2022

We are developing tomorrow's public service today

Financial Report
2022

SWISS POST

About this Financial Report

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.

True-to-scale representation of figures in charts

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

Key for charts and tables

- Current year
- Previous year
- Positive effect on result
- Negative effect on result
- Planned, target or expected value

If the figures shown are not comparable with the more recent figures (e.g. due to a change in method or change in the scope of consolidation), this is shown as follows:

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

We are developing tomorrow's public service today

Customer-centric, trustworthy, committed

6,859 million

francs in **operating income,** down by 0.3 percent year-on-year.

295 million

francs in **Group profit,** down 157 million francs on the normalized[1] prior-year figure**.**

1,745 million

letters delivered by Swiss Post in Switzerland, which is 3.7 percent less than in 2021.

194 million

parcels delivered by Swiss Post in Switzerland. That is 4 percent less than in the previous year.

105 billion

francs, down by 5.5 percent, represents the level of average **customer assets** at **PostFinance.**

156 million

passengers transported by PostBus, 15.5 percent more than in the previous year.

76 points

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

60%

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

1 The figure has been adjusted (see Notes to the 2022 Group annual financial statements, Note 2.2, Accounting changes).

Contents

Management report

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

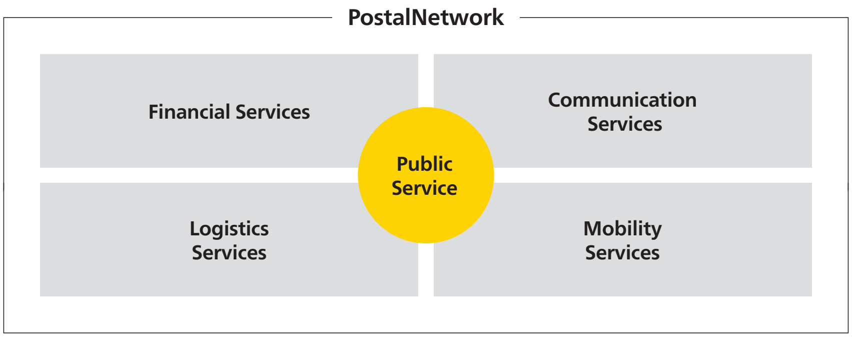
Swiss Post is meeting the challenges in its market environment and at the regulatory level with the growth strategy for the current strategy period from 2021 to 2024, and is looking ahead to the future.

Business activities

Markets

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

Our markets[1]



1 In 2022, Swiss Post sold its business unit Swiss Post Solutions, which operates in business process outsourcing (see page 137).

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

With its services, Swiss Post generates over 86 percent of its revenue on the free market, in competition with numerous domestic and foreign rivals. The remaining 14 percent is accounted for by the residual monopoly in letters up to 50 grams, which are exposed to a significant substitution effect from electronic solutions. Due to the advance of electronic substitution, both revenue and the relative share of operating income generated by Swiss Post's residual monopoly is falling year after year. This means the monopoly is contributing less and less to the financing of the universal service, and already falls well short of covering the costs of the statutory universal service.

Customers

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

Swiss Post’s customer base will soon comprise 9 million individuals and hundreds of thousands of companies, ranging from small enterprises to large multinationals.

In the logistics market, Swiss Post offers services to around 207,000 business customers and every household in Switzerland. The Communication Services unit’s customers include 500 municipalities. 25,000 SMEs use the services provided by the subsidiary KLARA. PostBus transported around 156 million passengers in 2022. More than 2.4 million customers maintain a banking relationship with PostFinance. Over 95 million customer transactions were handled by the postal network.

Logistics Services generates most of its revenue with business customers (78 percent). Corporate accounts generate more than half of that.

Corporate accounts generate more than half of total business customer revenue in logistics

Business customer structure
2022

Business customer revenue CHF per annum	**Business customers** Number	**Share of business customer revenue** Percent
Over 2,000,000	**224**	**58%**
100,000 to 2,000,000	**2,368**	**25%**
25,000 to 100,000	**5,104**	**8%**
3,000 to 25,000	**25,964**	**7%**
Up to 3,000	**173,615**	**2%**

Geographical segmentation

Swiss Post operates first and foremost in Switzerland. In the international market, it focuses on growth opportunities with proven business models, which complement and develop its core business. Domestic business accounts for 90 percent of Group revenue, with 10 percent generated abroad or in cross-border business.

Domestic

Access points

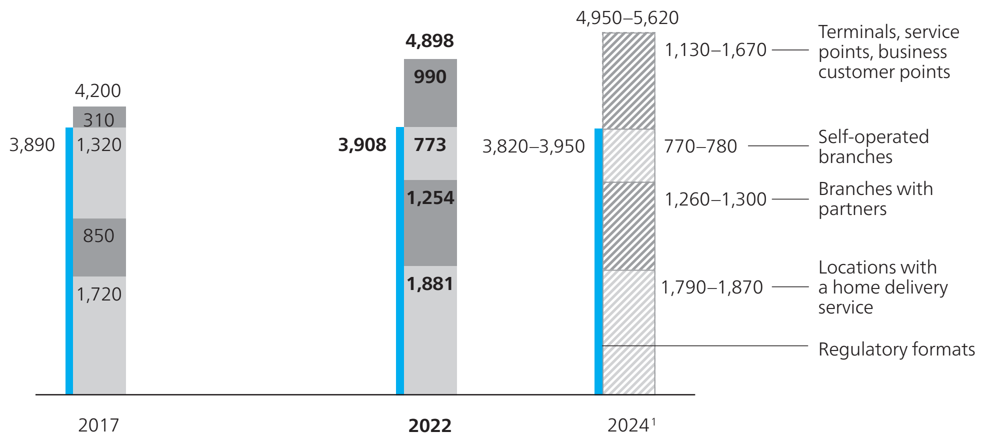
Physical access points remain a key part of Swiss Post's services. This means customers can use the services throughout Switzerland.

Swiss Post is continually developing its many different access points and is increasing the number from just under 4,900 to over 5,000 – which, in the coming years, will include new acceptance and collection points at shops, and additional My Post 24 terminals and business customer points. The number of self-operated branches remains at around 800.

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

The postal network of the future

Number of access points as at 31.12.



1 Expected values.

Locally: branches and additional access points

Present throughout Switzerland.

Every day, thousands of Swiss Post employees and numerous partner staff serve and advise over one million customers in 773 branches and 1,254 branches with partners. A network of 34 PostFinance branches and 56 consulting offices is available for financial services. PostFinance employees advise small and medium-sized business customers directly at their premises. 867 Postomats, 14,306 letter boxes and 225 My Post 24 terminals are also available to customers around the clock, as are 554 acceptance and collection points at locations such as Migros branches. Nationwide, there are 1,695 P.O. Box locations, with 248,687 P.O. Boxes available.

To meet the needs of business customers, Swiss Post operates 137 counters for business customers in branches and 210 business customer points in industrial or business districts as well as at letter and parcel processing centers.

At home: basic and home delivery service

Swiss Post serves over 4 million households, can offer delivery of consignments on a specific day or at a specific time on request, e.g. on Saturdays or in the evening, or collect parcels from the customer’s home with the pick@home service. In 1,881 – predominantly rural – locations, customers can take advantage of the home delivery service (“branch counter” at their front door), where they can hand over letters and parcels to delivery staff directly at their front door. In other areas, where a branch with a partner is normally operated at the same time, Swiss Post offers payments and withdrawals from home, allowing customers to pay bills or withdraw cash on the doorstep. Swiss Post offers business customers consignment collections from their company address.

Digital: expansion of online services

Private and business customers can use a range of digital services via the Swiss Post Customer Center (e.g. e-finance, TWINT, My consignments, WebStamp and PostCard Creator) or communicate with Swiss Post via mobile applications (e.g. ePost App, PostFinance App) or social media. At the Contact Center, around 300 call center agents answer enquiries via e-mail and over the phone. Around 8,500 enquiries are dealt with every day at the Fribourg, Schaffhausen, Kriens and Visp locations. Swiss Post’s online services, including the Swiss Post website (swisspost.ch), are visited by 371,000 customers each day. That’s over 135.5 million digital customer contacts a year. This illustrates the digital relevance of Swiss Post.

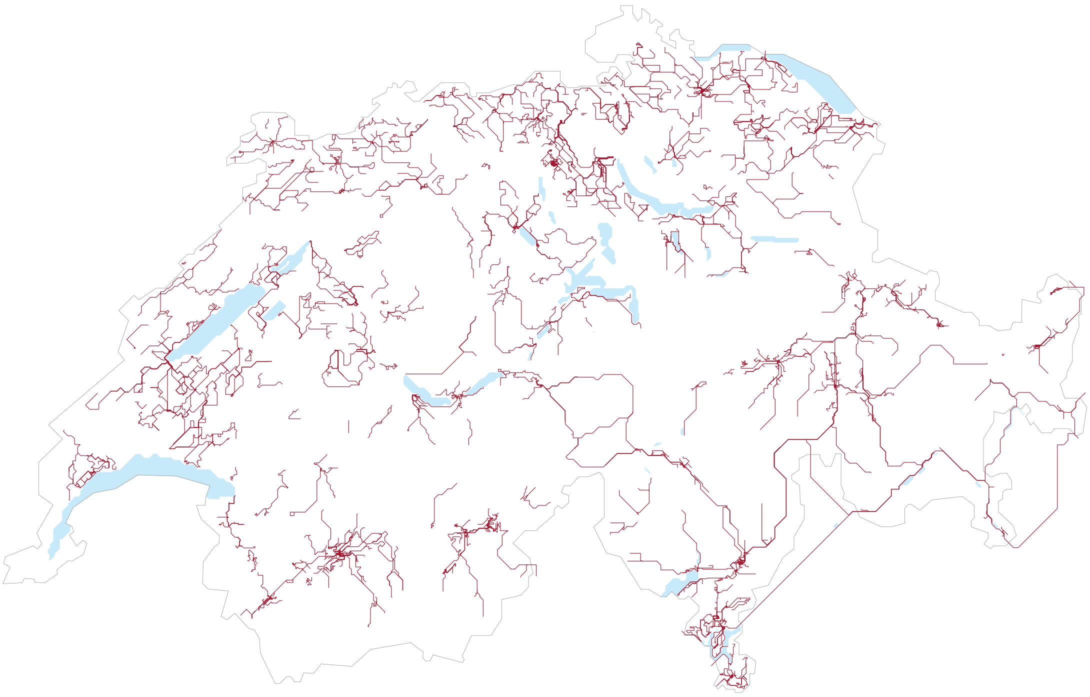
More information on developments in the network and universal service can be found on page 23 and on pages 40 to 43 of the Annual Report.

PostBus routes

Covering a distance of 18,191 kilometres in total, PostBus maintains 911 routes and 11,268 stops in public transport in Switzerland. In addition, PostBus offers its passengers tourist trips as well as school and on-demand buses. PostBus also provides scheduled and unscheduled rail replacement services on behalf of the rail companies.

PostBus connects the whole of Switzerland with its route network

PostBus route network as at 31.12.2022



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

Abroad

Selective presence abroad.

Swiss Post has its own branches in 12 countries. It is represented by subsidiaries in Europe and North America.

Partnerships

In logistics, Swiss Post, in collaboration with postal and other logistics partners abroad, provides business and private customers with access to their global logistics networks. Asendia, the joint venture with France's Groupe La Poste, is a key partnership in the international e-commerce business. With the acquisitions of eShopWorld and Scalefast by Asendia, Swiss Post is strengthening its partnerships in retail platforms and E2E e-commerce solutions.

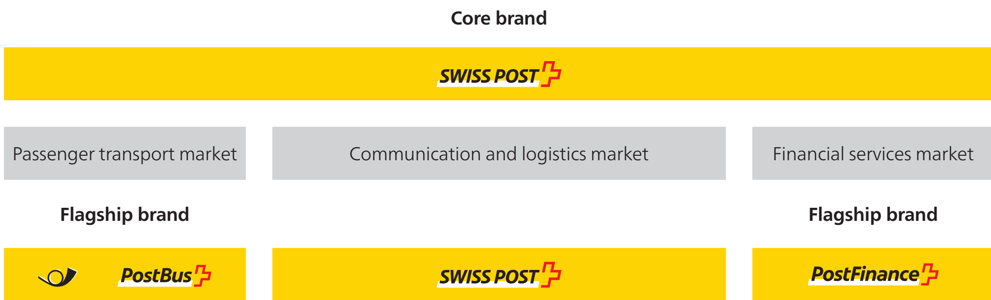
More on associated companies and joint ventures on page 201.

Brands

Three brands under one roof.

Swiss Post is one of the best-known brands in Switzerland. With its many physical contact points – such as delivery vehicles, letter boxes, My Post 24 terminals and branches, etc. – and the high number of employees who have customer contact, it is omnipresent in everyday Swiss life. Swiss Post is also continually raising its profile in the digital arena with its services. It means the values that Swiss Post represents are well established among the Swiss population and business customers.

Brands and markets



In 2022, the brand identity was optimized to improve target-group-specific and market-oriented communication and to increase recognizability. This is continuously being implemented through operations. The key principles of the brand portfolio strategy were aligned with the "Swiss Post of tomorrow" strategy. It aims, in particular, to bridge the gap between Swiss Post's perceived expertise and its actual capabilities. For acquisitions, such as unblu inc., Groupe T2i Suisse SA, axsana AG and Hacknowledge SA, this means communicating the ownership structure and the benefits produced for customers via the individual brand identities.

Image campaign developed

To kick off the "Swiss Post of tomorrow", Swiss Post launched its new image campaign in 2021 with the promise "Swiss Post is right here. For a dynamic Switzerland." In 2022, the campaign continued on national TV, digital channels and Livesystems screens for 11 weeks with the focus on SMEs. The initial results of the advertising impact study show very solid figures and point to a significant improvement in the values of message acceptance, credibility and clarity. A particularly pleasing finding from the study is that the campaign positions Swiss Post as a key factor in the everyday life of the public and businesses.

Sponsoring alignment

Sponsorship is used by Swiss Post as a means of active brand management with the aim of creating image-transfer value for Swiss Post. Swiss Post takes its social responsibility seriously and supports charitable projects. This enables it to contribute to social solidarity and to topics that have an impact on people and the environment. The sponsoring strategy is based on three pillars:

The "Commitments for Switzerland" and "Social sponsorship" pillars place a clear emphasis on private customers. Here, examples of Swiss Post's commitment include hiking, Switzerland's no. 1 sport, and the Locarno Film Festival. Together with the Red Cross and other partners, Swiss Post supports the "2 × Christmas" charitable campaign, where the public donates food and essential items over the Christmas period. Swiss Post transports them free of charge to the SRC logistics center, where they are sorted by Swiss Post staff and SRC volunteers before being distributed to those in need.

With its business sponsorship, Swiss Post promotes dialogue with companies through the partnerships and supports them on their path through digital transformation.

Reputation and image analysis

Swiss Post regularly commissions reputation and image analysis studies in which weekly surveys are conducted and media articles are evaluated on a daily basis. The Sedimented Reputation Index SRI® is calculated based on the evaluations of Swiss Post in the reporting of around 35 leading Swiss media companies. The SRI® ranges from scores of –100 (only negative ratings) to +100 (only positive ratings). The index provides an insight into Swiss Post's reputation in the media and its public image and perception.

The results: Swiss Post's intact reputation was enhanced in 2022 to an index value of +2.39 points. Its image remained stable in 2022. Personal experiences of Swiss Post are more positive than indicated by the general sentiment towards Swiss Post. The image saw an improvement among business customers. Ratings by business customers are at the same level as the ratings indicated by private customers.

Organization

The Group structure is aligned with the strategic focus.

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

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

In the legal structure, "Swiss Post Ltd" is the holding company. The strategic subsidiaries, which in turn have subsidiaries of their own, are managed under this structure.

Organization chart

31.12.2022

1 Member of Executive Management

More information on the Board of Directors and Executive Management can be found on pages 75 to 79 and 83 to 86.

The strategy for the period 2021 to 2024 entered into force on 1 January 2021. The Group structure is aligned with the strategic focus (see pages 18 to 24).

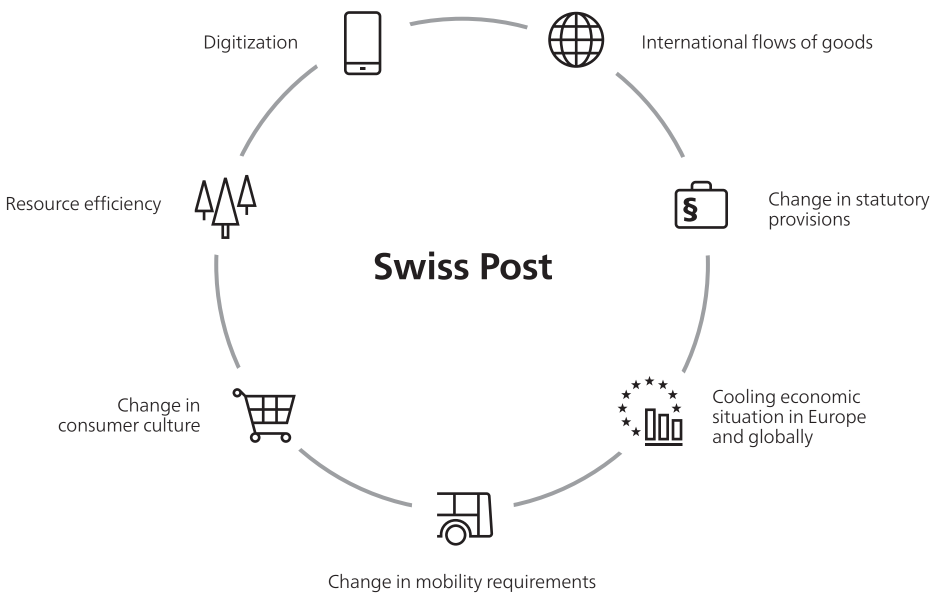
Swiss Post disposed of the Swiss Post Solutions unit at the end of March 2022.

Background

Swiss Post’s activity is affected by changing technological, sociocultural, economic, environmental, legal and political factors. This constantly changing corporate environment means the time factor is becoming increasingly important. Time can determine success or, in the worst-case scenario, survival, since Swiss Post’s entrepreneurial freedom is decreasing as time goes on. This is why addressing and raising awareness about future developments in the corporate environment and the related strategic decisions is highly relevant. This approach ensures upcoming changes can be capitalized upon in the best possible way at an early stage.

Trends in the environment

2022



Technological factors

The digital transformation is presenting Swiss Post with challenges.

Thanks to robotics technology, industry is opening up to fundamental new possibilities for high-precision, cost-efficient production and the simplification of goods handling. Chatbots and voice assistants based on artificial intelligence are increasingly taking over administrative tasks for humans. In-store and digital concepts and channels in the retail trade are being transformed into new holistic customer journeys. The volume of data is growing exponentially in this increasingly connected world. Thanks to intelligent data analysis (smart data and predictive analytics), products and services are customized to meet the needs of individual customers. In addition to analysis, our entrepreneurial approach focuses on the protection and ethical use of data.

New drive technologies, such as electric, hydrogen and fuel-cell systems, will replace the traditional combustion engine over the medium term. These new technologies are changing human-machine interfaces and are enabling new forms of interaction.

Over the long term, our vehicles will be further automated and operate as autonomous modes of transport. From the physical world to the virtual realm: the metaverse represents the new major leap forward in the tech sector. After Web 2.0 and mobile internet, the metaverse is seen as the next influential interconnection paradigm. The vision: a kind of overarching network linking online worlds that are currently still separated. The metaverse will certainly provide space for new market players.

Swiss Post needs to monitor new technologies and their potential applications, identify relevant options from the wide range of new opportunities and adopt a proactive approach. It systematically keeps track of technological progress and opportunities for improving sustainability.

Sociocultural factors

Swiss Post wishes to promote sociocultural change.

Society is on the go more often than in the past and this trend is set to increase over the coming years. Constantly being on the move is also changing people’s purchasing behaviour. They favour products, services and technologies specially developed to make life on the go easier. Fast, mobile access to the internet via smart devices will continue to change how we live and the world of work: whether it’s a digital secretary and daily schedule manager like Siri, hardware components in virtual worlds or links and communications hubs in modern society, the key factor is being intuitive, needs-oriented and enjoyable. Influenced by this development and accelerated by the coronavirus pandemic, employees have a greater need for more flexibility and alternative working models such as working from home, placing additional demands on companies.

Different generational values and attitudes are colliding, with generations Y and Z driving cultural change. Instead of money and ownership of goods, priority is being given to leisure time, a sense of purpose and self-fulfilment. In step with this trend, there’s a growing awareness of sustainability and planet centricity. The concept of “sufficiency over consumption” is driving goods-sharing solutions forward. The role of the state is also a relevant part of the discussion in this respect: where are regulations required? And to what extent? Which restrictions on personal freedom are needed for the good of society as a whole?

Swiss Post aims to provide its customers with a holistic customer experience by intelligently linking physical and digitally accessible products and services. It needs to identify opportunities, such as in mobility solutions, digital empowerment and the circular economy. Essentially, it aims to achieve growth through new opportunities and foster sustainable, sociocultural development.

Economic factors

Globalization, the growing pace of technological development, including towards digital ecosystems, employee mobility, the continual emergence of new customer requirements and their fulfilment with new products and business models are leading to increasingly rapid change in the competitive landscape of companies. These changes are also creating more turbulent conditions in Swiss Post’s market and increasing the degree of uncertainty in entrepreneurial decision-making and action.

Over 50 percent of the companies with the greatest market capitalization didn’t even exist 20 years ago. It’s precisely these tech companies that are increasingly penetrating Swiss Post’s markets with disruptive business models. They are developing their platform-based solutions to provide their consumers with a one-stop shop for all their needs and to ensure they remain loyal to their company. The interface to customers both now and in the future is under serious threat and, with it, access to precious real-time data – the currency of tomorrow.

Swiss Post is under growing financial pressure. Tackling this situation requires companies to evolve into nodes within larger networks, known as ecosystems, and to look at new economic mindsets within them that will replace the old economic models. The complex environmental and social challenges can only be addressed through collaboration.

Logistics

Internationalization in digital commerce is leading to fiercer competition.

Traditional services in the letter and newspaper business are increasingly being replaced by digital solutions. Consignment volumes are falling. Demand for traditional services at the counter continues to decline. Competitive pressure in the open letters market (over 50 grams) is intensifying.

There are growth opportunities in the market areas involved in digital commerce, from international goods logistics and cross-border e-commerce services to services over the last mile. New platform-based business models are becoming increasingly relevant in these areas, and are promoting the further development of logistics towards the digital space. In addition to strong growth in parcels, progressive internationalization over the last decade has also brought international logistics competitors and price pressure to Switzerland. In the current geopolitical situation, this growth is being inhibited, at least in the short term (for example as a result of interrupted supply chains), and this is reflected in increased volatility in volumes. Pressure on prices on the other hand continues to rise on the back of higher production costs (higher energy and fuel prices, inflation).

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

Communication

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

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

Mobility

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

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

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

Financial services

Customer requirements for digital services are changing rapidly.

The normalization of the interest-rate environment is a positive development for PostFinance in the medium term. However, revenue remains under pressure. The digitization of bank services continues to progress, and at a faster pace after coronavirus. When it comes to digital services, private and business customers are placing increasing demands on their financial service providers. Legal and regulatory requirements remain high.

Legal and political factors

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

In February 2022, the Egerszegi expert committee appointed by the Federal Council presented its proposals on the universal postal service from 2030. In June 2022, the Federal Council announced it would examine the main issues in the report in greater depth to take the political debate forward. The Department of the Environment, Transport, Energy and Communications (DETEC) must submit specific proposals to the Federal Council by summer 2023. The topics to be examined include the structure of payment transactions from 2030 and new solutions for a digital universal service.

By rejecting the revision of the Postal Services Organization Act in autumn 2022, Parliament expressed its support for firstly establishing the structure and scope of the universal postal service.

In Swiss Post’s view, the future development of the universal service, digital services and the funding of the entire postal system are the most urgent issues to be addressed. The owner and politicians now need to look at public service from 2030. By implementing the “Swiss Post of tomorrow” strategy, Swiss Post is also providing politicians with the time required to define the legal framework from a holistic perspective.

“Swiss Post of tomorrow” strategy

A dynamic country needs a dynamic postal service.

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

Swiss Post’s strategy is based on its statutory mandate, the strategic goals set by the Federal Council and the Swiss Post vision. It came into force on 1 January 2021. Its horizon extends over a ten-year period.

Statutory mandate and strategic goals set by the Federal Council

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

Statutory mandate

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

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

Classification of services

2022

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

Strategic goals set by the Federal Council

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

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

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

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

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

Regulatory accounting and companies under individual supervision

Net costs arising from the universal service obligation

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

The net costs result from a comparison of a hypothetical result recorded by Swiss Post excluding the universal service obligation with the actual result achieved. They represent the difference between the avoided costs and lost revenue. Swiss Post specifically calculated the net costs arising from the universal service obligation for the first time in 2013. They stood at around 260 million francs for 2022. The calculation is expected to be approved by the regulatory authority PostCom in 2023.

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

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

PostFinance Ltd

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

PostBus Ltd

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

Raison d’être, vision and values

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

Swiss Post’s raison d’être

Everyone has the power to make a difference.
From small to large scale. No matter where. And in their own personal way.
That’s why we at Swiss Post do our very best, day in and day out.
Every day, we perform valuable work and are actively involved in the community, helping to bring Switzerland together.
We create new opportunities to ensure that everyone can achieve their goals and dreams.
Individually, in teams and as a company. Yesterday, today and tomorrow, too.

Because we are Swiss Post:
Bringing Switzerland together – every day since 1849.

Swiss Post’s vision

Something special is created when we can focus on essentials. This is why people and companies need as much freedom as possible.
At Swiss Post, we create this freedom. We do so by moving goods, information, assets and people.
We get Switzerland moving. With trustworthy services in the physical and digital worlds.
At home, during leisure time and at work. In the countryside and in the city. At any time and across all borders.
To ensure that Switzerland can focus on the important issues in the future, too.

Thanks to Swiss Post: powering a modern Switzerland.

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

Implementation of the “Swiss Post of tomorrow” strategy

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

- **Remaining relevant and fostering growth through new business by developing and transforming the core business**
  Swiss Post is developing its existing core business and transforming its business models to adapt to technological, social, economic, regulatory and political changes (levers include digitization, data and the solutions business) so it can continue meeting customer requirements in future. Swiss Post evolves in its core markets and opens up new markets through organic and inorganic growth. In particular, it is focusing on the transition of postal and mail secrecy to the digital age (portfolio of Communication Services), the opening-up of the network and new logistics solutions.

- **Underpinning economic viability through efficiency and pricing measures**
  To ensure Swiss Post can continue providing the universal service from its own resources in future and invest in core and new business areas, greater cost efficiency (productivity increase or stabilization) and new price models are required. Efficiency measures were identified with the focus on

reducing expenditure and improving EBIT throughout the entire Group. They are to be implemented by 2030. By implementing pricing measures for letters, parcels and newspapers, Swiss Post is ensuring it can continue to provide a comprehensive universal service on all working days at competitive prices throughout Switzerland.

– **Making a social contribution by adopting a sustainable approach**
  Swiss Post makes a relevant contribution to Switzerland's sustainable development. It assumes responsibility for the direct and indirect consequences of its business activities on various stakeholders and on the environment. The CR goals are being implemented in five priority areas of action across the value chain: responsible procurement, climate and energy, responsible employer, sustainable customer solutions (circular economy) and the common good (details on the CR strategy are set out from page 25).

Market strategies

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

Logistics Services

Comprehensive one-stop logistics services.

In the Logistics Services Group unit, Swiss Post pools its logistics competencies. It intends to defend its leading position as a complete logistics service provider in both the physical and digital spheres – in Switzerland and for Switzerland. The strategy was therefore specifically geared to the market areas in which it plans to operate and to their requirements. The approach underpinning this is to reinforce what is already in place, to grow in new areas and, in its capacity as a trustworthy partner, to connect Switzerland to the world for the goods flows of the future.

The courier, express, parcel logistics (CEP) and mail services are operated by Swiss Post both nationally and internationally. The CEP market is competitive. Swiss Post offers comprehensive, high-quality and sustainable products and services. It wants to further increase convenience for senders and recipients and simplify border crossings.

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

The boom in e-commerce has demonstrated the importance of goods logistics for postal organizations. As a result, Swiss Post is making targeted investments in the domestic market and in neighbouring countries, in an effort to dovetail its national logistics with international goods flows.

Swiss Post combines its industry know-how and logistics expertise with digital solutions to create tailor-made industry solutions. Its current focus is on the healthcare market and testing products and services in the construction, circular economy and food sectors.

Communication Services

Transporting information securely and confidentially.

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

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

- **Trust-based information services**
  With its trust-based information services, Swiss Post transports data in a secure, unalterable and traceable manner and ensures that the sender and recipient are authorized to receive and send the information.
- **Digital assistant services**
  Thanks to its digital assistant services, Swiss Post ensures that the interfaces between the physical and digital worlds function smoothly. The company helps Swiss SMEs and the general public to navigate the digitized world securely and easily.
- **Digital services for public authorities**
  Swiss Post is expanding its position as a provider of secure and legally compliant digital services for public authorities, with the aim of further digitizing processes for the Confederation, cantons and municipalities and simplifying the dialogue between the population and public administrations.
- **Digital solutions in the healthcare sector**
  Swiss Post is continuing to reinforce its leading role as a one-stop provider of digital services in the healthcare sector, and is tapping into new business areas.

PostalNetwork

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

Today, Swiss Post offers the densest network of postal services in Europe. The branches and other access points remain a central pillar of Swiss Post’s services. Swiss Post’s physical presence in all regions of Switzerland reflects its view of a nationwide universal service. Swiss Post is continuing to expand its network, which currently totals almost 4,900 access points, with innovations such as terminals, business customer points and services at home. Swiss Post is investing some 40 million francs in modernizing over 300 self-operated branches. It is strengthening the quality of its branches with partners through local support from Swiss Post staff, training for partner staff and customer-friendly infrastructure.

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

Mobility Services

Networked and sustainable road-based mobility solutions.

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

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

As a competence center for e-mobility, Post Company Cars enables its customers to switch to electric drives with ease.

PostFinance

Assuring universal service for payment transactions and expanding digital solutions.

The gradual normalization of interest margins – combined with revenue in the non-interest business – will provide PostFinance with the potential to significantly improve profitability over the medium term. Revenue nevertheless remains under pressure owing to constantly high legal and regulatory requirements and the dynamic market environment with increasingly intense competition and greater customer demand for digital solutions, which is forcing PostFinance to create scope for strategic entrepreneurial freedom.

PostFinance believes in the power of entrepreneurial freedom. That is why it serves its markets in four independent business areas:

- **Payment Solutions**
  As a leading Swiss financial institution, PostFinance is driving the digital transformation in payment transactions and retail banking. In Payment Solutions, PostFinance is a reliable partner for simple, efficient and increasingly digital payment solutions.
- **Retail Banking**
  In Retail Banking, PostFinance is offering its private and business customers the smartest ways to handle their money – whether physically or digitally.
- **Digital First Banking**
  In Digital First Banking with Yuh, PostFinance is launching, in addition to its core business, a radical new service for "Banking & Beyond" geared entirely to the digital world.
- **Platform Business**
  In Platform Business, PostFinance operates an independent Swiss comparison and sign-up platform (Valuu) for financing, insurance and retirement planning.

Corporate responsibility strategy

Swiss Post is aware of its special corporate responsibility as one of the largest employers and as the market leader in postal services, payment transactions and road-based public passenger transport in Switzerland.

It strives to ensure an appropriate balance between economic success, environmental action and social responsibility, while taking account of the needs of current and future generations.

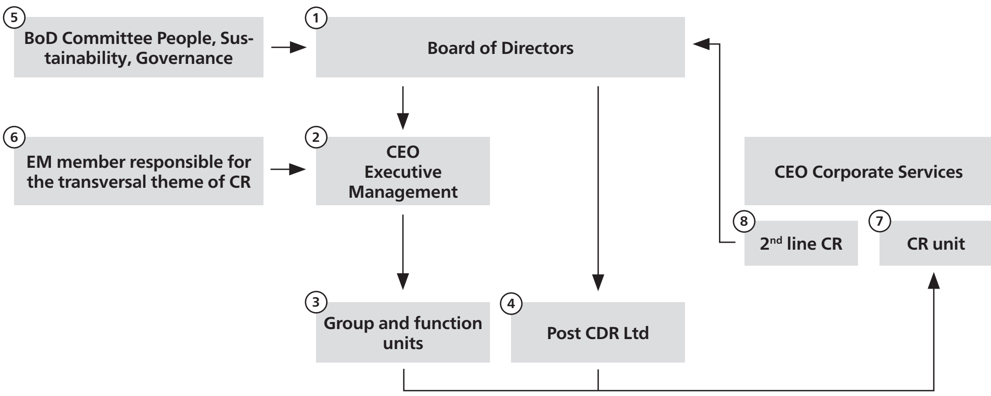
Corporate responsibility governance

As a company with a universal service obligation, Swiss Post takes setting an example and its corporate responsibility (CR) very seriously and sees it as a voluntary commitment.

The Board of Directors, the most senior governing body, adopts the vision and Group strategy, including Swiss Post's long-term corporate goals. This includes the climate and energy target, which is part of the strategic goals set by the owner. By adopting the CR charter, the Board of Directors is highlighting its firm commitment to the CR strategy with its strategic thrusts and areas of action.

CR governance at Swiss Post

31.12.2022



1. The Board of Directors adopts the vision and Group strategy, including Swiss Post's long-term corporate goals and CR charter, and mandates Executive Management with implementing them. This includes the climate and energy target, which forms part of the strategic goals set by the owner, the Confederation.
2. Executive Management guides and coordinates with the units to achieve the CR/sustainability targets. Executive Management members responsible for the transversal topic of sustainability focus on the climate and energy target as a key transformation element of the Swiss Post of tomorrow.
3. CR is integrated into line management responsibility. Together with the CR unit as part of Corporate Development in CEO Corporate Services, Swiss Post's Group and function units also make up the CR function. The units report to the CR unit, which monitors target attainment.
4. Executive Management has delegated the coordination and performance of neutralizing the remaining CO_2 emissions to Post CDR Ltd (CDR = Carbon Dioxide Removal, see "Climate and Energy" section, page 29). The CR unit monitors target attainment.
5. The Board of Directors' People, Sustainability, Governance Committee deals with matters related to sustainability and provides recommendations for the Board of Directors.
6. The Executive Management member responsible for the transversal topic of sustainability focuses on the climate and energy target as a key transformation element of the Swiss Post of tomorrow.
7. The CR unit aims to ensure relations between the Group/units and their stakeholders are as efficient and effective as possible in relation to CR in order to make optimal use of opportunities (e.g. innovations), to identify risks at an early stage and to address them in the best possible way. It advises and positions Swiss Post in relation to CR/sustainability, focusing on strategic areas of action across the value chain, and proposes measurable CR targets, which are integrated into the Group strategy (including the climate and energy target). The units are responsible for implementing the CR measures and report on the status of implementation to the CR unit.
8. 2nd line CR under development

The individual Executive Management members and Group and function unit heads are responsible for implementing the CR directives. Responsibility for cross-unit matters lies with Executive Management.

Executive Management is responsible for guiding the units to achieve the climate and energy target.

Executive Management is responsible for guiding and coordinating with the units to achieve the climate and energy target. The climate and energy target is one of six transversal themes, which are a key part of the Swiss Post of tomorrow and are driven forward by a working group of Executive Management members led by the EM representative for CR. The relevant Executive Management members as well as experts focus on the climate and energy target as a key part of CR and a central transformation element of the Swiss Post of tomorrow.

CR is integrated into line management responsibility. In addition to the CR organizational unit as part of Corporate Development, Swiss Post's Group and function units also make up the CR function. They work together to achieve the CR targets. The units are responsible for implementing the CR measures and report on the status of implementation to the CR unit. This unit provides services in three dimensions for the entire Group: firstly, management, secondly, specialist leadership and, thirdly, reporting and raising awareness. The CR unit advises and positions Swiss Post in relation to CR/sustainability, focusing on strategic areas of action across the value chain, sets measurable CR targets, which are integrated into the Group strategy, and monitors target attainment.

The CR unit aims to ensure relations between the Group and the units with their stakeholders (owner, general public, existing and potential customers and employees) are as efficient and effective as possible in relation to CR in order to make optimal use of opportunities (e.g. innovations), to identify risks at an early stage and to address them in the best possible way.

Executive Management and the Board of Directors have made a commitment to implementing the CR goals in the CR charter (➔ swisspost.ch/sustainability). This commitment is a voluntary obligation. The fulfilment of this voluntary obligation will be ensured using the same instruments and methods as those applied when monitoring the meeting of obligations based on laws and internal regulations as part of compliance. This is why Swiss Post is setting up 2nd line CR. A 2nd line CR report gives Executive Management and Board of Directors the assurance that the precautionary measures taken are suitable for achieving the targeted CR goals with an adequate degree of certainty.

Materiality analysis: determining the key issues

Swiss Post carries out the materiality analysis to identify the key environmental, social and governance (ESG) themes for the company and its stakeholders. Swiss Post has regularly reviewed these themes for years.

The materiality analysis carried out in 2019 forms the basis of the current CR strategy. In 2022, Swiss Post updated its materiality analysis to validate, develop and report transparently on its CR strategy.

The principle of "double materiality" is now integrated to comply with current and future legal provisions at Swiss and European level (CSRD) and the GRI standards 2021. This means every material theme will now be analysed from two perspectives:

- Outside-in perspective: impact of a theme on the company's own operating result
- Inside-out perspective: impact of a theme on the outside world (on the economy, society and environment)

According to the principle of double materiality, ESG topics present risks and opportunities, which are material from a financial perspective and/or in terms of impact.

The materiality analysis in four steps

The materiality analysis was carried out in four steps:

– **Context analysis**
  Swiss Post's context consists of its business model, value chain, supply chain and stakeholders. The context analysis took account of the following internal and external stakeholders: employees and their representatives, management representatives, representatives from politics and society, customers and representatives of the economy, industry and suppliers.

  As Swiss Post consists of various subsidiaries, the three companies Post CH Ltd, PostBus Ltd and PostFinance Ltd were analysed separately in the materiality analysis, but also evaluated as the consolidated Swiss Post Group. This resulted in four materiality matrices (consolidated matrix for Swiss Post Group as well as the Post CH matrix, PostBus matrix and PostFinance matrix).

– **Identification of potentially material themes**
  Swiss Post has produced a list of potentially material themes and prioritized 28 of them. The list contains thematic groups which will be required for non-financial reporting in Switzerland in future: environmental issues, social issues, including employee and human rights topics, as well as economic matters and the prevention of corruption. Every theme was described from two perspectives (double materiality). The descriptions were refined and validated through interviews with nine experts and internal stakeholders.

– **Impact assessment**
  To obtain information from the perspective of the key stakeholders, Swiss Post carried out two online surveys with over 400 participants, who included representatives of Swiss Post's management and of key stakeholders. The management representatives assessed the relevance of the themes to long-term performance (outside-in perspective), whereas the stakeholders evaluated the impact on the outside world (inside-out perspective).

  The survey results produced were incorporated into the materiality matrices for Swiss Post Group and for the three subsidiaries. The results were divided into the following categories in terms of impact: "Focus" and "Foundation". Topics outside these areas are still taken into account, but are not currently a priority for strategic management or external communication.

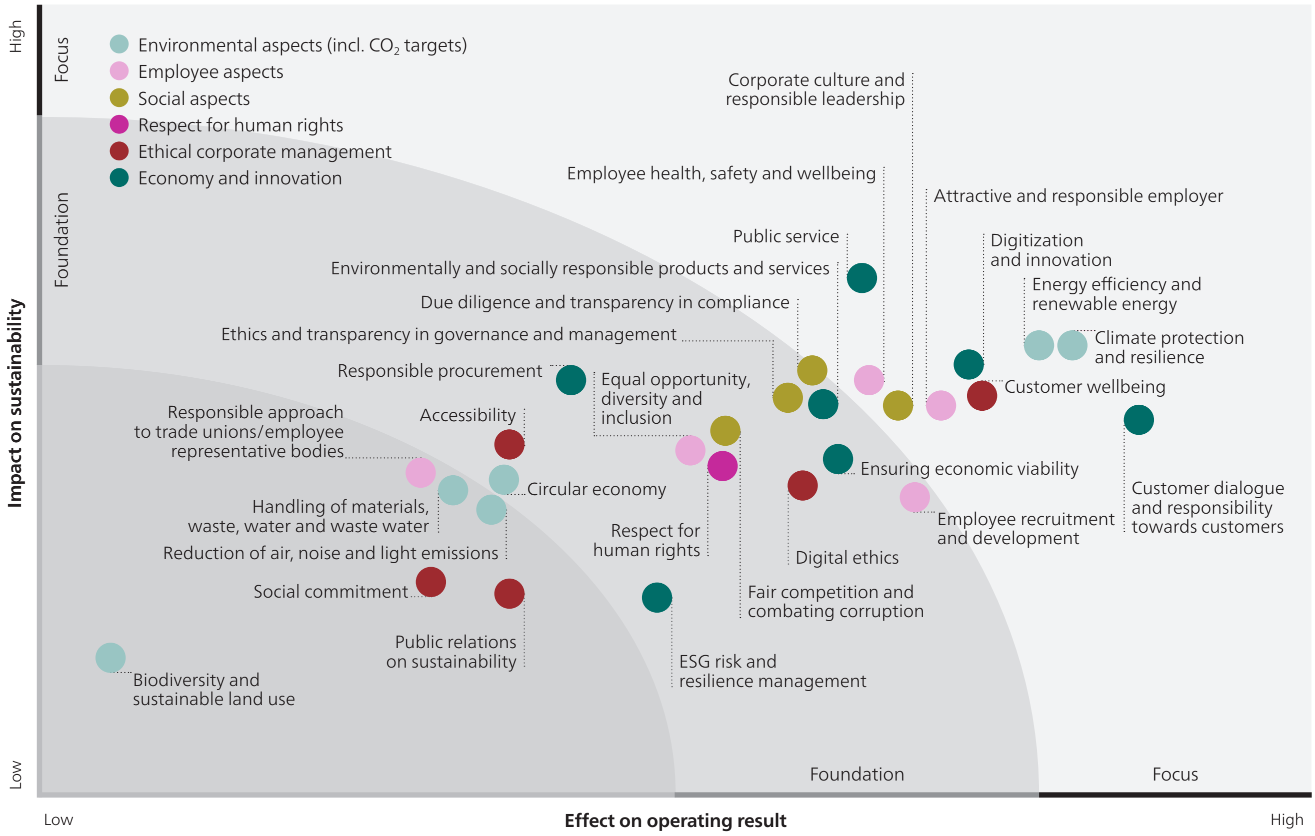
– **Analysis and validation of material themes**
  The materiality analysis was discussed and validated in a workshop with management to carry out an adjustment of the strategic priorities and future ambitions.

The main results and changes compared with 2019

The materiality analysis for 2022 shows that Swiss Post is well positioned with its current CR areas of action (see pages 29 to 32). Some themes have become more important since 2019.

The themes of public service, energy efficiency and renewable energies as well as climate protection and resilience are becoming more important

Swiss Post Group materiality matrix
2022



Public service provision, energy efficiency and climate protection were considered even more important than in the previous analysis. They lie in the top, right-hand section of the matrix. Compliance issues are deemed less important than in the previous project.

The theme of human rights is increasingly coming under regulatory pressure and represents a substantial reputational risk. That is why greater emphasis is being placed on this theme in the “responsible procurement” area of action.

After the COVID-19 pandemic, the themes of employee health, safety and wellbeing are still heavily focused on in the “socially responsible employer” area of action, especially the aspect of mental health and wellbeing.

Compared with 2019, public service is viewed as much more important. It remains a key part of the “common good” area of action.

The relationship between customer benefits and innovation for customers is even closer in the “sustainable customer solutions” area of action. Accessibility continues to be taken into account in this area of action.

Priority areas of action

Swiss Post has five priority areas of action: responsible procurement, climate and energy, socially responsible employer, sustainable customer solutions and the common good.

Responsible procurement

The principles of sustainability are enshrined in procurement.

Our goals:

- Implementation of legal requirements regarding human rights due diligence obligations
- Support to attain the climate and energy target
- Firmly establishing sustainability as part of the overall procurement process
- Ensuring the future viability of procurement

Swiss Post is aware of its responsibility for people and the environment in procurement. Sustainable procurement in this context means using the available funds in an ecologically, socially and economically responsible manner. Enshrining sustainability in procurement is guaranteed by the “responsible procurement” project. Swiss Post already applies a wide range of sustainability criteria when selecting suppliers. In business relationships, we are committed to ensuring that our suppliers provide socially acceptable working conditions and use ecological solutions.

As a member of the Fair Wear Foundation, Swiss Post is committed to strict inspection and sustainable implementation of social standards at its clothing suppliers.

Climate and energy

Swiss Post increased its climate and energy target again in 2022.

Our goals:

- Swiss Post will make letter and parcel delivery in urban centers carbon neutral from 2025.
- Swiss Post aims to be completely carbon neutral in its in-house operations from 2030. This includes switching to alternative drive systems, acquiring 100 percent of electricity from renewable energy sources and withdrawing from fossil fuel heating.
- Swiss Post aims to reach net zero across its entire value chain from 2040.

Swiss Post intends to cut CO_2 emissions from its own operations by 42 percent between 2021 and 2030, and also to reduce CO_2 emissions in its value chain. The company as a whole is to become carbon neutral and reach net zero from 2040. This climate and energy target is based on science in accordance with the Science Based Targets initiative (SBTi) and is in line with the UN climate target of limiting global warming to a maximum of 1.5°C.

This will entail removing residual emissions in 2040 from the atmosphere via climate projects. Post CDR Ltd was founded to develop a suitable portfolio of measures. Post CDR Ltd’s task is to assess the various CO_2 neutralization methods and to neutralize Swiss Post’s residual emissions with optimal efficiency so that Swiss Post achieves its ambitious climate and energy target.

Information about the measures and target attainment can be found on pages 64 to 66.

Socially responsible employer

In 2022, the reintegration quota was improved in complex health situations.

Our goals:

- The working environment fosters individual performance and a good balance between work and other aspects of life
- Swiss Post integrates people from all backgrounds and does not tolerate discrimination
- Swiss Post offers fair, attractive and economically sustainable employment conditions

As a socially responsible employer, Swiss Post aims to support the performance of its employees. The 2022 employee survey shows that the subjective perception of physical and mental health among employees has deteriorated slightly compared with 2020 (from 82 to 81 points in both cases). The state of health and wellbeing of employees is not just affected by parameters that Swiss Post can influence, but also by ones such as personal health-related behaviour, COVID-19 etc. Internal parameters measured in the employee survey, such as work structure, team and management behaviour, indicate stable or rising values. It means that resources to promote health and for correctly dealing with workload in the operational context are available at the company.

Swiss Post's "Professionally Fit" initiative encourages employees to take individual responsibility for maintaining performance and employability. Swiss Post has a network of vision ambassadors (peer-to-peer approach), who held information events and developed workshop modules for career planning in 2022.

Swiss Post has a clearly defined presence management process. Health and HR specialists support leaders with the reintegration of employees. In 2022, Swiss Post improved the reintegration quota in complex health situations.

Swiss Post does not tolerate any form of discrimination. In the event of incidents, Swiss Post reacts promptly and professionally, investigating the circumstances and taking disciplinary measures where necessary. Organizational units with critical scores must define and implement specific measures with the Social Counselling Service and HR Consulting. The number of employees who felt discriminated against in 2022 fell slightly compared with 2020 (additional part of the employee survey carried out every two years). The score for "respect in the team" rose compared with the previous year from 81 to 82 points. Organizational units with critical scores receive support from HR Consulting with the definition and implementation of measures.

To achieve sustainable employment conditions in Switzerland, Swiss Post – together with other large logistics companies – is committed to concluding an industry-wide collective employment contract (CEC). A new employer association called "Zustellung Schweiz" is to be founded to achieve this goal. The CEC negotiations begun in November 2021 were continued in 2022. The aim of these negotiations is to be able to declare this CEC generally binding.

In 2022, the company CEC for Post Real Estate Management and Services Ltd (IMS) was re-negotiated. The article on equality was updated and protection against discrimination due to personal traits was incorporated. An article on equal pay was updated and support services during parenthood were extended. The existing social agreement was replaced by a new redundancy plan, which provides employees with better support in the event of job loss.

In November 2022, Swiss Post's social partners agreed to extend the company collective employment contracts of Post CH and PostFinance Ltd as well as the framework CEC by a year to the end of 2024.

More information on the responsible employer area of action can be found in the "Employees" section on pages 58 to 63.

Sustainable customer solutions

Swiss Post tapped into market potential via new partnerships in 2022.

Our goals:

- To define strategic goals and identify potential
- To position Swiss Post as a provider of complete solutions for the circular economy
- To establish Swiss Post as a logistics link in reuse

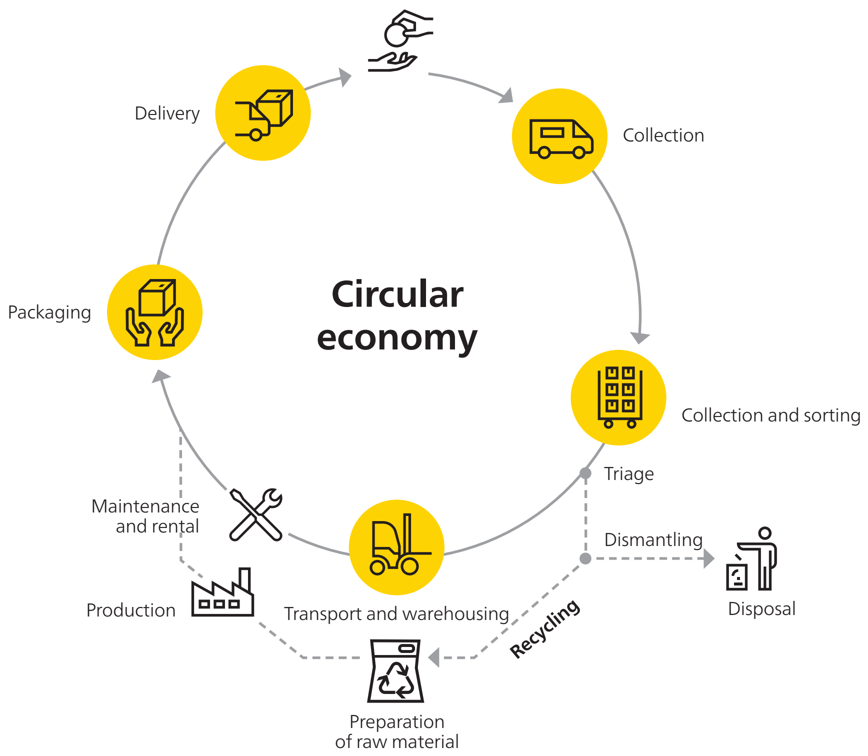
Swiss Post integrates aspects of sustainability into the development of its current services. With its huge capacity for innovation, Swiss Post develops new products to make a contribution towards tackling current environmental and social challenges. It does this by positioning itself as a provider of complete solutions for the operational implementation of the circular economy in Switzerland.

Swiss Post is establishing itself in the fields of reverse logistics and the recirculation of recyclable materials. It collects PET items on behalf of PET-Recycling Schweiz and electrical items from the doorstep for professional recycling. For telecom providers, Swiss Post collects disused Internet routers and passes them on for reconditioning for reuse. When exchanging e-food orders, Swiss Post returns PET bottles and packaging material, and collects Nespresso coffee capsules. With partners, Swiss Post is testing the use of reusable packaging, such as the "Kickbag". This enables the delivery of originally packaged consignments – without outer packaging – reducing packaging waste.

Swiss Post also assumes its social responsibility as a consumer and is seeking new ways to achieve this: for instance, the company is closing the loop by sending used scooter batteries back to manufacturers. It has developed an innovative recycling technology for this purpose, making the majority of the materials in them reusable.

Swiss Post ensures the targeted management of its own day-to-day waste – used Swiss Post clothing is turned into laptop cases and gym bags, for example.

Swiss Post as a driver of the circular economy



Common good

Swiss Post has significant economic value.

Our goals:

- Creating value for the economy
- Creating value for society

It provides employment in all 26 cantons, serves over 4 million households and companies every day and procures goods and services worth over 3 billion francs from Swiss suppliers: Swiss Post has significant economic value for Switzerland and makes a major contribution to the common good. For example, one in 120 francs generated in Switzerland comes directly or indirectly from Swiss Post (one percent of GDP) and one in 110 jobs (or 1 percent) is provided by Swiss Post. That's the case today, and should remain so ten years from now.

With its social commitments, such as the Santa Claus campaign, Swiss Post specifically allocates part of its resources to benefit society as a whole.

Swiss Post has been supporting the common good for years, for example by providing logistics services free of charge for the "2 × Christmas" distribution campaign organized by the Swiss Red Cross (SRC), and delivering donated goods to people in need.

The upcycling of collected work clothes is carried out by the social organization Berufliche Eingliederung und Werkstätte Oberburg (BEWO).

Swiss Post also has a cultural commitment, supporting Swiss artists with its own art collection and integrating numerous "art in architecture" works in its buildings.

As the founder of the Museum of Communication, it creates a space for exploring the history of the postal service and the manifold aspects of public and personal communication. Foundations and projects with a social, cultural or historical background or a focus on youth work are promoted by Swiss Post – via the postage stamp fund or the issue of special stamps with a surcharge such as Pro Patria or Pro Juventute. The latter make an important contribution to raising funds and conveying messages.

Financial management

Swiss Post's financial management aims to achieve the financial goals set by the owner.

Goals set by the owner

Creating economic value added in the long term.

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

Investments must be financed from the company's own resources. To achieve the goals, Swiss Post Group is managed and controlled based on the results of all executive units. Operating profit and economic value added are key financial goals. Economic value added forms part of the calculation of the management's variable remuneration (see determination of remuneration on page 87).

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

Internal reporting and consolidated financial statements

Financial reporting is essentially based on internal financial reporting and the consolidated financial statements.

Internal financial reporting

Internal financial reporting shows what the executive units contribute to the result. It also indicates the progress of measures used to implement the "Swiss Post of tomorrow" strategy. This means internal financial reporting is used for the controlling of the executive units and the Group. It is based on the same principles as the consolidated financial statements.

Consolidated financial statements

The consolidated financial statements are produced in accordance with the provisions of the International Financial Reporting Standards (IFRS) and show the financial performance of the Group and its segments. The financial reporting is based on the Group's strategic structure and is broken down into Switzerland/abroad and regions.

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

- **Income statement, balance sheet and cash flow statement**
  These statements form the basis for the executive units and the Group. The income statement is produced monthly, and the balance sheet and cash flow statement on a quarterly basis.

- **Key figures**
  The key figures are divided into financial objectives and key management and controlling indicators on customers, employees, processes and sustainability. The key figures reflect the financial and socio-economic performance of the executive units and Swiss Post overall.

- **Commentary**
  The analysis and evaluations are part of financial management at all levels and show the major developments, projects and challenges as well as relevant measures. As well as showing the change from the previous year and any deviation from planned values, they describe the expectations for the current year. The periodicity of the commentary depends on the key figure on which it is based and the variance.

Business performance

Operating profit and Group profit significantly below previous year.

