

EBA/ITS/2021/07

10 November 2021

Final Report

Draft implementing technical standards amending Implementing Regulation (EU) No 637/2021

on disclosure of information on exposures to interest rate risk on positions not held in the trading book in accordance with Article 448 of Regulation (EU) No 575/2013

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1. Executive Summary

Article 448 of Regulation (EU) No 575/2013 ('CRR') requires institutions to disclose, as from 28 June 2021, quantitative and qualitative 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) of Directive 2013/36/EU (Capital Requirements Directive – CRD).

In order to implement the disclosure required in Article 448 CRR, the EBA has developed these draft implementing technical standards (ITS) amending Implementing Regulation (EU) No 637/2021 of 15 March 2021. They include the following information: i) table EU IRRBBA which provides qualitative information on institutions' risk management objective and policy with regard to interest rate risk on positions not held in the trading book (IRRBB), and ii) template EU IRRBB1 which provides quantitative information including the impact of interest rate supervisory shock scenarios on institutions' changes in the economic value of equity and net interest income.

Since the underlying regulatory framework on IRRBB is being reviewed, this paper has been prepared taking into account the current regulatory framework, specifically the Basel Pillar 3 disclosure requirements¹ and EBA/GL/2018/02 on the management of interest rate risk arising from non-trading book activities. Notwithstanding this, these draft ITS have been developed with the intention to minimise any potential future change that might be needed following the finalisation of the regulatory work. Indeed, the latter is expected to have a marginal impact on the format and type of information to be disclosed.

Given the application of the disclosure requirements of Article 448 CRR from June 2021, this paper also provides clarity on what institutions should disclose until the regulatory technical standards provided by Article 84 and Article 98(5a) CRD start to apply.

¹ 'Disclosure requirements: DIS70: Interest rate risk in the banking book'. Version effective as of 15 December 2019. https://www.bis.org/basel_framework/chapter/DIS/70.htm.

2. Background and rationale

1. Regulation (EU) No 876/2019 ('CRR2') amending Regulation (EU) No 575/2013 ('CRR') mandates the EBA, in Article 434a, to develop draft implementing technical standards (ITS) specifying uniform disclosure formats, and associated instructions for the disclosure requirements under Titles II and III of Part Eight CRR. These uniform disclosure formats must be consistent with the international standards on disclosures and they must convey sufficiently comprehensive and comparable information for users of that information to assess the risk profiles of institutions and their degree of compliance with the requirements laid down in Parts One to Seven CRR.
2. Following this mandate, the EBA has submitted to the European Commission comprehensive draft ITS on institutions' public disclosure, applicable to all institutions subject to the disclosure requirements under Part Eight CRR. These ITS were adopted by the Commission with Implementing Regulation (EU) No 637/2021 of 15 March 2021. They cover most of the disclosure requirements included in Titles II and III of Part Eight CRR, with some exceptions, among which the disclosure requirements for exposures to interest rate risk on positions not held in the trading book in accordance with Article 448 CRR.
3. These draft ITS will amend the comprehensive ITS on institutions' public disclosure with regard to disclosure requirements for exposures to interest rate risk on positions not held in the trading book in accordance with Article 448 CRR.

2.1 Regulatory framework

4. The Basel Committee on Banking Supervision (BCBS) published in April 2016 the updated standard on the capital framework for interest rate risk in the banking book (IRRBB)² to reflect changes in the market and supervisory practices. This standard reviewed a set of principles laid out in 2004, when the earlier guidance on interest rate risk management and supervision was published.
5. The updated BCBS Standard was implemented within EU in two phases: first, in July 2018, the EBA updated its guidelines on the management of interest rate risk from non-trading activities (EBA/GL/2018/02); later, CRR2 and Directive (EU) 2019/878 amending Directive 2013/36/EU (Capital Requirements Directive – CRD) introduced amendments to the existing provisions on IRRBB and mandated the EBA, in Article 84 and Article 98(5a) CRD, to develop a number of technical standards. This second phase has not been completed yet. Indeed, the EBA is in the process of developing the regulatory products.
6. Regarding the disclosure requirements, in December 2019 the BCBS published updated Pillar 3 disclosure requirements, including the table and template on banks' IRRBB exposure values³.

² 'Interest rate risk in the banking book', April 2016. <https://www.bis.org/bcbs/publ/d368.pdf>.

³ 'Disclosure requirements: DIS70: Interest rate risk in the banking book'. Version effective as of 15 December 2019. https://www.bis.org/basel_framework/chapter/DIS/70.htm.

