

Protokoll

**zur 2. Sitzung des Fachgremiums IRRBB
am Freitag, 21. August 2015
10:30 Uhr bis 16:00 Uhr
im Hause der BaFin, Bonn**

Teilnehmer/-innen

Siehe Anhang 1

Agenda

TOP 1 EBA-Guidelines on the management of interest rate risk arising from non-trading activities (engl.)

The Fachgremium Zinsänderungsrisiko im Anlagebuch ("FG IRRBB") is a group that BaFin and Deutsche Bundesbank have formed with experts from the industry as a forum for dialogue on the regulation and supervision of interest rate and credit spread risk in the banking book.

In addition to its permanent members three ECB-representatives from the Single Supervisory Mechanism (SSM) attended the discussion on the implementation of **the EBA "Guidelines on the management of interest rate risk arising from non-trading activities"** (EBA/GL2015/08, 22 May 2015) as guests. The ECB staff members used the meeting to gather information on ideas from German supervisors and the industry representatives on how to implement the EBA Guidelines.

The EBA Guidelines leave various matters of substance to the judgment of the respective supervisor; hence guidance by the SSM, or else the BaFin as national competent authority on the implementation of the EBA Guidelines is required. This additional guidance which could take the form of a "side letter" to the EBA guidelines would specify supervisory expectations on certain aspects of the management of IRRBB, and in particular on the numbers that institutions would produce as input for the supervisory review and evaluation process. In preparation of the meeting BaFin and Bundesbank had shared a first draft of such guidance with the participants of the meeting as a basis for discussion focusing **on chapter "4.2 IRRBB Policies"**.

In introducing the agenda point a member from the supervisory side highlighted that such guidance may be confined to less significant institutions, and that it would not deal with the supervisory response to any data information that institutions would provide. The following specific points that could be included in a side-letter (with references to the EBA guidelines) were highlighted:

IRRBB 3 – Interest Rate Shock Scenarios (p. 22, pp. 25-26):

- Stress testing: BaFin and Bbk expect banks to use additional scenarios besides the standard shock (+/- 200 bp) to adequately account for specific risks due to the individual business model of banks; e.g. for banks with material positions in foreign currencies

IRRBB 2 – Measurement of IRRBB (p. 22, pp. 26-28)

- Modelling risk: Banks must be aware of the impact of their assumptions on the measurement of IRRBB regarding customer behaviour (e.g. NMDs, prepayments, overdrafts), future interest rates (e.g. changes in the yield curve), economic development (e.g. assumptions on new business development)

IRRBB 4.1 – Internal Governance Arrangements (p. 23, p. 32):

- Validation: BaFin and Bbk expect banks to implement an appropriate (depending on the complexity) quantitative, qualitative and independent validation of the IRRBB methods and procedures, the underlying assumptions, parameters and input data.

Methods for measuring interest rate risk (p. 15):

- Balance between economic value (EV) and stabilising earnings (NII) is important for a sound management of IRRBB

Proportionality (p. 8):

- Proportionality: BaFin and Bbk are aware of the different sizes and/or business models of German banks and will try to avoid unnecessary implementation costs (e.g. for documentation)

Potentially, updated guidance would also

- differentiate more between qualitative requirements and quantitative requirements and
- specify a treatment for hidden reserves (HGB §340f).

All industry members who took the floor confirmed their general support for such guidance. Yet, there were some concerns about certain points of detail. These are also highlighted in the annotated version of the initial draft that is provided as annex 2.

- Representatives of the banking industry could not agree on whether they would prefer using external or internal rates for EVE calculations.
- Some banks use sensitivities instead of cash flows for measuring IRRBB.
- BaFin and Bundesbank emphasized to the members of the FG that pension obligations are subject to interest rate risk and have to be included in the measurement of IRRBB. Industry members had differing views on the issue.
- EBA-Guidelines stipulate a 0%-floor when calculating the outcome of the standard shock. Treatment of negative interest rates when calculating further scenarios was discussed.
- Both supervisors and industry representatives agreed that the special characteristics of building societies have to be taken into account when implementing the EBA-GLs for the management of IRRBB.

A member for the supervisory side highlighted that until the SSM or BaFin have issued new guidance or the SSM has made a decision in other ways the Circular 11/2011 (BA) would still apply in substance.

TOP 2 Konsultationspapier der Baseler „Task Force on Interest Rate Risk in the Banking Book“ (TFIR) für eine Neuregulierung in Säule 1 und Säule 2 (<http://www.bis.org/bcbs/publ/d319.htm>)

Vertreter der Aufsicht stellten den konsultierten Säule-1- und Säule-2-Ansatz für Zinsänderungsrisiken im Anlagebuch vor und baten um konstruktive Kritik. Institutsvertreter äußerten eine generelle Ablehnung hinsichtlich eines standardisierten Ansatzes für Zinsänderungsrisiken im Anlagebuch und betonten, dass die konsultierten Ansätze nicht mit gängigen internen Steuerungsverfahren kompatibel seien und zu falschen Steuerungsimpulsen führen könnten.

Ein Schwerpunktthema waren Einlagen mit unbestimmter Laufzeit. Die Institutsvertreter waren der Auffassung, dass insbesondere deren Eingruppierung im Konsultationspapier zu grob sei und dass sich die aufsichtlichen Parameterwerte deutlich von ihren eigenen Schätzungen unterscheiden würden, so dass vorgegebene Mindestwerte und Kappungsgrenzen regelmäßig bindend seien. Darüber hinaus schlugen die Industrievertreter vor, die aufsichtliche Kategorisierung um unverzinsliche Einlagen zu erweitern.

Seitens der Kreditwirtschaft wurde zudem hervorgehoben, dass besondere Geschäftsmodelle (z.B. Bausparkassen, Förderbanken) im konsultierten Standardansatz nicht ausreichend berücksichtigt worden seien. Angemerkt wurde zudem, dass das Konsultationspapier des Baseler Ausschusses keine Aussage über die Modellierung von Pensionsverpflichtungen macht.

Vertreter der Aufsicht warfen die Frage auf, auf welcher Basis in der Praxis (quasi) risikolose Zinsstrukturkurven ermittelt werden. Vertreter der Kreditwirtschaft stellten heraus, dass es keinen Industriestandard gibt und betonten, dass die Wahl häufig von der aktuellen Marktliquidität abhängt.

Diskutiert wurde zudem über die vier konsultierten Optionen zur Berechnung der Mindesteigenmittelanforderungen. Vertreter der Kreditwirtschaft begrüßten den Versuch, neben der barwertigen Messung auch eine periodische Komponente zu berücksichtigen, äußerten sich gegenüber der Implementierung im Konsultationspapier allerdings kritisch, da diese keine dynamischen Annahmen für Neugeschäft zulässt. Die ausschließliche Berücksichtigung des Basisrisikos in der (kurzfristigen) ertragsorientierten Komponente stieß ebenfalls auf Ablehnung.

Zudem kritisierten die Vertreter der Kreditwirtschaft die verbindliche Offenlegung von Zinsrisikokennziffern, da bei einer standardisierten Messung die institutsindividuellen Besonderheiten nicht ausreichend berücksichtigt würden und sich so unerwünschte Effekte bei einer externen Bonitätsbeurteilung auf Basis dieser Daten ergeben könnten.

Vertreter der Aufsicht forderten die Institutsvertreter auf, im Rahmen des Konsultationsprozesses diese Kritikpunkte auch in Basel anzubringen, sahen aber die generelle Ablehnung eines Standardansatzes in Säule I oder II kritisch, da verbindliche aufsichtliche Vorgaben bei der Risikomessung ein wichtiger Baustein für eine weltweit vergleichbare Unterlegung des Zinsänderungsrisikos im Anlagebuch darstellt.

