
RAIFFEISEN

# 2021

Annual Report Raiffeisen Group

We open up new horizons

This PDF is interactive!

# Annual Report

**Raiffeisen is the third-largest banking group in Switzerland, has strong local roots and is a leader in the retail business. The Raiffeisen Group consists of 219 legally independent Raiffeisen banks with a cooperative structure. Raiffeisen serves 3.61 million clients at 820 locations all over Switzerland. 1.96 million cooperative members are co-owners of their Raiffeisen banks and help shape them.**

# Preface

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

**Heinz Huber**
Chairman of the Executive Board
Raiffeisen Switzerland

**Dear Reader,**
2021 will go down in history as the second year of the coronavirus: lockdowns, measures and restrictions on our private lives – a challenge for us all. Some people may also remember 2021 as a year in which our focus was redirected to the fact that people need each other. Values such as liberality, democracy and solidarity are not just ends in themselves. We aspire to incorporate them in our daily lives. And we remembered to do so, even in the difficult times that 2021 brought for the Group. The pleasing results of the Raiffeisen banks and Raiffeisen Switzerland in 2021 once again demonstrated that our cooperative creates lasting added value – for all. In line with our long-standing maxim: we open up new horizons.

**New horizons for the cooperative**
In 2020, following an extensive and participative process, the Raiffeisen Group approved the "Raiffeisen 2025" strategy. 2021 saw the start of its implementation. And the first successes can already be seen: we have continued to develop digitally, further diversified our business model and proved to be a reliable partner to our clients thanks to our physical proximity with 820 branches. Together, we are moving away from being a provider of products towards becoming a provider of solutions. The great trust placed in us as a banking group shows we are on the right track. In 2021 Raiffeisen gained more than 53,000 new clients and 28,000 new cooperative

members. The unplanned change at the helm of the Board of Directors created quite a stir. But the sustained trust placed in our cooperative bank shows that the Group is more than its individual representatives and officers.

**New horizons for the digital future**
The future does not wait. That is why we are actively helping to shape it. Digitalisation is not just a challenge, it is also a promise. Anyone offering solutions will continue to be in demand in future. We expanded our digital offerings and solutions during the year under review: The Liiva residential property platform was added to the housing ecosystem. Raiffeisen also offers a modernisation planner, an analysis tool to calculate the potential investment needed for planned renovations, including the subsidies available and possible tax and energy savings.

## We have continued to develop digitally and further diversified our business model.

In 2021, we launched a digital Pillar 3a in the investing and saving for retirement business, and for companies we now have the Raiffeisen SME eServices solution for multibanking. This platform allows corporate clients to see all their accounts and cash movements at a click. These solutions reflect our ambition to shift our technical expertise and physical customer proximity into the digital world.

**New horizons for more sustainability**
Right now we are laying the foundations for a world that remains a place worth living in for future generations. Sustainability is a central objective of the Raiffeisen 2025 strategy. In 2021 we launched Switzerland's first sustainable exchange-traded gold fund. Moreover, 94% of our fund volume is invested in sustainable funds. Our focus is on stability and quality, not just volume-driven growth. Once again in 2021, our cooperative members benefited from special member offers, among other things, and an attractive rate of interest on their share certificates. 94% of profit was retained in 2021. Most of the amount was added to the reserves to strengthen the capital base. This makes us an exceptionally safe bank. Social, economic and ecological sustainability – that is the path we take as a cooperative banking group.

## Our focus is on stability and quality, not just volume-driven growth.

**Heading for success together**
The Group's annual result shows that the diversification of our business model is making good progress. Raiffeisen recorded an excellent performance in 2021 and achieved a profit of CHF 1.07 billion. The Group made strong gains in the customer business in particular and significantly expanded its market share in customer deposits. This was due to our proximity to customers and the tireless dedication of our staff. Net income from interest operations grew despite the difficult situation as regards margins. The performance of the investing and saving for retirement business was also very pleasing. Raiffeisen again saw substantial growth in asset management mandates and collective investments. In mortgage loans, we grew in line with our ambition at market level. Such a pleasing result strengthens the Raiffeisen Group as an independent force in banking, the third-largest in Switzerland.

**New horizons keep opening up**
We want to keep up these successes in 2022. But financial success is only one side of the medal. The other side is the great responsibility we bear as the third-largest bank in Switzerland: the responsibility for enabling and encouraging business activities that are sustainable and benefit our society. We accept this responsibility. We would like to thank you for the trust you have placed in us and look forward to continuing to support you in future.

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

**Heinz Huber**
Chairman of the Executive Board
Raiffeisen Switzerland

# Management report

**Raiffeisen achieved an outstanding result last year. A positive performance in all income items contributed to this pleasing operating performance. Raiffeisen achieved the strategic goals set for 2021. Raiffeisen expanded digital services for clients and further diversified the business model as a result of the successful investing and saving for retirement business. The Group also expanded its strong position in the customer business thanks to the successful work of the 219 Raiffeisen banks.**

# Important events


**11 May 2021**

**CHF 4.1 million**

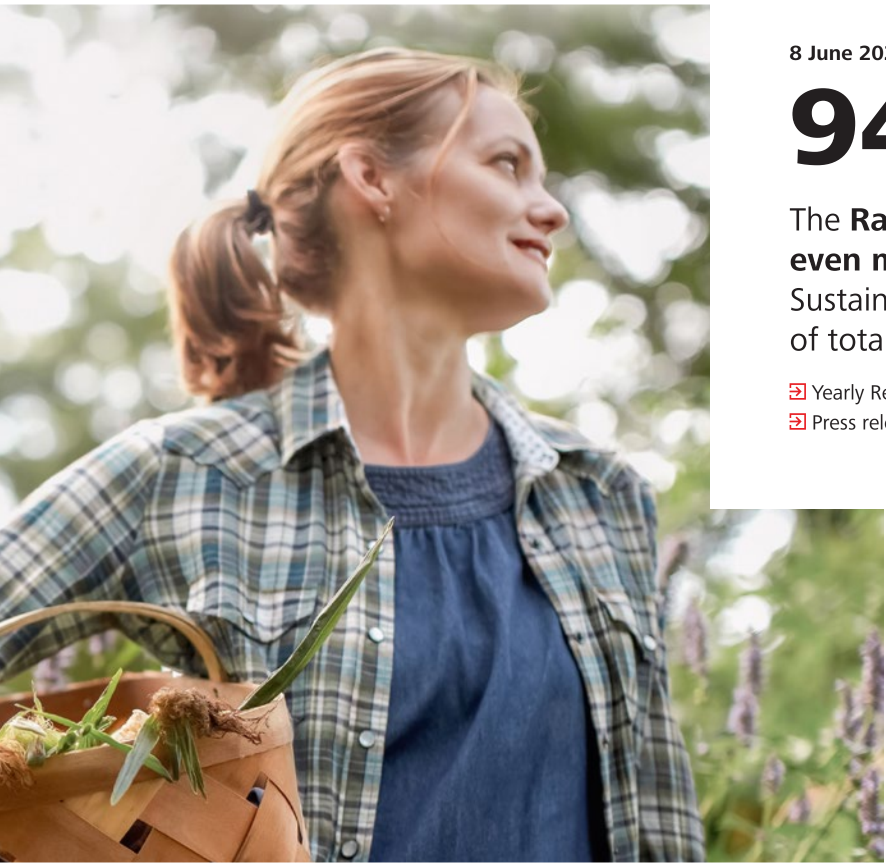
Raiffeisen extends the **partnership** with **the Swiss Climate Foundation that has been in place since 2008**. Raiffeisen has donated over CHF **4.1 million** since the partnership started.

Yearly Report (in German) page 61
Press release (in German)

**13 April 2021**

Raiffeisen is taking a new approach to procuring gold which allows **the origin** of **the gold** to be accurately traced.

Yearly Report (in German) page 61
Press release (in German)



**8 June 2021**

**94%**

The **Raiffeisen funds** are becoming **even more focused on** sustainability. Sustainable funds now account for **94%** of total fund volume.

Yearly Report (in German) page 29
Press release (in German)

**23 June 2021**

The General Meeting of Raiffeisen Switzerland votes to **make its** six branches **independent.**

Yearly Report (in German) page 65
Press release (in German)


**1 July 2021**

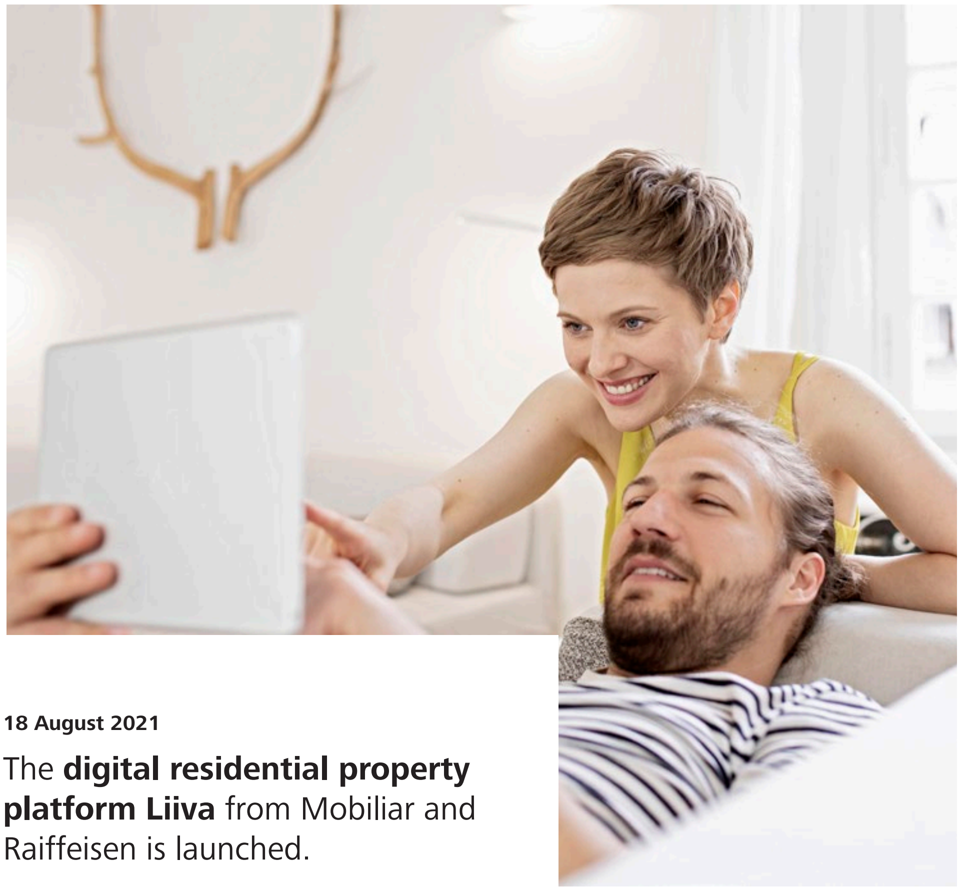
Urs Gauch announces he is stepping down from the Executive Board of Raiffeisen Switzerland. **Roger Reist** takes over the newly created **Corporate Clients, Treasury & Markets department**. A new **Operating Services** department is also set up, officially starting on 1 December.

Yearly Report (in German) page 53
Press release (in German)

**15 July 2021**

**Guy Lachappelle** announces his resignation as **Chairman of the Board of Directors** with effect from the end of July 2021. **Pascal Gantenbein** takes over the position **on an acting basis.**

Press release (in German)



**13 July 2021**

Rating agency **Moody's** raises the outlook for **Raiffeisen Switzerland** to **"positive"**.

Press release (in German)

**18 August 2021**

The **digital residential property platform Liiva** from Mobiliar and Raiffeisen is launched.

Yearly Report (in German) page 40
Annual Report page 52
Press release (in German)

**9 September 2021**

**A+**

Rating agency **Fitch** ranks Raiffeisen as **A+** (long-term) and F1 (short-term).

Press release (in German)

**20 September 2021**

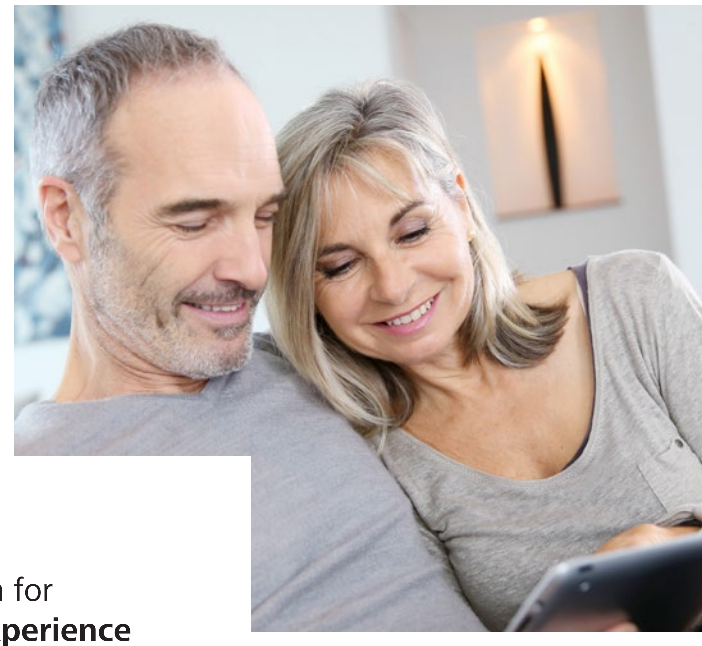
Raiffeisen introduces **"SME eServices"**, a **multibanking solution** for corporate clients.

Yearly Report (in German) page 32
Annual Report page 55
press release (in German)

**22 September 2021**

Kathrin Wehrli steps down from the **Executive Board** of Raiffeisen Switzerland. **Roland Altwegg** takes over **on an acting basis**.

Press release (in German)



**27 September 2021**

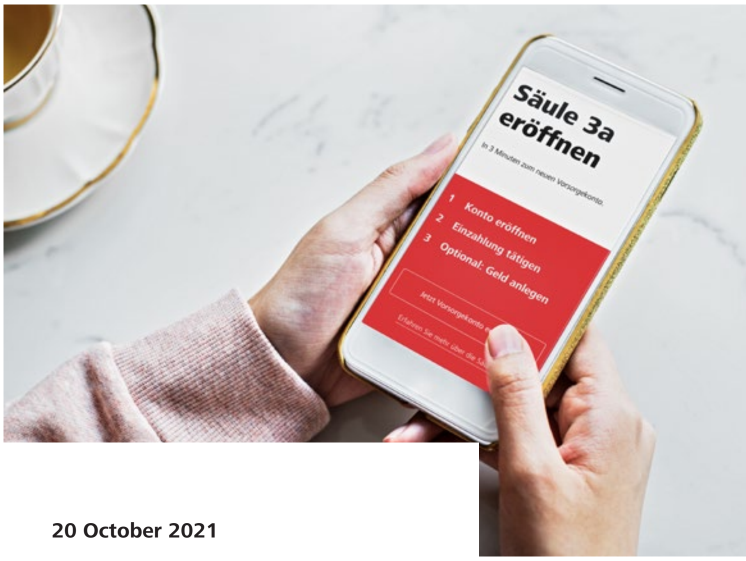
Raiffeisen lays the **foundation** for developing its digital **client experience portal**, using the expertise of software provider Backbase.

Yearly Report (in German) page 44
Press release (in German)

**15 October 2021**

Raiffeisen signs the **Principles for Responsible Banking** of the United Nations Environment Programme Finance Initiative, supports the Task Force on **Climate-Related Disclosures** and joins the Partnership on **Carbon Accounting Financials**.

Sustainability Report page 69
Press release (in German)




**20 October 2021**

Raiffeisen introduces the **digital pillar 3a**.

Yearly Report (in German) page 48
Annual Report page 50
Press release (in German)

**24 November 2021**

**Rolf Olmesdahl steps down from the Executive Board** of Raiffeisen Switzerland. **Robert Schleich** takes over on an acting basis.

Press release (in German)

**2 November 2021**

Raiffeisen becomes the first Swiss retail bank to launch a **responsible gold ETF**.

Yearly Report (in German) page 17
Annual Report page 57
Press release (in German)

**9 December 2021**

The General Meeting of Raiffeisen Switzerland elects Thomas A. Müller as **Chairman of the Board of Directors** and **Sandra Lathion** as a **director.**

Annual Report page 117
Press release (in German)


IFFEISEN

# Business model and portrait

**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, the business model is as sound as ever and stands for stability. Raiffeisen connects people. Regional roots and customer proximity are the basis of our successful activities 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.**

report.raiffeisen.ch/business-model-and-portrait

# How we create added value

## Our business

### Our vision

**Raiffeisen – An innovative cooperative bank that connects people**

**Our strategy: six strategic objectives**

**1** We consistently align our services to customer needs.

**2** We continue to drive evolution of our business model to become a solutions provider.

**3** We standardise and digitalise our processes.

**4** We differentiate ourselves as a sustainable cooperative.

**5** We develop to become a learning organisation with great adaptability.

**6** We actively use new technologies.

### Our entrepreneurial values

Credibility
Entrepreneurship
Proximity
Sustainability

### Our areas of activity

Investment
Residential
Pensions
Advice


Democracy
Solidarity
Liberality

Financing
Payments
Insurance

### Our cooperative values

## The foundations of our cooperative

**We are the largest cooperative bank**

**1.96** million

cooperative members

**We give everything for our cooperative**

**11,465**

employees

**We live sustainability**

**94%**

of fund volumes are sustainable

**We know our customers**

**42%**

of the Swiss population are customers of ours

**We are close to our customers**

**219**

Raiffeisen banks have a presence in 820 locations

**We are rock solid**

Up to **95%**

of profit is retained

# Our performance

## Our cooperative remains strong

**1.07** CHF billion
Profit

**23** CHF billion
Cooperative capital

**202** CHF billion
Client deposits

**206** CHF billion
Loans to clients

### We are successful

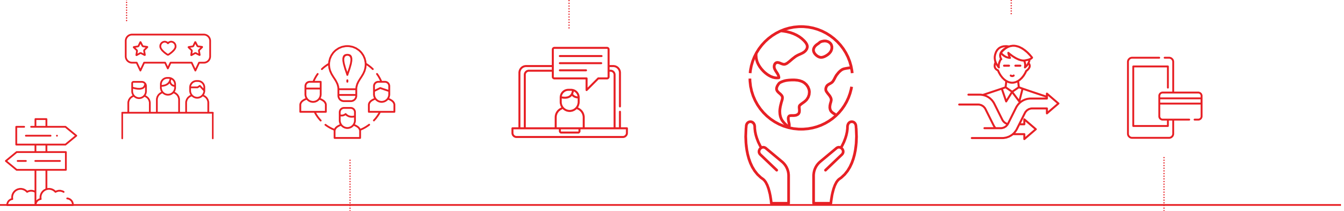
| | |
|---|---|
| **3.61 million** | Number of customers |
| **23%** | Neutral business as a percentage of operating income |
| **56.0%** | Cost-to-income ratio |
| **1.96 million** | Number of cooperative members |
| **Number 35** | in the Universum.com employer rankings |
| **33.8%** | Percentage of our retail customers who use Raiffeisen as their main bank |

## We open up new horizons for …

The right services

Banking that’s quick and easy

A learning organisation



Solutions from a single source

A sustainable cooperative

Digital and practical

# The added value from our cooperative

### Customers

**3.68** million

Advisory contacts between Raiffeisen and customers

### Cooperative members

**105.6** CHF million

Member benefits passed on

### Employees

**16.8** CHF million

Investments in training and continuing education

### Society

**217.1** CHF million

Donations, tax and sponsorship

### Value creation

**278,000** CHF

Net value creation per personnel unit

### Environment

Over **30%**

Reduction in $CO_2$ since 2012

## Cooperative by conviction

True to its origins, Raiffeisen wants to provide easy access to banking services for everyone. We remain faithful to our cooperative values.

The first Raiffeisen bank in Switzerland was founded in Bichelsee (canton of Thurgau) in 1899 at the initiative of Pastor Johann Traber. The principle was: “Helping people to help themselves”. All members should be able to use the services of their bank and have a right to say in how it is run, but at the same time they also share responsibility for the cooperative's activities and how it fares.

The Raiffeisen banks, organised as cooperatives, also demonstrate social commitment in clearly defined business areas. First, Raiffeisen supports local associations, social institutions and cultural events in a way no other banking group does. Second, the Raiffeisen banks are major taxpayers in the respective municipalities. Raiffeisen also performs an important task by being an attractive employer. As a company that always takes its staff into account, Raiffeisen sees meaningful activity, responsibility and initiative as the key elements of a socially responsible corporate policy.

Raiffeisen acts in line with its cooperative values and its business policy is open and fair. The focus is on the cooperative members. This will remain so in future. The members share responsibility for the development of their bank, which creates a high degree of customer proximity. Because the clients' money remains within the business area, the Raiffeisen banks make a direct contribution to the development of the region.

### The cooperative values

**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, from a historical perspective, achievements of the cooperative movement. Ultimately, solidarity is based on mutual trust.

**Liberality**
We tackle tasks together, with self-motivation and self-reliance. Liberality emphasises the autonomy of the cooperative banks.

### The entrepreneurial values

**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.

**Entrepreneurship**
We take responsibility for our actions at all levels. We act independently, responsibly and entrepreneurially.

**Sustainability**
We take care to ensure the longevity of our business model. We strive for and maintain sustainable relationships with all stakeholders. We take responsibility in business and society.

**Proximity**
The Raiffeisen banks are rooted in the local population and know and understand their clients. They have a local/regional focus and integrate into the market.

## Structure and governance

Each of the 219 Raiffeisen banks is a legally and organisationally independent cooperative with directly elected banking bodies. The members of the cooperative form part of the responsible body of each bank. Their share certificate also makes them co-owners. Raiffeisen Switzerland takes care of 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 while performing treasury, trading and transaction activities in the role of a central bank.

Raiffeisen has **strengthened governance** in a focused manner **with the owners' committees.**

The exchange of ideas and opinions between the Raiffeisen banks and Raiffeisen Switzerland is 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, Expert Committee Coordination and the expert committees. These were set up in 2020 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.

For more details see the chapter on corporate governance on page 104

## Markets, clients and services

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

Raiffeisen is focussed on the Swiss market. With a total of 820 branches, Raiffeisen has a branch network that is denser than any other in Switzerland. The accessibility 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 banking 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. 42% of the Swiss population are clients. Raiffeisen is the main bank for around one-third of our more than 3.61 million clients. We also have roughly 218,500 corporate clients, who are another important client base. This means that Raiffeisen assists one in every three businesses in Switzerland with solutions and tailored advice.

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

For more details see the chapter on business development on page 45

For more on the Raiffeisen cooperative see the yearly report of the Raiffeisen Group:

report.raiffeisen.ch


Made in

# Environment

**Comparison websites, financial platforms, digital business models and rapid advances in technology are having an impact on customer relationships and are changing them permanently. Today, clients decide how, when and where they interact with their financial partners. Traditional banking is increasingly transforming into a cross-industry business model. At the same time, regulatory requirements are rising constantly.**

report.raiffeisen.ch/environment

## Environment and market developments

The economy enjoyed an unexpectedly rapid recovery in 2021. The financial sector also faced higher dynamics among mortgage brokers as well as financial and real estate platforms.

## Challenging economic situation as recovery gets under way

Fortunately, the **economic situation** in Switzerland largely **returned to normal** in 2021.

The last two years saw considerable uncertainty owing to the coronavirus pandemic and the associated collapse in the economy. This unaccustomed situation was a challenge for business and society. It is therefore all the more pleasing that the economic situation in Switzerland largely returned to normal in 2021. The economy got back on the growth track. By the end of 2021, the gross domestic product (GDP) had reached the level it was at before the pandemic started. The powerful recovery also had a positive impact on equity markets. The Swiss Market Index (SMI) gained 20%.

The flip side of the strong economic recovery and rise in demand for goods and consumables was a sharp uptick in inflation. Ongoing supply bottlenecks and rising costs of materials and transport accentuated this trend. From the middle of last year, US inflation shot through the 5% mark, and Europe too saw price rises exceed the 2% target of the European Central Bank by a substantial margin. The Swiss National Bank (SNB) is assuming that in the medium term the rate of inflation will remain below the 2% level. Long-term mortgage rates are likely to rise moderately from where they are today without breaking out on the upside and stay relatively low.

The SNB's benchmark rate remained at –0.75% in 2021. Real rates are set to hover in negative territory for some time to come, so savings will lose value steadily. Retail banks' core business remains under pressure due to the low interest rate margin, and diversifying into commission business continues to be necessary and important. The sustained pressure on interest operations means that the threshold for passing on negative rates has declined once again. In Switzerland, only one bank in ten (previous year: 21%) categorically rules out introducing negative interest rates.

## Impact of Covid-19

The **use of digital funds** like Twint or contactless payment using cards has increased very considerably **in the last two years.**

The coronavirus pandemic has accelerated the digital transformation in the Swiss banking market and changed customers' expectations of how banks provide services. Even the preferred ways of making payments are being affected. There has been a sharp fall in cash payments over the past two years. Use of digital funds, by contrast, like contactless payment using credit and debit cards, Apple Pay, Twint and other digital banking services has increased considerably. Regardless of where the Covid-19 situation goes from here, use of digital channels (and mobile banking in particular) is set to carry on rising. Many competitors have announced or already launched digital offerings and services in all sorts of business areas.

Demand for private residential property was up because of the change in the way we work – especially with working from home. The result was a further increase in the prices of apartments and single-family homes. The financing hurdles would-be buyers need to overcome are higher than they were just a few years ago.

## Intensified competition: develop new sources of income

When it comes to financing residential property, Raiffeisen's key competitors are domestic banks, especially cantonal banks and regional banks. As part of the shift towards a cross-industry business model, however, an increasing number of companies from outside the sector, fintechs and start-ups are becoming established.

The arrival of insurers and pension funds in the mortgage business is further increasing the intensity of competition. Real estate platforms and mortgage brokers also saw the pace of change step up in 2021. Several large banks and insurers entered into new cooperations or financial investments in the housing business, underscoring the great strategic interest in new ecosystem approaches.

## Higher customer expectations in digital investing and saving for retirement

There is a rising need for simple and transparent solutions. The Swiss investing and saving for retirement market continued to grow in 2021 with the launch of new, mostly mobile first offerings. Digital 3a solutions are increasingly becoming standard. It is therefore an ever longer and more difficult process to establish new offerings and services in this market. Greater transparency, the ability to compare financial services and products, and the ease of use of digital solutions are making customers more price-sensitive. They are also more willing to buy financial services from someone other than their main bank. In addition, both customers and society increasingly expect companies to be able to demonstrate visible and credible initiatives in corporate responsibility and sustainability. This includes transparent communication on the use of data and algorithms.

## New technologies as a driver

**New technologies** are raising the pressure on established banks to restructure their **business models** and add **digital solutions** to their offering.

The strongly technology-driven digital players set a high benchmark when it comes to digital customer experiences. This tendency is raising the pressure on established banks to make their business models more customer-focused. Swiss banks are increasingly reacting to new players and fintechs by showing a willingness to add digital solutions to their own offerings. Until recently, the field of digital fintech solutions in the Swiss SME market was a nearly blank canvas, compared to other countries. Now the first start-ups are focusing intently on parts of this value chain and banks' customer interface. The digital transformation is fundamentally changing banks' business models and requiring them to come up with new solutions and services.

## Changes in regulation

Increasing changes in regulation require additional expertise and resources. Regulators are constantly tightening liquidity, compliance and capital requirements for banks. Raiffeisen is subject to additional requirements as a systemically important bank. The Raiffeisen Group is very well capitalised. It exceeds both the current regulatory standards for systemically important banks and those that will apply from 2026, primarily with the highest quality of capital.

# Strategy

**The Group strategy Raiffeisen 2025 sets out the strategic direction for the period 2021–2025. By expanding its business areas “private residential property”, “corporate clients” and “investing and saving for retirement”, Raiffeisen is evolving from a provider of products to a provider of solutions. Even in the first year of implementing the strategy, new solutions were launched.**

report.raiffeisen.ch/strategy

## Group strategy Raiffeisen 2025

The Group strategy Raiffeisen 2025 sets out the strategic direction for the period 2021–2025. The framework for what we do is defined by the vision “Raiffeisen – the innovative cooperative bank connects people”. Raiffeisen delights people across Switzerland with unique solutions to connect them locally and digitally and jointly add value through sustainably embodied cooperative values.

## Principles

The **cooperative model** and the associated **values** remain a key **distinctive feature** for the Raiffeisen Group.

With regard to implementing the strategy, Raiffeisen follows these 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 customer base on the change journey. Raiffeisen occasionally positions itself as a first mover, too.
- Raiffeisen's strength lies in the Group and the Raiffeisen family. The cooperative model allows Raiffeisen to stand out from competitors as an innovative community of values and added value.
- Raiffeisen is consistently evolving from a provider of products to a provider of solutions 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.

## Strategic objectives and targets

Metrics and targets have been set for six strategic objectives for the period 2021–2025, to review target achievement. The targets Raiffeisen would like to achieve by the end of the current strategy period will be reviewed on an ongoing basis over the coming years and adapted to the latest situation if necessary.

- **Raiffeisen aligns its physical and digital services with its customers' needs.** As a result of the changes in customer behaviour, the focus is on the interaction between digital channels and personal contacts. Digital self-service solutions will be expanded in addition to the existing offering of advice in person in the branch. In doing so, Raiffeisen aims to maintain and expand existing customer relationships and also attract new clients. Raiffeisen seeks to have more than 3.86 million clients by 2025. At the end of 2021, there were already 3.61 million people with a banking relationship with Raiffeisen.

- **Raiffeisen continues to evolve its business model to become a provider of solutions.** It pursues this objective through cooperations, by further developing the ecosystem approach and by tapping into its potential for innovation. As a result, clients benefit from holistic solutions that provide them with added value. By 2025 Raiffeisen would like to increase the share of income that comes from commission business still further.

- **Simple, standardised and automated processes boost efficiency, improve cooperation within the Group and make new partnerships possible.** Raiffeisen is driving ahead the standardisation of basic processes to boost efficiency and improve cooperation. It analyses opportunities for automating and digitalising processes and implements them one after the other. These efficiency gains make it possible to optimise the Group's cost structure, leaving staff with more time to provide advice to clients. The aim is to reach a cost/income ratio below 58% by the end of 2025. At the end of 2021, this figure was 56.0%.

- **Raiffeisen sets itself apart as a sustainable cooperative by maintaining customer proximity and cultivating cooperative values.** Personal proximity to customers is in Raiffeisen's DNA. The strong local physical presence is being systematically enhanced to include digital customer proximity. By 2025 Raiffeisen would like to increase the number of its cooperative members from the current 1.96 million to over 2 million.
- **Raiffeisen is developing into a learning organisation with a strong sense of responsibility.** The modern working environment and attractive offerings for staff development make Raiffeisen a more desirable employer, strengthening its future potential and its capacity for innovation. This sense of responsibility demands a management culture able to react to the latest challenges and deal with risks and topical issues in a responsible way. By 2025 Raiffeisen aims to be at least number 25 in employer ranking by Universum.com. This is a ranking of employers calculated and published every year by Universum Communications Switzerland AG, an employer branding company. In 2021 Raiffeisen was ranked number 35.
- **Raiffeisen actively employs new technologies and data with a view to considerably improving the customer's experience.** New technologies are intended to make a major contribution to Raiffeisen solutions being easily available and intuitive to use. In line with this, Raiffeisen aims to expand its main banking relationships by the end of 2025. It wants to be the main bank for more than one-third of its private clients by that date. Having the position of main bank makes it possible to provide seamless advice on all matters and take a holistic view of clients' financial situation.

The strategic ambitions for Raiffeisen up to the year 2025 are summarised below.

### Strategic goals of Raiffeisen 2025

**Customer needs**
Raiffeisen consistently aligns its services with its clients' needs and gains new clients as a result.

Number of clients — **> 3.86 million**

**Provider of solutions**
Raiffeisen continues to develop its business model to become a provider of solutions and is increasing income from the commission business.

Share of income from commission business — **≥ 30%**

**Processes**
Raiffeisen is increasing its efficiency through standardised and digital processes, creating more time to give advice.

Cost/income ratio[1] Group — **< 58%**

**Sustainable cooperative**
Raiffeisen sets itself apart as a sustainable cooperative – for clients and staff.

Number of cooperative members — **> 2.03 million**

**Learning organisation**
Raiffeisen is developing into a learning organisation and establishing itself as an attractive employer.

Position in ranking of employers[2] — **Number 25**

**New technologies**
Raiffeisen uses new technologies and data to improve the customer experience.

Share of private clients whose main banking relationship is with Raiffeisen — **≥ 36%**

1 Cost/income ratio.
2 Employer ranking by Universum.com in the Business Professionals Switzerland category.

## Implementation and target achievement in 2021

2021 saw the start of strategy implementation. The foundations for the strategic period 2021–2025 were established and the first new solutions for clients launched.

**Strategic goals – goal achievement 2021**

| Strategic goal | Indicator | Starting position 2020 | Target 2021 | Achieved 2021 |
|---|---|---|---|---|
| **The right services**<br>We consistently align our services to customer needs | Number of clients | 3.55 million | 3.62 million | 3.61 million<br>+1.5% |
| **Solutions from a single source**<br>We continue to drive the evolution of our business to become a solutions provider | Share of commission business [1] | 22.2% | 23.0% | 23.0%<br>+0.8% points |
| **Banking that's quick and easy**<br>We standardise and digitalise our processes | Cost/income ratio | 59.4% | 61.0% | 56.0%<br>–3.4% points |
| **Sustainable cooperative**<br>We differentiate ourselves as a sustainable cooperative | Number of cooperative members | 1.94 million | 1.93 million | 1.96 million<br>+1.4% |
| **Learning organisation**<br>We develop to become a learning organisation with great adaptability | Position in ranking of employers [2] | Number 44 | Number 42 | Number 35<br>+9 places |
| **Digital and practical**<br>We actively use new technologies | Main banking relationship [3] | 31.0% | 31.0% | 33.8%<br>+2.8% points |

1 Commission business (including net income from trading) as a percentage of operating income
2 Employer ranking by Universum.com in the Business Professionals Switzerland category
3 Percentage of private clients who do most of their banking transactions with Raiffeisen (calculated based on product use)

Some of the key initiatives taken in the year under review are listed below.

### Supplier chosen for new customer experience portal

One of the strengths of Raiffeisen is physical customer proximity. Raiffeisen aims to transpose this to the digital world by expanding its self-service offerings. By the end of 2025, there will be a customer experience portal grouping all of Raiffeisen's digital services together. The banking group has entered into a cooperation with software company Backbase for the technical development of this portal. Over the next few years, the focus will be on technical implementation.

## Multibanking for corporate clients

In September 2021 Raiffeisen introduced a multibanking platform with an accounting system for corporate clients. The Raiffeisen SME eServices platform allows companies to process their payments and manage liquidity (including in accounts with other banks) in the same application.

## New solutions for (future) residential property owners

Raiffeisen wants to meet the **needs** of its **clients**, delight them with **solutions** and generate **sustainable added value** as a cooperative.

Diversifying income is a key strategic objective. In order to achieve this, there will be an increasing focus on holistic solutions rather than products. As the market leader in mortgages, Raiffeisen can tap into major potential in everything to do with housing in particular. The launch of the Liiva digital residential property platform, a joint venture between Raiffeisen and Mobiliar, in August 2021 marks a first step towards becoming a provider of more extensive solutions to do with housing. Liiva covers needs associated with buying, modernising and soon also selling private residential property. Spring 2021 saw the launch of the modernisation planner, an advisory tool for more comprehensive residential property advice. It can be used to show the investment required for modernisation, in terms of both energy use and other needs. Courses of action can be planned and other aspects, such as the subsidies that can be claimed, are also covered.

## Expanding the range of offerings in investing and saving for retirement

When it comes to investing and saving for retirement, Raiffeisen wants to make it possible for everyone to sustainably build up capital. A first milestone was reached with the launch of the digital pillar 3a retirement savings solution in autumn 2021. This pillar was integrated directly into e-banking and can be used by all customers with no need for additional registration. At the end of November 2021, the transaction-related advisory mandate was also rolled out. The range of asset management mandates was also extended in 2021 to include an individual mandate where a personal investment strategy can be set. The Raiffeisen Rio asset management app had new functions added.

## Foundations for business model transformation

Important foundations for Raiffeisen's future potential and its capacity for innovation were established in 2021. Internal regulations were streamlined and a vision for an optimised mortgage process for private clients produced. This will allow efficiency gains to be realised and costs cut over the next few years.

The shift towards being a learning organisation was accompanied by several initiatives during the year under review. These included further expansion of the digital workplace. Raiffeisen Switzerland provided methods for the new world of work. A shared cultural vision was also drafted in a participative process involving managers and employees of Raiffeisen Switzerland. These initiatives by Raiffeisen Switzerland won the Swiss HR Award 2021 in the Culture & Change category from specialist magazine “HR Today”.

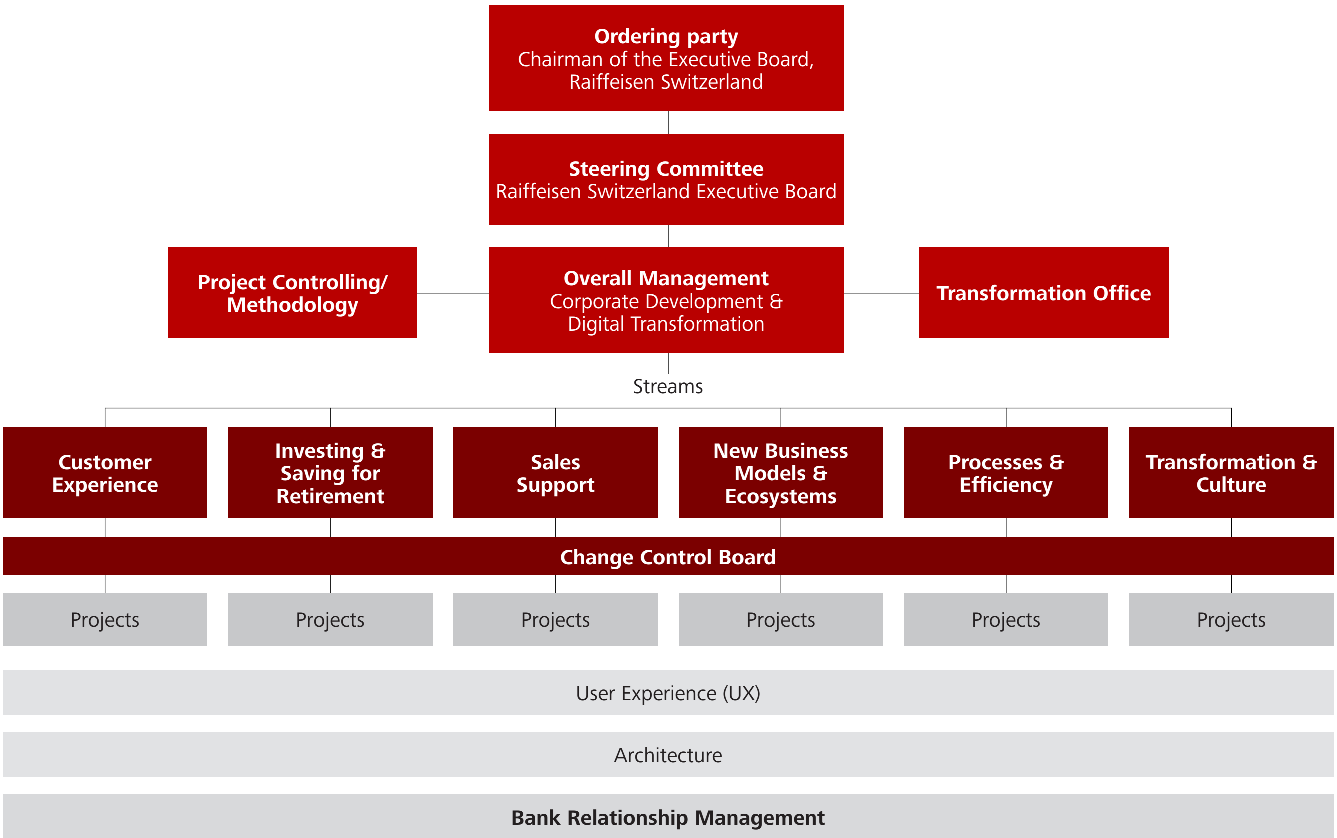
## Programme governance

Raiffeisen Switzerland's Board of Directors is responsible for the Group's strategy. Owners' committees are included so that Raiffeisen Switzerland and the Raiffeisen banks can exchange ideas and shape opinions (see the section entitled "Corporate Governance", pages 111–112).

Raiffeisen is breaking new ground with its programme governance. It encourages thinking and working outside traditional organisational structures. Last year saw mixed interdisciplinary teams formed into streams to implement key strategic issues together across the organisation.

Agile methods of working were also piloted in 2021 as part of the strategy implementation. Implementing the Raiffeisen 2025 strategy yields results that are focused on values and clients while taking account of the rapidly changing environment.

**Programme governance**



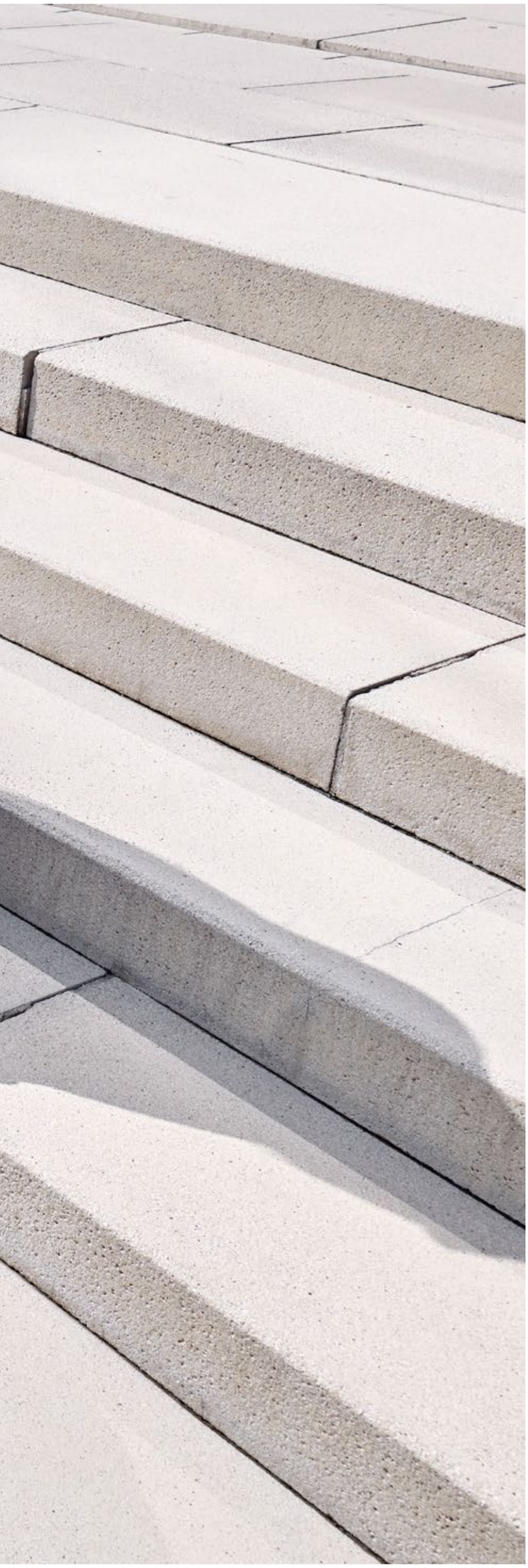
## Outlook: Priorities for strategy implementation in 2022

The aim is to drive the diversification of the business model ahead further in the current year. Another emphasis in 2022 will be on process improvements, creating more capacity for the Raiffeisen banks to provide advice. The introduction of a first beta of the customer experience portal will also be a main aim.

