

# MODEL RISK MANAGEMENT

## GOVERNANCE & VALIDATION



# About CoreAi

With Core AI as your partner, you gain access to highly reliable, scalable, secure, and cost-effective services and solutions.



- At CoreAI, we specialize in creating Custom AI, Generative AI, & Software solutions that enhance business operations with a focus on model risk management and governance
- Experienced management team with over 150 engagements in multiple industry segments
- Full range of business, technology, & MRM services
- Gen AI, Big Data, Advanced Analytics, Software Development, Model Validation and Governance
- Cost-effective and high-quality proven delivery model

**DISCOVERY**

**STRATEGY**

**ENABLEMENT**

**SUPPORT**

# At CoreAi

Our goal is to equip you with the knowledge, capabilities, and tools you need to become self-sufficient with all kinds of models including AI



## **AI DEPLOYMENT ASSESSMENT**

This evaluation assesses your AI readiness and uncovers Key opportunities to maximize ROI

## **AI IMPLEMENTATION**

We bring real-world experience and a proven track record of delivering value through successful AI deployments

## **WORKFORCE TRANSFORMATION**

Your workforce is key to AI success. We provide training and change management to empower your Team and ensure AI adoption across your organization

## **AI GOVERNANCE & MRM SUPPORT**

We ensure the ethical, compliant, and efficient adoption of financial and Statistical/AI models through robust governance frameworks and Model Risk Management (MRM) strategies.

# AI Solutions & Expertise

CoreAi offers a wide range of AI technology capabilities & solutions on the bedrock of strong AI governance and risk management expertise



## Generative AI and Analytics

Agentic

Document Automation

Customer Support  
Content & Analytics

Code Automation

Personalization and  
Localization

Credit Risk Models

## Product Development & Cloud

## AI Governance & MRM

With our end-to-end **US-based** service offering, we industrialize the deployment, consumption, and monitoring of such analytics-driven strategies across the client organization.

# Financial & Non-Financial Models – Model Validation & Governance

CoreAi offers SR 11-7 compliant MRM and Model Development services across a range of internal and vendor models

## Decision Support Models

- CECL Models
- Pricing Models
- Capital (Economic Capital, CCAR/Capital Adequacy and Forecasting, Stress Testing)
- Fair Lending Models
- Credit Risk (Mortgages/Student/Personal loans)

## Credit and Counterparty Risk

- PD, LGD & EAD
- DVA and CVA
- IFRS 9
- Scorecard
- Abrigo
- Primatics (EVOLV & EMSM)

## Other Models

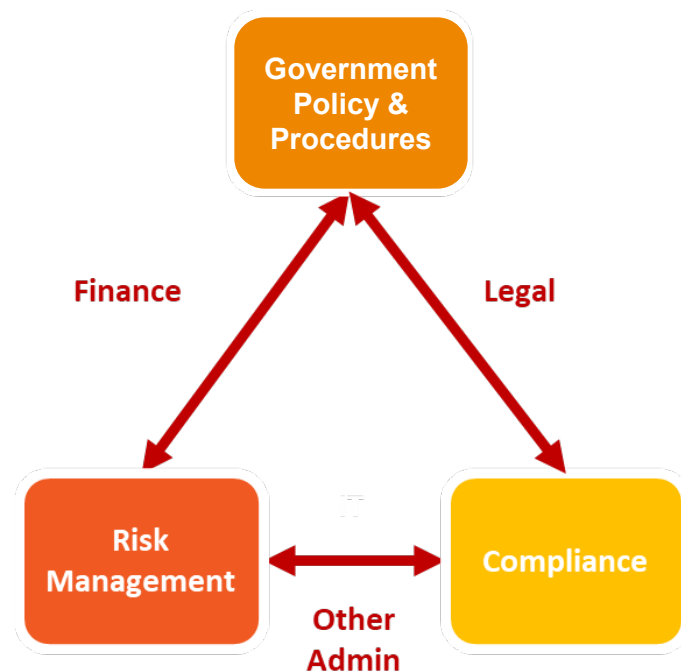
- Fraud Models (AI & ML-based Credit Card/Web Fraud models)
- Forecasting
- Prepayment
- BSA/AML
- Securitization (cash flow and waterfall)

