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FEDERAL CONSOLIDATED FINANCIAL STATEMENTS

2023

REPORT

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SYMBOLS AND ABBREVIATIONS

The following symbols and abbreviations were used in the tables in this dispatch:

–	same as 0 or no value
n.d.	not displayed
n.q.	not quantifiable
CHF	Swiss francs
mn	million
bn	billion
%	percent
Δ	difference
Ø	average
>	greater than
<	less than
FTE	full-time equivalent

ANNUAL REPORT

A

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RESULTS OVERVIEW

The federal consolidated financial statements ended 2023 with a surplus of 8.4 billion. Both the social insurance (6.0 bn) and enterprises (2.1 bn) segments contributed significantly to this, but the Federal Administration segment also posted a slightly positive result (0.3 bn), following the previous years' negative results.

RESULTS OVERVIEW

CHF mn	2022	2023	Δ 2022-23 absolute
Statement of financial performance			
Surplus/deficit for the year	**-1 881**	**8 394**	**10 275**
Federal Administration segment	-3 174	313	3 488
Enterprises segment	2 007	2 087	80
Social insurance segment	-713	5 994	6 707
Statement of financial position			
Net assets/equity	61 655	68 269	6 614
Cash flow statement			
Total cash flow	-6 106	-9 815	-3 709
Cash flow from operating activities	7 017	15 660	8 643
Cash flow from investing activities	-14 413	-11 175	3 237
Cash flow from financing activities	1 290	-14 299	-15 589
Personnel			
Number of full-time employees (FTEs)	155 229	156 975	1 747

Note: the figures for 2022 have been adjusted (see section 23, Changes in the 2023 financial statements)

SURPLUS FOR THE YEAR

The statement of financial performance ended the year with a surplus of 8.4 billion. There was still a deficit of 1.9 billion a year earlier. The significant year-on-year improvement was driven primarily by the positive investment result of the social insurance segment and the favorable development of tax receipts in the Federal Administration segment.

The *Federal Administration segment* closed with a surplus of 0.3 billion (2022: loss of 3.2 bn). The year-on-year improvement was attributable mainly to additional receipts from direct federal tax (3.0 bn) and withholding tax (2.6 bn). The absence of a profit distribution from the Swiss National Bank had the opposite effect (-2.0 bn). Expenditure remained more or less at the previous year's level, with the absence of COVID-19 expenditure keeping the increase modest.

Federal enterprises generated a gain of 2.1 billion (2022: 2.0 bn). Swisscom (1.7 bn) and Swiss Post (0.3 bn) in particular contributed to the annual surplus. Most of the other federal enterprises also achieved a slightly positive or balanced result.

Social insurance ended the year with a surplus of 6.0 billion (2022: loss of 0.7 bn). The significant improvement in the result year on year was attributable to the compensation funds' positive investment result of 1.9 billion (2022: loss of 5.0 bn). All insurance funds once again contributed to the positive apportionment result of 4.1 billion (2022: 4.2 bn). The ALV (2.6 bn) and AHV (1.2 bn) apportionment results were very positive. Despite higher federal grants (+0.6 bn), the AHV apportionment result was 0.4 bn lower than a year earlier.

THE FEDERAL CONSOLIDATED FINANCIAL STATEMENTS

The federal consolidated financial statements provide a comprehensive overview of the situation of the Confederation as a group in terms of finances, assets and revenue. The figures include the Federal Administration, and the federal social insurance and enterprises.

Thanks to the positive annual result, consolidated net assets/equity rose to 68.3 billion in the year under review (2022: 61.7 bn). The vast majority of net assets/equity is restricted and cannot be used for the general performance of tasks.

NET CASH OUTFLOW IN THE YEAR UNDER REVIEW

The *cash inflow from operating activities* amounted to a total of 15.7 billion. In addition to the federal enterprises (8.0 bn) and social insurance (5.6 bn) segments, the Federal Administration segment (2.1 bn) also contributed to the positive operating cash flow, after having posted an operating cash outflow the previous year, as substantial payments associated with COVID-19 measures were still incurred (mainly testing costs and hardship measures).

The net *cash outflow from investing activities* amounted to 11.2 billion. There was an outflow totaling 11.0 billion for tangible and intangible fixed assets. Major investments were made in transportation infrastructure (roads: 2.2 bn; rail: 2.4 bn) and telecommunications infrastructure (1.4 bn), for example. Considerable funds were likewise invested in land and buildings (1.9 bn), movables and other tangible fixed assets (1.1 bn), and software (1.2 bn). Investments stood against depreciation and amortization of 8.4 billion.

The *cash outflow from financing activities* was substantial at 14.3 billion. While bond issuance (+2.2 bn) led to a net cash inflow, there was a net cash outflow particularly in connection with liabilities from repo transactions (-11.5 bn), client deposits (-1.3 bn) and money market instruments (-0.5 bn). There was a further cash outflow associated with bank loans and other financial liabilities (-2.6 bn), and dividend payments (-0.6 bn).

Overall, a cash outflow of 9.8 billion ensued. Cash and cash equivalents fell by this amount year on year.

PERSONNEL

The headcount rose by 1,747 full-time equivalents (FTEs) relative to the previous year. Staff numbers increased at SBB (+760), Swisscom (+572), the Confederation as parent entity (+538), Swiss Post (+515), the ETH Domain (+321), FINMA (+44), Swissmedic (+42) and Skyguide (+33). By contrast, fewer FTEs were employed at RUAG International (-974) and RUAG MRO (-133), which can be explained primarily by the partial divestiture of business arms.

WHY FEDERAL CONSOLIDATED FINANCIAL STATEMENTS?

The entities included in the federal consolidated financial statements are all attributable to the Confederation. In order to provide information on their business performance and their asset and financial situation, the individual entities publish separate financial status reports each year.

However, as there are significant capital ties and transfer payments between the Confederation's entities, these separate financial reports on their own do not provide a comprehensive overview of the Confederation's situation in terms of assets, finances and revenue. The consolidated financial statements eliminate this shortcoming and allow for a comprehensive overview of the Confederation's financial situation by taking a net view. Meanwhile, the *federal financial statements* cover the central Federal Administration. Detailed information on the differences between the consolidated financial statements and the federal financial statements can be found in section A 33.

1 FACTS

ASSETS

Assets are marked by high holdings of financial assets and civil engineering structures.

Financial assets come essentially from PostFinance investments and social insurance fund assets.

Infrastructure assets are largely associated with the performance of federal tasks in the areas of mobility (motorways, rail transportation) and defense.

LIABILITIES

Existing liabilities are recognized in the statement of financial position; potential liabilities are off-balance sheet.

Recognized liabilities include mainly PostFinance client deposits, Confederation bonds and money market paper. In addition, significant provisions for expected future outflows of funds and obligations under employee pension plans are posted under liabilities.

Liabilities not recognized in the statement of financial position primarily include the maximum claimable amounts from sureties and guarantees, capital commitments for development banks and SERV insurance liabilities.

NET ASSETS/EQUITY

Consolidated net assets/equity totaled 68 billion. 9 billion of that amount was attributable to minority shareholders of consolidated enterprises (mainly minority interests in Swisscom and BLS Netz AG). The net assets/equity to which the Confederation is entitled amounted to 59 billion.

The vast majority of the net assets/equity is restricted and cannot be used for the general performance of tasks. Earmarking within the meaning of the federal consolidated financial statements exists if, at the time of the inflow of funds, the law or fund providers prescribe that the funds are to be used for a predefined purpose.

INVESTMENTS

The Confederation makes significant investments in its infrastructure assets in connection with the performance of its tasks. Last year, investments amounted to 11 billion. This stood against the loss in value of existing infrastructure assets in the form of depreciation of 8.5 billion.

EMPLOYEES

The Confederation had 157,000 full-time positions (FTEs), divided between the Federal Administration (59,800 FTEs) and enterprises (97,200 FTEs) segments. There are no employees in the social insurance segment, as the operational management of social insurance is carried out by employees of the Federal Administration segment or by the implementing bodies outside the scope of consolidation.

ASSETS

198 BN FINANCIAL ASSETS

48 BN

LIQUID ASSETS

The high cash holding is due to a lack of investment opportunities. Consequently, both PostFinance and the parent entity deposited large holdings with the Swiss National Bank.

— *Detailed explanations: section B 24/11 in the Notes*

32 BN

RECEIVABLES/ACCRUALS AND DEFERRALS

This includes primarily trade receivables (6 bn), tax and customs receivables (10 bn), assets due from compensation funds (4 bn), and prepaid expenses and accrued income (8 bn).

— *Detailed explanations: section B 24/12 in the Notes*

118 BN

FINANCIAL INVESTMENTS

Financial investments are largely in bonds. Their share amounted to 70 billion, or 59% of total investments. The remainder is invested in loans (21 bn) and other financial investments.

— *Detailed explanations: section B 24/13 in the Notes*

147 BN INFRASTRUCTURE

45 BN

RAILWAY INFRASTRUCTURE

The existing railway infrastructure of companies controlled by the Confederation is recognized in the statement of financial position at 38 billion. Further railway infrastructure assets worth 7 billion are recorded under assets under construction.

35 BN

MOTORWAYS

The existing motorway network is recognized in the statement of financial position at 26 billion. Moreover, 9 billion is recorded under assets under construction for motorway segments that are still being constructed.

32 BN

LAND/BUILDINGS

Land and buildings are worth 29 billion, with an additional 3 billion capitalized under assets under construction. High-value buildings in the military and civilian sector (e.g. rail, administration and ETH educational facilities) have been capitalized. Land is largely associated with motorway construction and the military sector.

16 BN

PROPERTY, PLANT AND EQUIPMENT/ OTHER TANGIBLE FIXED ASSETS

The carrying amount of the Confederation's property, plant and equipment and other tangible fixed assets is 16 billion. The item with the highest value concerns the rolling stock and vehicle fleets of transportation companies (9 bn).

8 BN

DEFENSE EQUIPMENT

The Armed Forces' ammunition inventories are valued at 3 billion and are recognized under inventories. The capitalized defense equipment under tangible fixed assets amounts to 5 billion in total (including advance payments). However, it should be noted that only the main weapon systems are recognized. The effective value of defense equipment is thus significantly higher.

9 BN

TELECOMMUNICATIONS

The value of telecommunication infrastructures is 9 billion, recognized solely under Swisscom.

2 BN

SOFTWARE

IT systems and software totaling 2 billion are recognized under intangible assets.

LIABILITIES

293 BN RECOGNIZED LIABILITIES

90 BN

CLIENT FUNDS

Liabilities from client funds amounted to 90 billion as of the reporting date and consisted of PostFinance client deposits and client deposits in the savings bank for federal employees.

— *Detailed explanations: section B 24/19 in the Notes*

102 BN

BONDS/MONEY AND REPO MARKET

The Confederation is financed largely with the issuance of Confederation bonds and money market paper. Most of the financing requirements of spun-off entities are covered by the Confederation as parent entity. With the exception of the Federal Administration, only Swiss Post and Swisscom have significant outstanding amounts on the financial market.

— Detailed explanations: section B 24/19 in the Notes

3 BN

EMPLOYEE RETIREMENT BENEFITS

Net liabilities from employee retirement benefits are estimated to be 3 billion. This is an actuarial calculation that is highly dependent on the assumed trend of interest rates.

— *Detailed explanations: section B 24/21 in the Notes*

41 BN

PROVISIONS

Because of its broad range of activities, the Confederation is exposed to myriad risks, for which provisions have to be recognized. Provisions are recorded when an outflow of funds is expected because of a past event but the precise amount and timing of the outflow of funds is still uncertain.

— *Detailed explanations: section B 24/20 in the Notes*

57 BN

OTHER LIABILITIES

Other recognized liabilities include in particular current liabilities (26 bn), other financial liabilities (11 bn) and accrued expenses and deferred income (12 bn), as well as other long-term liabilities in special funds and restricted funds (6 bn).

Detailed explanations: section B 24/18 and section B 24/22 in the Notes

42 BN UNRECOGNIZED LIABILITIES

17 BN

SURETIES/GUARANTEES

As part of its task performance, the Confederation provides guarantees for third parties in order to indemnify the lender in the event of non-payment by the borrower. The borrowers can borrow at more favorable rates with the Confederation's guarantee commitment. Guarantees amounting to a maximum of 18 billion can currently be utilized. In the case of guarantees where the default risk can be reliably estimated, the expected loss is recognized as a provision. A liability of 1 billion is recognized under provisions for this purpose.

— *Detailed explanations: section B 24/23 in the Notes*

9 BN

CAPITAL COMMITMENTS FOR DEVELOPMENT BANKS

Participation in development banks is part of Switzerland's multilateral development assistance. Only a small part of each of the participations is paid in, and the remainder is shown as capital commitments under contingent liabilities.

— *Detailed explanations: section B 24/25 in the Notes*

10 BN

SERV INSURANCE LIABILITIES

The insurance liabilities of Swiss Export Risk Insurance (SERV) amounted to 10 billion as of the reporting date. They include insurance policies (8 bn) and insurance commitments in principle (2 bn).

— *Detailed explanations: section B 24/26 in the Notes*

NET ASSETS/EQUITY

60 BN RESTRICTED

4 BN

ROADS/URBAN TRANSPORTATION

In recent years, fund inflows into the special financing for road construction and the motorway and urban transportation fund via restricted tax receipts have exceeded the investments made. In the future, the funds will still have to be allocated to the intended use.

-4 BN

RAIL

In the past, the expenditure of the railway infrastructure fund was higher than the funds intended for this purpose. Accordingly, the railway infrastructure fund has negative net assets/equity.

52 BN

SOCIAL INSURANCE

The net assets/equity of federal social insurance is consolidated as a positive element. However, these fund assets are restricted and earmarked for social insurance tasks.

7 BN

OTHER RESTRICTED FUNDS

Other restricted funds include the special funds and special financing allocable to net assets/equity, as well as the restricted funds of the ETH Domain.

6 BN

RISK CAPITAL

Due to their business activities, both PostFinance and SERV are obliged to build up corresponding risk capital.

-7 BN

OTHER NET ASSETS/EQUITY

Other net assets/equity can be used for general task performance.

— *Detailed explanations: section B 14, Statement of net assets/equity*

INVESTMENTS

The Confederation makes significant investments in its infrastructure assets in connection with the performance of its tasks. These stand against the decline in the value of existing infrastructure assets, which is recognized as depreciation.

