

Press release

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Raiffeisen furthermore on the road to success

St. Gallen/Zurich, 2 March 2012. The Raiffeisen Group could position itself even further in 2011. Mortgage lending went up 7.5% to CHF 128.5 billion, while savings and investment deposits increased CHF 6.0 billion, or 6.9%. Profitability kept pace with growth; the gross profit of Switzerland's third-largest banking group rose 4.2% to CHF 992.1 million.

Raiffeisen reported strong profit and volume growth in 2011. With over CHF 8.9 billion in new mortgage loans (+7.5%), Raiffeisen continued to solidify its position as a leading financier of private residential property. Its mortgage balance at the end of 2011 amounted to CHF 128.5 billion, which translates to a market share that has increased from 15.7% to 16.1%. Total loans to clients climbed to CHF 136.2 billion (+7.0%) in 2011.

Client deposits rose to CHF 122.2 billion (+4.9%). Once again, the driving force was savings and investment deposits, which grew CHF 6.0 billion (+6.9%). Over 79,000 new clients started to bank with Raiffeisen; 68,000 people became cooperative members of a Raiffeisen bank, which increased the total number of members to 1.75 million.

Rise in gross profit

Net interest income increased by a striking CHF 73.9 million (+3.7%). Despite the uncertainty in the financial market and decreasing equity prices commission and service income increased slightly (+0.6%). The net trading income went up 18.4%. Operating income so broke the CHF 2.5 billion barrier for the first time (+4.0%).

The strong volume growth was managed with only a moderate rise in costs. The banking group invested further in staff and thus had an additional 3.8% in personnel expenditure. Operating expenditure grew more slowly than volumes at 3.9%; much of the increase was attributable to infrastructural investments. The C/I ratio stabilized at 60.5%, while the interest margin declined further to 1.37%.

Gross profit surged once again by 4.2% to CHF 992.1 million. Group profit amounted to CHF 595.3 million. Due to fair value devaluation of strategic investments of CHF 56.5 million – particularly in Vontobel – group profit declined compared to last year. After adjusting for this item, group profit is 3.9% higher than the previous year at CHF 651.8 million.

Secure growth

The banking group achieved growth in lending, particularly for owner-occupied residential property – a segment with a traditionally very low default rate. Due to conservative lending practices, broad regional diversification, and strict requirements for the ability of borrowers to keep up payments, the risk exposure of Raiffeisen's credit portfolio remains low. Losses in the lending business are thus low, amounting to a mere CHF 21.2 million or 0.016% of loans to clients.

In 2011, the Raiffeisen Group increased its equity capital base even more. Equity capital increased by CHF 594.0 million (+6.4%) to CHF 9.9 billion. With eligible capital of CHF 12.2 billion and a Tier 1 ratio of 12.9%, Raiffeisen is very well capitalized. In 2011, Raiffeisen issued a CHF 535 million bond – the second-largest in the Swiss capital market (old style/lower Tier 2 bond).

Expanding diversification

Raiffeisen plans to maintain the growth strategy for its core business in the current year. To assure its continued success, it plans to invest further in its network of urban bank branches and invest in succession services for corporate clients. The acquisition of Notenstein Privat Bank Ltd. will further diversify Raiffeisen's earnings base and strengthen its investment advisory capabilities. New leisure-time programs and relationships with concert organizers significantly enhanced the appeal of memberships in 2011.

Raiffeisen: third-largest banking group in Switzerland

The Raiffeisen Group is the leading Swiss retail bank. The third-largest bank in the Swiss banking sector has 3.6 million clients, 1.7 million of whom are cooperative members and therefore co-owners of their Raiffeisen bank. The Raiffeisen Group includes the 328 Raiffeisen banks with a cooperative structure and 1,098 branches. The legally autonomous Raiffeisen banks are amalgamated into the Raiffeisen Switzerland Cooperative, which is the strategic leader of the entire Raiffeisen Group. As of 31 December 2011, the Raiffeisen Group had CHF 146 billion in assets under management and CHF 136 billion in loans to clients. The Group's market share amounts to in excess of 16% in the mortgage business and almost 20% in the savings market. The balance sheet total is CHF 156 billion.

The Raiffeisen Group at a glance

	2011 (in million CHF)	2010 (in million CHF)	Change (in million CHF)	Change in %
Balance sheet total	155,888.6	147,239.0	8,649.6	5.9
Loans to clients	136,204.8	127,261.4	8,943.4	7.0
Mortgage receivables	128,526.8	119,595.1	8,931.7	7.5
Client deposits	122,173.1	116,442.7	5,730.4	4.9
Assets under management (AuM)	145,966.5	141,742.2	4,224.3	3.0
Operating income	2,513.4	2,417.8	95.6	4.0
Interest income	2,075.8	2,001.9	73.9	3.7
Operating expenditure	1,521.3	1,465.3	56.0	3.8
Gross profit	992.1	952.5	39.6	4.2
Group profit	595.3	627.2	-32.0	-5.1
Group profit (adjusted)	651.8	627.2	24.6	3.9
Equity capital	9,875.4	9,281.3	594.1	6.4
Tier1 ratio in %	12.9	12.7		
Employees (full-time)	8,167	8,068	99	1.2
Total employees	9,770	9,656	114	1.2
Members	1,747,352	1,678,792	68,560	4.1
Clients	3,577,313	3,497,923	79,390	2.3

Picture note: Pictures of the press conference will be available for download from the website www.raiffeisen.ch/medien from 2 p.m.

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