

## Press Release

### Outstanding result for Raiffeisen

**St. Gallen, 27 February 2015. The Raiffeisen Group continued the success of recent years in the 2014 financial year. Operating income rose by 1.3% to CHF 2.827 billion, while Group profit increased by 6.0% to CHF 759 million. Mortgage lending grew by 5.0% to CHF 151 billion, with assets under management up 5.2% to CHF 197 billion.**

### Growth in rates and investment business

The success story in the mortgage business continued in 2014. With growth of 5.0% to CHF 151 billion, Raiffeisen has a 16.6% share of the Swiss mortgage market. The Group's already very pleasant risk situation improved once again: the proportion of value adjustments for default risks in relation to lending has meanwhile decreased to less than 0.16%.

Raiffeisen banks are also increasingly popular for investment services. Assets under management rose by CHF 10.1 billion to CHF 197 billion as at the end of 2014. Of the new money inflow amounting to about CHF 6.7 billion, Raiffeisen banks accounted for three quarters and Notenstein Private Bank made up a quarter.

### Group profit up

Operating income rose by 1.3% to CHF 2,827 million. The interest business remained the main pillar of income; with a share of around 75%, it increased slightly by CHF 3.1 million in 2014. In line with the long-term diversification strategy of the Raiffeisen Group, the commission and service business (up CHF 33.3 million) together with other profit (up CHF 27.6 million) contributed disproportionately to income growth. Trading profit fell by CHF 27.6 million due to the challenging market environment.

Operating expenditure increased by 2.5% to CHF 1,765 million, mainly due to the strategic expansion into investment competence. Operating profit increased by 2.4% to CHF 885 million. This shows that the Group performed better based on its own operational performance – devoid of extraordinary effects – than in the previous year.

In 2014, the Raiffeisen Group achieved a record Group profit of CHF 759 million (up 6.0%). This includes the profit from the sale of the Vontobel participation of CHF 44 million.

Pierin Vincenz, Chair of the Executive Board of the Raiffeisen Group: "Raiffeisen achieved an excellent result in a difficult environment, in 2014. We have grown significantly in our core business, increased income and generated a high Group profit."

### Development at Notenstein

Notenstein Private Bank worked intensively on its strategic focus in 2014, as well as investing in the expansion of private banking and asset management. For this reason, the almost 8.3% increase in operating income to CHF 160 million was also accompanied by significantly higher operating expenditure of CHF 154 million. Earnings from the commission and service business

– the core business – performed solidly, increasing from CHF 101 million to 109 million (up 8.0%). Assets under management rose from roughly CHF 19,8 billion to more than CHF 21,2 billion.

Notenstein Private Bank is further expanding private banking through the merger with Basler Bank La Roche & Co., as announced in February. The asset management activities of the Raiffeisen Group are consolidated separately in Notenstein Asset Management AG, starting from 2015.

### **High capital quality**

As a cooperative, Raiffeisen benefits from a high retention of earnings: roughly 95% of Group profits usually flow into reserves. Of almost CHF 13 billion of capital, CHF 12 billion is core capital (CET1). The total capital ratio rose by 0.4% to 15.3%. As of the end of 2014, the Group exceeds the current capital requirements, including the anti-cyclical capital buffer and the specific capital adequacy rules that apply to Raiffeisen as a systemically important bank within Switzerland.

### **Growth and diversification pursued consistently**

Through the establishment of the IT company ARIZON in conjunction with Avaloq, Raiffeisen's IT will be renewed in the next few years. Securities processing, which is currently handled and supervised by Vontobel, will be replaced in the long term. In terms of its participation in the US programme relating to the tax dispute, Raiffeisen expects that the independent examiner will confirm in their spring report that Raiffeisen is only marginally affected and has not violated any US law.

In 2015, low interest rates, volatile markets, the strong franc and weak mortgage growth will challenge Raiffeisen. The Raiffeisen Group is continuing its strategy consistently, focusing on qualitative growth, diversification, an increase in productivity and strengthening the corporate culture. Over the next few years it aims for further organic growth and to use the synergy effects within the Group. Raiffeisen is also showing continuity with the announcement in January about the successor to Pierin Vincenz: Patrik Gisel, currently head of the Market department, will take over as Chair of the Executive Board.

**Raiffeisen: leading retail bank and 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 3.7 million clients, over 1.8 million of whom are cooperative members and therefore co-owners of their Raiffeisen bank. The Raiffeisen Group includes 305 Raiffeisen banks with a cooperative structure and 1,015 branches. The legally autonomous Raiffeisen banks are amalgamated into Raiffeisen Switzerland Cooperative. It is responsible for the strategic management of the entire Raiffeisen Group, including all subsidiaries. At the end of 2014, the Raiffeisen Group had CHF 197 billion in assets under management and CHF 159 billion in loans to clients. The market share is over 16.6% in the mortgage business and 18.7% of the savings market. The balance sheet total is CHF 189 billion.

## The Raiffeisen Group at a glance

	2014 (in million CHF)	2013 (in million CHF)	Change (in million CHF)	Change (in percent)
Balance sheet total	188,639.6	176,575.5	12,064.1	6.8
Loans to clients	158,778.0	151,409.4	7,368.6	4.9
Mortgage receivables	150,880.4	143,658.6	7,221.8	5.0
Customer deposits	143,809.9	138,059.3	5,750.6	4.2
Savings and investment deposits	114,937.6	109,576.4	5,361.2	4.9
Assets under management (AuM)	197,089.0	187,296.6	9'792.4	5.2
Operating income	2,827.1	2,790.7	36.3	1.3
Net interest income	2,133.6	2,130.5	3.1	0.1
Net commission and service fee income	429.0	395.7	33.3	8.4
Net trading income	157.8	185.4	-27.6	-14.9
Operating expenditure	1,765.3	1,722.8	42.4	2.5
Gross profit	1,061.8	1,067.9	-6.1	-0.6
Operating profit	885.0	864.6	20.4	2.4
Group profit	759.4	716.5	42.8	6.0
Equity capital	12,039.6	11,201.4	838.2	7.5
Total capital ratio (in %)	15.3	14.9		
Employees (full-time)	9,025	8,887	138	1.6
employees (per capita)	10,752	10,593	159	1.5
Members	1,846,747	1,828,202	18,545	1.0
Clients	3,695,129	3,675,195	19,934	0.5

Picture note: Pictures of the press conference will be available on the website [www.raiffeisen.ch/medien](http://www.raiffeisen.ch/medien) from 2.00 p.m.

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