	INVESTMENTS	DEPRECIATION AND AMORTIZATION
RAILWAY INFRASTRUCTURE	2.4 BN	-1.3 BN
MOTORWAYS	2.2 BN	-1.6 BN
LAND/BUILDINGS	1.9 BN	-1.0 BN
PROPERTY, PLANT AND EQUIPMENT/OTHER TANGIBLE FIXED ASSETS	1.1 BN	-1.9 BN
DEFENSE EQUIPMENT	0.3 BN	-0.6 BN
TELECOMMUNICATIONS	1.4 BN	-1.1 BN
SOFTWARE	1.2 BN	-1.0 BN

EMPLOYEES

The Confederation has 157,000 full-time positions (FTEs). These are divided between the Federal Administration (59,800 FTEs) and enterprises (97,200 FTEs) segments.

FEDERAL ADMINISTRATION

38 600
CONFEDERATION AS PARENT ENTITY

20 400
ETH

800
OTHER

ENTERPRISES

34 600
SWISS POST

4700
RUAG

35 000
SBB

1600
SKYGUIDE

19 700
SWISSCOM

1600
OTHER

16.6 BN

WAGES AND SALARIES

Wages and salaries paid to employees.

1.5 BN

FIRST PILLAR INCOMING PAYMENTS

Employer contributions paid into own AHV, IV, EO and ALV social insurance funds.

2.0 BN

SECOND PILLAR INCOMING PAYMENTS

Ordinary employer contributions to second pillar pension plans.

2 SEGMENTS

21 OVERVIEW OF CONSOLIDATED ENTITIES

The consolidated figures are summarized in segments. The segments of the consolidated financial statements are heterogeneous and subject to major differences in terms of risk and performance. The publication of financial information on individual segments should enable the readers of the financial statements to take a differentiated approach when assessing them.

Federal consolidated financial statements

FEDERAL ADMINISTRATION
Primarily tax-financed entities

Federal financial statements
Confederation as parent entity

Separate accounts
Railway infrastructure fund RIF
Motorway and urban transportation fund

Decentralized administrative units
Swiss Federal Institutes of Technology (ETH)
Swiss Federal Institute for Vocational Education and Training (SFIVET)
Federal Institute of Metrology (METAS)
Innosuisse
Pro Helvetia
Swiss National Museum (SNM)

ENTERPRISES
Entities that are not tax-financed or not primarily tax-financed

Companies with a federal stake
Swiss Federal Railways SBB
Swisscom AG
Swiss Post AG
RUAG International Holding AG
RUAG MRO Holding AG
Skyguide AG
SIFEM AG
BLS Netz AG

Decentralized administrative units
Swiss Financial Market Supervisory Authority FINMA
Swiss Federal Institute of Intellectual Property IIP
Swiss Federal Nuclear Safety Inspectorate ENSI
Federal Audit Oversight Authority FAOA
Swiss Export Risk Insurance SERV
Swiss Association for Hotel Credit SAH
Swiss capacity allocation body TVS
Swissmedic

SOCIAL INSURANCE
Federal social insurance

Social insurance
Old-age and survivors' insurance AHV
Disability insurance IV
Compensation for loss of earnings EO
Agriculture family allowances FL
Unemployment insurance ALV

22 FEDERAL ADMINISTRATION SEGMENT

Despite the absence of a profit distribution from the SNB, operating receipts grew significantly thanks to the strong performance in terms of tax receipts. On the whole, operating expenditure remained unchanged year on year. Overall, there was an annual surplus of 0.3 billion.

FEDERAL ADMINISTRATION SEGMENT: STATEMENT OF FINANCIAL PERFORMANCE

CHF mn	2022	2023	Δ 2022-23 Absolute	%
Tax receipts	69 493	74 784	5 291	8
Direct federal tax	24 781	27 835	3 054	12
Withholding tax	3 888	6 445	2 557	66
Stamp duty	2 483	2 181	-302	-12
Value added tax	24 588	25 148	559	2
Other consumption taxes	8 207	7 992	-214	-3
Misc. tax receipts	5 546	5 183	-363	-7
Other sovereign receipts	2 958	894	-2 064	-70
Misc. receipts	2 954	3 365	411	14
Operating receipts	75 405	79 042	3 637	5
Operating expenditure	-20 010	-19 750	261	-1
Personnel expenditure	-8 739	-8 916	-178	2
General, administrative and operating expenditure	-8 083	-7 526	557	-7
Depreciation and amortization	-3 189	-3 308	-119	4
Transfer expenditure	-57 979	-58 312	-333	1
Contributions to social insurance segment	-19 204	-18 390	814	-4
Contributions to federal enterprises segment	-3 328	-3 370	-42	1
Contributions to cantons and third parties	-35 447	-36 552	-1 105	3
Cantons' share of federal receipts	-6 582	-7 425	-844	13
Fiscal equalization to cantons	-3 623	-3 788	-164	5
Compensation to cantons	-2 234	-2 760	-525	24
Individual premium reductions (IPR) to cantons	-2 871	-3 044	-172	6
Contributions to international organizations	-2 047	-2 224	-177	9
Direct payments for agriculture	-2 811	-2 791	20	-1
AHV and IV supplementary benefits	-1 854	-1 941	-87	5
Redistribution of incentive fees	-1 082	-799	283	-26
Contributions to research promotion institutions	-1 183	-1 270	-87	7
Other contributions to cantons	-2 905	-3 147	-242	8
Other contributions to third parties	-8 235	-7 366	870	-11
Operating expenditure	-77 989	-78 062	-73	0
Operating result	**-2 584**	**980**	**3 565**	
Financial receipts	411	672	261	63
Financial expenditure	-1 141	-1 440	-299	26
Financial result	**-730**	**-768**	**-38**	
Result from financial interests	**140**	**101**	**-39**	
Surplus/deficit for the year	**-3 174**	**313**	**3 488**	

Note: the 2022 figures have been adjusted (see section 23, Changes in the 2023 financial statements)

OPERATING RECEIPTS

During the year under review, *tax receipts* rose to 74.8 billion (+5.3 bn). In the case of direct federal tax receipts, profit taxes (+2.2 bn) in particular, but also income taxes (+0.9 bn), experienced strong growth. This reflected the upturn following the crisis years, as the taxed profits and income concerned primarily 2022. Withholding tax receipts also increased (+2.6 bn). However, the year-on-year growth figure is distorted, as a non-recurring effect caused the 2022 level of receipts to be adjusted downward by 1.9 billion. Value added tax grew roughly in step with the economy (+0.6 bn). By contrast, stamp duty receipts fell (-0.3 bn), due primarily to the lower receipts from transfer stamp tax on foreign securities.

Coming in at 4.3 billion, *nontax receipts* were down significantly on the previous year (-1.7 bn) because of the absence of a profit distribution from the SNB.

OPERATING EXPENDITURE

Transfer expenditure

Coming in at 58.3 billion, *transfer expenditure* remained roughly at the previous year's level (+0.3 bn). Larger increases were recorded in the case of the cantons' shares of federal receipts (+0.8 bn) and compensation to the cantons for people seeking protection as a result of the war in Ukraine (+0.4 bn). The additional expenditure was largely offset by the absence of expenditure to deal with the COVID-19 pandemic (-2.5 bn). *Internal transfer expenditure* between the two other segments of the Confederation accounted for 21.8 billion of transfer expenditure; 36.6 billion was paid to recipients outside the scope of consolidation *(external transfer expenditure)*.

Internal transfer expenditure (21.8 bn): 18.4 billion (-0.9 bn) went to *social insurance* in the year under review. AHV accounted for 13.6 billion of this, IV 4.0 billion and ALV 0.6 billion. The year-on-year decrease was attributable to the discontinuation of extraordinary contributions for short-time working compensation and COVID-19 loss of earnings compensation. *Federal enterprises* received 3.4 billion. Transfer payments were made primarily to companies in the area of public transportation (rail, postal bus) in the form of subsidies for transportation services and civil engineering structures.

External transfer expenditure (36.6 bn): 17.0 billion, i.e. around half of external transfer expenditure, went to the cantons. In particular, this involved recurring payments from shares of federal receipts, fiscal equalization, individual premium reductions, AHV and IV supplementary benefits, and compensation. Transfer payments of 19.6 billion were made to third parties. Significant payments went to international organizations and agriculture, or were used to promote renewable energies and research.

Operating expenditure

Operating expenditure amounted to 19.8 billion. It mainly included personnel expenditure and general, administrative and operating expenditure of the Federal Administration and the ETH Domain.

Personnel expenditure (8.9 bn) and infrastructure *depreciation* (3.3 bn) were in line with the previous year's figures. The decrease in *general, administrative and operating expenditure* (-0.6 bn) was attributable essentially to the previous year's increase in the provision for the complete clearance of the former Mitholz ammunition depot.

FINANCIAL RESULT

The *financial result* was influenced by interest expenditure of 1.0 billion for Confederation bonds and money market debt register claims.

SURPLUS/DEFICIT FOR THE YEAR

Overall, there was an annual surplus of 0.3 billion.

23 ENTERPRISES SEGMENT

Swisscom and Swiss Post were the main contributors to the positive result of 2.1 billion for the year. However, SBB also made a profit in the year under review. Overall, the segment's surplus was up slightly on the previous year.

ENTERPRISES SEGMENT: STATEMENT OF FINANCIAL PERFORMANCE

CHF mn	2022	2023	Δ 2022-23 Absolute	Δ 2022-23 %
Service and production revenue	27 841	27 945	104	0
Postal service revenue	4 237	4 240	4	0
Income from financial services	1 318	1 315	-3	-0
Telecommunications service revenue	11 112	11 072	-41	-0
Armament sector revenue	1 594	1 337	-257	-16
Transportation revenue	5 340	5 703	362	7
Federal contributions	3 328	3 370	42	1
Other service revenue	912	908	-4	-0
Other revenue	4 586	4 957	371	8
Operating revenue	**32 428**	**32 902**	**475**	**1**
Personnel expenses	-12 474	-12 363	111	-1
General, administrative and operating expenses	-12 215	-12 338	-123	1
Cost of materials, goods and services	-5 602	-5 688	-86	2
Other general, administrative and operating expenses	-6 613	-6 649	-36	1
Depreciation and amortization	-5 497	-5 338	158	-3
Operating expenses	**-30 185**	**-30 039**	**146**	**-0**
Operating result	**2 242**	**2 863**	**621**	
Financial revenue	608	675	67	11
Financial expense	-372	-974	-602	162
Financial result	**236**	**-299**	**-535**	
Income from associates	**14**	**9**	**-6**	
Income taxes of federal enterprises	**-486**	**-487**	**-1**	**0**
Surplus/deficit for the year	**2 007**	**2 087**	**80**	

OPERATING REVENUE

Postal service revenue is generated by Swiss Post largely with the dispatch of letters, print media and parcels. The revenue of 4.2 billion reported in the year under review was stable compared with the previous year (+0%).

Financial service revenue is generated primarily by PostFinance and is a net figure. In the year under review, net income of 1.3 billion was achieved (-0%). The gradual normalization of the overall interest margin helped to stabilize the result.

Telecommunications service revenue comes exclusively from Swisscom. The revenue of 11.1 billion reported in the year under review was the same as in the previous year (+0%).

Armament sector revenue is generated by the RUAG companies. 0.7 billion of the 1.3 billion in turnover was generated in the defense technology sector and 0.6 billion in the civilian sector. The year-on-year drop in sales (-257 mn) was largely due to the divestiture of business arms.

Transportation revenue of 5.7 billion was generated by SBB and BLS Netz AG, as well as by postal buses. Transportation revenue was up by 362 million (+7%) year on year, and thus reached a higher level than that generated before the COVID-19 pandemic.

The *federal contributions* to the enterprises segment amounted to 3.3 billion (+42 mn). These are essentially federal payments for railway infrastructure and subsidies for regional passenger transportation.

Coming in at 0.9 billion, *other service revenue* remained at the previous year's level, and consisted mainly of revenue from air traffic control (Skyguide), insurance services (SERV), Swiss Post merchandise and fees for administrative acts (e.g. IIP, ENSI, Swissmedic, FINMA, TVS).

Other revenue of 5.0 billion included own work capitalized (2.1 bn) and building rental income (0.8 bn). The rise of 371 million (+8 %) was largely due to the increase in capitalized work (+0.2 bn).

OPERATING EXPENSES

Coming in at 12.4 billion, *personnel expenses* were slightly lower than a year earlier (-111 mn). Although the total wage bill rose by 237 million (+3%) year on year, retirement benefit costs plunged by 386 million (-32%). The reduction was caused primarily by valuation effects arising from the discount rates used to calculate retirement benefit costs.

General, administrative and operating expenses amounted to 12.3 billion, representing a year-on-year increase of 123 million (+1%). These include, among other things, the expenses for the creation of provisions for the accident in the Gotthard Base Tunnel at SBB (142 mn).

Depreciation and amortization were down by 158 million year on year, and totaled 5.3 billion. The previous year's figure included impairments of 128 million at SBB Cargo AG.

FINANCIAL RESULT

In the year under review, the financial result was negative at -0.3 billion, due essentially to an increase in interest expense and negative valuation changes with respect to the derivatives used to hedge interest rate and energy risks.

SURPLUS/DEFICIT FOR THE YEAR

The enterprises segment posted an annual surplus of 2.1 billion, which was up by 80 million on the previous year. Swisscom (1,711 mn) and Swiss Post (254 mn) in particular contributed to the surplus. Most of the other federal enterprises also achieved a positive or balanced result. However, it should be noted that half of Swisscom's positive contribution was attributable to minority shareholders.

24 SOCIAL INSURANCE SEGMENT

All insurance funds contributed to the positive apportionment result of 4.1 billion in total. The investment result was also positive at 1.9 billion, resulting in an overall annual surplus of just under 6 billion.