7. In CRR2, the disclosure requirements on IRRBB exposures are provided in Article 448, which requires institutions to disclose, as from 28 June 2021, quantitative and qualitative 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.
8. Given that Article 448 CRR is applicable from June 2021, the EBA has decided to develop these draft ITS amending the comprehensive ITS on institutions' public disclosure, taking into account the current regulatory framework.
9. In future, when the new regulatory framework on the management of IRRBB exposures is completed, these draft ITS could be reviewed.

2.2 Disclosure of information on exposures to interest rate risk on positions not held in the trading book (Article 448 CRR)

10. These draft ITS include the following disclosure table and template:
 - a. table EU IRRBBA on qualitative information on interest rate risks of non-trading book activities, based on institutions' internal measurement systems (IMS) methodology, standardised methodology or the simplified standardised methodology, when applicable as referred to in Article 84(1) CRD. This table provides information on a bank's IRRBB risk management objective and policy. Specifically, the table enables users of that information: to monitor the sensitivity of the institution's economic value of equity and net interest income to changes in interest rates; to understand the key assumptions used in the calculation of the IRRBB exposure values and produced by the institution's internal measurement system; and to have an insight into the institution's overall IRRBB objective and management;
 - b. template EU IRRBB1 on interest rate risks of non-trading book activities. This template provides quantitative IRRBB information including the impact of interest rate supervisory shock scenarios on the change in the economic value of equity and net interest income, calculated on the basis of a set of common modelling and parametric assumptions as referred to in Article 98(5a)(b) and (c) CRD.
11. Institutions shall assess the interest rate risk of non-trading book activities on the basis of their internal measurement system (IMS) methodology, standardised methodology or simplified standardised methodology when applicable, as defined in accordance with Article 84 CRD.
12. The frequency and scope of disclosures are set out in CRR. Specifically, in accordance with Article 433a CRR, large institutions must disclose template EU IRRBB1 on a semi-annual basis, except for large institutions other than G-SIIs that are non-listed institutions. The latter must disclose the quantitative template on an annual basis. The qualitative information in table EU IRRBBA must be disclosed on an annual basis by all large institutions. Other institutions, except those that are non-listed institutions, as referred to in Article 433c(1) CRR must disclose table EU IRRBBA and template EU IRRBB1 on an annual basis. Small and non-complex institutions as referred to in the Article 433b

CRR and other non-listed institutions as referred to in Article 433c(2) CRR are not obliged to disclose templates IRRBBA and IRRBB1.

2.3 Disclosure requirements in view of future regulatory developments

13. The proposed draft templates and instructions have been developed by referring to the requirements in Article 448 CRR and in line with the Basel Pillar 3 disclosure requirements, therefore with the intention to minimise any potential future change that might be needed following the finalisation of the policy work. In particular, the upcoming regulatory developments provided by Article 84 and Article 98(5a) CRD will provide further clarity on:

- an updated methodology for the supervisory shock scenarios that should be uniformly applied;
- a set of common key modelling and parametric assumptions to be used by institutions in calculating the IRRBB measures for the purpose of disclosure;
- a standardised methodology and a simplified standardised methodology that institutions could apply for their IRRBB assessment which, in accordance with Article 488(2) CRR, would exempt the institutions from filling in part of the disclosure table EU IRRBBA.

14. These regulatory updates and definitions will impact the underlying modelling assumptions and affect the values and information to be reported, leading to their further harmonisation and providing for a common understanding. However, it is expected that the format of disclosure and the instructions in these draft ITS will remain broadly the same.

15. Until the regulatory technical standards mandated to the EBA in Article 84 and Article 98(5a) CRD start to apply, this paper provides clarity on what institutions should disclose, therefore it can support institutions on meeting the disclosure requirements of Article 448 CRR starting from 28 June 2021.

3. Draft implementing technical standards

COMMISSION IMPLEMENTING REGULATION (EU) .../...**of XXX****amending the implementing technical standards laid down in [Implementing Regulation][serial number] as regards [...]**

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for institutions and investment firms and amending Regulation (EU) No 648/2012⁴, and in particular Article 434a thereof,

Whereas:

- (1) In December 2019, the Basel Committee on Banking Supervision (BCBS) reviewed its Pillar 3 framework, including the disclosure requirements on interest rate risk in the banking book (IRRBB)⁵. Along with the international development, new IRRBB disclosure requirements, applicable from June 2021, were provided in Article 448 of Regulation (EU) 575/2013 as amended by Regulation (EU) 2019/876 of the European Parliament and of the Council⁶.
- (2) Implementing Regulation (EU) No 637/2021 of 15 March 2021, stemming from Article 434a of Regulation (EU) No 575/2013, should therefore be amended accordingly via means of a regulation to incorporate guidance on the new IRRBB disclosure requirements set in Article 448 of Regulation (EU) 575/2013.
- (3) More specifically, the table and the template for the disclosure of IRRBB, having regard to the current applicable regulatory framework should be set out in this amending regulation. Institutions are expected to rely on their internal measurement system (IMS), standardised methodology or simplified standardised methodologies when applicable, as defined in accordance with

⁴ OJ L 176, 27.6.2013, p. 1.

⁵ 'Disclosure requirements: DIS70: Interest rate risk in the banking book'. Version effective as of 15 December 2019. https://www.bis.org/basel_framework/chapter/DIS/70.htm.

⁶ Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012, OJ L 150, 7.6.2019, p. 1–225.

Article 84 of Directive 2013/36/EU, for the calculation of the IRRBB exposure values and consider supervisory shock scenarios, common modelling and parametric assumptions.

- (4) This Regulation is based on the draft implementing technical standards submitted to the Commission by the European Banking Authority.
- (5) The European Banking Authority has conducted open public consultations on the draft implementing technical standards on which this Regulation is based, analysed the potential related costs and benefits, and requested the advice of the Banking Stakeholder Group established in accordance with Article 37 of Regulation (EU) No 1093/2010 of the European Parliament and of the Council⁷,

HAS ADOPTED THIS REGULATION:

Article 1

Amendments to Implementing Regulation (EU) No 637/2021

Implementing Regulation (EU) No 637/2021 is amended as follows:

- (1) The following Article 16a is inserted:

“*Article 16a*

Disclosure of exposures to interest rate risk on positions not held in the trading book

1. Institutions shall disclose the information referred to in Article 448 (1), points (a) and (b) of Regulation (EU) No 575/2013 by using template EU IRRBB1 of Annex XXXVII to this Regulation and by following the instructions set out in Annex XXXVIII to this Regulation.
2. Institutions shall disclose the information referred to in Article 448 (1), points (c) to (g) of Regulation (EU) No 575/2013 by using table EU IRRBBA of Annex XXXVII to this Regulation and by following the instructions set out in Annex XXXVIII to this Regulation.”

Article 2

Entry into force

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

⁷ Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC, (OJ L 331, 15.12.2010, p. 12).

Done at Brussels,

For the Commission

The President

On behalf of the President

[Position]

ANNEX

ANNEX I

(contains the new Annex XXXVII to Commission Implementing Regulation (EU) No 637/2021)

ANNEX II

(contains the new Annex XXXVIII to Commission Implementing Regulation (EU) No 637/2021)

4. Accompanying documents

4.1 Draft cost-benefit analysis / impact assessment

As per Article 15 of Regulation (EU) No 1093/2010 (EBA Regulation), any ITS developed by the EBA must be accompanied by an impact assessment (IA) that analyses ‘the potential related costs and benefits’.

This analysis presents the IA of the main policy options included in this paper on the draft ITS on disclosure of information on exposures to interest rate risk on positions not held in the trading book in accordance with Article 448 of Regulation (EU) No 575/2013, amending Implementing Regulation (EU) No 637/2021. The IA is high-level and qualitative in nature.

A. Problem identification and background

Article 434a CRR mandates the EBA to develop disclosure templates and instructions for disclosure requirements under Titles II and III of Part Eight CRR. Comprehensive ITS on disclosure were developed as a result in 2020.⁸ However, not all the disclosure requirements were covered, in particular not those provided in Article 448 CRR on the disclosure of exposures to interest rate risk on positions not held in the trading book (IRRBB).

Revisions to the underlying regulatory framework on the management of IRRBB are currently still ongoing. CRD mandates the EBA in Articles 84 and 98(5a) to develop several technical standards relating to the definition of the supervisory shock scenarios, the common modelling and parametric assumptions to be used in IRRBB measures, the possibility to use a standardised methodology and a simplified standardised methodology for evaluating IRRBB. Given the complexity of these standards, the limited resources and the exceptional circumstances in connection with the Covid-19 pandemic, the initial deadline set for June 2021 had to be postponed. At the same time, in accordance with Article 448 CRR, institutions need to disclose quantitative and qualitative information on IRRBB, already from June 2021.

As a result, a timing mismatch exists between the applicability of the disclosure requirements and the completion of the final regulatory framework for IRRBB. Nonetheless, in order to support institutions in complying with the disclosure requirements, it has been decided to already develop draft harmonised disclosure templates and instructions, based on the current regulatory framework. These draft templates and instructions have been developed with the intention to minimise any future potential change that might be needed once the regulatory framework is finalised.

⁸ [ITS on institutions’ public disclosures of the information referred to in Titles II and III of Part Eight of Regulation \(EU\) No 575/2013, adopted by the Commission with Implementing Regulation \(EU\) 2021/637 of 15 March 2021.](#)

B. Policy objectives

The draft proposed disclosure templates and instructions presented in these draft ITS amending the comprehensive disclosure ITS are aimed at providing a uniform disclosure framework for all institutions across the EU on IRRBB disclosure, so as to maximise comparability and consistency. The draft ITS follow the EBA mandate under Article 434a and Article 448 CRR. They complement the existing comprehensive disclosure framework and provide the practical tools for institutions to comply with the revised disclosure requirements under CRR.

C. Options considered, assessment of the options and the preferred option

Section C presents the main policy options discussed and the decisions made during the development of the templates and instructions. Advantages and disadvantages, as well as potential costs and benefits of the policy options and the preferred options resulting from this analysis are assessed below.

Development of disclosure templates and instructions on IRRBB: timing

Option 1a: await the finalisation of the underlying regulatory framework on IRRBB to develop the disclosure templates and instructions

Option 1b: develop the disclosure templates and instructions based on the current regulatory framework and update them once the framework has been finalised

The misalignment in the timing of the disclosure requirements (to apply from June 2021) and the finalisation of the underlying regulatory framework (expected by the end of 2021 or the first quarter of 2022) implies that some compromise needs to be found regarding the information to be disclosed. One option would be to delay common disclosure templates and instructions until the latter can be based fully on a finalised regulatory framework. Another option would be to ensure that consistent disclosure can take place in the EU as soon as possible but based on templates and instructions that may need to be revised once the final regulatory framework is in place.

The second option, **option 1b**, to develop templates and instructions based on the existing framework and later adapt them, **has been chosen as the preferred option** and these draft ITS have been developed as a result. This decision was made as a result of the importance attached to consistent disclosure by institutions across the EU, but also the fact that the disclosure obligation under Article 448 CRR is already applicable. The draft templates and instructions have been developed with the intention to minimise any future potential change that might be needed following the finalisation of the regulatory part. Once the regulatory IRRBB framework is finalised in the EU later this year, it may hence require merely an updating of references, if any, rather than a whole new redesign of the disclosure templates.

It is expected that the templates and related instructions will not impose any additional burden on institutions but they provide clarifications and facilitate the institutions' compliance with the

disclosure requirements under Article 448 CRR starting from 28 June 2021. At the same time, significant benefit can be expected from disclosure taking place in a consistent manner as soon as possible.

Format of the disclosure templates

Option 2a: develop the new disclosure table 'EU IRRBBA' regardless of the row numbering applied in the Basel table⁹

Option 2b: develop the new disclosure table 'EU IRRBBA' in full alignment with the row numbering applied in the Basel table

The table 'EU IRRBBA' could be developed following a continuous numbering for the rows, reflecting the list of qualitative information in Article 448 CRR (option 2a). However, this option would make it difficult to compare the Basel and EU tables. In particular, it would make it difficult to compare the information disclosed by two institutions located in EU and non-EU jurisdictions, since identical items will not always be associated with the same row number. For this reason, option 2a has been excluded.

To maximise global comparability of disclosure information, the row numbering in the table 'EU IRRBBA' has been aligned with the Basel row numbering, i.e. **option 2b has been chosen**. The new EU disclosure table has been drafted with a view to fully reflecting CRR disclosure requirements, but at the same time to align it with the Basel standards as much as possible. This implies no additional costs for institutions, but brings substantial benefits for the users of the disclosed information in terms of comparability.

D. Conclusion

CRR mandates the EBA to develop uniform and complete disclosure tables and templates, including on IRRBB. A slight timing mismatch between the finalisation of the regulatory framework on IRRBB and IRRBB disclosure requirements implied a decision had to be taken regarding the timing of the development of these draft ITS.

Development of the proposed templates at this point in time will greatly support the overarching goal of improved transparency across EU institutions' disclosure data. The new templates permit consistency and comparability of IRRBB data across the EU, whilst ensuring consistency with Basel. They ensure quality of data, whilst implying negligible or no costs to institutions at the time of a future update.

⁹ Basel disclosure requirements: DIS70: Interest rate risk in the banking book. Version effective as of 15 December 2019.

4.2 Feedback on the public consultation

The EBA publicly consulted on the draft proposal contained in this paper.

The consultation period lasted for three months and ended on 30th August 2021. Five (5) responses were received, of which four were published on the EBA website.

