

## Press release

*Interim financial statements for the Raiffeisen Group for the period ending 30 June 2020*

## **Raiffeisen reports good half-yearly results – Core business performed strongly**

### **Key results**

- **The Raiffeisen Group generated a profit of CHF 346 million in the first half of 2020.**
- **Operating result increased CHF 67.1 million because income rose while costs decreased.**
- **Considerable year-on-year increase in customer deposits of CHF 10.1 billion to CHF 186.3 billion.**
- **Mortgage loans grew 1.2%. Mortgage volume totalled CHF 187.4 billion.**
- **Interest operations increased by CHF 25.1 million despite a difficult margin situation.**
- **Strong commission and service business with an increase of CHF 23.7 million.**
- **Cost income ratio improved from 61.5% to 58.1%.**

*St. Gallen, 19 August 2020.* The Raiffeisen Group closed the first half of 2020 with a good result. Its core business performed well again. Customer deposits rose a rapid 5.7% to CHF 186.3 billion. Thanks to pleasing income growth and simultaneous cost reductions, the banking group significantly increased its operating result by 15.0% to CHF 513 million in the first half of 2020. «The Raiffeisen Group has succeeded in pursuing the path it has set for itself despite the challenging environment thanks to its clear business model, solid capital base and the extraordinary dedication of its people. Our earnings performance in the first half-year and excellent cost discipline produced a strong operating result,» said Heinz Huber, Chairman of the Executive Board of Raiffeisen Switzerland.

### **Income items perform well**

Raiffeisen recorded in comparison with the first half of the previous year an increase of CHF 25.1 million (+2.2%) in interest operations, its primary revenue source, despite the difficult environment. Value adjustments for default risks remain at a still-low level of 0.113% of the credit volume. The commission and service business made a dramatic gain of CHF 23.7 million to CHF 231.9 million in the first half of 2020. In trading portfolio assets, a decline in banknote and foreign exchange transactions in particular produced a year-on-year decrease of CHF 6.3 million.

Overall, the Raiffeisen Group's operating income was CHF 1,552 million, or CHF 33.9 million (+2.2%) above the previous year's level. The Group's operating expenses decreased CHF 31.7 million (-3.4%), as planned, largely as a result of the efficiency program at Raiffeisen Switzerland. The overall higher income and simultaneously lower cost base greatly improved the cost/income ratio from 61.5% in the first half of 2019 to 58.1%.

The Raiffeisen Group's 2020 interim financial statements show strong performance in the core business. The negative impacts of the COVID-19 pandemic – consisting primarily of higher value adjustments – will presumably manifest themselves in the financial result in subsequent periods. The strong operating result from the first half-year enables Raiffeisen to add CHF 75 million to the reserves for general banking risks as part of its conservative business and risk policy. All in all, the profit of CHF 346 million after the formation of reserves is consistent with the previous year's level (-2.5%).

## **Pleasing growth in the balance sheet business**

The Raiffeisen Group's balance sheet business performed well in the first half of the year. Mortgage loans gained 1.2% to CHF 187.4 billion (+CHF 2.2 billion) over the prior-year period. The moderate increase reflects the Group's goal of growing as fast as the market. Amounts due from customers rose CHF 3.0 billion, including CHF 1.9 billion attributable to COVID-19 loans disbursed to Swiss SMEs under the federal government's guarantee program. Assets under management continued to perform strongly. The increase in customer deposits from CHF 176.2 billion to CHF 186.3 billion (+5.7%) is particularly pleasing.

## **Outlook**

It is not yet possible to assess the social and economic impact the COVID-19 pandemic will have in the second half of 2020. Operating profit from the first six months therefore might not serve as a reliable yardstick for the Raiffeisen Group's performance for the entire financial year. However, Raiffeisen is in a favourable position to meet the challenges ahead thanks to its local roots, cooperative model, ample reserves and the Raiffeisen 2025 strategy.

## The Raiffeisen Group at a glance

	1.1.–30.6.2020 (in million CHF)	1.1.–30.6.2019 (in million CHF)	Change in %
<b>Key figures</b>			
Operating income	1,552	1,518	2.2
Operating expenses	902	934	-3.4
Operating result	513	446	15.0
Group profit	346	355	-2.5
Cost/Income Ratio	58.1%	61.5%	

	30.6.2020 (in million CHF)	31.12.2019 (in million CHF)	Change in %
<b>Key balance sheet figures</b>			
Total assets	266,135	248,345	7.2
Loans to clients	198,557	193,450	2.6
Mortgage loans	187,443	185,291	1.2
Liabilities in respect of client deposits	186,277	176,179	5.7
Customer deposits in % of loans to clients	93.8%	91.1%	

<b>Client assets</b>			
Assets under management (AuM)	220,712	211,046	4.6

<b>Resources</b>			
Number of employees	10,947	11,045	-0.9
Number of full-time positions	9,212	9,295	-0.9
Number of locations	834	847	-1.5

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## Conference Call

Heinz Huber, Chairman of the Executive Board of Raiffeisen Switzerland, and Dr. Christian Poerschke, CFO, will discuss the half-yearly results in a conference call at 10 a.m. and will field questions from members of the media. The conference call will be conducted in standard German. Please register by sending an e-mail to [medien@raiffeisen.ch](mailto:medien@raiffeisen.ch).

You can download the presentation as a PDF file after 10 a.m. from [www.raiffeisen.ch/medien](http://www.raiffeisen.ch/medien).

**Contact:** Raiffeisen Switzerland press office  
071 225 84 84, [medien@raiffeisen.ch](mailto:medien@raiffeisen.ch)

## 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 834 locations throughout Switzerland. The 226 legally autonomous Raiffeisen cooperative banks are brought together in 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, cooperations and participations. As of 30 June 2020, the Raiffeisen Group had CHF 221 billion in assets under management and CHF 199 billion in loans to clients. The Group's market share for mortgages is 17.6%. The balance sheet total is CHF 266 billion.

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