# Why Model Governance?

- Ensures compliance with OCC and SR 11-7 requirements.
- Identifies and mitigates model risk, bias and instability.
- Validates the appropriateness and practicality of model use.
- Promotes sound, defensible decision-making
- Supports continuous monitoring and improvement of models.
- Enhances transparency and awareness of model limitations

## Model Governance Guidelines

- OCC 2000-16
- FHFA AB 06-02; FHFA AB 09-03
- OCC 2011-12 / Federal Reserve SR 11-7



# Model Governance Challenges...

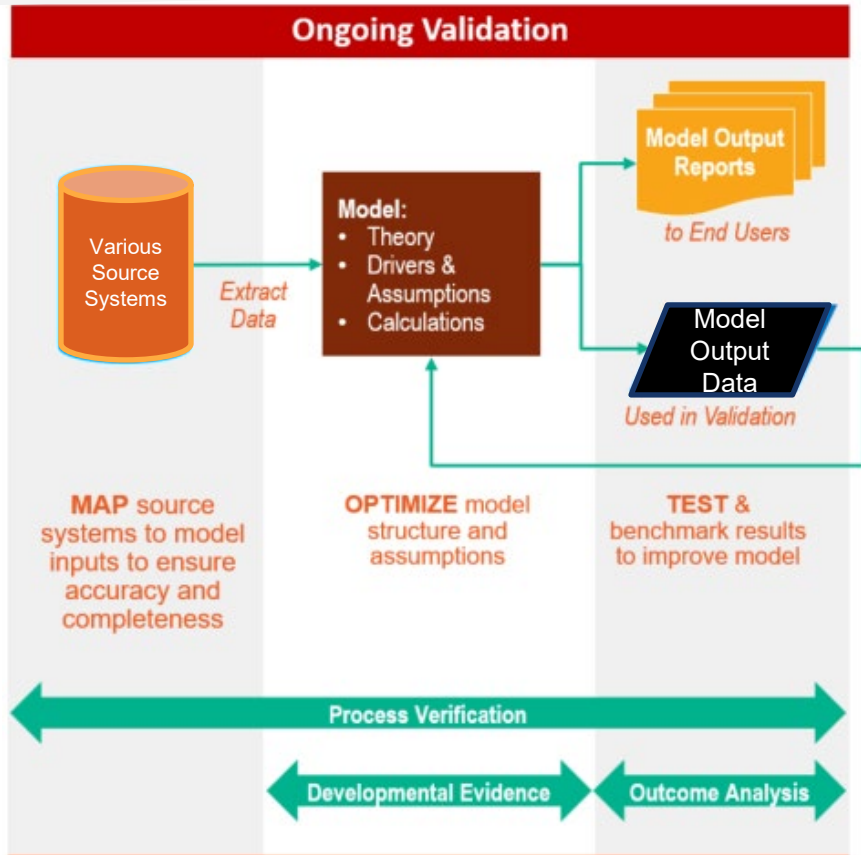
## Model

- Absence of independent and objective model validation.
- Ineffective challenge during model validation reviews.
- Insufficient data to support model development and validation.
- Missing or weak justification for model assumptions and expert judgment.
- Inconsistent or unclear model type comparison methodologies.
- Inaccurate model replication

## Operational

- Non-transparent processes for generating key model inputs.
- Omission of relevant risk drivers, especially in stress testing models.
- Gaps in model documentation and version control.
- Unvalidated or outdated models in active use.
- Lack of formal Champion/Challenger frameworks.
- Inefficient ongoing or continuous monitoring plan
- Incomplete or outdated model inventory tracking.
- Lack of standardized processes for periodic inventory updates.

