilities | 19 | 18,756 | 7,574 |
| Trade accounts payable | 19 | 281 | 302 |
| Contract liabilities | | 324 | 297 |
| Other liabilities | 19 | 706 | 750 |
| Current income tax liabilities | | 9 | 5 |
| Provisions | 26 | 228 | 217 |
| Employee benefit obligations | 11 | 11 | 20 |
| Deferred income tax liabilities | 17 | 277 | 325 |
| **Total liabilities** | | **110,586** | **98,611** |
| Share capital | | 1,300 | 1,300 |
| Capital reserves | | 2,215 | 2,215 |
| Retained earnings | | 4,487 | 4,708 |
| Gains and losses recorded directly in other comprehensive income | | 1,897 | 2,038 |
| **Equity attributable to the owner** | | **9,899** | **10,261** |
| Non-controlling interests | | –15 | –6 |
| **Total equity** | 27 | **9,884** | **10,255** |
| **Total equity and liabilities** | | **120,470** | **108,866** |

# Consolidated statement of changes in equity

**Group | Statement of changes in equity**

| CHF million | Notes | Share capital | Capital reserves | Retained earnings | Gains and losses recorded directly in other comprehensive income | Equity attributable to the owner | Non-controlling interests | Total |
|---|---|---|---|---|---|---|---|---|
| **Balance as at 1.1.2022** | | **1,300** | **2,229** | **4,287** | **1,106** | **8,922** | **–4** | **8,918** |
| Group profit | | | | 306 | | 306 | –11 | 295 |
| Other comprehensive income | 27 | | | | 792 | 792 | 1 | 793 |
| **Total comprehensive income** | | | | **306** | **792** | **1,098** | **–10** | **1,088** |
| Reclassification of actuarial gains | | | | 1 | –1 | – | – | – |
| Distributions | 27 | | –14 | –36 | | –50 | 0 | –50 |
| Changes from non-controlling interests | 5 | | | –1 | | –1 | 5 | 4 |
| Put options on non-controlling interests | 29 | | | –70 | | –70 | –6 | –76 |
| **Total transactions with the owner** | | | **–14** | **–106** | **–1** | **–121** | **–1** | **–122** |
| **Balance as at 31.12.2022** | | **1,300** | **2,215** | **4,487** | **1,897** | **9,899** | **–15** | **9,884** |
| **Balance as at 1.1.2023** | | **1,300** | **2,215** | **4,487** | **1,897** | **9,899** | **–15** | **9,884** |
| Group profit | | | | 260 | | 260 | –6 | 254 |
| Other comprehensive income | 27 | | | | 141 | 141 | 0 | 141 |
| **Total comprehensive income** | | | | **260** | **141** | **401** | **–6** | **395** |
| Distributions | 27 | | | –50 | | –50 | 0 | –50 |
| Changes from non-controlling interests | 5 | | | –9 | | –9 | 8 | –1 |
| Capital increase from non-controlling interests | | | | –9 | | –9 | 12 | 3 |
| Put options on non-controlling interests | 29 | | | 29 | | 29 | –5 | 24 |
| **Total transactions with the owner** | | | | **–39** | | **–39** | **15** | **–24** |
| **Balance as at 31.12.2023** | | **1,300** | **2,215** | **4,708** | **2,038** | **10,261** | **–6** | **10,255** |

# Consolidated cash flow statement

**Group | Cash flow statement**

| CHF million | Notes | 2022[1] | 2023 |
|---|---|---|---|
| Group profit before tax from continuing operations | | 355 | 319 |
| Group profit before tax from discontinued operations | 18 | 32 | – |
| Interest expense/income and dividends | | –497 | –529 |
| Depreciation and impairment | 22–25, 28 | 456 | 451 |
| Net income from associates and joint ventures | | 1 | 4 |
| Net gains on disposal of property, plant and equipment, and interests | 5, 9, 13–16 | –51 | –17 |
| Losses on the sale of financial assets | | 9 | 0 |
| Increase/(decrease) in provisions, net | | 4 | –82 |
| Currency translation differences, net | | 176 | 242 |
| Other non-cash expenses | | 1 | 2 |
| Change in net current assets: | | | |
| (Decrease)/increase in receivables, inventories and other assets | | –211 | 236 |
| Increase/(decrease) in accounts payable and other liabilities | | 35 | –8 |
| Items from financial services: | | | |
| Change in amounts due from banks (term of more than 3 months) | | –2,739 | 2,021 |
| Change in customer deposits (PostFinance)/interest-bearing amounts due from customers | | –3,806 | –756 |
| Change in other financial liabilities, derivatives | | –3,578 | –11,300 |
| Change in financial assets FVTPL including derivatives | | –212 | 713 |
| Acquisition of financial assets at amortized cost | | –11,229 | –12,197 |
| Disposal and reimbursement of financial assets at amortized cost | | 11,437 | 12,014 |
| Acquisition of financial assets FVTOCI | | –710 | –1,718 |
| Disposal and reimbursement of financial assets FVTOCI | | 1,146 | 1,305 |
| Interest and dividends received | | 577 | 868 |
| Interest paid | | –38 | –413 |
| Income taxes paid | | –20 | –38 |
| **Cash flow from operating activities** | | **–8,862** | **–8,883** |
| Purchases of biological assets | 21 | – | –37 |
| Purchases of property, plant and equipment | 22 | –323 | –375 |
| Purchases of investment property | 23 | –37 | –13 |
| Purchases of intangible assets (excl. goodwill) | 24 | –21 | –40 |
| Purchases of subsidiaries and parts of companies, net of cash proceeds | 5 | –95 | –123 |
| Purchases of associates and joint ventures | 16 | –2 | –17 |
| Purchases of other financial assets | | –108 | –423 |
| Proceeds from disposal of property, plant and equipment | 22 | 26 | 16 |
| Proceeds from disposal of investment property | 23 | – | 1 |
| Proceeds from disposal of intangible assets (excl. goodwill) | 24 | 0 | 5 |
| Proceeds from disposal of subsidiaries and parts of companies, net of cash proceeds | 5 | 206 | – |
| Proceeds from disposal of associates and joint ventures | 16 | 1 | – |
| Proceeds from disposal of other financial assets | | 56 | 954 |
| Dividends received (excl. financial services) | | 6 | 13 |
| Interest received (excl. financial services) | | 11 | 28 |
| **Cash flow from investing activities** | | **–280** | **–11** |

### Continued

| CHF million | Notes | 2022[1] | 2023 |
|---|---|---|---|
| Increase in other financial liabilities | 28 | 276 | 68 |
| Decrease in other financial liabilities | 28 | –643 | –141 |
| Interest paid (excl. financial services) | | –26 | –30 |
| Payment from capital increase of non-controlling interests | | – | 3 |
| Payment from purchase of non-controlling interests | | –2 | –15 |
| Distributions paid to the owner | 27 | –50 | –50 |
| **Cash flow from financing activities** | | **–445** | **–165** |
| Foreign exchange losses on cash and cash equivalents | | –2 | –1 |
| **Change in cash and cash equivalents** | | **–9,589** | **–9,060** |
| Cash and cash equivalents at the start of the reporting period | | 46,353 | 36,764[1] |
| **Cash and cash equivalents at the end of the reporting period** | | **36,764** | **27,704** |
| Cash and cash equivalents include: | | | |
| Cash | | 1,328 | 1,278 |
| Amounts due from banks with an original term of less than 3 months | | 35,436 | 26,426 |
| Cash and cash equivalents do not include: | | | |
| Amounts due from banks with an original term of more than 3 months | | 3,664 | 1,089 |

1 The figure has been adjusted (see Note 2.2, Accounting changes).

# Notes

## 1 | Business activities

Swiss Post Ltd is a company limited by shares subject to a special statutory regime with its head office at Wankdorfallee 4 in 3030 Bern (Switzerland) and is wholly owned by the Swiss Confederation. Swiss Post Ltd and its subsidiaries (hereinafter referred to as Swiss Post) provide logistics and financial services both in Switzerland and abroad (see Note 6, Segment information).

The 2023 consolidated annual financial statements were approved for publication on 11 March 2024 by the Board of Directors of Swiss Post Ltd and will be presented to the General Meeting of 30 April 2024 for approval.

## 2 | Basis of accounting

The consolidated annual financial statements comprise the annual financial statements of Swiss Post Ltd and its subsidiaries. They have been prepared in accordance with IFRS© Accounting Standards (hereinafter referred to as IFRSs) and also comply with the Postal Services Organization Act (PSOA).

The consolidated annual financial statements have been prepared under the historical cost convention. Exceptions to this rule are described in the accounting policies set out in the respective Notes. For instance, biological assets, derivative financial instruments and financial assets held for trading, designated at fair value and classified as FVTOCI, are recognized at fair value.

To take account of the characteristics of the financial services and their importance for Swiss Post, the result from financial services is shown separately in Note 8, Net income from financial services. Furthermore, the balance sheet is not broken down into current and non-current items, but structured according to descending liquidity. Financial income and expenses from financial services and the underlying cash flows are shown as operating income, expenses or cash flows. Financial income and expenses from other Group units are disclosed in the non-operating financial result (excluding financial services) and the relevant cash flows as investment or financing transactions.

Individual report figures are rounded for publication, while calculations are carried out using the non-rounded figures. Rounding differences may therefore occur.

## 2.1 | Revised and new IFRS Accounting Standards

No significant financial effects resulted from the supplements and revisions that took effect on 1 January 2023.

| Standard | Title | Valid from |
|---|---|---|
| IAS 1 | Disclosure of Accounting Policies | 1.1.2023 |
| IAS 8 | Definition of Accounting Estimates | 1.1.2023 |
| IAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction | 1.1.2023 |
| IFRS 17 | Insurance Contracts | 1.1.2023 |

An amendment to IAS 12 in connection with the introduction of global minimum taxation (International Tax Reform – Pillar Two Model Rules) was published on 23 May 2023 and is to be applied retrospectively. Swiss Post is applying the temporary obligatory exemption introduced with this amendment to its accounting for deferred taxes arising from implementation of the Pillar Two rules.

## 2.2 | Accounting changes

### Cash flows from money market instruments and receivables from PostFinance Ltd reverse repurchase transactions

In the fourth quarter of 2022, PostFinance Ltd acquired money market instruments with an original term to maturity of more than three months amounting to 2.7 billion francs. These items were erroneously allocated to amounts due from banks with an original term to maturity of less than three months. In the same period, a receivable due from reverse repurchase transactions with an original term to maturity of more than three months in the amount of 10 million francs was also allocated to receivables with an original term to maturity of less than three months. In the consolidated cash flow statement in the fourth quarter of 2022, these transactions were reported in cash and cash equivalents instead of in cash flow from operating activities. Prior-year figures have been adjusted accordingly.

The effects of the retroactive changes on the consolidated cash flow statement for the period from January to December 2022 are shown below.

**Group | Cash flow statement**
1.1 to 31.12.2022

| CHF million | Reported | | Adjustment | Adjusted |
|---|---|---|---|---|
| Items from financial services: | | | | |
| Change in amounts due from banks (term to maturity over three months) | – | ./. Cash flows from money market instruments and receivables from reverse repurchase transactions | – 2,739 | – 2,739 |
| Interest and dividends received | 582 | ./. Cash flow from money market instruments (interest effect) | –5 | 577 |
| **Cash flow from operating activities** | **–6,118** | | **–2,744** | **–8,862** |
| **Change in cash and cash equivalents** | **–6,845** | | **–2,744** | **–9,589** |
| **Cash and cash equivalents at end of reporting period** | **39,508** | | **–2,744** | **36,764** |
| Cash and cash equivalents include: | | | | |
| Amounts due from banks with an original term of less than 3 months | 38,180 | ./. Cash flows from money market instruments (including interest effect) and receivables from reverse repurchase transactions | –2,744 | 35,436 |
| Cash and cash equivalents do not include: | | | | |
| Amounts due from banks with an original term of more than 3 months | 920 | + Cash flows from money market instruments (including interest effect) and receivables from reverse repurchase transactions | 2,744 | 3,664 |

## Outlook

Certain new IFRSs or supplements thereto enter into force for financial years beginning on or after 1 January 2024:

| Standard | Title | Valid from |
|---|---|---|
| IAS 1 | Classification of Debt with Covenants as Current or Non-current | 1.1.2024 |
| IAS 7 / IFRS 7 | Supplier Finance Arrangements | 1.1.2024 |
| IFRS 16 | Lease Liability in a Sale and Leaseback | 1.1.2024 |

Swiss Post will not be applying the specified standards ahead of schedule. Hence, this consolidated financial reporting does not contain any further effects resulting from these changes. No significant financial effects are expected from the supplements and revisions planned for 1 January 2024.

# 3 | Consolidation methods

The consolidated annual financial statements of Swiss Post comprise Swiss Post Ltd and all the companies over which Swiss Post has direct or indirect control. Control means that Swiss Post is exposed to variable economic results as a result of its commitment to a company, or has rights in a company and is able to influence the latter's economic results through its decision-making power over it. Swiss Post has decision-making power if, on account of its rights in a company, it currently has the ability to determine the significant activities of the company, i.e. the activities that have a considerable impact on the latter's economic results. This is generally the case if Swiss Post holds over 50 percent of the voting rights or potentially exercisable voting rights, whether directly or indirectly. These companies are fully consolidated. The consolidated financial statements are based on the separate financial statements of Swiss Post Ltd and the subsidiaries, which are prepared in accordance with uniform principles as at a uniform reporting date.

All intra-Group receivables, liabilities, income and expenses from intra-Group transactions and unrealized intercompany profits are eliminated on consolidation. Non-controlling (minority) interests in the equity of consolidated companies are presented as a separate item within equity. Non-controlling interests in Group profit or loss are presented within the consolidated income statement/statement of comprehensive income.

Investments in associates where Swiss Post has 20 to 50 percent of the voting rights and/or significant influence but which it does not control are not consolidated, but accounted for using the equity method and reported under "Investments in associates". Joint ventures with 50 percent of the voting rights which Swiss Post holds together with a third party are recognized and disclosed by the same method. Under the equity method, the interest's value is calculated based on the acquisition cost, subsequently adjusted to take into account any changes in Swiss Post's share of the company's net assets. Material holdings and transactions with these companies are posted separately as items with associates and joint ventures. Interests of less than 20 percent are presented as financial assets in the FVTPL category (fair value through profit or loss) or, in the case of strategic long-term interests, as FVTOCI (fair value through other comprehensive income).

Companies acquired during the reporting period are included in the consolidated annual financial statements from the date on which Swiss Post assumed control. Companies that are sold are included until the date on which control is lost, which is usually the date of sale. Proceeds from the disposal of subsidiaries, associates and joint ventures are recorded in the financial result, unless this concerns a discontinued operation, in which case they are recognized in the result from discontinued operations.

Please see Note 30 (Consolidated Group) for an overview of Swiss Post subsidiaries, associates and joint ventures.

The accounting policies are explained in the individual notes on the items in the consolidated annual financial statements and are specially highlighted.

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## 3.1 | Currency translation

The consolidated annual financial statements of Swiss Post are presented in Swiss francs (CHF).

Transactions in foreign currencies are translated at the daily rate ruling at the transaction date. At the end of the reporting period, monetary assets and liabilities in foreign currencies are translated at the closing rate. Non-monetary assets classified as FVTOCI are measured at fair value, and the unrealized foreign exchange gain or loss is recognized directly in other comprehensive income.

Assets and liabilities in balance sheets of fully consolidated companies that have been prepared in a foreign currency are translated into Swiss francs at the rate applicable on the balance sheet date. The income statement, cash flow statement and other transactions are translated at the average rate for the reporting period. Translation differences arising from the translation of balance sheets and statements of comprehensive income of foreign subsidiaries are recognized directly in other comprehensive income.

The following exchange rates were applied in translating the financial statements of foreign subsidiaries into Swiss francs:

| **Exchange rates** | | Closing rate as at | | Average rate for the period ending | |
|---|---|---|---|---|---|
| Unit | | 31.12.2022 | 31.12.2023 | 31.12.2022 | 31.12.2023 |
| 1 Bulgarian lev | BGN | 0.51 | 0.48 | 0.51 | 0.50 |
| 1 Canadian dollar | CAD | 0.68 | 0.64 | 0.73 | 0.67 |
| 1 euro | EUR | 0.98 | 0.93 | 1.01 | 0.97 |
| 1 pound sterling | GBP | 1.11 | 1.08 | 1.18 | 1.12 |
| 100 Hungarian forints | HUF | 0.25 | 0.24 | 0.26 | 0.25 |
| 1 Singapore dollar | SGD | 0.69 | 0.64 | 0.69 | 0.67 |
| 1 US dollar | USD | 0.92 | 0.84 | 0.96 | 0.90 |

# 4 | Estimation uncertainty

Preparation of the consolidated annual financial statements requires the use of estimates and assumptions. Although these estimates and assumptions were based on Executive Management's best knowledge of current events and possible future actions on the part of Swiss Post Group, actual results may ultimately differ from these estimates. The estimation uncertainty in accounting policies that may have a material impact on the consolidated annual financial statements as a result of Executive Management's judgements are explained in the notes below.

**Significant estimation uncertainty in accounting policies**

| Description | Uncertainty | Note |
|---|---|---|
| Employee benefit obligations | Actuarial assumptions | 11 |
| Deferred tax assets | Recoverable amount | 17 |
| Financial instruments | Fair values | 19 |
| Credit losses | Amount of expected losses | 19 |
| Biological assets | Fair values | 21 |
| Property, plant and equipment | Useful life | 22 |
| Intangible assets | Useful life | 24 |
| Goodwill | Recoverable amount | 24 |
| Leases | Contract duration | 25 |
| Provisions | Management estimate | 26 |
| Other long-term employee benefits | Actuarial assumptions | 26 |

# 5 | Acquisitions and disposals of subsidiaries

## Accounting policies

In the event of a business combination, the identifiable assets and liabilities in the acquiree are recognized and measured at fair value in applying the acquisition method. Any non-controlling interests are measured at the proportionate share of the identifiable net assets. Any excess over the purchase price is capitalized as goodwill at acquisition cost less impairment. Any gain on an acquisition made at a price below fair value is recognized directly in the income statement as a reversal of impairment.

If, in the course of business combinations with sale options, the Group does not obtain economic ownership, the non-controlling interests will continue to be attributed to profit or loss. At the end of each reporting period, this share of profit or loss will be recognized as a financial liability as if the acquisition had taken place on this date. Any surplus in relation to the reclassified amount and all changes in the fair value of the financial liability will be recognized in retained earnings.

## 5.1 | Additions and disposals of subsidiaries

### 2022

Bächle Logistics GmbH acquired 100 percent of the shares in LCV GmbH on 3 January 2022. The company specializes in storage services. With this acquisition, Swiss Post Goods Logistics has strengthened its presence in southern Germany. The number of people employed is around 15.

Bächle Logistics GmbH acquired the business operations of Hugger GmbH Spedition + Logistik on 3 January 2022. Hugger GmbH Spedition + Logistik is a forwarding company that specializes in goods transport by road.

Post CH Ltd acquired 100 per cent of the shares in Stella Brandenberger Transporte AG on 4 January 2022. Stella Brandenberger Transporte AG owns 100 percent of the shares in Ferimpex AG, which was merged into Stella Brandenberger Transporte AG with retroactive effect from 1 January 2022. The company specializes in national road transport and employs around 77 people. The takeover enables Swiss Post to boost its resources in an economic area that is key to Switzerland, and reinforce its position as a trusted logistics partner for many SMEs in Switzerland.

PubliBike AG was sold on 4 February 2022 (100 percent). For more information, see Financial Report 2022, Note 18, Non-current assets held for sale and discontinued operations, pages 136–138.

Post CH Ltd acquired 100 percent of the shares in MW Partners Holding SA on 14 March 2022. MW Partners Holding SA owns 100 percent of the shares in Stericenter SA, Mediwar AG, Marcel Blanc et Cie S.A. and resot.care SA. The companies offer services for hospitals, medical practices and clinics. The acquisition complements the existing logistics services in place for the healthcare sector in German-speaking Switzerland. In future, the healthcare sector will also receive optimum support in Western Switzerland. The number of people employed is around 55.

SPS Holding Ltd was sold on 30 March 2022 (100 percent). The company holds 100 percent of the shares in the following companies directly or indirectly:

- Swiss Post Solutions Ltd, Zurich
- Swiss Post Solutions S.p.A., Milan
- Swiss Post Solutions Ltd., Ho Chi Minh City
- Swiss Post Solutions SAS, Paris
- Swiss Post US Holding Inc., New York
- Swiss Post Solutions Inc., New York
- Swiss Post Solutions Ltd, Richmond
- Swiss Post Solutions Business Services Ltd, Richmond
- Swiss Post Solutions Business Services UK Ltd, Richmond
- Swiss Post Solutions Holding Pte. Ltd., Singapore
- Swiss Post Enterprise Services (SHA) Co., Ltd., Shanghai
- Swiss Post Solutions GmbH, Bamberg
- Swiss Post Solutions GmbH, Prien

For more information, see Note 18, Non-current assets held for sale and discontinued operations.

Otto Schmidt AG acquired the remaining 33 percent of the shares in OSA Logistik GmbH on 1 June 2022.

Post CH Communication Ltd acquired 100 percent of the shares in SYSMOSOFT SA on 1 July 2022. The company is a software provider for e-signatures and e-seals that provides trustworthy and regulated solutions for digital, transaction-based business processes where confidentiality, privacy and security are of major importance. SYSMOSOFT SA employs around 7 staff and was merged into SwissSign AG on 1 July 2022.

On 5 July 2022, Post CH Communication Ltd acquired a further stake of around 68 percent in Hacknowledge SA in addition to the existing 12 percent. Hacknowledge Lux SA is wholly owned by Hacknowledge SA. The Hacknowledge Group is a provider of managed security services (core business) and cyber security professional services. The number of people employed is around 35.

Post CH Communication Ltd acquired 75 percent of the shares in axsana AG on 30 September 2022. axsana AG provides EPRA-compliant infrastructure for service providers in the healthcare sector, such as hospitals, care homes, medical practices and home care. By taking a majority holding, Swiss Post, with its technical infrastructure, became a provider of the electronic patient record (EPR) technology platform and wishes to further strengthen its position as a technology partner in the EPR environment. axsana AG employs around 15 staff.

Post CH Ltd acquired 100 percent of the shares in eoscop AG on 3 October 2022. eoscop AG is a logistics software company that develops specific digital applications required for modern logistics. This acquisition enables Swiss Post to standardize and develop its planning software for specific logistics processes. The number of people employed is around 20.

Post CH Communication Ltd acquired 51 percent of the shares in T2i Holding SA on 31 October 2022. Groupe T2i Suisse SA is wholly owned by T2i Holding SA. The T2i Holding Group is a software and service provider operating in Western Switzerland in various areas of digitization for the public administration and for companies. Acquiring a majority stake in the company strengthens Swiss Post's existing range of digital solutions for public authorities and companies. The number of people employed is around 130.

Post CH Communication Ltd acquired around 51 percent of the shares in unblu inc. on 1 November 2022. The company holds 100 percent of the shares in the following companies:

- Unblu Cloud GmbH
- Unblu GmbH
- Unblu Services Bulgaria EOOD
- UNBLU LTD.
- unblu Corp.
- UNBLU CANADA CORP.

Customer support and care functions are securely transferred from the physical to the digital world via unblu's conversational platform. This enables companies to exchange information, including sensitive data, with their customers quickly, directly and securely. By acquiring a majority stake in the unblu Group, Swiss Post aims to strengthen security and trust in handling customer data and to support companies during their digital transformation. Operational activities and decision-making processes are to be accelerated and communication with customers simplified. The number of people employed is around 100.

On 18 November 2022, unblu inc. acquired 100 percent of the shares in adiacom ag. The company specializes in the development and implementation of video and remote consultation solutions for heavily regulated sectors, such as the financial sector and public authorities. The number of people employed is around 13.

Post CH Ltd acquired 100 percent of the shares in H. Bucher Internationale Transporte AG on 1 December 2022. The forwarding company specializes in transport in Switzerland and other European countries. The acquisition allows Swiss Post to expand its services for business customers, particularly with additional storage space and transport journeys. The company employs around 47 people.

Post CH Ltd acquired 100 percent of the shares in Kickbag GmbH on 16 December 2022. The company provides reusable packaging solutions for the e-commerce sector. The acquisition means Swiss Post can expand its solutions for sustainable reusable packaging as part of the circular economy.

On 23 December 2022, notime AG acquired the remaining 21 percent of shares in notime (Schweiz) AG.

## 2023

Post CH Ltd acquired 100 percent of the shares in Gaiser Transport AG on 2 January 2023. Also on 2 January 2023, Bächle Logistics GmbH acquired the business operations of Gaiser GmbH Internationale Spedition. The acquisition enables Swiss Post to expand its range of services in warehouse logistics and transshipment in Germany and north-eastern Switzerland. It strengthens its position in cross-border traffic and its presence in the Schaffhausen area and the Swiss-German border region. The number of people employed is around 61.

Bächle Logistics GmbH acquired the business operations of Hans Peter Nolden, Spedition on 2 January 2023. The acquisition enables Swiss Post to expand its range of services with an additional platform for goods handling and warehousing, as well as logistics transport on the important international north-south transport axis. The number of people employed is around 50.

Bächle Logistics GmbH acquired the business operations of Spedition Effinger GmbH and the vehicle fleet of Effinger GmbH & Co. KG on 1 February 2023. The acquisition enables Swiss Post to expand Switzerland's connection to international supply chains and strengthen its position as a reliable and fast logistics partner for SMEs and companies in Switzerland. The number of people employed is around 55.

Post CH Communication Ltd acquired around 97 percent of the shares in SPOTME Holding SA on 3 April 2023. The company holds 100 percent of the shares in the following companies:

- SPOTME SA
- SPOTME INC.
- SPOTME PTE. LTD.
- SPOTME EOOD

The SPOTME Group offers digital platforms for secure and confidential communication between companies and their customers and is one of the leading providers of cloud engagement solutions. Their technology is used, for example, to hold physical, hybrid and virtual events where high security standards are required to exchange confidential information. With its acquisition of a majority stake in the SPOTME Group, Swiss Post is helping its business customers to make their own communication more efficient, interactive and location-independent as part of the process of digitization and strengthening its role as a trustworthy carrier of sensitive customer and corporate information. The number of people employed is around 110.

Post CH Communication Ltd acquired the remaining total of around 10 percent of shares in Tresorit S.A. on 21 April 2023.

Post CH Communication Ltd acquired 80 percent of the shares in terreActive Ltd and 100 percent of the shares in TAC.CH Ltd on 3 July 2023. The companies are among the leading cybersecurity service providers in Switzerland. They design, integrate and operate cybersecurity solutions for companies and public authorities. With the acquisition of TAC.CH Ltd and its majority stake in terreActive Ltd, Swiss Post is investing in the security and confidentiality of information and data. The number of people employed is around 80.

Post CH Ltd acquired 100 percent of the shares in PORTMANN GESTION SAS on 28 September 2023. The company holds 100 percent of the shares in the following companies directly or indirectly:

- PORTMANN LOGISTICS SARL
- TRANSPORTS PORTMANN SAS
- SITS SAS
- PORTMANN-LUX S.A.
- TRACTLUX S.à.r.l.
- G.B.S. LOGISTICS S.à.r.l.
- PORTMANN LOGISTIC POLSKA Sp. z.o.o.
- SCI Rixheimer Feld
- RIXHEIMER FELD SARL
- SCI PORT SUISS
- SCI PORT ESPALE
- SCI PORT SUD
- SCI PORT ALPES
- SCI SP

PORTMANN GESTION SAS is a transport and logistics company with locations in France, Luxembourg and Poland. The PORTMANN Group focuses on goods transport by road and operates primarily in France. With the growth of international goods traffic in recent years, cross-border transport is becoming increasingly important. Industrial and trading companies rely on well-connected logistics partners who can deliver their products from A to B and manage customs clearance or storage. The acquisition of the PORTMANN Group expands Swiss Post’s network in the economic region of France and strengthens its range of goods logistics services. The number of people employed is around 780.

On 25 October 2023, Post CH Ltd acquired 60 percent of the shares in STERIPARC SA. The company's goal is to establish a new sterilization business as an outsourcing partner for medical service providers such as hospitals or outpatient clinics in French-speaking Switzerland. Operations are expected to begin in autumn 2024. The acquisition of STERIPARC SA will allow Swiss Post to further expand its range of logistics services in the area of sterile goods preparation, with a focus on western Switzerland.

InTraLog Hermes AG acquired the remaining approx. 9 percent of shares in OSA Spedition GmbH on 13 December 2023.

On 15 December 2023, Post CH Communication Ltd acquired a further stake of around 7 percent in KLARA Business Ltd in addition to the existing 63 percent.

## 5.2 | Assets and liabilities arising from acquisitions

The following assets and liabilities were newly consolidated, based on temporary figures, in connection with acquisitions of subsidiaries and parts of companies. Temporary figures were used because the acquisition balance sheets had not yet been fully audited as at 31 December 2023. The assets and liabilities included in consolidation as at 31 December 2022 are now definitive and the provisional values disclosed in the previous year were not adjusted.

**Assets and liabilities arising from acquisitions**

| CHF million | 2022[1] | terreActive Ltd | Others[2] | 2023 |
|---|---|---|---|---|
| Cash and cash equivalents[3] | 15 | 6 | 10 | 16 |
| Trade accounts receivable and other receivables | 27 | 13 | 49 | 62 |
| Inventories | 5 | – | 1 | 1 |
| Property, plant and equipment, intangible assets, right-of-use assets and financial assets | 91 | 19 | 112 | 131 |
| Other financial liabilities | –53 | –2 | –54 | –56 |
| Trade accounts payable | –7 | –1 | –20 | –21 |
| Provisions and other liabilities | –42 | –16 | –48 | –64 |
| **Fair value of net assets** | **36** | **19** | **50** | **69** |
| Goodwill | 82 | 40 | 32 | 72 |
| Cash and cash equivalents acquired[3] | –15 | –6 | –10 | –16 |
| Fair value of existing investments | –2 | – | – | – |
| Non-controlling interests | –6 | –3 | –2 | –5 |
| Purchase price payments falling due at a later date (earn-outs and purchase price retentions) | –9 | – | –13 | –13 |
| Payment of liabilities from acquisitions in previous years | 9 | – | 16 | 16 |
| Currency translation differences | 0 | – | 0 | 0 |
| **Net cash outflow for acquisitions** | **95** | **50** | **73** | **123** |

1 Composition: LCV GmbH, assets of Hugger GmbH Spedition + Logistik, Stella Brandenberger Transporte AG, MW Partners Holding Group, SYSMOSOFT SA, Hacknowledge Group, axsana AG, eoscop AG, T2i Holding Group, unblu Group, H. Bucher Internationale Transporte AG and Kickbag GmbH.
2 Composition: Gaiser Transport AG, assets belonging to Gaiser GmbH Internationale Spedition, assets belonging to Hans Peter Nolden, Spedition, assets belonging to Spedition Effinger GmbH, assets belonging to Effinger GmbH & Co. KG, SPOTME Holding SA Group, TAC.CH AG, PORTMANN-GESTION Group and STERIPARC SA.
3 Composition: cash and current amounts due from banks.

In the case of terreActive Ltd, there are no purchase price payments falling due at a later date (earn-outs and purchase price retentions). The goodwill arising from the transaction consists of assets that are not separately identifiable or cannot be reliably determined, primarily synergies expected within the Group, acquired expertise and growth potential. Goodwill is not tax deductible. The directly attributable acquisition expense amounts to 1 million francs and is recognized in the income statement under "Other operating expenses". Since the acquisition date, terreActive Ltd has contributed 18 million francs to operating income and 2 million francs to operating profit.

For the other companies acquired in 2023, the purchase price payments (earn-outs and purchase price retentions, also see Note 29.2, Fair value hierarchy) falling due at a later date depend on the future economic development of the companies. The goodwill arising from these transactions consists of assets that are not separately identifiable or cannot be reliably determined, primarily synergies expected within the Group, acquired expertise and growth potential. Goodwill of 6 million francs is tax-deductible. The directly attributable acquisition expense amounts to 1 million francs (previous year: 2 million francs) and is recognized in the income statement under "Other operating expenses". Since the acquisition date, the acquired entities have contributed 78 million francs to operating income (previous year: 77 million francs) and –4 million francs to operating profit (previous year: –3 million francs).

## 5.3 | Assets and liabilities arising from disposals

The following assets and liabilities were deconsolidated in connection with disposals of subsidiaries and parts of companies:

**Assets and liabilities arising from disposals**

| CHF million | 2022[1] | 2023 |
|---|---|---|
| Cash and cash equivalents[2] | 60 | – |
| Trade accounts receivable and other receivables | 148 | – |
| Inventories | 5 | – |
| Property, plant and equipment, intangible assets and goodwill, as well as right-of-use assets | 226 | – |
| Income tax assets | 14 | – |
| Other financial liabilities | –42 | – |
| Trade accounts payable and other liabilities | –117 | – |
| Provisions and employee benefit obligations | –62 | – |
| Income tax liabilities | –21 | – |
| **Carrying amount of net assets disposed of** | **211** | **–** |
| Cash and cash equivalents disposed of[2] | –60 | – |
| Net profit from disposals[3] | 24 | – |
| Realized currency translation reserves | 51 | – |
| Deferred purchase price payment | –20 | – |
| **Net cash inflow from disposals** | **206** | **–** |

1 Composition: PubliBike AG and Swiss Post Solutions segment.
2 Composition: cash and current amounts due from banks.
3 From the total net profit from disposals, –1 million francs (PubliBike AG) were reported in net financial income and 25 million francs (Swiss Post Solutions segment) were reported in Group profit from discontinued operations in the prior-year period.

Sales proceeds arising from disposals stood at 24 million francs in the previous year. There were no disposals of subsidiaries and parts of companies in 2023.

For more information, see Note 18, Non-current assets held for sale and discontinued operations.

# 6 | Segment information

## 6.1 | Segmentation

Swiss Post has the following reportable segments:

| Segmentation | Description |
|---|---|
| Logistics Services | Services relating to addressed letters (domestic, import, export), e-commerce and parcels (domestic, import, export), Innight/Courier/Express/Same-Day, the advertising market (addressed, unaddressed, digital), media market, freight and warehousing and customs clearance in Switzerland and cross-border |
| Communication Services | Relevant solutions for intuitive digital interactions for people, companies, public authorities and healthcare, as well as simple and secure handling of data |
| PostalNetwork | Sales channel for postal products/services and additionally for third-party products for private customers and small and medium-sized enterprises |
| Mobility Services | Efficient and sustainable solutions for all of Switzerland in regional, local and urban transport and fleet management |
| PostFinance | Payments, savings, investments, retirement planning, financing and insurance independently, in cooperation or as an intermediary |
| Functions and Management | Units that cannot be assigned to the segments such as function units (e.g. Real Estate, Informatics, Human Resources, Finance and Communication). |
| Consolidation | Effects of intra-Group elimination |

## 6.2 | Basic principles

The segments were determined based on the organizational units for which information is reported to the management of the Group. The allocation is based on the products and services offered. In doing so, no segments were aggregated. Executive Management is the main decision-maker.

Transactions between the segments are based on a range of services and a transfer pricing concept. The transfer prices are calculated on the basis of commercial criteria, which means that transactions between the segments are subject to the same conditions as for third parties.

The development of the segments is assessed based on operating profit and is measured in accordance with the operating profit disclosed in the consolidated financial statements. Group financing (including the financial result) and income taxes are managed uniformly on a Group-wide basis and are not allocated to the individual segments.

If possible, the assets and liabilities resulting from a segment's operating activities are assigned to the appropriate segments. As the PostFinance segment result includes financial income and expenses relating to operations, the corresponding interest-bearing assets and liabilities are accounted for in the segment's assets and liabilities.

Functions and Management mainly includes the following jointly used assets in the segment assets:

- Operating properties of Post Real Estate Ltd
- Right-of-use assets from the leasing of operating properties of Post Real Estate Ltd

Unallocated assets and liabilities comprise non-operating assets (principally financial assets and deferred income tax assets) and non-operational liabilities (mainly other financial liabilities and deferred tax liabilities).

Other non-cash expenses and income primarily include those incurred in recognizing provisions and reversing provisions without affecting cash.

Note 30, Consolidated Group, shows the segments to which Swiss Post and its subsidiaries have been assigned.

## 6.3 | Statutory mandates

Statutory mandates require Swiss Post to provide a universal service comprising postal services and payment transaction services. Pricing is not at Swiss Post's discretion. The Federal Council sets upper price limits for the reserved service (monopoly). The price regulator can also monitor the prices of most products and services at any time, both within and outside the universal service, owing to Swiss Post's dominant position in the market. The reserved service (monopoly) consists of addressed domestic letters and letters from abroad weighing up to 50 grams. It is provided by the Logistics Services segment.

## 6.4 | State compensatory payments

PostBus Ltd received compensatory payments totalling 233 million francs from the Swiss Confederation (previous year: 238 million francs), 220 million francs from cantons (previous year: 225 million francs) and 13 million francs from municipalities (previous year: 14 million francs) for providing legally required public passenger transport services. These compensatory payments are included in net revenue from logistics services in the Mobility Services segment.

# 6.5 | Information by business segment

**Information by business segment**

| Up to or as at 31.12.2022<br>CHF million | Notes | Logistics Services | Communication Services | PostalNetwork | Mobility Services[1] | PostFinance[2] | Functions and Management[3] | Consolidation[4] | Group |
|---|---|---|---|---|---|---|---|---|---|
| Revenue | | | | | | | | | |
| from customers | | 4,139 | 61 | 62 | 885 | 1,482 | 26 | | 6,655 |
| from other segments | | 36 | 3 | 513 | 84 | 10 | 524 | –1,170 | – |
| Other operating income | | 19 | 9 | 2 | 100 | 74 | 386 | –386 | 204 |
| **Total operating income[5]** | | **4,194** | **73** | **577** | **1,069** | **1,566** | **936** | **–1,556** | **6,859** |
| **Operating profit[5]** | | **358** | **–72** | **–71** | **27** | **229** | **–121** | **8** | **358** |
| Net financial income | 14, 15 | | | | | | | | –2 |
| Net income from associates and joint ventures | 16 | 6 | – | – | 0 | –7 | – | | –1 |
| Income taxes | 17 | | | | | | | | –88 |
| **Group profit from continuing operations** | | | | | | | | | **267** |
| Segment assets | | 2,549 | 240 | 672 | 954 | 113,400 | 5,016 | –3,083 | 119,748 |
| Associates and joint ventures | 16 | 25 | – | – | – | 20 | – | | 45 |
| Unallocated assets[6] | | | | | | | | | 677 |
| **Total assets** | | | | | | | | | **120,470** |
| Segment liabilities | | 1,534 | 349 | 528 | 538 | 107,602 | 1,314 | –3,083 | 108,782 |
| Unallocated liabilities[6] | | | | | | | | | 1,804 |
| **Total liabilities** | | | | | | | | | **110,586** |
| Investment in property, plant and equipment, investment property and intangible assets | 22–24 | 103 | 11 | 5 | 68 | 32 | 163 | | 382 |
| Depreciation and impairments (/reversal of impairments) on property, plant and equipment, investment property, intangible assets and right-of-use assets | 22–25 | 91 | 10 | 6 | 82 | 82 | 196 | | 467 |
| Impairments (and reversal of impairments) on financial assets | 28 | – | – | – | – | –2 | 1 | | –1 |
| Other non-cash (expenses)/income | | –156 | –6 | –37 | –28 | –44 | –53 | | –324 |
| Headcount[7] | | 21,032 | 474 | 3,373 | 2,747 | 3,250 | 3,196 | | 34,072 |

1 Within regional public transport, PostBus Ltd is subject to the DETEC ordinance on the accounting of licensed businesses (ALEO). There are differences between the ALEO and the IFRS results.
2 PostFinance Ltd also applies the FINMA Accounting Ordinance and FINMA Circular 2020/1 “Accounting – banks”. There are differences between the results in accordance with “Accounting – banks” and those as per IFRS.
3 Includes function units (e.g. Real Estate, Informatics, Human Resources, Finance and Communication).
4 The consolidation effects also include the IC items for the discontinued operation Swiss Post Solutions. Total operating income from 1 January to 30 March 2022 (date of sale): 13 million francs; operating profit from 1 January to 30 March 2022 (date of sale): 10 million francs.
5 Operating income and operating result by segment are reported before management, licence fees and net cost compensation.
6 Unallocated assets and liabilities comprise those that essentially contribute to net financial income rather than to operating profit and are therefore not assigned to segment assets or segment liabilities. The unallocated assets comprise financial assets (excluding PostFinance) of 206 million francs and deferred income tax assets of 471 million francs. The unallocated liabilities comprise other financial liabilities (excluding PostFinance) of 1,527 million francs and deferred income tax liabilities of 277 million francs. Unallocated assets and liabilities are eliminated in intra-Group transactions.
7 The average is expressed in terms of full-time equivalents (excluding trainees).

| **Information by business segment**<br>Up to or as at 31.12.2023<br>CHF million | Notes | Logistics Services | Communication Services | PostalNetwork | Mobility Services[1] | PostFinance[2] | Functions and Management[3] | Consolidation | Group |
|---|---|---|---|---|---|---|---|---|---|
| Revenue | | | | | | | | | |
| from customers | | 4,070 | 136 | 65 | 905 | 1,874 | 22 | | 7,072 |
| from other segments | | 37 | 3 | 480 | 78 | 7 | 555 | –1,160 | – |
| Other operating income | | 20 | 18 | 2 | 86 | 80 | 395 | –394 | 207 |
| **Total operating income**[4] | | **4,127** | **157** | **547** | **1,069** | **1,961** | **972** | **–1,554** | **7,279** |
| **Operating profit**[4] | | **335** | **–72** | **–93** | **21** | **264** | **–132** | **0** | **323** |
| Net financial income | 14, 15 | | | | | | | | 0 |
| Net income from associates and joint ventures | 16 | 3 | – | – | – | –7 | – | | –4 |
| Income taxes | 17 | | | | | | | | –65 |
| **Group profit from continuing operations** | | | | | | | | | **254** |
| Segment assets | | 2,025 | 371 | 227 | 880 | 101,767 | 4,132 | –1,247 | 108,155 |
| Associates and joint ventures | 16 | 25 | – | – | – | 30 | – | | 55 |
| Unallocated assets[5] | | | | | | | | | 656 |
| **Total assets** | | | | | | | | | **108,866** |
| Segment liabilities | | 1,042 | 530 | 99 | 525 | 95,690 | 188 | –1,247 | 96,827 |
| Unallocated liabilities[5] | | | | | | | | | 1,784 |
| **Total liabilities** | | | | | | | | | **98,611** |
| Investment in biological assets, property, plant and equipment, investment property and intangible assets | 21–24 | 66 | 20 | 4 | 111 | 30 | 234 | | 465 |
| Depreciation and impairments(/reversal of impairments) on property, plant and equipment, investment property, intangible assets and right-of-use assets | 22–25 | 84 | 20 | 7 | 81 | 72 | 193 | | 457 |
| Impairments (and reversal of impairments) on financial assets | 28 | 4 | – | – | – | –4 | 0 | | 0 |
| Other non-cash (expenses)/income | | –110 | –6 | –22 | –20 | –27 | –56 | | –241 |
| Headcount[6] | | 20,898 | 820 | 3,323 | 2,856 | 3,340 | 3,350 | | 34,587 |

1 Within regional public transport, PostBus Ltd is subject to the DETEC ordinance on the accounting of licensed businesses (ALEO). There are differences between the ALEO and the IFRS results.
2 PostFinance Ltd also applies the FINMA Accounting Ordinance and FINMA Circular 2020/1 "Accounting – banks". There are differences between the results in accordance with "Accounting – banks" and those as per IFRS.
3 Includes function units (e.g. Real Estate, Informatics, Human Resources, Finance and Communication).
4 Operating income and operating result by segment are reported before management, licence fees and net cost compensation.
5 Unallocated assets and liabilities comprise those that essentially contribute to net financial income rather than to operating profit and are therefore not assigned to segment assets or segment liabilities. The unallocated assets comprise financial assets (excluding PostFinance) of 209 million francs and deferred income tax assets of 447 million francs. The unallocated liabilities comprise other financial liabilities (excluding PostFinance) of 1,459 million francs and deferred income tax liabilities of 325 million francs. Unallocated assets and liabilities are eliminated in intra-Group transactions.
6 The average is expressed in terms of full-time equivalents (excluding trainees).

## 6.6 | Geographical information

Swiss Post primarily operates in Switzerland and its neighbouring countries. Allocation to the geographical regions of "Switzerland" and "Other countries" is based on the location of the customer headquarters. Revenue with customers and fixed assets are reported for both regions. Non-current assets include biological assets, property, plant and equipment, investment property, intangible assets and right-of-use assets.

**Information by region**

| Up to or as at 31.12.2022<br>CHF million | Notes | Switzerland | Other countries | Group |
|---|---|---|---|---|
| Revenue from customers | | 5,973 | 682 | 6,655 |
| Non-current assets | 22–25 | 4,020 | 118 | 4,138 |

**Information by region**

| Up to or as at 31.12.2023<br>CHF million | Notes | Switzerland | Other countries | Group |
|---|---|---|---|---|
| Revenue from customers | | 6,361 | 711 | 7,072 |
| Non-current assets | 21–25 | 4,209 | 279 | 4,488 |

# 7 | Revenue

## Accounting policies

### Recognition of revenue from contracts with customers

Revenue from contracts with customers is realized when control over an item or a service is transferred to the customer. Revenue is measured on the basis of the contractually agreed transaction price, i.e. a revenue amount is recognized which is equal to the consideration Swiss Post can expect to receive in exchange for the transfer of goods or the provision of services (performance obligations assumed).

Performance obligations are met either on a specific date or over a period of time. When performance obligations are met over a period of time, the performance progress and hence the pro rata revenue recognition specific to the contract is determined either on an input basis (recognition of revenue on the basis of the efforts of the company to meet their performance obligations) or on an output basis (recognition of revenue on the basis of the direct determination of value of the products or services transferred so far in relation to the outstanding contractually agreed products or services).

A contract asset is recognized if a performance obligation from a contract with a customer has been met, but an unconditional claim to consideration or a receivable does not yet exist. Contract assets equivalent to the expected consideration are recognized and checked for indications of impairment using the simplified impairment model in accordance with IFRS 9.

A contract liability is recognized when a customer meets their contractual obligation by making the payment for the consideration they have been promised before Swiss Post has satisfied the corresponding performance obligation.

Swiss Post earns revenue from contracts with customers in connection with logistics services, the sale of resale merchandise and financial services and the commission business.

