RAIFFEISEN

Information on the liquidity coverage ratio (LCR)

	Q1 2015		Q2 2015	
	Unweighted values (monthly averages) in 1000 CHF	Weighted values (monthly averages) in 1000 CHF	Unweighted values (monthly averages) in 1000 CHF	Weighted values (monthly averages) in 1000 CHF
High-quality liquid assets (HQLA)				
1 Total high-quality liquid assets (HQLA)		15'605'736		19'152'736
Cash outflows				
2 Retail deposits	102'110'262	10'069'706	103'399'072	10'205'399
3 of which stable deposits	6'000'000	300'000	6'000'000	300'000
4 of which less stable deposits	96'110'262	9'769'706	97'399'072	9'905'399
5 Unsecured business-client or wholesale funding	12'205'232	7'045'510	13'168'494	7'610'710
6 of which operational deposits (all counterparties) and deposits with the central institution of a cooperative bank network	-	-	-	-
7 of which non-operational deposits (all counterparties)	12'179'761	7'020'039	13'131'727	7'573'942
8 of which unsecured debt securities	25'471	25'471	36'767	36'767
9 Secured business client or wholesale funding and collateral swaps		207'017		143'777
10 Other cash outflows	6'777'052	2'604'748	6'989'332	2'592'677
11 of which cash outflows related to derivative exposures and other transactions	1'607'352	1'607'352	1'590'148	1'590'148
12 of which cash outflows related to loss of funding on asset-backed securities, covered bonds, other structured finance, asset-backed commercial paper, conduits, securities investment vehicles and other such financing facilities	68'933	68'933	26'700	26'700
13 of which cash outflows from committed credit and liquidity facilities	5'100'766	928'463	5'372'485	975'829
14 Other contractual funding obligations	2'507'296	1'522'478	2'331'526	1'423'993
15 Other contingent funding obligations	1'792'788	89'639	1'876'684	93'834
16 Total cash outflows		21'539'098		22'070'390
Cash inflows				
17 Secured funding transactions (e.g. reverse repo transactions)	221'725	137'676	129'279	33'049
18 Inflows from fully performing exposures	2'920'287	1'935'469	2'595'126	1'687'593
19 Other cash inflows	434'161	434'161	356'605	356'605
20 Total cash inflows		2'507'306		2'077'248

	Adjusted value	Adjusted value
21 Total high-quality liquid assets (HQLA)	15'605'736	19'152'736
22 Total net cash outflows	19'031'792	19'993'142
23 Liquidity coverage ratio (LCR) (%)	82.00%	95.80%

Qualitative disclosure of the liquidity coverage ratio (LCR)

Since 1 January 2015, banks have been obliged to comply with the liquidity coverage ratio (LCR) under the new regulatory requirements. The LCR is intended to ensure that banks hold sufficient high-quality liquid assets (HQLA) in order to cover, at all times, the net cash outflow that could be expected in a standard stress scenario for 30 days, as defined by outflow and

As a classic retail bank, Raiffeisen focusses on the domestic savings and mortgage market. Due to its low degree of dependence on major clients and broad diversification among smaller clients, there is no clustering of risk with regard to individuals.

Loans to clients are funded largely by customer deposits (91%) and additionally through Pfandbriefdarlehen and Raiffeisen bonds. The money market is used solely for tactical management of the liquidity buffer and not for refinancing the long-term lending business. This maximises the immunisation against risks on the money market.

Under the new, more stringent regulations, the liquidity requirement for private client deposits has doubled in comparison with the previous rules. Since private clients make up the biggest client segment in Raiffeisen's deposit-taking business, now almost twice as much liquidity must be held, which cannot be used in the long-term lending business.

As a result of the more stringent liquidity requirements and the low level of relief for stable deposits, Raiffeisen is subject to particularly tough requirements under the new legislation and consequently must hold a high liquidity buffer.

The largest portion of liquidity requirements (46% of total cash outflows) is caused by private client deposits (see Table 12, No. 2). Due to the exceptional situation of negative interest rates, the bank creditor portfolio was tactically expanded by CHF 5.8 billion (+ 85%). On the one hand, this led to an increase in cash outflows for "unsecured business client or major client funding" (see Table 12, No. 5) and, on the other, to a rise in the HQLA portfolio (see Table 12, No. 1). More than 80% of the HQLA portfolio consists of category 1 assets. More than 80% of the category 1 assets are deposits with the Swiss National Bank. Around 8% comprise bonds issued by the Swiss Confederation and canton bonds with a minimum rating of AA-. Swiss mortgage bonds (Pfandbriefe) constitute almost 90% of category 2 assets, which make up 20% of the HQLA portfolio. The remaining 10% are canton bonds with a rating between A- and A+, bonds issued by Swiss towns and municipalities with a minimum rating of A- and covered bonds with a rating of at least A-. Due to the abandonment of the EUR/CHF exchange rate floor and the introduction of negative interest rates by the Swiss National Bank in January 2015, substantially more collateral had to be provided for the interest rate hedging portfolio. This led to a reduction in the HQLA portfolio. This has also given rise to an additional regulatory liquidity requirement (see Table 12, No. 11). The remaining positions have undergone continuous development within the scope of the growth in total assets.

The Raiffeisen Group does not have any significant foreign exchange operations resulting from its core business of the Raiffeisen banks. Due to the low level of lending business in foreign currencies, foreign currency liabilities are transferred to Swiss francs using the matched-period method.

The Raiffeisen Group has centralised liquidity risk management, which is performed by Raiffeisen Switzerland's Treasury department. It manages the liquidity of the Raiffeisen Group based on regulatory requirements and internal target parameters. Each of the Group companies (excluding Notenstein Private Bank) is obliged to deposit its liquidity requirement proportionately at Raiffeisen Switzerland. Raiffeisen Switzerland's Treasury department manages the liquidity reserve centrally and organises the liquidity transfer within the Group.

Systemically important banks must comply fully with LCR requirements. In its decision dated 24 July 2015, FINMA granted the Raiffeisen Group a transitional period until 1 January 2016 to reach the required degree of compliance (100%).