



Always there where numbers count.

RAIFFEISEN

We open up new horizons

Contents

2 Preface

Organisational chart

- 4 Organisational chart of Raiffeisen Switzerland

Business trend

- 6 Business trend report
- 10 Remuneration report
- 14 Balance sheet
- 15 Income statement
- 16 Distribution of profit
- 16 Cash flow statement

Notes

- 18 Details
- 30 Information on the balance sheet
- 43 Information on the off-balance-sheet business
- 46 Information on the income statement
- 48 Report of the statutory auditor
- 50 Balance sheet – five-year overview
- 51 Income statement – five-year overview

Strong cooperative – outstanding results



Left: Prof. Dr Johannes Rüegg-Stürm,
Chairman of the Board of Directors
of the Raiffeisen Group

Right: Dr Pierin Vincenz,
Chairman of the Executive Board
of the Raiffeisen Group

The market did not perform as expected in 2014. Long-overdue structural reforms in many of Europe's economies have yet to materialise. In addition, ultra-low or even negative interest rates and heavy-handed interventions by national banks are spreading uncertainty in the capital market. Swiss exporters – and thus most SMEs – are suffering under the strong franc.

Despite the difficult market environment, Raiffeisen still performed exceptionally well in 2014. Group profit went up further, while gross profit once again exceeded one billion francs. We increased loans to clients to CHF 159 billion by originating CHF 7 billion of new mortgages. This enabled us to outperform the market slightly and to continue to successfully grow our core business without compromising the high quality of our loan portfolio. In addition, our capital base is excellent. Our sustainable business model puts continuity ahead of yield. While Raiffeisen's classification as a systemically important institution underscores the importance of our banking group to the Swiss market, it also highlights our responsibility to Switzerland and the domestic economy.

Consistently low interest rates and narrow margins in the lending business impel us to broadly diversify our earnings base. The strategic expansion of the investment client segment is making good progress. Assets under management have gone up significantly. Also, the establishment of Notenstein Asset Management AG strengthened our asset management capabilities for institutional clients.

The corporate clients business reported favourable growth as well. In recent years, we have succeeded in positioning Raiffeisen as an SME bank that also offers non-financing services, such as preferential access to a broad network of experts in succession planning. The Raiffeisen Business Owner Centre (RUZ), which opened in Gossau in March 2014, offers local SMEs an innovative cross-industry networking platform. Two more RUZ centres will open over the course of 2015.

As the world becomes more digital and client requirements change, an efficient, innovative IT infrastructure has become crucial for competing in the banking industry. Together with Avaloq, we set up ARIZON Sourcing AG in order to replace our current front-office system and migrate securities processing to new Avaloq-based banking software.

Raiffeisen's culture and sustainable cooperative model enable open, honest discussions about the bank's future. The basic Raiffeisen Group strategy was developed in talks with more than 1,500 managers and began to be implemented and entrenched in the organisation in the current year as part of "Raiffeisen Dialogue 2014". In 2015, we will present and discuss the basic strategy with the entire staff so that every employee can understand and embrace it.

Our cooperative is appreciated by the community, as evidenced by steady growth in membership: 1.8 million people are now Raiffeisen members. That is nearly one-quarter of the Swiss population. We would like to express our gratitude for the trust placed in us. We also want to thank the 10,000-plus employees throughout Switzerland who worked hard to bring another year to a successful close for Raiffeisen.



Prof. Dr Johannes Rüegg-Stürm
Chairman of the Board of Directors
of the Raiffeisen Group



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

Organisational chart of Raiffeisen Switzerland

Board of Directors

Prof. Dr. Johannes Rüegg-Stürm (Chairman), Philippe Moeschinger (Vice Chairman), Rita Fuhrer, Angelo Jelmini, Anne-Claude Luisier, Daniel Lüscher¹, Urs Schneider, Oliver Roussy, Prof. Dr. Franco Taisch, Lic. iur. Edgar Wohlhauser, Werner Zollinger

Chairman of the Executive Board Dr Pierin Vincenz²

Market

Dr Patrik Giseler²

Private Clients

Roland Altwegg

Affluent Clients/ Wealth Advisory

Ernst Näf

Corporate Clients

Andreas Rupp

St. Gallen branch

Dieter Leopold

Winterthur branch

Gregor Knoblauch

Basel branch

Dr Reto Erdin

Zurich branch

Matthias Läubli

Berne branch

Daniel Schmid

Thalwil branch

Daniel Duca

Marketing & Communication

Gabriele Burn²

Electronic Channels

Pascal Dürr

Group Communications

Dr Thomas Gerlach

Marketing

Oliver Niedermann

French-speaking Switzerland office

Gabriele Burn²

Italian-speaking Switzerland office

Romano Massera

Bank Relationship Management

Michael Auer²

Human Resources Management

Michael Federer

Legal & Compliance

Roland Schaub

Services

Markus Hug

Training & Development

Urs von Däniken

RB Consulting

Robin W. Marke

Central Bank

Paulo Brügger²

Trading & Sales

Werner Leuthard

Treasury

Daniel Gasser (interim)

Business Engineering & Support

Marco Tagliaferro

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

This representation depicts the organisation at the time of editing (27 February 2015).

The depiction of the new organisational structure can be found from 1 May 2015 at www.raiffeisen.ch.

General Secretariat Pius Horner

IT
Damir Bogdan²

Business Systems
René Latzer (interim)

IT Operations
Christian Lampert

Finance
Marcel Zoller²

Accounting
Paolo Arnoffi

**Corporate Development
& Controlling**
Dr Christian Poerschke

Group Risk Controlling
Dr Beat Hodel³

Credit Risk Management
Daniel Tönz

Projects
Erwin Keller

Internal Auditing
Kurt Zobrist

Internal Auditing RB St.Gallen
Sabine Bucher

Internal Auditing RB Dietikon
Räto Willi

Internal Auditing RB Lausanne
Daniel Widmer

Internal Auditing RB Bellinzona
Katia Carobbio

**Internal Auditing
Raiffeisen Switzerland and
Group Companies**
Roland Meier

Business trend

More action to ensure adequate liquidity

Raiffeisen Switzerland responded to FINMA rules by taking more action to ensure that the Group has sufficient liquidity during the current year. The bank is on a solid trajectory. It lowered other operating expenses significantly. However, important income components dropped significantly due to the challenging environment, and operating income is lower than in the previous year.

Raiffeisen Switzerland posted a net profit of CHF 37 million in the year under review. Total assets grew by CHF 4.9 billion to CHF 37.6 billion. There were again substantial shifts within the balance sheet, largely due to changes in liquidity. No post-balance-sheet-date events occurred that would have a significant impact on the operating result.

INCOME STATEMENT

Operating income decreased CHF 41.5 million, or 7.3% year to year, to CHF 529.1 million. The challenging market environment particularly affected interest income, which declined CHF 8.6 million (-7.1%), and trading profit, which dropped CHF 30.3 million (-41.7%). Commission fee income, by contrast, went up (+4.4%), while other ordinary profit declined CHF 6 million (-2%) as planned. Operating expenditure, in turn, dropped 0.6% or CHF 3.2 million.

Income from ordinary banking activity

Net interest income (note 20) decreased CHF 8.6 million to CHF 112.1 million. Successful asset and liability management combined with higher business volume boosted branches' interest balance CHF 3.9 million year on year to CHF 84.1 million. While net interest income in the corporate clients and leasing business remained stable, Treasury generated much less net income from liquidity maintenance and hedging due to the very low interest rates.

Net income from commission business and service transactions (note 21) went up 4.4% from the previous year to CHF 81.4 million. Income rose over 10% for commission income from the lending business and from the securities and investment business. Payment volumes rose rapidly once again and performed well despite reduced transaction prices. Commission expenditure went up relative to earnings growth, rising CHF 3.7 million (+10%). Raiffeisen Switzerland saw net trading income (note 22) fall CHF 30.3 million to CHF 42.3 million due to the difficult bond market situation. While net income from foreign exchange, precious metals and foreign notes trading remained stable thanks to high volumes, net income from equities and fixed income trading dropped CHF 6.7 million overall (previous year: CHF +23.2 million).

Other ordinary profit fell CHF 6 million to CHF 293.3 million. Sales of shares classified under financial assets generated CHF 7 million in additional income. Income from participating interests, by contrast, declined CHF 7.2 million due to lower dividend distributions. It should be noted that Six Group Ltd distributed a special dividend of CHF 5.7 million in the previous year. 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. Income from IT

services for Group companies came to CHF 58.9 million in the current year, or slightly above the previous year. Income from individual services provided for Group companies rose CHF 4.1 million to CHF 96.6 million, since the current year marked the first time that the newly established ARIZON Sourcing Ltd was charged for services.

Income from collective and strategic services to the Raiffeisen banks amounted to CHF 60.2 million, or CHF 14.3 million more than the previous year. This includes CHF 13.5 million for the first round of central capital procurement contributions. The project volume was radically reduced due to the development work initiated on the future retail banking platform in cooperation with Avaloq AG. This lowered the contributions made by the Raiffeisen banks to Group projects by CHF 25 million. Other ordinary expenditure of CHF 35 million mainly includes costs for producing printed matter for the Raiffeisen banks, in addition to expenditure on purchasing IT infrastructure for the Raiffeisen banks.

Operating expenditure

Personnel expenditure (note 24) totalled CHF 320.6 million, up by CHF 12 million or 3.9%. After adjusting for a one-time contribution of CHF 5 million to the employer contribution reserve at the Raiffeisen Employer Foundation, personnel expenditure only rose 2.3%. The number of persons employed increased by 46 full-time equivalents or 2.5% to 1,892 full-time equivalents. Pay increases averaged 1.0%. Total variable remuneration was reduced 4.0% at the same time.

Other operating expenses (note 25) amounted to CHF 164 million in the current year. This represents a decrease of CHF 15.1 million or 8.4%. Expenses relating to IT (particularly software) went down around CHF 3.8 million. All told, CHF 17.5 million less was spent on legal counsel and fees to independent contractors in the project business. Expenses for postage and transportation costs went up nearly CHF 2 million, while those for sponsoring and advertising climbed CHF 2.5 million.

Depreciation on fixed assets

Write-downs of CHF 4 million (previous year: CHF 0.5 million) were applied to participations. Depreciation on tangible assets (note 4) declined by CHF 3.7 million year on year to CHF 37.2 million. At CHF 2.3 million, extraordinary write-downs with reserve characteristics stayed at prior-year levels.

Value adjustments, provisions and losses

The "Value adjustments, provisions and losses" item includes provisions of CHF 7 million for possible third-party expenses resulting from the US tax dispute.