In 2022, Swiss Post generated Group profit of 295 million francs, 157 million francs less than the previous year's normalized figure. Operating profit fell to 358 million francs, reflecting the challenges faced by Swiss Post in its logistics and financial services businesses and highlighting the necessity of continuing to pursue the "Swiss Post of tomorrow" strategy. The normalized prior-year figure stood at 515 million francs. See the section "One-off item in 2021" on page 46 for information about the term 'normalization".

Group | Key figures

2022 with previous year for comparison		2021	2022
Results			
Operating income	CHF million	6,877	6,859
Generated abroad[1,2]	CHF million	629	682
	% of operating income	9.1	9.9
Reserved services[3]	CHF million	957	961
	% of operating income	13.9	14.0
Operating profit[4]	CHF million	515	358
As a share of operating income	%	7.5	5.2
Group profit[4,5]	CHF million	452	295
Employees			
Headcount at Swiss Post Group	Full-time equivalents	33,207	34,072
Abroad	Full-time equivalents	400	751
Financing			
Total assets	CHF million	128,397	120,470
Customer deposits (PostFinance)	CHF million	94,110	89,994
Equity[5]	CHF million	8,918	9,884
Investments			
Investments	CHF million	670	478
Other property, plant and equipment, intangible assets	CHF million	270	211
Operating property	CHF million	85	133
Investment property	CHF million	65	37
Investments	CHF million	250	97
Degree of self-financed investment	%	100	100
Value generation			
Cash flow from operating activities	CHF million	8,252	–6,118
Value added[4,6]	CHF million	4,376	4,296
Economic value added[4,7]	CHF million	–8	–96

1 Definition of "abroad" in accordance with the segmentation in the Financial Report.
2 The 2021 figure has been adjusted (see Notes to the 2022 Group annual financial statements, Note 6.6, Geographical information).
3 Letters up to 50 g.
4 Normalized figures for 2021, see the "One-off item in 2021" section on page 46.
5 The figure has been adjusted (see Notes to the 2022 Group annual financial statements, Note 2.2, Accounting changes).
6 Value added = operating profit + personnel expenses + depreciation – gain/loss on the sale of property, plant and equipment, intangible assets and interests.
7 The figure for 2021 has been adjusted due to an enhancement of the calculation method.

In the Logistics Services and PostFinance segments, there was a sharp fall in operating profit in 2022. At Logistics Services, declining volumes and inflation weighed on the result. At PostFinance, lower interest income and the loss of income from services in particular had a negative impact on the result. Nevertheless, these two segments made the largest contribution to Swiss Post's overall result. PostalNetwork also suffered from the decline in volumes and recorded a decline in operating profit. Mobility Services benefited from the recovery in demand for public transport, increasing its operating profit. The new Communication Services segment, which was created at the beginning of 2021, is in the development phase with a focus on inorganic growth. This led to the first improvement in its result in 2022. Project costs increased in the central Functions and Management segment, leading to a fall in its operating result year-on-year.

Additional key figures and explanatory notes can be found in the Business Report key figures (annualreport.swisspost.ch/downloads).

Value drivers

The Swiss economy

Following the easing of the coronavirus crisis and the lifting of coronavirus measures around the world, the global economic situation was shaped by the international security situation and the inflation it produced in many countries. The Swiss economy continued to recover in 2022, although growth in gross domestic product (GDP) slowed significantly over the course of the year. Supply bottlenecks in various sectors of industry, weaker demand from abroad and high energy prices pose major challenges for many businesses in Switzerland. In view of these factors, the overall economic outlook for 2023 remains gloomy. Any normalization of supply bottlenecks is likely to be slow, while energy prices are expected to remain high in 2023, and this may lead to price increases for goods relevant to Swiss Post. This situation is likely to ease in the medium term, with inflation in Switzerland stabilizing at a more moderate level. The policy rate changes undertaken by the Swiss National Bank (SNB), adjusting it from –0.75 percent to 1.00 percent in several steps, have reduced inflation. In its baseline scenario for Switzerland, the SNB assumes that the economy will show a slight improvement at a low level next year.

Segments

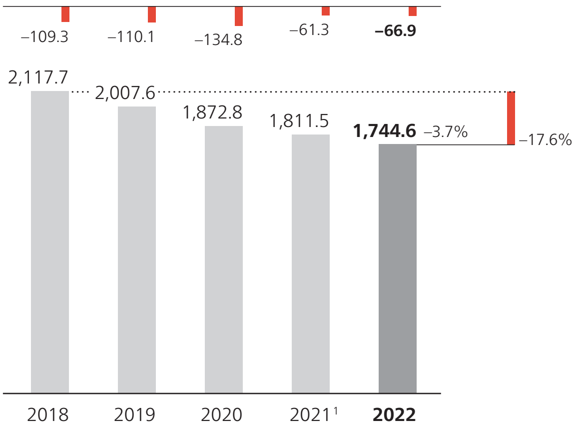
Logistics Services

Demand for physical letter mail falls.

With around 5.75 million letters at home and abroad every day, Swiss Post is one of Switzerland's leading logistics companies. Its products for private and business customers range from physical, hybrid or electronic letters and goods consignments to value-added services such as cash on delivery, registered letters and promotional mail. Swiss Post faces challenges because demand for physical services is falling. At the end of 2022, for example, the number of letters handled was down 3.7 percent on the previous year. The reliability and quality of these services continue to be guaranteed by the use of the latest technology and a mix of traditional and new access points.

Long-term decline in letter volumes continues

Logistics Services | Letters in millions
2018 to 2022
2018 = 100%



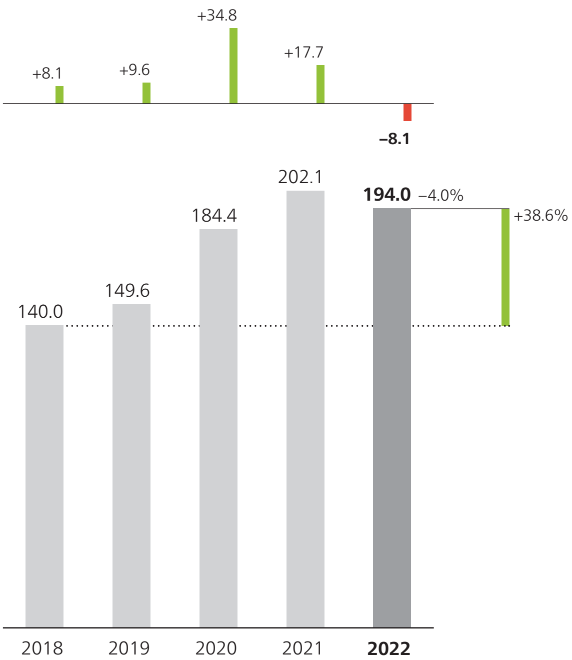
1 The 2021 figure has been adjusted. The figures for 2018 to 2020 remain unchanged.

Growing demand for parcel services slows for the time being.

Every working day, Swiss Post delivers around 760,000 parcels in Switzerland, making it the market leader. Its comprehensive range of services in the national and international parcel business, digital commerce, freight and warehousing, Innight, Courier and Express and customs clearance continues to experience high demand. Swiss Post is pleased to meet this demand by investing, for example, in new parcel centers and warehouses. Domestic parcel volumes decreased year-on-year (–3.9 percent). Import and export volumes fell by 5.5 percent. The overall decline stood at 4.0 percent.

Subdued consumer confidence leads to decline in parcel volumes

Logistics Services | Parcels in millions
2018 to 2022
2018 = 100%



Communication Services

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

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

PostalNetwork

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

In 2022, PostalNetwork recorded more than 340,000 customer transactions per day and continues to face the challenge of declining demand for traditional over-the-counter transactions. For example, the number of payments at the counter fell by 15 percent year-on-year. The reliability and quality of the services offered by PostalNetwork continue to be guaranteed by a mix of traditional and new access points. Swiss Post is opening up its branch network to service companies and public authorities and stabilizing the number of self-operated branches. This means that partners with access to the network benefit from Swiss Post's service provision and the opportunity to offer their customers a physical point of contact in this digital age through the branch network.

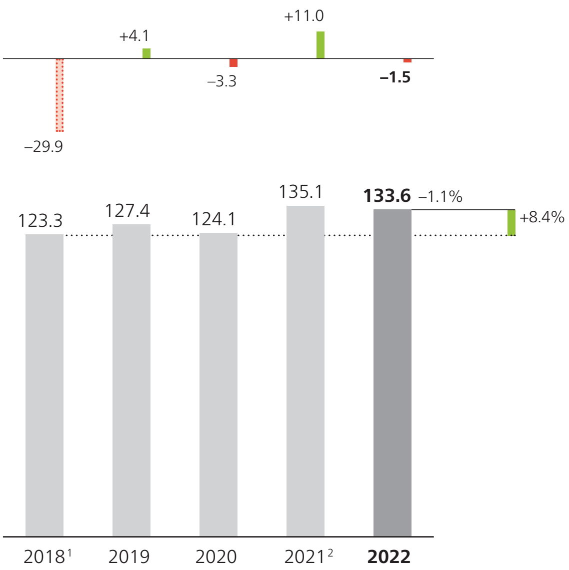
Mobility Services

Growth in demand continues despite cessation of operations in Liechtenstein.

PostBus, which is part of Mobility Services, is the market leader in public bus transport in Switzerland. It offers high-quality regional passenger transport services, innovative mobility solutions and system services aligned with the changing needs of today's customers. PostBus recorded a slight decline in vehicle kilometres, due in particular to the discontinuation of kilometres covered in Liechtenstein. The transport services provided by PostBus fell by 1.1 percent to around 133.6 million kilometres covered.

Discontinuation of service mandate in Liechtenstein leads to slight decline in vehicle kilometres covered

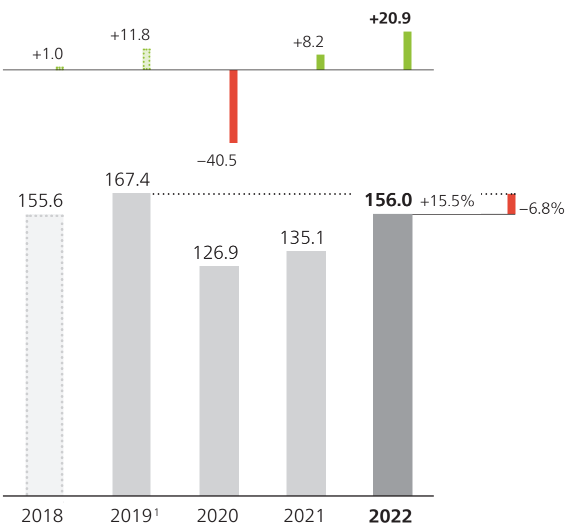
Mobility Services | Vehicle kilometres in million km
2018 to 2022
2018 = 100%



1 In 2018, the CarPostal France Group was reclassified as a disposal group held for sale and a discontinued operation and subsequently sold. From 2018, vehicle kilometres are reported without the CarPostal France Group. The difference to 2017 is not comparable.
2 The figure has been adjusted and includes all kilometres covered by PostBus in 2021, including Liechtenstein.

Growth in demand for public transport has positive impact on passenger numbers

Mobility Services | Number of domestic passengers in millions
2018 to 2022
2019 = 100%



1 A modified calculation basis and method of calculating was used for the first time in 2019. Comparison with 2018 is therefore not possible.

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

PostFinance

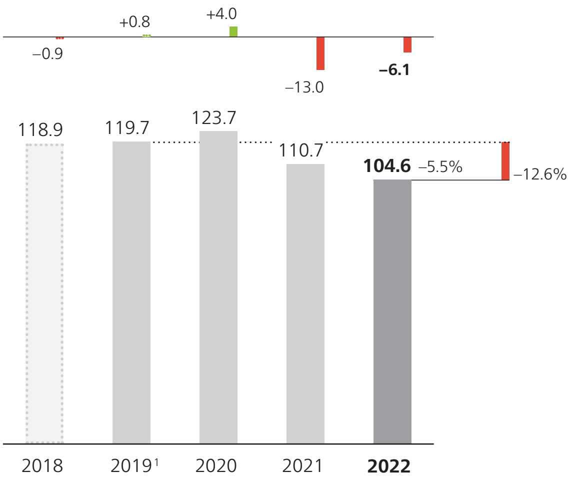
Gradual normalization of interest margin has positive impact on future prospects.

PostFinance is a diversified, innovation-driven financial service provider. It offers its customers fresh solutions and smart innovations for their finances. To do so, it relies on future-oriented tools and technologies it has specially developed or adapted for the Swiss market. PostFinance ensures provision of the universal service for payment transactions within the framework of postal legislation, making a significant contribution to the functioning of the Swiss economy. In addition, PostFinance has a business relationship with a large proportion of households and SMEs in Switzerland. More information on PostFinance’s universal service obligation can be found on page 20. PostFinance adopts a highly responsible, careful and sustainable approach to its use of resources and investments.

The gradual normalization of the overall interest margin – combined with stronger revenue from non-interest-sensitive business – will provide PostFinance with the potential to significantly improve profitability. Nevertheless, the regulatory environment remains challenging for PostFinance. Despite the positive interest rate environment, the competitive disadvantage that it faces in not being able to issue loans and mortgages independently remains unchanged.

Declining customer assets over course of year stabilize as a result of lifting of customer asset fees at year-end

PostFinance | Customer assets in CHF billion monthly avg.
2018 to 2022
2019 = 100%

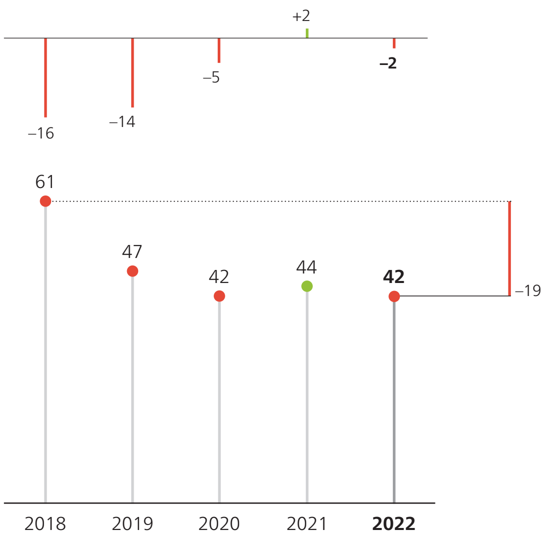


1 The year 2019 was adjusted due to a change in the definition of average customer assets. The year 2018 is not comparable.

The negative interest rates on sight deposit balances at the Swiss National Bank (SNB), which persisted into 2022, increased the pressure on PostFinance's most important source of income, the interest differential business. The interest margin fell by 2 basis points to 42 basis points year-on-year, and remained at a low level. The negative market interest rates had a major impact on PostFinance's business. For private customers, the fees introduced in 2021 for the new banking packages led to the consolidation of customer files into one primary banking relationship, and in some cases to terminations of customer relationships. A shift towards funds and securities investments was also observed. Customer asset fees on private customer accounts with assets exceeding 100,000 francs had to be continued until September 2022. For business customers, the negative market interest rates were also passed on for credit balances above a certain exemption limit. As a result of geopolitical uncertainties and a significant adjustment of the interest rate structure, 2022 also saw negative market effects on non-interest-sensitive assets held by PostFinance's investment customers. As a consequence, customer assets decreased by 6.1 billion francs year-on-year. This figure stabilized towards the end of the year following the cancellation of customer asset fees.

Interest margin stabilizes at low level

PostFinance | Interest margin in basis points
2018 to 2022
2018 = 100%



Profit situation

Economic value added

Negative economic value added continues during transformation phase.

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

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

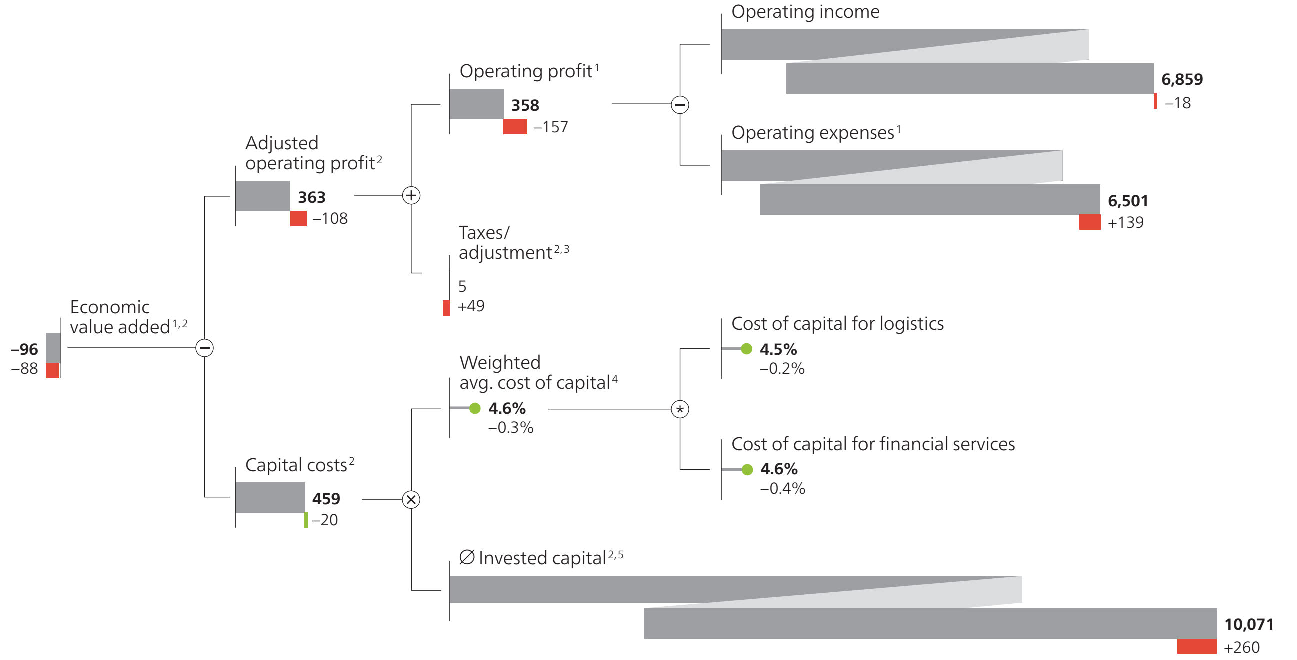
- PostBus Ltd is not taken into account to determine economic value added, as no profits may be generated in regional passenger transport.
- The cost of capital is determined on the basis of returns expected in the long term. The weighted total cost of capital applied is based on an industry-specific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

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

Economic value added totalled –96 million francs, 88 million francs below the previous year's figure. This fall is mainly due to the decline in operating profit and, in turn, the decline in NOPAT. The decline in economic value added was only partially limited by lower capital costs.

Lower operating profit leads to negative economic value added and a deterioration compared to previous year

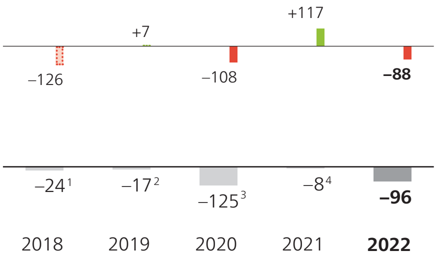
Group | Economic value added in CHF million
2022



⊛ Weighted with the average invested capital in logistics and in the financial services market (PostFinance).
1 Normalized comparative figures for 2021. See section "One-off item in 2021" on page 46.
2 The previous year's figures have been adjusted due to an enhancement of the calculation method.
3 Part of the adjustment is the deduction for NOPAT and PostBus Ltd capital costs.
4 Corresponds to weighted average cost of capital after taxes (WACC) for logistics and cost of equity for the financial services market.
5 At PostFinance corresponds to average equity in accordance with IFRS of 5,894 million francs and in logistics units to the average net operating assets (NOA) of 4,177 million francs.

Economic value added remains negative as planned

Group | Economic value added in CHF million
2018 to 2022



1 The figure has been adjusted (see Notes to the 2019 Group annual financial statements, Basis of accounting, Accounting changes and Discontinued operations).
2 The comparability with the prior-year figure for 2018 is limited due to an adjustment in the calculation method in 2019.
3 The figure has been adjusted (see Notes to the 2021 Group annual financial statements, Note 2.2, Accounting changes).
4 Normalized figure. See section "One-off item in 2021" on page 46. The 2021 figure has also been adjusted due to an enhancement in the calculation method. The figures from 2018 to 2020 are not comparable.

Income statement

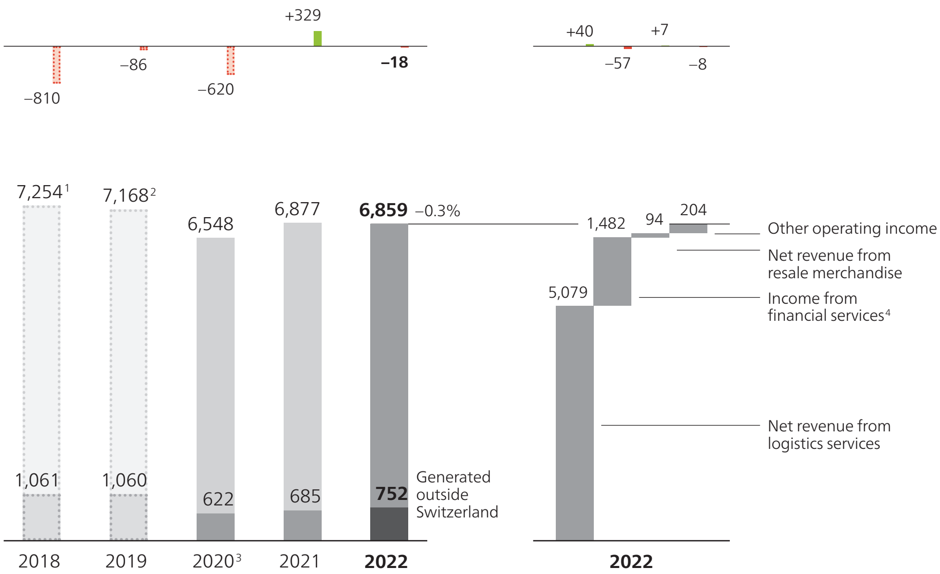
Operating income

Lower revenues in core business lead to slight decline.

In 2022, operating income was 6,859 million francs, 18 million francs less than in the previous year. The decrease is mainly due to lower income from interest operations at the PostFinance segment. In addition, declining volumes of addressed letters and parcels also contributed to the fall in operating income. This was offset in particular by the acquisitions in the Logistics Services and Communication Services segments, and by higher income from transport services in franchised business at Mobility Services as a result of the recovery in demand for public transport following the coronavirus pandemic.

Lower income from the financial services business leads to an overall reduction in operating income

Group | Operating income in CHF million
2018 to 2022
2020 = 100%



1 The figure has been adjusted (see Notes to the 2019 Group annual financial statements, Basis of accounting, Accounting changes and Discontinued operations).
2 The figure has been adjusted (see Notes to the 2020 Group annual financial statements, Basis of accounting, Accounting changes). The difference to 2017 is not comparable with the years 2018 to 2022.
3 The figures have been adjusted (see Notes to the 2021 Group annual financial statements, Note 2.2, Accounting changes). The years 2018 and 2019 are not comparable with the years 2020 to 2022.
4 Including "Other revenue from financial services" as at 31 December 2022: 742 million francs (as at 31 December 2021: 784 million francs).

Net revenue from logistics services rose by 40 million francs as a result of acquisitions made at Logistics Services and Communication Services and of higher income from transport services and compensatory payments in franchised business at Mobility Services. This offset the impact of declining letter and parcel volumes on the income side. Income from financial services fell by 57 million francs to 1,482 million francs. This was mainly due to a decline of 23 million francs in interest income. Falls of 14 million francs in income from commission and services and 9 million francs in net trading income had a negative impact. Net revenue from resale merchandise rose 7 million francs as a result of successful trading activities at Post Company Cars. Other operating income decreased by 8 million francs year-on-year to 204 million francs.

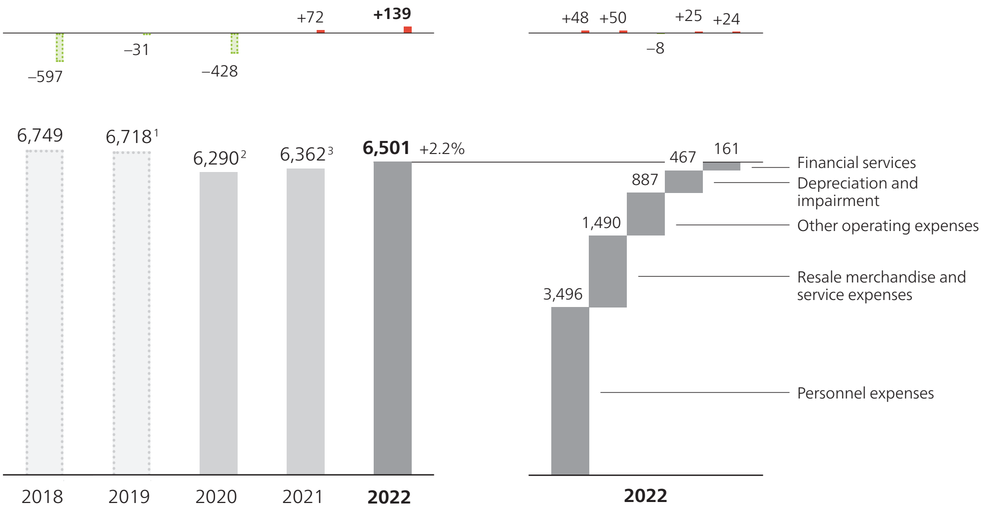
Operating expenses

Slight increase in operating expenses due to inflation and growth.

Operating expenses stood at 6,501 million francs, an increase of 139 million francs compared to the previous year's normalized figure. At 54 percent, personnel expenses in relation to total operating expenses remained unchanged in 2022.

Additional expenditure for personnel and services result in higher overall operating expenses

Group | Operating expenses in CHF million
2018 to 2022
2020 = 100%



1 The figure has been adjusted (see Notes to the 2020 Group annual financial statements, Basis of accounting, Accounting changes). The difference to 2017 and 2018 is not comparable with the years 2019 to 2022.
2 The figures have been adjusted (see Notes to the 2021 Group annual financial statements, Note 2.2, Accounting changes). The years 2018 and 2019 are not comparable with the years 2020 to 2022.
3 Normalized figure. See section "One-off item in 2021" on page 46.

The increase in personnel expenses was the result of higher expenses for wages and salaries, employee benefit expenses and other personnel expenses. Resale merchandise and service expenses stood at 1,490 million francs, The increase of 50 million francs is due, in part, to higher service expenses as a result of inflation and acquisitions. The increase in expenses for financial services of 24 million francs was mainly due to expenses from repurchase transactions. Other operating expenses decreased by 8 million francs in 2022. Expenses for depreciation and impairment rose by 25 million francs to 467 million francs.

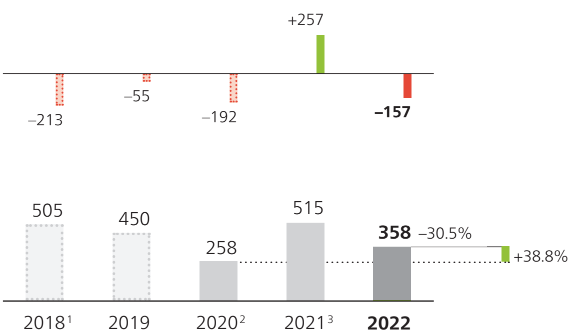
Operating profit

Volatile market changes weigh on operating profit.

Swiss Post generated an operating profit of 358 million francs in 2022. This represents a decrease of 157 million francs in comparison with the normalized prior-year figure. The decrease reflects the challenges Swiss Post faces in its core markets. While the volume trends and inflation had a negative impact on Logistics Services, falling interest income and the volatile market environment weighed on the result at PostFinance. Both segments nevertheless continue to make the highest contribution to Swiss Post's operating profit. The decline in volumes also had an impact at PostalNetwork, where the operating result was down year-on-year. Implementation of the "Swiss Post of tomorrow" strategy is progressing as planned, as is most clearly evident in the development of the Communication Services segment. Mobility Services improved its result due to the recovery in demand for public transport.

Operating profit declines as a result of challenges in logistics services and financial services

Group | Operating profit in CHF million
2018 to 2022
2020 = 100%



1 The figure has been adjusted (see Notes to the 2019 Group annual financial statements, Basis of accounting, Accounting changes and Discontinued operations). The difference to 2017 is not comparable with the years 2018 to 2022.
2 The figures have been adjusted (see Notes to the 2021 Group annual financial statements, Note 2.2, Accounting changes). The years 2018 and 2019 are not comparable with the years 2020 to 2022.
3 Normalized figures. See section "One-off item in 2021" on page 46.

Group profit

Lower operating profit leads to lower Group profit.

Financial income totalled 64 million francs, with financial expenses standing at 66 million francs. Net income from associates and joint ventures stood at –1 million francs, down 24 million francs from the previous year's level. Expenses for income taxes fell by 13 million francs in comparison with the prior-year figure to 88 million francs. This resulted in Group profit of 295 million francs for 2022, which is 157 million francs less than normalized Group profit for 2021.

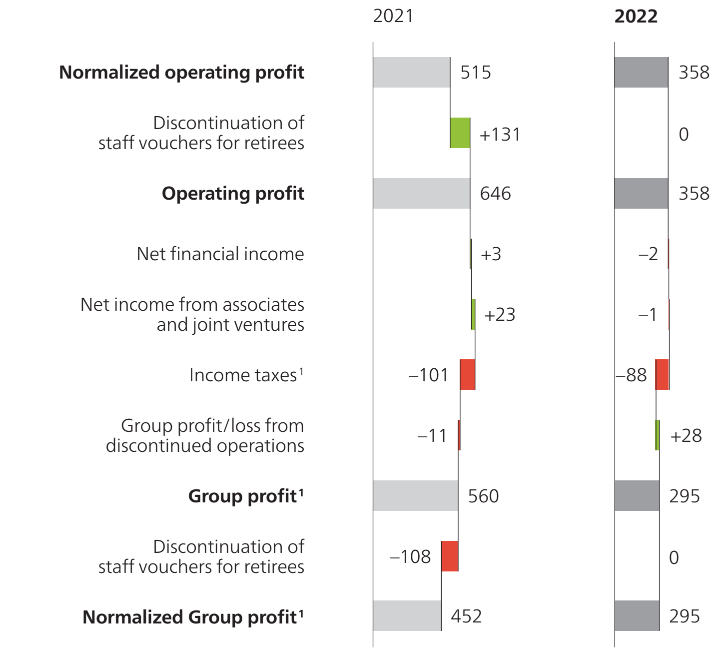
One-off item in 2021

The financial result as at 31 December 2021 included the following one-off item, which has been normalized in the management report to improve comparability with previous years:

By annulling the regulation on issuing staff vouchers to retirees from 2022, provisions from other long-term employee benefits of 131 million francs were released to income. This was accompanied by a reduction of deferred tax assets of 23 million francs in profit or loss. Due to the amended regulation and without normalization, a comparison with the prior-year operating profit and Group profit would be limited. The two items recognized in profit or loss are therefore normalized in the notes on the result as at 31 December 2021. Reconciliation to operating profit as per IFRS and Group profit as per IFRS, respectively, is shown in the table below.

Operating profit and Group profit affected by a one-off item in previous year

Group | One-off item in operating profit and Group profit in CHF million
1.1. to 31.12. in 2021 and 2022



1 The figure has been adjusted (see Notes to the 2022 Group annual financial statements, Note 2.2, Accounting changes).

Segment results

Overview

Group | Segment results 1.1. to 31.12.2022 with prior-year period CHF million, percent, full-time equivalents	Operating income[1] CHF million		Operating result[1,2] CHF million		Margin[3] Percent		Headcount[4] Full-time equivalents	
	2021	2022	2021[5]	2022	2021[5]	2022	2021	2022
Logistics Services	4,176	4,194	465	358	11.1	8.5	20,291	21,032
Communication Services	38	73	–80	–72	–	–	247	474
PostalNetwork	613	577	–68	–71	–	–	3,509	3,373
Mobility Services[6]	1,083	1,069	18	27			2,764	2,747
PostFinance[7]	1,624	1,566	272	229			3,237	3,250
Functions and Management[8]	953	936	–111	–121			3,159	3,196
Consolidation[9]	–1,610	–1,556	19	8				
Group	**6,877**	**6,859**	**515**	**358**	**7.5**	**5.2**	**33,207**	**34,072**

1 Operating income and operating result by segment are reported before management, licence fees and net cost compensation.
2 Operating result corresponds to earnings before net non-operating financial income/expenses and taxes (EBIT).
3 PostFinance uses the indicator return on equity; no EBIT margin is reported for Mobility Services with regard to its business model; no margin is calculated for "Functions and Management"; negative margins are not reported.
4 Average expressed in terms of full-time equivalents (excluding trainees).
5 Normalized figures.
6 Within the field of regional public transport, PostBus Ltd is subject to the DETEC ordinance on the accounting of licensed businesses (ALEO). There are differences between the ALEO and the IFRS results.
7 PostFinance Ltd also applies the FINMA Accounting Ordinance and FINMA Circular 2020/1 "Accounting – banks". There are differences between the results in accordance with "Accounting – banks" and those as per IFRS.
8 Includes function units (e.g. Real Estate, Informatics, Human Resources, Finance and Communication).
9 The consolidation effects also include the IC items for the discontinued operation Swiss Post Solutions. Operating income from 1 January to 30 March 2022 (date of sale): 13 million francs (operating income from 1 January to 31 December 2021: 38 million francs); operating profit from 1 January to 30 March 2022 (date of sale): 10 million francs (operating profit from 1 January to 31 December 2021: 20 million francs).

Logistics Services

A decline in volumes and inflation weighed on the result.

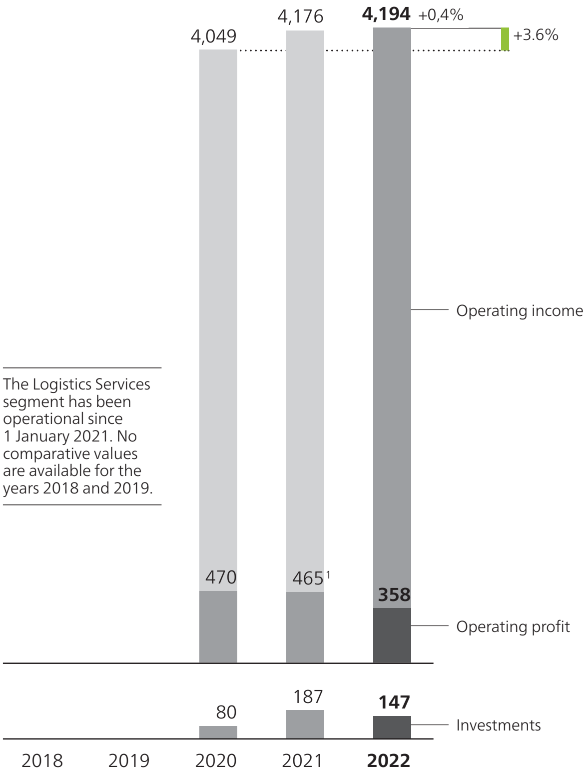
In 2022, Logistics Services generated an operating profit of 358 million francs, down 107 million francs year-on-year. The result was reduced in particular by the decline in letter and parcel volumes, but also in import and export as well as unaddressed promotional mailings and subscription newspapers. The lifting of the pandemic measures, bottlenecks in deliveries from Asia and historically low consumer confidence had a negative impact on volumes. Persistently high inflation also resulted in a significant increase in costs. Higher fuel and energy costs and a rise in procurement costs for operating and construction materials presented a challenge. In the domestic letter business, the price adjustments that came into effect from 2022 had a stabilizing effect on the result, but could not offset the decline in volumes. In goods logistics, the declines in revenue due to economic conditions were more than offset by the acquisition of new subsidiaries.

Operating income totalled 4,194 million francs, exceeding the previous year's total by 18 million francs. The volume declines set out above, particularly in domestic and international parcels (–4 percent) and in the import and export of letters and small goods (–12 percent), led to lower operating income in the core business. In terms of income, this decline was more than offset by the acquisitions of new subsidiaries in the course of 2021 and 2022.

Operating expenses increased by a total of 125 million francs year-on-year to 3,836 million francs. The main reason for the increase was a 68 million franc rise in personnel expenses due, on one hand, to greater personnel expenses related to acquisitions and, on the other, additional staff required to expand capacity and for quality assurance, particularly in parcel processing. As a result, average headcount increased by 741 to 21,032 full-time equivalents. Higher raw material and fuel prices, as well as a rise in the procurement costs for the construction materials required for the new parcel centers, resulted in significant additional expenditure.

Challenging environment impacts profit trend in recent years

Logistics Services | Operating income, operating profit and investments in CHF million
2020 to 2022



1 Normalized figure.

Operating profit at Logistics Services has fallen sharply over the past three years due to volatile conditions in the core markets of letters, parcels, advertising and goods logistics. The COVID-19 pandemic led to huge growth in the parcel and goods logistics market, but at the same time to a substantial decline in the advertising market and addressed letters. The brief period of normalization after the pandemic saw volumes shift back to over-the-counter retail in the parcel market to some extent. The subsequent period of geopolitical uncertainty, with sharply higher inflation and historically low consumer confidence, resulted in a decline in demand in all core markets. Operating income has nevertheless risen overall over the past three years. This is due in particular to company acquisitions in goods logistics. The higher volume of parcels over time also contributed to the additional revenue. For letters, on the other hand, the price adjustments introduced failed to offset the decline in volumes.

Higher energy and fuel prices and the upgrading of logistics infrastructure planned long-term resulted in a rise in expenditure. The structural change towards digitization is currently continuing unabated. This development is not only having a negative impact on the letter and newspaper business, but also on the physical advertising market. Here, expenses could not be adjusted to the extent required to match the volume trend.

By investing in parcel processing and regional sorting centers, Logistics Services is ensuring high-quality processing of the volumes. Through targeted acquisitions, Logistics Services expanded its core competency in the logistics market and strengthened its position as a reliable logistics partner for many SMEs.

Communication Services

Implementation of the acquisition strategy leads to increase in operating income and operating profit.

Operating profit at the Communication Services Group unit, which is currently under development, stood at –72 million francs in 2022, exceeding expectations. Compared to the previous year, this represents an improvement in the result of 8 million francs.

Operating income totalled around 73 million francs. The increase of 35 million francs represents almost a two-fold rise. The main contributors to this increase were Tresorit Group, SwissSign Group and DIALOG VERWALTUNGS-DATA AG, which were acquired in the second half of 2021. Income growth was boosted by further acquisitions during the second half of 2022.

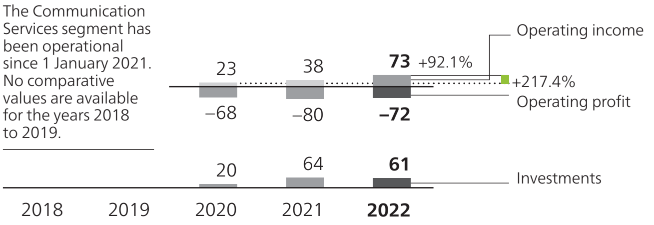
Operating expenses amounted to 145 million francs, up 27 million francs year-on-year. The acquisition of the above-mentioned companies in the second half of 2021 are the main drivers behind this higher expenditure, which was offset to some extent by lower expenses on personnel and in Informatics. Lower development expenses in e-voting also contributed to an improved result.

As a result of the company acquisitions, average accumulated headcount rose from 227 to 474 full-time equivalents.

Continuation of development strategy via acquisitions impact the financial result

Communication Services | Operating income, operating profit and investments in CHF million
2020 to 2022

The Communication Services segment has been operational since 1 January 2021. No comparative values are available for the years 2018 to 2019.



During the period under review, operating income rose from 23 million francs to 73 million francs, representing an average growth rate of 78 percent. This increase is largely attributable to the growth of acquired subsidiaries. Over the same period, operating profit fell by just 4 million francs to –72 million francs despite the required development costs for the new segment. As a result, this development exceeds expectations.

With an outlay of 61 million francs, Communication Services also invested in the strategy-compliant development of the newly created segment in 2022. The investments related primarily to the acquisition of new companies. Through these investments, Communication Services is focusing on individual companies that complement services in the core market of communication, while also meeting the strategic goals set by the owner.

PostalNetwork

Only slight fall in operating profit despite further decline in volumes.

Thanks to network development and the consistent adaptation of resources to meet volume trends, losses in the core business of letters and inpayments were almost offset. At –71 million francs, PostalNetwork's operating result was 3 million francs lower in 2022 than in the previous year.

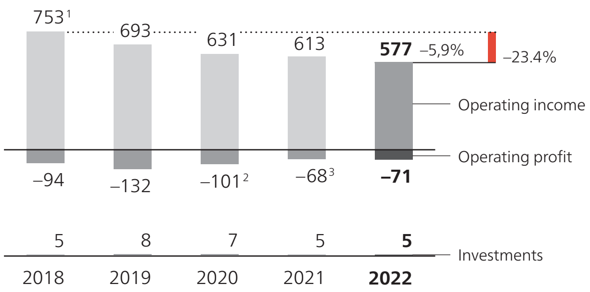
PostalNetwork generated operating income of 577 million francs in 2022, down 36 million francs year-on-year. Income from logistics products fell by 16 million francs. Both letter and parcel volumes declined compared to the previous year. The ongoing decline in payment transactions as a result of substitution by e-banking continued (–15 percent). Declining volumes in payment transactions resulted in a 19 million franc drop in revenue from financial products overall. Net revenue from third-party business fell by 4 million francs, although income from opening the network to partners was generated for the first time. Philately revenue increased by 3 million francs.

Operating expenses stood at 648 million francs. They were reduced by 33 million francs compared with the previous year. Personnel expenses were down 14 million francs, due largely to a reduction in full-time equivalents attributable to network development. Resale merchandise and service expenses decreased by 8 million francs due to lower volumes in the core business and lower revenue in complementary business. Other operating expenses decreased by 11 million francs. Depreciation and amortization remained steady year-on-year.

Headcount fell by 136 to 3,373 full-time equivalents year-on-year, primarily due to network development.

Decline in volumes has negative impact on PostalNetwork

PostalNetwork | Operating income, operating profit and investments in CHF million
2018 to 2022



1 The figure has been adjusted (see Notes to the 2019 Group annual financial statements, Basis of accounting, Accounting changes and Discontinued operations).
2 The figure has been adjusted (see Notes to the 2021 Group annual financial statements, Note 2.2, Accounting changes).
3 Normalized figure.

Operating profit at PostalNetwork has improved since 2018, from –94 million francs to –71 million francs. The focus during the observation period has been on reducing the negative contribution to results. Network development plays an important role in this. The decline in operating income was absorbed by the measures introduced in the past few years, and efficiency improvements in the network led to a significant improvement in results.

Investments have remained constant in recent years, allowing PostalNetwork to ensure fulfilment of its share of the universal service.

Mobility Services

Operating result up due to recovery in demand for public transport.

Operating profit increased by 9 million francs to 27 million francs compared to the prior-year period. Relative to the offer, PostBus achieved higher income (including compensatory payments) in the franchised transport businesses. This was partly offset by additional costs. Lower employee benefit expenses also contributed to an improvement in the result. The offsetting of the reserves under a special statutory regime against the compensation for loss of revenue during COVID-19 also weighed on the previous year's result. The result at Post Company Cars came in below the previous year's level. After rising fuel prices increased the margin to a disproportionately high extent in 2021, it stabilized as a result of stagnating raw material prices. The growth in fleet management for third-party customers could only offset the negative effects to some extent.

Operating income fell by 14 million francs year-on-year. The decline is mainly due to the cessation of PostBus operations in Liechtenstein and the sale of PubliBike. PostBus partially offset lower income due to the loss of replacement services through a recovery in demand and the associated higher income from transport services in franchised business. Post Company Cars increased its earnings due to new customer acquisitions in third-party business and the increase in fuel prices.

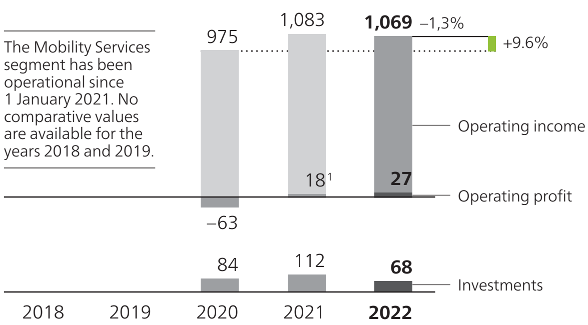
Operating expenses fell by 23 million francs compared to the same period of the previous year. The decrease is mainly due to the discontinuation of PubliBike and the cessation of PostBus operations in Liechtenstein. The decline in replacement transport led to lower expenses at PostBus. Higher purchase prices for fuel, additional costs due to the growth in third-party business and rising vehicle expenses for the Swiss Post fleet increased operating expenses at Post Company Cars.

The number of full-time equivalents fell by 17 to 2,747. As a result of the disposals of PostAuto Liechtenstein and PubliBike, the headcount was reduced by 112 full-time equivalents. The increase of 95 full-time equivalents at PostBus is due in particular to the expansion of services in the West region and the integration of PostBus operators.

Recovery in demand for public transport boosts operating profit

Mobility Services | Operating income, operating profit and investments in CHF million
2020 to 2022

The Mobility Services segment has been operational since 1 January 2021. No comparative values are available for the years 2018 and 2019.



1 Normalized figure.

Operating profit has risen in the last three years. The COVID-19 pandemic had a major impact in 2020, particularly at PostBus. In 2021, the remaining reserves subject to a special statutory regime were offset against COVID-19 loss-of-revenue compensation, weighing on the previous year's result.

Operating income grew by an average of 5 percent over the reporting period. In 2020, demand for services at PostBus collapsed as a result of the coronavirus pandemic. Passenger numbers have since recovered and had almost returned to the pre-pandemic level last year.

Operating expenses climbed due to the expansion of services at PostBus, the positive development in fleet management and the general price trend. The cessation of operations in Liechtenstein and the disposal of PubliBike largely offset these effects.

Investments in the last three years averaged 88 million francs. They mainly concerned replacements and new acquisitions in the vehicle fleet. Cyclical vehicle procurement and the expansion of services have led to fluctuations in annual investment at PostBus. Growth in third-party customer business and the electrification of the delivery fleet meant there were higher investment volumes at Post Company Cars. Owing to supply issues in the vehicle industry, not all planned investment could be made in 2022.

PostFinance

Decline in income results in lower operating profit.

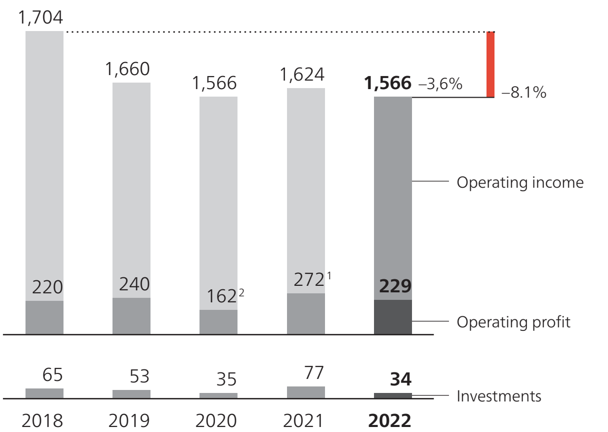
In 2022, PostFinance generated an operating profit of 229 million francs, down 43 million francs year-on-year.

Operating income was down 58 million francs to 1,566 million francs. Interest income on financial assets continued to decline due to market conditions. As a result of the Swiss National Bank's (SNB) historic decision to return to positive policy rates after around eight years, PostFinance cancelled its customer asset fees for private and business customers with effect from 1 October 2022. At the same time, PostFinance suffered a loss of income from negative interest rates on the interbank money market. This was offset by new income from interest on credit balances at the SNB and higher returns from new investment tranches in the investment business. In the reporting period, this meant interest income came in 23 million francs below the previous year's level. In view of the higher capital market interest rates, a significant increase in interest income on financial investments can be anticipated. PostFinance has worked hard on its positioning as an investment bank over recent years. It has developed competencies, extended its product range and launched new, digital investment solutions. However, this approach and the banking package fees introduced for private customers in July 2021 were unable to offset the accelerated decline in physical payment transactions at Swiss Post branches, which meant its income from services and commission business fell by 14 million francs. The result from trading activities fell by 9 million francs year-on-year. While higher earnings from euro exchange at Swiss Post branches, credit cards and foreign currency withdrawals at Postomats led to higher profit from foreign exchange trading, they were reduced by valuation losses on hedging transactions against exchange rate fluctuations. The result from financial investments was down by 9 million francs. This includes valuation effects from early repayments and the disposal of financial investments.

Operating expenses decreased by 15 million francs year-on-year to 1,337 million francs. Personnel expenses fell by 5 million francs, primarily due to employee benefit expenses. Lower expenses in the programme and project business reduced operating expenses by a further 19 million francs. Expenses from financial services rose by 5 million francs due to interest expenses from repo transactions with banks. Lower expenses on inpayments and e-trading were unable to offset this.

Lower operating income from interest operations and physical payment transactions

PostFinance | Operating income, operating profit and investments in CHF million
2018 to 2022



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

Average headcount stood at 3,250 full-time equivalents and rose by 13 full-time equivalents year-on-year due to the internalization of external specialists. As part of its strategic focus, PostFinance is placing an emphasis on the simplification and digitization of its processes. Vacant positions were therefore only partly filled. However, PostFinance is focusing its investments on new business areas and the specialists they require, in particular at the IT and Data Driven Company units.

As interest rates have been low or even negative for years, the interest margin has been eroded. The interest income earned on financial investments in the core business has therefore fallen for a number of years due to market conditions. The interest differential business is the most important source of revenue for PostFinance. PostFinance is also operating in a challenging regulatory environment. The competitive disadvantage of not being allowed to grant loans and mortgages independently was accentuated and is reflected in lower operating income and operating profit over the last five years.

In 2022, the SNB increased the policy rate and interest on sight deposits for the first time since 2015, gradually raising it to 1.0 percent. The gradual normalization of interest margins through rising capital market interest rates provides PostFinance with an opportunity to improve its profitability appreciably in the future.

PostFinance operates in a dynamic market environment with ever greater competition. The ongoing digitization of banking services has resulted in more and more global technology companies, as well as fintech startups, forcing their way onto the market. PostFinance has therefore focused its strategy even more strongly on the digital world.

Functions and Management

In 2022, the operating result for the function units fell by 10 million francs to –121 million francs.

Higher expenses for Real Estate and IT maintenance put further strain on operating profit.

Higher maintenance costs in Informatics and an increase in expenses in Real Estate weighed on the result in 2022 with an additional 16 million francs. There were also higher expenses of 9 million francs in Insurance Management. The resulting negative effects were partially offset by the absence of one-off expenses related to the implementation of the “Swiss Post of tomorrow” strategy and lower project costs.

Average headcount rose by 1 percent to 3,196 full-time equivalents. The additions were mainly made in the Human Resources, Informatics and Finance units. This was due to the insourcing of external staff as well as the increased need for support to implement the growth strategy.

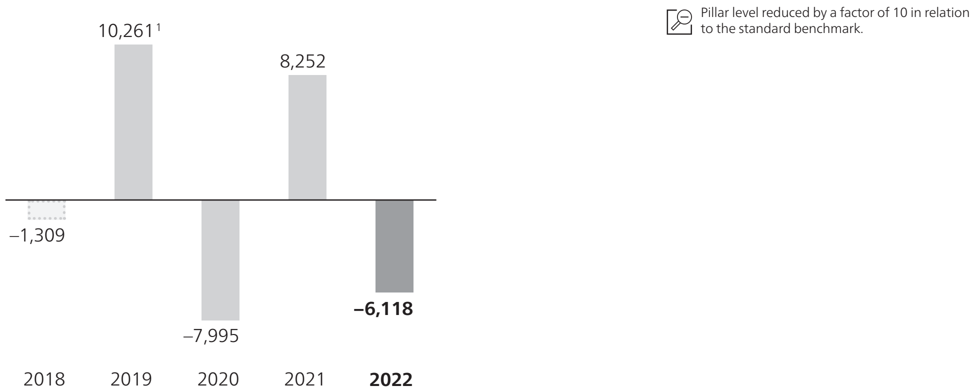
Assets and financial situation

Cash flow and investments

Cash flow from operating activities totalled –6,118 million francs in 2022. Cash flow from operating activities of 8,252 million francs was recorded in the 2021 comparison period. The outflow of funds in 2022 mainly concerned the financial services business. For more information on changes in the consolidated cash flow statement, see page 98.

Cash outflow justified by lower outstanding amounts in the financing business at PostFinance

Group | Cash flow in CHF million
2018 to 2022

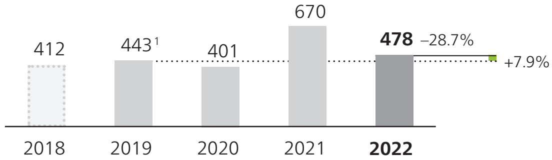


1 The figure has been adjusted (see Notes to the 2020 Group annual financial statements, Basis of accounting and Accounting changes). The year 2018 is not comparable with the years 2019 to 2022.

Overall, investments in property, plant and equipment (323 million francs, for the most part in operating property and vehicles), as well as in investment property (37 million francs), intangible assets (21 million francs) and interests (97 million francs) were down 192 million francs on the previous year. Swiss Post will invest in even more efficient processing and in the “Swiss Post of tomorrow” strategy over the coming year. Investments will be made mainly in Switzerland in the area of property, plant and equipment, as well as in interests.

Continuation of the “Swiss Post of tomorrow” strategy requires further investment

Group | Investments in CHF million
2018 to 2022



1 The figure has been adjusted (see Notes to the 2020 Group annual financial statements, Basis of accounting and Accounting changes). The year 2018 is not comparable with the years 2019 to 2022.

Net debt

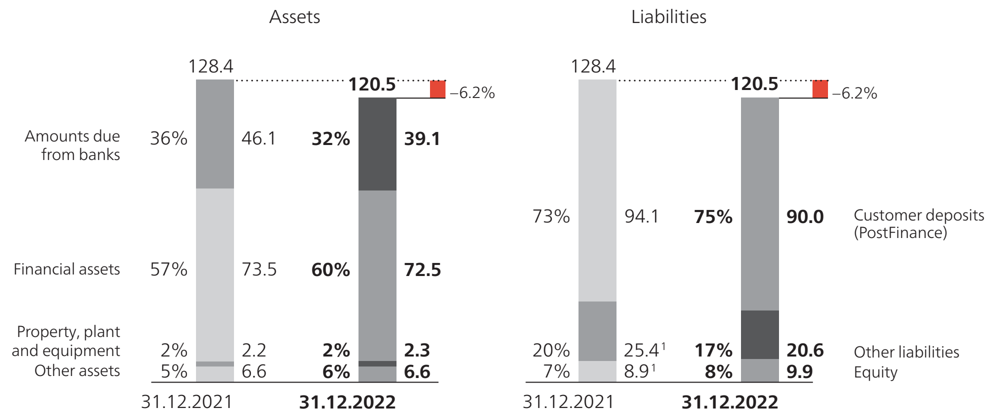
Swiss Post has been set a strategic goal by the owner that the ratio of net debt to EBITDA (operating profit before depreciation and amortization) may not exceed a maximum value of 1. Customer deposits and financial investments of PostFinance Ltd are not included in the calculation of this indicator. Values above the maximum are possible in the short term. Values below the target indicate financial leeway for Swiss Post. The strategic target was met in 2022.

