

RAIFFEISEN

Regulatory disclosure
as at 31 December 2020

REGULATORY DISCLOSURE

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".

2	Tables not used	32	CRD	Qualitative disclosure of banks' use of external credit ratings under the standardised approach
4	Introduction	32	CR4	Standardised approach – credit risk exposure and credit risk mitigation (CRM) effects
4	Material changes	33	CR5	Standardised approach – exposures by asset classes and risk weights
<hr/>				
5	Key metrics	34	CRE	IRB – qualitative disclosures related to models
5	KM1 Key metrics	37	CR6	IRB – risk exposure by exposure category and probability of default
<hr/>				
6	Risk management and risk overview	39	CR8	IRB – RWA flow statements of credit risk exposures
6	OVA Risk management approach of Raiffeisen Group	39	CR9	IRB – backtesting of probability of default estimates by exposure category
9	OV1 Overview of risk-weighted assets	42	CR10	IRB – specialised lending and equity securities under the simple risk weight method
<hr/>				
10	Linkages between financial statements and regulatory exposures	<hr/>		
10	LI1 Differences between accounting and regulatory scopes of consolidation	43	Counterparty credit risk	
11	LI2 Main sources of differences between regulatory exposure amounts and carrying values in financial statements	43	CCRA	Qualitative disclosure requirements related to operational risks
11	LIA Explanation of differences between accounting and regulatory exposure amounts	43	CCR1	Analysis by approach
<hr/>				
12	Composition of capital and TLAC	43	CCR2	Credit valuation adjustment (CVA) capital charge
12	CC1 Composition of regulatory capital	44	CCR3	Exposures by exposure categories and risk weights under the standardised approach
13	CC2 Reconciliation of regulatory capital to balance sheet	44	CCR5	Composition of collateral for CCR exposure
14	CCA Main features of regulatory capital instruments and of other TLAC-eligible instruments	45	CCR6	Credit derivatives exposures
<hr/>				
21	Leverage ratio	45	CCR8	Exposures to central counterparties
21	LR1 Leverage Ratio – Summary comparison of accounting assets versus leverage ratio exposure measure	46	Market risk	
22	LR2 Detailed presentation	46	MRA	Qualitative disclosure requirements related to operational risks
<hr/>				
23	Liquidity management	47	MR1	Market risk under standardised approach
23	LIQA Liquidity risk management	<hr/>		
27	LIQ1 Liquidity coverage ratio (LCR)	48	Interest risks	
<hr/>				
29	Credit risk	48	IRRBBA	Interest rate risk management objective and policies
29	CRA General qualitative information about credit risk	52	IRRBBA1	Quantitative information on position structure and resetting of the interest rate
29	CR1 Credit quality of assets	53	IRRBB1	Quantitative information on economic value of equity and net interest income
29	CR2 Changes in stock of defaulted loans and debt securities	<hr/>		
30	CRB Additional disclosure related to the credit quality of assets	54	Operational risk	
31	CRC Qualitative disclosure requirements related to credit risk mitigation techniques	54	ORA	Qualitative disclosure requirements related to operational risks
31	CR3 Credit risk mitigation techniques overview	<hr/>		
<hr/>				
55	Appendix 3: Disclosure of systemically relevant banks			
56	Table 1: Risk-based capital adequacy requirements on the basis of capital ratios			
57	Table 2: Unweighted capital adequacy requirements on the basis of leverage ratio			

Tables not used

FINMA Circular 2016/1 “Disclosure – banks” contains table templates that define the scope of the information to be published. Margin no. 32 of this Circular states that banks can refrain from disclosing information that is not meaningful.

The table templates not used in this disclosure – and the reasons for omitting them – are listed in the table below.

Tables not used		
Name	Name of table	Reason
KM2	Key metrics “TLAC requirements”	Only to be published by internationally systemically important banks.
PV1	Prudential value adjustments	Raiffeisen refrains from disclosing this table as the prudential value adjustments are below materiality threshold.
TLAC1	TLAC composition for G-SIBS (at resolution group level)	Only to be published by internationally systemically important banks.
TLAC2	Material subgroup entity – creditor ranking at legal entity level	Only to be published by internationally systemically important banks.
TLAC3	Resolution entity – creditor ranking at legal entity level	Only to be published by internationally systemically important banks.
GSIB1	Disclosure of G-SIB indicators	Only to be published by internationally systemically important banks.
CCyB1	Geographical distribution of credit exposures used in the countercyclical capital buffer	This table is mandatory for banks which meet the criteria defined in Art. 44a of the Swiss Capital Adequacy Ordinance (CAO).
LIQ2	Net stable funding ratio (NSFR) information	This table only needs to be published once the Liquidity Ordinance has brought the NSFR regulation into force.
CR7	IRB - Effect on RWA of credit derivatives used as CRM techniques	Raiffeisen does not use credit derivatives for hedging purposes under the IRB approach and therefore refrains from publishing this table.
CCR4	Counterparty credit risk – IRB counterparty credit risk by exposure category and probability of default	As a result of the low relevance of counterparty credit risk, these positions will remain under the standardised approach (SA-BIS) even after the switch to the IRB approach and therefore this table will not be disclosed.
CCR7	RWA flow statement of CCR exposures under the Internal Model Method (IMM)	Raiffeisen currently does not use the Internal Model Method.
SECA	Qualitative disclosure requirements related to securitisation exposures	Raiffeisen has currently no securitisation exposures.
SEC1	Securitisation exposures in the banking book	Raiffeisen currently has no securitisation exposures in the banking book.
SEC2	Securitisation exposures in the trading book	Raiffeisen currently has no securitisation exposures in the trading book.
SEC3	Securitisation exposures in the banking book and associated regulatory capital requirements – bank acting as originator or as sponsor	Raiffeisen currently has no securitisation exposures in the banking book.
SEC4	Securitisation exposures in the banking book and associated regulatory capital requirements – bank acting as investor	Raiffeisen currently has no securitisation exposures in the banking book.
MRB	Qualitative disclosures for banks using the IMA	Raiffeisen does not use the IMA.
MR2	RWA flow statements of market risk exposures under IMA	Raiffeisen does not use the IMA.
MR3	IMA value for trading portfolios	Raiffeisen does not use the IMA.
MR4	Comparison of VaR estimates with gains/losses	Raiffeisen does not use the IMA.
REMA	Remuneration policy	For disclosures on remuneration, please see the remuneration report in our Annual report.
REM1	Remuneration awarded during the financial year	For disclosures on remuneration, please see the remuneration report in our Annual report.
REM2	Special payments	For disclosures on remuneration, please see the remuneration report in our Annual report.
REM3	Deferred remuneration	For disclosures on remuneration, please see the remuneration report in our Annual report.

I	4	Introduction
	4	Material changes
	5	Key metrics

I	6	Risk management and risk overview
	10	Linkages between financial statements and regulatory exposures
	12	Composition of capital and TLAC
	21	Leverage ratio

I	23	Liquidity management
	29	Credit risk
	43	Counterparty credit risk
	46	Market risk
	48	Interest risks

I	54	Operational risk
	55	Appendix 3: Disclosure of systemically relevant banks

Key abbreviations

Term/abbreviation	Explanation
AT1	Additional Tier 1 capital
CCF	Credit conversion factor
CCP	Central counterparty
CCR	Counterparty credit risk
CET1	Common Equity Tier 1 capital
CRM	Credit risk mitigation
CVA	Credit valuation adjustments
D-SIB	Domestic systemically important bank
EAD	Exposure at default
CAO	Capital adequacy ordinance
ETC	Other currencies as set out in Annex 2 FINMA Circular 2019/2 "Interest rate risks – banks"
FINMA	Swiss financial market supervisory authority
G-SIB	Global systemically important bank
HQLA	High-quality liquid assets
IKS	Internal control system
IRB	Internal ratings-based approach
IRRBB	Interest rate risk in the banking book
LCR	Liquidity coverage ratio
LGD	Loss given default
LRD	Leverage ratio denominator
PD	Probability of default
QCCP	Qualifying central counterparty
RWA	Risk-weighted assets
Mn	Margin number
SA-BIS	International standardised approach for credit risk
SA-CCR	Standardised approach for measuring counterparty credit risk exposures
SFT	Securities financing transactions
T1	Tier 1 capital
T2	Tier 2 capital
VaR	Value at risk
Δ EV	Change in net present value
Δ NI	Change in capitalised value

Introduction

The Raiffeisen Group, in its capacity as the central organisation, is obligated to comply with capital adequacy rules and is thus required by supervisory law to make risk, capital adequacy and liquidity disclosures.

This disclosure is based on FINMA Circular 2016/1 “Disclosure – banks”.

Quantitative information has been disclosed in accordance with the requirements laid down in the Capital Adequacy Ordinance. Some of this information cannot be directly compared with that provided in the consolidated accounts, which is reported in line with the accounting requirements for banks laid down in FINMA Circular 2020/1 “Accounting – banks” and the FINMA Accounting Ordinance.

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) is available in note 3 to this disclosure.

The disclosure concerning corporate governance (Annex 4 of FINMA Circular 2016/1 “Disclosure – banks”) can be found in the Raiffeisen Group Annual Report.

Material changes

In the past, Raiffeisen used the International Standardised Approach (SA-BIS) to calculate capital adequacy requirements for credit risks. Effective as of 30 September 2019, it now calculates its capital requirements using the internal ratings-based model approach (foundation IRB approach, “F-IRB”). The internal rating models used by Raiffeisen underwent a thorough FINMA audit as part of the IRB approval process. FINMA gave Raiffeisen permission to use the F-IRB approach to calculate its capital requirements for credit risks as of 30 September 2019. As it often happens with these kinds of roll-outs, the changeover has to meet certain transitional floor requirements. Essentially, the risk-weighted assets calculated using the IRB model approach must not fall below a specified floor (calculated relative to the standardised approach, or SA-BIS). The floor is 95% in the first year, 90% in the second and 85% in the third. After that, the IRB floor is determined by national laws and regulations.

Another change related to the IRB adoption is the first-time deduction of certain amounts from eligible capital as of 30 September 2019, as required by Art. 32 (e) of the Capital Adequacy Ordinance (CAO). Banks that use the IRB model approach have to deduct from CET1 expected losses that have been conservatively calculated using stress factors and not yet addressed by value adjustments. This deduction has been fully applied since 30 September 2019 without using any transitional arrangements.

Key metrics

KM1: Key metrics

Key metrics		a	b	c	d	e
in CHF million (unless stated otherwise)		31.12.2020	30.09.2020	30.06.2020	31.03.2020	31.12.2019
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	17,883	17,085	16,959	16,920	16,868
2	Tier 1	18,776	17,485	17,934	17,895	17,836
3	Total capital	19,151	17,485	18,073	18,037	17,983
Risk-weighted assets (amounts)¹						
4	Total risk-weighted assets (RWA)	93,545	95,033	99,928	98,651	98,295
4a	Minimum capital requirement	7,484	7,603	7,994	7,892	7,864
Risk-based capital ratios as a percentage of RWA						
5	Common Equity Tier 1 ratio (%)	19.1%	18.0%	17.0%	17.2%	17.2%
6	Tier 1 ratio (%)	20.1%	18.4%	17.9%	18.1%	18.1%
7	Total capital ratio (%)	20.5%	18.4%	18.1%	18.3%	18.3%
Additional CET1 buffer requirements as a percentage of RWA						
8	Capital buffer in accordance with Basel Minimum Standards (as of 2019 2.5%) (%)	2.5%	2.5%	2.5%	2.5%	2.5%
9	Countercyclical buffer (Article 44a CAO) in accordance with the Basel Minimum Standards (%)	0.0%	0.0%	0.0%	0.0%	1.1%
10	Additional capital buffer due to national or international systemic importance (%)	0.0%	0.0%	0.0%	0.0%	0.0%
11	Overall buffer requirements in accordance with the Basel Minimum Standards in CET1 quality (%) ²	2.5%	2.5%	2.5%	2.5%	8.1%
12	Available CET1 to cover buffer requirements in accordance with Basel Minimum Standards (after deducting CET1 from the cover of the minimum requirements and possibly to cover the TLAC requirements) (%)	11.6%	9.5%	9.3%	9.5%	10.0%
Target capital ratios in accordance with note 8 of the CAO³						
12b	Countercyclical buffer (Articles 44 and 44a CAO)	0.0%	0.0%	0.0%	0.0%	1.1%
Basel III Leverage Ratio⁴						
13	Total exposure (CHF)	263,303	278,652	270,279	256,711	252,263
14	Basel III leverage ratio (%)	7.1%	6.3%	6.6%	7.0%	7.1%
Liquidity Coverage Ratio						
15	Total HQLA	47,789	42,473	35,380	31,613	27,805
16	Total net cash outflow	29,983	29,105	26,071	22,206	20,367
17	LCR ratio (%)	159.4%	145.9%	135.7%	142.4%	136.5%

¹ The adoption of the IRB approach as of 30 September 2019 reduced the risk-weighted assets (RWAs). An IRB floor of 90% was used in the second year in accordance with the transitional provisions.

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

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

⁴ The leverage ratio shown here relates to the calculation taking into account central bank deposits, i.e. without relief. This illustration was selected against the background of the loss of this relief as of 01.01.2021. Excluding central bank deposits, i.e. with relief according to FINMA communication 02/2020 of 31.03.2020, the Basel III leverage ratio would have been 8.2% as of 31.12.2020.

Risk management and risk overview

OVA: Risk management approach of Raiffeisen Group

Risks and principles

General

- are only taken within risk tolerance limits following careful consideration.
- Risks are managed systematically.
- Risks are only taken if they can be borne, offset by reasonable returns, and the ability to manage the risks has 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 adequately monitored and limited.
- The credit policy is prudent.
- Financing at Raiffeisen banks that meets defined criteria requires prior approval from Raiffeisen Switzerland.
- The focus is on financing owner-occupied residential property.
- The focus in investment properties is on qualitative and sustainable growth.
- Corporate clients are evaluated based on the following aspects in addition to creditworthiness: regional ties, sufficient diversification, risk/return ratio and minimal exposure to high-risk industries.

Market risk

- Risks in the trading and banking books are managed using defined guidelines.
- Clear lines are drawn using limits and proven tools.
- Raiffeisen Switzerland and the Raiffeisen banks manage interest rate risks in the banking book in line with defined policies.
- Raiffeisen Switzerland trains, advises and monitors the Raiffeisen banks.
- Most foreign currency assets are refinanced in the same currency (matched book approach).

Liquidity risk

- Refinancing sources are reasonably diversified.
- Liquidity in the Raiffeisen Group is managed at operational/tactical and strategic levels.
- The Raiffeisen banks 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 risk indicators and an early warning system.
- The appropriateness and effectiveness of key controls in all risk-related processes is periodically reviewed and confirmed.
- Internal and external events are analysed on an ongoing basis; the findings from these analyses are implemented in the operational business processes.

Legal and compliance risk

- Legal and compliance risks are mitigated and controlled by enforcing and complying with contracts, in particular.
- Internal policies and processes are promptly adapted to reflect changes in laws and supervisory regulations and then implemented.

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. This is based on comprehensive reporting on credit, market and liquidity risks, operational risks, and legal and compliance risks. It also takes into account reputational risks that can result from all risk categories.

Risk reports are drawn up by Raiffeisen Switzerland's Risk & Compliance department. Reports focus on the risk situation, capital adequacy, compliance with overall limits and any measures taken. Furthermore, Risk & Compliance uses an early warning system to identify potentially unfavourable developments at individual Raiffeisen banks and branches.

The risk reports and any measures are discussed in detail at the meetings of the Executive Board and the Risk Committee of the Board of Directors.

Assessment of the risk exposure 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 conservative 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 (realistic, pessimistic and stress) to determine the Group-wide risk tolerance and its operationalisation through overall limits, and the risk monitoring of subsidiaries, participations and risk categories that are important to the Raiffeisen Group.

