



izola Bank

INVITATION TO TENDER

**Provision of independent
external audit services**

19TH JUNE 2020

Izola Bank p.l.c.
53-58 East Street, Valletta VLT 1251 – Malta

www.izolabank.com

Tender for the provision of independent external audit services

Izola Bank p.l.c. (hereinafter referred to as 'the Bank') is inviting audit firms to participate in a tender for the appointment of auditors of Izola Bank p.l.c. in accordance with Article 179 of the Companies Act, 1995 (Chapter 386, Laws of Malta) for the financial year ending 31st December 2021 and for the following four financial years.

Izola Bank p.l.c. (the 'Bank') is seeking interested parties who would be prepared to provide external audit services for the financial statements of both the Bank and IBL T Limited (the 'Company'), the immediate parent of the Bank.

Information about the Bank

Historical background

The Bank is a public limited liability company domiciled and incorporated in Malta. The Bank is wholly owned by the Van Marcke Group, a family owned company which is fast approaching its centennial of operations. Though the bulk of its business is concentrated in Belgium, the Group operate over 140 stores in France, the USA, Switzerland, and Luxembourg.

The Van Marcke Group is the largest plumbing and heating wholesaler in Belgium and a manufacturer and retailer of sanitary ware, laboratory furniture and related products. It is also involved in packaging and transportation. Van Marcke is a brand dedicated to providing a better quality of life through environmentally friendly and sustainable products. The Group's new €75 million distribution centre and head office in Kortrijk, Belgium is completely carbon neutral.

When the Van Marcke Group established a banking arm to initially serve its own commercial needs, it chose Malta as its location. The Bank was incorporated on 8 June 1994 as Izola Bank Limited for an indefinite duration under the Commercial Partnerships Ordinance, 1962 (Cap. 168 of the Laws of Malta). On 13th June 1994 the Bank was granted a licence by the Ministry of Finance to carry on the business of banking as a credit institution operating initially with non-residents subject to such conditions as may from time to time be imposed under Section 4(6) (c) of the Banking Act, 1970. Following the enactment of the Banking Act, Cap. 371 of the Laws of Malta, the Central Bank of Malta became the competent authority responsible for the regulation and supervision of credit institutions. On 15th November 1994, the Central Bank of Malta issued a new licence in terms of the Banking Act.

In September 2005, the terms of the licence were changed, and the Bank was authorised to conduct full banking activities in all currencies, except the Maltese Lira, with both residents and non-residents. With the entry of Malta into the Eurozone in 2008 and the adoption of the Euro as its currency, the Maltese lira ceased to be legal tender.

On 15 February 2010, the shareholders of the Bank resolved to change the status from a private limited liability company to that of a public limited liability company. On 10th June 2010, the Listing Authority authorised the admissibility to listing of a debt issuance programme amounting to €27,000,000. In terms of the programme, the Bank issued the first and only tranche on 30th June 2010 of €9,000,000 5.35% Secured Notes 2015. The matured Notes were replaced with a new issuance of €12,000,000 4.5% Unsecured Bonds 2025 listed on the Malta Stock Exchange on 20th June 2015.

The Bank has been heavily involved in Van Marcke Group's treasury operations, particularly in the areas of cash and liquidity management, as well as lending and factoring. As a natural evolution, the Bank also started to offer the Group's clients niche products with exclusive benefits.

Izola Bank also provides tailor-made financing solutions for SMEs and large companies in Malta and Belgium which are specifically looking for growth or to finance a project.

With over 25 years of successful operation, Izola Bank continuously invests in new technology to support the Bank's evolving product lines and offer best in practice customer care. The Bank also adopts the necessary measures to ensure strong corporate governance and compliance with the latest EU legislation.

Izola Bank p.l.c. is a subsidiary of IBL T Limited (99.999%), a Maltese registered company in turn owned by Van Marcke Trading Group S.A. The Bank's ultimate parent is VMKG PLLC, bearing company number 0447.152.677. The financial results and assets and liabilities of the Bank are included in the consolidated financial statements of VMKG PLLC, the registered office of which is Paapsemiaan 28/30 1070 Anderlecht, Belgium.

