



2023

Annual Report Raiffeisen Switzerland



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Non-financial reporting	
The non-financial reporting of the Raiffeisen Group consists of the Sustainability and Employees chapters in the management report of the Raiffeisen Group's annual report, disclosure of climate information according to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the GRI content index.	
The full structure of the reporting is in the Imprint. All published reports are also available online at	
report.raiffeisen.ch/download	

Raiffeisen is Switzerland's second-largest banking group, has strong local roots, and is a leader in the retail business. The Group consists of 219 legally independent Raiffeisen banks with a cooperative structure. Raiffeisen serves 3.69 million clients at 784 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 matters. Additionally, Raiffeisen Switzerland 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,

Both from a social and an economic perspective, 2023 was a challenging year. It was dominated by geopolitical tensions, weaker economic forecasts, the turnaround in interest rates and a momentous change in Switzerland as a financial centre. Raiffeisen managed to successfully remain on course in this challenging environment and to continue investing in its future. One thing is important to us: we work as a team to achieve success. Raiffeisen Switzerland and the 219 Raiffeisen banks share a basic principle within the Group: the cooperative business model. This makes Raiffeisen very stable, because we pursue a sustainable business policy within the Group, with a focus on stability and continuity.

“We pursue a sustainable business policy within the Group, with a focus on stability and continuity.”

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

We are shaping the future of the Group together. The Raiffeisen banks and Raiffeisen Switzerland once again generated a very good result in 2023. We were able to increase the Group’s income

base to CHF 1.39 billion. More than 90% of the profit is retained in the form of reserves, further expanding our capital base. This strengthens us and makes us a safe and financially strong bank. This is also confirmed by the international rating agencies: with its very good rating, Raiffeisen is one of the best-rated banks in the world.

The successful financial year shows that we are on the right track and enables us, the Raiffeisen Group, to continue investing in advisory services for our clients, both physical and digital. Technology is developing rapidly, with the result that our clients’ needs are changing. In line with its Group strategy Raiffeisen 2025, Raiffeisen focuses on digital transformation and expanding its advisory services. Key projects include expansion of the pension and investment business, launch of the new Raiffeisen app and digitalisation of the mortgage process. We are also continuing to develop our range of services and advice across all channels. This is because our clients make their own choices as to how, when and where they conduct their banking transactions. Our advice remains personal and individual, no matter whether in the local branch office or via digital channels. After three years of implementing the strategy, we can see positive developments: Raiffeisen has started its journey and its investments in the future are beginning to pay off.

“Raiffeisen acts with an entrepreneurial mindset, while also ensuring the Group’s ability to connect and its future viability in the interests of its clients.”

Heinz Huber
Chairman of the Executive Board Raiffeisen Switzerland

Raiffeisen acts with an entrepreneurial mindset, while also ensuring the Group’s ability to connect and its future viability in the interests of its clients. At the last Annual General Meeting of Raiffeisen Switzerland, the Raiffeisen banks approved the most important revision of the Articles of Association in recent years. This modernisation was also developed in line with client requirements. The measures include simplifying membership for clients and providing Raiffeisen banks with the option of expanding their services.

The events in Switzerland as a banking centre posed challenges for the financial sector and policymakers in 2023, and continue to do so. We intend to tackle these challenges together, too. Raiffeisen joined the umbrella organisation of Swiss banks in summer 2023 and has also taken the position of Vice-Chairman of the Swiss Bankers Association. As the second-largest banking group, Raiffeisen aims to represent the interests of its Swiss private and corporate clients appropriately and play an active role in shaping the future of the Swiss financial centre.

Ultimately, we also want to share our success and become involved. We have reported the social added value that Raiffeisen provides throughout Switzerland in the Raiffeisen “added value” barometer for the 2023 financial year: a total of CHF 413 million was invested in member benefits, employee training and continuing education, support for local projects and climate action. This local and national commitment is important to us, because the cooperative model and the proximity to our clients make the Raiffeisen Group unique.

Our business model has proven itself over more than 120 years. With our local roots and our focus on the domestic market, we will continue to place emphasis on stability and continuity – and we are actively addressing the future. On behalf of the Board of Directors and the Executive Board of Raiffeisen Switzerland, we would like to thank our 3.7 million clients most sincerely for the trust they place in Raiffeisen. Our more than 12,000 employees deserve a huge thank-you. Because “together” is what makes Raiffeisen different.

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

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Raiffeisen Switzerland can look back on 2023 as a successful financial year in which it reported a net profit of CHF 115.2 million, up from CHF 69.0 million in the previous year. The process of making the branches independent was completed in the year under review. The Raiffeisen banks in Basel and Zurich have also been independent cooperatives since January 2023.

Making all branches independent impacted Raiffeisen Switzerland's balance sheet and income statement.

Due to the positive business result, Raiffeisen Switzerland was able to build reserves for general banking risks amounting to CHF 8.4 million in the year under review.

Positive result for the year

Raiffeisen Switzerland can look back on 2023 as a successful year in which it reported a net profit of CHF 115.2 million. After the branches in Bern, Thalwil, Winterthur and St. Gallen had been made into independent cooperative banks by Raiffeisen Switzerland in 2022, the two branches in Basel and Zurich followed at the start of the year under review. Making all six branches independent substantially impacted Raiffeisen Switzerland's balance sheet and income statement. In addition, Raiffeisen Unternehmerzentrum AG was integrated into Raiffeisen Switzerland in the year under review, although this negligibly impacted the balance sheet.

Despite the fact that the last two branches became independent, Raiffeisen Switzerland's total assets increased by CHF 5.70 billion. Mortgage loans decreased by CHF 3.40 billion. Customer deposits were likewise down CHF 3.80 billion compared to the previous year. Both of these declines are due to the branches becoming independent. This contrasts with the figures relating to the Group's liquidity management: a current account balance held at the Swiss National Bank (SNB) that is now CHF 9.69 billion higher, and an increase of CHF 8.89 billion in liabilities from securities financing transactions.

Due to the participation of the branches that became independent in Raiffeisen Switzerland, the cooperative capital increased by CHF 33.0 million to CHF 2.53 billion (+1.3%). To build up additional loss-absorbing capital under the systemic importance regime, Raiffeisen Switzerland placed a further EUR 500 million bail-in bond in the year under review. Raiffeisen Switzerland also cancelled the subordinate additional Tier 1 bond (AT1) in the value of CHF 400 million that had been issued in 2018, and issued a new AT1 bond for CHF 100 million.

In addition, the encouraging business result in the year under review allowed Raiffeisen Switzerland to form reserves for general banking risks in the amount of CHF 8.4 million. The Board of Directors is submitting a proposal to the General Meeting to pay interest of 4% on the cooperative capital, representing an increase of 1.5 percentage points compared to the previous year.

Income statement

Income from interest operations.

Gross interest income decreased by CHF 78.1 million (–31.2%) to CHF 172.5 million. One reason for this is that the last two branches of Raiffeisen Switzerland were made into independent Raiffeisen banks, with the resulting loss of interest income at Raiffeisen Switzerland. The abolition of the SNB exemption allowance when negative interest rates no longer applied is another reason for the lower interest income.

Interest and discount income increased by CHF 1.41 billion to CHF 1.93 billion (+268.3%), and interest and dividend income from financial investments increased by CHF 28.6 million to CHF 68.5 million (+71.8%). The increase in interest and discount income in comparison to the previous year is primarily attributable to the higher interest rate level. Interest expenses also increased by CHF 1.51 billion to CHF 1.83 billion (+482.4%) due to rising interest rates. Net interest income decreased overall by CHF 88.9 million to CHF 140.3 million (–38.8%).

The changes in value adjustments for default risks and losses from interest operations increased by CHF 10.8 million to CHF 32.3 million in the year under review and mainly include individual value adjustments.

Income from commission business and services transactions

Income from commission business and services transactions (note 22) decreased by CHF 14.3 million year on year to CHF 85.5 million (–14.3%).

Commission income from securities trading and investment business dropped by CHF 18.0 million to CHF 48.5 million. The reduction in income is primarily due to the discontinuation of income from the branches that became independent. In addition, clients' reluctance to engage in securities transactions in general and lower client demand for structured products, along with the resulting decline in volume, led to lower commission income.

Commission income from lending activities decreased by CHF 1.7 million compared to the previous year (–8.3%) and amounted to CHF 19.0 million. The decline is also mainly due to the branches becoming independent.

Commission income from payment transactions and income from account maintenance fees changed only marginally compared to the previous year and amounted to CHF 51.0 million (+0.5%).

The two former branches in Basel and Zurich posted commission expenses of CHF 3.7 million in the previous year. These no longer applied in the year under review. It is mainly for this reason that commission expenses decreased by CHF 5.1 million year on year to CHF 32.9 million.

Net trading income

Net trading income decreased by CHF 11.9 million (–15.6%) to CHF 64.3 million in 2023 (Notes 23). The decline in net trading income is mainly due to increased refinancing costs for trading positions.

Other income from ordinary activities

Other income from ordinary activities increased by CHF 154.7 million year on year, to reach CHF 546.5 million (+39.5%).

Due to higher dividend distributions from the companies in which Raiffeisen Switzerland holds a stake, income from participations increased by CHF 3.3 million to CHF 42.3 million in the year under review (+8.4%).

Other ordinary income increased by CHF 156.4 million (+39.6%) to CHF 551.1 million in the year under review. This income comes mainly from services to the Raiffeisen banks and Group companies. A further relatively small proportion of income was generated from services for third parties. Contribution-related services to the Raiffeisen banks, which cover collective and strategic services, management of finances and project services, went up by CHF 128.3 million year on year to CHF 274.1 million (+87.9%). This increase is largely attributable to the fact that the costs for implementing the Group Strategy 2025 were passed on to the Raiffeisen banks for the first time. The remaining items in other ordinary income increased CHF 28.2 million to CHF 277.0 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 increased by CHF 5.8 million in 2023, to CHF 53.0 million (+12.2%). The change is primarily due to higher IT costs (software licences and IT security). 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 (Notes 25) increased year on year by CHF 4.9 million (+1.2%) to CHF 415.7 million. The headcount at Raiffeisen Switzerland at the end of the year under review was 2,297 full-time positions (-12 full-time positions). The increase of 108 full-time positions at Raiffeisen Switzerland was offset by a reduction of 120 full-time positions due to branches being made independent. The increase in personnel expenses is mainly due to the 1.25% increase in the total salary ratio compared to the previous year and the "Benefits Strategy 2023+" of the Raiffeisen Pension Fund. The measures taken by the pension fund (savings from the age of 20, increase in savings contributions, reduction in the coordination deduction for part-time work) result in higher employer contributions. In addition, Raiffeisen Switzerland paid CHF 5 million into the employer contribution reserves.

General and administrative expenses (note 26) increased by CHF 2.9 million year on year (+1.2%) to CHF 252.9 million.

Due to the last two branches being made independent, office space expenses for Raiffeisen Switzerland were reduced by CHF 3.5 million in the year under review. This stands in contrast to expenses such as higher electricity costs of CHF 5.4 million (+344.2%) compared to the previous year, due to the massive increase in tariffs. Office space expenses amounted to CHF 19.2 million in 2023. Working from home has now become established and is used by employees in line with the flexible working time models. This and the other optimised use of workspace reduce the office space expenses.

Despite the elimination of IT costs for the branches, expenses for information and communications technology went up by CHF 3.4 million to CHF 84.5 million. The main reason for this is the increase in software licence costs.

Advertising expenses increased by CHF 1.6 million to CHF 15.1 million. The removal of advertising expenses for the branches was not quite able to compensate for the additional expenditure on the newly launched campaign of radio and television advertising and printed advertising materials. Sponsorship contributions also increased by CHF 0.5 million.

Other operating expenses decreased by CHF 3.6 million to CHF 144.9 million.

Value adjustments on participations and depreciation of tangible fixed assets

Depreciation of tangible fixed assets remained virtually unchanged compared to the previous year, totalling CHF 40.2 million in the year under review. The biggest depreciation and amortisation items were IT hardware (CHF 10.2 million) and software (CHF 21.7 million).

Value adjustments on participations increased by CHF 24.8 million year on year and amount to CHF 26.8 million. This is mainly due to a value adjustment of the participation in Leonteq AG (note 6).

Changes in provisions and other value adjustments, and losses

Provisions and other value adjustments totalling CHF 4.3 million were reversed in the year under review. In particular, the need for provisions for expected losses in the corporate clients business decreased in the year under review.

The change in provisions for off-balance-sheet transactions, other business risks and litigation expenses in the year under review are shown in note 14.

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

The extraordinary income of CHF 22.5 million includes CHF 19.6 million from the sale of shares in Pfandbriefbank schweizerischer Hypothekarinstitute AG to the former branches of Raiffeisen Switzerland, and CHF 2.6 million from revaluations of other investments (see note 27).

The pleasing result made it possible to set aside reserves for general banking risks in the amount of CHF 8.4 million in the year under review. Tax expenses in the year under review amounted to CHF 2.6 million. They relate primarily to capital tax.

Net profit

The net profit was CHF 115.2 million. This represents an increase of CHF 46.2 million (+66.9%) compared to the previous year.

Balance sheet

Total assets increased by CHF 5.70 billion to CHF 75.26 billion in the year under review. The reduction resulting from discontinuation of the items arising from the last two independent branches of Raiffeisen Switzerland was more than offset by the higher balance sheet items on the liabilities side, "Amounts due to other banks" and "Liabilities from securities financing transactions", as at the reporting date. This was countered on the assets side by both higher liquid assets and higher amounts due from banks.

Amounts due to/from Raiffeisen banks

At the end of 2023, Raiffeisen Switzerland had a net amount due to Raiffeisen banks of CHF 29.03 billion, compared with CHF 29.85 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 increased by CHF 3.91 billion year on year to CHF 6.10 billion. Amounts due to other banks also increased by CHF 2.75 billion to CHF 16.51 billion. These items relate to balance sheet structure management and liquidity management. The items may fluctuate significantly depending on the reporting date.

Amounts due/liabilities from securities financing transactions

Amounts due from securities financing transactions totalled CHF 354.6 million. There were no corresponding amounts due as at the balance sheet date in the previous year. Amounts due from securities financing transactions are also used for liquidity management and are subject to the corresponding fluctuations.

Liabilities from securities financing transactions increased from CHF 35 million to CHF 8.93 billion. These are exclusively repo transactions with short maturities, in which money is borrowed against securities collateral. These transactions are used tactically, depending on the balance sheet and liquidity situation as well as market conditions. They may accordingly show relevant changes as at the balance sheet date.

Amounts due from clients and mortgage loans

Loans to clients declined from CHF 8.51 billion to CHF 5.38 billion compared to the previous year. Due to the last two branches being made independent, mortgage loans declined from CHF 4.80 billion to CHF 1.40 billion. Other amounts due from clients increased from CHF 3.71 billion to CHF 3.98 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.

Trading business

Trading business assets increased by CHF 834.7 million to CHF 2.03 billion in the year under review (note 3). The short-term nature of this business also means that considerable changes may occur in relation to a specific cut-off date.

Financial investments

Securities holdings in financial investments (Notes 5), mainly investment-grade bonds (HQLA), are managed in accordance with statutory liquidity requirements and internal liquidity targets. The book value went down by CHF 4.29 billion to CHF 10.77 billion (–28.5%). This change is mainly due to expired SNB bills.

Participations

The book value of participations (note 6) decreased by CHF 42.1 million to CHF 373.1 million (–10.1%) in the year under review. There are two main reasons for this fall: first, shares in Pfandbriefbank schweizerischer Hypothekarinstitute AG were sold to the former branches of Raiffeisen Switzerland, and second, Raiffeisen Switzerland recognised value adjustments for its participation in Leonteq AG. When Raiffeisen Unternehmerzentrum AG was integrated into Raiffeisen Switzerland, the relevant participation was also derecognised from the books.

Tangible fixed assets

The changes in tangible fixed assets are shown in note 7.1. The book value decreased by CHF 29.2 million to CHF 284.7 million (–9.3%). This is again mainly due to the branches becoming independent and the transfer of their IT infrastructure and other tangible fixed assets. Ordinary depreciation also led to a reduction in this balance sheet item.

Intangible assets

The book value of intangible assets amounted to CHF 5.0 million in the year under review (previous year: CHF 6.5 million). These are assets that arose when implementing a new business model in the credit card business. The changes in intangible assets are shown in note 8. The amount of CHF 7.5 million capitalised in 2022 will be amortised on a straight-line basis over a period of five years.

Customer deposits

The last two branches being made independent also mainly explains the reduction in amounts due in respect of client deposits by CHF 3.80 billion to CHF 6.25 billion (–37.8%).

Bond issues and central mortgage institution loans

Bond issues and central mortgage institution loans (Notes 13) decreased by CHF 812.1 million in the year under review to CHF 4.95 billion. The transfer of central mortgage institution loans totalling CHF 777.5 million to the branches becoming independent is the reason for the reduction.

