Annual Report 2009 Raiffeisen Switzerland

RAIFFEISEN

A path is made by walking it.

Zhuang Zi, Chinese philosopher and poet

The paths in this year's annual report – some well travelled, some less so – reflect the diversity of character within Switzerland. Raiffeisen, too, is shaped by this diversity, as represented by its broad geographical reach, committed local roots and proximity to its clients and members. Just as diverse and individual as our clients are the wide range of opportunities we offer them, tailored specifically to their differing goals and needs.

In the same way that paths are made by walking them, values only develop when they are lived out in practice. Each and every day, Raiffeisen upholds values such as stability and tradition by drawing on proven concepts while at the same time nurturing characteristics such as vision and progress by taking a long-term view of the future and encouraging a positive attitude towards change.

These values are also expressed in the paths depicted by photographer Sally Montana in this report. The road over the Gotthard pass, which was carved into the Alps hundreds of years ago, is the epitome of stability and security. Just looking at its miles of twists and turns sparks associations with values such as durability, continuity, sustainability and – last but not least – trust. In this annual report, we invite you to discover how these values are implemented at Raiffeisen and join us on a journey of discovery along some of Switzerland's well-known and lesser-known paths.

Editorial Although the health of the world's economy started to improve slightly towards the end of the year, unemployment has continued to rise. Low interest rates meant a good year for home owners. While upholding its long history of tradition, Raiffeisen is equipping itself for the future through a number of different projects.

"Raiffeisen's business model and philosophy have become a genuine alternative for many Swiss people."

During the global recession, which peaked in the first quarter of 2009, Switzerland experienced a comparatively minor downturn. This is thanks in no small part to the country's diversified banking sector. Political pressure on the Swiss tradition of bank-client confidentiality dogged the country throughout the year. By signing the double taxation treaty, Switzerland agreed that it would in future grant administrative assistance in cases of tax evasion and tax fraud.

Well poised for a debate about values

2009 saw the beginning of a vigorous debate about values. Raiffeisen is very well positioned in such a debate. Our business model, our philosophy and, indeed, the cooperative structure give Raiffeisen a decisive advantage. Our clients thought so too, as our 2009 results attest. We operate in a segment that we know, whose risks we can assess. We set high quality standards for our loans, which are primarily first-class mortgages.

Mortgage borrowers among the winners

From clients' point of view, low mortgage interest rates were a positive side effect of the financial market crisis. 2009 was a year of exceptional growth for Raiffeisen. In its core business, mortgages, Raiffeisen notched up record growth, boosted by energetic campaigning in the areas of customer service and advice.

Dr Pierin Vincenz,
Chair of the Executive Board of the
Raiffeisen Group

Raiffeisen brand at the top of its league

The Raiffeisen brand also benefited from a position of trust, achieving very good results in several independent surveys. In a survey conducted for the Swiss Bankers Association into the opinions and attitudes of Swiss citizens on current banking issues, Raiffeisen came in first in all the image aspects surveyed – namely, trustworthiness, professionalism, reliability, interest in all clients, innovation & dynamism and transparency.

Membership remains highly popular

70,000 individuals chose to become new members of Raiffeisen in 2009, breaching the threshold of 1.6 million members. Members made use of the special "Erlebnis Schweiz" (Swiss experience) offers: 24,000 members benefited from a half-price rail excursion and 42,000 members enjoyed half-price stays at one of 180 hotels. The 647,000 free visits by Raiffeisen members to museums in 2009 set a new record.

Greater collaboration and partnership

In 2009, Raiffeisen further strengthened the basis for its attractive and sustainable range of services. This took place on two levels. Firstly, the collaborative arrangement between Raiffeisen and the Vontobel Group was extended to 2017, while the collaboration with Helvetia was extended for another five years. Raiffeisen also launched a new partnership with Ethos in connection with the exercise of voting rights attaching to investment products. Secondly, in 2009 Raiffeisen recorded an increase of more than 4% to 123,000 corporate clients. Companies with between one and nine employees remain the largest segment. Raiffeisen is continuing with its "local advice – regional support" programme.

Increasing efficiency in operations and IT

As part of the programme to replace the current core banking applications with the Avaloq standard banking software, which is scheduled to take several years, the main focus in 2009 was on successfully launching the new payment services system at around 200 banks. Following the changeover of the securities and trading business, initial experience was acquired and related optimizations were implemented.

Need for sustainability is on the rise

Clients increasingly want to see a sustainable business model with commensurate products and services. In 2002, Raiffeisen became the first Swiss banking group to promote new-build homes and building renovations that meet the Minergie standard by offering a 0.5% reduction on mortgage interest rates. We also provide key assistance for local, regional and national projects in the areas of sport, culture and society. Through these commitments, Raiffeisen is able to contribute over 17.5 million Swiss francs to supporting the diversity and distinctive features found locally and regionally in Switzerland.

The cooperative: a model for the future

The cooperative model is one of the winners in the fallout from the financial and economic crisis. This sustainable financial model is now enjoying a renaissance: in 2009, the Nobel Prize in Economic Sciences was awarded to two people who worked on cooperative models and the sustainable use of limited resources, while the UN heralded 2012 as the International Year of Cooperatives. Cooperatives manage to successfully combine community spirit with market intelligence. This makes them models for sustainable business as they strive to achieve benefits for all involved.

Political involvement increasingly important

Raiffeisen continued its political activities, as it is becoming increasingly important for the bank's interests to be effectively represented. The focal points were, among other things, ensuring that the domestic banking market was given due consideration when the Swiss Bankers Association developed its new financial market strategy, and providing opposition to a (special) banking licence for PostFinance within the context of postal market liberalization. Raiffeisen was also part of a successful stand opposing the draft bill on securing bank deposits. The legislation, which came into effect in December 2008, is due to be continued on the basis of the banks' joint self-regulatory organization.

Outlook

In 2010, we are likely to see an appreciable improvement in the health of the world economy. Hopefully, this should also result in a fall in unemployment figures. Switzerland's future role as a financial centre will depend very heavily on its relations with other countries in light of the ongoing outside pressure on bank-client confidentiality. In this difficult environment, it is vital that the Swiss financial sector recall to mind those qualities on which its outstanding reputation is built: probity, stability and professionalism. The domestically focused banks will have an important example to set in this regard.

A note of thanks

At this point, I would like to thank the members of the Board of Directors and our staff at all levels in the Raiffeisen Group. They are the foundation on which our bank operates – a foundation on which we continued to build in 2009. With our philosophy, our cooperative model and our corporate strategy, we are on the right path.

Dr Pierin Vincenz
Chair of the Executive Board of the Raiffeisen Group

Organizational chart of Raiffeisen Switzerland

Board of Directors
Dr h.c. Franz Marty (Chair), Dr Marie-Françoise Perruchoud-Massy (Vice-Chair), Daniel Lüscher[1], Philippe Moeschinger, Prof. Dr Johannes

Chair of the Executive Board
Dr Pierin Vincenz[2]

General Secretariat
Pius Horner

Finance
Marcel Zoller[2]

Accounting
Paolo Arnoffi

Controlling
Christian Poerschke

Group Risk Controlling
Dr Beat Hodel[3]

Credit Risk Management
Daniel Tönz

Projects
Marcel Zuberbühler

Market
Dr Patrik Gisel[2]

Products & Cooperation
Adrian Töngi

Distribution
Pascal Dürr

Bank Relationship Management
Oliver Banz

Corporate Clients
Hans Martin Albrecht

Marketing Communication
Robert Fuchs

Corporate Communications
Dagmar Laub-Gall

Italian-speaking Switzerland office
Romano Massera

French-speaking Switzerland office
Alain Girardin

Central Bank
Paulo Brügger[2]

Trading & Sales
Werner Leuthard

Treasury
Thomas Brunhart

Business Engineering & Support
Marco Tagliaferro

Rüegg-Stürm, Urs Schneider, Christian Spring[1], Prof. Dr Franco Taisch, Mario Verga, lic. iur. Edgar Wohlhauser, Werner Zollinger

Branches	IT	Services	Internal Auditing (IA)
Branches Gabriele Burn[2]	**IT** Damir Bogdan[2]	**Services** Michael Auer[2]	**Internal Auditing (IA)** Kurt Zobrist
St. Gallen Branch Dieter Leopold	**IT Governance & Services** Markus Beck	**HR Management** Michael Federer	**IA RB St. Gallen** Roland Meier
Winterthur Branch René Bentele	**Business Systems** Beat Monstein	**Legal & Compliance** Roland Schaub	**IA RB Dietikon** Räto Willi
Basel Branch Bruno Stiegeler	**IT Testing & Tools** Martin Sutter	**Organization & Purchasing** Robin Marke	**IA RB Lausanne** Jean-Daniel Rossier
Zurich Branch Matthias Läubli	**IT Operations** Christian Lampert	**Processing** Olivier A. Oettinger	**IA RB Bellinzona** Katia Carobbio
Berne Branch Daniel Schmid		**Facility Management** Roland Hagen	**IA Raiffeisen Switzerland** Sergio Pesenti
Thalwil Branch Daniel Duca		**Training** Urs von Däniken	**Internal Auditing ICT** Markus Hug

1) Dependent in the sense of FINMA Circular 2008/24 paragraphs 20-24
2) Member of the Executive Board
3) Member of the extended Executive Board


CHINA SHIPPING
MOL
MOL

Continuity
The historic waterway Via Rhenana between Constance and Basel weaves its way through a beautiful natural landscape while at the same time linking cultural centres such as Constance, Schaffhausen, Basel and the island of Reichenau. The element water embodies both continuity and constant movement. Raiffeisen unites these two poles with its business activities by building on proven concepts and continually developing them in line with changing times.

Business trend The key aspects of the 2009 financial year included the refinancing requirements of the Raiffeisen banks, renewed strong growth in branches and very low interest rates. Despite the challenging environment, gross profit increased by 121% thanks to intense cost management.

- *Refinancing of Raiffeisen banks' payment obligations in the amount of 1.7 billion Swiss francs*
- *Increase of 22% in lending by branches of Raiffeisen Switzerland*
- *Decline of 6% in interest income due to low interest rates*
- *Increase in gross profit of 32 million Swiss francs thanks to intense cost controls*
- *Increase of 71.3 million Swiss francs in the value of strategic participations*

Raiffeisen Switzerland posted a net profit of 20.1 million Swiss francs in the year under review. There was no more than a minimal change in total assets, though there were some very large shifts in individual items.

No post-balance-sheet events occurred that would have a significant impact on the operating result.

Profit and loss account

Operating income rose by 2% despite the considerable decline in the interest margin and lower trading income. This was due to higher transaction volumes and the slight improvement in commission income. Following the successful launch of the new IT solution for the Central Bank, total operating expenditure was reduced by 4.7%, or 22.2 million Swiss francs, owing to intense cost management.

Income from ordinary banking activities

Net interest income (note 20) fell by 6% to 97.2 million Swiss francs. Continued low interest rates and high hedging costs hampered opportunities to generate income. Treasury's liquidity management operations were not the only area confronted with major challenges, as there were few safe and profitable investments available. The interest margin realized in the branches' retail activities was also down as a result of the large-scale shift to fixed-rate mortgages. The increase in volumes only partially compensated for these income shortfalls.

Net income from commission business and service transactions (note 21) was up by 1.9% on the previous year to 63.2 million Swiss francs. The increase of 69% in commission income from lending business to 4.2 million Swiss francs is due to the merger of the Guarantee Cooperative in mid-2008 and higher credit risk transfers by the Raiffeisen banks. Income from securities and investment business fell slightly to 54.1 million Swiss francs in the wake of lower volumes. Conversely, income from other service transactions was steady thanks to renewed sharp growth in payment transaction volumes, despite lower tariffs vis-à-vis the Raiffeisen banks. Commission expenditure fell by 1.7% to 47.8 million Swiss francs on account of lower volumes in the securities business.

At 50.3 million Swiss francs, net trading income (note 22) was the second-best result in the history of Raiffeisen Switzerland. There was a sharp increase in net income from trading in foreign exchange, notes and coins, and precious metals. The challenging conditions in equities and fixed income trading and above all the low volatility at the short end of the yield curve meant that it was not possible to match the very good result achieved in the previous year.

The other ordinary result increased by 8.9% to 295.8 million Swiss francs. Dividends from the two strategic participations Vontobel Holding AG and Helvetia Holding AG were down by some 10 million Swiss francs in the year under review, causing income from participating interests to fall by 33% to 20.2 million Swiss francs. In addition to income from individually billed services, other ordinary income (note 23) also includes the contributions from the Raiffeisen banks for collective and strategic services provided by Raiffeisen Switzerland, which rose by a total of 1.4 million Swiss francs. Raiffeisen Switzerland's internal services for Group projects, valued at 44.9 million Swiss francs (previous year: 20.4 million Swiss francs), were charged to the Raiffeisen banks and credited to other ordinary income. However, the additional costs incurred by the Raiffeisen banks for projects came to only 10 million Swiss francs, as charges for third-party services were lower. Other ordinary expenditure was down by 5.3 million Swiss francs.

Total operating expenditure

Personnel expenditure (note 24) decreased by 5.7 million Swiss francs (-1.9%) year-on-year to 292.9 million Swiss francs. This reduction was realized despite the addition of 91 full-time positions (+5.5% to 1,768 full-time posts) and higher contributions to the pension fund. The main factors behind the cost savings were the completion of a number of large-scale IT projects and the associated reduction in temporary contracts as well as lower variable remuneration payments.

Operating expenditure (note 25) amounted to 154.8 million Swiss francs in the year under review. With the successful launch of the new IT solution for the Central Bank and thanks to intense cost management, operating expenditure was reduced by 9.6%, or 16.5 million Swiss francs. Occupancy costs rose by 2.4 million Swiss francs to 17.2 million Swiss francs as a result of the additional space requirements, some of which had already been rented in the preceding year. The cost of computer equipment, machinery and furniture was cut by 1.5 million Swiss francs to 74.2 million Swiss francs. Key savings were also made in other operating expenditure, which decreased by 17.3 million Swiss francs (-21.5%) to 63.3 million Swiss francs. The efforts being made to cut costs are apparent in all of the main expenditure items, but especially in fees for third-party services.

Depreciation on fixed assets

The year under review saw extraordinary depreciation of a reserve nature on IT infrastructure and other tangible fixed assets. In the previous year, the only write-downs made were those required for operational reasons. Depreciation on other fixed assets, excluding book value adjustments on participations (previous year: 71.3 million Swiss francs) rose by 41.3 million Swiss francs to 89.1 million Swiss francs.

Value adjustments, provisions and losses

Value adjustments, provisions and losses rose slightly to 2.2 million Swiss francs. This reflects the prudent lending policy pursued by Raiffeisen Switzerland.

Extraordinary income and taxes

The extraordinary income (note 26) of 74.1 million Swiss francs includes the appreciation of 71.3 million Swiss francs in the value of strategic participations. Furthermore, the amount of 2.6 million Swiss francs was credited to extraordinary income in relation to the approved insurance payment for the water damage to the computer centre in Wassergasse, St. Gallen. The extraordinary expenditure of 12.6 million Swiss francs chiefly consists of 10.9 million Swiss francs for the creation of reserves for general banking risks and a loss of 1.2 million Swiss francs from the disposal of tangible fixed assets. Tax expenditure was practically unchanged at 5.6 million Swiss francs.

Net profit

Net profit was up 1.3% year-on-year to 20.1 million Swiss francs.

Balance sheet

Raiffeisen Switzerland's balance sheet reflects the diverse demands placed on the organization as a result of its central position within the Raiffeisen Group. In addition to maintaining bank branches in various major cities in Switzerland that offer a similar range of services to the Raiffeisen banks, Raiffeisen Switzerland also provides the services of a central bank for the entire Group, and as intermediary is responsible for a range of tasks including liquidity management, refinancing and the hedging of interest rate exposure on a consolidated basis. As a result, the short-term liquidity situation of the Raiffeisen banks, which is dictated by the difference between the growth of client assets and that of loans, is directly reflected in Raiffeisen Switzerland's balance sheet and total assets. There were some considerable shifts on the balance sheet in the year under review, but Raiffeisen Switzerland's total assets increased by just 2.7% or 792.7 million Swiss francs.

The statutory liquidity requirements, which have to be met on a consolidated basis, were satisfied at all times. The statutory capital adequacy requirements were also fulfilled (page 62).

Receivables from or liabilities to Raiffeisen banks

As at the end of 2009, net liabilities to Raiffeisen banks amounted to 1.0 billion Swiss francs. Whereas in the preceding year the Raiffeisen banks deposited excess liquidity with the Central Bank in the amount of 4.2 billion Swiss francs, they withdrew 1.8 billion Swiss francs in the year under review to enable investments in client business. To comply with statutory liquidity requirements, the Raiffeisen banks have assets of 5.6 billion Swiss francs invested in blocked accounts.

Receivables from or liabilities to other banks

The volume of interbank business was reduced by almost one-third in 2009. As at the end of 2009, net liabilities amounted to around 1 billion Swiss francs, which contrasts with net receivables of 4.1 billion Swiss francs at the end of the previous year. This reduction predominantly arose in the short-term repo business, which has become increasingly unprofitable. Only 8% of assets with other banks have a term of over three months up to a maximum of one year. Money market limits with domestic and foreign counterparties remain subject to intense monitoring and verification. Limits applying to foreign banks were cut or even reduced to zero, but at the same time new limits were also approved for first-class foreign banks. In the domestic interbank market, the existing limits were maintained overall.

In repo transactions, Raiffeisen Switzerland continues to occupy a leading position on the Swiss franc market. In addition to offering more favourable refinancing terms, this also permits investment in third-party banks on a covered basis, therefore putting less pressure on capital resources. Securities from the portfolio of financial assets and reverse repo transactions are used as collateral. Funds are also borrowed in foreign currencies.

Loans to clients

Loans to clients rose by a total of 13.9% to 5 billion Swiss francs in the year under review. The branches upped their lending by 870 million Swiss francs (+22.2%) to 4.8 billion Swiss francs. However, short-term advances and loans made by the Central Bank to institutional borrowers and public bodies were reduced by 87 million Swiss francs.
In the year under review, the Raiffeisen banks took back loans to clients from Raiffeisen Switzerland totalling 168 million Swiss francs, thus definitively returning all undisclosed assignments at Raiffeisen Switzerland to the Raiffeisen banks.

Trading portfolios in securities and precious metals

Following the sharp reduction in trading portfolios over the year-end period of the previous year due to the IT switch-over, the balance sheet amount rose by 36.8% to around 500 million Swiss francs. The main increase was in precious metals holdings (see note 2 for a breakdown of trading portfolios), which were largely offset by delivery obligations to clients. The capital adequacy requirements for market risks in the trading book are detailed on page 62.

Financial assets

Securities holdings in financial assets (note 2), consisting primarily of first-class bonds, are managed in accordance with the statutory liquidity requirements for the Raiffeisen Group. The book value rose by 3.3 billion Swiss francs to 6.7 billion Swiss francs in the year under review. In particular, mortgage bonds and government bonds were purchased.

Participations

The major participations are detailed under note 3. In the year under review, Raiffeisen Switzerland invested 24.9 million Swiss francs in existing participations. The holding in SIX Group AG was increased from 1.2% to 2%, while the participation in Swiss Bankers Prepaid Services AG was expanded from 6% to 16.5%. Raiffeisen Switzerland exercised its subscription rights in full in the capital increase by the Mortgage Bond Bank, thus maintaining its stake of 7.2%. The book value of the two strategic participations Vontobel Holding AG and Helvetia Holding AG came close to the acquisition price following sharp share price rallies in the first half of 2009. The recovery in value amounted to 71.3 million Swiss francs.

Tangible fixed assets

The investment volume in respect of real estate (note 4) amounted to 6.2 million Swiss francs in the year under review. The sum of 4.7 million Swiss francs was invested in the bank building under construction at Raiffeisenplatz 8, and 1.5 million Swiss francs were spent on conversion work in St. Gallen, Dietikon and Thalwil. The net amount of 33.9 million Swiss francs was invested in other tangible fixed assets, with around 21 million Swiss francs spent on new IT hardware. Other key items relate to infrastructure investments of 5 million Swiss francs for branches and their new offices as well as 3.7 million Swiss francs on fitting out the new rental property in Lausanne. The “Other” item incorporates investments of 21.3 million Swiss francs for software and licences.

Client monies

Client monies rose by 3.6%, or 273 million Swiss francs, to 7.9 billion Swiss francs in the year under review. On the one hand, savings deposits posted strong growth of 23.9%, which was partly due to shifts from maturing medium-term notes and other fixed income investments. On the other hand, within other liabilities to clients there was a reduction of 240 million Swiss francs in short-term investments and repo transactions for institutional clients with the Central Bank. Client monies at branches rose by 7.7% to 4.2 billion Swiss francs.

Bonds and mortgage bond loans

A bond became due for repayment at the end of May 2009, resulting in a decrease in the portfolio of 250 million Swiss francs to 1.9 billion Swiss francs (note 9). Liabilities towards the Mortgage Bond Bank were reduced by 113.7 million Swiss francs to 823 million Swiss francs in net terms. Redemptions of 122.4 million Swiss francs were partially offset by new issues of 8.7 million Swiss francs.

Value adjustments and provisions

The value adjustments for default risks (note 10) remained almost unchanged year-on-year at 36.6 million Swiss francs. New provisions in the amount of 11 million Swiss francs were created, with reversals of 9 million Swiss francs, while the sum of 2.4 million Swiss francs was written off for confirmed losses. In order to determine the value adjustments for default risks, the expected risks were identified based on internal ratings and by calculating the value of collateral. Provisions for other business risks amounted to just 0.2 million Swiss francs.

Reserves for general banking risks

The amount of 10.9 million Swiss francs was allocated to reserves for general banking risks in the year under review. The reserves amounted to 339 million Swiss francs, of which 133 million Swiss francs were taxed (note 10).

Equity capital

Equity capital increased by 16.8 million Swiss francs to 853.3 million Swiss francs.

Off-balance-sheet business

Contingent liabilities (note 17) rose by 9.8%, or 49.3 million Swiss francs, to 553.2 million Swiss francs. While credit risk guarantees fell by 32.2 million Swiss francs, other contingent liabilities climbed by 82.8 million Swiss francs. This rise is due to the increased stake in Swiss Bankers Prepaid Services AG and the related provision of a guarantee in connection with the conversion from an ordinary partnership into a stock corporation (+40 million Swiss francs) as well as the new guarantees within the scope of syndicated loans to corporate clients. The increase in irrevocable commitments mainly arose from open credit limits to corporate clients. Call-in obligations rose by 6 million Swiss francs due to the capital raising by the Mortgage Bond Bank.
The contract volume for derivative financial instruments (note 18) fell markedly, by 21.7%, from 96.2 billion Swiss francs to 75.3 billion Swiss francs. While hedging transactions for the bank book rose from 22.6 billion Swiss francs to 43.4 billion Swiss francs, there was a sharp reduction in fixed income trading positions. The positive replacement values amounted to 632.2 million Swiss francs (previous year: 721.2 million Swiss francs), while the negative replacement values totalled 1.1 billion Swiss francs (previous year: 1 billion Swiss francs).

The decline in fiduciary transactions by 193.3 million Swiss francs to 26.9 million Swiss francs was primarily due to the low level of interest rates.

Remuneration report

The compensation system at Raiffeisen Switzerland is geared to the cooperative goals of ensuring good-quality growth for the Raiffeisen Group and securing its long-term existence. The system was adopted by the Board of Directors, which reviews it at regular intervals. The Committee of the Board of Directors is responsible for implementing the compensation system. The Board of Directors has accepted and approved the remuneration report.

Board of Directors

The 11 members of the Board of Directors of Raiffeisen Switzerland are compensated in line with their responsibilities and their time. Within this framework, members receive more if they are a member of a committee, chair a committee or chair the Board of Directors. The eleven current members of the Board of Directors of Raiffeisen Switzerland received compensation totalling 919,712 Swiss francs in the year under review. This compensation includes all allowances, attendance fees and expenses. The chair of the Board of Directors, Dr h.c. Franz Marty, received the highest total compensation, amounting to 276,650 Swiss francs. The members of the Board of Directors do not receive a profit-sharing element. In addition, the total employee benefits for the members of the Board of Directors amounted to 123,778 Swiss francs.

Members of the Executive Board (including Head of Internal Auditing)

The compensation paid to the eight members of the Executive Board is comprised of a fixed and a variable component. The fixed component is agreed on the basis of the labour market value, the demands of the assigned department, management responsibilities and seniority. The maximum amount of this fixed component is 1,200,000 Swiss francs. The variable component depends on annual performance and profits. In individual cases it may be at most two-thirds of the fixed component. The criteria for evaluating performance and profits are the three-year goals set for the individual members of the Executive Board in their department, the progress of Raiffeisen Group's strategic initiatives and projects, and the Group profit of the Raiffeisen Group compared with the rest of the market.

The total compensation paid to the members of the Executive Board of Raiffeisen Switzerland for the year under review was 7,472,759 Swiss francs. Of this, 1,844,556 Swiss francs was paid to Dr Pierin Vincenz, CEO of Raiffeisen Switzerland; this was the highest sum paid to an individual member of the Executive Board. In addition, the total employee benefits for the members of the Executive Board amounted to 2,791,678 Swiss francs. Fixed compensation includes business-related Board of Directors fees for members of the Executive Board.

As at the end of the financial year, loans granted to members of the Executive Board totalled 17,880,327 Swiss francs. Loans to members of the Executive Board and the Head of Internal Auditing are approved by the Committee of the Board of Directors. In common with other staff, the members of the Executive Board benefit from the standard preferential terms for the sector. No joining or termination payments were made to members of the Executive Board in the year under review.