Consolidated balance sheet

In comparison with 31 December 2021, amounts due from banks decreased by 7 billion francs. This was due to borrowing of short-term funds from the financial services business in 2021.

Lower outstanding amounts from financing transactions lead to balance sheet contraction

Group | Balance sheet structure in CHF billion
As at 31.12.2021 and 31.12.2022



1 The figures have been adjusted (see Notes to the 2022 Group annual financial statements, Note 2.2, Accounting changes).

Financial assets

In comparison with 31 December 2021, financial assets decreased by 1 billion francs, which is primarily attributable to PostFinance.

Property, plant and equipment

The carrying amount for property, plant and equipment rose by around 0.1 billion francs compared with 31 December 2021. The constant high value can be explained by increased investment activity, particularly in new processing centers at Logistics Services.

Customer deposits

Within a one-year period, customer deposits at PostFinance have fallen by 4.1 billion francs to 90 billion francs. As at 31 December 2022, customer deposits accounted for around 75 percent of the Group's total assets (previous year: 73 percent).

Other liabilities

Other liabilities fell significantly as at 31 December 2022. The decline is mainly due to the development of other financial liabilities from banking transactions. These are current liabilities from PostFinance repo transactions. Provisions excluding employee benefits fell by 36 million francs to 228 million francs in total. Employee benefit obligations fell by 918 million francs to 11 million francs due to the rapid rise in interest rates in 2022.

Equity

Consolidated equity as at 31 December 2022 (9.9 billion francs) is calculated net of the appropriation of profit for 2021.

Outlook

According to the Swiss National Bank SNB, the global economic outlook for the coming quarters is weak. In particular, the energy situation in Europe, the loss of purchasing power due to inflation and tighter financing conditions are having a negative effect. Inflation will remain elevated for the time being. Over the medium term, however, it should return to a more moderate level, not least due to the increasingly tighter monetary policy in many countries.

Gross domestic product (GDP) rose by around 2 percent in 2022. However, weaker demand from abroad and the high energy prices are likely to curb economic activity markedly in 2023. Against this backdrop, the SNB expects GDP growth of around 0.5 percent for 2023.

In these challenging times for society as a whole, it is clear that Swiss Post's services are central to the economy and the public. To ensure that Swiss Post can continue to play this important role in Switzerland in the future, the company is taking a very close look at its fundamental and still challenging operating framework. Its aspiration, to be able to continue to provide the universal service without external funding, remains unchanged.

Non-financial results of a material nature

As well as financial and market-based goals, Swiss Post also pursues the following strategic, non-financial goals:

- Annual measurement of customer satisfaction
- Employees:
  - Swiss Post pursues a progressive and socially responsible human resources policy, offers attractive employment conditions that ensure its competitiveness, and is committed to measures that enable its employees to achieve a healthy work-life balance.
  - Thanks to its management style, its employee development and its communication, Swiss Post establishes trust among employees, offers modern basic vocational training and boosts the employability of its staff by means of sustainable training and development measures.
  - Swiss Post conducts negotiations on the conclusion of a collective employment contract on behalf of Swiss Post and its subsidiaries in Switzerland.
  - In return for extraordinary contributions to the pension fund, Swiss Post ensures that insured persons make a reasonable contribution to the financing of the pension fund and informs the owner in good time.
- Climate and energy:
  - Swiss Post will make letter and parcel delivery in urban centers carbon neutral from 2025.
  - Swiss Post aims to be completely carbon neutral in its in-house operations from 2030. This includes switching to alternative drive systems, acquiring 100 percent of electricity from renewable energy sources and withdrawing from fossil fuel heating.
  - Swiss Post aims to reach net zero across its entire value chain from 2040.

Customer satisfaction

Customers have been satisfied with Swiss Post for years.

Customers were once again satisfied with Swiss Post's services in 2022. It continues to successfully align its services with customer requirements. The customers surveyed gave Swiss Post an overall score of 76 points (overall satisfaction).

Customer satisfaction is indexed on a scale from 0 to 100 (interpretation of scores: 0–64 = dissatisfied, 65–79 = satisfied, 80–100 = very satisfied).

Group | Customer satisfaction

2022 Index 100 = maximum	Brand	2022[1]
Group		76
Communication and logistics business area	Swiss Post	74
Major customers	Swiss Post	77
Small/medium-sized customers	Swiss Post	71
Private customers	Swiss Post	73
Financial services business area	PostFinance	78
Major customers	PostFinance	78
Small/medium-sized customers	PostFinance	76
Private customers	PostFinance	79
Passenger transport business area	PostBus	80
Private customers	PostBus	80

1 2022 represents a baseline measurement. Owing to changes to the organizational structure and new weightings, no comparable prior- year figures are available.

The 2022 survey is a baseline measurement for customer satisfaction: the results fully reflect the new organizational structure based on the "Swiss Post of tomorrow" strategy. The business areas (communication and logistics, financial services and passenger transport) can now be broken down into up to three customer segments which differ significantly in terms of support model and use of products and services. The Group unit Communication Services is now part of the survey, which also takes account of the merger of PostMail and PostLogistics to form the Group unit Logistics Services. Swiss Post Solutions is no longer included, as Swiss Post completed the sale of this unit in 2022.

Customers gave the services of the communication and logistics business area (Logistics Services, Communication Services and PostalNetwork Group units) a score of 74 points. Within this business area, major customers are the most satisfied at 77 points. The greatest room for optimization lies amongst small and medium-sized business customers, who, while still satisfied at 71 points, give Swiss Post's services a much lower score than major customers.

Customers are satisfied with the services of the financial services business area (PostFinance): overall satisfaction stands at 78 points. The highest level of satisfaction was amongst private customers with a score of 79 points. Major customers gave PostFinance's services a score of 78 points.

In the passenger transport business area (PostBus), private customers are very satisfied with the services. Overall satisfaction stands at 80 points. This is the best result compared with the other business areas.

Independent market research institutes commissioned

The customer satisfaction measurements were carried out by three independent market research institutes in 2022. Link Marketing Services AG is responsible for the measurement of the Logistics Services, Communication Services, PostFinance and PostBus Group units, while Intervista AG and amPuls Marktforschung AG carried out the measurement for PostalNetwork. In total, around 17,000 customers were surveyed, including 5,000 business customers.

Employees

Employee satisfaction

Another very good result and better rating of implementation of the "Swiss Post of tomorrow" strategy.

The employee survey conducted annually indicates that employees are very satisfied with Swiss Post as an employer. "My direct manager" and "My team" once again received particularly good scores at 83 and 80 points respectively. The result shows that employees increasingly perceive Swiss Post as an attractive employer and their commitment is growing.

Group | Employee survey

2020, Index 100 = maximum[1]	2021	2022
My work	77	77
My team	80	80
My direct manager	83	83
Our corporate culture	76	77
Our Swiss Post	76	77
My commitment[2]	N/A	80
Our employee survey	78	78
The future of my job[3]	N/A	74

1 Survey model: 0–49 points: negative score; 50–64 points: low positive score; 65–84 points: average positive score; 85–100 points: high positive score. In view of the disposal of the Swiss Post Solutions (SPS) unit, the previous year's figures were corrected retrospectively to take account of the effect of SPS.
2 Due to changes to the survey, the index is not comparable with the figures from 2020 and 2021.
3 New thematic section from 2022.

The "My work" index remained unchanged at 77 points compared with 2021. Employees now assessed how they view the future of their job here. While the theme received the lowest score at Group level compared with the other themes surveyed at 74 points, its score is still positive.

The two strategic thematic areas concerning the Swiss Post of tomorrow, "Our Swiss Post" at 77 points and "Our corporate culture" at 77 points, improved their score by one point compared with the previous year. This indicates the employees have even greater faith in the Group strategy and believe Swiss Post is developing towards the culture of tomorrow.

In the additional "Health and social aspects" survey, the assessment of physical and mental health declined slightly compared with the 2020 survey (the survey is carried out every two years). Internal factors, such as "Support resources" or "Time pressure", improved compared with the last survey. This means the result was mainly influenced by external factors (such as the pandemic and the Ukraine conflict). The result reflects the general perception that the state of health in society is deteriorating.

Swiss Post carried out the employee survey completely online for the first time in 2022. Employees without an e-mail account were invited to take part online via letter with a link/QR code. The response rate was 73 percent. This signifies an increase of 2.2 percentage points compared to the previous year. This impressive result shows the digital format also works very well in units mainly made up of operational staff.

Development of employees and leaders

Swiss Post promotes collaborative learning formats.

Swiss Post provides its employees with exemplary employment conditions and opportunities for development at every level and at all ages compared to other companies in the sector. Various internal programmes in different learning formats are available to employees. Networks support and promote a collaborative learning culture. In 2022, employees received support in the form of individual development measures worth around 9 million francs from external training providers. Swiss Post contributed around 7 million francs.

To improve the internal and external employability of staff, Swiss Post continues to support the "Professionally Fit" initiative, which achieves this goal through targeted measures. With personal advice, reviews and workshops provided by the in-house Job Center, Swiss Post promotes the professional development of all employees in a targeted way.

Promoting apprentices and young talent

Whether a one-year integration apprenticeship in logistics or four-year training as an IT technician with the Federal VET Diploma: on average 1,839 apprentices in 19 professions were in training at Swiss Post in Switzerland in 2022 in the areas of logistics, maintenance, retail, commerce or ICT. The number of apprentices equates to around 5.5 percent of Swiss Post's total headcount in Switzerland.

Swiss Post is Switzerland's third-largest training company. 97 percent of its apprentices passed their final examinations in 2022. Around 65 percent of newly qualified professionals found employment at Swiss Post after their apprenticeship.

Swiss Post enables around 30 university graduates to enter the working world as part of its in-house trainee programme. Around 90 percent of these talented young professionals remain with the company after completing the programme.

About 750 apprentices commenced their training with Swiss Post in August 2022. Swiss Post received around 16,000 applications from apprenticeship candidates and filled 97 percent of its vacancies. By comparison, 14 percent of apprenticeships remain unfilled across all professions nationwide. Competition for talent has intensified significantly, making it more challenging to fill apprenticeships with suitable candidates. Original and target-group-specific marketing measures are being used to counteract this trend. Swiss Post apprentices gave presentations on their professions and wide-ranging training opportunities to dozens of school classes. At SwissSkills, the national championship, Swiss Post was present with its own stand.

New skills are needed

Extensive investment in the development of new skills for the Swiss Post of tomorrow

The digital transformation requires employees to acquire new and different skills. Through the “Learning next Level” project, Swiss Post is establishing the basis to promote self-managed learning that is integrated into everyday working life. As well as setting up an innovative learning platform, which will be introduced progressively during 2023, the project works with the Group units on targeted measures to create the right environment for independent learning.

Swiss Post’s “Digital Champions” programme aims to improve the digital skills of employees Group-wide. A programme was created for various target groups that helps participants to acquire specific, practical skills through self-learning modules, workshops and community networking.

To ensure Swiss Post performs its role in the transformation optimally, over 500 senior managers completed a leadership programme tailored to Swiss Post’s strategy. These employees with line, specialist or project leadership roles focus on their contribution to the transformation in workshops and by undertaking a customized learning journey.

Job Center

Swiss Post’s Job Center supports and advises employees on their professional development, career-related matters and vocational reorientation. In 2022, the Job Center provided 789 career guidance sessions and 437 consultations on vocational reorientation.

The Job Center held workshops on the following topics in 2022: Professionally Fit (30), personal branding (33), interviews (8), applications (13), applications for over-50s (5). These workshops helped 490 employees to determine their career development.

Human resources policy

With its human resources policy, Swiss Post acknowledges its social and societal responsibilities as both a systemically important institution in Switzerland and as an employer in other countries. The human resources policy was comprehensively updated as part of the “Swiss Post of tomorrow” strategy. The new version entered into force on 1 January 2022. It builds on the human resources policy goals set by the Federal Council and provides the framework for implementing the human resources policy in the Swiss Post of tomorrow (➔ swisspost.ch/human-resources-policy). It also defines the human resources policy framework for partnerships and investments.

Swiss Post: an attractive employer

Image and attractiveness as an employer continue to develop positively.

As Switzerland’s third largest employer, being perceived as an attractive, modern employer by potential employees is of strategic relevance to Swiss Post.

Conveying knowledge about innovative forward-looking topics, cultural change and the vast array of job and development opportunities plays a vital role in raising the profile of and generating enthusiasm for Swiss Post as an employer. By doing so, Swiss Post wants to attract employees with the skills and abilities it needs.

Swiss Post needs to actively position itself on the labour market at a time when there is a shortage of specialists and a wave of staff retirements, growing competition on the employment market, the advance of digitization and rising professional mobility. Against this background, Swiss Post launched its new image on the internal and external labour markets in 2022. Its positioning is based on the claim “Paint the future yellow”. The results of the regular evaluation of Swiss Post’s image as an employer indicated a positive trend. Compared with 2019, respondents rated Swiss Post’s image as an employer slightly better, while there has been constant improvement since the first evaluation in 2017. The employer image of the Confederation, SBB, Migros and Swisscom scored higher than that of Swiss Post by a few points. However, Swiss Post performed significantly better than other companies in the logistics sector.

Swiss Post advertised around 3,800 vacancies in 2022 and received almost 62,000 applications (excluding apprenticeships, PostFinance jobs and temporary positions). Logistics Services accounted for around 48 percent of the vacancies advertised. On average, Swiss Post always has 350 to 400 vacancies.

Recruitment		2021	2022
Quantity			
Vacancies	Quantity [1]	3,300	3,800
Applications	Quantity [1]	62,000	61,900
Time period			
Average duration from submission of application to filling of the vacancy	Days	28	29
Quality			
Share of applications classified as very good in the pre-selection stage	Percent	Around 10%	Around 10%
Willingness to recommend			
Proportion of applicants who would recommend applying to Swiss Post to a friend	Percent	N/A [2]	56%

1 Rounded.
2 Satisfaction was surveyed in 2021 and willingness to recommend in 2022.

Social Counselling Service, Swiss Post Personnel Fund, Case Management

As a socially responsible employer, Swiss Post provides various advisory services and initiatives to promote good health.

Social Counselling Service

180 apprentices from Logistics Services attended the "Mutual respect" workshop.

Swiss Post's Social Counselling Service supports employees facing difficult times privately and professionally. It assists leaders and HR advisors in dealing with the employees and teams concerned in complex conflicts and crisis situations, and provides a range of training. 2,326 people used the Social Counselling Service's advisory services in 2022.

The Social Counselling Service also provides training: over 300 leaders and employees attended prevention seminars on addiction and bullying, sexual harassment and discrimination in 2022. The Social Counselling Service gave 633 apprentices training on finance shortly after starting at the company. Over 180 apprentices from Logistics Services also attended the "Mutual respect" workshop.

The Social Counselling Service operates Swiss Post's crisis helpline during working hours, outside of which it is operated by Medicall. In 2022, the Social Counselling Service supported employees in 115 acute crisis situations. The calls mainly concerned mental health crises and acute problems at the workplace, but also accidents or deaths.

Swiss Post Personnel Fund

The Swiss Post Personnel Fund foundation supports employees and people in retirement facing emergency social situations by providing budgeting advice courses, assistance contributions or loans. The fund makes a financial contribution to "Reka-Ferien" in Switzerland, a holiday scheme for employees with family obligations living in modest circumstances. In 2022, the Swiss Post Personnel Fund supported 358 people with "À-fonds-perdu" contributions worth 1,261,219 francs and granted loans to 68 people with a total value of 406,919 francs.

Case Management

Swiss Post's Case Management (CM) supports Swiss Post employees who are ill or have suffered accidents and face complex health situations on the path back to work. This is the case in around a quarter of all long-term absences (less complex cases are handled by HR Consulting). Case Management coordinates and advises internal and external partners on the occupational reintegration of employees. Internally, CM works closely with line managers and HR advisors, and externally with insurance companies, disability insurance offices and doctors. Group Case Management excluding PostFinance registered 585 support cases in 2022 (previous year: 530 support cases). 479 support cases were closed in 2022 (previous year: 497 closed support cases).

Employment conditions

Collective employment contract

Swiss Post makes a major contribution to sustainable employment conditions.

Swiss Post wants to achieve sustainable employment conditions in the logistics sector in Switzerland and, together with other large logistics companies, is committed to concluding an industry-wide collective employment contract (CEC). A new employer association called "Zustellung Schweiz" is to be founded to achieve this goal.

The negotiations on a new CEC that began in November 2021 were continued in 2022. The aim is to be able to declare this CEC generally binding.

The negotiations on a new company CEC for Post Real Estate Management and Services Ltd were successfully concluded in summer 2022: the new company CEC entered into force on 1 January 2023 and initially applies until the end of 2023.

The new CEC provides major improvements for employees, in particular family-friendly employment conditions, good work-life balance, equality and protection from discrimination.

The previous social agreement was replaced by a new redundancy plan. This is largely based on the Swiss Post redundancy plan. Post Real Estate Management and Services Ltd has been subject to the umbrella CEC since 1 January 2023. This was negotiated between the Swiss Post social partners and governs the provisions concerning the law of obligations.

In November 2022, Swiss Post's social partners agreed to extend the company collective employment contracts Post CH CEC and PostFinance CEC as well as the framework CEC by a year to 31 December 2024.

As at 1 January 2023, the framework CEC applies to around 33,500 employees of Swiss Post Ltd and the subsidiaries Post CH Ltd, Post CH Network Ltd, Post CH Communication Ltd, PostBus Ltd, PostFinance Ltd, notime AG and Post Real Estate Management and Services Ltd.

The Post CH CEC defines the employment conditions for employees of Swiss Post Ltd and the subsidiaries Post CH Ltd, Post CH Network Ltd and Post CH Communication Ltd.

PostFinance Ltd employees have a separate company CEC, based on the framework CEC, which takes account of the sector-specific elements and operating framework.

Equal pay

Swiss Post sets great store by 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, which are based on a non-discriminatory function evaluation system and aim to minimize pay inequality. The principle of equal pay is laid down in the Post CH Ltd CEC, PostBus Ltd CEC, PostFinance Ltd CEC and Post Real Estate Management and Services Ltd CEC. Internal and external comparisons are also carried out at management level and adjustments made where necessary.

Equal pay is analysed every two years and this last took place in 2021. Swiss Post commissions an independent, external company to audit the analysis so that the results are verified and comparable with the public sector. The next equal pay analysis takes place in spring 2023.

Diversity and inclusion at Swiss Post

Swiss Post firmly believes that promoting diversity and inclusion results in social and economic benefits. Diversity and inclusion cover the aspects of generations, gender+, language, origin, disability and world views in an integral way.

Swiss Post adopts a conscious approach to diversity and inclusion so that opportunities can be taken and an innovative, respectful and discrimination-free working environment is ensured across the Group.

Swiss Post lays the key foundations for equality with flexible working time models, mobile working, job and top sharing opportunities, paternity and adoption leave, external childcare services and a strong commitment to equal pay and wage transparency.

Swiss Post pension fund

Swiss Post pension fund with stable values overall.

The Swiss Post pension fund, the Group's own employee benefits institution with total assets of around 16.3 billion francs, manages the mandatory occupational pension provision for most Swiss Post employees in Switzerland. The Swiss Post pension fund pays 633 million francs in pensions to around 30,000 people a year. The Foundation Board, formed jointly by employer and employee representatives, is responsible for the management of the foundation. Swiss Post's ordinary employer contributions amounted to around 270 million francs in 2022.

The Swiss Post pension fund's investment performance in the financial year was – 6.11 percent. The negative investment performance in 2022 was influenced by the increase in the general level of interest rates. The level of cover in accordance with the revised Swiss Ordinance on Occupational Retirement, Survivors' and Disability Pension Plans (BVV 2) is 101.4 percent as at 31 December 2022 (provisional) and the economic level of cover is 99.7 percent as at the end of 2022 (provisional).

More information on employees can be found in the Annual Report on pages 52 to 59.

Corporate responsibility

Best-practice climate and energy targets

Swiss Post pursues ambitious climate and energy targets.

Swiss Post is committed to reducing its direct emissions from its own vehicles and buildings (Scopes 1 and 2) by 42 percent by 2030 (base year 2021). Swiss Post aims to cut the indirect emissions from its value chain, e.g. those of subcontractors or leased property, plant and equipment (Scope 3), by 25 percent over the same period.

Scope	Definition	Example
Scope 1	Direct emissions from sources within Swiss Post.	Emissions from fuel used to generate heat and electricity as well as emissions from the vehicles that belong to and are operated by the organization.
Scope 2	Indirect emissions produced by the use of energy from an external provider.	Emissions resulting from the use of electricity, heating or cooling that were generated by an external provider. These emissions are deemed indirect emissions as they were not produced directly by Swiss Post, but by the use of energy it has consumed.
Scope 3	Indirect emissions which are produced, but are not under the direct control of Swiss Post. They are generated by activities related to Swiss Post, but which it does not carry out directly.	Emissions from the use of products and services sold by Swiss Post, emissions from the disposal of products used by Swiss Post, emissions from the use of means of transport that do not belong to and are not operated by Swiss Post, emissions from the upstream value chain and financed emissions from the proprietary investment portfolio (PostFinance). The upstream value chain refers to the activities necessary to obtain, produce and transport the raw materials, energy and materials used by Swiss Post before it uses them.

The company as a whole is to become carbon neutral and reach net zero from 2040. To achieve this goal, Swiss Post is deploying CO_2 reduction measures. Unavoidable residual emissions will be neutralized from 2030. Swiss Post is currently developing a suitable set of carbon neutralization measures. This ambitious climate target is in line with the United Nations' climate target of limiting global warming to a maximum of 1.5°C. Swiss Post is participating in Exemplary Energy and Climate, a Swiss Confederation initiative, and is fully harnessing the economic potential of photovoltaic systems.

Measures

In order to reduce its CO_2 emissions, Swiss Post has implemented a comprehensive package of measures.

- As a logistics company with extensive transport, it is constantly testing alternative drive systems and fuels, and utilizing them wherever possible in daily operations. Biodiesel and eco-electricity are now standard for Swiss Post's vehicle fleet. Around 60 percent of the energy-efficient vehicle fleet already uses alternative drive systems – such as electric or hybrid engines – and is run entirely on "naturemade star"-certified eco-electricity. 6,371 delivery vehicles now run on electricity.
- At the end of 2022, PostBus operated 52 hybrid buses on Swiss roads and has been gathering experience with electric buses on scheduled services since 2017. Today, 8 of these vehicles are in operation.
- By 2025, Swiss Post aims to carry out the majority of letter and parcel deliveries in urban centers using e-vehicles.
- Swiss Post joined the international initiative "100% Electric Vehicles" (EV100) in January 2019. Alongside other companies, it is committed to making electromobility the norm by 2030.
- Petrol stations of the subsidiary Post Company Cars Ltd offer diesel containing 7 percent biodiesel made from residues from edible oil production.
- The use of vehicle capacities and routes are continually being optimized.
- Swiss Post uses rail transport for carrying letter and parcel consignments between the sorting centers wherever possible. Using combined transport, yellow containers are quickly and conveniently reloaded from trucks to carrier wagons and vice versa. This enables business partners to achieve a better eco-audit and lower transport costs. And the environment is spared thousands of vehicle kilometres on a daily basis.
- Using 30 double-decker trucks for large shipments, Swiss Post transports up to 50 percent more freight per journey than with the usual trucks.

- Swiss Post systematically identifies ways of saving energy in buildings and implements measures, such as the renovation and insulation of the building envelope, the conversion of heating systems to fossil-free technologies, the expansion of photovoltaics and the installation of e-charging stations. For new buildings and modernization projects, Swiss Post generally applies the integrated and sustainable DGNB construction standard as adapted for Switzerland.
- By 2030, it aims to heat 80 percent of the heated space in its buildings in Switzerland with renewable energy sources and to avoid the use of fossil-based heating systems. To do so, it uses energy-efficient building services and recovers waste heat from its data centers.
- Swiss Post covers 100 percent of its electricity requirements with renewable energy from Switzerland, which contains 20 percent of “naturemade star” certified green power. In 2022, some of the electricity requirement was met by European power from renewable sources as an exception as the dry summer meant no more electricity was available from renewable energy sources of certified Swiss origin.
- Swiss Post operates 31 photovoltaic systems on its roofs with a total panel area of around 68,000 square metres, producing around 10.9 gigawatt hours of solar electricity each year. That equates to 7 percent of Swiss Post’s power consumption. The regional parcel centers and other Swiss Post buildings with large roof areas are equipped with photovoltaic systems. A total of 5.4 gigawatt hours of solar power are produced each year by the systems of the regional parcel centers alone. A third of the energy produced is used by the centers themselves.
- Since 2021, Swiss Post has delivered all letters, parcels, small consignments and press products in Switzerland and abroad with carbon offsetting without any surcharge for customers. This means they carry the “pro clima” label. The delivery of all unaddressed PromoPost consignments has been carbon offset since 2017, without any additional charge for customers. Swiss Post has been delivering all domestic letters with the “pro clima” label since 2012.
- Swiss Post funded the construction of the first gold standard Swiss Post climate protection project in Switzerland: it now consists of 27 biogas plants on farms that reuse manure and other organic waste to generate electricity.
- Swiss Post promotes sustainable employee mobility by providing free Half Fare Travelcards or discounted GA Travelcards for rail travel.
- The company is continually adapting the charging infrastructure for electric vehicles.
- Swiss Post supports the bike to work initiative, and employees can take advantage of the services provided by PubliBike at a reduced rate.
- Pool vehicles, including electric and hybrid cars, are available for business travel. To expand the services, a Group-wide mobility management system is being set up that specifically addresses employee requirements.

Redistribution of CO_2 levy

In 2010, Swiss Post decided to use the annual funds from the redistribution of the CO_2 levy on fuels for climate protection and energy efficiency measures in the “pro clima – We’re acting now” sustainability programme: since 2010, over 21 million francs from Swiss Post’s internal climate fund alone have been invested in measures such as electric and hybrid buses, electric delivery vans, electric charging infrastructure, biogas and biodiesel, replacement of fossil fuel heaters, LED lighting, awareness-raising and many other measures.

Greenhouse gas emissions in 2022

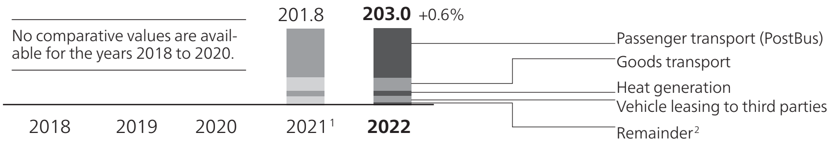
There was just a minimal rise in greenhouse gas emissions (Scopes 1 and 2) in 2022, with an increase of 0.6 percent compared with the previous year. This development was influenced by two opposing factors: first, the increase in kilometres travelled in third-party customer business at Post Company Cars compared with the pandemic year 2021 led to a rise in greenhouse gas emissions in 2022; but secondly, there was a decline in CO_2 emissions due to fewer heating degree days in heat generation. The measures to increase the energy reference area heated without fossil fuels and to electrify Swiss Post’s own delivery and business vehicle fleets remain on track and are counteracting the rise.

All relevant Scope 3 categories were determined for the first time in 2022, and appropriate measures and objectives were defined. These measures are expected to have a clear impact on greenhouse gas performance from 2025.

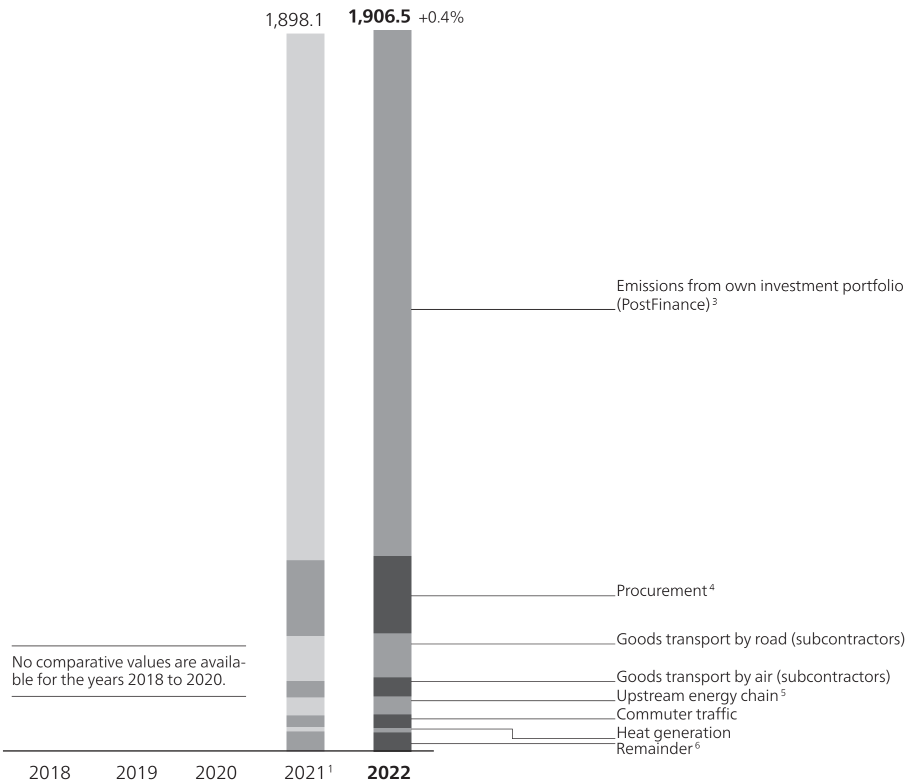
Electrification measures and the mild winter offset additional kilometres travelled

Group | Greenhouse gas emissions in 1,000 t of CO_2 equivalents
2021 to 2022

Scope 1 and 2 emissions
(direct emissions from own vehicles and buildings)



Scope 3 emissions
(indirect emissions from the value chain)



1 The base year 2021 is recalculated retroactively in the event of acquisitions/disposals of subsidiaries or changes in data quality, as 2021 is used as the base year for the 2030/2040 targets.
2 Includes emissions from all company vehicles, cooling system consumption in buses as well as electricity and cooling system consumption in buildings.
3 The financed emissions of the corporate bonds were integrated into the company ecological audit for the first time in 2022 and recorded retroactively for 2021. Coverage stands at 81%. Only Scope 1 and 2 emissions from the companies invested in are included. Owing to the dependence on the volatile investment volume and fluctuations in company emissions due to one-off items (e.g. COVID), the emissions level can differ significantly from year to year. There are currently no standardized calculation methods for the other asset classes in the PostFinance portfolio (mainly government bonds, promissory note loans and central mortgage institution loans), which is why these figures have not yet been integrated. More information can be found in the disclosure of climate-related financial risks on the PostFinance website.
4 The emissions from purchased goods and services were calculated for the first time in 2022 using emission factors per goods group (secondary data) and entered retroactively for 2021. With the expected change in the data basis (e.g. primary data), emissions are recalculated regularly to rectify any potential lack of clarity due to limited data quality or availability at the time of calculation.
5 Includes emissions from all fuel and energy-related activities in fuel procurement.
6 Includes emissions from leased property, plant and equipment (excluding heat generation), waste disposal, goods transport by rail and water, business travel, vehicle leasing (finance leasing), fuel sales and use and disposal of products sold.

More information on the CR strategy can be found on pages 25 to 32.

Risk report

Risk management principles

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

Risk management system

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

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

In 2022, the Swiss Federal Audit Office (SFAO) audited the risk management system regarding the subsidiaries and concluded that risk management at Group level and at the Logistics Services unit is established. The recommendation to that effect in the 2019 SFAO report has been implemented. The SFAO sees potential for further optimization of Swiss Post's risk management system and has therefore made three recommendations concerning the implementation of risk management at the business units and participations. Swiss Post concurs with the recommendations and will implement them in an appropriate manner.

Risk definition

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

Successful entrepreneurial action is based on adequately controlling or avoiding material threats and taking advantage of opportunities that arise in a value-enhancing way. Risk assessment is carried out as part of operational planning for a four-year planning period (2022–2025).

Risk management process

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

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

Risk management process

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

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

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

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

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

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

- Reporting
  Reports are submitted yearly to unit management, Executive Management, the Board of Directors' Audit, Risk & Compliance Committee and the Board of Directors. They summarize the threats and opportunities identified together with the planned and implemented measures and the risk indicators, and outline the actions that need to be taken.

Networking of risk management

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

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

Risk situation

The individual risks for all the units identified using the Monte Carlo simulation procedure are combined to establish the overall risk position of the Group. As well as calculating the average expected loss/gain potential, the maximum annual loss potential is determined with a confidence interval of 99 percent.

Based on the latest calculations, the Group has an expected loss potential of 780 million francs in relation to the 2022–2025 business period. The unexpected four-year loss potential (VaR 99 percent) for the Group totals 3,100 million francs. This means the Group's risk capacity is ensured so that sufficient equity capital would be available at the end of the evaluation period (2025) even in the event of an unexpected cumulative cashflow deviation (VaR 99 percent).

The greatest threats comprise transport risks, the profit trend at PostFinance, potential violations of external provisions, problems implementing the new strategy, service provision outages and the effects of a serious pandemic. Positive effects could occur as a result of business optimization measures, customer acquisitions and the implementation of transformation projects.

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

For more information on risk management at Swiss Post, see pages 162 to 170.

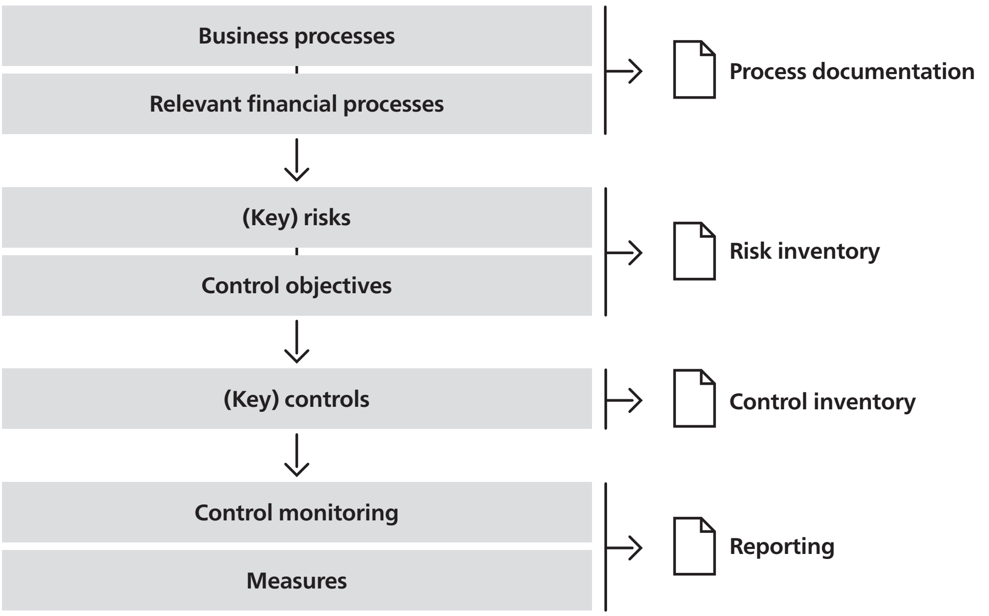
Internal control system

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

Design of the internal control system

The Swiss Post ICS is established in line with the internationally recognized framework for internal control systems of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The evaluation of the ICS-relevant positions (income statement/balance sheet), known as scoping, is carried out in a standardized manner throughout the Group on the basis of the previous year's financial reporting. Once the ICS-relevant positions have been identified, their risks are assessed. In addition to the quantitative dimension, qualitative factors are also taken into account. These key risks are given priority treatment by ICS Finance and are covered by appropriate key controls. Only those controls (concepts, procedures and practices) are included that ensure an adequate reduction of the risk and the creation of a degree of certainty that the control targets can be met and that undesired events can be prevented or detected and corrected.

ICS



Monitoring and effectiveness of the internal control system

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

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

Assessment of the internal control system on 31 December 2022

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

Ernst & Young Ltd, the independent auditors for Swiss Post, verified and unreservedly confirmed that an internal control system is in place for financial reporting as at 31 December 2022.

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.

Basic principles

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

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

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 13 shows the Group's organizational units. The "Consolidated Group" section on ➔ pages 197 to 201 outlines the investments.

Control by the Confederation

The Confederation controls Swiss Post by setting strategic goals and checking that these are being met, using for this purpose Swiss Post's annual reporting to its owner and a report on staff (Public Officials Act/Ordinance on Executive Pay). See also the information policy section on ➔ page 90.

Capital structure

Swiss Post has Group equity comprising 1.3 billion francs of fully paid-in share capital plus capital reserves and retained earnings of around 8.6 billion francs. External debt amounted to around 0.8 billion francs on the reference date.

The General Meeting will be asked to approve a dividend distribution of 50 million francs for the 2022 financial year (resolution in previous year: 50 million francs, distribution in 2022). Total equity on the reference date stood at 9.9 billion francs (previous year: 8.9 billion francs).

Board of Directors

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 ensuring that Swiss Post fulfils the universal service obligation. It is entitled to enlist the help of subsidiaries to do so.

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

Composition as at 31 December 2022

On the reference date (31 December 2022), the Board of Directors had nine members.

Education, professional activities and interests

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

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

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

Christian Levrat

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

Committees
- Organisation, Nomination & Remuneration
- Audit, Risk & Compliance
- Audit, Risk & Compliance (expert committee for PostFinance themes)
- Investment, Mergers & Acquisitions

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

Key posts
- Swiss Labour Assistance (SLA) Fribourg, Member of the Committee
- Municipality of Vuadens, Member of the General Council
- Forum Helveticum, Member of the Steering Committee

Thomas Bucher

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

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

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

Key posts
- Tareno Ltd, Member of the Board of Directors

Ronny Kaufmann

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

Committees
- Organisation, Nomination & Remuneration

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

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

Bernadette Koch

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

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

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

Key posts
- PostFinance Ltd, Member of the Board of Directors and Member of the Organisation, Nomination & Remuneration Committee
- Energie Oberkirch AG, Member of the Board of Directors
- Geberit AG, Member of the Board of Directors
- Mobimo Holding AG, Member of the Board of Directors
- EXPERTsuisse, Member of the Professional Ethics Committee

Denise Koopmans

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

Committees
- Investment, Mergers & Acquisitions (Chair)

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

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

Nadja Lang

Member of the Board of Directors, member since 2014
Switzerland, 1973, degree in business economics UAS

Committees
- Organisation, Nomination & Remuneration (Chair)

Professional background
- Cooperative of ZFV companies, CEO (since 2021)
- Max Havelaar Foundation Switzerland, Managing Director (2012–2017)
- Fairtrade International, Chair of the Global Account Management Steering Committee, Member of the Finance Committee (2010–2014)
- Max Havelaar Foundation Switzerland, Commercial Director and Deputy Managing Director (2005–2011)
- General Mills Europe Sarl, European Marketing Manager (2003–2005)
- The Coca-Cola Company, various (management) positions in brand management and the Innovation department (1999–2003)

Key posts
- Cooperative of ZFV companies, delegate of the Board of Directors
- Zurich University Winterthur (ZHAW), School of Management and Law, Member of the International Advisory Board
- Pax Holding (Cooperative), Member of the Board of Directors

Corrado Pardini

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

Committees
– Investment, Mergers & Acquisitions

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

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

Dirk Reich

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

Committees
– Investment, Mergers & Acquisitions

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

Key posts
– Imperial Logistics Limited, Gauteng, South Africa, Member of the Supervisory Board (Non-Executive Director, stepped down in 2022)
– Primafrio Group SL, member of the Supervisory Board (Non-Executive Director, stepped down in 2022)
– Det Forenede Dampskibs-Selskab (DFDS) A.S., Member of the Board of Directors (Non-Executive Director)
– InstaFreight GmbH, Member of the Supervisory Board
– SkyCell AG, Member of the Board of Directors
– Log-hub Ltd, Chair of the Board of Directors
– Turkish Airlines Cargo, Member of the Advisory Board (stepped down in 2022)

Maria Teresa Vacalli

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

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

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

Key posts
– Burckhardt Compression Holding AG, Member of the Board of Directors
– Kontivia AG, Member of the Advisory Board

Roger Schoch

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

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

Key posts
– None

Changes in the year under review and after the reporting period

The Ordinary General Meeting elected Maria Teresa Vacalli to the Board of Directors in May 2022. Maria Teresa Vacalli succeeded Philippe Milliet, Member of the Board of Directors and Vice-Chairman, who had served on the Swiss Post Board of Directors for the maximum term. Bernadette Koch, Member of the Board of Directors, has held the position of Vice-Chair since June 2022. Member of the Board of Directors Nadja Lang decided not to stand for reelection at the General Meeting in May 2023.

Election and term of office

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

In accordance with the Postal Services Organization Act, employees have the right to appropriate representation on the Board of Directors. In 2022, this employee representation was provided by Ronny Kaufmann and Corrado Pardini.

Role and internal organization

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

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

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

Board of Directors' Committees

The Board of Directors establishes a standing committee for each of the following areas of responsibility: Audit, Risk & Compliance, Investment, Mergers & Acquisitions and Organisation, Nomination & Remuneration. During the year under review, an expert committee for PostFinance-related matters was also established in the Board of Directors' Audit, Risk & Compliance Committee. In addition, the Board of Directors may appoint non-standing committees at any time. As a rule, the committees consist of three to four members of the Board of Directors who have relevant experience in the area of responsibility in question. The role of the committees is to advise the Board of Directors, prepare business for the Board and implement Board resolutions where necessary. To a limited extent, the committees also have decision-making authority.

Board of Directors' Audit, Risk & Compliance Committee

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

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

As an expert committee for PostFinance-related matters, the Board of Directors' Audit, Risk & Compliance Committee deals, on behalf of the Swiss Post Board of Directors, with matters that must be addressed based either on proposals by PostFinance Ltd's Board of Directors to the PostFinance Ltd General Meeting or on proposals by Group departments. The Board of Directors' Audit, Risk & Compliance Committee (expert committee for PostFinance-related matters) prepares the decision-making on these matters in the Swiss Post Board of Directors and provides recommendations on them. The Committee addresses PostFinance's strategic challenges and supports strategy implementation. Following its formation, the expert committee met four times in the year under review. In addition to the members of the Board of Directors' Audit, Risk & Compliance Committee, the mandated representatives on the Board of Directors take part in PostFinance's Board of Directors meetings (Alex Glanzmann, Giulia Fitzpatrick and Jürg Brun participate alongside Bernadette Koch). The CEO also takes part in the meetings.

Board of Directors' Investment, Mergers & Acquisitions Committee

The Board of Directors' Investment, Mergers & Acquisitions Committee deals with M&A strategy and individual strategic alliances. It identifies and assesses opportunities for participations, mergers and acquisitions, as well as for investments and alliances. In addition, it oversees the formation, liquidation and sale of subsidiaries, associates and interests. The committee met seven times during the year under review (six ordinary day-long sessions and one extraordinary meeting). In 2022, the committee addressed various innovative, long-term projects at Swiss Post on forward-looking topics within the above framework. The CEO and the Head of Finance attend the meetings.

Board of Directors' Organisation, Nomination & Remuneration Committee

The Board of Directors' Organisation, Nomination & Remuneration Committee met eight times during the period under review (six ordinary day-long sessions and two extraordinary meetings). It has a pre-advisory role vis-à-vis the Board of Directors as a whole with regard to appointing and removing the members of Executive Management and deciding their remuneration. It also submits a recommendation for setting the negotiating mandate for the annual round of pay negotiations with the employee associations. It prepares all strategic organizational decisions for the Board of Directors, evaluates the size and composition of the Board of Directors and identifies and nominates new Board members. In addition, the Committee reviews the independence rules for members of the Board of Directors on an annual basis. The CEO and the Head of Human Resources attend the meetings.

Independence

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

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

Information and supervisory tools

Reporting

The Board of Directors receives monthly reports on the financial situation of the Group and its individual operating units 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 Board of Directors’ Audit, Risk & Compliance Committee about compliance with planning, strategic financial planning and the Federal Council’s strategic goals.

The Chair of the Board of Directors receives Executive Management meeting minutes. The Board of Directors receives reports from Risk Management (see pages 67 to 71 and 162 to 170), Compliance, Treasury, Communication and Group Audit. At each Board of Directors meeting, the CEO and the Head of Finance provide information on the company’s current business situation.

Risk management

Swiss Post operates a risk management system in line with COSO ERM (Committee of Sponsoring Organizations of the Treadway Commission Enterprise Risk Management) and the ISO standard 31000:2018 (see pages 67 to 71).

Internal control system

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

Compliance

Swiss Post operates a compliance management system based on the ISO standard 37301:2021. The compliance management system is continually adapted to new requirements and circumstances. It makes appropriate allowance for the strategy and specific business activities and the risks associated with them. In addition, Swiss Post promotes a culture in which all parties conduct themselves ethically and lawfully.

Group Audit

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

Executive Management

Composition as at 31 December 2022

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

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

Education, professional activities and interests

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

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

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

Roberto Cirillo

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

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

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

Thomas Baur

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

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

Key posts
– None

Nicole Burth

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

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

Key posts
– Advance, Member of the Board of Directors
– Ascom Holding AG, Board Member and Chairperson of the Compensation & Nomination Committee

Johannes Cramer

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

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

Key posts
– None

Wolfgang Eger

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

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

Key posts
– None

Alex Glanzmann

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

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

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

Christian Plüss

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

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

Key posts
– Swiss Association of Public Transport (APT), cooperative, Member of the Committee
– LITRA (Ligue suisse pour l’organisation rationnelle du trafic), Member of the Management Committee
– Alliance SwissPass, Vice-President of the Strategy Council
– Swiss Association for Technical Inspections (SVTI), Member of the Board of Directors
– öV Preis- und Vertriebssystemgesellschaft AG, Chair of the Board of Directors (stepped down in 2022)

Valérie Schelker

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

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

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

Hansruedi Köng

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

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

Key posts
– Yuh Ltd, Vice-Chair of the Board of Directors

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

Changes in the year under review and after the reporting period

With effect from 1 January 2022, Wolfgang Eger, Head of Informatics/Technology (CIO) since 2019, was appointed as a new Member of Executive Management. Swiss Post Ltd completed the sale of its subsidiary Swiss Post Solutions at the end of March 2022, after which Jörg Vollmer stepped down from Executive Management.

Hansruedi Köng, CEO of PostFinance, announced on 6 March 2023 that he will step down from his position of his own volition at the end of February 2024.

Management contracts

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

Remuneration

Policy

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

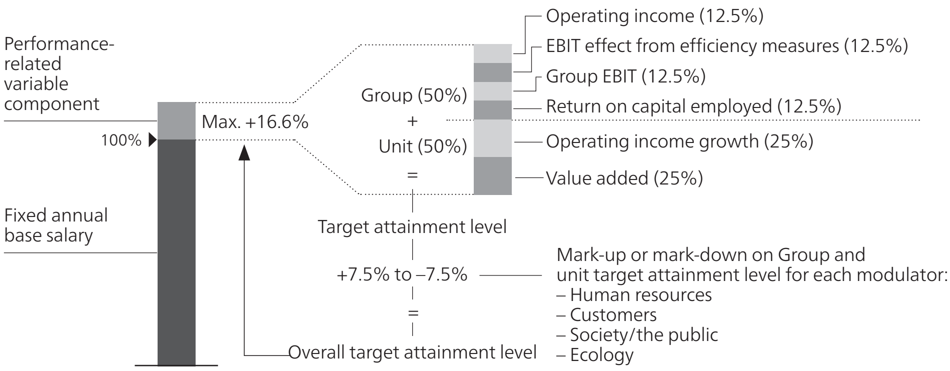
Determination

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

For the period 2022, the Board of Directors has defined the following benchmarks for Group level: operating income, EBIT effect from efficiency measures, Group EBIT and return on capital employed (RoCE) (each weighted at 12.5 percent). As a rule, the benchmarks for unit level are third-party operating income growth and value added (each weighted at 25 percent). For Group companies or subsidiaries, different benchmarks can be defined for unit level. In the determination of overall target achievement, additional qualitative supplementary values (so-called modulators) are taken into account, with consideration given to the aspects of human resources, customers, society/the public and ecology. Depending on the assessment of the qualitative factors, overall target achievement can be marked up or marked down for each modulator. Both mark-ups and mark-downs can amount to a maximum of 7.5 percent for each modulator. In all cases, however, overall target achievement may be a maximum of 100 percent.

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

Executive Management | Breakdown of remuneration
2022



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

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

The fixed basic annual salary and the performance-based variable salary component of members of Executive Management are insured in accordance with the OPA: salary elements up to 344,160 francs are insured with the Swiss Post Group pension fund; salary elements above the maximum salary insured with the Swiss Post pension fund are insured with an external management insurance scheme. The retirement provision with the pension fund and the management insurance scheme is based on a defined contribution plan. The employer makes a disproportionally high contribution (around 60 percent) for employee benefits. Employment contracts are based on the Swiss Code of Obligations. The notice period for members of Executive Management is six months. No agreements exist regarding possible severance payments.

Level of remuneration

Members of the Board of Directors

In 2022, the ten members of the Board of Directors (including the Chair) received remuneration (fees and fringe benefits) totalling 1,001,022 francs. The fringe benefits totalling 84,221 francs are shown in the total remuneration. In 2022, the Chairman of the Board's fee totalled 225,000 francs. The fringe benefits amounted to 28,170 francs.

The upper fee limit of 1,143,915 francs in total (including employer contributions to social insurance and employee benefits), which was determined by the General Meeting, was respected.

Executive Management

The members of Executive Management who were paid during the year under review and the CEO received remuneration totalling 4,993,525 francs in 2022. The fringe benefits totalling 236,873 francs are shown in the total remuneration. The performance-related variable salary component calculated for the members of Executive Management for the period 2022, which is based on attainment of targets in 2021 and 2022, amounts to 648,272 francs. A decision regarding the approval (entitlement and calculation) of the 2018 performance-related component for the former CEO and former Head of PostBus will not be reached until the investigations into the subsidy law breaches in the regional passenger transport segment have been completed.

The fixed annual base salary of the CEO totalled 671,527 francs. The additional calculated performance-related variable salary component for the period 2022 amounts to 111,473 francs.

The upper limit of 6,828,026 francs for the total remuneration amount (including employer contributions to social insurance and employee benefits), which was determined by the General Meeting, was respected.

Remuneration

CHF	2022
Chairman of the Board of Directors (1)	
Fees	225,000
Fringe benefits	28,170
Expenses and representation allowances	22,500
First-class GA Travelcard	5,670
Total remuneration	**253,170**
Other members of the Board of Directors (9)[1]	
Fees	691,801
Base remuneration	561,601
Remuneration for committees	130,200
Fringe benefits	56,051
Expenses and representation allowances	56,051
Additional fringe benefits	–
Total remuneration	**747,852**
Entire Board of Directors (10)	
Fees	916,801
Fringe benefits	84,221
Total remuneration	**1,001,022**
CEO	
Fixed annual base salary	671,527
Performance-related variable salary component (reference period 2022)[2]	111,473
Fringe benefits	39,246
Expenses and representation allowances	30,000
Additional fringe benefits[3]	9,246
Additional payments[4]	–
Total remuneration	**822,246**
Other members of Executive Management (8)[5]	
Fixed annual base salary	3,436,853
Performance-related variable salary component (reference period 2022)[2]	536,799
Fringe benefits	197,627
Expenses and representation allowances	139,082
Additional fringe benefits[3]	58,545
Additional payments[4]	–
Total remuneration	**4,171,279**
All members of Executive Management (9)[6]	
Fixed annual base salary and performance-related variable salary component[2]	4,756,652
Fringe benefits	236,873
Total remuneration	**4,993,525**

1 Eight active members and one member who stepped down in 2022.
2 For this period, the performance-related components generated in the current year under review are reported.
3 Other fringe benefits include: first-class GA Travelcard or company car; mobile phone.
4 No agreements exist regarding possible severance payments.
5 Seven active members and one member who stepped down in 2022. The remuneration for the CEO of SPS is included up to 30 March 2022.
6 Eight active members and one member who stepped down in 2022. The remuneration for the CEO of SPS is included up to 30 March 2022.

Auditors

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

The fee agreed upon for the 2022 audit and the fees for services provided in the financial year 2022 total 3 million francs.

Information policy

A report on strategic goals and a report on staff are submitted to the owner annually (see page 74). PostCom also receives a regulatory report on the universal service for postal services, and OFCOM is issued with a report on the universal service for payment transactions. Swiss Post additionally submits its Annual Report to the owner for approval. Ongoing discussions on key areas of business are held during regular Postrapport meetings between Confederation representatives and Swiss Post bodies.

Group annual financial statements

The consolidated annual financial statements include all of Swiss Post's subsidiaries. They have been prepared in accordance with International Financial Reporting Standards (IFRS) and meet the requirements of the Postal Services Organization Act.

Consolidated income statement

Group | Income statement

CHF million	Notes	2021[1]	2022
Continuing operations			
Revenue	7	6,665	6,655
of which interest income as per effective interest method		302	283
Other operating income	9	212	204
Total operating income	7, 8	**6,877**	**6,859**
Personnel expenses	10, 11	–3,317	–3,496
Resale merchandise and service expenses	12	–1,440	–1,490
Expenses for financial services	8	–137	–161
Depreciation and impairment	21–24	–442	–467
Other operating expenses	13	–895	–887
Total operating expenses		**–6,231**	**–6,501**
Operating profit	6	**646**	**358**
Financial income	14	47	64
Financial expenses	15	–44	–66
Net income from associates and joint ventures	16	23	–1
Group profit before tax from continuing operations		**672**	**355**
Income taxes	17	–101	–88
Group profit from continuing operations		**571**	**267**
Discontinued operations			
Group loss/profit from discontinued operations	18	–11	28
Group profit		**560**	**295**
Group profit attributable to			
Swiss Confederation (owner)		567	306
Non-controlling interests		–7	–11

1 The figures have been adjusted (see Note 2.2, Accounting changes).

Consolidated statement of comprehensive income

Group | Statement of comprehensive income

CHF million	Notes	2021	2022
Group profit		**560**	**295**
Other comprehensive income			
Revaluation of employee benefit obligations and employee benefit assets	11	2,070	1,313
Change in unrealized gains/losses from fair value reserves in equity instruments FVTOCI		102	–56
Change in share of other comprehensive income from associates and joint ventures	16	1	1
Change in income taxes	17	–354	–202
Items not reclassifiable in the consolidated income statement, after tax	26	**1,819**	**1,056**
Change in currency translation reserves		–20	42
Change in share of other comprehensive income from associates and joint ventures	16	0	–4
Change in unrealized gains/losses from fair value reserves in debt instruments FVTOCI		–155	–567
Unrealized gains/losses from cash flow hedges		291	373
Realized gains/losses from cash flow hedges reclassified to the income statement		–217	–181
Change in income taxes	17	15	74
Reclassifiable items in consolidated income statement, after tax	26	**–86**	**–263**
Total other comprehensive income		**1,733**	**793**
Total comprehensive income		**2,293**	**1,088**
Total comprehensive income attributable to			
Swiss Confederation (owner)		2,299	1,098
Non-controlling interests		–6	–10

Consolidated balance sheet

Group | Balance sheet

CHF million	Notes	1.1.2021[1]	31.12.2021[1]	31.12.2022
Assets				
Cash	19	1,510	1,157	1,328
Amounts due from banks	19	38,574	46,139	39,100
Interest-bearing amounts due from customers	19	878	910	607
Trade accounts receivable	19	707	667	691
Contract assets		208	235	339
Other receivables	19	839	755	851
Inventories	20	57	32	56
Assets held for sale	18	6	415	7
Current income tax assets		0	2	0
Financial assets	19	76,563	73,475	72,488
Investments in associates and joint ventures	16	149	62	45
Property, plant and equipment	21	2,238	2,222	2,299
Investment property	22	342	409	432
Intangible assets and goodwill	23	483	592	650
Right-of-use assets	24	692	711	757
Employee benefit assets	11	–	–	349
Deferred income tax assets	17	1,028	614	471
Total assets		**124,274**	**128,397**	**120,470**
Liabilities				
Customer deposits (PostFinance)	19	109,337	94,110	89,994
Other financial liabilities	19	2,868	22,546	18,756
Trade accounts payable	19	312	261	281
Contract liabilities		283	276	324
Other liabilities	19	761	642	706
Liabilities associated with assets held for sale	18	–	211	–
Current income tax liabilities		3	5	9
Provisions	25	492	264	228
Employee benefit obligations	11	2,971	929	11
Deferred income tax liabilities	17	250	235	277
Total liabilities		**117,277**	**119,479**	**110,586**
Share capital		1,300	1,300	1,300
Capital reserves		2,279	2,229	2,215
Retained earnings		4,050	4,287	4,487
Gains and losses recorded directly in other comprehensive income		–626	1,106	1,897
Equity attributable to the owner		**7,003**	**8,922**	**9,899**
Non-controlling interests		–6	–4	–15
Total equity	26	**6,997**	**8,918**	**9,884**
Total equity and liabilities		**124,274**	**128,397**	**120,470**

1 The figures have been adjusted (see Note 2.2, Accounting changes).

Consolidated statement of changes in equity

Group | Statement of changes in equity

CHF million	Notes	Share capital	Capital reserves	Retained earnings	Gains and losses recorded directly in other comprehensive income	Equity attributable to the owner	Non-controlling interests	Total
Balance as at 1.1.2021 reported		**1,300**	**2,279**	**3,959**	**–626**	**6,912**	**–6**	**6,906**
Adjustment of deferred taxes on interests				91		91	–	91
Balance as at 1.1.2021 adjusted		**1,300**	**2,279**	**4,050**	**–626**	**7,003**	**–6**	**6,997**
Group profit				567		567	–7	560
Other comprehensive income	26				1,732	1,732	1	1,733
Total comprehensive income				**567**	**1,732**	**2,299**	**–6**	**2,293**
Reclassification of realized losses from equity instruments FVTOCI	19			–11		–11	–	–11
Distributions	26		–50			–50	–	–50
Changes from non-controlling interests	5			0		0	3	3
Changes from non-controlling interests in associates	16			–292		–292	–	–292
Capital increase from non-controlling interests						–	8	8
Put options on non-controlling interests	28			–27		–27	–3	–30
Total transactions with the owner			**–50**	**–330**		**–380**	**8**	**–372**
Balance as at 31.12.2021 adjusted		**1,300**	**2,229**	**4,287**	**1,106**	**8,922**	**–4**	**8,918**
Balance as at 1.1.2022 reported		**1,300**	**2,229**	**4,201**	**1,106**	**8,836**	**–4**	**8,832**
Adjustment of deferred taxes on interests				86		86	–	86
Balance as at 1.1.2022 reported		**1,300**	**2,229**	**4,287**	**1,106**	**8,922**	**–4**	**8,918**
Group profit				306		306	–11	295
Other comprehensive income	26				792	792	1	793
Total comprehensive income				**306**	**792**	**1,098**	**–10**	**1,088**
Reclassification of actuarial gains				1	–1	–	–	–
Distributions	26		–14	–36		–50	0	–50
Changes from non-controlling interests	5			–1		–1	5	4
Put options on non-controlling interests	28			–70		–70	–6	–76
Total transactions with the owner			**–14**	**–106**	**–1**	**–121**	**–1**	**–122**
Balance as at 31.12.2022		**1,300**	**2,215**	**4,487**	**1,897**	**9,899**	**–15**	**9,884**

Consolidated cash flow statement

Group | Cash flow statement

CHF million	Notes	2021	2022
Group profit before tax from continuing operations		672	355
Group profit before tax from discontinued operations	18	3	32
Interest expense/income and dividends		–538	–497
Depreciation and impairment	21–24, 27	453	456
Net income from associates and joint ventures		–23	1
Net gains on disposal of property, plant and equipment, and interests	5, 9, 13–16	–30	–51
(Gains)/losses on the sale of financial assets		–4	9
Increase/(decrease) in provisions, net		–156	4
Currency translation differences, net		171	176
Other non-cash expenses/(income)		–4	1
Change in net current assets:			
Increase in receivables, inventories and other assets		–65	–211
Increase/(decrease) in accounts payable and other liabilities		–116	35
Items from financial services:			
Change in customer deposits (PostFinance)/interest-bearing amounts due from customers		–15,325	–3,806
Change in other financial liabilities, derivatives		19,638	–3,578
Change in financial assets FVTPL including derivatives		115	–212
Acquisition of financial assets at amortized cost		–9,718	–11,229
Disposal and reimbursement of financial assets at amortized cost		12,108	11,437
Acquisition of financial assets FVTOCI		–423	–710
Disposal and reimbursement of financial assets FVTOCI		891	1,146
Interest and dividends received		637	582
Interest paid		–14	–38
Income taxes paid		–20	–20
Cash flow from operating activities		**8,252**	**–6,118**
Purchases of property, plant and equipment	21	–299	–323
Purchases of investment property	22	–65	–37
Purchases of intangible assets (excl. goodwill)	23	–56	–21
Purchases of subsidiaries and parts of companies, net of cash proceeds	5	–229	–95
Purchases of associates and joint ventures	16	–21	–2
Purchases of other financial assets		–1,073	–108
Proceeds from disposal of property, plant and equipment	21	57	26
Proceeds from disposal of subsidiaries and parts of companies, net of cash proceeds	5	–4	206
Proceeds from disposal of associates and joint ventures	16	5	1
Proceeds from disposal of other financial assets		1,009	56
Dividends received (excl. financial services)		10	6
Interest received (excl. financial services)		9	11
Cash flow from investing activities		**–657**	**–280**

Continued

CHF million	Notes	2021	2022
Increase in other financial liabilities	27	592	276
Decrease in other financial liabilities	27	–731	–643
Interest paid (excl. financial services)		–25	–26
Payment from capital increase of non-controlling interests		8	–
Payment from purchase of non-controlling interests		0	–2
Distributions paid to the owner	26	–50	–50
Cash flow from financing activities		**–206**	**–445**
Foreign exchange losses on cash and cash equivalents		0	–2
Change in cash and cash equivalents		**7,389**	**–6,845**
Cash and cash equivalents as at 1.1		38,964	46,353
Cash and cash equivalents at the end of the reporting period		**46,353**	**39,508**
Cash and cash equivalents include:			
Cash		1,157	1,328
Amounts due from banks with an original term of less than 3 months		45,169	38,180
Receivables held for sale that are due from banks with an original term of less than three months		27	–
Cash and cash equivalents do not include:			
Amounts due from banks with an original term of more than 3 months		970	920

Notes

1 | Business activities

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

The 2022 consolidated annual financial statements were approved for publication on 6 March 2023 by the Board of Directors of Swiss Post Ltd and will be presented to the General Meeting of 2 May 2023 for approval.

2 | Basis of accounting

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

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

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

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

2.1 | Revised and new International Financial Reporting Standards (IFRS)

No significant financial effects resulted from the supplements and revisions that took effect on 1 January 2022.

Standard	Title	Valid from
Miscellaneous	Annual improvements to IFRSs, 2018 – 2020 Cycle	1.1.2022
IAS 16	Property, Plant and Equipment – Proceeds before Intended Use	1.1.2022
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract	1.1.2022

2.2 | Accounting changes

Changes in deferred taxes on participations

Swiss Post changed its interpretation of the provisions of IAS 12 Income Taxes in the fourth quarter of 2022. Until then, deferred income tax liabilities were recognized based on the difference between the taxable carrying amount of a participation and its taxable acquisition costs. This method is now only used if the participation's acquisition costs are lower than the participation's pro-rata net assets recognized in the consolidated financial statements. If the acquisition costs are higher than the net assets, deferred income tax liabilities are recognized based on the difference between the taxable carrying amount of the participation and its net assets.

The effect of the retroactive change on the 2021 consolidated income statement and the balance sheet for the period from 1 January to 31 December 2021 is shown below:

Group | Income statement
1.1. to 31.12.2021

CHF million	Reported		Adjustment	Adjusted
Income taxes	–96	./. Deferred taxes of participations	–5	–101
Group profit from continuing operations	**576**		**–5**	**571**
Group loss from discontinued operations	–11		–	–11
Group profit	**565**		**–5**	**560**

Group | Balance sheet
1.1.2021

CHF million	Reported		Adjustment	Adjusted
Deferred income tax liabilities	341	./. Deferred taxes of participations	–91	250
Total liabilities	**117,368**		**–91**	**117,277**
Retained earnings	3,959	+ Deferred taxes of participations	91	4,050
Equity attributable to the owner	**6,912**		**91**	**7,003**
Total equity	**6,906**		**91**	**6,997**
Total liabilities	**124,274**		**–**	**124,274**

Group | Balance sheet
31.12.2021

CHF million	Reported		Adjustment	Adjusted
Deferred income tax liabilities	321	./. Deferred taxes of participations	–86	235
Total liabilities	**119,565**		**–86**	**119,479**
Retained earnings	4,201	+ Deferred taxes of participations	86	4,287
Equity attributable to the owner	**8,836**		**86**	**8,922**
Total equity	**8,832**		**86**	**8,918**
Total liabilities	**128,397**		**–**	**128,397**

Reported in Note 19, Financial assets and liabilities

Non-financial instruments are also included in the following balance sheet items: other receivables, trade accounts payable and other liabilities. This was previously reported in the above-mentioned Note in the table “Carrying amounts” as a footnote. To make it easier to read, only financial instruments will be shown in the “Carrying amounts” table from the Financial Report 2022. The previous year’s figures in the columns “Amortized cost” and “Total” have been adjusted accordingly:

Group | Carrying amounts
31.12.2021

	Amortized cost			Total		
CHF million	Reported	Adjustment	Adjusted	Reported	Adjustment	Adjusted
Other receivables	755	–360	395	755	–360	395
Total financial assets	**114,840**	**–360**	**114,480**	**123,103**	**–360**	**122,743**
Trade accounts payable	261	–11	250	261	–11	250
Other liabilities	613	–587	26	642	–587	55
Total financial liabilities	**117,396**	**–598**	**116,798**	**117,559**	**–598**	**116,961**

Outlook

Certain new IFRSs or supplements thereto enter into force for financial years beginning on or after 1 January 2023:

Standard	Title	Valid from
IAS 1	Disclosure of Accounting Policies	1.1.2023
IAS 8	Definition of Accounting Estimates	1.1.2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1.1.2023
IFRS 17	Insurance Contracts	1.1.2023
IAS 1	Classification of Debt with Covenants as Current or Non-current	1.1.2024
IFRS 16	Lease Liability in a Sale and Leaseback	1.1.2024

Swiss Post will not be applying the specified standards ahead of schedule. Hence, this consolidated financial reporting does not contain any further effects resulting from these changes. No significant financial effects are expected from the supplements and revisions planned for 1 January 2023.

3 | Consolidation methods

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

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

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

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

Please see Note 29 (Consolidated Group) for an overview of Swiss Post subsidiaries, associates and joint ventures.

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

3.1 | Currency translation

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

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

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

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

Exchange rates		Closing rate as at		Average rate for the period ending	
Unit		31.12.2021	31.12.2022	31.12.2021	31.12.2022
1 Bulgarian lev	BGN	0.53	0.51	0.55	0.51
1 Canadian dollar	CAD	0.72	0.68	0.73	0.73
1 euro	EUR	1.03	0.98	1.08	1.01
1 pound sterling	GBP	1.23	1.11	1.26	1.18
100 Hungarian forints	HUF	0.28	0.25	0.30	0.26
1 US dollar	USD	0.91	0.92	0.91	0.96

4 | Estimation uncertainty

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

Significant estimation uncertainty in accounting policies

Description	Uncertainty	Note
Employee benefit obligations	Actuarial assumptions	11
Deferred tax assets	Recoverable amount	17
Financial instruments	Fair values	19
Credit losses	Amount of expected losses	19
Property, plant and equipment	Useful life	21
Intangible assets	Useful life	23
Goodwill	Recoverable amount	23
Leases	Contract duration	24
Provisions	Management estimate	25
Other long-term employee benefits	Actuarial assumptions	25

5 | Acquisitions and disposals of subsidiaries

Accounting policies

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

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

5.1 | Additions and disposals of subsidiaries

Full year 2021

Swiss Post Solutions Holding Pte. Ltd. and Swiss Post Solutions Ltd acquired operations of Kodak Services for Business, Asia Pacific Region in China and Hong Kong from the Eastman Kodak Company on 1 January 2021. The associated expansion of document management services strengthens the market positioning and growth of Swiss Post Solutions in Asia. Elements of the takeover include customer contracts and the operating resources required to fulfil them, as well as around 350 employees.

On 18 January 2021, Post CH Ltd acquired 100 percent of the shares in Asendia Press EDS AG (from 30 March 2021, EDS Media AG). The company offers logistics solutions for the national and international mailing of publications and employs nine people.

On 1 April 2021, Post CH Ltd acquired 100 percent of the shares in Ost-West Cargo Holding GmbH. Ost-West Cargo Holding GmbH owns 100 percent of the shares in Ost-West Cargo Europe GmbH Internationale Spedition and 75 percent of the shares in Ost-West Cargo Baltic UAB and Ost-West Cargo Transport UAB. The remaining 25 percent of the shares in Ost-West Cargo Transport UAB were acquired in the course of the reporting period. With the acquisition of the Ost-West-Cargo Group, Swiss Post is responding to the rapidly growing cross-border transport market in Europe by expanding its links to the German market and building up its presence in Eastern and Western Europe. The companies operate in the goods logistics sector and employ around 45 people.

On 30 April 2021, Post CH Ltd acquired 100 percent of the shares in Iemoli Trasporti S.r.l. and Iemoli Trasporti SA. The services offered by Iemoli include intermodal and cross-border transport. The number of people employed is around 50. With the acquisition of the Iemoli Group, Swiss Post is further expanding its range of services in goods logistics and strengthening its coverage of the north-south axis with its enhanced presence in southern Switzerland and northern Italy.

The business operations of SecurePost Ltd were sold on 3 May 2021. For more information, see Note 18, Non-current assets held for sale and discontinued operations.

On 28 June 2021, Post CH Ltd acquired 100 percent of the shares in Otto Schmidt AG. Otto Schmidt AG owns 67 percent of the shares in OSA Logistik GmbH and around 91 percent of the shares in OSA Spedition GmbH. OSA Spedition GmbH holds 26 percent of the shares in Weliver Logistik GmbH. The Otto-Schmidt Group offers services such as freight forwarding, road and rail freight transport, warehousing and customs clearance, and employs around 70 people. With the acquisition of the Otto-Schmidt Group, Swiss Post's Goods Logistics is reinforcing its presence in the Basel border area, supplementing its services with regular cross-border traffic from Switzerland to Germany and strengthening combined transport by operating the route from Basel to Hamburg.

On 1 July 2021, Post CH Ltd acquired 100 percent of the shares in InTraLog Hermes AG. InTraLog Hermes AG owns 100 percent of the shares in InTraLog Overseas AG. The acquisition of the InTraLog Group will enhance the presence and relevance of Swiss Post Goods Logistics in the Basel border area and supplement its services, in particular with regular cross-border traffic from Switzerland to Spain, Italy, Portugal, France and Germany. The number of people employed is 58.

On 1 July 2021, Post CH Ltd acquired 100 percent of the shares in Livesystems Group AG. Livesystems Group AG owns 100 percent of the shares in Livesystems AG and Livesystems dooh AG. The Livesystems Group offers digital advertising spaces on public transport and the display of digital outdoor advertising in real time in Switzerland. With the acquisition, Swiss Post is strengthening its position in the advertising market and will in future offer digital and hybrid (online/offline) advertising solutions in addition to physical products in direct marketing. The number of people employed is around 89.

On 6 July 2021, Post CH Communication Ltd acquired around 90 percent of the shares in Tresorit S.A.. Tresorit S.A. owns 100 percent of the shares in Tresorit Kft., Tresorit AG, Tresorit GmbH and the shell company Tresorit Inc. The Tresorit Group specializes in a highly secure yet easy-to-use service for the storage and sharing of data. With the acquisition of these companies, Swiss Post is developing its position in the communication market as the leading provider of secure, efficient and confidential transport of sensitive information. The number of people employed is around 120.

On 15 September 2021, Post CH Ltd acquired a further 75 percent stake in Bring! Labs AG in addition to the approximately 6 percent already held. With the acquisition of the additional shares, Swiss Post now holds a majority stake (around 81 percent) in the company. Bring! Labs AG owns 100 percent of the shares in Bring! Labs Deutschland GmbH. The companies are included in the consolidated financial statements as fully consolidated subsidiaries from the date of acquisition. Bring! Labs AG is a technology company specializing in advertising on mobile devices and operator of the shopping planning app of the same name. With the majority takeover, Swiss Post is expanding its range of advertising services in mobile marketing for retailers and brand manufacturers. The company employs around 28 people.

On 1 October 2021, Swiss Post Solutions Ltd acquired 100 percent of the shares in Mitie Business Services Limited (now Swiss Post Solutions Business Services Limited) and Mitie Business Services UK Limited (now Swiss Post Solutions Business Services UK Limited). With the acquisition of the two companies, Swiss Post Solutions is strengthening its position in document management and business process services in the British and Irish markets. The number of people employed is around 900.

On 1 October 2021, Post CH Ltd acquired 65 percent of the shares in Steriplus AG. Since April 2022, the company has been preparing surgical instruments for customers in Switzerland and delivering them together with consumables directly to operating theatres. The company currently employs three people. Since it started operations in 2022, the workforce has been gradually expanded.

On 1 October 2021, Post CH Communication Ltd acquired the remaining 83 percent of the shares in SwissSign Group Ltd. With the acquisition of the remaining shares, Swiss Post has taken over the company in full. SwissSign Group Ltd. owns 100 percent of the shares in SwissSign AG and SwissSign AG (LI). SwissSign provides digital services, such as SwissID, certificate and signature solutions. The services strengthen Swiss Post’s digital range and its position as a trustworthy partner for people, companies and public authorities in the area of secure data transfer. The number of people employed is around 100.

On 15 November 2021, Post CH Communication Ltd acquired around 82 percent of the shares in DIALOG VERWALTUNGS-DATA AG. The company develops software and cloud solutions for public administrations in Switzerland and is a specialist in the secure digital exchange of information. Swiss Post already supports municipalities and public authorities with numerous physical services and in future also intends to support public administrations with their digital transformation and the protection of sensitive data. The number of people employed is around 63.

2022

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5.2 | Assets and liabilities arising from acquisitions

The following assets and liabilities were newly consolidated, based on temporary figures, in connection with acquisitions of subsidiaries and parts of companies. Temporary figures were used because the acquisition balance sheets had not yet been fully audited as at 31 December 2022. The assets and liabilities included in consolidation as at 31 December 2021 are now definitive and the provisional values disclosed in the previous year were not adjusted.

Assets and liabilities arising from acquisitions

CHF million	Livesystems Group	Tresorit Group	Others[1,2]	Total 2021	Total[3] 2022
Cash and cash equivalents[4]	1	4	32	37	15
Trade accounts receivable and other receivables	5	4	39	48	27
Inventories	0	–	0	0	5
Property, plant and equipment, intangible assets, right-of-use assets and financial assets	24	10	60	94	91
Other financial liabilities	–9	–1	–13	–23	–53
Trade accounts payable	–2	0	–17	–19	–7
Provisions and other liabilities	–8	–9	–51	–68	–42
Fair value of net assets	**11**	**8**	**50**	**69**	**36**
Goodwill	97	43	94	234	82
Cash and cash equivalents acquired[4]	–1	–4	–32	–37	–15
Fair value of existing investments	–	–	–2	–2	–2
Non-controlling interests	–	–1	–3	–4	–6
Purchase price payments falling due at a later date (earn-outs and purchase price retentions)	–19	–	–14	–33	–9
Payment of liabilities from acquisitions in previous years	–	–	1	1	9
Currency translation differences	–	1	0	1	0
Net cash outflow for acquisitions	**88**	**47**	**94**	**229**	**95**

1 Composition: business premises for Kodak Services for Business Asia Pacific Region, EDS Media AG, Ost-West Cargo Group, Iemoli Trasporti S.r.l., Iemoli Trasporti SA, Otto Schmidt Group, InTraLog Group, Bring! Labs Group, Swiss Post Solutions Business Services Limited, Swiss Post Solutions Business Services UK Limited, Steriplus AG, SwissSign Group and DIALOG VERWALTUNGS-DATA AG.
2 As at 31 December 2021, the assets and liabilities for the acquired companies and sections of the discontinued operation Swiss Post Solutions are recorded under "Assets held for sale" and "Liabilities associated with assets held for sale".
3 Composition: LCV GmbH, assets of Hugger GmbH Spedition + Logistik, Stella Brandenberger Transporte AG, MW Partners Holding Group, SYSMOSOFT SA, Hacknowledge Group, axsana AG, eoscop AG, T2i Holding Group, unblu Group, H. Bucher Internationale Transporte AG and Kickbag GmbH.
4 Composition: cash and current amounts due from banks.

The Livesystems Group and the Tresorit Group were acquired in the previous year. Since the acquisition date, the Livesystems Group has contributed 17 million francs to operating income and 4 million francs to operating profit in the previous year. The Tresorit Group has contributed 6 million francs to operating income and a negative amount of less than 1 million francs to operating profit in the previous year.

For the companies acquired in 2022, the purchase price payments (earn-outs and purchase price retentions, also see Note 28.2, Fair value hierarchy) falling due at a later date depend on the future economic development of the companies. The goodwill arising from these transactions consists of assets that are not separately identifiable or cannot be reliably determined, primarily synergies expected within the Group, acquired expertise and growth potential. Goodwill is not tax deductible. The directly attributable acquisition expense amounts to 2 million francs (previous year: 2 million francs) and is recognized in the income statement under "Other operating expenses". Since the acquisition date, the acquired entities have contributed 77 million francs to operating income (previous year: 92 million francs) and –3 million francs to operating profit (previous year: 4 million francs).

Overall, the effects of these acquisitions on the consolidated financial statements in 2022 are not material in nature.

5.3 | Assets and liabilities arising from disposals

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

Assets and liabilities arising from disposals	Total carrying amount[1]	Total carrying amount[2]
CHF million	2021	2022
Cash and cash equivalents[3]	41	60
Trade accounts receivable and other receivables	3	148
Inventories	–	5
Property, plant and equipment, intangible assets and goodwill, as well as right-of-use assets	21	226
Income tax assets	–	14
Other financial liabilities	–	–42
Trade accounts payable and other liabilities	–29	–117
Provisions and employee benefit obligations	–	–62
Income tax liabilities	–	–21
Carrying amount of net assets disposed of	**36**	**211**
Cash and cash equivalents disposed of[3]	–41	–60
Net profit from disposals[4]	1	24
Realized currency translation reserves	–	51
Deferred purchase price payment	–	–20
Net cash out-/inflow from disposals	**–4**	**206**

1 Composition: section of the company SecurePost Ltd.
2 Composition: PubliBike AG and Swiss Post Solutions segment.
3 Composition: cash and current amounts due from banks.
4 From the total net profit from disposals, –1 million francs (PubliBike AG) is reported in net financial income and 25 million francs (Swiss Post Solutions segment) is reported in Group profit/loss from discontinued operations.

Sales proceeds arising from disposals stood at 24 million francs in 2022 (previous year: less than 1 million francs).

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

6 | Segment information

6.1 | Segmentation

Swiss Post has the following reportable segments:

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

6.2 | Basic principles

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

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

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

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

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

– the carrying amounts of properties managed centrally by Post Real Estate Ltd
– Employee benefit obligations

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

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

Note 29, Consolidated Group, shows the segments to which Swiss Post and its subsidiaries have been assigned.

6.3 | Statutory mandates

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

6.4 | State compensatory payments

PostBus Ltd received compensatory payments totalling 238 million francs from the Swiss Confederation (previous year: 232 million francs), 225 million francs from cantons (previous year: 224 million francs) and 14 million francs from municipalities (previous year: 8 million francs) for providing legally required public passenger transport services. These compensatory payments are included in net revenue from logistics services in the Mobility Services segment.

6.5 | Information by business segment

Information by business segment

Up to or as at 31.12.2021 CHF million	Notes	Logistics Services	Communication Services	PostalNetwork	Mobility Services[1]	Swiss Post Solutions[2]	PostFinance[3]	Functions and Management[4]	Consolidation[5]	Group
Revenue										
from customers		4,108	32	64	900	–	1,539	22		6,665
from other segments		56	1	548	82	–	8	523	–1,218	–
Other operating income		12	5	1	101	–	77	408	–392	212
Total operating income[6]		**4,176**	**38**	**613**	**1,083**	**–**	**1,624**	**953**	**–1,610**	**6,877**
Operating profit[6]		**538**	**–80**	**–36**	**19**	**–**	**281**	**–95**	**19**	**646**
Net financial income	14, 15									3
Net income from associates and joint ventures	16	26	–	–	0	–	–3	–		23
Income taxes[7]	17									–101
Group profit from continuing operations[7]										**571**
Segment assets		1,693	151	281	872	410	121,620	3,658	–1,049	127,636
Associates and joint ventures	16	34	–	–	2	–	26	–		62
Unallocated assets[8]										699
Total assets										**128,397**
Segment liabilities		1,069	138	318	581	218	115,528	661	–1,049	117,464
Unallocated liabilities[7,8]										2,015
Total liabilities[7]										**119,479**
Investment in property, plant and equipment, investment property and intangible assets	21-23	58	5	5	112	11	56	173		420
Depreciation and impairments/(reversal of impairments) on property, plant and equipment, investment property, intangible assets and right-of-use assets	21–24	65	7	7	84	–	83	196		442
Impairments (and reversal of impairments) on financial assets	27	–	–2	–	–	–	–8	0		–10
Other non-cash (expenses)/income		–78	–12	–4	–45	–21	–39	–31		–230
Headcount[9]		20,291	247	3,509	2,764	–	3,237	3,159		33,207

1 Within regional public transport, PostBus Ltd is subject to the DETEC ordinance on the accounting of licensed businesses (ALEO). There are differences between the ALEO and the IFRS results.
2 The Swiss Post Solutions segment has been classified as a disposal group and discontinued operation (see Note 18.3, Discontinued operations).
3 PostFinance Ltd also applies the FINMA Accounting Ordinance and FINMA Circular 2020/1 “Accounting – banks”. There are differences between the results in accordance with “Accounting – banks” and those as per IFRS.
4 Includes function units (e.g. Real Estate, Informatics, Human Resources, Finance and Communication).
5 The consolidation effects also include the IC items for the discontinued operation Swiss Post Solutions. Total operating income from 1 January to 31 December 2021: 38 million francs; operating profit from 1 January to 31 December 2021: 20 million francs.
6 Operating income and operating result by segment are reported before management and licence fees and net cost compensation.
7 Figures have been adjusted (see Note 2.2, Accounting changes).
8 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. The unallocated assets comprise financial assets (excluding PostFinance) of 85 million francs and deferred income tax assets of 614 million francs. The unallocated liabilities comprise other financial liabilities (excluding PostFinance) of 1,780 million francs and deferred income tax liabilities of 235 million francs. The unallocated assets and liabilities are eliminated via internal Group transactions.
9 The average is expressed in terms of full-time equivalents (excluding trainees).

Information by business segment

Up to or as at 31.12.2022 CHF million	Notes	Logistics Services	Communication Services	Postal-Network	Mobility Services[1]	Post-Finance[2]	Functions and Management[3]	Consolidation[4]	Group
Revenue									
from customers		4,139	61	62	885	1,482	26		6,655
from other segments		36	3	513	84	10	524	–1,170	–
Other operating income		19	9	2	100	74	386	–386	204
Total operating income[5]		**4,194**	**73**	**577**	**1,069**	**1,566**	**936**	**–1,556**	**6,859**
Operating profit[5]		**358**	**–72**	**–71**	**27**	**229**	**–121**	**8**	**358**
Net financial income	14, 15								–2
Net income from associates and joint ventures	16	6	–	–	0	–7	–		–1
Income taxes	17								–88
Group profit from continuing operations									**267**
Segment assets		2,549	240	672	954	113,400	5,016	–3,083	119,748
Associates and joint ventures	16	25	–	–	–	20	–		45
Unallocated assets[6]									677
Total assets									**120,470**
Segment liabilities		1,534	349	528	538	107,602	1,314	–3,083	108,782
Unallocated liabilities[6]									1,804
Total liabilities									**110,586**
Investment in property, plant and equipment, investment property and intangible assets	21-23	103	11	5	68	32	163		382
Depreciation and impairments/(reversal of impairments) on property, plant and equipment, investment property, intangible assets and right-of-use assets	21–24	91	10	6	82	82	196		467
Impairments (and reversal of impairments) on financial assets	27	–	–	–	–	–2	1		–1
Other non-cash (expenses)/income		–156	–6	–37	–28	–44	–53		–324
Headcount[7]		21,032	474	3,373	2,747	3,250	3,196		34,072

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

6.6 | Geographical information

The Swiss Post Solutions segment was classed as held for sale in mid-December 2021 and disposed of on 30 March 2022. This operation is shown separately in the consolidated income statement under discontinued operations and is no longer included in the segment disclosure or in revenue. For this reason the disclosure on the results by region has been revised and now shows the regions "Switzerland" and "Other countries". The previous year was adjusted for the purposes of comparison.

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

Information by region

Up to or as at 31.12.2021 CHF million	Notes	Switzerland	Other countries	Group
Revenue from customers [1]		6,036	629	6,665
Non-current assets [1]	21–24	3,849	85	3,934

1 Figures have been adjusted (see Note 6.6, Geographical information).

Information by region

Up to or as at 31.12.2022 CHF million	Notes	Switzerland	Other countries	Group
Revenue from customers		5,973	682	6,655
Non-current assets	21–24	4,020	118	4,138

7 | Revenue

Accounting policies

Recognition of revenue from contracts with customers

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

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

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

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

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

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

Communication Services
Communication Services generates revenue primarily from logistics services. Services provided as part of the digital healthcare range, such as the "electronic patient record (EPR)" and "Medbase", highly secure collaboration solutions with "Tresorit", and data security solutions with "SwissSign" are responsible for the largest share of revenue at Communication Services.

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

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

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

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

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

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

Breakdown of net revenue from contracts with customers

Up to or as at 31.12.2021 CHF million	Logistics Services	Communication Services	PostalNetwork	Mobility Services	PostFinance	Functions and Management	Consolidation	Group
Net revenue from contracts with customers								
of which logistics services	4,162	33	546	959	–	545	–1,206	5,039
of which resale merchandise	2	0	66	23	–	–	–4	87
of which financial services and commission business	–	–	–	–	763	–	–8	755
Total net revenue from contracts with customers	**4,164**	**33**	**612**	**982**	**763**	**545**	**–1,218**	**5,881**
Other revenue from financial services[1]								784
Total revenue								**6,665**
Other operating income								212
Total operating income								**6,877**

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

Breakdown of net revenue from contracts with customers

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

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

7.1 | Future revenue from remaining performance obligations

The total transaction price amount arising from performance obligations that exist as at 31 December 2022 and have not yet been met stands at 96 million francs (prior year: 130 million francs). 28 million francs of this amount is expected to be recorded as revenue in the next year, 46 million francs within two to three years and 22 million francs in more than three years. It includes contracts whose original term was expected to last more than one year. It does not include future revenue from performance obligations for which Swiss Post is entitled to receive consideration from a customer which corresponds directly to the value of the service already provided to the customer by Swiss Post.

7.2 | Revenue recorded from contract balances

Revenue rose by less than 1 million francs during the reporting period (prior year: reduction by 5 million francs) due to performance obligations met in prior periods (e.g. due to changes in the transaction price or a reassessment of the performance obligation fulfilled). An additional 266 million francs (prior year: 250 million francs) of revenue was recorded during the reporting period, which had been included in the balance of contract liabilities at the beginning of the period.

8 | Net income from financial services

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

Net income from financial services

CHF million	2021	2022
Interest income on financial instruments – amortized cost, incl. effects from hedging transactions	512	496
Interest income on financial assets FVTOCI, incl. effects from hedging transactions	38	39
Net interest income from financial instruments FVTPL incl. effects from hedging transactions	1	1
Dividend income on financial assets	12	12
Interest and dividend income	**563**	**548**
Interest expense on financial instruments – amortized cost	–12	–42
Interest expense	**–12**	**–42**
Net interest and dividend income	**551**	**506**
Impairment/reversal of impairment on amounts due from banks, interest-bearing amounts due from customers and financial assets	11	3
Net interest and dividend income, net of impairment/reversal of impairment	**562**	**509**
Commission income on lending business	19	20
Commission income on securities and investment business	96	91
Commission income on other services	96	110
Commission expenses	–52	–54
Net income from services	485	461
Net services and commission income	**644**	**628**
Net trading income FVTPL and mandatory	215	212
Net income from the disposal of financial assets FVTOCI	7	1
Net income from the disposal of financial assets – amortized cost	–3	–10
Losses on payment transactions	–10	–11
Other fees and duties	–13	–8
Net income from financial services	**1,402**	**1,321**
Reported in Note 7, Revenue, and in the consolidated income statement:		
Net revenue from contracts with customers, financial services and commission business	755	740
Other revenue from financial services	784	742
Expenses for financial services	–137	–161

In 2022, interest income from the deposit-taking business of 165 million francs was generated (previous year: 231 million francs). Interest expense from financial assets stands at 1 million francs (previous year: 1 million francs).

9 | Other operating income

Other operating income

CHF million	2021	2022
Rental income	116	126
Rental income from subleases	0	–
Profits on the sale of property, plant and equipment	31	29
Other income	65	49
Total other operating income	**212**	**204**

Most rental income was generated in Switzerland. The rental arrangements are in line with market practices. Other income mainly includes compensation for management services in public transport and income from ancillary costs for leased properties.

10 | Personnel expenses

Breakdown

CHF million	Notes	2021	2022
Wages and salaries		2,677	2,814
Social security benefits		295	290
Employee benefit expenses	11	302	310
Other personnel expenses		43	82
Total personnel expenses		**3,317**	**3,496**

Headcount

Number of employees [1]	2021	2022
Employees at Swiss Post Group (excluding trainees)	33,207	34,072
Trainees at Swiss Post Group	1,860	1,839

1 Average expressed in terms of full-time equivalents.

11 | Employee benefits

Estimation uncertainty

Employee benefits

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

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

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

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

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

Swiss Post insures its employees with various pension plans in Switzerland. Plan assets are either kept separate in autonomous foundations or in collective foundations. The Foundation Board of the autonomous foundations is made up of an equal number of employee and employer representatives. In accordance with the law and employee benefit regulations, foundation boards have an obligation to act exclusively in the interests of the foundation and of beneficiaries (38,112 active contributors and 30,942 pensioners as at 31 December 2022). The employer is therefore not permitted to make decisions about benefits and financing on its own. Resolutions must be made jointly. Foundation boards are responsible for determining investment strategy, for making changes to employee benefit regulations (and insured benefits in particular) and for securing pension benefit funding.

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

When determining benefits, the minimum legal requirements regarding the Occupational Old-age, Survivors' and Disability Benefit Plan (OPA) and its regulations on execution must be taken into account. The OPA establishes the minimum salary to be insured as well as minimum retirement assets. The minimum interest rate to be applied to the minimum retirement assets is set by the Federal Council at least once every two years. In 2022, the rate is 1.00 percent (previous year: 1.00 percent).

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

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

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

11.1 | Actuarial assumptions

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

Actuarial assumptions made in calculating annual employee benefit expenses		
Percent	2021	2022
Discount rate	0.17	0.30

Actuarial assumptions as at 31.12.		
Percent	2021	2022
Discount rate	0.30	2.25
Expected change in salaries	1.00	1.50
Pension indexation	0.00	0.00
Interest on retirement assets	1.25	1.25
Staff turnover	4.89	4.94
Lump-sum capital withdrawal ratio	30.00	30.00
Employee share of funding gap	25.00	25.00
Years		
Current average life expectancy for a man/woman aged 65	22/24	22/24
Mortality table	OPA 2020 GT	OPA 2020 GT

The financial assumptions related to risk sharing are taken into account in two stages: with the implicit assumption of a future pension equal to the discount rate, the regulatory recurring contributions are insufficient to ensure the correct funding of the regulatory benefits promised by the Swiss Post pension fund. This results in a structural funding gap. In its assessment, Swiss Post anticipates that the measures taken by the Swiss Post pension fund so far are insufficient to cover the funding deficits that can be expected in the future. For the purpose of the actuarial calculations, it was assumed during the first stage that the Foundation Board would decide on measures to correct this funding gap in line with the formal regulations (reduction in the conversion rate to 4.69 percent until 2033; expected compensation of 75 percent of the reduction calculated in relation to the retirement assets available). This assumption involves taking a technical interest rate of 1.50 percent (1.25 percent from 2033) as a basis and is conditional on a gradual reduction in future pensions at the age of 65 over ten years being decided on by the Foundation Board. Even assuming a future reduction in benefits, there is still a structural funding gap, which is divided mathematically between the employer and the employee in a second stage. It is assumed that the employer’s obligation is legally restricted to 50 percent and effectively limited to 75 percent of the funding gap. The statutory provisions for correcting underfunding and the specific past conduct and measures taken by both the employer and the Foundation Board form the basis for this assumption.

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

As a result of the sharp rise in the yield curve since the beginning of the year on the AA-rated bonds from the Swiss Bond Index used to determine the imputed interest rate, employee benefit assets as per IAS 19 stood at 349 million francs and employee benefit obligations at 11 million francs as at 31 December 2022 (31 December 2021: employee benefit obligations of 929 million francs). The surplus plan assets in relation to gross employee benefit obligations total 892 million francs. The maximum economic benefit amounts to 349 million francs and meets the criteria as per IFRIC 14.

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

Other long-term employee benefits are shown and described under Note 25, Provisions.

11.2 | Employee benefit expenses

Employee benefit expenses

CHF million	2021	2022
Current service cost	328	300
Service cost to be recognized	–1	0
(Gains)/losses from plan settlements	–20	–
Administrative costs	9	8
Additional employee benefits	1	1
Other plans, reclassifications, other expenses	–15	1
Total employee benefit expenses recognized in personnel expenses	**302**	**310**
Interest expense arising from employee benefit obligations	44	53
Interest income on assets	–40	–51
Total net interest expense recognized in financial expenses	**4**	**2**
Total employee benefit expenses recognized in the income statement	**306**	**312**

Revaluation elements recorded in the statement of comprehensive income

CHF million	2021	2022
Actuarial losses		
due to the adjustment of demographic assumptions	–1,102	28
due to the adjustment of financial assumptions	–197	–3,104
due to experience adjustments	268	484
Income from plan assets (excluding interest income)	–1,021	737
Changes in effect of asset ceiling regulation (excluding net interest income)	–	542
Other	–18	–
Total revaluation gains recorded in other comprehensive income (OCI)	**–2,070**	**–1,313**
Total employee benefit expenses	**–1,764**	**–1,001**

The effect of the change in demographic assumptions includes the updating of the likelihood of early retirement based on a new analysis of the data for the period 2016 to 2021.

The effect of the change to the financial assumptions includes the adjustments to the imputed interest rate from 0.30 percent to 2.25 percent and the changes to assumptions on the development of salaries and of the OASI (mixed index made up of wage indexation and inflation).

For 2022, employee benefit expenses fell by 8 million francs (previous year: 28 million francs) and employee benefit obligations declined by 70 million francs (previous year: 442 million francs) as at 31 December 2022 due to the application of risk sharing characteristics.

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

11.3 | Cover status

Statement of recognized employee benefit obligations arising from material defined benefit plans, mainly from the Swiss Post pension fund foundation in Switzerland. The values as at 31 December 2021 are shown without the discontinued operation Swiss Post Solutions, as these are part of the liabilities associated with assets held for sale in the consolidated balance sheet. As at 31 December 2022, there are recognized plan assets of 349 million francs and recognized pension benefit obligations of 11 million francs for defined benefit plans.

Summary of cover status

CHF million	31.12.2021	31.12.2022
Present value of employee benefit obligations including assets set aside	18,149	15,144
Benefit plan assets at fair value	–17,223	–16,026
Shortfall/(surplus)	**926**	**–882**
Employee benefit obligations excluding assets set aside	2	2
Effect of asset ceiling regulation	–	542
Total recognized employee benefit obligations/(employee benefit assets) arising from defined benefit plans, net	**928**	**–338**
Employee benefit obligations arising from other benefit plans	1	0
Total recognized employee benefit obligations/(employee benefit assets), net	**929**	**–338**
of which:		
recognized employee benefit assets	–	–349
recognized employee benefit obligation	929	11

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

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

CHF million	2021	2022
Balance as at 1.1.	**2,962**	**928**
Employee benefit expenses arising from defined benefit plans	329	311
Revaluation gains recognized in other comprehensive income	–2,070	–1,313
Employer contributions	–284	–269
Pension payments by the employer	–1	0
Translation differences	–1	–
Company acquisitions, disposals or transfers	18	5
Disposals arising from reclassifications (IFRS 5)	–25	–
Balance as at 31.12.	**928**	**–338**
of which:		
current, i.e. payments falling due within the next twelve months	272	269
non-current	656	–607

11.5 | Change in employee benefit obligations

Change in employee benefit obligations

CHF million	2021	2022
Balance as at 1.1.	**20,099**	**18,151**
Current service cost	335	300
Employee contributions	218	207
Interest expense arising from employee benefit obligations	45	53
Actuarial (gains)/losses	–1,031	–2,592
Plan settlements	–85	–
Company acquisitions, disposals or transfers	82	49
Additional employee benefits	1	1
Benefits paid from plan assets	–923	–1,023
Pension payments by the employer	–1	0
Plan amendments	–1	0
Transfers, reclassifications and other	–359	–
Disposals arising from reclassifications (IFRS 5)	–228	–
Translation differences	–1	–
Balance as at 31.12.	**18,151**	**15,146**
Employee benefit obligations including assets set aside	18,149	15,144
Employee benefit obligations excluding assets set aside	2	2
Total employee benefit obligations	**18,151**	**15,146**

11.6 | Change in plan assets

Change in fair value of plan assets

CHF million	2021	2022
Balance as at 1.1.	**17,137**	**17,223**
Interest income on assets	41	51
Income from plan assets (excluding interest income)	1,021	–737
Employee contributions	218	207
Employer contributions	284	269
Plan settlements	–65	–
Company acquisitions, disposals or transfers	64	44
Benefits paid from plan assets	–923	–1,023
Administrative costs	–9	–8
Transfers, reclassifications and other	–341	–
Disposals arising from reclassifications (IFRS 5)	–203	–
Translation differences	–1	–
Balance as at 31.12.	**17,223**	**16,026**

11.7 | Asset categories

Asset allocation			31.12.2021			31.12.2022
CHF million	Listed	Unlisted	Total	Listed	Unlisted	Total
Bonds	4,014	2,765	6,779	3,527	2,694	6,221
Shares	5,211	–	5,211	4,035	–	4,035
Real estate	7	2,481	2,488	8	2,685	2,693
Alternative investments	529	1,712	2,241	401	1,833	2,234
Qualified insurance paper	–	16	16	–	–	–
Other financial assets	–	10	10	–	18	18
Cash and cash equivalents	–	681	681	–	825	825
Total	**9,761**	**7,665**	**17,426**	**7,971**	**8,055**	**16,026**
Disposals arising from reclassifications (IFRS 5)			–203			–
Total incl. disposals arising from reclassifications as per IFRS 5			**17,223**			**16,026**

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 has formed an investment committee to implement the investment strategy. This committee appoints asset managers and the global custodian. Assets in pension plans are well diversified. OPA legal provisions apply regarding the diversification and security of pension plans. Real estate is not owned directly.

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

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

11.8 | Sensitivities

The effect of a rise or fall in the underlying material actuarial assumptions on the present value of pension obligations as at 31 December 2021 and 2022:

Sensitivity of pension obligations to changes in actuarial assumptions		Resulting change in present value			Resulting change in present value	
CHF million	Deviation	31.12.2021	31.12.2022	Deviation	31.12.2021	31.12.2022
Discount rate	+0.25 percentage point	–463	–190	–0.25 percentage point	489	217
Expected change in salaries	+0.25 percentage point	36	14	–0.25 percentage point	–36	–14
Pension indexation	+0.25 percentage point	339	149	–0.25 percentage point	–	–
Interest on retirement assets	+0.25 percentage point	54	23	–0.25 percentage point	–53	–22
Capital withdrawal ratio	+5.00 percentage point	–61	2	–5.00 percentage point	61	–2
Employee share of funding gap or surplus	+10.00 percentage point	–96	115	–10.00 percentage point	96	–115
Life expectancy at age 65	+1 year	524	267	–1 year	–537	–266

11.9 | Information on employer contributions

The following table shows the employer contributions for the previous financial year, as well as the expected contributions for 2023.

Employer contributions

CHF million	Effective	Expected
2022	269	272
2023		269

11.10 | Maturity profile of the defined benefit employee benefit obligation

The weighted average term of the defined benefit employee benefit obligation is 12.6 years as at 31 December 2022 (previous year: 14.6 years).

11.11 | Expected future pension payments

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

Cash flows resulting from employee benefits

CHF million	Nominal payment of benefits (estimation)
2023	942
2024	936
2025	931
2026	924
2027	923
2028–2032	4,417

12 | Resale merchandise and service expenses

Resale merchandise and service expenses

CHF million	2021	2022
Working materials, semi-finished and finished goods	7	7
Resale merchandise expenses	48	59
Service expenses	219	275
Compensation paid to PostBus operators	339	334
Compensation paid to forwarding companies	481	508
Compensation paid for international postal traffic	103	98
Temporary employees	243	209
Total resale merchandise and service expenses	**1,440**	**1,490**

13 | Other operating expenses

Other operating expenses

CHF million	2021	2022
Premises	50	57
Maintenance and repairs of property, plant and equipment	127	123
Energy and fuel	47	41
Operating materials	31	42
Consulting, office and administrative expenses	391	395
Marketing and communications	80	96
Loss on disposal of property, plant and equipment	1	3
Other expenses	168	130
Total other operating expenses	**895**	**887**

14 | Financial income

Financial income

CHF million	Notes	2021	2022
Interest income on financial assets at amortized cost	27	8	12
Interest income on leases		4	4
Foreign currency gains		19	31
Other financial income		16	17
Total financial income		**47**	**64**

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

15 | Financial expenses

Financial expenses

CHF million	Notes	2021	2022
Interest expense on financial liabilities at amortized cost	27	11	12
Net interest expense for employee benefit obligations	11	4	2
Interest charges on leases		13	14
Foreign currency losses		15	32
Other financial expenses		1	6
Total financial expenses		**44**	**66**

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

16 | Associates and joint ventures

Accounting policies

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

16.1 | Additions and disposals of associates and joint ventures

2021

On 3 May 2021, PostFinance Ltd acquired 50 percent of the shares in Yuh Ltd.

Through the acquisition of 100 percent of the interests in Otto Schmidt AG on 28 June 2021, Post CH Ltd holds around 91 percent of the interests in OSA Spedition GmbH, which in turn holds 26 percent of the interests in Weliver Logistik GmbH. For further information, see Note 5.1, Additions and disposals of subsidiaries.

Swiss Post Ltd sold its shares (25 percent) in Liechtensteinische Post AG on 26 November 2021.

2022

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

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

16.2 | Investments in associates and joint ventures

In early March 2021, Swiss Post Ltd provided Asendia Holding Ltd with a loan of around 217 million francs for the acquisition of non-controlling interests in a subsidiary of the Asendia Group. The repayment of the loan is neither planned nor likely in the foreseeable future and therefore represents, in substance, an increase in the net investment in the Asendia Group, which is recognized as an associate. The acquisition of the non-controlling interests resulted in an effect of –292 million francs for Swiss Post Group in 2021, which was recognized in retained earnings without affecting profit or loss in accordance with the selected accounting method (112 million francs as a reduction of the investments in associates and joint ventures and 180 million francs as a reduction of the loan).

In 2022, Swiss Post Ltd granted Asendia Holding Ltd. loans amounting to 83 million francs. Otherwise there were no material transactions between the Group and its associates and joint ventures (see also Note 30, Transactions with related companies and parties).

Investments in associates and joint ventures

CHF million	2021	2022
Balance as at 1.1.	**149**	**62**
Additions	21	2
Disposals	–5	–2
Changes to non-controlling interests	–112	–
Reclassification to loans, without affecting profit or loss	–	–3
Dividends	–10	–17
Share of net profit (after taxes) recognized in the income statement	23	–1
Share of net profit (after taxes) recorded in other comprehensive income	1	–3
Currency translation differences	–5	7
Balance as at 31.12.	**62**	**45**

In 2022, the Asendia Group generated consolidated revenue of 2,514 million francs (previous year: 2,340 million francs) and a profit of 1 million francs (previous year: 55 million francs). As at 31 December 2022, assets stood at 975 million francs (previous year: 787 million francs) and liabilities at 826 million francs (previous year: 663 million francs). Swiss Post holds a 40 percent interest in the Asendia Group.

No further substantial investments in associates or joint ventures exist.

Swiss Post has not recognized losses totalling 12 million francs (previous year: 11 million francs) in respect of its interests in associates and joint ventures as it has no obligation in respect of these losses.

16.3 | Comprehensive income from associates

Net income from associates

CHF million	2021	2022
Share of net profit (after taxes) recognized in the income statement	26	7
Share of net profit (after taxes) recorded in other comprehensive income	1	–3
Comprehensive income from associates	**27**	**4**

16.4 | Comprehensive income from joint ventures

Net income from joint ventures

CHF million	2021	2022
Share of net profit (after taxes) recognized in the income statement	–3	–8
Share of net profit (after taxes) recorded in other comprehensive income	–	–
Comprehensive income from joint ventures	**–3**	**–8**

17 | Income taxes

Accounting policies

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

Deferred income taxes are determined for Swiss Post and its subsidiaries on the basis of current or expected 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).

Estimation uncertainty

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

Income taxes recognized in the income statement

CHF million	2021[1]	2022
(Expense) for current income taxes	–55	–37
(Expense) for deferred income taxes	–46	–51
Total (expense) for income taxes recognized in the income statement	**–101**	**–88**

1 Figures have been adjusted (see Note 2.2, Accounting changes).

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

Income taxes recorded in other comprehensive income

CHF million	2021	2022
Revaluation of employee benefit obligations and employee benefit assets	–336	–211
Fair value reserves of equity instruments FVTOCI	–18	9
Currency translation reserves	–	3
Fair value reserves of debt instruments FVTOCI	28	106
Hedging reserves	–13	–35
Total income taxes recorded in other comprehensive income	**–339**	**–128**

17.1 | Deferred taxes relating to balance sheet items

Deferred taxes relating to balance sheet items		31.12.2021[1]			31.12.2022	
CHF million	Deferred tax assets	Deferred tax liabilities	Net assets/ (liabilities)	Deferred tax assets	Deferred tax liabilities	Net assets/ (liabilities)
Financial assets	26	–80	–54	77	–54	23
Investments in subsidiaries, associates and joint ventures	2	–26	–24	–	–21	–21
Property, plant and equipment	171	–1	170	174	–2	172
Intangible assets	86	–4	82	69	–6	63
Right-of-use assets	–	–112	–112	–	–124	–124
Employee benefit assets[2]	5	–	5	–	–51	–51
Lease liabilities	115	–	115	127	–	127
Provisions	2	–4	–2	–	–4	–4
Employee benefit obligations	155	–	155	2	–	2
Other balance sheet items[2]	0	–8	–8	0	–15	–15
Deferred taxes arising from temporary differences	**562**	**–235**	**327**	**449**	**–277**	**172**
Tax assets recognized for loss carryforwards	52		52	22		22
Deferred tax assets/liabilities, gross	**614**	**–235**	**379**	**471**	**–277**	**194**
Deferred tax assets/liabilities, prior year	–1,028	250	–778	–614	235	–379
Disposals arising from reclassifications as per IFRS 5	16	–20	–4	–	–	–
Discontinued operation	10	0	10	–	–	–
Deferred taxes recorded in other comprehensive income	350	–11	339	98	33	131
Changes in the composition of the Group	–7	15	8	–10	13	3
Deferred taxes recognized in the income statement	**–45**	**–1**	**–46**	**–55**	**4**	**–51**

1 Figures have been adjusted (see Note 2.2, Accounting changes).
2 The deferred taxes on employee benefit assets were recognized in the other balance sheet items.

Deferred tax assets of 471 million francs (previous year: 614 million francs) are comprised mainly of temporary differences on financial assets, property, plant and equipment and intangible assets, lease liabilities and tax loss carryforwards.

Deferred tax liabilities of 277 million francs (previous year: 235 million francs) result mainly from temporary differences on financial assets, participations, right-of-use assets and employee benefit assets as per IAS 19.

As at 31 December 2022, temporary differences in relation to interests amounted to 375 million francs (previous year: 256 million francs) for which no deferred tax liabilities were recognized. These are temporary differences which, in the event of a reversal, are subject only to a low level of taxation due to the deduction from interests.

17.2 | Unused tax loss carryforwards

Unused loss carryforwards			31.12.2021			31.12.2022
CHF million	Recognized	Not recognized	Total	Recognized	Not recognized	Total
Maturing within 1 year	–	0	0	–	5	5
Maturing in 2 to 6 years	240	534	774	74	304	378
Maturing in more than 6 years	45	111	156	49	12	61
Total unused loss carryforwards	**285**	**645**	**930**	**123**	**321**	**444**

Tax loss carryforwards of 321 million francs (previous year: 645 million francs) were not recognized within Swiss Post Group, as it seems uncertain that they will be utilized in the future.

17.3 | Analysis of the expense for income taxes

The following breakdown shows the reconciliation from Group profit before tax with the income tax expense accounted for. The weighted average tax rate to be applied is 20.3 percent (previous year: 8.2 percent). The increase in the Group tax rate by 12.1 percentage points is due to a change in the composition of positive and negative contributions to the results by the individual subsidiaries.

Reconciliation from Group profit before tax to provision for income taxes accounted for CHF million	2021[1]	2022
Group profit before tax from continuing operations	672	355
Weighted average tax rate	8.2%	20.3%
Tax expense at weighted average tax rate	**55**	**72**
Reconciliation with expenses for income taxes accounted for:		
Effect of change in tax status/tax rates	0	3
Effect of investments/impairment of goodwill	–1	27
Effect of back taxes and tax refunds from previous years	0	–1
Effect of change in impairment for deferred income tax assets	0	0
Effect of fiscally non-relevant income/expenses	0	–
Effect of loss carryforwards	9	–24
Other effects	38	11
Expenses for income taxes accounted for	**101**	**88**

1 Figures have been adjusted (see Note 2.2, Accounting changes).

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

Accounting policies

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

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

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

Non-current assets held for sale CHF million	Notes	Property, plant and equipment	Subsidiaries	Total
As at 1.1.2021		**6**	**–**	**6**
Additions		19	473	492
Disposals		–18	–65	–83
As at 31.12.2021		**7**	**408** [1]	**415**
As at 1.1.2022		**7**	**408** [1]	**415**
Additions		19	45	64
Disposals	5	–19	–453	–472
As at 31.12.2022		**7**	**–**	**7**

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

Liabilities associated with assets held for sale

CHF million	Notes	Subsidiaries	Total
As at 1.1.2021		**–**	**–**
Additions		240	240
Disposals		–29	–29
As at 31.12.2021		**211** [1]	**211**
As at 1.1.2022		**211** [1]	**211**
Additions		31	31
Disposals	5	–242	–242
As at 31.12.2022		**–**	**–**

1 Including PubliBike AG disposal group: 11 million francs.

18.2 | Disposal group sold

Swiss Post Ltd sold 100 percent of the shares in PubliBike AG (Mobility Services segment) on 4 February 2022. The assets and liabilities of PubliBike AG were classified as held for sale as at 31 December 2021. On 4 February 2022, assets worth 13 million francs and liabilities of 11 million francs were disposed of. The profit from the sale is not material in nature.