Outstanding bonds issued by Raiffeisen Switzerland as at the balance sheet date amounted to CHF 4.19 billion; bond components of structured products issued amounted to CHF 759.1 million.

Provisions

Provisions (Notes 14) decreased by CHF 19.4 million to CHF 76.8 million in the year under review. This change was due to provisions being used for their intended purpose, i.e. litigation expenses and other business risks.

Reserves for general banking risks

The encouraging result made it possible to set aside reserves for general banking risks in the amount of CHF 8.4 million in the year under review (note 14). Their book value now amounts to CHF 115.2 million (+7.8%).

Equity capital

Cooperative capital stood at CHF 2.53 billion as at 31 December 2023 (Notes 15). Equity capital increased by CHF 94.6 million to CHF 2.95 billion. Details can be found in the statement of changes in equity on [page 17](#).

Off-balance-sheet transactions

Total contingent liabilities (Notes 20) decreased year on year by CHF 42.2 million to CHF 2.76 billion. The decline in the volume of business involving structured products in the market is the reason for fewer guarantees being granted for the issuance of structured products in this context.

Total irrevocable commitments decreased year on year by CHF 44.0 million to CHF 2.04 billion. The main reason for this decline is once again the branches being made independent.

The contract volume for derivative financial instruments (note 4) increased by CHF 15.63 billion to CHF 200.90 billion due to the dynamic interest rate environment, which is mainly attributable to interest rate hedging transactions.

The positive replacement values shown in the balance sheet amounted to CHF 3.64 billion (compared with CHF 4.83 billion in the previous year), while the negative replacement values amounted to CHF 3.37 billion (compared with CHF 3.66 billion in the previous year). The decrease is mainly attributable to changes in the interest rate environment.

Remuneration Report

The remuneration report is included in the "Corporate Governance" chapter, pages 136–144 in the annual report of the Raiffeisen Group, see:

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Raiffeisen Switzerland can look back on a successful financial year. As a result of making all branches independent, which was completed in January 2023, income from the client business was lower compared to the previous year. The discontinuation of the branches was also reflected on the expenses side.

Passing on the costs associated with the implementation of the Group Strategy Raiffeisen 2025 to the Raiffeisen banks for the first time compensated for the loss incurred as a result of making the branches independent. As a result, Raiffeisen Switzerland can report a net profit of CHF 115.2 million (previous year: CHF 69.0 million).

Raiffeisen Switzerland balance sheet

Balance sheet		Change			
in 1,000 CHF	Note	31.12.2022	31.12.2023	in CHF	in %
Assets					
Liquid assets	10, 17	34,255,540	43,896,474	9,640,934	28.1
Amounts due from Raiffeisen banks	10, 17	1,270,560	1,500,879	230,319	18.1
Amounts due from other banks	10, 17	2,187,839	6,099,514	3,911,675	178.8
Amounts due from securities financing transactions	1, 17	–	354,580	354,580	–
Amounts due from customers	2, 17	3,710,550	3,978,570	268,020	7.2
Mortgage loans	2, 10, 17	4,798,553	1,397,216	–3,401,337	–70.9
Trading portfolio assets	3, 17	1,196,472	2,031,203	834,731	69.8
Positive replacement values of derivative financial instruments	4, 17	4,834,117	3,644,057	–1,190,060	–24.6
Financial investments	5, 10, 17	15,055,446	10,765,801	–4,289,645	–28.5
Accrued income and prepaid expenses		276,446	495,511	219,065	79.2
Participations	6	415,214	373,119	–42,095	–10.1
Tangible fixed assets	7	313,865	284,678	–29,187	–9.3
Intangible assets	8	6,531	5,024	–1,507	–23.1
Other assets	9	1,235,400	434,637	–800,763	–64.8
Total assets		69,556,533	75,261,264	5,704,731	8.2
Total subordinated claims		–	–	–	–
of which subject to mandatory conversion and/or debt waiver		–	–	–	–
Liabilities					
Amounts due to Raiffeisen banks	17	31,117,107	30,526,654	–590,453	–1.9
Amounts due to other banks	17	13,758,494	16,507,269	2,748,775	20.0
Liabilities from securities financing transactions	1, 17	35,007	8,929,901	8,894,894	25,408.9
Amounts due in respect of customer deposits	17	10,043,467	6,246,291	–3,797,176	–37.8
Trading portfolio liabilities	3, 17	289,112	261,191	–27,921	–9.7
Negative replacement values of derivative financial instruments	4, 17	3,660,427	3,372,765	–287,662	–7.9
Cash bonds	17	300	–	–300	–100.0
Bond issues and central mortgage institution loans	12, 13, 17	5,762,607	4,950,462	–812,145	–14.1
Accrued expenses and deferred income		348,548	561,506	212,958	61.1
Other liabilities	9	1,589,008	877,580	–711,428	–44.8
Provisions	14	96,255	76,833	–19,422	–20.2
Reserves for general banking risks	14	106,876	115,248	8,372	7.8
Cooperative capital	15	2,497,800	2,530,800	33,000	1.3
Statutory retained earnings reserve		182,523	189,597	7,074	3.9
Profit		69,000	115,167	46,167	66.9
Total equity capital		2,856,199	2,950,812	94,613	3.3
Total liabilities		69,556,533	75,261,264	5,704,731	8.2
Total subordinated liabilities		2,565,853	2,852,735	286,882	11.2
of which subject to mandatory conversion and/or debt waiver		2,565,853	2,852,735	286,882	11.2
Off-balance-sheet transactions					
Contingent liabilities	2, 20	2,802,742	2,760,537	–42,205	–1.5
Irrevocable commitments	2	2,081,595	2,037,549	–44,046	–2.1
Obligations to pay up shares and make further contributions	2	18,397	2,592	–15,805	–85.9

Raiffeisen Switzerland income statement

Income statement		Change			
in 1,000 CHF	Note	2022	2023	in CHF	in %
Interest and discount income	21	524,611	1,931,940	1,407,329	268.3
Interest and dividend income from financial investments	21	39,873	68,489	28,616	71.8
Interest expense	21	–313,845	–1,827,914	–1,514,069	482.4
Gross result from interest operations		250,638	172,516	–78,122	–31.2
Changes in value adjustments for default risks and losses from interest operations	14	–21,442	–32,265	–10,823	50.5
Net result from interest operations		229,196	140,250	–88,946	–38.8
Commission income securities trading and investment activities	22	66,462	48,465	–17,997	–27.1
Commission income from lending activities	22	20,663	18,957	–1,706	–8.3
Commission income other services	22	50,762	51,041	279	0.5
Commission expense	22	–38,055	–32,933	5,122	–13.5
Result from commission business and services	22	99,832	85,531	–14,301	–14.3
Result from trading activities	23	76,182	64,275	–11,907	–15.6
Result from the disposal of financial investments		99	33	–66	–66.7
Income from participations		39,051	42,315	3,264	8.4
Result from real estate		5,202	6,071	869	16.7
Other ordinary income	24	394,688	551,088	156,400	39.6
Other ordinary expenses		–47,254	–53,032	–5,778	12.2
Other result from ordinary activities		391,786	546,475	154,689	39.5
Operating income		796,996	836,531	39,535	5.0
Personnel expenses	25	–410,781	–415,660	–4,879	1.2
General and administrative expenses	26	–249,998	–252,922	–2,924	1.2
Operating expenses		–660,779	–668,582	–7,803	1.2
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	6, 7, 8	–43,431	–68,519	–25,088	57.8
Changes to provisions and other value adjustments, and losses	14	–16,091	4,279	20,370	–126.6
Operating result		76,695	103,709	27,014	35.2
Extraordinary income	27	27,002	22,453	–4,549	–16.8
Extraordinary expenses	27	–	–	–	–
Changes in reserves for general banking risks	14	–31,697	–8,372	23,325	–73.6
Taxes	28	–3,000	–2,623	377	–12.6
Profit		69,000	115,167	46,167	66.9

Proposed appropriation of earnings

Proposal addressed to the General assembly on 21 June 2024

in 1,000 CHF	2022	2023	Change	
			Change	in %
Profit	69,000	115,167	46,167	66.9
Profit brought forward	–	–	–	–
Available profit	69,000	115,167	46,167	66.9
Appropriation of profit				
Allocation to statutory retained earnings reserve	7,074	14,045	6,971	98.5
Interest on cooperative capital	61,926	101,122	39,196	63.3
Total appropriation of profit	69,000	115,167	46,167	66.9

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
Capital increase	33,000	–	–	–	33,000
Allocations to statutory retained earnings reserve	–	7,074	–	–7,074	–
Allocations to reserves for general banking risks	–	–	8,372	–	8,372
Interest on the cooperative capital	–	–	–	–61,926	–61,926
Profit	–	–	–	115,167	115,167
Equity capital at 31.12.2023	2,530,800	189,597	115,248	115,167	2,950,812

¹ Statutory retained earnings are not distributable.

