

Capital adequacy situation as of december 31 2016

Eligible capital under regulatory rules - transfer to balance sheet values

	Current year in 1,000 CHF	Reference ¹	Previous year in 1,000 CHF	Reference ¹
Balance sheet				
Assets				
Liquid assets	20,389,822		18,907,231	
Amounts due from banks	7,083,612		3,811,404	
Amounts due from securities financing transactions	338,260		391,404	
Amounts due from clients	8,018,804		7,885,116	
Mortgage loans	165,426,200		158,593,585	
Trading portfolio assets	2,911,801		2,115,027	
Positive replacement values of derivative financial instruments	1,743,165		1,795,296	
Financial investments	7,951,965		6,877,419	
Accrued income and prepaid expenses	246,797		225,196	
Non-consolidated participations	787,634		731,891	
Tangible fixed assets	2,599,512		2,475,780	
Intangible assets	419,433		512,757	
of which goodwill	419,433	(I)	512,757	(I)
Other assets	672,706		1,426,065	
Total assets	218,589,711		205,748,171	
Liabilities				
Liabilities to banks	10,852,715		7,803,302	
Liabilities from securities financing transactions	2,599,332		4,084,475	
Amounts due in respect of customer deposits	158,254,449		150,272,350	
of which subordinated time deposits, eligible as supplementary capital (T2)	75,349	(II)	77,430	(II)
Trading portfolio liabilities	138,207		105,139	
Negative replacement values of derivative financial instruments	2,017,470		2,397,684	
Liabilities from other financial instruments at fair value	1,633,944		870,029	
Cash bonds	1,177,775		1,647,436	
Bonds and central mortgage institution loan	25,623,178		23,470,245	
of which subordinated bond, eligible as additional core capital (AT1) ²	1,149,115	(III)	1,150,000	(III)
of which subordinated bond, eligible as supplementary capital (T2) – phase out	321,000	(IV)	369,933	(IV)
Accrued expenses and deferred income	828,695		711,202	
Other liabilities	170,104		183,016	
Provisions	903,476		877,574	
of which deferred taxes for untaxed reserves	851,464		830,813	
Cooperative capital	1,594,753		1,248,277	
of which eligible as "hard" core capital (CET1)	1,594,753	(V)	1,248,277	(V)
Retained earnings reserve	12,036,214	(VI)	11,262,202	(VI)
Currency translation reserve	-4		11	
Group profit	754,069	(VII)	807,662	(VII)
Minority interests in equity	5,334		7,567	
of which eligible as "hard" core capital (CET1)	-	(VIII)	-	(VIII)
Total equity capital (with minority interests)	14,390,366		13,325,719	
Total liabilities	218,589,711		205,748,171	

1 The references refer to table «Minimum capital requirement and eligible regulatory capital».

2 Of which conversion capital with a low triggering rate amounting to CHF 549 million.

Minimum capital requirement and eligible regulatory capital

	Current year risk-weighted positions in 1,000 CHF	Current year required capital in 1,000 CHF	Previous year risk-weighted positions in 1,000 CHF	Previous year required capital in 1,000 CHF
Minimum capital requirement				
Credit risk (standard approach BIZ)				
Amounts due from banks	354,962	28,397	364,180	29,134
Amounts due from clients	5,161,375	412,910	5,024,441	401,955
Mortgage loans	69,673,740	5,573,899	66,658,223	5,332,658
Positive replacement values of derivative financial instruments	62,004	4,960	57,537	4,603
Accrued income and prepaid expenses	107,417	8,593	107,612	8,609
Other assets	147,021	11,762	141,568	11,325
Net interest positions outside trading book	1,167,851	93,428	1,223,393	97,871
Net equity positions outside trading book ¹	2,035,625	162,850	1,969,847	157,588
Contingent liabilities	255,296	20,424	157,413	12,593
Irrevocable commitments	1,448,360	115,869	1,311,506	104,920
Call commitments and additional funding obligations	118,542	9,483	105,959	8,477
Add-ons for forward contracts and options purchased	188,647	15,092	191,698	15,336
Unsettled transactions		-		2
Guarantee obligations to central counterparties (CCPs)		1,660		355
CVA (standard approach)		8,764		12,018
Mandatory capital for credit risks and other credit risk positions		6,468,092		6,197,445
Non-counterparty-related risks				
Real estate (including real estate in financial assets)	2,382,250	190,580	2,251,938	180,155
Other tangible fixed assets/other recognized assets subject to depreciation	251,038	20,083	251,888	20,151
Mandatory capital for non-counterparty-related risks		210,663		200,306
Market risks (standard approach)				
Interest rate instruments – general market risk		108,417		100,324
Interest rate instruments – specific risk		35,744		25,495
Equity instruments		20,966		17,143
Foreign currencies and gold		7,524		8,909
Other precious metals		16,583		11,764
Options		59		185
Mandatory capital for market risks		189,293		163,820
Mandatory capital for operational risks (basic indicator method)		442,621		435,109
Total mandatory capital		7,310,669		6,996,680