Extraordinary income and taxes

The extraordinary income (note 26) of CHF 47.2 million includes realised gains from the sale of shares in Vontobel Holding Ltd (CHF 44.3 million), the proceeds from the sale of participation certificates of Notenstein Private Bank Ltd (CHF 0.9 million) and reversals of value adjustments and provisions that are no longer required (CHF 1.3 million). In addition, reserves of CHF 2 million were recognised for general banking risks, and so an equivalent amount was debited to extraordinary expenditure. Tax expenditure in the year under review amounted to CHF 1.1 million.

Net profit

A net profit of CHF 37 million was recorded.

BALANCE SHEET

Raiffeisen Switzerland's balance sheet reflects the diverse demands placed on the organisation as a result of its central position within the Raiffeisen Group. Raiffeisen Switzerland has bank branches in larger Swiss cities with a range of services similar to Raiffeisen banks. It also performs central bank functions for the entire Group. As the central intermediary, it holds responsibility for liquidity management, funding and hedging of interest rate exposure on a consolidated basis, among other things. As a result, the short-term liquidity situation

of the Raiffeisen banks, which is a function of the difference in the growth of customer deposits and loans respectively, is directly reflected in Raiffeisen Switzerland's balance sheet and total assets. There were some considerable shifts within the balance sheet in the year under review. Raiffeisen Switzerland's total assets rose CHF 4.9 billion to CHF 37.6 billion. The statutory liquidity requirements, which have to be met on a consolidated basis, were satisfied at all times.

Receivables/liabilities to Raiffeisen banks

At the end of 2014, Raiffeisen Switzerland's net liabilities to Raiffeisen banks amounted to CHF 7.2 billion (prior year: CHF 5.3 billion). This resulted from Raiffeisen banks enjoying high client asset inflows and recording a high level of refinancing through Pfandbriefdarlehen. The Raiffeisen banks hold assets of CHF 7.6 billion at Raiffeisen Switzerland in order to comply with statutory liquidity requirements.

Receivables/liabilities to other banks

Interbank business volume increased considerably in 2014. At the end of the year, receivables were 13.4% lower than the previous year. Liabilities rose CHF 1.6 billion to roughly CHF 8.4 billion due to high investment demand from other banks. Most of the unsecured interbank loans have maturities of 3 to 12 months. The low market rates have brought the repo market to a virtual standstill.

Loans to clients

Loans to clients rose by a total of CHF 944.7 million or 10.8% to CHF 9.7 billion in the current year. The branches increased lending volume by CHF 650.2 million (8.6%) to CHF 8.2 billion. These loans also include short-term Central Bank loans to institutional clients, loans to larger corporate clients, as well as the equipment leasing business.

Trading portfolios in securities and precious metals

Trading portfolios rose CHF 645.1 million to CHF

1.9 billion in the current year (see note 2 for a breakdown of the trading portfolios). Holdings of stock-exchange-listed debt instruments increased CHF 511.3 million to CHF 1.1 billion, while holdings of shares rose CHF 127.8 million to CHF 160.4 million. Precious metals portfolios remained practically unchanged. The capital adequacy requirements for market risks in the trading book are detailed on page 23.

Financial assets

Securities holdings in financial assets (note 2), mainly top-quality bonds, are managed in accordance with statutory liquidity requirements and internal liquidity targets. The book value rose CHF 1.3 billion to CHF 5.0 billion.

Participations

The primary participations/investments are detailed under notes 3 and 4. The sale of the participation in Vontobel Holding Ltd (book value: CHF 225.4 million) generated CHF 269.7 million in proceeds and CHF 44.3 million in profit. Around four million participation certificates worth CHF 8.4 million were sold as part of Notenstein Private Bank Ltd's employee share ownership programme. In the current year, Raiffeisen Switzerland invested roughly CHF 72 million in participations. Raiffeisen Switzerland invested CHF 23.7 million in a capital increase at Helvetia Holding Ltd without changing its percentage equity holding. Notenstein Private Bank Ltd acquired a 1.8% equity stake in Leonteq Ltd worth CHF 30.8 million. CHF 5.1 million were invested to form ARIZON Sourcing Ltd. CHF 12.4 million was invested in other participations, most of which was attributable to the increase in the SIX Group Ltd stake by 0.4 percentage points to 5.5%.

Tangible assets

Investment volume in real estate (note 4) for the current year was CHF 4.9 million, of which CHF 3.4 million was invested in the bank branches and CHF 0.6 million in various bank buildings in Dietikon and at Raiffeisenplatz in St.Gallen. An amount of CHF 38.6 million was

invested in other tangible assets, including around CHF 35 million in hardware and software and in licences relating to the new retail banking platform.

Customer deposits

Customer deposits increased a significant 14.2% or CHF 1.0 billion to CHF 8.4 billion in the year under review. Client deposits held by the branches increased CHF 517.4 million or 8.8% to CHF 6.4 billion. The increase is partly due to short-term investments that Treasury made with institutional clients.

Bonds and Pfandbriefdarlehen

A CHF 400 million bond matured in May. Two new defined-maturity bonds worth CHF 450 million were issued in February. A defined-maturity bond worth CHF 225 million was issued in June again. As a result, outstanding bonds rose CHF 298 million to CHF 3.8 billion (note 9). Liabilities owed to Pfandbriefbank increased a slight CHF 22.8 million to CHF 1.7 billion.

Other assets and liabilities

Other assets and liabilities went up considerably in 2014. Withholding tax credits, accrued mainly through share buybacks, rose around CHF 0.5 billion. In addition, the positive and negative replacement values of forward contracts both went up approximately CHF 0.8 billion.

Value adjustments and provisions

The value adjustments for default risks (note 10) decreased CHF 1.8 million to CHF 21.7 million. New provisions in the amount of CHF 7.9 million were allocated, with reversals of CHF 9 million, while the sum of CHF 0.7 million was written off for confirmed losses. Provisions of CHF 7 million were recognised under the item "Value adjustments and provisions for other business risks" in the year under review for possible third-party services in connection with the US tax dispute. To determine the value adjustments for default risks, expected loss risks were factored in based on internal ratings and the calculated value of collateral. The provisions for

restructuring were used for their designated purpose in 2014.

Reserves for general banking risks

CHF 2 million was allocated to reserves for general banking risks in the current year. CHF 167.5 million of the total amount of CHF 283.7 million has been taxed (note 10).

Equity capital

Equity capital was practically unchanged at the end of the current year, totalling CHF 1.3 billion.

Off-balance-sheet business

Total contingent liabilities (note 17) rose CHF 900 million to CHF 1.7 billion. 2014 was characterised by a negative expected and effective interest rate environment for short maturities. This triggered an increase in transaction volumes in short-term interest rate contracts. The contract volume for derivative financial instruments (note 18) fell CHF 14.0 billion to CHF 141.3 billion. Hedging transactions for the bank book rose CHF 529 million to CHF 41.3 billion. This increase was principally due to an increase in forward contracts. The positive replacement values amounted to CHF 1.7 billion (previous year: CHF 0.9 billion), while the negative replacement values amounted to CHF 2.1 billion (previous year: CHF 1.4 billion). Fiduciary transaction volumes declined a slight CHF 1 million to CHF 16.3 million.

REMUNERATION REPORT

A competitive compensation system plays a key role in successfully positioning Raiffeisen as an attractive employer. The remuneration system is designed to attract qualified staff and retain talented employees. Outstanding achievements are acknowledged, and every individual's performance is rewarded. This is essential in order to achieve long-term strategic targets.

Raiffeisen's remuneration system satisfies the key criteria from laws, rules and regulations, including, without limitation, the regulations from Circular 10/1 "Remuneration schemes" of the Swiss Financial Market Supervisory Authority (FINMA), which apply for Raiffeisen Switzerland. The circular defines minimum standards for the design, implementation and disclosure of remuneration schemes in financial institutions.

Independent remuneration system

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

The low risk profile, stable earnings and cooperative tradition are the reasons why an independent remuneration system was established. Remuneration caps for all groups of risk-takers, limits on variable remuneration components and the payment of all remuneration in non-deferred cash, among other things, are particular characteristics of this system. Raiffeisen believes that, given its specific situation, it makes more sense to institute caps than to defer part of the variable remuneration. This decision was largely based on the low risk profile and consistently stable earnings generated with Raiffeisen's business model. Moreover, absolute caps are clear,

transparent and easy to manage. This satisfies one of the key principles of FINMA Circular 10/1.

Raiffeisen's remuneration policy aims for consistency; the remuneration system rewards stable returns and sustained success.

Management pensions cover senior management staff at Raiffeisen Switzerland and the Raiffeisen banks. The intention is to allow senior management staff to retire early at 62, ideally with the same benefits they would have received if they had retired at the normal retirement age of 65. The pensions are funded by employee contributions that are matched 1:1 by the employer.

The remuneration system regulates the remuneration paid to members of the Board of Directors and Executive Board in detail and lays out basic principles for the total remuneration paid to all Raiffeisen Switzerland employees. Raiffeisen Switzerland also issues recommendations to the Raiffeisen banks.

Handling risk-takers separately Risk-takers

The Board of Directors has identified another group of risk-takers other than the seven members of the Executive Board of Raiffeisen Switzerland: Central Bank employees with access to the market and trading opportunities. Despite very modest trading operations and an extensive system of limits that are subject to ongoing monitoring by independent controlling functions, the variable remuneration of these risk-takers is best handled separately. Risk-takers at the Central Bank department are identified every year before the remuneration process begins, are reported by the Head of Central Bank to the Head of Human Resources Management and are approved, by name, by the Executive Board of Raiffeisen Switzerland with the object of determining the total variable remuneration pool. In 2014, this group consisted of 45 people (not counting Executive Board members).

Compliance with equal pay

Raiffeisen's remuneration policy aims to provide equal pay for equal work. An analysis conducted at Raiffeisen Switzerland in 2014 by an independent partner found that Raiffeisen Switzerland pays equal wages and that the wage difference is considerably lower than the tolerance level accepted by the Swiss Federal Office for Gender Equality.

Remuneration system features

Composition of employee remuneration

For all employees (including members of the Executive Board and the Head of Internal Auditing), remuneration comprises the following components:

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

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

The members of Raiffeisen Switzerland's Board of Directors receive remuneration commensurate with their respective responsibilities and time commitment. In this framework, members belonging to a committee, heading a committee or presiding over the Board of Directors receive higher pay. Fixed remuneration for Executive Board members and the Head of Internal Auditing is set in accordance with their labour market value, the requirements of the

assigned department, management responsibilities and seniority. Fixed remuneration (excluding employee and employer contributions to pension plans and social insurance) is capped at a maximum of CHF 1,200,000.

Determining the total variable remuneration pool

Determining the total variable remuneration pool is based in equal measure on the long-term development of the following criteria:

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

Role of controlling functions

In the course of the remuneration process, the Head of Group Risk Controlling assesses the risk situation and the Head of Legal & Compliance assesses compliance performance based on risk and compliance reports from the past twelve months. These assessments, which expressly include the risk categories credit, market, liquidity and operational risks, are then consulted when determining the total variable remuneration pool. Risk measures used in the assessments include value at risk, limit utilisation metrics and outstanding audit recommendations (development and degree of completion). All the measures of risk that are used are supplemented by a qualitative assessment of the responsible controlling functions. As a result, the remuneration process is based on an evaluation of all significant risk categories.

By approving the risk and compliance report, the Board of Directors is regularly and comprehensively informed about risk development in accordance with Raiffeisen's risk profile, making the risk awareness of all parties involved much more acute. The risk categories that are not expressly mentioned (legal and compliance risks as well as reputation risk) are handled as part of the operational risk assessment and analysed –

in some instances – on a qualitative basis in separate reports (e.g. compliance reporting). Reputation risk in particular is treated as a consequential risk, which is always an effect of the possible occurrence of another risk. As a result, the management of reputation risk must concentrate on the original risk and its consequences. Damage to reputation and/or violation of compliance or the law is a parameter that is included in the assessment of the extent of damage due to the original risk. As part of mitigation, appropriate management strategies are defined that primarily affect the original risk and – to some extent – also affect the resulting damage.

Allocation of variable remuneration

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

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

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

The Executive Board allocates variable remuneration individually for named Central Bank employees with access to the market and trading opportunities (so-called risk-takers). This allocation is based on the performance achieved by Central Bank, while taking into account the risks that were taken. The Executive Board or respective supervising managers responsible according to the hierarchy determine the allocation of variable remuneration among other

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

The remuneration structure is designed so that the variable remuneration paid to controlling functions in no way depends on the risks they monitor and, given its amount, should largely be qualified as bonuses (under civil law).

Governance

Raiffeisen Switzerland's Board of Directors is responsible for the following:

- It outlines the remuneration policy in the form of regulations for Raiffeisen Switzerland and recommendations for the Raiffeisen banks.
- It approves the annual remuneration report submitted to the Board by the Strategy and Compensation Committee.
- It reviews remuneration policy on a regular basis and whenever there are indications that review or revisions may be necessary.
- It has individual components of the remuneration policies and their implementation checked annually by external auditors or Internal Auditing.
- It determines the amount of the total variable remuneration pool each year.
- It also defines the fixed and variable remuneration components for Executive Board members and the Head of Internal Auditing, including contributions to the occupational pension.

The Strategy and Compensation Committee is responsible for implementing regulations issued by the Board of Directors; it deals with remuneration topics in four meetings each year.

Compensation 2014

Total remuneration

In the current year, Raiffeisen Switzerland paid out total remuneration (excluding employer pension plan and social insurance contributions) of CHF 252,353,072. Accrued remuneration expenses (both fixed and variable) for the current year have been recorded in full as personnel expenditure. There are no remuneration expenses from earlier reporting years affecting profit and loss.

In the current year, the Board of Directors approved a total variable remuneration pool (excluding employer pension plan and social insurance contributions) of CHF 37,245,278 for Raiffeisen Switzerland. This amount was paid out in full in cash, in non-deferred form. At Raiffeisen Switzerland, 1,911 employees benefited from the total pool of variable remuneration (previous year: 1,824).

Board of Directors

The members of the Raiffeisen Switzerland Board of Directors in office in 2014 received remuneration totalling CHF 1,640,742 for the current year, including all allowances and attendance fees. The largest individual remuneration amount paid was to the Chairman of the Board of Directors, Prof. Dr Johannes Rüegg-Stürm, totalling CHF 473,200. Members of the Board of Directors receive no variable remuneration in the form of a profit-sharing element. In addition, the total social insurance contributions

for the members of the Board of Directors amounted to CHF 357,553. Neither joining nor termination payments were made to members of the Board of Directors in the current year.

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

Total remuneration paid to members of the Raiffeisen Switzerland Executive Board for the current year (excluding employee and employer contributions to pension plans and social insurance) came to CHF 7,913,333. Of this, CHF 1,890,316 was paid to Dr Pierin Vincenz, CEO of Raiffeisen Switzerland; this was the highest sum paid to an individual member of the Executive Board. Employee and employer contributions to pension plans and social insurance for Executive Board members totalled an additional CHF 4,129,593, of which CHF 687,416 was paid to Dr Pierin Vincenz, CEO of Raiffeisen Switzerland. Fixed compensation includes business-related Board of Directors fees for members of the Executive Board.

At the end of the financial year, loans granted to members of the Executive Board at Raiffeisen Switzerland totalled CHF 22,242,557. Loans to members of the Executive Board are approved by the Strategy and Compensation Committee. The bank's Executive Board enjoys preferential terms that are standard for the industry, as do other personnel. In the current year, no joining or severance payments were made to Executive Board members or any other risk-takers.

in CHF	Total remuneration	Proportion of fixed remuneration	Proportion of variable remuneration
Total Raiffeisen Switzerland remuneration*	252,353,072	215,107,794	37,245,278
Income statement-related debits and credits in the current year for earlier reporting years	0	0	0
Total remuneration for members of the Executive Board* (excluding employee and employer contributions to pension plans and social insurance)	9,233,740 (7,913,333)	6,113,226 (5,152,431)	3,120,514 (2,760,902)
Total remuneration for other risk-takers* (excluding members of the Executive Board)	9,327,912	6,982,912	2,345,000

* Excluding employer pension plan and social insurance contributions

Balance sheet as at 31 December 2014

	Current year in 1,000 CHF	Previous year in 1,000 CHF	Change in 1,000 CHF	Change in %	Note
Assets					
Liquid funds	7,771,842	5,531,017	2,240,825	40.5	12
Receivables from money market securities	1	5	-4	-80.0	12
Receivables from Raiffeisen banks	3,953,353	4,633,236	-679,883	-14.7	6, 12
Receivables from other banks	5,146,317	5,945,787	-799,470	-13.4	6, 12
Receivables from clients	2,057,172	1,819,656	237,516	13.1	1, 12
Mortgage receivables	7,653,784	6,946,585	707,199	10.2	1, 6, 12
Loans to clients	9,710,956	8,766,241	944,715	10.8	
Trading portfolios in securities and precious metals	1,850,840	1,205,718	645,122	53.5	2, 12
Financial assets	5,046,949	3,700,951	1,345,998	36.4	2, 6, 12
Participations	955,750	1,112,266	-156,516	-14.1	2, 3, 4
Tangible fixed assets	263,319	257,274	6,045	2.3	4
Accrued income and deferred expenses	242,953	237,924	5,029	2.1	
Other assets	2,695,093	1,359,916	1,335,177	98.2	5
Total assets	37,637,372	32,750,335	4,887,037	14.9	14, 16
Total subordinated receivables	103,578	-	103,578	-	
Total receivables from Group companies	212,220	44,002	168,218	382.3	
Liabilities					
Liabilities to Raiffeisen banks	11,157,296	9,975,138	1,182,158	11.9	12
Liabilities to other banks	8,386,551	6,806,169	1,580,382	23.2	12
Liabilities to clients in the form of savings and investment deposits	5,180,669	4,649,083	531,586	11.4	12
Other liabilities to clients	2,985,336	2,386,928	598,408	25.1	12
Medium-term notes	272,761	355,733	-82,972	-23.3	12
Client monies	8,438,766	7,391,744	1,047,022	14.2	
Bonds and Pfandbriefdarlehen	5,487,530	5,189,780	297,750	5.7	9, 12
Accrued expenses and deferred income	241,241	262,461	-21,220	-8.1	
Other liabilities	2,563,248	1,762,055	801,193	45.5	5
Value adjustments and provisions	32,249	37,492	-5,243	-14.0	10
Reserves for general banking risks	283,700	281,700	2,000	0.7	10
Cooperative capital	850,000	850,000	-	0.0	
General statutory reserves	159,796	157,214	2,582	1.6	
Annual profit	36,994	36,582	412	1.1	
Total equity capital	1,330,490	1,325,496	4,994	0.4	11
Total liabilities	37,637,372	32,750,335	4,887,037	14.9	14, 16
Total subordinated commitments	1,096,427	1,096,427	-	0.0	
Total commitments towards Group companies	1,733,535	922,808	810,727	87.9	
Off-balance-sheet business					
Contingent liabilities	1,726,858	827,000	899,858	108.8	1, 17
Irrevocable commitments	1,272,864	1,433,445	-160,581	-11.2	1
Call commitments and additional funding obligations	26,869	26,897	-28	-0.1	1
Derivative financial instruments					
Positive replacement values	1,682,705	883,905	798,800	90.4	18
Negative replacement values	2,148,635	1,359,382	789,253	58.1	18
Contract volume	141,290,880	155,264,413	-13,973,533	-9.0	18
Fiduciary transactions	16,333	17,267	-934	-5.4	19

Income statement 2014

	Current year in 1,000 CHF	Previous year in 1,000 CHF	Change in 1,000 CHF	Change in %	Note
Interest and discount income	499,590	526,894	-27,304	-5.2	20
Interest and dividend income from financial assets	52,794	52,877	-83	-0.2	20
Interest expenditure	-440,310	-459,081	18,771	-4.1	20
Net interest income	112,074	120,690	-8,616	-7.1	
Commission income lending business	6,827	5,837	990	17.0	21
Commission income securities and investment business	50,334	45,461	4,873	10.7	21
Commission income other service transactions	64,599	63,392	1,207	1.9	21
Commission expenditure	-40,377	-36,700	-3,677	10.0	21
Net income from commission business and service transactions	81,383	77,990	3,393	4.4	
Net trading income	42,340	72,599	-30,259	-41.7	22
Income from sale of financial assets	7,237	193	7,044	3,649.7	
Income from participating interests	44,249	51,477	-7,228	-14.0	
Income from real estate	3,188	3,375	-187	-5.5	
Other ordinary income	273,657	277,647	-3,990	-1.4	23
Other operating expenses	-35,003	-33,389	-1,614	4.8	
Other ordinary profit	293,328	299,303	-5,975	-2.0	
Operating income	529,125	570,583	-41,458	-7.3	
Personnel expenditure	-320,583	-308,600	-11,983	3.9	24
Other operating expenditure	-164,015	-179,136	15,121	-8.4	25
Operating expenditure	-484,598	-487,736	3,138	-0.6	
Gross profit	44,527	82,847	-38,320	-46.3	
Depreciation on fixed assets	-41,189	-41,457	268	-0.6	4
Value adjustments, provisions and losses	-10,471	-12,929	2,458	-19.0	
Operating profit (interim result)	-7,133	28,460	-35,593	-125.1	
Extraordinary income	47,186	21,624	25,562	118.2	26
Extraordinary expenditure	-2,000	-12,417	10,417	-83.9	26
Taxes	-1,059	-1,086	27	-2.5	
Annual profit	36,994	36,582	412	1.1	

