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:**