

Raiffeisen interim financial statement for the period ending 30 June 2012

High client confidence in Raiffeisen: inflows of client deposits remain strong

St. Gallen, 16 August 2012. Clients continue to show high confidence in the Raiffeisen Group. At CHF 7.2 billion (+5.9%), growth in client deposits was excellent. The acquisition of Notenstein Private Bank Ltd drove significant growth in the trading and securities business and helped to diversify the earnings base. Gross profit rose 3.6% to CHF 521 million.

The Raiffeisen Group significantly expanded its transaction volume in the first half of 2012. Client deposits rose by CHF 7.2 billion or 5.9% to CHF 129.4 billion. Demand for mortgages remained high. The overall credit volume increased CHF 4.0 billion or 2.9% to CHF 140.2 billion.

Successful income diversification

The income side showed a satisfactory increase of CHF 106 million, or 8.4%, to CHF 1,361 million. Commission and service income (+60.2%) and net trading income (+50.4%) benefited heavily from the integration of Notenstein. Interest income stayed at prior-year levels (+0.1%), despite greater pressure on interest margins.

The acquisition of Notenstein Private Bank Ltd led to an increase in costs; operating expenditure rose by CHF 88 million or 11.7%. If the additional costs from Notenstein are factored out, operating expenditure only rose by a modest CHF 12.4 million or 1.6%. Gross profit stood at CHF 521 million (CHF +18 million or +3.6%).

Low-risk credit portfolio

Raiffeisen's strategy of pursuing high-quality growth is reflected in its credit portfolio, which continues to be of high quality. Effective losses from the lending business amounted to 0.01% of lending, a record low. Group profit declined slightly by CHF 7 million or 2.2% to reach CHF 332 million. Comparison with the previous year, however, is less meaningful, because the Group profit includes a market-driven impairment charge of CHF 22 million against strategic investments, particularly Bank Vontobel. After adjustment for the distorting effect of investment book values, profit rose 4.3% or CHF 14.7 million compared to the first half of 2011.

Successful acquisition

The acquisition of Notenstein Private Bank Ltd greatly enhanced the Raiffeisen Group's capabilities in wealth management. It also broadened its earnings base, which had been heavily dependent on interest income. Raiffeisen Switzerland's

acquisition of Notenstein Private Bank Ltd went off according to plan. Initially, there was a small outflow of client money, but the private bank's net new money and client figures began to increase again in June. Notenstein currently has CHF 20.8 billion in assets under management. Notenstein's C/I ratio of 68.5% reflects the bank's efficiency.

Raiffeisen is cautiously optimistic about the remainder of the year. Despite the challenging market environment, the Group expects its annual result to be close to the prior year level.

The Raiffeisen Group at a glance

	30 June 2012 (in CHF m)	31 Dec. 2011 (in CHF m)	Change in %
Total assets	169,336	155,889	8.6
Loans to clients	140,194	136,205	2.9
Mortgage receivables	132,225	128,527	2.9
Client deposits	129,384	122,173	5.9
Assets under management (AuM)	169,818	145,967	16.3
	1 Jan. – 30 June 2012 (in CHF m)	1 Jan. – 30 June 2011 (in CHF m)	Change in %
Operating income	1,361	1,256	8.4
Operating expenditure	841	753	11.7
Gross profit	521	503	3.6
Group profit (adjusted)	354	340	4.3
	30 June 2012	31 Dec. 2011	Absolute change
Employees (full-time)	8,731	8,167	564
Total employees	10,428	9,770	658
Members	1,771,111	1,747,352	23,759
Clients	3,618,002	3,577,313	40,689

Telephone conference:

Dr. Pierin Vincenz, Chair of the Executive Board of the Raiffeisen Group, will comment on the half-year results at 10:00 a.m. during a telephone conference and will be available to answer questions from representatives of the media. The conference call will be conducted in standard German.

Phone number: +41 (0)91 610 56 00 (Please register in advance by sending an e-mail to medien@raiffeisen.ch)

Link to the presentation (in German): www.raiffeisen.ch/halbjahresabschluss2012

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Raiffeisen: third-largest banking group in Switzerland

The Raiffeisen Group is the leading Swiss retail bank. The third-largest banking group in the Swiss financial sector has 3.6 million clients, including 1.8 million cooperative members who are co-owners of their Raiffeisen bank. The Raiffeisen Group has over 1,095 sites in Switzerland, including 321 Raiffeisen cooperative banks. Raiffeisen Switzerland Cooperative is the strategic leader of the entire Raiffeisen Group. Notenstein Private Bank Ltd is a wholly owned subsidiary of Raiffeisen Switzerland Cooperative. As of 30 June 2012, the Raiffeisen Group had CHF 170 billion in assets under management and CHF 140 billion in loans to clients. The Group's market share is over 16% for mortgages and 20% for savings. Its total assets are CHF 169 billion.