

# Report of the Council Members and Audited Financial Statements

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# COUNCIL MEMBERS' STATEMENT

For the financial year ended 31 December 2016

The Council Members present their statement to the members together with the audited financial statements of The Institute of Banking and Finance (the "Institute") for the financial year ended 31 December 2016.

In the opinion of the Council Members,

- (a) the financial statements as set out on pages 5 to 25 are drawn up so as to give a true and fair view of the financial position of the Institute as at 31 December 2016 and of the financial performance, changes in members' fund and cash flows of the Institute for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Institute will be able to pay its debts as and when they fall due.

## COUNCIL MEMBERS

The Council Members in office at the date of this statement are as follows:

Ravi Menon, Chairman  
Wee Ee Cheong, Vice Chairman  
Jacqueline Loh  
Samuel Tsien  
Piyush Gupta  
Philip Lee  
Guan Yeow Kwang  
Nicholas Hadow  
Shirish Apte  
Derek Teo  
Loh Boon Chye  
Amol Gupte  
Judy Hsu  
Julia Ng  
Khoo Kah Siang  
Ang Zhongren (Relinquished on 1 May 2017)

## COUNCIL MEMBERS CONTRACTUAL BENEFITS

No Council Member has received or become entitled to receive benefits by reason of a contract made by the Institute with the Council Member or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

## SHARE CAPITAL AND OPTIONS

The Institute has no share capital and as such the provisions of Section 201(6)(f), 201(6)(g), 201(8), 201(11), 201(12)(a) and (b) of the Singapore Companies Act, Chapter 50 (the "Act") are not applicable.

# COUNCIL MEMBERS' STATEMENT (continued)

For the financial year ended 31 December 2016

## INDEPENDENT AUDITOR

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept appointment.

On behalf of the Council Members

**Ravi Menon**  
Chairman

**Wee Ee Cheong**  
Vice Chairman

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE INSTITUTE OF BANKING AND FINANCE

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Our Opinion

In our opinion, the accompanying financial statements of The Institute of Banking and Finance (the "Institute") are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act"), the Singapore Charities Act, Chapter 37 (the "Charities Act"), and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Institute as at 31 December 2016 and of the financial performance, changes in members' funds and cash flows of the Institute for the year ended on that date.

### What we have audited

The financial statements of the Institute comprise:

- the statement of comprehensive income for the year ended 31 December 2016;
- the statement of financial position as at 31 December 2016;
- the statement of changes in members' funds for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

### Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Institute in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

### Other Information

Management is responsible for the other information. The other information comprises the Council Members' Statement but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF MANAGEMENT AND COUNCIL MEMBERS FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act, the Charities Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE INSTITUTE OF BANKING AND FINANCE (continued)

## RESPONSIBILITIES OF MANAGEMENT AND COUNCIL MEMBERS FOR THE FINANCIAL STATEMENTS (continued)

to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Institute or to cease operations, or has no realistic alternative but to do so.

The Council Members' responsibilities include overseeing the Institute's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Institute to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council Members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Institute have been properly kept in accordance with the provisions of the Act.

# STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2016

	Note	2016 \$	2015 \$
<b>Income</b>			
Fees from courses and examinations		2,389,369	2,584,204
Sale of publications		74,858	35,130
Members' subscriptions		62,150	60,550
Entrance fee from new members		300	-
Fair value changes on investments		703,357	147,072
Grants	13	3,462,319	5,207,633
<b>Total income</b>		<b>6,692,353</b>	<b>8,034,589</b>
<b>Expenditure</b>			
Printing and miscellaneous expenses for courses and examinations		413,735	344,545
Salaries and staff expenses	4	4,076,626	3,786,858
Office rental		392,904	367,200
Depreciation of property and equipment	11	359,785	330,788
Professional fees - Consultancy		307,285	740,309
Professional fees - Others		126,069	106,851
Electricity, telephone and postages		19,815	19,832
Data processing		38,814	36,862
Repairs and maintenance		27,885	15,920
IBF Portal expenses	5	901,512	1,982,863
Printing, stationery and periodicals		10,824	18,114
Rental of copiers		2,640	2,640
Other administrative expenses		9,868	14,833
<b>Total expenditure</b>		<b>6,687,762</b>	<b>7,767,615</b>
<b>Total comprehensive income for the year</b>		<b>4,591</b>	<b>266,974</b>

There is no other comprehensive income for the financial year ended 31 December 2016 and 31 December 2015.

# STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Note	2016 \$	2015 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	3,446,394	2,614,413
Accounts receivables		121,252	57,278
Other receivables and prepayments	10	2,859,611	3,140,103
Investments	8	26,064,324	24,583,346
Derivative financial instruments	9	202,007	55,634
		<b>32,693,588</b>	30,450,774
<b>Non-current assets</b>			
Property and equipment	11	529,386	710,458
		<b>33,222,974</b>	31,161,232
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	12	2,099,714	1,636,696
Advance fees for courses and examinations		408,580	96,975
Derivative financial instruments	9	543,053	47,151
		<b>3,051,347</b>	1,780,822
<b>Non-current liabilities</b>			
Members' funding contributions	14	977,647	963,647
FSDf claim disbursement account	13	1,137,106	364,480
		<b>2,114,753</b>	1,328,127
		<b>5,166,100</b>	3,108,949
<b>NET ASSETS</b>			
		<b>28,056,874</b>	28,052,283
<b>EQUITY</b>			
Members' Funds		28,052,283	27,785,309
Accumulated gains		4,591	266,974
<b>Total equity</b>		<b>28,056,874</b>	28,052,283

# STATEMENT OF CHANGES IN MEMBERS' FUND

For the financial year ended 31 December 2016

	\$
<b>2016</b>	
<b>Beginning of financial year</b>	<b>28,052,283</b>
Total comprehensive income	<u>4,591</u>
<b>End of financial year</b>	<b><u>28,056,874</u></b>
<b>2015</b>	
<b>Beginning of financial year</b>	<b>27,785,309</b>
Total comprehensive income	<u>266,974</u>
<b>End of financial year</b>	<b><u>28,052,283</u></b>



# STATEMENT OF OF CASH FLOWS

For the financial year ended 31 December 2016

	Note	2016 \$	2015 \$
<b>Cash flows from operating activities</b>			
Profit after tax		4,591	266,974
Adjustments for:			
- Fair values change on investments and derivatives		(703,357)	(147,072)
- Depreciation	11	359,785	330,788
- Gain on disposal of property and equipment		-	-
		(338,981)	450,690
Operating profit/(loss) before working capital changes:			
- Accounts receivables		(63,974)	(1,032)
- Other receivables and prepayments		280,492	(1,037,581)
- Payables		463,018	(173,001)
- Advance fees for courses and examinations		311,605	(100,360)
- FSDF claim disbursement account		772,626	353,673
<b>Net cash (used in)/provided by operating activities</b>		<b>1,424,786</b>	<b>(507,611)</b>
<b>Cash flows from investing activities</b>			
Proceeds from disposal of investments		(428,092)	(143,001)
Proceeds from disposal of property and equipment		-	-
Purchase of property, plant and equipment	11	(178,713)	(147,738)
<b>Net cash used in investing activities</b>		<b>(606,805)</b>	<b>(290,739)</b>
<b>Cash flows from financing activities</b>			
Members funding contribution/(refund) to members		14,000	(1,500)
<b>Net cash (used in)/provided by financing activities</b>		<b>14,000</b>	<b>(1,500)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>831,981</b>	<b>(799,850)</b>
Cash and cash equivalents at beginning of financial year	7	2,614,413	3,414,263
<b>Cash and cash equivalents at end of financial year</b>	<b>7</b>	<b>3,446,394</b>	<b>2,614,413</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

## 1. CORPORATE INFORMATION

The Institute of Banking and Finance (the “Institute”) is a company limited by guarantee incorporated in Singapore.

The registered office of the Institute is located at 10 Shenton Way #13-07/08, MAS Building, Singapore 079117.

The Institute was established in 1974 as a not-for-profit industry association to foster and develop the professional competencies of the financial sector. The principal activity of the Institute is to act as the national accreditation and certification agency for financial industry competency in Singapore, under the “IBF Standards” (previously known as the “Financial Industry Competency Standards” or “FICS”). As a standard-setter, the Institute develops industry standards, competency roadmaps and identifies professional development pathways to uplift the competency of financial sector practitioners. It accredits training and assessment programmes targeted at the financial industry, promotes continuous professional development and the adoption of high standards of workforce competency across the financial services sector. The Institute also administers licensing examinations on behalf of the Monetary Authority of Singapore (“MAS”), as well as common examinations on behalf of industry associations. It has also been appointed by MAS as the administrator for training grant schemes offered under the Financial Sector Development Fund (“FSDF”).

