

Press release

## Successful financial year for the Raiffeisen Group – market position further expanded

### Highlights



**Operational strength proven once again**



**Banking group's security and stability enhanced**



**Digitalisation and advice expanded**

- **Group profit up 17.7% to CHF 1.39 billion**
- **Mortgage loans increased by 3.6% to more than CHF 211 billion**
- **Client deposits rise 1.5% – further expansion of market share**
- **Increase in net result from interest operations of CHF 522.7 million**
- **Sustained positive development of commission and service business income (+5.6%)**
- **Operating result growth by CHF 354.5 million to CHF 1.7 billion**
- **Cost/income ratio sees further improvement to 51.9%**
- **Excellent capitalisation – increase of going- and gone-concern capital to CHF 25.0 billion**

St. Gallen, 7 March 2024. 2023 was a successful year for the Raiffeisen Group – both the operating result and profit were increased. At CHF 1.39 billion, Group profit was up 17.7% on the previous year. The main increase was in the Group's revenues from client business. The operating result rose by CHF 354.5 million to CHF 1.7 billion.

Heinz Huber, Chairman of the Executive Board of Raiffeisen Switzerland: "We achieved increases in all business areas and gained market share in client business. With our strategic investment in digitalisation and client advice, we are continuing to expand our services."

### **Core business continues to grow**

Business volumes rose again in 2023. Mortgage loans increased by 3.6% to CHF 211 billion. This allowed Raiffeisen to expand its already strong position in a competitive environment. Its market share increased slightly from 17.6%

to 17.8%. Thanks to a consistently prudent credit policy, the quality of the mortgage portfolio remained high. The percentage of value adjustments for impaired loans stayed at a very low level (0.1% of total loans to clients). Client deposits grew CHF 3.1 billion to CHF 207.8 billion. The market share in deposits rose to 15.1% (previous year: 14.5%). At over 93.4%, the refinancing ratio remained very high. Consequently, loans to clients are almost fully covered by client deposits. Custody account volumes increased by CHF 4.5 billion to CHF 45.6 billion, mainly as a result of inflows of CHF 2.9 billion of net new money into pension fund and investment accounts. In all, around 25,000 new pension fund and investment accounts were opened in 2023. Asset management mandates, which are available from Raiffeisen to clients with assets of as little as CHF 50,000, were particularly popular (+25.3%), as were pension fund accounts (+9.4%).

## **Growth in income continues**

In comparison to the already very good previous year, the operating income grew once again by CHF 540.2 million to CHF 4.1 billion (+15.3%). *In particular*, interest income contributed to this. The net result rose by CHF 522.7 million to CHF 3.1 billion (+20.5%). Indifferent banking transactions again performed well. In commission and service business income, the Group exceeded the previous year's very good result by 5.6%. Income from this business rose by CHF 33.0 million to CHF 624.4 million. The positive development of revenues from pension and investment business, as well as from corporate clients, was pleasing. Growth trajectory in these business areas is an important contribution to the diversification of the business model. The result from trading activities also increased slightly on an already high level by CHF 1.3 million (+0.5%) to CHF 255.6 million.

Operating expenses increased in line with expectations. The higher costs can primarily be attributed to an increase in staff (+404 full-time positions, in particular for the support of clients on site) and more spending on client and members' events, as well as sponsorship. Improvements in operating income, coupled with lower expenditure growth, have further improved the cost/income ratio to 51.9% (previous year: 55.9%). The operating result – the key metric for the operating business – rose by CHF 354.5 million to CHF 1.7 billion (+26.2%) thanks to strong client business.

## **Ongoing profit retention is the basis for stability and security of the Group**

As a result of the consistently high profit retention of over 90% of net profit, the inflow of cooperative capital and the issuing of a EUR 500 million bail-in bond, going- and gone-concern capital increased to CHF 25.0 billion. Transitional provisions are in place for systemically important banks until 2026 for the purposes of building up gone-concern capital. Thanks to its outstanding capitalisation, Raiffeisen already fulfils this requirement. As of 31 December 2023, the risk-weighted total loss absorbing capacity (TLAC) ratio amounted to 25.8% (31 December 2022: 24.9%). The Group's liquidity situation is also extremely robust. The short-term liquidity coverage ratio is 157%, significantly higher than the regulatory minimum of 100%. At 139%, the net stable funding ratio is at a constantly high level, underlining the stable and sustainable refinancing of the loan book. The Group's strong capital base is also repeatedly underlined by the ratings awarded by the international rating agencies.

