



**BID BULLETIN NO. 3
For ITB No. 2015-4-002**

PROJECT : **Asset-Liability and Risk Management System Project**
IMPLEMENTOR : **Procurement Department**
DATE : **June 25, 2015**

This Bid Bulletin is issued to modify or amend items in the Bid Documents. This shall form an integral part of the Bid Documents.

The modifications or amendments are as follows:

- 1) The sample form of Deliverable Items Summary is attached as Annex A.
- 2) The Checklist of Bidding Documents has been revised. Please see attached revised page 152.
- 3) LBP's responses to questions/queries of certain bidders are shown in the attached Annexes B1 to B18.

For guidance and information of all concerned.

ALWIN I. REYES
Department Manager
Procurement Department

DELIVERABLE ITEMS SUMMARY

Project Milestone	Deliverable	Description	Quantity	Delivery Media	Other details of the deliverable

7. Proposed Solution Overview
8. Terms of Reference with detailed, Point-by-Point Response to all numbered sections, subsections, appendices, annexes and attachments
9. Requirements Compliance Form (RCF) with detailed, Point-by-Point Response to all numbered sections, appendices, annexes and attachments
10. Draft Contract
11. Statement of Work
- 12. Deliverable Items Summary (e.g., System Development Life Cycle documents) [sample form – Form No. 10]**
13. LANDBANK Responsibilities
14. Assumptions
15. Schedules
16. License, Maintenance, Exchange of Confidential Information, Software/ Intellectual Property, Escrow and Other Agreements
17. Organizational Chart of the Project Team
18. List of Projects and Project Team Information using the Project Team Information Sheet
19. Business Continuity Plan of Vendor
20. Brief Company Profile
21. Satisfactory Performance Certification of its products for the same or similar solution from the client company's representative of financial institutions or banks locally or globally

The THIRD ENVELOPE shall contain the following Information/Documents:

1. Duly filled out FPF1 (revised), FPF2, FPF3, FPF4, FPF5 and FPF6 duly signed by the bidder's authorized representative.
2. Item 6.0 (Payment Milestone)- Revised pages 9 and 10 of the TOR

BIDDER QUESTIONS	LBP ANSWER
DELOITTE	
<p>The system should allow the set up and use of multiple calendars as well as business day conventions and holidays applicable for the current and future years</p> <p>Is this a single entity implementation? Please clarify the use case on use of multiple calendars if it a single entity implementation?</p>	<p>The requirement is intended for valuation of different financial products which uses different day count conventions. Day count conventions are defined by investment type (e.g. Philippine bonds: 30E/360, short term loan: Actual/360, Long Term: Actual/365) Business Day Convention - Payment of Interest: Applies Day Count Convention, Loan and Deposit Maturities: Applies Business Day Convention.</p>
<p>The system should be able to support the calculation of different ratios defined by the user as well as monitor these ratios</p> <p>Kindly provide a list of such ratios that are envisaged to be calculated.</p>	<p>We prioritize the following ratios BUT we also need to calculate all financial ratios. On top of the BASEL III ratios, the following are the sample ratios:</p> <ol style="list-style-type: none"> 1. Liquid Assets Ratio, 2. Volatile Liabilities to Total Assets, 3. Volatile Liabilities against Liquid Assets, 4. Liabilities Against Assets, 5. Total liquid Assets to Total Assets, 6. Total Assets to Total liabilities, 7. Volatile Liabilite/Liquid Assets, 8. Liquidity Coverage Ratio, 9. Net Stable Funding Ratio, 10. All financial ratios that will be needed by the user, 11. Cash and Due from Banks to Total Deposits, 12. Liquid Assets to Total Deposits, 13. Liquid Assets to Total Assets, 14. Gross Loans to Deposits, 15. Liquid Assets to Short-term deposits, 16. Net Interest Margin
<p>The system should allow the user to input positions based on hypothetical assumptions and hypothetical transactions to be used for additional analysis</p> <p>Please clarify the use case or requirement for user to input positions based on hypothetical assumptions and transactions.</p>	<p>This means user defined assumptions and transactions. Example: hypothetical trades, assumption on the balance sheet growth, other underlying factors, etc.</p>
<p>The system should be able to accommodate the generated scenarios defined by the user through the use of a combination of inputs.</p> <p>What form of inputs is being highlighted here? Please clarify?</p>	<p>Example of inputs are hypothetical trades, assumption on the C3 balance sheet growth, other underlying factors, etc.</p>
<p>The system should be able to store all historical computations.</p> <p>Can the bank provide specific details of the historical computations it envisages.</p>	<p>This refers to all computations used for modelling.</p>

BIDDER QUESTIONS	LBP ANSWER
<p>The system user should have a facility for including additional limits defined by the user</p> <p>Please provide details of the kind of limits the bank has maintained and wants the solution to have?</p>	<p>This refers to the limit outside the computation. This must have the flexibility depending on the risk appetite of the Bank.</p>
<p>The system should be able to identify soft limits and management action triggers and be able to alert the system users/appropriate personnel immediately.</p> <p>Can the bank share specific examples of soft limits?</p>	<p>A soft limit is a limit set which is not necessarily set in stone. It may be flexible, may be pushed or may change over time.</p>
<p>The system should have a built-in report template to be filled out by the user.</p> <p>Are these report templates about adjustments? Please provide more details of the use case?</p>	<p>No, this refers to the prescribed format of the report available in the system that can be modified by the user depending on the requirement.</p>
<p>The system should allow the user to input terms of forecasted transactions to be used for additional analysis.</p> <p>Can the bank share the specific use cases on the input terms for forecasted transactions?</p>	<p>Projected transactions</p>
<p>The system should have the facility for including additional cash flows based on hypothetical terms defined by the user.</p> <p>Please share details on the additional hypothetical terms?</p>	<p>Hypothetical trades, assumption on the balance sheet growth, other underlying factors, etc.</p>
<p>The system should allow the user to input cash flows based on hypothetical transactions to be used for additional analysis.</p> <p>Please share details on the additional hypothetical terms?</p>	<p>Hypothetical trades, assumption on the balance sheet growth, other underlying factors, etc.</p>
<p>The system should be able to generate liquidity gap incorporating hypothetical (dummy transactions) cash flows to simulate the effect of future cash inflows or outflows for decision support.</p> <p>Please share details on the additional hypothetical terms?</p>	<p>Hypothetical trades, assumption on the balance sheet growth, other underlying factors, etc.</p>

BIDDER QUESTIONS	LBP ANSWER
<p>The system should be able to calculate the maximum cumulative outflow (running sum of liquidity gaps per time bucket) either including or excluding hypothetical transactions based on user preference</p> <p>Can the bank provide specific use case on Hypothetical transactions.</p>	<p>Yes e.g. deposit run-off, loan releases, etc.</p>
<p>The system should have a built-in report template to be filled out by the user.</p> <p>Are these report templates about adjustments? Please provide more details of the use case?</p>	<p>No, this refers to the prescribed format of the report available in the system that can be modified by the user depending on the requirement.</p>
<p>The system should be able to automatically save all approved cash flow projection results in its server and other report server (i.e IDRARS).</p> <p>What does the bank mean by automatic saving? Does the bank want the cash flow results to be stored in its server than on OFSAA database?</p>	<p>This means that all reports analyzed in the ALRMS will be saved in the system.</p>
<p>The system should have a built-in report template to be filled out by the user.</p> <p>Are these report templates about adjustments? Please provide more details of the use case?</p>	<p>No, this refers to the prescribed format of the report available in the system that can be modified by the user depending on the requirement.</p>
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<p>The system should have a built-in report template to be filled out by the user.</p> <p>Are these report templates about adjustments? Please provide more details of the use case?</p>	<p>No, this refers to the prescribed format of the report available in the system that can be modified by the user depending on the requirement.</p>
<p>The system should be able to automatically save all approved stress testing results in its server and other report server (i.e IDRARS).</p> <p>What does the bank mean by automatic saving? Does the bank want the cash flow results to be stored in its server than on OFSAA database?</p>	<p>This means that all reports analyzed in the ALRMS will be saved in the system.</p>

BIDDER QUESTIONS	LBP ANSWER
<p>The system should have a built-in report template to be filled out by the user.</p> <p>Are these report templates about adjustments? Please provide more details of the use case?</p>	<p>No, this refers to the prescribed format of the report available in the system that can be modified by the user depending on the requirement.</p>
<p>The system should be able to automatically save all approved stress testing results in its server and other report server (i.e IDRARS).</p> <p>What does the bank mean by automatic saving? Does the bank want the cash flow results to be stored in its server than on OFSAA database?</p>	<p>This means that all reports analyzed in the ALRMS will be saved in the system.</p>
<p>The system should have the facility for allowing the user to input hypothetical cash flows for additional analysis of limits that would be breached.</p> <p>Can the bank share a specific use case for this? Is the bank expecting the solution to calculate hypothetical cash flows or whether these would be user inputs from the bank.</p>	<p>Yes. We expect the system to calculate hypothetical cash flows and allow user inputs.</p>
<p>The system should have the facility to detect what limits were breached considering the hypothetical cash flows.</p> <p>Can the bank share a specific use case for this? Is the bank expecting the solution to calculate hypothetical cash flows or whether these would be user inputs from the bank</p>	<p>Yes. We expect the system to calculate hypothetical cash flows and allow user inputs.</p>
<p>The system should be able to automatically save all approved limits monitoring results in its server and other report server (i.e IDRARS).</p> <p>What does the bank mean by automatic saving? Does the bank want the cash flow results to be stored in its server than on OFSAA database?</p>	<p>Please refer to the answer on the similar question.</p>
<p>The system should have a built-in report template to be filled out by the user.</p> <p>Are these report templates about adjustments? Please provide more details of the use case?</p>	<p>Please refer to the answer on the similar question.</p>