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”) 1 under the historical cost convention, except as disclosed in the accounting policies below:

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Institute’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements are disclosed in Note 3.

#### Interpretations and amendments to published standards effective in 2016

On 1 January 2016, the Institute adopted the new or amended FRS and Interpretations to FRS (“INT FRS”) that are mandatory for application for the financial year. Changes to the Institute’s accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Institute’s accounting policies and had no material effect on the amounts reported for the current or prior financial years.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Institute and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Fees from courses and examinations

Fees from courses and examinations are recognised when the courses or examinations are completed.

(b) Membership subscriptions

Fees from membership subscriptions are recognised proportionally over the membership term.

(c) Income from sale of publications

Income from sale of publications is recognised when significant risk and rewards of ownership are transferred to the buyer and the amount of income and costs of the transactions can be measured reliably.

(d) Other income

All other income is recognised on an accrual basis.

### 2.3 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Institute will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

### 2.4 Employee compensation

(a) Defined contribution plans

The Institute's contributions to defined contribution plans are recognised as employee compensation expense when the contributions are due.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.

### 2.5 Operating lease payments

Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.6 Property and equipment

Property and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses.

Subsequent expenditure relating to property and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Institute and the cost of the item can be measured reliably.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Useful Lives
Computer hardware	3 years
Computer software	3 years
Training equipment	3 years
Office equipment	5 years
Furniture and fittings	5 years
Renovation	3 years

The residual values, estimated useful lives and depreciation method of property and equipment are reviewed, and adjusted as appropriate, at each statement of financial position date. The effects of any revision are recognised in profit or loss when the changes arise.

### 2.7 Impairment of non-financial assets

Property and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

### 2.8 Loans and receivables

#### Bank balances

#### Trade and other receivables

Bank balances, trade and other receivables are initially recognised at their fair values plus transaction costs and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

The Institute assesses at each statement of financial position date whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.8 Loans and receivables

#### Bank balances

#### Trade and other receivables (continued)

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

These assets are presented as current assets except for those that are expected to be realised later than 12 months after the statement of financial position date, which are presented as non-current assets.

### 2.9 Investments

Investments are designated at fair value through profit or loss at inception. The investments are managed and their performances are evaluated on a fair value basis, in accordance with the Institute's investment strategy. The investments are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the statement of financial position date.

Regular way purchases and sales of investments are recognised on trade date – the date on which the Institute commits to purchase or sell the asset.

Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Institute has transferred substantially all risks and rewards of ownership. On disposal of the investment, the difference between the carrying amount and the sale proceeds is recognised in profit or loss.

Changes in the fair values of the investments including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise.

### 2.10 Derivative financial instruments

A derivative financial instrument for which no hedge accounting is applied is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. Changes in its fair value are recognised in profit or loss.

### 2.11 Payables

Payables represent liabilities for goods and services provided to the Institute prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). Otherwise, they are presented as non-current liabilities.

Payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

### 2.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

### 2.13 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.14 Currency translation

The financial statements are presented in Singapore Dollar, which is the functional currency of the Institute.

Transactions in a currency other than Singapore Dollar ("foreign currency") are translated into Singapore Dollar using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the statement of financial position date are recognised in profit or loss. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined. Currency translation differences on these items are included in the fair value reserve.

### 2.15 Comparative figures

Where necessary, comparative figures have been adjusted to conform to changes in the current year presentation. These reclassifications have been made to better reflect the nature of items in the set of financial information.

