



EM-61.1

Category: Sensitivity
Topic: Interest Rate Risk
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Overview

This section contains FCA's standard procedures for examining Interest Rate Risk; however, the guidance for each procedure is currently under development. In the interim, the following link provides related guidance that was contained in the old FCA Examination Manual: [EM- 425 Interest Rate Risk Measurement and Management](#)

Examination Procedures and Guidance

General

1. IRR Sources:

Evaluate the mix, pricing characteristics, and embedded options in assets and liabilities, including use of transfer pricing, and determine if significant mismatches exist.

Guidance:

2. Realized IRR:

Determine if IRR exposures and strategies have significantly affected financial condition and performance.

Guidance:

3. Estimated IRR:

Evaluate levels and trends in "estimated" IRR exposure and the potential effect on financial condition and performance.

Guidance: