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COVER NOTE

From:	Mr José Manuel CAMPA, Chairperson of the European Banking Authority (EBA)
date of receipt:	19 October 2022
To:	General Secretariat of the Council

Subject:	<p>EBA Submission of the draft RTS on interest rate risk in the banking book</p> <ul style="list-style-type: none">- Draft RTS 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- Draft RTS 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
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Delegations will find attached a letter on the subject mentioned above.

The full text of both RTS can be viewed on the website of the EBA at this url:

<https://www.eba.europa.eu/eba-publishes-final-standards-and-guidelines-interest-rate-risk-arising-non-trading-book-activities>

Encl.

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THE CHAIRPERSON

John Berrigan
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EBA-2022-D-4091

19 October 2022

Subject: Final draft RTS on interest rate risk in the banking book

Dear Mr Berrigan,

In accordance with Directive (EU) 2019/878 (CRD V), the EBA is required in paragraph 5a, Article 98 to develop draft regulatory technical standards (RTS) on 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 addition, in accordance with Directive (EU) 2019/878 (CRD V), the EBA is required in paragraph 5, Article 84 to develop draft regulatory technical standards (RTS) on standardised and simplified standardised approaches 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 this regard, it is my pleasure to send you today the following draft regulatory technical standards:

- Draft RTS 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
- Draft RTS 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

1

These draft RTS were developed following the procedure described in the relevant provisions of Regulation (EU) No 1093/2010 and are being published on the EBA's public website. All relevant information – notably the background and rationale and the impact assessment – will be available on the EBA's public website.

I look forward to the completion of the process of adoption of these RTS.

Yours sincerely,



José Manuel Campa

CC: Irene Tinagli, Chair of the Committee on Economic and Monetary Affairs European Parliament
Claudia Lindemann, Head of ECON Secretariat
Zbyněk Stanjura, Czech Minister of Finance, Presidency of the rotating Council of the European Union
Tuomas Saarenheimo, Chair of Economic and Finance Committee, Council of the European Union
The Acting Secretary-General, Council of the European Union
Martin Merlin, DG FISMA, Director Dir D, Banking, Insurance and Financial Crime
Almoro Rubin de Cervin, Head of Unit D1, Bank regulation and supervision, DG FISMA
Dominique Thienpont, Legal Counsellor to Dir D, DG FISMA

Encl: 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;
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.