Appendix-3

Formats for disclosure of IRRBB

Table A

Purpose: To provide a description of the risk management objectives and policies concerning IRRBB	
Scope of application: Mandatory for all banks	
Content: Qualitative and quantitative information	
Frequency: Annual	
Format: Flexible	
Qualitative disclosure	
A	A description of how the bank defines IRRBB for purposes of risk control and measurement.
B	A description of the bank's overall IRRBB management and mitigation strategies. Examples are: monitoring of EVE and NII in relation to established limits, hedging practices, conduct of stress testing, outcomes analysis, the role of independent audit, the role and practices of the ALCO, the bank's practices to ensure appropriate model validation, and timely updates in response to changing market conditions.
C	The periodicity of the calculation of the bank's IRRBB measures, and a description of the specific measures that the bank uses to gauge its sensitivity to IRRBB.
D	A description of the interest rate shock and stress scenarios that the bank uses to estimate changes in the economic value and in earnings.
E	Where significant modelling assumptions used in the bank's internal measurement system (i.e. the EVE metric generated by the bank for purposes other than disclosure, e.g. for internal assessment of capital adequacy) are different from the modelling assumptions prescribed for the disclosure in Table B, the bank should provide a description of those assumptions and of their directional implications and explain its rationale for making those assumptions (e.g. historical data, published research, management judgment and analysis).
F	A high-level description of how the bank hedges its IRRBB, as well as the associated accounting treatment.
G	A high-level description of key modelling and parametric assumptions used in calculating ΔEVE and ΔNII in Table B, which includes: • For ΔEVE, whether commercial margins and other spread components have been included in the cash flows used in the computation and discount rate used. • How the average repricing maturity of non-maturity deposits in (1) below has been determined (including any unique product characteristics that affect assessment of repricing behaviour). • The methodology used to estimate the prepayment rates of customer loans, and/or the early withdrawal rates for time deposits, and other significant assumptions.

	• Any other assumptions (including for instruments with behavioural optionalities that have been excluded) that have a material impact on the disclosed ∆EVE and ∆NII in Table B, including an explanation of why these are material. • Any methods of aggregation across currencies and any significant interest rate correlations between different currencies.
H	(Optional) Any other information which the bank wishes to disclose regarding its interpretation of the significance and sensitivity of the IRRBB measures disclosed and/or an explanation of any significant variations in the level of the reported IRRBB since previous disclosures.
Quantitative disclosures	
1	Average repricing maturity assigned to NMDs.
2	Longest repricing maturity assigned to NMDs.
	Quantitative information is based on the daily or monthly average of the year or on the data as of the reporting date. Note: If a bank computes the information daily/monthly, it cannot choose to disclose it based on data as on March 31 only. In such cases, bank should disclose the information based on daily/monthly average of the year.

Table B

<table>
<tr><td colspan="5">Scope of application: Mandatory for all banks</td></tr>
<tr><td colspan="5">Content: Quantitative information.</td></tr>
<tr><td colspan="5">Frequency: Annual, as at end-March.</td></tr>
<tr><td colspan="5">Format: Fixed.</td></tr>
<tr><td colspan="5">Accompanying narrative: Commentary on the significance of the reported values and an explanation of any material changes since the previous reporting period.</td></tr>
<tr><td>In reporting currency</td><td colspan="2">Δ EVE</td><td colspan="2">Δ NII</td></tr>
<tr><td>Period</td><td>T</td><td>T–1</td><td>T</td><td>T–1</td></tr>
<tr><td>Parallel up</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Parallel down</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Steepener</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Flattener</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Short rate up</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Short rate down</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Maximum</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Tier 1 capital</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Maximum as % of Tier 1 Capital</td><td></td><td></td><td></td><td></td></tr>
</table>

Definitions

For each of the specified interest rate shock scenarios, the bank must report for the current period (T) and for the previous period (T-1):

- the change in the economic value of equity based on its internal measurement system, using a run-off balance sheet and an instantaneous shock and
- the change in projected NII over a forward-looking rolling 12-month period compared with the bank's own best estimate 12-month projections, using a constant balance sheet assumption and an instantaneous shock.