Risk control is based on a standard method for risk identification, measurement, assessment, management and monitoring. 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 risk analyses and risk 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.

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 stable guidelines:

- Clear business and risk policies: Risk taking is directly linked to the core business in Switzerland.
- Effective risk limitation: The Raiffeisen Group's risk tolerance is clearly defined and enforced with a tried-and-tested limit system.
- Centralised control: Raiffeisen Switzerland monitors its individual business units, subsidiaries and participations.
- Decentralised individual responsibility in line with clearly defined guidelines: The Raiffeisen banks are responsible for managing their risks themselves. 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 are regularly issued on the risk situation as well as on the risk profile of the individual Raiffeisen banks and the Raiffeisen Group.
- 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.
- Protection of reputation: The Raiffeisen Group attaches great importance to protecting its reputation. It also seeks to comply with high ethical standards in all of its business activities.

Independent risk control and compliance function

Risk management is organised based on the three-lines-of-defence model. Raiffeisen Switzerland maintains an independent risk control function and an independent compliance function for the Raiffeisen Group within its Risk & Compliance department (system responsibility). Operational responsibility rests with the Raiffeisen banks and with all the organisational units of Raiffeisen Switzerland. Business policy is geared to driving risk-conscious growth and active risk management based on Raiffeisen's risk culture. The subsidiaries of Raiffeisen Switzerland generally operate as independent entities. Risk monitoring is risk-based. The individual entities are assessed and assigned to a control level using formal, material and strategic criteria. Raiffeisen Switzerland monitors the risk control and risk situation of its subsidiaries 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

The Raiffeisen Group only enters into risks that relate to an approved business transaction and fall within its risk tolerance limits. The Board of Directors of Raiffeisen Switzerland approves the risk tolerance limits each year as part of the risk budgeting process. Risks are controlled using process requirements and overall limits. Risks that are difficult to quantify are limited by qualitative stipulations.

Stress testing

Raiffeisen conducts various regular stress tests to analyse the effects of adverse scenarios on the resilience of the bank. This involves examining the influence of important target values, such as profit, capital requirements or liquidity. The stress test analyses are carried out at the overall bank level or the level of certain sub-portfolios or risk categories. Moreover, as a systemically important bank, Raiffeisen carries out reverse stress tests as part of its stabilisation or emergency planning.

Conducting stress tests is an integral part of risk monitoring at Raiffeisen. The Board of Directors of Raiffeisen Switzerland determines the risk tolerance on the basis of stress tests at Group level.

For more information about the Raiffeisen Group's risk management approach, please see the "Management report – Risk management" chapter in the Raiffeisen Group Annual Report.

OV1: Overview of risk-weighted assets

OV1: Overview of risk-weighted assets	a	b	c
	RWA	RWA	Minimum Capital Requirement ¹
in CHF million	31.12.2020	6.30.2020	31.12.2020
1 Credit risk (excluding counterparty credit risk) (CCR)	76,097	76,404	6,088
2 of which: standardised approach (SA)	9,578	11,212	766
3 of which: foundation internal ratings-based (F-IRB) approach	25,417	24,690	2,033
4 of which: supervisory slotting approach	–	–	–
5 of which: advanced internal ratings-based (A-IRB) approach ²	41,102	40,502	3,288
6 Counterparty credit risk (CCR)	991	507	79
7 of which: standardised approach for counterparty credit risk	318	357	25
8 of which: Internal Model Method (IMM)	–	–	–
9 of which: other CCR	673	150	54
10 Credit valuation adjustment (CVA)	202	298	16
11 Equity positions under the simple risk weight approach	334	–	27
12 Equity investments in funds – look-through approach	–	–	–
13 Equity investments in funds – mandate-based approach	–	9	–
14 Equity investments in funds – fall-back approach	57	70	5
15 Settlement risk	–	–	–
16 Securitisation exposures in banking book	–	–	–
17 of which: securitisation internal ratings-based approach (SEC-RBA)	–	–	–
18 of which: securitisation external ratings-based approach (SEC-ERBA, including internal assessment approach (IAA))	–	–	–
19 of which: securitisation standardised approach (SEC-SA)	–	–	–
20 Market risk³	2,590	3,824	207
21 of which: standardised approach (SA)	2,590	3,824	207
22 of which: internal model approaches (IMA)	–	–	–
23 Capital charge for switch between trading book and banking book	–	–	–
24 Operational risk	5,697	5,721	456
25 Amounts below the thresholds for deduction (subject to 250% risk weight)	1,480	1,524	118
26 Floor adjustment⁴	6,098	11,572	488
27 Total	93,545	99,928	7,484

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

² Raiffeisen uses the foundation IRB approach (F-IRB). As for the IRB segment retail only the advanced IRB approach (A-IRB) exists, the RWA and minimum capital requirements for the IRB segment retails are disclosed here.

³ The decrease in market risks is attributable to the reduction in exposures in the area of interest rate and currency instruments.

⁴ Under the IRB transitional provisions an IRB floor of 95% is used for the first year (reporting date 30th June 2020) and 90% for the second year (31st December 2020).

Linkages between financial statements and regulatory exposures

L11: Differences between accounting and regulatory scopes of consolidation

L11: Differences between accounting and regulatory scopes of consolidation

31.12.2020 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	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework ²	Carrying values Not subject to capital requirements or subject to deduction from capital
Assets						
Liquid assets	36,661	36,661	–	–	–	–
Amounts due from banks	4,037	3,153	884	–	–	–
Amounts due from securities financing transactions	–	–	–	–	–	–
Amounts due from customers	10,041	10,041	–	–	–	–
Amounts due secured by mortgage	190,317	190,317	–	–	–	–
Trading portfolio assets	3,044	–	–	–	3,044	–
Positive replacement values of derivative financial instruments	1,645	–	1,645	–	–	–
	–	–	–	–	–	–
Financial investments	8,829	4,596	4,233	–	–	–
Accrued income and prepaid expenses	281	281	–	–	–	–
Non-consolidated participations	683	683	–	–	–	–
Tangible fixed assets	2,981	2,981	–	–	–	–
Intangible assets	7	–	–	–	–	7
Other assets	1,127	1,127	–	–	–	–
	–	–	–	–	–	–
Total Assets	259,653	249,840	6,762	–	3,044	7
Liabilities						
Amounts due to banks	10,559	–	204	–	–	10,355
Liabilities from securities financing transactions	4,181	–	4,181	–	–	–
Amounts due in respect of customer deposits	190,425	–	–	–	–	190,425
Trading portfolio liabilities	148	–	–	–	148	–
Negative replacement values of derivative financial instruments	2,099	–	2,099	–	–	–
Liabilities from other financial instruments at fair value	2,192	–	–	–	–	2,192
Cash bonds	354	–	–	–	–	354
Bond issues and central mortgage institution loans	29,391	–	–	–	–	29,391
Accrued expenses and deferred income	865	–	–	–	–	865
Other liabilities	101	–	–	–	–	101
Provisions	967	–	–	–	–	967
Total Liabilities	241,280	–	6,483	–	148	234,650

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 L12 lists the capital adequacy requirements for these items.

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

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

31.12.2020 in CHF million	a	b	c	d	e
	Total	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)	259,653	249,840	–	6,762	3,044
2 Liabilities carrying value amount under regulatory scope of consolidation (as per table LI1)	6,629	–	–	6,483	148
3 Total net amount under regulatory scope of consolidation	253,023	249,840	–	279	2,896
4 Off-balance sheet amounts ¹	11,906	11,470	–	1,145	–
5 Differences in valuations	–	–	–	–	–
6 Differences due to different netting rules, other than those already included in row 2	3,977	–	–	3,977	–
7 Differences due to consideration of provisions	–	–	–	–	–
8 Differences due to prudential filters	–	–	–	–	–
9 Other differences	1,812	2,119	–	–	–306
10 Exposure amounts considered for regulatory purposes	271,419	263,428	–	5,401	2,590

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 credit conversion factors 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

Composition of capital and TLAC

CC1: Composition of regulatory capital

CC1: Composition of regulatory capital	a		b	
	31.12.2020	References ¹	30.06.2020	
in CHF million (unless stated otherwise)				
Common equity Tier 1 capital (CET1)				
1 Issued and paid-in capital, eligible in full	2,519	(III)	2,424	
2 Statutory reserves/retained earnings reserves / retained earnings (losses)/profit (loss) for the period	15,859		15,064	
of which retained earnings reserves	15,064		15,064	
of which retained earnings reserves	–		–	
of which profit (loss) for the period ²	795		–	
5 Minority interests, eligible as CET1	–	(IV)	–	
6 = Common Equity Tier 1, prior to regulatory adjustments	18,379		17,488	
Regulatory adjustments of CET1				
7 Prudential value adjustments	–4		–5	
8 Goodwill	–7	(I)	–7	
9 Other intangibles	–	(II)	–1	
12 "IRB shortfalls" (difference between the expected losses and value adjustments)	–484		–516	
28 = Total, CET1 adjustments	–495		–529	
29 = Common Equity Tier 1 capital (net CET1)	17,883		16,959	
Additional Tier 1 capital (AT1)				
30 Issued and paid in instruments, eligible in full	925		975	
31 of which: regulatory-capital instruments according to financial statements	–		–	
32 of which: debt instruments according to financial statements	925		975	
36 = Total, Additional Tier 1 capital, prior to regulatory adjustments	925		975	
37 Net long positions in own AT1 instruments	–33		–	
43 = Total of AT1 regulatory adjustments	–33		–	
44 = Additional Tier 1 capital (net AT1)	892		975	
45 = Tier 1 capital (net Tier 1 = net CET1 + net AT1)	18,776		17,934	
Tier 2 capital (T2)				
46 Issued and paid in instruments, eligible in full	375		76	
47 Issued and paid in instruments, recognized as accruals (phase-out)	–		64	
51 = Tier 2 capital before regulatory adjustments	375		140	
57 = Total T2 adjustments	–		–	
58 = Tier 2 capital (net T2)	375		140	
59 = Regulatory capital (net T1 & net T2)	19,151		18,073	
60 Sum of risk-weighted positions	93,545		99,928	
Capital ratios				
61 CET1 ratio (no. 29 in % of risk-weighted positions)	19.1%		17.0%	
62 T1 ratio (no. 45 in % of risk-weighted positions)	20.1%		17.9%	
63 Ratio regarding the regulatory capital (line no. 59 in % of risk-weighted positions)	20.5%		18.1%	
64 CET1 buffer capital requirements specific to the institution according to Basel Minimum Standards (capital buffer + counter-cyclical buffer according to Article 44a CAO + capital buffer for systemically important banks) (in % of the risk-weighted positions) ³	2.5%		2.5%	
65 of which, capital buffers according to Basel minimum standards (in % of risk-weighted positions)	2.5%		2.5%	
66 of which, counter-cyclical buffer according to Basel minimum standards (Article 44a CAO in % of the risk-weighted positions)	0.0%		0.0%	
67 of which, capital buffers for systemically important banks according to Basel minimum standards (in % of risk-weighted positions)	0.0%		0.0%	
68 Available CET1 to cover buffer requirements according to Basel Minimum Standards (after deducting CET1 to cover the minimum requirements and possibly to cover the TLAC requirements) (in % of risk-weighted positions) ³	11.6%		9.3%	
Amounts below thresholds for deduction (before risk-weighting)				
72 Non-qualifying equity interests in the financial sector and other TLAC investments	87		87	
73 Other qualifying interests in companies active in the financial sector (CET1)	592		610	

1 The references refer to table CC2 "Reconciliation of regulatory capital to balance sheet".

2 Excluding interest on cooperative capital

3 The presentation is in accordance with Basel minimum standards.

CC2: Reconciliation of regulatory capital to balance sheet

CC2: Reconciliation of regulatory capital to balance sheet in CHF million	a	c	30.06.2020
	31.12.2020	References ¹	
Assets			
Liquid assets	36,661		40,171
Amounts due from banks	4,037		7,731
Amounts due from securities financing transactions	–		505
Amounts due from customers	10,041		11,114
Mortgage loans	190,317		187,443
Trading portfolio assets	3,044		3,239
Positive replacement values of derivative financial instruments	1,645		2,082
Financial investments	8,829		8,724
Accrued income and prepaid expenses	281		350
Non-consolidated participations	683		699
Tangible fixed assets	2,981		2,997
Intangible assets	7		8
of which goodwill	7	(I)	7
of which goodwill	–	(II)	1
Other assets	1,127		1,073
Total assets	259,653		266,135
Liabilities			
Amounts due to banks	10,559		16,600
Liabilities from securities financing transactions	4,181		8,375
Amounts due in respect of customer deposits	190,425		186,277
Trading portfolio liabilities	148		252
Negative replacement values of derivative financial instruments	2,099		2,778
Liabilities from other financial instruments at fair value	2,192		2,141
Cash bonds	354		379
Bond issues and central mortgage institution loans	29,391		29,443
Accrued expenses and deferred income	865		920
Other liabilities	100		117
Provisions	967		1,006
of which deferred taxes for untaxed reserves	841		876
Total liabilities	241,280		248,288
of which subordinated liabilities, eligible as additional core capital (T2)	350		140
of which subordinated liabilities, eligible as supplementary capital (AT1)	892		975
of which with high trigger	892		975
Shareholder's Equity			
Reserves for general banking risks	200		275
Cooperative capital	2,519		2,424
of which eligible as CET1	2,519	(III)	2,424
of which eligible as AT1	–		–
Statutory reserves / retained earnings reserves / retained earnings (losses) / profit (loss) for the period	15,725		15,210
of which retained earnings reserves	14,864		14,864
of which foreign currency translation reserve	0		0
of which profit (loss) for the period ²	861		346
Minority interests in equity	–71		–62
of which eligible as CET1	–	(IV)	–
of which eligible as AT1	–		–
Total shareholder's equity	18,373		17,847

¹ The references refer to table "CC1 Composition of regulatory capital"

CCA: Main features of regulatory capital instruments and of other TLAC-eligible instruments

Cooperative share certificates

1	Issuer	All Raiffeisen banks
2	Explicit identifier (e.g. CUSIP, ISIN or Bloomberg ID for private placements)	–
3	Laws applicable to the instrument	Swiss law
3a	How the enforceability criterion in accordance with the TLAC term sheets is met (for other instruments eligible for TLAC according to foreign law)	n/a
Regulatory treatment		
4	In accordance with the transitional provisions of Basel III	CET1 capital
5	In accordance with the applicable rules upon the expiry of the Basel III	CET1 capital
6	Eligible at stand-alone level, group level, stand-alone and group level	Stand-alone and group level
7	Type of instrument	Share certificate
8	Amount included in the regulatory capital (in millions of CHF)	CHF 2'519 Mio.
9	Nominal value of instruments	CHF 2'519 Mio.
10	Classification from an accounting point of view	Cooperative capital
11	Original issuing date	Various
12	With or without maturity	Without maturity
13	Original date of maturity	n/a
14	Issuer has the option of an early termination, provided this is acceptable from a regulatory point of view	No
15	Optional call date, conditional call dates (for tax or regulatory reasons)	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	Later call dates, if applicable	n/a
Dividends/coupons		
17	Fixed or variable dividends/coupons	Variable
18	Coupon rate and index, where applicable	Interest rates may not exceed 6% gross; however, there is no right to receive the maximum interest rate.
19	Existence of a dividend stopper (no dividends on the instrument implies no dividends on the normal shares)	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 payment / dividend payment: completely optional, partially optional or binding	Completely optional
21	Existence of a step up or another incentive to redeem units	n/a
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible/non-convertible	Non-convertible
24	If convertible: Trigger for conversion	n/a
25	If convertible: fully or partially	n/a
26	If convertible: Conversion ratio	n/a
27	If convertible: Mandatory or optional conversion	n/a
28	If convertible: indication of type of instrument following conversion	n/a
29	If convertible: issuer of the instrument following conversion	n/a
30	Debt waiver	No
31	In case of debt waiver: Trigger for the waiver	n/a
32	In case of debt waiver: fully or partially optional	n/a
33	In case of debt waiver: permanent or temporary	n/a
34	In case of temporary debt waivers: description of write-off mechanism	n/a
34a	Type of subordination	Statutory
35	Position in the subordination ranking in case of a liquidation (indicating the type of instrument which has direct precedence in the ranking of the legal entity affected)	Subordinated to Additional Tier-1 Bonds
36	Existence of characteristics which could jeopardize the complete recognition according to the Basel III regime	No
37	If yes: describe these characteristics	n/a

