RAIFFEISEN

Annual Report 2020
Raiffeisen Group

Group profit

CHF **861** million

Raiffeisen achieved healthy earnings in a challenging environment.

Client deposits

CHF **190** billion

Remarkable growth of CHF 14 billion in client deposits.

Cost/income ratio

59.4 %

The efficiency programme at Raiffeisen Switzerland contributed to lower operating expenditures.

Result from commission business and services

CHF **451** million

Encouraging increase in the result of 8.4% compared to the previous year.

Net result from interest operations

CHF **2,297** million

Interest operations show a pleasing increase of 1.9%.

Mortgage volume

CHF **190** billion

Targeted growth continued in line with the market.

Cooperative members

1,935,790

27,000 new cooperative members and 37,000 new customers acquired.

Corporate clients

209,000

Every third company in Switzerland is a Raiffeisen client.

Employees

11,207

Raiffeisen welcomes more than 200 new employees.

Women in upper and middle management

27 %

The goal is to continue increasing the proportion of women to 30%.

CO_2 emissions

–7,000 tons of CO_2

The annual CO_2 emissions have decreased by more than 7,000 tons since 2012.

Member benefits

CHF **139** million

The attractive cooperative model has various benefits.

Raiffeisen – The innovative cooperative bank connects people

Raiffeisen is the third largest banking group in Switzerland, has strong local roots, and is a leader in the retail business. The groups consists of 225 legally independent Raiffeisen banks with a cooperative structure. Raiffeisen is present all over Switzerland for 3.6 million clients at 824 locations. 1.9 million cooperative members are co-owners of their Raiffeisen banks and help shape them.

As a cooperative bank that belongs to its members, connecting people is both a mission and a guiding principle for us. Solidarity, democracy, liberality: Today, Raiffeisen values are just as relevant as they were in past. As the bank that is closest to its clients in Switzerland, we have always striven to make a difference, to connect, and thus generate value. Young and old, families as well as companies, in the cities and in the country, locally and digitally – great things can come about together.

As of 31 December 2020, the Raiffeisen Group had CHF 224 billion in client assets under management from retail business and around CHF 200 billion in loans to clients. The market share is 17.6% in the mortgage business. The balance sheet total is CHF 260 billion.

Guy Lachappelle, Chairman of the Board of Directors of Raiffeisen Switzerland

Heinz Huber, Chairman of the Executive Board of Raiffeisen Switzerland

The goal is clear: We want to deepen personal relationships with our clients.

Dear Reader,

The Raiffeisen banks and Raiffeisen Switzerland together set the course for a successful future in 2020. Raiffeisen came together even more as a group and a team. We demonstrated that we are not just stable, but also actively embracing change. It has been an intense and successful year that was coloured by our vision – "Raiffeisen connects people".

Connected with the bank. Last year, our 225 banks and six local branches provided personal support, including online or on the phone, to our 3.6 million customers. The Raiffeisen Group processed and disbursed 24,000 loans worth CHF 2 billion for Swiss companies under the Covid-19 loan programme. In March, until the start of the loan programme, Raiffeisen also launched an emergency aid of CHF 100 million for companies in Switzerland and opened up lokalhelden.ch, its donation platform, to small and medium-sized companies as well. Our goal was to give Swiss companies quick, straightforward assistance.

In touch with the future. In June 2020, the Board of Directors of Raiffeisen Switzerland adopted the "Raiffeisen 2025" strategy. It defines the Raiffeisen Group's vision of where it will go in the next five years, how Raiffeisen plans to position itself in the Swiss banking market and how this path can be successfully taken together. The strategy is the result of successful participation, having been developed as a joint effort within the Group and in dialogue. It is being executed in a similar fashion. The goal is clear: We want to deepen personal relationships with our clients and inspire them with unique solutions. We therefore intend to enhance the private residential property ecosystem and expand the investing and retirement businesses. We want to evolve even more clearly from a product supplier to a solutions provider.

In touch with the cooperative. June also saw Raiffeisen Switzerland's first general meeting held under the Group governance structure adopted in 2019, making it the first meeting to apply the "one bank, one vote" principle. The institutionalised exchange of views and opinions between the Raiffeisen banks and Raiffeisen Switzerland also picked up speed in 2020: The owners' committees were established and will serve as future sparring partners for Raiffeisen Switzerland. The institutionalised exchange of views between the owners and Raiffeisen Switzerland will strengthen teamwork and knowledge transfers within the Group. This will make us more effective and put us in closer touch with our clients.

CHF **861** million

Group profit. This represents a 3.1% increase year on year.

As the Swiss bank that is closest to its clients, we have always striven to make a difference, to connect people and thereby generate value. These efforts were also in the spotlight last year. In April, we became the first national Swiss retail bank to roll out a SARON mortgage and a SARON loan for corporate clients. “Raiffeisen Rio”, our digital asset management service, also successfully launched in 2020. Clients can invest sums as low as CHF 5,000 in actively managed financial investments in an app on their smartphones. We also entered into a partnership with Mobiliar. Mobiliar's general agencies have been working with Raiffeisen banks since 1 January 2021 to assist clients with all their insurance, pension and finance needs. In addition, “LIIVA”, our joint platform for homeowners, will launch in summer 2021.

Raiffeisen's successes in 2020 are reflected in the annual result. Raiffeisen managed its business successfully and prudently in the past year and generated a profit of CHF 861 million (+3.1%). The individual business areas developed pleasingly in line with strategic priorities, and significant progress was achieved in particular in the pension and investment business. The result from commission business and services increased by 8.4% to CHF 451 million, and the net result from interest operations also increased by CHF 43 million despite the difficult margin situation. In mortgage loans, we grew in line with our ambition at market level. The stability and security of the cooperative Group have once again proven themselves to be attractive. In addition, we welcomed 37,000 new clients and 27,000 new cooperative members.

This trust tells us exactly where we need to go. In 2021, we will focus on developing our business model further, strengthening ecosystems and expanding our investment and pension business. We will do so following a hybrid approach in which personal service and advice are augmented by digital solutions. This is where we can truly add value. As a banking group that belongs to its members, connecting people is both a mission and a guiding principle for us. We will continue to build on that foundation in the future.

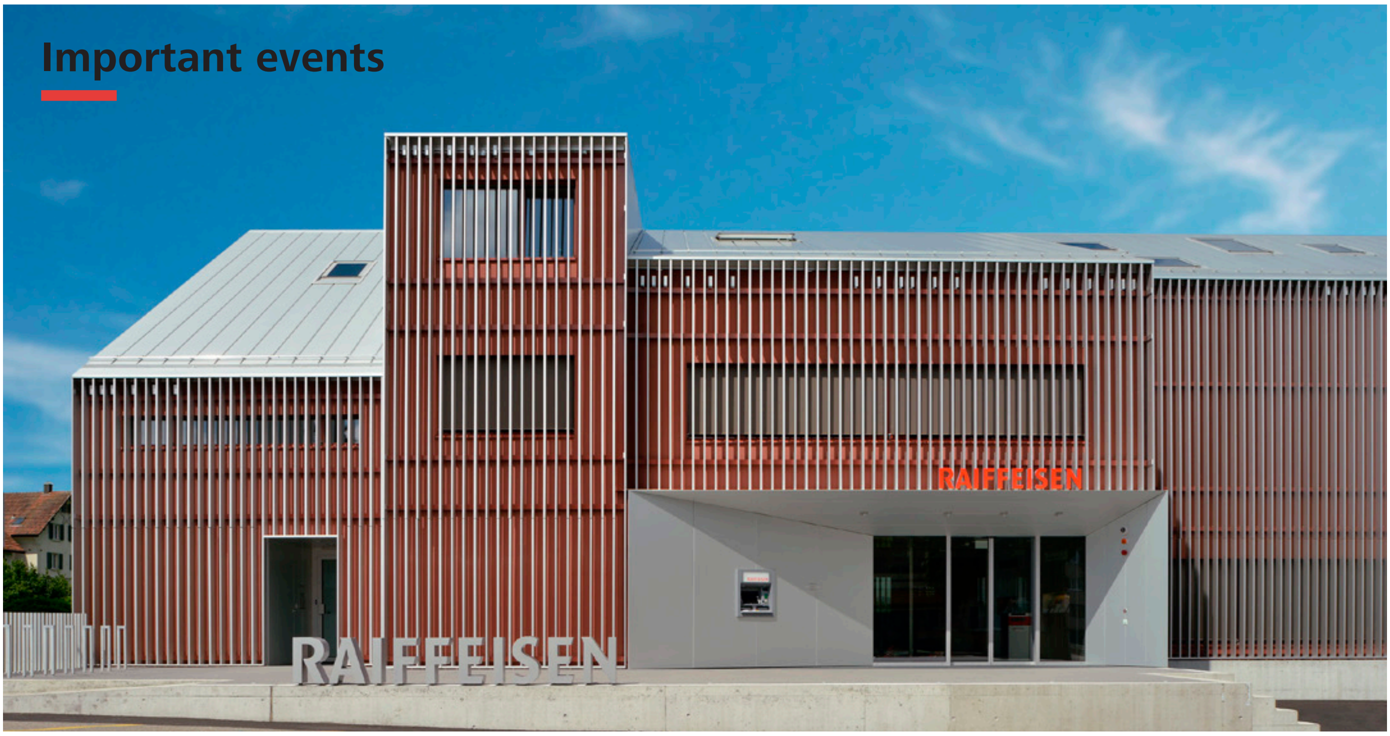
Guy Lachappelle
Chairman of the Board of Directors,
Raiffeisen Switzerland

Heinz Huber
Chairman of the Executive Board,
Raiffeisen Switzerland

MANAGEMENT REPORT

Raiffeisen managed the business successfully and carefully in the past year. In 2020, Raiffeisen adopted and initiated the strategic priorities for the next five years. In the first half of 2020, Raiffeisen was the first nationally operating retail bank to launch a SARON mortgage and entered into strategic partnership with Mobiliar insurance. In the second half of the year, Raiffeisen launched the digital asset management "Raiffeisen Rio". Raiffeisen developed excellently in the field of investments and pensions and expanded its competences. As a sustainable cooperative, in the current year Raiffeisen also developed a strategic framework for sustainability at the Group level, which defines ten guiding principles.

Important events



20 March 2020

Raiffeisen participates in the federal government's Covid-19 guarantee programme and provides an additional CHF 100 million in emergency aid.

Raiffeisen and other Swiss banks work together to launch a guarantee programme with bridging loans of CHF 40 billion for companies suffering cash shortages. Raiffeisen also provides emergency aid of CHF 100 million until the guarantee programme is up and running.

17 June 2020

Raiffeisen and Helvetia end sales partnership

Raiffeisen and Helvetia mutually agree on an early end to their partnership in the insurance market with effect from 31 December 2020. This step allows both companies to flexibly pursue their own strategic goals independently of each other.

1 March 2020

Kathrin Wehrli takes over as head of the Products & Investment Services department

Kathrin Wehrli joined the Executive Board of Raiffeisen Switzerland on 1 March 2020, where she oversees the Products & Investment Services department.

20 June 2020

Raiffeisen adopts the “Raiffeisen 2025” strategy

Guided by its vision, “The innovative cooperative bank connects people”, Raiffeisen will maintain and expand its exceptional client proximity and drive innovation more strongly. By expanding its private residential property, entrepreneurship, and investing and retirement businesses, Raiffeisen is evolving from a product supplier to a solutions provider. Raiffeisen will be investing an additional CHF 550 million over the next five years to further expand its market position. It aims to generate around CHF 500 million in efficiency gains and additional revenue each year starting in 2025.

27 March 2020

Roger Reist takes over as Head of the Treasury & Markets department

Raiffeisen Switzerland thus fills the last vacant position on its Executive Board. This completes the renewal process of the Executive Board of Raiffeisen Switzerland.

16 April 2020

Raiffeisen is the first national Swiss bank to launch the SARON mortgage

Raiffeisen is the first national Swiss retail bank to launch a SARON mortgage and a SARON loan for corporate clients. With this move, Raiffeisen takes on a trailblazing role in Switzerland.

24 June 2020

Raiffeisen and Mobiliar agree on strategic partnership

In addition to an exclusive reciprocal arrangement for recommending banking, pension and insurance products, the partnership will also design and develop joint products and services targeting young clients, families and SMEs.

1 July 2020

Raiffeisen Switzerland ends individual bonus payments

Raiffeisen Switzerland ends individual bonus payments and introduces a collective profit-sharing element, which for individual employees amounts to a single-digit percentage of their basic remuneration. The new model reflects the bank's cooperative values and drives its long-term success.

24 August 2020

Raiffeisen launches digital asset management service “Raiffeisen Rio”

Raiffeisen offers its private clients “Raiffeisen Rio”, a digital addition to its traditional investment activity. In the app, e-banking clients can invest in actively managed financial investments starting with as little as CHF 5,000 and individually tailor their portfolio to their unique preferences.

3 September 2020

Anne Bobillier steps down from the Board of Directors of Raiffeisen Switzerland

She submits her resignation with effect from 30 September 2020 due to personal reasons. Anne Bobillier was a member of the Strategy and Finance Committee. The Board of Directors will decide at a later date on a replacement nomination for the vacant seat on the Board of Directors to be presented to the General Meeting of Raiffeisen Switzerland.

21 September 2020

Standard & Poor's rates Raiffeisen Switzerland with an A+

The rating agency assigns a stable outlook. It explicitly highlights the bank's strong market position, conservative lending policies, excellent capitalisation, stable core business and good cash situation. This makes Raiffeisen Switzerland one of the best-rated banks in Switzerland and worldwide.

2 October 2020

Helen Fricker takes over as Head of the Raiffeisen Bank Services department

Helen Fricker has worked in various functions at Raiffeisen Switzerland since 2011. In her previous position, she was in charge of Bank Relationship Management. She takes over from Philippe Lienhard, who leaves Raiffeisen Switzerland for personal reasons on 31 October 2020.

10 November 2020

Raiffeisen will be leaving the Swiss Bankers Association at the end of March 2021.

As a domestically focused cooperative banking group, Raiffeisen will represent its interests independently and express its views on legislative and supervisory issues on its own in the future. In doing so, Raiffeisen strengthening its commitment to the interests of its Swiss private and SME clients.

16 December 2020

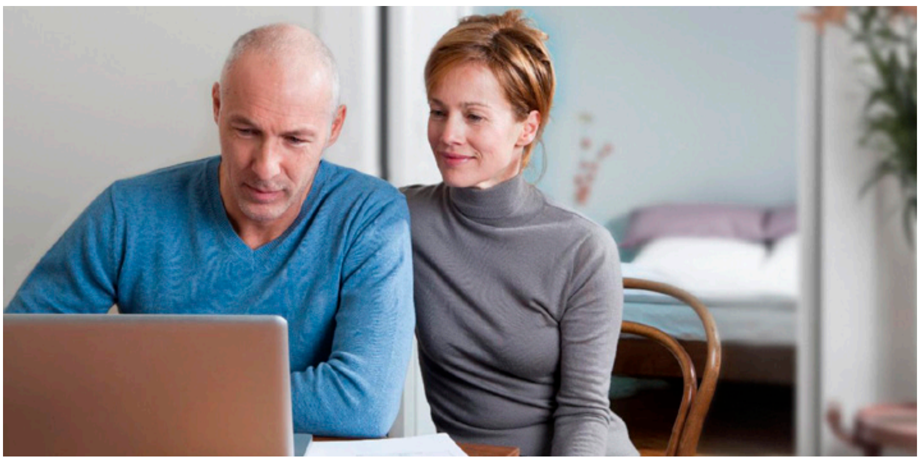
Donation to Swiss Solidarity in lieu of Christmas party

The Christmas parties are cancelled due to the Covid-19 pandemic. Raiffeisen Switzerland decides instead to donate CHF 100,000 to “Swiss Solidarity” to support people suffering from the consequences of Covid-19 in Switzerland.

30 December 2020

Raiffeisen publishes results of the 2020 climate compatibility test

Raiffeisen voluntarily participates in a climate compatibility test with respect to its financial flows at the invitation of the Federal Office for the Environment (FOEN) and the State Secretariat for International Financial Matters (SIF). The results show that Raiffeisen holds relatively few shares and bonds in companies in coal-intensive sectors.



Business model

Raiffeisen's cooperative model is unique in the Swiss banking sector. It has allowed Raiffeisen and its now over 11,000 employees to grow successfully for over 120 years. Despite its age and an eventful history, the business model is as sound as ever and stands for stability. Raiffeisen connects people. The regional roots and proximity to the customer are the basis of our successful operation and allow us to create added value for clients, members, employees, the environment and society. As a cooperative, Raiffeisen holds traditional values that have once again become increasingly important in this fast-paced world.

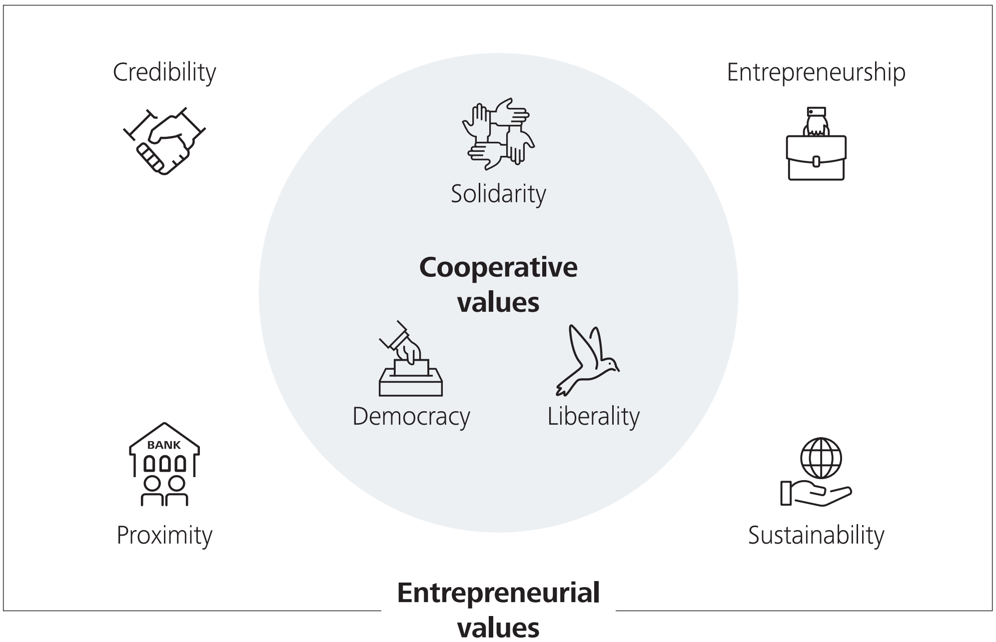
1.936 million

cooperative members

Cooperative and values

Raiffeisen's history is based on the idea of helping people help themselves which originated in the mid-19th century, as many small businesses and tradespeople joined together to form voluntary cooperations as a way to mitigate their economic disadvantage compared to large industrial companies. The idea of the cooperative was born. Its namesake Friedrich Wilhelm Raiffeisen laid the foundation for the cooperative bank by gathering together the money of the local community in the form of savings deposits and then lending it out again locally under favourable conditions against collateral.

Cooperative and entrepreneurial values



The first Raiffeisen bank in Switzerland was founded in Bichelsee in the canton of Thurgau in 1899. In over 120 years, Raiffeisen has grown to become the third-largest banking group in Switzerland. Today, 1.9 million members of the cooperative determine as co-owners the journey of their bank. The cooperative values have stayed the same: solidarity, democracy and liberality. A microcosm of Switzerland.

Democracy
Joint ownership and participation – where every member has a vote – is the democratic essence of the cooperative. Decisions are reached democratically.

Solidarity
Mutual support and joint and several liability are a fundamental tenet of the cooperative. Ultimately, solidarity only works based on mutual trust.

Liberality
Helping people help themselves is one of the key principles of liberality. Taking the initiative in a self-determined manner to tackle a challenge together with like-minded people as well as autonomous decision-making and organising – these are liberal values that also establish the foundation of a successful cooperative company.

Credibility, sustainability, proximity and entrepreneurship are fundamental values that distinguish our company. They were developed together in collaboration with the entire organisation and shape our cooperative.

Credibility
We do what we say and keep our promises. We are credible in that our actions are reliable and consistent, and we reach transparent decisions. We communicate honestly and precisely as determined by the current conditions.

Sustainability
We take care to ensure the longevity of our business model. We strive to form and maintain sustainable relationships with cooperative members, clients, employees and business partners. We take responsibility in business and society and take care of the environment.

Proximity
We have a local/regional focus, are entrenched in the local population and integrate into the local market. We know and understand our clients and provide professional advice to their specific needs. We have short decision-making paths.

Entrepreneurship
We take responsibility for our actions at all levels. We act independently and responsibly. We are enterprising in that we take advantage of opportunities for development and take a targeted and responsible approach to risks.

More about the cooperative: Raiffeisen Group Yearly Report (report.raiffeisen.ch).

Structure and governance

Each of the 225 Raiffeisen banks is a legally and organisationally independent cooperative with directly elected banking authorities. The members of the cooperative are the owners of each bank. Their share certificate also makes them co-owners. Raiffeisen Switzerland takes over the strategic management of the entire Raiffeisen Group and creates the framework conditions for the business activities of the Raiffeisen banks, advising and supporting them in all matters. Raiffeisen Switzerland is responsible for risk management, liquidity and capital ratios and refinancing for the entire Group and takes on treasury, trading and transaction activities in the role of a Central Bank.

Enhanced **governance** with **owners' committees.**

The exchange and formation of opinions between the Raiffeisen banks and Raiffeisen Switzerland are essential for the entire Group. To continue supporting the collaboration, Raiffeisen established a new governance in 2019. An important part of this are the owners' committees: the Raiffeisen Bank Council, the Expert Coordination Committees and the expert committees. They were set up in the past year and have taken up their activities. The owner strategy brings together the interests, positions and expectations of the owners in relation to Raiffeisen Switzerland. Raiffeisen Switzerland is responsible for the strategic management of the Group, which is defined by the Board of Directors of Raiffeisen Switzerland as part of the Group strategy.

More about the structure and governance of the Raiffeisen Group: “Corporate governance” chapter, page 84.

Markets, clients and services

Raiffeisen has a **branch network that is denser** than that of any other bank in Switzerland.

Raiffeisen is focussed on the Swiss market. With a total of 824 branches, Raiffeisen has a branch network that is denser than any other in Switzerland. The availability of Raiffeisen has remained unchanged for ten years: over 90% of the Swiss population can reach a Raiffeisen bank within a 10-minute drive. Raiffeisen is the third-largest player in the Swiss domestic market and number 1 in real estate financing. Almost one in every five mortgages in Switzerland originates from Raiffeisen.

Raiffeisen is a market leader in the retail business. 41% of the Swiss population are clients. We are the main bank for more than half of over 3.6 million of our clients. We also have roughly 209,000 corporate clients, which are another important client base. This means that one in every three businesses in Switzerland benefit from our solutions and tailored advice.

Raiffeisen's strong local roots are complemented by digital solutions and a hybrid business model. Clients can choose which services they wish to use and on which channel.

More about the continued development of offers and services: “Continued development of products and services” chapter, page 30.

Strategy

In June 2020, the Board of Directors of Raiffeisen Switzerland adopted the “Raiffeisen 2025” strategy for 2021 to 2025. The Group strategy reflects the Group's vision of the direction the Raiffeisen Group is aiming to take in the next five years. It also shows how Raiffeisen will position itself in the Swiss banking market in the future and how it can successfully tread this path as a Group.

Starting position

The strategy plays a significant role in **strengthening the entire Group** and driving its long-term success.

The Raiffeisen Group distinguishes itself from other banks through its cooperative model: At Raiffeisen, cooperative members are not just clients; they own their Raiffeisen bank, too. This distinction is powerful and important but needs to be augmented with other aspects to ensure sustainable success and forward-looking development. These should focus on market conditions and what clients and Raiffeisen banks need. A common strategy provides the Group with a consistent framework.

The Group strategy does not define individual banks' strategies or Raiffeisen Switzerland's strategy; instead, it establishes a strategic framework and sets a common direction. The strategy thus plays a significant role in strengthening the entire Group and in driving its long-term success.

Influencing factors and environment

The Swiss banking market is still undergoing a structural transformation. For decades, Swiss financial services have grown much faster than the country's gross domestic product (GDP). This growth has lost much of its momentum in recent years. At the same time, costs have been rising steadily, largely due to additional regulatory requirements. The Swiss banking market faces a number of strategic challenges, including the persistent low interest rate environment, fiercer competition, swiftly changing client needs, rapidly advancing technology and the economic impact of Covid-19.

Challenging economic situation

The interest rate of the Swiss National Bank (SNB) has been hovering around –0.75% since the start of 2015. The persistent low interest rate environment is squeezing banks' interest margins further. The resulting pressure on retail banks' core business underlines the need to diversify into neutral banking business. The economic situation remains strained due to volatile financial markets, global trade conflicts and the unclear medium- and long-term effects of Covid-19.

Client needs are changing

Clients are increasingly demanding simple, transparent solutions that offer a positive user experience. They are more sensitive to prices and more willing to switch providers due to greater transparency and ease of comparisons between financial services and products. Furthermore, society is expecting banks and insurance providers to do more on the sustainability front.

Competition is intensifying

The Swiss banking market is highly competitive. Competitors old and new are launching digital banks and competing with the existing business model. Competition has increased further as the major banks return their focus to the Swiss market and as insurers and pension funds enter the mortgage business. New business models (such as ecosystem models) that address specific client needs are breaking up traditional value chains.

New technologies play an important role in all business segments

The introduction of new technologies in banking has opened up new opportunities in advisory services, in settlement and in the service offering. As digitalisation becomes more advanced, banks are coming under more pressure to automate internal processes and to make them even more client-centric. The digital transformation is changing business models fundamentally and demanding cultural change from banks.

Regulatory pressure unrelenting

Regulatory changes require additional expertise and resources. Regulators are constantly tightening liquidity, compliance and capital adequacy requirements for banks. Raiffeisen is subject to additional requirements as a systemically important bank.

Raiffeisen is tackling the strategic challenges with its “Raiffeisen 2025” strategy.

“Raiffeisen 2025” strategy: 6 strategic objectives

1 We consistently align our services to **client needs**		2 We continue to drive the evolution of our **business model** to become a solutions provider	3 We standardise and digitalise our **processes**
Client experience portal	Digital client onboarding	Multibanking for private and corporate clients	Better tools for using basic processes
Simplification and greater professionalism in the investment and retirement business	Client-oriented simplification of regulations	Housing ecosystem	

4 We differentiate ourselves as **a sustainable cooperative**	5 We are driving our evolution to become a **learning organisation** with great adaptability	6 We actively use **new technologies**
Innovation driven by cooperative 2.0	Work environment 4.0	Data intelligence
Strengthening of corporate responsibility and sustainability	Development and expansion of advisory expertise	

Theses

The **cooperative model** and cooperative values are opportunities and **key differentiators**.

In the development of its strategy, Raiffeisen formulated ten central guiding theses:

- Banking is transforming into a cross-industry business model.
- Agility and innovativeness will be future success factors.
- The cooperative model and cooperative values are opportunities and key differentiators.
- Raiffeisen succeeds thanks to employees who embody cooperative values.
- Raiffeisen will remain strong as a Raiffeisen family.
- Raiffeisen must stay strong in its core business to be able to invest in the future.
- Raiffeisen's current business model focuses on quality, not cost leadership.
- Trust, stability, security and sustainability will be even more important to Raiffeisen's success in the future.
- Client proximity manifests itself in knowledge of clients and an emotional relationship with clients.
- Raiffeisen must occupy the client interface to maintain a personal relationship with clients and offer them added value.

Vision and principles

The “Raiffeisen 2025” strategy is based on a shared vision:

Raiffeisen – the innovative cooperative bank connects people

We inspire people across Switzerland with unique solutions to connect them locally and digitally and jointly add value through our sustainably embodied cooperative values.

Raiffeisen strives for a management culture **focused on profit and efficiency**, but **not profit maximisation.**

The vision and strategy are guided by the following principles:

- Raiffeisen strives for a management culture focused on profit and efficiency, but not profit maximisation.
- Raiffeisen is the bank that connects people. Raiffeisen appeals to all stakeholders with new technology, connects people based on embodied values and creates visible added value.
- Raiffeisen generally positions itself as a smart follower in the change process. This poses much less business risk and brings along our broad client base on the change journey. Raiffeisen positions itself as a first mover on occasion, too.
- Raiffeisen's strength lies in the Group and the Raiffeisen family. Our cooperative model distinguishes us from the competition as an innovative community of values and added value.
- Raiffeisen is consistently evolving from a product supplier to a solutions provider and driving cost efficiency through scale, quality, standardisation and digital transformation.
- One thing is always true for the Raiffeisen Group: Security, stability, sustainability and high-quality growth come first.

Ambition and objectives

Guided by its vision, “The innovative cooperative bank connects people”, Raiffeisen will maintain and expand its exceptional client proximity and drive innovation more strongly than before. The Group will adhere to its local business model and continue to prioritise stability and quality over volume-driven growth. Connections between Raiffeisen banks and their cooperative members, already traditionally close, will further be strengthened.

Connections between **Raiffeisen banks and their cooperative members**, already traditionally close, will **strengthen further.**

Raiffeisen's ambition is clearly defined: We want to leverage our strong client base to scale new offerings, attract new clients, boost efficiency, cut costs and set ourselves apart as a sustainable cooperative. To achieve this ambition, we defined six strategic approaches and translated them into around 30 different initiatives (see also the presentation on page 12).

- **Raiffeisen consistently aligns its physical and digital services with its clients' needs.** In doing so, Raiffeisen aims to maintain and expand existing client relationships and attract new clients.
- **Raiffeisen continues to drive its evolution into a solutions provider.** Banking remains its core business. However, the interlinking of banking and non-banking services will become increasingly important in the future. Raiffeisen adds value for clients with cross-industry solutions and ecosystems.
- **Raiffeisen standardises, automates and digitalises its processes.** New process standards give the Raiffeisen banks more room for manoeuvre, improve collaboration within the Group and facilitate new partnerships. This allows us to spend more time helping our clients.
- **Raiffeisen sets itself apart as a sustainable cooperative** by maintaining client proximity and cultivating cooperative values.
- **Raiffeisen is evolving into a highly responsible learning organisation,** creating a modern work environment and honing its innovative edge through lifelong learning.
- **Raiffeisen actively employs new technologies and data,** considerably improving the client experience. Mobile and multi-banking approaches and a new client portal give private and corporate clients one-click access to all relevant banking services.

The “Raiffeisen 2025” strategy serves to further expand Raiffeisen's market position. To this end, Raiffeisen will invest another CHF 550 million over the next five years. This investment is intended to generate efficiency gains and additional income of roughly CHF 500 million a year starting in 2025, which will have a positive impact on the Raiffeisen Group's net income.

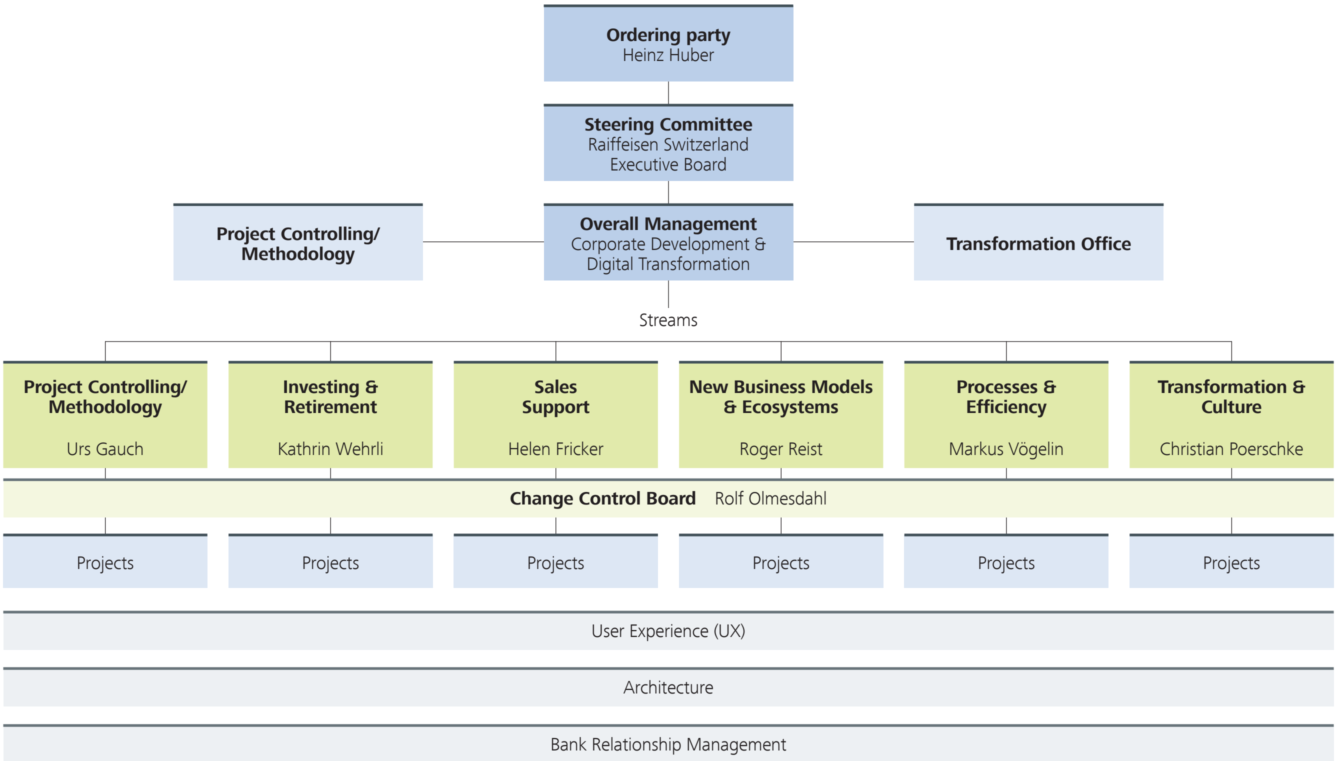
Raiffeisen will evolve from a **product supplier to a solutions provider**.

Raiffeisen will drive its evolution from product supplier to solutions provider by continuing to develop the housing ecosystem and expanding its investing, retirement and corporate clients businesses. In future, clients will benefit even more extensively from holistic advisory services geared to their needs. Data and new technologies will significantly improve the client experience.

Programme governance

Raiffeisen Switzerland's Board of Directors is responsible for the Group's strategy. However, the Executive Board of Raiffeisen Switzerland and the Raiffeisen banks are deeply involved in the strategy process. The execution of “Raiffeisen 2025” takes Raiffeisen into new territory. The programme and projects will be implemented in core-issue streams instead of by department based on existing organisational structures. This guarantees that dynamic, diverse and interdisciplinary teams will drive strategy implementation. Owners' committees are included so that Raiffeisen Switzerland and the Raiffeisen banks can exchange ideas and shape opinions (cf. section entitled “Corporate Governance”, pages 84 – 86).

Programme governance



Strategy implementation

The Group's strategy is being implemented in stages. It was adopted in mid-2020 and officially entered the implementation phase on 1 January 2021.

Review of 2020

Preparations began in July 2020, shortly after the strategy was adopted. To this end, the conceptual pre-requisites were established to effectively and efficiently implement priorities projects and initiatives from 2021 onwards. The budget was allocated to projects that offered the greatest overall benefit to clients, the Raiffeisen banks and Raiffeisen Switzerland.

Outlook for 2021

A **project portfolio of CHF 77 million** was defined for the **implementation** in 2021.

A project portfolio of CHF 77 million was defined for the implementation in 2021. We will focus on four main topics in 2021: Client Experience, Processes and Efficiency, Investing and Retirement, and New Business Models and Ecosystems.

– Client Experience: Raiffeisen wants to simplify digital client onboarding, offer clients a new experience portal and enable multi-banking for corporate clients.
– Processes & Efficiency: Raiffeisen wants to simplify the implementation of regulation. It generally aims to systematically improve, simplify and optimise basic processes, particularly the mortgage process.
– Investing & Retirement: Raiffeisen will further simplify and professionalise the investing and retirement business. As a Group, we have a social responsibility to accumulate and preserve capital sustainably. We meet this responsibility in a variety of ways, including by executing our sustainability strategy across our entire range of products and services, expanding consulting mandates and further developing “Raiffeisen Rio”, our digital asset management service.
– New Business Models & Ecosystems: We focus on the housing ecosystem and strengthening innovation within the Group. Initial important milestones will be reached as early as 2021 as we cooperate closely with Mobiliar and launch a new platform for homeowners.

Business development

Key performance indicators

Key figures			
in CHF million, percent, number	2019	2020	Change in %
Key figures			
Gross result from interest operations	2,267	2,350	3.6
Result from commission business and services	416	451	8.4
Operating income	3,052	3,060	0.3
Operating expenses	1,870	1,817	−2.9
Operating result	930	967	4.1
Group profit	835	861	3.1
Cost income ratio	61.3%	59.4%	
Key balance sheet figures			
Total assets	248,345	259,653	4.6
Loans to clients	193,450	200,358	3.6
of which mortgage receivables	185,291	190,317	2.7
Customer deposits	176,179	190,425	8.1
in % of loans to clients	91.1%	95.0%	
Total equity (without minority interests)	17,478	18,444	5.5
Capital resources [1]			
CET1 ratio	16.9%	18.6%	
Tier 1 ratio (going concern)	17.9%	19.6%	
TLAC ratio	18.4%	20.6%	
TLAC leverage ratio	7.2%	7.3%	
Market data			
Share of mortgage market	17.6%	17.6%	
Number of cooperative members	1,909,233	1,935,790	1.4
Client assets			
Client assets under management [2]	207,288	224,042	8.1
Lending business			
Value adjustments for default risks	235	261	11.0
as % of loans to clients	0.122%	0.130%	
Resources			
Number of employees	10,968	11,207	2.2
Number of full-time positions	9,295	9,492	2.1
Number of locations	847	824	−2.7

1 According to the systemic importance regime
2 Account balances and securities accounts without own medium-term notes according to note 22 to the annual report

Business performance

The Raiffeisen Group advanced numerous initiatives in the current year. The adoption of the Raiffeisen Group Strategy 2025 in June 2020 has laid the foundation for the future. Raiffeisen also rapidly adapted to the changing framework conditions brought about by the Covid-19 pandemic. During this period, the Group was focused on providing rapid and straightforward support to our clients.

Despite the challenging environment, the year has been a successful one for the Group. The strong performance of the core business led to sustained high growth in volume as well as to encouraging increases in income, especially in the commission and services business (+CHF 35 million or +8.4%). The efficiency programme that was completed at Raiffeisen Switzerland at the end of 2019, combined with lower spending in connection with the Covid-19 pandemic, led to a marked improvement in operating expenses in the current year (–CHF 54 million or –2.9%). Despite higher value adjustments, and depreciation and amortisation of tangible fixed assets, the solid business development contributed to an operating result of CHF 967 million (+CHF 38 million). The Group posted a net profit of CHF 861 million, well above the previous year's level of CHF 835 million. Both the operating result and the net profit were the second-highest reported in the history of the Raiffeisen Group.

CHF **200.4** billion

Loans to clients increased by CHF 6.9 billion (+3.6%) to CHF 200.4 billion.

Growth targets in core business exceeded

Raiffeisen targets healthy growth in its core business in line with the general market development. The aim is to achieve this growth through customised and flexible client solutions without taking higher risks; something that the Raiffeisen banks were once again able to achieve with distinction in the past year. Loans to clients increased by CHF 6.9 billion (+3.6%) to CHF 200.4 billion. Growth in mortgage loans (+CHF 5.0 billion) remained at the targeted level in line with the market. The high volume of Covid-19 loans as part of the federal government's guarantee programme led to an increase of CHF 1.9 billion in other amounts due from customers.

Growth in client assets was particularly strong. In the current year, customer deposits increased by CHF 14.2 billion (+8.1%) to CHF 190.4 billion, while the custody account holdings increasing by CHF 2.6 billion (+7.5%) to CHF 37 billion. In 2020, Raiffeisen welcomed 37,000 new clients and the number of cooperative members increased by just under 27,000 to 1.936 million.

This strong and broad-based growth is confirmation of the strategy implemented by the Raiffeisen Group. The traditionally strong mortgage business will be complemented by a diverse and growing service offer in the area of "Housing". Raiffeisen is looking to establish itself as a central solution provider for private residential property. In the current year, this was reflected by Raiffeisen Immo AG's development into a successful national real estate marketing company and Raiffeisen's pioneering role in launching the SARON mortgage. In 2021, this vision will continue to be reinforced with the launch of the "LIIVA" platform for homeowners, which is developed together with the Mobiliar cooperative.

+3.6 %

The **gross result from interest operations** increased by just under CHF 83 million.

Broad-based income

The traditionally strong interest operations continue to account for a large portion of income, so the very solid development of this important pillar of income was an encouraging result. The gross result from interest operations increased by just under CHF 83 million (+3.6%). The challenging economic situation, and its impact on various sectors, led to a significant CHF 40 million increase in newly created value adjustments for credit risks in the second half of the year (+305%). However, the value adjustments for credit risks remain very low in relation to total loans.

Raiffeisen also recorded further successes in the diversification of business areas in the current year. The performance of the commission business and services was very encouraging, increasing CHF 35 million (+8.4%). Considerable progress was particularly made in the investing and retirement business, and custody account volumes also posted a strong increase. With the launch of "Raiffeisen Rio" in the autumn of 2020, Raiffeisen now offers a digital solution to clients who are looking for an easy and modern approach to professional asset management directly on mobile devices. The expansion of retirement and investment activity will continue to be advanced in 2021.

Numerous initiatives to further diversify the business areas were launched in the 2020 financial year, some of which have already been implemented. The focus is on forward-looking solutions in the area of securities trading and investment activity, in the corporate clients business and on expanding the value chain in the residential property business. The new digital offers clear a path for stronger growth in income outside of the interest operations.

59.4 %

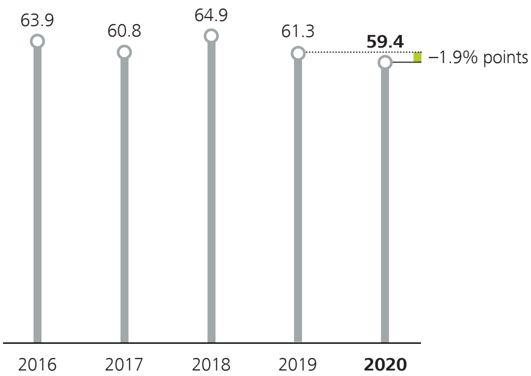
The **cost/income ratio** improved by 1.9 percentage points.

Increase in productivity

In 2020, operating expenses fell considerably by CHF 54 million or 2.9% to CHF 1.82 billion. This was attributable to lower general and administrative expenses. This is due to the efficiency programme implemented by Raiffeisen Switzerland in 2019 and lower expenses due to the cancellation of physical general meetings and client events. These stand in contrast to the additional costs for protecting the health of clients as well as employees, and for the expansion of the IT infrastructure.

At the same time, more resources are being deployed for advisory services, the development of new products and the digital client interfaces. This development is reflected in the increase in the number of people employed by the Raiffeisen Group by just under 197 full-time positions, to 9,492 full-time positions (+2.1%) in 2020. In contrast to general and administrative expenses, personnel expenses increased by CHF 5 million. The solid development of income, together with lower costs, reduced the cost/income ratio from 61.3% to 59.4%.

Cost/income ratio
in %



CHF 861 million

The Group recorded a very good **annual result** of CHF 861 million.

Very good annual result

The 2020 financial year was shaped by the Covid-19 pandemic and the associated efforts to mitigate the economic consequences for corporate clients with the rapid and streamlined granting of Covid-19 loans. At the same time, the strategic priorities defined by the adopted Group strategy were advanced. Overall, the Group achieved a very good annual result with a profit of CHF 861 million thanks to efficiency gains amongst other factors.

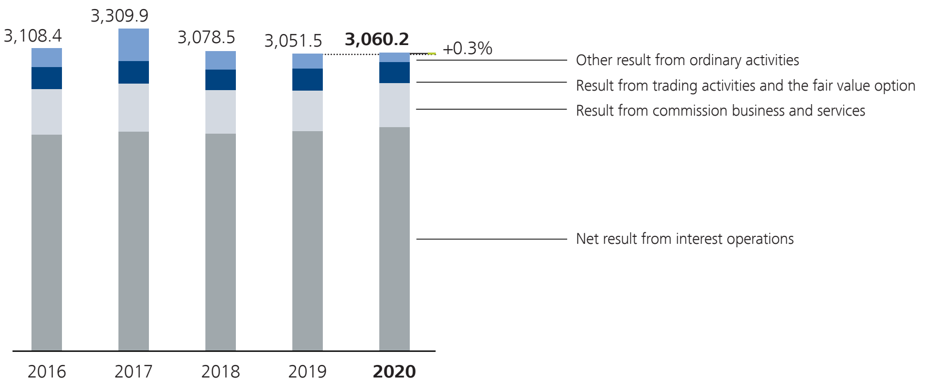
Income statement

Income from operating activities

Operating income of **CHF 3.06 billion** was slightly above the value recorded the previous year.

The developments of operating income varied across the interest operations, commission business and trading portfolio assets. While the interest operations and particularly the commission business performed well, income in the trading portfolio assets was below the level posted the previous year. The other result from ordinary activities fell by CHF 56 million. Overall, the operating income of CHF 3.06 billion was slightly above the value recorded the previous year.

Operating income
in CHF million

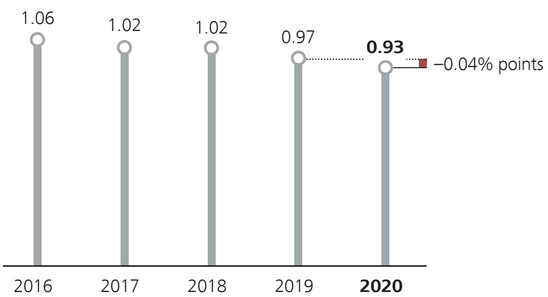


Interest operations

The **interest margin** amounts to **0.93%** (previous year: 0.97%).

The pressure on the interest margin remains high. In addition to this challenging competitive situation, the persistently low interest rate environment put even more pressure on the interest margin. In the current year, the interest margin declined by 4 basis points, from 0.97% to 0.93%, as was the case the previous year. Despite these framework conditions, the gross income from interest operations developed positively, increasing by CHF 83 million (+3.6%), which is not least due to prudent asset and liability management.

Interest margin
in %



In the second half of 2020, the difficult situation in individual sectors was reflected in higher newly created value adjustments. Overall, the "Changes in value adjustments for default risks and losses from interest operations" item increased by CHF 40 million to CHF 52 million. As a result, the gross formation of new value adjustments from lending activities increased to 0.057% of loans (previous year: 0.041%). The net result from interest operations, i.e. after adjusting for the provision for risks, increased by CHF 43 million or 1.9%.

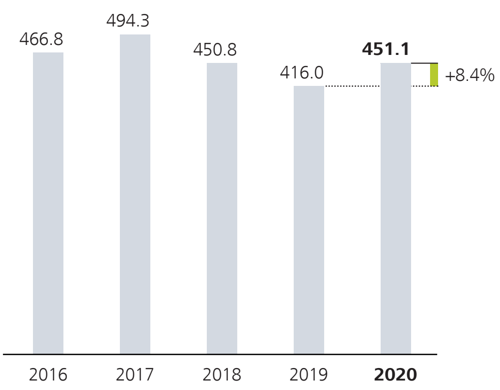
CHF +35 million

The **result from commission business and services** rose by 8.4% in the current year.

Commission business and services

With an increase of CHF 35 million or +8.4%, the development of the "Result from commission business and services" (note 23) was encouraging. The securities trading and investment activity played an important role in this result, increasing CHF 20 million. The high transaction volume in investment activity led to a significant increase in brokerage income. The asset management mandate was able to be doubled, with growth in the fund savings plan and pension fund volume exceeding 20%. While the commission income from lending activities (+CHF 4 million) also rose, the income figures for the rest of the services business (–CHF 6 million), especially in the area of payments, could not be maintained. The commission expense decreased by CHF 17 million in the current year.

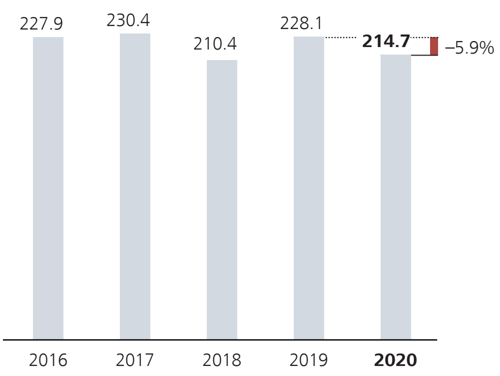
Result from commission business and services
in CHF million



Trading portfolio assets

The Group recorded a fall in the trading portfolio assets (note 24) with a decline of CHF 13 million (–5.9%). The main reason behind this decline was the reduction in banknote and foreign exchange transactions by clients due to the restricted travel activities and foreign transactions.

