Raiffeisen Switzerland has been fairly resilient to the challenges posed by the pandemic so far, with operating profit and assets under management rising substantially. Given the uncertainties about the economic recovery, the bank has put aside more money to prepare for tougher times.

Net income at Raiffeisen Switzerland dropped to 346 million Swiss francs ($383 million) in the first half of 2020, down 2.5 percent compared with a year earlier. The decline was entirely due to the bank’s decision to put 75 million francs aside as cover for risks.

The drop in net income didn’t reflect Raiffeisen’s first half accurately, given the increase in operating profit by 15 percent to 513 million francs. Operating profit was up strongly thanks to a rise in revenues and a decline in costs, according to the statement released on Wednesday.

Commissions Surge

Raiffeisen earned more money with the business with interest, adding 2.2 percent to 1.17 billion francs, and commissions and services, which was up about 11 percent to 231.9 million francs.

The bank also increased the mortgage volume by 1.2 percent to 187.4 billion francs, giving it a market share of 17.6 percent, unchanged from a year ago. Assets under management increased 5.7 percent to 186.3 billion in the reporting period.

Costs Are Down

The bank earned more money with fewer members of staff. The number of full-time-equivalent positions dropped 0.9 percent to 9,212, while the number of Raiffeisen branches dropped 13 to 834. Operating costs fell as a consequence by 3.4 percent to 902 million francs, while the cost income ratio improved to 58.1 percent from 61.5 percent a year earlier.

The effects of the corona-crisis haven’t yet strongly affected the business of the bank. The cooperative bank however expects risks to increase going forward and has therefore added 75 million francs to its reserves to cover for potential loan losses.

Given the uncertainties surrounding the recovery of the economy after the plunge induced by the pandemic, Raiffeisen remains cautious in its outlook for the full year. The bank however is convinced that its business is well positioned to master difficulties that may arise in future.