



Interim Report 2022
January to June

PostFinance 

Surpassing support

PostFinance is a diversified, innovation-driven financial services provider that offers its 2.5 million customers fresh solutions for managing their finances. As a driver of innovation, PostFinance helps people and companies in Switzerland to tackle the challenges of the digital world.

With around 103 billion francs in customer assets and more than a billion payment transactions a year, PostFinance is one of Switzerland's leading financial institutions. It is the ideal partner for everyone who wants to manage their own finances as easily as possible.



153 million
francs in **profit (ARB)**
as at 30 June 2022.



103 billion
francs represents the level of **average monthly customer assets**
as at June 2022.



2.5 million
customers place their trust
in PostFinance to meet their daily
financial needs.



1.9 million
users manage their money
with **e-finance**.



3,634
employees or 3,233 full-time
equivalents work daily to serve
our customers.



Interim Report

January to June 2022

Contents

2 Foreword

Management report

6 Key figures
8 Commentary on business performance
12 Reconciliation of "Accounting – banks"
with IFRS income statement

Statutory interim financial statements

14 Balance sheet
15 Off-balance sheet
16 Income statement



Combination with Debit Mastercard® makes the PostFinance Card much more attractive.

Foreword

Marcel Bühler
Chairman of the Board of Directors

Hansruedi Köng
CEO

Dear Reader

A particular configuration within interest operations and the implementation of our 2021–2024 SpeedUp strategy helped us achieve this pleasing result in the first half of 2022. PostFinance generated profit as per the accounting rules for banks (ARB) of 153 million francs. This represents an increase of 107 million francs year-on-year.

Despite rising yields on new investments in the capital market, interest income in our financial investment portfolio also declined in the first half of the year.

However, as a result of increased activity in the inter-bank money market and higher customer asset fees, we were able to offset the decline and increase net interest income compared to the previous year's figure. The net result from interest operations amounted to 301 million francs, a rise of 48 million francs.

In recent years, PostFinance has strengthened its position as an investment bank and introduced new, digital investment solutions. With e-asset management in particular, we have identified a genuine need among

our customers. On 7 April 2022, the e-asset management investment volume exceeded the 1 billion franc mark. Thanks to the approach taken in the investment business, we were able to increase the result from commission business and services by 28 million francs in the past half-year compared to the prior-year period. The result from trading activities was also positive, with growth of 14 million francs recorded.

Operating expenses fell by 24 million francs, with personnel expenses down by 18 million francs. In the first half of 2021, higher employer contribution reserves of 14 million Swiss francs were recognized, which were not incurred in the current calendar year. We reduced general and administrative expenses by 6 million francs as a result of efficiency improvements achieved through implementation of the strategy.

More payment options with the PostFinance Card

Since April 2022, customers have been benefiting from our new PostFinance Card. Its combination with Debit Mastercard® means customers can make payments in all stores, restaurants and online shops that accept Mastercard – in addition to the existing payment options available in Switzerland and abroad. Cash withdrawals abroad can also be made at ATMs displaying the Mastercard logo. The staggered introduction of the new cards takes place from April to around spring 2023.

Expanded range of mortgage lending services

On 30 May 2022, the Council of States decided not to proceed with the partial revision of the Postal Services Organization Act (PSOA). We therefore consider it unlikely that we will be allowed to issue our own loans in the foreseeable future. The mortgage market nevertheless remains relevant for our customers. Our SpeedUp strategy assumes the lending prohibition will remain in place. With this in mind, we are making a virtue of necessity and expanding our range of mortgage lending services. From September 2022, our advisors will not just offer “yellow mortgages” – provided by PostFinance in cooperation with partner banks – but will now also arrange mortgages via the Valuu comparison site. They will compare mortgages from different providers on request and provide comprehensive advice.

Impact of the higher key rate

On 17 June 2022, the Swiss National Bank (SNB) increased the SNB key rate by half a percentage point to –0.25 percent. We have responded to this adjustment

by reducing the customer asset fee for private and business customers. Private customers will now pay a customer asset fee of 0.25 percent instead of 0.75 percent on account balances of 100,000 francs or more. The thresholds for customer asset fees will continue to be calculated on a case-by-case basis for business customers.