**Logistics Services**
Logistics Services generates revenue primarily from logistics services. Addressed letters and national parcels generate the largest proportion of revenue at Logistics Services. Addressed letters include priority items, non time-critical individual items and bulk mailings, letters with barcode and documents. National parcels include services in the national parcel business,

particularly PostPac Priority and PostPac Economy. Customers pay for services when handing over letters or parcels on the basis of the published list prices. For larger volumes, the parcel prices are contractually agreed with business customers, otherwise the list prices apply. For customers who post letters and parcels regularly, Swiss Post invoices these services collectively on a monthly basis, or every two weeks at the customer's request. The standard payment term is 30 days. The performance obligation is met when letters or parcels are delivered or, if they are undeliverable, when they are returned to the sender. Letters or parcels are regarded as delivered if Swiss Post has notified the recipient, handed them to the recipient or deposited them in the letter box or in another place specified for this purpose. The production time – between the acceptance and the delivery of letters or parcels – is taken into account on the balance sheet date via accruals/deferrals.

**Communication Services**
Communication Services generates revenue primarily from logistics services. The services provided in the following areas are responsible for the largest share of revenue generated by Communication Services:

- Software solutions for public authorities with Groupe T2i
- Highly secure collaboration and communication solutions with SpotMe and Tresorit
- Digital services in the healthcare sector with the electronic patient record (EPR) and Medbase
- Data security solutions with terreActive and SwissSign

Groupe T2i offers various software solutions and IT services and the sale of hardware for public authorities and companies. Prices are contractually agreed. Software licences are invoiced with installation. Software rentals, maintenance and hosting are generally invoiced annually as set out in the contract. IT services and support are invoiced monthly according to expenses. Hardware sales are invoiced on delivery. The payment term for hardware sales is ten days, and 30 days for all other services. The software licences are entered in revenue after installation. Revenue from software rental, maintenance and hosting is recognized on a straight-line basis over the contract term. Revenue from IT services and support is entered based on the progress of service provision. The sale of hardware is recognized in revenue at the time of delivery.

SpotMe offers innovative event technology solutions to increase interaction and engagement during virtual and hybrid events. These solutions include features such as networking, live chats, Q&A sessions and surveys. The subscription (software and additional services) is fixed annually in advance, with automatic renewal at the end of the billing period. Prices depend on the service plan selected (number of events, number of participants, support, etc.) and any modifications requested by the customer. The service plans are published on the SpotMe website. Subscriptions are billed annually and the services ordered individually are invoiced after they have been provided. The payment term is 30 days. Revenue from the subscription is recognized on a straight-line basis over the contract period, while individually ordered services are entered in revenue at the time of service provision.

Tresorit provides an end-to-end encrypted productivity solution for highly secure collaboration. This includes features for the secure management, storage, synchronization and transfer of data. Prices depend on the service plan selected (includes licence, data storage, maintenance and support etc.) and any modifications requested by the customer. The current prices and services are published on Tresorit's website. The service plan is invoiced monthly or annually depending on the billing period selected by the customer. The subscription is automatically extended at the end of the billing period by the same term. The standard payment term is 30 days. The revenue from the service plan is recognized on a straight-line basis over the subscription period.

The EPR is a collection of personal documents containing health-related information that can also be accessed by health professionals. Swiss Post provides the reference communities with a secure and EPR-compliant platform and ensures its ongoing operation. Medbase is a health-care provider offering medical, therapeutic, pharmaceutical and dental services. Swiss Post provides IT managed services for general practitioners and consultants, pharmacists, specialists, therapists and other health professionals affiliated with Medbase. For the EPR and Medbase, the price is contractually agreed and is fixed. The service is invoiced monthly, quarterly or annually as agreed. The standard payment term is 30 days. The performance obligation is fulfilled over the period of the contract. Revenue is recognized on the basis of the progress of service provision.

terreActive specializes in the monitoring and operation of ICT security infrastructures. The customer selects the Security Operations Center (SOC) services required from a service catalogue with fixed prices. Supporting software is available for purchase if required. SOC services are billed quarterly or annually in advance, software is invoiced upon delivery and the individual consulting and support services ordered are invoiced before they are provided. The payment term is 20 days. Revenue from SOC services is recognized on a straight-line basis over the contract term. Revenue from software is recognized at the time of delivery, with a small support share recognized on a straight-line basis over the contract period. The individually ordered advisory and support services are recognized in revenue over the service provision period.

SwissSign provides services in the areas of electronic certificates, digital identities and electronic signatures. The services are generally invoiced annually in advance based on the volume ordered by the customer and the fixed price lists with volume discounts. At the end of a one-year usage period, billing is based on the volume effectively used with retroactive invoicing if the volume ordered is exceeded. The payment term is 30 days. The service is generally provided consistently over the contract term (e.g. certificate validity), which is why the revenue is realized on a straight-line basis over the contract term.

**PostalNetwork**

PostalNetwork generates revenue from logistics services with other segments and revenue from resale merchandise with customers. Resale merchandise at PostalNetwork consists mainly of motorway tax stickers, mobile phones including accessories and gift cards. The products offered can be purchased in branches and in the online shop. If products are sold in a branch, the transaction is processed simultaneously, and both the payment and the fulfilment of the performance obligation take place on conclusion of the transaction. Sales in the online shop are usually paid for immediately on completion of the order. The payment term for payments by invoice is usually 30 days. In the case of purchases in the online shop, the performance obligation is met when the order is delivered to the customer. If PostalNetwork does not supply the product or provide the service itself and thus acts as an agent, only the margin (commission) is recognized as revenue.

**Mobility Services**

Mobility Services generates revenue primarily from logistics services. PostBus passenger transport services generate the largest share of revenue at Mobility Services. PostBus is a franchised transport business and provides passenger transport services for the Swiss Confederation, cantons and municipalities. Each concession is issued for ten years and entitles PostBus to offer regular journeys for the commercial transport of passengers. Services are ordered by the public sector every two years and annual tender agreements are drawn up with the company that is awarded the tender for the advertised routes. PostBus undertakes to operate the routes in accordance with the agreement and is allowed to use public sector stops. In exchange for the services provided, PostBus receives passenger revenue each month, as well as quarterly compensatory payments from the public sector for uncovered costs in accordance with the agreement. The performance obligation is met on a straight-line basis over the performance period. The concession is treated in accordance with IFRIC 12 Service Concession Arrangements, and the resulting revenue including compensatory payments is recorded in accordance with IFRS 15 Revenue from Contracts with Customers.

**PostFinance**
Revenue from financial services and the commission business at PostFinance includes income from payments, savings, investments, retirement planning, financing and insurance services, which PostFinance offers independently, in partnerships or as an intermediary. Customers pay for services on the basis of contractually agreed prices. The performance obligation is met either with the provision of the service over the performance period or on the date of the transaction.

**Breakdown of net revenue from contracts with customers**

| Up to or as at 31.12.2022<br>CHF million | Logistics Services | Communication Services | PostalNetwork | Mobility Services | PostFinance | Functions and Management | Consolidation | Group |
|---|---|---|---|---|---|---|---|---|
| Net revenue from contracts with customers | | | | | | | | |
| of which logistics services | 4,174 | 64 | 510 | 938 | – | 550 | –1,157 | 5,079 |
| of which resale merchandise | 1 | 0 | 65 | 32 | – | – | –4 | 94 |
| of which financial services and commission business | – | – | – | – | 747 | – | –7 | 740 |
| **Total net revenue from contracts with customers** | **4,175** | **64** | **575** | **970** | **747** | **550** | **–1,168** | **5,913** |
| Other revenue from financial services[1] | | | | | | | | 742 |
| **Total revenue** | | | | | | | | **6,655** |
| Other operating income | | | | | | | | 204 |
| **Total operating income** | | | | | | | | **6,859** |

1 Other revenue from financial services mainly comprises income from financial assets, interest income and net income from foreign exchange trading at PostFinance.

**Breakdown of net revenue from contracts with customers**

| Up to or as at 31.12.2023<br>CHF million | Logistics Services | Communication Services | PostalNetwork | Mobility Services | PostFinance | Functions and Management | Consolidation | Group |
|---|---|---|---|---|---|---|---|---|
| Net revenue from contracts with customers | | | | | | | | |
| of which logistics services | 4,107 | 139 | 477 | 949 | – | 577 | –1,150 | 5,099 |
| of which resale merchandise | 0 | – | 68 | 34 | – | – | –3 | 99 |
| of which financial services and commission business | – | – | – | – | 716 | – | –7 | 709 |
| **Total net revenue from contracts with customers** | **4,107** | **139** | **545** | **983** | **716** | **577** | **–1,160** | **5,907** |
| Other revenue from financial services[1] | | | | | | | | 1,165 |
| **Total revenue** | | | | | | | | **7,072** |
| Other operating income | | | | | | | | 207 |
| **Total operating income** | | | | | | | | **7,279** |

1 Other revenue from financial services mainly comprises income from financial assets, interest income and net income from foreign exchange trading at PostFinance.

## 7.1 | Future revenue from remaining performance obligations

The total transaction price amount arising from performance obligations that exist as at 31 December 2023 and have not yet been met stands at 104 million francs (previous year: 96 million francs). 35 million francs of this amount is expected to be recorded as revenue in the next year, 51 million francs within two to three years and 18 million francs in more than three years. It includes contracts whose original term was expected to last more than one year. It does not include future revenue from performance obligations for which Swiss Post is entitled to receive consideration from a customer that corresponds directly to the value of the service already provided to the customer by Swiss Post.

## 7.2 | Revenue recorded from contract balances

Revenue fell by 2 million francs during the reporting period (previous year: increase of less than 1 million francs) due to performance obligations met in prior periods (e.g. due to changes in the transaction price or a reassessment of the performance obligation fulfilled). An additional 322 million francs (previous year: 266 million francs) of revenue was recorded during the reporting period, which had been included in the balance of contract liabilities at the beginning of the period.

# 8 | Net income from financial services

By presenting the result from financial services in the following format, Swiss Post takes account of the character of these financial services. The result is broken down into individual items in line with banking practice.

**Net income from financial services**

| CHF million | 2022 | 2023 |
|---|---|---|
| Interest income on financial instruments – amortized cost, incl. effects from hedging transactions | 496 | 879 |
| Interest income on financial assets FVTOCI, incl. effects from hedging transactions | 39 | 64 |
| Net interest income from financial instruments FVTPL incl. effects from hedging transactions | 1 | 6 |
| Dividend income on financial assets | 12 | 10 |
| **Interest and dividend income** | **548** | **959** |
| Interest expense on financial instruments – amortized cost | –42 | –435 |
| **Interest expense** | **–42** | **–435** |
| **Net interest and dividend income** | **506** | **524** |
| Impairment/reversal of impairment on amounts due from banks, interest-bearing amounts due from customers and financial assets | 3 | 5 |
| **Net interest and dividend income, net of impairment/reversal of impairment** | **509** | **529** |
| Commission income on lending business | 20 | 20 |
| Commission income on securities and investment business | 91 | 86 |
| Commission income on other services[1] | 84 | 101 |
| Commission expenses[1] | –27 | –29 |
| Net income from services[1] | 460 | 422 |
| **Net services and commission income** | **628** | **600** |
| Net trading income FVTPL and mandatory | 212 | 211 |
| Net income from the disposal of financial assets FVTOCI | 1 | – |
| Net income from the disposal of financial assets – amortized cost | –10 | – |
| Losses on payment transactions | –11 | –11 |
| Other fees and duties | –8 | –9 |
| **Net income from financial services** | **1,321** | **1,320** |
| Reported in Note 7, Revenue, and in the consolidated income statement: | | |
| Net revenue from contracts with customers, financial services and commission business | 741 | 709 |
| Other revenue from financial services | 742 | 1,165 |
| Expenses for financial services | –161 | –554 |

1 The accounting practice was reviewed and changed in 2023. The prior-year figures have been adjusted accordingly.

In 2023, interest income from the deposit-taking business of less than 1 million francs was generated (previous year: 165 million francs). Interest expense from financial assets also stands at below 1 million francs in the year under review (previous year: 1 million francs).

# 9 | Other operating income

**Other operating income**

| CHF million | 2022 | 2023 |
|---|---|---|
| Rental income | 126 | 130 |
| Gains on the sale of property, plant and equipment and intangible assets | 29 | 20 |
| Other income | 49 | 57 |
| **Total other operating income** | **204** | **207** |

Most rental income was generated in Switzerland. The rental arrangements are in line with market practices. Other income mainly consists of income from capitalized services, compensation for management services in public transport and income from the marketing of advertising space.

# 10 | Personnel expenses

**Breakdown**

| CHF million | Notes | 2022 | 2023 |
|---|---|---|---|
| Wages and salaries | | 2,814 | 2,919 |
| Social security benefits | | 290 | 299 |
| Employee benefit expenses | 11 | 310 | 215 |
| Other personnel expenses | | 82 | 83 |
| **Total personnel expenses** | | **3,496** | **3,516** |

**Headcount**

| Number of employees[1] | 2022 | 2023 |
|---|---|---|
| Employees at Swiss Post Group (excluding trainees) | 34,072 | 34,587 |
| Trainees at Swiss Post Group | 1,839 | 1,844 |

1 Average expressed in terms of full-time equivalents.

# 11 | Staff pension plan

## Estimation uncertainty

### Employee benefits

Most of the employees are insured with the Swiss Post pension fund, a defined benefit plan in accordance with IAS 19. In line with statutory provisions, the plan covers risks resulting from the economic consequences of old age, disability and death. Service cost and obligations arising from the pension plan are calculated annually using the projected unit credit method. The service years worked by employees as at the end of the reporting period are taken into account, and assumptions, amongst other things, are made as to future salary trends. The amount to be recognized in the balance sheet as a liability or asset corresponds to the present value of the defined benefit employee benefit obligation (actuarial reserves as stipulated by IAS 19 for active contributors and pensioners calculated in accordance with the projected unit credit method), less benefit plan assets at fair value (Swiss Post pension fund assets apportioned on the basis of actuarial reserves for active contributors and pensioners).

Employee benefit entitlements acquired (current service cost), past service cost, gains and losses from plan settlements and net interest income are recognized directly in the income statement. Actuarial gains and losses from employee benefit obligations, income from plan assets (excluding interest income) and changes in the effects of asset ceiling regulations (excluding net interest income) are recognized in other comprehensive income.

In the event of net employee benefit obligations, risk sharing characteristics are taken into account in two stages when determining financial assumptions. These characteristics limit the employer's share in the costs of future benefits and integrate the employee into the obligations to pay any additional contributions needed to remove shortfalls. Both stages are incorporated directly into the calculation of defined employee benefit obligations (DBO) and therefore have an impact on future service cost in accordance with IAS 19. The assumptions are based on the formal regulations of the plan which, for a Swiss employee benefits plan, include the regulations of the employee benefits institution as well as the relevant laws, ordinances and directives on employee benefits, and above all the provisions contained in them regarding funding and measures to correct underfunding of employee benefits institutions.

Where there are employee benefit assets, the surplus is recognized at the lower of the surplus and the present value of any economic benefits available in the form of reductions in future contribution payments. The maximum economic benefit as per IFRIC 14 is calculated.

For the other pension plans, transferred employer contributions are charged to the income statement in accordance with the rules for defined contribution plans.

Swiss Post insures its employees with various pension plans in Switzerland. Plan assets are either kept separate in autonomous foundations or in collective foundations. The Foundation Board of the autonomous foundations is made up of an equal number of employee and employer representatives. In accordance with the law and employee benefit regulations, foundation boards have an obligation to act exclusively in the interests of the foundation and of beneficiaries (38,163 active contributors and 30,953 pensioners as at 31 December 2023). The employer is therefore not permitted to make decisions about benefits and financing on its own. Resolutions must be made jointly. Foundation boards are responsible for determining investment strategy, for making changes to employee benefit regulations (and insured benefits in particular) and for securing pension benefit funding.

Pension benefits are based on the insured salary and retirement assets. On taking retirement, insurees can choose between drawing a lifetime pension, which includes a reversionary spouse's pension, or withdrawing a lump-sum capital payment. In addition to retirement benefits, employee benefits also include disability and survivors' benefits, which are calculated as a percentage of the insured salary. Insurees also have the option of buying back pension benefits to improve their retirement situation, up to the regulatory maximum amount, or of withdrawing money early to purchase their home.

When determining benefits, the minimum legal requirements regarding the Occupational Old-age, Survivors' and Disability Benefit Plan (OPA) and its regulations on execution must be taken into account. The OPA establishes the minimum salary to be insured as well as minimum retirement assets. The minimum interest rate to be applied to the minimum retirement assets is set by the Federal Council at least once every two years. In 2023, the rate is 1.00 percent (previous year: 1.00 percent).

Due to plan arrangements and the legal provisions of the OPA, the employer is exposed to actuarial risks. The principal risks are the investment risk, the inflation risk in the event of salary changes, the interest rate risk, the disability risk and the risk of longevity. Employer and employee contributions are determined by the foundation boards. The employer pays at least 50 percent of the contributions required. In the event of a shortfall, both the employer and the employee may be required to pay restructuring contributions to fill gaps in cover.

The benefits paid by the Swiss Post pension fund exceed the statutory minimum level. The standard retirement age is 65. The pension paid is calculated on the basis of the conversion rate, which is applied to the retirement assets saved by each insured person by the date of retirement. The conversion rate applicable until 31 December 2023 for retirement at the age of 65 is 5.10 percent (5.00 percent from 2024). The saved retirement assets are made up of the employer and employee contributions paid into the individual savings account of each insured person, together with any interest credited to the retirement assets. The interest rate applicable to retirement assets is determined by the Foundation Board each year.

Swiss Post Group believes there to be a strong likelihood that the Swiss Post pension fund will need to implement further stabilization measures in the future. Assumptions were therefore made on the level of future financial contribution shares of the employer and employees to funding gaps in the Swiss Post pension fund (risk sharing).

## 11.1 | Actuarial assumptions

The following parameters were applied in performing the calculations (weighted average):

**Actuarial assumptions made in calculating annual employee benefit expenses**

| Percent | 2022 | 2023 |
|---|---|---|
| Discount rate | 0.30 | 2.25 |

**Actuarial assumptions as at 31.12**

| Percent | 2022 | 2023 |
|---|---|---|
| Discount rate | 2.25 | 1.52 |
| Expected change in salaries | 1.50 | 1.50 |
| Pension indexation | 0.00 | 0.00 |
| Interest on retirement assets | 1.25 | 1.25 |
| Staff turnover | 4.94 | 4.88 |
| Lump-sum capital withdrawal ratio | 30.00 | 30.00 |
| Employee share of funding gap | 25.00 | 25.00 |
| Years | | |
| Current average life expectancy for a man/woman aged 65 | 22/24 | 22/24 |
| Mortality table | OPA 2020 GT | OPA 2020 GT |

The financial assumptions related to risk sharing are taken into account in two stages: with the implicit assumption of a future pension equal to the discount rate, the regulatory recurring contributions are insufficient to ensure the correct funding of the regulatory benefits promised by the Swiss Post pension fund. This results in a structural funding gap. In its assessment, Swiss Post anticipates that the measures taken by the Swiss Post pension fund so far are insufficient to cover the funding deficits that can be expected in the future. For the purpose of the actuarial calculations, it was assumed during the first stage that the Foundation Board would decide on measures to correct this funding gap in line with the formal regulations (reduction in the conversion rate to 4.79 percent until 2033; expected compensation of 75 percent of the reduction calculated in relation to the retirement assets available). This assumption involves taking a technical interest rate of 1.75 percent (1.50 percent from 2033) as a basis and is conditional on a gradual reduction in future pensions at the age of 65 over ten years being decided on by the Foundation Board. Even assuming a future reduction in benefits, there is still a structural funding gap, which is divided mathematically between the employer and the employee in a second stage. It is assumed that the employer's obligation is legally restricted to 50 percent and effectively limited to 75 percent of the funding gap. The statutory provisions for correcting underfunding and the specific past conduct and measures taken by both the employer and the Foundation Board form the basis for this assumption.

Where there are employee benefit assets, the surplus is recognized at the lower of the surplus and the present value of any economic benefits available in the form of reductions in future contribution payments. The maximum economic benefit as per IFRIC 14 is calculated.

On the basis of the AA rated bonds from the Swiss Bond Index used to determine the imputed interest rate, employee benefit assets as per IAS 19 stood at 289 million francs (31 December 2022: employee benefit assets of 349 million francs) and employee benefit obligations at 20 million francs as at 31 December 2023 (31 December 2022: employee benefit obligations of 11 million francs). The surplus plan assets in relation to gross employee benefit obligations total 323 million francs (31 December 2022: 892 million francs). The maximum economic benefit amounts to 289 million francs (31 December 2022: 349 million francs) and meets the criteria as per IFRIC 14.

The estimate process to establish the financial assumptions, taking risk sharing aspects into account, was modified in the 2017 financial year and first applied as at 30 April 2017, in order to provide a more realistic picture of the costs of the employee benefits plan to be expected by the company in the future.

Other long-term employee benefits are shown and described under Note 26, Provisions.

## 11.2 | Employee benefit expenses

**Employee benefit expenses**

| CHF million | 2022 | 2023 |
|---|---|---|
| Current service cost | 300 | 206 |
| Service cost to be recognized | 0 | –1 |
| Administrative costs | 8 | 8 |
| Additional employee benefits | 1 | 1 |
| Other plans, reclassifications, other expenses | 1 | 1 |
| **Total employee benefit expenses recognized in personnel expenses** | **310** | **215** |
| Interest expense arising from employee benefit obligations | 53 | 330 |
| Interest income on assets | –51 | –355 |
| Net interest income on the effect of asset ceiling regulation | – | 12 |
| **Total net interest expense / (net interest income) recognized in financial expenses(/financial income)** | **2** | **–13** |
| **Total employee benefit expenses recognized in the income statement** | **312** | **202** |

**Revaluation elements recorded in the statement of comprehensive income**

| CHF million | 2022 | 2023 |
|---|---|---|
| Actuarial losses | | |
| due to the adjustment of demographic assumptions | 28 | – |
| due to the adjustment of financial assumptions | –3,104 | 1,086 |
| due to experience adjustments | 484 | –205 |
| Income from plan assets (excluding interest income) | 737 | –223 |
| Changes in effect of asset ceiling regulation (excluding net interest income) | 542 | –520 |
| Other | – | 0 |
| **Total revaluation gains recorded in other comprehensive income (OCI)** | **–1,313** | **138** |
| **Total employee benefit expenses** | **–1,001** | **340** |

The effect of the change to the financial assumptions includes the adjustment to the imputed interest rate from 2.25 percent to 1.52 percent.

For 2023, employee benefit expenses fell by 7 million francs (previous year: 8 million francs) and employee benefit obligations declined by 112 million francs (previous year: 70 million francs) as at 31 December 2023 due to the application of risk sharing characteristics.

Transactions between the Swiss Post pension fund foundation and Swiss Post are subject to standard market terms and conditions.

## 11.3 | Cover status

Statement of recognized employee benefit obligations arising from material defined benefit plans, mainly from the Swiss Post pension fund foundation in Switzerland. As at 31 December 2023, there are recognized plan assets of 289 million francs and recognized pension benefit obligations of 20 million francs for defined benefit plans.

**Summary of cover status**

| CHF million | 31.12.2022 | 31.12.2023 |
|---|---|---|
| Present value of employee benefit obligations including assets set aside | 15,144 | 15,851 |
| Benefit plan assets at fair value | – 16,026 | – 16,156 |
| **Surplus** | **–882** | **–305** |
| Employee benefit obligations excluding assets set aside | 2 | 2 |
| Effect of asset ceiling regulation | 542 | 34 |
| **Total recognized employee benefit assets arising from defined benefit plans, net** | **–338** | **–269** |
| Employee benefit obligations arising from other benefit plans | 0 | 0 |
| **Total employee benefit assets, net** | **–338** | **–269** |
| of which: | | |
| recognized employee benefit assets | –349 | –289 |
| recognized employee benefit obligations | 11 | 20 |

## 11.4 | Performance of recognized employee benefit obligations and plan assets from defined benefit plans

**Performance of recognized benefit obligations and benefit assets from defined benefit plans (excluding other plans), net**

| CHF million | 2022 | 2023 |
|---|---|---|
| **Balance as at 1.1** | **928** | **–338** |
| Employee benefit expenses arising from defined benefit plans | 311 | 202 |
| Revaluation gains recognized in other comprehensive income | – 1,313 | 138 |
| Employer contributions | –269 | –272 |
| Pension payments by the employer | 0 | 0 |
| Translation differences | – | 0 |
| Company acquisitions, disposals or transfers | 5 | 1 |
| **Balance as at 31.12** | **–338** | **–269** |
| of which: | | |
| current, i.e. payments falling due within the next twelve months | 269 | 295 |
| non-current | –607 | –564 |

## 11.5 | Change in employee benefit obligations

**Change in employee benefit obligations**

| CHF million | 2022 | 2023 |
|---|---|---|
| **Balance as at 1.1** | **18,151** | **15,146** |
| Current service cost | 300 | 206 |
| Employee contributions | 207 | 210 |
| Interest expense arising from employee benefit obligations | 53 | 330 |
| Actuarial (gains)/losses | –2,592 | 881 |
| Plan settlements | – | –4 |
| Company acquisitions, disposals or transfers | 49 | 20 |
| Additional employee benefits | 1 | 1 |
| Benefits paid from plan assets | –1,023 | –940 |
| Pension payments by the employer | 0 | 0 |
| Plan amendments | 0 | 0 |
| Transfers, reclassifications and other | – | 3 |
| Translation differences | – | 0 |
| **Balance as at 31.12** | **15,146** | **15,853** |
| Employee benefit obligations including assets set aside | 15,144 | 15,851 |
| Employee benefit obligations excluding assets set aside | 2 | 2 |
| **Total employee benefit obligations** | **15,146** | **15,853** |

## 11.6 | Change in plan assets

**Change in fair value of plan assets**

| CHF million | 2022 | 2023 |
|---|---|---|
| **Balance as at 1.1** | **17,223** | **16,026** |
| Interest income on assets | 51 | 355 |
| Income from plan assets (excluding interest income) | –737 | 224 |
| Employee contributions | 207 | 210 |
| Employer contributions | 269 | 271 |
| Plan settlements | – | –4 |
| Company acquisitions, disposals or transfers | 44 | 19 |
| Benefits paid from plan assets | –1,023 | –940 |
| Administrative costs | –8 | –8 |
| Transfers, reclassifications and other | – | 3 |
| **Balance as at 31.12** | **16,026** | **16,156** |

## 11.7 | Asset categories

| **Asset allocation** | | | 31.12.2022 | | | 31.12.2023 |
|---|---|---|---|---|---|---|
| CHF million | Listed | Unlisted | Total | Listed | Unlisted | Total |
| Bonds | 3,527 | 2,694 | 6,221 | 3,826 | 2,535 | 6,361 |
| Shares | 4,035 | – | 4,035 | 4,710 | | 4,710 |
| Real estate | 8 | 2,685 | 2,693 | 8 | 2,526 | 2,534 |
| Alternative investments | 401 | 1,833 | 2,234 | 377 | 1,862 | 2,239 |
| Qualified insurance paper | – | – | – | – | 2 | 2 |
| Other financial assets | – | 18 | 18 | – | 15 | 15 |
| Cash and cash equivalents | – | 825 | 825 | – | 295 | 295 |
| **Total** | **7,971** | **8,055** | **16,026** | **8,921** | **7,235** | **16,156** |

The foundation board of an employee benefits institution issues investment guidelines for the investment of plan assets that include tactical asset allocation and benchmarks for comparing the results with a general investment universe. The foundation board forms an investment committee to implement the investment strategy. This committee appoints asset managers and the global custodian. Assets in pension plans are well diversified. OPA legal provisions apply regarding the diversification and security of pension plans. Real estate is not owned directly.

The foundation board carries out regular checks to ensure that the chosen investment strategy is appropriate for meeting pension benefits and that the risk budget corresponds to the demographic structure. Compliance with investment guidelines and the investment results of the investment advisors are regularly checked by the relevant employees of the Swiss Post pension fund and by an external investment controller. The efficiency and appropriateness of the investment strategy are also regularly verified by an external consulting firm.

The assets of the Swiss Post pension fund do not include any Swiss Post assets or real estate leased by Swiss Post.

## 11.8 | Sensitivities

The effect of a rise or fall in the underlying material actuarial assumptions on the present value of pension obligations as at 31 December 2022 and 2023:

| **Sensitivity of pension obligations to changes in actuarial assumptions** | | Resulting change in present value | | | Resulting change in present value | |
|---|---|---|---|---|---|---|
| CHF million | Deviation | 31.12.2022 | 31.12.2023 | Deviation | 31.12.2022 | 31.12.2023 |
| Discount rate | +0.25 percentage point | –190 | –326 | –0.25 percentage point | 217 | 379 |
| Expected change in salaries | +0.25 percentage point | 14 | 23 | –0.25 percentage point | –14 | –23 |
| Pension indexation | +0.25 percentage point | 149 | 256 | –0.25 percentage point | – | – |
| Interest on retirement assets | +0.25 percentage point | 23 | 54 | –0.25 percentage point | –22 | –50 |
| Capital withdrawal ratio | +5.00 percentage point | 2 | –11 | –5.00 percentage point | –2 | 11 |
| Employee share of funding gap or surplus | +10.00 percentage point | 115 | 43 | –10.00 percentage point | –115 | –43 |
| Life expectancy at age 65 | +1 year | 267 | 393 | –1 year | –266 | –370 |

## 11.9 | Information on employer contributions

The following table shows the employer contributions for the previous financial year, as well as the expected contributions for 2024.

**Employer contributions**

| CHF million | Effective | Expected |
|---|---|---|
| 2023 | 271 | 269 |
| 2024 | | 295 |

## 11.10 | Maturity profile of the defined benefit employee benefit obligation

The weighted average term of the defined benefit employee benefit obligation is 13.5 years as at 31 December 2023 (previous year: 12.6 years).

## 11.11 | Expected future pension payments

The following table summarizes the expected cash flows for pension payments based on the maturity profile for the next ten years.

**Cash flows resulting from employee benefits**

| CHF million | Nominal payment of benefits (estimation) |
|---|---|
| 2024 | 939 |
| 2025 | 915 |
| 2026 | 895 |
| 2027 | 877 |
| 2028 | 855 |
| 2029–2033 | 3,891 |

# 12 | Resale merchandise and service expenses

**Resale merchandise and service expenses**

| CHF million | 2022 | 2023 |
|---|---|---|
| Working materials, semi-finished and finished goods | 7 | 8 |
| Resale merchandise expenses | 59 | 57 |
| Service expenses | 275 | 317 |
| Compensation paid to PostBus operators | 334 | 336 |
| Compensation paid to forwarding companies | 508 | 470 |
| Compensation paid for international postal traffic | 98 | 83 |
| Temporary employees | 209 | 198 |
| **Total resale merchandise and service expenses** | **1,490** | **1,469** |

# 13 | Other operating expenses

**Other operating expenses**

| CHF million | 2022 | 2023 |
|---|---|---|
| Premises | 57 | 68 |
| Maintenance and repairs of property, plant and equipment | 123 | 130 |
| Energy and fuel | 41 | 54 |
| Operating materials | 42 | 42 |
| Consulting, office and administrative expenses | 395 | 419 |
| Marketing and communications | 96 | 113 |
| Loss on disposal of property, plant and equipment | 3 | 4 |
| Other expenses | 130 | 130 |
| **Total other operating expenses** | **887** | **960** |

# 14 | Financial income

**Financial income**

| CHF million | Notes | 2022 | 2023 |
|---|---|---|---|
| Interest income on financial assets at amortized cost | 28 | 12 | 30 |
| Net interest income on employee benefit assets | 11 | – | 13 |
| Interest income on leases | | 4 | 4 |
| Foreign currency gains | | 31 | 14 |
| Other financial income | | 17 | 10 |
| **Total financial income** | | **64** | **71** |

Income from the financial services business is recorded as revenue in the consolidated income statement.

# 15 | Financial expenses

**Financial expenses**

| CHF million | Notes | 2022 | 2023 |
|---|---|---|---|
| Interest expense on financial liabilities at amortized cost | 28 | 12 | 13 |
| Net interest expense for employee benefit obligations | 11 | 2 | 0 |
| Interest charges on leases | | 14 | 16 |
| Foreign currency losses | | 32 | 23 |
| Other financial expenses | | 6 | 19 |
| **Total financial expenses** | | **66** | **71** |

Expenses arising from the financial services business are recorded as “Expenses for financial services” in the consolidated income statement.

# 16 | Associates and joint ventures

## Accounting policies

Associates and joint ventures of Swiss Post Group may in turn hold their own interests. If an associate or joint venture controls a company, but holds less than 100 percent of the interests, the non-controlling interests in the participation may be acquired over the course of time. Conversely, if all the interests are held, shares may be sold while nevertheless retaining control of the company. Gains or losses from such acquisitions and disposals of non-controlling interests are recognized directly in equity (retained earnings) for the Group without affecting profit or loss in accordance with the selected accounting method.

## 16.1 | Additions and disposals of associates and joint ventures

### 2022

On 30 June 2022, PostFinance Ltd acquired a further stake of around 12 percent in Ormera AG in liquidation in addition to the existing 35 percent. PostFinance Ltd therefore now holds around 47 percent of the company.

On 16 December 2022, PostBus Ltd disposed of its shares (34 percent) in Sensetalbahn AG.

### 2023

On 31 October 2023, PostFinance Ltd acquired around 21 percent of the shares in Credit Exchange Ltd.

## 16.2 | Investments in associates and joint ventures

In 2023, Swiss Post Ltd granted Asendia Holding Ltd. loans amounting to 46 million francs (previous year: 83 million francs). Otherwise there were no material transactions between the Group and its associates and joint ventures (see also Note 31, Transactions with related companies and parties).

**Investments in associates and joint ventures**

| CHF million | 2022 | 2023 |
|---|---|---|
| **Balance as at 1.1.** | **62** | **45** |
| Additions | 2 | 17 |
| Disposals | –2 | – |
| Reclassification to loans, without affecting profit or loss | –3 | 1 |
| Dividends | –17 | –9 |
| Share of net profit (after taxes) recognized in the income statement | –1 | –4 |
| Share of net profit (after taxes) recorded in other comprehensive income | –3 | –2 |
| Currency translation differences | 7 | 7 |
| **Balance as at 31.12.** | **45** | **55** |

In 2023, the Asendia Group generated consolidated revenue of 2,549 million francs (previous year: 2,514 million francs) and a loss of 17 million francs (previous year: profit of 1 million francs). As at 31 December 2023, assets stood at 1,087 million francs (previous year: 975 million francs) and liabilities at 968 million francs (previous year: 826 million francs). Swiss Post holds a 40 percent interest in the Asendia Group.

No further substantial investments in associates or joint ventures exist.

Swiss Post has not recognized losses totalling 10 million francs (previous year: 12 million francs) in respect of its interests in associates and joint ventures as it has no obligation in respect of these losses.

## 16.3 | Comprehensive income from associates

**Net income from associates**

| CHF million | 2022 | 2023 |
|---|---|---|
| Share of net profit (after taxes) recognized in the income statement | 7 | 2 |
| Share of net profit (after taxes) recorded in other comprehensive income | −3 | −2 |
| **Comprehensive income from associates** | **4** | **0** |

## 16.4 | Comprehensive income from joint ventures

**Net income from joint ventures**

| CHF million | 2022 | 2023 |
|---|---|---|
| Share of net profit (after taxes) recognized in the income statement | −8 | −6 |
| Share of net profit (after taxes) recorded in other comprehensive income | – | – |
| **Comprehensive income from joint ventures** | **−8** | **−6** |

# 17 | Income taxes

## Accounting policies

In accordance with Article 10 of the Postal Services Organization Act (PSOA), Swiss Post Ltd is taxed as a private corporation. Profit earned by Swiss and foreign subsidiaries is subject to tax at the regular rates applicable in the country in question.

Deferred income taxes are determined for Swiss Post and its subsidiaries on the basis of current or expected tax rates. Deferred income taxes take into account the income tax-related implications of temporary differences between assets and liabilities in the consolidated financial statements and their tax base (balance sheet liability method).

## Estimation uncertainty

Deferred income tax assets based on temporary differences and tax loss carryforwards are taken into account in calculating deferred taxes only to the extent that it is probable that sufficient taxable profits will be generated in future, against which these can be offset. The possibility of realizing deferred tax assets is assessed by the management on every balance sheet date.

**Income taxes recognized in the income statement**

| CHF million | 2022 | 2023 |
|---|---|---|
| (Expense) for current income taxes | –37 | –45 |
| (Expense) for deferred income taxes | –51 | –20 |
| **Total (expense) for income taxes recognized in the income statement** | **–88** | **–65** |

Income taxes are recorded in other comprehensive income, comprised as follows:

**Income taxes recorded in other comprehensive income**

| CHF million | 2022 | 2023 |
|---|---|---|
| Revaluation of employee benefit obligations and employee benefit assets | –211 | 25 |
| Fair value reserves of equity instruments FVTOCI | 9 | –9 |
| Currency translation reserves | 3 | 3 |
| Fair value reserves of debt instruments FVTOCI | 106 | –44 |
| Hedging reserves | –35 | –11 |
| **Total income taxes recorded in other comprehensive income** | **–128** | **–36** |

## 17.1 | Deferred taxes relating to balance sheet items

| **Deferred taxes relating to balance sheet items** | | | 31.12.2022 | | | 31.12.2023 |
|---|---|---|---|---|---|---|
| CHF million | Deferred tax assets | Deferred tax liabilities | Net assets/ (liabilities) | Deferred tax assets | Deferred tax liabilities | Net assets/ (liabilities) |
| Trade accounts receivable[1] | 0 | –12 | –12 | 0 | –26 | –26 |
| Financial assets | 77 | –54 | 23 | 31 | –73 | –42 |
| Investments in subsidiaries, associates and joint ventures | – | –21 | –21 | – | –20 | –20 |
| Property, plant and equipment | 174 | –2 | 172 | 167 | –7 | 160 |
| Intangible assets | 69 | –6 | 63 | 81 | –10 | 71 |
| Right-of-use assets | – | –124 | –124 | – | –138 | –138 |
| Employee benefit assets | – | –51 | –51 | 6 | –45 | –39 |
| Lease liabilities | 127 | – | 127 | 139 | – | 139 |
| Provisions | – | –4 | –4 | 0 | –4 | –4 |
| Employee benefit obligations | 2 | – | 2 | 3 | – | 3 |
| Other balance sheet items[1] | 0 | –3 | –3 | 0 | –2 | –2 |
| **Deferred taxes arising from temporary differences** | **449** | **–277** | **172** | **427** | **–325** | **102** |
| Tax assets recognized for loss carryforwards | 22 | | 22 | 20 | | 20 |
| **Deferred tax assets/liabilities, gross** | **471** | **–277** | **194** | **447** | **–325** | **122** |
| Deferred tax assets/liabilities, prior year | –614 | 235 | –379 | –471 | 277 | –194 |
| Deferred taxes recorded in other comprehensive income | 98 | 33 | 131 | 20 | 19 | 39 |
| Changes in the composition of the Group | –10 | 13 | 3 | –12 | 25 | 13 |
| **Deferred taxes recognized in the income statement** | **–55** | **4** | **–51** | **–16** | **–4** | **–20** |

1 The deferred taxes on trade accounts receivable were recorded under "Other balance sheet items" in the previous year.

Deferred tax assets of 447 million francs (previous year: 471 million francs) are comprised mainly of temporary differences on financial assets, property, plant and equipment and intangible assets, lease liabilities and tax loss carryforwards.

There is a deductible temporary difference of 124 million francs (previous year: 373 million francs) on intangible assets, for which no deferred tax asset was recognized because it is unlikely that sufficient taxable profits will be available in the future. This is a temporary difference on trademark rights from the implementation of the tax reform and OASI financing (TRAF) as at 1 January 2020. The potential tax savings amount to a maximum of 16 million francs (previous year: 49 million francs). The decrease compared to the previous year is mainly due to the capitalization of deferred tax assets of 27 million francs as at 31 December 2023.

Deferred tax liabilities of 325 million francs (previous year: 277 million francs) result mainly from temporary differences on trade accounts receivable, financial assets, interests, right-of-use assets and employee benefit assets as per IAS 19.

As at 31 December 2023, temporary differences in relation to interests amounted to 301 million francs (previous year: 375 million francs) for which no deferred tax liabilities were recognized. These are temporary differences which, in the event of a reversal, are subject only to a low level of taxation due to the deduction from interests.

## 17.2 | Unused tax loss carryforwards

| Unused loss carryforwards – by maturity | | | 31.12.2022 | | | 31.12.2023 |
|---|---|---|---|---|---|---|
| CHF million | Recognized | Not recognized | Total | Recognized | Not recognized | Total |
| Maturing within 1 year | – | 5 | 5 | – | 14 | 14 |
| Maturing in 2 to 6 years | 74 | 304 | 378 | 43 | 333 | 376 |
| Maturing in more than 6 years | 49 | 12 | 61 | 64 | 81 | 145 |
| **Total unused loss carryforwards** | **123** | **321** | **444** | **107** | **428** | **535** |

Tax loss carryforwards of 428 million francs (previous year: 321 million francs) were not recognized within Swiss Post Group, as it seems uncertain that they will be utilized in the future.

| Not recognized unused loss carryforwards and potential tax savings – by country | | 31.12.2022 | | 31.12.2023 |
|---|---|---|---|---|
| CHF million | Not recognized | Potential tax savings | Not recognized | Potential tax savings |
| Switzerland | 315 | 56 | 417 | 75 |
| Germany | 2 | 0 | 3 | 1 |
| Canada | – | – | 0 | 0 |
| Lithuania | 0 | 0 | 1 | 0 |
| Liechtenstein | 1 | 0 | – | – |
| Luxembourg | 0 | 0 | – | – |
| Hungary | 3 | 0 | 3 | 0 |
| USA | 0 | 0 | 4 | 1 |
| **Total not recognized unused loss carryforwards and potential tax savings** | **321** | **56** | **428** | **77** |

## 17.3 | Analysis of the expense for income taxes

The following breakdown shows the reconciliation from Group profit before tax with the income tax expense accounted for. The weighted average tax rate to be applied is 22.3 percent (previous year: 20.3 percent). The increase in the Group tax rate by 2 percentage points is due to a change in the composition of positive and negative contributions to the results by the individual subsidiaries.

**Reconciliation from Group profit before tax to provision for income taxes accounted for**

| CHF million | 2022 | 2023 |
|---|---|---|
| Group profit before tax from continuing operations | 355 | 319 |
| Weighted average tax rate | 20.3% | 22.3% |
| **Tax expense at weighted average tax rate** | **72** | **71** |
| Reconciliation with expenses for income taxes accounted for: | | |
| Effect of change in tax status/tax rates | 3 | 3 |
| Effect of investments/impairment of goodwill | 27 | –6 |
| Effect of back taxes and tax refunds from previous years | –1 | –1 |
| Effect of change in impairment for deferred income tax assets | 0 | –22 |
| Effect of loss carryforwards | –24 | 17 |
| Other effects | 11 | 3 |
| **Expenses for income taxes accounted for** | **88** | **65** |

## 17.4 | OECD Pillar Two Model Rules

Swiss Post falls within the scope of the OECD's Pillar Two Model Rules. In Switzerland, the rules came into force on 1 January 2024. Since the new rules were not yet in force on the balance sheet date, no related income taxes were incurred in 2023.

Under the new rules, Swiss Post will be obliged to pay tax at a rate of at least 15 percent on the profits generated in each country in which it operates. Making allowance for the use of loss carryforwards, the average effective tax rate calculated in accordance with IAS 12.86 (income tax expense in relation to earnings before taxes in 2023) is more than 15 percent in all countries with the exception of Bulgaria. Although the average effective tax rate in Bulgaria is below 15 percent, Swiss Post may not be liable for Pillar Two income tax. Conversely, tax effects from the Pillar Two Model Rules are also possible in countries with an effective tax rate above 15 percent. This is because the calculations in accordance with the Pillar Two Model Rules provide for specific adjustments that result in effective tax rates different to those calculated in accordance with IAS 12.86. Any conclusive assessment of the effects of the Pillar Two Model Rules on the Group tax rate is not possible at present.

# 18 | Non-current assets held for sale and discontinued operations

## Accounting policies

Non-current assets (e.g. property, plant and equipment and intangible assets) or groups of assets (e .g. an entire operation) are classified as "held for sale" if their carrying amount is to be realized first and foremost through a sale and not through continued use, and Swiss Post intends to dispose of them. Non-current assets held for sale are measured at the lower of their carrying amount or fair value less costs to sell and no longer depreciated. The disposal is expected to take place within a year.

A disposal group is classed as a discontinued operation if it represents a separate major line of business or geographical business unit or if it is part of a single coordinated plan to dispose of a separate major line of business or geographical business unit. Discontinued operations are not included in the result from continuing operations and are reported separately in the income statement as profit/loss after tax from discontinued operations. The prior period amounts in the income statement are adjusted for comparison purposes.

## 18.1 | Non-current assets held for sale and associated liabilities

**Non-current assets held for sale**

| CHF million | Notes | Property, plant and equipment | Subsidiaries | Total |
|---|---|---|---|---|
| **As at 1.1.2022** | | **7** | **408**[1] | **415** |
| Additions | | 19 | 45 | 64 |
| Disposals | 5 | –19 | –453 | –472 |
| **As at 31.12.2022** | | **7** | **–** | **7** |
| | | | | |
| **As at 1.1.2023** | | **7** | **–** | **7** |
| Additions | | 29 | – | 29 |
| Disposals | | –35 | – | –35 |
| **As at 31.12.2023** | | **1** | **–** | **1** |

1 Including 2 million francs for the disposal group PubliBike AG.

**Liabilities associated with assets held for sale**

| CHF million | Notes | Subsidiaries | Total |
|---|---|---|---|
| **As at 1.1.2022** | | **211**[1] | **211** |
| Additions | | 31 | 31 |
| Disposals | 5 | –242 | –242 |
| **As at 31.12.2022** | | **–** | **–** |
| | | | |
| **As at 1.1.2023** | | **–** | **–** |
| Additions | | – | – |
| Disposals | | – | – |
| **As at 31.12.2023** | | **–** | **–** |

1 Including PubliBike AG disposal group: 11 million francs.

## 18.2 | Discontinued operations

In the fourth quarter of 2021, SPS Holding Ltd and its subsidiaries were classified as held for sale for strategic reasons. As a result, the Swiss Post Solutions segment was classified as a disposal group and a discontinued operation as at 31 December 2021. Swiss Post Solutions was shown separately in the consolidated income statement under discontinued operations and is no longer included in the segment disclosure or in revenue. The sale took place on 30 March 2022. More information can be found in the Financial Report 2022, pages 137 and 138.

No business units were discontinued or sold in 2023.

**Swiss Post Solutions segment | Income statement**

| CHF million | 2022<br>1.1 to 30.3 |
|---|---|
| Net revenue from contracts with customers | 160 |
| Other operating income | 2 |
| **Operating income** | **162** |
| Operating expenses | – 154 |
| **Operating profit** | **8** |
| Net financial income | – 1 |
| Gain on disposal | 25 |
| **Group profit before tax from discontinued operations** | **32** |
| Income tax associated with profit before tax from usual business activities during the reporting period | – 4 |
| **Group profit after tax from discontinued operations** | **28** |

**Swiss Post Solutions segment | Net cash flows**

| CHF million | 2022<br>1.1 to 30.3 |
|---|---|
| Cash flow from operating activities | – 106 |
| Cash flow from investing activities | – 1 |
| Cash flow from financing activities | – 2 |
| **Change in cash and cash equivalents** | **– 109** |

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# 19 | Financial assets and liabilities

## Accounting policies

### Cash

Cash includes cash holdings in Swiss francs and foreign currencies as well as asset-side cash in transit (cash payments made at Swiss Post branches which have not yet been credited to the PostFinance account held at the Swiss National Bank). Cash holdings are measured at face value.

