RAIFFEISEN

2022

Annual Report
Raiffeisen Switzerland

Title page:
Aline Köfer, qualified nurse

See the short profile in the magazine covering the financial year to find out what this Raiffeisen client does for the environment every day, and why she prefers sustainable investment products for her pillar 3a retirement savings.

report.raiffeisen.ch/en-portrait

See the Imprint on page 62 for the structure of the reporting.
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Raiffeisen is the third-largest banking group in Switzerland, has strong local roots, and is a leader in the retail business. The Group consists of 220 legally independent Raiffeisen banks with a cooperative structure. Raiffeisen serves 3.64 million clients at 803 locations throughout Switzerland.

Raiffeisen Switzerland is responsible for the Raiffeisen Group's business policy and strategy, acts as a centre of competence for the entire Group and represents its national and international interests. Raiffeisen Switzerland creates the conditions for the business activities of the Raiffeisen banks (such as IT, infrastructure and refinancing), as well as advising and supporting them on all issues. Additionally, it is responsible for risk management, holding liquidity and capital, and refinancing for the entire Group, as well as performing treasury, trading and transaction activities.

Preface

Thomas A. Müller
Chairman of the Board of Directors,
Raiffeisen Switzerland

Heinz Huber
Chairman of the Executive Board,
Raiffeisen Switzerland

Dear Readers,
The past year, 2022, has been an eventful one. After two years of the Covid-19 pandemic, which made enormous demands on people, the economy and society as a whole, the Ukraine war is also having a direct impact on our lives: rising energy prices, high inflation worldwide, fears of a recession. In times of uncertainty and crisis, it is all the more important for us as a cooperative to put our values into practice and offer our clients security and stability.

Yet even in challenging times, a company must continue to develop and look to the future. The framework for doing this is our strategy. We aim to enhance our client proximity and widen our reach by 2025, especially in the digital sphere. We intend to do this along sustainable lines, just as a cooperative bank should.

The aspiration and duty to operate the business sustainably is deeply rooted in our DNA. Credibility, entrepreneurship, client proximity and sustainability are important to us. These values guide our strategy and our work. They help to ensure that our clients see us as a reliable and safe partner. We set ourselves apart as a sustainable cooperative and have been working harder to achieve this in all our business areas, especially in retirement saving and investing.

We continue to enhance our proximity to clients and widen our reach along sustainable lines.

Sustainable retirement saving and investing is the future. At a very early stage, Raiffeisen recognised the importance of ecological and social aspects for pensions and investing. Raiffeisen launched the first sustainable funds under the "Futura" label 20 years ago, continuously developing its range of sustainable pension and investment solutions ever since. We have accordingly taken on a pioneering role in Switzerland as a financial centre. Futura solutions are now the backbone of our range of products and services. Around 95% of Raiffeisen's fund volume is invested sustainably. And we are going further: following our fund range, we are also resolutely focusing our asset management mandates on sustainability. We were the first national retail bank to launch an impact asset management mandate that aims at a positive and measurable ecological and social impact in addition to the financial goals.

Raiffeisen wants to make **sustainable asset accumulation** and professional asset management available to a wide group of people. This is part of our identity. That is why we have embedded this firmly in our strategy. And we have achieved this ambition: The entry thresholds for our digital asset management, Rio, are set deliberately low at CHF 5,000 and for the asset management mandates at CHF 50,000. The demand for these products shows us that we are on the right track.

Sustainable togetherness is important to us as a cooperative bank. We now have more than two million cooperative members throughout Switzerland. This means that around one in four adults in Switzerland holds at least one share certificate in a Raiffeisen bank. This proximity to our clients carries responsibilities and is an outstanding feature of Raiffeisen. More than 1,300 directors make decisions locally for their bank, together with their executive board. They are familiar with local requirements and needs. Together with the employees of the Raiffeisen banks, they embody the local roots and fellowship with clients and cooperative members. Cooperative banks are also committed to the community. Raiffeisen is one of the biggest sponsors of cultural and sporting events and activities at a regional and local level. Last year, Raiffeisen gave a total amount of CHF 225 million to society in the form of donations, sponsorship and taxes.

Together, the 220 Raiffeisen banks generated a very good result. The Raiffeisen Group closed the year 2022 with a Group profit of CHF 1.18 billion. Raiffeisen broadened its earnings base further through an increase in the proportion of neutral business in operating income. In particular, the significant inflow of new money into investment and pension fund accounts last year demonstrated that: our clients have confidence in Raiffeisen.

93% of net profit is retained. This makes Raiffeisen a safe, stable and financially strong banking group.

The very good result enables us to further strengthen our capital base. We retain over 90% of our profit. This means that we can keep most of the net profit generated within the cooperative and invest it in the future of the banking group. This makes Raiffeisen a very safe, stable and financially strong bank. A bank that puts its values into practice and aligns the decisions that it makes today with the well-being of future generations.

We hope you enjoy reading this report,

Thomas A. Müller
Chairman of the Board of Directors,
Raiffeisen Switzerland

Heinz Huber
Chairman of the Executive Board,
Raiffeisen Switzerland

Management report

Raiffeisen Switzerland can look back on a successful financial year and posted a net profit of CHF 69.0 million, up from CHF 47.5 million in the previous year. Four of the six branches of Raiffeisen Switzerland (Thalwil, Bern, Winterthur and St. Gallen) were made into independent cooperative banks in the year under review.

Making the branches independent has an impact on Raiffeisen Switzerland's balance sheet and income statement. The relevant balance sheet items were transferred retroactively to the new Raiffeisen banks with effect from 1 January 2022. One of the effects of this was to reduce total assets from CHF 86.9 billion to CHF 69.6 billion (–19.9%).

The Zurich and Basel branches were then made independent at the start of 2023.

Business performance of Raiffeisen Switzerland

Raiffeisen Switzerland closed the 2022 financial year with a very good result and posted a net profit of CHF 69.0 million. Four of the six branches of Raiffeisen Switzerland were made into independent cooperative banks in the year under review. The last two branches, Zurich and Basel, followed at the start of 2023. Making the branches of Raiffeisen Switzerland into independent cooperative banks had the effect of reinforcing the cooperative principle and further strengthening local ties. Making the branches independent had an impact on Raiffeisen Switzerland's balance sheet and income statement.

Raiffeisen Switzerland's total assets decreased by CHF 17.3 billion to CHF 69.6 billion. This decrease is chiefly due to the four branches becoming independent. The relevant balance sheet items from Raiffeisen Switzerland were transferred to the newly established Raiffeisen banks. These transactions, which were made retroactively with effect from 1 January 2022, are evident mainly in customer deposits and mortgage loans. Customer deposits decreased by CHF 7.2 billion, while mortgage loans fell by CHF 6.2 billion. The current account balance held at the Swiss National Bank (SNB) decreased by CHF 21.8 billion as at the reporting date, due to active balance sheet and liquidity management. The increase of CHF 6.6 billion in the book value of the financial investments as at 31 December 2022 is mainly due to the inclusion of SNB money market securities (SNB bills). In addition, the very encouraging business result in the year under review allowed Raiffeisen Switzerland to form reserves for general banking risks in the amount of CHF 31.7 million.

Due to the participation of the branches that became independent in Raiffeisen Switzerland, the cooperative capital increased by CHF 54.0 million to CHF 2.5 billion (+2.2%). To build up additional loss-absorbing capital under the systemic importance regime, Raiffeisen Switzerland placed a EUR 500 million bail-in bond in the year under review. This further strengthened Raiffeisen Switzerland's capital base.

Income statement

Interest income

Gross interest income decreased by CHF 48.5 million (–16.2%) to CHF 250.6 million. The reason for this is that four of the six branches of Raiffeisen Switzerland were made into independent Raiffeisen banks, with the resulting loss of interest income at Raiffeisen Switzerland. Interest and discount income rose by CHF 332.3 million to CHF 524.6 million (+172.8%), and interest and dividend income from financial investments increased by CHF 15.8 million to CHF 39.9 million (+65.4%). The higher interest and discount income in comparison to the previous year is primarily attributable to active liquidity and balance sheet management. Interest expenses also increased by CHF 396.6 million to CHF 313.8 million due to the interest rate turnaround by the SNB in the year under review and the end of negative interest rates (previous year: income on this item of CHF 82.8 million). Net interest income decreased overall by CHF 53.7 million to CHF 229.2 million (–19.0%).

The value adjustments for default risks and losses from interest operations rose by CHF 5.1 million to CHF 21.4 million and mainly include individual value adjustments.

Result from commission business and services

The result from commission business and services (note 23) fell by CHF 22.8 million year on year to CHF 99.8 million.

Commission income from securities trading and investment activity dropped by CHF 13.4 million to CHF 66.5 million. The reduction in income is mainly due to the discontinuation of income from the branches that became infdependent. Lower client demand and the corresponding decline in the volume of structured products also resulted in lower commission income.

Commission income from lending activities remained virtually unchanged year on year, standing at CHF 20.7 million (+0.8%).

Making the branches independent also led to lower commission income from payment transactions and lower income from account maintenance fees than in the previous year. Commission income from other services fell as a result, by CHF 5.5 million to CHF 50.8 million.

Commission expenses rose by CHF 4.0 million year on year to CHF 38.1 million.

Net trading income

The result from trading activities decreased by CHF 10.5 million (–12.1%) to CHF 76.2 million (note 24). The trading portfolio assets were affected by the interest rate turnaround in the year under review, which had a particularly adverse impact on the bond business and interest operations. In contrast, there was a significant rise in demand for foreign exchange and cash in foreign currencies due to the increase in travel after the end of the Covid-19 pandemic.

Other result from ordinary activities

The other result from ordinary activities increased by CHF 28.7 million year on year, to reach CHF 391.8 million (+7.9%).

Due to higher dividend distributions from the companies in which Raiffeisen Switzerland holds a stake, income from participations rose by CHF 8.8 million to CHF 39.1 million in the year under review.

Other ordinary income increased by CHF 17.1 million (+4.5%) to CHF 394.7 million. This income comes mainly from services to the Raiffeisen banks and Group companies. A smaller portion is from third parties. Contribution-relevant services to the Raiffeisen banks, which cover collective and strategic services, management of finances and project services, went up by CHF 3.9 million year on year to CHF 145.8 million (+2.7%). The remaining items in other ordinary income posted a rise of CHF 13.2 million to CHF 248.8 million. This includes income for IT and marketing services provided across the Group, and income in connection with e-banking and individual consultations with banks.

Other ordinary expenses decreased by CHF 1.6 million to CHF 47.3 million (–3.3%). The change is primarily due to lower sponsorship expenses, which more than compensate for the higher costs resulting from increased demand for hardware and software. This item includes the costs of producing printed matter for the Raiffeisen banks, as well as expenditure on purchasing IT infrastructure for the Raiffeisen banks.

Operating expenses

Personnel expenses (note 26) decreased by CHF 9.3 million (–2.2%) to CHF 410.8 million. The headcount at Raiffeisen Switzerland at the end of the year was 2,309 full-time positions (–168 full-time positions). The increase of 30 full-time positions at Raiffeisen Switzerland was offset by a reduction of 198 full-time positions due to branches being made independent. The increase in headcount at Raiffeisen Switzerland was mainly due to additional resources required for implementing the Group strategy and IT security.

General and administrative expenses (note 27) fell by CHF 7.8 million year on year (–3.0%) to CHF 250.0 million.

Due to the branches being made independent, office space expenses for Raiffeisen Switzerland were reduced by CHF 5.0 million to CHF 16.6 million in the year under review. Employees continued to take advantage of the opportunity to work from home for some of their working hours. This and the other optimised use of workspace led to lower heating and air conditioning costs.

Expenses for information and communications technology went up by CHF 7.6 million to CHF 81.2 million. The additional expense was mainly due to investment in digital transformation for implementing the Raiffeisen 2025 Group strategy.

Other operating expenses decreased by CHF 9.7 million to CHF 148.5 million, with the main factors as follows:

- The year-on-year increase in expenses for the transport of cash and precious metals, and for stocking up ATMs, led to a CHF 2.8 million increase in forwarding expenses of CHF 20.5 million. In addition, travel increased again after the end of the Covid-19 pandemic. This led to travel expenses rising by CHF 1.9 million to CHF 11.6 million (+19.0%).
- Consulting costs, fees and levies decreased by CHF 6.4 million to CHF 67.3 million. The reduction is mainly due to the issue duty of CHF 7.4 million paid in the previous year (year under review: CHF 0.5 million) in connection with Raiffeisen Switzerland's capital increase, which did not occur to the same extent in the year under review.
- Advertising expenses decreased by CHF 9.8 million to CHF 13.5 million. This is partly due to the lower sponsorship expenses that were previously incurred by the branches which have since been made independent.

Value adjustments on participations and depreciation of tangible fixed assets

Depreciation and amortisation on tangible fixed assets fell by CHF 4.9 million to CHF 40.4 million. The reduction is primarily related to the bank buildings, IT infrastructure and other tangible fixed assets of the branches that had been made independent in the year under review and were no longer included in Raiffeisen Switzerland's balance sheet.

Value adjustments on participations fell by CHF 14.0 million year on year and amount to CHF 2.0 million. They relate to adjustments to the net asset values of subsidiaries and participations. In the previous year, relatively large value adjustments had to be made in connection with Raiffeisen Unternehmerzentrum AG and for the liquidation of Valyo AG. No value adjustments of any significance in terms of amount were posted in the year under review.

Changes in provisions and other value adjustments, and losses

CHF 15.5 million of provisions and other value adjustments were recognised in the year under review, up by CHF 8.7 million on the previous year. The main reason for the increase is provisions for expected losses in line with the accounting requirements for the formation of provisions relating to non-impaired receivables.

Changes in provisions for off-balance-sheet transactions, other business risks and litigation expenses are shown in note 14.

Extraordinary income, changes in reserves for general banking risks and taxes

Extraordinary income came to CHF 27.0 million (note 28) and results mainly from the sale of investments in responsAbility Investments AG and Liiva AG.

The pleasing result made it possible to set aside reserves for general banking risks in the amount of CHF 31.7 million in the year under review. Tax expenses in the year under review amounted to CHF 3.0 million. They relate primarily to capital tax.

Net profit

The net profit was CHF 69.0 million. This represents an increase of CHF 21.5 million (+45.3%) compared to the previous year.

Balance sheet

Total assets decreased by CHF 17.3 billion to CHF 69.6 billion in the year under review. This reduction was mainly due to the discontinuation of the items for the four branches of Raiffeisen Switzerland that have been made independent. In addition, the balance sheet items "Amounts due to other banks" and "Amounts due in respect of customer deposits" were lower as at the reporting date.

Amounts due to/from Raiffeisen banks

At the end of 2022, Raiffeisen Switzerland had a net amount due to Raiffeisen banks of CHF 29.8 billion, compared with CHF 31.0 billion in the previous year. The Raiffeisen banks hold assets at Raiffeisen Switzerland in order to comply with statutory liquidity requirements.

Amounts due to/from other banks

Receivables from other banks decreased by CHF 1.1 billion year on year to CHF 2.2 billion. Amounts due to other banks also fell by CHF 0.9 billion to CHF 13.8 billion.

Amounts due/liabilities from securities financing transactions

Liabilities from securities financing transactions fell from CHF 7.4 billion to CHF 35 million, as expired repo transactions were not renewed.

As in the previous year, there are no receivables from securities financing transactions as at 31 December 2022.

Receivables from clients and mortgage receivables

Loans to clients fell from CHF 14.1 billion to CHF 8.5 billion compared to the previous year. Due to the branches being made independent, mortgage loans decreased from CHF 11.0 billion to CHF 4.8 billion. Other amounts due from clients increased from CHF 3.1 billion to CHF 3.7 billion. This item includes short-term loans to institutional clients and to public-sector entities, loans to relatively large corporate clients and the capital goods leasing business, and is volatile due to the nature of the business.

Trading activities

Trading portfolio assets rose by CHF 301.1 million to CHF 1.2 billion (note 3). The short-term nature of this business generally means that the trading volume is subject to fairly significant fluctuations, resulting in considerable changes in relation to a specific cut-off date.

Financial investments

Securities holdings in financial investments (Note 5), mainly investment-grade bonds, are managed in accordance with statutory liquidity requirements and internal liquidity targets. The book value went up by CHF 6.6 billion to CHF 15.1 billion (+77.1%). The change was mainly due to the purchase of SNB bills for CHF 5.5 billion.

Participations

The book value of participations (note 6) decreased insignificantly by CHF 0.7 million to CHF 415.2 million (–0.2%) in the year under review. In the case of participations in Group companies, value adjustments had to be made again, especially for Raiffeisen Unternehmerzentrum AG. There were no material changes in the other participations.

Tangible fixed assets

The changes in tangible fixed assets are shown in Note 7.1. The book value decreased by CHF 30.6 million to CHF 313.9 million (–8.9%). This is chiefly due to the branches becoming independent and the transfer of their bank buildings, IT infrastructure and other tangible fixed assets.

Intangible assets

The book value of intangible assets amounted to CHF 6.5 million in the year under review (previous year: no intangible assets). These are intangible assets that arose when implementing a new business model in the credit card business. The changes in intangible assets are shown in note 8.

Customer deposits

The branches being made independent also mainly explains the reduction in amounts due in respect of customer deposits by CHF 7.2 billion to CHF 10.0 billion. Deposits by institutional clients fell by CHF 1.8 billion to CHF 3.9 billion; among corporate clients, they rose by CHF 160.7 million to CHF 2.4 billion.

Bond issues and central mortgage institution loans

Bond issues and central mortgage institution loans (note 13) decreased by CHF 4.7 billion in the year under review to CHF 5.8 billion. The reduction was due to expired money market securities in the amount of CHF 3.2 billion and the central mortgage institution loans transferred to the branches becoming independent in the amount of CHF 1.3 billion.

The book value of central mortgage institution loans amounted to CHF 0.8 billion. Outstanding bonds issued by Raiffeisen Switzerland in the year under review amounted to CHF 4.0 billion. Bond components of structured products issued by Raiffeisen Switzerland amounted to CHF 1.0 billion.

Raiffeisen Switzerland placed a EUR 500 million bail-in bond in 2022 to build up additional loss-absorbing capital under the systemic importance regime. This further strengthened the capital base.

Provisions

Provisions (note 14) decreased by CHF 10.4 million to CHF 96.3 million. On the one hand, the provisions relating to the four branches that were made independent were removed from Raiffeisen Switzerland's books. On the other hand, provisions for litigation and other expenses were used for their intended purpose.

Reserves for general banking risks

The encouraging result made it possible to set aside reserves for general banking risks in the amount of CHF 31.7 million in the year under review (note 14). Their book value now amounts to CHF 106.9 million (+42.2%).

Equity capital

Cooperative capital stood at CHF 2.5 billion as at 31 December 2022. Equity capital increased by a total of CHF 112.2 million to the present level of CHF 2.9 billion. The increase was mainly due to the share capital contributions of the branches that became independent in the year under review, resulting in an increase in the cooperative capital and the newly formed reserves for general banking risks.

Off-balance-sheet transactions

Total contingent liabilities (note 20) fell year on year by CHF 335.1 million to CHF 2.8 billion. The above-mentioned decline in the volume of structured products in the market is also the reason for fewer guarantees being granted for the issuance of structured products in this context. Total irrevocable commitments fell year on year by CHF 223.4 million to CHF 2.1 billion. The main reason for this decline is the branches being made independent. As a result, the irrevocable commitments granted by the branches were also reclassified. The contract volume for derivative financial instruments (note 4) fell by CHF 24.6 billion to CHF 185.3 billion due to changes in the market. The positive replacement values shown in the balance sheet amounted to CHF 4.8 billion (compared with CHF 1.3 billion in the previous year), while the negative replacement values amounted to CHF 3.7 billion (compared with CHF 1.5 billion in the previous year). The increase is mainly attributable to changes in the interest rate environment.

Remuneration Report

The remuneration report is included in the Raiffeisen Group Annual Report, see:

report.raiffeisen.ch/remuration-report

Annual Financial Statements

Raiffeisen Switzerland can look back on a successful financial year and posted a net profit of CHF 69.0 million, up from CHF 47.5 million in the previous year. Total assets decreased by CHF 17.3 billion to CHF 69.6 billion. This decrease is chiefly due to four of the six branches of Raiffeisen Switzerland becoming independent.

Raiffeisen Switzerland balance sheet

Balance sheet

in 1,000 CHF	Note	31.12.2021	31.12.2022	Change in CHF	Change in %
Assets					
Liquid assets	17	56,056,494	34,255,540	−21,800,954	−38.9
Amounts due from Raiffeisen banks	10, 17	780,676	1,270,560	489,884	62.8
Amounts due from other banks	10, 17	3,258,494	2,187,839	−1,070,655	−32.9
Amounts due from customers	2, 17	3,089,847	3,710,550	620,703	20.1
Mortgage loans	2, 10, 17	11,040,049	4,798,553	−6,241,496	−56.5
Trading portfolio assets	3, 17	895,404	1,196,472	301,068	33.6
Positive replacement values of derivative financial instruments	4, 17	1,252,644	4,834,117	3,581,473	285.9
Financial investments	5, 10, 17	8,498,979	15,055,446	6,556,467	77.1
Accrued income and prepaid expenses		232,032	276,446	44,414	19.1
Participations	6	415,944	415,214	−730	−0.2
Tangible fixed assets	7	344,507	313,865	−30,642	−8.9
Intangible assets	8	–	6,531	6,531	–
Other assets	9	1,016,134	1,235,400	219,266	21.6
Total assets		**86,881,204**	**69,556,533**	**−17,324,671**	**−19.9**
Total subordinated claims		2,000	–	−2,000	−100.0
of which subject to mandatory conversion and/or debt waiver		–	–	–	–
Liabilities					
Amounts due to Raiffeisen banks	17	31,818,871	31,117,107	−701,764	−2.2
Amounts due to other banks	17	14,623,796	13,758,494	−865,302	−5.9
Liabilities from securities financing transactions	1, 17	7,450,837	35,007	−7,415,830	−99.5
Amounts due in respect of customer deposits	17	17,277,182	10,043,467	−7,233,715	−41.9
Trading portfolio liabilities	3, 17	156,043	289,112	133,069	85.3
Negative replacement values of derivative financial instruments	4, 17	1,482,533	3,660,427	2,177,894	146.9
Cash Bonds	17	17,724	300	−17,424	−98.3
Bond issues and central mortgage institution loans	12, 13, 17	10,448,395	5,762,607	−4,685,788	−44.8
Accrued expenses and deferred income		276,924	348,548	71,624	25.9
Other liabilities	9	478,265	1,589,008	1,110,743	232.2
Provisions	14	106,631	96,255	−10,376	−9.7
Reserves for general banking risks	14	75,179	106,876	31,697	42.2
Cooperative capital	15	2,443,800	2,497,800	54,000	2.2
Statutory retained earnings reserve		177,523	182,523	5,000	2.8
Profit		47,500	69,000	21,500	45.3
Total equity capital		**2,744,002**	**2,856,199**	**112,197**	**4.1**
Total liabilities		**86,881,204**	**69,556,533**	**−17,324,671**	**−19.9**
Total subordinated liabilities		2,210,161	2,565,853	355,692	16.1
of which subject to mandatory conversion and/or debt waiver		2,210,161	2,565,853	355,692	16.1
Off-balance-sheet transactions					
Contingent liabilities	2, 20	3,137,885	2,802,742	−335,143	−10.7
Irrevocable commitments	2	2,304,954	2,081,595	−223,359	−9.7
Obligations to pay up shares and make further contributions	2	16,747	18,397	1,650	9.9

Raiffeisen Switzerland income statement

Income statement

in 1,000 CHF	Note	2021	2022	Change in CHF	Change in %
Interest and discount income	22	192,278	524,611	332,333	172.8
Interest and dividend income from financial investments	22	24,105	39,873	15,768	65.4
Interest expense	22	82,799	−313,845	−396,644	479.0
Gross result from interest operations		**299,182**	**250,638**	**−48,544**	**−16.2**
Changes in value adjustments for default risks and losses from interest operations	14	−16,310	−21,442	−5,132	31.5
Net result from interest operations		**282,872**	**229,196**	**−53,676**	**−19.0**
Commission income securities trading and investment activities	23	79,886	66,462	−13,424	−16.8
Commission income from lending activities	23	20,504	20,663	159	0.8
Commission income other services	23	56,214	50,762	−5,452	−9.7
Commission expense	23	−34,019	−38,055	−4,036	11.9
Result from commission business and services	**23**	**122,586**	**99,832**	**−22,754**	**−18.6**
Result from trading activities	24	**86,634**	**76,182**	**−10,452**	**−12.1**
Result from the disposal of financial investments		385	99	−286	−74.3
Income from participations		30,298	39,051	8,753	28.9
Result from real estate		3,747	5,202	1,455	38.8
Other ordinary income	25	377,586	394,688	17,102	4.5
Other ordinary expenses		−48,888	−47,254	1,634	−3.3
Other result from ordinary activities		**363,127**	**391,786**	**28,659**	**7.9**
Operating income		**855,219**	**796,996**	**−58,223**	**−6.8**
Personnel expenses	26	−420,058	−410,781	9,277	−2.2
General and administrative expenses	27	−257,837	−249,998	7,839	−3.0
Operating expenses		**−677,895**	**−660,779**	**17,116**	**−2.5**
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	6, 7, 8	−61,437	−43,431	18,006	−29.3
Changes to provisions and other value adjustments, and losses	14	−7,261	−16,091	−8,830	121.6
Operating result		**108,626**	**76,695**	**−31,931**	**−29.4**
Extraordinary income	28	34,173	27,002	−7,171	−21.0
Extraordinary expenses	28	–	–	–	–
Changes in reserves for general banking risks	14	−92,399	−31,697	60,702	−65.7
Taxes	29	−2,900	−3,000	−100	3.4
Profit		**47,500**	**69,000**	**21,500**	**45.3**

Proposed distribution of profit

Proposal addressed to the General assembly of 16 June 2023

in 1,000 CHF	2021	2022	Change	Change in %
Profit	47,500	69,000	21,500	45.3
Profit brought forward	–	–	–	–
Available profit	**47,500**	**69,000**	**21,500**	**45.3**
Appropriation of profit				
Allocation to statutory retained earnings reserve	5,000	7,074	2,074	41.5
Interest on cooperative capital	42,500	61,926	19,426	45.7
Total appropriation of profit	**47,500**	**69,000**	**21,500**	**45.3**

Statement of changes in equity

Statement of changes in equity

in 1,000 CHF	Cooperative capital	Statutory retained earnings reserve [1]	Reserves for general banking risks	Profit	Total
Equity capital at 01.01.2022	**2,443,800**	**177,523**	**75,179**	**47,500**	**2,744,002**
Capital increase	54,000	–	–	–	54,000
Allocations to statutory retained earnings reserve	–	5,000	–	–5,000	–
Allocations to reserves for general banking risks	–	–	31,697	–	31,697
Interest on the cooperative capital	–	–	–	–42,500	–42,500
Profit	–	–	–	69,000	69,000
Equity capital at 31.12.2022	**2,497,800**	**182,523**	**106,876**	**69,000**	**2,856,199**

1 Statutory retained earnings are not distributable.

Notes to the Annual Financial Statements

Trading name, legal form, registered office

Under the name

- Raiffeisen Switzerland Cooperative
- Raiffeisen Suisse société coopérative
- Raiffeisen Svizzera società cooperativa
- Raiffeisen Svizra associaziun
- Raiffeisen Switzerland Cooperative

there exists an association of cooperative banks with a limited duty to pay in further capital pursuant to Art. 921 et seq. of the Swiss Code of Obligations ("OR"). Raiffeisen Switzerland Cooperative (hereinafter "Raiffeisen Switzerland") is the association of Raiffeisen banks in Switzerland. Raiffeisen Switzerland is domiciled in St.Gallen.