Proposed distribution of available profit addressed to the Ordinary Delegate Meeting of 13 June 2015 in Unterägeri

	Current year in 1,000 CHF	Previous year in 1,000 CHF	Change in 1,000 CHF	Change in %
Appropriation of profit				
Annual profit	36,994	36,582	412	1.1
Profit brought forward	–	–	–	–
Available profit	36,994	36,582	412	1.1
Appropriation of profit				
– Allocation to general statutory reserves	2,994	2,582	412	16.0
– Interest on cooperative capital	34,000	34,000	–	–
Total appropriation of profit	36,994	36,582	412	1.1

Cash flow statement 2014

	Origin of funds for current year in 1,000 CHF	Use of funds for current year in 1,000 CHF	Origin of funds for previous year in 1,000 CHF	Use of funds for previous year in 1,000 CHF
Cash flow from operating results (internal financing)				
Annual profit	36,994		36,582	
Depreciation on fixed assets	37,213		40,940	
Depreciation / appreciation on participations	3,976	352	518	
Value adjustments and provisions	8,947	14,189	12,794	6,002
Reserves for general banking risks	2,000			8,000
Prepaid expenses		5,029	30,194	
Deferred income		21,220	1,457	
Interest paid on share certificates for previous year		34,000		30,000
Balance	14,340	–	78,482	–
Cash flow from equity capital transactions				
Net change in cooperative capital	–		–	
Balance	–	–	–	–
Cash flow from investment activities				
Participations	232,914	71,781	7,916	78,813
Real estate	38	4,901	21	3,364
Other tangible assets	176	10,129	23	15,296
Other		28,442		10,345
Balance	117,875	–	–	99,858

Continued on the next page

	Origin of funds for current year in 1,000 CHF	Use of funds for current year in 1,000 CHF	Origin of funds for previous year in 1,000 CHF	Use of funds for previous year in 1,000 CHF
Cash flow from banking business of Central Bank with Raiffeisen banks				
Liabilities to Raiffeisen banks	4,575,712		1,517,769	
Receivables from Raiffeisen banks		3,010,632	146,057	
Balance	1,565,081	-	1,663,826	-
Cash flow from ordinary banking business of Central Bank				
Liabilities to banks	1,753,464		972,652	
Liabilities to clients in the form of savings and investment deposits	529,581			953,910
Bonds	675,000	400,000	550,000	600,000
Pfandbriefdarlehen	363,200	340,450	393,200	812,850
Other liabilities	800,875			345,668
Receivables from banks	854,791			1,361,127
Receivables from clients		294,530		82,088
Mortgage receivables				500
Trading portfolios in securities and precious metals		645,123	579,356	
Financial assets		1,355,820		149,632
Other receivables		1,330,216	303,131	
Liquid funds		2,239,625		84,349
Balance	-	1,628,854	-	1,591,784
Cash flow from banking business of the branches of Raiffeisen Switzerland				
Net positions at Central Bank	68,533		92,173	
Savings and investment funds	544,432		564,413	
Other liabilities to clients	55,981		73,882	
Medium-term notes	53,483	136,455	25,363	138,877
Other assets		4,667	825	
Receivables from clients	57,014			51,384
Mortgage receivables		707,199		613,663
Financial assets	1,581			766
Other receivables	53			303
Liquid funds		1,200		2,330
Balance	-	68,442	-	50,667
Total origin of funds	10,655,959		5,349,266	
Total use of funds		10,655,959		5,349,266

Notes to the annual accounts

OPERATING ACTIVITIES

The most important duties of Raiffeisen Switzerland include loan and capital settlement and guaranteeing that statutory liquidity requirements are met for the entire organisation. Settling the regularly recurring, seasonal liquidity fluctuations of the entire Raiffeisen Group, which has total assets of around CHF 189 billion, represents a particular challenge.

Raiffeisen Switzerland optimises liquidity management on behalf of the entire Group by ensuring the broadest possible access to the inter-bank market. Repo transactions represent one of the most important tools for short-term liquidity management. Due to the present very low interest environment, however, a relatively large portion of the cash reserves was kept in an SNB current account in the current year. The most significant sources of refinancing include not only a broad network of counterparties in the money markets, but also bond issues in the CHF capital market.

The amalgamation into the Raiffeisen Group has given the individual member banks access to wide-ranging services in management, marketing, communication, business, information technology, building systems (including security), training and legal services. In addition to inter-bank business, Raiffeisen Switzerland also has its own client business with Central Bank and the branches in Basel, Berne, St.Gallen, Thalwil, Winterthur and Zurich. Central Bank can enter into commitments abroad up to a risk-weighted maximum of 5% of the Raiffeisen Group's consolidated total 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 all Raiffeisen banks. In return, the

Raiffeisen banks guarantee the liabilities of Raiffeisen Switzerland with their capital.

Staff

At the end of 2014, the number of employees on a full-time equivalent basis was 1,892 (previous year: 1,846).

RISK ASSESSMENT

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

The Board of Directors' risk report provides information on the risk situation, capital adequacy, borrowers' rating changes, compliance with overall limits and any measures required. Monitoring focuses on credit risks, market risks in the bank and trading books, liquidity risks, operational risks and reputational risks. The Board of Directors' risk report is examined in depth by the Audit and Risk Committee of the Board of Directors. The Board of Directors reviews the findings of the risk report and its implications for risk strategy once per quarter on the basis of this preparatory work. It monitors both the risk situation and changes in risk-bearing capital.

The Board of Directors conducts an annual assessment of the appropriateness and effectiveness of the internal control system (ICS) based on Group Risk Controlling's ICS appropriateness and effectiveness report and the reports produced by Internal Auditing. The risk report for the Board of Directors is prepared by Group Risk Controlling as an independent entity. The report and any measures are discussed in detail in the preparatory meetings of the expanded Executive Board, which acts as the Risk Committee.

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

Credit risks are examined and assessed using the following parameters:

- Value at risk
- Nominal
- Credit equivalent
- Risk weighted on the basis of capital adequacy and risk diversification rules

The risk associated with fluctuating interest rates in the bank book is assessed using income, sensitivity and value-at-risk analyses.

Operational risks are assessed in terms of the probability of occurrence and the corresponding loss potential (financial loss, compliance violation or bad publicity). The appropriateness and effectiveness of control measures are incorporated into the assessment. The analysis of the operational risks is supplemented by an assessment of the qualitative impact of a given risk event.

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

RISK MANAGEMENT

Risk policy

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

The risk policy aims 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.

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

Risk management process

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

- Risk identification
- Risk measurement and assessment
- Risk management
- Risk limitation, through the setting of appropriate limits
- Risk monitoring

The aim of risk management is to

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

Credit risks

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

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

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

Counterparty risks accrue from the potential default of a debtor or counterparty. A debtor or counterparty is considered to be in default when receivables are overdue or at risk.

Collateral risks accrue from impairments in the value of collateral.

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

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

The branches primarily incur counterparty and collateral risks. Raiffeisen Switzerland's branches are part of the Market department and extend credit to private and corporate clients, the latter being mostly SMEs. Risks in this connection are limited by collateralising the underlying claims.

Larger loans to corporate clients are granted by the Market department. When the credit being increased or newly extended exceeds CHF 50 million on a risk-weighted basis, the CRO (Chief Risk Officer) issues an assessment. The assessment focuses on the concentration risk and any change in the value at risk.

The Group-wide responsibilities of the Central Bank department involve managing both domestic and international counterparty risks. These risks occur mainly in wholesale funding, in the money and capital markets, in hedging currency and interest rate risks and in proprietary trading. The Central Bank department mainly incurs credit risks in connection with interbank business. With the exception of the repo business, these commitments are unsecured.

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

Pursuant to the Articles of Association, international commitments at Raiffeisen Switzerland may not exceed 5% of the consolidated Raiffeisen Group balance sheet total on a risk-weighted basis. Country risks are constantly and actively managed and are principally concentrated in Europe.

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

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

Creditworthiness and solvency are assessed at Raiffeisen Switzerland on the basis of the Group-wide standards that are laid down in the lending policy. Sufficient creditworthiness and the ability to maintain payments must be proven before approval for any loan is granted. Loans to private individuals and legal entities are classified according to internal rating procedures and, on the basis of this classification, monitored from a risk-oriented perspective. Creditworthiness is defined according to a range of risk categories - four for private clients and 13 for corporate clients.

Proven tools are available for the key elements of credit risk management, i.e. risk-adjusted pricing, portfolio management, identification and provisions. Specialist teams are available for more complex financing and the management of recovery positions.

Collateral is valued according to uniform criteria. For mortgages and building loans in particular, a comprehensive set of guidelines specifies how collateral is to be calculated, depend-

ing on the type of property in question. For owner-occupied residential property, rented single-family homes and owner-occupied apartments, Raiffeisen uses a carefully-determined actual value as well as a hedonic regression model. Calculations for multi-family units and commercial properties are based on the capitalised value and, if applicable, a lower actual value or market value. Different repayment obligations apply to second mortgages. Other features of the credit approval process are a prudent lending limit policy, a professional rating system and an approval procedure geared to levels of responsibility.

Throughout the entire duration of the credit facility, receivables are monitored continuously and ratings updated on a periodic basis. The value of the collateral is reviewed at varying intervals according to its volatility on the market and the overall facility reapproved.

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

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

Raiffeisen Switzerland monitors the credit portfolio across the Group, evaluating the portfolio structure and ensuring credit portfolio reporting. Evaluating 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. The responsible executive bodies receive quarterly updates on the development of exceptions to policy in the Group. Monitoring and reporting form the basis for portfolio-controlling measures, with the main focus being on controlling new business via the lending policy.

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

Cluster risks are monitored centrally by Credit Risk Controlling.

On 31 December 2014, Raiffeisen Switzerland had four reportable cluster risks outside the Group with cumulative risk-weighted commitments of CHF 1.1 billion. These amounted to 55% of eligible capital resources (previous year: six reportable positions for CHF 1.1 billion or 51% of capital resources).

The credit volume of Raiffeisen Switzerland's 10 largest borrowers (excluding interbank business and public bodies) on 31 December 2014 was CHF 1.5 billion or 15% of loans to clients (previous year: CHF 1.1 billion or 15%).

Market risks

As Raiffeisen Switzerland is heavily involved in balance sheet business, interest rate fluctuations can have a considerable influence on interest income. Interest rate sensitivity and value at risk are calculated to assess the assumed interest rate risk on the market value of the equity capital. The impact on profitability is assessed using dynamic income simulations. Variable-rate positions are displayed based on a model that replicates historical interest rate fluctuations with money and capital market rates. Risk associated with fluctuating interest rates is managed on a decentralised basis in the responsible units. The Treasury area of the

Central Bank department of Raiffeisen Switzerland is the binding counterparty concerning wholesale funding and hedging transactions for the entire Group except for Notenstein Private Bank Ltd, which accesses the market directly. The responsible members of staff are required to adhere strictly to the sensitivity limits set by the Board of Directors, which relate to the change in the present value of the equity capital. Group Risk Controlling monitors compliance with limits and prepares associated reports, while also assessing the risk situation.

