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There are many paths,  
but only one goal.

Rumi, mystic



The goal is not far away. It comes into view with the first step you take. A red carpet leads you there – along paths and roads, up stairways and down again – safely, easily and reliably to the nearest Raiffeisen bank. From wherever you're starting out.

Raiffeisen has a strong presence in Switzerland. With 1,151 locations, the bank is always nearby to serve the financial needs of its clients and members. It is this proximity that sets Raiffeisen apart from the competition. It is the personal connection that Raiffeisen creates with every client and member in every region of the country.

The images in this annual report show what proximity and respecting values mean at Raiffeisen. Each day, our employees roll out the red carpet for their clients and members to help them move towards their goal with ease.

In this annual report you can explore the path to Raiffeisen – on a red carpet, starting from anywhere in Switzerland.

**Editorial** We can look back on a year of extremes, a year of dramatic shifts in the banking industry. Raiffeisen – as a safe haven – experienced a huge increase in the number of clients. Thanks to the great efforts of our staff, we managed to deal with this influx without any loss of quality in our advisory services.

*“Many clients have sought and found security with Raiffeisen. That makes me very proud.”*

2008 was a tough year for banks. Many famous names in the financial sector no longer exist. The two major banks in Switzerland have also been hit by the financial market crisis and have had to write down record amounts. Banking clients in Switzerland and throughout the world were understandably nervous, and in some cases they even panicked. Nothing seems certain or solid anymore. In this type of environment, clients look for security. I am very proud to see how many clients have sought and found that security with Raiffeisen.

#### **A trustworthy brand**

Clients have been coming to us over the years because of our basic philosophy. We operate in a segment that we know, whose risks we can assess. We set high quality standards for our loans, which are primarily first-class mortgage loans. Thanks to this security-oriented business model, Raiffeisen is not involved in any business with US sub-prime securities. Even in good times we set aside money, so that the high level of equity in the entire Group provides additional security. This also helps the Raiffeisen brand, which regularly places first in surveys as a trustworthy and competent bank.

#### **Our good reputation led to record growth**

The security which the Raiffeisen brand projects also affected our growth. Raiffeisen had already been expanding faster than the market in previous years, but growth in 2008 outstripped anything in its 108-year history. Around 150,000 new clients joined Raiffeisen in 2008. In all, the



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

bank recorded inflows of some 12 billion Swiss francs of new money in the retail business, taking total client monies above 100 billion Swiss francs.

#### **The winners – homeowners**

We also gained ground in mortgage lending, Raiffeisen's core business. If anyone could benefit from the crisis, it was homeowners, enjoying the low interest rates. In November 2008, Raiffeisen Switzerland advised its associated banks to implement a two-stage interest rate cut to 2.875%. This was in response to the interest rate policy of the Swiss National Bank, which had slashed interest rates at a record pace in autumn 2008. The final decision on whether to adjust interest rates is taken by our banks and is driven primarily by local market conditions. The rate reduction is our contribution towards reviving the construction industry, and with it the economy.

#### **Corporate clients business expanded**

Over 118,000 Swiss companies already have a banking relationship with Raiffeisen. Despite the financial crisis, Raiffeisen is maintaining its strategy of strong commitment to SMEs. However, the crisis has clearly demonstrated the importance of individual, risk-adjusted lending rates.

#### **More and more clients online**

Raiffeisen's e-banking service is extremely popular, with the 500,000<sup>th</sup> Raiffeisen e-banking agreement being signed at the end of 2008. Over 10,000 new users sign up each month. The e-banking service handles some two mil-

lion accesses and over three million payments every month. Raiffeisen clients place over 50% of their payment orders and 35% of their stock exchange orders via e-banking. Raiffeisen is also a leader in the field of security, and was the first Swiss bank to use the mobile phone as an additional security channel. As a result, Raiffeisen clients can now choose to receive their e-banking security codes via SMS.

#### **Five new members of the Board of Directors**

The five new members of the Board of Directors are: Daniel Lüscher, Chair of the Executive Board of Raiffeisen-bank Kölliken-Entfelden; Philippe Moeschinger, Manager of the Foundation for Industrial Land in Geneva; Johannes Rüegg-Stürm, Director of the Institute of Management at the University of St. Gallen; Urs Schneider, Deputy Director of the Swiss Farmers' Union; and Franco Taisch, Professor of Financial Markets Law and Legal Management at the University of Lucerne. They were elected at Raiffeisen Switzerland's 105<sup>th</sup> Delegate Meeting, in Flims in the canton of Grisons. The new appointments were required first and foremost because of the limits on terms of office and ages contained in the Articles of Association. The delegates followed the recommendations of the Board of Directors in the election.

#### **First milestones for the new banking platform**

The Raiffeisen Group is introducing a new banking platform in the shape of Avaloq. The first sub-project, covering securities and trading activities, was successfully implement-

ed at the end of 2008. The Raiffeisen Group decided in 2006 to replace the current core banking applications with the standard banking software Avaloq in a project that will last several years. The next stage will be to transfer payments applications to the Avaloq software by 2011 and decide on whether to replace the current front office application software.

#### **Future winter sport champions**

Raiffeisen has extended its contract with Swiss Ski by a further three years. At the same time, it is also expanding its involvement. The banking group now supports ten regional associations, making it the largest sponsor of up-and-coming winter sports stars. As regards individual sponsorship, it was also able to attract a well-known face in the shape of Lara Gut, probably the best-known of the new generation of Swiss skiing hopefuls.

#### **Raiffeisen chairs climate foundation**

The Swiss Climate Foundation (Klimastiftung Schweiz) was formed on the initiative of Raiffeisen and ten other companies in the financial sector. We are honoured to have our Executive Board member Gabriele Burn chairing the foundation. The foundation supports measures to improve energy efficiency and protect the climate, primarily among SMEs in Switzerland. It is financed from rebates that the founding members receive on their CO<sub>2</sub> fossil fuels levy.

#### **68,000 part-time Grisons residents**

This year, Raiffeisen's membership campaign was in the canton of Grisons, where ibexes, bearded vultures and the

other abundant wildlife in the canton helped attract a record number of visitors. The 200 or so hotels participating in the offer reported 106,000 additional overnight stays by 68,000 Raiffeisen members between 15 May and 30 November 2008. By the end of November visitors had taken 58,000 trips on the mountain railways and 11,000 trips with the Rhätische Bahn railway and PostAuto Graubünden buses. These figures make the "Experience Grisons for half price" offer the Raiffeisen Group's most successful membership campaign to date.

#### **The outlook for 2009**

The financial crisis and the recession will keep us busy for some time to come and will be the dominant influences for 2009 as well. This will be a special challenge for us. We have to prove to our many new clients that they made the right decision. We will succeed, because every client will have the sense that we are close to them, understand their needs better, take more time for them, and so provide them with enhanced service. But we will not be able to escape the effects of the economic situation. 2009 will therefore also be a year for keeping operating and staff costs to a minimum, a particular challenge given our current rate of growth.

#### **A note of thanks**

At this point, I would like to thank the members of the Board of Directors and our staff at all levels in the Raiffeisen Group. They are the foundation of this bank, a foundation which has remained solid even in this difficult year, and which will remain solid in the times to come. We are

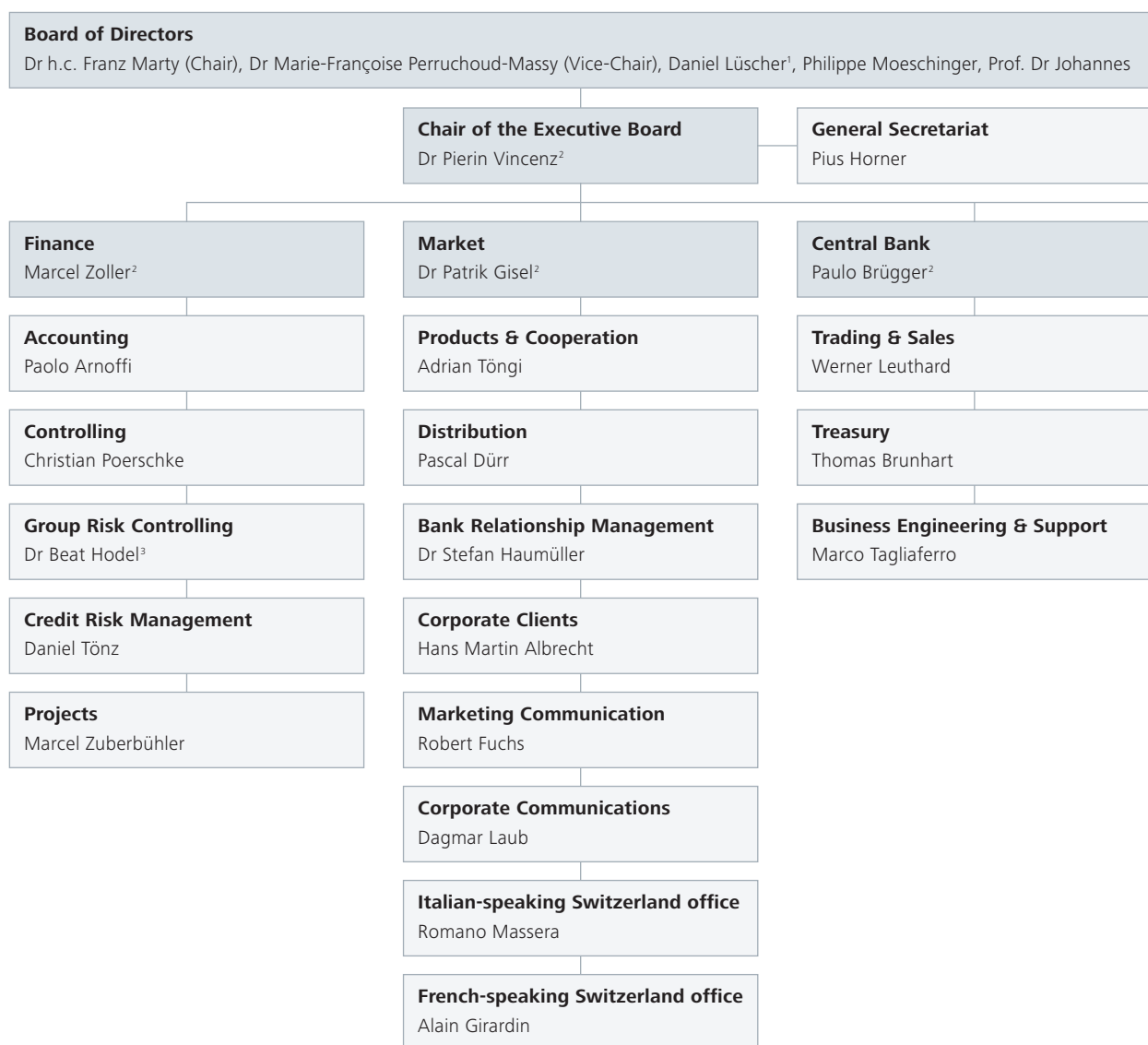


on the right path with our philosophy, our cooperative model and our corporate strategy, and we will not stray from this path.