BIDDER QUESTIONS	LBP ANSWER
<p>The system should be able to automatically save all approved funding sources monitoring results in its server and other report server (i.e IDRARS).</p> <p>What does the bank mean by automatic saving? Does the bank want the cash flow results to be stored in its server than on OFSAA database? Please refer to the answer on the similar question.</p>	<p>Please refer to the answer on the similar question.</p>
<p>The system should have a built-in report template to be filled out by the user. Are these report templates about adjustments? Please provide more details of the use case?</p>	<p>Please refer to the answer on the similar question.</p>
<p>The system should be able to adjust the FTP curve based on a user defined adjustment as follows: Parallel shift on the FTP curve.</p> <p>Is the banks requirement to add a flat adjustment on the calculated FTP rate? Can the bank provide a specific use case Yes.</p>	<p>Example: We have assigned specific FTP rates for different tenors as follows:</p> <p>Tenor FTP Rate Change 91 days 3% 4% 180 days 5% 6% 360 days 10% 11%</p> <p>If 1% is added or deducted to all tenors, will the FTP curve also change or shift upward or downward?</p>
<p>Transfer pricing analysis on the Net Interest Margin contributions on a per segment which include but not limited to the following: Per book (e.g., RBU, FCDO).</p> <p>Please clarify the requirement per book. Do you have multiple legal entities?</p>	<p>Transfer pricing analysis can be done on a per segment/unit (e.g., sector, group, department, etc.)</p>
<p>Variance reporting (e.g. target rate vs. actual offered rate).</p> <p>Clarify what is target rate and actual offered rate. Do you mean variance b/n FTP rate and coupon rate?</p>	<p>No, historical versus actual performance.</p>
<p>The system should allow the user to customize the report/s to be produced</p> <p>What user customizations are required for reports? Provide some examples for this?</p>	<p>All the prescribed reports by the regulatory bodies.</p>
<p>At present, which standard (classification) is bank using reference to PAS39 or PFRS9?</p>	<p>Both</p>

BIDDER QUESTIONS	LBP ANSWER
What is in scope for PFRS9 work at Land bank reference to Classification & Measurement (phase 1) based on the standards published by PFRS9 / IASB in July 2014?	The Phase 1 of the Classification and Measurement so far covered the Valuation of Unquoted Securities and INMES, Characteristics of Financial Assets Test and Business model Test
At present how bank is classifying Amortised cost, Fair value OCI & Fair value P&L , POCI. Does the said rules are in compliance with the IFRS9 Business Model assessment criteria provided by IASB?	Yes
What is portfolio coverage / structures at Land bank? Are we defining portfolio with other dimension parameters (e.g. currency, Market Risk Asset Class, Line of Business, Trading Desk, Legal Reporting, Bank Instrument Type, Market Risk Instrument Type, Counterparty etc)	Yes, all mentioned
Is there any plan to re-use any existing models / calculation methodology as a part of MR scope.	es. But we also prefer models to be adopted are those embedded in the system.
Detail requirement about Classification & Measurement part (PFRS) if it is in scope	The system must be ready for the classification in accordance with PFRS 9
Do we expect any DQ checks on the transaction & market data which needs to be uploaded into the system.	None
What VaR calculations does the bank envisage to cover: 1)VaR, 2)Conditional VaR, 3)Component VaR, 4)Marginal VaR, 5)Incremental VaR etc	ALL. Currently, TRMD calculate VaR using 1 and 2.
Interest Rate Model coverage - Is the scope related to model mapping based on banks present models OR the expectation is to develop models?	Both. The interest rate model is intended for valuation of debt instruments.
FRITZ & MACZIOL	
ALRMS 4151-001: Are there multiple source systems for capturing the products. If yes, how many source systems will be required to be interfaced?	Mainly interface with the Data Warehouse. Upload facility needed in case data in the data warehouse is incomplete
ALRMS 4151-009: What are the scenarios defined by the bank ? How many are to be configured in the system ?	As many scenarios as defined by the users
ALRMS 4152-001: How does the bank define various portfolios used in calculations?	In liquidity risk, it is more likely to follow the FRP. In market risk: 1/ Based on Portfolio Type 2/ Based on the Breakdown of Debt and Equity Securities - Private & Government 3/ Based on the Breakdown of Investments Per Accounting Classification 4/ Based on Summary of Investments Per Major Risk Classification 5/ Others as defined by user
ALRMS 4152-004: How are thresholds defined for back testing?	Based on the number of exceptions as defined in BSP and Basel requirements

BIDDER QUESTIONS	LBP ANSWER
ALRMS 4152-005: The RFP states 'The system should have the facility to allow the user to customize the zoning approach as defined by the user'. Please elaborate	This is more on the adjustments on the number of exceptions
ALRMS 4152-009: The RFP states 'The system should have a built-in report template to be filled out by the user (i.e., allowing the user to write a report using the template).' Usually the report is generated using the data present in the system. Is it required that the report should be editable?	Preferably lay-out, fields and criteria only. The data will not be editable by the user.
ALRMS 4153-001: How many stress testing scenarios are expected to be configured in the system?	Around 50 stress testing scenarios
ALRMS 4153-011: How many sensitivity analysis factors are expected to be configured in the system?	Include all greeks
ALRMS 4153-062: The RFP states 'The system should allow the user determine which data will be incorporated in the report to be generated in the specified format (e.g. graph, table, chart, etc.)'. Please elaborate	The system must have the capacity to select/contain the data as needed by the user in any specified format.
ALRMS 4111-014: Extract - The system should be able to support the calculation of different ratios defined by the user as well as monitor these ratios. Query - Has bank decided the different ratios?	The system must have the capacity to compute whatever ratios needed by the user. All the financial ratios.
ALRMS 4111-016: Extract - The system should be able to support the bucketing of line items at granular levels using contractual terms and behavioral assumptions in accordance with set business day conventions and day count conventions for each transaction or line item. Query - What does bank means by By Business day conventions and day count conventions ? Please explain	The bucketing of line items are based on maturities. Day count conventions defined by investment type (e.g. Philippine bonds: 30E/360, short term loan; Actual/360, Long Term: Actual/365) Business Day Convention - Payment of interest: applies day count convention, Loan maturity: applies business day convention
ALRMS 4111-017: Extract - The system should be able to perform and produce historical time series analysis for selected measurement indicators and balance sheet positions. Query - What are the different measurement indicators and balance sheet positions?	Historical time series analysis is to be applied to various parameters or accounts as required by the user.

BIDDER QUESTIONS	LBP ANSWER
<p>ALRMS 4111-036: Extract - The system should be able to generate a stress testing report containing a result interpretation template.</p> <p>Query - What are the different stress testing scenarios?</p>	<p>It depends on the report. It is important to identify what stress test are you referring to.</p>
<p>ALRMS 4111-084: Extract - The second level of balance sheet structure will consist of the line items as shown in the Bank's Financial Reporting Package (FRP) or Financial Management System (FMS).</p> <p>Query - What is FRP and FMS?</p>	<p>FRP and FMS are basically the same. Both represents the General Ledger of the Bank. The only difference is the period of generation. FRP is being generated monthly while FMS, everyday.</p>
<p>ALRMS 4112-002: Extract - The system should allow the user to switch from FRP to FMS as basis for the balances.</p> <p>Query - What is FRP and FMS?</p>	<p>FRP and FMS are basically the same. Both represents the General Ledger of the Bank. The only difference is the period of generation. FRP is being generated monthly while FMS, everyday.</p>
<p>General: Query - Has bank finalized there detailed FTP policy?</p>	<p>Not yet finalized. On-going revisions of the draft FTP guidelines</p>
<p>ALRMS 4113-012: Extract - The system should be able to calculate the FTP based on the following approaches</p> <p>Query - Does bank wants to implement FTP separately for all three approaches mentioned - Pooled based, defined spread and matched maturity</p>	<p>Yes, to have separate FTP calculations using the three approaches i.e., pooled based, defined spread and matched maturity</p>
<p>ALRMS 4113-046: Extract -The system should be able to calculate the FTP using a strip funding method.</p> <p>Query - Please explain how the bank uses strip funding method currently</p>	<p>Not using strip funding yet</p>
<p>ALRMS 4113-048: Extract - The system should be able to perform analytical scenario analysis on FTP rate movements.</p> <p>Query - Has bank finalized the different analytical scenarios?</p>	<p>None yet</p>
<p>ALRMS 4113-099: Extract - The system should allow the users to generate reports on the following frequency: Daily</p> <p>Query - Does bank intends to run FTP on daily basis?</p>	<p>Yes</p>

BIDDER QUESTIONS	LBP ANSWER
<p>ALRMS 4114-015: Extract - The system should allow the user to input positions based on hypothetical assumptions and hypothetical transaction to be used for additional analysis.</p> <p>Query - What are the hypothetical assumptions and hypothetical transactions, please elaborate and give example?</p>	<p>User defined assumptions and transactions.</p>
<p>General: Query - For gap reports do we need to generate reports for both regulator guidelines and internal guidelines of the bank?</p>	<p>Yes. We need to generate a report with changing parameters.</p>
<p>General: How many entities will be under scope for implementation?</p>	<p>There are more or less 8 business units and more than 3 supporting units involved in the implementation TIBS: RFTD, TSD, LRMD, BSMD, TOD RMG, TRMD, Accounting</p>
<p>General: How many reports are expected to be configured?</p>	<p>All reports with templates required by regulatory bodies will be customized. The rest of the reports can be addressed by canned reports if appropriate.</p>
<p>Number of customers:</p>	<p>6,345 (for treasury)</p>
<p>Number of Accounts:</p>	<p>277,187 (for treasury)</p>
<p>Account Growth (%)- Year on Year:</p>	<p>Deposit Account - 10-13% Loan Account - 35.22 %</p>
<p>Number of ALM scenario:</p>	<p>Business as usual and stress testing which are more than 10 scenarios</p>
<p>Data retention period (in years):</p>	<p>At least 10 years</p>
<p>Frequency of Batch Execution:</p>	<p>1 per day</p>
<p>Number of Application users:</p>	<p>At least 10</p>
<p>Number of Reporting users(If Analytics is proposed):</p>	<p>At least 35</p>
<p>Number of Concurrent users:</p>	<p>50</p>
<p>Number of Products:</p>	<p>Loans - 40 Deposit - 13 Investment - 16</p>
<p>Number of Business line:</p>	<p>Loans - 4 Deposit - 4 Investment - 2</p>
<p>Number of FTP rules:</p>	<p>To be determined at the development phase</p>
<p>Number of Business Assumptions (LRM)</p>	<p>Business as usual and stress testing which are more than 10 scenarios</p>
<p>Reporting data retention period</p>	<p>At least 10 years</p>

