

# Raiffeisen Group

## Key Rating Drivers

**Swiss Retail Cooperative Group:** Raiffeisen Group comprises 212 local banks and Raiffeisen Schweiz, its central institution. The ratings are underpinned by the group's strong domestic franchise in retail and SME banking. They also reflect a conservative risk appetite with a loan portfolio dominated by Swiss residential mortgage loans, resulting in much better asset quality metrics than most international peers. The ratings also factor in the group's adequate profitability, strong capitalisation and stable funding profile.

**Mutual Support Underpins Ratings:** The Issuer Default Ratings (IDRs) of Raiffeisen Schweiz and the local banks are group ratings and in line with Raiffeisen Group's IDRs. This is because Raiffeisen Group is a banking network, not a legal entity. The network's cohesion is underpinned by its mutual support mechanism, which includes a solidarity fund to support failing banks and a cross-guarantee between the local banks and Raiffeisen Schweiz, to which the local banks are liable for up to the amount of their equity.

No creditor of any member bank has had losses since the group was established. Raiffeisen Group is supervised as a group by the Swiss regulator, which does not set individual capital requirements for the local banks, and under its resolution plan the group will be resolved as one. Local banks operate predominantly in their geographic region, focusing on retail and SME clients, whereas Raiffeisen Schweiz is responsible for the group's strategy and oversight of the local banks' risk profiles, and acts as the group's central institution.

**Large Swiss Housing Exposure:** Asset quality metrics will likely remain strong over the next two years, with an impaired loans ratio well below 1%. Raiffeisen Group is highly exposed to the residential real estate sector, as mortgage loans account for about 95% of gross loans. Over half of credit exposure is to owner-occupied homes, but exposure to real estate investments, including buy-to-let mortgages, is material. Switzerland's strong economic fundamentals and the group's conservative underwriting standards mitigate the risks of concentrated exposure.

**Improved Profitability:** We expect Raiffeisen Group's operating profit/risk-weighted assets (RWA) ratio to remain comfortably above 1% in the next two years, supported by predictable revenue streams and low loan impairment charges. Profitability has improved in the past five years but remains moderate and less diverse than that of international peers. The group has been expanding its fee-generating businesses, including the sale of investment products, and plans to increase the proportion of non-interest income to over 30% of revenue. This should sustain profitability as interest rates decline.

**Strong Capitalisation:** The group's common equity Tier 1 (CET1) ratio of 24.4% at end-1Q25 was higher than that of most peers. Internal capital generation is underpinned by low payout ratios to its cooperative members, which has averaged 8% over the past five years. However, the group's cooperative structure results in a weaker ability than listed peers to raise core equity in the capital markets.

**Sound Deposit Franchise:** Raiffeisen Group benefits from a large and stable granular customer deposit base, which represented over three-quarters of funding at end-2024. The group regularly refinances mortgage loans through the issuance of covered bonds through the Swiss central mortgage institution Pfandbriefbank schweizerischer Hypothekarinstitute AG, and Raiffeisen Schweiz regularly issues unsecured bonds, including bail-in bonds.

## Ratings

### Foreign Currency

Long-Term IDR	A+
Short-Term IDR	F1

Viability Rating	a+
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Government Support Rating	ns
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### Sovereign Risk (Switzerland)

Long-Term Foreign-Currency IDR	AAA
Long-Term Local-Currency IDR	AAA
Country Ceiling	AAA

### Outlooks

Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

## Highest ESG Relevance Scores

Environmental	2
Social	3
Governance	3

## Applicable Criteria

[Bank Rating Criteria \(March 2025\)](#)

## Related Research

[Fitch Affirms Swiss Raiffeisen Group and Raiffeisen Schweiz at 'A+'; Outlook Stable \(June 2025\)](#)

[Fitch Affirms Switzerland at 'AAA'; Outlook Stable \(June 2025\)](#)

