RAIFFEISEN

**Press Release**

*Raiffeisen Group interim financial statements as of 30 June 2017*

# Profit exceeds the CHF 400 million mark for the first time

**St.Gallen, 16 August 2017. The Raiffeisen Group's first six months have been successful in every respect. Profit rose CHF 68 million to CHF 434 million as of 30 June 2017, clearing the CHF 400 million mark for the very first time. This excellent half-year performance was driven by all income items.**

Raiffeisen Group was able to build on the previous year's good results in a favourable business environment. Growth remained high in the mortgage and customer deposit business. Income increased on a broad front, growing faster than expenses and enabling the operating result to set a new record of CHF 532 million. Net income went up a significant 18.4% to CHF 434 million.

## Income increases across the board

Overall, operating income increased CHF 106 million (+7.0%) compared to the prior-year period, reaching CHF 1,629 million. Growth was strongest in markets activities and other ordinary income. In fact, the latter increased CHF 66 million to CHF 145 million (+84.5%). Operating expenses increased CHF 45 million to CHF 1,007 million (+4.6%).

Much of the cost increase is attributable to the two projects to roll out new core banking systems at the Raiffeisen banks and Notenstein La Roche Private Bank. This was also the reason for the increase in the result from ordinary activities. The recognition of IT project costs as intangible assets, thus impacted both income and costs. With the implementation of the core banking systems accrued project costs will through depreciation directly effect the net income position.

## Credit and deposit business continues to grow

The business volume continued to grow in the first half of 2017. Although growth rates in the credit and deposit business were down slightly on the previous year, Raiffeisen banks still outperformed the market average by a narrow margin with an increase of 2.0% in mortgage loans and 1.8% in customer deposits. Fortunately, the custodian business also improved as a result of intensified market efforts and a more favourable market environment.

"The record-breaking half-year result demonstrates the Raiffeisen banks' high profitability," said Patrik Gisel, Chairman of the Executive Board of Raiffeisen Switzerland. "We are particularly pleased by the strong momentum in investment activities. The mortgage business continued to grow as well. We are especially proud that the higher volume did not come at the expense of higher risks. On the contrary, value adjustments on default risks declined to CHF 213 million, a record low." This represents 0.12% of the total credit volume. Moody's recent reaffirmation of its Aa2 rating (with stable outlook) shows that Raiffeisen remains one of the most secure banking institutions.

## Raiffeisen to meet the new TLAC requirements without additional measures

On 28 June 2017, the Federal Council published an evaluation report defining the TLAC (total loss absorbing capacity) requirements for systemically important banks in Switzerland. These are additional capital requirements that must be met on 1 January 2025. The Group's risk-weighted capital ratio stood at 16.8%

on 30 June 2017. Raiffeisen expects to meet the additional requirements on its own without extraordinary financing. It already today exceeds the TLAC requirement for the leverage ratio (unweighted capital adequacy requirement), which stands at 6.8%.

**Outlook**

The economic environment has brightened considerably. Key players have carefully taken the first steps towards normalising interest rates. However, Switzerland's challenging low-interest environment is not expected to change any time soon; interest margins will remain under pressure.

Raiffeisen assumes that the core business will continue performing strongly. Even if expanding volumes cannot fully compensate for declining interest margins, this year's result is expected to surpass last year's. Supposing there will not be any major political or economic shocks in the next six months.

**The Raiffeisen Group at a glance** (as of 30 June 2017)

| | 1 January – 30 June 2017 (in million CHF) | 1 Jan. – 30 June 2016 (in million CHF) | Change in % |
|---|---|---|---|
| **Key profit figures** | | | |
| Operating income | 1,629 | 1,522 | 7.0 |
| Operating expenses | 1,007 | 962 | 4.6 |
| Operating result | 532 | 464 | 14.5 |
| Group profit | 434 | 367 | 18.4 |
| Cost/income ratio | 61.8% | 63.2% | |

| | 30.06.2017 (in million CHF) | 31.12.2016 (in million CHF) | Change in % |
|---|---|---|---|
| **Key balance sheet figures** | | | |
| Total assets | 228,148 | 218,590 | 4.4 |
| Loan to clients | 177,007 | 173,445 | 2.1 |
| Mortgage loans | 168,739 | 165,426 | 2.0 |
| Client deposits | 161,027 | 158,254 | 1.8 |
| Customer deposits in % of loan to clients | 91.0% | 91.2% | |
| **Client assets** | | | |
| Assets under management (AuM) | 206,533 | 202,795 | 1.8 |
| **Resources** | | | |
| Number of employees | 10,986 | 11,026 | -0.4 |
| Number of full-time positions | 9,262 | 9,276 | -0.1 |
| Number of Raiffeisen locations | 930 | 955 | -2.6 |

**Telephone conference:**

Dr Patrik Gisel, Chairman of the Executive Board of Raiffeisen Switzerland, is going to comment the half-year results in a conference call at 10 a.m. and will be available to answer 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 .

The presentation can be downloaded in PDF format after 10 a.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 third largest force in the Swiss banking sector has 1.9 million cooperative members and 3.7 million clients. The Raiffeisen Group is present at 930 locations throughout Switzerland. The 255 legally autonomous cooperative Raiffeisen banks are amalgamated into Raiffeisen Switzerland Cooperative, which is the strategic leader of the entire Raiffeisen Group. Through Group companies, partnerships and equity holdings, Raiffeisen offers private individuals and corporate clients the full range of products and services. As of 30.06.2017, the Raiffeisen Group had CHF 207 billion in assets under management and CHF 177 billion in loans to clients. The Group's market share in the mortgage business is 17.3%. Total assets are CHF 228 billion.