### Financial receivables

Amounts due from banks and interest-bearing amounts due from customers are measured at amortized cost using the effective interest method, which usually corresponds to the face value. Amounts due from banks are comprised principally of current account balances, money market instruments and reverse repurchase transactions. In amounts due from banks, high cash reserves are held, which are mostly invested at the Swiss National Bank (SNB). Interest-bearing amounts due from customers consist of technically overdrawn postal accounts of postal account holders, the COVID-19 bridging loans issued on a temporary basis in connection with the coronavirus crisis from 26 March 2020, credit card receivables and reverse repurchase transactions with third parties.

### Trade accounts receivable and other receivables

Trade accounts receivable and other receivables are recognized at amortized cost, which usually corresponds to the face value. The future expected default is calculated and impaired using the simplified impairment model in accordance with IFRS 9.

### Financial assets

#### Recognition and initial measurement

Purchases and sales of financial assets are entered based on trade date accounting. At the time of initial recognition, a financial asset is allocated to the appropriate category in accordance with the requirements of IFRS 9 and measured at the fair value of the consideration received, including transaction costs directly attributable to the purchase. For financial assets in the FVTPL category, transaction costs are recognized immediately in profit or loss.

#### Classification and subsequent measurement of debt instruments

The classification and measurement approach for debt instruments is driven by the business model applicable for the management of the debt instruments provided that the financial instruments fulfil the cash flow conditions (SPPI test – solely payments of principal and interest). IFRS 9 consists of three main classification categories for debt instruments:

- Amortized cost
- FVTOCI (fair value through other comprehensive income)
- FVTPL (fair value through profit or loss)

Debt instruments in the amortized cost category are therefore measured at amortized cost. Debt instruments in the FVTPL or FVTOCI categories are measured at fair value through profit or loss or in other comprehensive income. Interest income from financial assets in the amortized cost and FVTOCI categories is recorded in the income statement using the effective interest method. The effective interest method spreads the difference between acquisition cost and the repayment amount (premium/discount) over the term of the asset in question using the present value method. This results in a constant rate of interest until maturity. Book gains/losses on debt instruments in the FVTOCI category are transferred from other comprehensive income to the income statement after their repayment or sale.

### Classification and subsequent measurement of equity instruments

Equity instruments are assigned either as FVTPL or FVTOCI (FVTOCI option) depending on the business model. As a rule, interests in start-ups are classified as FVTPL, whereas all other interests (particularly financial infrastructure interests) are measured at FVTOCI.

The fair value of interests is reviewed annually or when there is an indication of a change in value. The carrying amount is adjusted if sufficient information is available to establish a new fair value. If there are no indications of any changes in fair value, the carrying amount is maintained.

Changes in the fair value of financial infrastructure interests (FVTOCI) are recognized in other comprehensive income. There is no reclassification to the income statement on derecognition. At the same time, the fair value reserves accrued are reclassified from the equity item “Gains and losses recorded directly in other comprehensive income” to retained earnings. Dividend income from this category is recorded in the income statement.

The mandatory FVTPL classification in accordance with IFRS 9 is applied for all other equity instruments. Changes in fair value and dividend income are recognized in the income statement.

### Business model

Swiss Post differentiates between its core and non-core portfolio. The core portfolio aims to generate interest income to cover the interest expense of deposit products. The core portfolio consists of interest-bearing capital market investments, money market transactions and associated hedging transactions. The non-core portfolio is used to generate supplementary income. Investments are also made outside the traditional interest business, for instance in shares or funds.

Swiss Post defines the business models as follows:

**Financial instruments for achieving contractual cash flows (held to collect) – at amortized cost**

Debt instruments in the core and non-core portfolios intended for generating contractual cash flows and for holding positions to maturity.

The following sales are compatible with the business model:

- Sales made as a result of increased risk of default (credit risk)
- Sales are only made in isolated cases (even if material) or they are individually and jointly immaterial (even if frequent).
- Sales are made close to the maturity of the debt instruments and the sales proceeds essentially match the outstanding contractual cash flows.

**Financial instruments for achieving contractual cash flows and sales revenue (held to collect and sell) – FVTOCI**
Debt instruments in the core and non-core portfolios intended for generating contractual cash flows and sales revenue.

**Other business models – FVTPL**
Financial instruments that are not held in the "held to collect" or "held to collect and sell" business models are held in one of the following business models: "held for trading" or "management of financial instruments based on fair value".

## Cash flow conditions

The fair value of a debt instrument is defined the first time it is used as principal. Interest is defined as compensation for the time value of money, as compensation for the credit risk entered into and other general lending risks taken.

Swiss Post takes into account the terms of the contract for the financial instrument when assessing whether the contractual cash flows solely lead to payments of principal and interest (SPPI test – solely payments of principal and interest). This also involves assessing whether the financial asset includes a contractual provision which could influence the date or the amount of contractual cash flows. A provision of this kind could result in non-compliance with this test. Swiss Post takes the following points into account in its evaluation:

- Conditional events which could influence the amount and the date of cash flows
- Components with a leverage effect
- Early repayment clauses and extension provisions
- Provisions according to which cash flows from the financial asset may only be realized by pre-defined assets of the debtor (non-recourse asset arrangements)
- Components with an impact on the time value of money (e.g. regular redefinition of the interest rate where the definition period does not correspond to the definition frequency)

If the contractual cash flows change substantially, there is an indication that previous cash flows will expire. In this case, the previous financial asset will be derecognized and a new financial asset will be recognized at fair value. If the contractual cash flows of an adjusted financial asset have not changed substantially and the instrument was previously assigned to the amortized cost or FVTOCI category, the asset is not derecognized. In this case, Swiss Post recalculates the gross carrying amount and enters the difference between the previous and the new carrying amounts as an adjustment gain/loss in the income statement. If the contractual cash flows are adjusted due to financial difficulties experienced by the debtor, the difference identified between the old and new carrying amounts is recorded together with impairment losses.

## Financial guarantees

Financial guarantees are contractual agreements that oblige the guarantor to make certain payments in order to compensate the guaranteed party for a loss arising when a certain debtor fails to make the payments due under the terms of a debt security.

Financial guarantees issued are measured at fair value on initial recognition. After that, the higher value of the impairments for expected losses or the original value less remuneration received is recognized.

### Impairment losses on financial assets

Under IFRS 9, impairment losses on financial assets are determined using a forward-looking expected credit loss model. This model requires an assessment of how the development of economic factors will influence the need for value adjustments. Historical and future input factors such as default probabilities, credit loss ratios and credit exposure at the time of default are taken into account in particular. The impairment model applies to financial assets and contract assets measured at amortized cost and to debt instruments measured at FVTOCI.

Depending on the change in credit risk since acquisition, each financial asset belongs to one of three levels. Depending on the level, the impairment loss matches the expected loss over the next year (level 1) or the expected losses over the remaining term to maturity of an instrument (levels 2–3).

**Calculation method and allocation to levels**

12-month expected credit losses (level 1):
The expected losses over the next year depend on the exposure of the position for the relevant year included in the default risk, on the probability of default of the instrument due to economic trends, and on an expected loss given default.

Lifetime expected credit losses: (levels 2–3):
The lifetime expected losses depend on the probability of default of the position due to economic trends over the remaining term to maturity, on its future exposure included in the default risk, and on an expected loss given default.

***Debt instruments measured at amortized cost and FVTOCI***

Allocation of the positions in the three levels:

At the time of acquisition, an instrument with intrinsic value is allocated to level 1. A transition to level 2 takes place if there has been a significant increase in credit risk since initial recognition. There is a significant increase in credit risk if the current rating of a position is below a defined threshold. The threshold applied depends on the original rating of the position. The assigned rating corresponds to the rating issued by recognized rating agencies. If no such rating exists, the ratings of non-recognized rating agencies such as UBS AG, Zürcher Kantonalbank, etc. are used. Due to the exponential nature of the probability of default, the relative change in the probability of default must be higher, the better the rating at the time an instrument is acquired. A payment delay of more than 30 days also serves as a criterion for a move to level 2. In addition, a dedicated committee assesses whether there is a significant rise in credit risk for positions under special consideration, leading to a reclassification to level 2. This affects the following positions: those that have a non investment-grade rating, those whose spread exceeds a defined value, those that are lower tier 2 positions or those that do not have an external rating. If an event of default is present on the balance sheet date, the position is allocated to level 3. An event of default is present if PostFinance assumes that there is a strong probability that the debtor will be unable to meet their payment obligations in full and as agreed, if a D rating (default) applies or if the liability is more than 90 days overdue from the counterparty.

If a position has been allocated to levels 2 or 3, this can again be transferred to level 1 or 2 as soon as the criteria for that level have been satisfied.

***Parameters for measuring expected credit loss (ECL)***

The expected credit loss of an instrument is measured using the following parameters: default probability, credit loss ratio and credit exposure at the time of default. Default probabilities are derived from migration matrices from external sources. These derived default probabilities are adjusted periodically based on the expected economic trends. The model parameters for the credit loss rate are derived from various external sources by means of an expert opinion. Credit exposure at the time of default generally corresponds to amortized cost or forecasted amortized cost plus outstanding interest.

The ECL for amounts due from banks is measured based on the default risk of outstanding loans or their credit rating.

Impairment losses are calculated on interest-bearing amounts due from customers and associated limits on a collective basis. The portfolios used were generated on the basis of the characteristics applied in product management. Receivables are allocated to level 1 on initial recognition. They are allocated to levels 2 or 3 when the overdue period defined for the relevant level has been reached. The default rate used to determine the calculation of expected loss is calculated using historical data for a switch to level 2 or level 3. On the balance sheet date, the previously calculated default probability is verified in order to determine whether an adjustment is needed on the basis of current and forward-looking information.

The simplified approach permitted in accordance with IFRS 9 is applied to determine expected credit loss on trade accounts receivable, contract assets, amounts due from leases and other receivables. A historical default rate is calculated for each item in the balance sheet at accounting unit level. An additional risk premium is recorded to take into account future changes in debtor solvency. Bandwidths apply when calculating expected defaults on overdue receivables.

***Financial guarantees issued***

Impairment losses for expected credit losses are also estimated on financial guarantees issued.

**Presentation**

Impairment losses for expected loan defaults on financial assets in the at amortized cost category are presented as a deduction from the gross carrying amount. In the case of debt instruments held in the FVTOCI category, the carrying amount corresponds to fair value. Impairment losses for these debt instruments are recorded directly in equity in other comprehensive income instead of reducing the carrying amount of the instruments. Impairment losses on financial guarantees issued are reported in other provisions. A financial asset is definitively derecognized once there are firm indications that it is no longer recoverable.

## Netting

Financial assets and financial liabilities are presented on a net basis if Swiss Post is entitled to offset the amounts against each other and has the intention to settle or collect the net amount or to collect the asset and settle the liability at the same time.

Income and expenses are only shown on a net basis if explicitly permitted by IFRS or in the case of gains and losses arising from a group of similar transactions such as that of Swiss Post's trading activities.

## Derivative financial instruments and hedge accounting

Derivative financial instruments are recognized at fair value as positive or negative replacement values. They are used mainly to hedge currency and interest rate risks and to a small extent for trading.

For hedge accounting, Swiss Post applies the requirements of IFRS 9. Hedge accounting is applied if derivative financial instruments are effective in offsetting changes in fair value or cash flows attributable to the hedged items. The effectiveness of these hedges is reviewed on a monthly basis.

Fair value hedges are used to hedge exposure to changes in fair value of an asset or liability. Changes in the fair value of both the hedging instrument and the hedged item are recognized in profit or loss in the income statement in “Result from FVTPL trading portfolio assets and mandatory” and in “Interest income on financial instruments at amortized cost including effects from hedging transactions”.

Cash flow hedges are used to hedge anticipated future transactions and variable cash flows. Changes in value to the extent a hedge is effective are recognized in other comprehensive income, while changes in value to the extent a hedge is ineffective are recognized in profit or loss in “Result from FVTPL trading portfolio assets and mandatory”. As soon as the hedged item has been recognized in profit or loss, the cumulated changes in fair value recorded in other comprehensive income are stated in “Result from FVTPL trading portfolio assets and mandatory” and in “Interest income from financial assets FVTOCI including effects from hedging transactions”. The foreign currency basis spreads of cross-currency swaps, which are designated as hedging instruments, are excluded from the designation and booked as hedging costs. The amounts are accounted for in other comprehensive income (hedging reserves) within equity and reclassified to the income statement over the term of the underlying transaction.

Derivatives which are not accounted for under the hedge accounting rules or which are held for trading purposes are treated as instruments held for trading. Changes in fair value are reported in “Result from FVTPL trading portfolio assets and mandatory” and net interest income in “Net interest income from financial instruments, FVTPL including effects from hedging transactions” or “Interest income on financial instruments at amortized cost including effects from hedging transactions”.

### Replacement value

The replacement value corresponds to the fair value of a derivative financial instrument, i.e. the price that would have to be paid for the conclusion of a substitute transaction if the counterparty defaults. Positive replacement values are exposed to the credit risk and represent the maximum loss that Swiss Post would suffer on the due date if the counterparty were to default. Negative replacement values correspond to the maximum amount the counterparty would lose in the event of default in performance by Swiss Post.

### Contract volume

Corresponds to the receivables side of the derivative financial instruments’ underlying value.

## Fair value

Fair value is the price that would normally be received for the sale of an asset or that would have to be paid to transfer a debt in a standard transaction between market participants on the measurement date. It is assumed that the transaction takes place on the main market or, if the latter is not available, on the most advantageous market. The fair value of a liability reflects non-performance risk.

The fair values of financial instruments are determined on the basis of stock market prices and valuation techniques (present value method, etc.). In the case of listed financial instruments, the fair values correspond to the market prices. In the case of unlisted monetary financial instruments, the fair values are determined by discounting the cash flows using the current interest rate applicable to comparable instruments with the same maturity.

## Repurchase, reverse repurchase and securities lending transactions

Cash outflows arising from reverse repurchase transactions are presented as amounts due from banks or interest-bearing amounts due from customers (other). Financial assets obtained from transactions as collateral are not recognized in the balance sheet. Transactions are recognized in the balance sheet at the settlement date. Interest income from reverse repurchase transactions is accounted for using the accrual-based accounting principle.

Financial assets transferred as collateral as part of repurchase transactions continue to be recognized in the balance sheet under “Financial assets”. The cash inflow is reported under “Other financial liabilities”. Interest expenses from repurchase transactions are accounted for using the accrual-based accounting principle.

In respect of securities lending and borrowing, Swiss Post engages in securities lending only. The loaned financial instruments continue to be recognized in the balance sheet as financial assets.

Securities cover for repurchase, reverse repurchase and securities lending transactions is recognized on a daily basis at current fair values.

## Customer deposits (PostFinance)

Customer deposits held with PostFinance in postal, savings and investment accounts, medium-term notes and money market investments are measured at amortized cost, which usually corresponds to the face value. Deposits from banks are reported under other financial liabilities. Interest expenses are accounted for using the accrual-based accounting principle.

## Other financial liabilities

Other financial liabilities comprise amounts due to banks measured at amortized cost, lease liabilities, liabilities from repurchase transactions, private placement and Other, as well as derivatives measured at fair value and deferred purchase price payments (earn-outs).

# Estimation uncertainty

## Fair values of financial instruments

Fair values of financial assets that are not traded publicly on a stock exchange are measured using recognized estimation methods. This requires making assumptions based on observable market information. The discounted cash flow method is used to determine the fair value of some unlisted FVTOCI financial assets. The discounted cash flows are calculated on the basis of Bloomberg yield curves, taking the relevant parameters (rating, maturity, etc.) into account. The discounted cash flow method or venture capital method is used to determine the fair value of unlisted equity instruments.

## Expected credit losses

The level of expected credit losses depends on several factors. The most important assumptions are:

– The general assessment of future economic development (even taking into account and weighting various scenarios)
– The prompt recognition of significant changes in credit risks
– Evaluations of the model parameters “probability of default” and “loss rates”

**Carrying amounts**

| 31.12.2022<br>CHF million | FVTPL, incl. derivatives | FVTOCI, debt instruments | FVTOCI, equity instruments | Amortized cost | Total |
|---|---|---|---|---|---|
| Cash holdings | | | | 1,328 | 1,328 |
| Amounts due from banks | | | | 39,100 | 39,100 |
| Interest-bearing amounts due from customers | | | | 607 | 607 |
| Trade accounts receivable | | | | 691 | 691 |
| Other receivables | | | | 417[1] | 417[1] |
| of which receivables from finance lease | | | | 152 | 152 |
| Financial assets | 1,353 | 6,105 | 268 | 64,762 | 72,488 |
| Derivatives | 1,189 | | | | 1,189 |
| Bonds | 4 | 6,105 | | 50,467 | 56,576 |
| Shares | 38 | | 268 | | 306 |
| Funds | 122 | | | | 122 |
| Loans | | | | 14,295 | 14,295 |
| **Total financial assets** | **1,353** | **6,105** | **268** | **106,905**[1] | **114,631**[1] |
| Customer deposits (PostFinance) | | | | 89,994 | 89,994 |
| Other financial liabilities | 43 | | | 18,713 | 18,756 |
| Liabilities relating to banks | | | | 1,527[2] | 1,527[2] |
| Derivatives | 23 | | | | 23 |
| Lease liabilities | | | | 778 | 778 |
| Repurchase transactions | | | | 15,626 | 15,626 |
| Private placements | | | | 775 | 775 |
| Other | 20 | | | 7[2] | 27[2] |
| Trade accounts payable | | | | 274 | 274 |
| Other liabilities | 104 | | | 38 | 142 |
| **Total financial liabilities** | **147** | **–** | **–** | **109,019** | **109,166** |

1 The balance sheet item “Other receivables” also includes receivables from dividends. Until 31 December 2022, these were not categorized as financial instruments and were not recorded in the table above. As of 31 December 2023, receivables from dividends are disclosed as financial instruments. Accordingly, the figures for the previous year have been adjusted by 18 million francs.
2 The figure has been adjusted. 98 million francs have been moved from the balance sheet item “Other” to the balance sheet item “Liabilities relating to banks”.

**Carrying amounts**

| 31.12.2023<br>CHF million | FVTPL, incl. derivatives | FVTOCI, debt instruments | FVTOCI, equity instruments | Amortized cost | Total |
|---|---|---|---|---|---|
| Cash holdings | | | | 1,278 | 1,278 |
| Amounts due from banks | | | | 27,515 | 27,515 |
| Interest-bearing amounts due from customers | | | | 493 | 493 |
| Trade accounts receivable | | | | 734 | 734 |
| Other receivables | | | | 515 | 515 |
| of which receivables from finance lease | | | | 144 | 144 |
| Financial assets | 1,476 | 6,309 | 322 | 64,336 | 72,443 |
| Derivatives | 1,330 | | | | 1,330 |
| Bonds | 5 | 6,309 | | 49,973 | 56,287 |
| Shares | 31 | | 322 | | 353 |
| Funds | 110 | | | | 110 |
| Loans | | | | 14,363 | 14,363 |
| **Total financial assets** | **1,476** | **6,309** | **322** | **94,871** | **102,978** |
| Customer deposits (PostFinance) | | | | 89,121 | 89,121 |
| Other financial liabilities | 30 | | | 7,544 | 7,574 |
| Liabilities relating to banks | | | | 1,828 | 1,828 |
| Derivatives | 11 | | | | 11 |
| Lease liabilities | | | | 831 | 831 |
| Private placements | | | | 775 | 775 |
| Repurchase transactions | | | | 4,100 | 4,100 |
| Other | 19 | | | 10 | 29 |
| Trade accounts payable | | | | 296 | 296 |
| Other liabilities | 70 | | | 55 | 125 |
| **Total financial liabilities** | **100** | **–** | **–** | **97,016** | **97,116** |

The COVID-19 bridging loans fully guaranteed by the Confederation are included in the interest-bearing amounts due from customers. As at 31 December 2023, limits amounting to 314 million francs were provided, of which 165 million francs had been used by the reference date.

PostFinance's interests in connection with the processing of payments and securities transactions and long-term strategic interests in other segments are disclosed in FVTOCI, equity instruments. As these equity instruments were not acquired in order to generate short-term gains, they are reported in equity through other comprehensive income (FVTOCI option). Dividend income from these interests amounts to around 4 million francs in the current year (previous year: 5 million francs).

# 20 | Inventories

## Accounting policies

Inventories comprise resale merchandise, fuel, and operating, working and production materials. They are measured at the lower of weighted average cost or net realizable value. Impairment losses are recognized for inventories that are not easily marketable.

**Inventories**

| CHF million | 31.12.2022 | 31.12.2023 |
|---|---|---|
| Resale merchandise | 14 | 17 |
| Fuel and operating materials | 38 | 44 |
| Production materials | 4 | 11 |
| Work in progress and finished goods | 0 | 0 |
| Impairment loss for inventories which are not easily marketable | 0 | –1 |
| **Total inventories** | **56** | **71** |

# 21 | Biological assets

## Accounting policies

Biological assets are measured at fair value less costs to sell (FVLCTS). A gain or loss arising on initial recognition or from a change in the FVLCTS is recognized in profit or loss under other operating income or other operating expenses. Costs in connection with the management of biological assets are recognized in profit or loss under other operating expenses at the time the costs are incurred. At the time of harvest, the biological asset is reclassified to inventories.

## Estimation uncertainty

The biological assets held by Swiss Post are forestry assets (trees). The fair value less costs to sell (FVLCTS) of the tree population is determined using the discounted cash flow method.

The following assumptions, which are subject to uncertainties, have a significant influence on measurement of the tree population:

- Proceeds from the sale of timber:
  Future cash flows from timber sales depend on the tree population and the price of timber.

  For the forest areas acquired in Thuringia, Germany, the last detailed inventory of the tree population by tree species was conducted in October 2016. The tree population as at the date of acquisition was approximated by deducting total timber usage since October 2016, with allowance made for an average annual growth rate. Pest infestations, forest fires and climate change can have a significant impact on the future tree population.

  The assumptions regarding timber revenues free of harvesting costs are based on empirical values. Timber prices are subject to market-related fluctuations.

- $CO_2$ neutralization performance (negative emissions):
  Swiss Post plans to credit part of the forest's $CO_2$ neutralization performance in the amount of the long-term, verifiable storage of $CO_2$ in construction timber. This neutralization performance is taken into account in the measurement of the tree population.

  The achievable neutralization performance determines the number of certificates that can be produced, which are known as carbon dioxide removal certificates or CDR certificates. Swiss Post is working with the Bern University of Applied Sciences School of Agricultural, Forest and Food Sciences to develop a credit model for CDR certificates, which is expected to enable certification starting in 2027. This means that at present, there are not yet any observable market prices for these CDR certificates. However, there are already alternative methods in place for producing CDR certificates, for example by processing wood into biochar. The price assumed for the measurement of neutralization performance is based on prices paid for CDR certificates for these alternative methods.

  Demand for CDR certificates, and therefore their future price, will be significantly influenced by regulatory and technological developments.

| Biological assets<br>CHF million | 2023 |
| --- | --- |
| **Balance as at 1.1.** | **–** |
| Additions | 40 |
| Income(/expense) from changes in fair value less costs to sell | 2 |
| Currency translation differences | –1 |
| **Carrying amount as at 31.12.** | **41** |

Swiss Post acquired an area of 2,257 hectares of forest in Thuringia, Germany, on 1 December 2023. As at 31 December 2023, 59 hectares of this area was free of trees. The remaining 2,198 hectares are forested and constitute the area used as the basis for measurement of the biological assets (trees) found there. The acquired land is recognized separately from the trees in the property, plant and equipment item in the balance sheet. Through sustainable forest management, Swiss Post intends to maximize the production of construction timber with a view to enabling the $CO_2$ stored in the trees to be stored in buildings in the long term. Depending on the tree species, the average turnover period (expected period between establishing a population and final utilization by cutting of timber) is between 80 and 100 years. Around one third of the tree population is 80 years old or older. The total tree population as at 31 December 2023 is around 720,000 cubic metres of timber harvested.

To determine the FVLCTS of the tree population as at 31 December 2023, a weighted average cost of capital (WACC) of 5.8 percent was used. According to current estimates, the annual neutralization performance (negative emissions) that is expected to be credited annually from 2027 is around 9,000 tonnes of $CO_2$. The following further assumptions, again subject to uncertainties, were applied:

| Evaluation parameters<br>2023, EUR | Harvest-free timber proceeds per $m^3$ of timber harvested | $CO_2$ certificate price |
| --- | --- | --- |
| Bandwidth | 46–75 | 130–200 |
| Weighted average | 54 | 179 |

This table shows the effects of an increase or decrease in the key assumptions below concerning the FVLCTS of the tree population as at 31 December 2023:

| Sensitivity of the carrying amount of biological assets to changes in assumptions<br>as at 31.12.2023, CHF million | Deviation | Resulting change in fair value less costs to sell | Deviation | Resulting change in fair value less costs to sell |
| --- | --- | --- | --- | --- |
| WACC | +0.50 percentage point | –4 | –0.50 percentage point | 4 |
| Harvest-free timber proceeds per $m^3$ of timber harvested | +10.00 percent | 2 | –10.00 percent | –2 |
| $CO_2$ certificate price | +20.00 percent | 4 | –20,00 percent | –4 |

# 22 | Property, plant and equipment

## Accounting policies

Property, plant and equipment is recognized in the balance sheet at historical cost less cumulative depreciation. Depreciation is accounted for on a straight-line basis in line with the estimated useful life, as follows:

| Estimated useful lives of items of property, plant and equipment | |
|---|---|
| Plots of land | indefinite |
| Operating property | 20–60 years |
| Operating equipment | 3–20 years |
| Machinery | 3–15 years |
| IT equipment | 3–10 years |
| Furnishings | 3–20 years |
| Railway rolling stock | 10–30 years |
| Other vehicles | 3–15 years |

Capitalized tenant fit-outs and installations in rented premises are depreciated over the estimated useful life or the duration of the rental agreement, if shorter. The components of property, plant and equipment that have different useful lives are recognized and depreciated separately. The useful lives of property, plant and equipment are reviewed on an annual basis.

Major renovations and other costs that add value are capitalized and depreciated over their estimated useful lives. Costs for repairs and maintenance are recognized as expenses. Borrowing costs for assets under construction are capitalized.

Property, plant and equipment are checked regularly to determine if there are signs of impairment. If this is the case, the carrying amount is compared with the recoverable amount (the higher of fair value less costs to sell and value in use). If the carrying amount of an asset exceeds its recoverable amount, an impairment equal to the difference between the carrying amount and the recoverable amount is recognized in profit or loss.

## Estimation uncertainty

The useful life is defined on the basis of current technical conditions and past experience. As a result of technological change and market conditions, the actual useful life may differ from the original useful life. If there are differences, they are adjusted on a prospective basis or the property, plant and equipment may be sold.

Investment commitments for property, plant and equipment amount to 132 million francs (previous year: 197 million francs).

As at 31 December 2023, as in the previous year, no property, plant and equipment had been pledged in relation to mortgages.

As in the previous year, no borrowing costs were capitalized in 2023.

| Property, plant and equipment<br>2022<br>CHF million | Land and operating property | Assets under construction: operating property | Equipment, machinery and IT systems | Furniture, vehicles and other assets | Assets under construction: other asset classes | Total |
|---|---|---|---|---|---|---|
| **Acquisition cost** | | | | | | |
| **As at 1.1.2022** | **4,525** | **129** | **1,216** | **798** | **36** | **6,704** |
| Additions to the consolidated Group | 25 | – | 2 | 6 | – | 33 |
| Additions | 7 | 133 | 50 | 56 | 95 | 341 |
| Disposals | –78 | –2 | –62 | –34 | 0 | –176 |
| Reclassifications | 58 | –76 | 1 | 44 | –57 | –30 |
| Disposals arising from reclassifications (IFRS 5) | 0 | – | –1 | –50 | 0 | –51 |
| Currency translation differences | –1 | 0 | 0 | –1 | 0 | –2 |
| **As at 31.12.2022** | **4,536** | **184** | **1,206** | **819** | **74** | **6,819** |
| **Cumulative amortization** | | | | | | |
| **As at 1.1.2022** | **3,336** | **–** | **796** | **350** | **–** | **4,482** |
| Depreciation | 73 | – | 73 | 81 | – | 227 |
| Impairment | 0 | 9 | 15 | 1 | – | 25 |
| Disposals | –74 | – | –61 | –33 | – | –168 |
| Reclassifications | –14 | – | 0 | –1 | – | –15 |
| Disposals arising from reclassifications (IFRS 5) | 0 | – | 0 | –31 | – | –31 |
| Currency translation differences | 0 | – | 0 | 0 | – | 0 |
| **As at 31.12.2022** | **3,321** | **9** | **823** | **367** | **–** | **4,520** |
| **Carrying amount as at 1.1.2022** | **1,189** | **129** | **420** | **448** | **36** | **2,222** |
| **Carrying amount as at 31.12.2022** | **1,215** | **175** | **383** | **452** | **74** | **2,299** |

| Property, plant and equipment<br>2023<br>CHF million | Land and operating property | Assets under construction: operating property | Equipment, machinery and IT systems | Furniture, vehicles and other assets | Assets under construction: other asset classes | Total |
|---|---|---|---|---|---|---|
| **Acquisition cost** | | | | | | |
| **As at 1.1.2023** | **4,536** | **184** | **1,206** | **819** | **74** | **6,819** |
| Additions to the consolidated Group | 14 | 0 | 1 | 15 | 0 | 30 |
| Additions | 29 | 149 | 61 | 109 | 51 | 399 |
| Disposals | –101 | –4 | –77 | –22 | 0 | –204 |
| Reclassifications | 105 | –104 | 40 | 68 | –97 | 12 |
| Disposals arising from reclassifications (IFRS 5) | –14 | – | – | –78 | – | –92 |
| Currency translation differences | –2 | 0 | 0 | –2 | 0 | –4 |
| **As at 31.12.2023** | **4,567** | **225** | **1,231** | **909** | **28** | **6,960** |
| **Cumulative amortization** | | | | | | |
| **As at 1.1.2023** | **3,321** | **9** | **823** | **367** | **–** | **4,520** |
| Depreciation | 60 | – | 74 | 85 | – | 219 |
| Impairment | 4 | 6 | 3 | 0 | – | 13 |
| Disposals | –99 | –1 | –77 | –20 | – | –197 |
| Reclassifications | 0 | – | 0 | –2 | – | –2 |
| Disposals arising from reclassifications (IFRS 5) | –14 | – | – | –46 | – | –60 |
| Currency translation differences | 0 | – | 0 | 0 | – | 0 |
| **As at 31.12.2023** | **3,272** | **14** | **823** | **384** | **–** | **4,493** |
| **Carrying amount as at 1.1.2023** | **1,215** | **175** | **383** | **452** | **74** | **2,299** |
| **Carrying amount as at 31.12.2023** | **1,295** | **211** | **408** | **525** | **28** | **2,467** |

# 23 | Investment property

## Accounting policies

Investment property comprises land, buildings and/or parts of buildings, held by the owner to earn rentals and/or for capital appreciation. This also includes facilities under construction, which are built as investment property for future use.

Investment property is valued at its acquisition or production cost on entry. The transaction costs are included in the initial valuation.

According to the initial approach, investment property in Swiss Post Group is measured and recognized at its acquisition or production cost less the accumulated amortization and accumulated impairment losses.

The investment property is depreciated on a straight-line basis in accordance with the estimated useful life (unlimited for plots of land and 20 – 60 years for operating properties in line with their useful life). Facilities under construction are not depreciated.

Expenses for the replacement, renovation or refurbishment of an investment property or a component thereof are capitalized as replacement investments. Maintenance costs are not capitalized. Such costs are recognized directly in the income statement.

Transfers to or from the stock of investment property are made if there is a corresponding change of use.

| **Investment property** | 2022 | | | 2023 | | |
|---|---|---|---|---|---|---|
| CHF million | Investment property | Investment property under construction | Total | Investment property | Investment property under construction | Total |
| **Acquisition cost** | | | | | | |
| **Balance as at 1.1.** | **379** | **143** | **522** | **522** | **36** | **558** |
| Additions | – | 37 | 37 | – | 13 | 13 |
| Disposals | –18 | – | –18 | –7 | 0 | –7 |
| Reclassifications | 161 | –144 | 17 | 25 | –25 | – |
| **Balance as at 31.12.** | **522** | **36** | **558** | **540** | **24** | **564** |
| **Cumulative amortization** | | | | | | |
| **Balance as at 1.1.** | **113** | **–** | **113** | **126** | **–** | **126** |
| Depreciation | 16 | – | 16 | 17 | – | 17 |
| Impairment | 1 | – | 1 | 0 | – | 0 |
| Disposals | –18 | – | –18 | –7 | – | –7 |
| Reclassifications | 14 | – | 14 | – | – | – |
| **Balance as at 31.12.** | **126** | **–** | **126** | **136** | **–** | **136** |
| **Carrying amount as at 1.1.** | **266** | **143** | **409** | **396** | **36** | **432** |
| **Carrying amount as at 31.12.** | **396** | **36** | **432** | **404** | **24** | **428** |

Information on fair values can be found in Note 29, Fair value disclosures.

The following amounts from investment property were recognized in the result:

- Rental income: 31 million francs (previous year: 27 million francs)
- Direct operating expenses (including depreciation) that generated rental income during the reporting period: 22 million francs (previous year: 24 million francs)

On 31 December 2023, there were no restrictions on the saleability or transfer of earnings and proceeds from any sale.

There are investment commitments for investment property of 1 million francs (previous year: 9 million francs).

# 24 | Intangible assets and goodwill

## Accounting policies

Purchased or internally generated intangible assets with a finite useful life are recognized at acquisition or production cost and amortized on a straight-line basis over their useful life. Intangible assets from business combinations (excluding goodwill) are recognized at fair value and amortized on a straight-line basis over their useful life. Amortization begins as soon as the asset is fit for use. The estimated useful lives of intangible assets are usually less than ten years.

Intangible assets (excluding goodwill) are checked regularly to determine if there are signs of impairment. If this is the case, the carrying amount is compared with the recoverable amount (the higher of fair value less costs to sell and value in use). If the carrying amount of an asset exceeds its recoverable amount, an impairment equal to the difference between the carrying amount and the recoverable amount is recognized in profit or loss.

In the event of a business combination, the identifiable assets and liabilities in the acquiree are recognized and measured at fair value in applying the acquisition method. Non-controlling interests are measured at the proportionate share of the identifiable net assets. Any excess over the purchase price is capitalized as goodwill at acquisition cost less impairment.

The recoverable amount of goodwill is reviewed at least annually or if there are indications of impairment. An impairment is applicable where the carrying amount of the cash-generating unit or units to which the goodwill was assigned exceeds the recoverable amount.

## Estimation uncertainty

Management estimates the period over which future economic benefits from intangible assets with a finite useful life will flow to the company. The estimated useful lives of intangible assets are reviewed on a regular basis.

The allocation of goodwill to the cash-generating units and the calculation of the recoverable amount are at the discretion of management. The discount rates include specific risk premiums depending on the risk assessment of the relevant cash-generating unit. The expected future cash flows and the assumptions applied are based on historical data from both internal and external sources of information as well as the strategic planning approved by the management.

**Intangible assets and goodwill**

| CHF million | 2022 Goodwill[1] | 2022 Other intangible assets | 2022 Other intangible assets under construction | 2022 Total | 2023 Goodwill[1] | 2023 Other intangible assets | 2023 Other intangible assets under construction | 2023 Total |
|---|---|---|---|---|---|---|---|---|
| **Acquisition cost** | | | | | | | | |
| **Balance as at 1.1.** | **380** | **539** | **42** | **961** | **460** | **601** | **11** | **1,072** |
| Additions to the consolidated Group | 82 | 22 | – | 104 | 72 | 42 | – | 114 |
| Additions | – | 13 | 8 | 21 | – | 30 | 10 | 40 |
| Disposals | – | –12 | 0 | –12 | – | –10 | – | –10 |
| Reclassifications | – | 39 | –39 | – | – | 1 | –1 | – |
| Currency translation differences | –2 | 0 | 0 | –2 | –1 | 0 | 0 | –1 |
| **Balance as at 31.12.** | **460** | **601** | **11** | **1,072** | **531** | **664** | **20** | **1,215** |
| **Cumulative amortization** | | | | | | | | |
| **Balance as at 1.1.** | **21** | **348** | **–** | **369** | **21** | **401** | **–** | **422** |
| Depreciation | – | 65 | – | 65 | – | 69 | – | 69 |
| Impairment | – | – | – | – | – | 1 | – | 1 |
| Disposals | – | –12 | – | –12 | – | –10 | – | –10 |
| Reclassifications | – | 0 | – | 0 | – | – | – | – |
| Currency translation differences | 0 | 0 | – | 0 | 0 | 0 | – | 0 |
| **Balance as at 31.12.** | **21** | **401** | **–** | **422** | **21** | **461** | **–** | **482** |
| **Carrying amount as at 1.1.** | **359** | **191** | **42** | **592** | **439** | **200** | **11** | **650** |
| **Carrying amount as at 31.12.** | **439** | **200** | **11** | **650** | **510** | **203** | **20** | **733** |

1 Goodwill relating to fully consolidated companies. Goodwill arising from the acquisition of interests in associates and joint ventures is included in the disclosed value of these equity interests (see Note 16, Associates and joint ventures).

Other intangible assets essentially comprise purchased standard and banking software and software developed internally. In addition, other intangible assets from acquisitions of subsidiaries also include recognized trademark rights with an indefinite useful life amounting to 19 million francs (previous year: 6 million francs). Of this, 17 million francs were generated by the Communication Services segment (previous year: 4 million francs) and 2 million francs by the Logistics Services segment (previous year: 2 million francs). Verification of the recoverable amount of recognized trademark rights showed no need for impairment in the year under review (previous year: no need for impairment).

There are no investment commitments for intangible assets (previous year: no investment commitments).

## 24.1 | Reviewing the recoverable amount of goodwill

In the event of a new acquisition, goodwill is allocated to individual cash-generating units or a group of cash-generating units, and tested in the fourth quarter of each year for impairment. A segment is generally a cash-generating unit, as the monitoring of goodwill for internal management purposes largely takes place at this level.

The goodwill relates to the following segments:

**Goodwill by segment**

| CHF million | 31.12.2022 | 31.12.2023 |
|---|---|---|
| Logistics Services segment | 293 | 298 |
| Communication Services segment | 146 | 212 |
| **Total goodwill** | **439** | **510** |

The recoverable amount of a cash-generating unit is based on a calculation of its value in use via the discounted cash flow method, in turn based on the strategic financial planning approved by the management. The calculation of value in use reflects the cash flows for the next five years, discounted to present value at the weighted average cost of capital (WACC), and an estimated residual value. This includes a growth component at the level of expected long-term inflation in Switzerland. WACC is determined using the capital asset pricing model and comprises weighted equity costs and borrowing costs. The risk-free interest rate used is the return on ten-year Swiss government bond or, if higher, the expected long-term inflation rate in Switzerland.

The following discount rates were used to determine the recoverable amount of goodwill.

**Discount rates**

| | WACC before taxes | |
|---|---|---|
| Percent | 2022 | 2023 |
| Logistics Services segment | 6.6 | 7.1 |
| Communication Services segment | 7.1 | 7.6 |

### Results of the verification of the recoverable amount of goodwill

As at 31 December 2023, all goodwill items remain recoverable (previous year: no impairment). The recoverable amount (value in use) of these cash-generating units exceeds the carrying amount on the date of measurement. The following values were used for the Logistics Services segment: average annual growth rate for operating income of 2.8 percent over the next five years, long-term inflation rate of 1.5 percent and WACC before taxes of 7.1 percent. These resulted in a recoverable amount that exceeds the carrying amount by 46 million francs. A reduction in the average annual growth rate for operating income to 2.5 percent, a rise in the long-term inflation rate to 1.7 percent or an increase in WACC before taxes to 7.4 percent would result in a recoverable amount for the Logistics Services segment that corresponds to the carrying amount. The following value was used for the Communication Services segment: average annual growth rate for operating income of 18.3 percent over the next five years. This resulted in a recoverable amount that exceeds the carrying amount by 143 million francs. A reduction in the average annual growth rate for operating income to 14.3 percent would result in a recoverable amount for the Communication Services segment that corresponds to the carrying amount.

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# 25 | Right-of-use assets (leases)

## Accounting policies

As a lessee, Swiss Post determines upon conclusion of a contract whether a lease exists in accordance with IFRS 16. If this is the case, a right-of-use asset and a lease liability are recognized. As an exception, short-term leases (less than twelve months) and leases for assets with a replacement value of less than 5,000 francs are charged to expenses in the income statement.

Total lease liabilities are calculated according to the present value of future lease payments at the start of the lease agreement. Payments are discounted using the interest rate underlying the lease contract or – if that rate cannot be readily determined – Swiss Post's incremental borrowing rate in the relevant market.

Right-of-use assets are initially recognized at cost. The cost is derived mainly from the above-mentioned present value of future lease payments plus any advance payments made, reconversion obligations or initial direct costs, less lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the useful life or the term of the lease, if shorter, and impairment losses are recognized if necessary.

Management makes an estimate of the future lease term, taking into account any extension or termination options in place. This estimate may differ from the actual term of lease.

As a lessor, Swiss Post determines upon conclusion of a contract whether all risks and rewards incidental to ownership are transferred to the lessee. In this case, the lease is treated as a finance lease. Otherwise, it is treated as an operating lease.

An impairment test is carried out if there are indications of impairment, in particular in the event of vacant properties.

## Estimation uncertainty

The term of the lease determines the amount of the right-of-use assets and the lease liabilities. Management makes an estimate of the future lease term, taking into account any extension or termination options in place. This estimate may differ from the actual term of lease.

**Right-of-use assets**

| 2022<br>CHF million | Land and buildings | Operating property | Equipment, machinery and IT systems | Furniture, vehicles and other assets | Total |
|---|---|---|---|---|---|
| **Acquisition cost** | | | | | |
| **Balance as at 1.1.** | **113** | **888** | **28** | **34** | **1,063** |
| Additions to the consolidated Group | – | 34 | 0 | 2 | 36 |
| Additions | 0 | 166 | 5 | 9 | 180 |
| Disposals | –2 | –58 | –1 | –11 | –72 |
| Currency translation differences | – | 0 | 0 | 0 | 0 |
| **Balance as at 31.12.** | **111** | **1,030** | **32** | **34** | **1,207** |
| **Cumulative amortization** | | | | | |
| **Balance as at 1.1.** | **11** | **313** | **9** | **19** | **352** |
| Depreciation | 4 | 118 | 6 | 6 | 134 |
| Impairment | – | 0 | – | – | 0 |
| Disposals | 0 | –25 | 0 | –11 | –36 |
| Currency translation differences | – | 0 | 0 | 0 | 0 |
| **Balance as at 31.12.** | **15** | **406** | **15** | **14** | **450** |
| **Carrying amount as at 1.1.** | **102** | **575** | **19** | **15** | **711** |
| **Carrying amount as at 31.12.** | **96** | **624** | **17** | **20** | **757** |

**Right-of-use assets**

| 2023<br>CHF million | Land and buildings | Operating property | Equipment, machinery and IT systems | Furniture, vehicles and other assets | Total |
|---|---|---|---|---|---|
| **Acquisition cost** | | | | | |
| **Balance as at 1.1.** | **111** | **1,030** | **32** | **34** | **1,207** |
| Additions to the consolidated Group | – | 16 | 0 | 42 | 58 |
| Additions | 13 | 141 | 11 | 3 | 168 |
| Disposals | –1 | –105 | 0 | –1 | –107 |
| Reclassifications | – | 0 | – | –2 | –2 |
| Currency translation differences | – | –2 | 0 | –3 | –5 |
| **Balance as at 31.12.** | **123** | **1,080** | **43** | **73** | **1,319** |
| **Cumulative amortization** | | | | | |
| **Balance as at 1.1.** | **15** | **406** | **15** | **14** | **450** |
| Depreciation | 3 | 120 | 6 | 8 | 137 |
| Disposals | –1 | –86 | 0 | 0 | –87 |
| Reclassifications | – | 0 | – | 0 | 0 |
| Currency translation differences | – | 0 | 0 | 0 | 0 |
| **Balance as at 31.12.** | **17** | **440** | **21** | **22** | **500** |
| **Carrying amount as at 1.1.** | **96** | **624** | **17** | **20** | **757** |
| **Carrying amount as at 31.12.** | **106** | **640** | **22** | **51** | **819** |

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As part of its business activities, Swiss Post leases properties for the performance of operations. Operating equipment and vehicles are leased depending on the situation, but this is nevertheless the exception. Residual value guarantees and extension and termination options are assessed upon conclusion of contract in relation to their likelihood of occurrence or exercise and are remeasured in the event of indications of a change in general conditions. No significant remeasurements had taken place as at 31 December 2023. The volume of contractually agreed lease contracts, which had not yet entered into force, stood at 6 million francs as at 31 December 2023 (previous year: 1 million francs). There are no significant sale-and-leaseback transactions, restrictions or covenants in the entire portfolio.

# 26 | Provisions

## Accounting policies

Provisions are recognized provided that, at the date of their recognition, a past event has resulted in a present obligation and a cash outflow is probable and can be measured reliably.

Restructuring provisions are recognized only upon presentation of a detailed plan and following the necessary communication.

Swiss Post bears a number of risks itself in accordance with the principle of self-insurance. Provisions are recognized for expected expenses arising from claims incurred that are not insured externally.