Bonn/Frankfurt a.M., 03.11.2015

Anhang 1 : Teilnehmer der 2. Sitzung des FG IRRBB

Vertreter der Aufsicht

Herr Dr. Rüdiger Gebhard	Bundesanstalt für Finanzdienstleistungsaufsicht (Ko-Vorsitz)
Herr Dr. Daniel Foos	Deutsche Bundesbank (Ko-Vorsitz)
Herr Kamil Pliszka	Deutsche Bundesbank
Herr Thomas Springmann	Deutsche Bundesbank
Herr Daniel Hilgers	Bundesanstalt für Finanzdienstleistungsaufsicht
Herr Martin Honal	Bundesanstalt für Finanzdienstleistungsaufsicht
Frau Karin Voigt	Bundesanstalt für Finanzdienstleistungsaufsicht
Herr Gregoire Issenmann	EZB
Herr Armin Leistenschneider	EZB
Herr Federico Pierobon	EZB

Vertreter der Kreditwirtschaft

Herr Daniel Vogler	ING-DiBa AG
Herr Olaf Wegner	Deutscher Sparkassen- und Giroverband
Frau Nadja Wick	Bundesverband Öffentlicher Banken Deutschlands
Herr Andreas Wieland	Stadtsparkasse Wuppertal
Herr Michael Wöhrle	LBS Norddeutsche Landesbausparkasse AG
Herr Stephan Gliem	Landesbank Berlin AG
Frau Viola Uphoff	Bundesverband der Deutschen Volks- und Raiffeisenbanken e.V.
Herr Thomas Hornung	NRW.BANK
Herr Andreas Hackenbroich	Commerzbank AG
Herr Dr. Dominik Everding	LBS Westdeutsche Landesbausparkasse AG
Herr Tobias Pauer	Deutscher Sparkassen- und Giroverband
Herr Dominik Adler	Bundesverband deutscher Banken e.V.
Herr Dr. Uwe Gaumert	Bundesverband deutscher Banken e.V.
Herr Dr. Erwin Pier-Ribbert	WGZ Bank
Frau Eva-Maria Kienesberger	Verband Deutscher Pfandbriefbanken e.V.
Herr Michael Hornung	Bausparkasse Schwäbisch-Hall AG
Herr Tobias Flaig	Wüstenrot Bausparkasse AG
Herr Konrad Hallhuber	Bundesverband der Deutschen Volks- und Raiffeisenbanken e.V.
Frau Jessica Kasprzak	Bundesverband Öffentlicher Banken Deutschlands
Herr Andreas Ahrens	Nord LB
Herr Toni Woelk	Deutsche Bank
Herr Herbert Recker	BHW
Herr Wolfgang Reinert	DKB
Frau Brindusa Weber	HVB

Annex 2: On section "4.2 – IRRBB Policies" of the EBA-Guidelines:

Text reference	EBA-GL	One possible way of meeting BaFin's and Bundesbank's current expectations of IRR arising from non-trading activities	Comments by industry
22. (a)	Definition and enforcement of the boundary between "banking book" and "trading activities"	n/a	
22. (b)	Definition of EV and its consistency with valuation method of assets and liabilities	<p>Institution provides at least such EV numbers that are based on discounted contractual cash flows of interest-related instruments currently in the banking book (no re-investment hypotheses, except for internal estimations for NMDs).</p> <p>Margins (e.g. the share for covering credit risk and the share in profit) are not removed from the cash flows.</p>	Some Industry members vote for an exclusion of margin, at least for the share that is expected to cover credit risks.
22. (c)	Definition of earnings risk and its consistency with the institution's approach to developing corporate plans and financial forecasts.	Institution uses a definition of earnings risk that is based on net interest income (NII). NII is determined from a P&L attribution which is also the basis for a consistent institution's forecast and planning approach. Institutions include all interest income and all interest expenses.	

<p>22. (d)</p>	<p>The size and the form of the different interest rate shocks to be used for internal IRRBB calculations.</p>	<p>Besides applying the standard shock (+/- 200 BP), Institutions use different types of interest rate scenarios to cover their (individual) main risk characteristics. They could e.g. apply the scenarios that the Basel Committee has put out for consultation as an option for a pillar 1 capital charge. The "after shock" interest rates are floored at zero. In a scenario for which the "after shock" interest rate is floored, the size of the shock is the lowest of the shocked rates (Example: a shock is applied to rates of 0.6% and 0.9%. The shock after applying the floor is 0.6%. This shock of 0.6% is also applied to the 0.9% rate to have no scenario loss on a closed risk position).</p>	<p>The treatment of negative interest rates is still unclear. The sales department is legally not allowed to use neg. interest rates. By applying a floor of 0% the quality of the results is weakened.</p>
<p>22. (e)</p>	<p>The use of dynamic and / or static approaches in the application of interest rate shocks.</p>	<p>On the one hand (in general in EV calculations) institutions produce numbers under a static approach, i.e. they assume that the portfolio remains unchanged of the forecasting period of the shock. This is equivalent to applying an overnight shock on the current portfolio without considering any reinvestments. On the other hand (for NII calculations) institutions also calculate the impact of scenarios considering reinvestments (e.g. according to financial forecast).</p>	

22. (f)	The treatment of “pipeline transactions” (including any related hedging).	In calculating NII, institutions have to consider forecasts on pipeline transactions (e.g. as part of normal business activity, completion of transaction sufficiently certain)	
22. (g)	The aggregation of multicurrency interest rate exposures.	Institutions that incur material interest rate risk in different currencies determine IRRBB for each of those currencies separately.	
22. (h)	The measurement and management of basis risk resulting from different interest rate indexes.	In principle, an institution measures basis risks only if they are a material part of IRRBB.	
22. (i)	The inclusion (or not) of non-interest bearing assets and liabilities of the banking book (including capital and reserves) in calculations measuring IRRBB.	When calculating the EVE: Institutions exclude equity capital from liabilities, because equity capital absorbs potential losses on a going-concern basis and therefore cannot be among instruments subject to IRRBB at the same time. Institutions include material cash flows resulting from pension obligations.	Pension obligations are not relevant for the management of IRRBB because of their long maturity (sometimes >90 years). There is no way to find derivatives with such a long maturity to hedge PO.

<p>22. (j)</p>	<p>The behavioral treatment of current and savings accounts (i.e. the maturity assumed for liabilities with short contractual maturity but long behavioral maturity).</p>	<p>Institutions provide empirical evidence of pass-through rates, robustness of assumed effective maturities in past experience and future scenarios (check conditional forecasts against actual observations, e.g. the institute projected that if rates rise by 1% it would be forced to have to raise its rates by 0.3% only – by what amount does the institute have to raise its rates when the rates actually rose by only 0.8%?). For certain products currently observed patterns may not be sufficient as a justification for assumptions on effective maturities. (E.g. building societies' deposits are currently of long maturity as the contractual rates are above market rates, but when interest rates rise depositors may be more inclined to withdraw their deposits. Hence in a "strong upward" scenarios shorter maturities than currently observed will be used.) Institutions are aware of appropriateness of parameters in different scenarios (e.g. baseline vs. stress)</p>	<p>Building societies do not see client deposits as non-maturity deposits (NMD). The interest rate is fixed in advance and contracts have a defined maturity. Also, empirical evidence shows that early withdrawal is very rare.</p>
<p>22. (k)</p>	<p>The measurement of IRRBB effects arising from embedded and automatic options in assets or liabilities, including convexity effects and non-linear payoff profiles.</p>	<p>see previous entry - Furthermore institutions should be aware of customer behaviour assumptions dependent and independent of interest rate movements.</p>	

22. (I)	The degree of granularity employed in measurement calculations (e.g. use of time buckets, inclusion of interest cash flows or just principal positions).	The procedures for assessing interest rate risk in the banking book capture the material features of interest rate risk. The on-balance-sheet and off-balance-sheet positions in the banking book which are subject to interest rate risk are included in the assessment. Generally interest cash flows are included in the calculations.	
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