

2018 ANNUAL
REPORT

THE FUTURE OF BANKING

Chartered Banker

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Foreword by President of the Chartered Banker Institute, Robert Dickie FCIBS

The Chartered Banker Institute is the oldest professional banking institute in the world. Founded in 1875, it has driven an agenda of ethical professionalism in banking for well over a century: promoting professional standards for bankers; providing professional qualifications for retail, commercial and private bankers in the UK and overseas, and offering professional membership to qualified individuals.

I have been an active member of the Institute for almost 40 years and am deeply honoured to have been elected to serve as its President.

I am encouraged to see that the number of members joining the Institute continues to grow. Last year saw member numbers increase by almost 4% to over 31,535, including 8,108 student members from over 85 countries.

As at the end of February 2018, there were 10,503 individuals studying for Institute qualifications (not including those studying with our university partners) and during 2017, some 4,196 individuals completed an Institute qualification.

The Institute continues to lead the professional banking standards agenda in the UK. We do this by campaigning for banks to invest further in staff development to make sure that the culture of prudence, professionalism and stewardship promoted by the Institute is embedded in the way they do business.

The Institute established the Chartered Banker Professional Standards Board (CB:PSB) to develop and embed professional standards for bankers, and it developed its first Standard, the Foundation Standard, in 2012 (revised 2016). Over the last year, the Intermediate and Advanced Standards were launched, completing the CB:PSB's suite of Professional Standards. Last year, 177,589 individual bankers globally, met the Foundation Standard and around 600,000 bankers in the UK and globally, are now covered by a common code of conduct, the 'Chartered Banker Code of Professional Conduct'.

In October 2017, I visited Australia and New Zealand, where I met with the Financial Services Institute of Australasia (FINSIA), senior bankers and regulators. The visit underlined the growing impact and international

influence of our Institute. We are delighted to be working with FINSIA to help establish a similar Standards Board to the CB:PSB in Australia, and we look forward to continuing to share our lessons from the operation of the UK Board with them.

Another important development in 2017 was the launch of The Chartered Body Alliance with our counterparts at the Chartered Insurance Institute (CII) and the Chartered Institute for Securities and Investments (CISI). The initial focus of the Alliance has been a joint marketing campaign to promote Chartered status to financial services professionals and the public in the UK. The Alliance has subsequently held a joint event and issued several joint press releases and regulatory responses.

The Institute has also continued to build its influence in the area of apprenticeships over the past year, becoming one of a select group of professional bodies to be granted End Point Assessment (EPA) status for apprenticeships in England. Banking apprenticeships were also the subject of our second Professional Education in Banking Conference in London in November 2017. This event proved extremely popular and we were delighted to welcome Antony Jenkins, Chair of the Institute for Apprenticeships, as our keynote speaker.

Alongside our work to support apprenticeships, a key priority going forward is to develop thought leadership on the 'Future of Banking'. This work will consider the changing nature of the banking profession in the digital era; the

ethical issues involved in increasing use of technology in banking, and the impact on the skills, expertise and professional judgement of future bankers.

Last year also saw the launch of a new initiative by the Institute: The Chartered Banker 2025 Foundation. It has been established in anticipation of the Institute's 150th anniversary in 2025 and is aligned with the original aims of the Institute: "The promotion of education and development of young bankers entering the profession." The Foundation was formally launched at the Bank of England in the autumn and aims to raise £1m by 2025 to identify and support talented young people, who would benefit from financial and other help to pursue a career in banking.

Meanwhile, our UK Young Banker of the Year Competition celebrated its 30th anniversary, with an exciting final taking place at Mansion House in London in September. The latest very worthy winner was Joanna Finlay from Virgin Money. Joanna's idea was to provide a simple, practical solution to help people without a bank account to prove where they live, allowing them to access banking services. The judges recognised Joanna for the originality of her presentation and for developing the sort of socially purposeful banking that customers and communities expect.

Our overarching goal at the Institute is to enhance and sustain customer-focused, ethical professionalism in banking. As well as showcasing just some of the many achievements we have made to this end in the past year, our Annual Report also sets out our future plans. I hope you will find it an interesting and informative read.