Balance Sheet as at 31 December 2009

	Current year in 1000 CHF	Prior year in 1000 CHF	Change in 1000 CHF	Change in %	Note
Assets					
Liquid funds	253,899	703,134	-449,236	-63.9	12
Receivables from money market securities	629	621	8	1.3	12
Receivables from Raiffeisen banks	6,528,587	5,131,848	1,396,739	27.2	6, 12
Receivables from other banks	8,798,963	12,599,787	-3,800,824	-30.2	12
Receivables from clients	638,953	656,479	-17,527	-2.7	1, 12
Mortgage receivables	4,398,955	3,766,071	632,884	16.8	1, 6, 12
Loans to clients	**5,037,907**	**4,422,550**	**615,358**	**13.9**	
Trading portfolios in securities and precious metals	500,033	365,585	134,448	36.8	2, 12
Financial assets	6,668,188	3,355,089	3,313,099	98.7	2, 6, 12
Participations	380,408	287,546	92,862	32.3	2, 3, 4
Tangible fixed assets	273,197	300,406	-27,209	-9.1	4
Accrued income and prepaid expenses	334,852	319,274	15,578	4.9	
Other assets	1,728,051	2,226,160	-498,108	-22.4	5
Total assets	**30,504,714**	**29,712,000**	**792,714**	**2.7**	**14, 16**
Total subordinated receivables	3,279	12,394	-9,115	-73.5	
Total receivables from Group companies	164,476	164,744	-268	-0.2	
Liabilities					
Liabilities to Raiffeisen banks	7,509,323	7,948,866	-439,543	-5.5	12
Liabilities to other banks	9,822,687	8,493,858	1,328,829	15.6	12
Liabilities to clients in the form of savings and investment deposits	2,868,569	2,314,526	554,043	23.9	12
Other liabilities to clients	4,354,515	4,592,281	-237,766	-5.2	12
Medium-term notes	652,191	695,517	-43,326	-6.2	12
Client monies	**7,875,275**	**7,602,324**	**272,952**	**3.6**	
Bonds and mortgage bond loans	2,693,000	3,056,650	-363,650	-11.9	9, 12
Accrued expenses and deferred income	222,356	347,745	-125,390	-36.1	
Other liabilities	1,491,991	1,388,863	103,128	7.4	5
Value adjustments and provisions	36,809	37,178	-369	-1.0	10
Reserves for general banking risks	339,000	328,100	10,900	3.3	10
Cooperative capital	360,000	360,000	0	0.0	
General statutory reserves	134,172	128,581	5,592	4.3	
Annual profit	20,100	19,835	266	1.3	
Total equity capital	**853,273**	**836,515**	**16,758**	**2.0**	**11**
Total liabilities	**30,504,714**	**29,712,000**	**792,714**	**2.7**	**14, 16**
Total subordinated commitments	–	–	–	–	
Total commitments towards Group companies	7,318	8,312	-993	-11.9	
Off-balance-sheet business					
Contingent liabilities	553,226	503,926	49,300	9.8	1, 17
Irrevocable undertakings	360,429	290,914	69,515	23.9	1
Call commitments and additional funding obligations	20,076	14,125	5,951	42.1	1
Derivative financial instruments					
Positive replacement values	632,200	721,170	-88,970	-12.3	18
Negative replacement values	1,107,937	1,013,737	94,200	9.3	18
Contract volume	75,312,222	96,188,590	-20,876,368	-21.7	18
Fiduciary business	26,893	220,199	-193,306	-87.8	19

Profit and Loss Account 2009

	Current year in 1000 CHF	Prior year in 1000 CHF	Change in 1000 CHF	Change in %	Note
Interest and discount income	663,529	1,079,271	-415,742	-38.5	20
Interest and dividend income from financial assets	97,687	51,940	45,747	88.1	20
Interest expenditure	-663,983	-1,027,772	363,788	-35.4	20
Net interest income	**97,233**	**103,439**	**-6,207**	**-6.0**	
Commission income from lending business	4,236	2,505	1,730	69.1	21
Commission income from securities and investment business	54,085	55,580	-1,495	-2.7	21
Commission income from other service transactions	52,654	52,583*	70	0.1	21
Commission expenditure	-47,824	-48,675*	851	-1.7	21
Net income from commission business and service transactions	**63,150**	**61,993**	**1,156**	**1.9**	
Net trading income	**50,320**	**59,465**	**-9,145**	**-15.4**	**22**
Income from sale of financial assets	-365	30	-395	–	
Income from participating interests	20,178	30,204	-10,026	-33.2	
Income from real estate	3,212	3,473	-261	-7.5	
Other ordinary income	273,026	243,410	29,617	12.2	23
Other ordinary expenditure	-220	-5,498	5,278	-96.0	
Other ordinary result	**295,831**	**271,619**	**24,212**	**8.9**	
Operating income	**506,534**	**496,516**	**10,017**	**2.0**	
Personnel expenditure	-292,892	-298,599	5,707	-1.9	24
Operating expenditure	-154,770	-171,226	16,456	-9.6	25
Total operating expenditure	**-447,662**	**-469,825**	**22,163**	**-4.7**	
Gross profit	**58,871**	**26,691**	**32,180**	**120.6**	
Depreciation on fixed assets	-92,395	-119,162	26,767	-22.5	4
Value adjustments, provisions and losses	-2,243	-470	-1,773	377.2	
Operating profit (interim result)	**-35,767**	**-92,941**	**57,174**	**61.5**	
Extraordinary income	74,107	118,261	-44,154	-37.3	26
Extraordinary expenditure	-12,640	-39	-12,600	–	26
Taxes	-5,600	-5,446	-154	2.8	
Annual profit	**20,100**	**19,835**	**266**	**1.3**	

The amounts shown in the annual accounts have been rounded. Consequently, a minimal difference may arise in the total amount.

* Fees for foreign payment services, which were reported gross in the previous year, are now booked on a net basis under income from payment instruments.

Proposed Distribution of the Available Profit
to the Ordinary Delegate Meeting of 12 June 2010 in Neuchâtel

	Current year in 1000 CHF	Prior year in 1000 CHF	Change in 1000 CHF	Change in %
Appropriation of profit				
Annual profit	20,100	19,835	266	1.3
Profit brought forward	0	–	–	
Available profit	**20,100**	**19,835**	**266**	**1.3**
Appropriation of profit				
– Allocation to general statutory reserves	5,700	5,592	108	1.9
– Interest on cooperative capital	14,400	14,243	157	1.1
Total appropriation of profit	**20,100**	**19,835**	**266**	**1.3**

Cash Flow Statement 2009

	Current year origin of funds in 1000 CHF	Current year use of funds in 1000 CHF	Prior year origin of funds in 1000 CHF	Prior year use of funds in 1000 CHF
Cash flow from operating results (internal financing)				
Annual profit	20,100		19,835	
Depreciation on fixed assets	92,395		119,162	
Appreciation on participations		71,301		
Value adjustments and provisions	11,142	11,511	24,337	27,823
Reserves for general banking risks	10,900			96,400
Prepaid expenses		15,578	33,139	
Deferred income		125,390		15,035
Interest paid on share certificates for prior year		14,243		12,800
Balance	**–**	**103,486**	**44,415**	**–**
Cash flow from equity capital transactions				
Net change in equity capital			40,000	
Addition of reserves from merger with Raiffeisen Guarantee Cooperative			3,909	
Balance	**–**	**–**	**43,909**	**–**
Cash flow from investment activities				
Participations	83	24,911	40,527	1,147
Real estate		6,152		10,815
Other tangible fixed assets	8,352	42,827	39	72,419
Other		21,292		29,732
Balance	**–**	**86,747**	**–**	**73,547**

Continued on page 23

	Current year origin of funds in 1000 CHF	Current year use of funds in 1000 CHF	Prior year origin of funds in 1000 CHF	Prior year use of funds in 1000 CHF
Cash flow from banking business of the Central Bank with Raiffeisen banks				
Liabilities to Raiffeisen banks		11,281	4,282,379	
Receivables from Raiffeisen banks		2,359,151	438,834	
Receivables from clients undisclosed assignments	22,627		31,200	
Mortgage receivables undisclosed assignments	144,988		154,998	
Balance	**–**	**2,202,817**	**4,907,411**	**–**
Cash flow from ordinary banking business with the Central Bank				
Liabilities to banks	1,328,829			2,935,473
Liabilities to clients		27,992		1,393,192
Medium-term notes		250,000		118,500
Bonds	8,700	122,350	143,000	306,950
Other liabilities	105,765		734,291	
Receivables from money market securities			4,950	
Receivables from banks	3,800,824			259,522
Receivables from clients	87,417		282,591	
Trading portfolios in securities and precious metals		134,384	352,722	
Financial assets		3,313,274		1,186,100
Other receivables	498,076		379,260	
Liquid funds	448,957			595,784
Balance	**2,430,568**	**–**	**–**	**4,898,708**
Cash flow from banking business of the branches of Raiffeisen Switzerland				
Net positions at the Central Bank	534,150			542,587
Savings and investment funds	553,017		745,383	
Other liabilities to clients		208,747	157,087	
Medium-term notes	125,000	168,326	321,791	116,189
Bonds/mortgage bond loans				
Other liabilities		2,637	1,824	
Receivables from clients		92,518		50,817
Mortgage receivables		777,872		534,523
Financial assets	175			175
Other receivables		39	147	
Liquid funds	279			5,421
Balance	**–**	**37,518**	**–**	**23,480**
Total origin of funds	**7,801,776**		**8,311,404**	
Total use of funds		**7,801,776**		**8,311,404**

Progress
The Limmat Wasserschloss industrial heritage trail leads hikers past industrial buildings of historic interest in the region between Wettingen and Baden, such as textile factories, power plants, metal and machine workshops, and important railway structures. These solid buildings have stood the test of time. Yet while the structures themselves have remained, the industries inside them have evolved thanks to vision and energy. Raiffeisen also has a solid structure, which provides a strong foundation for progress and innovation going forward.

Notes to the Annual Accounts

Business activities

The most important duties of Raiffeisen Switzerland include ensuring loan and capital settlement and guaranteeing that statutory liquidity requirements are met for the entire organization. Settling the regularly recurring, seasonal liquidity fluctuations of the entire Raiffeisen Group, which has total assets of around 140 billion Swiss francs, represents a particular challenge.

The difference between the growth of client assets and that of loans at the Raiffeisen banks is directly reflected in Raiffeisen Switzerland's balance sheet and total assets. As the giro centre for the Raiffeisen Group, Raiffeisen Switzerland has expanded interbank transactions in the last few years by significantly increasing the focus on repo business in Switzerland and medium to long-term borrowing abroad. The Raiffeisen Switzerland Central Bank is one of the biggest repo trading institutions in Switzerland. It was able to dramatically improve the credit risk profile in interbank business thanks to the repo business, which reduces the pressure on capital resources. There was also an improvement in liquidity management coupled with a substantial drop in refinancing costs for the Raiffeisen Group.

The amalgamation into the Raiffeisen Group has given the individual member banks access to wide-ranging services in the areas of management, marketing, business, information technology, building systems (including security), training and legal services. In addition to interbank business, Raiffeisen Switzerland also has its own client business with the Central Bank and the branches in Basel, Berne, St. Gallen, Thalwil, Winterthur and Zurich. The Central Bank can enter into commitments abroad up to a risk-weighted maximum of 5% of the Raiffeisen Group's consolidated net assets, according to the risk-weighting factors stipulated by banking law.

Pursuant to its Articles of Association (Art. 5, para. 4), Raiffeisen Switzerland guarantees the liabilities of the Raiffeisen banks. In return, the Raiffeisen banks guarantee the liabilities of Raiffeisen Switzerland to the extent of their capital.

Staff

As at the end of 2009, the number of employees – on a full-time equivalent basis – was 1,768 (previous year: 1,677).

Risk assessment

The Board of Directors has overall responsibility for risk management and risk control within the Raiffeisen Group. It defines the risk policy and reviews it on an annual basis. It also defines the level of risk tolerance and overall limits on an annual basis.

The Board of Directors monitors both the risk situation and changes in risk-bearing capital on a quarterly basis based on the Board of Directors risk report. This provides comprehensive information on the risk situation, capital adequacy, compliance with overall limits and any measures required. Monitoring focuses on credit and market risks in the bank and trading books, liquidity risks, operational risks, solidarity risks within the Raiffeisen Group (i.e. the risk of problems at individual Raiffeisen banks) and reputational risks.

The Board of Directors risk report is examined in depth by the Audit Committee of the Board of Directors. Drawing on this preparatory work, the Board of Directors reviews the findings of the Board of Directors risk report and its implications for risk strategy on a quarterly basis.

The Board of Directors carries out an annual assessment of the appropriateness and effectiveness of the internal control system (ICS) based on Group Risk Controlling's ICS appropriateness and effectiveness report and the reports produced by Internal Auditing.

The risk reports for the Board of Directors are prepared by Group Risk Controlling as an independent entity. The risk reports and any measures are discussed in detail in the preparatory meetings of the expanded Executive Board, which acts as the Risk Committee.

Assessment of the risks in the Raiffeisen Group is based on a combination of quantitative and qualitative factors. The key risks are thoroughly assessed both in terms of regulatory requirements and using economic models. Raiffeisen's risk models are based on cautious assumptions about distribution, confidence intervals, holding intervals and risk diversification. Its risk capital budgeting is geared to stress scenarios.