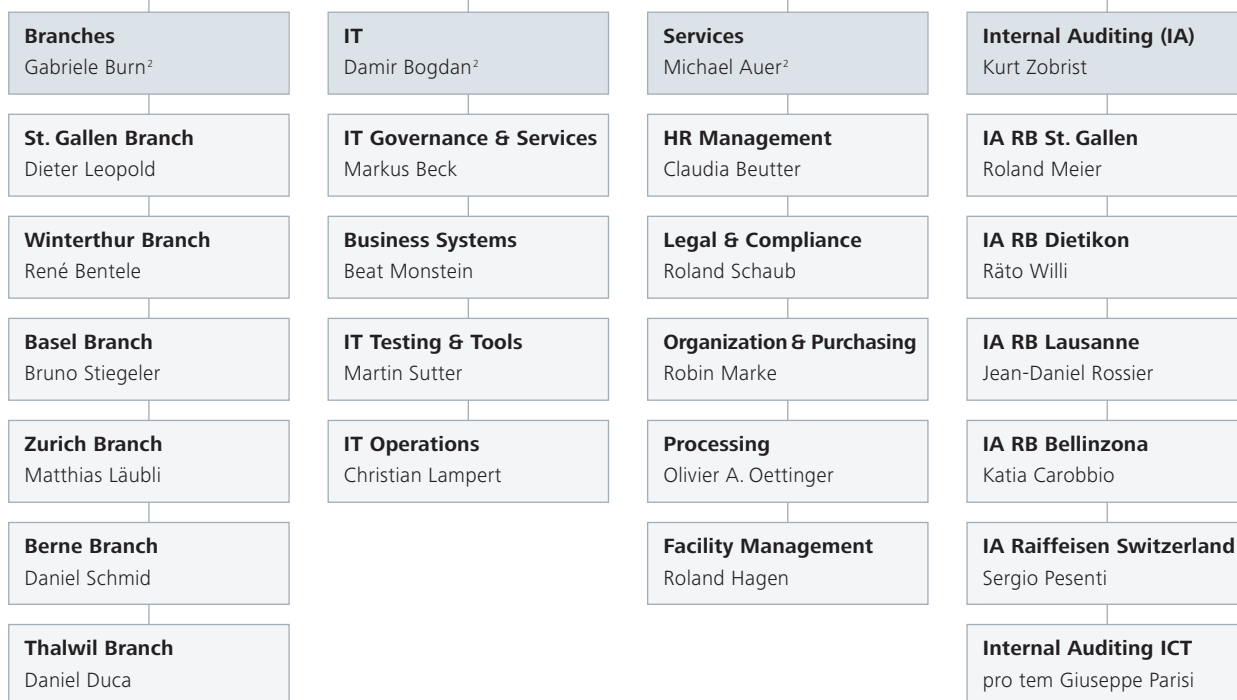
A handwritten signature in black ink, appearing to read 'P. Vincenz', with a long, sweeping tail that extends downwards and to the right.

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

### Organizational chart of Raiffeisen Switzerland



Rüegg-Stürm, Urs Schneider, Christian Spring<sup>1</sup>, 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

As at 3 March 2009

The length of the path  
determines the size of our steps.





A community develops from travelling the road together, from lending a hand when needed. It makes the way forward easier. We can achieve more together than alone. With its cooperative model, community is a way of life for Raiffeisen. All Raiffeisen banks in Switzerland stand together; each member feels a bond with their Raiffeisen bank. This sense of solidarity and cooperative roots give Raiffeisen security and stability, and have done for over one hundred years.

**Business trend** The 2008 financial year was marked by a high liquidity surplus, strong growth for the branches and the valuation of participations at the lower of cost or disposal. These factors, together with the major project expenditure resulting from the launch of the new banking platform, had implications for the balance sheet and the profit and loss account.

- 
- *Raiffeisen Switzerland managed a high liquidity surplus of 4.2 billion Swiss francs generated by the Raiffeisen banks.*
  - *Raiffeisen Switzerland integrated the Raiffeisen Guarantee Cooperative and sold its consumer goods financing business to the Aduno Group.*
  - *Total assets at the Raiffeisen Switzerland branches grew by almost 30%.*
  - *Raiffeisen Switzerland absorbed costs of 43.1 million Swiss francs for Raiffeisen bank projects.*
  - *Raiffeisen Switzerland made a write-down of 71.3 million Swiss francs on its strategic participations.*
- 

In November 2008 the Raiffeisen Guarantee Cooperative merged with Raiffeisen Switzerland, retroactive to 1 July 2008. This enabled the desired single-channel strategy to be implemented with respect to risk transfer from the Raiffeisen banks to Raiffeisen Switzerland. The merger had only a marginal effect on the balance sheet and profit and loss account at Raiffeisen Switzerland.

Raiffeisen Switzerland posted a net profit of 19.8 million Swiss francs in the year under review. There was no material change in total assets, although there were some large changes in individual items.

#### **Profit and loss account**

Despite a significantly lower interest margin, income from ordinary banking activities nonetheless saw a considerable increase of 6.3% thanks to higher transaction volumes and a very good trading result. The 10.7% rise in total operating expenditure was primarily due to project activities in connection with the introduction of the new banking platform. The branches of Raiffeisen Switzerland have developed into an important source of earnings.

#### **Income from ordinary banking activities**

Net interest income (note 20) fell by 2.4% to 103.4 million Swiss francs. The Raiffeisen banks' large liquidity surplus presented a major challenge for Treasury, as there were few profitable, safe investments available. In the branches' retail business, the large increase in volumes meant that interest income was up 10.4% at around 64 million Swiss francs despite a reduced interest margin.

Net income from commission business and service transactions (note 21) was up 15.1% or 8.2 million Swiss francs on the previous year. The increase in commission income from lending business was the result of the merger with the Guarantee Cooperative and the associated booking of risk transfer commissions in the second half of the year. In securities and investment business, income was down by 4.5 million Swiss francs because of lower volumes, while expenditure rose by 10.7 million Swiss francs. By contrast, income from other service transactions improved by 13.2% to 57.7 million Swiss francs thanks to another large increase in the volume of payment transactions.

Net trading income (note 22) recorded another sharp increase compared with the previous year, rising by 20.5% or 10.1 million Swiss francs to 59.5 million Swiss francs in spite of the extremely difficult conditions brought about by the financial market crisis. Interest rate, foreign exchange, and, in particular, banknote and precious metals trading all saw large increases, while as expected equity trading failed to match the previous year's record result.

Other ordinary income was also up, rising by 5.4% to 271.6 million Swiss francs. Income from participating interests was up slightly on the previous year thanks to the income generated by the reduction in the par value of Helvetia Holding Ltd. In addition to income from individually billed services, other ordinary income (note 23) also includes the contributions from the Raiffeisen banks for collective and strategic services provided by Raiffeisen Switzerland and for projects concerning the entire Group.

In the year under review, a total of 43.1 million Swiss francs in contributions was allocated to the Raiffeisen banks for projects, or borne by Raiffeisen Switzerland. Other ordinary expenditure includes the valuation corrections of financial assets.

#### **Total operating expenditure**

Personnel expenditure (note 24) rose by 31.5 million Swiss francs year-on-year to 298.6 million Swiss francs (+11.8%). The increase was due in particular to higher staff numbers, especially in connection with project work. As at the end of 2008, the number of people permanently employed by Raiffeisen Switzerland – on a full-time equivalent basis – was 1,677, 128 or 8.2% more than at the end of 2007. The need for additional staff was attributable largely to the increased level of project activity. The branches and their new offices also increased headcount. Individual salary increases were 1.75% on average. Variable salary components stayed at the previous year's level.

Operating expenditure (note 25) amounted to 171.2 million Swiss francs in the year under review. The increase of 8.9% or 14.1 million Swiss francs is related to the above-mentioned project activities and the expansion of the IT operating infrastructure. Occupancy costs rose by 1.7 million Swiss francs (+12.9%) to 14.8 million Swiss francs as a result of additional rented space for project teams, the computing centre in Gossau in the canton of St. Gallen, the branch in Thalwil and the new offices in Zurich-Wollishofen, Riehen and Seuzach. The cost of computer equipment, machinery and furniture increased due to the expanded IT infrastructure, rising by 10.2 million Swiss francs

(+ 15.6%) to 75.7 million Swiss francs. Other operating expenditure rose by a modest 2.7%.

#### Depreciation on fixed assets

The strategic participations in Vontobel Holding Ltd and Helvetia Holding Ltd were valued at their stock market price at the end of the year; the book value was reduced by a total of 71.3 million Swiss francs. Depreciation on other fixed assets rose by 26.2% to 47.9 million Swiss francs (note 4).

#### Value adjustments, provisions and losses

"Value adjustments, provisions and losses" remained practically unchanged at 0.5 million Swiss francs. This reflects the prudent lending policy pursued by Raiffeisen Switzerland.

#### Extraordinary income and taxes

Extraordinary income (note 26) of 118.3 million Swiss francs includes 99.8 million Swiss francs from the release of reserves for general banking risks. The release of reserves resulted from write-downs on participations and from the absorption of costs of 43.1 million Swiss francs for Raiffeisen bank projects. 5.4 million Swiss francs were released for value adjustments that are no longer required. The sale of the consumer finance business to Aduno Holding Ltd generated extraordinary income of 9.8 million Swiss francs. Appreciation on participations generated a profit of 1.1 million Swiss francs.

Tax expenditure was unchanged at 5.4 million Swiss francs due to the taxation of previously untaxed reserves for general banking risks.

#### Net profit

Net profit was up 7.8% year-on-year at 19.8 million Swiss francs.

#### Balance sheet

Raiffeisen Switzerland's balance sheet reflects the diverse demands placed on the organization as a result of its central position within the Raiffeisen Group. In addition to maintaining bank branches in various major cities in Switzerland that offer a similar range of services to the Raiffeisen banks, Raiffeisen Switzerland also provides the services of a central bank for the entire Group, and as intermediary is responsible for a range of tasks including liquidity management, refinancing and the hedging of interest rate exposure on a consolidated basis. As a result, the short-term liquidity situation of the Raiffeisen banks, which is dictated by the difference between the growth of client assets and that of loans, is directly reflected in Raiffeisen Switzerland's balance sheet and total assets. There were some considerable shifts on the balance sheet in the year under review, but Raiffeisen Switzerland's total assets increased by just 4% or 1.1 billion Swiss francs.

The statutory liquidity requirements, which have to be met on a consolidated basis, were met at all times. The statutory capital adequacy requirements were also fulfilled (page 60).

#### Receivables from or liabilities to Raiffeisen banks

As at the end of 2008, net liabilities to Raiffeisen banks amounted to 2.8 billion Swiss francs. This contrasts with net receivables of 1.4 billion Swiss francs in the previous year, and reflects the fact that a good two-thirds of the



huge inflows of around 10 billion Swiss francs received by the Raiffeisen banks were used directly in client lending. To comply with statutory liquidity requirements, the Raiffeisen banks have assets of 4.4 billion Swiss francs invested in blocked accounts.

#### **Receivables from or liabilities to other banks**

As at the end of 2008, the net position for business with banks resulted in net receivables of 4.1 billion Swiss francs, a rise of 3.2 billion Swiss francs on the year-back figure. The change was due primarily to a reduction in liabilities. In view of the crisis on the financial markets, Raiffeisen Switzerland kept a very close eye on the money market limits applying to both domestic and foreign counterparties. Limits applying to foreign banks were cut or even reduced to zero, but at the same time new limits were also approved for first-class foreign banks. In the domestic interbank market, the existing limits were maintained overall.