BIDDER QUESTIONS	LBP ANSWER
MOODYS ANALYTICS	
The ALRMS TOR document refers to 5 key areas to implement (Liquidity, interest rate risk, FX, market risk, FTP). Who are the respective owners and user of each of these functionalities (ex: ALM, Risk, Finance, Treasury)?	ALM – LRMD and BSMD Liquidity Risk, Interest Rate Risk, FX and Market Risk – TRMD FTP – TSD
Regarding behavioral model, will the Bank provide its models and then the models are configured into the vendors solution for execution?	We plan to use the model embedded in the system and specified in the BRD.
Does the Bank expect the vendor to assist with model design or model validation?	Yes
What type of statistical modeling tool does the Bank use currently?	The basic statistical tool but we prefer the system to have the flexibility in providing any statistical tool that will be needed by the user in the future.
Do you envision best of breed between a Balance Sheet Management Risk system (ALM/FTP), a Market Risk system (VAR in the trading book), and a finance/accounting system (PNL analysis)?	Based on the roadmap designed by our consultant, Landbank will acquire a unique system with combination of two modules ALM and the Market Risk System but open to a possibility of having an Enterprise Wide Risk Management System in the future.
ALRMS 4111-032 "The system should allow the user to input positions based on hypothetical assumptions and hypothetical transactions to be used for additional analysis." Our understanding is that a run will be needed to process the added transaction. Please clarify the response time expected.	Immediately after inputting of hypothetical assumptions and transactions.
ALRMS 4111-034 "The system should be able to generate calculation results incorporating hypothetical positions/transactions, as the forecasted undertaking or an input by the system user for simulating the calculated results." Does the users prefer to enter hypothetical trades (ex: loan1, loan2...) or rather assumptions on the balance sheet growth (ex: new volume each month, end of bucket stock target...)?	Both
ALRMS 4111-039 "The system should be parameterized and not hard coded to be able to adapt to changes in the regulatory requirements." Does the Bank expect the vendor to provide ad-hoc implementation service effort to adapt the changes? Or does the Bank rather require that Vendors deliver off-the-shelf configuration files containing local jurisdictions rules for BSP, and update this turn-key configuration when the regulation changes as part of the maintenance agreement?	Vendors are required to deliver the off-the-shelf configuration wherein the users can change as necessary

BIDDER QUESTIONS	LBP ANSWER
<p>ALRMS 4111-041 "The system should be able to support configuration of standard reporting templates (ALM/ALCO dashboard as the strategic information framework), for regular usage." Our solution comes with integrated reporting tools, such as Excel plugin, Dashboard, in-memory Discovery. Does the Bank have a preferred tool?</p>	<p>None. We prefer the best package of integrated reporting tools.</p>
<p>ALRMS 4111-044 "The system should be able to automatically save all generated and approved reports in it's server and other report server (i.e IDRARS). Business Rule: Must follow LBP data retention period" . Usually reports are stored in the system server as files, then the Bank is responsible for the distribution or migration of these reports to different locations across the network. Can you elaborate on the use case of distribution and how the Bank is currently doing?</p>	<p>Automatically save in the ALRMS server.</p>
<p>ALRMS 4111-059 "The system should be able to identify soft limits and management action triggers and be able to alert the system users/appropriate personnel immediately." Please quantify 'immediately' within the expected end-to-end flow. We usually see Banks running a batch process every day and monitoring their gap or EVE sensitivity limit via daily report.</p>	<p>End of day position or after the fact</p>
<p>ALRMS 4111-055 "The system should be able to monitor the number of limit breaches that occurred, which includes the following: Number of breaches" Are you having a Risk perspective (limits breached per chart of account node and per time band) or a Front Office perspective (which deal done by trading desks will create the breach and thus should be rejected)? We assume the former.</p>	<p>Yes. Former</p>
<p>Capital Adequacy Ratio Specific Requirements: do you confirm that RWA and Credit Risk is not in the project scope, but you are rather expecting the vendor solution to be fully integrated between ALM and Basel 3 Credit Risk for future expansion?</p>	<p>Yes</p>