Credit risks are also considered at nominal values. Operational risks are assessed in terms of the probability of occurrence and loss potential. The appropriateness and effectiveness of control measures are incorporated into the assessment. The analysis of the operational risks is supplemented by an assessment of the qualitative impact of a risk event.

The Raiffeisen Group places particular emphasis on supplementing its model-based assessments with forward-looking practical analyses and estimates. Scenario-based analyses based on macroeconomically consistent scenarios together with assessments drawing on specialist areas and front office units therefore play an important role in overall risk comprehension. The results of these analyses appear as a commentary in the risk report, and in certain cases are also presented as a special report.

Risk management

Risk policy

The risk management systems are based on statutory and supervisory provisions and the regulations governing risk policy for Raiffeisen Switzerland ("risk policy" for short). Raiffeisen Switzerland views taking on risks as one of its core competences and sees it as a vital prerequisite for achieving returns. Risks are only entered into with full knowledge of their extent and dynamics, and only when the requirements in terms of systems, staff resources and expertise are met.
The aim of the risk policy is to limit the negative impact of risks on earnings and protect Raiffeisen Switzerland from high exceptional losses while safeguarding and strengthening its good reputation. The risk policy forms the basis for managing risks at the operational level and is implemented by the Board of Directors of Raiffeisen Switzerland. It is reviewed and updated annually.
Group Risk Controlling is responsible for ensuring that the risk policy is observed and enforced. The Compliance unit ensures that regulatory provisions are adhered to.

Risk control

Raiffeisen Switzerland controls the key risk categories using special processes and overall limits. Risks that cannot be reliably quantified are limited by qualitative stipulations. Risk control is completed by independent monitoring of the risk profile.

Risk management process

The risk management process is valid for all risk categories, in other words for credit risks, market risks and operational risks. It incorporates the following components:

- Risk identification
- Risk measurement and assessment
- Risk management, for which the designated risk managers are themselves responsible within the defined limits
- Risk limitation, through the setting of appropriate limits
- Risk monitoring

The aim of risk management is to

- ensure that effective controls are in place at all levels;
- ensure that any risks entered into are in line with accepted levels of risk tolerance;
- create the conditions for entering into and systematically managing risks in an active, targeted and controlled manner;
- make the best possible use of risk tolerance, in other words to ensure that risks are only entered into if they offer suitable return potential.

Credit risks

The Raiffeisen Switzerland branches and the Central Bank department are exposed to credit risks. They arise in the form of counterparty risks from dealings with commercial banks as well as institutional, corporate and private clients. At branch level, credit risks predominantly derive from loans granted to one or more individuals or corporate clients. They are limited primarily by securing the underlying claims. Larger loans to corporate clients are granted by the branches. The Central Bank department mainly incurs credit risks in connection with interbank business. With the exception of the repo business, these commitments are unsecured. External ratings are used as a basis for approving and monitoring business with other banks. Off-balance-sheet items such as derivative financial instruments are converted to their respective credit equivalent. Raiffeisen Switzerland has concluded a netting agreement with various counterparties for off-balance-sheet receivables (for OTC transactions) and monitors exposure on a net basis.

Creditworthiness and solvency are assessed at Raiffeisen Switzerland on the basis of the Group-wide standards that are laid down in the lending policy. Sufficient creditworthiness and the ability to keep up payments must be proven before approval for any loan is granted. Loans to private individuals and legal entities are classified according to internal rating procedures and, on the basis of this classification, monitored from a risk-oriented perspective. Creditworthiness is defined according to a range of risk categories – four for private clients and thirteen for corporate clients. A tried-and-tested set of tools is available for dealing with the key elements of credit risk management, i.e. risk-adjusted pricing, portfolio management, identification and individual value adjustments. Specialist teams are available for more complex financing and the management of recovery positions.

Collateral is valued according to uniform criteria. In the case of mortgages and building loans in particular, a comprehensive set of guidelines specifies how collateral is to be calculated, depending on the type of property in question. A carefully determined actual value is used for owner-occupied residential property, rented single-family homes and owner-occupied apartments, while calculations for multi-family units are based on the capitalized value and, where applicable, on the weighted market value. The capitalized value is used as the benchmark for commercial property. Different repayment obligations apply to second mortgages. Other features of the credit approval process are a prudent lending limit policy and an approval procedure geared to levels of responsibility.

Throughout the entire duration of the credit facility, receivables are monitored continuously and ratings updated on a periodic basis in line with the relevant client type and collateral type. The value of the collateral is reviewed at varying intervals according to its volatility on the market and the overall facility re-approved.

The standardized guidelines concerning the creation and reversal of individual value adjustments for default risks are set out in an internal directive. This stipulates how the liquidation value and individual value adjustments for any collateral that may exist should be calculated if there are indications that positions are impaired, non-performing or have a poorer rating. Value adjustments and provisions are reviewed on a quarterly basis.

Raiffeisen Switzerland monitors, controls and manages risk concentrations within the Group, especially exposures to individual counterparties or groups or exposures in specific sectors. The process for identifying and consolidating affiliated counterparties is automated across the entire Raiffeisen Group.

Raiffeisen Switzerland monitors the credit portfolio across the Group, evaluating the portfolio structure and ensuring credit portfolio reporting. Monitoring the portfolio structure involves analysing the distribution of the portfolio according to a range of structural characteristics including category of borrower, type of loan, size of loan, counterparty rating, sector, collateral, geographical features and value adjustments. This analysis forms the basis for portfolio controlling measures, with the main focus being on controlling new business via the lending policy.

In addition to the qualitative monitoring of the portfolio structure, the risk contributions of individual client segments and sectors are also monitored. These risk contributions are calculated and reported as value-at-risk.

Cluster risks are monitored centrally by Credit Risk Controlling.

As at 31 December 2009 Raiffeisen Switzerland had 16 cluster risks subject to a reporting obligation. These had a combined risk-weighted exposure of 2,173 million Swiss francs, constituting 236% of allowable capital resources (previous year: nine positions subject to a reporting obligation amounting to 1,359 million Swiss francs or 143.0% of capital resources).

At Raiffeisen Group level there are no cluster risks that have to be reported under Swiss Financial Market Supervisory Authority (FINMA) regulations.

The credit volume of Raiffeisen Switzerland's ten largest borrowers (excluding interbank business and public bodies) as at 31 December 2009 was 639 million Swiss francs or 12.7% of loans to clients (previous year: 626 million Swiss francs or 14.1%).

Market risks

Group Risk Controlling, which reports to the Head of the Finance department, is responsible for the independent monitoring of market risks. This primarily involves monitoring compliance with statutory capital adequacy requirements and the position and sensitivity limits stipulated by the

Board of Directors and the Executive Board. Group Risk Controlling also evaluates the risk situation on a regular basis as part of the reporting process.

As Raiffeisen Switzerland is heavily involved in balance sheet business, interest rate fluctuations can have a considerable influence on interest income. Up-to-date procedures are in place to measure the risk in the bank book associated with fluctuating interest rates. In particular, these display variable positions based on a model that optimally replicates historical interest rate fluctuations with money and capital market rates. Decisions regarding the assignment of funds are taken on a decentralized basis within Raiffeisen Switzerland via the respective line functions. The Treasury of the Central Bank department of Raiffeisen Switzerland is the Group-wide binding counterparty for refinancing and hedging transactions, which are implemented through deposits and loans. The responsible members of staff in the branches and in the Central Bank are required to adhere strictly to the sensitivity limits set by the Board of Directors, which relate to the change in the present value of the equity capital. Group Risk Controlling monitors compliance with limits and prepares associated reports, while also assessing the risk situation. In addition, the potential impact of the interest rate risk entered into on the market value of the equity capital and on profitability is measured with the aid of scenario analyses and stress tests and included in monthly and quarterly risk reporting.

Since assets in a foreign currency are generally refinanced in the same currency, foreign currency risks are largely avoided.

Trading & Sales, part of the Central Bank department, is responsible for managing the Central Bank trading book. The branches do not keep a trading book. The Central Bank trades in interest rates, currencies, equities and banknotes/ precious metals. It must adhere strictly to the sensitivity and loss limits set by the Board of Directors; these are monitored by Group Risk Controlling on a daily basis. In addition, Group Risk Controlling conducts daily plausibility checks on the profits achieved in trading and regularly reviews the valuation parameters used to produce profit and loss figures for trading. Trading in derivative financial instruments is carried out exclusively by experienced dealers. They work with both standardized and over-the-counter (OTC) derivatives for Central Bank's own account and for clients.

Reporting on compliance with sensitivity and position limits and the assessment of the risk situation by Group Risk Controlling are primarily conducted via three media:

- Weekly interest rate risk report to the CEO in line with FINMA Circular 2008/6
- Monthly risk report to the Executive Board
- Quarterly risk report to the Board of Directors

The capital adequacy requirements for market risks are calculated using the standard approach under supervisory law. Within this framework, the duration method is applied for general market risk with regard to interest rate instruments and the delta-plus approach in respect of capital adequacy requirements for options. The table below provides an overview:

Capital adequacy requirements for market risks relating to the trading book

in 1000 CHF	31.12.2009	Ø 2009	31.12.2008	Ø 2008
Foreign exchange/ precious metals	8,753	8,532	4,265	6,531
Interest rate instrum.	47,858	52,577	44,890	46,412
Equities/indices	1,966	2,038	–	1,413
Total	**58,577**	**63,146**	**49,155**	**54,356**

Liquidity and financing risks
According to the FINMA ruling of 24 September 1997, Raiffeisen Switzerland is exempted from complying on an individual basis with the rules regarding liquidity. The relevant legal provisions must instead be observed on a consolidated basis. Liquidity and refinancing management at Group level is carried out by the Treasury department of Raiffeisen Switzerland and monitored by Group Risk Controlling.

Operational risks
At Raiffeisen, operational risk means the danger of losses arising as a result of the unsuitability or failure of internal procedures, people, IT systems, buildings and equipment, as a result of external events or through the interference of third parties. In addition to the financial impact, the Raiffeisen Group also takes into account the consequences of operational risks for reputation, compliance and financial reporting.

Operational risks are only entered into in connection with business activities. They are avoided, reduced, transferred or borne by Raiffeisen Switzerland itself based on cost-benefit considerations. In the case of business-critical processes, emergency and catastrophe prevention planning measures are in place to manage operational risks.

Each function within Raiffeisen is responsible for identifying, evaluating, managing and monitoring the operational risk arising as a result of its own activities. Group Risk Controlling is responsible for maintaining the Group-wide inventory of operational risks and for analysing and evaluating operational risk data. It is also in charge of the concepts, methods and instruments used to manage operational risks and monitors the risk situation and the implementation of risk reduction measures.

As part of the risk assessment, operational risks are categorized by event type and evaluated according to the frequency or probability of occurrence and the extent of damage. Risk management measures are defined, with the implementation of these measures monitored periodically by Group Risk Controlling.

The results of the risk assessment are reported to the Executive Board and the Board of Directors of Raiffeisen Switzerland via an aggregated risk profile. The Executive Board and the Board of Directors of Raiffeisen Switzerland also receive quarterly updates on the extent to which measures have been implemented.

In addition to the standard risk management process, Group Risk Controlling also conducts ad hoc risk analyses where required, analyses any loss events arising and defines appropriate measures.

Outsourcing
The operation of the data communication network has been outsourced to Swisscom. Furthermore, all the Raiffeisen Group's securities administration activities are carried out by the Vontobel Group. All outsourcing services are provided in accordance with the provisions of FINMA Circular 2008/7.

Regulatory provisions
According to the FINMA ruling of 24 September 1997, the Raiffeisen banks are exempted from complying on an individual basis with the rules regarding capital adequacy, risk diversification and liquidity. The relevant legal provisions must be complied with on a consolidated basis. The disclosure requirements in respect of capital adequacy on a consolidated basis as outlined in FINMA Circular 2008/22 can be viewed on the Raiffeisen website (www.raiffeisen.ch) or in the Raiffeisen Group annual report.

The Raiffeisen Group has opted for the following approaches for calculating capital adequacy requirements:

Credit risks: Swiss standard approach using the following external ratings:

	Issuer/issue rating			
Client category	**ERG**	**S&P**	**Fitch**	**Moody's**
Central governments/ central banks	X	X	X	X
Public bodies	–	X	X	X
Banks/securities dealers	–	X	X	X

Positions for which external ratings are used are found chiefly under the following balance sheet items:
- Receivables from banks
- Receivables from clients and mortgage receivables
- Financial assets
- Other assets

According to a FINMA ruling of 25 October 2001, Raiffeisen Switzerland is released from maintaining the ceiling of 25% for cluster risks in respect of its claims against Raiffeisen Leasing Ltd. Raiffeisen Switzerland monitors the business activities of Raiffeisen Leasing Ltd and includes the latter's commitments in its cluster risk calculations.