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

### Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management has made judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management has made judgements as to whether an impairment loss should be recorded as an expense. In determining this, management has used estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

## 4. SALARIES AND STAFF EXPENSE

	2016 \$	2015 \$
Salaries and staff related expenditure	3,088,693	2,884,713
Costs of defined contribution plans included in salaries and staff expenses	430,334	373,267
Cost of unutilised leave included in salaries and staff expenses	134,140	122,040
	<b>3,653,167</b>	<b>3,380,020</b>

### Compensation of key management personnel

The remuneration of key management personnel were as follows:

	2016 \$	2015 \$
Short-term benefits	423,459	406,838



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

## 5. IBF PORTAL EXPENSES

The expenses incurred for the IBF Portal are as follows:

	2016 \$	2015 \$
Costs associated with IBF Portal	901,512	1,982,863

## 6. INCOME TAX EXPENSE

The Institute is registered as a charity under the Charity Act and is exempted from income tax, under Section 13M(2)(b) of the Income Tax Act, Chapter 134.

## 7. CASH AND BANK BALANCES

	2016 \$	2015 \$
Cash at bank	3,134,579	1,874,506
Cash and cash equivalents, placed with investment manager	311,815	739,907
	3,446,394	2,614,413

Cash at bank is non-interest bearing and is denominated in Singapore dollars.

## 8. INVESTMENTS

Investments comprise funds placed with an investment manager for discretionary management and are classified as held-for trading.

At the end of the reporting period, the composition of the funds under management and their indicative fair values are as follows:

	2016 \$	2015 \$
Fixed Income	19,331,993	17,237,517
Equities	4,605,271	5,645,407
Investment Fund	2,025,905	1,632,034
Margin account	101,155	68,388
	26,064,324	24,583,346

During the current financial year, a management fee of S\$82,085 (2015: S\$81,859) was paid to the Investment Manager.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

## 9. DERIVATIVE FINANCIAL INSTRUMENTS

As at the end of the reporting period, the Institute has investments in the following outstanding financial derivative contracts which were transacted by the investment manager to manage currency exposure arising from the Institute's investments.

	Fair values			
	Contract/ notional amount \$	Assets \$	Contract/ notional amount \$	Liabilities \$
<b>As at 31 December 2016</b>				
<i>Derivatives held for trading</i>				
- FX Forward Contracts	8,384,315	128,079	16,049,120	532,365
- Stock futures	12,473,788	73,928	10,817,620	10,688
<b>Total</b>	<b>20,858,103</b>	<b>202,007</b>	<b>26,866,740</b>	<b>543,053</b>
<b>As at 31 December 2015</b>				
<i>Derivatives held for trading</i>				
- FX Forward Contracts	10,156,445	55,545	5,565,881	47,151
- Stock futures	714,556	89	-	-
<b>Total</b>	<b>10,871,001</b>	<b>55,634</b>	<b>5,565,881</b>	<b>47,151</b>

## 10. OTHER RECEIVABLES AND PREPAYMENTS

	Notes	2016 \$	2015 \$
Security deposits		102,426	93,670
Prepaid expenses		146,705	59,006
Other debtors		44,221	61,419
Grant receivables	13	2,566,259	2,926,008
<b>Total</b>		<b>2,859,611</b>	<b>3,140,103</b>

The Institute's other receivables and prepayments are denominated in the functional currency of the Institute.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

## 11. PROPERTY AND EQUIPMENT

	Furniture and fittings \$	Computers and equipment \$	Renovations \$	Total \$
<b>2016</b>				
<i>Cost</i>				
Beginning of financial year	87,684	1,366,831	210,596	1,665,111
Additions	2,520	176,193	-	178,713
Disposals	-	-	(1,687)	(1,687)
End of financial year	90,204	1,543,024	208,909	1,842,137
<i>Accumulated depreciation</i>				
Beginning of financial year	82,020	672,749	199,884	954,653
Depreciation charge	2,909	351,824	5,052	359,785
Disposals	-	-	(1,687)	(1,687)
End of financial year	84,929	1,024,573	203,249	1,312,751
<b>Net book value</b>				
<b>End of financial year</b>	<b>5,275</b>	<b>518,451</b>	<b>5,660</b>	<b>529,386</b>
<b>2015</b>				
<i>Cost</i>				
Beginning of financial year	87,084	1,233,073	209,895	1,530,052
Additions	600	139,758	7,380	147,738
Disposals	-	(6,000)	(6,679)	(12,679)
End of financial year	87,684	1,366,831	210,596	1,665,111
<i>Accumulated depreciation</i>				
Beginning of financial year	78,738	355,040	202,766	636,544
Depreciation charge	3,282	323,709	3,797	330,788
Disposals	-	(6,000)	(6,679)	(12,679)
End of financial year	82,020	672,749	199,884	954,653
<b>Net book value</b>				
<b>End of financial year</b>	<b>5,664</b>	<b>694,082</b>	<b>10,712</b>	<b>710,458</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