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

#### **Loans to clients**

Loans to clients rose by a total of 2.7% to 4.4 billion Swiss francs in the year under review. The branches of Raiffeisen Switzerland upped their lending by 585 million Swiss francs

(+17.6%) to 3.9 billion Swiss francs. However, short-term advances and loans made by the Central Bank to institutional borrowers and public bodies were reduced by 283 million Swiss francs. The Raiffeisen banks took back loans to clients totalling 186 million Swiss francs from Raiffeisen Switzerland in the year under review, reducing the so-called undisclosed assignments at Raiffeisen Switzerland to 168 million Swiss francs.

#### **Trading portfolios in securities and precious metals**

Trading portfolios in securities and precious metals were scaled back by 49.1% to 365.6 million Swiss francs. Volumes were temporarily reduced due to the IT changeover at the turn of the year.

#### **Financial assets**

Securities holdings in financial assets (note 2), consisting primarily of first-class bonds, are managed in accordance with the statutory liquidity requirements for the Raiffeisen Group. The book value rose by 1.2 billion Swiss francs to 3.4 billion Swiss francs in the year under review. Mortgage bonds and Swiss government bonds were bought in particular. Precious metals holdings (previous year: 26.5 million Swiss francs) were transferred to the trading portfolio. Real estate from non-performing positions designated for resale was recorded at 1.5 million Swiss francs.

#### **Participations**

Participations (note 3) include the holdings in the Group companies, the 12.5% stake in Vontobel Holding Ltd and holdings in Helvetia Holding Ltd, SIX Group Ltd, the Mortgage Bond Bank of the Swiss Mortgage Institutions Ltd,

Aduno Holding Ltd and Swiss Bankers Prepaid Services AG. At the beginning of the year under review, the Raiffeisen Group sold its consumer finance business, in the shape of Raiffeisen Finanzierungs AG (book value: 38.5 million Swiss francs), to Aduno Holding Ltd. The book value of the strategic participations in Vontobel Holding Ltd and Helvetia Holding Ltd declined by 71.3 million Swiss francs due to falls in their share prices.

#### **Tangible fixed assets**

The investment volume in respect of real estate (note 4) amounted to 10.8 million Swiss francs in the year under review. Two properties in St. Gallen (Wassergasse 12 and Bleichstrasse 11) were purchased for around 5.3 million Swiss francs to permit subsequent expansion of Raiffeisen headquarters. Raiffeisen Switzerland invested 3.2 million Swiss francs in the extensive alteration work at Wassergasse in St. Gallen and in Dietikon. 72.4 million Swiss francs were invested in other tangible fixed assets. Of this, 60 million Swiss francs relates to infrastructure and computing hardware needed to set up the new computing centre at Gossau in the canton of St. Gallen. The item "Other" includes 29.7 million Swiss francs for software and licences.

#### **Client monies**

The fall of 285.1 million Swiss francs in client monies was due to an intentional reduction of 1.4 billion Swiss francs in short-term investments and repo transactions for institutional clients at the Central Bank. In contrast, client monies totalling 1.1 billion Swiss francs (+40%) flowed into the branches of Raiffeisen Switzerland in the year under review. Savings deposits and medium-term notes were especially popular.

#### **Bonds and mortgage bond loans**

The last bond issued by the Central Issuing Office of the Swiss Raiffeisen Banks matured on 31 March 2008. Bond holdings fell by 118.5 million Swiss francs to 2.1 billion Swiss francs (note 9). Liabilities towards the Mortgage Bond Bank of the Swiss Mortgage Institutions Ltd were reduced by 164 million Swiss francs in net terms. Redemptions of 307 million Swiss francs were partially offset by new issues of 143 million Swiss francs.

#### **Value adjustments and provisions**

The value adjustments for default risks (note 10) decreased by 2.7 million Swiss francs to 37 million Swiss francs in net terms. In order to determine the value adjustments for default risks, the expected risks were identified based on internal ratings and by calculating the value of collateral.

Provisions for other business risks amounted to just 0.2 million Swiss francs.

#### **Reserves for general banking risks**

99.8 million Swiss francs were taken from the reserves for general banking risks in the year under review to co-finance infrastructure projects and to cover write-downs on participations. The merger of the Guarantee Cooperative added 3.4 million Swiss francs to reserves. The reserves amounted to 328.1 million Swiss francs, of which 110.5 million Swiss francs were taxed (note 10).

#### **Equity capital**

The cooperative capital received a boost of 35.7 million Swiss francs from the merger of the Guarantee Cooperative.

A further 4.3 million Swiss francs were allocated to the Raiffeisen banks to round up the amount. The merger also added 3.9 million Swiss francs to statutory reserves. The statutory capital adequacy situation is set out on page 60.

#### **Off-balance-sheet business**

With the merger of the Raiffeisen Guarantee Cooperative, loan security guarantees (generally in the form of simple sureties) were transferred to Raiffeisen Switzerland. This meant that the amount for contingent liabilities rose by 112% to 503.9 million Swiss francs.

The contract volume for derivative financial instruments (note 18) rose by an impressive 36.4 billion Swiss francs to 96.2 billion Swiss francs. The positive replacement values amounted to 721.2 million Swiss francs (previous year: 219.5 million Swiss francs), while the negative replacement values amounted to 1 billion Swiss francs (previous year: 105.1 million Swiss francs).

This marked rise in contract volumes was primarily due to the brisk trade in interest rate instruments, which benefitted from short-term market fluctuations within the narrowly predefined limits without a substantial increase in risk compared with the previous year (see also the Risk management section beginning on page 25).

Fiduciary transactions fell by 116.6 million Swiss francs to 220.2 million Swiss francs.

## Balance Sheet as at 31 December 2008

	Current year in 1000 CHF	Prior year in 1000 CHF	Change in 1000 CHF	Change in %	Note
<b>Assets</b>					
Liquid funds	703,134	101,930	601,205	589.8	12
Receivables from money market securities	621	5,572	-4,951	-88.9	12
Receivables from Raiffeisen banks	5,131,848	5,334,042	-202,194	-3.8	6, 12
Receivables from other banks	12,599,787	12,340,266	259,522	2.1	12
Receivables from clients	656,479	919,453	-262,974	-28.6	1, 12
Mortgage receivables	3,766,071	3,386,545	379,526	11.2	1, 6, 12
<b>Loans to clients</b>	<b>4,422,550</b>	<b>4,305,998</b>	<b>116,552</b>	<b>2.7</b>	
Trading portfolios in securities and precious metals	365,585	718,432	-352,847	-49.1	2, 12
Financial assets	3,355,089	2,168,814	1,186,275	54.7	2, 6, 12
Participations	287,546	398,227	-110,681	-27.8	2, 3, 4
Tangible fixed assets	300,406	235,339	65,067	27.6	4
Accrued income and prepaid expenses	319,274	352,413	-33,139	-9.4	
Other assets	2,226,160	2,605,440	-379,281	-14.6	5
<b>Total assets</b>	<b>29,712,000</b>	<b>28,566,473</b>	<b>1,145,527</b>	<b>4.0</b>	<b>14, 16</b>
Total subordinated receivables	12,394	–	12,394	100.0	
Total receivables from Group companies	164,744	443,758	-279,014	-62.9	
<b>Liabilities</b>					
Liabilities to Raiffeisen banks	7,948,866	3,972,433	3,976,433	100.1	12
Liabilities to other banks	8,493,858	11,429,331	-2,935,473	-25.7	12
Liabilities to clients in the form of savings and investment deposits	2,314,526	1,568,805	745,721	47.5	12
Other liabilities to clients	4,592,281	5,821,170*	-1,228,889	-21.1	12
Medium-term notes	695,517	497,470*	198,047	39.8	12
<b>Client monies</b>	<b>7,602,324</b>	<b>7,887,444</b>	<b>-285,120</b>	<b>-3.6</b>	
Bonds and mortgage bond loans	3,056,650	3,339,100	-282,450	-8.5	9, 12
Accrued expenses and deferred income	347,745	362,780	-15,034	-4.1	
Other liabilities	1,388,863	652,748	736,115	112.8	5
Value adjustments and provisions	37,178	40,664	-3,486	-8.6	10
Reserves for general banking risks	328,100	424,500	-96,400	-22.7	10
Cooperative capital	360,000	320,000	40,000	12.5	
General statutory reserves	128,581	119,080	9,501	8.0	
Annual profit	19,835	18,392	1,443	7.8	
<b>Total equity capital</b>	<b>836,515</b>	<b>881,972</b>	<b>-45,457</b>	<b>-5.2</b>	<b>11</b>
<b>Total liabilities</b>	<b>29,712,000</b>	<b>28,566,473</b>	<b>1,145,527</b>	<b>4.0</b>	<b>14, 16</b>
Total subordinated commitments	–	–	–	–	
Total commitments towards Group companies	8,312	21,840	-13,528	-61.9	
<b>Off-balance-sheet business</b>					
Contingent liabilities	503,926	237,701	266,225	112.0	1, 17
Irrevocable undertakings	290,914	296,646	-5,732	-1.9	1
Call commitments and additional funding obligations	14,125	19,640	-5,515	-28.1	1
Derivative financial instruments					
Positive replacement values	721,170	219,454	501,716	228.6	18
Negative replacement values	1,013,737	105,114	908,623	864.4	18
Contract volume	96,188,590	36,438,019	59,750,571	164.0	18
Fiduciary business	220,199	336,829	-116,630	-34.6	19

## Profit and Loss Account 2008

	Current year in 1000 CHF	Prior year in 1000 CHF	Change in 1000 CHF	Change in %	Note
Interest and discount income	1,079,271	1,040,294	38,977	3.7	20
Interest and dividend income from financial assets	51,940	60,060	-8,120	-13.5	20
Interest expenditure	-1,027,772	-994,396	-33,376	3.4	20
<b>Net interest income</b>	<b>103,439</b>	<b>105,958</b>	<b>-2,519</b>	<b>-2.4</b>	
Commission income from lending business	2,505	823	1,682	204.4	21
Commission income from securities and investment business	55,580	60,098	-4,518	-7.5	21
Commission income from other service transactions	57,675	50,947	6,729	13.2	21
Commission expenditure	-53,767	-58,031	4,263	-7.3	21
<b>Net income from commission business and service transactions</b>	<b>61,993</b>	<b>53,837</b>	<b>8,156</b>	<b>15.1</b>	
<b>Net trading income</b>	<b>59,465</b>	<b>49,354</b>	<b>10,111</b>	<b>20.5</b>	<b>22</b>
Income from sale of financial assets	30	122	-92	-75.4	
Income from participating interests	30,204	28,551	1,653	5.8	
Income from real estate	3,473	3,813	-340	-8.9	
Other ordinary income	243,410	225,318	18,092	8.0	23
Other ordinary expenditure	-5,498	-27	-5,471	20,261.5	
<b>Other ordinary result</b>	<b>271,619</b>	<b>257,776</b>	<b>13,843</b>	<b>5.4</b>	
<b>Operating income</b>	<b>496,516</b>	<b>466,926</b>	<b>29,590</b>	<b>6.3</b>	
Personnel expenditure	-298,599	-267,106	-31,493	11.8	24
Operating expenditure	-171,226	-157,164	-14,063	8.9	25
<b>Total operating expenditure</b>	<b>-469,825</b>	<b>-424,270</b>	<b>-45,555</b>	<b>10.7</b>	
<b>Gross profit</b>	<b>26,691</b>	<b>42,656</b>	<b>-15,964</b>	<b>-37.4</b>	
Depreciation on fixed assets	-119,162	-37,932	-81,230	214.1	4
Value adjustments, provisions and losses	-470	-432	-38	8.8	
<b>Operating profit (interim result)</b>	<b>-92,941</b>	<b>4,291</b>	<b>-97,232</b>	<b>-2,265.9</b>	
Extraordinary income	118,261	19,786	98,474	497.7	26
Extraordinary expenditure	-39	-313	273	-87.4	26
Taxes	-5,446	-5,373	-72	1.3	
<b>Annual profit</b>	<b>19,835</b>	<b>18,392</b>	<b>1,443</b>	<b>7.8</b>	

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

\* Time deposits of 7,555,000 Swiss francs previously reported under "Other liabilities to clients" are now recorded in the balance sheet under "Medium-term notes".

