



— Raiffeisen Group
— Interim financial statement
— as of 30 June 2012

RAIFFEISEN

Key figures as of 30 June 2012

	1.1.-30.6.2012 Amounts in CHF millions	1.1.-30.6.2011 Amounts in CHF millions	Change in %
Key P + L figures			
Operating income	1,361	1,256	8.4
Total operating expenditure	841	753	11.7
Gross profit	521	503	3.6
Group profit (without minority interests)	332	340	-2.2
Cost/Income Ratio	61.8%	60.0%	

	30.6.2012 Amounts in CHF millions	31.12.2011 Amounts in CHF millions	Change in %
Key balance sheet figures			
Total assets	169,336	155,889	8.6
Loans to clients	140,194	136,205	2.9
of which mortgage receivables	132,225	128,527	2.9
Client monies	129,384	122,173	5.9
Client monies in % of loans to clients	92.3%	89.7%	
Capital resources			
Total equity capital	10,185	9,875	3.1
Return on equity (ROE)	6.6%	6.2%	
Equity ratio	6.0%	6.3%	
Core capital ratio	12.4%	12.9%	
Market data			
Share of mortgage market	16.1%	16.1%	
Share of savings market	20.0%	19.7%	
Number of cooperative members	1,771,111	1,747,352	1.4
Number of clients	3,618,002	3,577,313	1.1
Client assets			
Client assets under management	169,818	145,967	16.3
Custody account volumes	41,729	28,230	47.8
Risk figures			
Losses on lending business	13	21	-36.4
as % of loans to clients	0.010%	0.016%	
Rating	Aa2	Aa2	
Resources			
Number of employees	10,428	9,770	6.7
Number of full-time positions	8,731	8,167	6.9
Number of locations	1,095	1,098	-0.3

— **Business trend**

— Another chapter in the Raiffeisen success story

The Raiffeisen Group announces another strong half-year result. The acquisition of Notenstein Private Bank Ltd led to significant growth in the trading and securities business and helped to diversify the earnings base. Gross profit is up considerably compared to the previous year. Group profit is CHF 332 million (-2.2%).

Business volume grows further

The Raiffeisen Group significantly expanded its business volume in the first half of 2012. Demand for mortgages remained high. The overall credit volume increased CHF 4.0 billion or 2.9% to CHF 140.2 billion. Inflows of client deposits were much stronger than in the previous year and climbed CHF 7.2 billion or 5.9% to CHF 129.4 billion. The Raiffeisen banks performed very well, achieving 3.4% growth on their own. The acquisition of Notenstein Private Bank Ltd also made a positive contribution.

Considerable income growth

The income side showed an encouraging increase of CHF 106 million or 8.4% to CHF 1,361 million. Commission and service income (+60.2%) and net trading income (+50.4%) benefited heavily from acquiring Notenstein. Interest income, by contrast, stagnated (+0.1%) under still-heavy pressure on interest margins.

The acquisition of Notenstein Private Bank Ltd led to an increase in costs; operating expenditure rose CHF 88 million or 11.7%. If the additional costs from Notenstein are factored out, operating expenditure rose CHF 12.4 million or 1.6%. The additional costs are due to an increase in staff level and the ongoing IT upgrade. Gross profit stood at CHF 521 million (CHF +18 million or +3.6%). Without Notenstein, gross profit would have been CHF 491 million, or 2.3% below the prior year period.

Low-risk credit portfolio

Depreciation stood at CHF 106 million and is much higher than in the previous year. Declining securities prices led to an amortisation requirement of CHF 22 million in strategic investments.

Raiffeisen's strategy of pursuing high-quality growth has carried over to its credit portfolio, which is still low-risk. Value adjustments, provisions and losses for credit risks were amounted to a marginal CHF 0.9 million. Group profit declined slightly by CHF 7 million or 2.2% to reach CHF 332 million.

Successful Notenstein acquisition

The acquisition of Notenstein Private Bank Ltd greatly enhanced the Raiffeisen Group's capabilities in investment advisory services and wealth management. It also broadened its earnings base, which had been heavily dependent on interest. Acquired goodwill amounts to CHF 191 million, including CHF 36 million for deferred taxes.

Raiffeisen Switzerland's acquisition of Notenstein Private Bank Ltd went off according to plan. Initially, there was a small outflow of client money, but the private bank's net new money and client numbers began rising again in June. Notenstein currently has CHF 20.8 billion in assets under management. Notenstein's C/I ratio of 68.5% reflects the private bank's efficiency.

Raiffeisen is cautiously optimistic about the remainder of the year. Despite the challenging market environment, the Group expects its annual result to be close to the prior year level.