SOCIAL INSURANCE SEGMENT: STATEMENT OF FINANCIAL PERFORMANCE

CHF mn	2022	2023	Δ 2022-23 Absolute	Δ 2022-23 %
Contributions by insured persons/employers	51 914	53 303	1 389	3
Federal contributions	15 691	14 731	-960	-6
Contributions cantons	203	211	8	4
Tax shares	3 513	3 659	146	4
Other revenue	39	50	11	28
Operating revenue	71 360	71 954	593	1
Benefits in cash and in kind	-65 506	-66 206	-700	1
Administrative expenses	-1 608	-1 605	3	-0
Operating expenses	-67 113	-67 812	-699	1
Operating result	**4 247**	**4 142**	**-106**	
Investment result	-4 960	1 853	6 813	
Financial result	**-4 960**	**1 853**	**6 813**	
Surplus/deficit for the year	**-713**	**5 994**	**6 707**	

OPERATING RESULT

Federal social insurance is financed with a pay-as-you-go system. The insurance benefits paid out stand against the contributions of insured persons and employers, as well as government unit grants (primarily federal). The apportionment result shows whether contributions and grants can cover the insurance benefits paid out.

The consolidated apportionment result for federal social insurance was very positive at 4.1 billion. Like the previous year, all social insurance funds achieved positive apportionment results. Old-age and survivors' insurance (1.2 bn) and unemployment insurance (2.6 bn) in particular posted highly positive apportionment results.

FINANCIAL RESULT

In the year under review, a positive financial result of 1.9 billion (2022: -5 bn) resulted from the investments of the three compensation funds AHV/IV/EO. The funds are jointly managed and had assets of 40.6 billion as of the reporting date (2022: 37.3 bn). The funds' different risk profiles are taken into account when investing the assets, which leads to different investment returns.

SOCIAL INSURANCE SEGMENT: STATEMENT OF FINANCIAL PERFORMANCE BY ENTITY

CHF mn	AHV	IV	EO	ALV	Other	Consoli-dation	2023
Contributions by employers/ insured persons	37 428	6 048	2 159	7 859	23	-214	53 303
Contributions Confederation	10 090	4 031	–	569	41	–	14 731
Contributions cantons	–	–	–	190	21	–	211
Tax shares	3 659	–	–	–	–	–	3 659
Other revenue	5	35	–	9	–	–	50
Operating revenue	51 182	10 114	2 159	8 626	85	-214	71 954
Benefits in cash and in kind	-49 742	-9 414	-1 981	-5 200	-83	214	-66 206
Administrative expenses	-211	-599	-5	-788	-2	–	-1 605
Interest expense (AHV loan to IV)	–	-51	–	–	–	51	–
Operating expenses	-49 953	-10 064	-1 986	-5 988	-85	265	-67 812
Operating result	**1 229**	**50**	**173**	**2 638**	**–**	**51**	**4 142**
Investment result	1 576	156	73	48	–	–	1 853
Interest income (AHV loan to IV)	51	–	–	–	–	-51	–
Financial result	**1 627**	**156**	**73**	**48**	**–**	**-51**	**1 853**
Surplus/deficit for the year	**2 856**	**206**	**246**	**2 686**	**–**	**–**	**5 994**

OLD-AGE AND SURVIVORS' INSURANCE (AHV)

The AHV apportionment result amounted to 1,229 million (2022: 1,631 mn). Both expenditure and receipts increased year on year, with expenditure rising more sharply (+4.5%) than receipts (+3.5%). Receipts were divided into contributions from insured persons and employers (+3.2%), the federal contribution (+4.5%) and receipts from tax shares (+4.2%). Receipts from tax shares concern the casino tax and value added tax receipts.

The total assets of the AHV compensation fund (35.3 bn) generated a return of 4.46%. This corresponds to a positive investment result of 1,576 million. Overall, the insurance fund ended the year with an annual gain of 2,856 million.

DISABILITY INSURANCE (IV)

The AHV apportionment result amounted to 50 million (2022: 122 mn). Both expenditure and receipts increased year on year, with expenditure rising more sharply (+3.6%) than receipts (+2.8%).

The total assets of the IV compensation fund (3.6 bn) generated a return of 4.30%. This corresponds to a positive investment result of 156 million. Overall, the insurance fund ended the year with an annual gain of 206 million.

COMPENSATION FOR LOSS OF EARNINGS (EO)

The EO apportionment result amounted to 173 million (2022: 217 mn). Both expenditure and receipts increased year on year, with expenditure rising more sharply (5.9%) than receipts (+3.2%).

The total assets of the EO compensation fund (1.6 bn) generated a return of 4.46%. This corresponds to a positive investment result of 73 million. Overall, the insurance fund ended the year with an annual gain of 246 million.

UNEMPLOYMENT INSURANCE (ALV)

The ALV apportionment result amounted to 2,638 million (2022: 2,225 mn). The annual gain was attributable to the fact that contributions from insured persons and employers remained stable, while expenditure fell sharply due to the low rate of unemployment.

For the first time since 2020, the expenditure incurred in 2023 no longer includes short-time working compensation in connection with the COVID-19 pandemic. The back payments made in 2023 for vacation and public holiday compensation resulting from short-time working were already provisioned for in the 2022 financial statements, and were therefore charged to the provision. As a result, the federal contribution was also lower in the year under review.

3 FEATURES

31 CATEGORIES OF CONSOLIDATED ENTITIES

Aside from the central Federal Administration, other entities and organizations are allocated to the Confederation by virtue of ownership and financing relationships, or by law. These entities are likewise included in the consolidation scope of the consolidated financial statements.

ORGANIZATIONS/ENTITIES

The consolidated entities of the consolidated financial statements can be categorized as follows:

Confederation as parent entity
Funds with separate accounts
Decentralized administrative units with their own accounts
Companies with a federal stake
Federal social insurance

CONFEDERATION AS PARENT ENTITY

The Confederation as parent entity corresponds to the federal budget, which is subject to the debt brake rules. This corresponds to the definition of the federal financial statements and includes the departments and their administrative units, the Federal Chancellery, the Federal Assembly and its Parliamentary Services, the Federal Council, the general secretariats, the federal courts, including the arbitration commission and appeals commission, the Office of the Attorney General and the supervisory authority via the Office of the Attorney General, and the administrative units of the decentralized Federal Administration that do not maintain separate accounts.

The central Federal Administration covers ministerial tasks. These include in particular policy preparation and sovereign tasks, the performance of which is usually associated with intervention concerning fundamental rights (e.g. security, justice). They thus require a high degree of democratic legitimacy and political control; there is also a distinct need for coordination with other tasks of the central Federal Administration.

The Confederation as parent entity is financed mainly with the collection of taxes. While tax receipts account for more than 90% of the Confederation's total receipts, nontax receipts (e.g. profit distributions from companies with a federal stake and fees) are of minor importance. The Confederation as parent entity is essentially a transfer budget. Most of the funds are transferred in the form of contributions, compensation and shares. This transfer expenditure, together with the operating expenditure of the Confederation as parent entity, is subject to the debt brake.

FUNDS WITH SEPARATE ACCOUNTS

The funds with separate accounts include the railway infrastructure fund (RIF) and the motorway and urban transportation fund. The functioning of these funds is regulated by corresponding special laws. The Financial Budget Act (FBA) applies on a subsidiary basis. The two funds were spun off from the federal financial statements but are closely linked to them. They have no legal personality of their own. The funds were spun off from the federal financial statements in a bid to increase long-term planning and implementation certainty for investments in transportation infrastructure.

The RIF pays for operations and the preservation of value, as well as for the further expansion of the railway infrastructure. The motorway and urban transportation fund finances all federal expenditure in the motorway sector (operation, maintenance, expansion, completion of the motorway network and elimination of bottlenecks), as well as the contributions for urban transportation infrastructures.

The funds are financed mainly by means of restricted receipts and general federal budget deposits. These funds are subject to the debt brake for the federal financial statements. The RIF additionally receives annual cantonal contributions of at least 606 million (2022: 578 mn). Withdrawals from the funds are made according to the intended purpose and are not subject to the debt brake.

Consolidated entities

RIF, motorway and urban transportation fund

DECENTRALIZED ADMINISTRATIVE UNITS WITH THEIR OWN ACCOUNTS

The decentralized administrative units with their own accounts are legally independent and spun off from the central Federal Administration. Their task areas are very diverse, and they mainly perform services on a monopoly basis and economic and safety oversight functions. They are spun off from the central Federal Administration because the tasks do not have to be highly coordinated with other federal tasks, on the one hand, and a certain degree of autonomy is advantageous on the other hand. However, close ownership policy management remains indispensable.

Services on a monopoly basis are generally market-based tasks that could in principle be provided privately too. However, due to some market failures, as well as for historical and socio-political reasons, these tasks are performed by the public sector. Tasks that are determined by scientific, technical and international requirements and have little scope for political structuring are additionally subsumed here.

Although the *economic and safety oversight tasks* are of a sovereign nature, they have to be exempt from political influence in operational terms. Spinning off is necessary here in order to ensure the independence of supervisory activities.

The entities are financed according to task performance. Entities that mainly perform services on a monopoly basis are financed largely by contributions from the Confederation as parent entity (transfer payments). In the consolidated financial statements, they are allocated to the Federal Administration segment. Entities that perform economic and safety oversight tasks finance their activities mainly by means of supervisory duties and fees. They are allocated to the enterprises segment.

Consolidated entities

Services on a monopoly basis: ETH, SFIVET, METAS, Innosuisse, Pro Helvetia, SNM
Economic and safety oversight tasks: FINMA, IIP, ENSI, FAOA, SERV, SAH, TVS, Swissmedic

COMPANIES WITH A FEDERAL STAKE

The Confederation holds a majority stake in several companies, and controls these companies via its position as majority shareholder.

The services provided by these companies are basically controlled by the market. The public interest in ensuring a minimum supply standard should normally be taken into account by means of statutory provisions on basic supply (e.g. postal services, public transportation).

Accordingly, the entities are likewise financed primarily via the market. To the extent that the companies provide services in order to maintain basic supply, they are compensated from the federal financial statements (or funds with separate accounts).

Consolidated entities

Swiss Post AG, Swisscom AG, SBB, RUAG International Holding AG, RUAG MRO Holding AG, Skyguide AG, SIFEM AG, BLS Netz AG

FEDERAL SOCIAL INSURANCE

The (mandatory) social insurance of the first pillar (old-age and survivors' insurance, disability insurance), compensation for loss of earnings, agriculture family allowances and unemployment insurance are regarded as federal social insurance.

The first pillar covers the basic benefits of Swiss old-age, survivors' and disability pension provision. Compensation for loss of earnings provides reasonable compensation for the loss of earnings in the event of compulsory service and maternity and paternity leave. AHV and IV are implemented in a decentralized manner via employers, employees, a Central Compensation Office (CCO), the compensation funds of associations, the cantons and the Confederation, as well as IV offices. Asset management is centralized: all contributions go to the three AHV/IV/EO compensation funds, and all expenditure is also debited to these.

Unemployment insurance provides benefits in the event of unemployment, bad weather stoppages, short-time working and the employer's inability to pay. Unemployment insurance also pays for reintegration measures. Responsibilities are divided between the various implementing bodies. The cantons and social partners are involved in implementation. The compensation office and the supervisory commission for the unemployment insurance compensation fund are primarily responsible for management and supervision. This is a legally dependent fund with its own accounts. The assets of this compensation fund are managed by the Confederation.

Federal social insurance is financed by means of the pay-as-you-go system. This means that social insurance benefits are financed essentially by the contributions from insured persons and employers. A significant portion of the financing for social insurance also comes from contributions from government units.

Consolidated entities

Old-age and survivors' insurance, disability insurance, compensation for loss of earnings, agriculture family allowances, unemployment insurance

32 MANAGEMENT OF THE CONSOLIDATED ENTITIES BY THE CONFEDERATION

Management varies depending on the structure of the entities and organizations. The following framework generally applies.

CONFEDERATION AS PARENT ENTITY AND FUNDS WITH SEPARATE ACCOUNTS

The federal financial statements and the separate accounts of the RIF and the motorway and urban transportation fund together form the state financial statements. The partial financial statements of the state financial statements are not consolidated, but they must be approved individually by the Federal Assembly.

The Federal Assembly has various instruments at its disposal for managing and controlling the Confederation's expenses and investment expenditure. In this regard, a distinction has to be made between payment frameworks and guarantee credits, with which the multi-year management function is performed in important areas and in the case of commitments extending over more than one year, and budgetary and supplementary credits, which cover an entire (annual) accounting period.

Aside from managing expenditure and expenses, Parliament also has the possibility of directly influencing outputs and outcomes in the budgeting and financial planning process if required.

Based the requirements of the Constitution and the law, the Federal Assembly decides on the annual deposits in funds with separate accounts within the framework of the budget. During the term of the funds, it also approves their accounts annually. At the same time as the federal decree on the federal budget, it additionally determines with a simple federal decree the amount of funds withdrawn from the funds annually.

DECENTRALIZED ADMINISTRATIVE UNITS WITH THEIR OWN ACCOUNTS/ COMPANIES WITH A FEDERAL STAKE

Despite the spinning off of a federal task, the Confederation remains responsible for the performance of the task as guarantor. The Confederation can be the owner or the main or majority shareholder of the entity. Its influence depends to a large extent on the spun-off entity's legal concept. The management instruments must be comprehensive, i.e. they must be geared toward the long, medium and short term.

Management is legally enshrined and is designed for the long term. In that regard, companies limited by shares are based on the Code of Obligations, unless a special law provides otherwise. The Confederation is legally obliged to hold a majority of the capital and voting rights in its companies. There is more regulatory room for maneuver in the case of institutions; in this respect, the sample templates based on the Confederation's corporate governance guidelines and task typology in particular are intended to ensure standardization, provided no deviations are justified.

The Federal Council generally adopts strategic objectives for each spun-off entity every four years; only in the case of the economic and safety oversight entities does the supreme governing body decide, with the approval of the Federal Council if need be.

As a rule, owner talks take place several times a year between the owner (federal representatives) and the top management of the spun-off entities. These involve interim reporting on the achievement of objectives and discussions concerning current issues.

FEDERAL SOCIAL INSURANCE

The principle of centralized legislation and supervision by the Confederation and decentralized implementation applies. The Confederation monitors the enforcement of laws and ensures they are applied uniformly. In addition, the Federal Council reports regularly on the implementation of social insurance.

The Federal Council's politico-strategic management of federal social insurance essentially corresponds to its function as state leader. The Federal Council and the administration should identify current and future challenges as early as possible, and initiate suitable measures where necessary. The Federal Commission for the Old-Age, Survivors' and Invalidity Insurance and the Supervisory Commission for the Unemployment Insurance Fund support the Federal Council in this task by examining issues concerning the implementation and further development of the relevant insurance, among other things. They can also submit suggestions to the Federal Council.