I 4 Introduction	I 6 Risk management and risk overview	I 23 Liquidity management	I 54 Operational risk
4 Material changes	10 Linkages between financial statements and regulatory exposures	29 Credit risk	55 Appendix 3: Disclosure of systemically relevant banks
5 Key metrics	12 Composition of capital and TLAC	43 Counterparty credit risk	
	21 Leverage ratio	46 Market risk	
		48 Interest risks	

Perpetual subordinated AT1-bond 2018

1	Issuer	Raiffeisen Switzerland Cooperative, St. Gallen
2	Explicit identifier (e.g. CUSIP, ISIN or Bloomberg ID for private placements)	CH0411559377
3	Laws applicable to the instrument	Swiss law
3a	How the enforceability criterion in accordance with the TLAC term sheets is met (for other instruments eligible for TLAC according to foreign law)	n/a
Regulatory treatment		
4	In accordance with the transitional provisions of Basel III	Additional Tier 1 capital
5	In accordance with the applicable rules upon the expiry of the Basel III	Additional Tier 1 capital
6	Eligible at stand-alone level, group level, stand-alone and group level	Stand-alone and group level
7	Type of instrument	Perpetual subordinated bond
8	Amount included in the regulatory capital (in millions of CHF)	CHF 400 Mio.
9	Nominal value of instruments	CHF 400 Mio.
10	Classification from an accounting point of view	Bonds and Pfandbriefdarlehen
11	Original issuing date	2 May 2018
12	With or without maturity	Without maturity
13	Original date of maturity	–
14	Issuer has the option of an early termination, provided this is acceptable from a regulatory point of view	Yes
15	Optional call date, conditional call dates (for tax or regulatory reasons)	First optional call date 2 May 2023. Early redemption possible due to a tax or ineligibility event. Repayment of the entire issue (no partial repayments).
16	Later call dates, if applicable	Thereafter annually on interest date of 2 May
Dividends/coupons		
17	Fixed or variable dividends/coupons	Fixed
18	Coupon rate and index, where applicable	2.00% p.a. until 2 May 2023. The interest rate for the next 5 years is thereafter calculated as the total of the then valid swap rate (at least zero percent) plus the margin of 1.9575%.
19	Existence of a dividend stopper (no dividends on the instrument implies no dividends on the normal shares)	Yes
20	Interest payment / dividend payment: completely optional, partially optional or binding	Completely optional
21	Existence of a step up or another incentive to redeem units	n/a
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible / non-convertible	Non-convertible
24	If convertible: Trigger for conversion	n/a
25	If convertible: fully or partially	n/a
26	If convertible: Conversion ratio	n/a
27	If convertible: Mandatory or optional conversion	n/a
28	If convertible: indication of type of instrument following conversion	n/a
29	If convertible: issuer of the instrument following conversion	n/a
30	Debt waiver	Yes
31	In case of debt waiver: Trigger for the waiver	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	In case of debt waiver: fully or partially optional	Fully or partially optional
33	In case of debt waiver: permanent or temporary	Permanent
34	In case of temporary debt waivers: description of write-off mechanism	n/a
34a	Type of subordination	Contractual
35	Position in the subordination ranking in case of a liquidation (indicating the type of instrument which has direct precedence in the ranking of the legal entity affected)	Subordinated Tier2 instruments
36	Existence of characteristics which could jeopardize the complete recognition according to the Basel III regime	No
37	If yes: describe these characteristics	n/a

Perpetual subordinated AT1-bond 2020

1	Issuer	Raiffeisen Switzerland Cooperative, St. Gallen
2	Explicit identifier (e.g. CUSIP, ISIN or Bloomberg ID for private placements)	CH0566511496
3	Laws applicable to the instrument	Swiss law
3a	How the enforceability criterion in accordance with the TLAC term sheets is met (for other instruments eligible for TLAC according to foreign law)	n/a
Regulatory treatment		
4	In accordance with the transitional provisions of Basel III	Additional Tier 1 capital
5	In accordance with the applicable rules upon the expiry of the Basel III	Additional Tier 1 capital
6	Eligible at stand-alone level, group level, stand-alone and group level	Stand-alone and group level
7	Type of instrument	Perpetual subordinated bond
8	Amount included in the regulatory capital (in millions of CHF)	CHF 492 Mio.
9	Nominal value of instruments	CHF 525 Mio.
10	Classification from an accounting point of view	Bonds and Pfandbriefdarlehen
11	Original issuing date	16th October 2020
12	With or without maturity	Without maturity
13	Original date of maturity	–
14	Issuer has the option of an early termination, provided this is acceptable from a regulatory point of view	Yes
15	Optional call date, conditional call dates (for tax or regulatory reasons)	First optional call date 16 April 2026. Early redemption possible due to a tax or ineligibility event. Repayment of the entire issue (no partial repayments).
16	Later call dates, if applicable	Thereafter annually on interest date of 16 April
Dividends/coupons		
17	Fixed or variable dividends/coupons	Fixed
18	Coupon rate and index, where applicable	2.00% p.a. until 16 April 2026. The interest rate for the next 5 years is thereafter calculated as the total of the then valid swap rate (at least zero percent) plus the margin of 2.00%.
19	Existence of a dividend stopper (no dividends on the instrument implies no dividends on the normal shares)	Yes
20	Interest payment/dividend payment: completely optional, partially optional or binding	Completely optional
21	Existence of a step up or another incentive to redeem units	n/a
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible/ non-convertible	Non-convertible
24	If convertible: Trigger for conversion	n/a
25	If convertible: fully or partially	n/a
26	If convertible: Conversion ratio	n/a
27	If convertible: Mandatory or optional conversion	n/a
28	If convertible: indication of type of instrument following conversion	n/a
29	If convertible: issuer of the instrument following conversion	n/a
30	Debt waiver	Yes
31	In case of debt waiver: Trigger for the waiver	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	In case of debt waiver: fully or partially optional	Fully or partially optional
33	In case of debt waiver: permanent or temporary	Permanent
34	In case of temporary debt waivers: description of write-off mechanism	n/a
34a	Type of subordination	Contractual
35	Position in the subordination ranking in case of a liquidation (indicating the type of instrument which has direct precedence in the ranking of the legal entity affected)	Subordinated Tier2 instruments
36	Existence of characteristics which could jeopardize the complete recognition according to the Basel III regime	No
37	If yes: describe these characteristics	n/a

I 4	Introduction	I 6	Risk management and risk overview	I 23	Liquidity management	I 54	Operational risk
4	Material changes	10	Linkages between financial statements and regulatory exposures	29	Credit risk	55	Appendix 3: Disclosure of systemically relevant banks
5	Key metrics	12	Composition of capital and TLAC	43	Counterparty credit risk		
		21	Leverage ratio	46	Market risk		
				48	Interest risks		

Subordinated time deposits

1	Issuer	Individual Raiffeisen banks
2	Explicit identifier (e.g. CUSIP, ISIN or Bloomberg ID for private placements)	–
3	Laws applicable to the instrument	Swiss law
3a	How the enforceability criterion in accordance with the TLAC term sheets is met (for other instruments eligible for TLAC according to foreign law)	n/a
Regulatory treatment		
4	In accordance with the transitional provisions of Basel III	Tier 2 capital
5	In accordance with the applicable rules upon the expiry of the Basel III	Tier 2 capital
6	Eligible at stand-alone level, group level, stand-alone and group level	Stand-alone and group level
7	Type of instrument	Other instruments
8	Amount included in the regulatory capital (in millions of CHF)	CHF 25 Mio.
9	Nominal value of instruments	CHF 76 Mio.
10	Classification from an accounting point of view	Commitment
11	Original issuing date	Various
12	With or without maturity	With maturity
13	Original date of maturity	Various
14	Issuer has the option of an early termination, provided this is acceptable from a regulatory point of view	No
15	Optional call date, conditional call dates (for tax or regulatory reasons)	n/a
16	Later call dates, if applicable	n/a
Dividends / coupons		
17	Fixed or variable dividends/coupons	Fixed
18	Coupon rate and index, where applicable	Various
19	Existence of a dividend stopper (no dividends on the instrument implies no dividends on the normal shares)	No
20	Interest payment/dividend payment: completely optional, partially optional or binding	Binding
21	Existence of a step up or another incentive to redeem units	n/a
22	Non-cumulative or cumulative	Non-convertible
23	Convertible / non-convertible	Non-cumulative
24	If convertible: Trigger for conversion	n/a
25	If convertible: fully or partially	n/a
26	If convertible: Conversion ratio	n/a
27	If convertible: Mandatory or optional conversion	n/a
28	If convertible: indication of type of instrument following conversion	n/a
29	If convertible: issuer of the instrument following conversion	n/a
30	Debt waiver	No
31	In case of debt waiver: Trigger for the waiver	n/a
32	In case of debt waiver: fully or partially optional	Fully or partially
33	In case of debt waiver: permanent or temporary	Permanent
34	In case of temporary debt waivers: description of write-off mechanism	n/a
34a	Type of subordination	Contractual
35	Position in the subordination ranking in case of a liquidation (indicating the type of instrument which has direct precedence in the ranking of the legal entity affected)	Subordinate to all other obligation
36	Existence of characteristics which could jeopardize the complete recognition according to the Basel III regime	No
37	If yes: describe these characteristics	n/a

Bail-in bond 2025

1	Issuer	Raiffeisen Switzerland Cooperative, St. Gallen
2	Explicit identifier (e.g. CUSIP, ISIN or Bloomberg ID for private placements)	CH0572899091
3	Laws applicable to the instrument	Swiss law
3a	How the enforceability criterion in accordance with the TLAC term sheets is met (for other instruments eligible for TLAC according to foreign law)	n/a
Regulatory treatment		
4	In accordance with the transitional provisions of Basel III	– ¹
5	In accordance with the applicable rules upon the expiry of the Basel III	–
6	Eligible at stand-alone level, group level, stand-alone and group level	Stand-alone and group level
7	Type of instrument	Senior unsecured debt (Bail-In Bond)
8	Amount included in the regulatory capital (in millions of CHF)	– ¹
9	Nominal value of instruments	CHF 150 Mio.
10	Classification from an accounting point of view	Bonds and Pfandbriefdarlehen
11	Original issuing date	11 November 2020
12	With or without maturity	With maturity
13	Original date of maturity	11 November 2025
14	Issuer has the option of an early termination, provided this is acceptable from a regulatory point of view	Yes
15	Optional call date, conditional call dates (for tax or regulatory reasons)	First optional call date 11. November 2024. Early redemption possible due to a tax or ineligibility event. Repayment of the entire issue (no partial repayments).
16	Later call dates, if applicable	n/a
Dividends/coupons		
17	Fixed or variable dividends/coupons	Fixed
18	Coupon rate and index, where applicable	0.1825%
19	Existence of a dividend stopper (no dividends on the instrument implies no dividends on the normal shares)	No
20	Interest payment/dividend payment: completely optional, partially optional or binding	Binding
21	Existence of a step up or another incentive to redeem units	n/a
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible / non-convertible	Convertible
24	If convertible: Trigger for conversion	In the event of restructuring proceedings affecting the Issuer, FINMA may order all measures to which it is entitled under the then applicable financial market regulations.
25	If convertible: fully or partially	Fully or partially
26	If convertible: Conversion ratio	At discretion of FINMA
27	If convertible: Mandatory or optional conversion	At discretion of FINMA
28	If convertible: indication of type of instrument following conversion	CET1 capital
29	If convertible: issuer of the instrument following conversion	Raiffeisen Switzerland or transfer to another legal entity on the instruction of such FINMA measures
30	Debt waiver	Yes
31	In case of debt waiver: Trigger for the waiver	At discretion of FINMA
32	In case of debt waiver: fully or partially optional	Fully or partially optional
33	In case of debt waiver: permanent or temporary	Permanent
34	In case of temporary debt waivers: description of write-off mechanism	n/a
34a	Type of subordination	Structural
35	Position in the subordination ranking in case of a liquidation (indicating the type of instrument which has direct precedence in the ranking of the legal entity affected)	–
36	Existence of characteristics which could jeopardize the complete recognition according to the Basel III regime	No
37	If yes: describe these characteristics	n/a

¹ Eligible under the gone concern loss-absorbing capacity category according requirements for systemically important banks

Bail-in bond 2028

1	Issuer	Raiffeisen Switzerland Cooperative, St. Gallen
2	Explicit identifier (e.g. CUSIP, ISIN or Bloomberg ID for private placements)	CH0572899257
3	Laws applicable to the instrument	Swiss law
3a	How the enforceability criterion in accordance with the TLAC term sheets is met (for other instruments eligible for TLAC according to foreign law)	n/a
Regulatory treatment		
4	In accordance with the transitional provisions of Basel III	– ¹
5	In accordance with the applicable rules upon the expiry of the Basel III	–
6	Eligible at stand-alone level, group level, stand-alone and group level	Stand-alone and group level
7	Type of instrument	Senior unsecured debt (Bail-In Bond)
8	Amount included in the regulatory capital (in millions of CHF)	CHF 175 Mio.
9	Nominal value of instruments	CHF 175 Mio.
10	Classification from an accounting point of view	Bonds and Pfandbriefdarlehen
11	Original issuing date	11 November 2020
12	With or without maturity	With maturity
13	Original date of maturity	11 November 2028
14	Issuer has the option of an early termination, provided this is acceptable from a regulatory point of view	Yes
15	Optional call date, conditional call dates (for tax or regulatory reasons)	First optional call date 11. November 2027. Early redemption possible due to a tax or ineligibility event. Repayment of the entire issue (no partial repayments).
16	Later call dates, if applicable	n/a
Dividends / coupons		
17	Fixed or variable dividends/coupons	Fixed
18	Coupon rate and index, where applicable	0.500%
19	Existence of a dividend stopper (no dividends on the instrument implies no dividends on the normal shares)	No
20	Interest payment/dividend payment: completely optional, partially optional or binding	Binding
21	Existence of a step up or another incentive to redeem units	n/a
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible/non-convertible	Convertible
24	If convertible: Trigger for conversion	In the event of restructuring proceedings affecting the Issuer, FINMA may order all measures to which it is entitled under the then applicable financial market regulations.
25	If convertible: fully or partially	Fully or partially
26	If convertible: Conversion ratio	At discretion of FINMA
27	If convertible: Mandatory or optional conversion	At discretion of FINMA
28	If convertible: indication of type of instrument following conversion	CET1 capital
29	If convertible: issuer of the instrument following conversion	Raiffeisen Switzerland or transfer to another legal entity on the instruction of such FINMA measures
30	Debt waiver	Yes
31	In case of debt waiver: Trigger for the waiver	At discretion of FINMA
32	In case of debt waiver: fully or partially optional	Fully or partially optional
33	In case of debt waiver: permanent or temporary	Permanent
34	In case of temporary debt waivers: description of write-off mechanism	n/a
34a	Type of subordination	Structural
35	Position in the subordination ranking in case of a liquidation (indicating the type of instrument which has direct precedence in the ranking of the legal entity affected)	–
36	Existence of characteristics which could jeopardize the complete recognition according to the Basel III regime	No
37	If yes: describe these characteristics	n/a

¹ Eligible under the gone concern loss-absorbing capacity category according requirements for systemically important banks