If you have any further questions, please don't hesitate to get in touch with us at: info@charteredbanker.com

/// I am encouraged to see that the number of members joining the Institute continues to grow ///

R. S. Dickie

31,535

Last year saw member numbers increase by almost 4%

177,589

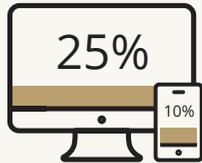
individual bankers met the Foundation Standard



The Institute in Numbers



Reached **31,535** members (51% of them female) – an increase of almost **4%** from **30,325** at the start of 2017



Increased our Twitter following by **25%** and our LinkedIn membership by **10%**, as well as receiving **218,892** website visits



302
CBMBA
Students



4,196
qualification completions



10,503

new and continuing learners are currently working towards an Institute qualification



Increased subscribers to our BrightTALK channel by **35%**, with **7,655** webcast views to date



Reached **10** CB:PSB member firms, with Shawbrook Bank joining in 2017



Worked in over **85** countries, across **6** continents



5,245

new learners have enrolled to study during 2017



assessments have been undertaken (via assessment partner and Learning Management System)



Achieved **22,000** page views of our online CPD toolkits



Published the **1st CB:PSB** Independent Monitoring Panel Report



177,589

Supported **177,589** bankers to achieve the Foundation Standard globally



443 new and continuing students

from **14** university learning partners. **8** universities have Centre of Excellence status

Trustees' Report



The Role of the Chartered Banker Institute

Enhancing and sustaining professional standards in banking

Founded in 1875, the Chartered Banker Institute is proud to be the oldest institute of bankers in the world and the only remaining institute of and for bankers in the UK.

Over the past year, the Institute has continued to increase its reach, impact and influence both in the UK and internationally. We have continued our work to enhance and sustain high standards of conduct and expertise in banking, and to rebuild pride in the banking profession. The numbers of individuals achieving a professional standard, gaining a professional qualification and becoming a professional member of the Institute continue to reflect our increasing role at the centre of a rapidly-evolving banking sector.

Our objectives and activities

The objectives for which the Institute is constituted are set out in our Royal Charter as follows:

- To encourage the highest standards of professionalism and conduct amongst its members in the public interest
- To improve and extend the knowledge and expertise of those engaged in banking and financial services
- To conduct examinations and promote the continued study of banking and financial services in all their aspects and to award certificates to candidates who meet the standards laid down by the Institute
- To establish links and to co-operate with other professional or educational bodies with a view to the pursuit of common objectives and to represent the banking profession both nationally and internationally.

The Institute continues to see sustained membership growth, which now stands at a record level of 31,535 – an increase of almost 4%. This reflects both our increased reach and the fact that we continue to invest in services that deliver real value to our members.

We have continued to see particularly strong growth in Certificated membership, which increased to 18,085 members. This represents growth of over 15% on the previous year's figures of 15,642. As noted in previous annual reports, the majority of Institute members (51%) are now female, reflecting the greater diversity now found within the wider banking profession as a whole.

London remains the Institute's largest membership hub in the UK. However, we also have hubs elsewhere in the UK, including a significant membership presence in Edinburgh, Birmingham, Manchester, Cardiff, and other UK financial services centres. We are also extremely proud to have extended our international reach. We now have both student and professionally qualified members in over 85 countries across the globe, who share a commitment to the Chartered Banker Code of Professional Conduct, revised in 2016 to align with the Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA) Individual Conduct Rules.

Achievements and Performance

Professional learning and development

In 2017, 5,245 new learners enrolled with the Institute, increasing the total number of new and continuing learners currently enrolled with us to over 10,500; while the number of new and continuing learners registered through university partners has increased to 443. The number of learners completing a programme of study with us in the past year was 4,196.

Our reach and penetration across banks and financial services organisations has also continued to grow in the past year, to over 100 banks worldwide. In the UK, we work with the largest, most established banks, as well as with challengers. The diversity and size of this uptake is extremely positive, indicating an increased, industry-wide commitment towards a culture of professionalism, as well as greater awareness of the Chartered Banker Institute brand profile.

Bespoke qualifications

Bespoke qualifications continue to encourage greater numbers to enrol, with a 30% increase on last year. In total, 749 bespoke qualifications were completed during the past year, bringing the total to 6,245. With an 11% growth in membership from this source this year, we now have almost 7,300 members, who have either completed or are studying towards, a qualification in the bespoke portfolio. Having launched and piloted a new bespoke qualification this year, full rollout is expected to take place from March 2018.