BIDDER QUESTIONS	LBP ANSWER
ALRMS 4112-027 "The system should be able to capture the instruments (e.g. Held for Trading (HFT), Available for Sale (AFS), Held to Maturity (HTM), Amortized cost, Fair value (FVTPL and FVOCI, Investment in Non-marketable Equities/Securities (INMES) and Unquoted Debt Securities Classified as Loans (UDSCL)) according to its accounting classification (i.e. PAS 39 or PFRS 9)." Do you plan to provide the classification (HFT, AFS...) as well as the measures (Amortized cost, Fair Value, EIR...) as an input to the vendor solution?	Yes
ALRMS 4111-032 How many reports does the Bank expect for balance sheet and income statement? Please provide the reference list, and whether these are custom (in-house) or regulatory reports.	All reports stated in the BRD. BSP reports are mandatory to be customized according to template attached in the BRD. The rest of the report can either be customized or addressed by canned/ existing reports in the system as approved by the users.
QUESTRONIX	
The bank did not mention RWA/Credit Risk calculation requirement, but in RFP, there is one section on functional requirement "Capital Adequacy Ratio Specific Requirement" from ALRMS 4111-096 all as DESIRED. Does LBP want to implement that or not? i.e. the calculation of regulatory capital from market risk, credit risk and operational risk.	Yes. Requirements are desired but not mandatory.
And such as "ALRMS 4126-012" on operational/reputational risk, does that mean the bank wants on operational risk as well?	Yes
ALRMS 4123-026: This behavioral basis mean the change of "market (data) behavior" such as interest rate or customer behavior like prepayment etc.? As normally behavioral basis is referred to the "customer behaviours or tendencies"	Yes
ALRMS 4136-014: These should be used to emulate interest rate movement but it is classified under the "behavioral" (of customer?) can the bank elaborate?	For valuation purposes of debt instruments
ALRMS 4136-015: These should be used to emulate interest rate movement but it is classified under the "behavioral" (of customer?) can the bank elaborate?	For valuation purposes of debt instruments
ALRMS 4136-016: These should be used to emulate interest rate movement but it is classified under the "behavioral" (of customer?) can the bank elaborate?	For valuation purposes of debt instruments

BIDDER QUESTIONS	LBP ANSWER
ALRMS 4136-017: These should be used to emulate interest rate movement but it is classified under the "behavioral" (of customer?) can the bank elaborate?	For valuation purposes of debt instruments
ALRMS 4136-027: These should be used to emulate interest rate movement but it is classified under the "behavioral" (of customer?) can the bank elaborate?	For projection purposes
ALRMS 4136-028: These should be used to emulate interest rate movement but it is classified under the "behavioral" (of customer?) can the bank elaborate?	For projection purposes
ALRMS 4136-029: These should be used to emulate interest rate movement but it is classified under the "behavioral" (of customer?) can the bank elaborate?	For projection purposes
ALRMS 4151-006: Is this just the ability for classification or calculation of VaR based on this? As "VaR" was mentioned in the section first question?	Yes. This is calculation of VaR based on the classification.
ALRMS 4151-146: is this applied to pricing (instrument) or curve building of rates simulation against risk values / sensitivities	Yes.
ALRMS 4153-058: By definition "reverse stress test" is a process of identifying the source of the stressed value. What does the bank have in mind for this function? Simply ability to identify the largest risk(s) or exposure(s)?	Yes.
SUNGARD	
ALRMS 4111-036: What kind of stress testing is expected from ALM – Liquidity stress test? The following are the Stress test Scenarios for Liquidity:	<p>Under Funding Liquidity Risk - *Going Concern Scenario 1/ Committes P30Bn LBP Calamity rehabilitation 2/ Projected Regular Loan Increase for CY 2015 released equally per quarter 3/ 30% of Loans Receivable Within 1-Year Period Defaulted 4/ 30% of Loans Receivables within 1-Year Period Defaulted 5/</p> <p>*Bank Specific Scenario 1/ 30% of Private Deposits are Withdrawn 2/ 30% of Government Deposits are Withdrawn 3/ 30% of Total Deposits are Withdrawn 4/ Implementation of treasury Single Account (TSA) Withdrawal of Government Deposits 5/Assumed a legal claims against the banks B. Under Trading/Market Liquidity Risk * 1/ All Debt securities considered as liquid assets suffer a haircut of 30% 2/ Basel III Implementation Impact through the Liquidity Coverage Ratio (LCR) 3/ Simulation of Portfolio Stress Test Result to Liquidity Structure C. Aggregation of Risks 1/Simulation of Combined Market, Interest Rate, Credit, Counterparty and Operations Risk Stress Test Result Impact to Liquidity Risk. 2/ Combination of all Liquidity Stress Test Result when to Occur at the Same Time (Worst Time) D.</p>

