

RAIFFEISEN

Press release

Raiffeisen interim financial statement for the period ending 30 June 2010

Growth continues at Raiffeisen

St. Gallen, 18 August 2010. Raiffeisen's core business continues to grow. Total mortgages increased by 4 billion to 114.7 billion Swiss francs in the first half of 2010. Retail client deposits rose by 2 billion to 109.1 billion Swiss francs. Group profit after adjustment for special items is 308 million Swiss francs (+1.4%).

Raiffeisen again outperformed the mortgage market in the first half of 2010, increasing its market share to 15.4%. The 3.7% growth to 114.7 billion Swiss francs is on a par with the record level of 2009. The banking group achieved most of this growth in the owner-occupied property segment. Since this segment traditionally has a very low rate of default and Raiffeisen engages in sound lending practices with strict terms of credit, the credit portfolio remains low-risk. This is also reflected in the very low credit losses of 10 million Swiss francs or 0.016% of the credit volume.

Retail client deposits rose by 2.0 billion or 1.9% to 109.1 billion Swiss francs. The preference was for variable-rate savings and investment funds, while fixed-interest medium-term notes were less in demand. The net inflow of new money into the bank amounted to 2.5 billion Swiss francs.

Interest margin has stabilised

At 1.195 billion Swiss francs, operating income is at the previous year's level. Net interest income remained slightly below the previous year's figure at 979 million Swiss francs. The interest margin has nevertheless stabilized in the course of 2010, after declining the year before. Commission and service fee income developed well. The growth of 10 million or 9.5% to 121 million Swiss francs is primarily due to the increase in the number of transactions.

Reduction in costs

The Raiffeisen Group managed to reduce costs by 0.9% in the first six months of the year. Non-personnel costs were cut by 6.9% to 219 million Swiss francs. In contrast, the number of employees expanded by 144 to 7,936 full-timers between mid-2009 and mid-2010. This entailed a slight increase of 1.9% in personnel expenditure to 516 million Swiss francs.

Encouraging half-year results

The Raiffeisen Group generated a gross profit of 460 million Swiss francs as of mid-2010, the same level as the previous year. Due to the recovery of the equity markets in 2009, the strategic holdings in Helvetia and Vontobel experienced an appreciation of about 67 million Swiss francs, which led to a higher Group profit.

Group profit after adjustment for such special items is 308 million Swiss francs (+1.4%).

Raiffeisen remains on course for growth

Membership is as popular as ever. Raiffeisen was able to welcome more than 30,000 new cooperative members.

The Raiffeisen Group expects a good result with growth at a high level in 2010. In order to further underpin its success as the third-largest banking group in Switzerland, it is continuing to invest in expanding its network of branches and in strengthening new business areas such as corporate client business.

The Raiffeisen Group at a glance

	30 June 2010 (in CHF m)	31 December 2009 (in CHF m)	Change (in CHF m)	Change in %
Total Assets	142,990	139,520	3,470	2.5
Loans to clients	122,074	117,636	4,438	3.8
Mortgage receivables	114,724	110,678	4,046	3.7
Retail client deposits	109,114	107,108	2,005	1.9
Client Assets under management (AuM)	136,607	134,904	1,703	1.3
	1 January – 30 June 2010 (in CHF m)	1 January – 30 June 2009 (in CHF m)	Change (in CHF m)	Change in %
Operating income	1,195	1,202	-7	-0.6
Net interest income	979	996	-18	-1.8
Total operating expenditure	734	741	-6	-0.9
Gross profit	460	461	-1	-0.2
Group profit (adjusted)	308	304	+4	1.4
	30 June 2010	31 December 2009	Change	Change in %
Number of Personal Units	7,936	7,999	-63	-0.8
Number of employees	9,493	9,553	-60	-0.6
Number of cooperative members	1,649,551	1,618,941	30,610	1.9
Clients	3,354,225	3,334,014	20,211	0.6

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Raiffeisen: third-largest banking group in Switzerland

The Raiffeisen Group is the leading Swiss retail bank. The third-largest bank in the Swiss banking sector has 3.3 million clients, 1.6 million of whom are cooperative members and therefore co-owners of their Raiffeisen bank. The Raiffeisen Group includes the 339 Raiffeisen banks, organised as cooperatives and with 1,132 branches. The legally autonomous Raiffeisen banks are amalgamated into the Raiffeisen Switzerland cooperative, which is responsible for the strategic management of the entire Raiffeisen Group. As of 30 June 2010, the Raiffeisen Group had 137 billion Swiss francs in assets under management and 122 billion Swiss francs in loans to clients. The Group's market share of mortgage business is a good 15%, with just under 20% of the savings market. The balance sheet total is 143 billion Swiss francs.