

Validation of Risk Models



OVERVIEW:

Risk models are an integral part of risk management. However, risk models have also played a major (notorious) role in the financial crisis. Regulators awareness has risen with respect to risk models, their accuracy and validation. This workshop sets the scene by defining validation and detailing the requirements on the processes, methods and infrastructure of model validation.

AGENDA OUTLINE:

1 Day Seminar:

Validation of risk models

WHO SHOULD ATTEND:

We believe that this seminar is most useful for participants from:

- Supervisors
- Risk management
- Risk controlling
- Internal audit
- Model Validation

SEMINAR FORMAT:

- This seminar will be conducted in English
- This session will be conducted via Microsoft Teams. On completion of your registration you will receive a link to the meeting

COURSE MATERAIL:

- Sessions are recorded and could be obtained on request at the end of the seminar
- Trainers presentation slide decks could be obtained on request at the end of the seminar
- Certificates will be awarded at the completion of the seminar

CERTIFICATE:

- Certificates will be emailed to the participants on completion of the seminar

*Have a question? Send us a mail to:
aaa.aspectadvisory.eu*

DAY 1

Validation of risk models

1. Risk models and model risks

- 1.1 Examples for model risk?
- 1.2 Definition and demarcation of model risks
- 1.3 Regulatory requirements for managing model risk
(incl. MaRisk Novelle 7 from Sept 2022)
- 1.4 The basis of ICAAP: risk and model inventory
- 1.5 Validation: assessment of adequacy of (risk) models

09:00

10:30

Morning coffee break

2. Comprehensive model validation

- 2.1 Expectations of supervisors
- 2.2 The validation process
- 2.3 Qualitative validation
- 2.4 Quantitative validation
- 2.5 Validation report
- 2.6 Interpretation and consequences of validation results

10:45

12:15

1 DAY

	Lunch Break	
13:30	<p>3. Validation of a market risk model</p> <p>3.1 Qualitative validation</p> <ul style="list-style-type: none"> • Concept and mathematical correctness • Systems & data • Process & Governance • Usability 	
15:00	<p>3.2 Quantitative validation</p> <ul style="list-style-type: none"> • Backtesting: number of outliers • Stability: across time/ across portfolios 	
	Afternoon Coffee Break	
15:15	<p>4. Validation of a credit risk model</p> <p>4.1 Qualitative validation</p> <ul style="list-style-type: none"> • Concept and mathematical correctness • Systems & data • Process & Governance • Usability 	
17:00	<p>4.2 Quantitative validation</p> <ul style="list-style-type: none"> • Discriminatory power • Calibration • Stability: across the time/ across portfolios 	
	<p>5. Validation of an OpRisk AMA model (alternatively to credit or market risk model)</p> <p>6. Validation of a Business Risk model (alternatively to credit or market risk model)</p>	
	Close of Session	

Please note:
This is a sample schedule and the session topics is illustrative and subject to change.

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