

Request for Proposal

Selection of External Auditor for Union Bank and Landes Lease, for year 2024

Dear Sir / Madame,

Union Bank invites you to participate in the tender process for "Selection of External Auditor for Union Bank and Landes Lease, for year 2024".

The purpose of this Request for Proposal is to accept; evaluate and select the best Proposal that meets the Bank's requirements for this process, according to the requirements listed in this Request for Proposal.

The proposal will be evaluated in accordance with the selection criteria below that will determine the winning bid:

- Technical evaluation offered by the company for the requested services.
- Commercial evaluation based on the best and final price offered.
- Compliance with the applicable law¹ and regulatory requirements for Central Bank approval².

Thank you in advance for your reply and best regards,

Best Regards

Date issued 20 May 2024

¹ Law No. 10091, on statutory audit and audit profession, and Law No. 9662, on banks.

² Regulation no. 42, Bank of Albania, dated June 5, 2011 "On the Statutory Auditor of Banks and Branches of Foreign Banks" (article 5 and 6).

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1. Introduction

Union Bank Sh.a. (the “Bank”) is a financial institution registered as a commercial bank on 9 January 2006 based on Decision no. 101, dated 28 December 2005, of the Supervisory Board of the Bank of Albania (“BoA”).

The Bank is a commercial bank, which provides banking services to individuals and enterprises in the Republic of Albania. The Bank is registered as a joint stock company, with the registration number 33563, dated 26 May 2005, on which date the Bank started its commercial activities. The Bank obtained its license for banking activities on 9 January 2006.

The structure of the subscribed capital of the Bank is as follows:

	2023	2022
Unioni Financiar Tirane (UFT) Sh.p.k	96.46%	96.46%
Edmond Leka	1.77%	1.77%
Niko Leka	1.77%	1.77%

On 22 December 2014, the Bank acquired 100% of the shares in Landeslease Sh.a (the “Subsidiary”). The Subsidiary is an Albanian leasing company registered as a joint stock company and started to operate on 5 April 2005. During 2023, after taking the decisions of the respective internal structures as well as with the approval of the Bank of Albania, Unioni Financiar Tiranë Sh.p.k was added to the shareholder structure of the Subsidiary through the purchase of newly issued shares. After that, the Bank owns 81% of the Subsidiary's shares.

The Bank operates through a network of 32 branches and agencies, as of December 31, 2023 (31 December 2022: 32 branches and agencies) throughout Albania. The bank does not intent to open new branches during 2024.

Capital Adequacy Level as of 31 Dec 2023 was at 16.7% that is above the regulatory requirements.

Number of staff is approximately 500 and the total assets of the Bank by the end of April 2024 reached 100 bn ALL.

Landeslease sh.a. is registered as a joint stock company on March 27, 2005 in Albania in accordance with the effective laws, by court’s decision no. 33307 and NUIS K51629002M. The Subsidiary has started its activity on April 5, 2005.

The main activity of the Subsidiary is the leasing of machineries, manufacturing equipment, light and heavy equipment, specialized transport vehicles, etc.

As of December 31, 2023, the Subsidiary has 9 employees and total assets are approximately ALL 3 bn and its lease portfolio above ALL 2.5 bn. The premises of the Subsidiary are located in Tirana.

The previous Auditor for several years: Ernst & Young Albania.

For further information regarding the Bank’s activities, size, financial situation, risk management, governance bodies and shareholding structure, etc, please refer to publications in our website: www.unionbank.al.

2. Request for Proposal Overview

The Bank issues the Request for Proposals (“RFP”) to solicit proposals from qualified entities (Proposers) to conduct **External Audit services for Union Bank and Landes Lease for the year 2024.**

Full scope of Work Requirements can be found in section 4: “High Level Scope of Work”. Elements in this section need to be priced as indicated in Annex 3.

As a result of this request, a contract will be concluded with the selected Supplier, separately for the Bank and the Subsidiary.

Subcontracting will NOT be allowed during the realization of the contract. In case verified, it will lead to immediate interruption of the Contract.

To ensure same level of information for all participants, whatever answer or additional clarification that the Bank will give to one of the interested companies, will be shared with the rest of the participants in this process.

The form of communication for any question regarding the scope of this RFP will be done only through the e-mail address: procurement@unionbank.al.