Apprenticeships

The focus on apprenticeships has intensified across the financial services sector recently, driven in part by the introduction of the Apprenticeship Levy on major employers from April 2017. As a result, we have experienced interest from corporate clients keen to understand how they can incorporate the recruitment and development of apprentices as a central part of their organisational development strategies.

Since 2013, we have been working with employers and other professional bodies on the development of banking and wider financial services standards, and many of our qualifications have been approved for use in the new Trailblazer apprenticeship frameworks.

Of particular significance in 2017, the Institute was appointed as an independent end-point assessment (EPA) organisation for the Level 6 Relationship Manager (Banking) Standard. This is in addition to our existing EPA status for both the Level 2 Financial Services Customer Adviser Standard and the Level 3 Senior Financial Services Customer Adviser Standard.

In 2017, we have also seen some of the first pilot groups complete the full apprenticeship process, with the Institute providing independent confirmation of their success through our EPA process.



Achievements and Performance

continued

Accreditation, assessment and certification

Accreditation and certification activity continues to be a vital part of the Institute's commitment to re-professionalising banking. Accreditation activities form a core element of the work we do with established banking groups, and it is encouraging to see steady progress in the amount of work being carried out with new organisations and challengers, both in the UK and overseas.

Most of our accredited programmes provide credit in to the Institute's qualification framework at various levels and as such, play an essential part in the route to gaining a professional qualification. This can be via either a standard accredited route or bespoke pathways developed for individual clients. It is evident that our external validation of internal learning programmes is valued by banks, as well as by the individuals who undertake the internal programmes.

Exam booking goes online

In September 2017, the Institute launched a new online booking service for members undertaking

exams in the UK. Using a network of learndirect centres, the new service delivers a number of benefits, including:

- Access to a searchable calendar of live availability at all exam centres
- Immediate booking confirmation
- The ability to book from 12 weeks to three working days in advance
- The option to reschedule or cancel without penalty, up to three days before a confirmed exam.

Overall, the new system gives students more control over the booking process; a speedier service, and far greater flexibility to make changes without penalty.

Assessment activity

The year to 28th February 2018 was another busy year for the Institute's awarding body function in respect of the number of assessments administered. During this 12-month period, candidates undertook 9,832 assessments.

Achievements and Performance continued

The breakdown of assessments conducted last year is as follows:

- Multiple choice examinations – 3,340 (4,891)
- Multiple choice examinations via Learning Management System – 3,629*
- Written examinations – 1,773 (3,436)
- Assignments – 1004 (957)
- Work-based assessments – 86 (131).

*figures to 28th February 2017 in brackets
* reported for first time*

Other highlights from 2017 included the first tranche of candidates from the Asian Institute of Chartered Bankers in Malaysia gaining their Chartered Banker Diploma qualification, and also extending the range of Chartered Banker Diploma online examinations available to them. The Institute successfully passed the Quadrennial Full External Review plus the separate Quadrennial Review by

the Scottish Credit and Qualifications Framework (SCQF), in relation to our credit rating operations. In addition, an external review determined that we continue to meet the FCA's criteria in respect of our accredited body services.

The work of the Awarding Body is overseen and supported by the Quality and Standards Committee under the Chairmanship of Council member Susan Younger.

Professional standards

The CB:PSB has been in operation for over six years and is established as the professional standard-setter in UK banking. Over the last 12 months, the CB:PSB has completed its suite of standards, with the publication of the Intermediate Standard (March 2017) and the Advanced Standard (January 2018). Achievement figures for the Foundation Standard have recently been verified – in 2017, 177,589 individuals met the Foundation Standard. This is an increase on 2016 figures and further evidence of the fundamental role of the CB:PSB and of professional standards in the workplace.





Achievements and Performance continued

A message from the CB:PSB Chair

As I look back over 2017, it has arguably been the most successful and certainly the most defining year in the CB:PSB's history.

We completed our suite of professional standards with the publication of the Intermediate Standard and agreement on a refined Advanced Standard. We codified pathways from standards to qualifications and membership which, so far, have supported over 12,000 bankers to achieve the Professional Banker Certificate and will provide an experiential route to Chartered Banker status for those who achieve the Advanced Standard.

At Intermediate level, the qualification requirement underlines the value of combining standards and qualifications – it supports the specialist and continuing development of banker expertise and requires an ongoing focus on professional conduct. The model of linking conduct and expertise, which the CB:PSB has so successfully prompted and embedded, is fundamental to creating a culture of professionalism that focuses not just on the 'what' but also on the 'how'.

We took the decision, in late 2016, to transition CB:PSB operations into the Institute, and that process was completed in 2017. The transition presented a number of opportunities for the CB:PSB and the Institute.

We now have a much larger cadre of colleagues promoting professional standards and pathways to qualifications and membership. Relationship management now combines professional development and professional standards, offering firms a seamless perspective on their professional footprint and how it can be developed and enhanced. Events and social media are now managed via the Institute and CB:PSB monitoring has been absorbed into the Institute's Quality and Standards Directorate. All of this provides scope to significantly grow the reach, profile and quality of the CB:PSB and, indeed, the Institute.

While 2017 has been about evolution and progress, the bedrock of our activities remains – professional standards enable every individual working in banking to demonstrate their professionalism. A professional culture built on our standards not only leads to greater trust and confidence among customers and wider society but also leads

Achievements and Performance

continued

to significant improvements in how bankers perceive themselves in their roles and workplace.

Developing a professional culture, through standards, qualifications and membership, is the right focus for the Chartered Banker Institute. It's also the right focus for the banking industry, and I'm delighted that the Institute is growing in stature and scale because it signifies that the industry is embracing a professional culture.



Dame Susan Rice
CB:PSB Chairman

Intermediate Standard

The CB:PSB's Intermediate Standard seeks to further enhance and sustain professional conduct and expertise in the banking industry. It sets out the CB:PSB's expectations for banking professionals making a higher commitment to banking standards than those set out in the Foundation Standard. It is intended as a next step in an individual's professional development, requiring a professional qualification or equivalent, to satisfy the

expertise requirements. Even greater emphasis is also placed on Conduct, with individuals required to:

- Take active steps to demonstrate and 'role model' the professional values, attitudes and behaviours consistent with the Chartered Banker Code of Professional Conduct
- Help colleagues to develop and demonstrate the professional values, attitudes and behaviours consistent with the Chartered Banker Code of Professional Conduct.

Firms are currently working with the Institute to determine how the Intermediate Standard will be implemented. A pilot exercise is currently underway in one firm.

Advanced Standard

For professional standards to achieve maximum impact, they need to track and support a banker's career, from initial entry into the profession through to senior and executive management level. Agreed in 2017, the CB:PSB's Advanced Standard completes the suite of professional standards for bankers and defines expectations for senior and experienced bankers.

The Advanced Standard, the product of in-depth consultation with firms, aligns to the Individual Accountability Regime and can support those within the Certificate Regime and Senior Managers Regime to meet and exceed regulatory requirements. Those who meet the Standard will be able to demonstrate their own professionalism and contribute to rebuilding the banking profession.

To reinforce the status of the Advanced Standard, the CB:PSB and Institute have set out a route to Chartered Banker status, enabling those reaching the Advanced Standard to complete their professional development with the 'gold standard' professional designation.

Independent monitoring

A core aspect of the CB:PSB's success is how effectively professional standards are monitored. Monitoring is conducted by firms and the Institute, but in 2016 an Independent Monitoring Panel (IMP) was established to provide an external and objective assessment of the CB:PSB. The Panel is an independent body monitoring the effectiveness of professional standards implementation,

Achievements and Performance

continued

the standards monitoring process and the extent to which the CB:PSB aims are being delivered. The Panel seeks to support the CB:PSB in its aim to help build greater public confidence and trust in individuals, institutions and the banking industry overall.

As well as providing positive comment on the CB:PSB monitoring process, which the Panel judged to be “robust and effective”, the Panel’s first report made seven recommendations to the CB:PSB Board, which include the following:

- Appropriate resource should be committed to support the growth of the CB:PSB, to bring more banks on board and increase the reach of the CB:PSB’s work
- The Board should increase the in-scope population for the Foundation Standard to include all staff, and set appropriate targets for the Intermediate and Leadership Standards to create collective goals to work towards
- Banks’ Boards should be made aware of the numbers of individuals within their banks, who achieve professional standards annually

- There should be an industry-wide renewed or enhanced focus within member banks – especially at Board level on this important work.

