



# ANNUAL REPORT 2016

The Institute of Choice for the  
Development of Business  
Professionals.

p 34

Celebrating 35 years of  
Service and Constant Growth

p 40

Highlights of 2016  
Another Busy Year

p 48

BIBF's Veterans  
Celebrating their Loyalty

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TheBIBF

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**His Royal Highness,  
Prince Khalifa bin Salman Al Khalifa**

The Prime Minister of the Kingdom  
of Bahrain



**His Majesty,  
King Hamad bin Isa Al Khalifa**

The King of the  
Kingdom of Bahrain



**His Royal Highness,  
Prince Salman bin Hamad Al Khalifa**

Crown Prince, Deputy Supreme  
Commander and First Deputy Prime  
Minister of the Kingdom of Bahrain



# ANNUAL REPORT 2016



## CONTENTS

- 6** About BIBF
- 10** Director's Statement
- 14** A year in Review
- 40** Highlights of 2016, another busy year
- 50** State-of-the-art facilities
- 59** Financial Report
- 8** Chairman's Statement
- 12** Management Team
- 34** Celebrating 35 years of service and constant growth
- 48** BIBF's Veterans - Celebrating their Loyalty
- 54** How the Industry sees the BIBF

## About BIBF

**Bahrain Institute of Banking and Finance (BIBF)** has been a cornerstone of the Banking and Financial Services Sector in the Kingdom since its inception in 1981.

The growing levels of Bahrainisation, which are at 61%, and the sustained growth patterns of the financial services industry, in particular, are clear indications of the success and the commitment to the human capital development of BIBF spanning over the past 34 years.

Having equipped over 250,000 students with necessary knowledge and skills from over 34 countries, the BIBF has had an unparalleled impact on the tall stature of the Kingdom's excellence in the human capital development.

BIBF's success story has not only raised the visibility of the Institute but also impacted positively on the overall stature of the financial services industry in Bahrain and seen as a major driving factor behind the excellence of Bahraini workforce both in the public and private sectors.

Our international network of globally recognised partners, our creation of some of the world's first curriculum in Islamic Finance and Takaful, the breadth and depth of our content, and commitment to career long learning are few but important milestones towards the growth and development of Bahrain.

This investment, of more than a generation, in content, curriculum development, unique intellectual property, and staff development are unparalleled across the GCC market. The BIBF legacy continues to be distinctive in the world and one of the greatest assets that takes Bahrain to new levels of excellence in the future.



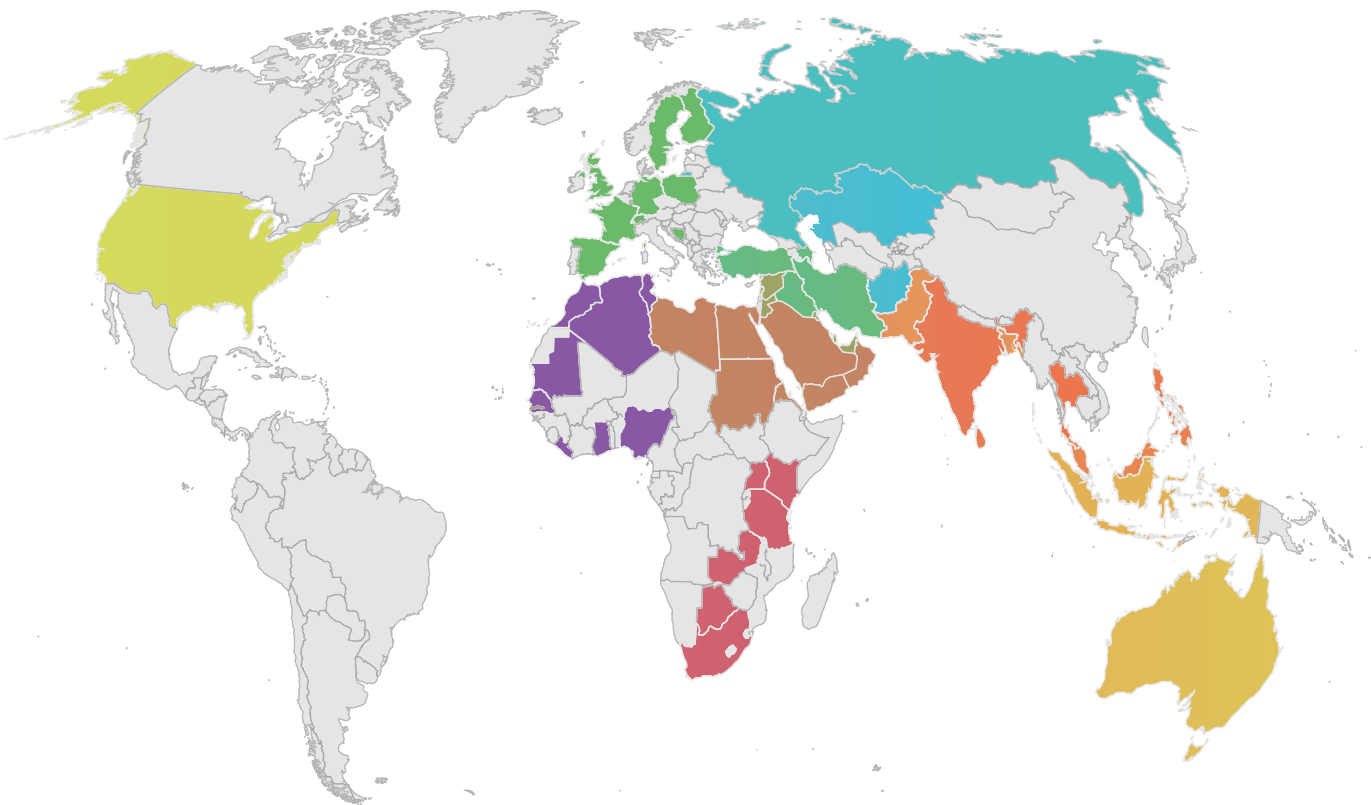
## GLOBAL REACH

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The BIBF plays a vital role in the training and human capital development in the region.

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The BIBF qualifies over **20,000** learners a year across all major business disciplines and economic sectors.



**Affiliated to the Central Bank of Bahrain**

Rated “Outstanding” by the Education & Training Qualifications Authority (BQA)

The BIBF has delivered training to over

**340,000** Students

in 63 countries

since its inception in 1981

## Chairman's Statement



### His Excellency the Chairman's Foreword

The year 2016 was an important milestone for the Bahrain Institute of Banking and Finance (BIBF). It marked 35 years of steady growth and development of the Institute and its ongoing and important contribution to the Kingdom of Bahrain's banking and finance sector.

The finance sector comprises over 400 banking and financial institutions and representative offices. It is vital to the nation's economy which contributes 17 percent of the Gross Domestic Product (GDP). It is also the largest single employer, with Bahrainis representing over 70 percent of the work force. This is a tribute to the Institute's work over more than three decades. I am confident that the BIBF will continue to play its essential role in realising our national goals by widening and strengthening the parameters of the human resources development in the country.

Human capital is one of the Kingdom of Bahrain's many strengths and this is reflected in our national economic 'Vision 2030', which is centred on the country's robust human resources. It is imperative that we focus on renewing this source of creativity and innovation to be able to adapt to a continuing changing and challenging world.



Since its opening in 1981, BIBF has worked in close harmony with the financial sector and has kept its focus on the evolving nature of the financial landscape of the Kingdom of Bahrain. Always keeping pace with the needs of this rapidly changing environment, the Institute has provided training for over 250,000 students of 34 different nationalities and now offers participants over 300 training programmes.

The Institute's financials have seen continued growth in 2016, with and reinvestment in improving the quality of the training programmes to match the needs of an ever-demanding industry.





The Institute is honoured to have been encouraged by the support and vision of His Majesty King Hamad bin Isa Al-Khalifa, His Royal Highness the Prime Minister Prince Khalifa bin Salman Al-Khalifa, and His Royal Highness Prince Salman bin Hamad Al Khalifa, Crown Prince, Deputy Supreme Commander and First Deputy Prime Minister. I thank them for their invaluable patronage and guidance.

In conclusion, I must thank all the BIBF staff for their dedication and commitment towards achieving the overall objectives of the Institute. Their determination to bring the highest standards to the task of training and development has been outstanding. I also thank my colleagues in the Board of Directors representing the financial sector organisations for their support and cooperation to make BIBF a centre of choice for development of human resources in the Kingdom of Bahrain.



**H.E. Rasheed Mohammed AlMaraj**

Chairman of the Board of Directors  
Governor of the Central Bank of Bahrain

## Interview with BIBF Former Director Solveig Nicklos

### Former Directors' Statement

Solveig Nicklos, the Former Director of the Bahrain Institute of Banking and Finance (BIBF), has completed her four-year term as Director of the institute and will be leaving the BIBF in June 2017. "It has been an exciting and challenging four years and I have enjoyed working with some wonderful colleagues. We have achieved a great deal since I arrived in June 2013.

"I shall miss Bahrain, too. I couldn't have wished for a friendlier country to live in and a more congenial place to work," she said.

"I think it's fair to say that I arrived at the BIBF at a time of enormous opportunities and momentous change. The organisation was at a critical point in its evolution and I am extremely proud to have led it through a range of challenges, not the least of which was the cancellation of the banking levy and the changes in Tamkeen's programme support. This, together with the consolidation of the financial services sector, Ministry training cuts, and falling oil prices all created a paradigm shifting environment in which to work," she added.

Despite these challenges, the BIBF has experienced a period of unparalleled success in many areas. Nicklos is very much a 'people person' and she is proud of the group of hard-working professionals she has built up since 2013: "My thanks must go to my team which has worked extremely hard as a coordinated unit holding salaries flat, controlling costs, collecting accounts receivable (A/R), launching new types of products, and truly embracing the ideology of project management and execution with a common goal in mind," she said.

Since 2013 the BIBF has gone through a major strategic transformation. The organisation needed a complete overhaul and was out of synch with market demands. The organisational infrastructure was fragile and the physical infrastructure was neglected. "So, we embarked on a four-year strategic journey to raise the quality, value, and thought leadership of the institution," Nicklos said emphatically.





She explained that the core areas of focus were built on two pillars of internal reorganisation/development and infrastructure investment as well as curriculum/content upgrades and alignment with market needs. She went on to say: "I am proud that we have achieved tremendous results in these areas and that the BIBF is prepared to support the Bahrain of the future".

The strategic focus was not only on qualitative but on quantitative improvement as well, she underlined. "In 2016, we more than doubled our expected profit and saw a six-fold increase in our net operating surplus. Our interest income is significantly improved because of excellent cash management and, from 2015 to 2016, we saw a net reduction from BD1.5 million to BD.5 million in our A/R -- representing the lowest we have had in the history of the BIBF (while at the same time maintaining revenue) and is the result of enduring cash management improvements. In addition, we have seen a nine-fold increase in our operating cash flow and we have increased return on our long-term deposits, resulting in a five-fold increase in finance income."

Somewhat wistfully Nicklos concluded: "The BIBF enjoyed its 35th anniversary in 2016 and the year itself proved to be the most dynamic year in our history. I must give special thanks and congratulations to His Excellency the Governor of the Central Bank of Bahrain (CBB) for his tireless work on behalf of the BIBF: we now have both the Royal Decree confirming the governance shift to the CBB. This milestone, along with the many other accomplishments, now finds us at an inflection point that will define the BIBF for many years to come".



**Solveig Nicklos**  
Former Director, BIBF



## The Management Team

The BIBF Management Team comprises of high performing, qualified senior industry professionals who work together to drive educational excellence, enhance training and development standards, and provide value to our stakeholders.



**Solveig Nicklos**  
Former Director, BIBF



**Dr. Ahmed Al Shaikh**  
Director



**Meaad Al Awadhi**  
Head - Human Resources



**Jaideep Rana**  
Head - Finance



**Nawal Ali Saif**  
Head- Former Registrar



**Kadri Rizk**  
Head - Leadership & Management



**Burhanu Deen Jayah**  
Head - Banking, Accounting & Finance, Research and Advisory



**Keith Sharp**  
Head - Academics & Assessment



**Ahmed Naeemi**  
Head - Operations, Project & IT



**Manal Mashkoor**  
Head - Insurance



**Mujtaba Khalid**  
Head - Islamic Finance Centre



**Amal Al Sorani**  
Head -Marketing & Corporate Communications



# A Year in Review

It is tempting to wonder what the pioneers who set up the Bahrain Bankers Training Centre in 1981, later to become the Bahrain Institute of Banking and Finance (BIBF), would make of the organisation today.

Thirty-five years ago, during its opening year, the BIBF had a total staff of five who conducted training for 213 participants over eight courses in 491 square metres on the top floor of an office building in Old Palace Road.

The BIBF has come a long way since then. It is now world-renowned, has staff numbering 100 and 20,000 students per year with 400 different courses on offer. The campus is spread over 2,667 square metres and will soon be moved to ultra-modern, custom-built premises next to the Bahrain Financial Harbour.

BIBF's former Director Solveig Nicklos said: "The year 2016 proved to be the most dynamic twelve months in our history. We have both the Royal Decree confirming the governance shift to the Central Bank of Bahrain (CBB) and the approved budget for the new building project. These two milestones, along with our many other accomplishments, now find us at an inflection point that will define the BIBF for many years to come.

The current Director Dr Ahmed Al Shaikh underlined that the BIBF is ready to meet the challenges ahead. He went on to say: "We have achieved a great deal in the past three years. For example, we now have an international footprint in 63 countries.

