



Key figures

as at 30 June 2017

	1.1.-30.6.2017 Amounts in million CHF	1.1.-30.6.2016 Amounts in million CHF	Change in %
Key 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%	

	30.6.2017 Amounts in CHF million	31.12.2016 Amounts in CHF million	Change in %
Key balance sheet figures			
Total assets	228,148	218,590	4.4
Loans to clients	177,007	173,445	2.1
of which mortgage receivables	168,739	165,426	2.0
Amounts due in respect of customer deposits	161,027	158,254	1.8
Customer deposits in % of loans to clients	91.0%	91.2%	

Capital resources			
Total equity capital	14,945	14,390	3.9
Return on equity (ROE)	5.9%	5.4%	
Leverage ratio (unweighted capital ratio)*	6.8%	6.8%	
Total capital ratio (equity capital)*	16.8%	16.9%	

Market data			
Share of mortgage market	17.3%	17.2%	
Number of clients	3,751,506	3,745,135	0.2
Number of cooperative members	1,885,206	1,876,687	0.5

Client assets			
Client assets under management	206,533	202,795	1.8

Lending business			
Losses on lending business (annualized)	10	16	-35.2
as % of loans to clients	0.006%	0.009%	

Resources			
Number of employees	10,986	11,026	-0.4
Number of full-time positions	9,262	9,276	-0.1
Number of locations	930	955	-2.6

* incl. result of the period

Raiffeisen releases record half-year results

The Raiffeisen Group carried last year's strong momentum into the current year. Growth remained high in the mortgage and customer deposit business. Income increased substantially, growing faster than expenses. The operating result set a new record at CHF 532 million. For the first time in Raiffeisen's history, its half-year profit exceeded CHF 400 million, reaching CHF 434 million (+CHF 68 million or +18.4%).

The first half-year was characterised by a substantial increase in income and a disproportionately low rise in costs. Net income went up a significant 18.4% to CHF 434 million. This excellent result reflects the Raiffeisen Group's profitability.

Broad income increase

Overall, operating income increased CHF 106 million (+7.0%) compared to the prior-year period, reaching CHF 1,629 million, driven by all earnings positions. Growth was strongest in the trading portfolio assets and other result from ordinary activities. In fact, other result from ordinary activities 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 this 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 other result from ordinary activities. The recognition of the IT projects' costs as intangible assets thus impacted both income and costs. Accrued project costs will not begin to be amortised until the core banking systems are rolled out. Other, less significant cost drivers included numerous business process digitisation projects.

Continuous growth in business volume

The business volume continued to grow in the first six months of the 2017 financial year. Growth rates in the credit and deposit business were down slightly year-to-year. With an increase of 2.0% in mortgage loans and 1.8% in amounts due in respect of customer deposits, Raiffeisen banks still outperformed the market average by a narrow margin. Fortunately, the custody account business also improved as a result of intensified market efforts and a more favourable market environment.

Unproblematic risk situation

Value adjustments on default risks declined to CHF 213 million. 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.

Issuance for structured products transferred to Raiffeisen Switzerland

Raiffeisen Switzerland has been issuing structured products since November 2016. At the end of June 2017, the products still being issued by Notenstein La Roche were transferred to Raiffeisen Switzerland. Thus, Raiffeisen Switzerland will handle all issuance business with structured products effective immediately. The volume of new structured products issued by Raiffeisen Switzerland was further increased in the context of the Raiffeisen business plan.

Solid performance of Notenstein La Roche

Following the optimisation of structures, processes and the service portfolio in 2016, Notenstein La Roche has sustainably increased productivity in the first half of 2017. The successful restructuring of the private bank led to a solid result. The bank focused on reducing operating expenses. The launch of the new core banking system in the third quarter will further increase process efficiency. In addition to raising productivity, the bank intends to increase assets under management in the coming months. As of 30 June 2017, these assets valued at CHF 19.4 billion.

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 have to be met beginning on 1 January 2025. Under these requirements, Raiffeisen must have additional funds to cover a potential reorganisation by the 2025 deadline. The Group's risk-weighted capital ratio stood at 16.8% on 30 June 2017. Raiffeisen expects that it will be able to meet the additional requirements on its own without extraordinary financing. It already 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 taken first steps towards normalising interest rates. However, we do not expect Switzerland's challenging low-interest environment 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, we expect that this year's result will exceed last year's. This assumes there will not be any major political or economic shocks in the next six months. The project to roll out the new core banking system at the Raiffeisen banks has entered the final stretch. The project plan still foresees that the banks will start working with the new IT platform in January 2018.

Consolidated balance sheet

as at 30 June 2017

	30.6.2017 in 1,000 CHF	31.12.2016 in 1,000 CHF	Change in 1,000 CHF	Change in %
Assets				
Liquid assets	20,794,621	20,389,822	404,799	2.0
Amounts due from banks	12,413,470	7,083,612	5,329,858	75.2
Amounts due from securities financing transactions	303,435	338,260	-34,825	-10.3
Amounts due from clients	8,268,231	8,018,804	249,427	3.1
Mortgage loans	168,739,212	165,426,200	3,313,012	2.0
Trading portfolio assets	3,368,607	2,911,801	456,806	15.7
Positive replacement values of derivative financial instruments	1,668,694	1,743,165	-74,471	-4.3
Financial investments	7,834,897	7,951,965	-117,068	-1.5
Accrued income and prepaid expenses	334,345	246,797	87,548	35.5
Non-consolidated participations	788,841	787,634	1,207	0.2
Tangible fixed assets	2,682,580	2,599,512	83,068	3.2
Intangible assets	398,809	419,433	-20,624	-4.9
Other assets	552,645	672,706	-120,061	-17.8
Total assets	228,148,387	218,589,711	9,558,676	4.4
Total subordinated claims	143,966	123,674	20,292	16.4
of which subject to mandatory conversion and/or debt waiver	1,097	1,106	-9	-0.8
Liabilities				
Liabilities to banks	15,572,989	10,852,715	4,720,274	43.5
Liabilities from securities financing transactions	3,832,108	2,599,332	1,232,776	47.4
Amounts due in respect of customer deposits	161,027,269	158,254,449	2,772,820	1.8
Trading portfolio liabilities	108,980	138,207	-29,227	-21.1
Negative replacement values of derivative financial instruments	1,924,547	2,017,470	-92,923	-4.6
Liabilities from other financial instruments at fair value	2,146,457	1,633,944	512,513	31.4
Cash bonds	966,825	1,177,775	-210,950	-17.9
Bond issues and central mortgage institution loans	25,726,928	25,623,178	103,750	0.4
Accrued expenses and deferred income	939,966	828,695	111,271	13.4
Other liabilities	41,818	170,104	-128,286	-75.4
Provisions	915,957	903,476	12,481	1.4
Cooperative capital	1,761,729	1,594,753	166,976	10.5
Retained earnings reserve	12,746,566	12,036,214	710,352	5.9
Currency translation reserve	-4	-4	0	0.0
Group profit	434,243	754,069	-319,826	-42.4
Total equity capital (without minority interests)	14,942,534	14,385,032	557,502	3.9
Minority interests in equity	2,009	5,334	-3,325	-62.3
of which minority interests in Group profit	-3,325	-2,233	-1,092	48.9
Total equity capital (with minority interests)	14,944,543	14,390,366	554,177	3.9
Total liabilities	228,148,387	218,589,711	9,558,676	4.4
Total subordinated liabilities	1,779,672	1,777,462	2,210	0.1
of which subject to mandatory conversion and/or debt waiver	1,233,788	1,241,943	-8,155	-0.7
Off-balance-sheet transactions				
Contingent liabilities	409,487	391,640	17,847	4.6
Irrevocable commitments	8,282,642	8,016,607	266,035	3.3
Call commitments and additional funding obligations	114,689	118,541	-3,852	-3.2

Consolidated income statement

1st half 2017

	1.1.-30.6.2017 in 1,000 CHF	1.1.-30.6.2016 in 1,000 CHF	Change in 1,000 CHF	Change in %
Interest and discount income	1,475,457	1,538,794	-63,337	-4.1
Interest and dividend income from financial assets	27,961	28,592	-631	-2.2
Interest expenditure	-385,145	-458,454	73,309	-16.0
Gross result from interest operations	1,118,273	1,108,932	9,341	0.8
Changes in value adjustments for default risks and losses from interest operations	2,801	498	2,303	462.4
Net result from interest operations	1,121,074	1,109,430	11,644	1.0
Commission income from securities trading and investment activities	213,664	186,964	26,700	14.3
Commission income from lending activities	9,431	9,257	174	1.9
Commission income from other services	113,024	104,019	9,005	8.7
Commission expense	-89,904	-59,515	-30,389	51.1
Result from commission business and services	246,215	240,725	5,490	2.3
Result from trading activities and the fair value option	116,091	93,527	22,564	24.1
Result from disposal of financial investments	9,401	1,729	7,672	443.7
Income from participations	20,816	34,770	-13,954	-40.1
Result from real estate	10,326	9,391	935	10.0
Other ordinary income	108,257	46,861	61,396	131.0
Other ordinary expenses	-3,574	-14,019	10,445	-74.5
Other result from ordinary activities	145,226	78,732	66,494	84.5
Operating income	1,628,606	1,522,414	106,192	7.0
Personnel expenses	-688,887	-680,501	-8,386	1.2
General and administrative expenses	-317,802	-281,689	-36,113	12.8
Operating expenses	-1,006,689	-962,190	-44,499	4.6
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	-92,732	-97,772	5,040	-5.2
Changes to provisions and other value adjustments, and losses	2,344	1,635	709	43.4
Operating result	531,529	464,087	67,442	14.5
Extraordinary income	10,600	7,045	3,555	50.5
Extraordinary expenses	-2,750	-1,258	-1,492	118.6
Taxes	-108,461	-103,776	-4,685	4.5
Group profit (including minority interests)	430,918	366,098	64,820	17.7
Minority interests in group profit	-3,325	-525	-2,800	533.3
Group profit	434,243	366,623	67,620	18.4

Statement of changes in equity

as at 30 June 2017

	Cooperative capital in 1,000 CHF	Retained earnings reserve in 1,000 CHF	Currency translation differences in 1,000 CHF	Minority interests in 1,000 CHF	Profit in 1,000 CHF	Total in 1,000 CHF
Equity capital at 1.1.2017	1,594,753	12,036,214	-4	5,334	754,069	14,390,366
Capital increase	186,761	-	-	-	-	186,761
Capital decrease	-19,785	-	-	-	-	-19,785
Currency translation differences	-	-	-	-	-	-
Interest on the cooperative capital	-	-	-	-	-43,717	-43,717
Allocation to voluntary retained earnings reserves	-	710,352	-	-	-710,352	-
Profit	-	-	-	-3,325	434,243	430,918
Equity capital at 30.6.2017	1,761,729	12,746,566	-4	2,009	434,243	14,944,543

Abbreviated notes to the interim financial statement

Changes to the accounting and valuation principles and possible corrections

No material changes have been made to the accounting and valuation principles.

Information regarding factors having impacted the economic situation during the reporting period and compared to the prior year

There is no information regarding factors that have materially impacted the economic situation of the Raiffeisen Group.

Extraordinary income and expenditure

Extraordinary income stood at CHF 10.6 million, a year-on-year increase of CHF 3.6 million. It mainly includes CHF 8.6 million in income from the sale of tangible fixed assets. Extraordinary expenses of CHF 2.8 million (+CHF 1.5 million) mainly comprise CHF 2.5 million in losses from the sale of tangible fixed assets.

Material events after the cut-off day of the interim financial statements

No material events occurred that would have an impact on the Raiffeisen Group's financial position, cash flows and earnings.

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