

EXPRESSION OF INTEREST (EOI)

Supply and Implementation

Of

IFRS 9 Solution

At

CIM Finance Ltd

Disclaimer

CIM Finance Ltd (hereinafter referred as 'CFL' or 'Purchaser') is a member of CIM Financial Services Ltd (hereinafter referred as 'Group'), a financial services group listed on the Stock Exchange of Mauritius and headquartered in Mauritius. The Group operates across two major clusters namely: Finance cluster and Investment cluster and has more than 600 employees across Mauritius, Rodrigues Island and Kenya. Its Finance cluster consists mainly of its wholly owned subsidiaries, CFL and CIM Agencies Ltd (hereinafter referred as 'CAL'). CFL offers financial solutions to consumers, SMEs and large corporates. Present on the credit market since 1987 and duly licensed by the Financial Services Commission (FSC), CFL offers credit financing, leasing and factoring services through a network of over 100 counters spread over Mauritius and Rodrigues. CFL has been, and remains, the first non-banking financial institution in Sub-Saharan Africa to issue MasterCard and Visa credit cards offering a range of credit card issuing and acquiring services as a payment service provider. CAL offers insurance agency services and is also duly licensed by the FSC.

This EOI document is not an agreement or an offer by CFL. This EOI is to invite proposals from applicants who are qualified to submit the bids ('Bidders' or 'Vendors'). The purpose of this EOI is to provide the Bidder(s) with information to assist them in formulation of their proposals ('Bids'). This EOI does not contain all the information, which each Bidder may require. Each Bidder should conduct its own investigations, analysis and should check the accuracy, reliability and completeness of the information in this EOI and wherever necessary obtain relevant independent advice. CFL makes no representation or warranty and shall incur no liability under any law, statute, rules or regulations as to the accuracy, reliability or completeness of this EOI. CFL may in its absolute discretion, but without being under any obligation to do so, update, amend or supplement the information in this EOI.

The information contained in the EOI document is selective and is subject to update, expansion, revision and amendment. It does not purport to contain all the information that a Bidder may require. CFL does not undertake to provide any Bidder with access to any additional information or to update the information in the EOI document or to correct any inaccuracies therein, which may become apparent. CFL reserves the right to change, modify, add to, delete or alter any or all of the provisions of this EOI and/or the bidding process, without giving any reasons whatsoever. Such change will be communicated to all Bidders. Any information contained in this EOI document may be superseded by any later written information on the same subject and made available to all Bidders by CFL.

CFL reserves the right to reject any or all the expression of interest /proposals received in response to this EOI at any stage without giving any reason whatsoever. The decision of CFL shall be final, conclusive and binding on all the parties.

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Document Control Sheet

Bidders may note the schedule of following important events.

Name of the Company	CIM FINANCE LTD
Issue of Bid Document	07.08.2020
Clarification on EOI by	12.08.2020 at 16:00 hours
Response back on EOI	14.08.2020
Expression of Interest to be received at CIM by	19.08.2020 at 16:00 hours

Please note that the desired information shall be provided only in the form and formats specified in this EOI document.

Changes and clarifications, if any, related to this EOI document shall be issued to the Bidders through emails. All such requests for clarification should be sent to ifrs9solution@cim.mu .

Section 1 – EXPRESSION OF INTEREST

1. Introduction

CIM Finance Ltd (hereinafter referred as ‘CFL’ or ‘Purchaser’) is a member of CIM Financial Services Ltd (hereinafter referred as ‘Group’), a financial services group listed on the Stock Exchange of Mauritius and headquartered in Mauritius. CFL is regulated by the Financial Services Commission (FSC) and Bank of Mauritius (BoM). CFL is the first non-banking financial institution in Sub-Saharan Africa to issue MasterCard and Visa credit cards. CFL has more than 600 employees and operates over 90+ counters spread across Mauritius and Rodrigues. Present on the credit market since 1987, it offers financial solutions to individual consumers, SMEs and large corporates.

This document constitutes the formal Expression of Interest (hereinafter referred to as “EOI”) for consultancy services on IFRS 9 expected credit loss (ECL) computation and for the implementation of an IFRS 9 Automated Solution (hereinafter referred to as “IAS”), which is being availed through floating of EOI to all eligible vendors.