"Moreover, we are acutely aware of what we need to do to maintain our position as one of the world's most respected educational and training institutes in this specialised field", he added. He went on to explain: "It is imperative that we keep abreast of market forces. So, we are constantly alive to the banking and financial sector's requirements and we customise programmes that meet their needs. This provides the workforce with the necessary skillsets and the latest educational and training trends to equip organisations and individuals with the required concepts for their personal career progression and organisational excellence".

In conclusion, Dr Al Shaikh pointed out that the BIBF is a non-profit organisation, adding that: "We must strive for quality in all our programmes, as we are the official training arm of the CBB".







“2016 was the most dynamic year in our history”





## CENTRE FOR **BANKING**

The Banking Centre: reinforces Bahrain's position as the banking hub

The BIBF offers a wide range of training courses for banks and other financial institutions in Bahrain and the region, programmes that are at the heart of what the BIBF aims to do. These include standard courses (short courses that take place in the morning and are awarded by the BIBF), professional qualifications, bespoke training that is customised to specific client needs, and 'Expert Masterclasses', delivered by specialists from all over the world on cutting-edge topics in banking and finance and designed for middle to top-level management.

The BIBF regularly organises thought leadership seminars, workshops and other events in collaboration with leading regional and international educational organisations to engage the wider business community (financial services in particular) on current topics, challenges and issues facing the global banking industry. Ministries, government organisations and central banks from all around the world panel some of these discussions on issues of both national and international importance.

Deen Jayah, the Head of the Centre for Banking, is delighted with progress in 2016 and said: "The Centre enjoyed the most successful year in the history of the BIBF, both financially as well as with educational advances in the areas of compliance, risk, sanctions, AML, governance, BASEL III, treasury/capital markets, international trade finance, credit, and retail banking.

"We also mapped 90 percent of the CBB's rulebook and successfully concluded a 'Federal Reserve Programme on Bank Analysis' for GCC central bankers", he added.

There were so many achievements in 2016 that Jayah had to consult his detailed notes to keep track of them all. "We have updated the 'Financial Advisors Programme' (FAP) to level 1 and 2 with plans to launch level 3 in coordination with the CBB; we have completed the revision of the 'Banking Studies Diploma Programme (BSDP)'. In addition, we have reached agreement with University of Bangor in Wales and the Chartered Institute of Bankers in Scotland for a progression to an MBA degree.

"There's been a complete review of the GRC model on the AML, Compliance, Risk and Governance core curriculum with a revision and expansion of public courses as well as new professional certifications, such as FFR, APRM and PRM. Closely allied to that we successfully launched an AML, 'Financial Crime and Compliance' course with ICA (UK) and ACAMS (USA) in Bahrain and regionally", he added.

He was also pleased with other tasks undertaken by his Department, such as creating a holistic suite of courses with the Bahrain Bourse to enhance public awareness and training; signing an MoU with Euromoney to launch 12 new courses in Bahrain and developing curriculum and professional certifications in areas of Financial Crimes and Fintech.



# CENTRE FOR **ACCOUNTING & FINANCE**

Centre for Accounting & Finance  
achieves excellence in 2016

The BIBF has an enviable record in the fields of financial accounting, managerial accounting, internal auditing, financial modelling, performance management, professional ethics, and International Financial Reporting Standards (IFRS), among various other sub-specialisations. The Institute is an 'IFRS Centre of Excellence' and employs internationally renowned speakers and specialists from the leading 'Big Four' accountancy firms.

The success rates of students who undertake BIBF's professional qualifications in Accounting & Finance regularly outperform global benchmarks. The BIBF offers internationally recognised qualifications, including the CPA, CMA, CIA, AAT, ACCA and FIA, and delivers training courses in both English and Arabic.

The Accounting Centre made programme advances in the areas of financial accounting, management accounting, IFRS, budgeting, financial analysis, finance, fraud, and launched many new overseas initiatives in 2016.

There was more than a moment of pride in Juffair when the Association of Chartered Certified Accountants (ACCA) announced the renewal of BIBF's Platinum Status (until 2018) for the quality of teaching and the support it gives to students.

The Department continues to achieve better than average global pass rates and produced a regional (GCC) prize winner Meera Sadasivan who is a high school graduate studying ACCA, to pursue a career in the Accounting Field for her 'F5 - Performance Management' paper for the ACCA. This was a first in BIBF's history. The BIBF's relationship with the global body is growing steadily and it also launched the IFRS Diploma with ACCA. Another achievement was the successful introduction of CFA levels 1 and 2 with level 3 scheduled for 2017. Moreover, the Centre exceeded global pass rates for CFA level 1.



CENTRE FOR  
**LEADERSHIP &  
MANAGEMENT**

Centre for Leadership & Management  
achieves excellence in 2016

Kadri Rizk is the Head of Leadership and Management, a Learning Centre within the BIBF that offers a wide array of training solutions in Marketing, Human Resources, Public Relations, Team Building, Management and English for Specific Business Purposes.

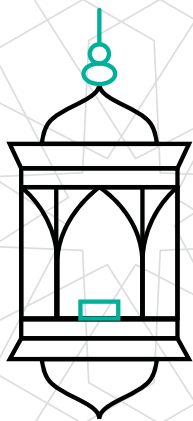
“The entire range of courses offered at the Centre for Leadership and Management provide a platform for professionals with career progression in mind. We cater to the specific needs of banks, financial institutions, organisations and professional individuals who wish to enhance their skills and prepare them for the workplace, at whatever level,” he said.

All professional qualifications within the Centre are internationally affiliated with professional bodies in the UK and the US, giving learners the edge in acquiring the necessary skills to advance their knowledge and awareness of the various concepts required within their respective occupations.

The close relationship with the Crown Prince’s International Scholarship Programme (CPISP) continued throughout 2016 with courses, such as presentation skills, negotiations, SAT/exam preparation, Chartered Management Institute (CMI) Level Three and Team Building. Rizk’s Department has had a similar success with training executives of the CBB’s ‘Next Generation of Leaders’, and has successfully completed the second CBB-supported mentorship programme for the financial services sector.

In a very busy year, the Centre has also launched a ‘Level Seven’ course of the renowned, London-based Chartered Institute of Personnel and Management (CIPD); has started the First annual ‘Leadership and Management Forum’ for human resources and training managers covering all Professional Qualifications offered at the BIBF and the latest trends of Leadership.

The Centre has also expanded its Assessment Centre to be a ‘Pearson Certified Site’.



CENTRE FOR  
**ISLAMIC  
FINANCE**

Centre for Islamic Finance achieves  
excellence in 2016



Bahrain leads the region in Sharia-compliant banking and financial services and the BIBF has kept pace with this fast-growing segment of the world's banking and finance sector. Centre for Islamic Finance Head Mujtaba Khalid joined the BIBF in November 2015 and has made an immediate impact on his domain, maintaining the momentum and continual innovation that has marked this discipline since its inception at the BIBF in 1997.

The Centre provides specialised Islamic finance training and education in over 20 countries, some of which involve country level initiatives with banking regulators such as Bank of Indonesia, The Central Bank of Senegal, Bank of Ghana, The Central Bank of Oman, and the National Bank of Kazakhstan.

The Centre has the organised support of the Sharia-compliant financial sector in the Kingdom of Bahrain. It also collaborates with major service institutions, such as the Manama-based Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI). With the active patronage and support of the CBB, the Centre has access to industry experts worldwide, ensuring that its courses and programmes – both professional and academic – are relevant, contemporary and practical.

Khalid reported that there was a 40 percent increase in enrollment for the Advanced Diploma in Islamic Finance (ADIF) in 2016, against the previous year. And he is excited with the four-year globally-exclusive agreement that has been secured to bring all AAOIFI Standards on to a single e-learning platform. This is in line with BIBF's much wider strategic plan to move towards a comprehensive e-learning platform. The Centre also raised upwards of BD 100,000 for the e-Learning initiative from the industry and the Waqf Fund.

Another first for the BIBF is the Centre's Advanced Diploma in Islamic Finance (ADIF), which is the only Islamic finance professional qualification in the world with a pathway into a UK MBA. This year saw the first batch of ADIF graduates go to the University of Bolton in the UK. The ADIF programme attracted over 50 students which is the highest in five years.

The year ended on a high note with the signing of an agreement with the Astana Financial Centre (AFC) in Kazakhstan to collaborate and be their training arm for Islamic Finance training.





## CENTRE FOR **INSURANCE**

BIBF remains crucial for  
growth of the insurance  
industry

When Manal Mashkooor took over as Head of the Insurance Centre in December 2015 she was not only the youngest Head of Department in BIBF's history, she was also a BIBF graduate, starting her career at the Institute as a lecturer in 2008. And she faced a daunting task.

"We had to bring the Department into compliance with our internal policies and procedures as well as our certifications with our key partners and stakeholders, specifically the Chartered Insurance Institute (CII), she explained and added: "I can now say that the Department is fully integrated within the BIBF framework, the quality of the materials and relationship with our chartered bodies has greatly improved, and we are developing excellent relationships with our key clients."

The year 2016 was a busy one for Mashkooor who completed a strategic review of the Centre with a fully detailed analysis of how to move forward. When compiling the review, she took a close look into the financial implications, strategic levers and developed an action plan, bringing the faculty in line with industry best practice and partner requirements.

The Centre offers courses in 'Risk Management', 'Medical Insurance', and 'Insurance Marketing'. The 'Risk Management' course forms part of the BIBF Insurance Management Diploma (BIMD) and introduces a comprehensive framework of operational risk management process focusing on the main categories of risks faced by organisations in general.

Medical insurance is a fast-growing discipline and this course is part of the BIBF Intermediate Insurance Diploma (BIID) and provides candidates with basic working knowledge of the medical insurance market, its main products, underwriting and claim procedures.

Marketing skills are much sought after and this course is part of the BIBF Insurance Management Diploma (BIMD), which provides candidates with an understanding of the role of the marketing function and its unique application to insurance.

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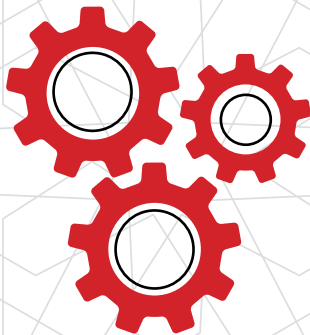
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منتدى ومعرض  
الأمن الإلكتروني



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# CENTRE FOR IT & PROJECT MANAGEMENT

Centre for IT & Project Management  
achieves excellence in 2016

The demand for IT and Project Management courses caused the Institute to break out these disciplines into two separate units in 2016. Department Head Ahmed Naeemi was confident about this move, saying: "We can now capitalise on our internal expertise as well as expand to meet the new demands in these areas within the financial services sector".

The Project Management team ran the BIBF's first 'Annual Project Management Convention' in November 2016. Running 28 courses in 30 days with over 450 students, this major event established the BIBF and the Kingdom of Bahrain as a centre of excellence in Project Management.

"We have since been approached about running the programme in the UAE, Oman and Saudi Arabia and we are scheduled to run components of the programme with the British Embassy, the CBB, and The Bahrain Islamic Bank as a direct result of the success of the Convention," he added.

The Institute had the highest number ever of applicants for the Project Management Professional (PMP) and the Certified Associate in Project Management (CAPM) certifications in 2016. The BIBF is now a recognised educational partner (REP) with the Project Management Institute International (PMI) of America

The team launched 35 additional courses in IT and project management in 2016 and Naeemi is currently in discussions with the EDB and Tamkeen to launch the Amazon Web Services (AWS) certifications in 2017.





CENTRE FOR  
**ACADEMIC**

Studies attracts highest number of applicants  
in 2016

Through our established partnerships with leading universities in the United Kingdom and the United States of America, the BIBF offers the opportunity to study for an internationally recognised degree in Bahrain. Taught by a highly qualified international faculty and designed by world-renowned research universities who award their own degrees, studying at BIBF can open doors to a successful career.

Department Head Dr Keith Sharp is proud of this important aspect of the Institute's work and explained that students can achieve Bachelor degrees in association with Bangor University in the UK and the University of London's London School of Economics (LSE). Moreover, MBAs can be acquired from the University of Strathclyde's Business School and from the USA's DePaul University.

He went on to explain that students can enter even earlier: "We offer the International Foundation Programme, which allows participants to enter directly into an undergraduate degree of their choice anywhere in the United Kingdom. The International Foundation Programme is accredited by the National Recognition Information Centre (UK NARIC), and is comparable to the General Certificate of Education (GCE) Advanced Level and the Scottish Advanced Higher Standard".

In a relatively new development the BIBF offers 'Executive Education for Boards of Directors', giving insight into a range of topics, including corporate governance, the financial roles and responsibilities of board members and the crucial issue of disability awareness.





CENTRE FOR  
**QUALITY  
ASSURANCE**

Centre for Quality Assurance  
achieves excellence in 2016



The Institute's Quality Assurance carries out a crucial role in ensuring that all programmes, courses, workshops on offer provide international standards of training criteria.

The Unit has been extremely busy and has made major contributions to the overall progress of the BIBF in 2016.

The unit has revolutionised the educational infrastructure, which has been instrumental in re-establishing BIBF's intellectual credibility.

Dr Keith Sharp explained: "The Department has implemented a 'Teaching, Learning, and Assessment' strategy which is critical to our work with the National Qualifications Framework (NQF), the Higher Education Council (HEC), the Quality National Authority for Qualifications & Quality Assurance of Education & Training (QQA), and other international accrediting bodies. This also incorporates an innovative Peer Observation of Teaching Strategy which has been designed to enhance the skills and effectiveness of our lecturers."

