

**ANNEX XXXVIII – Instructions for interest rate risk of non-trading book activities disclosure templates**

**Table EU IRRBBA - Qualitative information on interest rate risk of non-trading book activities.** Flexible table

1. Institutions shall disclose the information included in this template in application of the Article 448 of Regulation (EU) No 575/2013 ('the CRR').
2. Institutions shall disclose the qualitative information on the basis of their internal measurement system (IMS) methodology as defined in accordance with Article 84(1) of Directive 2013/36/EU (the 'CRD').
3. Institutions shall apply the instructions provided below in this Annex in order to complete the interest rate risk of the banking book disclosure template EU IRRBBA as presented in Annex XXXVII.

<b>Legal references and instructions</b>	
<b>Row number</b>	<b>Explanation</b>
(a)	<p><b>A description of how the institution defines IRRBB for purposes of risk control and measurement</b></p> <p>In accordance with point (e) of Article 448(1) CRR, institutions shall describe how the interest rate risk of their non-trading book activities for the purposes of the competent authorities' review in accordance with Article 84 of Directive 2013/36/EU is defined, measured, mitigated and controlled.</p>
(b)	<p><b>A description of the institution's overall IRRBB management and mitigation strategies</b></p> <p>In accordance with point (f) of Article 448(1) CRR, institutions shall describe the overall IRRBB management and mitigation strategies. In particular, institutions shall describe the monitoring of economic value of equity (EVE) and net interest income (NII) in relation to established limits, hedging practices, conduct of stress testing, outcome analysis, the role of independent audit, the role and practices of the asset and liability management committee, the institution's practices to ensure appropriate model validation, and timely updates in response to changing market conditions.</p>

(c)	<p><b>The periodicity of the calculation of the institution's IRRBB measures, and a description of the specific measures that the institution uses to gauge its sensitivity to IRRBB</b></p> <p>In accordance with point (e)(i) and (v) of Article 448(1) CRR, institutions shall describe the specific risk measures that are used to estimate changes in their economic value of equity and in their net interest income, and indicate the periodicity of the evaluation of the interest rate risks.</p> <p>In accordance with Article 448(2) CRR, the description of the specific risk measures used to gauge the sensitivity to IRRBB shall not apply to institutions that use the standardised methodology or the simplified standardised methodology referred to in Article 84(1) CRD.</p>
(d)	<p><b>A description of the interest rate shock and stress scenarios that the institution uses to estimate changes in the economic value and in net interest income (if applicable)</b></p> <p>In accordance with point (e)(iii) of Article 448(1) CRR, institutions shall describe the interest rate shock scenarios used to estimate the interest rate risk.</p> <p>In accordance with Article 448(2) CRR, these disclosure requirements shall not apply to institutions that use the standardised methodology or the simplified standardised methodology referred to in Article 84(1) CRD.</p>
(e)	<p><b>A description of the key modelling and parametric assumptions different from those used for disclosure of template EU IRRBB1 (if applicable)</b></p> <p>In accordance with point (e)(ii) of Article 448 (1) CRR, where key modelling and parametric assumptions used in the institution's internal measurement systems differ from those referred to in Article 98(5a) of Directive 2013/36/EU used for disclosure of template EU IRRBB1, the institution shall provide a description of those assumptions, including the rationale for those differences (e.g. historical data, published research, management judgement and analysis).</p> <p>In accordance with Article 448(2) CRR, these disclosure requirements shall not apply to institutions that use the standardised methodology or the simplified standardised methodology referred to in Article 84(1) CRD.</p>
(f)	<p><b>A high-level description of how the institution hedges its IRRBB, as well as the associated accounting treatment (if applicable)</b></p> <p>Specifically, in accordance with point (e)(iv) of Article 448 (1) CRR, institutions shall identify the effect of hedges against their interest rate risks, including internal hedges that meet the requirements laid down in Article 106(3) CRR.</p> <p>In accordance with Article 448(2) CRR, these disclosure requirements shall not apply to institutions that use the standardised methodology or the simplified standardised methodology referred to in Article 84(1) CRD.</p>
(g)	<p><b>A description of key modelling and parametric assumptions used for the IRRBB measures in template EU IRRBB1 (if applicable)</b></p> <p>In accordance with point (c) of Article 448(1) CRR, institutions shall describe the key modelling and parametric assumptions, other than those referred to in points (b) and (c) of Article 98(5a) of Directive 2013/36/EU used for the purpose</p>

