

Raiffeisen Group

Interim financial statement

30 June 2013



RAIFFEISEN

Key figures as at 30 June 2013

	1.1.–30.6.2013 Amounts in CHF million	1.1.–30.6.2012 Amounts in CHF million	Change in %
Key income statement figures			
Operating income	1,381	1,361	1.5
Total operating expenditure	847	841	0.7
Gross profit	535	521	2.7
Group profit (without minority interests)	369	332	11.0
Cost/Income Ratio	61.3 %	61.8 %	
Key balance sheet figures			
Total assets	172,260	168,124	2.5
Loans to clients	147,412	143,765	2.5
of which mortgage receivables	139,695	135,943	2.8
Client monies	135,789	133,055	2.1
Client monies in % of loans to clients	92.1 %	92.6 %	
Capital resources			
Total equity capital	10,841	10,496	3.3
Return on equity (ROE)	6.9 %	6.2 %	
Equity ratio	6.3 %	6.2 %	
Total capital ratio*	14.7 %	12.9 %	
Market data			
Share of mortgage market	16.2 %	16.1 %	
Share of savings market	20.0 %	20.0 %	
Number of cooperative members	1,814,703	1,794,855	1.1
Number of clients	3,663,703	3,651,701	0.3
Client assets			
Client assets under management	176,272	173,149	1.8
Custody account volumes	40,668	41,085	-1.0
Risk figures			
Losses on lending business	7	27	-75.4
as % of loans to clients	0.004 %	0.019 %	
Rating	Aa3	Aa2	
Resources			
Number of employees	10,417	10,540	-1.2
Number of full-time positions	8,714	8,797	-0.9
Number of locations	1,063	1,084	-1.9

* Previous year according to Basel II

Business trend

Marked rise in half-year profit

Raiffeisen Group posted a significant rise in income, its operating income grew by CHF 20 million (+1.5 %) to CHF 1,381 million. Since operating expenditure only grew moderately by 0.7 %, gross profit reached a new record high at CHF 535 million (+2.7 %). Half-year profit rose markedly by CHF 37 million (+11 %) to CHF 369 million.

Raiffeisen Group boosted its income across the board. Due to sustained volume growth on the assets side and interest-rate adjustments for liabilities, margin erosion was curtailed and interest income was up CHF 12 million. The financial markets' recovery had a positive impact on commission income (+ CHF 8 million), especially in retail banking. The Group also saw small gains in the trading business.

Income is growing, costs are stable

It is an encouraging sign that costs have risen much less sharply than income. The increase has been comparatively moderate, both for personnel expenditure (+0.8 %) and operating expenditure (+0.6 %). This led to a corresponding increase in gross profit of CHF 14 million.

Solid growth in core business

Growth in the balance sheet business remained at a high level. Mortgage volumes rose 2.8 % or CHF 3.8 billion, slightly outperforming the market in this respect. Lending-related risks remain at a low level. Value adjustments for default risks were reduced to CHF 273 million compared to the end of the year; this is equivalent to 0.185 % of the credit volume.

Customer deposits witnessed encouraging growth of CHF 2.7 billion. The rise applied solely to savings deposits, while holdings of investments with a longer timeframe, such as medium-term notes and time deposits, fell further due to the continuing low interest rates. The Group's portfolio volume just about held up, despite inconsistent equity markets and declining bond markets.

Hybrid bond strengthens capital base

In April, Raiffeisen Switzerland successfully issued a subordinated hybrid bond in the amount of CHF 550 million, which was well received by the market. This enables the Group to exceed the capital adequacy requirements of Basel III set for the end of 2016 as early as the reporting date.

Notenstein expands new areas of business

Notenstein Private Bank Ltd is on a solid footing. It seeks to attain substantial growth in coming years, and is therefore investing specifically in its core areas: Swiss private clients and institutional clients. Assets under management at Notenstein Private Bank remained stable in the first half of 2013, while the still challenging market environment led to lower income and an increased cost/income ratio. In the spring Notenstein announced the expansion for the institutional clients area and in the meantime has recruited 50 new employees in this business area and in Asset Management. The partnership with Leonteq (formerly EFG Financial Products) started very successfully in the structured investment products area.

Strong half-year results

With a half-year result of CHF 369 million, Raiffeisen significantly exceeded the previous year's figure of CHF 332 million. In addition to the strong operating performance, another factor to the Group's advantage was that a write-down of CHF 22 million had to be applied to strategic investments in the previous year. Provided there are no major surprises in economic performance or in the financial markets in the second half of the year, Raiffeisen expects results to be better than last year.