[Global Economic Outlook \(June 2025\)](#)

## Analysts

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## Rating Sensitivities

### Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

The most likely trigger of a downgrade of Raiffeisen Group's Viability Rating (VR) and IDRs would be a material deterioration in the group's asset quality in conjunction with weakening capitalisation, which could arise from a sharp and prolonged downturn in the Swiss housing market. A persistent increase in the group's gross impaired loan ratio to above 2%, or a material decline in the group's CET1 capital ratio below 16% without any action taken to restore it within 12 months, would put Raiffeisen Group's ratings under pressure. A downgrade of Raiffeisen Group's IDRs would result in a downgrade of Raiffeisen Schweiz's and the local banks' IDRs.

### Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

An upgrade of Raiffeisen Group's VR and Long-Term IDR would require a material and sustained improvement in operating profitability, with the four-year average operating profit/risk-weighted assets ratio above 3% and successful execution of the group's strategic plan to increase the proportion of non-interest revenue. An upgrade of Raiffeisen Group's IDRs would result in an upgrade of Raiffeisen Schweiz's and the local banks' IDRs.

## Other Debt and Issuer Ratings

Rating level	Rating
<b>Raiffeisenbanken</b>	
Long-Term IDR	A+
Short-Term IDR	F1
<b>Raiffeisen Schweiz Genossenschaft</b>	
Long-Term IDR	A+
Short-Term IDR	F1
Long-term senior preferred debt	AA-
Short-term senior preferred debt	F1+
Long-term senior non-preferred ("bail-in") debt	A+
Additional Tier 1 notes	BBB
Source: Fitch Ratings	

Raiffeisen Group's 'F1' Short-Term IDR is the lower of two ratings that maps to a Long-Term IDR of 'A+'. This reflects our assessment of the group's funding and liquidity, to which we assign a score of 'a+'.


Raiffeisen Schweiz is the sole issuer of capital-market instruments in the cooperative banking group. The long-term senior preferred bonds are rated one notch above Raiffeisen Schweiz's Long-Term IDR because Fitch expects creditors to be protected by Raiffeisen Group's buffer of 'bail-in bonds' and additional Tier 1 (AT1) instruments. As Switzerland's second-largest banking group, Raiffeisen Group is required to maintain a buffer of gone concern capital, excluding senior preferred debt, which will protect senior preferred creditors in a resolution.

The 'F1+' rating on Raiffeisen Schweiz's certificates of deposits issuance programme also reflects the protection provided to preferred creditors by the group's resolution buffers. Raiffeisen Schweiz's senior non-preferred (bail-in) bonds are rated in line with the Long-Term IDR.

Raiffeisen Schweiz's AT1 notes are notched down four times from Raiffeisen Group's VR, twice each for loss severity and for incremental non-performance risk, in line with Fitch's baseline notching for AT1 instruments. We use Raiffeisen Group's VR as the anchor rating because the AT1 notes are protected by Raiffeisen Group's cross-guarantee scheme and the AT1 notes' loss-absorption is triggered if Raiffeisen Group's CET1 ratio falls below 7%.

Raiffeisen Schweiz's distributable reserves (CHF158.7 million at end-2024) provide a sufficient buffer to cover the coupon payment on its outstanding AT1 notes. With a going concern capital ratio of 21.1% at end-1Q25, Raiffeisen Group also has a comfortable buffer over its regulatory requirement (14.6%) and over the notes' 7% CET1 loss absorption trigger, which could trigger the notes' full or partial write-down. Raiffeisen Group has a strong retail deposit franchise, and liquidity is fungible within the group. Consequently, we view the likelihood of the group requesting state support to fill a funding or liquidity gap as minimal.

## Ratings Navigator

Raiffeisen Group							ESG Relevance: 	Banks Ratings Navigator		
Operating Environment	Business Profile	Risk Profile	Financial Profile				Implied Viability Rating	Viability Rating	Government Support Rating	Issuer Default Rating
			Asset Quality	Earnings & Profitability	Capitalisation & Leverage	Funding & Liquidity				
	20%	10%	20%	15%	25%	10%				
aaa							aaa	aaa	aaa	AAA
aa+							aa+	aa+	aa+	AA+
aa							aa	aa	aa	AA
aa-							aa-	aa-	aa-	AA-
a+							a+	a+	a+	A+ Sta
a							a	a	a	A
a-							a-	a-	a-	A-
bbb+							bbb+	bbb+	bbb+	BBB+
bbb							bbb	bbb	bbb	BBB
bbb-							bbb-	bbb-	bbb-	BBB-
bb+							bb+	bb+	bb+	BB+
bb							bb	bb	bb	BB
bb-							bb-	bb-	bb-	BB-
b+							b+	b+	b+	B+
b							b	b	b	B
b-							b-	b-	b-	B-
ccc+							ccc+	ccc+	ccc+	CCC+
ccc							ccc	ccc	ccc	CCC
ccc-							ccc-	ccc-	ccc-	CCC-
cc							cc	cc	cc	CC
c							c	c	c	C
f							f	f	ns	D or RD

The Key Rating Driver (KRD) weightings used to determine the implied VR are shown as percentages at the top. In cases where the implied VR is adjusted upwards or downwards to arrive at the VR, the KRD associated with the adjustment reason is highlighted in red. The shaded areas indicate the benchmark-implied scores for each KRD.

## VR - Adjustments to Key Rating Drivers

The earnings and profitability score of 'a-' has been assigned above the 'bbb' category implied score due to the following adjustment reason: earnings stability (positive).

The capitalisation and leverage score of 'a+' has been assigned below the 'aa' category implied score due to the following adjustment reason: capital flexibility and ordinary support (negative).

## Company Summary and Key Qualitative Factors

### Business Profile

#### *Retail-Focused Swiss Cooperative Banking Group*

Raiffeisen Group is Switzerland's second-largest banking group by assets. The group has a purely domestic focus and includes 212 local cooperative banks (Raiffeisenbanken). The local banks operate predominantly in their own regions, which often extend just over a few municipalities. Therefore, the portfolio mix slightly differs from bank to bank but overall, the group's main business is real-estate mortgage financing funded through retail deposits. At end-2024, Raiffeisen Group had 18.1% and 14.9% market shares in domestic mortgage loans and deposits, respectively. It also managed around CHF52 billion of assets mainly from retail clients and had cooperation agreements with the domestic insurance companies Mobiliar and Helvetia.

Raiffeisen Group had 774 branches at end-2024 – the country's largest branch network. It has a strong penetration in Switzerland's rural regions, where local cooperative banks benefit from strong ties to local communities. Moreover, Raiffeisen Group's franchise benefits from more than half of the local banks' clients also being their members. This underpins deposit stability, client retention and cross-selling. Raiffeisen Group also provides standardised financing solutions and payments to its 227,000 business clients, which account for more than a third of Switzerland's micro businesses and SMEs. Raiffeisen Schweiz also offers basic lending and markets products to large Swiss corporates.

#### **Cross-Guarantee Scheme Underpins Group Cohesiveness**

Raiffeisen Group is a highly integrated cooperative banking group. A cross-guarantee scheme between Raiffeisen Schweiz and the local banks, backed by the Swiss Code of Obligations, ensures the group's cohesiveness. It requires the local banks to pay in capital up to the amount of their equity and hidden reserves to support Raiffeisen Schweiz, if needed. In return, Raiffeisen Schweiz guarantees all the local banks' liabilities. Raiffeisen Group also operates a solidarity fund with a CHF338 million paid-in endowment to cover its members' operational losses, which is sufficient to recapitalise local banks in idiosyncratic stress scenarios.

