



**Raiffeisen Group interim financial statement**  
as of 30 June 2007

**RAIFFEISEN**

**Raiffeisen posts record results** Raiffeisen increased its gross profit to over half a billion Swiss francs for the first time ever in the first half of 2007. Group profit stands at 357 million Swiss francs, an increase of 35 million Swiss francs (+11.0%) on the prior-year period. Total assets have grown by 6 billion Swiss francs (+5.5%) since the end of 2006 to some 120 billion Swiss francs.

**Satisfying results across the board** ■ Thanks to the very positive trend in all earnings positions, operating income rose by 70 million Swiss francs or 6.5% to a record high of 1,148 million Swiss francs.

With the interest margin remaining constant, growth in interest business was up on the first half of 2006, resulting in net interest income of 935 million Swiss francs. This corresponds to an increase of 49 million Swiss francs or 5.5% compared with the prior-year period.

Commission income from securities and investment business as well as other service transactions (primarily payment services) rose markedly by 14.1% and 14.9% respectively. The outsourcing of client custody accounts to the Vontobel Group was included in commission expenditure for the first time, resulting in a 40.1% increase in expenditure. Overall, net income from commission business and service transactions improved by 5.8% to 126 million Swiss francs.

The strong increase in trading activities was particularly positive. Income of 59 million Swiss francs was generated in the first half of the year, an increase of 8 million Swiss francs or 15.9%.

**Constant cost growth** ■ The higher operating expenditure reflects the increase in project activity and advertising; it rose by 7.8% or 46 million Swiss francs compared with the previous year to 636 million Swiss francs. Personnel expenditure increased by 7.5% to 422 million Swiss francs, due primarily to the growth in headcount. The number of people employed by Raiffeisen as of 30 June 2007 – on a FTE basis – was 6,908, an increase of 337 or 5.1% on mid-2006. Non-personnel expenditure rose by 8.2% to 214 million Swiss francs.

The cost/income ratio remained constant at 55.5% (previous year: 55.6%).

**Record earnings** ■ The pleasing earnings trend in interest business, commission business, service transactions and trading activities resulted in a gross profit of 511 million Swiss francs, an increase of 24 million Swiss francs or 5.0% compared to the first half of 2006. Operating profit was even more positive, rising by 42 million Swiss francs (+10.4%) to 445 million Swiss francs thanks to the very low level of value adjustments and losses (–72.5%).

Group profit increased by around 35 million Swiss francs (+11.0%) to more than 357 million Swiss francs, making it the highest-ever published half-year result.

## Group Balance Sheet at 30 June 2007

	30.6.2007 in 1000 CHF	31.12.2006 in 1000 CHF	Change in 1000 CHF	Change in %
<b>Assets</b>				
Liquid funds	1,045,176	1,137,871	- 92,695	- 8.1
Receivables from money market securities	10,333	10,633	- 300	- 2.8
Receivables from banks	14,501,819	11,371,840	3,129,979	27.5
Receivables from clients	7,079,105	6,957,291	121,814	1.8
Mortgage receivables	90,780,855	88,153,019	2,627,836	3.0
<b>Loans to clients</b>	<b>97,859,960</b>	<b>95,110,310</b>	<b>2,749,650</b>	<b>2.9</b>
Trading portfolios in securities and precious metals	435,544	140,569	294,975	209.8
Financial assets	2,142,695	2,547,072	- 404,377	- 15.9
Non-consolidated participations	399,655	399,787	- 132	0.0
Tangible fixed assets	1,696,556	1,662,445	34,111	2.1
Intangibles	26,419	25,962	457	1.8
Accrued income and prepaid expenses	340,107	241,806	98,301	40.7
Other assets	1,809,815	1,349,819	459,996	34.1
<b>Total assets</b>	<b>120,268,079</b>	<b>113,998,114</b>	<b>6,269,965</b>	<b>5.5</b>
Total subordinated receivables	-	-	-	-
Total receivables from non-consolidated participations	1,080,276	907,954	172,322	19.0
<b>Liabilities</b>				
Liabilities to banks	14,008,790	9,785,963	4,222,827	43.2
Liabilities to clients in the form of savings and investment deposits	60,952,683	62,303,872	- 1,351,189	- 2.2
Other liabilities to clients	14,760,306	13,066,734	1,693,572	13.0
Medium-term notes	13,866,940	12,654,199	1,212,741	9.6
<b>Client monies</b>	<b>89,579,929</b>	<b>88,024,805</b>	<b>1,555,124</b>	<b>1.8</b>
Bonds and mortgage bond loans	7,097,115	7,315,570	- 218,455	- 3.0
Accrued expenses and deferred income	847,658	557,560	290,098	52.0
Other liabilities	585,651	518,644	67,007	12.9
Value adjustments and provisions	1,108,890	1,109,486	- 596	- 0.1
Cooperative capital	448,861	428,394	20,467	4.8
Retained earnings	6,234,052	5,602,949	631,103	11.3
Group profit	357,133	654,743	- 297,610	- 45.5
<b>Total equity capital</b>	<b>7,040,046</b>	<b>6,686,086</b>	<b>353,960</b>	<b>5.3</b>
<b>Total liabilities</b>	<b>120,268,079</b>	<b>113,998,114</b>	<b>6,269,965</b>	<b>5.5</b>
Total subordinated commitments	-	-	-	-
Total commitments towards non-consolidated participations	5,779,210	5,658,123	121,087	2.1
- of which mortgage bond loans	4,998,850	4,945,750	53,100	1.1
<b>Off-balance-sheet business</b>				
Contingent liabilities	306,546	346,170	- 39,624	- 11.4
Irrevocable undertakings	2,651,640	2,172,219	479,421	22.1
Obligations to make payments and additional contributions	38,813	39,270	- 457	- 1.2
Derivative financial instruments				
Positive replacement values	341,087	161,041	180,046	111.8
Negative replacement values	98,978	77,527	21,451	27.7
Contract volume	31,010,200	43,480,690	- 12,470,490	- 28.7
Fiduciary business	329,353	230,339	99,014	43.0

## Group Profit and Loss Account at 30 June 2007

	1.1.–30.6.2007 in 1000 CHF	1.1.–30.6.2006 in 1000 CHF	Change in 1000 CHF	Change in %
Interest and discount income	1,729,829	1,511,471	218,358	14.4
Interest and dividend income from financial assets	30,584	36,173	- 5,589	- 15.5
Interest expenditure	- 825,108	- 661,123	- 163,985	24.8
<b>Net interest income</b>	<b>935,305</b>	<b>886,521</b>	<b>48,784</b>	<b>5.5</b>
Commission income lending business	2,561	2,762	- 201	- 7.3
Commission income securities and investment business	107,341	94,083	13,258	14.1
Commission income other service transactions	68,121	59,300	8,821	14.9
Commission expenditure	- 52,340	- 37,364	- 14,976	40.1
<b>Net income from commission business and service transactions</b>	<b>125,683</b>	<b>118,781</b>	<b>6,902</b>	<b>5.8</b>
<b>Net trading income</b>	<b>58,893</b>	<b>50,810</b>	<b>8,083</b>	<b>15.9</b>
Income from sale of financial assets	306	176	130	73.9
Income from participating interests	14,788	10,324	4,464	43.2
Income from real estate	9,074	9,046	28	0.3
Other ordinary income	3,833	2,534	1,299	51.3
Other ordinary expenditure	- 286	- 502	216	- 43.0
<b>Other ordinary result</b>	<b>27,715</b>	<b>21,578</b>	<b>6,137</b>	<b>28.4</b>
<b>Operating income</b>	<b>1,147,596</b>	<b>1,077,690</b>	<b>69,906</b>	<b>6.5</b>
Personnel expenditure	- 422,312	- 392,670*	- 29,642	7.5
Operating expenditure	- 214,007	- 197,867*	- 16,140	8.2
<b>Total operating expenditure</b>	<b>- 636,319</b>	<b>- 590,537</b>	<b>- 45,782</b>	<b>7.8</b>
<b>Gross profit</b>	<b>511,277</b>	<b>487,153</b>	<b>24,124</b>	<b>5.0</b>
Depreciation on fixed assets	- 60,690	- 63,419	2,729	- 4.3
Value adjustments, provisions and losses	- 5,752	- 20,904	15,152	- 72.5
<b>Operating profit (interim result)</b>	<b>444,835</b>	<b>402,830</b>	<b>42,005</b>	<b>10.4</b>
Extraordinary income	4,726	4,682	44	0.9
Extraordinary expenditure	- 2,168	- 2,848	680	- 23.9
Taxes	- 90,260	- 83,021	- 7,239	8.7
<b>Group profit</b>	<b>357,133</b>	<b>321,643</b>	<b>35,490</b>	<b>11.0</b>