Notes

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

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 form a strong risk-sharing group based on the principle of solidarity through their solidarity-based and joint liability scheme.

Risk policy

The Raiffeisen Group’s risk management system is based on regulatory provisions, the “Raiffeisen Group Risk Policy” and the framework underpinning institution-wide risk management. The risk policy, framework and the framework’s constituent concepts are reviewed and updated annually. Raiffeisen Switzerland views risk management as one of its core competencies. It only takes risks that fall within its risk tolerance limits and only if they can be entered into after careful consideration and systematically managed, they offer suitable return potential and the risks can be effectively controlled at all levels. 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 which 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 Switzerland conducts various regular stress tests to analyse the impact of adverse scenarios on the resilience of the Raiffeisen Group. This involves examining the influence on important target values, such as the result, 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 banking group, Raiffeisen Switzerland 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 within the Raiffeisen Group. 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 and 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:

- Creditworthiness risks
- Collateral risk
- Concentration risk
- Country risk

Creditworthiness risks refer to the risk of default or a deterioration in credit quality of a borrower, counterparty or issuer. Default occurs 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 creditworthiness, collateral and concentration risks.

Larger loans to corporate clients are 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 investing in the money and capital markets, as well as the hedging of foreign exchange risks, risk associated with fluctuating interest rates, 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 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 real estate, 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 the Raiffeisen Group. 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. On 31 December 2023, Raiffeisen Switzerland had four reportable cluster risks. As at 31 December 2023, the total of the regulatory reporting of Raiffeisen Switzerland's 20 biggest overall exposures, after risk mitigation and risk weighting, amounted to CHF 3.5 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 prescriptions 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. The Risk & Compliance department monitors on a daily basis compliance with the value-at-risk, scenario and loss limits set by the Board of Directors and the Executive Board. 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. Potential financial losses resulting from the legal or compliance risks are also taken into account, as well as the consequences for reputation.

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.

Legal and compliance risks

Every year, the Risk & Compliance department prepares a risk profile of legal and compliance risks (including an assessment of market conduct risks and of an analysis of money-laundering risk, taking into account the area of activity and the type of business relationships that are maintained). Based on this profile, the department develops a risk-sensitive action plan, which is approved by the Executive Board with information provided 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, as well as on significant legal developments and their implications for the Raiffeisen Group. 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.

ESG-related financial risks

The impact of ESG-related financial risks on the existing risk categories is systematically analysed at Raiffeisen. In the case of climate-related financial risks, scenarios are additionally calculated. Risk indicators are used for monitoring purposes. The results of the analyses and scenario calculations, and the risk indicators, are reported to the Board of Directors each year.

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](https://www.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 limit 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. In the case of 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 real estate 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-to-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. Raiffeisen 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 principles are in alignment with 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

	31.12.2022	31.12.2023
EUR	0.988	0.931
USD	0.925	0.842

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 clients, 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 their 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 clients" 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 fulfilled.

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

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](#)).

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 is 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 business".

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](#)).

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 Group 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](#)).

Changes as against previous year

No 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 2023 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	31.12.2022	31.12.2023
Book value of receivables from cash collateral delivered in connection with securities borrowing and reverse repurchase transactions ¹	–	354,580
Book value of obligations from cash collateral received in connection with securities lending and repurchase transactions ¹	35,007	8,929,901
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	392,271	9,306,416
with unrestricted right to resell or pledge	392,271	9,306,416
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	307,238	626,661
of which, repledged securities	–	186,642
of which, resold securities	289,112	261,191

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 mortgage	Other collateral	Unsecured	Total
Loans (before netting with value adjustments)					
Amounts due from customers		588,781	183,386	3,418,867	4,191,034
Mortgage loans		1,374,620	1,800	48,744	1,425,164
Residential property		229,702	–	2,964	232,666
Office and business premises		80,177	–	–	80,177
Commercial and industrial premises		385,217	–	162	385,379
Other		679,524	1,800	45,618	726,942
Total loans (before netting with value adjustments)	31.12.2023	1,963,401	185,186	3,467,611	5,616,198
	31.12.2022	5,241,987	230,939	3,252,053	8,724,979
Total loans (after netting with value adjustments)	31.12.2023	1,958,793	185,063	3,231,930	5,375,786
	31.12.2022	5,229,031	230,619	3,049,453	8,509,103
Off-balance-sheet					
Contingent liabilities		7,252	4,933	2,748,351	2,760,537
Irrevocable commitments		227,938	830	1,808,781	2,037,549
Obligations to pay up shares and make further contributions		–	–	2,592	2,592
Total off-balance-sheet	31.12.2023	235,191	5,763	4,559,724	4,800,678
	31.12.2022	540,838	29,594	4,332,302	4,902,734

Impaired loans

in 1,000 CHF		Gross debt amount	Estimated liquidation value of collateral	Net debt amount	Individual value adjustments
Impaired loans/receivables	31.12.2023	279,896	36,355	243,540	215,444
	31.12.2022	269,385	36,054	233,331	184,464

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 business

3.1 – Assets

Trading portfolio assets (Assets)		
in 1,000 CHF	31.12.2022	31.12.2023
Trading portfolio assets		
Debt securities, money market securities/transactions	521,985	801,129
of which stock exchange listed ¹	474,189	766,903
Equity securities	26,182	41,442
Precious metals	591,808	1,160,788
Other trading portfolio assets	56,497	27,845
Total assets	1,196,472	2,031,203
of which determined using a valuation model	–	–
of which securities eligible for repo transactions in accordance with liquidity requirements	350,676	625,235

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

3.2 – Liabilities

Trading portfolio assets (Liabilities)		
in 1,000 CHF	31.12.2022	31.12.2023
Trading portfolio assets		
Debt securities, money market securities/transactions ²	282,145	257,253
of which stock exchange listed ¹	282,145	257,253
Equity securities ²	4,888	421
Precious metals ²	–	–
Other trading portfolio liabilities ²	2,080	3,517
Total liabilities	289,112	261,191
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		Contract volume	Replacement values		Contract volume
	Positive	Negative		Positive	Negative	
in 1,000 CHF						
Interest rate instruments						
Forward contracts incl. FRAs	–	–	–	–	–	–
Swaps	800,136	766,799	65,268,047	1,861,626	1,264,061	73,765,629
Futures	–	–	2,720,250	–	–	–
Options (OTC)	2,116	2,116	1,034,454	–	–	–
Options (exchange traded)	–	–	–	–	–	–
Total interest rate instruments	802,251	768,914	69,022,751	1,861,626	1,264,061	73,765,629
Foreign currencies						
Forward contracts	822,402	717,207	37,545,134	52,889	490,809	15,720,991
Comb. interest rate/currency swaps	–	–	–	–	28,968	930,800
Futures	–	–	–	–	–	–
Options (OTC)	8,163	6,978	642,432	–	–	–
Options (exchange traded)	–	–	–	–	–	–
Total foreign currencies	830,565	724,185	38,187,565	52,889	519,777	16,651,791
Precious metals						
Forward contracts	8,188	12,362	783,036	–	–	–
Swaps	–	–	–	–	–	–
Futures	–	–	–	–	–	–
Options (OTC)	13,979	9,154	949,225	–	–	–
Options (exchange traded)	–	–	–	–	–	–
Total precious metals	22,167	21,516	1,732,261	–	–	–
Equity securities/indices						
Forward contracts	–	–	–	–	–	–
Swaps	–	–	–	–	–	–
Futures	–	–	38,537	–	–	–
Options (OTC)	49,201	49,015	1,129,198	–	–	90,616
Options (exchange traded)	91	29	1,964	–	–	–
Total equity securities/indices	49,291	49,044	1,169,699	–	–	90,616
Credit derivatives						
Credit default swaps	421	421	41,717	–	–	–
Total return swaps	–	–	–	–	–	–
First-to-default swaps	–	–	–	–	–	–
Other credit derivatives	–	–	–	–	–	–
Total credit derivatives	421	421	41,717	–	–	–
Other						
Forward contracts	–	–	–	–	–	–
Swaps	–	–	–	–	–	–
Futures	–	–	–	–	–	–
Options (OTC)	24,846	24,846	234,864	–	–	–
Options (exchange traded)	–	–	–	–	–	–
Total other	24,846	24,846	234,864	–	–	–
Total 31.12.2023	1,729,541	1,588,927	110,388,859	1,914,516	1,783,838	90,508,036
of which determined using a valuation model	1,729,451	1,588,898	–	1,914,516	1,783,838	–
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	–

Derivative financial instruments by counterparty and time remaining to maturity

in 1,000 CHF	Replacement value		Contract volume			Total
	Positive	Negative	up to 1 year	1 to 5 years	over 5 years	
Central clearing houses	2,450,769	1,914,671	52,084,720	43,047,495	31,688,673	126,820,887
Raiffeisen banks ¹	274	461	30,832	139	–	30,971
Banks and securities firms	1,124,771	1,292,688	53,942,611	9,746,020	1,783,674	65,472,305
Stock exchanges	91	29	2,750,751	10,000	–	2,760,751
Other customers	68,153	164,916	4,142,937	1,515,654	153,391	5,811,981
Total 31.12.2023	3,644,057	3,372,765	112,951,850	54,319,307	33,625,738	200,896,895
Total 31.12.2022	4,834,117	3,660,427	94,399,697	58,177,434	32,692,444	185,269,574

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. 93.1% of the positive replacement values are with counterparties with an upper-medium grade rating or better (Moody's) or comparable.

Clients: for 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		Fair value	
	31.12.2022	31.12.2023	31.12.2022	31.12.2023
Debt instruments	15,052,421	10,763,429	14,313,860	10,491,568
of which intended to be held until maturity	15,052,421	10,763,429	14,313,860	10,491,568
of which, not intended to be held to maturity (available for sale)	–	–	–	–
Equities	3,025	2,372	4,979	3,758
of which qualified participations ¹	–	–	–	–
Precious metals	–	–	–	–
Real estate	–	–	–	–
Total financial investments	15,055,446	10,765,801	14,318,838	10,495,326
of which securities for repo transactions in line with liquidity requirements	15,002,197	10,713,234	–	–

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

5.2 – Breakdown of counterparties by rating

Breakdown of counterparties by rating

31.12.2023 in 1,000 CHF	Book value					
	Very safe investment	Safe investment	Average to good investment	Speculative to highly speculative investment	Highest-risk investment/default	Unrated investment
Debt securities ¹	10,197,817	19,744	–	–	–	545,868

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	2022					2023		
			Book value 31.12.2022	Reclassifications	Additions	Disposals	Value adjustments	Reversals	Book value 31.12.2023	Market value 31.12.2023
Participations Group companies	41,447	-35,407	6,040	–	–	-1,438	–	1,398	6,000	–
with market value	–	–	–	–	–	–	–	–	–	–
without market value	41,447	-35,407	6,040	–	–	-1,438	–	1,398	6,000	–
Other participations	561,377	-152,203	409,174	–	1,300	-17,729	-26,825	1,199	367,119	188,551
with market value	364,236	-139,105	225,131	–	–	–	-19,127	–	206,004	188,551
without market value	197,140	-13,097	184,043	–	1,300	-17,729	-7,697	1,199	161,115	–
Total participations	602,824	-187,610	415,214	–	1,300	-19,167	-26,825	2,597	373,119	188,551

As part of the periodical review of recoverability, a value adjustment of CHF 19.1 million was recognised for the Leonteq AG participation.

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. Due to the aforementioned challenges to agreements and the termination of the shareholders' binding agreement, the put option will not be valued as of 31 December 2023.

7 – Tangible fixed assets

7.1 – Tangible fixed assets

Tangible fixed assets			2022				2023		
	Acquisition cost	Accumulated depreciation	Book value 31.12.2022	Reclassifications	Additions	Disposals ¹	Depreciation	Reversals	Book value 31.12.2023
in 1,000 CHF									
Bank buildings	246,334	-67,045	179,289	-1,426	2,272	-	-3,748	-	176,387
Other real estate	13,057	-5,907	7,150	-	120	-	-137	-	7,133
Proprietary or separately acquired software	261,063	-171,322	89,741	-	6,902	-4,523	-21,738	-	70,382
Other tangible fixed assets	175,049	-137,364	37,685	1,426	14,659	-8,429	-14,565	-	30,776
Total tangible assets	695,503	-381,638	313,865	-	23,953	-12,952	-40,188	-	284,678

¹ The disposals relate to making the Basel and Zürich branches independent.

7.2 – Operating leases

Operating leases	31.12.2022	31.12.2023
in 1,000 CHF		
Non-recognised lease commitments		
Due within 12 months	1,096	1,273
Due within 1 to 5 years	1,539	1,742
Due after 5 years	-	-
Total non-recognised lease commitments	2,636	3,015
of which obligations that can be terminated within one year	2,636	3,015

8 – Intangible assets

Intangible assets			2022				2023	
	Cost value	Accumulated depreciation	Book value 31.12.2022	Additions	Disposals	Amortisation	Book value 31.12.2023	
in 1,000 CHF								
Other intangible assets	7,536	-1,005	6,531	-	-	-1,507	5,024	
Total intangible assets	7,536	-1,005	6,531	-	-	-1,507	5,024	

9 – Other assets and other liabilities

Other assets and liabilities	31.12.2022	31.12.2023
in 1,000 CHF		
Other assets		
Settlement accounts for indirect taxes	1,203,370	409,317
Other settlement accounts	26,472	19,295
Commodities	5,557	6,006
Miscellaneous other assets	0	19
Total other assets	1,235,400	434,637
Other liabilities		
Compensation account	1,195,440	488,629
Levies, indirect taxes	29,283	36,639
Solidarity fund	280,411	281,801
of which open guarantees to Raiffeisen banks	1,076	1,576
Other settlement accounts	83,874	70,510
Miscellaneous other liabilities	0	1
Total other liabilities	1,589,008	877,580

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	31.12.2022		31.12.2023	
	Book values	Effective commitments	Book values	Effective commitments
in 1,000 CHF				
Liquid assets	-	-	810,974	810,974
Amounts due from other banks	740,433	740,433	1,152,033	1,152,033
Amounts due from customers	222,845	215,011	65,132	65,132
Mortgage loans	1,268,814	800,774	-	-
Financial investments	1,016,954	160,638	962,808	214,980
Total pledged or assigned assets	3,249,047	1,916,856	2,990,947	2,243,119
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

Most employees of the Raiffeisen Group 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 Raiffeisen Switzerland, 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	31.12.2022	31.12.2023
Amounts due in respect of customer deposits	86,254	44,357
Bonds	20,000	–
Accrued expenses and deferred income	264	–
Total liabilities to own social insurance institutions	106,518	44,357

11.2 – Employer contribution reserves

Employer contribution reserves in the Raiffeisen Employer Foundation (Employer-funded pension scheme)		
in 1,000 CHF	2022	2023
As at 01.01.	3,179	1,648
+ Deposits ¹	–	5,000
– Withdrawals ¹	1,531	1,632
+ Interest paid ²	0	7
As at 31.12.	1,648	5,023

¹ Deposits and payments affect the contributions to staff pension plans (see note 25 "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 financial statements for 2022 and 2023 (in accordance with Swiss GAAP FER 26) of the Raiffeisen Pension Fund Cooperative, the coverage ratio is:

Raiffeisen Pension Fund Cooperative		
percent	31.12.2022	31.12.2023
Coverage ratio	107.1	111.6

The target level of the value fluctuation reserve of the Raiffeisen Pension Fund Cooperative was 117% as at 31 December 2023. As at the end of 2023, 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	2022	2023
Pension expenditure own pension scheme	39,419	46,265
Deposits/withdrawals employer contribution reserves (excl. interest paid)	–1,531	3,368
Employer contributions reported on an accruals basis	37,888	49,633
Change in economic benefit/obligation as a result of surplus/insufficient cover in the pension plan	–	–
Pension expenses (see note 25 «Personnel expenses»)	37,888	49,633

12 – Issued structured products

31.12.2023 in 1,000 CHF	Valued as a whole		Book value		Total
	Booked in trading portfolio	Booked in other financial instruments at fair value	Valued separately		
			Value of the host instrument	Value of the derivative	
Underlying risk of the embedded derivative					
Interest rate instruments	–	–	8,773	–1,477	7,296
With own debenture component (oDC)	–	–	8,773	–1,477	7,296
Without oDC	–	–	–	–	–
Equity securities	–	–	611,453	–27,914	583,539
With own debenture component (oDC)	–	–	611,453	–28,348	583,105
Without oDC	–	–	–	434	434
Foreign currencies	–	–	93	–3	91
With own debenture component (oDC)	–	–	93	–3	91
Without oDC	–	–	–	–	–
Commodities/precious metals	–	–	117,902	13,279	131,181
With own debenture component (oDC)	–	–	117,902	13,279	131,181
Without oDC	–	–	–	–	–
Credit derivatives	–	–	20,852	44	20,896
With own debenture component (oDC)	–	–	20,852	44	20,896
Without oDC	–	–	–	–	–
Total	–	–	759,073	–16,071	743,002

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" and "Negative replacement values of derivative financial instruments".

