Capital adequacy and liquidity disclosure of the Raiffeisen Group as of 31 December 2017

RAIFFEISEN

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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. The key Group companies that are fully consolidated or consolidated according to the equity method can be found in the Raiffeisen Group's Annual Report (Notes to the consolidated annual accounts: Section "Information on the balance sheet", Table 7 "Companies in which the bank holds a permanent direct or indirect significant participation").

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

		Current year in CHF million
1	**Minimum capital based on risk-based requirements**	**7,707**
2	**Eligible capital**	**16,744**
3	of which "hard" core capital (CET1)	15,275
4	of which core capital (T1)	16,409
5	**Risk-weighted positions (RWA)**	**96,343**
6	**CET1 ratio (Common Equity Tier 1 capital as % of RWA)**	**15.85%**
7	**Core capital ratio (core capital as % of RWA)**	**17.03%**
8	**Total capital ratio (as % of RWA)**	**17.38%**
9	Countercyclical capital buffer (as % of RWA)	1.16%
10	CET1 target ratio (as %) pursuant to note 8 of the CAO plus countercyclical capital buffer[1]	10.36%
11	T1 target ratio (as %) pursuant to note 8 of the CAO plus countercyclical capital buffer[1]	12.56%
12	Total capital target ratio (as %) pursuant to note 8 of the CAO plus countercyclical capital buffer[1]	15.56%
13	**Basel III leverage ratio (core capital as % of overall exposure)**	**7.08%**
14	Exposure	231,715
15	**Short-term liquidity coverage ratio, LCR (as %) in Q4**	**130.50%**
16	Numerator of LCR: Total high-quality liquid assets	23,124
17	Denominator of LCR: Total net cash outflows	17,719
18	**Short-term liquidity coverage ratio, LCR (as %) in Q3**	**126.78%**
19	Numerator of LCR: Total high-quality liquid assets	22,109
20	Denominator of LCR: Total net cash outflows	17,439
21	**Short-term liquidity coverage ratio, LCR (as %) in Q2**	**124.27%**
22	Numerator of LCR: Total high-quality liquid assets	22,188
23	Denominator of LCR: Total net cash outflows	17,855
24	**Short-term liquidity coverage ratio, LCR (as %) in Q1**	**120.63%**
25	Numerator of LCR: Total high-quality liquid assets	22,288
26	Denominator of LCR: Total net cash outflows	18,476

1 Derived from the FINMA decision of July 2015, 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 1.16% in each case.

Minimum capital requirement

	Current year risk-weighted positions in CHF million	Current year required capital in CHF million	Previous year risk-weighted positions in CHF million	Previous year required capital in CHF million
Minimum capital requirement				
Credit risk (standard approach BIS)				
Amounts due from banks	456	36	355	28
Amounts due from customers	5,164	413	5,161	413
Mortgage loans	73,541	5,883	69,674	5,574
Positive replacement values of derivative financial instruments	73	6	62	5
Accrued income and prepaid expenses	101	8	107	9
Other assets	172	14	147	12
Net interest positions outside trading book	1,096	88	1,168	93
Net equity positions outside trading book [1]	1,633	131	2,036	163
Contingent liabilities	314	25	255	20
Irrevocable commitments	1,609	129	1,448	116
Obligations to pay up shares and make further contributions	114	9	119	9
Add-ons for forward contracts and options purchased	252	20	189	15
Unsettled transactions		-		-
Guarantee obligations to central counterparties (CCPs)		3		2
CVA (standard approach)		12		9
Mandatory capital for credit risks and other credit risk positions		**6,777**		**6,468**
Non-counterparty-related risks				
Real estate (including real estate in financial assets)	2,597	208	2,382	191
Other tangible fixed assets/other recognised assets subject to depreciation	244	20	251	20
Mandatory capital for non-counterparty-related risks		**227**		**211**
Market risks (standard approach)				
Interest rate instruments – general market risk		113		108
Interest rate instruments – specific risk		48		36
Equity instruments		41		21
Foreign currencies and gold		11		8
Other precious metals		36		17
Options		1		0
Mandatory capital for market risks		**249**		**189**
Mandatory capital for operational risks (basic indicator method)		**454**		**443**
Total mandatory capital		**7,707**		**7,311**

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

Composition of eligible capital - reconciliation

	Current year in CHF million	Reference [1]	Previous year in CHF million	Reference [1]
Balance sheet				
Assets				
Liquid assets	20,523		20,390	
Amounts due from banks	8,332		7,084	
Amounts due from securities financing transactions	232		338	
Amounts due from customers	7,916		8,019	
Mortgage loans	172,622		165,426	
Trading portfolio assets	3,879		2,912	
Positive replacement values of derivative financial instruments	1,677		1,743	
Financial investments	7,593		7,952	
Accrued income and prepaid expenses	278		247	
Non-consolidated participations	650		788	
Tangible fixed assets	2,803		2,600	
Intangible assets	372		419	
of which goodwill	372	(I)	419	(I)
Other assets	852		673	
Total assets	**227,728**		**218,590**	
Liabilities				
Amounts due to banks	12,603		10,853	
Liabilities from securities financing transactions	2,201		2,599	
Amounts due in respect of customer deposits	164,085		158,254	
of which subordinated time deposits, eligible as supplementary capital (T2)	68	(II)	75	(II)
Trading portfolio liabilities	134		138	
Negative replacement values of derivative financial instruments	1,692		2,017	
Liabilities from other financial instruments at fair value	2,580		1,634	
Cash bonds	836		1,178	
Bond issues and central mortgage institution loans	25,939		25,623	
of which subordinated bond, eligible as additional core capital (AT1) [2]	1,134	(III)	1,149	(III)
of which subordinated bond, eligible as supplementary capital (T2) – phase out	268	(IV)	321	(IV)
Accrued expenses and deferred income	851		829	
Other liabilities	160		170	
Provisions	949		903	
of which deferred taxes for untaxed reserves	907		851	
Reserves for general banking risks	80	(VI)	-	(VI)
Cooperative capital	1,957		1,595	
of which eligible as "hard" core capital (CET1)	1,957	(V)	1,595	(V)
Retained earnings reserve	12,746	(VI)	12,036	(VI)
Currency translation reserve	0	(VI)	-0	(VI)
Group profit	917	(VII)	754	(VII)
Minority interests in equity	-0		5	
of which eligible as "hard" core capital (CET1)	-	(VIII)	-	(VIII)
Total equity capital (with minority interests)	**15,700**		**14,390**	
Total liabilities	**227,728**		**218,590**	

1 The references refer to table «Composition and presentation of eligible regulatory capital».

2 Of which conversion capital with a high triggering rate amounting to CHF 590 million. Under the transitional provisions (CAO Art. 148b para. 1 letter b), the perpetual subordinated low-trigger bond from 2013 amounting to CHF 544 million qualifies as high-trigger conversion capital until the first capital call window opens (2 May 2018).

Composition and presentation of eligible regulatory capital

	in CHF million	Reporting period	Reference[1]	Prior period	Reference[1]
	Common equity (CET1)				
1	Issued and paid-in capital, fully eligible	1,957	(V)	1,595	(V)
2	Retained earnings reserve (inclusion reserves for general banking risks)	12,826	(VI)	12,036	(VI)
2	Group profit[2]	864	(VII)	710	(VII)
5	Minority interests	-	(VIII)	-	(VIII)
6	**Total "hard" core capital (CET1) before adjustments**	**15,647**		**14,341**	
	= Common Equity Tier 1 capital before regulatory adjustments				
8	Goodwill	-365	(I)	-401	(I)
9	Other intangibles	-7	(I)	-18	(I)
28	**= Total regulatory adjustments to CET1**	**-372**		**-419**	
29	**= Common Equity Tier 1 capital (net CET1)**	**15,275**		**13,922**	
	Additional Tier 1 capital (AT1)				
30	Issued and paid in instruments, fully eligible[3]	1,134	(III)	1,149	(III)
31	of which: classified as equity under applicable accounting standards	-		-	
32	of which: classified as liabilities under applicable accounting standards	1,134		1,149	
36	**= Additional Tier 1 capital before regulatory adjustments**	**1,134**		**1,149**	
43	= Total regulatory adjustments to AT1	-		-	
44	**= Additional Tier 1 capital (net AT1)**	**1,134**		**1,149**	
45	**= Tier 1 capital (net Tier 1)**	**16,409**		**15,071**	
	Tier 2 capital (T2)				
46	Issued and paid in instruments, fully eligible	68	(II)	75	(II)
47	Issued and paid in instruments, subject to phase-out	268	(IV)	321	(IV)
51	**= Tier 2 capital before regulatory adjustments**	**335**		**396**	
57	= Total regulatory adjustments to T2	-		-	
58	**= Tier 2 capital (net T2)**	**335**		**396**	
59	**= Regulatory capital (net T1 & T2)**	**16,744**		**15,467**	
60	**Total risk-weighted assets**	**96,343**		**91,383**	
	Capital ratios				
61	**CET1 ratio (item 29, as a percentage of risk-weighted assets)**	**15.9%**		**15.2%**	
62	**T1 ratio (item 45, as a percentage of risk-weighted assets)**	**17.0%**		**16.5%**	
63	**Regulatory capital ratio (item 59, as a percentage of risk-weighted assets)**	**17.4%**		**16.9%**	
64	CET1 requirements in accordance with the Basel minimum standards (minimum requirements + capital buffer + counter-cyclical buffer) plus the capital buffer for systemically important banks (as a percentage of risk-weighted assets)[4]	7.0%		7.0%	
65	of which, capital buffer in accordance with Basel minimum standards (as a percentage of risk-weighted assets)	2.5%		2.5%	
66	of which, countercyclical buffer in accordance with the Basel minimum standards (as a percentage of risk-weighted assets)[4]	0.0%		0.0%	
67	of which, capital buffer for systemically important institutions in accordance with the Basel minimum standards (as a percentage of risk-weighted assets)	0.0%		0.0%	
68	CET1 available to meet minimum and buffer requirements as per the Basel minimum standards, after deduction of the AT1 and T2 requirements met by CET1 (as a percentage of risk-weighted assets)[5]	13.9%		13.4%	

	Amounts below the thresholds for deduction (before risk-weighting)[6]		
72	Non-qualified participation in the financial sector	196	317
73	Other qualified participations in the financial sector (CET1)	530	478

1 The references refer to table «Composition of eligible capital – reconciliation».

2 Excluding interest on cooperative capital

3 Of which conversion capital with a high triggering rate amounting to CHF 590 million. Under the transitional provisions (CAO Art. 148b para. 1 letter b), the perpetual subordinated low-trigger bond from 2013 amounting to CHF 544 million qualifies as high-trigger conversion capital until the first capital call window opens (2 May 2018)

4 Without considering the national countercyclical buffer

5 The CET1 capital available according to this presentation (line 68) and the requirements (lines 64-67) are presented without consideration of transitional provisions.

6 The major participations pursuant to note 7.2 «Participations valued using 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.

OVA: Bank risk management approach

Risks and principles

General

- Risks are only taken within risk tolerance limits after careful consideration.
- Risks are managed systematically.
- Risks are only taken if they can be borne, offset by reasonable returns, and the capabilities for managing the risks have been confirmed.
- Risks are effectively contained, controlled and independently managed at all levels.

Credit risk

- Loans are only extended to clients who meet minimum creditworthiness and solvency criteria.
- Concentration risks are avoided.
- The credit policy is prudent.
- The focus is on financing owner-occupied residential property.
- Corporate clients are evaluated based on the following aspects: regional ties, sufficient diversification, risk/return ratio and minimal exposure to high-risk industries.