	<p>of calculating changes to the economic value of equity and to the net interest income in template EU IRRBB1. The description includes at least:</p> <ul style="list-style-type: none"> <li>• how the average repricing maturity of non-maturity deposits has been determined (including any unique product features that affect the assumed behavioural repricing date);</li> <li>• the methodology used to estimate the loan prepayment rates, and/or the early withdrawal rates for fixed term deposits, and other significant assumptions;</li> <li>• any other assumptions (including for instruments with behavioural optionalities) that have a material impact on the IRRBB measures disclosed in Template IRRBB1, including an explanation of why these are material.</li> </ul> <p>In accordance with Article 448(2) CRR, these disclosure requirements shall not apply to institutions that use the standardised methodology or the simplified standardised methodology referred to in Article 84(1) CRD.</p>
(h)	<p><b>Explanation of the significance of the IRRBB measures and of their significant variations since previous disclosures</b></p> <p>In accordance with point (d) of Article 448(1) CRR, institutions shall explain the significance of the IRRBB measures disclosed in template EU IRRBB1 and of any significant variations of those IRRBB measures since the previous disclosure reference date.</p>
(i)	<p><b>Any other relevant information regarding the IRRBB measures disclosed in template EU IRRBB1 (optional)</b></p> <p>Any other relevant information which institutions wishes to disclose regarding the IRRBB measures included in template EU IRRBB1.</p> <p>Until the Regulatory technical standards under Articles 84 and 98(5a) CRD are not applicable, institutions shall disclose the parameters used for the supervisory shock scenarios; the definition of net interest income they are using and any other relevant information to understand how the changes of net interest income have been computed in template EU IRRBB1.</p>
(1), (2)	<p><b>Disclosure of the average and longest repricing maturity assigned to non-maturity deposits</b></p> <p>In accordance with point (g) of Article 448(1) CRR, institutions shall disclose the average and longest repricing maturity assigned to non-maturity deposits.</p>

**Template EU IRRBB1 – Interest rate risk of non-trading book activities. Fixed template**

4. Institutions shall disclose the information included in template EU IRRBB1 in application of Article 448 of Regulation (EU) No 575/2013 (CRR). This template provides information on the risks arising from potential changes in interest rates that affect both the economic value of equity and the net interest income of their non-trading book activities referred to in Article 84 and Article 98(5) CRD.
5. Institutions shall assess the interest rate risk of non-trading book activities on the basis of their internal measurement system methodology as defined in accordance with Article 84

CRD, given the supervisory shocks scenarios and the common modelling and parametric assumptions defined in Article 98(5a) CRD.

6. Institutions shall apply the instructions provided below in this Annex in order to complete the interest rate risks of the non-trading book activities disclosure template EU IRRBB1 as presented in Annex XXXVII.

<b>Instructions for completing the disclosure template EU IRRBB1</b>	
<b>Column</b>	<b>Explanation</b>
<b>a, b</b>	<p><b>Changes of the economic value of equity</b></p> <p>Point (a) of Article 448(1)CRR.</p> <p>Institutions shall report the changes in the economic value of equity under each supervisory interest rate shock scenario, for the current and previous period.</p>
<b>c, d</b>	<p><b>Changes of the net interest income</b></p> <p>Point (b) of Article 448(1) CRR.</p> <p>Institutions shall report the changes in the net interest income under the two supervisory interest rate shock scenarios envisaged in the template for the current and previous period.</p> <p>Until the Regulatory technical standards under Articles 84 and 98(5a) CRD are not applicable, institutions shall describe the definition of net interest income they are using in point (i) of the table IRRBBA or, in case they leave these columns blank, they shall explain the reasons in point (i) of the Table IRRBBA.</p>
<b>Row</b>	<b>Explanation</b>
<b>1</b>	<p><b>Parallel up</b></p> <p>Institutions shall disclose the changes of the economic value of equity and the changes of the net interest income under a constant parallel shock up in the yield curve.</p> <p>Until the Regulatory technical standards under Articles 84 and 98(5a) CRD are not applicable, the parameters used for this scenario shall be described in point (i) of the table IRRBBA.</p>
<b>2</b>	<p><b>Parallel down</b></p> <p>Institutions shall disclose the changes of the economic value of equity and the changes of the net interest income under a constant parallel shock down in the yield curve.</p> <p>Until the Regulatory technical standards under Articles 84 and 98(5a) CRD are not applicable, the parameters used for this scenario shall be described in point (i) of the table IRRBBA.</p>
<b>3</b>	<p><b>Steepener</b></p> <p>Institutions shall disclose the changes of the economic value of equity under a scenario of short rates down and long rates up of the yield curve.</p> <p>Until the Regulatory technical standards under Articles 84 and 98(5a) CRD are not applicable, the parameters used for this scenario shall be described in point (i) of the table IRRBBA.</p>

<p><b>4</b></p>	<p><b>Flattener</b></p> <p>Institutions shall disclose the changes of the economic value of equity under a scenario of short rates up and long rates down of the yield curve.</p> <p>Until the Regulatory technical standards under Articles 84 and 98(5a) CRD are not applicable, the parameters used for this scenario shall be described in point (i) of the table IRRBBA.</p>
<p><b>5</b></p>	<p><b>Short rates up</b></p> <p>Institutions shall disclose the changes of the economic value of equity under a scenario of short rates up of the yield curve.</p> <p>Until the Regulatory technical standards under Articles 84 and 98(5a) CRD are not applicable, the parameters used for this scenario shall be described in point (i) of the table IRRBBA.</p>
<p><b>6</b></p>	<p><b>Short rates down</b></p> <p>Institutions shall disclose the changes of the economic value of equity under a scenario of short rates down of the yield curve.</p> <p>Until the Regulatory technical standards under Articles 84 and 98(5a) CRD are not applicable, the parameters used for this scenario shall be described in point (i) of the table IRRBBA.</p>