Market risks: Standard approach as before

Operational risks: Basic indicator approach
As the capital adequacy requirements for operational risks exceed 100 million Swiss francs at Raiffeisen Group level, the same qualitative requirements applicable to banks that have opted for the standard approach also apply to the Raiffeisen Group with regard to operational risks.

Accounting and valuation principles

General principles

Accounting, valuation and reporting conform to the requirements of the Swiss Code of Obligations, the Swiss Federal Act on Banks and Savings Banks (plus related ordinance) and the guidelines and directives of FINMA.

The detailed positions shown for a balance sheet item are valued individually. Unlike the annual result of the Raiffeisen Group, which must be prepared in accordance with the "true and fair view" principle, individual results may be affected by hidden reserves.

Raiffeisen Switzerland publishes the consolidated annual accounts of the Raiffeisen Group in a separate annual report. The consolidated accounts comprise the annual accounts of all the individual Raiffeisen banks, Raiffeisen Switzerland and Raiffeisen Leasing Ltd. Raiffeisen Switzerland has therefore chosen not to prepare partially consolidated accounts including the annual accounts of Raiffeisen Switzerland and Raiffeisen Leasing Ltd.

Recording of business events

All business transactions that have been concluded by the balance sheet date are recorded on a same-day basis and valued in the balance sheet and the profit and loss account in accordance with the relevant valuation principles. Spot transactions that have been concluded but not yet settled are reported as per the trade date.

Foreign currencies

Assets, liabilities and cash positions in foreign currencies are converted at the exchange rate prevailing on the balance sheet date. Exchange rate gains and losses arising from this valuation are reported under "Net trading income". Foreign currency transactions during the course of the year are converted at the rate prevailing at the time the transaction was carried out.

Liquid funds, amounts due from money market securities and borrowed funds

These are reported at nominal value or acquisition cost. Discounts not yet earned on money market securities and discounts and premiums on the bank's own bond and mortgage bond issues are accrued over the period to maturity.

Receivables from banks and clients, mortgage receivables

These are reported at nominal value. Interest income is reported on an accruals basis. Receivables are deemed to be impaired where the bank believes it improbable that the borrower will be able to completely fulfil his/her contractual obligations. Impaired receivables – and any collateral that may exist – are valued on the basis of the liquidation value.

Impaired receivables are subject to individual value adjustments based on regular analyses of individual loan commitments, while taking into account the creditworthiness of the borrower, the counterparty risk and the estimated net realizable sale value of the collateral. If recovery of the amount receivable depends solely on the collateral being realized, full provision is made for the unsecured portion.

Interest and related commission that have been due for more than 90 days but have not been paid are deemed to be non-performing. In the case of current account overdrafts, interest and commission are deemed to be non-performing if the specified overdraft limit is exceeded for more than 90 days. Non-performing and impaired interest (including accrued interest) and commission are no longer recognized as income but reported directly under "Value adjustments and provisions".

A receivable is written off at the latest when completion of the realization process has been confirmed by legal title.

However, impaired receivables are reinstated as fully performing (i.e. the value adjustment is reversed) if the outstanding principal amounts and interest are then paid in time in accordance with the contractual obligations and if additional creditworthiness criteria are fulfilled.

All value adjustments are reported under "Value adjustments and provisions".

Securities lending and borrowing

Securities lending transactions are reported at the value of the cash collateral received or issued, including accrued interest.

Securities which are borrowed or are received as collateral are only reported in the balance sheet if Raiffeisen Switzerland takes control of the contractual rights associated with them. Securities which are loaned or are provided as collateral are only removed from the balance sheet if Raiffeisen Switzerland forfeits the contractual rights associated with them. The market values of the borrowed and loaned securities are monitored daily so that any additional collateral can be provided or requested as necessary.

Fees received or paid under securities lending and repurchase transactions are booked to commission income or commission expenditure on an accruals basis.

Repurchase and reverse repurchase transactions

Securities purchased with an agreement to resell (reverse repurchase transactions) and securities sold with an agreement to buy back (repurchase transactions) are regarded as secured financing transactions and are recorded at the value of the cash collateral received or provided, including accrued interest.

Securities received and delivered are only recorded in/removed from the balance sheet if control of the contractual rights associated with them is transferred. The market values of the received or delivered securities are monitored daily so that any additional collateral can be provided or requested as necessary.

Interest income from reverse repurchase transactions and interest expenditure from repurchase transactions are accrued over the term of the underlying transaction.

Trading portfolios in securities and precious metals

Trading portfolios are valued on a fair value basis. Positions for which there is no representative market are valued at the lower of cost or market. Both the gains and losses arising from this valuation and the gains and losses realized during the period in question are reported under "Net trading income". This also applies to interest and dividend income on trading portfolios. The funding costs for holding trading positions are charged to trading profits and credited to interest income.

Financial assets

Fixed-income debt securities and warrant bonds are valued at the lower of cost or market if there is no intention to hold them to maturity.

Debt securities acquired with the intention of holding them to maturity are valued according to the accrual method, with the discount or premium accrued over the remaining life.

Equity securities are valued at the lower of cost or market.

Real estate and holdings acquired through the loans business that are intended for disposal are reported under "Financial assets" and valued at the lower of cost or market, i.e. the lower of the acquisition value and the liquidation value.

Precious metals held to cover liabilities under precious metals accounts are valued at their market value on the balance sheet date. If a fair value is unavailable, they are valued at the lower of cost or market.

Participations

Shares and other equity securities in companies that are held for the purpose of a long-term investment are shown under "Participations", irrespective of the proportion of voting shares held. All participations in communal facilities are also reported here. These are valued in accordance with the principle of acquisition cost, i.e. acquisition cost less operationally required depreciation. The participations may contain hidden reserves.

Tangible fixed assets

Tangible fixed assets are reported at acquisition cost plus value-enhancing investments and depreciated on a straight-line basis over their estimated useful life, as follows:

Real estate	maximum 66 years
Alterations and fixtures in rented premises	maximum 15 years
Software, IT hardware	maximum 3 years
Furniture and fixtures	maximum 8 years
Other tangible fixed assets	maximum 5 years

Immaterial investments are booked directly to the profit and loss account.

Large-scale, value-enhancing renovations are capitalized, while repairs and maintenance are booked directly to the profit and loss account. Tangible fixed assets may contain hidden reserves.

Buildings under construction are not depreciated until they come into use. Undeveloped building land is not depreciated.

The value of tangible fixed assets is reviewed whenever events or circumstances give reason to suspect that the book value is impaired. Any impairment is booked under "Depreciation on fixed assets". If the useful life of a tangible asset changes as a result of the review, the residual book value is depreciated over the new duration.

Value adjustments and provisions

Individual value adjustments and provisions are created on a prudential basis for all risks identified at the balance sheet date. Miscellaneous provisions may contain hidden reserves.

Reserves for general banking risks

It is possible to create reserves for general banking risks. These are reserves created as a precautionary measure in accordance with accounting standards to hedge against latent risks in the business activities of the bank. These reserves are counted as capital in accordance with Art. 18b of the Capital Adequacy Ordinance and are partially taxable (see "Value adjustments and provisions" table in the notes).

Contingent liabilities, irrevocable undertakings, obligations to make payments and additional contributions

These are reported at their nominal value under "Off-balance-sheet business". Provisions are created for foreseeable risks.

Derivative financial instruments

Reporting under "Off-balance-sheet business" and in the notes

The replacement values of individual contracts for derivative financial instruments are reported gross, together with the contract volume, under "Off-balance-sheet business" and in the notes.

Reporting

The replacement values of all contracts concluded on the bank's own account are reported, regardless of their profit and loss account treatment. The replacement values of exchange-traded contracts concluded on a commission basis are reported only to the extent that they are not covered by margin deposits. The replacement values of over-the-counter contracts concluded on a commission basis are always reported.

All Treasury hedging transactions are concluded via the trading book; as such, Treasury does not itself participate in the market. Only the replacement values of contracts with external counterparties are reported (see "Derivative financial instruments by external counterparty" table in the notes under "Open derivative financial instruments").

Treatment in the profit and loss account

The derivative financial instruments recorded in the trading book are valued on a fair value basis if they are traded on an exchange or if a representative market exists. If this requirement is not met, the principle of the lower of cost or market is applied.

Derivative financial instruments used for balance sheet structural management to hedge against interest rate risk are valued in accordance with the accrual method. Interest-related gains and losses arising from early realization of contracts are accrued over their remaining lives.

Taxes
Taxes are calculated and booked on the basis of the profit for the financial year.

Changes from prior year
None

Events after the balance sheet date
No material events occurred between the balance sheet date (31 December 2009) and the drawing up of the annual accounts that would have required disclosure in the balance sheet and/or in the notes.

Information on the Balance Sheet

1 Overview of collateral for loans and off-balance-sheet business

	Mortgage cover in 1000 CHF	Other cover in 1000 CHF	Without cover* in 1000 CHF	Total in 1000 CHF
Loans				
Loans to clients	53,082	87,699	498,171	638,953
Mortgage loans				
Residential property	3,936,498	–	6,867	3,943,366
Office and business premises	165,739	–	601	166,340
Trade and industry	162,249	–	985	163,233
Other	123,341	–	2,675	126,016
Total loans				
Current year	**4,440,910**	**87,699**	**509,298**	**5,037,907**
Prior year	3,780,069	109,436	533,045	4,422,550
Off-balance-sheet business				
Contingent liabilities	1,838	3,338	548,049	553,226
Irrevocable commitments	297,939	4,968	57,523	360,429
Call commitments and additional funding obligations	–	–	20,076	20,076
Total off-balance-sheet business				
Current year	**299,777**	**8,306**	**625,648**	**933,731**
Prior year	193,398	8,986	606,581	808,965

* incl. value-adjusted loans

	Gross amount borrowed in 1000 CHF	Estimated proceeds from realization of collateral in 1000 CHF	Net amount borrowed in 1000 CHF	Specific value adjustments in 1000 CHF
Impaired loans				
Current year	**67,691**	**29,090**	**38,600**	**36,584**
Prior year	69,586	29,333	40,253	37,028

The difference between the net amount borrowed and the specific value adjustments is attributable to the fact that prudent estimates have been made of the amounts Raiffeisen expects to receive based on the creditworthiness of individual borrowers.

2 Breakdown of trading portfolios in securities and precious metals, financial assets and non-consolidated participations

	Current year in 1000 CHF	Prior year in 1000 CHF
Trading portfolios in securities and precious metals		
Debt instruments		
stock exchange listed*	223,697	208,535
non-stock exchange listed	–	–
of which own bonds and medium-term notes	2,320	27,199
Shares	3,272	–
Precious metals	273,064	157,051
Total trading portfolios in securities and precious metals	**500,033**	**365,585**
of which securities for repo transactions in line with liquidity requirements	149,245	134,631

* stock exchange listed = traded on a recognized stock exchange

	Book value current year in 1000 CHF	Book value prior year in 1000 CHF	Fair value current year in 1000 CHF	Fair value prior year in 1000 CHF
Financial assets				
Debt instruments	6,640,312	3,327,534	6,711,827	3,396,022
of which own bonds and medium-term notes	71,190	–	71,456	–
of which intended to be held until maturity	6,640,312	3,327,534	6,711,827	3,396,022
of which valued at the lower of cost or market	-	–	–	–
Shares	27,837	26,029	27,837	26,029
Precious metals	–	–	–	–
Real estate	39	1,525	39	1,525
Total financial assets	**6,668,188**	**3,355,089**	**6,739,703**	**3,423,577**
of which securities for repo transactions in line with liquidity requirements	4,943,727	3,241,710	–	–

	Current year in 1000 CHF	Prior year in 1000 CHF
Participations		
with a market value	329,281	257,980
without a market value	51,127	29,566
Total participations	**380,408**	**287,546**

3 Details of major participations

Company name/holding	Registered office	Business activity	Capital in 1000 CHF	Current year voting share and equity interest in %	Prior year voting share and equity interest in %
3.1 Group companies					
Raiffeisen Leasing Ltd	St. Gallen	Leasing company	2,566	100.0	100.0
Raiffeisen (Schweiz) Luxemburg Fonds Advisory S.A.	Luxembourg	Funds business	220	100.0	100.0
Central Issuing Office of the Swiss Raiffeisen Banks (in liquidation)[1]	St. Gallen	Issuer	–	–	10.5
3.2 Other participations					
Aduno Holding Ltd	Opfikon	Financial services	20,000	19.0	19.0
Swiss Bankers Prepaid Services Ltd	Grosshöch-stetten	Financial services	10,000	16.5	6.0
Vontobel Holding Ltd	Zurich	Financial services	65,000	12.5	12.5
Mortgage Bond Bank of the Swiss Mortgage Institutions Ltd	Zurich	Mortgage bond bank	500,000	7.2	7.2
of which not paid up			280,000		
Helvetia Holding Ltd	St. Gallen	Financial services	865	4.0	4.0
SIX Group Ltd	Zurich	Financial services	19,522	2.0	1.2

1) The Central Issuing Office of the Swiss Raiffeisen Banks was liquidated with effect from 30 June 2009.