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Principal Activities

The Bank is licensed by the MFSA under the Banking Act (Cap. 371 of the Laws of Malta), as a credit institution and is authorised to carry out the business of banking. The principal activities of the Bank comprise the following:

- » The provision of advances to business customers
- » Factoring services
- » The receipt and acceptance of customers' money on deposit in current, savings and term accounts which may be denominated in Euro and other major currencies
- » Internet banking services
- » Cash and treasury management services
- » Money transmission services via SWIFT

The Van Marcke Group is the Bank's principal customer. The Bank provides it with cash management services, including balance reporting, zero balancing, sweep accounts and SWIFT and SEPA transfers. These services are delivered through highly computer automated straight through processing operations.

Principal Markets

The Bank is authorised to provide banking services predominantly to residents of Malta and Belgium. Services provided to residents of Belgium include current, savings and term deposit accounts, short- and medium-term loans, money transmission services, factoring services, internet banking and cash management services. Commercial lending, factoring, current, savings and term deposit accounts, as well as a limited offering of money transmission services are also offered to residents of Malta.

Future developments

The Bank is committed to continue seeking further growth in its factoring operations, together with growth in loans and advances to customers through niche lending.

The recent outbreak of coronavirus, which is a rapidly evolving situation, has adversely impacted global commercial activities. The rapid development and fluidity of this situation precludes any prediction as to its ultimate impact, which may have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. Nonetheless, the Directors believe that the Bank is resilient enough to withstand the economic challenges and project a slight level of growth for 2020 and beyond.

Audit Services

The audit must be conducted in accordance with International Standards on Auditing (ISAs) which require auditors to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. The audit should be conducted with the objective of expressing an opinion on the financial statements of both the Bank and the Company.

The financial statements of the Bank are drawn up in accordance with with International Financial Reporting Standards as adopted by the EU ("IFRS"), prepared and presented in accordance with the provisions of the Companies Act, 1995 (Chapter 386, Laws of Malta) and the Banking Act, 1994 (Chapter 371, Laws of Malta). On the other hand, the financial statements of the Company have been prepared in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-Sized Entities) Regulations, 2015 and the Schedule accompanying and forming an integral part of those Regulations ("GAPSME").

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The following are the companies requiring a statutory audit:

Company Name	Country of Registration
Izola Bank p.l.c.	Malta
IBL T Limited ¹	Malta

Statement of Compliance

The directors of the Bank are required to include in their annual report a statement of compliance to the extent to which they have adopted the Code of Principles of Good Corporate Governance and the effective measures they have taken to ensure compliance with these Principles. The Code of Principles of Good Corporate Governance forms part of the continuing obligations which listed companies are obliged to observe in terms of Chapter 5 of the Listing Rules issued by the Malta Financial Services Authority. As specified under Listing Rule 5.98, it is the responsibility of independent auditors of the Bank to include a report on the Statement of Compliance drawn up by the Board of Directors. The proposers are thus required to report on the Statement of Compliance with the principles of Good Corporate Governance.

Instructions to Tender

Interested parties are asked to submit "Acknowledgement of receipt of Tender" form as indicated in Appendix III via email to finance@izolabank.com by 17th July 2020.

Tender Reply

The tender reply should be in English language and include the following:

1. Company Profile and contact

A brief profile indicating the scope of the audit firm's practices, the range of activities performed such as auditing, taxation services, and accounting or management services. The profile should also include:

- a. a. Size of the firm,
- b. b. The location of the office from which the work on this engagement will be performed,
- c. c. Contact person,
- d. d. Addresses,
- e. e. Telephone numbers and,
- f. f. Contact details of any local office that will manage or assist in managing this audit.

2. List of high-profile clients

A list of current and past audit clients indicating the number of years the proponent has been the auditor of each client.

3. Audit Team Members

Name and brief résumé of the partner(s), manager(s) and other key staff who would be assigned to this audit, indicating their experience with similar engagements.