Market risk

- Interest rate risks are managed using proven tools and clearly defined guidelines and limits.
- Raiffeisen Switzerland trains and advises the Raiffeisen banks.
- Foreign currency assets are generally refinanced in the same currency (matched book approach).
- Trading risks are strategically clearly limited.

Liquidity risk

- Liquidity sources are properly diversified.
- Liquidity trends in the Raiffeisen Group are assessed at operational, tactical and strategic levels.
- The Raiffeisen banks and Notenstein La Roche Private Bank Ltd manage liquidity risks at their own discretion based on instructions provided by Raiffeisen Switzerland.
- Access to money and capital markets is provided centrally through Raiffeisen Switzerland.

Operational risk

- Risks are evaluated through regular top-down and bottom-up risk assessments.
- Risks are monitored using key risk indicators and an early warning system.
- The appropriateness and effectiveness of key controls in all risk-related processes is periodically reviewed and confirmed at the Group level.
- Internal and external events are analysed on an ongoing basis.

Legal and compliance risk

- Statutory, regulatory and professional provisions are promptly translated into internal rules and workflows.
- Contracts are followed and enforced.

Risk control

Risk assessment

The Board of Directors of Raiffeisen Switzerland assumes overall responsibility for risk management and risk control within the Raiffeisen Group. It approves the framework for Group-wide risk management, defines the risk policy and determines the risk tolerance of the Raiffeisen Group each year.

The Board of Directors of Raiffeisen Switzerland regularly examines the risks affecting the Raiffeisen Group. Its examination is based on comprehensive reporting on credit, market and liquidity risks, as well as operational risks, which include legal and compliance risks. It also takes into account reputational risks that can result from all risk categories. The risk reports are prepared by Group Risk Controlling and by Raiffeisen Switzerland's Legal & Compliance department as independent entities. Reports focus on the risk situation, capital adequacy, compliance with overall limits and any measures taken. Furthermore, Group Risk Controlling uses an early warning system to identify unfavourable developments at individual Raiffeisen banks and branches.

The risk report and any measures are discussed in detail at the meetings of the Extended Executive Board and the Board of Directors' Audit and Risk Committee.

Assessment of the risks affecting the Raiffeisen Group is based on quantitative and qualitative factors. The key risks are thoroughly assessed, both on the basis of regulatory requirements and using economic models. Raiffeisen's risk models are based on prudent assumptions about distribution, confidence intervals, holding intervals and risk diversification. The budgeting of risk capital and liquidity is based on stress scenarios.

Key elements of Group-wide risk control and management are the risk policy, the risk strategy, the identification process for new risks, forward-looking risk budgeting and scenario planning to determine the Group-wide risk tolerance and its operationalisation through overall limits set by the Board of Directors, and risk monitoring of subsidiaries, participations and risk categories that are important to the Raiffeisen Group.

Risk planning and control are based on a standard method for risk identification, measurement, assessment, management and monitoring. Aggregated and consolidated risk reporting provides plan versus actual analyses and thus closes the feedback loop.

The Raiffeisen Group puts particular emphasis on supplementing its model-based assessments with forward-looking practical analyses and estimates. Scenario-based analyses backed by macroeconomically plausible scenarios together with assessments drawing on specialist areas and front-office units therefore play an important role in overall risk comprehension. The results from these analyses appear as a commentary in the risk report and are – in certain cases – also presented as a special report.

Risk policy principles

The Raiffeisen Group takes a cautious and selective approach to risk within a framework of clearly defined guidelines. In so doing, it takes care to strike the correct balance between risk and return, actively controlling the risks it enters into. It acts based on several solid principles:

- Clear business and risk policies: Risk taking and risk management are directly linked to the core business in Switzerland.
- Effective risk limitation: The Raiffeisen Group's risk tolerance is clearly defined and effectively enforced with a tried-and-tested limit system.
- Decentralised individual responsibility in line with clearly defined guidelines: Raiffeisen banks, Notenstein La Roche Private Bank Ltd, ARIZON Sourcing Ltd, Investnet Holding AG and line units of Raiffeisen Switzerland are responsible for managing risk. Their risk management is based on guidelines relating to business activities, limits and processes. The central controlling units monitor compliance with the guidelines.
- Risk control based on transparency: Independent reports on the risk situation as well as the risk profile of the individual Raiffeisen banks and the Raiffeisen Group are regularly issued.
- Independent risk monitoring and effective controls: Overall risk and limits are monitored independently by the risk-managing units. Effective risk control ensures that the predefined processes and thresholds are adhered to.
- Comprehensive risk management process: The Raiffeisen Group's risk management is a Group-wide, uniform and binding process comprising identification, measurement, evaluation, management, limitation, monitoring and reporting.

- Avoidance of risk concentration: The Raiffeisen Group has effective tools at its disposal for identifying risk concentration and taking proactive measures to avoid it.
- Protection of reputation: The Raiffeisen Group attaches great importance to protecting its reputation. It also seeks to comply with high ethical principles in all its business activities.

Independent risk control

Risk management is organised based on the three-lines-of-defence model. Independent risk and compliance control is organised throughout the Group and relies on effective tools for identifying and preventing unwanted risk. The Raiffeisen Group has achieved continuous growth and executed its diversification strategy without excessive increases in risk thanks to its clearly focused business policy, steady and cautious risk culture as well as active and targeted management. The subsidiaries of Raiffeisen Switzerland generally operate as independent entities. Risk monitoring is risk-based. The individual entities are assessed and assigned to a risk control level using formal, material and strategic criteria. Raiffeisen Switzerland monitors the risk control and risk situation of the subsidiaries from a Group viewpoint and provides Raiffeisen Switzerland's executive bodies with appropriate consolidated risk reporting. Subsidiaries control risks based on guidelines and minimum requirements that are derived from the Group risk policy and implemented by the subsidiaries. These minimum requirements ensure the quality of local risk control and the Group's consolidated reporting.

Risk profile control

Raiffeisen only enters into risks that relate to an approved business transaction and fall within its risk tolerance limits. The Board of Directors sets the risk tolerance limits as part of the risk budgeting process. Risks are controlled using process requirements and overall limits. The process requirements for taking and managing risks are monitored in line with requirements. Risks that are difficult to quantify are limited by qualitative stipulations.

Risk categories

Credit risk

Credit risk management at the Raiffeisen Group is geared explicitly to Raiffeisen-specific client and business structures. The Raiffeisen banks' client knowledge and decentralised individual responsibility play a key role in lending decisions and credit management. This is also true in cases where loans require the approval of Raiffeisen Switzerland because of their size or complexity.

Credit risks are reviewed and assessed in nominal and risk-weighted terms. Management decisions are also based on statistical loss metrics (i.e. value at risk) and scenario analyses. Risks are monitored using credit quality metrics (such as financial viability, loan-to-value ratios, counterparty ratings and rating changes), as well as portfolio characteristics (such as diversification across borrowers, industries and collateral types).

Credit risk is the most important risk category, due to the Raiffeisen Group's strong position in lending. The Raiffeisen Group generates a large part of its income by taking on credit risks in a controlled manner, and through the comprehensive and systematic management of these risks.

Lending within the Raiffeisen Group is governed by a prudent credit policy and professional credit checking.

Loan decisions are largely based on financial viability, loan-to-value ratios and the repayment schedule for the borrower's obligations. Most loans are granted on a secured basis.

Raiffeisen Switzerland's main credit risks arise from its dealings with commercial banks and with corporate and public sector clients. The branches also extend secured loans to private individuals.

Raiffeisen Switzerland monitors, controls and manages risk concentrations within the Group, especially for individual counterparties, groups of affiliated counterparties and sectors. The process of identifying and consolidating affiliated counterparties is automated across the entire Raiffeisen Group.

Credit policy in the corporate client business

The Raiffeisen Group seeks to serve corporate clients with good or medium credit ratings.

Its risk tolerance in the corporate lending business is clearly defined and implemented with corresponding limits for the entire Group. The Raiffeisen Group's priority is to place the expansion of its corporate client business on a solid foundation within the framework of the dedicated corporate client strategy. Its commitment is underscored by the substantial investments it has made in its staff, systems and organisation.

Country risk management

As stipulated in the Articles of Association, foreign exposure is limited to a risk-weighted 5 % of the Raiffeisen Group's consolidated net assets. Raiffeisen banks may not provide any banking or financial services abroad. The Central Bank, Raiffeisen Switzerland B.V., Notenstein La Roche Private Bank Ltd and its subsidiaries can enter into commitments abroad. These commitments are limited and monitored on an ongoing basis.

Credit portfolio analysis and assessment

The Board of Directors is periodically apprised of the analyses and assessment of the quality of the Raiffeisen Group's credit portfolio. The analyses focus on sector concentrations and monitoring large individual exposures. In particular, they investigate the impact of severe macroeconomic difficulties on individual sectors and the overall credit portfolio.

Measuring credit risk

The credit risk of each individual counterparty is measured using three parameters:

- Probability of default
- Credit exposure at the time of default
- Value of the collateral

The core of credit risk measurement is the rating system, which is developed and monitored by Group Risk Controlling. The rating system is used to assess the clients' creditworthiness and to determine the economic capital for limiting the individual credit risk positions. The Raiffeisen Group has implemented comprehensive rating system governance in connection with the internal rating systems. Rating system governance aims to organise internal rating system processes and responsibilities within the Group in a way that will consistently ensure the quality and effectiveness of the rating systems and their application. To avoid loopholes and conflicts of interest, tasks, powers and responsibilities were defined for stakeholders and key positions, and corresponding key controls were implemented.

Raiffeisen uses a conservative value-at-risk method and a portfolio model based on this method in order to measure credit portfolio risks for internal purposes. Particular attention is paid to potential concentration risks.

Assessment of the risk situation – credit risk

Credit exposure grew in line with the strategy while risk intensity remained low. Lending is generally conservative and collateralised. Top priority is given to ensuring the borrower's ability to keep up with payments.

Around 90% of the Raiffeisen Group's credit portfolio is covered by mortgages. Owner-occupied residential properties account for more than half of the credit portfolio. They are mostly single-family homes and apartments owned and occupied by private clients. Raiffeisen closely watches market developments with respect to owner-occupied residential properties and investment properties and monitors its portfolio extensively.

The individual client segments of the Raiffeisen Group's credit portfolio have been stable for years. Private clients represent over 70% of the volume. In the corporate client business, Raiffeisen remains sufficiently diversified and focuses on sectors with long-term growth potential. High-risk industries are handled with great caution.

Risk intensity remains low, largely due to the broad diversification of the credit portfolio and the long-term, conservative credit policy in terms of rating, valuation, loan-to-value ratios and affordability.

Regular stress tests show that the Raiffeisen Group's credit portfolio is robust and well-diversified, even under sharply deteriorating conditions.

Market risk

Risks in the banking book

The banking book is exposed to interest rate risks and foreign currency risks. Risk associated with fluctuating interest rates is a major risk category owing to the Raiffeisen Group's strong positioning in interest operations. They are actively assumed within authorised risk limits in order to generate profit through maturity transformation.

Clear guidelines and limits apply to the management of interest rate risks within the Group – both on a consolidated basis and for individual legal entities. Risks are managed autonomously within this corridor by the individual legal entities, i.e. the Raiffeisen banks, Notenstein La Roche Private Bank Ltd and Raiffeisen Switzerland B.V. Risk managers have a well-developed set of risk management tools, including tools to simulate interest rate developments and assess their impact. The Central Bank department provides advice on asset and liability management within the Raiffeisen Group. Netherlands-domiciled Raiffeisen Switzerland B.V., by contrast, manages its interest rate risks with the help of a bond portfolio that replicates the interest rate risk profile of the issued structured products. The other subsidiaries of Raiffeisen Switzerland, ARIZON Sourcing Ltd and Investnet Holding AG, have no material risks associated with fluctuating interest rates in their balance sheet structure.

Group Risk Controlling monitors compliance with interest rate risk limits and the overall development of interest rate risks. It focuses on monitoring the interest rate sensitivity of equity capital and running simulations to analyse the impact on interest income. It calculates the value at risk for interest rates at various Group levels in addition to the interest rate sensitivity in order to monitor the overall risk situation.

With respect to foreign currency risk, assets in a foreign currency are in principle refinanced in the same currency (matched book approach). This means foreign currency risk is largely avoided. The Treasury is responsible for managing the remaining foreign currency risk in the banking book.

Risk in the trading book

Of the entities within the Raiffeisen Group, the Central Bank of Raiffeisen Switzerland and Notenstein La Roche Private Bank Ltd run a trading book. Trading risks are strategically limited by using global limits. Risks are operationally limited by sensitivity and loss limits and by value-at-risk limits.

All traded products are depicted and assessed in a trading and risk management system. This enables trading book risks to be efficiently and effectively assessed, managed and controlled, and provides the ratios for monitoring all positions and market risks. Group Risk Controlling monitors trading risks on a daily basis, using market data and risk parameters that are independently checked for accuracy. Before new products are rolled out, Group Risk Controlling performs an independent evaluation of the risks.

Liquidity and financing risks

The liquidity requirements apply on a consolidated basis at Raiffeisen Group level, at individual institution level to Raiffeisen Switzerland and to Notenstein La Roche Private Bank Ltd, and at the level of financial sub-groups, which includes both of these individual institutions. The individual Raiffeisen banks are exempted from compliance with regulatory liquidity requirements but still meet internal liquidity requirements.

Raiffeisen Switzerland's Treasury department centrally handles liquidity risk management for Raiffeisen Switzerland and the Raiffeisen Group. The Treasury department manages transfers of liquidity within the Group and ensures that refinancing and liquidity costs are allocated to their originators. The individual banks are required to deposit their portion of the liquidity requirements with Raiffeisen Switzerland and to maintain an appropriate refinancing structure. The Treasury department facilitates the Group's access to money and capital markets and ensures that these refinancing sources are properly diversified. The Treasury department performs regular stress tests and assesses liquidity trends in the Raiffeisen Group on an ongoing basis, taking regulatory and economic requirements into consideration. Group Risk Controlling ensures that monitoring is conducted independently.

Notenstein La Roche Private Bank Ltd has its own Treasury and its own access to money and capital markets so that it can comply with liquidity requirements at individual institution level. Independent monitoring is conducted by the Financial Risk Controlling department, which is organisationally part of Notenstein La Roche Private Bank Ltd, but reports to Group Risk Controlling.

Assessment of the risk situation - market risks

Market risk mainly consists of the risks associated with fluctuating interest rates in the banking book. Risk associated with fluctuating interest rates increased slightly in 2017 due to growth in the core business. The duration of assets changed very little compared to the previous year. Simulations have shown that interest rate risks are acceptable even in adverse interest rate scenarios.

Market risks in the trading book are diversified across equities, interest rates, foreign currencies and precious metals. The potential for losses amid serious market turmoil is considered low relative to total income. There were no significant year-on-year changes in risk exposure.

The Raiffeisen Group's liquidity situation is robust.

Operational risk

Operational and business risks arise in two ways: as the consequences of the banking transactions carried out by the Raiffeisen Group and by virtue of its function as an employer and owner/occupier of real estate. Viability and cost-benefit analyses determine whether a business risk should be avoided, reduced, transferred or borne. These risks are assessed in terms of the expected probability of occurrence and the severity of their impacts. This includes not only the financial impacts, but also the reputational and compliance consequences. The appropriateness and effectiveness of control measures are incorporated into the assessment. The analysis of the operational risks is supplemented by an assessment of the qualitative impact of a given risk event.

The Raiffeisen Group carried out comprehensive operational risk assessments over the course of the current year. The information gleaned from these assessments is documented in a Group-wide risk register that forms the basis for monitoring and controlling the overall operational risk profile. These assessments are conducted annually.

Information security

Information security – a discipline focused on data confidentiality, integrity and availability – is becoming increasingly important, especially with regard to threats from cybercriminals. For this reason, information security risks must be comprehensively managed based on a regular assessment of the threat situation. Appropriate and effective measures for safeguarding information and infrastructure are in place for this purpose. Raiffeisen complies with recognised standards and established practices throughout this process. Considerable importance is attached to protecting financial privacy. Stringent data protection standards are also gaining importance given the growing significance of digital channels.

Internal control system (ICS)

Raiffeisen's ICS comprises all the control structures and processes intended to ensure the proper conduct of operations, compliance with statutory, supervisory and professional provisions, and complete, reliable reporting.

The framework that underlies the Group ICS and ensures its functionality is defined at the control environment level. The elements of the control environment include internal regulations, independent supervisory bodies, organisational charts and job profiles.

Processes, risks and controls are closely interconnected at the process level. Operational risks are identified and assessed for each major process, and key controls defined from there. All key controls are documented and incorporated in the processes. There are many other risk reduction measures in addition to the key controls.

The Raiffeisen Group carries out an assessment of the ICS's appropriateness and effectiveness at least once a year. The implementation of improvements derived from the assessment is tracked and monitored.

Consolidated ICS reporting is included in the standard risk report prepared for the Executive Board and the Board of Directors of Raiffeisen Switzerland.

Early warning system of the Raiffeisen banks

Raiffeisen Switzerland operates an early warning system (EWS) designed to quickly identify adverse developments at Raiffeisen banks and branches, and avert potential damage. The early warning system comprises quantitative risk indicators for the individual Raiffeisen banks and branches as well as an ad-hoc reporting process for integrating qualitative information. Early warning events are analysed and, if the situation requires it, resolved with the active involvement of Raiffeisen Switzerland. Early warning events are independently assessed and monitored by the EWS Coordination Committee.

Business Continuity Management

Within the scope of business continuity management (BCM), Raiffeisen has adopted extensive measures to maintain operations even if critical resources become unavailable (staff, IT, buildings, suppliers). The specialist departments have various strategy options for keeping critical business processes functioning. Redundancy for all important IT components has been established and/or expanded at various sites.

To minimise potential losses and enable management to respond in an effective, coordinated fashion, Raiffeisen has put together crisis response teams and developed emergency plans in all important company units. It performs regular tests and drills to ensure the plans and organisational structures work properly and do not need to be updated. The crisis management team and organisation are regularly trained and tested using various scenarios to maintain BCM capabilities.

Assessment of the risk situation – operational risk

The operational risk situation has improved slightly and is within the risk budget defined by the BoD. A comprehensive ICS keeps losses attributable to operational errors low.

The threat of cybercrime and IT crime has generally increased. The Raiffeisen Group has responded to the threats and established a Cyber Security & Defence Centre.

The phased rollout of the new core banking solution (ACS) eliminates the risk associated with the developmental inflexibility of the previous solution (DIALBA).

No serious violations of client privacy or data protection were identified last year.

Legal and compliance risk

Legal & Compliance reports to the Raiffeisen Switzerland Executive Board and Audit and Risk Committee on major compliance risks quarterly and on legal risks semi-annually. Its reports contain overviews of the legal and compliance risks at Notenstein La Roche Private Bank Ltd and ARIZON Sourcing Ltd.

These risks, together with an updated compliance risk profile and the plan of action on risk derived from it in accordance with FINMA Circular 2017/1, are submitted to the Board of Directors once a year.

Legal risks

Raiffeisen Switzerland's Legal & Compliance department supports all of Raiffeisen Group's units in legal matters, ensures adequate regulatory competence at all levels, and actively manages legal risks. This also includes contractual risks. The department coordinates interactions with external lawyers where necessary.

Compliance Risks

Compliance is understood to mean adherence to all applicable statutory, regulatory and professional provisions and internal requirements with a view to identifying legal and reputational risks at an early stage, preventing such risks and ensuring that business is conducted properly.

Raiffeisen takes a comprehensive approach to compliance. Although Raiffeisen operates almost exclusively within Switzerland, it must comply with standards governing cross-border financial services (cross-border business) and international and national tax matters (tax compliance). It specifically focuses on the following activities and issues:

- Raiffeisen monitors and analyses all relevant legal developments (regulatory monitoring) and participates in institutional commissions and working groups that cover the Swiss financial sector.
- Raiffeisen has traditionally attached great importance to the "know your customer" principle on account of its cooperative business model and the customer proximity that the model entails. Regulations to combat money laundering and the financing of terrorism reinforce these principles and make them concrete.
- Developments in the cross-border business are constantly monitored and analysed. While doing so, Raiffeisen systematically pursues a "passive provision of services" approach. This approach requires all activities to be initiated by the client and all legally relevant actions to be performed in Switzerland. Raiffeisen is prohibited from carrying out any activities outside of Switzerland, especially client-related trips abroad.
- Raiffeisen advocates rigorous tax compliance strategies.
- Raiffeisen adheres to market conduct rules and the resulting due diligence and advisory obligations.
- Raiffeisen protects data and ensures bank-client confidentiality.
- Raiffeisen is committed to fair competition and its actions are guided by strong ethical principles.

In the current year, Raiffeisen invested heavily in complying with the US Foreign Account Tax Compliance Act (FATCA), the Qualified Intermediary (QI) requirements, preparing for the automatic exchange of information (AEOI), complying with the changed anti-money laundering regulations, and conforming to the Swiss Financial Market Infrastructure Act (FMIA), the Financial Services Act (FinSA) and the Data Protection Act (DPA).

As a member of the Coordination Domestic Banks (CDB), Raiffeisen is particularly involved in the Federal Financial Services Act (FinSA) and tax compliance strategies in and outside Switzerland.

The Raiffeisen Group endeavours to avoid compliance risks by actively monitoring legal requirements and adapting internal policies and processes to new requirements as promptly as possible. Where necessary, modern IT tools are used in support of relevant measures. In addition, the various compliance teams – via a "blended learning" approach – invest substantially in training and raising the awareness of staff and management at all levels.

Assessment of the risk situation – legal and compliance risk

The risk situation in 2017 was accentuated by high regulatory pressure and increased public perceptions of violations and/or misconduct. Raiffeisen counters these risks by proactively monitoring legal developments, complying with requirements through projects and providing regular employee training.

OV1: Overview of risk-weighted assets

	in CHF million	a	b	c
		RWA Reporting Period	RWA Prior Period	Minimum Capital Requirement Reporting Period [1]
1	**Credit risk (excluding counterparty credit risk) (CCR)**	**85,701**	**81,878**	**6,856**
2	Of which standardised approach (SA)	85,701	81,878	6,856
3	Of which internal rating-based (IRB) approach	-	-	-
4	**Counterparty credit risk**	**529**	**411**	**42**
5	Of which standardised approach for counterparty credit risk (SA-CCR)[2]	529	411	42
6	Of which internal model method (IMM)	-	-	-
7	**Equity positions in banking book under market-based approach**	**-**	**-**	**-**
8	**Equity investments in funds – look-through approach**	**-**	**-**	**-**
9	**Equity investments in funds – mandate-based approach**	**-**	**-**	**-**
10	**Equity investments in funds – fall-back approach**	**-**	**-**	**-**
11	**Settlement risk[8]**	**0**	**0**	**0**
12	**Securitisation exposures in banking book[9]**	**-**	**-**	**-**
13	Of which IRB ratings-based approach (RBA)	-	-	-
14	Of which IRB Supervisory Formula Approach (SFA)	-	-	-
15	Of which SA/simplified supervisory formula approach (SSFA)	-	-	-
16	**Market risk[10]**	**3,110**	**2,366**	**249**
17	Of which standardised approach (SA)	3,110	2,366	249
18	Of which internal model approaches (IMM)	-	-	-
19	**Operational risk**	**5,677**	**5,533**	**454**
20	Of which Basic Indicator Approach	5,677	5,533	454
21	Of which Standardised Approach	-	-	-
22	Of which Advanced Measurement Approach	-	-	-
23	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	**1,325**	**1,196**	**106**
24	**Floor adjustment**	**-**	**-**	**-**
25	**Total**	**96,343**	**91,383**	**7,707**

1 The required capital for all items amounts to 8% of the risk-weighted assets (RWA).

2 The current exposure method is used to measure the counterparty credit risk of derivative transactions for the purposes of determining capital adequacy requirements.

LI1: Differences between accounting and regulatory scopes of consolidation

			Reporting period			
in CHF million	**a/b**[1]	**c**	**d**	**e**	**f**	**g**
	Carrying values as reported in published financial statements and under scope of regulatory consolidation	Carrying values				
		Subject to credit risk framework	**Subject to counterparty credit risk framework**	**Subject to the securitisation framework**	**Subject to the market risk framework**[2]	**Not subject to capital requirements or subject to deduction from capital**
Assets						
Liquid assets	20,523	20,523	-	-	-	-
Amounts due from banks	8,332	8,063	269	-	-	-
Amounts due from securities financing transactions	232	-	232	-	-	-
Amounts due from customers	7,916	7,916	-	-	-	-
Amounts due secured by mortgage	172,622	172,622	-	-	-	-
Trading portfolio assets	3,879	-	-	-	3,879	-
Positive replacement values of derivative financial instruments	1,677	-	1,677	-	-	-
	-	-	-	-	-	-
Financial investments	7,593	7,593	-	-	-	-
Accrued income and prepaid expenses	278	278	-	-	-	-
Non-consolidated participations	650	650	-	-	-	-
Tangible fixed assets	2,803	2,803	-	-	-	-
Intangible assets	372	-	-	-	-	372
Other assets	852	852	-	-	-	-
TOTAL ASSETS	**227,728**	**221,300**	**2,177**	**-**	**3,879**	**372**
LIABILITIES						
Amounts due to banks	12,603	-	-	-	-	12,603
Liabilities from securities financing transactions	2,201	-	-	-	-	2,201
Amounts due in respect of customer deposits	164,085	-	-	-	-	164,085
Trading portfolio liabilities	134	-	-	-	134	-
Negative replacement values of derivative financial instruments	1,692	-	1,692	-	-	-
Liabilities from other financial instruments at fair value	2,580	-	-	-	-	2,580
Cash bonds	836	-	-	-	-	836
Bond issues and central mortgage institution loans	25,939	-	-	-	-	25,939
Accrued expenses and deferred income	851	-	-	-	-	851
Other liabilities	160	-	-	-	-	160
Provisions	949	-	-	-	-	949
TOTAL LIABILITIES	**212,028**	**-**	**1,692**	**-**	**134**	**210,202**

1 The Raiffeisen Group's scope of consolidation for accounting purposes is identical to that for regulatory purposes.

2 Raiffeisen has not listed foreign currency and precious metal exposures in the "market risk" column in order to make the presentation easier to understand. Table LI2 lists the capital adequacy requirements for these items.

LI2: Main sources of differences between regulatory exposure amounts and carrying values in financial statements

	in CHF million	Reporting period				
		a	b	c	d	e
		Total	Positions under:			
			Credit risk regulation	Securitisation regulation	Counterparty credit risk regulation	Market risk regulation
1	Asset carrying value amount under scope of regulatory consolidation (as per table LI1)	227,356	221,300	-	2,177	3,879
2	Liabilities carrying value amount under regulatory scope of consolidation (as per table LI1)	1,825	-	-	1,692	134
3	Total net amount under regulatory scope of consolidation	225,531	221,300	-	486	3,745
4	Off-balance sheet amounts[1]	4,095	3,393	-	702	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7	Differences due to consideration of provisions	-21	-21	-	-	-
8	Differences due to prudential filters	-	-	-	-	-
9	Other differences	-740	-275	-	171	-635
10	Exposure amounts considered for regulatory purposes	228,865	224,396	-	1,359	3,110

1 Off-balance-sheet original exposure in column (a) and the amounts after application of the credit conversion factors in columns (b) to (e).

LIA: Explanation of differences between accounting and regulatory exposure amounts

- Credit risk regulation: Different treatment of value adjustments and provisions as well as different treatments within the capital adequacy rules
- Counterparty credit risks: Different treatment of netting rules for derivatives, repo transactions and repo-like transactions
- Market risk regulation: Different treatment within the standard approach for market risks due to different requirement factors

CRA: Credit risk - general information

Risk policy
Risk management systems are based on statutory provisions and the regulations governing risk policy for the Raiffeisen Group ("risk policy" for short). The risk policy is reviewed and updated annually. Raiffeisen Switzerland views entering into risks as one of its core competences. Risks are only entered into with full knowledge of their extent and dynamics, and only when the requirements in terms of systems, staff resources and expertise are met. The risk policy aims to limit the negative impact of risks on earnings and protect Raiffeisen Switzerland against high exceptional losses while safeguarding and strengthening its good reputation. Raiffeisen Switzerland's risk management is organised using the three-lines-of-defence model: Risks are managed by the responsible line units (first line). Group Risk Controlling ensures that the risk policy is observed and enforced, and the Compliance unit ensures that regulatory provisions are adhered to (second line). Internal Auditing ensures the independent review of the risk management framework (third line).

Risk control
The Raiffeisen Group controls the key risk categories using special processes and overall limits. Risks that are difficult to quantify are limited by qualitative stipulations. Risk control is completed by independent monitoring of the risk profile.

Group Risk Controlling is responsible for the independent monitoring of risk. This primarily involves monitoring compliance with the limits stipulated by the Board of Directors and the Executive Board. Group Risk Controlling also regularly evaluates the risk situation as part of the reporting process.

Notenstein La Roche Private Bank Ltd conducts risk control activities of its own – within overall limits defined by the Board of Directors and the Executive Board of Raiffeisen Switzerland – which are separate from the risk control activities of the risk-taking units. Raiffeisen Switzerland monitors the risk controls and risk exposure of its subsidiaries and ensures that Raiffeisen Switzerland's Board of Directors receives integrated risk reports that include Notenstein La Roche Private Bank Ltd. Raiffeisen Switzerland is under contract to control risks for ARIZON Sourcing Ltd. The Investnet Group is monitored based on its assigned risk control level. Raiffeisen Switzerland monitors the minimum risk management requirements. There is a periodic exchange with the risk control owner.

Risk management process
The risk management process is valid for all risk categories, namely for credit, market and operational risks. It incorporates the following elements:

- Risk identification
- Risk measurement and assessment
- Risk management
- Risk limitation, through the setting of appropriate limits
- Risk monitoring

Raiffeisen Group's risk management systems aim to:

- ensure that effective controls are in place at all levels and to guarantee that any risks entered into are in line with accepted levels of risk tolerance;
- create the conditions for entering into and systematically managing risks in a deliberate, targeted and controlled manner;
- make the best possible use of risk appetite, i.e. ensure that risks are only entered into if they offer suitable return potential.

Credit risk

The business units of the Raiffeisen banks and Raiffeisen Switzerland manage their credit risk autonomously, though still in accordance with Group-wide standards. The standards may be different for Notenstein La Roche Private Bank Ltd, which enters into commitments that are immaterial to the Group's risk situation.

Credit risks are defined in the risk policy as the risk of losses caused by clients or other counterparties failing to fulfil or render contractual payments as anticipated. Credit risks are inherent in loans, irrevocable credit commitments, contingent liabilities and trading products, such as OTC derivatives. Risks also accrue from taking on long-term equity exposures that may involve losses when the issuer defaults.

The Raiffeisen Group identifies, assesses, manages and monitors the following risks in its lending activities:

- Counterparty risk
- Collateral risk
- Concentration risk
- Country risk

Counterparty risks accrue from the potential default of a debtor or counterparty. A debtor or counterparty is considered to be in default when receivables are overdue or at risk.

Collateral risks accrue from impairments in the value of collateral.

Concentration risks in credit portfolios arise from the uneven distribution of credit receivables from individual borrowers or in individual coverage categories, industries or geographic areas.

Country risk is the risk of losses caused by country-specific events.

Retail banking in Switzerland is the Raiffeisen Group's core business. In order to broaden the earnings base, spread risks more widely and cover client needs more comprehensively, the Raiffeisen Group aims to diversify its business areas based on its core business. In particular, it plans to cultivate the investment and corporate client business more intensively.

Raiffeisen banks are chiefly exposed to counterparty, collateral and concentration risks. The majority of these risks result from loans granted to private or corporate clients. Corporate clients are mainly small and medium-sized companies that operate within the business areas of Raiffeisen banks. Credit risks are limited primarily by securing the underlying claims. This notwithstanding, creditworthiness and solvency are key prerequisites for the granting of loans. The Articles of Association of Raiffeisen banks stipulate limits for the acceptance of credit risks arising from uncovered transactions; uncovered loans to private clients are generally not possible and require the approval of Raiffeisen Switzerland. Loans to corporate clients over CHF 250,000 must be hedged with Raiffeisen Switzerland.

Like the Raiffeisen banks, the Raiffeisen Switzerland branches primarily incur counterparty, collateral and concentration risks. These branches are part of the Branches & Regions department and extend credit to private and corporate clients.

In general, the Corporate Clients department is the instance that grants larger loans to corporate clients. When the credit being increased or newly extended exceeds CHF 75 million on a risk-weighted basis, the CRO (Chief Risk Officer) issues an assessment. The CRO's assessment focuses on the concentration risk and any change in the value at risk.

The Group-wide responsibilities of the Central Bank department involve managing both domestic and international counterparty risks. These risks occur in transactions such as wholesale funding in the money and capital markets, as well as the hedging of currency, fluctuating interest rate and proprietary trading risks. The Central Bank department may only conduct international transactions when country-specific limits have been approved and established.

Notenstein La Roche Private Bank Ltd has its own access to the market and manages its banking and country risks as part of the Group's centralised limit management.

New financing transactions of KMU Capital AG are reviewed by KMU Capital AG's Investment Committee. The Investment Committee consists of six members, with Raiffeisen Switzerland providing two representatives.

Pursuant to the Articles of Association, commitments abroad may not exceed 5% of the consolidated Raiffeisen Group balance sheet total.

Internal and external ratings are used as a basis for approving and monitoring business with other commercial banks. Off-balance-sheet transactions, such as derivative financial instruments, are converted to their respective credit equivalent. The Raiffeisen Group concluded a Swiss master agreement for OTC derivative instruments with most of the Central Bank counterparties whose OTC transactions are not cleared centrally, as well as a credit support appendix for variation margins. Credit support is exchanged by transferring the margin requirement, which is calculated daily. These OTC commitments are managed and monitored on a net basis.

Raiffeisen Switzerland invests in other companies as part of strategic cooperation partnerships. Details are provided in note 7 of the information on the balance sheet.

Creditworthiness and solvency are assessed on the basis of compulsory Group-wide standards. Sufficient creditworthiness and the ability to maintain payments must be proven before any loan is approved. Loans to private individuals, legal entities and investment property financing are classified according to internally developed rating models and subject to risk monitoring based on the resulting classification. Clients' creditworthiness is defined based on eleven risk categories and two default categories. This system has proven its worth as a means of dealing with the essential elements of credit risk management, i.e. risk-adjusted pricing, portfolio management, identification and provisions. Specialist teams at Raiffeisen Switzerland are available to provide assistance for more complex financing arrangements and the management of recovery positions.

