RAIFFEISEN GROUP ANNUAL REPORT

202

RAIFFEISEN

Key Figures for the Raiffeisen Group

	2002 in CHF millions	Change in %	2001 in CHF millions	Change in %	2000 in CHF millions
Key balance sheet figures					
Balance sheet total	92’684	12,5	82’409	6,8	77’142
Loans to clients	75’901	7,2	70’821	6,8	66’281
Client monies	68’393	10,3	62’025	8,2	57’306
Client monies as % of loans	90,1%	–	87,6%	–	86,5%
Key P + L figures					
Result from interest business	1’451	9,2	1’328	9,5	1’213
Result from commission business	119	– 5,0	126	– 17,8	153
Operating income	1’750	8,5	1’613	5,9	1’523
Operating expenditure	1’020	9,3	934	12,4	831
Gross profit	730	7,5	679	– 1,9	692
Group profit before tax	523	44,4	362	– 26,2	491
Group profit	429	28,1	335	– 3,9	349
Gross profit per personnel unit (in CHF thousands)	129,5	– 0,2	129,7	– 10,0	144,1
Operating expenditure/operating income	58,3%	–	57,9%	–	54,6%
Capital resources					
Total equity capital	4’334	11,7	3’881	9,8	3’533
Return on equity (ROE)	10,5%	–	9,0%	–	10,4%
Capital resource/Balance sheet total (equity ratio)	4,7%	–	4,7%	–	4,6%
Tier 1 ratio	8,8%	–	8,3%	–	8,0%
Tier 2 ratio	13,3%	–	12,6%	–	12,0%
Market data					
Market share in mortgage business	*) 12,5%	–	12,2%	–	11,7%
Market share in savings	*) 16,7%	–	16,3%	–	15,3%
No. of inhabitants in business area (in millions)	6,3	15,4	5,5	4,4	5,3
Number of members	1’107’354	9,9	1’007’589	9,5	920’227
Resources					
Number of employees (per capita)	7’098	5,7	6’715	7,8	6’229
– of which trainees	636	8,2	588	7,5	547
Number of personnel units	5’805	6,2	5’466	9,3	5’000
Number of Raiffeisen locations	1’278	– 0,9	1’290	– 0,7	1’299
Number of ATMs	1’099	10,0	999	7,8	927
Asset mangement business					
Number of portfolios	264’333	11,4	237’378	0,4	236’543
Total portfolio volume	19’809	– 1,5	20’109	4,1	19’316
Volume of Raiffeisen funds	7’034	– 7,8	7’627	3,1	7’398
Lending business					
Effective losses	71,5	24,3	58	– 19,9	72
– as % of loans	0,094%	–	0,081%	–	0,108%
Non-performing loans	285	– 12,9	327	– 11,6	370
– as % of loans	0,375%	–	0,462%	–	0,559%

*) Estimated figures

Raiffeisen Group

Contents

Editorial

The Swiss Raiffeisen Group bucked the industry trend, closing the 2002 financial year successfully. In a difficult economic phase, the Group managed to expand its market share and increase gross profit by as much as 7.5 percent.

As can be seen in detail in this annual report, the other key figures underline this pleasing performance. The balance sheet total increased by 12.5 percent, loans by 7.2 percent and client assets by 10.3 percent and, once again, there was impressive growth in membership numbers. There are now more than 1.1 million cooperative members, which means that one in every five adults in Switzerland is part of the Raiffeisen family.

Rays of hope in a difficult environment

From a macroeconomic point of view, 2002 was hardly a year for euphoria. The economic barometer remained stubbornly low, consumer confidence fell on a broad front and there was even a further sharp rise in unemployment figures. What's more, the forecasts do not suggest any improvement in the short-term economic outlook.

The Raiffeisen Group's business trend contrasts positively with this environment. Even in the strong economic headwind, Raiffeisen pushed rigorously ahead with its adopted strategies. The opening up of high potential areas that lacked Raiffeisen banks continued and Raiffeisen can now welcome clients in the city of Zurich, to name one example. Of course, these activities have the additional and extremely welcome benefit of creating new jobs, as well as giving rise to substantial investments.

The cooperative partnerships with Helvetia Patria Insurance and cosba private banking, which supplement the Raiffeisen services in the area of insurance and in private banking, are progressing very well. It is hardly surprising that, particulalry in hectic times, there is an especially high demand for good advice from qualified specialists.

Expo.02 was a central theme last year, and Raiffeisen set a special example as a partner of the national exhibition. All cooperative members were entitled to half-price admission to the exhibition and more than 250 000 members took up this offer, playing their part in the happy ending to the Expo.02 story.

The cooperative concept put to the test

The Raiffeisen concept has shown itself to be extremely durable, making it possible to achieve constructive goals even when times are tough.

As cooperatives, the Raiffeisen banks have always been committed to a client- and consensus-oriented corporate policy. This corporate structure ensures that the needs of members and clients are placed firmly at the forefront. Members are directly involved in their Raiffeisen bank and have the right to co-determination. Together, the members form a mutually supportive, self-help society.

The business policy is universally transparent and, guided as always by the company's objectives, is geared towards supplying cooperative members with advantageous products and services. This consensus-based orientation explains why the Raiffeisen banks have been so successful in the recent past. They are reliable, familiar partners with a business policy everyone can understand.

Responsibility creates trust

At many companies, the difficult economic environment and slump on the financial markets have laid bare mistakes that could be overlooked in the bear markets of the nineties. A few managers shamelessly feathered their nests, supervisory committees failed to take their due diligence obligations seriously enough and uncritical auditors were hoodwinked by the underhand tactics of creative accountants. As a result, much confidence in the economy and its exponents was destroyed.

Now, it is time to rethink. The introduction of more rigorous guidelines for corporate governance, which better protect the interests of investors, and the fact that more and more companies are reverting to a solid ethical basis, bear witness to this new approach. Responsibility must be restored to its place at the heart of economic activity.

Practising entrepreneurial responsibility means not just thinking of one's own interests, but also showing concern for clients, employees and investors. It means making decisions for the long haul, not the short term. Work and performance are the fundamental values. Profit and growth are not the be all and end all, but rather a means of ensuring a company's long-term development.

Trust can only be regained if it is built on solid foundations. This bridge of trust rests upon the foundation of responsibility – a responsibility that is practised both in good times and bad.

Responsibility as a shared task

The Raiffeisen Group owes its success, past and future, to the loyalty of its members and clients. For that I would like to express my warmest thanks.

I am also indebted to the approximately 7 000 employees and the more than 5 000 members of Boards of Directors and Supervisory Boards at all levels of the Raiffeisen organization. They all share this entrepreneurial responsibility and it is they who contribute to the continual strengthening of confidence in the Raiffeisen Group.

F. Marty

Franz Marty
Chairman of the Board

Franz Marty
Chairman of the Board

Corporate culture as a factor in success

Corporate culture as a factor in success

Thanks to strong growth and rising employee numbers over the last five years, the Raiffeisen Group is now the third largest Swiss bank in terms of balance sheet total. Yet the bank stands apart from others in the sector, being firmly rooted in a cooperative philosophy that has resulted in a very specific corporate culture. This philosophy is typified by a refusal to be driven by maximizing benefit or profits. It goes without saying that the Raiffeisen organization aims to be successful, but it also wants to be able to justify its conduct to itself and others.

People focus

Raiffeisen personnel policy places the focus on people and is aimed at gaining the company the reputation of an attractive employer. Raiffeisen embraces human diversity. Personal and social skills are just as important as specialist experience. Raiffeisen pursues a moderate wage policy, which takes account of performance. By offering progressive employment and working conditions, challenging tasks, extensive freedom of action and opportunities for personal development, Raiffeisen very consciously builds a long-term relationship with its employees. This relationship is characterized by fairness, regular dialog and social responsibility.

Raiffeisen's employee values can be summed up as the three "S": Sense of purpose, Scope and Security.

Sense of Purpose

After ten years of continuous shareholder value, many employees are increasingly wondering what the purpose of their activities is. People want to work for a company with which they identify and of which they can be outwardly proud. That's why, in future, it will become even more important for a company to create a sense of purpose for all concerned.

To quote German sociologist Walter Böckmann, "If you are going to demand performance, you have to offer a sense of purpose." Only when the purpose of a given activity is evident, will an employee identify with the company and be determined to perform well. Raiffeisen's mission helps to give employees the feeling that they are working toward a positive goal and can be proud of their company.

Scope

At Raiffeisen, integral tasks are in the foreground. The job of bank manager, particularly pertinent for Raiffeisen, is characterized by a number of typical factors:

- Autonomy, which makes it possible to manage a bank without overly restrictive structures and systems.
- Integral spectrum of tasks, which can be dealt with independently.
- Entrepreneurial challenge, having a direct influence on operational success.

Being something that employees at big companies often sorely lack, scope of action is therefore a distinct competitive advantage.

Security

Security is an important value, which despite all the changes in our society has lost none of its significance. People cannot perform to the best of their ability in a climate of uncertainty and anxiety. At Raiffeisen, continuity and security are written large and the democratic dialog about values that is laid down in the Articles of Association promotes sustainability and prevents ultimately risky unilateral decisions. Although even Raiffeisen cannot promise job security, it does what it can by cultivating the personal employability of its staff.

Credible corporate culture proves its worth

Employees are keenly aware of sincerity and values. In the end, these are more crucial than material aspects. When choosing an employer, today's promising employees are not swayed so much by money as by corporate culture and the amount of freedom and autonomy a company offers. Employees of the future will choose their company on the basis of the image it conveys. Corporate culture will become the main selection criterion and a real competitive factor.

Image has a long-term impact, for better and for worse. Often, companies who have had to make job cuts have been forced to contend with a loss of confidence for a protracted period. However, Raiffeisen has had relatively little difficulty finding the right people even during periods of job-market tightness. The impression that Raiffeisen is a dynamic, employee-oriented company that gives its employees entrepreneurial freedom is taking hold on the job market. Our constant efforts to nurture and develop a specific culture are bearing fruit.

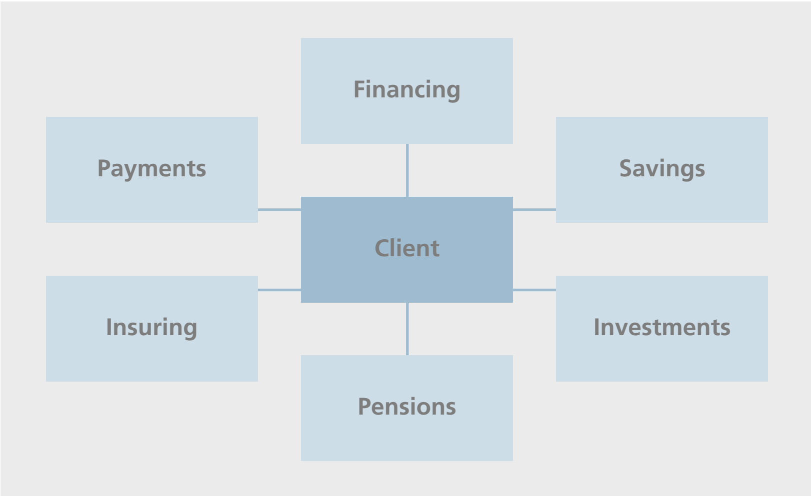
Social responsibility at Raiffeisen

Creating a sense of security and purpose means assuming social responsibility.
People are only open to changes within a company if they are involved in the restructuring of their work environment and they have freedom in their day-to-day work. One fact is incontrovertible: in principle, people are happy in stable and sustainable organizations. Constancy and stability create a feeling of security, and a feeling of security in turn makes for happier, more motivated employees.

For an employer, social responsibility means recognizing these correlations. The employer should create an environment that continually adapts to the demands of the market, while at the same time embracing employees' needs. There must be continuous dialog about the necessary changes. Employees' opinions should be respected and changes should only take place at a pace that they can digest.

A meaningful job, sufficient scope and allowing employees to use their own initiative while making them feel safe and secure – for Raiffeisen, these are the fundamental elements of a socially responsible corporate policy.

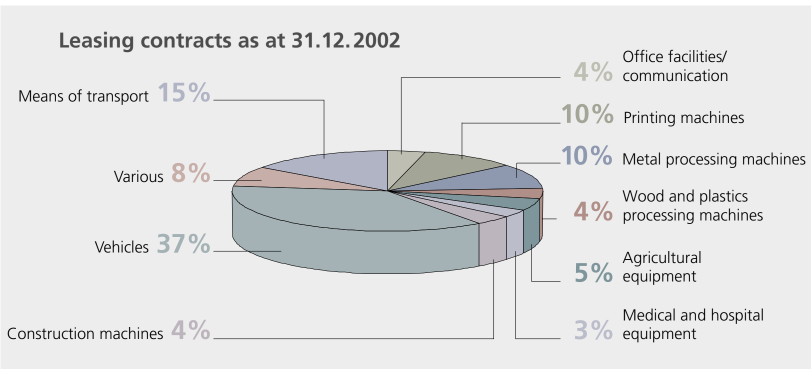
Market activities of the Raiffeisen Group



Client proximity and fair products

The Raiffeisen banks offer their clients optimum solutions in all important financial matters, ranging from traditional savings, pensions and stock market trading right through to financial consultancy and the financing of residential property. Raiffeisen is also the right place for pension planning and insurance.

Using the above model, which highlights the client needs "Financing", "Savings", "Investments", "Pensions", "Insurance" and "Payments", this section deals in greater depth with the market activities of the Raiffeisen Group in the year under review. Raiffeisen client advisors employ the model when providing their clients with comprehensive advice.

