Reporting practice guide

RPG 117 Reporting Concepts for the Interest Rate Risk in the Banking Book data collection, including Repricing Analysis

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About this guide

Reporting practice guides (RPGs) provide guidance on *APRA*'s view of sound practice in particular areas. RPGs frequently discuss legal requirements from legislation, regulations or *APRA*'s prudential and reporting standards, but do not themselves create enforceable requirements.

Through this guide, *APRA* seeks to provide information on how key concepts may be accurately reported, including practical implementation guidance and examples.

This guide does not seek to provide an all-encompassing framework, or to replace or endorse existing industry standards and guidelines.

Not all the practices outlined in this RPG will be relevant for every *ADI* and some aspects may vary depending upon the size, complexity, and systems configuration of the *ADI*.

Glossary

ADI	Authorised Deposit-taking Institution
Approved IRRBB Model	Has the meaning given in APS 117
APRA	Australian Prudential Regulation Authority
APS 117	*Prudential Standard APS 117 Capital Adequacy: Interest Rate Risk in the Banking Book*
Bank - Advanced	An Australian-owned bank or a foreign subsidiary bank that has APRA's approval or is seeking APRA's approval to use an internal ratings-based approach to credit risk for capital adequacy purposes.
ESA	Exchange Settlement Account used for settlement obligations with Reserve Bank of Australia
Core deposits	Has the meaning given in APS 117.
Non-significant financial institution (non-SFI)	An **APRA**-regulated entity (**ADI**) or its authorised non-operating holding company (NOHC) that is not a significant financial institution.
Provider of purchased payment facilities (PPF)	An **ADI** that is subject to a condition on its authority under section 9 of the Banking Act 1959 confining the banking business that the ADI is authorised to carry on to providing purchased payment facilities.
Significant financial institution (SFI)	An **ADI** (that is not a foreign **ADI**) or authorised NOHC and has total assets more than $20 billion, or determined as such by **APRA**, having regard to matters such as the complexity in its operations or its membership of a group.
Standardised bank	An Australian-owned bank or a foreign subsidiary bank that uses the standardised approach to credit risk for capital adequacy purposes in respect of the whole of its operations.

Reporting Standard ARS 117.0 Repricing Analysis

This section provides examples on how to complete ARS 117.0 repricing tables for various asset and liability repricing items.

Chapter 1 - On-balance sheet items

This chapter provides examples on how to report on-balance sheet items for ARS 117.0 repricing tables for various asset and liability repricing items.

1.1 General guidance on repricing profiles

Repricing term refers to a period during which the interest rate charged on a banking book item stays fixed. In the case of fixed rate home loans, the repricing term refers to the remaining fixed rate period on a loan. Variable rate loans do not have a fixed repricing term. Accordingly, the variable rate loans should be included in the "*Overnight (O/N)*" time bucket, unless an **ADI** can demonstrate statistically that the timeframe to adjust its variable rate loans after movements in the official cash rate is longer than the mid-point of the next repricing bucket, e.g. "*0 to < 1 month (excluding O/N)*".

The repricing analysis is to be completed for the contractual repricing profile and the behavioural profile (expected repricing profile) of banking book items. The behavioural repricing profile of assets and liabilities should consider expected loan prepayment/amortisation rates and deposit portfolio run-off, rather than contractual repricing where these are expected to be materially different.

1.2 Fixed Rate Home Loans and Term Deposits (AUD)

Example – Home Loan and Term Deposit

At the June 2025 reporting date, an **ADI** has a $500,000 6-month term deposit and a $1 million fixed rate home loan. The original term of the home loan is 30-years with a 5-year fixed rate, and at the reporting date, only 2.5-year fixed-rate term remains on the home loan.

Table 1. Contractual Repricing Profile

Currency	Repricing Item	Tenor	Cash Flow Type	Value
AUD	Deposits - Term Deposits	3 to < 6 months	Principal	-500,000
AUD	Home Loans - Fixed Rate	2 to < 3 years	Principal	1,000,000

Note: liability items are reported as negative values.