18.3 | Discontinued operations

In mid-December 2021, the Swiss Post Board of Directors decided to sell SPS Holding Ltd and its subsidiaries for strategic reasons. As a result, the Swiss Post Solutions segment was classified as a disposal group and a discontinued operation as at 31 December 2021. Swiss Post Solutions is shown separately in the consolidated income statement under discontinued operations and is no longer included in the segment disclosure or in revenue. The sale took place on 30 March 2022.

SPS Holding Ltd holds 13 subsidiaries directly or indirectly (see Note 5.1, Additions and disposals of subsidiaries).

Intra-Group transactions were fully eliminated. Eliminations were allocated to the continuing operations and the discontinued operation in such a way that each elimination was recorded where the affected item was disclosed (e.g. the receivable with the creditor and the liability with the debtor).

Swiss Post Solutions segment | Income statement

CHF million	2021 1.1. to 31.12.	2022 1.1. to 30.3.
Net revenue from contracts with customers	565	160
Other operating income	5	2
Operating income	**570**	**162**
Operating expenses	–563	–154
Operating profit	**7**	**8**
Net financial income	–4	–1
Gain on disposal	–	25
Group profit before tax from discontinued operations	**3**	**32**
Income tax associated with profit before tax from usual business activities during the reporting period	–14	–4
Group loss/profit after tax from discontinued operations	**–11**	**28**

Swiss Post Solutions segment | Net cash flows

CHF million	2021 1.1. to 31.12.	2022 1.1. to 30.3.
Cash flow from operating activities	31	–106
Cash flow from investing activities	–52	–1
Cash flow from financing activities	–9	–2
Change in cash and cash equivalents	**–30**	**–109**

Swiss Post Solutions segment | Balance sheet

CHF million	30.3.2022
Assets	
Amounts due from banks	51
Trade accounts receivable	116
Other receivables	30
Inventories	3
Property, plant and equipment	20
Intangible assets and goodwill	187
Right-of-use assets	19
Income tax assets	14
Total disposed assets for the discontinued operation	**440**
Liabilities	
Other financial liabilities	42
Trade accounts payable	26
Other liabilities	88
Provisions	22
Employee benefit obligations	32
Income tax liabilities	21
Total disposed liabilities associated with disposed assets for the discontinued operation	**231**
Net assets of discontinued operation	**209**
Cash and cash equivalents disposed of	–51
Net profit from disposal[1]	25
Realized currency translation reserves	51
Deferred payment of sale price	–20
Net cash inflow from disposal	**214**

1 The net profit from disposals is reported in Group profit from discontinued operations.

19 | Financial assets and liabilities

Accounting policies

Cash

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

Financial receivables

Amounts due from banks and interest-bearing amounts due from customers are measured at amortized cost using the effective interest method, which usually corresponds to the face value. Amounts due from banks are comprised principally of current account balances, money market instruments and reverse repurchase transactions. In amounts due from banks, high cash reserves are held, which are mostly invested at the Swiss National Bank (SNB). Interest-bearing amounts due from customers consist of technically overdrawn postal accounts of postal account holders, the COVID-19 bridging loans issued on a temporary basis in connection with the coronavirus crisis from 26 March 2020, credit card receivables and reverse repurchase transactions with third parties. Until the end of 2021, receivables from recourse factoring and reverse factoring (working capital management products from PostFinance) were also included in this item.

Trade accounts receivable and other receivables

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

Financial assets

Recognition and initial measurement

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

Classification and subsequent measurement of debt instruments

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

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

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

Classification and subsequent measurement of equity instruments

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

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

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

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

Business model

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

Swiss Post defines the business models as follows:

Financial instruments for achieving contractual cash flows (held to collect) – at amortized cost
Debt instruments in the core and non-core portfolios intended for generating contractual cash flows and for holding positions to maturity.

The following sales are compatible with the business model:

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

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

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

Cash flow conditions

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

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

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

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

Financial guarantees

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

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

Impairment losses on financial assets

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

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

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

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

Debt instruments measured at amortized cost and FVTOCI
Allocation of the positions in the three levels:

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

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

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

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

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

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

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

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

Netting

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

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

Derivative financial instruments and hedge accounting

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

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

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

Cash flow hedges are used to hedge anticipated future transactions and variable cash flows. Changes in value to the extent a hedge is effective are recognized in other comprehensive income, while changes in value to the extent a hedge is ineffective are recognized in profit or loss in "Result from FVTPL trading portfolio assets and mandatory". As soon as the hedged item has been recognized in profit or loss, the cumulated changes in fair value recorded in other comprehensive income are stated in "Result from FVTPL trading portfolio assets and mandatory" and in "Interest income from financial assets FVTOCI including effects from hedging transactions".

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

Replacement value

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

Contract volume

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

Fair value

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

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

Repurchase, reverse repurchase and securities lending transactions

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

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

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

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

Customer deposits (PostFinance)

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

Other financial liabilities

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

Estimation uncertainty

Fair values of financial instruments

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

Expected credit losses

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

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

Carrying amounts

31.12.2021 CHF million	FVTPL, incl. derivatives	FVTOCI, debt instruments	FVTOCI, equity instruments	Amortized cost[1]	Total[1]
Cash holdings				1,157	1,157
Amounts due from banks				46,139	46,139
Interest-bearing amounts due from customers				910	910
Trade accounts receivable				667	667
Other receivables				395	395
of which receivables from finance lease				164	164
Financial assets	609	7,353	301	65,212	73,475
Derivatives	460				460
Bonds	2	7,353		50,909	58,264
Shares	24		301		325
Funds	123				123
Loans				14,303	14,303
Total financial assets	**609**	**7,353**	**301**	**114,480**	**122,743**
Customer deposits (PostFinance)				94,110	94,110
Other financial liabilities	134			22,412	22,546
Liabilities relating to banks				1,218	1,218
Derivatives	105				105
Lease liabilities				731	731
Repurchase transactions				19,593	19,593
Private placements				810	810
Other	29			60	89
Trade accounts payable				250	250
Other liabilities	29			26	55
Total financial liabilities	**163**	**–**	**–**	**116,798**	**116,961**

1 The figures have been adjusted (see Note 2.2, Accounting changes).

Carrying amounts

31.12.2022 CHF million	FVTPL, incl. derivatives	FVTOCI, debt instruments	FVTOCI, equity instruments	Amortized cost	Total
Cash holdings				1,328	1,328
Amounts due from banks				39,100	39,100
Interest-bearing amounts due from customers				607	607
Trade accounts receivable				691	691
Other receivables				399	399
of which receivables from finance lease				152	152
Financial assets	1,353	6,105	268	64,762	72,488
Derivatives	1,189				1,189
Bonds	4	6,105		50,467	56,576
Shares	38		268		306
Funds	122				122
Loans				14,295	14,295
Total financial assets	**1,353**	**6,105**	**268**	**106,887**	**114,613**
Customer deposits (PostFinance)				89,994	89,994
Other financial liabilities	43			18,713	18,756
Liabilities relating to banks				1,429	1,429
Derivatives	23				23
Lease liabilities				778	778
Private placements				775	775
Repurchase transactions				15,626	15,626
Other	20			105	125
Trade accounts payable				274	274
Other liabilities	104			38	142
Total financial liabilities	**147**	**–**	**–**	**109,019**	**109,166**

The emergency loans fully guaranteed by the Confederation are included in the interest-bearing amounts due from customers. As at 31 December 2022, limits amounting to 474 million francs were provided, of which 266 million francs had been used by the reference date. As at 31 December 2021, receivables from working capital management services from PostFinance (factoring) were also still reported in interest-bearing amounts due from customers (180 million francs) and other receivables (14 million francs).

The loan granted by Swiss Post Ltd to Asendia Holding Ltd. in early March 2021 for the acquisition of non-controlling interests is included in the loans. Following the recognition of the resulting effect directly in equity in 2021, 180 million francs of this loan were reclassified directly as retained earnings. Information on this can be found in Note 16.2, Investments in associates and joint ventures.

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

On 1 October 2021, the remaining 83 percent of the interests in the SwissSign Group Ltd. were acquired, making the company wholly owned. Up to this point, the previous financial investment (17 percent) was held in the FVTOCI category, equity instruments. In this regard, the losses accrued in other comprehensive income of 11 million francs were reclassified within equity from other comprehensive income to retained earnings. For further information, see Note 5.1, Additions and disposals of subsidiaries.

20 | Inventories

Accounting policies

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

Inventories

CHF million	31.12.2021	31.12.2022
Resale merchandise	8	14
Fuel and operating materials	18	38
Production materials	7	4
Work in progress and finished goods	–	0
Impairment loss for inventories which are not easily marketable	– 1	0
Total inventories	**32**	**56**

21 | Property, plant and equipment

Accounting policies

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

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

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

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

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

Estimation uncertainty

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

Investment commitments for property, plant and equipment amount to 197 million francs (previous year: 159 million francs).

As at 31 December 2022, as in the previous year, no property, plant and equipment had been pledged in relation to mortgages.

As in the previous year, no borrowing costs were capitalized in 2022.

Property, plant and equipment

2021 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 1.1.2021	**4,601**	**137**	**1,277**	**806**	**58**	**6,879**
Additions to the consolidated Group	5	–	4	2	0	11
Additions	0	85	62	80	68	295
Disposals	–119	–1	–64	–60	0	–244
Reclassifications	51	–92	54	39	–90	–38
Disposals arising from reclassifications (IFRS 5)	–12	–	–117	–69	0	–198
Currency translation differences	–1	0	0	0	0	–1
As at 31.12.2021	**4,525**	**129**	**1,216**	**798**	**36**	**6,704**
Cumulative amortization						
As at 1.1.2021	**3,404**	**–**	**856**	**381**	**–**	**4,641**
Depreciation	81	–	83	82	–	246
Impairment	0	–	1	0	0	1
Disposals	–115	–	–58	–54	–	–227
Reclassifications	–24	–	0	–8	–	–32
Disposals arising from reclassifications (IFRS 5)	–10	–	–86	–51	0	–147
Currency translation differences	0	–	0	0	–	0
As at 31.12.2021	**3,336**	**–**	**796**	**350**	**0**	**4,482**
Carrying amount as at 1.1.2021	**1,197**	**137**	**421**	**425**	**58**	**2,238**
Carrying amount as at 31.12.2021	**1,189**	**129**	**420**	**448**	**36**	**2,222**

Property, plant and equipment

2022 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 1.1.2022	**4,525**	**129**	**1,216**	**798**	**36**	**6,704**
Additions to the consolidated Group	25	–	2	6	–	33
Additions	7	133	50	56	95	341
Disposals	–78	–2	–62	–34	0	–176
Reclassifications	58	–76	1	44	–57	–30
Disposals arising from reclassifications (IFRS 5)	0	–	–1	–50	0	–51
Currency translation differences	–1	0	0	–1	0	–2
As at 31.12.2022	**4,536**	**184**	**1,206**	**819**	**74**	**6,819**
Cumulative amortization						
As at 1.1.2022	**3,336**	**–**	**796**	**350**	**–**	**4,482**
Depreciation	73	–	73	81	–	227
Impairment	0	9	15	1	–	25
Disposals	–74	–	–61	–33	–	–168
Reclassifications	–14	–	0	–1	–	–15
Disposals arising from reclassifications (IFRS 5)	0	–	0	–31	–	–31
Currency translation differences	0	–	0	0	–	0
As at 31.12.2022	**3,321**	**9**	**823**	**367**	**–**	**4,520**
Carrying amount as at 1.1.2022	**1,189**	**129**	**420**	**448**	**36**	**2,222**
Carrying amount as at 31.12.2022	**1,215**	**175**	**383**	**452**	**74**	**2,299**

22 | Investment property

Accounting policies

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

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

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

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

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

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

Investment property			2021			2022
CHF million	Investment property	Investment property under construction	Total	Investment property	Investment property under construction	Total
Acquisition cost						
Balance as at 1.1.	**358**	**67**	**425**	**379**	**143**	**522**
Additions	–	64	64	–	37	37
Disposals	0	0	0	– 18	–	– 18
Reclassifications	21	12	33	161	– 144	17
Balance as at 31.12.	**379**	**143**	**522**	**522**	**36**	**558**
Cumulative amortization						
Balance as at 1.1.	**83**	**–**	**83**	**113**	**–**	**113**
Depreciation	14	–	14	16	–	16
Impairment	–	–	–	1	–	1
Disposals	0	–	0	– 18	–	– 18
Reclassifications	16	–	16	14	–	14
Balance as at 31.12.	**113**	**–**	**113**	**126**	**–**	**126**
Carrying amount as at 1.1.	**275**	**67**	**342**	**266**	**143**	**409**
Carrying amount as at 31.12.	**266**	**143**	**409**	**396**	**36**	**432**

Information on fair values can be found in Note 28, Fair value disclosures.

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

– Rental income: 27 million francs (previous year: 22 million francs)
– Direct operating expenses (including depreciation) that generated rental income during the reporting period: 24 million francs (previous year: 19 million francs)

On 31 December 2022, there were no restrictions on the saleability or transfer of earnings and proceeds from any sale.

There are investment commitments for investment property of 9 million francs (previous year: 18 million francs).

23 | Intangible assets and goodwill

Accounting policies

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

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

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

The recoverable amount of goodwill is reviewed at least annually or if there are indications of impairment. An impairment is applicable where the carrying amount of the cash-generating unit or units to which the goodwill was assigned exceeds the recoverable amount.

Estimation uncertainty

Management estimates the period over which future economic benefits from intangible assets with a finite useful life will flow to the company. The estimated useful lives of intangible assets are reviewed on a regular basis.

The allocation of goodwill to the cash-generating units and the calculation of the recoverable amount are at the discretion of management. The discount rates include specific risk premiums depending on the risk assessment of the relevant cash-generating unit. The expected future cash flows and the assumptions applied are based on historical data from both internal and external sources of information as well as the strategic planning approved by the management.

Intangible assets and goodwill				2021				2022
CHF million	Goodwill[1]	Other intangible assets	Other intangible assets under construction	Total	Goodwill[1]	Other intangible assets	Other intangible assets under construction	Total
Acquisition cost								
Balance as at 1.1.	**311**	**559**	**21**	**891**	**380**	**539**	**42**	**961**
Additions to the consolidated Group	234	69	0	303	82	22	–	104
Additions	–	21	35	56	–	13	8	21
Disposals	–7	–12	0	–19	–	–12	0	–12
Reclassifications	–	11	–10	1	–	39	–39	–
Disposals arising from reclassifications (IFRS 5)	–157	–109	–4	–270	–	–	–	–
Currency translation differences	–1	0	0	–1	–2	0	0	–2
Balance as at 31.12.	**380**	**539**	**42**	**961**	**460**	**601**	**11**	**1,072**
Cumulative amortization								
Balance as at 1.1.	**49**	**359**	**–**	**408**	**21**	**348**	**–**	**369**
Depreciation	–	57	–	57	–	65	–	65
Impairment	0	1	0	1	–	–	–	–
Disposals	–7	–12	–	–19	–	–12	–	–12
Reclassifications	–	0	–	0	–	0	–	0
Disposals arising from reclassifications (IFRS 5)	–21	–57	0	–78	–	–	–	–
Currency translation differences	0	0	–	0	0	0	–	0
Balance as at 31.12.	**21**	**348**	**–**	**369**	**21**	**401**	**–**	**422**
Carrying amount as at 1.1.	**262**	**200**	**21**	**483**	**359**	**191**	**42**	**592**
Carrying amount as at 31.12.	**359**	**191**	**42**	**592**	**439**	**200**	**11**	**650**

1 Goodwill relating to fully consolidated companies. Goodwill arising from the acquisition of interests in associates and joint ventures is included in the disclosed value of these equity interests (see Note 16, Associates and joint ventures).

Other intangible assets essentially comprise purchased standard and banking software.

There are no investment commitments for intangible assets (previous year: 10 million francs).

23.1 | Reviewing the recoverable amount of goodwill

In the event of a new acquisition, goodwill is allocated to individual cash-generating units or a group of cash-generating units, and tested in the fourth quarter of each year for impairment. A segment is generally a cash-generating unit, as the monitoring of goodwill for internal management purposes largely takes place at this level.

The goodwill relates to the following segments:

Goodwill by segment

CHF million	31.12.2021	31.12.2022
Logistics Services segment	271	293
Communication Services segment	88	146
Total goodwill	**359**	**439**

The recoverable amount of a cash-generating unit is based on a calculation of its value in use via the discounted cash flow method, in turn based on the strategic financial planning approved by the management. The calculation of value in use reflects the cash flows for the next five years, discounted to present value at the weighted average cost of capital (WACC), and an estimated residual value. This includes a growth component at the level of country-specific inflation. WACC is determined using the capital asset pricing model and comprises weighted equity costs and borrowing costs. The return on 10-year government bonds of the country in which the cash-generating unit operates is taken as the risk-free interest rate.

The following discount rates were used to determine the recoverable amount of goodwill.

Discount rates

	WACC before taxes	
Percent	2021	2022
Logistics Services segment	6.7	6.6
Communication Services segment	6.6	7.1

Results of the verification of the recoverable amount of goodwill

As at 31 December 2022, all goodwill items remain recoverable (previous year: no impairment). The recoverable amount (value in use) of these cash-generating units exceeds the carrying amount on the date of measurement. Swiss Post believes that no reasonably possible changes would result in a material assumption that the carrying amount of the cash-generating units exceeds the recoverable amount.

24 | Right-of-use assets (leases)

Accounting policies

As a lessee, Swiss Post determines upon conclusion of a contract whether a lease exists in accordance with IFRS 16. If this is the case, a right-of-use asset and a lease liability are recognized. As an exception, short-term leases (less than twelve months) and leases for assets with a replacement value of less than 5,000 francs are charged to expenses in the income statement.

Total lease liabilities are calculated according to the present value of future lease payments at the start of the lease agreement. Payments are discounted using the interest rate underlying the lease contract or – if that rate cannot be readily determined – Swiss Post’s incremental borrowing rate in the relevant market.

Right-of-use assets are initially recognized at cost. The cost is derived mainly from the above-mentioned present value of future lease payments plus any advance payments made, reconversion obligations or initial direct costs, less lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the useful life or the term of the lease, if shorter, and impairment losses are recognized if necessary.

Management makes an estimate of the future lease term, taking into account any extension or termination options in place. This estimate may differ from the actual term of lease.

As a lessor, Swiss Post determines upon conclusion of a contract whether all risks and rewards incidental to ownership are transferred to the lessee. In this case, the lease is treated as a finance lease. Otherwise, it is treated as an operating lease.

An impairment test is carried out if there are indications of impairment, in particular in the event of vacant properties.

Estimation uncertainty

The term of the lease determines the amount of the right-of-use assets and the lease liabilities. Management makes an estimate of the future lease term, taking into account any extension or termination options in place. This estimate may differ from the actual term of lease.

Right-of-use assets

2021 CHF million	Land and buildings	Operating property	Equipment, machinery and IT systems	Furniture, vehicles and other assets	Total
Acquisition cost					
Balance as at 1.1.	**113**	**782**	**18**	**35**	**948**
Additions to the consolidated Group	–	7	5	1	13
Additions	1	216	15	2	234
Disposals	–1	–93	–3	0	–97
Disposals arising from reclassifications (IFRS 5)	–	–24	–7	–4	–35
Currency translation differences	–	0	0	0	0
Balance as at 31.12.	**113**	**888**	**28**	**34**	**1,063**
Cumulative amortization					
Balance as at 1.1.	**8**	**226**	**8**	**14**	**256**
Depreciation	4	119	6	8	137
Impairment	–	7	–	–	7
Disposals	–1	–27	–2	–1	–31
Disposals arising from reclassifications (IFRS 5)	–	–12	–3	–2	–17
Currency translation differences	–	0	0	0	0
Balance as at 31.12.	**11**	**313**	**9**	**19**	**352**
Carrying amount as at 1.1.	**105**	**556**	**10**	**21**	**692**
Carrying amount as at 31.12.	**102**	**575**	**19**	**15**	**711**

Right-of-use assets

2022 CHF million	Land and buildings	Operating property	Equipment, machinery and IT systems	Furniture, vehicles and other assets	Total
Acquisition cost					
Balance as at 1.1.	**113**	**888**	**28**	**34**	**1,063**
Additions to the consolidated Group	–	34	0	2	36
Additions	0	166	5	9	180
Disposals	–2	–58	–1	–11	–72
Currency translation differences	–	0	0	0	0
Balance as at 31.12.	**111**	**1,030**	**32**	**34**	**1,207**
Cumulative amortization					
Balance as at 1.1.	**11**	**313**	**9**	**19**	**352**
Depreciation	4	118	6	6	134
Impairment	–	0	–	–	0
Disposals	0	–25	0	–11	–36
Currency translation differences	–	0	0	0	0
Balance as at 31.12.	**15**	**406**	**15**	**14**	**450**
Carrying amount as at 1.1.	**102**	**575**	**19**	**15**	**711**
Carrying amount as at 31.12.	**96**	**624**	**17**	**20**	**757**

As part of its business activities, Swiss Post leases properties for the performance of operations. Operating equipment and vehicles are leased depending on the situation, but this is nevertheless the exception. Residual value guarantees and extension and termination options are assessed upon conclusion of contract in relation to their likelihood of occurrence or exercise and are remeasured in the event of indications of a change in general conditions. No significant remeasurements had taken place as at 31 December 2022. The volume of contractually agreed lease contracts, which had not yet entered into force, stood at 1 million francs as at 31 December 2022 (previous year: 39 million francs). There are no significant sale-and-leaseback transactions, restrictions or covenants in the entire portfolio.

25 | Provisions

Accounting policies

Provisions are recognized provided that, at the date of their recognition, a past event has resulted in a present obligation and a cash outflow is probable and can be measured reliably.

Restructuring provisions are recognized only upon presentation of a detailed plan and following the necessary communication.

Swiss Post bears a number of risks itself in accordance with the principle of self-insurance. Provisions are recognized for expected expenses arising from claims incurred that are not insured externally.

Estimation uncertainty

The level of provisions is determined according to the best-estimate principle. Under this calculation method, management makes estimates regarding the probability of occurrence and other considerations. The actual liabilities may differ from the balance sheet values as a result of new findings. Provisions for other long-term employee benefits (loyalty bonuses for long years of service) are determined in the same way as the provisions for sabbaticals taken by senior management and top management using the projected unit credit method. Past service cost, net interest income and remeasurements are recognized directly in the income statement.

Provisions

CHF million	Other long-term employee benefits	Restructuring	Claims incurred	Litigation risks	Other	Total
As at 1.1.2021	**245**	**68**	**46**	**6**	**127**	**492**
Additions to the consolidated Group	–	–	–	–	2	2
Recognition	11	15	19	5	23	73
Present value adjustment	0	–	–	–	–	0
Use	–16	–39	–11	–1	–35	–102
Reversal	–139	–2	–16	–1	–12	–170
Reclassifications	1	–	–	–	–1	0
Disposals arising from reclassifications (IFRS 5)	–2	–8	–	–2	–19	–31
Currency translation differences	0	0	–	0	0	0
As at 31.12.2021	**100**	**34**	**38**	**7**	**85**	**264**
of which short term	15	14	23	4	7	63
As at 1.1.2022	**100**	**34**	**38**	**7**	**85**	**264**
Additions to the consolidated Group	–	–	–	–	1	1
Recognition	11	18	19	2	6	56
Present value adjustment	0	–	–	–	0	0
Use	–12	–10	–11	–3	–15	–51
Reversal	–1	–11	–15	–3	–12	–42
Reclassifications	–	–	–	2	–2	–
Currency translation differences	0	0	–	–	0	0
As at 31.12.2022	**98**	**31**	**31**	**5**	**63**	**228**
of which short term	12	24	22	2	5	65

Provisions of 18 million francs were recognized for planned and communicated restructuring plans (previous year: 15 million francs). The amount consists of benefits due based on the collective employment contract redundancy plan as well as additional benefits.

25.1 | Contingent liabilities: guarantees and guarantee obligations

There were no guarantees or guarantee obligations at the end of 2022.

25.2 | Contingent liabilities: legal cases

As regards claims or legal cases for which no reliable estimate of the amount of the obligation can be made, no provision is recognized. Executive Management believes either that they can be refuted or that they will not have a material impact on the Group's financial position or operating profit. In the reporting period, the resulting contingent liabilities amounted to 14 million francs (previous year: 43 million francs).

25.3 | 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). The arrangement for staff vouchers for retirees was abolished in 2021. The development of the other long-term employee benefits is shown in the following summaries:

Other long-term employee benefits	Loyalty bonuses		Staff vouchers		Total	
CHF million	2021	2022	2021	2022	2021	2022
Balance as at 1.1.	**108**	**99**	**136**	**–**	**244**	**99**
Accrued claims	10	9	2	–	12	9
Benefits paid	–13	–12	–2	–	–15	–12
Interest on employee benefit obligations	0	0	0	–	0	0
Expenses/income from plan amendments	–1	1	–131	–	–132	1
(Gains)/losses resulting from changes in assumptions	–5	–1	–2	–	–7	–1
Actuarial (gains)/losses	1	1	–3	–	–2	1
Disposals arising from reclassifications (IFRS 5)	–1	–	–	–	–1	–
Balance as at 31.12.	**99**	**97**	**–**	**–**	**99**	**97**

In addition to loyalty bonuses and sabbaticals, other benefits amounting to 1 million francs (previous year: 1 million francs) are also included in provisions for other long-term employee benefits. The income from plan amendments amounting to 132 million francs in 2021 relates primarily to the discontinuation of the arrangement for staff vouchers for retirees.

The following parameters were applied:

Assumptions for the calculation	Loyalty bonuses	
As at	31.12.2021	31.12.2022
Discount rate	0.26%	2.22%
Annual change in salaries	1.00%	1.50%
Leave share	55.80%	55.80%
Voluntary turnover	9.80%	9.86%
Average remaining service in years	8.70	9.22

26 | Equity

26.1 | Share capital

On 1 January 1998, the Swiss Confederation provided Swiss Post with interest-free endowment capital of 1,300 million francs. Swiss Post was converted from an institution under public law into a company limited by shares subject to a special statutory regime with share capital of 1,300 million francs in accordance with the Postal Services Organization Act on 26 June 2013 with retroactive effect to 1 January 2013. The Confederation remains the full owner of Swiss Post.

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

26.2 | Gains and losses recorded directly in other comprehensive income

Revaluation of employee benefit obligations and employee benefit assets

Changes in revaluation gains from employee benefit obligations and employee benefit assets in accordance with IAS 19 that occurred during the year and that were recorded in other comprehensive income (OCI) as equity are shown in the following table. Revaluation gains are the result of changes in assumed (estimated) amounts and differences between the assumed (estimated) amounts and their actual realizations.

Fair value reserves

Fair value reserves comprise fluctuations in the value of financial assets FVTOCI, which are caused mainly by fluctuations in capital market interest rates. The cumulative gains/losses from the sale of debt instruments are transferred to the income statement. In the case of equity instruments held within the FVTOCI option, a reclassification to retained earnings is undertaken on the date of sale.

Hedging reserves

Hedging reserves include net gains and losses resulting from fair value changes attributable to the effective portion of cash flow hedges. The hedging reserves are reclassified in profit or loss when the hedged item is closed out.

Currency translation reserves

Currency translation reserves contain the cumulative differences resulting from the translation of the financial statements of subsidiaries, associates and joint ventures from their functional currency into Swiss francs. In the event of the sale of a company with a functional currency in a foreign currency, the corresponding reserve is released to profit or loss.

Other gains and losses

These reserves comprise any other gains and losses recorded in other comprehensive income, such as those arising from associates and joint ventures.

26.3 | Distributions paid to the owner

The General Meeting of Swiss Post Ltd held on 3 May 2022 decided to distribute a total of 50 million francs (previous year: 50 million francs), or 38.46 francs per share (previous year: 38.46 francs per share). The payment was made on 31 May 2022.

According to the proposal submitted by the Board of Directors to the General Meeting of Swiss Post Ltd, 50 million francs will be distributed for the 2022 financial year. Further details can be found in the Swiss Post Ltd annual financial statements.

Gains and losses recorded directly in other comprehensive income:

Group | Gains and losses recorded directly in other comprehensive income CHF million	Notes	Revaluation of employee benefit assets/ obligations	Fair value reserves	Hedging reserves	Currency translation reserves	Other gains and losses	Equity attributable to owner	Non-controlling interests	Total
Balance as at 1.1.2021		**–790**	**372**	**–153**	**–59**	**4**	**–626**	**–**	**–626**
Revaluation of employee benefit obligations	11	2,069	–	–	–	–	2,069	1	2,070
Change in fair value reserves of equity instruments FVTOCI		–	102	–	–	–	102	–	102
Change in share of other comprehensive income from associates and joint ventures	16	–	–	–	–	1	1	–	1
Change in income taxes	17	–336	–18	–	–	–	–354	–	–354
Items not reclassifiable in the consolidated income statement, after tax		**1,733**	**84**	**–**	**–**	**1**	**1,818**	**1**	**1,819**
Change in currency translation reserves		–	–	–	–20	–	–20	–	–20
Change in share of other comprehensive income from associates and joint ventures	16	–	–	–	–	0	0	–	0
Change in fair value reserves of debt instruments FVTOCI, net		–	–155	–	–	–	–155	–	–155
Change in hedging reserves, net[1]		–	–	74	–	–	74	–	74
Change in income taxes	17	–	28	–13	–	–	15	–	15
Reclassifiable items in income statement, after tax		**–**	**–127**	**61**	**–20**	**0**	**–86**	**–**	**–86**
Other comprehensive income		**1,733**	**–43**	**61**	**–20**	**1**	**1,732**	**1**	**1,733**
Balance as at 31.12.2021		**943**	**329**	**–92**	**–79**	**5**	**1,106**	**1**	**1,107**
Balance as at 1.1.2022		**943**	**329**	**–92**	**–79**	**5**	**1,106**	**1**	**1,107**
Revaluation of employee benefit obligations and employee benefit assets	11	1,312	–	–	–	–	1,312	1	1,313
Change in fair value reserves of equity instruments FVTOCI		–	–56	–	–	–	–56	–	–56
Change in share of other comprehensive income from associates and joint ventures	16	–	–	–	–	1	1	–	1
Change in income taxes	17	–211	9	–	–	–	–202	0	–202
Items not reclassifiable in the income statement, after tax		**1,101**	**–47**	**–**	**–**	**1**	**1,055**	**1**	**1,056**
Change in currency translation reserves		–	–	–	42	–	42	0	42
Change in share of other comprehensive income from associates and joint ventures	16	–	–	–	–	–4	–4	–	–4
Change in fair value reserves of debt instruments FVTOCI, net		–	–567	–	–	–	–567	–	–567
Change in hedging reserves, net[1]		–	–	192	–	–	192	–	192
Change in income taxes	17	–	107	–36	3	–	74	–	74
Reclassifiable items in consolidated income statement, after tax		**–**	**–460**	**156**	**45**	**–4**	**–263**	**0**	**–263**
Other comprehensive income		**1,101**	**–507**	**156**	**45**	**–3**	**792**	**1**	**793**
Reclassification of actuarial gains in retained earnings		–1	–	–	–	–	–1	–	–1
Balance as at 31.12.2022		**2,043**	**–178**	**64**	**–34**	**2**	**1,897**	**2**	**1,899**

1 Additional information can be found in the consolidated statement of comprehensive income.

27 | Risk management and risk assessment

27.1 | Risk management (corporate risk management)

Organization

Swiss Post operates a comprehensive risk management system whose structure is based on ISO 31000:2018. The scope covers all Group and function units of Swiss Post. Subsidiaries and associated companies are integrated into the risk management processes of the Group units to which they are organizationally assigned. The Board of Directors sets out the primary guidelines and principles for the risk management system, defines risk policy at Swiss Post Ltd and approves the risk strategy. The implementation of risk management lies with line management. Unit management members of the different Group units are responsible for their own risk portfolio in order to identify, assess and control risks by taking appropriate measures.

Group risk management runs the process, develops Group-wide risk management methods and ensures that all detectable significant risks are identified and recorded in full in the risk analysis and reporting systems and documented in the reporting for Executive Management and the Board of Directors. Group risk management also monitors the necessary measures, controls and limits as well as the potential risks.

Swiss Post aims to take an integral and comprehensive approach to risk management. Risk management is therefore combined with the Corporate Development, Accounting, Controlling, Insurance, Security, Internal Control System and Crisis Management units as well as with Group Audit and the Compliance department. Swiss Post's 2nd line functions support one another and form an assurance community. The aim is to regularly share information and knowledge with one another and coordinate activities, terminology, assessment logic, awareness-raising activities and reporting. The assurance community promotes coordination, mutual foundations and the exploitation of integration and synergy potential.

Risk situation

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

Successful entrepreneurial action is based on adequately controlling or avoiding material threats and taking advantage of opportunities that arise in a value-enhancing way. Risk assessment is carried out as part of operational planning for a four-year planning period (2022 to 2025).

Every year, managers and specialists measure the risks that have been identified (threats and opportunities). This measurement is carried out according to a credible worst-case scenario (threats) or credible best-case scenario (opportunities) on the basis of event data, analyses or expert estimates. The credible worst-case scenario constitutes the worst-possible case (threats), and the credible best-case scenario the best-possible case (opportunities) that is still realistic.

The credible worst-case and best-case scenarios are evaluated using the scoring model and an assessment of the following parameters:

– The extent of impact accumulated over the next four years. To evaluate this impact, at least one of the following impact dimensions is assessed: finances, reputation, personal/environmental damage, compliance.
– The likelihood of the identified accumulated impact occurring.

The probability distribution of the Group's overall risk portfolio is calculated using the Monte Carlo simulation process, taking account of the correlations from the probability distributions of the individual risks. The expected loss/gain potential and the maximum loss potential with a confidence interval of 99 percent are derived from this distribution as risk indicators.

Based on the latest calculations, the Group has an expected loss potential of –780 million francs in relation to the 2022 to 2025 business period. The unexpected four-year loss potential (VaR 99 percent) for the Group totals –3,100 million francs. This means the Group's risk capacity is ensured so that sufficient equity capital would be available at the end of the evaluation period (2025) even in the event of an unexpected cumulative cashflow deviation (VaR 99 percent).

The greatest threats comprise transport risks, the profit trend at PostFinance, problems implementing the new strategy, potential violation of provisions, and the effects of a serious pandemic. Positive effects could occur as a result of business optimization measures, customer acquisitions and the implementation of transformation projects.

27.2 | Financial risk management in logistics

Following the introduction of the standard IFRS 9 Financial Instruments, and due to the fundamentally different business models within Swiss Post Group, financial risk management is disclosed in two parts (logistics and PostFinance). The logistics part comprises all Swiss Post's business activities with the exception of the PostFinance segment.

The Swiss Post consolidated balance sheet as at 31 December 2021 and 2022 is broken down between the logistics and PostFinance business models as follows:

Condensed balance sheet, divided according to business model

CHF million	PostFinance 31.12.2021	Logistics 31.12.2021	Group 31.12.2021	PostFinance 31.12.2022	Logistics 31.12.2022	Group 31.12.2022
Cash	1,156	1	1,157	1,327	1	1,328
Amounts due from banks	44,883	1,256	46,139	38,045	1,055	39,100
Interest-bearing amounts due from customers	910	–	910	607	–	607
Trade accounts receivable	3	664	667	3	688	691
Contract assets	26	209	235	30	309	339
Other receivables	348	407	755	286	565	851
of which financial instruments	229	166	395	240	159	399
Financial assets	73,390	85	73,475	72,282	206	72,488
Amortized cost	65,158	54	65,212	64,622	141	64,763
FVTPL including derivative financial instruments	579	30	609	1,309	43	1,352
FVTOCI equity instruments	300	1	301	246	22	268
FVTOCI debt instruments	7,353	–	7,353	6,105	–	6,105
Other assets [1]	1,008	4,051	5,059	972	4,094	5,066
Total assets	**121,724**	**6,673**	**128,397**	**113,552**	**6,918**	**120,470**
Customer deposits (PostFinance)	94,110	–	94,110	89,994	–	89,994
Other financial liabilities	20,563	1,983	22,546	16,976	1,780	18,756
Liabilities relating to banks	815	403	1,218	1,284	144	1,428
Derivatives	105	–	105	23	0	23
Lease liabilities	48	683	731	43	736	779
Private placements	–	810	810	–	775	775
Repurchase transactions	19,593	–	19,593	15,626	–	15,626
Other	2	87	89	–	125	125
Trade accounts payable	21	240	261	36	245	281
of which financial instruments	19	231	250	34	240	274
Other liabilities	80	562	642	76	630	706
of which financial instruments	4	51	55	7	135	142
Other equity and liabilities [1]	6,950	3,888	10,838	6,470	4,263	10,733
Total equity and liabilities	**121,724**	**6,673**	**128,397**	**113,552**	**6,918**	**120,470**

1 The other assets and liabilities are not financial instruments. For the purposes of reconciliation with the balance sheet, they are reported here.

Risk management information on PostFinance can be found from page 171 onwards. The following explanations refer to financial risk management in the logistics business model.

Credit risks

Credit risks arising from the provision of logistics services include the default risk on cash holdings, amounts due from banks (current account balances, fixed-term deposits), trade accounts receivable, contract assets and other receivables (financial instruments), as well as on financial assets measured at amortized cost. The maximum credit risk corresponds to the amounts reported in the balance sheet and the guarantees provided.

Impairment losses required for potential future defaults on current account balances, fixed-term deposits and amounts due from banks are calculated taking into account the historical probability of default and an estimation of the probability of default in the future. To calculate expected credit loss in the logistics business model, the same ECL model is applied as in the PostFinance business model.

The creditworthiness of major counterparties is constantly monitored. A limit is set for each counterparty for risk control purposes. The counterparty limit is recalculated at regular intervals. Outstanding amounts due from major counterparties are constantly monitored and documented.

The trade accounts receivable recognized originate mainly from the invoicing of services provided by Logistics Services to business customers. Address verification is systematically carried out before automatic opening for all new customers. If upon registration it becomes clear that customers have a large order volume, creditworthiness is verified by means of a credit check. A complete creditworthiness check upon opening a customer relationship is not practically feasible. Instead standard or customer-specific credit limits are set in the main billing system of Logistics Services to minimize risk. If limits are exceeded, there is automatic notification. If irregularities arise, the Receivables & Finance Services team carries out additional checks, for example a creditworthiness check, and adjusts the billing and payment arrangements if required. If the risk of loss is too high, services are only provided in return for advance or cash payment. The measures indicated are also applied with periodic monitoring of outstanding receivables as part of dunning runs or the overdue payment list.

The simplified approach permitted in accordance with IFRS 9 is applied to determine expected credit loss on trade accounts receivable, contract assets and other receivables (financial instruments). A historical default rate is calculated for these in the balance sheet at accounting unit level. An additional risk premium is recorded to take into account future changes in debtor solvency. Bandwidths apply when calculating expected defaults on overdue receivables. If a receivable is 1 to 90 days overdue, an impairment loss of a maximum of 10 percent of the receivable amount is recorded (91 to 180 days: up to max. 75 percent, 181 to 360 days: up to max. 100 percent and more than 360 days: up to max. 100 percent). Information from the dunning system (on customer payment behaviour and creditworthiness) and from the sales department (on the sector and the market) is taken into account to determine the impairment loss. The receivable is definitively derecognized once there are firm indications that it is no longer recoverable.

On the reference date, the following impairment losses on financial instruments were recognized in the logistics business model:

Logistics | Impairment losses on financial instruments		31.12.2021			31.12.2022	
CHF million	Gross	Impairment	Net	Gross	Impairment	Net
Cash	1	–	1	1	–	1
Amounts due from banks	1,256	0	1,256	1,055	0	1,055
Trade accounts receivable	670	–6	664	694	–6	688
Contract assets	209	–	209	309	–	309
Other receivables	168	–2	166	161	–2	159
Financial assets						
Amortized cost	54	0	54	142	–1	141
Total financial instruments	**2,358**	**–8**	**2,350**	**2,362**	**–9**	**2,353**

The following receivables are overdue on the reference date:

Logistics | Overdue receivables	31.12.2021				31.12.2022			
CHF million	1–90 days	91–180 days	181–365 days	> 1 year	1–90 days	91–180 days	181–365 days	> 1 year
Trade accounts receivable	33	2	11	6	34	8	3	11
Total receivables	**33**	**2**	**11**	**6**	**34**	**8**	**3**	**11**

Impairment losses on amounts due from banks, financial assets at amortized cost, trade accounts receivable, and other receivables (financial instruments) are broken down as follows between levels 1 to 3 as at 31 December 2021 and 31 December 2022:

Logistics | Impairment losses on financial instruments	31.12.2021				31.12.2022			
CHF million	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3
ECL on amounts due from banks	0	–	0	–	0	–	0	–
ECL on financial assets at amortized cost	0	0	–	–	–1	–1	–	–
The following impairments were calculated based on the simplified approach								
ECL on trade accounts receivable[1]	–5				–6			
ECL on other receivables[1]	–2				–2			

1 In each case, the figure matches the expected loss over the remaining term to maturity.

Other receivables also include receivables from the instalment agreements with the PostBus operators. As the operating materials are transferred at face value according to the Federal Office of Transport (FOT), they reflect the fair value of the receivables. This was also taken into consideration in the recognition of impairment losses.

Liquidity risks

Liquidity risk refers to the risk that current and future payment obligations cannot be met on time in full. Liquidity management ensures that Swiss Post has sufficient liquidity available at all times to meet its payment obligations, even in stress situations, without losses or reputational damage.

Liquidity is monitored daily by Group Treasury and reported each month to the decision-makers at Group level. A Group cash flow plan is drawn up each quarter. The minimum level of liquidity (minimum liquidity/cash burn rate) is defined as cash expenses for the current month and the subsequent two months. The short-term cash flow planning is constantly updated and monitored. The following due dates exist for financial instruments in the logistics business model:

Logistics | Due dates of financial instruments

31.12.2021 CHF million	0–3 months	3 months–1 year	1–5 years	over 5 years	None	Total
Financial assets						
Cash holdings	1	–	–	–	–	1
Amounts due from banks	596	380	280	–	–	1,256
Trade accounts receivable	664	0	0	–	–	664
Other receivables	7	24	82	53	–	166
Financial assets						
Amortized cost	0	3	1	25	25 [1]	54
FVTPL incl. derivative financial instruments	2	0	9	–	19	30
FVTOCI equity instruments	–	–	–	–	1	1
Total financial assets	**1,270**	**407**	**372**	**78**	**45**	**2,172**
Financial liabilities						
Other financial liabilities						
Liabilities relating to banks	301	100	2	–	–	403
Lease liabilities	6	107	313	257	–	683
Private placements [2]	–	35	35	740	–	810
Other	63	–	21	3	–	87
Trade accounts payable	231	0	0	–	–	231
Other liabilities	17	–	17	17	–	51
Total financial liabilities	**618**	**242**	**388**	**1,017**	**–**	**2,265**

1 Loans to Asendia Holding Ltd; see also Notes 16.2, Investments in associates and joint ventures and 19, Financial assets and liabilities.
2 Swiss Post Ltd has several outstanding private placements totalling 810 million francs. Ten tranches overall, expiring between 2022 and 2061, are outstanding on the capital market from major, predominantly domestic, private and institutional investors. The average interest rate applicable to these private placements is 1.05 percent, and the average remaining maturity of the outstanding tranches as at the end of 2021 is ten years.

Logistics | Due dates of financial instruments

31.12.2022 CHF million	0–3 months	3 months–1 year	1–5 years	over 5 years	None	Total
Financial assets						
Cash holdings	1	–	–	–	–	1
Amounts due from banks	315	640	100	–	–	1,055
Trade accounts receivable	667	10	11	–	–	688
Other receivables	12	23	77	47	–	159
Financial assets						
Amortized cost	1	1	0	92	47 [1]	141
FVTPL incl. derivative financial instruments	1	–	10	–	32	43
FVTOCI equity instruments	–	–	–	–	22	22
Total financial assets	**997**	**674**	**198**	**139**	**101**	**2,109**
Financial liabilities						
Other financial liabilities						
Liabilities relating to banks	133	1	2	8	–	144
Derivatives	0	–	–	–	–	0
Lease liabilities	4	115	337	280	–	736
Private placements [2]	–	–	35	740	–	775
Other	2	99	8	16	–	125
Trade accounts payable	240	0	0	–	–	240
Other liabilities	31	10	77	17	–	135
Total financial liabilities	**410**	**225**	**459**	**1,061**	**–**	**2,155**

1 Loans to Asendia Holding Ltd; see also Notes 16.2, Investments in associates and joint ventures and 19, Financial assets and liabilities.
2 Swiss Post Ltd has several outstanding private placements totalling 775 million francs. Nine tranches overall, expiring between 2026 and 2061, are outstanding on the capital market from major, predominantly domestic, private and institutional investors. The average interest rate applicable to these private placements is 1.06 percent, and the average remaining maturity of the outstanding tranches as at the end of 2022 is 9.5 years.

Logistics | Present value of the commitments from lease liabilities	31.12.2021			31.12.2022		
CHF million	Nominal	Discount	Present value	Nominal	Discount	Present value
Due within 1 year	124	– 11	113	131	– 12	119
Due within 1 to 5 years	342	– 30	312	369	– 32	337
Due date longer than 5 years	317	– 59	258	338	– 58	280
Total	**783**	**– 100**	**683**	**838**	**– 102**	**736**

The other financial liabilities with changes in cash flow from financing activities (Group perspective) are as follows:

Group | Changes in other financial liabilities CHF million	Due to banks	Derivative financial instruments	Lease liabilities	Repurchase transactions	Private placements	Other[1]	Total[1]
As at 1.1.2021	**1,090**	**334**	**702**	**22**	**710**	**10**	**2,868**
Other financial liabilities with change in cash flow from operating and investment activities	530	330	–	22	–	4	886
Other financial liabilities with change in cash flow from financing activities as at 1.1.2021	**560**	**4**	**702**	**–**	**710**	**6**	**1,982**
Cash increases[2]	402	–	–	–	135	55	592
Cash decreases[2]	– 561	–	– 132	–	– 35	– 3	– 731
Changes to scope of consolidation	4	–	13	–	–	4	21
Currency translation differences	0	–	0	–	–	0	0
Other non-cash changes	– 2	– 4	148	–	–	– 4	138
Other financial liabilities with change in cash flow from financing activities as at 31.12.2021	**403**	**–**	**731**	**–**	**810**	**58**	**2,002**
Other financial liabilities with change in cash flow from operating and investment activities	815	105	–	19,593	–	31	20,544
As at 31.12.2021	**1,218**	**105**	**731**	**19,593**	**810**	**89**	**22,546**
As at 1.1.2022	**1,218**	**105**	**731**	**19,593**	**810**	**89**	**22,546**
Other financial liabilities with change in cash flow from operating and investment activities	815	105	–	19,593	–	31	20,544
Other financial liabilities with change in cash flow from financing activities as at 1.1.2022	**403**	**–**	**731**	**–**	**810**	**58**	**2,002**
Cash increases[2]	100	–	–	–	–	176	276
Cash decreases[2]	– 372	–	– 133	–	– 35	– 103	– 643
Changes to scope of consolidation	15	–	37	–	–	2	54
Currency translation differences	0	–	– 1	–	–	– 5	– 6
Other non-cash changes	– 2	–	145	–	0	– 23	120
Other financial liabilities with change in cash flow from financing activities as at 31.12.2022	**144**	**–**	**779**	**–**	**775**	**105**	**1,803**
Other financial liabilities with change in cash flow from operating and investment activities	1,284	23	–	15,626	–	20	16,953
As at 31.12.2022	**1,428**	**23**	**779**	**15,626**	**775**	**125**	**18,756**

1 Financial earn-out liabilities with change in cash flow from operating activities and investment activities are included in other financial liabilities. In the prior year, these were incorrectly reported under other financial liabilities with change in cash flow from financing activities. The prior years have been adjusted accordingly.
2 Cash increases and decreases are now shown separately. The prior-year statement has been adjusted accordingly.

The change in customer deposits (PostFinance) reported under financial liabilities is included in cash flow from operating activities.

Foreign currency risks

Foreign currency risk is monitored by Group Treasury on an ongoing basis. Foreign currency risk is constantly reduced via cash transactions or foreign exchange forward contracts. Foreign currency is only held to settle current liabilities in foreign currencies. Automated monitoring takes place; daily on the basis of balances transferred in real time. Subsidiaries with no automated connection immediately transfer excess liquidity in all currencies to the Group.

The following currency balances show foreign currency exposure as at 31 December 2021 and 31 December 2022:

Logistics | Financial instruments by currency	Functional currency	Foreign currencies					
31.12.2021 CHF million		CHF	EUR	USD	GBP	Other	Total
Assets							
Cash	1	0	0	–	–	–	1
Amounts due from banks	1,239	1	16	0	0	–	1,256
Trade accounts receivable	602	–	45	0	0	17	664
Other receivables	166	–	–	–	–	–	166
Financial assets							
Amortized cost	4	–	25	25	–	–	54
FVTPL incl. derivative financial instruments	17	–	6	8	–	–	31
Liabilities							
Other financial liabilities							
Liabilities relating to banks	403	–	–	–	–	–	403
Lease liabilities	683	–	–	–	–	–	683
Private placements	810	–	–	–	–	–	810
Other	35	–	52	–	–	–	87
Trade accounts payable	185	–	40	2	0	4	231
Other liabilities	45	–	6	–	–	–	51

Logistics | Financial instruments by currency 31.12.2022 CHF million	Functional currency	Foreign currencies					
		CHF	EUR	USD	GBP	Other	Total
Assets							
Cash	1	–	0	–	–	–	1
Amounts due from banks	1,035	–	20	0	0	–	1,055
Trade accounts receivable	623	–	51	0	0	14	688
Other receivables	152	–	6	1	–	–	159
Financial assets							
Amortized cost	21	–	97	23	–	–	141
FVTPL incl. derivative financial instruments	17	–	15	11	–	–	43
Liabilities							
Other financial liabilities							
Liabilities relating to banks	144	–	–	–	–	–	144
Derivatives	0	–	–	–	–	–	0
Lease liabilities	736	–	–	–	–	–	736
Private placements	775	–	–	–	–	–	775
Other	22	–	103	–	–	–	125
Trade accounts payable	210	–	20	1	0	9	240
Other liabilities	125	–	10	–	–	–	135

Interest rate risks

All financing and refinancing is monitored daily. Variable interest-bearing items are replicated. Net present value, duration and change in present value are calculated with a parallel shift in the yield curve of one basis point (DV01) for quarterly treasury reporting. Interest rate risk is kept as low as possible.

Goods price risks

Goods price risks that are relevant to the Group are identified, evaluated and controlled via appropriate measures by risk management. Significant goods price risks include pressure on parcel margins at Logistics Services due to rising competition and the increase in fuel prices at PostBus.

27.3 | Risk management at PostFinance

Business model and risk profile

PostFinance operates mainly in the fields of payment transaction services, the receipt of customer deposits, account services and related services. It also handles customer securities trading, carries out investments in its own name, and manages other financial services on behalf of third parties. On account of its business model, PostFinance is exposed to risks. PostFinance could suffer losses or deviations from the expected result if these risks materialize.

PostFinance defines three risk categories based on its business model.

– **Financial risk** refers to the risk of unexpected losses from the investment and deposit business. In terms of financial risks, PostFinance differentiates between interest rate, market, credit and liquidity risks.
– **Strategic risk** refers to the risk of failing to achieve company goals at the level of the fundamental or long-term orientation of the institution as a result of unexpected developments.
– **Operational risk** refers to the risk of unexpected costs or unwelcome events (such as events with a negative impact on reputation or compliance breaches) that arise as a result of the inadequacy or failure of internal processes, people or systems, or as a result of external events. Operational risks also include the risks associated with financial reporting.

Governance and reporting

In formal terms, the business control and monitoring process and the entire internal control system comply with the COSO II framework and “three lines of defence” concept. The COSO II framework incorporates risk management as well as risk control and monitoring. PostFinance also uses the ISO 31000 standard as a guideline.

The Board of Directors defines the risk policy and principles of risk management and is responsible for the regulation, establishment and monitoring of an effective risk management system. It is also responsible for ensuring an appropriate risk and control environment within PostFinance. The Board of Directors uses the definition of risk appetite to determine the total amount of risk that PostFinance is prepared to take. The risk appetite takes strategic, financial and operational risks into account and must be in line with the company's risk capacity. The risk capacity results from the regulatory and legal requirements to be met, adherence to which enables PostFinance to continue as a going concern. In addition, the risk appetite takes the directives and guidelines of the owner into account.

The Board of Directors and all Board of Directors’ Committees (Risk, Audit & Compliance, IT & Digitization, Organisation, Nomination & Remuneration) apply these risk principles. The Risk and Audit & Compliance Committees have a special role to play here, as they perform an explicit monitoring function at Board level, with the Board of Directors’ Audit & Compliance Committee focusing in particular on non-financial risks and the Board of Directors’ Risk Committee on financial risks.

The PostFinance Executive Board is responsible for implementing the directives of the Board of Directors with regard to risk management and monitoring within the framework of the 1st and 2nd lines of defence (LoD), and ensures compliance with the risk capacity and risk appetite. It implements the directives of the Board of Directors with regard to the establishment, maintenance and regular review of control activities and the control units involved. In addition, the Executive Board is responsible for the active management of financial, strategic and operational risks within the framework defined by the Board of Directors and ensures that the risk management infrastructure throughout the institution meets requirements in organizational, human resources, technical and methodology terms. The Chief Risk Officer (CRO) is a member of the Executive Board and is responsible for ensuring that the subordinated, independent control entities perform the tasks entrusted to them.

The business units which represent the 1st LoD bear primary responsibility for the risks from their unit and exercise their control function in the management of risks, in particular through their identification, measurement, control, monitoring and reporting activities. They take account of the directives of the 1st LoD and 2nd LoD and ensure that their risks and controls are complete and up-to-date in the risk and control inventory. Within the 1st LoD, there are units that are accountable for results and units with no direct accountability for results, which act for example as support units for other units or the Executive Board. The Risk Management unit supports decision-makers with the management and monitoring of financial risks in the overall balance sheet. It identifies, models and measures the financial risks entered into and proposes risk and income-oriented control measures. It also monitors and reports their effectiveness to decision-makers on a regular basis. The Compliance Services unit ensures compliance with legal provisions and guidelines in business operations and at the customer interface in accordance with the directives of the 2nd LoD. The management of security risks at the operational level is the responsibility of the Security unit.

The units in the 2nd LoD independently monitor risk management in the 1st LoD, ensuring that all risks are appropriately identified, measured, managed, monitored and reported across the Group. They also issue directives on the assurance of compliance with internal and external provisions and define methods and procedures for risk management.

At PostFinance, the Governance, Compliance and Risk Control units are the control entities responsible for the 2nd LoD function. The independence of the 2nd LoD units from the 1st LoD units is ensured in organizational terms by the fact that these units are located in the business unit of the CRO.

Risk Control independently monitors all risks that are not monitored by Compliance or Governance. This applies in particular to financial risks, operational risks, security risks and strategic risks. Risk Control continuously monitors the risk situation in these areas, reviews central risk management processes, methods for risk measurement and assessment and risk monitoring systems in the 1st LoD, and monitors their correct implementation and application. Risk Control defines appropriate directives and processes for identifying, measuring, assessing and controlling the risks taken by PostFinance. Risk Control provides a suitable system for maintaining an inventory of all risks, risk management strategies, controls and events. As a unit in the 2nd LoD, it ensures that the 1st LoD units keep the inventory complete and up-to-date and validates the inventory on an ongoing basis with regard to completeness and correctness.

Compliance independently monitors adherence to legal, regulatory and internal provisions relating to money laundering, tax compliance and the provision of financial services. Governance independently monitors compliance by staff with the rules of governance as a whole and with the Code of Conduct.

As independent control entities, the 2nd LoD units monitor the established risk profile with suitable instruments, provide a central overview of the development of PostFinance's profile and report it to the Executive Board and the Board of Directors jointly on at least a quarterly basis. In addition, matters of major importance are reported to the Board of Directors by the units in the 2nd LoD promptly and on an ad hoc basis. Risk Control coordinates the reporting activities of all 2nd LoD functions.

As part of the 3rd LoD, Internal Auditing is responsible for risk monitoring and for overseeing the 1st and 2nd LoDs. It reports directly to the Board of Directors of PostFinance.

Risk measurement methods

Risk category	Potential loss or negative impact	Method of risk description and/or control
Financial risks		
– Credit risks	Losses due to deterioration in creditworthiness and counterparty default	Compliance with the minimum regulatory requirements for risk-weighted capital Concentration, rating structure and country portfolio limits as well as nominal limits at counterparty level; management of economic concentration risks in the credit portfolio
– Interest rate risks	Loss in present value of equity following market interest changes Fluctuating net interest income over time	Absolute and relative sensitivity limits for equity Implementation of multi-period dynamic revenue analyses
– Liquidity risks	Insolvency	Compliance with the minimum regulatory requirements for the liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) Holding of cash reserves to cover liquidity requirements in stress situations
– Market risks	Losses in fair value to be charged to the income statement and OCI reserves	Compliance with the minimum regulatory requirements for risk-weighted capital Value-at-risk limits for fair value effects on the income statement and equity
Strategic risks		
	Losses, reduced revenues or additional internal expenses resulting from failure to achieve company goals at the level of the fundamental or long-term orientation of the institution	Quantification of gross risk by evaluating the extent of loss and probability of occurrence of a dire but nevertheless realistic scenario. On this basis, establishment of a risk management strategy and risk-mitigating measures, and assessment of the residual risk in both quantitative and qualitative terms. Monitoring of the development of strategic top risks. Level-appropriate addressing of risks through the definition of approval limits and thresholds for risk management measures for individual risks.
Operational risks		
	Losses, reduced revenues or additional internal expenses resulting from inadequate or failed internal processes, people or systems, or external events	Quantification of gross risk by evaluating the extent of loss and probability of occurrence of a dire but nevertheless realistic scenario. On this basis, establishment of a risk management strategy and risk-mitigating measures, and assessment of the residual risk in both quantitative and qualitative terms. Monitoring by defining reporting limits for operational top risks. Level-appropriate addressing of risks through the definition of approval limits and thresholds for risk management measures for individual risks.

PostFinance measures and monitors financial risks both at individual portfolio level and with regard to the overall balance sheet. Risks are limited by means of a multi-dimensional limit system. A variety of methods of differing degrees of complexity are used by Risk Management to measure financial risks. In concrete terms, they include scenario analyses (e.g. to measure the earnings effects of interest rate risks or the full utilization of credit risk limits), sensitivity analyses (e.g. to measure the present value effects arising from interest rate risks) and stochastic models to determine value-at-risk or expected shortfall risk indicators (e.g. to measure fair value risks resulting from open foreign currency items or to quantify economic concentration risks in the credit portfolio). The principal aim of risk measurement is to allow the supervisory bodies to control risks adequately at all times.

All risks of PostFinance are assessed on the basis of a credible worst case scenario (CWC). The CWC represents a dire but nevertheless realistic loss scenario associated with a risk. The CWC covers both probability of occurrence and extent of loss in a quantitative and/or qualitative form. This assessment is undertaken for both gross and residual risk, i.e. after implementation of the risk management strategy. Individual risks are assessed using threshold values with regard to the obligation to record and the necessity of control measures. Approval limits for individual risks are used to ensure that risks and the associated risk management strategy are acknowledged and approved at the appropriate level. At a higher level, the risks in the risk inventory are used by the Executive Board and Board of Directors for the top-down definition of top risks that are of central importance to PostFinance and have a high level of management attention. Operational top risks are measured by aggregating the respective individual risk clusters. These top risks and other aggregated risk positions are assigned to a warning level which, if exceeded, triggers a notification to the Board of Directors.

Stress testing

The Risk Management unit regularly carries out an inverse stress test to identify developments which could pose a particular threat to PostFinance. This test identifies scenarios in which a specific measure of risk takes on extremely unfavourable values. The results of the inverse stress tests are discussed by the Executive Board and the Board of Directors on a regular basis.

As well as being used for control purposes, stress tests are also applied in the Risk Control unit as a monitoring tool for recognizing significant (new) risks, to determine risk concentrations and to verify the appropriateness of risk appetite in stress situations.

Financial risk management at PostFinance

An overview of the breakdown of the financial instruments reported in the Swiss Post consolidated balance sheet as at 31 December 2021 and 2022 between PostFinance and the logistics business model (other companies) is given on page 163.

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, as well as the possible effect on the result from interest operations in the income statement, resulting mainly from maturity mismatches. 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 customer deposits held by PostFinance are non-maturing and do not earn a fixed rate of interest. The interest rate of these deposits is therefore estimated using a replication method, which aims to map the most closely matching maturities of similar customer products while minimizing the interest margin volatility of each product. An additional liquidity buffer is used to cover short-term volume fluctuations. The maturities of money and capital market investments are determined on the basis of the target present value sensitivity of equity capital, and used to define the maturity transformation strategy. The resulting imbalance between the liability and asset interest rates corresponds to the maturity transformation, which is controlled from a present value and income perspective.

The present value sensitivity covers the net effect of an adverse change in interest rates on the equity of PostFinance in the event of modifications to the yield curve. Future cash flow accruals are discounted according to the risk-adjusted present value formula. Sensitivity to a shift in the yield curve is determined on the one hand, and to isolated interest shocks at specific maturities (key rates) on the other.

PostFinance | Absolute change in the present value of equity

CHF million	31.12.2021	31.12.2022
Flattener shock in accordance with FINMA Circular 2019/2[1]	–279	
Short up shock in accordance with FINMA Circular 2019/2[1]		–242

1 The six standard shocks in accordance with FINMA Circular 2019/2 "Interest rate risks – banks" have been used to determine the present value sensitivity of equity since 1 January 2019. The scenario resulting in the greatest negative change in the present value of equity is shown per reference date.

Unlike assessments based on present value, income perspective analyses examine the impact of several potential multiple period interest scenarios on PostFinance's future interest income. In addition, dynamic income simulations are carried out for a broad set of deterministic scenarios over the course of the year. These scenarios describe future market interest trends and the resulting changes in customer interest and customer volumes for each replica, as well as different maturity transformation strategies where applicable. Dynamic income simulations are carried out by the Risk Management unit. Risk control proposals are submitted and discussed regularly with the Executive Board on the basis of the results.

Credit risks

PostFinance Ltd was granted a banking licence on 26 June 2013. Even with a banking licence, PostFinance is not permitted to issue direct loans and mortgages due to postal legislation provisions. Interest-bearing customer deposits therefore do not go towards granting mortgages, but are invested on the money and capital markets. PostFinance pursues a conservative investment strategy. Liquidity and creditworthiness are the main criteria for its investment decisions. The cluster risk is deliberately limited by holding financial investments that are broadly diversified in terms of the sectors, countries and counterparties. A large proportion of customer deposits are invested as a sight deposit balance at the SNB. On 31 December 2022, this sight deposit balance stood at 35,240 million francs (previous year: 44,835 million francs).

The term "credit risk" refers to the risk that a counterparty will no longer be able to fulfil its obligations, thereby causing the other party to incur a financial loss. In addition, a sharp decline in the creditworthiness of a counterparty can trigger additional impairment requirements for the creditor. Credit risk increases as counterparties become more concentrated in an individual sector or region. Economic developments affecting whole sectors or regions can threaten the creditworthiness or solvency of an entire group of otherwise unrelated counterparties.

To limit the overall credit risks taken, each year the Board of Directors of PostFinance sets a maximum figure not to be exceeded with regard to regulatory minimum capital to cover credit risks. It also determines directives on the investment rating structure, limits potential country risks and delegates responsibility for approving major counterparty limits to the Board of Directors' Risk Committee. Investments are only permitted if the debtor has a rating and its creditworthiness is classed as investment grade.

In addition to the portfolio limits defined by the Board of Directors, the credit risks associated with investment activities are restricted by the Executive Board by setting counterparty limits and other control requirements.

The directives for counterparty limits are based on publicly accessible ratings by recognized rating agencies and qualified banks, and on internal limit systems, with ESG criteria (environmental, social and governance) also being taken into account. Climate-related finance risks are also analysed and taken into account as part of the ESG criteria. PostFinance publishes the climate-related financial risks in a separate disclosure. By means of quantitative and risk-oriented qualitative analyses of balance sheet key figures and early warning indicators, publicly accessible ratings in the limit systems are examined critically and limits derived from them, taking into account the current portfolio. The Risk Management unit is responsible for developing and applying internal limit systems. These limit systems are approved and released by the Executive Board at least once a year. Changes in a counterparty's creditworthiness or of relevant key figures or ESG criteria result in the immediate adjustment of the directives. Compliance with prescribed limits is monitored on an ongoing basis and is verified by the Treasury unit before the closing of each transaction.

The economic concentration risks in the credit portfolio are taken into consideration in defining the portfolio and counterparty limits. To measure them, PostFinance uses a credit portfolio model that quantifies the credit risks within the credit portfolio while taking into account correlation effects. On the basis of the modelled risk indicators (expected shortfall and relevant risk contributions of sub-portfolios), limits can be defined in such a way that they increase portfolio efficiency and/or limit concentration risks.

The cluster risk is deliberately limited by holding financial investments that are broadly diversified in terms of the counterparties. An overview of the three largest counterparties as at 31 December 2021 and 31 December 2022 is given below:

PostFinance | Breakdown of the largest counterparties [1]

CHF million	31.12.2021	31.12.2022
Pfandbriefbank schweizerischer Hypothekarinstitute AG, Zurich	9,431	9,131
Pfandbriefzentrale der schweizerischen Kantonalbanken AG, Zurich	8,321	8,263
Swiss Confederation, Bern	1,819	4,786

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

Country risks are controlled by establishing country portfolio limits, which encourages a broad diversification of international financial assets. An overview of the three largest country exposures as at 31 December 2021 and 31 December 2022 is given below:

Summary of main country exposures [1]

CHF million	31.12.2021	31.12.2022
Switzerland	44,445	47,731
USA	5,980	5,720
Canada	3,413	2,943

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

The Risk Management unit informs the Executive Board of the extent to which limits are used in monthly reports. It submits risk control proposals where limits have been exceeded, resulting from adjustments to counterparty limits.

As an integral part of credit risk management, the limit systems are subjected to regular checks by Risk Control.

Credit risks arising from customer transactions are of secondary importance at PostFinance, and are due to account overdraft limits proposed in connection with payment transaction services, and to the range of credit cards available. The credit risks taken are established and monitored by means of product-specific processes. The Executive Board issues general directives on credit checks and authorizations for approving individual limits.

Collateral concentration risks may arise when carrying out repo transactions (financial investments in exchange for collateral) and securities lending transactions (securities lending in exchange for collateral). The collateral protects PostFinance against the counterparty default risk, as it can be realized by PostFinance in the event of default by the counterparty. Concentrations of securities delivered (with the exception of cash collateral) are measured, monitored and reported to the Executive Board on a monthly basis. At the same time, wrong-way risks are assessed and risk control proposals submitted where concentrations have been identified.

The mortgage lending solutions offered in cooperation with Münchener Hypothekenbank eG (MHB) since June 2008 and with Valiant Bank AG since 2010 do not result in any credit risks for PostFinance. These are borne entirely by the partner banks.

Impairment and analysis of expected losses

On the reference date, the following impairment losses on financial instruments were recognized in the PostFinance business model:

PostFinance | Value adjustments on financial instruments

CHF million	31.12.2021 Gross	31.12.2021 Impairment	31.12.2021 Net	31.12.2022 Gross	31.12.2022 Impairment	31.12.2022 Net
Cash	1,156	–	1,156	1,327	–	1,327
Amounts due from banks	44,929	–46	44,883	38,091	–46	38,045
Interest-bearing amounts due from customers	918	–8	910	614	–7	607
Trade accounts receivable	3	–	3	3	–	3
Contract assets	26	–	26	30	–	30
Other receivables	229	0	229	240	0	240
Financial assets						
Amortized cost	65,186	–28	65,158	64,649	–27	64,622
FVTOCI debt instruments	7,353	–5[1]	7,353	6,105	–4[1]	6,105
Total financial instruments	**119,800**	**–87**	**119,718**	**111,059**	**–84**	**110,979**

1 The impairment loss is reported and carried forward in other comprehensive income.

Impairment losses are calculated using an expected credit loss model. The approach is forward looking in accordance with the relevant paragraphs of the IFRS 9 standard and takes into account expectations regarding future trends in the business cycle.

As explained above with regard to the logistics business model, the simplified approach permitted in accordance with IFRS 9 is applied to determine expected credit loss on trade accounts receivable, contract assets and other receivables. Overall, these impairments are not material in nature in the PostFinance business model.

As at 31 December 2021 and 31 December 2022, ECL levels are broken down as follows within amounts due from banks, interest-bearing receivables, financial assets and financial guarantees:

PostFinance | Analysis of expected losses

CHF million	31.12.2021 12-month expected credit losses (level 1)	31.12.2021 Expected credit losses over remaining term to maturity (level 2)	31.12.2021 Expected credit losses over remaining term to maturity (level 3)	31.12.2021 Total	31.12.2022 12-month expected credit losses (level 1)	31.12.2022 Expected credit losses over remaining term to maturity (level 2)	31.12.2022 Expected credit losses over remaining term to maturity (level 3)	31.12.2022 Total
Amortized cost								
Amounts due from banks	44,883	–	46	44,929	38,045	–	46	38,091
Value adjustments	–	–	−46	−46	0	–	−46	−46
Carrying amount	**44,883**	**–**	**–**	**44,883**	**38,045**	**–**	**–**	**38,045**
Interest-bearing amounts due from customers	907	4	7	918	605	3	6	614
Value adjustments	−2	−2	−4	−8	−3	−1	−3	−7
Carrying amount	**905**	**2**	**3**	**910**	**602**	**2**	**3**	**607**
Bonds and loans								
AAA to AA–	46,044	–	–	46,044	44,779	–	–	44,779
A+ to A–	13,507	–	–	13,507	14,343	–	–	14,343
BBB+ to BBB–	5,486	–	–	5,486	5,395	–	–	5,395
BB+ to B–	36	0	–	36	42	0	–	42
Unrated	103	–	10	113	79	–	11	90
Total	**65,176**	**0**	**10**	**65,186**	**64,638**	**0**	**11**	**64,649**
Value adjustments	−18	0	−10	−28	−16	0	−11	−27
Carrying amount	**65,158**	**0**	**–**	**65,158**	**64,622**	**0**	**0**	**64,622**
FVTOCI								
Debt instruments								
AAA to AA–	1,946	–	–	1,946	1,946	–	–	1,946
A+ to A–	3,940	–	–	3,940	3,132	–	–	3,132
BBB+ to BBB–	1,467	–	–	1,467	1,027	–	–	1,027
Carrying amount	**7,353**	**–**	**–**	**7,353**	**6,105**	**–**	**–**	**6,105**
Value adjustments	−5	–	–	−5	−4	–	–	−4
Financial guarantees								
Financial guarantees	86	–	–	86	63	–	–	63
Provisions for expected losses	0	–	–	0	0	–	–	0

The economic outlook may have an impact on the credit quality of bonds and receivables. The economic growth forecast at the start of 2022 was positive due to recovery from the pandemic. Due to the Ukraine conflict, the energy crisis and inflation, the forecasts were revised downwards in the second half of the year, but Switzerland is not expected to enter recession. There is uncertainty over the impact on the level of the expected losses of financial investments and receivables. Reclassifications within the three levels were immaterial in nature. An update of the model parameters for the expected losses on financial investments and receivables leads to a decrease in value adjustments required of 1.5 million francs in the current financial year.

Potential offsetting of financial assets and financial liabilities

No offsetting took place. The financial assets and financial liabilities listed below were subject to offsetting agreements, enforceable global offsetting or similar agreements as at 31 December 2021 or 31 December 2022. Both the Swiss Framework Contract for Repo Transactions (Multilateral Version) and the Agreement on the Settlement of Repo Transactions (Triparty Service Agreement) apply to repurchase and reverse repurchase transactions. There is also a framework contract applicable to securities lending transactions, as well as agreements for Triparty Collateral Management (TCM) between SIX Group Ltd, third parties and PostFinance.

PostFinance | Financial assets subject to offsetting agreements, enforceable global offsetting or similar agreements
31.12.2021, 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	451	–	451	–	–365	86

PostFinance | Financial liabilities subject to offsetting agreements, enforceable global offsetting or similar agreements
31.12.2021, 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	105	–	105	–	–15	90
Repurchase transactions	19,593	–	19,593	–	–19,595	–
Securities lending and similar agreements	3,339	–	3,339	–	–3,532	–

PostFinance | Financial assets subject to offsetting agreements, enforceable global offsetting or similar agreements
31.12.2022, CHF million

	Financial assets with offsetting agreements			Unrecognized offsetting options		
	Financial assets before offsetting (gross)	Offsetting with financial liabilities	Financial assets after offsetting (net)	Financial liabilities	Collateral received	Financial assets after consideration of offsetting options
Item in the balance sheet						
Positive replacement values	1,179	–	1,179	–	–115	1,064
Reverse repurchase transactions	10	–	10	–	–10	–

PostFinance | Financial liabilities subject to offsetting agreements, enforceable global offsetting or similar agreements
31.12.2022, CHF million

	Financial liabilities with offsetting agreements			Unrecognized offsetting options		
	Financial liabilities before offsetting (gross)	Offsetting with financial assets	Financial liabilities after offsetting (net)	Financial assets	Collateral issued	Financial liabilities after consideration of offsetting options
Item in the balance sheet						
Negative replacement values	23	–	23	–	–2	21
Repurchase transactions	15,626	–	15,626	–	–15,673	–
Securities lending and similar agreements	1,658	–	1,658	–	–1,768	–

Transfers of financial assets

Securities received as part of reverse repurchase transactions are recognized in the balance sheet only if risks and opportunities are entered into. Securities transferred as collateral as part of repurchase transactions continue to be recognized in the balance sheet under "Financial assets". Financial instruments loaned as part of securities lending transactions also continue to be recognized in the balance sheet as financial assets.

Financial assets from reverse repurchase, repurchase and securities lending transactions are pledged as follows:

PostFinance | Reverse repurchase transactions and securities lending and repurchase transactions

CHF million	31.12.2021	31.12.2022
Receivables from cash collateral in reverse repurchase transactions	–	10
of which recognized in amounts due from banks	–	10
Commitments		
Commitments from cash collateral in repurchase transactions	19,593	15,626
of which recognized in financial liabilities – other financial liabilities	19,593	15,626
Securities cover		
Own lent securities or securities provided as collateral for borrowed securities in repurchase transactions	22,934	17,331
of which securities for which an unrestricted right to dispose of or pledge was granted	3,338	1,658
of which recognized in financial assets – amortized cost	3,337	1,627
of which recognized in financial assets – FVTOCI debt instruments	1	31
Borrowed securities or securities received as collateral for lent securities as part of securities lending and reverse repurchase transactions	3,532	1,768

Liquidity risks

Liquidity risk refers to the risk that current and future payment obligations cannot be met on time or in full. Liquidity risks are managed with a one-day, a one-month and a long-term time horizon. To guarantee liquidity on a daily basis, liquidity figures 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 the liquidity figures is based on high daily cash outflows with an extremely low probability of occurrence.

Liquidity over a one-month horizon is guaranteed and limited by determining the Liquidity Coverage Ratio (LCR), which is a regulatory key figure.

PostFinance | Liquidity in the short term

Percent	31.12.2021	31.12.2022
Liquidity coverage ratio (LCR)	156%	155%

To ensure liquidity over a longer time horizon, liquidity stress scenarios are defined that last at least three months and must not lead to illiquidity. Long-term stable financing beyond a one-year horizon is ensured by the structural liquidity ratio (net stable funding ratio, NSFR).

PostFinance | Long-term stable financing

Percent	31.12.2021	31.12.2022
Net stable funding ratio (NSFR)	170%	168%

There is an emergency plan to resolve any liquidity crises.

The following table shows an analysis of financial assets and financial liabilities in accordance with the maturities remaining as per the balance sheet date.

PostFinance | Maturities

31.12.2021 CHF million	0–3 months	3 months–1 year	1–5 years	over 5 years	Total
Financial assets					
Cash holdings	1,156	–	–	–	1,156
Amounts due from banks	44,929	–	–	–	44,929
Interest-bearing amounts due from customers	918	–	–	–	918
Financial assets (without derivatives)					
Amortized cost	1,735	6,199	31,683	25,344	64,961
FVTOCI debt instruments	129	966	4,972	1,122	7,189
FVTPL debt instruments	–	0	1	–	1
Total non-derivative financial assets	**48,867**	**7,165**	**36,656**	**26,466**	**119,154**
Derivative financial instruments for trading purposes					
Outflow	–4,878	–927	–3	–	–5,808
Inflow	4,952	942	3	–	5,897
Derivative financial instruments for hedging purposes (risk management)					
Outflow	–142	–91	–245	–1,946	–2,424
Inflow	128	26	59	1,894	2,107
Total derivative financial assets	**60**	**–50**	**–186**	**–52**	**–228**
Financial liabilities					
Postal accounts	67,186	–	–	–	67,186
Savings and investment accounts	26,901	–	–	–	26,901
Cash bonds for customers	1	1	6	–	8
Money market investments for customers	15	–	–	–	15
Total customer deposits	**94,103**	**1**	**6**	**–**	**94,110**
Liabilities relating to banks	813	2	–	–	815
Other financial liabilities	2	9	19	20	50
Repurchase transactions	19,593	–	–	–	19,593
Total other financial liabilities (excluding derivatives)	**20,408**	**11**	**19**	**20**	**20,458**
Issued financial guarantee contracts	9	24	32	21	86
Irrevocable credit commitments	–	0	0	317	317
Total off-balance-sheet positions	**9**	**24**	**32**	**338**	**403**
Total non-derivative financial liabilities	**114,520**	**36**	**57**	**358**	**114,971**
Derivative financial instruments for trading purposes					
Outflow	–734	–96	–3	–	–833
Inflow	729	95	3	–	827
Derivative financial instruments for hedging purposes (risk management)					
Outflow	–57	–222	–406	–1,263	–1,948
Inflow	42	201	299	1,138	1,680
Total derivative financial liabilities	**–20**	**–22**	**–107**	**–125**	**–274**

PostFinance | Maturities

31.12.2022 CHF million	0–3 months	3 months–1 year	1–5 years	over 5 years	Total
Financial assets					
Cash holdings	1,327	–	–	–	1,327
Amounts due from banks	38,091	–	–	–	38,091
Interest-bearing amounts due from customers	615	–	–	–	615
Financial assets (without derivatives)					
Amortized cost	2,238	7,054	31,187	24,023	64,502
FVTOCI debt instruments	231	1,100	3,944	1,232	6,507
FVTPL debt instruments	0	0	3	–	3
Total non-derivative financial assets	**42,502**	**8,154**	**35,134**	**25,255**	**111,045**
Derivative financial instruments for trading purposes					
Outflow	–3,852	–717	–20	–	–4,589
Inflow	3,918	734	20	–	4,672
Derivative financial instruments for hedging purposes (risk management)					
Outflow	–146	–93	–263	–2,831	–3,333
Inflow	129	41	147	2,816	3,133
Total derivative financial assets	**49**	**–35**	**–116**	**–15**	**–117**
Financial liabilities					
Postal accounts	63,755	–	–	–	63,755
Savings and investment accounts	25,184	–	–	–	25,184
Cash bonds for customers	1	2	8	0	11
Money market investments for customers	–	1,044	–	–	1,044
Total customer deposits	**88,940**	**1,046**	**8**	**0**	**89,994**
Liabilities relating to banks	1,284	–	–	–	1,284
Other financial liabilities	1	7	15	19	42
Repurchase transactions	15,626	–	–	–	15,626
Total other financial liabilities (excluding derivatives)	**16,911**	**7**	**15**	**19**	**16,952**
Issued financial guarantee contracts	5	31	14	13	63
Irrevocable credit commitments	–	10	0	208	218
Total off-balance sheet positions	**5**	**41**	**14**	**221**	**281**
Total non-derivative financial liabilities	**105,856**	**1,094**	**37**	**240**	**107,227**
Derivative financial instruments for trading purposes					
Outflow	–1,971	–465	–20	–	–2,456
Inflow	1,954	461	20	–	2,435
Derivative financial instruments for hedging purposes (risk management)					
Outflow	–51	–137	–	–	–188
Inflow	50	135	–	–	185
Total derivative financial liabilities	**–18**	**–6**	**0**	**–**	**–24**

PostFinance | Present value of commitments from finance leases		31.12.2021			31.12.2022	
CHF million	Nominal	Discount	Present value	Nominal	Discount	Present value
Due within 1 year	10	–1	9	9	–1	8
Due within 1 to 5 years	21	–2	19	17	–2	15
Due date longer than 5 years	37	–17	20	36	–17	19
Total	**68**	**–20**	**48**	**62**	**–20**	**42**

Market risks

PostFinance does not keep a trading book, and uses the market risk, standardized approach in accordance with art. 86 CAO to determine its minimum capital requirement for market risks. To limit the market risks taken, each year the Board of Directors of PostFinance sets a maximum figure not to be exceeded with regard to regulatory minimum capital to cover market risks.

According to PostFinance's business model, market risks are expressed by increased volatility in the short term in the income statement and in other comprehensive income (OCI). PostFinance is exposed to market risks for two reasons:

- Open foreign currency items and changes in value arising from foreign currency derivatives affect the volatility of the income statement (foreign currency risks).
- Changes in the value of instruments that are recognized at fair value (including equity positions, fund investments in the banking book, fixed-interest items available for sale and the related hedging instruments) have an effect on the volatility of OCI and possibly of the income statement.

Market risks are modelled according to value at risk and limited in the income statement and OCI by the Board of Directors. To measure market risks, the risk factors that have an impact on the present value of the relevant item are assigned to each item. The change in present value is modelled according to the change in the allocated risk factors. A functional correlation between the item value and the associated risk factors must also be defined. The stochasticity of all relevant risk factors over the next 250 days is determined on the basis of probability distribution assumptions. Corresponding market data time series are used to calibrate the probability distributions. The distribution of changes to IFRS OCI and the IFRS income statement over a one-year period can be determined with the help of the functional correlation established between risk factors and portfolio items. Value at risk is then determined on the basis of the 95 percent quantile. The Risk Management department measures market risks on a weekly basis. It informs the Executive Board of the extent to which limits are used and submits risk control proposals.

The following table shows the breakdown of market risks determined as at 31 December 2021 and 31 December 2022 respectively.

PostFinance | Value at risk from market risks		
CHF million	31.12.2021	31.12.2022
Income statement value at risk, aggregated	**9**	**11**
Income statement value at risk from foreign currency risks	3	5
Income statement value at risk from equity price risks	–	–
Income statement value at risk from credit spread risks	5	4
Income statement value at risk from interest rate risks	1	2
OCI value at risk, aggregated	**204**	**171**
OCI value at risk from foreign currency risks	0	0
OCI value at risk from equity price risks	22	15
OCI value at risk from credit spread risks	90	83
OCI value at risk from interest rate risks	92	73

The following table shows the foreign currency exposure of the PostFinance business model as at 31 December 2021 and 31 December 2022:

PostFinance | Financial instruments by currency

31.12.2021
CHF million

	Functional currency	Foreign currencies				
		EUR	USD	GBP	Other	Total
Assets						
Cash	1,068	88	–	–	–	1,156
Amounts due from banks	44,855	10	3	1	14	44,883
Interest-bearing amounts due from customers	899	7	4	0	0	910
Trade accounts receivable	3	–	–	–	–	3
Other receivables	148	48	29	–	4	229
Financial assets						
Amortized cost	56,742	5,000	2,766	–	650	65,158
FVTOCI debt instruments	–	5,679	1,623	–	51	7,353
Liabilities						
Customer deposits (PostFinance)	91,234	2,284	496	47	49	94,110
Other financial liabilities excluding derivatives						
Liabilities relating to banks	800	14	1	0	0	815
Lease liabilities	48	–	–	–	–	48
Repurchase transactions	19,593	–	–	–	–	19,593
Other	2	0	–	–	–	2
Trade accounts payable	17	2	0	0	–	19
Other liabilities	4	0	–	–	–	4

PostFinance | Financial instruments by currency

31.12.2022
CHF million

	Functional currency	Foreign currencies				
		EUR	USD	GBP	Other	Total
Assets						
Cash	1,238	89	–	–	–	1,327
Amounts due from banks	37,983	45	4	0	13	38,045
Interest-bearing amounts due from customers	606	1	0	0	0	607
Trade accounts receivable	3	–	–	–	–	3
Other receivables	156	51	30	–	3	240
Financial assets						
Amortized cost	55,970	5,332	2,773	–	547	64,622
FVTOCI debt instruments	–	4,557	1,504	–	44	6,105
Liabilities						
Customer deposits (PostFinance)	87,146	2,197	556	48	47	89,994
Other financial liabilities excluding derivatives						
Liabilities relating to banks	1,272	9	3	0	0	1,284
Lease liabilities	43	–	–	–	–	43
Repurchase transactions	15,626	–	–	–	–	15,626
Trade accounts payable	33	1	0	0	–	34
Other liabilities	7	0	0	0	0	7

Operational and strategic risks

Definition

In line with the Basel Committee on Banking Supervision, operational risk at PostFinance is defined as the risk of direct financial loss, reduced revenues, additional internal expenses or a combination thereof, resulting from inadequate or failed internal processes, people and systems or from external events. Strategic risk refers to the risk of failing to achieve company goals at the level of the fundamental or long-term orientation of the institution as a result of unexpected developments or incorrect assessment of the relevant economic, regulatory and social environment. The Board of Directors sets out the principles for managing operational and strategic risks and defines the risk appetite in the risk policy regulations.

The risk appetite is defined using quantitative and/or qualitative directives and plays an essential role in the management of PostFinance's business activities. Using suitable management instruments, the risk management process ensures that the risks assumed are in line with the risk appetite and that the risk capacity and in particular the legal and regulatory requirements can only be infringed during stress phases. The stabilization and emergency plan is a set of measures used to identify the options available to PostFinance and enable either the continuation of business activities or, alternatively, an orderly wind-down with the continuation of systemically important functions, even during stressful periods.

The risk appetite for operational risk is defined according to the principles of various risk categories. Compliance, security and all other operational risks with the potential to lead to serious infringements of laws or regulations in plausible, adverse scenarios are not tolerated. In the area of behavioural risks, no activities that are unlawful or unethical or that otherwise jeopardize PostFinance’s reputation as a credible, reliable, trustworthy and responsible company are tolerated. For sourcing partnerships, PostFinance is guided by the principle that outsourced services must be adequately monitored and regulatory directives must be complied with.

The risk appetite for strategic risks is taken into account by the Board of Directors when drawing up the business strategy. The Board of Directors is provided with a periodic assessment of the extent of the strategic risks for this purpose, along with evidence that the strategy is viable in all dimensions and in compliance with the risk appetite as part of the equity capital planning process.

27.4 | Derivative financial instruments and hedge accounting (Group)

Swiss Post acquires derivative financial instruments predominantly for hedging purposes. PostFinance holds derivative financial instruments to manage current or future interest rate risks and to manage foreign currency risks. The derivatives held comprise interest rate swaps, cross-currency interest rate swaps and FX forwards. In the logistics business model, individual derivatives are held to hedge foreign currency and commodities price risks.

Hedge accounting and micro-hedges are applied at PostFinance only. Hedge accounting is applied if derivative financial instruments are effective in offsetting changes in replacement value or cash flows attributable to the hedged items.

Use of derivative financial instruments at PostFinance

PostFinance uses derivative financial instruments exclusively to hedge interest and currency risks.

The bond market in Swiss francs is not sufficient to cover PostFinance's investment requirements. It therefore invests in foreign currency bonds. As a general rule, two methods are used to hedge the foreign currency risks taken. A proportion of the foreign currency bonds refinanced in Swiss francs are hedged by means of cross-currency interest rate swaps (CCIRS). PostFinance uses hedge accounting here. The advantage of this method is that the amounts of all future cash flows (coupons, nominal value repayment) in Swiss francs are already known on the date of conclusion of the transaction. However, it rules out the diversification benefits associated with the varying amounts and performance of term spreads of different foreign currency yield curves. The second method is used to take advantage of diversification potential and access bond markets on which CCIRS are only available with high illiquidity discounts. The currency risks of certain foreign currency bonds are hedged economically by means of a currency overlay of rolling short-term foreign exchange forward contracts (FX forwards).

The foreign currency risks of the other financial instruments are hedged on a rolling basis using FX forwards.

Interest rate swaps are used to control duration on the assets side. Long (short) duration bonds are transformed into short (long) duration bonds by means of interest rate swaps. As a rule, interest rate swaps (micro-hedges) are used to control the maturity transformation strategy in the overall balance sheet.

Economic relationship between hedged items and hedging transactions

PostFinance records the relationship between the hedging instrument and the hedged item on the date on which a financial instrument is classed as a hedging relationship. The information recorded includes the risk management objectives and strategy of the hedging transaction, and the methods used to measure the effectiveness of the hedging relationship. The economic relationship between the hedged item and the hedging transaction is constantly measured on a prospective basis in the course of effectiveness tests by measuring factors such as inverse performance and its correlation.

Effectiveness measurement

Hedging is deemed to be highly effective if the following criteria are essentially met:

- Hedging is considered to be highly effective upon its initial recognition (on a prospective basis via the critical terms match method).
- There is a close economic relationship between the hedged item and the hedging transaction.
- There is an inverse relationship between the value changes of the hedged item and those of the hedging transaction with regard to the hedged risk.

Ineffectiveness

If this results in an ineffective portion, this is included in the income statement for the period in question. This is carried out regularly through quantitative analysis based on the dollar-offset method. The absolute changes in value of the hedged item and hedging instrument are then compared for the period.

Derivatives entered into on behalf of customers of PostFinance are disclosed in the following overview as derivatives held for trading.

Group | Overview of derivative financial instruments		31.12.2021		31.12.2022
CHF million	Positive fair values	Negative fair values	Positive fair values	Negative fair values
Cash flow hedges				
Currency				
Cross-currency interest rate swaps	317	4	657	–
Other				
Completed non-fulfilled transactions	0	–	0	0
Fair value hedges				
Interest rate risk				
Interest rate swaps	43	95	439	1
Derivatives for hedging, excluding application of hedge accounting				
Currency risk				
Foreign exchange forward contracts	89	3	81	17
Other				
Commodity swaps	9	–	10	0
Derivatives for trading purposes				
Currency risk				
Foreign exchange forward contracts	2	3	2	5
Total derivative financial instruments	**460**	**105**	**1,189**	**23**

Cash flow hedges

PostFinance uses cash flow hedge accounting to hedge the volatility of cash flows from interest-bearing instruments that can be predicted with a high degree of probability. Cash flow hedge accounting is used in particular to hedge fixed income instruments in foreign currencies via cross-currency interest rate swaps (in EUR, USD and SEK).

PostFinance | Contract volumes for cash flow hedges

CHF million	Total	Term to maturity 0–3 months	3 months–1 year	1–5 years	Over 5 years
31.12.2021					
Currency risk					
Cross-currency interest rate swaps	7,619	146	1,020	5,290	1,163
Other					
Completed non-fulfilled transactions	3	3	–	–	–
31.12.2022					
Currency risk					
Cross-currency interest rate swaps	7,095	275	1,232	4,287	1,301
Other					
Completed non-fulfilled transactions	18	18	–	–	–

Positive replacement values are reported on the balance sheet in financial assets, while negative replacement values are recognized in other financial liabilities.

The following amounts were recognized from designated hedging instruments in the consolidated balance sheet and income statement:

PostFinance | Change in hedging instruments – Cash flow hedges

CHF million	Positive replacement values	Negative replacement values	Change in fair value in the year under review which was used for disclosure of ineffectiveness	Change in fair value of the hedging instrument, recorded in other comprehensive income	Ineffectiveness recorded in income statement	Net amount reclassified from other comprehensive income to income statement
31.12.2021						
Currency risk						
Cross-currency interest rate swaps	317	4	291	291	–	–217
Other						
Completed non-fulfilled transactions	0	–	0	0	–	–
31.12.2022						
Currency risk						
Cross-currency interest rate swaps	657	–	373	373	–	–181
Other						
Completed non-fulfilled transactions	0	0	0	0	–	–

In the course of the reporting periods, the following effects arose from designated hedged items (item in the balance sheet: financial assets):

PostFinance | Effects of hedged items in cash flow hedges

CHF million	Change in fair value which was used for disclosure of ineffectiveness	Hedging reserves
31.12.2021		
Currency risk		
FVTOCI		
Bonds	–291	–114
31.12.2022		
Currency risk		
FVTOCI		
Bonds	–373	78

The hedging reserves in other comprehensive income underwent the following change in the reporting periods:

PostFinance | Hedging reserves

CHF million	2021	2022
Balance as at 1.1.	**–153**	**–92**
Change in fair value of hedging instruments		
Currency risk	291	373
Other	0	0
Net amount reclassified from cash flow hedging reserve to income statement		
Currency risk	–217	–181
of which from discontinued hedging relationships	4	0
of which from changes in foreign currency basis spreads	–3	12
Change in deferred income taxes	–13	–36
Balance as at 31.12.	**–92**	**64**

These cash flows are expected to have an effect on the income statement in the following periods:

PostFinance | Cash flows (not discounted)

	Term to maturity			
CHF million	0–3 months	3 months–1 year	1–5 years	Over 5 years
31.12.2021				
Cash inflows	6	27	67	9
Cash outflows	–27	–86	–243	–27
31.12.2022				
Cash inflows	6	31	93	20
Cash outflows	–25	–86	–233	–37

Fair value hedges

PostFinance uses fair value hedge accounting to hedge changes in the value of interest-sensitive assets. Fair value hedge accounting is used in particular to hedge fixed income instruments via interest rate swaps.

PostFinance | Contract volumes for fair value hedges

CHF million	Total	Term to maturity 0–3 months	3 months–1 year	1–5 years	Over 5 years
31.12.2021					
Interest rate risk					
Interest rate swaps	3,553	40	200	290	3,023
31.12.2022					
Interest rate risk					
Interest rate swaps	2,941	50	135	–	2,756

Positive replacement values are reported on the balance sheet in financial assets, while negative replacement values are recognized in other financial liabilities.

The following amounts were recognized from designated hedging instruments in the consolidated balance sheet and income statement:

PostFinance | Change in hedging instruments Fair value hedges

CHF million	Positive replacement values	Negative replacement values	Change in fair value in year under review which was used for disclosure of ineffectiveness	Ineffectiveness recorded in income statement
31.12.2021				
Interest rate risk				
Interest rate swaps	43	95	125	–
31.12.2022				
Interest rate risk				
Interest rate swaps	439	1	480	–

In the course of the reporting periods, the following amounts arose from designated hedged items (item in the balance sheet: financial assets):

PostFinance | Effects of hedged items in fair value hedges CHF million	Carrying amount of hedged item	Accumulated expenses or income from fair value hedge adjustments that were recorded in the carrying amount of the hedged item	Change in fair value which was used for disclosure of ineffectiveness	Accumulated amount remaining in the balance sheet from fair value hedge adjustments for hedged items that are no longer adjusted for gains and losses from hedging.
31.12.2021				
Interest rate risk				
Amortized cost				
Bonds	2,949	15	–101	0
Loans	664	24	–24	–
31.12.2022				
Interest rate risk				
Amortized cost				
Bonds	2,241	–416	–431	5
Loans	275	–25	–49	–

27.5 | Capital management at Swiss Post and PostFinance Ltd

Swiss Post endeavours to achieve a solid equity base in line with industry standards. It also considers the goals set by the owner with regard to maximum net debt and securing the company's value. The continued existence of the company should be ensured at all times, and the resources implemented should result in appropriate income.

Net debt is measured in relation to EBITDA (operating profit before depreciation and amortization) and must not exceed the figure of 1 for long periods. External debt, in particular in the form of outstanding private placements currently totalling 775 million francs (31 December 2021: 810 million francs) can be fully offset with available liquid assets, meeting the target value. Customer deposits and financial investments of PostFinance Ltd are not included in the calculation of this indicator.

Economic value added is established on the basis of the earnings generated in relation to the economically accurate cost of invested capital, whereby the basis of capital costs is determined from a comparison with other companies in the sector.

The appropriation of profit is determined by legal provisions, by the goals set by the Federal Council, and by the requirements of the business. The key issues are a risk-appropriate capital structure and the financing of investments.

According to the decree issued by the Swiss National Bank on 29 June 2015, PostFinance Ltd was designated a systemically important financial group. As a result, the requirements set out in articles 124 to 136 of the Ordinance on Capital Adequacy and Risk Diversification for Banks and Securities Dealers (CAO) also became relevant to PostFinance Ltd. The detailed capital adequacy disclosure in accordance with the requirements for systemically important banks is found in the separate publications "Capital adequacy disclosure" and "Disclosure on grounds of systemic importance" of PostFinance Ltd.

28 | Fair value disclosures

28.1 | Carrying amounts and fair values of financial instruments and other assets

The carrying amounts and corresponding fair values of financial assets and liabilities and investment property are as follows on 31 December 2021 and 31 December 2022:

Fair values and carrying amounts of financial instruments		31.12.2021		31.12.2022
CHF million	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets measured at fair value				
Financial assets				
FVTOCI				
Shares	301	301	268	268
Bonds	7,353	7,353	6,105	6,105
FVTPL mandatory				
Shares	24	24	38	38
Bonds	2	2	4	4
Funds	123	123	122	122
Positive replacement values	460	460	1,189	1,189
Financial assets not measured at fair value				
Financial assets				
Amortized cost				
Bonds	50,909	51,439	50,467	47,341
Loans	14,303	14,524	14,295	13,322
Financial liabilities measured at fair value				
Other financial liabilities				
Negative replacement values	105	105	23	23
Deferred purchase price payments (earn out)	29	29	20	20
Other liabilities				
Put options on non-controlling interests	30	30	104	104
Financial liabilities not measured at fair value				
Other financial liabilities				
Private placements	810	870	775	709
Other assets not measured at fair value				
Investment property	409	719	432	782

The carrying amounts of cash holdings, amounts due from banks, interest-bearing amounts due from customers, trade accounts receivable and payable, other receivables excluding accrued income and prepaid expenses and other liabilities excluding accrued expenses and deferred income, customer deposits (PostFinance) and other financial liabilities (excl. private placements) represent a reasonable estimate of fair value. These financial instruments are therefore not reported above.

28.2 | Fair value hierarchy

Financial instruments measured at fair value are assigned to one of three levels in the fair value hierarchy at the end of the year. The level to which they are assigned depends on the lowest level parameter, which is used for determining the fair value of the financial instrument. For purposes of disclosure, the same applies to financial instruments that are excluded from fair valuation.

Level 1 — Quoted prices in an active market: fair value is determined on the basis of quoted prices in the active market for the specific assets and liabilities. The market price at the balance sheet date is mandatory and may not be adjusted.

Level 2 — Valuation method based on observable model inputs: positions that are not traded on an active market but whose fair values are measured on the basis of similar assets and liabilities traded on active markets or using valuation techniques are classified as level 2. As a rule, recognized measurement techniques and directly or indirectly observable market data should be used as model parameters. Possible input parameters for level 2 fair values are prices in active markets for comparable assets and liabilities under normal market conditions. Fair values calculated using the DCF method with model inputs based on observable market data are classified as level 2.
The DCF method involves estimating the present value of the expected cash flows from assets or liabilities. A discount rate is applied, which corresponds to the creditworthiness required on the market for similar instruments with similar risk and liquidity profiles. The discount rates needed for the calculation are determined according to standard market yield curve modelling and models.

Level 3 — Valuation method not based on observable model inputs: fair value is determined using valuation techniques and significant inputs specific to the company that are not observable in the market.

Fair values are determined as follows:

Fair value of financial instruments and other assets				31.12.2021				31.12.2022
CHF million	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
FVTOCI								
Shares	301	206	–	95	268	152	–	116
Bonds	7,353	6,957	396	–	6,105	5,741	364	–
FVTPL mandatory								
Shares	24	0	–	24	38	–	–	38
Bonds	2	–	–	2	4	–	–	4
Funds	123	–	123	–	122	–	122	–
Positive replacement values	460	9	451	–	1,189	10	1,179	–
Amortized cost								
Bonds	51,439	45,637	5,802	–	47,341	41,999	5,342	–
Loans[1]	14,524	–	14,496	28	13,322	–	13,321	1
Negative replacement values	105	–	105	–	23	0	23	–
Deferred purchase price payments (earn out)	29	–	–	29	20	–	–	20
Put options on non-controlling interests	30	–	–	30	104	–	–	104
Private placements	870	–	870	–	709	–	709	–
Investment property	719	–	–	719	782	–	–	782

1 For the loans of one million francs (31 December 2021: 28 million francs) in level 3, the fair values listed above on the balance sheet date correspond approximately to the carrying amounts disclosed in the balance sheet.

In relation to the acquisitions made in the current financial year of Hacknowledge SA, unblu inc. and T2i Holding SA as well as the acquisitions of Tresorit S.A., Bring! Labs AG and DIALOG VERWALTUNGS-DATA AG in 2021, there are liabilities arising from put options on non-controlling interests. The financial liabilities arising from the put options are recognized at fair value and discounted to present value using cost of debt. The fair value calculations are based on the maximum number of shares that can be exercised at a price calculated on the basis of forecast profit and revenue trends. The increase in liabilities from put options on non-controlling interests is essentially attributable to the acquisition of unblu inc. (55 million francs).

Financial instrument	Measurement	Material unobservable inputs	Bandwidth	Sensitivity of the fair value compared with unobservable inputs
Put options on non-controlling interests of unblu inc.	Estimated present value of the repurchase price in the event of the option being fully exercised by the counterparty	Company's value based on revenue	Floor: CHF 16.7 million Cap: CHF 133.2 million	If the company's value fell by 10 percentage points with an unchanged EBITDA margin, the fair value would decline by 5.9 million francs.
		Discount on company's value based on EBITDA margin	Floor: 0% Cap: 60%	If the discount fell by 10 percentage points with the company's value remaining unchanged, the fair value would increase by around 7.5 million francs.

For more information on deferred purchase price payments (earn-outs) see Note 5.2, Assets and liabilities arising from acquisitions.

Unlisted equity instruments in level 3 must be disclosed under either the FVTOCI or FVTPL mandatory category. A number of small investments, primarily in startup companies, are measured at fair value through profit or loss. In addition, the Group holds strategic long-term interests in infrastructure and service providers, which are measured at fair value with changes in fair value recorded in other comprehensive income. The fair value of these investments is determined using the DCF valuation method, the capitalized earnings method, or where appropriate on the basis of the reported or published net asset value adjusted for any relevant factors. In a few cases (minor interests), acquisition costs less impairment losses are used as a reasonable estimate of fair value for simplification purposes.

The financial assets and liabilities measured at fair value assigned to level 3 underwent the following changes during 2021 and 2022 respectively:

Fair value hierarchy: changes in level 3

	Financial assets		
CHF million	FVTOCI	FVTPL mandatory	Financial liabilities
Balance as at 1.1.2021	**95**	**22**	**2**
Gains/losses recorded in the income statement	-	2	–
Gains/losses recorded in other comprehensive income	5	–	–
Additions	0	9	58
Disposals	–5	–7	–1
Balance as at 31.12.2021	**95**	**26**	**59**
Balance as at 1.1.2022	**95**	**26**	**59**
Gains/losses recorded in the income statement	–	3	–3
Gains/losses recorded in other comprehensive income	–1	–	–
Revaluation via retained earnings	–	–	2
Additions	22	17	75
Disposals	0	–4	–9
Balance as at 31.12.2022	**116**	**42**	**124**

For level 3 instruments, the value is based on unobservable inputs, which within a reasonable range are at the discretion of management. The main factor for the valuation of equity instruments using the DCF valuation method is the discount rate at which future cash flows are discounted. A change in the net asset value of unlisted interests results in a proportionate change in the fair value of these shares.

Gains and losses from financial assets FVTPL are recorded under net financial income in the logistics business model and under the result from FVTPL trading portfolio assets and mandatory (income from financial services) in the PostFinance business model.

No reclassifications were carried out within the different levels as at 31 December 2021 and 31 December 2022. Reclassifications between the different levels are carried out at the end of each reporting period.

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

Investment property

Text, in percent, CHF million	Measurement method	Discount rate	Fair value
31.12.2021			
Bellinzona, Viale Stefano Franscini 30	Capitalized earnings	2.8	10
Bern PostParc, Schanzenstrasse 4/5	DCF	2.9	374
Delémont[1], Postplatz	DCF	4.5	66
Dübendorf, Wilstrasse 13 + 15	DCF	2.7	23
Frauenfeld Cupola, Rheinstrasse 1	DCF	3.1	39
Interlaken, Marktgasse 1	DCF	3.3	19
Zurich[1], Franklinstrasse 27	DCF	3.3	80
Zurich, Molkenstrasse 8+10	DCF	2.3	33
Zollikofen[1], Schulhausstrasse 27	DCF	2.9	14
Martigny[1], Avenue de la Gare 34	DCF	3.3	26
Volketswil[1], Im Zentrum 14/16	DCF	2.8	15
Zug[1], Postplatz 1	DCF	3.2	20
31.12.2022			
Bellinzona, Viale Stefano Franscini 30	Capitalized earnings	2.8	10
Bern PostParc, Schanzenstrasse 4/5	DCF	2.9	373
Delémont[1], Postplatz	DCF	3.4	77
Dübendorf, Wilstrasse 13 + 15	DCF	2.7	23
Frauenfeld Cupola, Rheinstrasse 1	DCF	3.1	39
Interlaken, Marktgasse 1	DCF	3.3	18
Zurich, Franklinstrasse 27	DCF	3.0	83
Zurich, Molkenstrasse 8+10	DCF	2.3	33
Zollikofen, Schulhausstrasse 27	DCF	2.8	21
Martigny[1], Avenue de la Gare 34	DCF	3.3	30
Volketswil[1], Im Zentrum 14/16	DCF	2.8	21
Zug[1], Postplatz 1	DCF	3.2	22
Riehen[1], Bahnhofstrasse 25	DCF	3.3	13
Geneva[1], Rue du Vieux-Collège 3	DCF	3.5	19

1 Property under construction.

The rental income taken into account in the measurements reflects the current status of letting and reflects the local market situation of the individual properties.

The operating and maintenance costs are based primarily on past experience from the property accounts of the last few years and on benchmarks.

29 | Consolidated Group

29.1 | Subsidiaries

Swiss Post Ltd, as the Group’s parent company, holds 100 percent of the shares in Post CH Ltd, Post CH Communication Ltd, Post CH Network Ltd, PostBus Ltd and PostFinance Ltd.

The companies listed below are fully consolidated.

Segment	Company	Domicile	Currency	Share capital in thousands	Equity interest in percent as at 31.12.2021	Equity interest in percent as at 31.12.2022
Switzerland						
1	Post CH Ltd	Bern	CHF	10,000	100*	100*
1	PostLogistics Ltd	Dintikon	CHF	20,000	100	100
1	SecurePost Ltd in liquidation	Oensingen	CHF	4,000	100	100
1	B-Sped Logistics (Suisse) SA[1]	Boncourt	CHF	200	100	100
1	Relatra AG	Tägerwilen	CHF	180	100	100
1	DESTINAS AG	Tägerwilen	CHF	140	100	100
1	Walli-Trans AG	Leuk	CHF	100	100	100
1	BPS Speditions-Service AG	Pfungen	CHF	100	100	100
1	BPS Speditions-Service Basel AG, Arlesheim	Arlesheim	CHF	150	100	100
1	notime AG	Zurich	CHF	259	100	100
1	notime (Schweiz) AG[2]	Zurich	CHF	115	79	100
1	BLUESPED LOGISTICS Sàrl[3]	Boncourt	CHF	20	100	–
1	Presto Presse-Vertriebs AG	Bern	CHF	100	100	100
1	Epsilon SA[4]	Lancy	CHF	100	100	–
1	Direct Mail Company AG	Basel	CHF	420	100	100
1	ASMIQ AG	Zurich	CHF	100	100	100
1	Bring! Labs AG	Zurich	CHF	241	82	82
1	EDS Media AG	Meilen	CHF	150	100	100
1	Iemoli Trasporti SA	Chiasso	CHF	100	100	100
1	InTraLog Hermes AG	Pratteln	CHF	100	100	100
1	InTraLog Overseas AG	Kloten	CHF	200	100	100
1	Livesystems Group Ltd	Köniz	CHF	130	100	100
1	Livesystems Ltd	Köniz	CHF	100	100	100
1	Livesystems dooh Ltd	Köniz	CHF	100	100	100
1	Otto Schmidt Ltd	Basel	CHF	200	100	100
1	Steriplus AG	Kaltbrunn	CHF	550	65	65
1	Stella Brandenberger Transporte AG[5]	Pratteln	CHF	150	–	100
1	Ferimpex AG[6]	Pratteln	CHF	50	–	–
1	MW Partners Holding SA[5]	Froideville	CHF	708	–	100
1	Stericenter SA[5]	Cugy	CHF	400	–	100
1	Mediwar AG[5]	Muri (AG)	CHF	200	–	100
1	Marcel Blanc et Cie S.A.[5]	Le Mont-sur-Lausanne	CHF	100	–	100
1	resot.care SA[5]	Froideville	CHF	100	–	100
1	eoscop AG[5]	Balsthal	CHF	100	–	100
1	H. Bucher Internationale Transporte AG[5]	Alpnach	CHF	100	–	100
1	Kickbag GmbH[5]	St. Gallen	CHF	20	–	100
2	Post CH Communication Ltd	Bern	CHF	1,000	100*	100*
2	DIALOG VERWALTUNGS-DATA AG	Hochdorf	CHF	1,000	82	82
2	KLARA Business Ltd	Lucerne	CHF	354	50	50
2	SwissSign Group Ltd[7]	Opfikon	CHF	12,500	100	–
2	SwissSign AG	Opfikon	CHF	450	100	100
2	SYSMOSOFT SA[8]	Yverdon-les-Bains	CHF	958	–	–
2	Tresorit AG	Zurich	CHF	100	90	90
2	Hacknowledge SA[9]	Morges	CHF	276	12	80

* Equity interest is held by Swiss Post Ltd.
1 Change of company name (previously Botec Boncourt S.A.).
2 Acquisition of shares (around 21 percent).
3 Merger with Botec Boncourt S.A.
4 Merger with Direct Mail Company AG.
5 Acquisition of shares (100 percent).
6 Acquisition of shares (100 percent) and merger with Stella Brandenberger Transporte AG.
7 Merger with SwissSign AG.
8 Acquisition of shares (100 percent) and merger with SwissSign AG.
9 Acquisition of shares (around 68 percent).