## Proposed Distribution of the Available Profit

### to the Ordinary Delegate Meeting of 13 June 2009 in St. Gallen

	Current year in 1000 CHF	Prior year in 1000 CHF	Change in 1000 CHF	Change in %
<b>Appropriation of profit</b>				
Annual profit	19,835	18,392	1,443	7.8
Profit brought forward	–	–	–	–
<b>Available profit</b>	<b>19,835</b>	<b>18,392</b>	<b>1,443</b>	<b>7.8</b>
Appropriation of profit				
– Allocation to general statutory reserves	5,592	5,592	–	–
– Interest on cooperative capital	14,243*	12,800	1,443	11.3
<b>Total appropriation of profit</b>	<b>19,835</b>	<b>18,392</b>	<b>1,443</b>	<b>7.8</b>

\* 4,289,000 Swiss francs of the cooperative capital have only been interest-bearing since 1 December 2008.

## Cash Flow Statement 2008

	Current year origin of funds in 1000 CHF	Current year use of funds in 1000 CHF	Prior year origin of funds in 1000 CHF	Prior year use of funds in 1000 CHF
<b>Cash flow from operating results (internal financing)</b>				
Annual profit	19,835		18,392	
Depreciation on fixed assets	119,162		37,932	
Value adjustments and provisions	24,337	27,823	6,931	13,204
Reserves for general banking risks		96,400		10,100
Prepaid expenses	33,139			58,122
Deferred income		15,035	96,675	
Interest paid on share certificates for prior year		12,800		12,800
<b>Balance</b>	<b>44,415</b>	<b>–</b>	<b>65,704</b>	<b>–</b>
<b>Cash flow from equity capital transactions</b>				
Net change in equity capital	40,000			
Addition of reserves from merger with Raiffeisen Guarantee Cooperative	3,909			
<b>Balance</b>	<b>43,909</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Cash flow from investment activities</b>				
Participations	40,527	1,147	554	35,597
Real estate		10,815	918	5,177
Other tangible fixed assets	39	72,419	2,284	43,806
Other		29,732		21,381
<b>Balance</b>	<b>–</b>	<b>73,547</b>	<b>–</b>	<b>102,205</b>

Continued on page 21

	Current year origin of funds in 1000 CHF	Current year use of funds in 1000 CHF	Prior year origin of funds in 1000 CHF	Prior year use of funds in 1000 CHF
<b>Cash flow from banking business of the Central Bank with Raiffeisen banks</b>				
Liabilities to Raiffeisen banks	4,282,379		1,319,952	
Receivables from Raiffeisen banks	438,834			2,095,424
Receivables from clients undisclosed assignments	31,200		48,779	
Mortgage receivables undisclosed assignments	154,998		129,151	
<b>Balance</b>	<b>4,907,411</b>	<b>-</b>	<b>-</b>	<b>597,541</b>
<b>Cash flow from ordinary banking business with the Central Bank</b>				
Liabilities to banks		2,935,473	1,696,437	
Liabilities to clients		1,393,192	1,201,110	
Medium-term notes		118,500	174,800	
Bonds	143,000	306,950	283,250	225,500
Other liabilities	734,291		54,512	
Receivables from money market securities	4,950			544
Receivables from banks		259,522		844,863
Receivables from clients	282,591			187,713
Trading portfolios in securities and precious metals	352,722			580,328
Financial assets		1,186,100	345,472	
Other receivables	379,260			1,297,503
Liquid funds		595,784	16,343	
<b>Balance</b>	<b>-</b>	<b>4,898,708</b>	<b>635,473</b>	<b>-</b>
<b>Cash flow from banking business of the branches of Raiffeisen Switzerland</b>				
Net positions at the Central Bank		542,587		30,148
Savings and investment funds	745,383			433,025
Other liabilities to clients	157,087		347,766	
Medium-term notes	321,791	116,189	209,578	144,112
Bonds/mortgage bond loans				1,000
Other liabilities	1,824		1,613	
Receivables from clients		50,817	47,180	
Mortgage receivables		534,523	1,353	
Financial assets		175		
Other receivables	147		183	
Liquid funds		5,421		819
<b>Balance</b>	<b>-</b>	<b>23,480</b>	<b>-</b>	<b>1,431</b>
<b>Total origin of funds</b>	<b>8,311,404</b>		<b>6,041,165</b>	
<b>Total use of funds</b>		<b>8,311,404</b>		<b>6,041,165</b>

Each person sets goals to be achieved, on their own path and in their own way. A trustworthy partner can provide advice and practical assistance and point the traveller in the right direction. The focus here is on the individual and their requirements. The advisors at Raiffeisen take their clients, members and their individual goals seriously. They support them with clear and fair financial advice and roll out the red carpet, no matter where the path leads.





He who finds his dream  
will find the path easy.



## 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 a balance sheet total of around 132 billion Swiss francs, represents a particular challenge.

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

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

can enter into commitments abroad up to a risk-weighted maximum of 5% of the Raiffeisen Group's consolidated net assets, according to the risk-weighting factors stipulated by banking law.

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

### Staff

As at the end of 2008, the number of employees – on a full-time equivalent basis – was 1,677 (previous year: 1,549).

### Risk assessment

The Board of Directors has 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 risks in the bank and trading books, market risks in the bank and trading books, liquidity risks, operational risks, solidarity risks within the Raiffeisen Group (i.e. the risk of problems at individual Raiffeisen banks) and reputational risks.

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

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

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

Assessment of the risks in the Raiffeisen Group is based on a combination of quantitative and qualitative factors.

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

Credit risks are also considered at nominal values. Operational risks are assessed in terms of the probability of occurrence and loss potential. The appropriateness and effectiveness of control measures are incorporated in the

assessment. The analysis of the operational risks is supplemented by an assessment of the qualitative impact of a risk event.

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

## **Risk management**

### **Risk policy**

The risk management systems are based on statutory provisions and the regulations governing risk policy for Raiffeisen Switzerland ("risk policy" for short). Raiffeisen Switzerland views taking on risks as one of its core competences and sees it as a vital prerequisite for achieving returns. Risks are only entered into in full knowledge of their extent and dynamics, and only when the requirements in terms of systems, staff resources and expertise are met.

The aim of the risk policy is to limit the negative impact of risks on earnings and protect Raiffeisen Switzerland 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 completed by independent monitoring of the risk profile.

#### **Risk management process**

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

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

The aim of risk management is to

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

#### *Credit risks*

The Raiffeisen Switzerland branches and the Central Bank department are exposed to credit risks. They arise in the form of counterparty risks from dealings with commercial banks as well as institutional, corporate and private clients. At branch level, credit risks predominantly derive from loans granted to one or more individuals or corporate clients. They are limited primarily by securing the underlying claims. The Central Bank department mainly incurs credit risks in connection with interbank business. With the exception of the repo business, these commitments are unsecured.

External ratings are used as a basis for approving and monitoring business with other banks. Off-balance-sheet items such as derivative financial instruments are converted to their respective credit equivalent. In the year under review, Raiffeisen Switzerland concluded netting agreements with various counterparties for off-balance-sheet receivables (for OTC transactions) and introduced a netting procedure.

Creditworthiness and solvency are assessed at Raiffeisen Switzerland on the basis of Group-wide standards that are laid down in the lending policy. Sufficient creditworthiness and the ability to keep up payments must be proven before approval for any loan is granted. Loans to private individuals and legal entities are classified according to internal rating procedures and, on the basis of this classification, monitored from a risk-oriented perspective. Creditworthiness is defined according to four risk categories, which are further refined using a points system. In

the first half of 2009, a new rating system is being introduced for corporate clients, with 13 rating classes. 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. In the case of mortgages and building loans in particular, a comprehensive set of guidelines specifies how collateral is to be calculated, depending on the type of property in question.

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. With commercial property for own use, this is based on the borrower's earnings power, taking into account any third-party utility value that could be obtained on the market. 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. In the case of unsecured receivables, a re-rating is performed within 12 months at the latest; the frequency for re-rating secured receivables depends on the type of collateral. The value of the collateral is reviewed at varying intervals according to its volatility on the market and the overall facility re-approved.

The standardized guidelines concerning the creation and reversal of individual value adjustments for default risks are set out in an internal directive. This stipulates how the liquidation value and individual value adjustments for any collateral that may exist should be calculated if there are indications that certain positions are impaired, non-performing or display a high number of rating points. 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 across the Group, evaluating the portfolio structure and ensuring credit portfolio reporting. Monitoring the portfolio structure involves analysing the distribution of the portfolio according to a range of structural characteristics including category of borrower, type of loan, size of loan, counterparty rating, sector, collateral, geographical features and value adjustments. This analysis forms the basis

for portfolio controlling measures, with the main focus being on controlling new business via the lending policy.

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

Cluster risks are monitored centrally by Credit Risk Controlling.

As at 31 December 2008 Raiffeisen Switzerland had nine cluster risks subject to a reporting obligation. These had a combined risk-weighted exposure of 1,359 million Swiss francs, constituting 143.1% of allowable capital resources (previous year: nine positions subject to a reporting obligation amounting to 1,389 million Swiss francs or 145.7% of capital resources).

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

The credit volume of Raiffeisen Switzerland's ten largest borrowers (excluding interbank business and public bodies) as at 31 December 2008 was 625.5 million Swiss francs or 14.1% of loans to clients (previous year: 359.4 million Swiss francs or 8.8%).

#### *Market risks*

Group Risk Controlling, which reports to the Head of the Finance department, is responsible for the independent

monitoring of market risks. This primarily involves monitoring compliance with statutory capital adequacy requirements and the position and sensitivity limits stipulated by the Board of Directors and the Executive Board. Group Risk Controlling also evaluates the risk situation on a regular basis as part of the reporting process.

As Raiffeisen Switzerland is heavily involved in balance sheet business, interest rate fluctuations can have a considerable influence on interest income. As a result, up-to-date procedures are in place to measure the risk associated with fluctuating interest rates. In particular, these display variable positions based on a model that optimally replicates historical interest rate fluctuations with money and capital market rates. Decisions regarding the assignment of funds are taken on a decentralized basis within Raiffeisen Switzerland via the respective line functions, and a distinction is made between the bank books of the branches and the bank book of Raiffeisen Switzerland. Assignment decisions are implemented through deposits and loans, with those responsible in the branches or in the Central Bank 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 the limits and prepares weekly reports. 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. This is included in monthly and quarterly risk reporting.

Because assets in a foreign currency are generally refinanced in the same currency (a matched book approach), foreign currency risks are largely avoided. However, foreign currency positions and the associated risks may arise in the bank book through interest cash flows in foreign currencies, which will affect the balance sheet amount in the relevant currency. This risk is also subject to a sensitivity limit. Group Risk Controlling monitors compliance with this limit on a daily basis.

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 bank-notes/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. Derivative financial instruments are traded only by experienced dealers. Trading & Sales works with both standardized and over-the-counter (OTC) derivatives for its own and its clients' account.

Liquidity risks are controlled using commercial criteria and monitored by Treasury, in collaboration with Group Risk Controlling, in accordance with banking law.

Reporting on compliance with sensitivity and position limits and the assessment of the risk situation by

### Capital adequacy requirements for market risks relating to the trading book

in 1000 CHF	31.12.2008	Ø 2008	31.12.2007	Ø 2007
Foreign exchange/ precious metals	4,265	6,531	7,252	14,860
Interest rate instrum.	44,890	46,412	44,396	41,579
Equities/indices	–	1,413	2,538	2,548
<b>Total</b>	<b>49,155</b>	<b>54,356</b>	<b>54,186</b>	<b>58,986</b>

From 1 July 2007 capital adequacy requirements have been calculated in accordance with Basel II

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 opposite provides an overview.

### Operational risks

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

The Raiffeisen Group strives to avoid or reduce operational risks at the point where they arise. In the case of business-critical processes, emergency and catastrophe planning measures are in place to manage operational risks.

Each function within Raiffeisen is responsible for identifying and managing the operational risk arising as a result



of its own activities. Group Risk Controlling is responsible for maintaining the Group-wide inventory of operational risks and for analysing and evaluating operational risk data. It is also in charge of the concepts, methods and instruments used to manage operational risks and monitors the risk situation and the implementation of risk reduction measures.

Group Risk Controlling carries out a systematic risk management process to identify, evaluate, manage and monitor operational risks via an annual cycle. As part of annual risk assessments, operational risks are categorized by cause and impact and evaluated according to the frequency or probability of occurrence and the extent of damage. Risk management measures are defined, with the implementation of these measures monitored periodically by Group Risk Controlling.

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

In addition to the standard risk management process, Group Risk Controlling also conducts ad hoc risk analyses where required, analyses any loss events arising and maintains close links with other organizational units which, as a result of their function, come into contact with information on operational risks within the Raiffeisen Group.

#### *Outsourcing*

The operation of the data communication network has been outsourced to Swisscom (Switzerland) Ltd. Furthermore, all the Raiffeisen Group's securities administration activities and support services for asset management mandates are carried out by the Vontobel Group. All outsourcing services are provided in accordance with the provisions of FINMA Circular 2008/7

#### *Regulatory provisions*

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

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

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

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

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

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

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

Market risks: Standard approach as before

Operational risks: Basic indicator approach

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

### **Accounting and valuation principles**

#### **General principles**

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

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

Raiffeisen Switzerland publishes the consolidated annual accounts of the Raiffeisen Group in a separate annual report. The consolidated accounts comprise the annual accounts of all the individual Raiffeisen banks, Raiffeisen Switzerland, the Central Issuing Office of the Swiss Raiffeisen Banks (in liquidation) and Raiffeisen Leasing. Raiffeisen Switzerland has therefore chosen not to prepare partially consolidated accounts including the annual accounts of Raiffeisen Switzerland and Raiffeisen Leasing.

#### **Recording of business events**

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

#### **Foreign currencies**

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

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

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

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

Interest and related commission that have been due for more than 90 days and have still not been paid are deemed to be 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 reinstated as fully performing (i.e. the value adjustment is reversed) if the outstanding principal amounts and interest are paid on time in accordance with the contractual obligations 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 which are borrowed or are received as collateral are only reported in the balance sheet if Raiffeisen Switzerland takes control of the contractual rights associated with them. Securities which are loaned or are provided as collateral are only removed from the balance sheet if Raiffeisen Switzerland forfeits the contractual rights associated with them. The market values of the borrowed and loaned securities are monitored daily so that any additional collateral can be provided or requested as necessary.

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

#### **Repurchase and reverse repurchase transactions**

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

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

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

#### **Trading portfolios in securities and precious metals**

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

holding trading positions are charged to trading profits and credited to interest income.

#### **Financial assets**

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

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

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

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

#### **Participations**

Shares and other equity securities in companies that are held for the purpose of a long-term investment are shown under "Participations", irrespective of the proportion of voting shares held. All participations in communal facilities are also reported here. These are valued in accordance

with the principle of acquisition cost, i.e. acquisition cost less operationally required depreciation. The participations may contain hidden reserves.

#### **Tangible fixed assets**

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

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

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

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

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

The value of tangible fixed assets is reviewed whenever events or circumstances give reason to suspect that the book value is impaired. Any impairment is booked under

“Depreciation on fixed assets”. If the useful life of a tangible asset changes as a result of the review, the residual book value is depreciated over the new duration.

#### **Value adjustments and provisions**

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

#### **Reserves for general banking risks**

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

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

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

#### **Derivative financial instruments**

*Reporting under “Off-balance-sheet business” and in the notes*

The replacement values of individual contracts for derivative financial instruments are reported gross, together with

the contract volume, under “Off-balance-sheet business” and in the notes.

#### *Reporting*

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

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

#### *Treatment in the profit and loss account*

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

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

### *Taxes*

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

### **Changes from prior year**

The depreciation principles that apply to buildings under construction and to undeveloped building land were formally included in the accounting and valuation principles for the first time.

### **Events after the balance sheet date**

No material events occurred between the balance sheet date (31 December 2008) and the drawing up of the annual accounts that would have required disclosure in the balance sheet and/or in the notes.

## Information on the Balance Sheet

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

	Mortgage cover in 1000 CHF	Other cover in 1000 CHF	Without cover* in 1000 CHF	Total in 1000 CHF
<b>Loans</b>				
Loans to clients	23,721	109,436	523,322	656,479
Mortgage loans				
Residential property	3,433,784	–	6,699	3,440,482
Office and business premises	156,086	–	650	156,736
Trade and industry	67,812	–	329	68,141
Other	98,665	–	2,046	100,711
<b>Total loans</b>				
<b>Current year</b>	<b>3,780,069</b>	<b>109,436</b>	<b>533,045</b>	<b>4,422,550</b>
Prior year	3,390,282	75,557	840,158	4,305,998
<b>Off-balance-sheet business</b>				
Contingent liabilities	65	4,600	499,262	503,926
Irrevocable commitments	193,333	4,387	93,194	290,914
Call commitments and additional funding obligations	–	–	14,125	14,125
<b>Total off-balance-sheet business</b>				
<b>Current year</b>	<b>193,398</b>	<b>8,986</b>	<b>606,581</b>	<b>808,965</b>
Prior year	277,037	1,985	274,966	553,987

\* 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
<b>Impaired loans</b>				
<b>Current year</b>	<b>69,586</b>	<b>29,333</b>	<b>40,253</b>	<b>37,028</b>
Prior year	73,072	33,044	40,028	39,712

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



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

	Current year in 1000 CHF	Prior year in 1000 CHF
<b>Trading portfolios in securities and precious metals</b>		
Debt instruments		
stock exchange listed*	208,535	609,414
non-stock exchange listed	–	–
of which own bonds and medium-term notes	27,199	31,779
Shares	–	6,598
Precious metals	157,051	102,420
<b>Total trading portfolios in securities and precious metals</b>	<b>365,585</b>	<b>718,432</b>
of which securities for repo transactions in line with liquidity requirements	134,631	372,521

\* stock exchange listed = traded on a recognized stock exchange

	Book value current year in 1000 CHF	Book value prior year in 1000 CHF	Fair value current year in 1000 CHF	Fair value prior year in 1000 CHF
<b>Financial assets</b>				
Debt instruments	3,327,534	2,109,418	3,396,022	2,099,911
of which own bonds and medium-term notes	–	–	–	–
of which intended to be held until maturity	3,327,534	2,109,418	3,396,022	2,099,911
of which valued at the lower of cost or market	–	–	–	–
Shares	26,029	31,527	26,029	37,601
Precious metals	–	26,519	–	26,519
Real estate	1,525	1,350	1,525	1,350
<b>Total financial assets</b>	<b>3,355,089</b>	<b>2,168,814</b>	<b>3,423,577</b>	<b>2,165,381</b>
of which securities for repo transactions in line with liquidity requirements	3,241,710	2,038,916	–	–

	Current year in 1000 CHF	Prior year in 1000 CHF
<b>Participations</b>		
with a market value	257,980	329,281
without a market value	29,566	68,946
<b>Total participations</b>	<b>287,546</b>	<b>398,227</b>

### 3 Details of major participations

Company name/holding	Registered office	Business activity	Capital in 1000 CHF	Current year voting share and equity interest in %	Prior year voting share and equity interest in %
<b>3.1 Group companies</b>					
Raiffeisen Leasing	St. Gallen	Leasing company	2,566	100.0	100.0
Raiffeisen Finanzierungs AG <sup>1</sup>	St. Gallen	Finance company	–	–	100.0
Raiffeisen Schweiz (Luxemburg) Fonds Advisory S.A.	Luxembourg	Funds business	220	100.0	100.0
Central Issuing Office of the Swiss Raiffeisen Banks (in liquidation)	St. Gallen	Issuer	19,086	10.5	10.1
of which not paid up			19,086		
Raiffeisen Guarantee Cooperative <sup>2</sup>	St. Gallen	Guarantee cooperative	–	–	5.3
<b>3.2 Other participations</b>					
Aduno Holding Ltd	Opfikon	Financial services	20,000	19.0	19.0
Vontobel Group	Zurich	Financial services	65,000	12.5	12.5
Mortgage Bond Bank of the Swiss Mortgage Institutions Ltd	Zurich	Mortgage bond bank	300,000	7.2	7.2
of which not paid up			168,000		
Swiss Bankers Prepaid Services Ltd	Grosshöchstetten	Financial services	10,000	6.0	–
Helvetia Holding Ltd	St. Gallen	Financial services	865	4.0	4.0
SIX Group Ltd <sup>3</sup>	Zurich	Financial services	19,522	1.2	4.0

1) Raiffeisen Finanzierungs AG was sold to Aduno Holding Ltd as of 1 January 2008.

2) The Raiffeisen Guarantee Cooperative was merged with Raiffeisen Switzerland as of 1 July 2008.

3) The prior year voting share and equity interest relates to the participation in Telekurs Holding Ltd.

