

Report of the Council Members and Audited Financial Statements

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Council Members' Statement

For the financial year ended 31 December 2015

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 2015.

In the opinion of the Council Members,

- (a) the financial statements as set out on pages 45 to 66 are drawn up so as to give a true and fair view of the financial position of the Institute as at 31 December 2015 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 report are as follows:

Ravi Menon, Chairman
Wee Ee Cheong, Vice Chairman
Jacqueline Loh
Samuel Tsien
Piyush Gupta
Philip Lee
Guan Yeow Kwang
Nicholas Hadow
Loh Boon Chye (Appointed on 15 July 2015)
Karine Kam (Relinquished on 31 March 2016)
Ang Zhongren (Appointed on 29 June 2015)
Julia Ng (Appointed on 1 August 2015)
Shirish Apte
Derek Teo
Lim Cheng Teck
Michael Zink

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 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

For the financial year ended 31 December 2015

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

30 May 2016

Independent Auditor's Report to the Members of the Institute of Banking and Finance

Report on the Financial Statements

We have audited the accompanying financial statements of The Institute of Banking and Finance (the "Institute") set out on pages 45 to 66, which comprise the statement of financial position as at 31 December 2015, the statement of comprehensive income, the statement of changes in Members' Fund and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 Singapore Companies Act (the "Act"), the Singapore Charities Act, Chapter 37 (the "Charities Act"), and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we 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. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. 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.

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

Opinion

In our opinion, the financial statements of the Institute are properly drawn up in accordance with the provisions of the Act, the Charities Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Institute as at 31 December 2015, and the financial performance, changes in Members' Fund and cash flows of the Institute for the year ended on that date.

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.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 30 May 2016

Statement of Comprehensive Income

For the financial year ended 31 December 2015

	Note	2015 \$	2014 \$
Income			
Fees from courses and examinations		2,584,204	2,865,706
Sale of publications		35,130	41,650
Members' subscriptions		60,550	62,500
Sundry receipts		-	35
Gain on disposal of property and equipment		-	122
Fair value changes on investments		147,072	1,040,045
Grants	13	5,207,633	2,045,853
Total income		8,034,589	6,055,911
Expenditure			
Printing and miscellaneous expenses for courses and examinations		344,545	548,812
Salaries and staff expenses	4	3,786,858	3,440,923
Office rental		367,200	367,200
Depreciation of property and equipment	11	330,788	60,709
Professional fees - Consultancy		740,309	1,037,098
Professional fees - Others		106,851	86,238
Electricity, telephone and postages		19,832	19,956
Data processing		36,862	42,761
Repairs and maintenance		15,920	11,671
IBF Portal expenses	5	1,982,863	284,141
Printing, stationery and periodicals		18,114	13,854
Rental of copiers		2,640	2,640
Other administrative expenses		14,833	8,295
Total expenditure		7,767,615	5,924,298
Total comprehensive income for the year		266,974	131,613

There is no other comprehensive income for the financial year ended 31 December 2015 and 31 December 2014.

The accompanying notes form an integral part of these financial statements

Statement of Financial Position

As at 31 December 2015

	Note	2015 \$	2014 \$
ASSETS			
Current assets			
Cash and cash equivalents	7	2,614,413	3,414,263
Accounts receivables		57,278	56,246
Other receivables and prepayments	10	3,140,103	2,102,522
Investments	8	24,583,346	24,392,573
Derivative financial instruments	9	8,483	-
		30,403,623	29,965,604
Non-current assets			
Property and equipment	11	710,458	893,508
Total assets		31,114,081	30,859,112
LIABILITIES			
Current liabilities			
Payables	12	1,636,696	1,809,698
Advance fees for courses and examinations		96,975	197,335
Derivative financial instruments	9	-	90,816
		1,733,671	2,097,849
Non-current liabilities			
Members' funding contributions	14	963,647	965,147
FSDF claim disbursement account	13	364,480	10,807
		1,328,127	975,954
Total liabilities		3,061,798	3,073,803
NET ASSETS		28,052,283	27,785,309
EQUITY			
Members' Funds		27,785,309	27,653,696
Accumulated gains		266,974	131,613
Total equity		28,052,283	27,785,309

The accompanying notes form an integral part of these financial statements

Statement of Changes in Members' Fund

For the financial year ended 31 December 2015

	\$
2015	
Beginning of financial year	27,785,309
Total comprehensive income	<u>266,974</u>
End of financial year	<u>28,052,283</u>
2014	
Beginning of financial year	27,653,696
Total comprehensive income	<u>131,613</u>
End of financial year	<u>27,785,309</u>

The accompanying notes form an integral part of these financial statements

Statement of Cash Flows

For the financial year ended 31 December 2015

	Note	2015 \$	2014 \$
Cash flows from operating activities			
Profit after tax		266,974	131,613
Adjustments for:			
- Fair values change on investments and derivatives		(147,072)	(1,040,045)
- Depreciation	11	330,788	60,709
- Gain on disposal of property and equipment		-	(122)
		<u>450,690</u>	<u>(847,845)</u>
Operating profit/(loss) before working capital changes:			
- Accounts receivables		(1,032)	(13,493)
- Other receivables and prepayments		(1,037,581)	(1,552,451)
- Payables		(173,001)	390,563
- Advance fees for courses and examinations		(100,360)	(29,425)
- FSDF claim disbursement account		353,673	(127)
Net cash used in operating activities		<u>(507,611)</u>	<u>(2,052,778)</u>
Cash flows from investing activities			
Proceeds from disposal of investments		(143,001)	1,391,192
Proceeds from disposal of property and equipment		-	122
Purchase of property, plant and equipment	11	(147,738)	(914,573)
Net cash used in investing activities		<u>(290,739)</u>	<u>476,741</u>
Cash flows from financing activities			
Refund to members		(1,500)	(50,400)
Net cash used in financing activities		<u>(1,500)</u>	<u>(50,400)</u>
Net decrease in cash and cash equivalents		(799,850)	(1,626,437)
Cash and cash equivalents at beginning of financial year	7	<u>3,414,263</u>	<u>5,040,700</u>
Cash and cash equivalents at end of financial year	7	<u>2,614,413</u>	<u>3,414,263</u>

The accompanying notes form an integral part of these financial statements

Notes to the Financial Statements

For the financial year ended 31 December 2015

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.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2015

On 1 January 2015, 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.

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.

The accompanying notes form an integral part of these financial statements

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Significant accounting policies (continued)

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.

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:

	<u>Useful lives</u>
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.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Significant accounting policies (continued)

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.

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.

The accompanying notes form an integral part of these financial statements

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Significant accounting policies (continued)

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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2015

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

	2015 \$	2014 \$
Salaries and staff related expenditure	2,884,713	2,648,341
Costs of defined contribution plans included in salaries and staff expenses	373,267	313,287
Cost of unutilised leave included in salaries and staff expenses	122,040	114,415
	<u>3,380,020</u>	<u>3,076,043</u>

Compensation of key management personnel

The remuneration of key management personnel were as follows:

	2015 \$	2014 \$
Short-term benefits	<u>406,838</u>	<u>364,880</u>

5. IBF Portal expenses

The expenses incurred for the IBF Portal are as follows:

	2015 \$	2014 \$
Costs associated with IBF Portal	<u>1,982,863</u>	<u>284,141</u>

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.

The accompanying notes form an integral part of these financial statements

Notes to the Financial Statements

For the financial year ended 31 December 2015

7. Cash and bank balances

	2015 \$	2014 \$
Cash at bank	1,874,506	2,531,357
Cash and cash equivalents, placed with investment manager	739,907	882,906
	<u>2,614,413</u>	<u>3,414,263</u>

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:

	2015 \$	2014 \$
Fixed income investment	17,237,517	19,118,799
Equities	5,645,407	5,207,566
Investment Fund	1,632,034	-
Margin account	68,388	66,208
	<u>24,583,346</u>	<u>24,392,573</u>

During the current financial year, a management fee of S\$81,859 (2014: S\$62,824) was paid to the Investment Manager.