Segment
1 = Logistics Services
2 = Communication Services

Segment	Company	Domicile	Currency	Share capital in 000s	Equity interest in percent as at 31.12.2021	Equity interest in percent as at 31.12.2022
Switzerland						
2	axsana AG [10]	Zurich	CHF	400	–	75
2	unblu inc. [11]	Basel	CHF	313	–	51
2	Unblu Cloud GmbH [11]	Basel	CHF	20	–	51
2	adiacom ag [11]	Aarau	CHF	100	–	51
2	T2i Holding SA [12]	Sierre	CHF	100	–	51
2	Groupe T2i Suisse SA [12]	Sierre	CHF	1,000	–	51
3	Post CH Network Ltd	Bern	CHF	1,000	100*	100*
4	PostBus Ltd	Bern	CHF	1,000	100*	100*
4	PubliBike AG [13]	Bern	CHF	200	100*	–
4	Post Company Cars Ltd	Bern	CHF	100	100*	100*
5	SPS Holding AG [13]	Zurich	CHF	5,000	100*	–
5	Swiss Post Solutions Ltd [13]	Zurich	CHF	1,000	100	–
6	PostFinance Ltd	Bern	CHF	2,000,000	100*	100*
7	Post CDR Ltd [14]	Bern	CHF	1,000	–	100*
7	Post Real Estate Management and Services Ltd	Bern	CHF	1,000	100	100
7	Post Real Estate Ltd	Bern	CHF	100,000	100*	100*
Bulgaria						
2	Unblu Services Bulgaria EOOD [11]	Sofia	BGN	1	–	51
China						
5	Swiss Post Enterprise Services (Shanghai) Co., Ltd. [13]	Shanghai	CNY	16,085	100	–
Germany						
1	Zollagentur Imlig GmbH	Rheinfelden Baden	EUR	25	100	100
1	Bächle Logistics GmbH	Villingen-Schwenningen	EUR	326	100	100
1	Bring! Labs Deutschland GmbH	Berlin	EUR	25	82	82
1	OSA Spedition GmbH	Efringen-Kirchen	EUR	350	91	91
1	OSA Logistik GmbH [15]	Hamburg	EUR	100	67	100
1	Ost-West Cargo Europe GmbH Internationale Spedition	Stuttgart	EUR	50	100	100
1	LS Deutschland Holding GmbH	Efringen-Kirchen	EUR	25	100	100
1	LS Immobilienbewirtschaftungs GmbH [16]	Efringen-Kirchen	EUR	100	100	100
1	LCV GmbH [17]	Villingen-Schwenningen	EUR	25	–	100
2	Tresorit GmbH	Munich	EUR	25	90	90
2	Unblu GmbH [11]	Frankfurt am Main	EUR	25	–	51
5	Swiss Post Solutions GmbH [13]	Bamberg	EUR	5,000	100	–
5	Swiss Post Solutions GmbH [13]	Prien	EUR	1,050	100	–
7	CDR-Services Deutschland GmbH [14]	Efringen-Kirchen	EUR	25	–	100
France						
1	Tele Trans SAS [18]	Saint-Louis	EUR	38	100	–
1	B-Sped Logistics (France) SARL [19]	Fêche-l'Église	EUR	15	100	100
1	BLUESPED France Sàrl [18]	Delle	EUR	10	100	–
5	Swiss Post Solutions SAS [13]	Paris	EUR	50	100	–

* Equity interest is held by Swiss Post Ltd.
10 Acquisition of shares (75 percent).
11 Acquisition of shares (around 51 percent).
12 Acquisition of shares (51 percent).
13 Sale of shares (100 percent).
14 Company founding (100 percent).
15 Acquisition of shares (33 percent).
16 Capital increase.
17 Acquisition of shares (100 percent).
18 Merger with Botec Boncourt Sàrl.
19 Change of company name (previously Botec Sàrl).

Segment
1 = Logistics Services
2 = Communication Services
3 = PostalNetwork
4 = Mobility Services
5 = Swiss Post Solutions
6 = PostFinance
7 = Functions and Management

Segment	Company	Domicile	Currency	Share capital in 000s	Equity interest in percent as at 31.12.2021	Equity interest in percent as at 31.12.2022
United Kingdom						
2	UNBLU LTD.[20]	London	GBP	1	–	51
5	Swiss Post Solutions Ltd[21]	Richmond	GBP	7,272	100	–
5	Swiss Post Solutions Business Services Limited[21]	Richmond	GBP	325	100	–
5	Swiss Post Solutions Business Services UK Limited[21]	Richmond	GBP	219	100	–
Italy						
1	Iemoli Trasporti S.r.l.	Cadorago	EUR	80	100	100
5	Swiss Post Solutions S.p.A.[21]	Milan	EUR	500	100	–
Canada						
2	UNBLU CANADA CORP.[20]	Vancouver	CAD	1	–	51
Liechtenstein						
2	SwissSign AG in liquidation[22]	Vaduz	CHF	–	100	–
4	PostAuto Liechtenstein Anstalt in liquidation	Vaduz	CHF	1,000	100	100
7	Swiss Post Insurance AG	Triesen	CHF	30,000	100*	100*
Lithuania						
1	Ost-West Cargo Baltic UAB	Panevezys	EUR	10	75	75
1	Ost-West Cargo Transport UAB	Panevezys	EUR	403	100	100
Luxembourg						
2	Tresorit S.A.	Luxembourg	EUR	85	90	90
2	Hacknowledge Lux SA[23]	Luxembourg	EUR	147	–	80
Portugal						
7	SPICE-P S.A.[24]	Lisbon	EUR	50	–	100*
Singapore						
5	Swiss Post Solutions Holding Pte. Ltd.[21]	Singapore	SGD	3,397	100	–
Hungary						
2	Tresorit Kft.	Budapest	HUF	35,620	90	90
USA						
2	unblu Corp.[20]	Albany	USD	0	–	51
5	Swiss Post Solutions Inc.[21]	New York	USD	55	100	–
5	Swiss Post US Holding Inc.[21]	New York	USD	10,100	100	–
Vietnam						
5	Swiss Post Solutions Ltd.[21]	Ho-Chi-Minh City	VND	1,821,557	100	–

* Equity interest is held by Swiss Post Ltd.
20 Acquisition of shares (around 51 percent).
21 Sale of shares (100 percent).
22 Liquidated.
23 Acquisition of shares (around 80 percent).
24 Company founding (100 percent).

Segment
1 = Logistics Services
2 = Communication Services
4 = Mobility Services
5 = Swiss Post Solutions
7 = Functions and Management

29.2 | Associates and joint ventures

The companies listed below are accounted for using the equity method.

Segment	Company	Domicile	Currency	Share capital in thousands	Equity interest in percent as at 31.12.2021	Equity interest in percent as at 31.12.2022
Switzerland						
1	AZ Vertriebs AG	Aarau	CHF	100	25	25
1	SCHAZO AG	Schaffhausen	CHF	300	50	50
1	Somedia Distribution AG	Chur	CHF	100	35	35
1	Asendia Holding Ltd	Bern	CHF	125	40	40
1	FedEx Express Swiss Post GmbH[1]	Oftringen	CHF	1,316	38	38
4	Sensetalbahn AG[2]	Bern	CHF	2,888	34	–
6	Finform Ltd	Bern	CHF	100	50	50
6	TWINT Ltd	Zurich	CHF	12,750	27	27
6	TONI Digital Insurance Solutions AG[3]	Zurich	CHF	2,536	29	25
6	Tilbago AG	Lucerne	CHF	178	24	24
6	Ormera AG in liquidation[4]	Bern	CHF	464	35	47
6	Yuh Ltd	Gland	CHF	1,000	50	50
Germany						
1	GSF Spedition Schweiz GmbH	Gütersloh	EUR	25	50	50
1	Weliver Logistik GmbH	Grossbeeren	EUR	38	24	24
6	moneymeets GmbH[5]	Cologne	EUR	113	27	24
6	moneymeets community GmbH[5]	Cologne	EUR	113	27	24

1 Change of company name (previously TNT Swiss Post GmbH).
2 Sale of shares (34 percent).
3 Capital increase with dilution (now around 25 percent).
4 Acquisition of shares (around 12 percent).
5 Capital increase with dilution (now around 24 percent).

Segment
1 = Logistics Services
4 = Mobility Services
6 = PostFinance

30 | Transactions with related companies and parties

Within the meaning of the IFRSs, Swiss Post Group has relationships with related companies and parties. As the owner of Swiss Post, the Swiss Confederation is deemed to be a related party.

Transactions between Swiss Post and its subsidiaries were eliminated during the consolidation and are no longer included in these notes.

Swiss Post and its subsidiaries carried out the following transactions at market conditions with related companies and parties that are not part of the Group.

Transactions with related companies and parties	Sale of goods and services		Purchase of goods and services		Receivables and loans		Liabilities	
CHF million	2021	2022	2021	2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022
Swiss Confederation	300[1]	285[1]	8	6	275	313	321	391
Swisscom	60	47	18	9	158	325	261	10
Swiss Federal Railways SBB	68	31	37	38	128	135	72	79
RUAG	0	0	0	0	–	0	0	–
SKYGUIDE	3	0	0	–	0	0	13	6
Companies with joint management or significant influence	**431**	**363**	**63**	**53**	**561**	**773**	**667**	**486**
Associates and joint ventures	**133**	**120**	**34**	**18**	**255**[2]	**352**[2]	**43**	**27**
Other related companies and parties	**1**	**2**	**4**	**1**	**3**	**0**	**13**[3]	**52**[3]

1 Includes compensatory payments for passenger transport of 238 million francs (previous year: 232 million francs).
2 Primarily includes the loans granted by Swiss Post Ltd to Asendia Holding Ltd.
3 Primarily includes customer deposits of the Swiss Post pension fund held at PostFinance.

30.1 | Remuneration paid to members of management

In the past financial year, compensation including fringe benefits of 6.02 million francs (previous year: 5.36 million francs) and pension benefits of 0.86 million francs (previous year: 0.84 million francs) was paid to members of management (Board of Directors and Executive Management). The performance-based component paid out to members of Executive Management in 2022 was based on target attainment in 2020 and 2021 and amounted to 0.67 million francs (previous year: 1.21 million francs). There are no loan agreements in place with members of the Board of Directors or Executive Management.

31 | Events after the reporting period

Prior to the approval of the 2022 consolidated annual financial statements by Swiss Post Ltd's Board of Directors on 6 March 2023, 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.

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To the General Meeting of
Swiss Post Ltd, Berne

Berne, 6 March 2023

Report of the statutory auditor

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Swiss Post Ltd and its subsidiaries (the Group), which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated statement of cash flows, as at 31 December 2022 and for

the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements (pages 94 to 203) give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISA) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements” section of our report.

We are independent of the Group in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, as well as those of the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information in the financial report

The Board of Directors is responsible for the other information in the financial report. The other information comprises all information included in the financial report, but does not include the consolidated financial statements, the stand-alone financial statements of Swiss Post Ltd and PostFinance Ltd as well as our auditor’s reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the consolidated financial statements
The Board of Directors is responsible for the preparation of the consolidated financial statements, which give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISA and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on EXPERTsuisse's website at: www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Report on other legal and regulatory requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Oliver Mange
Licensed audit expert
(Auditor in charge)

Michel Wälchli
Licensed audit expert

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	2021	2022
Operating income		
Trade income	819	809
Other operating income	0	0
Income from investments	130	809
Total operating income	**949**	**1,618**
Operating expenses		
Materials expenses	–1	0
Personnel expenses	–450	–440
Other operating expenses	–337	–323
Depreciation and impairment losses of property, plant and equipment	–13	–12
Depreciation of intangible assets	–78	–82
Total operating expenses	**–879**	**–857**
Operating profit	**70**	**761**
Financial income	122	175
Financial expenses	–73	–183
Total net financial income	**49**	**–8**
Income from other accounting periods	1	–
Net annual profit before tax	**120**	**753**
Direct taxes	–	–
Net annual profit	**120**	**753**

Balance sheet

Swiss Post Ltd | Balance sheet

CHF million	31.12.2021	31.12.2022
Assets		
Current assets		
Cash and cash equivalents	559	259
Trade accounts receivable	15	22
Other current receivables	1,636	2,145
Inventories and unbilled services	3	4
Accrued income and prepaid expenses	72	60
Total current assets	**2,285**	**2,490**
Fixed assets		
Financial assets	1,312	1,426
Interests	7,709	7,631
Property, plant and equipment	29	31
Intangible assets	454	374
Total fixed assets	**9,504**	**9,462**
Total assets	**11,789**	**11,952**
Equity and liabilities		
Liabilities		
Trade accounts payable	31	26
Current interest-bearing liabilities	877	362
Other current liabilities	42	29
Accrued expenses and deferred income	41	40
Total current liabilities	**991**	**457**
Non-current interest-bearing liabilities	777	775
Provisions	50	46
Total non-current liabilities	**827**	**821**
Total liabilities	**1,818**	**1,278**
Equity		
Share capital	1,300	1,300
Statutory capital reserves		
Other capital reserves	8,635	8,621
Distributable profit		
Loss carried forward	–84	–
Net annual profit	120	753
Total equity	**9,971**	**10,674**
Total equity and liabilities	**11,789**	**11,952**

Notes

1 | Basic principles

1.1 | Legal form

Swiss Post Ltd was established as a company limited by shares subject to a special statutory regime. It is domiciled in Bern.

1.2 | General

A description is given below of any significant valuation policies applied that are not specified by law.

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 gains are not disclosed (imparity principle).

1.4 | Derivative financial instruments

Derivative financial instruments are recognized at fair value as positive or negative replacement values. They are used to hedge trading risks arising from subsidiaries (diesel swaps). The derivatives are recognized in other current receivables and liabilities, respectively.

1.5 | Interests

Swiss Post Ltd controls various subsidiaries. These interests are carried in the balance sheet at acquisition cost less any necessary impairment losses.

1.6 | Property, plant and equipment

Property, plant and equipment are measured at their acquisition or production costs less accumulated depreciation and impairment losses. Property, plant and equipment, with the exception of land, are depreciated on a straight-line basis. If there are any signs of overvaluation, the carrying amounts are checked and impairment losses recognized if necessary.

1.7 | Intangible assets

Any intangible assets acquired are capitalized at acquisition cost, provided that they offer the company economic benefits over several years. Internally generated intangible assets are capitalized if they meet the necessary requirements at the balance sheet date. Intangible assets are amortized on a straight-line basis. If there are any signs of overvaluation, the carrying amounts are checked and impairment losses recognized if necessary.

1.8 | Recognition of income

Income is recognized if it is clear that the economic benefits associated with the transaction will flow to Swiss Post Ltd and those benefits can be measured reliably. Income from services is recognized after sales deductions at the time the service is provided.

1.9 | Leases

Leases and rental agreements are recognized in the balance sheet based on legal ownership. The expenses as a lessee or a tenant are recognized on an accrual basis in other operating expenses but the leased or rented items themselves are not recorded in the balance sheet.

1.10 | Decision to dispense with additional information in the notes to the annual financial statements, cash flow statement and management report

Swiss Post Ltd, as the parent company within Swiss Post Group, prepares consolidated financial statements in accordance with recognized financial reporting standards (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 | Cash and cash equivalents

Swiss Post Ltd | Cash and cash equivalents

CHF million	31.12.2021	31.12.2022
Bank deposits due from third parties	504	232
Bank deposits due from PostFinance Ltd	55	27
Total cash and cash equivalents	**559**	**259**

2.2 | Trade accounts receivable

Swiss Post Ltd | Trade accounts receivable

CHF million	31.12.2021	31.12.2022
Amounts due from third parties	0	1
Amounts due from interests	15	21
Amounts due from related parties	0	0
Total trade accounts receivable	**15**	**22**

2.3 | Other current receivables

Swiss Post Ltd | Other current receivables

CHF million	31.12.2021	31.12.2022
Derivative financial instruments	9	10
Amounts due from third parties	416	773
Amounts due from interests	1,211	1,362
Total other current receivables	**1,636**	**2,145**

2.4 | Inventories and unbilled services

The inventories listed in the balance sheet are mostly operating materials.

2.5 | Accrued income and prepaid expenses

Swiss Post Ltd | Accrued income and prepaid expenses

CHF million	31.12.2021	31.12.2022
Accrued income and prepaid expenses due from third parties	48	47
Accrued income and prepaid expenses due from investors and governing bodies	1	1
Accrued income and prepaid expenses due from interests	23	12
Accrued income and prepaid expenses due from related parties	0	0
Total accrued income and prepaid expenses	**72**	**60**

2.6 | Financial assets

Swiss Post Ltd | Financial assets

CHF million	31.12.2021	31.12.2022
Financial assets due from third parties	296	129
Financial assets due from interests	1,016	1,297
Total financial assets	**1,312**	**1,426**

2.7 | Interests

Swiss Post Ltd | Interests

Company	Domicile	Currency	Share capital In 1000	Investment in percent Balance as at 31.12.2021	Investment in percent Balance as at 31.12.2022
Directly held interests					
Switzerland					
PostFinance Ltd	Bern	CHF	2,000,000	100	100
Post Real Estate Ltd	Bern	CHF	100,000	100	100
Post CH Ltd	Bern	CHF	10,000	100	100
PostBus Ltd	Bern	CHF	1,000	100	100
SPS Holding Ltd [1]	Zurich	CHF	5,000	100	–
Post CH Communication Ltd	Bern	CHF	1,000	100	100
Post CH Network Ltd	Bern	CHF	1,000	100	100
Post Company Cars Ltd	Bern	CHF	100	100	100
Post CDR Ltd [2]	Bern	CHF	1,000	–	100
PubliBike AG [1]	Bern	CHF	200	100	–
Liechtenstein					
Swiss Post Insurance AG	Triesen	CHF	30,000	100	100
Portugal					
SPICE-P S.A. [2]	Lisbon	EUR	50	–	100
Significant indirectly held interests					
Switzerland					
Swiss Post Solutions Ltd [1]	Zurich	CHF	1,000	100	–
PostLogistics Ltd	Dintikon	CHF	20,000	100	100
Asendia Holding Ltd	Bern	CHF	125	40	40
SecurePost Ltd in liquidation	Oensingen	CHF	4,000	100	100
United Kingdom					
Swiss Post Solutions Ltd [1]	Richmond	GBP	7,272	100	–
Germany					
Swiss Post Solutions Holding GmbH [1]	Bamberg	EUR	5,000	100	–
Bächle Logistics GmbH	Villingen-Schwenningen	EUR	326	100	100

1 Sale of shares (100 percent).
2 Company founding (100 percent).

2.8 | Property, plant and equipment

The property, plant and equipment listed in the balance sheet is mostly IT equipment.

2.9 | Intangible assets

Swiss Post Ltd | Intangible assets

CHF million	31.12.2021	31.12.2022
Brands	400	333
Other intangible assets	27	41
Intangible assets in development	27	0
Total trade accounts payable	**454**	**374**

2.10 | Trade accounts payable

Swiss Post Ltd | Trade accounts payable

CHF million	31.12.2021	31.12.2022
Liabilities relating to third parties	24	22
Liabilities relating to investors and governing bodies	0	1
Liabilities relating to interests	5	2
Liabilities relating to related parties	2	1
Total trade accounts payable	**31**	**26**

2.11 | Current interest-bearing liabilities

Swiss Post Ltd | Current interest-bearing liabilities

CHF million	31.12.2021	31.12.2022
Liabilities relating to third parties	486	236
Liabilities relating to interests	391	126
Total current interest-bearing liabilities	**877**	**362**

2.12 | Other current liabilities

Swiss Post Ltd | Other current liabilites

CHF million	31.12.2021	31.12.2022
Liabilities relating to third parties	33	18
Liabilities relating to interests	9	11
Total other current liabilities	**42**	**29**

2.13 | Non-current interest-bearing liabilities

Swiss Post Ltd | Non-current interest-bearing liabilities

CHF million	31.12.2021	31.12.2022
Liabilities relating to third parties	775	775
Liabilities relating to interests	2	–
Total non-current interest-bearing liabilities	**777**	**775**

2.14 | Share capital

The share capital stands at 1,300,000,000 francs. The 1,300,000 registered shares, each with a face value of 1,000 francs, are owned by the Swiss Confederation.

2.15 | Trade income

Trade income principally discloses revenue from services, management and licence fees. Income is mainly generated through subsidiaries.

2.16 | Income from interests

Income from interests essentially comprises dividend income from subsidiaries (591 million francs) and gains from the sale of the SPS companies (217 million francs)

2.17 | Financial income

Financial income mainly consists of interest income from loans to interests, reversals of impairment on interests and loans, fees from letters of comfort to interests and foreign exchange gains.

2.18 | Financial expenses

Financial expenses mainly consist of interest expense, foreign exchange losses and impairment losses on interests and loans to interests.

2.19 | Income from other accounting periods

Income from other accounting periods in 2021 is the result of corrections to value added tax settlements in the years 2016 to 2019.

3 | Additional information

3.1 | Full-time equivalents

The average annual number of full-time equivalents exceeded 250, both in the year under review and in the previous year.

3.2 | Remaining liabilities from lease transactions

The lease liabilities that do not expire within twelve months or that cannot be terminated have the following maturity structure:

Swiss Post Ltd | Remaining liabilities from lease transactions

CHF	31.12.2021	31.12.2022
Due within 1 year	16,288,014	16,808,886
Due within 1 to 5 years	60,485,234	59,820,894
Due in over 5 years	42,863,865	41,568,331
Total lease liabilities	**119,637,113**	**118,198,111**

These amounts include the payments from rental agreements or lease contracts owed until the end of the contract or the expiry of the notice period. Rental or lease items are mainly operationally essential assets with contracts that cannot be terminated within twelve months.

The disclosure in the previous year has been adjusted due to a remeasurement of rental and lease contracts.

3.3 | Bond issues

Swiss Post Ltd has several outstanding private placements totalling 775 million francs, which are recognized in long-term, interest-bearing liabilities. Nine tranches overall, expiring between 2026 and 2061, are outstanding on the capital market from major, predominantly domestic, private and institutional investors. The average interest rate applicable to these private placements is 1.06 percent, and the average remaining maturity of the outstanding tranches was 9.5 years at the end of 2022.

3.4 | Liabilities relating to employee benefits schemes

The liabilities relating to the Swiss Post pension fund totalled 613,795 francs as at 31 December 2022 (31 December 2021: 2,693,354 francs), and are reported in other current liabilities. They are classed as liabilities relating to third parties.

3.5 | Collateral for third party liabilities

As at 31 December 2022, guarantees and guarantee obligations amounted to 19 million francs (31 December 2021: 1 million francs).

Collateral has been made available to guarantee intra-Group receivables from cash pooling via a time deposit (bank deposits due from third parties) of 200 million francs (31 December 2021: 100 million francs).

In addition, on 31 December 2022, letters of comfort of 1,504 million francs existed, deposited by Swiss Post Ltd (31 December 2021: 1,525 million francs).

Under the system of group taxation for value added tax, liability is as follows: each natural person or legal entity belonging to a VAT group is jointly and severally liable together with the taxpayer for all taxes owed by the group (VAT).

3.6 | Contingent liabilities

Contingent liabilities of 350,000 francs existed as at 31 December 2022 (31 December 2021: 293,967 francs), mostly from outstanding legal disputes with an uncertain outcome (probability of a liability <50 percent).

3.7 | Material events after the reporting period

No material events occurred after the reporting period which either would have resulted in changes to the carrying amounts of the assets or liabilities disclosed or would have to be disclosed in this section of the Report.

No further information is required to be reported by law as set out in article 959c, paragraph 1, section 4 of the Swiss Code of Obligations.

4 | Proposed appropriation of distributable profit

At the General Meeting on 2 May 2023, the Board of Directors will propose that the distributable profit of 753,041,010 francs for the financial year ended 31 December 2022 be appropriated as follows:

Swiss Post Ltd | Appropriation of distributable profit proposed by the Board of Directors

CHF million	31.12.2022
Net annual profit	753
Available distributable profit	**753**
Dividends	–50
Amount carried forward to new account	**703**

Building a better
working world

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To the General Meeting of
Swiss Post Ltd, Berne

Berne, 6. March 2023

Report of the statutory auditor

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Swiss Post Ltd (the Company), which comprise the income statement, balance sheet as at 31 December 2022 for the year then ended and the notes to the financial statements (pages 208 to 217), including a summary of significant accounting policies.

In our opinion, the financial statements comply with Swiss law and the Company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises all information included in the financial report, but does not include the consolidated financial statements, the stand-alone financial statements of Swiss Post Ltd and PostFinance Ltd as well as our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Building a better working world

Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website at: www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Report on other legal and regulatory requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the 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.

Ernst & Young Ltd

Oliver Mange Licensed audit expert (Auditor in charge)	Michel Wälchli Licensed audit expert

PostFinance annual financial statements

PostFinance Ltd reports to the Group in accordance with IFRS (International Financial Reporting Standards) and draws up its financial statements based on the FINMA Accounting Ordinance together with FINMA Circular 2020/1 “Accounting – banks”.

Reconciliation

PostFinance Ltd reports to the Group in accordance with IFRS and draws up its financial statements in accordance with the FINMA Accounting Ordinance (RelV-FINMA) and FINMA Circular 2020/1 (FINMA-RS 20/1) "Accounting – banks".

The valuation policies in accordance with RelV-FINMA/FINMA-RS 20/1 differ from the IFRS rules. The table below reconciles the PostFinance segment results as per IFRS with profit pursuant to RelV-FINMA/FINMA-RS 20/1.

PostFinance Ltd | Reconciliation of profit

CHF million	2021 1.1. to 31.12.	2022 1.1. to 31.12.
Operating result (EBIT) PostFinance, normalized before fees and net cost compensation	**272**	**229**
Normalization [1]	9	-
PostFinance segment operating profit (EBIT) as per IFRS before fees and net cost compensation	**281**	**229**
Management / licence fees / net cost compensation	–11	–6
PostFinance segment operating profit (EBIT) as per IFRS after fees and net cost compensation	**270**	**223**
Net income from associates	–3	–8
Net financial income	–36	–38
PostFinance segment earnings before tax (EBT)	**231**	**177**
Income tax	–36	–28
PostFinance segment profit	**195**	**149**
Consolidation effects from associates	4	7
PostFinance Ltd profit before reconciliation	**199**	**156**
Valuation differences for financial assets	9	19
Reversal of impairment / impairment on financial assets and receivables, incl. taxes	0	0
Realized gains from (earlier than scheduled) repayments	2	–18
Valuation differences between IAS 19 and Swiss GAAP ARR 16	–12	10
Valuation differences, IFRS 16 Leases	0	0
Depreciation of revalued real estate	–3	–3
Individual value adjustment due to lower market value (fixed assets)	–4	–1
Valuation differences for investments	–2	–2
Realized gains from investments	–2	0
Adjustment of deferred tax effects as per IFRS	36	29
PostFinance Ltd profit as per Accounting – banks	**223**	**190**

1 Normalized figure for 2021, see the "One-off item for 2021" section on page 46 of the Financial Report.

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 a corresponding deduction of 6 million francs on the operating profit (previous year: 11 million francs).

PostFinance Ltd statutory annual financial statements

The following pages show the PostFinance Ltd statutory financial statements in accordance with the FINMA Accounting Ordinance and FINMA Circular 2020/1 “Accounting – banks”.

Balance sheet

PostFinance Ltd | Balance sheet as per Accounting – banks

CHF million	Notes	31.12.2021	31.12.2022
Assets			
Liquid assets		45,991	36,567
Amounts due from banks		3,473	3,413
Amounts due from securities financing transactions	6	–	10
Amounts due from customers	7	11,817	11,464
Mortgage loans	7	0	0
Trading portfolio assets		–	–
Positive replacement values of derivative financial instruments	8	451	1,179
Other financial instruments at fair value		–	–
Financial investments	9	58,179	60,222
Accrued income and prepaid expenses		301	296
Participations	10, 11	129	131
Tangible fixed assets	12	1,084	1,039
Intangible assets	13	7	6
Other assets	14	235	53
Total assets		**121,667**	**114,380**
Total subordinated claims		11	14
of which subject to mandatory conversion and/or debt waiver		–	2
Liabilities			
Amounts due to banks		814	1,284
Liabilities from securities financing transactions	6	19,593	15,626
Amounts due in respect of customer deposits		94,624	90,413
Trading portfolio liabilities		–	–
Negative replacement values of derivative financial instruments	8	105	23
Liabilities from other financial instruments at fair value		–	–
Cash bonds		8	11
Bond issues and central mortgage institution loans		–	–
Accrued expenses and deferred income		93	77
Other liabilities	14	63	615
Provisions	17	43	40
Reserves for general banking risks		–	–
Bank's capital	18	2,000	2,000
Statutory capital reserve		4,553	4,330
of which tax-exempt capital contribution reserve		4,553	4,330
Statutory retained earnings reserve		–	–
Voluntary retained earnings reserves		–	–
Profit/loss carried forward		–452	–229
Profit/loss		223	190
Total liabilities		**121,667**	**114,380**
Total subordinated liabilities		203	253
of which subject to mandatory conversion and/or debt waiver		203	253

PostFinance Ltd | Off-balance sheet transactions

CHF million	Notes	31.12.2021	31.12.2022
Contingent liabilities	7, 26	86	63
Irrevocable commitments		990	822
Obligations to pay up shares and make further contributions		–	–
Credit commitments		–	–

Income statement

PostFinance Ltd | Income statement as per Accounting – banks

CHF million	Notes	2021	2022
Interest and discount income	29	114	177
Interest and dividend income from trading portfolios		–	–
Interest and dividend income from financial investments		221	210
Interest expense	29	217	120
Gross result from interest operations		**552**	**507**
Changes in value adjustments for default risks and losses from interest operations		12	–23
Net result from interest operations		**564**	**484**
Commission income from securities trading and investment activities		96	91
Commission income from lending activities		21	21
Commission income from other services		645	635
Commission expense		–364	–342
Result from commission business and services		**398**	**405**
Result from trading activities and the fair value option	28	**212**	**221**
Result from the disposal of financial investments		8	–
Income from participations		5	5
Result from real estate		65	62
Other ordinary income		59	63
Other ordinary expenses		–	–
Other result from ordinary activities		**137**	**130**
Operating income		**1,311**	**1,240**
Personnel expenses	30	–468	–454
General and administrative expenses	31	–524	–502
Operating expenses		**–992**	**–956**
Value adjustments on participations and depreciation and amortization of tangible fixed assets and intangible assets		–86	–81
Changes to provisions and other value adjustments, and losses		–10	–11
Operating result		**223**	**192**
Extraordinary income	32	4	2
Extraordinary expenses		–	–
Changes in reserves for general banking risks		–	–
Taxes	33	–4	–4
Profit		**223**	**190**

Appropriation of profit/loss

PostFinance Ltd | Distributable profit/accumulated loss

CHF million	31.12.2021	31.12.2022
Profit for the year	223	190
Loss carried forward	–452	–229
Total accumulated loss	**–229**	**–39**

At its meeting on 24 February 2023, the PostFinance Ltd Board of Directors will propose the following appropriation of profit/loss for the attention of the Annual General Meeting on 6 April 2023: offsetting of ARB profit of 189,652,338.85 francs against the loss carryforward and transfer to the new account, including a distribution in this amount from capital reserves:

PostFinance Ltd | Appropriation of profit/loss

CHF million	31.12.2021	31.12.2022
Dividend distributions	–	–
Loss carried forward to new account	–229	–39
Total accumulated loss	**–229**	**–39**

PostFinance Ltd | Other distributions

CHF million	31.12.2021	31.12.2022
Distributions from the capital reserve	–223	–190
Total distributions from the capital reserve	**–223**	**–190**

Cash flow statement

PostFinance Ltd | Cash flow statement as per Accounting – banks CHF million	Cash inflow 2021	Cash outflow 2021	Cash inflow 2022	Cash outflow 2022
Cash flow from operating activities (internal financing)				
Profit for the year	223	–	190	–
Value adjustments on participations, depreciation and amortization of tangible fixed assets and intangible assets	82	–	80	–
Provisions and other value adjustments	–	8	–	3
Change in value adjustments for default risks and losses	–	12	–	4
Accrued income and prepaid expenses	14	–	5	–
Accrued expenses and deferred income	–	16	–	15
Other items	–	–	–	–
Previous year’s dividend	–	–	–	–
Subtotal	**283**		**253**	
Cash flow from shareholder’s equity transactions				
Share capital	–	–	–	–
Recognized in reserves	–	129	–	223
Subtotal	**–**	**129**		**223**
Cash flow from transactions in respect of participations, tangible fixed assets and intangible assets				
Participations	1	24	0	5
Real estate	7	37	–	25
Other tangible fixed assets	–	12	–	6
Intangible assets	–	8	–	–
Subtotal		**73**		**36**
Cash flow from banking operations				
Medium and long-term business (>1 year):				
Amounts due to banks	–	19	–	317
Amounts due in respect of customer deposits	–	1	50	–
Cash bonds	–	5	3	–
Other liabilities	–	8	551	–
Amounts due from banks	34	–	74	–
Amounts due from customers	167	–	184	–
Mortgage loans	0	–	0	–
Financial investments	2,308	–	–	2,042
Other accounts receivable	213	–	182	–
Short-term business:				
Amounts due to banks	–	192	787	–
Liabilities from securities financing transactions	19,571	–	–	3,967
Amounts due in respect of customer deposits	–	14,715	–	4,260
Negative replacement values of derivative financial instruments	–	225	–	82
Amounts due from banks	148	–	–	13
Amounts due from securities financing transactions	–	–	–	10
Amounts due from customers	545	–	170	–
Positive replacement values of derivative financial instruments	–	219	–	728
Financial investments	–	–	–	–
Subtotal	**7,602**			**9,418**
Liquidity				
Liquid assets	–	7,683	9,424	–
Subtotal		**7,683**	**9,424**	
Total	**7,885**	**7,885**	**9,677**	**9,677**

Statement of changes in equity

PostFinance Ltd | Presentation of the statement of changes in equity

CHF million	Bank's capital	Capital reserve	Retained earnings reserve	Reserves for general banking risks	Voluntary retained earnings reserves and profit carried forward	Result of the period	Total
Equity as at 1.1.2022	**2,000**	**4,553**	**–**	**–**	**–229**	**–**	**6,324**
Dividends and other distributions	–	–223	–	–	–	–	–223
Profit	–		–	–	–	190	190
Equity as at 31.12.2022	**2,000**	**4,330**	**–**	**–**	**–229**	**190**	**6,291**

Notes

1 | Business name and the legal form and domicile of the bank

Business name: PostFinance Ltd (company number CHE-114.583.749)
Legal form: Private limited company (Ltd)
Domicile: Bern (Switzerland)

2 | Accounting and valuation policies

General principles

The bookkeeping, accounting and valuation policies are based on the Swiss Code of Obligations, the Banking Act and the related ordinances, statutory provisions and the guidelines issued by the Swiss Financial Market Supervisory Authority (FINMA). The true and fair view statutory single-entity financial statements give an accurate picture of the assets, liabilities, financial position and results of operations of the company in accordance with the accounting rules for banks, securities firms, financial groups and conglomerates.

Individual report figures are rounded in the notes for publication. Small rounding differences may therefore occur.

Foreign currency translation

Balance sheet items in foreign currency are converted at the foreign exchange rates valid at the end of the year. Any resulting exchange gains and losses are recognized in the income statement. Income and expenses are converted at the applicable daily rates.

Closing rates	31.12.2021	31.12.2022
EUR	1.0347	0.9841
USD	0.9144	0.9241
GBP	1.2348	1.1129
JPY	0.0079	0.0070

Offsetting

As a rule, no offsetting takes place, except in the cases set out below. Receivables and payables are offset if all the following conditions are met: the receivables and payables arise from transactions of the same type with the same counterparty, with the same maturity or earlier maturity of the receivable and in the same currency, and cannot lead to a counterparty risk. Value adjustments are deducted from the corresponding asset item.

Trade date/settlement date accounting

As a rule, securities transactions in financial investments are recognized on the trade date. Participations are recognized at the settlement date. Concluded foreign exchange and money market transactions are recognized in the balance sheet on the settlement date (value date). Foreign exchange transactions are recognized in the balance sheet in positive replacement values of derivative financial instruments or negative replacement values of derivative financial instruments until their settlement date.

General valuation policies

The detailed positions of items in the balance sheet are valued separately (item-by-item valuation).

Liquid assets, amounts due from banks and amounts due from securities financing transactions

These items are included in the balance sheet at their nominal value or acquisition cost less value adjustments for impaired loans/receivables and expected losses. Cash outflows arising from reverse repurchase transactions are presented as amounts due from securities financing transactions. Financial investments obtained from transactions as collateral are generally not recognized in the balance sheet. Interest income from reverse repurchase transactions is accounted for using the accrual-based accounting principle. Securities lending and borrowing transactions are recorded at the value of the cash deposits that have been received or made. Securities borrowed or received as collateral are only recognized in the balance sheet if PostFinance gains control over the contractual rights associated with these securities. Securities lent and provided as collateral are only taken off the balance sheet if PostFinance loses the contractual rights associated with these securities. The fair values of the securities borrowed and lent are monitored on a daily basis in order to provide or claim additional collateral where required. Securities cover for reverse repurchase and securities lending transactions is recognized on a daily basis at current fair values. Fees received or paid in relation to securities lending and repurchase transactions are stated in the result from commission business and services.

Amounts due from customers 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 and expected losses. Any premiums and discounts related to amounts due from customers are accrued over the term. Receivables are classed as impaired at the latest when the contractually agreed payments of capital and/or interest are more than 90 days outstanding. Interest outstanding for more than 90 days is regarded as overdue. Value adjustments that are no longer economically necessary are released to income. All value adjustments are deducted directly from this item in the balance sheet.

Overdue interest, the collection of which is impaired, is no longer accrued as income, but is reported without interest when its collection is so doubtful that the accrual of such interest is no longer deemed appropriate. If a receivable is considered entirely or partially uncollectible or a debt waiver has been granted, the amount of the receivable is derecognized from the corresponding value adjustment.

Trading portfolio assets

Securities held for trading acquired primarily with the aim of achieving short-term gains by making targeted use of fluctuations in market prices are measured at fair value. Realized and unrealized gains and losses from these securities are recorded in the result from trading activities and the fair value option. Interest and dividend income from securities held for trading is recognized under net interest income. Where, as an exception, no fair value is ascertainable, valuation and recognition are to follow the principle of the lower of cost or market value.

Positive and negative replacement values of derivative financial instruments

Derivative financial instruments which are not accounted for under the hedge accounting rules or which do not meet the conditions to qualify for hedge accounting are treated as instruments held for trading. Derivative financial instruments acquired for trading purposes are recognized at fair value and are subsequently measured at fair value. Hedge accounting is applied if derivative financial instruments are effective in offsetting changes in fair value or cash flows attributable to the hedged items. The effectiveness of these hedges is reviewed every six months. Fair value hedges are used to hedge exposure to changes in fair value of an asset or liability. Changes in the fair value of both the hedging instrument and the hedged underlying instrument are recognized in the income statement. Cash flow hedges are used to hedge anticipated future transactions. Changes in value to the extent a hedge is effective are allocated to the compensation account, while changes in value to the extent a hedge is ineffective are recognized in profit or loss. Positive and negative replacement values for all derivatives are recognized at fair value in positive replacement values of derivative financial instruments or negative replacement values of derivative financial instruments.

Financial investments

Financial investments with a fixed maturity that PostFinance intends and is able to hold to maturity are measured at amortized cost (accrual method) less impairment for expected losses. The effective interest method spreads the difference between the acquisition cost and the repayment amount (premium/discount) over the life of the investment in question using the present value method. The fair values of financial instruments are determined on the basis of stock market prices and valuation techniques (present value method, etc.). In the case of listed financial instruments, the fair values correspond to market prices provided that such prices have been set on a price-efficient and liquid market. If financial investments intended to be held to maturity are sold or repaid prior to maturity, the gains or losses realized that correspond to the interest component are accrued over the remaining term. Holdings in equity securities (shares) are valued according to the principle of the lower of cost or market value. Debt securities acquired without the intention of being held to maturity are also valued according to the principle of the lower of cost or market value. Recoveries of receivables written off in prior periods are credited to this item in the balance sheet.

Establishing amounts for value adjustments

The expected loss method as per IFRS 9 is used to establish amounts for value adjustments. Depending on the change in credit risk since acquisition, debt securities, amounts due from securities financing transactions, amounts due from customers and amounts due from banks belong to one of three levels for the calculation of value adjustments. Depending on the level, the value adjustment matches the expected loss over the next year (level 1) or the expected losses over the remaining term to maturity of an instrument (levels 2–3). The expected losses over the next year depend on the exposure of the position included in the default risk, on the probability of default of the instrument for the relevant year due to economic trends, and on an expected loss given default. The lifetime expected losses depend on the probability of default of the position due to economic trends over the remaining term to maturity, on its current and future exposure included in the default risk, and on an expected loss given default.

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

The value adjustment of a financial instrument is measured using the following parameters: default probability, credit loss ratio and credit exposure at the time of default. As PostFinance has not recorded any bond defaults in the past and invests primarily in highly rated bonds, there are no internal default time series available in order to estimate default probabilities on this basis. For this reason, default probabilities are derived from migration matrices from external sources. These derived default probabilities are adjusted periodically based on the expected economic and credit market trends. The model parameters for the credit loss rate for various types of product are derived from various external sources by means of an expert opinion. A dedicated committee can override the credit loss rate of specific positions if necessary. Credit exposure at the time of default generally corresponds to amortized cost or forecasted amortized cost plus outstanding interest.

Value adjustments are calculated on amounts due from private and business accounts and associated limits on a collective basis. The portfolios used were generated on the basis of the characteristics applied in product management. Receivables are allocated to level 1 on initial recognition. They are allocated to levels 2 or 3 when the overdue period defined for the relevant level has been exceeded. The default rate used to determine the calculation of expected loss is calculated using historical data for a switch to level 2 or level 3. On the balance sheet date the previously calculated default probability is verified in order to determine whether an adjustment is needed on the basis of current and forward-looking information. The value adjustment for amounts due from banks is measured based on the default risk of outstanding loans or their credit rating.

Participations

All equity securities in companies intended to be held as long-term investments are reported as participations. These items are included in the balance sheet at acquisition cost less economically necessary value adjustments in accordance with the individual valuation principle. The fair values of participations for the purposes of impairment testing at least once a year are determined on the basis of stock market prices and valuation techniques such as the discounted cashflow method or using the venture capital approach.

Tangible fixed assets

Tangible fixed assets are recognized in the balance sheet at acquisition cost less cumulative depreciation. Tangible fixed assets are depreciated on a straight-line basis over their estimated useful life. Useful life is as follows:

– IT infrastructure 3–4 years
– Postomats 10 years
– Software 3–10 years
– Real estate 10–50 years

Assets associated with the purchase, installation and development of software are capitalized if they are of measurable economic benefit.

Regular checks are carried out to determine if there are signs of overvaluation. If this is the case, the book value is compared with the recoverable amount (the higher of fair value less costs to sell and value in use). If the book value of an asset exceeds its recoverable amount, an impairment equal to the difference between the book value and the recoverable amount is recognized in profit or loss. Gains realized from the disposal of tangible fixed assets are recorded in extraordinary income, while realized losses are recognized as extraordinary expenses.

Intangible assets

Acquired intangible assets are recognized in the balance sheet at acquisition cost less cumulative depreciation. They are depreciated on a straight-line basis over their estimated useful life of ten years. If an assessment on the balance sheet date shows that the capitalization of a proportion of intangible assets is no longer justified, the proportion in question is additionally depreciated on the relevant date. An assessment is carried out if there are any indications of impairment.

Accrued income and prepaid expenses, and accrued expenses and deferred income

Interest receivable and payable, commission and other income and expenses during the accounting period are accounted for using the accrual-based accounting principle to ensure that they are correctly represented in the income statement.

Amounts due to banks, liabilities from securities financing transactions and amounts due in respect of customer deposits

Private and business accounts are included in the balance sheet at their nominal value. Financial investments transferred as collateral as part of repurchase transactions continue to be recognized in the balance sheet under "Financial investments". Interest expenses from repurchase transactions are accounted for using the accrual-based accounting principle. Securities cover for repurchase and securities borrowing transactions is recognized on a daily basis at current fair values. Amounts borrowed from banks and holders of qualified participations and cash bonds are recorded on the balance sheet at nominal value.

Provisions

Provisions are made according to objective criteria for all risks detectable on the balance sheet date and presented under this item in the balance sheet. Provisions that are no longer economically necessary are released to income. Provisions for expected losses are made for off-balance sheet transactions. The method used is analogous to value adjustments on expected losses.

Contingent liabilities, irrevocable commitments, obligations to pay up shares and make further contributions

These items are recorded at their nominal value as off-balance sheet transactions.

Pension benefit obligations

The accounting treatment of pension benefit obligations at PostFinance Ltd is based on Swiss GAAP ARR 16/26. PostFinance employees are insured with the Swiss Post pension fund foundation under a Duoprimat (combined defined benefit and defined contribution) scheme in accordance with the Federal Law on the Occupational Old-age, Survivors' and Disability Benefit Plan (OPA). Staff are thereby insured against the financial consequences of old age, death and disability. The retirement benefits of all active members are calculated on a defined contribution basis and the risk cover (death and disability) on a defined benefit basis. Expenses related to pension benefit obligations are recognized in personnel expenses. Pension benefit obligations represent the actuarial present value of benefits for the employee's eligible insurance period and take the future into account by including statistical probabilities such as death and disability.

The employer contribution reserve is part of the Swiss Post pension fund. A future economic benefit is calculated and capitalized based on the last available and audited financial statements from the Swiss Post pension fund foundation.

Taxes

Income tax is determined on the basis of the accrued net annual results in the relevant reporting period. Deferred tax liabilities are calculated at the current tax rate. Accruals and deferrals are recognized in the balance sheet under accrued income and prepaid expenses or accrued expenses and deferred income.

The tax consequences of time differences between the values of assets and liabilities shown in the balance sheet and their tax bases are recognized as deferred taxes under provisions. Deferred taxes are determined separately in each business period.

Changes in the accounting and valuation principles versus the previous year

With the exception of interest rate swaps, PostFinance had already reviewed all contracts, systems and models affected by the replacement of LIBOR with alternative reference interest rates in 2021. For interest rate swaps, PostFinance applies the ISDA standards. For cross-currency interest rate swaps, the base spread interest rate used as the basis for calculation was converted to SARON. At the same time, the option to transfer the cost of hedging reserve over time will be applied on a prospective basis from 1 January 2022. Expenses from the base spread interest rate in the financial year amount to 12 million francs (previous year: 2 million francs).

Business policy on the use of derivative financial instruments and hedge accounting

PostFinance uses derivative financial instruments exclusively to hedge interest and currency risks.

The bond market in Swiss francs is not sufficient to cover PostFinance's investment requirements. It therefore also invests in foreign currency bonds. As a general rule, two methods are used to hedge foreign currency risks. A proportion of the foreign currency bonds refinanced in Swiss francs are hedged by means of cross-currency interest rate swaps (CCIRS). The advantage of this hedging approach is that the amounts of all future cash flows (coupons, nominal value repayment) in Swiss francs are already known on the date of conclusion of the transaction. However, it rules out the diversification benefits associated with the varying amounts and performance of term spreads of different foreign currency yield curves. To take advantage of this diversification potential and access bond markets on which CCIRS are only available with high illiquidity discounts, the currency risks of certain foreign currency bonds are hedged by means of a currency overlay of rolling short-term foreign exchange forward contracts (FX forwards).

The foreign currency risks of the other financial instruments are also hedged on a rolling basis using FX forwards.

Interest rate swaps are used to control duration on the assets side. Long (short) duration bonds are transformed into short (long) duration bonds by means of interest rate swaps. In principle, interest rate swaps are used to control the maturity transformation strategy in the overall balance sheet.

PostFinance mainly uses hedge accounting in connection with bonds (hedging of interest and currency risks by means of interest rate/interest rate currency swaps). Hedging is by means of micro-hedges.

Economic relationship between hedged items and hedging transactions

PostFinance records the relationship between the hedging instrument and the hedged item on the date on which a financial instrument is classed as a hedging relationship. The information recorded includes the risk management objectives and strategy of the hedging transaction, and the methods used to measure the effectiveness of the hedging relationship. The economic relationship between the hedged item and the hedging transaction is constantly measured on a prospective basis in the course of effectiveness tests by measuring factors such as inverse performance and its correlation.

Effectiveness measurement

Hedging is deemed to be highly effective if the following criteria are essentially met:
- Hedging is considered to be highly effective upon its initial recognition (on a prospective basis via the critical terms match method).
- There is a close economic relationship between the hedged item and the hedging transaction.
- There is an inverse relationship between the value changes of the hedged item and those of the hedging transaction with regard to the hedged risk.

Ineffectiveness

If this results in an ineffective portion, this is recognized in the income statement for the period in question. PostFinance analyses the fair value of the hedged item to determine the ineffectiveness using the hypothetical derivative method. The terms of the hypothetical derivative match the decisive terms of the hedged item and there is a fair value of zero at the beginning of the hedging relationship. This is carried out regularly through quantitative analysis based on the dollar-offset method. The absolute changes in value of the hedged item and hedging instrument are then compared for the period.

Events after the balance sheet date

On the date of issue of the annual financial statements, no material events had occurred as at 31 December 2022 which would have to be disclosed in the financial statements and/or in the notes.

3 | Risk management

Business model and risk profile

PostFinance operates mainly in the fields of payment transaction services, the receipt of customer deposits, account services and related services. It also handles customer securities trading, carries out investments in its own name, and manages other financial services on behalf of third parties. On account of its business model, PostFinance is exposed to risks. PostFinance could suffer losses or deviations from the expected result if these risks materialize.

PostFinance defines three risk categories based on its business model:

- Financial risk refers to the risk of unexpected losses from the investment and deposit business. In terms of financial risks, PostFinance differentiates between interest rate, market, credit and liquidity risks.
- Strategic risk refers to the risk of failing to achieve company goals at the level of the fundamental or long-term orientation of the institution as a result of unexpected developments.
- Operational risk refers to the risk of unexpected costs or unwelcome events (such as events with a negative impact on reputation or compliance breaches) that arise as a result of the inadequacy or failure of internal processes, people or systems, or as a result of external events. Operational risks also include the risks associated with financial reporting.

Governance and reporting

In formal terms, the business control and monitoring process and the entire internal control system comply with the COSO II framework and "three lines model". The COSO II framework incorporates risk management as well as risk control and monitoring. PostFinance also uses the ISO 31000 standard as a guideline.

The Board of Directors defines the risk policy and principles of risk management and is responsible for the regulation, establishment and monitoring of an effective risk management system. It is also responsible for ensuring an appropriate risk and control environment within PostFinance. The Board of Directors uses the definition of risk appetite to determine the total amount of risk that PostFinance is prepared to take. The risk appetite takes strategic, financial and operational risks into account and must be in line with the company's risk capacity. The risk capacity results from the regulatory and legal requirements to be met, adherence to which enables PostFinance to continue as a going concern. In addition, the risk appetite takes the directives and guidelines of the owner into account.

The Board of Directors and all Board of Directors' Committees (Risk, Audit & Compliance, IT & Digitization, Organisation, Nomination & Remuneration) apply these risk principles. The Risk and Audit & Compliance Committees have a special role to play here, as they perform an explicit monitoring function at Board level, with the Board of Directors' Audit & Compliance Committee focusing in particular on non-financial risks and the Board of Directors' Risk Committee on financial risks.

The PostFinance Executive Board is responsible for implementing the directives of the Board of Directors with regard to risk management and monitoring within the framework of the 1st and 2nd three lines model (line), and ensures compliance with the risk capacity and risk appetite. It implements the directives of the Board of Directors with regard to the establishment, maintenance and regular review of control activities and the control units involved. In addition, the Executive Board is responsible for the active management of financial, strategic and operational risks within the framework defined by the Board of Directors and ensures that the risk management infrastructure throughout the institution meets requirements in organizational, human resources, technical and methodology terms. The Chief Risk Officer (CRO) is a member of the Executive Board and is responsible for ensuring that the subordinated control entities perform the tasks entrusted to them.

The business units which represent the 1st line bear primary responsibility for the risks from their unit and exercise their control function in the management of risks, in particular through their identification, measurement, control, monitoring and reporting activities. They take account of the directives of the 2nd line and ensure that their risks and controls are complete and up-to-date in the risk and control inventory. Within the 1st line, there are units that are accountable for results and units with no direct accountability for results, which act, for example, as support units for other units or the Executive Board. The Risk Management unit supports decision-makers with the management and monitoring of financial risks in the overall balance sheet. It identifies, models and measures the financial risks entered into and proposes risk and income-oriented control measures. It also monitors and reports their effectiveness to decision-makers on a regular basis. The Compliance Services unit ensures compliance with legal provisions and guidelines in business operations and at the customer interface in accordance with the directives of the 2nd line. The management of security risks at the operational level is the responsibility of the Security unit.

The units in the 2nd line independently monitor risk management in the 1st line, ensuring that all risks are appropriately identified, measured, managed, monitored and reported across the Group. They also issue directives on the assurance of compliance with internal and external provisions and define methods and procedures for risk management.

At PostFinance, the Governance, Compliance and Risk Control units are the control entities responsible for the 2nd line function. The independence of the 2nd line units from the 1st line units is ensured in organizational terms by the fact that these units are located in the business unit of the CRO.

Risk Control independently monitors all risks that are not monitored by Compliance or Governance. This applies to financial risks, operational risks, security risks and strategic risks. Risk Control continuously monitors the risk situation in these areas, reviews central risk management processes, methods for risk measurement and assessment and risk monitoring systems in the 1st line, and monitors their correct implementation and application. Risk Control defines appropriate directives and processes for identifying, measuring, assessing and controlling the risks taken by PostFinance.

Risk Control provides a suitable system for maintaining an inventory of all risks, risk management strategies, controls and events. As a unit in the 2nd line, it ensures that the 1st line units keep the inventory complete and up-to-date and validates the inventory on an ongoing basis with regard to completeness and correctness.

Compliance independently monitors adherence to legal, regulatory and internal provisions relating to money laundering, tax compliance and the provision of financial services. Governance independently monitors compliance by staff with the rules of governance as a whole and with the Code of Conduct.

As independent control entities, the 2nd line units monitor the risk profile of PostFinance with suitable instruments, provide a central overview of its development and report it to the Executive Board and the Board of Directors jointly on a quarterly basis at least. In addition, matters of major importance are reported to the Board of Directors by the units in the 2nd line promptly and on an ad-hoc basis. Risk Control coordinates the reporting activities of all 2nd line functions.