	Current year in 1,000 CHF	Reference 2	Previous year in 1,000 CHF	Reference 2
Eligible capital				
Cooperative capital	1,594,753	(V)	1,248,277	(V)
Retained earnings reserve	12,036,214	(VI)	11,262,202	(VI)
Group profit ³	710,131	(VII)	773,362	(VII)
Minority interests	-	(VIII)	-	(VIII)
Total "hard" core capital (CET1) before adjustments	14,341,098		13,283,841	
Goodwill	-419,433	(I)	-512,757	(I)
Participations to be consolidated (CET1 instruments)	-		-	
Total CET1 adjustments	-419,433		-512,757	
Total eligible "hard" core capital (net CET1)	13,921,665		12,771,083	
Additional core capital (AT1) ⁴	1,149,115	(III)	1,150,000	(III)
Deductions from AT1 capital	-		-	
Total eligible core capital (net Tier 1)	15,070,780		13,921,083	
Supplementary capital (Tier 2)	396,349		447,363	
of which fully eligible	75,349	(II)	77,430	(II)
of which temporarily applied (phase out)	321,000	(IV)	369,933	(IV)
Deductions from supplementary capital (Tier 2)	-		-	
Total eligible capital (regulatory capital)	15,467,129		14,368,446	
Total risk-weighted assets	91,383,350		87,458,514	
Capital ratios				
CET1 ratio	15.2%		14.6%	
Tier 1 ratio	16.5%		15.9%	
Total capital ratio	16.9%		16.4%	
CET1 minimum requirement under Capital Adequacy Ordinance (CAO) transitional provisions	6.3%		5.7%	
of which capital buffer under the CAO	0.6%		0.0%	
of which anti-cyclical buffer (CCP)	1.2%		1.2%	
Available CET1 (after deducting CET1 to cover minimum requirements for AT1 and T2 ratios)	13.4%		12.9%	
CET1 capital target according to FINMA Circular 2011/2 (including CCP)	10.4%		10.4%	
Available CET1 (after deducting CET1 to cover AT1 and T2 target ratios)	11.7%		11.2%	
Tier 1 capital target according to FINMA Circular 2011/2 (including CCP)	12.6%		12.6%	
Available Tier 1 (after deducting CET1 to cover target ratios)	13.9%		13.4%	
Capital target for regulatory capital according to FINMA Circular 2011/2 (including CCP)	15.6%		15.6%	
Available regulatory capital	16.9%		16.4%	
Contributions below the threshold values for deductions (before risk weighting)⁵				
Equity securities in the financial area up to 10%	317,245		341,442	
Equity securities in the financial area above 10%	478,325		427,456	

1 Including equity securities, which have received a risk weighting of 250%

2 The references refer to table «Eligible capital under regulatory rules – transfer to balance sheet values».

3 Excluding interest on cooperative capital

4 Of which conversion capital with a low triggering rate amounting to CHF 549 million

5 The major participations pursuant to note 7.2 «Holdings valued according to the equity method» and note 7.3 «Other non-consolidated participations» of the Raiffeisen Group's annual report are risk-weighted for calculating capital adequacy.