These adjustments will result directly in lower customer asset fees and lower margins in the interbank money market in the second half of 2022. Long-term interest rates on the capital market have risen significantly in recent months, making it possible to achieve higher returns on financial investments. New investments are made on a continuous basis within our long-term portfolio and along the annual maturities. This means that the increased long-term interest rates will only be reflected in the form of higher returns on our financial investments in the medium term. The future development of PostFinance’s interest income will depend largely on any further steps that may be taken by the SNB. We very much welcome the foreseeable turn towards a positive interest rate environment, which is also in the interests of our customers.

Thank you

Our employees work hard every day to ensure the success of our company and the well-being of our customers. With their ideas, pioneering spirit and commitment, they drive the progress of our company. For that, they deserve our thanks and recognition.

We would like to thank you, our valued customers, for your loyalty and trust in us. We will continue to expand our digital competencies with a view to ensuring that we can continue to make your financial life easier in the future with simple digital products and services. At the same time, customers wishing to manage their finances using physical channels can continue to count on excellent service from PostFinance.



Marcel Bühler
Chairman of the
Board of Directors



Hansruedi Köng
CEO

■ Presentation of figures

The amounts shown in the report are rounded. 0 is a rounded amount, indicating that the original figure was less than half of the unit used.

A dash (-) in place of a figure indicates that the value is zero.

■ Key for charts and tables

■ Current year

■ Previous year

■ Languages

The report is available in English, German, French and Italian. The German version is authoritative.

Management report

PostFinance is one of Switzerland's leading financial institutions and is a reliable partner for around 2.5 million private and business customers who manage their own finances.

As number one on the Swiss payment transactions market, PostFinance ensures a seamless daily flow of liquidity. It processed 650 million transactions in the first half of 2022.

PostFinance employed 3,634 staff. This corresponds to 3,233 full-time equivalents.

PostFinance generated a profit of 153 million francs in the first half of 2022. Total assets stood at 123 billion francs.

Key figures	6
Commentary on business performance	8
Reconciliation of "Accounting – banks" with IFRS income statement	12

Key figures

In the first half of 2022, PostFinance recorded a profit under the accounting rules for banks (ARB) of 153 million francs, which represents an increase of 107 million francs year-on-year. However, the pressure on PostFinance's core business remains consistently high.

The improved earnings before tax are also reflected in the key figures. Return on equity rose to 5.1 percent and the cost-income ratio declined to 70.5 percent thanks to a consistent focus on costs. Measured in terms of eligible core capital, economic value added of 15 million francs was created in the first half of 2022. The sales and transaction figures confirm the emphasis placed on customers who manage their own finances and use the simple, attractive products offered by PostFinance.

Due to the SNB's ongoing negative key rates, PostFinance increasingly had to pass on the negative market interest rates to its customers in the form of customer asset fees. As expected, these measures resulted in an outflow of customer deposits and in some cases in a transfer of assets to funds and securities investments. Nevertheless, total assets rose by around 1.7 billion francs in the first half of 2022. This is due to increased activity in the interbank money market.

PostFinance Ltd | Key figures

as of 30.6.2022 with previous year for comparison

		31.12.2021	30.6.2022
Balance sheet			
Total assets as per Accounting – banks	CHF million	121,667	123,408
Capital ratio as per guidelines for systemically important banks	%	20.3	20.9
Going concern leverage ratio ¹	%	4.71	4.56
Gone concern leverage ratio	%	0.42	0.56
Income statement as per Accounting – banks			
		30.6.2021	30.6.2022
Operating income	CHF million	594	681
Operating result	CHF million	45	156
Profit / loss	CHF million	46	153
Return on equity ²	%	1.5	5.1
Cost-income ratio	%	84.9	70.5
Customer assets and loans			
		31.12.2021	30.6.2022
Customer assets	CHF million		
	monthly average	110,714	103,219
Funds, securities and life insurance ³	CHF million		
	monthly average	18,219	15,810
Customer deposits	CHF million		
	monthly average	92,495	87,409
Development of customer assets	CHF million	-12,965	-7,495
Managed assets as per provisions of Circ. 2015/1 ⁴	CHF million	38,389	35,186
Inflow of new money as managed assets	CHF million	-6,890	-538
Mortgages ³	CHF million	6,262	6,299
Market and employee key figures			
		30.6.2021	30.6.2022
Customers	In thousands	2,629	2,486
Private customers	In thousands	2,357	2,221
Business customers (incl. banks and agencies)	In thousands	272	265
E-finance users	In thousands	1,918	1,933
Accounts – private customers	In thousands	3,820	3,668
Accounts – business customers	In thousands	347	300
Average headcount	Full-time equivalents	3,233	3,233
Transactions	In millions	611	650

¹ Due to the measures taken by the SNB in relation to COVID loans, the going and gone concern leverage ratios were reported separately from March 2020:

¹- going concern: eligible tier 1 capital / (total exposure – SNB giro loans).

