

RAIFFEISEN

Press release

Raiffeisen again beats previous year's results

St. Gallen, 17 August 2006. The Raiffeisen Group has again set new records: the 411 Raiffeisen banks together posted a consolidated gross profit of 487 million Swiss francs in the first half of 2006 (+ 7.5% compared to the previous year), beating the previous year's record result by 34 million Swiss francs.

Raiffeisen gave itself a new, up-to-date image in 2006 and also achieved very satisfying earnings and key figures. As of 30 June 2006, loans to clients stood at 92.6 billion Swiss francs at 30 June 2006 (+2.0 percent compared with 31 December 2005), with the lion's share of 85.9 billion Swiss francs (92.8 percent) coming from mortgage receivables (+2.4 percent). Fixed-rate mortgages were most in demand, achieving a new record of 67.2 percent (previous year: 66.4 percent)

Bank savings (+0.4 percent) again exceeded generally negative market growth, with medium-term notes (+6.9 percent) proving to be particularly popular. Raiffeisen banks managed client assets of 105.4 billion Swiss francs as of mid-2006. The balance sheet total reached a new record high of 116 billion Swiss francs (+7.2 percent) in the first half of the year.

Profits scale new heights

Gross profit rose to 487 million Swiss francs (+7.5 percent) thanks to broad-based earnings strength across all business areas. Raiffeisen generated earnings of 887 million Swiss francs (+4.3 percent) from interest business. Commission business and service transactions (+15.6 percent) and trading activities (+41.1 percent) also recorded higher earnings growth. The operating result increased to 403 million Swiss francs (+12.8 percent) thanks to further falls in depreciation and provision expenditure.

Membership numbers also saw pleasing growth: 33,149 people became cooperative members of a bank in the first six months of the year, boosting the number of members to 1.34 million (+2.5 percent).

Below-average cost growth

On the cost side, the rise in operating expenditure (+5.7 percent) was significantly below the level of the previous year (+8.9 percent). Personnel expenditure on the 6,571 employees, 180 more than in mid-2005, rose by 5.6 percent to 384 million Swiss francs, while non-personnel expenditure rose by 5.7 percent to 207 million Swiss francs. With expenditure on the renewal and expansion of the IT infrastructure remaining constant, additional spending on marketing activities and investment in bank premises and security equipment played the largest part in the rise. The cost-income ratio improved to 54.8 percent (previous year: 55.2 percent).

Raiffeisen anticipates continued healthy growth, and its strategy is geared to broad-based earnings strength. The result for the full year is likely to be slightly higher than the previous year's profit of 608 million Swiss francs.

Raiffeisen Group half-year result – overview of figures

	30.06.2006	31.12.2005	Change
	(in CHF million)	(in CHF million)	in %
Balance sheet total	116,018.6	108,186.6	+7.2
Loans to clients	92,590.0	90,781.7	+2.0
<i>of which mortgage receivables</i>	85,928.4	83,893.3	+2.4
Client monies	86,211.5	83,366.8	+3.4
Portfolio volume	28,453.8	27,598.1	+3.1
	1st half 2006	1st half 2005	Change
	(in CHF million)	(in CHF million)	in %
Net interest income	886.5	849.7	+4.3
Net income from commission business	118.8	102.8	+15.6
Total operating income	1,077.7	1,012.2	+6.5
Operating expenditure	590.5	558.9	+5.7
Gross profit	487.2	453.3	+7.5
Group profit	321.6	307.7	+4.5
	30.06.2006	31.12.2005	Change
			in %
Employees (full-time)	6,571	6,549	+ 0.3
Members	1,342,686	1,309,537	+ 2.5

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¹ Raiffeisen: third-largest banking group in Switzerland

Over the past few years, Raiffeisen has positioned and established itself as the third-largest banking group in Switzerland. The banking group, which has a cooperative structure, is made up of 411 Raiffeisen banks with around 1,150 branches and is one of Switzerland's leading retail banks. Today, 2.9 million Swiss citizens are Raiffeisen clients; 1.34 million of these are cooperative members and therefore co-owners of their Raiffeisen bank. They value the crucial advantages Raiffeisen brings: client proximity, empathy, trustworthiness and the exclusive advantages for cooperative members.