The development of social insurance is highly influenced by the economic and social environment. Social insurance benefits are defined by law and therefore cannot be influenced in the short term by the Federal Council and Parliament.

33 RELATIONSHIP BETWEEN THE CONSOLIDATED AND THE FEDERAL FINANCIAL STATEMENTS

The consolidated financial statements are more comprehensive than the federal financial statements. However, the federal financial statements can be compared with the Federal Administration segment.

Unlike the federal financial statements, which are approved by Parliament and limited to the Confederation as parent entity, the consolidated financial statements additionally take account of the results of companies affiliated with the Confederation and of social insurance. Consequently, they consist of three segments.

FEDERAL CONSOLIDATED FINANCIAL STATEMENTS

CHF mn	2023
Statement of financial performance	
Surplus/deficit for the year	8 394
Federal Administration segment	313
Enterprises segment	2 087
Social insurance segment	5 994

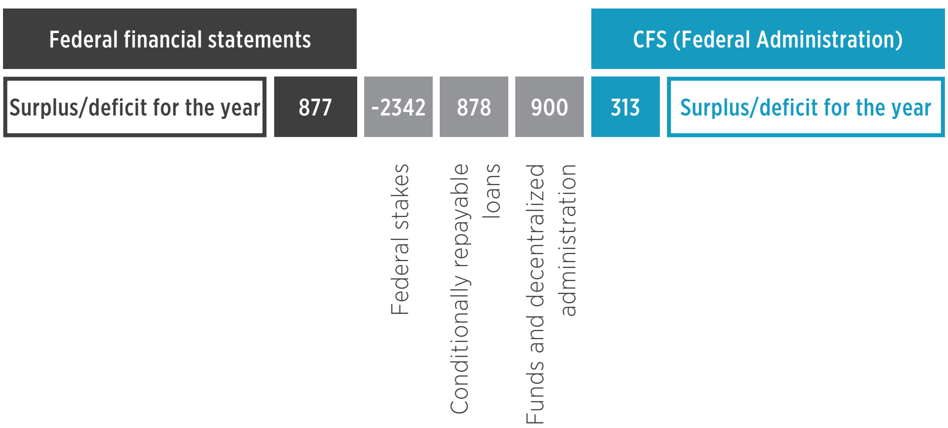
The results of the Federal Administration segment are not identical to the results in the federal financial statements. The two sets of annual results differ in the following areas:

Federal stakes: in the federal financial statements, the change in the equity stake of federal enterprises (2,410 mn) is recorded as a result from financial interests. In the consolidated view, only the result of associates (68 mn) remains in the Federal Administration segment. By contrast, the result from fully consolidated federal stakes (2,342 mn) is attributable to the enterprises segment.

Conditionally repayable loans: the investment contributions for tunnel excavations and conditionally repayable loans to finance railway infrastructure are depreciated directly via expenses in the federal financial statements. In the consolidated view, however, these payments result in infrastructure assets. Consequently, recognition in the statement of financial performance is reversed for the consolidated financial statements.

Funds and decentralized administration: in addition to the federal financial statements, the Federal Administration segment includes the results of funds with separate accounts (RIF and motorway and urban transportation fund), as well as the results of the primarily tax-financed units of the decentralized administration.

FROM THE SURPLUS/DEFICIT IN THE FEDERAL FINANCIAL STATEMENTS TO THE SURPLUS/DEFICIT IN THE FEDERAL ADMINISTRATION SEGMENT



FEDERAL FINANCIAL STATEMENTS

The consolidated financial statements correspond to the view in terms of financial performance. The principle of recognition on an accrual basis applies to *statements of financial performance*. In the federal financial statements, aside from the performance approach, the financing approach in particular is also decisive.

Under the financing approach, the *overall fiscal balance* is decisive. This is tailored to the special needs of the debt brake and is thus the key instrument for the Confederation's political management. The two approaches differ in the following areas:

FEDERAL FINANCIAL STATEMENTS: FROM THE SURPLUS/DEFICIT IN THE FEDERAL FINANCIAL STATEMENTS TO THE FISCAL BALANCE

Differences between the performance approach and the financing approach

Federal stakes: in the overall fiscal balance, only the dividend payments actually received (in the year under review: 832 mn) are taken into account instead of the proportional changes in equity (in the year under review: 2,410 mn). The increase in net assets/equity is not decisive for the overall fiscal balance, as a significant proportion of this amount remains in the companies for the development of their business activities. Only the amount distributed to the Confederation in its capacity as owner is decisive for the management of the federal budget. However, the change in net assets/equity of the companies is (with a few exceptions) recognized proportionally in the statement of financial performance.

Depreciation vs. investments: instead of depreciation, the overall fiscal balance takes account of the investments actually made in the year under review. Depreciation is not an appropriate item for political steering, as the depreciation of non-current assets is a consequence of earlier investment decisions and can no longer be influenced. In the statement of financial performance, by contrast, the reduction in value of recognized assets (in the form of depreciation and value adjustments) and withdrawals from inventories are both charged to the surplus or deficit for the year. Overall, the investments that impacted the overall fiscal balance were 730 million higher than the reduction in value charged to the statement of financial performance.

34 RELATIONSHIP BETWEEN THE CONSOLIDATED FINANCIAL STATEMENTS AND FINANCIAL STATISTICS

The statistics on Switzerland's public finances ("financial statistics") show the financial figures of the government units and the general government sector with its four sub-sectors. By contrast, the consolidated financial statements are divided into three segments.

THE GENERAL GOVERNMENT SECTOR IS COMPRISED OF THE FOLLOWING SUB-SECTORS

Confederation sub-sector
Cantons sub-sector
Municipalities sub-sector
Social security funds sub-sector

In the financial statistics, the entities incorporated within the "general government" sector are determined on the basis of the criteria laid down in the European System of Accounts (ESA 2010). By contrast, the consolidated financial statements follow the accounting standard control criterion (IPSAS). As a result, the consolidation scopes of the financial statistics and the consolidated financial statements are not identical.

CONSOLIDATION SCOPE DIFFERENCES

The "Confederation" sub-sector is comparable with the "Federal Administration" segment in the consolidated financial statements, but it is not entirely identical. The "Confederation" sub-sector is more comprehensive than the "Federal Administration" segment and additionally contains the following: Swiss National Science Foundation, Switzerland Tourism and Building Foundation for International Organisations (FIPOI).

The "social security funds" sub-sector is virtually congruent with the "social insurance" segment of the consolidated financial statements. The only difference concerns "Geneva maternity insurance", which is additionally included in the "social security" sub-sector of the financial statistics.

The "cantons" and "municipalities" sub-sectors are covered only by the financial statistics.

By contrast, companies with a federal stake and decentralized administrative units that are not tax-financed or not primarily tax-financed are combined in the "enterprises" segment in the consolidated financial statements. The entities in this segment are not part of the *general government sector* in the financial statistics.

MEASUREMENT AND RECORDING DIFFERENCES

The criteria for the recording and measurement of items in the financial statistics differ in some cases from the IPSAS recording and measurement requirements.

In the financial statistics, items in the statement of financial position are more frequently measured at market values, while under IPSAS they are generally valued at historical acquisition and production costs or at amortized cost.

FINANCIAL REPORT

B

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FINANCIAL REPORT

1 ANNUAL FINANCIAL STATEMENTS

11 STATEMENT OF FINANCIAL PERFORMANCE

CHF mn	2022	2023	Notes section
Tax receipts	69 493	74 784	1
Service and production revenue	25 681	25 981	2
Social insurance revenue	50 940	52 306	3
Other revenue	8 637	7 145	4
Operating revenue	154 752	160 215	
Personnel expenses	-19 996	-20 022	5
General, administrative and operating expenses	-21 228	-20 797	6
Transfer expenditure	-35 429	-36 554	7
Social insurance expenses	-65 506	-66 208	3
Depreciation and amortization	-8 689	-8 649	15/16
Operating expenses	-150 847	-152 230	
Operating result	3 905	7 985	
Financial result	-5 454	786	8
Income from associates	154	110	17
Income taxes of federal enterprises	-486	-487	9
Surplus/deficit for the year	**-1 881**	**8 394**	
Confederation's share	*-2 575*	*7 553*	
Minority interests	*694*	*841*	

Note: the figures for 2022 have been adjusted (see section 23, Changes in the 2023 financial statements)

12 STATEMENT OF FINANCIAL POSITION

CHF mn	2022	2023	Notes section
Assets	**367 785**	**361 558**	
Cash and cash equivalents	58 306	48 491	11
Receivables	23 067	23 792	12
Financial investments	118 508	118 422	13
Prepaid expenses and accrued income	7 721	7 893	
Current and deferred income tax assets	675	677	
Inventories	4 884	4 709	14
Tangible fixed assets	138 468	141 096	15
Intangible fixed assets	9 610	9 893	16
Financial interests	6 144	6 283	17
Employee retirement benefit assets	403	304	21
Liabilities and equity	**367 785**	**361 558**	
Liabilities	306 129	293 289	
Current liabilities	23 333	26 258	18
Accrued expenses and deferred income	13 046	12 243	
Financial liabilities	124 311	112 223	19
Client funds	91 640	90 310	19
Current and deferred income tax liabilities	1 349	1 483	
Provisions	43 440	40 921	20
Employee retirement benefits	2 567	3 488	21
Other liabilities	6 444	6 364	22
Net assets/equity	61 655	68 269	
Minority interests	8 794	9 040	
Net assets/equity of the Confederation	52 862	59 230	
Restricted funds	53 075	60 064	
Other net assets/equity	-213	-835	

Note: the figures for 2022 have been adjusted (see section 23, Changes in the 2023 financial statements)

13 CASH FLOW STATEMENT

CHF mn	2022	2023
Total cash flow	**-6 106**	**-9 815**
Cash flow from operating activities	7 017	15 660
Surplus/deficit for the year	-1 881	8 394
Depreciation and amortization	8 689	8 650
Income associated financial interests	-141	-110
Profit from disposals	-195	-167
Increase/decrease in provisions, net	279	-2 518
Non-cash fair value adjustments	4 712	204
Other non-cash transactions	-783	135
Change in other net operating assets	-3 662	1 071
Cash flow from investing activities	-14 413	-11 175
Acquisition of tangible and intangible fixed assets	-10 384	-11 385
Disposal of tangible and intangible fixed assets	584	377
Acquisition of financial interests and subsidiaries	-73	-268
Sale of financial interests and subsidiaries	684	44
Financial investment expenditure	-5 245	38
Dividends and profit distributions received	21	18
Cash flow from financing activities	1 290	-14 299
Cash inflow/outflow from client assets	-4 552	-1 327
Net issuance/redemption of bonds	2 005	2 214
Net issuance/redemption of money market paper	5 500	-545
Net issuance/repayment of bank loans	-72	-317
Net borrowing/repayment of repo transactions	-3 967	-11 526
Net issuance/redemption of other financial liabilities	2 942	-2 265
Dividends and profit distributions	-563	-559
Change in minority interests	-2	27

CASH FUND STATEMENT

CHF mn	2022	2023
Cash and cash equivalents balance at 01.01.	64 411	58 306
Increase (+) / decrease (-)	-6 106	-9 815
Cash and cash equivalents balance at 31.12.	58 306	48 491

14 STATEMENT OF NET ASSETS/EQUITY

CHF mn	Road	Rail	Social insurance	Other	Total restricted funds	Venture capital	Net assets/ equity	Total federal net assets/ equity	Minority interests	Total net assets/ equity
As of 01.01.2022	**4 071**	**-5 820**	**47 065**	**7 121**	**52 437**	**5 613**	**-5 070**	**52 980**	**8 692**	**61 671**
Change in special constructs	–	–	–	35	35	–	–	35	–	35
Revaluation employee retirement benefits	–	–	–	–	–	–	2 989	2 989	44	3 033
Revaluation associated companies	–	–	–	–	–	–	12	12	0	12
Revaluation financial instruments	–	–	–	–	–	–	-685	-685	-21	-705
Change in deferred taxes	–	–	–	–	–	–	-90	-90	-4	-93
Change in currency translations	–	–	–	–	–	–	10	10	-53	-43
Total items recognized under net assets/equity	–	–	–	35	35	–	2 237	2 272	-33	2 239
Surplus/deficit for the year	143	1 171	-713	1	603	–	-3 178	-2 575	694	-1 881
Total profit and loss recognized	143	1 171	-713	36	638	–	-941	-304	661	358
Dividends	–	–	–	–	–	–	-2	-2	-561	-563
Change in reserves	–	–	–	–	–	350	-350	0	–	0
Transactions with minority shareholders	–	–	–	–	–	–	-1	-1	-2	-3
Other transactions	–	–	-0	–	-0	–	188	189	5	193
As of 31.12.2022	**4 214**	**-4 649**	**46 352**	**7 157**	**53 075**	**5 963**	**-6 176**	**52 862**	**8 794**	**61 655**
Change in accounting policies	–	–	53	30	83	–	130	214	–	214
As of 01.01.2023	**4 214**	**-4 649**	**46 406**	**7 187**	**53 158**	**5 963**	**-6 046**	**53 075**	**8 794**	**61 869**
Change in special constructs	–	–	–	4	4	–	-0	4	–	4
Revaluation employee retirement benefits	–	–	–	–	–	–	-1 279	-1 279	-31	-1 310
Revaluation associated companies	–	–	–	–	–	–	46	46	-0	46
Revaluation financial instruments	–	–	–	–	–	–	-120	-120	16	-104
Change in deferred taxes	–	–	–	–	–	–	-26	-26	3	-22
Change in currency translations	–	–	–	–	–	–	-131	-131	-65	-196
Total items recognized under net assets/equity	–	–	–	4	4	–	-1 510	-1 507	-77	-1 584
Surplus/deficit for the year	-171	1 003	5 994	76	6 903	–	650	7 553	841	8 394
Total profit and loss recognized	-171	1 003	5 994	80	6 907	–	-860	6 046	764	6 810
Dividends	–	–	–	–	–	–	0	0	-559	-559
Change in reserves	–	–	–	–	–	344	-344	–	–	–
Transactions with minority shareholders	–	–	–	–	–	–	-58	-58	27	-31
Other transactions	–	–	–	–	–	–	166	166	15	181
As of 31.12.2023	**4 043**	**-3 646**	**52 400**	**7 267**	**60 064**	**6 308**	**-7 143**	**59 230**	**9 040**	**68 269**

CATEGORIES OF NET ASSETS/EQUITY

Restricted funds

The vast majority of net assets/equity is restricted and cannot be used for the general performance of tasks. Earmarking within the meaning of the federal consolidated financial statements exists if, at the time of the inflow of funds, the law or fund providers prescribe that the funds are to be used for a predefined purpose.