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

The financial assets portfolio is managed by the Treasury area of the Central Bank department of Raiffeisen Switzerland. Financial assets are part of the cash reserves of the Raiffeisen Group and are largely high-grade fixed-income securities that meet statutory liquidity requirements. Group Risk Controlling monitors the interest rate and foreign currency risks of the financial assets.

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

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

situation by Group Risk Controlling is primarily conducted via three media:

- Weekly interest rate risk report to responsible Executive Board members 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. An overview is provided in the table "Capital adequacy requirements for market risks relating to the trading book" below.

Liquidity and financing risks

According to the FINMA ruling of 3 September 2010, Raiffeisen Switzerland is exempted from complying on an individual basis with the rules regarding liquidity. The relevant legal provisions must instead be observed on a consolidated basis. Liquidity and refinancing management at Group level is carried out by the Treasury department of Raiffeisen Switzerland and monitored by Group Risk Controlling.

Operational risks

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

Operational risks accrue in connection with operating activities with clients. Each functional department within Raiffeisen is responsible for identifying, assessing, managing and monitoring operational risk arising from its own activities. Group Risk Controlling is responsible for maintaining the Group-wide inventory of oper-

ational 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, as well as monitoring the risk situation.

Operational risks are identified, categorised by cause and impact and evaluated according to the frequency or probability of occurrence and the extent of losses for specific risk assessments. The risk register is updated dynamically. Risk reduction measures are defined, the implementation of which is monitored by line personnel. Emergency and catastrophe planning measures for mission-critical processes are in place.

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 regarding the largest operational risks.

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

Capital adequacy requirements for market risks relating to the trading book

in 1,000 CHF	31.12.2014	Ø 2014	31.12.2013	Ø 2013
Foreign exchange/precious metals	22,301	16,562	16,562	16,844
Interest rate instruments	97,774	102,305	87,983	89,779
Equities/indices	17,442	5,247	1,720	4,806
Total	137,516	124,114	106,265	111,430

IT risks

A reliable IT infrastructure is an indispensable requirement for providing banking services. For this reason, Raiffeisen attaches a great deal of importance to monitoring and controlling IT and managing related threats and risks.

Information security

Information security risks are gaining importance, especially with respect to bank reputation and the Swiss banking industry. For this reason, they must be comprehensively managed. The management strategy is based on regular analyses of prevailing threats and the adaptation and assessment of the threat situation in terms of its impact on the Raiffeisen Group as a whole. Appropriate and effective information security measures for safeguarding information and infrastructure with respect to confidentiality, integrity, availability and audit trails are in place for this purpose. Raiffeisen bases its policies on recognised standards and established practice.

Outsourcing

The operation of the data communication network has been outsourced to Swisscom (Switzerland) Ltd. Furthermore, all Raiffeisen Group securities administration activities are carried out by the Vontobel Group. Swiss Post Solutions AG handles the scanning processes in the paper-based payment system, while the printing and shipping of the bank vouchers has been outsourced to Trendcommerce AG.

Regulatory provisions

Raiffeisen Switzerland Cooperative is exempt from regulatory liquidity requirements at the individual bank level. The disclosure requirements in respect of capital adequacy on a consolidated basis as outlined in FINMA Circular 2008/22 can be viewed on the Raiffeisen website (www.raiffeisen.ch) or in the Raiffeisen Group's annual report.

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

Credit risks: international standard approach (SA-BIZ), using the following external ratings:

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

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

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

Market risks: standard approach

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. An overview is provided in the table on page 23.

Operational risks: basic indicator approach

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

ACCOUNTING AND VALUATION PRINCIPLES

General principles

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

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

Raiffeisen Switzerland publishes the consolidated annual accounts of the Raiffeisen Group in a separate annual report. The consolidated accounts comprise the annual accounts of all the individual Raiffeisen banks, Raiffeisen Switzerland and major subsidiaries in which the Group directly or indirectly holds more than 50 % of the voting shares. Raiffeisen Switzerland has therefore chosen not to prepare a consolidated subgroup account that includes the annual accounts of Raiffeisen Switzerland and its majority interests.

Recording of business events

All business transactions that have been concluded by the balance sheet date are recorded on a same-day basis in the balance sheet and the income statement in accordance with the

relevant valuation principles. Spot transactions that have been concluded but not yet settled are reported as of the trade date.

Foreign currencies

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

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

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

Receivables from banks and clients, mortgage receivables

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

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

Interest and related commissions that have been due for more than 90 days, but have not been paid, are deemed to be non-performing. In the case of current account overdrafts, interest and

commissions 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 commissions are no longer recognised as income but reported directly under "Value adjustments and provisions".

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

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

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

Securities lending and borrowing

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

Securities that are borrowed or received as collateral are only reported in the balance sheet if Raiffeisen Switzerland demands control of the contractual rights associated with them. Securities that 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 carried at fair value. 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 realised 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. Income from firm commitments to securities issues are also reported under trading profits.

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 instruments 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 is valued at the lower of cost or market.

Real estate and equity securities acquired through the lending business that are intended for disposal are reported under "Financial assets" and valued at the lower of cost or market. The "lower of cost or market" refers to the lower of the initial value or the liquidation value.

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

Non-consolidated 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. Minor participations are not listed individually if the Group holds less than 10% of the voting shares and equity capital and its holding is either worth less than CHF 1 million of the equity capital or the book value is less than CHF 10 million. These are valued in accordance with the principle of acquisition cost, i.e. acquisition cost less operationally required depreciation. Participations may contain hidden reserves.

Tangible assets

Tangible 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
Furniture and fixtures	maximum 8 years
Other tangible assets	maximum 5 years
Internally developed or purchased core banking software	maximum 10 years
IT systems and remaining software	maximum 3 years

Immaterial investments are booked directly to the operating expenditure.

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

Real estate, buildings under construction and core banking systems are not depreciated until they come into use. Undeveloped building land is not depreciated.

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

Value adjustments and provisions

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

Reserves for general banking risks

Reserves may be allocated for general banking risks. These are reserves created as a precautionary

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

Contingent liabilities, irrevocable commitments, call commitments and additional funding obligations

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

Derivative financial instruments

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

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

Reporting

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

All Treasury hedging transactions are concluded via the trading book; as such, Treasury does not itself participate in the market. Only the replacement values of contracts with external counter-parties are reported. Note 18 (Open derivative financial instruments) shows the replacement values and contract volume with external counterparties. The positions listed under hedging instruments correspond to the volume of the internal Treasury hedging transactions.

Treatment in the income statement

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

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

Taxes

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

Changes as against previous year

Information regarding the useful life of internally developed or purchased core banking software was added to the accounting policies for the current year.

Events after the balance sheet date

No material events occurred between the balance sheet date (31 December 2014) and the drawing up of the annual accounts that would have required disclosure in the balance sheet and/or notes.

Information on the balance sheet

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

	Mortgage cover in 1,000 CHF	Other cover in 1,000 CHF	Without cover* in 1,000 CHF	Total in 1,000 CHF
Loans				
Loans to clients	345,043	159,746	1,552,383	2,057,172
Mortgage loans				
Residential property	6,714,152	–	718	6,714,869
Office and business premises	244,454	–	7	244,461
Trade and industry	486,181	–	–	486,181
Other	206,816	–	1,457	208,272
Total loans				
Current year	7,996,645	159,746	1,554,564	9,710,956
Previous year	7,277,861	137,610	1,350,769	8,766,241
Off-balance-sheet business				
Contingent liabilities	1,823	1,248,788	476,247	1,726,858
Irrevocable commitments	516,763	26,869	729,232	1,272,864
Call commitments and additional funding obligations	–	–	26,869	26,869
Total off-balance-sheet business				
Current year	518,586	1,275,657	1,232,347	3,026,590
Previous year	513,503	428,406	1,345,433	2,287,341

* Incl. value-adjusted loans

	Gross amount borrowed in 1,000 CHF	Estimated proceeds from realisation of collateral in 1,000 CHF	Net amount borrowed in 1,000 CHF	Individual provisions in 1,000 CHF
Impaired loans				
Current year	34,723	9,038	25,685	21,662
Previous year	37,576	11,705	25,871	23,488

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

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

	Current year in 1,000 CHF	Previous year in 1,000 CHF
Trading portfolios in securities and precious metals		
Debt instruments		
stock exchange listed*	1,079,956	568,689
non-stock exchange listed	–	–
of which own bonds and medium-term notes	115,084	47,792
Shares	160,358	32,550
Precious metals	610,527	604,479
Total trading portfolios in securities and precious metals	1,850,840	1,205,718
of which securities for repo transactions in line with liquidity requirements	630,366	359,793

* Stock exchange listed = traded on a recognised stock exchange

	Book value current year in 1,000 CHF	Book value previous year in 1,000 CHF	Fair value current year in 1,000 CHF	Fair value previous year in 1,000 CHF
Financial assets				
Debt instruments	4,794,037	3,464,554	5,011,947	3,467,943
of which own bonds and medium-term notes	75,867	76,858	76,265	77,388
of which intended to be held until maturity	4,776,888	3,461,353	4,994,665	3,464,741
of which valued at the lower of cost or market	17,148	3,202	17,282	3,202
Shares	252,913	234,815	261,284	242,134
of which qualified participations*	–	8,123	–	8,123
Precious metals	–	–	–	–
Real estate	–	1,581	–	1,581
Total financial assets	5,046,949	3,700,951	5,273,231	3,711,658
of which securities for repo transactions in line with liquidity requirements	4,652,324	3,268,358		

* At least 10% of the capital or the votes

	Current year in 1,000 CHF	Previous year in 1,000 CHF
Participations		
with a market value	158,386	329,281
without a market value	797,364	782,985
Total participations	955,750	1,112,266

3 Details of major participations

Company name/holding	Registered office	Operating activity	Capital in 1,000 CHF	Current-year equity interest in %	Current-year voting share in %	Previous-year equity interest in %	Previous-year voting share in %
3.1 Group companies							
Raiffeisen Unternehmerzentrum AG	St.Gallen	Advisory services for SMEs	5,000	100.0	100.0	0.0	0.0
Notenstein Asset Management Ltd	St.Gallen	Asset management/ fund business	100	100.0	100.0	0.0	0.0
RAInetworks (Subsidiary of Raiffeisen Switzerland) Pte. Ltd	Singapore	Trading in goods and services for the Raiffeisen Group	7	100.0	100.0	100.0	100.0
Notenstein Private Bank Ltd	St.Gallen	Private bank	22,200	98.2	100.0	100.0	100.0
KMU Capital Ltd	Herisau	Financial services	2,566	60.0	60.0	60.0	60.0
Investnet AG	Herisau	Financial services	150	60.0	60.0	60.0	60.0
ARIZON Sourcing Ltd	St.Gallen	Operational and advisory services for banks	10,000	51.0	51.0	0.0	0.0
3.2 Other participations*							
Aduno Holding Ltd	Zurich	Financial services	25,000	25.5	25.5	25.5	25.5
responsAbility Participations Ltd	Zurich	Financial services	42,450	19.8	19.8	19.8	19.8
Swiss Bankers Prepaid Services Ltd	Grosshöchstetten	Financial services	10,000	16.5	16.5	16.5	16.5
Vontobel Holding Ltd	Zurich	Financial services	65,000	0.0	0.0	12.5	12.5
Mortgage Bond Bank of the Swiss Mortgage Institutions Ltd	Zurich	Mortgage bond bank	800,000	6.0	6.0	6.0	6.0
of which not paid up			448,000				
SIX Group Ltd	Zurich	Financial services	19,522	5.5	5.5	5.1	5.1
Helvetia Holding Ltd	St.Gallen	Financial services	989	4.0	4.0	4.0	4.0
Leonteq Ltd	St.Gallen	Financial services	15,926	1.8	1.8	0.0	0.0

* All participations in cooperation partners and joint ventures by the banks are listed here. Other participations are listed if (a) the shareholding represents more than 10% of the voting share and equity and (b) the shareholding is worth > CHF 1 million of the equity or the book value is > CHF 10 million.

