



Information on interest rate risk (IRRBB) as of 31 December 2022

Definition

IRRBB as the risk to which the Bank's own funds and profits are exposed as a result of adverse movements in interest rates. To this end, the Bank monitors two indicators: i) the change in the economic value of equity (or EVE), which corresponds to the change in the net present value of all cash flows from assets, liabilities and off-balance sheet of the banking book resulting from a change in interest rates; and ii) the change in net interest income (NII) resulting from interest rate movements.

Strategy, structure, and organization

The target appetite and limits, defined from an economic value perspective, are reviewed at least annually. The Executive Committee in charge of organizing and implementing IRRBB management, delegates this responsibility to the Risk Committee, which is held on a monthly basis. The Bank does not hedge the interest rate risk with derivative financial instrument.

Scenarios

In accordance with cm 32 of Circ. FINMA 2019/02, the Bank applies the six rate shock scenarios defined in Appendix 2 of this circular. Assumptions and scenario data are based on Appendix 2 Circ. FINMA 2019/02. Concerning the base case scenario, the Bank uses forward curves.

Assumptions and parameters

For the EVE calculation purpose, cash flows are discounted with market rates. Nominal and interests are considered in the cash flows. For NII calculation purpose, transactions are renewed according to observed average renewal repricing maturities, with respect to positions with determined repricing maturity. With respect to positions with undetermined repricing maturity, the Bank applies a statistical approach (with a replication key). The Bank does not grant medium- and long-term loans. The longest maturity is one year. For customer loans with a fixed maturity, the remaining term is used. Concerning current accounts and sight liabilities, a short-term period is used. For subordinated notes, the maturity date is the first redemption date. The maturity buckets and the maturity buckets medians (in years) are those documented in the Appendix 2 of Circ. FINMA 2019/02 (19 maturity buckets from overnight to >20 years). Positions with early repayment options are not material. Concerning aggregation across currencies, the total in each scenario is the sum of the results for each currency. The main currencies are CHF, USD, EUR, and OTH (sum of the other currencies representing less than 10% of the total balance sheet).

Quantitative information on the structure and on the repricing renewal

		Volumes in thousands of CHF			Average interest rate repricing date (in years)		Maximum interest rate repricing period (in years) for exposures with modeled (non-predetermined) interest rate repricing dates			
		Total	Of which CHF	Of which other significant currencies*	Total	Of which CHF	Total	Of which CHF		
Determined repricing maturity	Receivables from banks	87 299	22 058	56 732	0,07	0,12				
	Receivables from clients	140 738	13 388	122 133	0,10	0,16				
	Fixed-rate mortgages	16 803	16 803	0	0,34	0,34				
	Financial investments	134 198	49 922	84 277	0,70	0,15				
Undetermined repricing maturity	Receivables from banks	46 378	15 435	19 596	0,08	0,08				
	Receivables from clients	30 595	9 207	19 949	0,22	0,22				
	Sight liabilities in personal and current accounts	-586 784	-64 397	-492 382	0,22	0,22				
	Other liabilities	-6 715	-229	-2 186	0,08	0,08				
Total		-137 487	62 186	-191 882	0,25	0,19			1,0	1,0

* Representing more than 10% of the total balance sheet

Quantitative information on economic value of equity and net interest income

In thousands of CHF	Change in net present value		Change in net interest income	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Parallel upward shift	89	-410	-1 896	-4 296
Parallel downward shift	-15	2 399	1 865	4 224
Steeper shock	-898	-1 644		
Flattener shock	961	1 897		
Upward short-term interest rate shock	1 004	2 183		
Downward short-term interest rate shock	-1 002	-2 203		
Maximum	-1 002	-2 203	-1 896	-4 296
		31.12.2022		31.12.2021
Tier 1 capital		34 293		29 596