Financial Report 2015

Management report, corporate governance
and annual financial statements

SWISS POST

Yellow in motion.

About this Financial Report

▌Structure of reporting documents
The Swiss Post annual reporting documents for 2015 consist of:
- Swiss Post Annual Report
- Swiss Post Financial Report (management report, corporate governance, Group, Swiss Post Ltd and PostFinance Ltd annual financial statements)
- GRI report (in accordance with the Global Reporting Initiative guidelines)
- Annual Report key figures

▌True-to-scale representation of figures in charts
All 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

▌Languages
The Financial Report is available in English, German, French and Italian.
The German version is authoritative.

▌Ordering
Electronic versions of these documents are available at www.swisspost.ch/annualreport.
The Annual Report and Financial Report are also available in printed form.

▌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.

Simple yet systematic – Swiss Post.

Reliable, value-enhancing and sustainable.

8,224 million

francs in **operating income**, down slightly year-on-year.

645 million

francs in normalized **Group profit**, up slightly year-on-year.

2,171.6 million

addressed letters were posted in Switzerland in 2015.

115.2 million

parcels were delivered in Switzerland by PostLogistics in 2015.

114.9 billion

francs represents the level of **average customer assets** held by PostFinance.

145.0 million

passengers were transported by PostBus in 2015.

80 points

Customer satisfaction remains high.

13%

is the **CO_2 efficiency improvement** over 2010 achieved by Swiss Post by the end of 2015.

44,131

employees, slightly below the **headcount** for the prior year.

82 points

The index figure for **employee commitment** is a testament to motivated and committed employees.

Financial Report 2015

Management report

Swiss Post operates in the communication, logistics, financial services and passenger transport markets. It generates around 85 percent of its sales in competition. The remaining 15 percent is generated by the monopoly on letters weighing less than 50 grams. Here, Swiss Post faces direct competition from electronic services. 86 percent of sales are generated in Switzerland.

Business activities

Markets, solutions and services

Comprehensive coverage of customer requirements.

Swiss Post operates in the communication, logistics, financial services and passenger transport markets. In each market, it offers solutions, products and services that meet the fundamental needs of business and private customers.

Swiss Post generates around 85 percent of its sales in competition. The remaining 15 percent is accounted for by the monopoly on letters weighing less than 50 grams, where Swiss Post is in competition with electronic services.

Services provided for private customers include letters, parcels, courier and express shipments, financial services (payments, savings, investments, retirement planning and financing) and passenger transport services. Swiss Post also offers a customer-oriented range of third-party products across 1,464 post offices.

The services offered to business customers are structured partly as solutions along the e-commerce value chain and partly as specific products and services in the four markets.

Communication market

Letters
Various shipping options for individual letters and bulk mailings in Switzerland and abroad (urgent items, priority items, non time-critical items, and letters with Track & Trace), collections and deliveries, automated franking solutions, address management and online tools, as well as hybrid services combining physical and digital options for receipt and delivery.

Direct marketing
Addressed and unaddressed promotional mailings in Switzerland and abroad, individual direct marketing solutions, address management and response management.

Print media
National and international distribution of subscription newspapers and magazines, daily newspapers, monthly magazines and periodicals, and local and regional newspapers. Early-morning and special deliveries, publishing logistics, subscription management, lettershop tasks and newsstand distribution.

Document solutions
Local integration of physical and digital processing of internal post at the customer's premises. Digitization of paper-based data and its introduction into electronic business and administrative processes to ensure the efficient processing, management and archiving of documents such as invoices, forms, orders or customer correspondence. Preparation of digital content for printing and mail processing.

Logistics market

Parcels (national/international)
Customized logistics solutions for sending parcels within Switzerland and abroad. Combination of physical logistics with integrated IT solutions and services to make it easy to send and receive parcels. International document and goods shipments in almost all countries with value-added services such as customs clearance and Track & Trace for consignment tracking.

Freight and warehousing

National and international freight and contract logistics from a single source with value-added services such as cross-docking and combined road and rail transport. Central warehousing locations and storage systems for all kinds of goods.

E-commerce

Swiss Post is the only provider in Switzerland to offer a complete portfolio of services covering the entire e-commerce value chain: from the design of online shops to order processing and logistics. The YellowCube logistics solution covers all the logistics processes, from storage, assembly and packing parcels, through to shipping and returns management.

Innight / Express / Courier

As a leading supplier of overnight logistics, Swiss Post transports tens of thousands of consignments, night after night and delivers them before the working day begins directly to where they are needed, for example a technician's vehicle, mechanic's workshop, shop or operating theatre. The service is also offered for consignments from abroad. With Courier and Express, urgent consignments reach their recipients in the shortest possible time by the most direct route.

Financial services market

PostFinance is one of Switzerland's leading financial institutions and, as the market leader in payment transactions, ensures a seamless daily flow of liquidity. Whether dealing with payments, savings, investments, retirement planning or financing, PostFinance meets its customers on their level, speaks their language and offers them straightforward products at attractive conditions. This makes it the ideal partner for everyone who wants to manage their own finances as easily as possible.

Passenger transport market

PostBus Switzerland Ltd is the market leader in public bus transport in Switzerland. PostBus is expanding its presence in Swiss cities and conurbations and increasingly positioning itself as a provider of sustainable and combined mobility services. It intends to set itself apart more and more by offering ground-breaking system management and other management services in conjunction with the roll-out of operational control systems and passenger information systems as well as sales systems including the entire IT infrastructure.

Geographical segmentation

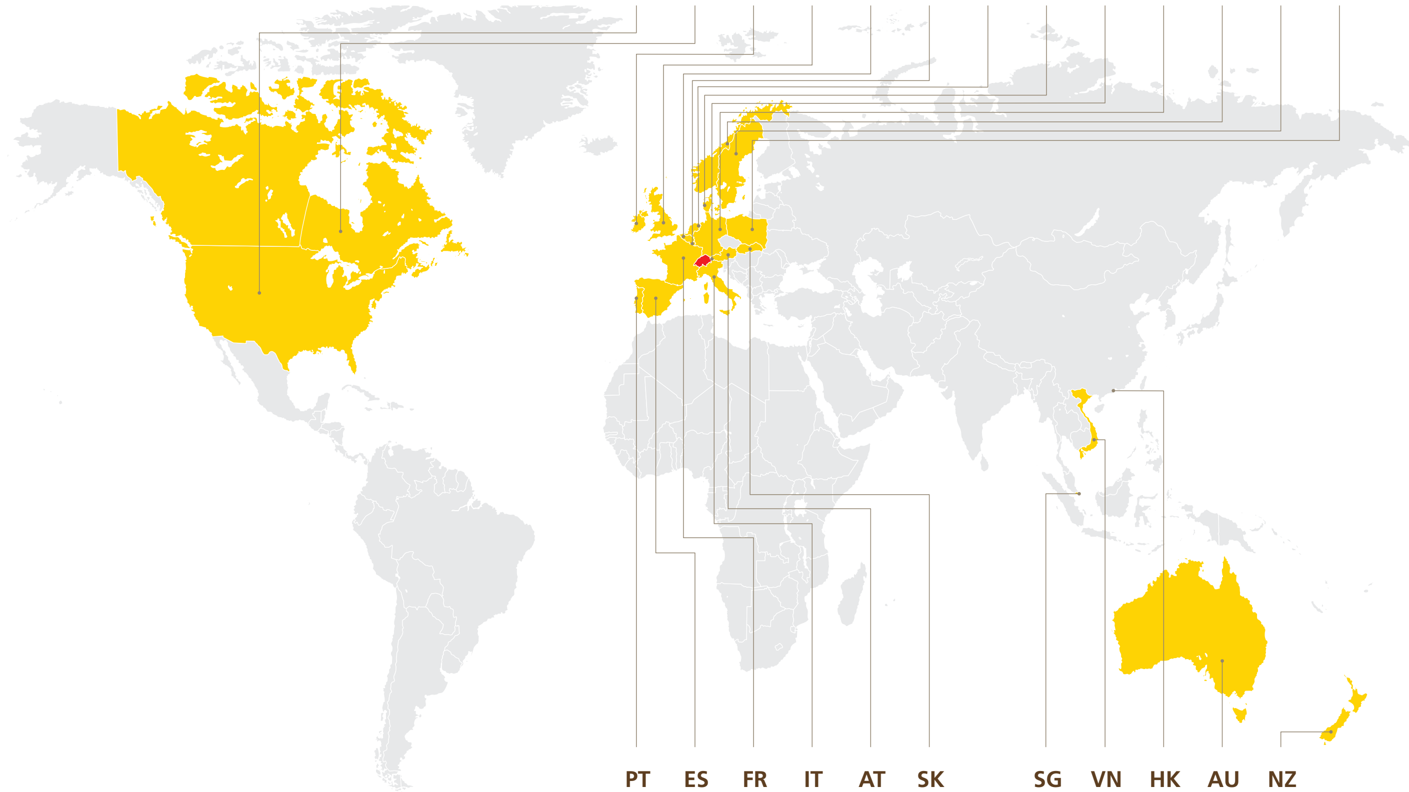
Present in Switzerland and selected countries abroad.

Swiss Post operates in 24 countries. In Europe, North America and Asia, it is represented by subsidiaries, franchise or cooperation partners and sales agents, depending on local requirements (see figure on following page). Cooperation with partners abroad gives it access to their global logistics networks. PostBus operates several bus networks in France through more than a dozen subsidiaries, as well as the entire regional transport network in Liechtenstein. Domestic business accounts for 86 percent of Group sales, with 14 percent generated abroad.

Swiss Post abroad

2015

	US	CA	IE	UK	BE	LU	NL	DK	FL	DE	NO	SE	PL
International letters	■[2]			■[2]	■[2]		■[2]	■[2]		■[2]	■[2]	■[2]	
Passenger transport									■				
Document solutions	■	■	■	■	■	■	■		■	■		■[1]	■[1]



	PT	ES	FR	IT	AT	SK	SG	VN	HK	AU	NZ
International letters		■[2]	■	■[2]	■[2]		■[2]		■[2]		
Passenger transport			■								
Document solutions	■[1]	■	■	■	■	■	■	■	■	■[1]	■[1]

1 Partners.
2 Countries in which joint venture Asendia companies operate.

Customer access points in Switzerland

Unique sales network with customer-centered access points.

The distribution network in Switzerland is one of the most efficient, dense and diversified networks in the world. It covers the communication, logistics, financial services and passenger transport markets.

Swiss Post offers its customers a large number of access options with personal contact across Switzerland with 1,464 post offices, 735 agencies and 1,295 home delivery services. There is also a network of 43 PostFinance branches and 58 consulting offices where customers can speak to staff in person about financial services. 165 PostFinance employees advise small and medium-sized business customers directly at their premises. In the passenger transport market, PostBus passengers are looked after personally by drivers in 2,238 vehicles.

Almost 1,000 Postomats, 14,823 letter boxes and 372,700 P.O. Boxes are accessible throughout Switzerland around the clock. In addition, Swiss Post is building up a network of My Post 24 terminals where customers can collect and drop off consignments at any time. With PickPost, recipients can choose to collect parcels and registered letters at over 2,400 post offices, petrol stations and train stations well after normal post office opening hours. More than 46 acceptance points with a direct link to letter or parcel processing and 353 suitably equipped post office counters are available to meet the specific requirements of business customers.

Swiss Post is continuing to develop its sales network to meet the changing needs of its customers. It serves each customer through the access points and sales channels that best match their usage behaviour. Swiss Post can be found at attractive locations with agencies that have extended opening hours. Meanwhile, the company's home delivery service allows the public to carry out postal transactions on their doorstep. With pick@home, private customers can manage individual collection options for parcels. In areas with many companies, Swiss Post now offers needs-based business customer solutions for mailing parcels and letters.

Beyond that, private and business customers can interact with Swiss Post via the Swiss Post Customer Center and via online services (e.g. www.swisspost.ch, www.postshop.ch, www.postfinance.ch and www.postbus.ch) and via mobile applications (e.g. Post-App, PostFinance App and PostBus App). Many customers also take advantage of social networks to communicate with Swiss Post.

For more information on developments in the network and universal service, see pages 13–18 of the Annual Report.

In the passenger transport market, PostBus offers 877 PostBus routes in Switzerland, covering 11,982 kilometres and 11,595 stops in the public transport network, as well as tourist routes and ScolaCar school buses. It also operates the PubliBike bike sharing service, providing 1,100 bikes at 118 stations.

Customers

Swiss Post's communication and logistics customer base comprises several million individuals and around 129,000 companies ranging from small businesses to large multinationals. Most of Swiss Post's logistics income stems from its business customers. Its 153 key accounts are particularly important, generating around 50 percent of business customer income. The Group's business customers also include 2,344 business accounts with annual sales of between 250,000 and 2 million francs, 5,929 retail accounts (annual sales of 25,000–250,000 francs) and 29,155 small and medium-sized enterprises (SMEs, annual sales of 3,000–25,000 francs). The remaining 90,915 or so business customers in the communication and logistics market are micro-enterprises with sales of up to 3,000 francs.

Key accounts generate 50 percent of logistics income

Communication and logistics market | Income with business customers
2015, Customer structure and contribution to income

Customer sales CHF per annum	Customer category	Customers Number	Contribution to income Percent
Over 2,000,000	Strategic accounts and key accounts	153	50%
250,000 to 2,000,000	Business accounts	2,344	
25,000 to 250,000	Retail accounts	5,929	48%
3,000 to 25,000	Small and medium-sized enterprises	29,155	
Up to 3,000	Other	90,915	2%

PostFinance's customer base in the retail financial market is similar. At year-end, 2.6 million private customers and 305,000 business customers (including 646 banks) maintained a business relationship with PostFinance.

Brands

As one of the best-known brands in Switzerland, Swiss Post is very popular with customers. Thanks to the postal business, its core values "reliable", "value-enhancing" and "sustainable" are firmly established with the Swiss population and business customers.

Confidence in Swiss Post is maintained at a persistently high level by continually enhancing brand strategy, which guarantees a consistent corporate image for the core brand and the two flagship brands PostFinance and PostBus. Synergy effects are achieved and the brands are brought to life across all the distribution channels by means of closely coordinated interplay between the different communication tools in terms of content, form and timing.

Brands and markets

	Core brand	
	SWISS POST	
Flagship brand		Flagship brand
PostBus	SWISS POST	PostFinance
Passenger transport market	Communication and logistics market	Financial services market

The "That's Swiss Post too" positioning campaign was extended, building on Swiss Post's core values and its characteristics "innovative", "dynamic" and "flexible". "The Yellow Tour" interactive campaign brought the new access points and innovative services closer to the general public. Swiss singer-songwriter Bastian Baker, the face and voice of the campaign, showed just how location- and time-independent Swiss Post services really are. Together with his band, he played seven public concerts in October and November 2015 across Switzerland. The entire tour was carried out with the help of Swiss Post services. Members of the public were given the opportunity to experience the access points and services at first hand during the tour. The campaign featured TV and print adverts, a number of online measures, trade fair appearances, events and a special campaign website.

The characteristics "innovation", "dynamism" and "flexibility" require further active positioning in order to achieve the desired brand positioning consistent with the strategic thrusts and the new vision of Swiss Post. The most recent reputation measurement shows that Swiss Post remains the market leader in its core business, achieving a recognition value of 93 percent. Its scores in terms of "affinity", "quality" and "professionalism" are also at a persistently high level. The Swiss population and companies nonetheless associate Swiss Post primarily with letter and parcel services and the characteristic "reliability", and only to a lesser extent with the values "innovative", "dynamic" and "flexible". Around three quarters of those questioned are still unfamiliar with the new skills and services offered to connect the physical and digital worlds and therefore credit Swiss Post with relatively little professionalism in these areas.

The people surveyed who are already familiar or very familiar with these new skills and products perceive Swiss Post as a dynamic, flexible and innovative company and award Swiss Post significantly higher marks in a number of key areas than customers who mainly use traditional services. This result highlights the strategic importance of the new, physical-digital services from a business perspective and illustrates their potential to strengthen the core brand and market position of Swiss Post.

Swiss Post is setting new standards in its target markets thanks to the physical-digital interplay of the services offered. It aims to specifically integrate the underlying expertise at the interface between the physical and digital worlds into future brand communication and strengthen the perception of Swiss Post as a leading product and systems provider. This will enable Swiss Post to expand its role as the backbone of the universal service and to position itself more and more as an "integrated provider" that understands the needs of the state and of business and private customers while generating extensive customer benefit by providing easily accessible, user-friendly services both on and offline.

Development & Innovation

“Development & Innovation” is the name of the unit Swiss Post has established to combine and expand its innovation activities. Its goal is to support innovation in the core markets as well as to identify new business ideas and develop them into a business area. The unit draws on the innovative capacity of around 62,300 employees, connects units within Swiss Post and drives forward Group-wide projects.

Sustainability

Sustainability contributes to economic value added for Swiss Post.

Swiss Post creates added value on all four markets through sustainable management of the company and provides its services in the most environmentally friendly way possible. It achieves this with energy-efficient buildings and vehicles, optimized logistics processes, innovative alternative technologies and the use of renewable energy. Swiss Post also enables its customers to act sustainably by offering products such as the carbon-neutral “pro clima” – Shipment service.

Swiss Post is aware of its social responsibility as the third-largest employer in Switzerland, and takes its role as a progressive employer seriously. It encourages its employees to participate in basic and advanced training and helps its staff remain healthy. Each year, it offers around 800 apprentices the chance to start a career. It also does its bit for society by proposing jobs in rural areas and taking responsibility for its supply chain.

Organization

Swiss Post is divided into six executive Group units: PostMail, Swiss Post Solutions and Post Offices & Sales operate in the communication market, PostLogistics focuses on the logistics market, PostFinance on the financial services market and PostBus on the passenger transport market. They are presented in the annual financial statements as individual segments.

The vital importance of IT has been recognized since January 2015 with a new three-pillar model. An Informatics management unit led by the CIO (Chief Information Officer) has been set up alongside the existing Information & Communication Technology service unit and the decentralized IT units.

Management units (Finance, Human Resources, Communication, Corporate Center, Informatics, Development & Innovation) and service units (Information & Communication Technology and Real Estate) support the management of the Group and the provision of services by the product-carrying units. In the annual financial statements, the results for these units are included in Other.

The legal structure comprises the holding company Swiss Post Ltd and its strategic subsidiaries PostBus Switzerland Ltd, Post CH Ltd and PostFinance Ltd, which in turn have subsidiaries of their own.

Organization chart

31.12.2015

Swiss Post Ltd

Chairman of the Board of Directors Peter Hasler

Group Audit Martina Zehnder

CEO Susanne Ruoff *

Communication Marco Imboden

Corporate Center Markus Schumacher

Development & Innovation Claudia Pletscher

Finance Pascal Koradi *

Human Resources Yves-André Jeandupeux *

Real Estate Franz Huber *

Information & Communication Technology Dieter Bambauer *

PostBus Switzerland Ltd Daniel Landolf *

Post CH Ltd

- **PostMail** Ulrich Hurni *
- **PostLogistics** Dieter Bambauer *
- **Swiss Post Solutions** Jörg Vollmer *
- **Post Offices & Sales** Franz Huber *

PostFinance Ltd Hansruedi Köng

* Member of Executive Management

At the end of October 2015, the Federal Council approved the proposal to appoint Dr Urs Schwaller as the new Chairman of the Board of Directors at Swiss Post at the General Meeting of Swiss Post Ltd on 26 April 2016. Urs Schwaller will take over from Dr Peter Hasler, who is resigning as Chairman of the Board of Directors because he has reached the maximum age limit of 70 years.

More information on the Board of Directors and Executive Management can be found on pages 61–63 and 65–67.

Developments

Trends in the environment

Legal and political: deregulation

Deregulation put to the test.

The European Union completed the full deregulation of the postal sector at the end of 2013. Previous experience in the EU has shown that competition only develops gradually, even in fully deregulated letters markets. In contrast, competition in the parcels and express markets is working well. Following the most recent comprehensive revision of postal legislation, Switzerland has decided against opening up the entire letters market. The Postal Services Act stipulates that the Federal Council has a maximum of three years from the implementation of the postal legislation on 1 October 2012 to submit an evaluation report to Parliament on the way forward as regards opening up the market. In September 2015, the Federal Council published its evaluation report on market deregulation in which it concluded that the residual monopoly in letter mail should remain in place. Arguments against the full deregulation of the market include experience to date in Switzerland and Europe as well as changes in the letter mail sector, according to the report. The parliamentary debate on the subject will take place in 2016.

Social: change in consumer culture

The physical and digital worlds are merging.

Mobile access to the Internet via smartphone and the use of the Internet for communication (via social media), for trading and banking transactions and, increasingly, for the Internet of things, are fuelling the digital transformation and speeding up the pace of our living and working environments. Freely available time is gaining in importance at the expense of money and material goods. The consumer society is gradually becoming a sharing society, combined with a growing awareness of sustainability. The challenge for Swiss Post is to give its customers flexibility by offering them a balance of physical and digital products (e.g. in city logistics) and to recognize the opportunities for playing new roles in sectors such as mobility solutions and the closed-loop economy.

Technological: digitization

There is a constant need to adapt to keep up with the ongoing digital transformation. Thanks to robotics, industry is fundamentally opening up to new possibilities with high-precision, cost-efficient production. In-store and digital concepts and channels in the retail trade are being completely transformed. The collection of large data volumes (big data) is being replaced by data mining (smart data): profile data is analysed, offers and services are customized to meet the needs of individual customers, and predictions regarding personal behaviour patterns are made. Intelligent automation can be used to synthesize large quantities of information and automate entire business processes. The challenge for Swiss Post is to identify the relevant opportunities from the variety of new business models and skills being created (e.g. document solutions, mobile production) and rise to meet them rapidly.

Economic: globalization and competition

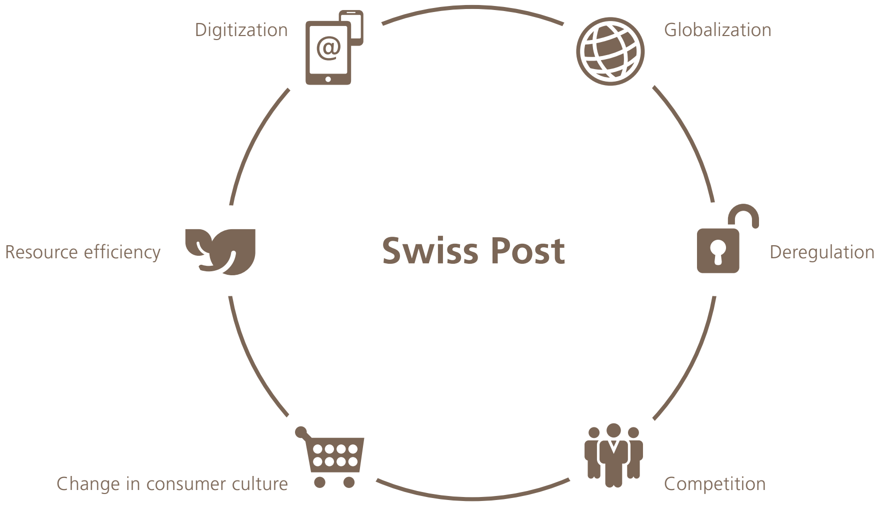
The weakened European economy and global competition are forcing companies and, further downstream, the public sector, to use their resources efficiently. Swiss Post needs to exploit comparative locational advantages in order to optimize costs whilst implementing joint initiatives to counter disadvantages resulting from size or geographical coverage and taking advantage of opportunities for new roles (e.g. in e-government).

Environmental: resource efficiency

The scarcity of natural resources is raising awareness about environmental sustainability among customers, investors and legislators. Demand for environmentally sustainable products continues. There is a growing awareness of the importance of environmentally sustainable logistics. An optimum mix of energy efficiency and renewable energy is becoming a critical factor for companies seeking to combat escalating costs or, in certain cases, to gain new competitive advantages. The challenge for Swiss Post is to combine business success with environmental awareness and social responsibility.

Trends in the environment

2015



Market trends

Communication market

Potential in promotional mailings and document processing.

In the letters market, Swiss Post provides Switzerland's universal postal service. It fulfils this mandate with a statutory residual monopoly on letters up to 50 grams. Around 70 percent of all mail is already deregulated. This includes newspapers, unaddressed mail and addressed mail over 50 grams. However, the primary challenge for PostMail and Post Offices & Sales remains substitution by digital media. The growing number of customers switching to electronic channels continues to produce a drop in letter volumes and falling demand for conventional post office services. Competition is becoming more intense and pressure on margins is rising, increasing the need for cost and price flexibility within the industry and a targeted development of the postal network together with additional services in the communication market. At the same time, the market for promotional mailings offers growth opportunities. The international letters market remains fiercely competitive. Further mergers and partnerships can be expected in order to secure market positions. Driven by what is technologically possible, major corporations are increasingly outsourcing their paper-based business processes since these do not necessarily form part of their core business. There is still substantial growth potential in this area, which Swiss Post Solutions is gradually tapping into with innovative, sector-specific customer solutions.

Logistics market

Growth: e-commerce is driving logistics.

Competition in the logistics market continues to grow. It is characterized by a rising level of internationally targeted, more aggressive competition and growing pressure on prices and margins. This is spreading to parcels and express deliveries. New providers from outside the sector are forcing their way into the logistics market. They do not need to make a profit in logistics as this can be generated in their core business. Customers, particularly business customers, are sensitive to prices, but expect high quality at the same time. There is demand for flexible recipient services and all-in solutions including cross-border services such as customs clearance and international networks. The need for faster processing times in the CEP segment (Courier, Express, Parcels) will increase further. This will result in more priority parcels. Swiss Post is testing the commercial use of drones in collaboration with partner companies. The focus is primarily on their use in exceptional cases or the transport of special items. Substantial rises in personnel expenses cannot be offset by pricing measures. Overall, the logistics market has the potential for growth, driven by the rapid rise in e-commerce business. The challenge for logistics is to convert customers' global procurement requirements into new, profitable business models. At the same time, the boundaries between parcel logistics and goods logistics continue to blur. PostLogistics intends to build on its position as lead logistics provider (lean logistics processes, optimized logistics networks and continuous improvement and cost reduction) and strengthen its presence in city logistics. With digitization and the increased transparency of business processes, customers want electronic data links along the entire transport chain, right into companies, to accompany the flow of goods. In goods logistics, Switzerland is becoming bound by the increasingly international network structures. The introduction of environmental and incentive taxes such as CO_2 taxes and the performance-related heavy goods vehicle tax are having a direct impact on the logistics margins that can be achieved.

Financial services market

Pressure on margins and increasing digitization.

The persistently low interest rates on the money and capital markets are having a significant effect on earnings. In order to guarantee long-term profitability in this market environment, it is essential for PostFinance to diversify its entire income structure and to tap into new business areas in which non-interest income can be generated. The digitization and development of digital banking services plays an increasingly important role in this respect. PostFinance is responding to this trend as the market and innovation leader in Switzerland in mobile payments. The increasing digitization of banking services is however also resulting in more and more global technology companies forcing their way onto the market. In order to safeguard and develop the current market position, PostFinance is keeping up with market developments and launching new customer solutions such as the contactless PostFinance Card and TWINT, the integrated payment and shopping app.

Passenger transport market

Combined, sustainable mobility.

Today's individual mobility behaviour calls for more flexible, versatile and combinable mobility services that will shape public transport. For instance, the shared use of bicycles and e-bikes in urban areas is becoming recognized as an ideal supplement to private and public transport. At the same time, environmental change is leading to growing demand for environmentally friendly mobility. The industry is undergoing major technological advances and is becoming more investment-intensive as a result.

As purchasers of regional public transport services, the Confederation and cantons will be less able to pay compensation to transport companies owing to scarcer financial resources. But public transport mobility requirements are constantly increasing, so a reduction in services is highly unlikely, and services will have to be provided at lower cost and with less public-sector compensation. An increase in tenders for bus services can also be expected. The Swiss market is not particularly attractive to foreign companies, since growth is quite small and the larger urban networks today are not currently put out to tender. Competitors in the international market are becoming significantly larger, not least due to company mergers. PostBus will have to maintain its position on an increasingly competitive national and international stage.

Group strategy

Swiss Post creates added value for Switzerland, customers, employees and its owner.

Swiss Post's vision and strategy are derived from postal legislation and the directives of its owner. These directives are set out in the strategic goals of the Federal Council, which are revised every four years. Swiss Post's six strategic goals are, in turn, derived from the Federal Council's goals. Swiss Post seeks to create added value for Switzerland, for customers, employees and its owner by safeguarding the quality of its universal service, operating in a sustainable manner, increasing customer satisfaction and employee commitment, and meeting its owner's financial goals by achieving stable market positions. Swiss Post aims to ensure these goals are met by means of five strategic thrusts. Swiss Post is considering growth options that could be achieved through new business models in various development areas.

Group strategy

2014–2016

Statutory mandate and strategic goals set by the Federal Council

Vision and core values
Simple yet systematic – Swiss Post.

"reliable"	"value-enhancing"	"sustainable"

Strategic goals
Create added value for

Switzerland	Our customers	Our employees	The owner
Universal service Regulatory audit certification **Sustainability** Improve CO_2 efficiency by 10 percent by the end of 2016	**Customer satisfaction** At least 78 points (scale of 0–100)	**Employee commitment** At least 80 points (scale of 0–100)	**Finance** EBIT of CHF 700–900 million **Market position** Leading market positions in Switzerland and in e-commerce

Strategic thrusts

Exploiting and helping shape regulatory conditions	Defending and developing core business	Business performance and growth in selected markets	Optimizing costs and improving efficiency	Competitive prices

Strategic measures

Guidelines

Statutory mandate

The Swiss Parliament adopted the postal legislation in December 2010. It came into force in October 2012. The revision aimed to harmonize effective competition and a high-quality universal service. 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 Ordinance, the Federal Council differentiates between the two mandates more clearly than before, 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 an important pillar for financing the universal service.

The universal postal service obligation sets out guidelines concerning the range of services, prices and quality to be provided. The first objective is to meet the needs of sender customers. The second objective is to take into account the needs of recipient customers. High demands are placed on Swiss Post for home delivery (delivery method and nationwide coverage). A and B Mail are universal service products for which much stricter guidelines regarding delivery times must be met than in other countries (97 percent of letters and 95 percent of parcels must be delivered on time). Individual consignments that form part of the universal service are offered in post offices and postal agencies. Access points should be accessible to 90 percent of the population within 20 minutes on foot or by public transport. In areas where Swiss Post offers a home delivery service, they must be less than 30 minutes away. Besides what it offers under the universal service, Swiss Post can also provide additional services outside the universal service.

The universal service for payment transactions includes opening an account and making transfers, inpayments and outpayments. Payment transaction services should be accessible to 90 percent of the population within 30 minutes on foot or by public transport. Unlike the universal postal service, the payment transaction service is formulated without reference to specific technologies, enabling the introduction of modern, more customer-friendly services.

Classification of services

2015	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

Federal Council’s strategic goals

Innovative, customer-focused and profitable in competition.

As the representative of the owner of Swiss Post, the Federal Council makes further stipulations in the form of its strategic goals. For the strategy period 2013–2016, the Federal Council expects Swiss Post to offer a high-quality universal service throughout Switzerland and according to the same principles. Swiss Post should also offer a high standard of marketable, innovative products and services in its core business in the communication, logistics, financial services and passenger transport markets. The aim is to generate profitable growth and to increase the company’s earning power as a result of efficiency improvements. Swiss Post can enter into partnerships (interests, alliances, founding of companies or other types of cooperation) in Switzerland and abroad as far as its finances and human resources capacities allow. Swiss Post and its subsidiaries must be managed in a uniform manner. In financial terms, the Federal Council expects Swiss Post to maintain and increase the company’s value in the long term, and to achieve industry-standard returns in all business areas. The profits it makes should be used to fund the equity required by PostFinance Ltd under banking law, and are partly distributed as dividends to the Confederation. Net debt must not exceed operating profit (EBITDA). Swiss Post will continue to pursue a progressive and socially responsible human resources policy to justify the confidence of its employees. To do so, it must offer attractive, competitive employment conditions, help employees to balance work and family commitments and encourage fair representation of gender and language region.

Vision and core values

Simple yet systematic – Swiss Post.

In 2014, Swiss Post set itself a new, Group-wide reference point for its future development.

Simple yet systematic – Swiss Post.
We connect the physical and digital worlds, setting new standards with our products and integrated solutions. We make it easier for our customers to operate in today's complex environment, giving them greater scope to succeed.

Changing customer requirements are the basis for Swiss Post's actions. Based on its capacities in communication, logistics, financial services and passenger transport, Swiss Post increasingly represents integrated solutions and continues to offer individual products and services in modular form. Swiss Post understands the world as interlinked and builds bridges between physical and digital channels. It wants to win over customers by offering them products that are both easy to access and easy to use, while creating a consistent customer experience across all its points of contact. This will enable Swiss Post to develop and maintain a high-quality universal service.

In order to implement its vision, Swiss Post's actions are guided by its core values: "reliable", "value-enhancing" and "sustainable".

Strategic framework

Swiss Post's guidelines and its overall understanding of key strategic issues are embedded in its strategic framework. Within these guidelines, its operating units are able to respond promptly to current market requirements.

In particular, the strategic framework contains statements on understanding customers, the core business, market positions, competitive strategies, geographic focus, profitability, sustainability, innovation, management style and information technology focus.

Strategic goals

Swiss Post sets its priorities in the form of six strategic goals, and determines how it intends to meet the challenges of its operating environment and achieve its top-level directives.

Added value for the owner:
- Swiss Post aims to achieve an annual EBIT of 700 to 900 million francs (see page 33)
- In Switzerland it aims to attain leading marketing positions with its business activities and in e-commerce (see page 35)

Added value for customers:
- Swiss Post attains a consistently high customer satisfaction rate of at least 78 points (on a scale of 0 to 100) (see page 45)

Added value for employees:
- Employee commitment remains at the high level of at least 80 points (on a scale of 0 to 100) (see page 46)

Added value for Switzerland:
- Swiss Post fulfils its mandate to provide a high-quality universal service (see page 51)
- It intends to increase its CO_2 efficiency by 10 percent by the end of 2016 (base year: 2010, see page 49)

Strategic thrusts

In order to achieve its goals, Swiss Post is pursuing five strategic thrusts:

– Exploiting and helping shape regulatory conditions
To enable Swiss Post to continue to develop sustainably in the long term, it is crucial to make optimal use of the regulatory conditions, particularly with a view to focusing even more closely on customer requirements and boosting competitiveness.

– Defending and developing core business
Swiss Post offers its private and business customers consistently high-quality services. A high level of customer focus is crucial here, both in product development and in daily contact with customers across all channels. Swiss Post also ensures the continuous improvement of services and processes, the development of new, innovative products, and the implementation of top-class quality control and quality assurance.

– Business performance and growth in selected markets
Swiss Post aims to ensure its growth is sustainable and profitable. In Switzerland and abroad, it consistently follows a growth plan that takes the long view and proceeds step by step. This enables it to manage and safeguard the profitability of its growth.

– Optimizing costs and improving efficiency
In an increasingly dynamic marketplace, it is imperative that Swiss Post secures and improves efficiency. In the communication market in particular, it is facing far-reaching changes. It intends to meet these challenges in future with balanced, socially responsible solutions.

– Competitive prices
Swiss Post was, is and will remain dependent on its ability to charge competitive prices in order to provide high-quality services. By doing so, it also seeks to fund a well-functioning universal service.

Development areas

Successful customers thanks to integrated solutions from Swiss Post.

To ensure the fulfilment of its strategic goals, Swiss Post concentrates its resources on the further development of specific development areas for Swiss Post as a whole, and creates new business models within each area.

E-commerce

Within this development area, Swiss Post systematically combines e-commerce-specific processes from the communication, logistics and financial services markets. By combining modular services from individual markets to form integrated system solutions, and consistently gearing its product portfolio and services to meet the needs of online retailers, Swiss Post can position itself as a key service provider along the e-commerce value chain. As the systems leader in Switzerland, Swiss Post offers a complete portfolio of services covering the entire e-commerce value chain: setting up and operating online shops, marketing, ordering and payments, logistics and customer care. With YellowCube, Swiss Post operates a highly automated solution that takes care of the entire logistics chain for online retailers. Swiss Post also simplifies online purchases thanks to greater customization of parcel receipt and the new central Swiss Post login that customers can use to log in to a range of online shops. In doing so, it is making a significant contribution to the development of the e-commerce market.

Direct marketing

Direct marketing is one of the most effective marketing tools for customer acquisition and customer retention. Swiss Post provides business customers with a wide range of products and services for promotional letters. Further potential for growth is offered by the positioning in the advertising market, e.g. via the integration of direct marketing as a separate media category in the MA Strategy inter-media study (planning tool for advertisers) from WEMF AG for advertising media research or by the positioning of physical promotional mailings in online retail.

Mobile banking

The shift of payment transactions to digital channels is being pushed ahead by technological developments. Swiss Post intends to continue to develop its role as the market and innovation leader in mobile payments, placing particular emphasis on customers who manage their own finances. In addition to e-finance as an entry portal, Swiss Post offers a wide range of new services such as mobile banking and the contactless PostFinance Card. Swiss Post has also launched TWINT, the first payment solution in Switzerland that can be used across different channels. Smartphones are used to make payments everywhere, easily and quickly – whether at store checkouts, terminals, on the Internet, in other apps, at events or between friends. Unlike familiar existing wallet solutions, TWINT does not require credit or debit cards and works with any postal or bank account as well as independently of telecom providers – it is just like paying in cash with a traditional wallet: first you load money, then you spend it.

E-post

Swiss Post is focusing on e-post to pursue hybrid and digital growth initiatives in the postal sector. It is establishing hybrid systems such as E-Post Office, the intelligent online letter box. Recipients decide how they would like to receive their mail: on paper or in electronic form. Swiss Post is also transposing the high level of customer confidence it enjoys into the digital world by offering a digital postal ecosystem with a range of security products and services that inspire trust (such as secure e-mail with IncaMail). With vivates eHealth, Swiss Post operates a modular platform that provides a network for all healthcare professionals treating a patient and facilitates the secure exchange of electronic patient data.

Document solutions

The administration processes in companies and public institutions are undergoing change through digital transformation. Swiss Post connects the physical and digital worlds by handling the efficient processing, management and archiving of documents such as invoices, forms, orders or customer correspondence on behalf of its customers. For example Swiss Post digitizes paper-based data and feeds it into customers' electronic business processes, archives old files and active documents both digitally and physically, prepares digital data for printing and high-circulation physical mailing or handles in-house post processing, either physically or digitally. Swiss Post wants to position itself as a key provider of document solutions both in Switzerland and abroad, and aims to benefit from market growth thanks to industry-focused integrated solutions.

Mobility solutions

Personal mobility is in transition as individual means of transportation become more and more closely linked and transport users increasingly adopt the principle of sharing instead of feeling obliged to own a vehicle. Swiss Post aims to become a leading integrated provider in the mobility market by using its broad customer base from passenger transport and fleet management to develop new mobility solutions such as bike sharing and a mobility sharing network.

Market strategies

The various market strategies represent further key elements to ensure the fulfilment of Swiss Post's goals.

Communication

PostMail
By deploying the latest technology, PostMail is consolidating maximum reliability and quality with excellent value for money. Letters are specifically positioned as a means of communication that stand out from other competing media due to their stronger impact. Growth opportunities can be found in direct marketing, abroad in Asendia (the 50 percent joint venture with France's La Poste), in the

international B2C business, and in the development of innovative solutions and products at the interface between the physical and the digital world.

Swiss Post Solutions

Swiss Post Solutions (SPS) is expanding its leading position for comprehensive document processing services and solutions for outsourcing paper-based business processes. The employees at SPS serve business customers in the insurance, banking, telecommunications, media, retail, energy and travel and transport sectors. SPS operates in all the major economic areas around the globe. Its core markets remain Switzerland, Germany, the UK and the USA.

Post Offices & Sales

Post Offices & Sales strives to provide customer-friendly, efficient services in communication, logistics and payment transactions. The unit is continually developing its sales network and its range of third-party products. The range of logistics products for private customers is to be further simplified and made available for use via new channels.

Logistics

PostLogistics

PostLogistics has positioned itself as the quality and cost leader in the following segments: national and international parcels, small consignments and warehousing, Innight, Express, Courier and e-commerce. Its core business lies in the domestic parcels segment. PostLogistics intends to develop its position through consistent cost management, increased automation, investments in infrastructure and the expansion of value-added services for sender and recipient customers. In the international parcels segment, PostLogistics positions itself as a market leader in cross-border logistics and customs clearance. Small consignments, warehousing and Innight, Express and Courier complete the range. Within cross-border transport, PostLogistics plans to strengthen its presence and safeguard its connections to cross-border networks. PostLogistics offers a key service in e-commerce with its YellowCube logistics solution.

Financial services

PostFinance

PostFinance wants to be the Swiss financial service provider that helps its customers manage their money as easily as possible. This makes it the first choice for all private and business customers who manage their own finances, any time and anywhere. PostFinance provides its customers with solutions that make it easier for them to manage their financial affairs and offer added value. It provides a tailor-made service to individual customers that fits in perfectly with their value chain.

Passenger transport

PostBus

PostBus is building on its leading position in bus transport systems management, differentiating itself from the competition with the best value for money, and increasingly positioning itself as a provider of sustainable and combined mobility services. In its core business, PostBus aims to remain the number one in regional transport in Switzerland, to strengthen its market position in cities, conurbations, in integrated and mobility solutions (for instance, with PubliBike, the largest bike sharing provider in Switzerland), and to seek further targeted growth abroad.

Financial controlling

Maintain the company’s value in the long term.

The aim of financial controlling at Swiss Post Group is to achieve the financial goals of the Federal Council. In accordance with these goals, Swiss Post must maintain, and if possible increase the company’s value. Value added is created when the 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. The Federal Council also expects Swiss Post to be able to finance its investments from the generated cash flow.

In order for the above goals to be achieved, financial controlling within Swiss Post Group generally operates with target agreements and accountability for results. All business units are responsible for achieving the agreed goals. Besides economic value added, which is included as a key figure in the calculation of the variable performance component of management remuneration (please also see “Determination of remuneration” in the Annual Report), operating profit (before management, licence fees and net cost compensation) is an important financial goal. The units have a large degree of freedom within the framework of strategic planning. For individual plans such as investments, projects or acquisitions of interests with a considerable financial impact or for plans with strategic importance, Swiss Post’s Executive Management or Board of Directors decides according to the funds required and the type of business.

Swiss Post’s financial reporting is based on two main instruments: management reporting and the consolidated financial statements. The management reporting shows the contribution of the Group units and markets to the result. It indicates the financial success of the strategic market areas and product groups and provides information on the attainment of the annual goals as well as the implementation of the strategic measures. The management reporting, first and foremost, serves the management of the units and the Group. It is based on the same set of basic values as the consolidated financial statements.

The consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) set out the business performance of the legal units of Swiss Post. Hence, they are used primarily for reporting on the overall company and the segments. Segment reporting is divided into Group units and national/international or by region in accordance with IFRS 8.

Swiss Post and the units are managed based on the following instruments:

– Income statement, balance sheet and cash flow statement
  These form the basis of financial management at unit and Group levels. The reporting on the income statement takes place monthly, that on the balance sheet and cash flow statement quarterly.

– Annual goals
  The annual goals are to help achieve the quantitative and qualitative goals formulated in the strategies. They cover the following areas: market, service provision, resources, management and organization. The success in meeting the annual goals is measured semi-annually.

– Key figures
  The key figures are divided up into finance, customers, employees, strategic measures and processes. They reflect the business and financial performance of the units and the Group. They also form a basis for setting targets with the CEO. The development of the key figures is reported as part of monthly reporting.

– Identification of strategic market areas and product group accounting
  The identification of the strategic market areas and product groups as well as the strategic measures is used as a financial management tool for the Group units. Reporting takes place semi-annually.

– Commentary
  The comments are an integral component of the reporting at all levels. They are designed to provide insight into the main developments, plans as well as problems and measures in the relevant unit as well as the assessment from unit management. As well as showing change from the previous year, they describe the expectations for the current and following years. The periodicity of the commentary depends on the key figure on which it is based and the variance.

Business performance

Key figures

Group profit up slightly.

All four markets contributed to the positive result. Swiss Post generated normalized Group profit of 645 million francs in 2015. Normalized operating profit (EBIT) rose to 823 million francs. Reversals of impairment recognized during the reporting period and non-recurring portfolio value adjustments on financial investments related to the PostFinance business unit from the prior-year period resulted in a 20 million franc increase in normalized operating profit.

