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“My greatest accomplishment is to blaze the trail for my boys to enjoy a successful future as athletes.”

Roland Barmettler, wrestling coach

You know Raiffeisen’s trailblazers personally: they are the employees in your community. Our trailblazers clear paths for you and support you in the direction that is right for you.

Raiffeisen isn’t the only place for dedicated trailblazers. They are hard at work everywhere – on the job, at home and as volunteers. The images in this year’s annual report show trailblazers who are making the world a better place. They are motivated by the satisfaction of those around them. It is what drives them to embrace, share and pass on their values, day after day.

Roland Barmettler is one of the trailblazers showcased by photographer Phil Müller. He coaches young wrestlers in the Swiss town of Stans, strengthens their fighting spirit and teaches them fairness and tradition. Looking at their coach and role model, the boys see that they must embrace all of these values if they want a chance of becoming a real contender one day.

Discover the world of trailblazers who are clearing paths for others throughout Switzerland: such as the engineer who builds concrete paths in the form of bridges and a professor who shows her students the way to a successful future.

Editorial 2010 was a year of transition, in which the effects of the financial crisis could still be felt. Measures are needed to prevent this kind of upheaval from recurring. The dual function of Raiffeisen Switzerland has now come to the forefront. We are both a service centre for the Raiffeisen banks and a strategic management and steering instance for the entire Group.

"We rely on values that make us strong as a group: a business model with a focus on safety and our local implantation in Switzerland."

There was noticeable dynamism in many areas in 2010. Real estate demand was particularly robust and stable. We capitalized heavily on our strengths: our presence and client relationships in local markets, and our localized decision-making structures. At the same time, it was necessary to maintain an overview of Group activities to ensure that Raiffeisen does not grow by taking on additional risk. We did our homework in terms of risk management on the Group level, and are able to report that our loan portfolio is of very high quality, and has further improved in parallel with our growth.

There was a marked flurry of activity on financial markets, although without any clear direction. Capital preservation-oriented investors remained on the sidelines. We took advantage of this "respite" to optimise our product range, aligning it even more closely with investors' goals and preferences.

Representing Raiffeisen's interests

There was considerable movement on the regulatory front in terms of revisions, amendments and new rules governing capitalization, depositor protection, the 'too-big-to-fail' problem and the outlook for banking secrecy. We worked intensively to convey Raiffeisen's position and contribute proposals in our interest. The new capitalization rules will affect Raiffeisen, although these changes require little action, as Raiffeisen is extremely well-capitalized.

The brand must be cultivated

Raiffeisen continues to enjoy an outstanding reputation among Swiss consumers. Numerous studies in 2010



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

confirmed that Raiffeisen is the most popular bank in Switzerland. But what's more, according to a survey conducted by market research firm GfK, Raiffeisen not only has the best reputation of any bank, but is also one of the most popular Swiss firms in any industry.

Defending this brand leadership is one of our top priorities. Here, we continue to focus on the values that have made the Group strong: a security-oriented business model and local anchoring in Switzerland. We are investing considerably in our brand as part of the Swissness initiative, which includes the successful sponsorship of the 2010 Swiss Alpine Wrestling and Herdsman Festival in Frauenfeld and winter sports sponsorships.

Two new members on the Board of Directors

There were internal leadership changes, as Marie-Françoise Perruchoud-Massy stepped down from the Raiffeisen Switzerland Board of Directors after a 12-year tenure as Vice-Chair. I would like to take this opportunity to express my sincere thanks for the work she has done for Raiffeisen Switzerland. The Raiffeisen banks' delegates appointed Rita Fuhrer as independent Board member, and Anne-Claude Luisier as representative of the regional unions and Raiffeisen banks on the Board of Directors.

Outlook: A year of change ahead

Raiffeisen will be implementing measures in 2011 in response to numerous changes to the business environment. Our core business of financing private residential property is expected to continue its growth. Yet gradually rising interest rates will put a check on the real estate market's

momentum. We will continue our efforts to diversify our lines of business. We laid the initial groundwork by investing in new products, additional staff and training in 2010. Conditions are thus good for accelerating our growth in the investment and corporate clients business. At the same time, we will be working to expand on our unique membership concept. Starting in March 2011, Raiffeisen members will be getting exclusive recreation and entertainment offerings, including tickets to concerts and events plus a variety of perks – for which a dedicated member website is being set up.

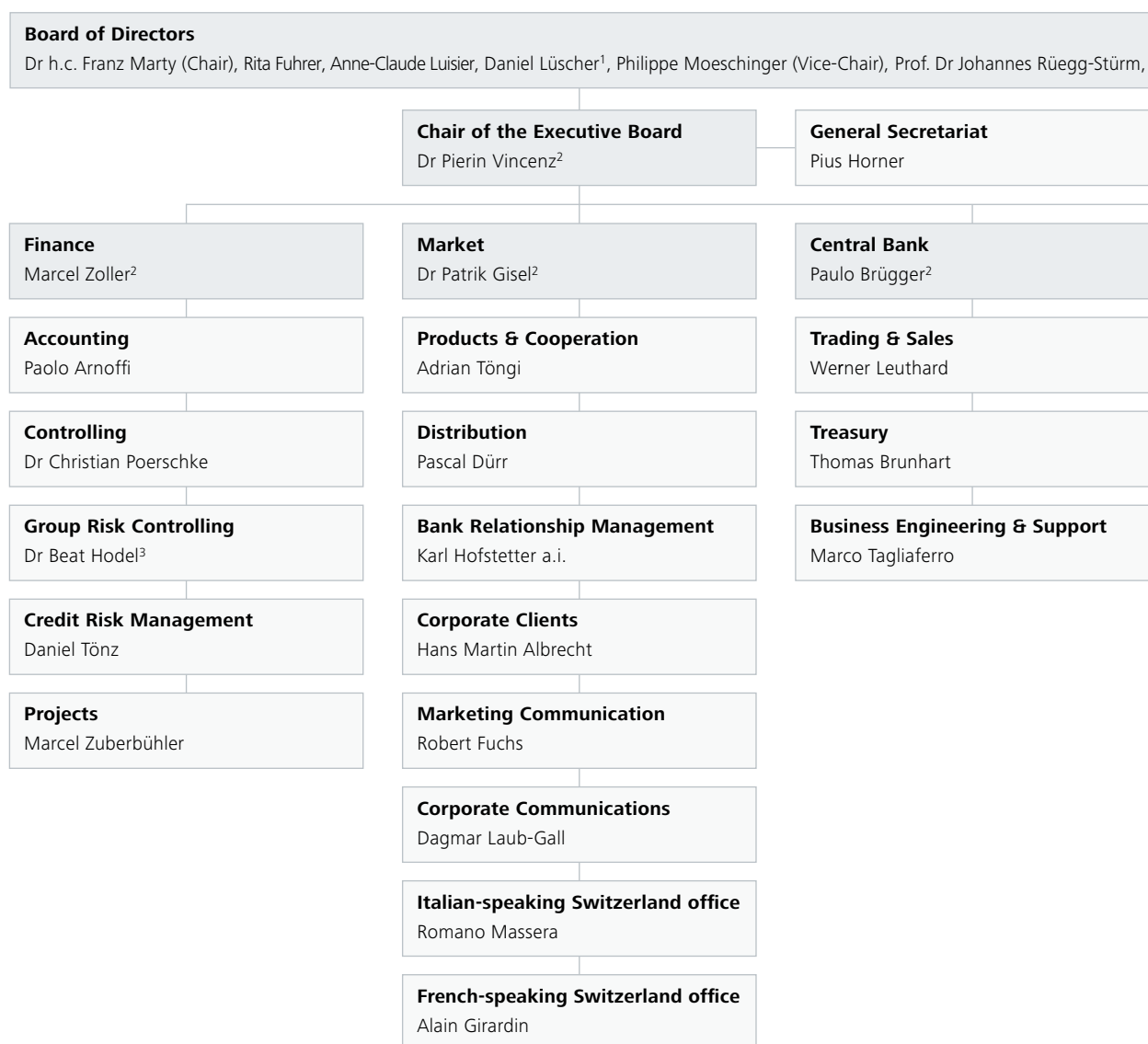
A note of thanks

I would like to take this opportunity to thank the staff and Board of Directors of the Raiffeisen Group. For it is they who have demonstrated the flexibility required to adapt to the many changes. And upon them the success of Raiffeisen is founded.

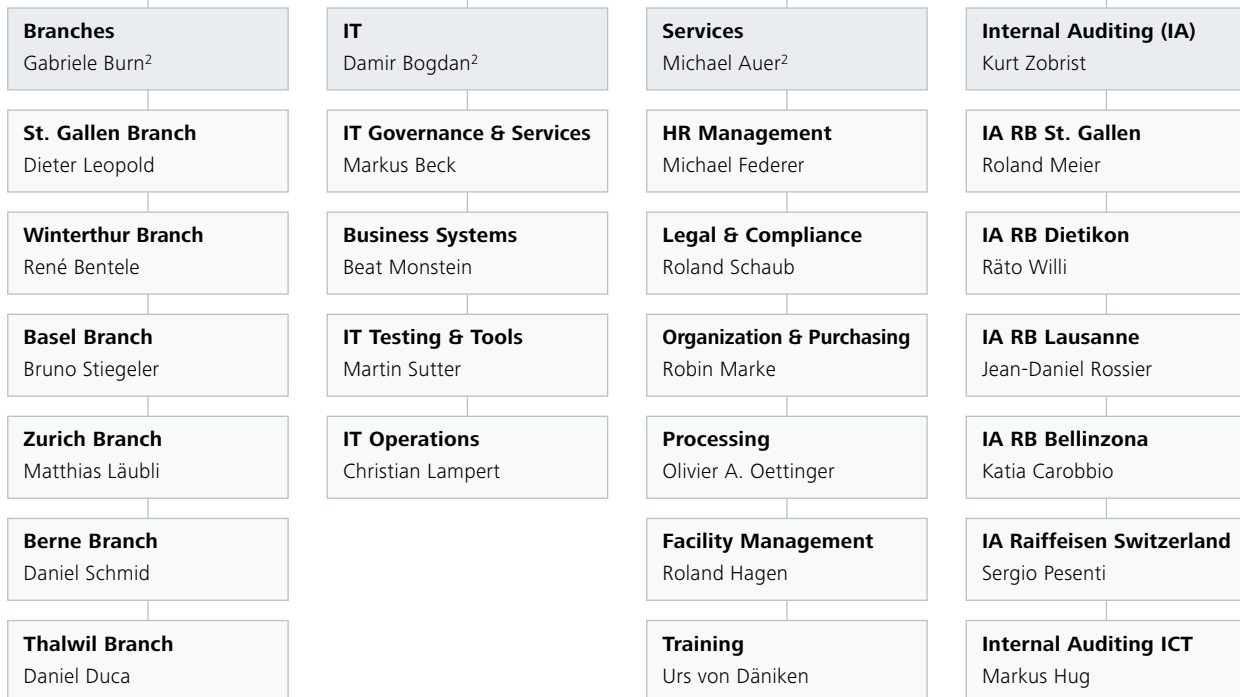
A handwritten signature in black ink, appearing to read 'P. Vincenz', written in a cursive style.

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

Organizational chart of Raiffeisen Switzerland



Urs Schneider, Christian Spring¹, Prof. Dr Franco Taisch, Mario Verga, lic. iur. Edgar Wohlhauser, Werner Zollinger



1) Dependent in the sense of FINMA Circular 2008/24 paragraphs 20-24

2) Member of the Executive Board

3) Member of the extended Executive Board





Rajna Gibson-Brandon, finance professor

Rajna Gibson-Brandon is a finance professor at the University of Geneva and the head of the Geneva Finance Research Institute (GFRI). The successful academic shares her knowledge and experience with students. For her, the university is a forum for dialogue. She is keen to learn about young people's interests and enjoys nurturing talent and having the vision to aim for new horizons. She knows that she can give young men and women valuable tools for their future.

Business trend Financial year 2010 was a year of funding demand, respectable growth in loans to clients and successful balance sheet structure management. Gross profit rose 74% despite the difficult environment on robust interest income and intensive earnings management.