Risk management

The Raiffeisen banks and Raiffeisen Switzerland pool their risks.

Risk policy

Risk management systems are based on regulatory provisions, regulations governing risk policy for the Raiffeisen Group ("risk policy" for short) and the framework and framework concepts for institution-wide risk management. The risk policy, the framework and the framework concepts are reviewed and updated annually. Raiffeisen Switzerland views entering into risks as one of its core competencies. Risks are only entered into with full knowledge of their extent and dynamics, and only when the requirements in terms of systems and staff resources are met. The objectives of the risk policy are to limit the negative impact of risks on earnings and protect Raiffeisen Switzerland against high, exceptional losses, as well as to preserve and enhance its reputation. Raiffeisen Switzerland's risk management is organised using the three-lines-of-defence model: risks are managed by the line units responsible (first line). The Risk & Compliance department ensures that the risk policy and regulatory provisions are complied with and enforced (second line). Internal Auditing ensures the independent review of the risk management framework (third line).

Risk control

Raiffeisen Switzerland limits and monitors the main risk categories via risk guidelines. Appropriate limits are used for quantifiable risks. Risks that are difficult to quantify are limited by qualitative stipulations.

The Risk & Compliance department is responsible for the independent monitoring of risk. This primarily involves monitoring compliance with the limits and warning thresholds stipulated by the Board of Directors and the Executive Board. The Risk & Compliance department also assesses the risk situation on a regular basis as part of the reporting process.

Raiffeisen conducts various regular stress tests to analyse the impact of adverse scenarios on the resilience of the Bank. This involves examining the influence on important target values, such as profit, capital requirements and liquidity. The stress test analyses are carried out at the overall Bank level or at the level of certain sub-portfolios or risk categories. Moreover, as a systemically important Bank, Raiffeisen carries out reverse stress tests for the Raiffeisen Group as part of its stabilisation and emergency planning.

Conducting stress tests is an integral part of risk monitoring at Raiffeisen. The Board of Directors of Raiffeisen Switzerland determines the risk appetite on the basis of the stress tests.

Risk management process

The risk management process applies to all risk categories, i.e., credit, market, liquidity and operational risks. It includes the following elements:

- Risk identification
- Risk measurement and assessment
- Risk management
- Risk monitoring and reporting

Risk management aims to

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

Credit risks

Credit risks are defined in the risk policy as the risk of losses that arise if clients or other counterparties fail to make contractually agreed payments to the extent expected. Credit risks are inherent in loans, irrevocable credit commitments, contingent liabilities and trading products such as OTC derivative contracts. Risks also arise from taking on long-term equity exposures.

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

- Counterparty risk
- Collateral risk
- Concentration risk
- Country risk

Counterparty risks result when a debtor or counterparty defaults. A debtor or counterparty is considered to be in default when receivables are overdue or at risk.

Collateral risks refer to impairments in the value of collateral.

Concentration risks in credit portfolios arise from the unfavourable distribution of credit receivables originating from individual borrowers, sectors, regions, rating classes and collateral.

Country risk is the risk of losses resulting from country-specific events.

The Corporate Clients, Treasury & Markets department primarily incurs counterparty, collateral and concentration risks. The branches of Raiffeisen Switzerland grant loans to private and corporate clients and to public-sector entities.

Larger loans to corporate clients and public-sector entities are primarily managed by the Corporate Clients, Treasury & Markets department. Unsecured loans exceeding a defined amount are additionally checked by the Raiffeisen Switzerland Credit Office. Concentration risks are reviewed and acknowledged as part of the credit process.

The Group-wide responsibilities of the Corporate Clients, Treasury & Markets department involve managing both domestic and international counterparty risks. These risks occur in transactions such as wholesale funding in the money and capital markets, as well as the hedging of currency, fluctuating interest rate and proprietary trading risks. In principle, international transactions may only be conducted when country-specific limits have been approved and established.

Pursuant to the Articles of Association, Raiffeisen Switzerland's commitments abroad may not exceed 5% of the consolidated Raiffeisen Group balance sheet total on a risk-weighted basis.

Internal and external ratings are used as a basis for approving and monitoring business with commercial banks. Off-balance-sheet transactions and derivative financial instruments are converted to their respective credit equivalent. The standard SA-CCR approach is applied when calculating the credit equivalents of derivative financial instruments. Raiffeisen Switzerland has entered into framework agreements for OTC derivative transactions (the Swiss or ISDA master agreement) with the counterparties with whom OTC derivative transactions are executed and, depending on the counterparty, credit support annexes for variation margin. Collateral is exchanged by transferring the margin requirement, which is calculated daily. These OTC exposures are monitored, taking into account the collateral exchanged.

Raiffeisen Switzerland has invested in other companies as part of strategic cooperation partnerships.

Creditworthiness and solvency are assessed on the basis of binding standards at Raiffeisen Switzerland. Sufficient creditworthiness and the ability to maintain payments must be proved before any loan is approved. Loans to private and corporate clients, as well as investment property financing, are classified according to rating models and subject to risk monitoring based on the resulting classification. Clients' creditworthiness is split into 11 risk categories and two default categories.

This system has proved its worth as a means of dealing with the main elements of credit risk management, i.e., risk-adjusted pricing, portfolio management, identification, and recognition of individual value adjustments. Specialist teams are available at Raiffeisen Switzerland for complex financing arrangements and the management of recovery positions.

Comprehensive internal sets of rules exist for valuing collateral for loans, especially for determining the loan-to-value ratios; they prescribe the corresponding methods, procedure and competencies. The sets of rules are constantly reviewed and adjusted to regulatory requirements and market changes. The Bank employs recognised estimation methods, tailored to the type of property, to value property loans secured by security interests in land. Hedonic models, the gross rental method and expert estimates are used, among other things. Both the models used and the individual valuations are reviewed regularly. The maximum lending amount for any property loan secured by security interests in land varies depending on the realisability of the collateral and is affected by the type and form of use.

Raiffeisen analyses loan positions for default risk at regular intervals and/or in response to certain events and recognises value adjustments and/or loan loss provisions as needed. The Bank considers loans to be impaired when it becomes unlikely that debtors will be able to meet their future obligations or the loan is no longer covered by the intrinsic value of any collateral, but at the very latest when the contractual principal, interest or commission payments are more than 90 days overdue. Provisions are recognised for the full amount of the interest and commission payments.

The Risk & Compliance department monitors, controls and manages risk concentrations within Raiffeisen Switzerland, in particular, for individual counterparties and for groups of affiliated counterparties, as well as for sectors and collateral. The process of identifying and consolidating affiliated counterparties is largely automated within Raiffeisen Switzerland. The Risk & Compliance department monitors the credit portfolio on a Group-wide basis and evaluates the portfolio structure. A periodic credit portfolio report provides the decision-makers responsible with information on the economic environment, the structure of the credit portfolio, the risk situation and developments in the period under review.

Monitoring the portfolio structure involves analysing the distribution of the portfolio according to a range of structural characteristics, including, without limitation, category of borrower, type of loan, size of loan, rating, sector, collateral, geographical features and value adjustments. The Executive Board and the Board of Directors of Raiffeisen Switzerland receive a quarterly risk report detailing the risk situation, risk exposure, limit utilisation and changes in exception-to-policy loans. In addition to standard credit portfolio reporting, the Risk & Compliance department also conducts ad hoc risk analyses where required. Monitoring and reporting form the basis for portfolio controlling measures, with the main focus being on controlling new business via lending policy.

Cluster risks are monitored centrally by the Risk & Compliance department. As at 31 December 2022, Raiffeisen Switzerland had four cluster risks with accumulated total exposures (after risk mitigation and risk weighting) of CHF 44.0 billion. The majority (CHF 42.7 billion) comes from two counterparties that are exempt from compliance with the regulatory limit. As at 31 December 2022, the total of the regulatory reporting of Raiffeisen Switzerland's 20 biggest overall exposures, after risk mitigation and risk weighting, amounted to CHF 3.3 billion.

Market risks

Banking book
Risk associated with fluctuating interest rates: since interest rates for assets and liabilities are locked in for different periods, fluctuations in market interest rates can have a considerable impact on the interest income and annual results of Raiffeisen Switzerland. Value at risk is calculated along with interest rate sensitivity in various interest rate shock scenarios in order to assess the assumed interest rate risk to the net present value of the equity capital. To measure mark-to-market risk, a gap analysis is performed using all on-balance-sheet and off-balance-sheet items along with their maturities. Loans and deposits with non-fixed maturities and capital commitment periods are modelled on the basis of historical data and forward-looking scenarios. These models are backtested at least once a year and undergo regular independent validation. No specific assumptions are made for early loan repayments because early repayment penalties are normally levied.

Risk associated with fluctuating interest rates is managed on a decentralised basis in the business units responsible, with the persons responsible in each case being required to strictly adhere to the limits set by the Board of Directors and the Executive Board. Interest rate risks are hedged using established instruments. The Corporate Clients, Treasury & Markets department is the binding counterparty concerning wholesale funding and hedging transactions for the entire Group. The Risk & Compliance department monitors compliance with interest risk limits and prepares the associated reports on at least a quarterly basis, while also assessing the risk situation of Raiffeisen Switzerland. Monitoring and reporting are conducted more frequently for individual units.

Other market risks: since assets in a foreign currency are generally refinanced in the same currency, foreign currency risks can largely be avoided.

The financial investment portfolio is managed by the Corporate Clients, Treasury & Markets department. Financial investments are part of the liquidity reserve of the Raiffeisen Group and contain largely high-grade fixed-income securities that meet statutory liquidity requirements for high-quality liquid assets (HQLA). The Risk & Compliance department monitors the market risk of financial investments.

Trading book
Trading activities at the Corporate Clients, Treasury & Markets department comprise interest rates, foreign currencies, equities, banknotes/precious metals, and structured products based on equity derivatives. Trading must strictly adhere to the value-at-risk, scenario and loss limits set by the Board of Directors and the Executive Board, which the Risk & Compliance department monitors on a daily basis. In addition, Risk & Compliance conducts daily plausibility checks of the valuation parameters used to produce profit and loss figures for trading.

Reporting on compliance with value-at-risk, scenario, position and loss limits and the assessment of the risk situation by the Risk & Compliance department is conducted at a frequency ranging from daily to quarterly and sent to the members of the Executive Board responsible, the Executive Board and the Board of Directors of Raiffeisen Switzerland.

The Risk & Compliance department communicates breaches of market risk limits set by the Board of Directors and the Executive Board on an ad hoc basis within the scope of the respective risk reports.

Liquidity risks

Liquidity risks are managed by the Corporate Clients, Treasury & Markets department in accordance with applicable laws, regulations and commercial criteria and are monitored by Risk & Compliance. Risk management involves, in particular, simulating liquidity inflows and outflows over different time horizons using various Group-wide scenarios. These scenarios cover the impact of liquidity shocks that are specific to Raiffeisen or that affect the market as a whole.

Monitoring is based on statutory minimum requirements and the limits and internal stress scenarios stipulated by the Board of Directors.

Operational risks

Raiffeisen takes operational risks to mean 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. They also include risks relating to cyber attacks and information security in general. Consequences for compliance and Raiffeisen's reputation are also considered in addition to the financial impact.

Operational risk appetite and tolerance is defined using value-at-risk limits or stop-loss limits and frequencies of occurrence. Risk appetite and tolerance is approved annually by the Board of Directors of Raiffeisen Switzerland. The Risk & Compliance department monitors compliance with risk tolerance. If one of the defined limits or a threshold is exceeded, measures are defined and implemented.

Each role within Raiffeisen Switzerland includes identifying, assessing, managing and monitoring operational risk arising from its own activities. The Risk & Compliance department is responsible for maintaining the Group-wide inventory of operational risks and for analysing and evaluating operational risk data. Risk identification and assessment are supported by capturing and analysing operational events. Risk & Compliance is also in charge of the concepts, methods and instruments used to manage operational risks, and monitors the risk situation. In specific risk assessments, operational risks are identified, categorised by cause and impact, and evaluated according to the probability of occurrence and the extent of losses. The risk register is updated dynamically. Risk reduction measures are defined and their implementation is monitored by the line units. Emergency and catastrophe planning precautions are taken for business-critical processes.

The results of the risk assessments, key risk indicators, significant internal operational risk events and relevant external events are reported quarterly to Raiffeisen Switzerland’s Executive Board and Board of Directors. Value-at-risk limit violations are escalated to the Board of Directors.

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

In the context of operational risks in investment activity, compliance with the investment guidelines for asset management mandates, model portfolios used in investment advice as well as index-tracking funds is monitored independently in the Risk & Compliance department. The relevant key risk indicators are reported to the Raiffeisen Switzerland Board of Directors on a quarterly basis.

