

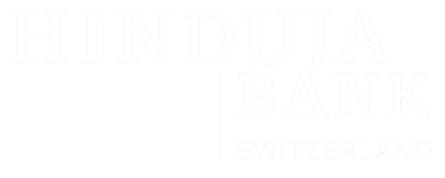
**31.12.2019**

**BASEL III REPORT**

***Pillar 3***

*Consolidated* *in*

*HINDUJA SWISS HOLDING LTD*



***This document was established in accordance with the Circulars 2016/1 « Disclosure - banks » and 2019/2* «*Interest Rate Risks – Banks* » *issued by the Swiss Financial Market Supervisory Authority (FINMA).***

# Key Metrics (KM1)

The purpose of KM1 (Key metrics at consolidated group level) is to provide an overview of the Bank’s prudential regulatory metrics[[1]](#footnote-1). Mandatory for all banks, these key prudential metrics cover regulatory capital, leverage ratio and liquidity standards.

Banks are required to disclose each metric’s value using the corresponding standard’s specifications as defined in the framework of the Basel Committee on Banking Supervision and of the FINMA circular 2016/1.

Regarding the capital ratio, we refer to the Annual Report, in particular to the appendix 20 (consolidated statements) and appendix 19 (statutory statements).







# IRRBB Tables (IRRBBA, IRRBBA1, IRRBB1)

Preliminary remark: Within the Group, the material interest rate risk lies in the Bank. Therefore the Group is exempted from producing the ZR reporting at consolidated level.

## Table IRRBBA: Interest rate risks: Objectives and guidelines for interest rate risk management in the banking book

1. **Definition of the interest risk (IRRBB)**

The interest rate risk (IRRBB) is defined by the risk to capital and earnings arising from movements in interest rates. These variations impact the economic value of assets, liabilities and off balance sheet positions (Economic Value of Equity, EVE) and the interest operations (Net Interest Income, NII)

1. **Strategies used to monitor the IRRBB**

The Board of Directors defines the risk framework and appetite, the tolerance and the limits for interest rates risk. The Executive Committee is in charge of implementing and organizing IRRBB management. By delegation of the Executive Committee, the ALM Committee (ALCO) monitors the interest rate risks according to external and internal measures and any breach is immediately escalated to the Executive committee and the Board of Directors if necessary. The replication keys are validated by the ALCO and stress tests are executed annually. ALCO meets on a quarterly basis.

1. **Periodicity of the monitoring**

The risk indicators regarding the EVE and the NII are calculated on a quarterly basis.

1. **Shock and stress scenarios**

The scenarios used for the variation of the EVE are the six FINMA scenarios described above in the point 4. For the NII, a parallel shift of +/- 100bp (as per FINMA scenarios) is considered.

1. **Divergent hypothesis**

The hypothesis used do not differ from the ones defined by FINMA

1. **Description of the IRRBB hedging used and the accounting treatment**

The bank do not used interest rate hedging, as the interest rates risk is not significant.

1. **Keys hypothesis & keys model parameters**
2. Change in EVE: Cash flows include the margin spread.
3. Mapping procedure: Cash flows are allocated according to individual contracts.
4. Discount rate: Cash flows are discounted with a market rate curve per currency.
5. Change in NII: The NII are calculated according to different scenarios (rate shock of +/- 100bps), with a constant balance sheet.
6. Variable positions: The group use a replication key.
7. Positions with call option: The group has no position with options.
8. Deposits: Cash flows are marginal for deposits and are shown on maturity date.
9. Automatic option: The group has no position.
10. Derivative positions: The group does not use interest rate derivatives.
11. Other hypothesis: No other hypothesis are used.
12. The Bank does not grant medium-term nor long-term loan to clients.

## Table IRRBBA1: Interest rate risks: Quantitative information on the position structure and resetting of interest rates



## Table IRRBB1: Interest rate risks: Quantitative information on present value and interest income



1. For additional details, refer to Standards, Pillar 3 disclosure requirements - consolidated and enhanced framework, Basel Committee on Banking Supervision, March 2017 [↑](#footnote-ref-1)