Bail-in bond 2034

1	Issuer	Raiffeisen Switzerland Cooperative, St. Gallen
2	Explicit identifier (e.g. CUSIP, ISIN or Bloomberg ID for private placements)	CH0580464698
3	Laws applicable to the instrument	Swiss law
3a	How the enforceability criterion in accordance with the TLAC term sheets is met (for other instruments eligible for TLAC according to foreign law)	n/a
Regulatory treatment		
4	In accordance with the transitional provisions of Basel III	– ¹
5	In accordance with the applicable rules upon the expiry of the Basel III	–
6	Eligible at stand-alone level, group level, stand-alone and group level	Stand-alone and group level
7	Type of instrument	Senior unsecured debt (Bail-In Bond)
8	Amount included in the regulatory capital (in millions of CHF)	CHF 175 Mio.
9	Nominal value of instruments	CHF 175 Mio.
10	Classification from an accounting point of view	Bonds and Pfandbriefdarlehen
11	Original issuing date	23 November 2020
12	With or without maturity	With maturity
13	Original date of maturity	23 November 2034
14	Issuer has the option of an early termination, provided this is acceptable from a regulatory point of view	Yes
15	Optional call date, conditional call dates (for tax or regulatory reasons)	First optional call date 23. November 2033. Early redemption possible due to a tax or ineligibility event. Repayment of the entire issue (no partial repayments).
16	Later call dates, if applicable	n/a
Dividends/coupons		
17	Fixed or variable dividends/coupons	Fixed
18	Coupon rate and index, where applicable	1.500%
19	Existence of a dividend stopper (no dividends on the instrument implies no dividends on the normal shares)	No
20	Interest payment / dividend payment: completely optional, partially optional or binding	Binding
21	Existence of a step up or another incentive to redeem units	n/a
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible/non-convertible	Convertible
24	If convertible: Trigger for conversion	In the event of restructuring proceedings affecting the Issuer, FINMA may order all measures to which it is entitled under the then applicable financial market regulations.
25	If convertible: fully or partially	Fully or partially
26	If convertible: Conversion ratio	At discretion of FINMA
27	If convertible: Mandatory or optional conversion	At discretion of FINMA
28	If convertible: indication of type of instrument following conversion	CET1 capital
29	If convertible: issuer of the instrument following conversion	Raiffeisen Switzerland or transfer to another legal entity on the instruction of such FINMA measures
30	Debt waiver	Yes
31	In case of debt waiver: Trigger for the waiver	At discretion of FINMA
32	In case of debt waiver: fully or partially optional	Fully or partially optional
33	In case of debt waiver: permanent or temporary	Permanent
34	In case of temporary debt waivers: description of write-off mechanism	n/a
34a	Type of subordination	Structural
35	Position in the subordination ranking in case of a liquidation (indicating the type of instrument which has direct precedence in the ranking of the legal entity affected)	–
36	Existence of characteristics which could jeopardize the complete recognition according to the Basel III regime	No
37	If yes: describe these characteristics	n/a

¹ Eligible under the gone concern loss-absorbing capacity category according requirements for systemically important banks

Leverage ratio

LR1: Leverage ratio – comparison of accounting assets and overall exposure for the leverage ratio

LR1: Leverage ratio – Summary comparison of accounting assets versus leverage ratio exposure measure

in CHF million
Line item

	a	
	31.12.2020	30.06.2020
1 Total assets according to published financial reports	259,653	266,135
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	-495	-521
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	-1,003	-1,413
5 Adjustments for securities financing transactions (SFT)	203	1,362
6 Adjustments for off-balance-sheet transactions (conversion of off-balance-sheet transactions into credit equivalents)	4,946	4,716
7 Other adjustments		
8 Overall exposure for the leverage ratio³	263,303	270,279

¹ This item takes account of intangible assets (goodwill) and prudential value adjustments that are deducted from core capital as well as the deduction required by Art. 32 lit. e. of the Capital Adequacy Regulation since the adoption of the IRB approach as of 30 September 2019.

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

³ The leverage ratio shown here relates to the calculation taking into account central bank deposits, i.e. without relief. This illustration was selected against the background of the loss of this relief as of 01.01.2021. Excluding central bank deposits, i.e. with relief according to FINMA communication 02/2020 of 31.03.2020, the Basel III leverage ratio would have been 8,2% as of 31.12.2020.

LR2: Leverage ratio – detailed presentation

LR2: Leverage Ratio – Detailed presentation		a	
in CHF million (unless stated otherwise)			
Line item		31.12.2020	30.06.2020
On-Balance sheet exposures			
1	On-Balance sheet items (excluding derivatives and SFT but including collateral) ¹	253,775	263,548
2	Assets that must be deducted from eligible core capital ²	–495	–521
3	= Total on-balance sheet exposures (excluding derivatives and SFTs)	253,280	263,028
Derivate			
4	Positive replacement values for all derivatives transactions including those vis-à-vis CCPs, including margin payments received and netting agreements	25	216
5	Add-ons for all derivatives	585	778
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	–610	–994
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	715	767
10	Netting against actual nominal values of offsetting credit derivatives and deduction of add-ons for issued credit derivatives	–73	–98
11	= Total exposure from derivatives³	642	669
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	4,399	505
13	Netting of cash liabilities and receivables with respect to SFT counterparties	–	–36
14	Exposure to SFT counterparties	36	1,398
15	SFT exposure with the bank acting as a commission agent	–	–
16	= Total exposure from securities financing transactions	4,435	1,866
Other off-balance-sheet items			
17	Off-balance-sheet items as gross nominal values before the application of any credit conversion factors	17,235	17,007
18	Adjustments for the conversion into credit equivalents	–12,289	–12,291
19	= Total off-balance-sheet items	4,946	4,716
Eligible equity capital and overall exposure			
20	Core capital (Tier 1)	18,776	17,934
21	Overall exposure	263,303	270,279
Leverage ratio			
22	Leverage ratio ⁴	7.1%	6.6%

¹ The difference between the reported figure and total assets as shown in the published financial statements is 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) and prudential value adjustments that are deducted from core capital as well as the deduction required by Art. 32 lit. e of the Capital Adequacy Regulation since the adoption of the IRB approach as of 30 September 2019

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

⁴ The leverage ratio shown here relates to the calculation taking into account central bank deposits, i.e. without relief. This illustration was selected against the background of the loss of this relief as of 01.01.2021. Excluding central bank deposits, i.e. with relief according to FINMA communication 02/2020 of 31.03.2020, the Basel III leverage ratio would have been 8,2% as of 31.12.2020.

Notes on the leverage ratio

The decrease in overall exposure (line 21), in combination with an increase in eligible capital (line 20), led to an increase in the leverage ratio from 6.6% to 7.1%. Eligible core capital rose by CHF 842 million or 4.7%. The causes lie in the increase in cooperative capital, retention of earnings and the issue of an AT1 bond.

Liquidity management

LIQA: Liquidity risk management

Overview

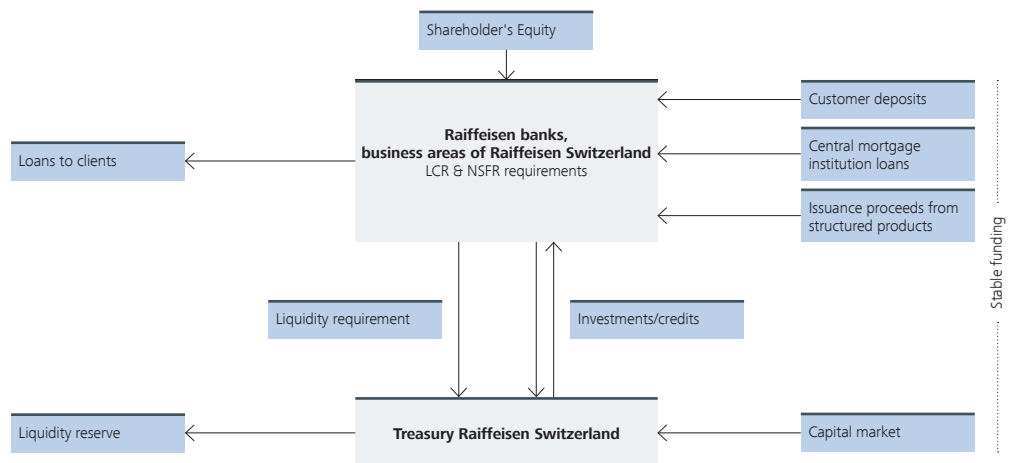
The Raiffeisen Group is one of the leading retail banks in Switzerland and it pursues a decentralised business model. The individual Raiffeisen banks are legally independent and operate the classic savings and mortgage business autonomously. An internal set of rules ensures that regulatory guidelines and internal standards are complied with.

The Raiffeisen Group has centralised liquidity risk management, which is performed by Raiffeisen Switzerland's Treasury department. The Treasury department controls the liquidity of the Raiffeisen Group and manages the liquidity reserve.

Raiffeisen is obliged at Group level and at the Raiffeisen Switzerland level to observe qualitative and quantitative liquidity regulations. According to FINMA, the Raiffeisen banks are exempt from observance at the individual bank level. The Raiffeisen banks and other Group companies are obliged by internal requirements to invest their liquidity requirements pro rata in the form of liquid assets or at Raiffeisen Switzerland.

Refinancing of the lending activity of the Raiffeisen Group occurs chiefly through client deposits, central mortgage institution loans and issues of its own bonds by Raiffeisen Switzerland. Raiffeisen Switzerland's Treasury department organises the liquidity transfer within the Group. The Raiffeisen banks are obliged to invest excess liquidity, which cannot be lent out within the framework of the business regulations, at Raiffeisen Switzerland. In return, the Raiffeisen banks can procure refinancing funds from Raiffeisen Switzerland. Thanks to the central liquidity pooling, the refinancing gaps of the individual units can be compensated efficiently and cost effectively within the Group.

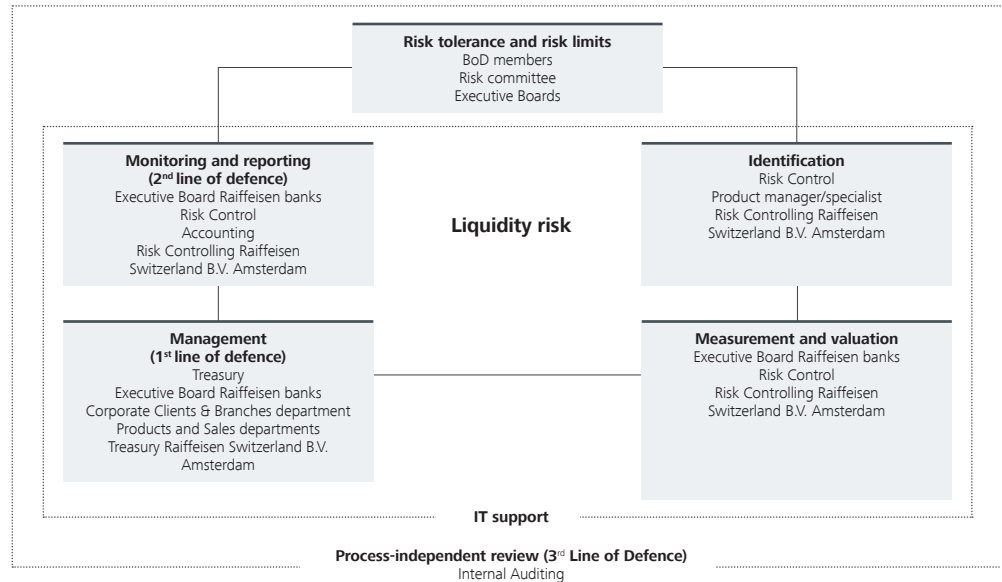
Raiffeisen Group liquidity transfer



Organisation

The following executive bodies, committees and units are responsible for the liquidity risk management of the Raiffeisen Group:

Liquidity risk management at the Raiffeisen Group



The Treasury department of Raiffeisen Switzerland is responsible for managing the liquidity of the Raiffeisen Group and Raiffeisen Switzerland as well as for compliance with the regulatory requirements. The Treasury is responsible for the liquidity regulations within the Group and organises intra-Group liquidity transfers. The Treasury of Raiffeisen Switzerland guarantees access to the money, capital and derivatives market for the Group.

The Raiffeisen banks, branches and business units of Raiffeisen Switzerland, as well as Raiffeisen Switzerland B.V. Amsterdam, are responsible for the autonomous management of their liquidity risks within the liquidity guidelines of risk policy, instructions or permanent directives. The Executive Board of the Raiffeisen banks, the Board of Raiffeisen Switzerland B.V. Amsterdam and those of the Raiffeisen Switzerland business units guarantee observance of the internal guidelines. Moreover, they are responsible for regular reporting on the liquidity situation and observance of limits.

The Risk Control department of Raiffeisen Switzerland is in charge of the independent measurement and monitoring of the liquidity requirements and limits and is responsible for the regular risk reporting to the attention of the Executive Board and Board of Directors of Raiffeisen Switzerland. The Risk Control department approves new liquidity-relevant products, services or business activities.

The Executive Board of Raiffeisen Switzerland is responsible for ensuring the risk tolerance and liquidity limits of the Raiffeisen Group as well as of Raiffeisen Switzerland. It is in charge of implementing and observing the risk policy principles and requirements for identification, measurement, evaluation, management, monitoring and reporting of the liquidity risk. Furthermore, it reports to the Board of Directors and its committees.

The Board of Directors of Raiffeisen Switzerland determines the risk tolerance and liquidity limits of the Group as part of risk budgeting. Moreover, it stipulates the requirements for identification, measurement, evaluation, management, monitoring and reporting of the liquidity risk. The Board of Directors of the Raiffeisen banks determines the internal bank limits as part of the Group-wide requirements.

The Internal Auditing of Raiffeisen Switzerland audits the effectiveness and appropriateness of the requirements process-independently.

Liquidity risk management

Liquidity risk management is oriented to limiting the liquidity risk and is intended to ensure that the Raiffeisen Group permanently has sufficient liquid assets in order to be able to meet its payment obligations in stress situations at all times.

Operational-tactical liquidity management is intended to cover the daily requirements for liquidity, cash and collateral management as well as ensuring access to the secured and unsecured money market. Strategic liquidity risk management controls the liquidity of the Raiffeisen Group according to regulatory and internal requirements and focuses on the sustainable refinancing of the business activities of the Raiffeisen Group and management of the liquidity reserve while observing the internal diversification requirements. In addition, it includes maintenance of the liquidity transfer price system, which ensures that costs are offset to reduce the liquidity risk according to the originator.

The liquidity reserve serves to bridge liquidity bottlenecks in the event of stress without impairing ongoing business operations. The level of the liquidity reserve corresponds as a minimum to the statutory and internal liquidity to be observed. The investments focus on balances at the Central Bank, direct investments in bonds with high creditworthiness, which meet the requirements for highly liquid assets (HQLA) according to the liquidity regulations and securities from reverse repo transactions.

Liquidity reserves of the Raiffeisen Group

in CHF million

31.12.2020

Unencumbered liquid assets

Liquid assets incl. Central Bank reserves	36,582
Highly liquid securities	5,389
Total liquid assets	41,971

As of 31.12.2020, 87% of the stock of unencumbered high-quality liquid assets was kept in the form of liquid assets and SNB balances. The remaining 13% of the liquidity reserve consisted of unencumbered highly liquid securities. Of these, 23% belonged to assets in category 1 (HQLA) according to the requirements of the Liquidity Ordinance. 77% consisted of assets in category 2a, especially Swiss mortgage bonds.

Stress tests

To measure the liquidity risk, the Risk Control department regularly conducts liquidity stress tests. As a result, one can see how many days Raiffeisen would remain solvent in an internal liquidity stress scenario. This survival horizon is determined by the level of the stress-related payment outflows, the available liquidity reserve and the possible liquidity generating emergency measures. The stress scenario includes a Raiffeisen-specific and market-wide shock, which would in particular result in constantly increasing outflows of otherwise stable private client deposits while, at the same time, no refinancing would be possible on the money and capital market. In calibrating the stress scenario, the business model of Raiffeisen is taken into account. The survival horizon is determined both with as well as without emergency measures for liquidity preservation and generation.