Please note that the 30-year home loan is not reported in the "*20+ years*" Tenor, which reflects the maturity and repayment term of the loan. Instead, it is reported in the "2 to < 3 years" time bucket, which reflects when the interest rate on the home loan will next change/reprice. In subsequent quarters, as the term of this fixed interest rate runs its course, it would be included in the "*1 to < 2 years*", "*9 to < 12 months*" time buckets and so on.

Table 2. Expected Repricing Profile

Using the same example as at the June 2025 reporting date, assume that the *ADI* instead estimates that the expected remaining fixed rate term for the home loan is 1.75 years due to customers' prepayment behaviour, while no behavioural modelling is applied to term deposits. In this case, the fixed rate home loan would have a shorter expected repricing term of "*1 to < 2 years*" while the term deposit should have the same behavioural repricing profile as the contractual profile.

Currency	Repricing Item	Tenor	Cash Flow Type	Value
AUD	Deposits - Term Deposits	3 to < 6 months	Principal	-500,000
AUD	Home Loans - Fixed Rate	1 to < 2 years	Principal	1,000,000

Note: that the term deposit line is unchanged between Table 1 and 2, while the home loan line has the shorter expected repricing term in Table 2.

1.3 Variable Rate products – Home Loans, Transaction Accounts and ESA balances (AUD)

Variable rate products such as variable rate home loans, transaction accounts and exchange settlement accounts (*ESA*s) do not have a fixed repricing term. Accordingly, these should be included in the "Overnight (O/N)" tenor for Table 1, or the alternative time bucket for Table 2 depending on the timeframe the *ADI* expects to take to adjust its variable rates after movements in the official cash rate. For Table 2, should the *ADI* expect the repricing to occur within one month, then include the repricing cashflow in the "0 to < 1 month (excluding O/N)" tenor for Home Loans and Deposits.

ESA account balances and deposits with central banks are to be captured under the "Notes & coins, Deposits with Central Banks & cash equivalents" line item.

Table 1. Examples of Variable Rate products, Repricing Analysis - Contractual

Currency	Repricing Item	Tenor	Cash Flow Type	Value
AUD	Home Loans – Variable Rate	Overnight (O/N)	Principal	1,000,000
AUD	Deposits – Transaction Accounts	Overnight (O/N)	Principal	-1,000,000
AUD	Notes and coins, Deposits with Central Banks and Cash Equivalents	Overnight (O/N)	Principal	1,000,000

Table 2. Examples of Variable Rate products, Repricing Analysis - Expected

Currency	Repricing Item	Tenor	Cash Flow Type	Value
AUD	Home Loans – Variable Rate	0 to < 1 month (excluding O/N)	Principal	1,000,000
AUD	Deposits – Transaction Accounts	0 to < 1 month (excluding O/N)	Principal	-1,000,000
AUD	Notes and coins, Deposits with Central Banks and Cash Equivalents	Overnight (O/N)	Principal	1,000,000

1.4 USD Bond hedged with a cross currency swap

An *ADI* issued a 5-year $10 million floating rate Euro-Medium-Term-Note (EMTN) with three month resetting denominated in USD on 28 June 2025. On the same day, the *ADI* entered into a cross-currency basis swap to hedge the offshore transaction which nets off all USD cash flows (including principal and coupons) and exposes the *ADI* to only AUD cash flows on the AUD leg of the cross-currency swap.

The bond and the cross-currency basis swap are reported separately with bond notional netting off the swap notional (receive leg) in USD, leaving a net AUD funding position.

As per ARS 117.0, amounts denominated in foreign currency (in this example, USD exposure) are to be converted to AUD. For this example, the AUD/USD exchange rate of 0.645 is used. Hence, $10m USD is equivalent to ~$15.5m AUD.

For June 2025 reporting, the following positions should be reported.

Currency	Repricing Item	Tenor	Cash Flow Type	Value
USD	Bond issuance	3 to < 6 months	Principal	-15,500,000
USD	Interest Rate Swap (basis swap)	3 to < 6 months	Principal	+15,500,000
AUD	Interest Rate Swap (basis swap)	3 to < 6 months	Principal	-15,500,000

1.5 Offset accounts

When a deposit balance is used to offset interest payments on a home loan, that deposit balance would assume the repricing profile of the underlying loan. There are two types of offset accounts:

1. A deposit account with offset feature which offsets interest charged on a variable rate home loan; this offset account balance should have the same repricing profile of the variable rate loan, e.g. overnight repricing.