Result from trading activities and the fair value option
in CHF million



Other result from ordinary activities

The "Other result from ordinary activities" decreased by CHF 56 million or 36.5% year on year. This is due to the reduced income from participations (–CHF 33 million) and from other ordinary income (–CHF 31 million). The Group benefited from a special dividend from SIX Group Ltd in the previous year, which was included in the income from participations. In addition, the major participations measured using the equity method performed much better in the previous year than they did in the current year. In other ordinary income, the decline is almost entirely due to the sharp reduction in the capitalisation of the costs for the largely complete further development of the core banking system. In contrast to the other sub items, the "Other ordinary expenses" improved by almost CHF 9 million year on year due to the lower value adjustments made to financial investments in response to market developments.

Operating expenses

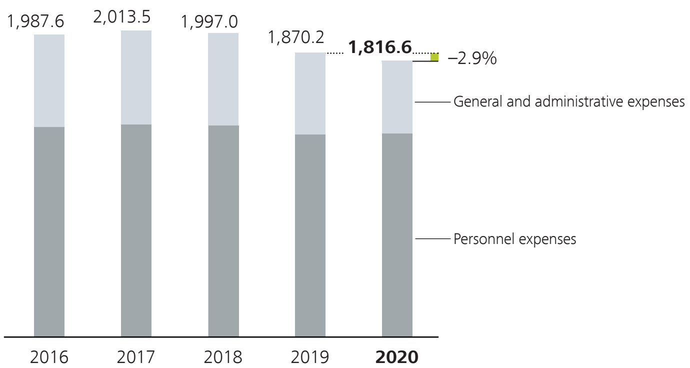
–2.9 %

Operating **expenses** fell by CHF 54 million thanks to cost efficiency.

General and administrative expenses

With respect to operating expenses, the Raiffeisen Group was able to achieve further savings in general and administrative expenses (note 28) in 2020. The efficiency programme at Raiffeisen Switzerland in particular had a positive impact on cost development. In addition, the costs for general meetings and client events fell because of the pandemic. The efficiency programme created financial leeway for investments that target strategic priorities.

Operating expenses
in CHF million

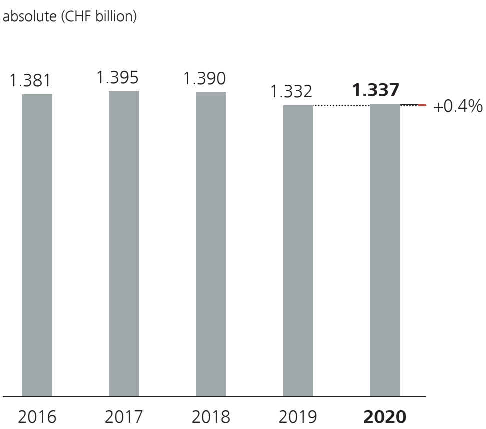


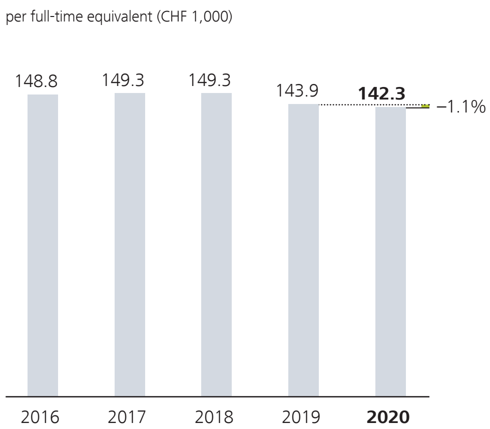
The **personnel expenses** per capita have decreased slightly to CHF 142,300.

Personnel expenses

Personnel expenses (note 27) increased slightly by CHF 5 million or 0.4% in the current year. The number of employees increased by 197 full-time positions or 2.1% to 9,492 full-time positions over the same period. The increase in personnel took place in the second half of the year as permanent positions were offered to a large number of successful programme graduates at the Raiffeisen banks and because new specialists were recruited, primarily to set up the digital systems at Raiffeisen Switzerland. Personnel expenses per head declined slightly from CHF 143,900 to CHF 142,300.

Personnel expenses





Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets

This position increased by CHF 46 million or 20.4% in the current year. The depreciation and amortisation on tangible fixed assets increased by CHF 28 million year on year. Value adjustments and depreciation and amortisation on participations and goodwill increased CHF 18 million. This value adjustment was the result of a significant adjustment to the participation in Viseca Holding valued according to the equity method.

Changes in provisions and other value adjustments, and losses

This item fell by CHF 22 million or 90.6% year on year. While restructuring provisions impacted the result in the previous year, no major new provisions were created in 2020.

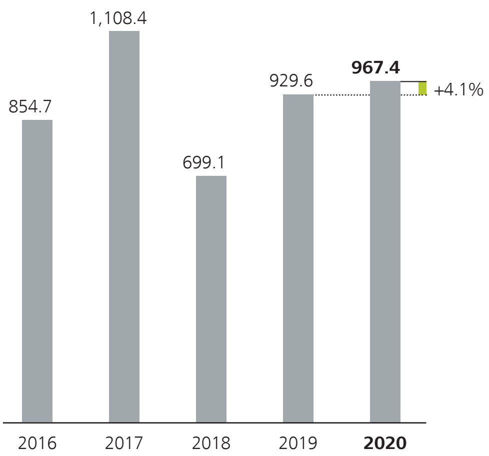
+ CHF 37.9 million

The **operating result** improved to CHF 967 million.

Operating result

The very strong performance resulted in a CHF 37.9 million increase in the operating result to CHF 967 million in 2020.

Operating result
in CHF billion



Extraordinary income and expenses

The extraordinary income of CHF 6 million includes profits from sales of tangible fixed assets of CHF 4 million. The largest item in the extraordinary expenses of CHF 2 million are the losses from the sale of tangible assets of CHF 0.4 million.

Taxes

Tax expenses (note 30) increased slightly by CHF 8 million or 6.7% year on year. In 2020, effective tax expenses declined by CHF 23 million to CHF 130 million due to the corporate tax reform. There was a reduction in the release of provisions for deferred taxes compared to the previous year due to the corporate tax reform. Deferred taxes are only recognised at the Group level in order to correctly present the tax effect of the measurement differences between the Group's true-and-fair-view financial statements and the single-entity financial statements of the consolidated companies.

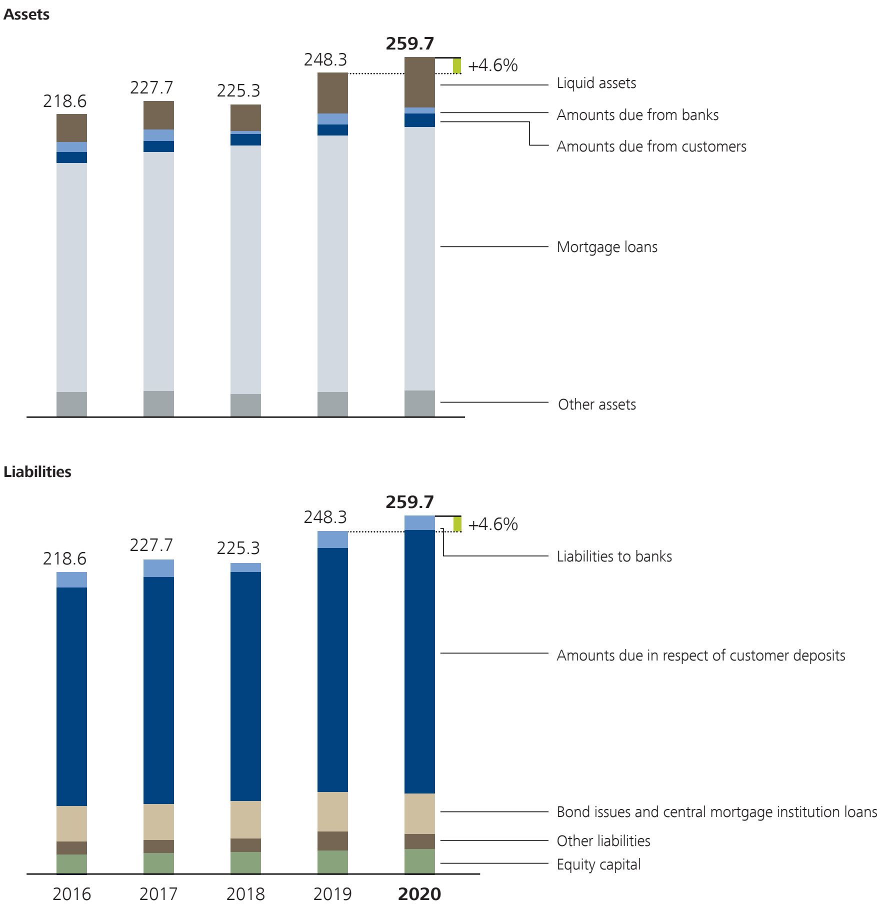
+ CHF 11.3 billion

The strong **growth in total assets** reflects the sharp rise in customer deposits.

Balance sheet

The strong increase in the Raiffeisen Group's total assets of CHF 11.3 billion or +4.6% to CHF 259.7 billion reflects the sharp rise in customer deposits. This led to a further increase in the liquidity of the balance sheet, ensuring a robust liquidity situation.

Balance sheet
in CHF billion, as at 31.12.2020



Amounts due from and liabilities to banks

Both amounts due from banks and liabilities to banks fell year on year. Receivables declined by CHF 3.6 billion to CHF 4.0 billion, while liabilities decreased by CHF 1.7 billion to CHF 10.6 billion, which is primarily due to the application of book balance accounting. On a current balance basis, amounts due and liabilities from other banks changed very little year-on-year.

Amounts due and liabilities from securities financing transactions

Securities financing transactions are subject to considerable fluctuations depending on the need for liquidity management. In 2020, the amounts due as well as the liabilities fell sharply due to the tactical liquidity management.

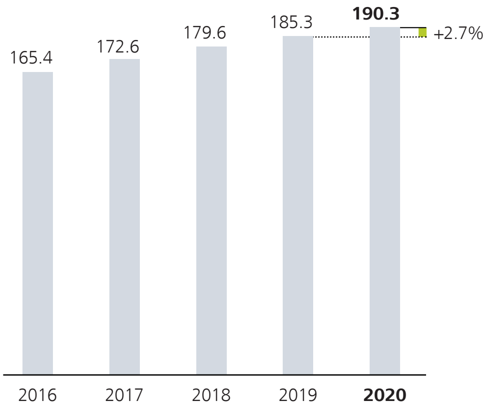
+2.7%

The **mortgage business** continued to grow **in line with the market,** as intended.

Loans to clients

In the mortgage business, Raiffeisen continued to grow in line with the market, as intended, with an increase of CHF 5 billion (+2.7%) to CHF 190.3 billion. Fixed-rate mortgages were in particular demand due to the low interest rate environment. The Covid-19 loans as part of the federal government's guarantee programme generated a significant rise in amounts due from customers of CHF 1.9 billion or 23.1% to CHF 10.0 billion. At the end of the year, the Group's Covid-19 loan portfolio amounted to CHF 1.8 billion.

Mortgage loans
in CHF billion



Despite the persistent growth, the share of the credit portfolio backed by traditionally secure residential property remains constant at 87%. In this segment, the net loan-to-value ratio of 60% is in line with a first mortgage. The share of unsecured loans to corporate clients, not including public-sector entities, remains at 2.2%.

The continued cautious valuation of loans in the second half of 2020 led to a CHF 26 million increase in value adjustments for default risks to CHF 261 million. As a consequence, ratio of the value adjustments as a percentage of loans increased from 0.122% to 0.130%, although it remains at a low level.

Trading portfolio assets

A large portion of the trading position is held to hedge the interest rate risk of the bond components of the structured products issued by Raiffeisen. This hedging position fell by CHF 378 million in the current year, while the other components of the trading position posted a slight increase. Overall, the trading portfolio assets (note 3) saw a decline of CHF 157 million (–4.9%) to CHF 3.0 billion.

Financial investments

Financial investments (note 5) mainly consist of investment-grade bonds, which are managed at Raiffeisen Switzerland in accordance with statutory liquidity requirements and internal liquidity targets. In 2020, the portfolio was expanded significantly by CHF 1.6 billion to CHF 8.8 billion (+22.7%) as part of the balance sheet and liquidity management.

Non-consolidated participations

The book value of participations (note 6) declined slightly by CHF 25 million to CHF 683 million in the current year. Amortisation in the amount of CHF 54 million was reported for the Viseca Holding participation valued according to the equity method as a result of the reduction in the attributable equity capital. In the current year, the member banks of the Pfandbriefbank schweizerischer Hypothekarinstitute AG approved an ordinary capital increase of CHF 100 million. Raiffeisen also participated in the capital increase within the scope of its subscription rights with an amount of just under CHF 29 million.

Tangible fixed assets

The book value of tangible fixed assets (note 8) declined slightly by CHF 16 million to CHF 3.0 billion. New investments amounted to CHF 219 million. Larger investments were made in real estate, in the renovation of client areas and in upgrading automated client services. Capitalisable project expenses for the continued development of the core banking system amounted to CHF 20 million.

Net investment, by category

in million CHF	2016	2017	2018	2019	2020
Bank buildings	83	76	109	92	85
Other real estate	8	10	53	17	6
Alterations and fixtures in third-party premises	15	11	9	26	34
IT hardware	17	15	14	16	21
IT software	129	208	157	56	24
ATMs	7	9	12	15	11
Furniture	5	4	6	6	4
Fixtures	5	8	10	10	6
Office machines, vehicles, security installations	7	3	13	9	4
Total net investment	**276**	**344**	**383**	**247**	**195**

Net investment, by region

in million CHF	2016	2017	2018	2019	2020
Lake Geneva region	15	16	35	27	36
Espace Mittelland	32	35	43	38	29
Northwestern Switzerland and Zurich	35	29	59	38	39
Eastern Switzerland [1]	168	227	217	95	53
Central Switzerland	16	21	21	40	28
Ticino	10	16	8	9	10
Total net investment	**276**	**344**	**383**	**247**	**195**

1 Incl. central investment by Raiffeisen Switzerland

Intangible assets

The portfolio of intangible assets (note 9) amounts to CHF 7 million and primarily consists of the remaining goodwill for the participation in Leonteq Ltd.

95.0 %

Refinancing level reached at the end of 2020, meaning that almost all loans to clients were covered by customer deposits.

Amounts due in respect of customer deposits

Customer deposits posted exceptionally strong growth in the current year. Holdings increased by CHF 14.2 billion (+8.1%) to CHF 190.4 billion. Our clients tended to take a more cautious approach towards consumer spending in the coronavirus pandemic and held the money saved in their Raiffeisen bank accounts. It appears once again that the propensity to save increases in times of uncertainty. The growth in customer deposits in Raiffeisen banks was even slightly more than the market as a whole (+5.3%). Our market share rose from 13.4% to 13.8%. This reflects the high level of client confidence in Raiffeisen.

The strong rise in customer deposits also led to an increase in the level of refinancing in the client business from 91.1% to 95.0%. At the end of 2020 almost all loans to clients were covered by customer deposits.

The sharp rise in customer deposits is also reflected in the significant growth in the total managed client assets. The increase, including the change in the custody account volume, amounted to CHF 16.8 billion (+8.1%) to reach CHF 224.0 billion. The net new money in the retail business – that is, the volume of external funds transferred to the Raiffeisen Group (not including institutional clients in the treasury business) – amounted to CHF 16.3 billion.

Liabilities from other financial instruments at fair value

This item (note 13) reports the structured products issued by Raiffeisen Switzerland B.V., Amsterdam. Due to circumstances associated with the coronavirus, the business with structured products initially suffered and ended the year slightly down on the previous year. The position declined by CHF 306 million to CHF 2.2 billion. The accounting treatment varies for structured products issued by Raiffeisen Switzerland. Their underlying components are reported in "Bond issues and central mortgage institution loans" and are covered below.

Bond issues and central mortgage institution loans

The "Bond issues and central mortgage institution loans" item (note 14) increased by CHF 666 million or 2.3% to CHF 29.4 billion in the current year. Central mortgage institution loans increased by CHF 1.2 billion to CHF 24.5 billion. Bonds issued by Raiffeisen Switzerland declined by CHF 269 million to CHF 3.1 billion in the same period. A total of six bonds with a volume of CHF 1.5 billion came up for payment in 2020. Raiffeisen Switzerland prematurely repaid the existing Tier 2 bond of CHF 535 million one year before maturity, among other repayments. This was coupled with the scheduled payment of the AT1 bond that was issued in 2015 in the amount of CHF 600 million. In the current year, Raiffeisen successfully placed a new AT1 bond with a nominal value of CHF 525 million, while also issuing five additional bonds, including three bail-in bonds, worth CHF 500 million.

Within the Raiffeisen Group, Raiffeisen Switzerland B.V., Amsterdam as well as Raiffeisen Switzerland issued structured products. Similar to the Group company domiciled in the Netherlands, Raiffeisen Switzerland's portfolio also declined by CHF 283 million to CHF 1.8 billion. Overall, the Raiffeisen Group's portfolio of structured products fell by CHF 588 million (–12.9%) to CHF 4.0 billion.

Provisions

Provisions decreased by CHF 31 million to CHF 967 million. The provisions for deferred taxes declined by CHF 11 million in the current year, and no major new provisions had to be recorded in the other provisions item. Another reason for the decline in provisions is the partial use of the restructuring provisions formed in the previous year as part of the 2019 Raiffeisen Switzerland efficiency programme and in the designated use of other provisions in relation to the repurchase of ARIZON Sourcing Ltd.

+ CHF 966 million

Equity capital amounted to CHF 18.4 billion on the balance sheet date.

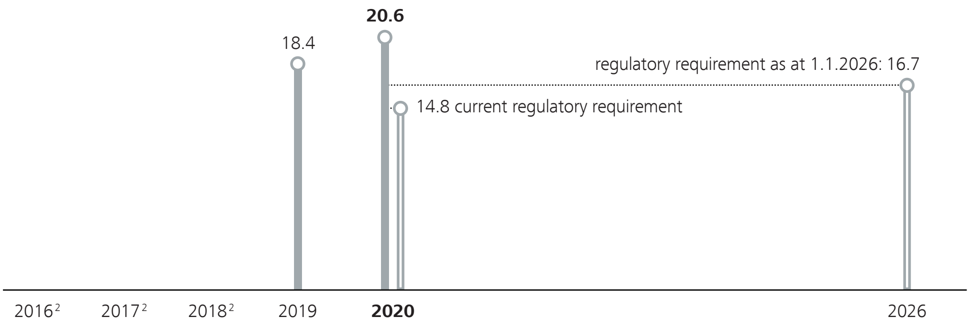
Capital adequacy/equity capital

Equity capital (statement of changes in equity and note 16) increased by CHF 966 million to CHF 18.4 billion in the current year. Cooperative capital increased by CHF 168 million thanks to continued demand for additional cooperative shares.

In 2019, FINMA gave Raiffeisen its approval to use the IRB model approach for calculating the regulatory capital adequacy of the credit risks starting on 30 September 2019. The approval is subject to the floor transitional rules. The IRB model approach will be phased in gradually over a three-year transitional period with an initially reduced application until it takes full effect at the end of 2022.

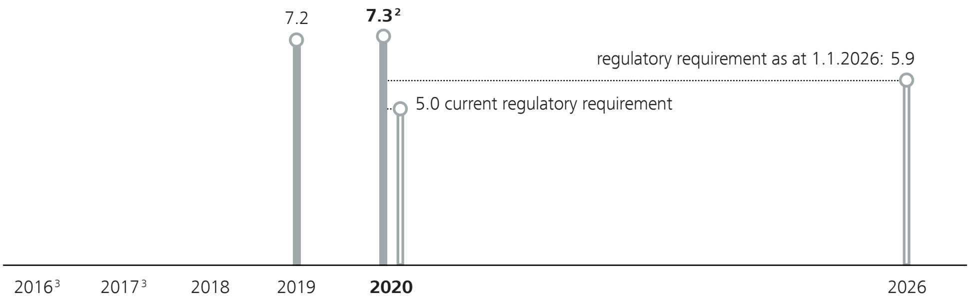
As at 31 December 2020, the risk-weighted TLAC ratio amounted to 20.6%. This means that Raiffeisen already meets the current (14.8%) and future (16.7% from 1 January 2026) regulatory requirements for the TLAC ratio. This also applies for the leverage ratio. With a current leverage ratio (not including the temporary Covid-19 relief ending on 1 January 2021) of 7.3%, the Group already exceeded the future requirements at the end of 2020.

TLAC ratio [1] (Total loss-absorbing capacity)
in %



1 Transition rules, systemic importance.
2 The TLAC ratio was introduced in 2019. As a result, no values are recorded for 2016 – 2018.

TLAC Leverage Ratio [1]
in %



1 Transition rules, systemic importance.
2 Not including temporary Covid-19 relief.
3 The TLAC Leverage Ratio was introduced in 2018. As a result, there are no values for 2016 – 2018.

Financial outlook for 2021

The coronavirus once again stifled the economic recovery at the end of the year. Personal services were again strongly impacted by the containment measures, while industry fared much better. But the advances on the vaccine front mean that companies across all sectors are confident of returning to their pre-crisis growth paths during the year. The economic setback pushed the start of any normalisation of interest rates even further into the future, and the Swiss National Bank is prepared to continue its exchange intervention operations to put downward pressure on the strong CHF.

The Swiss real estate market has remained unaffected by the crisis to date, but a permanent change in the work environment or a change in living preferences may gradually have an impact over time. However, this will have little effect in the short-term. The unchanged, extremely favourable financing conditions and the ongoing struggle to find investment opportunities are keeping demand high. This situation – together with the decline in supply, which has now extended over many years – continues to push up prices particularly in the private residential property segment.

Development of the Raiffeisen Group's business

Raiffeisen is **well-positioned** to make **targeted investments** as part of the implementation of the strategy.

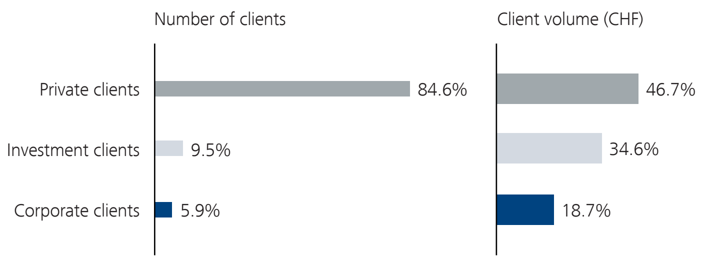
The market environment will remain challenging in 2021, particularly due to the persistently low interest rate level and the pandemic. Raiffeisen is well-positioned to make targeted investments as part of the implementation of the strategy. In 2021, Raiffeisen expects a slight fall in interest operations from the highs in the previous year. In the neutral business, Raiffeisen expects yield increases in the commission business and services as it benefits from initial successes generated by the strategy. On the cost side, Raiffeisen expects higher operating expenses resulting from investments in strategy implementation projects and growth in the core business.

Continued development of products and services

41% of the Swiss population and one-third of all businesses are clients and thus members of the Raiffeisen community.

Raiffeisen is and will remain the Swiss bank that is closest to its clients – both in person and online. Raiffeisen has a branch network that is denser than any other in the Swiss banking landscape. Raiffeisen can be reached by car within ten minutes by over 90% of the population. Thanks to the 225 autonomous Raiffeisen banks, with 824 locations and a total of 1,759 ATMs throughout Switzerland, Raiffeisen is close to its clients. Our e-banking service is one of the most widely used in Switzerland. Over 391,000 payments are processed by the system every day. Raiffeisen has a total client base of over 3.6 million people and 209,000 businesses in Switzerland. This is equivalent to over 41% of the Swiss population and one in every three businesses.

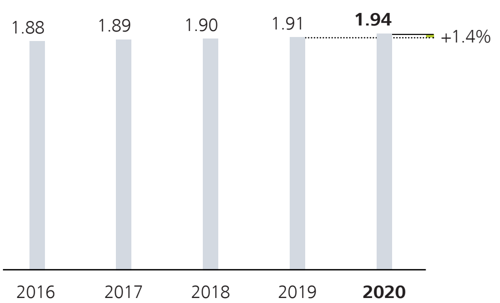
Number of clients and volume
Share in percent, 31.12.2020



Cooperative generates added value

Over 1.9 million cooperative members are co-owners of their Raiffeisen bank and help shape the Raiffeisen community. In 2020, we welcomed around 27,000 new cooperative members. The purchase of share certificates allows them to enjoy a range of benefits offered by their Raiffeisen bank.

cooperative members
Number of people in millions



“We need Switzerland”, member benefits in 2020

Raiffeisen rewards client loyalty with membership benefits. In 2020, cooperative members of local Raiffeisen banks once again enjoyed perks, such as the free museum pass or discounted one-day ski passes. In the coronavirus pandemic, Raiffeisen joined together with Switzerland Tourism to launch an additional summer offer. Backed by the slogan “We need Switzerland”. Raiffeisen members enjoyed discounted hotel accommodation, discounted mountain railways tickets and boat rides, as well as discounted and exclusive castle experiences. In 2020, our members enjoyed member benefits to the tune of CHF 139 million.

lokalhelden.ch

lokalhelden.ch **exceeds** the **CHF 20 million mark** in donations.

In November, lokalhelden.ch achieved a milestone in its still very young history: Around four years after launching lokalhelden.ch, more than CHF 20 million had been raised using the crowdfunding platform. Thanks to this generous donation amount, over 1,100 charitable projects were realised throughout Switzerland. True to the spirit of the banking group's cooperative principle, Raiffeisen's lokalhelden.ch takes a local and regional approach to cooperative crowdfunding, thus making an important contribution to a vibrant, athletic, cultural and pro-social Switzerland.

Challenging times demand pragmatic and creative solutions. In response, as part of the SME support measures, Raiffeisen expanded the lokalhelden.ch crowdfunding platform to Swiss SMEs in March 2020. In total, this platform supported 319 businesses with over CHF 2.2 million. The numerous success stories showed the exceptional solidarity of Swiss citizens, even in a difficult year overshadowed by the coronavirus.

Digital banking

Raiffeisen is striving to create a seamless interaction between digital channels and personal contact points. Clients should be able to choose how they want to interact with Raiffeisen. Besides local personal advisory services for clients, Raiffeisen e-banking is the prime channel for quickly and securely establishing contact with Raiffeisen and transacting banking business.

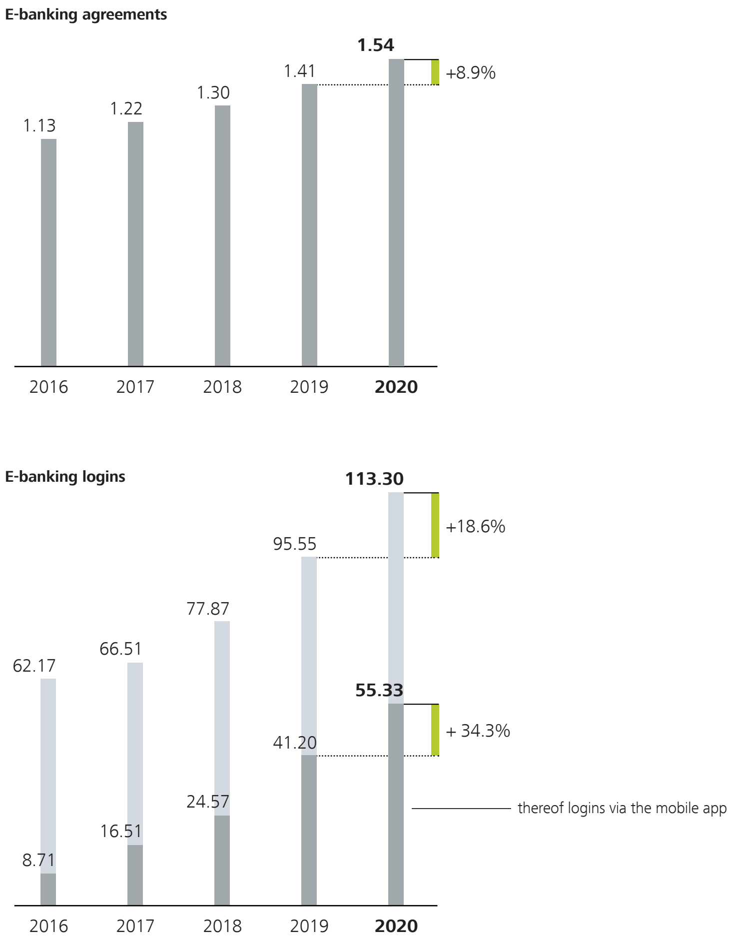
E-banking is the **most frequently used interaction channel** between Raiffeisen clients and their Raiffeisen bank.

Raiffeisen e-banking celebrated its 20th birthday in 2020. Over the past two decades, Raiffeisen has processed over one billion payments. E-banking is now the most frequently used interaction channel between clients and their Raiffeisen bank. In 2020, the over 1.5 million users (previous year: 1.4 million) logged into e-banking more than 113 million times (previous year: 95.5 million) – with logins to the mobile banking app via smartphone accounting for around 45% of this figure (previous year: 38%). On average, users log into e-banking five times a month or 74 times a year.

In 2021, all users will be gradually migrated from the existing e-banking login to the new Raiffeisen login. The new login further increases security requirements, ensuring maximum protection at all times. What's more, in future the new login will be the basis for accessing all digital Raiffeisen services, such as “Raiffeisen Rio”, MemberPlus, E-Safe and the stock exchange application.

Use of e-banking

E-banking agreements in millions at 31 December and logins in millions per year
indexed 2016 = 100%



Over **700,000 users** are registered on the Raiffeisen **TWINT app**.

Raiffeisen TWINT continues to gain in popularity

With over three million users and over 150,000 acceptance points, TWINT, the digital Swiss payment solution, has established itself as a comprehensive and innovative payment platform across Switzerland. The Raiffeisen TWINT app has taken a leading role with over 700,000 registered users (+60% compared to the previous year) and an active utilisation rate of more than 70% (previous year: 52%). Popular uses include money transfers between friends and family, online shopping, purchases from farm shops and cashless parking. Raiffeisen is working together with TWINT AG to constantly develop new contactless payment options, such as for donations or digital vouchers, which make an important contribution to hygienic, contactless payment.

Online appointment scheduling launched

Our clients' demand for personal advice remains strong. In the current year, Raiffeisen advisers held over 1.2 million consultations (+20% compared to the previous year) in the branches, at client homes, over the phone and via video chat. Clients should be able to choose how they want to contact Raiffeisen. Since 2020, numerous Raiffeisen banks have provided the option of using the website to arrange a consultation. To arrange a personal meeting, clients can simply select their preferred date and adviser directly online.

Focus on digital client experience

Raiffeisen will develop a **client experience portal** in the coming years.

Raiffeisen wants to expand the digital customer channels significantly in the coming years. In the second half of 2021, the group will launch "SME eServices", a multi-banking platform for corporate clients. "SME eServices" will allow corporate clients to use Raiffeisen e-banking to access third-party bank accounts and transact payments directly on a single platform. In addition, Raiffeisen will develop a client experience portal for private and corporate clients in the coming years. The experience portal will bring together all of Raiffeisen's digital services – from account opening through to advice, e-banking and product solutions.

Wealth solutions

The pension and investment business is a particularly important pillar of the "Raiffeisen 2025" strategy. Raiffeisen is focussed on transparent and professional solutions that give all clients simple and clear access to the banking business – both in person and online. Raiffeisen also pursued this hybrid approach – personal advice with digital solutions – in the current year.

Holistic and sustainable retirement plan

The annual Raiffeisen representative survey (pension barometer 2020) shows that around one third of the population is planning on early retirement. At the same time, people are expecting to need a higher level of funds in retirement age. These high expectations stand in stark contrast to the continued low level of focus on personal retirement planning. Many people pay little attention to their retirement plans or do so at a late stage. Although pillar 3a has become more popular compared to the previous year, around a quarter of Swiss citizens still do not have a pillar 3a. The Raiffeisen "Pension Radar" app gives our clients the opportunity to quickly and easily gain an overview of their current retirement situation. With the app, users only have to enter a few details to obtain an overview of their probable income from OASI, pension fund, 3rd pillar and unrestricted assets.

In 2020 the bank's pension advisers held a total of 12,000 advisory meetings.

Raiffeisen advises its clients for the future based on their current situation in life – from their first payroll account through to estate planning. The bank's pension advisers provided a total of 12,000 consultations to their clients. These are broken down into 8,700 pension plans, 1,500 advisory meetings to protect against the risk of death/disability/old age and 1,800 inheritance advisory meetings. In line with Raiffeisen's stronger positioning as a leading retirement planning bank, the bank continued to enhance the expertise of its specialists for pension, retirement and estate planning in 2020 order to meet the growing demand for comprehensive advice on the topic of retirement planning.

Raiffeisen's wide range of pension solutions support far-sighted and sustainable wealth creation. In 2020, the number of pillar 3a accounts increased by over 22,000 to 630,000 (+3.5%). Deposits (in account and fund savings plans) increased by nearly 3% (+CHF 506 million) to reach CHF 17.6 billion. Deposits in vested asset accounts, including fund savings plans, reached CHF 5.9 billion by the end of the current year, a rise of around 2.3% (+CHF 134 million). The use of pension products was once again significantly affected by the generally low interest rates in 2020. The number of retirement custody accounts, for example, increased by around 25.8% (pillar 3a) and 14% (vested assets).

In 2021, Raiffeisen will launch a digital 3a pension solution. This will allow clients to invest and manage pension assets online and give them a holistic overview of their investment and pension portfolio.

Growth in client deposits

Customer deposits outperformed the market, growing at **+8.1%.**

As a cooperative banking group, Raiffeisen is committed to helping as many Swiss residents as possible with wealth planning. Saving money is very important to Raiffeisen clients, whether it is for their personal retirement or for investments and purchases such as residential property. With an an increase of 8.2% (+CHF 14.2 billion) in total in 2020, Raiffeisen's deposits outperformed the market, leading once again to an increase in market share in this product segment.

In 2020 the number of customer accounts increased by 2.6% to around 5.8 million transaction and savings accounts. While traditional savings deposits (savings accounts) grew by 4.5% or around CHF 3.2 billion, the transaction accounts (personal and current accounts) posted even stronger growth. The deposit volume in that segment rose by more than CHF 11.5 billion (+16.7%). At the same time, 134,000 new transaction accounts were opened (+4.7%). The deposit volume in fixed-rate savings deposits (time and fixed-term deposits) fell by CHF 924 million (–7.6%) due to the low market interest rates.

20 years of sustainable investment

Raiffeisen has been offering **sustainable investment solutions** under the "Futura" label for 20 years.

The low interest rate environment continues to increase the importance of investment as an alternative to saving amongst clients. Over 1,200 investment advisors are helping our clients navigate this path from saving to investing to support far-sighted and sustainable wealth creation. For 20 years, Raiffeisen has been offering sustainable investment solutions under the "Futura" label, which have proven to be very popular. They currently account for 72% of the total volume of the Raiffeisen funds. In 2020, Raiffeisen received the Refinitiv Lipper Funds Award in the "Overall Small" category for the performance of its entire fund family and for the good company-wide performance of its fund products. Raiffeisen will continue to invest in the expansion of its sustainable investment solutions and in the future will take sustainability aspects into consideration in all investment solutions. The specific approach was defined in the adopted retirement and investing sustainability strategy.

Strong growth in asset management mandates

The **asset management mandates** have more than doubled.

In the current year, market activity was characterised by significant fluctuations. The advantages of managed investment solutions became abundantly clear, especially in this environment. Professional portfolio management and a robust investment process ensure that the portfolios are invested to reflect the Raiffeisen investment view at all times. The advantages of asset management were also reflected in the development of the asset management mandates, which more than doubled in 2020.

"Raiffeisen Rio": digital asset management successfully launched

"Raiffeisen Rio" was awarded Bronze at the **Best of Swiss Apps Award** 2020.

In autumn 2020, Raiffeisen expanded its offer in the investment business with the digital asset management solution "Raiffeisen Rio". Raiffeisen's Rio smartphone app allows investments from CHF 5,000 and as a result offers broad access to professional investment know-how. Together with the individual selection of focus topics and daily news on financial markets and the portfolio, "Raiffeisen Rio" offers clients a new digital investment experience. "Raiffeisen Rio" was awarded Bronze in the "Business Impact" category at the Best of Swiss Apps Award 2020. A savings plan feature will be added to "Raiffeisen Rio" in 2021.

Advisory mandates launched

Shortly before the end of 2020, Raiffeisen launched the advisory mandates as an addition to the existing offer. These are ideal for investors who want their portfolio to be monitored on a regular basis and who appreciate consulting with an adviser, but who want to make their investment decisions themselves. The advisory mandate allows clients to select their personal investment focus, define the investment objective and benefit from Raiffeisen analyses, market assessments and recommendations.

Mortgage loans grew by 2.7%, in line with the rest of the market.

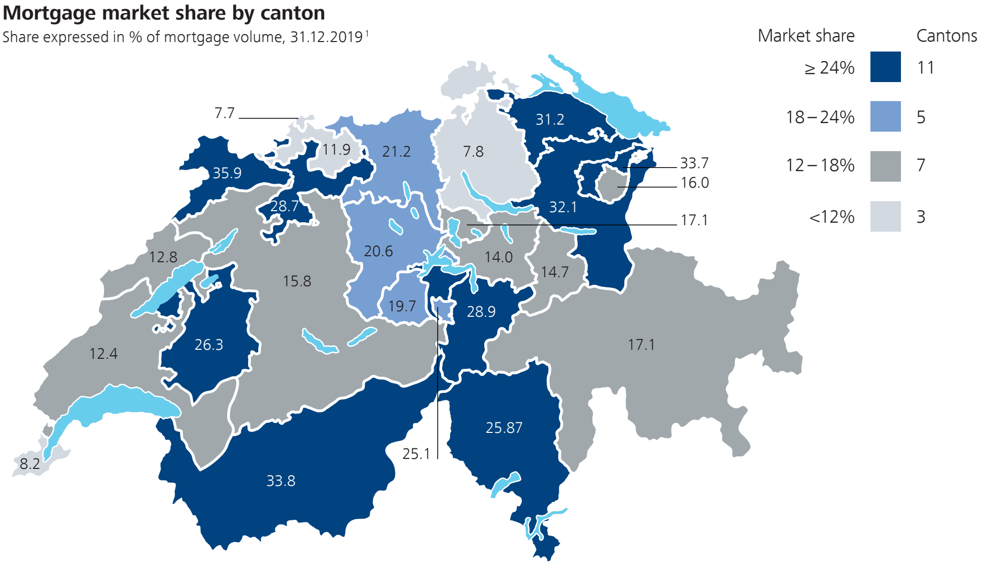
Financing grows in line with the market

Mortgage loans grew by 2.7%, in line with the rest of the market. The persistently low interest rate level once again led to great demand for mortgage financing, which grew to CHF 190.3 billion.

In addition, there is an increasing focus on renewable energies. Raiffeisen is actively involved in the Swiss Office of Energy's "Renewable Heating" campaign and has integrated an energy property assessment with its financing advisory services so that clients can get an initial evaluation based on energy efficiency classes – much like the GEAK® energy performance certificate. This is used as the basis for working together with property owners to develop long-term renovation strategies and their financing.

Mortgage market share by canton

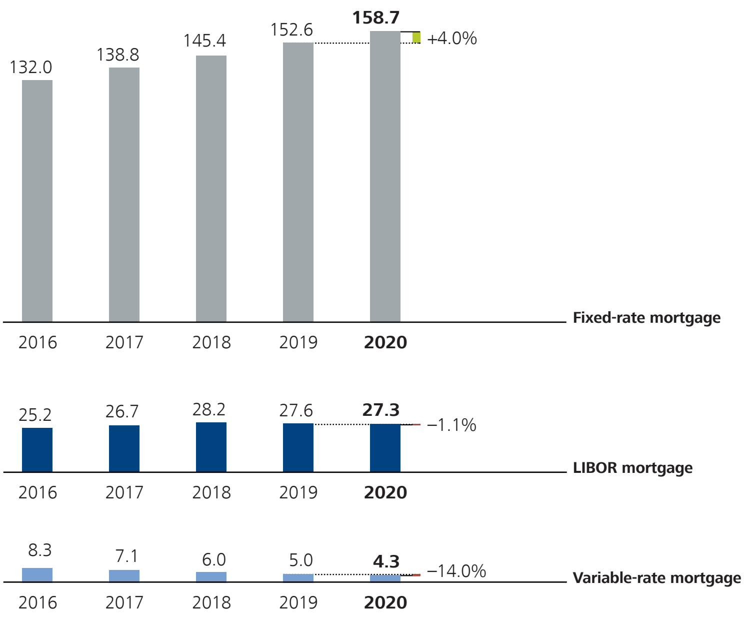
Share expressed in % of mortgage volume, 31.12.2019 [1]



1 The SNB's evaluations for 2020 will only be available after the editorial deadline. Therefore, the market share is reported as at the end of 2019.

Mortgage volume by mortgage model

in billion CHF, 31.12.2020



Raiffeisen was the **first national Swiss Bank to launch SARON-based mortgages and loans.**

SARON successfully introduced

SARON has established itself as the most important reference interest rate in CHF and will replace the LIBOR at the end of 2021. In April 2020, Raiffeisen was the first national Swiss bank to launch SARON-based mortgages and loans and, by the end of 2020, was able to conclude financing for more than 16,000 clients with a volume of more than CHF 8.5 billion. Clients benefit from a new product that is based on a representative, robust and Swiss-managed interest rate. In 2021, additional products based on new reference interest rates will be introduced and Raiffeisen will continue to move forward with the preparations for the replacement of the LIBOR.

Refferal of insurance products

Raiffeisen reffered numerous insurance products for Helvetia in the current year. The demand for pension solutions in the area of risk hedging and the indirect amortisation of mortgages remained stable. The single-premium policy business halved compared to the previous year. The reason for this was the announcement of the strategic partnership with Mobiliar and consequently the termination of the existing sales partnership with Helvetia at the end of 2020.

Mobiliar's general agencies have been working with Raiffeisen banks since 1 January 2021 to assist clients with all their insurance, pension and financing needs. In future, Raiffeisen and Mobiliar will also develop joint product solutions and services for young clients, corporate clients and SMEs in the form of ecosystems. As a first step, "LIIVA", a joint platform for homeowners, will be launched in the summer of 2021. The platform aims to comprehensively address the specific needs of residential property owners and enhance the personal advisory service.

Corporate clients

The **corporate clients business** was able to continue on its **growth trajectory**.

The corporate clients business was able to continue on its growth trajectory in the reporting year. In 2020, the bank acquired more than 7,000 new corporate clients. This growth was primarily attributable to the SME segment, but the market share in larger companies also grew. One out of every three businesses in Switzerland relies on Raiffeisen. This means that, in 2020, more than 209,000 corporate clients relied on Raiffeisen's expertise. Adjusted for the Covid-19 loans, the lending volume in the corporate clients business increased by CHF 1.3 billion to CHF 40.6 billion. This is primarily due to the solid growth in the mortgage and loan segment.

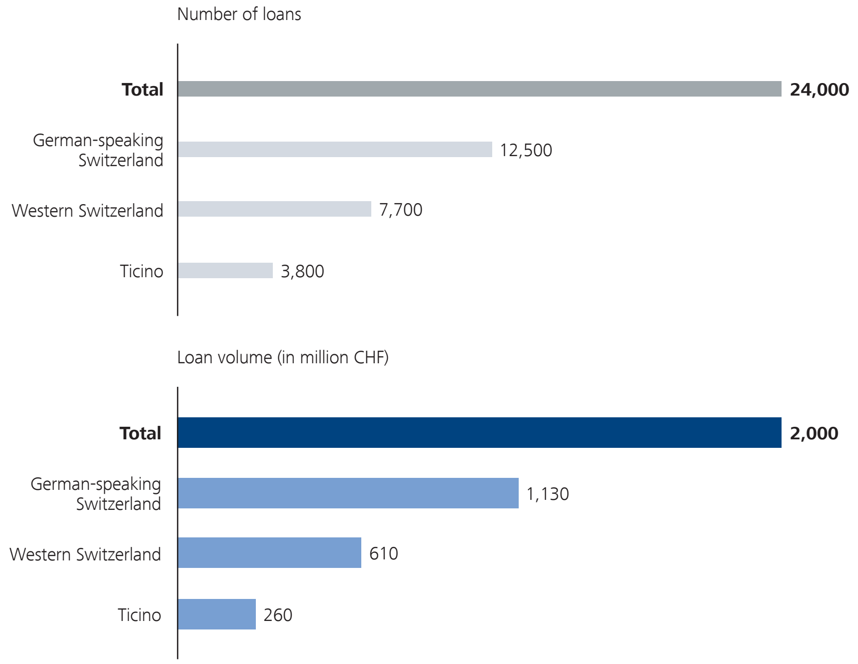
The Raiffeisen Group approved over **24,000 Covid-19 loans** with a total volume of CHF 2 billion.

Support for SMEs during the pandemic

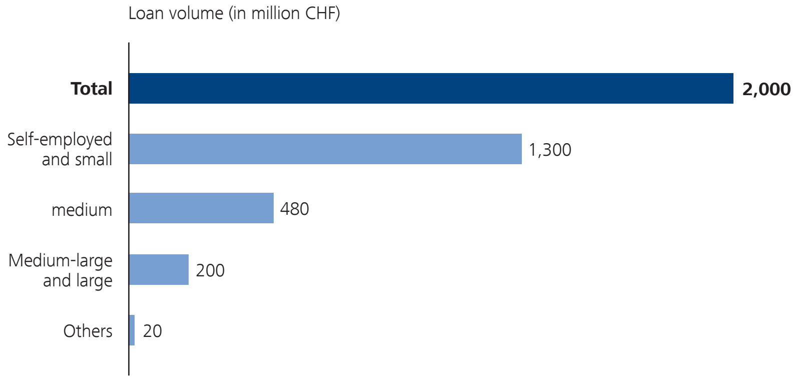
2020 was shaped by the coronavirus pandemic. Raiffeisen was heavily involved in developing the federal government's lending programme. There were just three weeks between the first discussions with leading Swiss banks and the federal agencies and the payment of the first Covid-19 loan. The Covid-19 loan programme to support SMEs commenced at the end of March with numerous applications and a high volume. In the initial phase, Raiffeisen processed up to 4,000 applications per day across the Group. These applications were processed and the loan amount paid within 30 minutes. By the end of the temporary support programme, the Raiffeisen Group had approved over 24,000 Covid-19 loans with a total volume of CHF 2 billion. Raiffeisen also participated in the support programme for cases of hardship, which were approved by the Federal Assembly in the autumn session of 2020. A specially appointed, internally-staffed Raiffeisen Covid Task Force was in constant contact with the cantonal bodies and was tasked with ensuring that internal implementation measures to process hardship credit solutions were in place in 2020.

The Raiffeisen Business Owner Centre (RUZ) also responded quickly during the crisis. The RUZ launched a coronavirus platform with a hotline and live events that companies could access for information on corporate issues relating to the coronavirus and which offered SMEs free liquidity and success planning. The know-how provided by the specialists, all of whom have a business background, provides significant added value in the advisory process.

Covid loans by region
31.12.2020



Covid loans by segment
31.12.2020



Optimised lending processes

The intoduction of the unsecured loan concept in the previous year was implemented at the operational level in 2020. Of particular note is also the introduction of the new viability methods, which were greatly simplified and standardised. They have a different structure depending on the amount and make the credit process noticeably easier, particularly in the retail client segment. In the future, Raiffeisen will make the back-office processes even more client-friendly for its corporate clients and eliminate more administrative barriers. Our focus is on making life easier for business owners.

In 2020, Raiffeisen successfully introduced the **QR bill**.

New tools for corporate clients

In 2020 Raiffeisen successfully introduced the QR bill in payment transactions. The successful introduction was based on a comprehensive information campaign and intensive support for our corporate clients in this process.

In addition, Raiffeisen also expanded its “eBill” service with “eBill for Business”. “eBill for Business” is Switzerland's digital bill for corporate clients in the current year. Moreover, Raiffeisen joined together with its cooperation partner Worldline | SIX Payment Services to introduce a new payment terminals solution for corporate clients that complements the existing e-commerce offer and responds to the trend towards cashless payment.

In the same year, Raiffeisen received the coveted STP Awards (Straight Through Processing Awards) from the two biggest US banks, which recognised Raiffeisen as the world's best bank for flawless payments in US dollars.

Raiffeisen is one of the **largest providers** in Switzerland in the **capital goods leasing** segment.

Strong leasing transaction business

The leasing transaction business continued to gain in importance. The portfolio volume was able to continue the positive trend of the past few years with growth of 13%. Raiffeisen is one of the largest providers in Switzerland in the capital goods leasing segment. This allows us to help our corporate clients conserve their cash compared to traditional financing solutions. As part of the process optimisation, in 2020 over 7,000 leasing contracts and over 45,000 credit documents were migrated to a digital database.

Better foreign access

International business and international networks are extremely important to many of our corporate clients. Raiffeisen successfully established a partnership with Raiffeisen Bank International (RBI) in Vienna that makes it easier for SMEs in Switzerland to do business with Eastern European clients. As a result, Raiffeisen can offer its corporate clients favourable indirect guarantees for business in Eastern Europe and other countries.

Insurance for corporate clients

The strategic partnership with Mobiliar also extends to the corporate clients business. This collaboration allowed Raiffeisen to close another gap in its service offer for corporate insurances. Raiffeisen can now offer an even broader range of services to meet client needs by integrating Mobiliar into the offer process.

Treasury & Markets

Within Raiffeisen, the Treasury & Markets department is responsible for the management, intra-Group transfer and procurement of liquidity. It ensures access to the financial markets and, as a centre of competence, it offers financial market products and services across the Group.

As the central control unit, Treasury & Markets ensures access to the capital market, centralised liquidity risk management and sustainable refinancing, as well as hedging interest rate and currency risks for the Raiffeisen Group. Treasury & Markets is a service provider for precious metals, foreign exchange, securities and structured products within the cooperative union.

Treasury & Markets supplies the Raiffeisen Group with cash in CHF and foreign currencies from more than 100 countries from its own cash centre. The cash logistics service does not just deliver to Raiffeisen banks, it can also be used as a cash home delivery service that allows clients to securely and conveniently order banknotes to be delivered to their home. A higher than average number of clients made use of this offer in Raiffeisen e-banking during the pandemic in 2020 in.

In addition, advising Raiffeisen banks on balance sheet structure management as well as support in foreign exchange transactions and with the sale of structured products are important Treasury & Markets functions.

Active player in the Swiss capital market

Raiffeisen succeeded in solidifying its position in the Swiss bond market in 2020. Raiffeisen successfully took on the role of lead manager to support several public sector issuers as well as companies with their bond issues in CHF. As the joint-lead manager for the Swiss Pfandbriefbank, Raiffeisen placed a substantial share of the issue volume with institutional investors.

First digital bond issue

The wholly-owned subsidiary **Valyo** is the **first fintech** to place a listed **bond entirely digitally.**

The digital capital market platform launched in 2019 and developed by Valyo Ltd, a wholly-owned subsidiary of Raiffeisen Switzerland, carried out its first bond issue in mid-2020. This makes Valyo the first fintech to place a listed bond completely digitally. In September, this was followed by the first issue by an SMI company with a Swisscom bond. The entire issue process, from the entry of the transaction through to due diligence, book building, contract processing, settlement and listing the bond, is completely digitalised on the Valyo platform. The platform makes the issue process more streamlined, efficient and transparent for issuers and investors.

Bail-in bonds issue

In October 2020, Raiffeisen was the first national, systematically important bank to issue two bail-in bonds in CHF. Bail-in capital is issued to build up additional loss-absorbing funds.

Second rating

In September, Raiffeisen received a second rating by Standard & Poor's (A+/A-1) in addition to the Moody's rating (A3/Aa3). This additional rating will enhance access to institutional investors and broaden the investor base. The very good rating by Standard & Poor's will support Raiffeisen Switzerland's ability to place bonds under more attractive conditions.

Structured products

The low interest rate level and the market turbulence in the spring of 2020 created a challenging environment. Unfazed by the price corrections, many investors made additional purchases of structured products, which turned out to be a good decision in view of the positive development of the markets over the course of the year. Raiffeisen's position as one of the top 5 providers of investment products on the Swiss market was further reinforced in 2020. Raiffeisen ended the year ranked number 1 in the yield enhancement products segment. Raiffeisen offers over 2,000 outstanding products aimed at private clients as well as professional investors. Transparency and, in particular, the transfer of know-how to the end client are top priorities at Raiffeisen, which was compensated with the “Top Service” award at the “Swiss Derivative Awards 2020”.

Employees

42% of Raiffeisen employees work **part-time.**

Raiffeisen offers its 11,207 (previous year: 10,968) full- and part-time staff members at every level outstanding employment conditions, engaging tasks and modern workplaces. 42.0% (previous year: 41.2%) of employees work part-time at Raiffeisen. Raiffeisen values equal opportunity highly and invests in its employees and in recruiting new talent. Raiffeisen encourages solidarity within the cooperative, entrepreneurial engagement, and sustainable dialogue with all stakeholders. In the "Raiffeisen 2025" strategy, transformation and cultural development is an important strategic approach. Promoting employee expertise and diversity is also one of the 10 guiding principles of the strategic sustainability framework (see "Sustainability" chapter, pages 45 – 60).

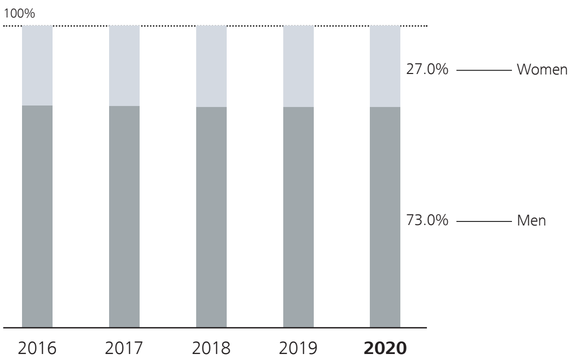
Diversity and equal opportunity

Studies show that providing equal opportunities and thus increasing diversity have a positive impact on a company's economic success. Raiffeisen demands and promotes equal opportunity and diversity.

Raiffeisen aims to systematically strengthen **equal opportunities at all levels** of the Group.

The company takes a holistic approach to ensuring diversity and equal opportunities for all employees, treating these issues as important leadership skills and integral parts of the corporate culture. Through these efforts, Raiffeisen aims to systematically strengthen equal opportunities at all levels of the Group. In 2020 within the context of the "Raiffeisen 2025" strategy, various measures were introduced to foster a corporate culture in which diversity is practised and supported. For example, Raiffeisen Switzerland launched the "Balanced Organisation" project in 2020, in the course of which first concrete measures implemented such as the establishment of a diversity network at Raiffeisen and deliberate sensitivity training for managers. Project implementation also takes into account the results of the employee survey, which is conducted every two years at Raiffeisen Switzerland by an independent consulting firm.

Gender distribution in management positions
Share in %



Raiffeisen has made it a priority to **increase the percentage of women in senior and management positions.**

Raiffeisen Switzerland has made it a priority to increase the percentage of women in senior and management positions. The goal is to increase the proportion of women in senior positions across the Group to at least 30% by 2022. This figure was 27% at the end of 2020. Further targets and measures will be developed in 2021 to measure and further strengthen diversity at all levels of management.

Raiffeisen is working on additional forward-looking solutions to support women and to supplement its current training and development programme. For example, Raiffeisen is a member of the Advance Gender Equality in Business network. In addition, a study on wage equality was started at Raiffeisen Switzerland and larger Raiffeisen banks in the current year to re-verify that women and men are paid equal wages. By taking these steps, Raiffeisen has set the stage for fair, attractive employment conditions and complies with the requirements of the Gender Equality Act.

No distinctions are made between **nationalities, ethnicities, religion** or **minorities** in the recruitment process.

Raiffeisen Switzerland's employment policy on “equal treatment and harassment at the workplace” includes a prohibition of discrimination. It prohibits physical and psychological harassment, demands equal treatment and offers prevention, support and counselling. Moreover, no distinctions are made between nationalities, ethnicities, religions or minorities in the recruitment process. Hiring decisions are made based on candidates' training, competence and required experience. Raiffeisen banks are urged to adopt this employment policy (see also “Remuneration report” chapter, page 108).

Employment terms

Raiffeisen has a strong employer brand. Thanks to outstanding working conditions, Raiffeisen has succeeded in building long-term relationships with its employees. These relationships are a core driver of the organisation's success. Raiffeisen encourages intrapreneurship among employees by specifically delegating responsibility and giving them considerable freedom to make their ideas a reality. Flexible work hours are provided at all tiers in the hierarchy wherever possible. The “Raiffeisen FlexWork” programme introduced at Raiffeisen Switzerland in August 2020, allows employees to work up to 80% of their working hours remotely if operational conditions allow and this has been cleared with their supervisor. This approach accommodates employees' individual needs and improves their work-life balance.

Raiffeisen grants **more days of holiday leave than is average** for Swiss companies.

Raiffeisen grants more days of holiday leave than is average for Swiss companies. Employees receive between 25 and 30 days of paid holiday leave, depending on their age and pay grade, and, as of 2018, can buy additional days of paid holiday leave or save up holidays for a personal sabbatical.

Staff structure by employment relationship

	2019 [1]		2020 [2]	
	Total number	Percentage	Total number	Percentage
Permanent employees [3]	**10,968**		**11,207**	
Women	5,533	50.4	5,614	50.1
Men	5,435	49.6	5,593	49.9
Full-time positions	**6,454**		**6,497**	
Women	2,141	33.2	2,135	32.9
Men	4,313	66.8	4,362	67.1
Part-time positions	**4,514**		**4,710**	
Women	3,392	75.1	3,479	73.9
Men	1,122	24.9	1,231	26.1
Temporary staff (temporary workers/interns)	**922**		**1,073**	
Women	438	47.5	534	49.8
Men	484	52.5	539	50.2
Trainees	**653**		**685**	
Women	294	45.0	307	44.8
Men	359	55.0	378	55.2
External employees (Raiffeisen Switzerland)	**713**		**454**	
Employees abroad	**4**		**4**	

1 The calculation now includes Group companies, hence the figures differ slightly from those in the 2019 Annual Report.
2 Reported figures now include Group companies.
3 Number of employees excluding temporary employees/interns/cleaning staff, including apprentices.

Raiffeisen Switzerland is subject to the collective “Agreement on Conditions of Employment for Bank” Employees (ACE), which governs the rights and participation of employees and of Raiffeisen Switzerland's seven-member Employee Committee. Raiffeisen banks are not subject to the ACE, but its provisions are contained in the Raiffeisen banks' “participation agreement” staff information sheet.

New remuneration model for Raiffeisen Switzerland

Raiffeisen Switzerland revised its remuneration model in 2020. Its future focus will be on team performance: Total remuneration generally remains the same; however, individual bonus payments were eliminated and a collective profit-sharing element was introduced. The profit-sharing element will be in the single-digit percentage range for the individual employees – measured against their basic remuneration. The new remuneration model entered into force on 1 January 2021 and applies to employees and the Executive Board of Raiffeisen Switzerland.

Family policy

Fathers get **15 additional paid days of leave** upon the birth of their own children or upon adoption.

Raiffeisen Switzerland provides modern-day benefits for families. Raiffeisen offers mothers 16 to 24 weeks of leave when a child is born or adopted, depending on how long they have been with the company. Fathers are given 15 additional paid days of leave upon the birth of their own children or upon adoption, which they can take up to one month before and up to six months after their child is born or adopted. These regulations apply analogously to same-sex couples. In addition, women have a guarantee of continued employment at 0.6 full-time equivalents (FTEs) or more in an appropriate function after maternity leave. If a child is sick, parents receive up to five additional days of paid time off.

Counselling for personal challenges

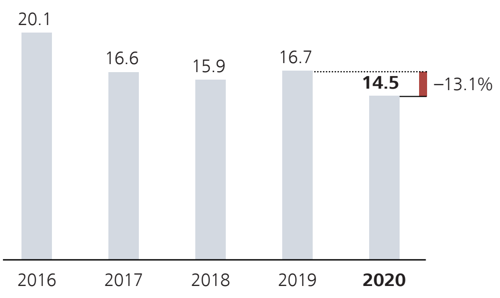
In addition to the counselling services provided by Human Resources, all Group employees have had access to an assistance programme through an external partner, Reha Suisse, for several years. Reha Suisse offers anonymous assistance with work, home and health issues. Its clear processes, psychological expertise, and extensive experience in the social insurance sector play a significant role in handling difficult situations. Through this partnership, Raiffeisen is able to respond appropriately to unusual situations in its employees' lives.

Training and education

Raiffeisen invested **CHF 14.5 million in employee development.**

In 2020, Raiffeisen invested CHF 14.5 million (previous year: CHF 16.7 million) in employee development. In the years ahead, a substantial number of employees will receive more intensive training in empowerment, media literacy and methodological skills in order to be better prepared for the challenges and opportunities presented by digitalisation.

Investments in further education and training
in CHF million



Internal training programmes are developed with specific goals, assessed by attendees and continuously improved. Strategic training requirements are determined through a carefully specified process in close consultation with the people working in the relevant environment. In addition, Raiffeisen promotes the personal and professional development of its managers and employees, so they can actively move their teams forward.

714 people participated in a **junior talent training programme in 2020.**

Training programmes
The advancement of young people is a key factor in Raiffeisen's success going forward. Raiffeisen's focused, systematic training programmes are an expression of its social responsibility for large numbers of young people throughout Switzerland. At the end of 2020, 714 (previous year: 711) individuals were participating in one of the training programmes mentioned below – 47% of them were women (previous year: 46%). It is a sound investment: Many young people stay with the company after completing their training in order to continue their personal and professional development at Raiffeisen. Raiffeisen offers a wide range of training placements to give young people with different educational backgrounds a solid career start:

Apprenticeships:

- Federal VET diploma in business administration (banking; service and administration)
- Federal VET diploma in information technology (systems engineering; application development)
- Federal VET diploma in ICT
- Federal VET diploma in mediamatics
- Federal VET diploma in interactive media design
- Federal VET diploma in child, adult and elder care
- Federal VET diploma in facility maintenance
- Federal VET diploma in client communications

Secondary school students:

- Commercial secondary school internship
- Business secondary school internship
- Computing secondary school internship
- Bank entry for secondary school graduates

University graduates:

- Trainee programmes for university graduates
- University internships

Staff and leadership development

Digitalisation, regulatory tightening, changing client needs and a fast-moving environment have raised the bar for the skills that Raiffeisen employees need. It has become ever more important for employees to continuously improve their skills and remain employable. To meet this challenge, Raiffeisen specifically invests in training and continuing education and supports its employees at all levels. Digitalisation is not just a learning content. It also affects how staff development is implemented. Offerings such as online courses, e-learning and video-based forms of learning are increasingly finding their way into continuing education. They make it possible to react quickly to changes and to take up current topics in a timely manner. Access at any time and in any place also reduces travel and absenteeism and supports our sustainability goals, in addition to providing modern continuing education that is fit for the times.

Managers and non-managerial employees can tap into a **broad array of technical and advisory training courses**.

Managers and non-managerial employees can tap into a broad array of technical and advisory training courses, as well as personal development opportunities. The training offering is tailored to the needs of the various target groups. There are specific programmes for career starters, Executive Board and Board of Directors members, advisors and specialists. Employees can also enrol in various programmes developed specifically for Raiffeisen in cooperation with Lucerne University of Applied Sciences and Arts. In addition, Raiffeisen promotes lifelong development and offers seminars on prospects, health, relationship building and pensions for employees approaching retirement age.

In the current year, Raiffeisen Switzerland refined the ongoing performance dialogue process that has been in place for several years. The process provides a framework for employees and managers to discuss individual development planning through regular dialogue and to define measures to achieve performance targets. Raiffeisen has set itself the specific goal of systematically assessing personal development needs for all Raiffeisen employees and for the company as a whole starting in 2022 as part of its Raiffeisen 2025 strategy.

Staff structure by management level

	2019[1]		2020[2]	
	Total number	Percentage	Total number	Percentage
Members of the Board of Directors	**1,444**		**1,408**	
Women	341	23.6	347	24.6
Men	1,103	76.4	1,061	75.4
under 30	3	0.2	2	0.1
over 50	941	65.2	916	65.1
Management (all levels)	**4,547**		**4,705**	
Women	1,216	26.7	1,287	27.4
Men	3,331	73.3	3,418	72.6
Senior management members	**1,316**		**1,312**	
Women	147	11.2	144	11.0
Men	1,169	88.8	1,168	89.0
under 30	11	0.8	9	0.7
over 50	505	38.4	500	38.1
Mid-level and lower management	**3,230**		**3,392**	
Women	1,069	33.1	1,143	33.7
Men	2,161	66.9	2,249	66.3
under 30	244	7.6	292	8.6
over 50	953	29.5	969	28.6
Other employees	**5,768**		**5,817**	
Women	4,023	69.7	4,020	69.1
Men	1,745	30.3	1,797	30.9
under 30	1,975	34.2	1,991	34.2
over 50	1,256	21.8	1,290	22.2

1 The calculation now includes Group companies, hence the figures differ slightly from those in the 2019 Annual Report.
2 Reported figures now include Group companies

Other key staffing figures

	Unit	2019[1]	2020[2]
Average length of service	years	10,3	10,5
Average age of employees	years	40,9	40,8
Employee turnover (including changes within the Group)[3]	%	14,3	11,1
Return to the workplace after maternity leave[4]	%	90	89
Amount spent on training	CHF	16,741,520	14,557,325
Amount spent on child care	CHF	352,000	326,920

1 The calculation now includes Group companies, hence the figures differ slightly from those in the 2019 Annual Report.
2 Reported figures now include Group companies.
3 Number of resignations of the entire year compared to average number of employee.
4 Number of employees working again after maternity leave (excluding Raiffeisen banks and Group companies).

Sustainability

“Raiffeisen is committed to sustainability. We want to generate added value through our sustainably embodied cooperative values. A priority of the new 'Raiffeisen 2025' strategy is to distinguish ourselves as a sustainable cooperative and continue to strengthen our sustainability performance.”

Heinz Huber
Chairman of the Executive Board of Raiffeisen Switzerland

Strategic sustainability framework

Strengthening sustainability performance is a key **strategic approach** of the Raiffeisen Group.

Sustainability has always been part of Raiffeisen's identity and an important aspect of the Raiffeisen brand. To continue to enhance our efforts in the area of sustainability, the “Raiffeisen 2025” strategy, adopted in June 2020, explicitly defines the goal of distinguishing ourselves as a sustainable cooperative. Strengthening sustainability performance is, therefore, a key strategic approach of the Raiffeisen Group. Raiffeisen also wants to exploit the associated market potential and minimise the risks that could arise from the inappropriate handling of environmental, social and governance (ESG) factors.

To implement this strategic approach, a strategic framework for sustainability was developed at the Group level in 2020 in consultation with internal and external stakeholders and was adopted by the Executive Board of Raiffeisen Switzerland and submitted to the Board of Directors of Raiffeisen Switzerland. The famework pursues the overarching goal of ensuring that Raiffeisen continues to be viewed as a responsible and sustainable leading national financial institution. The strategic framework defines 10 guiding principles that reflect the key sustainability topics for Raiffeisen. These topics were identified in 2018 based on a materiality analysis (see figure on page 47). In addition, the Principles for Responsible Banking of the United Nations Environment Programme Finance Initiative (UNEP-FI) as well as considerations regarding UN development goals of relevance for Raiffeisen were incorporated into the strategic framework. The UN Sustainable Development Goals (SDGs) are primarily intended for states, but also call on all actors worldwide to contribute to sustainable development. Raiffeisen is one of the largest real estate financiers in Switzerland. The buildings financed by Raiffeisen are responsible for around a quarter of the associated Swiss CO_2 emissions. An initial analysis has therefore shown that particular touchpoints to SDG 7 (affordable and clean energy) and SDG 13 (climate action) exist at Raiffeisen. Raiffeisen now intends to delve further into these interrelationships. An external analysis of the Raiffeisen corporate client credit portfolio conducted in the current year also identified these touchpoints. Climate protection is, therefore, a particularly important topic for Raiffeisen.

In establishing the strategic framework, the guiding principles and the associated strategic goals, Raiffeisen has created the necessary conditions for strengthening its sustainability performance and having a positive impact in topics of relevance for Raiffeisen. The strategic framework will be discussed annually with internal and external stakeholders and adapted as necessary.

10 strategic guiding principles for sustainability

Set strategic goals
Raiffeisen identifies the key topics for its long-term success and for strengthening positive and reducing negative effects on sustainable development, and sets clear goals and defines measures for these topics.

Strengthen governance
Management structures and processes shall ensure the implementation of corporate social responsibility and sustainability in the Raiffeisen Group.

Involve external stakeholders
Raiffeisen systematically engages in a dialogue with stakeholders, consults them when identifying relevant topics and works together with them on the path towards a sustainable Switzerland.

Ensure transparency
Raiffeisen discloses how corporate social responsibility and sustainability are implemented at the company and product level.

Observe the legal framework
Raiffeisen complies with applicable laws and Swiss values, including human rights.

Ensure long-term economic success
Raiffeisen generates added value for its clients, employees, investors and other partners in the long term as an independent and reliable partner.

Create sustainable products and services
Raiffeisen products and services shall be compatible with sustainable development.

Open and fair interaction with clients
Raiffeisen products are simple and straightforward. They offer value for money. Prices are transparently communicated. Clients must be able to make well-informed decisions. The best possible protection is provided for client data.

Contain climate change
Raiffeisen supports the energy transition, a climate-neutral Switzerland and the targets of the Paris Climate Agreement.

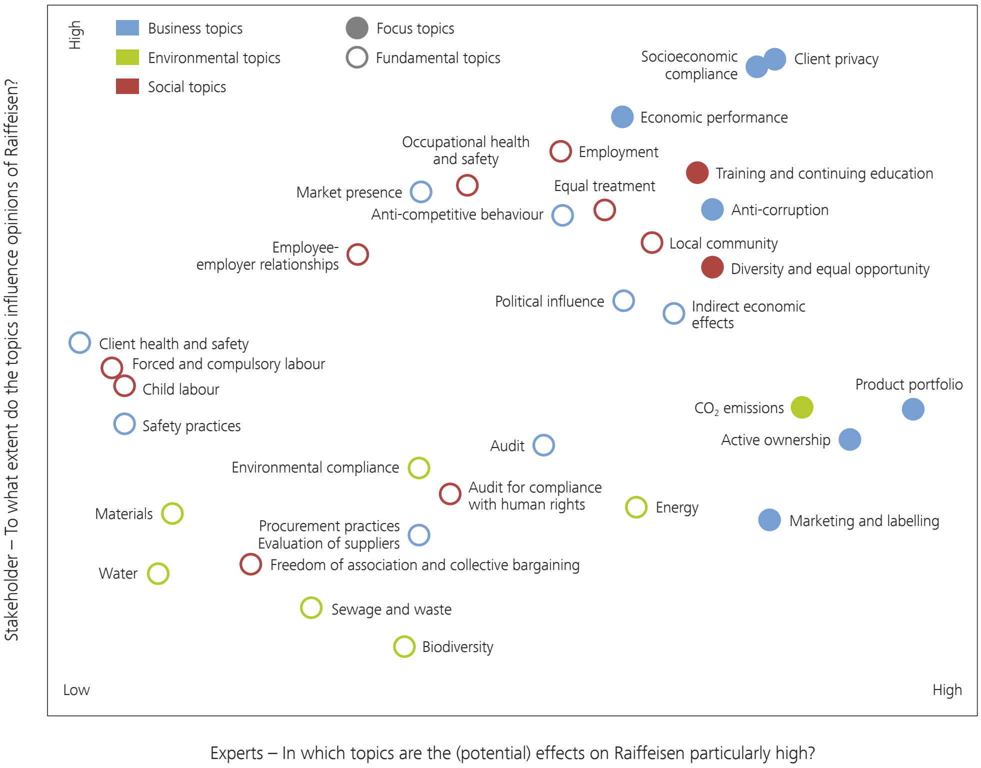
Promote employee expertise and diversity
Raiffeisen creates comprehensive and ongoing continuing education and development opportunities. At Raiffeisen, the diversity in society is reflected in the company. Discrimination of any kind is not tolerated.

Materiality analysis

The **materiality analysis** is reviewed annually as part of a **dialogue with stakeholders**.

The materiality analysis, which was first conducted in 2018, is based on a survey of internal and external stakeholders as well as sustainability experts. The choice of stakeholders and experts was validated with a consulting firm. Since then, the materiality analysis has been reviewed annually as part of a dialogue with stakeholders, as was once again the case in 2020. The figure on page 47 shows the results of the analysis in the form of a matrix. The stakeholder survey axis shows how much a topic affected the internal and external stakeholders' view of Raiffeisen. The sustainable development impact axis quantifies how much the surveyed experts believe Raiffeisen can or could drive sustainable development with regard to a particular topic.

Materiality matrix
2020



The following topics are particularly important for Raiffeisen based on the analysis (the guiding principles of the strategic framework that incorporate these topics are mentioned in brackets):

- Active ownership (guiding principle: Create sustainable products and services)
- Training and continuing education (guiding principle: Promote employee expertise and diversity)
- CO_2 emissions (guiding principle: Contain climate change)
- Anti-corruption (guiding principle: Observe the legal framework)
- Marketing and labelling (guiding principle: Open and fair interaction with clients)
- Product portfolio (guiding principle: Create sustainable products and services)
- Client privacy (guiding principle: Open and fair interaction with clients)
- Socioeconomic compliance (i.e. complying with financial regulations and regulations in the social and economic area) (guiding principle: Observe the legal framework)
- Diversity and equal opportunity (guiding principle: Promote employee expertise and diversity)
- Economic performance (guiding principle: Ensure long-term economic success)

Reporting on the guiding principles for sustainability

The following shows the extent to which Raiffeisen has introduced the strategic framework in the current year, the goals that Raiffeisen pursues in this respect, the measures that are being implemented and who is responsible. With the help of key metrics presented in a table form, it is easy to assess the effect that Raiffeisen is having in relevant topics from a sustainability perspective.

Sustainability goals

Initial **strategic goals** and **performance indicators** have been defined to **strengthen sustainability performance**.

Initial strategic goals and performance indicators have been defined to strengthen sustainability performance. These are based on the "Raiffeisen 2025" strategy, the strategic sustainability framework and its guiding principles. The current strategic sustainability goals are listed in the following table.

Guiding principle	Strategic goals
Set strategic goals	The key topics, goals and measures from a sustainability perspective are reviewed annually in consultation with the stakeholders.
Strengthen governance	Sustainability management in line with ISO 26000 is established at the Group level by 2021.
Involve external stakeholders	Raiffeisen is involved in the sustainability initiatives and organisations of relevance to the bank.
Ensure transparency	Annual sustainability publication in accordance with recognised standards. From 2020, Global Reporting Initiative (GRI) "comprehensive" standard, Task Force on Climate Related Financial Disclosures (TCFD), United Nations Environment Program Principles for Responsible Banking (UNEP-FI).
Observe the legal framework	No breaches of regulations and voluntary code of conduct in connection with product and service information, money laundering, corruption, tax offences, liquidity requirements, client privacy, discrimination.
Ensure long-term economic success	Raiffeisen cooperative capital receives a fair interest rate. Raiffeisen has a very good credit rating.
Create sustainable products and services	Systematic ESG audit of all Raiffeisen products and services and disclosure of the relevant ESG information from 2022. Continuous enhancement of the range of verified sustainable products and services.
Open and fair interaction with clients	Annual client survey shows high satisfaction in relation to fairness and transparency.
Contain climate change	Raiffeisen will set itself scientifically researched climate goals by 2021. Raiffeisen will reach "net zero" CO_2 emissions by no later than 2050; within the in business operations, "net zero" will be reached by 2030.
Promote employee expertise and diversity	Assessment of the need for development of all Raiffeisen employees and at company level. Raiffeisen measures and reinforces the diversity of its employees across all management levels.

Sustainability governance

Effective sustainability management requires adequate organisational structures, processes and responsibilities. The responsibilities for sustainability are distributed across the Raiffeisen Group. At the Group level, Raiffeisen Switzerland is responsible for the Group's strategic direction with respect to sustainability, the inclusion of sustainability factors in risk management, the development and improvement of the Group's range of sustainable financial products, presenting the Group's position on sustainability topics to outside stakeholders and the public, and advising and assisting the Raiffeisen banks with sustainability issues.

The **225 Raiffeisen banks** implement sustainability at a **local level**.

The Group sustainability topics are addressed by the Board of Directors of Raiffeisen Switzerland and all the committees of the Board of Directors of Raiffeisen Switzerland. The Executive Board of Raiffeisen Switzerland puts requirements defined by the Board of Directors into practice as part of its management activities, with various departments involved in their implementation. The Corporate Responsibility & Sustainability department reports to the Chairman of the Executive Board of Raiffeisen Switzerland and additional staff were assigned to it at the end of 2020. It is primarily responsible for strategic issues as well as sustainability management at the Group level and is accountable for the sustainability reporting. It acts as an internal and external point of contact and implements strategic projects that create momentum and strengthen sustainability performance. Corporate Responsibility & Sustainability reports to the Executive Board at least twice a year and reports to the Strategy committee of the Board of Directors and the Board of Directors. The 225 Raiffeisen banks implement sustainability at a local level. In 2021, Raiffeisen intends to review the governance of sustainability management at Group level based on the non-certifiable ISO 26000 standard and continue to strengthen it as required.

Cooperation with stakeholders

Regular and open exchange with stakeholders is extremely important to Raiffeisen. The cooperative structure of the Raiffeisen banks means that they are very close to the client and closely connected to local actors. At the level of Raiffeisen Switzerland, the most relevant stakeholders for strengthening sustainability performance are invited to participate in an exchange at least once a year.

National and international organisations and initiatives

Raiffeisen Switzerland has institutionalised its exchange with various stakeholders via memberships in national and international organizations and initiatives, amongst other measures. Raiffeisen Switzerland is a member of Swiss Sustainable Finance, the Swiss sustainable business association öbu, the Green and Sustainable Finance Committee of the European Association of Co-operative Banks and the Swiss Better Gold Association. To further improve sustainability performance and achieve the strategic sustainability goals, in 2020 the Executive Board of Raiffeisen Switzerland resolved to join the UNEP-FI and commit to its Principles on Responsible Banking. In addition, Raiffeisen takes account of the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD) and will join the Partnership on Carbon Accounting Financials (PCAF) in 2021.

Local involvement

The Raiffeisen Group's **sponsorships** amount to roughly **CHF 30 million** per year.

The local roots and the associated exchange with and support for local stakeholders in business, culture and sport are a fundamental principle of the Raiffeisen Group and shape the Raiffeisen Group's decentralised business model. Working together supports the goal of a sustainable Switzerland and has a positive impact on the daily lives of clients and external stakeholders. This approach is particularly beneficial for sponsoring commitments and when granting donations, and strengthens the Raiffeisen brand throughout Switzerland. For example, this is reflected in the support for around 20,000 junior athletes in the field of skiing. In addition, Raiffeisen is deeply committed to the Swiss museum pass with more than 500 partner museums. The Raiffeisen Group's sponsorships amount to roughly CHF 30 million per year. Economic, social and cultural contributions and donations amount to an additional roughly CHF 6.5 million. Through lokalhelden.ch, Raiffeisen provides a free project and donations platform for local projects that has, up to the end of 2020, crowdfunded over CHF 20 million in donations for more than 1,100 projects since 2017. Raiffeisen also wants to enable its employees to get directly involved in cultural, athletic and social causes. Raiffeisen, therefore, explicitly gives its employees time to participate in public services, even during working hours.

Transparent party financing

As in previous years, Raiffeisen once again contributed to a healthy Swiss political system through its party financing in 2020. The funding model is transparent: Raiffeisen contributes a total of CHF 246,000 to all parties represented in the Swiss Federal Assembly annually. The money is split equally between the National Council and the Council of States and is divided between the parties according to the number of seats. This takes account of the equivalence of the two chambers as well as the federal/decentralised system of government in Switzerland. The parties have no accountability obligations in relation to the use of the funds. The payment is not linked to any political goodwill or voting behaviour.

Transparent reporting

Transparency is vital for the cooperative Raiffeisen Group. Raiffeisen sets itself high standards in the reporting of its sustainability performance. In addition to the standards of the Global Reporting Initiative's "comprehensive" option, to which Raiffeisen has been committed since 2018, from 2020 Raiffeisen has also incorporated the UNEP-FI Principles for Responsible Banking and the TCFD recommendations. The GRI content index with selective additional information as well as the disclosure in line with the TCFD and an interpretation based on the Principles for Responsible Banking can be seen at report.raiffeisen.ch/en-downloads. Moreover, Raiffeisen is committed to the AA-plus quality label for e-banking introduced by the "Access for All" foundation as well as the European Transparency Code for sustainability funds as specific standards and transparency guidelines in the area of sustainability.

In 2019, Raiffeisen's sustainability reporting was analysed as part of a specialist comparison of over 120 Swiss companies. Raiffeisen placed in the top 20% and was ranked first amongst the participating financial institutions. Raiffeisen will also continue to provide transparent reporting on its sustainability performance in the future.

Observe the legal framework

Raiffeisen is a cooperative enterprise focused on the Swiss market and respects the legal system in Switzerland, human rights, fundamental environmental standards and the principles of the market economy.

Compliance

The banking industry in Switzerland is highly regulated. The Raiffeisen Group bases the implementation of its regulatory activities on financial sector laws, standards and guidelines. All employees are personally responsible for driving compliance and avoiding compliance risks in their line of work within the framework of applicable policies and processes. They notify the competent Legal & Compliance area of Raiffeisen Switzerland or the responsible compliance officers in their Raiffeisen bank or specialist area of any deficiencies. Risks are identified, assessed and documented, and necessary control mechanisms are defined. Legal & Compliance of Raiffeisen Switzerland monitors the development of legal risks across the Group and reports any major legal risks to the Executive Board of Raiffeisen Switzerland and the Risk Committee twice a year and to the entire Board of Directors of Raiffeisen Switzerland once a year. The “Risk report” section from page 61 contains more information on how Raiffeisen handles legal and compliance risks.

Anti-corruption

The Raiffeisen Group seeks to stop **corruption** by taking **preventive measures**.

The regulator ascribes a particularly high level of importance to the fight against corruption, money laundering and terrorism financing. Corruption undermines the rule of law, promotes inefficiency and distorts competition. The Raiffeisen Group seeks to stop corruption by taking preventive measures. Anti-corruption responsibilities are defined at all levels of the hierarchy, are enshrined in internal policies and assumed within the business areas of the individual Raiffeisen banks. Strict internal policies govern business relationships with politically exposed persons, the combating of money laundering and terrorism financing, and adherence to laws in the area of economic and trade sanctions. Raiffeisen Switzerland and the Raiffeisen banks are responsible for taking action to prevent money laundering. Every Raiffeisen bank has a compliance as well as an anti-money laundering officer. They receive annual training from Raiffeisen Switzerland and are also professionally supported in their work. If money laundering and/or terrorism financing is suspected, the Raiffeisen banks report to the Money Laundering Reporting Office in consultation with Raiffeisen Switzerland. Raiffeisen Switzerland coordinates all further steps and supports the Raiffeisen banks with the implementation of the necessary measures. All employees of Raiffeisen Switzerland, the subsidiaries and the Raiffeisen Pension Fund as well as all members of supervisory bodies are issued internal guidelines on conflicts of interest and active and passive bribery as part of the employment regulations. New employees are trained accordingly. The Raiffeisen banks either adopt Raiffeisen Switzerland's approach or develop an equally effective alternative approach of their own. Anti-corruption strategies and measures are also communicated to business partners who supply goods and services to Raiffeisen. The chairs of the executive boards of the Raiffeisen banks periodically conduct analyses of money laundering and terrorism financing risks according to Raiffeisen Switzerland guidelines and provide these to Raiffeisen Switzerland. Legal & Compliance of Raiffeisen Switzerland monitors the development of these risks across the entire Group and reports material risks to the Risk Committee and Board of Directors of Raiffeisen Switzerland every quarter.

Procurement
The topic of the supply chain was a particular focus in the current year due to the discussion related to the Group responsibility initiative as well as the Covid-19 pandemic. Wherever possible, Raiffeisen's supply chain is based in Switzerland, both in terms of third-party financial products and in terms of procurement for its banking operations. As a result, Raiffeisen was not significantly affected.

Raiffeisen sells third-party financial products alongside its own solutions. These include investment funds, structured products, direct investments, consumer loans, credit cards and insurance-based investment products. Another example is the physical trade in precious metals, such as gold and silver. Raiffeisen also works with external partners when developing its products. For example, all Raiffeisen investment funds are managed by Vontobel Asset Management.

Raiffeisen ensures sustainability in its **supply chain** and **outsourcing** by following and constantly updating specific principles and criteria.

The most important procurement items used to operate the branch network are real estate, IT hardware and software, services, furnishings and vehicles. Raiffeisen ensures sustainability in its supply chain and outsourcing to partner organisations by following and constantly updating specific principles and criteria. Suppliers and partner organisations have to meet social and environmental criteria as well as economic ones.

Raiffeisen reviews compliance with the legal framework based on selected indicators. Raiffeisen views the results for the current year as positive and does not believe that there is an urgent need for action.

Responsible business activity

	GRI indicator	2020
Social compliance		
Significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area	GRI 419-1	0
Anti-corruption		
Total number and percentage of Raiffeisen banks and branches that have implemented mechanisms to detect corruption	GRI 205-1	100%
Significant risks related to corruption identified through the risk assessment	GRI 205-1	0
Total number and nature of confirmed incidents of corruption	GRI 205-3	0

Long-term economic success

By targeting **long-term economic success**, Raiffeisen strives to be a **reliable, long-term partner for its stakeholders**.

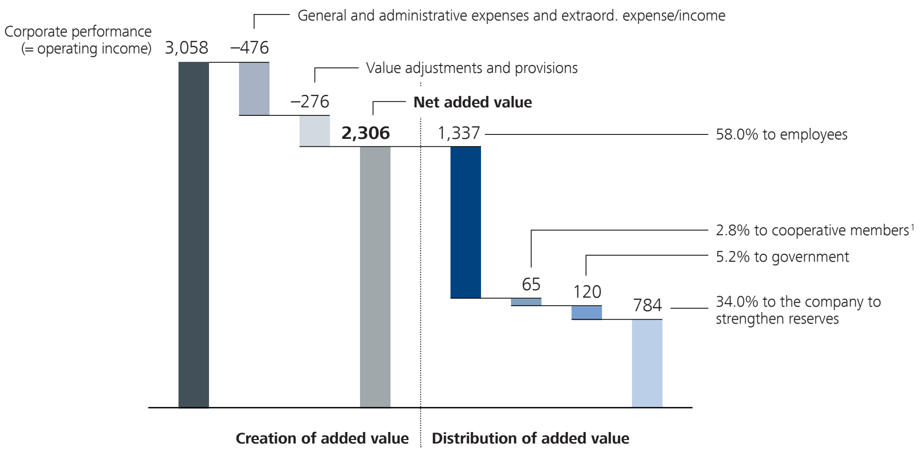
The Raiffeisen Group, as Switzerland's third-largest banking group, employs over 11,000 people, pays salaries, pension fund contributions and taxes, and supports charitable organisations and initiatives. In addition, through its financial products and services and procurement, the Group helps to generate value locally, regionally and nationally in a way that benefits cooperative members, clients and society. Cooperative members receive particularly favourable terms for certain banking transactions as well as other benefits. Raiffeisen employees receive fair, competitive wages. The pension fund aims to maintain a funding ratio of at least 100% and has adopted actuarial assumptions that will ensure and secure, reasonable pensions for present and future generations. The Raiffeisen Group pays local, cantonal and federal taxes throughout Switzerland. Raiffeisen does not receive any public funds and does not benefit from government guarantees. By targeting long-term economic success, Raiffeisen strives to be a reliable, long-term partner for its stakeholders. The issues connected to Raiffeisen's economic performance are diverse and are managed by various units within the Raiffeisen Group.

Raiffeisen does **not seek to maximise profit and growth at any cost** but rather seeks **more long-term and sustainable success**.

The cooperative Raiffeisen Group operates on the principle of targeting long-term, sustainable results and is not focussed on maximising profit and growth at all cost. The focus on long-term, sustainable results and the fact that economic performance is provided in a decentralised manner by the Raiffeisen banks and Raiffeisen Switzerland are directly related to the Raiffeisen Group's business model, which is based on the autonomy of the Raiffeisen banks. As the statement of net added value shows, the Raiffeisen Group's economic performance in the current year should be viewed positively.

Added value and its distribution to stakeholders

in CHF million, 2020



1 Interest paid on share certificates (proposal to the General Meeting)

Statement of net added value	CHF million		Percentage	
	2019	2020	2019	2020
Creation of added value				
Corporate performance (= operating result)	**3,052**	**3,058**	**100.0**	**100.0**
General and administrative expenses	−538	−480	17.6	15.7
Extraordinary income	10	6	0.3	0.2
Extraordinary expenses	−3	−2	−0.1	−0.1
Gross added value	**2,521**	**2,582**	**82.6**	**84.4**
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	−227	−274	7.4	9.0
Changes to provisions and other value adjustments and losses	−24	−2	0.8	0.1
Net added value	**2,270**	**2,306**	**74.4**	**75.4**
Distribution of added value				
Personnel (salaries and employee benefits)	1,332	1,337	58.7	58.0
Cooperative members (paym. of interest on certif.: proposal to AGM)	63	65	2.8	2.8
Government	113	120	5.0	5.2
thereof capital and income taxes paid	153	130	6.7	5.6
of which formation/release of provisions for deferred taxes	−40	−10	−1.8	−0.4
Bolstering of reserves (self-financing)	762	784	33.6	34.0
Distributed net added value	**2,270**	**2,306**	**100.0**	**100.0**

Statement of net added value – key figures

	Unit	2019	2020
Gross added value per personnel unit [1]	1,000 CHF	272	275
Net added value per personnel unit [1]	1,000 CHF	245	246
Personnel units (average)	Total number	9,255	9,393

1 Calculated based on the average number of employees

Create sustainable products and services

Environmental and social factors affect risks and simultaneously represent opportunities. The Raiffeisen Group plans to give these factors due consideration when developing its financial products and services and simultaneously respond to growing client needs for sustainable products and services.

Raise client awareness in the mortgage business

Raiffeisen was the first bank to systematically integrate the **energy efficiency evaluation** of properties into the **mortgage advice business**.

Raiffeisen considers its role in promoting sustainability in the mortgage business to primarily consist of raising client awareness of the potential to increase energy efficiency and reduce CO_2 emissions as well as to identify appropriate financing solutions. Raiffeisen was the first bank to systematically integrate the energy efficiency evaluation of properties into the mortgage advice business. Clients can use this to obtain an overview of their property's energy efficiency, identify potential investment needs and simulate renovation scenarios. In 2020, Raiffeisen also supported EnergieSchweiz's “Renewable Heating” programme. This pursues the goal of helping private home owners switch to renewable heating systems with neutral and professional advice. Raiffeisen is a strategic partner of this programme and provides relevant financial expertise. In addition, Raiffeisen banks and branches offered clients low-cost thermal imaging and analyses for the purpose of identifying energy conservation opportunities. When clients decide to obtain a cantonal building energy certificate (GEAK® Plus), Raiffeisen also assists them with a financial contribution of CHF 200.

Awareness-raising tools and initiatives

Number	2018	2019	2020
Energy-efficient renovation and climate compatibility			
GEAK® Plus certificates subsidised in the current year	–	146	463
Thermal imaging performed in campaigns concluded during the current year	8,500	11,300	7,800
e-Valo energy efficiency consultations for real estate [1]	1,259	1,795	1,123

1 2020 no training sessions or explicit marketing campaigns were conducted due to the pandemic; a new programme, erneuerbarheizen.ch, was introduced at the same time

Environmental and social compatibility of corporate clients

Raiffeisen is also raising awareness of the issue of sustainability in the corporate clients business. For three years, Raiffeisen has been handing out regional entrepreneurship awards that have attracted applications from more than 160 SMEs. From the selected finalists, the jury picks one winner for each prize awarded. Prizes are awarded to companies that have developed a particularly prudent and responsible business model. Due to the pandemic, the award ceremonies planned for 2020 have been postponed to next year. SMEs that are Raiffeisen members also receive a free initial analysis on potential energy-saving measures from an advisor at the Energy Agency of the Swiss Private Sector (EnAW).

99.5% of Raiffeisen's corporate clients **are domiciled in Switzerland.**

99.5% of Raiffeisen's corporate clients are domiciled in Switzerland. As a result, the 209,000 corporate clients – predominantly SMEs – (see “Client structure” table) are regulated relatively effectively and efficiently in terms of ecological, social and governance matters. The risk that the business activities of corporate clients will have a serious negative impact on the environment or society is therefore fairly low for Raiffeisen.

Sustainable investment and pension product portfolio
Since the launch of the first Raiffeisen Futura fund in 2001 and the subsequent expansion of the fund range, Raiffeisen has been consistently providing sustainable investment opportunities for investment and pension funds for its clients. Since 2013, all pension and investment clients have been asked about their sustainability stance and advised accordingly on request when they open a custody account and when their situation is periodically reviewed.

Raiffeisen generally works closely with specialised, independent partner companies in managing sustainable pension and investment products and carrying out sustainable asset management mandates (under the Futura brand in each case). Inrate, a sustainability ratings agency, is responsible for analysing issuers of securities and real estate. Vontobel Asset Management manages the Raiffeisen Futura investment funds with the exception of the Raiffeisen Futura Immo fund, which is managed by VERIT Investment Management. The Futura asset management mandates are managed by an internal team of Raiffeisen Switzerland portfolio managers.

The **Futura sustainability approach** reviews the **ecological and social effects** of assets.

Raiffeisen's Futura sustainability approach is distinguished by the analysis of the ecological and social effects of the assets. As a result, the investment universe is determined based on a consistent selection procedure with a "Best in Service" approach according to ecological, social and ethical criteria. In the Futura Immo fund, properties are assessed based on defined sustainability criteria, including their location quality, housing quality and resource efficiency. Even today, 72% of the fund volume is invested in sustainable Futura funds.

Moreover, in the autumn of 2020, the full and active exercise of voting rights was introduced for all Raiffeisen investment funds with an equity share. For Swiss shares, we essentially base our decisions on the recommendations made by Ethos, the Swiss foundation for sustainable development; for all other shares, we use the recommendations provided by Institutional Shareholder Services (ISS).

In April 2019, Raiffeisen Switzerland placed the very first sustainability bond on the Swiss capital market for investors. Investors can use it to invest in energy-efficient, low-emission and social housing.

The range of **sustainable products and services** is **expanding.**

The constant inflow of customer deposits to sustainable investment products and the interest in the sustainable structure of cash flows are also reflected in the indicators for sustainable products and services. They are an endorsement of Raiffeisen's strategy of expanding its range of sustainable products and services. At the same time, Raiffeisen pursues the goal of consistently disclosing relevant sustainability information for products and services. Raiffeisen is comfortable with the cooperation with independent external partners when auditing assets and when exercising voting rights in the investment and pension area and will continue down this path.

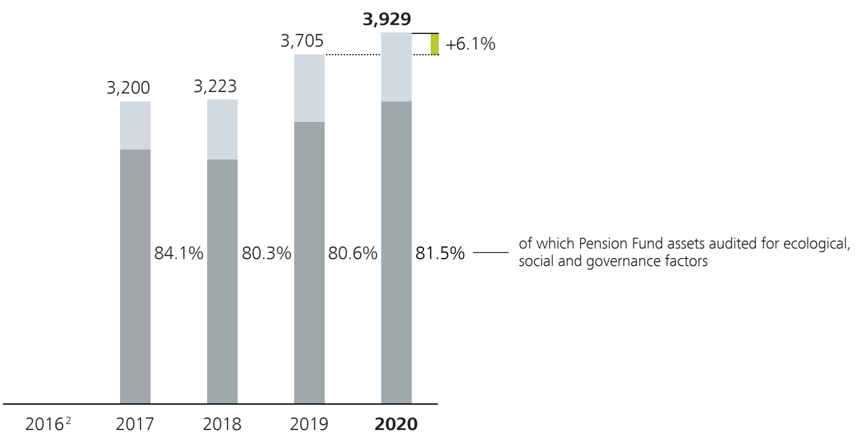
Products with specific social and ecological benefits

GRI FS 7, FS 8, FS 11	Unit	31.12.2018	31.12.2019	31.12.2020
Investment products				
Sustainable funds (Futura funds)	CHF million	6,565.6	7,753.5	8,725.7
Share of volume of all Raiffeisen funds	%	62.8	67.7	71.6
Share of custody account volume	%	16.5	20.5	21.9
Development funds [1]	CHF million	272.2	252.3	194.5
Share of custody account volume	%	0.9	0.7	0.7
Structured products with a sustainability focus	CHF million	9.9	12.3	15.4
Raiffeisen Asset management				
Volume of sustainable Futura asset management mandates	CHF million	38	253.2	535.5
Shares of all asset management mandates	%	13.5	19.2	22.3
Leasing business				
Subsidised leasing in the case of replacement investments for Euro 6 emission standard-compliant lorries	CHF million	14.9	10.7	5.8
Share of total leasing volume for lorries	%	23.0	8.6	7.5
Raiffeisen Bonds				
Raiffeisen Sustainability Bond [2]	CHF million	–	100.0	100.0

1 responsAbility Investments AG investment funds are listed here because Raiffeisen Switzerland is a founding member and shareholder of responsAbility. These numbers refer to the securities held in Raiffeisen clients' custody accounts. They reflect Raiffeisen's performance and responsibility in the sale of responsAbility funds.
2 Outstanding as of 31.12.2020

The Raiffeisen Pension Fund is an independent legal entity that manages the pension deposits of over 10,000 insured persons on a fiduciary basis in compliance with the federal law on occupational pension plans and in consideration of sustainability aspects.

Raiffeisen Pension Fund assets [1]
in million CHF, as of 31.12.2020



1 Swiss real estate directly held by the Raiffeisen Pension Fund meets environmental/sustainability criteria, as required by the investment policy. These investments, which are worth roughly CHF 0.8 billion (21%) as of 31.12.2020, are therefore included here.
2 Share of the Pension Fund assets audited for ecological, social and governance factors not recorded

Raiffeisen Pension Fund assets

GRI FS 7, FS 8, FS 11	Unit	31.12.2018	31.12.2019	31.12.2020
Raiffeisen Pension Fund assets (in million CHF) [1]		**3,222.5**	**3,704.6**	**3,928.8**
Value of the pension fund assets verified according to ecological, social and governance factors	CHF million	2,587.7	2,985.9	3,202.0
Share of verified Raiffeisen Pension Fund assets as a proportion of the total pension fund assets	percent	80.3	80.6	81.5

1 Swiss real estate directly held by the Raiffeisen Pension Fund meets environmental/sustainability criteria, as required by the investment policy. These investments, which are worth roughly CHF 0.8 billion (21%), are therefore included here as of 31 December 2020.

Open and fair interaction with clients

Raiffeisen deals openly and fairly with its clients. This includes the facts that Raiffeisen products are simple and straightforward and offer value for money and that prices are transparently communicated. This is the only way to ensure that clients can reach well-informed decisions.

Client structure (by domicile, segment, sector)

31.12.2020	Number in thousands	Percentage
Number of clients	**3,553**	**100.0**
Private and investment clients	**3,344**	**94.1**
Of which domiciled in		
Switzerland	3,260	97.5
Countries bordering Switzerland	67	2.0
Rest	17	0.5
Of which segment		
Private clients	3,006	89.9
Investment clients	338	10.1
Corporate clients	**209**	**5.9**
Of which domiciled in		
Switzerland	198.5	95.0
Countries bordering Switzerland	9.5	4.5
Rest	1.0	0.5
Of which segment		
Self-employed individuals	65.5	31.4
Small enterprises	112.1	53.6
Medium-sized and medium-large enterprises	2.8	1.4
Real estate companies	19.7	9.5
Public-sector entities	8.9	4.1

Transparency and fairness

Financial services are highly complex. This complexity explains Switzerland's tight regulation of product marketing for financial service providers. These requirements are implemented by Raiffeisen and encourage fairness and transparency. Raiffeisen also engages in self-regulation. The Marketing areas of the Raiffeisen Bank Services department and the Advice and Sales area of the Products and Investment Services department are primarily responsible for this topic within the Raiffeisen Group. Foreign regulations are taken into account as needed.

97.5% of Raiffeisen clients are **domiciled in Switzerland.**

97.5% of Raiffeisen's clients are domiciled in Switzerland (see “Client structure” table). At Raiffeisen, each client segment is fundamentally assigned a target product portfolio. Any products and services not included in the portfolio will only be offered to segment clients at their express request. Raiffeisen generally prioritises security over profitability, and profitability over growth. Client advisors are regularly trained to follow these principles. Thanks to all these efforts, Raiffeisen has managed to provide an understandable product range with fair prices and a high level of transparency. This promotes client focus, mutual trust and long-term client relationships. In 2020, a pilot survey marked the first time that Raiffeisen had surveyed clients to check whether adequate fairness and transparency are ensured and perceived as such by clients. The results show that Raiffeisen is perceived to be above-average amongst financial companies in terms of sustainability and responsibility. The aim is to continue to achieve a high level of satisfaction.

Client privacy

The **measures** to protect client data are constantly **adapted to the current situation.**

Special mention must be made of client privacy when dealing with clients openly and fairly. Banks hold sensitive client data whose protection is an absolute priority at Raiffeisen. Clients trust their bank to obey laws and regulations, handle data responsibly and protect their information as effectively as possible. Since it has overall responsibility for the compliance system, Raiffeisen Switzerland is tasked with centrally protecting client data within the Raiffeisen Group and operates an information security management system (ISMS) based on the ISO 27001 standard. The purpose of the system is to ensure information integrity, availability and confidentiality at all times. Information security is constantly reviewed and enhanced where necessary. Several projects are conducted each year to strengthen the Group's ability to withstand cyber-attacks. Raiffeisen Switzerland also has a data protection officer who oversees the entire Group and ensures compliance with the criteria set out in the Swiss Data Protection Act. Rules on data protection and data security are implemented through internal directives. Client data requirements conform to the Data Protection Act as well as FINMA stipulations. The Raiffeisen Group constantly adapts its measures to protect client data to the current situation in a continuous improvement process.

The surveyed client satisfaction, client complaint process as well as the number of breaches of the relevant provisions point to any deficiencies in the processes. The indicators in the table do not show any urgent need for action on the topic of fairness and transparency in client relationships.

Responsible business activity

	GRI indicator	2020
Marketing and labelling		
Total number of incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labelling	GRI 417-2	0
Total number of breaches in connection with marketing	GRI 417-3	0
Customer privacy		
Complaints from outside parties and regulatory bodies	GRI 418-1	0
Serious incidents registered through internal data leakage prevention (DLP)	GRI 418-1	0
Alarms registered by the internal data leakage prevention system	GRI 418-1	2,964,571 [1]

1 Criteria for the assessment of alarms have been modified in comparison to 2019. Emails, web uploads and transfer to external devices are detected. DLP alarms are triggered in response to rules based on a scoring system. An alarm does not automatically mean that a regulation has been violated.

Contain climate change

Unchecked greenhouse gas emissions will lead to climate change with serious, irrevocable consequences for humanity and the environment. The Raiffeisen Group directly generates CO_2 emissions through business travel, cargo shipments and building energy for operating 824 bank branches.

Reduction in direct CO_2 emissions

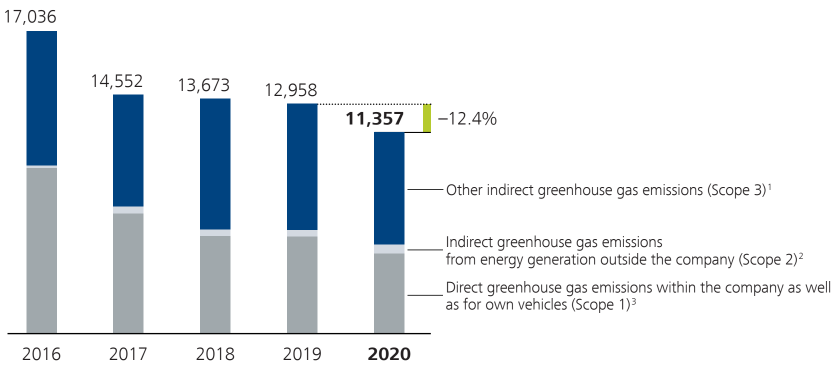
Raiffeisen **supports** the targets **of the Paris Climate Agreement, the energy transition and a climate-neutral Switzerland.**

Raiffeisen supports the targets of the Paris Climate Agreement, the energy transition and a climate-neutral Switzerland. Raiffeisen is pursuing the goal of “net zero” by 2050 and is aiming to reach “net zero” operational emissions by 2030. The Raiffeisen Group's climate target to date was defined in 2012 and consisted of reducing CO_2 emissions (Scope 1 to Scope 3 together; see the table “Responsible management” on page 60) by 30% compared to 2012 levels by 2020. CO_2 emissions were reduced by 12% in comparison to the previous year during the current year. The target of reducing emissions by 30% compared to 2012 was therefore achieved. Compliance with standards that regulate energy, mobility, resources and procurement made an important contribution to achieving this target over the years. Employees received training and relevant banking processes were checked for energy and resource efficiency on an ongoing basis. In 2020, the coronavirus pandemic led to additional savings thanks primarily to the change in mobility behaviour and working from home.

The **remaining** emissions that **cannot be reduced** are **compensated**.

The remaining emissions that cannot be reduced, which are caused by operating all the Group branches and business travel, are compensated. This compensation takes place using emission credits (CO_2 certificates) from climate protection projects of a recognised external provider (South Pole), which prevent or reduce the emission of CO_2. The purchase of CO_2 certificates is an investment in projects that could not be implemented without this financing. Raiffeisen supports several projects that promote the transition from fossil fuels to the use of renewable energies and was rewarded with the “climate-aware company” label.

Greenhouse gas emissions from energy, transport, paper and water consumption
in tonnes of CO_2 equivalents



1 From upstream and downstream processes outside the company (e.g. business trips, upstream processes involved in supplying energy)
2 From energy generation outside the company (e.g. electricity, district heating)
3 From sources within the company (e.g. heating, company vehicles)

The Corporate Responsibility and Sustainability department is responsible for the topic and the climate change measures across the Group and works closely together with the Environmental Management unit in the IT & Services department of Raiffeisen Switzerland. It is responsible for monitoring the operational environmental indicators for the entire Group and also manages the “Pro Futura” incentive programme. This programme motivates Raiffeisen banks to introduce measures to reduce CO_2 emissions. At the same time, Raiffeisen's internal climate funds subsidise efforts to improve energy efficiency and reduce CO_2 emissions. Raiffeisen is striving to only install renewable heating energy in its buildings and to avoid or replace electricity generated using nuclear power or fossil fuels. Compliance with the statutory emissions regulations is ensured when purchasing vehicles (for passenger cars, max. 95 grams of CO_2/km). When constructing or modifying buildings, Raiffeisen encourages eco-friendly commuting by providing good access to public transport, for example. As a general rule, Raiffeisen wants to continue reducing its ecological footprint.

Identify and measure financed emissions

Besides emissions caused by building energy and business travel, Raiffeisen also wants to know the extent of the emissions that it finances. At the beginning of 2019, Raiffeisen appointed an external partner, TEP Energy, to assess the impact of its mortgage financing activities on the climate. The analysis showed that the buildings financed by Raiffeisen are responsible for 2.5 million tonnes of CO_2 per year. Excluding industrial and agricultural buildings, this amounts to around 2.1 million tonnes of CO_2 per year, which is slightly below the national average. The primary reason for the low value is because the buildings are newer and use fossil fuels less frequently due to their locations. Raiffeisen also allowed its emissions generated by mortgage financing activities to be audited as part of the 2020 climate compatibility test launched for the Swiss financial centre by the Swiss Federal Office for the Environment (SFOE) and the State Secretariat for International Financial Matters (SIF). The test showed that a relatively low amount is invested in companies from polluting industries when investing in shares and corporate bonds, at 6% and 2% respectively, where Raiffeisen is responsible for the investment decision. All investments in Raiffeisen investment and pension products, asset management as well as in-house investments were analysed.

Raiffeisen did not issue any **loans** to companies that mine **coal, extract oil or natural gas**, or operate **coal-fired power plants**.

In 2019, Raiffeisen also reviewed the climate compatibility of the corporate client credit portfolio for the very first time. This pilot analysis was based on the internal assignment of the individual loans in line with the “general methodology for economic sectors” of the Federal Statistical Office (NOGA classification). The corresponding analysis was repeated at the end of 2020. It turned out that, according to the NOGA classification, around 1.6% of all corporate loans are issued to companies from CO_2-intensive sectors. The analysis covered electricity generation, road transport, air transport, water transport, production of cement, lime and plaster as well as metal production and metalworking. Excluding power generation, which in Switzerland is not very CO_2 intensive, relatively speaking, this leaves only 0.8%, or well below 1%, of the total corporate loan portfolio. No loans were issued to companies that mine coal, extract oil or natural gas, or operate coal-fired power plants, as was also the case in the current year.

The indicators show that Raiffeisen has reached the climate target it has set itself. In 2021, Raiffeisen will set new, comprehensive climate targets and, in particular, strengthen the measurement of financed emissions. Further information on opportunities and risks resulting from climate change for Raiffeisen is provided at report.raiffeisen.ch/en-downloads, structured in line with the TCFD recommendations.

Responsible management		2018	2019	2020		
Category	Unit	rounded	rounded	Total	Raiffeisen Group change to previous year in %	per FTE [1]
Building energy	kWh	**70,027,000**	**68,051,000**	**67,551,000**	**−1**	**6,949**
Electricity	kWh	44,952,000	44,162,000	43,772,000	−1	4,503
Heating energy	kWh	25,075,000	23,889,000	23,779,000	0	2,446
Business travel	km	**19,590,000**	**16,634,000**	**11,915,000**	**−28**	**1,226**
Public transport (rail, bus, tram)	km	7,269,000	5,952,000	2,681,000	−55	276
Road transport						
Private cars	km	3,800,000	2,941,000	2,059,000	−30	212
Company cars	km	4,167,000	3'651'000	2'648'000	−27	272
Courier deliveries	km	3,557,000	3,375,000	4,246,000	26	437
Passenger transport by air	pkm	99,000	60,000	21,000	−65	2
Air freight	tkm	698,000	655,000	260,000	−60	27
Paper and water consumption						
Paper consumption	t	1,090	880	751	−15	0.08
Water consumption	m^3	162,000	147,000	144,000	−2	15
Greenhouse gas emissions from energy, travel, paper and water [2]	t CO_2 eq	**13,673**	**12,958**	**11,357**	**−12**	**1.17**
Direct GHG emissions (Scope 1)	t CO_2 eq	7,821	7,132	6'325	−11	0.65
Indirect GHG emissions (Scope 2)	t CO_2 eq	345	344	529	54	0.05
Other indirect GHG emissions (Scope 3)	t CO_2 eq	5,507	5,482	4,503	−18	0.46

1 Calculation based on the key figures of the Raiffeisen Group in the “Employees” section of the management report, excluding Group companies. For the calculation method, also refer to footnote 1 of the table with the key figures of the Raiffeisen Group in the “Employees” section of the management report.

2 The important emissions sources are recorded. The three system limits are:
Scope 1: direct greenhouse gas emissions from stationary sources in the company itself, such as heating or own vehicles;
Scope 2: indirect greenhouse gas emissions from energy generation outside the company, such as electricity and district heating;
Scope 3: other indirect greenhouse gas emissions outside the company from upstream and downstream processes, such as business travel by rail or upstream processes involved in supplying energy.
Each key figure recorded is annualised based on the last eight quarters and assigned to the recorded organisational units, based on the full-time equivalents. The next step is the extrapolation of the annualised key figures, aggregated by Raiffeisen Bank. They are generated based on the worst qualities such as “heating oil” for heat production. Greenhouse gas emissions are calculated based on the emission factors for the 2015 VfU indicators. The Raiffeisen Business Owner Centres (RUZ), Immo AG, Valyo Ltd and the former Group business Notenstein La Roche Private Bank Ltd were not considered.
Rounding differences are negligible.

Promote employee expertise and diversity

Transformation and culture are important areas of focus of the Raiffeisen 2025 strategy. Promoting employee expertise and diversity is another important goal of the strategic sustainability framework. In the current year, various measures were taken to foster a corporate culture in which diversity is practised and supported.

More detailed information on the topic of employees is provided in the “Employees” chapter from page 40.

Further information

The GRI content index, disclosures according to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) – handling of climate-related risks and opportunities as well as reporting in line with the UNEP Principles for Responsible Banking are available as PDF downloads under the following link.

report.raiffeisen.ch/en-downloads

Risk report

Risks and principles

General

Risks are **effectively contained, controlled** and **independently managed** at all levels.

- Risks are only taken within risk tolerance limits following careful consideration.
- Risks are managed systematically.
- Risks are only taken if they can be borne, if they are offset by reasonable returns, and if the ability to manage the risks has been confirmed.
- Risks are effectively contained, controlled and independently managed at all levels.

Credit risk

- Loans are only extended to clients who meet minimum creditworthiness and solvency criteria.
- Concentration risks are adequately monitored and limited.
- The credit policy is prudent.
- Financing at Raiffeisen banks that meets defined criteria requires prior approval of Raiffeisen Switzerland.
- The focus is on financing owner-occupied residential property.
- Corporate clients are evaluated based on the following aspects in addition to creditworthiness: regional ties, sufficient diversification, risk/return ratio and minimal exposure to high-risk industries.

Market risk

- Risks in the trading and banking books are managed using clearly defined guidelines.
- Clear strategic lines are drawn using limits and proven tools.
- Raiffeisen Switzerland trains and advises the Raiffeisen banks regarding their market risk in the banking book.
- Foreign currency assets are generally refinanced in the same currency (matched book approach).

Liquidity risk

- Refinancing primarily takes place via stable client deposits and is adequately diversified.
- Liquidity in the Raiffeisen Group is managed at operational/tactical and strategic levels.
- The Raiffeisen banks manage liquidity risks at their own discretion based on instructions provided by Raiffeisen Switzerland.
- Access to money and capital markets is provided centrally through Raiffeisen Switzerland.

Operational risk

- Risks are evaluated through regular top-down and bottom-up risk assessments.
- Risks are monitored using risk indicators and an early warning system.
- The appropriateness and effectiveness of key controls in all risk-related processes is periodically reviewed and confirmed.
- Internal and external events are analysed on an ongoing basis; the findings from these analyses are implemented in the operational business processes.

Legal and compliance risk

- Internal policies and processes are promptly adapted to reflect changes in laws, regulations and professional rules and then implemented.
- Contracts are followed and enforced.

Risk control

Risk assessment

The Board of Directors of Raiffeisen Switzerland assumes overall responsibility for risk management and risk control within the Raiffeisen Group. It approves the framework for Group-wide risk management, defines the risk policy and determines the risk tolerance of the Raiffeisen Group each year.

The Board of Directors of Raiffeisen Switzerland regularly examines the risks affecting the Raiffeisen Group. This is based on comprehensive reporting on credit, market and liquidity risks, operational risks, and legal and compliance risks. It also takes into account reputational risks that can result from all risk categories.

Raiffeisen Switzerland's Risk & Compliance department draws up Risk reports. Reports focus on the risk situation, capital adequacy, compliance with overall limits and any measures taken. Furthermore, Risk & Compliance uses an early warning system to identify potentially unfavourable developments at individual Raiffeisen banks and branches.

The risk report and any measures are discussed in detail at the meetings of the Executive Board and the Risk Committee of the Board of Directors.

Raiffeisen's **risk models** are fundamentally based on **conservative assumptions.**

Assessment of the risk exposure affecting the Raiffeisen Group is based on quantitative and qualitative factors. The key risks are thoroughly assessed, both on the basis of regulatory requirements and using economic models. Raiffeisen's risk models are based on conservative assumptions about distribution, confidence intervals, holding intervals and risk diversification. The budgeting of risk capital and liquidity is based on stress scenarios.

Key elements of Group-wide risk control and management are the risk policy, the risk strategy, the identification process for new risks, forward-looking risk budgeting and scenario planning (realistic, pessimistic and stress) to determine the Group-wide risk tolerance and its operationalisation through overall limits, and the risk monitoring of subsidiaries, participations and risk categories that are important to the Raiffeisen Group.

Risk planning and control are based on a standard method for risk identification, measurement, assessment, management and monitoring. Aggregated and consolidated risk reporting provides plan versus actual analyses and thus closes the feedback loop.

The Raiffeisen Group puts particular emphasis on supplementing its model-based assessments with forward-looking risk analyses and risk estimates. Scenario-based analyses backed by macroeconomically plausible scenarios, together with risk assessments drawing on specialist areas and front office units, therefore play an important role in overall risk comprehension.

Risk policy principles

Correct balance between risk and return

The Raiffeisen Group takes a cautious and selective approach to risk within a framework of clearly defined guidelines. In so doing, it takes care to strike the correct balance between risk and return, actively controlling the risks it enters into. It acts based on stable guidelines:

- *Clear business and risk policies:*
  Risk taking is directly linked to the core business in Switzerland.
- *Effective risk limitation:*
  The Raiffeisen Group's risk tolerance is clearly defined and enforced with a tried-and-tested limit system.
- *Central monitoring:*
  Raiffeisen Switzerland monitors its individual business units, subsidiaries and participations.
- *Decentralised individual responsibility in line with clearly defined guidelines:*
  The Raiffeisen banks are responsible for managing their risks themselves. Their risk management is based on guidelines relating to business activities, limits and processes. The central controlling units monitor compliance with the guidelines.
- *Risk control based on transparency:*
  Independent reports are regularly issued on the risk situation as well as on the risk profile of the individual Raiffeisen banks and the Raiffeisen Group.
- *Independent risk monitoring and effective controls:*
  Overall risk and limits are monitored independently of the risk-managing business units. Effective risk control ensures that the predefined processes and thresholds are adhered to.
- *Comprehensive risk management process:*
  The Raiffeisen Group's risk management is a Group-wide, uniform and binding process comprising identification, measurement, evaluation, management, monitoring and reporting.
- *Avoidance of risk concentration:*
  The Raiffeisen Group has effective tools at its disposal for identifying unwanted risk concentration and taking proactive measures to avoid it.
- *Protection of reputation:*
  The Raiffeisen Group attaches great importance to protecting its reputation. It also seeks to comply with high ethical standards in all of its business activities.

Independent risk control and compliance function

Risk management is organised based on the **three-lines-of-defence model.**

Risk management is organised based on the three-lines-of-defence model. Raiffeisen Switzerland maintains an independent risk control function and an independent compliance function for the Raiffeisen Group within its Risk & Compliance department (system responsibility). Operational responsibility rests with the Raiffeisen banks and with all the organisational units of Raiffeisen Switzerland. Business policy is geared to driving risk-conscious growth and active risk management based on Raiffeisen's risk culture. The subsidiaries of Raiffeisen Switzerland generally operate as independent entities. Risk monitoring is risk-based. The individual units are assessed and assigned to a control level using formal, material and strategic criteria. Raiffeisen Switzerland monitors the risk situation of its subsidiaries and provides Raiffeisen Switzerland's executive bodies with appropriate consolidated risk reporting. Subsidiaries control risks based on guidelines and minimum requirements that are derived from the Group risk policy and implemented by the subsidiaries.

Risk profile control

The Raiffeisen Group only enters into risks that relate to an approved business transaction and fall within its risk tolerance limits. The Board of Directors of Raiffeisen Switzerland approves the risk tolerance limits each year as part of the risk budgeting process. Compliance with risk tolerance is ensured with appropriate limits and requirements. Risks that are difficult to quantify are limited by qualitative stipulations.

Risk categories

Credit risk

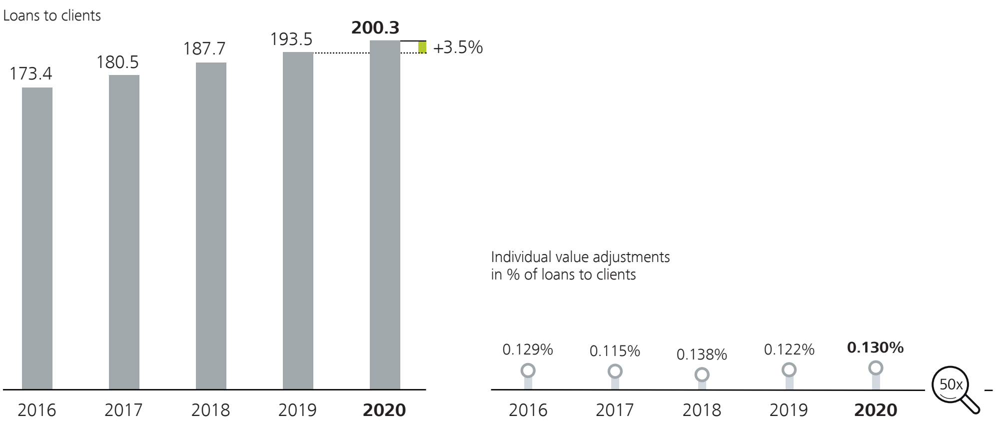
Credit risk is the most important risk category due to the **Raiffeisen Group's strong position in lending**.

Credit risk management at the Raiffeisen Group is geared specifically to Raiffeisen-specific client and business structures. The Raiffeisen banks' client knowledge and decentralised individual responsibility play a key role in lending decisions and credit management. This is also true in cases where loans require the approval of Raiffeisen Switzerland because of their size or complexity.

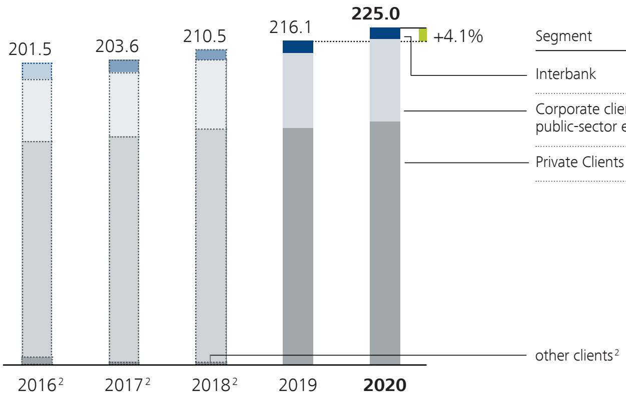
Credit risks are reviewed and assessed in nominal and risk-weighted terms. Management decisions are also based on statistical loss metrics (i.e. value-at-risk) and scenario analyses. Risks are also monitored using credit quality metrics (such as financial viability, loan-to-value ratios, ratings and rating changes), as well as portfolio characteristics (such as diversification across borrowers, industries and collateral types).

Credit risk is the most important risk category due to the Raiffeisen Group's strong position in lending. The Raiffeisen Group generates a large part of its income by taking on credit risks in a controlled manner, and through the comprehensive and systematic management of these risks.

Loans to clients and individual value adjustments **Balance sheet view**
in billion CHF and % of loans to clients



Loans by client segment **Risk view**
CHF billion, share of lending volume in %[1]



Segment	Portion	Volume
Interbank	3.8%	7.9
Corporate clients including public-sector entities	24.4%	54.9
Private Clients	72.1%	162.3

1 The evaluation reflects the risk view and therefore cannot be compared with the balance sheet view due to the different perspective.
2 Since the switch to client segmentation in 2019, the "other clients" item has largely been assigned to the corporate clients segment. As a result, the shares from 2016 to 2018 are not comparable to the shares from 2019 to 2020.

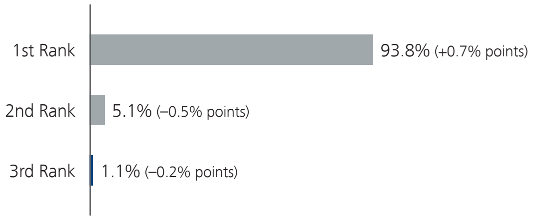
Raiffeisen's main credit risks arise from transactions with collateralised loans to private individuals. Credit risks also result from lending activities to corporate clients and public-sector clients and from interbank business. Loan decisions are largely based on financial viability, loan-to-value ratios and the repayment schedule for the borrower's obligations.

Raiffeisen generally pursues a **prudent credit policy.**

Lending within the Raiffeisen Group is governed by a prudent credit policy and professional credit checking.

Mortgage loans by rank[1] **Balance sheet view**

Share of the mortgage volume in %[2] with difference to the previous year, 31.12.2020

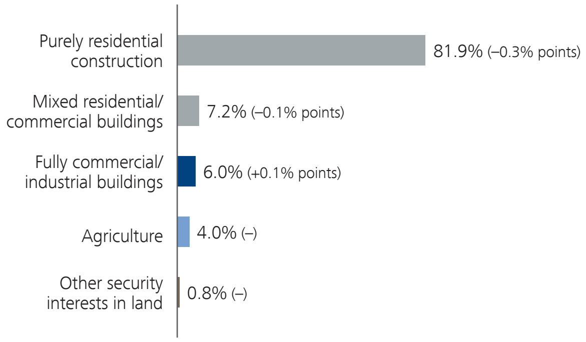


1 Excluding extra collateral
2 Disclosure as per SNB statistics

Financial viability, loan-to-value ratios and mortgage loan amortisation also play a crucial role in lending. Loans are mainly granted on a secured basis.

Loans by collateral and property type **Risk view**

Share of the lending volume in %[1] with difference to the previous year, 31.12.2020



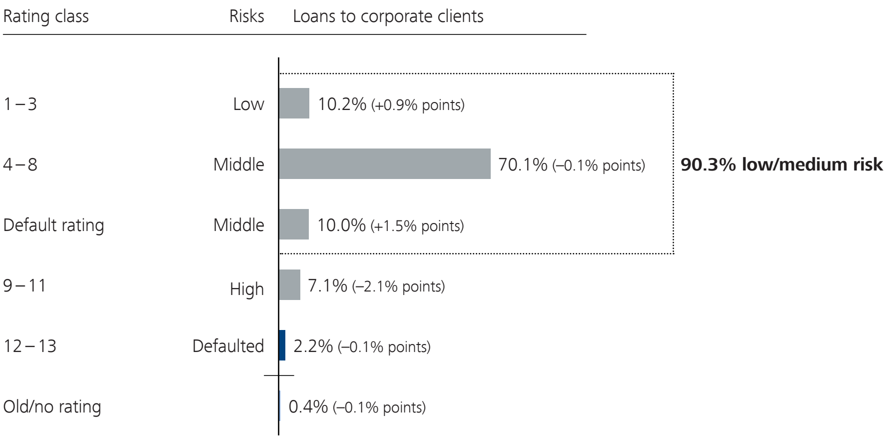
1 The evaluation reflects the risk view and therefore cannot be compared with the balance sheet view due to the different perspective.

Property financing is part of Raiffeisen's core business. The main component of the credit portfolio consists of the financing of residential properties.

In its corporate clients business, the Raiffeisen Group generally only offers financing to clients with good to moderate credit ratings.

Loans to corporate clients (excl. public-sector entities) by rating categories **Risk view**

Rating category shareof the lending volume in %[1], 31.12.2020

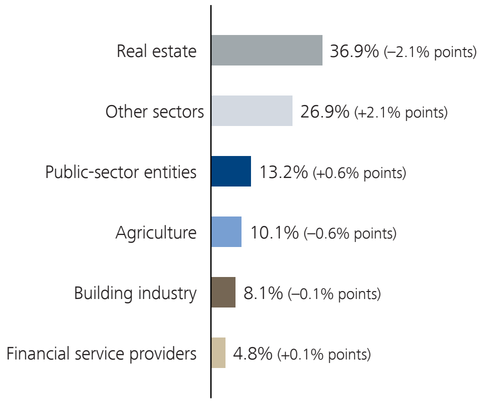


1 The evaluation reflects the risk view and therefore cannot be compared with the balance sheet view due to the different perspective.

The Group's risk tolerance in the corporate lending business is clearly defined and implemented with corresponding limits for the entire Group. The Raiffeisen Group's priority is to place the expansion of its corporate client business on a solid foundation within the framework of the dedicated corporate client strategy.

Loans to corporate clients (incl. public-sector entities) by industries **Risk view**

Share of lending volume in %[1], 31.12.2020



1 The evaluation reflects the risk view and therefore cannot be compared with the balance sheet view due to the different perspective.

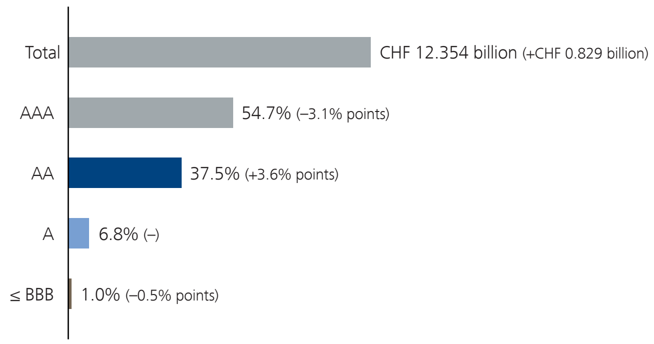
The real estate sector accounts for the largest share of lending to corporate clients and other clients. Most of these loans are secured by mortgages. The loans in the other sectors are broadly diversified.

Commitments abroad of Raiffeisen Switzerland are limited to a risk-weighted **5%** of the consolidated balance sheet total**.**

Active country risk management

Commitments abroad of Raiffeisen Switzerland are limited to a risk-weighted 5% of the consolidated balance sheet total. Raiffeisen banks may not provide any banking or financial services abroad. At Raiffeisen Switzerland, the Treasury & Markets department, including Raiffeisen Switzerland B.V. Amsterdam, and the Corporate Clients & Branches department can enter into commitments abroad. These commitments are limited and monitored on an ongoing basis. The highest country limits exist for countries with very good ratings.

Defined country limits by ratings **Risk view**
CHF billion and share in %[1], 31.12.2020



1 The evaluation reflects the risk view and therefore cannot be compared with the balance sheet view due to the different perspective.

Credit portfolio analysis and assessment

The Board of Directors of Raiffeisen Switzerland is periodically apprised of the assessment of the quality of the Raiffeisen Group's credit portfolio. Analyses focus on information about changes in the risk situation, compliance with limits and specifications, measures taken, and the structural and qualitative features of the credit portfolio. Furthermore, the impacts of extreme macroeconomic changes on the credit portfolio are monitored.

Measuring credit risk

Credit risks are quantified using the following parameters:

- Probability of default
- Credit exposure at the time of default
- Value of the collateral

The core instrument for counterparty credit risk measurement is the rating system, which is developed and monitored by Raiffeisen Switzerland's Risk & Compliance department. The Raiffeisen Group has implemented comprehensive rating system governance in connection with the internal rating system. Rating system governance aims to organise internal rating system processes and responsibilities within the Group in a way that will consistently ensure the quality and effectiveness of the rating models and their application. To avoid loopholes and conflicts of interest, tasks, powers and responsibilities were defined for stakeholders and key positions, and corresponding key controls were implemented.

Raiffeisen has employed the Foundation Internal Rating Based (F-IRB) model approach approved by FINMA since the fourth quarter of 2019. Raiffeisen uses a conservative value-at-risk method and a portfolio model based on this method in order to measure credit portfolio risks for internal purposes.

Assessment of the risk situation with respect to credit risks

The current risk situation is dominated by the Covid-19 pandemic and its consequences. The macroeconomic effects of the pandemic have not become apparent right away but have been delayed due to the government support. This is the backdrop against which the Raiffeisen Group's credit portfolio and its quality are analysed on an ongoing basis. Credit exposure to corporate clients in heavily affected industries is low relative to the overall corporate client portfolio.

Credit growth driven by extending **Covid-19 loans** to corporate clients.

Credit growth is consistent with the strategy and driven to a significant extent by Covid-19 lending to corporate clients. The credit portfolio is characterised by low risk intensity overall. Lending is conservative overall and normally collateralised. Top priority is given to ensuring the borrower's ability to keep up with payments.

Around 90% of the Raiffeisen Group's credit portfolio is covered by mortgages. Owneroccupied residential properties account for more than half of the credit portfolio. They are mostly single-family homes and flats owned and occupied by private clients. Investment properties make up about one-third of the credit portfolio. Raiffeisen closely watches the development of its sphere, and in particular market developments with respect to owner-occupied residential properties and investment properties, and monitors its portfolio extensively.

The individual client segments of the Raiffeisen Group's credit portfolio have been stable for years. Private clients represent over 70% of the volume. In the corporate client business, Raiffeisen remains sufficiently diversified and focuses on sectors with long-term growth potential. It exercises great caution when cultivating clients in high-risk industries.

Risk intensity remains low overall due to the broad diversification of the credit portfolio and the long-term, conservative credit policy in terms of rating, valuation, loan-to-value ratios and affordability.

Regular stress tests show that the Raiffeisen Group's credit portfolio is robust and well-diversified, even under sharply deteriorating conditions.

Market risk

Risks in the banking book

The banking book is primarily exposed to interest rate risks and foreign currency risks. Risks associated with fluctuating interest rates arise due to the Raiffeisen Group's significant positioning in interest operations and represent a major risk category. They are actively managed and monitored within authorised risk limits.

Clear guidelines and limits apply to the management of interest rate risks within the Raiffeisen Group – both for the Group as a whole and for individual legal entities. Risks are managed autonomously within this area by the individual legal entities, i.e. the Raiffeisen banks and Raiffeisen Switzerland. Risk managers have a proven set of risk management tools, including tools to simulate interest rate developments and assess their impact. Raiffeisen Switzerland's Treasury & Markets department provides advice on asset and liability management within the Raiffeisen Group. None of the other Group companies assume any material risks associated with fluctuating interest rates.

The Risk & Compliance department monitors compliance with interest rate risk limits and the overall development of interest rate risks. It focuses on monitoring the interest rate sensitivity of equity capital and running simulations to analyse the impact of changes in market interest rates on interest income. Interest-driven value-at-risk is also calculated in order to monitor the overall risk situation at various levels within the Group.

The disclosure of interest rate risks pursuant to FINMA Circular 2016/01 "Disclosure – banks" contains further details on interest rate risk management and interest rate risk exposure.

Raiffeisen Group: Interest rate risks in the bank book

in CHF million	31.12.2019	31.12.2020
Sensitivity (+100bp-Shift)	1,626	1,840

With respect to foreign currency risk, assets in a foreign currency are in principle refinanced in the same currency (“matched book” approach). This means foreign currency risk is largely avoided. The remaining foreign currency risk in the banking book is managed by Raiffeisen Switzerland's Treasury & Markets department within the limits that the Board of Directors has allocated.

Risks in the trading book

Of the entities within the Raiffeisen Group, the department Treasury & Markets of Raiffeisen Switzerland runs a trading book. In addition, the structured products business of Raiffeisen Switzerland B.V. Amsterdam are being allocated to the trading book.

The Treasury & Markets department's trading risks are strategically limited using global limits. Risks are operationally limited by scenario and loss limits as well as by value-at-risk limits. Domiciled in the Netherlands, Raiffeisen Switzerland B.V. manages its interest rate risks with the help of a bond portfolio that replicates the interest rate risk profile of the issued structured products. Interest rate swaps are occasionally used for hedging. The bond portfolio, which consists entirely of investment-grade debt securities, entails credit spread risks. These are closely monitored and managed using limits.

All traded products are depicted and assessed as part of a risk management system. This enables trading book risks to be efficiently and effectively assessed, managed and controlled. The Risk & Compliance department monitors positions and market risks on a daily basis using market data and risk parameters that are independently checked for accuracy. Before new products are rolled out, the Risk & Compliance department performs an independent evaluation of the risks.

Assessment of the risk situation with respect to market risks

Market risks mainly result from the risks associated with fluctuating interest rates in the banking book. The potential declines in value and loss of earnings are acceptable even in adverse scenarios involving interest rate shocks and stresses.

Market risks in the trading book are diversified across equities, bonds, interest rates, foreign currencies and precious metals. The expected potential for losses amid serious market turmoil is considered low relative to total income. Possible losses in such a scenario would be largely attributable to credit spread risks in the bonds asset class.

Liquidity risk

Central liquidity risk management

Raiffeisen Switzerland's Treasury & Markets department centrally manages liquidity risk for Raiffeisen Switzerland and the Raiffeisen Group based on regulatory requirements and internal targets.

The regulatory liquidity requirements apply on a consolidated basis at Raiffeisen Group level, and at an individual institution level to Raiffeisen Switzerland. The individual Raiffeisen banks are exempted from compliance with regulatory liquidity requirements but must still meet internal liquidity requirements.

Raiffeisen Switzerland's Treasury & Markets department manages transfers of liquidity within the Group and ensures that refinancing and liquidity costs are allocated to their originators. The individual banks are required to deposit their portion of the liquidity requirements with Raiffeisen Switzerland and to maintain an appropriate refinancing structure.

The Treasury & Markets department manages Raiffeisen Switzerland's cash reserves, facilitates the Group's access to money and capital markets, and ensures these refinancing sources are adequately diversified. It performs regular stress tests and assesses liquidity trends in the Raiffeisen Group on an ongoing basis, taking regulatory and economic requirements into consideration. The Risk & Compliance department independently monitors liquidity risk.

Healthy cash situation
thanks to focus on domestic savings and mortgage market

Assessment of the risk situation with respect to liquidity risks
The Raiffeisen Group's liquidity situation is sound thanks to its focus on the domestic savings and mortgage business. Due to its low degree of dependence on major clients and broad diversification across private clients, its funding sources are minimally concentrated. Loans to clients are funded largely by customer deposits and additionally by central mortgage institution loans and Raiffeisen bonds. The money market is used solely for tactical management of the liquidity buffer. This maximises the immunisation against risks on the money market.

Operational risk

Operational and business risks arise in two ways: as a consequence of the banking transactions carried out by the Raiffeisen Group and by virtue of its function as an employer and owner/occupier of real estate. Viability and cost-benefit analyses determine whether a business risk should be avoided, reduced, transferred or borne. These risks are assessed in terms of the expected probability of occurrence and the severity of their impacts. This includes not only the financial impacts, but also the reputational and compliance consequences. The analysis of the operational risks is supplemented by an assessment of the qualitative impact of a given risk event.

Every year, the Raiffeisen Group carries out extensive operational risk assessments. The information gleaned from these assessments is documented in a Group-wide risk register that forms the basis for monitoring and controlling for the overall operational risk profile.

Information security
Information security – a discipline focused on data confidentiality, integrity and availability is becoming increasingly important. Cybercriminals pose the biggest threat in this regard. For this reason, information security risks must be comprehensively managed. A regular assessment of the threat situation constitutes the basis for this. Appropriate and effective measures for safeguarding information and infrastructure are in place for this purpose. Raiffeisen complies with recognised standards and established practices throughout this process. Considerable importance is attached to protecting financial privacy and personal data.

Internal control system (ICS)
Raiffeisen's ICS comprises all the control structures and processes intended to ensure the proper conduct of operations, compliance with statutory, regulatory and internal provisions, and complete, reliable reporting.

The framework that underlies the Group ICS and ensures its functionality is defined at the control environment level. The elements of the control environment include internal regulations, independent supervisory bodies, organisational charts and job profiles.

Processes, risks and controls are closely interconnected at the process level. Operational risks are identified and assessed for each major process, and key controls defined from there. All key controls are documented and incorporated in the processes. There are many other risk reduction measures in addition to the key controls.

The Raiffeisen Group carries out an assessment of the ICS's appropriateness and effectiveness at least once a year. The implementation of improvements derived from the assessment is tracked and monitored.

Consolidated ICS reporting is included in the standard risk report prepared for the Executive Board and the Board of Directors of Raiffeisen Switzerland and the Raiffeisen banks.

Early warning system of the Raiffeisen banks

Raiffeisen Switzerland operates an early warning system designed to quickly identify adverse developments at Raiffeisen banks and branches, and avert potential damage. The early warning system comprises quantitative risk indicators for the individual Raiffeisen banks and branches as well as an ad-hoc reporting process for integrating qualitative information. Early warning events are analysed and, if the situation requires it, resolved with the active involvement of Raiffeisen Switzerland. Early warning events are independently assessed and monitored by the Early Warning System Coordination Committee.

Business continuity management

Within the scope of business continuity management (BCM), Raiffeisen has adopted extensive measures to maintain operations even if critical resources become unavailable (staff, IT, buildings, suppliers). The specialist departments have various strategy options for keeping critical business processes functioning. Redundancy for all important IT components has been established and/or expanded at various sites.

To minimise potential losses and enable management to respond in an effective, coordinated fashion, Raiffeisen has put together crisis response teams and developed emergency plans in all important company units. It performs regular tests and drills to ensure the plans and organisational structures work properly and do not need to be updated. The crisis management team and organisation are regularly trained and tested using various scenarios to maintain BCM capabilities. This process proved its worth in managing the coronavirus pandemic and validates the robustness of the BCM.

Assessment of the risk situation with respect to operational risks

Ongoing **strengthening** of the **Cyber Security & Defence** Centre

The operational risks are well within the risk budget defined by the Board of Directors overall. The comprehensive ICS keeps losses attributable to operational errors low.

The threat of cybercrime has generally increased. The increasing importance of data and digital business models is reflected in the ongoing strengthening of the Cyber Security & Defence Centre to ensure effective cybersecurity.

Legal and compliance risk

The Risk & Compliance department reports to the Executive Board and the Risk Committee of the Board of Directors of Raiffeisen Switzerland on major compliance risks quarterly and on legal risks semi-annually.

These risks, together with an updated compliance risk profile and the plan of action on risk derived from it in accordance with FINMA Circular 2017/1 “Corporate governance – banks”, are submitted to the Board of Directors once a year.

Legal risks

Raiffeisen Switzerland's Legal & Compliance department supports all of Raiffeisen Group's units in legal matters, ensures adequate regulatory competence at all levels, and actively manages legal risks. The department coordinates interactions with external lawyers where necessary.

Compliance risks

Compliance is understood to mean adherence to all applicable statutory, regulatory and professional provisions and internal requirements with a view to identifying risks at an early stage, preventing such risks and ensuring that business is conducted properly. Raiffeisen takes a comprehensive approach to compliance.

As a domestic retail bank, Raiffeisen predominantly operates in Switzerland, but apart from the provisions of the Swiss legislation it must also comply with relevant international provisions (such as cross-border and international tax provisions) when providing payment and securities services, among other activities. It specifically focuses on the following activities and issues:

- Raiffeisen monitors and analyses all relevant legal developments (regulatory monitoring).
- Raiffeisen ascribes great importance to combating money laundering and terrorism financing.
- Developments in the cross-border business are constantly monitored and analysed. In this respect, Raiffeisen systematically pursues a passive service provision approach.
- Raiffeisen pursues a rigorous tax compliance strategy.
- Market conduct rules are adhered to, as are the resulting monitoring and investigation requirements.
- Data is protected and bank-client confidentiality ensured.
- Raiffeisen is committed to fair competition, adheres to the provisions of good corporate governance and its actions are guided by strong ethical principles.

The Raiffeisen Group primarily reduces compliance risk by actively monitoring legal developments as well as the timely implementation of the same in internal regulations, processes and systems. The current year predominantly saw the implementation of legal provisions related to the topics of Covid-19 loans, the continued development of the automatic exchange of information (AEOI), data protection, EU regulations (Mortgage Credit Directive and the Shareholder Rights Directive) as well as certain unilateral regulations of nation states and legal monitoring of the initiated replacement of the CHF LIBOR with SARON (Swiss Average Rate Overnight). In addition, the governance structures and Raiffeisen's requirements were refined.

Raiffeisen also plays a role in the legal development of important bank-specific topics (such as the partial revision of the Banking Act) through statements and consultation processes in order to clarify its own stance in addition to the position of the Swiss Bankers Association or other industry associations.

The Raiffeisen Group endeavours to avoid compliance risks by actively monitoring legal requirements and adapting internal policies and processes to new requirements as promptly as possible. Where necessary, modern electronic tools are used in support of the measures. In addition, the various compliance teams – via a "blended learning" approach – invest substantially in training and raising the awareness of staff and management at all levels.

Assessment of the risk situation with respect to legal and compliance risks

The regulatory pressure is constantly increasing, which is also accentuating the risk situation for Raiffeisen. Added to this is the ever-present demand for simpler processes with a positive client experience that still meet the compliance requirements. A great deal of effort and commitment are necessary to respond to these new requirements as well as to successfully master the resulting balancing act. Raiffeisen tackles the constantly changing framework conditions with a range of specific measures (including digitalisation efforts in the compliance processes, enhanced training of employees, expansion of existing control and monitoring measures).

CORPORATE GOVERNANCE

Raiffeisen banks are owned by their cooperative members. The Members of the Board of Directors are elected at the local General or Delegate Meeting. Raiffeisen banks own 100% of Raiffeisen Switzerland.

The Raiffeisen banks are consolidated in Raiffeisen Switzerland. It coordinates the Group's activities and creates the basic conditions for the business activities of the local Raiffeisen banks (such as IT, infrastructure and refinancing), and advises as well as supports the Raiffeisen banks in all matters. Furthermore, risk management and consolidated monitoring also come under the remit of Raiffeisen Switzerland. The federalist structure ensures that management responsibility is retained by the Raiffeisen banks.

This form of organisation makes it possible to pursue a common Group strategy while also allowing individual banks to respond to the local conditions on site.

The union of Raiffeisen banks and its strong sense of solidarity is also reflected in the mutual liability within the scope of the Raiffeisen Group. This allows clients to enjoy a high level of security.

Corporate governance principles

The Raiffeisen Group's most important corporate governance rules are established in the Articles of Association, the organisational regulations, the Terms and Conditions of Business, and a series of other instructions and directives. All the statutes and documents relevant to the business (such as the Articles of Association, regulations, instructions, product catalogues, forms and descriptions of processes) are contained in an electronic system of rules. The binding nature of the regulations and the regulatory documentation obligations are clearly defined. New issues, processes, products and amendments to existing ones can be handled centrally and made available directly to all staff thanks to this electronic aid.

The following report is largely based on the SIX Swiss Exchange Directive Corporate Governance (DCG). While the DCG is not generally binding for Raiffeisen, its application can be reasonable for unlisted companies like a cooperative as well. Content that does not apply to the Raiffeisen Group is only mentioned in exceptional cases.

The corporate governance report deals in particular with the special cooperative organisational structure of the Raiffeisen Group. The various levels of decision-making authority and responsibility are also presented and explained. Except where stated otherwise, all data pertain to the reporting date of 31 December 2020.

Important events

FINMA enforcement proceedings

On 12 June 2018, the Swiss Financial Market Authority (FINMA) issued an order that concluded the enforcement proceedings against Raiffeisen Switzerland it had initiated in October 2017. The conditions imposed by the order have been implemented in full and were reviewed by a FINMA auditor by the end of 2020. This process was supported by Raiffeisen Switzerland's Board of Directors.

Criminal proceedings against Dr Pierin Vincenz

Raiffeisen is the aggrieved party and is therefore represented as a private litigant in the criminal proceedings. We will assert claims resulting from misconduct where possible and appropriate. Raiffeisen Switzerland will not comment on the ongoing proceedings. The presumption of innocence applies.

Raiffeisen Group structure

Cooperative members
Private individuals, limited partnerships and collective associations entered in the Commercial Register and legal entities

General or Delegate Meeting

225 Raiffeisen banks (cooperatives)
Executive bodies: General Meeting, Board of Directors, Executive Board, auditor for the purposes of the Swiss Code of Obligations

21 regional unions (associations)

General Meeting

Raiffeisen Switzerland (cooperative)
Executive bodies: General Meeting, Board of Directors, Executive Board, auditor for the purposes of the Swiss Code of Obligations

Raiffeisen banks

The banks' **strategic management is adapted to regional conditions.**

The 225 Raiffeisen banks with a total of 809 branches (excluding branches of Raiffeisen Switzerland) are legally and organisationally independent cooperatives which elect their own boards of directors and have an independent auditor. The banks' strategic management is adapted to regional conditions. The Raiffeisen banks are owned by the cooperative members, which may be natural persons or legal entities. They elect the members of the Board of Directors of their bank at local General Meetings. If the bank has more than 500 members, the General Meeting may decide by a three-quarters majority of the votes cast to transfer its powers to a Delegate Meeting or to move to paper voting (secret ballot).

Resolutions and elections require an absolute majority of the votes, except where the law or Articles of Association provide otherwise. In the event of a tied vote, the matter is debated further and a second vote will be held. If this too is tied, the motion will be rejected. The General Assembly is called at least five days before the assembly day by the Board of Directors. The invitation including the agenda items must be issued personally and in writing. At the same time, the annual report has to be laid out in client rooms.

Raiffeisen by canton[1]

	Number of			CHF million			
Canton	Banks	Bank branches	Members	Loans[2]	Client monies[3]	Total assets	Custody account volumes
Aargau	24	76	203,560	19,562	19,697	24,558	3,629
Appenzell Ausserrhoden	2	6	17,785	1,622	1,511	1,920	294
Appenzell Innerrhoden	1	4	9,120	692	748	846	150
Basel-Land	7	19	59,531	6,284	5,682	7,489	1,304
Basel-Stadt	1	2	0	1,127	1,084	1,421	391
Berne	18	81	179,619	14,683	13,965	17,559	1,674
Fribourg	10	48	110,447	11,548	9,179	13,344	1,037
Geneva	5	19	46,814	4,744	5,426	6,366	1,039
Glarus	1	2	7,521	579	574	712	151
Grisons	8	37	60,909	5,702	5,677	7,038	854
Jura	5	23	28,876	3,374	2,597	3,987	249
Lucerne	16	45	134,853	10,740	10,590	13,161	1,650
Neuchâtel	2	14	29,012	2,317	1,977	2,737	296
Nidwalden	1	9	21,731	1,815	1,957	2,285	430
Obwalden	1	6	13,694	989	1,058	1,256	293
Schaffhausen	1	2	9,218	983	873	1,183	163
Schwyz	5	13	44,718	3,826	4,070	4,835	1,037
Solothurn	14	48	113,689	10,434	10,290	12,690	1,492
St.Gallen	28	72	203,843	23,263	20,934	28,213	4,733
Ticino	17	60	117,810	14,009	12,308	17,286	2,372
Thurgau	14	38	106,401	12,713	10,522	15,047	1,986
Uri	2	5	16,605	1,373	1,324	1,622	224
Vaud	15	54	115,295	10,888	9,546	13,257	2,154
Valais	16	89	150,606	15,447	15,014	18,720	1,977
Zug	6	13	42,535	4,515	4,802	5,881	1,413
Zurich	11	39	91,598	13,608	13,174	17,238	3,624
All cantons 31.12.2020	**231**	**824**	**1,935,790**	**196,837**	**184,579**	**240,651**	**34,616**
All cantons 31.12.2019	**235**	**847**	**1,909,233**	**190,496**	**171,699**	**225,267**	**33,490**
Increase/decrease absolute	−4	39	26,557	6,341	12,880	15,384	1,126
percent	−1.7	−2.7	1.4	3.3	7.5	6.8	3.4

1 Raiffeisen banks and branches of Raiffeisen Switzerland
2 Receivables from clients and mortgage receivables (net values after deducting value adjustments)
3 Amounts due in respect of customer deposits and cash bonds

Raiffeisen Switzerland

The Raiffeisen banks own 100% of Raiffeisen Switzerland. Raiffeisen Switzerland is a cooperative. Any bank with a cooperative structure that recognises the model articles of association of Raiffeisen banks and the Articles of Association and regulations of Raiffeisen Switzerland can join.

Raiffeisen Switzerland acts as a **centre of competence** for the entire **Group.**

Raiffeisen Switzerland bears responsibility for the Raiffeisen Group's business policy and strategy, and acts as a centre of competence for the entire Group. Its responsibilities include risk controlling, central bank functions (monetary settlement, liquidity maintenance and refinancing), interbank business and securities trading. Raiffeisen Switzerland also informs, advises and supports the Raiffeisen banks in management, marketing, business, information technology, training, human resources and legal services. In addition, it represents Raiffeisen's national and international interests. The six branches (St.Gallen, Berne, Basel, Winterthur, Zurich and Thalwil) have a total of 16 locations. They are managed directly by Raiffeisen Switzerland and are involved in client business.

Regional unions

The Raiffeisen banks are grouped into **21 regional unions** organised as associations.

The Raiffeisen banks are grouped into 21 regional unions organised as associations. The unions act as links between Raiffeisen Switzerland and the individual Raiffeisen banks. The duties of the regional unions include coordinating regional advertising activities, holding training events for the Raiffeisen banks, and safeguarding and representing the interests of the Raiffeisen banks in dealings with the cantonal business associations and authorities.

Regional unions

31.12.2020 Union	Chair	Number of member banks
German-speaking Switzerland: 14 unions		
Aargauer Verband der Raiffeisenbanken	Stefan Köchli, Bremgarten	22
Berner Verband der Raiffeisenbanken	Rolf Mani, Därstetten	16
Bündner Verband der Raiffeisenbanken	Petra Kamer, Igis	7
Deutschfreiburger Verband der Raiffeisenbanken	Aldo Greca, Giffers	5
Regionalverband Luzern, Ob- und Nidwalden	Kurt Sidler-Stalder, Ebikon	18
Oberwalliser Verband der Raiffeisenbanken	Karlheinz Fux, St.Niklaus	6
Raiffeisenverband Nordwestschweiz	Fredi Zwahlen, Rickenbach	10
Raiffeisenverband Zürich und Schaffhausen	René Holenstein, Dietikon	8
Schwyzer Verband der Raiffeisenbanken	Reto Purtschert, Küssnacht am Rigi	5
Solothurner Verband der Raiffeisenbanken	Silvio Bertini, Bettlach	13
St. Galler Verband der Raiffeisenbanken	Marcel Helfenberger, Lömmenschwil	31
Thurgauer Verband der Raiffeisenbanken	Reto Inauen, Frauenfeld	15
Urner Verband der Raiffeisenbanken	Rolf Infanger, Erstfeld	2
Zuger Verband der Raiffeisenbanken	Dr. Michael Iten, Oberägeri	6
French-speaking Switzerland: 6 unions		
Fédération des Banques Raiffeisen de Fribourg romand	Christian Gapany, Morlon	5
Fédération genevoise des Banques Raiffeisen	Thomas Foehn, Meyrin / Hervé Broch, Ursy	5
Fédération jurassienne des Banques Raiffeisen	Didier Nicoulin, Porrentruy	6
Fédération neuchâteloise des Banques Raiffeisen	Laurent Risse, Neuchâtel	2
Fédération des Banques Raiffeisen du Valais romand	Emmanuel Troillet, Martigny	10
Fédération vaudoise des Banques Raiffeisen	Philippe Widmer, Yverdon-les-Bains	15
Italian-speaking Switzerland: 1 union		
Federazione Raiffeisen del Ticino e Moesano	Mauro Cavadini, Riva San Vitale	18

Group companies

Group companies are defined as all majority interests with more than 50% of the voting capital. The key fully-consolidated Group companies and the shareholdings valued according to the equity method are listed in note 7 of the consolidated annual financial statements (companies in which the bank holds a permanent direct or indirect significant participation). Raiffeisen Group companies have no cross-shareholdings. The following diagram shows the consolidated companies.

Group companies

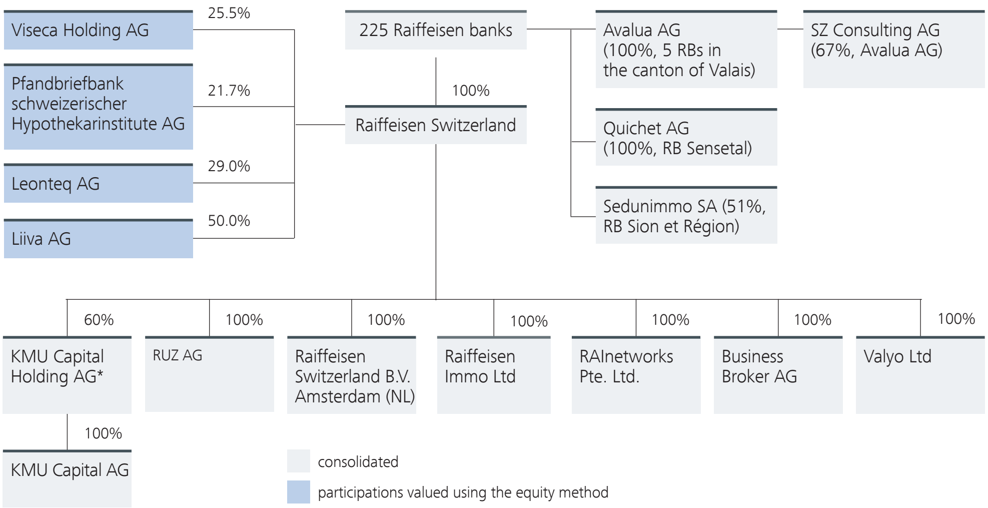
31.12.2020

Company	Activity	Owner(s)
Raiffeisen banks	Banking business Mainly retail business Traditional savings and mortgage business Corporate clients business Payment services Asset management and investment activity Securities trading Consumer goods leasing	Cooperative members
Raiffeisen Switzerland	Business policy/strategy and centre of competence for the Raiffeisen Group Risk management and consolidated monitoring Ensuring central bank functions (monetary settlement, liquidity and refinancing) Banking business (mainly interbank business and securities trading) Running of branches Informs, advises and supports the Raiffeisen banks especially in the areas of management, marketing, business, asset management and investment activity, information technology, training, human resources and legal services	Raiffeisen banks
KMU Capital Holding AG	Holding company	Raiffeisen Switzerland (60%) [1]
Raiffeisen Unternehmerzentrum AG	Advisory services for SMEs	Raiffeisen Switzerland
Raiffeisen Switzerland B.V. Amsterdam	Financial services	Raiffeisen Switzerland
Raiffeisen Immo Ltd	Brokering and advisory services for the sale and purchase of real estate	Raiffeisen Switzerland
RAInetworks Pte. Ltd	Purchasing of software licences	Raiffeisen Switzerland
Business Brokers Ltd	Management consulting	Raiffeisen Switzerland
Valyo Ltd	Development and operation of platforms	Raiffeisen Switzerland

1 Raiffeisen Switzerland lays claim to 100% of the shares in KMU Capital Holding AG (see footnote 4 in note 7 of the consolidated annual financial statements).

Consolidated companies

31.12.2020



* Raiffeisen Switzerland lays claim to 100% of the shares in KMU Capital Holding AG.

Capital structure and liability

Capital structure

The **net profit** is not distributed, rather it is used to **strengthen the capital base** of the Raiffeisen banks.

Raiffeisen's cooperative model is geared towards the retention of earnings. This means that – with the exception of interest on cooperative shares – net profit is not paid out in dividends, but is instead channelled into the Raiffeisen banks' reserves in order to strengthen the capital base. The Raiffeisen Group's cooperative capital is CHF 2,519 million. A precise breakdown and accounting of changes in the current year are provided in note 16 of the consolidated annual financial statements.

Changes in equity capital

Resigning cooperative members have the right to redeem their share certificates at their intrinsic value up to a maximum of their par value. The repayment may only be made after the approval of the annual report covering the fourth financial year after the membership is dissolved, unless the member pays in the same amount for new share certificates. Share certificates bear interest at a maximum rate of 6%.

Equity capital

in CHF million	2017	2018	2019	2020
Cooperative capital	1,957	2,172	2,351	2,519
Retained earnings	12,746	13,611	14,092	14,864
Reserves for general banking risks	80	200	200	200
Group profit	917	541	835	861
Total Equity capital	**15,700**	**16,524**	**17,478**	**18,444**

Capital structure and liability

The **cooperative union** is a **strong risk-sharing group based on the principle of solidarity.**

The Raiffeisen Group guarantees its financial obligations through a balanced system of security measures based on a principle of mutual liability, anchored in its Articles of Association. Working together in a cooperative union is also a strong expression of solidarity, as the fates of the Raiffeisen banks are closely linked as a risk-sharing group. Through the solidarity fund, Raiffeisen Switzerland is also able to cover claims and operating losses beyond what the individual members could afford.

Liability of Raiffeisen Switzerland towards the Raiffeisen banks

In its capacity as principal party, Raiffeisen Switzerland guarantees the liabilities of all Raiffeisen banks. A total of CHF 1.9 billion in equity capital of Raiffeisen Switzerland is available for this purpose. Under the Articles of Association of Raiffeisen Switzerland, the Raiffeisen banks must acquire a share certificate worth CHF 1,000 for every CHF 100,000 of total assets that they hold. This corresponded to a call-in obligation towards Raiffeisen Switzerland of CHF 2.27 billion, of which CHF 894 million has been paid in. Raiffeisen Switzerland has the right to call in the outstanding CHF 1.38 billion payment obligation from the Raiffeisen banks at any time.

Solidarity fund

The solidarity fund – in line with the cooperative notion of solidarity that Raiffeisen espouses – is an organisation-wide reserve to cover risks. The fund mainly covers operating losses of Raiffeisen banks. It is financed by contributions from the Raiffeisen banks and the branches of Raiffeisen Switzerland. The disposable fund assets are CHF 337.8 million.

Duty of the Raiffeisen banks to pay in further capital towards Raiffeisen Switzerland

Raiffeisen banks are bound by the duty to pay in further capital under Art. 871 of the Swiss Code of Obligations up to the amount of their own funds, defined as the disclosed equity capital plus hidden reserves. The duty of the Raiffeisen banks to pay in further capital towards Raiffeisen Switzerland amounts to CHF 18.3 billion.

Directive authority of Raiffeisen Switzerland vis-à-vis Raiffeisen banks

According to a FINMA ruling of 3 September 2010, the Raiffeisen Group must comply with the statutory provisions on capital adequacy, risk diversification and liquidity on a consolidated basis. The Raiffeisen banks are exempt from compliance with these provisions at the individual bank level. The conditions for this exemption are that the Raiffeisen banks must join together with Raiffeisen Switzerland, which guarantees all the Raiffeisen banks' obligations, and must grant Raiffeisen Switzerland power to exercise directive authority vis-à-vis the Raiffeisen banks. Raiffeisen Switzerland monitors the Raiffeisen banks' overall position on an ongoing basis, specifically with regard to capital adequacy, earnings, liquidity and risk diversification. If an unfavourable development occurs or is expected at a Raiffeisen bank, Raiffeisen Switzerland assists in drawing up and implementing appropriate measures. In serious cases, Raiffeisen Switzerland has a right of application and directive authority in respect of organisational, operational and HR-related steps.

Major cooperative members

The **voting rights** of any one cooperative member are **limited to one vote.**

Cooperative members must hold at least one share certificate. If so resolved by the Board of Directors of the respective Raiffeisen bank, cooperative members can also subscribe for more than one share certificate, but only up to 10% of the cooperative capital or CHF 20,000 per cooperative member. Under the Swiss Code of Obligations, the voting rights of any one cooperative member are limited to one vote, irrespective of the number of share certificates held. There are no major cooperative members in the Raiffeisen Group which hold more than 5% of the capital or voting rights. Membership of a Raiffeisen bank and the associated rights and obligations are closely tied to the individual/entity in question. This means that individual shares cannot normally be sold on or transferred. A member can nominate another member, their spouse or a descendant to represent them. No proxy may represent more than one member; every proxy requires written authorisation. Representatives of limited partnerships, collective associations or legal entities also require written authorisation.

Organisation of Raiffeisen Switzerland

General meeting

The General Meeting is composed of **one representative from each Raiffeisen bank**.

The General Meeting is the supreme executive body of Raiffeisen Switzerland. The General Meeting is composed of one representative from each Raiffeisen bank. The General Meeting consisted of 225 represented banks in the current year. Each bank can cast one vote at the General Meeting. Banks may only be represented by an elected proxy.

Covid-19 regulations led to the general meetings being held in written or electronic form in 2020. Based on this ordinance, the Board of Directors of Raiffeisen Switzerland decided to conduct the 2020 Ordinary General Meeting of Raiffeisen Switzerland by voting on an electronic platform instead of holding an in-person meeting. The General Meeting was thus conducted as a digital orientation event followed by electronic voting. The digital orientation event was attended by 317 individuals in total, including 255 Raiffeisen bank proxies representing a total of 210 Raiffeisen banks. The proxies of all 225 Raiffeisen banks cast their votes through an electronic platform.

The General Meeting passes its resolutions and conducts its elections on the basis of the absolute majority of the votes cast, except where the law or Articles of Association stipulate otherwise. To call an Ordinary General Meeting, the date, location and time of the meeting and the deadlines must be announced five months before the meeting. Applications to add items to the agenda must be submitted twelve weeks before the meeting. The agenda agreed by the Board of Directors, the documents supporting resolutions and any nominations must be sent out at least four weeks before the meeting. Shorter deadlines are permissible when convening an Extraordinary General Meeting.

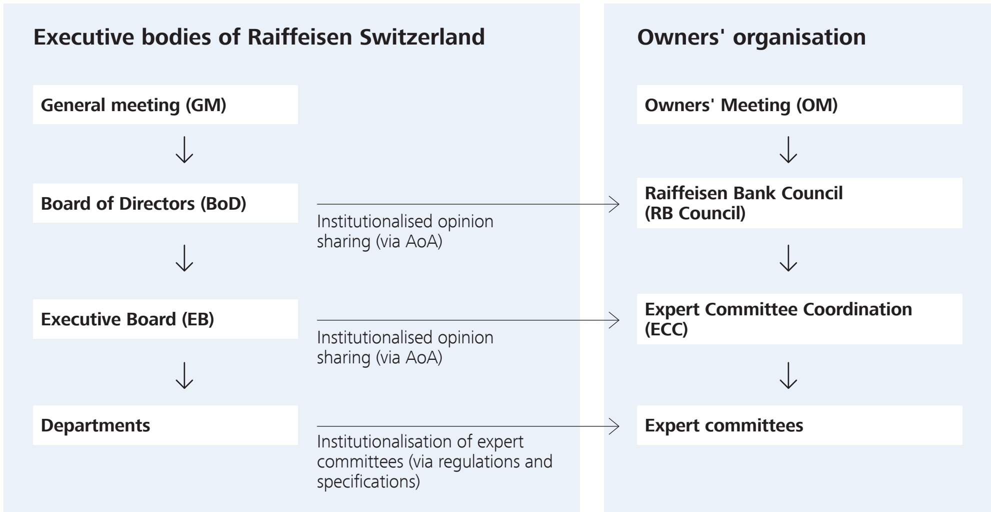
The General Meeting has the following powers in particular:

- Changes to the Raiffeisen Switzerland Articles of Association
- Drawing up model articles of association for Raiffeisen banks
- Defining the Raiffeisen Group's mission statement and long-term policy principles
- Approving the annual financial statements of Raiffeisen Switzerland, the appropriation of net earnings of Raiffeisen Switzerland, approving the consolidated financial statements of the Raiffeisen Group, approving the management report of the Raiffeisen Group, and ratifying the actions of the Board of Directors and the Executive Board
- Appointing and dismissing the members of the Board of Directors, its Chairman and the auditor for the purposes of the Swiss Code of Obligations for Raiffeisen Switzerland, and designating the auditor to be elected for the purposes of the Swiss Code of Obligations for Raiffeisen banks

The ratification of the actions of the Board of Directors and the Executive Board for the financial years 2017, 2018 and 2019 was not put on the 2020 agenda due to unresolved matters relating to the past.

Overview of the committees and their interaction:

Committees and their interactions
2020



The **Owners' Meeting** is responsible for the **owners' strategy** and the **structure of the owners' committees.**

Rules for collaboration between Raiffeisen Switzerland's governing bodies and its owners were recently set out in the Articles of Association of Raiffeisen Switzerland. The Owners' Meeting, an independent body comprising the Raiffeisen banks, is responsible for the owners' strategy and the structure of the owners' committees. The Board of Directors regularly communicates with the Raiffeisen Bank Council regarding strategic issues, while the expert committees assess projects, schemes and initiatives and thus communicate the Raiffeisen banks' needs at an operational level. The owners' new committees have no decision-making authority with regard to Raiffeisen Switzerland; their sole purpose is to share views.

Owners' Meeting (OM)

The Owners' Meeting is where the Raiffeisen banks independently come together to adopt an owners' strategy and set up an organisational structure for the Raiffeisen banks in order to exchange views with Raiffeisen Switzerland on political, strategic and operational matters. It is convened as often as business dictates. Usually, it is convened annually immediately before Raiffeisen Switzerland's Ordinary General Meeting.

The Owners' Meeting consists of one representative for each of all the Raiffeisen banks that hold stakes in Raiffeisen Switzerland. Each represented Raiffeisen bank has one vote.

The Owners' Meeting issues and amends the Raiffeisen banks' owners' strategy and sets up the organisational structure for collaboration and opinion formation between the Raiffeisen banks and Raiffeisen Switzerland. It also takes note of information provided by the Board of Directors of Raiffeisen Switzerland and statements issued by the RB Council regarding the implementation of the owners' strategy. The Owners' Meeting also takes note of the RB Council's report on the compensation paid to members of the owners' committees (RB Council, Expert Committee Coordination and expert committees) and reaches consultative decisions about key political and strategic owner issues. The first-ever Owners' Meeting was held on 19 June 2020 as a live-streamed meeting and was chaired by Bruno Poli, the Chairman of the RB Council.

Raiffeisen Bank Council (RB Council)

The **Raiffeisen Bank Council** serves as a **sounding board** for the **Board of Directors** of **Raiffeisen Switzerland**.

The Raiffeisen Bank Council (RB Council) was established to institutionalise collaboration between the Raiffeisen banks and Raiffeisen Switzerland. It serves as a bridge between the Raiffeisen banks and Raiffeisen Switzerland through a structured process for sharing opinions on strategy and business policy. In addition to reflecting on and assessing strategic and policy issues, the RB Council serves as a sounding board for the Board of Directors of Raiffeisen Switzerland and presents the banks' perspective as the Raiffeisen Group continues to evolve.

The RB Council has no veto rights or decision-making authority of its own with regard to issues relating to Raiffeisen Switzerland. Its sole purpose is to enable the Raiffeisen banks and Raiffeisen Switzerland to exchange views and experiences on strategic matters. The RB Council cannot assume any tasks or powers from the Board of Directors of Raiffeisen Switzerland.

The structured approach and communication of opinions that the Raiffeisen banks have formulated amongst themselves aim to strengthen and legitimise confidence in the relationship between the Raiffeisen banks and Raiffeisen Switzerland. Council members back decisions made by the RB Council in keeping with their collective responsibility for decisions.

The RB Council was established in 2020 and conducted its business at five meetings, of which two were in person and three digital. The Board of Directors of Raiffeisen Switzerland extends invitations to the opinion-sharing meetings. Four meetings were held in 2020, with one physical and three digital meetings. The Chairman of the RB Council is Bruno Poli and the Vice-Chairman is Marlis Pfeiffer-Seiler.

Expert Committee Coordination (ECC)

Expert Committee Coordination exchanges views with the Executive Board of Raiffeisen Switzerland regarding operational issues. Being the senior governing body for the expert committees, it coordinates the activities of the various expert committees.

The Expert Committee Coordination (ECC) has no veto rights or decision-making authority of its own with regard to issues relating to Raiffeisen Switzerland. Its structured approach and constructive communication of opinions aims to strengthen and legitimise confidence in the relationship between the Raiffeisen banks and Raiffeisen Switzerland.

The ECC was established in 2020 and conducted its business at three meetings. The Chairman of the ECC is Hermann Marti, the Vice-Chairman Hervé Broch. It will hold its first opinion-sharing meeting with the Executive Board of Raiffeisen Switzerland in 2021.

Expert committees

Several standing expert committees were established to institutionalise collaboration between the Raiffeisen banks and Raiffeisen Switzerland. They serve as a bridge between the Raiffeisen banks and Raiffeisen Switzerland in connection with formulating technically sound opinions on operational issues.

In addition to reflecting on and assessing projects, schemes and initiatives, the standing expert committees present the banks' perspective, particularly when new products, services, processes and systems are being aligned and developed. This allows the outcomes of these processes to reflect the banks' concrete needs. The standing expert committees are advisory bodies that constantly communicate with Raiffeisen Switzerland on operational decision-making. The expert committees themselves have no veto rights or decision-making authority of their own with regard to issues relating to Raiffeisen Switzerland

The members of the expert committees attended a kick-off event in 2020 that aimed to thoroughly prepare the eight committees to start work in January 2021.

Raiffeisen Switzerland Board of Directors

The Board of Directors is mainly responsible for the Group's strategic development, financial management and overseeing the Executive Board of Raiffeisen Switzerland. The Board of Directors consists of nine members as at the balance sheet date. Anne Bobillier resigned from the Board of Directors on 30 September 2020. Only members of an affiliated Raiffeisen bank can become a member of the Board of Directors.

No member of the Board of Directors has been employed by Raiffeisen Switzerland in the last two years. In addition, no member of the Board of Directors has a business relationship with Raiffeisen Switzerland that would pose a conflict of interest due to its nature or scope.

The **expertise** of the members of the Board of Directors is one way in which Raiffeisen Switzerland is responding to the constantly **rising demands**.

The members of the Board of Directors possess in-depth knowledge of law, banking, finance, IT, real estate, risk management, compliance and auditing. Consequently, the members complement each other perfectly, which facilitates working together professionally in the interests of the entire banking group. With the specific skills of the Board of Directors' members, Raiffeisen Switzerland is responding to the constantly rising demands on banking groups like Raiffeisen. Their wide-ranging profiles enable the Board of Directors to selectively manage and monitor the Raiffeisen Group's strategic challenges and forthcoming transformation process.

All members of the Board of Directors are considered independent within the meaning of FINMA Circular 2017/1, paragraphs 18 – 22.

Members of the Board of Directors
as at 31 December 2020

Guy Lachappelle

Chairman of the Board of Directors
since 2018 (elected until 2022)
CH, 1961

Committees: Member of the Strategy and Finance Committee, member of the Nomination and Remuneration Committee

Occupation: Chairman of the Board of Directors of Raiffeisen Switzerland

Professional background: Basler Kantonalbank, Basel (2010 – 2018): Chief Executive Officer and Chairman of the Management Board (2013 – 2018), Head of Corporate Clients/member of the Management Board (2010 – 2013); Bank Coop, Basel (2006 – 2010): Head of Lending and Production/member of the Executive Board (2008 – 2010), Head of Lending Northwestern Switzerland (2006 – 2008); Bank Cial, Basel (1999 – 2006): Head of Risk Management/member of the Executive Board (2005 – 2006), Head of Credit Management (1999 – 2005); Credit Suisse Group, Basel and Aarau (1994 – 1999): various staff and management functions; A & U Kaderberatung, Basel (1990 – 1994): Management consultant and partner

Education: Executive MBA, University of St. Gallen (2002 – 2004); postgraduate degree in human resources, HWV Olten (1991 – 1993); law degree (lic. iur.), University of Basel (1982 – 1988)

Significant directorships and vested interests: Member of the Board of Directors of the Swiss Bankers Association (until 31 March 2021); Chairman of the Raiffeisen Centenary Foundation; partner of Menschen im Alter GmbH

Memberships: none

Prof. Dr Pascal Gantenbein

Vice Chairman of the Board of Directors
since 2017 (elected until 2022)
CH, 1970

Committees: Chairman of the Strategy and Finance Committee, member of the Risk Committee

Occupation: Dean of Studies and Full Professor of Financial Management at the Department of Economics at the University of Basel (since 2007)

Professional background: Lecturer in Corporate Finance at the University of St. Gallen Executive School (ES-HSG) (2008 – 2017); various visiting professorships (HEC Paris (FR), University of Geneva (CH), HEC Montréal/École des hautes études commerciales (CAN), Wits Business School/University of the Witwatersrand Johannesburg (SA) (2006 – 2017); lecturer at the University of Liechtenstein (2004 – 2013); lecturer in Financial Management and Professor for Business Administration, focusing on finance, Swiss Institute of Banking and Finance, University of St. Gallen (1999 – 2007)

Education: Sabbaticals at the University of Southern California/USC (USA), the University of California Los Angeles/UCLA (USA), the University of Maastricht (NL) and the Indian Institute of Management Bangalore/IIMB (IND) (2003 – 2016); post-doctorate degree at the University of St. Gallen (HSG) (2000 – 2004); degree and doctorate in business administration at the University of St. Gallen (HSG) (1990 – 1999)

Significant directorships and vested interests: Fahrländer Partner Raumentwicklung AG, Zurich (member of the Advisory Board)

Memberships: The Royal Institution of Chartered Surveyors (RICS); Urban Land Institute (ULI); American Real Estate Society; Swiss-American Society

Andrej Golob

Member of the Board of Directors
since 2018 (elected until 2022)
CH, 1965

Committees: Member of the Strategy and Finance Committee

Occupation: General Manager Business Development Germany, Austria, Switzerland and Managing Director of Xerox AG (until 31 January 2021), CEO Alltron AG, Mägenwil (from 1 February 2021)

Professional background: karldigital AG, Olten (2018 – 2019): Founder and Managing Partner; Equatex AG, Zurich (2015 – 2017): Chief Executive Officer; Swisscom AG, Zurich (2014 – 2015): Executive Vice President and member of the Executive Board of Swisscom Enterprise Customers; Swisscom IT Services Workplace AG, Zurich (2011 – 2013): Chief Executive Officer; various senior management positions at Hewlett-Packard (1992 – 2011); including: Director Distribution Sales and Development Europe, Middle East & Africa (EMEA), Hewlett-Packard International, Dübendorf (2008 – 2011), Sales Director Corporate, Enterprise & Public Segment, Middle East, Mediterranean & Africa, Hewlett-Packard International, Dübendorf (2007 – 2008), Country General Manager of Division, HP Services, Hewlett-Packard Switzerland, Dübendorf (2006 – 2007), Country General Manager of the Personal Systems Group Division, Hewlett-Packard Switzerland, Dübendorf (2002 – 2006)

Education: Breakthrough Program for Senior Executives, IMD Lausanne (2007); Master in Business Administration (lic. oec. HSG), University of St. Gallen (1991)

Significant directorships and vested interests: Member of the Board of Directors of SwissDigiNet AG; Chairman of the Board of Directors of Raiffeisenbank Olten

Memberships: Industrie- und Handelsverein Olten; Swiss Institute of Directors

Thomas A. Müller

Member of the Board of Directors
since 2018 (elected until 2022)
CH, 1965

Committees: Chairman of the Risk Committee, member of the Audit Committee

Occupation: Independent Member of the Board of Directors and Chairman of the Swiss Takeover Board

Professional background: EFG International, Zurich and Lugano (2018): Group Chief Risk Officer/member of the Executive Board; BSI Bank (within EFG Group), Lugano (2016 – 2017): Chief Executive Officer; Bank J. Safra Sarasin Ltd, Basel (2010 – 2016): Group Chief Financial Officer/member of the Executive Board; Swiss Life Group, Zurich (2006 – 2009): Group Chief Financial Officer & Chief Risk Officer/member of the Management Board; Banca del Gottardo/ Swiss Life Group, Lugano (2002 – 2005): Chief Financial & Risk Officer/member of the Executive Board; Marc Rich + Co Holding GmbH, Zug (1997 – 2000): Head of Trading Fixed Income; Credit Suisse/Schweizerische Volksbank, Zurich (1991 – 1997): Department Head of Treasury, member of Senior Management, Head of Asset & Liability Management, member of Management

Education: High Performance Boards, IMD Lausanne (2016); Master of Business Administration (MBA), IMD Lausanne (2001); Master of Economics (lic. rer. pol.), University of Berne (1986 – 1991)

Significant directorships and vested interests: President of the Swiss Takeover Board, Zurich; Chairman of the Board of Directors of Credit Exchange AG, Zurich; member of the Board of Directors of Società Navigazione del Lago di Lugano; member of the Board of Directors of Twelve Capital Holding AG and Twelve Capital AG, Zurich; member of the Board of Directors of Copernicus Wealth Management AG, Lugano

Memberships: SwissVR (association for company directors)

Thomas Rauber

Member of the Board of Directors
since 2018 (elected until 2022)
CH, 1966

Committees: Chairman of the Nomination and Remuneration Committee

Occupation: Manager/owner TR Invest AG, Tafers (since 2010)

Professional background: Meggitt Group (Meggitt PLC, Christchurch, UK) (1997 – 2010): CFO and Deputy General Manager, Meggitt SA, Villars-sur-Glâne, Fribourg (2008 – 2010), General Manager, Vibro-Meter France SA (2005 – 2007), Finance Director, Vibro-Meter SA, Villars-sur-Glâne, Fribourg (1997 – 2005); DANZAS (now DHL), Basel headquarters (1992 – 1997): Head of Controlling Eurocargo Division (1996 – 1997), Head Corporate Finance IT Coordination (1994 – 1996), Regional Controller (Europe) (1992 – 1994); Swiss Bank Corporation, Basel (1990 – 1992)

Education: Executive General Management, IMD Lausanne (2005); lic. rer. pol. Business Administration, University of Fribourg (1986 – 1990)

Significant directorships and vested interests: Member of the Board of Directors of Fastlog AG, Emmen and Thun; Chairman of the Board of Directors of Raiffeisenbank Freiburg Ost Genossenschaft

Memberships: SwissBoardForum

Olivier Roussy

Member of the Board of Directors
since 2014 (elected until 2022)
CH, 1964

Committees: Member of the Strategy and Finance Committee, member of the Audit Committee

Occupation: Founder and manager of Major Invest SA, consulting, Yverdon-les-Bains (since 2012)

Professional background: Major Invest SA, Yverdon-les-Bains (since 2012): Independent consultant (since 2020), independent financial consultant (since 2017), independent asset manager (2012 – 2017); Freiburger Kantonalbank, Fribourg (2010 – 2011): Team Leader Private Banking; Deutsche Bank (Switzerland) Ltd, Geneva (2005 – 2010): Investment Manager; CS and UBS, Zurich, Geneva and Lausanne (1987 – 2000): Portfolio Manager/Investment Advisor/Relationship Manager

Education: Swiss Board Institute BoD Certificate (2017); CIWM Certified International Wealth Manager AZEK (2005); FAME Financial Asset Management and Engineering SFI (2003); CIIA Certified International Investment Analyst AZEK (2003); MBA Business School Lausanne (2002 – 2003)

Significant directorships and vested interests: Chairman of the Board of Directors of Major Invest SA, Yverdon-les-Bains

Memberships: Swiss Institute of Directors; SwissBoardForum

Dr Beat Schwab

Member of the Board of Directors
since 2018 (elected until 2022)
CH, 1966

Committees: Member of the Audit Committee, member of the Nomination and Remuneration Committee

Occupation: Self-employed entrepreneur and Board of Directors member (since 2017)

Professional background: Credit Suisse AG, Zurich (2012 – 2017): Head Real Estate Investment Management/Managing Director; Wincasa AG, Winterthur (2006 – 2012): Chief Executive Officer; ISS Schweiz AG/Sevis AG, Facility Management, Zurich/Basel (1999 – 2006): Member of the Executive Board/Director of Business Development; Credit Suisse First Boston, Zurich (1998 – 1999): Head of Fixed Income/Forex Research Switzerland, Director; UBS Economic Research, Zurich (1992 – 1997): Head of Economic Research & Sector Analyses, Vice President

Education: Master of Business Administration, Columbia University, New York (1996 – 1997); doctorate (Dr. rer. pol.), University of Berne (1993 – 1995); degree in economics (lic. rer. pol.), University of Berne (1987 – 1992)

Significant directorships and vested interests: Chairman of the Board of Directors of Zug Estates Holding AG, Zug; Vice Chairman of the Board of Directors of pom + Group AG & pom + Consulting AG, Zurich; member of the Board of Directors and Head of the Audit Committee of SBB Swiss Federal Railways, Berne; member of the Board of Directors and Head of the Audit & Risk Committee of Varia US Properties AG, Zug; member of the Foundation Council of SKB 1809, formerly Sparkasse Basel

Memberships: Swiss VR (association for company directors); The Royal Institution of Chartered Surveyors (RICS)

Karin Valenzano Rossi

Member of the Board of Directors
since 2018 (elected until 2022)
CH, 1966

Committees: Member of the Risk Committee, member of the Nomination and Remuneration Committee

Occupation: Independent attorney and notary, Lugano (since 1 June 2019), member of the tribunal panel of the Swiss Association of Asset Managers (VSV), Zurich (since 2016); lecturer at Centro di Studi Bancari, Vezia (since 2004), lecturer and member of the Scientific Advisory Board, Certification Programme for Directors, Scuola universitaria professionale della Svizzera Italiana SUPSI (2021)

Professional background: Law firm of Walder Wyss AG, Zurich, and notary's offices of Jermini Valenzano, Lugano (2015 – 2019): Partner; Spiess Brunoni Pedrazzini Molino, now Molino Adami Galante, Lugano (2001 – 2014): Partner since 2009, notary since 2002, attorney

Education: BoD Corporate Governance, certificate of attendance for New BoD Designs: From Board of Directors to Design and Control Board, Swiss Board Institute (2019 – 2020); admitted to the Ticino Notaries Association (2002); admitted to the Ticino Bar Association (2000); law degree, University of Fribourg (1991 – 1997)

Significant directorships and vested interests: Member of the Board of Directors of Banca Raiffeisen Lugano; member of the Board of Directors of Fidinam Holding SA, Lugano

Memberships: Swiss Bar Association (SAV); Ticino Bar Association (OATi); Ticino Notaries Association (OdNti);

Rolf Walker

Member of the Board of Directors
since 2018 (elected until 2022)
CH, 1962

Committees: Chairman of the Audit Committee, member of the Risk Committee

Occupation: Self-employed management consultant and independent Board of Directors member (since 2018)

Professional background: Ernst & Young, Berne/Zurich (1988 – 2018): Management of international, national and regional audit mandates, from 2001 as partner, various consultancy mandates for financial service companies, President of the Banking Audit Expert Commission of EXPERTsuisse (2010 – 2018), Head Professional Practice Financial Services at Ernst & Young Ltd (2004 – 2017); Schweizerische Volksbank, Biel (1981 – 1985): various positions (client advisory, accounting)

Education: Qualified Swiss auditor, Kammerschule Bern (1991 – 1994); Höhere Wirtschafts- und Verwaltungsschule Bern, MBA-equivalent degree (dipl. Kaufmann HWV) (1985 – 1988)

Significant directorships and vested interests: none

Memberships: Alumni EXPERTsuisse

Composition, election and term of office

The Board of Directors consists of nine to twelve members according to the Articles of Association. In filling these positions, attention is paid to ensuring an appropriate representation of the linguistic regions and banking authorities for the Raiffeisen banks. Half of the members of the Board of Directors must be representatives of the Raiffeisen banks. Members of the Board of Directors are elected for a two-year term (current term: 2020 to 2022) and can serve a maximum of twelve years on the Board of Directors. Members of the Board of Directors must step down at the end of the term of office in which they turn 70.

Internal organisation and delimitation of powers

The Board of Directors and its committees meet as often as business dictates, but at least four times a year pursuant to Art. 39 (1) and Art. 42 (4) of the Articles of Association of Raiffeisen Switzerland. The following table shows the number of meetings held by the Board of Directors and its committees in 2020. Ordinary meetings of the Board of Directors generally last an entire day, while committee meetings last half a day.

Meeting attendance [1]

2020		Board of Directors	Nomination and Remuneration Committee	Strategy and Finance Committee	Audit Committee	Risk Committee	Exchange BoD of RCH/RB Council, Exchange BoD of RCH/RB Council Committee [4]
Number of meetings held	Total number	22	8	9	9	7	4
Member	Total number	9/10 [2]	4	4/5 [3]	4	4	10
Members who missed no meetings	Total number	7	4	3	4	4	8
Members who missed one meeting	Total number	2	0	2	0	0	2
Members who missed two or more meetings	Total number	1	0	0	0	0	0
Meeting attendance, in %	Percentage	99	100	98	100	100	97

1 Various members of the Board of Directors also attend other meetings which are not included in the above presentation: strategy meetings, meetings with FINMA, meetings with regulators, annual meetings with representatives of the regional unions, chairman and head of bank forums in the spring and autumn, and other communication platforms with the regional unions. This list is not exhaustive.
2 The Board of Directors was composed of ten members between 1 January and 30 September. It has consisted of nine members since 1 October.
3 The Strategy and Finance Committee was composed of five members between 1 January and 30 September. It has consisted of four members since 1 October.
4 The body for discussion between the BoD of RCH and the RB Council / RB Council Committee consists of the BoD of RCH and the representatives of various Raiffeisen banks that make up the RB Council and the RB Council Committee. Between 1 January and 30 September, this body consisted of ten members from the BoD of RCH. It has consisted of nine members since 1 October.

The Board of Directors meets once a year to review its own activities and **positions.**

Resolutions are passed on the basis of the absolute majority of members present, or the absolute majority of all members for circular resolutions. The Chairman breaks tied votes. Resolutions are minuted. The Board of Directors meets once a year to review its own activities and positions. Individual members of the Executive Board attend the meetings of the Board of Directors and its committees in consultation with the Chairman of the Board of Directors and the chairperson of the committee, respectively. They can advise and have the right to put forward motions. The Board of Directors is kept informed of the activities of the Executive Board of Raiffeisen Switzerland in a number of ways. The Executive Board is also required to update the Board of Directors regularly on the financial position, earnings and risk situation, as well as on the latest developments and any unusual events at the Raiffeisen Group.

Under the Swiss Code of Obligations, the Articles of Association, and the Terms and Conditions of Business of Raiffeisen Switzerland, the main duties of the Board of Directors are to

- establish the business policy of the Raiffeisen Group, the risk policy and regulations and authorities required for running Raiffeisen Switzerland;
- pass the regulations necessary for the running of the Raiffeisen banks;
- resolve whether to accept or exclude Raiffeisen banks;
- prepare for the Delegate Meeting and execute the resolutions of this body;
- appoint and dismiss the auditor for the companies of the Raiffeisen Group;
- appoint and dismiss the Chairman and members of the Executive Board, the Head of Internal Auditing and their deputies;
- define the overall sum of variable remuneration and decide on the fixed and variable annual remuneration components for Executive Board members.

The Board of Directors approves the **strategy**, the **financial planning** and the **annual financial statements** as well as the annual report.

Moreover, the Board of Directors approves the strategy and financial planning, draws up the consolidated annual financial statements and the annual report of the Raiffeisen Group and of Raiffeisen Switzerland. Furthermore, it takes the planning and financial reporting of the Group company into account. The Board of Directors can appoint committees with responsibilities conferred for a fixed period or without limit. The Board of Directors may bring in external consultants in certain cases, as it did in 2020. The duties and powers of the standing committees are set forth in regulations and summarised below.

The powers exercised by the Board of Directors, its committees, the Chairman of the Executive Board and the Executive Board are specified in detail in the Articles of Association, the Terms and Conditions of Business and the authority levels of Raiffeisen Switzerland.

Committees of the Board of Directors

Strategy and Finance Committee
The Strategy and Finance Committee is responsible for:

- addressing strategically relevant developments, opportunities and challenges in the environment and for the Raiffeisen Group on a regular and systematic basis;
- preparing strategic initiatives in the Board of Directors and supervising their realisation (responsible for content);
- Providing the Board of Directors with strategic risk assessments
- arranging and supervising the form of strategy work of the Raiffeisen Group (responsibility for processes;
- Ensuring good corporate governance at the Raiffeisen Group
- passing resolutions on participations, investments, contractual obligations, expenditure and loans, to the extent that authority over these matters is assigned to the Committee;
- Dealing with tasks assigned by the Board of Directors and general support for the Board of Directors in performing its duties and responsibilities

Audit Committee
The Audit Committee is responsible for:

- monitoring and assessing the financial reporting and integrity of financial statements;
- approving the annually budgeted fee of the auditing firm and the audit programme of the Internal Auditing department and presenting the results to the Board of Directors;
- analysing the audit reports of Raiffeisen Switzerland and the Group; ensuring that the objections contained therein are resolved and the recommendations are implemented;
- monitoring the activities, resources, competences, independence and objectivity of the auditing firm and the Internal Auditing department and assessing their performance and cooperation as well as the remuneration of the auditing firm
- Preparing for the appointment of the Head of Internal Auditing and presenting the results to the Board of Directors
- Preparing for the election of the regulatory audit company and the auditor for the purposes of the Swiss Code of Obligations and presenting the results to the Board of Directors
- application to the Board of Directors regarding the recommendation to submit the annual accounts to the General Meeting

Risk Committee
The Risk Committee is responsible for:

- assessing the framework concept for Group-wide risk management at least once a year and arranging the necessary adjustments;
- Monitoring and assessing the effectiveness and appropriateness of the internal control system.
- annually reviewing the risk policy and risk limits of Raiffeisen Switzerland and the Group, and presenting the results to the Board of Directors;
- analysing the risk situation of Raiffeisen Switzerland and the Group;
- handling the reports issued by the Risk & Compliance department;
- Evaluating compliance with statutory, regulatory and internal rules, as well as market standards and codes of practice

- monitoring the implementation of risk strategies, particularly with regard to their compliance with the predefined risk tolerance and the risk limits according to the framework concept for Group-wide risk management;
- should a limit stipulated by the Board of Directors be exceeded, deciding on measures to reduce the risk and/or approve a temporary breach.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is responsible for:

- Analysing trends and developments in the labour market
- ensuring strategically oriented leadership development and succession planning;
- reviewing the planning and measures for the retention and promotion of staff;
- Preparing all activities relating to employment conditions for executive managers and staff, including, without limitation, remuneration and retirement plans
- Preparing the remuneration report
- Setting up rules for Members of the Board of Directors, the Executive Board and employees trading for their own accounts.
- extending and monitoring loans to directors, officers and parties related to them within the scope of the regulations governing authority levels;
- Preparing for elections and presenting the results to the Board of Directors

Information and controlling tools vis-à-vis the Executive Board

The **information and control instruments** employed by the Board of Directors have been configured in compliance with the **requirements defined by FINMA**.

The information and control instruments employed by the Board of Directors have been configured in compliance with the requirements defined by FINMA. The Raiffeisen Group has an established and proven management information system (MIS), which helps the Board of Directors fulfil its supervisory duties and oversee the powers transferred to the Executive Board.

The Board of Directors receives a final, comprehensive financial report every quarter. The report includes a year-on-year comparison, actual/plan comparison and expectations for each business segment and the entire Raiffeisen Group. These periodic reports are supplemented by analyses of relevant issues and developments. The minutes of the Executive Board meetings are also presented to the Chairman of the Board of Directors for inspection. In addition, individual Members of the Executive Board attend the meetings of the Board of Directors or committees in consultation with the Chairman of the Board of Directors or the chairperson of the committee, respectively, provide information on current issues and are available to provide information.

Risk and compliance

The Board of Directors is periodically updated on the risk situation. Every year, the Board of Directors is presented with a forward-looking risk analysis that serves to determine the Group's annual risk tolerance and assess its resulting risk capacity. The Board of Directors receives a detailed quarterly risk report on the overall risk situation and the utilisation of the overall limits approved by the Board of Directors.

The Raiffeisen Group has an internal control system (ICS) that supports the proper conduct of business activities based on processes, controls, regulations, directives and corresponding measures. The Board of Directors receives an annual report on the adequacy and effectiveness of the internal control system.

The Raiffeisen Group has a compliance function and a Compliance department to ensure risk-oriented compliance with statutory and regulatory requirements. The Board of Directors receives an annual assessment of the compliance risk of the Group's business activities and an activity report from the compliance function. Furthermore, the Board of Directors is given timely information on grave violations of compliance regulations or matters with major implications.

Internal Auditing

The Raiffeisen Group has an Internal Auditing department which reports to the Board of Directors and is independent of the Executive Board. This department supports the Board of Directors in fulfilling its oversight and control duties and has an unrestricted right to perform audits and obtain information within the bank. Internal Auditing reports to the Audit Committee, the Risk Committee and to the Board of Directors.

Executive Board of Raiffeisen Switzerland

The **Executive Board** of Raiffeisen Switzerland **manages** the **operational business.**

The Executive Board of Raiffeisen Switzerland manages Raiffeisen Switzerland's operational business. This involves in particular identifying influences and changes that have a bearing on the Raiffeisen Group's environment, developing relevant strategies and ensuring that subsequent implementation measures are taken. In accordance with the legal and regulatory framework, the Executive Board is charged with the execution of the resolutions passed by higher bodies. Moreover, it provides the Group with competent, reliable, future- and success-oriented management. In addition, within the Raiffeisen Group, the Executive Board is responsible for ensuring financial management, Group risk management and compliance. Moreover, the Executive Board acts as a risk committee, handles budgeting and budget control, defines organisation structure and makes key personnel decisions.

The Executive Board of Raiffeisen Switzerland consists of the Chairman and seven other members who are elected by the Board of Directors of Raiffeisen Switzerland. Normally, the Executive Board meets once a week under the direction of the Chairman. The Executive Board has the power to pass resolutions if a majority of its members or their deputies are present. The Board passes most resolutions by consensus. If agreement cannot be reached, resolutions are passed by a simple majority, with the Chairman having the tie-breaking vote. Raiffeisen Switzerland business processes are handled by seven different departments (see organisational chart).

Organisational chart

31.12.2020

Board of Directors Guy Lachappelle (Chairman)

- **Management Office BoD** Nadine Eisenhut-Zünd
- **Internal Auditing** Daniel Dal Santo

Chairman of the Executive Board Heinz Huber* (CEO)

- **UE & Digital Transformation** Andreas Staub
- **Head of Executive Staff** Frank Langer

Corporate Clients & Branches
Urs Gauch*

- **Corporate Clients Raiffeisen Switzerland** Daniel Hollenstein
- **Special Products & Segment Management CC & Branches** Andreas Rupp
- **Management Support & Projects CC** Marco Meier
- **St.Gallen Branch** Johannes Holdener
- **Winterthur Branch** Gregor Knoblauch
- **Basel Branch** Dieter Leopold a.i.
- **Zurich Branch** Matthias Läubli
- **Berne Branch** Daniel Schmid
- **Thalwil Branch** Daniel Duca

Raiffeisen Bank Services
Helen Fricker*

- **Bank Relationship Management & Sales RB** Michael Meissner
- **Marketing** Oliver Niedermann
- **Sede Svizzera italiana** Luca Cimasoni
- **French-speaking Switzerland office** Gilles Cherbuin
- **Support Centre** Raphael Raetzo

Products & Investment Services
Kathrin Wehrli*

- **Product Management** Roland Altwegg
- **Investment & Retirement Centre** Patrick A. Janovjak
- **Advice and Sales** Philippe Niederer
- **Digitalisation** Pascal Dürr (interim)
- **Analytics** Marco Wüst

Treasury & Markets
Roger Reist*

- **Trading** Werner Leuthard
- **Treasury** Philipp Ackermann
- **Products & Sales T&M** Willi Bucher
- **Business Engineering & Support** Marco Tagliaferro

IT & Services
Rolf Olmesdahl* (COO)

- **Architecture & Project Management** Peter Kägi
- **Application Management** Robert Schleich
- **IT Operations & Engineering** Christian Lampert
- **Banking Operations & Test Management** Adrian Töngi
- **Services & Management Office** Erwin Keller

Finance & Human Resources
Dr Christian Poerschke* (CFO)

- **Human Resources** Daniel Meer
- **Strategy & Financial Controlling** Daniel Cohen
- **Accounting** Markus Lüthi

Risk and compliance
Dr Markus D. Voegelin* (CRO)

- **Risk Analytics & Transformation** Fabio Ferrari
- **Risk Control** Cyrill Mäder
- **Legal & Compliance** Roland Luchsinger
- **Credit Risk Management** Daniel Tönz

Customer Services | Market Performance | Control & Infrastructure

* Member of the Executive Board
The following members were appointed to the Executive Board in the current year, taking office as of 1 March 2020: Kathrin Wehrli as Head of the Products & Investment Services department; as of 1 May 2020: Roger Reist as Head of the Treasury & Markets department and as of 1 November 2020: Helen Fricker as Head of the Raiffeisen Bank Services department.

Members of the Executive Board
as at 31 December 2020

Heinz Huber

Chairman of the Executive Board
since 2019
CH, 1964

Professional background: Raiffeisen Switzerland, St. Gallen (since 2019): Chairman of the Executive Board; Thurgauer Kantonalbank, Weinfelden TG (2007 – 2018): Chairman of the Executive Board (2014 – 2018), member of the Executive Board (2007 – 2018); owner and CEO of a spin-off company; member of the Executive Board of a global stock-exchange-listed IT company, Rotkreuz ZG, Basingstoke (UK) (2001 – 2006); Credit Suisse (1996 – 2001): Various roles in management; UBS AG Horgen, Zurich, Zug (1981 – 1996): Training, practical experience and management responsibility (various locations)

Education: VR-CAS HSG (Certified Director for Board Effectiveness), Swiss Board School in cooperation with IMP-HSG University of St.Gallen; Advanced Management Program, Harvard Business School, Boston, USA; Master of Business Administration (MBA), University of Berne (Institute for Financial Management) and University of Rochester, NY, USA; Executive MBA (Master of Business Administration), Lucerne University of Applied Sciences and Arts; Federal Banking Diploma

Significant directorships: Member of the Board of Directors of Pfandbriefbank schweizerischer Hypothekarinstitute AG, Zurich

Helen Fricker

Head of Raiffeisenbank Services department
since 2020
CH, 1967

Professional background: Raiffeisen Switzerland, St. Gallen (since 2011): Head of Raiffeisen Bank Services department/member of the Executive Board, Head of Bank Relationship Management (2019 – 2020), Market Manager for Eastern Switzerland (2018 – 2019), Strategy Consultant and Deputy Head of Strategy Consulting (2015 – 2017), Head of Management Development (2011 – 2015); bbz st.gallen ag, Bankenberatungszentrum St.Gallen (part-time): Project Manager and Head of Staff Development; Zürcher Kantonalbank, Zurich (part-time): Management and Leadership Coach

Education: Diploma of Advanced Studies in Bank Management (DAS), Lucerne University of Applied Sciences (2014 – 2015), Executive MBA HSG, University of St.Gallen (2003 – 2005); degree in psychology, majoring in business and organisational psychology, Institute of Applied Psychology, Zurich (IAP) (1992 – 1996)

Significant directorships: none

Urs P. Gauch

Head of Corporate Clients & Branches department
since 2015
CH, 1960

Professional background: Raiffeisen Switzerland, St. Gallen (since 2015): Head of Corporate Clients & Branches department/member of the Executive Board (since 2019), Head of the Corporate Clients department/member of the Executive Board (2015 – 2018); Credit Suisse Group, Managing Director, Zurich (1985 – 2015): Head of SME Business Switzerland (2013 – 2015), Head of International Corporate & Institutional Clients (2011 – 2012), Head of Special Business & Corporate Products (2008 – 2010), Head of Corporate Clients Switzerland – Key Accounts (2004 – 2007), Head of Corporate Center – Corporate & Retail Banking (2002 – 2003), Head of Management Support Corporate Clients (2000 – 2001), Head of Credit Recovery Mittelland/Ticino Region (1998 – 1999), Head of the Credit Recovery department (1993 – 1997), Head of Controlling/Key Account Manager Corp. Clients, New York (1988 – 1993), Project Manager Controlling, SVB, Berne (1985 – 1988)

Education: IMD Program for Senior Executives, Lausanne (2013); AMP Advanced Management Program, Harvard Business School, Boston (2003); Swiss Banking School, Zurich (1997); degree in business administration, HWV, Berne (1985)

Significant directorships: Member of the Board of Directors, Raiffeisen Unternehmerzentrum AG, St.Gallen; Chairman of the Board of Directors of esisuisse, Basel; member of the Board of Directors, werk14 AG, Sumiswald; member of the Board of Directors, UPG Holding, Tafers

Rolf Olmesdahl

Head of IT & Services department
since 2015
CH, 1963

Professional background: Raiffeisen Switzerland, St. Gallen (since 2015): Head of IT & Services department (COO)/member of the Executive Board (since 2018), Head of the IT department/member of the Executive Board (2015 – 2017); Zurich Insurance Group, member of the Group Leadership Team, Zurich (2011 – 2015): Global Head of Application Development & Maintenance (2014 – 2015), Chief Information Officer General Insurance (2011 – 2014); UBS, Zurich (1979 – 2009): Chief Information Officer Wealth Management, Retail and Commercial Banking/member of the Group Managing Board (2005 – 2009), banking apprenticeship, IT trainee, various global management and project manager roles (1979 – 2005)

Education: Executive MBA IMD Lausanne (1999 – 2000); Swiss Banking School/Swiss Finance Institute (1995 – 1997); Business administration degree from the KSZ (1989 – 1991); Federal Diploma in Organisation (1989); Federal Certificate in Office Organisation (1987); banking apprenticeship (1979 – 1982)

Significant directorships: none

Dr Christian Poerschke

Head of Finance & Human Resources department
since 2015
CH / DE, 1974

Professional background: Raiffeisen Switzerland, St. Gallen (since 2005): Head of the Finance & Human Resources department (CFO)/member of the Executive Board (since 2018), Head of the Services department (COO)/member of the Executive Board (2015 – 2017), Head of Corporate Development & Controlling (2007 – 2015), Head of Corporate Controlling (2005 – 2007); EFTEC, EMS-TOGO, Romanshorn (2002 – 2005): Business Development & Controlling; Roland Berger Strategy Consultants, Munich (2000 – 2002): Consultant

Education: Doctorate at Philipps University of Marburg (2007); business administration degree at the University of Münster (1996 – 2000); professional training in banking at Deutsche Bank AG (Osnabrück) (1994 – 1996)

Significant directorships: Member of the Management Board and the Finance and Audit Committee of the Valida Foundation, St.Gallen; Chairman of the Board of Directors of the Raiffeisen Pension Fund and Raiffeisen Employer Foundation, St.Gallen

Roger Reist

Head of Treasury & Markets department
since 2020
CH, 1976

Professional background: Raiffeisen Switzerland, St. Gallen (since 2020): Head of Treasury & Markets department/member of the Executive Board; Zürcher Kantonalbank, Zurich (2010 – 2020): Head of Foreign Exchange, Banknotes and Precious Metals (2019 – 2020), Head of Prime Finance Trading (2014 – 2019), Head of Securities Lending and Repo (2013 – 2014), Head of Fixed Income Securities Lending and Repo (2010 – 2013), UBS Investment Bank, Zurich and London (2006 – 2010): trader in various areas including securities lending, repo and short-term interest rate trading (2007 – 2010), UBS Investment Bank employee (2006 – 2007); PricewaterhouseCoopers International, Zurich (2005 – 2006): auditor; Aargauische Kantonalbank, Aarau (1998 – 2001): execution trader in shares and foreign exchange (1998 – 2001)

Education: Certified International Investment Analyst (CIIA) (2010); Chartered Alternative Investment Analyst (CAIA) (2007); Master of Arts in Banking and Finance, University of Zurich (2000 – 2005)

Significant directorships: none

Dr Markus D. Voegelin

Head of Risk & Compliance department (CRO)
since 2019
CH, 1969

Professional background: Raiffeisen Switzerland, St. Gallen (since 2019): Head of Risk & Compliance department (CRO)/member of the Executive Board; Bank Vontobel AG, Zurich (2016 – 2019): Chief Risk Officer; Coutts & Co AG, Zurich (2007 – 2016): Chief Operating Officer (2013 – 2016), Chief Financial Officer (2009 – 2014), Finance Director (2007 – 2009); Julius Bär, Zurich (2001 – 2007): Head of Private Banking Finance (2005 – 2007), Head of Business Line Management Private Banking (2005), Head Group Controlling (2002 – 2005), Head of Finance & Controlling Projects/Technology (2001 – 2002); management consultancy, Zug (1998 – 2000): Senior Consultant; UBS AG, Basel (1991 – 1998): Corporate clients, recovery management, group controlling

Education: Advanced Executive Program Swiss Finance Institute (2008); doctorate, Dr. oec. publ., University of Zurich (1999); degree in economics, University of Basel, lic. rer. pol. (1991 – 1996)

Significant directorships: none

Kathrin Wehrli

Head of Products & Investment Services department
since 2020
CH, 1980

Professional background: Raiffeisen Switzerland, St. Gallen (since 2020): Head of Products & Investment Services department/ member of the Executive Board; Credit Suisse (Schweiz) AG, Managing Director, Zurich (2010 – 2020): Head Products & Services, Swiss Universal Bank (2017 – 2019), Swiss Bankers Prepaid Services Ltd, member of the Board of Directors (2018 – 2019), Head Performance Management & Strategy Development, Private & Wealth Management Clients Switzerland (2016), Head Segments & Offerings, Private & Wealth Management Clients Switzerland (2013 – 2016), Head Business Development, Corporate and Institutional Clients Switzerland (2010 – 2012); Boston Consulting Group, Zurich/Dubai (2005 – 2010): Project Leader

Education: Master in Economics/Business Administration, University of Lausanne (2005)

Significant directorships: Member of the Board of Directors of Viseca Holding SA & Viseca Payment Services SA, Zurich

Management contracts
There are no management contracts with third parties at Raiffeisen.

Compensation and loans
Information about compensation and loans of the members of the Board of Directors and Executive Board can be found in the section entitled "Remuneration report", pages 104 – 114.

Internal Auditing

Internal Auditing supports the corresponding activities within the Raiffeisen Group and supports the Board of Directors and its committees in the performance of their tasks. Auditing activities include, among other things, the objective and independent review of (i) the adequacy and effectiveness of the internal control system (ICS) and risk management, (ii) compliance with requirements set out in laws, regulations and the Articles of Association, and (iii) the proper functioning of the operational structure, accounting and IT. Furthermore, the Board of Directors may use Internal Auditing for special tasks such as special audits, project support or advisory services provided such engagements do not violate its independence requirements. Internal Auditing has unlimited auditing, information and access rights within the Raiffeisen Group.

Internal Auditing reports directly to **the Board of Directors** of Raiffeisen Switzerland.

Internal Auditing has a solid-line reporting relationship with the Board of Directors of Directors of Raiffeisen Switzerland. It has a dotted-line reporting relationship with the Audit Committee of the Board of Directors. Internal Auditing reports to the Audit Committee and, in its additional annual activity report, to the Board of Directors on matters relating to the Group and Raiffeisen Switzerland. Reports for Raiffeisen banks and Group companies are submitted to the appropriate board of directors. Internal Auditing conducts its auditing activities on the basis of an annual, risk-oriented audit schedule that is approved by the Board of Directors and coordinated with the auditing activities of the auditor for the purposes of the Swiss Code of Obligations and the regulatory auditing firm.

Dr Daniel Dal Santo has been the Head of Internal Auditing since 2015. He attends Audit Committee and Risk Committee meetings (nine Audit Committee meetings and seven Risk Committee meetings in 2020). He also attends Board of Directors meetings on selected agenda items. Internal Auditing had 73.5 full-time equivalents at the end of 2020 and performs its auditing activities in compliance with the rules and standards of the Institute of Internal Auditing Switzerland (IIAS).

Auditor for the purposes of the Swiss Code of Obligations and regulatory auditing firm

Raiffeisen banks

The General Meeting of the Raiffeisen banks elects the auditor for the purposes of the Swiss Code of Obligations for a term of three years each time. In 2019, the auditor for the purposes of the Swiss Code of Obligations was selected based on a tender for the Group-wide auditing mandate for 2019 and 2020. PricewaterhouseCoopers Ltd has been the regulatory audit firm and the auditor for the purposes of the Swiss Code of Obligations of the individual Raiffeisen banks since June 2005. It is supported by Raiffeisen Switzerland's Internal Auditing department when conducting the audits of the Raiffeisen banks required by FINMA under Swiss banking law.

Raiffeisen Switzerland and Group companies

Since the 2007 financial year, PricewaterhouseCoopers Ltd has been the regulatory audit firm and the auditor for the purposes of the Swiss Code of Obligations for the whole Raiffeisen Group. This includes not only the Raiffeisen banks but also the Group companies pursuant to note 7. The auditor is appointed by the delegates for a term of three years. PricewaterhouseCoopers AG was elected auditor for the purposes of the Swiss Code of Obligations and electable auditor for the Raiffeisen banks at the General Meeting for a period of three years (2018 to 2020) on 16 June 2018. The rights and obligations are governed by the provisions of the Swiss Code of Obligations.

Raiffeisen Group

The consolidated annual financial statements are audited by PricewaterhouseCoopers AG, St.Gallen. Rolf Birrer has been the lead auditor for the Raiffeisen Switzerland Cooperative and the consolidated annual financial statements of the Raiffeisen Group since the 2019 financial year. Stefan Keller Wyss has been the lead auditor for coordinating the audits of all Raiffeisen banks since the 2017 financial year.

Audit fees

The fees of the auditing firm amount to CHF 10.3 million for services relating to the full audit of the individual annual financial statements, the Group accounts and the audits under Swiss banking law, and CHF 0.4 million for tax advisory and other consulting services.

Information tools available to the regulatory audit firm

The risk assessment, the audit plan derived from it, and the auditors' reports are examined by the Audit Committee and discussed with the auditor in charge. In 2020, the auditor in charge attended five meetings of the Audit Committee to discuss the audit company's reports.

Supervision and control of the external auditor

The auditor, PricewaterhouseCoopers AG, fulfils the requirements of the Swiss Federal Banking Act and is licensed by the Federal Audit Oversight Authority to audit banking institutions. Each year, the Audit Committee assesses the performance, remuneration and independence of the external auditor and ensures cooperation with the Internal Auditing department. In this assessment, it also looks for conflicts between auditing activities and consulting mandates.

Election of Ernst & Young Ltd as the auditor for the purposes of the Swiss Code of Obligations and regulatory auditing firm from 2021

The General Meeting of Raiffeisen Switzerland elected Ernst & Young AG as the new auditor for the purposes of the Swiss Code of Obligations of the Raiffeisen Switzerland Cooperative and the Raiffeisen Group for the 2021 to 2023 financial years. Ernst & Young AG will simultaneously be replacing PricewaterhouseCoopers AG as the regulatory auditor starting from the 2021 financial year. The General Meeting of Raiffeisen Switzerland also named Ernst & Young AG as an electable auditor for the Raiffeisen banks.

Communication policy

Information was always provided as needed within the Raiffeisen Group and to the **public.**

Active, transparent and dialogue-driven communication is an integral part of the Raiffeisen Group's corporate philosophy. One of the communication highlights in 2020 was the adoption of the Raiffeisen 2025 strategy by the Board of Directors of Raiffeisen Switzerland in June. Media outlets were also highly interested in the announcement of the partnership with Mobiliar and Raiffeisen's exit from the Swiss Bankers Association as of 31 March 2021. In addition, Raiffeisen published numerous studies on investing, saving for retirement and the Swiss real estate market in the current year. Information was always provided as needed within the Raiffeisen Group and to the public in compliance with legal requirements.

Communication with various stakeholders – cooperative members, clients, employees and the general public – shall take place according to the principles of truthfulness, precision and consistency with the Raiffeisen Group's actions. The most important sources of information in this regard are the website, business and annual reports, half-yearly reports and Raiffeisen Group press conferences and releases. The latest changes, developments and special events are published on time in an audience-friendly format in full compliance with ad hoc publicity directives. The publications and press releases are available on the Raiffeisen website. Cooperative members also receive extensive information in person directly from their Raiffeisen banks at the Annual General Meeting.

Remuneration report

Letter from the Chairman of the Nomination and Remuneration Committee

The central focus was on employees, the **strengths of an empowering and adaptable "We" culture** as well as the review and alignment of existing remuneration systems.

Dear Sir or Madam,

For all of us, 2020 was an intense and challenging year of immense change. At the same time, it gave us a chance to focus on what's important and once again showed that change also always brings about opportunities. In the 2020 financial year, Raiffeisen Switzerland focussed on making the most of these opportunities to ensure that we continue to meet the demands of a modern and innovative banking group into the future. The central focus was on employees, the strengths of an empowering and adaptable "We" culture as well as the review and alignment of existing remuneration systems.

Employees

With the appointment of Kathrin Wehrli, Roger Reist and Helen Fricker as members of the Executive Board, Raiffeisen Switzerland was able to add valuable skills and expertise to the Board in the current year. Over the past year, the Executive Board of Raiffeisen Switzerland has become an established, diverse and strong executive body who is committed to the Raiffeisen Group and its employees with great energy and motivation.

At the strategic level, the Board of Directors of Raiffeisen Switzerland has been reduced to nine members following a resignation. The constructive and respectful cooperation in the Board and in the committees was continued and further enhanced. Intensive exchange with internal and external stakeholders was actively fostered, and the strategic topics advanced unrestricted.

Cultural development

The Group strategy adopted in the current year aims to create a corporate culture that focusses more on "We" as well as on flexibility and trust, among other goals. This will enable our employees and also Raiffeisen Switzerland as a whole to respond to changes and uncertainties even better and more swiftly. For instance, the introduction of "FlexWork" in August 2020 has given employees at Raiffeisen Switzerland the opportunity to align their working hours and their place of work to their individual needs. In addition, the multifaceted and balanced structure of teams and project groups across all levels established important conditions for a learning, agile and adaptable organisation that provides the freedom to develop dynamic and joint solutions for the entire Group.

Remuneration systems

Raiffeisen Switzerland initiated a strategic change process in the 2020 financial year. This includes the establishment of a remuneration system that aligns with the strategy as well as the cooperative values. The prospective new remuneration model for all employees as well as for the Executive Board of Raiffeisen Switzerland was specified and finalised in the current year. In doing so, Raiffeisen Switzerland decided to do away with individual bonus payments in future and and instead introduce a collective profit-sharing element, which emphasises group effort and highlights the increased focus on the "We" culture.

The Board of Directors also carried out the biennial review of its remuneration in the 2020 financial year as stipulated in the remuneration regulations. The fundamentals of the remuneration of the Board of Directors essentially remained unchanged. The compensation paid to the Board of Directors meets the requirements of market-based and attractive remuneration. At the same time, it reflects the cooperative idea of providing appropriate, fair and sustainable compensation. Two minor adjustments were resolved for implementation from 1 January 2021. They involve harmonisation of the committee remuneration and a moderate adjustment to the flat-rate expenses. The moderate adjustment to the flat-rate expenses is associated with the specification that Raiffeisen Switzerland will no longer provide any IT equipment to perform the mandate in the future. The overall gross remuneration framework will remain unchanged between the 2020 and 2021 financial year.

The Board of Directors of Raiffeisen Switzerland is convinced that our cooperative has made the most of the opportunities to launch a **strategic change process.**

Outlook

The Board of Directors of Raiffeisen Switzerland is convinced that, in a challenging 2020, our cooperative has made the most of the opportunities to launch a strategic change process that will help to make Raiffeisen a more attractive employer. We have also laid the foundations for an adaptable corporate culture that focuses on the collective provision of Group-wide solutions and services. The new remuneration policy at Raiffeisen Switzerland that entered into force across all levels of hierarchy on 1 January 2021, meets the various requirements of a cooperative and fares well in a market comparison. In addition to the numerous other topics, this new policy implemented by Raiffeisen Switzerland makes an important contribution to the cooperative alignment and the long-term corporate success of our Group.

On behalf of the Nomination and Remuneration Committee, I would like to thank everyone in the committees and working groups who played a part in successfully managing the activities in the 2020 financial year. I look forward to continued cooperation, new and exciting topics, and a constructive professional exchange of ideas.

Thomas Rauber
Chairman of the Nomination and Remuneration Committee
of the Board of Directors of Raiffeisen Switzerland
16 April 2021

Raiffeisen Group remuneration report

The Raiffeisen Group (Raiffeisen Switzerland, including the Raiffeisen banks and consolidated companies) paid CHF 1,059,025,368 in total remuneration in the current year. The share of variable remuneration (excluding employer pension and social insurance contributions) totalled CHF 97,344,617. Remuneration was rendered exclusively in the form of cash. None of it was deferred.

Total remuneration

in CHF	2019	2020
Total Raiffeisen Group remuneration	1,058,170,444	1,059,025,368
of which total Raiffeisen Group variable remuneration pool	101,608,808	97,344,617

A **competitive remuneration system** plays a key role in successfully positioning Raiffeisen Switzerland as an **attractive employer**.

A competitive remuneration system plays a key role in successfully positioning Raiffeisen Switzerland as an attractive employer. The remuneration system is designed to attract skilled workers on the job market and to retain them, among other things. Outstanding and extraordinary achievements are recognised and rewarded.

Raiffeisen Switzerland's remuneration model is based on criteria provided in laws, rules and regulations, especially on Circular 2010/1 “Remuneration schemes” of the Swiss Financial Market Supervisory Authority (FINMA).

Raiffeisen Switzerland remuneration report

Remuneration governance

The Nomination and Remuneration Committee of Raiffeisen Switzerland is responsible for implementing the regulations issued by the Board of Directors of Raiffeisen Switzerland. It consists of at least three members of the Board of Directors. The Nomination and Remuneration Committee reviews proposals concerning the remuneration of the Executive Board of Raiffeisen Switzerland and Board of Directors and submits recommendations to the Board of Directors for approval. In addition, the Nomination and Remuneration Committee and the Board of Directors jointly evaluate the performance of the Chairman of Raiffeisen Switzerland's Executive Board and sit down with him to jointly review the performance evaluations of the other Executive Board members.

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

- Outlining the remuneration policy in the form of regulations for Raiffeisen Switzerland and recommendations for Raiffeisen banks
- Approving the annual remuneration report submitted to the Board by the Nomination and Remuneration Committee
- Reviewing remuneration policy on a regular basis and whenever there are indications that reviews or revisions may be necessary
- Having the structure and implementation of its remuneration policy checked by external auditors periodically or by Internal Auditing as necessary
- Regularly determining the amount of the total variable remuneration pool
- Defining the fixed and variable component of the remuneration for Members of the Executive Board and the Head of Internal Auditing, including contributions to the occupational pension

The Nomination and Remuneration Committee deals with remuneration topics at its meetings. At least **four meetings are required** each year.

The Nomination and Remuneration Committee deals with remuneration topics at its meetings. At least four meetings are required each year. In 2020, the Nomination and Remuneration Committee held eight meetings (including conference calls) with a general attendance rate of 100%. The Nomination and Remuneration Committee focused on the following areas in 2020:

- The amendment of the remuneration system for Raiffeisen Switzerland employees
- The final composition of the Executive Board
- The review and amendment of the remuneration system of the Executive Board of Raiffeisen Switzerland,
- The review and amendment of the remuneration system of the Board of Directors of Raiffeisen Switzerland
- Intensive exchange with internal and external stakeholders.

The Chairman of the Nomination and Remuneration Committee invites other members of the Board of Directors, the Executive Board, other experts, remuneration advisors and external legal advisors as needed. Whenever discussions pertain to remuneration, the person whose remuneration is being discussed does not take part in the discussion.

The remuneration approval structure can be summarised as follows:

Remuneration approval structure | Raiffeisen Switzerland

Issue	Nomination and Remuneration Committee	Member of Board of Directors
Development or amendment of the remuneration policy	Recommendation	Approval
Remuneration report	Recommendation	Approval
Remuneration for		
Chairman of the Executive Board	Recommendation	Approval
remaining Members of the Executive Board and Head of Internal Auditing	Recommendation [1]	Approval
Member of Board of Directors	Recommendation	Approval
Total amount of the variable remuneration of Raiffeisen Switzerland	Recommendation	Approval

1 Together with the Chairman of the Executive Board except for the Head of Internal Auditing

At the General Meeting of Raiffeisen Switzerland in 2020, the Board of Directors proposed the approval of the Remuneration Report 2019 in a consultative vote. This proposal was approved by the General Meeting with 94% of the votes. In addition, Internal Auditing regularly evaluates the operational implementation of the remuneration regulations at Raiffeisen Switzerland to ensure compliance with Raiffeisen Switzerland's remuneration system.

Remuneration policy

The remuneration policy is designed to align the **interests of our employees** with those of our clients.

The remuneration policy is designed to align the interests of our employees with those of our clients. Raiffeisen Switzerland has an independent remuneration system that governs the remuneration paid to the Board of Directors and the Executive Board in detail and lays out basic principles for the total remuneration paid to all Raiffeisen Switzerland employees. Raiffeisen Switzerland also issues remuneration recommendations to Raiffeisen banks.

Remuneration caps are defined for all groups of risk-takers. There are limits on variable components. All remuneration is paid in the form of non-deferred cash. The remuneration system provides adequate incentives to drive and differentiate performance.

Being a cooperative, Raiffeisen Switzerland aims for stable returns and sustained success, which significantly affects the remuneration system. The remuneration policy aims to provide continuity. Incentives are designed to encourage appropriate business conduct and avoid potential conflicts of interest and excessive risk appetite.

The remuneration system is aligned with the business strategy. It gives due consideration to the Group's goals, values, cooperative culture and long-term, sustainable alignment.

Raiffeisen Switzerland places considerable emphasis on **social responsibility** and on a remuneration system that is both simple and transparent.

Furthermore, Raiffeisen Switzerland places considerable emphasis on social responsibility and on a remuneration system that is both simple and transparent. The remuneration system must be attractive enough to recruit, motivate and retain talent over the long term. At the same time, Raiffeisen Switzerland believes in equal pay for equal work. The results of two studies on wage equality, conducted at Raiffeisen Switzerland by the same independent partner as in 2014 and 2017, found that Raiffeisen Switzerland pays equal wages to men and women. Within the scope of equal opportunity and equality, Raiffeisen Switzerland welcomes the revised version of the Federal Act on Gender Equality (GEA) of 1 July 2020 and started collecting the data to conduct another analysis on wage equality based on a scientific and legally compliant method in the current year. The result of the study on wage equality will be reviewed by an external auditor by 30 June 2022. Next, the results of the audit will be presented to the employees. This approach allows Raiffeisen Switzerland to ensure compliance with equal pay.

The following table summarises the principles of our remuneration policy.

Principles of the remuneration policy | Raiffeisen Switzerland

Transparency	The structure of the remuneration system of Raiffeisen Switzerland is simple and transparent; the principle of “equal pay for equal work” applies as an absolute matter of course.
Strategic direction	The remuneration system is aligned with the business strategy. It gives due consideration to the goals, values and cooperative culture as well as the long-term and sustainable alignment of the Group.
Consideration of risk	Incentives are designed to encourage appropriate business conduct and avoid potential conflicts of interest and excessive risk behaviour.
Performance orientation	The remuneration system provides adequate incentives to drive and differentiate performance.
Market positioning	The remuneration system is attractive enough to recruit talented individuals, motivate them and ensure their long-term loyalty to the company. The appropriateness of the remuneration is reviewed based on regular market comparisons.

Remuneration system

For all employees (including Members of the Executive Board, senior management, additional risk takers and controlling functions), remuneration comprises the following elements:

- Fixed remuneration in line with the market: Every employee has an individual contract establishing the fixed remuneration. This is based on a clearly defined job function and the employee's skills and knowledge. Salaries must also be competitive with regard to the labour market. All fixed remuneration is paid in cash.
- Moderate variable remuneration: Variable remuneration is paid based on the Group's sustained success and individual employee performance reviews. It is also based on the assessment of how much individual employees contribute to the corporate culture. It can be paid for all functions, including controlling functions. Special care is taken to prevent the remuneration system giving controlling functions incentives that could cause conflicts of interests with their duties. Employees generally have no contractual guarantee to be paid variable remuneration. Exceptions are listed in section "Other remuneration". All variable remuneration is paid in cash and in non-deferred form.
- The determination of the total variable remuneration pool is based in equal measure on the long-term development of the following criteria:
  - Relative profitability over time compared to the market
  - Change in equity capital
  - Performance of strategic initiatives and projects
  - Changes in economic capital required relative to core capital
- Fringe benefits are granted within the framework of applicable regulations, directives and industry standards.

Determination of the remuneration for the Board of Directors

The members of the Raiffeisen Switzerland Board of Directors receive remuneration commensurate with their respective responsibilities and time commitment. Additionally, members belonging to a committee, heading a committee or presiding over the Board of Directors receive higher pay. The members of the Board of Directors do not receive variable remuneration. The Board of Directors has no performance indicators that would encourage unnecessary risk-taking.

The members of the Raiffeisen Switzerland Board of Directors receive remuneration commensurate with their **respective responsibilities and time commitment**.

In accordance with the valid remuneration regulations, the Chairman of the Board of Directors receives fixed remuneration of CHF 750,000 and was not entitled to receive committee fees. The full members of the Board of Directors received a fixed remuneration of CHF 90,000. The Chairman of the Board of Directors received a lump-sum expense allowance of CHF 9,000 for his representative duties. The other members of the Board of Directors receive an annual lump-sum expense allowance of CHF 3,000.

Furthermore, the full members of the Board of Directors received:

- CHF 25,000 per committee for being a member of the Nomination and Remuneration Committee or Strategy and Finance Committee,
- CHF 30,000 per committee for being a member of the Audit Committee or Risk Committee,
- CHF 40,000 per committee for serving as Chairman of the Nomination and Remuneration Committee or Strategy and Finance Committee,
- CHF 50,000 per committee for serving as Chairman of the Audit Committee or Risk Committee.

The remuneration table below shows the total remuneration paid to the individual members of the Board of Directors. Loans granted to members of the Board of Directors are disclosed in note 17 in the annual report. Loans to members of the Nomination and Remuneration Committee are approved by the Board of Directors, whereas loans to all other members of the Board of Directors are approved by the Nomination and Remuneration Committee.

The annual remuneration of the Executive Board consists of **fixed and variable remuneration** and fringe benefits.

Determination of the remuneration for the Executive Board
The gross caps communicated at the Delegate Meeting on 15 June 2019 – no more than CHF 1,500,000 for the Chairman of the Executive Board and generally less than CHF 1,000,000 for each of the other members of the Executive Board – were once again adhered to in 2020. The annual remuneration of the Executive Board consists of fixed and variable remuneration and fringe benefits. Loans granted to Members of the Executive Board and the Head of Internal Auditing are disclosed in note 17 the annual report. Loans to members of the Executive Board are approved by the Nomination and Remuneration Committee. Furthermore, the Executive Board enjoys industry-standard preferential terms, as do the other employees.

Fixed remuneration
Fixed remuneration for Executive Board members and the Head of Internal Auditing is set in accordance with their labour market value, the requirements of the assigned department, management responsibilities and seniority. Each member of the Executive Board and the Head of Internal Auditing receive a fixed basic salary that is reviewed each year by the Nomination and Remuneration Committee. The members of the Executive Board and the Head of Internal Auditing receive market-standard pension and fringe benefits.

Variable remuneration
The process of determining the performance-based allocation includes determining the total available pool of variable remuneration. Individual allocation to the Members of the Executive Board as well as to the Head of Internal Auditing is configured as follows:

Individual variable remuneration is also allocated by the Board of Directors and cannot exceed two-thirds of the fixed remuneration (excluding employer contributions to pension plans and social insurance) in any individual case for the current year.

The variable remuneration is allocated based on the attainment of Raiffeisen Switzerland, area, team and employee targets. Both qualitative and quantitative targets are used for this purpose. The targets are assigned varying weights depending on the employee's function and role.

Separate handling of risk-takers not on the Executive Board
The Board of Directors has identified another group of risk-takers other than the eight members of the Executive Board and the Head of Internal Auditing: Employees with access to the market and trading opportunities. Despite modest trading operations and an extensive system of limits that are subject to ongoing monitoring by independent controlling functions, the variable remuneration of these risk-takers is best handled separately. Risk-takers are identified every year before the remuneration process begins; they are reported to the Head of Human Resources and are approved, by name, by the Executive Board of Raiffeisen Switzerland as part of the motion determining the total variable remuneration pool. In 2020, this group consisted of 54 people (not counting members of the Executive Board or the Head of Internal Auditing).

The allocation of the **variable remuneration** to **risk-takers** is individually determined by the **Executive Board**.

The allocation of the variable remuneration to risk-takers is individually determined by the Executive Board. This allocation is based on achieved performance while taking into account the risks that were taken. The Executive Board or respective supervising line managers determine the allocation of variable remuneration among other employees. Function and performance reviews as well as the assessment of the contribution to corporate culture by the supervising manager play a major role in determining individual allocations. There are thus no incentives for individuals to strive for short-term success by taking excessive risks.

The remuneration structure is designed to ensure the variable remuneration paid to controlling functions in no way depends on the risks they monitor.

Remuneration for the Board of Directors

In 2020, the remuneration principles in place since 1 January 2019 and presented to the Delegate Meeting in June 2019 continued to apply for the remuneration of the Board of Directors. As a result, the members of the Board of Directors of Raiffeisen Switzerland received remuneration (excluding contributions to pension plans and social insurance) totalling CHF 2,066,250 for 2020. This remuneration is within the total remuneration approved in a consultative vote at the 2020 General Meeting. In addition, the employer share of social insurance contributions for the members of the Board of Directors totals CHF 390,051 for 2020. The following table provides details on the remuneration of individual members of the Board of Directors and their functions.

Remuneration for the Board of Directors | Raiffeisen Switzerland

in CHF

Name	Position [1]	Base remuneration	Committee remuneration	Total gross remuneration	Flat-rate expenses	Employer pension plan and social insurance contributions [2]
Lachappelle, Guy	Chair of the Board of Directors Member of the SFC and NRC	750,000	–	750,000	9,000	134,619
Gantenbein, Pascal	Vice Chair of the Board of Directors, Chair of the SFC and Member of the RC	140,000	70,000	210,000	3,000	39,698
Bobillier, Anne (resigned on 30.9.2020)	Member of the Board of Directors and SFC	67,500	18,750	86,250	2,250	16,617
Golob, Andrej	Member of the Board of Directors and SFC	90,000	25,000	115,000	3,000	22,627
Müller, Thomas A.	Member of the Board of Directors and AC and Chair of the RC	90,000	80,000	170,000	3,000	32,539
Rauber, Thomas	Member of the Board of Directors and Chair of the NRC	90,000	40,000	130,000	3,000	25,465
Roussy, Olivier	Member of the Board of Directors, SFC and AC	90,000	55,000	145,000	3,000	28,673
Schwab, Beat	Member of the Board of Directors, AC and NRC	90,000	55,000	145,000	3,000	28,371
Valenzano Rossi, Karin	Member of the Board of Directors, RC and NRC	90,000	55,000	145,000	3,000	27,853
Walker, Rolf	Member of the Board of Directors, Chair of the AC and Member of the RC	90,000	80,000	170,000	3,000	33,589
Total 2020		**1,587,500**	**478,750**	**2,066,250**	**35,250**	**390,051**
Total 2019		**1,531,250**	**463,125**	**1,994,375**	**33,375**	**368,410**

1 SFC = Strategy and Finance Committee
AC = Audit Committee
RC = Risk Committee
NRC = Nomination and Remuneration Committee

2 Employer contributions to the pension plan and social insurance comprise AHV/IV/EO and ALV including pension plans.

Remuneration for the Executive Board

Total remuneration paid to members of the Executive Board and the Head of Internal Auditing of Raiffeisen Switzerland for the current year (excluding contributions to pension plans and social insurance) came to CHF 8,210,000, which is within the total remuneration approved in a consultative vote at the 2020 General Meeting. Of this, CHF 1,475,000 was attributable to the base salary and variable pay of Heinz Huber, Chairman of the Executive Board of Raiffeisen Switzerland; this was the highest sum paid to an individual member of the Executive Board. Employer pension plan and social insurance contributions total CHF 2,511,678.[*] CHF 406,416 of this amount was paid to Heinz Huber. No additional compensation is paid for business-related board of director mandates for Executive Board members, as this is covered by the basic remuneration. Information on the remuneration at the Executive Board level is provided in the following table.

Remuneration for the Executive Board | Raiffeisen Switzerland

in CHF

Person/entity	Base remuneration	Committee remuneration	Total gross remuneration	Flat-rate expenses	Employer pension plan and social insurance contributions [1]
Huber, Heinz (Chairman of the Executive Board)					
2020	1,100,000	375,000	1,475,000	24,000	406,416
2019	1,082,258	648'808 [2]	1,731,066	23,226	443,361
Executive Board as well as the Head of Internal Auditing (total) [3]					
2020	6,005,000	2,205,000	8,210,000	177,364	2,511,678
2019 [4]	4,965,813	2,383,808	7,349,621	161,304	2,120,000
Former members of the Executive Board					
2020	795,833	–	795,833	–	273,267
2019	3,983,000	–	3,983,000	–	1,449,525

1 Employer contributions to the pension plan and social insurance comprise AHV/IV/EO and ALV including pension plans.
3 Including the compensation payment disclosed in the Remuneration Report 2019.
2 Including members of the Executive Board who left during the current year
4 Including interim members of the Executive Board.

Furthermore, former members of the Executive Board of Raiffeisen Switzerland received remuneration from continued salary payments during the notice periods (excluding employer pension plan and social insurance contributions) totalling CHF 795,833 in the current year. Employer pension plan and social insurance contributions amounted to CHF 273,267. Continued salary payments to former members of the Executive Board were accounted for in the 2019 income statement and deferred.

Further compensation in 2020

Raiffeisen Switzerland understands further compensation to mean joining payments as well as payments related to the waiver of entitlements or to compensate for disadvantages that arise. Such payments are only agreed to by Raiffeisen Switzerland within narrow limits and in justified exceptional cases. In this respect, joining payments are understood to mean compensation payments in the sense of compensation for disadvantages suffered. At Raiffeisen Switzerland, joining payments as well as payments related to the waiver of entitlements or to compensate for disadvantages that arise must be approved in compliance with a clear and transparent decision-making process. Raiffeisen Switzerland does not provide any severance payments, as Raiffeisen Switzerland considers severance payments to be payments not owed upon termination of an employment relationship.

Neither severance nor joining payments were paid in the current year.

* Projection, since the variable remuneration will be paid in April 2021.

Total remuneration by Raiffeisen Switzerland

In the current year, Raiffeisen Switzerland paid out **remuneration totalling CHF 308,574,056**.

In the current year, Raiffeisen Switzerland paid out remuneration (excluding employer pension plan and social insurance contributions) totalling CHF 308,574,056. Accrued remuneration expenses (both fixed and variable) for the current year have been recorded in full as personnel expenses. There are no remuneration expenses from earlier reporting years affecting profit and loss. The Board of Directors approved and deferred a total variable remuneration pool (excluding employer pension plan and social insurance contributions) of CHF 47,057,214 for Raiffeisen Switzerland in the current year. Of this amount, CHF 6,170,000 was paid to risk-takers outside the Executive Board and CHF 2,205,000 to the Executive Board and the Head of Internal Auditing.

The final calculation of the variable compensation took place as at 31 December 2020 and was submitted to the Board of Directors of Raiffeisen Switzerland for a decision in February 2021. The payment date for the variable remuneration is April.

The fixed component was paid in cash. The variable remuneration component for the 2020 financial year will also be paid in cash in April 2021. No shares of fixed or variable remuneration were deferred.

The total variable remuneration pool benefited the same group of people as in the years before. The final number of beneficiaries will not be available until the end of April 2021. In the previous year, Raiffeisen Switzerland paid variable compensation to 2,289 people.

Remuneration | Raiffeisen Switzerland

in CHF	Total remuneration	Remuneration fixed	Remuneration variable
Total remuneration Raiffeisen Switzerland [1]	308,574,056	261,516,842	47,057,214
Charges/credits from earlier reporting years affecting current profit and loss	0	0	0
Total remuneration for risk-takers (excl. members of the Executive Board as well as the Head of Internal Auditing)	15,028,758	8,858,758	6,170,000

1 Excluding employer pension plan and social insurance contributions

Remuneration and remuneration recommendations for the Raiffeisen banks

The Board of Directors of Raiffeisen Switzerland recommends that the Raiffeisen banks orient their respective local remuneration systems to the recommendations made by Raiffeisen Switzerland.

Raiffeisen Switzerland **advises the Raiffeisen banks and supports them in structuring and implementing** their local remuneration systems while retaining their autonomy

Raiffeisen Switzerland advises the Raiffeisen banks and supports them in structuring and implementing their local remuneration systems while retaining their autonomy. The most important features of these recommendations are as follows:

- Remuneration for employees of Raiffeisen banks may involve fixed and variable elements. Members of the Board of Directors are ineligible to receive variable remuneration.
- Fixed remuneration is paid based on a clearly defined function and the employee's skills and knowledge, as in the Raiffeisen Switzerland model.
- According to the risk profile of Raiffeisen banks and their balanced business model, all remuneration (both fixed and variable) is provided in the form of non-deferred cash payments.
- Variable remuneration in excess of CHF 3,000 accrues pension credits in the Raiffeisen Pension Fund.
- The Board of Directors decides on the total sum of the variable remuneration, as well as on the individual allocation of the variable remuneration to the members and Chairman of the Executive Board.
- The recommended allocation mechanism does not give employees an incentive to take excessively high risks, as doing so does cannot significantly increase remuneration.

Raiffeisen Switzerland monitors this process by regularly reviewing local remuneration systems in terms of conception and implementation and addressing irregularities with Raiffeisen banks in the context of a structured process.

ANNUAL REPORT

Despite the challenging environment, the year has been a successful one for the Raiffeisen Group. The very positive development of the core business led to sustained high growth in volume as well as to pleasing increases in income, especially in the commission and services business (+CHF 35 million or +8.4%). The efficiency programme that was completed at Raiffeisen Switzerland at the end of 2019 combined with lower spending in connection with the Covid-19 pandemic, led to a marked improvement in operating expenses in the current year (–CHF 54 million or –2.9%). Despite higher value adjustments and depreciation of tangible fixed assets, the solid business development contributed to an operating result of CHF 967 million (+CHF 38 million). The Group posted a net profit of CHF 861 million, above the value reported the previous year (CHF 835 million). Both the operating result and the net profit were the second-highest reported in the history of the Raiffeisen Group.