Raiffeisen is optimising its processes and thereby creating more **capacity to provide personal advice**. It is **adding** new **digital solutions** to its existing offerings and services.

The following focuses and initiatives will be prioritised in 2022:

- **Optimising the business model, with a focus on boosting efficiency:** the future mortgage process, which was designed with the help of representatives from the Raiffeisen banks, will be tested within the Group in 2022 and is scheduled for final launch in 2023. In the investing and saving for retirement business, the process for customer advisors to open new products such as fund savings plans will be simplified.
- **Further developing the business model, with the emphasis on diversifying income:** Raiffeisen will continue to expand the investing and saving for retirement business. To complement the pillar 3a retirement savings solution, Raiffeisen plans to launch index-tracking investment solutions in March 2022. There will also be additions to the mandate offering. The sustainability strategy will be implemented across the full range of products and services in investing and saving for retirement.
- **Digitalisation, with the focus on customer retention and self-service:** 2022 will witness a major milestone with the launch of a first beta of the customer experience portal app. This will then be further developed on an ongoing basis. In this connection, digital customer onboarding with a focus on mobile first is expected to be rolled out in the fourth quarter. The SME eServices multibanking solution for corporate clients will also be further optimised.
- **Encouraging Group transformation and enabling:** The Raiffeisen Group will continue to encourage dialogue and an exchange of views between Raiffeisen Switzerland and the Raiffeisen banks to support the transformation. In addition, employees will be empowered to meet the future requirement profiles through ongoing training and initiatives.



# Result

**In 2021 the Raiffeisen Group generated an excellent result, with a Group profit of CHF 1.07 billion, 24.2% higher than the previous year. Significantly higher income in all business areas contributed to this.**

**Raiffeisen expanded its very good position in the customer business thanks to the successful work of the Group. Customer trust in the Raiffeisen banks remains high. Net new money in 2021 amounted to CHF 14.5 billion. In addition, the Group gained some 53,000 new clients and 28,000 new cooperative members.**

report.raiffeisen.ch/result

# Key performance indicators

## Key figures

| in CHF million, percent, number | 2020 | 2021 | Change in % |
|---|---|---|---|
| **Key figures income statement** | | | |
| Gross result from interest operations | 2,350 | 2,402 | 2.2 |
| Result from commission business and services | 451 | 536 | 18.8 |
| Operating income | 3,060 | 3,383 | 10.6 |
| Operating expenses | 1,817 | 1,895 | 4.3 |
| Operating result | 967 | 1,268 | 31.1 |
| Group profit | 861 | 1,069 | 24.2 |
| Cost income ratio | 59.4% | 56.0% | |
| **Key balance sheet figures** | | | |
| Total assets | 259,653 | 284,489 | 9.6 |
| Loans to clients | 200,358 | 206,355 | 3.0 |
| of which mortgage receivables | 190,317 | 196,360 | 3.2 |
| Customer deposits | 190,425 | 201,729 | 5.9 |
| in % of loans to clients | 95.0% | 97.8% | |
| Total equity (without minority interests) | 18,444 | 19,179 | 4.0 |
| **Capital resources/liquidity [1]** | | | |
| CET1 ratio | 18.6% | 20.3% | |
| Tier 1 ratio (going concern) | 19.6% | 21.7% | |
| TLAC ratio | 20.6% | 23.4% | |
| TLAC leverage ratio | 7.3% | 7.4% | |
| Liquidity Coverage Ratio (LCR) [2] | 159.4% | 185.4% | |
| Net Stable Funding Ratio (NSFR) [3] | 141.5% | 144.9% | |
| **Market data** | | | |
| Share of mortgage market | 17.6% | 17.6% | |
| Market share of client deposits | 13.8% | 14.0% | |
| Number of clients | 3,553,190 | 3,606,540 | 1.5 |
| Number of cooperative members | 1,935,790 | 1,963,593 | 1.4 |
| **Client assets** | | | |
| Client assets under management [4] | 224,042 | 241,226 | 7.7 |
| Net new money client assets under management | 16,328 | 14,509 | −11.1 |
| **Risk ratio lending business** | | | |
| Value adjustments for default risks | 261 | 243 | −7.0 |
| as % of loans to clients | 0.130% | 0.118% | |
| Value adjustments for expected losses (risk provisions) [5] | n/a | 482 | n/a |
| **Resources** | | | |
| Number of employees | 11,207 | 11,465 | 2.3 |
| Number of full-time positions | 9,492 | 9,729 | 2.5 |
| Number of locations | 824 | 820 | −0.5 |

1 According to the systemic importance regime.
2 The liquidity coverage ratio (LCR) measures whether a bank has sufficient liquid funds to cover its liquidity needs from its own funds over a 30-day period in the event of an emergency. The LCR puts the available liquid funds in relation to the expected net outflow.
3 The net stable funding ratio (NSFR) serves to ensure sustainable and stable funding of a bank's lending and off-balance-sheet activities. In particular, it limits the risk of a bank financing its lending activities with deposits that are deemed too unstable and short-term.
4 The client assets shown include custody account assets plus liabilities arising from client deposits and cash bonds. "Liabilities arising from client deposits" includes client deposits that are not similar to an investment. The following are not included: fiduciary deposits, custody-only relationships (third-party banks and institutional clients where Raiffeisen acts solely as custodian) and assets of institutional investors where the business activity consists of liquidity and repo investments.
Reclassifications between assets under management and unreported assets (such as custody-only) are shown as a change in net new money.
5 In accordance with FINMA AO, as at 1 January 2021 the Raiffeisen Group recognised value adjustments in equity for latent default risks amounting to CHF 493.2 million. The changes that occurred after the initial allocation were recognised in the income statement under "Changes in value adjustments for default risks and losses from interest operations".

## Outstanding result

Raiffeisen can look back on a very successful year. Profit of CHF 1.07 billion was well above the previous year. The Group achieved the strategic targets set for 2021. Raiffeisen expanded digital services for clients and further diversified the business model as a result of the successful investing and saving for retirement business. The Group is further expanding its strong position in the customer business.

Business volumes rose again and operating profitability remains strong. All income items were up. The performance of the commission business and service transactions was particularly encouraging, gaining almost 20%. Volumes in fund savings plan and retirement custody accounts rose almost 40%, and asset management mandates increased by over 120%. The high net new money figure of CHF 14.5 billion demonstrates the great trust customers have in the 219 Raiffeisen banks. Even in times which remain challenging, Raiffeisen showed itself to be a strong partner and generated an outstanding result.

### High level of customer trust – sustained strong growth in the core business

**201.7**
**in CHF billion**

**Customer deposits** rose by CHF 11.3 billion (+5.9%) to over CHF 200 billion.

Growth in client assets continued at a high level in 2021. They increased by CHF 19.3 billion (+8.5%) to a total of CHF 247.1 billion. The first reason for this growth was a sharp increase in customer deposits. The rise here amounted to CHF 11.3 billion (+5.9%). Second, custody account volumes rose a powerful CHF 8.0 billion (+21.7%) to CHF 45.1 billion. The year under review saw some 68,000 new custody accounts opened, or 268 every working day.

Raiffeisen also welcomed a large number of new clients (+53,350), taking the total to 3.61 million. The number of cooperative members rose too, by 27,803 to a total of 1.96 million.

Growth in the mortgage business was in line with the market, as planned. Mortgage loans increased by CHF 6.0 billion (+3.2%) to CHF 196.4 billion. Healthy growth in the core business on a par with the market fits the ambition and strategy of Raiffeisen. At the same time, growth in customer deposits was stronger, so the funding ratio improved from 95.0% in the previous year to 97.8%. The Raiffeisen Group expanded its services in private residential property during the year under review. In August, together with Mobiliar, the Group launched the Liiva digital residential property platform. This means the banking group is able to cover further customer needs related to buying and modernising private residential property. Raiffeisen also became the first Swiss bank to integrate a modernisation planner into the advisory process. In doing so, Raiffeisen further expanded its real estate expertise beyond the traditional mortgage business.

### Positive trend in all income items

The operating business of the Raiffeisen Group put in a particularly positive performance in 2021. All income items contributed to this. However, interest operations remained under pressure. The interest margin declined again during the year under review, falling from 0.93% to 0.89%. Thanks to the growth in the lending business and prudent balance sheet management, though, it still proved possible to increase the gross result from interest operations by CHF 52.3 million (+2.2%). Following a slight rise in value adjustments in the previous year due to the uncertain economic outlook, the recovery during the year under review led to a net reversal of value adjustments for default risks of CHF 12.1 million. The net result from interest operations climbed CHF 116.9 million (+5.1%) from the previous year to CHF 2.4 billion.

Efforts by the Raiffeisen Group to diversify the business areas continue to bear fruit. The successful expansion of the investing and saving for retirement business is reflected in the very pleasing trend in the result from commission business and service transactions. The year on year increase was a hefty CHF 85.0 million (+18.8%) to CHF 536.1 million. The supportive stock exchange environment meant that securities transactions were up strongly too, and the Group enjoyed high inflows in the investing and saving for retirement business in the year under review. The result from trading activities increased by CHF 29.9 million (+13.9%) to CHF 244.6 million. Higher income from participations and the sale of financial investments pushed up the other result from ordinary activities by CHF 91.4 million (+93.8%). Overall, operating income grew strongly, rising CHF 323.2 million (+10.6%) to CHF 3.4 billion.

**56.0%**

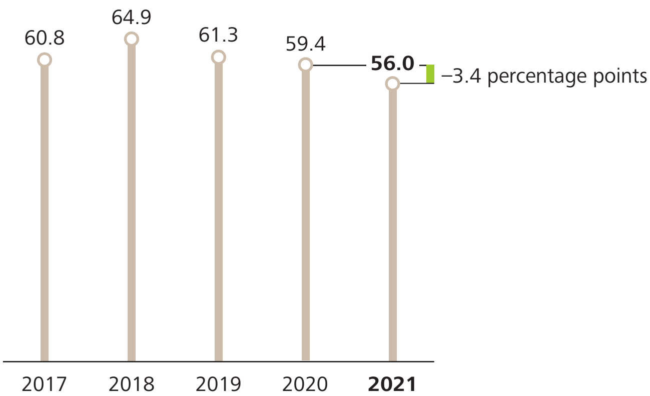
is **the cost/income ratio**. This figure improved by 3.4 percentage points.

## Higher costs due to investing in the Group strategy

In the year under review, operating expenses rose as expected by CHF 78.0 million (+4.3%) to CHF 1.9 billion. First, personnel expenses grew by CHF 54.7 million (+4.1%). More staff were needed in 2021 to implement the Group strategy. The Raiffeisen banks also took on more employees locally to serve clients. Second, operating expenditure grew CHF 23.3 million (+4.9%). No events had been held the previous year because of the pandemic, but this expenditure was up again in 2021. There was also more need for external services and consultancy in connection with projects, especially implementing the Group strategy.

Despite higher costs overall, the Group further improved productivity. The considerable increase in income and the lesser rise in costs meant the cost/income ratio improved again, from 59.4% at the end of the previous year to 56.0%. Depreciation of tangible fixed assets, value adjustments on participations and provisions were considerably lower overall in the year under review. The strong operating business, combined with positive one-off effects in the participations, resulted in a high CHF 1.3 billion operating result, a rise of CHF 300.8 million (+31.1%) on the previous year.

**Cost/income ratio**
in %




## Safe and with a strong capital position

The Raiffeisen Group put in a very good performance and generated an excellent result. Operating profitability remains strong. Group profit was CHF 1.07 billion, up CHF 208.1 million (+24.2%) from the previous year to a record level. Around 94% of the Group profit will be retained, increasing the reserves and the capital base and further strengthening the safety and stability of the cooperative banking group.

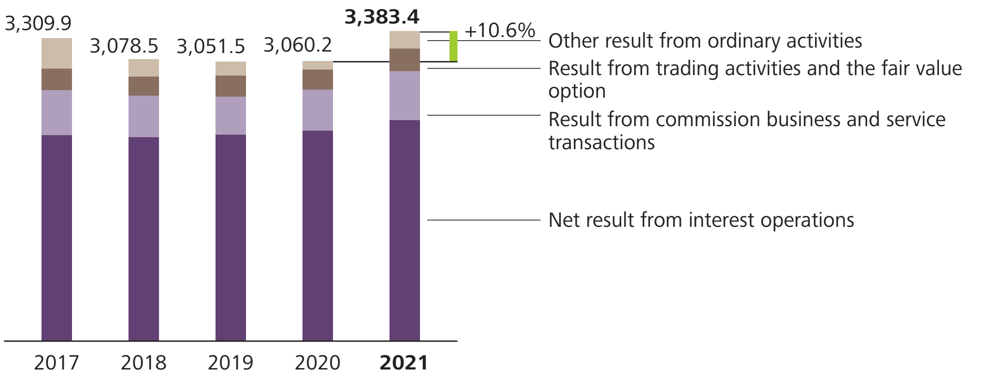
# Income statement

## Income from operating activities

Operating income of **CHF 3.4 billion** was more than **10% above** the prior-year figure.

The performance of income from operating activities was very positive throughout. All income items gained and total operating income posted a strong rise of CHF 323.2 million (+10.6%) to CHF 3.4 billion.

**Operating income**
in CHF million



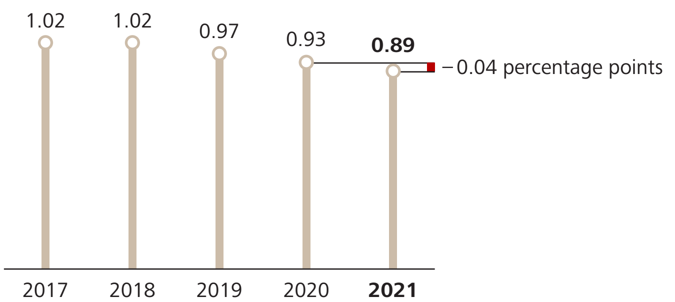

**+5.1%**

The **net result** from **interest operations** increased by CHF 116.9 million to CHF 2.4 billion.

### Interest operations

The continued low interest rate environment and high competition in the mortgage business are keeping the Raiffeisen Group's main pillar of income – interest operations – under pressure. However, active and prudent balance sheet management along with volume growth made it possible to increase the gross result from interest operations by CHF 52.3 million (+2.2%) to CHF 2.4 billion. The previous year had seen a slightly higher need for value adjustments, with risk assessment being cautious owing to the uncertain economic outlook, but the recovery in the year under review allowed a net CHF 12.1 million reversal of value adjustments for interest operations. Changes in value adjustments for default risks and losses from interest operations fell by CHF 64.6 million in the year under review, after a net increase the previous year (note 15). Value adjustments for default risks thus remain very low compared to total loans, at 0.118% (previous year: 0.130%). The net result from interest operations climbed CHF 116.9 million (+5.1%) from the previous year to CHF 2.4 billion.

**Interest margin**
in %



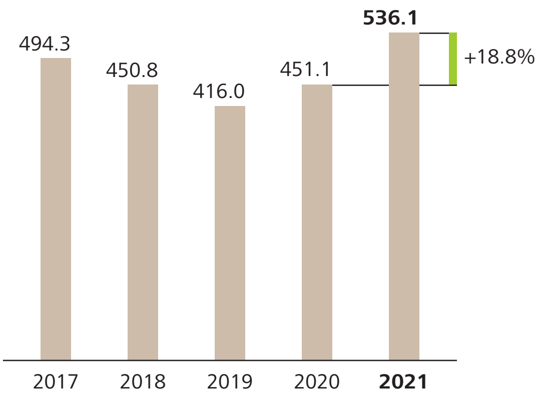
**+85.0**
**CHF million**

The **result from commission business and service transactions** rose by 18.8%.

### Commission business and service transactions

Commission business and service transactions put in a very encouraging performance (note 23). Largely due to the strong securities and investment business, the result from commission business and service transactions increased CHF 85.0 million (+18.8%) to CHF 536.1 million. This strong rise meant the prior-year figure was again comfortably exceeded. The number of securities transactions was up considerably. In addition, the Group saw strong inflows in the investing and saving for retirement business, not least thanks to the favourable stock exchange environment. Volumes in fund savings plan custody accounts rose about 37% and the number of custody accounts was also up strongly by 29%. The volume of retirement custody accounts grew 39%, their number rose by 52%. For asset management mandates, both the volume and the number of new custody accounts rose by more than 120%. This strong performance underlines the Raiffeisen Group's expertise in investing and saving for retirement. Moreover, the efforts to diversify income are working. Interest operations as a percentage of total operating income has declined in recent years, while commission business and service transactions has seen its share increase. This trend has further accelerated since the launch of the strategy implementation and year on year. The strategic initiatives to strengthen the investing and saving for retirement business as part of the implementation of the Group strategy Raiffeisen 2025 should support this trend in future too.

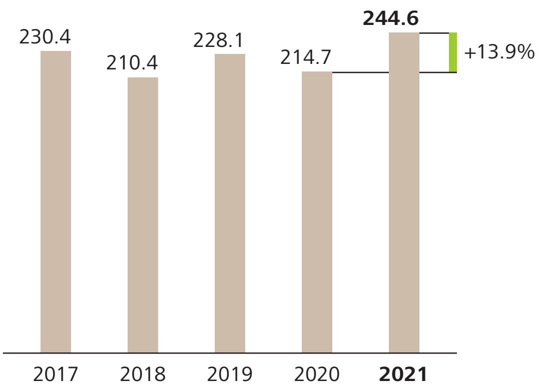
**Result from commission business and service transactions**
in CHF million




### Trading activities

The Raiffeisen Group also posted a rise in the result from trading activities (note 24). In total, the result from trading activities and the fair value option came to CHF 244.6 million. This marked an increase of CHF 29.9 million (+13.9%). The main reason was a positive performance in foreign exchange transactions. After a lower result the previous year, when travel was severely restricted due to the pandemic and fewer foreign transactions were processed, foreign exchange transactions increased again during the year under review and resulted in additional income.

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




## Other result from ordinary activities

The other result from ordinary activities also contributed to the higher operating income, growing strongly by CHF 91.4 million (+93.8%) to CHF 188.7 million. Disposals of financial investments generated higher income. In addition, income from participations rose CHF 41.6 million from the previous year (note 25). In particular, a substantial write-up on the participation in Leonteq AG, which is measured using the equity method, was recognised thanks to the company's positive performance.

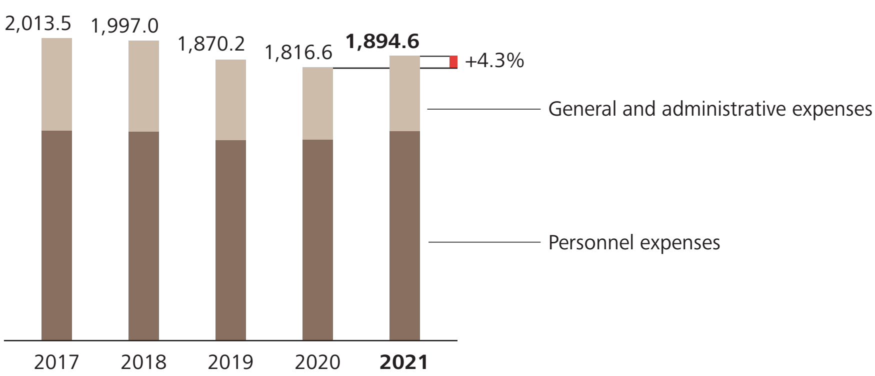
**+4.3%**

The **operating expenses** increased as expected in connection with implementing the Group strategy.

## Operating expenses

Under operating expenses, both personnel expenses and operating expenditure were up. Operating expenses increased by a total of CHF 78.0 million (+4.3%) from the previous year to CHF 1.9 billion. The rise in costs is in line with expectations and comes deliberately as part of the implementation of the Group strategy.

**Operating expenses**
in CHF million

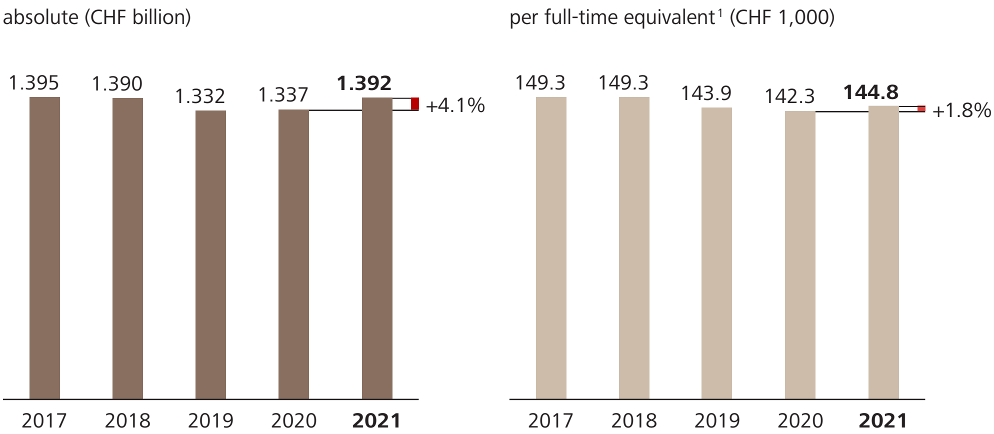


**Personnel expenses** were up because of the additional need for resources to implement the strategy. Also, the Raiffeisen banks further expanded their **local expertise**.

**Personnel expenses**

Personnel expenses (note 27) increased by CHF 54.7 million (+4.1%) to CHF 1.4 billion. Headcount rose year on year by 237.2 to a total of 9,728.8 full-time positions. Implementing the initiatives associated with the Group strategy required additional resources. Staffing was also boosted at the Raiffeisen banks to serve and advise customers, further expanding local expertise.

**Personnel expenses**




1 The average headcount is used to calculate personnel expenses per full-time equivalent.

**General and administrative expenses**

General and administrative expenses (note 28) increased by CHF 23.3 million (+4.9%) to CHF 503.0 million. In the previous year the costs for general meetings and customer events were down sharply because of the pandemic. During the year under review, higher costs for general meetings and events related to 2021 were accrued under general and administrative expenses. Projects related to implementing the Group strategy Raiffeisen 2025 also caused a higher need for external services and consultancy.

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

Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets fell by CHF 56.5 million (–20.6%) to a total of CHF 217.4 million. Depreciation on tangible fixed assets declined by CHF 12 million and depreciation and amortisation of participations and goodwill was CHF 45.4 million lower. In the previous year, the participation in Viseca Holding AG, which is measured using the equity method, required a substantial negative value adjustment, but the year under review saw much lower value adjustments on participations.

## Changes in provisions and other value adjustments, and losses

Changes in provisions and other value adjustments, and losses (note 15) increased but at a low level, rising CHF 0.8 million (+36.3%) to CHF 3.1 million. No new provisions or value adjustments were recognised in this item during the year under review.

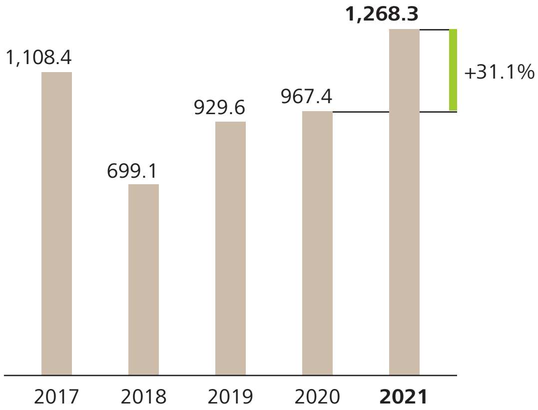
**+300.8**
**CHF million**

The **operating result** rose to CHF 1.3 billion.

## Operating result

Thanks to the strong operating business and one-off effects in the participations, Raiffeisen increased the operating result by CHF 300.8 million to CHF 1.3 billion in the year under review.

**Operating result**
in CHF million




## Extraordinary income and expenses

The extraordinary income of CHF 8.6 million includes in particular profits from sales of tangible fixed assets of CHF 7.5 million. Losses from the sale of tangible assets of CHF 0.7 million are the largest item in the extraordinary expenses of CHF 0.9 million.

## Taxes

Tax expenses (note 30) rose CHF 63.7 million year on year (+53.4%) to CHF 183.0 million. The financial statements of the Raiffeisen Group include provisions for deferred taxes so as 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. As a result of Switzerland's corporate tax reform, lower tax rates were used to calculate deferred taxes in 2020. This resulted in a reversal of provisions for deferred taxes and hence low tax expenses the previous year. The year under review saw a sharp rise in deferred tax expenses due to the very good result. The actual tax expenses were CHF 13.5 million higher than the previous year.

**+24.8**
**in CHF billion**

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

## Balance sheet

The strong growth in total assets, up CHF 24.8 billion (+9.6%) to CHF 284.5 billion, is chiefly attributable to the high inflows seen in the customer deposit business. This had a positive impact on the liquidity position of the Raiffeisen Group.

**Balance sheet**
in CHF billion, as at 31.12.2021


## Amounts due from and liabilities to banks

Amounts due from banks declined by CHF 791.3 million (–19.6%) to CHF 3.2 billion. Liabilities to banks rose sharply by CHF 5.4 billion (+50.7%) to CHF 15.9 billion. These items are generally subject to major fluctuations around the reporting date due to the active management of liquidity and the balance sheet.

## Receivables and liabilities from securities financing transactions

Securities financing transactions are also subject to considerable fluctuations depending on the need for liquidity management. As in the previous year, the Raiffeisen Group had no receivables from securities financing transactions on the balance sheet in the year under review. As part of active liquidity management, liabilities from securities financing transactions rose CHF 3.3 billion (+78.2%) to CHF 7.5 billion) in 2021.

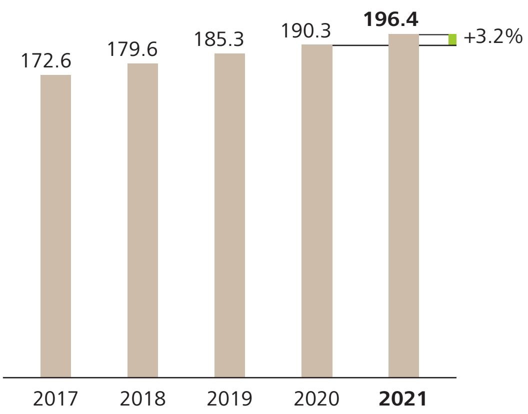
**+3.2%**

Growth in the **mortgage business** remains in line with the market, **as aimed for**.

## Loans to clients

The steady growth in the core business continued. Mortgage loans increased by CHF 6.0 billion (+3.2%) to CHF 196.4 billion. This was a slightly greater rise than in the previous year; the same applied to the growth of the market, which was up by the same order of magnitude. Market share was stable at 17.6%. Growth roughly in line with the market fits the Group strategy and reflects the cautious risk policy. The largest share of loans backed by real estate – about 87% – is secured on residential property, where the average loan/value ratio is a low 60%.

**Mortgage loans**
in CHF billion




Amounts due from clients fell slightly by CHF 45.4 million (–0.5%) to a total of CHF 10.0 billion. In the previous year this item saw above-average growth because of Covid-19 loans to Swiss SMEs under the federal and cantonal guarantee programmes. Outstanding Covid-19 loans were down by about CHF 280 million net compared to the end of the previous year, while the normal corporate client business grew. The share of unsecured loans to corporate clients (excluding public-sector entities) remains very low at 2.4%.

Value adjustments on default risks for impaired loans/receivables remain very low at CHF 243.0 million. This is equivalent to 0.118% of the total volume of lending (previous year: 0.130%).

In accordance with the new requirements in FINMA Circular 2020/1 "Accounting – banks" on recognising value adjustments and provisions as part of provisioning for latent risks, Raiffeisen recognised CHF 493.2 million of value adjustments for expected losses on unimpaired loans to clients. Raiffeisen allocated the full amount of additional new value adjustments required by making a reclassification in the balance sheet from retained earnings reserves as at 1 January 2021, and offset them directly against the receivables in the balance sheet. As at 31 December 2021, value adjustments for expected losses on unimpaired loans in the amount of CHF 482.3 million were recognised.

## Trading activities

Trading portfolio assets (note 3) declined by CHF 470.7 million (–15.5%) to CHF 2.6 billion. Owing to its short-term nature, the trading volume is generally subject to considerable fluctuations around the reporting date.

## 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. The financial investments are also managed on an opportunistic basis and can be subject to considerable fluctuations. Financial investments declined by CHF 280.1 million (–3.2%) to CHF 8.5 billion in 2021.

## Non-consolidated participations

During the year under review, the book value of non-consolidated participations (note 6) increased by CHF 40.8 million (+6.0%) to CHF 724.1 million. This was mainly driven by the write-up of the participation in Leonteq AG, which is measured using the equity method.

## Tangible fixed assets

Tangible fixed assets (note 8) declined slightly year on year, down CHF 14.4 million (–0.5%) to a total of CHF 3.0 billion. New investments totalling CHF 200.3 million were made, mostly in bank buildings and other properties of the Raiffeisen banks. Against this stood depreciation of CHF 199.9 million and disposals of CHF 14.8 million.

**Net investment, by category**

| in million CHF | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| Bank buildings | 76 | 109 | 92 | 85 | 89 |
| Other real estate | 10 | 53 | 17 | 6 | 36 |
| Alterations and fixtures in third-party premises | 11 | 9 | 26 | 34 | 17 |
| IT hardware | 15 | 14 | 16 | 21 | 10 |
| IT software | 208 | 157 | 56 | 24 | 15 |
| ATMs | 9 | 12 | 15 | 11 | 7 |
| Furniture | 4 | 6 | 6 | 4 | 2 |
| Fixtures | 8 | 10 | 10 | 6 | 4 |
| Office machines, vehicles, security installations | 3 | 13 | 9 | 4 | 5 |
| **Total net investment** | **344** | **383** | **247** | **195** | **185** |

**Net investment, by region**

| in million CHF | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| Lake Geneva region | 16 | 35 | 27 | 36 | 36 |
| Espace Mittelland | 35 | 43 | 38 | 29 | 44 |
| Northwestern Switzerland and Zurich | 29 | 59 | 38 | 39 | 26 |
| Eastern Switzerland [1] | 227 | 217 | 95 | 53 | 51 |
| Central Switzerland | 21 | 21 | 40 | 28 | 7 |
| Ticino | 16 | 8 | 9 | 10 | 21 |
| **Total net investment** | **344** | **383** | **247** | **195** | **185** |

1 Incl. central investment by Raiffeisen Switzerland.

## Intangible assets

Intangible assets (note 9) consist of goodwill on participations, primarily concerning Leonteq AG. Raiffeisen wrote off the remaining goodwill on participations in full in 2021.

## Amounts due in respect of customer deposits

Customer deposits grew strongly again in the year under review, with their volume exceeding CHF 200 billion for the first time. The rise was slightly less than the very high growth the previous year. Even so, at CHF 11.3 billion (+5.9%) to a total of CHF 201.7 billion, it was still a considerable increase. As Raiffeisen grew in customer deposits slightly faster than the market, its market share was up from 13.8% to 14.0%.

**97.8%**

The **funding ratio** rose by 2.8 percentage points. As a result, at the end of the year almost all loans to clients were covered by customer deposits.

Due to customer deposits increasing significantly while loan growth was only moderate, the funding ratio improved from 95.0% to 97.8%. Almost all loans to clients are covered by customer deposits.

Client assets – customer deposits plus custody account volumes – rose an impressive CHF 19.3 billion (+8.5%) to CHF 247.1 billion. Net new money in the retail business was CHF 14.5 billion, which is a reflection of the sustained high level of trust customers place in the Raiffeisen Group.

## Liabilities from other financial instruments at fair value

This item (note 13) contains the structured products issued by Raiffeisen Switzerland B.V. Amsterdam, which are measured at market. Liabilities from other financial instruments at fair value were up CHF 37.4 million (+1.7%) 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

Bond issues and central mortgage institution loans (note 14) increased relatively strongly by CHF 4.7 billion (+15.9%) to CHF 34.1 billion in the year under review. Central mortgage institution loans grew by CHF 1.2 billion to CHF 25.7 billion. Unsubordinated bonds of Raiffeisen Switzerland declined slightly due to a maturity. Raiffeisen Switzerland set up a money market programme under Swiss law in 2021. Since it was launched in January 2021, money market securities worth CHF 3.2 billion have been issued. Raiffeisen issued CHF 300 million of a new Additional Tier 1 bond in 2021 to further strengthen its solid capital base. As in the previous year, Raiffeisen again successfully placed several tranches of bail-in bonds to build up additional loss-absorbing capital under the systemic importance regime. A total of CHF 500 million were issued in 2021.

Within the Raiffeisen Group, both Raiffeisen Switzerland B.V. Amsterdam and Raiffeisen Switzerland issued structured products. The instruments underlying the structured products issued by Raiffeisen Switzerland fell by CHF 0.4 million to a total of CHF 1.4 billion. The excellent conditions in the market resulted in consistently good trading volumes throughout the year. At the same time, the buoyant markets also led to many early redemptions. It was not possible to roll all of these over into new structures. Overall, the Raiffeisen Group's portfolio of structured products fell by CHF 316.2 million to CHF 3.6 billion.

## Provisions

Provisions decreased by CHF 34.4 million (–3.6%) to CHF 933.1 million. Provisions for deferred taxes were down CHF 44.0 million year on year. As at 31 December 2021, provisions for expected losses in accordance with the new requirements in FINMA Circular 2020/1 “Accounting – banks” amounted to CHF 31.6 million, a rise of CHF 1.2 million over the year. Provisions amounting to CHF 20.6 million were applied for their intended purpose.

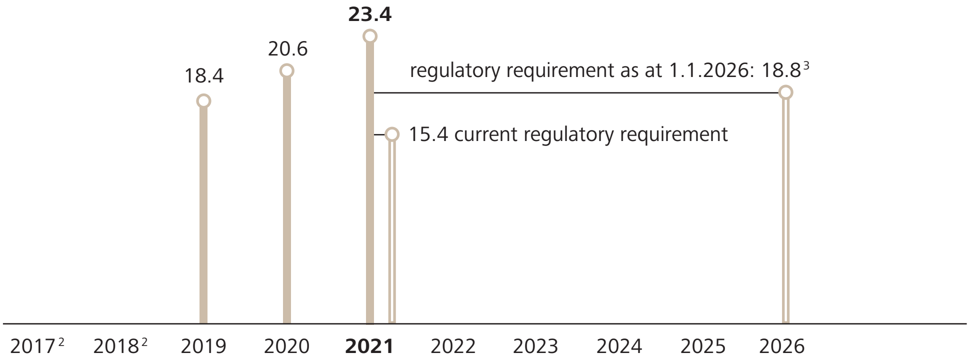
**+4.1%**

**Equity capital** as at the reporting date was up CHF 759.5 million to **CHF 19.1 billion**.

## Capital adequacy / equity capital

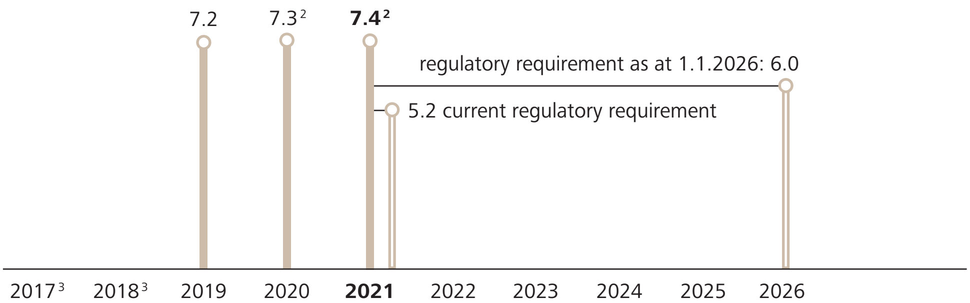
The equity capital of the Raiffeisen Group (including minority interests) rose by CHF 759.5 million (+4.1%) to CHF 19.1 billion in the year under review. The cooperative capital (note 16) increased CHF 172.6 million (+6.9%) to CHF 2.7 billion, thanks to the sustained demand for cooperative share certificates in the form of initial and repeat subscriptions. This demonstrates the continued high level of trust in Raiffeisen's cooperative model. The high profit retention rate of 94% considerably strengthens the equity base. The TLAC ratio rose once again, and at 23.4% already completely satisfies both the transitional requirements of 15.4% applicable as from 31 December 2021 and the full requirements of 18.8% applicable as from 1 January 2026. The TLAC leverage ratio of 7.4% also comfortably meets the current requirements of 5.2% and the future requirements of 6.0%.

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




1 Transitional rules on systemic importance.
2 The TLAC ratio was introduced in 2019. As a result, there are no values for 2017 or 2018.
3 Including the countercyclical capital buffer reactivated as at 30 September 2022. Based on the figures as at 31 December 2021, the impact of the countercyclical capital buffer is equivalent to an additional requirement of 1.4 percentage points.

**TLAC leverage ratio**[1]
in %




1 Transitional rules on systemic importance.
2 Not including temporary Covid-19 easing.
3 The TLAC ratio was introduced in 2019. As a result, there are no values for 2017 or 2018.

In 2019, FINMA gave Raiffeisen its approval to use the IRB model approach for calculating the regulatory capital adequacy 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.

## Financial outlook for 2022

The situation relating to the coronavirus pandemic has eased considerably. The market environment nevertheless remains challenging, as the war in Ukraine has sent global prices for food and, particularly, oil and gas shooting upwards. Given the low direct economic integration with Ukraine and Russia, Raiffeisen assumes there will be no major negative impact on the Swiss economy. Essentially, therefore, the prospects for another solid financial year for the banking group remain intact. This is subject to the caveat that the war does not spread and Europe does not experience huge shortages in energy supply. Outside Switzerland, high inflation is putting central banks under pressure to normalise their expansive monetary policy quickly, creating additional uncertainty. The Swiss National Bank is holding back for the time being because price pressures are not so strong in this country thanks to the strong franc. Even so, yields in the capital markets are moving up in Switzerland too, making financing conditions more expensive. Taking a long-term historical view, though, they are still attractive. This situation, together with tight supply, will likely continue to push up prices, particularly in the residential property segment. The trend is weakening, however, because equity and affordability requirements are increasingly limiting the pool of buyers.

## Development of the Raiffeisen Group's business

The Raiffeisen Group is **well-positioned** and is aiming to further diversify its **income base by rigorously implementing the Raiffeisen 2025 strategy**.

Raiffeisen is well-positioned and started 2022 from a position of strength. Rigorous implementation of the Group strategy Raiffeisen 2025 aims to diversify the income base further. In particular, by continuing to professionalise the investing and saving for retirement business it should prove possible to further increase income from commission business and service transactions in the year ahead. The market environment will remain challenging owing to the persistently low level of interest rates. Raiffeisen expects a slight fall in the result from interest operations from the high figure seen in 2021. On the cost side, Raiffeisen assumes operating expenses will be higher because of higher investments to implement the Group strategy and as a result of growth.

# Business development

**The Raiffeisen Group has strong local and regional roots in Switzerland and enjoys a high level of trust from its clients. Almost half the Swiss population and one-third of Swiss companies rely on the solutions and advisory skills of the Raiffeisen banks. For about one-third of its 3.61 million clients, Raiffeisen is already their main bank. During the year under review, Raiffeisen added several digital solutions to its range, further enhancing its customer proximity.**

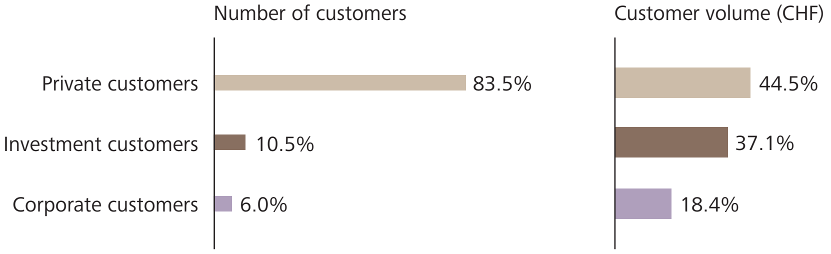
report.raiffeisen.ch/business-development

More than **3.61 million people** and **one company in three** in Switzerland are customers of Raiffeisen.

## A strong and popular cooperative

Implementation of the Raiffeisen 2025 strategy commenced during the year under review. Raiffeisen further diversified its business model and added digital solutions to its offerings and services. The physical proximity of 219 Raiffeisen banks with a total of 820 branches and 1,732 ATMs means Raiffeisen remains a reliable partner to its clients. Raiffeisen can be reached by car within ten minutes by over 90% of the population. More than 3.61 million people and 218,000 companies are clients of Raiffeisen. This is equivalent to over 42% of the Swiss population and one in every three businesses in Switzerland.

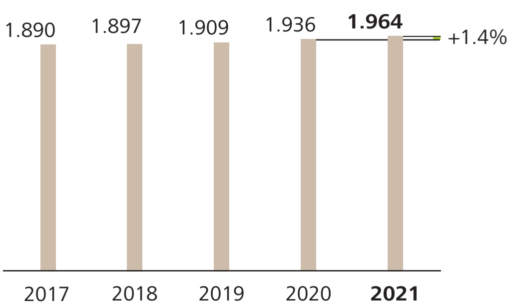
**Number of customers and volume**
Share in percent, 31.12.2021




## Cooperative generates added value

Anyone who subscribes to a share certificate of a Raiffeisen bank becomes one of its co-owners. In 2021, roughly 28,000 people made use of their right to subscribe and became part of the Raiffeisen community. There are now more than 1.96 million cooperative members actively shaping the Raiffeisen bank in their region. This number of owners makes Raiffeisen the largest cooperative bank in Switzerland. Cooperative members enjoy an attractive rate of interest on their share certificates and various benefits. Every year the Raiffeisen Group also gives a considerable sum to municipalities and associations – over CHF 200 million in the year under review – partly through taxes and partly through local sponsorship arrangements.

**Cooperative members**
Number of people in millions



In 2021 the members of the 219 Raiffeisen banks enjoyed benefits worth CHF **105 million.**

### Attractive member offers

Raiffeisen provides various member benefits to reward customer loyalty and active account relationships. Once again in 2021, the members of local Raiffeisen banks were able to make use of these offers. The museum pass in particular, which grants free entry to over 500 museums in Switzerland, was used more than a million times. Apart from that, in summer and autumn members can enjoy tourist offers in the Canton of Graubünden, with discounts on hotels and reduced prices on cable car tickets. For the winter season, a daily ski pass for thirty or so Swiss skiing areas was launched. It is now possible to order the daily passes online and save them straight to the ski card or SwissPass. In total, Raiffeisen members enjoyed benefits worth CHF 105 million in 2021.

### Improving young people's financial skills

For years Raiffeisen has been committed to Money Mix as a way of improving young people's financial skills and supporting them as they move towards financial independence. In 2021 Raiffeisen expanded this commitment by entering into a partnership with the “Schlaufux” learning platform. Since January 2022 the platform has been known as “evulpo”, supporting school children in maths, German, English and French, plus giving them tips on how to handle money.

### Regional and national sponsorship

Thanks to their strong local roots, the Raiffeisen banks are committed to numerous local associations, projects and events involving sport, culture and social matters. At the national level, Raiffeisen has been supporting winter sports as a proud partner of Swiss-Ski since 2005: at top competitive level, helping to develop new talent, winter sports as enjoyed by the general public and by people with impairments.

By the end of 2021, more than **1,700 projects** had received almost CHF **30 million** of support through lokalhelden.ch.

### Local solidarity

Between the launch of lokalhelden.ch some five years ago and the end of 2021, almost CHF 30 million were raised on the crowdfunding platform. Across Switzerland, more than 1,700 charitable cultural, sporting and social projects have become a reality. The largest project in terms of money in 2021 was LIBER, which supports writers and publishing houses in Switzerland; this raised more than CHF 600,000. True to the spirit of the banking group's cooperative principle, through lokalhelden.ch Raiffeisen takes a local and regional approach to crowdfunding, making an important contribution to a vibrant, athletic, cultural and pro-social Switzerland.

Challenging times demand pragmatic and creative solutions. So in March 2020 Raiffeisen opened up its lokalhelden.ch crowdfunding platform to Swiss SMEs too. Since then, more than 400 businesses have enjoyed support to the extent of over CHF 3.8 million. The numerous success stories showed the exceptional solidarity of Swiss citizens, even in a second difficult year overshadowed by the pandemic.

## Developing the offering – focus on the digital customer experience

As part of the Raiffeisen 2025 strategy, Raiffeisen is investing substantial sums in further expanding its digital channels. By the end of 2025, a customer experience portal that brings together all of Raiffeisen's digital services for the purposes of self-service should be in place. Raiffeisen is aiming to have a beta version of the new application ready for interested private clients by the end of 2022. Functionalities will then be added to the app on an ongoing basis, with a complete, modern e-banking solution available by the end of 2025. In 2021 Raiffeisen launched the SME eServices multibanking platform for corporate clients, the Liiva residential property platform and the digital pillar 3a.

- For more details of SME eServices see the yearly report on page 32 (in German)
- For more details of the Liiva residential property platform see the yearly report on page 40 (in German)
- For more details of the digital pillar 3a see the yearly report on page 48 (in German)

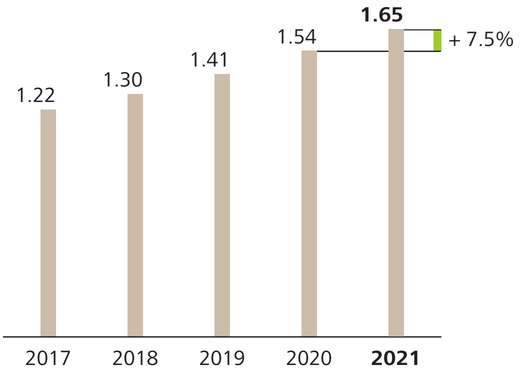
**E-banking – the most frequently used interaction channel**
E-banking is now the most frequently used channel for interaction between clients and their Raiffeisen bank. In total more than 1.65 million users (previous year: 1.54 million) logged into e-banking over 124 million times (previous year: 113 million) in 2021. Some 51% of logins were via the mobile banking app (previous year: 49%). On average, users logged into e-banking five times a month or 75 times a year. Every day the system processed more than 426,000 payments.

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.

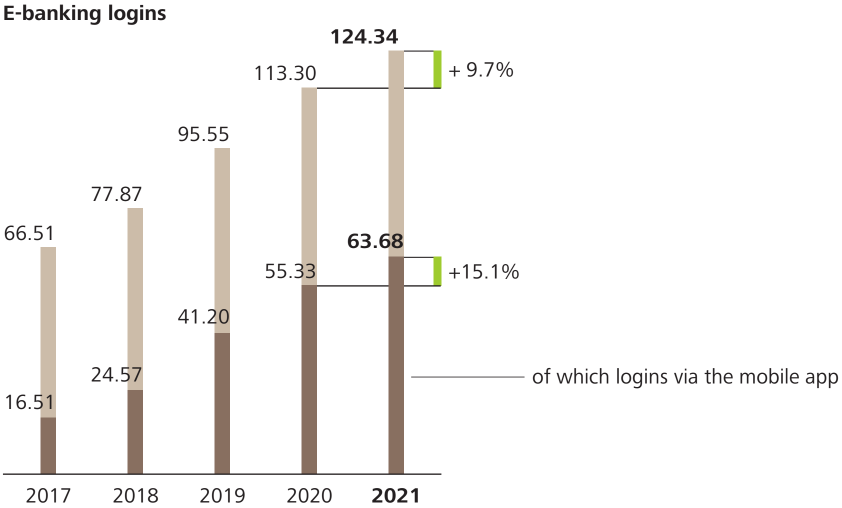
## Use of e-banking

E-banking agreements in millions as at 31 December and logins in millions per year

**E-banking agreements**




**E-banking logins**




In 2021, all users were gradually migrated from the existing e-banking login to the new Raiffeisen login. The new login further increased security. It also forms the basis for accessing other digital Raiffeisen services, such as Raiffeisen Rio, MemberPlus, the stock exchange application and the newly launched digital pillar 3a.

Over **900,000 people** are registered on **Raiffeisen Twint**. More than **70%** of them use Twint actively.

### Raiffeisen Twint with continued success

In November 2021, Twint exceeded the four million users mark. This shows how popular the Swiss digital payment solution is. With more than 900,000 registered users (up 30% on the previous year) and an active use rate of over 70%, Raiffeisen's Twint app also continues to be successful. The standard uses like transferring money between friends and acquaintances, online shopping and making purchases in farm shops are seeing buoyant activity. Jointly with Twint AG, the digital marketplace available via the Twint+ button in the app is constantly being extended with attractive offers. For example, Twint can be used to pay parking charges, donate money, buy or give digital vouchers and order coffee capsules and food for home delivery.

### New debit cards with extended functions

Following a successful pilot phase for the new debit cards Visa Debit and Debit Mastercard among Raiffeisen staff, Visa Debit was launched for YoungMember customers at the end of 2021. Since the start of 2022, the new Visa Debit card is being distributed to all Raiffeisen clients. The new Debit Mastercard will follow in spring 2022. They replace the previous VPAY and Maestro debit cards. Along with the tried and tested functionalities, the new cards also have an e-commerce function and so can be used for online shopping.

## Pension and investment solutions

Raiffeisen banks **provide their customers with holistic advice** and use a hybrid approach to do so: **personal advice supported by digital solutions**.

The investing and saving for retirement business is a particularly important pillar of the Raiffeisen 2025 strategy. The intention is to strengthen and expand this business. The focus is on customers and their financial needs. Raiffeisen supports them through all stages of life. Processes and solutions are designed to be transparent and easy to understand. That way, Raiffeisen can provide all its customers with easy access to professional pension and investment solutions – both physically and digitally. Raiffeisen expanded this hybrid approach – personal advice with digital solutions – in the year under review.

### Holistic and sustainable saving for retirement

The fourth annual Raiffeisen Pension Barometer survey conducted in conjunction with Zurich University of Applied Sciences ZHAW and pollsters LINK in 2021 shows that around one-third of the population is planning on taking early retirement. At the same time, people are expecting to need more money when they retire. These high expectations stand in stark contrast to the continued low level of attention given to personal retirement planning. This inadequate commitment goes hand in hand with a low degree of knowledge about pensions. Raiffeisen has therefore started various initiatives to make it easier to learn about retirement. For example, many customer events were held around the country on “Understanding your pension fund statement”.

In 2021 our retirement experts held more than **15,000 advisory sessions**.

Raiffeisen advises its customers for the future based on their current situation in life – from their first salary account through to estate planning. In total, customer advisors held 15,000 advisory sessions concerning retirement. This covers pension planning, advice on protection against financial risk in the event of death, disability or old age, inheritance issues and individual provision choices (power of attorney and living will).

Consistent with its reinforced positioning as the leading firm for all issues to do with financial provision, Raiffeisen continues to broaden the expertise of its pension, retirement and inheritance planning specialists across the Group. This is to meet the rising demand for comprehensive advice on pension issues.

Raiffeisen's wide range of pension solutions support far-sighted and sustainable wealth creation. In 2021, the number of pillar 3a accounts increased by over 26,000 to 656,000 (+4.1%). Retirement savings in deposits and linked to securities increased by nearly 4.8% (+CHF 835 million) to reach CHF 18.4 billion. Deposits in vested benefit accounts including fund savings plans reached just under CHF 5.9 billion by the end of the year under review, a decline of around 0.5% (–CHF 31 million). The use of pension products was once again significantly affected by the generally low interest rates in 2021. The number of retirement custody accounts, for example, increased by around 36.6% (pillar 3a) and 25.7% (vested assets).

The **digital pillar 3a** lets customers manage their **pension assets** independently and at any time.

**Launch of digital pillar 3a**

In autumn 2021 Raiffeisen added a digital pension solution to its saving for retirement range – the digital pillar 3a. Because it is integrated in e-banking, no additional registration is needed. In this way, Raiffeisen makes it possible for customers to open a pillar 3a pension account on their own in just a few minutes, and to invest in a suitable retirement fund if desired. They always have a full overview of their financial situation and can manage their pension assets themselves at any time. This offering and its functionality will be refined over the course of 2022.

**Growth in customer deposits**

Raiffeisen is committed to helping as many Swiss residents as possible with wealth planning. Saving money is very important to Raiffeisen customers, whether it is for their retirement or for investments and purchases such as residential property. In 2021 customer deposits at Raiffeisen grew faster than the market, by a total of 5.9% (+CHF 11.3 billion). As a consequence, Raiffeisen's market share expanded in this area once again.

During the year under review, the number of customer accounts increased by 3.3% to around six million transaction and savings accounts. Traditional savings (savings accounts) increased by 4.3% or roughly CHF 3.2 billion, while growth was even stronger in transaction accounts (personal and current accounts). Here deposit volumes were up by more than CHF 7.9 billion (+9.8%). At the same time, some 169,000 new transaction accounts were opened (+5.7%). Because interest rates remain low and there is little difference between the interest rates on transaction accounts and those on savings accounts, transaction accounts are increasingly being used as a place to park liquidity for prolonged periods.

As other market participants have changed their interest rate policy in the end-customer business, Raiffeisen has seen large and sustained inflows above the average in recent months, even though it has been selectively applying negative interest rates. Raiffeisen Switzerland continues to recommend to the Raiffeisen banks and the branches of Raiffeisen Switzerland that, in the private customer business, they only apply negative interest rates or charge credit balance fees to those looking to deposit large amounts of liquidity or who have substantially increased deposits in the past few months. Raiffeisen Switzerland is still advising the Raiffeisen banks and branches not to apply negative interest rates or charge credit balance fees to long-standing private customers who have not exceeded the net new money threshold of CHF 250,000 in the past 18 months.

Around **4,000 advisors** support customers in their **investment decisions.**

**Investing becomes the new saving**
Due to interest rates remaining low, the importance of investing as an alternative to saving continues to increase among customers. Around 4,000 investment advisors support Raiffeisen customers with advice on prudently and sustainably building up free and tied pension assets. They attach great importance to their customers being able to achieve their long-term financial goals.

**Greater emphasis on sustainability in investment solutions**
One of the objectives of the Raiffeisen 2025 strategy is to boost sustainability performance. It is 20 years since Raiffeisen launched its first sustainability funds under the Futura label, and since then it has steadily expanded its range of sustainable investment and pension solutions. Over time, the existing and new Futura funds, and later the Futura asset management mandate, have become the backbone of the product range. As long ago as 2019, the entire Raiffeisen retirement fund range was made fully sustainable. In 2021 Raiffeisen took another major step towards its strategic objective of systematically and rigorously integrating sustainability aspects into the full range of pension and investment products. With only a few exceptions, the remaining Raiffeisen funds too have been applying the Futura approach since the middle of 2021. Consequently, the Futura funds now account for more than 94% of the total volume of all Raiffeisen funds.

The digital **asset management app Raiffeisen Rio** gives easy and rapid access to the world of investments.

**Successful further development in digital asset management**
Customers have been able to use the Raiffeisen Rio digital asset management app since autumn 2020. This smartphone app was further enhanced in 2021. Now customers can focus their investments on the Swissness or Futura core portfolios. Raiffeisen Rio also has a new savings plan function for building up assets in the long term. Through Raiffeisen Rio, Raiffeisen makes it possible for customers to invest in an asset management mandate from as little as CHF 5,000. The app gives them easy access to the world of investing and to professional investment expertise. Together with the individual selection of focus topics and daily news on financial markets and the portfolio, Raiffeisen Rio offers customers a digital investment experience. Raiffeisen Rio was awarded bronze in the Business Impact category at the Best of Swiss Apps Awards 2020.

**Extending advisory and asset management mandates**
Shortly before the end of the year, various extensions were implemented in the advisory and asset management mandates in response to the needs of both customers and Raiffeisen banks. The new transaction-based advisory mandate focused on individual stocks is another product in the advisory solutions offering. At the same time, various optimisations were made in the portfolio-related advisory mandate. Advisory mandates are ideal for investors who appreciate consulting with an advisor, but want to make their investment decisions themselves. The advisory mandate allows customers to select their personal investment focus, define the investment objective and benefit from Raiffeisen analyses, market assessments and recommendations.

The reporting was also adapted in line with customer needs and now gives a clearer overview of performance and portfolio composition. Mandate solutions, asset management mandates in particular, were extremely popular once again in 2021. Inflows into asset management mandates reached more than CHF 3.5 billion in 2021. The volume and number of mandates more than doubled. Over 50 new mandates net were being opened every day.

In the **housing ecosystem,** Raiffeisen offers **holistic solutions** for all needs relating to **private residential property**.

## A provider of holistic solutions for residential property owners

At present, almost one mortgage in five in Switzerland is taken out with one of the more than 200 Raiffeisen banks. As a result, Raiffeisen is very familiar with the challenges faced by existing or aspiring home owners, and also with what they want. Raiffeisen is using this position to develop new solutions for issues to do with housing. The associated expansion to the value chain can be summed up in the term "housing ecosystem".

Personal contact with customers has always been at the heart of the Raiffeisen business model. In future, personal advice will be combined with up-to-date digital solutions. One of the key features of ecosystems is that the value is created by a group of companies. Raiffeisen is counting on its own subsidiaries (Raiffeisen Immo AG), on spin-offs to implement digital services like the new Liiva residential property platform in a quick and agile manner, and on local and national partners. Raiffeisen would like to use this constantly changing network to provide homeowners with long-term, comprehensive, recurring and optimal support – from buying their property to selling it.

For more details of the Liiva residential property platform see the yearly report on page 40 (in German)

The share of the **mortgage market** was steady at **17.6%**. Mortgage loans grew in line with the market.

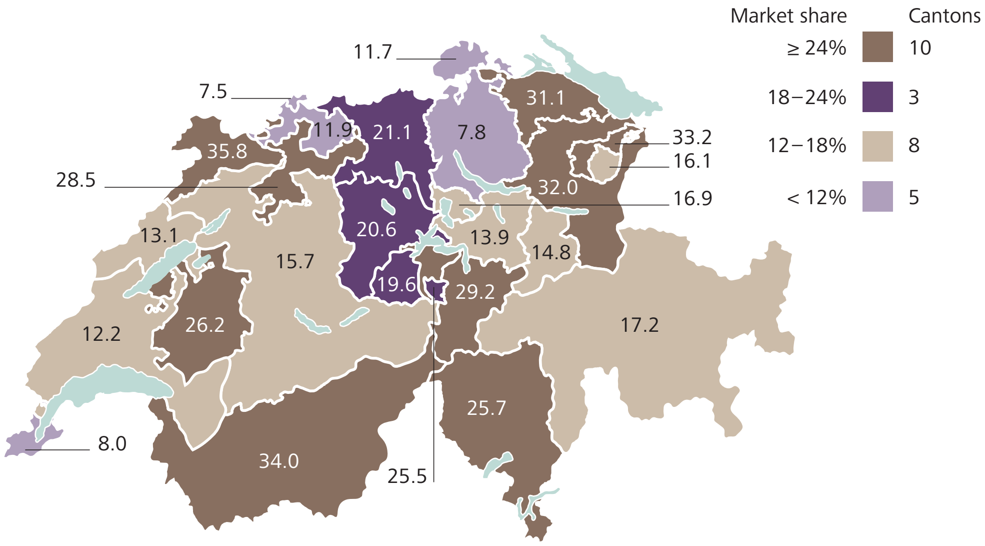
### Financing: growth in line with the market

Mortgage loans grew by 3.2%, in line with the rest of the market. This took them to CHF 196.4 billion. Due to interest rates remaining low and property prices rising, 2021 again witnessed strong demand for mortgage financing.

Raiffeisen is actively involved in the renewable heating programme of the Federal Office of Energy and has integrated an energy property assessment in its financing advisory services so customers can get an initial evaluation based on energy efficiency classes – much like the cantonal GEAK® energy performance certificate. This forms the basis for working together with property owners to develop long-term renovation strategies and how they are financed. In this context, customer advisors can make good use of the Raiffeisen Modernisation Planner (RAImo). This app won two bronze medals at the Best of Swiss Apps Awards 2021, in the Design and Functionality categories.

**Mortgage market share by canton**

Share expressed in % of domestic mortgage volume, 31.12.2020[1]



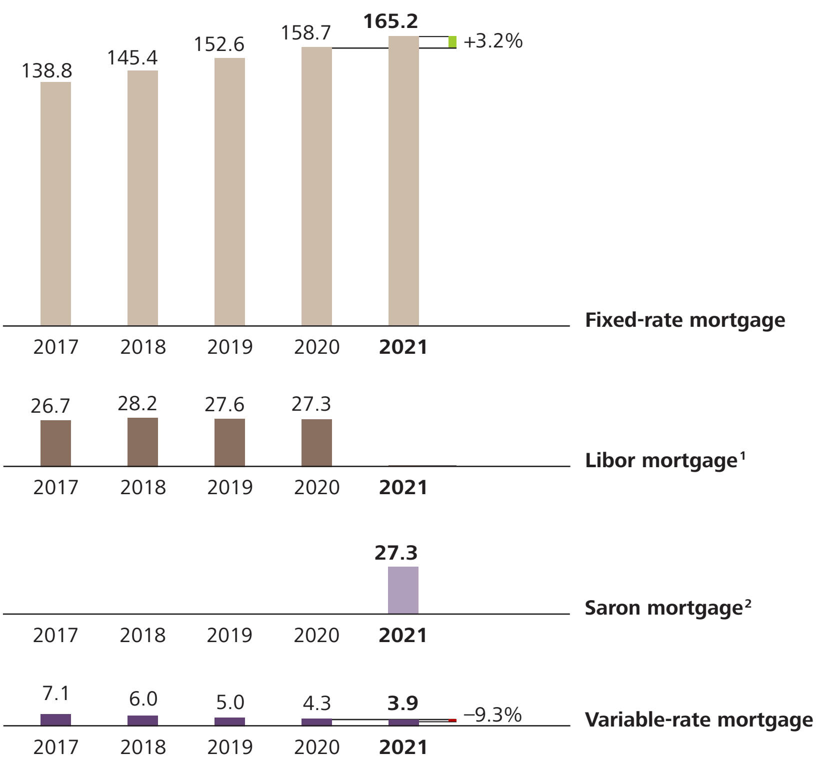

1 The SNB's evaluations for 2021 will only be available after the editorial deadline. Therefore market share is reported as at the end of 2020.

### Switch in benchmark interest rates

For many years Swiss banks used Libor to calculate loan interest. With effect from 1 January 2022, Libor ceased to be the benchmark and was replaced by Saron. Raiffeisen started the switch in good time and acted as a pioneer in the industry. Starting in April 2020, Raiffeisen was the first national Swiss retail bank to offer its customers a Saron mortgage as a transparent and flexible replacement product. Since then, more than 50,000 Saron mortgages worth CHF 27.2 billion have been taken out with Raiffeisen. The existing LiborFlex products were migrated to Saron on 31 December 2021. Not only mortgage loans but also all other product categories are now based on the new benchmark interest rates.

### Mortgage volume by mortgage model

in billion CHF, 31.12.2021




1 Libor was replaced as the benchmark interest rate by Saron with effect from 31 December 2021.
2 Raiffeisen has offered Saron mortgages since April 2020.

### Cooperation with Mobiliar

#### Distributing insurance products

The first year of the partnership between Raiffeisen and Mobiliar saw the new forms and processes of cooperation set up and take root. More than 95% of Raiffeisen banks and Mobiliar general agencies have already successfully referred business to each other; pleasingly, this includes insurance for corporate clients, which is still a new area for Raiffeisen. The penetration underscores that the partnership is being actively cultivated and its potential being deployed to generate profit.

In August Mobiliar launched its first lump-sum tranche product, the jointly developed Mobiliar One Invest, closing the gap in the range of pension products for private customers.

In 2021 Raiffeisen launched the **residential property platform Liiva** in cooperation with Mobiliar.

**Liiva residential property platform**
Further successes from the cooperation with Mobiliar are already apparent. In summer 2021 Raiffeisen and Mobiliar launched the Liiva residential property platform. This is a self-service platform that seeks to make issues to do with housing simple and straightforward. Tools such as a central listing search, estimated market value and property condition, a modernisation assistant and a digital home folder for managing all the paperwork to do with property help both current and future homeowners make the right decisions. Everything is in one place, on one platform, with a clear overview. The two core modules, Buying and Living, already cover a large part of customers' needs; the Selling module will complete the platform offering shortly.

**Protecting leased assets**
Companies that finance machinery and equipment using capital goods leasing are also benefitting from the cooperation between Raiffeisen and Mobiliar. The insurer provides suitable insurance solutions for protecting expensive leased assets, which is absolutely necessary. Entrepreneurs were also given an insight into the close cooperation at an event conducted jointly.

**Projects for the future**
The focus for the future lies on further rooting the partnership and jointly launching innovative services and products. Planned activities in the form of regional events, new offerings and solutions that provide high added value for customers, and jointly building up expertise in current trends such as cyber security will make it possible to realise the potential of the partnership even more fully.

## Corporate Clients, Treasury & Markets

Since autumn 2021, all direct customer activities of Raiffeisen Switzerland have been grouped together in the Corporate Clients, Treasury & Markets department. Combining the corporate client business with Treasury & Markets means Raiffeisen can offer corporates access to a broad range of products from a single business unit. Depending on what the customer needs, Raiffeisen can provide both products and total solutions for financing, payments, trading in interest rates, currencies and precious metals, transactions in the money and capital markets and corporate finance services. Corporate clients thus benefit from advice and support from a single source and short decision paths.

### Corporate clients

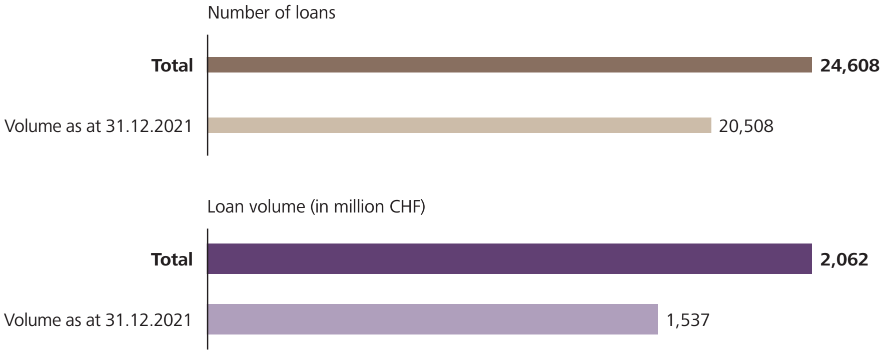
Raiffeisen expands its **market share** in **the corporate client business**.

The corporate client business has an important part to play in the long-term income diversification of the Raiffeisen Group. Pleasingly, there was continued growth in this business area in the year under review. In 2021 Raiffeisen gained more than 9,000 new corporate clients, the vast majority of them in the SME segment. Local proximity coupled with national strength, an extensive portfolio of products and the associated advisory expertise also go down well with larger companies: Raiffeisen expanded its market share here too. A total of 218,000 corporate clients, or more than one-third of all companies in Switzerland, count on Raiffeisen's skills. Not including Covid-19 loans, the lending volume in the corporate client business increased by CHF 1.5 billion to CHF 42 billion.

**Ongoing support for SMEs during the pandemic**
Given the ongoing pandemic, at the start of 2021 Raiffeisen extended the maturities of Covid-19 loans from five years to eight, the maximum permitted under the Loan Guarantees Act. At the same time, the recommended start date for repayments was pushed out by one year to 31 March 2022. Raiffeisen was also an active participant in the various federal and cantonal programmes for cases of hardship at the start of 2021. As a result, an additional CHF 20 million or so of loans were disbursed to customers. Since the start of the pandemic, Raiffeisen's Covid-19 loan book has shrunk by a total of CHF 500 million due to voluntary repayments and reclaims from the guarantee

cooperatives. This is equivalent to a fall of about 25% in the volume of lending since it peaked in summer 2020. As at 31 December 2021, the loans based on all Covid-19 lending programmes broke down as follows:

**Covid-19 loans**
31.12.2021




The Raiffeisen Business Owner Centre (RUZ) also expanded its support offering for SMEs in early 2021. It launched a full-service package including strategy and financing support for the catering and hotel industry, which was hit hard by the pandemic, in the form of the RUZ Company Check. In view of the high demand, the existing offering of free liquidity and succession planning for Raiffeisen customers was continued. The accumulated experience of the RUZ advisors, who are all successful entrepreneurs themselves, provides considerable added value for the SMEs involved.

**Raiffeisen SME eServices** offers **corporate clients** a simple, multibanking-enabled **solution** for their **payments** and **liquidity management**.

### Successful start for the multibanking solution for SMEs

The successful introduction of the multibanking solution Raiffeisen SME eServices in September 2021 marked the completion of an important sub-project in the Group strategy Raiffeisen 2025. This digital platform lets corporate customers of Raiffeisen bring together all their payments and liquidity management in one place, where it is secure and multibanking-enabled. This saves companies expense, time and effort. The complete solution for multibanking-enabled payments and efficient cash management also provides strong protection against cyber attacks, with payments approved in the protected part of the platform. The dashboard has built-in aids for easy liquidity monitoring, planning and management, and can be configured to suit individual needs.

### Pleasing growth in leasing business

One Swiss company in three uses leasing to finance its vehicles or capital goods. The outbreak of the coronavirus pandemic demonstrated the benefits of leasing as a financing solution that goes easy on liquidity. The increased relevance of leasing for SMEs was also apparent at Raiffeisen: the growth in the leasing business seen in recent years was successfully maintained in 2021. Portfolio volumes grew by 13% to CHF 661 million. Raiffeisen is one of the four largest providers of capital goods leasing in Switzerland. This has become a major product for corporate clients, thanks to its flexibility in terms of variable instalments, customised repayment profiles and the personal advice from the Raiffeisen banks on site.

### Award for SMEs with sustainable business development

Every year since 2017, Raiffeisen has given awards to SMEs from different regions of Switzerland that show courage and foresight in their commitment to economically sustainable business development. Both the planned award ceremonies in 2020 fell victim to the coronavirus pandemic, but in September 2021 the “Golden David”, the Raiffeisen entrepreneurship award, was presented to logistics company Krummen Kerzers AG at a fully Covid-compliant ceremony in the Espace Mittelland.

## Treasury & Markets

Within Raiffeisen, Treasury & Markets is responsible for raising, managing and transferring liquidity inside the Group and ensuring access to the financial markets; it is the centre of expertise for the whole Group, providing products and services related to financial markets.

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

Treasury & Markets supplies the Raiffeisen Group with cash in Swiss francs 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 by customers for cash home delivery. This service is available via e-banking, allowing customers to order bank notes in Swiss francs or foreign currencies to be delivered safely and conveniently to their home address. The service was in great demand in 2021, despite the restricted opportunities for travel.

The other main tasks of Treasury & Markets include advising Raiffeisen banks on balance sheet structure management and providing support in foreign exchange transactions and with the sale of structured products.

### Additional rating from Fitch

The **rating agency Fitch** ranks Raiffeisen as **A+ (long-term)** and **F1 (short-term)**.

In 2021 Raiffeisen was awarded a new Issuer Default Rating by Fitch. The classification as A+ (long-term), F1 (short-term) and a stable outlook make Raiffeisen one of the highest-rated banks in the world. The rating agency's report explicitly emphasises Raiffeisen's strong market position, good capitalisation and robust risk profile with a very high quality loan book. Fitch also praises the efforts to diversify the business areas in the Group strategy Raiffeisen 2025.

Raiffeisen hopes that the additional rating from Fitch will lead to optimal funding conditions on the capital market, even more flexible access to institutional investors, a broader investor base and attractive terms when placing bonds and money market securities.

Along with the ratings from Standard & Poor's (A+/A–1) and Moody's (A3/Aa3), this means the Raiffeisen Group is excellently positioned on both the national and international money and capital markets.

### Active player in the Swiss capital market

Raiffeisen succeeded in solidifying its position in the Swiss bond market in 2021. Raiffeisen successfully took on the role of lead manager to support several public-sector issuers as well as corporates with their bond issues in Swiss francs. As the joint-lead manager for the Swiss Pfandbriefbank, Raiffeisen placed a substantial share of the issue volume with institutional investors.

Raiffeisen also issued an Additional Tier 1 bond worth CHF 300 million and three bail-in bonds for a total of CHF 500 million in 2021, to strengthen capital and build up additional loss-absorbing funds.

### Programme of issuance for money market securities

Raiffeisen successfully launched a programme of issuance for money market securities in 2021. These securities are issued in Swiss francs, euros and sterling, with terms of between two months and one year, and meet the needs of institutional investors.

**Responsibly mined and traceable gold**
As part of the implementation of the Group strategy Raiffeisen 2025, in April 2021 Raiffeisen stepped up its efforts to reflect sustainability aspects in all product and investment solutions with a comprehensive new approach to responsible sourcing of gold. This new approach promotes environmental and social compatibility in the supply chain and makes it possible to accurately trace the origin of gold. Partners in the supply chain are selected diligently and subject to regular reviews.

In addition to the refinery that manufactures the Raiffeisen ingots, for all newly produced ingots Raiffeisen discloses to customers the names of the other companies in the supply chain and the source of the gold. The production number allows the sources of every ingot to be traced. Raiffeisen also transparently provides information on which small mines are supported, and in what way. Raiffeisen gold ingots are delivered with a certificate from Raiffeisen and Argor-Heraeus.

**Raiffeisen becomes** the first Swiss retail bank to launch **a responsible gold ETF.**

In November 2021 Raiffeisen became the first retail bank to launch corresponding exchange-traded funds (ETFs), with the Raiffeisen ETF – Solid Gold Responsibly Sourced & Traceable range. The gold physically lodged for these ETFs meets the same standards that apply to the Raiffeisen ingots and can be withdrawn in physical form if necessary.

This innovative product and the quality of service at Raiffeisen in trading precious metals won awards in the Energy Risk Commodity Rankings 2021, ranking third overall for the first time, and also third for each of gold, silver, platinum and palladium.

**Structured products**
Demand for structured products remained strong in 2021. The negative interest rates and the performance of the equity markets primarily favoured yield enhancement products. There was both a trend to defensive structures with low coupons and buoyant demand for high-yield structures. Towards the end of the year, the continued rise in equity prices provoked increasing interest in capital protection products too.

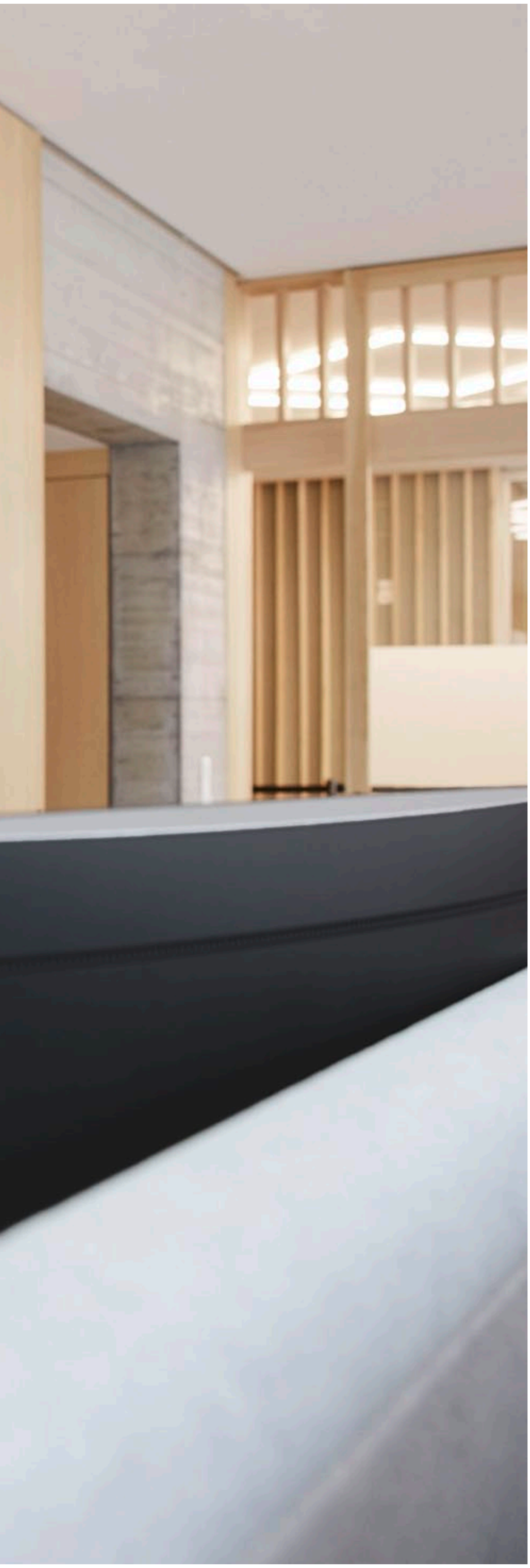
As part of the implementation of sustainability aspects in the product range, 2021 saw Raiffeisen launch sustainable structured products. Structured products that bear the Futura label concentrate on companies which achieve economic success fairly and by taking a long-term view. To identify these, sustainability rating agency Inrate systematically analyses companies in terms of environmental, social and governance criteria. The individual criteria are set by Inrate and adjusted regularly to reflect new findings and developments.

At **the Swiss Derivative Awards 2021,** Raiffeisen wins the **Top Service** prize.

Raiffeisen's position as one of the top providers of investment products was further reinforced. Transparency and, in particular, transfer of expertise to end-customers are top priorities at Raiffeisen, which was reflected in the Top Service prize at the Swiss Derivative Awards 2021 for the second year in a row.

Read more in the yearly report about how Raiffeisen solutions, products and services open up new horizons.

report.raiffeisen.ch



# Employees

**More than 11,000 employees work for Raiffeisen in more than 800 municipalities all across Switzerland. As an employer, Raiffeisen not only offers modern working conditions but also promotes equal opportunities, diversity and life-long learning. In 2021 Raiffeisen invested CHF 16.8 million in training and continuing education. This boosts the capacity of all staff to innovate and gives them attractive career prospects. The 689 people in training at the end of the year also benefited. The open corporate culture with diverse teams ensures success and resilience and contributes to Raiffeisen remaining a popular employer in future.**

report.raiffeisen.ch/employees

## An important employer

Raiffeisen is an important employer in Switzerland. It provides its 11,465 (previous year: 11,207) employees, of whom 42.4% (previous year: 42.0%) work part-time, with very good employment conditions, exciting tasks and modern workplaces. Raiffeisen attaches great importance to all employees having the same opportunities to realise their potential, and invests in their development and in attracting new talent. Encouraging solidarity and corporate engagement and maintaining a respectful dialogue with staff is something that matters to Raiffeisen as a cooperative.

Evolving towards an agile culture in the company is one of the objectives in the Raiffeisen 2025 strategy. Fostering employees' skills and diversity is one of the ten guiding principles in the strategic sustainability framework (see the chapter entitled “Sustainability” on pages 69–87).

## Corporate culture and diversity

Teams composed of employees from different professional backgrounds, men and women, young and older people and people from different cultures have a demonstrably positive effect on a company's economic success. This has been shown in various academic studies. It is therefore important to Raiffeisen to encourage and promote diversity and equal opportunities.

Raiffeisen is consistently boosting **equal opportunities and diversity** across the whole Group at all levels.

The basis for this is Raiffeisen Switzerland's employment policy entitled “Equal treatment and harassment at work”, which prohibits discrimination. It forbids physical and mental harassment, calls for equal treatment and offers prevention, support and advice. Already in the recruitment process, no distinctions are made between nationalities, ethnicities, religion or minorities. The key criteria for hiring decisions are training, skills and the experience required. Raiffeisen Switzerland recommends that the Raiffeisen banks adopt this employment policy.

Raiffeisen sees equality of opportunities as the basis of its corporate culture. To ensure this is firmly embedded among all staff, Raiffeisen took various actions in 2021 as part of the Raiffeisen 2025 strategy. Under the heading “TransformationTRAILs”, Raiffeisen Switzerland held several workshops for staff on strategy, culture, diversity and working together. On average, 93% of all employees of Raiffeisen Switzerland took part in these. Raiffeisen Switzerland won the Swiss HR Award 2021 in the Culture & Change category from specialist magazine “HR Today” for the launch of its “TransformationTRAILs”.

The modules from this programme are also available to the Raiffeisen banks as “Raiffeisenbank-TRAILs”. 2021 saw over 200 employees take part in seven Creation Day workshops, working on the topics “Collaboration”, “Tools & Methods” and “Innovation”. In doing so, they laid the foundations for the process of change at the Raiffeisen banks.

Raiffeisen also pushed ahead during the year with the Balanced Organisation project. This too aims to promote diversity, inclusion and equal opportunities within the Raiffeisen Group and raise awareness of these issues among staff at all levels. Several new platforms were created in 2021 as a result. For example, a new career web page was launched and the following employee networks set up:

- Raiffeisen Unique: committed to promoting gender equality
- Languages and Culture: committed to promoting linguistic and cultural diversity at Raiffeisen
- Queer Community: promotes the visibility, recognition and equality of LGBTQIA+ employees at work

Every two years, Raiffeisen Switzerland engages an external firm of consultants to conduct an employee survey. 81% of staff took part in the 2021 survey. The results show that employees identify strongly with Raiffeisen as an employer. Also, those questioned had a much more positive view of equal opportunities than was the case two years ago. These findings will now feed into the Balanced Organisation project.

The Raiffeisen banks have the option to conduct their own staff survey with the same external partner.

For more about Balanced Organisation, see the yearly report on page 69.

## Targeted promotion of gender diversity

Increasing the percentage of women in senior and management positions is a priority at Raiffeisen. The goal is to increase the share of women in senior positions across the Group to at least 30% by 2022. The Group has not quite hit this target yet. In 2021 women held 28.5% of senior and management positions (previous year: 27.4%).

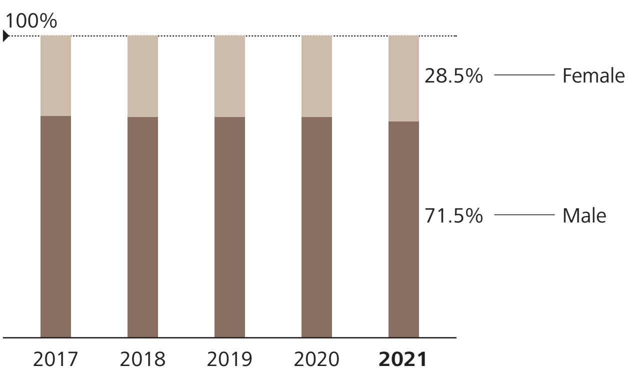
A mentoring programme was established during the year under review to specifically encourage top female performers. This will see selected women at various levels of management accompanied by a mentor (of either gender) for a year. The programme gives mentees the chance to develop their individual professional and social skills and focus on the next step in their career. At the same time, the programme provides an excellent opportunity for networking within the Raiffeisen Group. The success of the mentoring programme will be reviewed regularly.

Raiffeisen Switzerland is working on further measures to support women and supplement its current training and development programme. For example, Raiffeisen is a member of the Advance Gender Equality in Business network.

Raiffeisen complies with **equal pay** and holds the **SGS certificate "Fair ON Pay"**.

To verify equal pay for men and women, the Raiffeisen Group carried out an analysis of pay equality with an external partner for Raiffeisen Switzerland and some of the larger Raiffeisen banks. The analysis confirmed that Raiffeisen upholds equal pay. As a result, Raiffeisen Switzerland was awarded the SGS Fair ON Pay certificate. Raiffeisen Switzerland intends to conduct such analyses at regular intervals, so as to boost fair and attractive conditions of employment and meet the requirements of the Gender Equality Act.

**Gender distribution in management positions**
Share in %



### Staff structure by management level

| | 2020[1] | | 2021 | |
|---|---|---|---|---|
| | Total number | Percentage | Total number | Percentage |
| **BoD members** | **1,408** | | **1,355** | |
| Women | 347 | 24.6 | 353 | 26.1 |
| Men | 1,061 | 75.4 | 1,002 | 73.9 |
| under 30 | 2 | 0.1 | 0 | 0.0 |
| over 50 | 916 | 65.1 | 895 | 66.1 |
| **Management (all levels)** | **4,705** | | **4,910** | |
| Women | 1,287 | 27.4 | 1,401 | 28.5 |
| Men | 3,418 | 72.6 | 3,509 | 71.5 |
| **Senior management members** | **1,312** | | **1,351** | |
| Women | 144 | 11.0 | 159 | 11.8 |
| Men | 1,168 | 89.0 | 1,192 | 88.2 |
| under 30 | 9 | 0.7 | 12 | 0.9 |
| over 50 | 500 | 38.1 | 551 | 40.8 |
| **Mid-level and lower management** | **3,392** | | **3,559** | |
| Women | 1,143 | 33.7 | 1,242 | 34.9 |
| Men | 2,249 | 66.3 | 2,317 | 65.1 |
| under 30 | 292 | 8.6 | 317 | 8.9 |
| over 50 | 969 | 28.6 | 1,014 | 28.5 |
| **Other employees** | **5,817** | | **5,866** | |
| Women | 4,020 | 69.1 | 4,006 | 68.3 |
| Men | 1,797 | 30.9 | 1,860 | 31.7 |
| under 30 | 1,991 | 34.2 | 1,983 | 33.8 |
| over 50 | 1,290 | 22.2 | 1,332 | 22.7 |

1 Because of different methods of calculation, the staff numbers in this table differ slightly from those shown in the key figures.

### Other key staffing figures

| | Unit | 2020[1] | 2021 |
|---|---|---|---|
| Average length of service | years | 10.5 | 10.7 |
| Average age of employees | years | 40.8 | 41.0 |
| Employee turnover (including changes within the Group)[2] | % | 11.1 | 10.4 |
| Return to the workplace after maternity leave[3] | % | 89 | 94 |
| Amount spent on training | CHF | 14,557,325 | 16,781,716 |
| Amount spent on child care | CHF | 326,920 | 336,508 |

1 Because of different methods of calculation, the staff numbers in this table differ slightly from those shown in the key figures.
2 Number of resignations of the entire year compared to average number of employee.
3 Number of employees working again after maternity leave (excluding Raiffeisen banks and Group companies).

## Attractive employment conditions

Raiffeisen is an attractive employer. Thanks to the excellent conditions of employment, the way the corporate culture is lived out and the fascinating areas of activity, Raiffeisen is able to build up long-term relationships with staff. These relationships are a core driver of the organisation's success. Raiffeisen encourages entrepreneurship among employees by specifically delegating responsibility and giving them considerable freedom to make their ideas a reality. Flexible work hours are provided across all levels of the hierarchy wherever possible. Raiffeisen Switzerland also has Raiffeisen FlexWork, which allows staff to spend up to 80% of their time working from a place of their choice, in consultation with their line manager and if compatible with the activity. This approach accommodates employees' individual needs and improves their work/life balance.

With regard to the amount of holiday, Raiffeisen is above the average for Swiss companies, and it also offers alternative holiday models. Depending on their age and seniority, employees have 25 to 30 days of holiday per year. Since 2018 employees have also been able to buy additional days of holiday or save up days for extended individual breaks.

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.

The fact that Raiffeisen is an attractive employer is confirmed by the Universum ranking produced by Universum Communications Switzerland AG, an employer branding specialist. In 2021 Raiffeisen was ranked among the top 35 employers in Switzerland. This put it seven places higher than even Raiffeisen itself had been aiming for. Under the Raiffeisen 2025 strategy, Raiffeisen is keen to break into the top 25.

**Staff structure by employment relationship**

| | 2020[1] | | 2021 | |
|---|---|---|---|---|
| | Total number | Percentage | Total number | Percentage |
| **Permanent employees**[2] | **11,207** | | **11,465** | |
| Women | 5,614 | 50.1 | 5,723 | 49.9 |
| Men | 5,593 | 49.9 | 5,742 | 50.1 |
| **Full-time positions** | **6,497** | | **6,605** | |
| Women | 2,135 | 32.9 | 2,151 | 32.6 |
| Men | 4,362 | 67.1 | 4,454 | 67.4 |
| **Part-time positions** | **4,710** | | **4,860** | |
| Women | 3,479 | 73.9 | 3,572 | 73.5 |
| Men | 1,231 | 26.1 | 1,288 | 26.5 |
| **Temporary staff (temporary workers/interns)** | **1,073** | | **1,103** | |
| Women | 534 | 49.8 | 353 | 32.0 |
| Men | 539 | 50.2 | 750 | 68.0 |
| **Trainees** | **685** | | **689** | |
| Women | 307 | 44.8 | 316 | 45.9 |
| Men | 378 | 55.2 | 373 | 54.1 |
| **External employees (Raiffeisen Switzerland)** | **454** | | **449** | |
| **Employees abroad** | **4** | | **4** | |

1 Because of different methods of calculation, the staff numbers in this table differ slightly from those shown in the key figures.
2 Number of employees excluding temporary employees/interns/cleaning staff, including apprentices.

## New remuneration model and ongoing performance dialogue at Raiffeisen Switzerland

With effect from 1 January 2021, Raiffeisen Switzerland has based its remuneration model on the new strategy. 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 individual employees, measured against their basic remuneration. The emphasis is therefore on collective performance. The new remuneration model also applies to the members of the Executive Board of Raiffeisen Switzerland.

Since the new remuneration model was introduced in the organisation, special team performance by working groups within and across disciplines is given visibility and rewarded. Managers also have the ability all year round to reward above-average performance flexibly and unbureaucratically – for example in the form of a joint outing or another non-monetary surprise.

Following the introduction of the new remuneration model, Raiffeisen Switzerland has refined the ongoing performance dialogue process that has been in place for several years. The process provides for regular dialogue between employees and managers to discuss individual development planning and define appropriate measures. As part of the Raiffeisen 2025 strategy, the Raiffeisen Group has set itself the goal of systematically assessing personal development needs for all Raiffeisen employees from 2022 onwards. This has already been done on a systematic basis for all staff at Raiffeisen Switzerland since 2021.

For more details on the remuneration model in the Remuneration Report, see pages 136–147

## Occupational health management

At the same time as the new remuneration model, Raiffeisen Switzerland also launched an extensive occupational health management programme for staff called "Healthy Living & Working". Employees can choose from various offerings, such as talks and courses on different health issues. Particular themes are highlighted in changing campaigns and on health days. The offering also includes case management and free physical and mental health checks. Raiffeisen Switzerland is keen to encourage sustainable living and working and raise employees' awareness of their health.

## Family policy

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

Raiffeisen Switzerland provides modern-day benefits for families. Mothers at Raiffeisen receive 16 to 24 weeks of maternity leave, depending on their length of service. Fathers are entitled to 15 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. Women are guaranteed continued employment at a level of at least 60% in an appropriate function after their maternity leave. If a child is sick, parents receive up to five additional days of paid time off. These rules apply to same-sex couples as well.

## 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 external partner RehaSuisse for several years now. This employee assistance programme provides anonymised help on professional or private issues and health matters. RehaSuisse has clear processes, psychological expertise and extensive experience in the social insurance sector, allowing it to play a significant role in handling difficult situations. As an employer, Raiffeisen is thus able to act appropriately even when employees find themselves in challenging situations.

# Staff development for specialists and managers

Digitalisation, regulatory tightening, changing customer needs and a fast-moving environment have raised the bar for the skills that employees need. It is important for employees to continue learning and remain employable. Raiffeisen therefore encourages its staff and makes targeted investments in their training and continuing education.

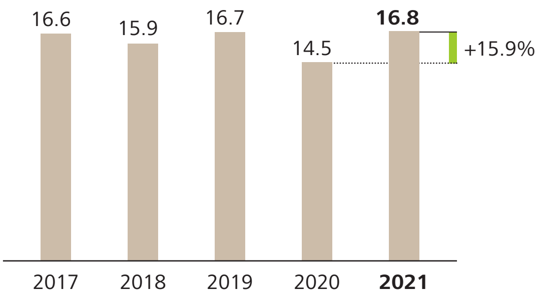
Digitalisation is not just about learning content but also affects how staff development is implemented. Online courses, e-learning, video-based forms of learning, etc. are becoming increasingly common in the world of professional development. They make it possible to react quickly to changes and pick up current issues in a timely manner. The fact that they can be used anywhere at any time also cuts down on travel and absences. Not only do they provide modern ways of training suitable for the times, they also contribute to sustainability. During the year under review, Raiffeisen held the majority of its internal training and continuing education events online.

Managers and non-managerial employees can tap into a broad array of technical, leadership 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 encourages life-long development. The continuing education offering includes seminars for those preparing for retirement. These courses deal with issues such as prospects, health, a network of relationships and pensions.

## Investments in training and continuing education

In 2021 Raiffeisen invested CHF 16.8 million (previous year: CHF 14.5 million) in employee continuing education. 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 training and continuing education**
in million CHF




**Continuing education**

| | Unit | 2020 | 2021 |
|---|---|---|---|
| Certification as an advisor | Total number | 394 | 241 |
| Continuing education | Participant days | 13,884 | 11,360 |
| Courses held | Total number | 887 | 695 |

Training programmes are designed with specific goals, assessed by attendees and continuously improved. Strategic training requirements for individual employees 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.

## Training young people

Young people are a key factor in Raiffeisen's future success. Raiffeisen's focused training programmes for young people are an expression of its social responsibility for large numbers of young people throughout Switzerland. At the end of 2021, 726 people (previous year: 714 people) were on a training programme for young talent. 48% of them (previous year: 47%) were female. 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 customer communications

Offering for secondary school students:

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

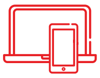
Offering for graduates:

- Trainee programme
- University internships

Investing in training young people pays off: Many of those trained at Raiffeisen stay with the company after completing their apprenticeship, internship or trainee programme and take the opportunity to continue developing at Raiffeisen.

# Sustainability

**Raiffeisen wishes to generate added value by living out its cooperative values sustainably. It wants to be consistent as a company with the aims of sustainable development and be economically successful over the long term. In its business activities, Raiffeisen always takes ecological, social and economic issues into consideration. Raiffeisen offers its customers a very wide range of sustainable products. Mitigating climate change is a priority issue for Raiffeisen. The Raiffeisen Group emphasises its commitment to a sustainable financial centre by supporting three international initiatives.**



report.raiffeisen.ch/sustainability

**"We wish to live up to our corporate and social responsibility and help shape a sustainable financial centre for the benefit of all our stakeholders."**

**Heinz Huber**
Chairman of the Executive Board of Raiffeisen Switzerland

Sustainability has long been a corporate value at Raiffeisen. In the Raiffeisen 2025 Group strategy, sustainability therefore forms a central element. Raiffeisen accepts responsibility for its actions and activities and the potential impact its decisions may have on society and the environment. For Raiffeisen, sustainability means only using resources to the extent that they remain available to future generations. Raiffeisen arranges its activities so they are compatible with sustainable development. In practice, this means that ecological, social and economic issues are considered when taking decisions. Raiffeisen wishes to stand out as a sustainable cooperative.

## Sustainability strategy

A strategy for sustainability at Group level was drafted in 2020 in consultation with internal and external stakeholders of Raiffeisen to implement the strategic thrusts from the Raiffeisen 2025 Group strategy in practice. The Executive Board of Raiffeisen Switzerland has approved the strategy and the Board of Directors of Raiffeisen Switzerland has taken note of it.

The sustainability strategy sets down ten guiding principles. Raiffeisen uses these to tackle issues which have been identified as material in a comprehensive analysis. This materiality analysis was first conducted in 2018 and has been reviewed annually since then. The guiding principles of the Raiffeisen Group also reflect the Principles for Responsible Banking of the United Nations Environment Programme Finance Initiative (UNEP-FI). The UN Sustainable Development Goals relevant to Raiffeisen are included in the Bank's own guiding principles too.

For more details of the materiality analysis, please see the chapter headed GRI Index in the Supplement to the Annual Report 2021 report.raiffeisen.ch/en-downloads

## Ten strategic guiding principles for sustainability

**Strategic guiding principles**
2020–2025

### Strengthen sustainability management

**Strengthen governance**
Management structures and processes are intended to 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 issues 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.

**Set strategic goals**
Raiffeisen identifies the issues that are material for its long-term success and for strengthening positive and reducing negative effects on sustainable development. It sets clear goals and defines actions for these issues.


**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 customers, employees, investors and other partners as an independent and reliable partner.

**Create sustainable products and services**
Raiffeisen products and services are intended to be compatible with sustainable development.

**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.

**Maintain open and fair interaction with customers**
Raiffeisen products are simple and straightforward. They offer value for money. Prices are communicated transparently. Customers must be able to make well-informed decisions. Customer data are protected.

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

### Achieve an impact

## UN Sustainable Development Goals

The United Nations' Sustainable Development Goals (SDGs) are mainly aimed at countries. However, they also call on all players around the world to do their bit for sustainable development. As one of the banks with a very high market share in real estate financing, Raiffeisen wishes to make its contribution. The portfolio of properties financed by Raiffeisen causes around one-quarter of the $CO_2$ emissions in Switzerland from real estate. Raiffeisen is therefore affected in particular by SDG 7 (affordable and clean energy) and SDG 13 (climate action). Since protecting the climate is a very important issue for Raiffeisen, it will be looking into the SDGs mentioned in depth during the course of the current year.

The Raiffeisen sustainability strategy is laying the groundwork for boosting its sustainability performance. In particular, this means building on positive effects and reducing negative ones.

## Reporting on the guiding principles for sustainability

Below, Raiffeisen presents the progress made during the year under review on implementing its sustainability strategy in line with its ten guiding principles. In accordance with the disclosure standards of the Global Reporting Initiative (GRI), we explain the objectives Raiffeisen is pursuing as regards the guiding principles derived from the issues that are material, what actions were taken during the year under review and who is responsible for them. A range of metrics shown in this chapter and in the separate Supplement to the Annual Report 2021 make it possible to assess the impact Raiffeisen is having on the issues seen as relevant from the sustainability perspective.

- Supplement to the Annual Report 2021 with the GRI content index, the disclosures according to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and the reporting based on the UNEP Principles for Responsible Banking:

  report.raiffeisen.ch/en-downloads

### Set strategic goals

To be able to boost one's sustainability performance effectively and efficiently, goals are required. Raiffeisen has therefore set specific targets for the guiding principles of the sustainability strategy:

| 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. In compliance with Global Reporting Initiative (GRI) "comprehensive" standard, Task Force on Climate-Related Financial Disclosures (TCFD), United Nations Environment Programme Principles for Responsible Banking (UNEP-FI) since 2020. |
| **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, customer privacy, discrimination. |
| **Ensure long-term economic success** | Raiffeisen cooperative capital receives a fair interest rate.<br>Raiffeisen has a very good credit rating. |
| **Create sustainable products and services** | Conduct a systematic ESG audit of all Raiffeisen products and services and disclose all relevant ESG information from 2022 onwards.<br>Continually strengthen the range of proven sustainable products and services. |
| **Maintain open and fair interaction with customers** | Annual customer survey shows high satisfaction in relation to fairness and transparency. |
| **Mitigate climate change** | Raiffeisen sets itself science-based climate goals.<br>Raiffeisen will reach net zero $CO_2$ emissions by 2050; 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.<br>Raiffeisen measures and reinforces the diversity of its employees across all management levels. |

During the year under review, the stakeholders consulted in the annual review confirmed the issues and sustainability targets identified as material.

For more details on Raiffeisen's sustainability performance, please see our website:
raiffeisen.ch/sustainability

## Strengthen governance

Effective sustainability management requires adequate organisational structures, processes and responsibilities. The responsibilities for sustainability are spread across the Raiffeisen Group. Raiffeisen Switzerland has responsibility at Group level for the strategic direction when it comes to sustainability. It takes sustainability factors into account in risk management and continues to develop the range of sustainable financial products. Raiffeisen Switzerland carries out the portfolio management for asset management mandates and deals with external stakeholders and the general public regarding sustainability issues. Raiffeisen Switzerland also provides advice to the Raiffeisen banks on sustainability matters.

Sustainability issues concerning the Group are addressed by the Board of Directors of Raiffeisen Switzerland and all of its committees. The Executive Board of Raiffeisen Switzerland takes account of requirements defined by the Board of Directors. The Corporate Responsibility & Sustainability department reports to the Chairman of the Executive Board of Raiffeisen Switzerland. 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 boost 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 of Raiffeisen Switzerland.

Governance of sustainability management in the Raiffeisen Group was further strengthened during the year under review:

- To formalise governance, Raiffeisen Switzerland prepared and published a manual entitled "Managing Corporate Responsibility and Sustainability in the Group" during the year under review, which was checked by an external agency called INTEP. The manual is largely based on ISO 26000, a standard that cannot be certified, and sets out the framework, processes and responsibility for managing sustainability across the Group. The 219 Raiffeisen banks put sustainability into practice at the local level within this framework.
- To strengthen responsible business activity, the Board of Directors of Raiffeisen Switzerland has been formulating explicit rules once a year since 2020. In particular, Raiffeisen Switzerland seeks to avoid being linked to serious negative impacts on the environment and society through transactions such as lending, issuing securities and trading in precious metals or through relationships with suppliers. The corresponding due diligence process introduced at Raiffeisen Switzerland in 2021 provides for the option to escalate matters to the Executive Board. It will be rolled out to the whole Group in 2022. Corporate Responsibility & Sustainability has been involved in product launch processes since the year under review, in order to systematically review environmental and social impact when new products and services are launched.

## Involve external stakeholders

Regular and open dialogue with stakeholders is extremely important to Raiffeisen. Thanks to their cooperative structure, the Raiffeisen banks are very close to their customers and their local roots mean they have close relationships with local players and regularly exchange views. At the level of Raiffeisen Switzerland, the internal and external stakeholders that are most important for boosting sustainability performance are invited to a discussion at least once a year. As part of this, the main issues and the strategy were once more reviewed and confirmed in 2021. Strategic ambitions such as focusing the investment business on sustainability, sustainability management according to ISO 26000 and the introduction of a due diligence check were welcomed. Like Raiffeisen itself, the various stakeholders regard issues like biodiversity and human rights as future challenges. Raiffeisen looked into both of these issues in depth during the year under review. The Group sustainability management manual deals with respect for human rights. Loss of biodiversity was analysed from the risk perspective for the first time.

In 2021 Raiffeisen signed the **Principles on Responsible Banking (PRB)** of the United Nations Environment Programme Finance Initiative (UNEP-FI).

**National and international organisations and initiatives**
Raiffeisen Switzerland has institutionalised its exchange with various stakeholders via memberships in national and international organisations and initiatives, among other measures. Raiffeisen Switzerland is a member of the following organisations: Swiss Sustainable Finance, the Swiss sustainable business association öbu, the Swiss Climate Foundation, the Green and Sustainable Finance Committee of the European Association of Co-operative Banks and Swiss Better Gold Association. To boost sustainability performance and make it possible to attain the strategic sustainability targets, in 2021 Raiffeisen signed the Principles on Responsible Banking (PRB) of the United Nations Environment Programme Finance Initiative (UNEP-FI). In addition, Raiffeisen takes account of the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and joined the PCAF in 2021. This gives Raiffeisen strategic and operational momentum to affirm strategic commitments and reinforce the directions in which it is heading, especially in terms of climate change and reporting obligations.

**Local involvement**
Having 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 customers and external stakeholders. This approach is especially apparent in our sponsorship commitments and the donations we make and strengthens the Raiffeisen brand across the whole of Switzerland. It can be seen, for example, in the fact that we support some 20,000 young skiers. Raiffeisen is also strongly committed to the Swiss Museum Pass, which grants free access to more than 500 partner museums. The Raiffeisen Group's sponsorships amount to roughly CHF 23 million per year. Economic, social and cultural contributions and donations amount to an additional roughly CHF 6 million. Since 2017 Raiffeisen has also provided a free project and donations platform for local projects, lokalhelden.ch. By the end of 2021 almost CHF 30 million in donations had been raised over lokalhelden.ch for more than 1,700 projects. Raiffeisen also wants to enable its employees to get directly involved in cultural, sporting and social causes. Raiffeisen, therefore, gives its employees time to participate in public services during working hours, in line with the employment regulations and after consulting their line manager.

**Transparent party financing**
As in previous years, Raiffeisen once again contributed to a healthy Swiss political system through its party financing in the year under review. The funding model is transparent: Raiffeisen contributes a total of CHF 246,000 annually to all parties represented in the Swiss Federal Assembly. 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.

## Ensure transparency

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 GRI "comprehensive" option, to which Raiffeisen has been committed since 2018, Raiffeisen has incorporated the UNEP-FI Principles for Responsible Banking and the recommendations of the TCFD since 2020. 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 found in the separate Supplement to the Annual Report 2021.

- Supplement to the Annual Report 2021 with the GRI content index, the disclosures according to the recommendations of the TCFD and the reporting based on the UNEP Principles for Responsible Banking:

  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, which provides specific standards and transparency guidelines in the area of sustainability.

Raiffeisen was awarded the **label "Prime"** in the relevant ISS ESG rating for the first time.

The improved sustainability performance and transparent reporting about it are paying off. In the second sustainability study of the 15 largest retail banks in Switzerland carried out by WWF Switzerland in collaboration with PricewaterhouseCoopers AG(PwC), the Raiffeisen Group was ranked as one of the leaders and described as "up-to-date" in its sustainability, even though the criteria for the review were stricter than in the first study. Moreover, Raiffeisen was for the first time rated "Prime" for ESG by the sustainability agency of Institutional Shareholder Services, putting it in the top decile of the peer group. The rating is based on information disclosed by Raiffeisen Switzerland for the whole Group.

## 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 regulatory requirements on financial sector laws, standards and guidelines. All employees are primarily 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 officer in their Raiffeisen bank of any deficiencies. Risks are identified, assessed and documented. The management mechanisms required are defined. The Legal & Compliance area of Raiffeisen Switzerland monitors changes in legal risks across the Group and reports the material legal risks to the Executive Board of Raiffeisen Switzerland and the Risk Committee every half-year and to the full Board of Directors of Raiffeisen Switzerland every year.

For more details on how legal and compliance risks are dealt with, see also the chapter entitled "Risk Report" starting on page 89.

### Anti-corruption

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 officer 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 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/or services to Raiffeisen. The chairs of the executive boards of the Raiffeisen banks regularly conduct analyses of money laundering and terrorism financing risks according to Raiffeisen Switzerland guidelines and provide their analyses 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**

Sustainability in the **supply chain** is assured by specific criteria updated on an **ongoing basis**.

During the year under review, Raiffeisen strengthened its supplier code, which forms part of the new internal regulations on responsible business conduct. The code sets out Raiffeisen's expectation that suppliers, their employees and all sub-contractors and their employees will comply with the principles laid down in it. This applies to child labour in particular. No children under the age of 15 should be employed and child labour is not accepted at sub-contractors or suppliers.

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. Raiffeisen sells third-party financial products alongside its own solutions. Third-party products include investment funds, structured products and direct investments. The most important procurement items used to operate the branch network are real estate, IT hardware and software, services, furnishings and vehicles.

Raiffeisen reviews compliance with the legal framework based on selected indicators (see table below). Raiffeisen views the results for the year under review as positive and does not believe that there is an urgent need for action.

**Responsible business activity**

| | GRI indicator | 2021 |
|---|---|---|
| **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 |

## Ensure long-term economic success

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. The Group also contributes to creating value locally, regionally and nationally through its financial products and services and through procurement. Cooperative members, customers and society benefit from this. Cooperative members receive particularly favourable terms for certain banking transactions and enjoy 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 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 associated with Raiffeisen's economic performance are diverse and are managed by various units within the Raiffeisen Group.

The cooperative Raiffeisen Group operates on the principle of targeting long-term, sustainable results and is not focused on maximising profit and growth at all cost. The focus on long-term, sustainable results and the fact that economic performance is achieved 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 year under review should be viewed positively.

**Statement of net added value**

| | CHF million | | Percent | |
|---|---|---|---|---|
| | 2020 | 2021 | 2020 | 2021 |
| **Creation of added value** | | | | |
| **Corporate performance (= operating result)** | **3,060** | **3,383** | **100.0** | **100.0** |
| General and administrative expenses | −480 | −503 | 15.7 | 14.9 |
| Extraordinary income | 6 | 9 | 0.2 | 0.3 |
| Extraordinary expenses | −2 | −1 | −0.1 | −0.0 |
| **Gross added value** | **2,584** | **2,888** | **84.4** | **85.4** |
| Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets | −274 | −217 | 9.0 | 6.4 |
| Changes to provisions and other value adjustments and losses | −2 | −3 | 0.1 | 0.1 |
| **Net added value** | **2,308** | **2,668** | **75.4** | **78.9** |
| **Distribution of added value** | | | | |
| Personnel (salaries and employee benefits) | 1,337 | 1,392 | 57.9 | 52.2 |
| Cooperative members (paym. of interest on certif.: proposal to AGM) | 65 | 67 | 2.8 | 2.5 |
| Government | 119 | 183 | 5.2 | 6.9 |
| of which capital and income taxes | 130 | 144 | 5.6 | 5.4 |
| of which formation/release of provisions for deferred taxes | −11 | 39 | −0.5 | 1.5 |
| Bolstering of reserves (self-financing) | 787 | 1,026 | 34.1 | 38.5 |
| **Distributed added value** | **2,308** | **2,668** | **100.0** | **100.0** |

**Statement of net added value – key figures**

| | unit | 2020 | 2021 |
|---|---|---|---|
| Gross added value per personnel unit [1] | 1,000 CHF | 275 | 301 |
| Net added value per personnel unit [1] | 1,000 CHF | 246 | 278 |
| Personnel units (average) | number | 9,393 | 9,610 |

1 Calculated based on the average number of employees. Data basis: key figures in the financial report. 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.

## Create sustainable products and services

Environmental and social factors affect risks and simultaneously represent opportunities. The Raiffeisen Group gives these factors due consideration when developing its financial products and services and simultaneously responds to growing customer needs for sustainable products and services.

### Raise customer awareness in the mortgage business

To get a good picture of customer needs with regard to new products and services, every year since 2011 Raiffeisen has conducted a survey on energy and climate issues, the “Customer Barometer on Renewable Energies”. In 2021 this representative survey was carried out among the Swiss population together with the University of St. Gallen and SwissEnergy. Among other things, the main results indicate that protecting the climate remains an important concern for nine out of ten people surveyed. A large proportion of those surveyed are willing to invest in environmentally friendly heating systems, photovoltaic (PV) installations or e-mobility.

Raiffeisen considers its role in promoting sustainability in the mortgage business to primarily consist of raising customer 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. Customers can use this to obtain an overview of their property's energy efficiency. Raiffeisen's modernisation planner RAImo allows them to identify any investment backlog and simulate renovation scenarios. In 2021, Raiffeisen also supported SwissEnergy's Renewable Heating programme. This federal programme pursues the goal of helping private homeowners switch to renewable heating systems with neutral and professional advice. As a strategic partner, Raiffeisen provides relevant financial expertise. In addition, Raiffeisen banks and branches offer customers low-cost thermal imaging and analyses for the purpose of identifying energy conservation opportunities.

**Awareness-raising tools and initiatives**

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| **Energy-efficient renovation and climate compatibility** | | | |
| GEAK® Plus certificates subsidised in the current year[1] | 146 | 463 | 0 |
| Thermal imaging performed in campaigns concluded during the current year | 11,300 | 7,800 | 7,400 |
| e-Valo energy efficiency consultations for real estate[2] | 1,795 | 1,123 | 1,969 |
| Raiffeisen modernisation planner (RAImo)[3] | 0 | 0 | 1,882 |

1 Programme ended at Group level; some Raiffeisen banks are continuing it individually.
2 Fewer advisory sessions held in 2020 because of the pandemic.
3 The Raiffeisen modernisation planner was launched as a new digital offering in the housing ecosystem in March 2021.

### Environmental and social compatibility of corporate clients

Raiffeisen is also raising awareness of the issue of sustainability in the corporate client business. For four years, Raiffeisen has been handing out regional entrepreneurship awards, which 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. 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).

95.6% of Raiffeisen's corporate clients are domiciled in Switzerland. The 218,500 corporate clients – predominantly SMEs – (see “Client structure” table on page 81) 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.

**Procuring gold responsibly**
Raiffeisen offers its customers precious metals like gold and silver. During the year under review, a responsibly sourced and traceable approach was brought in for procuring the gold for all Raiffeisen gold ingots. This makes it possible to precisely trace the source of the gold and attaches importance to companies in the supply chain being environmentally and socially responsible. Customers can access the supply chain information for Raiffeisen gold ingots online.

Since July 2021 both the pension fund range and the **investment fund range** have been fully **aligned with sustainability**.

**Sustainable investment and pension solutions**
Ever since the launch of the first Raiffeisen Futura funds 20 years ago and the subsequent expansion of the fund offering, Raiffeisen has been consistently providing sustainable investment opportunities for investment and pension funds for its customers. Since 2013, all pension and investment customers have been asked about their sustainability stance and advised accordingly on request in advisory meetings and when their situation is regularly reviewed. In 2019 the range of pension funds switched over to being wholly sustainable. In July 2021 almost the entire fund range moved over to Futura. Funds that previously had not been sustainable were merged with existing Futura funds or, in the case of the strategy funds, repositioned with a new name and a sustainable investment policy. As a result, the Futura funds grew from roughly 71% to around 94% of the total volume of all Raiffeisen funds. The volumes in Futura pension and investment funds increased by CHF 4.7 billion in 2021 (including performance). The volumes in the Futura asset management mandates grew by more than 166% to CHF 1.4 billion over the reporting period.

In April 2021 the option was added to the digital asset management app Raiffeisen Rio to invest in a portfolio with an entirely sustainable focus. The launch of Green Energy as a focus topic also allows users of the Raiffeisen Rio app to place a further sustainability focus in their portfolio. More sustainability focus topics will follow.

Raiffeisen works with the independent rating agency Inrate for the sustainability research on which the Futura investment and pension solutions are based.

Raiffeisen's current Futura sustainability approach analyses the ecological and social effects of assets across their entire life cycle. An assessment is made of how willing and able companies are to take effective action to continuously improve their sustainability performance. Allowance is made for the fact that every industry has distinct ecological and social features by applying a corresponding weighting. In addition to a strict list of sustainability requirements, the Futura funds firmly exclude certain risks such as armaments, tobacco, alcohol, nuclear energy and gambling by means of set criteria. Countries too are rated in terms of the environment, society and governance, and specifically declared exclusion criteria are applied. These cover, among other things, use of the death penalty, corruption, economic sanctions and breaches of international agreements. In the Futura Immo fund, properties are assessed based on defined sustainability criteria, including their location quality, housing quality and resource efficiency.

Since autumn 2020, all Raiffeisen Futura investment funds with an equity stake have made full and active use of voting rights. For Swiss equities the funds follow the recommendations of Ethos, Swiss Foundation for Sustainable Development. For all other stocks the funds follow the recommendations of 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.

Raiffeisen was the **first retail bank** in Switzerland to launch a **responsible gold ETF**.

The “Raiffeisen ETF – Solid Gold Responsibly Sourced & Traceable” was launched during the year under review. It invests in gold that is responsibly sourced and traceable and stands for responsible procurement of gold and transparency in the supply chain.

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.

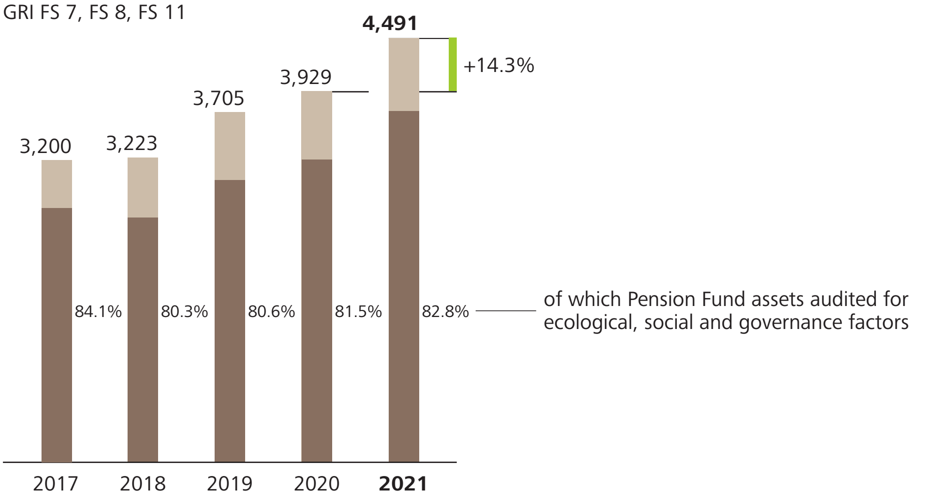
**Products with specific social and ecological benefits**

| | Unit | 31.12.2019 | 31.12.2020 | 31.12.2021 |
|---|---|---|---|---|
| **Investment products** | | | | |
| Sustainable funds (Futura funds) | CHF million | 7,753.5 | 8,725.7 | 13,545.8 |
| Share of volume of all Raiffeisen funds | percent | 67.7 | 71.6 | 94.7 |
| Share of custody account volume | percent | 20.5 | 21.9 | 27.9 |
| Development funds [1] | CHF million | 252.3 | 194.5 | 171.9 |
| Share of custody account volume | percent | 0.7 | 0.7 | 0.4 |
| Structured products with a sustainability focus | CHF million | 12.3 | 15.4 | 40.5 |
| **Raiffeisen Asset management** | | | | |
| Volume of sustainable Futura asset management mandates | CHF million | 253.2 | 535.5 | 1,427.8 |
| Shares of all asset management mandates | percent | 19.2 | 22.3 | 21.9 |
| **Leasing business [2]** | | | | |
| Subsidised leasing in the case of replacement investments for Euro 6 emission standard-compliant lorries | CHF million | 10.7 | 5.8 | 0.0 |
| Share of total leasing volume for lorries | percent | 8.6 | 7.5 | 0.0 |
| **Raiffeisen Bonds** | | | | |
| Raiffeisen Sustainability Bond [3] | CHF million | 100.0 | 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 In 2021 Raiffeisen Leasing increasingly focused on a broader portfolio of assets in sustainable lease financing.
3 0.125% sustainability bond; repaid at par on 7 May 2024.

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 CHF millions, as at 31.12.2021
GRI FS 7, FS 8, FS 11




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 0.9 billion (21%) as at 31.12.2021, are therefore included here.

## Maintain open and fair interaction with customers

In line with its mission statement, the Raiffeisen Group sets store by fairness, reliability and transparency in business relations with its customers. Raiffeisen therefore maintains skilful, open and fair interaction with its customers. 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 customers can reach well-informed decisions.

**Client structure (by domicile, segment, sector)**

| 31.12.2021 | Number in thousands | Percentage |
|---|---|---|
| **Number of clients** | **3,606** | **100.0** |
| **Private and investment clients** | **3,388** | **94.0** |
| Domicile | | |
| Switzerland | 3,305 | 97.6 |
| Countries bordering Switzerland | 67 | 2.0 |
| Rest | 16 | 0.5 |
| Segment | | |
| Private clients | 3,011 | 88.9 |
| Investment clients | 377 | 11.1 |
| **Corporate clients** | **218** | **6.0** |
| Domicile | | |
| Switzerland | 208.4 | 95.6 |
| Countries bordering Switzerland | 8.6 | 3.9 |
| Rest | 1.0 | 0.5 |
| Segment | | |
| Self-employed individuals | 68.1 | 31.2 |
| Small enterprises | 117.5 | 53.9 |
| Medium-sized and medium-large enterprises | 3.0 | 1.4 |
| Real estate companies | 20.5 | 9.4 |
| 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 area 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.

97.6% of Raiffeisen's clients are domiciled in Switzerland (see “Client structure” table on page 81). At Raiffeisen, each customer segment is assigned a target product portfolio. Any products and services not included in the portfolio will only be offered to segment customers at their express request. Raiffeisen generally prioritises security over profitability, and profitability over growth. Customer 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 customer focus, mutual trust and long-term customer relationships. Since 2020, Raiffeisen has regularly surveyed customers to check whether adequate fairness and transparency are ensured and perceived as such by customers. Specifically, this involves asking whether Raiffeisen deals fairly with customers and provides them with information that is transparent and clear, and whether Raiffeisen is perceived as a sustainable and responsible company. The results show that, once again in 2021, Raiffeisen is perceived as being a financial company that is better than average compared to the competition when it comes to sustainability and responsibility. This is the case not just among our own customers, but in the Swiss population as a whole. The aim is to continue to achieve a high level of satisfaction.

### Protection of customer data

Raiffeisen constantly **keeps its measures** to protect client data up to date and in line with the latest regulations.

Special mention must be made of customer privacy when dealing with customers openly and fairly. Banks hold sensitive customer data whose protection is an absolute priority at Raiffeisen. Customers trust their bank to comply with statutory and regulatory requirements, handle data responsibly and protect them as effectively as possible. Since it has overall responsibility for the compliance system, Raiffeisen Switzerland is tasked with centrally protecting customer 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 cyberattacks. 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. Customer data requirements conform to the Data Protection Act as well as FINMA stipulations. The Raiffeisen Group constantly adapts its measures to protect customer data to the current situation in a continuous improvement process. In 2021 the filter criteria were extended, among other things. Headcount was increased in the Information Security team, which is responsible for data leakage prevention (DLP). Other channels were also monitored, such as data uploads and files printed out. The introduction of a blocking mode means that emails blocked by DLP have to be deliberately unblocked internally. Mandatory annual training sessions on awareness of information security are revised and carried out regularly.

The surveyed customer satisfaction, the customer 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 customer relationships.

**Responsible business activity**

| | GRI indicator | 2020 | 2021 |
|---|---|---|---|
| **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 | 0 |
| Total number of breaches in connection with marketing | GRI 417-3 | 0 | 0 |
| **Customer privacy** | | | |
| Complaints from outside parties and regulatory bodies | GRI 418-1 | 0 | 1 |
| Serious incidents registered through internal data leakage prevention (DLP) | GRI 418-1 | 0 | 0 |
| Alarms registered by the internal data leakage prevention system | GRI 418-1 | 2,964,571 | 5,939,253 [1] |

1 The increase is due to extended filter criteria. 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.

## Mitigate climate change

Unchecked greenhouse gas emissions will lead to climate change with serious, irreversible consequences for humanity and the environment. The Raiffeisen Group itself causes $CO_2$ emissions by operating its 820 branches and due to business travel and shipping and the upstream and downstream processes.

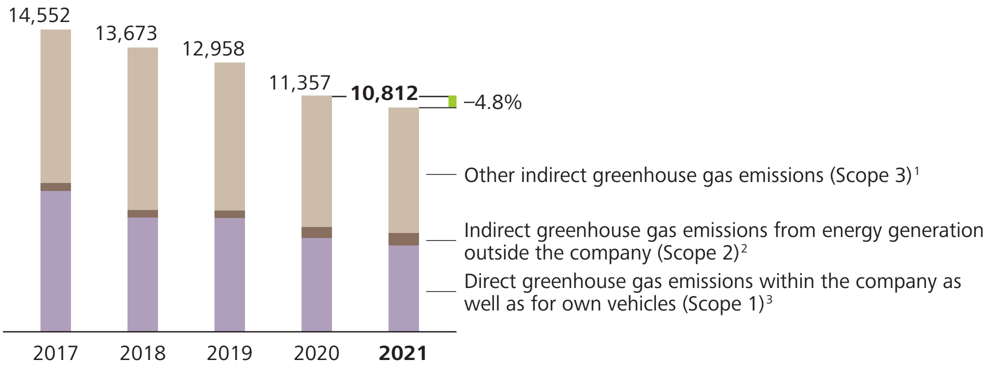
### Reduction in direct $CO_2$ emissions

Raiffeisen supports the targets of the Paris Climate Agreement, the energy transition and a climate-neutral Switzerland. Raiffeisen's target is to be net zero by 2050; as far as emissions from operations are concerned, it is seeking to reach net zero by 2030. Since 2012, Raiffeisen has cut $CO_2$ emissions (Scope 1 to Scope 3 combined; see the table “Responsible management” on page 85) by over 30%. $CO_2$ emissions were reduced by 4.8% year on year during the year under review. Over the years, compliance with standards that regulate energy, mobility, resources and procurement made an important contribution to achieving this target. Employees received training, and relevant banking processes were checked for energy and resource efficiency on an ongoing basis. In 2021, the coronavirus pandemic once again led to additional savings thanks primarily to the change in mobility behaviour and working from home. Raiffeisen will formulate science-driven climate targets during the current financial year.

The remaining emissions that cannot be reduced, which are caused by operating all the Group branches, by business travel and the upstream and downstream processes, have been offset since 2020. This is done using emission credits ($CO_2$ certificates) from climate protection projects of a recognised external provider (South Pole), which prevent or reduce the emission of $CO_2$ and meet the “Gold Standard”. 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 has been rewarded with the label “climate-neutral company” by South Pole.

The Corporate Responsibility & Sustainability department is responsible for the topic and for action on climate change across the Group, and now also runs the Environmental Management unit. This unit is responsible for monitoring the operational environmental indicators for the entire Group and manages the “Pro Futura” incentive programme as well. This programme motivates Raiffeisen banks to introduce measures to reduce $CO_2$ emissions. At the same time, Raiffeisen's internal climate fund subsidises efforts to improve energy efficiency and reduce $CO_2$ emissions. Raiffeisen is striving to only install heating systems using renewable energy in its buildings and to avoid or replace electricity generated using nuclear power or fossil fuels. The statutory emission regulations are observed when purchasing vehicles (for passenger cars, no more than 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.

**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). The increase in greenhouse gases is due to the higher number of district heating connections.
3 From sources within the company (e.g. heating, company vehicles).

## 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, the figure is around 2.1 million tonnes of $CO_2$ per year. This places Raiffeisen, through the portfolio of buildings financed, slightly below the average of all Swiss buildings in terms of intensity of $CO_2$. The primary reason for the low figure is that the buildings are relatively young and use fossil fuels less frequently due to their locations. Raiffeisen also allowed the emissions generated by its mortgage financing activities to be audited as part of the 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) at the end of 2020. The test also showed that a relatively low amount is placed in companies from polluting industries when investing in shares and corporate bonds where Raiffeisen is responsible for the investment decision, at 6% and 2% respectively. All investments in Raiffeisen investment and pension products, asset management as well as in-house investments were analysed.

In 2019, Raiffeisen also reviewed the climate compatibility of its 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 analysis was repeated at the end of 2021. 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. If power generation is excluded, 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 year under review.

**Responsible management**

| Category | Unit | 2019 rounded | 2020 Total | 2021[1] Total | 2021[1] Raiffeisen Group change to previous year in % | 2021[1] per FTE[2] |
|---|---|---|---|---|---|---|
| **Building energy** | kWh | **68,051,000** | **67,551,000** | **65,636,000** | **−3** | **6,583** |
| Electricity | kWh | 44,162,000 | 43,772,000 | 41,796,000 | −5 | 4,192 |
| Heating energy | kWh | 23,889,000 | 23,779,000 | 23,840,000 | 0 | 2,391 |
| **Business travel** | km | **16,634,000** | **11,915,000** | **9,718,000** | **−18** | **975** |
| Public transport (rail, bus, tram) | km | 5,952,000 | 2,681,000 | 2,140,000 | −20 | 215 |
| Road transport | km | | | | | |
| Private cars | km | 2,941,000 | 2,059,000 | 1,645,000 | −20 | 165 |
| Company cars | km | 3,651,000 | 2,648,000 | 2,168,000 | −18 | 217 |
| Courier deliveries | km | 3,375,000 | 4,246,000 | 3,406,000 | −20 | 342 |
| Passenger transport by air | km | 60,000 | 21,000 | 11,000 | −48 | 1 |
| Air freight | tkm | 655,000 | 260,000 | 347,000 | 33 | 35 |
| **Paper and water consumption** | | | | | | |
| Paper consumption | t | 880 | 751 | 699 | −7 | 0.07 |
| Water consumption | $m^3$ | 147,000 | 144,000 | 131,000 | −9 | 13.00 |
| **Greenhouse gas emissions from energy, travel, paper and water**[3] | t $CO_2$ eq | **12,958** | **11,357** | **10,812** | **−5** | **1.08** |
| Direct GHG emissions (Scope 1) | t $CO_2$ eq | 7,132 | 6,325 | 6,052 | −4 | 0.61 |
| Indirect GHG emissions (Scope 2) | t $CO_2$ eq | 344 | 529 | 613 | 16 | 0.06 |
| Other indirect GHG emissions (Scope 3) | t $CO_2$ eq | 5,482 | 4,503 | 4,147 | −8 | 0.42 |

1 All figures in this table have been rounded to the nearest thousand. This may result in rounding discrepancies.
2 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.
3 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 of the 2015 indicators of the Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e.V [Association for Environmental Management and Sustainability in Financial Institutions] (VfU). The Raiffeisen Business Owner Centres (RUZ), Immo AG, Valyo Ltd and the former Group business Notenstein La Roche Private Bank Ltd were not considered.

Since 2021, the $CO_2$ emissions financed by the Raiffeisen Group have been measured according to the standard of the PCAF, and retrospectively for 2020 as well. PCAF is an international corporate initiative to harmonise $CO_2$ accounting in the financial sector. The emissions associated with mortgages, commercial real estate, business loans and unlisted equity are relevant for the Raiffeisen Group. The first two categories are shown in the table. The calculations for loans to corporate clients were performed internally. They were not published in the year under review because the checks on data plausibility had not yet been completed. Raiffeisen is in discussion with PCAF on the matter. The intention is to publish the figures for 2022. The other PCAF categories are not taken into account, as they either are not offered by the Group or represent an insignificant percentage of total emissions. The figures shown must be interpreted in the light of imprecise data and the fact that this is a new type of standard.

| **$CO_2$ emissions financed according to the standard of the Partnership for Carbon Accounting Financials (PCAF)**<br>Asset class | Financing outstanding[1] (in CHF millions) | Scope 1 and 2 emissions (t $CO_2e$) | Emission intensity (t $CO_2e$/CHF million) | Coverage (%) | Data quality score (1 = high, 5 = low) |
|---|---|---|---|---|---|
| 2020 | | | | | |
| **Mortgages** | **115,253** | **509,400** | **4.4** | **100** | **4** |
| **Commercial real estate** | **73,696** | **513,300** | **7.0** | **94** | **4** |
| 2021 | | | | | |
| **Mortgages** | **119,140** | **512,300** | **4.3** | **100** | **4** |
| **Commercial real estate** | **76,167** | **524,100** | **6.9** | **94** | **4** |

1 Selection and aggregation of outstanding financing based on the PCAF standard. The underlying definitions differ from those normally used by Raiffeisen.