To ensure that everyone keeps their eye on this vital area of concern, an Educational Standards Committee has been set up to oversee educational standards and quality throughout the BIBF.

Other notable advances included delivering the BIBF's first in a planned series of annual seminars on 'Research and Thought Leadership'.





## Anniversary

### **Celebrating 35 years of service and constant growth**

It is frequently said by those who know the Kingdom of Bahrain that the island's greatest resource is its people. Because Bahrain led the way for generations in the region by offering all its people good secondary education (with the first boys' school opening in 1919), Bahrain is well-known as an education hub in the GCC with the best trained workforce in the region.

Today Bahrain is home to 403 banks and financial institutions with assets nudging US\$ 200 billion. This is made up of 29 retail banks (14 locally incorporated, 15 branches of foreign banks); 73 wholesale banks, eight representative offices and 25 Islamic banks. Together with 153 insurance companies and organisations, this constitutes a huge resource for a small island nation whose population nudges 1.3 million. The banking and finance sector contributes 17.2 percent of Bahrain's US\$ 33 billion GDP, making a key driver of growth in the country and its largest single employer.

This enviable situation has been reached largely because Bahrain can call on a large body of well-educated and trained banking and financial employees, provided by the stimulus and untiring work of the Bahrain Institute of Banking and Finance (BIBF). According to the Central Bank of Bahrain (CBB), Bahrainis today represent 65 percent of the 13,800 workforce figure much higher than other countries in the region. This has to be the most meaningful tribute to the work of the BIBF.

Bahrain's journey from a small community, relying on pearling and agriculture, to becoming a regional major

banking hub began in 1920 when the Eastern Bank (now Standard Chartered) opened a branch in the capital, Manama. The coming of oil in 1932 was the driver of economic and infrastructural growth in general. But it was the foresight and drive of the Government in seizing an opportunity to attract the world's leading banks by issuing licences for Offshore Banking Units (OBUs) in 1975 that kick-started the nation's status as a savvy, safe and energetic centre for banks and financial institutions.

With the establishment in 1981 of the BIBF - then called the Bahrain Bankers Training Centre. The BIBF has become central to the growth and success of this sector of the country's economy. Adnan Ahmed Yousif, President and Chief Executive of the Al Baraka Banking Group made this clear when he spoke about BIBF's 35th anniversary and said: "BIBF was part of the great vision that saw Bahrain as a banking and finance hub. Today we also see that BIBF is able to continuously evolve to prepare the next generations of industry leaders for the future."

This ability of the BIBF to grow to meet the demands of the banking and finance industry is made clear by looking at some basic statistics. In its first year of operations 35 years ago, the BIBF trained 213 students. By the opening of the academic year in 2016 over 340,000 people from 63 countries had been given training. This has shown a steady growth over the years with an estimated 25,000 participants in 2016.

## Increasing number of students



Over the years

From a purely financial viewpoint, the institute's growth is underlined by a quick scan of the BIBF's archived annual reports, which reveals that revenue over the period grew from BD 170,000 to over BD 5,xxx,xxx million

But Bahrain's banking and financial sector is nothing if not resilient and so is the BIBF. Each time the institution suffered a setback, it bounced back -- stronger and more vigorously.

BIBF's core activities are encompassed by the Centres for Banking, 'Accounting & Finance', 'Leadership & Management', 'Insurance' and 'Academic Studies & Executive Education'. These disciplines reflect the institution's earliest curriculum. In the early 1980s the courses on offer were listed as: 'Introductory', 'Computer Orientation', 'Bank Operations', 'Financial/Credit Analysis', 'Investment Banking', 'Management/Professional Development' and 'Insurance.' But two of BIBF's training and education courses deserve a special examination, for they track the industry's most crucial areas of development since the 1980s and the BIBF's establishment. These are IT, Project Management and Islamic Banking and Finance.

### The crucial role of IT and technology

Looking through the annual reports of the BIBF over the last three decades or so, it is striking how huge an impact technical progress has had on the banking and finance industry. This has been a driver of the institute's increasing emphasis on IT and technical training.

When the BIBF opened in 1981 it had two manual typewriters and two telephone lines. This was a little while before computing, and especially personal computers, had arrived on the scene. By the mid-1980s some very basic 'micro-computers' had started to appear in the offices of some Bahraini companies. The first time that new technology impacted the banks' customers was when Bahrain's first ATMs were installed by the British Bank of the Middle East (now HSBC) in 1984. In answer to calls for what we now know as Information Technology (IT) training, the BIBF, in its 1987 Annual Report, announced that it was starting "A three-level programme covering the development of 'micro computing skills," which was entitled 'Computer Orientation.'



Within only six years “The most popular course was ‘Computer Studies’ with 855 participants, followed by Management Studies with 640,” according to long-serving Director Albert Woodhouse in 1993. This was two years after the Bahrain Monetary Authority (BMA – the precursor to today’s Central Bank of Bahrain, CBB) had forced all locally-registered banks to comply with international accounting standards whose increasing complexity had stimulated the need for more IT resources.

The Internet arrived in Bahrain in 1995 and had an immediate impact on Bahraini society as a whole and especially on the operation of banks and financial institutions. By 2000 BIBF Director Michael Langton was able to report: “A seminar in E-commerce, featuring IBM, Ariba and other market leaders in technology infrastructure and applications, has signalled BIBF’s move into IT-driven business modelling and training. We also offer workshops in Excel for financial applications, information technology processes and internet workshops reflected the ever-increasing theme of technology throughout the BIBF’s programme offerings.” By 2004 The IT Learning Centre, as it had been renamed, ran 72 public offerings, three external specialised courses and ran consulting services to commercial clients. The Centre had also introduced two wireless networks.

The focus around IT issues had turned to the urgent subject of Cybercrime by the mid-2000s and the BIBF was ahead of the game. In 2013 The Association of Certified Anti Money Laundering Specialists (ACAMS) made their inaugural visit to Bahrain and held a conference focusing on compliance in anti-money laundering, attracting over two hundred people from the region. The conference was a combination of external expertise integrating with BIBF’s own proficiency, with speakers from both organisations.

The BIBF’s crowning glory in the technological field was the opening of the region’s first educational Dealing Room in 2014, providing technology-enabled experiential learning, which allows students to learn about trading stocks and bonds in a real environment. The BIBF partnered with specialist providers in the UK and the US to provide cutting-edge training expertise and technology. The facility features twenty-two trading stations that are fully equipped with market tools, and includes a link to the dealing rooms of partners in London, providing participants with exclusive access to live trading in global markets.

## Islamic Banking and Finance storms ahead

The Kingdom of Bahrain now leads in the region in Islamic banking and finance, and it is no coincidence that the BIBF is also recognised as the world's leading training and education centre for Sharia-compliant studies. In 1994 the Centre launched itself into the fray with three courses on Islamic or Sharia-compliant banking; 'Introduction to Islamic Banking;' 'Islamic Investment Funds;' and 'Advanced Islamic Banking.' All three "were very well attended," the Annual Report for the year was pleased to announce.

The BIBF has kept pace with the needs of Sharia-compliant banking and financial institutions, starting courses in Arabic in 1995 and establishing the Centre for Islamic studies in 1997.

At the beginning of the new millennium Islamic Banking and insurance training had overtaken all other subjects as the main driver of growth and "was the main initiative fuelling growth, particularly in Sudan, Qatar and Oman and with banking programmes in Saudi Arabia, Kuwait and the UAE," Director Michael Langton noted in his report to the Board.

Five years on and Sharia-compliant banking and financial services continued to be the sector's 'hot topic'. Acknowledging the lack of adequate practitioners' research into Islamic Jurisprudence regulation and product development, the BIBF had raised US\$ 5 million to fund an endowment for research.

Two years later, in 2007, the BIBF had become easily the leading provider of courses in Islamic banking and finance in the region, providing 24,500 participant hours of training. That year, the Centre's status was recognised by winning the 'Best Islamic Finance Training Institution' award, which it continued to win for an unprecedented four years in a row.

The world-renowned Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) started operations in 1991, headquartered in Bahrain. A not-for-profit organisation, it was set up to provide international accounting standards within a Sharia framework for Islamic banks and financial institutions. From the outset, AAOIFI and the BIBF have worked closely together. By 2015 this close relationship was taken a step further by the signing with the BIBF of a four-year exclusive agreement to bring all AAOIFI standards onto an E-learning platform.

A measure of the BIBF's commitment to this exciting and fast-growing element of banking and finance can be gauged by other highlights of that year:

- The Advanced Diploma in Islamic Finance (ADIF) progression route into the University of Bolton MBA Islamic Finance was launched, whereby, ADIF graduates need to spend only one month at the University of Bolton campus and complete a thesis to be awarded the MBA.
- Start of the Chartered Institute of Securities and Investments (CISI) - BIBF 'Fundamentals of Islamic Banking and Finance Certificate' in English and Arabic.
- Launch of the first of its kind two-day Halal Economy Course titled 'Convergence of the Halal Market Economy and Islamic Capital' together with New York based advisory firm, Dinar Standard.
- Delivery of the 2nd BIBF - IFSB Islamic Finance Executive Programme themed on Islamic Capital Markets.
- MoU signing with the International Islamic Centre for Reconciliation and Arbitration (IICRA) based in Dubai to deliver the first of its kind 'Professional Certificate in Arbitration and Legal Analysis of Islamic Financial Contracts.'
- Delivery of specialised course on the CBB Rule Book Volume II for Islamic Banking – which looks at the regulatory side of Islamic financial transactions.
- Delivery of 18 specialised external offering courses and 21 specialised public offering courses, in 2015, which included the AAOIFI Shariah Standards three-day course delivered by Sheikh Nizam Yaqubi and Sheikh Esam Eshaq, two MSc in Islamic Finance courses for the University of Bangor in the UK, and in-house courses at NCB Jeddah and CBFS Oman.
- MoU Signing with Ibdar Bank on the delivery of a newly established Islamic Finance for Investment Bankers Programme.

2016 saw continued activity and growth in the Centre for Islamic Finance and we expect to see more exciting developments in the near future.

## Overseas links

The same year that the building was opened in Juffair in 1989 saw the BIBF starting to reach out to international organisations and overseas universities for partnerships and alliances. Professional accounting bodies in the UK were approached to explore the possibility of giving recognition and credit to the BIBF's accounting courses and thus leading to a professional qualification in accountancy.

By 1991 BIBF had become the official examination centre for the Chartered Institute of Bankers in London (CIOB); the Chartered Insurance Institute (CII); and the Chartered Institute of Management Accountants (CIMA). An accounting diploma for managers who are not accountants was also being offered, together with the Chartered Association of Certified Accountants (ACCA).

Two years later The International Securities Market Association (ISMA) held its first General Certification Programme in the Middle East at the BIBF. This provided a professional qualification for securities traders.

In 1995 an important breakthrough was made when a formal arrangement with Columbia University in New York was reached under which the US institution provided a comprehensive executive management development and a leadership skills training programme. Another milestone was an agreement in principle reached with the Chartered Insurance Institute (CII) to provide the CII Certificate of Insurance Practice Diploma in Arabic.

The following year and under the Directorship of Michael Langton, a former Executive Director of the American Institute of Banking in New York, relationships with leading US training and educational organisations were strengthened and additional links were established with the Federal Reserve Bank of New York, Wall Street Securities Training Corporation and the Columbia University Graduate School of Business.

These links were enhanced at the end of the millennium when new channels were opened with the Securities Exchange Commission (SEC), NASDAQ, University of Loughborough and the Manchester University Business School. Existing and long-standing partnerships with organisations, such as the Federal Reserve Bank of New York, Darden Graduate School of Business, University of Virginia and the American Bankers Association, were strengthened.

In 2001 additional partnerships were made with Bentley College to address the expanding training and development and educational needs defined by the market. By the autumn of 2002, this partnership to provide a locally-based Bachelor of Science in Business and Information Technology saw its first intake of freshmen students.

The Annual Report for 2003 outlined the BIBF's extensive links with overseas strategic partners and academic and professional institutions. These included:

- US Federal Reserve Bank
- Securities Training Corporation
- US Securities Exchange Commission
- Darden Graduate School of Business
- DePaul University
- Bentley College
- Chartered Institute of Bankers (UK)
- Loughborough University (UK)
- Middlesex University (UK)
- Cardiff University (UK)
- Newcastle University (UK)
- University of Strathclyde

The Director James Abernathy commented: "The De Paul University MBA programme attracted 42 candidates; the US Bentley College BSc in Business Administration and the Darden-BIBF Gulf Executive Development Programme gave students a valuable insight into and experience of overseas environments."

In 2006 the BIBF had set up a Learning Centre for working professionals to prepare for internationally awarded professional qualifications such as the Chartered Financial Analyst (CFA), Financial Risk Manager (FRM) and Certified Internal Auditor (CIA) among others. The same year the Centre scored another first by creating a strategic relationship with the Chartered Insurance Institute (CII), the premier world awarding body of professional insurance qualifications, by creating the CII Academy, the exclusive training provider for all CII courses in the Middle East and the only online examination centre outside the UK.

