

**Speech – annual results press conference, 14.03.2024**  
**Kurt Fuchs, CEO a.i. PostFinance**

(Check against delivery)

Ladies and gentlemen

I am honoured to present the annual financial results for 2023 as interim CEO of PostFinance.

I would have been delighted if our CEO Hansruedi Köng, who stepped down at the end of February 2024, could have given this presentation. He played a key role in ensuring PostFinance constantly delivered positive numbers in terms of the IFRS operating result during the challenging period of negative interest rates from 2015 to 2022.

Housi Köng hands over a company that is performing well and on a very solid foundation. Our future CEO, Beat Röthlisberger, will be able to build on this over the coming years.

My presentation is entitled “The turnaround in interest rates ensures an improved result at PostFinance”.

You may also have noticed that the new PostFinance logo is used in this presentation.

In the Group’s IFRS statement of operating profit, PostFinance posted EBIT of 264 million francs last year, which is up by 35 million francs on 2022.

We maintained ARB earnings before taxes (195 million francs) at the previous year’s level, but net profit after taxes at 164 million francs was down by 26 million in 2023 compared with 2022.

However, the fact that PostFinance paid corporate income tax again in 2023 is another indicator of our company’s improved performance.

The positive outlook allows us to focus more on customer requirements again. We aim to ensure our customers also benefit from this development with positive effects for them in one way or another.

I would like to point out that the company’s low profitability due to the long phase of negative interest rates not only weighed on PostFinance itself, but also on the public finances.

Over 50 percent of the taxes paid in 2023, which amounted to 31 million francs, went to the Canton of Bern, where our headquarters are located,

and to the cities and municipalities in the Canton of Bern, where PostFinance's business premises are found.

As at the reporting date of 31 December 2023, the equity situation had improved compared to the previous year as well as in relation to FINMA's final requirements in terms of both risk-weighted assets (RWA) at 22.2 percent as well as leverage ratio requirements at 6.38 percent.

This means at the end of 2023 we met the FINMA requirements on going and gone concern capital, which will apply to us from 2026.

The targeted reduction in the balance sheet, i.e. overall exposure, led to a substantial improvement in the leverage/capital ratio.

In terms of the parameters of "customer assets" and development in the "number of customers", you can see that 2023 was a year of stabilization for PostFinance.

This was after the necessary, but sometimes extremely rigid, measures in terms of passing negative interest rates onto our customers in previous years, which led to a substantial reduction in our balance sheet.

You can also see that the share of customers using our banking services digitally climbed again and now stands at almost 2 million e-finance users. That's out of just under 2.5 million customers – which is 4 out of 5.

I would describe PostFinance's liquidity situation as "outstanding". We exceed the regulatory requirements by some margin with an LCR of 219 percent and a net stable funding ratio of 184 percent.

On this slide, I'd like to show you how interest operations at PostFinance have performed.

You may recall we had to communicate a decline in interest income in mid-2023 for the first six months of the year compared with 2022 due to the rapid turnaround in interest rates and elimination of significant revenue from negative interest rates.

This situation improved considerably in the second half of the year with an increase in interest income of 63 million francs for the months of July to December 2023 compared with the previous year.

The main factors were the interest paid on our SNB deposits and the continual rise in interest income from renewed capital market investments at better yields.

Interest income for the full year rose by 16 million francs year-on-year. The structural changes from 2022 to 2023 were significant – on one hand, the rapid elimination of negative interest income, and, on the other, higher

earnings on SNB deposits and financial investments. Interest expense obviously rose substantially in 2023 – for example, we are offering customers attractive interest conditions on savings deposits and the retirement savings account 3a in comparative terms.

Long-term analysis of interest operations shows we have passed the low point. The overall interest margin is starting to recover, standing at 0.46 percent on average for 2023, while a level of over 0.5 percent is conceivable for 2024.

In a positive interest environment, we believe an overall interest margin of around 0.8 percent is achievable medium to long term, which would be in line with the historic level in 2015 at the start of the long phase of negative interest.

Hansruedi Köng showed you this chart last year and I've brought one showing the latest development in private customer assets today.

Here are a few key messages:

- We're consistently working on the set-up and expansion of non-interest-sensitive customer assets, i.e. our investment business. We started off in 2015 with assets under custody of around 8 billion francs and that figure had increased to 18 billion francs by 2023, which is more than double.
- Deposits in private accounts have proved to be extremely stable, both during the phase of negative interest rates as well as the turnaround to positive interest rates since mid-2022.
- The negative interest measures during the period 2020 to 2022 mainly had an impact on savings deposits. In 2023, the level of savings deposits stabilized at around 21 billion francs.

I mentioned the high share of e-finance users earlier, and, as you can see here, digitization is progressing rapidly in terms of transactions. The continual growth path of recent years was confirmed in terms of transactions processed.

In 2023, we processed around 1.37 billion transactions via our IT systems and channels.

The bottom line shows the sharp fall in over-the-counter payment transactions over recent years.

From 189 million inpayments in 2011 to just 65 million last year. They fell by almost 19 percent last year alone!

This is leading to a growing structural deficit between income and expenses from counter transactions for PostFinance, which weighed on our result for

2023 by 62 million francs. Our planning assumptions anticipate a further decline in the importance of this business over the coming years.

I would now like to sum up and underline the key messages:

- The **turnaround in interest rates at PostFinance ensures an improved result and points to a favourable outlook; the interest margin** will gradually **return to normal** at the historic level of around 0.8 percent thanks to the return to positive interest rates.
- **Higher income** in the non-interest sensitive business and consistent **cost orientation** will ensure a significant improvement in **profitability** for PostFinance.
- The **public sector is** benefiting thanks to **higher corporate income tax** paid to cantons and municipalities **as well as higher dividend distributions** across PostFinance's ownership structure (**→ Swiss Post → Swiss Confederation**)
- **Our liquidity** and **funding situation is extremely stable.**
- **Our equity position** as at **31 December 2023** also meets the **final going concern** and **gone concern capital requirements** of **FINMA, which will apply to us** from **2026.**

Thank you very much for your attention.