Group | Key figures

2015 with previous year for comparison		2014	2015
Results			
Operating income	CHF million	8,371 [1]	8,224
Generated abroad [2]	CHF million	1,233	1,149
	% of operating income	14.7	14.0
Reserved services [3]	CHF million	1,213	1,225
	% of operating income	14.5	14.9
Operating profit [4]	CHF million	803	823
As a share of operating income	%	9.6	10.0
Generated abroad	CHF million	72	57
	% of operating profit	9.0	6.9
Group profit [4]	CHF million	638	645
Employees			
Headcount at Swiss Post Group	Full-time equivalents	44,681	44,131
Abroad	Full-time equivalents	7,627	7,449
Financing			
Total assets	CHF million	124,671	120,327
Customer deposits (PostFinance)	CHF million	112,150	107,380
Equity	CHF million	5,010	4,385
Investments			
Investments	CHF million	443	437
Other property, plant and equipment, intangible assets	CHF million	250	317
Operating property	CHF million	124	57
Investment property	CHF million	64	47
Interests	CHF million	5	16
Degree of self-financed investment	%	100	100
Value generation			
Cash flow from operating activities	CHF million	–1,925	–2,990
Value added [5]	CHF million	5,220	5,193
Economic value added	CHF million	207	169

1 Figure has been adjusted (see Note 2, Basis of accounting, Accounting changes).
2 Definition of "abroad" in accordance with the segmentation in the Financial Report.
3 Letters up to 50 g.
4 Normalized figures for 2015.
5 Value added = operating profit + personnel expenses + depreciation – gain/loss on the sale of property, plant and equipment, intangible assets and interests.

Additional key figures and explanatory notes can be found in the Annual Report key figures (for reference source, see page 196).

Drivers

The economy

Global economic growth remained below expectations during the year. This was mainly the result of the weak industrial economic situation worldwide and sluggish global trade. Unlike industry, the service sector performed favourably thanks to strong domestic demand in most countries. Switzerland was also affected by the reduced momentum of the global economy. According to the first official estimate of the Swiss National Bank (SNB), gross domestic product (GDP) stagnated in the third quarter. The economic output reported was therefore lower than expected. Close examination of a wide range of indicators suggested somewhat more positive economic growth in the second half of the year. However, capacity utilization within the Swiss economy remained unsatisfactory, and labour demand was subdued.

Past and ongoing developments in exchange rates and interest rates are having an impact on all four of Swiss Post's target markets. Thanks to natural hedging, operating profit was largely unaffected by the translation effect (conversion of accounts managed in foreign currencies into the Group's reporting currency). The current negative interest situation represents a challenge for the financial services market in particular. Swiss Post will continue to closely monitor the ongoing difficult exchange rate and negative interest situation in Switzerland, Swiss Post's most important market.

One-off items

Swiss Post's (Group) financial result includes three one-off items in 2015. However, they did not lead to any adjustment of the prior-year figures. The one-off items and their financial impact are explained in detail on page 34. The non-consideration, i.e. normalization, of the three items allows comparison with the prior year and provides an accurate representation of the current operating business performance.

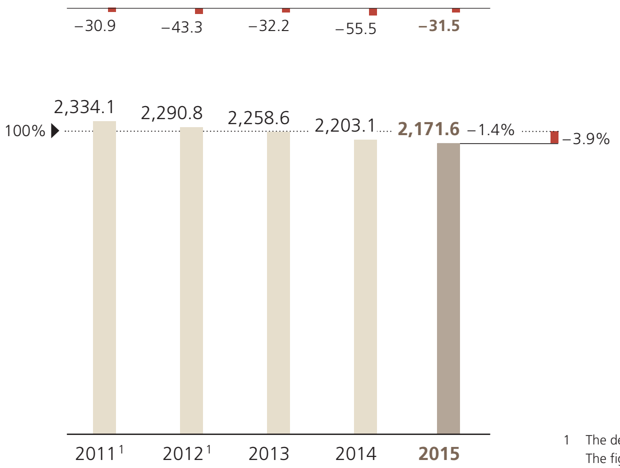
Communication market

Slight decrease in volume trends in the communication market.

Product volumes declined in the communication market. The number of addressed letters handled by PostMail and Post Offices & Sales in 2015 was 1.4 percent lower year-on-year. Unaddressed mail decreased by about 1.7 percent year-on-year. Newspaper delivery volumes saw negative performance (–3.7 percent) due to changes in customer behaviour. Post Offices & Sales registered a decline in the logistics products letters (–1.4 percent) and parcels (–3.1 percent). Mail import and export volumes fell 3.4 percent year-on-year. At Swiss Post Solutions, income from services provided fell year-on-year due to a business unit transfer and exchange rate trends.

Moderate decline in letter volumes in 2015

Communication market | Addressed letters
2011 to 2015, showing change from prior year / over several years
2013 = 100%, figures expressed in millions



1 The definition of letter volumes was modified for 2013. The figures from 2011 and 2012 are not comparable.

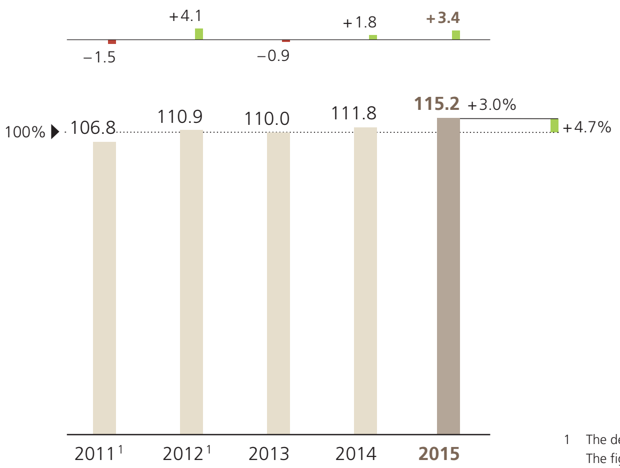
Logistics market

Ongoing positive trend in parcel volumes.

The logistics market continues to be characterized by intense competition and price pressure, both nationally and internationally. Customers remain price-sensitive and have high expectations as regards quality. As a result of changing customer needs, there is increasing overlap between the courier, express and parcels segments and traditional forwarding. Domestic parcel volumes increased year-on-year (+3.0 percent). Import and export volumes also rose by 2.9 percent. An increase of 3.0 percent was therefore registered in terms of volumes.

A further increase in parcel volumes

Logistics market | Parcels
2011 to 2015, showing change from prior year / over several years
2013 = 100%, figures expressed in millions



1 The definition of parcel volumes was modified for 2013. The figures from 2011 to 2012 are not comparable.

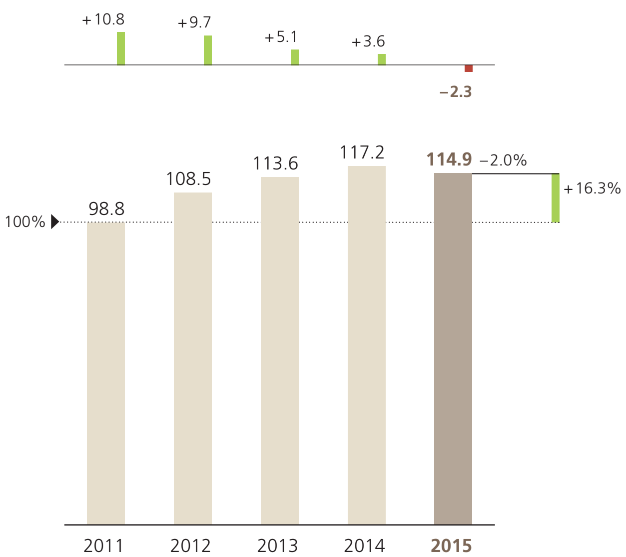
Financial services market

In January 2015, the SNB reduced the interest rate for sight deposit balances that exceed a specific exemption limit by 0.5 percentage points to – 0.75 percent. Since 22 January 2015, PostFinance has paid negative interest on the part of its sight deposit balance at the SNB that exceeds the exemption limit. Interest rate movements are monitored on an ongoing basis and appropriate measures are taken to control customer deposits if necessary.

Although PostFinance recorded a slight decrease in customer assets year-on-year, Swiss Post's banking arm continues to enjoy the trust of customers who manage their own finances and who appreciate a simple and inexpensive range of services. Average customer assets fell by 2.3 billion francs to 114.9 billion francs year-on-year. The decline is due to targeted measures to control customer deposits in connection with the introduction of negative interest rates by the SNB noted above.

Decrease in customer assets in 2015

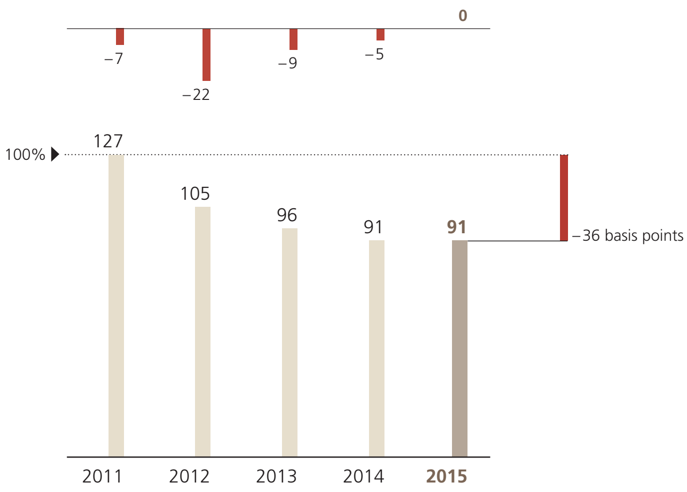
Financial services market | Average customer assets
2011 to 2015, showing change from prior year / over several years
2011 = 100%, CHF billion



Interest margins are one of the important key figures for PostFinance Ltd. Interest margins are an indicator of the bank's future earning power. The multi-year trend towards lower margins came to an end in the 2015 reporting period. Changes in interest rates are monitored on a permanent basis in order to react to changes within a reasonable period of time if necessary. PostFinance anticipates that the situation regarding interest margin developments will remain tense in the future. An increase is not expected at present.

Interest margin stabilization in 2015

Financial services market | Interest margin
2011 to 2015, showing change from prior year / over several years
2011 = 100%, basis points as at 31.12.2015



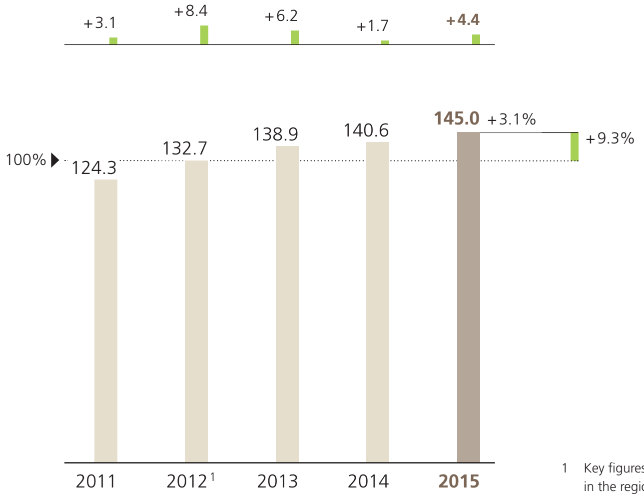
Passenger transport market

Thriving passenger transport market.

The national passenger transport market is growing steadily. As the budgets of public sector organizations acting as contracting bodies for transport services are being squeezed, pricing pressure will increase even more, slowing the further expansion of the public transport network. PostBus has also been operating urban bus networks and bus routes in France for a number of years. In 2015, PostBus increased the number of kilometres covered by 3 percent, recording a total of 142 million kilometres. The expansion of services in Switzerland and France contributed to this rise. PostBus transported around 145 million passengers in Switzerland in 2015. This represents an increase of 3.1 percent over the previous year.

Further increase in the number of passengers in Switzerland

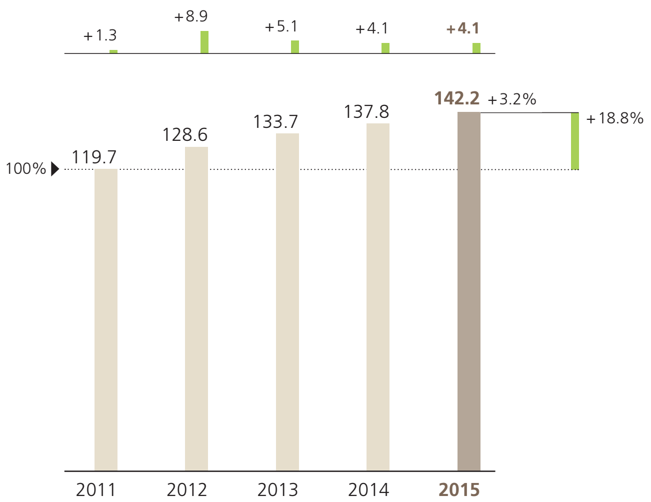
Passenger transport market | Number of passengers (Switzerland)
2011 to 2015, showing change from prior year / over several years
2012 = 100%, number of passengers expressed in millions.



1 Key figures adjusted due to the switch to system-based levies in the regions of Ticino and Valais.

Further increase in the number of kilometres covered

Passenger transport market | Kilometres covered
2011 to 2015, showing change from prior year / over several years
2011 = 100%, number of kilometres expressed in millions



Profit situation

Economic value added

Positive economic value added.

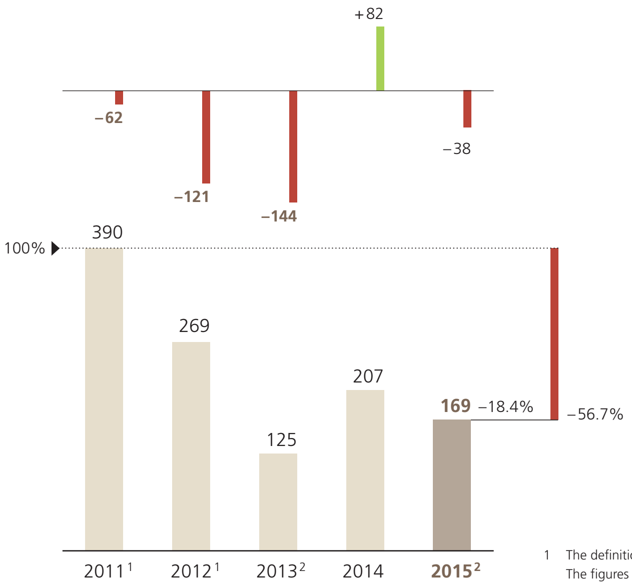
In line with the Federal Council's financial goals, Swiss Post is expected to maintain the positive economic value added in the long term. Economic value added is created when adjusted operating profit exceeds the cost of average invested capital. In addition to the income statement, this approach also factors in the risks and the capital employed. In order to meet the stated financial goal, economic value added is included as a key figure in the calculation of the variable performance component of management remuneration, (please also see "Determination of remuneration" on page 68).

Economic value added in the communication, logistics and passenger transport markets is calculated from adjusted operating profit minus capital costs (cost of capital for logistics multiplied by average invested capital). In the financial services market, it is calculated from earnings before tax in accordance with IFRS minus capital costs (cost of capital in the financial services market multiplied by relevant average capital amount).

As at 31 December 2015, Swiss Post met the financial expectations of the Federal Council and generated normalized economic value added of 169 million francs. The decrease year-on-year is mainly due to the higher capital employed. Despite lower interest levels, this resulted in an increase in capital costs in the past financial year.

Economic value added generated once again

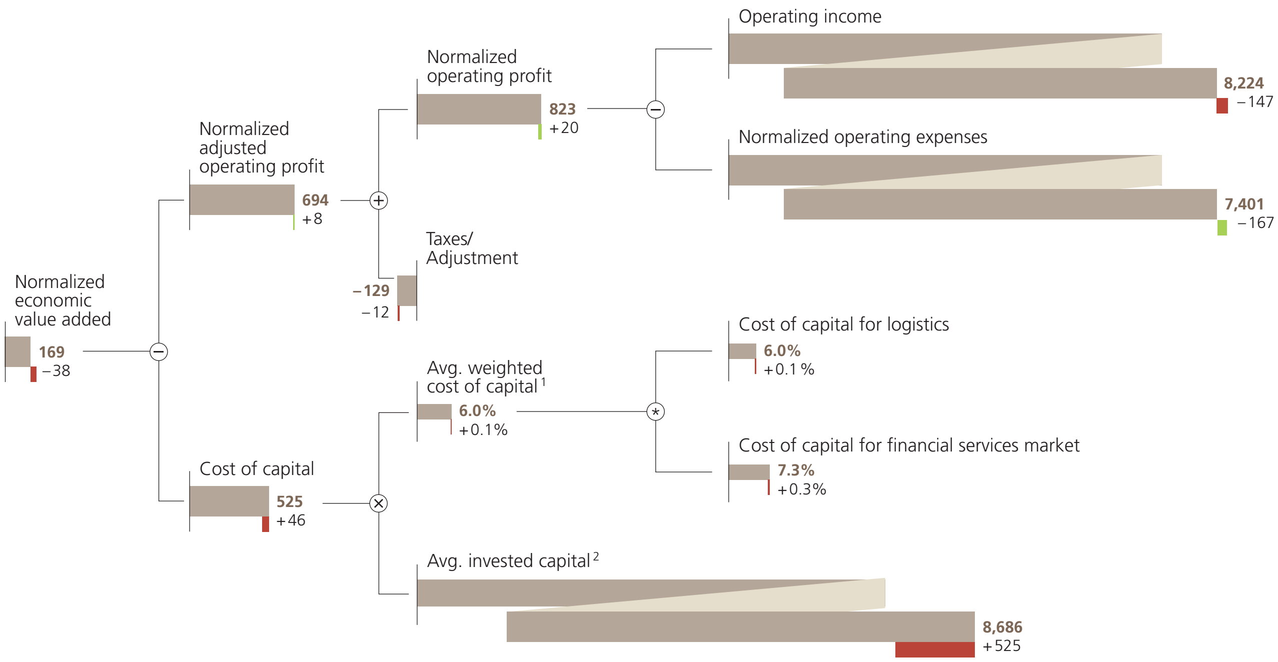
Group | Normalized economic value added
2011 to 2015, showing change from prior year / over several years
2011 = 100%, CHF million



1 The definition of adjusted operating profit was modified for 2013. The figures from 2011 and 2012 are not comparable.
2 Normalized figures.

Higher capital costs affect normalized economic value added

Group | Normalized economic value added
2015, showing change from prior year, CHF million, percentage points



⊛ Weighted with the average invested capital in logistics and in the financial services market (PostFinance).
1 Corresponds to weighted average cost of capital after taxes (WACC) for logistics and cost of equity for the financial services market.
2 In logistics units corresponds to the average net operating assets (NOA) of 4,409 million francs and at PostFinance to average equity in accordance with Basel III of 4,277 million francs.

Income statement

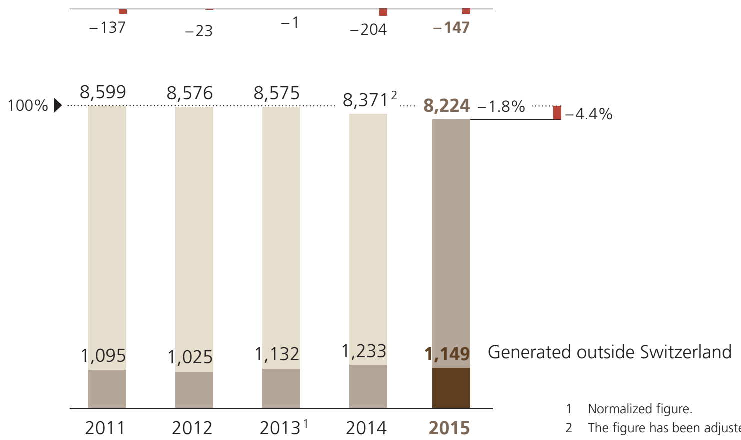
Operating income

Decline in operating income.

Operating income stood at 8,224 million francs in 2015 (previous year: 8,371 million francs), down 147 million francs year-on year. This was mainly due to interest rate-related decreases in revenue and declining volumes.

Decline in operating income in 2015

Group | Operating income
2011 to 2015, showing change from prior year / over several years
2011 = 100%, CHF million

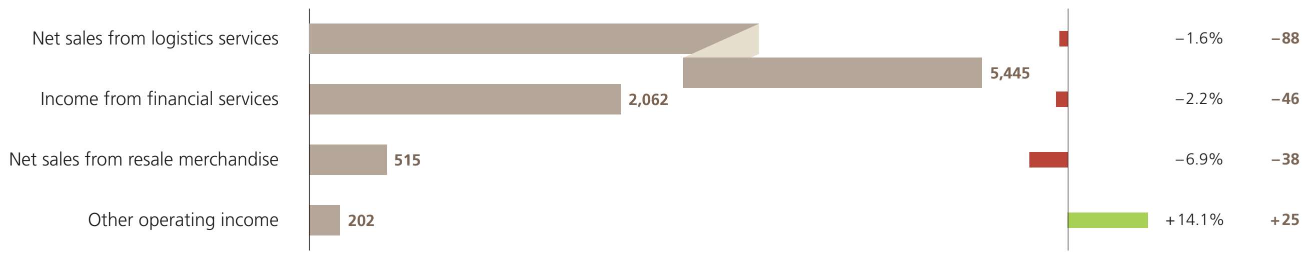


1 Normalized figure.
2 The figure has been adjusted (see Note 2, Basis of accounting, Accounting changes).

Net sales from logistics services fell by 88 million francs year-on-year to 5,445 million francs. This decline was the result of lower volumes and a decrease in revenue due to intense competition. Modifications to the telecommunications range and lower revenue from the sale of tickets for events led to a 38 million franc decline in net sales from resale merchandise. Lower income from financial services as a result of interest rates could not be fully offset by other sources of revenue. As a result, it declined by 46 million francs. Other operating income rose year-on-year thanks to higher revenue from the sale of property, plant and equipment (25 million francs).

Decline in operating income in the core business

Group | Operating income
2015, showing change from prior year
CHF million, percent



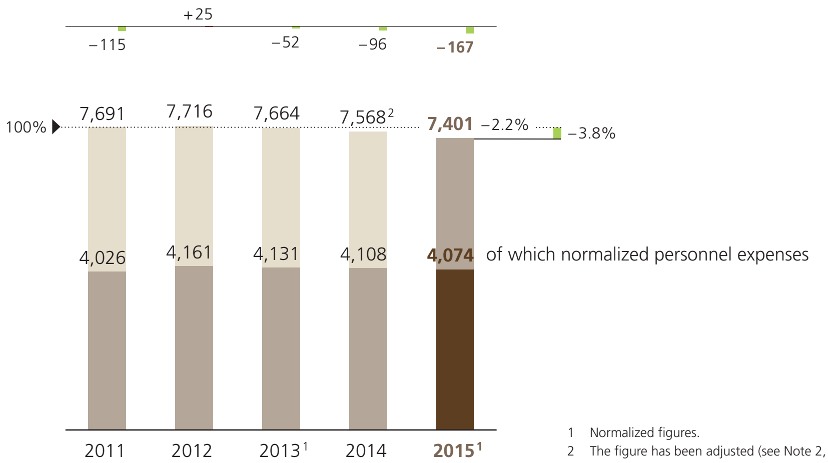
Reduction in normalized operating expenses.

Normalized operating expenses

Normalized operating expenses declined by 167 million francs to 7,401 million francs year-on-year (previous year: 7,568 million francs). Normalized personnel expenses in relation to total operating expenses remained relatively stable and stood at around 55 percent in 2015.

Reduction in normalized operating expenses

Group | Normalized operating expenses
2011 to 2015, showing change from prior year / over several years
2011 = 100%, CHF million

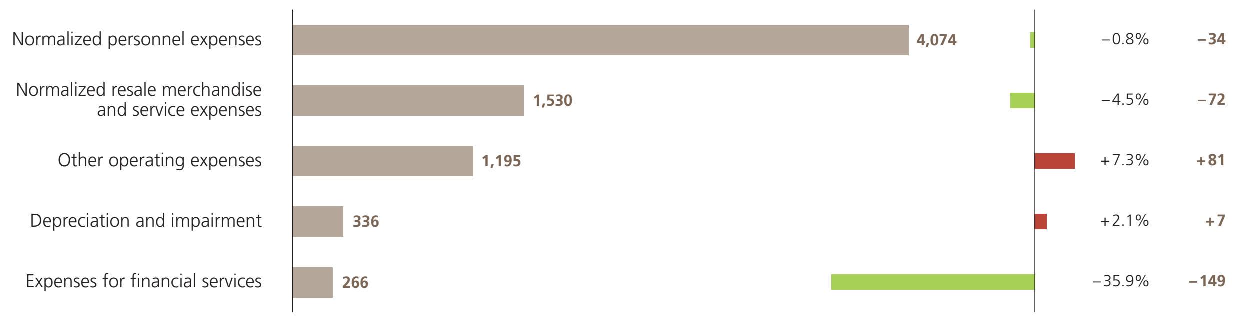


1 Normalized figures.
2 The figure has been adjusted (see Note 2, Basis of accounting, Accounting changes).

The decline in normalized personnel expenses year-on-year was mainly due to lower costs for wages and salaries and for social security benefits. Normalized resale merchandise and service expenses decreased by 70 million francs due to changes in volumes. Expenses for financial services fell by 149 million francs. This decline was due to generally low interest rates and non-recurring additional portfolio value adjustments in the PostFinance business unit. Other operating expenses increased by 80 million francs in 2015. This rise was primarily due to the tenant fit-out of the new Swiss Post headquarters, which was partly recognized in profit or loss. Expenses for depreciation and impairment remained stable.

Significant reduction in expenses for financial services

Group | Normalized operating expenses
2015, showing change from prior year,
CHF million, percent

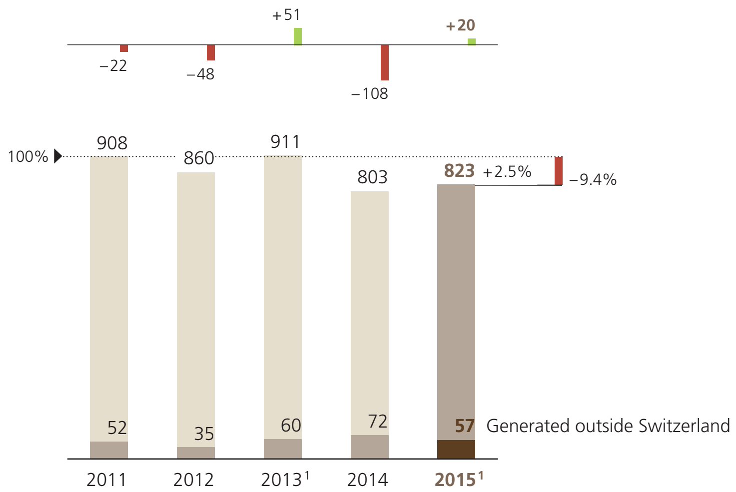


Normalized operating profit

Swiss Post generated a normalized operating profit of 823 million francs in 2015 (before normalization: 876 million francs). This represents an increase of 20 million francs year-on-year, mainly as a result of non-recurring portfolio value adjustments in the PostFinance business unit in 2015.

Increase in normalized operating profit thanks to reversals of impairment

Group | Normalized operating profit
2011 to 2015, showing change from prior year/over several years
2011 = 100%, CHF million



1 Normalized figures.

Slight increase in normalized Group profit.

Normalized Group profit

At 12 million francs, net income from associates and joint ventures was lower than the previous year (16 million francs). Financial income and financial expenses increased by 10 and 12 million francs respectively, however. Normalized expenses for income taxes rose by 7 million francs year-on-year. Normalized Group profit amounted to 645 million francs in 2015 (before normalization: 631 million francs).

One-off items in 2015

Swiss Post's financial result includes the following one-off items in 2015 which have been normalized in the management report:

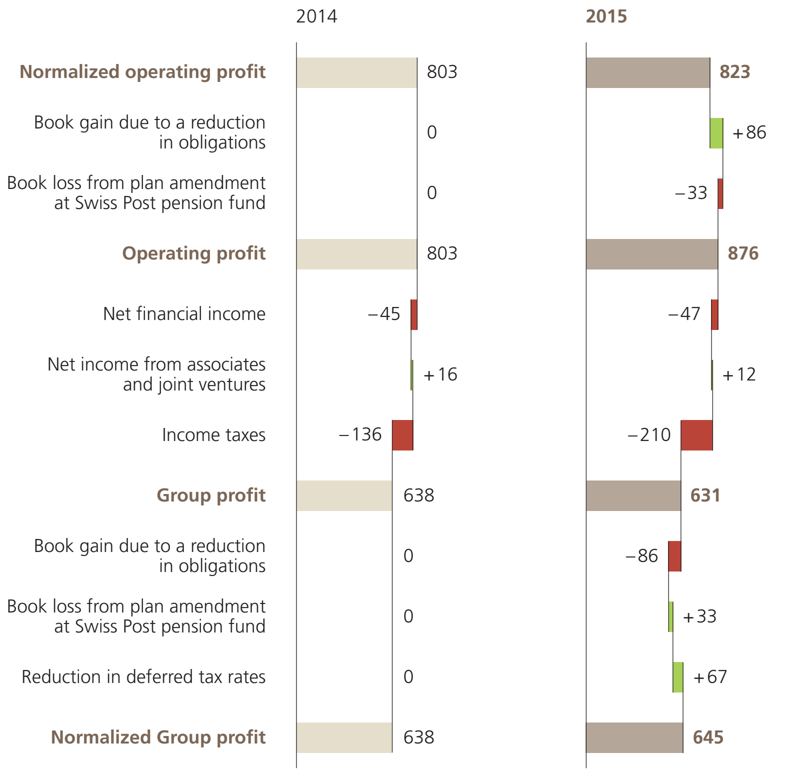
– A book gain due to reduced obligations in expenses for wages and salaries (86 million francs)

– A book loss due to the adjustment of the technical interest rate at the Swiss Post pension fund from 1 January 2015 led to an increase in employee benefit expenses (33 million francs)

– The adjustment of deferred tax rates in individual subsidiaries generated an increase in expenses for income taxes (67 million francs)

Operating profit and Group profit affected by one-off items

Group | One-off items in operating profit and Group profit
2014 and 2015
CHF million



Segment results

Overview

All four markets contributed to the positive operating profit.

Group | Segment results 1.1. to 31.12.2015 with prior-year period CHF million, percent, full-time equivalents	Operating income [1] 2014 [5]	Operating income [1] 2015	Operating result [1,2] 2014	Operating result [1,2] 2015 [6]	Margin [3] 2014	Margin [3] 2015 [6]	Headcount [4] 2014	Headcount [4] 2015
Communication market	4,848	4,678	246	263	5.1	5.6	30,953	29,970
PostMail	2,887	2,820	334	358	11.6	12.7	16,979	16,494
Swiss Post Solutions	659	609	12	15	1.8	2.5	7,466	7,177
Post Offices & Sales	1,663	1,601	– 100	– 110			6,508	6,299
Logistics market								
PostLogistics	1,562	1,552	141	145	9.0	9.3	5,304	5,219
Financial services market								
PostFinance [7]	2,175	2,143	382	459			3,466	3,594
Passenger transport market								
PostBus [8]	835	849	30	29	3.6	3.4	2,789	2,939
Other [9]	886	941	4	– 73			2,169	2,409
Consolidation	– 2,296	– 2,291	–	–				
	8,371	**8,224**	**803**	**823**			**44,681**	**44,131**

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 The financial services market (PostFinance) uses the indicator return on equity; no margin is calculated for “Other”; negative margins are not reported.
4 Average expressed in terms of full-time equivalents (excluding trainees).
5 Figures have been adjusted (see Note 2, Basis of accounting, Accounting changes).
6 Normalized figures.
7 PostFinance Ltd also applies the Accounting rules for banks, securities dealers, financial groups and conglomerates (ARB). There are differences between the ARB and the IFRS results.
8 Within regional public transport, PostBus Switzerland Ltd is subject to the DETEC ordinance on the accounting of licensed businesses (RKV). There are differences between the RKV and the IFRS results.
9 Includes service units (Real Estate and Information Technology) and management units (e.g. Human Resources, Finance and Communication).

Communication market

PostMail

PostMail:
stable profit trend.

PostMail generated a normalized operating profit of 358 million francs in 2015 (before normalization: 383 million francs), exceeding the previous year’s figure by 24 million francs.

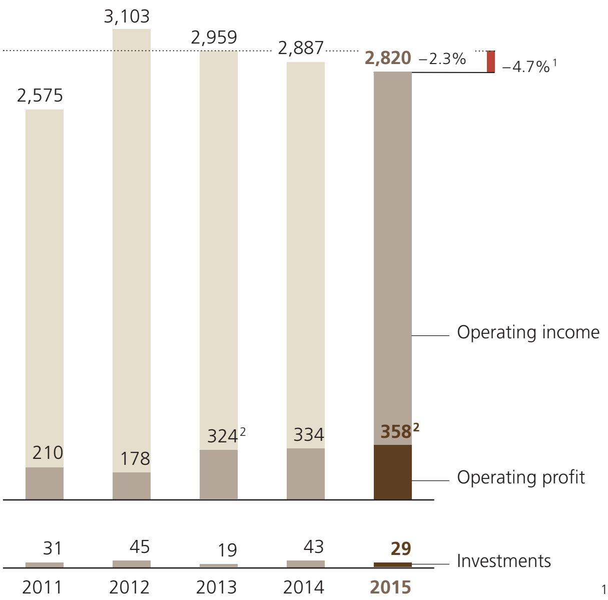
Operating income decreased by 67 million francs to 2,820 million francs. At – 1.4 percent, the decline in volumes of addressed letters was only moderate in relation to the previous year, but nonetheless had a negative effect on operating income. Income from international consignments was below the previous year’s level due to lower volumes and negative currency effects on import consignments. Income from newspaper deliveries decreased by 1 percent despite moderate price increases.

Normalized operating expenses totalled 2,462 million francs, down 91 million francs year-on-year. Normalized personnel expenses decreased by 48 million francs year-on-year due to the lower headcount. The strong franc resulted in lower delivery costs in international business.

Headcount fell by 485 full-time equivalents year-on-year. This was due to the ongoing impact of measures to optimize processes, as well as to declining volumes.

Fall in revenue partially offset by process optimization

PostMail | Operating income, normalized operating profit and investments
2011 to 2015, showing change from prior year / over several years
CHF million



1 Difference since new postal legislation came into force in 2013.
2 Normalized figures.

Since 2013, PostMail has achieved an operating profit of over 300 million francs, making a substantial contribution to the Group result. The years 2011 and 2012 are not comparable. The increase in operating profit between 2012 and 2013 was due to the new postal legislation which came into force in 2013. The integration of Swiss Post International took effect between 2011 and 2012, and Asendia was established as a joint venture with France's La Poste between 2012 and 2013.

Not taking into account the above effects, operating income has decreased constantly over the past few years. Declining average annual volumes of addressed letters contributed to the reduction in revenue, as did decreases in newspaper subscriptions and import consignments.

Annual investments of 30 million francs on average ensure the continuing excellent quality of PostMail services. In recent years, investments have been made in the expansion of distribution centers and in the optimization of automatic sequencing in particular.

Swiss Post Solutions

Swiss Post Solutions: positive trend in operating profit.

Swiss Post Solutions achieved a normalized operating profit of 15 million francs (before normalization: 16 million francs). Normalized operating profit was therefore 3 million francs higher than the previous year's figure.

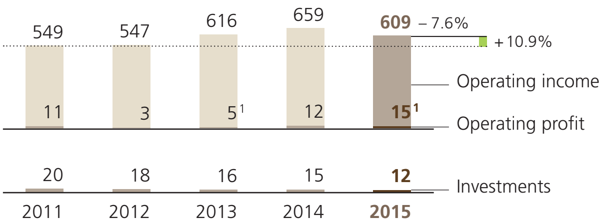
Operating income decreased by 50 million francs to 609 million francs. The decline was essentially due to a business unit transfer as well as to translation effects (conversion of accounts managed in foreign currencies into the Group's reporting currency). In contrast, higher operating income was achieved from new business and greater volumes were generated, particularly in Switzerland and the United States.

Normalized operating expenses totalled 594 million francs, down 53 million francs on the previous year's figure. As well as measures to increase efficiency and improvement projects, translation effects also contributed to the decline in expenses.

Average headcount fell by 289 to 7,177 full-time equivalents year-on-year, principally as a result of the representation in Vietnam and a business unit transfer.

Expansion of market position for comprehensive services

Swiss Post Solutions | Operating income, normalized operating profit and investments
2011 to 2015, showing change from prior year/over several years
CHF million



1 Normalized figures.

The progression of the Swiss Post Solutions business unit has been heavily influenced by the optimization of the portfolio of products and interests over the past five years. As a result, average operating profit amounted to 9 million francs.

During the same period, operating income and investments were principally characterized by acquisitions and demergers of associate companies, together with restructuring and cost reduction measures.

The material changes in terms of investments concerned the divestment of the DirectMail business into a joint venture in 2011, the acquisition of the document solutions business from Pitney Bowes in the UK in 2013, and a business unit transfer in the past financial year.

Post Offices & Sales: operating result affected by declining core business.

Post Offices & Sales

Post Offices & Sales generated a normalized operating result of – 110 million francs in 2015 (before normalization: – 100 million francs), down 10 million francs on the previous year. The fall in sales resulting from declining letter and parcel volumes and inpayments at the post office counter could not be fully offset despite the ongoing transformation of the post office network.

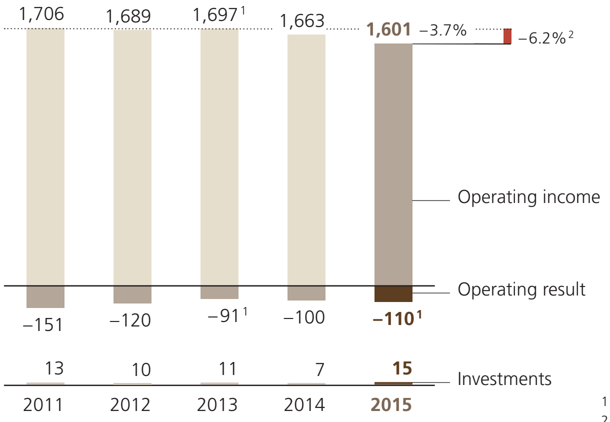
Operating income fell by 62 million francs year-on-year to 1,601 million francs. The decline in volumes of the logistics products letters and parcels, combined with the decrease in payment transactions, led to a fall in revenue of 30 million francs. Income from non-postal brand name items also fell by 30 million francs. Income with business customers was maintained.

Normalized operating expenses were cut by 52 million francs year-on-year to 1,711 million francs. The negative income trends from postal and non-postal products were reflected in lower expenses for sorting, transport and delivery as well as for resale merchandise. Normalized personnel expenses fell by 27 million francs due to lower headcount.

Headcount totalled 6,299 full-time equivalents, 209 fewer than the previous year, mainly as a result of developments in the post office network.

Transformation of the post office network required due to ongoing decline in operating income

Post Offices & Sales: Operating income, normalized operating result and investments
2011 to 2015, showing change from prior year / over several years
CHF million



1 Normalized figures.
2 Difference since new postal legislation came into force in 2013.

The contribution to the operating result has remained negative in the past few years. The decline in operating income was attenuated in the operating result thanks to constant efficiency improvements. The figures from 2011 and 2012 are not comparable with those from 2013 to 2015 (new postal legislation from 2013).

Operating income has decreased at a rate of around 2 percent per annum. This is due to a decline in letter volumes and inpayments at the post office counter. Through cautious network development, Post Offices & Sales was able to maintain the number of customer access points (around 3,500 post offices, postal agencies and home delivery services) and even increase customer satisfaction among both private customers and SMEs by one percentage point each. Non-postal brand name items contributed approximately half a billion francs to operating income respectively.

Average investments stood at 11 million francs per year. These sums were predominantly invested in the image and appearance of post offices.

Logistics market

PostLogistics

PostLogistics: operating profit up year-on-year.

PostLogistics generated a normalized operating profit of 145 million francs in 2015 (before normalization: 152 million francs), up 4 million francs year-on-year.

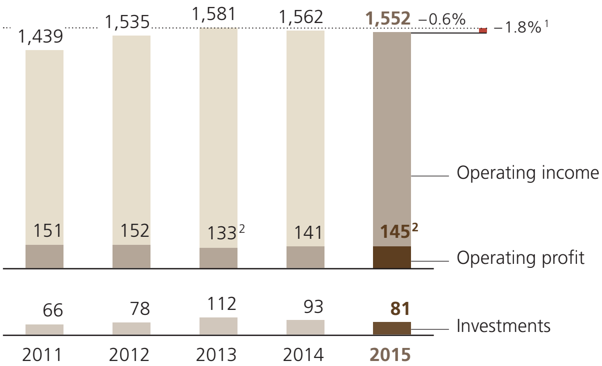
Operating income totalled 1,552 million francs, down 10 million francs on the previous year. This decline was due to the loss of customers in small consignment transport and warehousing, combined with lower income in the fuel business. Higher parcel volumes, increased demand for value logistics solutions and a company takeover only partially offset the decrease in operating income.

Normalized operating expenses decreased by 14 million francs year-on-year to 1,407 million francs. This was mainly the result of the decline in headcount and lower fuel prices. Savings were also made in expenses for rent and third party transport.

Average headcount fell by 85 to 5,219 full-time equivalents as a result of optimization measures in small consignment transport and warehousing.

Stable profit trend over the last five years

PostLogistics | Operating income, normalized operating profit and investments
2011 to 2015, showing change from prior year/over several years
CHF million



1 Difference since new postal legislation came into force in 2013.
2 Normalized figures.

PostLogistics achieved an increase in operating profit in each of the past two years. Operating profit declined in 2013. The recent rise in operating profit is the result of the consistent implementation of optimization measures and efficiency improvements.

Operating income has been subject to fluctuations in the past five years, but has increased overall. A number of factors have had an impact on operating income. The most important of these is the change in parcel volumes. It has recorded an increase in the last few years. This has mainly been due to growth in online trade. However, growth has only been registered for business customers, while parcel volumes for private customers have been declining for years. Small consignment transport and warehousing face intense competition. PostLogistics has registered a loss of customers in this area, particularly in the year under review.

Average investments stood at over 80 million francs per year. The investments made in the past three years exceeded those of 2011 and 2012. This was primarily due to investments to increase the capacity of the parcel centers in order to be able to continue processing rising parcel volumes.

Financial services market

PostFinance

PostFinance: significant increase in operating profit.

PostFinance generated a normalized operating profit of 459 million francs in 2015 (before normalization: 463 million francs), up 77 million francs year-on-year. Portfolio reversals of impairment on financial investments of 25 million francs were recorded in the reporting period. In contrast, the creation of portfolio value adjustments of 84 million francs had a negative effect on the result in the prior-year period.

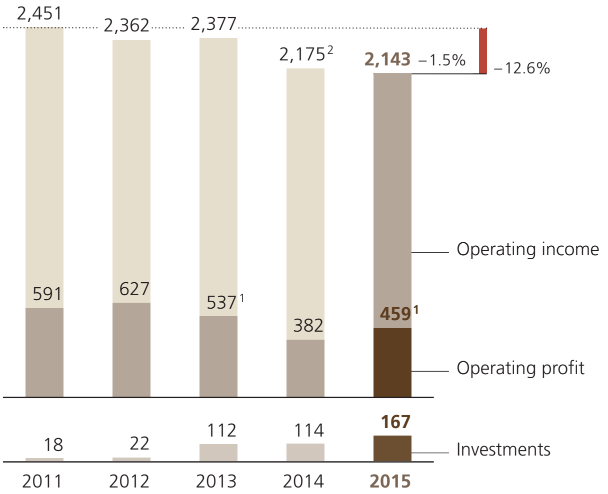
Operating income was down 32 million francs to 2,143 million francs. The fall in the result from interest operations could not be offset by reversals of impairment on the investment portfolio, additional income from fees on customer deposit credit balances and repo investments in commission and service income, as well as sharply higher net trading income following the lifting of the minimum exchange rate. Capital gains realized from the sale of equity holdings in the prior-year period were not repeated in the period under review.

Normalized operating expenses decreased by 109 million francs year-on-year to 1,684 million francs. Higher normalized personnel expenses and higher expenses for strategic projects were offset by lower interest expense and lower value adjustments needed on the investment portfolio.

Headcount rose by 128 full-time equivalents year-on-year to an average of 3,594 full-time equivalents. Strategic projects led to an increase in staff requirements.

Highly volatile operating profit due to portfolio value adjustments and low interest rates

PostFinance | Normalized operating income, normalized operating profit and investments
2011 to 2015, showing change from prior year / over several years
CHF million



1 Normalized figures.
2 Figures have been adjusted (see Note 2, Basis of accounting, Accounting changes).

Operating profit at PostFinance is greatly dependent on portfolio value adjustments and/or portfolio reversals of impairment on financial investments, which are highly volatile due to market conditions.

The interest differential business is the most important source of revenue for PostFinance. The ongoing low interest situation has eroded interest margins and had a negative effect on net interest income, with operating income declining in the last few years. This situation will remain a challenge for PostFinance over the next few years. Non-interest related revenue in net service and commission income and trading activities, which has increased in recent years, had a positive effect on operating income.

Investments have increased significantly over the last two years. PostFinance has been a private limited company under private law since June 2013. As part of its capitalization, PostFinance acquired a real estate portfolio, which it has continued to invest in ever since. Investments have also been made in modernizing the core banking system.

Passenger transport market

PostBus

PostBus: slight drop in operating profit.

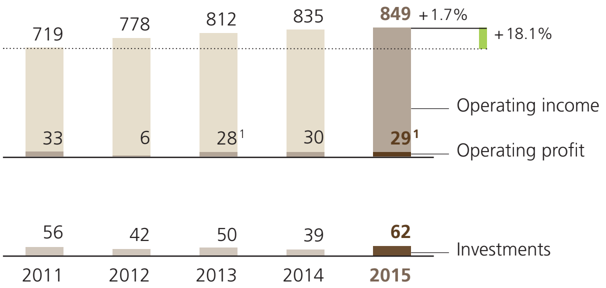
PostBus generated a normalized operating profit of 29 million francs in 2015 (before normalization: 33 million francs), falling short of the previous year's figure by one million francs. This was due to a reduction in compensation for existing services and an increase in project expenses. Operating income was up 14 million francs to 849 million francs. This was primarily due to the expansion of services in Switzerland. A new network resulted in additional operating income in France. The translation effect (conversion of accounts managed in foreign currencies into the Group's reporting currency) led to a 3 million franc reduction in operating income.

Normalized operating expenses increased by 15 million francs to 820 million francs. The increase was due primarily to the greater number of kilometres covered and to the higher staff levels required as a result. These effects were partly offset by the downward trend in fuel prices and translation effects on the expenses side.

Headcount rose by 150 to 2,939 full-time equivalents due to the expansion of transport and system services in Switzerland and additional services in France.

Constant growth in the domestic passenger transport market

PostBus | Operating income, normalized operating profit and investments
2011 to 2015, showing change from prior year/over several years
CHF million



1 Normalized figures.

Operating profit has fallen by around 3 percent in the past 5 years, but has remained stable over the past 3 years at just under 30 million francs. Despite constant growth in public transport and system services, the growing pressure of purchasers on compensation in regional transport could not be offset.

Operating income increased by an average of 4 percent during the same period. The lower growth in operating income in 2015 was due to the abandoning of the minimum euro exchange rate by the SNB, and is reflected in the translation effect (conversion of accounts managed in foreign currencies into the Group's reporting currency). Without this effect, growth would have been slightly higher year-on-year.

Investments increased constantly, growth remaining roughly on a par with the increase in operating income.

Management and service units

Management and service units: decline in operating result.

The management and service units generated a normalized operating result of –73 million francs in 2015 (before normalization: –71 million francs). The result was therefore 77 million francs lower year-on-year.

At 941 million francs, operating income rose by 55 million francs year-on-year. The increase is essentially due to property sales and the takeover of a business unit from Swiss Post Solutions.

Normalized operating expenses increased by 132 million francs to 1,014 million francs. In addition to the tenant fit-out in the new Swiss Post headquarters that was partly charged to the income statement, the business unit transfer noted above also had a negative impact on expenses. Normalized personnel expenses increased by 38 million francs.

Headcount rose by 240 to 2,409 full-time equivalents,

Acquisitions

Switzerland
Post CH Ltd, based in Berne, acquired the company Tele-Trans AG, based in Basel and its subsidiary Tele-Trans SA, based in Saint-Louis (France) on 19 February 2015. This acquisition enables PostLogistics to strengthen its international unit, to expand its current service portfolio and to safeguard its presence in the customs clearance market in the Basel area. Tele-Trans AG and its subsidiary offer services in the field of European transport and customs clearance, and employ seven members of staff.

SecurePost Ltd, based in Oensingen, took over banknote processing from UBS AG, based in Zurich and Basel, on 1 September 2015. SecurePost Ltd becomes the largest banknote processor in Switzerland as a result of the acquisition. The takeover includes operating materials as well as around 40 members of staff.

Post CH Ltd, based in Berne, acquired APZ Direct AG, based in Schaffhausen, on 1 October 2015. The acquisition enables PostMail to strengthen its position in the growth area of direct marketing. APZ Direct AG specializes in the delivery of unaddressed and addressed mail, and employs around 230 members of staff.

Post CH Ltd, based in Berne, acquired IWARE SA, based in Morges, on 2 October 2015. The acquisition enables PostMail to strengthen its position in the publishing business. IWARE SA operates in fields including subscription management and the issuing of publications, and employs 13 members of staff.

Post CH Ltd, based in Berne, acquired health care research institute AG (hcri), based in Zurich, on 15 October 2015. Thanks to this acquisition, Swiss Post is strengthening its market position, and positioning itself as an innovative, integrated service provider in the healthcare sector. health care research institute AG (hcri) is the market leader in the data-driven quality management of processes and information processing in the healthcare sector, and employs 19 members of staff.

Post CH Ltd, based in Berne, acquired Botec Boncourt S.A. and Botec Logistic SA, both based in Boncourt, and Botec Sàrl, based in Fêche-l'Église (France), on 30 October 2015. Thanks to these acquisitions, PostLogistics is strengthening the freight, express and warehousing international unit, including customs clearance, and increasing its presence in the area of Boncourt, crossing the border into France. As well as customers, the takeover includes the infrastructure, with a customs clearance office in Boncourt, and nine members of staff.

Post CH Ltd, based in Berne, acquired Allenbach Verzollungsagentur GmbH, based in Münchenstein, on 30 November 2015. This acquisition enables PostLogistics to strengthen its international forwarding and customs clearance unit, to expand its current service portfolio and to boost its presence in the customs clearance market. Allenbach Verzollungsagentur GmbH has two sites in Münchenstein and Basel-Weil, and employs three members of staff.

France
CarPostal France SAS, based in Saint-Priest (France), acquired the two associates Grindler Autocars et Transports Grindler and Les Cars du Trièves, both based in Vif (France), on 1 December 2015. With this acquisition, PostBus is expanding its vehicle depots to all three valleys around Grenoble, strengthening its presence in the department of Isère. The Grindler family business, which employs 90 people, is one of the most important transport companies in the Grenoble region.

Overall, the effects of the acquisitions mentioned on the consolidated accounts are not material.

For detailed information on the changes in the consolidated Group, see page 145.

Assets and financial situation

Cash flow and investments

Cash flow from operating activities totalled – 2,990 million francs in 2015. Cash flow from operating activities of – 1,925 million francs was recorded in the 2014 comparison period. The outflow of funds in 2015 mainly concerned the financial services business. For more information on changes in the consolidated cash flow statement, see page 78.

Self-financing of investments

Group | Internal financing
2015, showing change from prior year
CHF million

Overall, investments in property, plant and equipment (279 million francs, mainly in operating property and vehicles), as well as in investment property (47 million francs), intangible assets (95 million francs) and interests (16 million francs) were down 6 million francs on the previous year. Excluding the positions from financial services reported in the balance sheet, cash flow was sufficiently high for the company to finance its own investments. In the coming year, Swiss Post will continue to take steps to automate its processes in order to improve efficiency, which is reflected in higher planned investments of around 500 to 600 million francs in comparison with the previous financial year. Investments will mainly be made in property, plant and equipment, predominantly in Switzerland.

Net debt

For the indicator net debt / EBITDA (operating profit before depreciation and amortization) Swiss Post has set a maximum figure of 1 as its target. Customer deposits and financial assets of PostFinance Ltd are not included in the calculation of this indicator. Values above the target are possible in the short term. Values below the target indicate financial leeway. The target was met as at 31 December 2015.

Consolidated balance sheet

Amounts due from banks
In comparison with 31 December 2014, amounts due from banks decreased by 3,610 million francs.

Financial assets
In comparison with the end of 2014, financial assets fell by 354 million francs.

Property, plant and equipment
The carrying amount for property, plant and equipment fell by 54 million francs compared with 31 December 2014. Depreciation and impairment increased by 7 million francs, reaching 336 million francs in 2015.

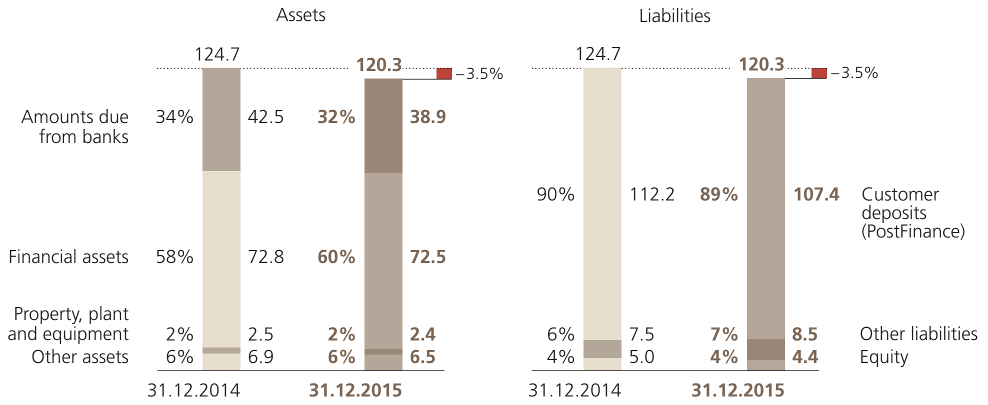
Customer deposits
Since the end of the previous year, customer deposits at PostFinance have decreased by 4,770 million francs to 107,380 million francs. As at 31 December 2015, customer deposits accounted for around 89 percent of the Group's total assets.

Other liabilities (provisions)
Provisions including employee benefit obligations increased by 1,297 million francs in comparison with the previous year-end figure. This was essentially due to an increase in employee benefit obligations of 1,358 million francs associated with discount rates. The discount rate had to be reduced due to interest trends on the financial markets. All other provisions changed only marginally in comparison with the previous year.

Equity
Consolidated equity as at 31 December 2015 (4,385 million francs) was calculated net of the appropriation of profit for 2014.

Decrease in total assets year-on-year

Group | Balance sheet structure
As at 31.12.2014 and 31.12.2015
CHF billion



Appropriation of profit

The appropriation of profit is determined by legal provisions and by the requirements of the business. The key issue is an appropriate capital structure. The amount remaining after the payment of the dividend to the owner is transferred to the reserves.

The proposed appropriation of profit of Swiss Post Ltd can be found on page 160.

Non-financial results of a material nature

In addition to the financial goal (EBIT of between 700 and 900 million francs) and the aim of holding "the leading market position in Switzerland", Swiss Post has set itself the following strategic goals (see pages 16 and 18):

– Customer satisfaction: at least 78 points on a scale of 0–100
– Employee commitment: at least 80 points on a scale of 0–100
– Sustainability: 10 percent improvement in CO_2 efficiency by the end of 2016 in comparison with 2010
– Universal service: unrestricted regulatory audit certification

Customer satisfaction

Customers have been very satisfied with Swiss Post for years.

Swiss Post endeavours to adapt to changing customer requirements and to develop its products and services accordingly. For 17 years Swiss Post has commissioned an independent institute to conduct and evaluate an annual satisfaction survey among around 24,000 private and business customers throughout Switzerland and in selected countries abroad for quality assurance and improvement purposes. Data is collected regarding satisfaction with Swiss Post – both in general and specifically in relation to the range of products and services, customer contact, customer advisors, prices (or value for money) and problem solving.

Group | Customer satisfaction

2015 with previous two years for comparison
Index 100 = maximum

	2013	2014	2015
Swiss Post Group	80	80	80
Business customers (Switzerland)			
PostMail (national consignments)	78	79	79
PostMail mail (international consignments)	79	77	77
PostLogistics	78	77	77
PostFinance [1]	83	82	79
Swiss Post Solutions	79	82	79
Post Offices & Sales	82	82	82
Postal agencies – SMEs	81	– [2]	80
Private customers			
PostFinance [1]	85	84	80
Post Offices & Sales	86	86	87
Home delivery service	84	– [2]	84
Agencies	79	– [2]	79
PostBus, commuters	74	76	74
PostBus, leisure travellers	83	84	83

1 2015 results not comparable with those of previous years due to changes in the sampling procedure.
2 Data only collected every two years.

Group | Recipient customer index

2015 with previous two years for comparison
Index 100 = maximum

	2013	2014	2015
Overall delivery quality (recipient customer index)	92 [1]	91	91

1 Because of changes to the questionnaires, the 2013 figure cannot be compared directly with that of the following years.

The results have remained very high for several years. At 80 out of a possible 100 points, this year's Group-wide customer satisfaction index confirms the record for the second time. Customers indicate that they particularly appreciate the quality of services and personal advice provided. Figures above 80 are considered to reflect very high levels of satisfaction, whereas figures below 65 are seen as critical.

Private customers

The 14,000 private customers questioned in the customer satisfaction survey rated individual Group units very highly, as they did last year. The highest number of points (87) was achieved by the Post Offices & Sales unit. Private customers generally award the individual Swiss Post units good marks, with ratings between 74 and 87 points.

The quality of letter deliveries was rated by 12,800 private recipient customers in a separate survey – the recipient customer index – achieving a very high 91 points on a scale of 0 to 100. For many years now, the highest values have been for the professional and friendly manner of delivery staff. This survey has been carried out and evaluated by an independent institute since 2004.

The customer satisfaction index and recipient customer index are produced using different criteria, which means they are not directly comparable to one another.

Business customers

The 8,000 or so business customers questioned once more assigned high scores of between 77 and 82 to individual units, with the post offices again receiving very good grades of 82 out of a possible 100 points. For the second year running, business customers rated national letter mail with a high 79 points, and international letter mail with a solid 77 points in terms of overall satisfaction. They awarded the Logistics division of Swiss Post the same score.

On the basis of the survey results, Swiss Post implements various initiatives and measures in order to strengthen customer proximity and to meet the needs of different customer groups more effectively. Customers continue to regard problem-solving as the area with the most potential for improvement. By finding out what is important to its customers, Swiss Post can optimize and constantly adapt the entire customer experience chain.

Simply closer to the customer

Swiss Post is in contact with a large number of very different private and business customers who all have their own individual requirements. The results of the customer satisfaction survey indicate how good Swiss Post is at providing individual guidance from the customer's perspective. In e-commerce it already offers tailored solutions that adapt to customer requirements and make their everyday lives easier. Swiss Post wants to prove that it is capable of doing the same in other areas, including complaints management. To ensure greater proximity to its customers in this area, Swiss Post has made a range of amendments and introduced optimized processes, including more straightforward goodwill guidelines at post office counters for private customers, as well as for business customers with the revision of complaints management and with it the planned introduction of a new system for Swiss-Express "Innight", transport and warehousing services. Furthermore, the Post Offices & Sales unit has been responsible for coordinating and managing customer access points since 1 January 2016, while the development of logistics products for private and business customers has been integrated at PostMail and PostLogistics. This will enable Swiss Post to address the different needs of its customer groups more effectively and to continue its development.

Employees

Employee commitment

Committed and satisfied employees at Swiss Post.

Employees regard Swiss Post as an attractive employer. In the 2015 employee satisfaction survey, they confirmed that they are committed to their work and to the company's success. This is reflected in the result in a high positive rating, with 82 out of 100 points for personal commitment. The commitment index is the central element of the survey and consists of three components: identification, staff turnover and motivation.

Good working conditions and pleasant working relationships

The results remain stable year-on-year at a high level, with a medium to high positive rating across the Group. With 76 points, the work situation (work content, processes, workload and working conditions) was rated one point higher than the previous year. In their everyday work, employees are particularly positive with respect to cooperation and mutual support within and between teams, their perceived ability to contribute to the company, and work-life balance. Employee satisfaction again scored 75 points.

Further development and customer focus in the spotlight

Employees see Swiss Post as an innovative company that is developing positively with its strategic focus. They appreciate the transparent flow of information and have confidence in its management. The unit fitness score derived from this improved by one point to 73 points. This encompasses the factors strategy, management, information and communication, change and innovation, cooperation, and development. The rating for customer focus from an internal perspective remained at a stable high level with 79 points. However, staff also saw potential for improvement here, and various measures have been taken to address the relevant issues together.

Measurement categories unchanged over seven years

For the survey in May 2015, Swiss Post used the same measurement model for the seventh year running. Values from 60 to 74 points are considered an "average positive" rating, while values between 75 and 84 points are rated "high positive". The questionnaire was distributed to 49,400 employees in 16 countries in seven different languages. The response rate was around 78 percent (previous year: 79 percent).

Group | Employee satisfaction survey

2015 with previous year for comparison Index 100 = maximum	2014	2015
Commitment	82	82
Identification	81	81
Staff turnover	80	80
Motivation	86	86
Work situation	76	75
Unit fitness [1]	72	73
Customer focus	79	79
Employee satisfaction	75	75

1 Unit fitness encompasses the factors strategy, management, information and communication, change and innovation, cooperation, and development.

Investment in staff

Promote the performance and development of employees.

Swiss Post is successful when its employees put the corporate strategy to practical use in their daily work with motivation and professionalism. To achieve this, Swiss Post relies on exemplary employment conditions and provides employees at every level and of every age with opportunities for development. By doing so, Swiss Post aims to improve the performance of its employees and to promote market-oriented action.

Support for apprentices and young talent

2,077 apprentices received training in 15 professions at Swiss Post in 2015. This represents 5.7 percent of its headcount in Switzerland. This makes Swiss Post one of the largest training companies in Switzerland. The success rate in final apprenticeship examinations stood at 98.9 percent in 2015. Four out of every five newly-qualified professionals continued to work for Swiss Post. Furthermore, Swiss Post enabled 24 university graduates to enter the working world as part of its in-house trainee programme.

Internal advanced training measures

The skills and competencies required in the company are enhanced by means of appropriate specialist training courses. Around 640 internal specialist and management courses in the form of face-to-face training in German, French and Italian are registered in the central system. More than 3,400 courses have been organized, enabling almost 36,000 employees to attend training events lasting an average of one to one and a half days. In addition, Swiss Post employees have access to 900 e-learning courses in German, French, Italian and English which have been completed around 100,000 times.

One key aspect of internal basic and advanced training at Swiss Post is the militia principle which enables in-depth expert knowledge and the strong practical relevance of the input from specialists to benefit the different Group units. In future, the main focus of internal training courses will be to promote the development of skills specific to Swiss Post. The leadership development programmes for current and future managerial staff in the units remain of high relevance. An in-house training format was developed and implemented for top management at Swiss Post in 2015. A cross-unit programme for the HR and organizational units has been developed in order to provide efficient support for the achievement of the strategic goals.

External individual basic and advanced training

Last year, Swiss Post provided almost 5.5 million francs of financial support for external basic and advanced training requested by its employees. Around 1,000 members of staff were able to benefit from the necessary time and/or funding. This generous contribution reflects the company's interest in keeping employee training at a persistently high level.

Social counselling service, Job Center

Helping employees, managers and HR advisors in difficult situations, pointing out prospects, and encouraging personal responsibility and motivation: these are the responsibilities of Swiss Post's social counselling service and Job Center. The core tasks carried out by the social counselling service involve offering professional support to employees experiencing difficult situations in their lives. 2,476 people were given advice in 2015; 494 employees received financial support from the Swiss Post Personnel Fund or were granted a loan. Swiss Post's internal Job Center is a point of contact where staff can ask questions about their professional situation and personal advancement. 653 career counselling sessions were held and 52 interviews given on professional re-orientation, making the Job Center a vital part of Swiss Post's socially responsible human resources policy. 859 diagnostic test instruments were used during counselling sessions.

Employment conditions

Collective employment contract

Swiss Post will remain a socially responsible employer in the future.

Negotiations on new collective employment contracts (CEC) for more than 30,000 employees of Post CH Ltd, PostBus Switzerland Ltd and PostFinance Ltd were successfully completed in March 2015. The focus was on future salary policy, working hours regulations and other subjects such as loyalty bonuses or paternity and maternity leave. The new employment conditions came into force on 1 January 2016. The new CEC establishes the necessary organizational framework for Swiss Post to remain an attractive employer on the labour market. Swiss Post will also continue to be a socially responsible employer that offers fair working conditions in the future.

Equal pay

Swiss Post employees are entitled to receive equal pay for work of equivalent value. This is guaranteed for CEC staff by means of function levels based on a non-discriminatory functional evaluation system. The danger of wage inequality is thereby minimized. Swiss Post sets great store by equal pay and was one of the pioneering companies to take part in equal pay dialogue. The very good results from a study on equal pay confirm the effectiveness of the Swiss Post salary system.

Diversity at Swiss Post

Swiss Post creates an operating framework which empowers staff members to combine the different aspects of their lives. This includes flexible working models. Around 23,600 employees work part-time and 4,000 take advantage of teleworking. Opportunities for job sharing are also very popular. Swiss Post also contributes 600,000 francs towards external childcare, making it easier for employees to achieve a good work-life balance.

Retirement planning, social security

Stability at the Swiss Post pension fund.

The Group's own employee benefits institution, the Swiss Post pension fund, with total assets of around 16 billion francs, insures 44,000 Swiss Post employees in Switzerland and pays 735 million francs in pensions to 29,000 pensioners each year. The level of cover stood at 99.4 percent at the end of 2015. The foundation board, formed jointly by employer and employee representatives, is responsible for the management of the foundation. The Swiss Post pension fund exceeds the statutory minimum requirements (Federal Law on the Occupational Old-age, Survivors' and Disability Benefit Plan, BVG). Swiss Post employer contributions represent 270 million francs per year. From 2016, the conversion rate that determines the pension amount will be 5.35 percent at the age of 65.

More information on employees can be found in the Annual Report on page 45.

Sustainability

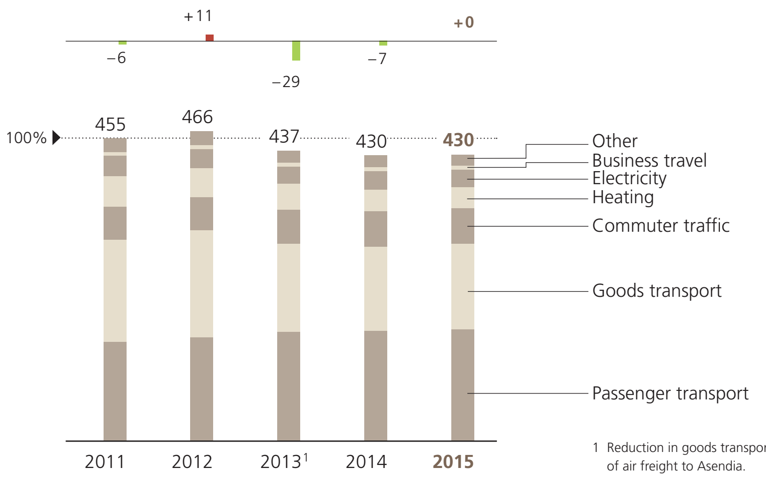
Extended sustainability objectives.

With its sustainability strategy for 2014–2016, Swiss Post is aiming to achieve a CO_2 efficiency increase of at least 10 percent by the end of 2016 (base year: 2010). This Group goal is defined in relation to the core services of the units: Swiss Post is looking to reduce greenhouse gas emissions for every consignment transported, every passenger carried, every transaction, and every heated square metre in its buildings.

The current social commitment is now being integrated into the sustainability strategy in the form of objectives in the fields of education, health and procurement. In the interests of employees and their safety, Swiss Post has defined the quantitative goals of maintaining the proportion of trainees at 5 percent and reducing occupational accidents by 3 percent by 2016 (base year: 2013). With respect to procurement, Swiss Post is examining the issues more closely and introducing new sustainability criteria.

Swiss Post's greenhouse gas performance is stable.

Group | Greenhouse gas emissions by process
2011 to 2015
2011 = 100%, 1,000 t CO_2 equivalents (within and outside Swiss Post)



1 Reduction in goods transport by air following outsourcing of air freight to Asendia.

Swiss Post's greenhouse gas emissions remain stable, despite an increase in parcel volumes and business growth at PostBus. Heat requirements have been continually reduced.

Swiss Post achieved an increase in CO_2 efficiency of 13 percent by the end of 2015. In order to reduce its CO_2 emissions, Swiss Post has implemented a comprehensive package of measures.

- As a transport-intensive company, it is constantly testing alternative drive systems and fuels, and utilizing them wherever possible. Biodiesel, eco-electricity and biogas have already become standard fuels for Swiss Post's vehicle fleet. PostBus operates five fuel cell buses and 31 diesel hybrid buses on Swiss roads. 26 Mobility Solutions Ltd petrol stations offer diesel containing 7 percent biodiesel made from residues from edible oil production. The electric scooter fleet has increased to 5,772 vehicles that run on environmentally friendly eco-electricity. The 100 or so gas vans are fuelled with 100 percent Swiss biogas. In addition, the use of vehicle capacities and routes are continually being optimized.

- Potential energy savings in building services and in post offices have been identified and appropriate measures introduced. The MINERGIE®-compliant Swiss Post headquarters in Berne's Wankdorf City district is the first office building in Switzerland to receive the international DGNB certificate in gold.

– Swiss Post covers 100 percent of its electricity requirements with "naturemade basic" certified renewable energy from Switzerland, which contains 5 percent of "naturemade star" certified green electricity. Swiss Post operates ten photovoltaic systems on its roofs, feeding approximately 5 GWh of solar electricity into the grid each year.

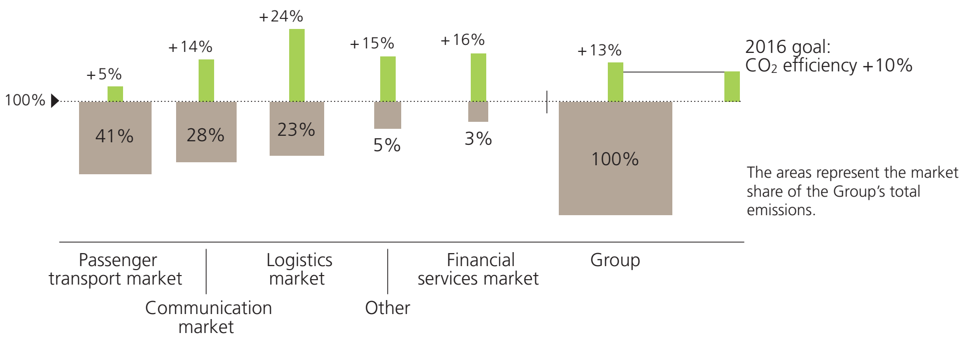
– With "pro clima" – Shipment, all domestic letters sent by Swiss Post have been carbon neutral since 2012 at no extra charge for customers. Swiss Post is funding the construction of the first gold standard Swiss Post climate protection project in Switzerland: it consists of 30 biogas plants and farms that reuse manure and other organic waste to generate electricity.

– Raising employees' awareness of sustainability is a recurring theme of internal communication that is explored in depth at workshops and other events.

The constant increase in CO_2 efficiency is achieved by implementing a range of measures to reduce greenhouse gas emissions and to improve the efficiency of the core services it provides.

CO_2 efficiency improved in all markets

Group | CO_2 efficiency and proportion of CO_2 emissions by market
2015
CO_2 efficiency index[1], 2010 = 100%, proportion of emissions in percent



1 The CO_2 efficiency index is measured as the change in CO_2 equivalents per core service unit in the financial year in comparison with the base year 2010. The core service is defined according to unit (item, transaction, passenger kilometres, kilometres, full-time equivalent, etc.).

The number of occupational accidents has been reduced thanks to the consistent introduction and implementation of operating group solutions in each individual unit. The Group target of reducing occupational accidents by 3 percent between 2013 and 2016 was exceeded significantly by 11 percent from as early as 2014. The proportion of trainees stands at over 5 percent.

In procurement, sustainability criteria have been defined for each product group, and the purchasers trained accordingly. In turn, Swiss Post advocates socially acceptable working conditions and environmental measures at its suppliers across the entire procurement chain. Swiss Post has been a member of the Fair Wear Foundation (FWF) since 2012 to ensure the socially responsible production of its work clothing. Swiss Post has now completed the clothing cycle by sorting old Swiss Post uniforms according to their condition, and either recycling them or having them transformed into industrial materials.

Swiss Post supports numerous foundations and charitable organizations, and is particularly committed to helping children and young people. It answers children's letters in the Santa Claus campaign, enables people in need in Switzerland and Eastern Europe to receive Christmas gifts with the 2 × Christmas campaign, and also supports Pro Patria and Pro Juventute.

More information on sustainability can be found in the Annual Report on page 51 and in the GRI report, available at www.annualreport.swisspost.ch.

Universal service

Swiss Post's core services are determined by statutory mandates.

The universal postal service defined in the Postal Services Act encompasses the transport of letters (up to one kilogram), parcels (up to 20 kilograms), newspapers and magazines. These services must be reasonably accessible via Swiss Post's access points, and deliveries must be made to permanently inhabited areas on at least five working days a week. Swiss Post also has a mandate to provide a universal service for payment transactions (more information about the statutory framework can be found on page 16).

Swiss Post aims to fulfil its statutory mandate by focusing on its customers and providing them with consistent high quality. Swiss Post finances the universal service from its own revenue; it does not receive any financial compensation in return. Each year, external auditors carry out checks for PostCom to ensure compliance with the legal requirements for financing the universal service. The last available audit certification from March 2015 concerns the 2014 financial year.

Swiss Post's core products and services are determined by the statutory mandates for the universal service. In addition to its universal service obligations, Swiss Post must also meet the strategic goals of the Federal Council. Swiss Post regards both as opportunities to prove that the trust placed in it is justified. Swiss Post exceeds the requirements, both in terms of the quality and the scope of services it provides, and finances the universal service from its own funds. Swiss Post's success should not be taken for granted. The regulatory framework must remain balanced in the future to enable Swiss Post to take account of complex political, regulatory and commercial demands.

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 and risk-bearing capacity). Risk management can thereby make an important contribution to the quality of decisions and help increase the company's value.

Risk management system

The Board of Directors sets out the primary guidelines and principles for the risk management system and defines risk policy at Swiss Post Ltd. Risk management at Group level is in charge of the risk management process and ensures that risks are identified and recorded in the reporting system twice a year. Executive Management carries out a risk analysis on the basis of this overview. The results are presented to the Board of Directors' Audit, Risk & Compliance Committee and the Board of Directors.

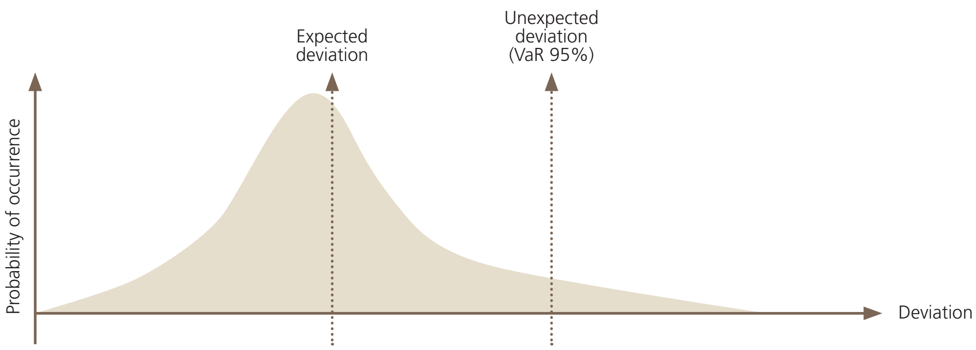
Risk simulation

Monte Carlo simulation techniques are used in risk management to calculate risk indicators that are aggregated on the basis of correlations. The extent of loss or profit that could result from each risk is identified by means of risk simulation. Risks are assessed according to scenario analyses and/or historic event data.

Risk indicators

A picture of the risk situation of a company or of individual units is obtained by simulating individual risks and groups of risks to obtain risk indicators. Expected value and value-at-risk (VaR) are also calculated. Expected value shows the expected EBIT deviation for the next twelve months, while value-at-risk (95 percent) is used for unexpected EBIT deviations. In addition, the expected EBIT deviation for 2024 is simulated and aggregated to identify the strategic risk situation.

Risk indicators



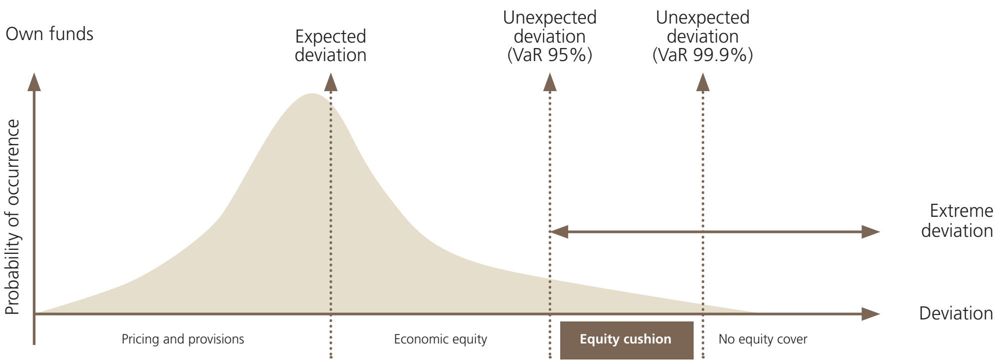
Aggregation levels

Expected value and value-at-risk (95 percent) risk indicators are identified for the Group, its strategic subsidiaries and their units.

Risk appetite and risk-bearing capacity

Risk appetite and risk-bearing capacity are illustrated and checked using these indicators across all three aggregation levels. Risk appetite corresponds to the expected value obtained from the risk simulation, and represents the deviation that is to be expected. Risk appetite should not exceed envisaged operating income. Risk-bearing capacity is achieved if unexpected deviations are covered by economic equity.

Risk appetite and risk-bearing capacity



The expected deviation obtained from the simulation should for instance be absorbed when setting prices or by means of a provision factored into the planning. While unexpected deviations (VaR 95 percent) are covered by the allocation of economic equity, an equity cushion should be made available to cover extreme deviations. This equity cushion is sufficient to represent a comfort zone and has an impact on the Group's rating. An extreme deviation has an extremely low probability of occurrence, but could entail very high potential losses. Covering extreme events with equity is uneconomical and therefore only partially possible.

Risk management process

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

Risk management process

– Risk identification
  Risks and opportunities are defined as potential deviations from planned earnings before tax. Group strategy and a company-wide basic catalogue of risks form the basis for risk identification.

– Risk assessment
  Every six months, managers and technical specialists measure the risks that have been identified. Risks are assessed on the basis of scenario analyses (best, realistic and worst case scenarios) or by means of event data. Risk indicators for individual risks are measured via Monte Carlo simulation techniques.

– 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 risks to third parties. At Group level, Group risks are controlled mainly via strategic measures that are often combined with further precautions individually tailored to specific risks.

– Control of measures
  Comprehensive checks are carried out to ensure that risks are being controlled efficiently by the measures in place. Additional measures are defined if necessary.

– Reporting
  Reports are submitted to the Management Board, Executive Board, Group Executive Management, Board of Directors' Audit, Risk & Compliance Committee and Board of Directors.

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, Crisis Management and Group Audit units, as well as Compliance (from 2016). The different organizational units coordinate their processes, integrate their reporting documents and pool their analysis findings.

Risk situation

An analysis of the risk situation at Swiss Post in 2015 showed that economic equity is sufficient to cover unexpected losses. The Group's risk-bearing capacity is thereby guaranteed. In addition, the expected losses do not exceed the planned operating profit. Risk appetite is therefore covered.

Based on the latest measurements (Monte Carlo simulation), the Group's expected potential loss in the next twelve months (2016) amounts to around 7 million francs (previous year: 28 million francs). An unexpected potential loss (VaR 95 percent) of 122 million francs was also calculated (previous year: 209 million francs). The lower risk indicators year-on-year are mainly due to the lower volatility of the Group-wide pension risk and the increased identification of opportunities. In the case of PostFinance, reported risks only concern earnings at risk or the risk of the Group having to make additional payments, measured according to the earnings at risk approach. The risk situation from PostFinance's standpoint, measured according to the value at risk approach, is described in the "Risk management at PostFinance" section on page 127.

Threats

The following risks may have a major impact on the income, financial and asset situation of the Group in light of the current position. Risk management distinguishes between endogenous and exogenous risks. Risk identification can never encompass all the risks that the Group is exposed to. Swiss Post's business activities could also be affected by other factors that are not yet known.

Exogenous threats
The exogenous risks that pose the greatest threat to income and assets are changes in the regulatory conditions governing the universal service obligation, interest rate movements for the PostFinance business unit, and the substitution of several business areas by electronic media.

Many Swiss Post services fall under the universal service obligation. This regulatory risk can impact sales and lead to a decline in earnings. Earnings performance at PostFinance is highly dependent on interest rate movements. Technological changes resulting in an increased use of digital services are also aggravating the downward trend in the letters business and in some post office services.

Endogenous threats

Potential material damage and liability insurance losses, outage risks in important letter and logistics centers and risks related to profit trends at individual units are the largest internal risks.

Opportunities

Swiss Post's business area is affected by a range of external factors that offer potential opportunities as well as risks. Trends in e-commerce and the demand for digital postal and banking services are opportunities for the Group. Further market opportunities pursued by various Swiss Post business units are described in the "Group strategy" section on page 16.

For more information on risk management at Swiss Post, see page 126.

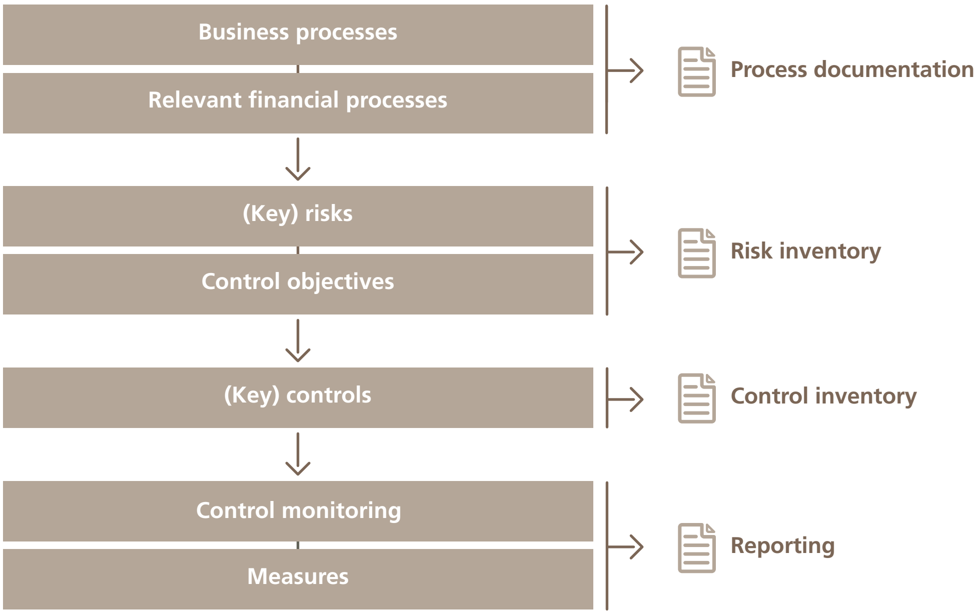
Internal control system

The Finance Internal Control System (ICS) at Swiss Post Ltd encompasses the procedures and measures that ensure proper bookkeeping and rendering of accounts, and accordingly forms the basis of all financial reporting. 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.

The ICS at Swiss Post is based on the COSO method. Executive Management and the Board of Directors approve the principles each year with the "Swiss Post Ltd" ICS Finance Regulation. ICS-relevant processes are identified each year by means of scoping before being documented in a comprehensible and straightforward manner for third party experts.

For each activity, the potential risks are determined from the process documentation, evaluated, and assigned financial control objectives. Key risks are given priority treatment by the ICS. Further risks are also included in ICS documentation as required. This approach ensures that the number of ICS-relevant risks and hence the number of checks to be made are limited early on in the process. Controls are concepts, procedures, practices and organizational structures that create a degree of certainty that the control targets can be met and that unwanted events can be prevented or detected and corrected. The control inventory lists the controls required for the risks identified in the risk inventory. ICS-relevant IT systems are covered at financial process, application and IT infrastructure level.

ICS



By taking a systematic approach to ICS monitoring, Swiss Post guarantees the relevance, usefulness and efficiency of the system. Checks are made during the year to ensure that controls are implemented in accordance with the documentation and that risks are minimized as a result. At the end of the reporting period, an additional assessment of processes and controls is carried out by means of pre-set questionnaires (maturity assessment). The ICS maturity level is determined on a scale of 1 to 5. Swiss Post Ltd has set itself the goal of achieving a maturity level of at least 3 – standardized. Following the assessment, measures are taken to improve the ICS maturity level. ICS reporting documents drawn up on the basis of the maturity assessment results are submitted to Executive Management and the Board of Directors of Swiss Post Ltd.

In the year under review 2015, a total of 222 processes were documented as ICS-relevant and assessed as such. The number of relevant processes decreased slightly year-on-year (– 1.3 percent). This is principally due to a summary of business processes in the ICS framework. Of these relevant processes, 464 material risks – referred to as key risks – were identified before being covered and managed by means of 616 key controls.

The maturity of the ICS-relevant processes and key controls were assessed in the course of self-audits. 79 percent of the processes were classed as maturity level 3 – standardized, while 21 percent reached the higher maturity level of 4 – integrated. The expected maturity levels were also achieved in the applicable controls. The required maturity level of 3 – standardized, was determined in 78 percent of the key controls. 22 percent even reached a higher maturity level.

Outlook

The SNB has provided a slightly more favourable outlook of the international economic situation. Many companies are looking ahead to the coming year with somewhat more confidence as the measures taken following the raising of the minimum rate slowly take effect and they expect better margins for 2016. Headcounts in industry are likely to continue to decline moderately, while the willingness to invest overall remains at the current level.

The outlook for 2016 remains highly cautious. A moderate rise in real sales is expected for the coming months. Cautious optimism has continued to grow particularly in the industrial sector. Service companies are also cautiously optimistic overall. This is being driven by the hope of a further improvement in the economic situation in Europe as well as somewhat improved exchange rate conditions. The results of measures to boost productivity and to reduce costs are tending to lead to greater confidence for margin developments. In terms of employment plans, manufacturing industry anticipates a further slight reduction in headcount. The construction industry is also seeing a slight seasonally adjusted decline. By contrast, staff levels in the service sector are likely to rise slightly. Many companies had issued an immediate freeze on investment following the lifting of the minimum exchange rate, which remains in force in many places. Investment plans for the coming twelve months continue to indicate no recovery overall.

Given these economic prospects as well as increased competition, the sustained substitution effects, the optimization of business customer shipping operations and the need to maintain the equity base, Swiss Post is convinced that it should continue to pursue the defined strategy.

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.

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 page 143 of the Financial Report outlines the interests.

Control by the Confederation

The Confederation controls Swiss Post by setting strategic goals and checking that these are being met, using for this purpose annual reporting and a report on staff (Public Officials Act/Ordinance on Executive Pay). See also the information policy section on page 71.

Regulatory accounting

Net costs arising from universal service obligation

In accordance with article 19, section 2 of the Postal Services Act of 17 December 2010, Swiss Post must present its accounts in such a way that costs and revenue can be identified for individual services. The Postal Ordinance of 29 August 2012 substantiates these requirements and regulates the calculation of net costs for the universal service obligation.

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 392 million francs for 2014. The calculation was approved by the regulatory authority PostCom in May 2015. Following the approval of the net costs for 2015 by PostCom in the second quarter of 2016, the figures will be published at www.swisspost.ch/annualreport in a supplement to the Financial Report.

Swiss Post can offset the net costs from the previous year between different segments and Swiss Post subsidiaries (net cost compensation, NCC). 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, but does influence the segment results for PostFinance, PostLogistics, PostMail and Post Offices & Sales.

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

Reduction in the delivery prices of newspapers and magazines eligible for subsidies

Contributions from the Confederation of 50 million francs towards the reduction in the delivery prices of newspapers and magazines eligible for subsidies in accordance with article 16 of the Postal Services Act ceased to be credited to Swiss Post's newspaper account on 1 January 2013, and are now passed on in full to the eligible titles through a price reduction per copy. In the PostMail segment, a transitory account is kept on the balance sheet from which press subsidies are continually debited in order to be credited to the publishers concerned as a price reduction on their Swiss Post invoice.

Capital structure

Swiss Post has Group equity comprising 1.3 billion francs of fully paid-in capital plus capital and retained earnings reserves of 3.1 billion francs. External debt amounted to almost 1.3 billion francs on the reference date.

A proposal will be made to the General Meeting to pay 200 million francs of profit from the 2015 financial year to the Confederation as a dividend in 2016 (decision in 2014: 200 million francs as a dividend in 2015). The remaining amount is retained for the purpose of accumulating equity; on the reference date this equity stood at 4.4 billion (previous year: 5.0 billion) francs.

Board of Directors

Composition

The Federal Council elects Swiss Post Ltd's Board of Directors every two years. On the reference date (31 December 2015), it had nine members. 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.

Members do not have any business relationships with Swiss Post or its subsidiaries, nor have they been involved in an executive capacity in Swiss Post Group in the past four years. In accordance with the Postal Organization Act, employees have the right to appropriate representation on the Board of Directors. In 2015, this representation was once again provided by Susanne Blank and Michel Gobet.

After the Chairman and Vice-Chairman of the Board of Directors, members are listed in the order in which they took office.

Peter Hasler

Chairman of the Board of Directors, 1946, Switzerland, member since 2010, Dr. jur.

