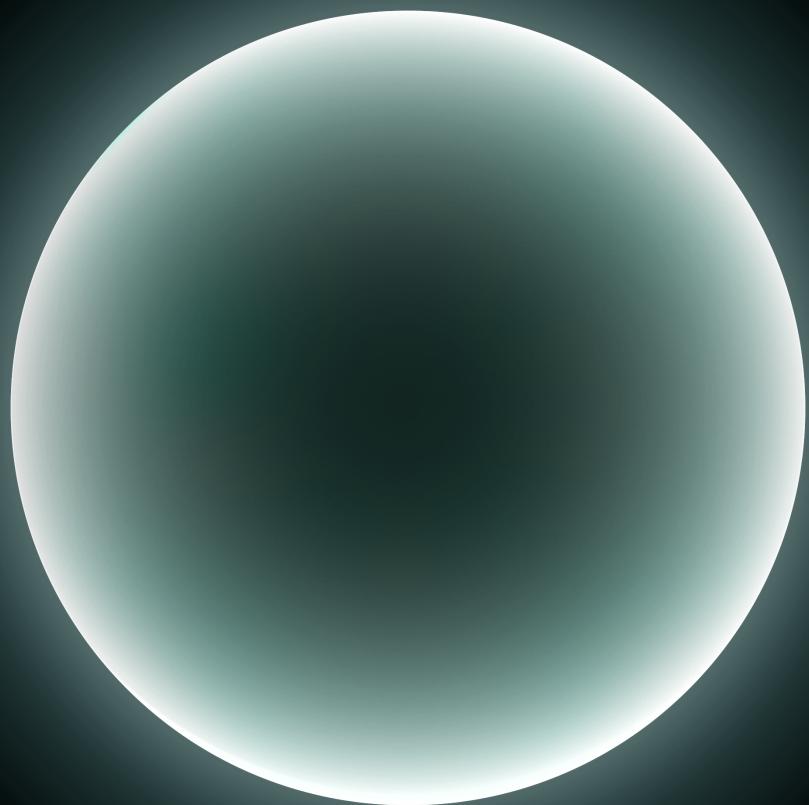


Deloitte.



Deloitte Audit shpk

Transparency Report
April 2016

● Audit

DELOITTE AUDIT ALBANIA sh.p.k. TRANSPARENCY REPORT

Introduction

As an audit firm that carries out statutory audits of the annual accounts of public-interest entities, *Deloitte Audit Albania sh.p.k.* (hereinafter: "Company") is publishing this annual transparency report in compliance with article 45 of law nr. 10091, dated March 5, 2009 "On Statutory Audit and of the Organisation of the Statutory Auditor and Approved Auditor".

All information provided in this report relates to the situation of the Company on 31 December 2016, except if indicated otherwise.

1. The Deloitte network

About Deloitte

"Deloitte" is the brand under which tens of thousands of dedicated professionals in independent firms throughout the world collaborate to provide audit, consulting, financial advisory, risk management, tax and legal services to selected clients. These firms are members of Deloitte Touche Tohmatsu Limited ("DTTL") a UK private company limited by guarantee. Each member firm provides services in a particular geographic area and is subject to the laws and professional regulations of the particular country or countries in which it operates. DTTL does not itself provide services to clients. DTTL and DTTL member firms are separate and distinct legal entities, which cannot obligate the other entities. DTTL and each DTTL member firm are only liable for their own acts or omissions, and not those of each other. Each of the member firms operates under the names "Deloitte", "Deloitte & Touche", "Deloitte Touche Tohmatsu", or other related names. Each DTTL member firm is structured differently in accordance with national laws, regulations, customary practice and other factors, and may secure the provision of professional services in their territories through subsidiaries, affiliates and/or other entities.

See www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

About Deloitte Central Europe

Deloitte Central Europe ("DCE") is a regional organisation of entities organised under the umbrella of Deloitte Central Europe Holdings Limited, the member firm in Central Europe of Deloitte Touche Tohmatsu Limited. Services are provided by the subsidiaries and affiliates of Deloitte Central Europe Holdings Limited, which are separate and independent legal entities.

2. Legal, ownership and governance structure

Legal and ownership structure:

The Company operates as a limited liability company. Holders of quotas are as follows:

- | | |
|--|-----|
| • Elvis Ziu | 51% |
| • Deloitte Central Europe Holdings limited | 49% |

Governance Structure:

Board of managers

Deloitte Audit Albania is governed by a board of managers, appointed by the shareholders' meeting and composed of authorised statutory auditors. The board of managers retains competence for the general strategy and the overall management of Deloitte Audit Albania and hence, for establishing its annual accounts. The board of managers is assisted by specialized teams that advise on specific matters and/or implement policies.

Authorized audit firms of Deloitte Audit Albania

The authorized audit firm auditing Deloitte Audit Albania is Holly and Endy Auditing sh.p.k., NUIS number K31323006D.

3. Description of the management structure of Company

The Company is run by the managing partners and directors, cited as below:

- Nuriona Berdica
- Elvis Ziu
- Gregory Paul Rossouw

The above managing partners and directors act as administrators of the Company, in compliance with the Statute of the Company in accordance with law nr. 9901 date April 14, 2008, "On entrepreneurs and commercial companies"

Deloitte Audit Albania sh.p.k has actually 30 professional employees.

4. Internal quality control system

The Company maintains policies and procedures to promote an internal culture based on the recognition that quality is our number one priority which the Company has agreed to adhere to. The Company focuses on professional excellence as the foundation for achieving outstanding audit quality on a consistent basis. The Company policies and procedures addressing leadership responsibilities for the system of quality control within the audit firm, ethical requirements, client and engagement acceptance and continuance, human resources, engagement performance and monitoring.

This internal quality control system has two monitoring systems:

- the engagement quality control review and
- the practice review.

4. Internal quality control system (continued)

Engagement quality control review

Statutory audit reports on the annual accounts or consolidated accounts relating to a public interest entity, among others, are subject to an engagement quality control review by a partner with sufficient and appropriate experience and professional qualifications, prior to issuance of the report. The engagement quality control reviewer may be assigned to the Company from within DCE to work under the Company responsibility, but is not part of the engagement team and is not portrayed in fact or appearance as a member of the engagement team.

The reviewer is appropriately briefed by the engagement team and conducts the review in such a manner that sufficient knowledge and understanding is obtained in order to reach conclusions. The reviewer's responsibility is to perform an objective review of significant auditing, accounting, and financial reporting matters, to document the procedures the reviewer performed, and to conclude, based on all the relevant facts and circumstances of which the reviewer has knowledge, that no matters that have come to his or her attention would cause the reviewer to believe that the significant judgments made and the conclusions reached were not appropriate in the circumstances.

For engagements that have been identified as having a higher risk, a special review partner is assigned to provide an additional level of competence and objectivity in planning and performing the engagement. The special review partner may be assigned to the Company from within DCE to work under the Company responsibility, but is independent of the engagement. Normally this partner possesses specialized industry and technical skills applicable to the engagement and, in certain situations, is independent of the practice unit to enhance objectivity or to provide specialized resources.

The audit report may only be issued if the reviewer is satisfied that the audit engagement team has made appropriate judgments and conclusions, and has complied with applicable standards and regulations.

Practice Review

The Company is subject to a quality assurance review, or "practice review" as it is commonly referred to, at intervals not to exceed three years.

Normally, the performance of every audit partner is assessed during the three-year cycle, and at least one engagement for each partner is selected to achieve this goal. Consideration is also given to assessing the performance of managers, particularly those managers who are candidate for partner nomination.

The Company is responsible for the practice review. DCE provides guidance and oversight regarding the practice review plan and procedures. The general coordination and administration of the practice review program is the responsibility of the practice review director.

The practice review plan, process, and results are reviewed and concurred by a partner from another member firm (the "concurring partner") every year. The concurring partner who is assigned this responsibility works closely with the practice review director in overseeing the planning and performance of the practice review.

4. Internal quality control system (continued)

Types of Engagements Reviewed

The engagements selected for review include national engagements and inbound/outbound transnational engagements (audits of financial statements that are or may be used across national borders), including public interest entities, as well as a number of high risk audit engagements. Some sensitive and complex engagements (e.g., first-year engagements, situations where there is a change in control, or deteriorating financial condition) are also selected. All major industries served are considered.

Scope of Practice Reviews

The assignment of reviewers is based on skill level, industry knowledge, and experience on transnational engagements.

The reviews of individual engagements consist of discussions with the partner and/or manager responsible for the engagement and a review of related reports, working papers, and, where appropriate, correspondence files.

Engagements are reviewed to:

- Determine whether quality control procedures have been properly applied to such engagements,
- Assess the adequacy of implementation of the audit approach, including compliance with the Company's policies and procedures contained in the policy manuals,
- Monitor compliance with applicable local laws, and
- Assess the overall quality of service provided to clients.

