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|  | Public |
|  | Brussels, 27 June 2023 |
| Annex 3 to Circular NBB\_2023\_07 | |
| Explanatory notes to reporting tables 90.30.a, 90.30.b and 90.30.c | |
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1. **General provisions**
   1. Reporting tables 90.30.a, 90.30.b and 90.30.c are in accordance with Circular NBB\_2023\_07 relating to Guidelines on sound management practices and reporting concerning interest rate risk and credit spread risk arising from non-trading book activities. The requirements on periodic prudential reporting set out in that circular apply.
   2. These tables must be reported by institutions considered less significant under the SSM.
2. **Specific provisions**
   1. Institutions should calculate the data to be reported on the basis of a series of supervisory interest rate movement scenarios established in accordance with the provisions of Article 143 §1(12) of the Banking Law, taking into account the requirements set out in the regulatory technical standards of the EBA specifying common modelling and parametric assumptions for supervisory outlier tests[[1]](#footnote-2) (hereinafter “the RTS on supervisory outlier tests”).
   2. Institutions should apply either their own methodology, defined internally taking into account the requirements laid down in EBA Guidelines EBA/GL/2022/14 of 20 October 2022 specifying criteria for the identification, evaluation, management and mitigation of the risks arising from potential changes in interest rates and of the assessment and monitoring of credit spread risk, of institutions’ non-trading book activities, or the standardised methodology or simplified standardised methodology, in accordance with the provisions of Article 6 of Annex I to the Banking Law.
   3. **Table 90.30.a**

In table 90.30.a, institutions should report the results of the assessment of their economic value of equity (EVE) sensitivity and net interest income (NII) sensitivity to different supervisory interest rate movement scenarios.

EVE sensitivity

In column 010, institutions should report the EVE of the banking book as calculated using a range of prescribed interest rate movement scenarios.

The scope of the parallel rate movements in the standardised assumptions amounts to 200 basis points, both upwards (line 300) and downwards (line 500). The RTS on supervisory outlier tests provide for four other scenarios: a steepening yield curve (line 100), an increase in short-term interest rates (line 200), a decrease in short-term interest rates (line 600) and a flattening yield curve (line 700). These six scenarios are supplemented by a seventh scenario of unchanged rates (line 400).

NII sensitivity

Institutions should report, in ascending order, their NII for the past 12 months in column 020, and their expected NII for the next twelve-month period in column 030, taking account of the requirements set out in the RTS on the supervisory outlier tests, on the basis of two standardised parallel interest rate movement scenarios.

The scope of the parallel rate movements in the standardised assumptions amounts to 200 basis points, both upwards (line 300) and downwards (line 500). These two scenarios are supplemented by a third scenario of unchanged rates (line 400).

Market value changes

In column 060, institutions should report the market value of instruments whose value changes are shown either in the profit and loss account or directly in equity (e.g. via other comprehensive income) based on a range of prescribed interest rate scenarios. They should calculate the market value of these instruments over a one-year horizon, excluding the effect of accounting hedges and without taking into account the items referred to in Article 33(1)(a) of Regulation (EU) No 575/2013.

Institutions should calculate the projections of the market value of these instruments on the basis of internal measurement systems or, where appropriate, on the basis of the standardised methodology (Articles 15 and 20 of the EBA RTS on the standardised methodology for the evaluation of IRRBB[[2]](#footnote-3)) or the simplified standardised methodology (Article 24 of the said RTS).

The scope of the parallel rate movements in the standardised assumptions amounts to 200 basis points, both upwards (line 300) and downwards (line 500). These two scenarios are supplemented by a third scenario of unchanged rates (line 400).

* 1. **Table 90.30.b**

In table 90.30.b, institutions should report qualitative data on the methodologies used to evaluate IRRBB.