4 Fixed assets register

	Purchase price in 1000 CHF	Cumulative depreci-ation/amorti-zation in 1000 CHF	Book value at end of prior year in 1000 CHF	Current year transfers/ reclassi-fications in 1000 CHF	Current year investment in 1000 CHF	Current year disin-vestment in 1000 CHF	Current year depreci-ation/amorti-zation in 1000 CHF	Book value at end of current year in 1000 CHF
Non-consolidated participations								
Holdings Group companies	10,520	–	10,520	–	–	–	-3,164	7,356
Other holdings	351,781	-74,755	277,026	–	96,212*	-83	-103	373,052
Total participations	**362,301**	**-74,755**	**287,546**	–	**96,212**	**-83**	**-3,267**	**380,408**
Tangible fixed assets								
Real estate								
Bank buildings	236,637	-67,546	169,091	1,021	6,152	–	-5,774	170,490
Other real estate	7,732	-1,532	6,200	-1,021	–	–	-429	4,750
Other tangible fixed assets	224,820	-132,161	92,659	-585	42,827	-8,352	-47,215	79,334
Other	124,459	-92,003	32,456	585	21,292	–	-35,710	18,623
Total tangibles	**593,648**	**-293,242**	**300,406**	**–**	**70,271**	**-8,352**	**-89,128**	**273,197**

	in 1000 CHF
Value of real estate for fire insurance purposes	196,640
Value of other tangible fixed assets for fire insurance purposes	199,442

* Investment includes gains of 71.3 million Swiss francs from appreciation on participations; these were booked under extraordinary income.

5 Other assets and liabilities

	Current year in 1000 CHF	Prior year in 1000 CHF
Other assets		
Total replacement value	632,200	721,170
Equalization account	310,763	269,096
Clearing accounts for social security and staff pension fund contributions	80	58,655
Clearing accounts for indirect taxes	774,362	1,161,131
Other clearing accounts	3,839	9,067
Commodities	6,767	7,011
Miscellaneous other assets	40	31
Total other assets	**1,728,051**	**2,226,160**
Other liabilities		
Total replacement value	1,107,937	1,013,737
Due, unredeemed coupons and debt instruments	589	676
Levies, indirect taxes	24,536	31,972
Solidarity fund	318,523	303,692
of which open guarantees to Raiffeisen banks	761	2,276
Clearing accounts for social security and staff pension fund contributions	12,000	4,157
Other clearing accounts	27,112	34,017
Miscellaneous other liabilities	1,294	623
Total other liabilities	**1,491,991**	**1,388,863**

6 Pledged or assigned assets and assets subject to reservation of title, excluding securities lending and repurchase operations

	Current year amount due or book value in 1000 CHF	Current year of which made use of in 1000 CHF	Prior year amount due or book value in 1000 CHF	Prior year of which made use of in 1000 CHF
Balance sheet items				
Receivables from Raiffeisen banks	577,933	577,933	691,027	691,027
Mortgage receivables	365,529	269,757	301,583	273,723
Financial assets	1,703,805	1,624,001	1,020,429	435,626
Total pledged assets	**2,647,267**	**2,471,691**	**2,013,038**	**1,400,375**

7 Securities lending and repurchase operations

	Current year in 1000 CHF	Prior year in 1000 CHF
Claims resulting from cash collateral in connection with securities borrowing and reverse repurchase operations	3,608,275	7,618,847
Liabilities resulting from cash collateral in connection with securities lending and repurchase operations	4,360,403	4,852,250
Securities owned by the bank lent under securities lending agreements, delivered as collateral for securities borrowing or transferred from repurchase transactions	1,649,786	501,349
for which the right to resell or pledge without restriction was granted	1,649,786	501,349
Securities received as collateral under securities lending agreements, borrowed under securities borrowing agreements or received from reverse repurchase transactions and which can be repledged or resold without restriction	3,640,437	7,721,547
of which repledged or resold securities	2,818,025	4,715,989

8. Social insurance institutions

All employees of Raiffeisen Switzerland are covered by the Raiffeisen Pension Fund and/or the Raiffeisen Pension Plan. The normal retirement age is set at 65. Members have the option of taking early retirement from the age of 60 with a corresponding reduction in benefits. The Raiffeisen Pension Fund covers at least the mandatory benefits under Swiss occupational pension law. The Raiffeisen Pension Plan exclusively covers supplementary benefits. The Raiffeisen Employer Foundation manages the individual employer contribution reserves of the Raiffeisen banks and the companies of the Raiffeisen Group.

8.1 Liabilities to own social insurance institutions

	Current year in 1000 CHF	Prior year in 1000 CHF
Liabilities to clients in the form of savings and investment deposits	12,130	13,092
Other liabilities to clients	37,466	51,287
Other liabilities (negative replacement values)	289	1,142
Total liabilities to own social insurance institutions	**49,884**	**65,521**

8.2 Economic benefit/obligation and retirement benefit expenditure

According to the latest audited annual accounts (in accordance with Swiss GAAP FER 26) of the pension schemes of Raiffeisen Switzerland, the coverage ratio is:

	on 31.12.2009 in %	on 31.12.2008 in %
Raiffeisen Pension Fund	93.0	84.4
Raiffeisen Pension Plan	109.5	92.8

Although still insufficient, the cover level of the Raiffeisen Pension Fund improved in 2009. The Board of Directors anticipates that, even with insufficient cover as defined by Swiss GAAP FER 16, there is currently no economic obligation for the affiliated employers for which allowance would have to be made in the balance sheet and the profit and loss account.

The fluctuation reserves of the Raiffeisen Pension Plan did not reach the figure stipulated in the rules during the year under review; as a result, there is no excess cover as defined under Swiss GAAP FER 16. Consequently, there is no economic benefit for the affiliated employers for which allowance would have to be made in the balance sheet and the profit and loss account.

8.3 Employer contribution reserves

	Current year in 1000 CHF	Prior year in 1000 CHF
Employer contribution reserves for the Raiffeisen Employer Foundation and for the Raiffeisen Pension Plan		
As at 1 January	12,546	11,535
+ Deposits*	0	2,000
− Withdrawals	1,159	1,265
+ Interest paid	189	276
As at 31 December	**11,576**	**12,546**

* Included in contributions to staff pension funds (see note 24 “Personnel expenditure”).

The employer contribution reserves correspond to the nominal value as calculated by the pension scheme. They are not reported.

9 Outstanding bonds and mortgage bond loans

	Year of issue	Interest rate	Maturity	Early redemption possibility	Bond principal in 1000 CHF
Loans from the Mortgage Bond Bank of the Swiss Mortgage Institutions Ltd	var.	3.089	var.	–	823,000
Own bonds	2001/02	4.000	02.02.2011	none	600,000
	2004	3.000	05.05.2014	none	400,000
	2006	3.125	30.05.2016	none	550,000
	2007	3.125	25.10.2012	none	250,000
	2007	3.140	18.10.2010	none	70,000
Total outstanding bonds and mortgage bond loans					**2,693,000**

10 Value adjustments and provisions

	End of prior year in 1000 CHF	Appropriate application in 1000 CHF	Change of use (transfers) in 1000 CHF	Write-backs, overdue interest in 1000 CHF	New provisions against P & L in 1000 CHF	Reversal of provisions against P & L in 1000 CHF	End of current year in 1000 CHF
Value adjustments and provisions for default risks (del credere and country risk)	37,028	-2,431	–	603	10,463	-9,080	36,584
Value adjustments and provisions for other business risks	150	–	–	–	76	–	226
Total value adjustments and provisions	**37,178**	**-2,431**	**–**	**603**	**10,538**	**-9,080**	**36,809**
Reserves for general banking risks	**328,100**	**–**	**–**	**–**	**10,900**	**–**	**339,000**
of which taxed	109,500	–	–	–	–	–	133,000

11 Evidence of equity capital

	in 1000 CHF
Equity capital at the beginning of the current year	
Cooperative capital	360,000
General statutory reserves	128,581
Reserves for general banking risks	328,100
Profit	19,835
Total equity capital at the beginning of the year (before approp. of profits)	**836,515**
± Capital increase	–
+ Creation of reserves for general banking risks	10,900
– Interest on the cooperative capital from the annual profit of the previous year	14,243
+ Annual profit for the current year	20,100
Total equity capital at the end of the current year (before approp. of profits)	**853,273**
of which cooperative capital	360,000
of which general statutory reserves	134,172
of which reserves for general banking risks	339,000
of which profit	20,100
Total additional funding obligation of the Raiffeisen banks	**7,909,401**

The cooperative capital totalling 360 million Swiss francs is divided up into 360,000 cooperative share certificates of 1,000 Swiss francs each and is owned in full by the 350 Raiffeisen banks within Raiffeisen Switzerland. No Raiffeisen bank holds share certificates granting more than 5% of the voting rights.

Under the Articles of Association of Raiffeisen Switzerland, the Raiffeisen banks must acquire a share certificate for 1,000 Swiss francs for each 100,000 Swiss francs of their total assets. As at 31 December 2009 this corresponded to a call-in obligation towards Raiffeisen Switzerland of 1,284.9 million Swiss francs, of which 360 million Swiss francs have been paid in.

The capital entitled to interest amounted to 360 million Swiss francs at the end of 2009 (prior year: 360 million Swiss francs).

12 Maturity structure of current assets and outside debt

	On demand in 1000 CHF	Redeemable by notice in 1000 CHF	Due within 3 months in 1000 CHF	Due within 3 to 12 months in 1000 CHF	Due within 1 to 5 years in 1000 CHF	Due after 5 years in 1000 CHF	Total in 1000 CHF
Current assets							
Liquid funds	253,899	–	–	–	–	–	253,899
Receivables from money market sec.	629	–	–	–	–	–	629
Receivables from Raiffeisen banks	6,528,587	–	–	–	–	–	6,528,587
Receivables from other banks	3,081,844	–	4,990,979	726,140	–	–	8,798,963
Receivables from clients	51,535	34,555	114,372	91,389	321,210	25,892	638,953
Mortgage receivables	2,187	607,674	125,956	343,254	2,546,561	773,323	4,398,955
Trading portfolios in securities and precious metals	500,033	–	–	–	–	–	500,033
Financial assets*	27,837	–	396,557	927,215	5,267,865	48,713	6,668,188
Total current assets							
Current year	**10,446,550**	**642,229**	**5,627,864**	**2,087,998**	**8,135,637**	**847,928**	**27,788,206**
Prior year	6,678,194	1,196,887	11,862,227	1,753,668	3,750,729	1,336,910	26,578,615
Outside debt							
Liabilities to Raiffeisen banks	7,509,323	–	–	–	–	–	7,509,323
Liabilities to other banks	1,946,089	–	5,824,124	1,089,100	888,375	75,000	9,822,687
Liabilities to clients in the form of savings and investment deposits	–	2,868,569	–	–	–	–	2,868,569
Other liabilities to clients	996,076	4,288	2,605,701	202,588	388,863	157,000	4,354,515
Medium-term notes	–	–	47,731	202,838	360,349	41,274	652,191
Bonds and mortgage bond loans	–	–	70,850	157,500	1,644,950	819,700	2,693,000
Total outside debt							
Current year	**10,451,487**	**2,872,856**	**8,548,406**	**1,652,026**	**3,282,536**	**1,092,974**	**27,900,285**
Prior year	12,212,870	2,325,088	4,413,230	1,629,886	4,774,099	1,746,526	27,101,699

* Financial assets include 39,182 Swiss francs of real estate (prior year: 1,525,377 Swiss francs).

13 Receivables from or liabilities to affiliated companies and loans to executive bodies

	Current year in 1000 CHF	Prior year in 1000 CHF
Receivables from affiliated companies	–	–
Liabilities to affiliated companies	–	50
Loans to executive bodies and employees	17,880	15,182

Transactions with associated persons

1 Executive bodies

Special provisions apply to the processing and monitoring of loans to executive bodies to ensure that staff remain independent at all times.

The same conditions apply to members of the Board of Directors as to clients.

The Executive Board enjoys the same industry-standard preferential terms as other staff.

2 Affiliated companies

For receivables from and liabilities to affiliated companies the same conditions apply as for normal clients.