Each year the Risk & Compliance department prepares a risk profile of the legal and compliance risks (including an assessment of market conduct risks and a risk analysis for the prevention of money laundering). It then derives a plan of action on risk from this, which is approved by the Executive Board with information passed to the Board of Directors, and is subsequently implemented.

The Risk & Compliance department reports on significant changes in legal and compliance risks to the Executive Board and the Risk Committee of Raiffeisen Switzerland's Board of Directors on a quarterly basis. In addition, twice a year the activities of the Compliance function are reported to the Executive Board, the Risk Committee of the Board of Directors and, once a year, to the full Board of Directors.

Environmental risks

Raiffeisen collects the appropriate risk indicators to monitor risks arising from ESG factors. Scenario calculations are also carried out specifically for climate-related risks. Both the risk indicators and the results of the scenario calculations for climate-related risks are reported annually to the Board of Directors.

Regulatory provisions

On 11 November 2020, FINMA, the Swiss Financial Market Supervisory Authority, issued a decision defining special requirements relating to the systemic importance of the Raiffeisen Group and Raiffeisen Switzerland. The consolidated information that must be disclosed pursuant to FINMA Circular 2016/1 "Disclosure – banks" is included in the Raiffeisen Group Annual Report or is available on the Raiffeisen website at raiffeisen.ch/regulatory-disclosure.

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

Credit risks

Raiffeisen Switzerland applies the international standardised approach (SA-BIS) to calculate the capital requirements for credit risks.

External issuer/issue ratings from three FINMA-recognised rating agencies are used for the following client categories: sovereigns and central banks, public-sector entities, banks and securities traders, as well as corporates.

Issuer/issue ratings from an export insurance agency are also taken into consideration for central governments; however, rating agency ratings take precedence over ratings issued by the export insurance agency.

No changes were made to the rating or export insurance agencies used in the year under review.

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

– Amounts due from banks
– Amounts due from clients
– Financial investments
– Positive replacement value

Market risks
The capital requirements for market risk 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, while the delta-plus approach is applied for capital requirements for options.

Operational risks
Raiffeisen applies the basic indicator approach to calculate capital requirements for operational risks.

Methods applied to identify default risks and to establish the required value adjustment

Mortgage-secured loans

Default risks and the probabilities of default of loan positions are reviewed regularly based on the collateral (see also the section "Value of collateral"). In addition to the value of the collateral, the Bank also constantly reviews the debtor creditworthiness by monitoring outstanding payments in the case of interest and repayments. This allows the Bank to identify mortgage-secured loans associated with higher risks. These loans are subsequently reviewed in detail by credit specialists. Raiffeisen Switzerland's Recovery department is involved in certain cases. Additional collateral may be requested or a value adjustment recognised based on the missing collateral (see also the section entitled "Steps involved in determining value adjustments and provisions").

Loans against securities

The Bank monitors the commitments and value of the pledged securities on a daily basis. If the collateral value of the pledged securities falls below the loan commitment amount, the Bank will consider reducing the loan amount or request additional collateral. If the shortfall widens or if market conditions are unusual, the collateral will be realised and the loan settled. If the realisation proceeds are not sufficient to meet the amount outstanding, value adjustments are recognised accordingly.

Unsecured loans

Unsecured loans are generally business loans to corporate clients, loans to public-sector entities or unsecured account overdrafts of private clients amounting to a maximum of one month's income. For corporate clients and loans to public-sector entities, the volume of unsecured financing is limited by corresponding requirements and limits.

For unsecured operating loans, the Bank asks the client to provide information that can be used to assess the state of the company's finances. This information is requested annually or more frequently if necessary. This information is assessed and any increased risks are identified. If the risks are higher, the Bank will conduct a detailed assessment and work with the client to define appropriate measures. If the loan commitment is determined to be at risk in this phase, a value adjustment will be recognised.

Steps involved in determining value adjustments and provisions

The steps described under "Mortgage loans", "Loans against securities" and "Unsecured loans" are used to identify the need to recognise a value adjustment and/or provision on impaired positions. Furthermore, assets previously identified as being at risk are reassessed quarterly. The value adjustment is updated if needed.

Value adjustments and provisions for expected losses on unimpaired positions are also recognised in accordance with the FINMA Accounting Ordinance.

Expected losses are calculated based on the probabilities of default and loss estimates from the internal risk models used. For methods, data and more information, please refer to the Regulatory Disclosure under FINMA Circular 2016/1 (in particular, to the table entitled "CRE:IRB – disclosures related to models"). When determining expected losses under the FINMA Accounting Ordinance, the following differences apply in comparison to the regulatory calculations (IRB approach):

– no regulatory floors (e.g., on PD or LGD) are used;
– instead of the one-year probability of default (including conservatism and stress allowances), a residual term approach and hence a lifetime probability of default are taken into consideration. For fixed-term products, the residual term in the individual product agreements is used. For products without a fixed term, a minimum term of one year is used.
– Not all stress premiums are taken into consideration when determining the lifetime probability of default.
– For positions not measured with internal risk models, provisioning is determined by means of expert estimates.

The Board of Directors of Raiffeisen Switzerland has set the parameters for using value adjustments and provisions for expected losses without immediately replenishing them in the event of a crisis. Any use of existing value adjustments and provisions for expected losses is reviewed and submitted to the relevant bodies for approval if new individual value adjustments for impaired positions recognised in a reporting period exceed half of the balance of value adjustments and provisions for expected losses as at 31 December of the previous year. Impairments and provisions for expected losses used should be replenished as soon as possible and no more than five years after the end of the crisis.

In the period under review, no value adjustments or provisions for expected losses were applied without replenishing them immediately. Value adjustments and provisions for expected losses are not underfunded.

Value of collateral

Mortgage-secured loans

An up-to-date valuation of the underlying collateral is available for every mortgage-secured loan. The valuation method varies depending on property type and use.

The Bank values single-family homes, two-family homes, three-family homes, owner-occupied apartments, holiday homes and holiday apartments using the real value method and a hedonic pricing model.

The hedonic regression model compares the price with similar property transactions based on detailed characteristics of the property in question. The Bank relies on region-specific property price information supplied by an external provider. The bank uses the valuations to update the property value periodically or on an ad hoc basis.

For multi-family units, public/private properties, commercial/industrial properties and special-purpose properties, the value of the property is calculated based on the income capitalisation method, which is based on long-term rental income. This model also takes into account market data, location information and vacancy rates. Rental income is reviewed periodically and on an ad hoc basis when there are indications of significant changes in the level of rental income or vacancies. The Bank updates valuations periodically or as required by events.

For agricultural properties, the maximum loan/value ratio under the Swiss Rural Land Rights Act applies.

In addition, Raiffeisen Switzerland’s appraisal unit or external accredited assessors must be involved if a property's collateral value exceeds a certain amount or if a property has specific risk features. The liquidation value is also calculated in the event of impaired loans/receivables.

When financing property purchases or financing properties following a change of ownership, the lower of cost or market value principle generally applies. The lower of collateral value or purchase price is taken as the collateral value. This principle applies to all types of property for at least 24 months from the change of ownership. It does not apply for increases in loans where the amount of the increase to invest in adding to the value of the collateral property is taken into account. Derogation from the lower of cost or market value principle is possible in instances where ownership changes hands at preferential prices between economically and/or legally related individuals or legal entities.

Loans against securities

The Bank primarily accepts transferable, liquid and actively traded financial instruments (such as bonds and equities) as collateral for Lombard loans and other loans against securities. The Bank also accepts transferable structured products for which there is regular share price information and a market maker.

The Bank discounts market values to account for the market risk associated with marketable securities and to determine the collateral value. The settlement period for structured products and products with a long remaining term may be considerably longer, so they are discounted more heavily than liquid instruments. Discounts on life insurance policies or guarantees are dictated by the product.

Business policy on the use of derivative financial instruments and hedge accounting

Business policy on the use of derivative financial instruments

Derivative financial instruments are used for trading and hedging purposes.

Derivative financial instruments are only traded by specially authenticated traders. It trades standardised and OTC instruments for its own and clients’ accounts, particularly interest and currency instruments, equity/index securities and commodities.

Hedges in the banking book are created by means of internal deposits and loans with the trading book; the Treasury and Structured Products & FX Advisory units do not take out hedges directly in the market. Hedges in the trading book are largely executed through offsetting trades with external counterparties.

Use of hedge accounting

Types of hedged items and hedging instruments
Raiffeisen Switzerland uses hedge accounting predominantly for the following types of transactions:

Underlying transaction	Hedged using
Risks associated with fluctuating interest rates from interest rate sensitive receivables and liabilities in the banking book	Interest rate and currency swaps
Price risk of foreign currency positions	Currency future contracts

Composition of the groups of financial instruments
Interest rate-sensitive positions in the banking book are grouped into various time bands by currency and hedged accordingly using macro hedges. Macro hedges are risk-minimising hedging transactions across the entire portfolio. The Bank also uses micro hedges.

Economic connection between hedged items and hedging instruments
At the time a financial instrument is classified as an item, the Bank documents the relationship between the hedging instrument and the hedged item. The documentation covers things such as the risk management goals and strategy for the hedging instrument and the methods used to assess the effectiveness of the hedge. Effectiveness testing constantly and prospectively assesses the economic relationship between the hedged item and the hedging instrument by actions such as measuring offsetting changes in the value of the hedged item and the hedging instrument and determining the correlation between these changes.

Effectiveness testing
A hedge is deemed to be highly effective if the following criteria are essentially met:

– The hedge is determined to be highly effective both at inception and on an ongoing basis (micro hedges).
– There is a close economic connection between the hedged item and the hedging instrument.
– The changes in the value of the hedged item offset changes in the value of the hedging instrument with respect to the hedged risk.

Ineffectiveness
When entered into, hedging transactions are effective over the entire term. If a hedge no longer meets the effectiveness criteria over time, it is treated as a trading portfolio asset and any gain or loss from the ineffective part is recognised in the income statement.

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 the related ordinance) and the FINMA Accounting Ordinance (FINMA AO) as well as FINMA Circular 2020/1 "Accounting – banks".

The detailed positions shown for a balance sheet item are valued individually.

Single-entity financial statements are prepared subject to the regulations above and present a reliable view. Unlike financial statements prepared in accordance with the true and fair view principle, single-entity financial statements may include hidden reserves.

Raiffeisen Switzerland publishes the consolidated annual financial statements of the Raiffeisen Group in a separate annual report. This includes the annual financial statements 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 consolidated subgroup accounts that include the annual financial statements of Raiffeisen Switzerland and its majority interests.

Accounting and valuation principles

Recording of business events

All business transactions that have been concluded by the balance sheet cut-off 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 posted to the balance sheet on the trade date.

Foreign currencies

Assets and liabilities, as well as cash positions in foreign currencies, are converted at the exchange rate prevailing on the balance sheet cut-off date. Exchange rate gains and losses arising from this valuation are reported under "Result from trading activities". Foreign currency transactions during the year are converted at the rate prevailing at the time the transaction was carried out.

Foreign currency conversion rates

	31.12.2021	31.12.2022
EUR	1.037	0.988
USD	0.912	0.925

Liquid assets and borrowed funds

These are reported at nominal value. Precious metal liabilities on metal accounts are valued at fair value if the relevant metal is traded on a price-efficient and liquid market.

Discounts and premiums on the Group's own bond issues and central mortgage institution loans are accrued over the period to maturity.

Amounts due from banks and customers, mortgage loans and value adjustment

These are reported at nominal value less any value adjustment required. Precious metal assets on metal accounts are valued at fair value if the relevant metal is traded on a price-efficient and liquid market. 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 that may exist – are valued on the basis of the liquidation value.

All leased objects are reported in the balance sheet as "Amounts due from customers" in line with the present-value method.

Individual value adjustments for impaired loans

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.

If a loan is impaired, it may be possible to maintain an available credit limit as part of a continuation strategy. If necessary, provisions for off-balance-sheet transactions are recognised for these kinds of unused credit limits. For current account overdrafts, which typically show high, frequent volatility over time, initial and subsequent provisions are recognised for the total amount (i.e., individual value adjustments for effective drawdowns and provisions for available limits) under "Changes in value adjustments for default risks and losses from interest operations". If drawdowns change, a corresponding amount is transferred between individual value adjustments and provisions in equity. Reversals of individual value adjustments or provisions are also recognised under "Changes in value adjustments for default risks and losses from interest operations".

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 has been 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 for default risks.

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 fulfiled.

Individual value adjustments for credit items are calculated per item on a prudential basis and deducted from the appropriate receivable.

Value adjustments for expected losses on unimpaired loans

Value adjustments for expected losses are recognised using a risk-based method and applying historical default parameters, bearing in mind the residual term (see “Steps involved in determining value adjustments and provisions” on page 24 of the Annual Report).

Receivables and liabilities from securities financing transactions

Securities lending and borrowing

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

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

Trading portfolio assets and trading portfolio liabilities

The trading portfolio assets and trading portfolio liabilities are valued and recognised at fair value. Positions for which there is no representative market are valued according to the lower of cost or market value principle. Both the gains and losses arising from this valuation and the gains and losses realised during the period in question are reported under “Result from trading activities”. This also applies to interest and dividend income on trading positions. 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.

Positive and negative replacement values of derivative financial instruments

Reporting
The replacement values of all contracts concluded on the Bank's own account are recognised in the balance sheet regardless of their income statement 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 hedging transactions of the Treasury and Structured Products & FX Advisory units are executed via the trading book, i.e., the Treasury and Structured Products & FX Advisory units do not participate in the market themselves. Only the replacement values of contracts with external counterparties are reported. The "Derivative financial instruments" note shows the replacement values and contract volume with external counterparties under "Hedging instruments", calculated using the replacement values and contract volume of the internal hedging transactions by Treasury and Structured Products & FX Advisory.