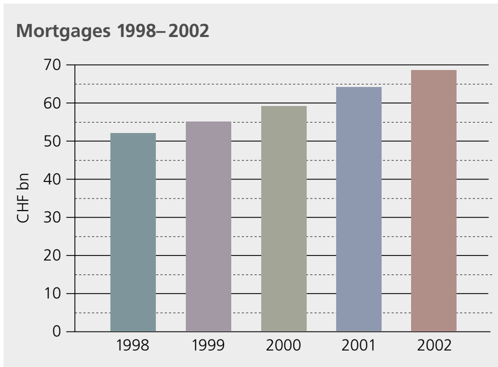


Financing

Mortgage business

Sustained sluggishness in the global economy kept interest rates at an extremely low level during the year under review. Interest rates on fixed-term mortgages fell sharply in the second half of the year. In order to adjust the level of variable mortgages, an initial interest rate cut was carried out in August 2002 followed by a further cut in December. At the end of the year under review, variable rates were well below 4 percent – a record low.

The major banks in particular made an emphatic comeback to the mortgage business area as a result of the sustained stock market slump. Despite this, and despite the difficult economic climate, the total mortgage volume recorded another considerable increase of 8 percent in the year under review.



Leasing

Raiffeisen Leasing continued its future-driven strategy in the year under review. 132 million Swiss francs of new business was acquired, of which 118 million had been carried into effect by the end of 2002. A total of 1 570 new contracts were concluded. A breakdown of the new business is as follows:

	Contracts	Volume in CHF millions
Vehicle Leasing	1'121	48
Capital Goods Leasing	449	70

As at 31.12.2002, the leasing inventory stood at 4 218 active contracts (reinstatement value 350 million Swiss francs; balance sheet value 217 million Swiss francs).
In order to further increase market presence, the number of staff employed in both Vehicle and Capital Goods Leasing will also increase slightly in 2003.

Savings

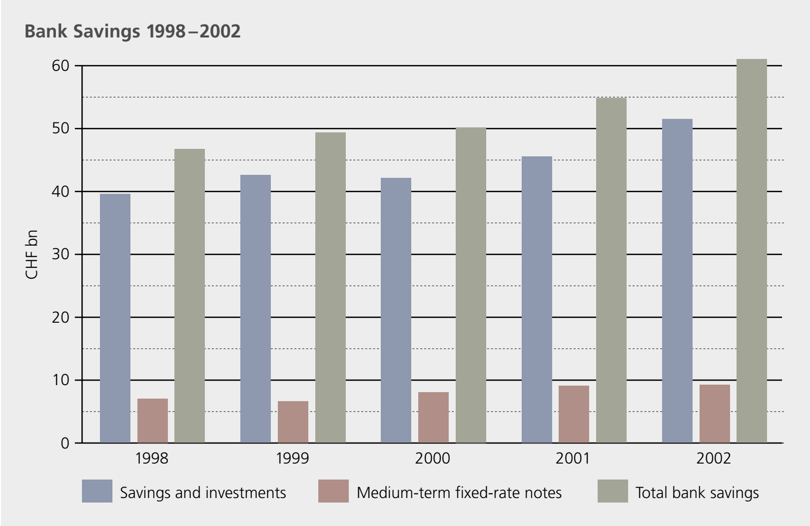
Business trend

In the year under review, for the first time in years, the traditional bank savings market in Switzerland showed extraordinarily high growth. During the period 1997 to 2000, the total market volume at all banks in Switzerland fell from 375 billion to 325 billion Swiss francs, but at the end of 2001 this figure stood at roughly 335 billion Swiss francs, and 366 billion Swiss francs at the end of the period under review. This corresponds to an increase of some 9 percent in 2002. This result reflects the tendency for consumers to hold very high levels of liquid funds, due to economic uncertainty and the lack of alternative investment possibilities on the money and capital markets.

This development had an exceptionally pleasing impact on the balance sheets of the Raiffeisen banks. Following growth of 8.5 percent in the previous year, in the year under review the Raiffeisen Group recorded growth in deposits into savings and investment accounts of approximately 12.8 percent, placing it above overall market growth. Clients again discovered traditional bank savings to be an attractive form of investment during times of below-average earnings on alternative products. This development, and the large number of new savings accounts, prove that the Raiffeisen banks play an important role in the Swiss bank savings market, with their comprehensible savings products offering attractive rates of interest.

The volume of deposits into members' savings accounts performed especially well, rising 20.5 percent in the year under review to 16.8 billion Swiss francs.

Even in the year under review, amid very low interest rates, medium-term fixed-rate notes lost none of their appeal for Raiffeisen banks. Despite falling short of last year's growth of 12.8 percent, their volume nevertheless recorded a pleasing increase of 5.0 percent to 9.6 billion Swiss francs.



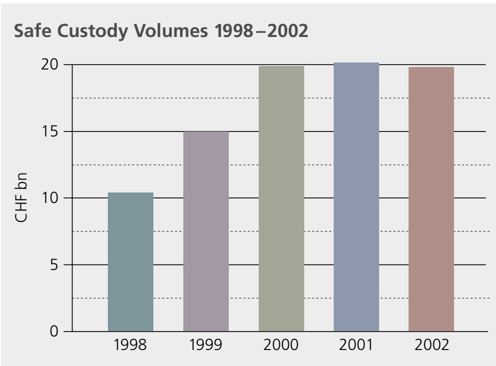
A look ahead to the future

The political and economic fundamentals coupled with uncertainty regarding a rapid recovery should help the total market volume to increase further for banks in Switzerland in 2003. As specialists in the savings and mortgage business, the Raiffeisen banks will do their utmost to successfully expand their position in this market.

Investments

Investment business

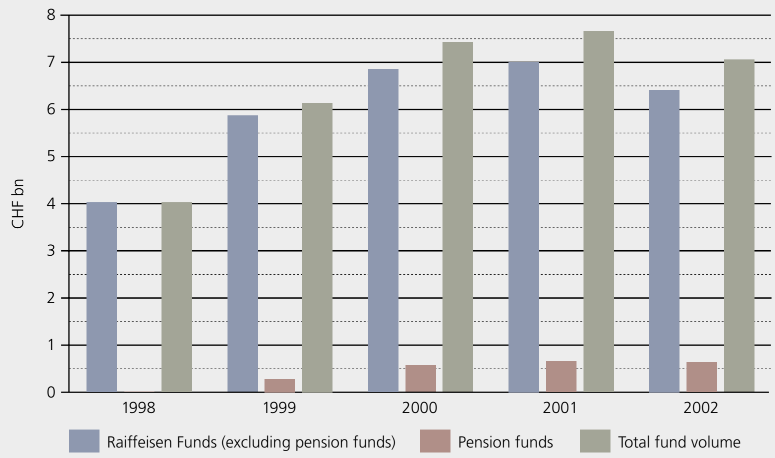
The persistent depression on the stock market in the year under review made it impossible to increase the safe custody volume further. The level of 19.8 billion Swiss francs equates to a 1.5 percent fall against the record high of the previous year. However, compared to the competition, this represents only a minimal loss.



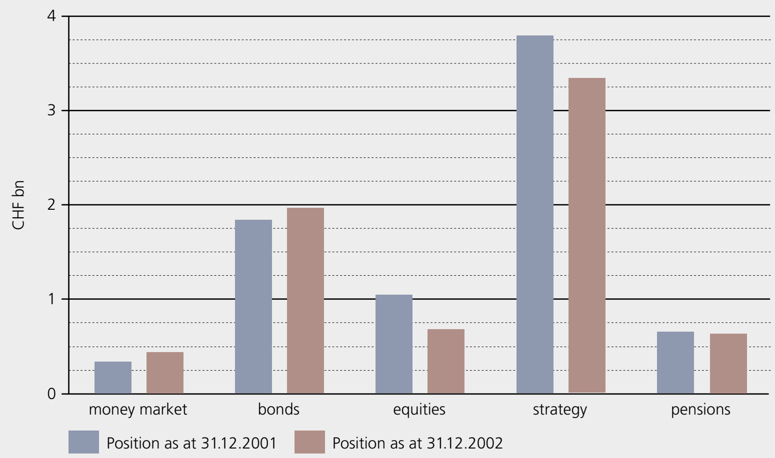
Investment funds

For the same reason, it was not possible to maintain the volume of Raiffeisen funds, which decreased by 7.8 percent to 7.0 billion Swiss francs in the year under review.

Raiffeisen Funds 1998 – 2002



Fund volume performance by investment category 2002



The unit prices of certain Raiffeisen funds fell in line with the price losses of the securities held by the funds. However, converting the euro and US dollar fund volumes into the now higher-valued Swiss franc distorts the picture. Overall, the number of fund units remained unchanged, even rising sharply in the case of money market funds. In view of the fact that this investment category hardly ever experiences any price losses, its volume too rose by 28.9 percent to 433.9 million Swiss francs. Bond funds also improved by 6.9 percent to 1.96 billion Swiss francs, thanks to hefty interest rates cuts. Despite a fall of almost 11.9 percent, our "Global Invest" investment funds, which are suitable for a large number of clients, continue to account for approximately half of all Raiffeisen's fund volume, at 3.3 billion Swiss francs. The sharpest fall was naturally recorded among pure equity funds, the volume of which contracted 35.1 percent to 674.6 million Swiss francs. In the "Pension Invest" pension fund, the number of units showed a pleasing increase, yet here too the overall value fell by 3.0 percent to 629.4 million Swiss francs.

The performance of investment funds reflects the difficult situation on the stock markets. The two "Global Invest" investment target funds – 25 and 45 – should be highlighted, as they are the leading funds in their group, compared with all competitors. It is particularly gratifying that these are the two biggest Raiffeisen funds. The Global Invest 45 fund was awarded first prize in the "Global balanced mixed funds" category by two independent agencies, namely Standard & Poor's and Lipper.

However, the appreciation of the Swiss franc depressed the results of the foreign currency funds for Swiss franc investors. No new funds were launched during the year under review because of the adverse market conditions.

Detailed figures can be found in the separate 2002 Annual Reports of Raiffeisen Schweiz (Luxemburg) Fonds Management S.A. and Vontobel Fund Services AG.

Pension planning

Pension planning, individually tailored to clients' needs, is gaining steadily in importance. Demand for this service increased sharply in the year under review and more than 90 percent of clients who commissioned an offer from Raiffeisen in this area signed up for a plan. The aim in future is to increase both the quality and the quantity of pension planning services, so as to be able to continue advising and supporting clients in an optimum fashion.

Partner in investment business and in Private Banking

The Raiffeisen Group achieved its good result with the assistance of strong partners. In its investment funds, Raiffeisen benefits from the in-depth expertise of Vontobel Asset Management. In a difficult market environment, it is particularly important for Raiffeisen's clients to know that a professional partner is managing their money at Vontobel.

In May 2001, the Raiffeisen Group began cooperating with cosba private banking, and this was expanded in the year under review. cosba private banking is a private bank based for more than 20 years in Zurich, with a cooperative shareholder base. The cooperation expands the range of products offered by the Raiffeisen banks with various asset management products and enables the Raiffeisen banks to also meet the needs of its Private Banking clients in full. The first successes have been achieved despite the poor market climate. Furthermore, cosba private banking is reporting the same positive result as for 2001.

Pensions

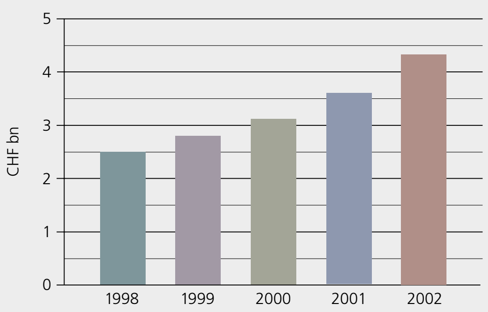
Pension and vesting assets

The trend towards deposits made into linked 3a pension savings as a result of the closure of the tax calculation loophole has strengthened further in the year under review, following the considerable increases of last year. The total volume has risen from 2.54 to 2.94 billion Swiss francs. Growth in the account-linked form totals 20.6 percent. In the security-linked form, the volume of fund units has risen by 4.8 percent. The modest growth in the fund-linked form reflects the unfavourable performance of financial markets during 2002. At 20.6 percent, there was another above-average increase in new clients and account openings. The increased propensity to save, as a result of the tense economic situation, undoubtedly contributed to this pleasing result.

Vesting assets also achieved above-average growth compared to the previous year, with the total volume rising from 1.05 to 1.37 billion Swiss francs, an increase of 30.4 percent. The significantly higher volume is the result of the tight situation on the employment market and, in particular, the increase in the number of people unemployed across practically all sectors. The increase in account-linked vesting assets is 37.6 percent, while in the security-linked form, the growth in fund units was 0.3 percent. The strained financial markets are having a more distinct impact on how fund-linked vesting assets are used than is the case with the linked 3a pension savings. Here the average retention period of vesting interests is also certainly affecting the investment decision of vesting clients. At 252 million Swiss francs, contributions are in line with the previous year's figure.

The events in 2002 on the stock markets left clear marks on the performance of the "Pension Invest 30" and "Pension Invest 50" pension funds. The market value of the "Pension Invest 30" fund fell by 2.9 percent from 106.6 to 102.5, whilst that of the "Pension Invest 50" fell by 10.7 percent from 109.5 to 97.8 percent. Pension fund members' confidence in these investment instruments has been put severely to the test over the last two years. The long-term investment period of pension funds means that any change to investment goals because of short-term market fluctuations needs to be examined carefully and is generally not a worthwhile move. Experience shows that with a longer investment horizon, the higher yield potential outweighs the short-term loss risk of these investment instruments.

Pension and vesting assets 1998–2002



Detailed figures can be found in the separate 2002 Annual Reports of the Raiffeisen Vesting and Pension Foundation.

Insuring

Insurance

The insurance business performed extremely well during the year under review. At 77.3 million Swiss francs, the premium volume practically doubled compared with the previous year. The increased demand for financial products offering more certain yields, such as traditional, endowment life insurance has contributed to this rise. The major reason for this considerable increase has been the growing number of Raiffeisen banks actively and systematically integrating insurance business into their consulting process. The good result is being overshadowed by the negative reports from the insurance industry. The poor performance of the financial markets has had a massive impact on company results. Furthermore, some leading companies have become the focus of media attention as a result of events that have occurred internally. Intensive public debate regarding the minimum yields of LPP balances was an additional challenge for the insurance sector.

