

**Capital adequacy and liquidity
disclosure of the Raiffeisen Group
as of 30 September 2018**

RAIFFEISEN

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Disclosed tables

The FINMA Circular 2016/01 „Disclosure – banks“ stipulates the scope of the capital adequacy and liquidity disclosure. At year end all tables relevant to an institute must be disclosed. The scope of disclosure reduces significantly for the quarterly and half-yearly disclosure. The present document corresponds to the regulatory quarterly disclosure requirements for the Raiffeisen group.

Introduction

The Raiffeisen Group, in its capacity as the central organisation, is obligated to comply with capital adequacy rules and is thus required by supervisory law to make risk, capital adequacy and liquidity disclosures.

This disclosure is based on FINMA Circular 2016/1 'Disclosure – banks'.

Quantitative information has been disclosed in accordance with the requirements laid down in the Capital Adequacy Ordinance. Some of this information cannot be directly compared with that provided in the consolidated accounts, which is reported in line with the accounting requirements for banks laid down in FINMA Circular 2015/1.

Capital adequacy calculations are based on the same group of consolidated companies as the consolidated accounts.

On 16 June 2014, the Swiss National Bank (SNB) issued an order classifying the Raiffeisen Group as systemically important. The provisions covering systemic importance require an additional capital adequacy disclosure. The corresponding information on risk-weighted capital adequacy and unweighted capital adequacy (leverage ratio) are available at the end of this disclosure.

Minimum disclosure requirements

	30.9.2018 in CHF million
1 Minimum capital based on risk-based requirements	7,839
2 Eligible capital	16,866
3 of which "hard" core capital (CET1)	15,614
4 of which core capital (T1)	16,593
5 Risk-weighted positions (RWA)	97,986
6 CET1 ratio (Common Equity Tier 1 capital as % of RWA)	15.94%
7 Core capital ratio (core capital as % of RWA)	16.93%
8 Total capital ratio (as % of RWA)	17.21%
9 Countercyclical capital buffer (as % of RWA)	1.17%
10 CET1 target ratio (as %) pursuant to note 8 of the CAO plus countercyclical capital buffer ¹	10.37%
11 T1 target ratio (as %) pursuant to note 8 of the CAO plus countercyclical capital buffer ¹	12.57%
12 Total capital target ratio (as %) pursuant to note 8 of the CAO plus countercyclical capital buffer ¹	15.57%
13 Basel III leverage ratio (core capital as % of overall exposure)	7.02%
14 Exposure	236,225
18 Short-term liquidity coverage ratio, LCR (as %) in Q3	118.71%
19 Numerator of LCR: Total high-quality liquid assets	21,562
20 Denominator of LCR: Total net cash outflows	18,164
21 Short-term liquidity coverage ratio, LCR (as %) in Q2	115.35%
22 Numerator of LCR: Total high-quality liquid assets	21,413
23 Denominator of LCR: Total net cash outflows	18,564
24 Short-term liquidity coverage ratio, LCR (as %) in Q1	124.10%
25 Numerator of LCR: Total high-quality liquid assets	22,537
26 Denominator of LCR: Total net cash outflows	18,160

¹ Derived from the CAO, the CET1 target ratio is 9.2%, the T1 target ratio is 11.4% and the total capital target ratio is 14.4%, plus a countercyclical buffer of 1.17% in each case.

Disclosure requirements for systemically important banks

Arts. 124 - 133 of the Capital Adequacy and Risk Diversification Ordinance (Eigenmittel und Risikoverteilungsvorschriften - ERV) require systemically important banks in Switzerland to submit a calculation and disclosure of capital adequacy requirements on a quarterly basis.

The Swiss National Bank declared the Raiffeisen Group to be systemically important by a decision of 16 June 2014. Based on this decision, the Swiss Financial Market Supervisory Authority (FINMA) issued a decision on capital adequacy requirements under the regime of systemic importance. According to the international rules of the Basel Committee, transitional provisions apply to compliance with the requirements for systemically important banks up to 2019. Since the Raiffeisen Group already meets the capital adequacy requirements for systemically important banks in full, FINMA has established the requirements applicable to the Raiffeisen Group without transitional provisions. On 11 May 2016, the Federal Council adopted new too-big-to-fail provisions. For nationally system-relevant banks – such as the Raiffeisen Group – this decision defines the requirements for the bank's going concern. The issue with regard to the requirements for additional loss-absorbing funds (gone concern) is expected to be clarified for nationally system-relevant banks in 2018. Until the determination of gone-concern capital requirements for nationally systemrelevant banks, the TBTF capital requirements according to the individual FINMA decision will continue to apply to Raiffeisen, which must be fulfilled in parallel to these new TBTF requirements in accordance with this disclosure report. Besides risk-weighted capital adequacy requirements, the requirements under the rules governing systemic importance also include requirements for unweighted capital adequacy requirements (leverage ratio), which are as follows:

Risk-weighted and unweighted capital requirements of the Raiffeisen Group under the rules governing system-relevant banks

Requirement on risk-weighted capital ratios (in %)	
Basic requirement	12.86
Market share component ¹	0.36
Overall exposure component ¹	-
Overall requirement (excluding anti-cyclical capital buffer)	13.22
Anti-cyclical capital buffer ²	1.17
Overall requirement (including anti-cyclical capital buffer)	14.39
of which core capital (CET1)	10.09
of which convertible capital with a high trigger level ³	4.30

Until the definitive determination of the TLAC rules governing nationally system-relevant banks, according to FINMA specifications the fulfilment of a total capital ratio (incl. anti-cyclical capital buffer) of 15.57% according to the old TBTF rules is also required in parallel. This requirement was met as of 30 September 2018 with a total capital ratio of 17.21%, without considering net profit for the period.

Requirement on unweighted capital ratios – leverage ratio (in %)	
Basic requirement	4.500
Market share component ¹	0.125
Overall exposure component ¹	-
Overall requirement («going-concern»)	4.625
of which core capital (CET1)	3.125
of which convertible capital with a high trigger level ³	1.500

1 The market share and overall exposure components are calculated annually on the basis of the provisions set out in CAO Annex 9.

2 The latest anti-cyclical capital buffer is shown in each case.

3 This requirement can also be met with core capital (CET1).

Risk-based capital adequacy requirements on the basis of capital ratios

	Transition rules		Final rules (without transitional provisions)	
	Capital in CHF million	Ratio (%)	Capital in CHF million	Ratio (%)
Risk-weighted positions (RWA)	97,986		97,986	
Risk-based capital requirements («going-concern») on the basis of capital ratios				
Total	13,750	14.03%	14,103	14.39%
of which CET1: Minimum	5,291	5.40%	4,409	4.50%
of which CET1: Capital buffer	3,978	4.06%	4,331	4.42%
of which CET1: Anti-cyclical capital buffer	1,149	1.17%	1,149	1.17%
of which AT1: Minimum	2,548	2.60%	3,430	3.50%
of which AT1: Capital buffer	784	0.80%	784	0.80%
Eligible capital («going-concern»)				
Core capital (Tier1)	16,593	16.93%	16,593	16.93%
of which CET1	15,614	15.94%	15,614	15.94%
of which AT1 High-trigger	979	1.00%	979	1.00%
of which AT1 Low-trigger	-	0.00%	-	0.00%
of which Tier2 High-trigger	-	0.00%	-	0.00%
of which Tier2 Low-trigger	-	0.00%	-	0.00%
Surplus	2,843	2.90%	2,490	2.54%

The Raiffeisen Group exceeds the «going-concern» requirements for risk-weighted capital requirements without applying transitional provisions as of 30 September 2018 with the value of 16,93 (requirement: 14.36%) by a total of 2.54 percentage points and a capital amount of CHF 2,490 million.

Until the definitive determination of the TLAC rules governing nationally system-relevant banks, according to FINMA specifications the fulfilment of a total capital ratio (incl. anti-cyclical capital buffer) of 15.57% according to the old TBTF rules is also required in parallel. This requirement was met as of 30 September 2018 with a total capital ratio of 17.21%, without considering net profit for the period.

	Transition rules		Final rules (without transitional provisions)	
	Capital in CHF million	Ratio (%)	Capital in CHF million	Ratio (%)
Overall exposure	236,225		236,225	
Unweighted adequacy capital requirements («going-concern») on the basis of the leverage ratio				
Total	9,449	4.000%	10,925	4.625%
of which CET1: Minimum	4,488	1.900%	3,543	1.500%
of which CET1:Capital buffer	2,362	1.000%	3,839	1.625%
of which AT1: Minimum	2,598	1.100%	3,543	1.500%
Eligible capital («going-concern»)				
Core capital (Tier1)	16,593	7.02%	16,593	7.02%
of which CET1	15,614	6.61%	15,614	6.61%
of which AT1 High-trigger	979	0.41%	979	0.41%
of which AT1 Low-trigger	-	0.00%	-	0.00%
of which Tier2 High-trigger	-	0.00%	-	0.00%
of which Tier2 Low-trigger	-	0.00%	-	0.00%
Surplus	7,144	3.02%	5,668	2.40%

The Raiffeisen Group exceeds the «going-concern» requirements for the leverage ratio without applying transitional provisions as of 30 September 2018 with the value of 7.02% (requirement: 4.625%) by a total of 2.4 percentage points.