-
- *Raiffeisen banks' disbursement obligations funded with CHF 1.9 billion*
 - *Loans to clients up 27%*
 - *Interest income up 29% due to balance sheet structure management*
 - *Operating expenditure down 2.5%*
 - *Intensive cost management boosts gross profit by CHF 43 million*
-

Raiffeisen Switzerland posted a net profit of CHF 20.5 million for the financial year under review. There was no more than a minimal change in total assets, although there were some very large shifts in individual items.

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

Profit and loss account

Operating income rose 6.4%, an increase of CHF 32.3 million, despite declining income from the trading business, on substantially higher interest income and commission and service income. Operating expenditure declined 2.5% by CHF 11.2 million as a result of aggressive cost management.

Income from ordinary banking activities

Net interest income (note 20) rose 28.9% to CHF 125.3 million. This increase mainly reflects the impact of maturity transformation conducted by the Treasury. The branches also contributed an additional CHF 6.2 million in earnings versus the previous year by effectively managing their balance sheets.

Net income from the commission business and service transactions (note 21) was up by 13.9% versus the previous year to CHF 71.9 million. Income from the securities and investment business increased slightly due to lower fund administration costs and higher volume with third-party funds. Income from other service transactions increased sharply however on rising payment transaction volume, up more than 10% to CHF 58 million. Commission

expenditure fell 5.2% to CHF 45.4 million reflecting lower securities transaction volume, fewer custody accounts and substantially lower value-added tax charges.

Raiffeisen Switzerland recorded a solid trading result of CHF 41.9 million for 2010 (note 22), chiefly from foreign exchange, notes and coins and precious metals trading. Due to adverse market conditions however, equity and fixed income trading fell short of last year's mark.

Other ordinary result increased 1.3% to CHF 299.7 million. Dividends from the two strategic participations Vontobel Holding AG and Helvetia Holding AG were down by approximately CHF 2 million in the year under review, causing income from participating interests to fall 10.7% to CHF 22.3 million. In addition to income from individually billed services, other ordinary income (note 23) also includes the Raiffeisen banks' contributions for collective and strategic services provided by Raiffeisen Switzerland, which remained even at last year's level. In the reporting year the Raiffeisen banks purchased IT services valued at CHF 88.7 million (CHF +8.4 million), while the amount of other individual services purchased was practically unchanged at CHF 90.9 million. Services provided by Raiffeisen Switzerland for Group projects were charged to the Raiffeisen banks in the amount of CHF 41.5 million (previous year: CHF 44.9 million) and credited to other ordinary income. Total project costs billed to the Raiffeisen banks declined by CHF 4.9 million versus the previous year. Other ordinary expenditure increased by CHF 1.2 million due to value adjustments taken on financial assets in response to market developments.

Total operating expenditure

Personnel expenditure (note 24) decreased by another CHF 4.8 million to CHF 288.1 million (-1.6%), coming after the previous year's CHF 5.7 million reduction. Savings were obtained particularly from a reduction in temporary project contracts, in addition to a slight decline in staffing levels. Employer contributions to staff pension funds increased by CHF 1.6 million to CHF 23.7 million upon launch of the new retirement plan at the start of the year under review.

Operating expenditure (note 25) fell by CHF 6.4 million (-4.1%) to CHF 148.4 million in the reporting year (previous year CHF -16.5 million). Occupancy costs declined by CHF 1.1 million to CHF 16.1 million as a result of reduced leased property holdings in St. Gallen. Expenses for computer equipment, machinery and furniture were unchanged year-on-year at CHF 73.8 million. Additional significant cost reductions were obtained in other operating expenditure, which declined by CHF 4.9 million (-7.7%) to CHF 58.4 million (previous year CHF -17.3 million). Cost-cutting efforts are apparent across all major expenditure items, including particularly fees for third-party services.

Depreciation on fixed assets

Extraordinary write-downs with reserve characteristics were again made on IT infrastructure and other tangible fixed assets in the year under review. Depreciation (note 4) declined by CHF 22.5 million as against the previous year to CHF 69.9 million (-24.4%). This was chiefly the result of significantly lower investment falling under the category of "Other", which includes software and external development costs.

Value adjustments, provisions and losses

Value adjustments, provisions and losses rose by CHF 2 million to CHF 4.2 million. The low level of provisions required reflects the prudent lending policy pursued by Raiffeisen Switzerland.

Extraordinary income and taxes

Extraordinary income (note 26) of CHF 3.8 million includes realized gains from the sale of Mortgage Bond Bank shares (CHF 2.2 million) and two smaller investments (CHF 0.3 million). The investment stake held in the cooperative Olma Messen St. Gallen was written up to its acquisition cost of CHF 1 million. Extraordinary expenditure of CHF 6.2 million consisted mostly of CHF 4.6 million in reserves allocated for general banking risks, along with a loss of CHF 1.5 million on the disposal of tangible fixed assets. Tax expenditure declined to CHF 5.3 million.

Annual profit

Net profit was up 2.1% year-on-year to CHF 20.5 million.

Balance sheet

Raiffeisen Switzerland's balance sheet reflects the diverse demands placed on it due to its central organizational position within the Raiffeisen Group. In addition to maintaining bank branches in various major cities in Switzerland that offer a similar range of services to the Raiffeisen banks, Raiffeisen Switzerland also provides the services of a central bank for the entire Group, and as intermediary is responsible for a range of tasks including liquidity management, refinancing and the hedging of interest rate exposure on a consolidated basis. As a result, the short-term

liquidity situation of the Raiffeisen banks, which is a function of the difference in the growth of client assets and loans respectively, is directly reflected in Raiffeisen Switzerland's balance sheet and total assets. There were some considerable shifts on the balance sheet in the year under review, but Raiffeisen Switzerland's total assets increased by just 1.4% or CHF 424.3 million.

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

Receivables/liabilities vis-à-vis

Raiffeisen banks

As of the end of 2010, net receivables were due from Raiffeisen banks in the amount of CHF 0.8 billion. In the reporting year, the Raiffeisen banks were provided CHF 1.9 billion (previous year CHF 1.7 billion) in funding for client business. To comply with statutory liquidity requirements, the Raiffeisen banks hold assets of CHF 6.2 billion in blocked escrow accounts.

Receivables from and liabilities to other banks

Interbank business volume declined again in 2010. At the end of 2010 receivables were substantially lower versus the previous year, down 24.8%. The net liability rose to roughly CHF 2 billion. This change reflects the Raiffeisen Group's increased funding needs in the retail business. Unsecured interbank loans are short in duration, with only 2% of the outstanding volume being due in more than one month's time at the end of 2010.

The Swiss franc repo market showed some signs of reviving in the second half of the year due to the Swiss National Bank's liquidity-restricting measures. In response, Raiffeisen Switzerland put a large part of its receivables from banks into reverse repos. At the end of 2010 roughly two thirds of total receivables from banks had been lent out in the form of reverse repos.

Loans to clients

Loans to clients rose by a total of 26.8% to CHF 6.4 billion in the year under review. The branches increased lending volume by CHF 698 million (14.6%) to CHF 5.5 billion. Loans also include the leasing business taken over by Raiffeisen Leasing AG (appr. CHF 200 million) and short-term loans provided by the Central Bank as part of the repo business.

Trading portfolio holdings of securities and precious metals

The trading portfolio grew substantially in size in 2010 (see note 2 for a breakdown of the trading portfolio). This growth stemmed mainly from increased holdings of precious metals in consequence of both rising market demand and price rises. Most of these holdings are hedged against market risks.

The capital adequacy requirements for market risks in the trading book are detailed on page 62.

Financial assets

Securities holdings in financial assets (note 2), consisting primarily of top-quality bonds, are managed in accordance with statutory liquidity requirements and internal liquidity

targets. Book value declined by CHF 1 billion to CHF 5.7 billion as bond holdings matured.

All real estate held for sale in connection with nonperforming positions from previous years was sold in the course of the reporting year.

Participations

The primary participations/investments are detailed under notes 3 and 4. In the year under review, Raiffeisen Switzerland invested roughly CHF 70 million in existing participations. The percentage holding in SIX Group AG increased from 2% to 3.2%. The stake in Aduno Holding AG increased from 19% to 24.7%. Additionally, Raiffeisen Switzerland exercised all the subscription rights for the capital increase (share offering) conducted by Aduno Holding AG. The cooperative Olma Messen St. Gallen also conducted a capital increase in 2010 by offering shares. The book value of the investment increased to CHF 2.1 million on the proceeds of CHF 1.1 million and write-up of shares previously written down (12.9% of nominal share capital). The stake held in Mortgage Bond Bank was trimmed from 7.2 to 6.5% through share sales to various Raiffeisen banks and addition of a new direct member of the Mortgage Bond Bank.

Tangible fixed assets

Real estate investment volume (note 4) totalled CHF 23.4 million in the year under review. An amount of CHF 10.5 million was invested in the bank building under construction at Raiffeisenplatz 8, and CHF 7.7 million was spent to acquire an additional property in St. Gallen. An amount of CHF 3.8 million was invested for the bank branch building

in Adliswil, and CHF 1.4 million for renovation at St. Gallen and Dietikon. A net amount of CHF 34.5 million was spent on other tangible fixed assets, with around CHF 15.3 million being spent on new IT hardware. Other significant items include CHF 12.5 million for conversions of non-owned properties, i.e. installations at branches and satellite offices, and CHF 4.7 million for expansion of the new rental property in Zurich. "Other" items concern investments of CHF 17.9 million for software and licences.

Client deposits

In the year under review, client deposits increased by CHF 856 million or 10.9% to CHF 8.7 billion. In the retail business, the trend of client deposits flowing away from fixed investments (medium-term notes and time deposits) and into products callable on short notice (savings and investment deposits) continued. Client deposits held by the branches increased by CHF 193 million or 4.6% to CHF 4.4 billion. Central Bank transaction volume with institutional clients increased by CHF 663 million to CHF 4.3 billion.

Bonds and mortgage bond loans

In the reporting year three successful bond offerings were conducted with a total volume of CHF 950 million. In October one CHF 70 million bond issue matured, leaving the net increase at CHF 880 million, for a total of CHF 2.75 billion (note 9). Liabilities owed to the Mortgage Bond Bank increased by a net CHF 406.7 million to CHF 1.23 billion. Redemptions of CHF 184.5 million were partially offset by new issues of CHF 591.2 million.

Value adjustments and provisions

Value adjustments for default risks (note 10) were almost unchanged year-on-year at CHF 37.6 million. New provisions in the amount of CHF 14.5 million were allocated, with reversals of CHF 10.6 million, while the sum of CHF 3.4 million was written off for confirmed losses. To determine the value adjustments for default risks, expected risks were identified based on internal ratings and by calculating the value of collateral. Provisions for other business risks amounted to just CHF 1.5 million.

Reserves for general banking risks

An amount of CHF 4.6 million was allocated to reserves for general banking risks in the year under review. An additional CHF 3.7 million was allocated to reserves upon integration of the Raiffeisen Leasing AG leasing business. Of the total reserves of CHF 347.3 million, CHF 153 million has been taxed (note 10).

Equity capital

Equity capital increased by CHF 14.4 million to CHF 867.7 million.

Off-balance-sheet business

Total contingent liabilities (note 17) declined by CHF 64.5 million to CHF 488.7 million. While credit risk guarantees fell by CHF 72.1 million, other contingent liabilities increased by CHF 8.6 million. This rise derived from new guarantees in connection with syndicated loans to corporate clients. The increase in irrevocable commitments

stemmed mainly from open credit lines for corporate clients. Call-in obligations declined by CHF 1.8 million through the sale of Mortgage Bond Bank shares. The contract volume of derivative financial instruments (note 18) increased slightly from CHF 75.3 billion to CHF 77.9 billion. Hedging transactions for the bank book fell from CHF 43.4 billion to CHF 28.4 billion, although fixed income trading positions increased. Positive replacement values totalled CHF 700.6 million (previous year: CHF 632.2 million), while negative replacement values totalled CHF 1.4 billion (previous year: CHF 1.1 billion).

Fiduciary transactions declined by CHF 13 million to CHF 13.9 million, due chiefly to low interest rates.

Remuneration report

A clearly formulated HR strategy is a major contributor to the success of the company. Raiffeisen positions itself as an attractive employer for both current and future personnel, attaching great importance to

- cultural identity;
- maintaining a unique management culture;
- personal responsibility and entrepreneurship;
- offering attractive employment conditions in line with the market;

A competitive remuneration model is a key component for a successful positioning as an attractive employer. The remuneration system is designed to attract qualified recruits and retain valued personnel. Outstanding achievements are acknowledged, and every individual's performance is

rewarded. This is essential in order to achieve long-term strategic targets.

Effective remuneration system examined and further developed

Since 1 January 2010, Raiffeisen Switzerland has been subject to the rules outlined in the FINMA 10/1 "Remuneration Systems" circular. In order to implement the provisions of the FINMA 10/1 "Remuneration Systems" circular, the Board of Directors has examined and enhanced the system currently in place, which has been well-received and has functioned well in the past. Specific attention was paid to ensuring that the remuneration scheme does not incentivize taking unnecessary or excessive risks.

Raiffeisen's cooperative model is geared towards long-term enterprise growth. Profits are not distributed as dividends, but rather retained to strengthen the equity capital base. There are therefore no misguided incentives to take excessive risk in pursuit of elevated profits. Raiffeisen's low risk profile is reflected in the risk policy stipulated by the Board of Directors and in its credit limit system, as well as its limited trading activities and extremely modest value adjustments.

In line with its profile of low risk and stable earnings, as well as the cooperative tradition, there is a unique remuneration system in place. This scheme involves remuneration caps for risk-takers, limits on variable remuneration components and all remuneration in cash rather than in the form of deferred benefits. The remuneration policy strives for consistency; stable returns and sustained success are

rewarded more under the new remuneration system than this has been the case in the past.

In line with the Raiffeisen Group business model, on 1 January 2011 the Board of Directors introduced rules regulating in detail remuneration paid to members of the Board of Directors and the Executive Board, and the principles concerning total remuneration paid to all Raiffeisen Switzerland employees. Raiffeisen Switzerland also issues recommendations to the Raiffeisen banks.

Remuneration system features

Composition of employee remuneration

For all employees (incl. members of the Executive Board and the Head of Internal Auditing), remuneration is comprised of the following components:

- Fixed remuneration in line with the market: Every employee has an individual contractual salary. This is based on a clearly defined job function and the employee's skills and knowledge. Salaries also must be competitive with regard to the labour market. All fixed remuneration is paid in cash.
- Moderate variable remuneration: Bonuses are paid based on the sustained success of the Group and performance reviews of individual employees. These may be granted for any, including controlling functions. The Board of Directors does not receive variable remuneration. All variable remuneration is paid in cash and in non-deferred form.
- Fringe benefits: Fringe benefits are granted in the framework of applicable regulations, directives and industry standards.

Determining fixed remuneration for the Board of Directors and the Executive Board

The twelve members of the Raiffeisen Switzerland Board of Directors receive remuneration commensurate with their respective responsibilities and time commitment. Additionally, members belonging to a committee, heading a committee or presiding over the Board of Directors receive higher pay.

Fixed remuneration for Executive Board members and the Head of Internal Auditing is set in accordance with their labour market value, the requirements of the assigned department, management responsibilities and seniority. Fixed remuneration (excluding employee and employer contributions to pension plans and social insurance) is capped at a maximum CHF 1,200,000.

Determining the total variable remuneration pool

The total variable remuneration pool is determined based on the following criteria, which apply in equal measure with regard to long-term developments:

- Relative profitability over time compared to the market
- Change in equity capital
- Performance of strategic initiatives and projects
- Changes in economic capital required relative to core capital

Allocation of variable remuneration

The Board of Directors does not receive variable remuneration. The Committee of the Board of Directors decides on the allocation of variable remuneration to members of the Executive Board and the Head of Internal Auditing.

Variable remuneration paid to Executive Board members and the Head of Internal Auditing (excluding employee and employer contributions to pension plans and social insurance) may in no case exceed two-thirds of the individual member's fixed remuneration. The following criteria apply to the individual allocation of variable remuneration to Executive Board members and the Head of Internal Auditing:

- Achievement of individual targets
- Relative profitability of the Raiffeisen Group over time compared to the market
- Progress in strategic initiatives and projects
- Changes in risk assumed

The Executive Board or respective supervising managers responsible according to the hierarchy determine the allocation of variable remuneration among other employees. Function and performance reviews by the supervising manager play a major role in determining individual employee bonuses. There are thus no incentives for individuals to strive for short-term success by taking excessive risks. Serious rule violations can lead to a reduction in or loss of variable remuneration. Raiffeisen positions itself as an attractive employer by allowing personnel to accrue pension credits in the Raiffeisen Pension Fund on variable remuneration paid out in excess of CHF 3,000.

Governance

The Raiffeisen Switzerland Board of Directors is responsible for:

- Outlining remuneration policy in the form of regulations for Raiffeisen Switzerland and recommendations for the Raiffeisen banks.

- Approving the annual remuneration report submitted to the Board by the Remuneration Committee.
- Reviewing remuneration policy on a regular basis and whenever there are indications that review or revisions may be necessary.
- Having remuneration policies and their implementation reviewed annually by external or internal auditors.

The Board of Directors Committee is responsible for implementing regulations issued by the Board of Directors. In its role as Remuneration Committee, this body in particular determines the amount of the total variable remuneration pool. Furthermore, it defines the fixed and variable remuneration components for Executive Board members and the Head of Internal Auditing.

2010 Remuneration

Total remuneration

In the year under review, Raiffeisen Switzerland paid out total remuneration (excluding employer pension plan and social insurance contributions) of CHF 221,048,772. Remuneration expenses accrued (both fixed and variable) for the year under review, have been recorded in full as personnel costs. There are no remuneration expenses from earlier reporting years affecting profit and loss.

in CHF	2010	Previous year
Total Raiffeisen Switzerland remuneration	221,048,772	219,172,989
Charges/credits from earlier reporting years affecting current profit and loss	0	0

Total variable remuneration pool

In the year under review, the Board of Directors Committee approved a total variable remuneration pool (excluding employer pension plan and social insurance contributions) of CHF 31,687,901 for Raiffeisen Switzerland. This amount was paid out in full in cash, in non-deferred form.

in CHF	2010	Previous year
Total Raiffeisen Switzerland variable remuneration pool (cash only)	31,687,901	32,029,513
Number of individuals receiving variable remuneration	1,692	1,759

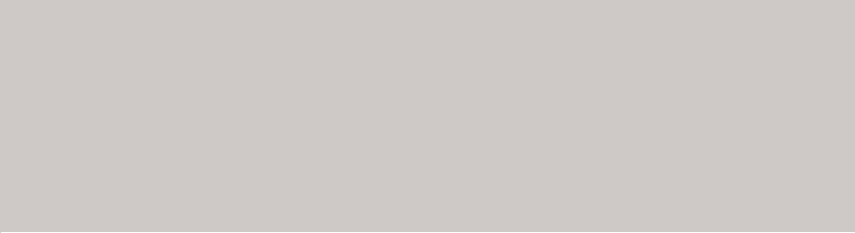
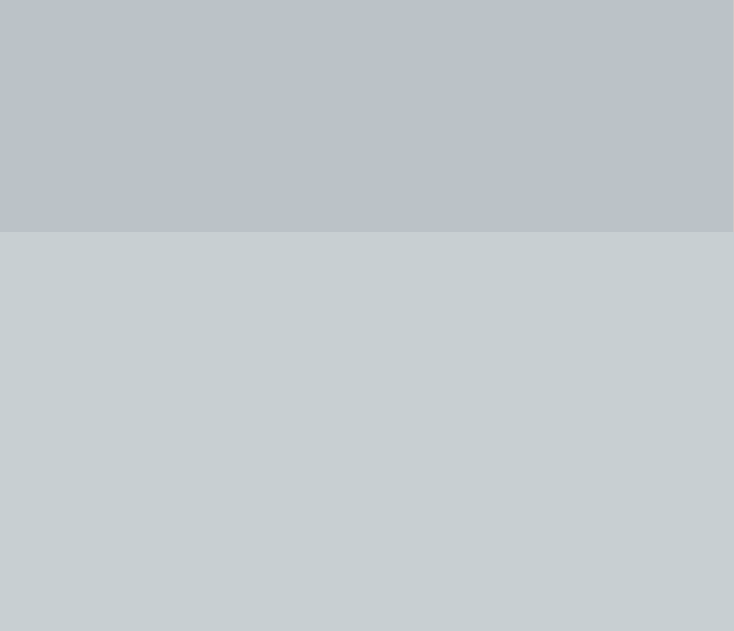
Board of Directors

The twelve active members of the Raiffeisen Switzerland Board of Directors received remuneration totalling CHF 1,039,753 for the year under review. This remuneration includes all allowances, attendance fees and expense reimbursements. The largest individual remuneration amount paid was to the Chair of the Board of Directors, Dr h.c. Franz Marty, totalling CHF 273,170. Members of the Board of Directors receive no variable remuneration in the form of a profit sharing arrangement. In addition, total social insurance contributions for Board of Directors members totalled CHF 140,977. No joining or severance payments were remitted to members of the Board of Directors.

Members of the Executive Board (incl. the Head of Internal Auditing)

Total remuneration paid to members of the Raiffeisen Switzerland Executive Board for the reporting year (excluding employee and employer contributions to pension plans and social insurance) came to CHF 7,612,255. Of this amount, CHF 1,840,432 was paid to Dr Pierin Vincenz, CEO of Raiffeisen Switzerland; this was the highest sum paid to an individual Executive Board member. Employee and employer contributions to pension plans and social insurance for Executive Board members totalled an additional CHF 3,005,496, of which CHF 530,110 was paid to Dr Pierin Vincenz, CEO Raiffeisen Switzerland. Fixed remuneration includes business-related Board of Directors fees for Executive Board members.

At the end of the financial year, loans granted to Executive Board members totalled CHF 20,310,817. The Board of Directors Committee is the approving body for company loans to Executive Board members. The bank's Executive Board enjoys preferential terms standard for the industry, as do other personnel. No joining or severance payments were made to Executive Board members in the year under review.



Balance Sheet as of 31 December 2010

	Current year in 1000 CHF	Previous year in 1000 CHF	Change in 1000 CHF	Change in %	Note
Assets					
Liquid funds	414,887	253,899	160,988	63.4 %	12
Receivables from money market securities	100,621	629	99,992	15,897.0 %	12
Receivables from Raiffeisen banks	7,674,235	6,528,587	1,145,648	17.5 %	6, 12
Receivables from other banks	6,617,399	8,798,963	-2,181,564	-24.8 %	12
Receivables from clients	1,407,110	638,953	768,157	120.2 %	1, 12
Mortgage receivables	4,983,123	4,398,955	584,168	13.3 %	1, 6, 12
Loans to clients	6,390,233	5,037,907	1,352,325	26.8 %	
Trading portfolios in securities and precious metals	1,321,196	500,033	821,163	164.2 %	2, 12
Financial assets	5,681,657	6,668,188	-986,531	-14.8 %	2, 6, 12
Participations	449,696	380,408	69,288	18.2 %	2, 3, 4
Tangible fixed assets	279,032	273,197	5,835	2.1 %	4
Accrued income and prepaid expenses	334,163	334,852	-689	-0.2 %	
Other assets	1,665,903	1,728,051	-62,148	-3.6 %	5
Total assets	30,929,023	30,504,714	424,309	1.4 %	14, 16
Total subordinated receivables	–	3,279	-3,279	-100.0 %	
Total receivables from Group companies	–	164,476	-164,476	-100.0 %	
Liabilities					
Liabilities to Raiffeisen banks	6,675,793	7,509,323	-833,530	-11.1 %	12
Liabilities to other banks	8,558,934	9,822,687	-1,263,753	-12.9 %	12
Liabilities to clients in the form of savings and investment deposits	3,085,362	2,868,569	216,793	7.6 %	12
Other liabilities to clients	5,123,804	4,354,515	769,289	17.7 %	12
Medium-term notes	522,227	652,191	-129,964	-19.9 %	12
Client monies	8,731,393	7,875,275	856,118	10.9 %	
Bonds and mortgage bond loans	3,979,700	2,693,000	1,286,700	47.8 %	9, 12
Accrued expenses and deferred income	254,086	222,356	31,730	14.3 %	
Other liabilities	1,822,343	1,491,991	330,352	22.1 %	5
Value adjustments and provisions	39,075	36,809	2,266	6.2 %	10
Reserves for general banking risks	347,300	339,000	8,300	2.4 %	10
Cooperative capital	360,000	360,000	–	0.0 %	
General statutory reserves	139,873	134,172	5,701	4.2 %	
Annual profit	20,528	20,100	428	2.1 %	
Total equity capital	867,700	853,273	14,427	1.7 %	11
Total liabilities	30,929,023	30,504,714	424,309	1.4 %	14, 16
Total subordinated commitments	–	–	–	–	
Total commitments towards Group companies	6,331	7,318	-987	-13.5 %	
Off-balance-sheet business					
Contingent liabilities	488,718	553,226	-64,508	-11.7 %	1, 17
Irrevocable commitments	441,587	360,429	81,158	22.5 %	1
Commitments relating to calls on shares and other equity securities	18,320	20,076	-1,756	-8.7 %	1
Derivative financial instruments					
Positive replacement values	700,590	632,200	68,390	10.8 %	18
Negative replacement values	1,432,270	1,107,937	324,333	29.3 %	18
Contract volume	77,890,734	75,312,222	2,578,512	3.4 %	18
Fiduciary business	13,852	26,893	-13,041	-48.5 %	19

Profit and Loss Account 2010

	Current year in 1000 CHF	Previous year in 1000 CHF	Change in 1000 CHF	Change in %	Note
Interest and discount income	605,060	663,529	-58,469	-8.8%	20
Interest and dividend income from financial assets	91,391	97,687	-6,296	-6.4%	20
Interest expenditure	-571,114	-663,983	92,869	-14.0%	20
Net interest income	125,338	97,233	28,105	28.9%	
Commission income lending business	4,238	4,236	2	0.0%	21
Commission income securities and investment business	55,035	54,085	950	1.8%	21
Commission income other service transactions	58,016	52,654	5,362	10.2%	21
Commission expenditure	-45,358	-47,824	2,466	-5.2%	21
Net income from commission business and service transactions	71,930	63,150	8,780	13.9%	
Net trading income	41,861	50,320	-8,459	-16.8%	22
Income from sale of financial assets	50	-365	415	113.7%	
Income from participating interests	22,338	20,178	2,160	10.7%	
Income from real estate	3,052	3,212	-160	-5.0%	
Other ordinary income	275,663	273,026	2,637	1.0%	23
Other ordinary expenditure	-1,439	-220	-1,219	554.1%	
Other ordinary result	299,665	295,831	3,834	1.3%	
Operating income	538,794	506,534	32,260	6.4%	
Personnel expenditure	-288,114	-292,892	4,778	-1.6%	24
Operating expenditure	-148,358	-154,770	6,412	-4.1%	25
Total operating expenditure	-436,473	-447,662	11,189	-2.5%	
Gross profit	102,321	58,871	43,450	73.8%	
Depreciation on fixed assets	-69,896	-92,395	22,499	-24.4%	4
Value adjustments, provisions and losses	-4,222	-2,243	-1,979	88.2%	
Operating profit (interim result)	28,203	-35,767	63,970	178.9%	
Extraordinary income	3,764	74,107	-70,343	-94.9%	26
Extraordinary expenditure	-6,160	-12,640	6,480	-51.3%	26
Taxes	-5,280	-5,600	320	-5.7%	
Annual profit	20,528	20,100	428	2.1%	

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

Proposed distribution of available profit

addressed to the Ordinary Delegate Assembly of 18 June 2011 in Lucerne

	Current year in 1000 CHF	Previous year in 1000 CHF	Change in 1000 CHF	Change in %
Appropriation of profit				
Annual profit	20,528	20,100	428	2.1
Profit brought forward	–	–	–	–
Available profit	20,528	20,100	428	2.1
Appropriation of profit				
– Allocation to general statutory reserves	6,128	5,700	428	7.5
– Interest on cooperative capital	14,400	14,400	–	0.0
Total appropriation of profit	20,528	20,100	428	2.1

Cash Flow Statement 2010

	Current year origin of funds in 1000 CHF	Current year use of funds in 1000 CHF	Previous year origin of funds in 1000 CHF	Previous year use of funds in 1000 CHF
Cash flow from operating results (internal financing)				
Annual profit	20,528		20,100	
Depreciation on fixed assets	69,896		92,395	
Appreciation on participations		1,007		71,301
Value adjustments and provisions	14,632	14,791	11,142	11,511
Additions to provisions from integration of leasing company	2,424			
Reserves for general banking risks	4,613		10,900	
Prepaid expenses	689			15,578
Deferred income	31,730			125,390
Interest paid on share certificates for previous year		14,400		14,243
Balance	114,314	–	–	103,486
Cash flow from equity capital transactions				
Net change in cooperative capital				
Additions to reserves from integration of leasing company	3,687			
Balance	3,687	–	–	–
Cash flow from investment activities				
Participations	1,402	69,683	83	24,911
Real estate		23,380		6,152
Other tangible fixed assets	1,163	35,623	8,352	42,827
Other		17,891		21,292
Balance	–	144,012	–	86,747

Continued on page 23

	Current year origin of funds in 1000 CHF	Current year use of funds in 1000 CHF	Previous year origin of funds in 1000 CHF	Previous year use of funds in 1000 CHF
Cash flow from banking business of the Central Bank with Raiffeisen Banks				
Liabilities to Raiffeisen banks	75,955			11,281
Receivables from Raiffeisen banks		2,795,593		2,359,151
Receivables from clients undisclosed assignments			22,627	
Mortgage receivables undisclosed assignments			144,988	
Balance	-	2,719,638	-	2,202,817
Cash flow from ordinary banking business of the Central Bank				
Liabilities to banks		937,687	1,328,829	
Liabilities to clients in the form of savings and investment deposits	663,587			27,992
Bonds	950,000	70,000		250,000
Mortgage bond loans	591,200	184,500	8,700	122,350
Other liabilities	331,680		105,765	
Receivables from money market securities		99,830		
Receivables from banks	2,171,432		3,800,824	
Receivables from clients		654,232	87,417	
Trading portfolios in securities and precious metals		820,656		134,384
Financial assets	986,531			3,313,274
Other receivables	62,229		498,076	
Liquid funds		158,270	448,957	
Balance	2,831,484	-	2,430,568	-
Cash flow from banking business of the branches of Raiffeisen Switzerland				
Net positions at the Central Bank	424,526		534,150	
Savings and investment funds	240,938		553,017	
Other liabilities to clients	81,556			208,747
Medium-term notes	124,329	254,293	125,000	168,326
Bonds/Mortgage bond loans				
Other liabilities		1,328		2,637
Receivables from clients		113,926		92,518
Mortgage receivables		584,168		777,872
Financial assets			175	
Other receivables		751		39
Liquid funds		2,718	279	
Balance	-	85,835	-	37,518
Total origin of funds	6,854,727		7,801,776	
Total use of funds		6,854,727		7,801,776





Valerio Jelmini, ranger

Valerio Jelmini works in Ambri as a ranger for the canton. The steep slopes of Leventina are densely forested, thus protecting the villages and roads along the valley floor. The forest will only remain strong, stable and healthy if young trees have ideal growing conditions. Valerio Jelmini ensures the sustainability of the forest by preserving and promoting natural regeneration and, in extreme cases, reforesting the land. He is thus thinking about future generations while working in the forest.

Notes to the Annual Accounts

Business activities

The most important duties of Raiffeisen Switzerland include ensuring loan and capital settlement and guaranteeing that statutory liquidity requirements are met for the entire organization. Settling the regularly recurring, seasonal liquidity fluctuations of the entire Raiffeisen Group, which has total assets of around CHF 147 billion, represents a particular challenge.

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

The amalgamation into the Raiffeisen Group has given the individual member banks access to wide-ranging services in the areas of management, marketing, business, information technology, building systems (including security), training and legal services. In addition to interbank business, Raiffeisen Switzerland also has its own client business

with the Central Bank and the branches in Basel, Berne, St. Gallen, Thalwil, Winterthur and Zurich. The Central Bank is authorized to enter into foreign commitments up to a risk-weighted maximum of 5% of the Raiffeisen Group's consolidated net assets, applying the risk-weighting factors stipulated under banking law.

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

Staff

As of the end of 2010, the number of employees – adjusted for part-time staff – was 1,765 (previous year: 1,768).

Risk assessment

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

The Board of Directors monitors both the risk situation and changes in risk-bearing capital on a quarterly basis based on the Board of Directors risk report. This provides comprehensive information on the risk situation, capital adequacy, compliance with overall limits and any measures required. Monitoring focuses on credit and market risks in the bank and trading books, liquidity risks, operational

risks, solidarity risks within the Raiffeisen Group (i.e. the risk of problems at individual Raiffeisen banks), and reputational risks.

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

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

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

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

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

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

Risk management

Risk policy

The risk management systems are based on statutory and supervisory provisions and the regulations governing risk policy for the Raiffeisen Group ("risk policy" for short). Raiffeisen Switzerland views taking on risks as one of its core competences and sees it as a vital prerequisite for achieving returns. Risks are exclusively accepted with full knowledge of their scope and potential impact. In addition, all requirements must be met in terms of systems, personnel and knowledge.

The aim of the risk policy is to limit the negative impact of risks on earnings and protect Raiffeisen Switzerland against high exceptional losses while safeguarding and strengthening its good reputation. The risk policy forms the basis for managing risks at the operational level and is implemented by the Board of Directors of Raiffeisen Switzerland. It is reviewed and updated annually.

Group Risk Controlling is responsible for ensuring that the risk policy is observed and enforced. The Compliance unit ensures that regulatory provisions are adhered to.

Risk control

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

Group Risk Controlling, which reports to the Head of the Finance department, is responsible for the independent monitoring of risks. This primarily involves monitoring compliance with the limits stipulated by the Board of Directors and the Executive Board. Group Risk Controlling also evaluates the risk situation on a regular basis as part of the reporting process.

Risk management process

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

- Risk identification

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

The aim of risk management is to

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

Credit risks

Credit risks are defined in risk policy as the risk of losses caused by clients or other counterparties failing to fulfil their contractual payments as anticipated. These risks accrue from loans, irrevocable credit commitments, contingent liabilities, trading products and OTC derivative contracts. Risks also accrue from debt, equity and other securities that may involve losses when the issuer defaults.

Raiffeisen Switzerland identifies, assesses, manages and monitors the following risk types in the lending business:

- Counterparty risks
- Collateral risks
- Concentration risks
- Country risks

Counterparty risks accrue from the potential default of a debtor or counterparty. A debtor or counterparty is considered to be in default when receivables are more than 90 days overdue.

Collateral risks accrue from impairments in the value of collateral.

Concentration risks in credit portfolios arise from the uneven distribution of credit receivables from individual borrowers or in individual coverage categories, industries or geographic areas.

Country risk is the risk of losses caused by country-specific events.

The Branches department primarily incurs counterparty and collateral risk. The branches extend credit to private and corporate clients, the latter of whom are mostly SMEs. Risks are limited primarily by securing the underlying claims.

Larger loans to corporate clients are generally granted by the Market department. When credit being newly extended exceeds CHF 40 million on a risk-weighted basis, the Chief Risk Officer (CRO) issues a recommendation as to whether the concentration risk involved should be accepted.

The Group-wide responsibilities of the Central Bank Department include money and capital market funding, hedging currency, interest rate and proprietary trading risks,

and managing both domestic and international counterparty risk. The Central Bank department mainly incurs credit risks in connection with interbank business. With the exception of the repo business, these commitments are unsecured.

The Central Bank department may only conduct international transactions when country-specific limits have been approved and established. In exceptional cases in proprietary trading, positions may be taken in countries with prior approval from the Finance department.

Pursuant to the Articles of Association, international positions may not exceed 5% of the consolidated Raiffeisen Group balance sheet total. Country risks are actively managed on an ongoing basis and are principally concentrated in Europe.

External ratings are used as a basis for approving and monitoring business with other banks. Off-balance-sheet items such as derivative financial instruments are converted to their respective credit equivalent. Raiffeisen Switzerland has concluded a netting agreement with various counterparties for off-balance-sheet receivables (for OTC transactions) and monitors exposure on a net basis.

Raiffeisen Switzerland invests in other companies as part of strategic cooperation partnerships. Detailed information is provided under note 3 on page 42.

Creditworthiness and solvency are assessed at Raiffeisen Switzerland on the basis of Group-wide standards that are

set forth in the lending policy. Sufficient creditworthiness and the ability to keep up payments must be proven before approval for any loan is granted. Loans to private individuals and legal entities are classified according to internal rating procedures and, on the basis of this classification, monitored from a risk-oriented perspective. Creditworthiness is defined according to a range of risk categories – four for private clients and thirteen for corporate clients. This system has proved its worth as a means of dealing with the key elements of credit risk management, i.e. risk-adjusted pricing, portfolio management, identification and individual value adjustments. Specialist teams are available for more complex financing and the management of recovery positions.

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

Throughout the entire duration of the credit facility, receivables are monitored continuously and ratings updated

on a periodic basis in line with the relevant client type and collateral type. The value of the collateral is reviewed at varying intervals according to its volatility on the market and the overall facility reapproved.

The standardized guidelines concerning the establishment and release of individual value adjustments for default risks are set out in an internal directive. These outline procedures for calculating the liquidation value of any collateral held and subsequent individual value adjustments for potentially impaired receivables and non-performing or low-rated positions. Value adjustments and provisions are reviewed on a quarterly basis.

Raiffeisen Switzerland monitors, controls and manages concentration risks within the Group, especially for exposures to individual counterparties and groups of affiliated counterparties, as well as for exposures in individual sectors. The process for identifying and consolidating affiliated counterparties is automated across the entire Raiffeisen Group.

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

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

Cluster risks are monitored centrally by Credit Risk Controlling.

On 31 December 2010 Raiffeisen Switzerland had 11 reportable cluster risks with cumulative risk-weighted commitments of CHF 1,436 million. These amounted to 168 % of eligible capital resources (previous year: sixteen reportable positions for CHF 2,173 million or 236% of capital resources).

The credit volume of Raiffeisen Switzerland's ten largest borrowers (excluding interbank business and public bodies) as at 31 December 2010 was CHF 801 million or 12.6% of loans to clients (previous year: CHF 639 million or 12.7%).

Market risks

As Raiffeisen Switzerland is heavily involved in balance sheet business, interest rate fluctuations can have a considerable influence on interest income. Up-to-date procedures are thus in place to measure risk in the bank book associated with fluctuating interest rates. These display variable positions based on a model that optimally replicates historical interest rate fluctuations with money and capital market rates. Decisions regarding the assignment of funds are taken on a decentralized basis within Raiffeisen Switzerland via the respective line functions. The Treasury of the Central Bank department of Raiffeisen Switzerland is the Group-

wide binding counterparty for refinancing and hedging transactions, which are implemented through deposits and loans. The responsible members of staff in the branches and in the Central Bank are required to adhere strictly to the sensitivity limits set by the Board of Directors, which relate to the change in the present value of the equity capital. Group Risk Controlling monitors compliance with limits and prepares associated reports, while also assessing the risk situation. It also evaluates the risk situation and measures the potential impact of the interest rate risk entered into on the market value of the equity capital and on profitability with the aid of scenario analyses and stress tests. These are included in monthly and quarterly risk reporting.

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

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

and over-the-counter (OTC) derivatives for the Central Bank's own account and for clients.

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

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

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

Capital adequacy requirements for market risks relating to the trading book

in 1000 CHF	31.12.2010	Ø 2010	31.12.2009	Ø 2009
Foreign exchange/ precious metals	16,114	12,920	8,753	8,532
Interest rate instrum.	50,553	47,390	47,858	52,577
Equities/indices	3,753	4,375	1,966	2,038
Total	70,420	64,686	58,577	63,146

Liquidity and financing risks

According to the FINMA ruling of 03 September 2010, Raiffeisen Switzerland is exempted from complying on an individual basis with the rules regarding liquidity. The relevant legal provisions must instead be observed on a consolidated basis. Liquidity and refinancing management at Group level is carried out by the Treasury department of Raiffeisen Switzerland and monitored by Group Risk Controlling.

Operational risks

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

Operational risks only accrue in connection with business activities. They are avoided, reduced, transferred or borne based on cost-benefit considerations. For business-critical processes, emergency and catastrophe prevention planning measures are in place to manage operational risks.

Each function within Raiffeisen is responsible for identifying, assessing, managing and monitoring operational risk arising from its own activities. Group Risk Controlling is responsible for maintaining the Group-wide inventory of operational risks and for analysing and evaluating operational risk data. It is also in charge of the concepts, meth-

ods and instruments used to manage operational risks, and monitors the risk situation and the implementation of risk reduction measures.

In risk assessment, operational risks are categorized by event type and evaluated according to the frequency or probability of occurrence and the extent of losses. Risk management measures are defined, implementation of which is periodically monitored by Group Risk Controlling.

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

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

Outsourcing

Operation of the data communication network has been outsourced to Swisscom (Switzerland) Ltd. Additionally, all the Raiffeisen Group's securities administration activities are carried out by the Vontobel Group. All outsourcing services are provided in accordance with the provisions of FINMA Circular 2008/7.

Regulatory provisions

Raiffeisen Switzerland Cooperative is exempt from regulatory liquidity requirements at the individual bank level. Consolidated capital adequacy data subject to disclosure per SFBC Circular 2008/22 are provided on the Raiffeisen website (www.raiffeisen.ch) and in the Raiffeisen Group annual report.

Raiffeisen Switzerland has opted for the following approaches for calculating capital adequacy requirements

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

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

Positions for which external ratings are used are found chiefly under the following balance sheet items:

- Receivables from banks
- Receivables from clients and mortgage receivables
- Financial assets
- Other assets

Market risks: Standard approach

Operational risks: Basic indicator approach

As the capital adequacy requirements for operational risks exceed CHR 100 million at the Raiffeisen Group level, the same qualitative requirements apply to Raiffeisen Switzerland for operational risks as to banks that have opted for the standard approach.

Accounting and valuation principles

General principles

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

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

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

Recording of business events

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

Foreign currencies

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

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

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

Receivables from banks and clients, mortgage receivables

These are reported at nominal value. Interest income is reported on an accruals basis. Receivables are considered impaired when the Group believes it improbable that the borrower will be able to completely fulfil his/her contractual obligations. Impaired receivables and any collateral are carried at liquidation value.

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

Unpaid interest and related commissions due for more than 90 days are classified as non-performing. Interest and commission relating to current account overdrafts are deemed to be non-performing if the specified overdraft limit is exceeded for more than 90 days. Non-performing and impaired interest (including accrued interest) and commission are no longer recognized as income but reported directly under "Value adjustments and provisions".

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

However, impaired receivables are written back up in full, i.e. the value adjustment reversed, if payments of outstanding principal and interest are resumed on schedule in accordance with contract provisions and additional creditworthiness criteria are fulfilled.

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

Securities lending and borrowing

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

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

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

Repurchase and reverse repurchase transactions

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

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

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

Trading portfolios in securities and precious metals

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

Financial assets

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

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

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

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

Precious metals held to cover liabilities from precious metals accounts are carried at market value as of the balance sheet date. In cases where fair value cannot be determined, these are valued at the lower of cost or market.

Participations

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

Tangible fixed assets

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

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

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

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

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

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

Value adjustments and provisions

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

Reserves for general banking risks

Reserves may be allocated for general banking risks. These reserves are allocated as a precautionary measure in accordance with accounting standards to hedge against latent risks in the business activities of the bank. These reserves

are counted as capital in accordance with Art. 18b of the Capital Adequacy Ordinance and are partially taxable (see "Value adjustments and provisions" table in the notes).

Contingent liabilities, irrevocable undertakings, call commitments and additional funding obligation

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

Derivative financial instruments

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

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

Reporting

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

All Treasury hedging transactions are concluded via the trading book; i.e. the Treasury does not itself participate

in the market. Only the replacement values of contracts with external counterparties are reported (see "Derivative financial instruments by external counterparty" table in the notes under "Open derivative financial instruments").

Treatment in the profit and loss account

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

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

Taxes

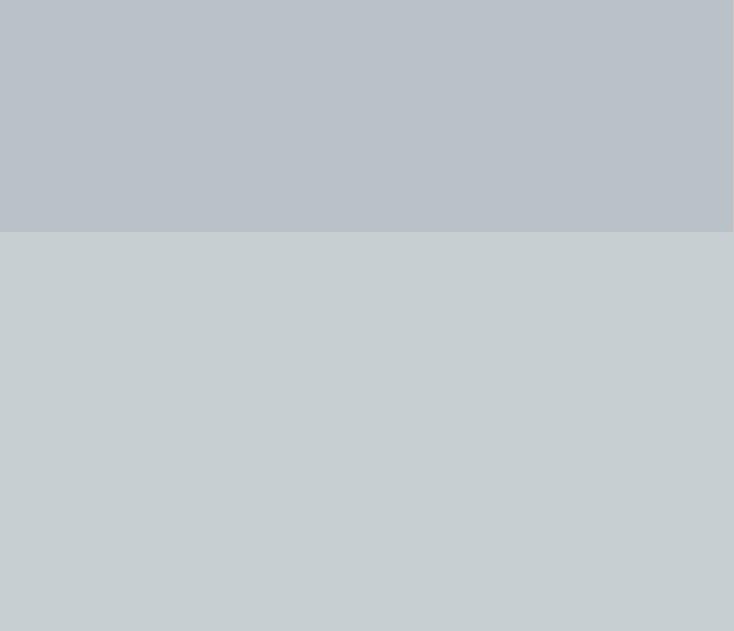
Taxes are calculated and booked on the basis of the profit for the financial year.

Changes as against previous year

None

Events after the balance sheet date

No material events occurred between the balance sheet date (31 December 2010) and the drawing up of the annual accounts that would have required disclosure in the balance sheet and/or notes.