13 – Outstanding bond issues and central mortgage institution loans

Outstanding bonds and central mortgage institution loans					
31.12.2023 in 1,000 CHF	Year of issue	Interest rate	Maturity	Early redemption possibility	Bond principal
Own bonds					
non subordinated					
	2011	2.625	04.02.2026	–	140,050
	2016	0.300	22.04.2025	–	375,000
	2016	0.750	22.04.2031	–	100,000
	2018	0.350	16.02.2024	–	398,075
	2019	0.125	07.05.2024	–	100,000
	2021	0.000	19.12.2031	–	29,550
	2022	0.000	15.07.2032	–	39,334
	2023	0.000	18.07.2033	–	111,500
	2023	2.1125	28.09.2028	–	69,475
subordinated with PONV clause ¹					
	2020	0.1825	11.11.2025	11.11.2024	140,800
	2020	0.500	11.11.2028	11.11.2027	175,000
	2020	1.500	23.11.2034	23.11.2033	175,000
	2020	2.000	Perpetual ²	16.04.2026	524,605
	2021	0.1775	15.01.2027	15.01.2026	125,000
	2021	0.405	28.09.2029	28.09.2028	147,200
	2021	0.570	15.01.2031	15.01.2030	210,000
	2021	2.250	Perpetual ²	31.03.2027	300,000
	2022	5.230 ³	01.11.2027	–	465,400
	2023	4.840 ³	03.11.2028	–	465,400
	2023	4.000	Perpetual ²	31.05.2029	100,000
Underlying instruments from issued structured products ⁴					
	div.	1.791 ⁵	2024	–	469,601
		1.619 ⁵	2025	–	150,119
		1.459 ⁵	2026	–	47,853
		1.564 ⁵	2027	–	70,063
		1.402 ⁵	2028	–	19,207
		4.425 ⁵	after 2028	–	2,229
Total own bonds					4,950,462
Loans from Pfandbriefbank schweizerischer Hypothekarinstitute AG					
	–	–	–	–	–
Total outstanding bond issues and central mortgage institution loans					4,950,462

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								
	2022				2023			
in 1,000 CHF	31.12.2022	Use in conformity with designated purpose	Reclassifications ³	Currency differences	Past due interest, recoveries	New creations charged to income	Releases to income	31.12.2023
Provisions								
Provisions for default risks	39,554	–49	2,239	–7	–	4,528	–9,421	36,844
Of which provisions for expected losses ¹	20,289	–	–243	–7	–	–	–4,337	15,702
Provisions for other business risks	36,211	–11,324	–470	–	–	–	–	24,417
Provisions for restructuring	5,694	–1,168	–	–	–	–	–	4,525
Other provisions ²	14,797	–4,000	250	–	–	–	–	11,047
Total provisions	96,255	–16,541	2,020	–7	–	4,528	–9,421	76,833
Reserves for general banking risks								
of which taxed	99,776	–	–	–	–	8,372	–	108,148
Value adjustments for default and country risks								
Value adjustments for default risks in respect of impaired loans/receivables	184,465	–1,224	–2,661	–3	312	37,856	–3,301	215,444
Value adjustments for expected losses ¹	32,926	–	–6,906	–92	–	657	–	26,585
Total value adjustments for default and country risks	217,390	–1,224	–9,567	–95	312	38,513	–3,301	242,029

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 Basel and Zürich branches independent.

15 – Cooperative capital

Cooperative capital						
	2022			2023		
in 1,000 CHF	Total par value	Number of shares in 1,000	Interest-bearing capital	Total par value	Number of shares in 1,000	Interest-bearing capital
Cooperative capital	2,497,800	2,497.8	2,497,800	2,530,800	2,530.8	2,530,800
of which, paid up	2,497,800	2,497.8	2,497,800	2,530,800	2,530.8	2,530,800

The cooperative capital is owned in full by the 219 Raiffeisen banks within Raiffeisen Switzerland (compared with 220 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 two share certificates of CHF 1,000 for each CHF 100,000 of their Total Financial Accounting Volume. The Total Financial Accounting Volume comprises total assets and the securities account volume (excluding the bank's own deposited cash bonds), taking any exceptional items into account. As at 31 December 2023, this corresponded to a call-in obligation to Raiffeisen Switzerland of CHF 6,124.4 million, of which CHF 2,530.2 million has been paid in. CHF 0.6 million in share certificates was taken over 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		Amounts due to	
	31.12.2022	31.12.2023	31.12.2022	31.12.2023
Group companies	169,380	58,660	248,376	116,413
Transactions with members of governing bodies	2,913	27	56	–
Other related parties	101,506	57,133	226,031	115,282
Total amounts due from/to related parties	273,800	115,820	474,463	231,695

Material off-balance-sheet transactions with related parties

Contingent liabilities to related parties amounted to CHF 1.74 billion (previous year: CHF 1.84 billion) as at 31 December 2023. Irrevocable commitments to related parties amounted to CHF 0.8 million (previous year: CHF 18.5 million).

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.
- Receivables from Group companies of CHF 58.7 million include unsecured loans (last maturity on 31 December 2025) with an average interest rate of 2.7%.
- Liabilities to other related parties of CHF 115.3 million include an item of CHF 7.3 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. The last two 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 2023. 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	Cancellable	Due				Total
			within 3 months	within 3 to 12 months	within 1 to 5 years	after 5 years	
Liquid assets	43,085,500	810,974	–	–	–	–	43,896,474
Amounts due from Raiffeisen banks	1,500,879	–	–	–	–	–	1,500,879
Amounts due from other banks	3,904,535	–	2,172,991	21,988	–	–	6,099,514
Amounts due from securities financing transactions	–	168,420	186,160	–	–	–	354,580
Amounts due from customers	21,369	192,332	2,035,757	751,432	788,170	189,509	3,978,570
Mortgage loans	1,915	12,832	550,439	186,724	414,153	231,152	1,397,216
Trading portfolio assets	2,031,203	–	–	–	–	–	2,031,203
Positive replacement values of derivative financial instruments	3,644,057	–	–	–	–	–	3,644,057
Financial investments ¹	2,372	–	128,073	938,969	3,900,631	5,795,756	10,765,801
Total 31.12.2023	54,191,831	1,184,558	5,073,420	1,899,113	5,102,954	6,216,418	73,668,295
Total 31.12.2022	42,467,236	334,525	6,002,963	4,884,709	6,543,528	7,076,115	67,309,076

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	Cancellable	Due				Total
			within 3 months	within 3 to 12 months	within 1 to 5 years	after 5 years	
Amounts due to Raiffeisen banks	30,526,654	–	–	–	–	–	30,526,654
Amounts due to other banks	4,512,098	–	11,836,832	118,338	40,000	–	16,507,269
Liabilities from securities financing transactions	–	–	8,929,901	–	–	–	8,929,901
Amounts due in respect of customer deposits	620,376	245,934	3,618,713	537,340	456,618	767,311	6,246,291
Trading portfolio liabilities	261,191	–	–	–	–	–	261,191
Negative replacement values of derivative financial instruments	3,372,765	–	–	–	–	–	3,372,765
Bond issues and central mortgage institution loans	–	–	472,710	494,966	3,067,973	914,813	4,950,462
Total 31.12.2023	39,293,084	245,934	24,858,156	1,150,644	3,564,591	1,682,124	70,794,533
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

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

Total assets by credit rating of country groups				
in 1,000 CHF	31.12.2022	in %	31.12.2023	in %
Rating class				
Very safe investment	4,646,413	99.5	5,002,905	96.5
Safe investment	9,177	0.2	150,172	2.9
Average to good investment	9,329	0.2	28,190	0.5
Speculative to highly speculative investment	1,965	0.0	1,568	0.0
Highest-risk investment/default	–	–	–	–
Unrated investment	1,918	0.0	808	0.0
Total foreign exposure	4,668,803	100.0	5,183,644	100.0

