Overview

This section contains FCA’s standard procedures for examining Managing Risk Concentrations; however, the guidance for each procedure is currently under development. In the interim, the following link provides guidance on this topic that was published in 2010: Managing Risk Concentrations

Examination Procedures and Guidance

General

1. Policies & Parameters:
   Determine if the risk mitigation policy, any other concentration-related policies, and concentration risk parameters are appropriate and comply with regulatory guidance.
   Guidance:

2. Managing & Reporting Risk Exposures:
   Evaluate the adequacy of processes to analyze, manage, and report concentration risk exposures.
   Guidance:

Examination Procedures and Guidance

Commodity Concentrations

1. Identification & Analysis (Commodity):
   Evaluate the adequacy of the institution’s identification and analysis of commodity concentration risk exposures.
   Guidance:
2. **Risk Management (Commodity):**
   Evaluate the effectiveness of efforts to manage commodity concentration risk exposures.

   **Guidance:**

**Examination Procedures and Guidance**

**Large Loan Concentrations**

1. **Identification & Analysis (Large):**
   Evaluate the adequacy of the institution’s identification and analysis of large loan concentration risk exposures.

   **Guidance:**

2. **Risk Management (Large):**
   Evaluate the effectiveness of efforts to manage large loan concentration risk exposures.

   **Guidance:**

3. **Borrower Hold Limits:**
   Evaluate the reasonableness of hold limits for individual borrowers and ensure compliance with related regulations.

   **Guidance:**

**Examination Procedures and Guidance**

**Interdependence/Affiliated Exposures**

1. **Identification & Analysis (Affiliated):**
   Evaluate the adequacy of the institution’s identification and analysis of interdependence/affiliated concentration risk exposures.

   **Guidance:**

2. **Risk Management (Affiliated):**
   Evaluate the effectiveness of efforts to manage interdependence/affiliated concentration risk exposures.

   **Guidance:**
Examination Procedures and Guidance

Counterparty Risk

1. Identification & Analysis (Counterparty):
   Evaluate the adequacy of the institution’s identification and analysis of counterparty concentration risk exposures.
   
   Guidance:

2. Risk Management (Counterparty):
   Evaluate the effectiveness of efforts to manage counterparty concentration risk exposures.
   
   Guidance:

3. Loan Servicing & Sales Risks:
   Evaluate the adequacy of efforts to identify and manage risks related to selling loans or performing loan servicing on assets where the institution did not originate the credit or act as the lead lender.
   
   Guidance: