



Information on interest rate risk (IRRBB) as of 31 December 2024

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	127 235	106 116	21 119	0,05	0,06				
	Receivables from clients	86 992	17 323	69 569	0,10	0,13				
	Fixed-rate mortgages	16 426	16 426	0	0,10	0,10				
	Financial investments	77 915	0	77 915	0,53	0,00				
Undetermined repricing maturity	Receivables from banks	51 004	13 439	30 716	0,04	0,04				
	Receivables from clients	27 660	3 548	20 710	0,00	0,00				
	Sight liabilities in personal and current accounts	-384 713	-56 300	-310 060	0,00	0,00				
	Other liabilities	-2 315	-622	-1 665	0,00	0,00				
Total		203	99 931	-91 695	0,08	0,05			0,08	0,08

* 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	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Parallel upward shift	-1 016	-1 628	-1 317	-2 564
Parallel downward shift	1 035	1 678	1 275	2 497
Steeper shock	612	739		
Flattener shock	-798	-1 029		
Upward short-term interest rate shock	-1 071	-1 469		
Downward short-term interest rate shock	1 085	1 495		
Maximum	-1 071	-1 628	-1 317	-2 564
		31.12.2024		31.12.2023
Tier 1 capital		42 542		41 711

Note : Tier 1 capital as of 31 December 2023 (kCHF 41'711) mentioned in left table is different from the amount disclosed last year in the document "2023 Information on interest rate risk" (kCHF 41'386). The difference relates mainly to the dividend payment approved during the General Assembly as of 30 April 2024.

Comments

As regards **the change in net present value**, the yearly variations mainly concern the financial investments in EUR. They relate to the four following standardized stress test scenarios (*the variations are counter-valued in kCHF*):

- Parallel upward shift (increase of all EUR interest rates): +584
- Parallel downward shift (decrease of all EUR interest rates): -614
- Upward short-term interest rate shock” (increase of short-term EUR interest rates only): +404
- Downward short-term interest rate shock (decrease of short-term EUR interest rates only): -415.

As regards **the change in net interest income**, the maximum yearly variation counter-valued in kCHF is of +1'248 for the “parallel upward shift” stress test scenario and of -1'222 for the “parallel downward shift” stress test scenario. **In both scenarios, the main variation concerns the receivables from banks in CHF** (+887 for the “parallel upward shift” stress test scenario and -875 for the “parallel downward shift” stress test scenario).

Finally, the “outlier test” is greatly respected because the maximum change in net present value represents about 3% of our Tier 1 Capital as of 31 December 2024 (it represented about 4% at the end of 2023).