The local banks are legally independent entities with their own management. They jointly own 100% of Raiffeisen Schweiz, which also has a cooperative legal status and accounts for about a quarter of the group's assets. Raiffeisen Group's statutes and business policies have been strengthened over the past six years following the replacement of most of the group's senior management. They aim to ensure the effectiveness of the group's governance, mutual support and organisation by governing Raiffeisen Schweiz's powers, duties and interactions with the local banks.

In its capacity as Raiffeisen Group's central institution, Raiffeisen Schweiz routinely assesses the risk profiles of the local banks and can impose remedial actions on troubled members based on early-warning indicators (mainly breaches of capital, liquidity, profitability or asset quality ratios). In our view, this is rating positive as it increases cohesion, discipline and responsiveness.

### Risk Profile

Raiffeisen Group has a sound record in managing credit risks. Credit standards are set by Raiffeisen Schweiz and rolled out to the local banks. Raiffeisen Schweiz also defines the unsecured lending limit for each local bank. The local banks' unsecured lending is generally limited to less than a fifth of their equity, but some are granted higher limits if unsecured SME financing is strategic to their business models, and they have the necessary competencies and processes. The local banks do not have their own IT systems, and their data are stored centrally at Raiffeisen Schweiz. This way the central institution can maintain an overview of the risk and manage concentration limits at group level.

Limits also apply to interest-rate risk in the banking book (IRRBB), both at group level and for the local banks. IRRBB is intrinsic to the local banks' business model, which generate income from maturity transformation by financing fixed-rate mortgages with sight deposits. If the local banks exceed their internal limits, they must enter hedging transactions with Raiffeisen Schweiz, which serves as the central counterparty. Raiffeisen Schweiz is the only bank within Raiffeisen Group with a trading book, and hedges the exposure to the market. The group's maximum economic loss in regulatory IRRBB stress tests was EUR1 billion, or 3.9% of Tier 1 capital, at end-2024.

## Financial Profile

### Asset Quality

Raiffeisen Group's impaired loans ratio has remained stable at below 1% since 2010, with loan impairment charges averaging about 1bp of gross loans. Impaired loans' coverage with specific allowance (end-2024: 32%) is adequate considering the group's focus on secured residential property financing. Total loan loss allowances covered 77% of impaired loans at end-2024.

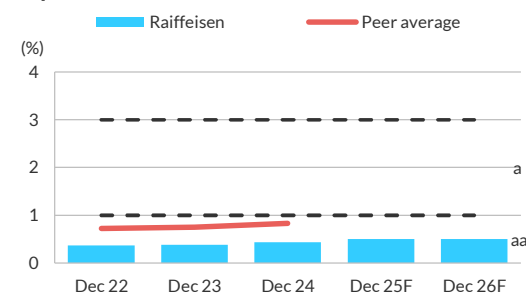
Mortgage loans accounted for about 95% of group's gross loans at end-2024. Residential buildings secured 92% of mortgages, with another 2% secured by offices, and 3% each by commercial or industrial properties and by mixed residential-commercial premises. Owner-occupied residential properties account for over 60% of residential lending, while the remaining is evenly split between private buy-to let and real estate businesses and cooperatives.

The average residential real estate price increase continued in 2024. At end-2024, prices of residential properties were one third higher than in 2016, partly reflecting low supply and high net immigration. However, Fitch believes that large household wealth levels (amounting to over four times GDP, by far the highest among advanced European countries) will cushion the impact of a potential downturn of the housing market on the banking sector, despite the household sector's high level of gross debt.

Raiffeisen Group's loan-to-value and debt-service-to-income limits are broadly in line with Swiss peers' and monitored effectively by FINMA, the Swiss regulator. About three quarters of mortgages are fixed-rate, with the average fixed-rate period in the portfolio being for close to three years. Affordability calculations at origination are based on stressed interest rates of 5%, a much higher level than the prevailing mortgage lending rates.