## 12. PAYABLES

	2016 \$	2015 \$
Other Payables	-	4,659
Accrued expenses	1,238,346	1,472,461
Trade payables	727,228	37,536
Provision	134,140	122,040
	<b>2,099,714</b>	<b>1,636,696</b>

Trade payables, accrued expenses and provisions principally comprise amounts outstanding for trade purchases, operating expenses and provisions for bonuses and leave entitlement.

The payables are denominated in the functional currency of the Institute.

## 13. GRANTS

The Institute receives Financial Sector Development Fund ("FSDF") grant to support projects and initiatives that aims to raise the competency standard of the Singapore financial sector.

	2016 \$	2015 \$
Total grant income	3,462,319	5,207,633
Total grant receivables (Note 10)	2,566,259	2,926,008

The Institute is also the appointed administrator of the IBF Standards Training Scheme (IBF-STs) and the Financial Training Scheme (FTS) funding scheme, which incentivise competency-raising of the financial sector.

	2016 \$	2015 \$
Total grant payable to FSDF	1,137,106	364,480

Any unutilised grant should be returned at the end of the IBF's appointment as the FTS and IBF-STs administrator. This grant is repayable upon demand.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

## 14. MEMBERS' FUNDING CONTRIBUTIONS

These represent amounts contributed by members when they were admitted to the Institute. The contributions are refundable to the members when they cease to be a member of the Institute.

## 15. OPERATING LEASE COMMITMENTS

	2016 \$	2015 \$
Minimum lease payment paid under operating lease	392,904	367,200

At the end of the reporting period, commitments in respect of operating lease for the rental of office premises were as follows:

	2016 \$	2015 \$
Within one year	401,472	91,800
In the second to fifth year inclusive	501,840	-
	903,312	91,800

The Institute operating lease payments are negotiated for a term of 3 years and rentals are fixed until March 2019.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

## 16. FINANCIAL RISK MANAGEMENT

### Financial risk factors

The Institute is exposed to financial risk arising from the use of financial instruments. The key financial risks include market risk, credit risk and liquidity risk.

The Council Members review and agree policies and procedures for the management of these risks, which are overseen by Investment Committee or Audit Committee, where relevant, are executed by the Management team.

### (a) Market risk

#### (i) Currency risk

The Institute takes on expenses to effects of fluctuation in the prevailing foreign currency exchange rate in the investments. The Institute manages this risk by entering into currency forwards.

The Institute's currency exposure is as follows:

	SGD \$	USD \$	Others \$	Total \$
<b>2016</b>				
<b>Assets</b>				
Cash and cash equivalents (Note 7)	3,230,264	51,082	165,048	3,446,394
Investments (Note 8)	8,851,987	12,593,939	4,618,398	26,064,324
Derivative financial instruments (Note 9)	62,008	1,041,970	(901,971)	202,007
	<b>12,144,259</b>	<b>13,686,991</b>	<b>3,881,475</b>	<b>29,712,725</b>
<b>Liabilities</b>				
Derivative financial instruments (Note 9)	(12,907,613)	10,904,775	2,545,891	543,053
<b>Net position</b>	<b>25,051,872</b>	<b>2,782,216</b>	<b>1,335,584</b>	<b>29,169,672</b>
<b>2015</b>				
<b>Assets</b>				
Cash and cash equivalents (Note 7)	2,503,500	83,274	27,639	2,614,413
Investments (Note 8)	9,167,678	10,430,578	4,985,090	24,583,346
Derivative financial instruments (Note 9)	5,513,556	(6,255,325)	797,403	55,634
	<b>17,184,734</b>	<b>4,258,527</b>	<b>5,810,132</b>	<b>27,253,393</b>
<b>Liabilities</b>				
Derivative financial instruments (Note 9)	(5,565,881)	1,561,285	4,051,747	47,151
<b>Net position</b>	<b>22,750,615</b>	<b>2,697,242</b>	<b>1,758,385</b>	<b>27,206,242</b>

All statement of financial position items, except those disclosed as above, are denominated in the Institute's functional currency with no material impact to the Institute.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

## 16. FINANCIAL RISK MANAGEMENT (continued)

### (a) Market risk (continued)

#### (i) Currency risk (continued)

The following table shows the effects arising from the financial asset position due to the change of USD against SGD with all other variables, including tax rate, being held constant:

	2016 Profit after tax \$	2015 Profit after tax \$
<i>USD against SGD</i>		
- Strengthened by 1% (2015: 1%)	27,822	26,972
- Weakened by 1% (2015: 1%)	(27,822)	(26,972)

#### (ii) Price risk

The Institute is exposed to equity securities price risk arising from the investments classified as fair value through profit or loss. To manage its price risk, the Institute diversifies its portfolio in accordance with the limits set by the Institute.

The following table shows the effects arising from the financial asset position due to the change of prices for equity securities with all other variables, including tax rate, being held constant:

	2016 Profit after tax \$	2015 Profit after tax \$
<i>Listed in USA</i>		
- Strengthened by 1% (2015: 1%)	4,870	9,823
- Weakened by 1% (2015: 1%)	(4,870)	(9,823)
<i>Listed in Singapore</i>		
- Strengthened by 1% (2015: 1%)	4,157	17,002
- Weakened by 1% (2015: 1%)	(4,157)	(17,002)
<i>Listed in Hong Kong</i>		
- Strengthened by 1% (2015: 1%)	5,592	12,358
- Weakened by 1% (2015: 1%)	(5,592)	(12,358)

#### (iii) Interest rate risk

The Institute has insignificant financial assets or liabilities that are exposed to interest rate risks.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

## 16. FINANCIAL RISK MANAGEMENT (continued)

### (b) Credit risk

The Institute adopts the policy of dealing only with customers of appropriate credit standing and history where appropriate to mitigate credit risk. For other financial assets, the Institute adopts the policy of dealing with financial institutions and other counterparties with high credit ratings.

#### (i) Financial assets that are past due but not impaired

There is no class of financial asset that is past due and impaired. Accounts receivables of \$121,252 (2015: \$57,278) are past due but not impaired. Management assessed that those receivables are recoverable as the counterparties are financial institutions with high credit ratings.

#### (ii) Credit quality of investments held by the Institute

The table below presents an analysis of fixed income investment held by the Institute as at 31 December 2016. The rating scale is based on the rating as defined by Standard & Poor's, Moody's and Fitch.

	2016 \$	2015 \$
<b>External Rating</b>		
AAA/Aaa	4,206,464	5,069,276
AA/Aa2	865,528	423,420
AA-/Aa3	420,477	724,374
A+/A1	1,867,580	1,329,991
A/A2	1,942,058	2,040,822
A-/A3	3,368,464	1,218,802
BBB+/Baa1	1,686,054	1,894,792
BBB/Baa2	1,977,965	251,890
BBB-/Baa3	788,133	2,894,920
BB+/Ba1	460,645	701,820
BB	304,505	-
Unrated	1,444,120	687,410
	<b>19,331,993</b>	<b>17,237,517</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

## 16. FINANCIAL RISK MANAGEMENT (continued)

### (c) Liquidity risk

The table below analyses the Institute's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year \$	1 to 5 years \$	More than 5 years \$	Total \$
<b>At 31 December 2016</b>				
Member's funding contributions	-	-	977,647	977,647
Advances fees from courses and examinations	408,580	-	-	408,580
Payables	2,027,239	72,475	-	2,099,714
FSDf claim disbursement account	11,000	-	1,126,106	1,137,106
	<b>2,446,819</b>	<b>72,475</b>	<b>2,103,753</b>	<b>4,623,047</b>
<b>At 31 December 2015</b>				
Member's funding contributions	-	-	963,647	963,647
Advances fees from courses and examinations	96,975	-	-	96,975
Payables	1,568,171	68,525	-	1,636,696
FSDf claim disbursement account	-	-	364,480	364,480
	<b>1,665,146</b>	<b>68,525</b>	<b>1,328,127</b>	<b>3,061,798</b>