The sale of insurance products via the bank is gaining in significance. This is promoted by the growing trend towards providing clients with integral advice on financial matters. Central to this trend are solutions tailored to the client, which are created using banking and/or insurance products depending on the requirements.

Insurance solutions with a strong partner

In Helvetia Patria Insurance, the Raiffeisen Group has a solid and well-established partner for the insurance business. The Raiffeisen banks' comprehensive experience in money and financial matters coupled with the insurance knowledge of Helvetia Patria enables the joint development of attractive insurance solutions, tailored to clients' needs. In a difficult market climate, a reliable partner is a particularly integral component in successfully providing a range of supplementary services. In its capacity as a prudent company, Helvetia Patria, remained unaffected by the negative events and reports during the year under review. In the year under review, the cooperation between Raiffeisen and Helvetia Patria enabled each partner to gain an even better understanding of the other’s sector-specific development.

A look ahead to the future

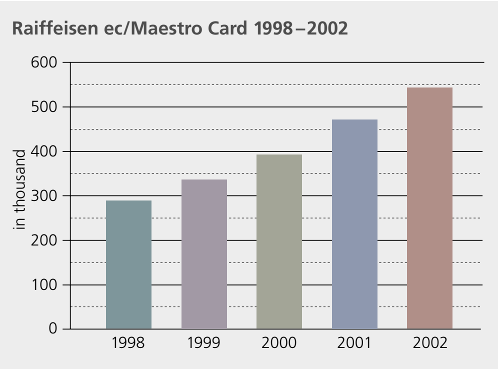
The focus for this year is on the long-term anchorage of insurance expertise at the Raiffeisen banks, a move which will be aided by, among other things, the increase in the number of pensions and insurance consultants provided by Helvetia Patria. These consultants will be on site at the Raiffeisen banks, where they will actively support the surrounding Raiffeisen banks to build up their competence in the area of insurance.

Payments

Growth in card products

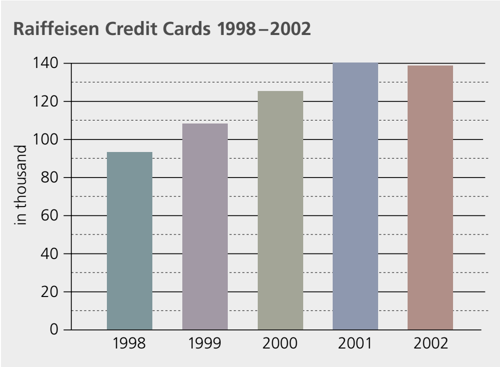
An increase of 75 000 cards means that the total number of Raiffeisen-ec/Maestro cards in circulation rose 16 percent to 542 000 cards. This growth was substantially underpinned by "Maestro", used to make global ATM cash withdrawals and cash-free payments in numerous shops around the world, "Conto Service networked" and the validity of this card as a museum pass.

"Conto Service networked" enables clients with an ec/Maestro Card to retrieve current account balances and transactions for up to four accounts from over 900 Raiffeisen ATMs. In the year under review, approximately 2.9 million information retrievals were made and over 40% of all ATM withdrawals with Raiffeisen ec/Maestro Cards were carried out via "Conto Service networked".



The total number of Raiffeisen MasterCard Silver Cards in circulation fell slightly. The 1.3 percent decrease to 132 000 cards was due to price and service adjustments in the year under review. However, a 13 percent increase in the number of Raiffeisen MasterCard Gold cards to 7 200 cards was recorded. The number of Raiffeisen VISA Cards, which Raiffeisen has only been offering since the end of 2000, was doubled in the year under review to 14 800.

Some 6 percent of credit card holders decided to collect "webmiles" during the year under review. The internet-based program is starting to take effect. There is a considerably higher average turnover of transactions made with cards offering webmiles than cards offering a transaction-related bonus.



New generation of ATMs offering euros

Since the autumn of 2002, the first Raiffeisen ATMs have been installed with new software, enabling clients to withdraw euros as well as Swiss francs. By the end of the year, more than 100 of around 1 100 Raiffeisen ATMs had been converted, mostly in border areas or in tourist locations. By mid-2004 all Raiffeisen ATMs will be equipped with the new software.

New payment slip "IPI"

The Raiffeisen banks have included the new payment slip, entitled IPI (International Payment Instruction), in their range of products. This slip complies with a European standard and is accepted as a payment slip in all European countries from Portugal to Russia. The IPI and the information contained therein such as the IBAN (International Bank Account Number) mean that cross-border payments may be carried out more directly and quickly, thereby reducing the charges incurred by the client. However, the IPI may also be used as a payment slip in Switzerland. 2003 will see suppliers enclosing an IPI payment slip with their bills for the first time, instead of the red payment slips.

RAIFFEISENdirect – expectations far exceeded

Barely a year after its launch, July 2002 saw Raiffeisen welcome its 100 000th e-banking client. At the end of the year under review, 130 000 clients were using Raiffeisen's simple, secure and convenient e-banking system. 25 percent of all payments are already processed by clients via RAIFFEISENdirect and an average of 15 000 people use the e-banking services on a daily basis. In addition, 15 percent of the stock market transactions traded on the SWX and virt-x exchanges are now being carried out directly by clients.

Executive Board from left to right: Dr. Pierin Vincenz (Chairman), Felice De Grandi, Dr. Patrik Gisel, Robert Signer, Kurt Zobrist, René Bentele

In addition to the complete overhaul of the www.raiffeisen.ch homepage and the e-banking screen masks, the year under review saw particular importance being placed on improving the performance and stability of the e-banking systems.

New focus in the area of Business Clients and Credit Consulting

A successful realignment of the Business Clients and Credit Consulting area was carried out in the year under review. The new strategy comprises, among other things, dividing competences between the Raiffeisen banks enabling them to work more economically and efficiently in the Retail Business. The banks were familiarized with the new strategy and new competence at decentralized training centres held in French, German and Italian throughout the whole country. The market presence is being supported by the new brochure entitled "Services for Business Clients". This brochure provides business clients with a CD-ROM called "KMUfit", enabling the client to carry out a self-analysis, and creates a highly-competent business relationship with the banks.

Refinancing

The refinancing requirement of the Raiffeisen banks has fallen over the last two years as a result of the major inflow of deposits at the Raiffeisen banks. Last year, only around 38 percent of the previous year's sum was made available to the Raiffeisen banks by the Central Bank of the Swiss Union of Raiffeisen Banks, in the form of deposits. The refinancing demand of the Raiffeisen banks was therefore far less than was expected, which consequently significantly reduced the Central Bank's demand to the capital market for refinancing funds. The increase in Group lending can thus be largely covered by savings and medium-term fixed-rate notes.

Trading

The sharp fall in interest rates as a result of weak equity markets contributed to the interest-rate trading budget being surpassed. At the same time, Risk Management's good positioning enabled it to achieve a very good result in foreign exchange trading. These positive developments went some way towards making up for falling short of the budget in the equity area.

Credit risk management

Like all financial institutions, the Raiffeisen Group also faces the challenge of meeting the requirements of the new Basle Capital Accords. The financial and organizational implications for the Raiffeisen Group were analysed in an initial design phase as part of the Basle II project. Based on these findings, the decision-making principles regarding the desired regulatory approach and the outline IT architecture were developed.
A Credit Risk Exposure Model has been created internally in order to calculate the default likelihood of credit risks.

As early as 2001, work began on optimising and standardizing credit administration processes, with a view to meeting the requirements arising from Basle II. The necessary organizational adjustments were initiated on 1 January 2002 in order to increase the efficiency in processes and to exploit cost-savings potential. The operating business activities of the Raiffeisen Guarantee Cooperative and the credit risk management area were merged. In the course of the year, the business processes of the Guarantee Cooperative were integrated into the area of credit risk management.

Processing

To further improve the quality and efficiency in processing transactions, last year, as in 2001, the Swiss Union of Raiffeisen Banks attached particular importance to optimising and further automating the transmission of orders and processing procedures.

Following the fulfilment of last year's project objectives in relation to the launch of euro notes and coins, the euro project entered a second phase in the year under review. The corresponding IT applications were put into operation as early as 1 January 2002, thereby ensuring the smooth processing of euro cash transactions at Raiffeisen banks and the Swiss Union of Raiffeisen Banks.

The statutory requirements of the US tax authorities were implemented as part of the project on US withholding tax. By successfully completing this project by the end of March 2002, Risk Management can continue to ensure that client relationships of relevant for US withholding tax purposes are cultivated in a thorough manner.

Risk Policy

Principles of Risk Policy

Risk represents the uncertainty surrounding future developments and is part and parcel of the banking business. Risks not only imply losses and threats, but also opportunities. A responsible risk and monitoring culture contributes to stability and continuity and supports earnings growth.

Risks are multilayered, complex, mutually intertwined and influenced by organizational factors within the group. In order to take account of this dynamic environment, risk policy was revised and supplemented in 2002. The policy applies to the entire Raiffeisen Group.

Risk culture

A robust risk culture and integrated, comprehensive risk management depend heavily on general management and its corporate governance, especially at financial institutes. The knowledge, competence, experience and integrity, and also the conduct of the management and individual employees, are therefore elements crucial to the company's reputation. The personnel management principles embedded in risk policy serve to bolster this important pillar of success. Moreover, considerable resources are employed to maintain a risk culture exemplified by risk-conscious behaviour, clear responsibilities, the independence of Risk Controlling and risk management, adequate supervision by the Board of Directors and Executive Board and effective control systems. The Raiffeisen Group is aware that trust is slow to develop, but can be quickly lost.

The Raiffeisen Group's approach to managing and controlling risks is geared towards limiting negative impacts on earnings and, in particular, protecting the Raiffeisen Group from high exceptional losses.

Risk management organization

Within the overall risk context of the Raiffeisen Group, it is important to create a risk organization geared towards the respective needs of the Group's companies. The group-wide risk management approaches are applied uniformly across the Group's companies, as and where relevant.

The *Board of Directors* is responsible for the risk policy proposed by the Executive Board and for determining the Raiffeisen Group's risk capacity and thus its most significant risk limits.

The *Audit Committee* supports the Board of Directors in its monitoring of the Executive Board as regards the effectiveness of the internal control systems in both the financial and accounting spheres. It ensures the quality of Internal and External Auditing and their cooperation.

The *Executive Board* is responsible for implementing risk policy and informs the risk-managing units of the risk limits.

The *Risk Management Departmental Manager* is responsible for credit and market risk positions and must take corrective measures if necessary – depending on the aggregate risk profile of the portfolio or the risk of specific positions. The Departmental Managers are responsible for operational risks within the respective divisions. It is their responsibility to identify risks and take appropriate measures to minimize them.

Risk Controlling is subordinated to the Chairman of the Executive Board and is responsible for establishing the Raiffeisen Group's risk positions and issuing guidelines and standards. It is responsible for implementing independent control processes within the business units.

The *Compliance Office* is also subordinated to the Chairman of the Executive Board. It is geared primarily towards avoiding legal, regulatory and reputational risks, including those which arise when new products are launched.

Internal Auditing supports the Board of Directors, the Audit Committee and the Executive Board in the performance of their tasks by providing objective and independent assessments of the effectiveness of control and risk management processes.

Risk management process

The Raiffeisen Group works on the basis of a risk management process that covers all risk categories. It comprises five main elements:

Risk identification: Particularly relevant for new products and business areas, but also for external events and in portfolio monitoring.

Risk measurement and assessment: The use of approved methods and models, reviewed by the independent Risk Controlling department.

Risk management: The organization of responsibilities associated with client relationships, the assumption and control of risks, and processing in accordance with the principle of separation of powers, are regulated within the trading portfolio and bank ledger. Risk management is the responsibility of designated risk managers who, within the allocated limits, are themselves responsible for the risks entered into.

Risk limitation: Risks are subject to overall limits approved annually by the Board of Directors. Risk limitation is not only defined for market and credit risks, but also for operational risks. In the case of the latter, risks are limited by qualitative rather than quantitative stipulations.

Risk Controlling and Compliance: Whilst Risk Control primarily ensures the observance and implementation of risk principles, risk policy and limits, the Compliance Office ensures observance of the regulatory provisions and due diligence. A thorough report on all risk categories to be monitored is prepared for managers at all levels.

Risk categories

The Raiffeisen Group distinguishes between and manages three risk categories:

- Credit risk is the risk of loss as a consequence of a debtor or counterparty being unable to pay, and is incurred by the Raiffeisen Group vis-à-vis clients and other counterparties.
- Market risk is defined as the losses incurred by the bank on account of changes in market variables, such as interest rates, share prices and foreign exchange rates.
- Operational risks are risks that the Raiffeisen Group does not actively enter into, but which arise from the operation of the business units.

If these risks are not adequately recognized, managed or controlled, not only can financial losses be sustained, but the business' good reputation may also suffer.

Credit risks

Credit risks are incurred chiefly at the Raiffeisen banks. The majority of credit risks entered into are hedged. They arise from lendings to clients and contingent liabilities. Credit risks arise at the Swiss Union of Raiffeisen Banks from counterparty risks and credit-equivalent loans. These include off-balance-sheet business such as derivative financial instruments, which are converted by means of internal factors to their respective credit equivalent. This approach is in line with a comprehensive definition of counterparty risks. The business units of the Raiffeisen Group – Raiffeisen banks, Guaranty Cooperative, Raiffeisen Leasing and Swiss Union of Raiffeisen Banks – adopt a comprehensive approach to managing their credit risks, the core elements of which are the credit-granting process, credit monitoring and a re-submission process. An appropriate reserve-forming method for credit risks rounds off the concept.

Both commitments to a specific counterparty and aggregate credit risks are limited by means of a limits system. The uniform counterparty rating system used by the Raiffeisen Group is for monitoring credit risks and calculating risk-adjusted profitability ratios. A counterparty rating is allocated to all counterparties that show an effective or potential counterparty risk. This rating is used along with the transaction-specific, anticipated non-payment rates in order to determine the expected losses on a credit position or in a credit portfolio.

An internal management tool is used to measure credit risks, which calculates anticipated and unanticipated losses on the basis of non-payment probabilities determined by the credit rating. The calculations are performed solely for management information purposes. The methodology is calibrated with effective losses through regular reviews of the estimates.

Country ratings and country limits are the main tools in country risk management. The maximum foreign commitment is limited, as stipulated in the Articles of Association, to a risk-weighted five percent of the Raiffeisen Group's consolidated balance sheet total.

Market risks

The following techniques are also used to measure market risks:
- The value-at-risk method estimates the potential loss on a given portfolio for a specific time horizon and a defined probability, on the basis of historic market data.
  This method is used in the trading portfolio.
- Other models also measure interest rate sensitivities. Regular market valuations of the most important balance sheet items and interest rate rotation scenarios form the basis for such analyses.

On the one hand, the Raiffeisen Group enters into market risks through the commercial activities of the Swiss Union of Raiffeisen Banks. Major market risk positions are created by trade in equities, interest rate instruments, forex products and precious metals. On the other hand, the Treasury of the Swiss Union of Raiffeisen Banks enters into market risks in its management of the Raiffeisen Group balance sheet, which involves taking over the long-term interest rate risk from the Raiffeisen banks and Raiffeisen Group companies.

Because all value-at-risk models are based on past events and depend on the quality of the available market data, Risk Control performs quarterly "back tests" at portfolio level and reviews the causes of all back-testing exceptions, in order to take corrective measures where necessary. Investment positions require different risk measurement categories from commercial positions. For that reason, these positions are not included in the market risk measurement categories. They are monitored by means of processes and tools such as risk limits, independent controls and remedial measures to avoid the limits being exceeded.

Operational risks

The chief focus of the *Operational Risks Control Department* is the early recognition, prevention and reduction of internal operational risks, as well as punctual and appropriate Management Reporting.

Because of the increasing number and complexity of projects in the Raiffeisen Group, *Project Control* has devised a system for monitoring project progress, which is being continually refined. Risks that jeopardize the project's success are analysed and monitored and a distinction is made between individual project risks and risks that affect the entire project portfolio.

In light of the significance of the risks and the extent of the Raiffeisen Group's financial commitment, risks arising in connection with IT security are each dealt with separately from the control of Operational Risks by the *IT Security Officer*.

Outlook

The Raiffeisen Group devotes considerable human and technological resources to risk management. To this end, it has built up an integrated risk management system with a clearly defined risk policy, appropriate risk measurement methods and an adequate structure and infrastructure. Working closely with the specialists in the business units, the Raiffeisen Group follows developments with regard to the revision of the Basle capital adequacy rules. The process of undertaking the necessary analyses and preparations for the new rules is ongoing, always bearing in mind the special characteristics of a typical domestic retail bank.

Business Trend

The Raiffeisen Group has continued to show stable growth. The balance sheet total posted a significant increase of 12.5 percent, to 92.7 billion Swiss francs, driven by the continued growth in client monies, a pleasing performance in the credit business and a stronger presence in the interbank business.

A positive performance was also recorded on the income side thanks to sound results in the interest and trading businesses. Gross profit rose by 7.5% despite an economic environment which remained difficult. Lower provisionary requirements, particularly in the area of deferred taxation, and one-off effects concerning extraordinary income and expenditure, enabled an extraordinary increase of 28.1% in group profit.

In a pleasing development, Bank Eschenbach decided to join the Raiffeisen organisation last year. The decision was based on the two parties' similar attitudes towards local orientation, client proximity and a concise decision-making process, coupled with the potential cost savings and refinancing opportunities implied by the union.

The Raiffeisen organisation's commitment to client needs and the high professionalism of its services are now recognised and valued by the wider public. One reflection of this was last year's increase in member numbers of almost 100 000 to over 1.1 million.

There are no post-balance-sheet events having a significant impact on the operating result.

Information on the principles and scope of consolidation can be found in the Notes.

Profit and loss account

Income

In the financial year under review, the result from interest earnings rose a hefty 9.2 percent to 1 450.8 million Swiss francs. Somewhat lower overall interest margins were offset by solid growth in client business volumes and successful interest-structure management. At 83 percent, the interest business remains the pillar of operating income.

The result from commission business and service transactions recorded a more marginal setback than in the previous year, posting a decrease of 5.0 percent to 119.2 million Swiss francs. Not unexpectedly, ongoing stock market weakness once again led to lower volumes in the securities business and thus a significant drop in commission income from securities. On the other hand, income from payment transaction services continued its positive performance.

Commercial activities recorded an excellent result. Thanks in particular to pleasing results in the interest and foreign exchange businesses, this area posted an impressive increase of 21.1 percent to 62.5 million Swiss francs.

In the year under review, "Other ordinary result" income increased by 9.9 percent to 118.0 million Swiss francs. The major drivers of this advance were higher income from the withdrawal of foreign currency from ATMs and, to a lesser extent, increased income from holdings. By contrast, the real estate result declined significantly due to the sale of non-operating properties. "Other ordinary expenditure" comprising market-related value adjustments to financial assets recorded a slight increase.

Expenditure

The significant increase in business volumes was due in the main to the Raiffeisen Group's successful expansion into new urban areas. This expansion entails the establishment of a competitive infrastructure in a new market environment and thus contributed to further increases in business expenditure in the year under review.

In order to increase competitiveness over the long term, the Raiffeisen Group is continuing its commitment to both new technologies (for example, the expansion of Internet banking and the ongoing development of transaction-oriented processing systems) and to the professionalisation of bank mangers and staff. In addition, client proximity remains a priority, particularly in rural areas, as is reflected in the Raiffesien Group's comprehensive network of some 1 300 branches in Switzerland.

All of these strategies contribute to the ongoing high results of the Raiffeisen banks. However, in the year under review, they also led to an increase in expenditure of 9.3 percent to slightly above one billion Swiss francs. This was a more moderate cost increase than in the previous year (+12.4 percent).

Personnel expenditure
Last year, personnel expenditure rose 9.3 percent to 607.8 million francs, mainly due to increased employee numbers. In line with the expansion of its business activities, the Raiffeisen Group was able to create 339 new positions (adjusted for part-timers). This means that for the past six years, Raiffeisen has been one of Switzerland's most stable job creators.

Operating expenditure
Operating expenditure increased 9.3 percent, a slightly lower rise than in the previous year (+ 11.9 percent), to reach 412.6 million francs. The main sources of this additional expenditure were higher transaction-related costs due to the increase in business volumes (for example, monetary transactions and EC-card processes), higher advertising costs as a result of the Expo 02 offer (over 250 000 Raiffeisen members visited the national exhibition at half price) and higher costs related to the expansion and maintenance of IT systems.

Depreciation on tangible fixed assets
Ordinary depreciation fell 37.4 percent on the previous year to 142.4 million Swiss francs. This is due to the reduction in the depreciation period for various asset categories which took place in the previous year, resulting in one-off extraordinary depreciation of 89.1 million Swiss francs. Excluding this extraordinary factor, depreciation rose nearly 3 percent on the previous year.

Value adjustments, provisions and losses
Expenditure in connection with value adjustments, provisions and losses fell 10.1 percent on the previous year to 69.5 million Swiss francs, thanks to practically stable provisions for other business risks and a slight drop in losses in the year under review. Value adjustments for non-payment risks rose 6.1 percent on the previous year to 60.1 million Swiss francs. This represents 0.08 percent of total lending (as in the previous year), a very low figure compared to the sector as a whole.

Extraordinary result
The extraordinary result comprises income of 7.1 million Swiss francs, either non-operating or from outside the reporting period, and expenditure of 2.0 million Swiss francs. Costs related to restructuring at the Raiffeisen banks are shown under "Ordinary expenditure" or, in the case of adjustments to the loan portfolios of individual Raiffesien banks, under "Value adjustments, provisions and losses".

Taxes
Taxes rose a massive 246.6 percent on the previous year to 93.8 million Swiss francs. This is due to special factors which took place in the previous year when, following a change to the calculation method for deferred taxes, it was possible to release the sum of 92.9 million Swiss francs from provisions in favour of the item "Taxes".
In the year under review, a further 18.5 million Swiss francs in provisions for deferred taxes were made under the profit and loss account. The average value used for the reckoning of deferred taxes was 23.2 percent (24.1 percent in the previous year). Due to this lower rate, it was possible to dissolve the 15.3 million Swiss francs in reserves as per the beginning of 2002.

Balance sheet

Despite the difficult economic conditions, the Raiffeisen Group's balance sheet total surpassed the 90 billion Swiss franc mark in the year under review. Significant growth rates were achieved both in terms of assets (lending, interbank business) and liabilities (client monies).

Receivables/liabilities vis-à-vis banks

The interbank business saw strong expansion as a consequence of the high influx of client monies and intensified liquidity management. The Group's presence on the money market was further extended. The Raiffeisen Group made increasing use of the Repo business for money management and thereby occupies a leading role on the Swiss franc market. This enables more economical refinancing and lower-risk investments than at other banks. Securities from financial assets, the reverse Repo business or the securities borrowing business were used as surety. Monies in foreign currencies were also taken up. Currency risks were hedged in full via the trading portfolios.

Receivables from clients

Receivables from clients remained practically unchanged, with an increase of 0.2 percent to 7.3 billion Swiss francs. Most of this total is accounted for by loans to municipal authorities and cantons and loans covered by mortgages.

Mortgage receivables

Mortgage receivables, which at 68.6 billion Swiss francs represent 74.0 percent of the balance sheet total, rose by 5.1 billion Swiss francs or 8.0 percent. A comparison with the growth recorded in the overall market (nearly 6 percent) demonstrates that the Raiffesien Group was able to further expand its market share in its major area of business.

The extraordinarily low level of interest rates led many clients to take out fixed-rate mortgages, which posted a hefty increase of 81.4 percent to 22.8 billion Swiss francs. Within one year, the proportion of fixed-rate mortgagees in the total mortgage business jumped from 19.7 to 33.2 percent. Simultaneously, variable-rate mortgages fell 10.1 percent to 45.8 billion Swiss francs. More than 90 percent of aggregate mortgage lending is on residential properties with a mortgage loan within two-thirds of the fair market value.

Trading portfolios

In light of the sluggish performance on the stock markets, trading portfolios fell a hefty 62.9 percent to a modest 27.0 million Swiss francs. These are found almost exclusively in the books of the Swiss Union of Raiffeisen banks.

Financial assets

Financial assets declined 7.3 percent to 2.8 billion Swiss francs. Debt assets valued according to the accrual method are important in maintaining the liquidity required by law. Accordingly, the majority of issues are SNB issues and issues with Repo potential. A detailed breakdown of financial assets can be found in the Notes. Real estate valued at 92.8 million Swiss francs and taken over from the loans business is also included under financial assets.

Liabilities to clients in the form of savings and investments

In the year under review, the item "Liabilities to clients in the form of savings and investments" increased by an impressive 12.8 percent to 51.5 billion Swiss francs. With a share of 55.6 percent, it is by far the most significant item in the liabilities. Geopolitical uncertainty and global stock market weakness fuelled investor preference for classical savings and investment products.

Other liabilities to clients
The item "Other liabilities to clients" recorded a slight increase of 0.8 percent to 7.3 billion Swiss francs due exclusively to a rise in call monies, which now account for nearly 60 percent of this item.

Medium-term fixed-rate notes/loans and mortgage loans
Medium-term fixed-rate notes became less attractive for investors last year due to the low level of interest rates, posting an increase of only 5.0 percent (versus 12.5 percent in the previous year) to 9.6 billion Swiss francs. The performance of loans and mortgage loans is described in the Notes.

Value adjustments and provisions/provisions for general banking risks
Value adjustments for non-payment risks recorded a slight advance of 1.8 percent to 536.7 million Swiss francs. This represents 0.71 percent of total lending to clients (0.73 percent in the previous year), which is low in comparison with the market as a whole. This is primarily due to the fact that the Raiffeisen banks mainly finance residential properties and local retail trade, risks are spread widely and a prudent lending policy is pursued. Provisions for deferred taxes are now 432.0 million Swiss francs.

Capital resources
As a result of a strong rise in membership numbers, capital rose to 286.7 million Swiss francs. Revenue reserves at the end of the year totalled 3.6 billion Swiss francs. Combined with group profits, this means that the Raiffeisen Group has equity of 4.3 billion Swiss francs at its disposal. The statutory liquidity requirements for the group's equity were thus easily fulfilled.

Off-balance-sheet business
Contingent liabilities posted a slight increase of 5.1 percent to 229.2 million Swiss francs. A marked rise was also recorded in irrevocable undertakings in connection with the redemption of mortgage receivables held by other banks; this item rose 16.7 percent to 516.0 million Swiss francs at the end of the year under review.

The total volume of contracts in derivative financial instruments recorded a negligible decline of 3.6 percent to 17.1 billion Swiss francs.

Trust investments at other banks fell more strongly than in the previous year, recording a decline of 26.1 percent to 169.7 million Swiss francs.