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					
31.12.2023 in 1,000 CHF	CHF	EUR	USD	Other	Total
Assets					
Liquid assets	43,756,000	86,783	21,710	31,980	43,896,474
Amounts due from Raiffeisen banks	1,499,750	–	–	1,130	1,500,879
Amounts due from other banks	613,098	3,100,706	1,601,124	784,586	6,099,514
Amounts due from securities financing transactions	–	186,160	168,420	–	354,580
Amounts due from customers	3,557,164	281,818	105,973	33,614	3,978,570
Mortgage loans	1,397,216	–	–	–	1,397,216
Trading portfolio assets	856,703	8,045	5,615	1,160,842	2,031,203
Positive replacement values of derivative financial instruments	3,644,057	–	–	–	3,644,057
Financial investments	10,763,429	–	2,372	–	10,765,801
Accrued income and prepaid expenses	489,727	2,427	1,984	1,372	495,511
Participations	373,119	–	–	–	373,119
Tangible fixed assets	284,678	–	–	–	284,678
Intangible assets	5,024	–	–	–	5,024
Other assets	434,637	–	–	–	434,637
Total assets shown in the balance sheet	67,674,601	3,665,940	1,907,198	2,013,524	75,261,264
Delivery entitlements from spot exchange, forward exchange and currency option contracts	15,746,821	13,196,568	20,603,426	5,863,806	55,410,621
Total assets	83,421,422	16,862,508	22,510,624	7,877,330	130,671,884
Liabilities					
Amounts due to Raiffeisen banks	26,584,996	2,997,828	565,338	378,493	30,526,654
Amounts due to other banks	5,917,427	2,547,626	6,911,269	1,130,947	16,507,269
Liabilities from securities financing transactions	7,739,000	744,640	108,631	337,630	8,929,901
Amounts due in respect of customer deposits	4,136,211	1,861,943	203,767	44,370	6,246,291
Trading portfolio liabilities	253,721	7,470	–	–	261,191
Negative replacement values of derivative financial instruments	3,372,765	–	–	–	3,372,765
Bond issues and central mortgage institution loans	3,999,493	938,319	6,227	6,424	4,950,462
Accrued expenses and deferred income	483,313	33,796	42,925	1,472	561,506
Other liabilities	877,580	0	–	0	877,580
Provisions	76,696	121	17	–	76,833
Reserves for general banking risks	115,248	–	–	–	115,248
Cooperative capital	2,530,800	–	–	–	2,530,800
Statutory retained earnings reserve	189,597	–	–	–	189,597
Profit	115,167	–	–	–	115,167
Total liabilities shown in the balance sheet	56,392,013	9,131,741	7,838,174	1,899,336	75,261,264
Delivery obligations from spot exchange, forward exchange and currency option contracts	27,422,087	7,729,490	14,643,571	5,971,032	55,766,179
Total liabilities	83,814,099	16,861,231	22,481,744	7,870,368	131,027,443
Net position per currency	–392,677	1,277	28,880	6,962	–355,558

Information on off-balance-sheet transactions

20 – Contingent assets and liabilities

Contingent assets and liabilities		
in 1,000 CHF	31.12.2022	31.12.2023
Contingent liabilities		
Guarantees to secure credits and similar	2,275,240	2,174,532
Performance guarantees and similar ¹	385,964	410,042
Other contingent liabilities	141,538	175,963
Total contingent liabilities	2,802,742	2,760,537
Contingent assets		
Contingent assets arising from tax losses carried forward	4,908	–
Total contingent assets	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 amounted to CHF 100 million (unchanged from the previous year).

In 2022 and 2023, the six branches of Raiffeisen Switzerland became independent. The relevant assets were transferred by Raiffeisen Switzerland to the newly established Raiffeisen banks with effect from 1 January of the relevant year. 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 2023, 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.

Information on the income statement

21 – Net interest income

Result from interest operations		
in 1,000 CHF	2022	2023
Interest and dividend income		
Interest income from amounts due from Raiffeisen banks	50,136	302,229
Interest income from amounts due from other banks	87,713	734,010
Interest income from securities financing transactions	444	3,366
Interest income from amounts due from clients	47,901	84,503
Interest income from mortgage loans	58,674	25,877
Interest and dividend income from financial investments	39,873	68,489
Other interest income	279,742	781,954
Total interest and dividend income	564,483	2,000,430
of which negative interest on the lending business	–161,125	–13,812
Interest expense		
Interest expense from amounts due to Raiffeisen banks	–99,291	–932,428
Interest expense from amounts due to other banks	–131,719	–545,434
Interest expense from securities financing transactions	–5,116	–164,787
Interest expense from amounts due to clients	–15,219	–82,742
Interest expense from cash bonds	–1	–
Interest expense from bond issues and central mortgage institution loans	–60,855	–100,140
Other interest expenses	–1,644	–2,383
Total interest expense	–313,845	–1,827,914
of which negative interest on the borrowing business	143,397	32,035
Gross result from interest operations	250,638	172,516

22 – Income from commission business and services transactions

Net income from commission business and services		
in 1,000 CHF	2022	2023
Commission income		
Commission income from securities trading and investment activities		
Custody account business	17,841	15,843
Brokerage	8,812	3,806
Fund business and asset management business	21,893	17,841
Other securities trading and investment activities	17,916	10,976
Commission income from lending activities	20,663	18,957
Commission income from other services		
Payments	47,115	47,099
Account maintenance	1,676	813
Other services	1,971	3,129
Total commission income	137,888	118,464
Commission expense		
Securities business	-35,734	-32,258
Payments	-767	-62
Other commission expense	-1,554	-614
Total commission expense	-38,055	-32,933
Total results from commission business and services	99,832	85,531

23 – Net trading income

23.1 – Breakdown by business area

Result from trading activities		
Breakdown by business area		
in 1,000 CHF	2022	2023
Branches of Raiffeisen Switzerland	4,077	–
Banking book	1,573	1,665
Equities trading desk	13,502	4,016
Foreign currency trading desk	9,961	9,580
Fixed income trading desk	-1,016	12,923
Banknotes/precious metals trading desk	37,876	30,946
Options trading desk	2,293	102
Rates trading desk	7,915	5,026
Structured products trading desk	0	18
Total net trading income	76,182	64,275

23.2 – Breakdown by underlying risk

Result from trading activities		
Breakdown by underlying risk		
in 1,000 CHF	2022	2023
Foreign exchange trading	15,938	11,326
Precious metals and foreign notes and coins trading	39,842	30,966
Equities trading	13,502	4,034
Fixed income trading	6,899	17,948
Total net trading income	76,182	64,275

24 – Other ordinary income

Other ordinary income		
in 1,000 CHF	2022	2023
IT services for Group companies	71,865	80,928
Other individual services provided for Group companies	174,588	192,343
Raiffeisen bank contributions for collective/strategic services and management of finances	90,321	109,425
Charges for internal services relating to Group projects	55,527	164,655
Other	2,387	3,737
Total other ordinary income	394,688	551,088

25 – Personnel expenses

Personnel expenses		
in 1,000 CHF	2022	2023
Meeting attendance fees and fixed compensation to members of the banking authorities	2,023	2,000
Salaries and benefits for staff	322,929	318,021
AHV, IV, ALV and other social benefits	36,722	35,273
Contributions to staff pension plans	37,888	49,633
Other personnel expenses	11,220	10,732
Total personnel expenses	410,781	415,660

26 – General and administrative expenses

General and administrative expenses		
in 1,000 CHF	2022	2023
Office space expenses	16,610	19,188
Expenses for information and communications technology	81,177	84,540
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	1,885	1,587
Fees of audit firm	1,840	2,711
of which, for financial and regulatory audits	1,814	2,320
of which, for other services	26	391
Other operating expenses	148,485	144,896
Total general and administrative expenses	249,998	252,922

27 – Extraordinary income and expenses, changes to hidden reserves

Extraordinary income and expenses, changes to hidden reserves		
in 1,000 CHF	2022	2023
Extraordinary income		
Income from sale of tangible assets	–	9
Income from sale of participations	26,961	19,556
Revaluations of investments	–	2,597
Other extraordinary income	41	291
Total extraordinary income	27,002	22,453
Extraordinary expenses		
Total extraordinary expenses	–	–

As was the case in the previous year, there were no material releases of hidden reserves in the year under review.

28 – Current taxes

Current taxes		
in 1,000 CHF	2022	2023
Expenses for current income tax	3,000	2,623
Total tax expenses	3,000	2,623
Average tax rate weighted on the basis of the operating result	3.9%	2.5%

Loss carry-forwards of CHF 102.7 million (previous year: CHF 97.7 million) were claimed for the tax calculation in 2023. Deferred tax is calculated and reported solely at Raiffeisen Group level.



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

Basle, 17 April 2024

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 2023, 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 14,15 and 17 to 54) 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 the 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 matter below, provide the basis for our audit opinion on the financial statements.



Page 2

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

Audit Matter Raiffeisen Switzerland Cooperative recognizes customer loans, consisting of amounts due from clients and mortgage loans, at nominal value less any value adjustments required.