The allocations were as follows:
- The roads restricted funds include the net assets/equity of the motorway and urban transportation fund and the special financing for road transportation.
- The rail restricted funds include the negative net assets/equity of the railway infrastructure fund (RIF).
- The social insurance restricted funds include the net assets/equity of the old-age and survivors' insurance, disability insurance, compensation for loss of earnings and unemployment insurance social security institutions.
- Other restricted funds include the special funds and special financing allocable to net assets/equity pursuant to Articles 53 and 54 of the FBA (excluding special financing for road transportation), the other restricted funds of the federal financial statements, as well as the restricted funds of the ETH Domain and Pro Helvetia.

Risk capital

In addition, the risk capital category is reported separately. This includes the required own funds of PostFinance, as well as SERV's core capital and risk-bearing capital.

Other net assets/equity

The figure for other net assets/equity is obtained after subtracting restricted funds, risk capital and the capital attributable to minority shareholders of consolidated companies. It is influenced primarily by the annual results of the Confederation and federal enterprises, as well as by the revaluation of employee retirement benefits, and it can thus vary considerably from year to year. Due to the negative annual results between 2020 and 2022, caused mainly by the COVID-19 pandemic, other net assets/equity showed a deficit of 7.1 billion at year-end.

Minority interests

The values of Swisscom AG and BLS Netz AG are fully consolidated (100%) in the consolidated financial statements, as the Confederation controls these companies via its position as majority shareholder (51%). However, 49% of the net assets/equity is attributable to minority shareholders. The minority interests result mainly from these two financial interests.

2 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

21 CONSOLIDATION PRINCIPLES

CONSOLIDATED FINANCIAL STATEMENT ACCOUNTING STANDARDS

Pursuant to the Financial Budget Ordinance (FBO), the consolidated financial statements are prepared in accordance with the International Public Sector Accounting Standards (IPSAS). The fundamental purpose of financial statements is to give a true and fair view.

CONSOLIDATED ENTITY ACCOUNTING STANDARDS

With the exception of social insurance, all of the entities included in the consolidated financial statements prepare financial statements which also follow the principle of a true and fair view. Consequently, these financial statements are transferred largely unchanged into the consolidated financial statements. However, if the accounting and valuation principles of the rules applied by the consolidated entities differ significantly from those of the IPSAS, the entities' financial statements are adjusted to the IPSAS.

The following significant deviations have been identified and adjusted for the consolidated financial statements:

— *Railway civil engineering structures:* the costs incurred for tunnel excavation work are not capitalized in the financial statements of SBB and BLS Netz AG (Lötschberg, Rosshäusern). In the consolidated financial statements, these civil engineering structures are recognized and depreciated according to their service potential.
— *Financial liabilities:* the conditionally repayable loans recognized as financial liabilities in the financial statements of SBB and BLS Netz AG are treated as net assets/equity in the consolidated financial statements. The loans granted by the Confederation are eliminated during consolidation. The conditionally repayable loans granted by the cantons remain in consolidated net assets/equity.
— *Employee retirement benefits:* some financial statements are prepared in accordance with Swiss GAAP FER (e.g. SBB, RUAG and Skyguide). Accordingly, obligations under employee pension plans are recognized under liabilities only if restructuring commitments actually exist. By contrast, the consolidated financial statements recognize a liability for all retirement benefits using an actuarial calculation (IPSAS 39).

DEVIATIONS FROM THE IPSAS IN THE CONSOLIDATED FINANCIAL STATEMENTS

Following the adjustment of the financial statements to the IPSAS as described above, the following areas where the consolidated financial statements do not comply with the IPSAS accounting and valuation principles remain.

Reporting on an accrual basis

Direct federal tax receipts are recognized at the time the federal share is invoiced by the cantons (accrual principle). This means there is no reporting on an accrual basis.

The contributions of insured persons to the Confederation's social insurance are recognized at the time of the incoming payment. This means there is no reporting on an accrual basis.

Accounting and valuation

The capitalization of defense equipment includes the main systems (A systems) according to the armament programs. Other defense equipment expenses are thus recorded at cost and not over the period of the useful life.

INTERCOMPANY RELATIONSHIPS

To enable a net view, intra-group transactions must be eliminated during consolidation. As there are significant capital ties and transfer payments between the consolidated entities, the consolidated financial statements also apply this principle. Consequently, the figures presented are highly meaningful.

For economic reasons (time factor, cost/benefit considerations), the consolidated financial statements deviate from this principle in the following cases. The effects of the simplifications on the statement of financial position and statement of financial performance are insignificant overall and do not lead to any material loss of information. By contrast, the amount of work required to collect these figures would be disproportionately high for the consolidated entities involved.

Fair value transactions between the consolidated entities

The consolidated entities have a variety of reciprocal business transactions that are carried out at market rates (e.g. postal services, telephony and internet fees, rail travel, etc.). During consolidation, these transactions should generally be removed and the resulting intercompany profits eliminated. The revenue from these transactions and the resulting receivables and liabilities are not eliminated for economic reasons (cost/benefit considerations). Both the annual surplus/deficit and the statement of financial position of the consolidated financial statements are only marginally affected by refraining from doing this.

Transactions between the Federal Administration (DDPS) and RUAG are an exception. The total corresponding RUAG revenue is offset against the defense expenses of the DDPS. Intercompany profits are not taken into account. By contrast, reciprocal receivables and liabilities are eliminated.

Direct federal tax transactions

The activities of federal enterprises are generally subject to direct federal tax, unless they are explicitly exempt from it (e.g. rail services). The direct federal tax recognized by the federal enterprises is not eliminated with the corresponding tax revenue or receivables/liabilities of the Federal Tax Administration.

Similarly, the deferred tax items recognized by federal enterprises for direct federal tax are not taken into account. The items recognized by companies for deferred direct federal tax constitute a one-sided intercompany relationship. The Federal Tax Administration does not record any corresponding counter-item for this. The amounts are not reversed in the statement of financial performance or statement of financial position.

ADJUSTMENT OF PRIOR-YEAR FIGURES

If a consolidated entity adjusts its prior-year figures in the form of a retrospective restatement, the prior-year figures of the consolidated financial statements are generally not adjusted. Effects resulting from the adjustment are recognized directly in net assets/equity as of January 1 of the year under review without affecting the statement of financial performance.

The adjustment made during the year under review with respect to the recognition of direct federal tax is an exception. The previous year's figures were also adjusted for comparison purposes. Further details can be found in section 23, Changes in the 2023 financial statements.

22 ACCOUNTING AND VALUATION PRINCIPLES

ACCOUNTING PRINCIPLES

Assets are shown as assets in the statement of financial position if they generate a future economic benefit (net inflows of funds) or if they directly serve the fulfilment of public tasks (service potential). Existing liabilities are shown under liabilities and equity in the statement of financial position if their settlement is likely to result in an outflow of funds. Moreover, it must be possible to estimate them reliably.

VALUATION PRINCIPLES

Items in the statement of financial position are generally valued at historical acquisition and production costs or amortized cost, unless a standard or statutory requirements prescribe a different valuation principle.

CURRENCY TRANSLATION

The reporting currency is Swiss francs. The consolidated financial statements also include the translation method used by the consolidated entities to convert accounts in a foreign currency or to convert the closing accounts of subsidiaries. No group conversion rates are issued.

VALUE ADJUSTMENT PRINCIPLES

The impairment of recognized assets is always tested if it appears that the carrying amounts may be too high owing to changed circumstances or other events. If this is the case, the procedure is as follows:

Financial assets

An impairment loss on financial assets carried at amortized cost is calculated as the difference between the carrying amount and the present value of estimated future cash flows taking the original effective interest rate into account.

Other assets

The impairment principles for other assets differ depending on whether an asset is classified as a cash-generating or non-cash-generating asset.

Cash-generating assets are assets that are held with the main objective of generating an economic return. In this case, the carrying amount is compared with the recoverable amount (higher of fair value less costs to sell and value in use). If the carrying amount exceeds the recoverable amount, the difference is recognized as a value adjustment.

If the carrying amount of *non-cash-generating assets* exceeds the higher of fair value less costs to sell and service potential, an impairment loss in the amount of the difference is recognized as an expense. It can be difficult to calculate the service potential for some assets, as there are no cash flows. One of the following methods is used to determine the present value of the remaining service potential:
- Replacement cost method with accumulated depreciation
- Restoration cost method

RECOGNITION OF REVENUE

Each inflow of funds of an entity is assessed to determine whether it is an inflow from exchange transactions (IPSAS 9) or an inflow from non-exchange transactions (IPSAS 23). In the case of a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

If an *exchange transaction* exists, the revenue is generally recognized at the time of delivery and service provision. In the case of project contracts, the performance obligation not yet fulfilled is allocated to liabilities. The revenue is accounted for and shown by reference to the stage of completion of the project.

In the case of a *non-exchange transaction*, it is necessary to determine whether or not a service or repayment obligation exists. In the event of such an obligation, the corresponding amount is recognized under liabilities at the time of contract conclusion, and the revenue is recognized according to the progress of the project in question.

If neither an exchange transaction nor a service or repayment obligation exists, as is usually the case with grants, the revenue is recognized in full in the statement of financial performance in the year under review.

Revenue is structured as follows:

Tax receipts

Direct federal tax is recognized at the time the cantons invoice the federal share (accrual principle). This means that recognition is not on an accrual basis. The information required for recognition with the accrual accounting method is not available at the time the annual financial statements are prepared. Due to the reporting timeframes required by the cantons, receipts cannot be recognized immediately at the time of invoicing, but only with a delay of one month.

The cantons' shares are recognized separately as an expense. *Value added tax receipts* are calculated on the basis of amounts receivable and payable from settlements (including supplementary settlements, credit advices, etc.) during the fiscal year. Receivables from estimates due to the non-submission of VAT returns are only recognized as revenue with an empirical value of 20% due to the low probability of an inflow of funds.

Service and production revenue

Service revenue is recognized on a straight-line basis over the term of the contract or at the time the service is rendered. Revenue from product sales is recognized in the statement of financial performance when the risks and opportunities of ownership of the products are transferred to the buyer.

Social insurance revenue

Contributions by employers and insured persons (personal contributions and wage contributions) are based on the current contribution rates. They are recorded on a cash accounting basis.

Other revenue

Some other revenue, such as building revenue, is recorded on a pro rata basis. Other forms of other revenue, such as the Swiss National Bank's profit distribution, are recognized when the legal entitlement to the payment has arisen.

RECOGNITION OF EXPENSES

In accordance with the principle of accrual accounting, expenses are allocated to the accounting period in which they were incurred (e.g. personnel expenses). In the area of general, administrative and operating expenses, the time at which the goods or services were received or supplied is generally decisive. In the case of transfer expenditure, the expenses are recorded on the basis of an order or other legally binding assurance or, where no direct service is rendered, at the time when the contribution becomes due.

TANGIBLE FIXED ASSETS

Tangible fixed assets are recognized in the statement of financial position at acquisition cost or production cost, less accumulated depreciation. Depreciation is on a straight-line basis over the estimated useful life of the asset. The permissible useful life ranges are as follows:

Property, plant and equipment	
Machines, appliances, tools, office machines, etc.	3–15 years
Passenger vehicles, delivery vans, lorries, buses	3–20 years
Railway locomotives, aircraft, ships	10–33 years
IT (hardware), communication systems	2–10 years
Furniture	3–20 years
Fixtures and fittings, operating equipment	3–25 years
Land and buildings	
Land	Unlimited
Buildings, structures	10–75 years
Hydraulic engineering structures	40–80 years
Armaments	
Main systems (A systems)	10–75 years
Communication infrastructures	
Technical equipment (cables, ducts)	30–40 years
Technical equipment (transmission and switching equipment)	3–15 years
Other investments	3–15 years
Motorway infrastructures	
Roads, bridges	30 years
Tunnels	50 years
Electromechanical equipment	10 years
Rail infrastructures	
Technical equipment (cables, ducts), railway technology, overhead lines	10–33 years
Civil engineering structures (bridges, tunnels), substructure, superstructure	25–50 years
Tunnel excavations	80 years

The capitalization of *defense equipment* includes the main systems (A systems) according to the armament programs. Defense equipment comprising components with differing periods of useful life is not recorded or depreciated separately. Other defense equipment eligible for capitalization is not recognized in the statement of financial position. Unlike the main systems, the data required for capitalization of other defense equipment can be collected only with considerable effort, which is why it is not capitalized. Except in the case of main systems, the expenses for this defense equipment are thus recorded at cost and not over the period of the useful life.

Federal *works of art* are not capitalized in the statement of financial position. The Federal Office of Culture keeps an inventory of all items owned by the Confederation.

INTANGIBLE FIXED ASSETS AND GOODWILL

Intangible fixed assets acquired or created are valued at acquisition or production cost.

Goodwill	No planned amortization, impairment test
Software	Term or useful life
Other intangible fixed assets (licenses, patents, rights, client relationships, brands)	Term or useful life

FINANCIAL INTERESTS

A distinction has to be made between associates and other financial interests.

In the case of *associates*, the Confederation can have a significant impact on their business activities without controlling them. A significant impact is generally assumed with a 20% to 50% share of voting rights. Associates are generally valued at equity. Alternatively, they can also be valued at cost if the proportionate equity of a financial interest is less than 50 million.

Other financial interests are financial interests in companies and organizations over which the Confederation cannot exercise control or have significant influence due to its position. Other financial interests are shown under this item in the statement of financial position only if they are held for the performance of tasks. In this case, they are valued at cost because, as a rule, there are no fair values. By contrast, financial interests for investment purposes are recognized under financial investments and, for the most part, are valued at market rates.

Equity method

Valuation using the equity method is based on closing accounts that are adjusted to the accounting standards of the consolidated financial statements.

Valuation using the equity method is based on the company's most recent closing accounts available. If this does not correspond to the reporting date of the consolidated financial statements, either closing accounts are obtained for the reporting date of the consolidated financial statements or they are based on the company's last available closing accounts and are updated to reflect the significant transactions between the two reporting dates.

Valuation at cost

The initial valuation at cost is based on the actual acquisition costs. The acquisition value generally corresponds to the capital paid in.