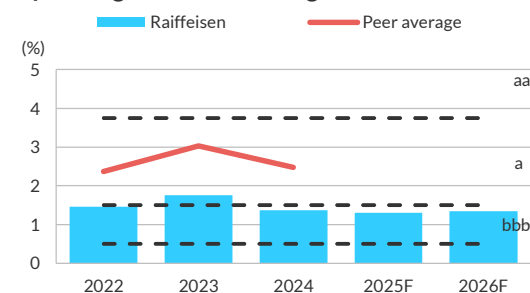
Unsecured loans to SMEs and large corporates are well diversified. We forecast the impaired loans ratio to remain broadly stable in the next two years as we still expect GDP to expand and unemployment to remain very low.

### Impaired Loans/Gross Loans



Source: Fitch Ratings, Fitch Solutions, banks

### Operating Profit/Risk-Weighted Assets



Source: Fitch Ratings, Fitch Solutions, banks

### Earnings and Profitability

Raiffeisen Group's 2024 operating profit declined by 17% from its peak level in 2023 but remained significantly above the group's long-term average. This was mainly the result of higher interest rates expenses and personnel costs offsetting higher commission income from the growth in the pension and investment business. We expect operating profits to decline also in 2025 following the interest rate cuts by the Swiss National Bank, which will reduce the group's deposit margins. At the same time, we expect operating profit/RWAs to stabilise comfortably above 1% over the next two years, driven by lending volume and net commission income growth, which should more than offset the increase in operating expenses.

The group's reliance on net interest income exposes its profitability to very low interest rates in Switzerland, which local banks compensated for by expanding their loan books in the past. At the same time, we believe the group is well positioned to increase its net commission income substantially by increasing its clients' assets under management (AUM), with a focus on standardised investment and pension products. We believe Raiffeisen Group has room to expand these businesses by exploiting the local banks' client relationships as its retail AUM/deposits ratio is substantially lower than that of peers.

Raiffeisen Group's cost/income ratio is high by international standards and broadly in line with that of Swiss peers. Operating expenses increased in the past years, in line with the group's strategy to hire client advisors at the local banks. We expect investments in digitalisation to remain high in the coming years. These investments will be only partially offset by efficiency gains as the group remains committed to its large branch network.

## Capitalisation and Leverage

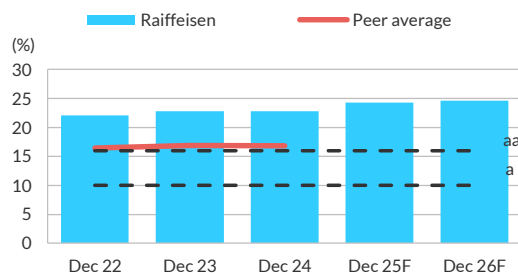
Raiffeisen Group's capitalisation benefits from its very high earnings retention. The group has paid out, on average, only 8% of its profits in the past five years, and retained earnings accounted for almost 78% of Raiffeisen Group's capital at end-2024. Paid-in capital has also increased by over 50% since 2019 as clients subscribed to share certificates of their local banks, in particular following the conversion of six branches of Raiffeisen Schweiz into independent local banks.

Raiffeisen Group's CET1 ratio increased to 24.4% end-1Q25 (end-2024: 22.8%) mainly as a result of the implementation of final Basel III rules. The ratio already factors in an output floor of 80% and compares favourably to those of international peers. The group's RWA density of close to 30% is now more in line with other mortgage lenders and had already declined following the transition to an internal ratings-based model approach for calculating credit RWAs, completed in 2022.

Local banks are exempt from compliance with regulatory capital requirements, which apply only to Raiffeisen Schweiz on a standalone basis and to Raiffeisen Group as a whole. Raiffeisen Group's going-concern capital consists of the group's consolidated CET1 and the AT1 instruments issued by Raiffeisen Schweiz. Raiffeisen Group complies with its final gone-concern capital requirement of 5.7%, and its emergency plan has been approved by the Swiss banking supervisor FINMA.