## Estimation uncertainty

The level of provisions is determined according to the best-estimate principle. Under this calculation method, management makes estimates regarding the probability of occurrence and other considerations. The actual liabilities may differ from the balance sheet values as a result of new findings. Provisions for other long-term employee benefits (loyalty bonuses for long years of service) are determined in the same way as the provisions for sabbaticals taken by senior management and top management using the projected unit credit method. Past service cost, net interest income and remeasurements are recognized directly in the income statement.

| **Provisions**<br>CHF million | Other long-term employee benefits | Restructuring | Claims incurred | Litigation risks | Other | Total |
|---|---|---|---|---|---|---|
| **As at 1.1.2022** | **100** | **34** | **38** | **7** | **85** | **264** |
| Additions to the consolidated Group | – | – | – | – | 1 | 1 |
| Recognition | 11 | 18 | 19 | 2 | 6 | 56 |
| Present value adjustment | 0 | – | – | – | 0 | 0 |
| Use | – 12 | – 10 | – 11 | – 3 | – 15 | – 51 |
| Reversal | – 1 | – 11 | – 15 | – 3 | – 12 | – 42 |
| Reclassifications | – | – | – | 2 | – 2 | – |
| Currency translation differences | 0 | 0 | – | – | 0 | 0 |
| **As at 31.12.2022** | **98** | **31** | **31** | **5** | **63** | **228** |
| of which short term | 12 | 24 | 22 | 2 | 5 | 65 |
| | | | | | | |
| **As at 1.1.2023** | **98** | **31** | **31** | **5** | **63** | **228** |
| Additions to the consolidated Group | – | 0 | – | 0 | – | 0 |
| Recognition | 13 | 15 | 29 | 3 | 8 | 68 |
| Present value adjustment | 2 | – | – | – | 0 | 2 |
| Use | – 12 | – 9 | – 22 | – 1 | – 8 | – 52 |
| Reversal | – 1 | – 15 | – 10 | – 1 | – 2 | – 29 |
| Reclassifications | – | – | – | – | 0 | 0 |
| Currency translation differences | – | 0 | – | 0 | 0 | 0 |
| **As at 31.12.2023** | **100** | **22** | **28** | **6** | **61** | **217** |
| of which short term | 12 | 10 | 23 | 2 | 6 | 53 |

Provisions of 15 million francs were recognized for planned and communicated restructuring plans (previous year: 18 million francs). The amount consists of benefits due based on the collective employment contract redundancy plan as well as additional benefits.

## 26.1 | Other long-term employee benefits

Provisions for other long-term employee benefits essentially comprise bonuses for anniversaries for numbers of years of service (loyalty bonuses including sabbaticals for management employees). In addition to loyalty bonuses and sabbaticals, other benefits amounting to 1 million francs (previous year: 1 million francs) are also included.

The following parameters were applied:

| **Assumptions for the calculation** | Loyalty bonuses | |
|---|---|---|
| As at | 31.12.2022 | 31.12.2023 |
| Discount rate | 2.22% | 1.48% |
| Annual change in salaries | 1.50% | 1.50% |
| Leave share | 55.80% | 55.80% |
| Voluntary turnover | 9.86% | 9.76% |
| Average remaining service in years | 9.22 | 9.15 |

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## 26.2 | Contingent liabilities: guarantees and guarantee obligations

As in the previous year, there were no guarantees or guarantee obligations at the end of 2023.

## 26.3 | Contingent liabilities: legal cases

As regards claims or legal cases for which no reliable estimate of the amount of the obligation can be made, no provision is recognized. Executive Management believes either that they can be refuted or that they will not have a material impact on the Group's financial position or operating profit. In the reporting period, the resulting contingent liabilities amounted to 26 million francs (previous year: 14 million francs).

# 27 | Equity

## 27.1 | Share capital

On 1 January 1998, the Swiss Confederation provided Swiss Post with interest-free endowment capital of 1,300 million francs. Swiss Post was converted from an institution under public law into a company limited by shares subject to a special statutory regime with share capital of 1,300 million francs in accordance with the Postal Services Organization Act on 26 June 2013 with retroactive effect to 1 January 2013. The Confederation remains the full owner of Swiss Post.

The share capital comprises 1,300,000 registered shares, each with a face value of 1,000 francs. All shares are fully paid up.

## 27.2 | Gains and losses recorded directly in other comprehensive income

### Revaluation of employee benefit obligations and employee benefit assets

Changes in revaluation gains from employee benefit obligations and employee benefit assets in accordance with IAS 19 that occurred during the year and that were recorded in other comprehensive income (OCI) as equity are shown in the following table. Revaluation gains are the result of changes in assumed (estimated) amounts and differences between the assumed (estimated) amounts and their actual realizations.

### Fair value reserves

Fair value reserves comprise fluctuations in the value of financial assets FVTOCI, which are caused mainly by fluctuations in capital market interest rates. The cumulative gains/losses from the sale of debt instruments are transferred to the income statement. In the case of equity instruments held within the FVTOCI option, a reclassification to retained earnings is undertaken on the date of sale.

### Hedging reserves

Hedging reserves include net gains and losses resulting from fair value changes attributable to the effective portion of cash flow hedges. The hedging reserves are reclassified in profit or loss when the hedged item is closed out.

### Currency translation reserves

Currency translation reserves contain the cumulative differences resulting from the translation of the financial statements of subsidiaries, associates and joint ventures from their functional currency into Swiss francs. In the event of the sale of a company with a functional currency in a foreign currency, the corresponding reserve is released to profit or loss.

### Other gains and losses

These reserves comprise any other gains and losses recorded in other comprehensive income, such as those arising from associates and joint ventures.

## 27.3 | Distributions paid to the owner

The General Meeting of Swiss Post Ltd held on 2 May 2023 decided to distribute a total of 50 million francs (previous year: 50 million francs), or 38.46 francs per share (previous year: 38.46 francs per share). The payment was made on 26 May 2023.

According to the proposal submitted by the Board of Directors to the General Meeting of Swiss Post Ltd, 50 million francs will be distributed for the 2023 financial year. Further details can be found in the Swiss Post Ltd annual financial statements.

Gains and losses recorded directly in other comprehensive income:

| **Group \| Gains and losses recorded directly in other comprehensive income** CHF million | Notes | Revaluation of employee benefit assets/ obligations | Fair value reserves | Hedging reserves | Currency translation reserves | Other gains and losses | Equity attributable to the owner | Non-controlling interests | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Balance as at 1.1.2022** | | **943** | **329** | **–92** | **–79** | **5** | **1,106** | **1** | **1,107** |
| Revaluation of employee benefit obligations and employee benefit assets | 11 | 1,312 | – | – | – | – | 1,312 | 1 | 1,313 |
| Change in fair value reserves of equity instruments FVTOCI | | – | –56 | – | – | – | –56 | – | –56 |
| Change in share of other comprehensive income from associates and joint ventures | 16 | – | – | – | – | 1 | 1 | – | 1 |
| Change in income taxes | 17 | –211 | 9 | – | – | – | –202 | 0 | –202 |
| **Items not reclassifiable in the consolidated income statement, after tax** | | **1,101** | **–47** | **–** | **–** | **1** | **1,055** | **1** | **1,056** |
| Change in currency translation reserves | | – | – | – | 42 | – | 42 | 0 | 42 |
| Change in share of other comprehensive income from associates and joint ventures | 16 | – | – | – | – | –4 | –4 | – | –4 |
| Change in fair value reserves of debt instruments FVTOCI, net | | – | –567 | – | – | – | –567 | – | –567 |
| Change in hedging reserves, net[1] | | – | – | 192 | – | – | 192 | – | 192 |
| Change in income taxes | 17 | – | 107 | –36 | 3 | – | 74 | – | 74 |
| **Reclassifiable items in income statement, after tax** | | **–** | **–460** | **156** | **45** | **–4** | **–263** | **0** | **–263** |
| **Other comprehensive income** | | **1,101** | **–507** | **156** | **45** | **–3** | **792** | **1** | **793** |
| Reclassification of actuarial gains in retained earnings | | –1 | – | – | – | – | –1 | – | –1 |
| **Balance as at 31.12.2022** | | **2,043** | **–178** | **64** | **–34** | **2** | **1,897** | **2** | **1,899** |
| **Balance as at 1.1.2023** | | **2,043** | **–178** | **64** | **–34** | **2** | **1,897** | **2** | **1,899** |
| Revaluation of employee benefit obligations and employee benefit assets | 11 | –138 | – | – | – | – | –138 | 0 | –138 |
| Change in fair value reserves of equity instruments FVTOCI | | – | 38 | – | – | – | 38 | – | 38 |
| Change in share of other comprehensive income from associates and joint ventures | 16 | – | – | – | – | 0 | 0 | – | 0 |
| Change in income taxes | 17 | 25 | –9 | – | – | – | 16 | 0 | 16 |
| **Items not reclassifiable in the income statement, after tax** | | **–113** | **29** | **–** | **–** | **0** | **–84** | **0** | **–84** |
| Change in currency translation reserves | | – | – | – | –9 | – | –9 | 0 | –9 |
| Change in share of other comprehensive income from associates and joint ventures | 16 | – | – | – | – | –2 | –2 | – | –2 |
| Change in fair value reserves of debt instruments FVTOCI, net | | – | 232 | – | – | – | 232 | – | 232 |
| Change in hedging reserves, net[1] | | – | – | 56 | – | – | 56 | – | 56 |
| Change in income taxes | 17 | – | –44 | –11 | 3 | – | –52 | – | –52 |
| **Reclassifiable items in consolidated income statement, after tax** | | **–** | **188** | **45** | **–6** | **–2** | **225** | **0** | **225** |
| **Other comprehensive income** | | **–113** | **217** | **45** | **–6** | **–2** | **141** | **0** | **141** |
| **Balance as at 31.12.2023** | | **1,930** | **39** | **109** | **–40** | **0** | **2,038** | **2** | **2,040** |

1 Additional information can be found in the consolidated statement of comprehensive income.

# 28 | Risk management and risk assessment

## 28.1 | Risk management (enterprise risk management)

### Organization

Swiss Post operates a comprehensive risk management system whose structure is based on ISO 31000:2018. This system was certified by the external auditor Mazars in November 2023. Mazars confirms that Swiss Post demonstrates a high level of maturity with regard to the development and implementation of enterprise risk management compared to other companies of similar size and complexity.

The scope covers all Group and function units of Swiss Post. Subsidiaries and associated companies are integrated into the risk management processes of the Group units to which they are organizationally assigned. The Board of Directors sets out the primary guidelines and principles for the risk management system, defines risk policy at Swiss Post Ltd and approves the risk strategy. The implementation of risk management lies with line management. Unit management members of the different Group units are responsible for their own risk portfolio in order to identify, assess and control risks by taking appropriate measures.

Group risk management runs the process, develops Group-wide risk management methods and ensures that all detectable significant risks are identified and recorded in full in the risk analysis and reporting systems and documented in the reporting for Executive Management and the Board of Directors. Group risk management also monitors the necessary measures, controls and limits as well as the potential risks.

Swiss Post aims to take an integral and comprehensive approach to risk management. Risk management is therefore combined with the Corporate Development, Accounting, Controlling, Insurance, Security, Internal Control System and Crisis Management units as well as with Group Audit and the Compliance department. Swiss Post’s 2nd line functions support one another and form an assurance community. The aim is to regularly share information and knowledge with one another and coordinate activities, terminology, assessment logic, awareness-raising activities and reporting. The assurance community promotes coordination, mutual foundations and the exploitation of integration and synergy potential.

### Risk situation

Swiss Post understands “risk” to mean the possibility of an event or development occurring and exerting a positive or negative impact on the achievement of corporate goals. Risk is thus the umbrella term for a threat (negative target deviation) or opportunity (positive target deviation).

Successful entrepreneurial action is based on adequately controlling or avoiding material threats and taking advantage of opportunities that arise in a value-enhancing way. Risk assessment is carried out as part of operational planning for a four-year planning period (2023 to 2026).

Every year, managers and specialists measure the risks that have been identified (threats and opportunities). This measurement is carried out according to a credible worst-case scenario (threats) or credible best-case scenario (opportunities) on the basis of event data, analyses or expert estimates. The credible worst-case scenario constitutes the worst-possible case (threats), and the credible best-case scenario the best-possible case (opportunities) that is still realistic.

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The credible worst-case and best-case scenarios are evaluated using the scoring model and an assessment of the following parameters:

- The extent of impact accumulated over the next four years. To evaluate this impact, at least one of the following impact dimensions is assessed: finances, reputation, personal/environmental damage, compliance.
- The likelihood of the identified accumulated impact occurring.

The probability distribution of the Group's overall risk portfolio is calculated using the Monte Carlo simulation process, taking account of the correlations from the probability distributions of the individual risks. The expected loss/gain potential and the maximum loss potential with a confidence interval of 99 percent are derived from this distribution as risk indicators.

Based on the latest calculations, the Group has an expected loss potential of 910 million francs in relation to the 2023–2026 business period. The unexpected four-year loss potential (VaR 99 percent) for the Group totals 2,700 million francs. This means the Group's risk capacity is ensured so that sufficient equity capital would be available at the end of the evaluation period (2026) even in the event of an unexpected cumulative cashflow deviation (VaR 99 percent).

The greatest threats include restriction/failure of system-critical infrastructure, the development of earnings/equity at PostFinance, potential violations of provisions, economic downturns, geopolitical tensions and difficulties with strategy implementation. Positive effects could occur as a result of business optimization measures, customer acquisitions and the implementation of transformation projects.

## 28.2 | Financial risk management in logistics

Following the introduction of the standard IFRS 9 Financial Instruments, and due to the fundamentally different business models within Swiss Post Group, financial risk management is disclosed in two parts (logistics and PostFinance). The logistics part comprises all Swiss Post's business activities with the exception of the PostFinance segment.

The Swiss Post consolidated balance sheet as at 31 December 2022 and 2023 is broken down between the logistics and PostFinance business models as follows:

| **Condensed balance sheet, divided according to business model** | | | 31.12.2022 | | | 31.12.2023 |
|---|---|---|---|---|---|---|
| CHF million | PostFinance | Logistics | Group | PostFinance | Logistics | Group |
| Cash | 1,327 | 1 | 1,328 | 1,277 | 1 | 1,278 |
| Amounts due from banks | 38,045 | 1,055 | 39,100 | 26,594 | 921 | 27,515 |
| Interest-bearing amounts due from customers | 607 | – | 607 | 493 | – | 493 |
| Trade accounts receivable | 3 | 688 | 691 | 4 | 730 | 734 |
| Contract assets | 30 | 309 | 339 | 29 | 209 | 238 |
| Other receivables | 286 | 565 | 851 | 387 | 427 | 814 |
| of which financial instruments | 240 | 177[1] | 417[1] | 342 | 173 | 515 |
| Financial assets | 72,282 | 206 | 72,488 | 72,235 | 208 | 72,443 |
| Amortized cost | 64,622 | 141 | 64,763 | 64,170 | 166 | 64,336 |
| FVTPL including derivative financial instruments | 1,309 | 43 | 1,352 | 1,449 | 27 | 1,476 |
| FVTOCI equity instruments | 246 | 22 | 268 | 307 | 15 | 322 |
| FVTOCI debt instruments | 6,105 | – | 6,105 | 6,309 | – | 6,309 |
| Other assets[2] | 972 | 4,094 | 5,066 | 860 | 4,491 | 5,351 |
| **Total assets** | **113,552** | **6,918** | **120,470** | **101,879** | **6,987** | **108,866** |
| Customer deposits (PostFinance) | 89,994 | – | 89,994 | 89,121 | – | 89,121 |
| Other financial liabilities | 16,976 | 1,780 | 18,756 | 5,673 | 1,901 | 7,574 |
| Liabilities relating to banks | 1,284 | 242[3] | 1,526[3] | 1,520 | 308 | 1,828 |
| Derivatives | 23 | 0 | 23 | 10 | 1 | 11 |
| Lease liabilities | 43 | 736 | 779 | 43 | 788 | 831 |
| Private placements | – | 775 | 775 | – | 775 | 775 |
| Repurchase transactions | 15,626 | – | 15,626 | 4,100 | – | 4,100 |
| Other | – | 27[3] | 27[3] | – | 29 | 29 |
| Trade accounts payable | 36 | 245 | 281 | 33 | 269 | 302 |
| of which financial instruments | 34 | 240 | 274 | 31 | 265 | 296 |
| Other liabilities | 76 | 630 | 706 | 156 | 594 | 750 |
| of which financial instruments | 7 | 135 | 142 | 30 | 95 | 125 |
| Other equity and liabilities[2] | 6,470 | 4,263 | 10,733 | 6,896 | 4,223 | 11,119 |
| **Total equity and liabilities** | **113,552** | **6,918** | **120,470** | **101,879** | **6,987** | **108,866** |

1 The balance sheet item "Other receivables" also includes receivables from dividends. Until 31 December 2022, these were not categorized as financial instruments and were not recorded in the table above. As of 31 December 2023, receivables from dividends are disclosed as financial instruments. Accordingly, the figures for the previous year have been adjusted by 18 million francs.
2 The other assets and liabilities are not financial instruments. For the purposes of reconciliation with the balance sheet, they are reported here.
3 The figure has been adjusted. 98 million francs have been moved from the balance sheet item "Other" to the balance sheet item "Liabilities relating to banks".

Risk management information on PostFinance can be found from page 160 onwards. The following explanations refer to financial risk management in the logistics business model.

## Credit risks

Credit risks arising from the provision of logistics services include the default risk on cash holdings, amounts due from banks (current account balances, fixed-term deposits), trade accounts receivable, contract assets and other receivables (financial instruments), as well as on financial assets measured at amortized cost. The maximum credit risk corresponds to the amounts reported in the balance sheet and the guarantees provided.

Impairment losses required for potential future defaults on current account balances, fixed-term deposits and amounts due from banks are calculated taking into account the historical probability of default and an estimation of the probability of default in the future. To calculate expected credit loss in the logistics business model, the same ECL model is applied as in the PostFinance business model.

The creditworthiness of major counterparties is constantly monitored. A limit is set for each counterparty for risk control purposes. The counterparty limit is recalculated at regular intervals. Outstanding amounts due from major counterparties are constantly monitored and documented.

The trade accounts receivable recognized originate mainly from the invoicing of services provided by Logistics Services to business customers. Address verification is systematically carried out before automatic opening for all new customers. If upon registration it becomes clear that customers have a large order volume, creditworthiness is verified by means of a credit check. A complete creditworthiness check upon opening a customer relationship is not practically feasible. Instead standard or customer-specific credit limits are set in the main billing system of Logistics Services to minimize risk. If limits are exceeded, there is automatic notification. If irregularities arise, the Receivables & Finance Services team carries out additional checks, for example a creditworthiness check, and adjusts the billing and payment arrangements if required. If the risk of loss is too high, services are only provided in return for advance or cash payment. The measures indicated are also applied with periodic monitoring of outstanding receivables as part of dunning runs or the overdue payment list.

The simplified approach permitted in accordance with IFRS 9 is applied to determine expected credit loss on trade accounts receivable, contract assets and other receivables (financial instruments). A historical default rate is calculated for these in the balance sheet at accounting unit level. An additional risk premium is recorded to take into account future changes in debtor solvency. Bandwidths apply when calculating expected defaults on overdue receivables. If a receivable is 1 to 90 days overdue, an impairment loss of a maximum of 10 percent of the receivable amount is recorded (91 to 180 days: up to max. 75 percent, 181 to 360 days: up to max. 100 percent and more than 360 days: up to max. 100 percent). Information from the dunning system (on customer payment behaviour and creditworthiness) and from the sales department (on the sector and the market) is taken into account to determine the impairment loss. The receivable is definitively derecognized once there are firm indications that it is no longer recoverable.

On the reference date, the following impairment losses on financial instruments were recognized in the logistics business model:

| **Logistics \| Impairment losses on financial instruments** | | 31.12.2022 | | | 31.12.2023 | |
|---|---|---|---|---|---|---|
| CHF million | Gross | Impairment | Net | Gross | Impairment | Net |
| Cash | 1 | – | 1 | 1 | – | 1 |
| Amounts due from banks | 1,055 | 0 | 1,055 | 921 | 0 | 921 |
| Trade accounts receivable | 694 | –6 | 688 | 739 | –9 | 730 |
| Contract assets | 309 | – | 309 | 209 | – | 209 |
| Other receivables | 179[1] | –2 | 177[1] | 176 | –3 | 173 |
| Financial assets | | | | | | |
| Amortized cost | 142 | –1 | 141 | 171 | –5 | 166 |
| **Total financial instruments** | **2,380**[1] | **–9** | **2,371**[1] | **2,217** | **–17** | **2,200** |

1 The balance sheet item "Other receivables" also includes receivables from dividends. Until 31 December 2022, these were not categorized as financial instruments and were not recorded in the table above. As of 31 December 2023, receivables from dividends are disclosed as financial instruments. Accordingly, the figures for the previous year have been adjusted by 18 million francs.

The following receivables are overdue on the reference date:

| **Logistics \| Overdue receivables** | | | | 31.12.2022 | | | | 31.12.2023 |
|---|---|---|---|---|---|---|---|---|
| CHF million | 1–90 days | 91–180 days | 181–365 days | > 1 year | 1–90 days | 91–180 days | 181–365 days | > 1 year |
| Trade accounts receivable | 34 | 8 | 3 | 11 | 51 | 6 | 4 | 6 |
| Other receivables | – | – | – | – | 3 | – | – | 13 |
| **Total receivables** | **34** | **8** | **3** | **11** | **54** | **6** | **4** | **19** |

Impairment losses on amounts due from banks, financial assets at amortized cost, trade accounts receivable, and other receivables (financial instruments) are broken down as follows between levels 1 to 3 as at 31 December 2022 and 31 December 2023:

| **Logistics \| Impairment losses on financial instruments** | | | | 31.12.2022 | | | | 31.12.2023 |
|---|---|---|---|---|---|---|---|---|
| CHF million | Stage 1 | Stage 2 | Stage 3 | | Stage 1 | Stage 2 | Stage 3 | |
| ECL on amounts due from banks | – | 0 | – | 0 | – | 0 | – | 0 |
| ECL on financial assets at amortized cost | –1 | – | – | –1 | –1 | – | –4 | –5 |
| **The following impairments were calculated based on the simplified approach** | | | | | | | | |
| ECL on trade accounts receivable[1] | | | | –7 | | | | –9 |
| ECL on other receivables[1] | | | | –2 | | | | –3 |

1 In each case, the figure matches the expected loss over the remaining term to maturity.

Other receivables also include receivables from the instalment agreements with the PostBus operators. As the operating materials are transferred at face value according to the Federal Office of Transport (FOT), they reflect the fair value of the receivables. This was also taken into consideration in the recognition of impairment losses.

## Liquidity risks

Liquidity risk refers to the risk that current and future payment obligations cannot be met on time in full. Liquidity management by Group Treasury ensures that Swiss Post has sufficient liquidity available at all times to meet its payment obligations, even in stress situations, without losses or reputational damage.

Liquidity is managed daily by Group Treasury and reported each month to the decision-makers at Group level. A Group cash flow plan is drawn up each quarter. The minimum level of liquidity (minimum liquidity/cash burn rate) is defined as cash expenses and planned expenditure for the next 30 days. The short-term cash flow planning is constantly updated and monitored. The following due dates exist for financial instruments in the logistics business model:

**Logistics | Due dates of financial instruments**

| 31.12.2022<br>CHF million | 0–3 months | 3 months–1 year | 1–5 years | over 5 years | None | Total |
|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | |
| Cash holdings | 1 | – | – | – | – | 1 |
| Amounts due from banks | 315 | 640 | 100 | – | – | 1,055 |
| Trade accounts receivable | 667 | 10 | 11 | – | – | 688 |
| Other receivables | 30[1] | 23 | 77 | 47 | – | 177[1] |
| Financial assets | | | | | | |
| Amortized cost | 1 | 1 | 0 | 92 | 47 | 141 |
| FVTPL incl. derivative financial instruments | 1 | – | 10 | – | 32 | 43 |
| FVTOCI equity instruments | – | – | – | – | 22 | 22 |
| **Total financial assets** | **1,015**[1] | **674** | **198** | **139** | **101** | **2,127**[1] |
| **Financial liabilities** | | | | | | |
| Other financial liabilities | | | | | | |
| Liabilities relating to banks | 133 | 99[5] | 2 | 8 | – | 242[5] |
| Lease liabilities[2] | 5 | 126 | 369 | 338 | – | 838 |
| Private placements[3, 4] | – | 8 | 168 | 664 | – | 840 |
| Other | 2 | 1[5] | 8 | 16 | – | 27[5] |
| Trade accounts payable | 240 | 0 | 0 | – | – | 240 |
| Other liabilities | 31 | 10 | 77 | 17 | – | 135 |
| **Total financial liabilities**[2, 3] | **411** | **244** | **624** | **1,043** | **–** | **2,322** |

1 The balance sheet item “Other receivables” also includes receivables from dividends. Until 31 December 2022, these were not categorized as financial instruments and were not recorded in the table above. As of 31 December 2023, receivables from dividends are disclosed as financial instruments. Accordingly, the figures for the previous year have been adjusted by 18 million francs.
2 Until 31 December 2022, lease liabilities were recorded at present value. As of 31 December 2023, the minimum lease payments are now disclosed. The figures for the previous year have been adjusted.
3 Until 31 December 2022, private placements were recorded with the carrying amount. As of 31 December 2023, the nominal value including coupon is now disclosed. The figures for the previous year have been adjusted.
4 Swiss Post Ltd has several outstanding private placements totalling 775 million francs. Nine tranches overall, expiring between 2026 and 2061, are outstanding on the capital market from major, predominantly domestic, private and institutional investors. The average interest rate applicable to these private placements is 1.06 percent, and the average remaining maturity of the outstanding tranches as at the end of 2022 is 9.5 years.
5 The figure has been adjusted. 98 million francs have been moved from the balance sheet item “Other” to the balance sheet item “Liabilities relating to banks”.

**Logistics | Due dates of financial instruments**

31.12.2023
CHF million

| | 0–3 months | 3 months–1 year | 1–5 years | over 5 years | None | Total |
|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | |
| Cash holdings | 1 | – | – | – | – | 1 |
| Amounts due from banks | 901 | 20 | – | – | – | 921 |
| Trade accounts receivable | 730 | 0 | 0 | 0 | – | 730 |
| Other receivables | 158 | 15 | – | – | – | 173 |
| Financial assets | | | | | | |
| Amortized cost | 39 | 0 | 0 | 86 | 41 | 166 |
| FVTPL incl. derivative financial instruments | – | – | – | – | 27 | 27 |
| FVTOCI equity instruments | – | – | – | – | 15 | 15 |
| **Total financial assets** | **1,829** | **35** | **0** | **86** | **83** | **2,033** |
| **Financial liabilities** | | | | | | |
| Other financial liabilities | | | | | | |
| Liabilities relating to banks | 308 | – | – | – | – | 308 |
| Derivatives | – | – | 1 | – | – | 1 |
| Lease liabilities | 13 | 137 | 406 | 348 | – | 904 |
| Private placements[1] | 0 | 8 | 267 | 557 | – | 832 |
| Other | 7 | 3 | 18 | 1 | – | 29 |
| Trade accounts payable | 261 | 4 | – | – | – | 265 |
| Other liabilities | 16 | 8 | 43 | 32 | – | 99 |
| **Total financial liabilities** | **605** | **160** | **735** | **938** | **–** | **2,438** |

1 Swiss Post Ltd has several outstanding private placements totalling 775 million francs. Nine tranches overall, expiring between 2026 and 2061, are outstanding on the capital market from major, predominantly domestic, private and institutional investors. The average interest rate applicable to these private placements is 1.06 percent, and the average remaining maturity of the outstanding tranches as at the end of 2023 is 8.4 years.

The other financial liabilities with changes in cash flow from financing activities (Group perspective) are as follows:

**Group | Changes in other financial liabilities**

| CHF million | Due to banks[1] | Derivative financial instruments | Lease liabilities | Repurchase transactions | Private placements | Other[1] | Total |
|---|---|---|---|---|---|---|---|
| **As at 1.1.2022** | **1,270** | **105** | **731** | **19,593** | **810** | **37** | **22,546** |
| Other financial liabilities with change in cash flow from operating and investment activities | 815 | 105 | – | 19,593 | – | 31 | 20,544 |
| **Other financial liabilities with change in cash flow from financing activities as at 1.1.2022** | **455** | **–** | **731** | **–** | **810** | **6** | **2,002** |
| Cash increases | 251 | – | – | – | – | 25 | 276 |
| Cash decreases | –471 | – | –133 | – | –35 | –4 | –643 |
| Changes to scope of consolidation | 15 | – | 37 | – | – | 2 | 54 |
| Currency translation differences | –6 | – | –1 | – | – | 1 | –6 |
| Other non-cash changes | –2 | – | 145 | – | 0 | –23 | 120 |
| **Other financial liabilities with change in cash flow from financing activities as at 31.12.2022** | **242** | **–** | **779** | **–** | **775** | **7** | **1,803** |
| Other financial liabilities with change in cash flow from operating and investment activities | 1,284 | 23 | – | 15,626 | – | 20 | 16,953 |
| **As at 31.12.2022** | **1,526** | **23** | **779** | **15,626** | **775** | **27** | **18,756** |
| **As at 1.1.2023** | **1,526** | **23** | **779** | **15,626** | **775** | **27** | **18,756** |
| Other financial liabilities with change in cash flow from operating and investment activities | 1,284 | 23 | – | 15,626 | – | 20 | 16,953 |
| **Other financial liabilities with change in cash flow from financing activities as at 1.1.2023** | **242** | **–** | **779** | **–** | **775** | **7** | **1,803** |
| Cash increases | 65 | – | – | – | – | 3 | 68 |
| Cash decreases | –4 | – | –137 | – | 0 | 0 | –141 |
| Changes to scope of consolidation | 11 | – | 45 | – | – | 13 | 69 |
| Currency translation differences | –5 | – | –3 | – | – | 0 | –8 |
| Other non-cash changes | –1 | 1 | 147 | – | 0 | –13 | 134 |
| **Other financial liabilities with change in cash flow from financing activities as at 31.12.2023** | **308** | **1** | **831** | **–** | **775** | **10** | **1,925** |
| Other financial liabilities with change in cash flow from operating and investment activities | 1,520 | 10 | – | 4,100 | – | 19 | 5,649 |
| **As at 31.12.2023** | **1,828** | **11** | **831** | **4,100** | **775** | **29** | **7,574** |

1 In the previous year, liabilities relating to banks were included in the balance sheet item “Other”. The figures for the previous year have been adjusted accordingly.

The change in customer deposits (PostFinance) reported under financial liabilities is included in cash flow from operating activities.

## Foreign currency risks

Foreign currency risk is monitored by Group Treasury on a permanent basis. Foreign currency risk is constantly reduced via cash transactions or foreign exchange forward contracts. Foreign currency is only held to settle current liabilities in foreign currencies. Automated monitoring takes place; daily on the basis of balances transferred in real time. Subsidiaries with no automated connection immediately transfer excess liquidity in all currencies to the Group.

The following currency balances show foreign currency exposure as at 31 December 2022 and 31 December 2023:

| **Logistics \| Financial instruments by currency** | Functional currency | Foreign currencies | | | | | |
|---|---|---|---|---|---|---|---|
| 31.12.2022<br>CHF million | | CHF | EUR | USD | GBP | Other | Total |
| **Assets** | | | | | | | |
| Cash | 1 | – | 0 | – | – | – | 1 |
| Amounts due from banks | 1,035 | – | 20 | 0 | 0 | – | 1,055 |
| Trade accounts receivable | 623 | – | 51 | 0 | 0 | 14 | 688 |
| Other receivables | 170[1] | – | 6 | 1 | – | – | 177[1] |
| Financial assets | | | | | | | |
| Amortized cost | 21 | – | 97 | 23 | – | – | 141 |
| FVTPL incl. derivative financial instruments | 17 | – | 15 | 11 | – | – | 43 |
| **Liabilities** | | | | | | | |
| Other financial liabilities | | | | | | | |
| Liabilities relating to banks | 144 | – | 98[2] | – | – | – | 242[2] |
| Derivatives | 0 | – | – | – | – | – | 0 |
| Lease liabilities | 736 | – | – | – | – | – | 736 |
| Private placements | 775 | – | – | – | – | – | 775 |
| Other | 22 | – | 5[2] | – | – | – | 27[2] |
| Trade accounts payable | 210 | – | 20 | 1 | 0 | 9 | 240 |
| Other liabilities | 125 | – | 10 | – | – | – | 135 |

1 The balance sheet item “Other receivables” also includes receivables from dividends. Until 31 December 2022, these were not categorized as financial instruments and were not recorded in the table above. As of 31 December 2023, receivables from dividends are disclosed as financial instruments. Accordingly, the figures for the previous year have been adjusted by 18 million francs.
2 The figure has been adjusted. 98 million francs have been moved from the balance sheet item “Other” to the balance sheet item “Liabilities relating to banks”.

| **Logistics \| Financial instruments by currency** | Functional currency | Foreign currencies | | | | | |
|---|---|---|---|---|---|---|---|
| 31.12.2023<br>CHF million | | CHF | EUR | USD | GBP | Other | Total |
| **Assets** | | | | | | | |
| Cash | 1 | – | 0 | – | – | – | 1 |
| Amounts due from banks | 907 | – | 14 | 0 | 0 | – | 921 |
| Trade accounts receivable | 675 | – | 47 | 0 | 0 | 8 | 730 |
| Other receivables | 173 | – | – | – | – | – | 173 |
| Financial assets | | | | | | | |
| Amortized cost | 21 | – | 126 | 19 | – | – | 166 |
| FVTPL incl. derivative financial instruments | 3 | – | 12 | 12 | – | – | 27 |
| **Liabilities** | | | | | | | |
| Other financial liabilities | | | | | | | |
| Liabilities relating to banks | 215 | – | 93 | – | – | – | 308 |
| Derivatives | 1 | – | – | – | – | – | 1 |
| Lease liabilities | 788 | – | – | – | – | – | 788 |
| Private placements | 775 | – | – | – | – | – | 775 |
| Other | 23 | – | 6 | – | – | – | 29 |
| Trade accounts payable | 243 | – | 17 | 0 | 0 | 5 | 265 |
| Other liabilities | 86 | – | 9 | – | – | – | 95 |

## Interest rate risks

All financing and refinancing is monitored daily. Variable interest-bearing items are replicated. Net present value, duration and change in present value are calculated with a parallel shift in the yield curve of one basis point (DV01) for quarterly treasury reporting. Interest rate risk is kept as low as possible.

## Goods price risks

Goods price risks that are relevant to the Group are identified, evaluated and controlled via appropriate measures by risk management. Significant goods price risks include pressure on parcel margins at Logistics Services due to rising competition and the increase in fuel prices at PostBus.

## 28.3 | Risk management at PostFinance

### Business model and risk profile

PostFinance operates mainly in the fields of payment transaction services, the receipt of customer deposits, account services and related services. It also handles customer securities trading, carries out investments in its own name, and manages other financial services on behalf of third parties. On account of its business model, PostFinance is exposed to risks. PostFinance could suffer losses or deviations from the expected result if these risks materialize.

PostFinance defines three risk categories based on its business model.

- **Financial risk** refers to the risk of unexpected losses from the investment and deposit business. In terms of financial risks, PostFinance differentiates between interest rate, market, credit and liquidity risks.
- **Strategic risk** refers to the risk of failing to achieve company goals at the level of the fundamental or long-term orientation of the institution as a result of unexpected developments.
- **Operational risk** refers to the risk of unexpected costs or unwelcome events (such as events with a negative impact on reputation or compliance breaches) that arise as a result of the inadequacy or failure of internal processes, people or systems, or as a result of external events. Operational risks also include the risks associated with financial reporting.

### Governance and reporting

In formal terms, the business control and monitoring process and the entire internal control system comply with the COSO II framework and “three lines model”. The COSO II framework incorporates risk management as well as risk control and monitoring. PostFinance also uses the ISO 31000 standard as a guideline.

The Board of Directors defines the risk policy and principles of risk management and is responsible for the regulation, establishment and monitoring of an effective risk management system. It is also responsible for ensuring an appropriate risk and control environment within PostFinance. The Board of Directors uses the definition of risk appetite to determine the total amount of risk that PostFinance is prepared to take. The risk appetite takes strategic, financial and operational risks into account and must be in line with the company's risk capacity. The risk capacity results from the regulatory and legal requirements to be met, adherence to which enables PostFinance to continue as a going concern. In addition, the risk appetite takes the directives and guidelines of the owner into account.

The Board of Directors and all Board of Directors’ Committees (Risk, Audit & Compliance, IT & Digitization, Organisation, Nomination & Remuneration) apply these risk principles. The Risk and Audit & Compliance Committees have a special role to play here, as they perform an explicit monitoring function at Board level, with the Board of Directors’ Audit & Compliance Committee focusing in particular on non-financial risks and the Board of Directors’ Risk Committee on financial risks.

The PostFinance Executive Board is responsible for implementing the directives of the Board of Directors with regard to risk management and monitoring within the framework of the 1st and 2nd lines, and ensures compliance with the risk capacity and risk appetite. It implements the directives of the Board of Directors with regard to the establishment, maintenance and regular review of control activities and the control units involved. In addition, the Executive Board is responsible for the active management of financial, strategic and operational risks within the framework defined by the Board of Directors and ensures that the risk management infrastructure throughout the institution meets requirements in organizational, human resources, technical and methodology terms. The Chief Risk Officer (CRO) is a member of the Executive Board and is responsible for ensuring that the subordinated, independent control entities perform the tasks entrusted to them.

The business units which represent the 1st line bear primary responsibility for the risks from their unit and exercise their control function in the management of risks, in particular through their identification, measurement, control, monitoring and reporting activities. They take account of the directives of the 1st and 2nd lines and ensure that their risks and controls are complete and up-to-date in the risk and control inventory. Within the 1st line, there are units that are accountable for results and units with no direct accountability for results, which act for example as support units for other units or the Executive Board. The Risk Management unit supports decision-makers with the management and monitoring of financial risks in the overall balance sheet. It identifies, models and measures the financial risks entered into and proposes risk and income-oriented control measures. It also monitors and reports their effectiveness to decision-makers on a regular basis. The Compliance Services unit ensures compliance with legal provisions and guidelines in business operations and at the customer interface in accordance with the directives of the 2nd line. The management of security risks at the operational level is the responsibility of the Security unit.

The units in the 2nd line independently monitor risk management in the 1st line, ensuring that all risks are appropriately identified, measured, managed, monitored and reported across the Group. They also issue directives on the assurance of compliance with internal and external provisions and define methods and procedures for risk management.

At PostFinance, the Governance, Compliance and Risk Control units are the control entities responsible for the 2nd line function. The independence of the 2nd line units from the 1st line units is ensured in organizational terms by the fact that these units are located in the business unit of the CRO.

Risk Control independently monitors all risks that are not monitored by Compliance or Governance. This applies in particular to financial risks, operational risks, security risks and strategic risks. Risk Control continuously monitors the risk situation in these areas, reviews central risk management processes, methods for risk measurement and assessment and risk monitoring systems in the 1st line, and monitors their correct implementation and application. Risk Control defines appropriate directives and processes for identifying, measuring, assessing and controlling the risks taken by PostFinance. Risk Control provides a suitable system for maintaining an inventory of all risks, risk management strategies, controls and events. As a unit in the 2nd line, it ensures that the 1st line units keep the inventory complete and up-to-date and validates the inventory on an ongoing basis with regard to completeness and correctness.

Compliance independently monitors adherence to legal, regulatory and internal provisions relating to money laundering, tax compliance and the provision of financial services. Governance independently monitors compliance by staff with the rules of governance as a whole and with the Code of Conduct.

As independent control entities, the 2nd line units monitor the established risk profile of PostFinance with suitable instruments, provide a central overview of its development and report it to the Executive Board and the Board of Directors jointly on a quarterly basis at least. In addition, matters of major importance are reported to the Board of Directors by the units in the 2nd line promptly and on an ad hoc basis. Risk Control coordinates the reporting activities of all 2nd line functions.

As part of the 3rd line, Internal Auditing is responsible for risk monitoring and for overseeing both the 1st and 2nd lines. It reports directly to the Board of Directors of PostFinance.

## Risk measurement methods

| Risk category | Potential loss or negative impact | Method of risk description and/or control |
|---|---|---|
| **Financial risks** | | |
| – Credit risks | Losses due to deterioration in creditworthiness and counterparty default | Compliance with the minimum regulatory requirements for risk-weighted capital<br>Concentration, rating structure and country portfolio limits as well as nominal limits at counterparty level; management of economic concentration risks in the credit portfolio |
| – Interest rate risks | Loss in present value of equity following market interest changes<br>Fluctuating net interest income over time | Relative sensitivity limits for equity<br>Implementation of multi-period dynamic revenue analyses |
| – Liquidity risks | Insolvency | Compliance with the minimum regulatory requirements for the liquidity coverage ratio (LCR) and net stable funding ratio (NSFR)<br>Holding of cash reserves to cover liquidity requirements in stress situations |
| – Market risks | Losses in fair value to be charged to the income statement and OCI reserves | Compliance with the minimum regulatory requirements for risk-weighted capital<br>Value-at-risk limits for fair value effects on the income statement and equity |
| **Strategic risks** | | |
| | Losses, reduced revenues or additional internal expenses resulting from failure to achieve company goals at the level of the fundamental or long-term orientation of the institution | Quantification of gross risk by evaluating the extent of loss and probability of occurrence of a dire but nevertheless realistic scenario. On this basis, establishment of a risk management strategy and risk-mitigating measures, and assessment of the residual risk in both quantitative and qualitative terms.<br>Monitoring of the development of strategic top risks. Level-appropriate addressing of risks through the definition of approval limits and thresholds for risk management measures for individual risks. |
| **Operational risks** | | |
| | Losses, reduced revenues or additional internal expenses resulting from inadequate or failed internal processes, people or systems, or external events | Quantification of gross risk by evaluating the extent of loss and probability of occurrence of a dire but nevertheless realistic scenario. On this basis, establishment of a risk management strategy and risk-mitigating measures, and assessment of the residual risk in both quantitative and qualitative terms.<br>Monitoring by defining reporting limits for operational top risks. Level-appropriate addressing of risks through the definition of approval limits and thresholds for risk management measures for individual risks. |

PostFinance measures and monitors financial risks both at individual portfolio level and with regard to the overall balance sheet. Risks are limited by means of a multi-dimensional limit system. A variety of methods of differing degrees of complexity are used by Risk Management to measure financial risks. In concrete terms, they include scenario analyses (e.g. to measure the earnings effects of interest rate risks or the full utilization of credit risk limits), sensitivity analyses (e.g. to measure the present value effects arising from interest rate risks) and stochastic models to determine value-at-risk or expected shortfall risk indicators (e.g. to measure fair value risks resulting from open foreign currency items or to quantify economic concentration risks in the credit portfolio). The principal aim of risk measurement is to allow the supervisory bodies to control risks adequately at all times.

All risks of PostFinance are assessed on the basis of a credible worst case scenario (CWC). The CWC represents a dire but nevertheless realistic loss scenario associated with a risk. The CWC covers both probability of occurrence and extent of loss in a quantitative and/or qualitative form. This assessment is undertaken for both gross and residual risk, i.e. after implementation of the risk management strategy. Individual risks are assessed using threshold values with regard to the obligation to record and the necessity of control measures. Approval limits for individual risks are used to ensure that risks and the associated risk management strategy are acknowledged and approved at the appropriate level. At a higher level, the risks in the risk inventory are used by the Executive Board and Board of Directors for the top-down definition of top risks that are of central importance to PostFinance and have a high level of management attention. Operational top risks are measured by aggregating the respective individual risk clusters. These top risks and other aggregated risk positions are assigned to a warning level which, if exceeded, triggers a notification to the Board of Directors.

## Stress testing

The Risk Management unit regularly carries out an inverse stress test to identify developments which could pose a particular threat to PostFinance. This test identifies scenarios in which a specific measure of risk takes on extremely unfavourable values. The results of the inverse stress tests are discussed by the Executive Board and the Board of Directors on a regular basis.

As well as being used for control purposes, stress tests are also applied in the Risk Control unit as a monitoring tool for recognizing significant (new) risks, to determine risk concentrations and to verify the appropriateness of risk appetite in stress situations.

## Financial risk management at PostFinance

An overview of the breakdown of the financial instruments reported in the Swiss Post consolidated balance sheet as at 31 December 2022 and 2023 between PostFinance and the logistics business model (other companies) is given from page 152.

The following financial risks are constantly taken, measured, controlled and monitored at PostFinance:

## Interest rate risk and balance sheet structure risk

The term "interest rate risk" refers to the potential impact of a change in market interest rates on the present value of assets and liabilities in the balance sheet and on the result from interest operations in the income statement resulting mainly from maturity mismatches. Interest-earning operations are a key earnings driver for PostFinance. As changes in interest rates have a direct impact on net interest income, management of the risks associated with such changes is considered a priority. The majority of customer deposits held by PostFinance are non-maturing and do not earn a fixed rate of interest. The interest rate of these deposits is therefore estimated using a replication method, which aims to map the most closely matching maturities of similar customer products while minimizing interest margin volatility. A certain quota of short-term investments are used to cover short-term volume fluctuations. The maturities of money and capital market investments are determined on the basis of the target present value sensitivity of equity capital, and used to define the maturity transformation strategy. The resulting imbalance between the liability and asset interest rates corresponds to the maturity transformation, which is controlled from a present value and income perspective.

The present value sensitivity covers the net effect of an adverse change in interest rates on the equity of PostFinance in the event of modifications to the yield curve. Future cash flow accruals are discounted according to the risk-adjusted present value formula. Sensitivity to a shift in the yield curve is determined on the one hand, and to isolated interest shocks at specific maturities (policy rates) on the other.

| PostFinance \| Absolute change in the present value of equity | | |
|---|---|---|
| CHF million | 31.12.2022 | 31.12.2023 |
| Short-up shock in accordance with FINMA Circular 2019/2[1] | –242 | |
| Parallel up shock in accordance with FINMA Circular 2019/2[1] | | –304 |

1 The six standard shocks in accordance with FINMA Circular 2019/2 "Interest rate risks – banks" have been used to determine the present value sensitivity of equity since 1 January 2019. The scenario resulting in the greatest negative change in the present value of equity is shown per reference date.

Unlike assessments based on present value, income perspective analyses examine the impact of several potential multiple period interest scenarios on PostFinance's future interest income. In addition, dynamic income simulations are carried out for a broad set of deterministic scenarios over the course of the year. These scenarios describe future market interest trends and the resulting changes in customer interest and customer volumes for each replica, as well as different maturity transformation strategies where applicable. Dynamic income simulations are carried out by the Risk Management unit. Risk control proposals are submitted and discussed regularly with the Executive Board on the basis of the results.

## Credit risks

PostFinance Ltd was granted a banking licence on 26 June 2013. Even with a banking licence, PostFinance is not permitted to issue direct loans and mortgages due to postal legislation provisions. Interest-bearing customer deposits therefore do not go towards granting mortgages, but are invested on the money and capital markets. PostFinance pursues a conservative investment strategy. Liquidity and creditworthiness are the main criteria for its investment decisions. The cluster risk is deliberately limited by holding financial investments that are broadly diversified in terms of the sectors, countries and counterparties. A large proportion of customer deposits are invested as a sight deposit balance at the SNB. On 31 December 2023, this sight deposit balance stood at 25,423 million francs (previous year: 35,240 million francs).

The term "credit risk" refers to the risk that a counterparty will no longer be able to fulfil its obligations, thereby causing the other party to incur a financial loss. In addition, a sharp decline in the creditworthiness of a counterparty can trigger additional impairment requirements for the creditor. Credit risk increases as counterparties become more concentrated in an individual sector or region. Economic developments affecting whole sectors or regions can threaten the creditworthiness or solvency of an entire group of otherwise unrelated counterparties.

To limit the overall credit risks taken, each year the Board of Directors of PostFinance sets a maximum figure not to be exceeded with regard to regulatory minimum capital to cover credit risks. It also determines directives on the investment rating structure, limits potential country risks and delegates responsibility for approving major counterparty limits to the Board of Directors' Risk Committee. Investments are only permitted if the debtor has a rating and its creditworthiness is classed as investment grade.