The Panel’s report also outlined research which identified the elements UK Adults believe should be in place in banking: a common code, professional standards and independent verification that standards are being met. These same elements form the basis of the CB:PSB. As there is still a great need for improvement in levels of trust in banks and the banking industry, the Panel sees this as a powerful motivation for more banks and building societies to be part of the CB:PSB. The Institute is building on this platform to promote CB:PSB membership across the industry in 2018 and beyond.

“Not only does common focus on raising standards contribute to growing confidence, but it has benefits for the industry and regulators too. Taking professionalism as a proxy for culture, banks and the regulators can deliver quantitative and qualitative evidence of change in banking through the CB:PSB. The clear message from the Panel is

that the CB:PSB can help restore public confidence in banks and they want to see the CB:PSB widen its reach and impact.”

CB:PSB Research Report

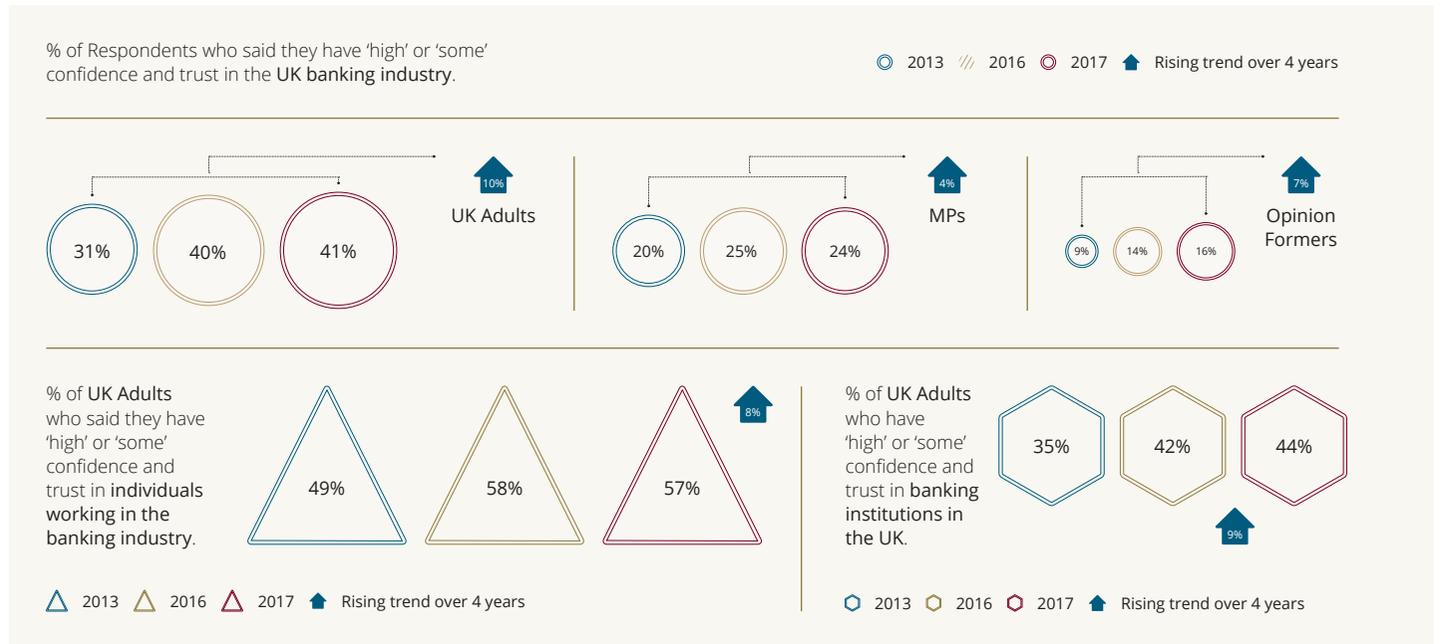
The CB:PSB/Institute published the first in what will become a series of research reports in 2017, providing a panoramic view of trust and confidence in bankers, banks and the industry overall, as well as views on banking professionalism and bankers’ pride. The full report can be viewed at www.charteredbanker.com. Our Professionalism Index survey explored how the findings on professional pride within the banking sector compared with those of the Institute’s own members. This is discussed overleaf under ‘member engagement’.

Achievements and Performance

continued

Confidence and trust

Four out of ten UK Adults have some or high confidence and trust in the UK banking industry, an increase of 10% since 2013, but a static result since 2014. As discussed, levels of confidence and trust are highest when UK Adults consider individuals working in the UK banking industry, with 57% having some or high confidence and trust. There has been a marginal increase in UK Adults who have some or high confidence and trust in banking institutions since 2016, which may reflect firms' activities, such as implementing Professional Standards, to rebuild customer confidence and trust. Opinion Formers' and MPs' views of the UK banking industry have similarly increased over this timeframe – growing from a low base in 2013 but remaining relatively static from 2014. There has been an increase of 7% in Opinion Formers who have some or high confidence and trust in the UK banking industry whilst almost a quarter of MPs now have this opinion.



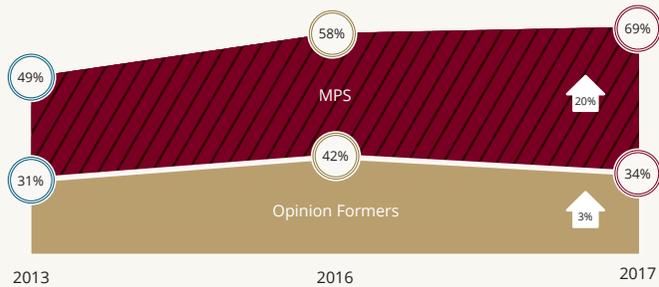
Achievements and Performance

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Professionalism

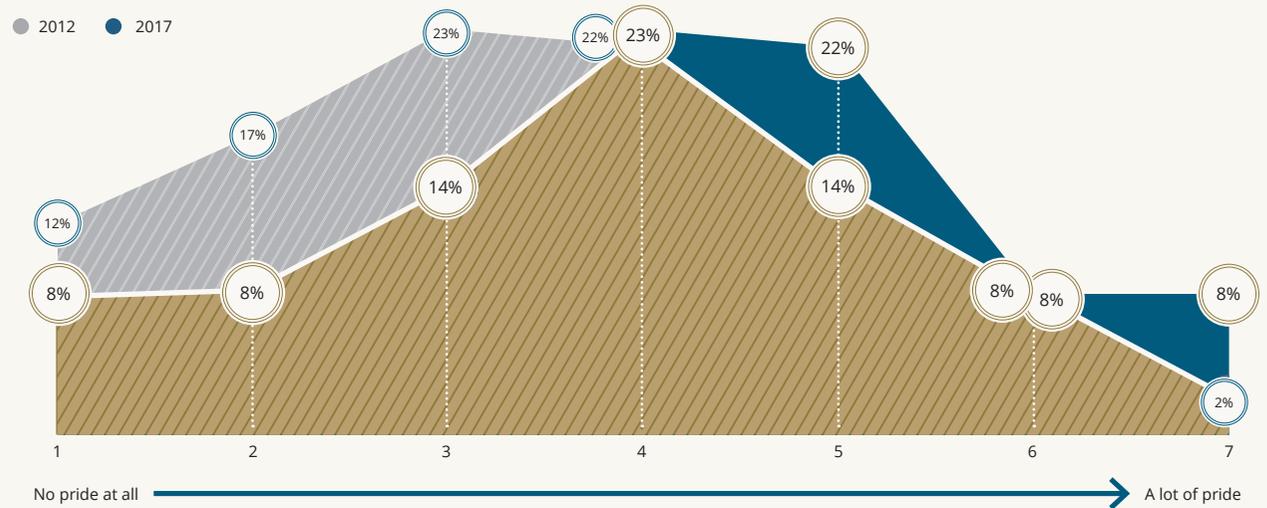
Nearly seven of ten MPs surveyed agree that the banking industry is reasonably/very professional – a significant increase of 20% since 2013, and a growing trend over the survey years. Conversely, Opinion Formers' view of professionalism has dropped since 2016, returning to its 2013/14 position of around a third.

% of Respondents who consider the banking industry to be very/reasonably professional



Pride

On a scale from 1–7, where 1 is no pride at all and 7 is a lot of pride, % of Banking Employees who rated how much pride they felt in the banking industry.



Achievements and Performance

continued

National and international appeal

UK academic partnerships

The Institute has continued to expand its range of learning partnerships both in the UK and internationally...