4 Fixed assets register

	Purchase price in 1,000 CHF	Cumulative depreciation/ amortisation in 1,000 CHF	Book value at end of previous year in 1,000 CHF	Current-year transfers/ reclassi- fications in 1,000 CHF	Current-year investment in 1,000 CHF	Current-year disinvestment in 1,000 CHF	Current-year depreciation/ amortisation in 1,000 CHF	Book value at end of current year in 1,000 CHF
Participations								
Participations Group companies*	626,590	-5,610	620,980	-	10,552	-7,472	-3,976	620,084
Other participations	492,922	-1,636	491,286	8,240	61,581	-225,442	-	335,666
Total participations	1,119,512	-7,246	1,112,266	8,240	72,133	-232,914	-3,976	955,750
Tangible assets								
Real estate								
Bank buildings	274,262	-98,374	175,888	-876	4,639	-38	-6,183	173,430
Other real estate	13,816	-3,266	10,550	-	262	-	-462	10,350
Other tangible assets	234,008	-184,441	49,567	876	10,129	-176	-16,941	43,455
Other	161,340	-140,071	21,269	-	28,442	-	-13,627	36,084
Total tangible assets	683,426	-426,152	257,274	-	43,472	-214	-37,213	263,319

* Investment includes gains of 0.4 million Swiss francs from appreciation on participations; these were booked under extraordinary income.

in 1,000 CHF

Value of real estate for fire insurance purposes	224,891
Value of other tangible assets for fire insurance purposes	187,647

5 Other assets and liabilities

	Current year in 1,000 CHF	Previous year in 1,000 CHF
Other assets		
Replacement value	1,682,705	883,905
Equalisation account	382,040	336,796
Settlement accounts for social security and staff pension fund contributions	81	–
Settlement accounts for indirect taxes	593,273	108,991
Other settlement accounts	31,775	25,114
Commodities	5,219	4,843
Miscellaneous other assets	0	265
Total other assets	2,695,093	1,359,916
Other liabilities		
Replacement value	2,148,635	1,359,382
Due, unredeemed coupons, and debt instruments	223	158
Levies, indirect taxes	31,229	30,088
Solidarity fund	355,258	348,556
of which open guarantees to Raiffeisen banks	759	759
Settlement accounts for social security and staff pension plan contributions	4,249	4,150
Other settlement accounts	23,468	19,340
Miscellaneous other liabilities	186	380
Total other liabilities	2,563,248	1,762,055

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 1,000 CHF	Current-year of which made use of in 1,000 CHF	Previous year amount due or book value in 1,000 CHF	Previous year of which made use of in 1,000 CHF
Balance sheet items				
Receivables from Raiffeisen banks	–	–	–	–
Receivables from other banks	565,348	565,348	548,980	548,980
Mortgage receivables	2,498,265	1,727,856	2,123,539	1,704,423
Financial assets	1,808,906	1,109,051	1,414,464	839,363
Total pledged assets	4,872,519	3,402,255	4,086,983	3,092,766

7 Securities lending and repurchase operations

	Current year in 1,000 CHF	Previous year in 1,000 CHF
Claims resulting from cash collateral in connection with securities borrowing and reverse repurchase operations	474,317	651,108
Liabilities resulting from cash collateral in connection with securities lending and repurchase operations	1,043,689	859,075
Securities owned by the bank lent under securities lending agreements, delivered as collateral for securities borrowing, or transferred from repurchase transactions	1,109,051	839,363
for which the right to resell or pledge without restriction was granted	1,109,051	839,363
Securities received as collateral under securities lending agreements, borrowed under securities borrowing agreements, or received from reverse repurchase transactions and which can be repledged or resold without restriction	607,385	756,262
of which repledged or resold securities	217,496	497,474

8 Social insurance institutions

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

8.1 Liabilities to own social insurance institutions

	Current year in 1,000 CHF	Previous year in 1,000 CHF
Liabilities to clients in the form of savings and investment deposits	2,345	2,827
Other liabilities to clients	234,098	198,881
Bonds	20,000	–
Deferred income	397	–
Other liabilities (negative replacement values)	17	657
Total liabilities to own social insurance institutions	256,857	202,364

8.2 Economic benefit/obligation and retirement benefit expenditure

According to the latest audited annual report (in accordance with Swiss GAAP FER 26) of the Raiffeisen Pension Fund Cooperative, the coverage ratio is:

	On 31.12.2014 in %	On 31.12.2013 in %
Raiffeisen Pension Fund Cooperative	112,2	107,2

The fluctuation reserves of the Raiffeisen Pension Fund Cooperative slightly exceeded the level stipulated in the pension fund regulations. The affiliated employers have no economic benefits or economic obligations for which allowance would have to be made in the balance sheet and income statement.

8.3 Employer contribution reserves in the Raiffeisen Employer Foundation

	Current year in 1,000 CHF	Previous year in 1,000 CHF
As at 1 January	2,775	8,336
+ Deposits	3,735	50
– Withdrawals	4,334	5,684
+ Interest paid	14	73
As at 31 December	2,189	2,775

The employer contribution reserves correspond to the nominal value as calculated by the pension plan, and they are not reported.

9 Outstanding bonds and Pfandbriefdarlehen

	Year of issue	Interest rate	Maturity	Early redemption possibility	Bond principal in 1,000 CHF
Loans from Pfandbriefbank schweizerischer Hypothekarinstitute AG	div.	1.593	div.	–	1,677,530
Non-subordinated own bonds	2006	3.125	30.05.2016	–	550,000
	2010	1.625	31.03.2015	–	500,000
	2010	1.375	21.09.2017	–	200,000
	2010	2.000	21.09.2023	–	250,000
	2011	2.125	04.02.2019	–	250,000
	2011	2.625	04.02.2026	–	150,000
	2011	2.375	10.05.2018	–	150,000
	2014	0.261	07.02.2017	–	350,000 ¹
	2014	1.625	07.02.2022	–	100,000
	2014	0.301	05.06.2018	–	225,000 ¹
Subordinated own bonds	2011	3.875	21.12.2021	–	535,000
	2013	3.000	Perpetual	02.05.2018	550,000 ²
Total loans from Pfandbriefbank schweizerischer Hypothekarinstitute AG					5,487,530

1) Variable rate, based on CHF 3-month LIBOR plus spread

2) Subordinated perpetual Additional Tier 1 bond with contingent write-down. With FINMA's consent, the bond can be terminated on a unilateral basis by Raiffeisen Switzerland (no earlier than five years following issue).

10 Value adjustments and provisions

	End of previous year in 1,000 CHF	Appropriate application in 1,000 CHF	Change of use (transfers) in 1,000 CHF	Write-backs, overdue interest in 1,000 CHF	New provisions against income statement in 1,000 CHF	Dissolution of provisions against income statement in 1,000 CHF	End of current year in 1,000 CHF
Value adjustments and provisions for default risks (del credere and country risk)	23,488	-722	–	282	7,629	-9,015	21,662
Value adjustments and provisions for other business risks	12,819	-12,283	–	–	10,093	-43	10,587
Provisions for restructuring	1,185	-1,185	–	–	–	–	–
Total value adjustments and provisions	37,492	-14,190	–	282	17,722	-9,057	32,249
Reserves for general banking risks	281,700	–	–	–	2,000	–	283,700
of which taxed	140,500						167,500

11 Evidence of equity capital

in 1,000 CHF

Equity capital at the beginning of the current year

Cooperative capital	850,000
General statutory reserves	157,214
Reserves for general banking risks	281,700
Profit	36,582
Total equity capital at the beginning of the current year (before appropriation of profits)	1,325,496
+ Capital increase	
– Dissolution of reserves for general banking risks	
– Interest on the cooperative capital from the annual profit of the previous year	34,000
+ Annual profit for the current year	36,994
Total equity capital at the end of the current year (before appropriation of profits)	1,330,490
of which cooperative capital	850,000
of which general statutory reserves	159,796
of which reserves for general banking risks	283,700
of which profit	36,994
Total additional funding obligation of the Raiffeisen banks	11,741,092

The cooperative capital totalling CHF 850 million is divided up into 850,000 cooperative share certificates of CHF 1,000 each and is owned in full by the 305 Raiffeisen banks within Raiffeisen Switzerland. No Raiffeisen bank holds share certificates granting more than 5% of the voting rights.

Under the Articles of Association of Raiffeisen Switzerland, the Raiffeisen banks must acquire a share certificate for CHF 1,000 for each CHF 100,000 of their total assets. As at 31 December 2014, this corresponded to a call-in obligation towards Raiffeisen Switzerland of CHF 1,687.8 million, of which CHF 850 million have been paid in.

The capital entitled to interest amounted to CHF 850 million at the end of 2014 (2013: CHF 850 million).

