VALUANT

MODEL VALIDATION

Model validation is a crucial part of your risk management process, and financial institutions often benefit from the neutral perspective of an outside validator. Valuant offers an unbiased review that's independent of your internal processes from experts who have extensive experience.
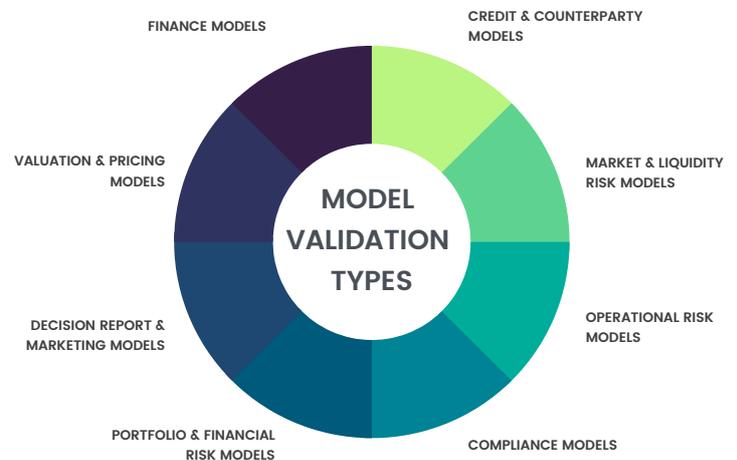
OUR FRAMEWORK

After a kickoff with the team where we'll review scope, approach, roles, and expectations, we'll move through the following steps:

1. **Governance**: assess corporate policy aligns with the model implementation and regulatory guidelines.

2. **Model Documentation**: assess key modeling choices, assumptions, limitations are transparent and explained.

3. **Model Data**: review completeness and integrity of the bank data, model inputs and reconciliation procedures.

4. **Model Conceptual Soundness**: evaluate the model methodology chosen, model estimation process, statistical analysis, model selection and expertise adjustments.

5. **Model Appropriateness and Calibrations**: assess if the model development data, estimation and calibration aligns with the bank history, balance sheet complexity, and business strategy.

6. **Model On-Going Monitoring**: evaluate the model performance after implementation with respect to actual values.

7. **Model Outcomes Analysis**: evaluate the model output and committee reports and assess if the risk metrics are appropriate.

8. **Vendor Models & Challengers**: compare the champion model to an alternative model that challenges the key modeling choices.

DELIVERABLES

Valuant will prepare a final model validation report with all our recommendations that can be shared with the model owner for response.

Our validation report will be written following the model validation template adopted by your institution. You'll have peace of mind knowing that your model has been fully tested and validated by independent experts.

MODEL VALIDATION TYPES

FINANCE MODELS

CREDIT & COUNTERPARTY MODELS

MARKET & LIQUIDITY RISK MODELS

VALUATION & PRICING MODELS

OPERATIONAL RISK MODELS

DECISION REPORT & MARKETING MODELS

COMPLIANCE MODELS

PORTFOLIO & FINANCIAL RISK MODELS

QUESTIONS?

Contact Us!

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