Raiffeisen Switzerland monitors, controls and manages risk concentrations within the Group, especially for individual counterparties, groups of affiliated counterparties, sectors and collateral. The process of identifying and consolidating affiliated counterparties is largely automated across the entire Raiffeisen Group. Raiffeisen Switzerland monitors the credit portfolio across the Group, evaluating the portfolio structure and ensuring proper credit portfolio reporting. An annual credit portfolio report provides responsible decision-makers with information on the economic environment, the structure of the credit portfolio and developments during the period under review. The report contains an assessment of credit portfolio risk and identifies any need for action.

Evaluating the portfolio structure involves analysing the distribution of the portfolio according to a range of structural characteristics, including, without limitation, category of borrower, type of loan, size of loan, counterparty rating, sector, collateral, geographical features and value adjustments. The Executive Board and the Board of Directors of Raiffeisen Switzerland receive a quarterly risk report detailing the risk situation, risk exposure, limit utilisation and changes in exception-to-policy loans. In addition to standard credit portfolio reporting, Group Risk Controlling also conducts ad hoc risk analyses where required. Monitoring and reporting form the basis for portfolio-controlling measures, with the main focus being on controlling new business via lending policy.

Effective tools have been implemented to proactively avoid concentrations within the entire Raiffeisen Group. Sector-specific limits have been established. Measures are defined and taken if these limits are reached or exceeded.

Raiffeisen uses the international standardised approach (SA-BIS) to calculate the capital adequacy requirements for credit risks.

CR1: Credit risk - credit quality of assets

	in CHF million	Reporting period			
		a	b	c	d
		Gross carrying values		Allowances / impairments	Net values
		Defaulted exposures [1]	Non-defaulted exposures		
1	Loans (excluding debt securities)	1,040	187,603	208	188,435
2	Debt securities	-	7,469	-	7,469
3	Off-balance sheet exposures	3	9,693	14	9,681
4	**TOTAL Reporting Period**	**1,042**	**204,764**	**222**	**205,585**

1 An exposure is considered 'defaulted' when it is classified as either 'impaired' or 'past due' as defined by financial reporting rules.

CR2: Credit risk - changes in stock of defaulted loans and debt securities

	in CHF million	Reporting period
		a
1	Defaulted loans and debt securities at end of the previous reporting period [1]	
2	Loans and debt securities that have defaulted since the last reporting period	
3	Returned to non-defaulted status	
4	Amounts written off [2]	
5	Other changes [3]	
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4+5)	1,042

1 The table only shows the value as of 31 December 2017 because it is being published for the first time, in keeping with margin no. 62 of FINMA Circular 2016/01.

CRB: Credit risk - additional disclosure related to the credit quality of assets

The definitions of impaired and past due receivables are analogous to the definitions provided in the financial reporting rules.

Receivables are deemed to be impaired where the bank believes it improbable that the borrower will be able to completely fulfil his/her contractual obligations. Receivables are past due if they have not been paid in full more than 90 days after their due date.

Impairments are identified during the client management process based on client information, financial statement analyses and overrun lists. Clients with outstanding interest or principal payments, overdrawn accounts, credit limit violations or insufficient collateral lasting more than 60 days are additionally monitored by means of an early warning list that is automatically generated every day. The client is deemed to be in default if these issues have not been resolved by the 90th day.

Raiffeisen does not use any definitions of its own for restructured exposures. Internal risk management relies entirely on the default definition.

Breakdown of exposures by geographical area

	in CHF million	Geographical area				
		Switzerland	Great Britan	Germany	Others	Total
1	Loans (excluding debt securities)	184,218	1,931	679	1,814	188,643
2	Debt securities	6,457	62	215	734	7,469
3	Off-balance sheet exposures	9,679	1	4	10	9,695
4	**TOTAL Reporting Period**	**200,355**	**1,995**	**898**	**2,558**	**205,807**

Breakdown of exposures by industry

	in CHF million	Industry							
		Central governments and Central banks	Institutions	Banks and Stockbrokers	Enterprises	Retail	Equity	Other exposures	Total
1	Loans (excluding debt securities)	40	3,400	7,876	3,498	173,829	-	0	188,643
2	Debt securities	587	1,282	391	5,209	-	-	-	7,469
3	Off-balance sheet exposures	9	1,355	296	1,307	6,727	-	-	9,695
4	**TOTAL Reporting Period**	**636**	**6,037**	**8,564**	**10,014**	**180,556**	**-**	**0**	**205,807**
	Defaulted exposures	**-**	**12**	**-**	**33**	**997**	**-**	**-**	**1,042**
	thereof impaired exposures	-	-		32	746	-	-	778
	thereof not impaired exposures	-	12		1	252	-	-	265
	Value adjustments for defaulted exposures	-	-	-	7	214	-	-	222

Breakdown of exposures by residual maturity

	in CHF million	Residual maturity							
		At sight	Cancellable	Due					Total
				Within 3 months	Within 3 to 12 months	After 12 months and within 5 years	After 5 years	No maturity	
1	Loans (excluding debt securities)	1,102	8,909	15,628	18,261	100,194	44,548	-	188,643
2	Debt securities	59	-	213	282	2,815	4,100	-	7,468
3	Off-balance sheet exposures	5,260	11	708	1,006	2,639	73	-	9,695
4	**TOTAL Reporting Period**	**6,421**	**8,920**	**16,549**	**19,548**	**105,648**	**48,721**	**-**	**205,807**
	Receivables past due	**192**	**-**	**14**	**59**	**198**	**63**	**-**	**525**
	thereof past due not impaired receivables	24	-	5	31	123	47	-	230
	thereof past due and impaired receivables	168	-	9	28	75	15	-	295

CRC: Credit risk - qualitative disclosure requirements related to mitigation techniques

Raiffeisen uses the simple approach to risk mitigation defined in Art. 62 (1) (a) of the Swiss Capital Adequacy Ordinance (CAO); pledged cash collateral makes up the largest share of the capital recognised for regulatory capital adequacy purposes. Contractual netting, as defined in Art. 61 (1) (a) of the CAO, is applied to financial securities from Pfandbriefbank schweizerischer Hypothekarinstitute AG, Zurich in an amount equal to the nettable central mortgage institution loans. No other on-balance-sheet or off-balance-sheet netting is used.

Raiffeisen uses a conservative value-at-risk method and a portfolio model based on this method in order to measure credit portfolio risks for internal purposes. Particular attention is paid to potential concentration risks.

CR3: Credit risk - overview of mitigation techniques

in CHF million	a	b	c	d	e	f	g
	Exposures unsecured: carrying amounts	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
Loans [1]	35,486	175,395	162,993	282	230	-	-
Debt securities	5,564	1,905	1,905	-	-	-	-
Off-balance sheet	3,644	6,052	5,749	39	39	-	-
TOTAL	**44,694**	**183,352**	**170,647**	**321**	**269**	**-**	**-**
Of which defaulted	112	931	822	8	8	-	-

1 Loans according to the regulatory disclosure definitions

CRD: Credit risk - qualitative disclosures of banks' use of external credit ratings under the standardised approach

External issuer/issue ratings from three FINMA-recognised rating agencies are used for central governments and central banks, public-sector entities, banks and securities dealers, as well as companies.

Issuer/issue ratings from an export insurance agency are used for central governments; however, rating agency ratings take precedence over ratings issued by the export insurance agency.

No changes were made to the rating agencies or export insurance agencies used in the current year.

Positions for which external ratings are used are found chiefly under the following balance sheet items:

- Amounts due from banks
- Amounts due from customers and mortgage loans
- Financial investments
- Positive replacement value

CR4: Credit risk - exposure and credit risk mitigation (CRM) effects under the standardised approach

	in CHF million	a	b	Carrying values	d	e	f
		Exposures before CCF and CRM		Exposures post-CCF and CRM			
	Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Sovereigns and their central banks	1,339	9	1,374	3	1	0.1%
2	Banks and securities traders	8,750	296	8,856	178	701	7.8%
3	Public-sector entities and multilateral developments banks	4,688	1,355	4,829	622	2,237	41.0%
4	Corporate	8,891	1,307	8,889	716	4,550	47.4%
5	Retail	173,926	6,727	173,452	1,874	75,061	42.8%
6	Equity securities	231	-	231	-	308	133.1%
7	Other assets [1]	23,366	-	23,372	0	2,844	12.2%
8	**TOTAL**	**221,191**	**9,695**	**221,003**	**3,393**	**85,701**	**38.2%**

1 The 'other assets' line includes the balance sheet item 'liquid assets' amounting to CHF 20.5 billion and non-counterparty risks.

CR5: Credit risk - exposures by exposure category and risk weights under the standardised approach

	(in 1,000 CHF)	a	b	c	d	e
	Asset classes / Risk weight	**0%**	**10%**	**20%**	**35%**	**50%**
1	Sovereigns and their central banks	1,340	-	0	-	1
2	Banks and securities traders	6,376	-	2,014	-	469
3	Public-sector entities and multilateral developments banks	100	-	1,960	436	2,410
4	Corporate	59	-	5,090	683	85
5	Retail	1	-	-	146,593	-
6	Equity securities	23	-	-	-	-
7	Other assets [1]	20,523	-	-	-	-
8	**TOTAL**	**28,423**	**-**	**9,064**	**147,713**	**2,964**
9	Thereof receivables secured by real estate	-	-	-	147,713	-
10	Thereof receivables past due	-	-	-	-	-

1 The 'other assets' line includes the balance sheet item 'liquid assets' amounting to CHF 20.5 billion and non-counterparty risks.

	in CHF million	f	g	h	i	j
	Asset classes / Risk weight	**75%**	**100%**	**150%**	**Andere**	**Total der Kreditrisiko-positionen nach CCF und CRM**
1	Sovereigns and their central banks	2	34	0	-	1,377
2	Banks and securities traders	45	128	1	-	9,033
3	Public-sector entities and multilateral developments banks	35	495	14	-	5,450
4	Corporate	38	3,634	17	-	9,605
5	Retail	18,325	10,250	157	-	175,326
6	Equity securities	-	8	200	-	231
7	Other assets [1]	2	2,847	-	-	23,373
8	**TOTAL**	**18,447**	**17,395**	**389**	**-**	**224,396**
9	Thereof receivables secured by real estate	5,174	8,639	-	-	161,526
10	Thereof receivables past due	-	365	181	-	547

1 The 'other assets' line includes the balance sheet item 'liquid assets' amounting to CHF 20.5 billion and non-counterparty risks.

CCRA: Counterparty credit risk - qualitative disclosure

The entire Raiffeisen Group's risk tolerance is set during annual risk budgeting in conjunction with financial and capital planning. Risk tolerance is based on risk utilization levels approved by the independent risk control unit and mapped out in the business plans of the business and legal units as well as on the associated limits. The limits aim to manage risk-taking and keep it to a sustainable level. Risk tolerance is checked against realistic and pessimistic scenarios that have been aligned with the capital planning assumptions, is additionally tested for medium-term sustainability through independent stress tests that assume full limit utilization, and is then adjusted as needed.

Raiffeisen is exposed to counterparty credit risks in derivative, repo and repo-like transactions. Raiffeisen uses the current exposure method to calculate capital adequacy requirements for derivative transactions.

The Raiffeisen Group concluded a Swiss master agreement for OTC derivative instruments with most of the Central Bank counterparties whose OTC transactions are not cleared centrally, as well as a credit support appendix for variation margins. Credit support is exchanged by transferring the margin requirement, which is calculated daily. These OTC commitments are managed and monitored on a net basis.

Raiffeisen uses the simple approach defined in Art. 62 (1) (a) of the CAO in connection with risk mitigation. Guarantees are not treated as risk-mitigating measures for counterparty credit risks. Hedging transactions for interest rate risks are increasingly being cleared through Eurex Clearing AG, a qualifying central counterparty (QCCP). The limits in this context are also established as described above. Capital requirements for repo and repo-like transactions are calculated in accordance with margin nos. 250ff of FINMA Circular 2017/7 (Credit risk - banks).