In addition to the portfolio limits defined by the Board of Directors, the credit risks associated with investment activities are restricted by the Executive Board by setting counterparty limits and other control requirements.

The directives for counterparty limits are based on publicly accessible ratings by recognized rating agencies and qualified banks, and on internal limit systems, with ESG criteria (environmental, social and governance) also being taken into account. Climate-related finance risks are also analysed and taken into account as part of the ESG criteria. PostFinance publishes the climate-related financial risks in a separate disclosure. By means of quantitative and risk-oriented qualitative analyses of balance sheet key figures and early warning indicators, publicly accessible ratings in the limit systems are examined critically and limits derived from them, taking into account the current portfolio. The Risk Management unit is responsible for developing and applying internal limit systems. These limit systems are approved and released by the Executive Board at least once a year. Changes in a counterparty's creditworthiness or of relevant key figures or ESG criteria result in the immediate adjustment of the directives. Compliance with prescribed limits is monitored on an ongoing basis and is verified by the Treasury unit before the closing of each transaction.

The economic concentration risks in the credit portfolio are taken into consideration in defining the portfolio and counterparty limits. To measure them, PostFinance uses a credit portfolio model that quantifies the credit risks within the credit portfolio while taking into account correlation effects. On the basis of the modelled risk indicators (expected shortfall and relevant risk contributions of sub-portfolios), limits can be defined in such a way that they increase portfolio efficiency and/or limit concentration risks.

The cluster risk is deliberately limited by holding financial investments that are broadly diversified in terms of the counterparties. An overview of the three largest counterparties as at 31 December 2022 and 31 December 2023 is given below:

**PostFinance | Breakdown of the largest counterparties**[1]

| CHF million | 31.12.2022 | 31.12.2023 |
|---|---|---|
| Pfandbriefbank schweizerischer Hypothekarinstitute AG, Zurich | 9,131 | 10,066 |
| Pfandbriefzentrale der schweizerischen Kantonalbanken AG, Zurich | 8,263 | 7,888 |
| Swiss Confederation, Bern | 4,786 | 2,775 |

1 Includes amounts due from banks (excluding secured loans) and financial assets; based on nominal values.

Country risks are controlled by establishing country portfolio limits, which encourages a broad diversification of international financial assets. An overview of the three largest country exposures as at 31 December 2022 and 31 December 2023 is given below:

**Summary of main country exposures**[1]

| CHF million | 31.12.2022 | 31.12.2023 |
|---|---|---|
| Switzerland | 47,731 | 46,925 |
| USA | 5,720 | 5,637 |
| France | 2,938 | 3,269 |

1 Includes amounts due from banks (excluding secured loans) and financial assets; based on nominal values.

The Risk Management unit informs the Executive Board of the extent to which limits are used in monthly reports. It submits risk control proposals where limits have been exceeded, resulting from adjustments to counterparty limits.

As an integral part of credit risk management, the limit systems are subjected to regular checks by Risk Control.

Credit risks arising from customer transactions are of secondary importance at PostFinance, and are due to account overdraft limits proposed in connection with payment transaction services, and to the range of credit cards available. The credit risks taken are established and monitored by means of product-specific processes. The Executive Board issues general directives on credit checks and authorizations for approving individual limits.

Collateral concentration risks may arise when carrying out repo transactions (financial investments in exchange for collateral) and securities lending transactions (securities lending in exchange for collateral). The collateral protects PostFinance against the counterparty default risk, as it can be realized by PostFinance in the event of default by the counterparty. Concentrations of securities delivered (with the exception of cash collateral) are measured, monitored and reported to the Executive Board on a monthly basis. At the same time, wrong-way risks are assessed and risk control proposals submitted where concentrations have been identified.

The mortgage lending solutions offered in cooperation with Münchener Hypothekenbank eG (MHB) since 2008, with Valiant Bank AG since 2010 and with Credit Exchange Ltd since 2023 do not result in any credit risks for PostFinance. These are borne entirely by the partner banks.

## Impairment and analysis of expected losses

On the reference date, the following impairment losses on financial instruments were recognized in the PostFinance business model:

| **PostFinance \| Value adjustments on financial instruments** | | | 31.12.2022 | | | 31.12.2023 |
|---|---|---|---|---|---|---|
| CHF million | Gross | Impairment | Net | Gross | Impairment | Net |
| Cash | 1,327 | – | 1,327 | 1,277 | – | 1,277 |
| Amounts due from banks | 38,091 | –46 | 38,045 | 26,640 | –46 | 26,594 |
| Interest-bearing amounts due from customers | 614 | –7 | 607 | 499 | –6 | 493 |
| Trade accounts receivable | 3 | – | 3 | 4 | – | 4 |
| Contract assets | 30 | – | 30 | 29 | – | 29 |
| Other receivables | 240 | 0 | 240 | 342 | 0 | 342 |
| Financial assets | | | | | | |
| Amortized cost | 64,649 | –27 | 64,622 | 64,194 | –24 | 64,170 |
| FVTOCI debt instruments | 6,105 | –4[1] | 6,105 | 6,309 | –2[1] | 6,309 |
| **Total financial instruments** | **111,059** | **–84** | **110,979** | **99,294** | **–78** | **99,218** |

1 The impairment loss is reported and carried forward in other comprehensive income.

Impairment losses are calculated using an expected credit loss model. The approach is forward-looking in accordance with the relevant paragraphs of the IFRS 9 standard and takes into account expectations regarding future trends in the business cycle.

As explained above with regard to the logistics business model, the simplified approach permitted in accordance with IFRS 9 is applied to determine expected credit loss on trade accounts receivable, contract assets and other receivables. Overall, these impairments are not material in nature in the PostFinance business model.

As at 31 December 2022 and 31 December 2023, ECL levels are broken down as follows within amounts due from banks, interest-bearing receivables, financial assets and financial guarantees:

| **PostFinance \| Analysis of expected losses** | | | | 31.12.2022 | | | | 31.12.2023 |
|---|---|---|---|---|---|---|---|---|
| CHF million | 12-month expected credit losses (level 1) | Expected credit losses over remaining term to maturity (level 2) | Expected credit losses over remaining term to maturity (level 3) | Total | 12-month expected credit losses (level 1) | Expected credit losses over remaining term to maturity (level 2) | Expected credit losses over remaining term to maturity (level 3) | Total |
| **Amortized cost** | | | | | | | | |
| Amounts due from banks | 38,045 | – | 46 | 38,091 | 26,594 | – | 46 | 26,640 |
| Value adjustments | 0 | – | –46 | –46 | 0 | – | –46 | –46 |
| **Carrying amount** | **38,045** | **–** | **–** | **38,045** | **26,594** | **–** | **–** | **26,594** |
| Interest-bearing amounts due from customers | 605 | 3 | 6 | 614 | 490 | 3 | 6 | 499 |
| Value adjustments | –3 | –1 | –3 | –7 | –2 | –1 | –3 | –6 |
| **Carrying amount** | **602** | **2** | **3** | **607** | **488** | **2** | **3** | **493** |
| Bonds and loans | | | | | | | | |
| AAA to AA– | 44,779 | – | – | 44,779 | 44,084 | – | – | 44,084 |
| A+ to A– | 14,343 | – | – | 14,343 | 13,959 | – | – | 13,959 |
| BBB+ to BBB– | 5,395 | – | – | 5,395 | 6,000 | – | – | 6,000 |
| BB+ to B– | 42 | 0 | – | 42 | 49 | 0 | – | 49 |
| Unrated | 79 | – | 11 | 90 | 92 | – | 10 | 102 |
| **Total** | **64,638** | **0** | **11** | **64,649** | **64,184** | **0** | **10** | **64,194** |
| Value adjustments | –16 | 0 | –11 | –27 | –14 | 0 | –10 | –24 |
| **Carrying amount** | **64,622** | **0** | **0** | **64,622** | **64,170** | **0** | **0** | **64,170** |
| **FVTOCI** | | | | | | | | |
| Debt instruments | | | | | | | | |
| AAA to AA– | 1,946 | – | – | 1,946 | 2,009 | – | – | 2,009 |
| A+ to A– | 3,132 | – | – | 3,132 | 3,676 | – | – | 3,676 |
| BBB+ to BBB– | 1,027 | – | – | 1,027 | 624 | – | – | 624 |
| **Carrying amount** | **6,105** | **–** | **–** | **6,105** | **6,309** | **–** | **–** | **6,309** |
| Value adjustments | –4 | – | – | –4 | –2 | – | – | –2 |
| **Financial guarantees** | | | | | | | | |
| Financial guarantees | 63 | – | – | 63 | 53 | – | – | 53 |

The economic outlook may have an impact on the credit quality of bonds and receivables. At the start of 2023, the outlook was very uncertain owing to the possibility of an energy shortage and persisting inflation. These risks did not materialize during the course of 2023 and have generally declined. Reclassifications within the three levels were immaterial in nature. An update of the scenario weighting leads to a decrease in value adjustments required of 4.5 million francs in the current financial year.

## Potential offsetting of financial assets and financial liabilities

No offsetting took place. The financial assets and financial liabilities listed below were subject to offsetting agreements, enforceable global offsetting or similar agreements as at 31 December 2022 or 31 December 2023. Both the Swiss Framework Contract for Repo Transactions (Multilateral Version) and the Agreement on the Settlement of Repo Transactions (Triparty Service Agreement) apply to repurchase and reverse repurchase transactions. There is also a framework contract applicable to securities lending transactions, as well as agreements for Triparty Collateral Management (TCM) between SIX Group Ltd, third parties and PostFinance.

| **PostFinance \| Financial assets subject to offsetting agreements, enforceable global offsetting or similar agreements** 31.12.2022, CHF million | Financial assets with offsetting agreements | | | Unrecognized offsetting options | | |
|---|---|---|---|---|---|---|
| | Financial assets before offsetting (gross) | Offsetting with financial liabilities | Financial assets after offsetting (net) | Financial liabilities | Collateral received | Financial assets after consideration of offsetting options |
| **Item in the balance sheet** | | | | | | |
| Positive replacement values | 1,179 | – | 1,179 | – | –115 | 1,064 |
| Reverse repurchase transactions | 10 | – | 10 | – | –10 | – |

| **PostFinance \| Financial liabilities subject to offsetting agreements, enforceable global offsetting or similar agreements** 31.12.2022, CHF million | Financial liabilities with offsetting agreements | | | Unrecognized offsetting options | | |
|---|---|---|---|---|---|---|
| | Financial liabilities before offsetting (gross) | Offsetting with financial assets | Financial liabilities after offsetting (net) | Financial assets | Collateral issued | Financial liabilities after consideration of offsetting options |
| **Item in the balance sheet** | | | | | | |
| Negative replacement values | 23 | – | 23 | – | –2 | 21 |
| Repurchase transactions | 15,626 | – | 15,626 | – | –15,673 | – |
| Securities lending and similar agreements | 1,658 | – | 1,658 | – | –1,768 | – |

| **PostFinance \| Financial assets subject to offsetting agreements, enforceable global offsetting or similar agreements** 31.12.2023, CHF million | Financial assets with offsetting agreements | | | Unrecognized offsetting options | | |
|---|---|---|---|---|---|---|
| | Financial assets before offsetting (gross) | Offsetting with financial liabilities | Financial assets after offsetting (net) | Financial liabilities | Collateral received | Financial assets after consideration of offsetting options |
| **Item in the balance sheet** | | | | | | |
| Positive replacement values | 1,330 | – | 1,330 | – | –1,346 | – |

| **PostFinance \| Financial liabilities subject to offsetting agreements, enforceable global offsetting or similar agreements** 31.12.2023, CHF million | Financial liabilities with offsetting agreements | | | Unrecognized offsetting options | | |
|---|---|---|---|---|---|---|
| | Financial liabilities before offsetting (gross) | Offsetting with financial assets | Financial liabilities after offsetting (net) | Financial assets | Collateral issued | Financial liabilities after consideration of offsetting options |
| **Item in the balance sheet** | | | | | | |
| Negative replacement values | 10 | – | 10 | – | –1 | 9 |
| Repurchase transactions | 4,100 | – | 4,100 | – | –4,107 | – |
| Securities lending and similar agreements | 1,836 | – | 1,836 | – | –1,942 | – |

## Transfers of financial assets

Securities received as part of reverse repurchase transactions are recognized in the balance sheet only if risks and opportunities are entered into. Securities transferred as collateral as part of repurchase transactions continue to be recognized in the balance sheet under "Financial assets". Financial instruments loaned as part of securities lending transactions also continue to be recognized in the balance sheet as financial assets.

Financial assets from reverse repurchase, repurchase and securities lending transactions are pledged as follows:

**PostFinance | Reverse repurchase transactions and securities lending and repurchase transactions**

| CHF million | 31.12.2022 | 31.12.2023 |
|---|---|---|
| Receivables from cash collateral in reverse repurchase transactions | 10 | – |
| of which recognized in amounts due from banks | 10 | – |
| **Commitments** | | |
| Commitments from cash collateral in repurchase transactions | 15,626 | 4,100 |
| of which recognized in financial liabilities – other financial liabilities | 15,626 | 4,100 |
| **Securities cover** | | |
| Own lent securities or securities provided as collateral for borrowed securities in repurchase transactions | 17,331 | 5,943 |
| of which securities for which an unrestricted right to dispose of or pledge was granted | 1,658 | 1,836 |
| of which recognized in financial assets – amortized cost | 1,627 | 1,823 |
| of which recognized in financial assets – FVTOCI debt instruments | 31 | 13 |
| Borrowed securities or securities received as collateral for lent securities as part of securities lending and reverse repurchase transactions | 1,768 | 1,942 |

## Liquidity risks

Liquidity risk refers to the risk that current and future payment obligations cannot be met on time or in full. Liquidity risks are managed with a one-day, a one-month and a long-term time horizon. To guarantee liquidity on a daily basis, financial cushions are defined for the settlement of unforeseen payments. These financial cushions should be available for use in stress situations in particular, when it may no longer be possible to turn to the interbank market for liquidity. The minimum amount for a financial cushion is based on high daily cash outflows with an extremely low probability of occurrence.

Liquidity over a one-month horizon is guaranteed and limited by determining the Liquidity Coverage Ratio (LCR), which is a regulatory key figure.

**PostFinance | Liquidity in the short term**

| Percent | 31.12.2022 | 31.12.2023 |
|---|---|---|
| Liquidity coverage ratio (LCR) | 155% | 219% |

To ensure liquidity over a longer time horizon, liquidity stress scenarios are defined that last at least three months and must not lead to illiquidity. Long-term stable financing beyond a one-year horizon is ensured by the structural liquidity ratio (net stable funding ratio, NSFR).

**PostFinance | Long-term stable financing**

| Percent | 31.12.2022 | 31.12.2023 |
|---|---|---|
| Net stable funding ratio (NSFR) | 168% | 184% |

There is an emergency plan to resolve any liquidity crises.

The following table shows an analysis of financial assets and financial liabilities in accordance with the maturities remaining as per the balance sheet date.

**PostFinance | Maturities**

| 31.12.2022<br>CHF million | 0–3 months | 3 months–1 year | 1–5 years | over 5 years | Total |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Cash holdings | 1,327 | – | – | – | 1,327 |
| Amounts due from banks | 38,091 | – | – | – | 38,091 |
| Interest-bearing amounts due from customers | 615 | – | – | – | 615 |
| Financial assets (without derivatives) | | | | | |
| Amortized cost | 2,238 | 7,054 | 31,187 | 24,023 | 64,502 |
| FVTOCI debt instruments | 231 | 1,100 | 3,944 | 1,232 | 6,507 |
| FVTPL debt instruments | 0 | 0 | 3 | – | 3 |
| **Total non-derivative financial assets** | **42,502** | **8,154** | **35,134** | **25,255** | **111,045** |
| Derivative financial instruments for trading purposes | | | | | |
| Outflow | –3,852 | –717 | –20 | – | –4,589 |
| Inflow | 3,918 | 734 | 20 | – | 4,672 |
| Derivative financial instruments for hedging purposes (risk management) | | | | | |
| Outflow | –146 | –93 | –263 | –2,831 | –3,333 |
| Inflow | 129 | 41 | 147 | 2,816 | 3,133 |
| **Total derivative financial assets** | **49** | **–35** | **–116** | **–15** | **–117** |
| **Financial liabilities** | | | | | |
| Customer deposits (PostFinance) | 63,755 | – | – | – | 63,755 |
| Savings and investment accounts | 25,184 | – | – | – | 25,184 |
| Cash bonds for customers | 1 | 2 | 8 | 0 | 11 |
| Money market investments for customers | – | 1,044 | – | – | 1,044 |
| **Total customer deposits** | **88,940** | **1,046** | **8** | **0** | **89,994** |
| Liabilities relating to banks | 1,284 | – | – | – | 1,284 |
| Other financial liabilities[1] | 1 | 8 | 17 | 36 | 62 |
| Repurchase transactions | 15,626 | – | – | – | 15,626 |
| **Total other financial liabilities (excluding derivatives)**[1] | **16,911** | **8** | **17** | **36** | **16,972** |
| Issued financial guarantee contracts | 5 | 31 | 14 | 13 | 63 |
| Irrevocable credit commitments | – | 10 | 0 | 208 | 218 |
| **Total off-balance-sheet positions** | **5** | **41** | **14** | **221** | **281** |
| **Total non-derivative financial liabilities**[1] | **105,856** | **1,095** | **39** | **257** | **107,247** |
| Derivative financial instruments for trading purposes | | | | | |
| Outflow | –1,971 | –465 | –20 | – | –2,456 |
| Inflow | 1,954 | 461 | 20 | – | 2,435 |
| Derivative financial instruments for hedging purposes (risk management) | | | | | |
| Outflow | –51 | –137 | – | – | –188 |
| Inflow | 50 | 135 | – | – | 185 |
| **Total derivative financial liabilities** | **–18** | **–6** | **0** | **–** | **–24** |

1 Until 31 December 2022, lease liabilities were recorded at present value. As of 31 December 2023, the minimum lease payments are now disclosed. The figures for the previous year have been adjusted accordingly.

**PostFinance | Maturities**

| 31.12.2023<br>CHF million | 0–3 months | 3 months–1 year | 1–5 years | over 5 years | Total |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Cash holdings | 1,277 | – | – | – | 1,277 |
| Amounts due from banks | 26,392 | 250 | – | – | 26,642 |
| Interest-bearing amounts due from customers | 333 | – | 166 | – | 499 |
| Financial assets (without derivatives) | | | | | |
| Amortized cost | 1,550 | 8,119 | 30,888 | 23,755 | 64,312 |
| FVTOCI debt instruments | 439 | 776 | 3,623 | 1,642 | 6,480 |
| FVTPL debt instruments | 1 | 1 | 2 | – | 4 |
| **Total non-derivative financial assets** | **29,992** | **9,146** | **34,679** | **25,397** | **99,214** |
| Derivative financial instruments for trading purposes | | | | | |
| Outflow | –5,996 | –1,121 | –1 | – | –7,118 |
| Inflow | 6,140 | 1,152 | 1 | – | 7,293 |
| Derivative financial instruments for hedging purposes (risk management) | | | | | |
| Outflow | –159 | –113 | –735 | –2,584 | –3,591 |
| Inflow | 148 | 85 | 730 | 2,661 | 3,624 |
| **Total derivative financial assets** | **133** | **3** | **–5** | **77** | **208** |
| **Financial liabilities** | | | | | |
| Postal accounts | 62,218 | – | – | – | 62,218 |
| Savings and investment accounts | 25,096 | – | – | – | 25,096 |
| Cash bonds for customers | 2 | 4 | 112 | 5 | 123 |
| Money market investments for customers | – | 1,684 | – | – | 1,684 |
| **Total customer deposits** | **87,316** | **1,688** | **112** | **5** | **89,121** |
| Liabilities relating to banks | 1,514 | 6 | – | – | 1,520 |
| Other financial liabilities | 0 | 8 | 20 | 34 | 62 |
| Repurchase transactions | 4,100 | – | – | – | 4,100 |
| **Total other financial liabilities (excluding derivatives)** | **5,614** | **14** | **20** | **34** | **5,682** |
| Issued financial guarantee contracts | 2 | 20 | 18 | 13 | 53 |
| Irrevocable credit commitments | – | – | – | 149 | 149 |
| **Total off-balance sheet positions** | **2** | **20** | **18** | **162** | **202** |
| **Total non-derivative financial liabilities** | **92,932** | **1,722** | **150** | **201** | **95,005** |
| Derivative financial instruments for trading purposes | | | | | |
| Outflow | –610 | –191 | –1 | – | –802 |
| Inflow | 603 | 189 | 1 | – | 793 |
| **Total derivative financial liabilities** | **–7** | **–2** | **0** | **–** | **–9** |

## Market risks

PostFinance does not keep a trading book, and uses the market risk, standardized approach in accordance with art. 86 CAO to determine its minimum capital requirement for market risks. To limit the market risks taken, each year the Board of Directors of PostFinance sets a maximum figure not to be exceeded with regard to regulatory minimum capital to cover market risks.

According to PostFinance’s business model, market risks are expressed by increased volatility in the short term in the income statement and in other comprehensive income (OCI). PostFinance is exposed to market risks for two reasons:

– Open foreign currency items and changes in value arising from foreign currency derivatives affect the volatility of the income statement (foreign currency risks).
– Changes in the value of instruments that are recognized at fair value (including equity positions, fund investments in the banking book, fixed-interest items available for sale and the related hedging instruments) have an effect on the volatility of OCI and possibly of the income statement.

Market risks are modelled according to value at risk and limited in the income statement and OCI by the Board of Directors. To measure market risks, the risk factors that have an impact on the present value of the relevant item are assigned to each item. The change in present value is modelled according to the change in the allocated risk factors. A functional correlation between the item value and the associated risk factors must also be defined. The stochasticity of all relevant risk factors over the next 250 days is determined on the basis of probability distribution assumptions. Corresponding market data time series are used to calibrate the probability distributions. The distribution of changes to IFRS OCI and the IFRS income statement over a one-year period can be determined with the help of the functional correlation established between risk factors and portfolio items. Value at risk is then determined on the basis of the 95 percent quantile. The Risk Management department measures market risks on a weekly basis. It informs the Executive Board of the extent to which limits are used and submits risk control proposals.

The following table shows the breakdown of market risks determined as at 31 December 2022 and 31 December 2023 respectively.

**PostFinance | Value at risk from market risks**

| CHF million | 31.12.2022 | 31.12.2023 |
|---|---|---|
| **Income statement value at risk, aggregated** | **11** | **14** |
| Income statement value at risk from foreign currency risks | 5 | 8 |
| Income statement value at risk from equity price risks | – | – |
| Income statement value at risk from credit spread risks | 4 | 4 |
| Income statement value at risk from interest rate risks | 2 | 2 |
| **OCI value at risk, aggregated** | **171** | **225** |
| OCI value at risk from foreign currency risks | 0 | 0 |
| OCI value at risk from equity price risks | 15 | 21 |
| OCI value at risk from credit spread risks | 83 | 78 |
| OCI value at risk from interest rate risks | 73 | 126 |

The following table shows the foreign currency exposure of the PostFinance business model as at 31 December 2022 and 31 December 2023:

**PostFinance | Financial instruments by currency**

31.12.2022
CHF million

| | Functional currency | Foreign currencies | | | | |
|---|---|---|---|---|---|---|
| | | EUR | USD | GBP | Other | Total |
| **Assets** | | | | | | |
| Cash | 1,238 | 89 | – | – | – | 1,327 |
| Amounts due from banks | 37,983 | 45 | 4 | 0 | 13 | 38,045 |
| Interest-bearing amounts due from customers | 606 | 1 | 0 | 0 | 0 | 607 |
| Trade accounts receivable | 3 | – | – | – | – | 3 |
| Other receivables | 156 | 51 | 30 | – | 3 | 240 |
| Financial assets | | | | | | |
| Amortized cost | 55,970 | 5,332 | 2,773 | – | 547 | 64,622 |
| FVTOCI debt instruments | – | 4,557 | 1,504 | – | 44 | 6,105 |
| **Liabilities** | | | | | | |
| Customer deposits (PostFinance) | 87,146 | 2,197 | 556 | 48 | 47 | 89,994 |
| Other financial liabilities excluding derivatives | | | | | | |
| Liabilities relating to banks | 1,272 | 9 | 3 | 0 | 0 | 1,284 |
| Lease liabilities | 43 | – | – | – | – | 43 |
| Repurchase transactions | 15,626 | – | – | – | – | 15,626 |
| Other | – | – | – | – | – | – |
| Trade accounts payable | 33 | 1 | 0 | 0 | – | 34 |
| Other liabilities | 7 | 0 | 0 | 0 | 0 | 7 |

**PostFinance | Financial instruments by currency**

31.12.2023
CHF million

| | Functional currency | Foreign currencies | | | | |
|---|---|---|---|---|---|---|
| | | EUR | USD | GBP | Other | Total |
| **Assets** | | | | | | |
| Cash | 1,189 | 88 | – | – | – | 1,277 |
| Amounts due from banks | 26,570 | 10 | 3 | 0 | 11 | 26,594 |
| Interest-bearing amounts due from customers | 492 | 1 | 0 | 0 | 0 | 493 |
| Trade accounts receivable | 4 | – | – | – | – | 4 |
| Other receivables | 210 | 88 | 38 | 1 | 5 | 342 |
| Financial assets | | | | | | |
| Amortized cost | 54,962 | 5,614 | 2,682 | 114 | 798 | 64,170 |
| FVTOCI debt instruments | – | 4,568 | 1,741 | – | – | 6,309 |
| **Liabilities** | | | | | | |
| Customer deposits (PostFinance) | 86,485 | 2,093 | 459 | 43 | 41 | 89,121 |
| Other financial liabilities excluding derivatives | | | | | | |
| Liabilities relating to banks | 1,463 | 56 | 1 | – | 0 | 1,520 |
| Lease liabilities | 43 | – | – | – | – | 43 |
| Repurchase transactions | 4,100 | – | – | – | – | 4,100 |
| Trade accounts payable | 29 | 2 | 0 | 0 | 0 | 31 |
| Other liabilities | 29 | 1 | 0 | 0 | 0 | 30 |

## Operational and strategic risks

### Definition

In line with the Basel Committee on Banking Supervision, operational risk at PostFinance is defined as the risk of unexpected costs or unwelcome events (such as events with a negative impact on reputation or compliance) that may arise as a result of the inadequacy or failure of internal processes, people or systems, or as a result of external events. Strategic risk refers to the risk of failing to achieve company goals at the level of the fundamental or long-term orientation of the institution as a result of unexpected developments. The Board of Directors sets out the principles for managing operational and strategic risks and defines the risk appetite in the risk policy regulations.

The risk appetite is defined by the PostFinance Ltd Board of Directors from various perspectives using quantitative and/or qualitative directives and is a key element in the planning of PostFinance's business activities. The risk management process ensures compliance with risk appetite. Using suitable management instruments and appropriate risk limits, this process ensures that the risks assumed under the expected business conditions are in line with the risk appetite and that the risk capacity and, in particular, the legal and regulatory requirements can only be infringed during stress phases. In the stabilization and emergency plan, instruments are in place to identify the options available to PostFinance and enable either the continuation of business activities or, alternatively, an orderly wind-down with the continuation of systemically important functions, even during stressful periods.

The risk appetite for operational risks is defined according to the following principles: operational risks with the potential to lead to serious infringements of laws or regulations in plausible, adverse scenarios are not tolerated. PostFinance Ltd complies with the provisions set out in FINMA Circular 2023/1 “Operational risks and resilience – banks”.

The risk appetite for strategic risks is taken into account by the Board of Directors when drawing up the business strategy. The Board of Directors receives regular reports on the extent of strategic risks. As part of equity capital planning, the Board of Directors is shown whether the strategy is feasible in compliance with regulatory capital and liquidity requirements.

## 28.4 | Derivative financial instruments and hedge accounting (Group)

Swiss Post acquires derivative financial instruments predominantly for hedging purposes. PostFinance holds derivative financial instruments to manage current or future interest rate risks and to manage foreign currency risks. The derivatives held comprise interest rate swaps, cross-currency interest rate swaps and FX forwards. In the logistics business model, individual derivatives are held to hedge foreign currency and commodities price risks.

Hedge accounting and micro-hedges are applied at PostFinance only. Hedge accounting is applied if derivative financial instruments are effective in offsetting changes in replacement value or cash flows attributable to the hedged items.

### Use of derivative financial instruments at PostFinance

PostFinance uses derivative financial instruments exclusively to hedge interest and currency risks.

The bond market in Swiss francs is not sufficient to cover PostFinance's investment requirements. It therefore invests in foreign currency bonds. As a general rule, two methods are used to hedge the foreign currency risks taken. A proportion of the foreign currency bonds refinanced in Swiss francs are hedged by means of cross-currency interest rate swaps (CCIRS). PostFinance uses hedge accounting here. The advantage of this method is that the amounts of all future cash flows (coupons, nominal value repayment) in Swiss francs are already known on the date of conclusion of the transaction. However, it rules out the diversification benefits associated with the varying amounts and performance of term spreads of different foreign currency yield curves. The second method is used to take advantage of diversification potential and access bond markets on which CCIRS are only available with high illiquidity discounts. The currency risks of certain foreign currency bonds are hedged economically by means of a currency overlay of rolling short-term foreign exchange forward contracts (FX forwards).

The foreign currency risks of the other financial instruments are hedged on a rolling basis using FX forwards.

Interest rate swaps are used to control duration on the assets side. Long (short) duration bonds are transformed into short (long) duration bonds by means of interest rate swaps. As a rule, interest rate swaps (micro-hedges) are used to control the maturity transformation strategy in the overall balance sheet.

### Economic relationship between hedged items and hedging transactions

PostFinance records the relationship between the hedging instrument and the hedged item on the date on which a financial instrument is classed as a hedging relationship. The information recorded includes the risk management objectives and strategy of the hedging transaction, and the methods used to measure the effectiveness of the hedging relationship. The economic relationship between the hedged item and the hedging transaction is constantly measured on a prospective basis in the course of effectiveness tests by measuring factors such as inverse performance and its correlation.

## Effectiveness measurement

Hedging is deemed to be highly effective if the following criteria are essentially met:

- Hedging is considered to be highly effective upon its initial recognition (on a prospective basis via the critical terms match method).
- There is a close economic relationship between the hedged item and the hedging transaction.
- There is an inverse relationship between the value changes of the hedged item and those of the hedging transaction with regard to the hedged risk.

## Ineffectiveness

If this results in an ineffective portion, this is included in the income statement for the period in question. This is carried out regularly through quantitative analysis based on the dollar-offset method. The absolute changes in value of the hedged item and hedging instrument are then compared for the period.

Derivatives entered into on behalf of customers of PostFinance are disclosed in the following overview as derivatives held for trading.

| **Group \| Overview of derivative financial instruments** | | 31.12.2022 | | 31.12.2023 |
|---|---|---|---|---|
| CHF million | Positive fair values | Negative fair values | Positive fair values | Negative fair values |
| **Cash flow hedges** | | | | |
| Currency | | | | |
| Cross-currency interest rate swaps | 657 | – | 944 | – |
| Other | | | | |
| Completed non-fulfilled transactions | 0 | 0 | 0 | – |
| **Fair value hedges** | | | | |
| Interest rate risk | | | | |
| Interest rate swaps | 439 | 1 | 208 | – |
| **Derivatives for hedging, excluding application of hedge accounting** | | | | |
| Currency risk | | | | |
| Foreign exchange forward contracts | 81 | 17 | 175 | 3 |
| Other | | | | |
| Commodity swaps | 10 | 0 | – | 1 |
| **Derivatives for trading purposes** | | | | |
| Currency risk | | | | |
| Foreign exchange forward contracts | 2 | 5 | 3 | 7 |
| **Total derivative financial instruments** | **1,189** | **23** | **1,330** | **11** |

## Cash flow hedges

PostFinance uses cash flow hedge accounting to hedge the volatility of cash flows from interest-bearing instruments that can be predicted with a high degree of probability. Cash flow hedge accounting is used in particular to hedge fixed income instruments in foreign currencies via cross-currency interest rate swaps (in EUR, USD and SEK).

**PostFinance | Contract volumes for cash flow hedges**

| CHF million | 0–3 months | 3 months–1 year | 1–5 years | Over 5 years | Total |
|---|---|---|---|---|---|
| | | | | | Term to maturity |
| **31.12.2022** | | | | | |
| Currency risk | | | | | |
| Cross-currency interest rate swaps | 275 | 1,232 | 4,287 | 1,301 | 7,095 |
| Other | | | | | |
| Completed non-fulfilled transactions | 18 | – | – | – | 18 |
| **31.12.2023** | | | | | |
| Currency risk | | | | | |
| Cross-currency interest rate swaps | 510 | 932 | 4,111 | 1,758 | 7,311 |
| Other | | | | | |
| Completed non-fulfilled transactions | 2 | – | – | – | 2 |

Positive replacement values are reported on the balance sheet in financial assets, while negative replacement values are recognized in other financial liabilities.

The following amounts were recognized from designated hedging instruments in the consolidated balance sheet and income statement:

**PostFinance | Change in hedging instruments Cash flow hedges**

| CHF million | Positive replacement values | Negative replacement values | Change in fair value in the year under review which was used for disclosure of ineffectiveness | Change in fair value of the hedging instrument, recorded in other comprehensive income | Ineffectiveness recorded in income statement | Net amount reclassified from other comprehensive income to income statement |
|---|---|---|---|---|---|---|
| **31.12.2022** | | | | | | |
| Currency risk | | | | | | |
| Cross-currency interest rate swaps | 657 | – | 422[1] | 422[1] | – | –181 |
| Other | | | | | | |
| Completed non-fulfilled transactions | 0 | 0 | 0 | 0 | – | – |
| **31.12.2023** | | | | | | |
| Currency risk | | | | | | |
| Cross-currency interest rate swaps | 944 | – | 466 | 466 | – | –371 |
| Other | | | | | | |
| Completed non-fulfilled transactions | 0 | – | 0 | 0 | – | – |

1 The figure has been adjusted. The item is now reported without foreign currency basis spreads.

In the course of the reporting periods, the following effects arose from designated hedged items (item in the balance sheet: financial assets):

**PostFinance | Effects of hedged items in cash flow hedges**

| CHF million | Change in fair value which was used for disclosure of ineffectiveness | Hedging reserves |
|---|---|---|
| **31.12.2022** | | |
| Currency risk | | |
| FVTOCI | | |
| Bonds | –422[1] | 78 |
| **31.12.2023** | | |
| Currency risk | | |
| FVTOCI | | |
| Bonds | –466 | 134 |

1 The figure has been adjusted. The item is now reported without foreign currency basis spreads.

The hedging reserves in other comprehensive income underwent the following change in the reporting periods:

**PostFinance | Hedging reserves**

| CHF million | 2022 | 2023 |
|---|---|---|
| **Balance as at 1.1** | **–92** | **64** |
| Change in fair value of hedging instruments | | |
| Currency risk | 422[1] | 466 |
| Other | 0 | 0 |
| Change in hedging costs | | |
| Currency risk | | |
| Foreign currency basis spreads | –49 | –39 |
| Net amount reclassified from hedging reserve to income statement | | |
| Currency risk | –181 | –371 |
| of which from discontinued hedging relationships | 0 | – |
| of which from changes in foreign currency basis spreads | 12 | 16 |
| Change in deferred income taxes | –36 | –11 |
| **Balance as at 31.12** | **64** | **109** |

1 The figure has been adjusted. The item is now reported without foreign currency basis spreads.

These cash flows are expected to have an effect on the income statement in the following periods:

**PostFinance | Cash flows (not discounted)**

| | Term to maturity | | | |
|---|---|---|---|---|
| CHF million | 0–3 months | 3 months–1 year | 1–5 years | Over 5 years |
| **31.12.2022** | | | | |
| Cash inflows | 6 | 31 | 93 | 20 |
| Cash outflows | –25 | –86 | –233 | –37 |
| **31.12.2023** | | | | |
| Cash inflows | 23 | 45 | 223 | 66 |
| Cash outflows | –50 | –108 | –424 | –110 |

## Fair value hedges

PostFinance uses fair value hedge accounting to hedge changes in the value of interest-sensitive assets. Fair value hedge accounting is used in particular to hedge fixed income instruments via interest rate swaps.

**PostFinance | Contract volumes for fair value hedges**

| CHF million | 0–3 months | 3 months–1 year | 1–5 years | Over 5 years | Total |
|---|---|---|---|---|---|
| | Term to maturity | | | | |
| **31.12.2022** | | | | | |
| Interest rate risk | | | | | |
| Interest rate swaps | 50 | 135 | – | 2,756 | 2,941 |
| **31.12.2023** | | | | | |
| Interest rate risk | | | | | |
| Interest rate swaps | – | – | 300 | 2,456 | 2,756 |

Positive replacement values are reported on the balance sheet in financial assets, while negative replacement values are recognized in other financial liabilities.

The following amounts were recognized from designated hedging instruments in the consolidated balance sheet and income statement:

**PostFinance | Change in hedging instruments Fair value hedges**

| CHF million | Positive replacement values | Negative replacement values | Change in fair value in year under review which was used for disclosure of ineffectiveness | Ineffectiveness recorded in income statement |
|---|---|---|---|---|
| **31.12.2022** | | | | |
| Interest rate risk | | | | |
| Interest rate swaps | 439 | 1 | 480 | – |
| **31.12.2023** | | | | |
| Interest rate risk | | | | |
| Interest rate swaps | 208 | – | –237 | – |

In the course of the reporting periods, the following amounts arose from designated hedged items (item in the balance sheet: financial assets):

| **PostFinance \| Effects of hedged items in fair value hedges** CHF million | Carrying amount of hedged item | Accumulated expenses or income from fair value hedge adjustments that were recorded in the carrying amount of the hedged item | Change in fair value which was used for disclosure of ineffectiveness | Accumulated amount remaining in the balance sheet from fair value hedge adjustments for hedged items that are no longer adjusted for gains and losses from hedging. |
|---|---|---|---|---|
| **31.12.2022** | | | | |
| Interest rate risk | | | | |
| Amortized cost | | | | |
| Bonds | 2,241 | –416 | –431 | 5 |
| Loans | 275 | –25 | –49 | – |
| **31.12.2023** | | | | |
| Interest rate risk | | | | |
| Amortized cost | | | | |
| Bonds | 2,373 | –196 | 220 | 3 |
| Loans | 192 | –8 | 17 | – |

## 28.5 | Capital management at Swiss Post and PostFinance Ltd

Swiss Post endeavours to achieve a solid equity base in line with industry standards. It also considers the goals set by the owner with regard to maximum net debt and securing the company's value. The continued existence of the company should be ensured at all times, and the resources implemented should result in appropriate income.

Net debt is measured in relation to EBITDA (operating profit before depreciation and amortization) and must not exceed the figure of 1 for long periods. External debt, in particular in the form of outstanding private placements currently totalling 775 million francs (31 December 2022: 775 million francs) can be fully offset with available liquid assets, meeting the target value. Customer deposits and financial investments of PostFinance Ltd are not included in the calculation of this indicator.

Economic value added is established on the basis of the earnings generated in relation to the economically accurate cost of invested capital, whereby the basis of capital costs is determined from a comparison with other companies in the sector.

The appropriation of profit is determined by legal provisions, by the goals set by the Federal Council, and by the requirements of the business. The key issues are a risk-appropriate capital structure and the financing of investments.

According to the decree issued by the Swiss National Bank on 29 June 2015, PostFinance Ltd was designated a systemically important financial group. As a result, the requirements set out in articles 124 to 136 of the Ordinance on Capital Adequacy and Risk Diversification for Banks and Securities Firms (CAO) also became relevant to PostFinance Ltd. The detailed capital adequacy disclosure in accordance with the requirements for systemically important banks is found in the separate publications "Capital adequacy disclosure" and "Disclosure on grounds of systemic importance" of PostFinance Ltd.

# 29 | Fair value disclosures

## 29.1 | Carrying amounts and fair values of financial instruments and other assets

The carrying amounts and corresponding fair values of financial assets and liabilities, biological assets and investment property are as follows on 31 December 2022 and 31 December 2023:

**Carrying amounts and fair values of financial instruments and other assets**

| CHF million | 31.12.2022 Carrying amount | 31.12.2022 Fair value | 31.12.2023 Carrying amount | 31.12.2023 Fair value |
|---|---|---|---|---|
| **Financial assets measured at fair value** | | | | |
| Financial assets | | | | |
| FVTOCI | | | | |
| Shares | 268 | 268 | 322 | 322 |
| Bonds | 6,105 | 6,105 | 6,309 | 6,309 |
| FVTPL mandatory | | | | |
| Shares | 38 | 38 | 31 | 31 |
| Bonds | 4 | 4 | 5 | 5 |
| Funds | 122 | 122 | 110 | 110 |
| Positive replacement values | 1,189 | 1,189 | 1,330 | 1,330 |
| **Financial assets not measured at fair value** | | | | |
| Financial assets | | | | |
| Amortized cost | | | | |
| Bonds | 50,467 | 47,341 | 49,973 | 48,556 |
| Loans | 14,295 | 13,322 | 14,363 | 13,906 |
| **Other assets measured at fair value less costs to sell** | | | | |
| Biological assets | – | – | 41 | 41 |
| **Other assets not measured at fair value** | | | | |
| Investment property | 432 | 782 | 428 | 772 |
| **Financial liabilities measured at fair value** | | | | |
| Other financial liabilities | | | | |
| Negative replacement values | 23 | 23 | 11 | 11 |
| Deferred purchase price payments (earn out) | 20 | 20 | 19 | 19 |
| Other liabilities | | | | |
| Put options on non-controlling interests | 104 | 104 | 70 | 70 |
| **Financial liabilities not measured at fair value** | | | | |
| Other financial liabilities | | | | |
| Private placements | 775 | 709 | 775 | 759 |

The carrying amounts of cash holdings, amounts due from banks, interest-bearing amounts due from customers, trade accounts receivable and payable, other receivables excluding accrued income and prepaid expenses and other liabilities excluding accrued expenses and deferred income, customer deposits (PostFinance) and other financial liabilities (excl. private placements) represent a reasonable estimate of fair value. These financial instruments are therefore not reported above.

## 29.2 | Fair value hierarchy

Financial instruments measured at fair value are assigned to one of three levels in the fair value hierarchy at the end of the year. The level to which they are assigned depends on the lowest level parameter, which is used for determining the fair value of the financial instrument. For purposes of disclosure, the same applies to financial instruments that are excluded from fair valuation.

Level 1 — Quoted prices in an active market: fair value is determined on the basis of quoted prices in the active market for the specific assets and liabilities. The market price at the balance sheet date is mandatory and may not be adjusted.

Level 2 — Valuation method based on observable model inputs: positions that are not traded on an active market but whose fair values are measured on the basis of similar assets and liabilities traded on active markets or using valuation techniques are classified as level 2. As a rule, recognized valuation techniques and directly or indirectly observable market data should be used as model parameters. Possible input parameters for level 2 fair values are prices in active markets for comparable assets and liabilities under normal market conditions. Fair values calculated using the DCF method with model inputs based on observable market data are classified as level 2.

The DCF method involves estimating the present value of the expected cash flows from assets or liabilities. A discount rate is applied, which corresponds to the creditworthiness required on the market for similar instruments with similar risk and liquidity profiles. The discount rates needed for the calculation are determined according to standard market yield curve modelling and models.

Level 3 — Valuation method not based on observable model inputs: fair value is determined using valuation techniques and significant inputs specific to the company that are not observable in the market.

Fair values are determined as follows:

| **Fair value of financial instruments and other assets** | | | | 31.12.2022 | | | | 31.12.2023 |
|---|---|---|---|---|---|---|---|---|
| CHF million | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| FVTOCI | | | | | | | | |
| Shares | 152 | – | 116 | 268 | 214 | – | 108 | 322 |
| Bonds | 5,741 | 364 | – | 6,105 | 6,187 | 122 | – | 6,309 |
| FVTPL mandatory | | | | | | | | |
| Shares | – | – | 38 | 38 | – | – | 31 | 31 |
| Bonds | – | – | 4 | 4 | – | – | 5 | 5 |
| Funds | – | 122 | – | 122 | – | 110 | – | 110 |
| Positive replacement values | 10 | 1,179 | – | 1,189 | – | 1,330 | – | 1,330 |
| Amortized cost | | | | | | | | |
| Bonds | 41,999 | 5,342 | – | 47,341 | 42,653 | 5,903 | – | 48,556 |
| Loans | – | 13,321 | 1 | 13,322 | – | 13,904 | 2 | 13,906 |
| Negative replacement values | 0 | 23 | – | 23 | 1 | 10 | – | 11 |
| Deferred purchase price payments (earn out) | – | – | 20 | 20 | – | – | 19 | 19 |
| Put options on non-controlling interests | – | – | 104 | 104 | – | – | 70 | 70 |
| Private placements | – | 709 | – | 709 | – | 759 | – | 759 |
| Biological assets | – | – | – | – | – | – | 41 | 41 |
| Investment property | – | – | 782 | 782 | – | – | 772 | 772 |

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In relation to the acquisitions made in the current financial year of SPOTME Holding SA and terreActive Ltd and the acquisitions made in the previous financial years of Hacknowledge SA, unblu inc, T2i Holding SA, Bring! Labs AG and DIALOG VERWALTUNGS-DATA AG, there are liabilities arising from put options on non-controlling interests. The financial liabilities arising from the put options are recognized at fair value and discounted to present value using cost of debt. The fair value calculations are based on the maximum number of shares that can be exercised at a price calculated on the basis of forecast profit and revenue trends. Despite the new acquisitions, liabilities arising from put options have decreased. The reduction is mainly due to adjusted budgeted figures at several of the acquired companies and the exercise of the option at Tresorit S.A.

Sensitivity of the fair value of the liability arising from put options on the non-controlling interests of unblu inc. as at 31 December 2023:

| Financial instrument | Measurement | Material unobservable inputs | Bandwidth | Sensitivity of the fair value compared with unobservable inputs |
|---|---|---|---|---|
| Put options on non-controlling interests of unblu inc. | Estimated present value of the repurchase price in the event of the option being fully exercised by the counterparty | Company's value based on revenue | Floor: CHF 15.6 m<br>Cap: CHF 124.4 m | If the company's value fell by 10 percentage points with an unchanged EBITDA margin, the fair value would decline by CHF 1.9 million. |
| | | Discount on company's value based on EBITDA margin | Floor: 0%<br>Cap: 60% | If the discount fell by 10 percentage points with the company's value remaining unchanged, the fair value would increase by around CHF 2.5 million. |

For more information on deferred purchase price payments (earn-outs) see Note 5.2, Assets and liabilities arising from acquisitions.

Unlisted equity instruments in level 3 must be disclosed under either the FVTOCI or FVTPL mandatory category. A number of small investments, primarily in startup companies, are measured at fair value through profit or loss. In addition, the Group holds strategic long-term interests in infrastructure and service providers, which are measured at fair value with changes in fair value recorded in other comprehensive income. The fair value of these investments is determined using the DCF valuation method, the capitalized earnings method, or where appropriate on the basis of the reported or published net asset value adjusted for any relevant factors. In a few cases (minor interests), acquisition costs less impairment losses are used as a reasonable estimate of fair value for simplification purposes.

The fair value less costs to sell of the biological assets in level 3 is determined using the DCF method. The valuation parameters and sensitivities are explained in Note 21, Biological assets.

The financial assets and liabilities measured at fair value assigned to level 3 underwent the following changes during 2022 and 2023 respectively:

**Fair value hierarchy: changes in level 3**

| | Financial assets | | Other assets | |
|---|---|---|---|---|
| CHF million | FVTOCI | FVTPL mandatory | Biological assets | Financial liabilities |
| **Balance as at 1.1.2022** | **95** | **26** | **–** | **59** |
| Gains/losses recorded in the income statement | – | 3 | – | –3 |
| Gains/losses recorded in other comprehensive income | –1 | – | – | – |
| Revaluation via retained earnings | – | – | – | 2 |
| Additions | 22 | 17 | – | 75 |
| Disposals | 0 | –4 | – | –9 |
| **Balance as at 31.12.2022** | **116** | **42** | **–** | **124** |
| | | | | |
| **Balance as at 1.1.2023** | **116** | **42** | **–** | **124** |
| Gains/losses recorded in the income statement | – | 1 | 1 | 0 |
| Gains/losses recorded in other comprehensive income | –23 | – | – | – |
| Revaluation via retained earnings | – | – | – | –38 |
| Additions | 7 | 10 | 40 | 17 |
| Disposals | – | –9 | – | –14 |
| Reclassifications from FVTPL mandatory to FVTOCI | 8 | –8 | – | – |
| **Balance as at 31.12.2023** | **108** | **36** | **41** | **89** |

For level 3 instruments, the value is based on unobservable inputs, which within a reasonable range are at the discretion of management. The main factor for the valuation of equity instruments using the DCF valuation method is the discount rate at which future cash flows are discounted. A change in the net asset value of unlisted interests results in a proportionate change in the fair value of these shares.

Gains and losses from financial assets FVTPL are recorded under net financial income in the logistics business model and under the result from FVTPL trading portfolio assets and mandatory (income from financial services) in the PostFinance business model.

No reclassifications were carried out within the different levels as at 31 December 2022 and 31 December 2023. Reclassifications between the different levels are carried out at the end of each reporting period.

The fair value measurements of investment properties were carried out exclusively by independent or internal experts with the necessary expertise.

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**Investment property**

| Text, in percent, CHF million | Measurement method | Discount rate | Fair value |
|---|---|---|---|
| **31.12.2022** | | | |
| Bellinzona, Viale Stefano Franscini 30 | Capitalized earnings | 2.8 | 10 |
| Bern PostParc, Schanzenstrasse 4/5 | DCF | 2.9 | 373 |
| Delémont[1], Postplatz | DCF | 3.4 | 77 |
| Dübendorf, Wilstrasse 13 + 15 | DCF | 2.7 | 23 |
| Frauenfeld Cupola, Rheinstrasse 1 | DCF | 3.1 | 39 |
| Interlaken, Marktgasse 1 | DCF | 3.3 | 18 |
| Zurich, Franklinstrasse 27 | DCF | 3.0 | 83 |
| Zurich, Molkenstrasse 8 + 10 | DCF | 2.3 | 33 |
| Zollikofen, Schulhausstrasse 27 | DCF | 2.8 | 21 |
| Martigny[1], Avenue de la Gare 34 | DCF | 3.3 | 30 |
| Volketswil[1], Im Zentrum 14/16 | DCF | 2.8 | 21 |
| Zug[1], Postplatz 1 | DCF | 3.2 | 22 |
| Riehen[1], Bahnhofstrasse 25 | DCF | 3.3 | 13 |
| Geneva[1], Rue du Vieux-Collège 3 | DCF | 3.5 | 19 |
| **31.12.2023** | | | |
| Bellinzona, Viale Stefano Franscini 30 | Capitalized earnings | 2.9 | 9 |
| Bern PostParc, Schanzenstrasse 4/5 | DCF | 3.0 | 365 |
| Delémont, Postplatz | DCF | 3.5 | 72 |
| Dübendorf, Wilstrasse 13 + 15 | DCF | 2.8 | 23 |
| Frauenfeld Cupola, Rheinstrasse 1 | DCF | 3.2 | 39 |
| Interlaken, Marktgasse 1 | DCF | 3.4 | 17 |
| Zurich, Franklinstrasse 27 | DCF | 3.1 | 81 |
| Zurich, Molkenstrasse 8 +10 | DCF | 2.4 | 32 |
| Zollikofen, Schulhausstrasse 27 | DCF | 2.9 | 20 |
| Martigny, Avenue de la Gare 34 | DCF | 3.3 | 30 |
| Volketswil, Im Zentrum 14/16 | DCF | 2.9 | 20 |
| Zug, Postplatz 1 | DCF | 3.2 | 22 |
| Riehen[1], Bahnhofstrasse 25 | DCF | 3.2 | 17 |
| Geneva[1], Rue du Vieux-Collège 3 | DCF | 3.5 | 25 |

1 Property under construction.

The rental income taken into account in the measurements reflects the current status of letting and reflects the local market situation of the individual properties.

The operating and maintenance costs are based primarily on past experience from the property accounts of the last few years and on benchmarks.

# 30 | Consolidated Group

## 30.1 | Subsidiaries

Swiss Post Ltd, as the Group’s parent company, holds 100 percent of the shares in Post CH Ltd, Post CH Communication Ltd, Post CH Network Ltd, PostBus Ltd and PostFinance Ltd.

The companies listed below are fully consolidated.

| Segment | Company | Domicile | Currency | Share capital in thousands | Equity interest in percent as at 31.12.2022 | Equity interest in percent as at 31.12.2023 |
|---|---|---|---|---|---|---|
| **Switzerland** | | | | | | |
| 1 | Post CH Ltd | Bern | CHF | 10,000 | 100* | 100* |
| 1 | PostLogistics Ltd | Dintikon | CHF | 20,000 | 100 | 100 |
| 1 | SecurePost Ltd in liquidation | Oensingen | CHF | 4,000 | 100 | 100 |
| 1 | B-Sped Logistics (Suisse) SA | Boncourt | CHF | 200 | 100 | 100 |
| 1 | Relatra AG | Tägerwilen | CHF | 180 | 100 | 100 |
| 1 | DESTINAS AG | Tägerwilen | CHF | 140 | 100 | 100 |
| 1 | Walli-Trans AG | Leuk | CHF | 100 | 100 | 100 |
| 1 | BPS Speditions-Service AG | Pfungen | CHF | 100 | 100 | 100 |
| 1 | BPS Speditions-Service Basel AG, Pratteln[1] | Pratteln | CHF | – | 100 | – |
| 1 | notime AG[2] | Zurich | CHF | – | 100 | – |
| 1 | notime (Schweiz) AG | Zurich | CHF | 115 | 100 | 100 |
| 1 | Presto Presse-Vertriebs AG | Bern | CHF | 100 | 100 | 100 |
| 1 | Direct Mail Company AG | Basel | CHF | 420 | 100 | 100 |
| 1 | ASMIQ AG[3] | Zurich | CHF | – | 100 | – |
| 1 | Bring! Labs AG | Zurich | CHF | 241 | 82 | 82 |
| 1 | EDS Media AG | Meilen | CHF | 150 | 100 | 100 |
| 1 | Iemoli Trasporti SA | Chiasso | CHF | 100 | 100 | 100 |
| 1 | InTraLog Hermes AG | Pratteln | CHF | 100 | 100 | 100 |
| 1 | InTraLog Overseas AG | Kloten | CHF | 200 | 100 | 100 |
| 1 | Livesystems Group Ltd | Köniz | CHF | 130 | 100 | 100 |
| 1 | Livesystems Ltd | Köniz | CHF | 100 | 100 | 100 |
| 1 | Livesystems dooh Ltd | Köniz | CHF | 100 | 100 | 100 |
| 1 | Otto Schmidt Ltd[1] | Pratteln | CHF | – | 100 | – |
| 1 | Steriplus AG | Kaltbrunn | CHF | 550 | 65 | 65 |
| 1 | Stella Brandenberger Transporte AG | Pratteln | CHF | 150 | 100 | 100 |
| 1 | MW Partners Holding SA | Froideville | CHF | 708 | 100 | 100 |
| 1 | Stericenter SA | Cugy | CHF | 400 | 100 | 100 |
| 1 | Mediwar AG | Muri AG | CHF | 200 | 100 | 100 |
| 1 | Marcel Blanc et Cie S.A. | Le Mont-sur-Lausanne | CHF | 100 | 100 | 100 |
| 1 | resot.care SA | Froideville | CHF | 100 | 100 | 100 |
| 1 | eoscop AG | Balsthal | CHF | 100 | 100 | 100 |
| 1 | H. Bucher Internationale Transporte AG | Alpnach | CHF | 100 | 100 | 100 |
| 1 | Kickbag GmbH | St. Gallen | CHF | 20 | 100 | 100 |
| 1 | Gaiser Transport AG[4] | Ramsen | CHF | 100 | – | 100 |
| 1 | STERIPARC SA[5] | Yverdon-les-Bains | CHF | 100 | – | 60 |
| 2 | Post CH Communication Ltd | Bern | CHF | 1,000 | 100* | 100* |
| 2 | DIALOG VERWALTUNGS-DATA AG | Hochdorf | CHF | 1,000 | 82 | 82 |
| 2 | KLARA Business Ltd[6] | Lucerne | CHF | 545 | 50 | 70 |
| 2 | SwissSign AG | Opfikon | CHF | 450 | 100 | 100 |
| 2 | Tresorit Group Ltd[7] | Zurich | CHF | 100 | – | 100 |
| 2 | Tresorit AG[8] | Zurich | CHF | 100 | 90 | 100 |
| 2 | Hacknowledge SA | Morges | CHF | 276 | 80 | 80 |
| 2 | Post Sanela Health AG[9] | Zurich | CHF | 400 | 75 | 75 |
| 2 | T2i Holding SA | Sierre | CHF | 100 | 51 | 51 |
| 2 | Groupe T2i Suisse SA | Sierre | CHF | 1,000 | 51 | 51 |

* Equity interest is held by Swiss Post Ltd.
1 Merger with InTraLog Hermes AG.
2 Merger with notime (Schweiz) AG.
3 Merger with Post CH Ltd.
4 Acquisition of shares (100 percent).
5 Acquisition of shares (60 percent).
6 Capital increases and acquisition of shares (around 7 percent).
7 Company founding (100 percent) due to relocation of Tresorit S.A. headquarters from Luxembourg to Switzerland.
8 Indirect change in shareholding due to acquisition of shares (around 10 percent) in Tresorit S.A.
9 Change of company name (previously axsana AG).

**Segment**
1 = Logistics Services
2 = Communication Services

| Segment | Company | Domicile | Currency | Share capital in 000s | Equity interest in percent as at 31.12.2022 | Equity interest in percent as at 31.12.2023 |
|---|---|---|---|---|---|---|
| **Switzerland** | | | | | | |
| 2 | unblu inc. [10] | Basel | CHF | 335 | 51 | 54 |
| 2 | Unblu Cloud GmbH[11] | Basel | CHF | – | 51 | – |
| 2 | Unblu adiacom AG[12,13] | Basel | CHF | 100 | 51 | 54 |
| 2 | SPOTME Holding SA[14] | Lausanne | CHF | 427 | – | 96 |
| 2 | SPOTME SA[14] | Lausanne | CHF | 350 | – | 96 |
| 2 | TAC.CH Ltd[15] | Aarau | CHF | 100 | – | 100 |
| 2 | terreActive Ltd[16] | Aarau | CHF | 100 | – | 80 |
| 3 | Post CH Network Ltd | Bern | CHF | 1,000 | 100* | 100* |
| 4 | PostBus Ltd | Bern | CHF | 1,000 | 100* | 100* |
| 4 | Post Company Cars Ltd | Bern | CHF | 100 | 100* | 100* |
| 5 | PostFinance Ltd | Bern | CHF | 2,000,000 | 100* | 100* |
| 6 | Post CDR Ltd | Bern | CHF | 1,000 | 100* | 100* |
| 6 | Post Real Estate Management and Services Ltd | Bern | CHF | 1,000 | 100 | 100 |
| 6 | Post Real Estate Ltd | Bern | CHF | 100,000 | 100* | 100* |
| 6 | Swiss Post Insurance Ltd[17] | Bern | CHF | 30,000 | – | 100* |
| **Bulgaria** | | | | | | |
| 2 | Unblu Services Bulgaria EOOD[13] | Sofia | BGN | 1 | 51 | 54 |
| 2 | SPOTME EOOD[14] | Sofia | BGN | 5 | – | 96 |
| **Germany** | | | | | | |
| 1 | Zollagentur Imlig GmbH | Rheinfelden Baden | EUR | 25 | 100 | 100 |
| 1 | Bächle Logistics GmbH | Villingen-Schwenningen | EUR | 326 | 100 | 100 |
| 1 | Bring! Labs Deutschland GmbH | Berlin | EUR | 25 | 82 | 82 |
| 1 | OSA Spedition GmbH[18] | Efringen-Kirchen | EUR | 350 | 91 | 100 |
| 1 | OSA Logistik GmbH | Hamburg | EUR | 100 | 100 | 100 |
| 1 | Ost-West Cargo Europe GmbH Internationale Spedition | Stuttgart | EUR | 50 | 100 | 100 |
| 1 | LS Deutschland Holding GmbH | Efringen-Kirchen | EUR | 25 | 100 | 100 |
| 1 | LS Immobilienbewirtschaftungs GmbH | Efringen-Kirchen | EUR | 100 | 100 | 100 |
| 1 | LCV GmbH | Villingen-Schwenningen | EUR | 25 | 100 | 100 |
| 2 | Tresorit GmbH[19] | Munich | EUR | 25 | 90 | 100 |
| 2 | Unblu GmbH[13] | Frankfurt am Main | EUR | 25 | 51 | 54 |
| 6 | CDR-Services Deutschland GmbH | Efringen-Kirchen | EUR | 25 | 100 | 100 |
| **France** | | | | | | |
| 1 | B-Sped Logistics (France) SARL | Fêche-l'Église | EUR | 15 | 100 | |
| 1 | PORTMANN GESTION SAS[15] | Sausheim | EUR | 37 | – | 100 |
| 1 | PORTMANN LOGISTICS SARL[15] | Sausheim | EUR | 50 | – | 100 |
| 1 | TRANSPORTS PORTMANN SAS[15] | Sausheim | EUR | 500 | – | 100 |
| 1 | SITS SAS[15] | Sainte-Croix-en-Plaine | EUR | 100 | – | 100 |
| 1 | SCI Rixheimer Feld[15] | Sausheim | EUR | 4 | – | 100 |
| 1 | RIXHEIMER FELD SARL[15] | Sausheim | EUR | 1 | – | 100 |
| 1 | SCI PORT SUISS[15] | Sausheim | EUR | 1 | – | 100 |
| 1 | SCI PORT ESPALE[15] | Sausheim | EUR | 1 | – | 100 |
| 1 | SCI PORT SUD[15] | Sausheim | EUR | 2 | – | 100 |
| 1 | SCI PORT ALPES[15] | Sausheim | EUR | 8 | – | 100 |
| 1 | SCI SP[15] | Sausheim | EUR | 8 | – | 100 |

* Equity interest is held by Swiss Post Ltd.
10 Capital increase.
11 Merger with unblu inc.
12 Change of company name (adiacom ag).
13 Indirect change in shareholding due to capital increase at unblu inc.
14 Acquisition of shares (around 96 percent).
15 Acquisition of shares (100 percent).
16 Acquisition of shares (80 percent).
17 Company founding (100 percent).
18 Acquisition of shares (around 9 percent).
19 Indirect change in shareholding due to acquisition of shares (around 10 percent) in Tresorit S.A.

**Segment**
1 = Logistics Services
2 = Communication Services
3 = PostalNetwork
4 = Mobility Services
5 = PostFinance
6 = Functions and Management

| Segment | Company | Domicile | Currency | Share capital in 000s | Equity interest in percent as at 31.12.2022 | Equity interest in percent as at 31.12.2023 |
|---|---|---|---|---|---|---|
| **United Kingdom** | | | | | | |
| 2 | UNBLU LTD[20] | London | GBP | 1 | 51 | 54 |
| **Italy** | | | | | | |
| 1 | Iemoli Trasporti S.r.l. | Cadorago | EUR | 80 | 100 | 100 |
| **Canada** | | | | | | |
| 2 | UNBLU CANADA CORP[20] | Vancouver | CAD | 1 | 51 | 54 |
| **Liechtenstein** | | | | | | |
| 4 | PostAuto Liechtenstein Anstalt in liquidation[21] | Vaduz | CHF | – | 100 | – |
| 6 | Swiss Post Insurance AG | Triesen | CHF | 30,000 | 100* | 100* |
| **Lithuania** | | | | | | |
| 1 | Ost-West Cargo Baltic UAB | Panevezys | EUR | 10 | 75 | 75 |
| 1 | Ost-West Cargo Transport UAB | Skaidiškės | EUR | 683 | 100 | 100 |
| **Luxembourg** | | | | | | |
| 2 | Tresorit S.A.[22,23] | Luxembourg | EUR | – | 90 | – |
| 2 | Hacknowledge Lux SA | Luxembourg | EUR | 147 | 80 | 80 |
| 1 | PORTMANN-LUX S.A.[24] | Livange | EUR | 155 | – | 100 |
| 1 | TRACTLUX S.à.r.l.[24] | Livange | EUR | 300 | – | 100 |
| 1 | G.B.S. LOGISTICS S.à.r.l.[24] | Livange | EUR | 12 | – | 100 |
| **Austria** | | | | | | |
| 2 | SwissSign GmbH[25] | Vienna | EUR | 35 | – | 100 |
| **Poland** | | | | | | |
| 1 | PORTMANN LOGISTIC POLSKA Sp. z.o.o.[24] | Warsaw | PLN | 100 | – | 100 |
| **Portugal** | | | | | | |
| 6 | SPICE-P S.A. | Lisbon | EUR | 50 | 100* | 100* |
| **Singapore** | | | | | | |
| 2 | SPOTME PTE. LTD.[26] | Singapore | SGD | 30 | – | 96 |
| **Hungary** | | | | | | |
| 2 | Tresorit Kft.[27] | Budapest | HUF | 35,620 | 90 | 100 |
| **USA** | | | | | | |
| 2 | unblu Corp.[20] | Albany | USD | 0 | 51 | 54 |
| 2 | SPOTME INC.[26] | Chicago | USD | 10 | – | 96 |

* Equity interest is held by Swiss Post Ltd.
20 Indirect change in shareholding due to capital increase at unblu inc.
21 Liquidated.
22 Acquisition of shares (around 10 percent).
23 Relocation of headquarters to Switzerland (Tresorit Group Ltd)
24 Acquisition of shares (100 percent).
25 Company founding (100 percent).
26 Acquisition of shares (around 96 percent).
27 Indirect change in shareholding due to acquisition of shares (around 10 percent) in Tresorit S.A.

**Segment**
1 = Logistics Services
2 = Communication Services
4 = Mobility Services
6 = Functions and Management

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## 30.2 | Associates and joint ventures

The companies listed below are accounted for using the equity method.

| Segment | Company | Domicile | Currency | Share capital in thousands | Equity interest in percent as at 31.12.2022 | Equity interest in percent as at 31.12.2023 |
|---|---|---|---|---|---|---|
| **Switzerland** | | | | | | |
| 1 | AZ Vertriebs AG | Aarau | CHF | 100 | 25 | 25 |
| 1 | SCHAZO AG | Schaffhausen | CHF | 300 | 50 | 50 |
| 1 | Somedia Distribution AG | Chur | CHF | 100 | 35 | 35 |
| 1 | Asendia Holding Ltd | Bern | CHF | 125 | 40 | 40 |
| 1 | FedEx Express Swiss Post GmbH | Oftringen | CHF | 1,316 | 38 | 38 |
| 5 | Finform Ltd | Bern | CHF | 100 | 50 | 50 |
| 5 | TWINT Ltd | Zurich | CHF | 12,750 | 27 | 27 |
| 5 | TONI Digital Insurance Solutions AG | Zurich | CHF | 2,731 | 25 | 25 |
| 5 | Tilbago AG | Lucerne | CHF | 178 | 24 | 24 |
| 5 | Ormera AG in liquidation[1] | Bern | CHF | – | 47 | – |
| 5 | Yuh Ltd | Gland | CHF | 1,000 | 50 | 50 |
| 5 | Credit Exchange Ltd[2] | Zurich | CHF | 163 | – | 21 |
| **Germany** | | | | | | |
| 1 | GSF Spedition Schweiz GmbH | Gütersloh | EUR | 25 | 50 | 50 |
| 1 | Weliver Logistik GmbH[3] | Grossbeeren | EUR | 38 | 24 | 26 |
| 5 | moneymeets GmbH | Cologne | EUR | 113 | 24 | 24 |
| 5 | moneymeets community GmbH[4] | Cologne | EUR | – | 24 | – |

1 Liquidated.
2 Acquisition of shares (around 21 percent).
3 Indirect change in shareholding due to acquisition of shares (around 9 percent) in OSA Spedition GmbH.
4 Merger with moneymeets GmbH.

**Segment**
1 = Logistics Services
5 = PostFinance

# 31 | Transactions with related companies and parties

Within the meaning of the IFRSs, Swiss Post Group has relationships with related companies and parties. As the owner of Swiss Post, the Swiss Confederation is deemed to be a related party.

Transactions between Swiss Post and its subsidiaries were eliminated during the consolidation and are no longer included in these notes.

Swiss Post and its subsidiaries carried out the following transactions at market conditions with related companies and parties that are not part of the Group.

| **Transactions with related companies and parties** | Sale of goods and services | | Purchase of goods and services | | Receivables and loans | | Liabilities | |
|---|---|---|---|---|---|---|---|---|
| CHF million | 2022 | 2023 | 2022 | 2023 | 31.12.2022 | 31.12.2023 | 31.12.2022 | 31.12.2023 |
| Swiss Confederation | 285[1] | 281[1] | 6 | 5 | 313 | 196 | 391 | 446 |
| Swisscom | 47 | 39 | 9 | 15 | 325 | 325 | 10 | 15 |
| Swiss Federal Railways SBB | 31 | 28 | 38 | 41 | 135 | 127 | 79 | 114 |
| RUAG | 0 | 0 | 0 | 0 | 0 | 0 | – | 0 |
| SKYGUIDE | 0 | 0 | – | – | 0 | 0 | 6 | 7 |
| **Companies with joint management or significant influence** | **363** | **348** | **53** | **61** | **773** | **648** | **486** | **582** |
| **Associates and joint ventures** | **120** | **142** | **18** | **17** | **352**[2] | **397**[2] | **27** | **45** |
| **Other related companies and parties** | **2** | **1** | **1** | **1** | **0** | **0** | **52**[3] | **66**[3] |

1 Includes compensatory payments for passenger transport of 233 million francs (previous year: 238 million francs).
2 Primarily includes the loans granted by Swiss Post Ltd to Asendia Holding Ltd.
3 Primarily includes customer deposits of the Swiss Post pension fund held at PostFinance.

## 31.1 | Remuneration paid to members of management

In the past financial year, compensation including fringe benefits of 5.83 million francs (previous year: 6.02 million francs) and social security contributions as well as employee benefit contributions of 1.29 million francs (previous year: 1.33 million francs) was paid to members of management (Board of Directors and Executive Management). The performance-based component paid out to members of Executive Management in 2024 was based on target attainment in 2022 and 2023 and amounted to 0.61 million francs (previous year: 0.67 million francs). There are no loan agreements in place with members of the Board of Directors or Executive Management.

# 32 | Events after the reporting period

Prior to the approval of the 2023 consolidated annual financial statements by Swiss Post Ltd's Board of Directors on 11 March 2024, no events came to light which either would have resulted in changes to the carrying amounts of the Group's assets and liabilities or would have to be disclosed in this section of the Report.

# Auditor’s report

Only the German versions of the stand-alone and consolidated financial statements have been audited and the related audit reports are included in the German version of the annual report on pages 192 and 206, respectively. The translations into English, French and Italian of the stand-alone and consolidated financial statements were not subject to audit and are therefore marked as “unaudited”.

# Swiss Post Ltd annual financial statements

The annual financial statements issued by Swiss Post Ltd as the parent of Swiss Post Group meet the requirements of Swiss law.


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# Income statement

**Swiss Post Ltd | Income statement**

| CHF million | 2022 | 2023 |
|---|---|---|
| **Operating income** | | |
| Trade income | 809 | 821 |
| Other operating income | 0 | 0 |
| Income from investments | 809 | 344 |
| **Total operating income** | **1,618** | **1,165** |
| **Operating expenses** | | |
| Materials expenses | – | 0 |
| Personnel expenses | –440 | –484 |
| Other operating expenses | –323 | –324 |
| Impairment losses on financial assets and interests | –54 | –77 |
| Depreciation and impairment losses on property, plant and equipment | –12 | –13 |
| Depreciation of intangible assets | –82 | –83 |
| **Total operating expenses** | **–911** | **–981** |
| **Operating profit** | **707** | **184** |
| Financial income | 92 | 128 |
| Financial expenses | –46 | –53 |
| **Total net financial income** | **46** | **75** |
| Income from other accounting periods | – | 0 |
| **Net annual profit before tax** | **753** | **259** |
| Direct taxes | – | – |
| **Net annual profit** | **753** | **259** |

# Balance sheet

**Swiss Post Ltd | Balance sheet**

| CHF million | 31.12.2022 | 31.12.2023 |
|---|---|---|
| **Assets** | | |
| **Current assets** | | |
| Cash and cash equivalents | 259 | 813 |
| Trade accounts receivable | 22 | 58 |
| Other current receivables | 2,145 | 1,670 |
| Inventories and unbilled services | 4 | 5 |
| Accrued income and prepaid expenses | 60 | 73 |
| **Total current assets** | **2,490** | **2,619** |
| **Fixed assets** | | |
| Financial assets | 1,426 | 1,598 |
| Interests | 7,631 | 7,654 |
| Property, plant and equipment | 31 | 33 |
| Intangible assets | 374 | 301 |
| **Total fixed assets** | **9,462** | **9,586** |
| **Total assets** | **11,952** | **12,205** |
| **Equity and liabilities** | | |
| **Liabilities** | | |
| Trade accounts payable | 26 | 36 |
| Current interest-bearing liabilities | 362 | 397 |
| Other current liabilities | 29 | 26 |
| Accrued expenses and deferred income | 40 | 37 |
| **Total current liabilities** | **457** | **496** |
| Non-current interest-bearing liabilities | 775 | 775 |
| Provisions | 46 | 51 |
| **Total non-current liabilities** | **821** | **826** |
| **Total liabilities** | **1,278** | **1,322** |
| **Equity** | | |
| Share capital | 1,300 | 1,300 |
| Statutory capital reserves | | |
| Other capital reserves | 8,621 | 8,621 |
| Distributable profit | | |
| Profit carried forward | – | 703 |
| Net annual profit | 753 | 259 |
| **Total equity** | **10,674** | **10,883** |
| **Total equity and liabilities** | **11,952** | **12,205** |

# Notes

## 1 | Basic principles

### 1.1 | Legal form

Swiss Post Ltd was established as a company limited by shares subject to a special statutory regime. It is domiciled in Bern.

### 1.2 | General

A description is given below of any significant valuation policies applied that are not specified by law. From the year under review, impairment losses on financial investments and interests are no longer recognized in the financial result, but instead in operating expenses. The previous year's figures have been adjusted accordingly.

### 1.3 | Financial assets

Financial assets include long-term loans to interests of Swiss Post Ltd. They are measured at a maximum of acquisition cost less any necessary impairment losses. Loans granted in foreign currencies are measured at the current closing rate. Unrealized losses are recognized, whereas unrealized gains are not disclosed (imparity principle).

### 1.4 | Derivative financial instruments

Derivative financial instruments are recognized at fair value as positive or negative replacement values. They are used to hedge trading risks arising from subsidiaries (diesel swaps). The derivatives are recognized in other current receivables and liabilities, respectively.

### 1.5 | Interests

Swiss Post Ltd holds various interests. These interests are carried in the balance sheet at acquisition cost less any necessary impairment losses.

### 1.6 | Property, plant and equipment

Property, plant and equipment are measured at their acquisition or production costs less accumulated depreciation and impairment losses. Property, plant and equipment, with the exception of land, are depreciated on a straight-line basis. If there are any signs of overvaluation, the carrying amounts are checked and impairment losses recognized if necessary.

## 1.7 | Intangible assets

Any intangible assets acquired are capitalized at acquisition cost, provided that they offer the company economic benefits over several years. Internally generated intangible assets are capitalized if they meet the necessary requirements at the balance sheet date. Intangible assets are amortized on a straight-line basis. If there are any signs of overvaluation, the carrying amounts are checked and impairment losses recognized if necessary.

## 1.8 | Recognition of income

Income is recognized if it is clear that the economic benefits associated with the transaction will flow to Swiss Post Ltd and those benefits can be measured reliably. Income from services is recognized after sales deductions at the time the service is provided.

## 1.9 | Leases

Leases and rental agreements are recognized in the balance sheet based on legal ownership. The expenses as a lessee or a tenant are recognized on an accrual basis in other operating expenses but the leased or rented items themselves are not recorded in the balance sheet.

## 1.10 | Decision to dispense with additional information in the notes to the annual financial statements, cash flow statement and management report

Swiss Post Ltd, as the parent company within Swiss Post Group, prepares consolidated financial statements in accordance with recognized financial reporting standards (IFRS Accounting Standards). Consequently, and as set out in article 961d, paragraph 1 of the Swiss Code of Obligations, additional information in the notes to the annual financial statements, the cash flow statement and the management report is dispensed with in these financial statements, in accordance with the requirements for financial reporting for larger undertakings.

# 2 | Information on the balance sheet and income statement

## 2.1 | Cash and cash equivalents

**Swiss Post Ltd | Cash and cash equivalents**

| CHF million | 31.12.2022 | 31.12.2023 |
|---|---|---|
| Bank deposits due from third parties | 232 | 786 |
| Bank deposits due from PostFinance Ltd | 27 | 27 |
| **Total cash and cash equivalents** | **259** | **813** |

## 2.2 | Trade accounts receivable

**Swiss Post Ltd | Trade accounts receivable**

| CHF million | 31.12.2022 | 31.12.2023 |
|---|---|---|
| Amounts due from third parties | 1 | 2 |
| Amounts due from interests | 21 | 56 |
| Amounts due from related parties | 0 | 0 |
| **Total trade accounts receivable** | **22** | **58** |

## 2.3 | Other current receivables

**Swiss Post Ltd | Other current receivables**

| CHF million | 31.12.2022 | 31.12.2023 |
|---|---|---|
| Derivative financial instruments | 10 | 1 |
| Amounts due from third parties | 773 | 40 |
| Amounts due from interests | 1,362 | 1,629 |
| **Total other current receivables** | **2,145** | **1,670** |

## 2.4 | Inventories and unbilled services

The inventories listed in the balance sheet are mostly operating materials.

## 2.5 | Accrued income and prepaid expenses

**Swiss Post Ltd | Accrued income and prepaid expenses**

| CHF million | 31.12.2022 | 31.12.2023 |
|---|---|---|
| Accrued income and prepaid expenses due from third parties | 47 | 49 |
| Accrued income and prepaid expenses due from investors and governing bodies | 1 | 1 |
| Accrued income and prepaid expenses due from interests | 12 | 23 |
| Accrued income and prepaid expenses due from related parties | 0 | 0 |
| **Total accrued income and prepaid expenses** | **60** | **73** |

## 2.6 | Financial assets

**Swiss Post Ltd | Financial assets**

| CHF million | 31.12.2022 | 31.12.2023 |
|---|---|---|
| Financial assets due from third parties | 129 | 33 |
| Financial assets due from interests | 1,297 | 1,565 |
| **Total financial assets** | **1,426** | **1,598** |

## 2.7 | Interests

| Swiss Post Ltd \| Interests | | | Share capital | Investment in percent | |
|---|---|---|---|---|---|
| Company | Domicile | Currency | In 1000 | Balance as at 31.12.2022 | Balance as at 31.12.2023 |
| **Directly held interests** | | | | | |
| **Switzerland** | | | | | |
| PostFinance Ltd | Bern | CHF | 2,000,000 | 100 | 100 |
| Post Real Estate Ltd | Bern | CHF | 100,000 | 100 | 100 |
| Post CH Ltd | Bern | CHF | 10,000 | 100 | 100 |
| PostBus Ltd | Bern | CHF | 1,000 | 100 | 100 |
| Post CH Communication Ltd | Bern | CHF | 1,000 | 100 | 100 |
| Post CH Network Ltd | Bern | CHF | 1,000 | 100 | 100 |
| Post Company Cars Ltd | Bern | CHF | 100 | 100 | 100 |
| Post CDR Ltd | Bern | CHF | 1,000 | 100 | 100 |
| Swiss Post Insurance Ltd[1] | Bern | CHF | 30,000 | – | 100 |
| **Liechtenstein** | | | | | |
| Swiss Post Insurance AG | Triesen | CHF | 30,000 | 100 | 100 |
| **Portugal** | | | | | |
| SPICE-P S.A. | Lisbon | EUR | 50 | 100 | 100 |
| **Significant indirectly held interests** | | | | | |
| **Switzerland** | | | | | |
| PostLogistics Ltd | Dintikon | CHF | 20,000 | 100 | 100 |
| Asendia Holding Ltd | Bern | CHF | 125 | 40 | 40 |
| SecurePost Ltd in liquidation | Oensingen | CHF | 4,000 | 100 | 100 |
| **Germany** | | | | | |
| Bächle Logistics GmbH | Villingen-Schwenningen | EUR | 326 | 100 | 100 |
| CDR-Services Deutschland GmbH | Efringen-Kirchen | EUR | 25 | 100 | 100 |
| **France** | | | | | |
| TRANSPORTS PORTMANN SAS[2] | Sausheim | EUR | 500 | – | 100 |

1 Company founding (100 percent).
2 Acquisition of shares (100 percent).

## 2.8 | Property, plant and equipment

The property, plant and equipment listed in the balance sheet is mostly IT equipment.

## 2.9 | Intangible assets

| Swiss Post Ltd \| Intangible assets<br>CHF million | 31.12.2022 | 31.12.2023 |
|---|---|---|
| Brands | 333 | 267 |
| Other intangible assets | 41 | 34 |
| Intangible assets in development | 0 | 0 |
| **Total intangible assets** | **374** | **301** |

## 2.10 | Trade accounts payable

| Swiss Post Ltd \| Trade accounts payable<br>CHF million | 31.12.2022 | 31.12.2023 |
|---|---|---|
| Liabilities relating to third parties | 22 | 30 |
| Liabilities relating to investors and governing bodies | 1 | 2 |
| Liabilities relating to interests | 2 | 3 |
| Liabilities relating to related parties | 1 | 1 |
| **Total trade accounts payable** | **26** | **36** |

## 2.11 | Current interest-bearing liabilities

| Swiss Post Ltd \| Current interest-bearing liabilities<br>CHF million | 31.12.2022 | 31.12.2023 |
|---|---|---|
| Liabilities relating to third parties | 236 | 297 |
| Liabilities relating to interests | 126 | 100 |
| **Total current interest-bearing liabilities** | **362** | **397** |

## 2.12 | Other current liabilities

| Swiss Post Ltd \| Other current liabilites<br>CHF million | 31.12.2022 | 31.12.2023 |
|---|---|---|
| Derivative financial instruments | – | 1 |
| Liabilities relating to third parties | 18 | 25 |
| Liabilities relating to interests | 11 | – |
| **Total other current liabilities** | **29** | **26** |

## 2.13 | Non-current interest-bearing liabilities

| Swiss Post Ltd \| Non-current interest-bearing liabilities<br>CHF million | 31.12.2022 | 31.12.2023 |
|---|---|---|
| Liabilities relating to third parties | 775 | 775 |
| **Total non-current interest-bearing liabilities** | **775** | **775** |

## 2.14 | Share capital

The share capital stands at 1,300,000,000 francs. The 1,300,000 registered shares, each with a face value of 1,000 francs, are owned by the Swiss Confederation.

## 2.15 | Trade income

Trade income principally discloses revenue from services, management and licence fees. Income is mainly generated through subsidiaries.

## 2.16 | Income from interests

Income from interests primarily consists of dividend income from the interests. The income from interests for 2022 also includes the gain of 217 million francs from the sale of the SPS companies.

## 2.17 | Financial income

Financial income mainly consists of interest income from loans to interests, fees from letters of comfort to interests and foreign exchange gains.

## 2.18 | Financial expenses

Interest expense and foreign exchange losses are the main items recognized under financial expenses.

## 2.19 | Income from other accounting periods

The income from other accounting periods in the year under review comes from adjustments to tax deferrals for the years 2019 to 2020.

# 3 | Additional information

## 3.1 | Full-time equivalents

The average annual number of full-time equivalents exceeded 250, both in the year under review and in the previous year.

## 3.2 | Remaining liabilities from lease transactions

The lease liabilities that do not expire within twelve months or that cannot be terminated have the following maturity structure:

**Swiss Post Ltd | Remaining liabilities from lease transactions**

| CHF million | 31.12.2022 | 31.12.2023 |
|---|---|---|
| Due within 1 year | 17 | 19 |
| Due within 1 to 5 years | 60 | 65 |
| Due in over 5 years | 41 | 45 |
| **Total lease liabilities** | **118** | **129** |

These amounts include the payments from rental agreements or lease contracts owed until the end of the contract or the expiry of the notice period. Rental or lease items are mainly operationally essential assets with contracts that cannot be terminated within twelve months.

## 3.3 | Bond issues

Swiss Post Ltd has several outstanding private placements totalling 775 million francs, which are recognized in non-current interest-bearing liabilities. Nine tranches overall, expiring between 2026 and 2061, are outstanding on the capital market from major, predominantly domestic, private and institutional investors. The average interest rate applicable to these private placements is 1.06 percent, and the average remaining maturity of the outstanding tranches was 8.4 years at the end of 2023.

## 3.4 | Liabilities relating to employee benefits schemes

The liabilities relating to the Swiss Post pension fund totalled around 1 million francs as at 31 December 2023 (31 December 2022: around 1 million francs), and are reported in other current liabilities. They are classed as liabilities relating to third parties.

## 3.5 | Collateral for third party liabilities

As at 31 December 2023, guarantees and guarantee obligations amounted to 20 million francs (31 December 2022: 19 million francs).

Collateral has been made available to guarantee intra-Group receivables from cash pooling via a time deposit (bank deposits due from third parties) of 100 million francs (31 December 2022: 200 million francs).

In addition, on 31 December 2023, letters of comfort of 1,000 million francs existed, deposited by Swiss Post Ltd (31 December 2022: 1,504 million francs).

Under the system of group taxation for value added tax, liability is as follows: each natural person or legal entity belonging to a VAT group is jointly and severally liable together with the taxpayer for all taxes owed by the group (VAT).

## 3.6 | Contingent liabilities

Contingent liabilities of around 1 million francs existed as at 31 December 2023 (31 December 2022: less than 1 million francs), mostly from outstanding legal disputes with an uncertain outcome (probability of a liability <50 percent).

## 3.7 | Material events after the reporting period

No material events occurred after the reporting period which either would have resulted in changes to the carrying amounts of the assets or liabilities disclosed or would have to be disclosed in this section of the Report.

No other information is required to be reported by law as set out in article 959c, paragraph 1, section 4 of the Swiss Code of Obligations.

# 4 | Proposed appropriation of distributable profit

The Board of Directors will submit a proposal to the General Meeting on 30 April 2024 for a dividend payout of 50 million francs out of distributable profit available of 962 million francs. The remaining amount of 912 million francs will be carried forward.

**Swiss Post Ltd | Appropriation of distributable profit proposed by the Board of Directors**

| CHF million | 31.12.2023 |
| --- | --- |
| Profit carried forward | 703 |
| Net annual profit | 259 |
| **Available distributable profit** | **962** |
| Dividend | –50 |
| **Amount carried forward to new account** | **912** |

# Auditor’s report

Only the German versions of the stand-alone and consolidated financial statements have been audited and the related audit reports are included in the German version of the annual report on pages 192 and 206, respectively. The translations into English, French and Italian of the stand-alone and consolidated financial statements were not subject to audit and are therefore marked as “unaudited”.

# PostFinance annual financial statements

PostFinance Ltd reports to the Group in accordance with IFRS Accounting Standards and draws up its financial statements based on the FINMA Accounting Ordinance together with FINMA Circular 2020/1 “Accounting – banks”.


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# Reconciliation

The valuation policies in accordance with the FINMA Accounting Ordinance and the FINMA Circular 2020/1 "Accounting – banks" differ from the IFRS rules. The table below reconciles the PostFinance segment results as per IFRS with profit pursuant to RelV-FINMA/FINMA-RS 20/1.

**PostFinance Ltd | Reconciliation of profit**

| CHF million | 2022<br>1.1. to 31.12. | 2023<br>1.1. to 31.12. |
|---|---|---|
| **PostFinance segment operating profit (EBIT) before fees, net cost compensation and EBIT-relevant result from public service mandate in counter payment transactions**[1] | **255** | **326** |
| EBIT-relevant result from public service mandate in counter payment transactions[1] | –26 | –62 |
| **PostFinance segment operating profit (EBIT) as per IFRS before fees and net cost compensation** | **229** | **264** |
| Management / licence fees / net cost compensation | –6 | –28 |
| **PostFinance segment operating profit (EBIT) as per IFRS after fees and net cost compensation** | **223** | **236** |
| Net income from associates | –8 | –7 |
| Net financial income | –38 | –27 |
| **PostFinance segment earnings before tax (EBT)** | **177** | **202** |
| Income taxes | –28 | –41 |
| **PostFinance segment profit** | **149** | **161** |
| Consolidation effects from associates | 7 | 9 |
| **PostFinance Ltd profit before reconciliation** | **156** | **170** |
| Valuation differences for financial assets | 19 | 8 |
| Reversal of impairment / impairment on financial assets and receivables, incl. taxes | 0 | 0 |
| Realized gains from (earlier than scheduled) repayments | –18 | 0 |
| Valuation differences between IAS 19 and Swiss GAAP ARR 16 | 10 | –9 |
| Valuation differences, IFRS 16 Leases | 0 | 0 |
| Depreciation of revalued real estate | –3 | –7 |
| Individual value adjustment due to lower market value (fixed assets) | –1 | 0 |
| Valuation differences for investments | –2 | –6 |
| Realized gains from investments | 0 | 0 |
| Realized gains from real estate sold | - | –4 |
| Adjustment of current and deferred tax effects as per IFRS | 29 | 12 |
| **PostFinance Ltd profit as per Accounting – banks** | **190** | **164** |

1 Additional disclosure to Note 6.5, Information by business segment in the Group annual financial statements: funding gap from paper-based payment transactions and use of cash in the universal service.

Swiss Post and its subsidiaries have to finance the universal postal service from their own efforts. This is why PostFinance's results also include income and expenses from counter transactions carried out at PostalNetwork branches. The ongoing digitization of payment transactions and consequent sharp decline in transaction volumes is additionally weighing on PostFinance's result. More information is provided in the reconciliation table.

With a decline of almost 19 percent year-on-year, the number of inpayments at the counter fell much more quickly in 2023 than in previous years. PostFinance anticipates a permanent change in customers' habits regarding over-the-counter payment transactions and the use of cash.

## PostFinance Ltd statutory annual financial statements

The following pages show the PostFinance Ltd statutory financial statements in accordance with the FINMA Accounting Ordinance and FINMA Circular 2020/1 “Accounting – banks”.