14 Breakdown of foreign and domestic assets and liabilities

	Current year domestic in 1000 CHF	Current year foreign in 1000 CHF	Prior year domestic in 1000 CHF	Prior year foreign in 1000 CHF
Assets				
Liquid funds	247,687	6,212	685,607	17,527
Receivables from money market securities	629	–	621	–
Receivables from Raiffeisen banks	6,528,587	–	5,131,848	–
Receivables from other banks	2,934,198	5,864,766	1,665,594	10,934,194
Receivables from clients	633,045	5,908	654,937	1,542
Mortgage receivables	4,398,955	–	3,766,071	–
Trading portfolios in securities and precious metals	406,622	93,412	254,202	111,383
Financial assets	5,672,552	995,635	3,085,893	269,196
Participations	376,287	4,121	283,635	3,911
Tangible fixed assets	273,197	–	300,406	–
Accrued income and prepaid expenses	322,068	12,784	319,274	–
Other assets	1,313,012	415,039	1,679,449	546,711
Total assets	**23,106,838**	**7,397,876**	**17,827,536**	**11,884,464**

Continued on page 51

	Current year domestic in 1000 CHF	Current year foreign in 1000 CHF	Prior year domestic in 1000 CHF	Prior year foreign in 1000 CHF
Liabilities				
Liabilities to Raiffeisen banks	7,509,323	–	7,948,866	–
Liabilities to other banks	6,117,907	3,704,780	4,713,029	3,780,830
Liabilities to clients in the form of savings and investment deposits	2,767,448	101,120	2,242,733	71,793
Other liabilities to clients	4,317,079	37,436	4,567,863	24,418
Medium-term notes	650,653	1,538	694,464	1,053
Bonds and mortgage bond loans	2,693,000	–	3,056,650	–
Accrued expenses and deferred income	218,920	3,436	347,745	–
Other liabilities	623,429	868,563	559,088	829,776
Value adjustments and provisions	36,502	308	36,867	311
Reserves for general banking risks	339,000	–	328,100	–
Cooperative capital	360,000	–	360,000	–
General statutory reserves	134,172	–	128,581	–
Annual profit	20,100	–	19,835	–
Total liabilities	**25,787,533**	**4,717,181**	**25,003,819**	**4,708,181**

15 Total assets by country or country group

	Current year in 1000 CHF	Current year in %	Prior year in 1000 CHF	Prior year in %
Assets				
Europe				
Switzerland	23,106,838	75,75	17,827,536	60,00
Germany	1,263,544	4,14	2,357,141	7,93
Benelux countries	1,252,436	4,11	1,415,648	4,76
Austria	1,980,108	6,49	4,130,608	13,90
Rest of Europe	2,758,309	9,04	3,801,545	12,79
Rest of world (America, Asia, Oceania, Africa)	143,479	0,47	179,521	0,60
Total assets	**30,504,714**	**100,00**	**29,712,000**	**100,00**

16 Balance sheet by currency

	CHF in 1000 CHF	EUR in 1000 CHF	USD in 1000 CHF	Other in 1000 CHF	Total in 1000 CHF
Assets					
Liquid funds	173,735	37,001	8,848	34,313	253,899
Receivables from money market securities	622	1	6	–	629
Receivables from Raiffeisen banks	6,528,442	10	–	134	6,528,587
Receivables from other banks	5,015,645	2,820,264	797,230	165,824	8,798,963
Receivables from clients	638,271	665	15	2	638,953
Mortgage receivables	4,398,955	–	–	–	4,398,955
Trading portfolios in securities and precious metals	171,622	55,176	67	273,167	500,033
Financial assets	6,071,985	596,202	–	–	6,668,188
Participations	376,507	3,901	–	–	380,408
Tangible fixed assets	273,197	–	–	–	273,197
Accrued income and prepaid expenses	332,991	1,613	242	6	334,852
Other assets	1,728,051	–	–	–	1,728,051
Total assets reflected in the balance sheet	**25,710,024**	**3,514,834**	**806,409**	**473,446**	**30,504,714**
Delivery claims under spot exchange, forward exchange and currency option contracts	4,650,773	2,327,587	3,300,964	166,449	10,445,773
Total assets	**30,360,797**	**5,842,421**	**4,107,373**	**639,895**	**40,950,487**
Liabilities					
Liabilities to Raiffeisen banks	5,667,058	1,409,239	204,595	228,430	7,509,323
Liabilities to other banks	6,800,356	2,258,645	693,830	69,855	9,822,687
Liabilities to clients in the form of savings and investment deposits	2,784,052	84,517	–	–	2,868,569
Other liabilities to clients	4,267,311	25,155	31,749	30,300	4,354,515
Medium-term notes	652,191	–	–	–	652,191
Bonds and mortgage bond loans	2,693,000	–	–	–	2,693,000
Accrued expenses and deferred income	219,254	2,807	186	109	222,356
Other liabilities	1,491,991	–	–	–	1,491,991
Value adjustments and provisions	36,809	–	–	–	36,809
Reserves for general banking risks	339,000	–	–	–	339,000
Cooperative capital	360,000	–	–	–	360,000
General statutory reserves	134,172	–	–	–	134,172
Annual profit	20,100	–	–	–	20,100
Total liabilities reflected in the balance sheet	**25,465,295**	**3,780,363**	**930,361**	**328,695**	**30,504,714**
Delivery obligations under spot exchange, forward exchange and currency option contracts	4,953,450	2,053,858	3,150,460	308,138	10,465,906
Total liabilities	**30,418,745**	**5,834,221**	**4,080,821**	**636,833**	**40,970,620**
Net position per currency	**-57,948**	**8,200**	**26,552**	**3,063**	**-20,133**

	31.12.2009	31.12.2008
Foreign currency conversion rates		
EUR	1.486	1.489
USD	1.031	1.056

Information on Off-Balance-Sheet Business

17 Contingent liabilities

	Current year in 1000 CHF	Prior year in 1000 CHF
Loan security guarantees	377,642	394,729
Warranty bonds	3,660	5,028
Other contingent liabilities	171,924	104,168
Total contingent liabilities	**553,226**	**503,926**

18 Open derivative financial instruments

18.1 Trading instruments with internal and external counterparties

	Positive contract replacement value in 1000 CHF	Negative contract replacement value in 1000 CHF	Contract volume up to 1 year in 1000 CHF	Contract volume 1 to 5 years in 1000 CHF	Contract volume over 5 years in 1000 CHF	Contract volume total in 1000 CHF
Interest rate instruments						
Forward contracts incl. FRAs	860	566	1,900,000	550,000	–	2,450,000
Swaps	1,135,415	1,147,645	67,909,500	23,856,140	12,518,000	104,283,640
Futures contracts	–	–	1,124,974	–	–	1,124,974
Options (OTC)	2	56	33,033	31,003	522	64,558
Foreign currencies						
Forward contracts	117,286	114,046	9,733,036	1,477	–	9,734,513
Comb. interest rate/currency swaps	36,280	36,242	–	591,823	–	591,823
Precious metals						
Forward contracts	5,591	4,206	422,361	–	–	422,361
Equity securities and indices						
Futures contracts	–	–	8,703	–	–	8,703
Options (traded)	200	–	6,400	–	–	6,400
Other						
Options (OTC)	2,000	–	–	–	23,700	23,700
Total						
Current year	**1,297,634**	**1,302,761**	**81,138,006**	**25,030,443**	**12,542,222**	**118,710,671**
Prior year	1,238,511	1,245,245	71,856,904	34,470,963	12,488,000	118,815,867

18.2 Hedging instruments with internal counterparties

	Positive contract replace-ment value in 1000 CHF	Negative contract replace-ment value in 1000 CHF	Contract volume up to 1 year in 1000 CHF	Contract volume 1 to 5 years in 1000 CHF	Contract volume over 5 years in 1000 CHF	Contract volume total in 1000 CHF
Interest rate instruments						
Swaps	194,824	645,143	29,490,000	8,725,000	4,875,000	43,090,000
Foreign currencies						
Forward contracts	–	–	–	–	–	–
Comb. int. rate/currency swaps	–	20,291	–	283,375	–	283,375
Total						
Current year	**194,824**	**665,434**	**29,490,000**	**9,008,375**	**4,875,000**	**43,373,375**
Prior year	231,508	517,341	6,188,424	11,504,481	4,910,000	22,602,904

18.3 Derivative financial instruments with external counterparties

	Positive contract replace-ment value in 1000 CHF	Negative contract replace-ment value in 1000 CHF	Contract volume up to 1 year in 1000 CHF	Contract volume 1 to 5 years in 1000 CHF	Contract volume over 5 years in 1000 CHF	Contract volume total in 1000 CHF
Banks	629,250	1,106,920	50,337,541	15,974,515	7,643,000	73,955,056
Clients	2,076	290	117,145	840	23,700	141,685
Raiffeisen banks*	874	727	59,643	21,640	522	81,805
Stock exchanges	–	–	1,133,676	–	–	1,133,676
Total						
Current year	**632,200**	**1,107,937**	**51,648,006**	**15,996,995**	**7,667,222**	**75,312,222**
Prior year	721,170	1,013,737	65,668,075	22,942,515	7,578,000	96,188,590

* primarily for client needs

No netting contracts are used to report the replacement values.

Quality of counterparties

Banks: Derivative transactions were conducted with counterparties with a good to very good credit rating. 92.6% of the positive replacement values are open with counterparties with a rating of A or better (Standard & Poor's) or with a comparable rating.

Clients: In transactions with clients the required margins were secured by assets or free credit lines.

19 Fiduciary transactions

	CHF in 1000 CHF	EUR in 1000 CHF	USD in 1000 CHF	Other in 1000 CHF	Total in 1000 CHF
Fiduciary investments with third-party banks	240	19,434	3,272	3,947	26,893
Total fiduciary transactions	**240**	**19,434**	**3,272**	**3,947**	**26,893**
Prior year	24,888	160,249	21,977	13,085	220,199

Information on the Profit and Loss Account

20 Net interest income

	Current year in 1000 CHF	Prior year in 1000 CHF
Interest income from receivables from Raiffeisen banks	451,546	500,811
Interest income from receivables from other banks	73,403	351,860
Interest income from receivables from clients	130,740	140,542
Interest and dividend income from financial investments	97,687	51,940
Other interest income	7,840	86,059
Total interest and dividend income	**761,216**	**1,131,211**
Interest expenditure from liabilities to Raiffeisen banks	-243,523	-487,857
Interest expenditure from liabilities to other banks	-61,793	-270,736
Interest expenditure from liabilities to clients	-78,076	-151,163
Interest expenditure from bonds and mortgage bond loans	-96,171	-104,175
Other interest expenditure	-184,420	-13,841
Total interest expenditure	**-663,983**	**-1,027,772**
Total net interest income	**97,233**	**103,439**

21 Net income from commission business and service transactions

	Current year in 1000 CHF	Prior year in 1000 CHF
Commission income		
Commission income from lending business	4,236	2,505
Commission income from securities and investment business		
Fund business	4,416	5,953
Custody account business	27,461	27,343
Brokerage	19,189	18,265
Other securities and investment business	3,018	4,017
Commission income from other service transactions		
Payments	49,421	* 48,087
Account maintenance	1,902	* 3,016
Other service transactions	1,331	1,480
Total commission income	**110,974**	**110,668**
Commission expenditure		
Securities business	-43,492	-44,866
Payments	-3,432	* -2,914
Other commission expenditure	-901	-896
Total commission expenditure	**-47,824**	**-48,675**
Total net income from commission business and service transactions	**63,150**	**61,993**

* Fees for foreign payment services, which were reported gross in the previous year, are now booked on a net basis under income from payment instruments.

22 Net trading income

	Current year in 1000 CHF	Prior year in 1000 CHF
Foreign exchange trading	9,747	8,061
Precious metals and foreign notes and coins trading	30,454	21,350
Equities trading	5,088	17,335
Fixed income trading	5,032	12,720
Total net trading income	**50,320**	**59,465**

23 Other ordinary income

	Current year in 1000 CHF	Prior year in 1000 CHF
IT services for Group companies*	80,324	83,524
Other individual services provided for Group companies*	90,329	85,083
Contributions from the Raiffeisen banks for collective and strategic services*	53,795	52,424
Charges for internal services relating to Group projects*	44,880	20,383
Other	3,698	1,995
Total other ordinary income	**273,026**	**243,410**

* The income components have been recategorized. The prior-year figures have been adjusted accordingly.

24 Personnel expenditure

	Current year in 1000 CHF	Prior year in 1000 CHF
Corporate bodies, attendance fees and fixed emoluments	790	857
Salaries and bonuses for staff	245,419	251,688
AHV, IV, ALV and other statutory contributions	17,719	18,313
Contributions to staff pension funds	22,091	18,532
Ancillary staff expenses	6,874	9,208
Total personnel expenditure	**292,892**	**298,599**

25 Operating expenditure

	Current year in 1000 CHF	Prior year in 1000 CHF
Occupancy costs	17,250	14,838
Cost of computer equipment, machinery, furniture, vehicles and other equipment	74,188	75,734
Other operating expenditure	63,332	80,654
Total operating expenditure	**154,770**	**171,226**

26 Extraordinary income and expenditure

Current year

The extraordinary income of 74.1 million Swiss francs comprises 71.3 million Swiss francs from appreciation on participations and 2.6 million Swiss francs from an approved insurance payment for water damage to the computer centre in St. Gallen. The extraordinary expenditure of 12.6 million Swiss francs comprises 10.9 million Swiss francs for the creation of reserves for general banking risks and 1.2 million Swiss francs in losses from the sale of tangible fixed assets.

Prior year

The extraordinary income of 118.3 million Swiss francs includes both 99.6 million Swiss francs from the release of reserves for general banking risks and 5.4 million Swiss francs from reversals of value adjustments and provisions that are no longer required. It also includes proceeds of 9.8 million Swiss francs from the sale of a participation and 1.1 million Swiss francs from appreciation on participations.

Report of the statutory auditor

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Report of the statutory auditor
to the Delegate meeting of
Raiffeisen Switzerland Cooperative
St. Gallen

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Raiffeisen Switzerland Cooperative, which comprise the balance sheet, income statement, statement of cash flows and notes (pages 20 to 57), for the year ended on 31 December 2009.