In the case of issued structured products that include a debt security, the derivative is split from the underlying contract and valued separately. The debt securities (underlying contracts) are reported at nominal value under "Bond issues and central mortgage institution loans". Discounts and premiums are reported under the item "Accrued expenses and deferred income" or "Accrued income and prepaid expenses", as the case may be, and realised against the interest income over the remaining life. Issued structured products that do not include a debt security and the derivative portions of the structured products that include a debt security are recognised at fair value under "Positive replacement values of derivative financial instruments" and "Negative replacement values of derivative financial instruments".

Treatment in the income statement
The derivative financial instruments recorded in the trading book are valued on a fair-value basis.

Derivative financial instruments used to hedge risk associated with fluctuating interest rates as part of managing balance sheet structure are valued in accordance with the accrual method. Interest-related gains and losses arising from the early realisation of contracts are accrued over their remaining lives.

The net income from self-issued structured products and the net income from the commission-based issue of structured products by other issuers are booked under "Commission income from securities trading and investment activity".

Financial investments
Fixed-income debt instruments and warrant bonds are valued according to the lower of cost or market value principle if there is no intention to hold them to maturity.

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

Equity securities are valued according to the lower of cost or market value principle.

Properties and equity securities acquired through lending activities and other properties and equities intended for disposal are reported under "Financial investments" and valued at the lower of cost or market value. The lower of cost or market value principle refers to the lower of the acquisition cost or the liquidation value.

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

Where reclassifications take place between financial investments and equity interests, the financial instruments reclassified are transferred at book value in accordance with Article 17 FINMA AO.

Value adjustments for expected losses

FINMA AO requires value adjustments for expected losses to be recognised on the item "Financial investments (debt securities held to maturity)". These value adjustments for expected losses are recognised using a risk-based method and applying historical default parameters, bearing in mind the residual term (see "Steps involved in determining value adjustments and provisions" on page 24 of the Annual Report).

Participations

Shares and other equity securities in companies that are held for the purpose of a long-term investment are shown under "Participations", irrespective of the proportion of voting shares held.

All participations in communal facilities are also reported here. These are valued in accordance with the principle of acquisition cost, i.e., acquisition cost less operationally required value adjustments. Participations may contain hidden reserves.

Tangible fixed assets

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

Estimated useful life of tangible fixed assets	years
Real estate	66 years
Alterations and fixtures in rented premises	full rental term, maximum 15 years
Furniture and fixtures	8 years
Other tangible fixed assets	5 years
Internally developed or purchased core banking software	10 years
IT systems and remaining software	3 years

Immaterial investments are booked directly to operating expenses. Large-scale, value-enhancing renovations are capitalised, while repairs and maintenance are recorded as expenses. Tangible fixed assets may contain hidden reserves. Expenditure incurred in connection with the implementation and continued development of the core banking systems is recognised as an asset through "Other ordinary income". Properties, 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 fixed assets is reviewed whenever events or circumstances give reason to suspect that the book value is impaired. Any impairment is recognised in profit or loss under "Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets". If the useful life of a tangible fixed asset changes as a result of the review, the residual book value is depreciated over the new duration.

Intangible assets

Other intangible assets
Acquired intangible assets are recognised where they provide the entity with a measurable benefit over several years. Intangible assets created by the Group itself are not capitalised. Intangible assets are recognised at acquisition cost and amortised on a straight-line basis over their estimated useful life within a maximum of five years.

Impairment testing
The value of intangible assets is reviewed whenever events or circumstances give reason to suspect that the book value is impaired. Any impairment is recognised in profit or loss under "Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets". If the useful life of an intangible asset changes as a result of the review, the residual book value is amortised over the new duration.

Provisions
Provisions are recognised on a prudential basis for all risks identified at the balance sheet cut-off date that are based on a past event and will probably result in an obligation. With regard to provisions for available overdraft limits, we refer to the chapter "Amounts due from banks and clients, mortgage loans, value adjustments".

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.

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

Contingent liabilities, irrevocable commitments, obligations to make payments and additional contributions
These are reported at their nominal value under "Off-balance-sheet transactions". Provisions are created for foreseeable risks.

Provisions for expected losses on contingent liabilities and irrevocable commitments are recognised using a risk-based method and applying historical default parameters, bearing in mind the residual term (see "Steps involved in determining value adjustments and provisions" on page 24 of the Annual Report).

Changes compared to the previous year
No significant changes were made to the accounting and valuation principles in the reporting year.

Events after the balance sheet cut-off date
No events with a measurable effect on the 2022 operating result occurred after the balance sheet date.

Information on the balance sheet

1 – Securities financing transactions (assets and liabilities)

Securities financing transactions (assets and liabilities)

in 1,000 CHF	31.12.2021	31.12.2022
Book value of receivables from cash collateral delivered in connection with securities borrowing and reverse repurchase transactions [1]	–	–
Book value of obligations from cash collateral received in connection with securities lending and repurchase transactions [1]	7,450,837	35,007
Book value of securities lent in connection with securities lending or delivered as collateral in connection with securities borrowing, as well as securities in own portfolio transferred in connection with repurchase agreements	7,512,176	392,271
with unrestricted right to resell or pledge	7,512,176	392,271
Fair value of securities received and serving as collateral in connection with securities lending or securities borrowed in connection with securities borrowing, as well as securities received in connection with reverse repurchase agreements with an unrestricted right to resell or repledge	165,629	307,238
of which, repledged securities	–	–
of which, resold securities	156,043	289,112

1 Before netting agreements.

2 – Collateral for loans/receivables and off-balance-sheet transactions, as well as impaired loans/receivables

Collateral for loans/receivables and off-balance-sheet transactions

in 1,000 CHF		Secured by mortage	Other collateral	Unsecured	Total
Loans (before netting with value adjustments)					
Amounts due from customers		455,387	229,139	3,208,366	3,892,892
Mortgage loans		4,786,599	1,800	43,688	4,832,087
Residential property		3,507,839	–	2,785	3,510,624
Office and business premises		76,412	–	40	76,452
Commercial and industrial premises		526,289	–	379	526,669
Other		676,058	1,800	40,483	718,342
Total loans (before netting with value adjustments)	**31.12.2022**	**5,241,987**	**230,939**	**3,252,053**	**8,724,979**
	31.12.2021	**11,454,528**	**415,678**	**2,486,991**	**14,357,198**
Total loans (after netting with value adjustments)	**31.12.2022**	**5,229,031**	**230,619**	**3,049,453**	**8,509,103**
	31.12.2021	**11,427,718**	**414,499**	**2,287,678**	**14,129,896**
Off-balance-sheet					
Contingent liabilities		25,961	4,406	2,772,375	2,802,742
Irrevocable commitments		514,877	25,188	1,541,530	2,081,595
Obligations to pay up shares and make further contributions		–	–	18,397	18,397
Total off-balance-sheet	**31.12.2022**	**540,838**	**29,594**	**4,332,302**	**4,902,734**
	31.12.2021	**967,365**	**117,238**	**4,374,983**	**5,459,586**

Impaired loans

in 1,000 CHF		Gross debt amount	Estimated liquidation value of collateral	Net debt amount	Individual value adjustments
Impaired loans/receivables	**31.12.2022**	**269,385**	**36,054**	**233,331**	**184,464**
	31.12.2021	**230,188**	**20,102**	**210,086**	**180,285**

The difference between the net amount borrowed and the individual value adjustments is attributable to the fact that individual value adjustment rates of less than 100% are applied, based on the creditworthiness of individual borrowers.

3 – Trading portfolio assets

3.1 – Assets

Trading portfolio assets (Assets)

in 1,000 CHF	31.12.2021	31.12.2022
Trading portfolio assets		
Debt securities, money market securities/transactions	329,579	521,985
of which stock exchange listed [1]	282,544	474,189
Equity securities	40,340	26,182
Precious metals	443,396	591,808
Other trading portfolio assets	82,089	56,497
Total assets	**895,404**	**1,196,472**
of which determined using a valuation model	–	–
of which securities eligible for repo transactions in accordance with liquidity requirements	137,490	350,676

1 Stock exchange listed = traded on a recognised stock exchange.

3.2 – Liabilities

Trading portfolio assets (Liabilities)

in 1,000 CHF	31.12.2021	31.12.2022
Trading portfolio assets		
Debt securities, money market securities/transactions [2]	154,395	282,145
of which stock exchange listed [1]	154,395	282,145
Equity securities [2]	1,648	4,888
Precious metals [2]	–	–
Other trading portfolio liabilities [2]	–	2,080
Total liabilities	**156,043**	**289,112**
of which determined using a valuation model	–	–

1 Stock exchange listed = traded on a recognised stock exchange.
2 For short positions (booked using the trade date accounting principle).

4 – Derivative financial instruments (assets and liabilities)

Derivative financial instruments

	Trading instruments			Hedging instruments		
	Replacement values			Replacement values		
in 1,000 CHF	Positive	Negative	Contract volume	Positive	Negative	Contract volume
Interest rate instruments						
Forward contracts incl. FRAs	–	–	–	–	–	–
Swaps	1,172,124	1,121,003	53,561,418	2,939,378	1,699,627	71,075,950
Futures	–	–	825,915	–	–	–
Options (OTC)	959	959	1,382,899	–	–	–
Options (exchange traded)	–	–	–	–	–	–
Total interest rate instruments	**1,173,084**	**1,121,963**	**55,770,232**	**2,939,378**	**1,699,627**	**71,075,950**
Foreign currencies						
Forward contracts	521,607	449,750	38,695,190	41,445	236,445	14,774,953
Comb. interest rate/currency swaps	–	–	–	–	1,435	494,000
Futures	–	–	–	–	–	–
Options (OTC)	11,397	9,339	836,405	–	–	–
Options (exchange traded)	–	–	–	–	–	–
Total foreign currencies	**533,004**	**459,089**	**39,531,596**	**41,445**	**237,880**	**15,268,953**
Precious metals						
Forward contracts	14,640	10,090	1,130,549	–	–	–
Swaps	–	–	–	–	–	–
Futures	–	–	–	–	–	–
Options (OTC)	7,674	6,757	506,436	–	–	–
Options (exchange traded)	–	–	–	–	–	–
Total precious metals	**22,314**	**16,847**	**1,636,985**	**–**	**–**	**–**
Equity securities/indices						
Forward contracts	–	–	–	–	–	–
Swaps	–	–	–	–	–	–
Futures	–	–	21,335	–	–	–
Options (OTC)	105,566	105,565	1,563,167	–	–	92,927
Options (exchange traded)	10	141	1,350	–	–	–
Total equity securities/indices	**105,576**	**105,706**	**1,585,853**	**–**	**–**	**92,927**
Credit derivatives						
Credit default swaps	724	724	61,185	–	–	–
Total return swaps	–	–	–	–	–	–
First-to-default swaps	–	–	–	–	–	–
Other credit derivatives	–	–	–	–	–	–
Total credit derivatives	**724**	**724**	**61,185**	**–**	**–**	**–**
Other						
Forward contracts	–	–	–	–	–	–
Swaps	–	–	–	–	–	–
Futures	–	–	–	–	–	–
Options (OTC)	18,592	18,592	245,894	–	–	–
Options (exchange traded)	–	–	–	–	–	–
Total other	**18,592**	**18,592**	**245,894**	**–**	**–**	**–**
Total 31.12.2022	**1,853,294**	**1,722,920**	**98,831,744**	**2,980,823**	**1,937,507**	**86,437,830**
of which determined using a valuation model	1,853,284	1,722,780	–	2,980,823	1,937,507	–
Total 31.12.2021	**703,734**	**712,040**	**144,854,872**	**548,910**	**770,494**	**65,017,889**
of which determined using a valuation model	702,584	711,372	–	548,910	770,494	–

Derivative financial instruments by counterparty and time remaining to maturity

in 1,000 CHF	Replacement value Positive	Replacement value Negative	Contract volume up to 1 year	1 to 5 years	over 5 years	Total
Central clearing houses	3,762,591	2,600,670	35,459,078	43,196,116	30,196,139	108,851,333
Raiffeisen banks [1]	479	337	31,379	49	–	31,428
Banks and securities firms	952,570	935,510	54,707,612	12,552,150	2,332,177	69,591,938
Stock exchanges	10	141	808,600	40,000	–	848,600
Other customers	118,466	123,769	3,393,027	2,389,119	164,129	5,946,275
Total 31.12.2022	**4,834,117**	**3,660,427**	**94,399,697**	**58,177,434**	**32,692,444**	**185,269,574**
Total 31.12.2021	**1,252,644**	**1,482,533**	**133,052,712**	**46,566,145**	**30,253,904**	**209,872,761**

1 Primarily for clients' needs.

No netting contracts are used to report the replacement values.

Quality of counterparties

Banks/securities dealers: the derivative transactions were conducted primarily with counterparties with a very good credit rating. 90.9% of the positive replacement values are with counterparties with an upper-medium grade rating or better (Moody's) or comparable.