The results serve to evaluate the liquidity situation of Raiffeisen and are periodically communicated as part of the risk reporting to the attention of the Executive Board and the Board of Directors of Raiffeisen Switzerland. The latter is also responsible for determining the liquidity risk tolerance.

The stress tests are reviewed regularly for appropriateness and updated as necessary.

Liquidity emergency planning

The solvency of the Raiffeisen Group is to be guaranteed in the event of bank-specific and market-related liquidity crises with liquidity emergency planning. The liquidity emergency plan assumes a constant deterioration in the liquidity and/or refinancing situation of the Raiffeisen Group. Determined escalation levels, which can be initiated depending on the gravity and nature of the crisis, provide for measures for liquidity preservation and generation. In addition, organisational requirements, processes and communicative measures are defined, which are intended to permit a fast, commensurate reaction to a liquidity crisis.

Daily monitoring of the regulatory and internal key figures and limits ensures that a deteriorating liquidity situation is recognised promptly. In the event of an escalation level being exceeded, a determined escalation process is triggered and the corresponding measures are taken quickly. In a liquidity crisis, Raiffeisen Switzerland is the first point of contact for the Raiffeisen banks to bridge any bottlenecks.

The liquidity emergency plan is reviewed in an annual process to ensure it is up-to-date, correct and appropriate and, if necessary, adjusted.

If the Raiffeisen Group is affected by a severe liquidity crisis, the overall emergency plan of the Raiffeisen Group enters into force at a defined escalation level.

Liquidity transfer price system

The internal liquidity transfer price system is an important instrument for the originator-related offsetting of the costs and risks for refinancing of the liquidity buffer, the balance sheet and off-balance-sheet contingent liabilities within the Raiffeisen Group. It ensures that the regulatory requirements are observed and incentives in favour of stable, liquidity-preserving means of financing and their efficient use are put in place properly.

Offsetting the costs for holding liquidity and ensuring a liquidity buffer occurs via quantitative requirements, which oblige the Group companies and business units of Raiffeisen Switzerland to hold and place high-quality assets at the Treasury department of Raiffeisen Switzerland. The requirements are charged to the balance sheet and off-balance-sheet positions, which cause high liquidity holdings and favour those with lower liquidity requirements. The interest rate of the liquidity investments depends on the conditions for high-quality assets.

To ensure illiquid assets are refinanced with stable passive ones, Raiffeisen has already introduced the structural liquidity coverage ratio (NSFR) as a control instrument within the Group, although its observance is not yet a regulatory requirement. The transfer of excess refinancing funds within the Group occurs at market conditions for Raiffeisen on the money and capital market.

The transfer price system is periodically reviewed by the Risk Control department.

Refinancing

The Raiffeisen banks and their branches finance their lending business for the most part via their own client deposits. Central mortgage institution loans serve as another stable source of financing. The Raiffeisen banks and branches of Raiffeisen Switzerland cover additional financing requirements via the Treasury of Raiffeisen Switzerland. The Treasury of Raiffeisen Switzerland provides the Group with additional means of financing, which it procures on the capital market via the issue of its own bonds, structured products and other capital market transactions.

Due to wide diversification vis-a-vis private clients and the low dependence vis-a-vis major clients, there is hardly any concentration of financing sources. In addition, the refinancing sources can be described as very robust.

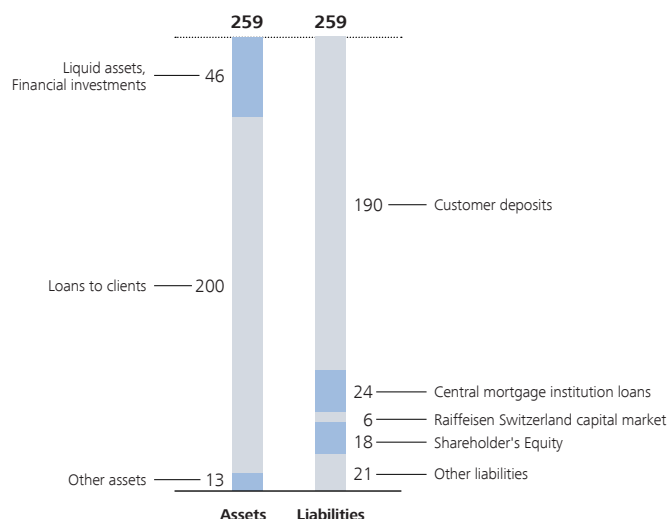
As part of its multi-year planning, the Treasury of Raiffeisen Switzerland plans the refinancing potential within the Group and determines the capital market refinancing requirements. It regularly monitors the financing situation, taking into account the liquidity, the maturity structure of the balance sheet and off-balance-sheet positions. This is intended to ensure a solid balance sheet structure and stable refinancing, even in periods of difficult market conditions.

Loans to clients amounted to CHF 200 billion, of which 95% were mortgage loans and approx. 5% were other client loans. The majority of the loans to clients are illiquid. CHF 160 billion of the loans to clients have a term of more than one year; of these, CHF 56 billion have a term of more than five years. 95% of the lending business is funded by client deposits of CHF 190 billion, of which 87% stems from private clients and small companies and can be described as very stable. The remaining 13% of client deposits are deposits made by commercial clients (not including banks). CHF 24 billion are endowed with stable refinancing via the Pfandbriefbank. The capital market transactions of Raiffeisen Switzerland serve as another stable source of financing. 88% of the portfolio of central mortgage institution loans and capital market transactions of Raiffeisen Switzerland has a term of over one year; 59% of the portfolio has a term of over five years. The money market portfolio serves exclusively for tactical liquidity procurement. This maximises the immunisation

against risks on the money market. The liquidity reserve consists of the liquidity that must be held according to regulations (liquidity requirement) and excess liquidity.

Balance sheet structure

in billion CHF, 31.12.2020



LIQ1: Liquidity coverage ratio (LCR)

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 (95%) 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), 84% consist of category 1 assets, 93% 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 16% of the HQLA portfolio, 90% consist of Swiss mortgage bonds. The remaining 10% are primarily public sector bonds and covered bonds rated at least A-.

Net cash outflows (no. 22) increased considerably compared to the last reporting period in the third quarter in particular. The HQLA portfolio (no. 21) has also increased sharply in comparison to the last reporting period. This led to an increase in the short-term liquidity coverage ratio (no. 23) in the third quarter to 146% and in the fourth quarter to 159%. This development is attributable to the strong growth in deposits by private clients (no. 2). In addition, due to favourable market conditions, the portfolio of deposits of business clients and key accounts (no. 5) underwent a further tactical increase. Cash outflows relating to the derivatives portfolio (no. 11) hardly changed following the strong rise in the last reporting period. 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.

LIQ1: Liquidity Coverage ratio (LCR)		Q3 2020 ¹		Q4 2020 ¹	
		Unweighted values	Weighted values	Unweighted values	Weighted values
in CHF million (unless stated otherwise)					
A. High-quality liquid assets (HQLA)					
1	Total high-quality liquid assets (HQLA)		42,473		47,789
B. Cash outflows					
2	Retail deposits	106,384	10,532	109,351	10,836
3	of which stable deposits	6,000	300	6,000	300
4	of which less stable deposits	100,384	10,232	103,351	10,536
5	Unsecured business-client or wholesale funding	23,112	14,535	24,613	15,014
6	of which operational deposits (all counterparties) and deposits with the central institution of a cooperative bank network	0	0	0	0
7	of which non-operational deposits (all counterparties)	22,242	13,664	23,967	14,367
8	of which unsecured debt securities	870	870	646	646
9	Secured business client or wholesale funding and collateral swaps		184		144
10	Other cash outflows	12,782	3,371	13,285	3,497
11	of which cash outflows related to derivative exposures and other transactions	2,129	1,876	2,175	1,925
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	97	97	137	137
13	of which cash outflows from committed credit and liquidity facilities	10,556	1,398	10,972	1,435
14	Other contractual funding obligations	3,573	2,030	4,475	2,554
15	Other contingent funding obligations	2,508	125	2,291	115
16	Total cash outflows		30,777		32,159
C. Cash inflows					
17	Secured funding transactions (e.g. reverse repo transactions)	339	0	508	8
18	Inflows from fully performing exposures	3,325	1,630	4,232	2,117
19	Other cash inflows	43	43	51	51
20	Total cash inflows	3,706	1,672	4,790	2,175
			adjusted value		adjusted value
21	Total high-quality liquid assets (HQLA)		42,473		47,789
22	Total net cash outflows		29,105		29,983
23	Liquidity coverage ratio (LCR) (%)		145.9%		159.4%

¹ Average daily closing averages of all business days in the reporting quarters (65 data points taken into account in the third quarter, 67 data points taken into account in the second quarter).

Credit risk

CRA: Credit risk – general information

Credit risk management is based on regulatory provisions, regulations governing risk policy for the Raiffeisen Group and framework concepts for institute-wide risk management. The risk policy and the framework concepts aim to limit the negative impact of credit risks on earnings and protect the Raiffeisen Group against high exceptional losses while safeguarding and strengthening its good reputation. Please see the Raiffeisen Group's disclosure on the bank risk management approach (OVA) for details on the Raiffeisen Group's risk policy principles and overarching risk management approach.

The Raiffeisen Group limits and monitors credit risks via risk guidelines. Appropriate limits are used for quantifiable risks. Risks that are difficult to quantify are limited by qualitative stipulations.

Risks are managed by the responsible line units (first line). Raiffeisen Switzerland's Risk & Compliance department is responsible for independently monitoring credit risks (second line). This primarily involves monitoring compliance with the limits and specifications set out by the Board of Directors and the Executive Board. Internal Auditing ensures the independent review of the effectiveness of the credit risk management framework (third line).

For more information about the Raiffeisen Group's credit risk management and control approach, please see the "Management report – Risk management" chapter in the Raiffeisen Group Annual Report.

CR1: Credit risk – credit quality of assets

CR1 : Credit risk – Credit quality of assets	a	b	c	d
	Gross carrying values		Allowances/ impairments	Net values
in CHF million 31.12.2020	Defaulted exposures ¹	Non-defaulted exposures		
1 Loans (excluding debt securities)	918	244,962	201	245,680
2 Debt securities	–	4,549	–	4,549
3 Off-balance sheet exposures	11	13,190	1	13,200
4 Total	929	262,701	202	263,428

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

CR2: Credit risk – Changes in stock of defaulted loans and debt securities	a
in CHF million	
1 Defaulted loans and debt securities at end of the previous reporting period (30.06.2020)	913
2 Loans and debt securities that have defaulted since the last reporting period	283
3 Returned to non-defaulted status	–239
4 Amounts written off	–28
5 Other changes	–
6 Defaulted loans and debt securities at end of the reporting period (31.12.2020)	929

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 are monitored by an early warning list. 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.

CRB: Credit risk – Additional disclosure related to the credit quality of assets – Breakdown of exposures by geographical area

31.12.2020 in CHF million	Geographical area				
	Switzerland	Great Britain	Germany	Others	Total
1 Loans (excluding debt securities)	243,294	1,199	574	814	245,880
2 Debt securities	4,513	–	–	35	4,549
3 Off-balance sheet exposures	13,175	2	8	16	13,201
4 Total	260,983	1,201	582	865	263,630
Defaulted exposures	927	0	0	2	929
thereof impaired exposures	827	–	0	2	829
thereof not impaired exposures	100	0	0	0	100
Value adjustments for defaulted exposures	201	–	0	1	202

CRB: Credit risk – Additional disclosure related to the credit quality of assets – Breakdown of exposures by industry

31.12.2020 in CHF million	Central gov- ernments and Central banks	Institutions	Banks and Stockbrokers	Enterprises	Retail	Equity	Other exposures	Total
	1 Loans (excluding debt securities)	35,660	2,937	7,657	3,629	194,276	–	
2 Debt securities	407	820	20	3,301	–	–	–	4,549
3 Off-balance sheet exposures	0	1,373	1,165	1,720	8,943	–	–	13,201
4 Total Reporting Period	36,068	5,130	8,842	8,650	203,219	–	1,721	263,630
Defaulted exposures	–	0	–	17	911	–	–	929
thereof impaired exposures	–	0	–	17	812	–	–	829
thereof not impaired exposures	–	0	–	1	99	–	–	100
Value adjustments for defaulted exposures	–	0	–	10	192	–	–	202

CRB: Credit risk – Additional disclosure related to the credit quality of assets – Breakdown of exposures by residual maturity

31.12.2020 in CHF million	Due							Total
	at sight	cancellable	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)	42,831	5,655	13,262	23,512	104,318	56,301	–	245,880
2 Debt securities	0	–	15	325	1,354	2,854	–	4,549
3 Off-balance sheet exposures	7,143	75	190	343	4,102	1,347	–	13,201
4 Total	49,975	5,731	13,467	24,180	109,774	60,503	–	263,630
Receivables past due	205	–	25	62	147	25	–	464
thereof past due not impaired receivables	15	–	8	11	52	14	–	100
thereof past due and impaired receivables	190	–	17	51	95	11	–	364

CRC: Credit risk – qualitative disclosure requirements related to credit risk mitigation techniques

Raiffeisen uses the comprehensive approach defined in Art. 62 (1) letter (b) of the Swiss Capital Adequacy Ordinance (CAO) in connection with risk mitigation; 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.

CR3: Credit risk – overview of mitigation techniques

Raiffeisen uses the standardised approach to present the overview of credit risk mitigation techniques in order to ensure a consistent point of view. Regarding IRB disclosures, we refer to the IRB tables in this disclosure report.

CR3: Credit risk mitigation techniques – Overview

31.12.2020 in CHF million	a	b ¹	b ²	d	f
	Exposures unsecured: carrying amount	Exposures secured by collateral	of which secured amount	of which secured by financial guarantees	of which secured by credit derivatives
1 Loans ¹	51,898	193,781	191,814	1,967	–
2 Debt securities	2,938	1,610	1,610	–	–
3 Total	54,836	195,392	193,425	1,967	–
4 of which defaulted	388	788	783	4	–

¹ Loans according to the regulatory disclosure definitions

² Mortgages are regarded as exposures secured by collateral according to column b

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

Raiffeisen generally uses the IRB approach when determining capital adequacy requirements for credit risks. Certain positions remain subject to the international standardised approach. In these cases, external ratings can be used to determine counterparty risk weights.