Minimum disclosure

	Current year in 1,000 CHF
Minimum capital based on risk-based requirements	7,310,669
Eligible capital	15,467,129
of which "hard" core capital (CET1)	13,921,665
of which core capital (T1)	15,070,780
Risk-weighted positions (RWA)	91,383,350
CET1 ratio (Common Equity Tier 1 capital as % of RWA)	15.23
Core capital ratio (core capital as % of RWA)	16.49
Total capital ratio (as % of RWA)	16.93
Countercyclical capital buffer (as % of RWA)	1.1827
CET1 target ratio (as %) pursuant to note 8 of the CAO plus countercyclical capital buffer	15.23
T1 target ratio (as %) pursuant to note 8 of the CAO plus countercyclical capital buffer	16.49
Total capital target ratio (as %) pursuant to note 8 of the CAO plus countercyclical capital buffer	16.93
Basel III leverage ratio (core capital as % of overall exposure)	6.82
Exposure	220,867,920
Short-term liquidity coverage ratio, LCR (as %) in Q4	131.40
Numerator of LCR: Total high-quality liquid assets	23,999,030
Denominator of LCR: Total net cash outflows	18,263,497
Short-term liquidity coverage ratio, LCR (as %) in Q3	133.57
Numerator of LCR: Total high-quality liquid assets	23,130,646
Denominator of LCR: Total net cash outflows	17,317,830
Short-term liquidity coverage ratio, LCR (as %) in Q2	126.43
Numerator of LCR: Total high-quality liquid assets	21,409,593
Denominator of LCR: Total net cash outflows	16,934,237
Short-term liquidity coverage ratio, LCR (as %) in Q1	128.79
Numerator of LCR: Total high-quality liquid assets	20,421,812
Denominator of LCR: Total net cash outflows	15,856,675

Credit risk by counterparty

Loan commitments (in 1,000 CHF)	Central governments/ central banks	Banks and securities dealers	Other institutions	Corporates	Retail	Equity securities	Other commitments	Total
Balance sheet items								
Amounts due from banks	70,985	7,012,627	-	-	-	-	-	7,083,612
Amounts due from securities financing transactions	-	338,260	-	-	-	-	-	338,260
Amounts due from clients	2,332	134,719	3,164,462	1,500,083	3,217,208	-	-	8,018,804
Mortgage loans	25,171	54,604	271,105	1,722,618	163,352,702	-	-	165,426,200
Interest and equity positions outside trading book ¹	621,197	482,006	1,163,173	3,589,401	-	579,724	-	6,435,501
Replacement values of derivatives ²	-	127,009	-	34,145	41,798	-	-	202,952
Other assets	308,284	161,256	3,582	174,204	91,569	-	43	738,938
Total current year	1,027,969	8,310,481	4,602,322	7,020,451	166,703,277	579,724	43	188,244,267
Total previous year	1,525,120	5,010,511	4,294,594	6,813,198	160,366,284	621,498	-	178,631,205
Off-balance-sheet items³								
Contingent liabilities	174	15,513	3,146	149,032	200,396	-	-	368,261
Irrevocable commitments	129	158,057	598,936	356,248	1,535,919	-	-	2,649,289
Call commitments and additional funding obligations	4	-	-	118,537	-	-	-	118,541
Add-ons for forward contracts and options purchased ²	9,811	426,960	49,965	28,901	73,322	-	-	588,959
Total current year	10,118	600,530	652,047	652,718	1,809,637	-	-	3,725,050
Total previous year	7,958	665,691	597,139	499,521	1,548,858	-	-	3,319,167

Credit risk/minimization of credit risk

Loan commitments (in 1,000 CHF)	Covered by recognised financial securities ⁴	Covered by guarantees and credit derivatives	Covered by mortgage collateral ⁵	Other loan commitments	Total
Balance sheet items					
Amounts due from banks	907,330	143,564	-	6,032,718	7,083,612
Amounts due from securities financing transactions	338,260	-	-	-	338,260
Amounts due from clients	818,658	135,419	2,333,472	4,731,255	8,018,804
Mortgage loans	255,420	70,111	164,980,499	120,170	165,426,200
Interest and equity positions outside trading book ¹	-	-	-	6,435,501	6,435,501
Replacement values of derivatives ²	202,952	-	-	-	202,952
Other assets	-	-	-	738,938	738,938
Total current year	2,522,620	349,094	167,313,971	18,058,582	188,244,267
Total previous year	1,639,202	404,019	160,500,226	16,087,758	178,631,205
Off-balance-sheet items³					
Contingent liabilities	74,465	6,074	33,340	254,382	368,261
Irrevocable commitments	45,244	15,605	1,112,335	1,476,105	2,649,289
Call commitments and additional funding obligations	-	-	-	118,541	118,541
Add-ons for forward contracts and options purchased ²	179,698	4,783	-	404,478	588,959
Total current year	299,407	26,462	1,145,675	2,253,506	3,725,050
Total previous year	188,331	39,843	1,041,319	2,049,674	3,319,167