Note: This balance should be excluded from calculation of **core deposits**.

2. A deposit account with offset feature which offsets interest charged on a fixed rate home loan; this offset account balance should have the same repricing profile of the fixed rate loan.

1.6 "Non-interest rate sensitive" time bucket

Not all assets and liabilities are exposed to interest rate risk. In such cases, these balance sheet items should be reported in the "*Non-interest rate sensitive*" time bucket. Examples of such balance sheet items are:

Other Assets

- Property, Plant and Equipment
- Investments in associates and joint ventures
- Goodwill and intangible assets

Other Liabilities

- Provisions
- Other accounts payable
- Tax liabilities

1.7 Trading book items

Items in the trading book are to be excluded from ARS 117.0 reporting.

If any funding is provided to the trading book on a tenor longer than overnight, it should be included in ARS 117.0 as an asset if, and only if, the funding is included as a liability in the **ADI**'s calculations of capital for traded market risk under *Prudential Standard APS 116 Capital Adequacy: Market Risk*. If included, the funding should be allocated to the appropriate time bucket(s) according to the term of the funding.

Chapter 2 - Off-balance sheet items

This chapter provides examples on how to complete ARF 117.0 repricing tables for various off-balance sheet items e.g. swaps, futures, options and forward rate agreements (FRAs).

For derivative instruments, the underlying cash flows should be recorded with the correct sign (positive (+) and negative (-)) per the examples below.

2.1   Interest rate – swaps

For an interest rate swap, the fixed leg should be allocated to the time bucket corresponding to the residual maturity of the swap and the floating leg should be allocated to the time bucket corresponding to the next rate reset date. Additionally, the pay side should be recorded as negative face value, while the receive side should be recorded as positive face value.

Example 1 – Payer Swap

An *ADI* enters into a 2.5-year quarterly re-setting swap with a face value of $5 million, under which the *ADI* pays fixed and receives floating with quarterly resets. The swap should be initially recorded in the repricing analysis form as negative $5 million in the "*2 to < 3 years*" time bucket (as the swap has a residual maturity of 2.5 years) and positive $5 million in the "*2 to < 3 months*" time bucket (as the next interest rate reset date occurs in 3 months' time). Refer to the table below.

Currency	Repricing Item	Tenor	Cash Flow Type	Value
AUD	Interest rate - swaps (pay fixed)	2 to < 3 years	Principal	-5,000,000
AUD	Interest rate - swaps (pay fixed)	2 to < 3 months	Principal	5,000,000

In subsequent quarters, the two legs of the swap would be allocated to different time buckets, as appropriate, such that the fixed leg corresponds to the residual maturity of the swap and the floating leg corresponds to the next rate reset date. The sum of the swap notional values of both legs (fixed and floating leg) should be zero.

Example 2 – Receiver Swap

On 11 June 2025, an *ADI* enters into a 4.5-year semi-annual resetting swap with a face value of $10 million, under which the *ADI* receives fixed and pays floating with semi-annual resets. The swap should be recorded in the repricing analysis form as at 30 June 2025 as positive $10 million in the "*4 to < 5 years*" time bucket (as the swap has a residual maturity of just less than 4.5 years) and negative $10 million in the "*3 to < 6 months*" time bucket (as the next reset date of 11 December 2025 occurs in just under 6 months' time).

Currency	Repricing Item	Tenor	Cash Flow Type	Value
AUD	Interest rate - swaps (receive fixed)	4 to < 5 years	Principal	10,000,000
AUD	Interest rate - swaps (receive fixed)	3 to < 6 months	Principal	-10,000,000

In the subsequent quarter, the two legs of the swap would be allocated to different time buckets, as appropriate. To illustrate, on 30 September 2025 the swap should be recorded as positive $10 million in the "*4 to < 5 years*" time bucket and negative $10 million in the "*2 to < 3 months*" time bucket (as the next reset date of 11 December 2025 is at that point just under three months away).