Committees: Organization, Nomination & Remuneration; Audit, Risk & Compliance; Investment, Mergers & Acquisitions
Professional background: Directorships and foundation mandates; Member of various federal commissions; Vice-Chairman of the Swiss National Accident Insurance Fund (Suva); Director of the Swiss Employers Union; Director of Association of Swiss Engineering Employers ASM; Secretary of ASM; Corporate lawyer and Assistant to the Chairman of the Board of Flug- und Fahrzeugwerke Altenrhein AG (FFA); Assistant at the Zurich Guardianship Authority
Key posts: Reka Swiss Travel Fund (Chairman of the Cooperative Society); SIZ Ltd, Schweizerisches Informatik-Zertifikat (Vice-Chairman of the Board of Directors)

Andreas Schläpfer

Vice-Chairman of the Board of Directors, 1947, Switzerland, member since 2009, lic. oec. Univ. of St. Gallen

Committees: Investment, Mergers & Acquisitions (Chair)
Professional background: Nestlé (General Manager in France, Russia, Thailand/Indochina, Zimbabwe, and Global Business Head/Senior Vice-President for Children's Food); International Trade Centre UNCTAD/GATT (Marketing Consultant)
Key posts: None

Adriano P. Vassalli

Vice-Chairman of the Board of Directors, 1954, Switzerland, member since 2010, federal diploma in auditing

Committees: Audit, Risk & Compliance (Chair)
Professional background: Studio di consulenza e di revisione (founder and owner); Arthur Andersen (founder and head of the Lugano and Berne branches, worldwide partner); Revisuisse AG (auditor and management consultant in Berne and founder of the Lugano branch)
Key posts: PostFinance Ltd (Member of the Board of Directors, Audit & Compliance Committee [Chair]); Istituto di previdenza del Cantone Ticino (Board member); Swiss Red Cross (member of the Red Cross Council and member of the Executive Committee of the Conference of Red Cross Cantonal Associations); Swiss Red Cross (Chairman of the Ticino Cantonal Association and Chairman of the Sottoceneri Section)

Susanne Blank

Member of the Board of Directors, Human Resources representative, 1972, Switzerland, member since 2008, lic. rer. pol.

Committees: Organization, Nomination & Remuneration
Professional background: State Secretariat for Economic Affairs (SECO), Chief Editor for "Die Volkswirtschaft"; Travail.Suisse umbrella organization for employees (Head of Economic Policy and Member of the Executive Board); Federal Statistical Office (Audits of Swiss Consumer Price Index)
Key posts: ewb, Energie Wasser Bern (Member of the Board of Directors)

Marco Durrer

Member of the Board of Directors, 1952, Switzerland, member since 2009, Dr. ès sc. pol. (Relations internationales), MALD, The Fletcher School, Tufts University, USA

Committees: Organization, Nomination & Remuneration (Chair)
Professional background: Directorships; Valiant Privatbank AG, Berne (CEO and Member of Executive Management, Valiant Holding AG); Lombard, Odier, Darier, Hentsch & Cie, Geneva/Zurich (Group Management, Branch Manager Zurich); Deutsche Bank (Suisse) SA, Geneva (Head of Sales and Trading); Credit Suisse (Investment Banking)
Key posts: PostFinance Ltd (Vice-Chairman of the Board of Directors, Organization, Nomination & Remuneration Committee (Chair)); Picard Angst Ltd (Member of the Board of Directors); Piguet Galland & Cie SA (Member of the Board of Directors); DGM Immobilien AG (Chairman of the Board of Directors); COMUNUS SICAV, Montreux (Vice-Chairman of the Board of Directors)

Philippe Milliet

Member of the Board of Directors, 1963, Switzerland, member since 2010, degree in pharmacy, University of Lausanne; MBA, Faculty of Business and Economics, University of Lausanne

Committees: Audit, Risk & Compliance
Professional background: Bobst Group (Member of Group Executive Committee, Head of Business Unit Sheet-Fed); Galenica AG (Head of Health Division, Member of the Corporate Executive Committee); Unicible (CEO); Galenica AG (responsible for distribution centers, responsible for operations and CEO of Galexis AG); Pharmatic AG (analyst/programmer and project manager); McKinsey (associate, engagement manager); Galenica Holding AG (analyst/programmer and Assistant to the Chairman of the Corporate Executive Committee)
Key posts: None

Michel Gobet

Member of the Board of Directors, Human Resources representative, 1954, Switzerland, member since 2010, lic. phil. hist.

Committees: Investment, Mergers & Acquisitions
Professional background: syndicom, media and communications trade union (Central Secretary); PTT-Union (Central Secretary and Vice-Secretary General); Archaeological Service of the Canton of Fribourg (Head of Archaeological Sites)
Key posts: Swisscom Ltd (Member of the Board of Directors until 6 April 2016); UNI Global Union (Treasurer, Member of World Executive Committee, Member of European ICTS Steering Committee); gdz (Member of the Board of Directors)

Nadja Lang

Member of the Board of Directors, 1973, Switzerland, member since 2014, graduate from University of Applied Sciences, Bachelor of Business Administration

Committees: Organization, Nomination & Remuneration
Professional background: Max Havelaar Foundation (Switzerland) (Managing Director); previously Chair of the Global Account Management Steering Committee at the umbrella organization Fairtrade International, Commercial Director and Deputy Managing Director of Max Havelaar; European Marketing Manager, General Mills Europe SARL in London/Nyon; various (management) positions in brand management and the innovation department at The Coca-Cola Company, Alpine Division
Key posts: Metron AG, Brugg (Vice-Chair of the Board of Directors); Energie 360° (Member of the Board of Directors)

Myriam Meyer

Member of the Board of Directors, 1962, Switzerland, member since 2014, Dr. sc. techn.

Committees: Audit, Risk & Compliance
Professional background: Owner and Managing Director of the company mmtec; WIFAG-Polytype Holding AG (Group CEO); RUAG Aerospace (CEO); Roche (member of the Roche Consumer Health Executive Committee); Swissair (member of the Flight Operations Management Board); SR Technics (Vice President, Engineering)
Key posts: Member of various Boards of Directors: Wienerberger AG, Repower AG, Bedag Informatik AG; Commission for Technology and Innovation CTI (Vice President); Swisscontact (Member of the Foundation Board); Industrial Advisory Board of the Department of Mechanical and Process Engineering, ETH Zurich (Member); Advisory Committee on International Development Cooperation (part of the Swiss Agency for Development and Cooperation) (Member)

Kerstin Büchel

General Secretary, 1970, Switzerland/Germany/Sweden, member since 2009, lic. rer. pol.

Professional background: Valiant Privatbank AG (Head of Market Development and Sales Services); UBS AG Switzerland, Basel and Zurich, and UBS AG Italy, Rome (Junior Key People, product management, client advisory services, events, business development and strategic marketing, asset and liability management, international client reporting)
Key posts: None

Uniform management

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

Board of Directors’ role and working method

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 objectives. It approves the basic structure of the Group and mandates the members of the Board of Directors for PostFinance Ltd. It also authorizes the pricing system with respect to the Federal Council, accounting standards, the budget, reports to the owner and to OFCOM and PostCom, as well as large and strategic projects. 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 ten times. The CEO and Head of Finance attend Board meetings in an advisory capacity.

All members of the Board are subject to an age limit of 70 years. There is also a twelve-year limit for terms of office. There are three standing committees, which have an advisory and, to a limited extent, a decision-making role. The Board of Directors appoints the members of these committees independently. In addition, the Board of Directors may appoint non-standing committees for an individual transaction at any time. There is no contractually agreed reciprocal occupation of seats on boards between Swiss Post and any other commercial company.

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.

Audit, Risk & Compliance Committee

The committee assists the Board in, among other things, the supervision of the accounts, financial reporting and risk management. It is responsible for the creation and development of appropriate internal supervisory structures and ensures compliance with legal provisions. As well as assessing Swiss Post’s risk control at regular intervals, it also approves the Interim Report. The committee checks the findings and recommendations of Group Audit and the external audit teams and submits corresponding proposals to the Board as appropriate. Eight meetings were held during the last financial year. The CEO, the Head of Finance and the Head of Group Audit attend the meetings. In addition to the above items, the following main topics were covered by the committee in 2015: the appointment of an auditing firm for audits conducted on behalf of PostCom, and structural development of Post Offices & Sales.

Organization, Nomination & Remuneration Committee

The committee met six times during the last financial year. It has an advisory role vis-à-vis the Board of Directors as a whole with regard to the appointment and removal of the members of Executive Management and deciding their remuneration. It also submits a recommendation for setting the negotiating mandate for the annual round of pay negotiations with the employee associations. In addition to the above items, the following main topics were covered by the committee in 2015: Swiss Post pension fund, structural development and HR strategy.

Investment, Mergers & Acquisitions Committee

This committee deals with M&A strategy and individual strategic alliances. It identifies and assesses opportunities for interests, mergers & acquisitions, investments and alliances. In addition, it oversees the formation, liquidation and sale of subsidiaries, associates and interests. The committee met five times during the year under review. In 2015, the committee addressed various innovative, long-term projects on forward-looking topics within the above framework, including the digital prospects for Swiss Post.

Information and control instruments

Reporting

The Board of Directors receives monthly reports from Controlling setting out the financial situation of the Group and its individual operating units as compared with the previous year. Budgeted and expected figures are provided, as are key data relating to markets, human resources and innovation.

The Board of Directors also receives quarterly financial and project controlling reports, and is informed by the Audit, Risk & Compliance Committee about planning compliance, strategic financial planning and the Federal Council's strategic goals. In addition, it receives Executive Management meeting minutes and interim reports from Risk Management (see page 126), Treasury, Communication and Group Audit. At each meeting of the Board of Directors, the CEO and the Head of Finance provide information on the company's current business situation.

Internal control system for financial processes

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.

Group Audit

Group Audit submits ongoing reports to the Audit, Risk & Compliance Committee and an annual report to the whole Board of Directors. The members of the Audit, Risk & Compliance Committee and the external auditors receive a copy of all audit reports. Group Audit works in accordance with international standards and, in particular, adheres to principles relating to integrity, objectivity, confidentiality, technical expertise and quality assurance. Group Audit reports to the Chairman of the Board of Directors and is thus independent of operational Executive Management.

Executive Management

Composition

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

The CEO of PostFinance Ltd attends Executive Management meetings in order to coordinate joint topics.

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

After the CEO and Deputy CEO, members are listed in the order in which they took office.

Susanne Ruoff

CEO, 1958, Switzerland, member since 2012, Master's Degree in Economics from the University of Fribourg, Executive MBA

Professional background: Swiss Post Ltd (CEO); British Telecom Switzerland (CEO BT Switzerland Ltd); IBM Switzerland (Management Board member Global Technology Services); IBM Switzerland (Head of Public Sector Division); various management positions in services, marketing and sales, previous directorships and positions on Foundation Boards: Geberit, Bedag, IBM pension fund, Industrial Advisory Board of the Computer Science Department of ETH Zurich
Key posts: PostFinance Ltd (Member of the Board of Directors, Organization, Nomination & Remuneration Committee (Member), Core Banking Transformation Committee (Chair), Post CH Ltd (Chair of the Board of Directors), International Post Corporation (IPC) (Member of the Board)

Ulrich Hurni

Head of PostMail, Deputy CEO, 1958, Switzerland, member since 2009, commercial employee and business secretary at Swiss Post, EMBA University of Zurich

Professional background: Swiss Post Ltd (PostMail: Deputy Head and Head; Swiss Post International: Managing Director; Telecom: Unit/project controller; PostFinance: IT systems development)
Key posts: Asendia Holding Ltd (Chairman of the Board of Directors); TNT Swiss Post AG (Member of the Board of Directors); Swiss Excellence Forum (Member of the Board)

Daniel Landolf

Head of PostBus, 1959, Switzerland, member since 2001, Bachelor of Science (B.Sc.), business administration

Professional background: Swiss Post Ltd (Head of PostBus / PostBus Switzerland Ltd, Manager of PostBus, Deputy Manager of PostBus, Head of Business Development at PostBus, management assistant for automobile services); PTT General Management (Central Marketing / Strategies & Analyses Department, Business Administration Department); Credit Suisse AG (foreign exchange trader)
Key posts: PostBus Switzerland Ltd (Chairman of the Board of Directors); Reka Swiss Travel Fund (Administrative member of the Cooperative Society); Association of Public Transport (Board and committee member); LITRA public transport information service (Board and committee member); Sensetalbahn AG (Vice-Chairman of the Board of Directors)

Yves-André Jeandupeux

Head of Human Resources, 1958, Switzerland, member since 2005, lic. sc. soc. et pol., ment. psychology, University of Lausanne

Professional background: Swiss Post Ltd (Head of Human Resources); SKYGUIDE (Head of Human Resources); CC&T SA, management consultants (associate partner); Canton Neuchâtel (Head of Human Resources); Posalux SA, machine tools factory (Head of Human Resources); GastroSuisse, Lausanne (Head of office for western Switzerland); Careers Advisory Service for Canton Jura (careers advisor)
Key posts: Swiss Post pension fund (Chairman of the Foundation Board); SAV (Board member)

Dieter Bambauer

Head of PostLogistics, 1958, Switzerland/Germany, member since 2009, Dr. oec. WWU, JLU

Professional background: Swiss Post Ltd (Head of PostLogistics); Hangartner AG (CEO); Schenker Switzerland Ltd (CEO); Deutsche Bahn AG (EVP freight logistics); Kühne + Nagel Management AG (Member of the Executive Board); MD Papier (Member of the Executive Board, logistics, IT); RCG (Head of Logistics Unit); Dr. Waldmann & Partner (management consulting)
Key posts: Asendia Holding AG (Member of the Board of Directors); TNT Swiss Post AG (Vice-Chairman); Member of the Management Committee of the Chair for Logistics Management at the University of St Gallen (HSG)

Pascal Koradi

Head of Finance, 1972, Switzerland, member since 1 March 2012, Dr. oec. University of Zurich, CFA (Chartered Financial Analyst)

Professional background: Swiss Post Ltd (Head of Finance); Neue Aargauer Bank AG (CFO/Member of the Executive Team, Head of Trading); Credit Suisse UK, London (Project Restructuring in the Onshore Banking Division); Neue Aargauer Bank AG (Head of the Treasury Department, employee in the Controlling Department)
Key posts: PostFinance Ltd (Member of the Board of Directors, Risk Committee, until 30 November 2015); Liechtensteinische Post AG (Member of the Board of Directors); Swiss Post pension fund (Member of the Foundation Board), CFO Forum Switzerland (Member of the Board)

Franz Huber

Head of Post Offices & Sales, 1951, Switzerland, member since 6 July 2013, business secretary and federal diploma in commercial management, sales management course at the University of St. Gallen

Professional background: Swiss Post Ltd (Head of Post Offices & Sales, Head of Sales, Head of Structure and Network Development, Head of Corporate Development, Ymago Project Manager, Head of North-East Region in Zurich, Head of Private Customers East/South in Zurich, Head of Wil (St. Gallen) Sales Region at Post Offices & Sales, Head of HR for Regional Postal Directorate St. Gallen, Head of Railway Post Office St. Gallen)
Key posts: None

Jörg Vollmer

Head of Swiss Post Solutions, 1967, Germany, member since 1 January 2015, banker, qualified business economist, Executive MBA

Professional background: Swiss Post Ltd (Head of Swiss Post Solutions); Hewlett-Packard (Vice President BPO EMEA, various management positions in Finance, Management and Operations); Triaton GmbH (Managing Director); Commerzbank (Advisor)
Key posts: None

The Chief Executive Officer of PostFinance Ltd, Hansruedi Köng, is not a member of Executive Management, but attends Executive Management meetings in order to coordinate joint topics.

Hansruedi Köng

Chief Executive Officer PostFinance Ltd, 1966, Switzerland, member since 1 January 2012, lic. rer. pol. University of Bern, Business Administration and Economics Advanced Executive Program (Swiss Finance Institute, Zurich)

Professional background: PostFinance Ltd (Head of Treasury, Head of Finance; CEO; Member of the Executive Board since 1 March 2003); BVgroup Berne (Deputy Managing Director); PricewaterhouseCoopers Ltd (Senior Manager); Basler Kantonalbank (Member of Executive Management); Schweizerische Volksbank (Head of Asset & Liability Management)
Key posts: TWINT AG (Chairman of the Board of Directors); Swiss Post pension fund (Member of the Foundation Board and Chairman of the Investment Committee)

Remuneration

Policy

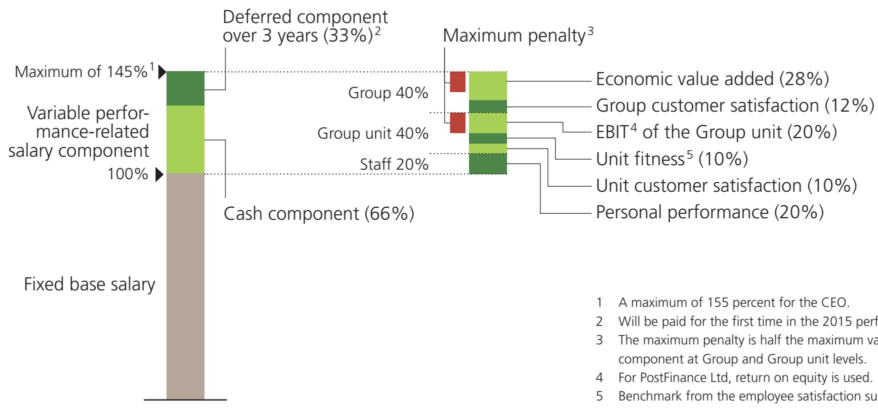
Corporate risk, scope of responsibility and the Ordinance on Executive Pay are taken into account by the Board of Directors when determining the remuneration due to members of Executive Management. The Board of Directors has regulated the remuneration and fringe benefits for its members in the "BoD remuneration regulations".

Determination

Remuneration for members of Executive Management is comprised of a fixed base salary plus a variable performance-related component. This may be a maximum of 45 percent of the gross annual base salary (a maximum of 55 percent in the case of the CEO). At Group level, the variable component is calculated from economic value added (28 percent) and Group customer satisfaction (12 percent). At Group unit level, a distinction is made between qualitative benchmarks (20 percent) and financial key figures (20 percent) such as EBIT. For PostFinance Ltd, return on equity is used instead of EBIT.

Executive Management | Breakdown of remuneration

2015



1 A maximum of 155 percent for the CEO.
2 Will be paid for the first time in the 2015 performance period.
3 The maximum penalty is half the maximum variable component at Group and Group unit levels.
4 For PostFinance Ltd, return on equity is used.
5 Benchmark from the employee satisfaction survey.

A penalty system may also be applied for calculating the variable salary component at Group and unit levels depending on the degree of target achievement. The maximum penalty represents half the maximum variable component.

All three performance levels are taken into account (Group, Group unit and individual performance) to determine whether the threshold for the variable component has been reached. The variable component is only paid on reaching this value. There is a penalty area below the threshold for the variable salary. If a penalty applies, the variable salary component is reduced accordingly. One-third of the variable salary component that is actually awarded is booked to a special account for variable remuneration. One-third of the balance of this account is paid out from the third year. The remaining two-thirds of the variable salary component are paid out directly. If, as a result of the penalty system, a negative variable salary component is awarded, this negative amount is booked to the account for variable remuneration and the account balance is reduced accordingly.

Members of Executive Management also receive a first-class GA travelcard, a company car, a mobile phone, a tablet computer and a monthly expense account. Swiss Post also pays the insurance premiums for a risk insurance policy. 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.

Both the base salary and the performance component are insured for members of Executive Management up to a maximum of 338,400 francs in the Swiss Post pension fund (defined contribution plan); higher income is covered by a management insurance scheme (defined contribution plan). The employer contributes disproportionally to the contributions for employee benefits. Employment contracts are based on the Swiss Code of Obligations. Since 1 July 2010, the notice period for members of Executive Management has been six months. For members appointed before that date, the previous notice period of 12 months applies. No agreements on severance payments are in place.

Level of remuneration

Members of the Board of Directors

In 2015, the nine members of the Board of Directors received remuneration (fees and fringe benefits) totalling 964,721 francs. The fringe benefits totalling 203,055 francs are shown in the total remuneration. In 2015, the Chairman of the Board's fee totalled 225,000 francs. The fringe benefits amounted to 27,135 francs.

Executive Management

The paid members of Executive Management and the CEO received remuneration totalling 5,273,433 francs in 2015. The fringe benefits of 331,631 francs are shown in the total remuneration. The performance-related component effectively payable to members of Executive Management in 2016, which is based on attainment of targets in 2014 and 2015, together with the deferred payment component, amounts to 1,649,302 francs.

The CEO's base salary totalled 610,000 francs; the additional performance-related component paid out amounted to 327,079 francs, of which 103,412 francs were paid from the account for variable remuneration.

Remuneration

2015, CHF	Total
Chairman of the Board of Directors	
Fees	225,000
Fringe benefits	
Expenses and representation allowances	22,500
First-class GA travelcard	4,635
Total remuneration	**252,135**
Other members of the Board of Directors (8)	
Fees	536,666
Fringe benefits	
Expenses and representation allowances	58,500
Additional fringe benefits	117,420
Total remuneration	**712,586**
Entire Board of Directors (9)	
Fees	761,666
Fringe benefits	203,055
Total remuneration	**964,721**
CEO	
Fixed base salary	610,000
Performance-related component (payable 2016)	
Variable salary component	223,667
Outpayment from account for variable remuneration [1]	103,412
Fringe benefits	
Expenses and representation allowances	30,000
Additional fringe benefits [2]	17,442
Additional payments [3]	–
Total remuneration	**984,521**
Other members of Executive Management (8) [4]	
Fixed base salary	2,682,500
Performance-related component (payable 2016)	
Variable salary component	1,015,445
Outpayment from account for variable remuneration [1]	306,778
Fringe benefits	
Expenses and representation allowances	134,400
Additional fringe benefits [2]	149,789
Additional payments [3]	–
Total remuneration	**4,288,912**
All members of Executive Management (9) [5]	
Fixed base salary and performance-related component	4,941,802
Fringe benefits	331,631
Total remuneration	**5,273,433**

1 For the 2015 financial year, the CEO and six of the other Executive Management members receive an outpayment for the first time from their account for variable remuneration. For this reason, the total remuneration is not comparable with prior years.
2 Other fringe benefits include: first-class GA travelcard, company car, mobile phone, tablet computer and premiums for risk insurance policies.
3 No agreements exist regarding possible severance payments.
4 Seven active members and one member who stepped down in 2014.
5 Including the one member who stepped down in 2014. Due to this change in personnel, the total remuneration is not directly comparable with the prior year.

Auditor

KPMG AG have been the auditors for Swiss Post since 1998. They also act as Group auditors, with Head Auditor Orlando Lanfranchi in charge of the work for the sixth year running. The fees agreed upon for the 2015 audit and the fees for services provided in the 2015 financial year total 4.2 million francs.

Information policy

A report on strategic goals and a report on staff are submitted to the owner annually (see page 60). 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. Finally, Swiss Post 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 produced in accordance with **International Financial Reporting Standards (IFRS)** and meet the requirements of the Postal Organization Act.

Consolidated income statement

Group | Income statement

CHF million	Notes	2014 [1]	2015
Net sales from logistics services		5,533	5,445
Net sales from resale merchandise		553	515
Income from financial services	6	2,108	2,062
Other operating income	7	177	202
Total operating income	5	**8,371**	**8,224**
Personnel expenses	8, 9	−4,108	−4,022
Resale merchandise and service expenses	10	−1,602	−1,529
Expenses for financial services	6	−415	−266
Depreciation and impairment	24–26	−329	−336
Other operating expenses	11	−1,114	−1,195
Total operating expenses		**−7,568**	**−7,348**
Operating profit	5	**803**	**876**
Financial income	12	12	22
Financial expenses	13	−57	−69
Net income from associates and joint ventures	23	16	12
Group profit before tax		**774**	**841**
Income taxes	14	−136	−210
Group profit		**638**	**631**
Group profit attributable to			
Swiss Confederation (owner)		638	631
Non-controlling interests		0	0

1 Figures have been adjusted (see Note 2, Basis of accounting, Accounting changes).

Consolidated statement of comprehensive income

Group | Statement of comprehensive income

CHF million	Notes	2014	2015
Group profit		**638**	**631**
Other comprehensive income			
Revaluation of employee benefit obligations		–1,344	–1,162
Change in share of other comprehensive income of associates and joint ventures		0	1
Change in deferred income taxes		275	153
Items not reclassifiable in the consolidated income statement, after tax	29	**–1,069**	**–1,008**
Change in currency translation reserves		7	–25
Change in share of other comprehensive income of associates and joint ventures		1	2
Change in fair value reserves from available-for-sale financial assets		33	11
(Gains)/losses transferred to income statement from available-for-sale financial assets		–32	–33
Change in hedging reserves from cash flow hedges		–52	27
(Gains)/losses transferred to income statement from cash flow hedges		43	–23
Change in deferred income taxes		–15	–7
Reclassifiable items in consolidated income statement, after tax	29	**–15**	**–48**
Total other comprehensive income		**–1,084**	**–1,056**
Total comprehensive income		**–446**	**–425**
Total comprehensive income attributable to			
Swiss Confederation (owner)		–446	–425
Non-controlling interests		0	0

Consolidated balance sheet

Group | Balance sheet

CHF million	Notes	31.12.2014	31.12.2015
Assets			
Cash		1,814	1,491
Amounts due from banks	15	42,543	38,933
Interest-bearing amounts due from customers	15	696	563
Trade accounts receivable	15	1,122	1,081
Other receivables	15	911	948
Inventories	16	83	76
Non-current assets held for sale	17	1	0
Financial assets	18–22	72,833	72,479
Interests in associates and joint ventures	23	104	104
Property, plant and equipment	24	2,477	2,423
Investment property	25	180	227
Intangible assets	26	371	436
Current income tax assets		0	0
Deferred income tax assets	14	1,536	1,566
Total assets		**124,671**	**120,327**
Liabilities			
Customer deposits (PostFinance)	27	112,150	107,380
Other financial liabilities	27	1,739	1,665
Trade accounts payable		821	678
Other liabilities		804	776
Provisions	28	488	427
Employee benefit obligations	9	3,489	4,847
Current income tax liabilities		21	20
Deferred income tax liabilities	14	149	149
Total liabilities		**119,661**	**115,942**
Share capital		1,300	1,300
Capital reserves		2,279	2,279
Retained earnings reserves		2,519	2,950
Profits and losses recorded directly in other comprehensive income		–1,089	–2,145
Equity attributable to the owner		**5,009**	**4,384**
Non-controlling interests		1	1
Total equity	29	**5,010**	**4,385**
Total equity and liabilities		**124,671**	**120,327**

Consolidated statement of changes in equity

Group | Statement of changes in equity

CHF million	Notes	Share capital	Capital reserves	Retained earnings reserves	Profits and losses recorded directly in other comprehensive income	Equity attributable to the owner	Non-controlling interests	Total
Balance as at 1.1.2014		**1,300**	**2,419**	**1,922**	**–5**	**5,636**	**1**	**5,637**
Group profit				638		638	0	638
Other comprehensive income	29				–1,084	–1,084	0	–1,084
Total comprehensive income				**638**	**–1,084**	**–446**	**0**	**–446**
Dividends	29		–140	–40		–180	–	–180
Payments to acquire non-controlling interests	37			–1		–1	0	–1
Total transactions with the owner			**–140**	**–41**		**–181**	**0**	**–181**
Balance as at 31.12.2014		**1,300**	**2,279**	**2,519**	**–1,089**	**5,009**	**1**	**5,010**
Group profit				631		631	0	631
Other comprehensive income	29				–1,056	–1,056	0	–1,056
Total comprehensive income				**631**	**–1,056**	**–425**	**0**	**–425**
Dividends	29			–200		–200	–	–200
Total transactions with the owner				**–200**		**–200**	**–**	**–200**
Balance as at 31.12.2015		**1,300**	**2,279**	**2,950**	**–2,145**	**4,384**	**1**	**4,385**

Consolidated cash flow statement

Group | Cash flow statement

CHF million	Notes	2014	2015
Profit before tax		774	841
Interest expense/(income) (including dividends)		–1,027	–1,001
Depreciation and impairment	24–26	337	355
Net income from associates and joint ventures		–16	–12
Net gain on disposal of property, plant and equipment	7, 11	–20	–40
Net increase in provisions		127	134
Other non-cash expenses/(income)		–30	292
Change in net current assets:			
(Increase) in receivables, inventories and other assets		–74	–37
(Decrease) in accounts payable and other liabilities		–1	–161
Change in items from financial services (PostFinance):			
(Increase)/decrease in amounts due from banks (term of 3 months or more)		–262	376
(Increase) in financial assets		–6,092	–79
Change in customer deposits/interest-bearing amounts due from customers		3,072	–4,634
Change in other receivables/liabilities		236	–68
Interest and dividends received (financial services)		1,338	1,200
Interest paid (financial services)		–169	–46
Income taxes paid		–118	–110
Cash flow from operating activities		**–1,925**	**–2,990**
Purchases of property, plant and equipment	24	–320	–279
Acquisition of investment property	25	–64	–47
Purchases of intangible assets (excl. goodwill)	26	–54	–95
Purchases of subsidiaries, net of cash and cash equivalents acquired	37	–5	–13
Purchases of associates and joint ventures	23	–	–3
Purchases of other financial assets		–13	–3
Proceeds from disposal of property, plant and equipment	24	35	59
Proceeds from disposal of subsidiaries, net of cash proceeds	37	–	0
Proceeds from disposal of associates and joint ventures	23	–	6
Proceeds from disposal of other financial assets		32	31
Interest and dividends received (excl. financial services)		20	19
Cash flow from investing activities		**–369**	**–325**
(Decrease) in other financial liabilities		–5	–14
Interest paid		–12	–12
Payments to acquire non-controlling interests	37	–1	–
Dividends paid to the owner	29	–180	–200
Cash flow from financing activities		**–198**	**–226**
Foreign exchange gains/(losses) on cash and cash equivalents		0	–15
Change in cash and cash equivalents		**–2,492**	**–3,556**
Cash and cash equivalents at 1 January		46,472	43,980
Cash and cash equivalents at 31 December		**43,980**	**40,424**
Cash and cash equivalents include:			
Cash		1,814	1,491
Amounts due from banks with an original term of less than 3 months	15	42,166	38,933

Notes

1 | Business activities

Swiss Post Ltd is a company limited by shares subject to a special statutory regime with its head office in Berne 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 5, Segment information).

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 International Financial Reporting Standards (hereinafter referred to as IFRSs) and also comply with the Postal Organization Act.

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 below. For instance, derivative financial instruments and financial assets held for trading, designated at fair value and classified as “available for sale” 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 6, 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.

Revised and new International Financial Reporting Standards (IFRSs)

Since 1 January 2015, Swiss Post has applied various changes to the existing IFRSs and interpretations, which have no material impact on the result or financial situation of the Group.

Standard	Title	Valid from
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions	1.7.2014
Miscellaneous	Annual improvements to IFRSs, 2010–2012 Cycle	1.7.2014
Miscellaneous	Annual improvements to IFRSs, 2011–2013 Cycle	1.7.2014

Certain new IFRSs or supplements thereto enter into force for financial years beginning on or after 1 January 2016:

Standard	Title	Valid from
IFRS 14	Regulatory Deferral Accounts	1.1.2016
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1.1.2016
Amendments to IAS 16/IAS 38	Clarification of Acceptable Methods of Depreciation and Amortization	1.1.2016
Amendments to IAS 16/IAS 41	Bearer Plants	1.1.2016
Amendments to IAS 27	Equity Method in Separate Financial Statements	1.1.2016
Amendments to IAS 1	Disclosure initiative	1.1.2016
Amendments to IFRS 10/IFRS 12/IAS 28	Investment Entities: Applying the Consolidation Exception	1.1.2016
Miscellaneous	Annual improvements to IFRSs, 2012–2014 Cycle	1.1.2016
IFRS 9	Financial Instruments	1.1.2018
IFRS 15	Revenue from Contracts with Customers	1.1.2018

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. The new standards due to come into force on 1 January 2018 regarding Revenue from Contracts with Customers and Financial Instruments will have an impact on Swiss Post's financial reporting. The changes are currently being analysed.

Accounting changes

Change in the recognition method for commission expenses and income

PostFinance changed the recognition method for commission expenses and income in the second quarter of 2015. Commission expenses and income from the private customer lending business are now recognized on a net basis. The aim of this change is to take the ordinary course of business into account more closely in future disclosures, as PostFinance Ltd acts merely as an intermediary and is therefore not exposed to any risks in relation to this business. The following table gives an overview of the impact of the restatement directly in equity.

Income statement

1.1. to 31.12.2014 CHF million	Reported	Adjustment	Adjusted
Income from financial services	2,194	–86	2,108
Expenses for financial services	–501	86	–415

Significant events and transactions

The "Other non-cash expenses/(income)" item in the cash flow statement of 292 million francs essentially consists of unrealized currency effects on PostFinance's financial assets recognized in profit or loss (272 million francs).

A net book loss due to the adjustment of the technical interest rate and the reduction in the conversion rate at the Swiss Post pension fund, together with the associated funding by Swiss Post, led to a 33 million franc increase in employee benefit expenses (see Note 9, Staff pension plan).

3 | Consolidation methods and accounting policies

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 inter-company 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.

Interests 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 "Interests 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 under 20 percent are presented as available-for-sale financial assets.

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.

Please see Note 36 (Consolidated Group) for an overview of Swiss Post subsidiaries, associates and joint ventures.

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 available-for-sale financial assets 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.

Recognition of income

Income is recognized if it is clear that the economic benefits associated with the transaction will flow to Swiss Post and those benefits can be measured reliably.

Income from logistics services is recognized after sales deductions at the time the service is provided. A non-material proportion of this income consists of revenue from the leasing of vehicles. Income from the sale of products is recognized in the income statement if the risks and rewards incidental to ownership of the products have been transferred to the purchaser. Swiss Post receives compensation from the Swiss Confederation and from cantons and municipalities for public passenger transport services.

Commission and service income from financial services is recognized on an accrual basis. Interest income on financial assets and interest expenses for customer deposits are accounted for using the accrual-based accounting principle. The effective interest method is used for interest earned on held-to-maturity and available-for-sale fixed-interest financial assets.

Cash

Cash includes cash holdings in Swiss francs and foreign currencies as well as asset-side cash in transit (cash payments made at post offices 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 (technically overdrawn postal accounts) are measured at amortized cost using the effective interest method, which usually corresponds to the face value. If there are specific doubts as to a debtor’s creditworthiness, an appropriate impairment loss is recognized. Individual impairment losses are charged to a separate allowance account. The receivable is definitively derecognized once there are firm indications that it is no longer recoverable. In addition to individual impairment losses for specifically identified default risks, portfolio impairment losses based on statistical analyses of the historical risk of loss are also recognized following the indication of impairment.

Trade accounts receivable and other receivables

Trade accounts receivable and other receivables are recognized at amortized cost, which usually corresponds to the face value, minus an impairment loss (provision for default risk) for expected defaults on receivables. Individual impairment losses are charged to a separate allowance account. The receivable is definitively derecognized once there are firm indications that it is no longer recoverable. In addition to individual impairment losses for specifically identified risks of loss, portfolio impairment losses based on statistical analyses of the historical risk of loss are also recognized following the indication of impairment.

Inventories

Inventories comprise resale merchandise, work in progress and finished goods, fuel, and operating, working and production materials. They are measured according to the weighted average cost method or at the lower net realizable value. Impairment losses are recognized for inventories that are not easily marketable.

Financial assets

Financial assets acquired primarily with the aim of achieving short-term gains by making targeted use of fluctuations in market prices are recognized as financial assets at fair value. They are classified as “at fair value through profit or loss, held for trading” or “at fair value through profit or loss, designated”. Fair value changes in this category are recognized in the income statement. Interest or dividend income from investments “at fair value through profit or loss, held for trading” or “at fair value through profit or loss, designated” is presented as a separate item in the Notes.

Financial assets with a fixed term to maturity, where Swiss Post has the positive intent and ability to hold them to maturity, are classified as "held to maturity" and recognized at amortized cost using the effective interest method. The effective interest method spreads the difference between 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.

Other financial assets which are held for an indefinite period and can be sold at any time for liquidity reasons or in response to new market conditions are classified as "available for sale" and recognized at their fair value. Unrealized gains and losses are recognized directly in equity under "Fair value reserves from financial assets" and are transferred to the income statement only when the financial asset is sold or if an impairment loss is recognized. Currency translation differences on financial assets classified as available for sale are recognized in profit or loss in the case of monetary financial instruments, and are recognized in equity in the case of non-monetary financial instruments.

Loans granted by Swiss Post are recognized at amortized cost. Financial assets are entered in the balance sheet on the trade date.

Swiss Post checks its current financial assets on a regular basis for any indications of impairment. Here it looks in particular to general market developments and the estimates of rating agencies and banks recognized by FINMA. If there are indications that an asset is impaired, the recoverable amount is calculated. The recoverable amount of interest-bearing assets and loans is the present value of expected future cash flows from interest payments and repayments. The present value of held-to-maturity investments and loans is calculated on the basis of the original effective rate of interest of the financial assets in question. If the recoverable amount is less than the carrying amount of a financial asset, the difference is recognized in profit or loss as an impairment. If an impairment is to be recognized on an available-for-sale financial asset, the cumulative net loss on this asset recognized directly in equity is reclassified from equity to profit or loss. If the fair value of an interest-bearing investment such as a bond is less than the carrying amount solely due to a change in market interest rates, no impairment charge is recognized provided the issuer's credit standing is considered to be good. In this case, the change in the fair value of financial assets classified as available for sale is recognized directly in other comprehensive income.

Impairment losses are recognized for equity instruments in the available-for-sale category if a significant (i.e. fall of 20 percent on the original purchase price) or prolonged (i.e. lasting nine months) reduction in fair value is identified. No reversals of impairment losses are recognized in profit or loss until the assets' disposal; in this case, positive changes in value are recognized directly in equity in other comprehensive income.

Individual impairment losses on held-to-maturity financial assets and loans are charged to a separate allowance account. The financial asset is definitively derecognized once there are firm indications that it is no longer recoverable. In addition to the individual impairment losses mentioned above, a portfolio impairment loss based on the statistical analysis of historical loss is measured and recognized for the remaining portfolio.

Derivative financial instruments

Derivative financial instruments are used mainly to hedge currency and interest rate risks and to a small extent for trading.

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 item are recognized in the income statement in the result from trading activities.

Cash flow hedges are used to hedge anticipated future transactions. 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 the result from trading activities. 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 the result from trading activities.

Derivatives 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 when the transaction is concluded and are subsequently measured at fair value. Changes in the fair value of instruments held for trading are recognized in profit or loss.

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 stakeholders 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 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. 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.

Investment property

Investment property comprises land and buildings, or parts of buildings, or both, held by the owner or by the lessee under a finance lease to earn rentals or for capital appreciation or both. 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.

Property, plant and equipment

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

Estimated useful life of items of property, plant and equipment	
Plots of land	indefinite
Operating property	20–60 years
Equipment	3–20 years
Machinery	3–15 years
IT equipment	3-10 years
Furniture	3–20 years
Railroad 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.

Leases

Lease agreements for properties, installations, other items of property, plant and equipment and vehicles where Swiss Post substantially assumes all risks and rewards incidental to ownership are treated as finance leases. At inception of the lease, the asset and liability under a finance lease are recognized at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is broken down into amortization and interest expense components. The amortization component is deducted from the recognized lease obligation.

The other lease agreements where Swiss Post is either the lessee or the lessor are recognized as operating leases. The lease payments are recognized in the income statement over the term of the lease.

In classifying long-term property leases, land and building elements are assessed separately. Subject to certain conditions, land and buildings are accounted for as finance leases.

Intangible assets

In the event of a business combination, the identifiable assets, liabilities and any non-controlling interest in the acquiree are recognized and measured at fair value in applying the acquisition method. Any excess over the purchase price is recognized as goodwill at cost less impairment.

Additions of intangible assets not acquired through business combinations are recognized at cost and written down on a straight-line basis over the period of their useful life. The estimated useful lives of intangible assets are reviewed on a regular basis and are usually less than ten years.

Impairment losses (property, plant and equipment and intangible assets)

Items of property, plant and equipment and 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 loss equal to the difference between the carrying amount and the recoverable amount is recognized in profit or loss. The recoverable amount of goodwill is reviewed at least annually.

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. No differentiation per depositor (non-banks and banks) is implemented in the existing position.

Other financial liabilities

Other financial liabilities comprise amounts due to banks (excluding amounts due to banks in postal, savings and investment accounts, medium-term notes and money market investments), which are measured at amortized cost, derivative financial instruments measured at fair value and other financial liabilities. Other financial liabilities consist of finance lease obligations, repurchase transactions and other liabilities (private placement). Other liabilities are measured at amortized cost.

Provisions

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.

Employee benefit obligations

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 an obligation or asset corresponds to the present value of the defined employee benefit obligation (insurance cover 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 insurance cover 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.

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

Provisions for other long-term employee benefits (loyalty bonuses for long years of service) and staff vouchers for retired employees 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.

Income taxes

In accordance with Article 10 of the Postal Organization Act (POA), 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 national 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). 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.

Non-current assets held for sale

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.

4 | Estimation uncertainty and management's judgement

Preparation of the consolidated 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 assumptions and estimates with the greatest risk of causing a material adjustment to the carrying amount of an asset or liability within the next financial year are explained below.

Those accounting policies that may have a material impact on the consolidated annual financial statements as a result of Executive Management's judgements are also explained.

Estimation uncertainty in applying accounting policies

Useful lives of property, plant and equipment
The useful lives of property, plant and equipment (carrying amount as at 31 December 2015: 2,423 million francs) are defined on the basis of current technical conditions and past experience. However, as a result of technological change and market conditions, actual useful lives may differ from those originally defined. In the event of differences compared with the useful lives originally defined, these are adjusted. In the event of technical obsolescence, the assets are also depreciated or sold.

Employee benefit obligations
Employee benefit expenses and employee benefit obligations (carrying amount as at 31 December 2015: 4,847 million francs) are calculated annually using the projected unit credit method. The calculations are based on various actuarial assumptions such as expected salary and pension trends or the discount rate for pension benefit obligations.

Fair values of financial instruments
Fair values of financial assets (carrying amount as at 31 December 2015: 72,479 million francs) 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 available-for-sale financial assets. The discounted cash flows are calculated on the basis of Bloomberg yield curves, taking the relevant parameters (rating, maturity, etc.) into account.

Goodwill
The discounted cash flow method is used annually to determine the recoverable amount of goodwill items (carrying amount as at 31 December 2015: 238 million francs). The parameters reflect specific assumptions for each country and cash-generating unit. The cash flows used in the calculations are based on the strategic financial planning for the next two to five years and a residual value. This does not include any growth component.

Management's judgement used in applying accounting policies

Held to maturity financial assets

Financial assets with a fixed maturity which Swiss Post intends and is able to hold to maturity are classified as "held to maturity". If Swiss Post does not manage to hold these investments to maturity, all investments assigned to this category must be reclassified as "available for sale". As a result, they would no longer be measured at amortized cost but at fair value.

Impairment of available-for-sale and held-to-maturity financial assets and loans

In order to determine whether there is evidence of impairment, Swiss Post follows the guidance set out in IAS 39 Financial Instruments: Recognition and Measurement. In measuring impairment, the management takes into account various factors such as maturity, sector, outlook, technological conditions, etc.

5 | Segment information

Principles

The operating segments were determined based on the organizational units for which information is reported to the management of the Group. In doing so, no operating segments were aggregated. Transactions between the segments are based on a range of services and a transfer pricing concept. Transfer prices are calculated on the basis of commercial criteria. For information on the composition of segment assets, please see the separate section "Composition of segment assets and liabilities".

Note 36 (Consolidated Group) shows the segments to which Swiss Post and its subsidiaries have been assigned.

Segmentation

Segmentation	Description
Communication market	
PostMail	Services relating to addressed letters, newspapers, unaddressed items (domestic, import and export)
Swiss Post Solutions	Document solutions and postal-related business process outsourcing solutions in Switzerland and internationally
Post Offices & Sales	Sales channel for postal products/services and additionally for third-party products for private customers and small and medium-sized enterprises.
Logistics market	
PostLogistics	Parcels, express services and logistics solutions within Switzerland and abroad
Financial services market	
PostFinance	Payments, savings, investments, retirement planning and financing in Switzerland as well as international payment transactions
Passenger transport market	
PostBus	Regional, municipal and urban transport, as well as system services in Switzerland and in selected countries abroad
Other	Units that cannot be assigned to the segments such as service (Real Estate, Information Technology) and management units (incl. HR, Finance and Communication)
Consolidation	Effects of intra-Group elimination

Geographical information

Geographical information is disclosed as follows. Information is presented, firstly, according to the location of the revenue-generating subsidiary (Europe, Americas, Asia) and, secondly, according to the location at which the revenue was generated (Switzerland or "International and cross-border"). The "International and cross-border" segment includes revenue from all foreign subsidiaries.