Notes to the Financial Statements

For the financial year ended 31 December 2015

9. Derivative financial instruments

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

	Contract/ notional amount \$	Fair values	
		Assets	Liabilities
		\$	\$
As 31 December 2015			
Derivatives held for trading			
- Foreign forward contract	11,079,436	8,394	-
- Stock futures	503,688	89	-
Total	11,583,124	8,483	-

	Contract/ notional amount \$	Fair values	
		Assets	Liabilities
		\$	\$
As 31 December 2014			
Derivatives held for trading			
- Foreign forward contract	5,626,378	-	74,977
- Stock futures	2,445,313	-	15,839
Total	8,071,691	-	90,816

10. Other receivables and prepayments

	Note	2015 \$	2014 \$
Security deposits		93,670	93,910
Prepaid expenses		59,006	68,517
Other debtors		61,419	153,887
Grant receivables	13	2,926,008	1,786,208
Total		3,140,103	2,102,522

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

The accompanying notes form an integral part of these financial statements

Notes to the Financial Statements

For the financial year ended 31 December 2015

11. Property and equipment

	Furniture and fittings \$	Computers and equipment \$	Renovations \$	Total \$
2015				
Cost				
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	<u>87,684</u>	<u>1,366,831</u>	<u>210,596</u>	<u>1,665,111</u>
Accumulated depreciation				
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	<u>82,020</u>	<u>672,749</u>	<u>199,884</u>	<u>954,653</u>
Net book value				
End of financial year	<u>5,664</u>	<u>694,082</u>	<u>10,712</u>	<u>710,458</u>
2014				
Cost				
Beginning of financial year	93,042	326,277	202,118	621,437
Additions	-	906,796	7,777	914,573
Disposals	(5,958)	-	-	(5,958)
End of financial year	<u>87,084</u>	<u>1,233,073</u>	<u>209,895</u>	<u>1,530,052</u>
Accumulated depreciation				
Beginning of financial year	81,424	298,251	202,118	581,793
Depreciation charge	3,272	56,789	648	60,709
Disposals	(5,958)	-	-	(5,958)
End of financial year	<u>78,738</u>	<u>355,040</u>	<u>202,766</u>	<u>636,544</u>
Net book value				
End of financial year	<u>8,346</u>	<u>878,033</u>	<u>7,129</u>	<u>893,508</u>

12. Payables

	2015 \$	2014 \$
Other Payables	4,659	-
Accrued expenses	1,472,461	887,394
Trade payables	37,536	807,889
Provision	122,040	114,415
	<u>1,636,696</u>	<u>1,809,698</u>

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.

Notes to the Financial Statements

For the financial year ended 31 December 2015

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.

	2015 \$	2014 \$
Total grant income	5,207,633	2,045,853

	2015 \$	2014 \$
Total grant receivables (Note 10)	2,926,008	1,786,208

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.

	2015 \$	2014 \$
Total grant payable to FSDF	364,480	10,807

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.

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

	2015 \$	2014 \$
Minimum lease payment paid under operating lease	367,200	367,200

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

	2015 \$	2014 \$
Within one year	91,800	367,200
In the second to fifth year inclusive	-	91,800
	91,800	459,000

The Institute operating lease payments are negotiated for a term of 3 years and rentals are fixed for 3 years. The existing operating lease was subsequently renewed after the end of the reporting period, on 1 March 2016.

