



Raiffeisen Group

Interim financial statement

30 June 2014

RAIFFEISEN

Key figures as at 30 June 2014

	1.1. – 30.6.2014 Amounts in CHF million	1.1. – 30.6.2013 Amounts in CHF million	Change in %
Key income statement figures			
Operating income	1,400	1,381	1.3
Total operating expenditure	867	847	2.3
Gross profit	533	535	-0.2
Group profit (without minority interests)	363	369	-1.5
Cost/Income Ratio	61.9%	61.3%	

	30.6.2014 Amounts in CHF million	31.12.2013 Amounts in CHF million	Change in %
Key balance sheet figures			
Total assets	182,638	176,575	3.4
Loans to clients	155,369	151,409	2.6
of which mortgage receivables	147,171	143,659	2.4
Client monies	140,731	138,059	1.9
Client monies in % of loans to clients	90.6%	91.2%	

Capital resources			
Total equity capital	11,577	11,201	3.4
Return on equity (ROE)	6.4%	6.6%	
Equity ratio	6.3%	6.3%	
Total capital ratio	15.0%	14.9%	

Market data			
Share of mortgage market	16.5%	16.3%	
Share of savings market	18.7%	18.9%	
Number of cooperative members	1,839,569	1,828,202	0.6

Client assets			
Client assets under management	192,257	187,054	2.8

Risk figures			
Losses on lending business (annualized)	19	18	6.1
as % of loans to clients	0.012%	0.012%	

Resources			
Number of employees	10,541	10,593	-0.5
Number of full-time positions	8,860	8,887	-0.3
Number of locations	1,025	1,032	-0.7

Business trend

Raiffeisen is on course

The Raiffeisen Group generated solid growth in the first half of 2014. Operating income rose by CHF 18 million to CHF 1,400 million due to very good results in the rates and commission business. Gross profit (CHF 533 million) and Group profit (CHF 363 million) were just short of the prior year's level. Mortgage lending grew by 2.4% to CHF 147.2 billion. Assets under management increased by 2.8% to the present level of CHF 192.3 billion.

Operating income of almost CHF 1.4 billion exceeded the previous year's good result by 1.3%. Apart from the trading business, which posted reduced earnings especially in precious metals due to difficult market conditions, all other income items went up. Operating expenditure increased by CHF 20 million to CHF 867 million compared to the previous year. While other operating expenses fell slightly by CHF 5 million, personnel expenditure rose by CHF 25 million as a result of the additional headcount in the new business areas.

Core business grows solidly

With growth of CHF 3.5 billion or 2.4% to CHF 147.2 billion, the mortgage business posted somewhat more moderate performance than in the previous year. The trend towards Libor and fixed-rate mortgages continues unabated. Lending business risks remain low: at CHF 254 million, value adjustments for default risks dropped to a new low. Growth in customer deposits remained slightly below the previous year's figure. Total holdings increased by CHF 2.7 billion or 1.9% to CHF 140.7 billion in the first half of the year. As interest rates remain low, customers still prefer short-term forms of investment.

Increase in anti-cyclical capital buffer absorbed

In January, the Federal Council increased the anti-cyclical capital buffer for loans on residential property within Switzerland from 1% to 2% with effect from 30 June 2014. Thanks to its equity surplus, the Raiffeisen Group complies with the applicable FINMA targets even after the regulatory capital adequacy requirements have been tightened. Measures to achieve the targets are not required in the short term.

Notenstein Private Bank on course for growth

Notenstein Private Bank Ltd increased assets under management by almost 5% to around CHF 20.8 billion (including subsidiaries about CHF 29 billion) in the first half of the year. A 13% rise in operating income also shows that the measures implemented last year are having a positive impact. Both the issue of structured investment products and the new Institutional Asset Management section made a substantial contribution to the improved earnings. As expected, operating expenditure increased due to growth in the business, with gross profit hovering around the previous year's figure at CHF 6 million. With a strengthened market position, Notenstein Private Bank Ltd is pursuing a growth strategy oriented towards the long term.

Diversification remains a focus

The corporate clients business was boosted through formation of the subsidiary Raiffeisen Business Owner Centre (RUZ). The RUZ in turn invested in companies in the areas of SME brokering and SME pension advice. As a result, the Raiffeisen Group succeeded in significantly expanding its expertise in the corporate clients business.

As another important step in the context of the growth strategy, Raiffeisen established a new company in conjunction with Avaloq to develop, implement and operate Raiffeisen's retail banking platform. In 2017, Raiffeisen will replace its current front-office system and migrate securities processing to new Avaloq-based banking software.

Outlook

The Raiffeisen Group expects the second half of the year to see a continuation of the posi-

tive performance in its core business. The investments made in Private Banking, Asset Management and Corporate Clients business should deliver an additional impetus on the earnings side by the end of the year. Substantial income is expected as a consequence of terminating the cooperation with Vontobel and the associated buy-back of Raiffeisen's investment shares by Vontobel Holding AG. Due to the positive performance of operational business and the exceptional item arising from the transaction with Vontobel Holding AG, the Group expects its annual result to be above the previous year's figure.