# Balance sheet

**PostFinance Ltd | Balance sheet as per Accounting – banks**

| CHF million | Notes | 31.12.2022 | 31.12.2023 |
|---|---|---|---|
| **Assets** | | | |
| Liquid assets | | 36,567 | 27,090 |
| Amounts due from banks | | 3,413 | 2,889 |
| Amounts due from securities financing transactions | 5 | 10 | – |
| Amounts due from customers | 6 | 11,464 | 11,871 |
| Mortgage loans | 6 | 0 | 0 |
| Trading portfolio assets | | – | – |
| Positive replacement values of derivative financial instruments | 7 | 1,179 | 1,330 |
| Other financial instruments at fair value | | – | – |
| Financial investments | 8 | 60,222 | 57,485 |
| Accrued income and prepaid expenses | | 296 | 395 |
| Participations | 9, 10 | 131 | 143 |
| Tangible fixed assets | 11 | 1,039 | 991 |
| Intangible assets | 12 | 6 | 6 |
| Other assets | 13 | 53 | 57 |
| **Total assets** | | **114,380** | **102,257** |
| Total subordinated claims | | 14 | 15 |
| of which subject to mandatory conversion and/or debt waiver | | 2 | 4 |
| **Liabilities** | | | |
| Amounts due to banks | | 1,284 | 1,520 |
| Liabilities from securities financing transactions | 5 | 15,626 | 4,100 |
| Amounts due in respect of customer deposits | | 90,413 | 89,607 |
| Trading portfolio liabilities | | – | – |
| Negative replacement values of derivative financial instruments | 7 | 23 | 10 |
| Liabilities from other financial instruments at fair value | | – | – |
| Cash bonds | | 11 | 123 |
| Bond issues and central mortgage institution loans | | – | – |
| Accrued expenses and deferred income | | 77 | 132 |
| Other liabilities | 13 | 615 | 466 |
| Provisions | 16 | 40 | 35 |
| Reserves for general banking risks | | – | – |
| Bank’s capital | 17 | 2,000 | 2,000 |
| Statutory capital reserve | | 4,330 | 4,140 |
| of which tax-exempt capital contribution reserve | | 4,330 | 4,140 |
| Statutory retained earnings reserve | | – | – |
| Voluntary retained earnings reserves | | – | – |
| Profit/loss carried forward | | –229 | –40 |
| Profit/loss | | 190 | 164 |
| **Total liabilities** | | **114,380** | **102,257** |
| Total subordinated liabilities | | 253 | 442 |
| of which subject to mandatory conversion and/or debt waiver | | 253 | 442 |

**PostFinance Ltd | Off-balance sheet transactions**

| CHF million | Notes | 31.12.2022 | 31.12.2023 |
|---|---|---|---|
| Contingent liabilities | 6, 25 | 63 | 53 |
| Irrevocable commitments | | 822 | 930 |
| Obligations to pay up shares and make further contributions | | – | – |
| Credit commitments | | – | – |

# Income statement

## PostFinance Ltd | Income statement as per Accounting – banks

| CHF million | Notes | 2022 | 2023 |
|---|---|---|---|
| Interest and discount income | 28 | 177 | 659 |
| Interest and dividend income from trading portfolios | | – | – |
| Interest and dividend income from financial investments | | 210 | 299 |
| Interest expense | 28 | 120 | –447 |
| **Gross result from interest operations** | | **507** | **511** |
| Changes in value adjustments for default risks and losses from interest operations | | –23 | 5 |
| **Net result from interest operations** | | **484** | **516** |
| Commission income from securities trading and investment activities | | 91 | 86 |
| Commission income from lending activities | | 21 | 21 |
| Commission income from other services[1] | | 635 | 610 |
| Commission expense[1] | | –342 | –329 |
| **Result from commission business and services** | | **405** | **388** |
| **Result from trading activities and the fair value option** | 27 | **221** | **214** |
| Result from the disposal of financial investments | | – | – |
| Income from participations | | 5 | 4 |
| Result from real estate | | 62 | 64 |
| Other ordinary income | | 63 | 49 |
| Other ordinary expenses | | – | – |
| **Other result from ordinary activities** | | **130** | **117** |
| **Operating income** | | **1,240** | **1,235** |
| Personnel expenses | 29 | –454 | –469 |
| General and administrative expenses | 30 | –502 | –492 |
| **Operating expenses** | | **–956** | **–961** |
| Value adjustments on participations and depreciation and amortization of tangible fixed assets and intangible assets | | –81 | –78 |
| Changes to provisions and other value adjustments, and losses | | –11 | –11 |
| **Operating result** | | **192** | **185** |
| Extraordinary income | 31 | 2 | 10 |
| Extraordinary expenses | 31 | – | 0 |
| Changes in reserves for general banking risks | | – | – |
| **Earnings before taxes** | | **194** | **195** |
| Taxes | 32 | –4 | –31 |
| **Profit** | | **190** | **164** |

1 The accounting practice was reviewed and changed in 2023. The prior-year figures have not been adjusted.

# Appropriation of profit/loss

**PostFinance Ltd | Distributable profit/accumulated loss**

| CHF million | 31.12.2022 | 31.12.2023 |
|---|---|---|
| Profit for the year | 190 | 164 |
| Loss carried forward | –229 | –40 |
| **Total distributable profit/accumulated loss** | **–39** | **124** |

At its meeting on 23 February 2024, the PostFinance Ltd Board of Directors proposed the following appropriation of profit for submission to the General Meeting on 12 April 2024:

**PostFinance Ltd | Appropriation of profit/loss**

| CHF million | 31.12.2022 | 31.12.2023 |
|---|---|---|
| Dividend distributions | – | 114 |
| Profit/loss carried forward to new account | –39 | 10 |
| **Total distributable profit/accumulated loss** | **–39** | **124** |

**PostFinance Ltd | Other distributions**

| CHF million | 31.12.2022 | 31.12.2023 |
|---|---|---|
| Distributions from the capital reserve | –190 | – |
| **Total distributions from the capital reserve** | **–190** | **–** |

# Cash flow statement

**PostFinance Ltd | Cash flow statement as per Accounting – banks**

| CHF million | Cash inflow 2022 | Cash outflow 2022 | Cash inflow 2023 | Cash outflow 2023 |
|---|---|---|---|---|
| **Cash flow from operating activities (internal financing)** | | | | |
| Profit for the year | 190 | – | 164 | – |
| Value adjustments on participations, depreciation and amortization of tangible fixed assets and intangible assets | 80 | – | 70 | – |
| Provisions and other value adjustments | – | 3 | – | 5 |
| Change in value adjustments for default risks and losses | – | 4 | – | 6 |
| Accrued income and prepaid expenses | 5 | – | – | 99 |
| Accrued expenses and deferred income | – | 15 | 55 | – |
| Other items | – | – | – | – |
| Previous year’s dividend | – | – | – | – |
| **Subtotal** | **253** | | **179** | |
| **Cash flow from shareholder’s equity transactions** | | | | |
| Share capital | – | – | – | – |
| Recognized in reserves | – | 223 | – | 190 |
| **Subtotal** | | **223** | | **190** |
| **Cash flow from transactions in respect of participations, tangible fixed assets and intangible assets** | | | | |
| Participations | 0 | 5 | 2 | 12 |
| Real estate | – | 25 | 7 | 21 |
| Other tangible fixed assets | – | 6 | – | 8 |
| Intangible assets | – | – | – | – |
| **Subtotal** | | **36** | | **32** |
| **Cash flow from banking operations** | | | | |
| Medium and long-term business (>1 year): | | | | |
| Amounts due to banks | – | 317 | – | – |
| Amounts due in respect of customer deposits | 50 | – | 208 | – |
| Cash bonds | 3 | – | 112 | – |
| Other liabilities | 551 | – | – | 148 |
| Amounts due from banks | 74 | – | 494 | – |
| Amounts due from customers | 184 | – | – | 594 |
| Mortgage loans | 0 | – | – | – |
| Financial investments | – | 2,042 | 3,489 | – |
| Other accounts receivable | 182 | – | – | 4 |
| Short-term business: | | | | |
| Amounts due to banks | 787 | – | 236 | – |
| Liabilities from securities financing transactions | – | 3,967 | – | 11,526 |
| Amounts due in respect of customer deposits | – | 4,260 | – | 1,016 |
| Negative replacement values of derivative financial instruments | – | 82 | – | 13 |
| Amounts due from banks | – | 13 | 29 | – |
| Amounts due from securities financing transactions | – | 10 | 10 | – |
| Amounts due from customers | 170 | – | 189 | – |
| Positive replacement values of derivative financial instruments | – | 728 | – | 151 |
| Financial investments | – | – | – | 748 |
| **Subtotal** | | **9,418** | | **9,433** |
| **Liquidity** | | | | |
| Liquid assets | 9,424 | – | 9,476 | – |
| **Subtotal** | **9,424** | | **9,476** | |
| **Total** | **9,677** | **9,677** | **9,655** | **9,655** |

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# Statement of changes in equity

**PostFinance Ltd | Presentation of the statement of changes in equity**

| CHF million | Bank's capital | Capital reserve | Retained earnings reserve | Reserves for general banking risks | Voluntary retained earnings reserves and profit carried forward | Result of the period | Total |
|---|---|---|---|---|---|---|---|
| **Equity as at 1.1.2023** | **2,000** | **4,330** | **–** | **–** | **–40** | **–** | **6,290** |
| Dividends and other distributions | – | –190 | – | – | – | – | –190 |
| Profit | – | | – | – | – | 164 | 164 |
| **Equity as at 31.12.2023** | **2,000** | **4,140** | **–** | **–** | **–40** | **164** | **6,264** |

# Notes

## 1 | Business name and the legal form and domicile of the bank

| | |
|---|---|
| Business name: | PostFinance Ltd (company number CHE-114.583.749) |
| Legal form: | Private limited company (Ltd) |
| Domicile: | Bern (Switzerland) |

## 2 | Accounting and valuation policies

### General principles

The bookkeeping, accounting and valuation policies are based on the Swiss Code of Obligations, the Banking Act and the related ordinances, statutory provisions and the guidelines issued by the Swiss Financial Market Supervisory Authority (FINMA). The true and fair view statutory single-entity financial statements give an accurate picture of the assets, liabilities, financial position and results of operations of the company in accordance with the Accounting rules for banks, securities firms, financial groups and conglomerates.

Individual report figures are rounded in the notes for publication. Small rounding differences may therefore occur.

### Foreign currency translation

Balance sheet items in foreign currency are converted at the foreign exchange rates valid at the end of the year. Any resulting exchange gains and losses are recognized in the income statement. Income and expenses are converted at the applicable daily rates.

| **Closing rates** | 31.12.2022 | 31.12.2023 |
|---|---|---|
| EUR | 0.9841 | 0.9335 |
| USD | 0.9241 | 0.8429 |
| GBP | 1.1129 | 1.0764 |
| JPY | 0.0070 | 0.0060 |

### Offsetting

As a rule, no offsetting takes place, except in the cases set out below. Receivables and payables are offset if all the following conditions are met: the receivables and payables arise from transactions of the same type with the same counterparty, with the same maturity or earlier maturity of the receivable and in the same currency, and cannot lead to a counterparty risk. Value adjustments are deducted from the corresponding asset item.

## Trade date/settlement date accounting

As a rule, securities transactions in financial investments are recognized on the trade date. Participations are recognized at the settlement date. Concluded foreign exchange and money market transactions are recognized in the balance sheet on the settlement date (value date). Foreign exchange transactions are recognized in the balance sheet in positive replacement values of derivative financial instruments or negative replacement values of derivative financial instruments until their settlement date.

## General valuation policies

The detailed positions of items in the balance sheet are valued separately (item-by-item valuation).

## Liquid assets, amounts due from banks and amounts due from securities financing transactions

These items are included in the balance sheet at their nominal value or acquisition cost less value adjustments for impaired loans/receivables and expected losses. Cash outflows arising from reverse repurchase transactions are presented as amounts due from securities financing transactions. Financial investments obtained from transactions as collateral are generally not recognized in the balance sheet. Interest income from reverse repurchase transactions is accounted for using the accrual-based accounting principle. Securities lending and borrowing transactions are recorded at the value of the cash deposits that have been received or made. Securities borrowed or received as collateral are only recognized in the balance sheet if PostFinance gains control over the contractual rights associated with these securities. Securities lent and provided as collateral are only taken off the balance sheet if PostFinance loses the contractual rights associated with these securities. The fair values of the securities borrowed and lent are monitored on a daily basis in order to provide or claim additional collateral where required. Securities cover for reverse repurchase and securities lending transactions is recognized on a daily basis at current fair values. Fees received or paid in relation to securities lending and repurchase transactions are stated in the result from commission business and services.

## Amounts due from customers

These items are included in the balance sheet at their nominal value or acquisition cost less value adjustments for impaired loans/receivables and expected losses. Any premiums and discounts related to amounts due from customers are accrued over the term. Receivables are classed as impaired at the latest when the contractually agreed payments of capital and/or interest are more than 90 days outstanding. Interest outstanding for more than 90 days is regarded as overdue. Value adjustments that are no longer economically necessary are released to income. All value adjustments are deducted directly from this item in the balance sheet.

Overdue interest, the collection of which is impaired, is no longer accrued as income, but is reported without interest when its collection is so doubtful that the accrual of such interest is no longer deemed appropriate. If a receivable is considered entirely or partially uncollectible or a debt waiver has been granted, the amount of the receivable is derecognized from the corresponding value adjustment.

## Trading portfolio assets

Securities held for trading acquired primarily with the aim of achieving short-term gains by making targeted use of fluctuations in market prices are measured at fair value. Realized and unrealized gains and losses from these securities are recorded in the result from trading activities and the fair value option. Interest and dividend income from securities held for trading is recognized under net interest income. Where, as an exception, no fair value is ascertainable, valuation and recognition are to follow the principle of the lower of cost or market value.

## Positive and negative replacement values of derivative financial instruments

Derivative financial instruments which are not accounted for under the hedge accounting rules or which do not meet the conditions to qualify for hedge accounting are treated as instruments held for trading. Derivative financial instruments acquired for trading purposes are recognized at fair value and are subsequently measured at fair value. Hedge accounting is applied if derivative financial instruments are effective in offsetting changes in fair value or cash flows attributable to the hedged items. The effectiveness of these hedges is reviewed every six months. Fair value hedges are used to hedge exposure to changes in fair value of an asset or liability. Changes in the fair value of both the hedging instrument and the hedged underlying instrument are recognized in the income statement. Cash flow hedges are used to hedge anticipated future transactions. Changes in value to the extent a hedge is effective are allocated to the compensation account, while changes in value to the extent a hedge is ineffective are recognized in profit or loss. The foreign currency basis spreads of cross-currency swaps, which are designated as hedging instruments, are excluded from the designation and booked as hedging costs. The amounts are accounted for in other assets or other liabilities and reclassified into the income statement over the term of the underlying transaction. Positive and negative replacement values for all derivatives are recognized at fair value in positive replacement values of derivative financial instruments or negative replacement values of derivative financial instruments.

## Financial investments

Financial investments with a fixed maturity that PostFinance intends and is able to hold to maturity are measured at amortized cost (accrual method) less impairment for expected losses. The effective interest method spreads the difference between the acquisition cost and the repayment amount (premium/discount) over the life of the investment in question using the present value method. The fair values of financial instruments are determined on the basis of stock market prices and valuation techniques (present value method, etc.). In the case of listed financial instruments, the fair values correspond to market prices provided that such prices have been set on a price-efficient and liquid market. If financial investments intended to be held to maturity are sold or repaid prior to maturity, the gains or losses realized that correspond to the interest component are accrued over the remaining term. Holdings in equity securities (shares) are valued according to the principle of the lower of cost or market value. Debt securities acquired without the intention of being held to maturity are also valued according to the principle of the lower of cost or market value. Recoveries of receivables written off in prior periods are credited to this item in the balance sheet.

# Establishing amounts for value adjustments

The expected loss method as per IFRS 9 is used to establish amounts for value adjustments. Depending on the change in credit risk since acquisition, debt securities, amounts due from securities financing transactions, amounts due from customers and amounts due from banks belong to one of three levels for the calculation of value adjustments. Depending on the level, the value adjustment matches the expected loss over the next year (level 1) or the expected losses over the remaining term to maturity of an instrument (levels 2–3). The expected losses over the next year depend on the exposure of the position included in the default risk, on the probability of default of the instrument for the relevant year due to economic trends, and on an expected loss given default. The lifetime expected losses depend on the probability of default of the position due to economic trends over the remaining term to maturity, on its current and future exposure included in the default risk, and on an expected loss given default.

At the time of acquisition, a financial instrument with intrinsic value is allocated to level 1. A transition to level 2 takes place if there has been a significant increase in credit risk since initial recognition. There is a significant increase in credit risk if the current rating of a position is below a defined threshold. The threshold applied depends on the original rating of the position. Due to the exponential nature of the probability of default, the relative change in the probability of default must be higher, the better the rating at the time an instrument was acquired. The assigned rating corresponds to the rating issued by recognized rating agencies. If no such rating exists, the ratings of non-recognized rating agencies (e.g. ratings of qualified banks) are used. A payment delay of more than 30 days also serves as a criterion for a move to level 2. In addition, a dedicated committee assesses whether there is a significant rise in credit risk for positions under special consideration, leading to a reclassification to level 2. This affects the following positions: those that have a non investment-grade rating, those whose spread exceeds a defined value, those that are lower tier 2 positions or those that do not have an external rating. If an event of default is present on the balance sheet date, the position is allocated to level 3. An event of default is present if PostFinance assumes that there is a strong probability that the debtor will be unable to meet their payment obligations in full and as agreed, if a D rating (default) applies or if the liability is more than 90 days overdue from the counterparty. If a position has been allocated to levels 2 or 3, it can again be transferred to level 1 or 2 as soon as the criteria for that level have been satisfied.

The value adjustment of a financial instrument is measured using the following parameters: default probability, credit loss ratio and credit exposure at the time of default. As PostFinance has not recorded any bond defaults in the past and invests primarily in highly rated bonds, there are no internal default time series available in order to estimate default probabilities on this basis. For this reason, default probabilities are derived from migration matrices from external sources. These derived default probabilities are adjusted periodically based on the expected economic and credit market trends. The model parameters for the credit loss rate for various types of product are derived from various external sources by means of an expert opinion. A dedicated committee can override the credit loss rate of specific positions if necessary. Credit exposure at the time of default generally corresponds to amortized cost or forecasted amortized cost plus outstanding interest.

Value adjustments are calculated on amounts due from private and business accounts and associated limits on a collective basis. The portfolios used were generated on the basis of the characteristics applied in product management. Receivables are allocated to level 1 on initial recognition. They are allocated to levels 2 or 3 when the overdue period defined for the relevant level has been exceeded. The default rate used to determine the calculation of expected loss is calculated using historical data for a switch to level 2 or level 3. On the balance sheet date the previously calculated default probability is verified in order to determine whether an adjustment is needed on the basis of current and forward-looking information. The value adjustment for amounts due from banks is measured based on the default risk of outstanding loans or their credit rating.

## Participations

All equity securities in companies intended to be held as long-term investments are reported as participations. These items are included in the balance sheet at acquisition cost less economically necessary value adjustments in accordance with the individual valuation principle. The fair values of participations for the purposes of impairment testing at least once a year are determined on the basis of stock market prices and valuation techniques such as the discounted cashflow method or using the venture capital approach.

## Tangible fixed assets

Tangible fixed assets are recognized in the balance sheet at acquisition cost less cumulative depreciation. Tangible fixed assets are depreciated on a straight-line basis over their estimated useful life. Useful life is as follows:

– IT infrastructure 3–4 years
– Postomats 10 years
– Software 3–10 years
– Real estate 10–50 years

Assets associated with the purchase, installation and development of software are capitalized if they are of measurable economic benefit.

Regular checks are carried out to determine if there are signs of overvaluation. If this is the case, the book value is compared with the recoverable amount (the higher of fair value less costs to sell and value in use). If the book value of an asset exceeds its recoverable amount, an impairment equal to the difference between the book value and the recoverable amount is recognized in profit or loss. Gains realized from the disposal of tangible fixed assets are recorded in extraordinary income, while realized losses are recognized as extraordinary expenses.

## Intangible assets

Acquired intangible assets are recognized in the balance sheet at acquisition cost less cumulative depreciation. They are depreciated on a straight-line basis over their estimated useful life of ten years. If an assessment on the balance sheet date shows that the capitalization of a proportion of intangible assets is no longer justified, the proportion in question is additionally depreciated on the relevant date. An assessment is carried out if there are any indications of impairment.

## Accrued income and prepaid expenses, and accrued expenses and deferred income

Interest receivable and payable, commission and other income and expenses during the accounting period are accounted for using the accrual-based accounting principle to ensure that they are correctly represented in the income statement.

## Amounts due to banks, liabilities from securities financing transactions and amounts due in respect of customer deposits

Private and business accounts are included in the balance sheet at their nominal value. Financial investments transferred as collateral as part of repurchase transactions continue to be recognized in the balance sheet under “Financial investments”. Interest expenses from repurchase transactions are accounted for using the accrual-based accounting principle. Securities cover for repurchase and securities borrowing transactions is recognized on a daily basis at current fair values. Amounts borrowed from banks and holders of qualified participations and cash bonds are recorded on the balance sheet at nominal value.

## Provisions

Provisions are made according to objective criteria for all risks detectable on the balance sheet date and presented under this item in the balance sheet. Provisions that are no longer economically necessary are released to income. Provisions for expected losses are made for off-balance sheet transactions. The method used is analogous to value adjustments on expected losses.

## Contingent liabilities, irrevocable commitments, obligations to pay up shares and make further contributions

These items are recorded at their nominal value as off-balance sheet transactions.

## Pension benefit obligations

The accounting treatment of pension benefit obligations at PostFinance Ltd is based on Swiss GAAP ARR 16/26. PostFinance employees are insured with the Swiss Post pension fund foundation under a Duoprimat (combined defined benefit and defined contribution) scheme in accordance with the Federal Law on the Occupational Old-age, Survivors' and Disability Benefit Plan (OPA). Staff are thereby insured against the financial consequences of old age, death and disability. The retirement benefits of all active members are calculated on a defined contribution basis and the risk cover (death and disability) on a defined benefit basis. Expenses related to pension benefit obligations are recognized in personnel expenses. Pension benefit obligations represent the actuarial present value of benefits for the employee's eligible insurance period and take the future into account by including statistical probabilities such as death and disability.

The employer contribution reserve is part of the Swiss Post pension fund. A future economic benefit is calculated and capitalized based on the last available and audited financial statements from the Swiss Post pension fund foundation.

## Taxes

Income tax is determined on the basis of the accrued net annual results in the relevant reporting period. Deferred tax liabilities are calculated at the current tax rate. Accruals and deferrals are recognized in the balance sheet under accrued income and prepaid expenses or accrued expenses and deferred income.

The tax consequences of time differences between the values of assets and liabilities shown in the balance sheet and their tax bases are recognized as deferred taxes under provisions. Deferred taxes are determined separately in each business period.

## Changes in the accounting and valuation principles versus the previous year

In the financial year 2023, there were no changes year-on-year.

## Business policy on the use of derivative financial instruments and hedge accounting

PostFinance uses derivative financial instruments exclusively to hedge interest and currency risks.

The bond market in Swiss francs is not sufficient to cover PostFinance's investment requirements. It therefore also invests in foreign currency bonds. As a general rule, two methods are used to hedge foreign currency risks. A proportion of the foreign currency bonds refinanced in Swiss francs are hedged by means of cross-currency interest rate swaps (CCIRS). The advantage of this hedging approach is that the amounts of all future cash flows (coupons, nominal value repayment) in Swiss francs are already known on the date of conclusion of the transaction. However, it rules out the diversification benefits associated with the varying amounts and performance of term spreads of different foreign currency yield curves. To take advantage of this diversification potential and access bond markets on which CCIRS are only available with high illiquidity discounts, the currency risks of certain foreign currency bonds are hedged by means of a currency overlay of rolling short-term foreign exchange forward contracts (FX forwards).

The foreign currency risks of the other financial instruments are also hedged on a rolling basis using FX forwards.

Interest rate swaps are used to control duration on the assets side. Long (short) duration bonds are transformed into short (long) duration bonds by means of interest rate swaps. In principle, interest rate swaps are used to control the maturity transformation strategy in the overall balance sheet.

### Economic relationship between hedged items and hedging transactions

PostFinance records the relationship between the hedging instrument and the hedged item on the date on which a financial instrument is classed as a hedging relationship. The information recorded includes the risk management objectives and strategy of the hedging transaction, and the methods used to measure the effectiveness of the hedging relationship. The economic relationship between the hedged item and the hedging transaction is periodically measured on a prospective basis in the course of effectiveness tests by measuring factors such as inverse performance and its correlation.

### Effectiveness measurement

Hedging is deemed to be highly effective if the following criteria are essentially met:

- Hedging is considered to be highly effective upon its initial recognition (on a prospective basis via the critical terms match method).
- There is a close economic relationship between the hedged item and the hedging transaction.
- There is an inverse relationship between the value changes of the hedged item and those of the hedging transaction with regard to the hedged risk.

### Ineffectiveness

If this results in an ineffective portion, this is recognized in the income statement for the period in question. This is carried out regularly through quantitative analysis based on the dollar-offset method. The absolute changes in value of the hedged item and hedging instrument are then compared for the period.

## Events after the balance sheet date

On the date of issue of the annual financial statements, no material events had occurred as at 31 December 2023 which would have to be disclosed in the financial statements and/or in the notes.

# 3 | Risk management

## Business model and risk profile

PostFinance operates mainly in the fields of payment transaction services, the receipt of customer deposits, account services and related services. It also handles customer securities trading, carries out investments in its own name, and manages other financial services on behalf of third parties. On account of its business model, PostFinance is exposed to risks. PostFinance could suffer losses or deviations from the expected result if these risks materialize.

PostFinance defines three risk categories based on its business model.

- Financial risk refers to the risk of unexpected losses from the investment and deposit business. In terms of financial risks, PostFinance differentiates between interest rate, market, credit and liquidity risks.
- Strategic risk refers to the risk of failing to achieve company goals at the level of the fundamental or long-term orientation of the institution as a result of unexpected developments.
- Operational risk refers to the risk of unexpected costs or unwelcome events (such as events with a negative impact on reputation or compliance breaches) that arise as a result of the inadequacy or failure of internal processes, people or systems, or as a result of external events. Operational risks also include the risks associated with financial reporting.

## Governance and reporting

In formal terms, the business control and monitoring process and the entire internal control system comply with the COSO II framework and “three lines model”. The COSO II framework incorporates risk management as well as risk control and monitoring. PostFinance also uses the ISO 31000 standard as a guideline.

The Board of Directors defines the risk policy and principles of risk management and is responsible for the regulation, establishment and monitoring of an effective risk management system. It is also responsible for ensuring an appropriate risk and control environment within PostFinance. The Board of Directors uses the definition of risk appetite to determine the total amount of risk that PostFinance is prepared to take. The risk appetite takes strategic, financial and operational risks into account and must be in line with the company's risk capacity. The risk capacity results from the regulatory and legal requirements to be met, adherence to which enables PostFinance to continue as a going concern. In addition, the risk appetite takes the directives and guidelines of the owner into account.

The Board of Directors and all Board of Directors’ Committees (Risk, Audit & Compliance, IT & Digitization, Organisation, Nomination & Remuneration) apply these risk principles. The Risk and Audit & Compliance Committees have a special role to play here, as they perform an explicit monitoring function at Board level, with the Board of Directors’ Audit & Compliance Committee focusing in particular on non-financial risks and the Board of Directors’ Risk Committee on financial risks.

The PostFinance Executive Board is responsible for implementing the directives of the Board of Directors with regard to risk management and monitoring within the framework of the 1st and 2nd lines of defence (line), and ensures compliance with the risk capacity and risk appetite. It implements the directives of the Board of Directors with regard to the establishment, maintenance and regular review of control activities and the control units involved. In addition, the Executive Board is responsible for the active management of financial, strategic and operational risks within the framework defined by the Board of Directors and ensures that the risk management infrastructure throughout the institution meets requirements in organizational, human resources, technical and methodology terms. The Chief Risk Officer (CRO) is a member of the Executive Board and is responsible for ensuring that the subordinated control entities perform the tasks entrusted to them.

The business units which represent the 1st line bear primary responsibility for the risks from their unit and exercise their control function in the management of risks, in particular through their identification, measurement, control, monitoring and reporting activities. They take account of the directives of the 2nd line and ensure that their risks and controls are complete and up-to-date in the risk and control inventory. Within the 1st line, there are units that are accountable for results and units with no direct accountability for results, which act for example as support units for other units or the Executive Board. The Risk Management unit supports decision-makers with the management and monitoring of financial risks in the overall balance sheet. It identifies, models and measures the financial risks entered into and proposes risk and income-oriented control measures. It also monitors and reports their effectiveness to decision-makers on a regular basis. The Compliance Services unit ensures compliance with legal provisions and guidelines in business operations and at the customer interface in accordance with the directives of the 2nd line. The management of security risks at the operational level is the responsibility of the Security unit.

The units in the 2nd line independently monitor risk management in the 1st line, ensuring that all risks are appropriately identified, measured, managed, monitored and reported across the company. They also issue directives on the assurance of compliance with internal and external provisions and define methods and procedures for risk management.

At PostFinance, the Governance, Compliance and Risk Control units are the control entities responsible for the 2nd line function. The independence of the 2nd line units from the 1st line units is ensured in organizational terms by the fact that these units are located in the business unit of the CRO.

Risk Control independently monitors all risks that are not monitored by Compliance or Governance. This applies to financial risks, operational risks, security risks and strategic risks. Risk Control continuously monitors the risk situation in these areas, reviews central risk management processes, methods for risk measurement and assessment and risk monitoring systems in the 1st line, and monitors their correct implementation and application. Risk Control defines appropriate directives and processes for identifying, measuring, assessing and controlling the risks taken by PostFinance.

Risk Control provides a suitable system for maintaining an inventory of all risks, risk management strategies, controls and events. As a unit in the 2nd line, it ensures that the 1st line units keep the inventory complete and up-to-date and validates the inventory on an ongoing basis with regard to completeness and correctness.

Compliance independently monitors adherence to legal, regulatory and internal provisions relating to money laundering, tax compliance and the provision of financial services. Governance independently monitors compliance by staff with the rules of governance as a whole and with the Code of Conduct.

As independent control entities, the 2nd line units monitor the risk profile of PostFinance with suitable instruments, provide a central overview of its development and report it to the Executive Board and the Board of Directors jointly on a quarterly basis at least. In addition, matters of major importance are reported to the Board of Directors by the units in the 2nd line promptly and on an ad hoc basis. Risk Control coordinates the reporting activities of all 2nd line functions.

As part of the 3rd line, Internal Auditing is responsible for risk monitoring and for overseeing both the 1st and 2nd lines. It reports directly to the Board of Directors of PostFinance.

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# Risk measurement methods

| Risk category | Potential loss or negative impact | Method of risk description and/or control |
|---|---|---|
| **Financial risks** | | |
| – Credit risks | Losses due to deterioration in creditworthiness and counterparty default | Compliance with the minimum regulatory requirements for risk-weighted capital<br>Concentration, rating structure and country portfolio limits as well as nominal limits at counterparty level; management of economic concentration risks in the credit portfolio |
| – Interest rate risks | Loss in present value of equity following market interest changes<br>Fluctuating net interest income over time | Absolute sensitivity limits for equity capital<br>Implementation of multi-period dynamic revenue analyses |
| – Liquidity risks | Insolvency | Compliance with the minimum regulatory requirements for the liquidity coverage ratio (LCR) and net stable funding ratio (NSFR)<br>Holding of cash reserves to cover liquidity requirements in stress situations |
| – Market risks | Losses in fair value to be charged to the Accounting – banks income statement | Compliance with the minimum regulatory requirements for risk-weighted capital<br>Value at risk limits for fair value effects on the income statement |
| **Strategic risks** | Losses, reduced revenues or additional internal expenses resulting from failure to achieve company goals at the level of the fundamental or long-term orientation of the institution | Quantification of gross risk by evaluating the extent of loss and probability of occurrence of a dire but nevertheless realistic scenario. On this basis, establishment of a risk management strategy and risk-mitigating measures, and assessment of the residual risk in both quantitative and qualitative terms.<br>Monitoring of the development of strategic top risks. Level-appropriate addressing of risks through the definition of approval limits and thresholds for risk management measures for individual risks. |
| **Operational risks** | Losses, reduced revenues or additional internal expenses resulting from inadequate or failed internal processes, people or systems, or external events | Quantification of gross risk by evaluating the extent of loss and probability of occurrence of a dire but nevertheless realistic scenario. On this basis, establishment of a risk management strategy and risk-mitigating measures, and assessment of the residual risk in both quantitative and qualitative terms.<br>Monitoring by defining reporting limits for operational top risks. Level-appropriate addressing of risks through the definition of approval limits and thresholds for risk management measures for individual risks. |

PostFinance measures and monitors financial risks both at individual portfolio level and with regard to the overall balance sheet. Risks are limited by means of a multi-dimensional limit system. A variety of methods of differing degrees of complexity are used by Risk Management to measure financial risks. In concrete terms, they include scenario analyses (e.g. to measure the earnings effects of interest rate risks or the full utilization of credit risk limits), sensitivity analyses (e.g. to measure the present value effects arising from interest rate risks) and stochastic models to determine value-at-risk or expected shortfall risk indicators (e.g. to measure market risks or to quantify economic concentration risks in the credit portfolio). The principal aim of risk measurement is to allow the supervisory bodies to control risks adequately at all times.

All risks of PostFinance are assessed on the basis of a credible worst case scenario (CWC). The CWC represents a dire but nevertheless realistic loss scenario associated with a risk. The CWC covers both probability of occurrence and extent of loss in a quantitative and/or qualitative form. This assessment is undertaken for both gross and residual risk, i.e. after implementation of the risk management strategy.

Individual risks are assessed using threshold values with regard to the obligation to record and the necessity of control measures. Approval limits for individual risks are used to ensure that risks and the associated risk management strategy are acknowledged and approved at the appropriate level.

At a higher level, the risks in the risk inventory are used by the Executive Board and Board of Directors for the top-down definition of top risks that are of central importance to PostFinance and have a high level of management attention. Operational top risks are measured by aggregating the respective individual risk clusters. These top risks and other aggregated risk positions are assigned to a warning level which, if exceeded, triggers a notification to the Board of Directors.

## Stress testing

The Risk Management unit regularly carries out an inverse stress test to identify developments which could pose a particular threat to PostFinance. This test identifies scenarios in which a specific measure of risk takes on extremely unfavourable values. The results of the inverse stress tests are discussed by the Executive Board and the Board of Directors on a regular basis.

As well as being used for control purposes, stress tests are also applied in the Risk Control department as a monitoring tool for recognizing significant (new) risks, to determine risk concentrations and to verify the appropriateness of risk appetite in stress situations.

## Financial risk management at PostFinance

### Credit risks

PostFinance was granted a banking licence on 26 June 2013. Even with a banking licence, PostFinance is not permitted to issue direct loans and mortgages due to postal legislation provisions. Interest-bearing customer deposits therefore do not go towards granting mortgages, but are invested on the money and capital markets. PostFinance pursues a conservative investment strategy. Liquidity and creditworthiness are the main criteria for its investment decisions. The cluster risk is deliberately limited by holding financial investments that are broadly diversified in terms of the sectors, countries and counterparties.

The term “credit risk” refers to the risk that a counterparty will no longer be able to fulfil its obligations, thereby causing the creditor to incur a financial loss. In addition, a sharp decline in the creditworthiness of a counterparty can trigger additional impairment requirements for the creditor. Credit risk increases as counterparties become more concentrated in an individual sector or region. Economic developments affecting whole sectors or regions can threaten the creditworthiness or solvency of an entire group of otherwise unrelated counterparties.

To limit the overall credit risks taken, each year the Board of Directors of PostFinance sets a maximum figure not to be exceeded with regard to regulatory minimum capital to cover credit risks. It also determines directives on the investment rating structure, limits potential country risks and delegates responsibility for approving major counterparty limits to the Board of Directors’ Risk Committee. New investments are generally only permitted if the debtor has a rating and its creditworthiness is classed as investment grade.

In addition to the portfolio limits defined by the Board of Directors, the credit risks associated with investment activities are restricted by the Executive Board by setting counterparty limits and other control requirements.

The directives for counterparty limits are based on publicly accessible ratings by recognized rating agencies and qualified banks, and on internal limit systems, with ESG criteria (environmental, social and governance) also being taken into account. Climate-specific finance risks are also analysed and taken into account as part of the ESG criteria. PostFinance publishes the climate-related financial risks in a separate disclosure. By means of quantitative and risk-oriented qualitative analyses of balance sheet key figures and early warning indicators, publicly accessible ratings in the limit systems are examined critically and limits derived from them, taking into account the current portfolio. The Risk Management unit is responsible for developing and applying internal limit systems. These limit systems are approved and released by the Executive Board at least once a year. Changes in a counterparty's creditworthiness or of relevant key figures result in the immediate adjustment of the directives. Compliance with prescribed limits is monitored on an ongoing basis and is verified by the Treasury unit before the closing of each transaction.

The economic concentration risks in the credit portfolio are taken into consideration in defining the portfolio and counterparty limits. To measure them, PostFinance uses a credit portfolio model that quantifies the credit risks within the credit portfolio while taking into account correlation effects. On the basis of the modelled risk indicators (expected shortfall and the relevant risk contributions of sub-portfolios), limits and control requirements can be defined in such a way that they increase portfolio efficiency and/or limit concentration risks.

The Risk Management unit informs the Executive Board of the extent to which limits are used in monthly reports. It submits risk control proposals where limits have been exceeded, resulting from adjustments to counterparty limits.

As an integral part of credit risk management, the limit systems are subjected to regular checks by Risk Control.

Credit risks arising from customer transactions are of secondary importance at PostFinance, and are due to account overdraft limits proposed in connection with payment transaction services, and to the range of credit cards available. The credit risks taken are established and monitored by means of product-specific processes. The Executive Board issues general directives on credit checks and authorizations for approving individual limits.

Collateral concentration risks may arise when carrying out repo transactions (financial investments in exchange for collateral) and securities lending transactions (securities lending in exchange for collateral). The collateral protects PostFinance against the counterparty default risk, as it can be realized by PostFinance in the event of default by the counterparty. Concentrations of securities delivered (with the exception of cash collateral) are measured, monitored and reported to the Executive Board on a monthly basis. At the same time, wrong-way risks are assessed and risk control proposals submitted where concentrations have been identified.

The mortgage lending solutions offered in cooperation with Münchener Hypothekenbank eG (MHB) since 2008, with Valiant Bank AG since 2010 and with Credit Exchange Ltd since 2023 do not result in any credit risks for PostFinance. These are borne entirely by the partner bank.

## Interest rate risk and balance sheet structure risk

The term "interest rate risk" refers to the potential impact of a change in market interest rates on the present value of assets and liabilities in the balance sheet and on the result from interest operations in the income statement resulting mainly from maturity mismatches. Interest-earning operations are a key earnings driver for PostFinance. As changes in interest rates have a direct impact on net interest income, management of the risks associated with such changes is considered a priority. The majority of customer deposits held by PostFinance are non-maturing and do not earn a fixed rate of interest. The interest rate of these deposits is therefore estimated using a replication method, which aims to map the most closely matching maturities of similar customer products while minimizing interest margin volatility. A certain quota of short-term investments are used to cover short-term volume fluctuations.

The maturities of money and capital market investments are determined on the basis of the target present value sensitivity of equity capital, and used to define the maturity transformation strategy. The resulting imbalance between the liability and asset interest rates corresponds to the maturity transformation, which is controlled from a present value and income perspective.

The present value perspective covers the net effect of a change in interest rates on the equity of PostFinance in the event of modifications to the yield curve. Future cash flow accruals are discounted according to the risk-adjusted present value formula. Sensitivity to shifts in the yield curve is determined on the one hand, and to isolated interest shocks at specific maturities (key rates) on the other.

**Absolute change in the present value of equity**[1]

| CHF million | 31.12.2022 | 31.12.2023 |
|---|---|---|
| Parallel up shock | – | – 304 |
| Short up shock | – 242 | – |

1 In order to determine the present value sensitivity of equity, the six standard shocks in accordance with FINMA Circular 2019/2 "Interest rate risks – banks" are applied. The scenario resulting in the greatest negative change in the present value of equity is shown per reference date.

Unlike assessments based on present value, income perspective analyses examine the impact of several potential multiple period interest scenarios on PostFinance's future interest income. In addition, dynamic income simulations are carried out for a broad set of deterministic scenarios over the course of the year. These scenarios describe future market interest trends and the resulting changes in customer interest and customer volumes for each replica, as well as different maturity transformation strategies where applicable. Dynamic income simulations are carried out by the Risk Management unit. Risk control proposals are submitted and discussed regularly with the Executive Board on the basis of the results.

## Liquidity risks

Liquidity risk refers to the risk that current and future payment obligations cannot be met on time or in full. Liquidity risks are managed with a one-day, a one-month, a three-month and a one-year time horizon. To guarantee liquidity on a daily basis, financial cushions are defined for the settlement of unforeseen payments. These figures should be available for use in stress situations in particular, when it may no longer be possible to turn to the unsecured interbank market for liquidity. The minimum amount for a financial cushion is based on high daily cash outflows over a one-day horizon with an extremely low probability of occurrence.

Determining and limiting the regulatory key figures liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) ensure liquidity over a one-month and one-year horizon.

To ensure liquidity over a three-month horizon, liquidity stress scenarios are defined that must not lead to illiquidity. Long-term stable financing beyond a one-year horizon is ensured by the structural liquidity ratio (net stable funding ratio, NSFR). There is an emergency plan to resolve any liquidity crises.

## Market risks

PostFinance does not keep a trading book, and uses the market risk, standardized approach in accordance with art. 86 CAO to determine its minimum capital requirement for market risks. To limit the market risks taken, each year the Board of Directors of PostFinance sets a maximum figure not to be exceeded with regard to regulatory minimum capital to cover market risks.

According to PostFinance's business model, market risks are expressed by increased volatility in the income statement in the short term. PostFinance is exposed to market risks for two reasons:

- Open foreign currency items and changes in value arising from foreign currency derivatives affect the volatility of the income statement (foreign currency risks).
- Changes in the value of instruments that are recognized according to the principle of the lower of cost or market value or managed in accordance with hedge accounting (including fund investments in the banking book, hedged items and the related hedging instruments) may also have an effect on the volatility of the income statement.

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Market risks are modelled according to value at risk and limited in the income statement by the Board of Directors. To measure market risks, the risk factors that have an impact on the present value of the relevant item are assigned to each item. The change in present value is modelled according to the change in the allocated risk factors. A functional correlation between the item value and the associated risk factors must also be defined. The stochasticity of all relevant risk factors over the next 250 days is determined on the basis of probability distribution assumptions. Corresponding market data time series are used to calibrate the probability distributions. The distribution of changes to the income statement over a one-year period can be determined with the help of the functional correlation established between risk factors and portfolio items. Value at risk is then determined on the basis of the 95 percent quantile. The Risk Management department measures market risks on a weekly basis. It informs the Executive Board of the extent to which limits are used and submits risk control proposals where necessary.

## Operational and strategic risks

In line with the Basel Committee on Banking Supervision, operational risk at PostFinance is defined as the risk of unexpected costs or unwelcome events (such as events with a negative impact on reputation or compliance) that may arise as a result of the inadequacy or failure of internal processes, people or systems, or as a result of external events. Strategic risk refers to the risk of failing to achieve company goals at the level of the fundamental or long-term orientation of the institution as a result of unexpected developments. The Board of Directors sets out the principles for managing operational and strategic risks and defines the risk appetite in the risk policy regulations.

The risk management process ensures compliance with risk appetite. Using suitable management instruments and relevant risk mitigation measures, this ensures the risks assumed are in line with the risk appetite and that the risk capacity and in particular the legal and regulatory requirements are complied with. The stabilization and emergency plan is an instrument used to ensure either the continuation of business activities or, alternatively, an orderly wind-down with the continuation of systemically important functions, even during stressful periods.

Risk appetite is defined by the PostFinance Ltd Board of Directors using quantitative and qualitative targets from various perspectives. Equity is allocated for operational risks to meet regulatory requirements. The Board of Directors also defines indicators for the main risk categories and approval limits for individual risks. If these limits are exceeded, the approval of the Board of Directors is required before the risks can be assumed. The Board of Directors also adopts qualitative requirements on risk appetite. Operational risks with the potential to lead to serious infringements of laws or regulations in plausible, adverse scenarios are not tolerated. PostFinance Ltd complies with the provisions set out in FINMA Circular 2023/1 “Operational risks and resilience – banks”.

The risk appetite for strategic risks is taken into account by the Board of Directors when drawing up the business strategy. The Board of Directors receives regular reports on the extent of strategic risks. As part of equity capital planning, it is shown whether the strategy is feasible in compliance with regulatory capital and liquidity requirements.

# 4 | Capital adequacy disclosure in accordance with FINMA Circular 2016/1[1]

According to the decree issued by the SNB on 29 June 2015, PostFinance was designated a systemically important financial group. For this reason, PostFinance must comply with the requirements set out in Articles 124–136 of the Ordinance on Capital Adequacy and Risk Diversification for Banks and Securities Dealers (CAO).

Two disclosures showing PostFinance's equity situation were published as at 31 December 2023. The information in the "Capital adequacy disclosure" meets the requirements of Annexes 1 and 2 of the FINMA Circular 2016/1 "Disclosure – banks". The capital adequacy disclosure on grounds of systemic importance, which is a parallel calculation in accordance with Annex 3 of the aforementioned Circular, is also published. The different requirements result in deviations, particularly with regard to eligible capital and capital ratios. The specified documents are published at postfinance.ch/reporting.

1 Chapter 4 on capital adequacy disclosures in accordance with FINMA Circular 2016/1 is not part of the audit by Ernst & Young Ltd.

# Information on the balance sheet

## 5 | Securities financing transactions

**Breakdown of securities financing transactions (assets and liabilities)**

| CHF million | 31.12.2022 | 31.12.2023 |
|---|---|---|
| Book value of receivables from cash collateral delivered in connection with securities borrowing and reverse repurchase transactions | 10 | – |
| Book value of obligations from cash collateral received in connection with securities lending and repurchase transactions | 15,626 | 4,100 |
| Book value of securities lent in connection with securities lending or delivered as collateral in connection with securities borrowing as well as securities in own portfolio transferred in connection with repurchase agreements | 17,535 | 6,128 |
| with unrestricted right to resell or pledge | 17,535 | 6,128 |
| Fair value of securities received and serving as collateral in connection with securities lending or securities borrowed in connection with securities borrowing as well as securities received in connection with reverse repurchase agreements with an unrestricted right to resell or repledge | 1,768 | 1,942 |
| of which, repledged securities | – | – |
| of which, resold securities | – | – |

# 6 | Collateral for loans/receivables and off-balance-sheet transactions, as well as impaired loans/receivables

| **Presentation of collateral for loans/receivables**<br>31.12.2023<br>CHF million | | Type of collateral | | | |
|---|---|---|---|---|---|
| | | Secured by mortgage | Other collateral | Unsecured | Total |
| **Loans (before netting with value adjustments)** | | | | | |
| Amounts due from customers | | – | 1,289 | 10,600 | 11,889 |
| Mortgage loans | | 0 | – | – | 0 |
| Residential property | | 0 | – | – | 0 |
| **Total loans (before netting with value adjustments)** | **31.12.2023** | **0** | **1,289** | **10,600** | **11,889** |
| | 31.12.2022 | 0 | 1,424 | 10,061 | 11,485 |
| **Total loans (after netting with value adjustments)** | **31.12.2023** | **–** | **1,289** | **10,582** | **11,871** |
| | 31.12.2022 | 0 | 1,424 | 10,040 | 11,464 |

| **Presentation of collateral for off-balance-sheet transactions**<br>31.12.2023<br>CHF million | | Type of collateral | | | |
|---|---|---|---|---|---|
| | | Secured by mortgage | Other collateral | Unsecured | Total |
| **Off-balance sheet** | | | | | |
| Contingent liabilities | | – | 51 | 2 | 53 |
| Irrevocable commitments | | – | 149 | 781 | 930 |
| **Total off-balance sheet** | **31.12.2023** | **–** | **200** | **783** | **983** |
| | 31.12.2022 | – | 270 | 615 | 885 |

Guarantees, sureties for COVID-19 loans and cash collateral are recognized as receivables with other collateral.

PostFinance discloses payment obligations for depositor protection in irrevocable commitments.

| **Impaired loans/receivables**<br>CHF million | 31.12.2022 | 31.12.2023 |
|---|---|---|
| Gross debt amount | 64 | 63 |
| Estimated liquidation value of collateral | – | – |
| Net debt amount | 64 | 63 |
| Individual value adjustments | 61 | 60 |

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# 7 | Derivative financial instruments and hedge accounting

Derivatives entered into by PostFinance on behalf of customers are disclosed in the following overview as trading instruments.

