In order for our proposal to be as reflective as possible of the expected level of efforts, we would appreciate your feedback on the following questions:

No	Question from company	Answer from Bank
1	Please, provide basic overview of the portfolios in scope (mortgage, consumer, corporate, SME) - how many counterparties are currently in those segment, how long history of reliable recovery data is available, how many default events were observed (e.g. in past 12 months, or overall)?	Historical data on defaults and recoveries is available within the Bank's internal systems for both Retail and Business portfolios. A ten-year history of detailed information, including portfolio segmentation, number of facilities, overall default observations and cures are available for LGD modeling purposes.
2	What is the motivation for new development and what is the current state of LGD models used for IFRS 9 ECL?	The objective of the engagement is to develop a robust, documented and appropriately validated LGD model for IFRS 9 ECL purposes, using the Bank's available internal default and recovery data. The Bank currently applies a statistical LGD estimation approach based on observed loss and recovery experience but does not provide forward looking LGD.
3	In the Work Stream 3 (validation) a discriminatory power is mentioned as one of required statistical tests. This would suggest you are looking for "scorecard" type of LGD model (like in Basel IRB), where each client has assigned individual LGD (employing some predictive model like logistic regression). Is this really the intention? For IFRS 9 purposes the product level average LGD parameters are typically sufficient (final LGD formula may consider collateral values and days past due yielding to exposure specific final LGD number - but no explicit predictive model is involved).	The Bank is not prescribing a Basel IRB-style client-level LGD scorecard as the acceptable modelling approach. The reference to discriminatory power should be interpreted as a requirement to assess whether the proposed segmentation, risk drivers or modelling components meaningfully differentiate realized loss severity, where such testing is statistically applicable. The final methodology will be agreed following the data-quality and segmentation assessment.
4	Is it possible to transfer data to our systems, or do we need access to bank's systems/laptops to deliver the project?	Subject to completion of the Bank's information-security, confidentiality and data-protection requirements, the Bank anticipates that the required modelling data may be transferred through secure, approved channels (e.g. OneDrive). It is not considered necessary to have access on Bank's systems/PCs.
5	Regarding the financial proposal (Annex 1), should we provide a modular pricing approach (e.g., pricing for 2, 3, and 4 models) so the final contract value can be adjusted based on the outcome of the segmentation analysis in Work Stream 2?	The Bank requests bidders to submit a pricing proposal that reflects their proposed approach. Where relevant, bidders may provide a modular pricing structure to accommodate potential outcomes of the segmentation analysis.
6	Given that Credit Cards and Financial Leases constitute a very small percentage of the total portfolio (0.5% and 2.1% respectively as per your 2025 financial statements), is the bank's preference to merge these into the broader Retail Consumer	The Bank does not intend to prescribe the final treatment before completion of the segmentation and materiality assessment based on portfolio materiality, risk characteristics, or the number of sufficiently