A new Director, Garry Muriwai, took over in 2008 and, by 2011 was able to report: "BIBF provides an extensive range of internationally-recognised professional qualifications, including the CIA with PRC; CFAB in collaboration with the ICAEW (UK); DipIFR with ACCA (UK); CPA and CMA (Morgan) and ICDL within the Centre for Accounting and IT; ACAMS, ACI, CFA, and PRM within the Centre for Banking; Arabic PIC and PID plus ACII accreditation with the CII (UK) within the Centre of Insurance; Marketing Accreditation with CIM (UK), Management and Leadership Qualifications with CMI (UK) as well as the HRP and LDP Professional Qualifications via CIPD (UK) and Certificates in Management and Business Administration with Edexcel and the University of Cambridge IDBE and ICFE.

Links and strategic alliances with overseas universities continue to be forged and those already in place are strengthened with time. One such partnership is with The University of Strathclyde, with whom the BIBF made an alliance in 1995. At a graduation ceremony at the turn of the year, 26 business professionals received their degrees of Masters in Business Administration from the University of Strathclyde Business School. The accreditation is one of most renowned certification of its kind in the world, and is ranked 41st by the Financial Times for Top 100 Executive MBAs.

But perhaps the closest and most fruitful relationship with an overseas university was struck with the University of Bangor in Wales in 2004. At a graduation ceremony Professor John Hughes, President and Vice-Chancellor of Bangor University said: "Bangor University has had remarkable relationship with the BIBF since the launch of the Banking & Finance programmes over a decade ago. The first cohort of students came to Bangor University to complete their degree studies in 2006 and since then over 450 have completed their honours degrees at our University. The BIBF students have performed exceptionally well obtaining high degree classifications every year with a substantial number of first-class awards, including the top students in the Business School."

Looking back over the last 35 years, the BIBF has been a jewel in the crown of the Kingdom of Bahrain's economic growth and development and has shown the world what this island nation can do when it sets out to achieve the very best of the best.

No better tribute could have been given than that given by HE Rasheed Mohammed Al Maraj, Chairman of the Board of Directors and Governor of the Central Bank of Bahrain in his annual address this year:

"The year 2016 was an important milestone for the Bahrain Institute of Banking and Finance (BIBF). It marked 35 years of steady growth and development of the Institute and its ongoing and important contribution to the Kingdom of Bahrain's banking and finance sector. I think it is fair to say that, without the BIBF, we in the Kingdom of Bahrain would not have the vibrancy and strength that we enjoy today in our industry."



# Highlights of 2016

## Another busy year

BIBF's 35th anniversary year was another period of great activity. Here are a select few of the milestones that marked our journey during the year.

1

January

### **Training for Seychelles bank**

The Institute has completed a training programme for The BMI Offshore Bank (BMIO) Seychelles for members of its Financial Intelligence Unit (FIU). This focussed on a syllabus comprised of Islamic Banking and Product Structures; Customer Service for the Banking Industry; Anti-Money Laundering; and Financial Crime Prevention.

A full day Anti-Money Laundering & Combatting Financing of Terrorism (AML/ CFT) session was conducted covering the importance of understanding the wide range of predicate offences, the various typologies, the due diligence process, the Suspicious Transaction Indicators, the vulnerabilities of correspondent banking and related due diligence as well as the Risk Based Approach for an AML framework.

BMIO Seychelles is under Central Bank management with the support of Al Salam Bank of Bahrain.

### **Fast-track MBA in Islamic Finance with Bolton University**

The BIBF and the University of Bolton signed a progression agreement to allow the graduates of BIBF's Advanced Diploma in Islamic Finance (ADIF) to continue their academic studies with the University of Bolton's MBA in Islamic Finance.

The BIBF's ADIF programme is one of the oldest, most established Islamic banking and finance specialised qualifications in the MENA region. It was created in 1997. It has over 500 graduates from 20 different countries who are now primarily employed within the Islamic banking and finance industry.

The progression agreement with the University of Bolton provides ADIF graduates with exemptions from three out of the nine MBA in Islamic Finance modules and of the remaining six modules, four will be taught in the UK in a block delivery arrangement (one week per module) and two modules will be the dissertation. The fast-track programme will also result in a reduction of fees for ADIF graduates.

3

March



### **Financial Advisory Programme graduates certificated**

The BIBF honoured graduates of its inaugural Securities Market Regulation Certification Programme (based on Series 79) at a ceremony held in the Gulf Hotel Convention Centre.

Completion certificates were awarded to 14 participants from Bahraini financial institutions by HE Rasheed Mohammed Al Maraj, Governor of the Central Bank of Bahrain (CBB) and Chairman of the BIBF Board of Directors, in the presence of BIBF team members and family members and guests of the graduates.

The qualification was designed by the BIBF. It was mandated in October 2015 for individuals dealing in debt and equity offerings through public or private placement, mergers, acquisitions and financial restructuring.

“One of the CBB’s main objectives is to maintain transparent, fair and efficient capital markets to ensure investor protection and safeguard Bahrain’s reputation as the region’s leading financial centre. The BIBF’s mandate as a premium provider of innovative, industry-relevant qualifications is to support the objectives of the CBB and aid in strengthening Bahrain’s position as a financial hub”, said the BIBF Director Solveig Nicklos in her opening speech.

“The Securities Market Regulation Certification Programme is a direct result of the unique relationship BIBF has with both the regulator and the banking industry. BIBF received feedback that the popular Series 7 programme – previously mandated by the CBB for brokers – did not provide the specialised skills required by investment bankers to effectively serve the industry. So, we worked closely with the market to create a suitable alternative,” she added.

The syllabus includes collection, analysis and evaluation of data; underwriting/ new financing transactions; types of offerings and registration of securities; mergers and acquisitions, tender offers and financial restructuring transactions; and general securities industry regulations. The five-day programme was followed by a multiple-choice examination.

### **Leadership and Management forum a success**

The BIBF held its first open forum in leadership and management entitled 'Emerging Management Trends in Corporate Bahrain'.

Contributions were made by leading experts from key awarding body partners, including Chartered Institute of Personnel and Development (CIPD), Chartered Management Institute (CMI), Chartered Institute of Marketing (CIM), Chartered Institute of Public Relations (CIPR) and Certified Supply Chain Professional (CSCP). More than 140 participants attended the workshops that explored some of the latest trends and challenges in leadership skills that drive businesses today in the areas of Management, Human Resources, Supply Chain Management, Marketing, and Public Relations and Corporate Communication.

Kadri Rizk, Head of the Leadership and Management Centre, said: "This Forum serves to remind the local and regional community of the importance of knowledge sharing and thought leadership in reaching sustainable human development for the long term".

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### **The BIBF retains platinum status**

The Association of Chartered Certified Accountants (ACCA) has renewed the BIBF's Platinum Learning Provider status for the year 2016/17.

The award recognises the BIBF's quality of training and support for its students. The recently concluded ACCA exam session recorded an overall pass rate of 75 percent in the professional level; the global pass rate is only 41 percent and achieving this platinum status further strengthens the Government's Qualifications and Quality Assurance body (QQA) ranking of BIBF as Bahrain's outstanding training institute.

The BIBF's ACCA programme is designed to provide students with the right 'guidance and examination perspective,' equipping them with the knowledge and skills that will help them to succeed in examinations. It also offers students 'enrichment programmes' to enhance their understanding of industry practices, examination tips, practical experience requirements and membership support.

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### **New website and mobile app**

The BIBF launched its new website and smartphone application to match its status as the region's leading educational and training facility. The new website design incorporates the very latest online features to facilitate searches by those seeking education and training in the finance and banking fields.

The new smartphone application also provides access to the different services offered at BIBF together with an online payment platform, a virtual map of BIBF's campus and classrooms, the e-Library, BIBF's quarterly newsletter and the latest news from the Institute.

The webpage also provides a 'learning management system' for students, allowing them to submit their assignments and tests online and for their sponsoring corporations to monitor their progress.

5

May

### **The BIBF holds a Master Class on the IFRS 9 Update**

The Central Bank of Bahrain's (CBB) November circular on IFRS 9 and other recent pronouncements by the CBB were the subjects of a three-day masterclass for senior Bahraini finance executives organised by the Institute's 'Centre of Excellence for IFRS'.

According to the circular, every bank and financial institution supervised by the CBB should carry out a Quantitative Impact Assessment (QIA), focusing on the fiscal impact of the impairment components of IFRS 9. This is a major new requirement and there was much discussion on how to implement this and the cost to banks of doing so.

Head of Banking, Accounting and Finance at BIBF Deen Jayah said: "This new standard will go into effect on 1 January 2018. All banks and insurance companies must be prepared, well in advance, to meet the demands on their structural changes, IT systems and to their operational policies that are soon to be required."

7

July

### **KHCB backs Islamic finance e-learning initiative**

Financial backing from Khaleeji Commercial Bank (KHCB) has been received for the development of an Islamic finance e-Learning platform that presented in digitised format all the Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI).

The platform was a key reference resource for the Islamic finance and banking industry and others keen to understand it and an easily accessible and widely affordable, one-stop e-Learning solution that raised awareness and further understanding worldwide about AAOIFI standards.

The BIBF has a four-year exclusive agreement with AAOIFI to bring all 95 'AAOIFI Standards' (Sharia, accounting, auditing and governance) online via video-recorded lectures, voice-overs, interactive and animated explanations, notes, case studies, self-assessments and Fatwa disclosures.

8

August

### **University of Strathclyde MBA**

The University of Strathclyde is one of the UK's leading business schools. It has agreed to offer a prestigious Masters' Degree programme at the BIBF. Classes began in October.

Commenting on this occasion, the Head of BIBF's Centre for Academic and Executive Studies, Dr Keith Sharp, said: "The Strathclyde MBA is one of the oldest and most respected in the world and one of the elite one percent of MBA Programmes which is triple-accredited."

The MBA programme, which is the only triple-accredited programme offered in Bahrain, is taught by academics from Strathclyde Business School in intensive week-end blocks to allow students to combine study with work.

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### **Excellent results in CFA certification**

Results for the Chartered Financial Analyst (CFA) Level 1 examinations, held in June, were announced. BIBF students achieved an average pass rate of 43 percent, just above the global figure.

The CFA programme, which was first offered at the BIBF in November 2015, is notoriously hard with a high dropout rate. It consists of 200 hours of lectures conducted by trainers who are all CFA charter holders.

The very high standards required demonstrate the commitment to excellence demanded of today's investment professionals and is split into three distinct levels.

Level I consists of a basic knowledge of the ten topic areas and simple analysis using investment tools; Level II emphasises more complex analysis along with a focus on valuing assets; and Level III focuses on synthesising all of the concepts and analytical methods in a variety of applications for effective portfolio management and wealth planning.

Ten topic areas in Level I are covered (increasing in complexity at each level) and consist of: Financial Reporting and Analysis; Corporate Finance; Equity Investments; Fixed Income; Derivatives; Alternative Investments; Portfolio Management & Wealth Planning; Ethical and Professional Standards; Quantitative Methods; and, finally, Economics.

"The BIBF will be launching a Level II CFA programme in June 2017," said BIBF's Head of Banking and Accounting Deen Jayah, adding: "Our trainers are committed to providing excellent training and development opportunities using the most effective techniques in learning".

### **Partnership with Fitch Learning**

Fitch Learning brought its expertise in Advanced Corporate Credit Risk Analysis to the BIBF and introduced a specialised training programme aimed at encouraging bank lending in Bahrain and the wider GCC region. Recent market conditions have forced banks to tighten lending, which is seen by Fitch to be counterproductive on a macro-economic level. Fitch argues that “There is a need to lend smarter with a lower level of risk, rather than reducing lending altogether.” This intensive, three-day workshop used specialised software and highly interactive training methods to make this point.

The BIBF’s Head of Banking, Accounting and Finance, Deen Jayah, said: “This has been designed to enhance the skill levels of senior credit professionals in structuring a healthy credit portfolio for their institution by analysing client cash-flow drivers, liquidity and dynamics of the sector. The workshop provided credit professionals with effective tools to enhance their experience, ultimately making them more robust in their roles”.

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### **BisB takes corporate governance masterclass**

The Bahrain Islamic Bank (BisB) took a two-day Masterclass on Corporate Governance at BIBF in which the bank’s CEO, Hassan Jarrar and ten senior executives took part. The programme centred on the Central Bank of Bahrain’s (CBB) recommendations on upskilling senior executives, using global best practices of corporate governance. It was designed with a special focus on delivering strategy and risk management to enhance the skills and responses of executive managers in ‘controlled functions’.

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### **Bangor University students celebrate graduation**

It has been a decade since the International Diploma and Undergraduate Programme at Bangor University in the UK was launched. Over 450 BIBF students have now completed their degree studies at this much-respected institution. This year’s cohort of xxx students celebrated their graduation at the Art Rotana Hotel in Amwaj Islands. They were addressed by BIBF’s Director, Solveig Nicklos, who encouraged them to approach the next phase of their lives with the utmost professionalism and to apply the set of theoretical and applied skills acquired through their undergraduate studies to their professional careers. She continued by thanking Ahli United Bank, the Arab Bank, the Bank of Bahrain and Kuwait, AlBaraka Banking Group, HSBC Bank and the National Bank of Bahrain, who provided awards for academic excellence for the following students: Noor Hani Al Tajer, Reem Yaser Al Mandeel, Fatima Hasan Haider, Abdulla Adan Al Marshad, Noora Ahmed Albinali, and Ahmed Hesham Bucheeri. Professor John Hughes, President and Vice-Chancellor of Bangor University, spoke of his pride in the decade-long relationship between the University and the BIBF and said: “Bangor University has had a remarkable relationship with the BIBF since the launch of the Banking & Finance programmes in 2004.