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 PostMail and Post Offices & Sales segments.

The monopoly limit was lowered to 100 grams on 1 April 2006 and to 50 grams on 1 July 2009. Swiss Post can thus continue to ensure a high-quality universal service at affordable prices. By providing a universal postal service, it is helping to strengthen the public service in Switzerland.

State compensation

PostBus received compensation of 176 million francs from the Swiss Confederation (previous year: 175 million francs), 191 million francs from cantons (previous year: 182 million francs) and 7 million francs from municipalities (previous year: 7 million francs) for providing legally required public passenger transport services. This compensation is included in net sales from logistics services.

Composition of segment assets and liabilities

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.

The "Other" column mainly includes the following items in the segment's assets and liabilities:

– the carrying amounts of properties managed centrally by Post CH Ltd and Post Real Estate Ltd
– employee benefit obligations

Unallocated assets and liabilities comprise non-operational assets (principally deferred tax assets and loans to PostBus operators) and non-operational liabilities (mainly other financial liabilities and deferred tax liabilities).

Changes in segment assets and liabilities

In comparison with 31 December 2014, the segment assets of PostFinance decreased by 4,295 million francs, particularly with regard to receivables. The decrease was mainly due to lower customer deposits. Liabilities in the "Other" segment were up 656 million francs in relation to 31 December 2014, mainly as a result of higher employee benefit obligations.

More information

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

Results by business segment and region

Result by business segment

Up to or as at 31.12.2014 CHF million	Notes	PostMail	Swiss Post Solutions	Post Offices & Sales	Post-Logistics	Post-Finance[3]	PostBus[4]	Other[5]	Consolidation	Group
Operating income										
from customers[1]		2,515	606	1,026	1,161	2,135	832	96		8,371
from other segments		372	53	637	401	40	3	790	–2,296	–
Total operating income[1, 2]		**2,887**	**659**	**1,663**	**1,562**	**2,175**	**835**	**886**	**–2,296**	**8,371**
Operating profit[2]		**334**	**12**	**–100**	**141**	**382**	**30**	**4**		**803**
Net financial income	12, 13									–45
Net income from associates and joint ventures	23	3	0	–	6	6	0	1		16
Income taxes	14									–136
Group profit										**638**
Segment assets		739	463	542	646	118,286	499	2,787	–1,063	122,899
Associates and joint ventures		56	0	–	13	31	2	2		104
Unallocated assets[6]										1,668
Total assets										**124,671**
Segment liabilities		869	175	566	629	113,699	398	2,944	–1,063	118,217
Unallocated liabilities[6]										1,444
Total liabilities										**119,661**
Investment in property, plant and equipment, intangible assets and investment property	24–26	43	15	7	93	114	39	127		438
Depreciation and amortization	24–26	46	23	12	59	32	42	107		321
Impairment	18, 24–26	–	7	–	–	92	1	0		100
Reversal of impairment	18, 24–26	–	–	–	–	–	–	–		–
Other non-cash (expenses)/income		–33	–10	–2	–14	–59	–32	–314		–464
Headcount[7]		16,979	7,466	6,508	5,304	3,466	2,789	2,169		44,681

1 Figures have been adjusted (see Note 2, Basis of accounting, Accounting changes).
2 Operating income and operating profit by segment are reported before management, licence fees and net cost compensation.
3 PostFinance Ltd also applies the Accounting rules for banks, securities dealers, financial groups and conglomerates (ARB). There are differences between the ARB and the IFRS results.
4 Within regional public transport, PostBus Switzerland Ltd is subject to the DETEC ordinance on the accounting of licensed businesses (RKV). There are differences between the RKV and the IFRS results.
5 Includes service units (Real Estate and Information Technology) and management units (e.g. Human Resources, Finance and Communication).
6 Unallocated assets and liabilities comprise those that essentially contribute to net financial income/expenses rather than to operating profit and are therefore not assigned to segment assets or segment liabilities. Unallocated assets and liabilities are eliminated in intra-Group transactions.
7 The average is expressed in terms of full-time equivalents (excluding trainees).

Result by region

Up to or as at 31.12.2014 CHF million	Notes	Europe	Americas	Asia	Consolidation	Group	Switzerland	International and cross-border	Consolidation	Group
Operating income from customers[1]		8,296	74	1		8,371	7,138	1,233		8,371
Operating profit[2]		797	4	2		803	731	72		803
Segment assets		122,842	55	6	–4	122,899	122,084	847	–32	122,899
Investment in property, plant and equipment, intangible assets and investment property	24–26	438	0	0		438	417	21		438

1 Figures have been adjusted (see Note 2, Basis of accounting, Accounting changes).
2 Operating profit by segment is reported before management, licence fees and net cost compensation.

Result by business segment

Up to or as at 31.12.2015 CHF million	Notes	PostMail	Swiss Post Solutions	Post Offices & Sales	Post Logistics	Post-Finance [2]	PostBus [3]	Other [4]	Conso-lidation	Group
Operating income										
from customers		2,446	546	982	1,158	2,103	846	143		8,224
from other segments		374	63	619	394	40	3	798	–2,291	–
Total operating income [1]		**2,820**	**609**	**1,601**	**1,552**	**2,143**	**849**	**941**	**–2,291**	**8,224**
Operating profit [1]		**383**	**16**	**–100**	**152**	**463**	**33**	**–71**		**876**
Net financial income	12, 13									–47
Net income from associates and joint ventures	23	6	0	–	5	5	0	–4		12
Income taxes	14									–210
Group profit										**631**
Segment assets		640	332	539	608	113,991	555	2,768	–878	118,555
Associates and joint ventures		55	0	–	13	33	2	1		104
Unallocated assets [5]										1,668
Total assets										**120,327**
Segment liabilities		774	162	546	597	109,198	504	3,600	–878	114,503
Unallocated liabilities [5]										1,439
Total liabilities										**115,942**
Investment in property, plant and equipment, intangible assets and investment property	24–26	29	12	15	81	167	62	55		421
Depreciation and amortization	24–26	50	16	12	63	49	44	96		330
Impairment	18, 24–26	–	5	–	–	19	2	–		26
Reversal of impairment	18, 24–26	–	–	–	–	25	0	0		25
Other non-cash (expenses)/income		–20	–12	–13	–21	–56	–40	–308		–470
Headcount [6]		16,494	7,177	6,299	5,219	3,594	2,939	2,409		44,131

1 Operating income and operating profit by segment are reported before management, licence fees and net cost compensation.
2 PostFinance Ltd also applies the Accounting rules for banks, securities dealers, financial groups and conglomerates (ARB). There are differences between the ARB and the IFRS results.
3 Within regional public transport, PostBus Switzerland Ltd is subject to the DETEC ordinance on the accounting of licensed businesses (RKV). There are differences between the RKV and the IFRS results.
4 Includes service units (Real Estate and Information Technology) and management units (e.g. Human Resources, Finance and Communication).
5 Unallocated assets and liabilities comprise those that essentially contribute to net financial income/expenses rather than to operating profit and are therefore not assigned to segment assets or segment liabilities. Unallocated assets and liabilities are eliminated in intra-Group transactions.
6 The average is expressed in terms of full-time equivalents (excluding trainees).

Result by region

Up to or as at 31.12.2015 CHF million	Notes	Europe	Americas	Asia	Conso-lidation	Group	Switzer-land	Interna-tional and cross-border	Conso-lidation	Group
Operating income from customers		8,139	84	1		8,224	7,075	1,149		8,224
Operating profit [1]		871	3	2		876	819	57		876
Segment assets		118,497	59	4	–5	118,555	117,974	605	–24	118,555
Investments in property, plant and equipment, intangible assets and investment property	24–26	420	1	0		421	402	19		421

1 Operating profit by segment is reported before management, licence fees and net cost compensation.

6 | Net income from financial services

By presenting the net income 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.

PostFinance is affected by the SNB's measures and has paid negative interest on part of its sight deposit balance at the SNB since 22 January 2015. PostFinance has defined individual customer thresholds for major business customers and banks, based on their usual behaviour in relation to payment transactions. The proportion of credit that exceeds this threshold has been subject to a fee since 1 February 2015. PostFinance also introduced lower interest limits on business accounts on 1 March 2015. Expenses and income associated with these measures are recognized in commission business and are not material in nature for the 2015 financial year.

Net income from financial services

CHF million	2014	2015
Interest income		
Interest income on amounts due from banks	1	2
Interest income on securities lending and reverse repurchase transactions	2	1
Interest income on interest-bearing amounts due from customers	8	8
Interest income on financial assets	1,209	1,063
Dividend income on financial assets	16	47
Interest expense		
Interest expense for customer deposits (PostFinance)	–208	–115
Interest expense for amounts due to banks	0	0
Interest expense on repurchase transactions	0	0
Net interest income	**1,028**	**1,006**
Impairment/reversal of impairment on financial assets	–95	4
Net interest income, net of impairment/reversal of impairment	**933**	**1,010**
Commission income on lending business	4 [1]	8
Commission income on securities and investment business	42	52
Commission income on other services	75	84
Commission expenses	–49 [1]	–67
Net income from services	500	501
Net services and commission income	**572**	**578**
Net trading income	146	184
Net income from the disposal of available-for-sale financial assets	55	39
Losses on payment transactions	–11	–10
Other net financial income/finance costs	–2	–5
Net income from financial services	**1,693**	**1,796**
Shown in the consolidated income statement under:		
Income from financial services	2,108 [1]	2,062
Expenses for financial services	–415 [1]	–266

1 Figures have been adjusted (see Note 2, Basis of accounting, Accounting changes).

7 | Other operating income

Other operating income

CHF million	2014	2015
Rental income	69	71
Profits on the sale of property, plant and equipment	24	41
Other income	84	90
Total other operating income	**177**	**202**

The remaining amounts consist mainly of fees for management services in public transport, sale of advertising space, military mail and charges for the collection of VAT and customs duties.

8 | Personnel expenses

Composition

Breakdown of personnel expenses

CHF million	Notes	2014	2015
Wages and salaries		3,312	3,148
Social security benefits		350	338
Employee benefit expenses	9	335	434
Other personnel expenses		111	102
Total personnel expenses		**4,108**	**4,022**

Headcount

Headcount

Number of employees [1]	2014	2015
Employees at Swiss Post Group (excluding trainees)	44,681	44,131
Trainees at Swiss Post Group	2,067	2,108

1 Average expressed in terms of full-time equivalents.

9 | Staff pension plan

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 (active contributors and pensioners). 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 plus 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 (BVG) and its regulations of execution must be taken into account. The BVG 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 2016, the rate was 1.25 percent (previous year: 1.75 percent).

Due to plan arrangements and the legal provisions of the BVG, 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.

Companies in Germany (SPS Group) have corporate retirement provision based on various regulations and works agreements. There are also individual retirement solutions for senior staff. In principle, employees are entitled to receive insurance benefits on occurrence of the insured event, i.e. retirement age, disability or death. Depending on the applicable insurance regulations, lifelong pension benefits may be received or lump-sum capital payments withdrawn. Most pension benefits are financed by the employer. If an employee leaves the company before the maturity date of an insurance benefit, contingent rights to the insurance benefits are maintained in accordance with the statutory regulations.

Due to plan arrangements and the legal provisions (Occupational Pensions Act), the employer is exposed to actuarial risks. The principal risks are the risk of longevity, the risk of salary changes and the risk of inflationary adjustments to pensions.

Actuarial assumptions

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

Actuarial assumptions made in calculating annual employee benefit expenses

Percent	2014	2015
Discount rate	2.25	1.25

Actuarial assumptions at 31 December

Percent	2014	2015
Discount rate	1.25	0.75
Expected change in salaries	1.50	1.00
Pension indexation	0.00	0.00
Interest on retirement assets	2.00	1.25
Staff turnover	3.58	3.56
Current average life expectancy for a man/woman aged 65	21/24 years	21/24 years

Long-term employee benefits are shown and described under Note 28, Provisions.

Employee benefit expenses

Employee benefit expenses

CHF million	2014	2015
Current service cost	540	601
Service cost to be recognized	0	33
Employee contributions	–207	–207
Administrative costs	10	10
Pension payments by the employer	1	1
Other plans, reclassifications	–9	–4
Total employee benefit expenses recognized in personnel expenses	**335**	**434**
Interest expense arising from employee benefit obligations	380	239
Interest income on assets	–340	–198
Other plans, reclassifications	–1	–2
Total net interest expense recognized in financial expenses	**39**	**39**
Total employee benefit expenses recognized in the income statement	**374**	**473**

New assessment elements entered in the statement of comprehensive income

CHF million	2014	2015
Actuarial losses		
due to the adjustment of demographic assumptions	–3	–
due to the adjustment of economic assumptions	1,971	990
due to experience adjustments	–14	–49
Income from plan assets (excluding interest income)	–610	221
Changes in effect of asset ceiling regulation (excluding net interest income)	0	–
Total revaluation gains recorded in other comprehensive income (OCI)	**1,344**	**1,162**
Total employee benefit expenses	**1,718**	**1,635**

In its meeting on 10 June 2015, the Foundation Board of the Swiss Post pension fund decided to decrease the technical interest rate, to reduce conversion rates and to provide funding, in particular for compensation measures for active contributors. The changes were implemented on 1 January 2016. The compensation measures as a result of the adjustment mentioned above led to an increase in employee benefit expenses (33 million francs) being recognized in the income statement.

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

Cover status

Statement of recognized employee benefit obligations arising from material defined benefit plans, mainly from the Swiss Post pension fund foundation in Switzerland and SPS Group in Germany:

Summary of cover status

CHF million	31.12.2014	31.12.2015
Present value of employee benefit obligations including assets set aside	19,431	20,492
Benefit plan assets at fair value	–15,956	–15,657
Shortfall	**3,475**	**4,835**
Employee benefit obligations excluding assets set aside	13	9
Total recognized employee benefit obligations arising from defined benefit plans	**3,488**	**4,844**
Employee benefit obligations arising from other benefit plans	1	3
Total recognized employee benefit obligations	**3,489**	**4,847**

Performance of recognized employee benefit obligations from defined benefit plans

Performance of recognized employee benefit obligations from defined benefit plans (excluding other plans)

CHF million	2014	2015
Balance at 1 January	**2,039**	**3,488**
Employee benefit expenses arising from defined benefit plans	384	478
Revaluation gains recognized in other comprehensive income	1,344	1,162
Employer contributions	–284	–284
Pension payments by the employer	–1	–1
Translation differences	0	–1
Company acquisitions, disposals or transfers	6	2
Balance at 31 December	**3,488**	**4,844**
of which:		
current, i.e. payments falling due within the next twelve months	275	278
non-current	3,213	4,566

Change in employee benefit obligations

Change in employee benefit obligations

CHF million	2014	2015
Balance at 1 January	**17,354**	**19,444**
Current service cost	540	601
Interest expense arising from employee benefit obligations	380	239
Actuarial (gains)/losses	1,954	941
Plan settlements	–7	–
Company acquisitions, disposals or transfers	6	6
Restructuring	0	1
Benefits paid from plan assets	–787	–761
Pension payments by the employer	–1	–1
Plan amendments [1]	0	33
Transfers, reclassifications and other	5	–
Translation differences	0	–2
Balance at 31 December	**19,444**	**20,501**
Employee benefit obligations including assets set aside	19,431	20,492
Employee benefit obligations excluding assets set aside	13	9
Total employee benefit obligations	**19,444**	**20,501**

1 Plan amendment costs incurred in 2015 (see employee benefit expenses).

Change in plan assets

Change in fair value of plan assets

CHF million	2014	2015
Balance at 1 January	**15,315**	**15,956**
Interest income on assets	340	198
Income from plan assets (excluding interest income)	610	–221
Employee contributions	207	207
Employer contributions	284	284
Plan settlements	–7	–
Benefits paid from plan assets	–787	–761
Administrative costs	–10	–10
Company acquisitions, disposals or transfers	4	4
Translation differences	0	0
Balance at 31 December	**15,956**	**15,657**

Asset classes

Asset allocation	31 December 2014			31 December 2015		
CHF million	Listed	Unlisted	Total	Listed	Unlisted	Total
Bonds	5,651	1,884	7,535	5,256	1,985	7,241
Shares	4,588	–	4,588	4,303	–	4,303
Real estate	–	1,481	1,481	–	1,566	1,566
Alternative investments	328	1,154	1,482	328	1,335	1,663
Qualified insurance paper	–	26	26	–	28	28
Other financial assets	–	–	–	–	14	14
Cash and cash equivalents	–	844	844	–	842	842
Total	**10,567**	**5,389**	**15,956**	**9,887**	**5,770**	**15,657**

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. BVG 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 advisor 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.

Sensitivity

The effect of a 0.25 percentage point rise or fall in the underlying material actuarial assumptions on the present value of pension obligations as at 31 December 2014 and 2015:

Sensitivity of pension obligations to changes in actuarial assumptions		Resulting change in present value			Resulting change in present value	
CHF million	Deviation	31.12.2014	31.12.2015	Deviation	31.12.2014	31.12.2015
Discount rate	+0.25 percentage point	–675	–727	–0.25 percentage point	723	780
Expected change in salaries	+0.25 percentage point	64	66	–0.25 percentage point	–62	–64
Interest on retirement assets	+0.25 percentage point	107	111	–0.25 percentage point	–104	–108
Pension indexation	+0.25 percentage point	563	610	–0.25 percentage point	–	–
Life expectancy at age 65	+1 year	604	668	–1 year	–612	–675

Maturity profile of the defined employee benefit obligation

The weighted average term of the defined employee benefit obligation is 16.7 years as at 31 December 2015 (previous year: 16.2 years).

More information about the timing of the nominal payment of benefits:

Maturity of the defined employee benefit obligation CHF million	Nominal payment of benefits	Nominal payment of benefits (estimation)
Contributions		
2015	284	275
2016		278
Expected future benefits		
2016		902
2017		913
2018		908
2019		907
2020		903
2021–2025		4,400

10 | Resale merchandise and service expenses

Resale merchandise and service expenses CHF million	2014	2015
Working materials, semi-finished and finished goods	45	45
Resale merchandise expenses	466	434
Service expenses	161	151
Compensation paid to PostBus operators	305	304
Compensation paid to forwarding companies	345	338
Compensation paid for international postal traffic	160	121
Temporary employees	120	136
Total resale merchandise and service expenses	**1,602**	**1,529**

11 | Other operating expenses

Other operating expenses CHF million	2014	2015
Premises	224	225
Maintenance and repairs of property, plant and equipment	225	268
Energy and fuel	64	53
Operating materials	83	85
Consulting, office and administrative expenses	202	225
Marketing and communications	103	107
Loss on disposal of property, plant and equipment	4	6
Other expenses	209	226
Total other operating expenses	**1,114**	**1,195**

12 | Financial income

Financial income

CHF million	Notes	2014	2015
Interest income on other loans	22	10	8
Foreign currency gains		0	6
Other financial income		2	8
Total financial income		**12**	**22**

Income from the financial services business is posted as "Income from financial services".

13 | Financial expenses

Financial expenses

CHF million	Notes	2014	2015
Interest expense on other financial liabilities		12	12
Present value adjustments to provisions		0	0
Interest expense for employee benefit obligations	9	39	39
Interest charges on finance leases	27	0	0
Foreign currency losses		2	12
Other financial expenses		4	6
Total financial expenses		**57**	**69**

Expenses arising from the financial services business are recorded as "Expenses for financial services".

14 | Income taxes

Income taxes recorded in the income statement

CHF million	2014	2015
Expense for current income taxes	–79	–94
Expense for deferred income taxes	–57	–116
Total expense for income taxes recorded in the income statement	**–136**	**–210**

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

Income taxes recognized in other comprehensive income

CHF million	2014	2015
Revaluation of employee benefit obligations	275	153
Fair value reserves	–17	–6
Hedging reserves	2	–1
Other profits and losses recorded directly in other comprehensive income	0	0
Total income taxes recognized in other comprehensive income	**260**	**146**

Deferred taxes relating to balance sheet items

Deferred taxes relating to balance sheet items	31 December 2014			31 December 2015		
CHF million	Deferred tax assets	Deferred tax liabilities	Net assets/ (liabilities)	Deferred tax assets	Deferred tax liabilities	Net assets/ (liabilities)
Financial assets	31	–48	–17	15	–48	–33
Interests in subsidiaries, associates and joint ventures	1	–82	–81	0	–83	–83
Property, plant and equipment	267	–2	265	229	–2	227
Intangible assets	429	–3	426	346	–3	343
Other liabilities	2	0	2	3	0	3
Provisions	81	–13	68	55	–12	43
Employee benefit obligations	714	–	714	904	–	904
Other balance sheet items	1	–1	0	1	–1	0
Deferred taxes arising from temporary differences	**1,526**	**–149**	**1,377**	**1,553**	**–149**	**1,404**
Tax assets recognized for loss carryforwards	10		10	13		13
Deferred tax assets/liabilities, gross	**1,536**	**–149**	**1,387**	**1,566**	**–149**	**1,417**
Deferred tax assets/liabilities, prior year	–1,313	130	–1,183	–1,536	149	–1,387
Changes in the composition of the Group	–1	0	–1	–1	1	0
Deferred taxes taken to other comprehensive income	–275	15	–260	–153	7	–146
Deferred taxes recognized in the income statement	**–53**	**–4**	**–57**	**–124**	**8**	**–116**

Deferred tax assets of 1,566 million francs (previous year: 1,536 million francs) are comprised mainly of temporary differences on financial assets, property, plant and equipment and intangible assets, provisions for employee benefit obligations in accordance with IAS 19 that are not accepted for tax purposes as well as other provisions and tax loss carryforwards. Deferred tax assets are recognized only for deductible temporary differences and tax loss carryforwards to the extent that it is probable that the tax income will be realized.

Deferred tax liabilities of 149 million francs (previous year: 149 million francs) are mainly the result of temporary differences between the valuations of Group assets and the tax base of financial assets and interests as well as temporary differences arising on provisions.

As at 31 December 2015, temporary differences in relation to interests amounted to 71 million francs (previous year: 75 million francs) for which no deferred tax liabilities were recognized, given that Swiss Post is able to control the reversal of temporary differences and that it is unlikely the temporary differences will be reversed in the foreseeable future.

Unused loss carryforwards

Unused loss carryforwards	31 December 2014			31 December 2015		
CHF million	Recognized	Not recognized	Total	Recognized	Not recognized	Total
Maturing within 1 year	5	–	5	5	0	5
Maturing in 2 to 6 years	18	15	33	2	23	25
Maturing in more than 6 years	17	–	17	39	83	122
Total unused loss carryforwards	**40**	**15**	**55**	**46**	**106**	**152**

Tax loss carryforwards of 106 million francs (previous year: 15 million francs) were not capitalized within Swiss Post Group, as it seems uncertain that they will be utilized in the future.

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 13.2 percent (previous year: 13.8 percent). The 0.6 percent decrease in the Group tax rate is due to a change in the estimated tax rate for determining the expense for deferred income taxes for several subsidiaries.

Reconciliation from Group profit before tax to expenses for income taxes accounted for

CHF million	2014	2015
Group profit before tax	774	841
Weighted average tax rate	13.8%	13.2%
Tax expense at weighted average tax rate	**107**	**111**
Reconciliation with expenses for income taxes accounted for:		
Effect of change in tax status/tax rates	5	68
Effect of investments/impairment of goodwill	59	76
Effect of back taxes and tax refunds from previous years	–7	–6
Effect of change in impairment on deferred income tax assets	0	1
Effect of fiscally non-relevant income/expenses	–25	–39
Effect of loss carryforwards	–4	6
Other effects	1	–7
Expenses for income taxes accounted for	**136**	**210**

15 | Receivables

Receivables by type

	31 December 2014			31 December 2015		
CHF million	Gross	Impairment	Net	Gross	Impairment	Net
Amounts due from banks [1]	42,639	–96	42,543	39,032	–99	38,933
Interest-bearing amounts due from customers [1]	701	–5	696	567	–4	563
Trade accounts receivable	1,134	–12	1,122	1,091	–10	1,081
Other receivables	912	–1	911	949	–1	948
Total receivables	**45,386**	**–114**	**45,272**	**41,639**	**–114**	**41,525**
[1] of which receivables from reverse repurchase transaction			1,309			311
and covered by securities with a fair value of			1,309			311

Information on fair values can be found in Note 33, Fair value disclosures.

Amounts due from banks comprise current account balances, money market instruments and reverse repurchase transactions. (31 December 2015: 61 million francs; previous year: 909 million francs). The current accounts mainly relate to Swiss Post's international payment transactions. The money market instruments and reverse repurchase transactions arise from the management of customer deposits. Securities cover for reverse repurchase transactions is recognized on a daily basis at current fair values. In amounts due from banks, cash reserves remain high, and are mostly invested at the SNB.

Interest-bearing amounts due from customers comprise technical overdrafts on postal accounts and receivables from reverse repo transactions with insurance companies (31 December 2015: 250 million francs; previous year: 400 million francs).

A receivable is entered during a reverse repurchase transaction. This reflects the right of Swiss Post to retain the cash deposit. Securities received as part of reverse repurchase transactions are recognized in the balance sheet only if risks and opportunities are entered into. The fair values of the securities received are monitored to provide or reclaim additional collateral, where required. See also Note 34, Transfer of financial assets.

No assets have been pledged (as collateral) for loans.

Due dates of receivables

Receivables by due date	31 December 2014			31 December 2015		
CHF million	Total	Due in up to 3 months	Due in over 3 months	Total	Due in up to 3 months	Due in over 3 months
Amounts due from banks	42,543	42,166	377	38,933	38,933	0
Interest-bearing amounts due from customers	696	696	–	563	563	–
Trade accounts receivable	1,122	1,032	90	1,081	1,080	1
Other receivables	911	531	380	948	607	341
Total receivables	**45,272**	**44,425**	**847**	**41,525**	**41,183**	**342**

In the reporting period, interest income calculated in accordance with the effective interest method amounted to 2 million francs on amounts due from banks (previous year: one million francs) and 8 million francs on interest-bearing amounts due from customers (previous year: 8 million francs).

Trade accounts receivable and other receivables are of a short-term nature and therefore are not discounted.

Overdue receivables for which individual impairment losses are not recognized

Swiss Post writes down receivables if it expects a loss in respect of those receivables because the debtor is likely to be unable to fulfil its contractual obligations. Overdue receivables for which there are no clear indications of impairment are placed on a watchlist and monitored.

Overdue receivables for which individual impairment losses are not recognized	31 December 2014				31 December 2015			
CHF million	1–90 days	91–180 days	181–365 days	> 1 year	1–90 days	91–180 days	181–365 days	> 1 year
Amounts due from banks	1,149	165	211	–	12	–	–	–
Interest-bearing amounts due from customers	682	5	7	6	296	4	5	10
Trade accounts receivable	86	31	28	100	61	3	3	6
Other receivables	3	2	1	2	13	0	0	1
Total receivables	**1,920**	**203**	**247**	**108**	**382**	**7**	**8**	**17**

Receivables for which impairment losses are recognized

Outstanding receivables are checked on a regular basis by means of a risk analysis specified by the Group. Individual impairment losses on receivables are determined based on the difference between the nominal amount of the receivables and the estimated net amount recoverable.

Items that are not subject to individual value adjustments are additionally subject to a portfolio value adjustment based on statistical analyses from previous years.

Receivables for which impairment losses are recognized		31 December 2014			31 December 2015	
CHF million	Gross	Impairment losses	Net	Gross	Impairment losses	Net
Individual impairment losses						
Amounts due from banks	99	–96	3	100	–99	1
Interest-bearing amounts due from customers	1	–1	–	1	–1	–
Trade accounts receivable	47	–6	41	39	–6	33
Other receivables	1	–1	–	1	–1	0
Total receivables for which individual impairment losses are recognized	**148**	**–104**	**44**	**141**	**–107**	**34**
Portfolio impairment losses						
Interest-bearing amounts due from customers	26	–4	22	316	–3	313
Trade accounts receivable	55	–6	49	39	–4	35
Other receivables	3	0	3	5	0	5
Total receivables for which portfolio impairment losses are recognized	**84**	**–10**	**74**	**360**	**–7**	**353**

Changes in impairment losses on receivables

Change in impairment losses on receivables	Amounts due from banks		Interest-bearing amounts due from customers		Trade accounts receivable		Other receivables	
CHF million	Individual impairment losses	Portfolio impairment losses	Individual impairment losses	Portfolio impairment losses	Individual impairment losses	Portfolio impairment losses	Individual impairment losses	Portfolio impairment losses
As at 1 January 2014	**97**	**–**	**0**	**2**	**7**	**5**	**1**	**0**
Impairment	–	–	1	2	0	1	–	–
Reversal of impairment	–1	–	–	–	0	–	0	0
Reclassifications	–	–	–	–	0	0	–	–
Disposals	–	–	–	–	–1	–	–	–
Currency translation differences	–	–	–	–	0	0	–	–
As at 31 December 2014	**96**	**–**	**1**	**4**	**6**	**6**	**1**	**0**
Impairment	3	–	0	–	2	–	–	0
Reversal of impairment	–	–	–	–1	–1	–2	0	-
Reclassifications	–	–	–	–	0	0	–	–
Disposals	–	–	–	–	–1	–	–	–
Currency translation differences	–	–	–	–	0	0	–	–
As at 31 December 2015	**99**	**–**	**1**	**3**	**6**	**4**	**1**	**0**

16 | Inventories

Inventories

CHF million	31.12.2014	31.12.2015
Resale merchandise	55	46
Fuel and operating materials	17	22
Production materials	9	7
Work in progress and finished goods	3	1
Impairment loss for inventories which are not easily marketable	– 1	0
Total inventories	**83**	**76**

17 | Non-current assets held for sale

Non-current assets held for sale are no longer systematically amortized and will probably be sold within one year.

Non-current assets held for sale

CHF million	Operating property	Other property, plant and equipment	Total
As at 1 January 2014	**–**	**0**	**0**
Additions arising from reclassifications in accordance with IFRS 5	–	14	14
Disposals	–	– 13	– 13
As at 31 December 2014	**–**	**1**	**1**
Additions arising from reclassifications in accordance with IFRS 5	–	12	12
Disposals	–	– 13	– 13
As at 31 December 2015	**–**	**0**	**0**

Information on fair values can be found in Note 33, Fair value disclosures.

18 | Financial assets

Financial assets CHF million	Held to maturity	Available for sale	Derivative financial instruments	Loans	Total
Notes	19	20	21	22	
As at 1 January 2014	**50,398**	**3,879**	**95**	**12,475**	**66,847**
Additions	11,186	1,116	–	25,798	38,100
Change in value recognized in profit or loss	–110	117	–	73	80
Change in value recognized directly in equity	–	59	–	–	59
Change in value of derivatives	–	–	–90	–	–90
Impairment, net	–66	–8	–	–18	–92
Disposals	–6,866	–575	–	–24,630	–32,071
As at 31 December 2014	**54,542**	**4,588**	**5**	**13,698**	**72,833**
Additions	1,008	5,571	–	14,274	20,853
Change in value recognized in profit or loss	–297	12	–	19	–266
Change in value recognized directly in equity	–	–34	–	–	–34
Change in value of derivatives	–	–	56	–	56
Reversal of impairment/ impairment, net	16	–12	–	2	6
Disposals	–7,582	–233	–	–13,154	–20,969
As at 31 December 2015	**47,687**	**9,892**	**61**	**14,839**	**72,479**

Financial assets classified as held to maturity and loans are measured at amortized cost.

Available-for-sale financial assets and derivative financial instruments are presented at fair value if the latter can be directly derived from prices on publicly organized or standardized markets. Items for which there are no official price quotations are measured on the basis of yield curves, risk premiums and derivatives quotations (credit default swaps).

Of the positive replacement values, 57 million francs (previous year: 2 million francs) are managed in accordance with hedge accounting requirements (see Note 21, Derivative financial instruments).

Information on fair values can be found in Note 33, Fair value disclosures.

The recoverable amount of the bonds is systematically reviewed. Investments with one of the following characteristics undergo a closer assessment:

– non-investment-grade rating (< BBB–)
– quoted market price of less than 60 percent
– a price cannot be reliably determined
– previously mentioned in the context of impairment

The assessment was carried out in preparing the annual financial statements.

The impairment losses (net) released to financial assets in 2015 totalled 6 million francs (previous year: creation of 92 million francs). In the case of fixed-interest investments of the held-to-maturity category, individual impairment losses totalling 7 million francs were created and portfolio impairment losses of 23 million francs were released (previous year: creation of 66 million francs of portfolio impairment losses). Due to negative trends in share prices, impairment losses of 12 million francs on equity holdings were created (previous year: 8 million francs). For loans to public-sector entities in

Switzerland and to financial institutions, portfolio impairment losses totalling 2 million francs were created (previous year: creation of 18 million francs for loans to public-sector entities in Switzerland). For other loans (excluding PostFinance Ltd) no impairment losses or reversals of impairment took place (previous year: creation of less than one million francs).

19 | Financial assets held to maturity

Financial assets held to maturity		Term to maturity		
CHF million	Total	Up to 1 year	1–5 years	Over 5 years
31 December 2014				
Bonds	54,542	7,621	30,496	16,425
Total held to maturity	**54,542**	**7,621**	**30,496**	**16,425**
31 December 2015				
Bonds	47,687	7,344	29,990	10,353
Total held to maturity	**47,687**	**7,344**	**29,990**	**10,353**

Information on fair values can be found in Note 33, Fair value disclosures.

In the reporting period, interest income calculated in accordance with the effective interest method stood at 891 million francs (previous year: 999 million francs).

Held-to-maturity financial assets for which impairment losses are recognized

Held-to-maturity financial assets for which impairment losses are recognized	31 December 2014			31 December 2015		
CHF million	Gross	Impairment losses	Net	Gross	Impairment losses	Net
Individual impairment losses						
Bonds	–	–	–	10	–7	3
Total held-to-maturity financial assets for which individual impairment losses are recognized	**–**	**–**	**–**	**10**	**–7**	**3**
Portfolio impairment losses						
Bonds	54,683	–141	54,542	47,802	–118	47,684
Total held-to-maturity financial assets for which portfolio impairment losses are recognized	**54,683**	**–141**	**54,542**	**47,802**	**–118**	**47,684**

Changes in impairment losses on held-to-maturity financial assets

Changes in impairment losses on held-to-maturity financial assets CHF million	Individual impairment losses	Portfolio impairment losses	Total
As at 1 January 2014	**–**	**75**	**75**
Reversal of impairment	–	66	66
As at 31 December 2014	**–**	**141**	**141**
Reversal of impairment/impairment	7	–23	–16
As at 31 December 2015	**7**	**118**	**125**

In 2015, interest income of under one million francs was recognized from held-to-maturity financial assets for which impairment losses are created (previous year: none).

20 | Financial assets available for sale

Financial assets available for sale		Term to maturity			
CHF million	Total	Up to 1 year	1–5 years	Over 5 years	None
31 December 2014					
Bonds	3,197	15	2,482	700	–
Shares	625	–	–	–	625
Other	766	0	–	–	766
Total available for sale	**4,588**	**15**	**2,482**	**700**	**1,391**
31 December 2015					
Bonds	8,140	665	2,295	5,180	–
Shares	605	–	–	–	605
Other	1,147	0	–	–	1,147
Total available for sale	**9,892**	**665**	**2,295**	**5,180**	**1,752**

Information on fair values can be found in Note 33, Fair value disclosures.

Gains and losses on the disposal and early repayment of available-for-sale financial assets are presented as net income from the disposal of available-for-sale financial assets (income from financial services). In the reporting period, they amounted to a gain of 39 million francs (previous year: 55 million francs). See also Note 6, Net income from financial services.

In the reporting period, interest income calculated in accordance with the effective interest method amounted to 46 million francs (previous year: 28 million francs). Dividend income stood at 47 million francs (previous year: 16 million francs).

21 | Derivative financial instruments

Derivative financial instruments	31 December 2014				31 December 2015			
CHF million	Positive replacement values	Contract volume	Negative replacement values	Contract volume	Positive replacement values	Contract volume	Negative replacement values	Contract volume
Notes	18		27		18		27	
Cash flow hedges								
Currency	–	–	20	449	46	785	34	1,225
Interest rates	0	248	–	–	0	3	–	–
Fair value hedges								
Currency	0	90	35	871	11	687	10	696
Interest rates	2	270	116	3,587	–	–	160	3,607
Other								
Currency	3	419	3	448	4	258	6	322
Total derivative financial instruments	**5**	**1,027**	**174**	**5,355**	**61**	**1,733**	**210**	**5,850**

Information on fair values can be found in Note 33, Fair value disclosures.

Gains and losses recognized in profit or loss from sales and from the measurement at fair value of derivative financial investments are stated in the result from trading activities. During the period under review, a net loss of 23 million francs was generated with derivative financial investments in the result from trading activities (previous year: net loss of 12 million francs).

Derivatives due dates

Due dates of derivative financial instruments	31 December 2014				31 December 2015			
CHF million	Positive replacement values	Contract volume	Negative replacement values	Contract volume	Positive replacement values	Contract volume	Negative replacement values	Contract volume
Notes	18		27		18		27	
Cash flow hedges								
Less than 1 year	0	248	–	–	0	3	–	–
1 to 5 years	–	–	14	147	–	–	14	300
Over 5 years	–	–	6	302	46	785	20	925
Fair value hedges								
Less than 1 year	0	90	41	1,121	–	–	–	–
1 to 5 years	2	270	33	2,161	11	687	79	3,398
Over 5 years	–	–	77	1,176	–	–	91	905
Other								
Less than 1 year	3	419	3	448	0	2	0	3
1 to 5 years	0	0	0	0	4	256	6	319
Total derivative financial instruments	**5**	**1,027**	**174**	**5,355**	**61**	**1,733**	**210**	**5,850**

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 result if the substitute transactions were possible on more favourable terms.

Contract volume

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

Swiss Post acquires derivative financial instruments predominantly for hedging purposes. Hedge accounting is applied if derivative financial instruments are effective in offsetting changes in replacement value or cash flows attributable to the hedged items. Derivatives for which hedge accounting is not applied are classified as trading instruments.

Cash flow hedges

Swiss Post is exposed both to currency fluctuations and interest rate changes. The risks associated with foreign-currency bond investments as a result of currency fluctuations are hedged using currency swaps. Fluctuations of the future interest cash flows on financial assets are hedged by interest rate swaps with various maturities.

On 31 December 2015, the hedging reserve stood at 5 million francs before tax (previous year: 9 million francs). The overall fair value changes of the hedging instruments are included in the hedging reserves directly in equity. Subsequently, the net interest accrued and paid/received (5 million francs; previous year: 2 million francs) and the foreign currency share (28 million francs; previous year: 39 million francs) are transferred to the income statement (recycled in the result from trading activities, see also Note 6, Net income from financial services). Thus the residual fair value change of the hedging instruments remains in the cash flow hedge reserve.

This cash flow is expected to have an effect on the income statement in the following periods:

Cash flows (not discounted)			Term to maturity
CHF million	Up to 1 year	1–5 years	Over 5 years
31 December 2014			
Inflows of funds	4	16	–
Outflows of funds	–7	–30	–
31 December 2015			
Inflows of funds	14	54	33
Outflows of funds	–31	–121	–77

Fair value hedges

Fluctuations in fair value as a result of changes in market interest rates (Libor) are partly hedged using interest rate swaps. The risks associated with foreign-currency bond investments as a result of currency fluctuations are hedged using currency swaps. In both the reporting period and the previous year, the amount recognized in profit or loss was less than one million francs.

See also Note 32, Risk management, Risk management at PostFinance

22 | Loans

Loans		Term to maturity		
CHF million	Total	Up to 1 year	1–5 years	Over 5 years
31 December 2014				
State-owned enterprises	929	354	375	200
Cantons, cities and municipalities [1]	9,025	1,566	3,490	3,969
Banks	3,141	160	2,056	925
PostBus operators	106	21	63	22
Other [2]	497	86	139	272
Total loans	**13,698**	**2,187**	**6,123**	**5,388**
31 December 2015				
State-owned enterprises	725	525	–	200
Cantons, cities and municipalities [1]	9,556	1,362	3,775	4,419
Banks	4,036	565	1,921	1,550
PostBus operators	82	18	52	12
Other [2]	440	75	67	298
Total loans	**14,839**	**2,545**	**5,815**	**6,479**

1 Loans to cantons, cities and municipalities as well as borrower's note loans to public entities.
2 Loans and borrower's note loans to "Other institutions" and mortgages previously granted by the Swiss Post pension fund (less than one million francs; previous year: less than one million francs) which were assumed by PostFinance.

Information on fair values can be found in Note 33, Fair value disclosures.

In the reporting period, interest income calculated in accordance with the effective interest method stood at 194 million francs (previous year: 207 million francs).

Loans for which impairment losses are recognized

Impairment losses on loans to cantons, cities, municipalities, banks and other entities	31 December 2014			31 December 2015		
CHF million	Gross	Impairment losses	Net	Gross	Impairment losses	Net
Individual impairment losses						
Loans to others	12	–12	–	–	–	–
Total loans for which individual impairment losses are recognized	**12**	**–12**	**–**	**–**	**–**	**–**
Portfolio impairment losses						
Loans to cantons, cities and municipalities	9,056	–31	9,025	9,585	–29	9,556
Loans to banks	3,142	–1	3,141	4,036	–1	4,035
Total loans for which portfolio impairment losses are recognized	**12,198**	**–32**	**12,166**	**13,621**	**–30**	**13,591**

Change in impairment losses on loans

Change in impairment losses on loans to cantons, cities, municipalities, banks and other entities CHF million	Individual impairment losses	Portfolio impairment losses	Total
As at 1 January 2014	**12**	**14**	**26**
Impairment	0	18	18
As at 31 December 2014	**12**	**32**	**44**
Reversal of impairment	0	–2	–2
Disposals	–12	–	–12
As at 31 December 2015	**–**	**30**	**30**

23 | Interests in associates and joint ventures

No substantial interests in associates or joint ventures exist. In addition, there were no material transactions between the Group and any associates and joint ventures (see also Note 38, Transactions with related companies and parties). Further details on associates and joint ventures can be found in Note 36, Consolidated Group.

Interests in associates and joint ventures CHF million	2014	2015
Balance at 1 January	**97**	**104**
Additions	–	3
Disposals	–	–4
Dividends received	–9	–8
Share of net profit (after taxes) recognized in the income statement	16	12
Share of net profit (after taxes) recognized in other comprehensive income	1	3
Currency translation differences	–1	–6
Balance at 31 December	**104**	**104**

Comprehensive income from associates and joint ventures

Net income from associates and joint ventures CHF million	2014	2015
Share of net profit (after taxes) recognized in the income statement	16	12
Share of net profit (after taxes) recognized in other comprehensive income	1	3
Comprehensive income from associates and joint ventures	**17**	**15**

Changes in associates and joint ventures

2014
On 27 March 2014, a share capital increase of 10 million euros was undertaken at Swiss Euro Clearing Bank GmbH, based in Frankfurt am Main, Germany (Swiss Post share: 25 percent).

2015
Swiss Post Solutions Holding GmbH, based in Bamberg (Germany) sold its interest (35 percent) in MEILLERGHP GmbH, based in Schwandorf (Germany), on 20 February 2015.

Post CH Ltd, based in Berne, sold its interest (25 percent) in search.ch AG, based in Zurich, on 8 May 2015.

Swiss Post Solutions GmbH, based in Bamberg (Germany) sold 2 percent of its interest in CF Card Factory GmbH, based in Hessisch Lichtenau (Germany), on 17 June 2015. Following the loss of control, CF Card Factory GmbH is disclosed as an associate.

Post CH Ltd, based in Berne, acquired 20 percent in Energy Logistics Schweiz (ELS) Ltd, based in Berne, on 19 October 2015.

On 10 December 2015, a share capital increase of 12 million francs was undertaken at Liechtensteinische Post AG, based in Schaan (Liechtenstein) (Swiss Post share: 25 percent).

24 | Property, plant and equipment

Investment commitments for property, plant and equipment amount to 74 million francs (previous year: 67 million francs).

As at 31 December 2015, as in the previous year, no items of property, plant and equipment had been pledged in relation to mortgages.

As in the previous year, no borrowing costs were capitalized in 2015.