12 Maturity structure of current assets and outside debt

	On demand in 1,000 CHF	Redeemable by notice in 1,000 CHF	Due within 3 months in 1,000 CHF	Due within 3 to 12 months in 1,000 CHF	Due within 1 to 5 years in 1,000 CHF	Due after 5 years in 1,000 CHF	Total in 1,000 CHF
Current assets							
Liquid funds	7,771,842	–	–	–	–	–	7,771,842
Receivables from money market securities	1	–	–	–	–	–	1
Receivables from Raiffeisen banks	3,953,353	–	–	–	–	–	3,953,353
Receivables from other banks	214,437	–	4,301,600	530,280	100,000	–	5,146,317
Receivables from clients	19	51,806	1,288,912	144,740	382,625	189,070	2,057,172
Mortgage receivables	1,271	225,095	348,914	801,622	4,109,388	2,167,494	7,653,784
Trading portfolios in securities and precious metals	1,850,840	–	–	–	–	–	1,850,840
Financial assets*	206,860	–	225,232	309,319	1,320,843	2,984,696	5,046,949
Total current assets							
Current year	13,998,623	276,901	6,164,658	1,785,961	5,912,857	5,341,259	33,480,258
Previous year	11,898,865	305,601	6,109,969	2,353,842	5,355,525	3,759,154	29,782,956
Outside debt							
Liabilities to Raiffeisen banks	11,157,296	–	–	–	–	–	11,157,296
Liabilities to other banks	703,467	–	4,124,846	2,481,257	934,882	142,100	8,386,551
Liabilities to clients in the form of savings and investment deposits	–	5,180,669	–	–	–	–	5,180,669
Other liabilities to clients	1,206,418	350	868,713	322,434	322,500	264,921	2,985,336
Medium-term notes	–	–	21,542	44,379	183,077	23,763	272,761
Bonds and Pfandbriefdarlehen	–	550,000	508,400	54,500	2,032,800	2,341,830	5,487,530
Total outside debt							
Current year	13,067,180	5,731,019	5,523,502	2,902,570	3,473,258	2,772,615	33,470,143
Previous year	11,928,791	5,199,433	5,023,517	1,740,830	2,859,059	2,611,201	29,362,831

* The financial assets include CHF 0.00 of real estate (2013: CHF 1,581,370).

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

	Current year in 1,000 CHF	Previous year in 1,000 CHF
Receivables from affiliated companies	–	–
Liabilities to affiliated companies	–	–
Loans to executive bodies	23,987	24,401

Transactions with associated persons**1 Executive bodies**

Special provisions apply to the processing and monitoring of loans to executive bodies to ensure that staff remain independent at all times. The same conditions apply to members of the Board of Directors as to normal clients. The Executive Board enjoys the same industry-standard preferential terms as other staff.

2 Affiliated companies

For receivables from – or 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 1,000 CHF	Current year foreign in 1,000 CHF	Previous year domestic in 1,000 CHF	Previous year foreign in 1,000 CHF
Assets				
Liquid funds	7,743,284	28,558	5,505,706	25,311
Receivables from money market securities	1	–	5	–
Receivables from Raiffeisen banks	3,953,353	–	4,633,236	–
Receivables from other banks	1,832,160	3,314,157	2,096,540	3,849,247
Receivables from clients	1,998,988	58,184	1,782,378	37,278
Mortgage receivables	7,653,784	–	6,946,585	–
Trading portfolios in securities and precious metals	1,689,194	161,646	1,103,581	102,137
Financial assets	4,650,537	396,412	3,292,754	408,197
Participations	951,841	3,909	1,108,358	3,908
Tangible assets	263,319	–	257,274	–
Accrued income and deferred expenses	238,962	3,991	233,299	4,625
Other assets	1,563,350	1,131,743	746,239	613,677
Total assets	32,538,772	5,098,600	27,705,955	5,044,380

Continued on the next page

	Current year domestic in 1,000 CHF	Current year foreign in 1,000 CHF	Previous year domestic in 1,000 CHF	Previous year foreign in 1,000 CHF
Liabilities				
Liabilities to Raiffeisen banks	11,157,296	–	9,975,138	–
Liabilities to other banks	4,803,189	3,583,362	4,164,164	2,642,005
Liabilities to clients in the form of savings and investment deposits	4,970,893	209,776	4,445,985	203,098
Other liabilities to clients	2,435,335	550,001	2,352,530	34,398
Medium-term notes	268,901	3,860	347,356	8,377
Bonds and Pfandbriefdarlehen	5,487,530	–	5,189,780	–
Accrued expenses and deferred income	240,346	895	261,920	541
Other liabilities	984,697	1,578,551	721,688	1,040,367
Value adjustments and provisions	32,249	–	37,492	–
Reserves for general banking risks	283,700	–	281,700	–
Cooperative capital	850,000	–	850,000	–
General statutory reserves	159,796	–	157,214	–
Annual profit	36,994	–	36,582	–
Total liabilities	31,710,927	5,926,445	28,821,548	3,928,787

15 Assets by country or country group

	Current year in 1,000 CHF	Current year in %	Previous year in 1,000 CHF	Previous year in %
Assets				
Europe				
Switzerland	32,538,772	86.45	27,705,955	84.60
Great Britain	2,575,147	6.84	1,980,046	6.05
Benelux countries	570,032	1.51	841,337	2.57
France	253,272	0.67	591,423	1.81
Germany	546,398	1.45	585,013	1.79
Austria	325,464	0.86	237,219	0.72
Rest of Europe	425,464	1.13	280,957	0.86
Rest of world (America, Asia, Oceania, Africa)	402,821	1.07	528,384	1.61
Total assets	37,637,372	100.00	32,750,335	100.00

16 Balance sheet by currency

	CHF in 1,000 CHF	EUR in 1,000 CHF	USD in 1,000 CHF	Other in 1,000 CHF	Total in 1,000 CHF
Assets					
Liquid funds	7,411,192	225,307	33,684	101,659	7,771,842
Receivables from money market securities	–	–	1	–	1
Receivables from Raiffeisen banks	3,953,321	–	–	32	3,953,353
Receivables from other banks	2,310,882	1,104,051	1,337,751	393,633	5,146,317
Receivables from clients	1,910,854	35,908	101,154	9,256	2,057,172
Mortgage receivables	7,653,784	–	–	–	7,653,784
Trading portfolios in securities and precious metals	1,127,272	104,248	8,653	610,667	1,850,840
Financial assets	4,853,084	76,634	117,225	6	5,046,949
Participations	951,841	3,901	–	7	955,750
Tangible assets	263,319	–	–	–	263,319
Accrued income and deferred expenses	240,686	1,345	919	2	242,953
Other assets	2,695,093	0	–	–	2,695,093
Total assets reflected in the balance sheet	33,371,326	1,551,395	1,599,387	1,115,264	37,637,372
Delivery claims under spot exchange, forward exchange, and currency option contracts	16,981,037	6,111,699	10,584,347	5,941,352	39,618,435
Total assets	50,352,363	7,663,094	12,183,734	7,056,616	77,255,806
Liabilities					
Liabilities to Raiffeisen banks	8,931,657	1,653,397	295,653	276,589	11,157,296
Liabilities to other banks	3,831,803	1,334,288	2,510,032	710,429	8,386,551
Liabilities to clients in the form of savings and investment deposits	5,099,840	80,829	–	–	5,180,669
Other liabilities to clients	2,332,712	96,775	532,452	23,397	2,985,336
Medium-term notes	272,761	–	–	–	272,761
Bonds and Pfandbriefdarlehen	5,487,530	–	–	–	5,487,530
Accrued expenses and deferred income	237,799	1,694	1,495	254	241,241
Other liabilities	2,563,207	6	–	35	2,563,248
Value adjustments and provisions	32,249	–	–	–	32,249
Reserves for general banking risks	283,700	–	–	–	283,700
Cooperative capital	850,000	–	–	–	850,000
General statutory reserves	159,796	–	–	–	159,796
Annual profit	36,994	–	–	–	36,994
Total liabilities reflected in the balance sheet	30,120,048	3,166,989	3,339,631	1,010,704	37,637,372
Delivery obligations under spot exchange, forward exchange, and currency option contracts	20,195,746	4,459,399	8,804,803	6,080,140	39,540,088
Total liabilities	50,315,793	7,626,388	12,144,434	7,090,844	77,177,459
Net position per currency	36,570	36,706	39,299	-34,229	78,347

31.12.2014

31.12.2013

Foreign currency conversion rates

EUR	1.202	1.226
USD	0.994	0.891

Information on the off-balance-sheet business

17 Contingent liabilities

	Current year in 1,000 CHF	Previous year in 1,000 CHF
Collateral securities	1,632,155	724,575
Warranty bonds	9,062	1,393
Other contingent liabilities	85,640	101,032
Total contingent liabilities	1,726,858	827,000

18 Open derivative financial instruments**18.1 Open derivative financial instruments by contract type**

	Trading instruments			Hedging instruments		
	Positive contract replacement value in 1,000 CHF	Negative contract replacement value in 1,000 CHF	Contract volume in 1,000 CHF	Positive contract replacement value in 1,000 CHF	Negative contract replacement value in 1,000 CHF	Contract volume in 1,000 CHF
Interest rate instruments						
Forward contracts incl. FRAs	520	1,489	9,500,000	–	–	–
Swaps	477,135	540,672	50,992,935	616,433	1,096,882	38,614,000
Futures contracts	–	–	2,084,737	–	–	–
Options (OTC)	–	0	6,811	–	–	–
Options (traded)	–	–	–	–	–	–
Total interest rate instruments	477,654	542,161	62,584,483	616,433	1,096,882	38,614,000
Foreign currencies						
Forward contracts	525,943	496,950	36,036,273	43,357	6,312	2,644,296
Comb. interest rate/currency swaps	–	130	12,024	–	–	–
Futures contracts	–	–	6,173	–	–	–
Options (OTC)	3,617	1,865	326,777	–	–	–
Options (traded)	–	–	–	–	–	–
Total foreign currencies	529,560	498,945	36,381,247	43,357	6,312	2,644,296
Precious metals						
Forward contracts	10,065	2,314	751,766	–	–	–
Swaps	–	–	–	–	–	–
Futures contracts	–	–	1,138	–	–	–
Options (OTC)	1,342	678	125,095	–	–	–
Options (traded)	–	–	–	–	–	–
Total precious metals	11,407	2,992	877,999	–	–	–
Equities and indices						
Forward contracts	–	–	–	–	–	–
Swaps	–	–	–	–	–	–
Futures contracts	–	–	108,706	–	–	–
Options (OTC)	–	–	–	–	–	–
Options (traded)	2,294	1,344	56,448	–	–	–
Total equities and indices	2,294	1,344	165,155	–	–	–
Other						
Forward contracts	–	–	–	–	–	–
Swaps	–	–	–	–	–	–
Futures contracts	–	–	–	–	–	–
Options (OTC)	2,000	–	23,700	–	–	–
Options (traded)	–	–	–	–	–	–
Total other	2,000	–	23,700	–	–	–
Total						
Current year	1,022,915	1,045,442	100,032,584	659,789	1,103,193	41,258,296
Previous year	560,895	591,251	114,535,646	323,009	768,131	40,728,767

18.2 Open derivative financial instruments by counterparty and time remaining to maturity

	Positive contract replacement value in 1,000 CHF	Negative contract replacement value in 1,000 CHF	Contract volume up to 1 year in 1,000 CHF	Contract volume 1 to 5 years in 1,000 CHF	Contract volume over 5 years in 1,000 CHF	Contract volume total in 1,000 CHF
Banks	1,656,446	2,141,015	70,543,384	47,647,376	19,714,195	137,904,955
Clients	23,748	5,660	649,614	324,907	115,876	1,090,397
Raiffeisen banks*	225	617	31,337	7,227	–	38,564
Stock exchanges	2,286	1,344	1,508,147	748,817	–	2,256,963
Total						
Current year	1,682,705	2,148,635	72,732,481	48,728,327	19,830,071	141,290,880
Previous year	883,905	1,359,382	80,611,462	57,837,001	16,815,950	155,264,413

* Primarily for clients' needs

No netting contracts are used to report the replacement values.

