

Press release

Raiffeisen defies financial crisis and continues to grow in the first half of 2008 – 6 billion Swiss francs of new money

St. Gallen, 20 August 2008. Raiffeisen continues its course of growth into the first half of 2008. The bank obtained new money amounting to 6 billion Swiss francs. The 367 Raiffeisen banks were especially successful in the core banking business. Mortgage loans rose by 3.5 billion Swiss francs with Group profit at 322 million Swiss francs (-9.8%).

Raiffeisen generated high growth in customer transaction volumes in the first half of 2008. The bank obtained new money amounting to 6 billion Swiss francs. Customer deposits rose by almost 5 billion Swiss francs (+5.2%). In the investment area, new funds grew by almost one billion Swiss francs. In the first half of 2008, mortgage receivables increased by 3.5 billion francs or 3.7 percent compared to the end of 2007 – the largest ever increase in a single half-year. “The significant increase in mortgages is remarkable particularly in view of the overall market stagnation. This would indicate that customers are still placing their trust in us despite a difficult environment,” explains Pierin Vincenz, Chairman of the Executive Board of the Raiffeisen Group. The simultaneous 4.5-percent value depreciation for default risks reflects the loan portfolio’s consistently high quality.

Membership of the Raiffeisen Group increased by a record amount, reaching almost 1.5 million members i.e. 51,677 (+3.6%) more members than at the end of 2007.

Continued high income from the ordinary banking business

Operating income is at last year’s level, while group profit stands at 322 million Swiss francs (-9.8%). Profit from interest income was 930.5 million Swiss francs in the first half of 2008, half a percent lower than in the same period last year. The slight decrease is the result of a lower interest margin.

Custody assets managed by Raiffeisen decreased by 2.3 percent or 837.7 million Swiss francs to 35 billion Swiss francs. The decrease is due mainly to negative price trends in fund and equity volumes. In spite of this, new customers were gained in the investment area, as shown by growth in new money of more than 900 million francs and 15,978 new custody accounts. Commission and service income declined by 8.6 million Swiss francs (-6.8%). Despite difficult conditions, net trading income generated 6.9 million Swiss francs (+11.8%) more than in the first six months of the previous year.

Raiffeisen expands

Operating expenditure increased by 8.8 percent to 692.3 million Swiss francs. This increase is a consequence of the sharp rise in customer transaction volumes and the high level of capital investment in large projects such as the “New Bank Platform (NBP)” IT programme and the expansion of the corporate banking business. Personnel expenditure accounted for the largest single rise in operating

expenditure, mainly as a result of an expansion of the workforce by 419 employees, or 6.1 percent compared to mid-2007.

Expected growth in the second half of the year

Raiffeisen's growth strategy would appear to be bearing fruit in 2008, too. Customer transaction volumes are projected to rise, while sound consolidated profits are forecast despite difficult overall conditions; even though these are expected to fall short of the top result achieved during the record-breaking year 2007.

Key figures for the Raiffeisen Group as of 30 June 2008

	Amounts in CHF millions		Changes in %
	1.1.-30.6.2008	1.1.-30.6.2007	
Key P + L figures			
Net interest income	930	935	-0.5
Income from commission business and service transactions	117	126	-6.8
Operating income	1'148	1'148	-
Total operating expenditure	692	636	8.8
Group profit	322	357	-9.8
Cost/Income Ratio	60.3%	55.4%	
	Amounts in CHF millions		Changes in %
	30.6.2008	31.12.2007	
Key balance sheet figures			
Balance sheet total	126'841	123'076	3.1
Loans to clients	104'970	101'527	3.4
of which are mortgage receivables	97'827	94'299	3.7
Client monies	99'082	94'155	5.2
Client monies in % of loans to clients	94.4%	92.7%	
Market data			
Market share in mortgage business (30.6.2008: estimated)	14.4%	14.2%	
Market share in savings (30.6.2008: estimated)	19.5%	19.0%	
Number of members	1'495'518	1'443'841	3.6
Customer assets			
Managed customer assets	121'909	117'859	3.4
Custody account			
Number of portfolios	375'444	359'466	4.4
Total portfolio volume	35'003	35'841	-2.3
Resources			
Number of employees (full-time)	7'327	7'208	1.6
Number of Raiffeisen locations	1'155	1'155	-

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Raiffeisen: third-largest banking group in Switzerland

Raiffeisen, the third-largest banking group in Switzerland, is one of Switzerland's leading retail banks. The third-largest bank in the Swiss banking sector has 3 million customers, 1.5 million of whom are cooperative members and therefore co-owners of their Raiffeisen bank. They value the crucial advantages Raiffeisen offers: client proximity, empathy, trustworthiness and the exclusive benefits for cooperative members.

The Raiffeisen Group consists of the 367 cooperatively structured Raiffeisen banks with 1,155 branches, the Raiffeisen Switzerland cooperative (formerly the Swiss Union of Raiffeisen Banks) and the Group companies (Raiffeisen Guarantee Cooperative etc.).

The legally autonomous Raiffeisen banks are amalgamated into the Raiffeisen Switzerland cooperative, which has its head office in St. Gallen. Raiffeisen Switzerland is responsible for strategic management and risk controlling for the entire Raiffeisen Group, coordinates the Group's activities, creates the framework conditions for the business activities of the local Raiffeisen banks and provides them with advice and support where necessary. Raiffeisen Switzerland has an Aa1 rating from Moody's.