Group balance sheet as at 30 June 2013

	30.6.2013 in 1,000 CHF	31.12.2012 in 1,000 CHF	Change in 1,000 CHF	Change in %
Assets				
Liquid funds	7,916,543	6,943,410	973,133	14.0 %
Receivables from money market securities	234,869	69,436	165,433	238.3 %
Receivables from banks	5,959,364	6,249,689	-290,325	-4.6 %
Receivables from clients	7,716,323	7,822,399	-106,076	-1.4 %
Mortgage receivables	139,695,490	135,942,683	3,752,807	2.8 %
Loans to clients	147,411,813	143,765,082	3,646,731	2.5 %
Trading portfolios in securities and precious metals	1,575,222	1,836,986	-261,764	-14.2 %
Financial assets	3,914,811	4,032,179	-117,368	-2.9 %
Non-consolidated participations	701,460	633,206	68,254	10.8 %
Tangible fixed assets	2,372,290	2,382,268	-9,978	-0.4 %
Intangible assets	220,877	178,673	42,204	23.6 %
Accrued income and prepaid expenses	307,686	209,940	97,746	46.6 %
Other assets	1,645,511	1,823,372	-177,861	-9.8 %
Total assets	172,260,446	168,124,241	4,136,205	2.5 %
Total subordinated receivables	20,846	24,095	-3,249	-13.5 %
Total receivables from non-consolidated participations	3,144,229	3,167,685	-23,456	-0.7 %
Liabilities				
Liabilities from money-market instruments	46,099	–	46,099	–
Liabilities to banks	5,511,899	5,843,438	-331,539	-5.7 %
Liabilities to clients in the form of savings and investment deposits	106,588,512	103,065,142	3,523,370	3.4 %
Other liabilities to clients	17,015,775	17,113,162	-97,387	-0.6 %
Medium-term notes	12,184,882	12,876,811	-691,929	-5.4 %
Client monies	135,789,169	133,055,115	2,734,054	2.1 %
Bonds and mortgage bond loans	16,602,851	15,186,280	1,416,571	9.3 %
Accrued expenses and deferred income	781,069	561,467	219,602	39.1 %
Other liabilities	1,629,757	1,927,966	-298,209	-15.5 %
Value adjustments and provisions	1,056,661	1,052,045	4,616	0.4 %
Cooperative capital	623,692	616,139	7,553	1.2 %
Retained earnings	9,848,247	9,245,000	603,247	6.5 %
Group profit	369,053	634,845	-265,792	-41.9 %
Total equity capital (without minority interests)	10,840,992	10,495,984	345,008	3.3 %
Minority interests in equity capital	1,949	1,946	3	0.2 %
– of which minority interests in group profit	3	-393	396	-100.8 %
Total equity capital (with minority interests)	10,842,941	10,497,930	345,011	3.3 %
Total liabilities	172,260,446	168,124,241	4,136,205	2.5 %
Total subordinated commitments	1,073,702	535,518	538,184	100.5 %
Total commitments towards non-consolidated participations	13,818,489	12,725,066	1,093,423	8.6 %
– of which mortgage bond loans	13,096,750	11,816,200	1,280,550	10.8 %
Off-balance-sheet business				
Contingent liabilities	432,096	451,210	-19,114	-4.2 %
Irrevocable undertakings	6,951,200	6,149,389	801,811	13.0 %
Call commitments and additional funding-obligations	96,647	96,647	0	0.0 %
Derivative financial instruments				
Positive replacement values	1,043,258	1,056,985	-13,727	-1.3 %
Negative replacement values	1,469,814	1,707,180	-237,366	-13.9 %
Contract volume	143,098,558	125,216,985	17,881,573	14.3 %
Fiduciary business	240,471	286,558	-46,087	-16.1 %

Group income statement account as at 30 June 2013

	1.1. – 30.6.2013 in 1,000 CHF	1.1. – 30.6.2012 in 1,000 CHF	Change in 1,000 CHF	Change in %
Interest and discount income	1,653,654	1,713,327	-59,673	-3.5 %
Interest and dividend income from financial assets	31,317	43,415	-12,098	-27.9 %
Interest expenditure	-632,013	-715,704	83,691	-11.7 %
Net interest income	1,052,958	1,041,038	11,920	1.1 %
Commission income lending business	7,038	6,310	728	11.5 %
Commission income securities and investment business	163,438	159,481	3,957	2.5 %
Commission income other service transactions	80,394	76,618	3,776	4.9 %
Commission expenditure	-54,492	-54,334	-158	0.3 %
Net income from commission business and service transactions	196,378	188,075	8,303	4.4 %
Net trading income	99,331	98,711	620	0.6 %
Income from sale of financial assets	578	374	204	54.5 %
Income from participating interests	23,229	22,138	1,091	4.9 %
Income from real estate	10,073	9,186	887	9.7 %
Other ordinary income	6,416	8,745	-2,329	-26.6 %
Other ordinary expenditure	-7,592	-6,829	-763	11.2 %
Other ordinary result	32,704	33,614	-910	-2.7 %
Operating income	1,381,371	1,361,438	19,933	1.5 %
Personnel expenditure	-599,226	-594,743	-4,483	0.8 %
Operating expenditure	-247,539	-245,980	-1,559	0.6 %
Total operating expenditure	-846,765	-840,723	-6,042	0.7 %
Gross profit	534,606	520,715	13,891	2.7 %
Depreciation on fixed assets	-82,633	-106,248	23,615	-22.2 %
Value adjustments, provisions and losses	-4,368	-2,178	-2,190	100.6 %
Operating profit (interim result)	447,605	412,289	35,316	8.6 %
Extraordinary income	9,792	7,613	2,179	28.6 %
Extraordinary expenditure	-2,138	-2,354	216	-9.2 %
Taxes	-86,203	-85,405	-798	0.9 %
Group profit (including minority interests)	369,056	332,143	36,913	11.1 %
Minority interests in group profit	3	-236	239	-101.3 %
Group profit	369,053	332,379	36,674	11.0 %

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This report can be downloaded in German, French, Italian and English from www.raiffeisen.ch/web/financial+reports. Only the German version is authoritative.

The interim financial statement of Notenstein Private Bank Ltd can be downloaded from www.nostenstein.ch.