

Information Necessary for a Model Validation

The following information as of the model date is requested in order to successfully complete a validation of the Purchaser's Model. After receipt of the requested information, a telephone interview will be scheduled. Additional information may be requested following the telephone interview.

- Name, telephone number, and email address of the financial institution personnel assigned to work with FRC;
- Name, telephone number, and email address of the Vendor's personnel authorized to discuss the model with FRC, if applicable (please contact vendor as well to permit FRC to contact them regarding the model if any questions arise);
- General Description of the Model being used;
- Model Chart of Accounts;
- Model Attributes Report (Model Set-up / Structure, inclusive of loan, deposit / share assignments, sorting assumptions, import layouts, etc.);
- All detailed information / input / data files used to general model input;
- Layout and field descriptions for data files, if applicable;
- General Ledger: Detailed Balance Sheet;
- General Ledger: Year-to-date Detailed Income Statement;
- Loan and deposit / share pricing as of the model date;
- Beginning Balances and Rates used in the Model;
- Contractual Maturity cash flows relating to the Beginning Balances;
- "New Dollar" Rates for each account (Driver Rate +/- Spreads) coming from the model;
- Prepayment Speed Assumptions used in the model;
- Non-maturity Deposit / Share Pricing betas (the % Rate Change as Market Rates Shift);
- Non-maturity Deposits / Shares decay factors;
- Net Economic Value (calculation method and discount rates used);
- Reconciliation work-papers between data feeds, G/L balance sheet and model;
- Prepayment speed back-test results, if available;
- Non-maturity pricing beta back-test results, if available;
- Non-maturity decay factor back-test results, if available;
- Documented review of current offering rates, if available;
- Detail Model Output: Balance Sheet by month, Income Statement by month, Yield Report, Maturity Gap Analysis, Repricing Gap Analysis for all rate scenarios modeled;
- Final Interest Rate Risk Measurement Package;
- Model reports used by the Alco;
- Back-testing work-papers for model results, if available;
- Asset / Liability Management Policy, Liquidity Policy, Concentration Risk Policy;
- Alco minutes that reference the model results being validated;
- Minutes from any meeting or educational sessions;
- Minutes from any meeting where model assumptions were discussed;
- Model Certification Letter.