

# IRRBB impacts capital and earnings, requiring accurate model validation for regulatory compliance and risk management. zeb provide expert validation, stress testing, and regulatory alignment to enhance model accuracy and resilience

## IRRBB Model Validation

### Regulatory Landscape and Key Components of an IRRBB Model

**Regulatory Requirements:** IRRBB regulations have evolved since 2018, with key updates in 2023-2024 refining Pillar II, standardized approaches, and reporting requirements. Compliance with EBA, SFSA, and Basel III is crucial for financial stability.

- Key Component of and IRRBB Model:**
- Assessment of  $\Delta$ EVE and  $\Delta$ NII impacts
  - Stress testing under different interest rate scenarios
  - Validation of Credit Spread and Basis Risks
  - Ensuring compliance with regulatory frameworks
  - Documentation and audit readiness

### Approach and Benefits of a successful model validation

- Approach**
- **Regulatory Alignment** – Ensure compliance with EBA, SFSA, and Basel III frameworks.
  - **Risk Assessment** – Validate  $\Delta$ EVE,  $\Delta$ NII, Gap Risk, and Basis Risk under stress scenarios.
  - **Model Calibration** – Assess assumptions, data integrity, and scenario analysis.
  - **Independent Validation** – Conduct robust testing, benchmarking, and audit readiness.

**Benefits**

Strengthened risk management and regulatory compliance	Enhanced model accuracy, transparency, and decision-making
Improved resilience to interest rate fluctuations and financial shocks	Streamlined reporting and supervisory confidence

### How can zeb support in IRRBB Model Validation and what are the key benefits?

**zeb** provides IRRBB model validation, ensuring robustness, compliance, risk quantification, and accurate reporting, with a tailored approach and ongoing monitoring to enhance model effectiveness.

Independent IRRBB model validation to ensure robustness	Enhancing compliance with evolving regulations	Risk quantification and stress testing for stability
Accurate data integration and reporting alignment	Supporting regulatory audits and supervisory reviews	Extensive experience in IRRBB model validation
Strong understanding of regulatory compliance	Expertise in stress testing, risk quantification, and reporting	Proven track record in supporting financial institutions
Commitment to delivering clear, actionable insights	Aligned with business needs and risk profile	Ensures model effectiveness amid market changes

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