	pool, or treat them via a simplified proxy/expert judgement approach outside the core model builds?	resolved default cases. However, if the assessment concludes that certain portfolios share sufficiently similar characteristics, they may be combined into a single segment.
7	Could you confirm the historical depth of the available default and recovery data (e.g., 5 years, 10 years, number of defaults, number of cures, number of resolved cases)? Furthermore, are historical recovery cash flows and direct/indirect recovery costs centrally stored and accessible in a structured format for analysis?	Historical data on defaults and recoveries is available within the Bank's internal systems for both Retail and Business portfolios. A ten-year history of detailed information, including portfolio segmentation, number of facilities, default observations and cures are available for LGD modeling purposes.
8	Given the bank's low NPL ratio (2.5% as per your 2025 financial statements), we anticipate a low volume of historical default observations, particularly in the Corporate and SME segments. Does the bank already subscribe to any external credit loss databases (e.g., Global Credit Data), or should we provision for external benchmarking data within our methodological approach?	The Bank does not currently use a specific external credit loss database. The bidder should propose an appropriate methodology based primarily on available internal data and may recommend external benchmarking where deemed necessary to support model robustness, particularly for low-default portfolios.
9	The RFP requires support for integrating the new LGD models into the bank's current IFRS 9 provisioning engines. Could you confirm the technology & software currently used (e.g., SAS, Python, SQL, or a proprietary vendor solution)?	The Bank currently uses a local vendor-developed software solution to perform its IFRS 9 provisioning calculations.
10	Does the bank have pre-defined macroeconomic scenarios and forecasts that should be integrated into the forward-looking Point-in-Time (PiT) LGD adjustments, or is the vendor expected to develop the macroeconomic forecasting models as part of this scope?	The scope of the project is limited to LGD model development and does not involve the development of a Forward-Looking Information (FLI) model.
11	Given that the Bank of Albania (BoA) rules have a 5-tier loan classification system (Standard, Special Mention, Sub-standard, Doubtful, Loss) for regulatory purposes, how does the Bank currently map these local categories to the IFRS 9 staging framework (Stage 1, Stage 2 / SICR, Stage 3)? Specifically, has the historical default data been aligned strictly to the IFRS 9 90-day backstop, or will the vendor need to reconcile the historical data between BoA regulatory classifications (e.g., integrating the 2022 restructured loan probation amendments) and IFRS 9 default definitions prior to modelling?	The Bank calculates staging based on IFRS 9 Standards and the historical data is available.
12	Are the working sessions and knowledge transfer workshops expected to be delivered on-site at the Tirana Bank Head Office, or can they be conducted remotely? If on-site presence is mandatory, must all travel and accommodation expenses be absorbed into the fixed fee, or will they be billed as incurred?	The training will be done through online sessions in adequate meeting platforms or for specific topics via electronic mail, no physical presence is required.

13	Given the strict 2-month delivery timeline from the point of data delivery, will the contract include Service Level Agreements (SLAs) regarding the bank's data readiness? For instance, how will the timeline and fixed fees be protected if there are significant delays or quality issues with the initial data extract provided by the bank?	The implementation deadline communicated through the procurement correspondence is November 2026. As per previous experience, the data delivered by the Bank has been sufficiently structured and accurate for these type of developments. However, if the bidder has any concerns regarding this topic, they can propose the appropriate SLA conditions to then be considered by the bank.
14	While the RFP is for LGD models, IFRS 9 ECL calculations often require intertwined logic with EAD. Please confirm that the scope of engagement is strictly limited to LGD parameters, and the bank will handle any necessary EAD or PD updates internally.	Confirmed. The core scope of the engagement is the development, documentation, validation and implementation support of LGD parameter for IFRS 9 purposes. PD and EAD model redevelopment or recalibration are outside the core scope
15	Independence between the Development Team and the Validation Team In the Qualification Criteria section, the following requirement is stated: *"Demonstrate independence between the model development and model validation teams within your organization."* Could you please confirm whether the Bank's expectation is that the service provider maintains separate and independent teams for: 1. LGD model development; and 2. model validation/calibration?	The Bank expects the service provider to demonstrate appropriate independence between the LGD model-development function and the model-validation function. At a minimum, development and validation should be performed by different individuals. The individuals may be part of the same entity inside the organization, provided that adequate functional separation and governance are demonstrated.
16	Does the scope of work include developing a forward-looking model for LGD parameter?	The scope of the project is limited to LGD model development and does not involve the development of a Forward-Looking Information (FLI) model.
17	From chapter B. Scope of work, Work Stream 3 — Model Validation and Documentation we understand that the expected activities are around a model development validation step, to assure the desired performance and assessing the performance of the model. These are usual steps performed within a model development framework. In D. QUALIFICATION CRITERIA, in the following point: "• Demonstrate independence between the model development and model validation teams within your organization." we understand that a dedicated validation team should exist. Considering also chapter C. TECHNICAL PROPOSAL SUBMISSION REQUIREMENTS, point: "•	Confirmed, the Bank expectations is for a regular model development process with assessment of the performance of the model. However, The Bank expects the service provider to demonstrate appropriate independence between the LGD model-development function and the model-validation function. At a minimum, development and validation should be performed by different individuals. The individuals may be part of the same entity inside the organization, provided that adequate functional separation and governance are demonstrated.

