

# Information on the liquidity coverage ratio (LCR) as of 31.12.2016

		Q3 2016		Q4 2016	
		Unweighted values (monthly averages) in 1,000 CHF	Weighted values (monthly averages) in 1,000 CHF	Unweighted values (monthly averages) in 1,000 CHF	Weighted values (monthly averages) in 1,000 CHF
<b>High-quality liquid assets (HQLA)</b>					
1	Total high-quality liquid assets (HQLA)		23,130,646		23,999,030
<b>Cash outflows</b>					
2	Retail deposits	71,430,323	7,027,906	81,449,276	8,031,759
3	of which stable deposits	6,000,000	300,000	6,000,000	300,000
4	of which less stable deposits	65,430,323	6,727,906	75,449,276	7,731,759
5	Unsecured business-client or wholesale funding	12,207,281	7,261,638	12,471,926	7,417,980
6	of which operational deposits (all counterparties) and deposits with the central institution of a cooperative bank network	-	-	9,744	2,436
7	of which non-operational deposits (all counterparties)	12,157,873	7,212,231	12,426,656	7,380,018
8	of which unsecured debt securities	49,407	49,407	35,526	35,526
9	Secured business client or wholesale funding and collateral swaps		-		-
10	Other cash outflows	7,852,481	2,844,390	7,893,649	2,903,862
11	of which cash outflows related to derivative exposures and other transactions	1,664,130	1,648,658	1,697,961	1,682,361
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	98,233	98,233	109,200	109,200
13	of which cash outflows from committed credit and liquidity facilities	6,090,117	1,097,499	6,086,488	1,112,302
14	Other contractual funding obligations	2,937,763	2,074,068	3,289,964	2,156,414
15	Other contingent funding obligations	3,756,951	187,848	3,775,177	188,759
<b>16</b>	<b>Total cash outflows</b>		<b>19,395,850</b>		<b>20,698,774</b>
<b>Cash inflows</b>					
17	Secured funding transactions (e.g. reverse repo transactions)	-	-	-	-
18	Inflows from fully performing exposures	2,775,747	1,912,052	3,303,962	2,148,388
19	Other cash inflows	165,968	165,968	286,889	286,889
<b>20</b>	<b>Total cash inflows</b>	<b>2,941,716</b>	<b>2,078,021</b>	<b>3,590,851</b>	<b>2,435,277</b>
			Adjusted value		Adjusted value
<b>21</b>	<b>Total high-quality liquid assets (HQLA)</b>		<b>23,130,646</b>		<b>23,999,030</b>
<b>22</b>	<b>Total net cash outflows</b>		<b>17,317,830</b>		<b>18,263,497</b>
<b>23</b>	<b>Liquidity coverage ratio (LCR) (%)</b>		<b>133.57%</b>		<b>131.40%</b>

# Qualitative disclosure of the 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 simple monthly averages of 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 (92%) and additionally through central mortgage institution loans and Raiffeisen bonds. The money market is used solely for tactical management of the liquidity buffer. This maximises the immunisation against risks on the money market.

Of the portfolio of high-quality liquid assets (HQLA), 80% consist of category 1 assets, 91% of which are held as liquid funds. The remaining category 1 assets are mainly public sector bonds with a minimum rating of AA-. Of the category 2 assets, which account for 20% of the HQLA portfolio, 94% consist of Swiss mortgage bonds. The remaining 6% largely consist of public sector bonds as well as covered bonds with a rating of at least A-. The increase of the HQLA portfolio (no. 1) was mainly caused by the higher liquidity requirement for private client deposits (no. 2). The liquidity requirement is higher because, as of the end of November 2016, an outflow factor must be applied to a portion of the private client deposits with withdrawal restrictions. Other contingent funding obligations are attributable to the issuance of structured products, though these merely cause a minor liquidity requirement (no. 15). The cash outflows in connection with the derivatives portfolio (no. 11) continually developed like the other positions 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.