Currency	Repricing Item	Tenor	Cash Flow Type	Value
AUD	Interest rate - swaps (receive fixed)	4 to < 5 years	Principal	10,000,000
AUD	Interest rate - swaps (receive fixed)	2 to < 3 months	Principal	-10,000,000

2.2 Interest rate – options

Options must be treated on the basis of the delta-equivalent amounts of the underlying or notional underlying.

Example

An *ADI* has an interest rate swaption maturing in 6 months which grants the *ADI* an option to enter into a 4-year receive-fixed rate swap. The underlying swap has $1 million notional with a floating leg resetting every 3 months. Assume the option delta as at the reporting date is 0.5. Delta-equivalent amount of the underlying swap should be calculated as 0.5 * $1 million, or $500,000.

Currency	Repricing Item	Tenor	Cash Flow Type	Value
AUD	Interest rate - options	6 to < 9 months	Principal	-500,000
AUD	Interest rate - options	4 to < 5 years	Principal	500,000

2.3 Interest rate - futures and FRAs

Example 1 – Futures: Bought 90-day bank bills

For a futures contract, the face value should be allocated to time buckets according to the cash flows of the underlying physical instrument.

On 25 June 2025, an *ADI* purchases 20 Sydney Futures Exchange September 2025 90-day bank bill futures contracts. This transaction results in a notional cash outflow in September 2025 for the purchase of the underlying physical 90-day bank bills and a notional cash inflow in December 2025 when the bank bills mature. This futures transaction should be recorded in the 30 June 2025 repricing analysis form as negative $20 million in the "*2 to < 3 months*" time bucket (as the underlying physical bills will be purchased in three months' time) and positive $20 million in the "*3 to < 6 months*" time bucket (as the bills mature in 6 months' time). Refer to the table below for reporting in June 2025.

Currency	Repricing Item	Tenor	Cash Flow Type	Value
AUD	Interest rate – futures and FRAs	2 to < 3 months	Principal	-20,000,000
AUD	Interest rate - futures and FRAs	3 to < 6 months	Principal	20,000,000

Example 2 – Futures: Sold 90-day bank bills

On 23 September 2025, an **ADI** sells 15 March 2026 bank bill futures contracts. This transaction results in a notional cash inflow in March 2026 when the **ADI** sells the bank bills and a notional cash outflow in June 2026 when the bank bills mature. This futures transaction would be recorded in the 30 September 2025 repricing analysis form as positive $15 million in the "*3 to < 6 months*" time bucket (as the physical bills will be sold in 6 months' time) and negative $15 million in the "*6 to < 9 months*" time bucket (as the physical bills mature in 9 months' time).

Currency	Repricing Item	Tenor	Cash Flow Type	Value
AUD	Interest rate – futures and FRAs	6 to < 9 months	Principal	-15,000,000
AUD	Interest rate - futures and FRAs	3 to < 6 months	Principal	15,000,000

In subsequent quarters, the futures transaction would be allocated to different time buckets, as appropriate. For example, on 31 December 2025 for the bank bill futures contracts, the positive $15 million would have moved into the "*2 to < 3 months*" time bucket and the negative $15 million would have moved into the "*3 to < 6 months*" time bucket.

Currency	Repricing Item	Tenor	Cash Flow Type	Value
AUD	Interest rate – futures and FRAs	3 to < 6 months	Principal	-15,000,000
AUD	Interest rate - futures and FRAs	2 to < 3 months	Principal	15,000,000

The approach described above for allocating bought and sold bank bill futures to the repricing analysis forms also applies to bond futures.

Example 3 – Forward rate agreements (FRAs) from lender's perspectives

As with a futures contract, an FRA contract is similarly broken down into the underlying notional cash flows. An FRA 2/5 (which is an FRA that starts in 2 months' time and ends in 5 months' time) for $50 million as a lender (also termed receiver (of interest)) would be reported as negative $50 million in the "*2 to < 3 months*" time bucket and positive $50 million in the "*3 to < 6 months*" time bucket. This represents lending $50 million in 2 months' time until 5 months.