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
- Financial investments
- Positive replacement value

CR4: Credit risk – risk exposures and credit risk mitigation (CRM) effects under the standardised approach

CR4: Credit risk – Standardised approach – credit risk exposure and credit risk mitigation (CRM) effects

31.12.2020 in CHF million (unless stated otherwise)	a		b		Carrying values		d		e		f	
	Exposures before CCF and CRM				Exposures post-CCF and CRM							
	On-balance sheet amount		Off-balance sheet amount		On-balance sheet amount		Off-balance sheet amount		RWA		RWA density	
Asset classes												
1 Sovereigns and their central banks	36,068		0		37,840		6		5			0.0%
2 Banks and securities traders	3,580		376		3,580		193		277			7.3%
3 Public-sector entities and multilateral developments banks	3,355		1,358		3,364		618		1,562			39.2%
4 Corporate	5,154		1,595		3,449		847		2,418			56.3%
5 Retail	4,014		2,627		2,174		534		2,223			82.1%
6 Equity securities	–		–		–		–		–			–
7 Other assets	4,762		–		4,762		–		3,094			65.0%
8 Total	56,932		5,956		55,169		2,199		9,578			16.5%

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

CR5: Credit risk – Exposures by exposure category and risk weights under the standardised approach

31.12.2020 in CHF million	a	b	c	d	e
	0%	10%	20%	35%	50%
Asset classes / Risk weight					
1 Sovereigns and their central banks	37,842	–	–	–	2
2 Banks and securities traders	2,756	–	771	–	245
3 Public-sector entities and multilateral developments banks	16	–	1,383	117	2,448
4 Corporate	19	–	1,713	21	160
5 Retail	–	–	0	674	–
6 Equity securities	–	–	–	–	–
7 Other assets	1,719	–	–	–	–
8 Total	42,352	–	3,867	813	2,855
9 thereof receivables secured by real estate ¹	–	–	–	813	–
10 thereof receivables past due	–	–	–	–	–

¹ Includes personal pension pillar 3 in combination with mortgage secured loans

CR5: Credit risk – Standardised approach – exposures by asset classes and risk weights

31.12.2020 in CHF million	f	g	h	i	j
	75%	100%	150%	Other	Total credit exposures amount (post CCF and post-CRM)
Asset classes / Risk weight					
1 Sovereigns and their central banks	–	0	3	–	37,846
2 Banks and securities traders	–	0	–	–	3,773
3 Public-sector entities and multilateral developments banks	–	14	4	–	3,983
4 Corporate	1	2,383	0	–	4,297
5 Retail	192	1,841	1	–	2,709
6 Equity securities	–	–	–	–	–
7 Other assets	–	3,038	–	5	4,762
8 Total	194	7,276	8	5	57,368
9 thereof receivables secured by real estate	52	1,032	–	–	1,897
10 thereof receivables past due	–	0	3	–	4

CRE: IRB – qualitative disclosures related to models

IRB approach

Since 30 September 2019, Raiffeisen has been using the IRB approach (F-IRB) to calculate capital adequacy requirements for credit risks. Floor transitional rules are in place until 30 September 2022.

Raiffeisen uses the IRB-compliant internal models to calculate the regulatory capital adequacy requirement for the private client (PC rating), corporate client (SME rating) and investment properties (IP rating) portfolios. The international standardised approach (SA-BIS) is still used to determine the capital adequacy of the remaining items.

The calculation models applied are based on a combination of probability of default (PD), loss given default (LGD) and exposure at default (EAD) factors.

The probability of default is calculated through the cycle (TTC) and represents the historical average value of one year of probability of default. This takes into account the defaults over a longer period of time. It reduces susceptibility to economic changes. In addition, conservatism and stress allowances are taken into account for the calibration of the models.

Rating models

Rating models	
Model name	Application
Rating for private clients (PC rating)	The PC rating is used for financing private individuals, mainly for mortgages. Depending on the type of financing coverage, two sub models are used. The model is based on a data series of seven years and takes ten factors into account, such as loan-to-value, ability to keep up payments, additional collateral and the payment behaviour of the client over a specific time period. The PC rating estimates the probability that a client with specific characteristics will default within the next year, i.e. is not able to meet his loan obligations.
Rating for corporate clients (SME rating)	The SME rating is used for commercial financing of small and medium-sized companies. It consists of six sub models as the size and sector of the company result in different risk drivers. It is based on a data series of seven years and uses different quantitative information – nine factors in total – from the balance sheet and income statement including key figures for debt, profitability and liquidity of the companies. These parameters are used to calculate a forecast of the one-year probability of default.
Rating for investment properties (IP rating)	The IP rating is used for clients with financing of investment properties. It consists of two sub models which are used depending on the type of financed property. Taking into account the loan-to-value, the debt service coverage ratio (DSCR), the real estate specification and the various types of properties, it carries out a calculation of the one-year probability of default. The model covers five factors based on a data series of nine years.
“Loss given default” for retail items (Retail LGD model)	Raiffeisen uses the LGD Retail model to determine the regulatory loss given defaults of the IRB Retail item class, which consists of all private clients and retail corporate clients. The loss given default includes the ratio of the receivable which is not covered after realisation of all collateral, i.e. which leads to a loss. The loss given default is determined over a total economic cycle and represents the historic average value of the loss given default. It also includes regulatory required conservatism and stress allowances. The model takes account of five factors with an eight-year data history.
“Exposure at default model” (EAD methodology)	In the IRB retail item class, the presumed exposure at the time of defaulting is determined with the aid of the EAD model for all types of exposure. For balance sheet items, the “Exposure at default” corresponds to the gross debt amount of a credit at the time of defaulting. Off-balance sheet items, credit approvals and contingent liabilities are converted into credit equivalents using the credit conversion factors (CCF).

IRB model governance

The IRB model governance ensures that the models for calculating the regulatory capital adequacy requirement are used in accordance with the IRB and are properly developed, documented, implemented, operated and monitored. The processes, frequency and accountabilities are regulated in the “model risk management” process. This is to recognise and limit the risks that come with the use of models.

IRB model governance

Element	Content
1. Development of models	<ul style="list-style-type: none"> – Model development – Quantitative und qualitative impact analysis – Initial independent validation – Approval of the initial validation
2. Approval of models	<ul style="list-style-type: none"> – Approval by the authorised persons within the bank
3. Implementation of models	<ul style="list-style-type: none"> – Technical implementation in the systems – Adapting the internal regulations, processes and controls – Training the users
4. Use of models	<ul style="list-style-type: none"> – Transition from the development phase into the operational phase
5. Monitoring and maintaining the models	<ul style="list-style-type: none"> – Regular independent validation

Development of models

Expert responsibility for devising and ongoing development of the models is held by the model owner. The model owner is Quantitative Risk Modelling and belongs to the Risk Control area of the Risk & Compliance department. Creation and updating of model documentation which contains the relevant aspects of the models and highlights the relevant aspects of the models for third-party experts is carried out by the model owner.

For internally developed models, key figure selection, parameter estimates and calibration are based on internal defaulting time series which are expanded with additional external data on a case-by-case basis. The finished model is assessed by the various internal stakeholders. These include representatives from front and backoffice departments, product management and from departments which are responsible for processes, regulations and the implementation of rating models. A quantitative and qualitative analysis of the expected impact of the new model (impact analysis) is then created.

Approval for initial validation is requested from the Chief Risk Officer. The initial validation as well as recurrent validations for internally developed models are carried out by an independent third party. For models by third-party providers, Quantitative Risk Modelling carries out the validation in the quantitative area and Corporate Risk Control carries it out in the qualitative area.

Approval of models

Once the validation has taken place, which confirms the suitability of a model, the Executive Board and the risk committee of the Board of Directors of Raiffeisen Switzerland are asked to approve the model. Approved models are adopted into the model inventory.

The model owner ensures that the corresponding approval steps are followed, also for later model changes.

Implementation of models

Implementation covers the technical implementation in the systems, adapting the internal regulations, processes and controls as well as training the users. Internal Auditing carries out a check with regard to adherence to the IRB model Governance and the correct implementation of the models. Adherence to backtesting and validations are checked during ongoing operations.

An approval under supervisory law is obtained from FINMA for models which are to be used for determining the regulatory capital adequacy requirement.

Use of models

Successful implementation is represented by the transition from the development phase into the operational phase. This covers the application of models which represent a significant element of risk management by the Raiffeisen Group, both at the individual transaction level and at the level of portfolio controlling measures.

The standardised application of the rating models is ensured through regulations and process. The rating model to be applied in each case is automatically provided by the system in the lending process.

Monitoring and maintaining the models

The monitoring and maintenance of the models covers regular backtesting and a regular independent validation which checks the capability and suitability of the models.

The result of the regular check and the validation of the models is recorded in a detailed report. If the capability and suitability of the models is confirmed by an authorised person, they remain in operation for another year. The Executive Board, the risk committee and the Board of Directors of Raiffeisen Switzerland will be kept informed of the result of the check and the confirmation of capability as part of a periodic IRB report.

Models and methods monitoring coordinates and monitors the whole life cycle of the models and ensures risk monitoring and reporting to the Executive Board, the Board of Directors and FINMA.

EAD allocation in accordance with various approaches

The following table shows which share of the volume is treated under the standard approach (SA-BIS) and the model approach (IRB).

CRE – EAD allocation		
in percent	SA-BIS	IRB
Asset class		
Sovereigns and their central banks	100%	0%
Banks and securities traders	100%	0%
Public-sector entities and multilateral development banks	100%	0%
Corporate	26%	74%
Retail	4%	96%
Equity securities	0%	100%
Other assets	100%	0%
Total credit risk	24%	76%

CR6: IRB – risk exposure by exposure category and probability of default

CR6: IRB – Credit risk exposures by portfolio and probability of default (PD) range

31.12.2020 in million CHF (unless stated otherwise) PD scale	a	b	c	d	e	f
	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF in %	Exposures post CRM and post-CCF	Average PD in %	Number of obligors
7 Corporate: specialised lending (F-IRB)						
0.00 to <0.15	5	0	75.0%	5	0.1%	13
0.15 to <0.25	2	0	75.0%	2	0.2%	11
0.25 to <0.50	62	2	75.0%	63	0.4%	76
0.50 to <0.75	716	23	75.0%	733	0.7%	502
0.75 to <2.50	12,820	1,155	75.1%	13,702	1.5%	6,667
2.50 to <10.00	3,942	234	75.1%	4,104	3.5%	1,793
10.00 to <100.00	323	10	75.0%	330	22.7%	105
100.00 (Default)	153	3	75.0%	155		124
Subtotal	18,022	1,428	75.1%	19,093	2.3%	9,291
9 Corporate: other lending (F-IRB)						
0.00 to <0.15	156	101	94.1%	233	0.1%	33
0.15 to <0.25	78	154	94.3%	212	0.2%	37
0.25 to <0.50	185	95	84.6%	257	0.4%	96
0.50 to <0.75	522	149	84.7%	637	0.6%	239
0.75 to <2.50	4,134	989	81.1%	4,892	1.6%	1,877
2.50 to <10.00	2,193	516	78.7%	2,578	3.3%	802
10.00 to <100.00	97	2	75.0%	99	38.4%	18
100.00 (Default)	188	22	87.5%	200		88
Subtotal	7,554	2,029	82.3%	9,106	2.2%	3,190
11 Retail: positions secured by real estate						
0.00 to <0.15	17,310	170	100.0%	17,479	0.1%	68,001
0.15 to <0.25	17,862	307	100.0%	18,169	0.2%	47,286
0.25 to <0.50	31,825	655	100.0%	32,480	0.4%	75,306
0.50 to <0.75	25,073	614	100.0%	25,687	0.6%	57,187
0.75 to <2.50	64,507	2,461	100.0%	66,967	1.3%	106,432
2.50 to <10.00	7,839	639	100.0%	8,478	3.8%	11,384
10.00 to <100.00	451	37	100.0%	489	23.9%	540
100.00 (Default)	926	15	100.0%	942		1,706
Subtotal	165,793	4,898	100.0%	170,691	1.0%	367,842
13 Retail: other positions						
0.00 to <0.15	3	34	100.0%	37	0.1%	192
0.15 to <0.25	15	41	100.0%	56	0.2%	407
0.25 to <0.50	87	91	100.0%	178	0.4%	1,189
0.50 to <0.75	97	120	100.0%	217	0.6%	1,619
0.75 to <2.50	405	419	100.0%	824	1.5%	6,837
2.50 to <10.00	215	160	100.0%	375	3.6%	3,385
10.00 to <100.00	7	3	100.0%	10	22.1%	85
100.00 (Default)	23	25	100.0%	35		873
Subtotal	854	892	100.0%	1,732	1.7%	14,588
Total (all portfolios)	192,222	9,247	90.8%	200,622	1.2%	394,911

CR6: IRB – Credit risk exposures by portfolio and probability of default (PD) range

	g	h	i	j	k	l
31.12.2020 in million CHF (unless stated otherwise) PD scale	Average LGD in %	Average maturity in years	RWA	RWA density in %	Expected loss	Provisions
7 Corporate: specialised lending (F-IRB)						
0.00 to <0.15	45.0%	2.7	2	33.8%	0	
0.15 to <0.25	45.0%	3.2	1	58.9%	0	
0.25 to <0.50	36.3%	2.7	37	59.1%	0	
0.50 to <0.75	37.1%	2.9	470	64.1%	2	
0.75 to <2.50	38.9%	3.1	12,291	89.7%	92	
2.50 to <10.00	40.4%	3.0	4,627	112.8%	60	
10.00 to <100.00	39.7%	3.0	586	177.6%	30	
100.00 (Default)	42.9%	2.0	164	106.0%	18	
Subtotal	39.2%	3.1	18,178	95.2%	202	17
9 Corporate: other lending (F-IRB)						
0.00 to <0.15	41.6%	3.0	51	21.8%	0	
0.15 to <0.25	37.1%	2.6	76	35.8%	0	
0.25 to <0.50	37.9%	3.0	129	50.3%	0	
0.50 to <0.75	37.5%	2.7	376	59.0%	2	
0.75 to <2.50	36.7%	2.6	3,666	74.9%	31	
2.50 to <10.00	36.1%	2.6	2,272	88.1%	34	
10.00 to <100.00	36.1%	1.9	125	126.7%	14	
100.00 (Default)	36.4%	1.6	212	106.0%	39	
Subtotal	36.8%	2.6	6,906	75.8%	120	40
11 Retail: positions secured by real estate						
0.00 to <0.15	10.3%		751	4.3%	2	
0.15 to <0.25	10.7%		1,337	7.4%	4	
0.25 to <0.50	11.2%		3,926	12.1%	13	
0.50 to <0.75	11.4%		4,442	17.3%	18	
0.75 to <2.50	12.2%		22,858	34.1%	110	
2.50 to <10.00	13.4%		5,291	62.4%	43	
10.00 to <100.00	14.2%		603	123.2%	17	
100.00 (Default)	18.7%		1,000	106.2%	85	
Subtotal	11.6%		40,207	23.6%	292	79
13 Retail: other positions						
0.00 to <0.15	26.6%		2	6.1%	0	
0.15 to <0.25	33.2%		8	14.2%	0	
0.25 to <0.50	37.3%		43	24.1%	0	
0.50 to <0.75	43.5%		81	37.4%	1	
0.75 to <2.50	45.4%		453	54.9%	5	
2.50 to <10.00	46.9%		263	70.2%	6	
10.00 to <100.00	35.7%		8	75.3%	1	
100.00 (Default)	45.6%		37	106.0%	57	
Subtotal	43.8%		895	51.7%	71	63
Total (all portfolios)	15.7%		66,185	33.0%	684	199

CR8: IRB – RWA flow statements of credit risk exposures

CR8: IRB: RWA flow statements of credit risk exposures under IRB		a
in million CHF		RWA amounts
1 RWA as at the end of previous reporting period (30.06.2020)		64,813
2 Asset size		1,480
3 Asset quality		– 108
4 Model updates		–
5 Methodology and policy		–
6 Acquisitions and disposals		–
7 Foreign exchange movements		1
8 Other		–
9 RWA as at end of reporting period (31.12.2020)		66,185