#### 4 Fixed assets register

	Purchase price in 1000 CHF	Cumulative depreciation/amortization in 1000 CHF	Book value at end of prior 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
<b>Non-consolidated participations</b>								
Holdings Group companies	51,848	-801	51,047	–	–	-40,527	–	10,520
Other holdings	351,781	-4,600	347,180	–	1,147	–	-71,301	277,026
<b>Total participations</b>	<b>403,629</b>	<b>-5,401</b>	<b>398,227</b>	<b>–</b>	<b>1,147</b>	<b>-40,527</b>	<b>-71,301</b>	<b>287,546</b>
<b>Tangible fixed assets</b>								
Real estate								
Bank buildings	231,124	-61,924	169,200	-12	5,531	–	-5,628	169,091
Other real estate	2,449	-1,199	1,250	–	5,285	–	-335	6,200
Other tangible fixed assets	163,311	-114,671	48,640	12	72,419	-39	-28,373	92,659
Other	96,383	-80,134	16,249	–	29,732	–	-13,525	32,456
<b>Total tangibles</b>	<b>493,267</b>	<b>-257,929</b>	<b>235,339</b>	<b>–</b>	<b>112,967</b>	<b>-39</b>	<b>-47,860</b>	<b>300,406</b>

in 1000 CHF

Value of real estate for fire insurance purposes	187,814
Value of other tangible fixed assets for fire insurance purposes	157,913

## 5 Other assets and liabilities

	Current year in 1000 CHF	Prior year in 1000 CHF
<b>Other assets</b>		
Total replacement value	721,170	219,454
Equalization account	269,096	–
Clearing accounts for social security and staff pension fund contributions	58,655	52,755
Clearing accounts for indirect taxes	1,161,131	2,319,174
Other clearing accounts	9,067	6,915
Commodities	7,011	6,560
Miscellaneous other assets	31	581
<b>Total other assets</b>	<b>2,226,160</b>	<b>2,605,440</b>
<b>Other liabilities</b>		
Total replacement value	1,013,737	105,114
Equalization account	–	178,930
Due, unredeemed coupons and debt instruments	676	1,535
Levies, indirect taxes	31,972	28,693
Solidarity fund	303,692	304,284
of which open guarantees to Raiffeisen banks	2,276	7,470
Clearing accounts for social security and staff pension fund contributions	4,157	3,502
Other clearing accounts	34,017	29,934
Miscellaneous other liabilities	623	756
<b>Total other liabilities</b>	<b>1,388,863</b>	<b>652,748</b>

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

	Current year amount due or book value in 1000 CHF	Current year of which made use of in 1000 CHF	Prior year amount due or book value in 1000 CHF	Prior year of which made use of in 1000 CHF
<b>Balance sheet items</b>				
Receivables from Raiffeisen banks	691,027	691,027	932,923	932,923
Mortgage receivables	301,583	273,723	262,794	200,696
Financial assets	1,020,429	435,626	1,393,838	559,395
<b>Total pledged assets</b>	<b>2,013,038</b>	<b>1,400,375</b>	<b>2,589,555</b>	<b>1,693,013</b>

## 7 Securities lending and repurchase operations

	Current year in 1000 CHF	Prior year in 1000 CHF
Claims resulting from cash collateral in connection with securities borrowing and reverse repurchase operations	7,618,847	9,305,074
Liabilities resulting from cash collateral in connection with securities lending and repurchase operations	4,852,250	3,916,090
Securities owned by the bank lent under securities lending agreements, delivered as collateral for securities borrowing or transferred from repurchase transactions	501,349	563,893
for which the right to resell or pledge without restriction was granted	501,349	563,893
Securities received as collateral under securities lending agreements, borrowed under securities borrowing agreements or received from reverse repo transactions and which can be repledged or resold without restriction	7,721,547	9,402,058
of which repledged or resold securities	4,715,989	3,441,603

## 8 Social insurance institutions

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

### 8.1 Liabilities to own social insurance institutions

	Current year in 1000 CHF	Prior year in 1000 CHF
Liabilities to clients in the form of savings and investment deposits	13,092	12,068
Other liabilities to clients	51,287	21,539
Other liabilities (negative replacement values)	1,142	2,178
<b>Total liabilities to own social insurance institutions</b>	<b>65,521</b>	<b>35,785</b>

### 8.2 Economic benefit/obligation and retirement benefit expenditure

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

	on 31.12. 2008 in %	on 31.12. 2007 in %
Raiffeisen Pension Fund	84.4	107.5
Raiffeisen Pension Plan	92.8	110.7

As a result of the difficult conditions on the financial markets, the above pension schemes of the Raiffeisen Group had insufficient cover as at 31 December 2008. 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.

### 8.3 Employer contribution reserves

	Current year in 1000 CHF	Prior year in 1000 CHF
<b>Employer contribution reserves for the Raiffeisen Employer Foundation and for the Raiffeisen Pension Plan</b>		
As at 1 January	11,535	10,101
+ Deposits*	2,000	2,000
– Withdrawals	1,265	748
+ Interest paid	276	183
<b>As at 31 December</b>	<b>12,546</b>	<b>11,535</b>

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

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

## 9 Outstanding bonds and mortgage bond loans

	Year of issue	Interest rate	Maturity	Early redemption possibility	Bond principal in 1000 CHF
Loans from the Mortgage Bond Bank of the Swiss Mortgage Institutions Ltd	var.	3.108	var.	–	936,650
Own bonds	1999	3.250	27.05.2009	none	250,000
	2001/02	4.000	02.02.2011	none	600,000
	2004	3.000	05.05.2014	none	400,000
	2006	3.125	30.05.2016	none	550,000
	2007	3.125	25.10.2012	none	250,000
	2007	3.140	18.10.2010	none	70,000
<b>Total outstanding bonds and mortgage bond loans</b>					<b>3,056,650</b>

## 10 Value adjustments and provisions

	End of prior year in 1000 CHF	Appropriate application in 1000 CHF	Change of use (transfers)	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)	39,712	-15,252	–	738	21,436*	-9,606	37,028
Value adjustments and provisions for other business risks	753	-2,509	–	–	2,163	-257	150
Restructuring provisions	199	-102	–	–	–	-98	–
<b>Total value adjustments and provisions</b>	<b>40,664</b>	<b>-17,863</b>	<b>–</b>	<b>738</b>	<b>23,599</b>	<b>-9,960</b>	<b>37,178</b>
<b>Reserves for general banking risks</b>	<b>424,500</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>-96,400</b>	<b>328,100</b>
of which taxed	86,000	–	–	–	–	–	109,500

\* includes 19.1 million Swiss francs of value adjustments arising from the merger with the Raiffeisen Guarantee Cooperative not recognized in profit and loss.

**11 Evidence of equity capital**

	in 1000 CHF
<b>Equity capital at the beginning of the current year</b>	
Cooperative capital	320,000
General statutory reserves	119,080
Reserves for general banking risks	424,500
Profit	18,392
<b>Total equity capital at the beginning of the year (before approp. of profits)</b>	<b>881,972</b>
± Capital increase	40,000
+ Addition of reserves from the merger with the Raiffeisen Guarantee Cooperative	3,908
– Release of reserves for general banking risks	96,400
– Interest on the cooperative capital from the annual profit of the previous year	12,800
+ Annual profit for the current year	19,835
<b>Total equity capital at the end of the current year (before approp. of profits)</b>	<b>836,515</b>
of which cooperative capital	360,000
of which general statutory reserves	128,581
of which reserves for general banking risks	328,100
of which profit	19,835
<b>Total additional funding obligation of the Raiffeisen banks</b>	<b>7,306,678</b>

The cooperative capital totalling 360 million Swiss francs is divided up into 360,000 cooperative share certificates of 1,000 Swiss francs each and is owned in full by the 367 Raiffeisen banks within Raiffeisen Switzerland. No Raiffeisen bank holds share certificates granting more than 5% of the voting rights.

Under the Articles of Association of Raiffeisen Switzerland, the Raiffeisen banks must acquire a share certificate for 1,000 Swiss francs for each 100,000 Swiss francs of their total assets. As at 31 December 2008 this corresponded to a call-in obligation towards Raiffeisen Switzerland of 1,205.1 million Swiss francs, of which 360 million Swiss francs have been paid in.

The capital entitled to interest amounted to 360 million Swiss francs at the end of 2008 (prior year: 320 million Swiss francs).



## 12 Maturity structure of current assets and outside debt

	On demand in 1000 CHF	Redeemable by notice in 1000 CHF	Due within 3 months in 1000 CHF	Due within 3 to 12 months in 1000 CHF	Due within 1 to 5 years in 1000 CHF	Due after 5 years in 1000 CHF	Total in 1000 CHF
<b>Current assets</b>							
Liquid funds	703,134	–	–	–	–	–	703,134
Receivables from money market sec.	621	–	–	–	–	–	621
Receivables from Raiffeisen banks	5,131,848	–	–	–	–	–	5,131,848
Receivables from other banks	272,827	–	11,534,510	692,450	100,000	–	12,599,787
Receivables from clients	45,390	51,326	112,597	152,083	263,471	31,612	656,479
Mortgage receivables	1,906	1,145,561	104,769	332,135	1,638,268	543,432	3,766,071
Trading portfolios in securities and precious metals	365,585	–	–	–	–	–	365,585
Financial assets*	156,883	–	110,350	577,000	1,748,990	761,866	3,355,089
<b>Total current assets</b>							
<b>Current year</b>	<b>6,678,194</b>	<b>1,196,887</b>	<b>11,862,227</b>	<b>1,753,668</b>	<b>3,750,729</b>	<b>1,336,910</b>	<b>26,578,615</b>
Prior year	7,857,372	1,104,193	9,839,130	2,509,707	2,919,072	745,581	24,975,054
<b>Outside debt</b>							
Liabilities to Raiffeisen banks	7,948,866	–	–	–	–	–	7,948,866
Liabilities to other banks	3,417,791	–	1,856,662	728,401	2,406,004	85,000	8,493,858
Liabilities to clients in the form of savings and investment deposits	–	2,314,526	–	–	–	–	2,314,526
Other liabilities to clients	846,213	10,561	2,516,853	436,604	527,050	255,000	4,592,281
Medium-term notes	–	–	39,715	124,831	489,345	41,626	695,517
Bonds and mortgage bond loans	–	–	–	340,050	1,351,700	1,364,900	3,056,650
<b>Total outside debt</b>							
<b>Current year</b>	<b>12,212,870</b>	<b>2,325,088</b>	<b>4,413,230</b>	<b>1,629,886</b>	<b>4,774,099</b>	<b>1,746,526</b>	<b>27,101,699</b>
Prior year	5,803,970	1,572,255	9,791,671	1,948,064	5,569,293	1,943,055	26,628,309

\* The financial assets include 1,525,377 Swiss francs of real estate (prior year: 1,350,377 Swiss francs).

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

	Current year in 1000 CHF	Prior year in 1000 CHF
Receivables from affiliated companies	–	–
Liabilities to affiliated companies	50	126,074
Loans to executive bodies and employees	15,182	17,932

**Transactions with associated persons****1 Executive bodies**

The same procedures regarding processing and supervision apply to loans to executive bodies as to other loans. The same conditions apply to members of the Board of Directors as to other clients. The bank's management enjoys the same industry-standard preferential terms as other staff.

**2 Affiliated companies**

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

**14 Breakdown of foreign and domestic assets and liabilities**

	Current year domestic in 1000 CHF	Current year foreign in 1000 CHF	Prior year domestic in 1000 CHF	Prior year foreign in 1000 CHF
<b>Assets</b>				
Liquid funds	685,607	17,527	94,193	7,737
Receivables from money market securities	621	–	5,572	–
Receivables from Raiffeisen banks	5,131,848	–	5,334,042	–
Receivables from other banks	1,665,594	10,934,194	3,944,884	8,395,382
Receivables from clients	654,937	1,542	917,641	1,813
Mortgage receivables	3,766,071	–	3,386,545	–
Trading portfolios in securities and precious metals	254,202	111,383	511,440	206,993
Financial assets	3,085,893	269,196	1,952,731	216,082
Participations	283,635	3,911	394,316	3,911
Tangible fixed assets	300,406	–	235,339	–
Accrued income and prepaid expenses	319,274	–	352,413	–
Other assets	1,679,449	546,711	2,496,830	108,610
<b>Total assets</b>	<b>17,827,536</b>	<b>11,884,464</b>	<b>19,625,945</b>	<b>8,940,528</b>

Continued on page 49

	Current year domestic in 1000 CHF	Current year foreign in 1000 CHF	Prior year domestic in 1000 CHF	Prior year foreign in 1000 CHF
<b>Liabilities</b>				
Liabilities to Raiffeisen banks	7,948,866	–	3,972,433	–
Liabilities to other banks	4,713,029	3,780,830	5,882,503	5,546,828
Liabilities to clients in the form of savings and investment deposits	2,242,733	71,793	1,514,613	54,192
Other liabilities to clients	4,567,863	24,418	5,804,640*	16,529*
Medium-term notes	694,464	1,053	497,450*	20*
Bonds and mortgage bond loans	3,056,650	–	3,339,100	–
Accrued expenses and deferred income	347,745	–	362,780	–
Other liabilities	559,088	829,776	628,020	24,728
Value adjustments and provisions	36,867	311	40,664	–
Reserves for general banking risks	328,100	–	424,500	–
Cooperative capital	360,000	–	320,000	–
General statutory reserves	128,581	–	119,080	–
Annual profit	19,835	–	18,392	–
<b>Total liabilities</b>	<b>25,003,819</b>	<b>4,708,181</b>	<b>22,924,175</b>	<b>5,642,297</b>

\* Time deposits of 7,555,000 Swiss francs previously reported under "Other liabilities to clients" are now recorded in the balance sheet under "Medium-term notes".

