

Press release

Raiffeisen reports strong year-end results

St. Gallen, 4 March 2021. Raiffeisen operated successfully and prudently in the past year.

Key results

- **The Raiffeisen Group generated a profit of CHF 861 million in 2020 (+3.1%)**
- **Very good operating business – increase in operating result by CHF 37.9 million to CHF 967 million**
- **37,000 new customers – growth in all regions of Switzerland**
- **Client assets increased by CHF 16.8 billion to CHF 224 billion**
- **Mortgage loans rose by 2.7% – the targeted growth at market level continues**
- **Significant progress in pension provision and investments business – doubling of asset management mandates and, more than 20% growth in fund savings plan and retirement savings deposit accounts**
- **Cost-income ratio improved from 61.3 to 59.4%**
- **Very good capital resources with a TLAC ratio of 20.6%**

Heinz Huber, Chairman of the Executive Board of Raiffeisen Switzerland comments on the result: "Raiffeisen has proven to be stable amid a very challenging environment. The Group managed its business successfully and prudently, achieving a very good result. The individual business areas developed pleasingly in line with our strategic priorities – in particular in the pension and investment business, a marked increase was achieved."

The Group profit of CHF 861 million is above the previous year's result (+3.1%). In particular, the higher revenues in the commission and services business, the interest operations and lower expenditures contributed towards this.

Once again, the stability and security of the cooperative group prove to be very attractive. Client assets increased by CHF 16.8 billion to CHF 224 billion (+8.1%). In addition to this, 37,000 new clients and 27,000 new cooperative members were acquired. The continuing inflow of client money extended to all regions of Switzerland and underlines the confidence in the Raiffeisen banks.

Strong growth in core business

The Raiffeisen Group's balance sheet business developed positively. Mortgage loans increased 2.7% to CHF 190.3 billion. This continues the targeted growth at market level.. The market share of 17.6% remains stable – with an unchanged high quality of the mortgage portfolio based on a conservative credit policy. Raiffeisen thus maintains its strong position in its core business.

A significant rise can be seen in receivables from clients. This increase amounts to CHF 1.9 billion (+23.1%). CHF 1.8 billion of this is attributed to the COVID-19 loans to Swiss SMEs under the federal government's guarantee programme. The share of uncovered loans to corporate clients remains low at 2.2%.

Client deposits rose significantly by CHF 14.2 billion to CHF 190.4 billion (+8.1%). This allowed Raiffeisen to further expand its market share to 13.8% compared to 13.4% in the previous year. As a consequence of the high growth of client deposits compared to loans, Raiffeisen was able to further increase the refinancing level in the client business to more than 95%. Thus, loans to clients are almost fully covered by customer deposits. Custody account volumes also increased by 7.7%. This leads to a gratifying high rise in client assets of CHF 16.8 billion to CHF 224 billion in total (+8.1%).

Revenue rising, costs decreasing

The interest business continues to be Raiffeisen's main pillar of income in 2020 with a share of more than 70%. Despite the difficult margin situation, the net result from the interest business in the previous year increased by CHF 43.0 million to CHF 2.3 billion (+1.9%). The development in the commission and service business was also very pleasant. Income increased by CHF 35.1 million year on year, to CHF 451 million (+8.4%). Raiffeisen made significant gains in asset management mandates, fund savings plan and pension funds in particular. The number and volume of asset management mandates more than doubled in 2020. Growth was more than 20% for both fund savings plans and pension funds. Due to the reduced activity of clients in foreign and forex transactions during the pandemic, revenues from the trading business fell by CHF 13.4 million (-5.9%).

On the expenditure side, Raiffeisen recorded a decrease of CHF 53.5 million (-2.9%) compared to the previous year. Significantly lower operating expenditure (-10.9%) was a particular contributor to this, as well as savings from the Raiffeisen Switzerland efficiency programme. Due to the rise in operating income and the simultaneous reduction in operating expenses, the efficiency of the Raiffeisen Group further improved. The cost-income ratio fell from 61.3 to 59.4%.

Due to a detailed audit of the corporate client portfolio in regard to the coronavirus pandemic, an increase in value adjustments was made on individual credit positions. In return, the precautionary reserves that had been set aside in the middle of the year were released.

Strong capitalisation and stable liquidity situation – requirements exceeded

Raiffeisen continues to be strongly capitalised. The current and future requirements of risk-weighted total loss absorbing capacity (TLAC) ratios for systemically important banks are being fulfilled with a value of 20.6%. Raiffeisen is already meeting the requirement for the unweighted TLAC ratio. The TLAC leverage ratio of the Group is at 7.3% and thus also exceeds current and future requirements.

The Group's liquidity situation is excellent. At 157.9%, the short-term liquidity ratio is clearly above the regulatory minimum of 100% and rose even further in 2020, thanks to the growth in client deposits. The net stable funding ratio (NSFR) is at a constantly high level and underlines the stable and sustainable refinancing of loans. At 141.5%, Raiffeisen clearly exceeds the regulatory minimum of 100%, applicable from mid-2021.

Strategic further development

In 2020, Raiffeisen adopted and initiated the strategic priorities for the next five years. In the first half of 2020, Raiffeisen was the first nationally operating retail bank to launch a SARON mortgage and entered a strategic partnership with Mobiliar insurance. In the second half of the year, Raiffeisen launched the digital asset management "Rio". Raiffeisen developed excellently in the field of investment and pension solutions and expanded its competences.

In 2021, Raiffeisen is concentrating on implementing the Group strategy. The focus in the current year is on the further development of the housing ecosystem, the expansion of digital solutions and further strengthening the

pension and investment solution business. The digital residential property platform "Liiva", jointly developed with Mobiliar, launches this summer will cover all needs relating to private residential property. In the coming years, Raiffeisen will heavily invest in digital customer interface. In the second half of 2021, the Group will launch "SME eServices", a multi-banking platform for corporate clients. Raiffeisen will develop a client experience portal for its private clients, over the coming years. This portal will bring together all of Raiffeisen's digital services – from account opening through to advice, e-banking and product solutions. In the pension and investment business, Raiffeisen will take sustainability aspects into account for all investment solutions in the future.

"Raiffeisen is very well positioned financially, has a clear business model and has set out the strategic framework for the next five years. In the areas of housing, digital solutions and will noticeably increase again in pension and investment solutions, in 2021. We pursue a hybrid approach in which personal service and advice is combined with digital solutions. The Group already has the densest branch network in Switzerland and wants to significantly expand and facilitate access to Raiffeisen via the digital distribution channel. I am confident these strategic priorities will enable us to create tangible added value for clients in the current year," says Huber about his priorities.

Outlook

With the launch of the vaccine programme, the economic outlook has improved. However, Raiffeisen does not anticipate Swiss economic performance to reach pre-crisis levels within the current year. GDP growth for 2021 is expected around 3%.

Raiffeisen is expecting solid operating performance. The low interest rate environment continues and therefore conditions for residential property financing remain attractive. The momentum in the mortgage business remains stable and is likely to weaken only slightly, if at all.

Overview of the Raiffeisen Group

| | 2020 (in million CHF) | 2019 (in million CHF) | Change (in million CHF) | Change (in %) |
|---|-----------------------------|--------------------------|----------------------------|---------------|
| Total assets | 259'653.3 | 248'345.1 | +11'308.1 | +4.6 |
| Loans to clients | 200'358.5 | 193'450.4 | +6'908.1 | +3.6 |
| of which mortgages | 190'317.4 | 185'290.5 | +5'026.8 | +2.7 |
| Client deposits | 190'424.6 | 176'179.5 | +14'245.1 | +8.1 |
| Assets under management from retail clients | 224'042.2 | 207'288.4 | +16'753.8 | +8.1 |
| Operating income | 3'060.2 | 3'051.6 | +8.7 | +0.3 |
| Net result from interest operations | 2'297.1 | 2'254.1 | +43.0 | +1.9 |
| Commission and service fee net income | 451.1 | 416.0 | +35.1 | +8.4 |
| Income from trading activities | 214.7 | 228.1 | -13.4 | -5.9 |
| Other ordinary income | 97.3 | 153.3 | -56.0 | -36.5 |
| Operating expenses | 1'816.6 | 1'870.2 | -53.6 | -2.9 |
| Operating result | 967.4 | 929.6 | +37.9 | +4.1 |
| Group profit | 860.6 | 835.2 | +25.5 | +3.1 |

| | 2020 (in %) | 2019 (in %) |
|---------------------------------------|----------------|----------------|
| TLAC – Total capital ratio | 20.6 | 18.4 |
| Core capital ratio (going concern) | 19.6 | 17.9 |
| CET1 ratio | 18.6 | 16.9 |
| TLAC – Leverage ratio | 7.3 | 7.2 |

| | 2020 (number) | 2019 (number) | Change (number) | Change (in %) |
|------------------------------------|------------------|------------------|--------------------|---------------|
| Employees (full-time positions) | 9'492 | 9'295 | +197 | +2.1 |
| Total employees | 11'207 | 10'968 | +239 | +2.2 |
| Members | 1'935'790 | 1'909'233 | +26'557 | +1.4 |

Note: The published year-end figures are unrevised.

Presentation: The download of the presentation of the Annual Media Conference is available as of 10.30 a.m. at www.raiffeisen.ch/medien.

Photographs: Photos of the speakers are available at www.raiffeisen.ch/medien.

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Raiffeisen: third largest banking group in Switzerland

Raiffeisen is the leading Swiss retail bank. The Group is the third largest player in the Swiss banking market with 1.9 million cooperative members and 3.6 million clients. The Raiffeisen Group is represented at 824 locations throughout Switzerland. The 225 legally autonomous cooperative Raiffeisen banks are associated with Raiffeisen Switzerland Cooperative. Raiffeisen Switzerland is the strategic leader of the Raiffeisen Group. Raiffeisen offers private individuals and corporate clients the full range of products and services via its Group companies, co-operations and participations. As of 31 December 2020 the Raiffeisen Group had CHF 224 billion assets under management and CHF 200 billion client loans outstanding. The Group's mortgage market share is 17.6%. The balance sheet total is CHF 260.

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