	Proposed quality assurance and validation approach." we have the following question: The Bank expectations is for a regular model development process with assessment of the performance of the model or a dedicated validation process with a separated report, including all steps specific to an independent validation process is the desired outcome?	
18	The RFP's qualification criteria requires vendors to "Demonstrate independence between the model development and model validation teams within your organization." However, it is standard industry practice that formal Independent Model Validation (IMV) is conducted by a completely separate 3rd party firm, or by the bank's internal 2nd Line of Defence, to avoid commercial conflicts of interest. Could you clarify if the bank expects the appointed vendor to provide the formal, final 2nd Line IMV sign-off, or if Work Stream 3 primarily refers to 1st Line analytical validation and testing by the development team prior to handover to the bank's own validators?	Work Stream 3 primarily refers to 1st Line analytical validation and testing by the service provider (bidder), however the Bank expects the service provider to demonstrate appropriate independence between the LGD model-development function and the model-validation function. At a minimum, development and validation should be performed by different individuals. The individuals may be part of the same entity inside the organization, provided that adequate functional separation and governance are demonstrated.
19	Do you have any specific expectations from the models beyond IFRS 9 use. If yes, could you please indicate them e.g. loan origination, cut-off calculation, price determination, etc.	No specific use beyond IFRS 9 provisioning is currently expected. The primary objective is the development, documentation, validation and implementation support of LGD parameters for IFRS 9 ECL calculations. Any additional use cases may be considered in the future but are outside the current scope.
20	Do you have any regulatory/auditor findings on current models? If yes, could you please share with us the main ones?	No current findings from auditors on LGD framework currently used by the Bank. There are no models currently used for LGD calculation.
21	What is the main reason for development of new models (e.g. regulatory findings/pressure, external audit findings, improvement of internal estimates etc.)? Could you please elaborate.	The main reason for the engagement is to enhance the Bank's LGD methodology by developing a robust, documented and forward-looking IFRS 9-compliant framework supported by appropriate validation and governance standards.
22	Could you please describe shortly current models applied for IFRS 9 purposes per each segment: Mortgages, retail consumer, SME, Large Corporate.	The Bank currently applies a statistical LGD estimation approach based on observed loss and recovery experience but does not provide forward looking LGD.
23	Could you please describe shortly how do you incorporate forward looking information (FLI) into LGD model per each segment?	The Bank currently applies a statistical LGD estimation approach based on observed loss and recovery experience but does not provide forward looking LGD.

24	Does the project focus on the LGD model only or is it expected that a macroeconomic overlay model for IFRS9 FLI is also developed for LGD?	The scope of the project is limited to LGD model development and does not involve the development of a Forward-Looking Information (FLI) model.
25	Do you want us to deliver only the model results and documentation or do you also want for us to deliver the technical codes/tools we used for model development and testing as part of the deliverables?	The Bank expects the selected bidder to provide all standard project deliverables, including methodology documents, validation documentation, model specifications and any technical code/tool required to support knowledge transfer and explainability.
26	Do you have any preferred software environment for model development (e.g. R, python)?	The Bank does not prescribe a preferred development environment. Bidders may use appropriate industry-standard tools and software. The final deliverables should be sufficiently documented to facilitate implementation within the Bank's existing provisioning environment.
27	Do you have your internal documentation (policies, procedures, manuals etc.) available in English?	Yes, the internal documents are available in English.
28	What is the data availability for the Retail and Business portfolio? We are asking in terms of: ▪ Length of the historical data (when are the earliest tracked defaults) ▪ Number of exposures on the current portfolio and approximate number of defaults per year	Historical data on defaults and recoveries is available within the Bank's internal systems for both Retail and Business portfolios. A ten-year history of detailed information, including portfolio segmentation, number of facilities, default observations and cures are available for LGD modeling purposes.
29	Work Stream 1 — Data Assessment and Preparation: ▪ Do you expect that the data extraction from internal systems is covered by the Bank or by COMPANY in the expected setup? ▪ In case we review the data availability and data quality and the data needs rework, is that work performed by the Bank or COMPANY in the expected setup?	Data extraction from source systems will be performed by the Bank. If the data needs rework, this task will be performed by the Bank.

30	Work Stream 3 — Model Validation and Documentation: ▪ Here in the workstream you mention "Statistical testing of model performance, including discriminatory power, calibration accuracy, back-testing against realized recoveries". Usually these are performed during the model development by the model developers. Is the expectation that all testing is performed by a separate team? Is the expectation that there is a fully independent validation? Is the validation expected to be performed within the 2 month proposed deadline?	The statistical tests referenced in Work Stream 3 represent standard model development and model performance assessment activities which should be completed within the deadline. The Bank does not require a formal independent model validation report equivalent to a second-line validation function; however, appropriate independence between development and validation activities should be demonstrated. At a minimum, development and validation should be performed by different individuals. The individuals may be part of the same entity inside the organization, provided that adequate functional separation and governance are demonstrated.
31	Work Steam 3: Model Validation: statistical testing discriminatory power. Could you please elaborate how we should understand Work stream 3**.** ▪ Testing is done by model development team (part of standard model development activities) ▪ Testing is done by independent team i.e., not involved in model development process. In other words, this is independent model validation Other – please elaborate	The Bank expects the service provider to demonstrate appropriate independence between the LGD model-development function and the model-validation function. At a minimum, development and validation should be performed by different individuals. The individuals may be part of the same entity inside the organization, provided that adequate functional separation and governance are demonstrated.
32	In point D of RFP you indicated "Demonstrate independence between the model development and model validation teams within your organization". Could you please explain context how we should understand these requirements (intentions)	The Bank expects the service provider to demonstrate appropriate independence between the LGD model-development function and the model-validation function. At a minimum, development and validation should be performed by different individuals. The individuals may be part of the same entity inside the organization, provided that adequate functional separation and governance are demonstrated.

33	Work Stream 4 — Implementation Support and Knowledge Transfer: ▪ This we understand as a necessary component, is that also expected within the 2 months from data delivery or is that separate? ▪ Would we have to review your internal IFRS9 tools/systems for that workstream or is it expected that a knowledge transfer during the workshops and a Q&A session is sufficient? ▪ Do you expect to write a separate documentation related to technical implementation (a technical instruction on how to implement the model)?	Knowledge-transfer activities are considered part of the overall project scope within the project timeline. It is considered sufficient for the necessary understanding of the Bank's internal systems to be transferred through workshops and dedicated Q&A sessions. Considering the Bank's current IFRS 9 calculation tool, the model outputs are expected to be incorporated as input parameters. Depending on the solution proposed by the service provider, additional technical documentation supporting the implementation process may be required.
34	Work Stream 4 - Support for integration of the LGD models into the Institution's IFRS 9 provisioning engines ▪ What kind of activities you expect from Advisor (e.g. preparation of business/technical specifications, explain the developers model logic, preparation of test cases, execute testing, ...)	Considering the Bank's current IFRS 9 calculation tool, the model outputs are expected to be incorporated as input parameters. Depending on the solution proposed by the service provider, additional technical documentation supporting the implementation process may be required.
35	Could you please elaborate how we should understand "Annual model review" task in price quotation section: ▪ Annual model testing executed by model owner (often called model monitoring) ▪ Annual model testing executed by independent team (not model owner or developer). In other words, this is independent model periodical (annual) validation ▪ Other – please elaborate	Annual model review refers to model monitoring and/or recalibration if needed, including testing of key assumptions and performance indicators.
36	You mention the expectation of 2 months project delivery from data delivery starting November. Does that mean the project has to finish in 2026? Specifically, we ask the question in the context of the Christmas break and resource organization.	Clarifying that the project has to be completed within November 2026.

<table>
<tr><td>037</td><td>Current LGD Framework
Could you please provide details on the LGD estimation approach currently used by the Bank, including the specific portfolios to which it is applied? Specifically, we would appreciate clarification on:
Segmentation: How the retail and business/SME portfolios are currently segmented for LGD purposes
Modelling Approach: Whether the Bank employs a direct estimation approach or a multi-stage model (e.g., separate estimation of Cure Rate,Given Non-Cure, etc.).
IFRS 9 PiT Adjustments: Whether Point-in-Time (PiT) adjustments incorporating macroeconomic models/forward-looking scenarios for IFRS 9 are expected to be included as part of the modelling methodology.</td><td>For LGD purposes, the Bank currently segments exposures into Business and Retail portfolios rather than applying segmentation by product or stage.

The Bank calculates the Cure Rate as a separate component.

The scope of the project is limited to LGD model development and does not involve the development of a Forward-Looking Information (FLI) model.</td></tr>
<tr><td>38</td><td>Service Duration & Data Delivery
With reference to Section 7 (Service Duration), which states that "Model development is expected to be delivered within 2 months from data delivery", could you please clarify what is meant by "data delivery"?
Does it refer to the initial delivery of raw data before the activities described under Work Stream 1 (Section 5.B) are performed?
Or does it refer to the stage where Work Stream 1 is fully completed, meaning the dataset has been assessed, prepared, and is ready for immediate use for model development?</td><td>Model development is expected to be delivered within 2 months from the raw data delivery.

However, as per previous experiences, the data delivered by the Bank has been sufficiently structured and accurate for model developments.</td></tr>
<tr><td>39</td><td>Regardless of the interpretation above, could you also clarify if there is any flexibility regarding the two-month delivery timeline?</td><td>The two-month timeline reflects the Bank's target expectation. Bidders may indicate any assumptions, dependencies or alternative timelines they consider necessary, which will be evaluated as part of the procurement process.</td></tr>
<tr><td>40</td><td>Vigilance Form (attached) In the Documentation section, the following requirement is stated: "Complete and sign the attached 'Vigilance form' questionnaire that should be provided together with the offer (to be completed by Albanian participants)." As CRIF is a company registered outside Albania, could you please confirm whether this form is required only for local participants ("Albanian participants") or whether it must also be completed by international companies participating in the process?</td><td>Vigilance Form should be completed by the company that will provide offer, and as stated it must be completed only by <u>Albanian resident companies</u>.</td></tr>
</table>

41	Proposal Submission Deadline. Lastly, considering the specialized nature of the engagement, the need to coordinate experts from different areas of expertise, the extensive technical documentation and references required, as well as the fact that the process is taking place during the summer holiday period, we would greatly appreciate it if you could consider a short extension of the current proposal submission deadline (18 August). This request is also supported by the fact that the proposal must be submitted in hard copy via courier service, while the delivery of documentation from Italy to Albania may take up to 48 hours. An extension of the deadline would enable us to mobilize all relevant teams, coordinate the necessary experts, and prepare the most complete and high-quality proposal possible, fully aligned with the Bank's expectations.	As confirmed in the last email (below & attached), there was made a postpone of the deadline until **21.08.2026**.
42	The RFP notes that the Technical Offer and Financial Offer will be subject to a "separate review procedure." Could you please confirm if the Financial Offer (Annex 1) must be placed in a separate, sealed sub-envelope within the main physical package to ensure evaluating members do not see the pricing during the technical review?	No, it is not necessary to place the Financial Offer in a separate sealed envelope. Your quotation with technical and financial proposal, together with all documentation required in the Invitation to Quote, must be submitted in a sealed envelope.
43	As the submission must be made physically by mail in a sealed envelope, we assume that covers all bid materials (technical, administrative, and financial/commercial). Is that correct? If so would you prefer us to also include digital (PDF) copies of the Technical/admin parts (e.g. via a secure USB drive or via email) for ease of distribution among the commission members?	There is no need to submit your offer via USB or email.
44	In the meantime, should we require any further clarifications, could you please confirm whether the Bank has established a deadline for the submission of such requests?	***The Bank has not specified a particular deadline for submitting questions or requesting further clarifications. However, please take into consideration:*** • the time required by the Bank to review and respond to questions / requests for clarification; • the time you may require, upon the receipt of the answers/clarifications, to prepare your offer and submit it within the specified submission deadline.

			For this reason, we recommend that any requests for clarification be submitted within a reasonable timeframe prior to the offer submission deadline.