The table below analyses the Institute's derivative financial instruments that will be settled on a gross basis into relevant maturity groupings based on the remaining period at the date of the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Up to 1 month \$	1 - 3 months \$	3 - 12 months \$	1 - 5 years \$	Total \$
<b>At 31 December 2016</b>					
Gross settled FX Forward Contracts					
- Receipts	24,383,139	-	-	-	24,383,139
- Payments	(24,787,425)	-	-	-	(24,787,425)
Gross settled stock futures					
- Receipts	-	1,656,168	-	-	1,656,168
- Payments	-	(1,592,928)	-	-	(1,592,928)
<b>At 31 December 2015</b>					
Gross settled FX Forward Contracts					
- Receipts	15,757,008	-	-	-	15,757,008
- Payments	(15,748,613)	-	-	-	(15,748,613)
Gross settled stock futures					
- Receipts	-	714,556	-	-	714,556
- Payments	-	(714,467)	-	-	(714,467)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

## 16. FINANCIAL RISK MANAGEMENT (continued)

### (d) Fair value investments

The Institute designates its investments at fair value through profit or loss as the investments are managed and its performance evaluated on a fair value basis.

As at 31 December 2016, financial assets carried at fair value consists of investments placed with an investment manager.

The table below shows an analysis of financial instruments measured at fair value and classified by level of the following fair value measurement hierarchy:

	Quoted prices in active markets for identical instrument Level 1 \$	Significant other observable inputs Level 2 \$	Significant unobservable inputs Level 3 \$	Total \$
<b>At 31 December 2016</b>				
<b>Financial assets</b>				
Fixed income	19,331,993	-	-	19,331,993
Equities	4,605,271	-	-	4,605,271
Investment Fund	2,025,905	-	-	2,025,905
Derivative financial instruments	-	202,007	-	202,007
Margin account	101,155	-	-	101,155
	<b>26,064,324</b>	<b>202,007</b>	-	<b>26,266,331</b>
<b>Financial liabilities</b>				
Derivative financial instruments	-	543,053	-	543,053
<b>At 31 December 2015</b>				
<b>Financial assets</b>				
Fixed income	17,237,517	-	-	17,237,517
Equities	5,645,407	-	-	5,645,407
Investment Fund	1,632,034	-	-	1,632,034
Derivative financial instruments	-	55,634	-	55,634
Margin account	68,388	-	-	68,388
	<b>24,583,346</b>	<b>55,634</b>	-	<b>24,638,980</b>
<b>Financial liabilities</b>				
Derivative financial instruments	-	47,151	-	47,151

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

## 16. FINANCIAL RISK MANAGEMENT (continued)

### (d) Fair value investments (continued)

#### Fair value hierarchy

The Institute classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements; the fair value hierarchy has the following levels:

Level 1 - Quoted prices (unadjusted in active markets for identical assets or liabilities)

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (i.e., unobservable inputs).

#### Determination of fair value

*Fixed income investments and forward foreign exchange contracts:* Fair value is determined directly by reference to their published market bid prices at the end of the reporting period. The valuation is applied by the investment manager.

*Equities:* Fair value is determined directly by reference to their published market bid prices at the end of the reporting period.

The fair value of financial instruments traded in active markets (available-for-sale listed equity financial assets) is determined based on quoted current bid prices at the statement of financial position date. These instruments are included in Level 1 fair value measurement hierarchy.

*Derivative financial instruments:* Fair value is determined using a valuation technique with market observable inputs.

The fair value of financial instruments that are not traded in an active market (over-the-counter currency forwards) is determined using quoted forward exchange rates at the statement of financial position date. These instruments are included in level 2.

The carrying value less impairment provision of current trade receivables and payables approximate to their fair values. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Institute for similar financial instruments. The fair value of current borrowings approximates their carrying amount.

### (e) Financial instruments by category

The carrying amounts of financial assets measured at fair value through profit or loss held for trading are disclosed on the face of the statement of financial position and in Note 8 to the financial statements.

The aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost are as follows:

	2016 \$	2015 \$
Loans and receivables	2,834,158	3,138,375
Financial liabilities at amortised cost	3,102,681	1,879,138

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

## 16. FINANCIAL RISK MANAGEMENT (continued)

### (f) Offsetting financial assets and financial liabilities

The Institute has currency forwards with one counterparty that are subject to enforceable master arrangement. These currency forwards are being offset and presented net on the face of the statement of financial position. There are no financial collaterals received in respect of these currency forwards.

## 17. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

The Institute has not early adopted any mandatory standards, amendments and interpretations to existing standards that have been published but are only effective for the Institute's accounting periods beginning on or after 1 January 2017. However, management anticipates that the adoption of these standards, amendments and interpretations will not have a material impact on the financial statements of the Institute in the period of their initial adoption.

## 18. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Council Members of The Institute of Banking and Finance on 30 May 2017.



# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the 42<sup>nd</sup> Annual General Meeting of The Institute of Banking and Finance (the “Institute”) will be held at 10 Shenton Way, MAS Building, Level 16, MAS Theatre, Singapore 079117 on Wednesday, 21 June 2017 at 9.00 a.m. for the following purposes:

## AS ORDINARY BUSINESS

1. To receive and consider the Council Members’ Statement and Audited Financial Statements of the Institute for the year ended 31 December 2016 together with the Auditors’ Report thereon.
2. To re-appoint PricewaterhouseCoopers LLP as auditors of the Institute and to authorise the Council Members to fix their remuneration.
3. To transact such other ordinary business as may be properly transacted at an Annual General Meeting.

By Order Of The Council

**David Chong Keen Loon**  
Secretary  
30 May 2017

## Note:

- (1) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a Member of the Institute.
- (2) The instrument appointing a proxy, must be deposited at the registered office of the Institute at 10 Shenton Way, #13-07/08 MAS Building, Singapore 079117 not less than 72 hours before the time appointed for holding the Annual General Meeting.
- (3) A corporation which is a Member of the Institute may, by resolution of its directors, authorise any person to act as its representative at the Annual General Meeting of the Institute, and such representative shall be entitled to exercise the same powers on behalf of the corporation which he represents as if he had been an individual member of the Institute.

## Personal data privacy:

By submitting an instrument appointing a proxy and/or representative to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Institute (i) consents to the collection, use and disclosure of the member’s personal data by the Institute (or its agents or service providers) for the purpose of the processing, administration and analysis by the Institute (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Institute (or its agents or service providers) to comply with any applicable laws, regulations and/or guidelines (collectively, the “Purposes”), (ii) warrants that where the member discloses the personal data of the member’s proxy and/or representative to the Institute (or its agents or service providers), the member has obtained the prior consent of such proxy and/or representative for the collection, use and disclosure by the Institute (or its agents or service providers) of the personal data of such proxy and/or representative for the Purposes; and (iii) agrees that the member will indemnify the Institute in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.

# CORPORATE INFORMATION

**Principal Officer**

Ms Lydia Wee Lynn  
Chief Executive Officer

**Auditors**

PricewaterhouseCoopers LLP  
Public Accountants and Chartered Accountants

**Secretaries to the Council**

Mr David Chong Keen Loon  
Ms Leong Yoke Yeng

**Solicitors**

Shook Lin & Bok LLP  
Advocates & Solicitors

# PROXY FORM

## The Institute of Banking and Finance

We \_\_\_\_\_  
name of member

of \_\_\_\_\_  
registered address

\_\_\_\_\_ Singapore \_\_\_\_\_

being a member of The Institute of Banking and Finance (the "Institute") hereby appoint

\_\_\_\_\_  
name of individual

\_\_\_\_\_  
designation

or failing him \_\_\_\_\_  
name of individual

\_\_\_\_\_  
designation

as our proxy to vote for us on our behalf at the 42<sup>nd</sup> Annual General Meeting of the Institute to be held at the MAS Theatre, Level 16, 10 Shenton Way, MAS Building, Singapore 079117 on Wednesday, 21 June 2017 at 9.00 a.m. and at any adjournment thereof.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2017.

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director / Secretary

An instrument appointing a proxy must be lodged at the Registered Office of the Institute at 10 Shenton Way, #13-07/08 MAS Building, Singapore 079117, not later than 72 hours before the time appointed for holding the annual general meeting or any adjournment thereof.

The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing. Where the instrument is executed by a corporation, it must be executed either under its common seal or under the hand of its officer or attorney duly authorised.

### Personal Data Privacy:

By attending the Annual General Meeting and/or any adjournment thereof or submitting an instrument appointing a proxy(ies), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 30 May 2017.



**The Institute of Banking & Finance**

10 Shenton Way

#13-07/08 MAS Building

Singapore 079117

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