Subsequent measurement is also based on acquisition costs, as no market prices can be used for measurement. Acquisition costs in foreign currencies are valued at the exchange rate applicable on the reporting date.

If the company significantly restricts its business or administrative activities or if future financial flows (e.g. the possibility of conversion into liquid funds, interest payments, dividend payments) are adversely affected, impairment is tested.

EMPLOYEE RETIREMENT BENEFITS

Employee retirement benefits include obligations under pension plans of the Confederation and federal enterprises which pay out benefits upon retirement, death and disability.

In accordance with the requirements of IPSAS 39, these pension plans are to be classified as defined benefit plans. In contrast to the static method of accounting for employee benefits under Swiss pension law, vested employee benefits are measured on a basis to reflect future changes in salary and pension levels, applying the “substance over form” approach in IPSAS 39. The employee retirement benefits shown in the statement of financial position correspond to the present value of defined benefit employee retirement benefits less the fair value of plan assets.

The current service cost and obligations under pension plans are calculated using the actuarial valuation method known as the projected unit credit method (PUC). The calculation is based on information on those insured (wage, retirement savings, etc.) using demographic parameters (retirement age, fluctuation rate, disability rate, mortality rate) and financial parameters (wage and pension development, interest rate). The calculated values are discounted to the measurement date using a discount rate.

The statement of financial performance shows the current service cost, administrative costs and the interest on net retirement benefits under personnel expenses. Gains and losses on plan changes are recognized in the statement of financial performance, provided that the risk-sharing characteristics are not taken into account in the valuation of the obligation. If the valuation is based on risk sharing, the effects of plan changes are recognized directly in net assets/equity.

Actuarial and investment gains and losses from pension plans are recognized directly in net assets/equity in the reporting period in which they arise. Actuarial gains and losses result from changes in the parameters used and from experience adjustments.

The assumptions made by the consolidated entities are applied unchanged for the calculation of employee retirement benefits. This also applies for the assumptions in connection with risk sharing. In contrast to the individual financial statements of SBB, RUAG and Skyguide in accordance with Swiss GAAP FER, where a liability is recognized only to the extent of the actual restructuring commitments, the consolidated financial statements recognize a liability for all retirement benefits in accordance with IPSAS 39.

Other staff benefits (long-service benefits, vacation and overtime, etc.) are included in provisions (employee benefits).

PROVISIONS

Provisions are recognized where a liability has arisen from a past event, an outflow of funds will probably be required to settle that liability, and the amount of the liability can be reliably estimated. Where it is unlikely that an outflow of funds will be required (<50%) or the amount cannot be estimated reliably, it is disclosed as a contingent liability. A provision for restructuring costs is recognized only when a detailed formal plan for the restructuring has been presented, the plan has been communicated, and the level of costs can be measured with sufficient reliability.

23 CHANGES IN THE 2023 FINANCIAL STATEMENTS

The accounting practice for direct federal tax was adjusted in the year under review. Recognition is now on an accrual basis, and no longer on a cash accounting basis. The prior-year figures have been restated. The new accounting practice has led to the following changes:

Time of receipt recognition

Previously, tax receipts were recognized at the time of transfer from the cantons to the Confederation, whereas now they are generally recognized when the cantons invoice taxpayers.

Accrual accounting is used for the recognition of not only tax receivables, but also advance tax payments and tax liabilities, as well as accruals and deferrals. Accruals and deferrals are necessary for taxes invoiced in advance, and for the cantons' shares paid in advance or due (transfer expenditure).

Recognition of the cantons' shares of direct federal tax

The cantons are entitled to a 21.2% share of the delivered net revenue from direct federal tax affecting cash. The monetary settlement vis-à-vis the cantons is still carried out on a cash accounting basis, and not on an accrual basis. However, the accrual basis is decisive for the recognition of the cantons' shares. Accruals and deferrals are necessary for the resulting timing differences between the cash accounting and accrual basis.

Presentation in the statement of financial performance

Previously, when incoming payments were made, the Confederation was unable to distinguish the extent to which interest on fines and default interest were paid in addition to tax receipts, and the breakdown of receipts between natural persons and legal entities (income tax and profit tax). All incoming payments were recorded as tax receipts, and the breakdown between legal entities and natural persons was determined solely with qualified estimates. Estimates are no longer required, as the breakdown is known based on the invoices issued. Moreover, no losses on receivables were posted using the cash accounting basis. More detailed information is now available, thereby enabling transactions to be recognized more appropriately in the statement of financial performance.

In addition to the adjustment of the accounting practice for direct federal tax, individual reclassifications have been carried out in the statement of financial position and in the statement of financial performance. Further information on the restatement can be found in volume 1B, section 72 of the federal financial statements.

STATEMENT OF FINANCIAL POSITION AS OF 31.12.2022

CHF mn	Reported 31.12.2022	Restatement direct fed. tax	Reclassi-fication	Adjusted 31.12.2022
Assets	**362 761**	**5 023**	**–**	**367 785**
Cash and cash equivalents	58 306	–	–	58 306
Receivables	17 688	4 332	1 046	23 066
Financial investments	118 508	–	–	118 508
Inventories	4 884	–	–	4 884
Prepaid expenses and accrued income	7 030	691	–	7 721
Current and deferred income tax assets	675	–	–	675
Tangible fixed assets	138 468	–	–	138 468
Intangible fixed assets	9 610	–	–	9 610
Financial interests	6 144	–	–	6 144
Other non-current assets	1 046	–	-1 046	–
Employee retirement benefit assets	403	–	–	403
Liabilities and equity	**362 761**	**5 023**	**–**	**367 785**
Current liabilities	19 197	4 136	–	23 333
Accrued expenses and deferred income	10 654	2 345	47	13 046
Financial liabilities	124 406	–	-96	124 311
Client funds	91 632	–	8	91 640
Current and deferred income tax liabilities	1 349	–	–	1 349
Provisions	43 399	–	41	43 440
Employee retirement benefit liabilities	2 567	–	–	2 567
Other liabilities	6 444	–	–	6 444
Net assets/equity	63 113	-1 457	–	61 655

STATEMENT OF FINANCIAL PERFORMANCE 2022

CHF mn	Reported 2022	Restatement direct fed. tax	Reclassi-fication	Adjusted 2022
Tax receipts	71 043	-1 549	–	69 493
Service and production revenue	25 681	–	–	25 681
Social insurance revenue	50 940	–	–	50 940
Other revenue	8 667	154	-183	8 637
Operating revenue	156 330	–	–	154 752
Personnel expenses	-19 996	–	–	-19 996
General, administrative and operating expenses	-21 094	-133	–	-21 228
Transfer expenditure	-35 941	329	183	-35 429
Social insurance expenses	-65 506	–	–	-65 506
Depreciation, amortization and impairments	-8 689	–	–	-8 689
Operating expenses	-151 225	379	–	-150 847
Operating result	5 105	-1 200	–	3 905
Financial result	-5 431	-23	–	-5 454
Income from associates	154	–	–	154
Income taxes of federal enterprises	-486	–	–	-486
Surplus/deficit for the year	**-658**	**-1 223**	**–**	**-1 881**

24 EXPLANATIONS CONCERNING THE ANNUAL FINANCIAL STATEMENTS

1 TAX REVENUE

CHF mn	2022	2023
Tax receipts	**69 493**	**74 784**
Direct federal tax	24 781	27 835
Natural persons	12 532	13 344
Legal entities	12 249	14 491
Value added tax	24 588	25 148
General federal resources	19 640	20 129
Restricted funds	4 948	5 019
Withholding tax	3 888	6 445
Withholding tax Switzerland	3 879	6 439
US withholding tax	10	6
Stamp duty	2 483	2 181
Issue tax	262	219
Transfer stamp tax	1 451	1 164
Insurance premium stamp duty and other	770	798
Other consumption taxes	8 207	7 992
Mineral oil taxes	4 434	4 341
Tobacco duty	2 082	2 025
Grid supplement	1 274	1 226
Spirits tax	302	288
Beer tax	115	112
Misc. tax receipts	5 546	5 183
Transportation levies	2 451	2 502
Customs duties	1 221	1 184
Casino tax	353	364
Incentive fees and other tax receipts	1 521	1 133

Note: the figures for 2022 have been adjusted (see section 23, Changes in the 2023 financial statements)

2 SERVICE AND PRODUCTION REVENUE

CHF mn	2022	2023
Service and production revenue	**25 681**	**25 981**
Postal service revenue	4 237	4 240
Postal service revenue	4 237	4 240
Income from financial services	1 317	1 314
Financial service revenue	1 478	1 868
Financial service expenses	-161	-554
Telecommunications service revenue	11 112	11 072
Telecommunications services Switzerland	8 628	8 516
Telecommunications services abroad	2 485	2 556
Armament sector revenue	1 051	824
Defense technology	191	181
Civilian area	860	643
Transportation revenue	5 340	5 703
Passenger transportation rail	3 395	3 731
Passenger transportation road	365	393
Freight transportation rail	746	745
Ancillary operating revenue rail	153	188
Cantons' contributions/compensation	680	647
Other service revenue	2 624	2 827
Air traffic control	367	411
Income from insurance services	49	-8
Swiss Post merchandise	94	99
ETH research/science services	617	636
Other services	1 497	1 689

3 SOCIAL INSURANCE REVENUE/EXPENDITURE

CHF mn	2022	2023
Net result social insurance	**-14 567**	**-13 900**
Social insurance revenue	50 939	52 306
Contributions by employers and insured persons	52 167	53 517
Cantons' contributions/other revenue	241	260
./. social insurance revenue from consolidation scope	-1 469	-1 471
Social insurance expenses	-65 506	-66 206
Direct old-age and survivors' insurance (AHV) benefits	-47 599	-49 742
Direct disability insurance (IV) benefits	-9 100	-9 414
Direct benefits concerning compensation for loss of earnings (EO)	-1 870	-1 981
Direct benefits concerning agriculture family allowances (FL)	-86	-83
Direct unemployment insurance (ALV) benefits (net AHV contributions)	-6 580	-4 986
Direct COVID-19 loss of earnings compensation (CLEC) benefits (net AHV contributions)	-272	–

Federal social insurance is financed primarily with employer and employee contributions. Contributions from the federal budget and restricted tax shares are also major sources of funding. The above overview shows a net view of the social insurance result in the narrower sense (social insurance revenue and expenditure). The Confederation's contributions which are paid into its own social insurance funds in the form of contributions, tax shares and employer contributions are excluded.

4 OTHER REVENUE

CHF mn	2022	2023
Other revenue	**8 637**	**7 145**
Capitalized own work	2 052	2 235
Rail	1 397	1 487
Other	655	747
Building revenue	913	958
Building revenue rail operations	667	696
Federal buildings	78	82
Other	168	181
Other sovereign revenue	2 958	894
Revenue from exchange transactions, fines	293	184
SNB profit distribution	2 000	–
Revenue from concessions, quota auctions	382	376
Gifts, bequests to the ETH	138	159
Other revenue from payments, royalties	144	175
Other revenue	2 715	3 058
Cantons' contributions to railway infrastructure fund	578	606
Net revenue special financing in liabilities	1	1
Other miscellaneous revenue	2 135	2 450

Note: the figures for 2022 have been adjusted (see section 23, Changes in the 2023 financial statements)

5 PERSONNEL EXPENSES

CHF mn	2022	2023
Personnel expenses	**-19 996**	**-20 022**
Wages and salaries	-16 078	-16 567
Retirement benefit cost	-2 198	-1 714
Other personnel expenses	-1 721	-1 742

6 GENERAL, ADMINISTRATIVE AND OPERATING EXPENSES

CHF mn	2022	2023
General, administrative and operating expenses	**-21 228**	**-20 797**
Cost of materials, goods and services	-6 391	-6 476
Building expenses and rent	-1 920	-2 062
IT expenses	-1 733	-1 863
Armed Forces operating and defense expenses	-1 495	-1 573
Mitholz ammunition depot	-810	-54
Other general and administrative expenses	-419	-487
Other operating expenses	-8 460	-8 282

Note: the figures for 2022 have been adjusted (see section 23, Changes in the 2023 financial statements)

7 TRANSFER EXPENDITURE

CHF mn	2022	2023
Transfer expenditure	**-35 429**	**-36 554**
Cantons	**-22 881**	**-24 895**
Cantons' share of federal receipts	-6 582	-7 425
Fiscal equalization	-3 623	-3 788
Individual premium reductions (IPR)	-2 871	-3 044
Direct payments for agriculture	-2 811	-2 791
Compensation to cantons	-2 234	-2 760
AHV and IV supplementary benefits	-1 854	-1 941
Other contributions to cantons	-2 905	-3 147
Third parties	**-12 548**	**-11 658**
Contributions to international organizations	-2 047	-2 224
Contributions to research promotion institutions	-1 183	-1 270
Redistribution of incentive fees	-1 082	-799
Other contributions to third parties	-8 235	-7 366

Note: the figures for 2022 have been adjusted (see section 23, Changes in the 2023 financial statements)

8 FINANCIAL RESULT

CHF mn	2022	2023
Financial result	**-5 454**	**786**
Financial revenue	1 572	3 004
Interest income	731	924
Revenue from financial interests	342	383
Fair value adjustments	199	1 544
Other financial revenue	300	154
Financial expense	-7 026	-2 218
Interest expense	-1 193	-1 357
Capital procurement expenses	-41	-37
Impairments on financial investments	-50	-103
Fair value adjustments	-5 514	-568
Other financial expense	-228	-153

Note: the figures for 2022 have been adjusted (see section 23, Changes in the 2023 financial statements)

9 INCOME TAXES OF FEDERAL ENTERPRISES

CHF mn	2022	2023
Income taxes of federal enterprises	**-486**	**-487**
Expenses/revenue for current income taxes	-414	-431
Expenses/revenue for deferred income taxes	-72	-56

10 BREAKDOWN BY SEGMENT

CHF mn	Federal Administration	Enter-prises	Social insurance	Consoli-dation	2023
Statement of financial performance					
Operating revenue	79 042	32 902	71 954	-23 683	160 215
Operating expenses	-78 062	-30 039	-67 812	23 683	-152 230
Operating result	980	2 863	4 142	–	7 985
Financial result	-768	-299	1 853	–	786
Income from associates	101	9	–	–	110
Income taxes of federal enterprises	-0	-487	–	–	-487
Surplus/deficit for the year	313	2 087	5 994	–	8 394
Personnel					
Number of full-time employees (FTEs)	59 844	97 087	–	–	156 931

