

MPS Statement of Model Certification

Foresight Model

The keystone of confidence for users of interest rate risk (IRR) model forecasts is an independent, external certification affirming that the model used has the innate capability to accurately forecast balance sheet behaviors and analyze IRR. Because of this client-driven business need, and in response to regulatory mandates, Farin & Associates, Inc. chose McGuire Performance Solutions, Inc. (MPS), a nationally recognized expert in financial model evaluation, to certify the functionality of their Foresight model (version 5.2.11.5) as an IRR analysis regulatory compliance tool.


MPS verified the Foresight model's theoretical forecast capabilities by examining the technical details and set up definitions of the model. MPS then validated its actual IRR related forecast capabilities by examining model reports using multiple tests in a proprietary diagnostics system. The Foresights model's full range of technical functionality and resulting IRR forecast accuracy was examined, challenged, and affirmed. The comprehensive MPS verification and validation review was completed in August 2010.

Based on the detailed technical examination conducted and affirmation of the IRR forecasts accuracy, MPS certifies that the Foresight model possesses the innate design elements, functionality, and user features required to accurately analyze IRR in financial institution balance sheets. Users of its outputs can have confidence that category level analyses and forecasts are complete and accurate across rate shock scenarios, ensuring regulatory compliance for IRR analysis.

This certification affirms the Foresight model's fundamental technical capabilities and IRR forecast accuracy. Because of the high degree of customization characterizing institution specific IRR model implementations, this report does not take the place of periodic model validation reports mandated by business and regulatory needs.

Professional Certification

This certification of the Foresight model represents an independent, unbiased, and objective expert third-party opinion by a provider with a national professional standing.

Signed: 

William J. McGuire, Ph.D.

President and CEO

McGuire Performance Solutions, Inc.