Information on the Balance Sheet

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

	Mortgage cover in 1000 CHF	Other cover in 1000 CHF	Without cover* in 1000 CHF	Total in 1000 CHF
Loans				
Loans to clients	127,356	389,097	890,658	1,407,110
Mortgage loans				
Residential property	4,508,370	–	6,565	4,514,935
Office and business premises	159,549	–	589	160,138
Trade and industry	181,937	–	765	182,702
Other	122,703	–	2,645	125,348
Total loans				
Current year	5,099,914	389,097	901,222	6,390,233
Previous year	4,440,910	87,699	509,298	5,037,907
Off-balance-sheet business				
Contingent liabilities	375	4,258	484,085	488,718
Irrevocable commitments	267,406	6,198	167,983	441,587
Call commitments and additional funding obligations	–	–	18,320	18,320
Total off-balance-sheet business				
Current year	267,781	10,456	670,388	948,625
Previous year	299,777	8,306	625,648	933,731

* incl. value-adjusted loans

	Gross amount borrowed in 1000 CHF	Estimated proceeds from realization of collateral in 1000 CHF	Net amount borrowed in 1000 CHF	Specific value adjustments in 1000 CHF
Impaired loans				
Current year	66,052	25,756	40,296	37,559
Previous year	67,691	29,090	38,600	36,584

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

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

	Current year in 1000 CHF	Previous year in 1000 CHF
Trading portfolios in securities and precious metals		
Debt instruments		
stock exchange listed*	447,295	223,697
non-stock exchange listed	–	–
of which own bonds and medium-term notes	24,276	2,320
Shares	31,592	3,272
Precious metals	842,309	273,064
Total trading portfolios in securities and precious metals	1,321,196	500,033
of which securities for repo transactions in line with liquidity requirements	254,255	149,245

* stock exchange listed = traded on a recognized stock exchange

	Book value current year in 1000 CHF	Book value previous year in 1000 CHF	Fair value current year in 1000 CHF	Fair value previous year in 1000 CHF
Financial assets				
Debt instruments	5,654,321	6,640,312	5,705,091	6,711,827
of which own bonds and medium-term notes	–	71,190	–	71,456
of which intended to be held until maturity	5,654,321	6,640,312	5,705,091	6,711,827
of which valued at the lower of cost or market	–	–	–	–
Shares	27,336	27,837	27,336	27,837
Precious metals	–	–	–	–
Real estate	–	39	–	39
Total financial assets	5,681,657	6,668,188	5,732,427	6,739,703
of which securities for repo transactions in line with liquidity requirements	4,328,837	4,943,727	–	–

	Current year in 1000 CHF	Previous year in 1000 CHF
Participations		
with a market value	329,281	329,281
without a market value	120,415	51,127
Total participations	449,696	380,408

3 Details of major participations

Company name/holding	Registered office	Business activity	Capital in 1000 CHF	Current year voting share and equity interest in %	Previous year voting share and equity interest in %
3.1 Group companies					
KMU Capital Ltd ¹	St. Gallen	Financial services	2,566	100.0	–
Raiffeisen Leasing Ltd ¹	St. Gallen	Leasing company	–	–	100.0
Raiffeisen Schweiz (Luxemburg) Fonds Advisory S.A. ²	Luxembourg	Funds business	–	–	100.0
3.2 Other participations					
Aduno Holding Ltd	Zurich	Financial services	25,000	24.7	19.0
Swiss Bankers Prepaid Services Ltd	Grosshöchstetten	Financial services	10,000	16.5	16.5
Cooperative Olma Messen St. Gallen	St. Gallen	Organization of fairs	17,517	12.9	10.5
Vontobel Holding Ltd	Zurich	Financial services	65,000	12.5	12.5
Mortgage Bond Bank of the Swiss Mortgage Institutions Ltd	Zurich	Mortgage bond bank	500,000	6.5	7.2
of which not paid up			280,000		
Helvetia Holding Ltd	St. Gallen	Financial services	865	4.0	4.0
SIX Group Ltd	Zurich	Financial services	19,522	3.2	2.0

¹ Raiffeisen Leasing Ltd was integrated into Raiffeisen Switzerland as of 1 January 2010. The former company was renamed KMU Capital Ltd.

² Raiffeisen Schweiz (Luxemburg) Fonds Advisory S.A. was dissolved as of 29 January 2010.

4 Fixed assets register

	Purchase price in 1000 CHF	Cumulative depreciation/amortization in 1000 CHF	Book value at end of previous year in 1000 CHF	Current year transfers/reclassifications in 1000 CHF	Current year investment in 1000 CHF	Current year disinvestment in 1000 CHF	Current year depreciation/amortization in 1000 CHF	Book value at end of current year in 1000 CHF
Participations								
Holdings Group companies	10,520	-3,164	7,356	–	–	-220	–	7,136
Other holdings*	376,608	-3,556	373,052	–	70,690	-1,182	–	442,560
Total participations	387,128	-6,720	380,408	–	70,690	-1,402	–	449,696
Tangible fixed assets								
Real estate								
Bank buildings	244,392	-73,902	170,490	–	15,690	–	-5,971	180,209
Other real estate	6,126	-1,376	4,750	–	7,690	–	-540	11,900
Other tangible fixed assets	231,307	-151,973	79,334	–	35,623	-1,163	-49,678	64,116
Other	144,399	-125,776	18,623	–	17,891	–	-13,707	22,807
Total tangibles	626,225	-353,027	273,197	–	76,893	-1,163	-69,896	279,032

* Investment includes gains of CHF 1.0 million from appreciation on participations, these were booked under extraordinary income.

	in 1000 CHF
Value of real estate for fire insurance purposes	203,321
Value of other tangible fixed assets for fire insurance purposes	202,591

5 Other assets and liabilities

	Current year in 1000 CHF	Previous year in 1000 CHF
Other assets		
Total replacement value	700,590	632,200
Equalization account	347,698	310,763
Clearing accounts for social insurance and staff pension fund contributions	59	80
Clearing accounts for indirect taxes	604,893	774,362
Other clearing accounts	6,448	3,839
Commodities	6,204	6,767
Miscellaneous other assets	11	40
Total other assets	1,665,903	1,728,051
Other liabilities		
Total replacement value	1,432,270	1,107,937
Due, unredeemed coupons and debt instruments	661	589
Levies, indirect taxes	21,778	24,536
Solidarity fund	326,407	318,523
of which open guarantees to Raiffeisen banks	1,040	761
Clearing accounts for social insurance and staff pension fund contributions	5,585	12,000
Other clearing accounts	35,366	27,112
Miscellaneous other liabilities	275	1,294
Total other liabilities	1,822,343	1,491,991

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

	Current year amount due or book value in 1000 CHF	Current year of which made use of in 1000 CHF	Previous year amount due or book value in 1000 CHF	Previous year of which made use of in 1000 CHF
Balance sheet items				
Receivables from Raiffeisen banks	750,870	750,870	577,933	577,933
Mortgage receivables	563,077	515,721	365,529	269,757
Financial assets	1,962,367	1,931,852	1,703,805	1,624,001
Total pledged assets	3,276,315	3,198,443	2,647,267	2,471,691

7 Securities lending and repurchase operations

	Current year in 1000 CHF	Previous year in 1000 CHF
Claims resulting from cash collateral in connection with securities borrowing and reverse repurchase operations	4,428,047	3,608,275
Liabilities resulting from cash collateral in connection with securities lending and repurchase operations	2,821,856	4,360,403
Securities owned by the bank lent under securities lending agreements, delivered as collateral for securities borrowing or transferred from repurchase transactions	1,931,852	1,649,786
for which the right to resell or pledge without restriction was granted	1,931,852	1,649,786
Securities received as collateral under securities lending agreements, borrowed under securities borrowing agreements or received from reverse repurchase transactions and which can be repledged or resold without restriction	4,550,111	3,640,437
of which repledged or resold securities	1,178,566	2,818,025

8 Social insurance institutions

All employees of Raiffeisen Switzerland are covered by the Raiffeisen Pension Fund cooperative. The normal retirement age is set at 65. Members have the option of taking early retirement from the age of 58 with a corresponding reduction in benefits. The Raiffeisen Pension Fund Cooperative covers at least the mandatory benefits under Swiss occupational pension law. The Raiffeisen Employer Foundation manages the individual employer contribution reserves of the Raiffeisen banks and the companies of the Raiffeisen Group.

8.1 Liabilities to own social insurance institutions

	Current year in 1000 CHF	Previous year in 1000 CHF
Liabilities to clients in the form of savings and investment deposits	11,571	12,130
Other liabilities to clients	42,095	37,466
Other liabilities (negative replacement values)	1,570	289
Total liabilities to own social insurance institutions	55,236	49,884

8.2 Economic benefit/obligation and retirement benefit expenditure

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

	on 31.12.2010 in %	on 31.12.2009 in %
Raiffeisen Pension Fund cooperative	97.1	93.0
Raiffeisen Pension Plan	–	109.5

Although still insufficient, the cover level of the Raiffeisen Pension Fund Cooperative improved in 2010. The Board of Directors anticipates that, even with insufficient cover as defined by Swiss GAAP FER 16, there is currently no economic obligation for the affiliated employers for which allowance would have to be made in the balance sheet and the profit and loss account.

All assets and liabilities of the Raiffeisen Pension Plan were transferred to the Raiffeisen Pension Fund Cooperative as of 1 January 2010.

8.3 Employer contribution reserves in the Raiffeisen Employer Foundation

	Current year in 1000 CHF	Previous year in 1000 CHF
As at 1 January	11,576	12,546
+ Deposits*	559	–
– Withdrawals	883	1,159
+ Interest paid	187	189
As at 31 December	11,438	11,576

* The contribution results from integrating Raiffeisen Leasing Ltd into Raiffeisen Switzerland.

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

9 Outstanding bonds and mortgage bond loans

	Year of issue	Interest rate	Maturity	Early redemption possibility	Bond principal in 1000 CHF
Loans from the Mortgage Bond Bank of Swiss Mortgage Institutions Ltd	var.	2.295	var.	–	1,229,700
Own Bonds	2001/02	4.000	02.02.2011	–	600,000
	2004	3.000	05.05.2014	–	400,000
	2006	3.125	30.05.2016	–	550,000
	2007	3.125	25.10.2012	–	250,000
	2010	1.625	31.03.2015	–	500,000
	2010	1.375	21.09.2017	–	200,000
	2010	2.000	21.09.2023	–	250,000
Total outstanding bonds and mortgage bond loans					3,979,700

10 Value adjustments and provisions

	End of previous year in 1000 CHF	Appropriate application in 1000 CHF	Change of use (transfers) in 1000 CHF	Write-backs, overdue interest in 1000 CHF	New provisions against P & L in 1000 CHF	Reversal of provisions against P & L in 1000 CHF	End of current year in 1000 CHF
Value adjustments and provisions for default risks (del credere and country risk) ¹	36,584	-3,368	–	537	14,453	-10,647	37,559
Value adjustments and provisions for other business risks	226	-641	–	–	2,066	-135	1,516
Total value adjustments and provisions	36,809	-4,008	–	537	16,519	-10,782	39,075
Reserves for general banking risks²	339,000	–	–	–	8,300	–	347,300
of which taxed	133,000						152,000

¹ CHF 2.42 million in value adjustments recognized in equity from integrating Raiffeisen Leasing Ltd

² CHF 3.69 million in reserves for general banking risks recognized in equity from integrating Raiffeisen Leasing Ltd

11 Evidence of equity capital

	in 1000 CHF
Equity capital at the beginning of the current year	
Cooperative capital	360,000
General statutory reserves	134,172
Reserves for general banking risks	339,000
Profit	20,100
Total equity capital at the beginning of the year (before approp. of profits)	853,273
+ Capital increase	–
+ Creation of reserves for general banking risks	8,300
– Interest on the cooperative capital from the annual profit of the previous year	14,400
+ Annual profit for the current year	20,528
Total equity capital at the end of the current year (before approp. of profits)	867,700
of which cooperative capital	360,000
of which general statutory reserves	139,873
of which reserves for general banking risks	347,300
of which profit	20,528
Total additional funding obligation of the Raiffeisen Banks	8,541,983

The cooperative capital totalling CHF 360 million is divided up into 360,000 cooperative share certificates of CHF 1,000 each and is owned in full by the 339 Raiffeisen banks within Raiffeisen Switzerland. No Raiffeisen bank holds share certificates granting more than 5% of the voting rights.

Under the Articles of Association of Raiffeisen Switzerland, the Raiffeisen banks must acquire a share certificate for CHF 1,000 for each CHF 100,000 of their total assets. As at 31 December 2010 this corresponded to a call-in obligation towards Raiffeisen Switzerland of CHF 1,364.9 million, of which CHF 360 million have been paid in.

The capital entitled to interest amounted to CHF 360 million at the end of 2010 (previous year: CHF 360 million).

