

Interest Rate Risk Returns

The Interest Rate Risk Return (IRR) is based on the repricing concept and not the maturity concept. Fixed-rate instruments are allocated according to the residual term to maturity and floating-rate instruments according to the residual term to the next repricing date. This means that an asset with a maturity period of 10 years but with a one-year variable interest rate is inserted in the one year (or remaining time to interest repricing) and not in the 10 year maturity bracket.

On-balance-sheet items are treated at book value i.e. the value reported in the balance sheet. Hence 'IRR Total' assets and liabilities figures should agree with the BR06 data of the respective month. Derivatives are converted into positions in the relevant underlying. The amounts considered are the principal amount of the underlying or of the notional underlying.

Reporting agents are requested to compile a separate IRR return for their holdings in the Euro, US Dollar, Sterling, Australian Dollar, Canadian Dollar, Japanese Yen, Swiss Francs and Turkish Lira. Other currencies assets and liabilities should be aggregated and reported in the 'IRR Others'. 'IRR Total' which should be the summation of all currencies has to be filled in all cases.

Also note that in accordance with the instructions above, not all the 10 returns relating to IRR need to be filled but only those which are applicable. However, it is important that all 10 returns are sent with the whole package, even the blank returns.