

Press release

Raiffeisen closes financial year successfully – strong customer confidence, high earnings

St. Gallen, 27 February 2020. Raiffeisen looks back on a very successful year.

Key figures (income and expense for previous year without Notenstein La Roche)

- **The Raiffeisen Group generated earnings of CHF 835 million in 2019**
- **Client deposits increased by CHF 10.5 billion to CHF 176 billion – with significant market share expansion**
- **Healthy 3.2% growth of mortgage loans – in line with growth ambitions**
- **Net interest income increased by CHF 37.3 million, despite tense margin situation**
- **Commission and services business increased by CHF 13.8 million**
- **Cost-income ratio improved to 61.3% from 64.9%, due to reduced expenses**
- **CET1 ratio 17.2%, TLAC 18.4%, leverage ratio 7.2%**

The 2019 financial year was a great success for the Raiffeisen Group. Despite a continuously challenging environment, the Group achieved a strong result. Group earnings increased by CHF 294 million to CHF 835 million, with Raiffeisen achieving particularly strong gains in client business. Client deposits increased by CHF 10.5 billion to CHF 176 billion (+6.3%).

Heinz Huber, Chairman of the Executive Board of Raiffeisen Switzerland, expressed his satisfaction with the result: "In a challenging environment, the Raiffeisen banks once again demonstrated operational strength and closed the financial year successfully. The Group saw particularly strong growth in client business. The local roots of the Raiffeisen banks have paid off – they create a feeling of proximity and trust among our clients. We were able to attract 36'000 new customers and 12'000 cooperative members in 2019."

Strong growth in client deposits

The balance sheet business of the Raiffeisen Group enjoyed very positive development. Mortgage loans grew by 3.2% to CHF 185.3 billion. This is in line with the goal of achieving growth at around market level. With that, Raiffeisen has been able to maintain its strong position in its core business and is likewise well positioned in an intensely competitive market. Thanks to the conservative, security-oriented credit policy, the quality of the Group's credit portfolio remains high.

Particularly pleasing is the high CHF 15 billion increase of managed assets to CHF 211 billion (+7.6%). In particular, client deposits saw considerable growth of 6.3% to a total of CHF 176 billion (+CHF 10.5 billion). Raiffeisen was able to achieve a notable increase in its market share of client deposits, by 13.4%. As a consequence of this high increase, coupled with a consciously reduced growth in loans, Raiffeisen was able to significantly improve its refinancing rate in client business to over 91%.

Pleasant growth of income items in the core business

With a share of over 70%, interest operations remain Raiffeisen's most important source of revenue. Despite a tense margin situation, Raiffeisen's net income from interest operations saw a slight increase of 1.7% to CHF 2.3 billion (+CHF 37.3 million). Particularly pleasing is the successful development in the service and commission business. Income increased by CHF 13.8 million to CHF 416 million (+3.4%) compared to the previous year. Raiffeisen's asset management mandates and collective investments enjoyed especially strong growth. Asset management mandates quadrupled in 2019. For collective assets, Raiffeisen was able to increase the volume by 16% (+CHF 2.2 billion). Income from trading business increased significantly. The increase amounts to CHF 22.5 million (+10.9 percent). The satisfying results from income items show that the operative earnings power of the Group is undiminished.

In terms of expenses, Raiffeisen saw a decrease compared to the previous year of CHF 54.7 million (-2.8%). Personnel, general and administrative expenses fell significantly in particular due to the introduction of the core banking system completed at the end of 2018. The cost-income ratio improved, moving from 64.9 to 61.3%.

Strong capitalisation – future capital adequacy requirements already fulfilled

The new capital adequacy requirements for domestic systemically important banks, which include the Raiffeisen Group, came into effect on 1 January 2019. The new requirements must be met in full as of 1 January 2026. Raiffeisen has already met the future "Total Loss Absorbing Capacity" (TLAC) requirements and, with a risk-weighted core capital ratio of 18.4%, has exceeded the 17.9% threshold. With a TLAC leverage ratio of 7.2%, Raiffeisen has already significantly exceeded the future threshold, set at 5.9%. Raiffeisen is in contact with FINMA with regard to possible additional capital requirements arising from emergency planning and will submit these plans to the regulator in mid-2020.