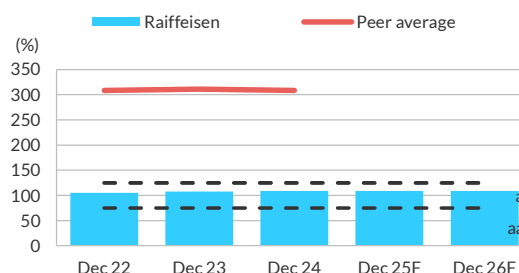
Raiffeisen Group's going-concern leverage ratio (end-1Q25: 6.6%) is strong compared with Swiss and international peers', and is comfortably above the going-concern leverage ratio requirement of 4.6%. The gone-concern minimum leverage requirement is being phased in, and the group is already in compliance with the final rules.

### CET1 Ratio



Source: Fitch Ratings, Fitch Solutions, banks

### Gross Loans/Customer Deposits



Source: Fitch Ratings, Fitch Solutions, banks

## Funding and Liquidity

Customer deposits accounted for over three quarters of Raiffeisen Group's total funding at end-2024. They are predominantly from retail clients and have proved resilient to reputational issues in the past. Over 80% of customer deposits were at sight at end-2024 despite an increase in the proportion of term and savings accounts in the past two years, driven by higher interest rates. Client deposits are complemented with central mortgage institution loans, which, at 11% of total funding, are Raiffeisen Group's second-largest funding source, and with bank deposits mostly from multilateral and central banks.

The local banks are obliged to place their excess liquidity with Raiffeisen Schweiz, which is the only entity that issues debt and collects interbank deposits. Raiffeisen Schweiz placed CHF925 million AT1 capital with its clients and issued over CHF2 billion of 'bail-in' bonds in the past five years to complement its surplus CET1 capital in fulfilling the gone-concern requirements. Raiffeisen Schweiz also offers structured products to its clients, issued through two entities (end-2024: CHF2.4 billion). The group's debt maturity profile is well spread-out over the next ten years, with less than CHF1 billion maturing each year.

Raiffeisen Schweiz also holds the vast majority of the group's liquidity reserves (end-1Q25: CHF48.2 billion). Most of the liquidity is held as cash at the Swiss National Bank. In the event of liquidity stress, emergency liquidity lines from the SNB are also available to Raiffeisen Group. We believe that the group's high amounts of SNB eligible collateral should mitigate potential more stringent regulatory liquidity requirements.

### Additional Notes on Forecasts and Charts

Years denoted with an 'F' in tables and charts in this report represent Fitch's forecasts. The forecasts reflect Fitch's forward view on the bank's financial metrics in accordance with Fitch's *Bank Rating Criteria*. They are based on a combination of Fitch's macroeconomic forecasts, outlook at the sector level and company-specific considerations. As a result, Fitch's forecasts may materially differ from the guidance provided by the rated entity to the market. To the extent Fitch is aware of material non-public information with respect to future events such as planned recapitalisations or merger and acquisition activity, Fitch will not reflect these non-public future events in its published forecasts. However, where relevant, such information is considered by Fitch as part of the rating process.

## Financials

### Financial Statements

	31 Dec 21 12 months (CHFm)	31 Dec 22 12 months (CHFm)	31 Dec 23 12 months (CHFm)	31 Dec 24 12 months (CHFm)	31 Dec 25F 12 months (CHFm)	31 Dec 26F 12 months (CHFm)
<b>Summary income statement</b>						
Net interest and dividend income	2,402	2,569	3,099	2,879	-	-
Net fees and commissions	536	591	624	683	-	-
Other operating income	433	388	372	378	-	-
Total operating income	3,371	3,549	4,096	3,940	3,961	4,041
Operating costs	2,115	2,175	2,361	2,486	2,560	2,612
Pre-impairment operating profit	1,256	1,374	1,735	1,454	1,400	1,429
Loan and other impairment charges	-12	20	27	35	78	26
Operating profit	1,268	1,354	1,709	1,419	1,322	1,404
Other non-operating items (net)	8	24	-47	5	-	-
Tax	183	196	269	216	-	-
Net income	1,093	1,182	1,393	1,208	1,128	1,193
Other comprehensive income	-	-	-	-	-	-
Fitch comprehensive income	1,093	1,182	1,393	1,208	-	-
<b>Summary balance sheet</b>						
<b>Assets</b>						
Gross loans	207,081	215,294	223,342	233,805	240,820	248,044
- Of which impaired	803	790	852	1,016	-	-
Loan loss allowances	725	729	752	779	-	-
Net loans	206,355	214,565	222,590	233,026	-	-
Interbank	3,246	2,197	6,105	6,393	-	-
Derivatives	1,356	4,853	3,656	2,994	-	-
Other securities and earning assets	11,847	18,848	15,664	18,040	-	-
Total earning assets	222,804	240,463	248,016	260,453	-	-
Cash and due from banks	57,275	35,442	45,050	40,939	-	-
Other assets	4,411	4,730	4,069	4,219	-	-
Total assets	284,489	280,635	297,135	305,611	311,660	319,723
<b>Liabilities</b>						
Customer deposits	201,729	204,785	207,844	214,876	221,322	227,962
Interbank and other short-term funding	23,363	14,025	25,548	25,176	-	-
Other long-term funding	35,361	32,818	34,024	35,018	-	-
Trading liabilities and derivatives	1,772	4,051	3,662	3,485	-	-
Total funding and derivatives	262,225	255,678	271,078	278,555	-	-
Other liabilities	1,917	3,194	2,798	2,417	-	-
Preference shares and hybrid capital	1,214	1,135	925	925	-	-
Total equity	19,133	20,626	22,334	23,714	-	-
Total liabilities and equity	284,489	280,635	297,135	305,611	311,660	319,723
Exchange rate	USD1= CHF0.9202	USD1= CHF0.9303	USD1= CHF0.8547	USD1= CHF0.8966	-	-

Source: Fitch Ratings, Fitch Solutions, Raiffeisen



## Key Ratios

	31 Dec 21	31 Dec 22	31 Dec 23	31 Dec 24	31 Dec 25F	31 Dec 26F
Ratios (%; annualised as appropriate)						
<b>Profitability</b>						
Operating profit/risk-weighted assets	1.4	1.5	1.8	1.4	1.3	1.3
Net interest income/average earning assets	1.1	1.1	1.3	1.1	1.1	1.1
Non-interest expense/gross revenue	64.1	62.9	58.4	64.0	64.6	64.6
Net income/average equity	5.9	5.9	6.5	5.2	-	-
<b>Asset quality</b>						
Impaired loans ratio	0.4	0.4	0.4	0.4	0.5	0.5
Growth in gross loans	3.2	4.0	3.7	4.7	3.0	3.0
Loan loss allowances/impaired loans	90.3	92.3	88.2	76.7	71.2	71.2
Loan impairment charges/average gross loans	0.0	0.0	0.0	0.0		
<b>Capitalisation</b>						
Common equity Tier 1 ratio	21.0	22.1	22.8	22.8	24.3	24.6
Tangible common equity/tangible assets	6.7	7.4	7.4	7.8	-	-
Basel leverage ratio	7.0	7.7	6.3	6.6	-	-
Net impaired loans/common equity Tier 1	0.4	0.3	0.5	1.2	-	-
<b>Funding and liquidity</b>						
Gross loans/customer deposits	102.7	105.1	107.5	108.8	108.8	108.8
Gross loans/customer deposits + covered bonds	91.0	92.9	94.6	95.8	-	-
Liquidity coverage ratio	185.4	168.4	172.9	153.3	-	-
Customer deposits/total non-equity funding	77.1	80.9	77.4	77.7	-	-
Net stable funding ratio	144.9	140.9	139.1	139.3	-	-

Source: Fitch Ratings, Fitch Solutions, Raiffeisen

## Support Assessment

Commercial Banks: Government Support	
Typical D-SIB GSR for sovereign's rating level (assuming high propensity)	a+ to a-
Actual jurisdiction D-SIB GSR	ns
Government Support Rating	ns
Government ability to support D-SIBs	
Sovereign Rating	AAA/ Stable
Size of banking system	Negative
Structure of banking system	Negative
Sovereign financial flexibility (for rating level)	Neutral
Government propensity to support D-SIBs	
Resolution legislation	Negative
Support stance	Negative
Government propensity to support bank	
Systemic importance	Neutral
Liability structure	Neutral
Ownership	Neutral

The colours indicate the weighting of each KRD in the assessment.

Higher influence Moderate influence Lower influence

The Government Support Rating (GSR) of 'no support' reflects our view that senior creditors cannot rely on receiving full extraordinary sovereign support in the event that Raiffeisen Group becomes non-viable. This is because Swiss legislation and regulation to address the 'too-big-to-fail' problem for large Swiss banks is in place, and would require senior creditors to bear losses ahead of any potential extraordinary sovereign support. The country's large banking system relative to GDP has provided strong incentives to implement legislation in this respect. Consequently, in our view, resolution legislation in Switzerland is sufficiently progressed to resolve even a large Swiss group, and resolution legislation becomes the overriding factor and all other factors are therefore scored as 'low importance'.

## Environmental, Social and Governance Considerations

### FitchRatings Raiffeisen Group

### Banks Ratings Navigator

#### Credit-Relevant ESG Derivation

Raiffeisen Group has 5 ESG potential rating drivers

- ➔ Raiffeisen Group has exposure to compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security) but this has very low impact on the rating.
- ➔ Governance is minimally relevant to the rating and is not currently a driver.

key driver	0	issues	5	
driver	0	issues	4	
potential driver	5	issues	3	
	4	issues	2	
not a rating driver	5	issues	1	

#### Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference	E Relevance
GHG Emissions & Air Quality	1	n.a.	n.a.	5
Energy Management	1	n.a.	n.a.	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management, Ecological Impacts	1	n.a.	n.a.	2
Exposure to Environmental Impacts	2	Impact of extreme weather events on assets and/or operations and corresponding risk appetite & management; catastrophe risk; credit concentrations	Business Profile (incl. Management & governance); Risk Profile; Asset Quality	1

#### How to Read This Page

ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.

The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact. Scores of 3, 4 or 5) and provides a brief explanation for the score.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

#### Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference	S Relevance
Human Rights, Community Relations, Access & Affordability	2	Services for underbanked and underserved communities; SME and community development programs; financial literacy programs	Business Profile (incl. Management & governance); Risk Profile	5
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security)	Operating Environment; Business Profile (incl. Management & governance); Risk Profile	4
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Business Profile (incl. Management & governance)	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	2	Shift in social or consumer preferences as a result of an institution's social positions, or social and/or political disapproval of core banking practices	Business Profile (incl. Management & governance); Financial Profile	1

#### Governance (G) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference	G Relevance
Management Strategy	3	Operational implementation of strategy	Business Profile (incl. Management & governance)	5
Governance Structure	3	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal/compliance risks; business continuity; key person risk; related party transactions	Business Profile (incl. Management & governance); Earnings & Profitability; Capitalisation & Leverage	4
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Business Profile (incl. Management & governance)	3
Financial Transparency	3	Quality and frequency of financial reporting and auditing processes	Business Profile (incl. Management & governance)	2
				1

#### CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit: [www.fitchratings.com/topics/esg/products#esg-relevance-scores](http://www.fitchratings.com/topics/esg/products#esg-relevance-scores).

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