As part of the 3rd line, Internal Auditing is responsible for risk monitoring and for overseeing both the 1st and 2nd lines. It reports directly to the Board of Directors of PostFinance.

Risk measurement methods

Risk category	Potential loss or negative impact	Method of risk description and/or control
Financial risks		
– Credit risks	Losses due to deterioration in creditworthiness and counterparty default	Compliance with the minimum regulatory requirements for risk-weighted capital Concentration, rating structure and country portfolio limits as well as nominal limits at counterparty level; management of economic concentration risks in the credit portfolio
– Interest rate risks	Loss in present value of equity capital following market interest changes Fluctuating net interest income over time	Absolute and relative sensitivity limits for equity capital Implementation of multi-period dynamic revenue analyses
– Liquidity risks	Insolvency	Compliance with the minimum regulatory requirements for the liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) Holding of cash reserves to cover liquidity requirements in stress situations
– Market risks	Losses in fair value to be charged to the Accounting – banks income statement	Compliance with the minimum regulatory requirements for risk-weighted capital Value at risk limits for fair value effects on the income statement
Strategic risks	Losses, reduced revenues or additional internal expenses resulting from failure to achieve company goals at the level of the fundamental or long-term orientation of the institution.	Quantification of gross risk by evaluating the extent of loss and probability of occurrence of a dire but nevertheless realistic scenario. On this basis, establishment of a risk management strategy and risk-mitigating measures, and assessment of the residual risk in both quantitative and qualitative terms. Monitoring of the development of strategic top risks. Level-appropriate addressing of risks through the definition of approval limits and thresholds for risk management measures for individual risks.
Operational risks	Losses, reduced revenues or additional internal expenses resulting from inadequate or failed internal processes, people or systems, or external events	Quantification of gross risk by evaluating the extent of loss and probability of occurrence of a dire but nevertheless realistic scenario. On this basis, establishment of a risk management strategy and risk-mitigating measures, and assessment of the residual risk in both quantitative and qualitative terms. Monitoring by defining reporting limits for operational top risks. Level-appropriate addressing of risks through the definition of approval limits and thresholds for risk management measures for individual risks.

PostFinance measures and monitors financial risks both at individual portfolio level and with regard to the overall balance sheet. Risks are limited by means of a multi-dimensional limit system. A variety of methods of differing degrees of complexity are used by Risk Management to measure financial risks. In concrete terms, they include scenario analyses (e.g. to measure the earnings effects of interest rate risks or the full utilization of credit risk limits), sensitivity analyses (e.g. to measure the present value effects arising from interest rate risks) and stochastic models to determine value-at-risk or expected shortfall risk indicators (e.g. to measure market risks or to quantify economic concentration risks in the credit portfolio). The principal aim of risk measurement is to allow the supervisory bodies to control risks adequately at all times.

All risks of PostFinance are assessed on the basis of a credible worst case scenario (CWC). The CWC represents a dire but nevertheless realistic loss scenario associated with a risk. The CWC covers both probability of occurrence and extent of loss in a quantitative and/or qualitative form. This assessment is undertaken for both gross and residual risk, i.e. after implementation of the risk management strategy.

Individual risks are assessed using threshold values with regard to the obligation to record and the necessity of control measures. Approval limits for individual risks are used to ensure that risks and the associated risk management strategy are acknowledged and approved at the appropriate level.

At a higher level, the risks in the risk inventory are used by the Executive Board and Board of Directors for the top-down definition of top risks that are of central importance to PostFinance and have a high level of management attention. Operational top risks are measured by aggregating the respective individual risk clusters. These top risks and other aggregated risk positions are assigned to a warning level which, if exceeded, triggers a notification to the Board of Directors.

Stress testing

The Risk Management unit regularly carries out an inverse stress test to identify developments which could pose a particular threat to PostFinance. This test identifies scenarios in which a specific measure of risk takes on extremely unfavourable values. The results of the inverse stress tests are discussed by the Executive Board and the Board of Directors on a regular basis.

As well as being used for control purposes, stress tests are also applied in the Risk Control department as a monitoring tool for recognizing significant (new) risks, to determine risk concentrations and to verify the appropriateness of risk appetite in stress situations.

Financial risk management at PostFinance

Credit risks

PostFinance was granted a banking licence on 26 June 2013. Even with a banking licence, PostFinance is not permitted to issue direct loans and mortgages due to postal legislation provisions. Interest-bearing customer deposits therefore do not go towards granting mortgages, but are invested on the money and capital markets. PostFinance pursues a conservative investment strategy. Liquidity and creditworthiness are the main criteria for its investment decisions. The cluster risk is deliberately limited by holding financial investments that are broadly diversified in terms of the sectors, countries and counterparties.

The term “credit risk” refers to the risk that a counterparty will no longer be able to fulfil its obligations, thereby causing the creditor to incur a financial loss. In addition, a sharp decline in the creditworthiness of a counterparty can trigger additional impairment requirements for the creditor. Credit risk increases as counterparties become more concentrated in an individual sector or region. Economic developments affecting whole sectors or regions can threaten the creditworthiness or solvency of an entire group of otherwise unrelated counterparties.

To limit the overall credit risks taken, each year the Board of Directors of PostFinance sets a maximum figure not to be exceeded with regard to regulatory minimum capital to cover credit risks. It also determines directives on the investment rating structure, limits potential country risks and delegates responsibility for approving major counterparty limits to the Board of Directors’ Risk Committee. New investments are generally only permitted if the debtor has a rating and its creditworthiness is classed as investment grade.

In addition to the portfolio limits defined by the Board of Directors, the credit risks associated with investment activities are restricted by the Executive Board by setting counterparty limits and other control requirements.

The directives for counterparty limits are based on publicly accessible ratings by recognized rating agencies and qualified banks, and on internal limit systems, with ESG criteria (environmental, social and governance) also being taken into account. Climate-specific finance risks are also analysed and taken into account as part of the ESG criteria. PostFinance publishes the climate-related financial risks in a separate disclosure. By means of quantitative and risk-oriented qualitative analyses of balance sheet key figures and early warning indicators, publicly accessible ratings in the limit systems are examined critically and limits derived from them, taking into account the current portfolio. The Risk Management unit is responsible for developing and applying internal limit systems. These limit systems are approved and released by the Executive Board at least once a year. Changes in a counterparty's creditworthiness or of relevant key figures result in the immediate adjustment of the directives. Compliance with prescribed limits is monitored on an ongoing basis and is verified by the Treasury unit before the closing of each transaction.

The economic concentration risks in the credit portfolio are taken into consideration in defining the portfolio and counterparty limits. To measure them, PostFinance uses a credit portfolio model that quantifies the credit risks within the credit portfolio while taking into account correlation effects. On the basis of the modelled risk indicators (expected shortfall and the relevant risk contributions of sub-portfolios), limits and control requirements can be defined in such a way that they increase portfolio efficiency and/or limit concentration risks.

The Risk Management unit informs the Executive Board of the extent to which limits are used in monthly reports. It submits risk control proposals where limits have been exceeded, resulting from adjustments to counterparty limits.

As an integral part of credit risk management, the limit systems are subjected to regular checks by Risk Control.

Credit risks arising from customer transactions are of secondary importance at PostFinance, and are due to account overdraft limits proposed in connection with payment transaction services, and to the range of credit cards available. The credit risks taken are established and monitored by means of product-specific processes. The Executive Board issues general directives on credit checks and authorizations for approving individual limits.

Collateral concentration risks may arise when carrying out repo transactions (financial investments in exchange for collateral) and securities lending transactions (securities lending in exchange for collateral). The collateral protects PostFinance against the counterparty default risk, as it can be realized by PostFinance in the event of default by the counterparty. Concentrations of securities delivered (with the exception of cash collateral) are measured, monitored and reported to the Executive Board on a monthly basis. At the same time, wrong-way risks are assessed and risk control proposals submitted where concentrations have been identified.

The mortgage lending solutions offered in cooperation with Münchener Hypothekenbank eG (MHB) since June 2008 and with Valiant Bank AG since 2010 do not result in any credit risks for PostFinance. These are borne entirely by the partner bank.

Interest rate risk and balance sheet structure risk

The term "interest rate risk" refers to the potential impact of a change in market interest rates on the present value of assets and liabilities in the balance sheet and on the result from interest operations in the income statement resulting mainly from maturity mismatches. PostFinance's interest-earning operations are a key earnings driver for PostFinance. As changes in interest rates have a direct impact on net interest income, management of the risks associated with such changes is considered a priority. The majority of customer deposits held by PostFinance are non-maturing and do not earn a fixed rate of interest. The interest rate of these deposits is therefore estimated using a replication method, which aims to map the most closely matching maturities of similar customer products while minimizing interest margin volatility. A certain quota of short-term investments are used to cover short-term volume fluctuations.

The maturities of money and capital market investments are determined on the basis of the target present value sensitivity of equity capital, and used to define the maturity transformation strategy. The resulting imbalance between the liability and asset interest rates corresponds to the maturity transformation, which is controlled from a present value and income perspective.

The present value perspective covers the net effect of a change in interest rates on the equity capital of PostFinance in the event of modifications to the yield curve. Future cash flow accruals are discounted according to the risk-adjusted present value formula. Sensitivity to shifts in the yield curve is determined on the one hand, and to isolated interest shocks at specific maturities (key rates) on the other.

Absolute change in the present value of equity

CHF million	31.12.2021	31.12.2022
Short up shock	–	–242
Flattener shock as per FINMA Circular 2019/2[1]	–279	–

1 In order to determine the present value sensitivity of equity, the six standard shocks in accordance with FINMA Circular 2019/2 “Interest rate risks – banks” have been applied since 1 January 2019. The scenario resulting in the greatest negative change in the present value of equity is shown per reference date.

Unlike assessments based on present value, income perspective analyses examine the impact of several potential multiple period interest scenarios on PostFinance’s future interest income. In addition, dynamic income simulations are carried out for a broad set of deterministic scenarios over the course of the year. These scenarios describe future market interest trends and the resulting changes in customer interest and customer volumes for each replica, as well as different maturity transformation strategies where applicable. Dynamic income simulations are carried out by the Risk Management unit. Risk control proposals are submitted and discussed regularly with the Executive Board on the basis of the results.

Liquidity risks

Liquidity risk refers to the risk that current and future payment obligations cannot be met on time or in full. Liquidity risks are managed with a one-day, a one-month, a three-month and a one-year time horizon. To guarantee liquidity on a daily basis, liquidity figures are defined for the settlement of unforeseen payments. These figures should be available for use in stress situations in particular, when it may no longer be possible to turn to the unsecured interbank market for liquidity. The minimum amount for the liquidity figures is based on high daily cash outflows with an extremely low probability of occurrence.

Determining and limiting the regulatory key figures liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) ensure liquidity over a one-month and one-year horizon.

To ensure liquidity over a three-month horizon, liquidity stress scenarios are defined that must not lead to illiquidity. Long-term stable financing beyond a one-year horizon is ensured by the structural liquidity ratio (net stable funding ratio, NSFR). There is an emergency plan to resolve any liquidity crises.

Market risks

PostFinance does not keep a trading book, and uses the market risk, standardized approach in accordance with art. 86 CAO to determine its minimum capital requirement for market risks. To limit the market risks taken, each year the Board of Directors of PostFinance sets a maximum figure not to be exceeded with regard to regulatory minimum capital to cover market risks.

According to PostFinance’s business model, market risks are expressed by increased volatility in the income statement in the short term. PostFinance is exposed to market risks for two reasons:

- Open foreign currency items and changes in value arising from foreign currency derivatives affect the volatility of the income statement (foreign currency risks).
- Changes in the value of instruments that are recognized according to the principle of the lower of cost or market value or managed in accordance with hedge accounting (including fund investments in the banking book, hedged items and the related hedging instruments) may also have an effect on the volatility of the income statement.

Market risks are modelled according to value at risk and limited in the income statement by the Board of Directors. To measure market risks, the risk factors that have an impact on the present value of the relevant item are assigned to each item. The change in present value is modelled according to the change in the allocated risk factors. A functional correlation between the item value and the associated risk factors must also be defined. The stochasticity of all relevant risk factors over the next 250 days is determined on the basis of probability distribution assumptions. Corresponding market data time series are used to calibrate the probability distributions. The distribution of changes to the income statement over a one-year period can be determined with the help of the functional correlation established between risk factors and portfolio items. Value at risk is then determined on the basis of the 95 percent quantile. The Risk Management department measures market risks on a weekly basis. It informs the Executive Board of the extent to which limits are used and submits risk control proposals where necessary.

Operational and strategic risks

In line with the Basel Committee on Banking Supervision, operational risk at PostFinance is defined as the risk of direct financial loss, reduced revenues, additional internal expenses or a combination thereof, resulting from inadequate or failed internal processes, people and systems or from external events. Strategic risk refers to the risk of failing to achieve company goals at the level of the fundamental or long-term orientation of the institution as a result of unexpected developments or incorrect assessment of the relevant economic, regulatory and social environment. The Board of Directors sets out the principles for managing operational and strategic risks and defines the risk appetite in the risk policy regulations.

The risk appetite is defined using quantitative and/or qualitative directives and plays an essential role in the management of PostFinance's business activities. Using suitable management instruments, the risk management process ensures that the risks assumed are in line with the risk appetite and that the risk capacity and in particular the legal and regulatory requirements can only be infringed during stress phases. The stabilization and emergency plan is a set of measures used to identify the options available to PostFinance and enable either the continuation of business activities or, alternatively, an orderly wind-down with the continuation of systemically important functions, even during stressful periods.

The risk appetite for operational risks is defined for the relevant sub-categories. Compliance, security and all other operational risks with the potential to lead to serious infringements of laws or regulations in plausible, adverse scenarios are not tolerated. In the area of behavioural risks, no activities that are unlawful or unethical or that otherwise jeopardize PostFinance's reputation as a credible, reliable, trustworthy and responsible company are tolerated.

The risk appetite for strategic risks is taken into account by the Board of Directors when drawing up the business strategy. The Board of Directors is provided with a periodic assessment of the extent of the strategic risks for this purpose, along with evidence that the strategy is viable in all dimensions and in compliance with the risk appetite as part of the equity capital planning process.

4 | Capital adequacy disclosure in accordance with FINMA Circular 2016/1[1]

According to the decree issued by the SNB on 29 June 2015, PostFinance was designated a systemically important financial group. For this reason, PostFinance must comply with the requirements set out in Articles 124–136 of the Ordinance on Capital Adequacy and Risk Diversification for Banks and Securities Dealers (CAO).

Two disclosures showing PostFinance's equity situation were published as at 31 December 2022. The information in the "Capital adequacy disclosure" meets the requirements of Annexes 1 and 2 of the FINMA Circular 2016/1 "Disclosure – banks". The capital adequacy disclosure on grounds of systemic importance, which is a parallel calculation in accordance with Annex 3 of the aforementioned Circular, is also published. The different requirements result in deviations, particularly with regard to eligible capital and capital ratios. The specified documents are published at postfinance.ch/reporting.

5 | Disclosure of climate-related financial risks[1]

Banks and insurance companies are required to inform the public adequately about their risks. These also include the consequences of climate change, which could pose significant financial risks for financial institutions in the longer term. FINMA is requiring large banks and insurance companies to provide qualitative and quantitative information in this area and amended its circulars on disclosure in 2021. The adoption of the ordinance on climate disclosures by the Federal Council, which enters into force on 1 January 2024, lays down reporting requirements and extends them to other companies.

Since 2021, PostFinance has published the climate-related financial risks with a separate disclosure. The specified document is published at postfinance.ch/reporting.

This report, drawn up in accordance with the internationally recognized Task Force on Climate-related Financial Disclosures (TCFD) initiative, provides transparency by supervised entities about their climate-related financial risks, and is a first important step towards identifying, measuring and managing these risks.

1 Sections 4 and 5 on the capital adequacy disclosure in accordance with FINMA Circular 2016-1 and the disclosure on climate-related financial risks are not part of the audit conducted by EY.

Information on the balance sheet

6 | Securities financing transactions

Breakdown of securities financing transactions (assets and liabilities)

CHF million	31.12.2021	31.12.2022
Book value of receivables from cash collateral delivered in connection with securities borrowing and reverse repurchase transactions	–	10
Book value of obligations from cash collateral received in connection with securities lending and repurchase transactions	19,593	15,626
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	22,628	17,535
with unrestricted right to resell or pledge	22,628	17,535
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	3,532	1,768
of which, repledged securities	–	–
of which, resold securities	–	–

7 | Collateral for loans/receivables and off-balance-sheet transactions, as well as impaired loans/receivables

Presentation of collateral for loans/receivables

31.12.2022 CHF million		Type of collateral: Secured by mortgage	Other collateral	Unsecured	Total
Loans (before netting with value adjustments)					
Amounts due from customers		–	1,424	10,061	11,485
Mortgage loans		0	–	–	0
Residential property		0	–	–	0
Total loans (before netting with value adjustments)	**31.12.2022**	**0**	**1,424**	**10,061**	**11,485**
	31.12.2021	0	1,721	10,117	11,838
Total loans (after netting with value adjustments)	**31.12.2022**	**0**	**1,424**	**10,040**	**11,464**
	31.12.2021	0	1,721	10,096	11,817

Presentation of collateral for off-balance-sheet transactions

31.12.2022 CHF million		Type of collateral: Secured by mortgage	Other collateral	Unsecured	Total
Off-balance sheet					
Contingent liabilities		–	62	1	63
Irrevocable commitments		–	208	614	822
Total off-balance sheet	**31.12.2022**	**–**	**270**	**615**	**885**
	31.12.2021	–	402	674	1,076

Guarantees, sureties for COVID-19 loans, insurance and cash collateral are recognized as receivables with other collateral.

PostFinance discloses payment obligations for depositor protection in irrevocable commitments.

Impaired loans / receivables

CHF million	31.12.2021	31.12.2022
Gross debt amount	64	64
Estimated liquidation value of collateral	–	–
Net debt amount	64	64
Individual value adjustments	61	61

8 | Derivative financial instruments and hedge accounting

Derivatives entered into by PostFinance on behalf of customers are disclosed in the following overview as trading instruments.

Presentation of derivative financial instruments (assets and liabilities)		Trading instruments			Hedging instruments		
31.12.2022 CHF million		Positive replacement values	Negative replacement values	Contract volume	Positive replacement values	Negative replacement values	Contract volume
Interest rate instruments							
Forward contracts including FRAs		–	–	–	0	0	18
Swaps		–	–	–	439	1	2,941
Foreign exchange/precious metals							
Forward contracts		3	4	648	81	18	6,594
Cross-currency interest rate swaps		–	–	–	656	–	7,095
Equity securities/indices							
Options (exchange-traded)		–	–	–	–	–	–
Total before netting agreements as at	**31.12.2022**	**3**	**4**	**648**	**1,176**	**19**	**16,648**
of which, determined using a valuation model		3	4		1,176	19	
	31.12.2021	2	4	526	449	101	17,489
of which, determined using a valuation model		2	4		449	101	
Total after netting agreements as at	**31.12.2022**	**3**	**4**	**648**	**1,176**	**19**	**16,648**
	31.12.2021	2	4	526	449	101	17,489

Breakdown by counterparty 31.12.2022 CHF million	Central clearing houses	Banks and securities dealers	Other customers
Positive replacement values (after netting agreements)	–	1,177	2

Cash flow hedges

PostFinance uses cash flow hedge accounting to hedge the volatility of cash flows from interest-bearing instruments that can be predicted with a high degree of probability. Cash flow hedge accounting is used in particular to hedge fixed income instruments in foreign currencies via cross-currency interest rate swaps.

Contract volumes of cash flow hedges

CHF million	Total	Term to maturity 0–3 months	3 months–1 year	1–5 years	Over 5 years
31.12.2021					
Currency risk					
Cross-currency interest rate swaps	7,619	145	1,020	5,290	1,164
Other					
Completed non-settled transactions	3	3	–	–	–
31.12.2022					
Currency risk					
Cross-currency interest rate swaps	7,095	275	1,232	4,287	1,301
Other					
Completed non-settled transactions	18	18	–	–	–

The following amounts were recognized from designated hedging instruments in the balance sheet and income statement:

Changes in hedging instruments

CHF million	Positive fair values	Negative fair values	Change in fair value which was used for disclosure of ineffectiveness in the reporting period	Change in fair value of hedging instrument in the reporting period, recorded in other assets/liabilities	Ineffectiveness recorded in the income statement	Net amount reclassified from other assets/liabilities to the income statement [1]
31.12.2021						
Currency risk						
Cross-currency interest rate swaps	317	4	291	291	–	–217
Other						
Completed non-settled transactions	0	–	0	0	–	–
31.12.2022						
Currency risk						
Cross-currency interest rate swaps	657	–	373	373	–	–181
Other						
Completed non-settled transactions	0	0	0	0	–	–

1 The ineffective share from the change in the fair value of the derivative is recognized in the result from trading activities and the fair value option. Reclassifications from other assets and liabilities are carried out in the result from trading activities and the fair value option (fair value change).

In the course of the reporting period, the following effects arose from designated hedged items (item in the balance sheet: financial investments):

Effects of hedged items in cash flow hedging CHF million	Change in fair value which was used for disclosure of ineffectiveness in the reporting period	Hedging reserves in other assets/liabilities
31.12.2021		
Currency risk		
Debt securities intended to be held to maturity	–291	–114
31.12.2022		
Currency risk		
Debt securities intended to be held to maturity	–373	78

The hedging reserves in other assets/liabilities underwent the following change in the reporting periods:

Hedging reserves in other assets/liabilities	2021	2022
CHF million	Hedging reserves – unrealized gains/losses from cash flow hedge	Hedging reserves – unrealized gains/losses from cash flow hedge
Balance at 1.1.	**–187**	**–113**
Change in fair value of hedging instrument		
Currency risk	291	373
Other	0	0
Net amount reclassified from cash flow hedging reserves to income statement		
Currency risk	–217	–181
of which arising from discontinued hedging relationships	4	0
of which from changes in foreign currency basis spreads	–3	12
Balance at 31.12.	**–113**	**79**

These cash flows are expected to have an effect on the income statement in the following periods:

Cash flows (not discounted)	Term to maturity			
CHF million	0–3 months	3 months–1 year	1–5 years	Over 5 years
31.12.2021				
Cash inflows	6	27	67	9
Cash outflows	–27	–86	–243	–27
31.12.2022				
Cash inflows	6	31	93	20
Cash outflows	–25	–86	–233	–37

Fair value hedges

PostFinance uses fair value hedge accounting to hedge changes in the value of interest-sensitive assets. Fair value hedge accounting is used in particular to hedge fixed income instruments via interest rate swaps.

Contract volumes for fair value hedges

CHF million	Total	Term to maturity 0–3 months	3 months–1 year	1–5 years	Over 5 years
31.12.2021					
Interest rate risk					
Interest rate swaps	3,552	40	200	290	3,022
31.12.2022					
Interest rate risk					
Interest rate swaps	2,941	50	135	–	2,756

The following amounts were recognized from designated hedging instruments in the balance sheet and income statement:

Change in fair value hedges

CHF million	Positive fair values	Negative fair values	Change in fair value which was used for disclosure of ineffectiveness in the reporting period	Ineffectiveness recorded in income statement[1]
31.12.2021				
Interest rate risk				
Interest rate swaps	44	94	125	–
31.12.2022				
Interest rate risk				
Interest rate swaps	439	1	480	–

1 The ineffective share from the change in the fair value of the derivative is recognized in the result from trading activities and the fair value option.

In the course of the reporting period, the following amounts arose from designated hedged items (item in the balance sheet: financial investments, amounts due from banks, amounts due from customers):

Effects of hedged items from fair value hedging

CHF million	Book value of hedged item	Accumulated expenses or income from fair value hedge adjustments that were recorded in the book value of the hedged item	Change in fair value which was used for disclosure of ineffectiveness in the reporting period	Accumulated amount of fair value hedge adjustments remaining in the balance sheet for hedged items that have ceased to be adjusted for hedging gains and losses
31.12.2021				
Interest rate risk				
Debt securities intended to be held to maturity	2,949	15	– 101	0
Amounts due from customers and banks	664	24	– 24	–
31.12.2022				
Interest rate risk				
Debt securities intended to be held to maturity	2,241	– 416	– 431	5
Amounts due from customers and banks	275	– 25	– 49	–

9 | Financial investments

Breakdown of financial investments

CHF million	Book value 31.12.2021	Book value 31.12.2022	Fair value 31.12.2021	Fair value 31.12.2022
Debt securities	58,069	60,111	58,792	56,176
of which, intended to be held to maturity	58,069	60,111	58,792	56,176
Equity securities[1]	110	111	123	122
Total	**58,179**	**60,222**	**58,915**	**56,298**
of which, securities eligible for repo transactions in accordance with liquidity requirements[2]	23,775	26,360	24,066	24,606

1 There are no qualified participations.
2 The securities eligible for repos correspond to the SNB GC Basket.

Breakdown of counterparties by rating[1]

31.12.2022 CHF million	AAA to AA–	A+ to A–	BBB+ to BBB–	BB+ to B–	Below B–	Unrated
Debt securities: book values	40,571	13,565	5,603	30	–	342

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.

10 | Participations

Presentation of participations

CHF million	Acquisition cost	Accumulated value adjustments	Book value 31.12.2021	2022 Reclassifications	2022 Additions	2022 Disposals	2022 Value adjustments	2022 Depreciation reversals	2022 Book value 31.12.2022	2022 Market value 31.12.2022
Participations										
with market value	45	–	45	–	–	0	–	–	45	152
without market value	150	–66	84	–	5	–	–5	2	86	–
Total participations	**195**	**–66**	**129**	**–**	**5**	**–**	**–5**	**2**	**131**	**152**

11 | Significant participations

Significant participations

CHF or EUR, percent	Business activities	Currency	Company capital	Share of capital and of votes[1] 31.12.2021	Share of capital and of votes[1] 31.12.2022
Finform Ltd, Bern, Switzerland	Fintech and regtech	CHF	100,000	50.00%	50.00%
Yuh Ltd, Gland, Switzerland	Fintech in the neobanking area	CHF	1,000,000	50.00%	50.00%
Ormera AG, Bern, Switzerland[2]	Automated energy billing	CHF	464,016	34.90%	46.83%
TONI Digital Insurance Solutions AG, Schlieren, Switzerland	Insurance service provider	CHF	2,536,043	28.89%	25.45%
moneymeets community GmbH, Cologne, Germany	Online financial services	EUR	112,568	27.38%	27.38%
moneymeets GmbH, Cologne, Germany	Infrastructure for online financial services	EUR	112,568	27.38%	27.38%
TWINT Ltd, Zurich, Switzerland	Mobile payment	CHF	12,750,000	26.66%	26.66%
TWINT Acquiring Ltd, Zurich, Switzerland[1]	Acquiring for payment transactions	CHF	100,000	26.66%	26.66%
Tilbago AG, Lucerne, Switzerland	Smart online payment collection solution (robo payment collection)	CHF	177,906	24.43%	24.43%

1 TWINT Acquiring Ltd is held indirectly via TWINT Ltd. All other participations are directly owned by PostFinance Ltd.
2 Ormera AG discontinued its services in the second quarter of 2022, and will be liquidated.

Additional information on the true and fair value statutory single-entity financial statements in accordance with article 62 of the FINMA Accounting Ordinance: The effect of a theoretical application of the equity method with regard to these participations would be to reduce total assets by 29 million francs (previous year: 16 million francs) and to decrease profit for the year by 12 million francs (previous year: 9 million francs).

12 | Tangible fixed assets

Presentation of tangible fixed assets

				2022					
CHF million	Acquisition cost	Accumulated depreciation	Book value 31.12.2021	Reclassi-fications	Additions	Disposals	Depreciation	Reversals	Book value 31.12.2022
Bank buildings	234	–71	162	–	1	–	–9	–	154
Other real estate	1,049	–259	791	–	24	–	–34	–	781
Proprietary or separately acquired software	231	–127	104	–	–	–	–24	–	80
Other tangible fixed assets	66	–39	27	–	6	–	–10	–	23
Total tangible fixed assets	**1,580**	**–496**	**1,084**	**–**	**31**	**–**	**–76**	**–**	**1,039**

Future lease obligations under operating leases

CHF million	2023	2024	2025	2026	2027	2028	**Total**
Future lease payments	8	7	7	7	3	0	**32**
of which cancellable within a year	0	0	0	0	0	0	**0**

13 | Intangible assets

Presentation of intangible assets

				2022			
CHF million	Cost value	Accumulated amortization	Book value 31.12.2021	Additions	Disposals	Amortization	Book value 31.12.2022
Other intangible assets	8	–1	7	–	–	–1	6
Total intangible assets	**8**	**–1**	**7**	**–**	**–**	**–1**	**6**

14 | Other assets and other liabilities

Breakdown of other assets and other liabilities

	31.12.2021	31.12.2022	31.12.2021	31.12.2022
CHF million	Other assets	Other assets	Other liabilities	Other liabilities
Compensation account	144	–	–	529
Employer contribution reserves	29	32	–	–
Indirect taxes	59	18	6	5
Other assets and liabilities	3	3	57	81
Total other assets and other liabilities	**235**	**53**	**63**	**615**

15 | 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	31.12.2021	31.12.2022
Financial investments:		
Book value of assets pledged and assigned as collateral	98	97
Effective commitments	–	–
Amounts due from customers		
Book value of assets pledged and assigned as collateral	354	–
Effective commitments	317	–

1 Excluding securities lending and securities borrowing, and repurchase and reverse repurchase transactions.

16 | Liabilities relating to own pension schemes

Pension benefit obligations

There is no independent pension scheme for PostFinance staff. Their pension benefits are handled exclusively by the Swiss Post pension fund. The employer may be required to pay restructuring contributions in the event of underfunding of the Swiss Post pension fund.

Additional amounts due for extended disability benefit plans in the form of transitional invalidity insurance (supplementary disability pensions for men up to the age of 65 and women up to the age of 64) are taken into account in the annual financial statements.

Liabilities relating to own pension schemes as per Swiss GAAP ARR 16

All the compulsory ordinary employer contributions associated with the pension plan are accounted for as personnel expenses using the accrual-based accounting principle. An annual assessment is carried out in accordance with Swiss GAAP ARR 16 to determine whether, for PostFinance, the pension schemes generate an economic benefit or an economic obligation. The assessment is based on information from contracts, the annual financial statements of the pension schemes and other calculations presenting their financial situation and current overfunding or underfunding – in accordance with Swiss GAAP ARR 26 accounting principles. PostFinance does not, however, intend to use the economic benefit that may result from overfunding to reduce employer contributions. Consequently, a future economic benefit is not capitalized. An economic obligation is, however, recognized under liabilities. With 39,475 active insured persons and 30,962 pensioners (as at 31 October 2022), the Swiss Post pension fund had total assets of 16,388 million francs as at 31 December 2022 (previous year: 17,674 million francs). The level of cover calculated according to the accounting principles applicable to the Swiss Post pension fund stands at approximately 101.4 percent (previous year: 109.6 percent). As the Swiss Post pension fund value fluctuation reserves have not yet reached the set regulatory level, there is no overfunding available. The Swiss Post pension fund has employer contribution reserves of 350 million francs without a waiver of use (previous year: 350 million francs without a waiver of use). A technical interest rate of 1.5 percent (previous year: 1.5 percent) and the technical basis of OPA 2020 (previous year: OPA 2020) were used to calculate pension cover. It should be noted that all data regarding the Swiss Post pension fund is based on the information available at the time of drawing up the ARR 16 financial statements. Consequently, it may differ from the actual information contained in the annual financial statements for the Swiss Post pension fund. A detailed assessment did not reveal any financial impact on the bank; according to the financial statements for the Swiss Post pension fund drawn up according to Swiss GAAP ARR 26, there were no spare funds or underfunding as at 31 December 2022. There are no employer-sponsored pension schemes.

The economic benefit or economic obligations and pension expenses can be summarized as follows:

Presentation of the economic benefit/obligation and the pension expenses	Overfunding/ underfunding		Economic interest of PostFinance Ltd	Change in economic interest (economic benefit/ obligation) versus previous year	Contributions paid	Pension expenses in personnel expenses	
CHF million	31.12.2022	31.12.2021	31.12.2022	2022	2022	31.12.2021	31.12.2022
Swiss Post pension fund	37	0	0	0	38	37	38
Staff vouchers	–	–	–	–	–	–7	–
Disability pensions	–1	–1	–1	0	0	–1	0
Total ARR 16	**36**	**–1**	**–1**	**0**	**38**	**29**	**38**

The employer contribution reserves of the Swiss Post pension fund are allocated based on the percentage of PostFinance's retirement capital of the entire retirement capital. This gives the following picture:

Employer contribution reserves (ECR)	Nominal value	Waiver of use		Net amount	Influence of ECR on personnel expenses	
CHF million	31.12.2022	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022
Swiss Post pension fund	32	0	29	32	9	–3
Total ARR 16	**32**	**0**	**29**	**32**	**9**	**–3**

17 | 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 31.12.2021	Use in conformity with designated purpose[1]	Reclassifications	Currency differences	Past due interest, recoveries	New creations charged to income	Releases to income	Balance at 31.12.2022
Provisions for pension benefit obligations	1	–	–	–	–	–	0	1
Provisions for default risks	0	–	–	–	–	–	0	0
of which provisions as per Art. 28 para. 1 RelV-FINMA	0	–	–	–	–	–	0	0
of which provisions for expected losses	0	–	–	–	–	–	0	0
Provisions for restructuring	10	–2	–	–	–	1	–2	7
Other provisions	32	–2	–	–	–	3	–1	32
Total provisions	**43**	**–4**	**–**	**–**	**–**	**4**	**–3**	**40**
Reserves for general banking risks	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Value adjustments for default and country risks[2]	**88**	**–**	**–**	**–**	**–**	**1**	**–4**	**85**
of which, value adjustments for default risks in respect of impaired loans/receivables	61	–	–	–	–	1	–1	61
of which, value adjustments for expected losses	27	–	–	–	–	–	–3	24

1 There were no changes in purpose.
2 Includes the value adjustments from amounts due from banks, amounts due from customers und debt securities held to maturity.

Together with other Swiss financial institutions, PostFinance Ltd is currently involved in an investigation initiated in 2018 by the Federal Competition Commission in connection with the mobile payment solution TWINT. The investigation is not yet complete. No provisions have been recognized.

As at 31 December 2021 and 31 December 2022, the levels of expected loss within amounts due from banks, amounts due from customers, debt securities intended to be held to maturity and contingent liabilities consisted of the following.

Analysis of expected losses and impaired loans/receivables

CHF million	31.12.2021 12-month expected credit losses (level 1)	31.12.2021 Expected credit losses over remaining term to maturity (level 2)	31.12.2021 Expected credit losses over remaining term to maturity (level 3)	31.12.2021 Total	31.12.2022 12-month expected credit losses (level 1)	31.12.2022 Expected credit losses over remaining term to maturity (level 2)	31.12.2022 Expected credit losses over remaining term to maturity (level 3)	31.12.2022 Total
Amounts due from banks	3,473	–	–	3,473	3,413	–	–	3,413
Value adjustments	0	–	–	0	0	–	–	0
Book value	**3,473**	**–**	**–**	**3,473**	**3,413**	**–**	**–**	**3,413**
Amounts due from securities financing transactions	–	–	–	–	10	–	–	10
Value adjustments	–	–	–	–	0	–	–	0
Book value	**–**	**–**	**–**	**–**	**10**	**–**	**–**	**10**
Amounts due from customers	11,817	4	18	11,839	11,464	3	18	11,485
Value adjustments	–5	–2	–15	–22	–5	–1	–15	–21
Book value	**11,812**	**2**	**3**	**11,817**	**11,459**	**2**	**3**	**11,464**
Debt securities held to maturity								
AAA to AA–	37,989	–	–	37,989	40,574	–	–	40,574
A+ to A–	13,199	–	–	13,199	13,571	–	–	13,571
BBB+ to BBB–	5,250	–	–	5,250	5,611	–	–	5,611
BB+ to B–	–	–	–	–	30	–	–	30
Unrated	1,651	–	46	1,697	342	–	46	388
Total	**58,089**	**–**	**46**	**58,135**	**60,128**	**–**	**46**	**60,174**
Value adjustments	–20	–	–46	–66	–18	–	–46	–64
Book value	**58,069**	**–**	**0**	**58,069**	**60,110**	**–**	**0**	**60,110**
Contingent liabilities	86	–	–	86	63	–	–	63
Provisions for expected losses	0	–	–	0	0	–	–	0
Total	**86**	**–**	**–**	**86**	**63**	**–**	**–**	**63**

The economic outlook may have an impact on the credit quality of bonds and receivables. The economic growth forecast at the start of 2022 was positive due to recovery from the pandemic. Due to the Ukraine conflict, the energy crisis and inflation, the forecasts were revised downwards in the second half of the year, but Switzerland is not expected to enter recession. There is still great uncertainty over the impact on the level of the expected losses of financial investments and receivables. Reclassifications within the three levels were immaterial in nature. An update of the model parameters for the expected losses on financial investments and receivables leads to a decrease in value adjustments required of 1.5 million francs in the current financial year.

18 | Bank's capital

PostFinance Ltd is owned entirely by Swiss Post Ltd.

Presentation of the bank's capital			31.12.2021			31.12.2022
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**

19 | Amounts due from/to related parties

Disclosure of amounts due from/to related parties		Amounts due from		Amounts due to
CHF million	31.12.2021	31.12.2022	31.12.2021	31.12.2022
Holders of qualified participations	674	639	602	689
Linked companies	88	22	314	181
Transactions with members of governing bodies	0	0	14	16

Associated companies and subsidiaries that are under the direct or indirect management of associated companies are regarded as linked companies.

Transactions (such as securities transactions, payment transactions, and interest on deposits) with related parties, with the exception of members of the Executive Board and Senior Management (senior management and individual specialist functions at PostFinance), were carried out according to the same terms and conditions and lending rates as transactions with third parties.

Industry-standard preferential conditions apply to the Executive Board and members of Senior Management, as is the case for all PostFinance employees.

PostFinance 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.

20 | Holders of significant participations

Disclosure of holders of significant participations		31.12.2021		31.12.2022
CHF million	Nominal	% of equity	Nominal	% of equity
With voting rights: Swiss Post Ltd	2,000	100	2,000	100

21 | Maturity structure of financial instruments

Presentation of the maturity structure of financial instruments (assets/financial instruments)

31.12.2022 CHF million		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		36,567	–	–	–	–	–	–	36,567
Amounts due from banks		61	–	275	420	1,992	665	–	3,413
Amounts due from securities financing transactions		–	–	–	10	–	–	–	10
Amounts due from customers		358	3	550	1,187	4,717	4,649	–	11,464
Mortgage loans		–	–	0	–	–	–	–	0
Positive replacement values of derivative financial instruments		–	–	108	148	382	541	–	1,179
Financial investments		111	–	2,401	8,537	28,878	20,295	–	60,222
Total	**31.12.2022**	**37,097**	**3**	**3,334**	**10,302**	**35,969**	**26,150**	**–**	**112,855**
	31.12.2021	46,610	1	2,050	7,330	36,913	27,007	–	119,911

Presentation of the maturity structure of financial instruments (debt capital/financial instruments)

31.12.2022 CHF million		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		1,284	–	–	–	–	–	–	1,284
Liabilities from securities financing transactions		–	–	15,626	–	–	–	–	15,626
Amounts due in respect of customer deposits		63,932	25,437	1,006	38	–	–	–	90,413
Negative replacement values of derivative financial instruments		–	–	18	5	0	–	–	23
Cash bonds		–	–	1	2	8	0	–	11
Total	**31.12.2022**	**65,216**	**25,437**	**16,651**	**45**	**8**	**0**	**–**	**107,357**
	31.12.2021	68,002	27,421	19,615	5	20	81	–	115,144

22 | Assets and liabilities by domestic and foreign origin

Presentation of assets and liabilities by domestic and foreign origin in accordance with the domicile principle	31.12.2021		31.12.2022	
CHF million	Domestic	Foreign	Domestic	Foreign
Assets				
Liquid assets	45,991	–	36,567	–
Amounts due from banks	3,446	27	3,356	57
Amounts due from securities financing transactions	–	–	10	–
Amounts due from customers	11,806	11	11,461	3
Mortgage loans	0	–	0	–
Positive replacement values of derivative financial instruments	156	295	475	704
Financial investments	29,950	28,229	32,951	27,271
Accrued income and prepaid expenses	206	95	199	97
Participations	109	20	109	22
Tangible fixed assets	1,084	–	1,039	–
Intangible assets	7	–	6	–
Other assets	235	–	53	–
Total assets	**92,990**	**28,677**	**86,226**	**28,154**
Liabilities				
Amounts due to banks	499	315	535	749
Liabilities from securities financing transactions	14,393	5,200	12,246	3,380
Amounts due in respect of customer deposits	91,020	3,604	86,731	3,682
Negative replacement values of derivative financial instruments	78	27	12	11
Cash bonds	8	0	11	0
Accrued expenses and deferred income	93	0	76	1
Other liabilities	60	3	611	4
Provisions	43	–	40	–
Bank’s capital	2,000	–	2,000	–
Statutory capital reserve	4,553	–	4,330	–
Profit/loss carried forward	–452	–	–229	–
Profit/loss	223	–	190	–
Total liabilities	**112,518**	**9,149**	**106,553**	**7,827**

23 | Assets by country/group of countries

Breakdown of total assets by country or group of countries (domicile principle)	31.12.2021		31.12.2022	
CHF million, percent	Absolute	Share as %	Absolute	Share as %
Assets				
Switzerland	92,990	76.43	86,226	75.39
Europe	11,364	9.34	12,244	10.70
North America	9,324	7.66	8,787	7.68
Other countries	7,989	6.57	7,123	6.23
Total assets	**121,667**	**100.00**	**114,380**	**100.00**

24 | Assets by credit rating of country groups

Breakdown of total assets by credit rating of country groups (risk domicile view)	Foreign exposure 31.12.2021		Foreign exposure 31.12.2022	
CHF million, percent	Absolute	Share as %	Absolute	Share as %
Rating (Moody's)				
Aaa	15,202	53.94	14,973	55.59
Aa	8,760	31.08	8,555	31.76
A	2,938	10.43	2,324	8.63
Baa	538	1.91	440	1.63
Ba	60	0.21	1	0.00
B	217	0.77	172	0.64
Caa	319	1.13	319	1.19
No rating	150	0.53	150	0.56
Total	**28,184**	**100.00**	**26,934**	**100.00**

25 | Assets and liabilities by currency

Presentation of assets and liabilities broken down by the most significant currencies for the bank

31.12.2022 CHF million	CHF	EUR	USD	GBP	JPY	Other	Total
Assets							
Liquid assets	36,477	90	–	–	–	–	36,567
Amounts due from banks	3,361	35	4	0	9	4	3,413
Amounts due from securities financing transactions	–	10	–	–	–	–	10
Amounts due from customers	11,462	2	0	0	0	0	11,464
Mortgage loans	0	–	–	–	–	–	0
Positive replacement values of derivative financial instruments	1,179	–	–	–	–	–	1,179
Financial investments	44,966	10,162	4,503	–	–	591	60,222
Accrued income and prepaid expenses	213	50	30	–	–	3	296
Participations	108	2	19	2	–	0	131
Tangible fixed assets	1,039	–	–	–	–	–	1,039
Intangible assets	6	–	–	–	–	–	6
Other assets	52	1	0	–	0	0	53
Total assets shown in balance sheet	**98,863**	**10,352**	**4,556**	**2**	**9**	**598**	**114,380**
Delivery entitlements from spot exchange, forward forex and forex options transactions	13,764	239	249	48	–	37	14,337
Total assets	**112,627**	**10,591**	**4,805**	**50**	**9**	**635**	**128,717**
Liabilities							
Amounts due to banks	1,272	9	3	0	0	–	1,284
Liabilities from securities financing transactions	15,626	–	–	–	–	–	15,626
Amounts due in respect of customer deposits	87,567	2,196	555	48	9	38	90,413
Negative replacement values of derivative financial instruments	23	–	–	–	–	–	23
Cash bonds	10	1	–	–	–	–	11
Accrued expenses and deferred income	77	0	0	0	–	0	77
Other liabilities	599	12	3	0	–	1	615
Provisions	40	–	–	–	–	–	40
Bank's capital	2,000	–	–	–	–	–	2,000
Statutory capital reserve	4,330	–	–	–	–	–	4,330
Profit/loss carried forward	–229	–	–	–	–	–	–229
Profit	190	–	–	–	–	–	190
Total liabilities shown in the balance sheet	**111,505**	**2,218**	**561**	**48**	**9**	**39**	**114,380**
Delivery obligations from spot exchange, forward forex and forex options transactions	572	8,330	4,212	0	0	593	13,707
Total liabilities	**112,077**	**10,548**	**4,773**	**48**	**9**	**632**	**128,087**
Net position per currency 31.12.2022	**550**	**43**	**32**	**2**	**0**	**3**	**630**
Net position per currency 31.12.2021	462	19	22	2	0	3	508

Information on off-balance sheet transactions

26 | Contingent assets and liabilities

Breakdown of contingent liabilities and contingent assets

CHF million	31.12.2021	31.12.2022
Guarantees to secure credits and similar	84	62
Other contingent liabilities	1	1
Total contingent liabilities	**85**	**63**
Contingent assets arising from tax losses carried forward	42	8
Total contingent assets	**42**	**8**

PostFinance Ltd is jointly and severally liable for all amounts due in connection with value-added tax (VAT) for the companies belonging to the “Swiss Post” VAT group.

As far as systemic importance is concerned, Swiss Post Ltd has deposited a letter of comfort amounting to 0.5 billion francs (previous year: 1.5 billion francs) in favour of PostFinance Ltd as at 31 December 2022.

27 | Managed assets

Breakdown of managed assets

CHF million	31.12.2021	31.12.2022
Type of managed assets		
Assets under discretionary asset management agreements	881	1,062
Other managed assets	37,508	34,607
Total managed assets [1]	**38,389**	**35,669**
of which, double counting	–	–

1 “Managed assets” refers only to assets deposited for investment purposes. Assets in connection with retirement planning products which are managed by third parties and assets deposited for transaction purposes are not included. PostFinance Ltd offers neither collective investment schemes managed by the bank nor asset management. Accordingly, assets for which the customer decides independently how they should be invested are reported under “Other managed assets”.

Presentation of the development of managed assets

CHF million	31.12.2021	31.12.2022
Total managed assets (including double counting) at beginning	**43,642**	**38,389**
+/– net new money inflow or net new money outflow [1]	–6,890	7
+/– price gains / losses, interest, dividends and currency gains/losses	1,637	–2,727
+/– other effects	–	–
Total managed assets (including double counting) at end	**38,389**	**35,669**

1 Net new money inflow or net new money outflow is calculated based on the overall change in managed assets, less price, interest and currency gains/losses, dividend distributions and other effects.

Information on the income statement

28 | Result from trading activities and the fair value option

Breakdown by business area

CHF million	2021	2022
Payment transactions and financial investments	205	245
Hedge accounting	–1	–14
Proprietary trading	8	–10
Total result from trading activities	**212**	**221**

Breakdown by risk and based on the use of the fair value option

CHF million	2021	2022
Result from trading activities from:		
Interest rate instruments	–366	–519
Equity securities	1	0
Foreign currencies	577	740
Total result from trading activities [1]	**212**	**221**

1 PostFinance does not apply the fair value option.

29 | Material negative interest

PostFinance was affected by the SNB's measures and paid negative interest on part of its sight deposit balance at the SNB between 22 January 2015 and 22 September 2022. PostFinance 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 was subject to a customer asset fee. PostFinance also charged a customer asset fee for private customers' assets that exceeded a defined threshold value. No customer asset fees have been charged since 1 October 2022.

Disclosure of material refinancing income in the item Interest and discount income as well as material negative interest

CHF million	2021	2022
Negative interest on the lending business offset against interest and discount income	–1	–1
Negative interest on the borrowing business offset against interest expense	231	167

30 | Personnel expenses

Breakdown of personnel expenses

CHF million	2021	2022
Salaries (meeting attendance fees and fixed compensation to members of the bank's governing bodies, salaries and benefits)	376	369
Social insurance benefits	75	68
Other personnel expenses	17	17
Total personnel expenses	**468**	**454**

31 | General and administrative expenses

Breakdown of general and administrative expenses

CHF million	2021	2022
Office space expenses	33	30
Expenses for information and communications technology	232	219
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	17	16
Fees of audit firm(s) (Art. 961a no. 2 CO)	2	2
of which, for financial and regulatory audits	2	2
of which, for other services	–	–
Other operating expenses	240	235
Total general and administrative expenses	**524**	**502**

32 | Extraordinary expenses and income

Extraordinary income

CHF million	2021	2022
Reversals of impairment	4	2
Gains from disposal of participations	0	0
Total extraordinary income	**4**	**2**

33 | Taxes

Current and deferred taxes

CHF million	2021	2022
Expenses for current capital and income taxes	5	4
Total taxes	**5**	**4**

Owing to the loss carryforward, expenses for current capital taxes and income taxes in 2022 largely consist of capital taxes. In the prior year, expenses for current capital taxes and income taxes also consisted largely of capital taxes due to the loss carryforward from previous years.

Building a better working world

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To the General Meeting of
PostFinance Ltd, Berne

Berne, 6 March 2023

Report of the statutory auditor

Report on the audit of the financial statements

Opinion

We have audited the financial statements of PostFinance Ltd (the Company), which comprise the statement of financial position as at 31 December 2022, the statement of income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 224 to 265) give a true and fair view of the financial position of the Company as at 31 December 2022 and of its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework for banks and comply with Swiss law and the Company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA- CH). Our responsibilities under those provisions and standards are further described in the "Auditor›s responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Board of Directors' responsibilities for the financial statements
The Board of Directors is responsible for the preparation of the financial statements, which give a true and fair view in accordance with the applicable financial reporting framework for banks, the provisions of Swiss law and the Company›s articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor›s responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website at: www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Report on other legal and regulatory requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed offsetting and carry forward of the accumulated losses and distribution from capital reserves complies with Swiss law and the company›s articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Philipp de Boer Licensed audit expert (Auditor in charge)	Arik Amiet Licensed audit expert

Reporting

Document structure

The Swiss Post annual reporting documents for 2022 consist of:

- Swiss Post Business Report:
  - Annual Report
  - Financial Report (management report, corporate governance, annual financial statements for the Group, Swiss Post Ltd and PostFinance Ltd)
  - Business Report key figures
  - Global Reporting Initiative Index
- PostFinance Ltd Annual Report

These documents are available in electronic format in the online version of the Business Report at annualreport.swisspost.ch/downloads. The Swiss Post Business Report and the PostFinance Ltd Annual Report are also available in printed form.

Languages

The Swiss Post Business Report is available in English, German, French and Italian. The German version is authoritative.

Ordering

The print version of the Swiss Post Business Report can be ordered at swisspost.ch/order-annualreport. Swiss Post employees may order copies through the usual channels.

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Five-year overview of key figures

		2018	2019	2020	2021	2022
Result						
Operating income	CHF million	7,254	7,168	6,548	6,877	6,859
Generated in competition	% of operating income	84.8	85.4	84.8	86.1	86.0
Generated abroad [1]	% of operating income	14.6	14.8	9.5	9.1	9.9
Operating profit	CHF million	505	450	258	515 [2]	358
Generated in competition	% of operating profit	72.5	75.1	68.2	79.8	87.7
Group profit	CHF million	404	255	178	452 [2,3]	295
Equity	CHF million	6,759	6,834	6,906	8,918 [3]	9,884
Value generation						
Economic value added	CHF million	–24	–17	–125	–8 [2,4]	–96
Added value generated	CHF million	4,613	4,616	4,180	4,376 [2]	4,296
to employees	CHF million	3,802	3,764	3,529	3,448 [2]	3,496
to creditors	CHF million	48	75	50	44	66
to public sector	CHF million	42	32	28	55	37
to owner	CHF million	200	50	50	50	50
to company	CHF million	521	695	523	779	647
Jobs						
Headcount (excluding trainees)	Full-time equivalents	39,932	39,670	32,696	33,207	34,072
Trainees in Switzerland	Persons	2,001	1,894	1,863	1,860	1,839
Jobs in peripheral regions [5]	Persons	16,765	16,073	15,655	16,660	16,224
Turnover rate (voluntary departures)	As % of average headcount	5.5	5.1	4.1	5.0	6.2
Notice given by employer for economic reasons	Persons	152	105	73	102	32
Employment conditions and remuneration						
Employment in accordance with Swiss Post CEC	Full-time equivalents as %	85.2	86.1	85.8	86.2	86.7
Swiss Post CEC minimum salary [6]	CHF per annum	47,620	47,620	47,820	50,451	50,653
Average salary for employees	CHF per annum	83,383	82,741	83,636	84,490	84,629
Average remuneration paid to members of Executive Management	CHF per annum	588,916	582,289	575,822	583,501	575,349
Salary bandwidth [7]	Factor	7.1	7.0	6.9	6.9	6.8
Health management						
Occupational accidents	Number per 100 FTEs	6.0	6.4	6.1	7.4	7.0
Days lost to illness and accidents	Days per employee	13.1	13.3	13.3	14.0	15.8
Diversity						
Women	% of employees	46.3	45.0	44.1	43.0	42.0
Nationalities represented	Number	138	140	142	143	147
Women on Board of Directors	%	33.3	33.3	33.3	33.3	40.0
Women in Executive Management	%	22.9	11.1	11.1	22.2	22.2
Women in senior management roles	%	16.0	17.1	19.8	21.6	22.6
Women in middle and lower management roles	%	23.2	23.8	22.3	22.8	21.8
Demographics						
Average age of workforce	Years	46.1	46.1	46.0	45.8	45.8
Resource consumption [8]						
Energy consumption	GWh	1,479	1,538	1,495	1,778	1,800
Energy consumption within Swiss Post	GWh	902	875	850	915	917
Renewable share	%	20.4	20.2	20.1	19.1	19.1
Energy consumption outside Swiss Post	GWh	578	663	645	863	883
Carbon footprint (Scope 1–3) [8]						
Carbon footprint (Scopes 1 & 2) (in-house operations)	t CO_2 equivalent	212,584	191,014	185,794	201,829	202,979
Carbon footprint (Scope 3) (remaining value chain)	t CO_2 equivalent	227,371	248,132	242,573	1,898,140	1,906,549

1 The 2021 figure has been adjusted (see Notes to the Group annual financial statements 2022, Note 6.6, Geographical information).
2 Normalized figures for 2021, see the "One-off item in 2021" section on page 46 of the Financial Report.
3 The figures have been adjusted (see Notes to the Group annual financial statements 2022, Note 2.2, Accounting changes).
4 The figure has been adjusted due to an enhancement of the calculation method. The figures from 2018 to 2020 are not comparable with the years 2021 and 2022.
5 The definition of rural municipalities has been adjusted in accordance with the new data collection from 2022 und retroactively adapted for 2021. It is based on SECO's New Regional Policy (VRP). The figures from 2018 to 2020 are not comparable with the figures from 2021 and 2022.
6 Until 2020, the minimum salary under the Swiss Post collective employment contract for an 18-year-old employee who has not completed vocational training was reported. As of 2021, the minimum salary for remote municipalities (region D) is now reported.
7 Factor = average remuneration paid to Members of Executive Management vs. average employee salary.
8 The base year 2021 is recalculated retroactively in the event of acquisitions and disposals of subsidiaries or changes in data quality, as 2021 is used as the base year for the 2030/2040 targets. The figures from 2018 to 2020 are not comparable with the years 2021 and 2022.

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