Substitutions of listed individuals after an agreement has been signed will be allowed only when the substitutes have substantially the same qualifications, or better, than the person they replace. No substitutions will be accepted unless prior approval in writing is received from the Bank

Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the audit firm, are promoted or are assigned to another office. In these instances, the Bank retains the right to approve or reject replacements.

¹ Non-trading company with minimum assets, liabilities, and equity.

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4. Quality Control Review

The proponent is required to submit a copy of the report on its most recent external quality review, with a statement whether the quality control review included a review of specific organisations similar to Izola Bank p.l.c. The proponent shall also provide information on the results of any desk or field reviews by the Quality Assurance Unit of its audits during the past five years. In addition, the proponent shall provide information on the circumstances and status of any disciplinary action taken or pending against the proponent during the past five years with regulatory bodies or professional organisations.

The proposal should identify and describe any pending or previous litigation the firm was involved in over the past five years which dealt with the quality of audit work or of pricing of audit services rendered.

5. Audit implementation

Proposers must clearly show their understanding of the work to be performed, audit approach and commitment to perform the work within the period specified in the annual audit plan. This should include the approach to be used to gain an understanding of the Bank's structure and systems as well as a proposed schedule and any specific techniques or processes to be used for the annual audit.

6. Other Services

Description of the methodology to be used for keeping Izola Bank p.l.c. abreast of any changes in accounting principles or legislation that would impact the annual financial statements.

Description of non-auditing professional services provided to other clients and innovative products offered by the firm as well as any specific pricing structure for such services.

7. Fees

- » All fees and rates should be quoted in EURO and fixed for each financial year being audited.
- » The Fees schedule is to include fees for audit services performed by the auditors split by company.
- » The Fees are to include the engagement for reporting on the Statement of Compliance with the principles of Good Corporate Governance.

Evaluation Criteria

The weighting during selection will be given as follows:

Technical	-	50%
Fees	-	50%

Audit firms with a track record in the financial services industry, particularly the banking sector, will be considered favourably on the technical aspect.

Changeover Process

In case of a change in the current external statutory audit firm, a pre audit briefing will be performed.

The new audit team will be expected to have a workshop with prior auditors representing Izola Bank p.l.c.

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Communications

Any questions or clarifications in relation to the above-mentioned tender should be addressed as follows:

Contact Person: Mr Calvin Bartolo
Address: Izola Bank p.l.c.
53–58, East Street, Valletta,
VLT1251,
Malta.
Email : finance@izolabank.com
Telephone: (+356) 2124 1258

All queries or clarifications need to be submitted by Friday, 7th August 2020.

Deadline for submission

The tenders must be submitted via email entitled "Proposal for the provision of Independent Statutory Audit Services for Izola Bank p.l.c. & IBL T Limited (2021 – 2025)" to finance@izolabank.com by not later than Friday, 14th August 2020.

Short listed candidates may be asked to prepare a presentation of their tender response to the Selection Committee.

