

# Model Validation Risk Tier Analysis

Traditional Model | 2025-09-12 | Risk Tier Sensitivity Analysis

## Executive Summary & Risk Tier Analysis

Summary Metric	Value	Risk Tier	Score	Verdict	Req/Comp	Rate
Model: Traditional	Tiers: Low, Medium, High	Low	76/100	WARNING	5/4	80.0%
Sections: 5-9	Scores: 56.0-76.0	Medium	56/100	FAIL	8/5	62.5%
		High	67/100	WARNING	9/7	77.8%

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

## Sensitivity Analysis

Transition	Sections	Impact	Per Section	Risk Tier	Efficiency	Points/Section
L→to→M	+3	-20pts	-6.7	Low	High	15.2
M→to→H	+1	+11pts	+11.0	Medium	Low	7.0
L→to→H	+4	-9pts	-2.2	High	Low	7.4

## Key Mathematical Findings

- 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

Requirements Framework & Model Complexity

Model Type	Complexity	High Risk Sections	Key Requirement	Focus Area
AI/ML/GenAI	Highest	10	H (AI-specific validation)	Algorithmic transparency ...
Traditional	High	9	L (Stress testing)	Full methodology validation...
Integrator	Medium	7	G (Third-party assessment)	Third-party model validation...
Qualitative	Low	4	K (Qualitative assessment)	Streamlined qualitative v...

Actionable Insights & Strategic Recommendations

Regulatory Strategy	Validation Priorities
• Low risk models benefit from streamlined validation approach	High Risk: Model Feeds and data compliance (A, B, C, D) Medium Risk: Model Feeds and data compliance (A, B, C, D) Low Risk: Model Feeds and data compliance (A, B, C, D)

Scoring Optimization

Completion rate has 17.5% impact range | Section efficiency varies 2x between risk tiers | Strategic focus on high-impact sections yields better scores