2. Purpose of EOI

The purpose of this EOI is to invite bids for procurement of an IFRS 9 Automated Solution, which should also include consultancy services to assess the validity of the current IFRS9 models and recommend changes to the models, methods, assumptions and information used to estimate the expected credit loss (ECL).

3. Due Diligence

The Bidder is expected to examine all instructions, forms, terms and specifications in this EOI and study the EOI document carefully. Bid shall be deemed to have been submitted after careful study and examination of this EOI with full understanding of its implications. The Bid should be precise, complete in all respects and in the prescribed format as per the requirement of this EOI. Failure to furnish all information required by this EOI or submission of a Bid not responsive to this EOI in each and every respect will be at the Bidder’s own risk and may result in rejection of the Bid and for which CFL shall not be held responsible.

4. Guidelines to Bidders

- i. All EOIs received by the designated date and time will be examined by CFL to determine if they meet criteria/terms and conditions mentioned in this document including its subsequent amendment(s), if any, and whether EOIs are complete in all respects.
- ii. On scrutiny, the EOIs NOT found in desired format/illegible/incomplete/not containing clear information or failing to fulfil a relevant requirement, which in the view of CFL,

- does not permit a thorough analysis will be rejected from further evaluation process.
- iii. CFL reserves the right, at any time, to waive any of the requirements of this EOI document if it is deemed in the interest of CFL.
 - iv. If deemed necessary, CFL may seek clarifications on any aspect of EOI from the applicant. If a written response is requested, it must be provided within 4 working days beyond which if the response is received, will not be considered. However, that would not entitle the applicant to change or cause any change in the substances of their EOI document already submitted. CFL may also make enquiries to establish the past performance of the applicants in respect of similar work. All information submitted in the application or obtained subsequently will be treated as confidential.
 - v. After examining the EOI, some or all of the applicants may be asked to make a presentation of the solution and demonstrate proof of concept.
 - vi. CFL may shortlist the applicants who fulfil the eligibility criteria, have Solution as per the requirement of CFL and are agreeing to abide by the terms and conditions of CFL. CFL's judgment in this regard will be final.
 - vii. CFL may issue an RFP to shortlisted applicants for inviting technical and indicative commercial bids for next process of procurement. However, please note that short listing of applicants should not be treated as a contract for the proposed work.
 - viii. Applicants will be advised about short listing of their EOIs or otherwise. However, applicants will not be provided with information regarding comparative position of their EOIs with that of others.

5. Eligibility Criteria

The Basic Eligibility Criteria will be based on the following:

- i. Bidding for both IFRS9 automated solution and IFRS9 consultancy services is compulsory.
- ii. Bidder should be a corporate having at least FIVE or more IFRS9 automated solution implementations of which at least one in Mauritius or EMEA countries.
- iii. Bidder should be in existence and with proven expertise in the field of IFRS9 implementation and automation in Mauritius or EMEA countries.
- iv. Bidder should not have been blacklisted on any sanction list or in any jurisdiction whether by any financial institution, supervisory authority, or Government.
- v. Bidder should have all necessary licenses, permissions, consents, No Objection Certificates, approvals as required under law for carrying out its business.
- vi. Bidder shall have proper service setup to provide post implementation support and Annual Technical Support.
- vii. The bidder should have experience in interfacing IFRS9 solution to any other Core systems either hosted on premises or on cloud.

Section 2 – CLARIFICATION ON BID DOCUMENT

1. Clarifications

Any clarification sought by the Bidder in respect of this EOI shall be addressed in writing by email latest by 12th August 2020 at 16:00 hours.

2. Language of Bids

The Bids shall be submitted in English only. All correspondence related to the EOI/Proposal shall be in English.

3. Modification & Withdrawal of Bids

- i. Written Notice - The Bidder may modify or withdraw its Bid after the Bid's submission, provided that CFL receives written notice of the modification or withdrawal, before the expiry of deadline prescribed for submission of Bids.
- ii. Last Date for Notice - No Bid may be modified subsequent to the deadline for submission of Bids. No Bid may be withdrawn in the interval between the deadline for submission of Bids and the expiry of validity period of Bid specified by the Bidder on the Bid form.