# ... addressed by a principled MRM approach

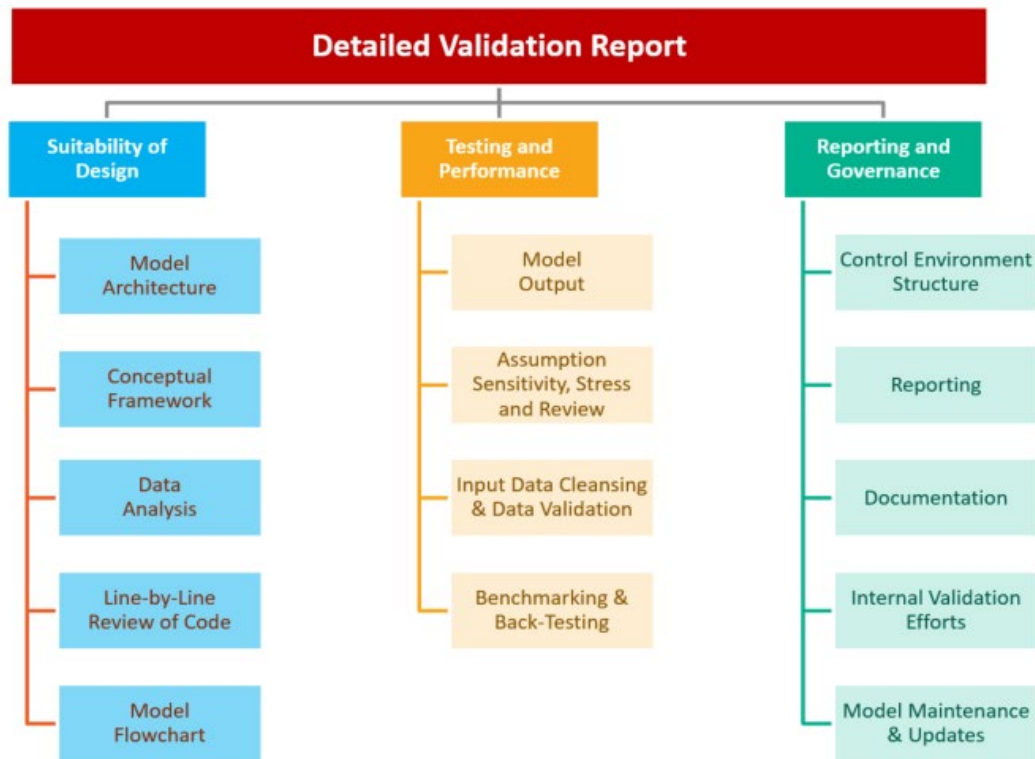


## ITERATIVE PROCESS

- Model Validation Process is iterative and may require multiple passes before documentation is complete
- Leadership support is imperative to a compliant model documentation
- Technology-driven Model operations (MLOps) enable a smoother model validation process by the rapid and systematic availability of evidence
- Five Pillars of Model Ops: Data Ingestion, Model Lifecycle Orchestration, Model Experiment and Registry, Deployment & Serving, Monitoring



# Model Validation Outcomes



## Other evolving review factors

- Model Controls: Review of model controls in place for documentation, version, access, and source code.
  - Review documentation and procedures around version control
  - Review source code controls in place for each model
  - Review access controls is up to date and enforced documentation version controls
- Ongoing Monitoring: Ensure models are monitored with defined and documented thresholds that are enforced. Additionally, past threshold breaches are reviewed, tested, and documented.

# Core Ai – Team Expertise

## **PROVEN COMPETENCY**

Proven competency in multiple business domains, technologies, and complex use cases

## **TECHNOLOGY DEPTH**

Our specialization allows us to focus deeply on leading-edge technologies and enables us to deliver superior value to clients

## **FOCUS ON BUSINESS ISSUES**

We are focused on delivering end-to-end technology solutions that enable our clients to achieve their business objectives

## **TRUSTED PARTNER**

We partner with clients to collaboratively problem-solve their challenging issues and always do the right thing

## **TEAM**

Our team comprises highly skilled AI experts, Model Validators, Data scientists, Data engineers, Software engineers, and Architects, who are passionate about our client's success

# CONTACT US

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