The Documentation requested, both in hard copy and electronic copy (CD or USB), **MUST** be submitted in a **sealed envelope** by 16:00 on **May 31st, 2024**, to the following address:

Departamenti i Administrates

Union Bank SHA

Bulevardi Zogu I, Sheshi Ferenc Nopçka, Nd. 5, H. 3, Njësia Bashkiake Nr. 9, Kodi Postar 1016, Tiranë, Shqipëri

With reference: **“Selection of External Auditor for Union Bank and Landes Lease for year 2024”**

3. Request for Proposal Timeline

<u>Date</u>	<u>Event</u>
20 May 2024	RFP Issued
23 May 2024	Deadline for submitting questions, clarifications
27 May 2024	Deadline for the Bank to submit the answers
31 May 2024	Deadline for bidders to submit proposals
20 June 2024	Deadline for the Bank to Notify selections
1 July 2024	Contract sign off

Proposals must be received on or before the deadline.

The proposal format must contain the list of documentation included in Annex 1 attached to this RFP.

The offer must remain valid for a period of at least 90 days from the date of the submission.

4. High level scope of work

The scope of the work – for the Bank:

1. Review of Interim financial statements of the Bank as of 30 June and 30 September 2024, prepared in accordance to the “Reporting Methodology and Content of financial Reporting” approved by the Bank of Albania on 24.12.2008.
2. Audit of the Consolidated (the Bank and its Subsidiary) and Separate Financial Statements of the Bank in accordance with International Financial Reporting Standards (IFRS) for the year ended on 31 December 2024.
3. Audit of the Financial Statements of the Bank for the year ended 31 December 2024 in accordance with the law no. 9662, dated 18.12.2006 “On Banks in the Republic of Albania” and BoA regulation “on the statutory Auditor of Banks and branches of foreign Banks”, approved with decision no. 42, dated 15.06.2011 and the “Reporting Methodology and content of Financial Reporting” approved by the Bank of Albania; including the report on the results of the assessment of Bank’s Risk Management rules, internal control system functions and IT system administration, based on the requirements of articles 10 and 15 of the Regulation “on the Statutory Auditor of Banks and Branches of foreign Banks” of Bank of Albania.
4. Review of the unified Reporting System of the Bank for the year ended 31 December 2024 in compliance with the “Reporting Methodology and content of Financial Reporting”, approved by the Bank of Albania and the law no. 9662 dated 18.12.2006 “On Banks in Republic of Albania”.
5. Communication with the auditors of the consolidated financial statements of UFT, as per their Group Instructions for the year as at 31 December 2024 and the period ending date.

Scope of work – for the Subsidiary:

6. Audit of the IFRS financial statements for the year ending 31 December 2024;
7. Review of the Unified Reporting System for the year ending 31 December 2024 in compliance with “Reporting Methodology and content of Financial Reporting” approved by the Bank of Albania on 24.12.2008 and law no. 9662, dated 18.12.2006 “On Banks in the Republic of Albania”;
8. Report on the results of the assessment of Subsidiary’s Risk Management rules, Internal control system functions and IT system administration, based on the requirements of articles 10 and 15 of the Regulation “on the Statutory Auditor of Banks and Branches of foreign Banks” of Bank of Albania.

Expected deliverables and deadlines:

<u>Task</u>	<u>Deadline</u>
Review of each interim engagement	60 days from the reporting date
Reporting Methodology and content of Financial Reporting	within 31 March 2025
IFRS separate financial statements	31 March 2025
Review of the unified Reporting System of the Bank	within April 2025
Management Recommendation Letter	within April 2025
Group Instructions completion	within April 2025

5. Mandatory requirements check

Submissions that do not comply with regulatory requirements as set forth in Article 48 of the banking law, and Article 5 of the BoA regulation (see footnote 2 in this RFP) shall not be scored and shall be rejected.

6. Proposal Format

The external auditor is expected to conduct audit engagement, deliver audit report(s) and management recommendation letter, and respectively communicate with those in charge of Governance at Union Bank and Landes Lease, in accordance with ISAs and relevant ethical requirements, as well as legal and regulatory requirements in the Republic of Albania. The audit engagements for the Bank and the Subsidiary shall be conducted separately.

When submitting the proposal the Proposers need to include sufficient details and information to be able to demonstrate the following:

- has the capacity to carry out the engagement in timely manner;
- possesses the knowledge and experience in the Albanian banking / financial market and / or international market.

The following format should be followed in order to allow Union Bank to have a working basis on which to compare one proposal with another.

- I. Express of interest to be engaged external audit service.
- II. Technical Criteria
 - A. Understanding of Work to be Performed
 - B. Technical Requirements
 1. Independence
 2. License to practice
 3. Qualifications and experience
 4. Similar engagements
 5. Firm Experience
- III. Cost of Services

The deliverables are expected to be submitted in both languages, Albanian and English.

7. ANNEX 1 - List of Proposal Documentation

Your proposal should include, but not be limited to, the following documents:

- 1) Letter of interest and administrative information / vendor profile (mailing address, phone number of designated point of contact).
- 2) A document certifying that the company of authorized accounting experts has no less than 3 (three) years of experience in the field of auditing financial statements of banks or other financial entities that maintain accounting according to International Financial Reporting Standards (IFRS).

- 3) Certificate issued by the Institute of Authorized Accounting Experts (IEKA), which certifies that the licensed legal entity is registered in the public register of IEKA, as well as two of the company's engagement partners are legal auditors and are registered in the public register of IEKA and practice the profession of Legal Auditor.
- 4) Certification from the Public Oversight Board (Bordi i Mbiqeqyrjes Publike) regarding the results of the most recent quality control for the statutory auditor. Also, in the certificate issued, it should be stated about the failure to take any legal measures against the company.
- 5) Declaration on the fulfillment of the criteria defined in Article 5, point 1, of the regulation "For the authorized accounting expert of banks and branches of foreign banks", sealed and signed by the engagement partner.
- 6) Description of practices applied for confidentiality of information and data protection, and respective staff trainings on this subject.
- 7) Proposal summary (highlights, key features, and distinguished points of the proposal).
- 8) Detailed organization description and qualifications.
- 9) CV-s of all staff proposed to take part on the implementation of required services and their availability for the duration of the assignment, as per the template provided in Annex 2 of this RFP. Any change of the staff during implementation will have to be accepted by the bank as well.
- 10) List of similar audit engagements performed in the last three years (include information regarding industry and client location).
- 11) Detailed description of the methodology you will follow, number, type (name) of resources to be used on-site and off-site, a detailed man-hours and relevant fees applied per each key person and other staff.
- 12) Timeline of audit as per each phase of the audit engagement, and deadline of deliverables.
- 13) Draft Contract template: A draft contract template for the requested Services must be provided together with the other required documentations. The draft contract template shall be provided separately for the Bank, including scope of work outlined in paragraphs 1 through 5, section 4 "High level scope of work", and the Subsidiary, including scope of work outlined in paragraphs 6 through 8, section 4 "High level scope of work", of this RFP.
- 14) Other relevant information.

Audit Fees which must include:

- Breakdown of applicable fees, as per Annex 3 of this RFP.
- Conditions and deliverables for payments.

Currency shall be in EUR, to be specified VAT and / or any other applicable tax included or not. The audit fees shall be submitted using the template provided in Annex 3 of this RFP.

8. ANNEX 2 – CV Template

Please refer to the CV document template attached to the RFP, to be completed for all staff proposed to take part on the implementation of required services.

9. ANNEX 3 – Commercial proposal Template

Nr	Description	Quantity	Price / Unit	Total Amount
1	Review of Interim financial statements	2		
2	Audit of the Consolidated (the Bank and its Subsidiary) and Separate Financial Statements - IFRS	1		
3	Audit of the Financial Statements of the Bank for the year - BoA	1		
4	Review of the unified Reporting System of the Bank - BoA	1		
5	Communication with the auditors of the consolidated financial statements of UFT	1		
6-8	Audit of the Separate Financial Statements (Subsidiary) - IFRS	1		

CV TEMPLATE for AUDIT TEAM MEMBER

1.	PERSONAL INFORMATION	
	Name and Surname	
	Birthday	
	Current position at the Company	
	Proposed role in this audit engagement	
	Total hrs planned in this audit engagement	
2.	EDUCATION <i>(please list in chronological order university degree and post university, duration of attendance, date of graduation, and academic titles)</i>	
2.1	University Degree	
	Institution	
	Duration of attendance	
	Date of graduation	
	Title / Diploma received	
2.2	Post university degree <i>(add as many row as needed)</i>	
3.	TRAININGS <i>(please list all relevant trainings; total hours, main topics, institute, and training period)</i>	
3.1	Main topic(s)	
	Institute providing training	
	Total training hrs	
	Training period (i.e., year)	
3.2	<i>(add as many row as needed)</i>	
4.	CERTIFICATION (S)	
5.	RELEVANT WORK EXPERIENCE <i>(please list all relevant work experience in chronological order. Position, duration of employment and main duties performed)</i>	
5.1	Company	
	Company Sector	
	Date (from - to)	
	Position held within the Company	
	Main Duties and Responsibilities	
5.2	Company (<i>add as many row as needed</i>)	
6.	OTHER WORK EXPERIENCE <i>(please list all other work experience in chronological order. Position, duration of employment and main duties performed)</i>	
6.1	Company	
	Company Sector	
	Date (from - to)	
	Position held within the Company	
	Main Duties and Responsibilities	

You are required to submit the cv for each member of the audit team as per the following template.

I hereby declare that all information provided in this template is true and accurate.

Date

Signature