### ESG factors as risk drivers

Raiffeisen does not regard environmental, social and governance (ESG) factors as a separate risk category but as drivers of the existing types of risk. This way, ESG factors are integrated into the existing Raiffeisen risk management framework and covered by the risk strategy, risk tolerance and risk policy of the Raiffeisen Group. ESG risk drivers are followed and monitored by Raiffeisen to an appropriate extent and at regular intervals.

#### Qualitative analysis

In 2020, aided by external consultancy firm ZEB, Raiffeisen subjected the factor of climate change to an in-depth qualitative analysis of its impact on the existing types of risk. During the year under review, again with external support, Raiffeisen carried out this analysis for all other relevant ESG factors; the analysis of loss of biodiversity was especially detailed. The impact analysis showed that further risk quantification is not required for the ESG factors examined. They are either already adequately reflected in risk management or their impact on the existing types of risk is regarded as immaterial for Raiffeisen.

#### Climate-related financial risks

For climate change, in addition to the qualitative impact analysis mentioned, a risk quantification was carried out during the year under review, based on further scenario analyses for physical and transitory climate risks. These will be reviewed and refined regularly in future. More detailed information on the handling of climate-related financial risks and opportunities can be found in the disclosures according to the recommendations of the TCFD in the Supplement to the Annual Report 2021, starting on page 10.

Supplement to the Annual Report 2021 at report.raiffeisen.ch/en-downloads

## Promote employee expertise and diversity

Change and cultural change is a major part of the Raiffeisen 2025 strategy. Promoting employee expertise and diversity is also a significant goal of the sustainability strategy. In the year under review, various measures were taken to foster a corporate culture in which diversity and equal opportunities are practised and supported.

For more detail see the chapter on “Employees”, pages 59–67.

## Further information

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

report.raiffeisen.ch/en-downloads

# Risk report

**Overall responsibility for risk management and risk control at the Raiffeisen Group lies with the Raiffeisen Switzerland Board of Directors. They approve the framework for Group-wide risk management, set the risk policy and determine the risk tolerance of the Raiffeisen Group every year.**

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

report.raiffeisen.ch/risk-report

Risks are effectively **limited, controlled** and **independently monitored at all levels.**

## Risks and principles

### General

- Risks are taken within the risk tolerance and after careful consideration if they can be borne, are offset by reasonable returns, and the ability to manage the risks has been confirmed.
- Risks are managed systematically.
- Risks are effectively limited, controlled and independently monitored 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.
- The Raiffeisen banks normally take credit decisions within their own competence. Prior written consent must be sought from Raiffeisen Switzerland in defined exceptional cases.
- The focus of lending 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 customer 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 suitability and effectiveness of the internal control system are reviewed regularly.
- 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 followed.
- Contracts are followed and enforced.

# Risk control

## Risk assessment

Overall responsibility for risk management and risk control at the Raiffeisen Group lies with the Raiffeisen Switzerland Board of Directors. They approve the framework for Group-wide risk management, set the risk policy and determine the risk tolerance of the Raiffeisen Group every 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. Reputational risks that can result from all risk categories are also taken into account.

Risk reporting is carried out by the Risk & Compliance department of Raiffeisen Switzerland. The focus is on the risk situation, capital adequacy, compliance with overall limits and any measures taken. Furthermore, the Risk & Compliance department uses an early warning system to identify potentially unfavourable developments at individual Raiffeisen banks and branches.

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

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.

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 using stress scenarios 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 risk 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 doing so, it takes care to strike the correct balance between risk and return, actively controlling the risks it takes. 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 uniform and binding process comprising identification, measurement, assessment, 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

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 and compliance function for the Raiffeisen Group within its Risk & Compliance department (system responsibility). Operational responsibility for independent monitoring rests with the Raiffeisen banks and the organisational units of Raiffeisen Switzerland. The subsidiaries of Raiffeisen Switzerland generally operate as independent entities. Risk monitoring is risk-based. Individual units are assessed using formal, material and strategic criteria and allocated to a control level. 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 takes 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

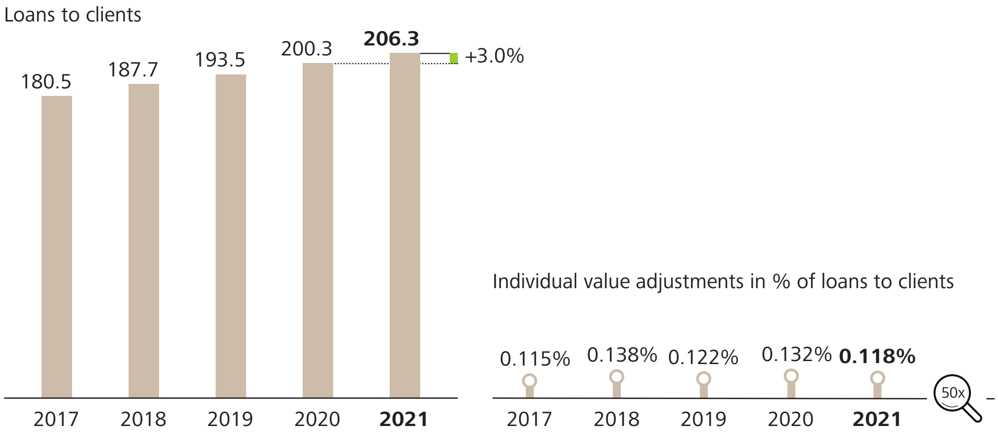
Due to **the Raiffeisen Group's strong position in lending,** credit risk is the most important risk category.

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. In addition, risks are 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).

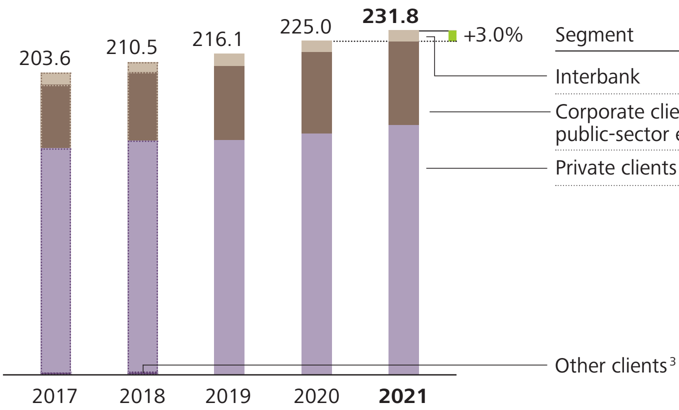
Credit risk is the most important risk category due to the Raiffeisen Group's strong position in lending. The Raiffeisen Group generates a large part of its income by taking on credit risks and managing them comprehensively and systematically.

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



### Credit exposure[1] by client segment

CHF billion, share of lending volume in %[2], 31.12.




| Segment | Share | Volume |
|---|---|---|
| Interbank | 3.2% | 7.5 |
| Corporate clients including public-sector entities | 24.3% | 56.3 |
| Private clients | 72.5% | 168.1 |

1 Credit exposure: in this presentation, exposure is shown as the larger of balance or limit (risk view).
2 The evaluation reflects the risk view and therefore cannot be compared with the balance sheet view due to the different perspective.
3 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 2017 and 2018 are not comparable to the shares from 2019 to 2021.

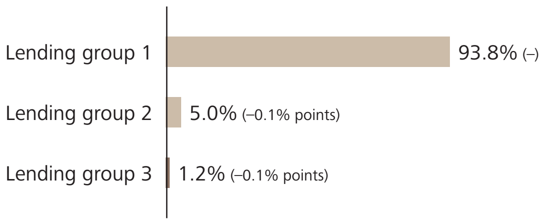
Raiffeisen's main credit risks arise from transactions with collateralised loans to private individuals. Credit risks also result from lending to corporate clients and public-sector clients and from interbank business. Raiffeisen Switzerland monitors, controls and manages risk concentrations within the Raiffeisen Group, especially for groups of affiliated counterparties and for sectors.

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 lending group[1]

Share of the mortgage volume in % with difference to the previous year, 31.12.2021

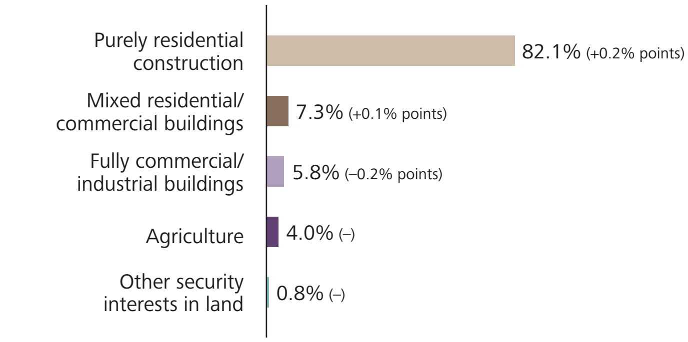



1 Broken down in line with the SNB banking statistics "Domestic mortgage loans by lending group".

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

**Credit exposure by collateral and property type**

Share of the lending volume in % [1] with difference to the previous year, 31.12.2021



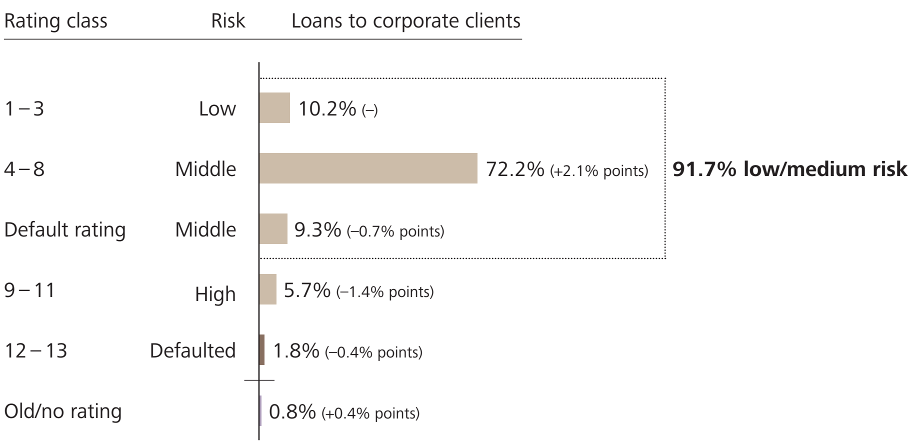

1 The evaluation reflects the risk view and therefore cannot be compared with the balance sheet view due to the different perspective.

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 client business, the Raiffeisen Group generally only offers financing to companies with good to medium credit ratings.

**Credit exposure regarding corporate clients by rating category**
(excluding public-sector entities)

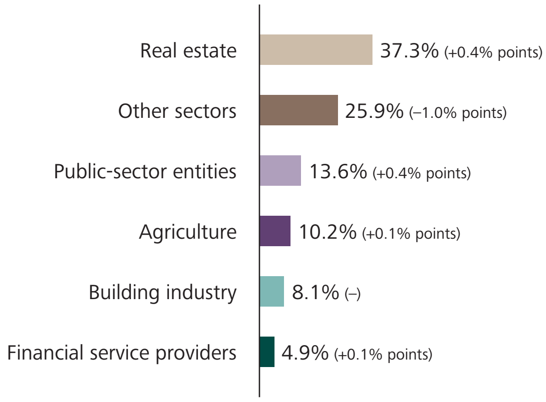
Rating category share of the lending volume in % [1], 31.12.2021




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

The risk tolerance in the corporate lending business is 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 and in accordance with the dedicated corporate client strategy.

**Credit exposure regarding corporate clients by industry**
(including public-sector entities)
Share of lending volume in %[1], 31.12.2021




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

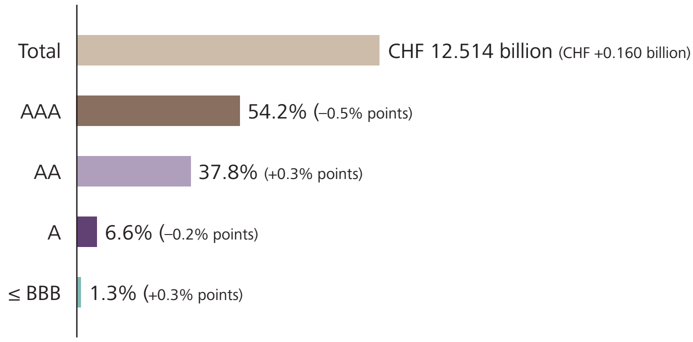
The largest share of loans to corporate and other clients goes to companies in the real estate sector. Most of these loans are secured by mortgages. The loans in the other sectors are broadly diversified.

**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 Corporate Clients, Treasury & Markets department, including Raiffeisen Switzerland B.V. Amsterdam, can enter into commitments abroad. These commitments are limited in amount and monitored on an ongoing basis. The highest country limits are for countries with very good ratings.

**Defined country limits by rating**
CHF billion and share in %[1], 31.12.2021




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, structural and qualitative features of the credit portfolio, compliance with limits and specifications, and measures taken. 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 maintained 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 to measure credit portfolio risks for internal purposes.

**Assessment of the risk situation with respect to credit risks**
The current risk situation remains dominated by the Covid-19 pandemic and its consequences. The economic recovery is continuing, but losing momentum temporarily because the reduced availability of intermediate products due to supply bottlenecks in the global economy is causing problems for companies. The macroeconomic effects of the pandemic did not become apparent right away in Switzerland, but were delayed due to the government support package. Across the entire credit portfolio of the Raiffeisen Group, no major risks related to the pandemic materialised during the reporting period. Credit exposure regarding corporate clients in industries heavily affected by the pandemic is low relative to the overall corporate client portfolio. With this in mind, the Raiffeisen Group's credit portfolio is constantly monitored for quality.

The **credit portfolio** is characterised by **low risk intensity** overall.

Lending growth is in line with the strategy and matches the growth in the market. 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. Owner-occupied residential properties account for more than half of the credit portfolio. Around 30% of the credit portfolio is secured on properties used by third parties. Raiffeisen therefore follows the performance of the Swiss real estate market closely and monitors the portfolio extensively.

The individual client segments of the Raiffeisen Group's credit portfolio have been stable for years. Over 70% of the credit volume comes from the private client segment. In the corporate client business, Raiffeisen attaches importance to sufficient diversification and focuses on companies in sectors with long-term growth potential. Raiffeisen is reticent in lending to firms in high-risk industries. Credit exposure regarding industries heavily affected by Covid-19 is low.

Risk intensity is 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 financial viability.

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. Within these guidelines management is carried out autonomously by the individual legal entities, i.e. the Raiffeisen banks and Raiffeisen Switzerland. The managers responsible have a proven toolkit, including the ability to simulate interest rate changes and assess their impact. The Corporate Clients, Treasury & Markets department provides advice on asset and liability management within the Raiffeisen Group. None of the other Group companies assumes 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 | 31.12.2020 | 31.12.2021 |
|---|---|---|
| Sensitivity (+100bp shift) | −1,840 | −1,860 |

With respect to foreign currency risk, assets in a foreign currency are mostly 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 the Corporate Clients, Treasury & Markets department within the limits that the Board of Directors has allocated.

**Risks in the trading book**
At the Raiffeisen Group, the Corporate Clients, Treasury & Markets department runs a trading book. In addition, the structured products business of Raiffeisen Switzerland B.V. Amsterdam is allocated to the trading book.

The trading risks of the Corporate Clients, Treasury & Markets department are strategically restricted 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. Amsterdam 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 daily. The market data and risk parameters used for this are checked independently 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. Interest rate sensitivity in a +100 basis point interest rate shock scenario is CHF –1.86 billion, slightly above the previous year's level. The potential declines in value and losses 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 to be 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. Market risks in the banking book as measured by value-at-risk are almost unchanged year on year.

## Liquidity risk

**Central liquidity risk management**
Raiffeisen Switzerland's Corporate Clients, 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.

The Corporate Clients, 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 Corporate Clients, Treasury & Markets department also manages Raiffeisen Switzerland's cash reserves, facilitates the Group's access to the 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.

Further information on liquidity risk management and the liquidity positions can be found in the regulatory disclosure pursuant to FINMA Circular 2016/1 “Disclosure – banks”.

**Assessment of the risk situation with respect to liquidity risks**
The Raiffeisen Group's liquidity situation is robust thanks to its focus on the domestic savings and mortgage business. Given the low dependency on major clients and broad diversification with private clients, there is little concentration of sources of funding. 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.

**Robust liquidity situation** thanks to focus on domestic savings and mortgage market.

The robust liquidity situation is supported by the strong growth in customer deposits, which were up by 5.9% or CHF 11.3 billion. The funding of loans from customer deposits is therefore at a new high of 97.8%. Liquid funds on hand were up sharply 56.2% or CHF 20.6 billion.

## Operational risk

Operational or business risks arise in two ways: as a consequence of 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 obtained is documented in a Group-wide risk register. This forms the basis for monitoring and managing the overall profile of operational risks.

**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**
Raiffeisen's internal control system (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 accordingly. 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.

ICS reporting is included in the standard risk report prepared for 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 necessary, 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 BCM.

**Assessment of the risk situation with respect to operational risks**
Overall, the operational risks are well within the risk budget defined by the Board of Directors. The comprehensive ICS keeps losses attributable to operational errors low.

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

The threat situation is becoming more severe due to the rising number and sophistication of cyber attacks. 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. The risk-oriented activity plan is submitted after the first half of the year.

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 Risk & Compliance department supports all of the 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 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 attaches 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 are protected and bank-client confidentiality is ensured.
- Raiffeisen is committed to fair competition and 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 and promptly implementing the findings in internal regulations, processes and systems. The year under review predominantly saw the implementation of legal provisions related to Covid-19 loans, the continued development of the automatic exchange of information (AEOI), data protection, the replacement of CHF-LIBOR by SARON (Swiss Average Rate Overnight), and the optimisation of the cross-border set-up, investment compliance, market conduct rules and anti-money laundering measures. In addition, Raiffeisen's governance structures and 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 and the associated ordinance) through statements and participation in consultation processes in order to clarify its own stance.

The Raiffeisen Group endeavours to avoid compliance risks by actively monitoring legal requirements and promptly adapting internal policies and processes to new requirements. Where necessary, modern electronic tools are used in support of the measures. In addition, following a blended learning approach, the various compliance teams 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**
Regulatory pressure remains high, so the risk situation is unchanged for Raiffeisen. Within Raiffeisen, there are clearly defined principles concerning the organisation, competence and responsibility of the control functions. The second line of defence (independent risk control) is continuously being refined to keep up with developments. The changing legal and regulatory developments are analysed on an ongoing basis, with suitable allowance made for them in the development of the business model. The compliance processes are constantly being adjusted and digitalised to enable Raiffeisen to exercise appropriate control, monitoring and management in line with its risk appetite. Raiffeisen is facing new sustainability requirements and actively managing the associated risks.

# 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 provisions 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 to provide extensive information directly to all staff thanks to the electronic system of rules.

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. Matters not relevant for the Raiffeisen Group owing to its form of organisation are 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 2021.

# Important events

The following important events falling under the ad hoc disclosure requirement occurred at the Raiffeisen Group between the reporting date (31 December 2021) and the editorial deadline (30 March 2022):

## Raiffeisen Switzerland completes Executive Board

On 24 February 2022 Raiffeisen Switzerland filled the two vacant positions on the Executive Board and the new position of Chief Operating Officer (COO) created as part of the strategy implementation.

The newly established Operating Services department will be headed by Uwe Krakau. He has been a transformation and project expert for many years and has broad specialist and managerial experience in the IT sector, specialising in the financial services industry. He will take up his position by September 2022.

Niklaus Mannhart will head the IT department. As a proven technology expert who has been working in financial services for more than 20 years, he has solid experience in digitalisation, transformation, project work and providing systems and applications. He too will join the Raiffeisen Group by September 2022.

On 24 February 2022 Roland Altwegg definitively took over running the Products & Investment Services department. He has held various management positions at Raiffeisen Switzerland since 2007, most recently as Head of New Business Models and Ecosystems.

## Criminal proceedings against Dr Pierin Vincenz

Raiffeisen is the aggrieved party and is therefore represented as a private litigant in the criminal proceedings. Raiffeisen 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**

↓

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

↓ ↓ ↓

| **General Meeting** | **Owners' committees** | **21 regional unions** |
|---|---|---|

↓ ↓ ↓

**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 **Raiffeisen banks** arrange their business activities **to** reflect **the local situation.**

The 219 Raiffeisen banks with a total of 805 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 a local General Meeting. 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 Meeting is called by the Raiffeisen bank's Board of Directors at least five days before the meeting. 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]

| Canton | | Banks | Bank branches | Number of Members | Loans [2] | Client monies [3] | Total assets | CHF million Custody account volumes |
|---|---|---|---|---|---|---|---|---|
| Aargau | | 23 | 76 | 207,337 | 20,043 | 20,870 | 25,867 | 4,098 |
| Appenzell Ausserrhoden | | 2 | 6 | 17,821 | 1,657 | 1,597 | 2,011 | 325 |
| Appenzell Innerrhoden | | 1 | 4 | 9,207 | 698 | 780 | 882 | 174 |
| Basel-Land | | 7 | 19 | 60,261 | 6,432 | 5,986 | 7,854 | 1,498 |
| Basel-Stadt | | 1 | 2 | 0 | 1,128 | 1,062 | 1,407 | 437 |
| Berne | | 18 | 80 | 180,953 | 15,131 | 14,599 | 18,233 | 1,893 |
| Fribourg | | 10 | 50 | 112,718 | 11,934 | 9,831 | 13,993 | 1,158 |
| Geneva | | 4 | 19 | 47,887 | 4,939 | 5,783 | 6,731 | 1,144 |
| Glarus | | 1 | 2 | 7,543 | 577 | 603 | 738 | 166 |
| Grisons | | 8 | 37 | 61,882 | 5,900 | 6,007 | 7,407 | 943 |
| Jura | | 5 | 24 | 29,421 | 3,471 | 2,667 | 4,102 | 289 |
| Lucerne | | 16 | 45 | 136,601 | 11,125 | 11,218 | 13,898 | 1,937 |
| Neuchâtel | | 2 | 13 | 29,498 | 2,396 | 2,112 | 2,911 | 321 |
| Nidwalden | | 1 | 9 | 22,085 | 1,892 | 2,106 | 2,442 | 490 |
| Obwalden | | 1 | 6 | 13,837 | 1,026 | 1,141 | 1,336 | 332 |
| Schaffhausen | | 1 | 2 | 9,606 | 1,039 | 979 | 1,312 | 207 |
| Schwyz | | 4 | 13 | 45,240 | 3,938 | 4,242 | 5,039 | 1,152 |
| Solothurn | | 14 | 45 | 114,583 | 10,677 | 10,773 | 13,274 | 1,713 |
| St.Gallen | | 28 | 72 | 205,727 | 23,846 | 21,883 | 29,387 | 5,223 |
| Ticino | | 16 | 57 | 119,674 | 14,230 | 13,147 | 18,120 | 2,464 |
| Thurgau | | 13 | 38 | 107,213 | 13,097 | 11,067 | 15,679 | 2,252 |
| Uri | | 2 | 5 | 16,733 | 1,421 | 1,408 | 1,711 | 272 |
| Vaud | | 14 | 54 | 117,291 | 11,208 | 10,101 | 13,879 | 2,380 |
| Valais | | 16 | 89 | 154,273 | 16,094 | 16,335 | 20,080 | 2,271 |
| Zug | | 6 | 14 | 42,897 | 4,684 | 4,910 | 6,016 | 1,650 |
| Zurich | | 11 | 39 | 93,305 | 13,801 | 13,526 | 17,734 | 4,229 |
| **All cantons 31.12.2021** | | **225** | **820** | **1,963,593** | **202,387** | **194,734** | **252,041** | **39,019** |
| **All cantons 31.12.2020** | | **231** | **824** | **1,935,790** | **196,837** | **184,579** | **240,651** | **34,616** |
| Increase/decrease | absolute | −6 | −4 | 27,803 | 5,550 | 10,155 | 11,390 | 4,403 |
| | percent | −2.6 | −0.5 | 1.4 | 2.8 | 5.5 | 4.7 | 12.7 |

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

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 tasks 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 15 locations. In the year under review these were all still managed directly by Raiffeisen Switzerland and involved in client business.

### Making the branches independent

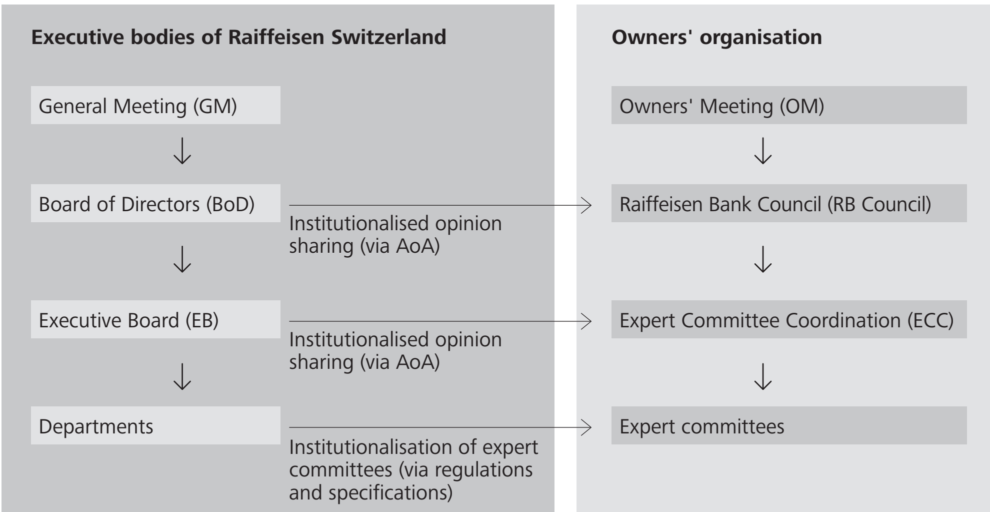
The intention is that all branches will become independent and carry out their business activities as separate cooperative banks within the Raiffeisen Group by 2023. The Berne and Thalwil branches have already completed this step. They have been acting as autonomous Raiffeisen banks since 24 January 2022.

## Owners' committees

**The** Owners' Meeting sets the **owners' strategy** and the **structure of the owners' committees**.

Rules for collaboration between Raiffeisen Switzerland's executive bodies and its owners are 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 bring the Raiffeisen banks' needs to bear at an operational level. The owners' committees have no decision-making authority with regard to Raiffeisen Switzerland; their sole purpose is to share views.

**Committees and their interactions**
2021




### 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 Raiffeisen bank representatives, one for each bank that holds a stake in Raiffeisen Switzerland. Each Raiffeisen bank has one vote.

The Owners' Meeting issues and revises 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. In addition, the Owners' Meeting 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 Owners' Meeting was held on 18 June 2021 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 business policy issues, the RB Council serves as a sounding board for the Board of Directors of Raiffeisen Switzerland and presents the Raiffeisen 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 among 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 conducted its business at seven meetings, of which two were in person and five digital. The Board of Directors of Raiffeisen Switzerland extends invitations to the opinion-sharing meetings. Four meetings were held in 2021, one of them in person and the others digitally. The Chairman of the RB Council is Bruno Poli and the Vice-Chairman is Marlis Pfeiffer.

## Expert Committee Coordination

Expert Committee Coordination (ECC) 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 standing expert committees.

ECC has no veto rights or decision-making authority of its own with regard to issues which are in Raiffeisen Switzerland's area of responsibility. Its structured approach and constructive communication of opinions aims to strengthen confidence in the relationship between the Raiffeisen banks and Raiffeisen Switzerland.

ECC conducted its business at four meetings. The Chairman of ECC is Hermann Marti, the Vice-Chairman is Hervé Broch.

## 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, facilitating an in-depth exchange on operational issues.

As a result of reflecting on and assessing projects, schemes and initiatives, the standing expert committees present the Raiffeisen banks' perspective, particularly when new products, services, processes and systems are being aligned and developed. This allows all outcomes to reflect the banks' concrete needs. The 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 which are in Raiffeisen Switzerland's area of responsibility.

The eight expert committees took up their work in 2021 and exchanged information with the departments of Raiffeisen Switzerland in three cycles of meetings.

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

## Regional unions

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 cantonal business associations and authorities.

**Regional unions**

| 31.12.2021<br>Union | Chair | Number of member banks |
|---|---|---|
| **German-speaking Switzerland: 14 unions** | | |
| Aargauer Verband der Raiffeisenbanken | Christoph Wyder, Suhr | 21 |
| 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 | Bruno Poli, Hergiswil | 18 |
| Oberwalliser Verband der Raiffeisenbanken | Karlheinz Fux, St.Niklaus | 6 |
| Raiffeisenverband Nordwestschweiz | Hans Rudolf Müller, Wintersingen | 10 |
| Raiffeisenverband Zürich und Schaffhausen | René Holenstein, Dietikon | 8 |
| Schwyzer Verband der Raiffeisenbanken | Reto Purtschert, Küssnacht | 4 |
| Solothurner Verband der Raiffeisenbanken | Silvio Bertini, Bettlach | 13 |
| St. Galler Verband der Raiffeisenbanken | Marcel Helfenberger, Lömmenschwil | 31 |
| Thurgauer Verband der Raiffeisenbanken | Reto Inauen, Frauenfeld | 14 |
| Urner Verband der Raiffeisenbanken | Rolf Infanger, Altdorf | 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 | 4 |
| 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, Le Châble | 10 |
| Fédération vaudoise des Banques Raiffeisen | Philippe Widmer, Yverdon-les-Bains | 14 |
| **Italian-speaking Switzerland: 1 union** | | |
| Federazione Raiffeisen del Ticino e Moesano | Mauro Cavadini, Riva San Vitale | 17 |

## 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

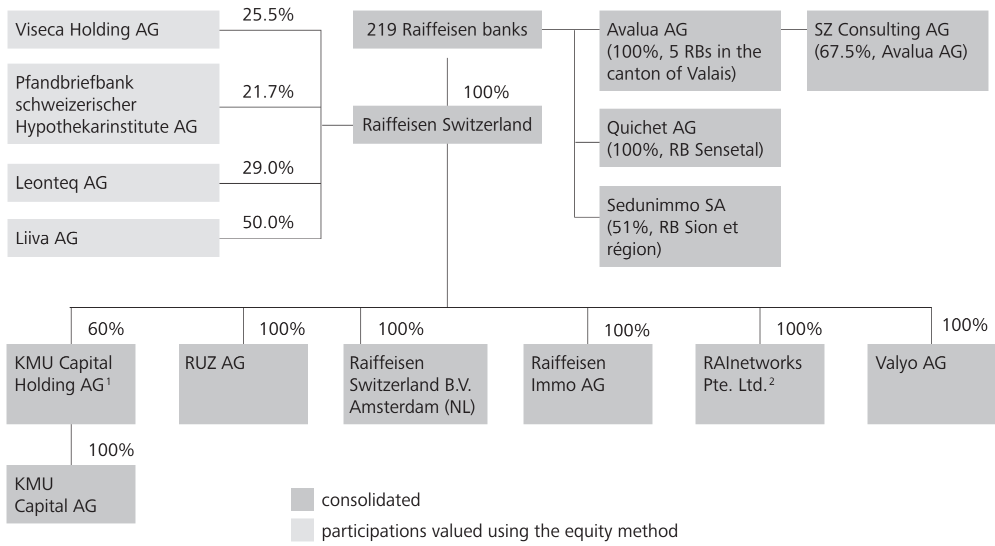
31.12.2021

| Company | Activity | Owner(s) |
|---|---|---|
| Raiffeisen banks | Banking business | Cooperative members |
| | Mainly retail business | |
| | Traditional savings and mortgage business | |
| | Corporate clients business | |
| | Payment services | |
| | Asset management and investment activity | |
| | Securities trading | |
| | Consumer goods leasing | |
| Raiffeisen Switzerland | Business policy/strategy and centre of competence for the Raiffeisen Group{{LINE}} | Raiffeisen banks |
| | 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 | |
| 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 (in the process of closure) | Purchasing of software licences | 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).

## Consolidation group

31.12.2021




1 Raiffeisen Switzerland lays claim to 100% of the shares in KMU Capital Holding AG.
2 In the process of closure.

# Capital structure and liability

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

## Capital structure

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 2,692 million. A precise breakdown and accounting of changes in the year under review 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 Board of Directors may refuse to redeem share certificates at any time and without giving reasons. Share certificates bear interest at a maximum rate of 6%.

**Equity capital**

| in CHF million | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Cooperative capital | 2,172 | 2,351 | 2,519 | 2,692 |
| Retained earnings | 13,611 | 14,092 | 14,864 | 15,218 |
| Reserves for general banking risks | 200 | 200 | 200 | 200 |
| Group profit | 541 | 835 | 861 | 1,069 |
| **Total Equity capital** | **16,524** | **17,478** | **18,444** | **19,179** |

## 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 mutual liability, set out in its Articles of Association. Working together in a cooperative union is also a strong expression of solidarity, as the Raiffeisen banks are closely linked as a risk-sharing group. Along with 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 2.7 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 corresponds to a call-in obligation towards Raiffeisen Switzerland of CHF 2.38 billion, of which CHF 1.63 billion has been paid in. Raiffeisen Switzerland has the right to call in the outstanding CHF 0.75 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 as at 31 December 2021 amount to CHF 339.1 million.

## Duty of the Raiffeisen banks to pay further capital to Raiffeisen Switzerland

Under Article 871 of the Swiss Code of Obligations, the Raiffeisen banks are bound by the duty to pay in further capital 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 to Raiffeisen Switzerland amounts to CHF 18.9 billion.

## Directive authority of Raiffeisen Switzerland vis-à-vis the 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

**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. In accordance with this, 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 authorised person may represent more than one member. They must have 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 **Raiffeisen bank representatives,** one from each bank.

The General Meeting is the supreme executive body of Raiffeisen Switzerland. The General Meeting is composed of one representative from each of the 219 Raiffeisen banks. 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 2021. Based on the relevant ordinance, the Board of Directors of Raiffeisen Switzerland decided to conduct the 2021 Ordinary General Meeting of Raiffeisen Switzerland as a digital orientation event followed by voting on an electronic platform. The digital orientation event was attended by 245 Raiffeisen bank proxies representing a total of 205 Raiffeisen banks. 40 people with no voting rights took part in the event. The proxies of 201 Raiffeisen banks cast their votes using 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:

- Changing 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, resolution on 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 to 2020 was not put on the 2021 agenda due to unresolved matters relating to the past.

## Extraordinary General Meeting

Following the unexpected resignation of Guy Lachappelle in July 2021, the Board of Directors of Raiffeisen Switzerland decided to hold an Extraordinary General Meeting to elect the new chairman and one further director. Under the Covid-19 regulations in force, the Extraordinary General Meeting was conducted as a hybrid orientation event followed by electronic voting. 291 representatives took part in the orientation event on 3 December 2021. Representatives of 211 Raiffeisen banks then took part in the election and voted between 3 and 7 December 2021. Thomas A. Müller was elected as Chairman of the Board of Directors with 76% of the votes and Sandra Lathion-Zweifel elected to the Board with over 94%.

## 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. 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.

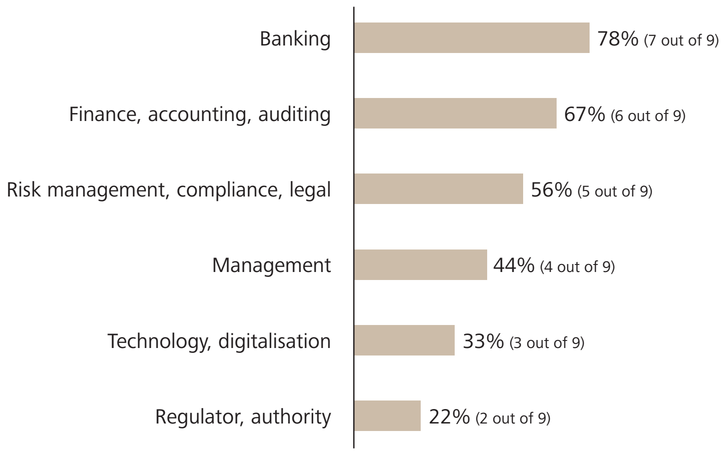
### Composition, election and term of office

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 of banking bodies of the Raiffeisen banks. As a rule, half of the members of the Board of Directors should be representatives of the Raiffeisen banks. Four out of nine members were representatives of a Raiffeisen bank in the year under review. 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.

The **expertise** of the members of its 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, they 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 demands on a systemically important banking group. The wide-ranging profiles enable the Board of Directors to selectively manage and monitor the Raiffeisen Group's strategic challenges and forthcoming transformation process.

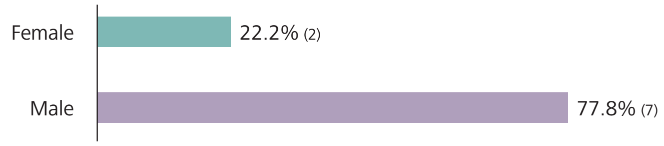
**Skills and experience of the Board of Directors**
Share in % (and number)[1], as at 31.12.2021



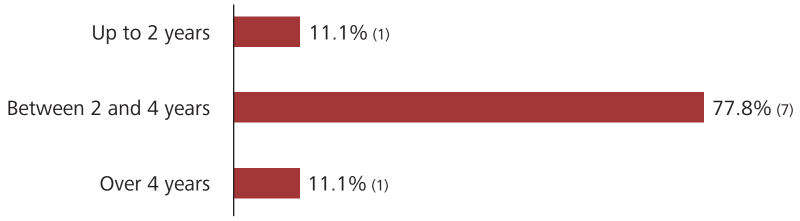

1 Multiple responses are possible.

Members of the Board of Directors are elected for a **two-year term**.

**Members of the Board of Directors by gender**
Share in % (and number), as at 31.12.2021




**Members of the Board of Directors by term in office**
Share in % (and number), as at 31.12.2021




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

## Members of the Board of Directors
as at 31 December 2021

### Thomas A. Müller

**Chairman of the Board of Directors**
Chairman of the Board of Directors since 8 December 2021 (elected until 2022), Member of the Board of Directors since 2018, CH, 1965

**Committees**
– Member of the Risk Committee (until 7 December 2021 Chairman of the Risk 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 Bern (1986–1991)

**Significant directorships and vested interests**
– Chairman of the Swiss Takeover Board, 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

**Memberships**
– swissVR (association for company directors)

### Prof. Dr Pascal Gantenbein

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

**Committees**
– Chairman of the Risk Committee
– Member of the Strategy and Finance Committee

**Occupation**
– Full Professor of Financial Management at the Department of Economics as the University of Basel (since 2007), Dean of Studies at the Department of Economics (since 2015) and member of the Investment Committee of the University of Basel (since 2021)

**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**
– Advisory Board of Fahrländer Partner Raumentwicklung AG, Zurich

**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**
– CEO Alltron AG, Mägenwil (from 1 February 2021)

**Professional background**
– General Manager Business Development Germany, Austria, Switzerland and Managing Director Switzerland (2019–2021)
– 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 the HP Services division, 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, Zurich
– Chairman of the Board of Directors of Raiffeisenbank Olten

**Memberships**
– Industrie- und Handelsverein Olten
– Swiss Institute of Directors

**Sandra Lathion-Zweifel**

**Member of the Board of Directors**
since 2021 (elected until 2022), CH, 1976

**Committees**
– Member of the Nomination and Remuneration Committee
– Member of the Audit Committee

**Occupation**
– Independent Member of the Board of Directors (since 2019)

**Professional background**
– Lenz & Staehelin, Geneva (2018–2019): Counsel Banking & Finance
– Swiss Financial Market Supervisory Authority (FINMA), Bern (2014–2018): Head of Department in the Asset Management division
– Credit Suisse AG, Zurich (2010–2014): Head of Department Legal & Compliance Financial Products
– Lenz & Staehelin, Zurich (2005–2010): Attorney Mergers & Acquisitions

**Education**
– SIX Swiss Exchange Trader Examination, SIX Swiss Exchange AG, Zurich (2010)
– Master of Laws (LL. M.), Columbia University Law School, New York, USA (2006–2007)
– Admitted to the bar, Zurich (2004–2005)
– Master of Laws (lic. iur.), University of Zurich (1996–2002)

**Significant directorships and vested interests**
– Member of the Board of Directors and member of the Audit Committee, Swisscom AG, Worblaufen
– Member of the Board of swissVR, Rotkreuz
– Member of the Advisory Board, The Capital Markets and Technology Association (CMTA), Geneva

**Memberships**
– Swiss Institute of Directors
– Swiss Board Network
– International Board Foundation
– swissVR (association for company directors)
– SwissBoardForum

### Thomas Rauber

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

**Committees**
– Chairman of the Nomination and Remuneration Committee
– Member of the Audit 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 SAS (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, Derendingen
– Chairman of the Board of Directors of the Raiffeisenbank Freiburg Ost cooperative

**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**
– BoD Certificate Swiss Board Institute (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**
- Chairman of the Strategy and Finance Committee
- Member of the Nomination and Remuneration Committee

**Occupation**
- Self-employed entrepreneur and independent Member of the Board of Directors (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
- 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
- Deputy Chairman of the Foundation for Art, Culture and History (SKKG), Winterthur
- Chairman of the Board of Directors of Terresta Immobilien- und Verwaltungs AG, Winterthur
- Member of the Board of Directors of Belplan Immobilien AG, Winterthur

**Memberships**
- swissVR (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, 1972

**Committees**
- Member of the Risk Committee
- Member of the Nomination and Remuneration Committee

**Occupation**
- Self-employed attorney and notary, Lugano (since 1 June 2019)
- 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, 2022)

**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 from 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
- Member of the Town Council, 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 Member of the Board of Directors (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 AG (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

### 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 2021. Ordinary meetings of the Board of Directors generally last an entire day, while committee meetings last half a day.

**Meeting attendance**[1]

| 2021 | | Board of Directors[2] | Nomination and Remuneration Committee[3] | Strategy and Finance Committee[4] | Audit Committee[5] | Risk Committee[6] | Exchange BoD of RCH/RB Council Exchange BoD of RCH/RB Council Committee[7] |
|---|---|---|---|---|---|---|---|
| Number of meetings held | Total number | 37 | 20 | 14 | 8 | 7 | 5 |
| Members who missed no meetings | Total number | 7 | 4 | 4 | 4 | 4 | 3 |
| Members who missed one meeting | Total number | 1 | 0 | 0 | 0 | 0 | 5 |
| Members who missed two or more meetings | Total number | 1 | 0 | 0 | 0 | 0 | 1 |
| Meeting attendance, in % | Percentage | 98 | 100 | 100 | 100 | 100 | 83 |

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 nine members between 1 January and 31 July. From 1 August to 7 December it was composed of eight members, and since 8 December has again had nine members.
3 The Nomination and Remuneration Committee was composed of four members throughout the year.
4 The Strategy and Finance Committee was composed of four members throughout the year.
5 The Audit Committee was composed of four members throughout the year.
6 The Risk Committee was composed of four members between 1 January and 17 August. From 18 August to 7 December it was composed of three members, and since 8 December has again had four members.
7 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/RB Council Committee. The participant group of the BoD of RCH was composed of nine members between 1 January and 31 July, of eight members from 1 August to 7 December, and of nine members again since 8 December.

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 authority levels required for running Raiffeisen Switzerland;
- pass the regulations necessary for running the Raiffeisen banks;
- resolve whether to accept or exclude Raiffeisen banks;
- prepare for the General 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 note of the planning and financial reporting of the Group companies. 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 2021. 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 (responsible 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 providing 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, presenting the results to the Board of Directors;
- analysing the audit reports for Raiffeisen Switzerland and the Group and subsequently ensuring that any objections contained therein are resolved and any 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;
- presenting an 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;
- deciding, should a limit stipulated by the Board of Directors be exceeded, 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, particularly remuneration and retirement plan;
- 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 controlling tools** employed by the Board of Directors have been configured in accordance with the **requirements defined by FINMA**.