Board of Directors' Responsibility
The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the cooperative's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended on 31 December 2009 comply with Swiss law and the cooperative's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 906 CO in connection with article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

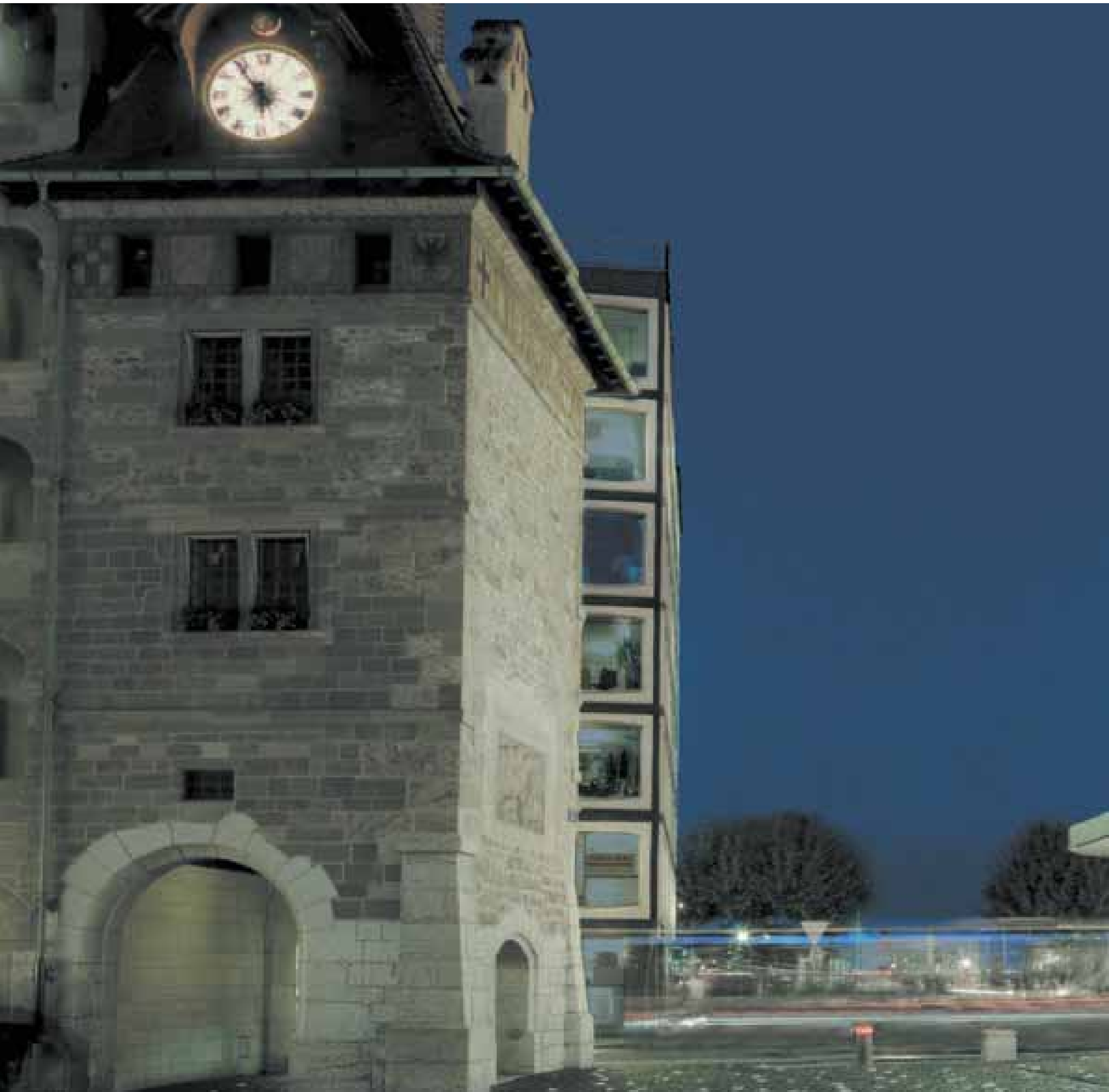
In accordance with article 906 CO in connection with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the administration of the cooperative register and the proposed appropriation of available earnings comply with Swiss law and the cooperative's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers Ltd

Beat Rütsche	Stefan Keller Wyss
Audit expert	Audit expert
Auditor in charge	

St. Gallen, 29 March 2010



Tradition

The so-called watchmaking trail consists of 27 stages and retells the epic tale of Swiss watchmaking from its humble origins to the present day, passing through Jura, the birthplace of watchmaking, to the cities of Basel and Geneva, which today house some of the most luxurious watch brands in the world. Tradition means being able to draw strength from proven methods. The tradition of Raiffeisen strengthens us and enables us to be the best that we can at all times.

Calculation of mandatory capital

	Current year Risk-weighted positions in 1000 CHF	Required capital in 1000 CHF	Prior year Risk-weighted positions in 1000 CHF	Required capital in 1000 CHF
Mandatory capital				
Credit risks (Swiss standard approach)				
Receivables from Raiffeisen banks	–	–	1,282,962	102,637
Receivables from other banks	784,342	62,747	1,269,100	101,528
Receivables from clients	412,503	33,000	574,330	45,946
Mortgage receivables	1,824,479	145,958	1,559,793	124,783
Accrued income and prepaid expenses	34,076	2,726	112,744	9,020
Other assets, total replacement value of derivatives	236,964	18,957	272,445	21,796
Other assets, miscellaneous	8,106	648	25,103	2,008
Net interest positions outside trading book	845,452	67,636	461,731	36,938
Net equity positions outside trading book	69,592	5,567	65,074	5,206
Contingent liabilities	532,283	42,583	480,476	38,438
Irrevocable commitments	135,753	10,860	105,400	8,432
Call commitments and additional funding obligations	50,191	4,015	42,812	3,425
Add-ons for forward contracts and options purchased	46,025	3,682	36,319	2,906
Unsettled transactions	–	–	–	–
Mandatory capital for credit risks		**398,381**		**503,063**
Non-counterparty-related risks				
Tangible fixed assets and software	1,056,272	84,502	1,227,949	98,236
Real estate in financial assets	147	12	5,720	458
Mandatory capital for non-counterparty-related risks		**84,514**		**98,694**
Market risks (standard approach)				
Interest rate instruments – general market risk		45,283		41,331
Interest rate instruments – specific risk		2,575		3,558
Equity instruments		1,965		–
Foreign currencies and precious metals		8,753		4,265
Options		1		1
Mandatory capital for market risks		**58,577**		**49,155**
Mandatory capital for operational risks (basic indicator approach)		**73,558**		**71,002**
Value adjustments recorded under liabilities		**–**		**–**
Total mandatory capital		**615,030**		**721,914**

Continued on page 63

	Current year Risk-weighted positions in 1000 CHF	Required capital in 1000 CHF	Prior year Risk-weighted positions in 1000 CHF	Required capital in 1000 CHF
Available capital				
Total core capital		838,873		822,272
of which innovative core capital instruments		–		–
– proportional deduction for participations in the financial area		-190,204		-143,773
Eligible adjusted core capital		**648,669**		**678,499**
Eligible upper supplementary capital		–		–
Eligible lower supplementary capital		419,437		411,136
– proportional deduction for participations in the financial area		-190,204		-143,773
Eligible supplementary capital		**229,233**		**267,363**
Total eligible capital		**877,902**		**945,862**
Equity surplus		262,872		223,948
Equity cover		142.7%		131.0%
Core capital ratio		8.4%		7.5%
Total capital ratio		11.4%		10.5%

Balance Sheet – five-year overview

	2009 in 1000 CHF	2008 in 1000 CHF	2007 in 1000 CHF	2006 in 1000 CHF	2005 in 1000 CHF
Assets					
Liquid funds	253,899	703,134	101,930	117,454	221,008
Receivables from money market securities	629	621	5,572	5,047	5,272
Receivables from Raiffeisen banks	6,528,587	5,131,848	5,334,042	4,509,773	4,927,012
Receivables from other banks	8,798,963	15,599,787	12,340,266	11,495,444	10,128,920
Receivables from clients	638,953	656,479	919,453	827,699	1,017,628
Mortgage receivables	4,398,955	3,766,071	3,386,545	3,517,049	3,507,156
Loans to clients	**5,037,907**	**4,422,550**	**4,305,998**	**4,344,747**	**4,524,785**
Trading portfolios in securities and precious metals	500,033	365,585	718,432	137,982	53,210
Financial assets	6,668,188	3,355,089	2,168,814	2,514,386	2,817,674
Participations	380,408	287,546	398,227	363,284	326,618
Tangible fixed assets	273,197	300,406	235,339	206,010	171,176
Accrued income and prepaid expenses	334,852	319,274	352,413	294,291	232,786
Other assets	1,728,051	2,226,160	2,605,440	1,308,082	995,619
Total assets	**30,504,714**	**29,712,000**	**28,566,473**	**25,296,501**	**24,404,078**
Liabilities					
Liabilities to Raiffeisen banks	7,509,323	7,948,866	3,972,433	3,953,784	3,613,462
Liabilities to other banks	9,822,687	8,493,858	11,429,331	9,732,898	9,739,474
Liabilities to clients in the form of savings and investment deposits	2,868,569	2,314,526	1,568,805	2,002,357	1,970,065
Other liabilities to clients	4,354,515	4,592,281	5,821,170	4,278,813	3,554,063
Medium-term notes	652,191	695,517	497,470	424,957	354,243
Client monies	**7,875,275**	**7,602,324**	**7,887,444**	**6,706,127**	**5,878,371**
Bonds and mortgage bond loans	2,693,000	3,056,650	3,339,100	3,107,550	3,566,250
Accrued expenses and deferred income	222,356	347,745	362,780	266,105	212,530
Other liabilities	1,491,991	1,388,863	652,748	596,620	468,020
Value adjustments and provisions	36,809	37,178	40,664	46,937	51,589
Reserves for general banking risks	339,000	328,100	424,500	434,600	428,000
Cooperative capital	360,000	360,000	320,000	320,000	320,000
General statutory reserves	134,172	128,581	119,080	113,582	108,634
Annual profit	20,100	19,835	18,392	18,298	17,749
Total equity capital	**853,273**	**836,515**	**881,972**	**886,480**	**874,382**
Total liabilities	**30,504,714**	**29,712,000**	**28,566,473**	**25,296,501**	**24,404,078**

Profit and Loss Account – five-year overview

	2009 in 1000 CHF	2008 in 1000 CHF	2007 in 1000 CHF	2006 in 1000 CHF	2005 in 1000 CHF
Interest and discount income	663,529	1,079,271	1,040,294	736,788	534,590
Interest and dividend income from financial assets	97,687	51,940	60,060	69,009	82,089
Interest expenditure	-663,983	-1,027,772	-994,396	-694,583	-514,058
Net interest income	**97,233**	**103,439**	**105,958**	**111,215**	**102,620**
Commission income from lending business	4,236	2,505	823	919	1,140
Commission income from securities and investment business	54,085	55,580	60,098	54,058	46,590
Commission income from other service transactions	52,654	52,583*	46,590*	43,654*	42,215*
Commission expenditure	-47,824	-48,675*	-53,674*	-21,947*	-18,602*
Net income from commission business and service transactions	**63,150**	**61,993**	**53,837**	**76,684**	**71,343**
Net trading income	**50,320**	**59,465**	**49,354**	**28,291**	**24,456**
Income from sale of financial assets	-365	30	122	-32	27
Income from participating interests	20,178	30,204	28,551	20,220	20,436
Income from real estate	3,212	3,473	3,813	3,309	6,471
Other ordinary income	273,026	243,410	225,318	215,837	147,840
Other ordinary expenditure	-220	-5,498	-27	-629	-1,458
Other ordinary result	**295,831**	**271,619**	**257,776**	**238,706**	**173,316**
Operating income	**506,534**	**496,516**	**466,926**	**454,896**	**371,736**
Personnel expenditure	-292,892	-298,599	-267,106	-230,808	-146,977
Operating expenditure	-154,770	-171,226	-157,164	-139,528	-140,986
Total operating expenditure	**-447,662**	**-469,825**	**-424,270**	**-370,336**	**-287,963**
Gross profit	**58,871**	**26,691**	**42,656**	**84,560**	**83,773**
Depreciation on fixed assets	-92,395	-119,162	-37,932	-55,229	-34,866
Value adjustments, provisions and losses	-2,243	-470	-432	-4,647	-9,716
Operating profit (interim result)	**-35,767**	**-92,941**	**4,291**	**24,683**	**39,191**
Extraordinary income	74,107	118,261	19,786	7,191	37,454
Extraordinary expenditure	-12,640	-39	-313	-8,277	-54,500
Taxes	-5,600	-5,446	-5,373	-5,300	-4,397
Annual profit	**20,100**	**19,835**	**18,392**	**18,298**	**17,749**

* Fees for foreign payment services, which were reported gross in previous years, are now booked on a net basis under income from payment instruments.

Publication data

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