CR9: IRB – backtesting of probability of default estimates by exposure category

CR9: IRB: Backtesting of PD per portfolio

31.12.2020	a / b	c			d	e
	PD range	External rating equivalent			Weighted average PD	Arithmetic average PD by obligors
		Moody's	Standard & Poor's	Fitch		
7 Corporate: specialised lending (F-IRB)						
	0.00 to <0.15	Aaa – A3	AAA – A-	AAA – A-	0.1%	0.1%
	0.15 to <0.25	Baa1 – Baa2	BBB+ – BBB	BBB+ – BBB	0.2%	0.2%
	0.25 to <0.50	Baa3	BBB-	BBB-	0.4%	0.4%
	0.50 to <0.75	Ba1	BB+	BB+	0.6%	0.6%
	0.75 to <2.50	Baa2 – Ba3	BB – BB-	BB – BB-	1.5%	1.5%
	2.50 to <10.00	B1 – B3	B+ – B-	B+ – B-	3.5%	3.5%
	10.00 to <100.00	Caa – C	CCC – C	CCC – C	22.9%	27.3%
	100.00 (Default)	D	D	D	–	–
	Subtotal				2.1%	2.1%
9 Corporate: other lending (F-IRB)						
	0.00 to <0.15	Aaa – A3	AAA – A-	AAA – A-	0.0%	0.1%
	0.15 to <0.25	Baa1 – Baa2	BBB+ – BBB	BBB+ – BBB	0.2%	0.2%
	0.25 to <0.50	Baa3	BBB-	BBB-	0.4%	0.4%
	0.50 to <0.75	Ba1	BB+	BB+	0.6%	0.6%
	0.75 to <2.50	Baa2 – Ba3	BB – BB-	BB – BB-	1.5%	1.6%
	2.50 to <10.00	B1 – B3	B+ – B-	B+ – B-	3.2%	3.3%
	10.00 to <100.00	Caa – C	CCC – C	CCC – C	41.5%	22.5%
	100.00 (Default)	D	D	D	–	–
	Subtotal				2.1%	2.0%
11 Retail: positions secured by real estate						
	0.00 to <0.15	Aaa – A3	AAA – A-	AAA – A-	0.1%	0.1%
	0.15 to <0.25	Baa1 – Baa2	BBB+ – BBB	BBB+ – BBB	0.2%	0.2%
	0.25 to <0.50	Baa3	BBB-	BBB-	0.4%	0.4%
	0.50 to <0.75	Ba1	BB+	BB+	0.6%	0.6%
	0.75 to <2.50	Baa2 – Ba3	BB – BB-	BB – BB-	1.3%	1.3%
	2.50 to <10.00	B1 – B3	B+ – B-	B+ – B-	3.8%	3.7%
	10.00 to <100.00	Caa – C	CCC – C	CCC – C	23.9%	22.8%
	100.00 (Default)	D	D	D	–	–
	Subtotal				1.0%	0.8%
13 Retail: other positions						
	0.00 to <0.15	Aaa – A3	AAA – A-	AAA – A-	0.1%	0.1%
	0.15 to <0.25	Baa1 – Baa2	BBB+ – BBB	BBB+ – BBB	0.2%	0.2%
	0.25 to <0.50	Baa3	BBB-	BBB-	0.4%	0.4%
	0.50 to <0.75	Ba1	BB+	BB+	0.6%	0.6%
	0.75 to <2.50	Baa2 – Ba3	BB – BB-	BB – BB-	1.5%	1.5%
	2.50 to <10.00	B1 – B3	B+ – B-	B+ – B-	3.6%	3.4%
	10.00 to <100.00	Caa – C	CCC – C	CCC – C	21.2%	26.1%
	100.00 (Default)	D	D	D	–	–
	Subtotal				1.7%	1.9%
	Total				1.1%	0.9%

CR9: IRB: Backtesting of PD per portfolio

31.12.2020	a / b	f		g	h	i
		Number of obligors				
	PD range	End of previous year	End of the year	Defaulted obligors in the year	of which: new defaulted obligors in the year	Average historical annual default rate ¹
7 Corporate: specialised lending (F-IRB)						
	0.00 to <0.15	–	13	–	–	–
	0.15 to <0.25	–	11	–	–	–
	0.25 to <0.50	3	76	–	–	–
	0.50 to <0.75	181	502	–	–	–
	0.75 to <2.50	4,442	6,667	5	1	0.1%
	2.50 to <10.00	3,234	1,793	10	–	0.5%
	10.00 to <100.00	258	105	18	–	16.1%
	100.00 (Default)	101	124	–	–	–
	Subtotal	8,219	9,291	73	3	0.8%
9 Corporate: other lending (F-IRB)						
	0.00 to <0.15	7	33	–	–	–
	0.15 to <0.25	29	37	–	–	–
	0.25 to <0.50	38	96	–	–	–
	0.50 to <0.75	143	239	2	–	0.8%
	0.75 to <2.50	957	1,877	5	–	0.3%
	2.50 to <10.00	1,155	802	8	–	1.0%
	10.00 to <100.00	182	18	–	–	–
	100.00 (Default)	63	88	–	–	–
	Subtotal	2,574	3,190	51	4	1.6%
11 Retail: positions secured by real estate						
	0.00 to <0.15	66,747	68,001	5	2	0.0%
	0.15 to <0.25	48,147	47,286	13	–	0.0%
	0.25 to <0.50	77,492	75,306	18	1	0.0%
	0.50 to <0.75	57,491	57,187	35	8	0.1%
	0.75 to <2.50	104,029	106,432	105	22	0.1%
	2.50 to <10.00	11,568	11,384	113	7	1.0%
	10.00 to <100.00	674	540	46	10	8.0%
	100.00 (Default)	1,837	1,706	–	–	–
	Subtotal	367,985	367,842	960	113	0.3%
13 Retail: other positions						
	0.00 to <0.15	155	192	–	–	–
	0.15 to <0.25	347	407	–	–	–
	0.25 to <0.50	999	1,189	–	–	–
	0.50 to <0.75	1,230	1,619	–	–	–
	0.75 to <2.50	5,543	6,838	14	1	0.2%
	2.50 to <10.00	2,759	3,385	24	1	0.7%
	10.00 to <100.00	74	85	5	–	5.9%
	100.00 (Default)	772	873	–	–	–
	Subtotal	11,879	14,588	282	11	1.9%
	Total	390,657	394,911	1,366	131	0.4%

¹ Due to the adoption of the IRB approach as of 30.09.2019, the average historical annual default rate is based on the year 2020 for reference date 31.12.2020.

CR10: IRB – specialised lending and equity securities under the simple risk weight method

Raiffeisen has no specialised lending according to the definition of table CR10.

For equity securities Raiffeisen applies no modelling and uses the simplified risk weight method.

CR10: IRB – specialized lending and equities under the simple risk weight method

31.12.2020
in CHF million
(unless stated otherwise)

	On-balance sheet amount	Off-balance sheet amount	Risk weight in %	Exposure amount	RWA
Exchange-traded equity exposures	0	–	300%	0	0
Private equity exposures	–	–	400%	–	–
Other equity exposures	79	–	400%	79	334
Total	79	–		79	334

Counterparty credit risk

CCR1: Counterparty credit risk – analysis by approach

CCR1: Counterparty credit risk – Analysis by approach

31.12.2020 in CHF million (unless stated otherwise)	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)	112	788	–	1,4	623	318
2 Internal Model Method (for derivatives and SFTs)	–	–	–	–	–	–
3 Simple Approach for credit risk mitigation (for SFTs)	–	–	–	–	–	–
4 Comprehensive Approach for credit risk mitigation (for SFTs)	–	–	–	–	4,276	673
5 VaR for SFTs	–	–	–	–	–	–
6 Total	112	788	–	–	4,899	991

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

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

31.12.2020 in CHF million	a	b
	EAD post CRM	RWA
Total portfolios subject to the Advanced CVA capital charge	–	–
1 VaR component (including the 3xmultiplier)	–	–
2 Stressed VaR component (including the 3xmultiplier)	–	–
3 All portfolios subject to the Standardised CVA capital charge	623	202
4 Total subject to the CVA capital charge	623	202

CCR3: Counterparty credit risk – exposures by exposure category and risk weights under the standardised approach

CCR3: Counterparty credit risk – Standardised approach to CCR exposures by regulatory portfolio and risk weights

31.12.2020 in million CHF	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	1,036	–	–	–	–	0	–	–	1,037
2 Banks and securities traders	–	–	293	249	–	5	0	479	1,026
3 Public-sector entities and multilateral development banks	–	–	115	–	–	8	–	–	122
4 Corporates	–	–	3,089	3	–	112	–	–	3,203
5 Retail	–	–	–	–	–	13	–	–	13
6 Equity securities	–	–	–	–	–	–	–	–	–
7 Other assets	–	–	–	–	–	–	–	–	–
8 Total	1,036	–	3,496	252	–	138	0	479	5,401

CCR5: Counterparty credit risk – composition of collateral for exposures subject to counterparty credit risk

CCR5: Counterparty credit risk – Composition of collateral for CCR exposure

31.12.2020 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)	–	56	–	514	–	–	–	–	3,813	–	–	–
Cash – other currencies	–	135	–	307	–	–	–	–	368	–	–	–
Domestic sovereign debt	–	–	–	–	–	–	–	–	30	–	–	1,029
Other sovereign debt	–	11	–	–	–	–	–	–	–	–	–	–
Government agency debt	–	4	–	–	–	–	–	–	1	–	–	193
Corporate bonds	–	181	–	–	–	–	–	–	138	–	–	3,177
Equity securities	–	47	–	–	–	–	–	–	0	–	–	–
Other collateral	–	4	–	–	–	–	–	–	1	–	–	–
Total	–	438	–	820	–	–	–	–	4,351	–	–	4,399

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

CCR6: Counterparty credit risk – credit derivatives exposures

CCR6: Counterparty credit risk - Credit derivatives exposures¹

31.12.2020 in CHF million	a		b	
	Protection bought		Protection sold	
Notionals				
Single-name credit default swaps	–	–	–	–
Index credit default swaps	715	73	–	–
Total return swaps	–	–	–	–
Credit options	–	–	–	–
Other credit derivatives	–	–	–	–
Total Notionals	715	73	–	–
Fair values	709	73	–	–
Positive replacement values (assets)	5	1	–	–
Negative replacement values (liabilities)	–11	–2	–	–

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

CCR8: Counterparty credit risk – exposures to central counterparties

CCR8: Counterparty credit risk – Exposures to central counterparties

31.12.2020 in CHF million	a	b
	EAD post CRM	RWA
1 Exposures to QCCPs (total)		20
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions)	193	9
3 of which OTC derivatives	193	9
4 of which exchange-traded derivatives	–	–
5 of which securities financing transactions	–	–
6 of which netting sets where cross-product netting has been approved	–	–
7 Segregated initial margin	–	–
8 Non-segregated initial margin	276	–
9 Pre-funded default fund contributions	10	11
10 Unfunded default fund contributions	20	–
11 Exposures to non-QCCPs (total)	–	–
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	–	–

Market risk

MRA: Market risk – qualitative disclosure requirements

Please see the Raiffeisen Group's disclosure (OVA) on the bank risk management approach for details on the Raiffeisen Group's general risk policy principles and overarching risk management approach. The following applies with respect to market risks in the trading book:

Of the entities within the Raiffeisen Group, Raiffeisen Switzerland's Treasury & Markets department and its subsidiary Raiffeisen Switzerland B.V., Amsterdam, each run a trading book. The subsidiary Raiffeisen Switzerland B.V., Amsterdam, serves the purpose of issuing and selling structured products that are exempt from withholding tax.

Raiffeisen Switzerland's trading risks are strategically limited by using total limits. Risks are operationally limited by scenario 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 monitored. The Risk & Compliance department 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, Risk & Compliance performs an independent evaluation of the risks.

The Trading unit, which is part of the Treasury & Markets department, is responsible for managing the trading book. Trading activities include interest rates, bonds, foreign exchange, equities and banknotes/precious metals. Trading must strictly adhere to the value-at-risk, scenario, position and loss limits set by the Board of Directors and the Executive Board. The Risk & Compliance department conducts daily checks of the valuation parameters used to produce profit and loss figures for trading and monitors limit compliance.

The risks of Raiffeisen Switzerland B.V., Amsterdam, are limited on the basis of position and sensitivity limits and are also monitored daily by the Risk & Compliance department.

The following reports contain most of the reporting for both trading books on limit compliance and the Risk & Compliance department's assessment of the risk situation:

- Daily P&L and risk report submitted to the responsible Executive Board members
- Weekly market- and liquidity report risk report to responsible Executive Board members
- Monthly risk report to the Executive Board members
- Quarterly risk report to the Board of Directors

The Risk & Compliance department communicates any breaches of market risk limits set by the Board of Directors and Executive Board on an ad hoc basis and in the respective risk reports.

The capital adequacy requirements for market risks in both trading books 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 under standardised approach

MR1: Market risk – Market risk under standardised approach

31.12.2020
in CHF million

		a
		RWA
Outright products		
1	Interest rate risk (general and specific)	1,469
2	Equity risk (general and specific)	11
3	Foreign exchange risk	574
4	Commodity risk	522
Options		
5	Simplified approach	–
6	Delta-plus method	14
7	Scenario approach	–
8	Securitisation	–
9	Total¹	2,590

¹ The reduction in exposures in the area of interest rate and currency instruments led to a decrease in the risk-weighted assets of the market risk positions, relative to the previous period.

Interest risks

IRRBB: Interest rate risk management objective and policies

a) Definition of IRRBB

Raiffeisen is subject to interest rate risk in the banking book (IRRBB) whenever changes in the market interest rate reduce interest income or the economic value of the Group or individual units of the Group. The banking book consists of all on- and off-balance-sheet items not assigned to the trading book.

The Raiffeisen Group distinguishes between the following types of interest rate risk:

- Gap risk results from mismatches between the fixed interest rate periods for receivables and liabilities.
- Basis risk is the result of opposite positions that have similar interest rate reset characteristics but are linked to different market interest rates.
- Option risk is risk arising from options (explicit and embedded in other products) that entitle the counterparty or client to alter the level and/or timing of their cash flows in a way that is detrimental to Raiffeisen. Products without contractually fixed interest rates or contractual capital commitment periods that include optionality in the form of withdrawal options are not allocated to option risk since they are included in risk measurement via replicating portfolios as interest rate repricing risk.

The Raiffeisen Group distinguishes between the net present value and period impacts of IRRBB for risk measurement and management purposes:

- A net present value perspective captures the immediate impacts of changes in the market interest rate on the economic value of the exposures in the banking book (asset effect).
- The earnings perspective captures the short- to medium-term impacts of interest rate changes on interest income (income effect).

b) Managing IRRBB

The Raiffeisen Group has a strong positioning in interest operations. Raiffeisen is exposed to a significant gap risk resulting from mismatches between the fixed interest rate periods of assets and liabilities. However, the Group's basis risk and option risk exposures are negligible.

The Board of Directors of Raiffeisen Switzerland assumes overall responsibility for risk management and risk control within the Raiffeisen Group. It defines the risk policy and determines the risk tolerance of the Raiffeisen Group each year. The Board of Directors issues a framework for Group-wide risk management that contains BoD-approved guidelines for identifying, measuring, assessing, managing, monitoring and reporting on interest rate risk in the banking book.

The Board of Directors of Raiffeisen Switzerland sets interest rate risk limits for the Raiffeisen banks and for Raiffeisen Switzerland in its annual risk budget:

- The Board of Directors at every Raiffeisen bank sets the interest rate risk limit for its bank within the parameters defined for the Group as a whole.
- The Executive Board of Raiffeisen Switzerland apportions the limit of the Board of Directors to the risk-bearing organisational units of Raiffeisen Switzerland.

The risk limitation is focused on the net present value perspective. This allows all exposures to be captured until the end of their fixed interest rate periods and the loss risk to be limited. In addition, income effects are limited to a three-year horizon at Group level.

Variable products without any contractual fixed interest rate period or capital commitment period can only be included in the net present value risk measurement if the cash flows and interest rate reset dates are modelled. This takes place by creating replication portfolios out of rolling fixed interest rate tranches that best reflect the products' interest rate risk and interest rate resetting behaviour.

The replicating models for variable products are developed by the Risk & Compliance department of Raiffeisen Switzerland and approved by the Risk Committee of Raiffeisen Switzerland's Board of Directors. The models are back-tested annually and independently validated at least every three years or after significant changes to the models.

