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Financial Institution Letter  
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## Supervisory Insights Journal

*Winter 2014 Issue Now Available*

**Summary:** The Winter 2014 issue of Supervisory Insights features four articles of interest to examiners, bankers, and supervisors on the topic of interest rate risk (IRR). These articles address effective governance processes for managing IRR, 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. The publication is available at <http://www.fdic.gov/regulations/examinations/supervisory/insights/index.html>.

**Statement of Applicability to Institutions with Total Assets Under \$1 Billion:** The information contained in this issue of Supervisory Insights may be of general interest to FDIC-supervised financial institutions, but it is not supervisory guidance.

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FDIC-Supervised Institutions

**Suggested Routing:**

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**Related Topics:**

Interest Rate Risk

**Attachment:**

None

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**Note:**

FDIC Financial Institution Letters (FILs) are available on the FDIC's Web site at [www.fdic.gov/news/news/financial/2014/index.html](http://www.fdic.gov/news/news/financial/2014/index.html).

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Paper copies may be obtained through the FDIC's Public Information Center, 3501 Fairfax Drive, E-1002, Arlington, VA 22226 (1-877-275-3342 or 703-562-2200).

**Highlights:**

- "Effective Governance Processes for Managing Interest Rate Risk" discusses supervisory expectations for a community bank's IRR governance process and presents ideas for mitigating on- and off-balance sheet risk.
- "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.
- "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.
- Suggestions for article topics and requests for permission to reprint articles should be e-mailed to [supervisoryjournal@fdic.gov](mailto:supervisoryjournal@fdic.gov). Requests for print copies should be e-mailed to [publicinfo@fdic.gov](mailto:publicinfo@fdic.gov).