12 Maturity structure of current assets and outside debt

	On demand in 1000 CHF	Redeemable by notice in 1000 CHF	Due within 3 months in 1000 CHF	Due within 3 to 12 months in 1000 CHF	Due within 1 to 5 years in 1000 CHF	Due after 5 years in 1000 CHF	Total in 1000 CHF
Current assets							
Liquid funds	414,887	–	–	–	–	–	414,887
Receivables from money market sec.	792	–	–	99,830	–	–	100,621
Receivables from Raiffeisen banks	7,674,235	–	–	–	–	–	7,674,235
Receivables from other banks	1,884,379	–	4,435,020	298,000	–	–	6,617,399
Receivables from clients	131,276	83,787	573,452	184,757	298,785	135,053	1,407,110
Mortgage receivables	2,283	398,690	167,107	473,565	2,906,678	1,034,799	4,983,123
Trading portfolios in securities and precious metals	1,321,196	–	–	–	–	–	1,321,196
Financial assets*	27,336	–	625,082	1,616,784	3,107,210	305,244	5,681,657
Total current assets							
Current year	11,456,384	482,478	5,800,661	2,672,936	6,312,674	1,475,096	28,200,228
Previous year	10,446,550	642,229	5,627,864	2,087,998	8,135,637	847,928	27,788,206
Outside debt							
Liabilities to Raiffeisen banks	6,675,793	–	–	–	–	–	6,675,793
Liabilities to other banks	523,109	–	6,177,255	1,500,729	282,841	75,000	8,558,934
Liabilities to clients in the form of savings and investment deposits	–	3,085,362	–	–	–	–	3,085,362
Other liabilities to clients	1,201,221	2,519	2,071,011	1,251,494	386,523	211,037	5,123,804
Medium-term notes	–	–	47,179	140,712	289,062	45,275	522,227
Bonds and mortgage bond loans	–	–	639,750	48,500	1,700,750	1,590,700	3,979,700
Total outside debt							
Current year	8,400,123	3,087,880	8,935,195	2,941,435	2,659,175	1,922,011	27,945,820
Previous year	10,451,487	2,872,856	8,548,406	1,652,026	3,282,536	1,092,974	27,900,285

* No real estate figures are included in the financial assets (previous year: CHF 39,182).

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

	Current year in 1000 CHF	Previous year in 1000 CHF
Receivables from affiliated companies	–	–
Liabilities to affiliated companies	–	–
Loans to executive bodies and employees	16,818	17,880

Transactions with associated persons**1 Executive bodies**

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

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

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

2 Affiliated companies

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

14 Breakdown of foreign and domestic assets and liabilities

	Current year domestic in 1000 CHF	Current year foreign in 1000 CHF	Previous year domestic in 1000 CHF	Previous year foreign in 1000 CHF
Assets				
Liquid funds	411,126	3,762	247,687	6,212
Receivables from money market securities	100,621	–	629	–
Receivables from Raiffeisen banks	7,674,235	–	6,528,587	–
Receivables from other banks	1,907,589	4,709,810	2,934,198	5,864,766
Receivables from clients	1,400,470	6,640	633,045	5,908
Mortgage receivables	4,983,123	–	4,398,955	–
Trading portfolios in securities and precious metals	1,189,535	131,661	406,622	93,412
Financial assets	4,843,632	838,025	5,672,552	995,635
Participations	445,795	3,901	376,287	4,121
Tangible fixed assets	279,032	–	273,197	–
Accrued income and prepaid expenses	317,551	16,612	322,068	12,784
Other assets	1,199,747	466,156	1,313,012	415,039
Total assets	24,752,455	6,176,568	23,106,838	7,397,876

Continued on page 51

	Current year domestic in 1000 CHF	Current year foreign in 1000 CHF	Previous year domestic in 1000 CHF	Previous year foreign in 1000 CHF
Liabilities				
Liabilities to Raiffeisen banks	6,675,793	–	7,509,323	–
Liabilities to other banks	5,319,276	3,239,657	6,117,907	3,704,780
Liabilities to clients in the form of savings and investment deposits	2,955,883	129,479	2,767,448	101,120
Other liabilities to clients	5,071,792	52,013	4,317,079	37,436
Medium-term notes	518,679	3,548	650,653	1,538
Bonds and mortgage bond loans	3,979,700	–	2,693,000	–
Accrued expenses and deferred income	243,596	10,490	218,920	3,436
Other liabilities	847,730	974,613	623,429	868,563
Value adjustments and provisions	38,799	276	36,502	308
Reserves for general banking risks	347,300	–	339,000	–
Cooperative capital	360,000	–	360,000	–
General statutory reserves	139,873	–	134,172	–
Annual profit	20,528	–	20,100	–
Total liabilities	26,518,948	4,410,076	25,787,533	4,717,181

15 Total assets by country or country group

	Current year in 1000 CHF	Current year in %	Previous year in 1000 CHF	Previous year in %
Assets				
Europe				
Switzerland	24,752,455	80.03	23,106,838	75.75
Germany	996,726	3.22	1,263,544	4.14
Benelux countries	926,528	3.00	1,252,436	4.11
Austria	2,089,846	6.76	1,980,108	6.49
Rest of Europe	1,970,043	6.37	2,758,309	9.04
Rest of world (America, Asia, Oceania, Africa)	193,425	0.63	143,479	0.47
Total assets	30,929,023	100.00	30,504,714	100.00

16 Balance sheet by currency

	CHF in 1000 CHF	EUR in 1000 CHF	USD in 1000 CHF	Other in 1000 CHF	Total in 1000 CHF
Assets					
Liquid funds	251,424	78,075	22,291	63,096	414,887
Receivables from money market securities	100,439	1	181	–	100,621
Receivables from Raiffeisen banks	7,674,172	–	–	63	7,674,235
Receivables from other banks	5,478,092	505,054	365,288	268,965	6,617,399
Receivables from clients	1,377,509	9,189	20,404	8	1,407,110
Mortgage receivables	4,983,123	–	–	–	4,983,123
Trading portfolios in securities and precious metals	463,519	12,019	3,025	842,633	1,321,196
Financial assets	5,080,985	599,734	938	–	5,681,657
Participations	445,795	3,901	–	–	449,696
Tangible fixed assets	279,032	–	–	–	279,032
Accrued income and prepaid expenses	322,071	12,047	21	23	334,163
Other assets	1,665,903	–	–	–	1,665,903
Total assets reflected in the balance sheet	28,122,065	1,220,021	412,149	1,174,788	30,929,023
Delivery claims under spot exchange, forward exchange and currency option contracts	3,417,032	3,056,345	3,654,370	500,637	10,628,383
Total assets	31,539,097	4,276,365	4,066,519	1,675,425	41,557,407
Liabilities					
Liabilities to Raiffeisen banks	4,770,774	1,436,436	205,019	263,564	6,675,793
Liabilities to other banks	5,615,491	1,539,408	1,152,042	251,993	8,558,934
Liabilities to clients in the form of savings and investment deposits	3,008,797	76,565	–	–	3,085,362
Other liabilities to clients	4,982,187	39,731	24,172	77,714	5,123,804
Medium-term notes	522,227	–	–	–	522,227
Bonds and mortgage bond loans	3,979,700	–	–	–	3,979,700
Accrued expenses and deferred income	243,413	9,342	1,106	224	254,086
Other liabilities	1,822,343	–	–	–	1,822,343
Value adjustments and provisions	39,075	–	–	–	39,075
Reserves for general banking risks	347,300	–	–	–	347,300
Cooperative capital	360,000	–	–	–	360,000
General statutory reserves	139,873	–	–	–	139,873
Annual profit	20,528	–	–	–	20,528
Total liabilities reflected in the balance sheet	25,851,707	3,101,483	1,382,339	593,495	30,929,023
Delivery obligations under spot exchange, forward exchange and currency option contracts	5,982,493	1,157,778	2,642,196	1,093,481	10,875,948
Total liabilities	31,834,199	4,259,261	4,024,535	1,686,975	41,804,971
Net position per currency	-295,102	17,104	41,984	-11,550	-247,564

31.12.2010

31.12.2009

Foreign currency conversion rates

EUR	1.253	1.486
USD	0.938	1.031

Information on off-balance-sheet business

17 Contingent liabilities

	Current year in 1000 CHF	Previous year in 1000 CHF
Loan security guarantees	305,530	377,642
Warranty bonds	2,615	3,660
Other contingent liabilities	180,573	171,924
Total contingent liabilities	488,718	553,226

18 Open derivative financial instruments

18.1 Trading instruments with internal and external counterparties

	Positive contract replacement value in 1000 CHF	Negative contract replacement value in 1000 CHF	Contract volume up to 1 year in 1000 CHF	Contract volume 1 to 5 years in 1000 CHF	Contract volume over 5 years in 1000 CHF	Contract volume total in 1000 CHF
Interest rate instruments						
Forward contracts incl. FRAs	1,241	1,537	11,050,000	–	–	11,050,000
Swaps	1,169,330	1,183,733	30,546,620	30,819,600	15,592,150	76,958,370
Futures contracts	–	–	3,129,994	1,845,243	–	4,975,238
Options (OTC)	–	66	20,455	12,713	2,404	35,572
Foreign currencies						
Forward contracts	373,172	364,561	11,570,805	9,395	–	11,580,199
Comb. interest rate/currency swaps	66,621	66,603	229,604	317,855	–	547,458
Precious metals						
Forward contracts	19,894	23,170	1,249,509	–	–	1,249,509
Equity securities and indices						
Futures contracts	–	–	13,831	–	–	13,831
Options (traded)	3,490	876	110,514	127	–	110,640
Other						
Options (OTC)	2,000	–	–	–	23,700	23,700
Total						
Current year	1,635,747	1,640,546	57,921,331	33,004,932	15,618,254	106,544,518
Previous year	1,297,634	1,302,761	81,138,006	25,030,443	12,542,222	118,710,671

18.2 Hedging instruments with internal counterparties

	Positive contract replacement value in 1000 CHF	Negative contract replacement value in 1000 CHF	Contract volume up to 1 year in 1000 CHF	Contract volume 1 to 5 years in 1000 CHF	Contract volume over 5 years in 1000 CHF	Contract volume total in 1000 CHF
Interest rate instruments						
Swaps	208,275	681,649	8,530,000	11,335,000	6,040,000	25,905,000
Foreign currencies						
Forward contracts	–	186,887	2,249,301	–	–	2,249,301
Comb. interest rate/currency swaps	–	66,621	101,169	137,841	–	239,010
Total						
Current year	208,275	935,157	10,880,470	11,472,841	6,040,000	28,393,311
Previous year	194,824	665,434	29,490,000	9,008,375	4,875,000	43,373,375

18.3 Derivative financial instruments with external counterparties

	Positive contract replacement value in 1000 CHF	Negative contract replacement value in 1000 CHF	Contract volume up to 1 year in 1000 CHF	Contract volume 1 to 5 years in 1000 CHF	Contract volume over 5 years in 1000 CHF	Contract volume total in 1000 CHF
Banks	691,763	1,427,927	43,327,230	19,631,691	9,552,150	72,511,071
Clients	2,239	1,690	167,918	690	23,900	192,508
Raiffeisen banks*	3,098	1,777	73,074	12,168	2,204	87,446
Stock exchanges	3,490	876	3,254,339	1,845,370	–	5,099,709
Total						
Current year	700,590	1,432,270	46,822,561	21,489,919	9,578,254	77,890,734
Previous year	632,200	1,107,937	51,648,006	15,996,995	7,667,222	75,312,222

* primarily for clients' need

No netting contracts are used to report the replacement values.

Quality of counterparties

Banks: Derivative transactions were conducted with counterparties with a good to very good credit rating. 92.4% of the positive replacement values are open with counterparties with a rating of A or better (Standard & Poor's) or with a comparable rating.

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

19 Fiduciary transactions

	CHF in 1000 CHF	EUR in 1000 CHF	USD in 1000 CHF	Other in 1000 CHF	Total in 1000 CHF
Fiduciary investments with third-party banks	–	6,576	2,346	4,930	13,852
Total fiduciary transactions	–	6,576	2,346	4,930	13,852
Previous year	240	19,434	3,272	3,947	26,893

Information on the Profit and Loss Account

20 Net interest income

	Current year in 1000 CHF	Previous year in 1000 CHF
Interest income from receivables from Raiffeisen banks	439,945	451,546
Interest income from receivables from other banks	18,559	73,403
Interest income from receivables from clients	130,218	130,740
Interest and dividend income from financial investments	91,391	97,687
Other interest income	16,338	7,840
Total interest and dividend income	696,452	761,216
Interest expenditure from liabilities to Raiffeisen banks	-148,572	-243,523
Interest expenditure from liabilities to other banks	-33,806	-61,793
Interest expenditure from liabilities to clients	-66,255	-78,076
Interest expenditure from bonds and mortgage bond loans	-97,938	-96,171
Other interest expenditure	-224,544	-184,420
Total interest expenditure	-571,114	-663,983
Total net interest income	125,338	97,233

21 Net income from commission business and service transactions

	Current year in 1000 CHF	Previous year in 1000 CHF
Commission income		
Commission income from lending business	4,238	4,236
Commission income from securities and investment business		
Fund business	5,995	4,416
Custody account business	26,293	27,461
Brokerage	19,078	19,189
Other securities and investment business	3,669	3,018
Commission income from other service transactions		
Payments	55,432	49,421
Account maintenance	1,944	1,902
Other service transactions	640	1,331
Total commission income	117,288	110,974
Commission expenditure		
Securities business	-40,839	-43,492
Payments	-3,777	-3,432
Other commission expenditure	-742	-901
Total commission expenditure	-45,358	-47,824
Total net income from commission business and service transactions	71,930	63,150

22 Net trading income

	Current year in 1000 CHF	Previous year in 1000 CHF
Foreign exchange trading	10,109	9,747
Precious metals and foreign notes and coins trading	28,206	30,454
Equities trading	-604	5,088
Fixed income trading	4,151	5,032
Total net trading income	41,861	50,320

23 Other ordinary income

	Current year in 1000 CHF	Previous year in 1000 CHF
IT services for Group companies	88,710	80,324
Other individual services provided for Group companies	90,876	90,329
Contributions from the Raiffeisen banks for collective and strategic services	52,135	53,795
Charges for internal services relating to Group projects	41,481	44,880
Other	2,461	3,698
Total other ordinary income	275,663	273,026

24 Personnel expenditure

	Current year in 1000 CHF	Previous year in 1000 CHF
Corporate bodies, attendance fees and fixed emoluments	952	790
Salaries and bonuses for staff	241,463	245,419
AHV, IV, ALV and other statutory contributions	16,314	17,719
Contributions to staff pension funds	23,650	22,091
Ancillary staff expenses	5,735	6,874
Total personnel expenditure	288,114	292,892

25 Operating expenditure

	Current year in 1000 CHF	Previous year in 1000 CHF
Occupancy costs	16,135	17,250
Cost of computer equipment, machinery, furniture, vehicles and other equipment	73,799	74,188
Other operating expenditure	58,424	63,332
Total operating expenditure	148,358	154,770

26 Extraordinary income and expenditure

Current year

The extraordinary income of CHF 3.8 million includes realized gains from selling Mortgage Bond Bank shares (CHF 2.2 million) and proceeds from two other smaller participations (CHF 0.3 million). The participation in Olma Messen St. Gallen, a cooperative, was written up to the acquisition cost of CHF 1.0 million. Extraordinary expenditure of CHF 6.2 million consisted mostly of CHF 4.6 million in reserves allocated for general banking risks.

Previous year

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

Report of the statutory auditor



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

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Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Raiffeisen Switzerland Cooperative, which comprise the balance sheet, income statement, statement of cash flows and notes (pages 20 to 57), for the year ended on 31 December 2010.

Board of Directors' Responsibility

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

Auditor's Responsibility

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

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



Opinion

In our opinion, the financial statements for the year ended on 31 December 2010 comply with Swiss law and the cooperative's articles of incorporation.

Report on other legal requirements

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

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

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

PricewaterhouseCoopers Ltd

Bruno Gmür
Audit expert
Auditor in charge

Stefan Keller Wyss
Audit expert

St. Gallen, 1 April 2011





Barbara Huguenin-Landl, meteorologist

Barbara Huguenin-Landl studied meteorology because she has always been fascinated by the weather and spends a lot of time in the mountains and outdoors. Today she works for SwissMetNet as a deputy project manager in Payerne. This national project by MeteoSchweiz aims to develop and modernise a single ground-based meteorological network that includes the Moléson meteorological station. The new weather stations will collect precise data for weather forecasts and climate analysis. The data will help athletes, travellers and tourists with their planning and decision-making.

Calculation of mandatory capital

	Current year		Previous year	
	Risk-weighted positions in 1000 CHF	Required capital in 1000 CHF	Risk-weighted positions in 1000 CHF	Required capital in 1000 CHF
Mandatory capital				
Credit risk (Swiss standard approach)				
Receivables from Raiffeisen banks	–	–	–	–
Receivables from other banks	365,677	29,254	784,342	62,747
Receivables from clients	989,419	79,154	412,503	33,000
Mortgage receivables	2,051,705	164,136	1,824,479	145,958
Accrued income and prepaid expenses	40,592	3,247	34,076	2,726
Other assets, total replacement value of derivatives	263,869	21,110	236,964	18,957
Other assets, miscellaneous	1,710	137	8,106	648
Net interest positions outside trading book	805,789	64,463	845,452	67,636
Net equity positions outside trading book	78,813	6,305	69,592	5,567
Contingent liabilities	470,883	37,671	532,283	42,583
Irrevocable commitments	149,073	11,926	135,753	10,860
Commitments relating to calls on shares and other equity securities	45,799	3,664	50,191	4,015
Add-ons for forward contracts and options purchased	56,064	4,485	46,025	3,682
Unsettled transactions	–	–	–	–
Mandatory capital for credit risks		425,552		398,381
Non-counterparty-related risks				
Tangible fixed assets and software	1,038,417	83,073	1,056,272	84,502
Real estate in financial assets	–	–	147	12
Mandatory capital for non-counterparty-related risk		83,073		84,514
Market risks (standard approach)				
Interest rate instruments - general market risk		45,075		45,283
Interest rate instruments - specific risk		5,477		2,575
Equity instruments		3,750		1,965
Foreign currencies and precious metals		16,114		8,753
Options		4		1
Mandatory capital for market risks		70,420		58,577
Mandatory capital for operational risks (basic indicator approach)		26,460		73,558
Value adjustments recorded under liabilities		–		–
Total mandatory capital		605,505		615,030

Continued on page 63

	Current year		Previous year	
	Risk-weighted positions in 1000 CHF	Required capital in 1000 CHF	Risk-weighted positions in 1000 CHF	Required capital in 1000 CHF
Available capital				
Total core capital		853,300		838,873
of which innovative core capital instruments		–		–
– proportional deduction for participations in the financial area		-223,801		-190,204
Eligible adjusted core capital		629,499		648,669
Eligible upper supplementary capital		28,290		–
Eligible lower supplementary capital		426,650		419,437
– proportional deduction for participations in the financial area		-223,801		-190,204
Eligible supplementary capital		231,139		229,233
Total eligible capital		860,638		877,902
Equity surplus		255,133		262,872
Equity cover		142.1 %		142.7 %
Core capital ratio		8.3 %		8.4 %
Total capital ratio		11.4 %		11.4 %

Balance Sheet – five-year overview

	2010 in 1000 CHF	2009 in 1000 CHF	2008 in 1000 CHF	2007 in 1000 CHF	2006 in 1000 CHF
Assets					
Liquid funds	414,887	253,899	703,134	101,930	117,454
Receivables from money market securities	100,621	629	621	5,572	5,047
Receivables from Raiffeisen banks	7,674,235	6,528,587	5,131,848	5,334,042	4,509,773
Receivables from other banks	6,617,399	8,798,963	12,599,787	12,340,266	11,495,444
Receivables from clients	1,407,110	638,953	656,479	919,453	827,699
Mortgage receivables	4,983,123	4,398,955	3,766,071	3,386,545	3,517,049
Loans to clients	6,390,233	5,037,907	4,422,550	4,305,998	4,344,747
Trading portfolios in securities and precious metals	1,321,196	500,033	365,585	718,432	137,982
Financial assets	5,681,657	6,668,188	3,355,089	2,168,814	2,514,386
Participations	449,696	380,408	287,546	398,227	363,284
Tangible fixed assets	279,032	273,197	300,406	235,339	206,010
Accrued income and prepaid expenses	334,163	334,852	319,274	352,413	294,291
Other assets	1,665,903	1,728,051	2,226,160	2,605,440	1,308,082
Total assets	30,929,023	30,504,714	29,712,000	28,566,473	25,296,501
Liabilities					
Liabilities to Raiffeisen banks	6,675,793	7,509,323	7,948,866	3,972,433	3,953,784
Liabilities to other banks	8,558,934	9,822,687	8,493,858	11,429,331	9,732,898
Liabilities to clients in the form of savings and investment deposits	3,085,362	2,868,569	2,314,526	1,568,805	2,002,357
Other liabilities to clients	5,123,804	4,354,515	4,592,281	5,821,170	4,278,813
Medium-term notes	522,227	652,191	695,517	497,470	424,957
Client monies	8,731,393	7,875,275	7,602,324	7,887,444	6,706,127
Bonds and mortgage bond loans	3,979,700	2,693,000	3,056,650	3,339,100	3,107,550
Accrued expenses and deferred income	254,086	222,356	347,745	362,780	266,105
Other liabilities	1,822,343	1,491,991	1,388,863	652,748	596,620
Value adjustments and provisions	39,075	36,809	37,178	40,664	46,937
Reserves for general banking risks	347,300	339,000	328,100	424,500	434,600
Cooperative capital	360,000	360,000	360,000	320,000	320,000
General statutory reserves	139,873	134,172	128,581	119,080	113,582
Annual profit	20,528	20,100	19,835	18,392	18,298
Total equity capital	867,700	853,273	836,515	881,972	886,480
Total liabilities	30,929,023	30,504,714	29,712,000	28,566,473	25,296,501

Profit and Loss Account – five-year overview

	2010 in 1000 CHF	2009 in 1000 CHF	2008 in 1000 CHF	2007 in 1000 CHF	2006 in 1000 CHF
Interest and discount income	605,060	663,529	1,079,271	1,040,294	736,788
Interest and dividend income from financial assets	91,391	97,687	51,940	60,060	69,009
Interest expenditure	-571,114	-663,983	-1,027,772	-994,396	-694,583
Net interest income	125,338	97,233	103,439	105,958	111,215
Commission income lending business	4,238	4,236	2,505	823	919
Commission income securities and investment business	55,035	54,085	55,580	60,098	54,058
Commission income other service transactions	58,016	52,654	52,583	46,590	43,654
Commission expenditure	-45,358	-47,824	-48,675	-53,674	-21,947
Net income from commission business and service transactions	71,930	63,150	61,993	53,837	76,684
Net trading income	41,861	50,320	59,465	49,354	28,291
Income from sale of financial assets	50	-365	30	122	-32
Income from participating interests	22,338	20,178	30,204	28,551	20,220
Income from real estate	3,052	3,212	3,473	3,813	3,309
Other ordinary income	275,663	273,026	243,410	225,318	215,837
Other ordinary expenditure	-1,439	-220	-5,498	-27	-629
Other ordinary result	299,665	295,831	271,619	257,776	238,706
Operating income	538,794	506,534	496,516	466,926	454,896
Personnel expenditure	-288,114	-292,892	-298,599	-267,106	-230,808
Operating expenditure	-148,358	-154,770	-171,226	-157,164	-139,528
Total operating expenditure	-436,473	-447,662	-469,825	-424,270	-370,336
Gross profit	102,321	58,871	26,691	42,656	84,560
Depreciation on fixed assets	-69,896	-92,395	-119,162	-37,932	-55,229
Value adjustments, provisions and losses	-4,222	-2,243	-470	-432	-4,647
Operating profit (interim result)	28,203	-35,767	-92,941	4,291	24,683
Extraordinary income	3,764	74,107	118,261	19,786	7,191
Extraordinary expenditure	-6,160	-12,640	-39	-313	-8,277
Taxes	-5,280	-5,600	-5,446	-5,373	-5,300
Annual profit	20,528	20,100	19,835	18,392	18,298

Publication data

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Layout: freicom ag, St. Gallen
Printing: dfmedia, Flawil
Translation: 24translate, Speicherschwendi
Photos: Phil Müller, Zurich (trailblazer pictures)

This report is also available in German, French and Italian.

The online version of the annual report can be viewed at www.raiffeisen.ch, under Raiffeisen Gruppe, Investor Relations and Banks, Financial Reports.

Printed on Superset Snow, matt, wood-free.