	Reverse Stress Test - Maximizing Utilization of P390.990Bn Fund source ensuring positive cumulative gap in all time buckets
ALRMS 4111-096: Do the Pillar 1 risks only apply to Credit Risk RWA and Market Risk RWA in this case, and Operational Risk RWA is not applicable in this case?	Components of Basel II and III
ALRMS 4112-012: How does the bank plan to quantify the impact of Real GDP on balance sheet evolution?	Tweak factors for balance sheet forecasting (See BSMD comments). For Dynamic ALM (Phase II)
ALRMS 4112-013: How does the bank plan to quantify the impact of Real Consumption Growth on balance sheet evolution?	Tweak factors for balance sheet forecasting (See BSMD comments). For Dynamic ALM (Phase II)
ALRMS 4112-014: How does the bank plan to quantify the impact on balance sheet evolution?	Tweak factors for balance sheet forecasting (See BSMD comments). For Dynamic ALM (Phase II)
ALRMS 4112-015: How does the bank plan to quantify the impact on balance sheet evolution?	Tweak factors for balance sheet forecasting (See BSMD comments). For Dynamic ALM (Phase II)
ALRMS 4112-016: How does the bank plan to quantify the impact on balance sheet evolution?	Tweak factors for balance sheet forecasting (See BSMD comments). For Dynamic ALM (Phase II)
ALRMS 4112-017: How does the bank plan to quantify the impact on balance sheet evolution?	Tweak factors for balance sheet forecasting (See BSMD comments). For Dynamic ALM (Phase II)
ALRMS 4112-018: How does the bank plan to quantify the impact on balance sheet evolution?	Tweak factors for balance sheet forecasting (See BSMD comments). For Dynamic ALM (Phase II)
ALRMS 4112-019: How does the bank plan to quantify the impact on balance sheet evolution?	Tweak factors for balance sheet forecasting (See BSMD comments). For Dynamic ALM (Phase II)
ALRMS 4112-020: How does the bank plan to quantify the impact on balance sheet evolution?	Tweak factors for balance sheet forecasting (See BSMD comments). For Dynamic ALM (Phase II)
ALRMS 4112-025: How does the bank plan to quantify the impact on balance sheet evolution?	Tweak factors for balance sheet forecasting (See BSMD comments). For Dynamic ALM (Phase II)
ALRMS 4112-035: How are the liabilities and capital as sources of funds identified and matched against the asset accounts? Are the matchings available with the asset accounts in the source systems or as the results of allocation formula in the report which is user-defined and maintained?	TRMD has a formula in identifying fund sources.
ALRMS 4127-001: Is the purpose to track top 'x' deposits and other accounts? If so, does the bank have a threshold in mind?	Not only that but also for model development and identify large fund concentration based on the criteria to be set by management and in accordance with the LCR framework. Yes there is a target threshold set by the Bank.
ALRMS 4127-014 / 4127-015 / 4127-016: These data points do not have an impact on ALM. Would the bank not prefer to do this on top of the warehouse. As bring such data would not only create data redundancy and duplication but also not lead to optimisation of bank's infrastructure.	No, this is relevant since this can be used as variables in our computation. Ex: logistic regression and modeling.

BIDDER QUESTIONS	LBP ANSWER
ALRMS 41210-011: Could the bank explain with the help of a scenario?	Facility for the user to identify and monitor funding sources.
ALRMS 4132-002: Does the data published on this site get saved at a central location behind the banks firewalls? It is suggested that the market data that gets downloaded be used for this purpose.	Download from 3rd party system then upload to ALRMS. We prefer to have a staging area.
ALRMS 4134-066: Request for further explanation on this requirement?	Portfolio weights can be calculated by using different approaches: the most basic type of weight is determined by dividing the value of a security by the total value of the portfolio. Another approach would be to divide the number of units of a given security by the total number of shares held in the portfolio. Portfolio weights are not necessarily applied only to specific securities but it can also be calculated by using the weight of their portfolios in terms of sector.
ALRMS 4113-024/4113-25/4113-26: We believe FTP curves are not subject to scenario analysis as changes to FTP curve would impact the margins and change the past margins on products. We wish to understand how does the bank plan to use these features.	Case in point, FTP models considers interest term structure. The changes interest curve affect FTP.:
ALRMS 4113-041: For this the bank would be in a position to provide interest income and expenses at the desired frequency and granularity to reconcile with system results ?	Yes
ALRMS 4151-134: We are not aware of any bank using this model or any such model considered appropriate for market risk purposes, what is the basis for the request of such an IR rate model?	Rendleman and Bartter interest rate model is a kind of short term models. Please refer to the following financial journal. R. Rendleman and B. Bartter, "The Pricing of Options on Debt Securities," Journal of Financial and Quantitative Analysis, 15(March 1980).
ALRMS 4154-002 / 4154-003: Since risk analytics systems are not P&L systems and neither real time or position keeping system, how do you see stop loss and loss alerts working in such an set up ?	On the risk management side, we are amenable with after the fact monitoring.
ALRMS 4156-009 / 4156-010/ 4156-011 / 4156-012 / 4156-013: What is the purpose of these data extracted from the Data Warehouse? Is the purpose to extract data in order to generate reports directly or to extract the position data, calculate the results in the system and then generate the reports?	Both. Primarily the system should be able to calculate the results from the position data
ALRMS 4158-002: Could the bank explain with the help of a scenario or example?	Refer to BSP Circular 594 (e.g. allowed derivative activity, etc). This is only after the fact monitoring report.
ALRMS 4158-006: Request further explanation	BSP Circular 594 (e.g. allowed derivative activity, etc). This is only after the fact monitoring report.

BIDDER QUESTIONS	LBP ANSWER
ALRMS 4158-009: Request further explanation	BSP Circular 594 (e.g. allowed derivative activity, etc). This is only after the fact monitoring report.
ALRMS 4158-010: Request further explanation	BSP Circular 594 (e.g. allowed derivative activity, etc). This is only after the fact monitoring report.
ALRMS 4158-011: Which limits?	E.g. trading limits and hedging limits
ALRMS 4158-024: Monitor in what sense? Could the bank explain with the help of a scenario or example?	Monitor through reports (after the fact)
ALRMS 4158-025: This should be done in Middle office or treasury system, how is it expected to be done in a risk analytics system ?	Generate reports (after the fact)
ALRMS 4158-041: What is the system expected to do for this?	Generate reports (after the fact)
ALRMS 4158-042: What is the system expected to do for this?	Generate reports (after the fact)
ALRMS 4158-043: What is the system expected to do for this?	Generate reports (after the fact)
ALRMS 422-003: What is the number of concurrent users for the bank?	50
Volume of transactions/ data	See initial business volume
Expected increase in volume/ data	See initial business volume
TIM-WOLTER KLUWERS	
Are derivatives in scope?	YES
How many users will use the system concurrently?	50
Kindly provide details about LBP's E.O. 35, series of 2011. (Land bank's guidelines on Security and Access Controls)	Due to confidentiality, we will discuss this in detail with the winning vendor.
Kindly provide details about LBP's existing security framework	Due to confidentiality, we will discuss this in detail with the winning vendor.
Kindly provide details on the data volumes (contract types, number of contracts, etc...), the number of concurrent users and the number of historic data to retain in the ALRMS system. Said information is required in order for us to draft a hardware sizing.	See initial business volume
How many loans does the bank have?	40
How many bonds does the bank have?	5
How many fixed term deposits does the bank have?	2 (at least)
What other product types does the Bank have? What are the number of deals/contracts per product type?	See initial business volume
What's the number of expected transactions per day?	See initial business volume
What's the expected growth rate per year?	See initial business volume
How many years of history will be kept in the system?	At least 10 years

Answer B/16

BIDDER QUESTIONS	LBP ANSWER
How many users will use the system concurrently?	50
Kindly clarify the current scope of operations within Land bank with relationship to the scope of the issued RFP. Which analytics are currently used within the bank, what are major gaps. What is the rate of consumption of the different analytics calculated and by how many departments (users), etc. The 'current' process.	Department responsible for Asset-Liability and Risk Management analytics is doing this manually.
Kindly clarify the current product mix that is in place within the bank (retail, investment,...) and also kindly clarify the product mix currently not part of the bank but planned within the next 5 years.	Loans (eg. Short and Long Term), Deposit (eg. Savings, Current and Time), Investment (eg. AFS, HFT, INMES). The Bank is preparing for more derivative products.
Can the bank provide relevant volumes and transactions (i.e. Volume of transactions per product, Number and type of calculations ran and at what intervals)	See initial business volume
Which statistical tool/library are Land Bank currently using? And would Land Bank like to continue using this tool/library in the future with the new ALM system?	Only basic tools are used. LBP plans to use what is embedded in the future.
License, Maintenance, Exchange of Confidential Information and Other Agreements – is this some kind of pricing or contract?	Draft of Contracts
* Other questions regarding the business volume and transaction will be further addressed.	

Annex B17

INITIAL BUSINESS VOLUME

Category	Response	Notes
Count of Contracts	<ol style="list-style-type: none"> 1. Money Market -- 100 to 150 investments daily 2. AFS, HTM, HFT -- 200 to 600 securities 3. Unquoted & loans to Private Corp -- 100 Bonds 4. Deposit 5. Loans 	Currently, the Bank is working on the given range. An increase of approximately 10 - 30% in transaction volume is expected.
Number of users	At least 50 concurrent users	Additional users may be identified during implementation.
Type of calculations and frequency	<ol style="list-style-type: none"> 1. Liquidity Gap - Daily 2. IRR -- Daily and Monthly 3. VAR - Daily 4. Liquidity Ratios - Monthly 5. Duration - Monthly 6. CAR - Daily 7. Accrual - Daily 8. Revaluation - Daily 9. Mark-to-Market - Daily 10. MTM Gain/Loss - Daily 11. Face Value - Daily 12. Book Value - Daily 13. Maturity Value - Daily 14. DTM - Daily 15. Forecasting of Banking Books -- Quarterly 16. Duration of Investment Portfolio -- Quarterly 17. Net Unrealized gains/losses on AFS - Monthly 18. Liquidity Ratios Monitoring - Monthly 19. Profitability Ratios Monitoring - Monthly 20. Investment Portfolio - Monthly 21. Effective Cost of Deposits Computation - Monthly 22. Spread Over FTP Base Rate - Daily 23. Credit Risk - Daily 24. Option Cost - Daily 25. Prepayments - Daily 26. Funding Liquidity Spread - Daily 27. Contingent Liquidity Spread - Daily 28. Gross Interest Income - Daily 29. Net Interest Margin - Daily 30. Average Maturity of Accounts - Daily 31. Average Balances of Accounts - Daily 32. FTP Stress Test - Monthly 	<p>Please note that these are the most common calculations currently being done. However, calculations should not be limited to these.</p> <p>Also, the frequency provided is the minimum requirement. Users shall also be able to select the frequency of computations/report generation (e.g. daily, weekly, monthly, quarterly or as needed)</p>