CTBC BANK
中國信託銀行

IRRBB Report

Bank : **PT Bank CTBC Indonesia (Individual)**
Report Period : **September 2024**
Currency : **All Currency**

In Million Rupiah	ΔEVE		ΔNII	
Period	**T**	**T-1**	**T**	**T-1**
Parallel up	(154,626.60)	(110,129.32)	(6,087.30)	23,419.51
Parallel down	244,298.72	158,887.84	(6,541.45)	(34,277.95)
Steepener	(70,942.22)	4,135.66		
Flattener	41,733.54	(21,627.52)		
Short rate up	(50,956.34)	(76,155.82)		
Short rate down	60,425.34	86,080.74		
Maximum Negative Value (absolute)	154,626.60	110,129.32	6,541.45	34,277.95
Capital Tier 1 (for ΔEVE) or Projected Income (for ΔNII)	3,596,399.03	3,516,526.23	944,402.93	944,402.93
Maximum Value divided by Capital Tier 1 (for ΔEVE) or Projected Income (for ΔNII)	4.30%	3.13%	0.69%	3.63%

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INTEREST RATE RISK IN THE BANKING BOOK MANAGEMENT IMPLEMENTATION REPORT

Nama Bank : PT Bank CTBC Indonesia (Individual)
Posisi Laporan : September 2024

Qualitative Analysis	
1	Explanation of how the Bank defines IRRBB for Risk measurement and control.
	Interest rate risk in the banking book (IRRBB) is defined as the risk resulting from interest rate movements in the market that are contrary to the Bank's banking book position, which has the potential to impact the Bank's capital and profitability both in the current time and in the future.
2	Explanation of Risk Management and Risk Mitigation strategies for IRRBB.
	The Bank has a risk management policy as a guideline for managing interest rate risk in the banking book arising from the Bank's business in providing loans, investments, accepting deposits, and other funding needs. The IRRBB risk management strategy is regulated, among others, through discussions in the Asset and Liability Committee (ALCO) meeting by, among others, determining the interest rate for loan products and deposits and the Bank's FTP. Risk mitigation for IRRBB is carried out by continuing to maintain risk exposure within risk appetite through setting and monitoring of risk limits.
3	Period of the Bank's IRRBB calculation and explanation of the specific measurements used by the Bank to measure sensitivity to IRRBB.
	The Bank measures IRRBB and monitors IRRBB limits on a monthly basis through the ALM Report which is reported to management and related business units. The measurement of interest rate risk in the banking book is carried out using two approaches, namely using the earnings perspectiv and the economic value perspective. Both measurement methods are used to complement each other and considering the characteristics and/or complexity of the Bank's assets and liabilities. The IRRBB calculation measures the impact of changes in interest rates on Net Interest Income (NII) and Economic Value of Equity (EVE) based on interest rate shock scenarios developed internally or those set by the Regulator.
4	Explanation of interest rate shock scenarios and stress scenarios used by the Bank in calculating IRRBB using the EVE and NII methods.
	The calculation of IRRBB using the EVE method uses 6 interest rate shock scenarios that have been set by the Regulator, namely: parallel up, parallel down, short rate up, short rate down, steepener, and flattener. While the NII method uses 2 interest rate shock scenarios that have been set by the Regulator, namely: parallel up and parallel down. In addition to applying the interest rate shock scenarios set by the Regulator, the calculation of IRRBB is also carried out using internal interest rate stress scenarios, which are regulated in the Bank's internal policies.
5	The modeling assumptions used in the Bank's Internal Measurement System (IMS) that is significantly differ from the modeling assumptions used in the IRRBB calculation report using the standard approach.
	The Bank does not use modeling assumptions that differ from the modeling assumptions using the standard approach.
6	Explanation of how the Bank hedges IRRBB (if any) and the related accounting treatment.
	To date, the Bank has not hedged its IRRBB risk exposure.
7	A comprehensive explanation of the key modeling and parametric assumptions used in calculating ΔEVE and ΔNII.
	The following are the main assumptions used in the calculation of IRRBB: a. The Bank has taken into account commercial margins and other spread components in cash flows, which are discounted at the risk-free rate in the calculation using the EVE method. b. Repricing maturities for NMD are determined based on the results of the Bank's customer behavior analysis conducted through the movement of the Bank's NMD volume on a monthly basis for 10 years, also taking into account the movement of the Bank's NMD interest rate. c. The Bank has applied an early withdrawal rate estimate for deposits calculated based on historical data analysis. d. The calculation of IRRBB takes into account all relevant RSA and RSL on the balance sheet, without excluding instruments with behavioral options that have a material impact. e. The Bank measures IRRBB for significant currencies, namely IDR and all foreign currencies stated in USD.
8	Other information that needs to be disclosed by the Bank regarding the Bank's interpretation of the significance and sensitivity of the IRRBB measurement results that have been disclosed and/or explanations for significant variations in the reported IRRBB levels compared to previous disclosures (if any).
	IRRBB calculation results for September 2024: - ΔEVE of 4.30% (in the parallel up scenario) or an increase of 117bps compared to June 2024. - ΔNII of 0.69% (in the parallel down scenario) or a decrease of 294bps compared to June 2024. The movement in the IRRBB calculation results was mainly due to an increase in the portfolio of securities with fixed interest rates owned by the Bank.
Quantitative Analysis	
1	The average repricing maturity applied to NMD is 2.2 years, which is the result of customer behavior analysis modeling based on historical data.
2	The longest repricing maturity applied to NMD is 7 years.