The overall risk management and quality control policies and procedures of practice offices within the Company are also reviewed, including the following:

- Risk management program, including client and engagement acceptance and continuance
- Independence
- Recruitment and advancement
- Professional development
- Public filings in other countries
- Information technology specialist reviews
- Consultation with Company's experts
- Consultation with outside experts
- Engagement quality control reviews

The findings and recommendations resulting from the practice reviews are included in a Company's audit quality plan and presented to the Company's and DCE leadership. The purpose of the audit quality plan is to provide suggestions for improvement in response to findings noted. The Company addresses findings by conducting a root cause analysis and drawing up a detailed action plan setting out the action to be taken, the person(s) responsible, and the timing to implement the recommendations, where applicable.

4. Internal quality control system (continued)

In addition, the Company communicates to the relevant partner and other appropriate personnel deficiencies (if any) noted as a result of the practice review and recommendations for appropriate remedial action. The Company also communicates the results of the practice review and ongoing consideration and evaluation of its system of quality control to its partners and other appropriate individuals.

Management Statement

The Management of the Company are satisfied that the internal control system, as described above, is effective in providing reasonable assurance that the audit firm and its personnel comply with applicable professional standards and regulatory and legal requirements and that audit reports issued are appropriate in the circumstances.

5. The date when the last independent quality assurance review took place on October 2016 and the highest score was achieved.

6. List of public-interest entities audited during the last financial year

Enclosed as an Appendix to this report

APPENDIX 1 – PUBLIC INTEREST ENTITIES IN 2016	
Raiffeisen Bank sh.a.	Banking
Banka e Bashkuar e Shqipërisë sh.a.	Banking
Tirana Bank sh.a.	Banking
Union Bank sh.a.	Banking
Raiffeisen Leasing	Non-Banking, Leasing
Tirana Leasing	Non-Banking, Leasing
Landeslease	Non-Banking, Leasing
Albania Leasing	Non-Banking, Leasing
Raiffeisen Invest	Administration of investment funds
Albania Factoring Services	Other financial institution

7. Independence confirmation

DCE maintains written independence policies and procedures, which include the performing of certain independence compliance checks on an annual basis and which are applicable to the Company as a part of DCE.

- Each professional should sign an individual independence confirmation each year. In addition, similar independence confirmations are obtained from new employees and employees leaving the Company;
- All managerial personnel and above should enter their financial interests to a global independence monitoring system. Each person's portfolio is checked against an electronic list of audit clients to check whether this ownership is allowed under the relevant independence rules;
- All professionals should complete an e-learning on independence rules and;
- Client and engagement acceptance processes are used to verify that independence is not impaired.

In addition to the continuous monitoring of compliance with independence policies, independence inspection and testing procedures are performed annually on a sample of professionals and senior officers.

7. Independence confirmation (continued)

An internal confirmation of independence compliance by employees of the Company was performed as of July 2016 and an internal independence compliance testing and inspection for selected employees was finalized by July 2016.

8. Continuing education

All registered auditors in the Company maintain their continuous professional qualification through a mixture of internal courses as well as educational courses.

Continuing education is a key policy of the Company, as this is an important means of developing knowledge and maintaining and improving the quality of our services. A learning intranet provides a starting point, including technical training, management and interpersonal skills, business economics and industry-specific courses. The continuing education program is comprised of both Deloitte-organised training sessions as well as external training. Certain courses are mandatory and others are optional, such that each auditor or trainee auditor can personalise their learning programme.

During the first years, most training is comprised of mandatory courses on technical topics including Deloitte methodologies and processes but afterwards the optional part increases given that individual needs become more diverse. An individual learning programme is required as from approximately four years' experience. More experienced auditors are expected to update and deepen their technical knowledge. Developing management and interpersonal skills are also very important for this group. There is also the possibility to follow longer term education, such as MBA programmes. There is also a system of accreditation whereby a training course needs to be completed before an auditor may perform certain tasks.

Through an automated monitoring system it is possible to check the status of internal and external courses followed by an individual auditor. Continuing education is also a factor taken into account for the yearly evaluation of audit staff and the assessment of their growth potential within the Company.

9. Financial information

Engagements	Invoiced honorars
A- Statutory audit engagement	77,488,193
A1- Other audit engagements	12,847,330
A2- Other assurance engagements	-
A3- Review engagements	-
A4- Other engagements	-
Total	90,335,523

10. Partner remuneration

Partners are evaluated on a yearly basis and depending on the outcome of the evaluation the remuneration of partners may increase or decrease. Partner evaluation take the following factors into account: quality, expertise, integrity, professionalism, entrepreneurship, independence and compliance.

11. Licensing requirement for statutory compliance

Deloitte Audit Albania sh.p.k. has been registered in the public register of Statutory Auditors at the Institute of Authorized Chartered Auditors of Albania (IEKA) on July 31, 2014 under license number 423.