

Transparency Report Deloitte Albania sh.p.k



Introduction

As an audit firm that carries out statutory audits of the annual accounts of public-interest entities, Deloitte Albania sh.p.k. (hereinafter: "Company") is publishing this annual transparency report in compliance with Article 45 of Law no 10091, dated March 5, 2009 "Për auditimin ligjor, organizimin e profesionit të ekspertit kontabël të regjistruar dhe të kontabilistit të miratuar" regarding the statutory audit of the annual financial and consolidated annual financial statements.

All information provided in this report relates to the situation of the Company on 31 December 2010, except if indicated otherwise.

1. Description of the legal, organizational and ownership structure of the registered auditor

The Company operates as a limited liability company. The quota holders of Deloitte Albania sh.p.k. are:

Deloitte Central Europe Holdings Limited 100%

2. Where the registered auditor belongs to a network, a description of the network and the legal and structural arrangements in the 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, and tax 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 firm 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.

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and deep local expertise to help clients succeed wherever they operate. Deloitte's approximately 170,000 professionals are committed to becoming the standard of excellence.

About Deloitte Central Europe

Deloitte Central Europe is a regional organization of entities organized 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.

Since the beginning of the 1990s, Deloitte has played an integral part in Central Europe's transition through its advisory role to governments and local and foreign businesses.

In 1990 we established Deloitte & Touche Eastern Europe and started to serve clients in Hungary, Poland, Czechoslovakia and the Commonwealth of Independent States (CIS). At that time, our regional firm employed a handful of people, had offices in three Central European countries and the CIS and posted annual revenues of under U.S.\$ 0.5 million.

Today, Deloitte in Central Europe employs more than 3,400 people, spans 17 countries divided into 4 clusters and has FY10 annual revenues of EUR 236 million.

Deloitte in Albania

In Albania, the audit services are provided by Deloitte Albania sh.p.k. The Deloitte firm operating in Albania is affiliate of Deloitte Central Europe Holdings Limited. The audit services are provided through its only office based in Tirana city.

3. Description of the management structure of Company

The Company is managed by the managing directors.

The Company's managing directors:

Maksim Caslli

Ahmed Hassan

Anton Lezhja

The managing Directors work separately and each has the right to represent and administer the company with full powers.

The managing directors act as administrators of the Company and the Company act in accordance with the Law No. 9901, dated April 14, 2008, "Për tregtarët dhe shoqëritë tregtare",

4. Description of the internal quality control system of Company and a statement by the administrative or management body on the effectiveness of its functioning internal quality control system

The Company applies the internal quality control system established by DTTL and set out in the Deloitte Policies Manual (Audit). This system includes policies and procedures addressing leadership responsibilities for the system of quality control within the Company, 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 assurance review and
- The member firm practice review.

Engagement quality assurance 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 assurance review by a partner or director of the Company with sufficient and appropriate experience and professional qualifications, prior to issuance of the report.

An engagement quality assurance review comprises a review of the report and financial statements or other financial information subject of the report, the audit planning memorandum or equivalent, the

audit summary memorandum or equivalent, selected working papers and other documentation as deemed appropriate such as the engagement letter. This review also includes a discussion with the audit engagement partner as regards significant matters that arose during the engagement or the review. If the engagement risk has been assessed as greater than normal or much greater than normal, a more extensive review is required, including a review of appropriate working papers that focus on the risks identified.

The audit report may only be issued if the reviewer is satisfied that the engagement team has made appropriate judgments and conclusions, and has complied with the International Standards on Auditing and other relevant rules and regulations.

Member firm practice review

The Company is subject to practice reviews by DTTL at least every three years and each partner should have a sample of their engagements reviewed at least every three years. The practice review is carried out by partners or managers who are independent of the office or audit group they are reviewing and is monitored by an independent, external audit partner from another DTTL member firm.

The objectives of the practice review are:

- To obtain reasonable assurance regarding compliance with DTTL policies and procedures as regards audit;
- To assess the operating effectiveness of risk management and quality control procedures;
- To assess adherence to professional standards and regulatory and legal requirements;
- To obtain reasonable assurance that the Deloitte audit methodology has been properly implemented and
- To obtain reasonable assurance that Deloitte Audit's system of quality control is appropriately designed, relevant, adequate, operating effectively and complied with in practice.

The results of the practice review, including any required actions, are set out in a report which, subject to due respect of legal requirements such as client confidentiality and data privacy, is made available to the Company leadership and relevant audit engagement partners, as well as certain DTTL leaders. Any deficiencies should result in one or more of the following: remedial action relating to an engagement, communication of findings to those responsible for education and training, changes to the quality control policies and procedures and disciplinary action.

Management Committee statement

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

5. Indication of the date when the last independent quality assurance review took place

The Institute of Certified Auditors and the Board of public supervision are planning to perform a quality assurance review at Deloitte Albania during 2011.

6. List of public-interest entities audited by the registered auditor during the last financial year is disclosed in Appendix 1

7. Statement concerning the Company's independence practices which also confirms that an internal review of independence compliance has been conducted during the last financial year

Both DTTL and the Company itself maintain written independence policies, which include the performing of certain independence compliance checks on an annual basis.

- Each professional should sign an individual independence declaration each year. It is performed by 31 May each year. In addition, similar independence declarations are obtained from new employees and employees leaving the Company.
- All professionals of the level of manager and above should enter their financial interests in a DTTL proprietary electronic financial interest tracking 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.

8. Statement on the policy followed by the Company concerning the continuing education of statutory auditors of registered statutory auditors carrying out audits in the name and on behalf of the audit firm

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

Continuing education

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. The Deloitte Learning intranet provides a starting point, including technical training (GAAP, GAAS, professional rules, tax, IT), 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 senior 2 level (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.

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.

APPENDIX 1 – PUBLIC INTEREST ENTITIES IN 2010	
Raiffeisen Bank Albania	Banking
National Bank of Greece	Banking
Societe Generale Albania	Banking
International Commercial Bank Albania	Banking
Union Bank	Banking
Sigal Insurance - Non Life	Insurance
InterAlbanian	Insurance
Atlantik Insurance	Insurance
Albsig insurance	Insurance
Intersig	Insurance
Sigal Insurance -Life	Insurance

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/ro/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and deep local expertise to help clients succeed wherever they operate. Deloitte's approximately 170 000 professionals are committed to becoming the standard of excellence.

© 2011 Deloitte Albania sh.p.k