¹- gone concern: eligible tier 1 capital / total exposure

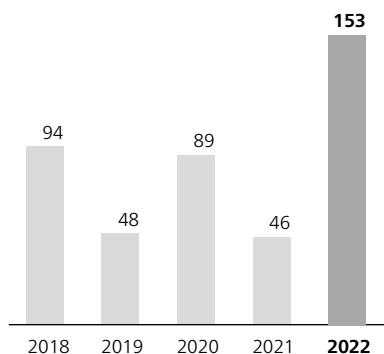
² Return on equity = operating result as per ARB / average eligible equity capital as per ARB.

³ Commission income in cooperation with financial partners.

⁴ PostFinance reports customer assets and managed assets. "Customer assets" includes all assets held by customers based on average monthly assets. "Managed assets" encompasses only values deposited for investment purposes on the reference date.

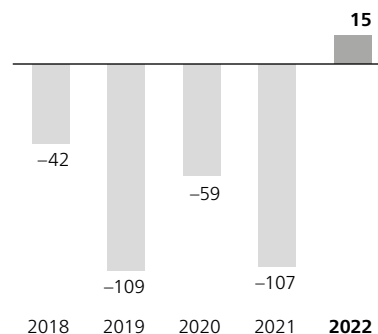
Profit/loss

1.1 to 30.6.2022 with prior-year period
 CHF million



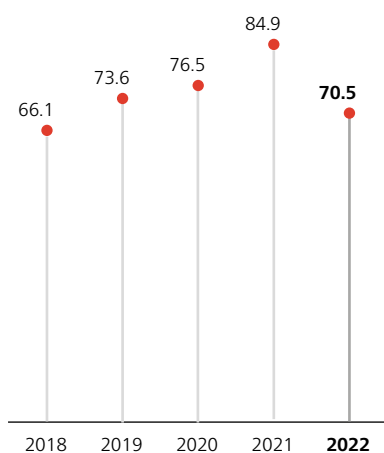
Economic value added

1.1 to 30.6.2022 with prior-year period
 CHF million



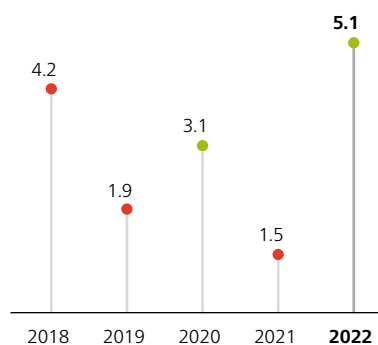
Cost-income ratio

1.1 to 30.6.2022 with prior-year period
 Percent



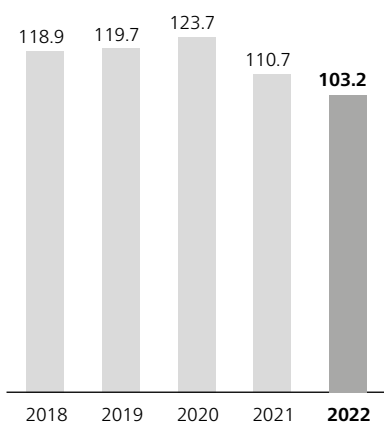
Return on equity

1.1 to 30.6.2022 with prior-year period
 Percent



Average customer assets (monthly avg.)¹

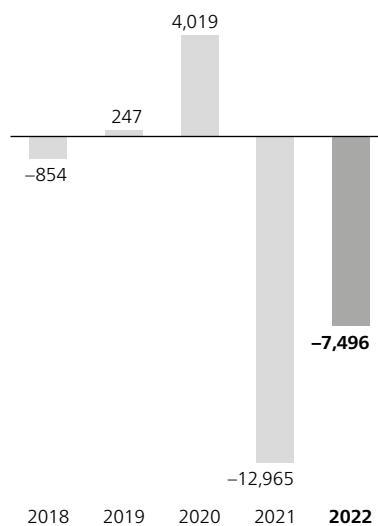
2018 to 2022
 CHF billion



¹ December figure for previous years, current year 30.6.

Growth in customer assets

2018 to 2022
 CHF million



Commentary on business performance

Strategy

PostFinance –
a reliable partner.

PostFinance is a diversified, innovation-driven financial service provider. We offer our customers fresh solutions and smart innovations for their finances. To do so, we rely on future-oriented tools and technologies that we've specially developed or adapted for the Swiss market. We adopt a highly responsible, careful and sustainable approach to our use of resources and investments.

Assets and financial situation

In the first half of 2022, total assets rose by around 1.7 billion francs. This is mainly due to increased activity in the interbank money market. Growth in customer assets amounted to –7.5 billion francs in the first half of 2022.

Due to the continued negative key rates at the SNB, charging of customer asset fees had to be maintained. As a result of continuing pressure on our interest operations, PostFinance was increasingly obliged to pass on the negative market interest rates to our customers. As expected, these measures resulted in an outflow of customer deposits and a transfer of assets to funds and securities investments.

PostFinance continues to invest a large proportion of its assets in long-term fixed-interest financial investments in Switzerland and abroad. A very large amount of liquidity was still held at the SNB as at 30 June 2022.

Commission business such as funds, e-trading, life insurance and credit cards continues to attract an encouraging level of interest, with our fund products for example recording a net inflow of funds of over 270 million francs in the first half of 2022. The positive performance has however been dampened considerably, partly as a result of the sharp intensification of geopolitical uncertainties. Since the outbreak of war in Europe, and also as a result of the adjusted interest rate structure, negative market effects have become apparent. The net inflows did not offset the negative price trends on the global financial markets. Average customer assets in investment products fell by 13 percent year-on-year to around 16 billion francs.

Profit situation

In the first half of 2022, PostFinance recorded a profit under the accounting rules for banks (ARB) of 153 million francs, which represents an increase of 107 million francs compared to the prior-year period.

Operating income rose by 87 million francs overall.

The interest differential business is the most important source of revenue for PostFinance. The ongoing low interest situation continued to weigh on interest margins. This meant interest income on financial investments in its core business fell again as a result of market conditions. It was offset by the negative interest expense in the deposit-taking business – in other words through customer asset fees – and greater activity on the interbank money market.

The result from commission business and services rose by 28 million francs due to the new banking package fees for private customers introduced in mid-2021, the expansion of investment services and revenue from e-trading and credit cards. The lower market values of fund investments will however also have an impact on the portfolio commission in the second half of 2022. The uncertainties on the market and the volatility they cause do not automatically lead to increased e-trading activities among our customers, something which was clearly evident in the second quarter of 2022.

The result from trading activities improved by 14 million francs, partly because our customers did more travelling in the first half of 2022. With regard to revenues from currency conversions, there continues to be a shift away from cash and ATM withdrawals at home and abroad and towards cashless card and giro transactions in foreign currencies.

Operating expenses were down by around 24 million francs year-on-year.

The average headcount was 3,233 full-time equivalents, the same as in the prior-year period. As part of its strategic focus, PostFinance is placing an emphasis on the simplification and digitization of its processes. While the number of positions in existing operations was reduced, PostFinance invested in new business areas and the specialists they require, in particular at the IT and Platform Business units. Personnel expenses fell by around 18 million francs compared to the prior year, which is mainly attributable to the change in the contributions to employee benefits schemes. Expenses were incurred in the first half of 2021 due to a one-off payment to the Swiss Post pension fund, the increased pension fund liabilities under Swiss GAAP ARR 16 and a remeasurement of the loyalty bonuses/sabbaticals.

General and administrative expenses were reduced by 6 million francs, the result of lower project costs and efficiency improvements achieved through implementation of the strategy.

Outlook

PostFinance is operating in a challenging economic and regulatory environment. Interest rates have been low or even negative for years, eroding its interest margin.

In the situation at present, the inflation outlook remains subject to a great deal of uncertainty. Global economic growth has slowed from the beginning of 2022 onwards, and inflation rose further in many countries. The franc depreciated on a trade-weighted basis. Long-term interest rates rose, while share prices fell.

The ongoing uncertain situation on the domestic and international financial and capital markets with negative interest rates in some cases continues to present PostFinance with significant challenges.

