



IRRBB

Managing your interest rate risk right

A fresh take on risk and valuation

Interest rate volatility is likely to persist. Supervisors have stepped up the regulatory game. Is your IRRBB framework ready?

GAP ANALYSIS

EVE AND NII METRICS

CSRBB

PREPAYMENT

NMD MODELLING

STRESS TESTING

GOVERNANCE

HEDGING

Following a long period of record lows, the recent rise in interest rates has been the fastest in decades. Amid geopolitical tensions and economic uncertainties, a volatile interest rate market will likely persist for an extended period, requiring banks to carefully manage their interest rate risk.

The latest EBA guidelines deepen the Pillar 2 requirement for managing the interest rate in the banking book (IRRBB) and monitoring the credit spread risk in the banking book (CSRBB), raising expectations for the modelling of non-maturity deposits (NMDs) and instruments subject to prepayment or early redemption. Regulatory Technical Standards (RTS) from 2022 define the standardised approach for banks and introduce a new supervisory outlier test (SOT) on net interest income (NII). Additionally, Implementing Technical Standards (ITS) from 2021 and 2023 specify requirements for the disclosure and reporting of IRRBB.

In this challenging context, relying on seasoned experts with a proven track record is essential. Finalyse provides a modular approach ensuring regulatory compliance, addressing governance, data, analytics, modelling, and reporting issues. This service includes identifying IRRBB/CSRBB risks, designing measurement solutions, automating risk processes, and framing internal controls for comprehensive IRRBB governance.



For more information, visit

<https://www.finalyse.com/irrbb>

Benefits

- Identification of gaps compared to regulatory and internal requirements, and proposal of a remediation plan.
- Comprehensive and solid management of IRRBB and CSRBB.
- Enhanced modelling of behavioural optionality's affecting loans, deposits and off-balance sheet items.
- Better analysis of balance sheet dynamics, resulting in business added value (more accurate capital allocation, better hedging efficiency, more precise fund transfer pricing, ...).
- Improved governance in terms of policies, controls and model risk management.
- Time and effort efficient processes, minimising operational risks and reducing cost.
- Increased control over - and ownership of - risk data.

Motivation

In a context of economic uncertainty and strict regulation, a well-designed IRRBB framework is crucial for ensuring compliance and achieving your business objectives. Finalyse offers tailored expertise backed by 30 years of proven experience in ALM projects.

AMSTERDAM

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