Consolidated Balance Sheet at 31 December 2002

Assets	Note	Current year in 1'000 CHF	Prior year in 1'000 CHF	Change in 1'000 CHF	Change in %
Liquid funds	9	997'063	1'035'624	– 38'561	– 3,7
Receivables from money market securities	9	18'137	25'248	– 7'111	– 28,2
Receivables from banks	9	10'814'481	5'462'898	5'351'583	98,0
Receivables from clients	1, 9	7'330'905	7'319'850	11'055	0,2
Mortgage receivables	1, 9, 13	68'570'353	63'501'526	5'068'827	8,0
Loans to clients		**75'901'258**	**70'821'376**	**5'079'882**	**7,2**
Trading portfolios in securities and precious metals	3, 9	26'965	72'738	– 45'773	– 62,9
Financial assets	3, 9, 13	2'771'099	2'987'943	– 216'844	– 7,3
Non-consolidated participations	2, 3, 4	113'841	110'253	3'588	3,3
Tangible fixed assets	2	1'510'839	1'463'462	47'377	3,2
Intangibles	2	3'564	8'316	– 4'752	– 57,1
Value adjustments		270'714	278'874	– 8'160	– 2,9
Other assets	5	256'004	142'482	113'522	79,7
Total assets	**11, 12, 15**	**92'683'965**	**82'409'214**	**10'274'751**	**12,5**
Total subordinated receivables		773	773	–	–
Total receivables from non-consolidated participations		990'920	122'885	868'035	706,4
Liabilities					
Liabilities to banks	9	9'508'771	6'127'081	3'381'690	55,2
Liabilities to clients in form of saving and investment deposits	9	51'498'887	45'645'102	5'853'785	12,8
Other liabilities to clients	9, 14	7'304'993	7'247'477	57'516	0,8
Public notes	9, 14	9'589'362	9'132'525	456'837	5,0
Client monies		**68'393'242**	**62'025'104**	**6'368'138**	**10,3**
Loans and mortgage credit loans	7, 9, 14	8'124'400	8'187'900	– 63'500	– 0,8
Deferred income		562'205	510'006	52'199	10,2
Other liabilities	5	775'427	725'858	49'569	6,8
Value adjustments and provisions	6	985'552	952'524	33'028	3,5
Equity capital		286'744	248'570	38'174	15,4
Retained earnings		3'618'277	3'296'964	321'313	9,7
Net Group profit		429'347	335'207	94'140	28,1
Total equity capital	**8**	**4'334'368**	**3'880'741**	**453'627**	**11,7**
Total liabilities	**11, 15**	**92'683'965**	**82'409'214**	**10'274'751**	**12,5**
Total subordinated commitments		–	–	–	–
Total commitments towards non-consolidated participations		4'968'451	5'171'849	– 203'398	– 3,9
– of which mortgage credit loans		4'789'400	5'052'900	– 263'500	– 5,2
Additional balance sheet business					
Contingent liabilities	1, 16	229'246	218'156	11'090	5,1
Irrevocable undertakings	1	515'959	442'304	73'655	16,7
Obligations to make payments and additional contributions	1	41'079	48'235	– 7'156	– 14,8
Derivative financial instruments					
Positive replacement values	18	177'567	59'875	117'692	196,6
Negative replacement values	18	235'456	207'033	28'423	13,7
Contract volume	18	17'095'726	17'730'726	– 635'000	– 3,6
Fiduciary business	17	169'693	229'710	– 60'017	– 26,1

Consolidated Profit and Loss Account 2002

	Note	Current year in 1'000 CHF	Prior year in 1'000 CHF	Change in 1'000 CHF	Change in %
Interest and discount income		3'047'992	3'115'393	– 67'401	– 2,2
Interest and dividend income from trading portfolios		1'168	1'610	– 442	– 27,5
Interest and dividend income from financial assets		105'863	115'126	– 9'263	– 8,0
Interest expenditure		– 1'704'207	– 1'903'913	199'706	– 10,5
Net interest income		**1'450'816**	**1'328'216**	**122'600**	**9,2**
Commission income lending business		3'795	2'914	881	30,2
Commission income securities and investment business		104'045	113'502	– 9'457	– 8,3
Commission income other service transactions		22'192	18'302	3'890	21,3
Commission expenditure		– 10'870	– 9'230	– 1'640	17,8
Net income from commission business and service transactions		**119'162**	**125'488**	**– 6'326**	**– 5,0**
Net income from commercial business	19	**62'470**	**51'576**	**10'894**	**21,1**
Income from sale of financial assets		698	249	449	180,3
Income from participating interests	20	8'081	7'448	633	8,5
Income from real estate		17'426	20'258	– 2'832	– 14,0
Other ordinary income		102'437	91'151	11'286	12,4
Other ordinary expenditure		– 10'692	– 11'765	1'073	– 9,1
Other ordinary result		**117'950**	**107'341**	**10,609**	**9,9**
Operating income		**1'750'398**	**1'612'621**	**137'777**	**8,5**
Personnel expenditure	21	– 607'804	– 556'293	– 51'511	9,3
Operating expenditure	22	– 412'644	– 377'402	– 35'242	9,3
Operating expenditure		**– 1'020'448**	**– 933'695**	**– 86'753**	**9,3**
Gross profit		**729'950**	**678'926**	**51'024**	**7,5**
Depreciation on fixed assets*)	2	– 142'352	– 227'383	85'031	– 37,4
Value adjustments, provisions and losses		– 69'542	– 77'347	7'805	– 10,1
Operating profit (interim result)		**518'056**	**374'196**	**143'860**	**38,4**
Extraordinary income	23	7'135	905	6'230	688,4
Extraordinary expenditure	23	– 2'010	– 12'824	10'814	– 84,3
Taxes**)		– 93'834	– 27'070	– 66'764	246,6
Net Group profit		**429'347**	**335'207**	**94'140**	**28,1**

*) Prior year, of which 89.1 million Swiss francs in extraordinary depreciation
**) Prior year, of which 92.9 million Swiss francs in release of provisions for deferred taxation

Cash Flow Statement 2002

Cash flow from operating results (internal financing)	Current year origin of funds in 1’000 CHF	Current year use of funds in 1’000 CHF	Prior year origin of funds in 1’000 CHF	Prior year use of funds in 1’000 CHF
Group profit	429’347	–	335’207	–
Depreciation of fixed assets	142’352	–	227’383	–
Value adjustments and provisions	103’580	70’552	114’276	144’489
Prepaid expenses	8’160	–	48’555	–
Deferred income	52’199	–	33’412	–
Interest paid on share certificates for prior year	–	13’894	–	12’324
Balance	**651’192**	–	**602’020**	–

Cash flow from equity capital transactions				
Net change in equity capital	38’174	–	24’977	–
Balance	**38’174**	–	**24’977**	–

Cash flow from investment activities				
Participations	6	21’448	23	49’064
Real estate	43’051	110’739	32’567	100’644
Other tangible fixed assets	2’442	101’877	8’018	86’103
Balance	–	**188’565**	–	**195’203**

Cash flow from banking activities				
Liabilities to banks	3’381’690	–	–	140’229
Savings and investment deposits	5’853’785	–	3’590’406	–
Other liabilities to clients	57’516	–	111’870	–
Public notes	456’837	–	1’016’417	–
Bonds	300’000	100’000	300’000	121’000
Mortgage bond loans	258’800	522’300	375’400	257’000
Other liabilities	49’569	–	39’867	–
Receivables from money market instruments	7’111	–	7’839	–
Receivables from banks	–	5’351’583	–	918’763
Receivables from clients	–	11’055	–	289’959
Mortgage receivables	–	5’068’827	–	4’250’151
Trading portfolio in securities and precious metals	45’773	–	1’353	–
Financial investments	216’844	–	203’805	–
Other receivables	–	113’522	29’565	–
Liquid funds	38’561	–	–	131’214
Balance	–	**500’801**	–	**431’794**

Notes to the Consolidated Annual Accounts of the Raiffeisen Group

Business activities

The 492 Raiffeisen banks in Switzerland, organised as cooperatives, are mainly active in the retail business.

The services provided to private and commercial customers encompass all the classical savings and mortgage business. In addition, the product range includes comprehensive payment transaction services, the investment and securities business as well as life insurance and leasing. These services are provided via the Central Bank or by specialised companies within the Group.

The Raiffeisen banks are active in precisely defined, manageable business areas. Loans are predominantly made to Cooperative members against security and to public bodies. The major part of loaned funds is invested in residential property. Raiffeisen banks are prohibited by their statutes from operating abroad.

The amalgamation into the Swiss Union of Raiffeisen Banks has given the individual member banks access to wide-ranging services in the areas of management, marketing, business, information technology, building systems, training and legal services. Via its central bank, the Swiss Union of Raiffeisen Banks ensures monetary settlement and liquidity maintenance, provides banking services for the affiliated Raiffeisen banks and operates its own banking business. The Swiss Union of Raiffeisen Banks can enter into commitments abroad up to a risk-weighted maximum five percent of the Raiffeisen Group's consolidated net assets, according to the risk-weighting factors stipulated by banking law.

As of 31 December 2002, the number of people employed by the Raiffeisen Group – adjusted for part-timers – was 5 805 (previous year 5 466).

Concerning risk management

Entering into risks is one of the central competences of the Raiffeisen Group, and is part and parcel of the banking business. However, risks must be taken with the knowledge of their extent and dynamics and in appropriate ratio to the return. For this reason, the Raiffeisen Group only enters into commitments in markets expected to present the lowest risks in relation to returns.

Risk management process

The risk management process incorporates the following components:

- Risk identification within the risk categories of credit risks, market risks and operational risks.
- Risk measurement and assessment.
- Risk control, for which the designated risk manager is directly responsible within the defined limits.
- Risk limitation, by setting upper limits.
- Risk controlling, to ensure that risk policy is observed and implemented; and compliance, to ensure that regulatory provisions are observed.

Risk control

Credit risks

In order to minimise the risk of non-payment, the prudent principle still applies that loans are granted mainly to members and in the local business field. A graduated loan approval rating system is applied and conservative lending limits are set. The Raiffeisen Group classifies the loans according to a uniform internal rating procedure.

Market risks

As the Raiffeisen Group is heavily involved in balance sheet business, interest rate fluctuations can have a considerable influence on interest income. The control of maturity transformation and the resulting interest rate risk is therefore very important. The interest rate risk is controlled by both the Raiffeisen banks themselves as well as by the Swiss Union of Raiffeisen Banks. Both have up-to-date software at their disposal to perform the necessary sensitivity analyses. In addition, the institutions can request specialist support from the Treasury of the Swiss Union of Raiffeisen Banks. The Asset & Liability Management committee of the Swiss Union of Raiffeisen Banks monitors and controls the interest rate risk at Group level. The potential impact of interest rate risks on the market value and the Raiffeisen Group's income is regularly assessed by means of sensitivity analyses.

Liquidity risks are controlled using commercial criteria and monitored by Treasury, on the basis of the provisions of banking law.

Only the Swiss Union of Raiffeisen Banks keeps a trading portfolio; the Raiffeisen banks do not. Consequently, market risks such as share and interest rate risks, foreign exchange risk and precious metals and commodities risks in trading volumes only arise at the Swiss Union of Raiffeisen Banks. Trade performs a market maker function within precisely defined areas. Risk control monitors the risks in the trading portfolio on a daily basis.

Derivative financial instruments are traded only by experienced dealers at the Swiss Union of Raiffeisen Banks. Trade works with both standardised and OTC derivatives for its own and its clients' account. Its own positions in derivative financial instruments are held mainly for hedging purposes.

Operational risks
Additional risks, such as processing and IT risks, are limited by means of internal regulations and work instructions with regard to the major risk factors, in particular operational processes and the internal control functions they perform. They are audited regularly by the internal audit department. In some cases, external legal advisors are brought in to limit and control legal risks.

Compliance with capital resource, risk spread and liquidity directives
According to a ruling by the Federal Banking Commission of 24.9.1997, Raiffeisen banks are excused from complying on an individual basis with directives regarding capital resources, risk spread and liquidity. The relevant legal provisions must be observed on a consolidated basis.

The capital resources for market risks of the trading portfolio are shown in the following table:

Consolidation, balance sheet and valuation principles

General principles
Accounting, valuation and reporting conform to the requirements of the Swiss Code of Obligations (OR), the Swiss Law on Banking and the directives of the Federal Banking Commission. The consolidated annual accounts represent a true and fair picture of the assets and financial and earnings positions of the Raiffeisen Group.

Principles of consolidation
General
The consolidation of the banking institutions that make up the Raiffeisen organisation, the Swiss Union of Raiffeisen Banks and the Group companies associated with it, differs fundamentally from normal consolidation, based on a holding company structure. The individual Raiffeisen banks, as owners of the Union headquarters and the most significant Group companies, function as the parent company. Although it has a central co-ordinating function and is responsible for both the liquidity pool and safety net, the Swiss Union of Raiffeisen Banks is simply a subsidiary from a legal standpoint. The management and regulatory powers of the Swiss Union of Raiffeisen Banks are governed by the statutes of the Union and the regulations based on them.

	31.12.2002 in 1'000 CHF	Average 2002 in 1'000 CHF	31.12.2001 in 1'000 CHF
Foreign exchange/Precious metals	2'498	2'925	499
Interest instruments	15'279	18'026	13'111
Participation shares and indices	325	631	300
Total	**18'102**	**21'582**	**13'910**

Consolidation is not based on the Swiss Union of Raiffeisen Banks as a parent company, but represents an aggregation of the annual reports of the 492 Raiffeisen banks and the joint participations held in the Raiffeisen organisation. The company's capital in the consolidated annual accounts is thus the total of the Cooperative capital of the individual Raiffeisen banks.

Consolidation scope and method
The consolidated annual result of the Raiffeisen Group incorporates the annual accounts of all the individual Raiffeisen banks, the Swiss Union of Raiffeisen Banks, the Raiffeisen Guarantee Cooperative, the Central Issuing Office of the Swiss Raiffeisen Banks, Raiffeisen Leasing, Raiffeisen Informatik AG (formerly basoft ag) and Bank Eschenbach.

Under the full consolidation method, the assets and liabilities, off-balance-sheet transactions and income and expenses are all recorded in full. Capital is consolidated by the purchase method. All material amounts receivable and payable, off-balance-sheet transactions and income and expenses between consolidated companies are offset. Significant material intercompany profits are not made and are therefore ignored in the consolidation.

Minority interests in the range of 20 to 50 percent are consolidated by the equity method. Holdings of less than 20 percent, those with little materiality in terms of capital or income, and those of a non-strategic nature, are not consolidated and are accounted for at acquisition cost, less any commercially required depreciation.

Goodwill
Goodwill payments that are capitalised in the consolidated annual accounts in accordance with the purchase method are written off over three years.

Consolidation date
All fully consolidated companies close their annual accounts at 31 December.

Balance sheet and valuation principles

Recording of business events
All business transactions that have been concluded are recorded in the balance sheet and the profit and loss account in accordance with the relevant principles of valuation. Recordings and bookings are closed at the cut-off date.

General principles of valuation
The detailed items reported within one balance sheet item are valued individually. Amounts receivable and payable in foreign currencies and the balance of foreign currencies held for the exchange business are valued at the exchange rate prevailing on the balance sheet date.

