CBH
Compagnie
Bancaire
Helvétique

Basel III Pillar 3

Disclosures
IRRBB Report as of 30.06.2019

CREATIVITY WITHIN EXCELLENCE

Wucai "Peony" Jar and Cover Qing Dynasty, Kangxi Period
22x22x28 - © CBH Collection

Publication requirements related to interest rate risk in the banking book

Interest rate risk: Objectives and guidelines for the management of interest rate risk in the banking book

Interest rate risk in the banking book (IRRBB) is the potential risk to a bank's capital and to its earnings, arising from the impact of adverse movements in interest rates on its banking book.

Changes in interest rates can affect the economic value of equity (EVE) as well as the bank's earnings by increasing or decreasing the net interest income (NII) and the level of other interest rate-sensitive income and operating expenses.

The Bank measures the vulnerability to loss under stressful market conditions and defines at Group level the risk appetite for interest rate risk in the Banking book by fixing limits articulated in termes of risk to both economic value and earnings. These limits are expressed as:

- Sensitivity of economic value (equity effect)
- Net interest margin sensitiveness on a rolling 12-month periode (earnings effect)

The Board of Directors decides on the Bank's risk management and risk strategy principles, which include interest rate risk in the bank portfolio (IRRBB). The General Management is responsible for the organization and operation of the management of the IRRBB.

Based on the principles written in FINMA circular 2019/02 the interest rate risk is measured quarterly using:

- Indicators to monitor the changes in economic value of Banking book (present value of equity and the sensitiveness of the present value of equity to a parallel change of +/- 100 basis points in the yield curves of different currencies for a one year time horizon).
- Indicators to monitor the changes in earnings (sensitiveness of the net interest margin to a parallel move up and down of 100 basis points in the yield curves of different currencies).
- Gap maturities analysis, identifying the gap risk resulting form the term structure of interest rate sensitive instruments that arises from differences in the timing of their rate changes.

Publication requirements related to interest rate risk in the banking book

Interest rate risk: quantitative information on the exposure's structure and interest rate fixing date

(in 1'000 CHF)	Volume			Average interest rate reset period (in years)	
	Total	**Of which in CHF**	**Of which in other significant currencies ***	**Total**	**Of which in CHF**
Defined interest rate reset date					
Amounts due from banks	1 865	-	-	0.25	0.00
Amounts due from customers	841 657	276 135	549 204	0.59	0.88
Fixed-rate mortgage	128 059	22 531	67 128	0.21	0.34
Financial investments	381 753	25 446	356 307	0.60	1.00
Receivables from interest-rate derivatives	163 381	-	163 380	0.00	0.00
Amounts due in respect of client deposits	-83 900	-	-83 901	0.03	0.00
Payables to interest-rate derivatives	-161 468	-	-	0.00	0.00
Undefined interest rate reset dates					
Amounts due from banks	284 763	24 892	313 496	0.00	0.00
Amounts due from customers	712 297	84 040	471 714	0.00	0.00
Payables on demand from personal accounts and current accounts	-2 365 374	-450 580	-1 799 574	0.00	0.00
Other payables on demand	-72 076	-541	-71 065	0.00	0.00
Total	**-169 043**	**-18 077**	**-33 311**		

** significant currencies that make up more than 10% of assets or liabilities of total assets*

Publication requirements related to interest rate risk in the banking book

Interest rate risk: quantitative information on economic value and net interest income

(in 1'000 CHF)	Δ EVE (change in economic value of equity)		Δ NII (change in net interest income)	
	30.06.2019	30.06.2018 *	**30.06.2019**	30.06.2018 *
Parallel up	-10 532		10 886	
Parallel down	10 801		-8 614	
Steepener *(1)*	8 001			
Flattener *(2)*	-8 088			
Short rate up	-9 198			
Short rate down	11 218			
Maximum	-10 532		-8 614	

	30.06.2019	30.06.2018
Tier 1 capital	197 102	194 290

** First publication on 30.06.2019*

(1) Lower short-term rates combined with higher long-term rates.
(2) Short-term rate increases combined with lower long-term rates.

The Group's banking book interest rate risk exposure is significantly below the threshold of 15% of eligible capital (Tier 1) used by regulators to identify a potentially unduly high interest rate risks.

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