The identification of a need for impairment or provisions on impaired items 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 recognizes value adjustments and provisions for expected losses on non-impaired items.

When calculating valuation allowances and provisions for default risks, estimates must be made which naturally involve significant discretion and may vary depending on the assessment.

Raiffeisen Switzerland Cooperation reports amounts due from clients of CHF 4.0 billion and mortgage loans of CHF 1.4 billion in its financial statements as of 31 December 2023. In this context, as of the balance sheet date, there were value adjustments and provisions for impaired credit items of CHF 236.6 million and value adjustments and provisions for expected losses on non-impaired credit items of CHF 42.3 million. Since customer loans represent with 7.1% a significant part of the assets in Raiffeisen Switzerland Cooperative's 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 adjustments and provisions on impaired and non-impaired credit items. In addition, we assessed the concept applied by Raiffeisen Switzerland Cooperative for the recognition of value adjustments and provisions for expected losses on non-impaired items pursuant to Art. 25 FINMA Accounting Ordinance in the financial statements.



In addition, we tested the recoverability of credit exposures on a sample basis and assessed the methods and assumptions used in the calculation of individual value adjustments and provisions for default risks. Our sample included both randomly and risk-oriented selected credit items. The risk-oriented sample particularly included 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 determination of the value adjustments and for the valuation of the collateral in the financial statements.



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 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 retained 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

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Five-year overview

Balance sheet

Balance Sheet	2019	2020	2021	2022	2023
in 1,000 CHF					
Assets					
Liquid assets	28,377,439	35,390,664	56,056,494	34,255,540	43,896,474
Amounts due from Raiffeisen banks	2,381,568	1,095,917	780,676	1,270,560	1,500,879
Amounts due from other banks	7,562,069	3,947,870	3,258,494	2,187,839	6,099,514
Amounts due from securities financing transactions	249,941	–	–	–	354,580
Amounts due from customers	2,824,270	3,013,758	3,089,847	3,710,550	3,978,570
Mortgage loans	11,104,948	10,910,652	11,040,049	4,798,553	1,397,216
Trading portfolio assets	757,875	979,556	895,404	1,196,472	2,031,203
Positive replacement values of derivative financial instruments	1,823,769	1,536,638	1,252,644	4,834,117	3,644,057
Financial investments	7,129,847	8,785,329	8,498,979	15,055,446	10,765,801
Accrued income and prepaid expenses	247,005	234,967	232,032	276,446	495,511
Participations	435,474	423,550	415,944	415,214	373,119
Tangible fixed assets	353,088	327,972	344,507	313,865	284,678
Intangible assets	1,815	–	–	6,531	5,024
Other assets	920,495	983,396	1,016,134	1,235,400	434,637
Total assets	64,169,604	67,630,269	86,881,204	69,556,533	75,261,264
Liabilities					
Amounts due to Raiffeisen banks	18,906,019	26,703,345	31,818,871	31,117,107	30,526,654
Amounts due to other banks	12,263,833	9,054,065	14,623,796	13,758,494	16,507,269
Liabilities from securities financing transactions	6,326,901	4,180,827	7,450,837	35,007	8,929,901
Amounts due in respect of customer deposits	13,943,409	15,849,091	17,277,182	10,043,467	6,246,291
Trading portfolio liabilities	197,542	147,893	156,043	289,112	261,191
Negative replacement values of derivative financial instruments	2,179,800	1,891,769	1,482,533	3,660,427	3,372,765
Cash bonds	22,569	19,080	17,724	300	–
Bond issues and central mortgage institution loans	7,527,074	6,987,157	10,448,395	5,762,607	4,950,462
Accrued expenses and deferred income	300,217	301,827	276,924	348,548	561,506
Other liabilities	451,263	426,481	478,265	1,589,008	877,580
Provisions	124,617	100,722	106,631	96,255	76,833
Reserves for general banking risks	6,336	47,988	75,179	106,876	115,248
Cooperative capital	1,700,000	1,700,000	2,443,800	2,497,800	2,530,800
Statutory retained earnings reserve	177,523	177,523	177,523	182,523	189,597
Profit	42,500	42,500	47,500	69,000	115,167
Total equity capital	1,926,360	1,968,012	2,744,002	2,856,199	2,950,812
Total liabilities	64,169,604	67,630,269	86,881,204	69,556,533	75,261,264

Income statement

Income Statement	2019	2020	2021	2022	2023
in 1,000 CHF					
Interest and discount income	289,808	234,867	192,278	524,611	1,931,940
Interest and dividend income from financial investments	40,892	32,072	24,105	39,873	68,489
Interest expenses	–169,823	–40,886	82,799	–313,845	–1,827,914
Gross result from interest operations	160,876	226,053	299,182	250,638	172,516
Changes in value adjustments for default risks and losses from interest operations	–20,544	–15,280	–16,310	–21,442	–32,265
Net result from interest operations	140,332	210,773	282,872	229,196	140,250
Commission income securities trading and investment activities	83,401	75,863	79,886	66,462	48,465
Commission income from lending activities	16,823	18,558	20,504	20,663	18,957
Commission income other services	62,491	57,292	56,214	50,762	51,041
Commission expenses	–41,332	–42,542	–34,019	–38,055	–32,933
Result from commission business and services	121,383	109,171	122,586	99,832	85,531
Result from trading activities	79,358	77,457	86,634	76,182	64,275
Results from the disposal of financial investments	10,747	989	385	99	33
Income from participations	40,792	27,327	30,298	39,051	42,315
Results from real estate	4,344	3,595	3,747	5,202	6,071
Other ordinary income	361,485	360,594	377,586	394,688	551,088
Other ordinary expenses	–32,427	–31,675	–48,888	–47,254	–53,032
Other result from ordinary activities	384,941	360,830	363,127	391,786	546,475
Operating income	726,014	758,232	855,219	796,996	836,531
Personnel expenses	–407,790	–385,847	–420,058	–410,781	–415,660
General and administrative expenses	–247,493	–227,944	–257,837	–249,998	–252,922
Operating expenses	–655,283	–613,792	–677,895	–660,779	–668,582
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	–45,290	–55,684	–61,437	–43,431	–68,519
Changes to provisions and other value adjustments, and losses	–12,633	–5,745	–7,261	–16,091	4,279
Operating result	12,808	83,011	108,627	76,695	103,709
Extraordinary income	28,534	2,307	34,173	27,002	22,453
Extraordinary expenses	–2	–25	–	–	–
Changes in reserves for general banking risks	2,961	–41,652	–92,399	–31,697	–8,372
Taxes	–1,800	–1,140	–2,900	–3,000	–2,623
Profit	42,500	42,500	47,500	69,000	115,167

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The non-financial reporting of the Raiffeisen Group consists of the Sustainability and Employees chapters in the management report of the Raiffeisen Group's annual report, disclosure of climate information according to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the GRI content index.

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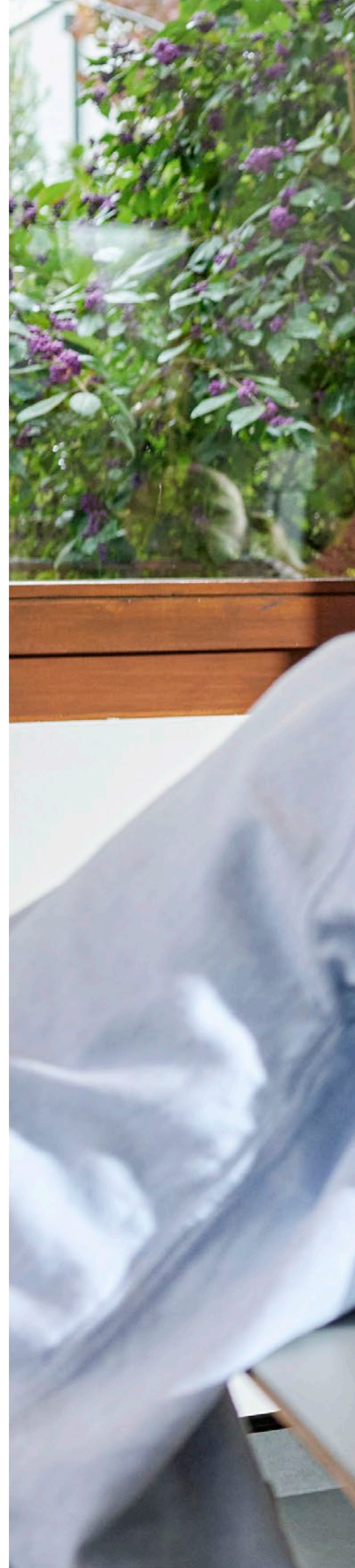
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