The information and controlling tools 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 give further details.

### 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 and 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 the operational business of Raiffeisen Switzerland. This involves in particular identifying influences and changes that have a bearing on the Raiffeisen Group's environment, developing relevant strategies and ensuring that appropriate 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, while also ensuring implementation of the risk policy, the application architecture as well as monitoring and coordination of the subsidiaries. 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 as at 31 December 2021 consisted of the Chairman and six 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).

## Organisation Chart
31 December 2021

**Chairman of the Board of Directors** Thomas A. Müller

**Board of Directors Management Office**

**Internal Auditing** Dr Daniel Dal Santo

**Chairman of the Executive Board** Heinz Huber* (CEO)

**Head of Executive Staff** Frank Langer

### Customer Services

**Corporate Clients, Treasury & Markets**
Roger Reist*

- **Corporate Clients Raiffeisen Switzerland** Daniel Hollenstein
- **Business Development and Special Products CC** Marco Meier
- **Treasury** Philipp Ackermann
- **Trading** Werner Leuthard
- **Structured Products & FX Advisory** Willi Bucher
- **Business Engineering & Support** Sofia Loewens
- **Zurich Branch** Matthias Läubl
- **Basel Branch** Michael Dreier
- **St. Gallen Branch** Johannes Holdener
- **Winterthur Branch** Gregor Knoblauch
- **Berne Branch** Daniel Schmid
- **Thalwil Branch** Daniel Duca

**Raiffeisen Bank Services**
Helen Fricker*

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

### Market Performance

**Products & Investment Services**
Roland Altwegg, acting*

- **Digital Business** Laure Frank
- **Analytics** Marco Wüst
- **Products, Advice & Sales** Raphael Borer
- **Investment & Retirement Centre** Patrik A. Janovjak
- **New Business Models & Ecosystems** Roland Altwegg

**Operating Services**
Dr Christian Poerschke, acting* (COO)

- **Banking Operations & Quality Assurance** Adrian Töngi
- **Services** Erwin Keller
- **R2025 Programme** Andreas Staub
- **Delivery Factory Management** Erwin Keller, acting
- **Corporate Development & Innovation** Andreas Staub, acting

### Control & Infrastructure

**IT**
Dr Robert Schleich, acting*

- **Architecture** Peter Kägi
- **IT Operations & Engineering** Christian Lampert
- **Cyber Security** Christian Lampert, acting
- **Basic Systems** Andrea Berner
- **Core Banking & Avaloq Systems** Christian Friedl
- **Group Strategy IT & Front End Systems** Robert Schleich

**Finance & Human Resources**
Dr Christian Poerschke* (CFO)

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

**Risk & Compliance**
Dr Markus D. Voegelin* (CRO)

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

* Member of the Executive Board

## Members of the Executive Board
as at 31 December 2021

### Heinz Huber

**Chairman of the Executive Board (CEO)**
since 2019, CH, 1964

**Professional background**
- Raiffeisen Switzerland, St. Gallen (since 2019): Chairman of the Executive Board
- Thurgauer Kantonalbank, Weinfelden (2007–2018): Chairman of the Executive Board (2014–2018), Member of the Executive Board (2007–2013)
- Proprietor 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, Zurich (1996–2001): Various roles in management
- UBS AG, Horgen, Zurich, Zug (1981–1996): Apprenticeship, practice and management responsibility

**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 Raiffeisen Bank 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 St. Gallen (2003–2005)
- Degree in psychology, majoring in business and organisational psychology, Institute of Applied Psychology IAP, Zurich (1992–1996)

**Significant directorships**
- Member of the Board of Directors of Liiva AG, Zurich

**Dr Robert Schleich**

**Acting Head of IT department**
since 2021, CH, 1966

**Professional background**
– Raiffeisen Switzerland, St. Gallen (since 2015): Acting Head of IT department (CIO)/Member of the Executive Board (since 2021)
– Head of Application Management/Deputy COO (2020–2021)
– Head of COO Office/Deputy COO (2015–2019)
– Seneca International Group (2012–2015): IT consulting, turnaround management, M&A
– Bank Julius Baer (2006–2012): Head of IT & Operations and Member of the Extended Executive Board
– Credit Suisse (1995–2006): Global Chief Information Officer (CIO) and Member of the Global IT Management Committee (2005–2006)
– Head of the Finance & Logistics Applications department and Member of the IT Management Committee of Credit Suisse (2004–2005)
– Various roles in management (1995–2004)

**Education**
– Doctorate (Dr. phil. II) in IT, University of Zurich (1995)
– Certificate of Teaching Ability, ETH Zurich (1993)
– Master in Computer Science, ETH Zurich (1992)

**Significant directorships**
– Institute of Information Management, University of St. Gallen, Research Council
– Member of the Board of Directors of Skischule Corvatsch-Pontresina AG
– Member of the Board of Directors of Seneca International Group AG

**Dr Christian Poerschke**

**Head of the Finance & Human Resources department (CFO)** since 2015, **acting Head of the Operating Services department** since 1 December 2021**,** 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, EMSTOGO, 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 (1994–1996) at Deutsche Bank AG, Osnabrück

**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 the Corporate Clients, Treasury & Markets department** since 2020, CH, 1976

**Professional background**
– Raiffeisen Switzerland, St. Gallen (since 2020): Head of the Corporate Clients, Treasury & Markets department/Member of the Executive Board (since 2021), Head of the Treasury & Markets department/Members of the Executive Board (2020–2021)
– 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

**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**
– Chairman of the Board of Directors, Raiffeisen Unternehmerzentrum AG, Gossau
– Member of the Board of Directors, Valyo AG, Baden

**Dr Markus D. Voegelin**

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

**Professional background**
– Raiffeisen Switzerland, St. Gallen (since 2019): Head of the 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 Baer, 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

**Roland Altwegg**

**Acting Head of the Products & Investment Services department.**[1] since 2021, CH, 1973

**Professional background**
- Raiffeisen Switzerland, St. Gallen (since 2007): Head of the Products & Investment Services department/acting Member of the Executive Board (since 2021), Head of New Business Models & Ecosystems (since 2021), Head of Product Management (2015–2021), Head of Private Clients (2011–2015), Head of OpRisk Controlling department (2007–2011)
- Bank Sarasin & Cie. AG (1999–2007): Head Market Risk
- Pictet & Cie./Pictet Asset Management AG (1996–1999): Employee in Fixed Income

**Education**
- Diploma in Financial Analysis and Portfolio Management, also Certified International Investment Analyst (CIIA), AZEK Zurich (2001–2002)
- Degree in economics (lic. rer. pol.), University of Basel (1993–1998)

**Significant directorships**
- Member of the Board of Directors of Liiva AG, Zurich
- Member of the Board of Directors, TWINT AG, Zurich
- Member of the Board of Directors, responsAbility Investments AG, Zurich
- Chairman of the Board of Directors, Raiffeisen Immo AG, St. Gallen
- Chairman of the Board of Directors, Raiffeisen Switzerland (Luxembourg) Funds, Luxembourg
- Deputy Chairman of the Foundation Council, Raiffeisen Pension and Vested Benefits Foundation, St. Gallen

1 Since 24 February 2022 Head of the Products & Investment Services department and Member of the Executive Board. For more details see "Important Events" that occurred after the reporting date on page 106.

### 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 136–146.

## 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. The tasks and responsibilities of Internal Auditing are set down in regulations issued by the Board of Directors. Auditing activities include, among other things, the objective and independent review of the adequacy and effectiveness of the internal control system (ICS) and risk management, the reliability and integrity of financial and operational information, compliance with requirements set out in laws, regulations and the Articles of Association, and the proper functioning of governance, operational structure and processes. Internal Auditing also checks that weaknesses and shortcomings identified are remedied effectively and permanently. 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 and works closely with the risk control functions and the external auditor.

Internal Auditing has a **solid-line reporting relationship with the Board of Directors** of Raiffeisen Switzerland**.**

Internal Auditing has a solid-line reporting relationship with the Board of Directors of Raiffeisen Switzerland. It has a dotted-line reporting relationship with the Audit Committee of the Board of Directors and is independent of the Executive Board. 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 (seven Audit Committee meetings and six Risk Committee meetings in 2021). He also attends Board of Directors meetings on selected agenda items. At the end of 2021, the Internal Auditing department consisted of 74.4 full-time equivalents. It performs its auditing activities in compliance with the rules and standards of the Institute of Internal Auditing Switzerland.

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

### Change of auditor
2021 saw a change in the auditor for the purposes of the Swiss Code of Obligations and regulatory audit firm from PricewaterhouseCoopers AG to Ernst & Young AG. The change underscores Raiffeisen's aim to attach great importance to control structures in the interests of good corporate governance. The Audit Committee monitored the change closely and ensured the transition was appropriate and efficient.

### Raiffeisen banks
The General Meetings of the Raiffeisen banks elect the auditor for the purposes of the Swiss Code of Obligations for a term of three years each time. The General Meetings of the Raiffeisen banks elected Ernst & Young AG in 2021 as the auditor for the purposes of the Swiss Code of Obliga-

tions and regulatory auditing firm for a term of three years (2021 to 2023). Ernst & Young AG is supported by Raiffeisen Switzerland's Internal Auditing department when conducting the audits of the Raiffeisen banks required by FINMA under Swiss banking law and those under the Swiss Code of Obligations.

### Raiffeisen Switzerland and Raiffeisen Group

On 25 June 2020 the General Meeting of Raiffeisen Switzerland elected Ernst & Young AG as the new auditor for the purposes of the Swiss Code of Obligations of Raiffeisen Switzerland Cooperative and the Raiffeisen Group for a term of three years (2021 to 2023) and also designated Ernst & Young AG as an electable auditor for the Raiffeisen banks. The rights and obligations are governed by the provisions of the Swiss Code of Obligations and financial markets legislation. Ernst & Young AG simultaneously replaced PricewaterhouseCoopers AG as the regulatory auditor starting from 2021.

Prof. Dr Andreas Blumer has been the lead auditor since 2021 and is responsible for auditing the consolidated financial statements of the Raiffeisen Group and the annual financial statements of Raiffeisen Switzerland. As lead auditor, he is responsible for the regulatory audit. Philipp de Boer has been coordinating the regulatory audits and the audits under the Swiss Code of Obligations of all Raiffeisen banks since 2021 as the person in charge of the Raiffeisen banks mandate.

### Audit fees

The fees for the auditors (Ernst & Young AG for 2021, PricewaterhouseCoopers AG for 2020) amounted to the following:

**Audit fees**

| in CHF million | 2020 | 2021 |
|---|---|---|
| Audit fees | 10.3 | 7.2 |
| Additional fees for audit-type services and advisory services | 0.4 | 0.3 |

The audit fees include services in connection with the regular audit of the individual annual financial statements, the Group financial statements and the regulatory audits. The additional fees for audit-type services and advisory services mainly comprise investigations into regulatory issues; compliance with the requirements for independence is monitored by the Audit Committee.

### Information tools available to the regulatory auditing firm

The risk assessment, the audit plan derived from it, and the auditors' reports are examined by the Audit Committee and discussed with the lead auditor. Selected reports are also discussed with the lead auditor at meetings of the Board of Directors. In 2021 the following items were discussed with the lead auditors of the external audit firms:

- the audit activities and reports relating to 2020 with the lead auditor of PricewaterhouseCoopers AG, who was present at a total of three meetings of the Audit Committee and one meeting of the Board of Directors;
- the audit activities and reports relating to 2021 and the preparatory work required to take over the appointment with the lead auditor of Ernst & Young AG, who was present at seven meetings of the Audit Committee and two meetings of the Board of Directors.

The audit company works closely with Internal Auditing, while still retaining its independence.

### Supervision and control of the external auditor

The auditor, Ernst & Young AG, fulfils the requirements of the Auditor Oversight Act and is licensed by the Federal Audit Oversight Authority to audit banking institutions. Every year the Audit Committee reviews the performance, the fee and the independence of the external auditor. It checks that any advisory appointments are compatible with acting as auditor.

## 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. Communication in 2021 focused on the Raiffeisen 2025 strategy launched the previous year. Raiffeisen introduced new products and launched initiatives in accordance with the Group strategy. Numerous internal dialogue events were held on these strategic initiatives, mostly digitally. In external communications, the reports on new products and services and studies published on the Swiss real estate market and issues like retirement saving and investing went down very well with the media. The changes in the composition of the Executive Board and Board of Directors of Raiffeisen Switzerland were also greeted with interest by the media. Information was always provided as needed within the Raiffeisen Group and to the public, while taking account of the legal framework.

Communication with various stakeholders – cooperative members, clients, employees and the general public – is to 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. During the year under review Raiffeisen expanded its digital communication channels and live-streamed various internal information events. 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.

## Closed periods

Before and after the release of the semi-annual and annual figures of the Raiffeisen Group, no transactions in equity-type instruments (such as AT1 bonds or similar) issued by Raiffeisen Switzerland may be executed, nor may orders be amended or cancelled. The following closed periods must be observed:

**Closed periods**

| Validity | Closed period |
|---|---|
| Applies to all staff | Ten calendar days before and two calendar days after release of the semi-annual and annual figures of the Raiffeisen Group (around the day of the media conference) |
| Applies to all staff materially involved in any way in preparing the semi-annual and annual figures of the Raiffeisen Group and recipients of internal financial reporting (in particular, all staff in the Executive Board, the Board of Directors, Accounting and Strategy & Financial Controlling). | 30 calendar days before and two calendar days after release of the semi-annual and annual figures of the Raiffeisen Group (around the day of the media conference) |

# Remuneration Report

## Letter from the Chairman of the Nomination and Remuneration Committee

Dear Sir or Madam,

The defining characteristic of 2021 was change. Once again, there were many challenges to overcome and accompanying opportunities to be seized. Raiffeisen Switzerland pushed ahead with many projects on issues involving the Nomination and Remuneration Committee. The focus was on increasing attractiveness as an employer, electing replacement directors at Raiffeisen Switzerland and turning the branches into independent Raiffeisen banks. With all issues, what lies at the heart is and remains the dialogue between the Raiffeisen banks and Raiffeisen Switzerland.

### An attractive employer

"Our new remuneration policy is consistent with the **cooperative values** of Raiffeisen and **underscores our 'We' culture."**

Raiffeisen Switzerland was able to position itself as a modern and attractive employer in the year under review. The new remuneration model for staff at Raiffeisen Switzerland came into effect on 1 January 2021. The individual bonus system was replaced by a collective profit-sharing element. At the same time, employees' gross salaries were increased by 0.5%.

The new remuneration policy focuses on gender equality in pay. The wage equality analysis was reviewed and confirmed by the social partners' specialist unit for equal pay in the banking sector (FS-LoBa). The analysis showed that equal pay for men and women is in place at Raiffeisen Switzerland within the specified tolerance limits. As a result, Raiffeisen Switzerland was awarded the Fair-on-Pay certificate.

The new remuneration policy is also consistent with the cooperative values of Raiffeisen and underscores our "We" culture. Thanks to diverse and continually learning teams and project groups, Raiffeisen Switzerland has laid the foundations for developing further solutions for the Raiffeisen Group. The fact that the manner of collaboration within the Raiffeisen Group is constantly considered and, above all, lived out, is highlighted by the Swiss HR Award won by Raiffeisen in the "Culture and Change" category.

### Elections of replacement directors of Raiffeisen Switzerland

Following the resignation of Guy Lachappelle with effect from 31 July 2021, the post of Chairman of the Board of Directors of Raiffeisen Switzerland had to be filled. Those involved in the nomination process, apart from the members of the Nomination and Remuneration Committee, included a delegation of representatives of the Raiffeisen banks and an executive search firm.

The elections of Thomas A. Müller as Chairman and Sandra Lathion-Zweifel as a new director at the Extraordinary General Meeting in December 2021 restored the Board of Directors to full strength and added strategic skills.

### Making the branches independent

The formal consent of the owners of Raiffeisen Switzerland to making the branches independent was an essential and logical step towards strengthening our cooperative Raiffeisen model. Of the six branches, Bern and Thalwil became independent in January 2022 and are now acting as autonomous Raiffeisen banks. The four remaining branches of Raiffeisen Switzerland (St. Gallen, Winterthur, Basel and Zurich) are expected to become independent Raiffeisen banks within the Raiffeisen

Group by 2023. The Nomination and Remuneration Committee, along with the Human Resources division of Raiffeisen Switzerland, was heavily involved in nominating the directors of the future Raiffeisen banks. The proposed candidates for the strategic level of management at the new Raiffeisen banks have now largely been selected.

## Dialogue with the Raiffeisen banks

Knowledgeable representatives of the Raiffeisen banks were also involved in the arrangements for nominating candidates for the successful elections of replacement directors and the smooth process of making the branches of Raiffeisen Switzerland independent. The members of the Board of Directors of Raiffeisen Switzerland visited Raiffeisen banks regularly during the year under review. The dialogue between Raiffeisen Switzerland and the Raiffeisen banks was also advanced in the year under review by a number of live-streamed events on various topics and projects. The lively and constructive exchange of views between Raiffeisen Switzerland and the representatives of the Raiffeisen banks was appreciated by all involved.

At the Annual General Meeting in 2021, both the Remuneration Report 2020 and the maximum gross amounts of remuneration for the Board of Directors and the Executive Board of Raiffeisen Switzerland for the following financial year were submitted to a consultative vote. Dialogue and transparency between Raiffeisen Switzerland and the Raiffeisen banks were further strengthened in the year under review in the interests of the Raiffeisen Group.

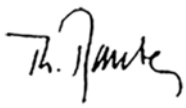
## Outlook

“In 2022, the Board of Directors of Raiffeisen Switzerland is keen to drive ahead **implementation of the strategy** and **further promote** the **dialogue** with the Raiffeisen banks.”

The Board of Directors of Raiffeisen Switzerland strongly believes that the remuneration policy introduced in 2021 will sit better with the values of the cooperative and also make it possible to remain an attractive employer.

In the current financial year, the Board of Directors will intensify the implementation of the Raiffeisen 2025 strategy and concentrate on the various associated projects, thereby making a key contribution to the success of the Raiffeisen Group. Another objective is to emphasise our stability, facilitating continued dialogue between the various owners’ committees.

On behalf of the Nomination and Remuneration Committee, I would like to thank all the members of the committees and working groups for playing their part in successfully managing the activities in 2021. 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

22 April 2022

## Raiffeisen Group Remuneration Report

The Raiffeisen Group (Raiffeisen Switzerland, including the Raiffeisen banks and consolidated companies) paid CHF 1,106,395,732 in total remuneration in the year under review. The share of variable remuneration (excluding employer pension plan and social insurance contributions) totalled CHF 58,621,036. The difference in the total variable remuneration pool at the Raiffeisen Group between the financial years 2020 and 2021 is mainly attributable to the change in the remuneration system at Raiffeisen Switzerland. Remuneration was rendered exclusively in the form of cash. None of it was deferred.

**Total remuneration 2021**

| in CHF | 2020 | 2021 |
|---|---|---|
| Total Raiffeisen Group remuneration [1] | 1,059,025,368 | 1,106,395,732 |
| of which total Raiffeisen Group variable remuneration pool | 97,344,617 | 58,621,036 |

1 Excluding employer pension plan and social insurance contributions.

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

A competitive remuneration model plays a key role in successfully positioning Raiffeisen Switzerland as an attractive employer. The remuneration system is designed to attract skilled employees on the labour market and to retain them, among other things.

Raiffeisen Switzerland's remuneration system is based on provisions of laws, rules and regulations, in particular the FINMA Circular 2010/1 ("Remuneration schemes").

## 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 and Board of Directors of Raiffeisen Switzerland 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 assessments 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 the Raiffeisen banks
- Approving the annual remuneration report submitted to the Board by the Nomination and Remuneration Committee
- Reviewing its 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 regularly by external auditors and by Internal Auditing if necessary
- Regularly determining the amount of the total variable remuneration pool
- Defining the fixed and variable components of the remuneration for members of the Executive Board and the Head of Internal Auditing, including occupational pension contributions

The Nomination and Remuneration Committee deals with remuneration topics at its meetings. At least four meetings are required each year. In 2021, the Nomination and Remuneration Committee held 20 meetings (including conference calls) with a general attendance rate of 100%. The Nomination and Remuneration Committee focused on the following areas in 2021:

- Electing replacement directors at Raiffeisen Switzerland
- Making the six branches independent
- The attractiveness of Raiffeisen Switzerland as an employer
- Intensive dialogue 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 advisers and external legal advisers to attend if needed. Whenever discussions pertain to remuneration, the person whose remuneration is being discussed is not involved.

The remuneration approval structure can be summarised as follows:

**Remuneration approval structure** | Raiffeisen Switzerland

| Issue | Nomination and Remuneration Committee | Member of the 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 |
| Other members of the Executive Board and Head of Internal Auditing[1] | Recommendation[1] | Approval |
| Member of the Board of Directors | Recommendation | Approval |
| Total amount of the variable remuneration of Raiffeisen Switzerland | Recommendation | Approval |

1 In the presence of the Chairman of the Executive Board (without the remuneration of the Head of Internal Auditing being decided).

At the 2021 General Meeting of Raiffeisen Switzerland, the Board of Directors proposed that the 2020 Remuneration Report be approved in a consultative vote. This proposal was approved by the General Meeting with 93.3% of the votes. In addition, Internal Auditing regularly assesses the operational implementation of the remuneration regulations at Raiffeisen Switzerland to ensure that Raiffeisen Switzerland's remuneration system is being complied with.

## Remuneration policy

The Raiffeisen remuneration policy is designed to ensure that the **interests of its employees** are aligned with those of its clients.

The remuneration policy is designed to ensure that the interests of our employees are aligned 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 the Raiffeisen banks.

Remuneration caps are defined for all risk carriers and employees. 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 strives 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 focus.

Raiffeisen Switzerland attaches great importance to **social responsibility** and having a remuneration system that is both simple and transparent.

Furthermore, Raiffeisen Switzerland attaches great importance to social responsibility and having a remuneration system that is both simple and transparent. The remuneration system should be attractive enough to recruit and motivate talent and to retain it 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 in 2014 and 2017, clearly showed that Raiffeisen Switzerland pays equal wages to men and women. These results were confirmed once again in a third study on wage equality successfully carried out under the revised version of the Federal Act on Gender Equality (GEA) during the year under review. The social partners' specialist unit for equal pay in the banking sector (FS-LoBa) reviewed and certified the analysis, the fact that it was carried out in a formally correct manner and that all the requirements for achieving the FS-LoBa seal of approval for the sector were met. Men and women receive equal pay within the company. Raiffeisen Switzerland was therefore awarded the Fair-On-Pay certificate.

The following table contains a summary of the principles of the remuneration policy of Raiffeisen Switzerland.

**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 and employees with controlling roles), 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 role, as well as the employee's skills and knowledge. It also has to be competitive in the labour market. The entire fixed remuneration is paid in cash.
- Collective profit-sharing element: The variable remuneration is based on the sustainable success of the Group and for the first time will be paid out for the year under review in the form of a collective profit-sharing element. It makes up a small percentage of total remuneration. This low percentage depends on the pay grade. All employees on the same pay grade are treated equally, regardless of the area they work in. This is Raiffeisen Switzerland's way of emphasising collaboration and collective team spirit. Variable remuneration can be paid to employees in all positions, including those with controlling roles. Special care is taken to prevent the remuneration system giving employees with controlling roles incentives that could cause conflicts of interests with their duties. The collective profit-sharing element is a voluntary, variable benefit provided by Raiffeisen as the employer. It is based on the differentiated understanding of roles at Raiffeisen Switzerland as a service provider to the Raiffeisen banks, the implementer of Group projects and an attractive, progressive and results-oriented employer. Employees generally have

no contractual guarantee to be paid variable remuneration. All variable remuneration is paid in non-deferred cash. The following factors set the guidelines for the final decision by the Board of Directors on whether to pay a collective profit-sharing element and, if so, in what amount:

- Implementation of the Group strategy
- The financial result of Raiffeisen Switzerland
- The diversity of the organisation
- Employee satisfaction
- Public perception of Raiffeisen.

In addition, fringe benefits are granted within the framework of applicable regulations and directives and in line with the industry standard.

## Recognition of special team performance

On 1 January 2021, a new programme to recognise special team performance came into effect at Raiffeisen Switzerland. As part of this, special performance by intra and inter-disciplinary teams such as organisational units, project teams and working groups is given visibility in the organisation both top-down and bottom-up, and rewarded directly.

Managers can flexibly and unbureaucratically show recognition of above-average performance all year round – for example in the form of a joint team event.

## Determination of the remuneration for the Board of Directors

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

The members of Raiffeisen Switzerland's Board of Directors receive remuneration commensurate with their respective responsibilities and time commitment. Additionally, members belonging to a committee, heading a committee or chairing 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.

In accordance with the remuneration regulations in force, the Chairman of the Board of Directors received fixed remuneration of CHF 700,000 and was not entitled to receive committee fees. The Deputy Chairman received fixed remuneration of CHF 140,000. The full members of the Board of Directors received fixed remuneration of CHF 90,000. The Chairman of the Board of Directors received a lump-sum expense allowance of CHF 12,000 for his representative duties. The other members of the Board of Directors received an annual lump-sum expense allowance of CHF 6,000.

For their membership of the four committees (the Strategy and Finance Committee, the Audit Committee, the Risk Committee and the Nomination and Remuneration Committee), full members of the Board of Directors also received the following remuneration:

- As a member: CHF 30,000
- As Chairman: CHF 50,000

If a member of the Board is appointed to a position on an interim basis, they are entitled to the remuneration for that position. 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 to the Annual Report. Loans to members of the Nomination and Remuneration Committee are approved by the Board of Directors, while loans to all other members of the Board of Directors are approved by the Nomination and Remuneration Committee.

## 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 2021. 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 to 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.

The annual remuneration of the Executive Board consists of **fixed variable remuneration, a collective profit-sharing element** and fringe benefits**.**

### Fixed remuneration

Fixed remuneration for members of the Executive Board 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.

### Collective profit-sharing element

The process and guidelines for setting variable remuneration in the form of a collective profit-sharing element for the members of the Executive Board and the Head of Internal Auditing are identical to those for qualifying employees not on the Executive Board.

The Board of Directors sets the amount of the collective profit-sharing element that will be paid to the members of the Executive Board and the Head of Internal Auditing. This is based on the maximum remuneration rates set out in the remuneration regulations.

## Separate handling of risk carriers not on the Executive Board discontinued

With the introduction of the new remuneration model in 2021, the performance targets for employees with access to the market and trading opportunities are no longer linked to individual variable remuneration. Since 1 January 2021, these employees have not enjoyed any special treatment when it comes to variable remuneration. As with the variable remuneration for all other permanent employees of Raiffeisen Switzerland, for employees with access to the market and trading opportunities it is based on the sustainable success of the Group and is paid out in the form of a collective profit-sharing element.

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

## Remuneration for the Board of Directors

In 2021, the remuneration principles in place since 1 January 2019 and presented to the Delegate Meeting in June 2019 continued to apply. 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 1,964,275 for 2021. This is within the limits of total maximum gross remuneration approved in a consultative vote at the 2020 General Meeting. The total employer share of social insurance contributions for the members of the Board of Directors came to CHF 378,482 for 2021. Details of the remuneration of the individual Board members and their positions are provided in the table below.

**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] |
|---|---|---|---|---|---|---|
| Müller, Thomas A. | – Chairman of the Board of Directors, Member of the RC (since 8 December 2021)<br>– Member of the Board of Directors, Chair of the RC and Member of the AC (until 7 December 2021) | 129,004 | 75,189 | 204,193 | 6,387 | 40,169 |
| Gantenbein, Pascal | – Vice-Chairman of the Board of Directors (until 25 July 2021 and since 8 December 2021)<br>– Chair of the RC, Member of the SFC (since 8 December 2021)<br>– Acting Chairman of the Board of Directors (15 July 2021 to 7 December 2021)<br>– Chair of the SFC and member of the RC (until 25 July 2021) | 369,031 | 41,937 | 410,968 | 8,387 | 77,765 |
| Lachappelle, Guy (departure on 31.07.2021) | – Chair of the Board of Directors<br>– Member of the SFC and NRC | 408,333 | – | 408,333 | 7,000 | 76,473 |
| Golob, Andrej | – Member of the Board of Directors and Member of the SFC<br>– Acting Vice-Chairman of the Board of Directors (26 July 2021 to 7 December 2021) | 108,414 | 30,000 | 138,414 | 6,000 | 27,017 |
| Lathion-Zweifel, Sandra | – Member of the Board of Directors<br>– Member of the AC and NRC | 6,007 | 3,671 | 9,678 | 387 | 2,159 |
| Rauber, Thomas | – Member of the Board of Directors, Chair of the NRC<br>– Member of the AC (since 8 December 2021) | 90,000 | 51,936 | 141,936 | 6,000 | 27,906 |
| Roussy, Olivier | – Member of the Board of Directors, Member of the AC<br>– Member of the SFC (until 25 July 2021 and since 8 December 2021)<br>– Acting Chair of the SFC (26 July 2021 to 7 December 2021) | 90,000 | 78,414 | 168,414 | 6,000 | 32,986 |
| Schwab, Beat | – Member of the Board of Directors<br>– Chairman of the SFC (since 8 December 2021)<br>– Member of the NRC<br>– Member of the AC (until 7 December 2021)<br>– Member of the SFC (26 July 2021 to 7 December 2021) | 90,000 | 72,339 | 162,339 | 6,000 | 31,663 |
| Valenzano Rossi, Karin | – Member of the Board of Directors<br>– Member of the RC and NRC | 90,000 | 60,000 | 150,000 | 6,000 | 28,727 |
| Walker, Rolf | – Member of the Board of Directors<br>– Chair of the AC and Member of the RC | 90,000 | 80,000 | 170,000 | 6,000 | 33,617 |
| **Total 2021** | | **1,470,789** | **493,486** | **1,964,275** | **58,161** | **378,482** |
| **Total 2020** | | **1,587,500** | **478,750** | **2,066,250** | **35,250** | **390,051** |

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 year under review (excluding contributions to pension plans and social insurance) came to CHF 9,017,658. This is within the limits of total maximum gross remuneration approved in a consultative vote at the 2020 General Meeting. Of this, CHF 1,476,364 was attributable to the basic 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 amounted to CHF 3,003,917[1]; CHF 450,099 of this amount was paid to Heinz Huber. No additional compensation is paid for business-related board of director mandates of 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)** | | | | | |
| 2021 | 1,318,182 | 158,182 | 1,476,364 | 24,000 | 450,099 |
| 2020 | 1100000 | 375,000 | 1,475,000 | 24,000 | 406,416 |
| **Executive Board as well as the Head of Internal Auditing (total)** [2,3] | | | | | |
| 2021 | 8,147,596 | 870,062 | 9,017,658 | 190,700 | 3,003,917 |
| 2020 | 6,005,000 | 2,205,000 | 8,210,000 | 177,364 | 2,511,678 |
| **Former members of the Executive Board** | | | | | |
| 2021 | 280,000 | – | 280,000 | – | 65,558 |
| 2020 | 795,833 | – | 795,833 | – | 273,267 |

1 Employer contributions to the pension plan and social insurance comprise AHV/IV/EO and ALV including pension plans.
2 Including members of the Executive Board who left during the current year.
3 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 280,000 in the year under review. Employer pension plan and social insurance contributions amounted to CHF 65,558. Continued salary payments to former members of the Executive Board were accounted for in the 2020 income statement and deferred.

## Further compensation in 2021

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 year under review.

1 Projection, since the variable remuneration will be paid in April 2022.

## Total remuneration for Raiffeisen Switzerland

In the year under review, Raiffeisen Switzerland **paid out total remuneration of CHF 337,193,774**.

In the year under review, Raiffeisen Switzerland paid out remuneration (excluding employer pension plan and social insurance contributions) totalling CHF 337,193,774. Accrued remuneration expenses (both fixed and variable) for the year under review 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 12,519,681 for Raiffeisen Switzerland in the year under review. Of this, CHF 870,062 relate to the Executive Board and the Head of Internal Auditing.

The definitive calculation of the variable remuneration was made as at 31 December 2021 and was submitted to the Board of Directors of Raiffeisen Switzerland for a decision in February 2022. The payment date for the variable remuneration is April.

The fixed component was paid in cash. The variable remuneration component for the 2021 financial year will also be paid in cash in April 2022. 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 2022. In the previous year, Raiffeisen Switzerland paid variable remuneration to 2,258 people.

**Remuneration** | Raiffeisen Switzerland

| | | Remuneration | |
|---|---|---|---|
| in CHF | Total remuneration | fixed | variable |
| Total remuneration Raiffeisen Switzerland [1] | 337,193,774 | 324,674,093 | 12,519,681 |

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 align 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 a fixed and a variable element. 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 cannot significantly increase remuneration.

Raiffeisen Switzerland monitors this process by regularly reviewing the structure and implementation of the local remuneration systems and working with the Raiffeisen banks to address any deviations in a clearly defined process.

# Annual Financial Statements

**In 2021 the Raiffeisen Group generated an excellent result, with a Group profit of CHF 1.07 billion, 24.2% higher than the previous year. All income items contributed to this. Net income from commission business and service transactions rose by CHF 85.0 million. Net income from trading also did well, climbing 13.9%. Despite persistently high pressure on margins, Raiffeisen saw a rise in the net result from interest operations too (+5.1%).**

**Raiffeisen enjoys a high level of customer confidence in all regions of Switzerland and is continuing to extend its strong position in the client business. Mortgage loans increased 3.2% to CHF 196.4 billion, and client deposits rose 5.9% to CHF 201.7 billion.**

**In 2021 the Group gained some 53,000 new clients and 28,000 new cooperative members.**

# Consolidated balance sheet

**Consolidated balance sheet as at 31 December 2021**

| in 1,000 CHF | Note | 31.12.2020 | 31.12.2021 | Change | Change in % |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Liquid assets | 18 | 36,661,205 | 57,274,981 | 20,613,776 | 56.2 |
| Amounts due from banks | 11, 18 | 4,036,753 | 3,245,470 | −791,283 | −19.6 |
| Amounts due from customers | 2, 18 | 10,041,107 | 9,995,698 | −45,409 | −0.5 |
| Mortgage loans | 2, 11, 18 | 190,317,358 | 196,359,631 | 6,042,273 | 3.2 |
| Trading portfolio assets | 3, 18 | 3,044,292 | 2,573,578 | −470,714 | −15.5 |
| Positive replacement values of derivative financial instruments | 4, 18 | 1,645,302 | 1,356,418 | −288,884 | −17.6 |
| Financial investments | 5, 11, 18 | 8,828,902 | 8,548,769 | −280,133 | −3.2 |
| Accrued income and prepaid expenses | | 280,615 | 281,050 | 435 | 0.2 |
| Non-consolidated participations | 6, 7 | 683,264 | 724,113 | 40,849 | 6.0 |
| Tangible fixed assets | 8, 11 | 2,981,147 | 2,966,743 | −14,404 | −0.5 |
| Intangible assets | 9 | 6,703 | – | −6,703 | −100.0 |
| Other assets | 10 | 1,126,604 | 1,162,723 | 36,119 | 3.2 |
| **Total assets** | | **259,653,252** | **284,489,174** | **24,835,922** | **9.6** |
| Total subordinated claims | | 59,188 | 20,010 | −39,178 | −66.2 |
| of which subject to mandatory conversion and/or debt waiver | | – | – | – | – |
| **Liabilities** | | | | | |
| Amounts due to banks | 11, 18 | 10,558,683 | 15,912,232 | 5,353,549 | 50.7 |
| Liabilities from securities financing transactions | 1, 18 | 4,180,827 | 7,450,837 | 3,270,010 | 78.2 |
| Amounts due in respect of customer deposits | 12, 18 | 190,424,588 | 201,728,997 | 11,304,409 | 5.9 |
| Trading portfolio liabilities | 3, 18 | 147,893 | 156,043 | 8,150 | 5.5 |
| Negative replacement values of derivative financial instruments | 12, 4, 18 | 2,098,527 | 1,616,304 | −482,223 | −23.0 |
| Liabilities from other financial instruments at fair value | 3, 13, 18 | 2,191,856 | 2,229,268 | 37,412 | 1.7 |
| Cash bonds | 18 | 353,571 | 284,174 | −69,397 | −19.6 |
| Bond issues and central mortgage institution loans | 13, 14, 18 | 29,391,327 | 34,061,815 | 4,670,488 | 15.9 |
| Accrued expenses and deferred income | 12 | 864,698 | 831,686 | −33,012 | −3.8 |
| Other liabilities | 10 | 100,335 | 151,825 | 51,490 | 51.3 |
| Provisions | 15 | 967,497 | 933,064 | −34,433 | −3.6 |
| Reserves for general banking risks | 15 | 200,000 | 200,000 | – | – |
| Cooperative capital | 16 | 2,519,475 | 2,692,104 | 172,629 | 6.9 |
| Retained earnings reserve | | 14,863,859 | 15,218,568 | 354,709 | 2.4 |
| Currency translation reserve | | 12 | 11 | −1 | −8.3 |
| Group profit | | 860,647 | 1,068,790 | 208,143 | 24.2 |
| **Total equity (without minority interests)** | | **18,443,993** | **19,179,473** | **735,480** | **4.0** |
| Minority interests in equity | | −70,543 | −46,544 | 23,999 | −34.0 |
| of which minority interests in Group profit | | −8,792 | 24,184 | 32,976 | −375.1 |
| **Total equity (with minority interests)** | | **18,373,450** | **19,132,929** | **759,479** | **4.1** |
| **Total liabilities** | | **259,653,252** | **284,489,174** | **24,835,922** | **9.6** |
| Total subordinated liabilities | | 1,475,293 | 2,275,351 | 800,058 | 54.2 |
| of which subject to mandatory conversion and/or debt waiver | | 975,367 | 2,275,351 | 1,299,984 | 133.3 |
| **Off-balance-sheet transactions** | | | | | |
| Contingent liabilities | 2, 20 | 678,649 | 708,793 | 30,144 | 4.4 |
| Irrevocable commitments | 2 | 11,105,551 | 12,561,717 | 1,456,166 | 13.1 |
| Obligations to pay up shares and make further contributions | 2 | 121,789 | 121,789 | – | – |

# Consolidated income statement

**Consolidated income statement 2021**

| in 1,000 CHF | Note | 2020 | 2021 | Change | Change in % |
|---|---|---|---|---|---|
| Interest and discount income | 26 | 2,733,722 | 2,632,215 | −101,507 | −3.7 |
| Interest and dividend income from financial investments | | 33,273 | 25,306 | −7,967 | −23.9 |
| Interest expense | 26 | −417,395 | −255,621 | 161,774 | −38.8 |
| **Gross result from interest operations** | | **2,349,600** | **2,401,900** | **52,300** | **2.2** |
| Changes in value adjustments for default risks and losses from interest operations | 15 | −52,488 | 12,141 | 64,629 | −123.1 |
| **Net result from interest operations** | | **2,297,112** | **2,414,041** | **116,929** | **5.1** |
| Commission income from securities trading and investment activities | | 362,854 | 406,112 | 43,258 | 11.9 |
| Commission income from lending activities | | 25,210 | 28,706 | 3,496 | 13.9 |
| Commission income from other services | | 223,793 | 227,845 | 4,052 | 1.8 |
| Commission expense | | −160,763 | −126,589 | 34,174 | −21.3 |
| **Result from commission business and services** | 23 | **451,094** | **536,074** | **84,980** | **18.8** |
| **Result from trading activities and the fair value option** | 24 | **214,694** | **244,630** | **29,936** | **13.9** |
| Result from disposal of financial investments | | 12,683 | 69,933 | 57,250 | 451.4 |
| Income from participations | 25 | 31,671 | 73,314 | 41,643 | 131.5 |
| Result from real estate | | 21,393 | 20,804 | −589 | −2.8 |
| Other ordinary income | | 33,469 | 26,844 | −6,625 | −19.8 |
| Other ordinary expenses | | −1,878 | −2,206 | −328 | 17.5 |
| **Other result from ordinary activities** | | **97,338** | **188,689** | **91,351** | **93.8** |
| **Operating income** | | **3,060,238** | **3,383,434** | **323,196** | **10.6** |
| Personnel expenses | 27 | −1,337,007 | −1,391,710 | −54,703 | 4.1 |
| General and administrative expenses | 28 | −479,634 | −502,966 | −23,332 | 4.9 |
| **Operating expenses** | | **−1,816,641** | **−1,894,676** | **−78,035** | **4.3** |
| Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets | 6, 8, 9 | −273,876 | −217,376 | 56,500 | −20.6 |
| Changes to provisions and other value adjustments, and losses | 15 | −2,281 | −3,110 | −829 | 36.3 |
| **Operating result** | | **967,440** | **1,268,272** | **300,832** | **31.1** |
| Extraordinary income | 29 | 5,791 | 8,589 | 2,798 | 48.3 |
| Extraordinary expenses | 29 | −2,052 | −895 | 1,157 | −56.4 |
| Taxes | 30 | −119,324 | −182,992 | −63,668 | 53.4 |
| **Group profit (including minority interests)** | | **851,855** | **1,092,974** | **241,119** | **28.3** |
| Minority interests in group profit | | −8,792 | 24,184 | 32,976 | −375.1 |
| **Group profit** | | **860,647** | **1,068,790** | **208,143** | **24.2** |

# Consolidated cash flow statement

| Cash flow statement | 2020 | | 2021 | |
|---|---|---|---|---|
| in 1,000 CHF | Cash inflow | Cash outflow | Cash inflow | Cash outflow |
| **Cash flow from operating results (internal financing)** | | | | |
| Group profit | 860,647 | – | 1,068,790 | – |
| Value adjustments on participations | 1,082 | – | 3,729 | – |
| Depreciation and amortisation of tangible fixed assets and intangible assets | 214,603 | – | 206,560 | – |
| Provisions and other value adjustments | 55,141 | 86,012 | 94,119 | 128,552 |
| Change in value adjustments for default risks and losses | 108,298 | 83,303 | 556,573 | 92,601 |
| Appreciation on participations | 58,191 | 4,142 | 7,597 | 48,675 |
| Accrued income and prepaid expenses | – | 17,889 | – | 435 |
| Accrued expenses and deferred income | 24,646 | – | – | 33,012 |
| Interest paid on share certificates for previous year | – | 63,055 | – | 65,119 |
| **Balance** | **1,068,207** | **–** | **1,568,974** | **–** |
| **Cash flow from shareholder's equity transactions** | | | | |
| Change in cooperative capital | 238,786 | 70,356 | 255,591 | 82,962 |
| Recognised in retained earnings reserve [1] | – | – | – | 440,819 |
| Currency translation differences | 6 | – | – | 1 |
| Minority interests in equity | – | 9,011 | 23,999 | – |
| **Balance** | **159,425** | **–** | **–** | **244,192** |
| **Cash flow from transactions in respect of participations, tangible fixed assets and intangible assets** | | | | |
| Participations | 1,466 | 31,701 | 45 | 3,545 |
| Real estate | 23,687 | 115,281 | 14,164 | 139,047 |
| Software/other tangible fixed assets/objects in finance leasing | 801 | 104,131 | 680 | 61,250 |
| **Balance** | **–** | **225,159** | **–** | **188,953** |
| **Cash flow from banking operations** | | | | |
| Amounts due to banks | – | 1,721,358 | 5,353,549 | – |
| Liabilities from securities financing transactions | – | 2,146,074 | 3,270,010 | – |
| Amounts due in respect of customer deposits | 14,245,107 | – | 11,304,409 | – |
| Trading portfolio liabilities | – | 49,649 | 8,150 | – |
| Negative replacement values of derivative financial instruments | – | 219,820 | – | 482,223 |
| Liabilities from other financial instruments at fair value | – | 305,541 | 37,412 | – |
| Cash bonds | – | 105,456 | – | 69,397 |
| Bonds | 2,534,225 | 3,085,942 | 5,339,481 | 1,917,793 |
| Central mortgage institution loans | 2,655,900 | 1,437,800 | 2,640,700 | 1,391,900 |
| Other liabilities | – | 6,256 | 51,490 | – |
| Amounts due from banks | 3,639,817 | – | 793,015 | – |
| Amounts due from securities financing transactions | 249,941 | – | – | – |
| Amounts due from customers | – | 1,890,221 | 18,264 | – |
| Mortgage loans | – | 5,042,841 | – | 6,479,731 |
| Trading portfolio assets | 156,890 | – | 470,714 | – |
| Positive replacement values of derivative financial instruments | 252,684 | – | 288,884 | – |
| Financial investments | – | 1,634,534 | 279,032 | – |
| Other assets | – | 73,644 | – | 36,119 |
| Liquid assets | – | 7,017,901 | – | 20,613,776 |
| **Balance** | **–** | **1,002,473** | **–** | **1,135,829** |
| **Total origin of funds** | **1,227,632** | **–** | **1,568,974** | **–** |
| **Total use of funds** | **–** | **1,227,632** | **–** | **1,568,974** |

1 In accordance with the transitional provisions in Article 98(1) AO, the Raiffeisen Group allocated value adjustments and provisions for expected losses directly in equity with effect from 1 January 2021 through the retained earnings reserve. As a consequence of this reduction in the retained earnings reserve, provisions for deferred taxes fell. In the same way as for the allocation to risk provisioning for expected losses, this reduction was recognised directly in equity through the retained earnings reserve. The effects of this initial allocation are included in this item.