Section 3 – SCOPE OF WORK

1. Existing System

The current IFRS9 models that are used by CFL for the computation of Expected Credit Loss (ECL) for the different financial assets were derived using historical data of more than 7 years in the case of Consumer Finance products whilst taking into account the macroeconomic forecasts.

CFL is using various tools in order to obtain the data required and compute the ECL as required under IFRS9. This process requires much manual intervention using R studio and Excel; it can be challenging to perform extensive analysis, drill down on a large dataset of over 250K records and to validate the results.

2. High-level requirements

CFL is seeking consultancy services to assess the validity of CFL's existing IFRS9 models in line with leading practices and recommend changes to the models, methods, assumptions and information that CFL should

consider to measure ECLs, whilst taking into consideration the current and future economic conditions as well as the business environment in which CFL is operating.

In addition, there is a requirement to automate the computation of IFRS9 ECL. The proposed system should be able to automate key processes such as the SPPI (solely payments of principal and interest) assessment, ECL measurements and in-depth analysis through fast, accurate classification, calculations, disclosure and what-if analysis. This requires a higher emphasis on the control environment, workflow, and ability to adjust, interrogate and give commentary on changes at a very detailed level.

The main components of the solution and corresponding key requirements are as follows:

Sn	Components	Key Requirements
1	Classification and Measurement	SPPI Test and Business Model tool
		Interaction with other IFRS standards
2	Data	Solution integrate CFL Data Warehouse
		Input data format-Extract, Transform, Load
		GL reconciliation
3	Staging	SICR, change of stage transition rules, early warning signals
		Monitoring of Curing period and probation period
		Comparison of stage across date
4	Probability of Default	Incorporation and modification of existing or new PD term structures
		Multi modelling per product type
		Incorporation and update of Macro-economic Variables
5	Loss Given Default	Incorporation and modification of existing or new LGD term structures
		Front end modification of haircut % and depreciation factor
		Incorporation and update of Macro-economic Variables
6	Exposure at Default	Generation of cash flow with different schedule of payment.
		Support internal CCF model and regulatory CCF
		Off-balance sheet exposures
7	ECL	Discounting based on contractual rate or EIR
		Support ECL from different models and aggregate
8	What-if analysis	Flexibility to modify coefficients
		Stress testing under different scenarios
9	Visualisation and Reporting	Interactive dashboard
		Drill-down options
		Comparatives from previous dates
		Customised Reports

Sn	Components	Key Requirements
10	Disclosures	Movement of Exposure and ECL across stages
11	System	Free security and system updates Audit trail
12	Knowledge of Local market	Past experience and collaboration with companies in Mauritius and has the expertise in risk consultancy

3. Implementation & Customizations

- a. Installation & configuration of various components and functionalities
- b. Customization as per the required functionality. Any changes required by law or regulations, or suggested by Regulators, auditors or compliance with CFL's policies
- c. Integration with External Systems
- d. Support for UAT
- e. Provide support for Go Live
- f. Hand-over as per the agreed project plan
- g. Provide Implementation, Parameterization and Customization Services along with Migration of existing Data
- h. Perform Stress Testing through external parties and provide required support and Performance Tuning on the application and database
- i. Project hand-over at the end of the agreed period as agreed with CFL

4. Integration with other Systems

The system shall support integration with various Systems through straight through processing (STP) / upload functionality (optional) and through use of API's. CFL will require integration in a phased manner depending on its requirements. The other systems are listed below:

- a. Existing client databases
- b. Data Warehouse
- c. Credit Scoring / Rating software
- d. Accounting software
- e. Any other system as required by CFL from time to time

5. Training

The training shall include Functional and Technical training to CFL's designated personnel and training material should be in English,

- a. Functional
 - Parameterization
 - Products setup
 - Workflow setup
 - New field setup
 - All functionalities & features

- Report generation
- Uploads
- Begin of Day / End of Day process
- User Management and Auditing Techniques
- All other aspects required for smooth implementation of the software

b. Technical

- Installation and configurations of the system (including all functionalities and requirements) along with all third party software
- Report writing
- Troubleshooting
- Management of Database
- Data Dictionaries
- Configuration and customization for adding new products, Business outlets, changes affecting scoring, deviation, eligibility, account opening and other processing parameters
- All other aspects required for smooth implementation of the IAS

6. Support

- Provide support in setting up the implementation, testing and any validation and calibration assessment
- Post-implementation support from Go Live date and further support as mentioned in Service Scope
- The Vendor shall provide technical and functional support for the proposed systems and shall have overall responsibility of the performance, functionality and operation of the system

7. Annual Technical / Maintenance Support

The proposal shall include the terms for Technical or Maintenance Support along with SLA as per CFL's conditions.