Consolidated balance sheet

Consolidated balance sheet as at 31 December 2020 in 1,000 CHF	Note	31.12.2019	31.12.2020	Change	Change in %
Assets					
Liquid assets	18	29,643,304	36,661,205	7,017,901	23.7
Amounts due from banks	11, 18	7,676,569	4,036,753	−3,639,816	−47.4
Amounts due from securities financing transactions	1, 18	249,941	–	−249,941	−100.0
Amounts due from customers	2, 18	8,159,886	10,041,107	1,881,221	23.1
Mortgage loans	2, 11, 18	185,290,514	190,317,358	5,026,844	2.7
Trading portfolio assets	3, 18	3,201,182	3,044,292	−156,890	−4.9
Positive replacement values of derivative financial instruments	4, 18	1,897,986	1,645,302	−252,684	−13.3
Financial investments	5, 11, 18	7,194,368	8,828,902	1,634,534	22.7
Accrued income and prepaid expenses		262,726	280,615	17,889	6.8
Non-consolidated participations	6, 7	708,160	683,264	−24,896	−3.5
Tangible fixed assets	8, 11	2,997,533	2,981,147	−16,386	−0.5
Intangible assets	9	9,996	6,703	−3,293	−32.9
Other assets	10	1,052,960	1,126,604	73,644	7.0
Total assets		**248,345,125**	**259,653,252**	**11,308,127**	**4.6**
Total subordinated claims		77,442	59,188	−18,254	−23.6
of which subject to mandatory conversion and/or debt waiver		–	–	–	–
Liabilities					
Amounts due to banks	11, 18	12,280,041	10,558,683	−1,721,358	−14.0
Liabilities from securities financing transactions	1, 18	6,326,901	4,180,827	−2,146,074	−33.9
Amounts due in respect of customer deposits	12, 18	176,179,481	190,424,588	14,245,107	8.1
Trading portfolio liabilities	3, 18	197,542	147,893	−49,649	−25.1
Negative replacement values of derivative financial instruments	12, 4, 18	2,318,347	2,098,527	−219,820	−9.5
Liabilities from other financial instruments at fair value	3, 13, 18	2,497,397	2,191,856	−305,541	−12.2
Cash bonds	18	459,027	353,571	−105,456	−23.0
Bond issues and central mortgage institution loans	13, 14, 18	28,724,944	29,391,327	666,383	2.3
Accrued expenses and deferred income	12	840,052	864,698	24,646	2.9
Other liabilities	10	106,591	100,335	−6,256	−5.9
Provisions	15	998,369	967,497	−30,872	−3.1
Reserves for general banking risks	15	200,000	200,000	0	0.0
Cooperative capital	16	2,351,045	2,519,475	168,430	7.2
Retained earnings reserve		14,091,755	14,863,859	772,104	5.5
Currency translation reserve		6	12	6	100.0
Group profit		835,159	860,647	25,488	3.1
Total equity (without minority interests)		**17,477,965**	**18,443,993**	**966,028**	**5.5**
Minority interests in equity		−61,532	−70,543	−9,011	14.6
of which minority interests in Group profit		−10,738	−8,792	1,946	−18.1
Total equity (with minority interests)		**17,416,433**	**18,373,450**	**957,017**	**5.5**
Total liabilities		**248,345,125**	**259,653,252**	**11,308,127**	**4.6**
Total subordinated liabilities		1,589,522	1,475,293	−114,229	−7.2
of which subject to mandatory conversion and/or debt waiver		1,054,004	975,367	−78,637	−7.5
Off-balance-sheet transactions					
Contingent liabilities	2, 20	496,081	678,649	182,568	36.8
Irrevocable commitments	2	10,499,152	11,105,551	606,399	5.8
Obligations to pay up shares and make further contributions	2	109,214	121,789	12,575	11.5

Consolidated income statement

Consolidated income statement 2020

in 1,000 CHF	Note	2019	2020	Change	Change in %
Interest and discount income	26	2,818,985	2,733,722	−85,263	−3.0
Interest and dividend income from financial investments		42,776	33,273	−9,503	−22.2
Interest expense	26	−594,666	−417,395	177,271	−29.8
Gross result from interest operations		**2,267,095**	**2,349,600**	**82,505**	**3.6**
Changes in value adjustments for default risks and losses from interest operations	15	−12,959	−52,488	−39,529	305.0
Net result from interest operations		**2,254,136**	**2,297,112**	**42,976**	**1.9**
Commission income from securities trading and investment activities		342,766	362,854	20,088	5.9
Commission income from lending activities		21,702	25,210	3,508	16.2
Commission income from other services		229,592	223,793	−5,799	−2.5
Commission expense		−178,025	−160,763	17,262	−9.7
Result from commission business and services	23	**416,035**	**451,094**	**35,059**	**8.4**
Result from trading activities and the fair value option	24	**228,054**	**214,694**	**−13,360**	**−5.9**
Result from disposal of financial investments		13,223	12,683	−540	−4.1
Income from participations	25	64,268	31,671	−32,597	−50.7
Result from real estate		21,633	21,393	−240	−1.1
Other ordinary income		64,609	33,469	−31,140	−48.2
Other ordinary expenses		−10,403	−1,878	8,525	−81.9
Other result from ordinary activities		**153,330**	**97,338**	**−55,992**	**−36.5**
Operating income		**3,051,555**	**3,060,238**	**8,683**	**0.3**
Personnel expenses	27	−1,331,731	−1,337,007	−5,276	0.4
General and administrative expenses	28	−538,461	−479,634	58,827	−10.9
Operating expenses		**−1,870,192**	**−1,816,641**	**53,551**	**−2.9**
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	6, 8, 9	−227,486	−273,876	−46,390	20.4
Changes to provisions and other value adjustments, and losses	15	−24,288	−2,281	22,007	−90.6
Operating result		**929,589**	**967,440**	**37,851**	**4.1**
Extraordinary income	29	9,964	5,791	−4,173	−41.9
Extraordinary expenses	29	−3,325	−2,052	1,273	−38.3
Taxes	30	−111,807	−119,324	−7,517	6.7
Group profit (including minority interests)		**824,421**	**851,855**	**27,434**	**3.3**
Minority interests in group profit		−10,738	−8,792	1,946	−18.1
Group profit		**835,159**	**860,647**	**25,488**	**3.1**

Consolidated cash flow statement

Consolidated Cash flow statement	2019		2020	
in 1,000 CHF	Cash inflow	Cash outflow	Cash inflow	Cash outflow
Cash flow from operating results (internal financing)				
Group profit	835,159	–	860,647	–
Value adjustments on participations	246	–	1,082	–
Depreciation and amortisation of tangible fixed assets and intangible assets	227,240	–	214,603	–
Provisions and other value adjustments	72,477	109,542	55,141	86,012
Change in value adjustments for default risks and losses	75,699	98,907	108,298	83,303
Appreciation on participations	–	25,595	58,191	4,142
Accrued income and prepaid expenses	–	3,478	–	17,889
Accrued expenses and deferred income	–	14,730	24,646	–
Interest paid on share certificates for previous year	–	60,032	–	63,055
Balance	**898,537**	**–**	**1,068,207**	**–**
Cash flow from shareholder's equity transactions				
Change in cooperative capital	245,097	66,322	238,786	70,356
Currency translation differences	1	–	6	–
Minority interests in equity	–	17,293	–	9,011
Balance	**161,483**	**–**	**159,425**	**–**
Cash flow from transactions in respect of participations, tangible fixed assets and intangible assets				
Participations	161	95	1,466	31,701
Real estate	21,539	130,903	23,687	115,281
Software/other tangible fixed assets/objects in finance leasing	965	138,372	801	104,131
Intangible assets	50	837	–	–
Balance	**–**	**247,492**	**–**	**225,159**
Cash flow from banking operations				
Amounts due to banks	5,816,759	–	–	1,721,358
Liabilities from securities financing transactions	3,401,765	–	–	2,146,074
Amounts due in respect of customer deposits	10,478,105	–	14,245,107	–
Trading portfolio liabilities	128,012	–	–	49,649
Negative replacement values of derivative financial instruments	390,356	–	–	219,820
Liabilities from other financial instruments at fair value	197,444	–	–	305,541
Cash bonds	–	131,714	–	105,456
Bonds	1,824,681	1,421,688	2,534,225	3,085,942
Central mortgage institution loans	2,739,000	1,281,100	2,655,900	1,437,800
Other liabilities	–	14,268	–	6,256
Amounts due from banks	–	5,451,071	3,639,817	–
Amounts due from securities financing transactions	–	245,021	249,941	–
Amounts due from customers	–	11,770	–	1,890,221
Mortgage loans	–	5,722,642	–	5,042,841
Trading portfolio assets	253,523	–	156,890	–
Positive replacement values of derivative financial instruments	–	561,260	252,684	–
Financial investments	–	581,536	–	1,634,534
Other assets	–	165,327	–	73,644
Liquid assets	–	10,454,776	–	7,017,901
Balance	**–**	**812,528**	**–**	**1,002,473**
Total origin of funds	**1,060,020**	**–**	**1,227,632**	**–**
Total use of funds	**–**	**1,060,020**	**–**	**1,227,632**

Consolidated statement of changes in equity

Consolidated statement of changes in equity in 1,000 CHF	Cooperative capital	Retained earnings reserve	Reserves for general banking risks	Currency translation differences	Minority interests	Profit	Total
Equity capital at the beginning of the current year	**2,351,045**	**14,091,755**	**200,000**	**6**	**−61,532**	**835,159**	**17,416,433**
Capital increase	238,786	–	–	–	–	–	238,786
Capital decrease	−70,356	–	–	–	–	–	−70,356
Changes in minority interests	–	–	–	–	−219	–	−219
Currency translation differences	–	–	–	6	–	–	6
Interest on the cooperative capital	–	–	–	–	–	−63,055	−63,055
Creation of reserves for general banking risks	–	–	75,000	–	–	–	75,000
Release of reserves for general banking risks	–	–	−75,000	–	–	–	−75,000
Allocation to voluntary retained earnings reserves	–	772,104	–	–	–	−772,104	0
Profit	–	–	–	–	−8,792	860,647	851,855
Equity capital at the end of the current year	**2,519,475**	**14,863,859**	**200,000**	**12**	**−70,543**	**860,647**	**18,373,450**

Notes to the consolidated annual financial statements

Trading name, legal form, registered office

The Raiffeisen Group is a bank group without legal personality. It comprises 225 independent Raiffeisen banks in the legal form of a cooperative, Raiffeisen Switzerland domiciled in St.Gallen, and the associated Group companies.

Risk management

The risks of the Raiffeisen banks and Raiffeisen Switzerland are closely tied together.

Risk policy

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

Risk control

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

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

Monitoring of the subsidiaries is adjusted to the corresponding risk profiles. These are periodically reviewed. Raiffeisen Switzerland monitors the minimum risk management requirements. There is a periodic exchange with the risk control owner.

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

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

Risk management process

The risk management process is valid for all risk categories, namely for credit, market, liquidity and operational risks. It incorporates the following elements:

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

Raiffeisen Group's risk management systems aim to:

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

Credit risk

The business units of the Raiffeisen banks and Raiffeisen Switzerland manage their credit risk autonomously, although still in accordance with Group-wide standards.

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

The Raiffeisen Group identifies, assesses, manages and monitors the following risks in its lending activities:

– Counterparty risk
– Collateral risk
– Concentration risk
– Country risk

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

Collateral risks accrue from impairments in the value of collateral.

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

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

Retail banking in Switzerland is the Raiffeisen Group's core business. The main component of this business is financing for loans secured by security interests in land.

Raiffeisen banks are chiefly exposed to counterparty, collateral and concentration risks. The majority of these risks result from loans granted to private or corporate clients.Corporate clients are mainly small and medium-sized companies that operate within the business areas of Raiffeisen banks. Credit risks are limited primarily by securing the underlying claims. This notwithstanding, creditworthiness and solvency are key prerequisites for the granting of loans. Raiffeisen banks are limited in the acceptance of credit risks arising from uncovered transactions for Corporate Clients; uncovered loans to private clients are generally not possible and require the approval of Raiffeisen Switzerland.Uncovered loans to Corporate Clients over a defined amount must be approved and hedged by Raiffeisen Switzerland.

Like the Raiffeisen banks, the Raiffeisen Switzerland branches primarily incur counterparty, collateral and concentration risks. The branches of Raiffeisen Switzerland extend credit to private and corporate clients.

In general, the Corporate Clients & Branches department of Raiffeisen Switzerland is the instance that grants larger loans to Corporate Clients. Concentration risks as part of the credit process are reviewed and acknowledged.

The Group-wide responsibilities of the Treasury & Markets department of Raiffeisen Switzerland involve managing both domestic and international counterparty risks.These risks occur in transactions such as wholesale funding in the money and capital markets, as well as the hedging of currency, fluctuating interest rate and proprietary trading risks. 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 other commercial banks. Off-balance-sheet transactions, such as derivative financial instruments, are converted to their respective credit equivalent. In the case of derivative financial instruments, the standard approach for the credit equivalents of SA-CCR derivatives is applied. Raiffeisen Switzerland has concluded a framework agreement for OTC derivative transactions (Swiss framework agreement or ISDA) with the counterparties of Treasury & Markets with whom OTC derivative transactions are concluded and, depending on the counterparty, a collateral appendix for variation margin payments. Credit support is exchanged by transferring the margin requirement, which is calculated daily. These OTC exposures are monitored taking into account the collateral exchanged.

Raiffeisen Switzerland invests in other companies as part of strategic cooperation partnerships. Details are provided in note 7 of the information on the balance sheet.

Creditworthiness and solvency are assessed on the basis of compulsory Group-wide standards. Sufficient creditworthiness and the ability to maintain payments must be proven before any loan is approved. Loans to private individuals, legal entities and investment property financing are classified according to internally developed rating models and subject to risk monitoring based on the resulting classification. Clients' creditworthiness is defined based on eleven risk categories and two default categories.

This system has proven its worth as a means of dealing with the essential elements of credit risk management, i.e. risk-adjusted pricing, portfolio management, identification and provisions. Specialist teams at Raiffeisen Switzerland are available to provide assistance for more complex financing arrangements and the management of recovery positions.

Comprehensive internal sets of rules exist for valuing collateral for loans, especially for determining the market value and loan-to-value ratios, which prescribe the corresponding methods, procedure and competences. The sets of rules are constantly reviewed and adjusted to regulatory requirements and market changes. The bank employs recognised estimation methods, adjusted to the type of property, to value property loans secured by security interests in land. Among others, hedonic models, the gross rental method and expert estimates are used. Both the models used as well as individual valuations are regularly reviewed. 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 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 intrinsic value of the loan no longer exists, 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.

Raiffeisen Switzerland monitors, controls and manages risk concentrations within the Group, especially for groups of affiliated counterparties and for sectors. The process of identifying and consolidating affiliated counterparties is largely automated across the entire Raiffeisen Group. Raiffeisen Switzerland monitors the credit portfolio on a Group-wide basis and evaluates the portfolio structure.A periodic credit portfolio report provides responsible decision-makers with information on the economic environment, the structure of the credit portfolio, the risk situation and developments during 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 Control department of Raiffeisen Switzerland 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 of Raiffeisen Switzerland. As at 31 December 2020, the Raiffeisen Group had two reportable cluster risk with cumulative total exposures (after risk mitigation and risk weighting) of CHF 38.5 billion. This relates to the Swiss National Bank and the Swiss Confederation, which are exempt from the requirement to comply with the statutory limit.

For the regulatory reporting of the 20 biggest overall exposures of the Raiffeisen Group, due to the prescribed threshold (2% of the capital valuation basis), two counterparties with a cumulative exposure (after risk mitigation and risk weighting) of CHF 1.2 billion were reportable.

Market risk

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 Raiffeisen Group's profit and loss. 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. The impact on profitability is assessed using dynamic income simulations. To measure mark-to-market risk, a gap analysis is performed using all balance-sheet and off-balance-sheet items along with their contractually fixed 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 premature loan repayments because early repayment penalties are generally charged.

Risk associated with fluctuating interest rates is managed on a decentralised basis in the responsible business units. The responsible members of staff are required to adhere strictly to the limits set by the Board of Directors and the Executive Board.Interest rate risks are hedged using established instruments. Raiffeisen Switzerland's 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 quarterly reports, while also assessing the Raiffeisen Group's risk situation. Monitoring and reporting is conducted more frequently for individual units.

Other market risk: Since assets in a foreign currency are generally refinanced in the same currency, foreign currency risks are largely avoided by the Raiffeisen banks.

The financial investment portfolio is managed by the Treasury & Markets department of Raiffeisen Switzerland. Financial investments are part of the cash reserves of the Raiffeisen Group and are largely high-grade fixed-income securities that meet statutory liquidity requirements for high-quality liquid assets (HQLA). The Risk & Compliance department of Raiffeisen Switzerland monitors the interest rate and foreign currency risks of financial investments.

Trading book
The Treasury & Markets department is responsible for managing Raiffeisen Switzerland's trading book. Neither the Raiffeisen banks nor the branches of Raiffeisen Switzerland keep trading books. Trading activities include interest rates, currencies, equities and banknotes/ precious metals. It must strictly adhere to the value-at-risk, scenario, position and loss limits set by the Board of Directors and the Executive Board, which the Risk & Compliance department monitors on a daily basis. In addition, the Risk & Compliance department 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 primarily conducted via the following reports:

– Daily trading limit report to the responsible Executive Board members of Raiffeisen Switzerland
– Weekly market and liquidity risk report for Raiffeisen Switzerland, presented to responsible Executive Board members of Raiffeisen Switzerland
– Monthly risk report to the Executive Board of Raiffeisen Switzerland
– Quarterly risk report to the Board of Directors of Raiffeisen Switzerland

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

Liquidity risk

Liquidity risks are managed centrally for the Raiffeisen Group by the Treasury (Treasury & Markets department) of Raiffeisen Switzerland in accordance with applicable laws, regulations and commercial criteria and are monitored by the Risk & Compliance department of Raiffeisen Switzerland. Risk management involves, among other things, simulating liquidity inflows and outflows over different time horizons using Group-wide scenarios. These scenarios include the impact of liquidity shocks that are specific to Raiffeisen or 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 risk

At Raiffeisen, operational risks 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. This includes not only the financial impacts, but also the reputational and compliance consequences.

Operational risk tolerance is defined at Group level using value-at-risk limits or stop-loss limits and frequencies of occurrence. Risk tolerance is approved annually by the Board of Directors of Raiffeisen Switzerland. Group Risk Controlling monitors compliance with risk tolerance. If one of the defined limits or a threshold is exceeded, suitable action is defined and taken.

Each functional department within the Raiffeisen Group is responsible for 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 is 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 it 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 measures for mission-critical processes are in place.

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

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.

The Raiffeisen banks analyse their operational risk situation through assessments at least once a year. These analyses are approved by the Board of Directors of each bank and forwarded to Risk & Compliance.

Department Risk & Compliance reports the substantial compliance risks quarterly and the legal risks semi-annually to Raiffeisen Switzerland's Executive Board and Board of Directors. These risks, together with an updated compliance risk profile and the plan of action on risk derived from it in accordance with FINMA Circular 2017/1, are submitted to the Board of Directors of Raiffeisen Switzerland once a year.

Regulatory provisions

According to a FINMA ruling, the Raiffeisen banks are exempt from complying with the rules regarding capital adequacy, risk diversification and liquidity on an individual basis. The relevant legal provisions must be complied with on a consolidated basis.

The Swiss National Bank (SNB) classified the Raiffeisen Group as systemically important for the purposes of the Swiss Banking Act in a ruling issued on 16 June 2014.

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

Credit risk

The Raiffeisen Group has been using the internal ratings based model approach (Foundation IRB approach, "F-IRB") to calculate its capital requirements for credit risks. In the case of positions for which a model-based approach is not possible, the calculation of the required capital for credit risks continues to be carried out according to the standardised approach (SA-BIS). External issuer/issue ratings from three FINMA-recognised rating agencies are used for central governments and central banks, public-sector entities, banks and security dealers, as well as companies. Issuer/issue ratings from an export insurance agency are also used for central governments; however, rating agency ratings take precedence over ratings issued by the export insurance agency. No changes were made to the rating agencies or export insurance agencies used in the current year.

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

- Amounts due from banks
- Amounts due from customers
- Financial investments
- Positive replacement value

FINMA gave Raiffeisen permission to use the F-IRB approach to calculate its capital requirements for credit risks as of 30 September 2019. As it often happens with these kinds of roll-outs, the changeover has to meet certain transitional floor requirements. Essentially, the risk-weighted assets calculated using the IRB model approach must not fall below a specified floor (calculated relative to the standardised approach, or SA-BIS). The floor is 95% in the first year, 90% in the second and 85% in the third. After that, the IRB floor determined by national laws and regulations is applied.

Market risk
The capital adequacy 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, and the delta-plus approach is used for capital adequacy requirements for options.

Operational risk
Raiffeisen uses the basic indicator approach to calculate capital adequacy requirements for operational risks.

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

Mortgage loans

The property value of single-family homes, two-family homes, three-family homes, flats and holiday homes is determined using either the real value method or a hedonic pricing method. In the latter valuation method, Raiffeisen uses regional property price information supplied by an external provider. The bank uses these valuations to update the property value periodically or on an ad hoc basis.

In addition to the value of the collateral, the bank also constantly reviews the debtor creditworthiness by monitoring delinquent interest and principal payments. This allows the bank to identify mortgage loans associated with higher risks. These loans are subsequently thoroughly reviewed by credit specialists. 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”).

If a property qualifies as an investment property (three-family homes, multi-family units, public-private properties used predominantly for residential purposes, public-private properties used predominantly for commercial purposes, fully commercial properties, large commercial/industrial properties, special-purpose properties with third-party usage > 50%), the value of the property is calculated based on the income capitalisation method, which is based on long-term cash flows from the properties. This model also takes into account market data, location information and vacancy rates.

The income capitalisation method is also used for properties with rental income, if they cannot be calculated using the actual value or the hedonic regression model.

Rental income from real estate used by third parties is reviewed periodically as well as on an ad hoc basis, particularly when there are indications of significant changes in rental income or vacancies.

Loans against securities

The bank monitors the commitments and value of the pledged securities on a daily basis.If the collateral value of the pledged securities falls below the loan commitment amount, the bank will consider reducing the loan amount or request additional collateral.If the shortfall widens or if market conditions are unusual, the collateral will be realised and the loan settled.

Unsecured loans

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

For unsecured commercial 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 evaluated 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 in the “Mortgage loans”, ”Loans against securities” and “Unsecured loans” sections are used to identify the need to recognise a value adjustment and/or provision. Furthermore, positions previously identified as being at risk are re-assessed quarterly. The value adjustment is updated if needed.

Value of collateral

Mortgage loans

Every mortgage loan is preceded by a recent valuation of the underlying collateral. The valuation method varies depending on property type and use. The bank values single-family homes, two-family homes, three-family homes, flats and holiday homes using the real value method as well as a hedonic pricing model. The hedonic regression model compares the price of property transactions that have similar characteristics to the real estate being valued.

For investment properties (three-family homes, multi-family units, public-private properties used predominantly for residential purposes, public-private properties used predominantly for commercial purposes, fully commercial properties, large commercial/industrial properties, special-purpose properties with third-party usage > 50%), the value of the property is calculated based on the income capitalisation method, which is based on long-term cash flows from the properties.

This is also used for properties with rental income, if they cannot be calculated using the actual value or the hedonic regression model.

In addition, Raiffeisen Switzerland's Appraisal unit or external accredited assessors must be involved if the real estate's lending basis exceeds a certain amount or if the real estate has special risks. The liquidation value is also calculated in the event of impaired loans/receivables.

The bank bases its loan on the lower of an internal or external valuation and the purchase price or capital expenditure (if incurred no more than 24 months previously).

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 long-tenor products may be considerably longer, and 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. The bank does not make markets. It trades standardised and OTC instruments for its own and clients' accounts, particularly interest and currency instruments, equity/index securities and commodities.

Hedges in the banking book at Raiffeisen Switzerland are created by means of internal deposits and loans with the trading book; the Treasury and Products & Sales T&M departments do not take out hedges directly in the market. Hedges in the trading book are usually executed through offsetting trades with external counterparties.

The Raiffeisen banks trade or hedge derivative financial instruments as a commission agent solely to meet clients' needs.

Use of hedge accounting

The Raiffeisen banks do not use hedge accounting in the meaning of the financial reporting regulations.

Types of hedged items and hedging instruments

The bank 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 swap
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 inception of a hedge relationship between a financial instrument and an item, Raiffeisen Switzerland 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 substantially 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.

Consolidation, accounting and valuation principles

General principles

Accounting, valuation and reporting conform to the requirements of the Swiss Code of Obligations, the Swiss Federal Act on Banks and Savings Banks (plus the related ordinance) and the FINMA Accounting Ordinance (FINMA AO) as well as FINMA Circular 2020/1 Accounting – Banks.The detailed positions shown for a balance sheet item are valued individually. The consolidated annual financial statements represent a true and fair view of the Raiffeisen Group's assets, finances and earnings.

Consolidation principles

General

The consolidation of the banking institutions that make up the Raiffeisen Group, Raiffeisen Switzerland and the Group companies associated with it differs fundamentally from normal consolidation based on a holding company structure. The individual Raiffeisen banks, as owners of Raiffeisen Switzerland, function as parent companies. Raiffeisen Switzerland is legally a subsidiary even though it acts as the central coordinator, liquidity pool and safety net. The management and regulatory powers of Raiffeisen Switzerland are governed by its Articles of Association and the regulations based on the latter. Consolidation is not based on Raiffeisen Switzerland as a parent company, but represents an aggregation of the annual financial statements of the Raiffeisen banks and the participations held in the Raiffeisen Group. The equity capital in the consolidated annual financial statements is thus the total of the cooperative capital of the individual Raiffeisen banks.

Scope of consolidation and consolidation method

The consolidated accounts of the Raiffeisen Group comprise the annual financial statements of the individual Raiffeisen banks, Raiffeisen Switzerland and major Group companies in which the Group directly or indirectly holds more than 50% of the voting shares. The fully consolidated Group companies and the shareholdings valued according to the equity method are listed in the note "Companies in which the bank holds a permanent direct or indirect significant participation". Minor participations are not listed individually if the Group holds less than 10% of the voting shares and equity capital or its holding is either worth less than CHF 2 million of the equity capital or the book value is less than CHF 15 million.

Under the full consolidation method, the assets and liabilities, off-balance-sheet transactions, and income and expenses are all recorded in full. Capital is consolidated according to the purchase method. All material amounts receivable and payable, off-balance-sheet transactions, and income and expenses between consolidated companies are offset. Any material intercompany profits that are generated are eliminated in the consolidation.

Minority interests of between 20% and 50% are consolidated according to the equity method.Participations of less than 20%, those with little materiality in terms of capital or income, and those of a non-strategic nature are not consolidated but are instead accounted for at acquisition cost less any operationally required value adjustments.

Consolidation date

The closing date for the annual financial statements of all consolidated companies is 31 December.

Accounting and valuation principles

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

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

If the annual financial statements of Group companies are denominated in foreign currencies, the balance sheet and off-balance sheet are converted at the rates prevailing on the balance sheet date, while the income statement is converted at the average rate for the year. The conversion difference is recognised directly in equity capital as a currency translation difference with no impact on profit and loss.

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

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

Amounts due from banks and customers, mortgage loans, value adjustment
These are reported at nominal value less any value adjustment required. Precious metal assets on metal accounts are valued at fair value if the relevant metal is traded on a price-efficient and liquid market. Interest income is reported on an accruals basis.

Receivables are deemed to be impaired where the bank believes it improbable that the borrower will be able to completely fulfil his/her contractual obligations. Impaired loans – and any collateral that may exist – are valued on the basis of the liquidation value.

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

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.

Value adjustments are not recognised for latent risks until 31 December 2020.

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 considerable, frequent volatility over time, initial and subsequent provisions are recognised for the total amount (i.e. 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 value adjustments and provisions in equity. Reversals of 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 is exceeded for more than 90 days. Non-performing and impaired interest (including accrued interest) and commissions are no longer recognised as income but reported directly under value adjustments 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.

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 which are borrowed or received as collateral are only reported in the balance sheet if the Raiffeisen Group takes control of the rights associated with them. Securities which are loaned or are provided as collateral are only removed from the balance sheet if the Raiffeisen Group 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 rights, which these securities include, is acquired or transferred. The market values of the received or delivered securities are monitored daily so that any additional collateral can be provided or requested as necessary.

Interest income from reverse repurchase transactions and interest 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 and the fair value option". This also applies to interest and dividend income on trading positions. The funding costs for holding trading positions are charged to trading profits and credited to interest income. Income from firm commitments to securities issues are also reported under trading profits.

Positive and negative replacement values of derivative financial instruments

Reporting

The replacement values of all contracts concluded on the bank's own account are recognised in the balance sheet regardless of their income statement treatment. The replacement values of exchange-traded contracts concluded on a commission basis are reported only to the extent that they are not covered by margin deposits. The replacement values of over-the-counter contracts concluded on a commission basis are always reported.

All hedging transactions of the Treasury and Products & Sales T&M departments of Raiffeisen Switzerland are concluded via the trading book; the Treasury and Products & Sales T&M departments do not participate in the market themselves. Only the replacement values of contracts with external counterparties are reported. The “Open derivative financial instruments” note shows the replacement values and contract volume with external counterparties. The volume and replacement values of internal hedging transactions of the Treasury and Products & Sales T&M departments are reported under “Hedging instruments”.

In the case of structured products issued by Raiffeisen Switzerland 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 in the item “Accrued expenses and deferred income” or, as the case may be, “Accrued income and prepaid expenses” 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”.

The structured products issued by Raiffeisen Switzerland B.V.Amsterdam are valued at fair value.These products are carried at market value under “Liabilities from other financial instruments at fair value”.

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 balance sheet “structural management” are valued in accordance with the accrual method. Interest-related gains and losses arising from the early realisation of contracts are accrued over their remaining lives.

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

Financial investments

Fixed-income debt instruments and warrant bonds are valued according to the lower of cost or market value principle if there is no intention to hold them to maturity. Debt securities acquired with the intention of holding them to maturity are valued according to the accrual method with the discount or premium accrued over the remaining life. Equity securities are valued according to the lower of cost or market value principle. Real estate and equity securities acquired through lending activities and other real estate 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 date. In cases where fair value cannot be determined, they are valued according to the lower of cost or market value principle.

Non-consolidated participations

Non-consolidated participations include minority holdings of between 20% and 50% which are valued according to the equity method.

This balance sheet item also includes holdings of less than 20% and all holdings of an infrastructural nature. These are valued in accordance with the principle of initial value, i.e. initial value less operationally required value adjustments. They are tested for impairment as of each balance sheet date.

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 booked directly to the income statement. Expenditure incurred in connection with the implementation and continued development of the new core banking systems is recognised as an asset through “Other ordinary income”. Real estate, buildings under construction and core banking systems are not depreciated until they come into use. Undeveloped building land is not depreciated.

The value of tangible fixed assets is reviewed as at every balance sheet date 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

Goodwill: If the cost of acquiring a company is higher than the value of the net assets acquired based on standard Group accounting guidelines, the difference is reported as goodwill. Goodwill is amortised on a straight-line basis over its estimated useful life. The amortisation period is usually five years. In justifiable cases, it may be as high as ten years. If goodwill was on the books as of 31 December 2014 and its useful life was originally estimated to be more than ten years, it is still amortised over its original estimated useful life.

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 as of every balance sheet date 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 date that are based on a past event and will probably result in an obligation. In regards 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 Raiffeisen Group.

Taxes
Taxes are calculated and booked on the basis of the profit for the current year. Deferred tax of 16.4% (previous year: 17.5%) was calculated on untaxed reserves and reported as a provision for deferred taxes.

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.

Changes as against previous year

No significant changes were made to the accounting and valuation principles in the reporting year. The FINMA AO entered into force on 1 January 2020. To recognise value adjustments on non-impaired loans/receivables as well as the provisions for default risks of off-balance-sheet transactions as defined in Art. 25 and Art. 28 of the FINMA AO, the Raiffeisen Group applies the transitional provisions in line with Art. 98 of the FINMA AO. This means that these value adjustments and provisions are recognised in the 2021 financial year.

Events after the balance sheet date

No events with a measurable effect on the 2020 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	31.12.2019	31.12.2020
Book value of receivables from cash collateral delivered in connection with securities borrowing and reverse repurchase transactions [1]	249,931	–
Book value of obligations from cash collateral received in connection with securities lending and repurchase transactions [1]	6,325,135	4,179,487
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	6,019,581	4,226,722
with unrestricted right to resell or pledge	6,019,581	4,226,722
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	447,066	147,893
of which, repledged securities	249,524	–
of which, resold securities	197,542	147,893

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		1,979,159	3,024,493	5,175,800	10,179,452
Mortgage loans		190,316,841	–	120,652	190,437,493
Residential property		174,438,636	–	62,217	174,500,853
Office and business premises		3,584,433	–	6,025	3,590,458
Commercial and industrial premises		6,139,983	–	11,019	6,151,002
Other		6,153,789	–	41,391	6,195,180
Total loans (before netting with value adjustments)	**31.12.2020**	**192,296,000**	**3,024,493**	**5,296,452**	**200,616,945**
	31.12.2019	**187,221,735**	**1,196,564**	**5,265,584**	**193,683,883**
Total loans (after netting with value adjustments)	**31.12.2020**	**192,296,000**	**3,024,493**	**5,037,972**	**200,358,465**
	31.12.2019	**187,221,735**	**1,196,564**	**5,032,101**	**193,450,400**
Off-balance-sheet					
Contingent liabilities		118,726	157,931	401,992	678,649
Irrevocable commitments		8,104,811	513,284	2,487,456	11,105,551
Obligations to pay up shares and make further contributions		–	–	121,789	121,789
Total off-balance-sheet	**31.12.2020**	**8,223,537**	**671,215**	**3,011,238**	**11,905,989**
	31.12.2019	**7,828,154**	**387,797**	**2,888,496**	**11,104,447**

Impaired loans / receivables

in 1,000 CHF		Gross debt amount	Estimated liquidation value of collateral	Net debt amount	Individual value adjustments
Impaired loans	**31.12.2020**	**900,047**	**617,395**	**282,652**	**261,263**
	31.12.2019	**883,754**	**604,963**	**278,791**	**235,455**

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

3 – Trading portfolio and other financial instruments at fair value (assets and liabilities)

3.1 – Trading portfolio and other financial instruments at fair value (assets)

Trading portfolio and other financial instruments at fair value (assets)

in 1,000 CHF	31.12.2019	31.12.2020
Trading portfolio		
Debt securities, money market securities/transactions	2,711,245	2,401,818
stock exchange listed [1]	2,595,362	2,323,547
traded on a representative market	115,883	78,271
Equity securities	31,186	35,237
Precious metals	403,235	573,076
Other trading portfolio assets	55,516	34,161
Other financial instruments at fair value		
Debt securities	–	–
Structured products	–	–
Other	–	–
Total assets	**3,201,182**	**3,044,292**
of which, determined using a valuation model	115,883	78,271
of which, securities eligible for repo transactions in accordance with liquidity requirements	311,265	324,407

1 Stock exchange listed = traded on a recognised stock exchange

3.2 – Trading portfolio and other financial instruments at fair value (liabilities)

Trading portfolios and other financial instruments at fair value (liabilities)

in 1,000 CHF	31.12.2019	31.12.2020
Trading portfolio		
Debt securities, money market securities/transactions [2]	189,724	147,373
of which, listed [1]	189,724	147,373
Equity securities [2]	5,272	182
Precious metals [2]	–	–
Other trading portfolio liabilities [2]	2,546	338
Other financial instruments at fair value		
Structured products	2,497,397	2,191,856
Other	–	–
Total liabilities	**2,694,939**	**2,339,749**
of which, determined using a valuation model	2,497,397	2,191,856

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

4 – Derivative financial instruments (assets and liabilities)

Derivative financial instruments	Trading instruments			Hedging instruments		
	Replacement values			Replacement values		
in 1,000 CHF	Positive	Negative	Contract volume	Positive	Negative	Contract volume
Interest rate instruments						
Forward contracts incl. FRAs	0	0	0	–	–	–
Swaps	398,638	395,763	37,872,366	534,343	854,557	40,633,300
Futures	–	–	3,216,908	–	–	–
Options (OTC)	4,148	7,666	2,586,389	–	–	–
Options (exchange traded)	–	–	–	–	–	–
Total interest rate instruments	**402,786**	**403,429**	**43,675,663**	**534,343**	**854,557**	**40,633,300**
Foreign exchange						
Forward contracts	381,611	370,454	29,930,547	17,646	65,482	7,552,427
Comb. interest rate/currency swaps	1	42	775	–	–	–
Futures	–	–	–	–	–	–
Options (OTC)	10,123	12,954	973,458	–	–	–
Options (exchange traded)	–	–	–	–	–	–
Total foreign exchange	**391,735**	**383,451**	**30,904,780**	**17,646**	**65,482**	**7,552,427**
Precious metals						
Forward contracts	18,316	11,890	1,034,207	–	–	–
Swaps	–	27	89	–	–	–
Futures	–	–	168	–	–	–
Options (OTC)	4,726	9,319	633,360	–	–	–
Options (exchange traded)	–	–	–	–	–	–
Total precious metals	**23,042**	**21,236**	**1,667,824**	**–**	**–**	**–**
Equity securities/indices						
Forward contracts	–	–	–	–	–	–
Swaps	23,575	110,324	1,516,328	–	–	–
Futures	–	–	4,324	–	–	–
Options (OTC)	227,880	218,953	3,730,259	–	–	94,892
Options (exchange traded)	882	404	17,954	–	–	–
Total equity securities/indices	**252,337**	**329,681**	**5,268,865**	**–**	**–**	**94,892**
Credit derivatives						
Credit default swaps	5,785	13,056	788,376	–	–	–
Total return swaps	–	–	–	–	–	–
First-to-default swaps	–	–	–	–	–	–
Other credit derivatives	–	–	–	–	–	–
Total credit derivatives	**5,785**	**13,056**	**788,376**	**–**	**–**	**–**
Other						
Forward contracts	–	–	–	–	–	–
Swaps	58	10,148	69,506	–	–	–
Futures	–	–	–	–	–	–
Options (OTC)	17,571	17,487	252,344	–	–	–
Options (exchange traded)	–	–	–	–	–	–
Total other	**17,629**	**27,635**	**321,850**	**–**	**–**	**–**
Total 31.12.2020	**1,093,314**	**1,178,488**	**82,627,357**	**551,988**	**920,039**	**48,280,619**
of which determined using a valuation model	1,092,432	1,178,084	–	551,988	920,039	–
Total 31.12.2019	**1,357,491**	**1,354,339**	**131,651,715**	**540,494**	**964,008**	**44,508,957**
of which determined using a valuation model	1,357,124	1,354,094	–	540,494	964,008	–

Derivative financial instruments by counterparty and time remaining to maturity	Replacement values					Contract volume
in 1,000 CHF	Positive	Negative	up to 1 year	1 to 5 years	over 5 years	Total
Banks and securities firms	1,107,134	1,399,363	43,205,086	17,956,731	6,325,241	67,487,058
Other customers	143,349	128,319	5,823,330	1,572,994	454,528	7,850,852
Stock exchanges	882	404	3,239,353	–	–	3,239,353
Central clearing houses	393,937	570,440	10,403,893	18,755,670	23,171,150	52,330,713
Total 31.12.2020	**1,645,302**	**2,098,527**	**62,671,662**	**38,285,395**	**29,950,919**	**130,907,976**
Total 31.12.2019	**1,897,986**	**2,318,347**	**102,817,076**	**43,842,252**	**29,501,345**	**176,160,672**

No netting contracts are used to report the replacement values.

Quality of counterparties
Banks and securities dealers: Derivative transactions were conducted primarily with counterparties with a very good credit rating; 75.3% of the positive replacement values are open with counterparties with an upper-medium grade or better rating (Moody's) or with a comparable rating.

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

5 – Financial investments

5.1 – Breakdown of financial investments

Breakdown of financial investments	Book value		Fair value	
in 1,000 CHF	31.12.2019	31.12.2020	31.12.2019	31.12.2020
Debt securities	7,112,239	8,780,798	7,443,014	9,130,621
of which, intended to be held until maturity	7,112,239	8,780,798	7,443,014	9,130,621
of which, not intended to be held to maturity (available for sale)	–	–	–	–
Equity securities	24,372	4,837	68,191	66,632
of which qualified participations [1]	6,587	305	49,602	61,938
Precious metals	–	–	–	–
Real estate	57,757	43,268	63,114	44,259
Total financial investments	**7,194,368**	**8,828,902**	**7,574,319**	**9,241,512**
of which securities for repo transactions in line with liquidity requirements	7,077,034	8,755,617	–	–

1 At least 10% of the capital or the votes

5.2 – Breakdown of counterparties by rating

Breakdown of counterparties by rating						Book value
31.12.2020 in 1,000 CHF	Very safe investment	Safe investment	Average to good investment	Speculative to highly speculative investment	Highest-risk investment/ default	Unrated investment
Debt securities	8,599,662	20,121	–	–	–	161,015

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

6 – Non-consolidated participations

Non-consolidated participations

in 1,000 CHF	Acquisition cost	Accumulated value adjustments and changes in book values (equity method)	Book value 31.12.2019	Changes to the consolidated Group	Reclassifications	Current year additions	Current year disposals	Current year value adjustments	Current year changes in book value in the case of participations valued using the equity method	Book value 31.12.2020	Market value 31.12.2020
			2019								2020
Participations valued using the equity method	**286,759**	**305,875**	**592,634**	**–**	**–**	**29,566**	**–**	**–**	**−54,049**	**568,151**	**–**
with market value	128,663	63,569	192,232	–	–	–	–	–	−4,352	187,880	192,456
without market value [1]	158,096	242,306	400,402	–	–	29,566	–	–	−49,697	380,271	–
Other non-consolidated participations	**135,188**	**−19,662**	**115,526**	**–**	**–**	**2,135**	**−1,466**	**−1,082**	**–**	**115,113**	**–**
with market value	145	−4	141	–	–	491	–	–	–	632	986
without market value	135,043	−19,658	115,385	–	–	1,644	−1,466	−1,082	–	114,481	–
Total non-consolidated participations	**421,947**	**286,213**	**708,160**	**–**	**–**	**31,701**	**−1,466**	**−1,082**	**−54,049**	**683,264**	**–**

1 An amount of CHF 53.8 million was written-off for the Viseca Holding participation valued according to the equity method as a result of the reduction in the attributable equity capital.

7 – Companies in which the bank holds a permanent direct or indirect significant participation

Companies in which the bank holds a permanent direct or indirect significant participation			31.12.2019				31.12.2020
in 1,000 CHF, share in %	Registered office	Business activity	Equity interest in % [1]	Voting share in % [1]	Capital	Equity interest in % [1]	Voting share in % [1]
7.1 Group companies							
Raiffeisen Switzerland Cooperative [2]	St.Gallen	Central bank, association services	100.0	100.0	1,700,000	100.0	100.0
Raiffeisen Unternehmerzentrum AG	Gossau SG	Advisory services for SMEs	100.0	100.0	5,000	100.0	100.0
Raiffeisen Immo Ltd	St.Gallen	Brokering and advisory services	100.0	100.0	5,000	100.0	100.0
Business Broker Ltd	Zurich	Management consulting	100.0	100.0	100	100.0	100.0
RAInetworks (Subsidiary of Raiffeisen Switzerland) Pte. Ltd	Singapore	Trading in goods and services for the Raiffeisen Group	100.0	100.0	7	100.0	100.0
KMU Capital Ltd [3]	St.Gallen	Financial services	100.0	100.0	2,566	100.0	100.0
KMU Capital Holding Ltd [4]	Herisau	Affiliated company	60.0	60.0	10,000	60.0	60.0
ARIZON Sourcing Ltd in Liquidation	St.Gallen	Operational and advisory services for banks	100.0	100.0	–	–	–
Raiffeisen Switzerland B.V. Amsterdam	Amsterdam NL	Financial services	100.0	100.0	1,000	100.0	100.0
Valyo Ltd	Baden	Development and operation of platforms	100.0	100.0	1,050	100.0	100.0
7.2 Participations valued using the equity method							
Liiva Ltd	Zürich	Brokering and advisory services	–	–	100	50.0	50.0
Vorsorge Partner AG	St.Gallen	Pension advisory services	40.0	40.0	–	–	–
Leonteq Ltd [5]	Zurich	Financial services	29.0	29.0	18,934	29.0	29.0
Viseca Holding Ltd	Zurich	Financial services	25.5	25.5	25,000	25.5	25.5
Pfandbriefbank schweizerischer Hypothekarinstitute AG [2]	Zurich	Pfandbriefbank	21.7	21.7	1,000,000	21.7	21.7
of which not paid up					560,000		
7.3 Other non-consolidated participations [6]							
responsAbility Participations AG	Zurich	Financial services	14.4	14.4	13,888	14.4	14.4
Swiss Bankers Prepaid Services Ltd	Grosshöchstetten	Financial services	16.5	16.5	10,000	16.5	16.5
Cooperative Olma Messen St.Gallen	St.Gallen	Organisation of fairs	11.5	11.5	27,445	11.5	11.5
Twint Ltd	Zurich	Financial services	4.0	4.0	12,750	4.0	4.0
SIX Group Ltd	Zurich	Financial services	5.5	5.5	19,522	5.5	5.5

1 The level of equity capital and voting shares is always stated from the perspective of the directly controlling company.
2 The Raiffeisen banks directly own Raiffeisen Switzerland Cooperative and 18.7% of Pfandbriefbank schweizerischer Hypothekarinstitute AG.
3 Controlled by KMU Capital Holding AG.
4 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 2020.
5 Raiffeisen Switzerland Cooperative sold in 2015 call option on Leonteq founding partner for 2.4% of the share capital in Leonteq AG. The strike price is CHF 210 per share (adjusted for dividend payments) and the term is 10 years (until October 2025).
6 All participations in cooperation partners and joint ventures by the banks are listed here. Other participations are listed if the shareholding represents more than 10% of the voting share and equity and the shareholding is worth either > CHF 2 million of the equity or the book value is > CHF 15 million.

8 – Tangible fixed assets

8.1 – Tangible fixed assets

Tangible fixed assets			2019						2020
in 1,000 CHF	Acquisition cost	Accumulated depreciation	Book value 31.12.2019	Impact of any changes in the scope of consolidation	Reclassifications	Additions	Disposals	Depreciation	Book value 31.12.2020
Bank buildings	2,415,987	−584,020	1,831,967	–	−47,038	95,786	−10,413	−46,601	1,823,701
Other real estate	582,464	−148,222	434,242	–	17,531	19,495	−13,274	−13,709	444,285
Proprietary or separately acquired software	650,136	−161,954	488,182	–	40	24,411	–	−75,141	437,492
thereof self-developed	450,939	−45,094	405,845	–	–	19,790 [1]	–	−57,028	368,607
Other tangible fixed assets	1,167,689	−924,553	243,136	–	29,467	79,720	−801	−75,853	275,669
Objects in finance leasing	45	−39	6	–	–	–	–	−6	0
Total tangible assets	**4,816,321**	**−1,818,788**	**2,997,533**	**–**	**–**	**219,412**	**−24,488**	**−211,310**	**2,981,147**

1 9.6 Mio. recognised in the income statement under "Other ordinary income".

8.2 – Operating leases

Operating leases		
in 1,000 CHF	31.12.2019	31.12.2020
Non-recognised lease commitments		
Due within 12 months	1,914	1,703
Due within 1 to 5 years	2,717	1,865
Due after 5 years	–	–
Total non-recognised lease commitments	**4,631**	**3,568**
of which obligations that can be terminated within one year	4,584	3,568

9 – Intangible assets

Intangible assets			2019					2020
in 1,000 CHF	Cost value	Accumulated depreciation	Book value 31.12.2019	Changes to the consoli-dated Group	Additions	Disposals	Amortisation	Book value 31.12.2020
Goodwill	261,827	−253,646	8,181	–	–	–	−1,478	6,703
Other intangible assets	12,500	−10,685	1,815	–	–	–	−1,815	0
Total intangible assets	**274,327**	**−264,331**	**9,996**	**–**	**–**	**–**	**−3,293**	**6,703**

10 – Other assets and other liabilities

Other assets and liabilities

in 1,000 CHF	31.12.2019	31.12.2020
Other assets		
Compensation account	259,757	279,622
Settlement accounts for indirect taxes	631,857	676,470
Other settlement accounts	20,266	29,067
Employer contribution reserves with pension plans	126,729	129,830
Miscellaneous other assets	14,351	11,615
Total other assets	**1,052,960**	**1,126,604**
Other liabilities		
Due, unredeemed coupons and debt instruments	6,613	5,415
Levies, indirect taxes	44,127	41,325
Other settlement accounts	36,134	35,837
Miscellaneous other liabilities	19,717	17,758
Total other liabilities	**106,591**	**100,335**

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

Assets pledged or assigned to secure own commitments and of assets under reservation of ownership [1]	31.12.2019		31.12.2020	
in 1,000 CHF	Book value	Effective commitments	Book value	Effective commitments
Amounts due from banks	814,887	814,887	891,384	891,384
Amounts due from customers	–	–	1,777,234	1,609,639
Mortgage loans	34,190,618	23,969,645	35,138,463	25,224,288
Financial investments	1,177,390	432,892	1,133,953	388,059
Tangible fixed assets/other assets	–	–	–	–
Total pledged or assigned assets	**36,182,895**	**25,217,424**	**38,941,033**	**28,113,369**
Total assets under reservation of ownership [2]	**6**	**6**	**0**	**0**

1 Without securities financing transactions (see separate presentation of the securities financing transactions in note 1).
2 These are primarily finance leasing objects that are recognised as assets.

12 – 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 the Raiffeisen banks and the companies of the Raiffeisen Group. 4 (previous year: 5) Raiffeisen banks as well as one Group company are insured outside the Raiffeisen Group's pension scheme (other collective foundations, collective insurance contracts, etc.).

12.1 Liabilities to own pension schemes

Liabilities to own social insurance institutions		
in 1,000 CHF	31.12.2019	31.12.2020
Amounts due in respect of customer deposits	191,435	208,824
Negative replacement values of derivative financial instruments	7,438	24,560
Bonds	40,000	20,000
Accrued expenses and deferred income	411	264
Total liabilities to own social insurance institutions	**239,284**	**253,648**

12.2 Employer contribution reserves

Employer contribution reserves arise for the Raiffeisen Employer Foundation (Raiffeisen) and for pension plans outside the Raiffeisen Group (Others).

Employer Contribution reserves			2019			2020
in 1,000 CHF	Raiffeisen	Others	Total	Raiffeisen	Others	Total
As at 1.1.2020	**123,054**	**1,674**	**124,728**	**125,428**	**1,301**	**126,729**
+ Deposits	14,690	–	14,690	13,039	–	13,039
– Withdrawals	−12,432	−373	−12,805	−9,999	–	−9,999
+ Interest paid [1]	116	–	116	61	–	61
As at 31.12.2020	**125,428**	**1,301**	**126,729**	**128,529**	**1,301**	**129,830**

1 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 plan. The individual employer contribution reserves of the affiliated companies cannot be offset against each other. The balance of the employer contribution reserves is recorded in the balance sheet under “Other assets”. The employer contribution reserves are subject neither to waiver of use (conditional or unconditional) nor to other necessary value adjustments. Any discounting effect is not considered.

12.3 Economic benefit/obligation and retirement benefit expenditure

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

Raiffeisen Pension Fund Cooperative		
percent	31.12.2020	31.12.2020
Coverage ratio	116.4	117.8

The fluctuation reserve of the Raiffeisen Pension Fund cooperative slightly exceeded the 115% target set out in the regulations as of 31 December 2020. The Assembly of Delegates of Raiffeisen Pension Fund Cooperative decides how any uncommitted funds will be used. In this decision, the Assembly generally follows the “Principles on the appropriation of uncommitted funds (profit participation)” that it has adopted. The Board of Directors of Raiffeisen Switzerland assumes that even if uncommitted funds are available, no economic benefits will accrue to the employer until further notice; uncommitted funds are to be used to benefit pension plan 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	2019	2020
Pension expenditure according to separate financial statements	120,226	122,543
Deposits/withdrawals employer contribution reserves (excl. interest paid)	−1,885	−3,040
Employer contributions reported on an accruals basis	**118,341**	**119,503**
Change in economic benefit/obligation as a result of surplus/insufficient cover in the pension plan	–	–
Pension expenses of the Raiffeisen Group (see note 27 "Personnel expenses")	**118,341**	**119,503**

13 – Issued structured products

Issued structured products

					Book value
	Valued as a whole		Valued separately		
31.12.2020 in 1,000 CHF	Booked in trading portfolio	Booked in other financial instruments at fair value	Value of the host instrument	Value of the derivative	Total
Underlying risk of the embedded derivative					
Interest rate instruments	**–**	**13,634**	**8,768**	**−4,144**	**18,258**
With own debenture component (oDC)	–	13,634	8,768	−4,144	18,258
Without oDC	–	–	–	–	–
Equity securities	**–**	**1,720,367**	**1,578,714**	**−63,873**	**3,235,208**
With own debenture component (oDC)	–	1,720,168	1,578,714	−77,711	3,221,171
Without oDC	–	199	–	13,838	14,037
Foreign currencies	**–**	**439**	**–**	**–**	**439**
With own debenture component (oDC)	–	439	–	–	439
Without oDC	–	–	–	–	–
Commodities/precious metals	**–**	**92,345**	**121,117**	**15,998**	**229,459**
With own debenture component (oDC)	–	92,345	121,117	15,998	229,459
Without oDC	–	–	–	–	–
Credit derivatives	**–**	**365,071**	**73,509**	**584**	**439,164**
With own debenture component (oDC)	–	365,071	73,509	584	439,164
Without oDC	–	–	–	–	–
Total	**–**	**2,191,856**	**1,782,107**	**−51,436**	**3,922,528**

Structured products Raiffeisen Switzerland Cooperative

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

Structured products of Raiffeisen Switzerland B.V. Amsterdam

Issued structured products are carried at market value and included in "Liabilities from other financial instruments at fair value".

14 – Outstanding bond issues and central mortgage institution loans

Outstanding bonds and central mortgage institution loan 31.12.2020 in 1,000 CHF	Year of issue	Interest rate	Maturity	Early redemption possibility	Bond principal
Bonds of Raiffeisen Switzerland					
non subordinated	2010	2.000	21.09.2023		250,000
	2011	2.625	04.02.2026		149,155
	2014	1.625	07.02.2022		99,235
	2016	0.300	22.04.2025		371,560
	2016	0.750	22.04.2031		81,915
	2018	0.350	16.02.2024		389,145
	2019	0.125	07.05.2024		100,000
	2020	0.000	22.06.2021		175,000
	2020	0.000	15.07.2022		112,000
subordinated with PONV clause [1]	2018	2.000	Perpetual	02.05.2023	400'000 [2]
	2020	2.000	Perpetual	16.04.2026	492'110 [2]
	2020	0.183	11.11.2025	11.11.2024	149,500
	2020	0.500	11.11.2028	11.11.2027	175,000
	2020	1.500	23.11.2034	23.11.2033	175,000
Underlying instruments from issued structured products [3]	div.	0.119 [4]	2021		1,235,869
		–0.077 [4]	2022		277,975
		0.716 [4]	2023		88,657
		0.100 [4]	2024		146,942
		–0.010 [4]	2025		15,095
		0.673 [4]	after 2025		17,568
Total bonds of Raiffeisen Switzerland					**4,901,727**
Loans from Pfandbriefbank schweizerischer Hypothekarinstitute AG	div.	0.906 [4]	div.		**24,489,600**
Total outstanding bond issues and central mortgage institution loans					**29,391,327**

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 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".
4 Average weighted interest rate (volume-weighted)

15 – Value adjustments and provisions

Value adjustments and provisions	2019								2020
in 1,000 CHF	Previous 31.12.2019	Changes to the consolidated Group	Use in conformity with designated purpose	Reclassifications	Currency differences	Past due interest, recoveries	New creations charged to income	Releases to income	Balance at 31.12.2020
Provisions									
Provisions for deferred taxes	852,109	–	–	–	–	–	41,217	−52,119	841,207
Provisions for default risks	14,596	–	−20	8,250	–	–	4,281	−3,935	23,172
Provisions for other business risks [1]	80,497	–	−12,459	1,000	–	–	1,070	−563	69,545
Provisions for restructuring	21,385	–	−13,183	–	–	–	–	–	8,202
Other provisions [2]	29,782	–	−3,391	−1,000	–	–	323	−343	25,371
Total provisions	**998,369**	**–**	**−29,053**	**8,250**	**–**	**–**	**46,891**	**−56,960**	**967,497**
Reserves for general banking risks	**200,000**	**–**	**–**	**–**	**–**	**–**	**75,000**	**−75,000**	**200,000**
Value adjustments for default and country risks									
Value adjustments for default risks in respect of impaired loans/receivables	235,455	–	−28,085	−8,250	–	10,486	98,625	−46,968	261,263
Value adjustments for latent risks	–	–	–	–	–	–	–	–	–
Total value adjustments for default and country risks	**235,455**	**–**	**−28,085**	**−8,250**	**–**	**10,486**	**98,625**	**−46,968**	**261,263**

1 The provisions of CHF 70 million for other business risks include provisions of CHF 49 million, which resulted from the repurchase of the now-liquidated ARIZON Sourcing Ltd at the end of 2018.
2 Other provisions include provisions for legal expenses.

16 – Cooperative capital

Cooperative capital in 1,000 CHF	Number of members	Nominal amount per share	Cooperative capital
Cooperative capital at 1.1.2020			
Cooperative capital	1,909,233		405,807
Cooperative capital (additional cooperative shares) [1]			1,945,238
Total cooperative capital at 1.1.2020	**1,909,233**		**2,351,045**
+ Payments from new cooperative members	84,012	200	16,802
	129	300	39
	190	400	76
	3,204	500	1,602
+ Payments of cooperative shares (additional cooperative shares)			220,267
Total payments from new cooperative members	**87,535**		**238,786**
– Repayments to departing cooperative members	−58,653	200	−11,731
	−72	300	−22
	−138	400	−55
	−2,115	500	−1,058
– Repayments of cooperative shares (additional cooperative shares)			−57,493
Total repayments to departing cooperative members	**−60,978**		**−70,359**
Total cooperative capital at 31.12.2020			
of which cooperative capital	1,850,804	200	370,161
	3,063	300	919
	5,787	400	2,315
	76,136	500	38,068
of which cooperative capital (additional cooperative shares)			2,108,012
Total cooperative capital at 31.12.2020	**1,935,790**		**2,519,475**

1 To avoid double counting, the number of members is shown only under the position "Cooperative capital".
Number of cooperative shares, number of shares: Current year 12,233,175, previous year 11,399,140

Interest-bearing cooperative capital: Current year CHF 2,519,475,000, previous year CHF 2,351,045,000

Paid-up cooperative capital: Current year CHF 2,519,475,000, previous year CHF 2,351,045,000

Non-distributable statutory or legal reserves based on individual financial statements as at 31 December 2020: CHF 4,366,460,000, previous year CHF 4,181,330,000

No cooperative member holds more than 5% of voting rights.

17 – Related parties

Amounts due from/to related parties	Amounts due from		Amounts due to	
in 1,000 CHF	2019	2020	2019	2020
Members of the Board of Directors of Raiffeisen Switzerland and associated persons and companies	7,328	7,404	4,698	6,636
Members of the Executive Board and Head of internal Auditing of Raiffeisen Switzerland and associated persons and companies	9,597	4,899	4,518	6,487
Other related parties [1]	4,911,886	5,317,624	23,850,492	25,128,781
Total amounts due from/to related parties	**4,928,811**	**5,329,927**	**23,859,708**	**25,141,904**

1 Includes particularly receivables from and liabilities to non-consolidated participations with a participating interest between 20% and 50%, or a participating interest of less than 20% if significant influence can be exercised otherwise.

Material off-balance-sheet transactions with related parties

Contingent liabilities exist towards related parties amounting to CHF 147.6 million (previous year: CHF 39.3 million), irrevocable commitments amounting to CHF 227.8 million (previous year: CHF 372.8 million) and call-in obligations amounting to CHF 121.8 million (previous year CHF 109.2 million).

Transactions with related parties

On- and off-balance-sheet transactions with related parties are allowed at arm's length terms, with the following exceptions:

- The Executive Board and the Head of Internal Auditing of Raiffeisen Switzerland enjoy industry-standard preferential terms, as do other personnel.
- Liabilities to other related parties include CHF current account balances in the amount of CHF 45.9 million for which the credit balance exceeding the allowance is subject to a negative interest rate of –0.4%. Furthermore, a credit balance in the amount of CHF 7.7 million is included, which bears 2.75% interest.

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

18 – Maturity structure of financial instruments

Maturity structure of financial instruments (Assets/financial instruments)

in 1,000 CHF	At sight	Cancellable	Due within 3 months	Due within 3 to 12 months	Due within 1 to 5 years	Due after 5 years	Total
Liquid assets	36,661,205	–	–	–	–	–	36,661,205
Amounts due from banks	208,103	–	3,798,649	30,000	–	–	4,036,753
Amounts due from securities financing transactions	–	–	–	–	–	–	–
Amounts due from customers	3,319	1,648,775	1,617,617	1,095,434	4,281,120	1,394,842	10,041,107
Mortgage loans	17,295	4,332,830	8,726,735	22,356,947	99,991,974	54,891,578	190,317,358
Trading portfolio assets	3,044,292	–	–	–	–	–	3,044,292
Positive replacement values of derivative financial instruments	1,645,302	–	–	–	–	–	1,645,302
Other financial instruments at fair value	–	–	–	–	–	–	–
Financial investments [1]	4,532	–	55,202	610,578	2,658,693	5,499,898	8,828,902
Total 31.12.2020	**41,584,048**	**5,981,605**	**14,198,203**	**24,092,959**	**106,931,787**	**61,786,318**	**254,574,919**
Total 31.12.2019	**35,027,451**	**6,862,452**	**17,093,484**	**23,740,584**	**103,688,959**	**56,900,820**	**243,313,750**

1 Financial assets include CHF 43,268,000 of real estate (previous year: CHF 57,758,000).

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

in 1,000 CHF	At sight	Cancellable	Due within 3 months	Due within 3 to 12 months	Due within 1 to 5 years	Due after 5 years	Total
Amounts due to banks	512,130	1,611,468	7,189,611	1,155,974	89,500	–	10,558,683
Liabilities from securities financing transactions	–	–	4,166,680	14,147	–	–	4,180,827
Amounts due in respect of customer deposits	78,150,802	96,348,054	5,088,983	3,401,330	5,751,148	1,684,271	190,424,588
Trading portfolio liabilities	147,893	–	–	–	–	–	147,893
Negative replacement values of derivative financial instruments	2,098,527	–	–	–	–	–	2,098,527
Liabilities from other financial instruments at fair value	2,191,856	–	–	–	–	–	2,191,856
Cash bonds	–	–	22,588	72,779	201,436	56,768	353,571
Bond issues and central mortgage institution loans	–	–	1,239,320	1,563,449	8,264,110	18,324,448	29,391,327
Total 31.12.2020	**83,101,208**	**97,959,522**	**17,707,182**	**6,207,679**	**14,306,194**	**20,065,487**	**239,347,272**
Total 31.12.2019	**72,131,103**	**93,002,524**	**21,884,034**	**8,837,427**	**14,448,804**	**18,679,788**	**228,983,680**

19 – Balance sheet by currency

Balance sheet by currency

31.12.2020 in 1,000 CHF	CHF	EUR	USD	Other	Total
Assets					
Liquid assets	36,345,636	248,980	9,625	56,965	36,661,205
Amounts due from banks	1,163,446	717,056	1,405,650	750,601	4,036,753
Amounts due from securities financing transactions	–	–	–	–	–
Amounts due from customers	9,653,302	305,058	69,475	13,273	10,041,107
Mortgage loans	190,316,889	469	–	–	190,317,358
Trading portfolio assets	604,666	924,560	789,887	725,179	3,044,292
Positive replacement values of derivative financial instruments	1,645,302	–	–	–	1,645,302
Financial investments	8,825,388	41	3,467	6	8,828,902
Accrued income and prepaid expenses	278,910	1,128	472	105	280,615
Non-consolidated participations	683,264	–	–	–	683,264
Tangible fixed assets	2,981,147	–	–	–	2,981,147
Intangible assets	6,703	–	–	–	6,703
Other assets	1,126,408	0	0	196	1,126,604
Total assets reflected in the balance sheet	**253,631,059**	**2,197,292**	**2,278,577**	**1,546,324**	**259,653,252**
Delivery claims under spot exchange, forward exchange and currency option contracts	12,320,391	11,461,008	11,544,988	3,818,882	39,145,269
Total assets	**265,951,451**	**13,658,300**	**13,823,565**	**5,365,206**	**298,798,521**
Liabilities					
Amounts due to banks	5,499,159	987,571	2,957,388	1,114,565	10,558,683
Liabilities from securities financing transactions	3,813,000	–	367,827	–	4,180,827
Amounts due in respect of customer deposits	185,228,015	3,607,426	1,109,594	479,553	190,424,588
Trading portfolio liabilities	147,893	–	–	–	147,893
Negative replacement values of derivative financial instruments	2,098,527	–	–	–	2,098,527
Liabilities from other financial instruments at fair value	415,806	882,411	745,519	148,121	2,191,856
Cash bonds	353,571	–	–	–	353,571
Bond issues and central mortgage institution loans	29,223,684	95,488	54,988	17,167	29,391,327
Accrued expenses and deferred income	860,372	1,619	2,342	365	864,698
Other liabilities	99,910	149	–	275	100,335
Provisions	967,489	7	–	–	967,497
Reserves for general banking risks	200,000	–	–	–	200,000
Cooperative capital	2,519,475	–	–	–	2,519,475
Retained earnings reserve	14,863,954	–	–	−95	14,863,859
Currency translation reserve	–	–	–	12	12
Group profit	860,670	–	–	−23	860,647
Minority interests in equity	−70,543	–	–	–	−70,543
of which minority interests in group profit	−8,792	–	–	–	−8,792
Total liabilities reflected in the balance sheet	**247,080,983**	**5,574,671**	**5,237,658**	**1,759,940**	**259,653,252**
Delivery entitlements from spot exchange, forward exchange and currency option contracts	19,006,243	8,078,556	8,483,938	3,607,092	39,175,828
Total liabilities	**266,087,225**	**13,653,227**	**13,721,596**	**5,367,032**	**298,829,081**
Net position per currency	**−135,775**	**5,073**	**101,968**	**−1,826**	**−30,560**

Foreign currency conversion rates	31.12.2019	31.12.2020
EUR	1.087	1.082
USD	0.968	0.884

Information on off-balance-sheet transactions

20 – Contingent assets and liabilities

Contingent assets and liabilities

in 1,000 CHF	31.12.2019	31.12.2020
Contingent liabilities		
Guarantees to secure credits and similar	184,950	274,087
Performance guarantees and similar [1]	156,340	263,097
Other contingent liabilities	154,791	141,465
Total contingent liabilities	**496,081**	**678,649**
Contingent assets		
Contingent assets arising from tax losses carried forward	41,810	72,056
Other contingent assets	–	–
Total contingent assets	**41,810**	**72,056**

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 market conditions. The guarantee is evaluated with a scenario-based risk model and at 31 december 2020 amounted to CHF 137.6 million.

21 – Fiduciary transactions

Fiduciary transactions

in 1,000 CHF	31.12.2019	31.12.2020
Fiduciary investments with third-party banks	16,957	4,219
Total fiduciary transactions	**16,957**	**4,219**

22 – Assets under management

22.1 – Breakdown of managed assets

Breakdown of managed assets

in 1,000 CHF	31.12.2019	31.12.2020
Assets in collective investment schemes managed by the bank [1]	0	0
Assets under discretionary asset management agreements	1,196,761	2,650,480
Other managed assets	206,091,589	221,391,698
Total managed assets (including double counting) [2]	**207,288,350**	**224,042,178**
of which, double counting	0	0

1 The fund management is used as the criterion for the reporting of self-administered collective investment instruments.
2 The reported client assets include the custody account assets as well as liabilities arising from client deposits. The category "Liabilities arising from client deposits" also includes customer deposits that are not of an investment nature. Funds in trust and custody-only client relationships are not included. Custody-only client relationships are considered to be banks and institutional clients for which Raiffeisen serves solely as a custodian bank. Nor are assets of institutional investors part of the reported client assets if the business activity is comprised of liquidity or repo investments. Reclassifications between assets under management and unreported assets (or custody-only) are shown as a change in net new money.

22.2 – Change in managed assets

Presentation of the development of managed assets

in 1,000 CHF	31.12.2019	31.12.2020
Total managed assets (including double counting) at 1.1.2020 [1]	**193,422,354**	**207,288,350**
net new money inflow/outflow	9,600,566	16,328,062
price gains/losses, interest, dividends and currency gains/losses	4,265,430	425,766
other effects	0	0
Total managed assets (including double counting) at 31.12.2020 [1]	**207,288,350**	**224,042,178**

1 Net new money changes are calculated by means of the direct method, i.e. the cash inflows and outflows are calculated at client level based on transactions on the level of managed assets. Exchange rate fluctuations, interest and dividend payments, as well as commission and expenses, are excluded in the case of net new money changes.

Information on the income statement

23 – Result from commission business and services

Net income from commission business and service transactions

in 1,000 CHF	2019	2020
Commission income		
Commission income from securities trading and investment activities		
Custody account business	64,909	65,558
Brokerage	63,487	74,025
Fund business and asset management business	107,360	125,132
Other securities trading and investment activities	107,010	98,138
Commission income from lending activities	21,702	25,210
Commission income from other services		
Payments	164,105	144,779
Account maintenance	29,619	39,721
Other services	35,868	39,294
Total commission income	**594,060**	**611,857**
Commission expense		
Securities business	−80,491	−73,195
Payments	−77,680	−61,861
Other commission expense	−19,854	−25,707
Total commission expense	**−178,025**	**−160,763**
Total results from commission business and services	**416,035**	**451,094**

24 – Result from trading activities and the fair value option

24.1 – Breakdown by business area

Result from trading activities and the fair value option
Breakdown by business area

in 1,000 CHF	2019	2020
Raiffeisen Switzerland Cooperative	79,358	77,457
Raiffeisen banks	133,240	124,243
Group companies	15,456	12,994
Total result from trading activities and the fair value option	**228,054**	**214,694**

24.2 – Breakdown by underlying risk and based on the use of the fair value option

Result from trading activities and the fair value option
Breakdown by underlying risk and based on the use of the fair value option

in 1,000 CHF	2019	2020
Result from trading activities from:		
Foreign exchange trading	137,024	133,304
Precious metals and foreign notes and coins trading	51,739	37,936
Equities trading	6,698	6,418
Fixed income trading	32,593	37,036
Other	–	–
Total result from trading activities and the fair value option	**228,054**	**214,694**
of which, from fair value option	15,232	13,135
of which, from fair value option on assets	46,270	19,691
of which, from fair value option on liabilities	−31,038	−6,556

25 – Income from participations

Income from participating interests

in 1,000 CHF	2019	2020
Participations valued according to the equity method	39,863	26,490
Other non-consolidated participations	24,405	5,181
Total income from participating interests	**64,268**	**31,671**

26 – Negative interest

Negative interest

in 1,000 CHF	2019 [1]	2020 [1]
Negative interest on lending business (Reduction in interest and discount income)	75,672	86,773
Negative interest on deposit-taking business (Reduction in interest expense)	81,188	162,735

1 Negative interest relates primarily to hedging transactions and transactions with banks.

27 – Personnel expenses

Personnel expenses

in 1,000 CHF	2019	2020
Meeting attendance fees and fixed compensation to members of the banking authorities	24,495	23,932
Salaries and benefits for staff	1,061,443	1,067,761
AHV, IV, ALV and other statutory contributions	98,956	99,571
Contributions to staff pension plans	118,341	119,503
Other personnel expenses	28,496	26,240
Total personnel expenses	**1,331,731**	**1,337,007**

28 – General and administrative expenses

General and administrative expenses

in 1,000 CHF	2019	2020
Office space expenses	84,485	87,106
Expenses for information and communications technology	106,799	108,924
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	27,026	25,606
Fees of audit firms	11,242	10,698
of which, for financial and regulatory audits	10,669	10,308
of which, for other services	573	390
Other operating expenses	308,909	247,300
Total general and administrative expenses	**538,461**	**479,634**

1 Account classification has been slightly modified in comparison to the previous year, and the previous year's figures have been adjusted accordingly.

29 – Extraordinary income and expenses

Current year

The extraordinary income of CHF 5.8 million includes profits from the sale of tangible fixed assets of CHF 4.1 million.

The extraordinary expenses of CHF 2.1 million include losses from the sale of tangible fixed assets of CHF 0.4 million.

Prior year

The extraordinary income of CHF 10.0 million includes profits from the sale of tangible fixed assets of CHF 3.6 million. Furthermore, CHF 5.2 million was credited from the integration of ARIZON Sourcing Ltd, which is currently in liquidation.

The extraordinary expenses of CHF 3.3 million include losses from the sale of tangible fixed assets of CHF 2.6 million.

30 – Current and deferred taxes

Current and deferred taxes

in 1,000 CHF	2019	2020
Creation of provisions for deferred taxes	33,055	41,217
Release of provisions for deferred taxes	−74,209	−52,119
Expenses for current taxes	152,961	130,226
Total tax expenses	**111,807**	**119,324**
Average tax rate weighted on the basis of the operating result	12.0%	12.3%

Tax loss carry-forwards exist at Raiffeisen Switzerland and some Group companies. The taxable net profit of the previous year could be partially offset against tax loss carryforwards not yet utilised. The impact of these offsets on the Raiffeisen Group's tax expense is insignificant.

Report of the statutory auditor

Report of the statutory auditor

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

Report on the audit of the consolidated financial statements of the Raiffeisen Group

Opinion

We have audited the consolidated financial statements of the Raiffeisen Group, which comprise the consolidated balance sheet as at 31 December 2020, consolidated income statement, consolidated cash flow statement, consolidated statement of changes in equity and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements as at 31 December 2020 give a true and fair view of the financial position, the results of operations and the cash flow in accordance with accounting rules for banks and comply with Swiss law as well as with the consolidation, accounting and valuation principles described in the notes.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of Raiffeisen Group 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.

Our audit approach

Overview

Overall materiality: CHF 48.8 million

We concluded full scope audit work at Raiffeisen Switzerland Cooperative, Raiffeisen banks and Raiffeisen Switzerland B.V. This work contributes to the audit of 71 % of the balance sheet total and 65 % of the gross income of the Raiffeisen Group.

As key audit matter the following area of focus has been identified:

- Valuation of loans to customers (amounts due from customers and mortgage loans)

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Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

Overall materiality	CHF 48.8 million
How we determined it	5 % of profit before tax, changes in reserves for general banking risks and extraordinary income and expense
Rationale for the materiality benchmark applied	We chose profit before tax, changes in reserves for general banking risks and extraordinary income and expense as the benchmark because, in our view, it is the benchmark against which the performance of the Raiffeisen Group is most commonly measured, and it is a generally accepted benchmark for materiality purposes.

We agreed with the Audit Committee of the Board of Directors that we would report to them misstatements above CHF 4.9 million identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit at Raiffeisen Switzerland Cooperative, Raiffeisen banks and Raiffeisen Switzerland B.V. in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which the Raiffeisen Group operates.

The Raiffeisen banks conduct their business activities in accordance with the centralised requirements of Raiffeisen Switzerland Cooperative; they are subject to centralised risk monitoring and have to organise their accounting and financial reporting and design the internal controls relating to the preparation of their financial statements in accordance with the guidelines of Raiffeisen Switzerland Cooperative. All Raiffeisen banks use the same core banking application. The process for preparing the accounts is the same for all Raiffeisen banks. All financial statements of the Raiffeisen banks are subject to a banking law and statutory audit. As at the date of preparing the consolidated financial statements of the Raiffeisen Group, the reporting packages of about 60 % of the Raiffeisen banks have been audited.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of loans to customers (amounts due from customers and mortgage loans)

Key audit matter	How our audit addressed the key audit matter
The primary income source of the Raiffeisen Group is its interest rate business. In this respect, it is involved in both the traditional mortgage business and the commercial loans business. We consider the valuation of loans to customers as a key audit matter as such loans represent the largest single asset category by value on the consolidated balance sheet at 77 % (prior year: 78 %). In addition, judgement is required to assess the valuation and the amount of any impairment. In particular, we focussed on the following points: • The approach applied by Raiffeisen Group to identify customer loans that are potentially impaired • The appropriateness and application of the significant judgement permitted by the policies relating to the calculation of the amount of any potential individual value adjustments The accounting and valuation principles applied to customer loans, the process used to identify the default risk and to determine the need for impairment as well as the evaluation of the collateral cover are taken from the consolidated financial statements.	We tested on a sample basis the adequacy and effectiveness of the following controls relating to the valuation of customer loans: • *Credit analysis* Review of compliance with the guidelines and requirements concerning documentation, ability to repay, valuation and collateral • *Loan approval* Review of compliance with the requirements of the internal authorisation regulations • *Loan disbursement* Review of whether the disbursement of loans to customers is executed only after all of the required documents are present • *Credit monitoring* Review of whether the identification of loans that show signs of being at risk is done in a timely and complete manner and whether loans that show signs of being at risk and impairments are checked periodically, especially with regard to the realisability of the collateral cover and the amount of the impairment. Further, we performed the following tests of detail on a sample basis: • We performed an assessment of the impairment of customer loans and tested the *application of the processes* to identify customer loans with a potential need for impairment. Our sample contains a random selection of positions out of the entire loan portfolio as well as a risk-oriented selection of doubtful receivables. For our assessment, we used, among others, the expert opinions obtained by Raiffeisen Group regarding the value of collateral with no observable market price as well as other available information on market prices and price comparisons. • In addition, we made an assessment of the *method to estimate impairments*. Our audit focussed on customer loans identified as being at risk in the sense of the requirements of the accounting rules for banks. We also checked whether the impairments were made in accordance with the accounting rules and the accounting and valuation principles of Raiffeisen Group. The assumptions used were within the range of our expectations.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with accounting rules for banks, the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Raiffeisen Group'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 companies in the Raiffeisen Group or to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 Swiss Auditing Standards 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 consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor’s report.

Report on other legal and regulatory requirements

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

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers Ltd

Rolf Birrer	Adrian Meier
Audit expert Auditor in charge	Audit expert

St. Gallen, 14 April 2021

REGULATORY DISCLOSURE

The Raiffeisen Group, in its capacity as the central organisation, is obliged to comply with capital adequacy rules and is thus subject to disclosure requirements under supervisory law. Information is published in line with the regulations laid down in the Capital Adequacy Ordinance (CAO) and FINMA Circular 2016/1 entitled "Disclosure – banks".

Disclosure obligations

The Raiffeisen Group, in its capacity as the central organisation, is obligated to comply with capital adequacy rules and is thus subject to disclosure requirements under supervisory law. Information is published in line with the regulations laid down in the Capital Adequacy Ordinance (CAO) and FINMA Circular 2016/1 entitled "Disclosure – banks".

On 16 June 2014, the Swiss National Bank (SNB) issued an order classifying the Raiffeisen Group as systemically important. Under FINMA Circular 2016/1 "Disclosure – banks", systemically important banks have special quarterly disclosure obligations. The corresponding information on risk-weighted capital adequacy and unweighted capital adequacy (leverage ratio) are available on Raiffeisen's website.

On the following pages, the annual report includes a selection of tables that have to be disclosed pursuant to the FINMA Circular 2016/1 "Disclosure – banks". Complete disclosure with the qualitative and quantitative information on risks, equity capital base and liquidity is available on the Raiffeisen website.

Quantitative information has been disclosed in accordance with the requirements laid down in the Capital Adequacy Ordinance. Some of this information cannot be directly compared with that provided in the consolidated accounts, which is reported in line with the accounting requirements for banks laid down in FINMA Circular 2020/1 "Accounting – banks" and the FINMA Accounting Ordinance. Capital adequacy calculations are based on the same group of consolidated companies as the consolidated accounts.

Key metrics

	Key metrics[1]	a	b	c	d	e
	in CHF million (unless stated otherwise)	31.12.2020	30.09.2020	30.06.2020	31.03.2020	31.12.2019
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	17,883	17,085	16,959	16,920	16,868
2	Tier 1	18,776	17,485	17,934	17,895	17,836
3	Total capital	19,151	17,485	18,073	18,037	17,983
	Risk-weighted assets (amounts)<sup2</sup>					
4	Total risk-weighted assets (RWA)	93,545	95,033	99,928	98,651	98,295
4a	Minimum capital requirement	7,484	7,603	7,994	7,892	7,864
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	19.1%	18.0%	17.0%	17.2%	17.2%
6	Tier 1 ratio (%)	20.1%	18.4%	17.9%	18.1%	18.1%
7	Total capital ratio (%)	20.5%	18.4%	18.1%	18.3%	18.3%
	Additional CET1 buffer requirements as a percentage of RWA					
8	Capital buffer in accordance with Basel Minimum Standards (as of 2019 2.5%) (%)	2.5%	2.5%	2.5%	2.5%	2.5%
9	Countercyclical buffer (Article 44a CAO) in accordance with the Basel Minimum Standards (%)	0.0%	0.0%	0.0%	0.0%	1.1%
10	Additional capital buffer due to national or international systemic importance (%)	0.0%	0.0%	0.0%	0.0%	0.0%
11	Overall buffer requirements in accordance with the Basel Minimum Standards in CET1 quality (%)[3]	2.5%	2.5%	2.5%	2.5%	8.1%
12	Available CET1 to cover buffer requirements in accordance with Basel Minimum Standards (after deducting CET1 from the cover of the minimum requirements and possibly to cover the TLAC requirements) (%)	11.6%	9.5%	9.3%	9.5%	10.0%
	Target capital ratios in accordance with note 8 of the CAO[4]					
12b	Countercyclical buffer (Articles 44 and 44a CAO)	0.0%	0.0%	0.0%	0.0%	1.1%
	Basel III Leverage Ratio[5]					
13	Total exposure (CHF)	263,303	278,652	270,279	256,711	252,263
14	Basel III leverage ratio (%)	7.1%	6.3%	6.6%	7.0%	7.1%
	Liquidity Coverage Ratio					
15	Total HQLA	47,789	42,473	35,380	31,613	27,805
16	Total net cash outflow	29,983	29,105	26,071	22,206	20,367
17	LCR ratio (%)	159.4%	145.9%	135.7%	142.4%	136.5%

1 The figures in this statement are calculated according to the provisions of the Capital Adequacy Ordinance (CAO) for non-systemically important banks.
2 The adoption of the IRB approach as of 30 September 2019 reduced the risk-weighted assets (RWAs). An IRB floor of 90% was used in the second year in accordance with the transitional provisions.
3 Since 31st March 2020 the presentation is in accordance with Basel minimum standards.
4 Systemically important banks can refrain from publishing rows 12a, 12c, 12d, 12e (note 8 of the CAO not applicable).
5 The leverage ratio shown here relates to the calculation taking into account central bank deposits, i.e. without relief. This illustration was selected against the background of the loss of this relief as of 01.01.2021. Excluding central bank deposits, i.e. with relief according to FINMA communication 02/2020 of 31.03.2020, the Basel III leverage ratio would have been 8.2% as of 31.12.2020.

Overview of risk-weighted assets

OV1: Overview of risk-weighted assets[1]

in CHF million	a RWA 31.12.2020	b RWA 31.12.2019	c Minimum Capital Requirement[2] 31.12.2020
1 Credit risk (excluding counterparty credit risk) (CCR)	**76,097**	**75,707**	**6,088**
2 of which: standardised approach (SA)	9,578	10,687	766
3 of which: foundation internal ratings-based (F-IRB) approach	25,417	24,142	2,033
4 of which: supervisory slotting approach	–	–	–
5 of which: advanced internal ratings-based (A-IRB) approach[3]	41,102	40,878	3,288
6 Counterparty credit risk (CCR)	**991**	**324**	**79**
7 of which: standardised approach for counterparty credit risk	318	324	25
8 of which: Internal Model Method (IMM)	–	–	–
9 of which: other CCR	673	–	54
10 Credit valuation adjustment (CVA)	**202**	**306**	**16**
11 Equity positions under the simple risk weight approach	**334**	**–**	**27**
12 Equity investments in funds – look-through approach	**–**	**–**	**–**
13 Equity investments in funds – mandate-based approach	**–**	**9**	**–**
14 Equity investments in funds – fall-back approach	**57**	**111**	**5**
15 Settlement risk	**–**	**–**	**–**
16 Securitisation exposures in banking book	**–**	**–**	**–**
17 of which: securitisation internal ratings-based approach (SEC-RBA)	–	–	–
18 of which: securitisation external ratings-based approach (SEC-ERBA, including internal assessment approach (IAA)	–	–	–
19 of which: securitisation standardised approach (SEC-SA)	–	–	–
20 Market risk[4]	**2,590**	**3,895**	**207**
21 of which: standardised approach (SA)	2,590	3,895	207
22 of which: internal model approaches (IMA)	–	–	–
23 Capital charge for switch between trading book and banking book	**–**	**–**	**–**
24 Operational risk	**5,697**	**5,707**	**456**
25 Amounts below the thresholds for deduction (subject to 250% risk weight)	**1,480**	**1,547**	**118**
26 Floor adjustment[5]	**6,098**	**10,689**	**488**
27 Total	**93,545**	**98,295**	**7,484**

1 The figures in this statement are calculated according to the provisions of the Capital Adequacy Ordinance (CAO) for non-systemically important banks.
2 The required capital for all items amounts to 8% of the risk-weighted assets (RWA).
3 Raiffeisen uses the foundation IRB approach (F-IRB). As for the IRB segment retail only the advanced IRB approach (A-IRB) exists, the RWA and minimum capital requirements for the IRB segment retails are disclosed here.
4 The decrease in market risks is attributable to the reduction in exposures in the area of interest rate and currency instruments.
5 Under the IRB transitional provisions an IRB floor of 95% is used for the first year (reporting date 31.12.2019) and 90% for the second year (31.12.2020).

Composition of regulatory capital

Presentation of regulatory eligible available capital [1]

in CHF million (unless stated otherwise)	30.06.2020	31.12.2020
Common equity Tier 1 capital (CET1)		
1 Issued and paid-in capital, eligible in full	2,424	2,519
2 Statutory reserves / retained earnings reserves / retained earnings (losses) / profit (loss) for the period	15,064	15,859
of which retained earnings reserves	15,064	15,064
of which capital reserves and reserves for foreign currencies	–	–
of which profit (loss) for the period [2]	–	795
5 Minority interests, eligible as CET1	–	–
6 = Common Equity Tier 1, prior to regulatory adjustments	**17,488**	**18,379**
Regulatory adjustments of CET1		
7 Prudential value adjustments	−5	−4
8 Goodwill	−7	−7
9 Other intangibles	−1	–
12 "IRB shortfalls" (difference between the expected losses and value adjustments)	−516	−484
28 = Total , CET1 adjustments	**−529**	**−495**
29 = Common Equity Tier 1 capital (net CET1)	**16,959**	**17,883**
Additional Tier 1 capital (AT1)		
30 Issued and paid in instruments, eligible in full	975	925
31 of which: regulatory-capital instruments according to financial statements	–	–
32 of which: debt instruments according to financial statements	975	925
36 = Total, Additional Tier 1 capital, prior to regulatory adjustments	**975**	**925**
37 Net long positions in own AT1 instruments	–	−33
43 = Total of AT1 regulatory adjustments	**–**	**−33**
44 = Additional Tier 1 capital (net AT1)	**975**	**892**
45 = Tier 1 capital (net Tier 1 = net CET1 + net AT1)	**17,934**	**18,776**
Tier 2 capital (T2)		
46 Issued and paid in instruments, eligible in full	76	375
47 Issued and paid in instruments, recognized as accruals (phase-out)	64	–
51 = Tier 2 capital before regulatory adjustments	**140**	**375**
57 = Total T2 adjustments	–	–
58 = Tier 2 capital (net T2)	**140**	**375**
59 = Regulatory capital (net T1 & net T2)	**18,073**	**19,151**
60 Sum of risk-weighted positions	**99,928**	**93,545**
Capital ratios		
61 CET1 ratio (no. 29 in % of risk-weighted positions)	**17.0%**	**19.1%**
62 T1 ratio (no. 45 in % of risk-weighted positions)	**17.9%**	**20.1%**
63 Ratio regarding the regulatory capital (line no. 59 in % of risk-weighted positions)	**18.1%**	**20.5%**
64 CET1 buffer capital requirements specific to the institution according to Basel Minimum Standards (capital buffer + counter-cyclical buffer according to Article 44a CAO + capital buffer for systemically important banks) (in % of the risk-weighted positions) [3]	2.5%	2.5%
65 of which, capital buffers according to Basel minimum standards (in % of risk-weighted positions)	2.5%	2.5%
66 of which, counter-cyclical buffer according to Basel minimum standards (Article 44a CAO in % of the risk-weighted positions)	0.0%	0.0%
67 of which, capital buffers for systemically important banks according to Basel minimum standards (in % of risk-weighted positions)	0.0%	0.0%
68 Available CET1 to cover buffer requirements according to Basel Minimum Standards (after deducting CET1 to cover the minimum requirements and possibly to cover the TLAC requirements) (in % of risk-weighted positions) [3]	9.3%	11.6%
Amounts below the thresholds for deduction (before risk-weighting)		
72 Non-qualifying equity interests in the financial sector and other TLAC investments	87	87
73 Other qualifying interests in companies active in the financial sector (CET1)	610	592

1 The figures in this statement are calculated according to the provisions of the Capital Adequacy Ordinance (CAO) for non-systemically important banks.
2 Excluding interest on cooperative capital
3 The presentation is in accordance with Basel minimum standards.

Liquidity coverage ratio (LCR)

Art. 12 of the Liquidity Ordinance requires the Raiffeisen Group and Raiffeisen Switzerland to comply with the liquidity coverage ratio (LCR). The LCR is intended to ensure that banks hold sufficient high-quality liquid assets (HQLA) in order to cover, at all times, the net cash outflow that could be expected in a standard stress scenario for 30 days, as defined by outflow and inflow assumptions. The published LCR metrics are based on the daily closing averages of all business days in the corresponding reporting quarters.

Information on the liquidity coverage ratio		Q3 2020[1]		Q4 2020[1]
in CHF million (unless stated otherwise)	Unweighted values	Weighted values	Unweighted values	Weighted values
A. High-quality liquid assets (HQLA)				
1 Total high-quality liquid assets (HQLA)		42,473		47,789
B. Cash outflows				
2 Retail deposits	106,384	10,532	109,351	10,836
3 of which stable deposits	6,000	300	6,000	300
4 of which less stable deposits	100,384	10,232	103,351	10,536
5 Unsecured business-client or wholesale funding	23,112	14,535	24,613	15,014
6 of which operational deposits (all counterparties) and deposits with the central institution of a cooperative bank network	0	0	0	0
7 of which non-operational deposits (all counterparties)	22,242	13,664	23,967	14,367
8 of which unsecured debt securities	870	870	646	646
9 Secured business client or wholesale funding and collateral swaps	0	184	0	144
10 Other cash outflows	12,782	3,371	13,285	3,497
11 of which cash outflows related to derivative exposures and other transactions	2,129	1,876	2,175	1,925
12 of which cash outflows related to loss of funding on asset-backed securities, covered bonds, other structured finance, asset-backed commercial paper, conduits, securities investment vehicles and other such financing facilities	97	97	137	137
13 of which cash outflows from committed credit and liquidity facilities	10,556	1,398	10,972	1,435
14 Other contractual funding obligations	3,573	2,030	4,475	2,554
15 Other contingent funding obligations	2,508	125	2,291	115
16 Total cash outflows		**30,777**		**32,159**
C. Cash inflows				
17 Secured funding transactions (e.g. reverse repo transactions)	339	0	508	8
18 Inflows from fully performing exposures	3,325	1,630	4,232	2,117
19 Other cash inflows	43	43	51	51
20 Total cash inflows	**3,706**	**1,672**	**4,790**	**2,175**
Adjusted value				
21 Total high-quality liquid assets (HQLA)		**42,473**		**47,789**
22 Total net cash outflows		**29,105**		**29,983**
23 Liquidity coverage ratio (LCR) (%)		**145.9%**		**159.4%**

1 Average daily closing averages of all business days in the reporting quarters (65 data points taken into account in the first quarter, 67 data points taken into account in the second quarter).

Of the portfolio of high-quality liquid assets (HQLA), 84% consist of category 1 assets, 93% of which are held as liquid funds. The remaining category 1 assets are mainly public sector bonds with a minimum rating of AA–. Of the category 2 assets, which account for 16% of the HQLA portfolio, 90% consist of Swiss mortgage bonds. The remaining 10% are primarily public sector bonds and covered bonds rated at least A–.

Net cash outflows (no. 22) increased considerably compared to the last reporting period in the third quarter in particular. The HQLA portfolio (no. 21) has also increased sharply in comparison to the last reporting period. This led to an increase in the short-term liquidity coverage ratio (no. 23) in the third quarter to 146% and in the fourth quarter to 159%. This development is attributable to the strong growth in deposits by private clients (no. 2). In addition, due to favourable market conditions, the portfolio of deposits of business clients and key accounts (no. 5) underwent a further tactical increase. Cash outflows relating to the derivatives portfolio (no. 11) hardly changed following the strong rise in the last reporting period. The remaining positions have continuously developed within the scope of the growth in total assets.

The Raiffeisen Group does not have any significant foreign exchange operations resulting from its core business. Due to the low level of lending business in foreign currencies, foreign currency liabilities are transferred to Swiss francs using the matched-period method.

The Raiffeisen Group has centralised liquidity risk management, which is performed by Raiffeisen Switzerland's Treasury department. It manages the liquidity of the Raiffeisen Group based on regulatory requirements and internal target parameters. The individual Raiffeisen banks are required to deposit their portion of the liquidity requirements with Raiffeisen Switzerland. Raiffeisen Switzerland's Treasury department manages the liquidity reserve centrally and organises the liquidity transfer within the Group.

KEY FIGURES

Group companies compared

Income statement and balance key figures	Raiffeisen banks		Raiffeisen Switzerland		Other Group companies		Consolidation effects		Raiffeisen Group	
in million CHF	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Income statement										
Net interest income	2,119	2,111	140	211	−24	−26	19	1	2,254	2,297
Result from commission business and services	304	351	121	109	12	6	−21	−15	416	451
Result from trading activities	133	124	79	77	15	13	1	1	228	215
Other result from ordinary activities	69	71	385	361	19	21	−320	−356	153	97
Operating income	**2,625**	**2,657**	**725**	**758**	**22**	**14**	**−321**	**−369**	**3,051**	**3,060**
Personnel expenses	−912	−935	−408	−386	−19	−23	7	7	−1,332	−1,337
General and administrative expenses	−581	−564	−247	−228	−15	−20	304	332	−539	−480
Operating expenses	**−1,493**	**−1,499**	**−655**	**−614**	**−34**	**−43**	**311**	**339**	**−1,871**	**−1,817**
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	−191	−186	−45	−55	−5	−2	14	−31	−227	−274
Value adjustments, provisions and losses	−13	−7	−12	−6	–	–	1	11	−24	−2
Operating profit	**928**	**965**	**13**	**83**	**−17**	**−31**	**5**	**−50**	**929**	**967**
Extraordinary income	31	15	29	2	3	12	−53	−23	10	6
Extraordinary expenses	−546	−584			–	–	543	582	−3	−2
Changes in reserves for general banking risks	−16	−18	3	−42	–	–	13	60	–	–
Taxes	−148	−125	−2	−1	−3	−3	41	10	−112	−119
Group profit (including minority interests)	**249**	**253**	**43**	**42**	**−17**	**−22**	**549**	**579**	**824**	**852**
Minority interests in Group profit	–	–	–	–	–	–	−11	−9	−11	−9
Group profit	**249**	**253**	**43**	**42**	**−17**	**−22**	**560**	**588**	**835**	**861**
Key balance sheet figures										
Total assets	212,084	227,313	64,170	67,630	3,100	2,764	−31,009	−38,054	248,345	259,653
Amounts due from customers	5,439	7,161	2,824	3,014	110	77	−213	−211	8,160	10,041
Mortgage loans	174,189	179,410	11,105	10,911	–	–	−3	−4	185,291	190,317
Amounts due in respect of customer deposits	162,348	174,872	13,943	15,849	–	–	−112	−296	176,179	190,425

Five-year overviews

Balance sheet in the five-year overview

Balance sheet in million CHF	2015	2016	2017	2018	2019
Assets					
Liquid assets	20,390	20,523	19,188	29,643	36,661
Amounts due from banks	7,084	8,332	2,225	7,677	4,037
Amounts due from securities financing transactions	338	232	5	250	–
Amounts due from customers	8,019	7,916	8,135	8,160	10,041
Mortgage loans	165,426	172,622	179,558	185,291	190,317
Trading portfolio assets	2,912	3,879	3,455	3,201	3,044
Positive replacement values of derivative financial instruments	1,743	1,677	1,337	1,898	1,645
Financial assets	7,952	7,593	6,613	7,194	8,829
Accrued income and prepaid expenses	247	278	259	263	281
Non-consolidated participations	788	650	683	708	683
Tangible fixed assets	2,599	2,803	2,933	2,998	2,981
Intangible assets	419	372	54	10	7
Other assets	673	852	888	1,053	1,127
Total assets	**218,590**	**227,729**	**225,333**	**248,345**	**259,653**
Liabilities					
Amounts due to banks	10,853	12,603	6,463	12,280	10,559
Liabilities from securities financing transactions	2,599	2,201	2,925	6,327	4,181
Amounts due in respect of customer deposits	158,255	164,085	165,701	176,179	190,425
Trading portfolio liabilities	138	134	70	198	148
Negative replacement values of derivative financial instruments	2,017	1,692	1,928	2,318	2,099
Liabilities from other financial instruments at fair value	1,634	2,580	2,300	2,497	2,192
Cash bonds	1,178	836	591	459	354
Bond issues and central mortgage institution loans	25,623	25,939	26,864	28,725	29,391
Accrued expenses and deferred income	829	851	855	840	865
Other liabilities	170	160	121	107	100
Provisions	904	949	1,035	998	967
Reserves for general banking risks	–	80	200	200	200
Cooperative capital	1,595	1,957	2,172	2,351	2,519
Retained earnings reserve	12,036	12,746	13,611	14,092	14,864
Group profit	754	917	541	835	861
Total equity capital (without minority interests)	**14,385**	**15,700**	**16,524**	**17,478**	**18,444**
Minority interests in equity	5	−1	−44	−62	−71
of which Minority interests in group profit	−2	−6	−44	−11	−9
Total equity capital (with minority interests)	**14,390**	**15,699**	**16,480**	**17,416**	**18,373**
Total liabilities	**218,590**	**227,729**	**225,333**	**248,345**	**259,653**

Income statement in the five-year overview

Income statement

in million CHF	2016	2017	2018	2019	2020
Interest and discount income	3,052	2,943	2,895	2,819	2,734
Interest and dividend income from financial investments	58	54	49	43	33
Interest expense	−880	−747	−653	−595	−417
Gross result from interest operations	**2,230**	**2,250**	**2,291**	**2,267**	**2,350**
Changes in value adjustments for default risks and losses from interest operations	−11	−2	−63	−13	−52
Subtotal net result from interest operations	**2,219**	**2,248**	**2,228**	**2,254**	**2,297**
Commission income from securities trading and investment activities	355	422	374	343	363
Commission income from lending activities	18	20	21	22	25
Commission income from other services	214	235	224	230	224
Commission expense	−121	−183	−168	−178	−161
Result from commission business and services	**466**	**494**	**451**	**416**	**451**
Net trading income	**228**	**230**	**210**	**228**	**215**
Income from sale of financial assets	5	29	5	13	13
Income from participations	67	89	76	64	32
Income from real estate	21	21	21	22	21
Other ordinary income	120	210	129	65	33
Other ordinary expenses	−18	−11	−42	−10	−2
Other result from ordinary activities	**195**	**338**	**189**	**153**	**97**
Operating income	**3,108**	**3,310**	**3,078**	**3,052**	**3,060**
Personnel expenses	−1,381	−1,395	−1,390	−1,332	−1,337
General and administrative expenses	−606	−618	−606	−538	−480
Operating expenses	**−1,987**	**−2,013**	**−1,996**	**−1,870**	**−1,817**
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	−260	−188	−259	−227	−274
Changes to provisions and other value adjustments, and losses	−6	0	−124	−24	−2
Operating result	**855**	**1,109**	**699**	**930**	**967**
Extraordinary income	75	119	82	10	6
Extraordinary expenses	−4	−4	−8	−3	−2
Changes in reserves for general banking risks	–	−80	−120	0	0
Taxes	−174	−233	−156	−112	−119
Group profit (including minority interests)	**752**	**911**	**497**	**824**	**852**
Minority interests in Group profit	−2	−6	−44	−11	−9
Group profit	**754**	**917**	**541**	**835**	**861**

Appropriation of profit in the five-year overview

Appropriation of profit

in million CHF	2016	2017	2018	2019	2020
Retained earnings reserve	710	865	481	772	796
Distribution to cooperative members	44	52	60	63	65
Distribution ratio in % [1]	6%	6%	12%	8%	8%

1 This year, the proposal for appropriation of profit is provisional.

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