11 CASH AND CASH EQUIVALENTS

CHF mn	2022	2023
Cash and cash equivalents	**58 306**	**48 491**
Cash	1 402	1 357
Sight deposits with financial institutions	45 917	35 983
Cash investments	10 987	11 151

12 RECEIVABLES

CHF mn	2022	2023
Receivables	**23 066**	**23 792**
Trade receivables	5 584	5 723
Tax and customs receivables	9 607	10 403
Current account receivables from compensation funds	4 193	4 366
Other current account receivables	897	886
Other receivables	4 004	3 678
Value adjustments on receivables	-1 220	-1 265

Note: the figures for 2022 have been adjusted (see section 23, Changes in the 2023 financial statements)

13 FINANCIAL INVESTMENTS

CHF mn	2022	2023
Financial investments	**118 508**	**118 422**
Bonds	69 593	69 792
Fixed-term deposits, discount paper	3 581	940
Shares	7 245	9 028
Fund investments	11 202	11 517
Loans	20 533	20 820
Derivatives	1 418	1 102
Other financial investments	4 937	5 223
of which short term	*27 521*	*22 332*
of which long term	*90 987*	*96 091*

14 INVENTORIES

CHF mn	2022	2023
Inventories	**4 884**	**4 709**
Civilian inventories and work in progress	1 644	1 777
COVID-19: medical goods and vaccines	176	–
Military inventories	3 420	3 306
Value adjustments on inventories	-356	-374

15 TANGIBLE FIXED ASSETS

2023 CHF mn	Advances and assets under construction	Property, plant and equipment	Land and buildings	Armaments	Infrastructures communi-cations	Infrastructures motorways	Infrastructures rail	Total
Acquisition costs								
As of 01.01.2023	20 273	41 491	58 082	17 175	27 849	48 970	56 693	270 533
Additions	8 111	780	128	261	1 252	0	66	10 599
Disposals	-11	-1 429	-623	-1 517	-286	-1 470	-341	-5 677
Change in scope of consolidation	-3	-23	12	–	–	–	–	-14
Reclassifications	-6 936	1 199	1 766	87	150	2 149	1 481	-105
Currency translations	-5	-14	-8	–	-350	–	–	-378
As of 31.12.2023	21 429	42 004	59 357	16 006	28 615	49 649	57 899	274 958
Accumulated depreciation								
As of 01.01.2023	-19	-25 295	-30 260	-13 967	-19 455	-23 889	-19 180	-132 065
Depreciation and amortization	-0	-1 926	-1 044	-581	-1 083	-1 591	-1 263	-7 488
Impairments	-6	-6	-4	–	-49	-0	–	-66
Reversal of impairments	–	11	1	–	–	–	–	12
Disposals	2	1 323	563	1 517	285	1 470	291	5 449
Change in scope of consolidation	–	26	1	–	–	–	–	27
Reclassifications	-1	0	17	–	3	-0	7	26
Currency translations	–	7	4	–	232	–	–	242
As of 31.12.2023	-25	-25 860	-30 724	-13 031	-20 067	-24 011	-20 144	-133 863
Carrying amount as of 31.12.2023	**21 403**	**16 144**	**28 633**	**2 975**	**8 548**	**25 638**	**37 754**	**141 096**

2022 CHF mn	Advances and assets under construction	Property, plant and equipment	Land and buildings	Armaments	Infrastructures communi-cations	Infrastructures motorways	Infrastructures rail	Total
Acquisition costs								
As of 01.01.2022	21 381	40 677	57 585	16 880	28 316	48 059	54 015	266 912
Additions	7 460	620	234	321	1 017	0	57	9 709
Disposals	-21	-1 237	-885	-39	-1 393	-1 271	-406	-5 253
Change in scope of consolidation	-10	-400	-5	–	–	–	–	-415
Reclassifications	-8 533	1 856	1 160	13	170	2 182	3 027	-124
Currency translations	-4	-25	-7	–	-260	–	–	-296
As of 31.12.2022	20 273	41 491	58 082	17 175	27 849	48 970	56 693	270 533
Accumulated depreciation								
As of 01.01.2022	-3	-24 786	-29 978	-13 415	-19 826	-23 589	-18 139	-129 737
Depreciation and amortization	-12	-1 941	-1 025	-592	-1 137	-1 571	-1 339	-7 617
Impairments	-19	-19	-3	–	-23	-0	–	-65
Reversal of impairments	–	12	31	–	–	–	–	43
Disposals	15	1 168	698	39	1 368	1 271	299	4 858
Change in scope of consolidation	–	252	12	–	–	–	–	264
Reclassifications	–	3	3	–	-1	0	-1	4
Currency translations	–	15	3	–	165	–	–	183
As of 31.12.2022	-19	-25 295	-30 260	-13 967	-19 455	-23 889	-19 180	-132 065
Carrying amount as of 31.12.2022	**20 254**	**16 196**	**27 822**	**3 208**	**8 394**	**25 081**	**37 513**	**138 468**

Advance payments and assets under construction comprise mainly motorways (8.9 bn), construction projects and advance payments for railway infrastructure and rolling stock (7.3 bn).

Property, plant and equipment/other tangible fixed assets include the rolling stock of railway companies (8.3 bn).

16 INTANGIBLE FIXED ASSETS

2023 CHF mn	Assets under construction	Goodwill	Software	Other intangible fixed assets	Total
Acquisition costs					
As of 01.01.2023	1 025	6 980	8 424	2 157	18 586
Additions	561	–	583	147	1 291
Disposals	-5	–	-267	-30	-301
Change in scope of consolidation	–	99	27	44	170
Reclassifications	-667	–	693	13	38
Currency translations	-0	-108	-126	-33	-267
As of 31.12.2023	914	6 971	9 333	2 299	19 517
Accumulated depreciation					
As of 01.01.2023	-9	-1 307	-6 421	-1 240	-8 977
Depreciation and amortization	-1	–	-899	-197	-1 096
Impairments	-0	-1	-10	–	-11
Reversal of impairments	–	–	–	0	0
Disposals	1	–	259	27	287
Change in scope of consolidation	–	4	2	2	7
Reclassifications	–	–	-44	-0	-44
Currency translations	–	76	111	24	210
As of 31.12.2023	-9	-1 229	-7 003	-1 383	-9 624
Carrying amount as of 31.12.2023	**905**	**5 742**	**2 330**	**915**	**9 893**

2022 CHF mn	Assets under construction	Goodwill	Software	Other intangible fixed assets	Total
Acquisition costs					
As of 01.01.2022	851	7 007	7 956	2 145	17 959
Additions	591	–	459	132	1 182
Disposals	-10	-23	-333	-150	-516
Change in scope of consolidation	-0	86	9	20	114
Reclassifications	-405	0	428	38	61
Currency translations	-0	-91	-95	-28	-214
As of 31.12.2022	1 025	6 980	8 424	2 157	18 586
Accumulated depreciation					
As of 01.01.2022	-10	-1 408	-5 970	-1 260	-8 648
Depreciation and amortization	-6	–	-870	-174	-1 050
Impairments	0	-1	–	–	-0
Reversal of impairments	–	–	–	0	0
Disposals	6	22	329	150	507
Change in scope of consolidation	0	19	4	28	50
Reclassifications	–	0	5	-2	3
Currency translations	–	62	81	19	161
As of 31.12.2022	-9	-1 307	-6 421	-1 240	-8 977
Carrying amount as of 31.12.2022	**1 016**	**5 673**	**2 003**	**918**	**9 610**

17 FINANCIAL INTERESTS

2023 CHF mn	BLS AG	Rhaetian Railway RhB	Matterhorn Gotthard Infra-struktur AG	Other licensed transportation companies	Development banks	Developing countries and countries in transition	Other	Total
Financial interests								
As of 01.01.2022	549	1 275	576	1 632	883	317	695	5 928
Additions	–	–	–	–	62	49	14	125
Disposals	–	–	–	–	–	-45	-7	-51
Dividends	–	–	–	–	–	–	-21	-21
Share of net result recognized in statement of financial performance	-10	34	19	120	–	–	-22	141
Share of net result recognized in net assets/equity	–	–	–	12	–	–	-0	12
Other transactions	–	–	–	–	–	-14	-4	-18
Currency translations	–	–	–	–	3	17	8	28
As of 31.12.2022	539	1 309	596	1 765	948	325	663	6 144
Additions	–	–	–	–	51	44	21	117
Disposals	–	–	–	–	–	-25	-3	-28
Dividends	–	–	–	–	–	–	-18	-18
Share of net result recognized in statement of financial performance	-4	-54	41	110	–	–	17	110
Share of net result recognized in net assets/equity	–	–	–	49	–	–	-3	46
Other transactions	–	–	–	–	–	3	-65	-62
Currency translations	–	–	–	–	-77	-23	75	-25
As of 31.12.2023	535	1 255	637	1 924	922	324	687	6 283

FINANCIAL INTERESTS IN LICENSED TRANSPORTATION COMPANIES

Significant interests in licensed transportation companies are valued using the equity method. The net assets/equity of licensed transportation companies is valued in accordance with the IPSAS guidelines. The following items are treated differently under the IPSAS than in licensed transportation companies' accounting standards:

— Licensed transportation companies receive *conditionally repayable public-sector loans* to finance railway infrastructure. Repayment of the loans is subject to conditions which generally do not apply. Conditionally repayable loans are shown as liabilities in licensed transportation companies' financial statements. Irrespective of the legal structure, the funds received are attributable to licensed transportation companies' net assets/equity in economic terms.
— The *investment contributions for tunnel excavation work* are granted by the Confederation to licensed transportation companies as non-repayable payments. Based on the DETEC Ordinance on Accounting in Licensed Enterprises (ALEO), the investments made with them are recognized in licensed transportation companies' statements of financial performance and are thus not recognized in the statement of financial position. In the consolidated financial statements, these civil engineering structures are recognized and depreciated according to their service potential.

FINANCIAL INTERESTS IN DEVELOPMENT BANKS

Financial interests held for the performance of tasks are measured at amortized cost. Financial interests held in foreign currencies are valued annually at the exchange rate applicable on the reporting date.

18 CURRENT LIABILITIES

CHF mn	2022	2023
Current liabilities	**23 333**	**26 258**
Trade payables	5 008	5 262
Tax and customs liabilities	11 791	13 946
Current accounts	5 291	5 421
Other liabilities	1 244	1 629

Note: the figures for 2022 have been adjusted (see section 23, Changes in the 2023 financial statements)

19 FINANCIAL LIABILITIES

CHF mn	2022	2023
Financial liabilities	**215 950**	**202 533**
Client funds	91 640	90 310
Bonds	78 021	80 958
Liabilities from money market paper	15 937	15 606
Liabilities from repo transactions	15 626	4 100
Bank loans	3 788	3 440
Liabilities from financial leases	763	742
Negative replacement values	1 335	778
Other financial liabilities	8 841	6 599
of which short term	*136 662*	*119 694*
of which long term	*79 289*	*82 838*

Note: the figures for 2022 have been adjusted (see section 23, Changes in the 2023 financial statements)

20 PROVISIONS

CHF mn	Withholding tax	Military insurance	Coins in circulation	Discontinuation, restoration, disposal	Benefits for employees	Sureties	Other	Total
As of 01.01.2022	**29 500**	**1 851**	**2 331**	**2 521**	**1 392**	**1 708**	**3 888**	**43 191**
Increase	23 188	136	12	820	94	2	1 314	25 566
Decrease	–	–	-13	-68	-40	-137	-562	-820
Utilization	-22 688	-171	-19	-35	-69	-368	-1 130	-24 480
Present value adjustments	–	–	–	6	0	–	11	18
Consolidation scope changes	–	–	–	–	-14	–	-17	-30
Currency translations	–	–	–	-0	-0	–	-4	-4
Reclassifications	–	–	–	-0	-1	–	-0	-1
As of 31.12.2022	**30 000**	**1 816**	**2 312**	**3 244**	**1 362**	**1 205**	**3 501**	**43 440**
Increase	–	130	13	282	133	8	1 100	1 666
Decrease	-1 900	–	–	-206	-22	-8	-321	-2 457
Utilization	–	-173	-24	-70	-59	-382	-980	-1 687
Present value adjustments	–	–	–	13	2	–	-51	-36
Consolidation scope changes	–	–	–	–	0	–	-1	-1
Currency translations	–	–	–	-0	-1	–	-3	-4
Reclassifications	–	0	–	10	4	–	-13	0
As of 31.12.2023	**28 100**	**1 773**	**2 302**	**3 272**	**1 420**	**824**	**3 231**	**40 921**
of which short term	*–*	*171*	*–*	*73*	*604*	*229*	*1 038*	*2 115*
of which long term	*28 100*	*1 602*	*2 302*	*3 199*	*815*	*595*	*2 193*	*38 806*

Note: the figures for 2022 have been adjusted (see section 23, Changes in the 2023 financial statements)

WITHHOLDING TAX

The withholding tax provision covers expected future withholding tax refunds in respect of an incoming payment which has already been recognized on the basis of tax returns received. Under the applicable measurement basis, a percentage is deducted from incoming payments recorded, representing what has already been paid out as refunds or recorded as accrued expenses. An empirical value representing the residual share remaining with the Confederation as base receipts is also deducted. The balance corresponds to the provision requirement, which reflects the refunds that will probably be claimed in subsequent years. As a refund of the declared withholding tax can generally be requested within three years, the provision includes probable outstanding amounts from the three preceding full tax years. The utilization of the provision corresponds to the refunds paid in the year under review for previous tax years. The increase in the provision corresponds to the estimated pending refunds for the current tax year and prior-year estimate adjustments.

MILITARY INSURANCE

Suva operates the military insurance scheme as a separate social insurance fund on behalf of the Confederation. In the event of claims giving rise to pension entitlements under the military insurance scheme, provision must be made for the projected pension liabilities. Actuarial methods are used to calculate the provision required. This involves capitalizing all pensions based on an assessment of the relevant parameters (e.g. mortality, size of pension, inflation, etc.). Similarly, the future costs of any treatment, daily benefits and other cash benefits as a result of damage to health are calculated on the basis of actuarial methods.

