

RAIFFEISEN

Press release

Raiffeisen interim financial statement for the period ending 30 June 2011

Raiffeisen substantially improves profits

St. Gallen, 17 August 2011. The Raiffeisen Group further enlarged its leading position in the retail business in the first half of 2011. The mortgage portfolio increased by 4.4 billion to 124 billion Swiss francs (+3.7%). Gross profit rose 9.3% to 503 million Swiss francs.

Raiffeisen mortgage volume rose further in the first half of 2011, recording growth of 3.7% despite no change in the organisation's strict policies and lending standards, driven largely by vibrant demand in private housing property and market share gains. Fixed-rate mortgages rose to account for 82% of the mortgage portfolio as interest rates remained low. At the end of June, total loans to clients amounted to 131.6 billion Swiss francs in volume (+3.4%).

Increase in client deposits up

Client deposit volume pleasantly rose, exceeding growth for the first half of 2010 by a wide margin. After increasing by 2.4 billion Swiss francs or 2.1%, Raiffeisen now records a total volume of 118.9 billion Swiss francs. Savings and investment deposits accounted for 88.2 billion Swiss francs of this total (+1.9%), while other liabilities to clients amounted to 17.4 billion Swiss francs (+7.5%). Similar to previous years, holdings of medium-term notes declined to 13.2 billion Swiss francs.

Substantially higher income in the rates business

The Raiffeisen Group posted income of 1,040 million Swiss francs in the rates business due to the expansion of volume, representing a substantial 6.3% increase versus last year's half-year figure. Nervous financial markets in the second quarter led in particular to slightly lower income in the securities business, which came in at 117 million Swiss francs (-2.6%). Income in the trading business remained steady at 66 million Swiss francs.

Moderate rise in expenses

In the first half of 2011 operating expenditure increased by a moderate 2.5% to 753 million Swiss francs. This was chiefly the result of higher personnel expenditure, which was up to 533 million Swiss francs, mainly reflecting a larger staff than in the first half of 2010. Operating expenditure was virtually unchanged at 220 million Swiss francs.

Strong half-year results

At the end of June 2011, the Raiffeisen Group recorded a gross profit of 503 million Swiss francs, substantially higher than for the same period last year (+9.3%). Depreciation was slightly lower, while impairments increased to 6 million Swiss francs in connection with higher provisions for other business risks.

Credit risk impairments fell again. Group profit increased 12.0% to 340 million Swiss francs.

Membership now exceeding 1.7 million

There was continuous major interest in the Raiffeisen cooperative model in the first half of 2011. Membership increased by roughly 34,000 to excess the 1.7 million mark for the first time. Over the last five years, 370,000 new members have come on board.

Adherence to strategic orientation

Raiffeisen will continue to pursue the strategic elements adopted. The focus will be on broadening the branch network in central regions and expanding in corporate client business. In addition, Raiffeisen will concentrate even further on the needs of the principal client segments – private and affluent clients as well as corporates – through organizational adjustments.

The Raiffeisen Group at a glance

	30 June 2011 (in CHF m)	31 December 2010 (in CHF m)	Change (in CHF million)	Change in %
Balance sheet total	151,687	147,239	4,448	3.0
Loans to clients	131,601	127,261	4,340	3.4
Mortgage receivables	124,023	119,595	4,428	3.7
Retail client deposits	118,888	116,443	2,445	2.1
Client assets under management	144,071	141,742	2,329	1.6
	1 January – 30 June 2011 (in CHF m)	1 January – 30 June 2010 (in CHF m)	Change (in CHF million)	Change in %
Operating income	1,256	1,195	61	5.1
Interest income	1,040	979	61	6.3
Total operating expenditure	753	734	19	2.5
Gross profit	503	460	43	9.3
Group profit	340	303	37	12.0
	30.06.2011	31.12.2010	Change	Change in %
Number of employees (full- time)	8,016	8,068	-52	-0.6
Number of employees	9,620	9,656	-36	-0.4
Number of cooperative members	1,712,566	1,678,792	33,774	2.0
Clients	3,520,000	3,498,000	22,000	0.6

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Contact: Franz Würth
Media Spokesman
Tel. +41 (0)71 225 84 84
E-mail: franz.wuerth@raiffeisen.ch

Stefan Kern
Head of External Communications/Media Spokesman
Tel: +41 (0)71 225 94 41
E-mail: stefan.kern@raiffeisen.ch

Raiffeisen: third-largest banking group in Switzerland

The Raiffeisen Group is the leading Swiss retail bank. Three and a half million clients do business with the third force in the Swiss banking market, 1.7 million of whom are cooperative members and therefore co-owners of their Raiffeisen bank. The Raiffeisen Group includes 328 cooperatively organized Raiffeisen banks with 1,106 branches. The legally autonomous Raiffeisen banks are amalgamated into Raiffeisen Switzerland Cooperative, which is the strategic leader of the entire Raiffeisen Group. As of June 30, 2011, the Raiffeisen Group had CHF 144 billion in assets under management and CHF 132 billion in loans to clients. The Group holds an approximate 16% market share in the mortgage business and around 20% in the savings market. The balance sheet total is CHF 152 billion.