CCR1: Counterparty credit risk - analysis by approach

	in CHF million	Reporting period					
		a	b	c	d	e	f
		Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	SA-CCR (for derivatives)[1]	360	708			1,068	335
2	Internal Model Method (for derivatives and SFTs)			-	-	-	-
3	Simple Approach for credit risk mitigation (for SFTs)					0	0
4	Comprehensive Approach for credit risk mitigation (for SFTs)					-	-
5	VaR for SFTs					-	-
6	**TOTAL**					**1,068**	**335**

1 The current exposure method is used to measure the counterparty credit risk of derivative transactions for the purposes of determining capital adequacy requirements.

CCR2: Counterparty credit risk - credit valuation adjustment (CVA) capital charge

	in CHF million	a	b	a	b
		EAD post CRM	RWA	EAD post CRM	RWA
		Reporting period	Reporting period	Prior period	Prior period
	Total portfolios subject to the Advanced CVA capital charge	-	-	-	-
1	VaR component (including the 3×multiplier)	-	-	-	-
2	Stressed VaR component (including the 3×multiplier)	-	-	-	-
3	All portfolios subject to the Standardised CVA capital charge	553	155	403	110
4	**Total subject to the CVA capital charge**	**553**	**155**	**403**	**110**

CCR3: Counterparty credit risk - standardised approach to CCR exposures by exposure category and risk weights

	in CHF million	Reporting period								
		a	b	c	d	e	f	g	h	i
		0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure
1	Sovereigns and their central banks	4	-	-	-	-	-	-	-	4
2	Banks and securities traders	-	-	659	603	-	-	-	-	1,262
3	Public-sector entities and multilateral developments banks	-	-	-	-	-	0	-	-	0
4	Corporates	-	-	0	-	-	66	-	-	66
5	Retail	-	-	-	-	1	25	-	-	26
6	Equity securities	-	-	-	-	-	-	-	-	-
7	Other assets	-	-	-	-	-	-	-	-	-
8	**TOTAL**	**4**	**-**	**659**	**603**	**1**	**92**	**-**	**-**	**1,359**

CCR5: Counterparty credit risk - composition of collateral for CCR exposure

in CHF million	a	b	c	d	e	f
	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated [1]	Unsegregated	Segregated [1]	Unsegregated		
Cash – domestic currency (CHF)	149	-	321	-	-	-
Cash – other currencies	120	-	95	-	-	-
Domestic sovereign debt	-	-	-	-	0	266
Other sovereign debt	120	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	43	1,631
Equity securities	-	-	-	-	-	-
Other collateral	119	-	239	-	8	331
TOTAL	**508**	**-**	**655**	**-**	**52**	**2,228**

1 Segregated refers to collateral which is held in a bankruptcy-remote manner.

CCR6: Counterparty credit risk - credit derivatives exposures[1]

in CHF million	a	b	a	b
	Protection bought	Protection sold	Protection bought	Protection sold
	Reporting period	Reporting period	Prior period	Prior period
Notionals				
Single-name credit default swaps	-	-	-	-
Index credit default swaps	528	313	366	162
Total return swaps	-	-	-	-
Credit options	-	-	-	-
Other credit derivatives	-	-	-	-
TOTAL NOTIONALS	**528**	**313**	**366**	**162**
Fair values	**527**	**311**	**363**	**160**
Positive replacement values (assets)	17	8	7	5
Negative replacement values (liabilities)	-17	-9	-9	-6

1 Credit derivatives are used to hedge the structured products issued by Raiffeisen.

CCR8: Counterparty credit risk - exposures to central counterparties

	in CHF million	a	b	a	b
		EAD post CRM Reporting Period	RWA Reporting Period	EAD post CRM Prior Period	RWA Prior Period
1	Exposures to QCCPs[1] (total)	403	41	285	24
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions)	261	5	171	3
3	of which OTC derivatives	-	-	-	-
4	of which exchange-traded derivatives	-	-	-	-
5	of which securities financing transactions	-	-	-	-
6	of which netting sets where cross-product netting has been approved	261	5	171	3
7	Segregated initial margin	112	-	96	-
8	Non-segregated initial margin	-	-	-	-
9	Pre-funded default fund contributions	10	36	6	21
10	Unfunded default fund contributions	20	-	13	-
11	Exposures to non-QCCPs (total)[2]	-	-	-	-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions)	-	-	-	-
13	of which OTC derivatives	-	-	-	-
14	of which Exchange-traded derivatives	-	-	-	-
15	of which securities financing transactions	-	-	-	-
16	of which netting sets where cross-product netting has been approved	-	-	-	-
17	Segregated initial margin	-	-	-	-
18	Non-segregated initial margin	-	-	-	-
19	Pre-funded default fund contributions	-	-	-	-
20	Unfunded default fund contributions	-	-	-	-

1 Raiffeisen clears certain derivative transactions centrally through Eurex Clearing AG.

2 It does not have any exposures to non-qualifying counterparties.

MRA: Market risk - qualitative disclosure requirements

The Raiffeisen Group takes a cautious and selective approach to risk, within a framework of clearly defined guidelines. In so doing, it takes care to strike the correct balance between risk and return, actively controlling the risks it enters into.

The Raiffeisen Group's risk management is a Group-wide, uniform and binding process comprising identification, measurement, evaluation, management, limitation, monitoring and reporting. Raiffeisen Group's risk management systems aim to:

- ensure that effective controls are in place at all levels and to guarantee that any risks entered into are in line with accepted levels of risk tolerance
- create the conditions for entering into and systematically managing risks in a deliberate, targeted and controlled manner
- make the best possible use of risk tolerance, in other words to ensure that risks are only entered into if they offer suitable return potential

Risk management is organised based on the three-lines-of-defence model. Overall risk and limits are monitored independently by the risk-managing units. Effective risk control ensures that the predefined processes and thresholds are adhered to.

Of the entities within the Raiffeisen Group, the Central Bank of Raiffeisen Switzerland and Notenstein La Roche Private Bank run a trading book. Trading risks are strategically limited by using global limits. Risks are operationally limited by sensitivity and loss limits and by value-at-risk limits.

All traded products are depicted and assessed in a trading and risk management system. This enables trading book risks to be efficiently and effectively assessed, managed and controlled and provides the ratios for monitoring all positions and market risks. Group Risk Controlling monitors trading risks on a daily basis, using market data and risk parameters that are independent of the trading area. Before new products are rolled out, Group Risk Controlling performs an independent evaluation of the risks.

The Trading unit, which is part of the Central Bank department, is responsible for managing the Central Bank trading book. Neither the Raiffeisen banks nor the branches of Raiffeisen Switzerland keep a trading book. The Central Bank trades in interest rates, currencies, equities and banknotes/precious metals. It must strictly adhere to the value-at-risk, sensitivity, position and loss limits set by the Board of Directors and the Executive Board, which Group Risk Controlling monitors on a daily basis. In addition, Group Risk Controlling conducts daily plausibility checks on the income achieved from trading and conducts daily reviews of the valuation parameters used to produce profit and loss figures for trading. Trading in derivative financial instruments is subject to risk limits and is closely monitored.

The Board of Directors of Notenstein La Roche Private Bank Ltd defines the limits for the trading and banking book based on the overall limit assigned by the Board of Directors of Raiffeisen Switzerland. Notenstein La Roche Private Bank Ltd's Treasury is responsible for managing the trading and banking book within the defined limits. Notenstein La Roche Private Bank Ltd's Financial Risk Controlling department monitors compliance with these limits in its capacity as an independent supervisory body.

Compliance with value-at-risk, sensitivity, position and loss limits and the assessment of the risk situation by Group Risk Controlling are primarily communicated via four reports:

- Daily trading limit report to the responsible Executive Board members
- Weekly interest rate risk report to responsible Executive Board members in line with FINMA Circular 2017/1
- Monthly risk report to the Head of the Finance department who then decides whether the monthly risk report should be presented to the entire Executive Board
- Quarterly risk report to the Board of Directors

Group Risk Controlling communicates any breaches of market risk limits set by the Board of Directors and Executive Board on an ad hoc basis within the scope of the respective risk reports.

The capital adequacy requirements for market risk are calculated using the standard approach under supervisory law. Within this framework, the duration method is applied for general market risk with regard to interest rate instruments, and the delta-plus approach is used for capital adequacy requirements for options.

MR1: Market risk - minimum capital requirements under standardised approach

	in CHF million	a	a
		RWA	RWA
		Reporting period	Prior period
	Outright products		
1	Interest rate risk (general and specific)	2,010	1,802
2	Equity risk (general and specific)	506	262
3	Foreign exchange risk	134	73
4	Commodity risk	444	229
	Options		
5	Simplified approach	-	-
6	Delta-plus method	16	1
7	Scenario approach	-	-
8	**Securitisation**	**-**	**-**
9	**TOTAL**	**3,110**	**2,366**

Qualitative disclosure requirements related to operational risks

At Raiffeisen, operational risks mean the danger of losses arising as a result of the unsuitability or failure of internal procedures, people or systems, or as a result of external events. They also include risks relating to cyber-attacks and information security in general. This includes not only the financial impacts, but also the reputational and compliance consequences.

Operational risk tolerance is defined using value-at-risk limits or stop-loss limits and frequencies of occurrence. Risk tolerance is approved annually by the Board of Directors. Group Risk Controlling monitors compliance with risk tolerance. If one of the defined limits or a threshold is exceeded, suitable action is defined and taken.

Each functional department within the Raiffeisen Group is responsible for identifying, assessing, managing and monitoring operational risk arising from its own activities. Group Risk Controlling is responsible for maintaining the Group-wide inventory of operational risks and for analysing and evaluating operational risk data. Risk identification is supported by capturing and analysing operational events. Group Risk Controlling is also in charge of the concepts, methods and instruments used to manage operational risks, and it monitors the risk situation. In specific risk assessments, operational risks are identified, categorised by cause and impact, and evaluated according to the probability of occurrence and the extent of losses. The risk register is updated dynamically. Risk reduction measures are defined and their implementation is monitored by the line units. Emergency and catastrophe planning measures for mission-critical processes are in place.

The results of the risk assessments, key risk indicators (KRIs), significant internal operational risk events and relevant external events are reported quarterly to both Raiffeisen Switzerland's Executive Board and Board of Directors. Value-at-risk limit violations are escalated to the Board of Directors of Raiffeisen Switzerland.

In addition to the standard risk management process, Group Risk Controlling conducts ad hoc risk analyses where required, analyses any loss events that arise and maintains close links with other organisational units that, as a result of their function, come into contact with information on operational risks within the Raiffeisen Group.

The Raiffeisen banks analyse their operational risk situation through assessments at least once a year. These analyses are approved by the Board of Directors of each bank and forwarded to Group Risk Controlling.

Group Risk Controlling monitors the operational risks of ARIZON Sourcing Ltd pursuant to a contract. Notenstein La Roche Private Bank Ltd has its own OpRisk team. The CRO of Notenstein has a dotted line reporting relationship with the CRO of the Raiffeisen Group.

Raiffeisen uses the basic indicator approach to calculate capital adequacy requirements for operational risks.