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

5 – Financial investments

5.1 – Breakdown of financial investments

Breakdown of financial investments

in 1,000 CHF	Book value 31.12.2021	Book value 31.12.2022	Fair value 31.12.2021	Fair value 31.12.2022
Debt instruments	8,495,191	15,052,421	8,704,326	14,313,860
of which intended to be held until maturity	8,495,191	15,052,421	8,704,326	14,313,860
of which, not intended to be held to maturity (available for sale)	–	–	–	–
Equities	3,788	3,025	5,443	4,979
of which qualified participations [1]	–	–	–	–
Precious metals	–	–	–	–
Real estate	–	–	–	–
Total financial investments	**8,498,979**	**15,055,446**	**8,709,770**	**14,318,838**
of which securities for repo transactions in line with liquidity requirements	8,439,884	15,002,197	–	–

1 At least 10% of the capital or the votes.

5.2 – Breakdown of counterparties by rating

Breakdown of counterparties by rating

31.12.2022 in 1,000 CHF	Very safe investment	Safe investment	Average to good investment	Speculative to highly speculative investment	Highest-risk investment/ default	Unrated investment
	Book value					
Debt securities [1]	9,403,159	19,669	–	–	–	5,629,593

1 The item “Unrated asset” mainly includes money market securities issued by the Swiss National Bank (SNB bills).

Ratings are assigned based on Moody's rating classes. The Raiffeisen Group uses the ratings of all three major international rating agencies.

6 – Participations

Participations

in 1,000 CHF	Acquisition cost	Accumulated value adjustments	2021 Book value 31.12.2021	Reclassi-fications	Additions	Disposals	Value adjustments	Reversals	2022 Book value 31.12.2022	Market value 31.12.2022
Participations Group companies	**41,447**	**–34,705**	**6,742**	**–**	**80**	**–80**	**–702**	**–**	**6,040**	**–**
with market value	–	–	–	–	–	–	–	–	–	–
without market value	41,447	–34,705	6,742	–	80	–80	–702	–	6,040	–
Other participations	**563,775**	**–154,573**	**409,202**	**–**	**3,902**	**–2,630**	**–1,300**	**–**	**409,174**	**241,311**
with market value	364,236	–139,105	225,131	–	–	–	–	–	225,131	241,311
without market value	199,538	–15,468	184,071	–	3,902	–2,630	–1,300	–	184,043	–
Total participations	**605,222**	**–189,277**	**415,944**	**–**	**3,982**	**–2,710**	**–2,002**	**–**	**415,214**	**241,311**

In 2018, Raiffeisen Switzerland Cooperative initially terminated the shareholders' binding agreement in relation to KMU Capital Holding AG (formerly Investnet Holding AG) for good cause and subsequently, where necessary, challenged the agreements in the context of “Investnet”. On the basis of the challenge, Raiffeisen Switzerland is claiming all the shares in KMU Capital Holding AG, which is entirely controlled by KMU Capital AG. The dispute is still ongoing. In connection with the challenge of agreements, Raiffeisen Switzerland also wrote off liabilities of CHF 30 million and contingent liabilities amounting to CHF 30 million in 2018. Raiffeisen Switzerland assumes that there will be no more payments.

If, contrary to the expectations of Raiffeisen Switzerland, neither the challenge to the agreements nor the validity of the termination are confirmed, minority shareholders might be entitled to tender shares in KMU Capital Holding AG to Raiffeisen Switzerland according to the shareholders' binding agreement of 2015 and based on a contractually agreed valuation method (put option). Similarly, the above-mentioned written-off liabilities and contingent liabilities could become relevant again. Owing to the aforementioned voidance of agreements and the termination of the shareholders' agreement, the put option will not be valued as of 31 December 2022.

7 – Tangible fixed assets

7.1 – Tangible fixed assets

Tangible fixed assets

in 1,000 CHF	Acquisition cost (2021)	Accumulated depreciation (2021)	Book value 31.12.2021	Reclassifications (2022)	Additions (2022)	Disposals [1] (2022)	Depreciation (2022)	Reversals (2022)	Book value 31.12.2022
Bank buildings	250,657	–70,928	179,729	–242	9,096	–5,700	–3,594		179,289
Other real estate	13,057	–5,772	7,285	–	–	–	–135	–	7,150
Proprietary or separately acquired software	267,708	–156,816	110,892	–	8,305	–8,449	–21,007	–	89,741
Other tangible fixed assets	212,857	–166,256	46,601	242	11,306	–4,774	–15,690	–	37,685
Total tangible assets	**744,279**	**–399,772**	**344,507**	**–**	**28,707**	**–18,923**	**–40,426**	**–**	**313,865**

1 The disposals relate to making the Winterthur, Thalwil, Bern and St.Gallen branches independent.

7.2 – Operating leases

Operating leases

in 1,000 CHF	31.12.2021	31.12.2022
Non-recognised lease commitments		
Due within 12 months	1,279	1,096
Due within 1 to 5 years	688	1,539
Due after 5 years	–	–
Total non-recognised lease commitments	**1,967**	**2,636**
of which obligations that can be terminated within one year	1,967	2,636

8 – Intangible assets

Intangible assets

in 1,000 CHF	Cost value (2021)	Accumulated depreciation (2021)	Book value 31.12.2021	Additions (2022)	Disposals (2022)	Amortisation (2022)	Book value 31.12.2022
Other intangible assets	–	–	–	7,536	–	–1,005	6,531
Total intangible assets	**–**	**–**	**–**	**7,536**	**–**	**–1,005**	**6,531**

9 – Other assets and other liabilities

Other assets and liabilities

in 1,000 CHF	31.12.2021	31.12.2022
Other assets		
Settlement accounts for indirect taxes	983,550	1,203,370
Other settlement accounts	28,590	26,472
Commodities	3,993	5,557
Miscellaneous other assets	0	0
Total other assets	**1,016,134**	**1,235,400**
Other liabilities		
Compensation account	30,624	1,195,440
Levies, indirect taxes	31,788	29,283
Solidarity fund	338,795	280,411
of which open guarantees to Raiffeisen banks	766	1,076
Other settlement accounts	77,059	83,874
Miscellaneous other liabilities	0	0
Total other liabilities	**478,265**	**1,589,008**

10 – Assets pledged or assigned to secure own commitments and assets under reservation of ownership

Assets pledged or assigned to secure own commitments and of assets under reservation of ownership [1]

	31.12.2021		31.12.2022	
in 1,000 CHF	Book values	Effective commitments	Book values	Effective commitments
Amounts due from Raiffeisen banks	–	–	–	–
Amounts due from other banks	545,736	545,736	740,433	740,433
Amounts due from customers	176,112	165,187	222,845	215,011
Mortgage loans	3,285,509	2,188,729	1,268,814	800,774
Financial investments	912,901	179,396	1,016,954	160,638
Total pledged or assigned assets	**4,920,258**	**3,079,048**	**3,249,047**	**1,916,856**
Total assets under reservation of ownership	**–**	**–**	**–**	**–**

1 Without securities financing transactions (see separate presentation of the securities financing transactions in note 1).

11 – Pension schemes

All employees of Raiffeisen Switzerland are covered by the Raiffeisen Pension Fund Cooperative. The statutory 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.

11.1 – Liabilities to own pension schemes

Liabilities to own social insurance institutions

in 1,000 CHF	31.12.2021	31.12.2022
Amounts due in respect of customer deposits	89,997	86,254
Negative replacement values of derivative financial instruments	29,714	–
Bonds	20,000	20,000
Accrued expenses and deferred income	264	264
Total liabilities to own social insurance institutions	**139,976**	**106,518**

11.2 – Employer contribution reserves

Employer contribution reserves in the Raiffeisen Employer Foundation (Employer-funded pension scheme)

in 1,000 CHF	2021	2022
As at 1.1.	**2,494**	**3,179**
+ Deposits [1]	2,000	–
– Withdrawals [1]	1,315	1,531
+ Interest paid [2]	0	0
As at 31.12.	**3,179**	**1,648**

1 Deposits and payments affect the contributions to staff pension plans (see note 26 “Personnel expenses”).
2 Interest paid on the employer contribution reserves is recorded as interest income.

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

11.3 – Economic benefit/obligation and retirement benefit expenditure

According to the latest audited annual reports for 2021 and 2022 (in accordance with Swiss GAAP FER 26) of the Raiffeisen Pension Fund Cooperative, the coverage ratio is:

Raiffeisen Pension Fund Cooperative

percent	31.12.2021	31.12.2022
Coverage ratio	118.5	107.1

The target level of the value fluctuation reserve of the Raiffeisen Pension Fund Cooperative was 117% as at 31 December 2022. As at the end of 2022, the coverage ratio was below this target level and therefore there were no uncommitted funds. The Assembly of Delegates of Raiffeisen Pension Fund Cooperative decides how any uncommitted funds will be used. In general, the "principles for the use of uncommitted funds (profit participation)" which it issues are applied. The Board of Directors of Raiffeisen Switzerland assumes that even if uncommitted funds are available, no economic benefits will accrue to the employer; uncommitted funds are to be used to benefit pension scheme members.

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.

Pension expenses with significant influencing factors

in 1,000 CHF	2021	2022
Pension expenditure own pension scheme	39,379	39,419
Deposits/withdrawals employer contribution reserves (excl. interest paid)	685	−1,531
Employer contributions reported on an accruals basis	**40,064**	**37,888**
Change in economic benefit/obligation as a result of surplus/insufficient cover in the pension plan	–	–
Pension expenses (see note 26 "Personnel expenses")	**40,064**	**37,888**

12 – Issued structured products

Issued structured products

	Book value				Total
	Valued as a whole		Valued separately		
31.12.2022 in 1,000 CHF	Booked in trading portfolio	Booked in other financial instruments at fair value	Value of the host instrument	Value of the derivative	
Underlying risk of the embedded derivative					
Interest rate instruments	**–**	**–**	**7,014**	**343**	**7,358**
With own debenture component (oDC)	–	–	7,014	343	7,358
Without oDC	–	–	–	–	–
Equity securities	**–**	**–**	**861,111**	**−72,428**	**788,684**
With own debenture component (oDC)	–	–	861,111	−73,933	787,178
Without oDC	–	–	–	1,505	1,505
Foreign currencies	**–**	**–**	**–**	**–**	**–**
With own debenture component (oDC)	–	–	–	–	–
Without oDC	–	–	–	–	–
Commodities/precious metals	**–**	**–**	**125,419**	**3,467**	**128,887**
With own debenture component (oDC)	–	–	125,419	3,467	128,887
Without oDC	–	–	–	–	–
Credit derivatives	**–**	**–**	**30,443**	**−206**	**30,237**
With own debenture component (oDC)	–	–	30,443	−206	30,237
Without oDC	–	–	–	–	–
Total	**–**	**–**	**1,023,988**	**−68,823**	**955,165**

In the case of issued structured products that include a debt security, the derivative is split from the underlying contract and valued and presented separately. Underlying instruments are recognised at their nominal value in “Bonds and central mortgage institution loans”. The derivative components of the products are recognised at market value in “Positive replacement values of derivative financial instruments” and “Negative replacement values of derivative financial instruments”.

13 – Outstanding bond issues and central mortgage institution loans

Outstanding bonds and central mortgage institution loans

31.12.2022 in 1,000 CHF	Year of issue	Interest rate	Maturity	Early redemption possibility	Bond principal
Own bonds					
non subordinated	2010	2.000	21.09.2023	–	250,000
	2011	2.625	04.02.2026	–	127,545
	2016	0.300	17.09.2020	–	375,000
	2016	0.750	22.04.2025	–	97,860
	2018	0.350	22.04.2031	–	400,000
	2019	0.125	16.02.2024	–	100,000
	2021	0.000	19.12.2031	–	29,550
	2022	0.000	15.07.2032	–	39,334
subordinated with PONV clause [1]	2018	2.000	Perpetual [2]	02.05.2023	328,495
	2020	0.1825	11.11.2025	11.11.2024	150,000
	2020	0.500	11.11.2028	11.11.2027	166,100
	2020	1.500	23.11.2034	23.11.2033	175,000
	2020	2.000	Perpetual [2]	16.04.2026	510,130
	2021	0.1775	15.01.2027	15.01.2026	116,300
	2021	0.405	28.09.2029	28.09.2028	119,100
	2021	0.570	15.01.2031	15.01.2030	186,000
	2021	2.250	Perpetual [2]	31.03.2027	296,755
	2022	5.230 [3]	01.11.2027	–	494,000
Underlying instruments from issued structured products [4]	diverse	0.776 [5]	2023		738,431
		0.417 [5]	2024		155,084
		0.596 [5]	2025		17,596
		0.447 [5]	2026		41,500
		0.490 [5]	2027		68,918
		4.149 [5]	after 2027		2,459
Total own bonds					**4,985,157**
Loans from Pfandbriefbank schweizerischer Hypothekarinstitute AG	diverse	1.252 [5]	div.		**777,450**
Total outstanding bond issues and central mortgage institution loans					**5,762,607**

1 PONV clause = point of non-viability / time of imminent insolvency.
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).
3 The higher interest rate is attributable to the fact that the bond was issued in EUR.
4 In the case of issued structured products that include a debt security, the derivative is split from the underlying contract and valued and presented separately. Underlying instruments are recognised at their nominal value in "Bond issues and central mortgage institution loans". The derivative components of the products are recognised at market value in "Positive replacement values of derivative financial instruments" or "Negative replacement values of derivative financial instruments".
5 Average weighted interest rate (volume-weighted).

