

Press Release

Raiffeisen posts record profit

St. Gallen/Zurich, 28 February 2014. The year 2013 was an extremely successful one for Raiffeisen. Gross profit topped the billion mark for the first time ever at CHF 1.068 billion, an increase of 15.2%. Group profit rose 12.9% to CHF 717 million, the largest profit the Raiffeisen Group has ever recorded in its history.

Raiffeisen's operating income rose to CHF 2.791 billion, up 2.9%. Mortgages increased by CHF 7.7 billion or 5.7% to CHF 143.7 billion, while savings and investment deposits increased by CHF 6.5 billion or 6.3% to CHF 109.6 billion.

Mortgage business solid

With a market share of 16.3%, Raiffeisen is Switzerland's leading provider of residential property financing. The mortgage portfolio is solid from several perspectives: on average existing mortgages amount to roughly CHF 360,000 and new mortgages to roughly CHF 420,000. The average loan-to-value ratio is unchanged at 60%. Raiffeisen is broadly diversified geographically, the mortgage business remaining focused in 2013 on regions that are not inclined to overheating.

The Group's growth rests upon a robust foundation. Effective losses from the lending business declined from an already low 0.02% last year to 0.01%; provisions for default risk declined from 0.20% to 0.18%.

Operating expenditure under control

Operating expenditure declined from CHF 1,786 to 1,723 million. This must, however, be seen in the context of last year's one-off pension fund contribution of CHF 80 million. The large increase in volume was thus accompanied by a moderate 1% increase in operating expenditure. Despite the continued narrowing of the interest margin, Raiffeisen successfully reduced its cost-income ratio from 62.9% to 61.7%.

Robust equity capital base

Due to a consistently high retention of earnings over the last years, the total capital ratio came in at 14.9% at the reporting date. The target value including a countercyclical capital buffer of 14.8% in effect from July 2014 has thus already been attained. With CHF 12 billion in equity capital, CHF 11 billion of which is core capital, Raiffeisen's capital base is very solid. Moody's has confirmed Raiffeisen's strength with a stable Aa3 rating.

Notenstein investment

Earnings from the commission and service business – the core business of Notenstein Privatbank AG – grew solidly in 2013 from CHF 115 million to CHF 125 million. Assets under management rose from roughly CHF 21 billion to CHF 28 billion. This growth was, on the one hand, organic and, on the other hand, derived from new subsidiaries. Today's high cost-income ratio is principally due to the strategic restructuring.

Successful strategy

In 2013 Raiffeisen further grew its investment business, assets under management increasing 8.2% to CHF 187.3 billion. The corporate clients business also grew by 6.2%, through both customer acquisition and the expansion of existing business.

Raiffeisen Group Executive Board Chairman Pierin Vincenz: "Despite high regulatory expenses and the investments we made in our client advisory service, we have kept costs stable. Overall profitability has thus improved. The profit we have generated is for the most part being retained, as it is standard practice for our cooperative group. This strengthens our capital base, which benefits our 1.8 million members throughout Switzerland."

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 3.7 million clients, over 1.8 million of whom are cooperative members and therefore co-owners of their Raiffeisen bank. The Raiffeisen Group includes 316 Raiffeisen banks with a cooperative structure and 1,032 branches. The legally autonomous Raiffeisen banks are amalgamated into Raiffeisen Switzerland Cooperative, which is the strategic leader of the entire Raiffeisen Group. Notenstein Private Bank Ltd is a wholly owned subsidiary of Raiffeisen Switzerland Cooperative. As of 31.12.2013, the Raiffeisen Group had CHF 187 billion in assets under management and CHF 151 billion in loans to clients. The market share is over 16.3% in the mortgage business and 18.9% of the savings market. The balance sheet total is CHF 177 billion.

The Raiffeisen Group at a glance

	2013 (in million CHF)	2012 (in million CHF)	Change (in million CHF)	Change in percent
Balance sheet total	176'575,5	168'124,2	8'451,2	5,0
Loans to clients	151'409,4	143'765,1	7'644,3	5,3
Mortgage receivables	143'658,6	135'942,7	7'715,9	5,7
Customer deposits	138'059,3	133'055,1	5'004,2	3,8
Savings and investment deposits	109'576,4	103'065,1	6'511,3	6,3
Assets under management (AuM)	187'296,6	173'148,6	14'148,0	8,2
Operating income	2'790,7	2'712,2	78,5	2,9
Net interest income	2'130,5	2'092,6	37,9	1,8
Net commission and service fee income	395,7	367,7	28,0	7,6
Net trading income	185,4	190,5	-5,1	-2,7
Operating expenditure	1'722,8	1'785,6	-62,8	-3,5
Gross profit	1'067,9	926,7	141,3	15,2
Gross profit	716,5	634,8	81,7	12,9
Equity capital	11'201,4	10'496,0	705,4	6,7
Total capital ratio (in %)	14,9	12,9		
Employees (full-time)	8'887	8'797	90	1,0
Total employees	10'593	10'540	53	0,5
Members	1'828'202	1'794'855	33'347	1,9
Clients	3'675'195	3'651'701	23'494	0,6

Picture note: Pictures of the press conference will be available on the website www.raiffeisen.ch/medien from 2.00 p.m.

General information: Franz Würth
Media Spokesman
071 225 84 84
franz.wuerth@raiffeisen.ch