Interest risk in the banking book

Since assets and liabilities are subject to different interest rates, fluctuations in market interest rates can have a considerable impact on the Raiffeisen Group's interest income and shareholder value. Interest rate sensitivity and value at risk are calculated to assess the assumed interest rate risk on the net present value of the equity capital. The impact on profitability is assessed using dynamic income simulations. To measure mark-to-market risk, a gap analysis is performed using all balance-sheet and off-balance-sheet items along with their contractually fixed interest rates. Loans and deposits with non-fixed interest rates and capital commitment periods are replicated on the basis of historical experience. No specific assumptions are made for premature loan repayments because early repayment penalties are generally charged. Risk associated with fluctuating interest rates is managed on a decentralised basis in the responsible units. Interest rate risks are hedged using established instruments. The Treasury of Raiffeisen Switzerland's Central Bank department is the binding counterparty concerning wholesale funding and hedging transactions for the entire Group, with the exception of Notenstein La Roche Private Bank Ltd, which accesses the market directly. The responsible members of staff are required to adhere strictly to the limits set by the Board of Directors. Group Risk Controlling monitors compliance with interest risk limits and prepares associated quarterly reports, while also assessing the Raiffeisen Group's risk situation. Monitoring and reporting is conducted more frequently for individual units.

in CHF million	**31.12.2017**	**31.12.2016**	**31.12.2015**	**31.12.2014**	**31.12.2013**
Sensitivity (+100bp-Shift)	1,644	1,561	1,673	1,351	1,538
Value at Risk (99,9%)	1,627	1,458	1,703	1,376	1,541

Presentation of material features of regulatory capital instruments

Cooperative share certificates

1	Issuer	All Raiffeisen banks
2	Identification	-
3	Law applicable to the instrument	Swiss law
4	Taken into account under Basel lll transitional arrangements	CET1 capital
5	Taken into account after the Basel lll transitional phase	CET1 capital
6	Level of eligibility	Eligible at the level of individual Raiffeisen banks and at the level of the Raiffeisen Group
7	Product	Share certificate
8	Amount attributable to regulatory equity capital (according to latest statement of equity capital)	CHF 1,957,395,500
9	Par value	CHF 1,957,395,500
10	Balance sheet item according to financial statement	Cooperative capital
11	Original issue date	Various
12	Repayment date	Perpetual
13	Original maturity date	-
14	Premature repayment	The share certificates do not have a fixed maturity period.
15	Selectable redemption date / repayment amount	Exiting cooperative members or their heirs are entitled to repayment of the intrinsic value or nominal value of the share certificate, whichever is lower. The repayment may only be made after the approval of the annual report covering the fourth financial year after the membership is dissolved, unless the member pays in the same amount for new share certificates.
16	Subsequent redemption dates	-
17	Interest calculation type	Coupon according to the resolution of the general meeting
18	Nominal coupon	Interest rates may not exceed 6% gross; however, there is no right to receive the maximum interest rate.
19	Suspension of interest payment	If the general meeting decides not to pay interest in any given financial year, the right to receive interest will lapse and not be carried over to the next financial year. This applies accordingly to a reduction in the interest rate in any given financial year.
20	Interest calculation	Interest payments are defined each year by the supreme governing body of the Raiffeisen bank, which is the general meeting as a rule.
21	Repayment incentive for the issuer	-
22	Accumulation coupons	Not cumulative
23	Convertibility	Not convertible
30	Write-down	-
31	Trigger for the write-down	-
32	Scope of the write-down	-
34	Entitlement to write-up if financial situation improves	-
35	Position in the ranking order in the event of liquidation (higher-ranking instrument)	Subordinated to the Additional Tier-1 Bond 2015
36	Attributes that prevent full recognition under Basel lll	The cooperative share certificates qualify as common equity Tier 1 under CAO Art. 21 - 26.

Perpetual subordinated AT-1 bond 2015

1	Issuer	Raiffeisen Switzerland Cooperative, St. Gallen
2	Identification	CH0272748754
3	Law applicable to the instrument	Swiss law
4	Taken into account under Basel lll transitional arrangements	Additional Tier 1 capital
5	Taken into account after the Basel lll transitional phase	Additional Tier 1 capital
6	Level of eligibility	Eligible at the level of Raiffeisen Switzerland and at the level of the Raiffeisen Group
7	Product	Perpetual subordinated bond
8	Amount attributable to regulatory equity capital (according to latest statement of equity capital)	CHF 589,925,000
9	Par value	CHF 600,000,000
10	Balance sheet item according to financial statement	Bonds and Pfandbriefdarlehen
11	Original issue date	2 April 2015
12	Repayment date	Perpetual
13	Original maturity date	-
14	Premature repayment	The bond has no fixed maturity and is not redeemable by the Bondholders under any circumstances. With the exception of the following, repayment of this bond is not possible.
15	Selectable redemption date / repayment amount	With the approval of the Swiss Financial Market Supervisory Authority (FINMA), Raiffeisen Switzerland is entitled to redeem the bond on 2 Octobre 2020 or the same date in each of the subsequent years. The bond may also be redeemed if it no longer qualifies as additional core capital.
16	Subsequent redemption dates	-
17	Interest calculation type	Fixed coupon for periods of 5 years in each case
18	Nominal coupon	3.00% p.a. for the first 5 years until maturity as of 2 October 2020. The interest rate for the next 5 years is thereafter calculated as the sum total of the then valid swap rate (at least zero percent) and the margin of 3.00%.
19	Suspension of interest payment	Interest payments are only made if distributable reserves are available to Raiffeisen Switzerland. If required by the financial situation of Raiffeisen Switzerland, all or some of the interest payment may not be made. If no interest is paid in a specific year, the issuer shall not pay any interest on either the cooperative shares or any other distributions of the income to its cooperative members.
20	Interest calculation	The interest is fixed for 5-year periods in each case.
21	Repayment incentive for the issuer	-
22	Accumulation coupons	Not cumulative
23	Convertibility	Not convertible
30	Write-down	A write-down is possible in the following situations:
31	Trigger for the write-down	The Raiffeisen Group falls below a "hard" core capital ratio of 7.0% Raiffeisen Switzerland requires assistance from the public sector, either for itself or for the Raiffeisen Group The Swiss Financial Market Supervisory Authority (FINMA) orders a write-down as a protective measure if Raiffeisen Switzerland is faced with insolvency
32	Scope of the write-down	A full or partial write-down is possible.
34	Entitlement to write-up if financial situation improves	No entitlement if the financial situation of Raiffeisen Switzerland improves
35	Position in the ranking order in the event of liquidation (higher-ranking instrument)	Subordinated to the Additional Tier-1 Bond 2013
36	Attributes that prevent full recognition under Basel lll	This bond qualifies as additional core capital (additional Tier 1 capital) under CAO Art. 27 - 29.

Perpetual subordinated AT-1 bond 2013

1	Issuer	Raiffeisen Switzerland Cooperative, St. Gallen
2	Identification	CH0210638497
3	Law applicable to the instrument	Swiss law
4	Taken into account under Basel lll transitional arrangements	Additional Tier 1 capital
5	Taken into account after the Basel lll transitional phase	Additional Tier 1 capital
6	Level of eligibility	Eligible at the level of Raiffeisen Switzerland and at the level of the Raiffeisen Group
7	Product	Perpetual subordinated bond
8	Amount attributable to regulatory equity capital (according to latest statement of equity capital)	CHF 543,945,000
9	Par value	CHF 550,000,000
10	Balance sheet item according to financial statement	Bonds and Pfandbriefdarlehen
11	Original issue date	2 May 2013
12	Repayment date	Perpetual
13	Original maturity date	-
14	Premature repayment	The bond has no fixed maturity and is not redeemable by the Bondholders under any circumstances. With the exception of the following, repayment of this bond is not possible.
15	Selectable redemption date / repayment amount	With the approval of the Swiss Financial Market Supervisory Authority (FINMA), Raiffeisen Switzerland is entitled to redeem the bond on 2 May 2018 or the same date in each of the subsequent years. The bond may also be redeemed if it no longer qualifies as additional core capital.
16	Subsequent redemption dates	-
17	Interest calculation type	Fixed coupon for periods of 5 years in each case
18	Nominal coupon	3.00% p.a. for the first 5 years up to maturity on 2 May 2018. Subsequently the interest rate, in each case for the next 5 years, is the total of the new 5-year swap rate plus the margin of 259 basis points.
19	Suspension of interest payment	Interest payments are only made if distributable reserves are available to Raiffeisen Switzerland. If required by the financial situation of Raiffeisen Switzerland, all or some of the interest payment may not be made.
20	Interest calculation	The interest is fixed for 5-year periods in each case.
21	Repayment incentive for the issuer	-
22	Accumulation coupons	Not cumulative
23	Convertibility	Not convertible
30	Write-down	A write-down is possible in the following situations:
31	Trigger for the write-down	The Raiffeisen Group falls below a "hard" core capital ratio of 5.125% Raiffeisen Switzerland requires assistance from the public sector, either for itself or for the Raiffeisen Group The Swiss Financial Market Supervisory Authority (FINMA) orders a write-down as a protective measure if Raiffeisen Switzerland is faced with insolvency
32	Scope of the write-down	A full or partial write-down is possible.
34	Entitlement to write-up if financial situation improves	No entitlement if the financial situation of Raiffeisen Switzerland improves
35	Position in the ranking order in the event of liquidation (higher-ranking instrument)	Subordinate to subrdinated Tier2 bonds
36	Attributes that prevent full recognition under Basel lll	This bond qualifies as additional core capital (additional Tier 1 capital) under CAO Art. 27 - 29.

Fixed-term subordinated bond 2011 - 2021

1	Issuer	Raiffeisen Switzerland Cooperative, St. Gallen
2	Identification	CH0143708870
3	Law applicable to the instrument	Swiss law
4	Taken into account under Basel lll transitional arrangements	Tier 2 capital
5	Taken into account after the Basel lll transitional phase	Unter neuem ERV-Regime anrechenbar als Gone-Concern-Mittel
6	Level of eligibility	Eligible at the level of Raiffeisen Switzerland and at the level of the Raiffeisen Group
7	Product	Subordinated bond with a fixed term
8	Amount attributable to regulatory equity capital (according to latest statement of equity capital)	CHF 267,500,000
9	Par value	CHF 535,000,000
10	Balance sheet item according to financial statement	Bonds and Pfandbriefdarlehen
11	Original issue date	21 December 2011
12	Repayment date	21 December 2021
13	Original maturity date	21 December 2021
14	Premature repayment	Repayment is made as at 21 December 2021 at the par value. With the exception of the following, premature repayment of this bond is not possible.
15	Selectable redemption date / repayment amount	Premature repayment is only possible for tax reasons and if this bond no longer qualifies as capital within the meaning of the regulations governing the financial markets, at the par value at all times. Bonds may only be called with the consent of FINMA.
16	Subsequent redemption dates	-
17	Interest calculation type	Fixed coupon
18	Nominal coupon	3.875% p.a.
19	Suspension of interest payment	-
20	Interest calculation	Fixed interest for the whole period of investment
21	Repayment incentive for the issuer	-
22	Accumulation coupons	Not cumulative
23	Convertibility	Not convertible
30	Write-down	-
31	Trigger for the write-down	-
32	Scope of the write-down	-
34	Entitlement to write-up if financial situation improves	-
35	Position in the ranking order in the event of liquidation (higher-ranking instrument)	Subordinate to all other obligations, Pari-passu to equal-ranking tier2 instruments such as subordinated time deposits.
36	Attributes that prevent full recognition under Basel lll	This bond is treated in accordance with Capital Adequacy Ordinance (CAO) Art. 140 Para. 3. In comparison with a subordinated bond issued under the full Basel III stipulations, only the contractual provisions in the event that the Issuer is faced with insolvency (CAO Art. 29) are not included.

