

Special disclosure for systemically important banks as of march 31 2016

Arts. 124 - 135 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. This calculation constitutes a capital adequacy requirement in the sense of a parallel calculation alongside the requirements stipulated in FINMA Circular 2011/2, "Capital buffer and capital planning – banks", applicable to the Raiffeisen Group. It should be noted that the parallel calculation applicable under the rules governing systemic importance imposes different requirements on the qualities of capital. For this reason the individual capital ratios may differ.

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 24 July 2015 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. The requirements under the rules governing systemic importance also include requirements for unweighted capital adequacy requirements (leverage ratio) in addition to requirements for risk-weighted capital adequacy requirements, which are as follows.

Minimum capital adequacy requirements for risk-weighted and unweighted capital adequacy requirements

Requirement on risk-weighted capital ratios (in %)	
Basic requirement	4.50
Capital buffer	8.50
Progressive component ¹⁾	1.40
Overall requirement (excluding anti-cyclical capital buffer)	14.40
Anti-cyclical capital buffer ²⁾	1.18
Overall requirement (including anti-cyclical capital buffer)	15.58
<i>of which to be held in "hard" core capital (CET1)</i>	<i>11.18</i>
<i>of which in convertible capital with a high trigger level</i>	<i>3.00</i>
<i>of which in convertible capital with a low trigger level</i>	<i>1.40</i>
Requirement on unweighted capital ratios - leverage ratio (in %) ³⁾	
Basic requirement	1.08
Capital buffer	2.04
Progressive component ¹⁾	0.34
Overall requirement (excluding anti-cyclical capital buffer)	3.46

¹⁾ The progressive component is re-defined by FINMA each year

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

³⁾ The requirement for the leverage ratio is equivalent to 24% of the requirement for risk-weighted capital ratios (ERV Art. 134) excluding anti-cyclical capital buffer

Capital composition and capital ratios on the basis of risk-weighted positions	Capital quality	31.12.2014 in CHF million	30.06.2015 in CHF million	31.12.2015 in CHF million	31.03.2016 in CHF million
Capital composition based on definition for systemically important banks:					
"Hard" core capital (before deductions and reclassification)		12'008	12'636	13'284	13'508
Deductions from "hard" core capital ¹⁾		-289	-323	-513	-502
Reclassification of hard core capital to cover the progressive components ²⁾		-129	-197	-227	-302
Eligible "hard" core capital (net CET1) according to the definition of systemic importance ³⁾	CET1	11'590	12'116	12'544	12'705
Convertible capital with high trigger level (7%):					
Perpetual subordinated bond 2015	AT1	-	549.94	600	600
Convertible capital with low trigger level (5%):					
Perpetual subordinated bond 2013	AT1	550	550	550	550
Other components for fulfilment of the progressive component:					
Fixed-term subordinated bond 2011-2021	Tier 2	428	374	370	318
Subordinated time deposits	Tier 2	63	77	77	77
Reclassification of core capital for progressive components ²⁾	CET1	129	197	227	302
Total capital		12'760	13'864	14'368	14'551
Total risk-weighted positions		83'520	85'616	87'459	89'044

Capital ratios based on definition for systemically important banks:					
Ratio of eligible "hard" core capital (CET1 ratio)		13.88%	14.15%	14.34%	14.27%
Ratio of convertible capital with high trigger level (7%)		0.00%	0.64%	0.69%	0.67%
Ratio of convertible capital with low trigger level (5%)		0.74%	0.76%	0.77%	0.62%
Ratio of other components for fulfilment of the progressive component		0.74%	0.76%	0.77%	0.78%
Total capital ratio		15.28%	16.19%	16.43%	16.34%

Cover for risk-weighted capital adequacy requirement as of 31.03.2016	Requirements		Available total capital	
	Capital adequacy requirement (in CHF million)	Requirement ratio (in %)	Available capital (in CHF million)	Effective capital ratio (in %)
Basic requirement	4'007	4.50%	4'007	4.50%
Capital buffer	8'619	9.68%	9'298	10.44%
<i>of which anti-cyclical capital buffer⁴⁾</i>	1'050	1.18%	1'050	1.18%
<i>of which conversion capital with a high triggering rate (7%)</i>			600	0.67%
Progressive components	1'247	1.40%	1'247	1.40%
<i>of which conversion capital with a low triggering rate (5%)</i>			550	0.62%
<i>of which convertible capital without trigger rate and other components</i>			395	0.44%
<i>of which covered by "hard" core capital²⁾</i>			302	0.34%
Total	13'873	15.58%	14'551	16.34%
Surplus			678	0.76%

Total risk-weighted positions as of 31.03.2016	89'044
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¹⁾ The deductions from "hard" core capital include intangible assets (goodwill)

²⁾ If the progressive component is higher than the convertible capital with a low trigger level, requirements are met in the form of "hard" core capital

³⁾ Due to reclassification of the CET1 capital for the progressive component, the statement of "hard" core capital (CET1) under the regime of systemic importance differs from the capital adequacy disclosure as defined in FINMA Circular 2008/22

⁴⁾ Current anti-cyclical capital buffer of 2.0% on home ownership financing within Switzerland, effective from 30.06.2014

The Raiffeisen Group exceeds the current capital adequacy requirements based on the definition for systemically important Swiss banks as at 31.03.2016 with a figure of 16.34% (requirement: 15.58%) by a total of 0.76 percentage points and a capital amount of CHF 678 million

Composition of leverage ratio on basis of unweighted positions ¹⁾	31.12.2014 (in CHF million)	30.06.2015 (in CHF million)	31.12.2015 (in CHF million)	31.03.2016 (in CHF million)
Total assets as stated in consolidated financial statements	188'640	201'345	205'748	212'021
Adjustments for consolidated companies and deductions from core capital ²⁾	-289	-323	-513	-502
Adjustments for fiduciary assets	-	-	-	-
Adjustments for derivatives ³⁾	-1'724	-2'048	-1'569	-2'002
Adjustments for security financing transactions ⁴⁾	-511	-68	-282	-367
Adjustments for off-balance-sheet transactions	3'134	3'620	3'552	3'397
Other adjustments ⁵⁾	-231	-235	-	-
Total exposure for leverage ratio	189'019	202'292	206'937	212'546
Average core capital (Tier1)	12'269	13'413	13'921	14'156
Leverage ratio	6.49%	6.63%	6.73%	6.66%

Cover for unweighted capital adequacy requirement - leverage ratio as of 31.03.2016	Requirements		Available core capital	
	Capital adequacy requirement (in CHF million)	Requirement ratio (in %)	Available capital (in CHF million)	Available ratio (in %)
Basic requirement	2'296	1.08%	2'296	1.08%
Capital buffer	4'336	2.04%	11'146	5.24%
<i>of which conversion capital with a high triggering rate (7%)</i>			600	0.28%
Progressive components	714	0.34%	714	0.34%
<i>of which conversion capital with a low triggering rate (5%)</i>			550	0.26%
<i>of which covered by "hard" core capital ⁶⁾</i>			165	0.08%
Total	7'346	3.46%	14'156	6.66%
Surplus			6'810	3.20%

¹⁾ The overall exposure is shown on the basis of reporting date values pursuant to FINMA Circular 2015/3.

²⁾ These positions take into account the intangible assets (goodwill) that are deducted from the core capital

³⁾ This position takes into account the counterparty netting of OTC derivatives based on the existing netting agreements. FINMA Circular 2015/3 allows the deduction of margin payments

⁴⁾ This position takes into account the netting resulting from reverse repo transactions that are cleared via SIX SIS AG and there is no risk of default. FINMA Circular 2015/3 allows netting if the regulatory requirements are met

⁵⁾ This position takes into account the provisions for default risks that are set off against the assets

⁶⁾ If the progressive component is higher than the convertible capital with a low trigger level, requirements are met in the form of "hard" core capital

The Raiffeisen Group exceeds the current requirements for leverage ratio for systemically important Swiss banks as of 31.03.2016 with a figure of 6.66% (requirements under transitional provisions: 3.46%) by a total of 3.20 percentage points.