It shall also include the following:

- Defects fixes: Bidder shall maintain the source code and provide bug fixes for the defects/ bugs noticed in the application without any additional cost.
- Application support/Helpdesk support (User support on functional and technical aspect).
Generation of Regulatory and other MIS reports.
- Changes/enhancements in Software application/Reporting requirements to be implemented from time to time to meet the changes in the regulatory/statutory/Business requirements
- Application Software version Upgrades
- Regulatory Changes that are applicable globally and regionally

8. General Terms

- a. CFL reserves the right to purchase Hardware and 3rd Party Software, to be used in conjunction with the systems from other vendor/s or use the same depending upon the hardware / licenses already available with it.
- b. The Proposal shall include scope for ensuring the software is thoroughly tested for quality and consistency, before commissioning.
- c. All procedures and processes in the lifecycle of the Project shall be in accordance with the CFL's project management guidelines.
- d. The Vendor shall provide the support for DR setup.
- e. On-site support shall be provided by technical experts conversant with functionality of proposed systems. The on-site support should extend services like helpdesk, data backup, user management, database management / maintenance, updating of data, maintaining integrity of data, loading application upgrades, technical support for ad hoc queries, archival of data, etc.
- f. In the event the IAS and risk consultancy services are from different providers, sufficient collaboration and support is expected from the providers for successful delivery of the program through a proper Program co-ordination and joint steering committee that would be formed for the purpose for any escalations.

9. Warranty

Post implementation warranty should cover the following:

- a. Defect fixes, Removal of bugs
- b. Application support (User support on functionality and technical aspect)
- c. On site post-implementation support to application admin and IT team at no extra cost
- d. Warranty Period of Contract shall be one year and will start from the date the respective IFRS9 solution has been accepted by CFL by issuing the certificate of acceptance
- e. Regulatory reports generation
- f. Changes / enhancements in the application due to reporting requirements to be implemented from time to time to meet the changes in the regulatory / statutory requirements
- g. Application Software version Upgrades

10. General Scope Related to Service

The Vendor shall provide technical support for the software application systems supplied under this contract, and will have overall responsibility of the performance, functionality and operation of the systems under this EOI. On receipt of a problem/ issue, the Vendor shall analyze the problem and resolve the problem completely to the satisfaction of CFL within predetermined time frame. The Vendor shall also provide escalation matrix in respect of support and maintenance of the application software. The scope of work is as below:

The development of the system as mentioned in the scope. Delivery of predefined deliverables as agreed.

The complete documentation – Modular wise User Manuals and Administrator Manual are required for users as decided at time of study. Context sensitive help is required.

Maintenance and support of the software application systems during the project period which includes implementation, post-implementation, warranty and maintenance periods. The coverage shall be at least 97% uptime for 24 hours a day, 7 days a week.

Post-implementation on-site support should be provided by the vendor 3 months from the date of Go Live.

On-site support by Functional and Technical team of Vendor conversant/acquainted with the entire module. CFL may extend this support scope for further period, based on its requirements.

11. Acceptance of Bid

Prior to the expiration of the period of bid validity, CFL will notify the successful Bidder in writing, that its bid has been accepted.

12. Intellectual Property Rights and Patent Rights

The Bidder should ensure all the products / services / technology platforms etc. should be owned or it should have rights to use & distribute to their customers.

Purchaser shall own and have a right in perpetuity to use all Intellectual Property Rights which have arisen out of or in connection with the implementation of this Contract, including all processes and products which have been developed by the Bidder during the performance of Services and for the purposes of inter-alia use or sub-license of such Services under this Contract. The Bidder undertakes to disclose all Intellectual Property Rights arising out of or in connection with the performance of the Services to the Purchaser and execute all such agreements/documents and file all relevant applications, effect transfers and obtain all permits, approvals, consents and no objections that may be necessary in this regard to effectively transfer and protect the Intellectual Property Rights of the Purchaser. The Bidder shall indemnify the Purchaser against all third party claims of infringement of patent, trademark or industrial design rights arising from use of such intellectual property, or any part thereof.