The accompanying notes form an integral part of these financial statements

Notes to the Financial Statements

For the financial year ended 31 December 2015

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 \$
2015				
Assets				
Cash and cash				
Equivalents	2,503,500	83,274	27,639	2,614,413
Investments	9,167,678	10,430,578	4,985,090	24,583,346
Derivative financial instruments	11,079,436	(7,816,617)	(3,254,336)	8,483
	<u>22,750,614</u>	<u>2,697,235</u>	<u>1,758,393</u>	<u>27,206,242</u>
Liabilities				
Derivative financial instruments	-	-	-	-
Net position	22,750,614	2,697,235	1,758,393	27,206,242
2014				
Assets				
Cash and cash				
equivalents	3,173,852	78,239	162,172	3,414,263
Investment	15,091,097	7,642,026	1,659,450	24,392,573
Derivative financial instruments	-	-	-	-
	<u>18,264,949</u>	<u>7,720,265</u>	<u>1,821,622</u>	<u>27,806,836</u>
Liabilities				
Derivative financial instruments	(5,626,378)	5,717,194	-	90,816
Net position	23,891,327	2,003,071	1,821,622	27,716,020

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.

The accompanying notes form an integral part of these financial statements

Notes to the Financial Statements

For the financial year ended 31 December 2015

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:

	2015	2014
	Profit	Profit
	after tax	after tax
	\$	\$
<u>USD against SGD</u>		
- Strengthened by 1% (2014: 1%)	26,972	20,031
- Weakened by 1% (2014: 1%)	(26,972)	(20,031)

(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:

	2015	2014
	Profit	Profit
	after tax	after tax
	\$	\$
<u>Listed in Singapore</u>		
- Strengthened by 1% (2014: 1%)	17,002	35,602
- Weakened by 1% (2014: 1%)	(17,002)	(35,602)
<u>Listed in Hong Kong</u>		
- Strengthened by 1% (2014: 1%)	12,358	8,628
- Weakened by 1% (2014: 1%)	(12,358)	(8,628)

(iii) Interest rate risk

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

The accompanying notes form an integral part of these financial statements

Notes to the Financial Statements

For the financial year ended 31 December 2015

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 has past due and impaired except for accounts receivables of \$57,278 (2014: \$56,246), which are mostly due within 3 months but not impaired. Management assessed that those receivables to be 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 2015. The rating scale is based on the rating as defined by Standard & Poor's, Moody's and Fitch.

External Rating	2015	2014
	\$	\$
AAA/Aaa	5,069,276	6,581,279
AA/Aa2	423,420	-
AA-/Aa3	724,374	394,859
A+/A1	1,329,991	2,003,745
A/A2	2,040,822	1,896,357
A-/A3	1,218,802	1,816,288
BBB+/Baa1	1,894,792	2,251,675
BBB/Baa2	251,890	255,200
BBB-/Baa3	2,894,920	2,794,275
BB+/Ba1	701,820	-
Unrated	687,410	1,125,121
	<u>17,237,517</u>	<u>19,118,799</u>

Notes to the Financial Statements

For the financial year ended 31 December 2015

16. Financial risk management (continued)

(c) Liquidity risk

The table below analyses the Institute's non-derivative financial liabilities and derivatives that are used to hedge foreign currency purchases 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 \$
At 31 December 2015				
Member's funding contributions	-	-	963,647	963,647
Advances fees from courses and examinations	96,975	-	-	96,975
Payables	1,636,696	-	-	1,636,696
FSDF claim disbursement account	-	-	364,480	364,480
	<u>1,733,671</u>	<u>-</u>	<u>1,328,127</u>	<u>3,061,798</u>
At 31 December 2014				
Member's funding contributions	-	-	965,147	965,147
Advances fees from courses and examinations	197,335	-	-	197,335
Payables	1,809,698	-	-	1,809,698
FSDF claim disbursement account	-	-	10,807	10,807
	<u>2,007,033</u>	<u>-</u>	<u>975,954</u>	<u>2,982,987</u>

The accompanying notes form an integral part of these financial statements

Notes to the Financial Statements

For the financial year ended 31 December 2015

16. Financial risk management (continued)

(c) Liquidity risk (continued)

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 \$
At 31 December 2015					
Gross settled currency forwards					
- Receipts	13,400,881	-	-	-	13,400,881
- Payments	(2,321,445)	-	-	-	(2,321,445)
<hr/>					
Gross settled stock futures					
- Receipts	-	89	-	-	89
<hr/>					
At 31 December 2014					
Gross settled currency forwards					
- Receipts	5,701,400	-	-	-	5,701,400
- Payments	(5,626,378)	-	-	-	(5,626,378)
<hr/>					
Gross settled stock futures					
- Payments	-	-	(15,839)	-	(15,839)
<hr/>					

(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 2015, financial assets carried at fair value consists of investments placed with an investment manager.

Notes to the Financial Statements

For the financial year ended 31 December 2015

16. Financial risk management (continued)

(d) Fair value investments (continued)

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 <u>Level 1</u> \$	Significant other observable inputs <u>Level 2</u> \$	Significant unobservable inputs <u>Level 3</u> \$	<u>Total</u> \$
As at 31 December 2015				
Financial assets				
Fixed income investments	17,237,517	-	-	17,237,517
Equities	5,645,407	-	-	5,645,407
Investment Fund	1,632,034	-	-	1,632,034
Derivative financial instruments	-	8,483	-	8,483
Margin account	-	68,388	-	68,388
	<u>24,514,958</u>	<u>76,871</u>	-	<u>24,591,829</u>
Financial liabilities				
Derivative financial instruments	-	-	-	-
As at 31 December 2014				
Financial assets				
Fixed income investments	19,118,799	-	-	19,118,799
Equities	5,207,566	-	-	5,207,566
Margin account	-	66,208	-	66,208
	<u>24,326,365</u>	<u>66,208</u>	-	<u>24,392,573</u>
Financial liabilities				
Derivative financial instruments	-	90,816	-	90,816

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).

The accompanying notes form an integral part of these financial statements

Notes to the Financial Statements

For the financial year ended 31 December 2015

16. Financial risk management (continued)

(d) Fair value investments (continued)

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:

	2015	2014
	\$	\$
Loans and receivables	3,138,375	2,090,251
Financial liabilities at amortised cost	<u>1,879,138</u>	<u>1,706,090</u>

(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.

Notes to the Financial Statements

For the financial year ended 31 December 2015

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 2016. 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 2016.

The accompanying notes form an integral part of these financial statements

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 41st 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 Tuesday, 21 June 2016 at 2.30 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and consider the Council's Statement and Audited Financial Statements of the Institute for the year ended 31 December 2015 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.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Special Resolutions:

4. Alteration of object clauses

That the objects as contained in Clause 3 of the existing Memorandum of Association of the Institute be amended by deleting the original Clause 3 in its entirety and inserting the new Clause 3 as set out in the Appendix A attached hereto in substitution therefor.

5. Adoption of New Constitution

- (a) That, subject to and contingent upon the passing of Special Resolution No. 4, the regulations contained in the new Constitution ("New Constitution") of the Institute in the form attached hereto as Appendix B, be approved and adopted as the new Constitution of the Institute in substitution for and to the exclusion of the existing Constitution (previously referred to as the Memorandum of Association and Articles of Association) of the Institute.
- (b) That the Council Members of the Institute and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing any and all such documents as may be required) as they and/or he may consider expedient or necessary or in the interests of the Institute to give effect to the transactions contemplated and/or authorised by the abovementioned Special Resolutions.

By Order Of The Council

David Chong Keen Loon
Secretary
30 May 2016

Notice of Annual General Meeting

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 forty-eight hours (48) 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 Ong Puay See
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

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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 41st Annual General Meeting of the Institute to be held at the MAS Theatre, Level 16, 10 Shenton Way, MAS Building, Singapore 079117 on Tuesday, 21 June 2016 at 2.30 p.m. and at any adjournment thereof.

Dated this _____ day of _____ 2016.

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 48 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 [•] 2016.





THE INSTITUTE OF BANKING & FINANCE

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