Group balance sheet as of 30 June 2012

	30.6.2012 in 1000 CHF	31.12.2011 in 1000 CHF	Change in 1000 CHF	Change in %
Assets				
Cash	7,357,974	4,698,295	2,659,679	56.6
Receivables from money market securities	1,197	1,480	-283	-19.1
Receivables from banks	10,319,057	3,668,198	6,650,859	181.3
Receivables from clients	7,969,860	7,678,074	291,786	3.8
Mortgage receivables	132,224,504	128,526,759	3,697,745	2.9
Loans to clients	140,194,364	136,204,833	3,989,531	2.9
Trading portfolios in securities and precious metals	1,690,765	1,548,321	142,444	9.2
Financial assets	4,547,554	4,774,510	-226,956	-4.8
Non-consolidated participations	536,980	518,703	18,277	3.5
Tangible fixed assets	2,300,292	2,274,749	25,543	1.1
Intangible assets	188,264	–	188,264	–
Accrued income and prepaid expenses	326,308	259,391	66,917	25.8
Other assets	1,872,907	1,940,123	-67,216	-3.5
Total assets	169,335,662	155,888,603	13,447,059	8.6
Total subordinated receivables	3,366	2,575	791	30.7
Total receivables from non-consolidated participations	2,544,172	2,494,531	49,641	2.0
Liabilities				
Liabilities to banks	11,473,742	6,631,550	4,842,192	73.0
Liabilities to clients in the form of savings and investment deposits	98,369,121	92,549,077	5,820,044	6.3
Other liabilities to clients	17,325,438	16,008,076	1,317,362	8.2
Medium-term notes	13,689,759	13,615,958	73,801	0.5
Client monies	129,384,318	122,173,111	7,211,207	5.9
Bonds and mortgage bond loans	14,428,255	13,636,510	791,745	5.8
Accrued expenses and deferred income	821,793	557,704	264,089	47.4
Other liabilities	2,014,415	2,029,069	-14,654	-0.7
Value adjustments and provisions	1,025,933	985,299	40,634	4.1
Cooperative capital	607,725	598,896	8,829	1.5
Retained earnings	9,245,000	8,681,199	563,801	6.5
Minority interests in equity capital	2,338	–	2,338	–
Group profit	332,379	595,265	-262,886	-44.2
Minority interests in group profit	-236	–	-236	–
Total equity capital (without minority interests)	10,185,104	9,875,360	309,744	3.1
Total liabilities	169,335,662	155,888,603	13,447,059	8.6
Total subordinated commitments	544,803	535,413	9,390	1.8
Total commitments towards non-consolidated participations	11,712,692	11,107,881	604,811	5.4
- of which mortgage bond loans	10,805,500	9,941,000	864,500	8.7
Off-balance-sheet business				
Contingent liabilities	451,812	366,294	85,518	23.3
Irrevocable undertakings	5,779,652	5,701,411	78,241	1.4
Call commitments and additional funding-obligations	96,637	60,443	36,194	59.9
Derivative financial instruments				
Positive replacement values	1,098,142	1,134,993	-36,851	-3.2
Negative replacement values	1,798,478	1,811,509	-13,031	-0.7
Contract volume	110,508,078	88,249,635	22,258,443	25.2
Fiduciary business	538,374	58,642	479,732	818.1

Group profit and loss account as of 30 June 2012

	1.1.-30.6.2012 in 1000 CHF	1.1.-30.6.2011 in 1000 CHF	Change in 1000 CHF	Change in %
Interest and discount income	1,713,327	1,703,217	10,110	0.6
Interest and dividend income from financial assets	43,415	45,535	-2,120	-4.7
Interest expenditure	-715,704	-708,325	-7,379	1.0
Net interest income	1,041,038	1,040,427	611	0.1
Commission income lending business	6,310	5,141	1,169	22.7
Commission income securities and investment business	159,481	98,402	61,079	62.1
Commission income other service transactions	76,618	68,919	7,699	11.2
Commission expenditure	-54,334	-55,073	739	-1.3
Net income from commission business and service transactions	188,075	117,389	70,686	60.2
Net trading income	98,711	65,637	33,074	50.4
Income from sale of financial assets	374	245	129	52.7
Income from participations interests	22,138	22,563	-425	-1.9
Income from real estate	9,186	9,131	55	0.6
Other ordinary income	8,745	4,876	3,869	79.3
Other ordinary expenditure	-6,829	-4,582	-2,247	49.0
Other ordinary result	33,614	32,233	1,381	4.3
Operating income	1,361,438	1,255,686	105,752	8.4
Personnel expenditure	-594,743	-532,755	-61,988	11.6
Operating expenditure	-245,980	-220,084	-25,896	11.8
Total operating expenditure	-840,723	-752,839	-87,884	11.7
Gross profit	520,715	502,847	17,868	3.6
Depreciation on fixed assets	-106,248	-90,078	-16,170	18.0
Value adjustments, provisions and losses	-2,178	-5,870	3,692	-62.9
Operating profit (interim result)	412,289	406,899	5,390	1.3
Extraordinary income	7,613	13,304	-5,691	-42.8
Extraordinary expenditure	-2,354	-1,410	-944	67.0
Taxes	-85,405	-79,069	-6,336	8.0
Group profit (including minority interests)	332,143	339,724	-7,581	-2.2
Minority interests in group profit	-236	-	-236	-
Group profit	332,379	339,724	-7,345	-2.2

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