- a. The Bidder shall ensure that while it uses any software, hardware, processes or material in the course of performing the Services, it does not infringe the Intellectual Property Rights of any person and the Bidder shall keep the Purchaser indemnified against all costs, charges, expenses, liabilities, claims, damages, litigations, suits, judgments and/or otherwise howsoever, arising out of any illegal or unauthorized use (piracy) or in connection with any claim or proceedings relating to any breach or violation of any permission/license terms or infringement of any Intellectual Property Rights by the Bidder or any sub-Bidder during the course of performance of the Services.
- b. The Bidder shall be obliged to ensure that all approvals, consents, no objections, registrations, licenses, permits and rights which are inter-alia necessary for use of the information technology system installed by the Bidder, shall be acquired in the name of the Purchaser, prior to termination of this EOI and which shall be assigned by the Purchaser if necessary under the applicable laws or otherwise to the /Bidder for the purpose of execution of any of its obligations under the terms of the Bid, or this Contract.

In the event of any claim asserted by a third party of infringement of trademark, trade names, copyright, patent, intellectual property rights or industrial drawing/design rights arising from the use of the Services or any part thereof, the Bidder shall act expeditiously to extinguish such claim. If the Bidder fails to comply and Purchaser is required to pay compensation to a third party resulting from such infringement, the Bidder shall be responsible for the compensation including all expenses, court costs and lawyer fees. Purchaser will give notice to the Bidder of such claim, if it is made, without delay.

13. Confidentiality

The Parties agree that they shall hold in trust any Confidential Information received by either Party, under this EOI, and the strictest of confidence shall be maintained in respect of such Confidential Information. The parties will be bound by the Non-Disclosure agreement signed mutually before bidding to this EOI.

14. Publicity

The Bidder is not permitted to make any public announcement or media release about any aspect of this EOI unless the Purchaser first gives the Bidder his written consent.

Section 4 – Governing Law and Jurisdiction

This EOI shall be governed by and construed in accordance with the laws of the Republic of Mauritius and the parties hereby irrevocably submit to the jurisdiction of the courts of the Republic of Mauritius in relation to any dispute or matter arising out of or in connection therewith.

Section 5 - Format and signing of EOI:

The applicant should prepare EOI strictly as desired in this document.

- a. EOI should be typed and submitted on A4 size paper, spirally and securely bound and with all pages therein numbered and in serial order,
- b. All pages of the EOI should be signed by the authorized person(s) of the company/firm. Any interlineations, erases or overwriting shall be valid only if the person(s) signing the EOI authenticates them. The EOI should bear the seal of the company of the applicant on each page except for the un-amendable printed literature,
- c. The applicants should demonstrate that they meet eligibility given in:

Annexure A of this EOI,

- a. As a part of this EOI, the applicant has to submit detailed approach paper on how they propose to implement the solutions, along with requirements to setup the same,

Section 6 - Annexures

Annexure - A

Sr.No	Eligibility Criteria	Compliance (Yes/No)	Supporting documents to be submitted (Mandatory)
1	Bidder should be a corporate having at least FIVE or more implementations of which at least one IFRS9 automated system in Mauritius or EMEA countries		Reference Purchase Order / Contract Document. Reference letters would be desirable
2	Bidder should have experience with implementing IFRS9 solutions in at least two sites in the last 3 years		Reference Purchase Order / Contract Document, testimonials
3	Bidder should not have been blacklisted on any sanction list or in any jurisdiction whether by any financial institution, supervisory authority, or Government		Self - declaration to this effect should be provided
4	Bidder should have all necessary licenses, permissions, consents, No Objection Certificates, approvals as required under law for carrying out its business.		Necessary proof like BRN no, NOC, licences, if any, consent, partnership agreements.
5	The Bidder (applicant) shall provide the details of proposed project management team (Directors, Managers etc.), with past experience in similar projects		Signed CV's and other supporting documents
6	Authorization from OEM / product vendors that the SI is allowed to customize and modify their applications/ products		Letter of Authorizations
7	List of Directors of the Company and shareholding structure		List/ Statement
8	Latest audited financial statements of the Company		Financial Statements