This paper presents a summary of the key points and other comments arising from the consultation, the analysis and discussion triggered by these comments, and the actions taken to address them if deemed necessary.

In many cases several industry bodies made similar comments, or the same body repeated its comments in the response to different questions. In such cases, the comments and EBA analysis are included in the section of this paper where the EBA considers them most appropriate.

Changes to the draft ITS have been incorporated as a result of the responses received during the public consultation.

Summary of key issues and the EBA's response

There were five responses received from stakeholders. The feedback received mainly concerned the disclosure of net interest income (NII) risk metrics and the interim solution proposed by the EBA until the underlying regulatory framework becomes effective.

Some respondents believed that the application of the disclosure requirements under Article 448 CRR for NII risk metrics is neither legally nor economically feasible until the related regulatory technical standards (RTS) and the EBA guidelines provided for by Articles 84 and 98(5a) enter into force. Indeed, from an economic perspective, the disclosure of NII risk metrics may not be comparable among banks as long as the RTS have not specified the methodological requirements for the calculations of the metrics. Moreover, it is very likely that future disclosed NII risk metrics will be based on methodologies different from those developed internally. This would in turn prevent any meaningful comparison across banks and over time by users of disclosure information. For these reasons, they asked to postpone the disclosure requirements.

On the other hand, other respondents expressed support for the interim solution proposed by the EBA which leaves banks discretion on how to fill the gap between the already applicable disclosure requirements under Article 448 CRR and the ongoing finalisation of the regulatory framework on IRRBB.

Indeed, the EBA noted that the disclosure requirements come from Article 448 CRR and they are already applicable as from 28 June 2021, regardless of the finalisation of the underlying regulatory framework. For this reason, the EBA has proposed an interim solution to give banks flexibility on disclosure of some information until the RTS and EBA guidelines become effective. Specifically, banks can use their internal NII risk metrics, if available, and provide complementary information on their calculations in point i) of table EU IRRBBA. The qualitative information should help in the

understanding of the disclosed figures and facilitate comparison over time and across banks. This represents a pragmatic approach which takes into account the current disclosure obligation under Article 448 CRR and the lack of the underlying regulatory framework.

Moreover, respondents asked for some clarifications regarding first-time disclosure, the level of detail to be provided in table EU IRRBBA and the possibility of using internal methodologies. In this regard, some amendments have been included in the instructions to clarify these aspects.



Summary of responses to the consultation and the EBA's analysis

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
General comments			
Timing	<p>Some respondents expressed concerns on the timing of these ITS since the EBA has not yet defined the underlying methodologies to calculate the risk metrics in accordance with Article 98 (5a) of Directive 2013/36/EU (CRD). Therefore, they asked to postpone the disclosure requirements.</p> <p>The postponement of these ITS would avoid a situation where institutions make disclosures in line with their internal net interest income (NII) definitions and assumptions that could no longer be applied after the regulatory framework comes into force. This would therefore not represent consistent disclosure over time and across banks, which in turn would prevent any meaningful comparison of the disclosures by users.</p> <p>Two respondents also believed that the application of the disclosure under point (b) of Article 448(1) CRR is not legally possible until the RTS and the EBA guidelines on interest rate risk in the banking book (IRRBB) come into force.</p>	<p>The disclosure obligation comes from the Level 1 text (i.e. Article 448 CRR) and it is already binding from 28 June 2021, regardless of the revision of the underlying regulatory framework.</p> <p>While the EU IRRBB framework does not include at this stage the outcome of the mandate received from Article 98(5a) CRD, the EBA/GL/2018/02 guidelines already provide principles to institutions for the purpose of their IRRBB assessment (in particular, for the completion of economic value of equity (EVE) sensitivities under IRRBB1 considering the requirements defined in section 4.5 of the above-mentioned EBA guidelines).</p> <p>The EBA has prepared these draft ITS on IRRBB disclosure taking into account the Basel Pillar 3 disclosure requirements (DIS70) and EBA/GL/2018/02. The purpose is to help institutions to comply with the already binding disclosure requirements under Article 448 CRR and to give visibility on the steady state version of the IRRBB disclosure template, pending the entry into force of the RTS and EBA guidelines on IRRBB. However, the finalisation of the regulatory framework should have a marginal impact on the format and type of information to be disclosed. The issue of comparison</p>	No amendments needed