Quality of counterparties

Banks: Derivative transactions were conducted with counterparties primarily with a very good credit rating; 95.5% 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 1,000 CHF	EUR in 1,000 CHF	USD in 1,000 CHF	Other in 1,000 CHF	Total in 1,000 CHF
Fiduciary investments with third-party banks	–	–	–	16,333	16,333
Total fiduciary transactions	–	–	–	16,333	16,333
Previous year	–	–	891	16,376	17,267

Information on the income statement

20 Net interest income

	Current year in 1,000 CHF	Previous year in 1,000 CHF
Interest income from receivables from Raiffeisen banks	318,052	350,006
Interest income from receivables from other banks	12,576	9,577
Interest income from receivables from clients	155,304	152,548
Interest and dividend income from financial investments	52,794	52,877
Other interest income	13,658	14,763
Total interest and dividend income	552,385	579,771
Interest expenditure from liabilities to Raiffeisen banks	-102,236	-110,909
Interest expenditure from liabilities to other banks	-13,371	-12,287
Interest expenditure from liabilities to clients	-43,192	-46,439
Interest expenditure from bonds and Pfandbriefdarlehen	-124,263	-122,449
Other interest expenditure	-157,249	-166,997
Total interest expenditure	-440,310	-459,081
Total net interest income	112,074	120,690

21 Net income from commission business and service transactions

	Current year in 1,000 CHF	Previous year in 1,000 CHF
Commission income		
Commission income from lending business	6,827	5,837
Commission income from securities and investment business		
Fund business	8,813	8,440
Custody account business	21,359	18,700
Brokerage	17,303	15,584
Other securities and investment business	2,859	2,738
Commission income from other service transactions		
Payments	58,302	58,523
Account maintenance	2,134	2,156
Other service transactions	4,163	2,714
Total commission income	121,760	114,690
Commission expenditure		
Securities business	-27,967	-28,236
Payments	-5,233	-5,148
Other commission expenditure	-7,177	-3,316
Total commission expenditure	-40,377	-36,700
Total net income from commission business and service transactions	81,383	77,990

22 Net trading income

	Current year in 1,000 CHF	Previous year in 1,000 CHF
Foreign exchange trading	15,228	15,029
Precious metals and foreign notes and coins trading	33,821	34,397
Equities trading	-235	496
Fixed income trading	-6,473	22,677
Total net trading income	42,340	72,599

23 Other ordinary income

	Current year in 1,000 CHF	Previous year in 1,000 CHF
IT services for Group companies	58,930	57,310
Other individual services provided for Group companies	96,575	92,470
Contributions from the Raiffeisen banks for collective and strategic services	60,156	45,815
Charges for internal services relating to Group projects	55,267	80,162
Other	2,729	1,889
Total other ordinary income	273,657	277,647

24 Personnel expenditure

	Current year in 1,000 CHF	Previous year in 1,000 CHF
Banking authorities, attendance fees and fixed emoluments	1,619	1,525
Salaries and bonuses for staff	258,212	253,454
AHV, IV, ALV and other statutory contributions	20,182	20,411
Contributions to staff pension plans	32,607	26,423
Ancillary staff expenses	7,964	6,786
Total personnel expenditure	320,583	308,600

25 Operating expenditure

	Current year in 1,000 CHF	Previous year in 1,000 CHF
Occupancy costs	17,074	16,470
Cost of computer equipment, machinery, furniture, vehicles and other equipment	44,390	48,223
Other operating expenditure	102,551	114,443
Total operating expenditure	164,015	179,136

26 Extraordinary income and expenditure**Current year**

The extraordinary income of CHF 47.2 million includes realised gains from the sale of Bank Vontobel shares (CHF 44.3 million), the proceeds from the sale of participation certificates of Notenstein Private Bank Ltd (CHF 0.9 million) and reversals of value adjustments and provisions that are no longer required (CHF 1.3 million). In addition, reserves of CHF 2 million were recognised for general banking risks, and so an equivalent amount was debited to extraordinary expenditure.

Prior year

Extraordinary income of CHF 21.6 million includes a guarantee payment of CHF 12.4 million. The payment was transferred to Notenstein Private Bank Ltd and the amount posted to extraordinary expenditure. Reserves for general banking risks totalling CHF 8 million were also reversed to extraordinary income.

Report of the statutory auditor



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 14 to 47), for the year ended 31 December 2014.

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 31 December 2014 comply with Swiss law and the cooperative's articles of incorporation.

PricewaterhouseCoopers Ltd, Vadianstrasse 25a/Neumarkt 5, Postfach, 9001 St. Gallen
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Report on other legal requirements

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

In accordance with art. 906 CO in connection with art. 728a para. 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 Rüttsche
Audit expert
Auditor in charge

Ralph Gees
Audit expert

St. Gallen, 7 April 2015

Balance sheet – five-year overview

	2014 in 1,000 CHF	2013 in 1,000 CHF	2012 in 1,000 CHF	2011 in 1,000 CHF	2010 in 1,000 CHF
Assets					
Liquid funds	7,771,842	5,531,017	5,444,339	3,612,044	414,887
Receivables from money market securities	1	5	3	29	100,621
Receivables from Raiffeisen banks	3,953,353	4,633,236	5,621,429	6,802,231	7,674,235
Receivables from other banks	5,146,317	5,945,787	4,621,307	3,666,811	6,617,399
Receivables from clients	2,057,172	1,819,656	1,686,184	1,554,566	1,407,110
Mortgage receivables	7,653,784	6,946,585	6,332,422	5,800,145	4,983,123
Loans to clients	9,710,956	8,766,241	8,018,607	7,354,711	6,390,233
Trading portfolios in securities and precious metals	1,850,840	1,205,718	1,785,081	1,587,665	1,321,196
Financial assets	5,046,949	3,700,951	3,550,553	4,853,121	5,681,657
Participations	955,750	1,112,266	1,041,887	395,843	449,696
Tangible fixed assets	263,319	257,274	269,253	279,610	279,032
Accrued income and prepaid expenses	242,953	237,924	268,117	334,523	334,163
Other assets	2,695,093	1,359,916	1,662,846	1,813,649	1,665,903
Total assets	37,637,372	32,750,335	32,283,422	30,700,239	30,929,023
Liabilities					
Liabilities to Raiffeisen banks	11,157,296	9,975,138	9,013,091	7,775,602	6,675,793
Liabilities to other banks	8,386,551	6,806,169	6,064,572	6,601,702	8,558,934
Liabilities to clients in the form of savings and investment deposits	5,180,669	4,649,083	4,322,039	3,419,676	3,085,362
Other liabilities to clients	2,985,336	2,386,928	3,029,588	3,377,660	5,123,804
Medium-term notes	272,761	355,733	469,247	543,451	522,227
Client monies	8,438,766	7,391,744	7,820,873	7,340,787	8,731,393
Bonds and mortgage bond loans	5,487,530	5,189,780	5,659,430	5,572,160	3,979,700
Accrued expenses and deferred income	241,241	262,461	261,004	251,074	254,086
Other liabilities	2,563,248	1,762,055	2,106,838	2,212,958	1,822,343
Value adjustments and provisions	32,249	37,492	30,700	39,709	39,075
Reserves for general banking risks	283,700	281,700	289,700	289,700	347,300
Cooperative capital	850,000	850,000	850,000	450,000	360,000
General statutory reserves	159,796	157,214	152,147	146,000	139,873
Annual profit	36,994	36,582	35,067	20,547	20,528
Total equity capital	1,330,490	1,325,496	1,326,914	906,247	867,700
Total liabilities	37,637,372	32,750,335	32,283,422	30,700,329	30,929,023

Income statement – five-year overview

	2014 in 1,000 CHF	2013 in 1,000 CHF	2012 in 1,000 CHF	2011 in 1,000 CHF	2010 in 1,000 CHF
Interest and discount income	499,590	526,894	581,677	604,103	605,060
Interest and dividend income from financial assets	52,794	52,877	71,410	83,865	91,391
Interest expenditure	-440,310	-459,081	-538,548	-557,092	-571,114
Net interest income	112,074	120,690	114,539	130,575	125,338
Commission income lending business	6,827	5,837	7,876	5,751	4,238
Commission income securities and investment business	50,334	45,461	44,573	48,381	55,035
Commission income other service transactions	64,599	63,392	66,027	65,304	58,016
Commission expenditure	-40,377	-36,700	-30,514	-37,968	-45,358
Net income from commission business and service transactions	81,383	77,990	87,963	81,469	71,930
Net trading income	42,340	72,599	57,880	47,720	41,861
Income from sale of financial assets	7,237	193	-1,823	-973	50
Income from participating interests	44,249	51,477	22,367	24,366	22,338
Income from real estate	3,188	3,375	3,241	2,945	3,052
Other ordinary income	273,657	277,647	262,614	257,644	275,663
Other ordinary expenditure	-35,003	-33,389	-18,346	-7,434	-1,439
Other ordinary result	293,328	299,303	268,053	276,548	299,665
Operating income	529,125	570,583	528,435	536,612	538,794
Personnel expenditure	-320,583	-308,600	-326,297	-300,447	-288,114
Operating expenditure	-164,015	-179,136	-173,880	-161,500	-148,358
Total operating expenditure	-484,598	-487,736	-500,177	-461,947	-436,473
Gross profit	44,527	82,847	28,258	74,665	102,321
Depreciation on fixed assets	-41,189	-41,457	-46,619	-99,031	-69,896
Value adjustments, provisions and losses	-10,471	-12,929	-1,785	-13,592	-4,222
Operating profit (interim result)	-7,133	28,460	-20,146	-37,958	28,203
Extraordinary income	47,186	21,624	57,093	59,635	3,764
Extraordinary expenditure	-2,000	-12,417	-165	-193	-6,160
Taxes	-1,059	-1,086	-1,715	-938	-5,280
Annual profit	36,994	36,582	35,067	20,547	20,528

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