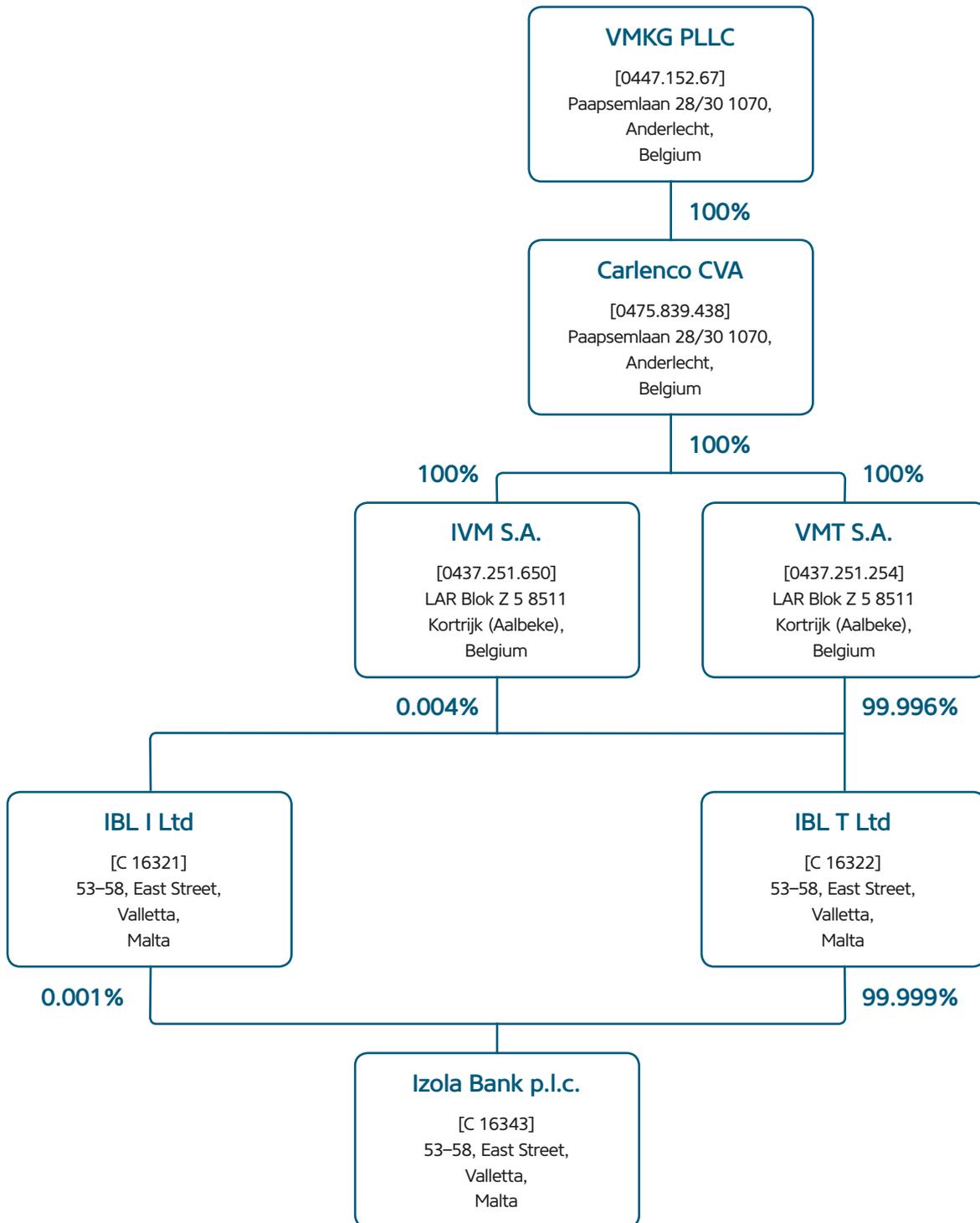


izola Bank

Appendices

Appendix I – Organisational Chart

Izola Bank p.l.c. Ownership Structure – 26 June 2020



Appendix II – Companies subject to the audit tender

Company	Registration Number	Year of Registration	Address	Directors
Izola Bank p.l.c.	C 16343	8 June 1994	53 - 58, East Street, Valletta, Malta	Ms. Magdalena De Roeck Ms. Caroline Van Marcke Mr. Simon Azzopardi Mr. Joseph C. Caruana Mr. Francis Gouder Mr. Andrew Mifsud Mr. Guido Mizzi Mr. Patrick H. Van Leynseele
IBL T Limited	C 16322	31 May 1994	53 - 58, East Street, Valletta, Malta.	Ms. Magdalena De Roeck Ms. Caroline Van Marcke

Appendix III – Acknowledgement of receipt of Request for Proposal

Date:

We,,
confirm receipt of request to participate in a tender for the appointment of statutory independent external auditors in accordance with Article 179 of the Companies Act , 1995 (Chapter 386, Laws of Malta) from Izola Bank p.l.c..

1. Reception on / / of a copy of your Tender Documents.

2. We hereby certify that we will submit a Tender in strict accordance with your instructions.

Yours Sincerely,

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Name:

Audit firm: