

## NOTICE OF INVITING EXPRESSION OF INTEREST

Date: April 1<sup>st</sup>, 2017

**Project Ref. No.: Cons 01/2017**  
**Consulting service to conduct Diagnostic Studies**  
**on commercial banks in Mongolia**

**Invitation of Expression of Interest**

1. *The Bank of Mongolia (BOM)* intends to contract the consultancy service for conducting **Diagnostic Studies on commercial banks** and invites interested consultants to express interest in undertaking the consultancy.
2. The **objective of this consultancy is** to ensure banks' assets are valued appropriately and that banks have adequate capital to absorb current and future losses on existing delinquent assets and to help verify the health of the banking system, dispel uncertainty about banks' asset quality and guide, where appropriate, further enhancements of banks' credit risk management frameworks. The exercise will allow the BOM to verify adequate capitalization of the participating banks on a forward-looking basis, taking into account any adjustments to asset classification and expected provisioning/loss reserve levels. The assessments under the consultancy will be completed within 90 calendar days from the date of signature of the contract between the Consultant and the BOM.
3. Consultant shall be the office of internationally recognized and reputable consulting firm with relevant experience in providing consulting services in the area of Asset Quality Review (AQR) in accordance with a methodology used in OECD countries and assessment of credit risk management frameworks based on international best practice. Consultants should fulfil and declare they have the **financial and technical** capacity to perform the contract and have met the below selection (**longlisting**) criteria for their submissions to be considered further.

**Exclusion Criteria:** the Consultants and their subcontractors (if envisaged) should certify that they are **not** in one of the situations listed below complemented by the certificate(s) or similar documents by relevant authority(-ies) of their country of incorporation or their subsidiaries and branches:

- i. they are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors with the motive to conceal their unfavorable financial standing, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
- ii. they have performed audits for the relevant bank(s) during (at least) two years before the consultancy or have other contracts that would influence its independence.

- iii. they or the persons having powers of representation, decision making or control over them have been convicted of an offence concerning their professional conduct by a judgment of a competent authority(-ies) for the last three years;
- iv. they have been guilty of professional misconduct for the last three years proven by any means which the contracting authority can justify including by decisions of the domestic and international organizations/authorities;
- v. they are not in compliance with their obligations relating to the payment of taxes in accordance with the legal provisions of the country in which they are established or with those of the country of the contracting authority or those of the country where the contract is to be performed for the last three years;
- vi. they or the persons having powers of representation, decision making or control over them have been the subject of a judgment which has resulted in fraud, corruption, involvement in a criminal organization, money laundering (i.e. Consolidated UN security council sanction list, UN vendor sanctions for project services and etc.,) or any other illegal activity for the last three years;

**Criteria on Financial and Technical capacity:** Consultants, in addition to the general information of its operations and activities, should submit two sets of documents containing the following information to prove their financial and technical capability to carry out the assignment commensurate with the BOM requirements:

- i. Client bank information;
- ii. Audited financial statements preferably with the audit report for the last two years ;
- iii. Cost estimates, including the number of consultants, their salaries and other expenses (optional);
- iv. Consultants need to submit up to ten reference assignments performed on banks, preferably from OECD countries, during the preceding ten years, relating to the assessment of assets (preferably AQR) of credit institutions and/or the performance of quality assurance on credit institutions.
- v. Consultants shall ensure proper and adequate system of quality assurance;
- vi. Consultants shall have at their disposal a pool of professionals at all level **from** assistant, junior professional **to** senior manager and partner who should be mix of local and international experts collectively possess:
  - a. in-depth knowledge and experience in performing the tasks relating to the assessment of assets of credit institutions and/or the performance of quality assurance for financial institutions; and
  - b. the ability to travel to perform the services at the BOM designated premises or at the premises of the banks and financial institutions under the BOM's supervisory perimeter, located in Ulaanbaatar, Mongolia;
  - c. among the pool of available professionals defined consultants shall have a team of at least three chief professionals who individually possess in-depth knowledge and experience in assessing at least one of the following areas:
    - i. asset quality;
    - ii. accuracy of carrying values and valuations of banks' assets;
    - iii. off-balance sheet items;
    - iv. accounting practices (IFRS), processes and policies; and
    - v. capital position;

vi. credit risk management.

**Consultant(s) may, in order to improve the effectiveness of the Consultancy, participate through Consortium.**

**Only the shortlisted consultants will be notified.**

The BOM reserves the right to exclude consultants if it becomes aware that they do not have the financial and technical capacity to perform the contract.

If you require additional information regarding this consultancy, please send your inquiry during April 3<sup>rd</sup> – April 19<sup>th</sup>, 2017 between 11:00AM-5:00PM (ULAT) via email [etender@mongolbank.mn](mailto:etender@mongolbank.mn) or telephone: 976-11-328482; 976-11-320847.

4. **Deadline:** Interested consultants should submit its interest along with the documents aforementioned to the address below before **15:00 hour on April 21<sup>st</sup>, 2017 (ULAT)**.

***Mr. Batsaikhan Namkhai, Evaluation Committee  
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Main entrance, room 2 (Chancellery)  
telephone: 976-11-328482; fax: 976-11-311471***