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| Line(s) | Instructions |
| 0010 | **Measurement methodology (NII/EVE)**  Institutions should specify their approach for evaluating interest-rate risk in the context of supervisory outlier tests.   * Simplified standardised methodology * Standardised methodology * Internal systems |
| 0020  0030  0040 | Second, third and fourth most important currencies (NII/EVE)  If applicable, institutions should report the three most important currencies, after the euro, used to measure NII and EVE sensitivity in the context of supervisory outlier tests. |
| 0050 | Other important currencies (NII/EVE)  If applicable, institutions should report the other important currencies used to measure NII and EVE sensitivity in the context of supervisory outlier tests. |
| 0060 | Methodology (NII)  Institutions should specify the methodology used to measure NII sensitivity in the context of supervisory outlier tests.   * Repricing gap analysis * Full revaluation approach * Mixed approach * Other |
| 0070 | Conditional cash flows (NII)  Institutions should specify to what extent the measurement of NII sensitivity in the context of supervisory outlier tests is based on conditional cash flow modelling approaches.  Conditional cash flow modelling approaches are considered for:   * All material items * Some material items * Not considered |
| 0080 | Option risk (NII)  Institutions should indicate whether option risk is considered in the methodology used to measure NII sensitivity in the context of supervisory outlier tests.   * Considered * Not considered |
| 0090 | Basis risk (NII)  Institutions should indicate whether basis risk is considered in the methodology used to measure NII sensitivity in the context of supervisory outlier tests.   * Considered * Not considered |
| 0100 | Methodology (EVE)  Institutions should specify the methodology used to measure EVE sensitivity in the context of supervisory outlier tests.   * Repricing gap analysis * Full revaluation approach * Mixed approach * Other |
| 0110 | Conditional cash flows (EVE)  Institutions should specify to what extent the measurement of EVE sensitivity in the context of supervisory outlier tests is based on conditional cash flow modelling approaches.  Conditional cash flow modelling approaches are considered for:   * All material items * Some material items * Not considered |

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| 0120 | Option risk (EVE)  Institutions should indicate whether option risk is considered in the methodology used to measure EVE sensitivity in the context of supervisory outlier tests.   * Considered * Not considered |
| 0130 | Basis risk (EVE)  Institutions should indicate whether option risk is considered in the methodology used to measure EVE sensitivity in the context of supervisory outlier tests.   * Considered * Not considered |
| 0140 | Commercial margins and other spread components (EVE)  Institutions should indicate whether commercial margins and other spread components are included in the methodology used to measure EVE sensitivity in the context of supervisory outlier tests.   * Included * Excluded * Not applicable |
| 0150 | Loan prepayment penalty fees (NII)  Institutions should indicate whether loan prepayment penalty fees are included in the methodology used to measure NII sensitivity in the context of supervisory outlier tests.   * Included * Excluded * Not applicable |
| 0160 | Pension obligations and pension plan assets (EVE)  Institutions should indicate whether pension obligations and pension plan assets are included in the methodology used to measure EVE sensitivity in the context of supervisory outlier tests.   * Included * Excluded * Not applicable |
| 0170 | Non-performing exposures (EVE)  Institutions should indicate whether non-performing exposures are included in the methodology used to measure EVE sensitivity in the context of supervisory outlier tests.   * Included * Excluded * Not applicable |
| 0180 | Fixed rate loan commitments (EVE/NII)  Institutions should indicate whether fixed rate loan commitments are included in the methodologies used to measure EVE and NII sensitivity in the context of supervisory outlier tests.   * Included * Excluded * Not applicable |
| 0190 | **Risk of prepayment (EVE/NII)**  Institutions should indicate whether the risk of retail prepayment is included in the methodologies used to measure EVE and NII sensitivity in the context of supervisory outlier tests.   * Included * Excluded * Not applicable |
| 0200 | **Risk of early redemption (EVE/NII)**  Institutions should indicate whether the risk of retail early redemption is included in the methodologies used to measure EVE and NII sensitivity in the context of supervisory outlier tests.   * Included * Excluded * Not applicable |
| 0210 | **Modelling of non-maturity deposits (EVE/NII)**  The institution should specify the method used to determine the behavioural repricing date of non-maturity deposits.   * Time series model (BCBS/EBA stable/non-stable/PTR approach) * Replication portfolio * Economic models (modelling financial wealth allocation to non-maturity deposits or alternative investments according to different market scenarios and economic factors) * Expert judgment * Other |
| 0220 | **Slotting of core balances**  Institutions should indicate how they allocate core non-maturity deposit balances.   * All core non-maturity deposit balances are allocated to the same repricing date. * Core non-maturity deposit balances are allocated to different repricing dates. * Not applicable |
| 0230 | **Modelling of operational non-maturity deposits from financial customers**  Institutions should indicate whether operational deposits from financial customers within the meaning of Article 27(1)(a) of Commission Delegated Regulation (EU) 2015/61 with regard to liquidity coverage requirement for credit institutions, are subject to behavioural modelling.   * Yes * No |

* 1. **Table 90.30.c**

In this table, institutions should report additional information on the parameters used for the evaluation of IRRBB, such as the results of the modelling of loan prepayments and the results of the modelling of non-maturity deposits. Where appropriate, institutions should include data for the four most important currencies reported in the context of supervisory outlier tests (columns 0010, 0020, 0030 and 0040).

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| Line(s) | Instructions |
| 0010 | Share in the banking book  Institutions should report the respective share of the four most important currencies in the banking book. |
| 0020 | Risk-free yield curve  In accordance with the RTS on supervisory outlier tests, institutions should apply an appropriate general “risk-free” yield curve per currency. This curve should not include instrument-specific or entity-specific credit or liquidity spreads.  Institutions should indicate which “risk-free” yield curves have been used for each of the important currencies reported in the context of supervisory outlier tests. |
| 0030 | Post-shock interest rate floor (NII/EVE)  Institutions should indicate if the maturity-dependent post-shock interest rate floor set out in the RTS on supervisory outlier tests is binding for any of the currencies reported (Yes/No). |
| 0040 | Loans subject to prepayment modelling  Institutions should report the total amount of loans subject to prepayment modelling, considering the current interest rate environment. |
| 0050 | Average maturity before prepayment modelling  Institutions should report the average maturity of loans subject to prepayment modelling, before application of the repayment assumption and considering the current interest rate environment. |
| 0060 | Average prepayment rate  Institutions should report the average prepayment rate applied to loans subject to prepayment modelling, considering the current interest rate environment. |
| 0070  0080  0090 | Average repricing date applied to non-maturity deposits  Institutions should report the average repricing date applied to retail transactional deposits, retail non-transactional deposits and wholesale deposits from non-financial customers, for each currency reported, considering the current interest rate environment. |
| 0100  0110  0120 | Total stock of core non-maturity deposits  Institutions should report the total stock of core retail transactional deposits, the total stock of core retail non-transactional deposits and the total stock of core wholesale deposits from non-financial customers, for each currency reported, considering the current interest rate environment. |
| 0130  0140  0150 | Share of core deposits in the total stock of non-maturity deposits  Institutions should report the share of core retail transactional deposits, core retail non-transactional deposits and core wholesale deposits from non-financial customers in the total stock of non-maturity deposits, for each currency reported, considering the current interest rate environment. |

1. EBA/RTS/2022/10. *Draft Regulatory Technical Standards specifying supervisory shock scenarios, common modelling and parametric assumptions and what constitutes a large decline for the calculation of the economic value of equity and of the net interest income in accordance with Article 98(5a) of Directive 2013/36/EU.* [↑](#footnote-ref-2)
2. EBA/RTS/2022/09. *Draft Regulatory Technical Standards specifying standardised and simplified standardised methodologies to evaluate the risks arising from potential changes in interest rates that affect both the economic value of equity and the net interest income of an institution’s non-trading book activities in accordance with 84(5) of Directive 2013/36/EU.* [↑](#footnote-ref-3)