

Interest Rate Risk Indicators

Factor	Low	Moderate	High
Board and Operational Management Understanding	Fully understands all aspects of IRR.	Reasonably understands key aspects of IRR.	Does not understand or ignores key aspects of IRR.
Responsiveness to Market Conditions	Anticipates and responds well to changes.	Adequately responds to changes.	Does not anticipate or take timely and appropriate actions in response to changes.
Monitoring & Measuring	Process is independent from those executing risk-taking decisions. Adequate reporting of IRR exists.	Process is independent from those executing risk-taking decisions. Adequate reporting of IRR exists.	Process is not independent from those executing risk-taking decisions. Lack of monitoring and reporting of IRR.
Risk Exposure	Little repricing risk and minimal exposure to basis and yield curve risk.	Repricing risk, basis risk, yield curve risk, and options risk exposures are collectively maintained at manageable levels.	Significant levels of repricing risk, basis risk, yield curve risk, or significant levels of options risk exist.
Mismatches	Mismatched positions are short-term.	Mismatched positions may be longer but are managed effectively.	Mismatched positions are longer term and inadequately managed.,
Risk to Capital and Earnings	Mismatches are unlikely to cause earnings or capital volatility due to the movement of interest rates.	Substantial volatility in earnings or capital due to the movement of interest rates is not anticipated.	High probability of substantial volatility in earnings or capital due to the movement of interest rates.
IRR Process	Effective, documented, and proactive.	Adequate.	Deficient.
Measurement Tools and Methods	Enhance decision making by providing meaningful and timely information under a variety of defined and reasonable rate scenarios.	Minor weaknesses, but are appropriate given size and complexity of the credit union's on- and off-balance-sheet exposures.	Overly simplistic in light of the relative size and complexity of the credit union's on- and off-balance-sheet exposures.
MIS Reporting	Timely, accurate, complete, and reliable.	For the most part, timely, accurate, complete and reliable.	Significant weaknesses.
Risk Limits	Clear parameters, that are regularly reviewed, are set for risk to earnings and the economic value of equity under defined stressed interest rate scenarios.	Adequate to control the risk to earnings and the economic value of equity under defined stressed interest rate scenarios.	Not reasonable or do not reflect an understanding of the risks to earnings and the economic value of equity.