Comments	Summary of responses received	EBA analysis	Amendments to the proposals
		<p>over time and across banks has been alleviated by allowing institutions to provide any further information useful for understanding the disclosed figures in point i) of table EU IRRBBA.</p>	
Flexibility	<p>Two respondents recommended the use of the internal management approach, especially for the disclosure of the NII risk metrics, even after the entry into force of the future RTS / EBA guidelines on IRRBB. In addition, one of them noted that any disclosure standardisation should not lead to a situation where bank-specific analyses and internal considerations are no longer reflected. Therefore, banks should have flexibility and use their internal interest rate risk measurement.</p>	<p>As specified in the instructions of Annex XXXVIII of these draft ITS, institutions must disclose quantitative and qualitative information on the basis of their preferred approach (internal measurement systems (IMS), standardised approach or simplified standardised approach, when applicable) and consider common modelling and parametric assumptions, excluding behavioural assumptions referred to in Article 98(5a) CRD. This will allow comparability between the disclosed information while reflecting the preferred methodology of each institution.</p> <p>In addition, until the RTS provided for by Articles 84 and 98(5a) CRD start to apply, banks are given flexibility on some of the information to be disclosed.</p>	No amendments needed
Application of the Basel requirements	<p>Two respondents argued against an early disclosure in accordance with the Basel requirements. The latter are not legally binding for European institutions.</p>	<p>The Basel standards are not legally binding in the EU but in accordance with Article 434a CRR the EBA must develop draft ITS specifying uniform disclosure formats in line with the international standards on disclosures.</p>	No amendments needed
<p>Responses to questions for the ITS on IRRBB disclosure</p>			
<p>Question 1. Are the instructions, table and template clear to the respondents? If not, please provide concrete suggestions to improve them.</p>			



Comments	Summary of responses received	EBA analysis	Amendments to the proposals
Scope and frequency of disclosure	Some respondents asked for clarifications regarding the scope of application of the disclosure and the related frequency.	<p>The scope and the frequency of the disclosure requirements are set out in CRR. Specifically, in accordance with Articles 433a and 433c CRR, large institutions and other non-listed institutions are subject to the disclosure requirements under Article 448 CRR. The frequency is the following:</p> <ul style="list-style-type: none"> - for large institutions: annual frequency, except for information included in points (a) and (b) of Article 448(1) CRR, which should be disclosed semi-annually (i.e. template EU IRRBB1); - for other non-listed institutions: annual frequency. 	In the 'Background and rationale' section of the final report a reference to Articles 433a and 433c CRR is added.
First time disclosure: previous period	<p>Two respondents asked for clarifications regarding the previous-period disclosures. One of them considered the previous-period disclosure of template EU IRRBB1 as inappropriate since supervisors should already have this information available.</p> <p>The other respondent noted that previous-period disclosure should not be requested for the first-time disclosure.</p>	<p>Points a) and b) of Article 448(1) CRR require the disclosure of previous-period data.</p> <p>For the first-time disclosure, institutions will be exempted from providing the disclosure of the previous-period data.</p>	In the instructions it has been specified that for the first-time disclosure institutions are exempted from providing the disclosure of the previous-period data.
Table EU IRRBBA: level of detail	<p>One respondent believed that the qualitative information should be structured as recommendations, rather than binding instructions.</p> <p>Two other respondents asked for clarifications regarding the level of detail of the qualitative</p>	<p>The qualitative information is requested by the Level 1 text.</p> <p>In the instructions the level of detail has been clarified. General descriptions in rows g) and h) are required.</p>	In the instructions the wording has been changed to specify that general descriptions are required.



Comments	Summary of responses received	EBA analysis	Amendments to the proposals
Table EU IRRBBA, row b)	<p>information. Specifically, for rows g) and h) the descriptions are expected to be high-level.</p> <p>Two respondents considered the instructions to row b) of table EU IRRBBA as a excessively demanding interpretation of point f) of Article 448(1) CRR, specifically regarding the description of the role of the audit or ALM committee function.</p> <p>Clarification was also sought on the difference between points b) and f) of table EU IRRBBA since they both require a description of hedging practices for interest rate risk.</p>	<p>A description of the bank's overall IRRBB management and mitigation strategies is required by point f) of Article 448(1) CRR. The further specifications in the instructions are examples in line with point b) of table EU IRRBBA of the Basel Pillar 3 disclosure requirements (DIS70).</p> <p>The instructions to row b) have been amended to specify that a general description is required.</p> <p>Regarding the difference between rows b) and f), a more generic description of hedging practices for interest rate risk is asked for under row b), while details on the effect of hedges are provided under row f). In row b) a reference to row f) could be acceptable.</p>	<p>In the instructions to row b) the wording has been changed to clarify that a general description is required.</p>
Table EU IRRBBA, row e)	<p>One respondent noted that row e) of table EU IRRBBA requires a description of the difference between the parameters that are used for the disclosure of the interest rate risk in template EU IRRBB1 on the one hand, and the parameters that are used for the internal calculation of the interest rate risk on the other.</p> <p>In this regard, the respondent remarked that internal models should be permissible for both the calculation and the disclosure of interest rate risks. The respondent also believed that the information</p>	<p>The institutions' internal measurement systems (IMS) can be used for both the calculation and the disclosure of interest rate risks.</p> <p>In accordance with point (e)(ii) of Article 448 (1) CRR, row e) of table EU IRRBBA aims at disclosing any difference between the key modelling and parametric assumptions used in the institution's IMS for purposes other than disclosure (e.g. for internal assessment of capital adequacy) and the common modelling and parametric assumptions prescribed for the purpose of the disclosure in template EU IRRBB1.</p>	<p>No amendments needed</p>



Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	of row e) does not make sense until the announced RTS and EBA guidelines come into force.	As long as the common modelling and parametric assumptions for net interest income are not defined yet by the RTS, no difference is expected between the institutions' internal assumptions used for disclosure and for other purposes (alternatively section 4.5 of EBA/GL/2018/02 provides common modelling and parametric assumptions for the purpose of the EVE).	
Table EU IRRBBA: average repricing maturity assigned to non-maturity deposits	One respondent asked whether the disclosure of the average repricing maturity assigned to non-maturity deposits (NMDs) should be: (i) a weighted average of the full NMD balance, including NMDs which are not modelled (e.g. overnight), or (ii) the average life of the behaviouralised NMD balance only, excluding the non-modelled balance.	The disclosure of the average repricing maturity must refer to both, the core part and the full amount of non-maturity deposits from retail and non-financial wholesale counterparties. The instructions have been amended accordingly.	In the instructions, it has been specified that the average repricing maturity is calculated separately for both, the core part and the full amount of non-maturity deposits from retail and non-financial wholesale counterparties.
Template EU IRRBB1	<p>One respondent made a comparison with table B of BCBS368. It noted that the last three rows of this table are not reported in template EU IRRBB1 and it asked if they will be adopted in the future.</p> <p>Another respondent hoped that the disclosure will be consistent with SOT metrics defined in the RTS to help comparison.</p>	<p>The last three rows of table B of BCBS368 are not reported in template EU IRRBB1 since they are not explicitly mentioned in points (a) and (b) of the Article 448(1) CRR.</p> <p>Institutions are not required to disclose any result of the SOT metrics on Tier1 capital, but they disclose the net interest income (NII) and economic value of equity (EVE) changes in the SOTs. Once the RTS come</p>	<p>No amendments needed</p> <p>The instructions have specified that the calculations of NII and EVE changes</p>



Comments	Summary of responses received	EBA analysis	Amendments to the proposals
Template EU IRRBB1: period for NII	One respondent asked for clarifications regarding the period to which net interest income relates (e.g. forward-looking one-year rolling period, first three forward-looking rolling periods).	into force, institutions will follow the related requirements. This has been clarified in the instructions.	will be in accordance with the future RTS.
Template EU IRRBB1: scenarios, assumptions	One respondent deemed that the template should not be limitative of any additional scenarios and/or assumptions and/or NII horizons different from the EBA-defined common assumptions which banks may elect to consider, as the supervisory shock scenarios may need to be complemented with more reasonable changes that could occur.	<p>In the current absence of any specifications by the RTS, institutions can use their internal assumptions and give an explanation in point i) of table EU IRRBBA.</p> <p>In accordance with Article 84 CRD, institutions must use their internal measurement systems (IMS) to identify, evaluate, manage and mitigate the IRRBB, once they have not preferred or are not required to use the standardised approach or the simplified standardised approach, when applicable.</p> <p>The instructions of Annex XXXVIII of the draft ITS specify that institutions must disclose quantitative and qualitative information on the basis of the preferred methodology (IMS, standardised approach or simplified standardised approach) and reflect the common modelling and parametric assumptions, excluding behavioural assumptions referred to in Article 98(5a) CRD. During the interim period until the regulatory technical standards provided for by Articles 84 and 98(5a) CRD come into force, institutions are given flexibility on disclosing some information. Therefore, they could add additional scenarios and/or different assumptions and/or NII horizons. This has been clarified in the instructions.</p>	<p>No amendments needed</p> <p>No amendments needed</p>