“The first cohort of students came to Bangor University to complete their degree studies in 2006 and, since then, over 450 have completed their honours degrees at our University. The BIBF students have performed exceptionally well, obtaining high degree classifications every year with a substantial number of first-class awards, including the top students in the Business School.”

11

November

## Partnership with Tamkeen for Project Management Convention

The Government of Bahrain's business-development organisation Tamkeen was BIBF's strategic partner for the Bahrain International Project Management Convention, which ran throughout the month at the BIBF campus in Juffair.

The Convention, the first of its kind in the region, was held under the patronage of the Central Bank of Bahrain (CBB) and was an initiative coordinated by the BIBF. It offered 30 specialised workshops conducted by internationally recognised project management professionals covering the full range of business sectors.

The programme included a series of training courses, workshops and corporate activities which highlighted topics related to the science and art of project management.

The Institute's Deputy Director, Dr Ahmed Al Shaikh, said: "This partnership comes at a time when the project management discipline is growing and more organisations recognise its importance for delivering better results within a given project's framework. The BIBF is very proud to be part of this thriving industry."

Tamkeen's Chief Executive Dr Ebrahim Janahi' praised BIBF's initiative and added: "We in Tamkeen believe in empowering Bahrainis to prosper and contribute to the national economy and seek initiatives that fall under our overall strategy to increase growth in Bahrain's economy. The Project Management Convention, with its high calibre of trainers and comprehensive range of programmes and workshops, is a very worthwhile opportunity."

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### Ghana's Central Bank visits

A delegation from the Bank of Ghana (the West African state's Central Bank) visited the BIBF. Ghana is planning to introduce Sharia-compliant banking and finance and Ghana Bank's Head of Banking Supervision, Raymond Amanfu, and his colleagues came to the Institute to attend a customised Islamic Finance Masterclass at the BIBF on the regulatory perspective of introducing Islamic finance and banking in Ghana.

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### Insurance training initiative honoured with major award

The Institute's initiative and leadership in the field of insurance was honoured at a ceremony in Dubai when BIBF was presented with the prestigious 'Educational & Training Initiative of the Year Award 2016'.

The award and ceremony was organised by the region's leading publication The Middle East Insurance Review. It was the third year that this award had been bestowed. Participants were nominated following a review conducted by senior executives from the insurance industry and audited by EY.

BIBF's insurance courses are accredited by the Chartered Insurance Institute (CII) – the world's leading professional body for global Insurance and Financial services training. The Institute is a member of the Institute for Global Insurance Education (IGIE), which is an exclusive association of independent international insurance institutes united by a common goal – to deliver specialised education and training to insurance industry profession.

### **BIBF and Tamkeen honour professional certification graduates**

A grand graduation ceremony was held for xxx graduates of the Professional Certification in the Leadership and Management Centre, which is under the patronage of the Central Bank of Bahrain (CBB) and managed in collaboration with Tamkeen, the Government's business-training organisation.

The event was attended by Dr Abdullah Al Sada from Tamkeen and Dr Huda Al Maskati from the CBB and many other executive officials from Bahrain's banking sector.

The professional qualifications offered by the BIBF are fully supported by Tamkeen and are a part of their combined objective to empower local Bahrainis by creating opportunities for them to enhance their skills and employability. Over the past two years more than 200 students have successfully completed their programmes, receiving a variety of globally-accredited certifications in marketing, management and human resources.

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### **Co-operation with Kazakhstan**

A Memorandum of Understanding (MoU) with the Astana International Financial Centre (AIFC) of the Republic of Kazakhstan was signed at the end of the year.

The objective is to develop and strengthen cooperation and training and development programmes between the BIBF and the AIFC by exchanging information and expertise about teaching, research and thought leadership in Islamic Finance.

The Deputy Director, Dr Ahmed Al Shaikh signed the MoU with HE the Governor of the AIFC, Dr Kairat Kelimbetov in the presence of HE Rasheed Mohammed Al Maraj, Governor of the Central Bank of Bahrain(CBB) and Chairman of the BIBF Board of Directors.

As a professional world-class provider of education and training solutions to the financial sector, the BIBF seeks continuously to upgrade its training capabilities by attaining partnerships with organisations such as the AIFC, a financial hub for Central Asia, the Caucasus, EAEU, the Middle East, West China, Mongolia and Europe.

As the AIFC aims to become a regional hub for Islamic Finance and create favourable conditions for the operations and development of Islamic financial and banking institutions, the valuable exchange of professional knowledge and international best practices shared within the partnership will sharpen the AIFC's goal towards further development and success of Kazakhstan's financial sector.

# BIBF's Veterans - Celebrating their Loyalty

It is tribute to the BIBF's management style and staff relations (now ubiquitously known as 'HR') that two members of the institute's team have been working there for a straight 28 years each.



Kholood Al Thaqafi

The longest-serving member, Kholood Al Thaqafi started in February 1989, a month before the then 'ultra-modern' facility in Juffair was officially opened by HH the Prime Minister, Shaikh Khalifa bin Salman Al Khalifa.

Too shy to speak much, she said that she had started in 'Customer Service' and that the Institute has always been a "very professional place to work and learn." She enjoys being a team member and the camaraderie of BIBF which attracted her from the very start of her career almost three decades ago. She says that the biggest change she has noticed over nearly three decades of loyal service has been the huge growth in the numbers of staff and students and the improvements to the building.



P. George Eapen

P. George Eapen also started work at BIBF in 1989, some six months after Kholood Al Thaqafi. Known as 'Georgie', to his workmates, he brought the expertise, acquired over nine years in the Indian Airforce, to BIBF at a time when lectures were accompanied by films shown through a projector. "For me, the biggest change I've seen here is the advancement of technology we use for the students. In the old days, setting up a lecture with film reels and a projector took time and patience. Now anyone can illustrate their teaching at the touch of a button. People often ask me why I've stayed here for so long. Well, it's quite simple: great management and close friendships. You can't beat that. Bahrain has been my second home."





Nawal Saif

"If you want to be a contributor to peoples' career success, then the BIBF is the place for you," says old-timer Nawal Saif. After five years with the Manama-based bank Investcorp, she joined the institute in September 1994, when it was a small training institute with a faculty of 16 and ten people in Administration. "Now we have a total staff roster of 98. Then we had less than 2,000 students. Look at us today: 16,300 'participants', as they are now known, passed through the institute in 2016." She is passionate about supporting students and to underscore her enthusiasm she says: "My fondest memories of working here is planning and running graduation ceremonies."



Sameera Al-Khal

Sameera Al-Khal joined BIBF in 1990. This was a challenging time in the region but BIBF continued to prosper and develop, with almost 3,000 participants and a modest library of 1,500 books and periodicals. "I had worked in Batelco and a bank before joining the Institute," she says, "it doesn't feel like work here. I have great friends and colleagues; the staff are all professionals and we work closely as a team."



Parwin Haji

It is hard not to feel emotional when Parween`Haji says: "The proudest memory I have of working at the BIBF is watching my son, Khalid AlSaati graduate in 2007 from a programme that I, myself, had helped to develop". She says she could not possibly have foreseen that most memorable of moments when she joined the Institute in October 1998. "I had worked in several organisations before joining the BIBF, but when I started here it felt different. The people were friendly, the facilities were exceptional and getting my work done went smoothly." As the senior Administrator for the University of Bangor Diploma Programme, she has also become very close to the students and families of the Bangor/Wales cohort. She is also a keen promoter of the Institute and counsels those who are thinking of working there: "For someone seeking a career in education, no other place could match the BIBF. It is the door which will open to a bright and valuable future for anyone who comes through it."



State-of-the-art facilities

Visiting the modern and stylish premises of today's Bahrain Institute of Banking and Finance (BIBF) it is hard to envisage how it all started 35 years ago.

In 1981, when it was called The Bahrain Bankers Training Centre (BBTC), the whole facility was housed in 491 square metres the top floor of the Awazi Building in Old Palace Road, Manama. The faculty numbered eight and the administration staff consisted of one secretary and the technical support was made up of two telephone lines and two manual typewriters.

By 1983, the demand for training was such that the premises were extended to accommodate more students and staff numbers were raised by three more educators to reach a total of 12, including those in Administration.

The demand for training and education in banking and financial services was so great that, in 1988, a new, purpose-built facility was constructed in Juffair (the home of the Institute until today). Coinciding with the move the Centre was renamed the Bahrain Institute of Banking and Finance (BIBF). Training in IT (then called 'Computer Orientation'), was restricted to working with a small number of 'micro-computers'. The Annual Report for the following year boasted of "a library with some 900 books and periodicals".

All this is a far cry from the BIBF today. The building is a hive of activity and the interior, which has recently been completely renovated, has an air of almost clinical modernity.

Today there are 26 classrooms (23 equipped with smartboards), four laboratories (with 30 computers and 119 fixed stations), an assessment centre, a simulated dealing room, a 80-seater seminar room, a café, first aid centres, open student Wi-Fi, fibre-optic and satellite connections and three separate back-up procedures (internal, offsite tape with a dedicated disaster recovery line).



## A State-of-the-art Simulated Dealing Room

The 1st Simulation Training Platform in the MENA region

The BIBF's dealing room is the first simulation training platform of its kind in the region, powering technology-enabled experiential learning, which enables participants to learn Trading and Portfolio building skills involving all asset classes, including fixed income, equities, commodities and FX in a real environment with technical analysis and trading psychology.

The facility includes 22 trading stations that are fully equipped with market tools and simulation software tools. In order to provide cutting-edge training expertise and technology, BIBF has partnered with specialist training and technology solution providers in the UK, Europe and US to deliver these courses. Our partners have a successful track record of providing training to leading global banks, including JPMorgan, Citigroup, HSBC, Morgan Stanley, Barclays Capital & Deutsche Bank.

A comprehensive range of simulation courses are offered, covering subjects of interest to professionals within the financial sector across Trading & Treasury Management, Portfolio Building & Investments Management, Risk Management & ALM and Strategic Bank Management.

The BIBF and Bahrain Bourse (BHB) recently created an "Investment Academy" to promote trading skills among school leavers, graduates, employees of the financial services sector and members of the public to educate on trading in equities, commodities and FX. This is in line with the joint goal to promote knowledge and skills to encourage wider participation in the local capital market.



## The Student Lounge

The Student Lounge is a comfortable area open to students for gathering, studying, and relaxing between classes. It is located on the ground floor, opposite the main entrance of the campus and offers students a space to interact outside of study time. The lounge is devoted to enhancing the student experience and campus life.

The Lounge is equipped with comfortable furniture, TV's, mobile charging facilities, and a magazine swap table.





## The Library

The BIBF library was renovated in 2015 and features books and periodicals in both Arabic and English. It includes over 3,000 books on a variety of subjects such as Accountancy, Banking, Economics, English, Finance, Information Technology, Insurance, Islamic Finance, Marketing, Management, and Risk Management. It also holds over 200 training videos, 50 periodicals on banking & finance, daily delivery of eight local newspapers, free Wi-Fi access, four user workstations, and a discussion room.

The Library is more of an Information Service where the librarians can assist students with obtaining information on specific subjects. Database Search services are also available for students who can access a wide range of business references through the online library service.

The library is also available to students seeking a quiet reading or study area. It also includes a separate discussion room. Borrowing facilities are available to students and faculty members. Located on the ground floor, it is available to all BIBF students.



## The Café

Located on the first floor of the campus and overlooking the bright and sunny foyer, The BIBF Café is a contemporary retreat, serving hot Paninis, homemade cakes and soups, sandwiches and a selection of specialist coffees, hot drinks and fruit juices. The seating area includes tables and chairs, a breakfast bar a sofa seating area, providing a tranquil place to refresh. It's a bright, vibrant space with something for everyone.

# How the Industry sees the **BIBF**

The real role of vocational providers revolves around their ability to offer effective programmes that meet the labour market needs and enhance the graduates' work environment and job performance. This reflects the confidence of institutions, companies and organizations across the Kingdom to qualify and develop their employees' skills in a highly academic and professional manner to integrate into the labour market smoothly. This is what the BQA seeks to establish through its reviews of the vocational providers and institutes in the Kingdom of Bahrain.

Since its establishment in 1981 to date, BIBF has established a concept, mission and strategic vision in terms of the work essentials and training fundamentals as well as supporting the success plans of the banking and financial institutions by providing the country's banking sector with innovative national qualified personnel who can take over leadership roles and prestigious positions locally, regionally and internationally. This reflects the Bahrain's reputation globally, particularly in this vital field, which affects the progress of the Kingdom and increases its economic and financial capabilities.

Being judged 'Outstanding' in the BQA last review report reflects the qualitative development of the Institute in maintaining the quality of its programmes that are offered in a competitive environment in which everyone seeks to provide the best possible service to citizens and residents. Since its inception, BIBF has provided many professional training workshops for citizens and residents for more than 30 years, and it has been acknowledging the increasing uptake of services provided by the institute.

The BIBF success has certainly been reflected in the BQF review judgement. We hope that this national institute and other providers to continue to write their stories of excellence and success; the Kingdom of Bahrain needs more such stories of success to enhance its prosperity.



**Adnan Ahmed Yousif**  
**President & Chief Executive**  
**Al Baraka Banking Group B.S.C.**

In the past 35 years, Bahrain has hugely benefitted from BIBF. Even beyond, I have also very proudly witnessed how BIBF has had enduring impact on the banking and finance sectors across the Arab world. I have seen BIBF graduates moving into leadership positions within Bahrain and abroad and shaping the future of the industry in the region.

BIBF was part of the great vision that saw Bahrain as a banking and finance hub. Today we also see that BIBF is able to continuously evolve itself to prepare the next generations of industry leaders for the future, where banking and finance will be done quite differently than today or from what we saw in the past.

The era of digitization and financial technology (FinTech) will significantly change the way we look at the banking and financial services today—and, in many instances, the transformation is already visible. The studies have shown that very soon the banking and finance industry will be facing a fierce competition from the armies of FinTech start-ups, and will therefore be forced to develop newer strategies to be relevant.

In the next 15 years (when BIBF will be celebrating its 50th anniversary), I am confident that BIBF will be as relevant to the industry as it is today. At that time, my hope is that it will not only be graduating the digital banking leaders but also the FinTech entrepreneurs for Bahrain and abroad.



**Dr Jawaher Shaheen Al  
Mudhahki**  
Chief Executive  
Educational & Training Quality  
Authority

The real role of vocational providers revolves around their ability to offer effective programmes that meet labour market needs and enhance the graduates' work environment and job performance. This reflects the confidence of institutions, companies and organisations across the Kingdom of Bahrain to qualify and develop their employees' skills in a highly academic and professional manner to integrate into the labour market smoothly. This is what the Educational & Training Quality Authority (BQA) seeks to establish through its reviews of the vocational providers and institutes in the Kingdom of Bahrain.

Since its establishment in 1981, the BIBF has established a concept, mission and strategic vision in terms of work essentials and training fundamentals as well as supporting success plans of the banking and financial institutions by providing the country's banking sector with innovative national qualified personnel who can take over leadership roles and prestigious positions locally, regionally and internationally. This reflects the Kingdom of Bahrain's reputation globally, particularly in this vital field, which affects the progress of the Kingdom and increases its economic and financial capabilities.

Being judged 'Outstanding' in the BQA's last report reflects the qualitative development of the Institute in maintaining the quality of its programmes that are offered in a competitive environment in which everyone seeks to provide the best possible service to citizens and residents.

The BIBF's success has certainly been reflected in the The Bahrain Qualifications Framework (BQF) excellent assessment.

We hope that this national institute continues, together with other providers, to grow from strength to strength. The Kingdom of Bahrain needs more such stories of success to enhance its prosperity.



**Khalifa Ebrahim Al-Khalifa**  
Chief Executive Officer  
The Bahrain Bourse



Finance has been an integral part of human society, in one way or another, since the dawn of civilisation and financial literacy is increasingly acknowledged as a vital life skill in today's world of ever-more complex financial decisions. Since its inception in 1981 (and over the last 35 years) the BIBF has grown from a concept into a fully-fledged and well-functioning organisation.

Over the years, the BIBF has been able to equip over 340,000 students with necessary knowledge and skills from over 63 countries, in collaboration with a number of globally-recognised partners. The BIBF's distinct educational offering within the financial services sector has resulted in the creation of a highly-talented human capital pool, an unparalleled and a competitive feature of the Kingdom of Bahrain.

Bahrain Bourse is proud to be a strategic partner with the BIBF, especially as it has played an integral role by introducing the innovative (and unique in the Gulf region) capital market simulation training centre in partnership with Amplify Trading. The BIBF is also our partner in delivering specialised capital market certification programmes, board member training, as well as basic capital market knowledge programmes.

Bahrain Bourse would like to take this opportunity to congratulate the BIBF team on its achievement thus far and wishing it all greater success in continuing to meet the dynamic market requirements of financial services training. "



**Hassan Jarrar**  
CEO - BisB

“The Bahrain Institute of Banking and Finance (BIBF) has been, and remains, a pillar of strength and an integral part of the financial service industry in Bahrain. And considering the importance of this sector to the overall Bahraini economy, the BIBF’s partnership with this sector is a testament to the importance of this institution. What is equally significant is the role the BIBF has played regionally. It not only has been one of the pioneering institutions locally but has contributed a great deal towards providing training and guidance for thousands of bank and other regional institutions’ staff, at various levels, from nearly all GCC countries. As the industry and global economies continue to evolve, so has the BIBF. This is manifested by the ever increasing number and nature of courses being offered including partnerships with some world class universities in Europe and the US offering post graduate degrees directly from Bahrain. The BIBF also has come up as a major player in offering Islamic banking and finance education in addition to customized programs, which are designed to suit the end user. I have had the privilege of serving as a council member of the BIBF and witnessed first-hand the vital role this institution plays.”



# FINANCIALS



**BAHRAIN INSTITUTE OF BANKING AND FINANCE**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**BAHRAIN INSTITUTE OF BANKING AND FINANCE**

Chairman H .E. Rasheed Mohamed Al-Maraj

Director Solveig Andres Nicklos

Deputy Director Ahmed Abdulghani Al Shaikh

Registered Office Building No, 1456  
Road 4034, Block 340, Juffair  
P. O. Box 20525  
Kingdom of Bahrain

Bankers Kuwait Finance House B.S.C.  
Al Salam Bank B.S.C.  
Bank of Bahrain and Kuwait B.S.C.  
Khaleeji Commercial Bank B.S.C.  
Ithmaar Bank B.S.C.  
National Bank of Bahrain B.S.C  
Al Baraka Islamic Bank B.S.C. (c)

Auditors Deloitte & Touche – Middle East  
P.O. Box 421  
Manama, Kingdom of Bahrain

**BAHRAIN INSTITUTE OF BANKING AND FINANCE**

**CONTENTS**

	<u>Pages</u>
Independent Auditor's Report	1 to 3
Financial Statements:	
Statement of Financial Position	4
Statement of Activities	5
Statement of Changes in Fund Balance	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 to 27

## INDEPENDENT AUDITOR'S REPORT

To the Chairman  
Bahrain Institute of Banking and Finance  
Manama - Kingdom of Bahrain

### **Report on the Audit of the Financial Statements**

#### *Opinion*

We have audited the financial statements of Bahrain Institute of Banking and Finance (the "Institute"), which comprise the statement of financial position as at December 31, 2016, and the statement of activities, statement of changes in fund balance and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Institute as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 are independent of the Institute in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with the other ethical requirements that are relevant to our audit of the Institute's financial statements in the Kingdom of Bahrain, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Other Information*

Management is responsible for the other information. The other information comprises the Annual Report. The Annual Report are expected to be made available to us after the date of this auditor's report. The other information 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 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 identified above 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.

# Deloitte

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### *Other Information (Continued)*

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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 Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Those charged with governance are responsible for 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 ISAs 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 ISAs, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.





INDEPENDENT AUDITOR'S REPORT (CONTINUED)

*Auditor's Responsibilities for the Audit of the Financial Statements (Continued)*

- 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 those charged with governance 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.

A handwritten signature in blue ink that reads "Deloitte Touche".


DELOITTE & TOUCHE – MIDDLE EAST  
Partner Registration No. 184

Manama, Kingdom of Bahrain  
April 25, 2017

**BAHRAIN INSTITUTE OF BANKING AND FINANCE**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2016**

	<u>Notes</u>	<u>2016</u> BD	<u>2015</u> BD
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	5	692,660	803,299
Cash and balances with banks	6	5,771,067	-
		-----	-----
		6,463,727	803,299
		-----	-----
<b>Current assets</b>			
Tuition fees and levy receivables	7	512,858	1,470,214
Prepayments and other assets	8	445,628	642,005
Cash and balances with banks	6	8,286,827	11,754,865
		-----	-----
		9,245,313	13,867,084
		-----	-----
<b>Total assets</b>		<u>15,709,040</u>	<u>14,670,383</u>
<b>FUND BALANCE AND LIABILITIES</b>			
<b>Fund balance</b>			
Accumulated surplus		13,157,147	12,395,543
		-----	-----
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Staff saving scheme	9	562,744	568,687
Employees' end-of-service benefits	10	258,695	256,203
		-----	-----
		821,439	824,890
		-----	-----
<b>Current liabilities</b>			
Trade payables		344,123	285,563
Accruals and other liabilities	11	1,386,331	1,164,387
		-----	-----
		1,730,454	1,449,950
		-----	-----
<b>Total fund balance and liabilities</b>		<u>15,709,040</u>	<u>14,670,383</u>

The financial statements from page 4 to 27 were approved and authorised for issue on April 25, 2017, and signed by:

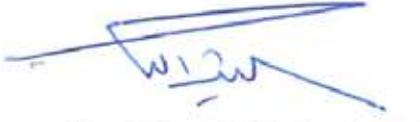
  
 Mr. Rasheed Al-Maraj  
 Chairman


  
 Dr. Ahmed Al Shaikh  
 Acting Director

The accompanying notes form an integral part of these financial statements

**BAHRAIN INSTITUTE OF BANKING AND FINANCE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Notes</u>	<u>2016</u> <u>BD</u>	<u>2015</u> <u>BD</u>
<b>Revenue</b>			
Tuition fees	12	3,577,885	3,670,051
Less: direct tuition costs	12	(1,144,514)	(1,158,950)
		-----	-----
Net tuition fees	12	2,433,371	2,511,101
Levy	1	2,175,052	2,118,152
Contribution		15,000	15,000
Financial income	6	376,649	312,507
Other income		62,900	57,713
		-----	-----
<b>Total revenue</b>		<b>5,062,972</b>	<b>5,014,473</b>
		-----	-----
<b>Expenses</b>			
Staff costs	13	(3,550,653)	(3,548,630)
General and administrative expenses	14	(581,000)	(775,840)
Provision for impairment - net	7	35,607	(340,584)
Depreciation	5	(205,322)	(240,797)
		-----	-----
<b>Total expenses</b>		<b>(4,301,368)</b>	<b>(4,905,851)</b>
		-----	-----
Net operating surplus before non-recurring impairment of assets		761,604	108,622
Impairment of capital work-in-progress	5	-	(1,216,580)
Impairment of computer software	5	-	(36,845)
		-----	-----
<b>Surplus/(deficit) and total comprehensive income/(loss) for the year</b>		<b>761,604</b>	<b>(1,144,803)</b>
		=====	=====

  
 Mr. Rasheed Al-Maraj  
 Chairman

  
 Dr. Ahmed Al Shaikh  
 Acting Director

The accompanying notes form an integral part of these financial statements

**BAHRAIN INSTITUTE OF BANKING AND FINANCE**  
**STATEMENT OF CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Accumulated surplus BD</u>
At January 1, 2015	13,540,346
Total comprehensive loss for the year	(1,144,803)
	-----
At December 31, 2015	12,395,543
Total comprehensive income for the year	761,604
	-----
At December 31, 2016	<u>13,157,147</u>

The accompanying notes form an integral part of these financial statements

**BAHRAIN INSTITUTE OF BANKING AND FINANCE**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>2016</u> BD	<u>2015</u> BD
<b>Cash flows from operating activities</b>		
Surplus/(deficit) for the year	761,604	(1,144,803)
Adjustments for:		
Depreciation	205,322	240,797
Financial income, net of allocation to staff saving scheme	(376,649)	(312,507)
Provision for impairment – net	(35,607)	340,584
Provision for employees' end-of-service benefits	62,202	74,497
Impairment of capital work-in-progress	-	1,216,580
Impairment of computer software	-	36,845
	-----	-----
	616,872	451,993
Changes in operating assets and liabilities:		
Tuition fees and levy receivables	992,963	(714,400)
Prepayments and other assets	46,903	23,485
Trade payables	58,560	13,024
Accruals and other liabilities	221,944	457,111
	-----	-----
Cash from operations	1,937,242	231,213
Payment of employees' end-of-service indemnity	(59,710)	(21,255)
Net change in staff saving scheme	(5,943)	53,825
	-----	-----
Net cash from operating activities	1,871,589	263,783
	-----	-----
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(94,683)	(202,058)
Increase in cash and balances with banks	(2,202,123)	(500,000)
Financial income received	526,123	110,790
	-----	-----
Net cash used in investing activities	(1,770,683)	(591,268)
	-----	-----
Net change in cash and cash equivalents	100,906	(327,485)
Cash and cash equivalents at the beginning of the year	722,421	1,049,906
	-----	-----
Cash and cash equivalents at the end of the year	823,327	722,421
	=====	=====

The accompanying notes form an integral part of these financial statements

**BAHRAIN INSTITUTE OF BANKING AND FINANCE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

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**1. STATUS AND ACTIVITIES**

The Bahrain Institute of Banking and Finance (the "Institute") was formed in the Kingdom of Bahrain by the approval of the Specific Council for Vocational Training (Banking Sector). The Institute is an unregistered non-profit entity and commenced its first training year on September 1, 1980. The registered address of the Institute is Building No.1456, Road 4034, Block 340, Juffair, Kingdom of Bahrain. Royal Decree # 33 passed during October 2015 has transferred the responsibilities of the High Council for Vocational Training to the Labour Fund, Tamkeen. In October 2016, Decree No. 21 stipulated that the Institute will be under the supervisory authority of the Central Bank of Bahrain.

The objective and principal activity of the Institute is to provide training to employees working in the financial sector of the Kingdom of Bahrain.

**2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs):**

**2.1 New and revised IFRSs applied with no material effect on the financial statements**

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2016, have been adopted in these financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- IFRS 14 *Regulatory Deferral Accounts*
- Amendments to IAS 1 *Presentation of Financial Statements* relating to Disclosure initiative
- Amendments to IFRS 11 *Joint Arrangements* relating to accounting for acquisitions of interests in joint operations
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* relating to clarification of acceptable methods of depreciation and amortisation
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture: Bearer Plants*
- Amendments to IAS 27 *Separate Financial Statements* relating to accounting investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements
- Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 28 *Investment in Associates and Joint Ventures* relating to applying the consolidation exception for investment entities
- Annual Improvements to IFRSs 2012 – 2014 Cycle covering amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34

**BAHRAIN INSTITUTE OF BANKING AND FINANCE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

2. **ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs): (CONTINUED)**

2.2 **New and revised IFRS in issue but not yet effective**

The Institute has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

<b><u>New and revised IFRSs</u></b>	<b><u>Effective for annual periods beginning on or after</u></b>
Annual Improvements to IFRS Standards 2014 – 2016 Cycle amending IFRS 1, IFRS 12 and IAS 28	The amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after 1 January 2018, the amendment to IFRS 12 for annual periods beginning on or after 1 January 2017
Amendments to IAS 12 <i>Income Taxes</i>	1 January 2017
Amendments to IAS 7 <i>Statement of Cash Flows</i>	1 January 2017
IFRIC 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to IFRS 2 <i>Share Based Payment</i>	1 January 2018
Amendments to IFRS 4 <i>Insurance Contracts</i>	1 January 2018
Amendments to IAS 40 <i>Investment Property</i>	1 January 2018

**BAHRAIN INSTITUTE OF BANKING AND FINANCE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

2. **ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs): (CONTINUED)**

2.2 **New and revised IFRS in issue but not yet effective (Continued)**

<b><u>New and revised IFRSs</u></b>	<b><u>Effective for annual periods beginning on or after</u></b>
Amendments to IFRS 7 <i>Financial Instruments: Disclosures</i> relating to disclosures about the initial application of IFRS 9	When IFRS 9 is first applied
IFRS 7 <i>Financial Instruments: Disclosures</i> relating to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9	When IFRS 9 is first applied
IFRS 9 <i>Financial Instruments</i>	1 January 2018
<p>A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 <i>Financial Instruments: Recognition and Measurement</i>. The standard contains requirements in the following areas:</p> <ul style="list-style-type: none"> <li>• <b>Classification and measurement:</b> Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.</li> <li>• <b>Impairment:</b> The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised</li> <li>• <b>Hedge accounting:</b> Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.</li> <li>• <b>Derecognition:</b> The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.</li> </ul>	



**BAHRAIN INSTITUTE OF BANKING AND FINANCE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

**2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs): (CONTINUED)**

**2.2 New and revised IFRS in issue but not yet effective (Continued)**

<b><u>New and revised IFRSs</u></b>	<b><u>Effective for annual periods beginning on or after</u></b>
IFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.	
IFRS 16 <i>Leases</i>	1 January 2019
IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.	
Amendments to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures</i> (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.	Effective date deferred indefinitely

Management anticipates that these new standards, interpretations and amendments will be adopted in the Institute's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, except for IFRS 9, may have no material impact on the financial statements of the Institute in the period of initial application.

Management anticipates that IFRS 9 will be adopted in the Institute's financial statements for the annual period beginning 1 January 2018. The application of IFRS 9 may have significant impact on amounts reported and disclosures made in the Institute's financial statements in respect of revenue from contracts with customers and the impairment of financial assets. However, it is not practicable to provide a reasonable estimate of effects of the application of these standards until the Institute performs a detailed review.

**BAHRAIN INSTITUTE OF BANKING AND FINANCE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

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**3. SIGNIFICANT ACCOUNTING POLICIES**

**Statement of Compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

**Basis of Preparation**

The financial statements are prepared under the historical cost convention.

The financial statements are presented in Bahraini Dinars (BD), being the functional currency of the Institute.

The significant accounting policies adopted are as follows:

**Property and equipment**

Property and equipment are stated at historical cost less accumulated depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, 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. Repairs and maintenance, other than major modifications, are expensed as incurred.

Depreciation is calculated using the straight-line method to allocate the cost over the estimated useful lives as follows:

	<b><u>Years</u></b>
Building	20 years
Furniture and fixtures	5-7 years
Machinery and equipment	3-5 years
Training material	3 years
Motor vehicles	5 years
Computer software	3 years

Gains or losses arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the statement of activities.

The carrying amount of property and equipment is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

**BAHRAIN INSTITUTE OF BANKING AND FINANCE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

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3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial Liabilities and Equity Instruments**

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial liabilities

Financial liabilities are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The Bourse derecognises financial liabilities when, and only when, the Bourse's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the sum of the consideration paid and payable is recognised in profit or loss.

**Offsetting Financial Assets and Financial Liabilities**

Financial assets and financial liabilities are offset and reported on a net basis in the statement of financial position when a legally enforceable right to set-off such amounts exists and when the Bourse intends to settle on a net benefits basis or to realise the assets and settle the liabilities simultaneously.

**Cash and cash equivalents**

For the purpose of preparing the statement of cash flows, cash and cash equivalents include cash in hand and deposits with banks with original maturities of three months or less.

**Provisions**

Provisions are recognised when the Institute has a present obligation (legal or constructive) as a result of a past event, it is probable that the Institute will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

**BAHRAIN INSTITUTE OF BANKING AND FINANCE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

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3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial Assets**

Financial assets are classified based on the nature and purpose of the financial assets and determined at the time of initial recognition.

Receivables

Receivables that have fixed or determinable payments are classified as receivables. Receivables are measured at amortised cost using the effective interest method, less any impairment.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been affected.

For all the financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re - organisation.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the asset's recoverable amount.

Derecognition of financial assets

The Bourse derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Bourse neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bourse recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bourse retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bourse continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The difference between the carrying amount of the financial asset derecognised and the sum of the consideration received and receivable is recognised in profit or loss.

**BAHRAIN INSTITUTE OF BANKING AND FINANCE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

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3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Employees' Benefits**

*Bahraini employees*

Pension rights (and other social benefits) for Bahraini employees are covered by the Social Insurance Organisation's scheme to which employees and employers contribute monthly on the basis of a fixed percentage of salaries. The Institute's obligations are limited to these contributions, which are expensed when due.

*Expatriate employees*

Expatriate employees are entitled to leaving indemnities payable under the Bahraini Labour Law for the Private Sector, based on the length of their service and final remuneration. Provisions is made on the basis of the liability that would arise if the employment of all expatriate staff were voluntary terminated at the financial position date.

*Staff saving scheme*

The Institute operates a staff saving scheme. The employee and the Institute contribute a minimum of 5% each based on the employee's current monthly basic salary. Financial income is calculated based on the respective term deposit rates for each year.

**Revenue Recognition**

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Institution and the amount of the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable from services provided in the normal course of business.

- Tuition fees income is recognised as and when the services are provided.
- Contributions are recognised when the right to receive payment is established.
- Levy and financial income are recognised as they accrue.
- Income from other services is recognised when the services are provided.

4. **CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

In the application of the accounting policies described in Note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**BAHRAIN INSTITUTE OF BANKING AND FINANCE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

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4. **CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)**

In particular, the significant areas of estimation uncertainty and critical judgments in applying accounting policies that have a significant effect on the amounts recognised in the financial statements, relate to the following:

*Impairment of receivables*

The Institute's management reviews periodically items classified as receivables to assess whether a provision for impairment should be recognised. The charge is mainly based on the ageing of receivables, and where applicable defaults and credit worthiness of counterparts. In general the impairment charge is calculated based on fixed percentages applied to overdue balances of each ageing category. Also management provides for the individual receivables which are considered irrecoverable. Changes to the estimated impairment charge may be required if the financial condition of the debtors was to improve or deteriorate.

*Useful lives of property and equipment*

The Institute's management determines the useful lives of property and equipment for calculating depreciation. The depreciation charge for the year will change significantly if the actual life is different from the estimated useful life of the asset. This estimate is determined after considering the expected usage of the assets and physical wear and tear.

**BAHRAIN INSTITUTE OF BANKING AND FINANCE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

**5. PROPERTY AND EQUIPMENT**

	<u>Building</u> BD	<u>Furniture And fixtures</u> BD	<u>Machinery and equipment</u> BD	<u>Training material</u> BD	<u>Motor vehicles</u> BD	<u>Computer software</u> BD	<u>Capital work- in-progress</u> BD	<u>Total</u> BD
<b>Cost</b>								
At January 1, 2015	1,778,704	587,696	1,009,471	218,621	35,250	278,551	1,425,534	5,333,827
Additions	-	36,492	86,277	-	-	24,241	55,048	202,058
Write-off/ impairment	-	-	-	-	-	(239,061)	(1,216,580)	(1,455,641)
At December 31, 2015	1,778,704	624,188	1,095,748	218,621	35,250	63,731	264,002	4,080,244
Additions	-	27,820	35,832	-	-	31,031	-	94,683
At December 31, 2016	1,778,704	652,008	1,131,580	218,621	35,250	94,762	264,002	4,174,927
<b>Accumulated depreciation</b>								
At January 1, 2015	1,534,122	540,912	737,844	218,621	10,335	196,530	-	3,238,364
Depreciation expense	37,475	20,475	117,968	-	7,049	57,830	-	240,797
Relating to write-off	-	-	-	-	-	(202,216)	-	(202,216)
At December 31, 2015	1,571,597	561,387	855,812	218,621	17,384	52,144	-	3,276,945
Depreciation expense	37,577	31,371	122,332	-	7,069	6,973	-	205,322
At December 31, 2016	1,609,174	592,758	978,144	218,621	24,453	59,117	-	3,482,267
<b>Carrying amount</b>								
At December 31, 2016	169,530	59,250	153,436	-	10,797	35,645	264,002	692,660
At December 31, 2015	207,107	62,801	239,936	-	17,866	11,587	264,002	803,299

**BAHRAIN INSTITUTE OF BANKING AND FINANCE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

**5. PROPERTY AND EQUIPMENT (CONTINUED)**

The existing building is constructed on a plot of land donated by H. R. H. Prince Khalifa Bin Salman Al Khalifa, the Prime Minister on behalf of the Government of the Kingdom of Bahrain and is registered in the name of the Central Bank of Bahrain. No rental is charged to the Institute.

Capital work-in-progress represents design costs of a building in Bahrain Financial Harbour, and are stated net of costs written-off during 2015 amounting to BD 1,216,850 following decision of management to re-design the building to better accommodate the logistical needs and financial means of Institute.

In 2015, the Institute wrote-off the carrying value of a corporate software amounting to BD 36,845 as it did not meet the Institute's business requirements as initially intended.

**6. CASH AND BALANCES WITH BANKS**

	<u>Current</u> BD	<u>Non-current</u> BD	<u>Total</u> BD
<u>2016</u>			
Wakala receivables	-	300,000	300,000
Murabaha receivables	6,463,500	5,471,067	11,934,567
Term deposits	1,000,000	-	1,000,000
	<u>7,463,500</u>	<u>5,771,067</u>	<u>13,234,567</u>
Current accounts with banks	822,327	-	822,327
Cash in hand	1,000	-	1,000
Cash and cash equivalents	<u>823,327</u>	<u>-</u>	<u>823,327</u>
	<u>7,463,500</u>	<u>5,771,067</u>	<u>14,057,894</u>
<u>2015</u>			
Wakala receivables	3,032,444	-	3,032,444
Murabaha receivables	7,000,000	-	7,000,000
Term deposits	1,000,000	-	1,000,000
	<u>11,032,444</u>	<u>-</u>	<u>11,032,444</u>
Current accounts with banks	721,421	-	721,421
Cash in hand	1,000	-	1,000
Cash and cash equivalents	<u>722,421</u>	<u>-</u>	<u>722,421</u>
	<u>11,754,865</u>	<u>-</u>	<u>11,754,865</u>

At the date of the statement of financial position, Wakala contracts amounting to BD 300,000 (2015: BD 3,032,444) are pledged against a bank guarantee amounting to BD 100,000 (2015: BD 100,000) (Note 16).

Term deposits include funds totaling BD 562,744 (2015: BD 568,687) allocated to staff saving scheme (Note 9). These funds are held by the Institute on behalf of the staff saving scheme participants. No fee is charged by the Institute to administer this scheme.



**BAHRAIN INSTITUTE OF BANKING AND FINANCE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

**6. CASH AND BALANCES WITH BANKS (CONTINUED)**

Financial income amounted to BD 376,649 (2015: BD 312,507) after allocation of financial income attributable to the staff saving scheme amounting to BD 22,231 (2015: BD 18,853) as disclosed in Note 9.

The Institute's liquid funds are deposited all denominated in Bahraini Dinars and are held with the following banks at December 31:

	<u>2016</u>	<u>2015</u>
	BD	BD
Khaleeji Commercial Bank B.S.C.	4,757,145	2,609,835
Ithmar Bank B.S.C.	4,584,566	3,400,000
Al Baraka Islamic Bank B.S.C. (c)	2,750,000	1,000,000
BBK B.S.C.	1,396,341	1,169,218
Al Salam Bank B.S.C.	386,763	3,155,598
National Bank of Bahrain B.S.C.	180,079	417,214
Kuwait Finance House B.S.C.	2,000	2,000
Cash in hand	1,000	1,000
	<u>14,057,894</u>	<u>11,754,865</u>

Maturities and yields on Wakala, Murabaha and term deposits are as follows:

	<u>Yield</u>	<u>BD</u>
<u>2016</u>		
March 2017	3.39%	3,000,000
June 2017	3.5%	750,000
September 2017	2.20%	1,000,000
November 2017	3.54%	1,713,500
December 2017	3.40%	3,000,000
February 2018	4.50%	936,500
March 2018	3.78%	1,800,000
June 2018	3.95%	1,034,567
	<u>3.56%</u>	<u>13,234,567</u>
<u>2015</u>		
February 2016	4.00%	900,000
March 2016	3.75%	3,032,444
September 2016	2.70%	2,500,000
November 2016	2.90%	600,000
December 2016	3.22%	4,000,000
	<u>3.29%</u>	<u>11,032,444</u>

**BAHRAIN INSTITUTE OF BANKING AND FINANCE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

**7. TUITION FEES AND LEVY RECEIVABLES**

	<u>2016</u>	<u>2015</u>
	BD	BD
Tuition fees receivables	779,870	1,272,129
Levy receivables due from financial institutions	244,853	837,194
	<u>1,024,723</u>	<u>2,109,323</u>
Less: provision for impairment	(511,865)	(639,109)
	<u>512,858</u>	<u>1,470,214</u>

Tuition fees receivables represent amounts receivable from corporate entities in respect of professional and special offering courses.

The ageing of tuition fees and levy receivables net of provision for impairment is as follows:

	<u>Levy</u>	<u>Tuition fees</u>	<u>Total</u>
	BD	BD	BD
<u>2016</u>			
Up to 180 days	-	394,470	394,470
From 181 to 270 days	-	54,000	54,000
From 271 to 365 days	-	10,946	10,946
More than 1 year	-	53,442	53,442
	<u>-</u>	<u>512,858</u>	<u>512,858</u>
<u>2015</u>			
Up to 180 days	497,768	712,814	1,210,582
From 181 to 270 days	-	144,440	144,440
From 271 to 365 days	-	70,324	70,324
More than 1 year	-	44,868	44,868
	<u>497,768</u>	<u>972,446</u>	<u>1,470,214</u>

The net levy outstanding as at December 31, 2015 amounting to BD 497,768 was billed to the Labour Fund and collected during 2016.

The movement of the provision for impairment was as follows:

	<u>2016</u>	<u>2015</u>
	BD	BD
At January 1,	639,109	414,650
Net charge during the year against levy receivable	-	298,768
Net (write-back)/charge during the year against tuition fees receivable	(35,607)	41,816
Write-off	(91,637)	(116,125)
At December 31,	<u>511,865</u>	<u>639,109</u>

**BAHRAIN INSTITUTE OF BANKING AND FINANCE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

**7. TUITION FEES AND LEVY RECEIVABLES (CONTINUED)**

Tuition fees and levy receivables are allocated by brackets of outstanding balances as follows:

<u>Brackets of outstanding balances (BD)</u>	<u>Tuition fees receivables</u>			<u>Levy receivables</u>			<u>Percentage to total %</u>
	<u>Gross Balance BD</u>	<u>No. of counterparts</u>	<u>Gross Balance BD</u>	<u>No. of counterparts</u>	<u>Total BD</u>	<u>Total BD</u>	
2016							
50,001 to 100,000	63,702	1	-	-	63,702	63,702	6%
30,001 to 50,000	43,343	1	-	-	43,343	43,343	4%
10,001 to 30,000	194,961	12	93,875	6	288,836	288,836	28%
5,001 to 10,000	232,287	32	31,769	5	264,056	264,056	26%
1,001 to 5,000	198,136	91	102,816	39	300,952	300,952	29%
Up to 1,000	47,441	121	16,393	47	63,834	63,834	6%
	<u>779,870</u>	<u>258</u>	<u>244,853</u>	<u>97</u>	<u>1,024,723</u>	<u>1,024,723</u>	
100,001 to 300,000	259,467	1	497,768	1	757,235	757,235	36%
50,001 to 100,000	361,034	5	-	-	361,034	361,034	17%
30,001 to 50,000	71,358	2	-	-	71,358	71,358	3%
10,001 to 30,000	295,529	17	116,369	8	411,898	411,898	20%
5,001 to 10,000	167,391	24	31,769	5	199,160	199,160	9%
1,001 to 5,000	69,939	44	105,251	44	175,190	175,190	8%
Up to 1,000	47,411	124	86,037	59	133,448	133,448	6%
	<u>1,272,129</u>	<u>217</u>	<u>837,194</u>	<u>117</u>	<u>2,109,323</u>	<u>2,109,323</u>	

**BAHRAIN INSTITUTE OF BANKING AND FINANCE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

8. **PREPAYMENTS AND OTHER ASSETS**

	<u>2016</u>	<u>2015</u>
	BD	BD
Accrued profit receivable	182,193	331,667
Blocked margin against bank guarantees (Note 16)	172,604	175,832
Prepayments	70,894	81,156
Advance to employees	19,937	53,350
	<u>445,628</u>	<u>642,005</u>

9. **STAFF SAVING SCHEME**

The Institute started a saving scheme program in January 2003 where the Institute contributes an amount equal to 5% of each employee's monthly salary in addition to the 5% contribution by each employee after the completion of the first five years of employment. Partial payment is made by the Institute for employees who resign before completing five years of employment. The Institute allocates financial income on the staff saving scheme on a basis decided by management annually. The underlying assets relating to the scheme are included in the balances with banks (deposits) as detailed in Note 6 to the financial statements.

	<u>2016</u>	<u>2015</u>
	BD	BD
At January 1,	568,687	496,009
Financial income (Note 6)	22,231	18,853
Charge for the year - employees	85,239	85,613
Charge for the year – BIBF	81,867	85,613
Payments during the year	<u>(195,280)</u>	<u>(117,401)</u>
At December 31,	<u>562,744</u>	<u>568,687</u>

10. **EMPLOYEES' END-OF-SERVICE BENEFITS**

	<u>2016</u>	<u>2015</u>
	BD	BD
At January 1,	256,203	202,961
Charge for the year	62,202	74,497
Payments during the year	<u>(59,710)</u>	<u>(21,255)</u>
At December 31,	<u>258,695</u>	<u>256,203</u>

**BAHRAIN INSTITUTE OF BANKING AND FINANCE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

11. **ACCRUALS AND OTHER LIABILITIES**

	<u>2016</u>	<u>2015</u>
	BD	BD
Unearned revenue	557,784	241,699
Bonus and other staff related accruals	561,062	542,418
Due to levy payers	155,144	318,234
Other creditors	79,197	25,932
Esterad – BIBF fund	27,684	27,684
Students refundable deposits	5,460	8,420
	<u>1,386,331</u>	<u>1,164,387</u>

Refunds payable to levy payers represent amounts collected from individual levy payers after cancellation of the 1% mandatory levy by the Government and collected from the Labour Fund subsequent to the cancellation of the mandatory levy. These refunds will be set off against future services to the levy payers.

12. **TUITION FEES AND DIRECT TUITION COSTS**

	<u>Tuition fees</u>	<u>Direct tuition</u>	<u>Net tuition</u>
	BD	costs BD	fees BD
<u>2016</u>			
Professional courses	2,368,477	(656,890)	1,711,587
Special courses	632,281	(177,972)	454,309
Public courses	190,048	(76,515)	113,533
External courses	204,162	(83,376)	120,786
Other courses	182,917	(149,761)	33,156
	<u>3,577,885</u>	<u>(1,144,514)</u>	<u>2,433,371</u>
<u>2015</u>			
Professional courses	2,147,545	(675,047)	1,472,498
Special courses	912,349	(240,725)	671,624
Public courses	318,155	(76,081)	242,074
External courses	85,473	(56,864)	28,609
Other courses	206,529	(110,233)	96,296
	<u>3,670,051</u>	<u>(1,158,950)</u>	<u>2,511,101</u>

**BAHRAIN INSTITUTE OF BANKING AND FINANCE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

13. **STAFF COSTS**

	<u>2016</u>	<u>2015</u>
	BD	BD
Salaries	2,198,174	2,209,448
Bonus	495,452	485,146
Contribution to staff saving scheme (Note 9)	81,867	85,613
Provision for employees' end of service benefits (Note 10)	62,202	74,497
Other benefits	712,958	693,926
	<u>3,550,653</u>	<u>3,548,630</u>

14. **GENERAL AND ADMINISTRATIVE EXPENSES**

	<u>2016</u>	<u>2015</u>
	BD	BD
Premises	117,168	233,878
Printing and advertising	82,084	103,916
Contract services	74,932	71,353
Communication	68,055	86,572
Business development	52,143	60,683
Software renewal fees	45,801	55,192
Professional fees	33,555	60,520
Stationery and supplies	13,360	16,649
Repairs and maintenance	24,188	17,195
Public relations and social activities	10,772	10,855
Library books and periodicals	4,182	4,329
Postage	3,891	3,666
Others	50,869	51,032
	<u>581,000</u>	<u>775,840</u>

15. **RELATED PARTIES**

**Key management compensation**

	<u>2016</u>	<u>2015</u>
	BD	BD
Salaries and other short-term benefits	364,923	354,343
Post-employment benefits, including staff saving scheme	35,997	34,605
	<u>400,920</u>	<u>388,948</u>

**BAHRAIN INSTITUTE OF BANKING AND FINANCE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

16. **BANK GUARANTEES**

The Institute's bankers have issued performance bonds and other guarantees on behalf of the Institute amounting to BD 272,604 (2015: BD 270,774).

17. **GOVERNMENT GRANT**

The land at Bahrain Financial Harbour is donated by His Majesty King Hamad Bin Isa Bin Salman Al Khalifa, the King of the Kingdom of Bahrain. The condition attached to the grant is to build a new educational facility on the land. The Institute is in the process of constructing the new building.

18. **FINANCIAL INSTRUMENTS**

The Institute's financial instruments expose it to a variety of financial risks. These mainly include credit risk, market risk and liquidity risk. Management monitors these risk to minimize potential adverse effects on the Institute's financial performance.

The Institute's financial assets include cash and balances with bank, fees receivables and other receivables. Financial liabilities include trade payables, accruals and other liabilities.

The summary of financial assets and liabilities are follows:

	<u>2016</u> BD	<u>2015</u> BD
<b><u>Financial assets</u></b>		
Financial assets at amortised cost	14,925,549	13,732,578
	=====	=====
<b><u>Financial liabilities</u></b>		
Financial liabilities at amortised cost	1,887,228	1,979,525
	=====	=====

**Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Institute is exposed to credit risk on its liquid funds and receivables. The credit concentration is disclosed in Notes 6 and 7.

The credit risk on liquid funds is limited because the counterparties are banks and financial institutions with good credit ratings.

The exposure to credit risk is limited to the carrying value of financial assets in the statement of financial position in addition to its bank guarantees disclosed in Note 16.

**BAHRAIN INSTITUTE OF BANKING AND FINANCE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

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18. **FINANCIAL INSTRUMENTS (CONTINUED)**

**Market risk**

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices. Market risks mainly arise from open positions in interest rate and foreign currency.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Institute assets and liabilities are denominated primarily in Bahraini Dinars. Accordingly, the Institute's is not exposed to foreign exchange risk.

Interest/profit rate risk

Interest/profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest/profit rates.

The Institute's interest/profit bearing assets consist of deposits with banks with maturities varying between one to two years with fixed return. The Institute's financial liabilities are non-interest bearing.

**Liquidity risk**

Liquidity risk is the risk that the Institute will encounter difficulty in meeting obligations associated with financial liabilities.

Ultimate responsibility for liquidity risk management rests with the Directors of the Institute who manage the Institute's short, medium and long-term funding and liquidity management requirements.

The following tables detail the Institute's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Institute can be required to pay. The table includes both interest, if applicable, and principal cash flows.



**BAHRAIN INSTITUTE OF BANKING AND FINANCE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

18. **FINANCIAL INSTRUMENTS (CONTINUED)**

**Liquidity risk (Continued)**

	<u>Less than</u> <u>1 month</u> <u>BD</u>	<u>1-3 months</u> <u>BD</u>	<u>No fixed</u> <u>maturity</u>	<u>Total</u> <u>BD</u>
<u>2016</u>				
Non-interest bearing	344,123	721,666	821,439	1,887,228
	=====	=====	=====	=====
<u>2015</u>				
Non-interest bearing	516,811	869,072	824,890	1,979,525
	=====	=====	=====	=====

The following tables detail the Institute's contractual maturity for its financial assets.

	<u>Weighted</u> <u>average</u> <u>Yield</u>	<u>Less than</u> <u>1 month</u> <u>BD</u>	<u>1-3</u> <u>months</u> <u>BD</u>	<u>3 months to</u> <u>1 year</u> <u>BD</u>	<u>Over 1</u> <u>year</u> <u>BD</u>	<u>Total</u> <u>BD</u>
<u>2016</u>						
Non-interest earning		1,336,185	182,193	-	172,604	1,690,982
Interest/profit earning	3.56%	-	1,750,000	5,713,500	5,771,067	13,234,567
		-----	-----	-----	-----	-----
		1,336,185	1,932,193	5,713,500	5,943,671	14,925,549
		=====	=====	=====	=====	=====
<u>2015</u>						
Non-interest earning	-	2,192,635	182,193	-	172,604	2,547,432
Interest/profit earning	3.29%	-	3,932,444	7,100,000	-	11,032,444
		-----	-----	-----	-----	-----
		2,192,635	4,114,637	7,100,000	172,604	13,579,876
		=====	=====	=====	=====	=====

**Fair value of financial instruments**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences may arise between the carrying values and the fair value estimates.

Management considers that the carrying amounts of financial assets and financial liabilities approximate their fair values at the financial position date.



# ANNUAL REPORT 2016



For further information, and to register.  
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