



भारतीय रिजर्व बैंक

RESERVE BANK OF INDIA

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## RBI releases draft guidelines on Interest Rate Risk in Banking Book

The Reserve Bank of India has today placed on its website the [draft guidelines](#) on Interest Rate Risk in Banking Book. RBI invites feedback/comments on the draft guidelines. The feedback/comments on the proposals contained in this document may be sent to the following address by March 3, 2017 (electronic submission is encouraged):

The Chief General Manager in-Charge  
Department of Banking Regulation  
Reserve Bank of India, Central Office  
Mumbai 400 001.

Please [click here](#) to send email.

### Background

2. Interest Rate Risk in Banking Book (IRRBB) refers to the current or prospective risk to a bank's capital and earnings, arising from adverse movements in interest rates that affect banking book positions. Excessive IRRBB can pose a significant threat to a bank's current capital base and/or future earnings if not managed appropriately. The draft guidelines require the banks to compute and disclose the changes in economic value of equity ( $\Delta$ EVE) and net interest income ( $\Delta$ NI). Banks having  $\Delta$ EVE more than 15% of their Tier 1 capital may be required to take appropriate action as per Pillar 2 of Basel III Capital regulations. These draft guidelines are based on standards on IRRBB published by Basel Committee on Banking Supervision (BCBS) in April 2016.

3. The [Statement on Developmental and Regulatory Policies dated October 4, 2016](#) had mentioned that RBI would issue draft guidelines on IRRBB for public comments.

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Jose J. Kattoor  
Chief General Manager