Liquid funds, amounts due from money market securities, receivables from banks and clients, mortgage receivables and debit balances
These are reported at nominal value or acquisition cost. Discounts not yet earned on money market securities and discounts and premiums on the Group's own loans and pledged loans are accrued over the period to maturity. Individual valuation reserves are made against identified risks. Interest and commission income from clients and banks more than 90 days overdue is taken to profit only upon receipt. All valuation reserves are reported under "Reserves and provisions". All leased properties are reported under "Receivables from clients" in the balance sheet and valued at the current net value. Amortisation contained in leasing fees is set off directly against the book value of the relevant leased property.

Repurchase and reverse repurchase transactions (Repos)
Repurchase and reverse repurchase agreements are reported in the balance sheet as advances against coverage by securities or as an investment secured by the pledging of the bank's securities. Depending on the counterparty, they are disclosed as amounts due to or from banks or clients. They are carried in the balance sheet at the acquisition cost shown in the relevant agreement or at market value. An accrual is made for interest due up to the balance sheet date.

Trading inventories of securities and precious metals
Trading inventories are, in principle, valued at market value. Items for which there is no representative market are valued on the principle of "the lower of cost and market". Interest and dividends on trading inventories are reported under income from interest-bearing business.

Financial assets
Fixed-interest securities and option loans are valued at the lower of cost and market, if there is no intention to hold them to maturity.

Securities acquired with the intention of being held to maturity are valued by the accrual method, with the discount or premium accrued over the remaining life.

Holdings are valued at the lower of cost and 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 and market.

Non-consolidated holdings
Non-consolidated holdings include minority holdings from 20-50 percent, valued by the equity method.

This balance sheet item also includes holdings of less than 20 percent and all holdings of an infrastructural nature. These are valued in accordance with the principle of acquisition cost, i.e. acquisition cost less operationally required depreciation.

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

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

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

Large-scale, value-enhancing renovations are capitalised, while repairs and maintenance are booked directly to the profit and loss account.

Valuation reserves and provisions
Individual reserves and provisions are created for all risks identified at the balance sheet date.

Taxes
Taxes are calculated and booked on the basis of the profit for the financial year. Deferred tax of 23.2 percent (previous year 24.1 percent) was calculated on untaxed reserves and reported as a provision for deferred taxation.

Derivative financial instruments
Reporting of off-balance-sheet transactions
The replacement value of individual contracts for derivative financial instruments is reported gross, together with the contract volume, under the item "Off-balance-sheet transactions" and in the Notes.

Reporting
The replacement costs of all contracts concluded on the bank's own account are reported, regardless of their profit and loss account treatment. Replacement costs of quoted contracts concluded on a commission basis are reported only to the extent that they are not covered by margin deposits. Replacement costs of unquoted contracts concluded on a commission basis are always reported. There has been no set-off of positive and negative replacement costs.

All hedging transactions in the treasury area are concluded through the trading portfolio, so that the treasury area does not itself participate in the market. The amounts shown in the notes in the table "Outstanding derivative financial instruments" thus represent the total balance of transactions conducted with third parties.

Treatment in the profit and loss account
The derivative financial instruments recorded in the trading portfolio are valued at market value if they are quoted or a representative market exists. If this requirement is not met, the principle of the lower of cost and market is applied.

Derivative financial instruments used for balance sheet structural management are valued in accordance with the accrual method. Interest-related profits and losses arising from the early realisation of contracts are accrued over their remaining lives.

Changes from prior year
No alterations were made to the balance sheet or valuation principles.

Events after the balance sheet date
Between the balance sheet date at 31 December 2002 and the drawing up of the consolidated annual accounts of the Raiffeisen Group, there have arisen no events that require disclosure in the balance sheet and/or in the Notes.

Information on the Balance Sheet at 31 December 2002

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

Loans	**Mortgage cover in 1'000 CHF**	**Other cover in 1'000 CHF**	**Without cover in 1'000 CHF**	**Total in 1'000 CHF**
Loans to clients	2'058'756	495'383	4'776'766	7'330'905
Mortgage loans				
Residential property	63'323'928	–	–	63'323'928
Office and business premises	4'821'971	–	–	4'821'971
Trade and industry	353'198	–	–	353'198
Other	71'256	–	–	71'256
Reclassification of value-adjusted positions	– 430'538	– 28'897	459'435	–
Total loans current year	**70'198'571**	**466'486**	**5'236'201**	**75'901'258**
Prior year	65'093'986	490'094	5'237'296	70'821'376
Off-balance-sheet				
Contingent liabilities	50'745	102'535	75'966	229'246
Irrevocable commitments	447'740	24'432	43'787	515'959
Call commitments and additional funding commitments	–	–	41'079	41'079
Total off-balance-sheet current year	**498'485**	**126'967**	**160'832**	**786'284**
Prior year	429'591	115'805	163'299	708'695

2 Fixed assets register

Non-consolidated holdings	Purchase price in 1'000 CHF	Cumulative depreciation/ amortisation in 1'000 CHF	Book value at end of prior y. in 1'000 CHF	Transfers/ reclassifi-cations in 1'000 CHF	Investment in 1'000 CHF	Disin-vestment in 1'000 CHF	Depreciation/ amortisation in 1'000 CHF	Book value at and of current year in 1'000 CHF
Holdings valued by the equity method	58'743	–	58'743	–	[1] 229	–	– 4'030	54'942
Other holdings	[2] 74'509	– 22'728	[2] 51'781	–	20'948	– 6	– 13'824	58'899
Total non-consolidated holdings	**133'252**	**– 22'728**	**110'524**	**–**	**21'177**	**– 6**	**– 17'854**	**113'841**
Real estate								
Bank buildings	1'131'000	– 173'150	957'850	– 1'400	94'851	– 28'577	– 23'079	999'645
Other real estate	324'583	– 55'968	268'615	– 2'299	13'268	– 14'474	– 9'254	255'856
Other tangible fixed assets	**578'514**	**– 383'573**	**194'941**	**3'699**	**96'084**	**– 2'442**	**– 73'968**	**218'314**
Objects in finance leasing	**53'477**	**– 8'735**	**44'742**	**–**	**5'727**	**–**	**– 13'445**	**37'024**
Total tangibles	**[3] 2'087'574**	**– 621'426**	**[3] 1'466'148**	**–**	**209'930**	**– 45'493**	**– 119'746**	**1'510'839**
Goodwill	14'256	– 5'940	8'316	–	–	–	– 4'752	3'564
Total intangibles	**14'256**	**– 5'940**	**8'316**	**–**	**–**	**–**	**– 4'752**	**3'564**
Value of real estate for fire insurance purposes							**in 1'000 CHF**	**1'538'399**
Value of other tangible fixed assets for fire insurance purposes							**in 1'000 CHF**	**594'048**
Liabilities: future leasing instalments from operational leasing							**in 1'000 CHF**	**95**

[1] Revaluation of holdings valued by the equity method.
[2] Of which 0.3 million Swiss francs from changes to the consolidated group.
[3] Of which 2.7 million Swiss francs from changes to the consolidated group (bank buildings 1.8 million, other real estate 0.8 million, other tangibles 0.1 million).

3 Breakdown of trading portfolios in securities and precious metals, financial investments and non-consolidated holdings

Trading portfolio in securities and previous metals	Current year in 1'000 CHF	Prior year in 1'000 CHF
Debt instruments stock exchange listed *	10'269	63'990
Non-stock exchange listed	–	–
of which own bonds and public notes	6'027	3'393
Shares	12'113	3'916
Precious metals	4'583	4'832
Total trading portfolio in securities and precious metals	**26'965**	**72'738**
of which securities accepted by the Central Bank	–	8'999

Financial assets		
Debt instruments	2'627'627	2'846'090
of which own bonds and public notes	–	–
of which valued by the accrual method	2'547'627	2'716'090
of which valued by the lower of cost	80'000	130'000
Shares	14'257	9'810
Purchase price	22'590	12'226
Market value	14'257	9'810
Precious metals (Portfolios to cover commitments from precious metal accounts)	36'373	34'932
Real estate	92'842	97'111
Purchase price	125'643	137'036
Market value	99'180	104'475
Total financial investments	**2'771'099**	**2'987'943**
of which securities accepted by the Central Bank	2'544'309	2'810'094

Non-consolidated participations		
with a market value	20'205	16'695
without a market value	93'636	93'558
Total non-consolidated participations	**113'841**	**110'253**

* stock exchange listed = traded at a recognised stock exchange

4 Information on holding Companies

Company name/holding	Registered office	Business activity	Equity interest in company in 1'000 CHF	Voting share in %	Equity interest in %
4.1 Group Companies					
Swiss Union of Raiffeisen Banks	St.Gallen	Central bank, association services	190'000	100	100
Raiffeisen Guaranty Cooperative	St.Gallen	Cooperative	37'696	100	100
Central Issuing Office of the Swiss Raiffeisen Banks	St.Gallen	Issuer Total	22'058	100	100
		of which not paid up	22'058		
Raiffeisen Leasing	St.Gallen	Leasing company	2'385	100	100
Raiffeisen Information AG (formerly known as basoft ag)	Dietikon	Development and sale of bank software	8'300	100	100
4.2 Holdings valued according to the equity method					
cosba private banking ag	Zürich	Bank	25'000	25,0	25,0
AgriGate AG	Bern	Internet portal	158	28,5	28,5
4.3 Other significant non-consolidated holdings in common fixtures					
Mortgage Bond Bank	Zürich	Mortgage Bond Bank	59'070	19,7	19,7
Viseca Card Services AG	Zürich	Financial services	3'800	19,0	19,0
Telekurs Holding AG	Zürich	Financial services	1'805	4,0	4,0
Helvetia Patria Holding	St.Gallen	Financial services	1'320	2,1	2,1

5 Other assets and liabilities

	Current year other assets in 1'000 CHF	Current year other liabilities in 1'000 CHF	Prior year other assets in 1'000 CHF	Prior year other liabilities in 1'000 CHF
Total replacement value [1)]	177'567	235'456	59'875	207'033
Equalisation account	20'312	–	31'507	–
Other assets and liabilities [2)]	58'125	539'971	51'100	518'825
Total	**256'004**	**775'427**	**142'482**	**725'858**

1) Of the residual value shown, the largest phase is attributable to balance sheet structure management.
2) Other liabilities include, in particular, tax liabilities.

6 Value adjustments and provisions

	End of prior year in 1'000 CHF	Appropriate application and reversals in 1'000 CHF	Change of purpose (reclassification) in 1'000 CHF	Renewed provisions endangered interest in 1'000 CHF	New provisions against P & L in 1'000 CHF	Reversal of provisions against P & L in 1'000 CHF	End of current year in 1'000 CHF
Value adjustments and provisions for default risks	[1] 527'317	– 62'304	–	11'638	60'063	–	536'714
Value adjustments and provisions for other business risks	[2] 24'336	– 8'248	–	–	784	–	16'872
Provision for deferred taxes	413'498	–	–	–	18'468	–	431'966
Total value adjustments and provisions	**965'151**	**– 70'552**	**–**	**11'638**	**79'315**	**–**	**985'552**

[1] Of which 11.4 million Swiss francs from changes to the consolidated group.
[2] Of which 1.2 million Swiss francs from changes to the consolidated group.

7 Outstanding bonds and mortgage bond loans

	Year of issue	Interest rate	Maturity	Early redemption possibility	Bond principal in 1'000 CHF
Bonds	1995	4.750	15.09.2004	–	100'000
	1995	5.500	12.04.2005	12.04.2003	65'000
	1995	5.125	20.06.2005	–	100'000
	1995	4.750	20.09.2005	–	100'000
	1995	4.375	28.11.2003	–	100'000
	1996	4.250	29.03.2004	–	75'000
	1996	4.500	25.07.2003	–	65'000
	1996	4.375	30.09.2004	–	80'000
	1996	4.000	06.02.2006	–	100'000
	1997	4.250	05.02.2007	–	100'000
	1997	4.000	30.05.2007	–	100'000
	1997	3.500	15.09.2004	–	150'000
	1997	4.125	20.11.2007	–	100'000
	1998	3.500	30.01.2006	–	200'000
	1998	3.250	31.03.2008	–	200'000
	1998	3.125	15.06.2004	–	200'000
	1998	3.500	24.08.2006	–	150'000
	1999	3.250	27.05.2009	–	250'000
	2000	4.630	22.06.2006	–	500'000
	2001/2002	4.000	02.02.2011	–	600'000
Mortgage bond loans	div.	3.856	div.	–	4'789'400
Total outstanding bonds and mortgage bond loans					**8'124'400**

8 Evidence of equity capital

Equity capital at the beginning ot the current year	Nunber of members	Nom. amount p. share	in 1'000 CHF
Cooperative capital with additional funding obligation	1'007'589	–	206'946
Cooperative capital without additional funding obligation	–	–	41'624
Total equity capital	**1'007'589**	**–**	**248'570**
Retained earnings	–	–	3'632'171
Total equity capital at the beginning of the year	**1'007'589**	**–**	**3'880'741**
(before appropriation of profits)			
+ Payments from new Cooperative members (with additional funding obligation)	125'768	200	25'154
	565	300	169
	417	400	167
	1'727	500	864
+ Payment of Cooperative shares without additional funding obligation	–	–	18'768
Total payments from new Cooperative members	**128'477**	**–**	**45'122**
– Repayments to departing Cooperative members (without additional funding obligation)	– 28'151	200	– 5'630
	– 157	300	– 47
	– 70	400	– 28
	– 334	500	– 167
– Repayment of cooperative shares without funding obligation	–	–	– 1'076
Total repayments for departing cooperative members	**– 28'712**	**–**	**– 6'948**
– Int. paid on the Cooperative capital of the Raiffeisen banks in the prior year	–	–	– 13'894
+ Group profit for the current year	–	–	429'347
Total equity capital at the end of the current year	**1'107'354**	**–**	**4'334'368**
(before appropriation of profits)			
of which Cooperative capital with additional funding obligation	1'081'287	200	216'257
	6'799	300	2'040
	5'031	400	2'012
	14'237	500	7'119
of which Cooperative capital without additional funding obligation	–	–	59'316
Total Cooperative capital at the end of the current year	**1'107'354**	**–**	**286'744**
Retained earnings	–	–	3'618'277
Group profit	–	–	429'347
Total additional funding obligation of the Cooperative members	**–**	**–**	**8'858'832**

