

Tender Number: T44/11/22

TENDER DESCRIPTION: REQUEST FOR PROPOSAL FOR LIQUIDITY RISK CRISIS MANAGEMENT SIMULATION FOR THE PERIOD OF FIVE (5) YEARS

Question and Answers

| No. | Question | Type | Answer |
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| 1a | In relation to the requirement "Develop a run script for this exercise" please can the IDC indicate the following a. Whether there are any preferred languages that this script be prepared in (Excel VBA, R, Python, Matlab) | Technical | This is not necessarily a programming script, instead, it's the simulation scenario developed e.g. the Corporation gets downgraded by rating agencies and this leads to a liquidity crisis. The script is the entire case study i.e. how this one event can lead to a domino effect and how the IDC is expected to manage the ensuing liquidity crisis event until the liquidity is fully restored. |
| 1b | Whether it is expected that this run script be integrated with the current ALM system? | Technical | No. |
| 1c | Can we confirm that this run script is expected to be updated and generated at each iteration | Technical | N/A |
| 2 | Does the IDC currently run any other liquidity stress scenarios? | Technical | Yes, we periodically calculate our liquidity metrics on stress scenarios (worse case). |
| 3 | Can we please confirm that it is expected that simulations will be run once per year, for the next five years? | Technical | Yes, the simulation is done once a year |
| 3a | Alternatively, please can the IDC indicate the frequency of expected crisis simulations. | Technical | N/A |
| 3b | Please can the IDC indicate the expected month (or quarter) that the simulations are expected to be executed. The | Technical | The simulation is normally done in the June-July window. Preparation may have to start early enough to ensure that all participants have been secured. |
| 4 | In relation to the requirement "produce new financial reports for each simulation exercise" is there an expectation that the script be integrated with the finance system to produce automated financial reports? | Technical | The financial report would be a snap shot of how the Balance Sheet and Cash Flow Statement are affected by the events of the day and the decisions made. |
| 4a | Alternatively, is the expectation that stresses are produced separately, and then manually fed into the finance system to produce new financial reports? | Technical | This will all be a manual process for now. |
| 4b | Please can the meaning of "financial report" be clarified – does this mean a set of relevant financial statements (SOPF; SOCF) or i. Is it a specific liquidity report submitted to ALCO? or | Technical | The financial report referred to are mainly the Balance Sheet and CashFlow, and Cash preservation plan. These are expected to be directly affected by a liquidity stress event and the simulation will indicate how they may evolve by each day. How they evolve informs the strategy going forward. |
| 5 | Please can the IDC indicate the expected time horizon of the liquidity stress (e.g., LCR is performed over 30 days). Does the IDC have a specific desire over the time horizon (e.g. shortened to 1 or 2 weeks, or lengthened to 3 or 6 months)? | Technical | We have previously done the simulation over a three day period (all crammed into 1 calendar day). The day is broken down into various "simulated days". |
| 6 | In relation to the requirement "consider oversight consultancy provision to the IDC in the event of an actual liquidity crisis" please can the IDC indicate whether this would include consultancy services up to and including any decision to enter into business rescue Or whether these are services related to the execution of the CFP only. | Technical | This would be a value add service by the appointed service provider to act as a sound board in the event of an actual liquidity stress situation. It would be an added layer to the current oversight played by the various departments. The independence of the appointed service provider would add good value to our processes |
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