# Consolidated statement of changes in equity

### 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** | **2,519,475** | **14,863,859** | **200,000** | **12** | **−70,543** | **860,647** | **18,373,450** |
| Capital increase | 255,591 | – | – | – | – | – | 255,591 |
| Capital decrease | −82,962 | – | – | – | – | – | −82,962 |
| Changes in minority interests | – | – | – | – | −185 | – | −185 |
| Changes to the consolidated Group / other changes [1] | – | −440,819 | – | – | – | – | −440,819 |
| Currency translation differences | – | – | – | −1 | – | – | −1 |
| Interest on the cooperative capital | – | – | – | – | – | −65,119 | −65,119 |
| Allocation to voluntary retained earnings reserves | – | 795,528 | – | – | – | −795,528 | – |
| Profit | – | – | – | – | 24,184 | 1,068,790 | 1,092,974 |
| **Equity capital at the end of the current year** | **2,692,104** | **15,218,568** | **200,000** | **11** | **−46,544** | **1,068,790** | **19,132,929** |

1 In accordance with the transitional regulations pursuant to AO Art. 98 (1), the Raiffeisen Group funded the value adjustment for expected losses in the amount of CHF 493,2 million as well as provisions for expected losses in the amount of CHF 30,4 million, effective as of 1 January 2021, outside profit and loss via the retained earnings reserve. As a result of this reduction of the retained earnings reserve, the provisions for deferred taxes have gone down by CHF 83,2 million. The reduction was posted in a manner analogous to the funding of the risk provisions for expected losses outside profit or loss via the retained earnings reserve. The effects of this initial funding are listed under “Other changes” in this table.

# Notes to the Consolidated Annual Financial Statements

## Trading name, legal form, registered office

The Raiffeisen Group is a banking group without legal personality. It comprises 219 independent Raiffeisen banks in the legal form of a cooperative, as well as Raiffeisen Switzerland – domiciled in St. Gallen – and the associated Group companies.

## Risk management

The Raiffeisen banks and Raiffeisen Switzerland pool their risks.

### Risk policy

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

### Risk control

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.

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

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

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

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

## Risk management process

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

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

The objectives of the Raiffeisen Group's risk management are to:

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

## Credit risks

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

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

Collateral risks refer to impairments in the value of collateral.

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

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

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

For the individual Raiffeisen banks, the main risks are counterparty, collateral and concentration risk. The majority of these risks result from loans granted to private and corporate clients and public-sector entities. 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 exceeding 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 grant loans to private and corporate clients and to public-sector entities.

Larger loans to corporate clients are primarily managed by the Corporate Clients, Treasury & Markets department of Raiffeisen Switzerland. Concentration risks as part of the credit process are reviewed and acknowledged.

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

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

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

Raiffeisen Switzerland has invested in other companies as part of strategic cooperation partnerships. Details are provided in the information on the balance sheet contained in Note 7.

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

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

Comprehensive internal sets of rules exist for valuing collateral for loans, especially for determining the loan-to-value ratios; they prescribe the corresponding methods, procedure and competencies. The sets of rules are constantly reviewed and adjusted to regulatory requirements and market changes. The Bank employs recognised estimation methods, tailored to the type of property, to value property loans secured by security interests in land. Hedonic models, the gross rental method and expert estimates are used, among other things. Both the models used and the individual valuations are reviewed regularly. The maximum lending amount for any property loan secured by security interests in land varies depending on the realisability of the collateral and is affected by the type 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, in particular for individual counterparties and for groups of affiliated counterparties, as well as 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 the decision-makers responsible with information on the economic environment, the structure of the credit portfolio, the risk situation and developments in the period under review.

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

Cluster risks are monitored centrally by the Risk & Compliance department of Raiffeisen Switzerland. As at 31 December 2021, the Raiffeisen Group had two cluster risks with cumulative total exposures (after risk mitigation and risk weighting) of CHF 59.6 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 largest overall exposures of the Raiffeisen Group, two counterparties with a cumulative exposure (after risk mitigation and risk weighting) of CHF 1.2 billion were reportable owing to the prescribed threshold (2% of the capital valuation basis).

## 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 interest income and annual results of Raiffeisen Group. 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 on-balance-sheet and off-balance-sheet items along with their maturities. Loans and deposits with non-fixed maturities and capital commitment periods are modelled on the basis of historical data and forward-looking scenarios. These models are backtested at least once a year and undergo regular independent validation. No specific assumptions are made for early loan repayments because early repayment penalties are normally levied.

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

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

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

**Trading book**

The Corporate Clients, 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 comprise interest rates, currencies, equities and banknotes/ precious metals. In addition, the structured products business of Raiffeisen Switzerland B.V. Amsterdam is allocated to the trading book. There must be strict adherence 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 conducted at a frequency ranging from daily to quarterly and sent to the members of the Executive Board responsible, the Executive Board and the Board of Directors of Raiffeisen Switzerland.

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

## Liquidity risk

Liquidity risks are managed centrally for the Raiffeisen Group by the Corporate Clients, Treasury & Markets department in accordance with applicable laws, regulations and commercial criteria and are monitored by Risk & Compliance. Risk management involves, in particular, simulating liquidity inflows and outflows over different time horizons using Group-wide scenarios. These scenarios cover 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 risks

Raiffeisen takes operational risks to mean the danger of losses arising as a result of the unsuitability or failure of internal procedures, people or systems, or as a result of external events. They also include risks relating to cyber attacks and information security in general. Consequences for compliance and Raiffeisen's reputation are also considered in addition to the financial impact.

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

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

The results of the risk assessments, key risk indicators (KRIs), significant internal operational risk events and relevant external events are reported quarterly to Raiffeisen Switzerland's Executive Board and Board of Directors. Value-at-risk limit violations are escalated to the Board of Directors 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 conduct an analysis of the operational risk situation via assessments at least once a year. These analyses are approved by the Board of Directors of each bank and forwarded to Risk & Compliance.

The Risk & Compliance department also reports the main compliance risks quarterly and the legal risks and activity plan semi-annually to Raiffeisen Switzerland’s Executive Board and the Risk Committee of the 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 “Corporate governance – banks”, 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 when calculating capital requirements:

**Credit risks**
The Raiffeisen Group has been applying the model approach based on internal ratings (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 the following client categories: sovereigns and central banks, public-sector entities, banks and securities traders, as well as corporates. Issuer/issue ratings from an export insurance agency are also taken into consideration for central governments; however, rating agency ratings take precedence over ratings issued by the export insurance agency. No changes were made to the rating or export insurance agencies used in the year under review.

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

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

FINMA gave Raiffeisen permission to use the F-IRB approach to calculate its capital requirements for credit risks as of 30 September 2019. As so often with these kinds of rollouts, 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). At the end of 2021, a floor of 85% applied. From 30 September 2022, the IRB floor determined by national rules applies.

**Market risk**
The capital requirements for market risk are calculated using the standard approach under supervisory law. Within this framework, the duration method is applied for general market risk with regard to interest rate instruments, while the delta-plus approach is applied for capital requirements for options.

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

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

### Mortgage loans

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

### Loans against securities

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

### Unsecured loans

Unsecured loans are generally business loans to corporate clients, loans to public-sector entities or unsecured account overdrafts of private clients amounting to a maximum of one month's income. For corporate clients and public-sector entities, 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 assessed and any increased risks are identified. If the risks are higher, the Bank will conduct a detailed assessment and work with the client to define appropriate measures. If the loan commitment is determined to be at risk in this phase, a value adjustment will be recognised.

## Steps involved in determining value adjustments and provisions

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

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

Expected losses are calculated based on the probabilities of default and loss estimates from the internal risk models used. For methods, data and more information, please refer to the regulatory disclosures under FINMA Circular 2016/1 (in particular Table CRE Raiffeisen Group, page 45–47). When determining expected losses under the FINMA Accounting Ordinance, the following differences apply in comparison to the regulatory calculations (IRB approach):

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

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

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

## Value of collateral

### Mortgage-secured loans

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

The Bank values single-family homes, two-family homes, three-family homes, flats, holiday apartments and holiday homes using the real value method and a hedonic pricing model. The Bank updates valuations periodically or as required by events. The hedonic regression model compares the price with similar property transactions based on detailed characteristics of the property in question. The Bank relies on region-specific property price information supplied by an external provider.

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

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

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

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

### Loans against securities

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

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

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

## Business policy on the use of derivative financial instruments

Derivative financial instruments are used for trading and hedging purposes.

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

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

Raiffeisen Switzerland uses hedge accounting predominantly for the following types of transactions:

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

## Composition of the groups of financial instruments

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

## Economic connection between hedged items and hedging instruments

At the time a financial instrument is classified as an item, 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 essentially met:

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

### Ineffectiveness

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

## 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 conventional 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 note "Companies in which the Bank holds a permanent direct or indirect significant participation". Minor participations are not listed individually in the notes if the Group holds less than 10% of the voting shares and equity capital or if either its equity capital holding is worth less than CHF 2 million 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. Consolidation is carried out using 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 participations of 20%-50% are included in the Consolidated Financial Statements using 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 cut-off 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 cut-off date are recorded on a same-day basis in the balance sheet and the income statement in accordance with the relevant valuation principles. Spot transactions that have been concluded but not yet settled are posted to the balance sheet on the trade date.

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

If the annual financial statements of Group companies abroad are denominated in foreign currencies, the balance sheet and off-balance sheet are converted at the rates prevailing on the balance sheet cut-off 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.

Valuation rates for the most important foreign currencies on the reporting date are listed in Note 19.

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

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

**Amounts due from banks and customers, mortgage loans and value adjustment**
These are reported at nominal value less any value adjustment required. Precious metal assets on metal accounts are valued at fair value if the relevant metal is traded on a price-efficient and liquid market. Interest income is reported on an accruals basis.

Receivables are deemed to be impaired where the Bank believes it improbable that the borrower will be able to completely fulfil his/her contractual obligations. Impaired loans – and any collateral that may exist – are valued on the basis of the liquidation value.

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

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

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

Interest and related commissions that have been due for more than 90 days but have not been paid are deemed to be non-performing. In the case of current account overdrafts, interest and commissions are deemed to be non-performing if the specified overdraft limit has been exceeded for more than 90 days. Non-performing and impaired interest (including accrued interest) and commissions are no longer recognised as income but reported directly under value adjustments for default risks.

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

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

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

### Value adjustments for expected losses on unimpaired loans

Value adjustments for expected losses are recognised using a risk-based method and applying historical default parameters, bearing in mind the residual term (see "Steps involved in determining value adjustments and provisions" on page 161).

## Receivables and liabilities from securities financing transactions

### Securities lending and borrowing

Securities lending and borrowing transactions are reported at the value of the cash collateral received or issued, including accrued interest. Securities 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 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 securities received or delivered are monitored daily so that any additional collateral can be provided or requested as necessary.

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

**Trading portfolio assets and trading portfolio liabilities**
The trading portfolio assets and trading portfolio liabilities are valued and recognised at fair value. Positions for which there is no representative market are valued according to the lower of cost or market value principle. Both the gains and losses arising from this valuation and the gains and losses realised during the period in question are reported under "Result from trading activities 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 Structured Products & FX Advisory units of Raiffeisen Switzerland are executed via the trading book; the Treasury and Structured Products & FX Advisory units do not participate in the market themselves. Only the replacement values of contracts with external counterparties are reported. The "Derivative financial instruments" note shows the replacement values and contract volume with external counterparties under "Hedging instruments", calculated using the replacement values and contract volumes of the internal hedging transactions by Treasury and Structured Products & FX Advisory.

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 under the item "Accrued expenses and deferred income" or "Accrued income and prepaid expenses", as the case may be, and realised against the interest income over the remaining life. Issued structured products that do not include a debt security and the derivative portions of the structured products that include a debt security are recognised at fair value under "Positive replacement values of derivative financial instruments" and "Negative replacement values of derivative financial instruments".

Structured products issued by Raiffeisen Switzerland B.V. Amsterdam are measured at fair value. These products are recognised 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 managing balance sheet structure are valued in accordance with the accrual method. Interest-related gains and losses arising from the early realisation of contracts are accrued over their remaining lives.

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

### Financial investments

Fixed-income debt instruments and warrant bonds are valued according to the lower of cost or market value principle if there is no intention to hold them to maturity. Debt securities acquired with the intention of holding them to maturity are valued according to the accrual method with the discount or premium accrued over the remaining life. Equity securities are valued according to the lower of cost or market value principle. Properties and equity securities acquired through lending activities and other properties and equities intended for disposal are reported under "Financial investments" and valued at the lower of cost or market value. The lower of cost or market value principle refers to the lower of the acquisition cost or the liquidation value. Precious metals held to cover liabilities from precious metals accounts are carried at market value as at the balance sheet cut-off date. In cases where fair value cannot be determined, they are valued according to the lower of cost or market value principle.

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

#### Value adjustments for expected losses

FINMA AO requires value adjustments for expected losses to be recognised on the item "Financial investments (debt securities held to maturity)". These value adjustments for expected losses are recognised using a risk-based method and applying historical default parameters, bearing in mind the residual term (see "Steps involved in determining value adjustments and provisions" on page 161).

### 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 at each balance sheet cut-off 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 other software | 3 years |

Immaterial investments are booked directly to operating expenses. Large-scale, value-enhancing renovations are capitalised, while repairs and maintenance are recorded as expenses. 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". Properties, buildings under construction and core banking systems are not depreciated until they come into use. Undeveloped building land is not depreciated.

The value of tangible fixed assets is reviewed as at every balance sheet cut-off 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 fixed assets is reviewed as at every balance sheet cut-off 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 cut-off date that are based on a past event and will probably result in an obligation. With regard to provisions for available overdraft limits, we refer to the chapter "Amounts due from banks and clients, mortgage loans, value adjustments".

**Reserves for general banking risks**
Reserves may be allocated for general banking risks. These are reserves created as a precautionary measure in accordance with accounting standards to hedge against latent risks in the business activities of the Raiffeisen Group.

**Taxes**
Taxes are calculated and booked on the basis of the profit for the year under review. Deferred tax of 16.2% (previous year: 16.4%) 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.

Value adjustments for expected losses on contingent liabilities and irrevocable commitments are recognised using a risk-based method and applying historical default parameters, bearing in mind the residual term (see "Steps involved in determining value adjustments and provisions" on page 161).

## Changes as against previous year

Since the FINMA Accounting Ordinance came into effect on 1 January 2020, subject to a one-year transitional period value adjustments and provisions for default risks on unimpaired positions now have to be recognised. This is in addition to the value adjustments and provisions recognised on impaired positions. The Raiffeisen Group made use of the transitional period. The resultant need to recognise value adjustments and provisions for expected losses for the first time as of 1 January 2021 was met in the period under review by making a reclassification from the retained earnings reserves in equity. Details can be found in the footnote to the consolidated statement of changes in equity on page 153. The changes resulting from initial recognition in equity were recognised in the income statement under “Changes in value adjustments for default risks and losses from interest operations”.

## Events after the balance sheet cut-off date

Because its business model is mainly focused on the Swiss retail market, the Raiffeisen Group is not directly exposed in Russia or Ukraine. The longer-term impact on Switzerland’s economic performance will depend on how the war unfolds from here. It is not possible to form a definitive view at the moment. However, at present Raiffeisen does not expect any major impact on the course of its business.

# Information on the balance sheet

## 1 – Securities financing transactions (assets and liabilities)

**Securities financing transactions (assets and liabilities)**

| in 1,000 CHF | 31.12.2020 | 31.12.2021 |
|---|---|---|
| Book value of receivables from cash collateral delivered in connection with securities borrowing and reverse repurchase transactions [1] | – | – |
| Book value of obligations from cash collateral received in connection with securities lending and repurchase transactions [1] | 4,179,487 | 7,450,837 |
| 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 | 4,226,722 | 7,512,176 |
| with unrestricted right to resell or pledge | 4,226,722 | 7,512,176 |
| 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 | 147,893 | 165,629 |
| of which, repledged securities | – | – |
| of which, resold securities | 147,893 | 156,043 |

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 | | 1,662,866 | 2,716,124 | 5,782,198 | 10,161,188 |
| Mortgage loans | | 196,765,101 | 15,762 | 136,244 | 196,917,106 |
| Residential property | | 180,187,647 | 12,629 | 70,743 | 180,271,019 |
| Office and business premises | | 3,650,739 | 244 | 6,094 | 3,657,077 |
| Commercial and industrial premises | | 6,243,935 | 460 | 12,263 | 6,256,658 |
| Other | | 6,682,779 | 2,429 | 47,144 | 6,732,352 |
| **Total loans (before netting with value adjustments)** | **31.12.2021** | **198,427,967** | **2,731,885** | **5,918,441** | **207,078,294** |
| | **31.12.2020** | **192,296,000** | **3,024,493** | **5,296,452** | **200,616,945** |
| **Total loans (after netting with value adjustments)** | **31.12.2021** | **197,958,223** | **2,722,092** | **5,675,013** | **206,355,329** |
| | **31.12.2020** | **192,296,000** | **3,024,493** | **5,037,972** | **200,358,465** |
| **Off-balance-sheet** | | | | | |
| Contingent liabilities | | 91,903 | 136,919 | 479,972 | 708,793 |
| Irrevocable commitments | | 9,522,738 | 484,241 | 2,554,737 | 12,561,717 |
| Obligations to pay up shares and make further contributions | | – | – | 121,789 | 121,789 |
| **Total off-balance-sheet** | **31.12.2021** | **9,614,641** | **621,160** | **3,156,498** | **13,392,299** |
| | **31.12.2020** | **8,223,537** | **671,215** | **3,011,238** | **11,905,989** |

**Impaired loans/receivables**

| in 1,000 CHF | | Gross debt amount | Estimated liquidation value of collateral | Net debt amount | Individual value adjustments |
|---|---|---|---|---|---|
| **Impaired loans** | **31.12.2021** | **802,947** | **557,411** | **245,536** | **242,976** |
| | **31.12.2020** | **900,047** | **617,395** | **282,652** | **261,263** |

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 | 31.12.2020 | 31.12.2021 |
|---|---|---|
| **Trading portfolio assets** | | |
| Debt securities, money market securities/transactions | 2,401,818 | 2,005,273 |
| stock exchange listed [1] | 2,323,547 | 1,920,648 |
| traded on a representative market | 78,271 | 37,590 |
| Equity securities | 35,237 | 40,340 |
| Precious metals | 573,076 | 445,876 |
| Other trading portfolio assets | 34,161 | 82,089 |
| **Other financial instruments at fair value** | | |
| Debt securities | – | – |
| Structured products | – | – |
| Other | – | – |
| **Total assets** | **3,044,292** | **2,573,578** |
| of which, determined using a valuation model | 78,271 | 37,590 |
| of which, securities eligible for repo transactions in accordance with liquidity requirements | 324,407 | 299,884 |

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 | 31.12.2020 | 31.12.2021 |
|---|---|---|
| **Trading portfolio assets** | | |
| Debt securities, money market securities/transactions [2] | 147,373 | 154,395 |
| of which, listed [1] | 147,373 | 154,395 |
| Equity securities [2] | 182 | 1,648 |
| Precious metals [2] | – | – |
| Other trading portfolio liabilities [2] | 338 | – |
| **Other financial instruments at fair value** | | |
| Structured products | 2,191,856 | 2,229,268 |
| Other | – | – |
| **Total liabilities** | **2,339,749** | **2,385,311** |
| of which, determined using a valuation model | 2,191,856 | 2,229,268 |

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

## 4 – Derivative financial instruments (assets and liabilities)

| **Derivative financial instruments** | Trading instruments | | | Hedging instruments | | |
|---|---|---|---|---|---|---|
| | Replacement values | | | Replacement values | | |
| in 1,000 CHF | Positive | Negative | Contract volume | Positive | Negative | Contract volume |
| **Interest rate instruments** | | | | | | |
| Forward contracts incl. FRAs | – | – | – | – | – | – |
| Swaps | 365,188 | 345,438 | 110,488,262 | 537,487 | 545,499 | 46,704,300 |
| Futures | – | – | 8,349,839 | – | – | – |
| Options (OTC) | 3,201 | 4,686 | 2,098,424 | – | – | – |
| Options (exchange traded) | – | – | – | – | – | – |
| **Total interest rate instruments** | **368,389** | **350,124** | **120,936,525** | **537,487** | **545,499** | **46,704,300** |
| **Foreign exchange** | | | | | | |
| Forward contracts | 156,003 | 180,628 | 17,517,199 | 11,423 | 224,963 | 18,219,275 |
| Comb. interest rate/currency swaps | 2 | 5 | 1,047 | – | – | – |
| Futures | – | – | – | – | – | – |
| Options (OTC) | 16,082 | 13,616 | 1,059,365 | – | – | – |
| Options (exchange traded) | – | – | – | – | – | – |
| **Total foreign exchange** | **172,087** | **194,249** | **18,577,611** | **11,423** | **224,963** | **18,219,275** |
| **Precious metals** | | | | | | |
| Forward contracts | 10,611 | 13,829 | 985,229 | – | – | – |
| Swaps | – | 1 | 151 | – | – | – |
| Futures | – | – | – | – | – | – |
| Options (OTC) | 6,191 | 4,563 | 525,840 | – | – | – |
| Options (exchange traded) | – | – | – | – | – | – |
| **Total precious metals** | **16,802** | **18,393** | **1,511,220** | **–** | **–** | **–** |
| **Equity securities/indices** | | | | | | |
| Forward contracts | – | – | – | – | – | – |
| Swaps | 25,195 | 75,279 | 1,708,076 | – | – | – |
| Futures | – | – | 25,751 | – | – | – |
| Options (OTC) | 181,806 | 162,852 | 3,199,332 | – | 32 | 94,314 |
| Options (exchange traded) | 1,149 | 668 | 27,348 | – | – | – |
| **Total equity securities/indices** | **208,150** | **238,799** | **4,960,507** | **–** | **32** | **94,314** |
| **Credit derivatives** | | | | | | |
| Credit default swaps | 3,740 | 6,953 | 656,753 | – | – | – |
| Total return swaps | – | – | – | – | – | – |
| First-to-default swaps | – | – | – | – | – | – |
| Other credit derivatives | – | – | – | – | – | – |
| **Total credit derivatives** | **3,740** | **6,953** | **656,753** | **–** | **–** | **–** |
| **Other** | | | | | | |
| Forward contracts | – | – | – | – | – | – |
| Swaps | 4 | 124 | 8,482 | – | – | – |
| Futures | – | – | – | – | – | – |
| Options (OTC) | 38,336 | 37,169 | 247,604 | – | – | – |
| Options (exchange traded) | – | – | – | – | – | – |
| **Total other** | **38,340** | **37,293** | **256,086** | **–** | **–** | **–** |
| **Total 31.12.2021** | **807,508** | **845,811** | **146,898,701** | **548,910** | **770,493** | **65,017,889** |
| of which determined using a valuation model | 806,358 | 845,143 | – | 548,910 | 770,493 | – |
| **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 | – |

**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 | 696,975 | 931,686 | 40,100,327 | 14,616,397 | 4,162,714 | 58,879,438 |
| Other customers | 79,045 | 150,768 | 4,749,300 | 2,232,139 | 142,581 | 7,124,020 |
| Stock exchanges | 1,149 | 668 | 6,421,743 | 1,981,195 | – | 8,402,938 |
| Central clearing houses | 579,249 | 533,182 | 82,296,589 | 29,264,075 | 25,949,530 | 137,510,194 |
| **Total 31.12.2021** | **1,356,418** | **1,616,304** | **133,567,959** | **48,093,806** | **30,254,825** | **211,916,590** |
| **Total 31.12.2020** | **1,645,302** | **2,098,527** | **62,671,662** | **38,285,395** | **29,950,919** | **130,907,976** |

No netting contracts are used to report the replacement values.

**Quality of counterparties**
Banks and securities firms: the derivative transactions were conducted primarily with counterparties with a very good credit rating. 66.4% of the positive replacement values are with counterparties with an upper-medium grade rating or better (Moody's) or comparable.

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

# 5 – Financial investments

## 5.1 – Breakdown of financial investments

**Breakdown of financial investments**

| | Book value | | Fair value | |
|---|---|---|---|---|
| in 1,000 CHF | 31.12.2020 | 31.12.2021 | 31.12.2020 | 31.12.2021 |
| Debt securities | 8,780,798 | 8,495,191 | 9,130,621 | 8,704,326 |
| of which, intended to be held until maturity | 8,780,798 | 8,495,191 | 9,130,621 | 8,704,326 |
| of which, not intended to be held to maturity (available for sale) | – | – | – | – |
| Equity securities | 4,837 | 3,788 | 66,632 | 5,443 |
| of which qualified participations [1] | 305 | – | 61,938 | – |
| Precious metals | – | – | – | – |
| Real estate | 43,268 | 49,790 | 44,259 | 51,246 |
| **Total financial investments** | **8,828,902** | **8,548,769** | **9,241,512** | **8,761,016** |
| of which securities for repo transactions in line with liquidity requirements | 8,755,617 | 8,439,884 | – | – |

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

## 5.2 – Breakdown of counterparties by rating

**Breakdown of counterparties by rating**

| 31.12.2021<br>in 1,000 CHF | Very safe investment | Safe investment | Average to good investment | Speculative to highly speculative investment | Highest-risk investment/ default | Unrated investment |
|---|---|---|---|---|---|---|
| | | | | | | Book value |
| Debt securities | 8,334,577 | 19,687 | – | – | – | 140,928 |

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 31.12.2020 | 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 31.12.2021 | Market value 31.12.2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 2020 | | | | | | | | 2021 |
| **Participations valued using the equity method** | **316,262** | **251,889** | **568,151** | **–** | **–** | **2,500** | **–** | **–** | **41,053** | **611,704** | |
| with market value | 128,663 | 59,217 | 187,880 | – | – | – | – | – | 44,853 | 232,733 | 380,520 |
| without market value | 187,599 | 192,672 | 380,271 | – | – | 2,500 | – | – | −3,800 | 378,971 | – |
| **Other non-consolidated participations** | **135,817** | **−20,704** | **115,113** | **–** | **–** | **1,045** | **−45** | **−3,729** | **25** | **112,409** | |
| with market value | 636 | −4 | 632 | – | – | – | – | – | – | 632 | 975 |
| without market value | 135,181 | −20,700 | 114,481 | – | – | 1,045 | −45 | −3,729 | 25 | 111,777 | – |
| **Total non-consolidated participations** | **452,079** | **231,185** | **683,264** | **–** | **–** | **3,545** | **−45** | **−3,729** | **41,078** | **724,113** | |

# 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**

| in 1,000 CHF, share in % | Registered office | Business activity | 31.12.2020 Equity interest in %[1] | 31.12.2020 Voting share in %[1] | 31.12.2021 Capital | 31.12.2021 Equity interest in %[1] | 31.12.2021 Voting share in %[1] |
|---|---|---|---|---|---|---|---|
| **7.1 Group companies** | | | | | | | |
| Raiffeisen Switzerland Cooperative[2] | St.Gallen | Central bank, association services | 100.0 | 100.0 | 2,443,800 | 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 | – | – | – |
| RAInetworks (Subsidiary of Raiffeisen Switzerland) Pte. Ltd, In the process of closure | 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 |
| 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 | Zurich | Real estate brokerage and consulting services | 50 | 50 | 100 | 50.0 | 50.0 |
| Leonteq Ltd[5] | Zurich | Financial services | 29.0 | 29.0 | 18,934 | 29.0 | 29.0 |
| Viseca Payment Services 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 | 28,377 | 11.2 | 11.2 |
| 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 2021.
5 Raiffeisen Switzerland Cooperative sold in 2015 a 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 or 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**

| in 1,000 CHF | Acquisition cost | Accumulated depreciation | 2020<br>Book value 31.12.2020 | Reclassifica-tions | Additions | Disposals | Depreciation | Reversals | 2021<br>Book value 31.12.2021 |
|---|---|---|---|---|---|---|---|---|---|
| Bank buildings | 2,433,580 | −609,879 | 1,823,701 | −13,120 | 94,178 | −5,283 | −44,208 | – | 1,855,268 |
| Other real estate | 598,470 | −154,185 | 444,285 | 4,772 | 44,869 | −8,881 | −11,346 | – | 473,699 |
| Proprietary or separately acquired software | 663,702 | −226,210 | 437,492 | −13 | 14,758 | – | −63,238 | – | 388,999 |
| thereof self-developed | 470,729 | −102,122 | 368,607 | – | 2,706 | – | −47,073 | – | 324,239 |
| Other tangible fixed assets | 1,212,249 | −936,580 | 275,669 | 8,361 | 46,492 | −680 | −81,065 | – | 248,777 |
| Objects in finance leasing | 45 | −45 | – | – | – | – | – | – | – |
| **Total tangible assets** | **4,908,046** | **−1,926,899** | **2,981,147** | **–** | **200,297** | **−14,844** | **−199,857** | **–** | **2,966,743** |

## 8.2 – Operating leases

**Operating leases**

| in 1,000 CHF | 31.12.2020 | 31.12.2021 |
|---|---|---|
| **Non-recognised lease commitments** | | |
| Due within 12 months | 1,703 | 1,320 |
| Due within 1 to 5 years | 1,865 | 721 |
| Due after 5 years | – | – |
| **Total non-recognised lease commitments** | **3,568** | **2,041** |
| of which obligations that can be terminated within one year | 3,568 | 2,041 |

# 9 – Intangible assets

**Intangible assets**

| in 1,000 CHF | Cost value | Accumulated depreciation | 2020<br>Book value 31.12.2020 | Changes to the consoli-dated Group | Additions | Disposals | Amortisation[1] | 2021<br>Book value 31.12.2021 |
|---|---|---|---|---|---|---|---|---|
| Goodwill | 261,828 | −255,125 | 6,703 | – | – | – | −6,703 | – |
| Other intangible assets | 12,500 | −12,500 | – | – | – | – | – | – |
| **Total intangible assets** | **274,328** | **−267,625** | **6,703** | **–** | **–** | **–** | **−6,703** | **–** |

1 Of which extraordinary depreciation of CHF 5.2 million.

## 10 – Other assets and other liabilities

**Other assets and liabilities**

| in 1,000 CHF | 31.12.2020 | 31.12.2021 |
|---|---|---|
| **Other assets** | | |
| Compensation account | 279,622 | – |
| Settlement accounts for indirect taxes | 676,470 | 985,869 |
| Other settlement accounts | 29,067 | 29,914 |
| Employer contribution reserves with pension plans | 129,830 | 135,395 |
| Miscellaneous other assets | 11,615 | 11,545 |
| **Total other assets** | **1,126,604** | **1,162,723** |
| **Other liabilities** | | |
| Compensation account | – | 30,623 |
| Due, unredeemed coupons and debt instruments | 5,415 | 3,879 |
| Levies, indirect taxes | 41,325 | 47,253 |
| Other settlement accounts | 35,837 | 52,797 |
| Miscellaneous other liabilities | 17,758 | 17,273 |
| **Total other liabilities** | **100,335** | **151,825** |

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

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

| | 31.12.2020 | | 31.12.2021 | |
|---|---|---|---|---|
| in 1,000 CHF | Book value | Effective commitments | Book value | Effective commitments |
| Amounts due from banks | 891,384 | 891,384 | 573,856 | 573,856 |
| Amounts due from customers | 1,777,234 | 1,609,639 | 1,495,221 | 1,420,009 |
| Mortgage loans | 35,138,463 | 25,224,288 | 35,997,410 | 26,510,552 |
| Financial investments | 1,133,953 | 388,059 | 1,098,655 | 365,150 |
| **Total pledged or assigned assets** | **38,941,033** | **28,113,369** | **39,165,143** | **28,869,567** |

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

## 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. Three Raiffeisen banks and one Group company are insured outside the Raiffeisen Group's pension schemes (other collective foundations, collective insurance contracts, etc.), compared with four in the previous year.

## 12.1 – Liabilities to own pension schemes

**Liabilities to own social insurance institutions**

| in 1,000 CHF | 31.12.2020 | 31.12.2021 |
|---|---|---|
| Amounts due in respect of customer deposits | 208,824 | 223,336 |
| Negative replacement values of derivative financial instruments | 24,560 | 29,714 |
| Bonds | 20,000 | 20,000 |
| Accrued expenses and deferred income | 264 | 264 |
| **Total liabilities to own social insurance institutions** | **253,648** | **273,314** |

## 12.2 – Employer contribution reserves

Employer contribution reserves arise for the Raiffeisen Employer Foundation (Raiffeisen) and for pension schemes outside the Raiffeisen Group (Others). These are solely employer-funded pension schemes.

**Employer contribution reserves**

| | | | 2020 | | | 2021 |
|---|---|---|---|---|---|---|
| in 1,000 CHF | Raiffeisen | Others | Total | Raiffeisen | Others | Total |
| **As at 1.1.** | **125,428** | **1,301** | **126,729** | **128,529** | **1,301** | **129,830** |
| + Deposits | 13,039 | – | 13,039 | 14,893 | – | 14,893 |
| – Withdrawals | −9,999 | – | −9,999 | −9,100 | −253 | −9,353 |
| + Interest paid [1] | 61 | – | 61 | 25 | – | 25 |
| **As at 31.12.** | **128,529** | **1,301** | **129,830** | **134,347** | **1,048** | **135,395** |

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 scheme. 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 report and that of the previous year (in accordance with Swiss GAAP FER 26), the coverage ratio of the pension schemes of the Raiffeisen Group is:

**Raiffeisen Pension Fund Cooperative**

| percent | 31.12.2020 | 31.12.2021 |
|---|---|---|
| Coverage ratio | 117.8 | 118.5 |

The value fluctuation reserve of the Raiffeisen Pension Fund Cooperative slightly exceeded the 115% target set out in the regulations as at 31 December 2021 after applying the "Principles on the appropriation of uncommitted funds (profit participation)". The Assembly of Delegates of the Raiffeisen Pension Fund Cooperative decides how uncommitted funds will be used. 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 scheme members.

The affiliated employers have no economic benefits or economic obligations for which allowance would have to be made in the balance sheet and income statement.

**Pension expenses with significant influencing factors**

| in 1,000 CHF | 2020 | 2021 |
|---|---|---|
| Pension expenditure according to separate financial statements | 122,543 | 127,789 |
| Deposits/withdrawals employer contribution reserves (excl. interest paid) | −3,040 | −5,540 |
| **Employer contributions reported on an accruals basis** | **119,503** | **122,249** |
| 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")** | **119,503** | **122,249** |

## 13 – Issued structured products

**Issued structured products**

| | Book value | | | | |
|---|---|---|---|---|---|
| | Valued as a whole | | Valued separately | | |
| 31.12.2021<br>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** | **–** | **8,485** | **8,192** | **−3,080** | **13,597** |
| With own debenture component (oDC) | – | 8,485 | 8,192 | −3,080 | 13,597 |
| Without oDC | – | – | – | – | – |
| **Equity securities** | **–** | **1,896,725** | **1,182,740** | **−11,262** | **3,068,203** |
| With own debenture component (oDC) | – | 1,896,647 | 1,182,740 | −27,405 | 3,051,982 |
| Without oDC | – | 78 | – | 16,143 | 16,221 |
| **Foreign currencies** | **–** | **–** | **–** | **–** | **–** |
| With own debenture component (oDC) | – | – | – | – | – |
| Without oDC | – | – | – | – | – |
| **Commodities/precious metals** | **–** | **17,620** | **121,166** | **35,915** | **174,701** |
| With own debenture component (oDC) | – | 17,620 | 121,166 | 35,915 | 174,701 |
| Without oDC | – | – | – | – | – |
| **Credit derivatives** | **–** | **306,438** | **42,605** | **826** | **349,869** |
| With own debenture component (oDC) | – | 306,438 | 42,605 | 826 | 349,869 |
| Without oDC | – | – | – | – | – |
| **Total** | **–** | **2,229,268** | **1,354,704** | **22,398** | **3,606,370** |

### Structured products of 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**

| 31.12.2021<br>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 | | 249,275 |
| | 2011 | 2.625 | 04.02.2026 | | 150,000 |
| | 2014 | 1.625 | 07.02.2022 | | 99,490 |
| | 2016 | 0.300 | 17.09.2020 | | 367,340 |
| | 2016 | 0.750 | 22.04.2025 | | 89,100 |
| | 2018 | 0.350 | 22.04.2031 | | 399,180 |
| | 2019 | 0.125 | 16.02.2024 | | 100,000 |
| | 2020 | 0.000 | 15.07.2022 | | 112,000 |
| | 2021 | 0.000 | 19.12.2031 | | 29,550 |
| subordinated with PONV clause [1] | 2018 | 2.000 | Perpetual | 02.05.2023 | 393,795 [2] |
| | 2020 | 0.1825 | 11.11.2025 | 11.11.2024 | 150,000 |
| | 2020 | 0.500 | 11.11.2028 | 11.11.2027 | 175,000 |
| | 2020 | 1.500 | 23.11.2034 | 23.11.2033 | 175,000 |
| | 2020 | 2.000 | Perpetual | 16.04.2026 | 520,640 [2] |
| | 2021 | 0.1775 | 15.01.2027 | 15.01.2026 | 124,200 |
| | 2021 | 0.405 | 28.09.2029 | 28.09.2028 | 149,000 |
| | 2021 | 0.570 | 15.01.2031 | 15.01.2030 | 202,800 |
| | 2021 | 2.250 | Perpetual | 31.03.2027 | 300,000 [2] |
| Money market securities | 2021 | 0.000 [4] | 2022 | | 3,182,341 |
| Underlying instruments from issued structured products [3] | div. | –0.014 [4] | 2021 | | 1,041,516 |
| | | 1.230 [4] | 2022 | | 110,727 |
| | | 0.109 [4] | 2023 | | 143,278 |
| | | 0.237 [4] | 2024 | | 16,087 |
| | | –0.593 [4] | after 2024 | | 37,839 |
| | | 2.027 [4] | | | 5,257 |
| **Total bonds of Raiffeisen Switzerland** | | | | | **8,323,415** |
| **Loans from Pfandbriefbank schweizerischer Hypothekarinstitute AG** | div. | 0.82 [4] | div. | | **25,738,400** |
| **Total outstanding bond issues and central mortgage institution loans** | | | | | **34,061,815** |

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" or "Negative replacement values of derivative financial instruments", respectively.
4 Average weighted interest rate (volume-weighted).

# 15 – Value adjustments and provisions

**Value adjustments and provisions**

| in 1,000 CHF | 2020<br>Previous 31.12.2020 | Changes to the consolidated Group, other changes | Use in conformity with designated purpose | Reclassifications | Currency differences | Past due interest, recoveries | New creations charged to income | Releases to income | 2021<br>Balance at 31.12.2021 |
|---|---|---|---|---|---|---|---|---|---|
| **Provisions** | | | | | | | | | |
| Provisions for deferred taxes [1] | 841,207 | −83,240 | – | – | – | – | 52,513 | −13,238 | 797,242 |
| Provisions for default risks | 23,172 | 30,408 | −201 | −1,782 | −8 | – | 4,311 | −4,502 | 51,398 |
| of which provisions for expected loss [1,2] | – | 30,408 | – | – | −7 | – | 1,178 | – | 31,579 |
| Provisions for other business risks [3] | 69,545 | – | −13,353 | – | – | – | 729 | −1,233 | 55,688 |
| Provisions for restructuring | 8,202 | – | −3,162 | – | – | – | 5,650 | −3,439 | 7,251 |
| Other provisions [4] | 25,371 | −541 | −3,853 | – | – | – | 508 | – | 21,485 |
| **Total provisions** | **967,497** | **−53,373** | **−20,569** | **−1,782** | **−8** | **–** | **63,711** | **−22,412** | **933,064** |
| **Reserves for general banking risks** | **200,000** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **200,000** |
| **Value adjustments for default and country risks** | | | | | | | | | |
| Value adjustments for default risks in respect of impaired loans/receivables | 261,263 | – | −24,679 | 1,782 | −20 | 8,214 | 53,366 | −56,950 | 242,976 |
| Value adjustments for expected loss [1,2] | – | 493,211 | – | – | −24 | – | – | −10,928 | 482,259 |
| **Total value adjustments for default and country risks** | **261,263** | **493,211** | **−24,679** | **1,782** | **−44** | **8,214** | **53,366** | **−67,878** | **725,235** |

1 In accordance with the transitional provisions in Article 98(1) AO, the Raiffeisen Group allocated value adjustments and provisions for expected losses directly in equity with effect from 1 January 2021 through the retained earnings reserve. As a consequence of this reduction in the retained earnings reserve, provisions for deferred taxes fell by CHF 83.2 million. In the same way as for the allocation to risk provisioning for expected losses, this reduction was recognised directly in equity through the retained earnings reserve. The effects of this initial allocation are shown in the table under "Changes to the consolidated Group, other changes".

2 The changes in provisions and value adjustments for expected losses taken through the income statement are shown as net figures. As product rollovers during the year and rating changes during the year can have a material impact on releases and new allocations if shown gross, the decision was made to report them net.

3 The provisions of CHF 56 million for other business risks include provisions of CHF 39 million, which resulted from the repurchase of the now-liquidated ARIZON Sourcing Ltd at the end of 2018.

4 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 1.1.2021** | | | |
| Cooperative capital | 1,935,790 | | 411,463 |
| Cooperative capital (additional cooperative shares) [1] | | | 2,108,012 |
| **Total cooperative capital at 1.1.2021** | **1,935,790** | | **2,519,475** |
| + Payments from new cooperative members | 87,712 | 200 | 17,542 |
| | 107 | 300 | 32 |
| | 203 | 400 | 81 |
| | 3,013 | 500 | 1,507 |
| + Payments of cooperative shares (additional cooperative shares) | | | 236,429 |
| **Total payments from new cooperative members** | **91,035** | | **255,591** |
| – Repayments to departing cooperative members | −61,017 | 200 | −12,203 |
| | −91 | 300 | −27 |
| | −147 | 400 | −59 |
| | −1,977 | 500 | −989 |
| – Repayments of cooperative shares (additional cooperative shares) | | | −65,876 |
| – Repayments through decrease in nominal capital | | | −3,808 |
| **Total repayments to departing cooperative members** | **−63,232** | | **−82,962** |
| **Total cooperative capital at 31.12.2021** | | | |
| of which cooperative capital | 1,890,192 | 200 | 378,038 |
| | 3,079 | 300 | 924 |
| | 5,843 | 400 | 2,337 |
| | 64,479 | 500 | 32,240 |
| of which cooperative capital (additional cooperative shares) | | | 2,278,565 |
| **Total cooperative capital at 31.12.2021** | **1,963,593** | | **2,692,104** |

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 13,106,612, previous year 12,233,175.