Comments	Summary of responses received	EBA analysis	Amendments to the proposals
<p>Question 2: Do the respondents consider the development of these draft ITS based on the current underlying regulation as a sensible and practical approach, given the timing mismatch between the applicability of the disclosure requirements in accordance with Article 448 CRR and the finalisation of the new regulatory framework for IRRBB?</p>			
Discretion to banks	<p>Two respondents welcomed the pragmatic approach to leave banks discretion to explain how they fill the gap between the application of the disclosure requirements under Article 448 CRR and the underlying regulatory components that are not defined yet.</p> <p>The quantitative disclosures are expected to be supplemented by additional qualitative information provided by institutions at their own discretion, to help users to understand the reported figures.</p>	<p>In the instructions of Annex XXXVIII of these draft ITS there are already references to the underlying regulatory components that will be defined in the future RTS. This should minimise any potential future amendments to these drafts ITS once the regulatory framework comes into force and it should in turn avoid any additional implementation burdens for institutions.</p> <p>In point i) of table EU IRRBBA, institutions can disclose any other relevant information regarding the IRRBB measures used in template EU IRRBB1. This helps users to understand the figures reported in template EU IRRBB1 and it should facilitate comparison among banks until the underlying regulatory framework becomes effective.</p>	No amendments needed
Disclosure of NII risk metrics	<p>Two respondents considered the chosen approach as quite problematic in terms of comparability of NII figures across institutions and over time.</p> <p>Indeed, the disclosed NII risk metrics may not be comparable as long as the RTS have not specified the methodological requirements for the calculations. Moreover, it is very likely that future</p>	<p>Please refer to the EBA analysis in the ‘General comments’ section.</p> <p>The disclosure requirements under Article 448 CRR are already applicable as from 28 June 2021, regardless of the finalisation of the underlying regulatory framework. For this reason, as long as the finalisation of the regulatory technical standards and</p>	No amendments needed



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	<p>disclosed NII risk metrics will be based on methodologies different from those developed internally. If the disclosure requirements cannot be postponed, it should be clarified that institutions may use their internal metrics for disclosure until further notice.</p> <p>They also deemed that the disclosure requirements under Article 448 CRR for NII metrics are not legally applicable until the related RTS and EBA guidelines enter into force. In the meantime, Basel regulations do not represent legally effective requirements for European institutions.</p>	<p>EBA guidelines defined in Article 84 and 98 CRD are still ongoing, banks are given flexibility on the disclosure of some information. As specified in the instructions, they can use their internal NII risk metrics, if available, and provide complementary information on their calculations in point i) of table EU IRRBBA. This qualitative information should help in the understanding of the disclosed figures and facilitate comparison across banks and over time.</p>	
<p>Question 3: Regarding template EU IRRBB1, do the respondents agree on disclosing the changes in the net interest income under the two supervisory shock scenarios ‘parallel up’ and ‘parallel down’, in line with the Basel disclosure template, and on the interim solution proposed in the instructions to columns c and d of this template while the underlying regulatory framework on IRRBB is not yet finalised?</p>			
Disclosure of NII risk metrics	<p>Some respondents asked to postpone the disclosure of NII risk metrics until the EBA requirements for those NII risk metrics have been specified and they do not agree with early disclosure in accordance with the Basel requirements. The latter are not legally binding for European institutions.</p>	<p>Please refer to the EBA analysis in the ‘General comments’ section.</p> <p>The disclosure of NII risk metrics is required by point b) of Article 448(1) CRR.</p> <p>During the interim period until the underlying regulatory framework becomes effective, institutions do not have to disclose this information, as provided in the instructions of columns c and d of template EU IRRBB1.</p>	No amendments needed
Interim solution:	<p>Two respondents considered the ‘interim solution’ as being neither legally possible nor substantively appropriate. They also disagree that if institutions</p>	<p>Given that the disclosure requirements under Article 448 CRR are already applicable as from 28 June 2021, regardless of the finalisation of the underlying</p>	No amendments needed



Comments	Summary of responses received	EBA analysis	Amendments to the proposals
instructions to columns c and d of template EU IRRBB1	leave columns c and d of template EU IRRBB1 blank they must explain their reasons for doing so.	<p>regulatory framework, the 'interim solution' proposed in the instructions to columns c and d of template EU IRRBB1 gives banks flexibility on disclosing what they currently have internally until the RTS provided for by Articles 84 and 98(5a) CRD become effective. It is a practical approach which takes into account the application of the disclosure obligation under Article 448 CRR and the current lack of the underlying regulatory framework.</p> <p>During the interim period until the RTS become effective, institutions can use their internal NII risk metrics, if available. If the columns are left blank, institutions are required to explain the reasons. For example, they could state that they have not implemented any internal NII risk metrics yet, pending the entry into force of the underlying regulatory framework.</p>	