

Question	Bank Reponse
Do we need to modify the models if models are not working well?	The model acceptance shall be based on validation. If the model fails to achieve the desired result and not found acceptable by either by the management or Statutory auditors, the model will have to be suitably amended.
Please let us know portfolios that are under scope e.g. Retail, Corporate, SME, FI, etc.	Retail, and non retail. Non retail broadly constitutes of the portfolio are Banks, Corporates, CRE, Residential mortgages, Regulatory retail, SPCs & staff
Could you please confirm if this validation exercise is the first validation, event-driven validation, or part of the annual validation exercise? If it is not the first validation, we would like to know if we would have access to the previous model validation reports and outcomes?	The intent of the bank is to rebuild the model and as such previous validations will be insignificant.
Could you please confirm how many models / portfolio (i.e. HL, PL, CC, Corporate, SME, Bank, etc.) are there under ifrs9 ECL estimation models?	Classifications of portfolios to be considered while finalising the Macro economic factors. As of now intent of the bank is to have portfolios divided into retail and corporate but the same may undergo change in consultation with the appointed bidder.
Is there any Rating model which needs to be reviewed?	Bank has a functional credit rating model and the same is proposed to be used.
Is there any rating model available for the retail portfolio account? If yes, how many rating models are there in retail portfolio?	Rating model is available with the bank.
Could you please explain how many TTC PD are there for review? Does it all belong to Retail portfolio?	At present bank has TTC PD for retail and corporate portfolios. The appointed bidder has to advise bank on the methodology and number of TTC PD required as per the industry norms. According the same has to be built and/or recalibrated.
Could you please explain if all the TTC PD Models needs to be calibrated?	
What approach has been used for TTC PD model development?	
Could you please explain how many PiT PD are there for review?	At present bank has PiT PD for retail and corporate portfolios. The appointed bidder has to advise bank on the methodology and number of PiT PD required as
Could you please explain if all the PiT PD Models needs to be calibrated?	

what approach has been used for PiT PD model development?	the methodology and number of PiT PD required as per the industry norms. According the same has to be built and/or recalibrated.
Could you please explain how many LGD models are there for review?	both Retail and non retail
Could you please explain which methodology (i.e. historical estimation, workout etc.) is currently used to calculate LGD?	FIRB
How many EAD models is currenty used by the bank?	None. No model per say. Its a function of drawn , undrawn and CCF. To be advsd upon by the appointed bidder and developed accordingly.
What approach has been used EAD model development?	Regulatory prescribed CCFs.
Could you please explain if bank uses any system for ECL computation or is it excel based tool?	Excel based.
Could you please explain if bank have a comprehensive policy to highlight the SICR criteria or is it needs to be created from scratch?	Presently DPD basis is used for staging criteria. Detailed policy needs to be created
Could you please let us know if there is governance ECL governance policy available with the bank?	No such policy
If gaps in ECL policy are identified, do we need to fix those gaps by modifying the existing policy?	Gaps may be suitably remediated
What are the tools available at bank for the validation [E.g., Python, R, SAS]? Any preferance of the tool to be used for this exercise?	The appointed bidder to use their own tools, bank does not possess any of them. Type of tool to be used will be at the discretion of appointed bidder.
How many years of data is available for validation?	The adequacy of data is a subjective parameter. The data construct and structure would be shared with the appointed bidder to assess the adequacy , however bank has 3 years data
How many active customers are present in	Numbers cant be provided as of now , however information available on public domain may be resorted to

How many customers have defaulted in	The said data will be shared with the appointed bidder.
Kindly clarify whether a comprehensive gap analysis is required as part of the scope of work, or do we proceed directly to the redevelopment phase of the model?	Gap analysis is required as part of the project, however the same may be done as decided by bank and appointed bidder
Kindly indicate whether the Bank is currently computing EIR at either a facility or portfolio level. If not, please advise if an assessment would be required as part of the exercise.	Facility level. Assessment is required
For the EIR calculation, transaction costs as per IFRS9 definition are required. Kindly advise if such information is available at Bank level.	Yes. Bank has respective data points however for the exact requirement a collaborative approach may be taken with the bidder
Kindly clarify on the expectation of the Bank around RBI guidelines, given that the nature of the engagement is IFRS9 related.	It should satisfy both home and host regulators
Please advise if as part of the services, there is also an expectation in terms of aligning with guidelines from the BOM. If yes, kindly indicate which guidelines would be relevant as part of the engagement.	It should satisfy both home and host regulators , stringent of the two
Please advise whether adequate historical data is available for PD modelling	The adequacy of data is a subjective parameter. The data construct and structure would be shared with the appointed bidder to assess the adequacy , however bank has 3 years data
Please advise whether adequate historical data is available for LGD modelling	
Kindly indicate there are revolving facilities, such as credit cards and overdrafts, as part of the portfolio.	Yes
Regarding the post-implementation support, kindly advise if a separate commercial proposal can be provided, however not for a period of 5 years. Commercial proposal are updated on an annual basis.	A separate commercial may be provided however bank reserves the right of acceptance
Kindly advise if there is an existing credit rating tool used to rate counterparties. If yes, kindly advise for which portfolio is it applicable.	Rating model is available with the bank.
Kindly advise whether there are both local and foreign exposures as part of the credit book and grateful to provide a high-level breakdown of the exposures.	The said data will be shared with the appointed bidder.
Kindly indicate whether the Bank has an internal macro-economic database used for ECL purposes. If yes, kindly advise if it is an internal database or external (Moody's or others)	No such database available
Kindly clarify on the expectation for IFRS9 disclosures.	IFRS 9 disclosures (including sustainability) as part of Significant Accounting Policies adopted by bank and notes to the financial statements needs to be prepared for 1st year of model usage in financials. The disclosures would be as required by both Home and Host country regulators.
Requesting the Bank to confirm the address for submitting the Hard copy or to confirm if the same needs to be done at the BOB Mauritius Office	Please refer to Page 2 of RFP

Kindly share the details on what is the current model in use for the bank ?	The current model is a basic model. Where industry default rates are mapped for PDs.LGDs are as per FIRB and CCFs too.
Does the Bank have any existing credit risk models in place for credit risk assessment or measurement? If yes, is it a system based model or manual on Excel	Rating model is available with the bank.
When was the current model last validated ?	The intent of the bank is to rebuild the model and as such previous validations will be insignificant.
Requesting the bank to clarify the total duration of the engagement ? By when is the validation/recalibration expected to be completed from the start of the project ?	Rebuilding/recalibration of model is expected to be completed within 4 weeks of appointment. The timelines may further be discussed with the appointed bidder.
Requesting Bank for an Extension as it will be helpful to complete the bids in all respect to 3rd May 2024	No extensions can be provided
Bank to clarify if they have a vendor or any internal system to conduct the implementation	No
What is the current methodology that is followed by the Bank ?	The current model is a basic model. Where industry default rates are mapped for PDs.LGDs are as per FIRB and CCFs too.
Bank to confirm if the pre-bid query resolution can be conducted over a teams call for better discussion on the points	Bidders need to communicate about their queries on the email id mentioned on Page 2 of RFP.Any further deliberation on this may be mutually consented upon .
Request you to please provide the overview of the portfolio: 1. Portfolio Name 2. Portfolio Size 3. No. of customers in the portfolio 4. No. of products segments	The said data will be shared with the appointed bidder.
Requesting the bank to Please confirm if the work needs to be carried on site or off-site. If its hybrid engagement, requesting bank to specify any minimum period for on-site stay , as this would help us calculate the travel efforts in the financial estimation accordingly	There is no stipulation for min onsite stay , however if a situation warrants then it may be on a case to case basis. The deliverables shouldn't be impacted.
Requesting bank to clarify by what duration will they want the implementation to be completed	Rebuilding/recalibration of model is expected to be completed within 4 weeks of appointment. The timelines may further be discussed with the appointed bidder.