Subordinated time deposits

1	Issuer	Individual Raiffeisen banks
2	Identification	--
3	Law applicable to the instrument	Swiss law
4	Taken into account under Basel lll transitional arrangements	Tier 2 capital
5	Taken into account after the Basel lll transitional phase	Eligible until december 31, 2018
6	Level of eligibility	Eligible at the level of individual Raiffeisen banks and at the level of the Raiffeisen Group
7	Product	Subordinated time deposits
8	Amount attributable to regulatory equity capital (according to latest statement of equity capital)	CHF 67,815,000
9	Par value	CHF 77,130,000
10	Balance sheet item according to financial statement	Medium-term notes
11	Original issue date	Various
12	Repayment date	Maturities between 8 and 15 years
13	Original maturity date	Various
14	Premature repayment	There is no provision for premature repayment
15	Selectable redemption date / repayment amount	--
16	Subsequent redemption dates	--
17	Interest calculation type	Fixed coupon
18	Nominal coupon	Various
19	Suspension of interest payment	--
20	Interest calculation	Fixed interest for the whole period of investment
21	Repayment incentive for the issuer	--
22	Accumulation coupons	Not convertible
23	Convertibility	Not cumulative
30	Write-down	A write-down is possible in the following situation:
31	Trigger for the write-down	The Raiffeisen Group requires assistance from the public sector The Swiss Financial Market Supervisory Authority (FINMA) orders a write-down as a protective measure if the Raiffeisen Group is faced with insolvency
32	Scope of the write-down	A full or partial write-down is possible.
34	Entitlement to write-up if financial situation improves	No entitlement if the financial situation of the Raiffeisen Group improves
35	Position in the ranking order in the event of liquidation (higher-ranking instrument)	Subordinate to all other obligations, Pari-passu to equal-ranking tier2 instruments such as fixed-term subordinated bonds. time deposits 2011-2021.
36	Attributes that prevent full recognition under Basel lll	These subordinated time deposits qualify as supplementary capital (Tier 2 capital) under CAO Art. 30.

Leverage Ratio - comparison of accounting assets versus leverage ratio exposure measure

Line item		31.12.2017 in CHF milion	31.12.2016 in CHF milion
a)	**Comparison between recognized assets and overall exposure for leverage ratio**		
1	Total assets according to published financial reports	227,728	218,590
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]	-372	-419
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]	-543	-929
5	Adjustments for securities financing transactions (SFT)	795	-262
6	Adjustments for off-balance-sheet transactions (conversion of off-balance-sheet transactions into credit equivalents)	4,106	3,888
7	Other adjustments	-	-
8	**Overall exposure for the leverage ratio**	**231,715**	**220,868**

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

Leverage Ratio - detailed presentation

Line item		31.12.2017 in CHF milion	31.12.2016 in CHF milion
b)	**Detailed presentation of the leverage ratio**		
	Balance sheet items		
1	Balance sheet items (excluding derivatives and SFT but including collateral)[1]	225,819	216,508
2	Assets that must be deducted from eligible core capital[2]	-372	-419
3	**= Total balance sheet items for the leverage ratio calculation, ex derivatives and SFT**	**225,448**	**216,089**
	Derivate		
4	Positive replacement values for all derivatives transactions including those vis-à-vis CCPs, including margin payments received and netting agreements	367	292
5	Add-ons for all derivatives	834	659
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	-282	-340
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	528	366
10	Netting against actual nominal values of offsetting credit derivatives and deduction of add-ons for issued credit derivatives	-313	-162
11	**= Total exposure from derivatives[3]**	**1,134**	**815**
	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	232	338
13	Netting of cash liabilities and receivables with respect to SFT counterparties	-	-262
14	Exposure to SFT counterparties	795	-
15	SFT exposure with the bank acting as a commission agent	-	-
16	**= Total exposure from securities financing transactions**	**1,027**	**77**
	Other off-balance-sheet items		
17	Off-balance-sheet items as gross nominal values before the application of any credit conversion factors	16,823	16,624
18	Adjustments for the conversion into credit equivalents	-12,717	-12,736
19	**= Total off-balance-sheet items**	**4,106**	**3,888**
	Eligible equity capital and overall exposure		
20	Core capital (Tier 1)	16,409	15,071
21	Overall exposure	231,715	220,868
	Leverage ratio		
22	Leverage ratio	7.08%	6.82%

1 The difference between the reported figure and total assets as shown in the published financial statements amounts to CHF 1,909 million, relating to positive replacement values of derivative financial instruments and amounts due from securities financing transactions.

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

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

Notes on the leverage ratio

Due to the strong growth in total assets (+CHF 9.1 billion or +4.2%), the overall exposure (row 21) increased to CHF 232 billion (+4.9%). Core capital went up at an even higher rate of 8.9%. As a result of the subscription of additional share certificates, the cooperative capital underwent significant growth by a total of CHF 363 million. The high retention of earnings and the strong 2017 annual result also caused a substantial increase in core capital. The leverage ratio underwent a noticeable rise to 7.08%.

Informationen about the liquidity coverage ratio

		Q3 2017 [1]		Q4 2017 [1]	
		Unweighted values in CHF millions	**Weighted values in CHF millions**	**Unweighted values in CHF millions**	**Weighted values in CHF millions**
High-quality liquid assets (HQLA)					
1	Total high-quality liquid assets (HQLA)		22,109		23,124
Cash outflows					
2	Retail deposits	88,926	8,778	90,787	8,946
3	of which stable deposits	6,000	300	6,000	300
4	of which less stable deposits	82,926	8,478	84,787	8,646
5	Unsecured business-client or wholesale funding	12,085	7,121	12,585	7,292
6	of which operational deposits (all counterparties) and deposits with the central institution of a cooperative bank network	14	4	26	6
7	of which non-operational deposits (all counterparties)	11,913	6,959	12,338	7,063
8	of which unsecured debt securities	158	158	222	222
9	Secured business client or wholesale funding and collateral swaps		33		13
10	Other cash outflows	7,217	2,026	7,355	2,065
11	of which cash outflows related to derivative exposures and other transactions	850	850	783	783
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	33	33	113	113
13	of which cash outflows from committed credit and liquidity facilities	6,334	1,143	6,458	1,169
14	Other contractual funding obligations	3,110	1,990	3,523	2,138
15	Other contingent funding obligations	1,966	98	2,013	101
16	**Total cash outflows**		**20,046**		**20,554**
Cash inflows					
17	Secured funding transactions (e.g. reverse repo transactions)	164	2	91	2.68
18	Inflows from fully performing exposures	3,544	2,367	4,130	2,614.90
19	Other cash inflows	238	238	218	217.54
20	**Total cash inflows**	**3,946**	**2,607**	**4,439**	**2,835**

			Adjusted value		**Adjusted value**
21	**Total high-quality liquid assets (HQLA)**		**22,109**		**23,124**
22	**Total net cash outflows**		**17,439**		**17,719**
23	**Liquidity coverage ratio (LCR) (%)**		**126.78%**		**130.50%**

1 Average daily closing averages of all business days in the reporting quarters (64 data points taken into account in the third quarter, 63 data points taken into account in the fourth quarter).

Notes on the liquidity coverage ratio

Art. 12 of the Liquidity Ordinance requires the Raiffeisen Group to comply with the liquidity coverage ratio (LCR). 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 inflow assumptions. The published LCR metrics are based on the daily closing averages of all business days in the corresponding reporting quarters.

Raiffeisen focuses on the domestic savings and mortgage market. Due to its low degree of dependence on major clients and broad diversification among private clients, its funding sources are minimally concentrated.

Loans to clients are funded largely by customer deposits (91%) and additionally through central mortgage institution loans and Raiffeisen bonds. The money market is used solely for tactical management of the liquidity buffer. This maximises the immunisation against risks on the money market.

Of the portfolio of high-quality liquid assets (HQLA), 80% consist of category 1 assets, 90% of which are held as liquid funds. The remaining category 1 assets are mainly public sector bonds with a minimum rating of AA-. Of the category 2 assets, which account for 20% of the HQLA portfolio, 86% consist of Swiss mortgage bonds. The remaining 14% are primarily public sector bonds and covered bonds rated at least A-.

Net cash outflows (no. 22) remained constant over the last reporting period. The HQLA portfolio (no. 1) was slightly increased, resulting in an increase in the short-term liquidity coverage ratio (no. 23). Cash outflows relating to the derivatives portfolio (no. 11) have declined because of lower market fluctuations in the last two years. The remaining positions have continuously developed 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. 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. The individual Raiffeisen banks are required to deposit their portion of the liquidity requirements with Raiffeisen Switzerland. Raiffeisen Switzerland's Treasury department manages the liquidity reserve centrally and organises the liquidity transfer within the Group.

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. The new provisions will enter into force on 1 July 2016. 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 system-relevant banks, die 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]	1.16
Overall requirement (including anti-cyclical capital buffer)	**14.38**
of which core capital (CET1)	10.08
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 15.6% according to the old TBTF rules is also required in parallel. This requirement was met as of 31 December 2017 with a total capital ratio of 16.5%, without considering net profit for the period. Taking account of net profit for the period, the total capital ratio is 17.2%.

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)	**96,343**		**96,343**	
Risk-based capital requirements («going-concern») on the basis of capital ratios				
Total	**12,677**	**13.16%**	**13,853**	**14.38%**
of which CET1: Minimum	5,588	5.80%	4,335	4.50%
of which CET1:Capital buffer	3,083	3.20%	4,258	4.42%
of which CET1: Anti-cyclical capital buffer	1,116	1.16%	1,116	1.16%
of which AT1: Minimum	2,120	2.20%	3,372	3.50%
of which AT1: Capital buffer	771	0.80%	771	0.80%

Eligible capital («going-concern»)

Core capital (Tier1)	**16,409**	**17.03%**	**16,409**	**17.03%**
of which CET1	15,275	15.85%	15,275	15.85%
of which AT1 High-trigger	590	0.61%	590	0.61%
of which AT1 Low-trigger	544	0.56%	544	0.56%
of which Tier2 High-trigger	-	0.00%	-	0.00%
of which Tier2 Low-trigger	-	0.00%	-	0.00%
Surplus	**3,731**	**3.87%**	**2,556**	**2.65%**

The Raiffeisen Group exceeds the «going-concern» requirements for risk-weighted capital requirements without applying transitional provisions as of 31 December 2017 with the value of 17,03 (requirement: 14.38%) by a total of 2.65 percentage points and a capital amount of CHF 2,556 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 15.6% according to the old TBTF rules is also required in parallel. This requirement was met as of 31 December 2017 with a total capital ratio of 16.5%, without considering net profit for the period. Taking account of net profit for the period, the total capital ratio is 17.2%.

	Transition rules		Final rules (without transitional provisions)	
	Capital in CHF million	**Ratio (%)**	**Capital in CHF million**	**Ratio (%)**
Overall exposure	**231,715**		**231,715**	
Unweighted adequacy capital requirements («going-concern») on the basis of the leverage ratio				
Total	**8,110**	**3.500%**	**10,717**	**4.625%**
of which CET1: Minimum	4,866	2.100%	3,476	1.500%
of which CET1:Capital buffer	1,159	0.500%	3,765	1.625%
of which AT1: Minimum	2,085	0.900%	3,476	1.500%
Eligible capital («going-concern»)				
Core capital (Tier1)	**16,409**	**7.08%**	**16,409**	**7.08%**
of which CET1	15,275	6.59%	15,275	6.59%
of which AT1 High-trigger	590	0.25%	590	0.25%
of which AT1 Low-trigger	544	0.23%	544	0.23%
of which Tier2 High-trigger	-	0.00%	-	0.00%
of which Tier2 Low-trigger	-	0.00%	-	0.00%
Surplus	**8,299**	**3.58%**	**5,692**	**2.46%**

The Raiffeisen Group exceeds the «going-concern» requirements for the leverage ratio without applying transitional provisions as of 31 December 2017 with the value of 7.08% (requirement: 4.625%) by a total of 2.46 percentage points.