\* The personnel costs for external employees in the operational IT business, which last year were included under "Operating expenditure", are now reported under "Personnel expenditure"



**Ongoing expansion of the core business** ■ At 2.9%, the growth in loans to clients by the Raiffeisen Group was significantly higher than the prior-year figure of 2.0%. As of 30 June 2007, the total volume was 97.9 billion Swiss francs. The bulk of this figure, 90.8 billion Swiss francs or 92.8%, relates to mortgage receivables. The mortgage business grew by 3.0% – a good percentage point above the sector average – underlining Raiffeisen's strong market position in its core business.

Interest rates, particularly for fixed-rate mortgages, rose due to the regular rate increases imposed by the Swiss National Bank (SNB). As a result, the trend for converting from fixed-rate to variable-rate mortgages continued. The proportion of fixed-rate mortgages fell by nearly three percentage points to 62% in the first half of 2007.

**Strong demand for medium-term notes and time deposits** ■ While the total market for savings deposits fell by a projected figure of around 3.5%, Raiffeisen was able to keep the outflow of savings deposits to just 2.2%. The reduction in liabilities to clients in the form of savings and investment deposits was more than offset by the increase in medium-term notes and time deposits: medium-term notes rose by 9.6%, while other liabilities to clients rose by 13.0%. Overall, client monies grew by just under 1.6 billion Swiss francs in the first six months of the year to 89.6 billion Swiss francs.

Custody assets managed by Raiffeisen rose by 3.2 billion Swiss francs or 10.1% to 35.3 billion Swiss francs. This increase is due to the huge demand for the structured products that Raiffeisen launched in partnership with Bank Vontobel at the beginning of the year. The number of custody accounts has already increased more strongly in the first half of 2007 than in the whole of the 2006 financial year, growing by 6.6% or 21,099 custody accounts.

Client assets under management reached 114.3 billion Swiss francs as of mid-2007.

The Raiffeisen Group had total assets of 120.3 billion Swiss francs as of 30 June 2007. The 5.5% increase can be attributed to the favourable business performance and the major expansion of interbank positions (repo transactions) by Raiffeisen Switzerland.

Membership numbers broke through the 1.4 million barrier for the first time, rising by 31,876 or 2.3% in the first six months of the year to reach a total of 1,402,983.

**Optimistic outlook** ■ Macroeconomic data indicates that the economy is in good shape, particularly in Switzerland. The Raiffeisen Group therefore expects to improve on last year's profit of 654 million Swiss francs.



*Every path, however demanding,  
starts with the first step.  
Raiffeisen accompanies its members  
throughout their journey.*

**Raiffeisen Switzerland**

Corporate Communications

Raiffeisenplatz

CH-9001 St.Gallen

Phone 071 225 85 24

Fax 071 225 86 50

Website: [www.raiffeisen.ch](http://www.raiffeisen.ch)

E-mail: [pr@raiffeisen.ch](mailto:pr@raiffeisen.ch)