Interest-bearing cooperative capital:

– Year under review: CHF 2,692,104,000
– Previous year: CHF 2,519,475,000

Paid-up cooperative capital:

– Year under review: CHF 2,692,104,000
– Previous year: CHF 2,519,475,000

Non-distributable statutory or legal reserves based on individual financial statements as at 31 December 2021: CHF 4,554,350,000 (previous year: CHF 4,366,460,000

No cooperative member holds more than 5% of voting rights.

# 17 – Related parties

**Amounts due from/to related parties**

| in 1,000 CHF | Amounts due from 2020 | Amounts due from 2021 | Amounts due to 2020 | Amounts due to 2021 |
|---|---|---|---|---|
| Members of the Board of Directors of Raiffeisen Switzerland and associated persons and companies | 7,404 | 6,801 | 6,636 | 5,599 |
| Members of the Executive Board and Head of internal Auditing of Raiffeisen Switzerland and associated persons and companies | 4,899 | 8,192 | 6,487 | 7,409 |
| Other related parties [1] | 5,317,624 | 5,026,465 | 25,128,781 | 26,308,189 |
| **Total amounts due from/to related parties** | **5,329,927** | **5,041,458** | **25,141,904** | **26,321,197** |

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 to related parties amount to CHF 142.3 million (previous year: CHF 147.6 million). There were no irrevocable commitments as at 31 December 2021 (previous year: CHF 227.8 million) and call-in obligations amounted to CHF 121.8 million (previous year: CHF 121.8 million).

## Transactions with related parties

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

– The Executive Board and the Head of Internal Auditing of Raiffeisen Switzerland enjoy industry-standard preferential terms, as do all other personnel.
– Liabilities to other related parties include CHF current account balances in the amount of CHF 52.9 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 remain 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 | 57,274,981 | – | – | – | – | – | 57,274,981 |
| Amounts due from banks | 185,620 | – | 3,059,850 | – | – | – | 3,245,470 |
| Amounts due from customers | 72,403 | 1,442,020 | 1,863,624 | 1,127,178 | 2,668,558 | 2,821,915 | 9,995,698 |
| Mortgage loans | 16,910 | 3,895,746 | 8,168,536 | 22,328,576 | 103,434,595 | 58,515,268 | 196,359,631 |
| Trading portfolio assets | 2,573,578 | – | – | – | – | – | 2,573,578 |
| Positive replacement values of derivative financial instruments | 1,356,418 | – | – | – | – | – | 1,356,418 |
| Financial investments [1] | 3,788 | – | 111,035 | 343,371 | 3,067,512 | 5,023,062 | 8,548,769 |
| **Total 31.12.2021** | **61,483,697** | **5,337,766** | **13,203,045** | **23,799,126** | **109,170,665** | **66,360,246** | **279,354,545** |
| **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** |

**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 | 453,359 | 1,415,958 | 11,705,028 | 2,195,962 | 131,925 | 10,000 | 15,912,232 |
| Liabilities from securities financing transactions | – | – | 7,450,837 | – | – | – | 7,450,837 |
| Amounts due in respect of customer deposits | 86,006,080 | 99,177,904 | 7,211,252 | 2,912,322 | 4,635,220 | 1,786,218 | 201,728,997 |
| Trading portfolio liabilities | 156,043 | – | – | – | – | – | 156,043 |
| Negative replacement values of derivative financial instruments | 1,616,304 | – | – | – | – | – | 1,616,304 |
| Liabilities from other financial instruments at fair value | 2,229,268 | – | – | – | – | – | 2,229,268 |
| Cash bonds | – | – | 33,000 | 57,547 | 144,334 | 49,294 | 284,174 |
| Bond issues and central mortgage institution loans | – | – | 3,340,342 | 2,551,605 | 8,625,261 | 19,544,607 | 34,061,815 |
| **Total 31.12.2021** | **90,461,054** | **100,593,862** | **29,740,459** | **7,717,436** | **13,536,739** | **21,390,120** | **263,439,670** |
| **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** |

1 Financial assets include CHF 49,790,000 of real estate (previous year: CHF 43,268,000).

# 19 – Balance sheet by currency

**Balance sheet by currency**

31.12.2021
in 1,000 CHF

| | CHF | EUR | USD | Other | Total |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Liquid assets | 56,951,799 | 243,374 | 8,108 | 71,699 | 57,274,981 |
| Amounts due from banks | 1,141,495 | 771,385 | 1,021,346 | 311,244 | 3,245,470 |
| Amounts due from customers | 9,530,040 | 344,996 | 92,844 | 27,818 | 9,995,698 |
| Mortgage loans | 196,359,217 | 414 | – | – | 196,359,631 |
| Trading portfolio assets | 632,042 | 665,626 | 714,169 | 561,740 | 2,573,578 |
| Positive replacement values of derivative financial instruments | 1,356,418 | – | – | – | 1,356,418 |
| Financial investments | 8,545,000 | 6 | 3,757 | 6 | 8,548,769 |
| Accrued income and prepaid expenses | 276,633 | 3,813 | 471 | 133 | 281,050 |
| Non-consolidated participations | 724,113 | – | – | – | 724,113 |
| Tangible fixed assets | 2,966,743 | – | – | – | 2,966,743 |
| Other assets | 1,162,699 | 5 | – | 20 | 1,162,723 |
| **Total assets reflected in the balance sheet** | **279,646,200** | **2,029,619** | **1,840,696** | **972,660** | **284,489,174** |
| Delivery claims under spot exchange, forward exchange and currency option contracts | 7,056,016 | 14,758,281 | 12,188,740 | 3,413,497 | 37,416,534 |
| **Total assets** | **286,702,216** | **16,787,900** | **14,029,436** | **4,386,157** | **321,905,708** |
| **Liabilities** | | | | | |
| Amounts due to banks | 6,842,251 | 2,318,880 | 5,298,487 | 1,452,614 | 15,912,232 |
| Liabilities from securities financing transactions | 6,427,000 | 861,747 | 114,862 | 47,228 | 7,450,837 |
| Amounts due in respect of customer deposits | 194,310,869 | 5,840,290 | 1,117,801 | 460,037 | 201,728,997 |
| Trading portfolio liabilities | 156,043 | – | – | – | 156,043 |
| Negative replacement values of derivative financial instruments | 1,616,304 | – | – | – | 1,616,304 |
| Liabilities from other financial instruments at fair value | 692,981 | 728,268 | 681,794 | 126,225 | 2,229,268 |
| Cash bonds | 284,174 | – | – | – | 284,174 |
| Bond issues and central mortgage institution loans | 31,313,373 | 2,221,798 | 47,251 | 479,393 | 34,061,815 |
| Accrued expenses and deferred income | 827,616 | 1,919 | 1,716 | 435 | 831,686 |
| Other liabilities | 151,433 | 255 | 14 | 123 | 151,825 |
| Provisions | 932,817 | 246 | 1 | – | 933,064 |
| Reserves for general banking risks | 200,000 | – | – | – | 200,000 |
| Cooperative capital | 2,692,104 | – | – | – | 2,692,104 |
| Retained earnings reserve | 15,218,686 | – | – | −118 | 15,218,568 |
| Currency translation reserve | – | – | – | 11 | 11 |
| Group profit | 1,068,810 | – | – | −20 | 1,068,790 |
| Minority interests in equity | −46,544 | – | – | – | −46,544 |
| of which minority interests in group profit | 24,184 | – | – | – | 24,184 |
| **Total liabilities reflected in the balance sheet** | **262,687,919** | **11,973,403** | **7,261,924** | **2,565,928** | **284,489,174** |
| Delivery entitlements from spot exchange, forward exchange a nd currency option contracts | 24,294,574 | 4,827,222 | 6,563,550 | 1,930,451 | 37,615,798 |
| **Total liabilities** | **286,982,492** | **16,800,626** | **13,825,475** | **4,496,379** | **322,104,971** |
| **Net position per currency** | **−280,276** | **−12,726** | **203,961** | **−110,222** | **−199,263** |

**Foreign currency conversion rates**

| | 31.12.2020 | 31.12.2021 |
|---|---|---|
| EUR | 1.082 | 1.037 |
| USD | 0.884 | 0.912 |

# Information on off-balance-sheet transactions

## 20 – Contingent assets and liabilities

**Contingent assets and liabilities**

| in 1,000 CHF | 31.12.2020 | 31.12.2021 |
| --- | --- | --- |
| **Contingent liabilities** | | |
| Guarantees to secure credits and similar | 274,087 | 325,853 |
| Performance guarantees and similar [1] | 263,097 | 226,846 |
| Other contingent liabilities | 141,465 | 156,094 |
| **Total contingent liabilities** | **678,649** | **708,793** |
| **Contingent assets** | | |
| Contingent assets arising from tax losses carried forward | 72,056 | – |
| Other contingent assets | – | – |
| **Total contingent assets** | **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 to 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 | 31.12.2020 | 31.12.2021 |
| --- | --- | --- |
| Fiduciary investments with third-party banks | 4,219 | 62 |
| **Total fiduciary transactions** | **4,219** | **62** |

# 22 – Assets under management

## 22.1 – Breakdown of assets under management

**Breakdown of managed assets**

| in 1,000 CHF | 31.12.2020 | 31.12.2021 |
|---|---|---|
| Assets in collective investment schemes managed by the bank [1] | – | – |
| Assets under discretionary asset management agreements | 2,650,480 | 5,989,805 |
| Other managed assets | 221,391,698 | 235,236,544 |
| **Total managed assets (including double counting) [2]** | **224,042,178** | **241,226,349** |
| of which, double counting | – | – |

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 assets under management

**Presentation of the development of managed assets**

| in 1,000 CHF | 31.12.2020 | 31.12.2021 |
|---|---|---|
| **Total managed assets (including double counting) at 1.1.2021 [1]** | **207,288,350** | **224,042,178** |
| net new money inflow/outflow | 16,328,062 | 14,508,562 |
| price gains / losses, interest, dividends and currency gains/losses | 425,766 | 2,675,609 |
| other effects | – | – |
| **Total managed assets (including double counting) at 31.12.2021 [1]** | **224,042,178** | **241,226,349** |

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 | 2020 | 2021 |
|---|---|---|
| **Commission income** | | |
| Commission income from securities trading and investment activities | | |
| Custody account business | 65,558 | 77,647 |
| Brokerage | 74,025 | 81,732 |
| Fund business and asset management business | 125,132 | 171,175 |
| Other securities trading and investment activities | 98,138 | 75,558 |
| Commission income from lending activities | 25,210 | 28,706 |
| Commission income from other services | | |
| Payments | 144,779 | 147,948 |
| Account maintenance | 39,721 | 41,873 |
| Other services | 39,294 | 38,024 |
| **Total commission income** | **611,857** | **662,663** |
| **Commission expense** | | |
| Securities business | −73,195 | −55,366 |
| Payments | −61,861 | −57,526 |
| Other commission expense | −25,707 | −13,697 |
| **Total commission expense** | **−160,763** | **−126,589** |
| **Total results from commission business and services** | **451,094** | **536,074** |

# 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 | 2020 | 2021 |
|---|---|---|
| Raiffeisen Switzerland Cooperative | 77,457 | 86,634 |
| Raiffeisen banks | 124,243 | 144,322 |
| Group companies | 12,994 | 13,674 |
| **Total result from trading activities and the fair value option** | **214,694** | **244,630** |

## 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 | 2020 | 2021 |
|---|---|---|
| Result from trading activities from: | | |
| Foreign exchange trading | 133,304 | 161,584 |
| Precious metals and foreign notes and coins trading | 37,936 | 35,026 |
| Equities trading | 6,418 | 5,814 |
| Fixed income trading | 37,036 | 42,206 |
| Other | – | – |
| **Total result from trading activities and the fair value option** | **214,694** | **244,630** |
| of which, from fair value option | 13,135 | 14,226 |
| of which, from fair value option on assets | 19,691 | 3,110 |
| of which, from fair value option on liabilities | −6,556 | 11,116 |

# 25 – Income from participations

**Income from participating interests**

| in 1,000 CHF | 2020 | 2021 |
|---|---|---|
| Participations valued according to the equity method | 26,490 | 62,665 |
| Other non-consolidated participations | 5,181 | 10,649 |
| **Total income from participating interests** | **31,671** | **73,314** |

## 26 – Information on material refinancing income in interest and discount income, plus material negative interest

**Result from interest operations and negative interest**

| in 1,000 CHF | 2020 | 2021 |
| --- | --- | --- |
| **Interest and dividend income** | | |
| Interest income from amounts due from banks | −4,634 | −2,523 |
| Interest income from securities financing transactions | −56 | −16 |
| Interest income from amounts due from clients | 119,677 | 113,657 |
| Interest income from mortgage loans | 2,594,795 | 2,501,569 |
| Interest and dividend income from financial investments | 33,273 | 25,306 |
| Other interest income | 23,940 | 19,528 |
| **Total interest and dividend income** | **2,766,995** | **2,657,521** |
| of which negative interest on the lending business [1] | −86,773 | −107,082 |
| **Interest expenditure** | | |
| Interest expenditure from amounts due to banks | 31,307 | 61,079 |
| Interest expenditure from securities financing transactions | 38,414 | 51,616 |
| Interest expenditure from amounts due to clients | −128,713 | −74,913 |
| Interest expenditure from cash bonds | −3,190 | −2,289 |
| Interest expenditure from bond issues and central mortgage institution loans | −281,438 | −238,756 |
| Other interest expenses | −73,775 | −52,358 |
| **Total interest expenditure** | **−417,395** | **−255,621** |
| of which negative interest on the borrowing business [1] | 162,735 | 237,784 |
| **Gross result from interest operations** | **2,349,600** | **2,401,900** |

1 Negative interest relates primarily to hedging transactions and transactions with banks.

### Information on material refinancing income

No material refinancing income was generated in the year under review, or in the previous year.

## 27 – Personnel expenses

**Personnel expenses**

| in 1,000 CHF | 2020 | 2021 |
| --- | --- | --- |
| Meeting attendance fees and fixed compensation to members of the banking authorities | 23,932 | 24,297 |
| Salaries and benefits for staff | 1,067,761 | 1,107,189 |
| AHV, IV, ALV and other social benefits | 99,571 | 109,697 |
| Contributions to staff pension plans | 119,503 | 122,249 |
| Other personnel expenses | 26,240 | 28,278 |
| **Total personnel expenses** | **1,337,007** | **1,391,710** |

## 28 – General and administrative expenses

**General and administrative expenses**

| in 1,000 CHF | 2020 | 2021 |
|---|---|---|
| Office space expenses | 87,106 | 80,881 |
| Expenses for information and communications technology | 108,924 | 112,217 |
| Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses | 25,606 | 23,921 |
| Fees of audit firms | 10,698 | 7,454 |
| of which, for financial and regulatory audits | 10,308 | 7,181 |
| of which, for other services | 390 | 273 |
| Other operating expenses | 247,300 | 278,493 |
| **Total general and administrative expenses** | **479,634** | **502,966** |

## 29 – Explanations of material losses, extraordinary income and expenses, reserves for general banking risks, and value adjustments and provisions released

### Year under review

- The extraordinary income of CHF 8.6 million includes profits from the sale of tangible fixed assets of CHF 7.5 million.
- The extraordinary expenses of CHF 0.9 million include losses from the sale of tangible fixed assets of CHF 0.7 million.
- There were no material value adjustments or provisions released.

### Previous 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.
- There were no material value adjustments or provisions released.

## 30 – Current and deferred taxes

**Current and deferred taxes**

| in 1,000 CHF | 2020 | 2021 |
|---|---|---|
| Creation of provisions for deferred taxes | 41,217 | 52,513 |
| Release of provisions for deferred taxes | −52,119 | −13,238 |
| Expenses for current taxes | 130,226 | 143,717 |
| **Total tax expenses** | **119,324** | **182,992** |
| Average tax rate weighted on the basis of the operating result | 12.3% | 14.4% |

Tax loss carry-forwards exist at Raiffeisen Switzerland and some Group companies. The taxable net profit of the previous year was partially offset against tax loss carry-forwards not yet utilised. The impact of this offsetting on the Raiffeisen Group’s tax expense is insignificant.

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

Basle, 20 April 2022

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

As statutory auditor, we have audited the consolidated financial statements of the Raiffeisen Group, which comprise the consolidated balance sheet, the consolidated statement of income, consolidated statement of cash flows, consolidated statement of changes in equity, and notes to the consolidated financial statements including the consolidation, accounting, and valuation principles (pages 150 to 193), for the year ended 31 December 2021.

**Board of Directors' responsibility**
The Board of Directors is responsible for the preparation of consolidated financial statements, which provide a true and fair view in accordance with the applicable financial reporting framework for banks and the requirements of Swiss law. This responsibility includes designing, implementing, and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

**Auditor's responsibility**
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements, which provide a true and fair view of the financial position, the results of operations and the cash flows, are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**
In our opinion, the consolidated financial statements for the year ended 31 December 2021 provide a true and fair view of the net assets, financial position, and results of operations in accordance with the Swiss accounting principles for banks and comply with Swiss law.

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**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 judgment, 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. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the “Auditor’s responsibility” section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the consolidated financial statements.

**Impairment of loans to customers and calculation of value adjustments and provisions for default risks**

| | |
|---|---|
| **Key audit matter** | The Raiffeisen Group reports customer loans, consisting of amounts due from clients and mortgage loans, at nominal value less any value adjustments required.<br><br>The determination of a value adjustment or provision on impaired credit items is carried out on an individual basis and is based on the difference between the carrying amount of the receivable or any higher limit and the amount likely to be recoverable, considering the creditworthiness of the borrower and the net realizable sale value of any collateral.<br><br>In accordance with the accounting requirements for banks (FINMA Accounting Ordinance and FINMA Circular 2020/1 "Accounting – Banks"), Raiffeisen Switzerland Cooperative also recognizes value adjustments and provisions for expected losses on non-impaired credit items since 1 January 2021.<br><br>When calculating value adjustments and provisions for default risks, estimates must be made, which involve significant judgments and may vary depending on the assessment.<br><br>The Raiffeisen Group reports amounts due from clients of CHF 10.0 billion and mortgage loans of CHF 196.4 billion in the consolidated financial statements as of 31 December 2021. In this context, as of the balance sheet date, there were value adjustments and provisions for impaired credit items of CHF 262.8 million and value adjustments and provisions for expected losses on non-impaired credit items of CHF 512.5 million. Since customer loans represent with 72.5% a major part of the assets in Raiffeisen Group’s consolidated financial statements, we consider the recoverability of customer loans and the |

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| | |
|---|---|
| | calculation of value adjustments and provisions for default risks as a key audit matter.<br><br>The Raiffeisen Group describes its accounting and valuation principles for customer loans and value adjustments in the notes to the consolidated financial statements on pages 165 and 166. Further explanations on the identification of default risks, the calculation of the valuation adjustments and the valuation of the collaterals can be found in the notes to the consolidated financial statements on the pages 160 to 162. |
| **Our audit procedure** | Our audits included an assessment of the design and the effectiveness of processes and controls related to granting and monitoring loans, as well as the identification and calculation of value adjustments and provisions on impaired credit items. In addition, we assessed the concept implemented by the Raiffeisen Group as of 1 January 2021 for the recognition of value adjustments and provisions for expected losses on non-impaired credit items in accordance with Article 25 of the FINMA Accounting Ordinance in the consolidated financial statements.<br><br>In addition, we tested the recoverability of credit exposures based on a sample and assessed the methods and assumptions used in the calculation individual value adjustments and provisions for default risks. Our sample included both random and risk-oriented selected credit items. The risk-oriented sample included in particular unsecured loans to commercial customers and financing of investment properties.<br><br>Further audit procedures included the assessment of compliance with and implementation of the accounting and valuation principles of the Raiffeisen Group as well as the appropriateness of the explanations for the identification of default risks, for the calculation of the value adjustments and for the valuation of the collateral in the consolidated financial statements.<br><br>Our audit procedures did not result in any reservations regarding the recoverability of customer loans and the calculation of value adjustments and provisions for default risks. |

**Other Matters**
The consolidated financial statements of the Raiffeisen Group for the year ended 31 December 2020 were audited by another auditor who issued an unmodified opinion on these financial statements on 14 April 2021.

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

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

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

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

Philipp de Boer
Licensed audit expert

# Regulatory disclosure

**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”.**

# 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) is available on Raiffeisen's website. raiffeisen.ch

On the following pages, the Annual Report includes a selection of tables that have to be disclosed pursuant to FINMA Circular 2016/1 “Disclosure – banks”. Complete disclosure with the qualitative and quantitative information on risks, equity capital base and liquidity is published on the Raiffeisen website. report.raiffeisen.ch/en-downloads

Quantitative information has been disclosed in accordance with the requirements laid down in the Capital Adequacy Ordinance. Some of this information cannot be directly reconciled 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 regulatory metrics

**Key metrics** [1]

| | in CHF million (unless stated otherwise) | a<br>31.12.2021 | b<br>30.09.2021 | c<br>30.06.2021 | d<br>31.03.2021 | e<br>31.12.2020 |
|---|---|---|---|---|---|---|
| | **Available capital (amounts)** | | | | | |
| 1 | Common Equity Tier 1 (CET1) | 19,109 | 18,053 | 18,018 | 17,961 | 17,883 |
| 2 | Tier 1 | 20,323 | 19,263 | 19,197 | 19,045 | 18,776 |
| 3 | Total capital | 21,142 | 20,053 | 19,840 | 19,710 | 19,151 |
| | **Risk-weighted assets (amounts)** [2] | | | | | |
| 4 | Total risk-weighted assets (RWA) | 91,187 | 91,034 | 96,387 | 95,330 | 93,545 |
| 4a | Minimum capital requirement | 7,295 | 7,283 | 7,711 | 7,626 | 7,484 |
| | **Risk-based capital ratios as a percentage of RWA** | | | | | |
| 5 | Common Equity Tier 1 ratio (%) | 21.0% | 19.8% | 18.7% | 18.8% | 19.1% |
| 6 | Tier 1 ratio (%) | 22.3% | 21.2% | 19.9% | 20.0% | 20.1% |
| 7 | Total capital ratio (%) | 23.2% | 22.0% | 20.6% | 20.7% | 20.5% |
| | **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% | 0.0% |
| 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% | 2.5% |
| 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) (%) | 13.7% | 12.5% | 11.2% | 11.3% | 11.6% |
| | **Target capital ratios in accordance with Appendix 8 of the CAO** [4] | | | | | |
| 12b | Countercyclical buffer (Articles 44 and 44a CAO) | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| | **Basel III Leverage Ratio** | | | | | |
| 13 | Total exposure (CHF) | 289,393 | 290,655 | 286,399 | 278,207 | 263,303 |
| 14 | Basel III leverage ratio (%) | 7.0% | 6.6% | 6.7% | 6.8% | 7.1% |
| | **Liquidity Coverage Ratio** | | | | | |
| 15 | Total HQLA | 60,763 | 58,929 | 52,974 | 46,921 | 47,789 |
| 16 | Total net cash outflow | 32,769 | 31,453 | 30,560 | 27,893 | 29,983 |
| 17 | LCR ratio (%) | 185.4% | 187.4% | 173.3% | 168.2% | 159.4% |
| | **Net Stable Funding Ratio** [5] | | | | | |
| 18 | Total available stable funding | 223,094 | 222,971 | n/a | n/a | n/a |
| 19 | Total required stable funding | 153,975 | 152,237 | n/a | n/a | n/a |
| 20 | NSFR ratio | 144.9% | 146.5% | n/a | n/a | n/a |

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 85% was used in the third year in accordance with the transitional provisions.
3 Since 31 March 2020 the presentation is in accordance with Basel minimum standards.
4 Systemically important banks can refrain from publishing rows 12a, 12c, 12d, 12e (Appendix 8 of the CAO not applicable).
5 These figures were disclosed for the first time as of 30 September 2021.

# Overview of risk-weighted assets

**OV1: Overview of risk-weighted assets**[1]

| | | a | b | c |
|---|---|---|---|---|
| | | RWA | RWA | Minimum Capital Requirement[2] |
| in CHF million | | 31.12.2021 | 31.12.2020 | 31.12.2021 |
| **1** | **Credit risk (excluding counterparty credit risk) (CCR)** | **76,371** | **76,097** | **6,110** |
| 2 | of which: standardised approach (SA) | 9,874 | 9,578 | 790 |
| 3 | of which: foundation internal ratings-based (F-IRB) approach | 25,745 | 25,417 | 2,060 |
| 4 | of which: supervisory slotting approach | – | – | – |
| 5 | of which: advanced internal ratings-based (A-IRB) approach[3] | 40,752 | 41,102 | 3,260 |
| **6** | **Counterparty credit risk (CCR)** | **1,470** | **991** | **118** |
| 7 | of which: standardised approach for counterparty credit risk | 297 | 318 | 24 |
| 8 | of which: Internal Model Method (IMM) | – | – | – |
| 9 | of which: other CCR | 1,173 | 673 | 94 |
| **10** | **Credit valuation adjustment (CVA)** | **122** | **202** | **10** |
| **11** | **Equity positions under the simple risk weight approach** | **371** | **334** | **30** |
| **12** | **Equity investments in funds – look-through approach** | **–** | **–** | **–** |
| **13** | **Equity investments in funds – mandate-based approach** | **–** | **–** | **–** |
| **14** | **Equity investments in funds – fall-back approach** | **47** | **57** | **4** |
| **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** | **2,414** | **2,590** | **193** |
| 21 | of which: standardised approach (SA) | 2,414 | 2,590 | 193 |
| 22 | of which: internal model approaches (IMA) | – | – | – |
| **23** | **Capital charge for switch between trading book and banking book** | **–** | **–** | **–** |
| **24** | **Operational risk** | **5,839** | **5,697** | **467** |
| **25** | **Amounts below the thresholds for deduction (subject to 250% risk weight)** | **1,592** | **1,480** | **127** |
| **26** | **Floor adjustment**[4] | **2,961** | **6,098** | **237** |
| **27** | **Total** | **91,187** | **93,545** | **7,295** |

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 Under the IRB transitional provisions an IRB floor of 90% is used for the second year (reporting date 31 December 2020) and 85% for the third year (31 December 2021).

# Composition of regulatory capital

**Presentation of regulatory eligible available capital** [1]

| in CHF million (unless stated otherwise) | 30.06.2021 | 31.12.2021 |
|---|---|---|
| **Common equity Tier 1 capital (CET1)** | | |
| 1 Issued and paid-in capital, eligible in full | 2,628 | 2,692 |
| 2 Statutory reserves / retained earnings reserves / retained earnings (losses) / profit (loss) for the period | 15,419 | 16,421 |
| of which retained earnings reserves | 15,419 | 15,419 |
| of which capital reserves and reserves for foreign currencies | – | – |
| of which profit (loss) for the period [2] | – | 1,002 |
| 5 Minority interests, eligible as CET1 | – | – |
| **6 = Common Equity Tier 1, prior to regulatory adjustments** | **18,046** | **19,113** |
| **Regulatory adjustments of CET1** | | |
| 7 Prudential value adjustments | −5 | −4 |
| 8 Goodwill | −6 | – |
| 9 Other intangibles | – | – |
| 12 "IRB shortfalls" (difference between the expected losses and value adjustments) | −17 | – |
| **28 = Total , CET1 adjustments** | **−28** | **−4** |
| **29 = Common Equity Tier 1 capital (net CET1)** | **18,018** | **19,109** |
| **Additional Tier 1 capital (AT1)** | | |
| 30 Issued and paid in instruments, eligible in full | 1,225 | 1,225 |
| 31 of which: regulatory-capital instruments according to financial statements | – | – |
| 32 of which: debt instruments according to financial statements | 1,225 | 1,225 |
| **36 = Total, Additional Tier 1 capital, prior to regulatory adjustments** | **1,225** | **1,225** |
| 37 Net long positions in own AT1 instruments | −46 | −11 |
| **43 = Total of AT1 regulatory adjustments** | **−46** | **−11** |
| **44 = Additional Tier 1 capital (net AT1)** | **1,179** | **1,214** |
| **45 = Tier 1 capital (net Tier 1 = net CET1 + net AT1)** | **19,197** | **20,323** |
| **Tier 2 capital (T2)** | | |
| 46 Issued and paid in instruments, eligible in full | 643 | 819 |
| 47 Issued and paid in instruments, recognized as accruals (phase-out) | – | – |
| **51 = Tier 2 capital before regulatory adjustments** | **643** | **819** |
| 57 = Total T2 adjustments | – | – |
| **58 = Tier 2 capital (net T2)** | **643** | **819** |
| **59 = Regulatory capital (net T1 & net T2)** | **19,840** | **21,142** |
| **60 Sum of risk-weighted positions** | **96,387** | **91,187** |
| **Capital ratios** | | |
| **61 CET1 ratio (no. 29 in % of risk-weighted positions)** | **18.7%** | **21.0%** |
| **62 T1 ratio (no. 45 in % of risk-weighted positions)** | **19.9%** | **22.3%** |
| **63 Ratio regarding the regulatory capital (line no. 59 in % of risk-weighted positions)** | **20.6%** | **23.2%** |
| 64 CET1 buffer capital requirements specific to the institution according to Basel Minimum Standards (capital buffer + countercyclical 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, countercyclical 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] | 11.2% | 13.7% |
| **Amounts below the thresholds for deduction (before risk-weighting)** | | |
| 72 Non-qualifying equity interests in the financial sector and other TLAC investments | 88 | 91 |
| 73 Other qualifying interests in companies active in the financial sector (CET1) | 589 | 637 |

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.

# Information on the 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 always hold sufficient high-quality liquid assets (HQLA) to cover the net cash outflow that could be expected in a standard stress scenario for 30 days, as defined by outflow and inflow assumptions. The LCR metrics published are based on the daily closing averages of all business days in the corresponding reporting quarters.

**Information on the liquidity coverage ratio**

| | in CHF million (unless stated otherwise) | Q3 2021[1] Unweighted values | Q3 2021[1] Weighted values | Q4 2021[1] Unweighted values | Q4 2021[1] Weighted values |
|---|---|---|---|---|---|
| **A.** | **High-quality liquid assets (HQLA)** | | | | |
| 1 | Total high-quality liquid assets (HQLA) | | 58,929 | | 60,763 |
| **B.** | **Cash outflows** | | | | |
| 2 | Retail deposits | 116,334 | 11,580 | 118,564 | 11,759 |
| 3 | of which stable deposits | 6,000 | 300 | 6,000 | 300 |
| 4 | of which less stable deposits | 110,334 | 11,280 | 112,564 | 11,459 |
| 5 | Unsecured business-client or wholesale funding | 26,197 | 15,614 | 28,172 | 16,670 |
| 6 | of which operational deposits (all counterparties) and deposits with the central institution of a cooperative bank network | – | – | – | – |
| 7 | of which non-operational deposits (all counterparties) | 25,278 | 14,695 | 27,234 | 15,732 |
| 8 | of which unsecured debt securities | 920 | 920 | 938 | 938 |
| 9 | Secured business client or wholesale funding and collateral swaps | | 122 | | 57 |
| 10 | Other cash outflows | 14,381 | 3,555 | 15,409 | 3,592 |
| 11 | of which cash outflows related to derivative exposures and other transactions | 2,156 | 1,926 | 2,171 | 1,941 |
| 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 | 154 | 154 | 119 | 119 |
| 13 | of which cash outflows from committed credit and liquidity facilities | 12,072 | 1,475 | 13,120 | 1,532 |
| 14 | Other contractual funding obligations | 3,861 | 2,275 | 5,019 | 2,931 |
| 15 | Other contingent funding obligations | 1,820 | 91 | 1,872 | 94 |
| **16** | **Total cash outflows** | | **33,236** | | **35,102** |
| **C.** | **Cash inflows** | | | | |
| 17 | Secured funding transactions (e.g. reverse repo transactions) | 272 | 56 | 226 | 49 |
| 18 | Inflows from fully performing exposures | 3,456 | 1,673 | 4,460 | 2,224 |
| 19 | Other cash inflows | 55 | 55 | 60 | 60 |
| **20** | **Total cash inflows** | **3,782** | **1,783** | **4,746** | **2,334** |
| | **Adjusted value** | | | | |
| **21** | **Total high-quality liquid assets (HQLA)** | | **58,929** | | **60,763** |
| **22** | **Total net cash outflows** | | **31,453** | | **32,769** |
| **23** | **Liquidity coverage ratio (LCR) (%)** | | **187.4%** | | **185.4%** |

1 Average daily closing averages of all business days in the reporting quarters.

Of the portfolio of high-quality liquid assets (HQLA), 90% consist of category 1 assets, 96% 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 10% 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–.

The HQLA portfolio (No. 21) increased sharply in comparison to the last reporting period, especially in the third quarter. Net cash outflows (No. 22) rose only moderately. This led to an increase in the short-term liquidity coverage ratio (No. 23) to 187% in the third quarter and a slight decline to 185% in the fourth quarter. This development is attributable to the strong growth in deposits of private customers (No. 2). In addition, owing to favourable market conditions, the portfolio of deposits of business clients and key accounts (No. 5) underwent a further tactical increase. The remaining positions moved steadily in line with the growth in total assets.

The Raiffeisen Group does not have any significant foreign exchange operations resulting from its core business. Because of the low level of lending business in foreign currencies, foreign currency liabilities are mostly 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

**Raiffeisen is the third-largest banking group in Switzerland, has strong local roots, and is a leader in the retail business. The Group consists of 219 legally independent Raiffeisen banks with a cooperative structure. Raiffeisen serves 3.61 million clients at 820 locations all over Switzerland. 1.96 million cooperative members are co-owners of their Raiffeisen banks and help shape them.**

# Group companies compared

**Income statement and key balance sheet figures**

| | Raiffeisen banks | | Raiffeisen Switzerland | | Other Group companies | | Consolidation effects | | Raiffeisen Group | |
|---|---|---|---|---|---|---|---|---|---|---|
| in million CHF | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 |
| **Income statement** | | | | | | | | | | |
| Net interest income | 2,111 | 2,121 | 211 | 283 | −26 | −8 | 1 | 18 | 2,297 | 2,414 |
| Result from commission business and services | 351 | 420 | 109 | 122 | 6 | 4 | −15 | −10 | 451 | 536 |
| Result from trading activities | 124 | 144 | 77 | 87 | 13 | 14 | 1 | −1 | 215 | 244 |
| Other result from ordinary activities | 71 | 71 | 361 | 363 | 21 | 91 | −356 | −336 | 97 | 189 |
| **Operating income** | **2,657** | **2,756** | **758** | **855** | **14** | **101** | **−369** | **−329** | **3,060** | **3,383** |
| Personnel expenses | −935 | −960 | −386 | −420 | −23 | −22 | 7 | 10 | −1,337 | −1,392 |
| General and administrative expenses | −564 | −577 | −228 | −258 | −20 | −13 | 332 | 345 | −480 | −503 |
| **Operating expenses** | **−1,499** | **−1,537** | **−614** | **−678** | **−43** | **−35** | **339** | **355** | **−1,817** | **−1,895** |
| Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets | −186 | −167 | −55 | −61 | −2 | −4 | −31 | 15 | −274 | −217 |
| Value adjustments, provisions and losses | −7 | 8 | −6 | −7 | – | – | 11 | −4 | −2 | −3 |
| **Operating profit** | **965** | **1,060** | **83** | **109** | **−31** | **62** | **−50** | **37** | **967** | **1,268** |
| Extraordinary income | 15 | 21 | 2 | 34 | 12 | – | −23 | −46 | 6 | 9 |
| Extraordinary expenses | −584 | −553 | – | – | – | – | 582 | 552 | −2 | −1 |
| Changes in reserves for general banking risks | −18 | −130 | −42 | −92 | – | – | 60 | 222 | – | – |
| Taxes | −125 | −138 | −1 | −3 | −3 | −6 | 10 | −36 | −119 | −183 |
| **Group profit (including minority interests)** | **253** | **260** | **42** | **48** | **−22** | **56** | **579** | **729** | **852** | **1,093** |
| Minority interests in Group profit | – | – | – | – | – | – | −9 | 24 | −9 | 24 |
| **Group profit** | **253** | **260** | **42** | **48** | **−22** | **56** | **588** | **705** | **861** | **1,069** |
| **Key balance sheet figures** | | | | | | | | | | |
| Total assets | 227,313 | 238,603 | 67,630 | 86,897 | 2,764 | 2,543 | −38,054 | −43,554 | 259,653 | 284,489 |
| Amounts due from customers | 7,161 | 6,875 | 3,014 | 3,090 | 77 | 91 | −211 | −60 | 10,041 | 9,996 |
| Mortgage loans | 179,410 | 185,323 | 10,911 | 11,040 | – | – | −4 | −3 | 190,317 | 196,360 |
| Amounts due in respect of customer deposits | 174,872 | 185,058 | 15,849 | 17,277 | – | – | −296 | −606 | 190,425 | 201,729 |

# Five-year overviews

## Balance sheet in the five-year overview

**Balance sheet**

| in million CHF | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Liquid assets | 20,523 | 19,188 | 29,643 | 36,661 | 57,275 |
| Amounts due from banks | 8,332 | 2,225 | 7,677 | 4,037 | 3,245 |
| Amounts due from securities financing transactions | 232 | 5 | 250 | – | – |
| Amounts due from customers | 7,916 | 8,135 | 8,160 | 10,041 | 9,996 |
| Mortgage loans | 172,622 | 179,558 | 185,291 | 190,317 | 196,360 |
| Trading portfolio assets | 3,879 | 3,455 | 3,201 | 3,044 | 2,574 |
| Positive replacement values of derivative financial instruments | 1,677 | 1,337 | 1,898 | 1,645 | 1,356 |
| Financial assets | 7,593 | 6,613 | 7,194 | 8,829 | 8,549 |
| Accrued income and prepaid expenses | 278 | 259 | 263 | 281 | 281 |
| Non-consolidated participations | 650 | 683 | 708 | 683 | 724 |
| Tangible fixed assets | 2,803 | 2,933 | 2,998 | 2,981 | 2,967 |
| Intangible assets | 372 | 54 | 10 | 7 | – |
| Other assets | 852 | 888 | 1,053 | 1,127 | 1,163 |
| **Total assets** | **227,729** | **225,333** | **248,345** | **259,653** | **284,489** |
| **Liabilities** | | | | | |
| Amounts due to banks | 12,603 | 6,463 | 12,280 | 10,559 | 15,912 |
| Liabilities from securities financing transactions | 2,201 | 2,925 | 6,327 | 4,181 | 7,451 |
| Amounts due in respect of customer deposits | 164,085 | 165,701 | 176,179 | 190,425 | 201,729 |
| Trading portfolio liabilities | 134 | 70 | 198 | 148 | 156 |
| Negative replacement values of derivative financial instruments | 1,692 | 1,928 | 2,318 | 2,099 | 1,616 |
| Liabilities from other financial instruments at fair value | 2,580 | 2,300 | 2,497 | 2,192 | 2,229 |
| Cash bonds | 836 | 591 | 459 | 354 | 284 |
| Bond issues and central mortgage institution loans | 25,939 | 26,864 | 28,725 | 29,391 | 34,062 |
| Accrued expenses and deferred income | 851 | 855 | 840 | 865 | 832 |
| Other liabilities | 160 | 121 | 107 | 100 | 152 |
| Provisions | 949 | 1,035 | 998 | 967 | 933 |
| Reserves for general banking risks | 80 | 200 | 200 | 200 | 200 |
| Cooperative capital | 1,957 | 2,172 | 2,351 | 2,519 | 2,692 |
| Retained earnings reserve | 12,746 | 13,611 | 14,092 | 14,864 | 15,219 |
| Group profit | 917 | 541 | 835 | 861 | 1,069 |
| **Total equity capital (without minority interests)** | **15,700** | **16,524** | **17,478** | **18,444** | **19,180** |
| Minority interests in equity | −1 | −44 | −62 | −71 | −47 |
| of which Minority interests in group profit | −6 | −44 | −11 | −9 | 24 |
| **Total equity capital (with minority interests)** | **15,699** | **16,480** | **17,416** | **18,373** | **19,133** |
| **Total liabilities** | **227,729** | **225,333** | **248,345** | **259,653** | **284,489** |

# Income statement in the five-year overview

**Income statement**

| in million CHF | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| Interest and discount income | 2,943 | 2,895 | 2,819 | 2,734 | 2,632 |
| Interest and dividend income from financial investments | 54 | 49 | 43 | 33 | 25 |
| Interest expense | −747 | −653 | −595 | −417 | −256 |
| **Gross result from interest operations** | **2,250** | **2,291** | **2,267** | **2,350** | **2,402** |
| Changes in value adjustments for default risks and losses from interest operations | −2 | −63 | −13 | −52 | 12 |
| **Subtotal net result from interest operations** | **2,248** | **2,228** | **2,254** | **2,297** | **2,414** |
| Commission income from securities trading and investment activities | 422 | 374 | 343 | 363 | 406 |
| Commission income from lending activities | 20 | 21 | 22 | 25 | 29 |
| Commission income from other services | 235 | 224 | 230 | 224 | 228 |
| Commission expense | −183 | −168 | −178 | −161 | −127 |
| **Result from commission business and services** | **494** | **451** | **416** | **451** | **536** |
| **Net trading income** | **230** | **210** | **228** | **215** | **245** |
| Income from sale of financial assets | 29 | 5 | 13 | 13 | 70 |
| Income from participations | 89 | 76 | 64 | 32 | 73 |
| Income from real estate | 21 | 21 | 22 | 21 | 21 |
| Other ordinary income | 210 | 129 | 65 | 33 | 27 |
| Other ordinary expenses | −11 | −42 | −10 | −2 | −2 |
| **Other result from ordinary activities** | **338** | **189** | **153** | **97** | **189** |
| **Operating income** | **3,310** | **3,078** | **3,052** | **3,060** | **3,383** |
| Personnel expenses | −1,395 | −1,390 | −1,332 | −1,337 | −1,392 |
| General and administrative expenses | −618 | −606 | −538 | −480 | −503 |
| **Operating expenses** | **−2,013** | **−1,996** | **−1,870** | **−1,817** | **−1,895** |
| Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets | −188 | −259 | −227 | −274 | −217 |
| Changes to provisions and other value adjustments, and losses | 0 | −124 | −24 | −2 | −3 |
| **Operating result** | **1,109** | **699** | **930** | **967** | **1,268** |
| Extraordinary income | 119 | 82 | 10 | 6 | 9 |
| Extraordinary expenses | −4 | −8 | −3 | −2 | −1 |
| Changes in reserves for general banking risks | −80 | −120 | – | – | – |
| Taxes | −233 | −156 | −112 | −119 | −183 |
| **Group profit (including minority interests)** | **911** | **497** | **824** | **852** | **1,093** |
| Minority interests in Group profit | −6 | −44 | −11 | −9 | 24 |
| **Group profit** | **917** | **541** | **835** | **861** | **1,069** |

# Appropriation of profit in the five-year overview

**Appropriation of profit**

| in million CHF | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| Retained earnings reserve | 865 | 481 | 772 | 796 | 1,002 |
| Distribution to cooperative members | 52 | 60 | 63 | 65 | 67 |
| Distribution ratio in %[1] | 6% | 12% | 8% | 8% | 7% |

1 This year, the proposal for appropriation of profit is provisional.

# Imprint

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