Interest Rate Risk in the Banking Book (IRRBB)

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Methods in line with the Basel requirements (BCBS 368) and the EBA (EBA(GL/2018/02) are provided. These are based on current deal and market data. The following methods to control interest rate risk are available:

- **Interest mismatch analysis (net interest income)**
  Assets and liabilities can be analysed using the respective break-even rates. The gap (liabilities minus assets), the cumulative gap and the mismatch are also disclosed. A detailed description is contained in ALM/Interest Rate Gap Analysis.

- **Method based on present value (economic value of equity)**
  A present value analysis and an analysis based on interest rate scenarios are provided. Any interest rate scenario can be defined by the user and assigned to these ratios. More detailed information on these functions can be found in ALM/Present Values, ALM/Present Value Scenario and in Interest Rate Scenarios.

- **Stress tests**
  Various business transactions such as new deals, default or premature/late payments can be reproduced. These can be combined with any interest rate scenario. Please see Business Scenarios for more details.

- **Credit spread risk**
  The credit spread portion of the fair value for each individual deal is displayed and also as a cumulative value for individual deal types. The credit spread portion is determined and aggregated for a period in a freely definable period grouping. More information on this calculation can be found in Credit Spread Risk.

- **Negative interest rates**
  Negative interest rates are fully supported. Both floor and cap rates are included in cash flow generation as well as in deal valuation.

- **Outlier tests**
  The difference between the 6 stress scenarios and tier 1 capital is disclosed (in acc. with BCBS 368).

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