

Model Validation Risk Tier Analysis

Model Type: Traditional | **Generated:** 2025-09-12T11:03:40 | **Analysis:** Risk Tier Sensitivity Analysis

Executive Summary

Metric	Value
Model Type	Traditional
Risk Tiers Analyzed	Low, Medium, High
Sections Required Range	5 - 9
Score Range	56.0 - 76.0

Key Insight: Risk tier scaling shows 4 additional sections from Low to High risk

Risk Tier Comparison

Risk Tier	Score	Verdict	Required	Complete	Completion Rate	Sections
Low	76/100	WARNING	5	4	80.0%	A, B, C, F, J
Medium	56/100	FAIL	8	5	62.5%	A, B, C, D, E, F, I, J
High	67/100	WARNING	9	7	77.8%	A, B, C, D, E, F, I, J...

Sensitivity Analysis

Section Impact Analysis

Transition	Additional Sections	Score Impact	Impact per Section	New Sections
Low -> To -> Medium	+3	-20 points	-6.7	E, I, D
Medium -> To -> High	+1	+11 points	+11.0	L
Low -> To -> High	+4	-9 points	-2.2	

Performance Efficiency

Risk Tier	Points per Section	Efficiency Rating	Completion Impact
Low	15.2	High	80.0% completion = 76 score
Medium	7.0	Low	62.5% completion = 56 score
High	7.4	Low	77.8% completion = 67 score

Mathematical Insights

• Low risk achieves 15.2 points/section (most efficient)
• Medium risk suffers -6.7 points/section penalty
• High risk recovers with 11.0 points/section improvement

Actionable Insights

Regulatory Strategy

- Low risk models benefit from streamlined validation approach
- Medium risk models need careful scope management to avoid efficiency loss
- High risk models achieve better outcomes through focused regulatory scrutiny

Validation Priorities by Risk Tier

Low Risk Priorities:
• Focus on essential compliance (A,B,C,F,J)
• Maximize completion quality
Medium Risk Priorities:
• Manage methodology validation scope
• Prevent scope creep inefficiencies
High Risk Priorities:
• Leverage regulatory attention
• Emphasize stress testing quality (Section L)