

Opportunity for Swiss economy: More competition for SME loans
Opportunity for Confederation as owner: Broader spread of risk for financial assets
Opportunity for customers: Continued attractive and inexpensive services

More competition: opportunity for SMEs and Swiss economy

All across the world, countries are finding themselves in the midst of a recession due to the financial crisis. Switzerland is no exception. To a large extent, the equity saved up by many banks has been wiped out, forcing them to reduce their risk exposure. The major banks have a market share of 40 % in the Swiss SME loan business. If they were to increase the number of loan agreements, this would have a direct and noticeable impact on SMEs. There is currently **a need for a third national power**, which would absorb this risk with a coherent, stable, low-risk, domestically oriented business and safeguard Switzerland's money supply, even in difficult times.

| PostFinance for SMEs | Key figures |
|-----------------------------------|-------------|
| SME customers (FSO sector 2/3) | 150,000 |
| Small business consultations p.a. | 25,000 |
| Satisfaction (scale 1–10) | 8.7 |

PostFinance has a business relationship with 50 % of Swiss companies and has significantly increased its level of commitment in recent years. Last year, 60 new customer advisors were appointed to cater exclusively for small businesses. PostFinance has a strong position among SMEs. The opportunity to **reintroduce its customer deposits into the Swiss economy in the form of loans** is not being exploited as PostFinance is not authorized to issue loans independently.

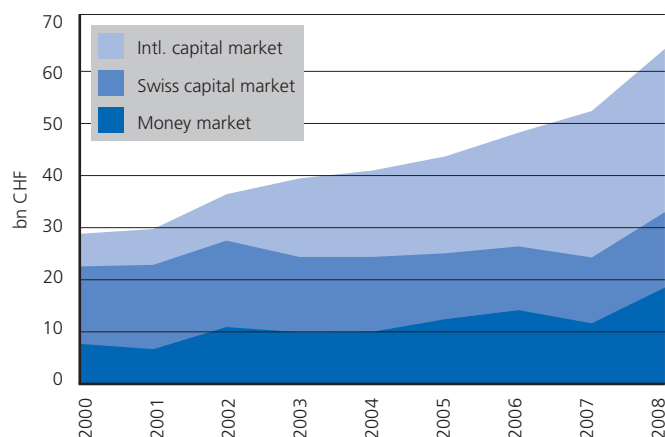
Some SME loans from PostFinance reinforce the **Swiss economy** and promote competition in the SME business. In addition to the major banks, there is a third national power for SMEs which ensures the economy's money supply, even in difficult times.

Fewer risks: opportunity for the Confederation as owner

As PostFinance is not in a position to invest its customer deposits in the Swiss mortgage and loan market, it has instead injected more than CHF 30 billion into the **international financial markets**. This represents 50 % of customer deposits. Owing to the significant growth in customer deposits in recent years, this situation continues to intensify. It is becoming increasingly difficult to diversify investments. The financial crisis has proven that the international financial markets can harbour considerable risk. Despite its conservative investment strategy, PostFinance was also forced to make value adjustments in 2008. PostFinance is already having to take bigger risks when investing its customer deposits. The risk of default on a conservative, international investment **portfolio can be up to three times higher** than that of a well-managed Swiss mortgage portfolio. It is not reasonable for PostFinance to have to invest its customer deposits abroad and not in the Swiss mortgage/loan business. The latter would enable **PostFinance to further diversify its**

risks, which would also be in the interests of the Confederation as the owner of Swiss Post.

PostFinance financial assets 2000–2008



Stable business model: opportunity for customers

With 2.2 million private customers and 300,000 business customers (incl. associations), PostFinance has **established deep roots in the Swiss financial market**. Customers trust the Swiss Post subsidiary with more than CHF 50 billion. This corresponds to a market share of 9 %, making PostFinance the no. 5 in the Swiss retail market. For years, its growth has significantly outstripped market development.

With its repositioning in the payments and savings market segments, its business model is based on the acceptance and subsequent reinvestment of customer deposits. Professionally managed as it is, this system is very resistant to crisis situations. The further development of PostFinance will ensure that customers will also be able to benefit from **attractive services at low-cost conditions** in the future.

Development of customer deposits 1997–2008