PostFinance continues to invest a large proportion of its assets in long-term fixed-interest financial investments in Switzerland and abroad. A very large amount of liquidity was still held at the SNB as at 30 June 2022.

On 16 June 2022, the Swiss National Bank (SNB) increased the SNB key rate by half a percentage point to –0.25 percent. We have responded to this adjustment by reducing the customer asset fee for private and business customers. Until now, private customers with a PostFinance account balance of 100,000 francs or more paid a customer asset fee of 0.75 percent. The customer asset fee for private customers is now 0.25 percent. The thresholds for customer asset fees will continue to be calculated on a case-by-case basis for business customers.

These adjustments have a direct impact on interest income from deposit-taking business in the form of lower customer asset fees and significantly lower margins in the interbank money market. Long-term interest rates on the capital market have risen significantly in recent months, making it possible to achieve higher returns on financial investments. New investments are made on a continuous basis within our long-term portfolio and along the annual maturities. This means that the increased long-term interest rates will only be reflected in the form of higher returns on our financial investments in the medium term. The future development of PostFinance's interest income will depend largely on any further steps that may be taken by the SNB. We very much welcome the foreseeable turn towards a positive interest rate environment, which is also in the interests of our customers.

Realignment in mortgage lending after PSOA decision

On 30 May 2022, the Council of States decided not to proceed with the partial revision of the Postal Services Organization Act (PSOA). This means that the likelihood of PostFinance being allowed to issue its own loans and mortgages in the near future is low. The mortgage market nevertheless remains relevant for PostFinance customers. The annual lending volume is around 180 billion Swiss francs. Our 2021–2024 strategy already assumes that the lending prohibition will remain in place. While this is a disadvantage for us, that is not the case for our customers. Firstly, by realigning mortgage lending, we're optimizing the service for our customers. But we're also adapting to the framework conditions and are making a virtue of necessity.

In our strategy, we are focusing on customer requirements, increasing our innovative strength and improving our efficiency. We are now realigning our position in mortgage lending and optimizing our retail banking services.

From 1 September 2022, our advisors will no longer just offer "yellow mortgages" – provided in cooperation with partner banks – but will now also provide advice and arrange mortgages via the Valuu comparison site. This represents an expansion of our retail bank services. As before, self-directed customers can still compare mortgages on Valuu, and select and take out the right deal for them.

Strategy implementation: important step towards becoming a data-driven company

We want to be even closer to our customers, identify their needs and develop targeted solutions. Because data plays a crucial role in this, we are positioning ourselves as a data-driven company.

PostFinance operates in a dynamic and highly competitive market environment. Growth is only possible if we are innovative and close to our customers. Smart banking is in demand, offering surprising products and impressive services, but also speed and efficiency. This is exactly what our strategy envisages. With Ambition 2030, we have made it our goal to secure and increase our operating profit through new revenue streams. Our analysis and forecasting show that this will largely depend on whether PostFinance manages the leap to becoming a data-driven company. The analysis of data helps us better understand our customers and their requirements, offer individual and personalized service, anticipate developments and improve our processes.

PostFinance already has a great deal of knowledge and technical capability in the area of data. Further reinforcement and targeted expansion of application-oriented competencies are an important part of our strategy implementation, and will be a decisive factor in achieving the goals of Ambition 2030.

Reconciliation of “Accounting – banks” with IFRS income statement

PostFinance Ltd reports to the Group in accordance with International Financial Reporting Standards (IFRS) and draws up its financial statements based on the FINMA Accounting Ordinance together with FINMA Circular 2020/1 “Accounting – banks” (ARB).

PostFinance issues statements in the statutory form 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 other external publications of PostFinance Ltd on the capital adequacy statements are also based on the accounting rules under banking law. Internally, there is a dual reporting system in place based on IFRS consolidated accounting standards and “Accounting – banks”.

The following table shows the differences between the two accounting standards in the income statement. It reconciles operating profit (EBIT) for the first half of the year, financial services segment in accordance with IFRS with PostFinance profit as per “Accounting – banks”.

PostFinance Ltd Reconciliation of profit	2021 1.1 to 30.6	2022 1.1 to 30.6
CHF million		
PostFinance segment operating profit (EBIT) as per IFRS before fees and net cost compensation	79	164
Management / licence fees / net cost compensation	–10	–10
PostFinance segment operating profit (EBIT) as per IFRS after fees and net cost compensation	69	154
Net income from associates and joint ventures	–1	–3
Net financial income	–18	–18
PostFinance segment earnings before tax (EBT)	50	133
Income tax	–1	–25
PostFinance segment profit	49	108
Consolidation effects from associates and joint ventures	1	3
PostFinance Ltd profit before reconciliation	50	111
Valuation differences for financial assets	2	11
Reversal of impairment / impairment on financial assets and receivables, incl. taxes	0	0
Realized gains from (earlier than scheduled) repayments	4	6
Valuation differences between IAS 19 and Swiss GAAP ARR 16	–8	4
Valuation differences, IFRS 16 Leases	0	0
Depreciation of revalued real estate	–2	–2
Valuation differences for investments	0	–2
Realized gains from investments	–2	0
Adjustment of current and deferred tax effects as per IFRS	2	25
PostFinance Ltd profit as per Accounting – banks	46	153

Statutory interim financial statements

PostFinance issues interim 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 interim financial statements as at 30 June 2022 indicate earnings after tax of 153 million francs.

Balance sheet	14
Off-balance sheet	15
Income statement	16

Balance sheet

PostFinance Ltd | Balance sheet as per Accounting – banks

CHF million	31.12.2021	30.6.2022
Assets		
Liquid assets	45,991	46,443
Amounts due from banks	3,473	3,432
Amounts due from securities financing transactions	–	–
Amounts due from customers	11,817	11,367
Mortgage loans	0	0
Trading portfolio assets	–	–
Positive replacement values of derivative financial instruments	451	1,031
Other financial instruments at fair value	–	–
Financial investments	58,179	59,537
Accrued income and prepaid expenses	301	281
Participations	129	130
Tangible fixed assets	1,084	1,059
Intangible assets	7	7
Other assets	235	121
Total assets	121,667	123,408
Total subordinated claims	11	12
of which subject to mandatory conversion and / or debt waiver	–	1
Liabilities		
Amounts due to banks	814	1,678
Liabilities from securities financing transactions	19,593	24,663
Amounts due in respect of customer deposits	94,624	90,160
Trading portfolio liabilities	–	–
Negative replacement values of derivative financial instruments	105	54
Liabilities from other financial instruments at fair value	–	–
Cash bonds	8	7
Bond issues and central mortgage institution loans	–	–
Accrued expenses and deferred income	93	91
Other liabilities	63	462
Provisions	43	39
Reserves for general banking risks	–	–
Bank's capital	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	153
Total liabilities	121,667	123,408
Total subordinated liabilities	203	253
of which subject to mandatory conversion and / or debt waiver	203	253

Off-balance sheet

PostFinance Ltd | Off-balance-sheet transactions

CHF million	31.12.2021	30.6.2022
Off-balance-sheet transactions		
Contingent liabilities	86	71
Irrevocable commitments	990	912
Obligations to pay up shares and make further contributions	–	–
Credit commitments	–	–

Income statement

PostFinance Ltd | Income statement as per Accounting – banks

CHF million	2021 1.1 to 30.6	2022 1.1 to 30.6
Interest and discount income	58	58
Interest and dividend income from trading portfolios	–	–
Interest and dividend income from financial investments	116	104
Interest expense	76	136
Gross result from interest operations	250	298
Changes in value adjustments for default risks and losses from interest operations	2	2
Net result from interest operations	252	300
Commission income from securities trading and investment activities	47	49
Commission income from lending activities	10	11
Commission income from other services	304	321
Commission expense	–182	–174
Result from commission business and services	179	207
Result from trading activities and the fair value option	96	110
Result from the disposal of financial investments	–	–
Income from participations	3	5
Result from real estate	32	32
Other ordinary income	32	27
Other ordinary expenses	–	–
Other result from ordinary activities	67	64
Operating income	594	681
Personnel expenses	–249	–231
General and administrative expenses	–255	–249
Operating expenses	–504	–480
Value adjustments on participations and depreciation and amortization of tangible fixed assets and intangible assets	–40	–40
Changes to provisions and other value adjustments, and losses	–5	–5
Operating result	45	156
Extraordinary income	3	0
Extraordinary expenses	–	–
Changes in reserves for general banking risks	–	–
Taxes	–2	–3
Six-month profit	46	153

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PostFinance 