9 Maturity structure of current assets and outside debt

Current assets	On demand in 1'000 CHF	Redeemable by notice in 1'000 CHF	Due within 3 months in 1'000 CHF	Due within 3 to 12 months in 1'000 CHF	Due within 1 to 5 years in 1'000 CHF	Due after 5 years in 1'000 CHF	Total in 1'000 CHF
Liquid funds	997'063	–	–	–	–	–	997'063
Receivables from money market instru.	18'137	–	–	–	–	–	18'137
Receivables from banks	2'100'012	–	6'795'065	1'881'881	7'523	30'000	10'814'481
Receivables from clients	10'351	4'519'147	298'827	808'787	1'562'383	131'410	7'330'905
Mortgage receivables	66'781	45'779'210	575'259	2'800'249	18'765'554	583'300	68'570'353
Trading portfolios in securities and precious metals	26'965	–	–	–	–	–	26'965
Financial assets *)	128'975	–	84'599	242'100	1'378'631	936'794	2'771'099
Total current assets current year	**3'348'284**	**50'298'357**	**7'753'750**	**5'733'017**	**21'714'091**	**1'681'504**	**90'529'003**
Prior year	1'867'470	55'626'452	4'675'124	5'377'153	11'093'525	1'766'103	80'405'827

Outside debt							
Liabilities to banks	2'734'853	–	3'931'312	780'362	1'745'047	317'197	9'508'771
Liabilities to clients in the form of savings and investment deposits	–	51'498'097	–	–	790	–	51'498'887
Other liabilities to clients	4'195'103	59'649	1'486'851	692'164	661'017	210'209	7'304'993
Public notes	–	–	738'775	1'601'588	6'608'979	640'020	9'589'362
Bonds and mortgage bond loans	–	–	21'800	677'600	5'019'500	2'405'500	8'124'400
Total outside debt Current year	**6'929'956**	**51'557'746**	**6'178'738**	**3'751'714**	**14'035'333**	**3'572'926**	**86'026'413**
Prior year	4'841'647	45'702'129	3'848'039	3'853'653	13'730'851	4'363'766	76'340'085

*) The financial assets include 92'842'000 Swiss francs of real estate (prior year 97'111'000 Swiss francs).

10 Loans to executive bodies and employees

	Current year in 1'000 CHF	Prior year in 1'000 CHF
Total loans to executive bodies and employees	**21'875**	**12'621**

11 Breakdown of foreign and domestic assets and liabilities

Assets	Current year domestic in 1'000 CHF	Current year foreign in 1'000 CHF	Prior year domestic in 1'000 CHF	Prior year foreign in 1'000 CHF
Liquid funds	990'933	6'130	1'033'358	2'266
Receivables from money market securities	18'137	–	25'248	–
Receivables from banks	5'201'082	5'613'399	2'749'533	2'713'365
Receivables from clients	7'303'562	27'343	7'280'053	39'797
Mortgage receivables	68'570'353	–	63'501'526	–
Trading portfolio of securities and precious metals	11'032	15'933	18'247	54'491
Financial assets	2'761'656	9'443	2'981'499	6'444
Non-consolidated holdings	110'197	3'644	110'033	220
Tangible fixed assets	1'510'839	–	1'463'462	–
Intangibles	3'564	–	8'316	–
Value adjustments	270'714	–	278'874	–
Other assets	256'004	–	142'482	–
Total assets	**87'008'073**	**5'675'892**	**79'592'631**	**2'816'583**
Liabilities				
Liabilities to banks	6'728'551	2'780'220	2'807'869	3'319'212
Liabilities to clients in the form of savings and investment deposits	50'667'256	831'631	44'917'340	727'762
Other liabilities to clients	7'073'649	231'344	7'025'544	221'933
Public notes	9'589'362	–	9'132'525	–
Loans and mortgage credit loans	8'124'400	–	8'187'900	–
Deferred income	562'205	–	510'006	–
Other liabilities	775'427	–	725'858	–
Value adjustments and provisions	985'552	–	952'524	–
Equity capital	286'744	–	248'570	–
Retained earnings	3'618'277	–	3'296'964	–
Group profit	429'347	–	335'207	–
Total liabilities	**88'840'770**	**3'843'195**	**78'140'307**	**4'268'907**

12 Total assets by country or country group

Assets	Current year in 1'000 CHF	Current year in %	Prior year in 1'000 CHF	Prior year in %
Europe				
Switzerland	87'008'073	93.88	79'592'631	96.58
Liechtenstein	8'404	0.01	8'252	0.01
Germany	1'515'674	1.64	422'871	0.51
Benelux	928'330	1.00	582'838	0.71
France	250'851	0.27	241'899	0.29
Austria	1'830'759	1.98	498'933	0.61
Great Britain	391'735	0.42	401'968	0.49
Italy	392'568	0.42	441'130	0.54
Spain	200'799	0.22	118'900	0.14
Various	12'763	0.01	11'356	0.01
North America	136'839	0.15	53'889	0.07
South America	320	–	1'141	–
Australia/New Zealand	1'518	–	2'843	–
Asia	5'272	0.01	30'554	0.04
Africa	60	–	9	–
Total assets	**92'683'965**	**100.00**	**82'409'214**	**100.00**

13 Assets pledged or assigned as security for own commitments and assets subject to reservation of title

	Current year amount due or book value in 1'000 CHF	Current year of which made use of in 1'000 CHF	Prior year amount due or book value in 1'000 CHF	Prior year of which made use of in 1'000 CHF
Mortgage claims	6'277'381	4'933'082	6'236'950	5'290'742
Financial assets	1'073'580	647'960	715'089	203'300
Total pledged assets	**7'350'961**	**5'581'042**	**6'952'039**	**5'494'042**

14 Liabilities to own social insurance institutions

	Current year in 1'000 CHF	Prior year in 1'000 CHF
Other commitments to clients	141'126	135'125
Bonds	1'000	200
Total liabilities to own social insurance institutions	**142'126**	**135'325**

15 Balance sheet by currency

Assets	CHF in 1'000 CHF	Euro in 1'000 CHF	USD in 1'000 CHF	Various in 1'000 CHF	Total in 1'000 CHF
Liquid funds	897'301	90'518	4'856	4'388	997'063
Receivables from money market securities	17'537	304	228	68	18'137
Receivables from banks	10'203'238	357'940	224'980	28'323	10'814'481
Receivables from clients	7'310'385	6'284	11'420	2'816	7'330'905
Mortgage receivables	68'570'353	–	–	–	68'570'353
Trading portfolio in securities and precious metals	19'999	235	4'961	1'770	26'965
Financial assets	2'733'996	730	–	36'373	2'771'099
Holdings	110'417	3'424	–	–	113'841
Tangible fixed assets	1'510'839	–	–	–	1'510'839
Intangibles	3'564	–	–	–	3'564
Value adjustments	270'714	–	–	–	270'714
Other assets	255'998	–	6	–	256'004
Total assets	**91'904'341**	**459'435**	**246'451**	**73'738**	**92'683'965**
Prior year	81'623'232	378'066	341'438	66'478	82'409'214

Liabilities					
Liabilities to banks	8'318'112	825'729	301'617	63'313	9'508'771
Liabilities to clients in the form of saving and investment deposits	51'498'887	–	–	–	51'498'887
Other liabilities to clients	6'796'283	352'688	105'976	50'046	7'304'993
Public notes	9'589'362	–	–	–	9'589'362
Loans and mortgage credit loans	8'124'400	–	–	–	8'124'400
Deferred income	562'205	–	–	–	562'205
Other liabilities	775'427	–	–	–	775'427
Value adjustments and provisions	985'552	–	–	–	985'552
Equity capital	286'744	–	–	–	286'744
Retained earnings	3'618'277	–	–	–	3'618'277
Net Group profit	429'347	–	–	–	429'347
Total liabilities	**90'984'596**	**1'178'417**	**407'593**	**113'359**	**92'683'965**
Prior year	80'508'098	1'119'808	677'185	104'123	82'409'214

Information on Off-Balance-Sheet Business as at 31 December 2002

16 Contingent liabilities

	Current year in 1'000 CHF	Prior year in 1'000 CHF
Loan security guarantees	154'907	141'514
Warranty bonds	65'683	68'661
Other contingent liabilities	8'656	7'981
Total contingent liabilities	**229'246**	**218'156**

17 Fiduciary transactions

	CHF in 1'000 CHF	Euro in 1'000 CHF	USD in 1'000 CHF	Various in 1'000 CHF	Total in 1'000 CHF
Fiduciary investments with third-party banks	4'663	114'679	32'125	14'056	165'523
Fiduciary loans and other fiduciary financial transactions	1'916	2'254	–	–	4'170
Total fiduciary transactions	**6'579**	**116'933**	**32'125**	**14'056**	**169'693**
Prior year	45'098	129'402	38'078	17'132	229'710

18 Open derivative financial instruments

18.1 Open derivative financial instruments by type of contract

	Positive contract replacement value in 1'000 CHF	Negative contract replacement value in 1'000 CHF	Contract volume up to 1 year in 1'000 CHF	Contract volume 1 to 5 years in 1'000 CHF	Volume over 5 years in 1'000 CHF	Volume Total in 1'000 CHF
Interest rate instruments						
Swaps	163'653	155'532	9'725'000	3'354'678	1'634'574	14'714'252
Futures	–	–	400'000	–	56'963	456'963
Options (OTC)	108	1'030	200	376'412	64'203	440'815
Foreign currency						
Futures contracts	13'641	20'411	918'501	1'389	–	919'890
Combined interest rate/currency swaps	–	58'377	–	465'223	86'928	552'151
Options (OTC)	69	69	8'341	–	–	8'341
Precious metals						
Futures contracts	96	37	3'314	–	–	3'314
Total current year	**177'567**	**235'456**	**11'055'356**	**4'197'702**	**1'842'668**	**17'095'726**
Prior year	59'875	207'033	10'663'559	3'987'124	3'080'043	17'730'726

18.2 Open derivative financial instruments by counterparties

	Positive contract replacement value in 1'000 CHF	Negative contract replacement value in 1'000 CHF	Contract volume up to 1 year in 1'000 CHF	Contract volume 1 to 5 years in 1'000 CHF	Volume over 5 years in 1'000 CHF	Volume Total in 1'000 CHF
Banks	175'739	233'044	10'501'152	3'983'521	1'770'502	16'255'175
Clients	1'828	2'412	154'204	214'181	15'203	383'588
Stock exchanges	–	–	400'000	–	56'963	456'963
Total current year	**177'567**	**235'456**	**11'055'356**	**4'197'702**	**1'842'668**	**17'095'726**
Prior year	59'875	207'033	10'663'559	3'987'124	3'080'043	17'730'726

Quality of other parties:
Banks: Open derivative transactions were effected with other parties of good to very good standing. More than 99 percent of the positive replacement values concern other parties of at least A+ rating (Standard & Poor's) or equivalent.

Clients: In the case of transactions with clients, the necessary margins were secured through capital assets or free credit limits.

Information on the Profit and Loss Account 2002

19 Profit from trading activities

	Current year in 1'000 CHF	Prior year in 1'000 CHF
Foreign currency trading	48'312	45'165
Precious metal trading	885	775
Interest rate and equity trading	13'273	5'636
Total profit from trading activities	**62'470**	**51'576**

20 Profit from holdings

Holdings valued according to the equity method	3'979	4'562
Other non-consolidated holdings	4'102	2'886
Total profit from holdings	**8'081**	**7'448**

21 Personnel expenditure

Salaries of bank authorities and personnel	497'498	450'719
Social benefits	90'569	80'122
Other personnel expenditure	19'737	25'452
Total personnel expenditure	**607'804**	**556'293**

22 Material and equipment expenditure

Occupancy costs	49'324	44'430
Cost of computer equipment, machinery, furniture, vehicles and other equipment	113'059	115'248
Other operating expenditure	250'261	217'724
Total material and equipment expenditure	**412'644**	**377'402**

23 Extraordinary income and expenditure

Current year: extraordinary in which of 7.1 million Swiss francs includes, in particular, profit from the sale of tangible fixed assets.

Prior year: extraordinary expenditure of 12.8 million Swiss francs includes, in particular, losses from the sale of tangible fixed assest.

Auditing report for the consolidated annual accounts

Auditing report for the Raiffeisen Group's consolidated annual accounts to the Board of Directors of the Swiss Union of Raiffeisen Banks, St.Gallen

We have audited the consolidated financial statements as contained on pages 32 to 52 (consolidated balance sheet, consolidated profit and loss account, statement of cash flows and notes) for the year ended on 31 December 2002. The annual financial statements of the Raiffeisen banks affiliated with the Swiss Union of Raiffeisen Banks were audited by the Inspectorate of the Swiss Union of Raiffeisen Banks which is recognised as an auditor under banking law. The relevant reports were made available to us.

These consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the consolidated financial statements give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the accounting principles applicable to banks and are in compliance with the Swiss law.

We recommend that the group accounts submitted be approved.