Further development of proximity to the client

The Raiffeisen Group experienced an intense and exceedingly successful year in 2019. The Raiffeisen Group has modernised itself, created a new Group governance, that preserves the unique cooperative model, and for the first time in its history, the Raiffeisen banks have formulated and ratified their expectations of Raiffeisen Switzerland in the form of an owner strategy. In a dynamic environment, Raiffeisen successfully worked on the advancement of its key topics "housing", "wealth" and "entrepreneurship". In the first half of 2020, the Group is going to launch a SARON mortgage and a digital asset management offering. Over the past year, Raiffeisen increased its financial involvement with SMEs by CHF 1.7 billion in the corporate clients business.

In 2020, Raiffeisen will spend more attention on strategic banking issues. With the Group strategy, Raiffeisen is setting out to define the strategic framework for the next five years. The strategy addresses several challenges, including the low interest rate environment, diversification of the business areas and new client needs. The Raiffeisen banks are involved in this process of drafting the strategy. The ratification of the strategy by the Board of Directors of Raiffeisen Switzerland is expected to take place in mid-2020.

"In 2019, Raiffeisen consolidated its market position being Switzerland's leading retail bank and has laid the groundwork to move forward into the future as a cooperative group. Today, the Group is performing even better and more efficiently. My focus in the next few months will be on bank strategy and further developing client business together with the Raiffeisen banks", said Heinz Huber, outlining his priorities.

Outlook

For the current year, Raiffeisen is anticipating a stable course of business in what continues to be a demanding environment. Raiffeisen is operating on the assumption of slightly lower growth in the mortgage business and expects economic growth of 1.3% for Switzerland. In the current interest landscape, Raiffeisen anticipates little movement on the basis of moderate global economic development, coupled with persistently low inflation; interest rates should remain low.

Overview* of the Raiffeisen Group

	2019 (in million CHF)	2018 (in million CHF)	Change (in million CHF)	Change (in %)
Total assets	248'345.1	225'333.0	+23'012.2	+10.2
Loans to clients	193'450.4	187'693.5	+5'756.9	+3.1
of which mortgages	185'290.5	179'558.4	+5'732.1	+3.2
Client deposits	176'179.5	165'701.4	+10'478.1	+6.3
Assets under management (AuM)	211'045.5	196'070.1	+14'975.4	+7.6
Operating income	3'051.6	3'078.5	-26.9	-0.9
Net result from interest operations	2'254.1	2'228.0	+26.2	+1.2
Commission and service fee net income	416.0	450.8	-34.7	-7.7
Result from trading activities	228.1	210.4	+17.7	+8.4
Other result from ordinary activities	153.3	189.4	-36.0	-19.0
Operating expenses	1'870.2	1'997.0	-126.8	-6.3
Operating result	929.6	699.1	+230.5	+33.0
Group profit	835.2	540.8	+294.3	+54.4

	2019 (in %)	2018 (in %)
TLAC – Total capital ratio	18.4	18.0
Core capital ratio (going concern)	17.9	17.5
CET1 ratio	17.2	16.5
TLAC – Leverage ratio	7.2	7.8

	2019 (number)	2018 (number)	Change (number)	Change (in %)
Employees (full-time positions)	9'295	9'215	+80	+0.9
Total employees	11'045	10'947	+98	+0.9
Members	1'909'233	1'897'369	+11'864	+0.6

* Raiffeisen Group including Notenstein La Roche

Note: The published annual financial statement figures are unaudited.

Presentation: The presentation for the Annual Media Conference will be available for download from 11 a.m. at www.raiffeisen.ch/medien.

Photographs: Pictures of the media conference will be available for download from 2.00 p.m. at www.raiffeisen.ch/medien.

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Raiffeisen: third largest banking group in Switzerland

The Raiffeisen Group is the leading Swiss retail bank. The Group is the third largest player in the Swiss banking market and has around 1.9 million cooperative members and 3.5 million clients. The Raiffeisen Group is represented at 847 locations throughout Switzerland. The 229 legally autonomous cooperative Raiffeisen banks are associated with Raiffeisen Switzerland Cooperative. Raiffeisen Switzerland Cooperative is the strategic leader of the entire Raiffeisen Group. Raiffeisen offers private individuals and corporate clients the full range of products and services via its Group companies, co-operations and participations. As of 31 December 2019, the Raiffeisen Group had CHF 211 billion in assets under management and CHF 193 billion in loans to clients. The Group's mortgage market share is 17.6%. The balance sheet total is CHF 248 billion.

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