Group balance sheet as at 30 June 2014

	30.6.2014 in 1,000 CHF	31.12.2013 in 1,000 CHF	Change in 1,000 CHF	Change in %
Assets				
Liquid funds	8,896,899	7,018,627	1,878,272	26.8%
Receivables from money market securities	299,566	320,162	-20,596	-6.4%
Receivables from banks	6,517,927	7,102,081	-584,154	-8.2%
Receivables from clients	8,198,537	7,750,807	447,730	5.8%
Mortgage receivables	147,170,585	143,658,593	3,511,992	2.4%
Loans to clients	155,369,122	151,409,400	3,959,722	2.6%
Trading portfolios in securities and precious metals	1,494,979	1,366,477	128,502	9.4%
Financial assets	4,641,588	4,283,903	357,685	8.3%
Non-consolidated participations	733,362	718,781	14,581	2.0%
Tangible fixed assets	2,380,190	2,403,179	-22,989	-1.0%
Intangible assets	221,333	214,992	6,341	2.9%
Accrued income and prepaid expenses	299,437	209,546	89,891	42.9%
Other assets	1,783,397	1,528,338	255,059	16.7%
Total assets	182,637,800	176,575,486	6,062,314	3.4%
Total subordinated receivables	29,953	27,505	2,448	8.9%
Total receivables from non-consolidated participations	3,257,831	3,724,167	-466,336	-12.5%
Liabilities				
Liabilities from money-market instruments	94,916	83,662	11,254	13.5%
Liabilities to banks	7,129,511	6,114,677	1,014,834	16.6%
Liabilities to clients in the form of savings and investment deposits	111,885,645	109,576,413	2,309,232	2.1%
Other liabilities to clients	17,533,521	16,842,434	691,087	4.1%
Medium-term notes	11,311,467	11,640,486	-329,019	-2.8%
Client monies	140,730,633	138,059,333	2,671,300	1.9%
Bonds and mortgage bond loans	19,504,490	17,849,644	1,654,846	9.3%
Accrued expenses and deferred income	788,351	589,909	198,442	33.6%
Other liabilities	1,717,292	1,588,126	129,166	8.1%
Value adjustments and provisions	1,082,009	1,082,207	-198	0.0%
Cooperative capital	680,934	636,614	44,320	7.0%
Retained earnings	10,532,502	9,848,247	684,255	6.9%
Group profit	363,397	716,539	-353,142	-49.3%
Total equity capital (without minority interests)	11,576,833	11,201,400	375,433	3.4%
Minority interests in equity capital	13,765	6,528	7,237	110.9%
– of which minority interests in group profit	593	-588	1,181	-200.9%
Total equity capital (with minority interests)	11,590,598	11,207,928	382,670	3.4%
Total liabilities	182,637,800	176,575,486	6,062,314	3.4%
Total subordinated commitments	1,141,133	1,116,020	25,113	2.3%
Total commitments towards non-consolidated participations	16,156,636	14,938,491	1,218,145	8.2%
– of which mortgage bond loans	15,070,878	14,096,600	974,278	6.9%
Off-balance-sheet business				
Contingent liabilities	440,296	379,540	60,756	16.0%
Irrevocable undertakings	6,974,862	6,975,151	-289	0.0%
Call commitments and additional funding-obligations	96,647	96,647	0	0.0%
Derivative financial instruments				
Positive replacement values	1,077,049	930,855	146,194	15.7%
Negative replacement values	1,590,637	1,405,939	184,698	13.1%
Contract volume	133,161,317	156,785,939	-23,624,622	-15.1%
Fiduciary business	273,968	319,256	-45,288	-14.2%

Group income statement account as at 30 June 2014

	1.1.–30.6.2014 in 1,000 CHF	1.1.–30.6.2013 in 1,000 CHF	Change in 1,000 CHF	Change in %
Interest and discount income	1,616,847	1,653,654	-36,807	-2.2%
Interest and dividend income from financial assets	29,505	31,317	-1,812	-5.8%
Interest expenditure	-579,991	-632,013	52,022	-8.2%
Net interest income	1,066,361	1,052,958	13,403	1.3%
Commission income lending business	7,457	7,038	419	6.0%
Commission income securities and investment business	163,157	163,438	-281	-0.2%
Commission income other service transactions	92,245	80,394	11,851	14.7%
Commission expenditure	-55,460	-54,492	-968	1.8%
Net income from commission business and service transactions	207,399	196,378	11,021	5.6%
Net trading income	79,403	99,331	-19,928	-20.1%
Income from sale of financial assets	194	578	-384	-66.4%
Income from participating interests	25,793	23,229	2,564	11.0%
Income from real estate	10,758	10,073	685	6.8%
Other ordinary income	10,226	6,416	3,810	59.4%
Other ordinary expenditure	-266	-7,592	7,326	-96.5%
Other ordinary result	46,705	32,704	14,001	42.8%
Operating income	1,399,868	1,381,371	18,497	1.3%
Personnel expenditure	-623,963	-599,226	-24,737	4.1%
Operating expenditure	-242,572	-247,539	4,967	-2.0%
Total operating expenditure	-866,535	-846,765	-19,770	2.3%
Gross profit	533,333	534,606	-1,273	-0.2%
Depreciation on fixed assets	-80,727	-82,633	1,906	-2.3%
Value adjustments, provisions and losses	-1,926	-4,368	2,442	-55.9%
Operating profit (interim result)	450,680	447,605	3,075	0.7%
Extraordinary income	10,250	9,792	458	4.7%
Extraordinary expenditure	-1,422	-2,138	716	-33.5%
Taxes	-95,518	-86,203	-9,315	10.8%
Group profit (including minority interests)	363,990	369,056	-5,066	-1.4%
Minority interests in group profit	593	3	590	-
Group profit	363,397	369,053	-5,656	-1.5%

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