St.Gallen, 8 April 2003

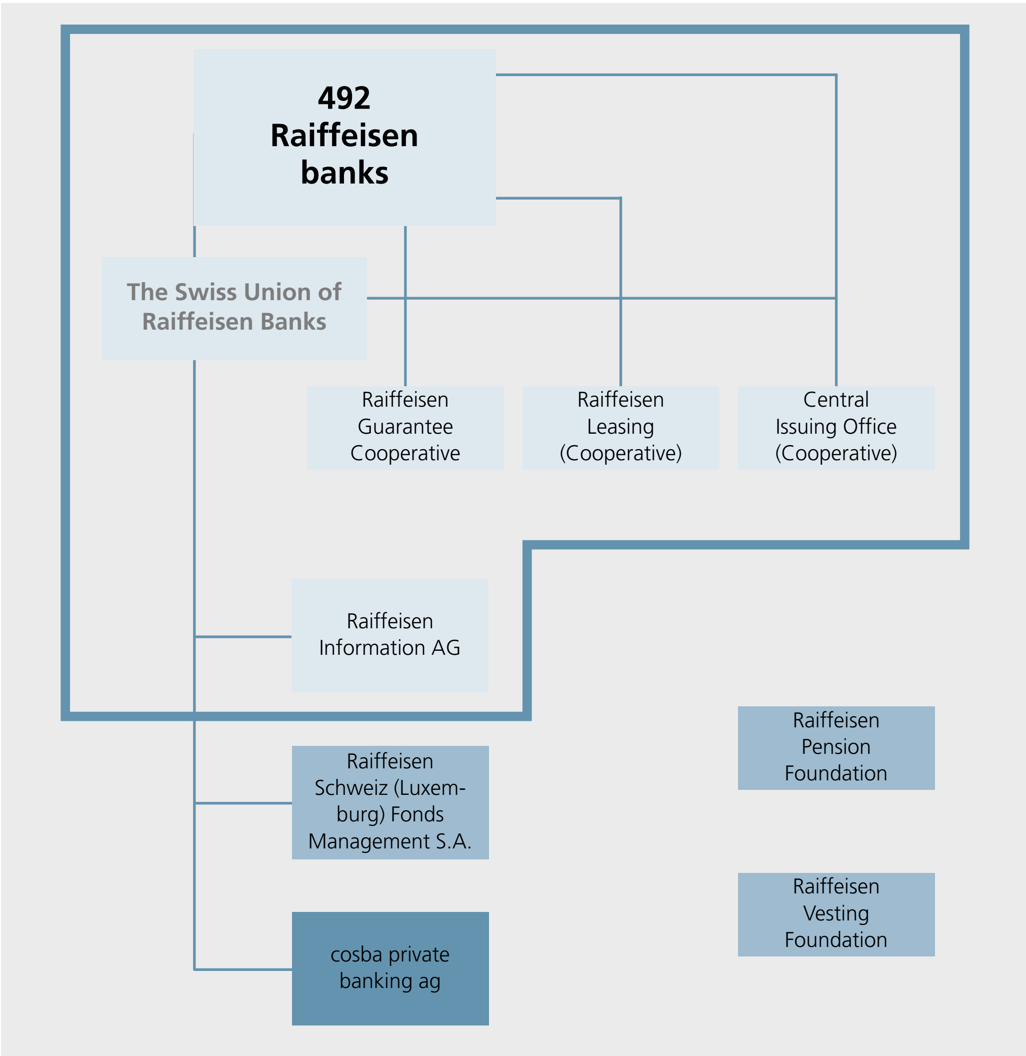
PricewaterhouseCoopers AG

Hans Wey Beat Rütsche

Structure of the Raiffeisen Group

The 492 Raiffeisen banks and the Swiss Union of Raiffeisen Banks together hold the cooperative shares in the Guarantee Cooperative, Raiffeisen Leasing and the Central Issuing Office. Raiffeisen Information AG (formerly known as basoft ag) and Raiffeisen Schweiz (Luxemburg) Fonds Management S.A. are 100 percent holdings of the Swiss Union of Raiffeisen Banks. In addition, since mid-2000 the Union has held a 25 percent participating interest in cosba private banking ag (formerly DG Bank [Switzerland] AG). As per the end of 2002, the Raiffeisen Bank St.Gallenkappel-Ernetschwil had a 99.9 percent holding in Bank Eschenbach. The Group has two independent trusts available to it for the investment of 2nd and 3rd pillar funds.

= consolidated companies
= non-consolidated companies
= participations valued by the equity method



As at 1 January 2003

The Raiffeisen Banks in the Cantons

Canton	Number of banks	Number of banking offices	Number of members	Loans [1] in CHF millions	Client monies [2] in CHF millions	Balance sheet total in CHF millions
Aargau	47	114	123’413	8’965	7’978	9’984
Appenzell Ausserrhoden	3	8	10’399	570	580	650
Appenzell Innerrhoden	2	5	5’022	258	290	320
Baselland	10	23	24’331	1’754	1’552	1’955
Bern	32	116	107’369	5’532	5’185	6’208
Freiburg	29	72	52’421	3’645	2’939	4’030
Geneva	8	21	18’680	1’109	1’393	1’481
Glarus	1	1	2’795	163	135	177
Graubünden	21	104	42’177	2’710	2’270	2’988
Jura	14	56	20’464	1’340	1’152	1’506
Lucerne	30	51	73’822	4’075	3’498	4’561
Neuchâtel	7	30	14’560	796	753	906
Nidwalden	3	9	12’130	800	766	933
Obwalden	2	6	7’644	477	404	523
St.Gallen	56	97	128’799	9’331	7’989	10’454
Schaffhausen	2	4	4’664	278	255	305
Schwyz	9	14	22’606	1’330	1’275	1’529
Solothurn	41	76	92’643	6’120	5’461	6’854
Ticino	47	124	72’752	4’746	5’075	5’798
Thurgau	29	58	68’020	4’814	3’941	5’371
Uri	6	16	11’510	580	555	654
Vaud	25	87	55’529	2’903	3’031	3’531
Valais	52	149	84’557	5’348	5’472	6’463
Zug	9	12	26’003	1’870	1’606	2’060
Zurich	7	16	25’044	1’176	1’340	1’488
Total 2002	**492**	**1’269**	**1’107’354**	**70’689**	**64’899**	**80’730**
Total 2001	**512**	**1’284**	**1’007’589**	**65’881**	**59’410**	**75’050**
Increase/decrease	**– 20**	**– 15**	**99’765**	**4’808**	**5’489**	**5’680**
Increase/decrease in %	**– 3,9**	**– 1,2**	**9,9**	**7,3**	**9,2**	**7,6**

[1] Receivables from clients + mortgage receivables

[2] Liabilities to clients in form of savings and investments + other liabilities to clients + cash bonds

The Regional Unions

The Raiffeisen banks are joined together in 22 regional associations. These fulfil a cohesive function between the Swiss Union of Raiffeisen Banks and the individual Raiffeisen institutions. This function includes in particular the coordinated development of advertising activities, the implementation of training courses for the executive staff of the Raiffeisen banks, as well as safeguarding and representing the interests of the Raiffeisen banks vis-à-vis commercial associations and cantonal authorities.

Regional Unions	Presidents	Member Banks
15 in German-speaking Switzerland		
Aargau Association of Raiffeisen Banks	Daniel M. Lüscher, Kölliken	47
Baselbiet Association of Raiffeisen Banks	Peter Thüring, Aesch	9
Berne Association of Raiffeisen Banks	Walter Studer, Biglen	29
Deutschfreiburg Association of Raiffeisen Banks	Pius Lehmann, Freiburg	12
Graubünden Association of Raiffeisen Banks	Tino Zanetti, Igis	20
Lucerne Association of Raiffeisen Banks	Hubert Fähndrich, Littau	30
St.Gallen Association of Raiffeisen Banks	Peter Zürcher, Goldach	62
Zurich and Schaffhausen Raiffeisen Association	Elisabeth Pflugshaupt, Bertschikon	9
Obwalden and Nidwalden Raiffeisen Association	Theddy Frener, Sachseln	5
Schwyz Association of Raiffeisen Banks	Josef Schönbächler, Einsiedeln	9
Solothurn Association of Raiffeisen Banks	Thomas Kübler, Büsserach	42
Thurgau Association of Raiffeisen Banks	Richard Peter, Balterswil	29
Uri Association of Raiffeisen Banks	Hans Zgraggen, Erstfeld	6
Oberwallis Association of Raiffeisen Banks	Josef Fux, St.Niklaus	22
Zug Association of Raiffeisen Banks	Roland Baggenstos, Steinhausen	9
6 in French-speaking Switzerland		
Fribourg Romand Association of Raiffeisen Banks	Michel Pauchard, Domdidier	17
Geneva Association of Raiffeisen Banks	Jean-Marc Isoz, Céligny	8
Jura Association of Raiffeisen Banks	Ernest Guélat, Courrendlin	17
Neuchâtel Association of Raiffeisen Banks	Claude Ribaux, Bevaix	7
Valais Romand Association of Raiffeisen Banks	Jean-Claude Margelisch, Sion	30
Vaud Association of Raiffeisen Banks	Rocco De Blasio, Marnand	25
1 in Italian-speaking Switzerland		
Ticino and Moesano Association of Raiffeisen Banks	Mario Verga, Vacallo	48

as at 30 March 2003

Executive Bodies of the Swiss Union of Raiffeisen Banks

Board of Directors

- Franz Marty, Goldau SZ, Chairman*)
- Josef Ingold, Subingen SO, Vice-Chairman*)
- Gabriele Burn, Krattigen BE*)
- Niklaus Bleiker, Alpnach Dorf OW
- Hubert Fähndrich, Littau LU
- Pierre Guignard, Cartigny GE
- Peter Hobi, Mels SG
- Prof. Dr. René Kästli, Jona SG
- Urs W. Keller, Döttingen AG
- Joos Mathis, Schiers GR
- Marie-Françoise Perruchoud-Massy, Vercorin VS
- Richard Peter, Balterswil TG
- Marcel Sandoz, Morges VD
- Christian Spring, Vicques JU
- Mario Verga, Vacallo TI

*) committee member

Supervisory Board

- Erhard Büchi, Embrach ZH, Chairman
- Charles Tissier, Riehen BS, Vice-Chairman
- Josef Fux, St.Niklaus VS
- Gabriel Musy, Marly FR
- Willi Ulrich, Taverne TI
- Edgar Wohlhauser, Schmitten FR

Executive Board

- Dr. Pierin Vincenz, Chairman
- René Bentele, Head of Raiffeisen Banks Consultancy
- Felice De Grandi, Head of Risk Management
- Dr. Patrik Gisel, Head of Corporate Development
- Robert Signer, Head of Market Management

Inspectorate

- Kurt Zobrist, Head of Inspectorate

Statutory Banking Auditors

- PricewaterhouseCoopers AG, St.Gallen

as at 1 January 2003

Organisational Chart of the Swiss Union of Raiffeisen Banks (SURB)

Board of Directors

Chairman of the Executive Board
Dr. Pierin Vincenz

CEO Management Office
Dr. Markus Müller

Risk Controlling	Dr. Markus Müller
Public Relations	Franz Würth
Legal/Compliance	Bernhard Reeb

Corporate Development
Dr. Patrik Gisel*

- **Controlling/Accounting**
  Paolo Arnoffi
- **Organisation and Management Support**
  Roland Hagen
- **Project & IT-Architecture**
  Martin Frick
- **Strategy Development**
  Dr. Stefan Haumüller
- **Raiffeisen Information AG**
  Andreas Buff

Market Management
Robert Signer*

- **Professional Services: Basic Products/Advertising**
  Robert Fuchs
- **Professional Services: Investments/Pensions/Guarantees**
  Beatrice Zwicky Staub
- **Business Clients and Finance**
  Anton Thurnherr
- **Branches**
  Bruno Colle

  Basle
  Bruno Stiegeler

  Grabs-Werdenberg
  Daniel Meier

  St.Gallen
  Hansruedi Laich

  Winterthur
  Markus Thoma

  Zurich
  Urs Häfliger

Risk Management
Felice De Grandi*

- **Business Engineering & Support**
  Marco Tagliaferro
- **Sales and Consultancy**
  (Felice De Grandi)
- **Risk**
  Angelo Trivelli
- **Trade and Treasury Processing**
  Aribert Klook
- **Payments Processing**
  Anton Fries

*member of the Executive Board

as at 1 April 2003

Raiffeisen Banks Consultancy
René Bentele*

- **Raiffeisen Banks Consulting**
  Philipp Lenz
- **Human Resources Management**
  Michael Auer
- **Development and Security**
  Josef Dobler
- **Sales Channels**
  Adrian Töngi
- **Real Estate**
  Rolando Morandi
- **Lausanne Office**
  Guy Chessex
- **Bellinzona Office**
  Piergiorgio Ambrosini

Inspectorate
Kurt Zobrist

- **External Auditing St.Gallen**
  Peter Germann
- **External Auditing Olten**
  Räto Willi
- **External Auditing Lausanne**
  Jean-Daniel Rossier
- **External Auditing Bellinzona**
  (Kurt Zobrist)
- **Internal Auditing**
  Roland Meier

Important Characteristics of the Raiffeisen Banking Group

The most important special features of the Raiffeisen Banking Group are described with the following key words:

Cooperative Banks	Each of the 492 Raiffeisen banks is an independent Cooperative with directly elected banking authorities.
Members / Share Certificate	The members themselves are the body responsible for the individual Raiffeisen banks. With the share certificate, they are, as Cooperative members, co-owners in equal shares of their Raiffeisen bank.
Integration in the Swiss Union	The integration in the Swiss Union of Raiffeisen Banks enables even smaller banks to offer a wide range of services and to carry out specific business by specialists at the Union headquarters. The Union coordinates the Group's activities, creates the basic conditions for the business activity of the local Raiffeisen banks (such as IT, infrastructure and refinancing) and advises and supports them in all matters.
Treasury, Trade and Processing (Central Bank)	The Swiss Union of Raiffeisen Banks operates the central treasury, trade and processing functions for the entire Raiffeisen Group.
Security / Solidarity	The Union is a united solidarity group. The Swiss Union represents the last line of defence in the security network of the Raiffeisen banks.
Manageability	Each Raiffeisen bank has its own business circle. Business is only permitted within the clearly defined geographical area.
Client Proximity	Being close to the client is not only ideal business philosophy but also has its geographical reasons. As a rule, the bank directors and employees know their members and clients personally.
Loans to Members	Loans are predominantly granted to members, against collateral, and to public bodies. The majority of loans are invested in residential properties.
Conditions	The individual Raiffeisen banks are autonomous in setting interest rates. The member products of Raiffeisen banks are especially attractive.

Swiss Union of Raiffeisen Banks
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