## 15 Total assets by country or country group

	Current year in 1000 CHF	Current year in %	Prior year in 1000 CHF	Prior year in %
<b>Assets</b>				
Europe				
Switzerland	17,827,536	60.00	19,625,945	68.70
Germany	2,357,141	7.93	2,826,690	9.90
Benelux countries	1,415,648	4.76	2,766,465	9.68
Austria	4,130,608	13.90	1,417,017	4.96
Rest of Europe	3,801,545	12.79	1,771,121	6.20
Rest of world (America, Asia, Oceania, Africa)	179,521	0.60	159,235	0.56
<b>Total assets</b>	<b>29,712,000</b>	<b>100.00</b>	<b>28,566,473</b>	<b>100.00</b>

**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
<b>Assets</b>					
Liquid funds	640,890	39,655	5,012	17,577	703,134
Receivables from money market securities	617	–	4	–	621
Receivables from Raiffeisen banks	5,131,609	77	1	161	5,131,848
Receivables from other banks	10,247,901	1,996,728	259,827	95,331	12,599,787
Receivables from clients	655,641	835	3	–	656,479
Mortgage receivables	3,766,071	–	–	–	3,766,071
Trading portfolios in securities and precious metals	200,327	8,208	–	157,051	365,585
Financial assets	3,355,089	–	–	–	3,355,089
Participations	283,855	3,691	–	–	287,546
Tangible fixed assets	300,406	–	–	–	300,406
Accrued income and prepaid expenses	319,274	–	–	–	319,274
Other assets	2,226,160	–	–	–	2,226,160
<b>Total assets reflected in the balance sheet</b>	<b>27,127,839</b>	<b>2,049,195</b>	<b>264,847</b>	<b>270,119</b>	<b>29,712,000</b>
Delivery claims under spot exchange, forward exchange and currency option contracts	492,646	453,261	441,287	81,753	1,468,947
<b>Total assets</b>	<b>27,620,485</b>	<b>2,502,456</b>	<b>706,134</b>	<b>351,873</b>	<b>31,180,947</b>
<b>Liabilities</b>					
Liabilities to Raiffeisen banks	6,300,096	1,264,473	213,548	170,749	7,948,866
Liabilities to other banks	7,398,399	982,415	78,537	34,508	8,493,858
Liabilities to clients in the form of savings and investment deposits	2,265,360	49,165	–	–	2,314,526
Other liabilities to clients	4,513,169	46,857	14,833	17,422	4,592,281
Medium-term notes	695,517	–	–	–	695,517
Bonds and mortgage bond loans	3,056,650	–	–	–	3,056,650
Accrued expenses and deferred income	347,745	–	–	–	347,745
Other liabilities	1,388,863	–	–	–	1,388,863
Value adjustments and provisions	37,178	–	–	–	37,178
Reserves for general banking risks	328,100	–	–	–	328,100
Cooperative capital	360,000	–	–	–	360,000
General statutory reserves	128,581	–	–	–	128,581
Annual profit	19,835	–	–	–	19,835
<b>Total liabilities reflected in the balance sheet</b>	<b>26,839,493</b>	<b>2,342,910</b>	<b>306,917</b>	<b>222,680</b>	<b>29,712,000</b>
Delivery obligations under spot exchange, forward exchange and currency option contracts	789,768	154,900	399,825	124,454	1,468,947
<b>Total liabilities</b>	<b>27,629,261</b>	<b>2,497,811</b>	<b>706,743</b>	<b>347,133</b>	<b>31,180,947</b>
<b>Net position per currency</b>	<b>-8,776</b>	<b>4,645</b>	<b>-609</b>	<b>4,739</b>	<b>–</b>

31.12.2008 31.12.2007

**Foreign currency conversion rates**

EUR	1.489	1.657
USD	1.056	1.127

## Information on Off-Balance-Sheet Business

### 17 Contingent liabilities

	Current year in 1000 CHF	Prior year in 1000 CHF
Loan security guarantees	394,729	184,220
Warranty bonds	5,028	415
Other contingent liabilities	104,168	53,066
<b>Total contingent liabilities</b>	<b>503,926</b>	<b>237,701</b>

### 18 Open derivative financial instruments

#### 18.1 Trading instruments with internal and external counterparties

	Positive contract replace- ment value in 1000 CHF	Negative contract replace- ment value in 1000 CHF	Contract volume up to 1 year in 1000 CHF	Contract volume 1 to 5 years in 1000 CHF	Contract volume over 5 years in 1000 CHF	Contract volume total in 1000 CHF
<b>Interest rate instruments</b>						
Futures contracts incl. FRAs	30,808	33,050	14,350,000	750,000	–	15,100,000
Swaps	1,130,422	1,134,959	56,268,200	33,082,500	12,488,000	101,838,700
Forward	–	–	–	–	–	–
Options (OTC)	20	48	48,145	40,491	–	88,635
Options (traded)	–	–	–	–	–	–
<b>Foreign currencies</b>						
Forward contracts	54,388	53,677	1,004,396	157	–	1,004,553
Comb. interest rate/currency swaps	19,855	19,840	27,657	597,816	–	625,473
Options (OTC)	–	–	–	–	–	–
<b>Precious metals</b>						
Forward contracts	3,018	3,670	158,506	–	–	158,506
Futures	–	–	–	–	–	–
<b>Equity securities and indices</b>						
Options (traded)	–	–	–	–	–	–
<b>Other</b>						
	–	–	–	–	–	–
<b>Total</b>						
<b>Current year</b>	<b>1,238,511</b>	<b>1,245,245</b>	<b>71,856,904</b>	<b>34,470,963</b>	<b>12,488,000</b>	<b>118,815,867</b>
Prior year	282,376	278,284	26,538,871	16,578,471	10,011,247	53,128,589

**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
<b>Interest rate instruments</b>						
Swaps	231,508	497,486	6,175,000	11,220,000	4,910,000	22,305,000
<b>Foreign currencies</b>						
Forward contracts	–	–	–	–	–	–
Comb. int. rate/currency swaps	–	19,855	13,424	284,481	–	297,904
<b>Total</b>						
<b>Current year</b>	<b>231,508</b>	<b>517,341</b>	<b>6,188,424</b>	<b>11,504,481</b>	<b>4,910,000</b>	<b>22,602,904</b>
Prior year	173,170	62,922	5,413,292	6,892,277	4,385,000	16,690,569

**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	717,343	1,010,126	65,398,813	22,910,868	7,578,000	95,887,681
Clients	1,221	1,307	165,016	3,645	–	168,661
Raiffeisen banks*	2,605	2,304	104,247	28,002	–	132,249
Stock exchanges	–	–	–	–	–	–
<b>Total</b>						
<b>Current year</b>	<b>721,170</b>	<b>1,013,737</b>	<b>65,668,075</b>	<b>22,942,515</b>	<b>7,578,000</b>	<b>96,188,590</b>
Prior year	219,454	105,114	21,125,579	9,686,194	5,626,247	36,438,019

\* primarily for client needs

No netting contracts are used to report the replacement values.

**Quality of counterparties**

Banks: Derivative transactions were conducted with counterparties with a good to very good credit rating. 93.8% 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	24,888	160,249	21,977	13,085	220,199
<b>Total fiduciary transactions</b>	<b>24,888</b>	<b>160,249</b>	<b>21,977</b>	<b>13,085</b>	<b>220,199</b>
Prior year	101,397	174,325	47,383	13,724	336,829

## Information on the Profit and Loss Account

### 20 Net interest income

	Current year in 1000 CHF	Prior year in 1000 CHF
Interest income from receivables from Raiffeisen banks	500,811	436,557
Interest income from receivables from other banks	351,860	410,784
Interest income from receivables from clients	140,542	121,684
Interest and dividend income from financial investments	51,940	60,060
Other interest income	86,059	71,268
<b>Total interest and dividend income</b>	<b>1,131,211</b>	<b>1,100,354</b>
Interest expenditure from liabilities to Raiffeisen banks	-487,857	-365,452
Interest expenditure from liabilities to other banks	-270,736	-377,039
Interest expenditure from liabilities to clients	-151,163	-133,043
Interest expenditure from bonds and mortgage bond loans	-104,175	-101,219
Other interest expenditure	-13,841	-17,643
<b>Total interest expenditure</b>	<b>-1,027,772</b>	<b>-994,396</b>
<b>Total net interest income</b>	<b>103,439</b>	<b>105,958</b>

### 21 Net income from commission business and service transactions

	Current year in 1000 CHF	Prior year in 1000 CHF
<b>Commission income</b>		
Commission income from lending business	2,505	823
Commission income from securities and investment business		
Fund business	5,953	15,735
Custody account business	27,343	17,515
Brokerage	18,265	19,696
Other securities and investment business	4,017	7,152
Commission income from other service transactions		
Payments	48,668	43,206
Account maintenance	7,527	6,445
Other service transactions	1,480	1,296
<b>Total commission income</b>	<b>115,760</b>	<b>111,868</b>
<b>Commission expenditure</b>		
Securities business	-44,866	-34,196
Payments	-8,006	-6,924
Other commission expenditure	-896	-16,910
<b>Total commission expenditure</b>	<b>-53,767</b>	<b>-58,031</b>
<b>Total net income from commission business and service transactions</b>	<b>61,993</b>	<b>53,837</b>

**22 Net trading income**

	Current year in 1000 CHF	Prior year in 1000 CHF
Foreign exchange trading	8,061	7,120
Precious metals and foreign notes and coins trading	21,350	11,073
Equities trading	17,335	20,568
Fixed income trading	12,720	10,592
<b>Total net trading income</b>	<b>59,465</b>	<b>49,354</b>

**23 Other ordinary income**

	Current year in 1000 CHF	Prior year in 1000 CHF
IT services charged to Group companies	68,379	62,988
Transactions to Group companies	21,526	7,091
Individual transactions for Raiffeisen banks	78,701	75,071
Contributions of the Raiffeisen banks	72,807	77,931
Other	1,995	2,237
<b>Total other ordinary income</b>	<b>243,410</b>	<b>225,318</b>



## 24 Personnel expenditure

	Current year in 1000 CHF	Prior year in 1000 CHF
Corporate bodies, attendance fees and fixed emoluments	857	752
Salaries and bonuses for staff	251,688	227,442
AHV, IV, ALV and other statutory contributions	18,313	15,680
Contributions to staff pension funds	18,532	16,381
Ancillary staff expenses	9,208	6,851
<b>Total personnel expenditure</b>	<b>298,599</b>	<b>267,106</b>

## 25 Operating expenditure

	Current year in 1000 CHF	Prior year in 1000 CHF
Occupancy costs	14,838	13,141
Cost of computer equipment, machinery, furniture, vehicles and other equipment	75,734	65,502
Other operating expenditure	80,654	78,522
<b>Total operating expenditure</b>	<b>171,226</b>	<b>157,164</b>

## 26 Extraordinary income and expenditure

### Current year

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

### Prior year

The extraordinary income of 19.8 million Swiss francs includes both 10.1 million Swiss francs from the release of reserves for general banking risks and 3.9 million Swiss francs from the reversal of value adjustments and provisions that are no longer required. It also includes proceeds of 3.0 million Swiss francs from the sale of a participation and of tangible fixed assets.

## Report of the statutory auditor



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

### Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Raiffeisen Switzerland Cooperative, which comprise the balance sheet, income statement, statement of cash flows and notes (pages 18 to 55), for the year ended on 31 December 2008.

#### *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 2008 comply with Swiss law and the cooperative's articles of incorporation.

**Report on other legal requirements**

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

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

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

PricewaterhouseCoopers Ltd

Beat Rütsche  
Audit expert  
Auditor in charge

Stefan Keller Wyss  
Audit expert

St. Gallen, 25 March 2009

A new path is created  
by walking it.





Having a reliable partner at your side makes each step upon the way easier. No path is too hard if we walk it together. As a trusted travelling companion, the Raiffeisen banks roll out the red carpet for their clients and members and clear the way ahead. Whether you are building a home, preparing for retirement, or have questions about investing, life is easier when you have a good and proven partnership that offers reliable expert knowledge.

## Calculation of mandatory capital

	Current year		Prior year	
	Risk-weighted positions in 1000 CHF	Required capital in 1000 CHF	Risk-weighted positions in 1000 CHF	Required capital in 1000 CHF
<b>Mandatory capital</b>				
Credit risks (Swiss standard approach)				
Receivables from Raiffeisen banks	1,282,962	102,637	1,333,510	106,681
Receivables from other banks	1,269,100	101,528	854,405	68,352
Receivables from clients	574,330	45,946	726,309	58,105
Mortgage receivables	1,559,793	124,783	1,414,037	113,123
Accrued income and prepaid expenses	112,744	9,020	166,448	13,316
Other assets, total replacement value of derivatives	272,445	21,796	59,114	4,729
Other assets, miscellaneous	25,103	2,008	21,856	1,749
Net interest positions outside trading book	461,731	36,938	355,442	28,435
Net equity positions outside trading book	65,074	5,206	78,818	6,305
Contingent liabilities	480,476	38,438	143,236	11,459
Irrevocable commitments	105,400	8,432	141,086	11,287
Call commitments and additional funding obligations	42,812	3,425	71,600	5,728
Add-ons for forward contracts and options purchased	36,319	2,906	30,702	2,456
Unsettled transactions	–	–	–	–
<b>Mandatory capital for credit risks</b>		<b>503,063</b>		<b>431,725</b>
Non-counterparty-related risks				
Tangible fixed assets and software	1,227,949	98,236	833,245	66,660
Real estate in financial assets	5,720	458	5,064	405
<b>Mandatory capital for non-counterparty-related risks</b>		<b>98,694</b>		<b>67,065</b>
Market risks (standard approach)				
Interest rate instruments – general market risk		41,331		36,991
Interest rate instruments – specific risk		3,558		7,394
Equity instruments		0		2,538
Foreign currencies and precious metals		4,265		7,252
Options		1		11
<b>Mandatory capital for market risks</b>		<b>49,155</b>		<b>54,186</b>
<b>Mandatory capital for operational risks (basic indicator approach)</b>		<b>71,002</b>		<b>64,420</b>
<b>Value adjustments recorded under liabilities</b>		<b>–</b>		<b>–</b>
<b>Total mandatory capital</b>		<b>721,914</b>		<b>617,396</b>

Continued on page 61

	Current year		Prior year	
	Risk-weighted positions in 1000 CHF	Required capital in 1000 CHF	Risk-weighted positions in 1000 CHF	Required capital in 1000 CHF
<b>Available capital</b>				
Total core capital		822,272		869,172
of which innovative core capital instruments		–		–
– proportional deduction for participations in the financial area		-143,773		-199,114
<b>Eligible adjusted core capital</b>		<b>678,499</b>		<b>670,058</b>
Eligible upper supplementary capital		–		–
Eligible lower supplementary capital		411,136		434,586
– proportional deduction for participations in the financial area		-143,773		-199,114
<b>Eligible supplementary capital</b>		<b>267,363</b>		<b>235,472</b>
<b>Total eligible capital</b>		<b>945,862</b>		<b>905,530</b>
Equity surplus		223,948		288,134
Equity cover		131.0%		146.7%
Core capital ratio		7.5%		8.7%
Total capital ratio		10.5%		11.7%

## Balance Sheet – five-year overview

	2008 in 1000 CHF	2007 in 1000 CHF	2006 in 1000 CHF	2005 in 1000 CHF	2004 in 1000 CHF
<b>Assets</b>					
Liquid funds	703,134	101,930	117,454	221,008	306,822
Receivables from money market securities	621	5,572	5,047	5,272	5,546
Receivables from Raiffeisen banks	5,131,848	5,334,042	4,509,773	4,927,012	4,595,587
Receivables from other banks	15,599,787	12,340,266	11,495,444	10,128,920	12,250,092
Receivables from clients	656,479	919,453	827,699	1,017,628	1,235,014
Mortgage receivables	3,766,071	3,386,545	3,517,049	3,507,156	3,437,923
<b>Loans to clients</b>	<b>4,422,550</b>	<b>4,305,998</b>	<b>4,344,747</b>	<b>4,524,785</b>	<b>4,672,937</b>
Trading portfolios in securities and precious metals	365,585	718,432	137,982	53,210	17,472
Financial assets	3,355,089	2,168,814	2,514,386	2,817,674	2,843,201
Participations	287,546	398,227	363,284	326,618	355,043
Tangible fixed assets	300,406	235,339	206,010	171,176	172,991
Accrued income and prepaid expenses	319,274	352,413	294,291	232,786	227,196
Other assets	2,226,160	2,605,440	1,308,082	995,619	925,877
<b>Total assets</b>	<b>29,712,000</b>	<b>28,566,473</b>	<b>25,296,501</b>	<b>24,404,078</b>	<b>26,372,763</b>
<b>Liabilities</b>					
Liabilities to Raiffeisen banks	7,948,866	3,972,433	3,953,784	3,613,462	3,686,175
Liabilities to other banks	8,493,858	11,429,331	9,732,898	9,739,474	11,000,254
Liabilities to clients in the form of savings and investment deposits	2,314,526	1,568,805	2,002,357	1,970,065	1,815,113
Other liabilities to clients*	4,592,281	5,821,170	4,278,813	3,554,063	4,306,801
Medium-term notes*	695,517	497,470	424,957	354,243	322,463
<b>Client monies</b>	<b>7,602,324</b>	<b>7,887,444</b>	<b>6,706,127</b>	<b>5,878,371</b>	<b>6,444,378</b>
Bonds and mortgage bond loans	3,056,650	3,339,100	3,107,550	3,566,250	3,668,800
Accrued expenses and deferred income	347,745	362,780	266,105	212,530	205,041
Other liabilities	1,388,863	652,748	596,620	468,020	510,906
Value adjustments and provisions	37,178	40,664	46,937	51,589	46,276
Reserves for general banking risks	328,100	424,500	434,600	428,000	373,500
Cooperative capital	360,000	320,000	320,000	320,000	320,000
General statutory reserves	128,581	119,080	113,582	108,634	103,714
Annual profit	19,835	18,392	18,298	17,749	13,720
<b>Total equity capital</b>	<b>836,515</b>	<b>881,972</b>	<b>886,480</b>	<b>874,382</b>	<b>810,934</b>
<b>Total liabilities</b>	<b>29,712,000</b>	<b>28,566,473</b>	<b>25,296,501</b>	<b>24,404,078</b>	<b>26,372,763</b>

\* Time deposits previously reported under "Other liabilities to clients" are now recorded in the balance sheet under "Medium-term notes".



## Profit and Loss Account – five-year overview

	2008 in 1000 CHF	2007 in 1000 CHF	2006 in 1000 CHF	2005 in 1000 CHF	2004 in 1000 CHF
Interest and discount income	1,079,271	1,040,294	736,788	534,590	479,321
Interest and dividend income from financial assets	51,940	60,060	69,009	82,089	88,039
Interest expenditure	-1,027,772	-994,396	-694,583	-514,058	-467,020
<b>Net interest income</b>	<b>103,439</b>	<b>105,958</b>	<b>111,215</b>	<b>102,620</b>	<b>100,339</b>
Commission income from lending business	2,505	823	919	1,140	892
Commission income from securities and investment business	55,580	60,098	54,058	46,590	39,087
Commission income from other service transactions	57,675	50,947	46,526	44,440	46,898
Commission expenditure	-53,767	-58,031	-24,819	-20,827	-17,997
<b>Net income from commission business and service transactions</b>	<b>61,993</b>	<b>53,837</b>	<b>76,684</b>	<b>71,343</b>	<b>68,881</b>
<b>Net trading income</b>	<b>59,465</b>	<b>49,354</b>	<b>28,291</b>	<b>24,456</b>	<b>17,467</b>
Income from sale of financial assets	30	122	-32	27	83
Income from participating interests	30,204	28,551	20,220	20,436	7,218
Income from real estate	3,473	3,813	3,309	6,471	4,846
Other ordinary income	243,410	225,318	215,837	147,840	132,431
Other ordinary expenditure	-5,498	-27	-629	-1,458	-1,501
<b>Other ordinary result</b>	<b>271,619</b>	<b>257,776</b>	<b>238,706</b>	<b>173,316</b>	<b>143,079</b>
<b>Operating income</b>	<b>496,516</b>	<b>466,926</b>	<b>454,896</b>	<b>371,736</b>	<b>329,766</b>
Personnel expenditure	-298,599	-267,106	-230,808	-146,977	-135,474
Operating expenditure	-171,226	-157,164	-139,528	-140,986	-136,677
<b>Total operating expenditure</b>	<b>-469,825</b>	<b>-424,270</b>	<b>-370,336</b>	<b>-287,963</b>	<b>-272,151</b>
<b>Gross profit</b>	<b>26,691</b>	<b>42,656</b>	<b>84,560</b>	<b>83,773</b>	<b>57,616</b>
Depreciation on fixed assets	-119,162	-37,932	-55,229	-34,866	-34,674
Value adjustments, provisions and losses	-470	-432	-4,647	-9,716	-459
<b>Operating profit (interim result)</b>	<b>-92,941</b>	<b>4,291</b>	<b>24,683</b>	<b>39,191</b>	<b>22,484</b>
Extraordinary income	118,261	19,786	7,191	37,454	10,426
Extraordinary expenditure	-39	-313	-8,277	-54,500	-15,632
Taxes	-5,446	-5,373	-5,300	-4,397	-3,558
<b>Annual profit</b>	<b>19,835</b>	<b>18,392</b>	<b>18,298</b>	<b>17,749</b>	<b>13,720</b>

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



#### **Publication data**

Raiffeisen Switzerland cooperative  
Corporate Communications  
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