

<b>REOI Number: REOI21/08/20</b>			
<b>REOI description: The validation of rating and pricing methodology and tool</b>			
<b>Question and Answers version 1</b>			
<b>No.</b>	<b>Question</b>	<b>Type</b>	<b>Answer</b>
1	<p>How many model segments are required to be validated?</p> <p>a.How many portfolios will need to be validated?</p> <p>b.How complex are the models? Do certain models follow the standardised approach or advanced approach?</p> <p>c.Are all the models internally developed? Is there reliance on external models from external agencies (e.g. Moody's)?</p> <p>d.How often are the models recalibrated?</p>	Technical	<p>2 Segments</p> <p>a. Two (2) portfolios</p> <p>b. The model follow an advance approach</p> <p>c. The models were developed internally and it was built using internal data.</p> <p>d. The models are suppose to be recalibrated every 2 years given that there is a change in the portfolio however there was no shift in the portfolio.</p>
2	Are comprehensive model development documents readily available?	Technical	Yes, they are available
3	<p>What type of data validation is required?</p> <p>a.Would the bidder be required to validate the correctness of the data?</p> <p>b.What format is the data in and what systems are used to collect the data?</p> <p>c.Would intricate data testing related to source systems/control testing be out of scope? In other words, would IT specific data testing and the process of verifying that derived fields are correct (e.g. default information) be out of scope?</p>	Technical	<p>a. Yes</p> <p>b. The data is in SAP and can be extracted into an excel format</p> <p>c.IT specific data did not form part of the scope and will therefore be out of scope</p>
4	Is there an existing model validation framework?	Technical	Yes

5	What software and systems house the current models?	Technical	The model is programmed in SQL and runs from a web based tool.
6	How established is the current in-use methodology. In other words, are the models to be validated (1) currently in-use or (2) are they newly built but not in-use or (3) is this an update to a model that is already in-use?	Technical	The Models are in use and these are the models to be validated.
7	Regarding the 10 page limitation on the proposal, do page dividers and contents pages count towards the page limit?	Admin	The page limitation on the proposal relates to the clear statements of type, property business scope, previous international experience of the consultant and or associated partners.
8	What is the anticipated start date for the project?	Admin	As soon as all required processes with regards to the REOI and RfP phases are completed
9	Please confirm whether the rating models are expert judgement or statistically developed	Technical	SME/MM is statistically developed while PF applies an expert driven approach.
10	Please elaborate the approaches used for PD, LGD and EAD models	Technical	Advance Internal Rating Based (IRB) approaches where logistic, workout methodologies and CCF are applied for PD, LGD and EAD respectively
11	When were these models developed and are any of these models LDP models?	Technical	The models were developed 5 years ago. PF is a low default portfolio (LDP) model
11	Please clarify the methodology of pricing model - is it a RAROC based model; a. Please confirm the segments for which the pricing model is applicable.	Technical	Cost plus pricing approach. a. Equity, Debt and Guarantees pricing which covers SME/MM and PF
12	Please clarify how the 1800 man-hours over a period of 3 months is calculated	Technical	This is based on the budget divide by the anticipated cost per hour to do this work.