COINS IN CIRCULATION

A provision is made for coins in circulation. Based on eurozone empirical values, a loss rate of 35% should be anticipated, as not all coins are returned to the SNB, even after several years have passed. The amount of the provision corresponds to 65% of the nominal value of newly minted coins supplied to the SNB, adjusted for the change in inventories at the SNB. Conversely, returned and destroyed coins are recognized as provision utilization.

DISCONTINUATION, RESTORATION AND DISPOSAL COSTS
The provisions for demolition, restoration and disposal costs include the following items, among others:

Mitholz ammunition depot (1.4 bn): there is a provision of 1.4 billion for the clearance of the Mitholz ammunition depot. The total cost of clearance is currently estimated at 1.6 billion, spread over a period of around 20 years. The portion of this that can probably be recognized in the statement of financial position (road protective structures) is estimated at 0.2 billion.

Telecommunications facilities (0.8 bn): there is a provision of 0.8 billion for the estimated costs for the demolition of telecommunications facilities and the remediation of land owned by third parties.

Nuclear decommissioning and disposal (0.4 bn): there is a provision of 0.4 billion for the decommissioning and dismantling of nuclear facilities owned by the federal government, as well as the for disposal of radioactive waste from these facilities. The calculation is based on swissnuclear's official 2021 cost study and on information from the Paul Scherrer Institute (PSI).

EMPLOYEE BENEFITS
Employees' vacation entitlement and overtime, as well as long-service entitlements are recognized under provisions for employee benefits.

SURETIES
In 2020, to ensure liquidity, companies were able to obtain bridging credits guaranteed by the Confederation from their commercial banks (COVID-19 Joint and Several Guarantee Act). The bridging credits have to be repaid within eight years. These were processed through existing guarantee cooperatives. As of December 31, 2023, the Confederation guaranteed bridging credits totaling 7.6 billion. A provision of 0.7 billion is recognized for expected future payment defaults.

This item also includes rated guarantees in the area of subsidized housing, as well as expected future cash outflows from commercial guarantees and guarantees for hardship cases.

OTHER PROVISIONS
Other provisions include the following items:

Refunds from levies received (0.4 bn): the Confederation collects various levies where those subject to the levy can claim refunds under certain conditions. Some of the refunds are paid in the current accounting period and some in a subsequent accounting period. A provision is recognized for refunds outstanding as of the reporting date.

COVID-19 testing costs (0.4 bn): until the end of 2022, the Confederation assumed the costs of the various Sars-CoV-2 tests for people who met the criteria of the Federal Office of Public Health regarding suspicion, sampling and notification. The costs of the tests are prefinanced by health insurers and the cantons, and are subsequently invoiced to the Confederation.

21 EMPLOYEE RETIREMENT BENEFIT LIABILITIES/ASSETS

In accordance with the legal requirements in Switzerland, group entities have legally independent pension funds and thus report their retirement benefit liabilities separately. Under IPSAS 39, Swiss pension funds qualify as defined benefit plans, which is why the actuarially determined funding surplus or deficit is recognized in the group statement of financial position. Each pension fund has its own equal representation body consisting of the same number of employee and employer representatives. The pension funds bear their own underwriting and investment risks. The investment strategy is defined in such a way that the regulatory benefits can be paid when they become due.

EMPLOYEE RETIREMENT BENEFITS RECOGNIZED IN THE STATEMENT OF FINANCIAL POSITION

CHF mn	2022	2023
Employee retirement benefits	2 568	3 488
Present value of employee retirement benefits	37 893	41 964
Fair value of plan assets	-35 326	-38 476
Retirement benefit assets	-403	-304
Present value of employee retirement benefits	45 711	46 550
Fair value of plan assets	-46 114	-46 854

The net employee retirement benefit liabilities recognized in the statement of financial position rose by 0.9 billion to 3.5 billion in the year under review. In addition, as in the previous year, individual group entities have net retirement benefit assets, which are reported on the assets side of the statement of financial position and amounted to 0.3 billion (previous year: 0.4 bn). The 4.9 billion overall increase in the present value of employee retirement benefit liabilities was mainly due to the year-on-year drop in interest rates. Lower interest rates caused the valuation of employee retirement benefit liabilities to be higher. Due to the positive investment results in 2023, the plan assets also rose (+3.9 bn), albeit to a lesser extent than the present value of the employee retirement benefit liabilities.

All revaluation effects are recognized directly in net assets/equity.

RETIREMENT BENEFIT COST IN ACCORDANCE WITH IPSAS 39

CHF mn	2022	2023
Retirement benefit cost	-2 198	-1 714
Current service cost (employer)	-2 137	-1 605
Plan changes	-11	-45
Administrative costs	-33	-32
Interest expense for employee retirement benefits	-357	-1 816
Interest income from plan assets	341	1 784

REVALUATION OF EMPLOYEE RETIREMENT BENEFITS AND PLAN ASSETS

CHF mn	2022	2023
Revaluation recognized in net assets/equity	**3 032**	**-1 309**
Actuarial gains (+) / losses (-)	14 070	-4 452
Change in financial assumptions	15 006	-4 997
Change in demographic assumptions	11	-6
Empirical adjustments	-947	551
Revenue from plan assets (excl. interest based on discount rate)	-9 380	2 086
Limit on assets	-1 658	1 058

DETAILS OF INDIVIDUAL PLANS

The largest pension plans are at the Confederation, the ETH Domain, Swiss Post, Swiss Federal Railways (SBB) and Swisscom. The key data for these plans is as follows:

BREAKDOWN BY SEGMENT

	Confederation as parent	ETH Domain	Swiss Post	SBB	Swisscom
Number of active insured persons	41 540	21 321	38 163	30 407	16 417
Number of pensioners	27 581	6 260	30 953	26 501	9 897
Discount rate	1.5%	1.5%	1.5%	1.5%	1.5%
Risk sharing	Yes	Yes	Yes	Yes	Yes

DISCOUNT RATE

The discount rate for discounting employee retirement benefits is determined individually by the group entities and taken over unchanged into the consolidated financial statements. The discount rates are based on first-class corporate bonds.

RISK SHARING

With the customary valuation of employee retirement benefits under IPSAS 39, it is assumed that the costs for funding current pension commitments are borne exclusively by the employer. However, both employees and the employer contribute in the event of restructuring.

By including risk sharing in the valuation of employee retirement benefits, this circumstance is taken into account in that the employer's statement of financial position shows only the portion that the employer probably has to bear. The recognized obligation thus corresponds more closely to the actual circumstances. Furthermore, the effects of plan changes are not recognized in the statement of financial performance, rather directly in net assets/equity as part of the revaluation of employee retirement benefits.

The valuation of the larger pension plans of the Confederation as parent entity, the ETH Domain, Swiss Post and Swisscom takes risk-sharing characteristics into account. Risk sharing is currently not applicable in the valuation of the SBB pension plan.

22 OTHER LIABILITIES

CHF mn	2022	2023
Other liabilities	**6 444**	**6 364**
Special funds	3 335	3 546
Grid supplement fund	2 632	2 829
Nuclear damage fund	542	552
Family compensation fund	98	100
Other special funds	65	65
Restricted funds	2 828	2 615
Restricted research contributions	1 641	1 697
Special financing	783	543
Other restricted funds	405	375
Other liabilities	281	203

23 SURETIES AND GUARANTEES

CHF mn	Maximum exposure as of 01.01.2023	Maximum exposure as of 31.12.2023	Recognized as provision
Sureties and guarantees	**20 409**	**18 114**	**823**
COVID-19 bridging credits	9 529	7 566	727
Subsidized housing	3 894	3 933	42
Commercial sureties	315	302	34
Hardship sureties	194	139	20
IMF monetary assistance decree	3 662	3 662	–
IMF PRGT	1 842	1 578	–
Int. mutual benefits assistance health insurance	300	300	–
Compulsory stock bills	150	164	–
Oceangoing vessels	157	154	–
Airlines and aviation-related businesses	73	–	–
Other	293	316	–

The Confederation grants sureties and guarantees as part of task performance. It thus undertakes to make certain payments in favor of the guarantee holder if a borrower fails to meet its payment obligations toward the guarantee holder. Expected payment defaults from outstanding sureties and guarantees generally have to be measured and recognized as liabilities. However, measurement is conditional on it being possible to estimate the future probability of default with sufficient certainty. The amount of the payments that the Confederation, as guarantor, will actually have to make in the future as a result of defaults may differ significantly from the value shown in the statement of financial position. Furthermore, there are guarantees and sureties where the Confederation does not expect any payment defaults or for which the future probability of default cannot be estimated with sufficient certainty.

For explanations concerning sureties and guarantees for which a provision for a possible outflow of funds has been recognized, please refer to the section on provisions. The other sureties and guarantees are described below:

- *International Monetary Fund (IMF):* for the Swiss National Bank (SNB), the Confederation guarantees the repayment of loans granted by the SNB to the IMF under the Monetary Assistance Act (MAA) and to the *IMF's Poverty Reduction and Growth Trust* (PRGT). The *IMF monetary assistance decree* serves to prevent or remedy serious disruptions to the international monetary system. The PRGT supports reform programs of low-income member countries on preferential terms and is financed by means of bilateral contributions and IMF resources.
- *International mutual benefits assistance concerning health insurance:* the Confederation has issued a guarantee for a loan taken out by the HIA Collective Institution for the enforcement of international mutual benefits assistance in relation to health insurance.
- *Compulsory stock bills:* based on Article 20 of the National Economic Supply Act (NESA; SR 531), the Confederation grants guarantees to lending banks for funding the goods held as compulsory stocks and as supplementary compulsory stocks. In this way, the Confederation helps to facilitate the funding of goods.
- *Oceangoing vessels:* the Confederation provides sureties for loans granted by shipping companies to finance oceangoing vessels. The sureties are granted within the framework of the National Economic Supply Act to secure cargo space under the Swiss flag.

24 CONTINGENT LIABILITIES

CHF mn	2022	2023
Contingent liabilities	1 638	1 567
Litigation	309	354
Dismantling and disposal	352	351
Misc. other contingent liabilities	977	863

The contingent liabilities in connection with litigation are related primarily to disputed withholding tax refund requests. No contingent liabilities or provisions were recognized for legal proceedings in connection with the takeover of Credit Suisse by UBS.

The principal items in the area of decommissioning and disposal concern contaminated site clean-up and noise abatement measures, as well as dismantling and decommissioning costs in the real estate sector.

The various other contingent liabilities include joint and several liability arising from tenancies and ground rent in the ETH Domain.

25 CAPITAL COMMITMENTS FOR DEVELOPMENT BANKS

Capital commitments refer to guarantee capital which has not yet been paid up that can be called upon if necessary by development banks. They amounted to 8.8 billion as of the reporting date (2022: 9.4 bn). Participation in the banks is part of Switzerland's development assistance, as these banks promote sustainable economic and social development in the target countries. Guarantee capital helps to secure the bonds issued by the banks on international capital markets.

26 SERV LIABILITY SCOPE

CHF mn	2022	2023
SERV liability scope		
SERV liability scope	14 000	14 000
Utilization	10 178	9 674
Utilization in %	72.7%	69.1%

The Federal Council is responsible for determining the maximum scope of Swiss Export Risk Insurance (SERV) insurance liabilities. This currently amounts to 14 billion. The liability scope sets the total exposure ceiling that SERV can assume for insured benefits. The liability scope is reviewed periodically and adjusted where necessary.

At the end of 2023, the insurance liability amounted to 9.7 billion, whereby the liability scope was 69% utilized. Insurance liabilities include outstanding insurance policies (7.9 bn) and insurance commitments in principle (1.8 bn).

27 EVENTS AFTER THE REPORTING DATE

The 2023 consolidated financial statements were approved by the Federal Council on April 24, 2024.

25 SCHEDULE OF HOLDINGS

CONSOLIDATED ENTITIES

Financial interests	Capital share (in %)	Valuation method
Federal Administration segment		
Confederation as parent		
Federal Department of Foreign Affairs	100	Full consolidation
Federal Department of Home Affairs	100	Full consolidation
Federal Department of Justice and Police	100	Full consolidation
Federal Department of Defence, Civil Protection and Sport	100	Full consolidation
Federal Department of Finance	100	Full consolidation
Federal Department of Economic Affairs, Education and Research	100	Full consolidation
Federal Department of the Environment, Transport, Energy and Communications	100	Full consolidation
Authorities and courts	100	Full consolidation
Separate accounts		
Railway infrastructure fund (RIF)	100	Full consolidation
Motorway and urban transportation fund	100	Full consolidation
Decentralized administrative units (tax-financed)		
Swiss Federal Institutes of Technology Domain (ETH)	100	Full consolidation
Swiss Federal Institute for Vocational Education and Training (SFIVET)	100	Full consolidation
Swiss Federal Institute of Metrology (METAS)	100	Full consolidation
Innosuisse	100	Full consolidation
Pro Helvetia	100	Full consolidation
Swiss National Museum (SNM)	100	Full consolidation
Significant associated companies		
BLS AG	22	Equity
Rhaetian Railway (RhB)	43	Equity
Matterhorn Gotthard Infrastruktur AG	77	Equity
Federal enterprises segment		
Federal enterprises		
Parent company incl. its subsidiaries		
Swiss Post AG	100	Full consolidation
Swisscom AG	51	Full consolidation
Skyguide AG	100	Full consolidation
SBB AG	100	Full consolidation
BLS Netz AG	50	Full consolidation
SIFEM AG	100	Full consolidation
RUAG International Holding AG	100	Full consolidation
RUAG MRO Holding AG	100	Full consolidation
Decentralized administrative units (not tax-financed or not primarily tax-financed)		
Swiss Financial Market Supervisory Authority (FINMA)	100	Full consolidation
Swiss Federal Institute of Intellectual Property (IIP)	100	Full consolidation
Swiss Federal Nuclear Safety Inspectorate (ENSI)	100	Full consolidation
Federal Audit Oversight Authority (FAOA)	100	Full consolidation
Swiss Export Risk Insurance (SERV)	100	Full consolidation
Swiss Association for Hotel Credit (SAH)	21	Full consolidation
Swiss capacity allocation body TVS	100	Full consolidation
Swissmedic	66	Full consolidation
Federal social insurance segment		
Old-age and survivors' insurance (AHV)	100	Full consolidation
Disability insurance (IV)	100	Full consolidation
Compensation for loss of earnings (EO)	100	Full consolidation
Agriculture family allowances (FL)	100	Full consolidation
Unemployment insurance (ALV)	100	Full consolidation