## **Investment in digitalisation and client advice**

Raiffeisen has consolidated its market position in client business. The rising number of clients (+55,000) and members (+56,000), as well as the strong key metrics for our client business, confirming the Raiffeisen Group's strategic course. The new Raiffeisen app, which includes a digital onboarding feature, has been available for the first client groups since autumn 2023. It will gradually undergo further development based on the most frequently used functionalities and by taking client feedback into consideration. The app is expected to be available to existing clients in the second half of this year. Automating and digitalising the mortgage process of owner-occupied residential property for new

clients will improve the customer experience, leaving more time for advisory services. The introduction of a new holistic advisory approach will mean that clients are guided over the long term in line with their financial situation, wishes and goals, and supported at an early stage in building up their assets.

## **Outlook**

Given the most recent interest rate forecasts and declining interest margins, Raiffeisen expects a solid business performance in 2024 with a result that will not fully reach the previous year's level. In the absence of economic impetus, it anticipates GDP growth in Switzerland of 0.8% this year. The Swiss property market has withstood the interest rate turnaround better than expected. In the market for residential property, the lower demand has led to declining transaction volumes and, in certain regions, a slight fall in prices. However, the risk of a significant price correction is very low. At the same time, there is still a major shortage in the residential rental market and rents are continuing to rise. Raiffeisen expects a challenging year with regards to financial markets in 2024. In particular, the uncertainty regarding the monetary policy of central banks could lead to greater volatility.

## Overview of the Raiffeisen Group

	2022 (million CHF)	2023 (million CHF)	Change (million CHF)	Change (%)
Total assets	280,634.6	297,134.9	16,500.3	5.9
Loans to clients	214,565.3	222,590.2	8,024.9	3.7
of which mortgages	203,655.9	211,000.5	7,344.6	3.6
Client deposits	204,784.6	207,843.5	3,058.8	1.5
Client assets under management	242,239.4	249,669.6	7,430.2	3.1
Operating income	3,529.1	4,069.2	540.2	15.3
Net result from interest operations	2,549.8	3,072.6	522.7	20.5
Result from commission business and services	591.4	624.4	33.0	5.6
Result from trading activities	254.3	255.6	1.3	0.5
Result from other ordinary activities	133.6	116.7	-16.9	-12.6
Operating expenses	1,972.0	2,112.7	140.7	7.1
Operating result	1,354.1	1,708.7	354.5	26.2
Group profit	1,181.9	1,390.7	208.8	17.7

In accordance with the systemic importance regime	2022 (%)	2023 (%)
TLAC ratio	24.9	25.8
Core capital ratio (going concern)	18.8	19.5
CET1 ratio	18.8	19.5
TLAC leverage ratio	8.2	8.3

	2022 (number)	2023 (number)	Change (number)	Change (%)
Full-time positions	9,901	10,305	404	4.1
Cooperative members	2,001,499	2,057,532	56,033	2.8

**Please note:** The published year-end figures are not audited.

# RAIFFEISEN

**Presentation:** The presentation on the Annual Media Conference is available for download in German, French and Italian from 9.45 a.m. CET at <https://www.raiffeisen.ch/medien>.

**Photos:** Pictures of the speakers are available at <https://www.raiffeisen.ch/medien>.

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## **Raiffeisen: second largest banking group in Switzerland**

Raiffeisen is the second-largest banking group in the Swiss banking market and the Swiss retail bank with the closest proximity to its clients. It has over 2 million cooperative members and 3.69 million clients. The Raiffeisen Group is present at 784 locations throughout Switzerland. The 219 legally independent Raiffeisen cooperative banks are members of the Raiffeisen Switzerland Cooperative, which performs strategic and supervisory functions for the whole Raiffeisen Group. The Raiffeisen Group offers private individuals and corporate clients a comprehensive range of products and services via its group companies, cooperative ventures and participations. On 31 December 2023, the Raiffeisen Group had CHF 250 billion in assets under management and around CHF 223 billion in loans to clients. The market share in the mortgage business is 17.8%. Total assets amount to CHF 297 billion.

## **Group strategy Raiffeisen 2025**

Raiffeisen 2025 is the Raiffeisen Group's strategy. It defines the strategic objectives, initiatives and goals for the period 2021–2025. Raiffeisen is concentrating its efforts on banking and related services and consistently focusing on its clients. The key strategic plans are (1) to diversify the business model by strengthening the pension and investment business, (2) to expand client access to digital services by means of a new Raiffeisen app that acts as a one-stop shop for Raiffeisen's digital services, (3) to ensure more efficiency and time for clients by digitalising and automating the mortgage process, which is Raiffeisen's core business, and (4) to further strengthen client advisory services in the interaction between the local Raiffeisen banks and the digital world.

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