Currency	Repricing Item	Tenor	Cash Flow Type	Value
AUD	Interest rate – futures and FRAs	2 to < 3 months	Principal	-50,000,000
AUD	Interest rate - futures and FRAs	3 to < 6 months	Principal	50,000,000

Example 4 – Forward rate *agreements* (FRAs) from borrower's perspectives

An FRA 1/4 (which is an FRA that starts in 1 months' time and ends in 4 months' time) for $100 million as a borrower (also termed payer (of interest)) would be reported as a positive $100 million in the "0 to < 1 month (excluding O/N)" time bucket and a negative $100 million in the "3 to < 6 months" time bucket.

Currency	Repricing Item	Tenor	Cash Flow Type	Value
AUD	Interest rate – futures and FRAs	0 to < 1 month (excluding O/N)	Principal	100,000,000
AUD	Interest rate - futures and FRAs	3 to < 6 months	Principal	-100,000,000

2.4 Other commitments (timing is known)

Other commitments should only be included where the timing is known and the commitment affects the **ADI**'s current interest rate risk profile. For example, a loan approved but not yet advanced where a 2-year fixed rate has been offered to the borrower should be included in the "*1 to < 2 years*" time bucket. In contrast to this, a loan approved but not yet advanced, where no rate has been locked in, should be omitted.

2.5 Core deposit behavioural repricing reporting

In reporting the *ADI*'s Deposit Replicating Portfolio different methodologies apply in Table 1 and Table 2 below based on the class of *ADI* and whether the *ADI* conducts behavioural analysis to determine core / non-core deposits. The methodology that applies is as per the following table.

*Allocation methodology of **core deposit** balance to the repricing time buckets*

Class of ADI	Table 1	Table 2
Bank – Advanced	Internal behavioural assumptions (as per the **Approved IRRBB model**)	Internal behavioural assumptions
All other ADIs (except PPFs) who:		
conduct behavioural analysis to determine core/non-core deposits	**APRA** prescribed	Internal behavioural assumptions
do not conduct behavioural analysis to determine core/non-core deposits	None*	None*

***ADIs** that do not conduct behavioural analysis to determine core/non-core deposits should not report a **deposit replicating portfolio** in Table 1 nor Table 2.

For entities required to allocate the core deposit balance to the repricing buckets according to the **APRA** prescribed profile, the following prescribed allocation assumptions should be used for **core deposits**.

Tenor	Proportion of Core deposits
Overnight (O/N)	-100%
0 to <1 month (excluding O/N)	4%
1 to <2 months	5%
2 to <3 months	5%
3 to <6 months	10%
6 to <9 months	10%
9 to <12 months	12%

Tenor	Proportion of Core deposits
1 to <2 years	27%
2 to <3 years	27%
3+ years	0%
Total	0%

An ***ADI*** has a transaction account balance of $100m and a saving account balance of $200m with overnight contractual maturity. The ***ADI*** has determined based on its behavioural analysis that 80% of the transaction account balance is core, and 20% of the saving account balance is core. The total core deposit balance for this ***ADI*** would be $120m (100m * 80% + 200m * 20%).

Details of how this should be reported are shown in the tables below.

Table 1. Contractual

Currency	Repricing Item	Tenor	Cash Flow Type	Value
AUD	Deposits - Transaction Accounts	Overnight (O/N)	Principal	$100m
AUD	Deposits - Saving Accounts	Overnight (O/N)	Principal	$200m
AUD	Deposit Replicating Portfolio	Overnight (O/N)	Principal	-$120m (***Core deposit*** balance)
AUD	Deposit Replicating Portfolio	0 to <1 month (excluding O/N)	Principal	$4.8m ($120m * 4%)
AUD	Deposit Replicating Portfolio	1 to < 2 months	Principal	$6m ($120m * 5%)
AUD	Deposit Replicating Portfolio	2 to < 3 months	Principal	$6m ($120m * 5%)
AUD	Deposit Replicating Portfolio	3 to < 6 months	Principal	$12m ($120m * 10%)
AUD	Deposit Replicating Portfolio	6 to < 9 months	Principal	$12m ($120 * 10%)
AUD	Deposit Replicating Portfolio	9 to < 12 months	Principal	$14.4m ($120m * 12%)
AUD	Deposit Replicating Portfolio	1 to < 2 years	Principal	$32.4m ($120m * 27%)
AUD	Deposit Replicating Portfolio	2 to < 3 years	Principal	$32.4m ($120m * 27%)

Table 2. Expected

For an *ADI* using its own behavioural assumptions for core deposits, the allocation percentage for each repricing time bucket may differ from the APRA prescribed allocations.