Segmentation of credit risks

Loan commitments (in CHF million)	Risk weightings under supervisory law									Total
	0%	2%	20%	35%	50%	75%	100%	125%	150%	
Balance sheet items										
Amounts due from banks	5,628	55	1,198	-	201	-	2	-	-	7,084
Amounts due from securities financing transactions	338	-	-	-	-	-	-	-	-	338
Amounts due from clients	250	-	334	1,427	2,491	753	2,747	-	17	8,019
Mortgage loans	215	-	45	140,543	91	16,794	7,597	-	141	165,426
Interest and equity positions outside trading book ¹	766	-	4,737	-	239	-	176	-	517	6,435
Replacement values of derivatives ²	72	-	74	-	21	-	36	-	-	203
Other assets	416	-	77	-	8	12	226	-	-	739
Total current year	7,686	55	6,465	141,970	3,052	17,559	10,783	-	675	188,244
Total previous year	5,008	28	6,122	136,160	3,245	17,261	10,098	-	708	178,631
Off-balance-sheet items³										
Contingent liabilities	71	-	10	21	14	51	201	-	-	368
Irrevocable commitments	39	-	585	865	161	204	795	-	-	2,649
Call commitments and additional funding obligations	-	-	-	-	-	-	119	-	-	119
Add-ons for forward contracts and options purchased ²	99	-	240	-	222	0	28	-	-	589
Total current year	209	-	835	886	396	255	1,143	-	-	3,725
Total previous year	137	19	707	788	521	231	916	-	-	3,319

1 Receivables from and liabilities to Pfandbriefbank are offset against each other.

2 Derivative counterparty risk is calculated using the mark-to-market method. Netting agreements with counterparties are taken into account when calculating capital adequacy.

3 Non-derivative off-balance-sheet items are shown after conversion into credit equivalents.

4 Securities are recognised using the simple method.

5 Collateral is assigned based on capital optimisation aspects. For that reason, the values are not identical to the values in the 'Secured by mortgage cover' column in the table entitled '2. Collateral for loans / receivables and off-balance-sheet transactions'.

Risk weighted positions based on external ratings

Loan commitments (in 1000 CHF) ¹	Rating	Risk weighted positions				
		0%	20%	50%	100%	150%
Counterparty						
Central governments and central banks	With rating	998,295	104	29	4	-
	Without rating	-	-	-	-	-
Public-sector entities ²	With rating	95,888	1,161,694	34,405	-	-
	Without rating	-	621,292	2,444,629	378,515	4,692
Banks and securities dealers	With rating	4,955,053	1,490,958	428,909	347	-
	Without rating	698,223	692,557	418,078	1,123	-
Corporates	With rating	-	5,163,991	85,265	57,107	17
	Without rating	50,509	-	-	3,540,693	15,971
Total	With rating	6,049,236	7,816,747	548,608	57,458	17
	Without rating	748,732	1,313,849	2,862,707	3,920,331	20,663
Grand total		6,797,968	9,130,596	3,411,315	3,977,789	20,680

1 Before risk-mitigating measures

2 Including loan commitments to joint institutions of the banks, BIS, IMF and multilateral development banks.

Leverage Ratio Information

Line item	31.12.2016 in 1,000 CHF	31.12.2015 in 1,000 CHF	
a) Comparison between recognized assets and overall exposure for leverage ratio			
1	Total assets according to published financial reports	218,589,711	205,748,171
2	Adjustments for investments in banking, financial, insurance and commerce companies that are subject to accounting consolidation but not regulatory consolidation, and adjustments for assets that are deducted from core capital ¹	-419,433	-512,881
3	Adjustments for fiduciary assets that are recognized in the financial statements but are excluded from the leverage ratio calculation	-	-
4	Adjustments for derivatives ²	-928,657	-1,568,627
5	Adjustments for securities financing transactions (SFT) ³	-261,583	-281,992
6	Adjustments for off-balance-sheet transactions (conversion of off-balance-sheet transactions into credit equivalents)	3,887,877	3,552,377
7	Other adjustments	-	-
8	Overall exposure for the leverage ratio	220,867,915	206,937,048
b) Detailed presentation of the leverage ratio			
Balance sheet items			
1	Balance sheet items (excluding derivatives and SFT but including collateral) ⁴	216,508,282	203,561,259
2	Assets that must be deducted from eligible core capital ¹	-419,433	-512,881
3	= Total balance sheet items for the leverage ratio calculation, ex derivatives and SFT	216,088,849	203,048,378
Derivate			
4	Positive replacement values for all derivatives transactions including those vis-à-vis CCPs, including margin payments received and netting agreements	291,993	212,906
5	Add-ons for all derivatives	658,625	521,937
6	Re-inclusion of collateral provided in connection with derivatives, provided their accounting treatment leads to a reduction in assets	-	-
7	Deduction of receivables resulting from margin payments provided	-340,367	-591,700
8	Deduction for exposure to qualified central counterparties (QCCPs) if there is no responsibility to the client if the QCCP defaults	-	-
9	Actual nominal values of issued credit derivatives, after deducting negative replacement values	365,815	199,348
10	Netting against actual nominal values of offsetting credit derivatives and deduction of add-ons for issued credit derivatives	-161,553	-115,823
11	= Total exposure from derivatives²	814,512	226,668
Securities financing transactions (SFT)			
12	Gross assets related to securities financing transactions ex netting (except for novations with a QCCP) including those booked as a sale, less any items stated in FINMA Circular 15/3 par. 58	338,260	391,404
13	Netting of cash liabilities and receivables with respect to SFT counterparties	-261,583	-281,779
14	Exposure to SFT counterparties ³	-	-
15	SFT exposure with the bank acting as a commission agent	-	-
16	= Total exposure from securities financing transactions	76,677	109,625
Other off-balance-sheet items			
17	Off-balance-sheet items as gross nominal values before the application of any credit conversion factors	16,624,328	16,353,186
18	Adjustments for the conversion into credit equivalents	-12,736,451	-12,800,810
19	= Total off-balance-sheet items	3,887,877	3,552,376
Eligible equity capital and overall exposure			
20	Core capital (Tier 1)	15,070,780	13,921,084
21	Overall exposure	220,867,915	206,937,047
Leverage ratio			
22	Leverage ratio	6.82%	6.73%

1 This item takes account of intangible assets (goodwill) that are deducted from core capital.

2 This item takes account of counterparty netting of OTC derivatives based on the existing netting agreements

3 This position takes account of the netting resulting from reverse repo transactions that are cleared via SIX SIS AG

4 The difference between the reported figure and total assets as shown in the published financial statements amounts to CHF 2,081 million, relating to positive replacement values of derivative financial instruments and amounts due from securities financing transactions.

Notes on the leverage ratio

The aggregate loan exposure (row 21) increased to just shy of CHF 221 billion (+6.7%) due to the strong growth in total assets (CHF +12.8 billion or +6.2%). The eligible core capital rose even more strongly (row 21). It increased CHF 1.1 billion or 8.3%. The cooperative capital increased CHF 346 million due to the subscription of additional share certificates. The retained earnings reserves rose by CHF 774 million due to the high profit retention of the previous year's retained earnings. Due to the lower goodwill the deductions from the hard core capital were reduced by CHF 93 million. Thanks to the stronger rise in core capital, the leverage ratio rose to 6.82%.

Interest Rate risks in the bank book

(in CHF million)	31.12.2016	31.12.2015	31.12.2014	31.12.2013	31.12.2012
Sensitivity (+100bp-Shift)	1,561	1,673	1,351	1,538	1,070
Value at Risk (99,9%)	1,458	1,703	1,376	1,541	1,075