**Presentation of derivative financial instruments (assets and liabilities)**

| 31.12.2023<br>CHF million | Trading instruments | | | Hedging instruments | | |
|---|---|---|---|---|---|---|
| | Positive replacement values | Negative replacement values | Contract volume | Positive replacement values | Negative replacement values | Contract volume |
| **Interest rate instruments** | | | | | | |
| Forward contracts including FRAs | – | – | – | 0 | – | 2 |
| Swaps | – | – | – | 208 | – | 2,756 |
| **Foreign exchange/precious metals** | | | | | | |
| Forward contracts | 3 | 7 | 677 | 175 | 3 | 7,542 |
| Cross-currency interest rate swaps | – | – | – | 944 | – | 7,310 |
| **Equity securities/indices** | | | | | | |
| Options (exchange-traded) | – | – | – | – | – | – |
| **Total before netting agreements as at 31.12.2023** | **3** | **7** | **677** | **1,327** | **3** | **17,610** |
| of which, determined using a valuation model | 3 | 7 | | 1,327 | 3 | |
| 31.12.2022 | 3 | 4 | 648 | 1,176 | 19 | 16,648 |
| of which, determined using a valuation model | 3 | 4 | | 1,176 | 19 | |
| **Total after netting agreements as at 31.12.2023** | **3** | **7** | **677** | **1,327** | **3** | **17,610** |
| 31.12.2022 | 3 | 4 | 648 | 1,176 | 19 | 16,648 |

**Breakdown by counterparty**

| 31.12.2023<br>CHF million | Central clearing houses | Banks and securities firms | Other customers |
|---|---|---|---|
| Positive replacement values (after netting agreements) | – | 1,328 | 2 |

# Cash flow hedges

PostFinance uses cash flow hedge accounting to hedge the volatility of cash flows from interest-bearing instruments that can be predicted with a high degree of probability. Cash flow hedge accounting is used in particular to hedge fixed income instruments in foreign currencies via cross-currency interest rate swaps.

| Contract volumes of cash flow hedges | | | | | Term to maturity |
|---|---|---|---|---|---|
| CHF million | 0–3 months | 3 months–1 year | 1–5 years | Over 5 years | Total |
| **31.12.2022** | | | | | |
| Currency risk | | | | | |
| Cross-currency interest rate swaps | 275 | 1,232 | 4,287 | 1,301 | 7,095 |
| Other | | | | | |
| Completed non-settled transactions | 18 | – | – | – | 18 |
| **31.12.2023** | | | | | |
| Currency risk | | | | | |
| Cross-currency interest rate swaps | 510 | 932 | 4,111 | 1,757 | 7,310 |
| Other | | | | | – |
| Completed non-settled transactions | 2 | – | – | – | 2 |

The following amounts were recognized from designated hedging instruments in the balance sheet and income statement:

| Changes in hedging instruments<br>CHF million | Positive fair values | Negative fair values | Change in fair value which was used for disclosure of ineffectiveness in the reporting period | Change in fair value of hedging instrument in the reporting period, recorded in other assets/liabilities | Ineffectiveness recorded in the income statement | Net amount reclassified from other assets/liabilities to the income statement[1] |
|---|---|---|---|---|---|---|
| **31.12.2022** | | | | | | |
| Currency risk | | | | | | |
| Cross-currency interest rate swaps | 657 | – | 422[2] | 422[2] | – | –181 |
| Other | | | | | | |
| Completed non-settled transactions | – | – | 0 | 0 | – | – |
| **31.12.2023** | | | | | | |
| Currency risk | | | | | | |
| Cross-currency interest rate swaps | 944 | – | 466 | 466 | – | –371 |
| Other | | | | | | |
| Completed non-settled transactions | 0 | – | 0 | 0 | – | – |

1 The ineffective share from the change in the fair value of the derivative is recognized in the result from trading activities and the fair value option. Reclassifications from other assets and liabilities are carried out in the result from trading activities and the fair value option (fair value change).
2 The figure has been adjusted. The item is now recorded without foreign currency basis spreads.

In the course of the reporting period, the following effects arose from designated hedged items (item in the balance sheet: financial investments):

| **Effects of hedged items in cash flow hedging**<br>CHF million | Change in fair value which was used for disclosure of ineffectiveness in the reporting period | Hedging reserves in other assets/liabilities |
|---|---|---|
| **31.12.2022** | | |
| Currency risk | | |
| Debt securities intended to be held to maturity | –422[1] | 78 |
| **31.12.2023** | | |
| Currency risk | | |
| Debt securities intended to be held to maturity | –466 | 134 |

1 The figure has been adjusted. The item is now recorded without foreign currency basis spreads.

The hedging reserves in other assets/liabilities underwent the following change in the reporting periods:

| **Hedging reserves in other assets/liabilities** | 2022 | 2023 |
|---|---|---|
| CHF million | Hedging reserves – unrealized gains/losses from cash flow hedge | Hedging reserves – unrealized gains/losses from cash flow hedge |
| **Balance at 1.1** | **–113** | **78** |
| **Change in fair value of hedging instrument** | | |
| Currency risk | 422[1] | 466 |
| Other | 0 | 0 |
| **Change in hedging costs** | | |
| Currency risk | | |
| Foreign currency basis spreads | –50 | –39 |
| **Net amount reclassified from hedging reserves to income statement** | | |
| Currency risk | –181 | –371 |
| of which arising from discontinued hedging relationships | – | – |
| of which from changes in foreign currency basis spreads | 12 | 16 |
| **Balance at 31.12** | **78** | **134** |

1 The figure has been adjusted. The item is now recorded without foreign currency basis spreads.

These cash flows are expected to have an effect on the income statement in the following periods:

| **Cash flows (not discounted)** | | | | Term to maturity |
|---|---|---|---|---|
| CHF million | 0–3 months | 3 months–1 year | 1–5 years | Over 5 years |
| **31.12.2022** | | | | |
| Cash inflows | 6 | 31 | 93 | 20 |
| Cash outflows | –25 | –86 | –233 | –37 |
| **31.12.2023** | | | | |
| Cash inflows | 23 | 45 | 223 | 66 |
| Cash outflows | –50 | –108 | –424 | –110 |

# Fair value hedges

PostFinance uses fair value hedge accounting to hedge changes in the value of interest-sensitive assets. Fair value hedge accounting is used in particular to hedge fixed income instruments via interest rate swaps.

| Contract volumes for fair value hedges | | | | | Term to maturity |
|---|---|---|---|---|---|
| CHF million | 0–3 months | 3 months–1 year | 1–5 years | Over 5 years | Total |
| **31.12.2022** | | | | | |
| Interest rate risk | | | | | |
| Interest rate swaps | 50 | 135 | – | 2,756 | 2,941 |
| **31.12.2023** | | | | | |
| Interest rate risk | | | | | |
| Interest rate swaps | – | – | 300 | 2,456 | 2,756 |

The following amounts were recognized from designated hedging instruments in the balance sheet and income statement:

| Change in fair value hedges<br>CHF million | Positive fair values | Negative fair values | Change in fair value which was used for disclosure of ineffectiveness in the reporting period | Ineffectiveness recorded in income statement[1] |
|---|---|---|---|---|
| **31.12.2022** | | | | |
| Interest rate risk | | | | |
| Interest rate swaps | 439 | 1 | 480 | – |
| **31.12.2023** | | | | |
| Interest rate risk | | | | |
| Interest rate swaps | 208 | – | –237 | – |

1 The ineffective share from the change in the fair value of the derivative is recognized in the result from trading activities and the fair value option.

In the course of the reporting period, the following amounts arose from designated hedged items (item in the balance sheet: financial investments, amounts due from banks, amounts due from customers):

| Effects of hedged items from fair value hedging<br>CHF million | Book value of hedged item | Accumulated expenses or income from fair value hedge adjustments that were recorded in the book value of the hedged item | Change in fair value which was used for disclosure of ineffectiveness in the reporting period | Accumulated amount of fair value hedge adjustments remaining in the balance sheet for hedged items that have ceased to be adjusted for hedging gains and losses |
|---|---|---|---|---|
| **31.12.2022** | | | | |
| Interest rate risk | | | | |
| Debt securities intended to be held to maturity | 2,241 | –416 | –431 | 5 |
| Amounts due from customers and banks | 275 | –25 | –49 | – |
| **31.12.2023** | | | | |
| Interest rate risk | | | | |
| Debt securities intended to be held to maturity | 2,373 | –196 | 220 | 3 |
| Amounts due from customers and banks | 192 | –8 | 17 | – |

## 8 | Financial investments

**Breakdown of financial investments**

| CHF million | Book value 31.12.2022 | Book value 31.12.2023 | Fair value 31.12.2022 | Fair value 31.12.2023 |
|---|---|---|---|---|
| Debt securities | 60,111 | 57,383 | 56,176 | 55,613 |
| of which, intended to be held to maturity | 60,111 | 57,383 | 56,176 | 55,613 |
| Equity securities[1] | 111 | 102 | 122 | 110 |
| **Total** | **60,222** | **57,485** | **56,298** | **55,723** |
| of which, securities eligible for repo transactions in accordance with liquidity requirements | 26,360 | 28,849 | 24,606 | 27,799 |

1 There are no qualified participations.

**Breakdown of counterparties by rating** [1]

| 31.12.2023 CHF million | AAA to AA– | A+ to A– | BBB+ to BBB– | BB+ to B– | Below B– | Unrated |
|---|---|---|---|---|---|---|
| Debt securities: book values | 37,478 | 13,742 | 5,738 | 30 | – | 395 |

1 The following ratings agencies, all of which are recognized by FINMA, were consulted for the ratings: fedafin AG, Fitch Ratings, Moody's Investors Service, Standard & Poor's Ratings Services.

## 9 | Participations

**Presentation of participations**

| CHF million | Acquisition cost | Accumulated value adjustments | Book value 31.12.2022 | 2023 Reclassifications | Additions | Disposals | Value adjustments | Depreciation reversals | Book value 31.12.2023 | Market value 31.12.2023 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Participations** | | | | | | | | | | |
| with market value | 45 | – | 45 | – | – | −1 | – | – | 44 | 214 |
| without market value | 155 | −69 | 86 | – | 17 | −2 | −7 | 5 | 99 | – |
| **Total participations** | **200** | **−69** | **131** | **–** | **17** | **−3** | **−7** | **5** | **143** | **214** |

# 10 | Significant participations

**Significant participations**

| CHF or EUR, percent | Business activities | Currency | Company capital | Share of capital and of votes[1] 31.12.2022 | 31.12.2023 |
|---|---|---|---|---|---|
| Finform Ltd, Bern, Switzerland | Fintech and regtech | CHF | 100,000 | 50.00% | 50.00% |
| Yuh Ltd, Gland, Switzerland | Fintech in the neobanking area | CHF | 1,000,000 | 50.00% | 50.00% |
| TWINT Ltd, Zurich, Switzerland | Mobile payment | CHF | 12,750,000 | 26.66% | 26.66% |
| TWINT Acquiring Ltd, Zurich, Switzerland[1] | Acquiring for payment transactions | CHF | 100,000 | 26.66% | 26.66% |
| TONI Digital Insurance Solutions AG, Schlieren, Switzerland | Insurance service provider | CHF | 2,536,043 | 25.45% | 24.71% |
| moneymeets GmbH, Cologne, Germany | Online financial services | EUR | 112,568 | 27.38% | 24.23% |
| moneymeets community GmbH, Cologne, Germany[2] | Online financial services | EUR | – | 27.38% | – |
| Tilbago AG, Lucerne, Switzerland | Smart online payment collection solution (robo payment collection) | CHF | 177,906 | 24.43% | 24.43% |
| Credit Exchange Ltd, Zurich, Switzerland | B2B mortgage platform | CHF | 168,175 | – | 21.45% |
| Ormera AG, Bern, Switzerland[3] | Automated energy billing | CHF | – | 46.83% | – |

1 TWINT Acquiring Ltd is held indirectly via TWINT Ltd. All other participations are directly owned by PostFinance Ltd.
2 Merger of moneymeets Community GmbH with moneymeets GmbH in 2023.
3 Ormera AG discontinued its services in the second quarter of 2022, and was liquidated in 2023.

Additional information on the true and fair value statutory single-entity financial statements in accordance with article 62 of the FINMA Accounting Ordinance: The effect of a theoretical application of the equity method with regard to these participations would be to reduce total assets by 41 million francs (previous year: 29 million francs) and to decrease profit for the year by 6 million francs (previous year: 12 million francs).

# 11 | Tangible fixed assets

**Presentation of tangible fixed assets**

| CHF million | Acquisition cost | Accumulated depreciation | Book value 31.12.2022 | 2023 Reclassifications | Additions | Disposals | Depreciation | Reversals | Book value 31.12.2023 |
|---|---|---|---|---|---|---|---|---|---|
| Bank buildings | 233 | –79 | 154 | – | 1 | – | –7 | – | 148 |
| Other real estate | 1,067 | –286 | 781 | – | 20 | –6 | –32 | – | 763 |
| Proprietary or separately acquired software | 231 | –151 | 80 | – | – | – | –22 | – | 58 |
| Other tangible fixed assets | 68 | –45 | 23 | – | 8 | – | –9 | – | 22 |
| **Total tangible fixed assets** | **1,599** | **–561** | **1,038** | **–** | **29** | **–6** | **–70** | **–** | **991** |

**Future lease obligations under operating leases**

| CHF million | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | **Total** |
|---|---|---|---|---|---|---|---|
| Future lease payments | 6 | 6 | 6 | 5 | 3 | 0 | **26** |
| of which cancellable within a year | 1 | 1 | 0 | 0 | 0 | 0 | **2** |

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# 12 | Intangible assets

**Presentation of intangible assets**

| CHF million | Cost value | Accumulated amortization | Book value 31.12.2022 | 2023 Additions | Disposals | Amortization | Book value 31.12.2023 |
|---|---|---|---|---|---|---|---|
| Other intangible assets | 8 | –2 | 6 | – | – | 0 | 6 |
| **Total intangible assets** | **8** | **–2** | **6** | **–** | **–** | **0** | **6** |

# 13 | Other assets and other liabilities

**Breakdown of other assets and other liabilities**

| CHF million | 31.12.2022 Other assets | 31.12.2023 Other assets | 31.12.2022 Other liabilities | 31.12.2023 Other liabilities |
|---|---|---|---|---|
| Compensation account | – | – | 529 | 345 |
| Employer contribution reserves | 32 | 33 | – | – |
| Indirect taxes | 18 | 18 | 5 | 35 |
| Other assets and liabilities | 3 | 5 | 81 | 87 |
| **Total other assets and other liabilities** | **53** | **56** | **615** | **467** |

# 14 | Pledged or assigned assets and assets under reservation of ownership

**Total amount of assets pledged or assigned to secure own commitments and of assets under reservation of ownership**[1]

| CHF million | 31.12.2022 | 31.12.2023 |
|---|---|---|
| Liquid assets: | | |
| Book value of assets pledged and assigned as collateral | – | 391 |
| Effective commitments | – | – |
| Financial investments: | | |
| Book value of assets pledged and assigned as collateral | 97 | 79 |
| Effective commitments | – | – |

1 Excluding securities lending and securities borrowing, and repurchase and reverse repurchase transactions.

# 15 | Liabilities relating to own pension schemes

## Pension benefit obligations

There is no independent pension scheme for PostFinance staff. Their pension benefits are handled exclusively by the Swiss Post pension fund. The employer may be required to pay restructuring contributions in the event of underfunding of the Swiss Post pension fund.

Additional amounts due for extended disability benefit plans in the form of transitional invalidity insurance (supplementary disability pensions for men up to the age of 65 and women up to the age of 64) are taken into account in the annual financial statements.

## Liabilities relating to own pension schemes as per Swiss GAAP ARR 16

All the compulsory ordinary employer contributions associated with the pension plan are accounted for as personnel expenses using the accrual-based accounting principle. An annual assessment is carried out in accordance with Swiss GAAP ARR 16 to determine whether, for PostFinance, the pension schemes generate an economic benefit or an economic obligation. The assessment is based on information from contracts, the annual financial statements of the pension schemes and other calculations presenting their financial situation and current overfunding or underfunding – in accordance with Swiss GAAP ARR 26 accounting principles. PostFinance does not however intend to use the economic benefit that may result from overfunding to reduce employer contributions. Consequently, a future economic benefit is not capitalized. An economic obligation is, however, recognized under liabilities. With 36,457 active insured persons and 30,876 pensioners (as at 31 October 2023), the Swiss Post pension fund had total assets of 16,369 million francs as at 31 December 2023 (previous year: 16,388 million francs). The level of cover calculated according to the accounting principles applicable to the Swiss Post pension fund stands at approximately 106.1 percent (previous year: 102.7 percent). As the Swiss Post pension fund value fluctuation reserves have not yet reached the set regulatory level, there is no overfunding available. The Swiss Post pension fund has employer contribution reserves of 350 million francs without a waiver of use (previous year: 350 million francs without a waiver of use). A technical interest rate of 1.75 percent (previous year: 1.5 percent) and the technical basis of OPA 2020 (previous year: OPA 2020) were used to calculate pension cover. It should be noted that all data regarding the Swiss Post pension fund is based on the information available at the time of drawing up the ARR 16 financial statements. Consequently, it may differ from the actual information contained in the annual financial statements for the Swiss Post pension fund. A detailed assessment did not reveal any financial impact on the bank; according to the financial statements for the Swiss Post pension fund drawn up according to Swiss GAAP ARR 26, there were no spare funds or underfunding as at 31 December 2023. There are no employer-sponsored pension schemes.

The economic benefit or economic obligations and pension expenses can be summarized as follows:

| **Presentation of the economic benefit/obligation and the pension expenses** | Overfunding/ underfunding | | Economic interest of PostFinance Ltd | Change in economic interest (economic benefit/ obligation) versus previous year | Contributions paid | Pension expenses in personnel expenses | |
|---|---|---|---|---|---|---|---|
| CHF million | 31.12.2023 | 31.12.2022 | 31.12.2023 | 2023 | 2023 | 31.12.2022 | 31.12.2023 |
| Swiss Post pension fund | 88 | 0 | 0 | 0 | 39 | 38 | 39 |
| Disability pensions | –1 | –1 | –1 | 0 | 0 | 0 | 0 |
| **Total ARR 16** | **87** | **–1** | **–1** | **0** | **39** | **38** | **39** |

The employer contribution reserves of the Swiss Post pension fund are allocated based on the percentage of PostFinance’s retirement capital of the entire retirement capital. This gives the following picture:

| **Employer contribution reserves (ECR)** | Nominal value | Waiver of use | | Net amount | Influence of ECR on personnel expenses | |
|---|---|---|---|---|---|---|
| CHF million | 31.12.2023 | 31.12.2023 | 31.12.2022 | 31.12.2023 | 31.12.2022 | 31.12.2023 |
| Swiss Post pension fund | 33 | 0 | 32 | 33 | –3 | –1 |
| **Total ARR 16** | **33** | **0** | **32** | **33** | **–3** | **–1** |

# 16 | Value adjustments and provisions, and reserves for general banking risks

| **Presentation of value adjustments and provisions, reserves for general banking risks, and changes therein during the current year** CHF million | As at 31.12.2022 | Use in conformity with designated purpose [1] | Reclassifications | Currency differences | Past due interest, recoveries | New creations charged to income | Releases to income | Balance at 31.12.2023 |
|---|---|---|---|---|---|---|---|---|
| Provisions for pension benefit obligations | 1 | – | – | – | – | – | –1 | 0 |
| Provisions for default risks | 0 | – | – | – | – | – | 0 | – |
| of which provisions as per art. 28 para. 1 RelV-FINMA | – | – | – | – | – | – | – | – |
| of which provisions for expected losses | 0 | – | – | – | – | – | 0 | – |
| Provisions for restructuring | 7 | –2 | – | – | – | – | –4 | 1 |
| Other provisions | 32 | –1 | – | – | – | 3 | 0 | 34 |
| **Total provisions** | **40** | **–3** | **–** | **–** | **–** | **3** | **–5** | **35** |
| **Reserves for general banking risks** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| **Value adjustments for default and country risks** [2] | **85** | **–** | **–** | **–** | **–** | **0** | **–6** | **79** |
| of which, value adjustments for default risks in respect of impaired loans/receivables | 61 | – | – | – | – | 0 | –1 | 60 |
| of which, value adjustments for expected losses | 24 | – | – | – | – | 0 | –5 | 19 |

1 There were no changes in purpose.
2 Includes the value adjustments from amounts due from banks, amounts due from customers und debt securities held to maturity.

Together with other Swiss financial institutions, PostFinance Ltd is currently involved in an investigation initiated in 2018 by the Federal Competition Commission in connection with the mobile payment solution TWINT. The investigation is not yet complete. No provisions have been recognized.

As at 31 December 2022 and 31 December 2023, the levels of expected loss within amounts due from banks, amounts due from customers, debt securities intended to be held to maturity and contingent liabilities consisted of the following.

As at 31 December 2022 and 31 December 2023, the levels of expected loss within amounts due from banks, amounts due from customers, debt securities intended to be held to maturity and contingent liabilities consisted of the following.

**Analysis of expected losses and impaired loans / receivables**

| CHF million | 31.12.2022 12-month expected credit losses (level 1) | 31.12.2022 Expected credit losses over remaining term to maturity (level 2) | 31.12.2022 Expected credit losses over remaining term to maturity (level 3) | 31.12.2022 Total | 31.12.2023 12-month expected credit losses (level 1) | 31.12.2023 Expected credit losses over remaining term to maturity (level 2) | 31.12.2023 Expected credit losses over remaining term to maturity (level 3) | 31.12.2023 Total |
|---|---|---|---|---|---|---|---|---|
| Amounts due from banks | 3,413 | – | – | 3,413 | 2,889 | – | – | 2,889 |
| Value adjustments | 0 | – | – | 0 | 0 | – | – | 0 |
| **Book value** | **3,413** | **–** | **–** | **3,413** | **2,889** | **–** | **–** | **2,889** |
| Amounts due from securities financing transactions | 10 | – | – | 10 | – | – | – | – |
| Value adjustments | 0 | – | – | 0 | – | – | – | – |
| **Book value** | **10** | **–** | **–** | **10** | **–** | **–** | **–** | **–** |
| Amounts due from customers | 11,464 | 3 | 18 | 11,485 | 11,869 | 3 | 17 | 11,889 |
| Value adjustments | –5 | –1 | –15 | –21 | –4 | –1 | –14 | –18 |
| **Book value** | **11,459** | **2** | **3** | **11,464** | **11,865** | **2** | **3** | **11,871** |
| Debt securities held to maturity | | | | | | | | |
| AAA to AA– | 40,574 | – | – | 40,574 | 37,480 | – | – | 37,480 |
| A+ to A– | 13,571 | – | – | 13,571 | 13,747 | – | – | 13,747 |
| BBB+ to BBB– | 5,611 | – | – | 5,611 | 5,745 | – | – | 5,745 |
| BB+ to B– | 30 | – | – | 30 | 30 | – | – | 30 |
| Unrated | 342 | – | 46 | 388 | 395 | – | 46 | 441 |
| **Total** | **60,128** | **–** | **46** | **60,174** | **57,397** | **–** | **46** | **57,443** |
| Value adjustments | –18 | – | –46 | –64 | –14 | – | –46 | –60 |
| **Book value** | **60,110** | **–** | **0** | **60,110** | **57,383** | **–** | **0** | **57,383** |
| Contingent liabilities | 63 | – | – | 63 | 53 | – | – | 53 |
| Provisions for expected losses | 0 | – | – | 0 | – | – | – | – |
| **Total** | **63** | **–** | **–** | **63** | **53** | **–** | **–** | **53** |

The economic outlook may have an impact on the credit quality of bonds and receivables. At the start of 2023, the outlook was very uncertain owing to the possibility of an energy shortage and persisting inflation. These risks did not materialize during the course of 2023 and have generally declined. Reclassifications within the three levels were immaterial in nature. An update of the scenario weighting leads to a decrease in value adjustments required of around 4.5 million francs in the current financial year.

# 17 | Bank's capital

PostFinance Ltd is owned entirely by Swiss Post Ltd.

| **Presentation of the bank's capital** | 31.12.2022 | | | 31.12.2023 | | |
|---|---|---|---|---|---|---|
| CHF million, number in million | Total par value | No. of shares | Capital eligible for dividend | Total par value | No. of shares | Capital eligible for dividend |
| **Bank's capital** | | | | | | |
| Share capital | 2,000 | 2 | 2,000 | 2,000 | 2 | 2,000 |
| of which, paid up | 2,000 | 2 | 2,000 | 2,000 | 2 | 2,000 |
| **Total bank's capital** | **2,000** | **2** | **2,000** | **2,000** | **2** | **2,000** |

# 18 | Amounts due from / to related parties

| **Disclosure of amounts due from/to related parties** | Amounts due from | | Amounts due to | |
|---|---|---|---|---|
| CHF million | 31.12.2022 | 31.12.2023 | 31.12.2022 | 31.12.2023 |
| Holders of qualified participations | 639 | 638 | 689 | 971 |
| Linked companies | 22 | 22 | 181 | 136 |
| Transactions with members of governing bodies | 0 | 0 | 16 | 12 |

Associated companies and subsidiaries that are under the direct or indirect management of associated companies are regarded as linked companies.

Transactions (such as securities transactions, payment transactions, and interest on deposits) with related parties, with the exception of members of the Executive Board and Senior Management (senior management and individual specialist functions at PostFinance), were carried out according to the same terms and conditions and lending rates as transactions with third parties.

Industry-standard preferential conditions apply to the Executive Board and members of Senior Management, as is the case for all PostFinance employees.

PostFinance issues loans and mortgages only in cooperation with partners. These are not regarded as transactions with members of governing bodies in the strict sense and are therefore not shown in the Annual Report.

# 19 | Holders of significant participations

| **Disclosure of holders of significant participations** | 31.12.2022 | | 31.12.2023 | |
|---|---|---|---|---|
| CHF million | Nominal | % of equity | Nominal | % of equity |
| With voting rights: Swiss Post Ltd | 2,000 | 100 | 2,000 | 100 |

# 20 | Maturity structure of financial instruments

**Presentation of the maturity structure of financial instruments (assets/financial instruments)**

| 31.12.2023<br>CHF million | | At sight | Cancellable | Due<br>Within 3 months | Within 3 to 12 months | Within 12 months to 5 years | After 5 years | No maturity | Total |
|---|---|---|---|---|---|---|---|---|---|
| Liquid assets | | 26,700 | 390 | – | – | – | – | – | 27,090 |
| Amounts due from banks | | 32 | – | 124 | 265 | 1,723 | 745 | – | 2,889 |
| Amounts due from customers | | 344 | 4 | 722 | 925 | 5,498 | 4,378 | – | 11,871 |
| Mortgage loans | | – | – | 0 | – | – | – | – | 0 |
| Positive replacement values of derivative financial instruments | | – | – | 217 | 195 | 580 | 338 | – | 1,330 |
| Financial investments | | 102 | – | 1,648 | 7,954 | 27,481 | 20,300 | – | 57,485 |
| **Total** | **31.12.2023** | **27,178** | **394** | **2,711** | **9,339** | **35,282** | **25,761** | **–** | **100,665** |
| | 31.12.2022 | 37,097 | 3 | 3,334 | 10,302 | 35,969 | 26,150 | – | 112,855 |

**Presentation of the maturity structure of financial instruments (debt capital/financial instruments)**

| 31.12.2023<br>CHF million | | At sight | Cancellable | Due<br>Within 3 months | Within 3 to 12 months | Within 12 months to 5 years | After 5 years | No maturity | Total |
|---|---|---|---|---|---|---|---|---|---|
| Amounts due to banks | | 1,518 | – | 2 | – | – | – | – | 1,520 |
| Liabilities from securities financing transactions | | – | – | 4,100 | – | – | – | – | 4,100 |
| Amounts due in respect of customer deposits | | 62,385 | 25,538 | 1,584 | 100 | – | – | – | 89,607 |
| Negative replacement values of derivative financial instruments | | – | – | 7 | 3 | 0 | – | – | 10 |
| Cash bonds | | – | – | 2 | 4 | 112 | 5 | – | 123 |
| **Total** | **31.12.2023** | **63,903** | **25,538** | **5,695** | **107** | **112** | **5** | **–** | **95,360** |
| | 31.12.2022 | 65,216 | 25,437 | 16,651 | 45 | 8 | 0 | – | 107,357 |

# 21 | Assets and liabilities by domestic and foreign origin

| Presentation of assets and liabilities by domestic and foreign origin in accordance with the domicile principle | | 31.12.2022 | | 31.12.2023 |
|---|---|---|---|---|
| CHF million | Domestic | Foreign | Domestic | Foreign |
| **Assets** | | | | |
| Liquid assets | 36,567 | – | 27,090 | – |
| Amounts due from banks | 3,356 | 57 | 2,861 | 28 |
| Amounts due from securities financing transactions | 10 | – | – | – |
| Amounts due from customers | 11,461 | 3 | 11,866 | 5 |
| Mortgage loans | 0 | – | 0 | – |
| Positive replacement values of derivative financial instruments | 475 | 704 | 396 | 934 |
| Financial investments | 32,951 | 27,271 | 32,152 | 25,333 |
| Accrued income and prepaid expenses | 199 | 97 | 246 | 149 |
| Participations | 109 | 22 | 125 | 18 |
| Tangible fixed assets | 1,039 | – | 991 | – |
| Intangible assets | 6 | – | 6 | – |
| Other assets | 53 | – | 57 | – |
| **Total assets** | **86,226** | **28,154** | **75,790** | **26,467** |
| **Liabilities** | | | | |
| Amounts due to banks | 535 | 749 | 533 | 988 |
| Liabilities from securities financing transactions | 12,246 | 3,380 | 4,000 | 100 |
| Amounts due in respect of customer deposits | 86,731 | 3,682 | 85,978 | 3,629 |
| Negative replacement values of derivative financial instruments | 12 | 11 | 5 | 4 |
| Cash bonds | 11 | 0 | 118 | 5 |
| Accrued expenses and deferred income | 76 | 1 | 131 | 1 |
| Other liabilities | 611 | 4 | 463 | 3 |
| Provisions | 40 | – | 35 | – |
| Bank's capital | 2,000 | – | 2,000 | – |
| Statutory capital reserve | 4,330 | – | 4,140 | – |
| Profit/loss carried forward | –229 | – | –40 | – |
| Profit/loss | 190 | – | 164 | – |
| **Total liabilities** | **106,553** | **7,827** | **97,527** | **4,730** |

# 22 | Assets by country / group of countries

| **Breakdown of total assets by country or group of countries (domicile principle)** | 31.12.2022 | | 31.12.2023 | |
|---|---|---|---|---|
| CHF million, percent | Absolute | Share as % | Absolute | Share as % |
| **Assets** | | | | |
| Switzerland | 86,226 | 75.39 | 75,790 | 74.12 |
| Europe | 12,244 | 10.7 | 12,525 | 12.25 |
| North America | 8,787 | 7.68 | 7,979 | 7.80 |
| Other countries | 7,123 | 6.23 | 5,963 | 5.83 |
| **Total assets** | **114,380** | **100.00** | **102,257** | **100.00** |

# 23 | Assets by credit rating of country groups

| **Breakdown of total assets by credit rating of country groups (risk domicile view)** | Foreign exposure 31.12.2022 | | Foreign exposure 31.12.2023 | |
|---|---|---|---|---|
| CHF million, percent | Absolute | Share as % | Absolute | Share as % |
| **Rating (Moody's)** | | | | |
| Aaa | 14,973 | 55.59 | 13,854 | 55.63 |
| Aa | 8,555 | 31.76 | 8,024 | 32.22 |
| A | 2,324 | 8.63 | 1,902 | 7.64 |
| Baa | 440 | 1.63 | 456 | 1.83 |
| Ba | 1 | 0.00 | 1 | 0.00 |
| B | 172 | 0.64 | 191 | 0.77 |
| Caa | 319 | 1.19 | 251 | 1.01 |
| No rating | 150 | 0.56 | 224 | 0.90 |
| **Total** | **26,934** | **100.00** | **24,903** | **100.00** |

# 24 | Assets and liabilities by currency

**Presentation of assets and liabilities broken down by the most significant currencies for the bank**

| 31.12.2023<br>CHF million | CHF | EUR | USD | GBP | JPY | Other | Total |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Liquid assets | 27,002 | 88 | – | – | – | – | 27,090 |
| Amounts due from banks | 2,866 | 9 | 2 | 1 | 9 | 2 | 2,889 |
| Amounts due from securities financing transactions | – | – | – | – | – | – | – |
| Amounts due from customers | 11,866 | 4 | 0 | 0 | 0 | 1 | 11,871 |
| Mortgage loans | 0 | – | – | – | – | – | 0 |
| Positive replacement values of derivative financial instruments | 1,330 | – | – | – | – | – | 1,330 |
| Financial investments | 41,709 | 10,275 | 4,589 | 114 | – | 798 | 57,485 |
| Accrued income and prepaid expenses | 263 | 88 | 38 | 1 | – | 5 | 395 |
| Participations | 125 | 2 | 16 | 0 | – | 0 | 143 |
| Tangible fixed assets | 991 | – | – | – | – | – | 991 |
| Intangible assets | 6 | – | – | – | – | – | 6 |
| Other assets | 57 | 0 | 0 | – | – | – | 57 |
| **Total assets shown in balance sheet** | **86,215** | **10,466** | **4,645** | **116** | **9** | **806** | **102,257** |
| Delivery entitlements from spot exchange, forward forex and forex options transactions | 14,856 | 368 | 218 | 43 | 0 | 44 | 15,529 |
| **Total assets** | **101,071** | **10,834** | **4,863** | **159** | **9** | **850** | **117,786** |
| **Liabilities** | | | | | | | |
| Amounts due to banks | 1,463 | 56 | 1 | – | 0 | 0 | 1,520 |
| Liabilities from securities financing transactions | 4,100 | – | – | – | – | – | 4,100 |
| Amounts due in respect of customer deposits | 86,985 | 2,079 | 459 | 43 | 9 | 32 | 89,607 |
| Negative replacement values of derivative financial instruments | 10 | – | – | – | – | – | 10 |
| Cash bonds | 108 | 15 | – | – | – | – | 123 |
| Accrued expenses and deferred income | 132 | 0 | 0 | 0 | – | 0 | 132 |
| Other liabilities | 457 | 8 | 1 | 0 | – | 0 | 466 |
| Provisions | 35 | – | – | – | – | – | 35 |
| Bank’s capital | 2,000 | – | – | – | – | – | 2,000 |
| Statutory capital reserve | 4,140 | – | – | – | – | – | 4,140 |
| Profit/loss carried forward | –40 | – | – | – | – | – | –40 |
| Profit/loss | 164 | – | – | – | – | – | 164 |
| **Total liabilities shown in the balance sheet** | **99,554** | **2,158** | **461** | **43** | **9** | **32** | **102,257** |
| Delivery obligations from spot exchange, forward forex and forex options transactions | 674 | 8,596 | 4,361 | 114 | 0 | 812 | 14,557 |
| **Total liabilities** | **100,228** | **10,754** | **4,822** | **157** | **9** | **844** | **116,814** |
| **Net position per currency 31.12.2023** | **843** | **80** | **41** | **2** | **0** | **6** | **972** |
| Net position per currency 31.12.2022 | 550 | 43 | 32 | 2 | 0 | 3 | 630 |

# Information on off-balance sheet transactions

## 25 | Contingent assets and liabilities

**Breakdown of contingent liabilities and contingent assets**

| CHF million | 31.12.2022 | 31.12.2023 |
|---|---|---|
| Guarantees to secure credits and similar | 62 | 51 |
| Other contingent liabilities | 1 | 2 |
| **Total contingent liabilities** | **63** | **53** |
| Contingent assets arising from tax losses carried forward | 8 | – |
| **Total contingent assets** | **8** | **–** |

PostFinance Ltd is jointly and severally liable for all amounts due in connection with value-added tax (VAT) for the companies belonging to the “Swiss Post” VAT group.

As far as systemic importance is concerned, Swiss Post Ltd has deposited a letter of comfort amounting to 1 billion francs (previous year: 0.5 billion francs) in favour of PostFinance Ltd as at 31 December 2023.

## 26 | Managed assets

**Breakdown of managed assets**

| CHF million | 31.12.2022 | 31.12.2023 |
|---|---|---|
| **Type of managed assets:** | | |
| Assets under discretionary asset management agreements | 1,062 | 1,385 |
| Other managed assets | 34,607 | 36,335 |
| **Total managed assets**[1] | **35,669** | **37,720** |
| of which, double counting | – | – |

1 “Managed assets” refers only to assets deposited for investment purposes. Assets in connection with retirement planning products which are managed by third parties and assets deposited for transaction purposes are not included. PostFinance Ltd offers neither collective investment schemes managed by the bank. The item “Assets under discretionary asset management agreements” comprises assets in conjunction with e-asset management offered by PostFinance. Assets for which the customer decides independently how they should be invested are reported under “Other managed assets”.

**Presentation of the development of managed assets**

| CHF million | 31.12.2022 | 31.12.2023 |
|---|---|---|
| **Total managed assets (including double counting) at beginning** | **38,389** | **35,669** |
| +/- net new money inflow or net new money outflow[1] | 7 | 1,156 |
| +/- price gains/osses, interest, dividends and currency gains/losses | −2,727 | 895 |
| +/- other effects | – | |
| **Total managed assets (including double counting) at end** | **35,669** | **37,720** |

1 Net new money inflow or net new money outflow is calculated based on the overall change in managed assets, less price, interest and currency gains/losses, dividend distributions and other effects.

# Information on the income statement

## 27 | Result from trading activities and the fair value option

**Breakdown by business area**

| CHF million | 2022 | 2023 |
|---|---|---|
| Payment transactions and financial investments | 245 | 249 |
| Hedge accounting | –14 | –14 |
| Proprietary trading | –10 | –21 |
| **Total result from trading activities** | **221** | **214** |

**Breakdown by risk and based on the use of the fair value option**

| CHF million | 2022 | 2023 |
|---|---|---|
| **Result from trading activities from:** | | |
| Interest rate instruments | –519 | –1,038 |
| Equity securities | 0 | –2 |
| Foreign currencies | 740 | 1,254 |
| **Total result from trading activities**[1] | **221** | **214** |

1 PostFinance does not apply the fair value option.

## 28 | Material negative interest

**Disclosure of material refinancing income in the item Interest and discount income as well as material negative interest**

| CHF million | 2022 | 2023 |
|---|---|---|
| Negative interest on the lending business offset against interest and discount income | –1 | 0 |
| Negative interest on the borrowing business offset against interest expense | 167 | 0 |

## 29 | Personnel expenses

**Breakdown of personnel expenses**

| CHF million | 2022 | 2023 |
|---|---|---|
| Salaries (meeting attendance fees and fixed compensation to members of the bank's governing bodies, salaries and benefits) | 369 | 380 |
| Social insurance benefits | 68 | 72 |
| Other personnel expenses | 17 | 17 |
| **Total personnel expenses** | **454** | **469** |

# 30 | General and administrative expenses

**Breakdown of general and administrative expenses**

| CHF million | 2022 | 2023 |
|---|---|---|
| Office space expenses | 30 | 31 |
| Expenses for information and communications technology | 219 | 215 |
| Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses | 16 | 17 |
| Fees of audit firm (art. 961a no. 2 CO) | 2 | 2 |
| of which, for financial and regulatory audits | 2 | 2 |
| of which, for other services | – | – |
| Other operating expenses | 235 | 227 |
| **Total general and administrative expenses** | **502** | **492** |

# 31 | Extraordinary expenses and income

**Extraordinary expenses**

| CHF million | 2022 | 2023 |
|---|---|---|
| Losses from disposal of participations | – | 0 |
| **Total extraordinary expenses** | **–** | **0** |

**Extraordinary income**

| CHF million | 2022 | 2023 |
|---|---|---|
| Reversals of impairment | 2 | 5 |
| Gains from disposal of participations | 0 | – |
| Other extraordinary income | – | 5 |
| **Total extraordinary income** | **2** | **10** |

# 32 | Taxes

**Current and deferred taxes**

| CHF million | 2022 | 2023 |
|---|---|---|
| Expenses for current capital and income taxes | 4 | 31 |
| **Total taxes** | **4** | **31** |

With no loss carryforward, this means current capital taxes and income taxes amounting to 31 million francs at a tax rate of approx. 19.5 percent (previous year: approx. 19.5 percent) are calculated again from this financial year. The remaining loss carryforward of 40 million francs as at 31 December 2022 was fully offset with the profit for the year 2023. In the previous year, expenses for current capital taxes and income taxes consisted largely of capital taxes due to the loss carryforward.

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# Auditor's report

Only the German version of the financial statement have been audited and the related audit report is included in the German version of the Annual Report on page 84. The translations into English, French and Italian of the financial statement were not subject to audit and are therefore marked as "unaudited".

## Reporting

### Document structure

The Swiss Post annual reporting documents for 2023 consist of:

- Swiss Post Ltd:
  - Annual Report 2023
  - Financial Report 2023 (management report, corporate governance, annual financial statements for the Group, Swiss Post Ltd and PostFinance Ltd)
  - Non-Financial Report 2023
- PostFinance Ltd:
  - Annual Report 2023
  - Report on non-financial matters 2023
  - Capital adequacy disclosure on grounds of systemic importance as at 31 December 2023
  - Capital adequacy disclosure as at 31 December 2023
  - Disclosure of climate-related financial risks for financial year 2023

These documents are available in electronic format in the online version of the Business Report at annualreport.swisspost.ch/downloads and at postfinance.ch/reporting. The Swiss Post Annual Report, the Swiss Post Financial Report and the PostFinance Ltd Annual Report are also available in printed form.

### Languages

The Swiss Post Business Report is available in English, German, French and Italian. The German version is authoritative.

### Ordering print copies

The print version of the Swiss Post Annual and Financial Reports can be ordered at swisspost.ch/order-annualreport, and the PostFinance Annual Report can be ordered in print at postfinance.ch/annualreport. Swiss Post employees may order copies through the usual channels.

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## Five-year overview of key figures

| | | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|
| **Result** | | | | | | |
| Operating income | CHF million | 7,168 | 6,548 | 6,877 | 6,859 | 7,279 |
| Generated in competition | % of operating income | 85.4 | 84.8 | 86.1 | 86.0 | 87.6 |
| Of which revenue abroad[1] | % of operating income | 14.8 | 9.5 | 9.1 | 9.9 | 9.8 |
| Operating profit | CHF million | 450 | 258 | 515 | 358 | 323 |
| Generated in competition | % of operating profit | 75.1 | 68.2 | 79.8 | 87.7 | 91.3 |
| Group profit | CHF million | 255 | 178 | 452 | 295 | 254 |
| Equity | CHF million | 6,834 | 6,906 | 8,918 | 9,884 | 10,255 |
| **Value generation** | | | | | | |
| Economic value added[2] | CHF million | –17 | –125 | –8 | –96 | –215 |
| Added value generated | CHF million | 4,616 | 4,180 | 4,376 | 4,296 | 4,279 |
| to employees | CHF million | 3,764 | 3,529 | 3,448 | 3,496 | 3,516 |
| to creditors | CHF million | 75 | 50 | 44 | 66 | 71 |
| to public sector | CHF million | 32 | 28 | 55 | 37 | 45 |
| to owner | CHF million | 50 | 50 | 50 | 50 | 50 |
| to company | CHF million | 695 | 523 | 779 | 647 | 597 |
| **Jobs** | | | | | | |
| Headcount (excluding trainees)[3] | Full-time equivalents | 39,670 | 39,089 | 40,144 | 34,072 | 34,587 |
| Trainees in Switzerland | Persons | 1,894 | 1,863 | 1,860 | 1,839 | 1,844 |
| Jobs in peripheral regions[4] | Persons | 16,073 | 15,655 | 16,660 | 16,224 | 16,244 |
| Turnover rate (voluntary departures) | As % of average headcount | 5.1 | 4.1 | 5.0 | 6.2 | 6.4 |
| Notice given by employer for economic reasons | Full-time equivalents | 78 | 57 | 85 | 25 | 43 |
| **Employment conditions and remuneration** | | | | | | |
| Employment in accordance with Swiss Post CEC | % of employees | 79.6 | 79.6 | 80.3 | 81.0 | 80.3 |
| Swiss Post CEC minimum salary[5] | CHF per annum | 47,620 | 47,820 | 50,451 | 50,653 | 52,503 |
| Average salary for employees | CHF per annum | 82,741 | 83,636 | 84,490 | 84,629 | 85,552 |
| Average remuneration paid to members of Executive Management | CHF per annum | 582,289 | 575,822 | 583,501 | 575,349 | 576,393 |
| Salary bandwidth[6] | Factor | 7.0 | 6.9 | 6.9 | 6.8 | 6.7 |
| **Health management** | | | | | | |
| Occupational accidents | Number per 100 FTEs | 6.4 | 6.1 | 7.4 | 7.0 | 7.5 |
| Days lost due to medical reasons[7, 8] | Days per employee | 13.3 | 13.3 | 7.7 | 9.4 | 9.8 |
| **Diversity** | | | | | | |
| Women | % of employees | 45.0 | 44.1 | 43.0 | 42.0 | 41.3 |
| Nationalities represented | Number | 140 | 142 | 143 | 147 | 141 |
| Women on Board of Directors | % | 33.3 | 33.3 | 33.3 | 40.0 | 44.4 |
| Women in Executive Management[9] | % | 12.5 | 12.5 | 25.0 | 25.0 | 25.0 |
| Women in senior management roles | % | 17.1 | 19.8 | 21.6 | 22.6 | 24.2 |
| Women in middle and lower management roles | % | 23.8 | 22.3 | 22.8 | 21.8 | 22.3 |
| **Demographics** | | | | | | |
| Average age of workforce | Years | 46.1 | 46.0 | 45.8 | 45.8 | 46.1 |
| **Resource consumption[10]** | | | | | | |
| Energy consumption | GWh | 1,538 | 1,495 | 2,063 | 2,098 | 2,058 |
| Energy consumption within Swiss Post | GWh | 875 | 850 | 1,092 | 1,085 | 1,060 |
| Renewable share | % | 20.2 | 20.1 | 16.2 | 16.1 | 16.6 |
| Energy consumption outside Swiss Post | GWh | 663 | 645 | 971 | 1,013 | 998 |
| **Carbon footprint (Scope 1–3)[10]** | | | | | | |
| Carbon footprint (Scope 1 & 2) (own operations) | t $CO_2$ equivalent | 191,014 | 185,794 | 249,034 | 247,987 | 241,221 |
| Carbon footprint (Scope 3) (remaining value chain) | t $CO_2$ equivalent | 248,132 | 242,573 | 1,943,364 | 1,958,481 | 1,860,903 |

1 Definition of “abroad” in accordance with Notes to the 2023 Group annual financial statements, Note 6.6, Geographical information.
2 The net costs of 268 million francs for the universal service obligation (2022: 260 million francs; 2021: 257 million francs; 2020: 231 million francs; 2019: 281 million francs) are included in economic value added. See the definition of net costs on page 18.
3 The figures up to and including 2021 include the headcount from the sold business unit Swiss Post Solutions.
4 The definition of rural municipalities has been adjusted in accordance with the new data collection from 2022 und retroactively adapted for 2021. It is based on the Seco ordinance on regional policy. The figures from 2019 to 2020 are not comparable with the figures from 2021 and 2022.
5 Until 2020, the minimum salary under the Swiss Post collective employment contract for an 18-year-old employee who has not completed vocational training was reported. As of 2021, the minimum salary for remote municipalities (region D) is now reported.
6 Factor = average remuneration paid to Members of Executive Management vs. average employee salary.
7 The continuation of the employment relationship for employees with long-term absences varies according to the company and sector. In order to make a comparison possible with the data used by the Swiss Federal Statistical Office (SFSO) and other companies in Switzerland, this calculation takes account of the absences of full-time employees for a period up to a maximum of six months.
8 The figures from 2021 and 2022 have been adjusted in line with the definition in footnote 7. The figures from 2019 and 2020 are not comparable with the years 2021 to 2023.
9 The figures from 2019 to 2022 have been adjusted.
10 The base year 2021 and the year 2022 are recalculated retroactively in the event of acquisitions and disposals of subsidiaries or changes in data quality, as 2021 is used as the base year for the 2030/2040 climate targets. The figures from 2019 and 2020 are not comparable with the years 2021 to 2023.

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