Currency	Repricing Item	Tenor	Cash Flow Type	Value
AUD	Deposits - Transaction Accounts	Overnight (O/N)	Principal	$100m
AUD	Deposits - Saving Accounts	Overnight (O/N)	Principal	$200m
AUD	Deposit Replicating Portfolio	Overnight (O/N)	Principal	-$120m (*Core deposit* balance)
AUD	Deposit Replicating Portfolio	0 to <1 month (excluding O/N)	Principal	$6m ($120m * 5%)
AUD	Deposit Replicating Portfolio	1 to < 2 months	Principal	$6m ($120m * 5%)
AUD	Deposit Replicating Portfolio	2 to < 3 months	Principal	$6m ($120m * 5%)
AUD	Deposit Replicating Portfolio	3 to < 6 months	Principal	$6m ($120m * 5%)
AUD	Deposit Replicating Portfolio	6 to < 9 months	Principal	$12m ($120 * 10%)
AUD	Deposit Replicating Portfolio	9 to < 12 months	Principal	$12m ($120m * 10%)
AUD	Deposit Replicating Portfolio	1 to < 2 years	Principal	$36m ($120m * 30%)
AUD	Deposit Replicating Portfolio	2 to < 3 years	Principal	$36m ($120m * 30%)

Please note that the Deposit Replicating Portfolio deducts the $120m core deposit balance from the "Overnight (O/N)" time bucket and spreads the allocation of the core deposit balance from the "0 to 1 month (excluding O/N)" to "2 to < 3 years" time buckets.

Reporting Standard ARS 117.1 Interest Rate Risk in the Banking Book

This section provides guidance for ADIs in reporting ARS 117.1.

Chapter 3 - Net Interest Income

3.1 Guidance for reporting Value of Net Interest Income (NII) in Table 1

Changes in interest rates affect a bank's earnings by altering interest rate-sensitive income and expenses, affecting its NII.

In ARS 117.1 Table 1, ADIs are required to report the '*Value of NII*' across a 'Baseline' scenario and six prescribed interest rate shock scenarios, as defined in Basel Committee on Banking Supervision (BCBS) (2016) *Interest Rate Risk in the Banking Book*[1]. These include:

    i.   Parallel shock up;
    ii. Parallel shock down;
    iii. Steepener shock (short rates down and long rates up);
    iv. Flattener shock (short rates up and long rates down);
    v. Short rate shock up; and
    vi. Short rate shock down.

The value of NII is to be calculated across each currency, when including and excluding the earnings offset from the model.

For the purposes of reporting the value of NII, APRA expects ADIs to:

- Include expected cash flows (including commercial margins and other spread components) arising from all interest rate-sensitive assets, liabilities and off-balance sheet items in the banking book. For simplicity, fees and commissions are not to be included in NII metrics.
- Assume a constant balance sheet assumption; and
- Utilise future interest income over a rolling 12-month period with an instantaneous shock applied.

The 'Baseline' or base case scenario reflects the ADI's current corporate plan in projecting the volume, pricing and repricing dates of future business transactions. Interest rates used for resetting transactions in the base scenario can be derived from market expected rates or from spot rates. The rate for each instrument should also contain appropriate projected spreads and margins.

In calculating the value of NII across each of the six prescribed interest rate shock scenarios, APRA expects that ADIs use their internal models to predict the path of interest rates and the run-off of existing assets and liabilities. The value of NII is also sensitive to the ADI's assumptions about customer behaviour as well as the anticipated management response to different rate scenarios.

As such, APRA expects the change in projected NII to be computed over a forward-looking rolling 12-month period compared with the ADI's own best estimate 12-month projections, using a constant balance sheet assumption and an instantaneous shock.

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[1] [Interest rate risk in the banking book (bis.org)](#)

Please note that margins of the new instruments shall be based on the margins from recently bought or sold products with similar characteristics. Where an ADI assumes for the purpose of NII modelling to replace all instruments with variable rate instruments, that this be expressed as a variable rate instrument with a margin. In the case of instruments with observable market prices, current market spreads should be used and not historical market spreads.