

Pillar 3 and regulatory disclosures  
as of 30 September 2020

**RAIFFEISEN**

# Table of content

The FINMA Circular 2016/1 «Disclosure - banks» stipulates the extent of the capital adequacy and liquidity disclosure. While at the end of the year, all relevant tables have to be disclosed, the number of tables to be disclosed is reduced for the quarterly disclosure. This disclosure corresponds with the quarterly disclosure obligation of the Raiffeisen Group according to the FINMA-Circular 2016/1.

Page	Table	Content
<b>1</b>		<b>Table of content</b>
<b>1</b>		<b>Key abbreviations</b>
<b>2</b>		<b>Introduction</b>
		<b>Key metrics</b>
3	KM1	Key metrics
		<b>Appendix 3: Disclosure of systemically important banks</b>
4		Table 1: Risk-based capital adequacy requirements on the basis of capital ratios
5		Table 2: Unweighted capital adequacy requirements on the basis of leverage ratio

# Key abbreviations

AT1	Additional Tier 1 capital
CCF	Credit conversion factor
CCP	Central counterparty
CCR	Counterparty credit risk
CET1	Common Equity Tier 1 capital
CRM	Credit risk mitigation
CVA	Credit valuation adjustments
D-SIB	Domestic systemically important bank
EAD	Exposure at default
CAO	Capital adequacy ordinance
FINMA	Swiss financial market supervisory authority
G-SIB	Global systemically important bank
HQLA	High-quality liquid assets
IKS	Internal control system
IRB	Internal ratings-based approach
LCR	Liquidity coverage ratio
QCCP	Qualifying central counterparty
RWA	Risk-weighted assets
SA-BIZ	International standardised approach for credit risk
SA-CCR	Standardised approach for measuring counterparty credit risk exposures
SFT	Securities financing transactions
T1	Tier 1 capital
T2	Tier 2 capital
VaR	Value at risk

# 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 2020/1.

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 in appendix 3 of this disclosure.

FINMA published various relief measures aimed at reducing the consequences of the COVID-19 pandemic in the regulatory notification issued on 30 March 2020. For example, the Federal Council has confirmed the rescission of the anti-cyclical buffer with immediate effect. At the same time, due to the current environment, FINMA has decided on leverage ratio relief measures according to the 02/2020 regulatory notification. This relief measure provides for deposits at central banks in all currencies according to notes 5 and 7 of the appendix of FINMA circular 2020/1 "Accounting - Banks" being excluded when calculating the leverage ratio. This relief measure is based on Art. 4 (3) of the Swiss Federal Law on Banks and Savings Banks (BankG) and has been extended until 1 January 2021 according to the 06/2020 regulatory notification.

# KM1: Key metrics

in CHF million	a	b	c	d	e
	30.09.2020	30.06.2020	31.03.2020	31.12.2019	30.09.2019
<b>Available capital (amounts)</b>					
1 Common Equity Tier 1 (CET1)	17,085	16,959	16,920	16,868	16,063
2 Tier 1 <sup>5</sup>	17,485	17,934	17,895	17,836	17,019
3 Total capital <sup>6</sup>	17,485	18,073	18,037	17,983	17,225
<b>Risk-weighted assets (amounts) <sup>1</sup></b>					
4 Total risk-weighted assets (RWA)	95,033	99,928	98,651	98,295	97,333
4a Minimum capital requirement	7,603	7,994	7,892	7,864	7,787
<b>Risk-based capital ratios as a percentage of RWA</b>					
5 Common Equity Tier 1 ratio (%)	18.0%	17.0%	17.2%	17.2%	16.5%
6 Tier 1 ratio (%)	18.4%	17.9%	18.1%	18.1%	17.5%
7 Total capital ratio (%)	18.4%	18.1%	18.3%	18.3%	17.7%
<b>Additional CET1 buffer requirements as a percentage of RWA</b>					
8 Capital conservation buffer requirement (2.5% from 2019) (%)	2.5%	2.5%	2.5%	2.5%	2.5%
9 Countercyclical buffer requirement (%)	0.0%	0.0%	0.0%	1.2%	1.2%
10 Bank G-SIB and/or D-SIB additional requirements (%)	0.0%	0.0%	0.0%	0.0%	0.0%
11 Total of bank CET1 specific buffer requirements (%) <sup>2</sup>	2.5%	2.5%	8.1%	8.2%	8.2%
12 CET1 available after meeting the bank's minimum capital requirements (%)	9.5%	9.3%	9.5%	10.0%	9.6%
<b>Target capital ratios in accordance with note 8 of the CAO <sup>3</sup></b>					
12b Countercyclical buffer (Art. 44 and 44a of the CAO)	0.0%	0.0%	0.0%	1.1%	1.2%
<b>Basel III Leverage Ratio</b>					
13 Total Basel III leverage ratio exposure measure	278,652	270,279	256,711	252,263	239,054
13 Total Basel III leverage ratio exposure measure excluding central bank deposits	237,105	233,291	228,686	n.a.	n.a.
14 Basel III leverage ratio (%) <sup>4</sup>	7.4%	7.7%	7.8%	7.1%	7.1%
<b>Liquidity Coverage Ratio</b>					
15 Total HQLA	42,473	35,380	31,613	27,805	23,323
16 Total net cash outflow	29,105	26,071	22,206	20,367	18,361
17 LCR ratio (%)	145.9%	135.7%	142.4%	136.5%	127.0%

<sup>1</sup> The adoption of the IRB approach as of 30 September 2019 reduced the risk-weighted assets (RWAs). An IRB floor of 95% was used in the first year in accordance with the transitional provisions. As of 30th September 2020, an IRB floor of 90% is used.

<sup>2</sup> Since 31st March 2020 the presentation is in accordance with Basel minimum standards.

<sup>3</sup> Systemically important banks can refrain from publishing rows 12a, 12c, 12d, 12e (note 8 of the CAO not applicable).

<sup>4</sup> The reported Basel III leverage ratio refers to the calculation excluding central bank deposits according to regulatory notification 02/2020 of FINMA of 30 June 2020. The Basel III leverage ratio without relief measures was 6.3% as of 30 September 2020.

<sup>5</sup> Reduction because of termination of the AT1 bond (nominal CHF 600 million) issued in 2015. Regulatory eligibility ends upon public announcement of the termination.

<sup>6</sup> Reduction because of termination of the tier 2 bond (nominal CHF 535 million) issued in 2011. Regulatory eligibility ends upon public announcement of the termination.

## Appendix 3: 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.

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 Raiffeisen Group under the rules governing systemically important banks.

**Table 1: Risk-based capital requirements on the basis of capital ratios as of 30.09.2020**

	Transition rules		Final rules (without transitional provisions) 1	
	CHF million	In % Ratio	CHF million	In % Ratio
<b>Risk-weighted positions (RWA)</b>	<b>95,033</b>		<b>95,033</b>	
<b>Risk-based capital requirements («going-concern») on the basis of capital ratios</b>				
<b>Total</b>	<b>13,063</b>	<b>13.746%</b>	<b>13,063</b>	<b>13.746%</b>
of which CET1: Minimum	4,276	4.500%	4,276	4.500%
of which CET1: Capital buffer	4,700	4.946%	4,700	4.946%
of which CET1: Anti-cyclical capital buffer	-	0.000%	-	0.000%
of which AT1: Minimum	3,326	3.500%	3,326	3.500%
of which AT1: Capital buffer	760	0.800%	760	0.800%
<b>Eligible capital («going-concern»)</b>				
<b>Core capital (Tier1)</b>	<b>16,674</b>	<b>17.546%</b>	<b>14,048</b>	<b>14.783%</b>
of which CET1	16,274	17.125%	13,648	14.362%
of which AT1 High-trigger	400	0.421%	400	0.421%
<b>Risk-based capital requirements for loss absorbing capital («gone-concern») on the basis of capital ratios</b>				
Total according size and market share (reflection going-concern-requirement)	1,216	1.280%	5,025	5.288%
Reduction due to fulfillment with going-concern capital 2	-405	-0.427%	-1,675	-1.763%
<b>Total (net)</b>	<b>811</b>	<b>0.853%</b>	<b>3,350</b>	<b>3.525%</b>
<b>Eligible loss absorbing capital («gone-concern»)</b>				
	<b>811</b>	<b>0.853%</b>	<b>3,437</b>	<b>3.616%</b>
of which CET1, which is used to fulfill gone-concern requirements	811	0.853%	3,437	3.616%
of which Non-Basel III-compliant Tier 2	-	0.000%	-	0.000%
of which Bail-in Bonds	-	0.000%	-	0.000%