Interest risks are managed in an autonomous, decentralised fashion, subject to process and limit requirements, by the individual Raiffeisen banks and the risk-bearing organisational units of Raiffeisen Switzerland:

- The Raiffeisen banks and branches of Raiffeisen Switzerland deliberately assume interest rate risks in the course of their business activities in order to generate income from maturity transformation. Hedging transactions are concluded centrally with Raiffeisen Switzerland's Treasury area.
- The Treasury unit of the Treasury & Markets department of Raiffeisen Switzerland serves as the central counterparty within the Raiffeisen Group for refinancing, investment and interest hedging transactions and for liquidity investments. It also manages Raiffeisen Switzerland's financial investments and liquid assets. Hedging transactions are conducted using Raiffeisen Switzerland's trading book, which hedges the exposures on the market.
- The Products & Sales unit of the Treasury & Markets department is responsible for Raiffeisen Switzerland's business of issuing structured investment products. To accomplish this, it engages in matching investment and refinancing transactions with Treasury. Any hedging transactions are conducted using Raiffeisen Switzerland's trading book, which hedges the exposures on the market.

The responsible units have a proven analytical risk management tool-kit that allows them to simulate adverse interest rate trends and assess their impacts at any time.

The Risk & Compliance department generates and analyses regular and ad-hoc stress scenarios at Group level.

The Risk & Compliance department independently monitors and regularly reports on compliance with the interest rate risk limits set by the Board of Directors and Executive Board of Raiffeisen Switzerland. The Executive Board of every Raiffeisen bank regularly reports to the bank's Board of Directors on the interest rate risk situation and compliance with the bank's risk limits.

Internal rules, instructions and directives firmly define the organisational and operational structure used for interest rate risk management. Internal Auditing assesses the effectiveness and appropriateness of the interest rate risk management system independently of the processes.

c) IRRBB metrics

The interest rate risk in the banking book is assessed on an individual and aggregate basis for all Raiffeisen banks and risk-bearing units of Raiffeisen Switzerland.

Absolute and relative sensitivity measures and value-at-risk are used to quantify asset effects in the net present value perspective. Calculations are performed daily, weekly, monthly or quarterly depending on the metric and the level at which the data is collected.

Income effects from an earnings perspective are determined quarterly by means of dynamic simulations. The simulation horizon is three years for the Group and two years for a Raiffeisen bank or branch of Raiffeisen Switzerland.

d) Interest rate scenarios for IRRBB assessment

The following interest rate shock scenarios are used at the Raiffeisen Group to quantify the immediate impacts of instantaneous changes in market interest rates on the economic value of the banking book:

- Standard interest rate shock scenarios as set out in Annex 2 FINMA Circular 2019/2 "Interest rate risks – banks"
- Internal interest rate shock scenarios:
 - Parallel shifts of +/-100 and +200 basis points
 - Steepener shock
 - Flattener shock or inversion

In addition, the value-at-risk calculation uses an interest rate change derived from the historical market data and resulting from a highly negative trend that statistically has a one in 1,000 chance of occurring and is thus more severe than the predefined interest rate shock scenarios.

The following interest rate stress scenarios are used to assess the short- to medium-term impacts of ongoing market interest rate changes on interest income:

- Constant interest rates
- Interest rates rise 200 basis points
- Interest rates fall 100 basis points

The defined interest rate scenarios are supplemented on an ad hoc basis by sensitivity analyses and stress scenarios. The Raiffeisen banks and the units of Raiffeisen Switzerland's Corporate Clients & Branches department can generate and analyse individual interest rate scenarios at any time.

e) Non-standard model assumptions

Unlike the Δ EVE metrics in Table IRRBB1, all the cash flows, including any margin and spread components, are discounted in the internal calculations. Own AT1 bonds are also included in the cash flow.

- Net present value falls more when interest rates rise if the margin and spread components are included in the Raiffeisen Group's cash flow.
- Net present value falls less when interest rates rise if the AT1 bonds are included in the Raiffeisen Group's cash flow.

In contrast to the internal assumptions, current account balances held at the Swiss National Bank and recognised central savings banks are treated as non-interest-rate-sensitive exposures in Δ EVE calculations that have been standardised based on FINMA guidelines. This is true despite the charging of negative interest above the applicable exemption threshold. The resulting differences are negligible.

f) Hedges

The Treasury unit of the Treasury & Markets department of Raiffeisen Switzerland serves as the Group-wide central counterparty for interest rate hedging transactions in the banking book. Offsetting transactions are concluded with external counterparties using Raiffeisen Switzerland's trading book.

Derivative financial instruments used to hedge risk associated with fluctuating interest rates as part of balance sheet "structural management" are valued in accordance with the accrual method. Interest-related gains and losses arising from the early realisation of contracts are accrued over their remaining lives.

g) Key modelling and parametric assumptions

1. Cash flows for Δ EVE calculations

Cash flows are discounted without margin or spread components.

2. Mapping procedure for Δ EVE calculations

The cash flows of products with fixed interest rate and capital commitment periods are determined at the level of individual exposures. Variable products are replicated.

3. Discounting for Δ EVE calculations

Discounting uses zero coupon interest rates derived from currency-specific swap curves.

4. Δ NII calculations

The Δ NII metrics in Table IRRBB1 are determined by means of simulation. The balance sheet is assumed to be constant. All exposures due to mature or be revalued within a one-year period are replaced by exposures of an equal amount that possess comparable interest rate reset characteristics on an average portfolio basis. Any margin or spread components are based on values that were used in new business.

The base scenario assumes that the market interest rates and the interest rates for the variable products do not change.

In the "Parallel shift up" scenario, interest rates in the variable deposit-taking business only go up moderately due to the current interest rate environment, while no interest rate changes are made on the asset side.

In the "Parallel shift down" scenario, variable-rate private client deposits are assumed to be protected from negative interest rates, while moderate interest rate cuts are expected on the asset side.

5. Variable exposures

Replication is used for products with no definite fixed interest rate periods or capital commitment periods where the amounts and timing of the cash flows are not contractually fixed. This is done by creating portfolios out of rolling fixed interest rate tranches that are intended to best reflect the products' interest rate risk and interest rate reset behaviour.

Replicating models based on recognised quantitative procedures are used for all key variable asset and liability products in the client business. The modelling uses historical empirical data (market and client interest rates, volume changes) and the results are validated using forward-looking interest rate scenarios.

The other variable exposures (e.g. call amounts due to and from banks) are not modelled; instead, a short fixed interest rate period is assumed.

6. Exposures with repayment options

Asset products with embedded behavioural repayment options are only provided in isolated cases and represent a negligible volume for the Group as a whole. Optionalities are therefore not included in the cash flow.

7. Automatic interest rate options

Interest rate options that can be exercised automatically to Raiffeisen's detriment are not relevant to the Raiffeisen Group's banking book.

8. Derivative exposures

No non-linear interest rate derivatives are employed in the Raiffeisen Group's banking book. Linear interest rate derivatives are used to manage interest rate risk.

9. Other assumptions

The EVE metric in Table IRRBB1 is calculated for all exposures in CHF, EUR and USD using the currency-specific interest rate shocks set out in Annex 2 FINMA Circular 2019/2 "Interest rate risks – banks". When exposures are denominated in all other currencies, the ETC values for other currencies set out in Annex 2 FINMA Circular 2019/2 "Interest rate risks – banks" are used.

IRRBA1: Interest rate risks – quantitative information on position structure and resetting of the interest rate

Table IRRBA1: Interest rate risks – quantitative information on exposure structure and resetting of the interest rate

	Volume in CHF Mio.			Average interest rate reset period (in years)		Maximum interest rate reset period (in years) for exposures with modelled (not determined) interest rate reset dates	
	Total	of which CHF	of which other major currencies that make up more than 10% of the total assets or total liabilities and equity	Total	of which CHF	Total	of which CHF
Defined interest rate reset date							
Amounts due from banks	468	400	–	0.1	0.1		
Amounts due from customers	8,482	8,126	–	2.3	2.4		
Money-market mortgages	27,279	27,279	–	0.1	0.1		
Fixed-rate mortgages	158,679	158,678	–	4.1	4.1		
Financial investments	8,781	8,781	–	6.8	6.8		
Other receivables	–	–	–	–	–		
Receivables from interest rate derivatives ¹	48,186	40,641	–	1.6	1.9		
Liabilities to banks	6,712	3,924	–	0.2	0.2		
Amounts due in respect of customer deposits	16,839	15,175	–	2.1	2.3		
Cash bonds	354	354	–	2.7	2.7		
Bond issues and central mortgage institution loans	28,533	28,366	–	9.4	9.5		
Other liabilities	–	–	–	–	–		
Liabilities from interest rate derivatives ¹	48,237	48,229	–	3.2	3.2		
Undefined interest rate reset date							
Amounts due from banks	935	563	–	0.0	0.0		
Amounts due from customers	1,651	1,568	–	0.3	0.3		
Floating-rate mortgage loans	4,331	4,331	–	1.3	1.3		
Other receivables on demand	–	–	–	–	–		
Liabilities on demand in respect of personal and current accounts	80,581	77,336	–	0.8	0.8		
Other liabilities on demand	1,850	1,723	–	0.1	0.1		
Amounts due in respect of customer deposits, callable but not transferable (savings)	95,760	95,404	–	1.8	1.8		
Total	537,659	520,879	–	2.8	2.9	10.0	10.0

¹ The exposure contains interest rate and currency instruments in the banking book. The exposures are divided into recipient and payer components and allocated to receivables and liabilities. For this reason, the volume of exposures with recipient and payer components (interest rate swaps, etc.) is shown twice.

IRRBB1: Interest rate risks – quantitative information on present value and net interest income

IRRBB1: Quantitative information on position structure and resetting of the interest rate

In CHF Mio.	Period	ΔEVE (change in net present value)		ΔNII (change in capitalised value)	
		31.12.2020	31.12.2019	31.12.2020	31.12.2019
Parallel up		-2,403	-2,081	-330	-309
Parallel down		2,130	1,841	-102	-99
Steepener ¹		-388	-207		
Flattener ²		-171	-273		
Short rate up		-857	-844		
Short rate down		879	867		
Maximum		-2,403	-2,081	-330	-309
	Period			31.12.2020	31.12.2019
Tier 1 capital before reclassifications to meet the gone-concern requirements				18,776	17,836
Tier 1 capital after reclassifications to meet the gone-concern requirements				18,310	17,595

¹ Fall in short-term interest rates combined with rise in long-term interest rates.

² Rise in short-term interest rates combined with fall in long-term interest rates.

ΔEVE is equal to the change in the net present value of the exposures in the banking book if the yield curve shifts due to the standardised interest rate shock scenarios pursuant to FINMA Circular 2019/2 "Interest rate risks – banks" and FINMA Circular 2016/1 "Disclosure – banks".

ΔNII is equal to the change in the gross income from interest operations due to an abrupt parallel shift in the yield curve (for CHF +/-150bp) pursuant to FINMA Circular 2019/2 "Interest rate risks – banks" compared to the bank's base scenario pursuant to the specifications of FINMA Circular 2016/1 "Disclosure – banks". The base scenario assumes constant interest rates. According to Annex 1 FINMA Circular 2019/2 "Interest rate risks – banks", the interest rate risks may be unduly high if the net present value of capital changes by an amount equal to or greater than 15% of Tier 1 capital in at least one of the interest rate shock scenarios.

ΔEVE

Parallel shifts in the yield curve change the net present value the most. A parallel shift down would produce a gain in net present value while a parallel shift up would result in a substantial loss in net present value. These changes are driven by the current balance sheet structure, which contains a large proportion of fixed-rate mortgages with long fixed interest rate periods and a large proportion of customer deposits without fixed interest rates.

ΔNII

With regard to income, both an abrupt increase and a further decrease in interest rates (+/-150bp in CHF) would reduce gross interest income compared to the bank's internal scenario. This is because interest expense would increase relatively quickly following an abrupt rise in interest rates, whereas if interest rates decrease, it would still likely be impossible to impose negative interest rates on a large number of private clients. The cost of existing interest rate hedges would also increase in the latter scenario.

Operational risk

ORA: 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 of Raiffeisen Switzerland. 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. Department Risk & Compliance 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. Risk & Compliance 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, Risk & Compliance 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 Risk & Compliance.

Department Risk & Compliance reports the substantial compliance risks quarterly and the legal risks semi-annually to Raiffeisen Switzerland's Executive Board and Board of Directors. These risks are reported to the Board of Directors of Raiffeisen Switzerland on an annual basis together with the updated compliance risk profile and the risk-orientated action plan derived from it in accordance with FINMA Circular 2017/1 "Corporate governance – banks".

Appendix 3: Disclosure requirements for systemically important banks

Arts. 124 to 133 of the Capital Adequacy and Risk Diversification Regulations (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.

The requirements under the rules governing systemic importance include requirements for risk-weighted capital adequacy requirements as well as those for unweighted capital adequacy requirements (leverage ratio), which are as follows:

Risk-weighted and unweighted capital adequacy requirements of the Raiffeisen Group under the rules governing systemically important banks

Table 1: Risk-based capital adequacy requirements on the basis of capital ratios

31.12.2020	Transition rules		Final rules (without transitional provisions) ¹	
	CHF million	In % Ratio	CHF million	In % Ratio
Basis of assessment				
Risk-weighted positions (RWA)	93,545		93,545	
Risk-based capital requirements ("going-concern") on the basis of capital ratios				
Total	12,867	13.755%	12,867	13.755%
of which CET1: Minimum	4,210	4.500%	4,210	4.500%
of which CET1: Capital buffer	4,635	4.955%	4,635	4.955%
of which CET1: Anti-cyclical capital buffer	–	0.000%	–	0.000%
of which AT1: Minimum	3,274	3.500%	3,274	3.500%
of which AT1: Capital buffer	748	0.800%	748	0.800%
Eligible capital ("going-concern")				
Core capital (Tier1)	18,310	19.574%	15,811	16.902%
of which CET1	17,418	18.620%	14,919	15.948%
of which AT1 High-trigger	892	0.954%	892	0.954%
Risk-based capital requirements for loss absorbing capital ("gone-concern") on the basis of capital ratios				
Total according size and market share (reflection going-concern-requirement)	1,197	1.280%	4,947	5.288%
Reduction due to fulfillment with going-concern capital ²	–233	–0.249%	–1,482	–1.585%
Total (net)	965	1.031%	3,464	3.703%
Eligible loss absorbing capital ("gone-concern")				
Total	965	1.031%	3,464	3.703%
of which CET1, which is used to fulfill gone-concern requirements	465	0.497%	2,965	3.169%
of which Bail-in Bonds	500	0.534%	500	0.534%

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

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

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

31.12.2020	Transition rules		Final rules (without transitional provisions) ¹	
	CHF million	In % LRD	CHF million	In % LRD
Basis of assessment				
Overall exposure	263,303		263,303	
Unweighted adequacy capital requirements ("going-concern") on the basis of the leverage ratio				
Total	12,178	4.625%	12,178	4.625%
of which CET1: Minimum	3,950	1.500%	3,950	1.500%
of which CET1:Capital buffer	4,279	1.625%	4,279	1.625%
of which AT1: Minimum	3,950	1.500%	3,950	1.500%
Eligible capital ("going-concern")				
Core capital (Tier1)²	18,310	6.954%	15,811	6.005%
of which CET1	17,418	6.615%	14,919	5.666%
of which AT1 High-trigger	892	0.339%	892	0.339%
Unweighted adequacy capital requirements for loss absorbing capital ("gone-concern") on the basis of the leverage ratio				
Total according size and market share (reflection going- concern-requirement)	1,106	0.420%	4,871	1.850%
Reduction due to providing additional capital in terms of conversion capital according to CAO Art. 132 ³	-233	-0.088%	-1,482	-0.563%
Total (net)	873	0.332%	3,389	1.287%
Eligible loss absorbing capital ("gone-concern")				
Total	965	0.366%	3,464	1.316%
of which CET1, which is used to fulfill gone-concern requirements	465	0.177%	2,965	1.126%
of which Bail-in Bonds	500	0.190%	500	0.190%

1 Going-concern capital requirements after transitional phase as of 1st January 2020 and Gone-concern capital requirements after transitional phase as of 1st January 2026.

2 The leverage ratio shown here relates to the calculation taking into account central bank deposits, i.e. without relief. This illustration was selected against the background of the loss of this relief as of 1.1.2021.

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

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