14 – Value adjustments, provisions and reserves for general banking risks

Value adjustments, provisions and reserves for general banking risks

in 1,000 CHF	2021 31.12.2021	Use in conformity with designated purpose	Reclassi-fications[3]	Currency differences	Past due interest, recoveries	New creations charged to income	Releases to income	2022 31.12.2022
Provisions								
Provisions for default risks	28,653	–2,458	–895	–8	–	17,932	–3,670	39,553
of which provisions for expected losses[1]	18,955	–	–809	–8	–	2,151	–	20,289
Provisions for other business risks	47,636	–11,327	–	–	–	–	–98	36,211
Provisions for restructuring	10,250	–5,856	–	–	–	1,300	–	5,694
Other provisions[2]	20,091	–4,994	–300	–	–	–	–	14,797
Total provisions	**106,631**	**–24,636**	**–1,195**	**–8**	**–**	**19,232**	**–3,769**	**96,255**
Reserves for general banking risks	**75,179**	**–**	**–**	**–**	**–**	**31,697**	**–**	**106,876**
of which taxed	68,079	–	–	–	–	31,697	–	99,776
Value adjustments for default and country risks								
Value adjustments for default risks in respect of impaired loans/receivables	180,285	–14,891	–2,566	–27	344	35,010	–13,690	184,464
Value adjustments for expected losses[1]	48,340	–	–15,286	–124	–	–	–5	32,926
Total value adjustments for default and country risks	**228,625**	**–14,891**	**–17,852**	**–151**	**344**	**35,010**	**–13,695**	**217,390**

1 The changes in provisions and value adjustments for expected losses taken through the income statement are shown as net figures. As product rollovers during the year and rating changes during the year can have a material impact on releases and new allocations if shown gross, the decision was made to report them net.
2 Other provisions include provisions for legal expenses.
3 The reclassifications are largely due to making the Winterthur, Thalwil, Bern and St. Gallen branches independent.

15 – Cooperative capital

Cooperative capital

in 1,000 CHF	2021 Total par value	2021 Number of shares in 1,000	2021 Interest-bearing capital	2022 Total par value	2022 Number of shares in 1,000	2022 Interest-bearing capital
Cooperative capital	2,443,800	2,443.8	1,700,000	2,497,800	2,497.8	2,497,800
of which, paid up	2,443,800	2,443.8	1,700,000	2,497,800	2,497.8	2,497,800

The cooperative capital is owned in full by the 220 Raiffeisen banks within Raiffeisen Switzerland (compared with 219 Raiffeisen banks in the previous year). As in the previous year, 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 2022, this corresponded to a call-in obligation to Raiffeisen Switzerland of CHF 2,512.8 million, of which CHF 1,691.6 million has been paid in. The Raiffeisen banks took over CHF 806.2 million in share certificates without applying this amount toward the call-in obligation.

16 – Related parties

Amounts due from/to related parties

in 1,000 CHF	Amounts due from 31.12.2021	Amounts due from 31.12.2022	Amounts due to 31.12.2021	Amounts due to 31.12.2022
Group companies	62,062	169,380	680,204	248,376
Transactions with members of governing bodies	10,692	2,913	6,785	56
Other related parties	119,014	101,506	245,778	226,031
Total amounts due from/to related parties	**191,768**	**273,800**	**932,767**	**474,463**

Material off-balance-sheet transactions with related parties

Contingent liabilities to related parties amounted to CHF 1.84 billion (previous year: CHF 2.4 billion) as at 31 December 2022. Irrevocable commitments to related parties amounted to CHF 18.5 million (previous year: none).

Transactions with related parties

On and off-balance-sheet transactions with related parties are allowed under market conditions, with the following exceptions:

- The Executive Board and the Head of Internal Auditing of Raiffeisen Switzerland enjoy industry-standard preferential terms, as do all other personnel.
- Amounts due from Group companies of CHF 169.4 million include unsecured loans of CHF 26.1 million (last maturity on 31 December 2025) with an average interest rate of 2.1%.
- Amounts due to Group companies of CHF 248.4 million include positions in the amount of CHF 158.2 million that have an average interest rate of –0.1%.
- Liabilities to other related parties of CHF 226.0 million include an item of CHF 7.6 million, which bears interest at 2.75%.

Special provisions apply to the processing and monitoring of loans to executive bodies to ensure that staff remain independent at all times. Four branches of Raiffeisen Switzerland became independent in the year under review. The relevant assets were transferred retroactively by Raiffeisen Switzerland to the newly established Raiffeisen banks with effect from 1 January 2022. This also led to a reduction in receivables and liabilities resulting from transactions with related parties.

17 – Maturity structure of financial instruments

Maturity structure of financial instruments (Assets/financial instruments)

in 1,000 CHF	At sight	Cacellable	Due within 3 months	Due within 3 to 12 months	Due within 1 to 5 years	Due after 5 years	Total
Liquid assets	34,255,540	–	–	–	–	–	34,255,540
Amounts due from Raiffeisen banks	1,270,560	–	–	–	–	–	1,270,560
Amounts due from other banks	905,603	–	1,252,252	29,983	–	–	2,187,839
Amounts due from customers	1,263	269,687	1,990,236	408,653	819,947	220,764	3,710,550
Mortgage loans	655	64,838	559,283	445,700	2,458,602	1,269,476	4,798,553
Trading portfolio assets	1,196,472	–	–	–	–	–	1,196,472
Positive replacement values of derivative financial instruments	4,834,117	–	–	–	–	–	4,834,117
Financial investments [1]	3,025	–	2,201,193	4,000,373	3,264,980	5,585,874	15,055,446
Total 31.12.2022	**42,467,236**	**334,525**	**6,002,963**	**4,884,709**	**6,543,528**	**7,076,115**	**67,309,076**
Total 31.12.2021	**59,189,484**	**310,797**	**5,389,885**	**2,095,261**	**9,297,412**	**8,589,747**	**84,872,587**

1 No real estate figures are included in the financial assets (previous year: none).

Maturity structure of financial instruments (Debt capital/financial instruments)

in 1,000 CHF	At sight	Cacellable	Due within 3 months	Due within 3 to 12 months	Due within 1 to 5 years	Due after 5 years	Total
Amounts due to Raiffeisen banks	31,117,107	–	–	–	–	–	31,117,107
Amounts due to other banks	1,047,000	11,453	11,673,192	956,849	70,000	–	13,758,494
Liabilities from securities financing transactions	–	–	35,007	–	–	–	35,007
Amounts due in respect of customer deposits	2,727,303	2,065,009	3,043,122	938,665	516,871	752,498	10,043,467
Trading portfolio liabilities	289,112	–	–	–	–	–	289,112
Negative replacement values of derivative financial instruments	3,660,427	–	–	–	–	–	3,660,427
Cash Bonds	–	–	50	–	250	–	300
Bond issues and central mortgage institution loans	–	–	514,674	855,502	3,064,328	1,328,103	5,762,607
Total 31.12.2022	**38,840,950**	**2,076,463**	**15,266,045**	**2,751,016**	**3,651,449**	**2,080,600**	**64,666,522**
Total 31.12.2021	**39,604,140**	**5,195,366**	**26,500,780**	**4,516,075**	**4,018,500**	**3,440,520**	**83,275,382**

18 – Total assets by credit rating of country groups (foreign assets)

Total assets by credit rating of country groups

in 1,000 CHF	31.12.2021	in %	31.12.2022	in %
Rating class				
Very safe investment	3,138,190	88.3	4,646,413	99.5
Safe investment	8,477	0.2	9,177	0.2
Average to good investment	13,991	0.4	9,329	0.2
Speculative to highly speculative investment [1]	390,637	11.0	1,965	0.0
Highest-risk investment/default	–	–	–	–
Unrated investment	1,573	0.0	1,918	0.0
Total foreign exposure	**3,552,868**	**100.0**	**4,668,803**	**100.0**

1 Almost the entire amount as at 31 December 2021 relates to deposit-taking transactions recorded after the reporting date that had not yet been settled. As a result, a receivable is recognised until settlement/value date.

Ratings are assigned based on Moody's rating classes. The Raiffeisen Group uses the ratings of all three major international rating agencies.

19 – Balance sheet by currency

Balance sheet by currency

31.12.2022 in 1,000 CHF	CHF	EUR	USD	Other	Total
Assets					
Liquid assets	34,101,539	95,113	13,584	45,304	34,255,540
Amounts due from Raiffeisen banks	1,269,327	–	544	689	1,270,560
Amounts due from other banks	459,614	458,883	777,068	492,274	2,187,839
Amounts due from customers	3,263,672	306,340	129,793	10,745	3,710,550
Mortgage loans	4,798,553	–	–	–	4,798,553
Trading portfolio assets	526,962	37,549	40,129	591,831	1,196,472
Positive replacement values of derivative financial instruments	4,834,117	–	–	–	4,834,117
Financial investments	15,052,424	–	3,022	–	15,055,446
Accrued income and prepaid expenses	274,652	967	258	570	276,446
Participations	415,214	–	–	–	415,214
Tangible fixed assets	313,865	–	–	–	313,865
Intangible assets	6,531	–	–	–	6,531
Other assets	1,235,400	0	–	–	1,235,400
Total assets shown in the balance sheet	**66,551,870**	**898,851**	**964,398**	**1,141,413**	**69,556,533**
Delivery entitlements from spot exchange, forward exchange and currency option contracts	17,559,614	16,476,231	18,167,667	3,303,096	55,506,609
Total assets	**84,111,484**	**17,375,083**	**19,132,065**	**4,444,510**	**125,063,142**
Liabilities					
Amounts due to Raiffeisen banks	27,139,114	3,094,249	485,662	398,082	31,117,107
Amounts due to other banks	3,931,637	2,545,184	5,887,280	1,394,393	13,758,494
Liabilities from securities financing transactions	6,000	19,760	9,247	–	35,007
Amounts due in respect of customer deposits	7,655,481	1,664,190	671,384	52,413	10,043,467
Trading portfolio liabilities	250,627	38,485	–	–	289,112
Negative replacement values of derivative financial instruments	3,660,427	–	–	–	3,660,427
Cash Bonds	300	–	–	–	300
Bond issues and central mortgage institution loans	5,212,076	520,632	16,959	12,940	5,762,607
Accrued expenses and deferred income	305,612	14,052	23,839	5,046	348,548
Other liabilities	1,589,007	0	–	1	1,589,008
Provisions	96,130	125	–	–	96,255
Reserves for general banking risks	106,876	–	–	–	106,876
Cooperative capital	2,497,800	–	–	–	2,497,800
Statutory retained earnings reserve	182,523	–	–	–	182,523
Profit	69,000	–	–	–	69,000
Total liabilities shown in the balance sheet	**52,702,610**	**7,896,677**	**7,094,372**	**1,862,875**	**69,556,533**
Delivery obligations from spot exchange, forward exchange and currency option contracts	31,515,446	9,472,614	11,968,429	2,624,140	55,580,630
Total liabilities	**84,218,056**	**17,369,291**	**19,062,801**	**4,487,015**	**125,137,163**
Net position per currency	**–106,572**	**5,791**	**69,264**	**–42,505**	**–74,022**

Information on off-balance-sheet transactions

20 – Contingent assets and liabilities

Contingent assets and liabilities

in 1,000 CHF	31.12.2021	31.12.2022
Contingent liabilities		
Guarantees to secure credits and similar	2,823,197	2,275,240
Performance guarantees and similar [1]	160,165	385,964
Other contingent liabilities	154,523	141,538
Total contingent liabilities	**3,137,885**	**2,802,742**
Contingent assets		
Contingent assets arising from tax losses carried forward	10,040	4,908
Total contingent assets	**10,040**	**4,908**

1 The performance guarantees include a guaranteed open amount vis-a-vis third parties that applies to derivative transactions, whose underlying replacement values vary according to market conditions. The guarantee is evaluated with a scenario-based risk model and at 31 December 2022 amounted to CHF 100 million (unchanged from the previous year).

Four branches of Raiffeisen Switzerland became independent in 2022. The relevant assets were transferred by Raiffeisen Switzerland to the newly established Raiffeisen banks with effect from 1 January 2022. In accordance with Art. 75 of the Swiss Merger Act (FusG), Raiffeisen Switzerland is jointly and severally liable with the newly established Raiffeisen banks as new debtors for the debts incurred prior to the asset transfer for a period of three years. As at 31 December 2022, a claim arising from this joint and several liability is considered unlikely. For this reason, no figures in this regard are included in the table above.

21 – Fiduciary transactions

Fiduciary transactions

in 1,000 CHF	31.12.2021	31.12.2022
Fiduciary investments with third-party banks	62	–
Total fiduciary transactions	**62**	**–**

Information on the income statement

22 – Result from interest operations

Result from interest operations

in 1,000 CHF	2021	2022
Interest and dividend income		
Interest income from amounts due from Raiffeisen banks	4,246	50,136
Interest income from amounts due from other banks	–1,984	87,713
Interest income from securities financing transactions	–16	444
Interest income from amounts due from clients	38,415	47,901
Interest income from mortgage loans	129,999	58,674
Interest and dividend income from financial investments	24,105	39,873
Other interest income	21,617	279,742
Total interest and dividend income	**216,383**	**564,483**
of which negative interest on the lending business	–106,954	–161,125
Interest expense		
Interest expense from amounts due to Raiffeisen banks	83,682	–99,291
Interest expense from amounts due to other banks	50,144	–131,719
Interest expense from securities financing transactions	51,616	–5,116
Interest expense from amounts due to clients	20,706	–15,219
Interest expense from cash bonds	–91	–1
Interest expense from bond issues and central mortgage institution loans	–69,977	–60,855
Other interest expenses	–53,280	–1,644
Total interest expense	**82,799**	**–313,845**
of which negative interest on the borrowing business	232,525	143,397
Gross result from interest operations	**299,182**	**250,638**

23 – Result from commission business and service transactions

Net income from commission business and services

in 1,000 CHF	2021	2022
Commission income		
Commission income from securities trading and investment activities		
Custody account business	24,022	17,841
Brokerage	11,166	8,812
Fund business and asset management business	24,084	21,893
Other securities trading and investment activities	20,614	17,916
Commission income from lending activities	20,504	20,663
Commission income from other services		
Payments	50,221	47,115
Account maintenance	2,722	1,676
Other services	3,271	1,971
Total commission income	**156,605**	**137,888**
Commission expense		
Securities business	−31,344	−35,734
Payments	−1,859	−767
Other commission expense	−816	−1,554
Total commission expense	**−34,019**	**−38,055**
Total results from commission business and services	**122,586**	**99,832**

24 – Result from trading activities

24.1 – Breakdown by business area

Result from trading activities
Breakdown by business area

in 1,000 CHF	2021	2022
Branches of Raiffeisen Switzerland	7,899	4,077
Banking book	1,359	1,573
Equities trading desk	8,110	13,502
Foreign currency trading desk	9,155	9,961
Fixed income trading desk	13,083	−1,016
Macro hedge trading desk	−26	0
Banknotes/precious metals trading desk	30,304	37,876
Options trading desk	1,707	2,293
Rates trading desk	15,044	7,915
Total net trading income	**86,634**	**76,182**

24.2 – Breakdown by underlying risk

Result from trading activities
Breakdown by underlying risk

in 1,000 CHF	2021	2022
Foreign exchange trading	20,931	15,938
Precious metals and foreign notes and coins trading	32,082	39,842
Equities trading	5,524	13,502
Fixed income trading	28,097	6,899
Total net trading income	**86,634**	**76,182**

25 – Other ordinary income

Other ordinary income

in 1,000 CHF	2021	2022
IT services for Group companies	62,810	71,865
Other individual services provided for Group companies	170,325	174,588
Raiffeisen bank contributions for collective/strategic services and management of finances	81,377	90,321
Charges for internal services relating to Group projects	60,582	55,527
Other	2,492	2,387
Total other ordinary income	**377,586**	**394,688**

26 – Personnel expenses

Personnel expenses

in 1,000 CHF	2021	2022
Meeting attendance fees and fixed compensation to members of the banking authorities	2,050	2,023
Salaries and benefits for staff	337,718	322,929
AHV, IV, ALV and other social benefits	32,217	36,722
Contributions to staff pension plans	40,064	37,888
Other personnel expenses	8,009	11,220
Total personnel expenses	**420,058**	**410,781**

27 – General and administrative expenses

General and administrative expenses

in 1,000 CHF	2021	2022
Office space expenses	21,579	16,610
Expenses for information and communications technology	73,596	81,177
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	2,524	1,885
Fees of audit firm	1,950	1,840
of which, for financial and regulatory audits	1,790	1,814
of which, for other services	160	26
Other operating expenses	158,188	148,485
Total general and administrative expenses	**257,837**	**249,998**

28 – Extraordinary income and expenses, changes to hidden reserves

Year under review

Extraordinary income of CHF 27.0 million results mainly from the sale of the two investments responsAbility Investments AG and Liiva AG.

Previous year

Of the extraordinary income of CHF 34.2 million, CHF 32.6 million came from the revaluation of real estate (release of hidden reserves) and CHF 1.4 million from the disposal of participations.

29 – Current taxes

Current taxes

in 1,000 CHF	2021	2022
Expenses for current income tax	2,900	3,000
Total tax expenses	**2,900**	**3,000**
Average tax rate weighted on the basis of the operating result	2.7%	3.9%

Loss carry-forwards of CHF 97.7 million (previous year: CHF 74.3 million) were claimed for the tax calculation in 2022. Deferred tax is calculated and reported solely at the Raiffeisen Group level.

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To the General Meeting of
Raiffeisen Switzerland Cooperative, St. Gallen

Basle, 19 April 2023

Report of the statutory auditor

Report on the audit of the financial statements

Opinion
We have audited the financial statements of Raiffeisen Switzerland Cooperative (the Company), which comprise the balance sheet as of 31 December 2022, the income statement, and the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 14 to 53) comply with Swiss law and the company's articles of incorporation.

Basis for opinion
We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Recoverability of customer loans and measurement of value adjustments and provisions for default risks

Audit Matter	Raiffeisen Switzerland Cooperative reports customer loans, consisting of amounts due from clients and mortgage loans, at nominal value less any value adjustments required. The determination of a need for impairment or provisions on items at risk is carried out on an individual basis and is calculated on the basis of the difference between the carrying amount of the receivable or any higher limit and the expected amount to be collected, taking into account counterparty risk and the net proceeds from the realization of any collateral. In accordance with the accounting requirements for banks (FINMA Accounting Ordinance and FINMA-Circ. 2020/1 "Accounting – Banks"), the Raiffeisen Switzerland Cooperative also establishes value adjustments and provisions for expected losses on non-risked items. When calculating valuation allowances and provisions for default risks, estimates must be made which, by their very nature, are associated with considerable discretion and may vary depending on the assessment. Raiffeisen Switzerland Cooperation reports amounts due from clients of CHF 3.7 billion and mortgage loans of CHF 4.8 billion in its annual financial statements as of 31 December 2022. In this context, as of the balance sheet date, there were value adjustments and provisions for impaired credit items of CHF 203.7 million and value adjustments and provisions for expected losses on non-impaired credit items of CHF 51.7 million. Since customer loans represent with 12.2% a significant part of the assets in Raiffeisen Switzerland Cooperative's annual financial statements, we consider the recoverability of customer loans and the calculation of value adjustments and provisions for default risks as a key audit matter. Raiffeisen Switzerland Cooperative describes its accounting and valuation principles for customer loans and value adjustments in the notes to the financial statements on pages 28 and 29. Further explanations on the identification of default risks, the calculation of the valuation adjustments and the valuation of the collaterals can be found in the notes to the financial statements on the pages 24 to 26.
Our audit response	Our audits included assessing the design and effectiveness of the processes and controls associated with credit granting and monitoring, as well as identifying and measuring valuation allowances and provisions on vulnerable and non-hazardous items. In addition, we assessed that Raiffeisen Switzerland Cooperative applied concept for the recognition of value adjustments and provisions for expected losses on non-endangered items pursuant to Art. 25 FINMA Accounting Ordinance in the annual financial statements.

In addition, we tested the recoverability of credit exposures based on a sample and assessed the methods and assumptions used in the calculation of individual value adjustments and provisions for default risks. Our sample included both random and risk-oriented selected credit items. The risk-oriented sample included in particular unsecured loans to commercial customers and financing of investment properties.

Further audit procedures included the assessment of compliance with and implementation of the accounting and valuation principles of Raiffeisen Switzerland Cooperation as well as the appropriateness of the explanations for the identification of default risks, for the calculation of the value adjustments and for the valuation of the collateral in the annual financial statements.

Our audit procedures did not give rise to any objections regarding the recoverability of customer loans or the measurement of valuation allowances and provisions for default risks.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the stand-alone financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors’ responsibilities for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework for banks, the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Report on other legal and regulatory requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

Furthermore, we confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Prof. Dr. Andreas Blumer Licensed audit expert (Auditor in charge)	Yves Uhlmann Licensed audit expert

Five-year overview

Five-year overview

Balance sheet

Balance Sheet

in 1,000 CHF	2018	2019	2020	2021	2022
Assets					
Liquid assets	17,993,258	28,377,439	35,390,664	56,056,494	34,255,540
Amounts due from Raiffeisen banks	3,023,050	2,381,568	1,095,917	780,676	1,270,560
Amounts due from other banks	1,815,732	7,562,069	3,947,870	3,258,494	2,187,839
Amounts due from securities financing transactions	4,920	249,941	–	–	–
Amounts due from customers	3,490,328	2,824,270	3,013,758	3,089,847	3,710,550
Mortgage loans	10,719,248	11,104,948	10,910,652	11,040,049	4,798,553
Trading portfolio assets	1,027,521	757,875	979,556	895,404	1,196,472
Positive replacement values of derivative financial instruments	1,310,767	1,823,769	1,536,638	1,252,644	4,834,117
Financial investments	6,560,872	7,129,847	8,785,329	8,498,979	15,055,446
Accrued income and prepaid expenses	227,896	247,005	234,967	232,032	276,446
Participations	423,809	435,474	423,550	415,944	415,214
Tangible fixed assets	232,866	353,088	327,972	344,507	313,865
Intangible assets	4,234	1,815	–	–	6,531
Other assets	754,607	920,495	983,396	1,016,134	1,235,400
Total assets	**47,589,108**	**64,169,604**	**67,630,269**	**86,881,204**	**69,556,533**
Liabilities					
Amounts due to Raiffeisen banks	15,366,151	18,906,019	26,703,345	31,818,871	31,117,107
Amounts due to other banks	6,410,927	12,263,833	9,054,065	14,623,796	13,758,494
Liabilities from securities financing transactions	2,925,136	6,326,901	4,180,827	7,450,837	35,007
Amounts due in respect of customer deposits	11,423,677	13,943,409	15,849,091	17,277,182	10,043,467
Trading portfolio liabilities	69,530	197,542	147,893	156,043	289,112
Negative replacement values of derivative financial instruments	1,535,839	2,179,800	1,891,769	1,482,533	3,660,427
Cash Bonds	30,563	22,569	19,080	17,724	300
Bond issues and central mortgage institution loans	7,021,981	7,527,074	6,987,157	10,448,395	5,762,607
Accrued expenses and deferred income	310,936	300,217	301,827	276,924	348,548
Other liabilities	436,675	451,263	426,481	478,265	1,589,008
Provisions	128,373	124,617	100,722	106,631	96,255
Reserves for general banking risks	9,297	6,336	47,988	75,179	106,876
Cooperative capital	1,700,000	1,700,000	1,700,000	2,443,800	2,497,800
Statutory retained earnings reserve	177,523	177,523	177,523	177,523	182,523
Profit	42,500	42,500	42,500	47,500	69,000
Total equity capital	**1,929,320**	**1,926,360**	**1,968,012**	**2,744,002**	**2,856,199**
Total liabilities	**47,589,108**	**64,169,604**	**67,630,269**	**86,881,204**	**69,556,533**

Income statement

Income Statement

in 1,000 CHF	2018	2019	2020	2021	2022
Interest and discount income	303,687	289,808	234,867	192,278	524,611
Interest and dividend income from financial investments	43,735	40,892	32,072	24,105	39,873
Interest expenses	−192,056	−169,823	−40,886	82,799	−313,845
Gross result from interest operations	**155,366**	**160,876**	**226,053**	**299,182**	**250,638**
Changes in value adjustments for default risks and losses from interest operations	−126,465	−20,544	−15,280	−16,310	−21,442
Net result from interest operations	**28,901**	**140,332**	**210,773**	**282,872**	**229,196**
Commission income securities trading and investment activities	77,588	83,401	75,863	79,886	66,462
Commission income from lending activities	16,267	16,823	18,558	20,504	20,663
Commission income other services	63,010	62,491	57,292	56,214	50,762
Commission expenses	−46,362	−41,332	−42,542	−34,019	−38,055
Result from commission business and services	**110,503**	**121,383**	**109,171**	**122,586**	**99,832**
Result from trading activities	**78,138**	**79,358**	**77,457**	**86,634**	**76,182**
Results from the disposal of financial investments	2,607	10,747	989	385	99
Income from participations	71,510	40,792	27,327	30,298	39,051
Results from real estate	3,884	4,344	3,595	3,747	5,202
Other ordinary income	401,193	361,485	360,594	377,586	394,688
Other ordinary expenses	−42,905	−32,427	−31,675	−48,888	−47,254
Other result from ordinary activities	**436,289**	**384,941**	**360,830**	**363,127**	**391,786**
Operating income	**653,831**	**726,014**	**758,232**	**855,219**	**796,996**
Personnel expenses	−383,815	−407,790	−385,847	−420,058	−410,781
General and administrative expenses	−294,285	−247,493	−227,944	−257,837	−249,998
Operating expenses	**−678,100**	**−655,283**	**−613,792**	**−677,895**	**−660,779**
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	−109,154	−45,290	−55,684	−61,437	−43,431
Changes to provisions and other value adjustments, and losses	−117,910	−12,633	−5,745	−7,261	−16,091
Operating result	**−251,333**	**12,808**	**83,011**	**108,627**	**76,695**
Extraordinary income	46,180	28,534	2,307	34,173	27,002
Extraordinary expenses	−1	−2	−25	–	–
Changes in reserves for general banking risks	250,153	2,961	−41,652	−92,399	−31,697
Taxes	−2,500	−1,800	−1,140	−2,900	−3,000
Profit	**42,500**	**42,500**	**42,500**	**47,500**	**69,000**

Imprint

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Editorial deadline: 28 March 2023
Date of publication: 21 April 2023

Languages
German, French, Italian and English.
Only the German version is authoritative.

Annual reporting
The annual reporting consists of the Annual Report 2022 of the Raiffeisen Group (consisting of management report, corporate governance, annual financial statements, regulatory disclosure), the Annual Report 2022 of Raiffeisen Switzerland, the magazine covering the 2022 financial year, the regulatory disclosure of the Raiffeisen Group as at 31 December 2022, the GRI content index 2022 and the disclosure of climate information according to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) 2022. All publications are also available online at:

report.raiffeisen.ch

Conception
Raiffeisen Switzerland Cooperative, St. Gallen
phorbis Communications AG, Basel

Editor in chief
Raiffeisen Switzerland Cooperative, St. Gallen

Content
Raiffeisen Switzerland Cooperative, St. Gallen

Layout and typesetting
phorbis Communications AG, Basel

Translation
24translate Schweiz GmbH, St. Gallen
Raiffeisen Suisse société coopérative, Siège Suisse romande, Lausanne
Raiffeisen Svizzera società cooperativa, Siede Svizzera italiana, Bellinzona

Photography
Marc Wetli, Küsnacht
Raiffeisen Switzerland Cooperative, St. Gallen

myclimate neutral Printed Matter
myclimate.org/01-23-223248

MIX Paper | Supporting responsible forestry FSC® C016087
www.fsc.org

printed in switzerland

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