1 Gone-concern capital requirements after transitional phase as of 1st January 2026.

2 Requirements in terms of additional loss-absorbing funds are based on the total requirement consisting of the basic requirements and the mark-ups pursuant to Article 129 CAO. In the case of a systemically important bank that does not operate internationally, these amount to 40% of the total requirement. If a systemically important bank holds the additional funds in the form of "hard" core capital, the requirement pursuant to Article 132 (4) CAO is reduced. The requirements may be reduced by one third at the most. Since Raiffeisen reclassifies excess CET1 going-concern capital to meet the gone-concern requirements, this reduction can be used, which is why the figures shown take into account the reduction pursuant to Article 132 (4) CAO. A higher CET1 amount is reclassified in the column "final rules", which explains the lower eligible capital (going-concern) compared to the transitional rules.

**Table 2: Unweighted adequacy capital requirements on the basis of the leverage ratio as of 30.09.2020**

	Transition rules		Final rules (without transitional provisions) 1	
	CHF million	In % LRD	CHF million	In % LRD
<b>Overall exposure</b>	<b>278,652</b>		<b>278,652</b>	
<b>Overall exposure excluding central bank deposits</b>	<b>237,105</b>			
<b>Unweighted adequacy capital requirements («going-concern») on the basis of the leverage ratio</b>				
<b>Total</b>	<b>10,966</b>	<b>4.625%</b>	<b>12,888</b>	<b>4.625%</b>
of which CET1: Minimum	3,557	1.500%	4,180	1.500%
of which CET1:Capital buffer	3,853	1.625%	4,528	1.625%
of which AT1: Minimum	3,557	1.500%	4,180	1.500%
<b>Eligible capital («going-concern»)</b>				
<b>Core capital (Tier1) 2</b>	<b>16,674</b>	<b>7.032%</b>	<b>14,048</b>	<b>5.042%</b>
of which CET1	16,274	6.864%	13,648	4.898%
of which AT1 High-trigger	400	0.169%	400	0.144%
<b>Unweighted adequacy capital requirements for loss absorbing capital («gone-concern») on the basis of the leverage ratio</b>				
Total according size and market share (reflection going-concern-requirement)	1,170	0.420%	5,155	1.850%
Reduction due to providing additional capital in terms of conversion capital according to CAO Art. 132 3	-390	-0.140%	-1,718	-0.617%
<b>Total (net)</b>	<b>780</b>	<b>0.280%</b>	<b>3,437</b>	<b>1.233%</b>
<b>Eligible loss absorbing capital («gone-concern»)</b>				
<b>Total</b>	<b>811</b>	<b>0.291%</b>	<b>3,437</b>	<b>1.233%</b>
of which CET1, which is used to fulfill gone-concern requirements	811	0.291%	3,437	1.233%
of which Non-Basel III-compliant Tier 2	-	0.000%	-	0.000%
of which Bail-in Bonds	-	0.000%	-	0.000%

1 Gone-concern capital requirements after transitional phase as of 1st January 2026.

2 The reported going-concern leverage ratio refers to the calculation excluding central bank deposits according to regulatory notification 02/2020 of FINMA of 31 March 2020. According to the transitional provisions as of 30 September 2020, the going-concern leverage ratio without relief measures was 5.98%.

3 Requirements in terms of additional loss-absorbing funds are based on the total requirement consisting of the basic requirements and the mark-ups pursuant to Article 129 CAO. In the case of a systemically important bank that does not operate internationally, these amount to 40% of the total requirement. If a systemically important bank holds the additional funds in the form of "hard" core capital, the requirement pursuant to Article 132 (4) CAO is reduced. The requirements may be reduced by one third at the most. Since Raiffeisen reclassifies excess CET1 going-concern capital to meet the gone-concern requirements, this reduction can be used, which is why the figures shown take into account the reduction pursuant to Article 132 (4) CAO. A higher CET1 amount is reclassified in the column "final rules", which explains the lower eligible capital (going-concern) compared to the transitional rules.