



PRESS RELEASE

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FDIC Publication Focuses on Interest Rate Risk

FOR IMMEDIATE RELEASE

The Winter 2014 issue of Supervisory Insights, which was released today, looks at key aspects of interest rate risk (IRR) management, including the implementation of effective governance processes, the development of key assumptions for analyzing IRR, the development of an in-house independent review of IRR management systems, and what to expect during an IRR review.

"Banks need to be prepared for a period of increasing interest rates," stated Doreen R. Eberley, Director, Division of Risk Management Supervision. "The articles in this issue of Supervisory Insights, which were prepared by FDIC field examiners who specialize in IRR reviews at community banks, can help banks identify the potential risks and take steps to mitigate the risks where needed."

"Effective Governance Processes for Managing Interest Rate Risk" discusses supervisory expectations for a community bank's IRR governance process, identifies potential risks associated with a period of increasing interest rates, and discusses approaches for mitigating IRR as needed. "Developing the Key Assumptions for Analysis of Interest Rate Risk" describes common sense approaches for developing the assumptions necessary to analyze interest rate sensitivity in the current environment. "Developing an In-House Independent Review of Interest Rate Risk Management Systems" describes ways that smaller institutions may be able to effectively and economically perform an in-house IRR independent review. Finally, "What to Expect During an Interest Rate Risk Review" describes what examiners focus on during an IRR review, supervisory expectations with respect to IRR, and communication with the FDIC during an examination.



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

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Supervisory Insights provides a forum for discussing how bank regulation and policy are put into practice in the field and communicating about the emerging issues that bank supervisors face. The journal is available on the FDIC's Web site at <http://www.fdic.gov/regulations/examinations/supervisory/insights/index.html>. Suggestions for future topics and requests for permission to reprint articles should be e-mailed to supervisoryjournal@fdic.gov. Requests for print copies should be e-mailed to publicinfo@fdic.gov.

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