Property, plant and equipment

2014 CHF million	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 1.1.2014	**5,252**	**95**	**1,067**	**768**	**26**	**7,208**
Additions to the consolidated Group	–	–	0	0	–	0
Subsequent adjustment to acquisition costs	–	–	–1	–	–	–1
Additions	–4[1]	128	53	95	53	325
Disposals	–91	–3	–71	–26	0	–191
Reclassifications	88	–88	56	3	–59	0
Disposals arising from reclassifications (IFRS 5)	–	–	–	–59	–	–59
Currency translation differences	0	–	0	–1	0	–1
As at 31.12.2014	**5,245**	**132**	**1,104**	**780**	**20**	**7,281**
Cumulative amortization						
As at 1.1.2014	**3,756**	**–**	**608**	**374**	**0**	**4,738**
Depreciation	108	–	95	83	–	286
Impairment	1	–	–	0	–	1
Disposals	–87	–	–65	–23	0	–175
Reclassifications	0	–	0	0	–	0
Disposals arising from reclassifications (IFRS 5)	–	–	–	–45	–	–45
Currency translation differences	0	–	0	–1	0	–1
As at 31.12.2014	**3,778**	**–**	**638**	**388**	**–**	**4,804**
Carrying amount as at 1.1.2014	**1,496**	**95**	**459**	**394**	**26**	**2,470**
Carrying amount as at 31.12.2014	**1,467**	**132**	**466**	**392**	**20**	**2,477**
of which assets in leasing	–	–	0	9	–	9

1 Includes around 4 million francs for 2014 from subsidies for railway track installations.

Property, plant and equipment 2015 CHF million	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 1.1.2015	**5,245**	**132**	**1,104**	**780**	**20**	**7,281**
Additions to the consolidated Group	1	–	1	5	–	7
Additions	0 [1]	58	66	115	42	281
Disposals	–197	–2	–42	–40	0	–281
Reclassifications	126	–126	52	1	–53	0
Disposals arising from reclassifications (IFRS 5)	–	–	–	–53	–	–53
Currency translation differences	–3	–	–5	–10	0	–18
As at 31.12.2015	**5,172**	**62**	**1,176**	**798**	**9**	**7,217**
Cumulative amortization						
As at 1.1.2015	**3,778**	**–**	**638**	**388**	**–**	**4,804**
Depreciation	110	–	100	82	–	292
Impairment	0	–	2	2	–	4
Disposals	–185	–	–34	–35	–	–254
Reclassifications	0	–	0	0	–	0
Disposals arising from reclassifications (IFRS 5)	–	–	–	–41	–	–41
Currency translation differences	–2	–	–4	–5	–	–11
As at 31.12.2015	**3,701**	**–**	**702**	**391**	**–**	**4,794**
Carrying amount as at 1.1.2015	**1,467**	**132**	**466**	**392**	**20**	**2,477**
Carrying amount as at 31.12.2015	**1,471**	**62**	**474**	**407**	**9**	**2,423**
of which assets in leasing	0	–	0	13	–	13

1 Includes around one million francs from subsidies for railway track installations for 2015.

25 | Investment property

Investment property CHF million	Investment property (2014)	Investment property under construction (2014)	Total (2014)	Investment property (2015)	Investment property under construction (2015)	Total (2015)
Acquisition cost						
Balance at 1 January	**8**	**108**	**116**	**8**	**172**	**180**
Additions	0	64	64	–	47	47
Disposals	–	0	0	–	0	0
Reclassifications	0	–	0	0	0	0
Balance at 31 December	**8**	**172**	**180**	**8**	**219**	**227**
Cumulative amortization						
Balance at 1 January	**0**	**–**	**0**	**0**	**–**	**0**
Depreciation	0	–	0	0	–	0
Disposals	–	–	–	–	–	–
Reclassifications	0	–	0	–	–	–
Balance at 31 December	**0**	**–**	**0**	**0**	**–**	**0**
Carrying amount as at 1 January	**8**	**108**	**116**	**8**	**172**	**180**
Carrying amount as at 31 December	**8**	**172**	**180**	**8**	**219**	**227**

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

– Rental income: 1.2 million francs (previous year: 0.6 million francs)
– Direct operating expenses (incl. depreciation) that generated rental income during the reporting period: 2.0 million francs (previous year: 1.4 million francs)

On 31 December 2015, there were no restrictions on the saleability or transfer of earnings and proceeds from any sale.

There are investment commitments for investment property of 88 million francs (previous year: 134 million francs).

Information on fair values can be found in Note 33, Fair value disclosures.

26 | Intangible assets and goodwill

Intangible assets and goodwill

CHF million	2014 Goodwill [1]	2014 Other intangible assets	2014 Other intangible assets under construction	2014 Total	2015 Goodwill [1]	2015 Other intangible assets	2015 Other intangible assets under construction	2015 Total
Acquisition cost								
Balance at 1 January	**253**	**229**	**43**	**525**	**256**	**264**	**35**	**555**
Additions to the consolidated Group	3	1	–	4	13	4	–	17
Additions	–	19	35	54	–	21	74	95
Disposals	–4	–28	–	–32	–2	–12	–	–14
Reclassifications	–	43	–43	0	–	31	–31	0
Currency translation differences	4	0	0	4	–6	–6	0	–12
Balance at 31 December	**256**	**264**	**35**	**555**	**261**	**302**	**78**	**641**
Cumulative amortization								
Balance at 1 January	**28**	**146**	**–**	**174**	**25**	**159**	**0**	**184**
Depreciation	–	35	–	35	–	37	–	37
Impairment	1 [2]	6	0	7	– [2]	3	–	3
Disposals	–4	–28	–	–32	–2	–12	–	–14
Reclassifications	–	0	–	0	–	0	–	0
Currency translation differences	0	0	0	0	0	–5	0	–5
Balance at 31 December	**25**	**159**	**0**	**184**	**23**	**182**	**0**	**205**
Carrying amount as at 1 January	**225**	**83**	**43**	**351**	**231**	**105**	**35**	**371**
Carrying amount as at 31 December	**231**	**105**	**35**	**371**	**238**	**120**	**78**	**436**

1 Goodwill relating to fully consolidated companies. Goodwill arising on the acquisition of of interests in associates and joint ventures is included in the value of these interests (see Note 23, Interests in associates and joint ventures).
2 See information below under “Reviewing the recoverable amount of goodwill”.

Other intangible assets essentially comprise purchased standard software.

Investment commitments for intangible assets amount to 4 million francs (previous year: 5 million francs).

Reviewing the recoverable amount of goodwill

In the event of a new acquisition, goodwill is allocated to identifiable groups of units known as cash-generating units (CGUs) and tested annually for impairment. A CGU is usually a company.

A CGU's recoverable amount is based on a calculation of its value in use, in turn based on the strategic financial planning. The calculation of a CGU's value in use reflects the future cash flows for the next two to five years, discounted to present value at the weighted cost of capital, and an estimated residual value. This does not include any growth component.

The goodwill refers to the following segments or subsidiaries:

Goodwill by segment	31 December 2014						31 December 2015					
CHF million	Total goodwill	PostMail	PostLogistics	Swiss Post Solutions	PostBus	Other	Total goodwill	PostMail	PostLogistics	Swiss Post Solutions	PostBus	Other
SPS Group	33	–	–	33	–	–	30	–	–	30	–	–
Swiss Post Solutions AG	29	–	–	29	–	–	29	–	–	29	–	–
Swiss Post Solutions Inc.	35	–	–	35	–	–	35	–	–	35	–	–
Swiss Post Solutions Ltd	27	–	–	27	–	–	26	–	–	26	–	–
Swiss Post Solutions SAS Group	1	–	–	1	–	–	0	–	–	0	–	–
Presto Presse-Vertriebs AG	41	41	–	–	–	–	41	41	–	–	–	–
Direct Mail Company AG	24	24	–	–	–	–	24	24	–	–	–	–
PostLogistics Ltd	27	–	27	–	–	–	27	–	27	–	–	–
Swiss Post SAT Holding SA	9	–	9	–	–	–	9	–	9	–	–	–
Société d'Affrètement et de Transit S.A.T. SA	3	–	3	–	–	–	2	–	2	–	–	–
health care research institute AG (hcri)	–	–	–	–	–	–	6	–	–	–	–	6
Other	2	–	1	–	1	–	9	2	4	–	3	–
Total	**231**	**65**	**40**	**125**	**1**	**–**	**238**	**67**	**42**	**120**	**3**	**6**

To determine the recoverable amount of goodwill for subsidiaries on 31 December 2015 based on the discounted cash flow method, the following parameters were set per country. In addition, a market risk premium of 6 percent (Switzerland and abroad) and depending on the risks a small cap premium of between 0 and 4 percent as well as a debt premium of 2 to 6 percent were applied for the calculation.

Parameters for the determination of the recoverable amount of goodwill by country	2014			2015		
Percent	Interest rate [1]	Tax rate [2]	WACC [3]	Interest rate [1]	Tax rate [2]	WACC [3]
Switzerland	0.5	22.0–25.0	5.0–6.8	0.7	20.7–25.9	6.3–13.2
Belgium	1.2	34.0	10.3	1.9	34.0	12.4
Germany	1.0	29.0	7.0	1.3	29.0	8.7
France	1.3	32.1–33.9	8.1–8.6	1.9	33.3–34.0	8.8–11.4
United Kingdom	2.4	21.0	8.2	2.5	21.0	9.1
US	2.5	45.0	12.2	2.9	45.0	13.6

1 Yield on 30-year bonds of the relevant country.
2 Tax rate of the acquired company.
3 Weighted average cost of capital.

27 | Financial liabilities

Financial liabilities

CHF million	On demand	Callable [1]	Up to 1 year	1–5 years	Over 5 years	Total
31 December 2014						
Postal accounts	68,754	–	–	–	–	68,754
Deposito and investment accounts	–	43,241	–	–	–	43,241
Medium-term notes for customers	–	–	21	62	72	155
Total customer deposits (PostFinance)	**68,754**	**43,241**	**21**	**62**	**72**	**112,150**
Due to banks	5	–	270	–	–	275
Derivative financial instruments	–	–	44	47	83	174
Other financial liabilities						
Finance leases	–	–	1	4	1	6
Other	0	–	1	1	1,282	1,284
Total other financial liabilities	**5**	**–**	**316**	**52**	**1,366**	**1,739**
Total financial liabilities	**68,759**	**43,241**	**337**	**114**	**1,438**	**113,889**
31 December 2015						
Postal accounts	64,421	–	–	–	–	64,421
Deposito and investment accounts	–	42,826	–	–	–	42,826
Medium-term notes for customers	–	–	18	102	13	133
Total customer deposits (PostFinance)	**64,421**	**42,826**	**18**	**102**	**13**	**107,380**
Due to banks	60	–	–	–	–	60
Derivative financial instruments	–	–	0	99	111	210
Other financial liabilities						
Finance leases	–	–	2	5	1	8
Repurchase transactions	–	–	108	–	–	108
Other	0	0	3	4	1,272	1,279
Total other financial liabilities	**60**	**0**	**113**	**108**	**1,384**	**1,665**
Total financial liabilities	**64,481**	**42,826**	**131**	**210**	**1,397**	**109,045**

1 Call deposits for which no notice of withdrawal has been given, recallable provided an agreed notice period is observed.

Information on fair values can be found in Note 33, Fair value disclosures.

The fourth quarter of 2012 saw the borrowing of funds by means of a private placement as long-term funds of 1,280 million francs were raised on the capital market from major, predominantly domestic, private and institutional investors. Several tranches were issued with an average maturity of around 11 years. The average interest rate applicable to this private placement is 0.83 percent. A 10 million franc portion of a tranche was repurchased before term and destroyed at the beginning of May 2015.

In accordance with hedge accounting requirements, 204 million francs (previous year: 171 million francs) were posted to derivative financial instruments (negative fair values).

Interest expense for customer deposits (PostFinance) amounted to 115 million francs in the reporting period (previous year: 208 million francs).

Present value of the commitments from finance leases

Present value of the commitments from finance leases	31 December 2014			31 December 2015		
CHF million	Nominal	Discount	Present value	Nominal	Discount	Present value
Due within 1 year	1	0	1	2	0	2
Due within 1 to 5 years	4	0	4	5	0	5
Due date longer than 5 years	1	0	1	1	0	1
Total	**6**	**0**	**6**	**8**	**0**	**8**

28 | Provisions

Provisions CHF million	Other long-term employee benefits	Restructuring	Claims incurred	Litigation risks	Other	Total
As at 1 January 2014	**350**	**7**	**34**	**12**	**69**	**472**
Additions to the consolidated Group	–	–	–	–	0	0
Creation	55	6	12	7 [1]	23	103
Present value adjustment	7	0	–	–	0	7
Use	–26	–4	–7	–6	–10	–53
Reversal	–1	–2	–16	–2	–15	–36
Reclassifications	–5	–	–	0	0	–5
Currency translation differences	0	0	–	0	0	0
As at 31 December 2014	**380**	**7**	**23**	**11**	**67**	**488**
of which short term	27	5	10	4	13	59
Additions to the consolidated Group	0	–	–	–	0	0
Creation	31	21	14	3	28	97
Present value adjustment	3	0	–	–	0	3
Use	–27	–3	–9	–1	–10	–50
Reversal	–97	–2	–3	–2	–6	–110
Reclassifications	–	–	–	–	–	–
Currency translation differences	–	0	–	0	–1	–1
As at 31 December 2015	**290**	**23**	**25**	**11**	**78**	**427**
of which short term	27	16	10	4	19	76

1 Including a provision of 0.8 million francs in 2014 for procedural costs in relation to the US programme (PostFinance Ltd).

The US tax programme was completed in December 2015 following the signature of a non-prosecution agreement (NPA) and the payment of 2 million US dollars by the subsidiary PostFinance Ltd. There are no related provisions as at 31 December 2015.

Other long-term employee benefits

Other long-term employee benefits essentially comprise bonuses for anniversaries for numbers of years of service (loyalty bonuses including sabbaticals for management employees) and staff vouchers (predominantly for retired employees). The performance can be found in the following breakdown.

The following parameters were applied:

Assumptions for the calculation		Loyalty bonuses		Staff vouchers
as at	31.12.2014	31.12.2015	31.12.2014	31.12.2015
Discount rate	0.75%	0.50%	1.25%	0.75%
Annual change in salaries	1.50%	1.00%	–	–
Percentage rate of staff voucher use	–	–	95.00%	95.00%
Leave share	55.80%	55.80%	–	–
Voluntary turnover	8.16%	7.67%	3.64%	3.63%
Average remaining service in years	9.30	9.31	11.03	10.93

Change in other long-term employee benefits

Other long-term employee benefits		Loyalty bonuses		Staff vouchers
CHF million	2014	2015	2014	2015
Balance at 1 January	**217**	**233**	**127**	**146**
Accrued claims	13	16	3	4
Benefits paid	–21	–21	–5	–6
Interest on employee benefit obligations	4	1	3	2
Income from plan amendments	0	–86	–	–
(Gains)/losses resulting from changes in assumptions	20	–3	19	12
Actuarial (gains)	0	–9	–1	–2
Balance at 31 December	**233**	**131**	**146**	**156**

In addition to loyalty bonuses, sabbaticals and staff vouchers, other benefits amounting to 3 million francs (previous year: around one million francs) are also included in provisions for other long-term employee benefits.

Other long-term employee benefits recognized in the income statement

Expenses recognized in the income statement		Loyalty bonuses		Staff vouchers
CHF million	2014	2015	2014	2015
Accrued claims	13	16	3	4
Interest on employee benefit obligations	4	1	3	2
Income from plan amendments	0	–86	–	–
Actuarial (gains)/losses	20	–12	18	10
Total expenses for other long-term employee benefits	**37**	**–81**	**24**	**16**

The social partners approved the new collective employment contracts in April 2015. The new collective employment contract for Post CH Ltd, PostFinance Ltd and PostBus Ltd came into force on 1 January 2016. The new agreements include adjustments to loyalty bonuses. The resulting one-off adjustment of loyalty bonus liabilities in the income statement was recognized in the first half of 2015. This book gain is not related in any way to a reduction in personnel.

29 | Equity

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 Organization Act on 26 June 2013 with retroactive effect to 1 January 2013. Swiss Post remains wholly owned by the Swiss Confederation.

The share capital comprises 1,300,000 registered shares, each with a par value of 1,000 francs. All shares are fully paid up.

Profits and losses recorded directly in other comprehensive income

Revaluation of employee benefit obligations
Changes in revaluation gains from employee benefit obligations 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 differences between assumed (estimated) amounts and their actual realizations.

Fair value reserves
Fair value reserves comprise fluctuations in the value of available-for-sale financial assets, which are caused mainly by fluctuations in capital market interest rates. When financial assets are sold, the relevant fair value reserve is realized via in the income statement.

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.

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.

Appropriation of profit

The General Meeting of Swiss Post Ltd held on 28 April 2015 decided to pay a dividend totalling 200 million francs (previous year: 180 million francs). The dividend was paid on 15 May 2015.

According to the proposal submitted by the Board of Directors to the General Meeting of Swiss Post Ltd, a total of 200 million francs will be distributed as a dividend for the 2015 financial year. This corresponds to a dividend of 153.85 francs per share. The amount available for dividends is based on the statutory equity of the parent company Swiss Post Ltd. Further details can be found in the Swiss Post Ltd annual financial statements.

Other comprehensive income includes the following:

Group | Gains and losses recorded directly in other comprehensive income CHF million	Notes	Revaluation of employee benefit 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 January 2014		**–136**	**174**	**1**	**–49**	**5**	**–5**	**0**	**–5**
Revaluation of employee benefit obligations	9	–1,344	–	–	–	–	–1,344	–	–1,344
Change in share of other comprehensive income from associates and joint ventures	23	–	–	–	–	0	0	–	0
Change in deferred income taxes	14	275	–	–	–	0	275	–	275
Items not reclassifiable in the consolidated income statement, after tax		**–1,069**	**–**	**–**	**–**	**0**	**–1,069**	**–**	**–1,069**
Change in currency translation reserves		–	–	–	7	–	7	0	7
Change in share of other comprehensive income from associates and joint ventures	23	–	–	–	–	1	1	–	1
Change in fair value reserves from available-for-sale financial assets	20	–	33	–	–	–	33	–	33
(Gains)/losses transferred to income statement from available-for-sale financial assets	20	–	–32	–	–	–	–32	–	–32
Change in hedging reserves from cash flow hedges	21	–	–	–52	–	–	–52	–	–52
(Gains)/losses transferred to income statement from cash flow hedges	21	–	–	43	–	–	43	–	43
Change in deferred income taxes	14	–	–17	2	–	0	–15	–	–15
Reclassifiable items in income statement, after tax		**–**	**–16**	**–7**	**7**	**1**	**–15**	**0**	**–15**
Other comprehensive income		**–1,069**	**–16**	**–7**	**7**	**1**	**–1,084**	**0**	**–1,084**
Balance as at 31 December 2014		**–1,205**	**158**	**–6**	**–42**	**6**	**–1,089**	**0**	**–1,089**
Revaluation of employee benefit obligations	9	–1,162	–	–	–	–	–1,162	–	–1,162
Change in share of other comprehensive income from associates and joint ventures	23	–	–	–	–	1	1	–	1
Change in deferred income taxes	14	153	–	–	–	0	153	–	153
Items not reclassifiable in the income statement, after tax		**–1,009**	**–**	**–**	**–**	**1**	**–1,008**	**–**	**–1,008**
Change in currency translation reserves		–	–	–	–25	–	–25	0	–25
Change in share of other comprehensive income from associates and joint ventures	23	–	–	–	–	2	2	–	2
Change in fair value reserves from available-for-sale financial assets	20	–	11	–	–	–	11	–	11
(Gains)/losses transferred to income statement from available-for-sale financial assets	20	–	–33	–	–	–	–33	–	–33
Change in hedging reserves from cash flow hedges	21	–	–	27	–	–	27	–	27
(Gains)/losses transferred to income statement from cash flow hedges	21	–	–	–23	–	–	–23	–	–23
Change in deferred income taxes	14	–	–6	–1	–	0	–7	–	–7
Reclassifiable items in consolidated income statement, after tax		**–**	**–28**	**3**	**–25**	**2**	**–48**	**0**	**–48**
Other comprehensive income		**–1,009**	**–28**	**3**	**–25**	**3**	**–1,056**	**0**	**–1,056**
Balance as at 31 December 2015		**–2,214**	**130**	**–3**	**–67**	**9**	**–2,145**	**0**	**–2,145**

30 | Operating leases

Swiss Post as lessee

Minimum commitments under non-cancellable lease and rental agreements break down as follows:

Commitments under operating leases

CHF million	31.12.2014	31.12.2015
Future commitments under operating leases due in		
Less than 1 year	74	77
1 to 5 years	137	164
Over 5 years	38	77
Future payment commitments under operating leases	**249**	**318**
Minimum lease payments	142	116
Conditional lease payments	9	7
Lease expenses for the period	**151**	**123**
Income from sub-letting in the past financial year	20	20
Future income from sub-letting	22	36

Payments arising from operating leases relate mainly to rent for the post office network's real estate (with an average remaining term of two years), rent for business premises and ground rent agreements at the Real Estate unit. Income from sub-letting relates to the post office network's real estate which, for the purposes of optimization, has been sub-let to third parties until the lease expires.

Conditional lease payments occur if the lease is index-linked.

Swiss Post as lessor

Income from the rental of Swiss Post's own properties to third parties amounted to 32 million francs in the reporting period (previous year: 42 million francs). As at the end of the reporting period, Swiss Post had not entered into any other significant lease agreements as lessor.

Income from lease agreements

CHF million	31.12.2014	31.12.2015
Future minimum lease payments due under agreements in		
Less than 1 year	75	64
1 to 5 years	198	168
Over 5 years	58	46
Total	**331**	**278**

31 | Contingent liabilities

Contingent liabilities were as follows as at 31 December 2015:

Guarantees and guarantee obligations

There were no guarantees or guarantee obligations at the end of 2015.

Legal cases

As regards claims or legal cases for which provisions have not been 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 7 million francs (previous year: 8 million francs).

32 | Risk management

Risk management (corporate risk management)

Organization
Swiss Post operates a comprehensive risk management system, applicable to all units and subsidiaries. Risk policy is defined by Executive Management and the Board of Directors. Risk management is a line management responsibility. The Executive and Management Board members of the different Group units are responsible for their own risk portfolio. Risks are freshly assessed every six months, and the control measures updated.

Each Swiss Post unit (PostBus, PostFinance, PostMail, PostLogistics, Swiss Post Solutions, Post Offices & Sales) has a risk manager, as do the subsidiaries and the management and service units.

The Group risk managers run the process, develop Group-wide risk management methods and submit reports to Executive Management and the Board of Directors. The unit risk managers implement the directives and coordinate independent risk controls by the Risk Officer. Reporting documents are prepared for the relevant Management Board or Executive Board and for Group risk managers. The risk managers monitor the necessary controls, measures and limits as well as the potential risks. The risk management process ensures that all detectable risks are identified and recorded in full in the risk analysis and reporting systems. The areas considered include strategy, operation, finance and legal aspects.

Swiss Post aims to take an integral approach to risk management. Risk management is therefore combined with the Strategy, Accounting/Controlling, Crisis Management and Group Audit units, as well as Compliance (from 2016). The different organizational units coordinate their processes, integrate their reporting documents and pool their analysis findings.

Risk situation
An analysis of the risk situation at Swiss Post in 2015 showed that economic equity is sufficient to cover unexpected losses. The Group's risk-bearing capacity is thereby guaranteed. In addition, the expected losses do not exceed the planned operating profit. Risk appetite is therefore covered.

Based on the latest measurements (Monte Carlo simulation), the expected earnings at risk for the next twelve months in the Group amounts to around 7 million francs (previous year: 28 million francs). Unexpected earnings at risk (VaR 95 percent) of 122 million francs was also calculated (previous year: 209 million francs). The reduction in risk indicators year-on-year is mainly due to the lower volatility of the Group-wide pension risk and the increased identification of opportunities. The main risks and opportunities are explained below in the "Risks" section. In the case of PostFinance, reported risks only concern earnings at risk or the risk of the Group having to make additional payments, measured according to the earnings at risk approach. The risk situation from PostFinance's standpoint, measured according to the value at risk approach, is described in the "Risk management at PostFinance" section on page 127.

Risks
The following section describes risks that may have a major impact on the income, financial and asset situation of the Group in light of the current position. Risk management distinguishes between endogenous and exogenous risks. Risk identification never encompasses all the risks that the Group is exposed to. Swiss Post's business activities could also be affected by other factors that are not yet known.

Exogenous risks
The exogenous risks that pose the greatest threat to income and assets are changes in the regulatory conditions governing the universal service obligation, interest rate movements for the PostFinance business unit, and the substitution of several business areas by electronic media.

Many Swiss Post services fall under the universal service obligation. This regulatory risk can impact sales and lead to a decline in earnings. Earnings performance at PostFinance is highly dependent on interest rate movements. Technological changes resulting in an increased use of digital services are also aggravating the downward trend in the letters business and in some post office services.

Endogenous risks

Potential material damage and liability insurance losses, outage risks in important letter and logistics centers and risks related to profit trends at individual units are the largest internal risks.

Opportunities

Swiss Post's business area is affected by a range of external factors that offer potential opportunities as well as risks. Trends in e-commerce and the demand for digital postal and banking services are opportunities for the Group. Further market opportunities pursued by various Swiss Post business units are described in the "Group strategy" section.

Internal control system

Swiss Post Ltd operates an internal control system (ICS) that promptly identifies and assesses the relevant financial processes and risks related to bookkeeping and the rendering of accounts and incorporates appropriate key controls to cover those processes and risks. The ICS encompasses those procedures and measures that ensure proper bookkeeping and rendering of accounts and accordingly form the basis of all financial reporting. It thus ensures that financial reporting is of a high quality. Swiss Post sees the ICS as an activity aimed at the continuous improvement of processes.

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.

Risk management at PostFinance

PostFinance operates an appropriate financial and operational risk management system in accordance with banking regulation requirements. The specific business risks faced by PostFinance, namely interest rate, liquidity, credit, market and operational risks, are managed using industry-standard tools and methods.

Organization

PostFinance's Board of Directors conducts an annual risk assessment. It sets out the primary guidelines and principles on managing financial and operational risks, approves the risk policy, and sets conditions which the operating units are required to observe in managing risks. These limits are based on the international standardized approach set out in the regulatory provisions and specify the highest risks that PostFinance may take, expressed in terms of "equity needed to meet regulatory requirements". Maximum risk exposure is determined by the risk-bearing capacity of PostFinance and the risk appetite of the Board of Directors.

The PostFinance Executive Board is responsible for the active management of financial and operational risks within the framework defined by the Board of Directors and ensures that the risk management infrastructure meets requirements in organizational, human resources, technical and methodology terms.

Its duties and responsibilities include implementing risk control and risk monitoring by establishing limits in individual risk categories and by defining requirements for risk monitoring reports.

The Executive Board is informed of the risk measurement results and the extent to which limits are used in weekly and monthly reports. This enables it to decide on the necessary control measures, if any.

The Risk Management department at PostFinance provides support to the Executive Board and to the Asset & Liability Committee mandated for this purpose in managing financial risks in the overall balance sheet. It identifies and measures the financial risks entered into by PostFinance and proposes control measures. It also monitors and reports on the effectiveness of the control decided upon.

The Risk Control department defines appropriate instruments to identify, measure, evaluate and control the risks entered into by PostFinance in the non-financial area. It also provides support to risk managers in applying these instruments. As an independent control body, it monitors the established risk profile across all risk categories and provides a central overview of the entire risk situation of PostFinance Ltd.

Financial risk measurement methods

The methods of measuring and monitoring risks are applied at the level of both the individual PostFinance portfolio and the overall PostFinance balance sheet. Risks are limited and monitored by means of a multi-level limit system.

A variety of methods of differing degrees of complexity are used to measure financial risks. The principal aim of risk measurement is to allow the supervisory bodies to control risks adequately at all times.

The methods applied at PostFinance to measure risks include measurement methods based on 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 value-at-risk methods (e.g. to measure fair value risks resulting from equity investments).

Financial risk management at PostFinance

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, resulting mainly from maturity mismatches, as well as the possible effect on net interest income in the income statement.

  PostFinance's interest-earning operations are a key earnings driver for Swiss Post. 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 the customer deposits held by PostFinance do not earn a fixed rate of interest or require capital commitment. The interest rate and capital commitment of these deposits are therefore estimated using a replication method which aims to map the most closely matching maturities of similar customer products while minimizing the interest margin volatility of each product. The Executive Board notifies the Treasury department of the maturities of money and capital market investments on the basis of the target present value sensitivity, and defines the maturity transformation strategy as a result. 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 a parallel shift in the yield curve is determined on the one hand, and to isolated interest shocks at specific maturities (key rates) on the other.

  Unlike assessments based on present value, income perspective analyses examine the impact of several potential multiple period interest scenarios on PostFinance's future net interest income. In addition, dynamic income simulations are carried out according to several deterministic scenarios 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.

  As at 31 December 2015, the absolute change in the present value of equity with a parallel shift in the yield curve of –100 basis points amounted to –410 million francs (previous year: –46 million francs with a shift in interest rates of –100 basis points). PostFinance currently uses a negative maturity transformation. This means that a rise in interest rates would have a positive present value effect for PostFinance overall. A shift of –100 basis points therefore represents the adverse interest rate scenario. The rise in negative maturity transformation was primarily caused by an increase in duration on the liabilities side. Given the challenging market environment, the duration of the investment business could not be extended sufficiently to offset the effect of the increase in duration on the liabilities side. The income effect of an adverse scenario in comparison with the baseline scenario stood at –41 million francs (previous year: –27 million francs) for the following year.

– Credit risk
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. Credit risks increase as counterparties become more concentrated in an individual sector or region. Economic developments affecting whole sectors or regions can threaten the solvency of an entire group of otherwise unrelated counterparties.

PostFinance Ltd was granted a banking licence on 26 June 2013. Even with a banking licence, PostFinance Ltd 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 continues to pursue a conservative investment strategy. Liquidity and creditworthiness are the main criteria for its investment decisions. Swiss Post deliberately limits the cluster risk by holding financial assets that are broadly diversified in terms of the counterparties. A large proportion of customer deposits remain invested as a sight deposit balance at the SNB.

The credit risks associated with the Treasury department's investments in the money and capital markets are limited through investment regulations and prescribed limits. Limits apply at counterparty and rating structure level as well as for controlling country risks. Investments are only permitted if the debtor has a rating and its creditworthiness is classed as investment grade.

Specifications and investment restrictions are based on publicly accessible ratings by recognized rating agencies and qualified banks, and are constantly updated to reflect changes in a counterparty's creditworthiness. Compliance with prescribed limits is monitored on an ongoing basis and is verified before the closing of each transaction.

The conservative investment strategy pursued by PostFinance is reflected in the figures for financial assets according to rating as at 31 December 2014 and 31 December 2015:

Rating structure of financial assets [1]

Rating category in percent	31.12.2014	31.12.2015
AAA	70	67
AA	19	20
A	9	10
< A	2	3

1 Includes cash and capital contributions; based on nominal values.

The cluster risk is deliberately limited by holding financial assets that are broadly diversified in terms of the counterparties. An overview of major counterparties as at 31 December 2014 and 31 December 2015 is given below:

Breakdown of the largest counterparties [1]

CHF million	31.12.2014	31.12.2015
Pfandbriefbank schweizerischer Hypothekarinstitute AG, Zurich	11,965	12,183
Pfandbriefzentrale der schweizerischen Kantonalbanken AG, Zurich	6,652	7,002
Swiss Confederation, Berne	2,819	2,769

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 major counterparties as at 31 December 2014 and 31 December 2015 is given below:

Summary of main country exposures [1]

CHF million	31.12.2014	31.12.2015
Switzerland	41,517	44,053
France	5,515	5,104
Germany	3,928	3,193

1 Includes amounts due from banks (excluding secured loans) and financial assets; based on nominal values.

Note on collateral concentration risks:
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. High concentrations of collateral are measured, monitored and restricted, as considerable losses in collateral value can lead to the insolvency of counterparties (the issuers of the collateral).

Note on credit risks arising from mortgage lending and SME financing:
The mortgage lending solutions offered in cooperation with Münchener Hypothekenbank eG (MHB) since June 2008 do not result in any credit risks for PostFinance. These are borne entirely by the partner bank. Since autumn 2009, PostFinance has been collaborating with Valiant Bank on financing for SMEs. This cooperation arrangement has enabled PostFinance to expand its range of services in the retail market. Since autumn 2010, PostFinance has also worked with Valiant Bank on mortgage lending to private customers. The credit risks resulting from the two areas of cooperation are assumed by Valiant Bank.

– 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 in the short, medium and long term. 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 unsecured 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 in the short term is guaranteed and limited by determining the Liquidity Coverage Ratio (LCR), which is a regulatory key figure. As at 31 December 2015, the Liquidity Coverage Ratio stood at 217 percent (previous year: 186 percent).

To ensure liquidity in the medium term, liquidity stress scenarios are defined that last at least three months and must not lead to insolvency. The long-term structural liquidity situation is reassessed by the Executive Board on an annual basis. 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 contractual maturities remaining as per the balance sheet date.

PostFinance Ltd: contractual maturities

CHF million	0–3 months	4–12 months	1–5 years	over 5 years	Total
31 December 2014					
Financial assets					
Non-derivative financial assets					
Cash	1,706	–	–	–	1,706
Amounts due from banks	40,964	–	–	–	40,964
Interest-bearing amounts due from customers	301	–	–	–	301
Held-to-maturity	1,738	5,732	30,647	16,425	54,542
Available-for-sale	–	15	2,482	700	3,197
Loans	1,548	642	6,012	5,366	13,568
Total financial assets (without derivatives)	**3,286**	**6,389**	**39,141**	**22,491**	**71,307**
Total	**46,257**	**6,389**	**39,141**	**22,491**	**114,278**
Derivative financial assets					
Derivative financial instruments for trading purposes					
Outflow	–276	–140	0	–	–416
Inflow	277	142	0	–	419
Derivative financial instruments for hedging purposes (risk management)					
Outflow	–	–8	–283	–	–291
Inflow	2	5	282	–	289
Total	**3**	**–1**	**–1**	**–**	**1**
Financial liabilities					
Non-derivative financial liabilities					
Postal accounts	69,259	–	–	–	69,259
Deposito and investment accounts	43,241	–	–	–	43,241
Cash bonds for customers	8	14	62	72	156
Total customer deposits	**112,508**	**14**	**62**	**72**	**112,656**
Liabilities relating to banks	270	–	–	–	270
Other financial liabilities	35	–	–	–	35
Total other financial liabilities (excluding derivatives)	**305**	**–**	**–**	**–**	**305**
Irrevocable credit commitments	656	–	–	–	656
Total off-balance-sheet positions	**656**	**–**	**–**	**–**	**656**
Total	**113,469**	**14**	**62**	**72**	**113,617**
Derivative financial liabilities					
Derivative financial instruments for trading purposes					
Outflow	–276	–176	0	–	–452
Inflow	274	174	0	–	448
Derivative financial instruments for hedging purposes (risk management)					
Outflow	–1,037	–41	–2,347	–1,260	–4,685
Inflow	991	8	2,191	1,185	4,375
Total	**–48**	**–35**	**–156**	**–75**	**–314**

PostFinance Ltd: contractual maturities

CHF million	0–3 months	4–12 months	1–5 years	over 5 years	Total
31 December 2015					
Financial assets					
Non-derivative financial assets					
Cash	1,374	–	–	–	1,374
Amounts due from banks	38,070	–	–	–	38,070
Interest-bearing amounts due from customers	317	–	–	–	317
Held-to-maturity	1,769	5,450	30,115	10,353	47,687
Available-for-sale	140	525	2,295	5,180	8,140
Loans	1,461	1,113	5,696	6,467	14,737
Total financial assets (without derivatives)	**3,370**	**7,088**	**38,106**	**22,000**	**70,564**
Total	**43,131**	**7,088**	**38,106**	**22,000**	**110,325**
Derivative financial assets					
Derivative financial instruments for trading purposes					
Outflow	–182	–67	–5	–	–254
Inflow	184	68	5	–	257
Derivative financial instruments for hedging purposes (risk management)					
Outflow	–484	–8	–44	–36	–572
Inflow	487	4	22	16	529
Total	**5**	**–3**	**–22**	**–20**	**–40**
Financial liabilities					
Non-derivative financial liabilities					
Postal accounts	65,206	–	–	–	65,206
Deposito and investment accounts	42,826	–	–	–	42,826
Cash bonds for customers	3	15	102	13	133
Total customer deposits	**108,035**	**15**	**102**	**13**	**108,165**
Liabilities relating to banks	57	–	–	–	57
Other financial liabilities	27	–	–	–	27
Repurchase transactions	108	–	–	–	108
Total other financial liabilities (excluding derivatives)	**192**	**–**	**–**	**–**	**192**
Irrevocable credit commitments	676	–	–	–	676
Total off-balance sheet positions	**676**	**–**	**–**	**–**	**676**
Total	**108,903**	**15**	**102**	**13**	**109,033**
Derivative financial liabilities					
Derivative financial instruments for trading purposes					
Outflow	–258	–63	–5	–	–326
Inflow	252	62	5	–	319
Derivative financial instruments for hedging purposes (risk management)					
Outflow	–807	–496	–2,362	–1,002	–4,667
Inflow	786	451	2,196	924	4,357
Total	**–27**	**–46**	**–166**	**–78**	**–317**

– Foreign currency risk
The term "foreign currency risk" refers to the risk that the value of a financial instrument may change as a result of fluctuations in exchange rates. Such risks arise at PostFinance as a result of international payment transactions, products in foreign currencies and foreign currency investments.

Currency swaps and interest rate swaps as well as foreign exchange forward contracts are used to hedge against the impact of changes in foreign currency market interest rates or exchange rate changes on the fair values and earnings of fixed-interest bonds.

Foreign currency risks are measured and limited in the overall balance sheet using the value-at-risk indicator. All asset and liability transactions with an effect on the currency balance are taken into account in the measurement. The historic simulation method is applied with a conservative confidence level.

As at 31 December 2015, value-at-risk arising from foreign currency risks stood at 0.7 million francs (previous year: 0.5 million francs).

The following table shows the Group's foreign currency exposure as at 31 December 2014 and 31 December 2015:

Financial instruments by currency (Group)	Functional currency	Foreign currencies					
As at 31 December 2014 CHF million		CHF	EUR	USD	GBP	Other	Total
Assets							
Cash	1,662	0	152	0	0	0	1,814
Amounts due from banks	41,774	1	132	586	2	48	42,543
Interest-bearing amounts due from customers	695	–	1	0	0	0	696
Trade accounts receivable	786	1	255	2	5	73	1,122
Other receivables excluding accrued income and prepaid expenses	141	–	–1	0	1	1	142
Financial assets	68,843	–	2,598	1,136	95	161	72,833
Held for trading and derivatives	3	–	0	1	1	0	5
Held to maturity	52,176	–	2,223	143	–	–	54,542
Available for sale	2,978	–	363	992	94	161	4,588
Loans	13,686	–	12	–	–	–	13,698
Liabilities							
Customer deposits (PostFinance)	108,692	0	2,571	783	34	70	112,150
Other financial liabilities	1,716	–	9	13	1	0	1,739
Trade accounts payable	503	0	242	1	1	74	821
Other liabilities excluding accrued income and deferred income	136	0	3	0	0	–	139

Financial instruments by currency (Group) As at 31 December 2015 CHF million	Functional currency	Foreign currencies CHF	EUR	USD	GBP	Other	Total
Assets							
Cash	1,357	0	134	0	0	0	1,491
Amounts due from banks	38,632	0	164	118	1	18	38,933
Interest-bearing amounts due from customers	562	–	1	0	0	0	563
Trade accounts receivable	812	0	187	3	1	78	1,081
Other receivables excluding accrued income and prepaid expenses	206	–	1	0	1	1	209
Financial assets	66,738	–	3,939	1,559	53	190	72,479
Held for trading and derivatives	12	–	49	0	0	0	61
Held to maturity	45,538	–	1,998	151	–	–	47,687
Available for sale	6,366	–	1,875	1,408	53	190	9,892
Loans	14,822	–	17	–	–	–	14,839
Liabilities							
Customer deposits (PostFinance)	104,772	-	2,222	320	25	41	107,380
Other financial liabilities	1,520	–	134	10	1	0	1,665
Trade accounts payable	416	0	176	1	1	84	678
Other liabilities excluding accrued income and deferred income	196	–	1	0	0	–	197

– Other market risks
PostFinance invests in shares and fund investments in its banking book in order to tap into additional sources of revenue. To measure the market risks arising from these transactions, the risk factors that have an impact on the present value of the relevant position are assigned to each position. These risk factors include interest, currency, credit spread and share price risks. Index proxies are also used to measure the credit risk of fund investments. To determine other market risks, change in present value is now modelled according to the change in the assigned risk factors before being measured and limited using the value-at-risk indicator. The historic simulation method is applied with a conservative confidence level.

As at 31 December 2015, value-at-risk arising from other market risks stood at 329 million francs (previous year: 123 million francs). The increase was mainly due to fixed-interest investments that had been recognized as available-for-sale in order to offer greater flexibility in terms of balance sheet controlling under IFRS, and are therefore also included in the market risk analysis.

A loss reporting threshold is established for measuring and controlling the accounting effects of changes in fair value. This threshold refers to losses in fair value during the calendar year that are recognized in the income statement. Measures must be taken by the Executive Board if the loss in fair value exceeds the reporting threshold.

Operational risk management at PostFinance

Definition

In line with the Basel Committee on Banking Supervision, operational risk at PostFinance is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The principles on managing operational risk at PostFinance are set out in the risk policy.

Organization

PostFinance operates an operational risk management system that is controlled from a central specialist unit. This defines the risk management process for the entire area and ensures regular and transparent identification, measurement, monitoring and reporting on all material operational risks. The specialist unit also provides the necessary tools and instruments and acts as the interface between line management and the Executive Board Committee for Internal Control (GLA IK), which is responsible for the effective and efficient implementation of the operational risk management policy.

Each department and team functions as its own decentralized operational risk controller, gathering the relevant information in its role as coordinator for its organizational unit, carrying out risk identification and assessment, and assuming responsibility for recording losses.

A decentralized operational risk manager is responsible for each of the largest operational risks at PostFinance (2014: eight top risks; 2015: nine top risks). These risk managers are responsible for the regular assessment and monitoring of the top risk assigned to them and report to the Executive Board Committee for Internal Control (GLA IK), on a quarterly basis.

Tools

PostFinance has various industry-standard tools with which to actively manage operational risk. Firstly, loss data across the entire company is collected together, enabling past operational losses to be analysed, common trends to be identified and measures to be taken based on the findings. Secondly, structured risk assessments (self risk assessments) are used to evaluate potential risk scenarios that may in future pose a threat to PostFinance. The resulting risk inventory allows the Executive Board Committee for Internal Control (GLA IK) to obtain a good overview of the company’s entire risk situation.

In addition, the measures decided upon by the Executive Board Committee for Internal Control (GLA IK) to mitigate operational risks are monitored centrally. Early risk warning indicators are used, in particular, by the decentralized units to promptly identify any change in the risk situation.

Reporting

The Executive Board Committee for Internal Control (GLA IK) receives quarterly reports on the current top risks and, if necessary, introduces measures to mitigate the risks. Based on this information, Swiss Post’s Board of Directors is notified of PostFinance’s risk situation on a regular basis via the Board of Directors’ PostFinance Committee.

Capital management at PostFinance Ltd

In relation to the minimum capital requirements for banks (FINMA Circular 2008/22), PostFinance Ltd is disclosing the following regulatory equity as at 31 December 2014 and 31 December 2015:

Presentation of regulatory eligible equity capital

CHF million	31.12.2014	31.12.2015
Common equity tier 1 (CET1)		
Share capital issued and paid in, fully eligible	6,682	6,682
Retained earnings reserves, incl. reserves for general banking risks	25	–
Common equity tier 1 (before adjustments)	**6,707**	**6,682**
Adjustments concerning common equity tier 1		
Goodwill	–1,600	–1,400
Sum of CET1 adjustments	**–1,600**	**–1,400**
Common equity tier 1 (net CET1)	**5,107**	**5,282**
Additional core capital (AT1)	**–**	**–**
Core capital (net T1)	**5,107**	**5,282**
Tier 2 capital (T2)		
Flat-rate impairment losses for default risks	177	151
Tier 2 capital (net T2)	**177**	**151**
Regulatory capital (net T1 + T2)	**5,284**	**5,433**

Presentation of equity required

CHF million	Approach used	31.12.2014	31.12.2015
Credit risk	International standardized approach (BIS)	1,714	1,861
of which CVA	Standard approach	6	23
Non-counterparty risks	International standardized approach (BIS)	82	94
Market risk	Market risk standard approach	17	5
of which specific market risk on interest rate instruments	Market risk standard approach	1	0
of which specific market risk on foreign currencies	Market risk standard approach	16	5
Operational risk	Basic indicator approach	218	208
Minimum equity required		**2,031**	**2,168**
80% equity cushion (for 14.4% equity target)	**FINMA: maximum rate Category 2**	**1,625**	**1,734**
Total capital requirement (T1 + T2)	**In accordance with CAO, art. 45**	**3,656**	**3,902**
Sum of risk-weighted positions	**Factor 12.5[1] × minimum equity**	**25,392**	**27,100**

1 Corresponds to the minimum capital requirement of 8% in accordance with CAO, art. 42.

Capital management at Swiss Post

Swiss Post endeavours to achieve a solid equity base (fully paid-in share capital and reserves), taking into account the objective of the owner to establish a sustainable dividend policy. The continued existence of the company should be ensured at all times, and the resources implemented should result in appropriate income. Constraints such as observing a set level of maximum net debt and increasing the company's value, taking capital costs into consideration, guarantee the company's long-term capacity to act.

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. With external debt in the form of outstanding private placements currently totalling 1,270 million francs, Swiss Post meets this objective and gives the company some financial leeway. 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 earnings in relation to the cost of invested capital, whereby capital costs are determined by the ratio of equity to debt capital. Swiss Post constantly achieves positive figures in this respect.

The appropriation of profit is determined by legal provisions and by the requirements of the business. The key issues are an appropriate capital structure and the financing of investments. The aim is also to achieve a sustainable dividend policy.

33 | Fair value disclosures

Carrying amounts and fair values of financial instruments and other assets

The carrying amounts and corresponding fair values of financial assets and liabilities and other assets are as follows on 31 December 2014 and 31 December 2015:

Carrying amounts and fair values of financial instruments and other assets	31 December 2014		31 December 2015	
CHF million	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets measured at fair value				
Financial assets				
Available for sale				
Bonds	3,197	3,197	8,140	8,140
Shares	625	625	605	605
Funds	766	766	1,147	1,147
Positive replacement values	5	5	61	61
Financial assets not measured at fair value				
Financial assets				
Held to maturity	54,542	57,562	47,687	50,388
Loans	13,698	14,259	14,839	15,262
Financial liabilities measured at fair value				
Other financial liabilities				
Negative replacement values	174	174	210	210
Deferred purchase price payments (earn-outs)	–	–	5	5
Financial liabilities not measured at fair value				
Other financial liabilities				
Private placements	1,280	1,341	1,270	1,356
Other assets not measured at fair value				
Investment property	180	221	227	271

The carrying amounts of cash, 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 represent a reasonable estimate of fair value. These financial instruments are therefore not reported above.

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 and to other assets.

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. In principle, 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

CHF million	31 December 2014 Total	Level 1	Level 2	Level 3	31 December 2015 Total	Level 1	Level 2	Level 3
Available for sale								
Bonds	3,197	2,531	666	–	8,140	7,190	950	–
Shares	625	624	1	–	605	604	1	–
Funds	766	0	766	–	1,147	0	1,147	–
Positive replacement values	5	–	5	–	61	–	61	–
Held to maturity[1]	57,562	44,065	13,497	–	50,388	38,394	11,994	–
Loans[2]	14,259	–	14,235	24	15,262	0	15,244	18
Negative replacement values	174	–	174	–	210	–	210	–
Deferred purchase price payments (earn-outs)	–	–	–	–	5	–	–	5
Private placements	1,341	–	1,341	–	1,356	–	1,356	–
Investment property[3]	10	–	–	10	10	–	–	10
Investment property under construction[3]	211	–	–	211	261	–	–	261

1 Financial assets held to maturity are recognized at amortized cost using the effective interest method.
2 Loans are measured at amortized cost. In the case of the loans to PostBus operators (82 million francs, 31.12.2014: 106 million francs) and “Other” (18 million francs, 31.12.2014: 24 million francs), the fair values on the balance sheet date correspond approximately to the carrying amounts given in the balance sheet.
3 Recognized in the balance sheet at amortized cost.

Six (previous year: five) Swiss Post interests of a non-material nature that together amount to about one million francs (previous year: about one million francs) are measured at cost in “available-for-sale” shares. As in the previous year, these instruments were not assigned to a level as at 31 December 2015.

As at 31 December 2015, no financial assets were reclassified within the fair value hierarchy (previous year: 57 million francs of available-for-sale financial assets were reclassified from level 1 to level 2, and 1,630 million francs from level 2 to level 1 due to stricter applicable criteria and settings for determining the level allocation). Reclassifications between the different levels are carried out at the end of each reporting period. For an instrument to be assigned to level 1, it must be traded on an active market (public stock exchange), have a quoted price on the reference date and be available in sufficient quantities to ensure a liquid market.

The fair value measurements of investment properties were carried out exclusively by independent experts with the necessary expertise.

- Property: PostParc (investment property under construction)
  As at 31 December 2015, the property is measured using the discounted cash flow approach. The fair value of the property on the due evaluation date is calculated in accordance with the measurement standard from the sum of the anticipated cash flows (including investments not yet undertaken) discounted on the due date and not taking into account any change of ownership, profit from sale of land, value added tax or other costs or commissions arising if selling the property.

  The following assumptions were made for determining fair value:
  - Letting of the property at market terms
  - The operating and maintenance costs considered during the valuation are guided by benchmarks from the database of the evaluator
  - The discounting is based on a risk-compliant real interest rate of 4.5 percent, also taken from the database of the evaluator

  As at 31 December 2015, the fair value determined for the PostParc stands at around 261 million francs (previous year: around 211 million francs).

- Property: Bellinzona Autorimessa (investment property)
  As at 31 December 2015, the property is measured using the capitalized earnings method. The following rate was applied to capitalize effective rental income. In the capitalization rate used, the operating, maintenance and repair costs were considered. Accrued provisions were deducted from the earnings value calculated.

  The following assumptions were made for determining fair value:
  - Letting of the property at sustainable tenancy terms
  - Average capitalization rate: 7 percent

  As at 31 December 2015, the fair value determined for the Autorimessa in Bellinzona stands at around 10 million francs (previous year: around 10 million francs).

34 | Transfer of financial assets

Securities received as part of reverse repurchase transactions are recognized in the balance sheet only if risks and opportunities are entered. 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:

Reverse repurchase transactions and securities lending and repurchase transactions

CHF million	Notes	31.12.2014	31.12.2015
Receivables			
Receivables from cash collateral in reverse repurchase transactions	15	1,309	311
of which recognized in amounts due from banks	15	909	61
of which recognized in interest-bearing amounts due from customers	15	400	250
Commitments			
Commitments from cash collateral in securities lending transactions		–	–
of which recognized in financial liabilities – other financial liabilities		–	–
Commitments from cash collateral in repurchase transactions	27	–	108
of which recognized in financial liabilities – other financial liabilities	27	–	108
Securities cover			
Own lent securities or securities provided as collateral for borrowed securities in repurchase transactions	18	1,765	2,107
of which securities for which an unrestricted right to dispose of or pledge was granted		1,765	1,996
of which recognized in financial assets – held to maturity		1,754	1,907
of which recognized in financial assets – available for sale		11	57
Borrowed securities or securities received as collateral for lent securities as part of securities lending and reverse repurchase transactions		–	2,434
of which repledged or sold securities		–	–

35 | Potential offsetting of financial assets and financial liabilities

No offsetting took place. The following financial assets and financial liabilities were subject to offsetting agreements, enforceable global offsetting or similar agreements as at 31 December 2014 or 31 December 2015:

Financial assets subject to offsetting agreements, enforceable global offsetting or similar agreements 31.12.2014, 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	5	–	5	–	–	5
Reverse repurchase transactions	1,309	–	1,309	–	–1,309	–

Financial liabilities subject to offsetting agreements, enforceable global offsetting or similar agreements 31.12.2014, 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	174	–	174	–142	–	32
Securities lending and similar agreements	1,765	–	1,765	–	–1,765	–

Financial assets subject to offsetting agreements, enforceable global offsetting or similar agreements 31.12.2015, 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	61	–	61	–27	–	34
Reverse repurchase transactions	311	–	311	–	–313	–2

Financial liabilities subject to offsetting agreements, enforceable global offsetting or similar agreements 31.12.2015, 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	210	–	210	–158	–	52
Repurchase transactions	108	–	108	–	–111	–3
Securities lending and similar agreements	1,964	–	1,964	–	–1,996	–32

36 | Consolidated Group

Acctg. Method	Segment	Company	Domicile	Share capital Currency	Share capital in 000s	Equity interest in percent as at 31.12.2014	Equity interest in percent as at 31.12.2015
Switzerland							
F	7	Swiss Post Ltd	Berne	CHF	1,300,000		
F	1	Presto Presse-Vertriebs AG	Berne	CHF	100	100	100
F	1	Epsilon SA	Lancy	CHF	100	100	100
F	1	PostMail Ltd	Berne	CHF	100	100	100
F	1	Direct Mail Company AG	Basel	CHF	420	100	100
F	1	Direct Mail Logistik AG	Basel	CHF	100	100	100
F	1	IN-Media AG	Basel	CHF	100	100	100
F	1	Swiss Post International Holding Ltd	Berne	CHF	63,300	100	100
F	1	APZ Direct AG [1]	Schaffhausen	CHF	150	–	100
F	1	IWARE SA [2]	Morges	CHF	100	–	100
F	2	Swiss Post Solutions Ltd	Zurich	CHF	1,000	100	100
F	2	SwissSign AG	Opfikon	CHF	450	100	100
F	4	Mobility Solutions Ltd	Berne	CHF	100	100	100
F	4	Mobility Solutions Management Ltd	Berne	CHF	100	85	85
F	4	PostLogistics Ltd	Dintikon	CHF	20,000	100	100
F	4	SecurePost Ltd	Oensingen	CHF	4,000	100	100
F	4	Dispodrom Ltd in liquidation [3]	Berne	CHF	2,000	100	–
F	4	Swiss Post International Logistics Ltd	Basel	CHF	1,000	100	100
F	4	Swiss Post SAT Holding Ltd	Berne	CHF	2,000	100	100
F	4	Tele-Trans AG [4]	Basel	CHF	50	–	100
F	4	Botec Boncourt S.A. [5]	Boncourt	CHF	200	–	100
F	4	Botec Logistic SA [5]	Boncourt	CHF	100	–	100
F	4	Allenbach Verzollungsagentur GmbH [6]	Münchenstein	CHF	20	–	100
F	5	PostFinance Ltd	Berne	CHF	2,000,000	100*	100*
F	5	Debtors Service Ltd [7]	Urtenen-Schönbühl	CHF	1,000	100	100
F	5	TWINT AG (formerly Monexio AG)	Berne	CHF	10,000	100	100
F	6	PostBus Switzerland Ltd	Berne	CHF	72,000	100*	100*
F	6	PubliBike AG (formerly velopass SARL)	Fribourg	CHF	200	100	100
F	6	PostBus Management Ltd [8]	Berne	CHF	100	–	100*
F	6	PostBus Mobility Solutions Ltd [8]	Berne	CHF	100	–	100
F	6	PostBus Production Ltd [8]	Berne	CHF	100	–	100
F	6	PostBus Vehicles Ltd [9]	Berne	CHF	100	–	100
F	7	Post Real Estate Management and Services Ltd (formerly InfraPost AG)	Berne	CHF	1,000	100	100
F	7	Post Real Estate Ltd [10]	Berne	CHF	100,000	20*/80	20*/80
F	7	health care research institute AG (hcri) [11]	Zurich	CHF	100	–	100
F	1–7	Post CH Ltd	Berne	CHF	500,000	100*	100*

* Equity interest is held by Swiss Post Ltd.
1 Shares (100 percent) acquired on 1.10.2015.
2 Shares (100 percent) acquired on 2.10.2015.
3 Liquidated on 24.9.2015.
4 Shares (100 percent) acquired on 19.2.2015.
5 Shares (100 percent) acquired on 30.10.2015.
6 Shares (100 percent) acquired on 30.11.2015.
7 New domicile (previously Berne).
8 Established on 19.2.2015.
9 Established on 19.8.2015.
10 Swiss Post Ltd and Post CH Ltd hold 20 percent and 80 percent respectively of the shares in Post Real Estate Ltd.
11 Shares (100 percent) acquired on 15.10.2015

Accounting method
F = fully consolidated
Segment
1 = PostMail
2 = Swiss Post Solutions
3 = Post Offices & Sales
4 = PostLogistics
5 = PostFinance
6 = PostBus
7 = Other

Acctg. Method	Segment	Company	Domicile	Currency	Share capital in 000s	Equity interest in percent as at 31.12.2014	Equity interest in percent as at 31.12.2015
Switzerland							
E	1	AZ Vertriebs AG	Aarau	CHF	100	25	25
E	1	search.ch AG [12]	Zurich	CHF	100	25	–
E	1	SCHAZO AG	Schaffhausen	CHF	300	50	50
E	1	Somedia Distribution AG (formerly SÜDOSTSCHWEIZ PRESSEVERTRIEB AG)	Chur	CHF	100	35	35
E	1	DMB Direct Mail Biel-Bienne AG	Biel/Bienne	CHF	100	50	50
E	1	Asendia Holding Ltd	Berne	CHF	100	50	50
E	4	TNT Swiss Post AG	Buchs (AG)	CHF	1,000	50	50
E	4	Energy Logistics Schweiz (ELS) Ltd [13]	Berne	CHF	125	–	20
E	5	SIX Interbank Clearing AG	Zurich	CHF	1,000	25	25
E	6	Sensetalbahn AG	Berne	CHF	2,888	34	34
Belgium							
F	4	Société d'Affrètement et de Transit S.A.T. SA	Brussels	EUR	62	100	100
Germany							
F	2	Fortuna Beteiligungs GmbH [14]	Bamberg	EUR	50	100	–
F	2	Swiss Post Solutions GmbH [15]	Bamberg	EUR	5,000	98.3	100
F	2	Swiss Post Solutions Holding GmbH	Bamberg	EUR	25	100*	100*
F	2	Swiss Post Solutions GmbH	Prien	EUR	1,050	100	100
F	2	Swiss Post Solutions GmbH [16]	Pulsnitz	EUR	100	100	–
F	2	Swiss Post Solutions Card Systems GmbH	Bamberg	EUR	25	100	100
F	4	Trans-Euro GmbH	Weil am Rhein	EUR	25	100	100
F	4	Zollagentur Imlig GmbH	Rheinfelden Baden	EUR	25	100	100
E	2	eSourceONE GmbH	Bamberg	EUR	25	50	50
E	2	MEILLERGHP GmbH [17]	Schwandorf	EUR	280	35	–
E	5	Swiss Euro Clearing Bank GmbH	Frankfurt am Main	EUR	30,000	25	25
E	2	CF Card Factory GmbH [18]	Hessisch Lichtenau	EUR	500	51	49
France							
F	2	Swiss Post Solutions SAS [19]	Paris	EUR	9,587	100	100
F	4	Société d'Affrètement et de Transit S.A.T. SAS	Bartenheim	EUR	200	100	100
F	4	Société de Transports Internationaux S.T.I. SARL	Bartenheim	EUR	8	100	100
F	4	SCI S.A.T.	Bartenheim	EUR	1	100	100
F	4	Tele-Trans SA [4]	Saint-Louis	EUR	38	–	100
F	4	Botec Sàrl [5]	Fêche-l'Église	EUR	15	–	100
F	6	CarPostal France SAS [20]	Saint-Priest	EUR	8,200	100	100
F	6	CarPostal Bourg-en-Bresse SAS	Bourg-en-Bresse	EUR	190	100	100
F	6	CarPostal Haguenau SAS	Haguenau	EUR	464	100	100
F	6	CarPostal Interurbain SAS	Voreppe	EUR	250	100	100
F	6	CarPostal Mâcon SAS	Mâcon	EUR	300	100	100
F	6	CarPostal Dole SAS	Dole	EUR	300	100	100
F	6	CarPostal Foncière SCI	Saint-Priest	EUR	50	100	100
F	6	CarPostal Villefranche-sur-Saône SAS	Arnas	EUR	150	100	100
F	6	CarPostal Agde SAS	Agde	EUR	250	100	100
F	6	CarPostal Bourgogne Franche-Comté SAS	Mâcon	EUR	300	100	100

* Equity interest is held by Swiss Post Ltd.
12 Shares (25 percent) sold on 8.5.2015.
13 Shares (20 percent) acquired on 19.10.2015.
14 Merged with Swiss Post Solutions Holding GmbH on 30.6.2015.
15 Own shares (1.7 percent) in Swiss Post Solutions Holding GmbH sold on 30.6.2015.
16 Merged with Swiss Post Solutions GmbH, Prien on 7.5.2015.
17 Shares (35 percent) sold on 20.2.2015.
18 Shares (2 percent) sold on 17.6.2015.
19 Share capital increased by 8 million euros on 18.12.2015.
20 Share capital increased by 8 million euros on 10.12.2015.

Accounting method
F = fully consolidated
E = accounted for under the equity method
Segment
1 = PostMail
2 = Swiss Post Solutions
4 = PostLogistics
5 = PostFinance
6 = PostBus

Acctg. Method	Segment	Company	Domicile	Currency	Share capital in 000s	Equity interest in percent as at 31.12.2014	Equity interest in percent as at 31.12.2015
France							
F	6	CarPostal Méditerranée SAS	Agde	EUR	420	100	100
F	6	Holding Rochette Participations SAS	Montverdun	EUR	400	100	100
F	6	CarPostal Loire SARL (formerly Caporin Voyages SARL)	Montverdun	EUR	1,680	100	100
F	6	CarPostal Riviera SAS	Menton	EUR	200	100	100
F	6	CarPostal Salon de Provence SAS	Salon-de-Provence	EUR	200	100	100
F	6	CarPostal Bassin de Thau [21]	Sète	EUR	250	–	100
F	6	GR4 [22]	Crolles	EUR	200	–	48
F	6	Autocars et Transports Grindler [23]	Vif	EUR	104	–	100
F	6	Les Cars du Trièves [23]	Vif	EUR	30	–	100
United Kingdom							
F	2	Swiss Post Solutions Ltd	Richmond	GBP	7,272	100	100
Italy							
F	2	Swiss Post Solutions S.p.A.	Milan	EUR	500	100	100
Ireland							
F	2	Swiss Post Solutions Ireland Limited [24]	Cork	EUR	0	100	–
Liechtenstein							
F	6	PostAuto Liechtenstein Anstalt	Vaduz	CHF	1,000	100	100
F	7	Swiss Post Insurance AG	Triesen	CHF	30,000	100*	100*
E	7	Liechtensteinische Post AG	Schaan	CHF	5,000	25	25
Slovakia							
F	2	Swiss Post Solutions s.r.o.	Bratislava	EUR	15	100	100
USA							
F	2	Swiss Post Solutions Inc.	New York	USD	45	100	100
F	2	Swiss Post US Holding Inc.	New York	USD	10,100	100	100
Vietnam							
F	2	Swiss Post Solutions Ltd.	Ho-Chi-Minh City	VND	1,821,446	100	100

* Equity interest is held by Swiss Post Ltd.
21 Established on 29.7.2015.
22 Established on 1.7.2015. Share of voting rights: around 56 percent.
23 Shares (100 percent) acquired on 1.12.2015.
24 Shares (100 percent) sold on 3.2.2015.

Accounting method
F = fully consolidated
E = accounted for under the equity method
Segment
2 = Swiss Post Solutions
6 = PostBus
7 = Other

37 | Changes in the consolidated Group

Year 2014

On 31 December 2013, Swiss Post Solutions GmbH, based in Vienna (Austria) was converted into a branch of Swiss Post Solutions Ltd, based in Zurich.

On 1 April 2014, a share capital increase of 179,000 francs was undertaken at PubliBike AG, based in Fribourg.

On 24 April 2014, Swiss Post SAT Holding Ltd, based in Berne, acquired Société d’Affrètement et de Transit S.A.T. SA, based in Brussels (Belgium). This acquisition allows PostLogistics to strengthen its international services and customs clearance expertise. S.A.T. SA carries out its services almost fully automatically with the help of software, so does not have any on-site employees.

Dispodrom Ltd, based in Berne, has been in liquidation since 7 May 2014.

Prisma Medienservice AG, based in St. Gallen, was merged with Direct Mail Company AG, based in Basel, on 28 May 2014 with retroactive effect to 1 January 2014.

On 30 June 2014, the non-controlling interest (14 percent) in Swiss Post Solutions Ltd, based in Ho Chi Minh City (Vietnam) was acquired. Swiss Post Solutions Ltd, based in Zurich, now holds 100 percent of the share capital of Swiss Post Solutions Ltd.

Swiss Post International Management Ltd in liquidation, based in Berne, and IT ServiceHouse AG in liquidation, based in Berne, were liquidated on 11 September 2014 and 18 September 2014 respectively.

On 12 December 2014, a share capital increase of 8 million francs was undertaken at TWINT AG, based in Berne.

Post CH Ltd, based in Berne, acquired Asendia Press D4M AG, based in Kriens, on 30 December 2014. This acquisition allows PostMail to strengthen its expertise and services in publishing management. Asendia Press D4M AG operates in Switzerland and employs a staff of 15. It was merged with Direct Mail Company AG, based in Basel, on 30 December 2014.

CarPostal Obernai SAS, based in Obernai (France) and CarPostal Pyrénées SAS, based in Saint-Priest (France), were merged on 30 December 2014 to form CarPostal France SAS, based in Saint-Priest (France).

Year 2015

Post CH Ltd, based in Berne, sold Swiss Post Solutions Ireland Limited, based in Cork (Ireland) on 3 February 2015.

Post CH Ltd, based in Berne, acquired the company Tele-Trans AG, based in Basel and its subsidiary Tele-Trans SA, based in Saint-Louis (France) on 19 February 2015. This acquisition enables PostLogistics to strengthen its international unit, to expand its current service portfolio and to safeguard its presence in the customs clearance market in the Basel area. Tele-Trans AG and its subsidiary offer services in the field of European transport and customs clearance, and employ seven members of staff.

With effect from 7 May 2015, Swiss Post Solutions GmbH, based in Pulsnitz (Germany) was merged with Swiss Post Solutions GmbH, headquartered in Prien (Germany).

Swiss Post Solutions GmbH, based in Bamberg (Germany) sold 2 percent of its interest in CF Card Factory GmbH, based in Hessisch Lichtenau (Germany), on 17 June 2015. Following the loss of control, CF Card Factory GmbH is disclosed as an associate.

On 30 June 2015, Swiss Post Solutions GmbH sold 1.7 percent of its own interest in Swiss Post Solutions Holding GmbH, both based in Bamberg (Germany).

Fortuna Beteiligungs GmbH was merged with Swiss Post Solutions Holding GmbH, both based in Bamberg (Germany) on 30 June 2015.

SecurePost Ltd, based in Oensingen, acquired the banknote processing unit from UBS AG, based in Zurich and Basel, on 1 September 2015. SecurePost Ltd becomes the largest banknote processor in Switzerland as a result of the acquisition. The takeover includes operating materials as well as around 40 members of staff.

Dispodrom Ltd in liquidation, based in Berne, was liquidated on 24 September 2015.

Post CH Ltd, based in Berne, acquired APZ Direct AG, based in Schaffhausen, on 1 October 2015. The acquisition enables PostMail to strengthen its position in the growth area of direct marketing. APZ Direct AG specializes in the delivery of unaddressed and addressed mail, and employs around 230 members of staff.

Post CH Ltd, based in Berne, acquired IWARE SA, based in Morges, on 2 October 2015. The acquisition enables PostMail to strengthen its position in the publishing business. IWARE SA operates in fields including subscription management and the issuing of publications, and employs 13 members of staff.

Post CH Ltd, based in Berne, acquired health care research institute AG (hcri), based in Zurich, on 15 October 2015. Thanks to this acquisition, Swiss Post is strengthening its market position, and positioning itself as an innovative, integrated service provider in the healthcare sector. health care research institute AG (hcri) is the market leader in the data-driven quality management of processes and information processing in the healthcare sector, and employs 19 members of staff.

Post CH Ltd, based in Berne, acquired Botec Boncourt S.A. and Botec Logistic SA, both based in Boncourt, and Botec Sàrl, based in Fêche-l'Église (France), on 30 October 2015. Thanks to these acquisitions, PostLogistics is strengthening the freight, express and warehousing international unit, including customs clearance, and increasing its presence in the area of Boncourt, crossing the border into France. As well as customers, the takeover includes the infrastructure, with a customs clearance office in Boncourt, and nine members of staff.

Post CH Ltd, based in Berne, acquired Allenbach Verzollungsagentur GmbH, based in Münchenstein, on 30 November 2015. This acquisition enables PostLogistics to strengthen its international forwarding and customs clearance unit, to expand its current service portfolio and to boost its presence in the customs clearance market. Allenbach Verzollungsagentur GmbH has two sites in Münchenstein and Basel-Weil, and employs three members of staff.

CarPostal France SAS, based in Saint-Priest (France), acquired the two associates Grindler Autocars et Transports Grindler and Les Cars du Trièves, both based in Vif (France), on 1 December 2015. Thanks to the acquisition, PostBus is strengthening its presence in the department of Isère by expanding its vehicle depots to all three valleys around Grenoble. The Grindler family business, which employs 90 people, is one of the most important transport companies in the Grenoble region.

On 10 December 2015, a share capital increase of 8 million euros was undertaken at CarPostal France SAS, based in Saint-Priest (France).

On 18 December 2015, a share capital increase of 8 million euros was undertaken at Swiss Post Solutions SAS, based in Paris (France).

Assets and liabilities arising from acquisitions

The following assets and liabilities were newly consolidated, based on temporary figures, in connection with acquisitions of subsidiaries:

Assets and liabilities arising from acquisitions	2014	2015
CHF million	Total fair value[1]	Total fair value[2]
Cash and cash equivalents	1	5
Trade accounts receivable and other receivables	2	7
Inventories	–	0
Property, plant and equipment, intangible assets and financial assets	0	13
Other financial liabilities	–	–4
Trade accounts payable	0	–2
Provisions and other liabilities	0	–9
Fair value of net assets	**3**	**10**
Goodwill	3	13
Cash and cash equivalents acquired[3]	–1	–5
Purchase price payments falling due at a later date (earn-outs)	–	–5
Net cash outflow for acquisitions	**5**	**13**

1 Composition: Société d'Affrètement et de Transport S.A.T. SA., Asendia Press D4M AG.
2 Composition: Allenbach Verzollungsagentur GmbH, APZ Direct AG, Autocars et Transports Grindler, Botec Boncourt S.A., Botec Logistic SA, Botec Sàrl, health care research institute AG (hcri), IWARE SA, Les Cars du Trièves, Tele-Trans AG, Tele-Trans SA, UBS AG operating unit.
3 Composition: cash and current amounts due from banks.

The acquisition costs for the companies acquired in 2015 and for parts of companies amount to a total of 23 million francs. The purchase price payments (earn-outs) due at a later date amount to 5 million francs. The remaining amount was settled in cash and cash equivalents.

The goodwill arising from these transactions consists of assets that are not separately identifiable or cannot be reliably determined, primarily acquired expertise and synergies expected within the Group. Goodwill is not tax deductible.

The directly attributable acquisition expense amounts to less than 0.1 million francs and is recognized in the income statement under "Other operating expenses".

Since the acquisition date, the acquired entities have contributed 9 million francs to operating income and one million francs to operating profit.

Overall, the effect of these acquisitions on the consolidated financial statements is not material in nature.

Assets and liabilities arising from disposals

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

Assets and liabilities arising from disposals CHF million	2014 Total carrying amount	2015 Total carrying amount[1]
Cash and cash equivalents	–	0
Trade accounts receivable and other receivables	–	1
Inventories	–	1
Property, plant and equipment, intangible assets and financial assets	–	1
Other financial liabilities	–	–1
Trade accounts payable	–	–2
Provisions and other liabilities	–	0
Carrying amount of net assets disposed of	–	**0**
Cash and cash equivalents disposed of[2]	–	0
Loss from disposals	–	0
Net cash inflow from disposals	–	**0**

1 Composition: CF Card Factory GmbH, Swiss Post Solutions Ireland Limited.
2 Composition: cash and current amounts due from banks.

Sales proceeds arising from disposals stood at less than one million francs in 2015.

Overall, the effect of these disposals on the consolidated financial statements is not material in nature.

Companies founded and renamed

Year 2014
InfraPost AG, based in Berne, was renamed Post Real Estate Management and Services Ltd on 6 January 2014.

velopass SARL, based in Fribourg, was converted into a private limited company and renamed PubliBike AG on 1 April 2014.

Caporin Voyages SARL, based in Montverdun (France) was renamed CarPostal Loire SARL on 23 June 2014.

Monexio AG, based in Berne, was founded on 7 July 2014 and renamed TWINT AG on 18 November 2014.

SÜDOSTSCHWEIZ PRESSEVERTRIEB AG, a company headquartered in Chur, was renamed Somedia Distribution AG on 5 September 2014.

Swiss Post Solutions Card Systems GmbH, based in Bamberg (Germany) was founded on 17 November 2014.

Year 2015
PostBus Management Ltd, PostBus Mobility Solutions Ltd and PostBus Production Ltd, all based in Berne, were founded on 19 February 2015.

GR4, based in Crolles (France) was founded with an interest of 48 percent on 1 July 2015.

CarPostal Bassin de Thau, based in Sète (France) was founded on 29 July 2015.

PostBus Vehicles Ltd, based in Berne, was founded on 19 August 2015.

38 | 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.

All transactions between Swiss Post and the related companies and parties are carried out at market conditions. 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 with related companies and parties that are not part of the Group.

Transactions with related companies and parties	Sale of goods and services		Purchases of goods and services		Receivables and loans with related companies		Liabilities to related companies	
CHF million	2014	2015	2014	2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015
Companies with joint management or significant influence	**437**	**447**	**123**	**110**	**1,003**	**891**	**1,040**	**834**
Swiss Confederation	208 [1]	240 [1]	8	7	109	162	662	605
Swisscom	158	137	58	49	652	492	23	20
Swiss Federal Railways SBB	67	66	57	54	42	37	355	209
RUAG	1	1	0	0	0	0	0	0
SKYGUIDE	3	3	0	0	200	200	0	0
Associates and joint ventures	**133**	**126**	**37**	**38**	**52**	**40**	**12**	**16**
Other related companies and parties	**14**	**1**	**4**	**3**	**0**	**0**	**88** [2]	**224** [2]

1 Includes compensation for public transport of 176 million francs for 2015 (previous year: 175 million francs).
2 Primarily includes customer deposits of the Swiss Post pension fund held at PostFinance.

Remuneration paid to members of the management

In the past financial year, remuneration including fringe benefits of 5.8 million francs (previous year: 5.2 million francs) and pension benefits of around 0.75 million francs (previous year: around 0.77 million francs) was paid to members of the management (Board of Directors and Executive Management). The performance-based component paid out to members of Executive Management in 2015 was based on target attainment in 2013 and 2014 and amounted to around 1.2 million francs (previous year: around 0.9 million francs). There are no loan agreements in place with members of the Board of Directors or Executive Management.

39 | Key exchange rates

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		31.12.2014	31.12.2015	31.12.2014	31.12.2015
1 euro	EUR	1.20	1.08	1.21	1.07
1 US dollar	USD	0.99	0.99	0.92	0.96
1 pound sterling	GBP	1.54	1.47	1.51	1.47

40 | Events after the reporting period

Prior to the approval of the 2015 consolidated annual financial statements by Swiss Post Ltd's Board of Directors on 7 March 2016, 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.

Auditors' report to the General Meeting of Swiss Post Ltd, Berne

Report of the Statutory Auditor on the Consolidated Financial Statements
As statutory auditor, we have audited the accompanying consolidated financial statements of Swiss Post Ltd presented on pages 74 to 150 of the financial report, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes for the year ended 31 December 2015.

Board of Directors' Responsibility
The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements for the year ended 31 December 2015 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Report on Other Legal Requirements
We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the board of directors.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG AG

Orlando Lanfranchi Licensed Audit Expert Auditor in Charge	Stefan Andres Licensed Audit Expert

Gümligen-Berne, 7 March 2016

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.

Income statement

Swiss Post Ltd | Income statement

CHF million	2014	2015
Operating income		
Trade income	78	76
Income from interests	245	296
Total operating income	**323**	**372**
Operating expenses		
Personnel expenses	– 4	– 4
Other operating expenses	– 31	– 49
Depreciation of intangible assets	– 67	– 67
Total operating expenses	**– 102**	**– 120**
Operating profit	**221**	**252**
Financial income	70	143
Financial expenses	– 41	– 87
Total net financial income	**29**	**56**
Profit for the year before tax	**250**	**308**
Direct taxes	5	– 2
Profit for the year	**255**	**306**

Balance sheet

Swiss Post Ltd | Balance sheet

CHF million	31.12.2014	31.12.2015
Assets		
Current assets		
Amounts due from banks	601	815
Amounts due from PostFinance Ltd	3	18
Trade accounts receivable	2	6
Other current receivables	1,357	1,322
Total current assets	**1,963**	**2,161**
Fixed assets		
Financial assets	881	820
Interests	7,989	7,937
Intangible assets	867	800
Total fixed assets	**9,737**	**9,557**
Total assets	**11,700**	**11,718**
Equity and liabilities		
Liabilities		
Trade accounts payable	3	0
Current interest-bearing liabilities	171	96
Other current liabilities	0	0
Accrued expenses and deferred income	4	4
Total current liabilities	**178**	**100**
Non-current interest-bearing liabilities	1,280	1,270
Provisions	2	2
Total non-current liabilities	**1,282**	**1,272**
Total liabilities	**1,460**	**1,372**
Equity		
Share capital	1,300	1,300
Statutory capital reserves		
Other capital reserves	8,685	8,685
Distributable profit		
Profit carried forward	–	55
Profit for the year	255	306
Total equity	**10,240**	**10,346**
Total equity and liabilities	**11,700**	**11,718**

Notes

1 | Principles

Initial adoption of new accounting law

For the first time, the 2015 annual financial statements were issued in accordance with the new provisions of Swiss accounting law (Title 32 of the Swiss Code of Obligations). To improve legibility and facilitate comparison, the financial figures for 2014 have also been adapted to reflect the new accounting structure. No value adjustments have been made.

1.1 General

A description is given below of any significant valuation principles applied that are not specified by law.

1.2 Legal form

Swiss Post Ltd was established as a company limited by shares subject to a special statutory regime. It is domiciled in Berne.

1.3 Financial assets

Financial assets include long-term loans to subsidiaries 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 profits are not disclosed (imparity principle).

1.4 Interests

Swiss Post Ltd controls various subsidiaries. These interests are recognized in the balance sheet at cost less any necessary impairment losses.

1.5 Intangible assets

Any intangible assets acquired are capitalized at 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 depreciated on a straight-line basis. If there are any signs of overvaluation, the carrying amounts are checked and impairment losses recognized if necessary.

1.6 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 a recognized financial reporting standard (International Financial Reporting Standards, IFRS). 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 Trade accounts receivable

Swiss Post Ltd | Trade accounts receivable

CHF million	31.12.2014	31.12.2015
Amounts due from third parties	0	–
Amounts due from interests	2	6
Total trade accounts receivable	**2**	**6**

2.2 Other current receivables

Swiss Post Ltd | Other current receivables

CHF million	31.12.2014	31.12.2015
Amounts due from third parties	0	0
Amounts due from interests	1,357	1,322
Total other current receivables	**1,357**	**1,322**

2.3 Financial assets

Swiss Post Ltd | Financial assets

CHF million	31.12.2014	31.12.2015
Financial assets in relation to third parties	0	0
Financial assets in relation to interests	881	820
Total financial assets	**881**	**820**

2.4 Interests

Swiss Post Ltd | Interests			Share capital	Interest in percent	
Company	Domicile	Currency	in 1000	Balance as at 31.12.2014	Balance as at 31.12.2015
Directly held interests					
Switzerland					
PostFinance Ltd	Bern	CHF	2,000,000	100	100
PostBus Switzerland Ltd	Bern	CHF	72,000	100	100
Post Real Estate Ltd	Bern	CHF	100,000	20 [1]	20 [1]
Post CH Ltd	Bern	CHF	500,000	100	100
PostBus Management Ltd	Bern	CHF	100	–	100
Germany					
Swiss Post Solutions Holding GmbH	Bamberg	EUR	25	100	100
Liechtenstein					
Swiss Post Insurance AG	Triesen	CHF	30,000	100	100
Significant indirectly held interests					
Switzerland					
PostMail Ltd	Bern	CHF	100	100	100
Swiss Post Solutions Ltd	Zürich	CHF	1,000	100	100
Mobility Solutions Ltd	Bern	CHF	100	100	100
PostLogistics Ltd	Dintikon	CHF	20,000	100	100
SecurePost Ltd	Oensingen	CHF	4,000	100	100

1 Swiss Post Ltd indirectly holds an additional 80 percent in Post Real Estate Ltd.

2.5 Intangible assets

The intangible assets disclosed in the balance sheet are capitalized Swiss Post brands.

2.6 Trade accounts payable

Swiss Post Ltd | Trade accounts payable		
CHF million	31.12.2014	31.12.2015
Liabilities relating to third parties	3	0
Liabilities relating to interests	0	0
Total trade accounts payable	**3**	**0**

2.7 Current interest-bearing liabilities

Swiss Post Ltd | Current interest-bearing liabilities		
CHF million	31.12.2014	31.12.2015
Liabilities relating to interests	171	96
Total current interest-bearing liabilities	**171**	**96**

2.8 Non-current interest-bearing liabilities

Swiss Post Ltd | Non-current interest-bearing liabilities

CHF million	31.12.2014	31.12.2015
Liabilities relating to third parties	1,280	1,270
Total non-current interest-bearing liabilities	**1,280**	**1,270**

2.9 Share capital

The share capital stands at 1,300,000,000 francs. The 1,300,000 registered shares, each with a par value of 1,000 francs, are owned by the Swiss Confederation.

2.10 Trade income

Trade income principally discloses revenue from licence fees.

2.11 Income from interests

Dividend income from the financial years 2015 and 2014 from the following interests is reported in income from interests: Post CH Ltd, PostFinance Ltd, Swiss Post Insurance AG and Post Real Estate Ltd.

2.12 Financial income

Financial income mainly consists of interest income from loans to interests and repayments received on receivables for which impairment losses were previously recognized.

3 | Additional information

3.1 Full-time equivalents

The average annual number of full-time equivalents did not exceed 50, either in the year under review or in the previous year.

3.2 Bond issues

Swiss Post Ltd has several outstanding private placements totalling 1,270 million francs. 11 tranches overall, expiring between 2018 and 2032, and with an average remaining maturity of approximately ten years, were raised on the capital market from major, predominantly domestic, private and institutional investors. The average interest rate applicable to these private placements is 0.83 percent.

3.3 Liabilities relating to employee benefits schemes

The liabilities relating to the Swiss Post pension fund totalled 48,732 francs at 31 December 2015 (31 December 2014: 46,775 francs), and are reported in other current liabilities. They are classed as liabilities relating to third parties.

3.4 Collateral for third party liabilities

As at 31 December 2015, guarantees and guarantee obligations amounted to 18 million francs (31 December 2014: 18 million francs).

Under the system of group taxation for value added tax, liability is as follows: Each person or partnership belonging to a VAT group is jointly and severally liable for all taxes owed by the group (VAT) together with the taxpayer.

On 31 December 2015, as in the previous year, Letters of Comfort to third parties existed, deposited by Swiss Post Ltd.

3.5 Material events occurring 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 and liabilities disclosed or would have to be disclosed in this section of the Report.

There is no other information required by law as set out in article 959c, paragraph 1, section 4 of the Swiss Code of Obligations.

4 | Proposed appropriation of distributable profit

At the General Meeting on 26 April 2016, the Board of Directors will propose that the distributable profit of 361 million francs for the financial year ended 31 December 2015 be appropriated as follows:

Swiss Post Ltd | Appropriation of distributable profit proposed by the Board of Directors

CHF million	31.12.2015
Amount carried forward from the previous year	55
Profit for the year	306
Available distributable profit	**361**
Dividends	–200
Amount carried forward to new account	**161**

Auditors’ report to the General Meeting of Swiss Post Ltd, Berne

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of Swiss Post Ltd, presented on pages 154 to 160 of the financial report, which comprise the income statement, balance sheet and notes for the year ended 31 December 2015.

Board of Directors’ Responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company’s articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity’s preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2015 comply with Swiss law and the company’s articles of incorporation.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company’s articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Orlando Lanfranchi	Stefan Andres
Licensed Audit Expert	Licensed Audit Expert
Auditor in Charge	

Gümligen-Berne, 7 March 2016

PostFinance annual financial statements

PostFinance Ltd reports to the Group in accordance with International Financial Reporting Standards (IFRS) and issues its financial statements pursuant to the Accounting rules for banks, securities dealers, financial groups and conglomerates (ARB) (FINMA Circular 2015/1 "Accounting – Banks").

Reconciliation

PostFinance Ltd reports to the Group in accordance with IFRS and issues its financial statements pursuant to the Accounting rules for banks, securities dealers, financial groups and conglomerates (ARB) (FINMA Circular 2015/1 "Accounting – Banks"). The following table shows the differences between the two accounting standards and reconciles the profit for the year in accordance with IFRS with the ARB financial statements.

PostFinance Ltd | Reconciliation of profit

CHF million	2014	2015
PostFinance segment operating profit (EBIT) as per IFRS before fees and net cost compensation	**382**	**463**
Management/licence fees/net cost compensation	90	99
PostFinance segment operating profit (EBIT) as per IFRS after fees and net cost compensation	**472**	**562**
Net income from associates	1	1
Operating profit from subsidiaries	3	15
Net financial income	–3	–3
Earnings before tax (EBT)	**473**	**575**
Income tax	–97	–145
PostFinance Ltd profit reported to the Group as per IFRS	**376**	**430**
Amortization of revalued held-to-maturity financial assets	–78	–65
Principle of lower of cost or market value for financial assets as per ARB	20	–28
Realized gains from (earlier than scheduled) sales	–20	–9
Valuation differences between IAS 19 and Swiss GAAP ARR 16	15	16
Depreciation of revalued real estate	–4	–2
Individual value adjustments due to lower fair value (fixed assets)	–1	–11
Amortization of goodwill	–200	–200
Adjustment of deferred tax effects as per IFRS	59	90
PostFinance Ltd profit as per ARB	**167**	**221**

The main positions in the reconciliation of profit are as follows:

- The goodwill capitalized as part of the conversion is amortized by 200 million francs annually.
- Swiss Post reports its segments in accordance with IFRS based on operating profit before management, licence fees and net cost compensation. For this reason, the reconciliation of profit includes an offset of 99 million francs on the operating profit (previous year: 90 million francs).

PostFinance Ltd statutory annual financial statements

The following pages show the PostFinance Ltd statutory financial statements in accordance with the Accounting rules for banks (articles 25–28 of the Banking Ordinance, FINMA Circular 2015/1 "Accounting – Banks" ARB).

Balance sheet

PostFinance Ltd | Balance sheet as per ARB

CHF million	Notes	31.12.2014	31.12.2015
Assets			
Liquid assets		41,746	38,882
Amounts due from banks		3,948	4,471
Amounts due from securities financing transactions	5	1,309	311
Amounts due from customers	6	10,704	10,993
Mortgage loans	6	0	0
Trading portfolio assets		–	–
Positive replacement values of derivative financial instruments	7	5	61
Other financial instruments at fair value		–	–
Financial investments	8	59,055	57,395
Accrued income and prepaid expenses		682	653
Participations	9, 10	48	59
Tangible fixed assets	11	1,027	1,175
Intangible assets	12	1,600	1,400
Other assets	13	145	289
Total assets		**120,269**	**115,689**
Total subordinated claims		–	–
of which subject to mandatory conversion and/or debt waiver		–	–
Liabilities			
Amounts due to banks		2,788	1,220
Liabilities from securities financing transactions	5	–	108
Amounts due in respect of customer deposits		110,111	106,966
Trading portfolio liabilities		–	–
Negative replacement values of derivative financial instruments	7	174	210
Liabilities from other financial instruments at fair value		–	–
Cash bonds		155	134
Bond issues and central mortgage institution loans		–	–
Accrued expenses and deferred income		122	118
Other liabilities	13	33	17
Provisions	16	12	13
Reserves for general banking risks		–	–
Bank’s capital	17	2,000	2,000
Statutory capital reserve		4,682	4,682
of which tax-exempt capital contribution reserve		4,682	4,682
Statutory retained earnings reserve		–	–
Voluntary retained earnings reserves		–	–
Profit carried forward		25	–
Profit		167	221
Total liabilities		**120,269**	**115,689**
Total subordinated liabilities		–	–
of which subject to mandatory conversion and/or debt waiver		–	–

PostFinance Ltd | Off-balance sheet transactions

CHF million	31.12.2014	31.12.2015
Contingent liabilities	–	1
Irrevocable commitments	656	676
Obligations to pay up shares and make further contributions	–	–
Credit commitments	–	–

Reconciliation of BAG with ARB

PostFinance applies the new Accounting rules for banks (ARB) (FINMA Circular 2015/1) as at 31 December 2015. To improve legibility and facilitate comparison, the financial figures as at 31 December 2014 have also been adapted to reflect the new accounting structure. No value adjustments have been made.

Income statement

PostFinance Ltd | Income statement as per ARB

CHF million	Notes	2014	2015
Interest and discount income		220	196
Interest and dividend income from trading portfolios		–	–
Interest and dividend income from financial investments		943	852
Interest expense		–198	–95
Gross result from interest operations		**965**	**953**
Changes in value adjustments for default risks and losses from interest operations		–87	13
Net result from interest operations		**878**	**966**
Commission income from securities trading and investment activities		42	42
Commission income from lending activities		94	14
Commission income from other services		630	639
Commission expense		–591	–497
Result from commission business and services		**175**	**198**
Result from trading activities and the fair value option	25	**166**	**188**
Result from the disposal of financial investments		37	34
Income from participations		1	1
Result from real estate		55	56
Other ordinary income		120	142
Other ordinary expenses		–13	–50
Other result from ordinary activities		**200**	**183**
Operating income		**1,419**	**1,535**
Personnel expenses	27	–458	–473
General and administrative expenses	28	–509	–518
Operating expenses		**–967**	**–991**
Value adjustments on participations and depreciation and amortization of tangible fixed assets and intangible assets		–237	–258
Changes to provisions and other value adjustments, and losses		–12	–10
Operating result		**203**	**276**
Extraordinary income	29	7	4
Extraordinary expenses		–	–
Changes in reserves for general banking risks		–	–
Taxes	30	–43	–59
Profit		**167**	**221**

Appropriation of profit

PostFinance Ltd | Distributable profit

CHF million	31.12.2014	31.12.2015
Profit for the year	167	221
Profit carried forward	25	–
Total distributable profit	**192**	**221**

At the General Meeting on 8 April 2016, the Board of Directors of PostFinance will propose the following appropriation of profit (previous year: 27 March 2015):

PostFinance Ltd | Appropriation of profit

CHF million	31.12.2014	31.12.2015
Allocation to other reserves	–	–
Dividend distribution	192	221
Profit carried forward to new account	–	–
Total distributable profit	**192**	**221**

Cash flow statement

PostFinance Ltd | Cash flow statement as per ARB CHF million	Cash inflow 2014	Cash outflow 2014	Cash inflow 2015	Cash outflow 2015
Cash flow from operating activities (internal financing)				
Profit for the year	167	–	221	–
Value adjustments on participations, depreciation and amortization of tangible fixed assets and intangible assets	237	–	257	–
Provisions and other value adjustments	2	–	1	–
Change in value adjustments for default risks and losses	87	–	–	13
Accrued income and prepaid expenses	39	–	29	–
Accrued expenses and deferred income	–	51	–	4
Other items	78	–	65	–
Previous year's dividend	–	240	–	192
Subtotal	**319**	**–**	**364**	**–**
Cash flow from shareholder's equity transactions				
Share capital	–	–	–	–
Recognized in reserves	–	–	–	–
Subtotal	**–**	**–**	**–**	**–**
Cash flow from transactions in respect of participations, tangible fixed assets and intangible assets				
Participations	–	34	–	15
Real estate	0	89	3	121
Other tangible fixed assets	–	21	–	82
Intangible assets	–	–	–	–
Subtotal	**–**	**144**	**–**	**215**
Cash flow from banking operations				
Amounts due to banks	408	–	–	1,568
Liabilities from securities financing transactions	–	–	108	–
Amounts due in respect of customer deposits	2,992	–	–	3,145
Cash bonds	–	5	–	22
Negative replacement values of derivative financial instruments	153	–	37	–
Other liabilities	–	84	–	16
Amounts due from banks	–	867	–	523
Amounts due from securities financing transactions	5,842	–	997	–
Amounts due from customers	–	1,146	–	289
Mortgage loans	–	–	0	–
Positive replacement values of derivative financial instruments	91	–	–	56
Financial investments	–	4,820	1,608	–
Other accounts receivable	–	107	–	144
Subtotal	**2,457**	**–**	**–**	**3,013**
Liquidity				
Liquid assets	–	2,632	2,864	–
Subtotal	**–**	**2,632**	**2,864**	**–**
Total	**2,776**	**2,776**	**3,228**	**3,228**

Statement of changes in equity

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 1.1.2015	**2,000**	**4,682**	**–**	**–**	**192**	**–**	**6,874**
Dividends	–	–	–	–	–192	–	–192
Profit	–	–	–	–	–	221	221
Equity as at 31.12.2015	**2,000**	**4,682**	**0**	**0**	**0**	**221**	**6,903**

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: Berne (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 ordinance, 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 dealers, financial groups and conglomerates.

Individual report figures are rounded in the notes, while calculations are carried out using the non-rounded figures. 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

	31.12.2014	31.12.2015
EUR	1.2028	1.0810
USD	0.9892	0.9900
GBP	1.5392	1.4685

Offsetting

In principle, 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. Positive and negative replacement values with the same counterparty are offset provided that legally recognized and enforceable bilateral agreements are in place. Value adjustments are deducted from the corresponding asset item.

Trade date / settlement date accounting

In principle, securities transactions are recognized on the trade 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 principles

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. Impairment is measured according to the difference between the book value of the receivable and the presumably collectible amount, taking into account the counterparty risk and the net proceeds from the realization of any collateral. Any premiums and discounts related to bank receivables are accrued over the term. 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, including the accrued interest. 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 and mortgage loans

These items are included in the balance sheet at their nominal value or acquisition cost less value adjustments for impaired loans/receivables. Impairment is measured according to the difference between the book value of the receivable and the presumably collectible amount, taking into account the counterparty risk and the net proceeds from the realization of any collateral. Any premiums and discounts related to bank receivables 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. In addition to individual value adjustments, PostFinance calculates portfolio value adjustments to cover losses incurred on the balance sheet date that cannot yet be identified separately. Provisions for default risks are made for the accounts of private and business customers that have been overdrawn for more than 60 days. 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 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 profit and loss from these securities is 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 trading instruments. 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 recorded in the income statement. 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). The effective interest method spreads the difference between the acquisition cost and the repayment amount (premium/discount) over the life of the asset 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. 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. PostFinance checks its financial investments on a regular basis for any indication that an asset may be impaired. Here it looks in particular to fair value trends and the downgrading of credit ratings by recognized rating agencies or qualified banks. If there are indications that an investment is impaired, the recoverable amount is calculated. In addition to individual value adjustments, PostFinance calculates portfolio value adjustments to cover losses incurred on the balance sheet date that cannot yet be identified separately. Both value adjustments are deducted directly from this item in the balance sheet. Value adjustments that are no longer economically necessary are released to income. Recoveries of receivables written off in prior periods are credited to this item in the balance sheet. Real estate available for sale is recognized in the balance sheet under financial investments according to the principle of the lower of cost or market value.

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 depreciation in accordance with the individual valuation principle.

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
– Payment transaction software 10 years
– Real estate 10–50 years

Assets associated with the purchase, installation and development of payment transaction 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 the income statement. Profits realized from the disposal of tangible fixed assets are recorded in extraordinary income, while realized losses are recognized as extraordinary expenses.

Intangible assets

Surplus assets (goodwill) arising from the initial valuation of a business acquisition are included in the balance sheet under "Intangible assets" and depreciated over their useful life. Capitalized goodwill is depreciated on a straight-line basis over a ten-year period. If an assessment on the balance sheet date shows that the capitalization of a proportion of goodwill 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 income and expenses, 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 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.

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. Provisions are made for foreseeable default risks.

Pension benefit obligations

The accounting treatment of pension benefit obligations at PostFinance is based on Swiss GAAP ARR 16/26 in accordance with FINMA Circular 2015/1, margin no. 495 ff. 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 (BVG). 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. PostFinance Ltd has no power of disposal over it. The employer contributions are not capitalized, given that PostFinance does not have control over the future economic benefit.

Taxes

Income tax is determined in each reporting period on the basis of the profit/loss accrued for the year. 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.

Outsourcing of business units

PostFinance Ltd has outsourced various services to Swiss Post Group companies. Significant outsourcing relationships exist with Post CH Ltd in payment transactions, financial services and IT services, and with Swiss Post Solutions Ltd for printing and sending account documents and for the e-bill solution, and with both of these companies for the E-Post Office service, an integrated solution for physical and electronic business communication. The corresponding contracts meet all FINMA requirements with regard to banking secrecy and data protection.

Accounting changes year-on-year

Changes have been made to the presentation of the financial statements (modifications to the minimum structure of the balance sheet, income statement and cash flow statement) following the implementation of the new FINMA Circular 2015/1 "Accounting – Banks" (which replaces Circular 2008/2). The prior-year figures have been applied in accordance with the new accounting principles. The valuation principles remain the same.

Business policy on the use of derivative financial instruments and hedge accounting

PostFinance Ltd uses derivative financial instruments exclusively to hedge interest and currency risks by applying hedge accounting.

PostFinance invests in foreign currency bonds in order to diversify its investment universe. In order to hedge the currency risks, foreign currency bonds refinanced in Swiss francs are transformed into synthetic Swiss franc bonds via currency swaps, and the foreign currency risks are fully mitigated.

Rolling foreign exchange forward contracts are used to hedge the foreign currency risks arising from equity mandates. Most foreign currency risks (>80%) are mitigated as a result.

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. Interest rate swaps are used to control the maturity transformation strategy in the overall balance sheet.

Types of hedged items and hedging transactions
PostFinance Ltd mainly uses hedge accounting in connection with bonds (hedging of interest and currency risks by means of interest rate/interest rate currency swaps) and shares (partial hedging of the currency risk via foreign exchange forward contracts).

Composition of groups of financial instruments
Financial investments that are sensitive to interest rates and currencies are hedged by micro hedges. In the case of shares, the currency risk is largely reduced by foreign exchange forward contracts.

Economic relationship between hedged items and hedging transactions
PostFinance Ltd 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 both upon its initial recognition (on a prospective basis via regression analysis) and throughout its term (retrospectively via the dollar offset 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.
– The actual results of the hedging are within a range of 80–125 percent.

Ineffectiveness
If the result of the effectiveness test is within a range of (80–125 percent), hedge accounting may be applied for the relevant period in accordance with IAS 39. If this results in an ineffective portion, this is included in the income statement for the period in question.

Events after the balance sheet date

On the date of issue of the financial statements, no material events had occurred as at 31 December 2015 which would have to be disclosed in the financial statements and/or in the notes.

3 | Risk management

PostFinance operates an appropriate financial and operational risk management system in accordance with banking regulation requirements. The specific business risks faced by PostFinance, namely interest rate, liquidity, credit, market and operational risks, are managed using industry-standard tools and methods.

Organization

PostFinance's Board of Directors conducts an annual risk assessment. It sets out the primary guidelines and principles on managing financial and operational risks, approves the risk policy, and sets conditions which the operating units are required to observe in managing risks. These limits are based on the international standardized approach set out in the regulatory provisions and specify the highest risks that PostFinance may take, expressed in terms of "equity needed to meet regulatory requirements". Maximum risk exposure is determined by the risk-bearing capacity of PostFinance and the risk appetite of the Board of Directors. The PostFinance Executive Board is responsible for the active management of financial and operational risks within the framework defined by the Board of Directors and ensures that the risk management infrastructure meets requirements in organizational, human resources, technical and methodology terms. Its duties and responsibilities include implementing risk control and risk monitoring by establishing limits in individual risk categories and by defining requirements for risk monitoring reports. The Executive Board is informed of the risk measurement results and the extent to which limits are used in monthly reports. This enables it to decide on the necessary control measures, if any. The Risk Management department at PostFinance provides support to the Executive Board and to the Asset & Liability Committee mandated for this purpose in managing financial risks in the overall balance sheet. It identifies and measures the financial risks entered into by PostFinance and proposes control measures. It also monitors and reports on the effectiveness of the control decided upon. The Risk Control department defines appropriate instruments to identify, measure, evaluate and control the risks entered into by PostFinance in the non-financial area. It also provides support to risk managers in applying these instruments. As an independent control body, it monitors the established risk profile across all risk categories and provides a central overview of the entire risk situation of PostFinance Ltd.

Financial risk measurement methods

The methods of measuring and monitoring risks are applied at the level of both the individual PostFinance portfolio and the overall PostFinance balance sheet. Risks are limited and monitored by means of a multi-level limit system. A variety of methods of differing degrees of complexity are used to measure financial risks. The principal aim of risk measurement is to allow the supervisory bodies to control risks adequately at all times. The methods applied at PostFinance to measure risks include measurement methods based on 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 value-at-risk methods (e.g. to measure fair value risks resulting from equity investments).

Financial risk management at PostFinance

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, resulting mainly from maturity mismatches, as well as the possible effect on the result from interest operations in the income statement. PostFinance's interest-earning operations are a key earnings driver for Swiss Post. 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 the customer deposits held by PostFinance do not earn a fixed rate of interest or require capital commitment. The interest rate and capital commitment of these deposits are therefore estimated using a replication method which aims to map the most closely matching maturities of similar customer products while minimizing the interest margin volatility of each product. The Executive Board notifies the Treasury department of the maturities of money and capital market investments on the basis of the target present value sensitivity, and defines the maturity transformation strategy as a result. 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 a parallel shift in the yield curve is determined on the one hand, and to isolated interest shocks at specific maturities (key rates) on the other. Unlike assessments based on present value, income perspective analyses examine the impact of several potential multiple period interest scenarios on PostFinance's future net interest income. In addition, dynamic income simulations are carried out according to several deterministic scenarios 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. As at 31 December 2015, the absolute change in the present value of equity with a parallel shift in the yield curve of –100 basis points amounted to –410 million francs (previous year: –46 million francs with a shift in interest of –100 basis points). PostFinance currently uses a negative maturity transformation. This means that a rise in interest rates would have a positive present value effect for PostFinance overall. A shift of –100 basis points therefore represents the adverse interest rate scenario. The rise in negative maturity transformation was primarily caused by an increase in duration on the liabilities side. Given the challenging market environment, the duration of the investment business could not be extended sufficiently to offset the effect of the increase in duration on the liabilities side. The income effect of an adverse scenario in comparison with the baseline scenario stood at –41 million francs (previous year: –27 million francs) for the following year.

Credit risks

PostFinance Ltd was granted a banking licence on 26 June 2013. Even with a banking licence, PostFinance Ltd 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 continues to pursue a conservative investment strategy. Liquidity and creditworthiness are the main criteria for its investment decisions. A large proportion of customer deposits remain invested as a sight deposit balance at the SNB. 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 financial losses. Credit risk increases as counterparties become more concentrated in an individual sector or region. Economic developments affecting whole sectors or regions can threaten the solvency of an entire group of otherwise unrelated counterparties. The credit risks associated with the Treasury department's investments in the money and capital markets are limited through investment regulations and prescribed limits. Limits apply at counterparty and rating structure level as well as for controlling country risks. Investments are only permitted if the debtor has a rating and its creditworthiness is classed as investment grade. Specifications and investment restrictions are based on publicly accessible ratings by recognized rating agencies and qualified banks, and are constantly updated to reflect changes in a counterparty's creditworthiness. Compliance with prescribed limits is monitored on an ongoing basis and is also verified before the conclusion of each transaction.

Note on collateral concentration risks:
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. High concentrations of collateral are measured, monitored and restricted, as considerable losses in collateral value can lead to the insolvency of counterparties (the issuers of the collateral).

Note on credit risks arising from mortgage lending and SME financing:
The mortgage lending solutions offered in cooperation with Münchener Hypothekenbank eG (MHB) since June 2008 do not result in any credit risks for PostFinance. These are borne entirely by the partner bank. Since autumn 2009, PostFinance has been collaborating with Valiant Bank on financing for SMEs. This cooperation arrangement has enabled PostFinance to expand its range of services in the retail market. Since autumn 2010, PostFinance has also worked with Valiant Bank on mortgage lending to private customers. The credit risks resulting from the two areas of cooperation are assumed by Valiant Bank.

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 in the short, medium and long term. 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 unsecured 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 in the short term is guaranteed and limited by determining the Liquidity Coverage Ratio (LCR), which is a regulatory key figure. As at 31 December 2015, the Liquidity Coverage Ratio stood at 217 percent (previous year: 186 percent). To ensure liquidity in the medium term, liquidity stress scenarios are defined that last at least three months and must not lead to illiquidity. The long-term structural liquidity situation is reassessed by the Executive Board on an annual basis. There is an emergency plan to resolve any liquidity crises.

Foreign currency risks
The term "foreign currency risk" refers to the risk that the value of a financial instrument may change as a result of fluctuations in exchange rates. Such risks arise at PostFinance as a result of international payment transactions, products in foreign currencies and foreign currency investments. Currency swaps and interest rate swaps as well as foreign exchange forward contracts are used to hedge against the impact of changes in foreign currency market interest rates or exchange rate changes on the fair values and earnings of fixed-interest bonds. Foreign currency risks are measured and limited in the overall balance sheet using the value-at-risk indicator. All asset and liability transactions with an effect on the currency balance are taken into account in the measurement. The historic simulation method is applied with a conservative confidence level. As at 31 December 2015, value-at-risk arising from foreign currency risks stood at 0.7 million francs (previous year's figure: 0.5 million francs).

Other market risks
PostFinance invests in shares and fund investments in its banking book in order to tap into additional sources of revenue. To measure the market risks arising from these transactions, the risk factors that have an impact on the present value of the relevant position are assigned to each position. These risk factors include interest, currency, credit spread and share price risks. Index proxies are also used to measure the credit risk of fund investments. To determine other market risks, changes in present value are modelled according to the change in the assigned risk factors before being measured and limited using the value-at-risk indicator. The historic simulation method is applied with a conservative confidence level. As at 31 December 2015, value-at-risk arising from other market risks stood at 329 million francs (previous year's figure: 123 million francs). The increase was mainly due to fixed-interest investments that had been recognized as available-for-sale in order to offer greater flexibility in terms of balance sheet controlling under IFRS, and are therefore also included in the market risk analysis.

A loss reporting threshold is established for measuring and controlling the accounting effects of changes in fair value. This threshold refers to losses in fair value during the calendar year that are recognized in the income statement. Measures must be taken by the Executive Board if the loss in fair value exceeds the reporting threshold.

Operational risk management at PostFinance

Definition

In line with the Basel Committee on Banking Supervision, operational risk at PostFinance is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The principles on managing operational risk at PostFinance are set out in the risk policy.

Organization

PostFinance operates an operational risk management system that is controlled from a central specialist unit. This defines the risk management process for the entire area and ensures regular and transparent identification, measurement, monitoring and reporting of all material operational risks. The specialist unit also provides the necessary tools and instruments and acts as the interface between line management and the Executive Board Committee for Internal Control (GLA IK), which is responsible for the effective and efficient implementation of the operational risk management policy. Each department and team functions as its own decentralized operational risk controller, gathering the relevant information in its role as coordinator for its organizational unit, carrying out risk identification and assessment, and assuming responsibility for recording losses. A decentralized operational risk manager is responsible for each of the largest operational risks at PostFinance (2015: nine top risks; previous year: eight top risks). These risk managers are responsible for the regular assessment and monitoring of the top risk assigned to them and report to the Executive Board Committee for Internal Control (GLA IK), on a quarterly basis.

Tools

PostFinance has various industry-standard tools with which to actively manage operational risk. Firstly, loss data across the entire company is collected together, enabling past operational losses to be analysed, common trends to be identified and measures to be taken based on the findings. Secondly, structured risk assessments (self risk assessments) are used to evaluate potential risk scenarios that could in future pose a threat to PostFinance. The resulting risk inventory allows the Executive Board Committee for Internal Control (GLA IK) to obtain a good overview of the company's entire risk situation. In addition, the measures decided upon by the Executive Board Committee for Internal Control (GLA IK) to mitigate operational risks are monitored centrally. Early risk warning indicators are used, in particular, by the decentralized units to promptly identify any change in the risk situation.

Reporting

The Executive Board Committee for Internal Control (GLA IK) receives quarterly reports on the current top risks and, if necessary, introduces measures to mitigate the risks. The PostFinance Board of Directors is informed of the risk situation at PostFinance based on this information.

4 | Capital adequacy disclosure

Capital adequacy disclosure

CHF million	Basis as per CAO	31.12.2014	31.12.2015
Eligible equity capital			
Common equity tier 1 (CET1)		5,107	5,282
Tier 2 capital (T2)		177	151
Total eligible equity capital (CET1 + T2)		**5,284**	**5,433**
Required equity			
Credit risks	International standardized approach (SA-BIS)	1,714	1,861
Non-counterparty risks	International standardized approach (SA-BIS)	82	94
Market risks	Market risk, standardized approach	17	5
Operational risks	Basic indicator approach	218	208
Total minimum required equity	**as per art. 42, CAO**	**2,031**	**2,168**
80% equity cushion (for equity target of 14.4%)	**in accordance with FINMA: maximum rate, category 2**	**1,625**	**1,734**
Total required capital (T1+T2)	**as per art. 45, CAO**	**3,656**	**3,902**

Additional information in accordance with FINMA Circular 2008/22, margin no. 51:

Details of equity requirements are published at www.postfinance.ch.

Information regarding the balance sheet

5 | Securities financing transactions

Breakdown of securities financing transactions (assets and liabilities)

CHF million	31.12.2014	31.12.2015
Book value of receivables from cash collateral delivered in connection with securities borrowing and reverse repurchase transactions	1,309	311
Book value of obligations from cash collateral received in connection with securities lending and repurchase transactions	–	108
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	1,765	2,107
with unrestricted right to resell or pledge	1,765	1,996
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	1,309	2,434

6 | Collateral for loans/receivables and off-balance-sheet transactions, as well as impaired loans/receivables

Presentation of collateral for loans/receivables

as at 31.12.2015 and 31.12.2014 CHF million		Type of collateral: Secured by mortgage	Other collateral	Unsecured	Total
Loans (before netting with value adjustments)					
Amounts due from customers [1]		–	–	11,029	11,029
Mortgage loans		0	–	–	0
Residential property		0	–	–	0
Total loans (before netting with value adjustments)	**31.12.2015**	**0**	**–**	**11,029**	**11,029**
	31.12.2014	0	–	10,740	10,740
Total loans (after netting with value adjustments)	**31.12.2015**	**0**	**–**	**10,993**	**10,993**
	31.12.2014	–	–	10,704	10,704

1 Loans to municipalities, cities and cantons. These loans all have a rating issued by a rating agency recognized by FINMA.

Presentation of collateral for off-balance-sheet transactions

as at 31.12.2015 and 31.12.2014 CHF million		Type of collateral: Secured by mortgage	Other collateral	Unsecured	Total
Off-balance sheet					
Contingent liabilities		–	–	1	1
Irrevocable commitments		–	–	676	676
Total off-balance sheet	**31.12.2015**	**–**	**–**	**677**	**677**
	31.12.2014	–	–	656	656

Impaired loans/receivables

CHF million	31.12.2014	31.12.2015
Gross debt amount [1]	2	34
Estimated liquidation value of collateral [2]	–	–
Net debt amount	2	34
Individual value adjustments	2	34

1 Expired bond and its individual value adjustment were reclassified from financial investments to amounts due from banks.
2 Credit or liquidation value per customer: the lower value is to be applied.

7 | Derivative financial instruments

Presentation of derivative financial instruments (assets and liabilities)

as at 31.12.2015 CHF million	Trading instruments: Positive replacement values	Trading instruments: Negative replacement values	Trading instruments: Contract volume	Hedging instruments: Positive replacement values	Hedging instruments: Negative replacement values	Hedging instruments: Contract volume
Interest rate instruments						
Swaps	–	–	–	–	159	3,607
Foreign exchange/precious metals						
Forward contracts	3	6	576	11	10	1,386
SWAPS CCIRS	–	–	–	46	34	2,010
Total before netting agreements as at 31.12.2015	**3**	**6**	**576**	**57**	**204**	**7,003**
of which, determined using a valuation model	3	6	576	57	204	7,003
31.12.2014	3	3	867	2	171	5,515
of which, determined using a valuation model	3	3	867	2	171	5,515
Total after netting agreements as at 31.12.2015	**3**	**6**	**576**	**57**	**204**	**7,003**
31.12.2014	3	3	867	2	171	5,515

Breakdown by counterparty

as at 31.12.2015 CHF million	Central clearing houses	Banks and securities dealers	Other customers
Positive replacement values (after netting agreements)	–	60	0

8 | Financial investments

Breakdown of financial investments	Book value		Fair value	
CHF million	31.12.2014	31.12.2015	31.12.2014	31.12.2015
Debt securities	57,953	55,757	60,762	58,403
of which, intended to be held to maturity	57,953	55,757	60,762	58,403
Equity securities	1,243	1,638	1,365	1,729
Total	**59,196**	**57,395**	**62,127**	**60,132**
of which, securities eligible for repo transactions in accordance with liquidity requirements	37,685	48,387	–	–

Breakdown of counterparties by rating [1]						
CHF million	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Below B-	Unrated
Debt securities: book values	45,857	5,887	2,052	636	113	1,211

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				2015						
CHF million	Acquisition cost	Accumulated value adjustments	Book value 31.12.2014	Reclassifications	Additions	Disposals	Value adjustments	Depreciation reversals	Book value 31.12.2015	Market value 31.12.2015
Participations										
with market value	28	–4	24	–	–	–	–4	–	20	20
without market value	25	–1	24	–	15	–	–	–	39	–
Total participations	**53**	**–5**	**48**	**–**	**15**	**–**	**–4**	**–**	**59**	**20**

10 | Significant participations

Significant participations				Share of capital and of votes [1]	
CHF or EUR million, percent	Business activities	Currency	Company capital	31.12.2014	31.12.2015
Debtors Service Ltd, Berne, Switzerland	Accounts receivable management	CHF	1	100%	100%
TWINT AG, Berne, Switzerland	Mobile payment	CHF	10	100%	100%
SECB Swiss Euro Clearing Bank GmbH, Frankfurt a.M., Germany	Payment transaction processing in EUR for Swiss financial institutions	EUR	30	25%	25%
SIX Interbank Clearing Ltd, Zurich, Switzerland	Payment transaction processing for financial institutions	CHF	1	25%	25%

1 All significant participations are held directly.

Additional information on the true and fair view statutory single-entity financial statements in accordance with FINMA Circular 2015/1, margin no. 264: The effect of a theoretical application of the equity method with regard to these participations would be to reduce total assets by 4 million francs (previous year: increase of 8 million francs) and profit for the year by 11 million francs (previous year: increase of 2 million francs).

11 | Tangible fixed assets

Presentation of tangible fixed assets

CHF million	Acquisition cost	Accumulated depreciation	Book value 31.12.2014	2015 Reclassi-fications	Additions	Disposals	Depreciation	Reversals	Book value 31.12.2015
Bank buildings	187	–17	170	–	6	0	–6	–	170
Other real estate	829	–44	785	–	115	–3	–31	–	866
Proprietary or separately acquired software	33	–1	32	–	66	–	–2	–	96
Other tangible fixed assets	78	–38	40	–	15	–	–12	–	43
Total tangible fixed assets	**1,127**	**–100**	**1,027**	**–**	**202**	**–3**	**–51**	**–**	**1,175**

Future lease obligations under operating leases

CHF million	2016	2017	2018	2019	2020	2021	Total
Future lease payments	21	20	2	1	0	0	44
of which cancellable within a year	0	0	0	0	0	0	0

12 | Intangible assets

Presentation of intangible assets

CHF million	Cost value	Accumulated amortization	Book value 31.12.2014	2015 Additions	Disposals	Amortization	Book value 31.12.2015
Goodwill	2,000	–400	1,600	–	–	–200	1,400
Total intangible assets	**2,000**	**–400**	**1,600**	**–**	**–**	**–200**	**1,400**

13 | Other assets and other liabilities

Breakdown of other assets and other liabilities

CHF million	31.12.2014 Other assets	31.12.2015 Other assets	31.12.2014 Other liabilities	31.12.2015 Other liabilities
Compensation account	100	144	–	–
Deferred income taxes recognized as assets	1	–	–	–
Indirect taxes	41	142	32	15
Other assets and liabilities	3	3	1	2
Total other assets and other liabilities	**145**	**289**	**33**	**17**

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	31.12.2014	31.12.2015
Book value of assets pledged and assigned as collateral	0	0

1 Excluding securities lending and securities borrowing, and 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 disability insurance (supplementary disability pensions for men up to the age of 65 and women up to the age of 64) and staff vouchers 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 the pension schemes generate an economic benefit or an economic obligation for PostFinance. The assessment is based on information from contracts, the 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 43,644 active insured people and 28,714 pensioners (as at 31 October 2015), the Swiss Post pension fund had total assets of 15,641 million francs as at 31 December 2015 (previous year: 15,944 million francs). The level of cover calculated according to the accounting principles applicable to the Swiss Post pension fund stands at just under 100 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 1,056 million francs, of which 550 million francs with a waiver of use (previous year: 1,081 million francs, of which 550 million francs with a waiver of use). A technical interest rate of 2.25 percent (previous year: 3 percent) and the technical basis of BVG 2010 (previous year: BVG 2010) 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 2015. There are no employer-sponsored pension schemes.

The economic benefit or obligations and pension expenses can be summarized as follows:

Presentation of the economic benefit/obligation and the pension expenses	Economic interest of PostFinance Ltd	Overfunding/ underfunding	Economic interest of PostFinance Ltd	Change in economic interest versus previous year[1]	Pension expenses in personnel expenses	Contributions paid	Pension expenses in personnel expenses
CHF million	31.12.2014	31.12.2015	31.12.2015	2015	31.12.2014	2015	31.12.2015
Swiss Post pension fund	0	4	0	0	33	34	34
Staff vouchers	–5	–6	–6	1	1	0	1
Disability pensions	–1	–1	–1	0	0	0	0
Total ARR 16	**–6**	**–3**	**–7**	**1**	**34**	**34**	**35**

1 Economic benefit/obligation.

The employer contribution reserves of the Swiss Post pension fund are allocated based on the percentage of PostFinance's retirement capital of PostFinance Ltd's entire retirement capital. This gives the following picture:

Employer contribution reserves (ECR)	Net amount	Nominal value	Waiver of use	Net amount	Influence of ECR on personnel expenses	
CHF million	31.12.2014	31.12.2015	31.12.2015	31.12.2015	31.12.2014	31.12.2015
Swiss Post pension fund	29	60	–31	29	0	0
Total ARR 16	**29**	**60**	**–31**	**29**	**0**	**0**

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 31.12.2014	Use in conformity with designated purpose[1]	Currency differences	Past due interest, recoveries	New creations charged to income	Releases to income	Balance at 31.12.2015
Provisions for pension benefit obligations	6	–	–	–	1	–	7
Other provisions	6	2	–	–	3	1	6
Total provisions	**12**	**2**	**–**	**–**	**4**	**1**	**13**
Reserves for general banking risks	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Value adjustments for default and country risks	**276**	**–**	**–**	**–**	**14**	**–28**	**262**
of which, value adjustments for default risks in respect of impaired loans/receivables	97	–	–	–	14	–	111
of which, value adjustments for latent risks	179	–	–	–	–	–28	151

1 There were no changes in purpose.

17 | Bank's capital

PostFinance Ltd is owned entirely by Swiss Post Ltd.

Presentation of the bank's capital	31.12.2014			31.12.2015		
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	31.12.2014	31.12.2015	31.12.2014	31.12.2015
Holders of qualified participations	1,580	1,630	693	635
Group companies	7	13	1	7
Linked companies	6	9	577	831
Transactions with members of governing bodies	0	0	3	3

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 Ltd), 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 only issues loans and mortgages 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	31.12.2014		31.12.2015	
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)

CHF million, as at 31.12.2015 and 31.12.2014		At sight	Cancellable	Due: Within 3 months	Within 3 to 12 months	Within 12 months to 5 years	After 5 years	No maturity	Total
Liquid assets		38,882	–	–	–	–	–	–	38,882
Amounts due from banks		204	–	422	400	1,895	1,550	–	4,471
Amounts due from securities financing transactions		–	–	311	–	–	–	–	311
Amounts due from customers		307	6	1,049	912	3,801	4,917	–	10,993
Mortgage loans		–	–	0	–	–	–	–	0
Positive replacement values of derivative financial instruments		61	–	–	–	–	–	–	61
Financial investments		1,513	–	2,103	5,970	32,367	15,441	–	57,395
Total	**31.12.2015**	**40,967**	**6**	**3,886**	**7,282**	**38,063**	**21,908**	**–**	**112,113**
	31.12.2014	43,510	11	4,957	6,904	39,095	22,462	–	116,939

Presentation of the maturity structure of financial instruments (debt capital / financial instruments)

CHF million, as at 31.12.2015 and 31.12.2014		At sight	Cancellable	Due: Within 3 months	Within 3 to 12 months	Within 12 months to 5 years	After 5 years	No maturity	Total
Amounts due to banks		1,220	–	–	–	–	–	–	1,220
Liabilities from securities financing transactions		–	–	108	–	–	–	–	108
Amounts due in respect of customer deposits		64,140	42,826	–	–	–	–	–	106,966
Negative replacement values of derivative financial instruments		210	–	–	–	–	–	–	210
Cash bonds		–	–	3	16	102	13	–	134
Total	**31.12.2015**	**65,570**	**42,826**	**111**	**16**	**102**	**13**	**–**	**108,638**
	31.12.2014	69,658	43,241	8	13	62	72	–	113,054

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		31.12.2014		31.12.2015
CHF million	Domestic	Foreign	Domestic	Foreign
Assets				
Liquid assets	41,723	23	38,879	3
Amounts due from banks	3,618	330	4,432	39
Amounts due from securities financing transactions	784	525	281	30
Amounts due from customers	10,701	3	10,991	2
Mortgage loans	0	–	0	–
Positive replacement values of derivative financial instruments	3	2	13	48
Financial investments	28,776	30,279	29,572	27,823
Accrued income and prepaid expenses	367	315	389	264
Participations	44	4	54	5
Tangible fixed assets	1,027	–	1,175	–
Intangible assets	1,600	–	1,400	–
Other assets	142	3	287	2
Total assets	**88,785**	**31,484**	**87,473**	**28,216**
Liabilities				
Amounts due to banks	2,684	104	1,151	69
Liabilities from securities financing transactions	–	–	–	108
Amounts due in respect of customer deposits	106,341	3,770	103,406	3,560
Negative replacement values of derivative financial instruments	148	26	162	48
Cash bonds	152	3	131	3
Accrued expenses and deferred income	122	0	118	0
Other liabilities	33	0	17	0
Provisions	12	–	13	–
Bank's capital	2,000	–	2,000	–
Statutory capital reserve	4,682	–	4,682	–
Profit carried forward	25	–	–	–
Profit	167	–	221	–
Total liabilities	**116,366**	**3,903**	**111,901**	**3,788**

22 | Assets by country / group of countries

Breakdown of total assets by country or group of countries (domicile principle)	31.12.2014		31.12.2015	
CHF million, percent	Absolute	Share as %	Absolute	Share as %
Assets				
Switzerland	88,785	73.8	87,474	75.7
Europe	25,714	21.4	21,547	18.6
North America	3,135	2.6	4,194	3.6
Other countries	2,635	2.2	2,474	2.1
Total assets	**120,269**	**100.0**	**115,689**	**100.0**

23 | Assets by credit rating of country groups

Breakdown of total assets by credit rating of country groups (risk domicile view)[1]	Net foreign exposure 31.12.2015	
CHF million, percent	Absolute	Share as %
Rating (Moody's)		
Aaa	18,470	64.80
Aa	8,375	29.39
A	481	1.69
Baa	909	3.19
Ba	137	0.48
B	0	0.00
Caa	100	0.35
No rating	29	0.10
Total	**28,501**	**100.0**

1 No disclosure of figures as at 31.12.2014.

24 | Assets and liabilities by currency

Presentation of assets and liabilities broken down by the most significant currencies for the bank

as at 31.12.2015 CHF million	CHF	EUR	USD	GBP	JPY	Other	Total
Assets							
Liquid assets	38,755	127	–	–	–	–	38,882
Amounts due from banks	4,250	125	78	1	7	10	4,471
Amounts due from securities financing transactions	250	22	39	–	–	–	311
Amounts due from customers	10,982	11	0	0	0	0	10,993
Mortgage loans	0	–	–	–	–	–	0
Positive replacement values of derivative financial instruments	61	–	–	–	–	–	61
Financial investments	51,790	3,845	1,532	52	60	116	57,395
Accrued income and prepaid expenses	613	37	3	–	–	–	653
Participations	54	5	–	–	–	0	59
Tangible fixed assets	1,175	–	–	–	–	–	1,175
Intangible assets	1,400	–	–	–	–	–	1,400
Other assets	287	0	0	1	0	1	289
Total assets shown in balance sheet	**109,617**	**4,172**	**1,652**	**54**	**67**	**127**	**115,689**
Delivery entitlements from spot exchange, forward forex and forex options transactions	3,629	211	72	30	–	29	3,971
Total assets	**113,246**	**4,383**	**1,724**	**84**	**67**	**156**	**119,660**
Liabilities							
Amounts due to banks	1,205	14	1	0	0	0	1,220
Liabilities from securities financing transactions	–	108	–	–	–	–	108
Amounts due in respect of customer deposits	104,332	2,239	324	31	7	33	106,966
Negative replacement values of derivative financial instruments	210	–	–	–	–	–	210
Cash bonds	130	4	–	–	–	–	134
Accrued expenses and deferred income	118	0	–	–	–	–	118
Other liabilities	17	0	0	–	–	–	17
Provisions	13	–	–	–	–	–	13
Bank’s capital	2,000	–	–	–	–	–	2,000
Statutory capital reserve	4,682	–	–	–	–	–	4,682
Profit	221	–	–	–	–	–	221
Total liabilities shown in the balance sheet	**112,928**	**2,365**	**325**	**31**	**7**	**33**	**115,689**
Delivery obligations from spot exchange, forward forex and forex options transactions	334	1,980	1,427	46	69	103	3,959
Total liabilities	**113,262**	**4,345**	**1,752**	**77**	**76**	**136**	**119,648**
Net position per currency as at 31.12.2015	**–16**	**38**	**–28**	**7**	**–9**	**20**	**12**
Net position per currency as at 31.12.2014	–75	51	–25	9	–14	9	–45

Information regarding off-balance sheet transactions

In addition to payment obligations for depositor protection, PostFinance discloses contingent liabilities from pending legal cases in irrevocable commitments. There are no other off-balance-sheet transactions in accordance with FINMA Circular 2015/1 Annexes 5–28 to 5–31.

Information regarding the income statement

25 | Result from trading activities and the fair value option

Breakdown by business area

CHF million	2014	2015
Payment transactions and financial investments	168	195
Hedge accounting	0	6
Proprietary trading	– 1	– 14
Total result from trading activities	**166**	**188**

Breakdown by risk and based on the use of the fair value option

CHF million	2014	2015
Result from trading activities from:		
Interest rate instruments	0	0
Foreign currencies	166	188
Total result from trading activities	**166**	**188**

26 | Material negative interest

PostFinance is affected by the SNB's measures and has paid negative interest on part of its sight deposit balance at the SNB since 22 January 2015. PostFinance has defined individual customer thresholds for major business customers and banks, based on their usual behaviour in relation to payment transactions. The proportion of credit that exceeds this threshold has been subject to a fee since 1 February 2015. PostFinance also introduced lower interest limits on business accounts on 1 March 2015. Expenses and income associated with these measures are recognized in the result from interest operations and are not material in nature for the 2015 financial year.

27 | Personnel expenses

Breakdown of personnel expenses

CHF million	2014	2015
Salaries (meeting attendance fees and fixed compensation to members of the bank's governing bodies, salaries and benefits)	368	381
Social insurance benefits	70	72
Changes in book value for economic benefits and obligations arising from pension schemes	0	0
Other personnel expenses	20	19
Total personnel expenses	**458**	**472**

28 | General and administrative expenses

Breakdown of general and administrative expenses

CHF million	2014	2015
Office space expenses	58	48
Expenses for information and communications technology	163	186
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	26	22
Fees of audit firm(s) (Art. 961a no. 2 CO)	2	2
of which, for financial and regulatory audits	2	1
of which, for other services	0	1
Other operating expenses	260	260
Total general and administrative expenses	**509**	**518**

29 | Extraordinary income

Extraordinary income

CHF million	2014	2015
Reversals of impairment	7	4
Total extraordinary income	**7**	**4**

30 | Taxes

Tax expenses for corporate income tax and taxes on capital stood at 58 million francs (previous year: 43 million francs). As in the previous year, a tax rate of 20.5 percent was used for calculating corporate income tax.

Current and deferred taxes

CHF million	2014	2015
Expenses for current capital and income taxes	43	58
Creation/release of deferred taxes	0	1
Total taxes	**43**	**59**

Report of the Statutory Auditor to the General Meeting of PostFinance AG, Berne

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the financial statements of PostFinance AG, which comprise the balance sheet, income statement, cash flows statement, statement of changes in equity and notes (pages 166 to 194) for the year ended 31 December 2015.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions governing the preparation of financial statements for Banks, the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2015 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the provisions governing the preparation of financial statements for Banks and comply with Swiss law and the company's articles of incorporation.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Ertugrul Tüfekçi Licensed Audit Expert Auditor in Charge	Jakub Pesek Licensed Audit Expert

Berne, 26 February 2016

Reporting

Reporting structure

The Swiss Post annual reporting documents for 2015 consist of:

- Swiss Post Annual Report
- Swiss Post Financial Report (management report, corporate governance, annual financial statements for the Group, Swiss Post Ltd and PostFinance Ltd)
- PostFinance Ltd Annual Report
- PostBus Switzerland Ltd Performance Report
- Annual Report key figures
- GRI report

These documents are available in electronic form at www.swisspost.ch/annualreport. The Swiss Post Ltd Annual Report and Financial Report, the PostFinance Ltd Annual Report and the PostBus Switzerland Ltd Performance Report are also available in printed form.

Languages

The Swiss Post Annual Report and Financial Report are available in English, German, French and Italian. The German version is authoritative.

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Five-year overview of key figures

		2011	2012	2013	2014	2015
Result						
Operating income	CHF million	8,599	8,576	8,575	8,371	8,224
Generated in competition	% of operating income	84.0	84.1	85.6	85.5	85.1
Generated abroad	% of operating income	12.7	12.0	13.2	14.7	14.0
Operating profit	CHF million	908	860	911	803	823[1]
Generated in competition[2]	% of operating profit	91.2	88.0	95.5	85.6	87.0[1]
Generated abroad	% of operating profit	5.7	4.1	6.6	9.0	6.9[1]
Group profit	CHF million	904	772	626	638	645[1]
Equity	CHF million	4,879	3,145	5,637	5,010	4,385
Value generation						
Economic value added	CHF million	390	269	125	207	169[1]
Added value generated	CHF million	5,187	5,314	5,328	5,220	5,193[1]
to employees	CHF million	4,026	4,161	4,131	4,108	4,074[1]
to creditors	CHF million	14	82	93	57	69
to public sector	CHF million	13	34	94	79	94
to owner	CHF million	200	200	180	200	200
to company	CHF million	934	837	830	776	756
Jobs						
Headcount (excluding trainees)	Full-time equivalents	44,348	44,605	44,105	44,681	44,131
Trainees in Switzerland	Persons	1,942	2,015	2,024	2,035	2,077
Jobs in peripheral regions	Persons	20,418	20,172	19,494	19,106	18,633
Turnover rate (voluntary departures)	As % of average headcount	3.9	3.7	3.6	4.1	3.8
Notice given by employer for economic reasons	Persons	95	315	180	168	78
Employment conditions, salaries and remuneration						
Employment in accordance with Swiss Post CEC	Full-time equivalents as %	64.3	62.7	62.8	61.1	61.5
Swiss Post CEC minimum salary	CHF per annum	44,823	45,047	45,047	47,620	47,620
Average salary for employees	CHF per annum	81,293	82,554	82,695	83,039	83,472
Average remuneration paid to members of Executive Management	CHF per annum	504,986	515,441	499,281	477,719	591,574
Salary bandwidth[3]	Factor	6.2	6.2	6.0	5.8	7.1
Health management						
Occupational accidents	Number per 100 FTEs	6.9	7.2	6.6	5.9	6.1
Days lost to illness and accidents	Days per employee	10.8	11.0	11.6	11.8	12.4
Diversity						
Women	% of persons	47.7	48.4	48.5	48.7	48.4
Nationalities represented	Number	140	140	144	142	142
Women on Board of Directors	%	22.2	22.2	22.2	33.3	33.3
Women in Executive Management	%	–	11.1	12.5	12.5	12.1
Women in senior management roles	%	7.6	8.0	9.3	11.0	12.3
Women in middle and lower management roles	%	23.2	23.0	23.7	23.6	23.4
Demographics						
Average age of workforce	Years	44.4	44.7	44.8	45.1	45.3
Resource consumption						
Energy consumption	Gigajoules	4,047,652	4,024,450	4,016,836	3,983,871	3,997,407
Energy consumption within Swiss Post	Gigajoules	3,127,595	3,192,108	3,134,222	3,149,940	3,157,843
Renewable share	%	1.6	1.6	1.7	2.6	3.1
Energy consumption outside Swiss Post	Gigajoules	920,057	832,342	882,614	833,931	839,563
Carbon footprint (scope 1–3)						
Carbon footprint	t CO_2 equivalent	455,227	466,066	436,653	429,651	430,349
CO_2 efficiency increase since 2010[4]	%	2.35	2.36	9.92	11.81	13.01

1 Normalized figure. See the section "One-off items 2015" on page 34.
2 The figures from 2011 and 2012 are not comparable with those from 2013 to 2015 (new postal legislation from 2013).
3 Factor = average remuneration paid to Members of Executive Management vs. average employee salary.
4 The rise in CO_2 efficiency is measured as the change in CO_2 equivalents per core service in the year under review compared with the base year. Each core service is defined by unit (consignment, transaction, passenger kilometre, kilometre, full-time equivalent etc.).

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