



भारतीय रिजर्व बैंक

RESERVE BANK OF INDIA

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February 02, 2017

RBI releases draft guidelines on Interest Rate Risk in Banking Book

The Reserve Bank of India has today placed on its website the [draft guidelines](#) on Interest Rate Risk in Banking Book. RBI invites feedback/comments on the draft guidelines. The feedback/comments on the proposals contained in this document may be sent to the following address by March 3, 2017 (electronic submission is encouraged):

The Chief General Manager in-Charge
Department of Banking Regulation
Reserve Bank of India, Central Office
Mumbai 400 001.

Please [click here](#) to send email.

Background

2. Interest Rate Risk in Banking Book (IRRBB) refers to the current or prospective risk to a bank's capital and earnings, arising from adverse movements in interest rates that affect banking book positions. Excessive IRRBB can pose a significant threat to a bank's current capital base and/or future earnings if not managed appropriately. The draft guidelines require the banks to compute and disclose the changes in economic value of equity (Δ EVE) and net interest income (Δ NI). Banks having Δ EVE more than 15% of their Tier 1 capital may be required to take appropriate action as per Pillar 2 of Basel III Capital regulations. These draft guidelines are based on standards on IRRBB published by Basel Committee on Banking Supervision (BCBS) in April 2016.

3. The [Statement on Developmental and Regulatory Policies dated October 4, 2016](#) had mentioned that RBI would issue draft guidelines on IRRBB for public comments.

Press Release: 2016-2017/2071

Jose J. Kattoor
Chief General Manager