In the UK, 8 universities are now recognised as Centres of Excellence. This scheme, launched in 2015, provides a framework for collaboration with universities that enables appropriate degrees to be formally accredited by the Institute, leading to an Institute qualification or to the award of membership status. In order to be recognised as a Chartered Banker Centre of Excellence, a university must:

1. Have a relevant banking and finance degree accredited against the Institute's Chartered Banker Diploma
2. Host jointly branded events, providing opportunities to bring together academics and banking professionals to share knowledge and experience, as well as to network
3. Collaborate on areas of research, which are of interest to the Institute's membership.

The following universities are recognised as Chartered Banker Centres of Excellence:

- Bangor University
- Cass Business School
- The University of Edinburgh
- The University of Exeter
- Leeds Business School
- The University of Liverpool
- Newcastle Business School
- Nottingham Business School.

In the current year, 204 students gained Chartered Banker status through our Centre of Excellence partners.

In addition to Centres of Excellence, an additional six universities have had degree programmes accredited by the Institute. As their research output expands, some will be considered for Centre of Excellence status in future.

International partnerships

Internationally, the Chartered Banker MBA, delivered in partnership with Bangor University since 2011, has continued to grow in popularity, attracting students from over 50 countries. In 2017, 112 individuals gained the Chartered Banker MBA qualification, and there are currently 302 new and continuing students registered on the programme.

In May 2017, we signed a long-term strategic partnership agreement with the Financial Services Institute of Australasia (FINSIA), to develop, accredit and support a framework of professional standards and qualifications in Australia and New Zealand based on our UK qualifications framework. The first 'Fundamentals of Banking' qualification, based on the UK Professional Banker Certificate, was launched in February 2018, and further modules and qualifications will follow later in the year. Institute President Robert Dickie visited Australia and New Zealand in October 2017 to meet banks, bankers and regulators, and to support the launch of our partnership with FINSIA.



Achievements and Performance continued

We have continued to support our partners, the Asian Institute of Chartered Bankers (AICB) in Malaysia, and in 2017 conducted a major Qualifications Review, led by Institute Managing Director Giles Cuthbert. This was to help AICB more closely align their qualifications with our own. In addition, we helped AICB roll out online examinations, including at Chartered Banker level. In 2017, a total of 190 individuals were studying for Chartered Banker accredited qualifications with AICB, and 14 individuals gained Chartered Banker status.

There is very strong support from Bank Negara, the Malaysian Central Bank, for the professionalisation of the banking sector, and with the announcement that, in future, only qualified Chartered Bankers will be able to submit returns to the Bank, it is anticipated that the number of students will continue to grow significantly in the coming years. AICB also have plans to promote accredited qualifications in neighbouring countries.

In June 2018, the Institute signed a ground-breaking Mutual Recognition Agreement with the Indian Institute of Banking & Finance (the world's largest banking institute, with more than 750,000 ordinary members). Under this agreement, Certified Associates of the Indian Institute of Bankers (CAIIB) will have their qualifications recognised by the Chartered Banker Institute. They will also be able to become Chartered Bankers by studying our 'Professionalism, Ethics & Regulation' module, and by successfully completing a reflective assignment. With the experience gained from working together to recognise the CAIIB qualification, the Institute and IIBF will discuss further opportunities for working together to align both bodies' qualification frameworks in future, to provide mutual recognition for members, wherever possible.

Closer to home, our long association with our colleagues in the Institute of Banking in Ireland continues, and we now have over 500 Chartered Bankers registered as International members through our partnership agreement.

Engaging with our Members

Continuing professional development

This year, our focus for Continuing Professional Development (CPD) has been to continue to act on member feedback and preferences in relation to content, delivery methods and accessibility. As a result, we have:

- Introduced six interactive ethical dilemmas to our e-CC (ethics, culture and conduct) toolkit
- Commenced the development of new resources to enhance members' awareness of ethics and professionalism
- Ensured our e-CPD (leadership, management and personal development resources) toolkit is regularly updated with topical content and that it is promoted to members
- Analysed toolkit use to inform the sourcing of topics for our live webcasts.

Both toolkits continue to be well used by members, with over 22,000 page views this year in total and page views for the ethics toolkit doubling compared to last year.

Our live webcasts with supporting downloadable resources remain popular, with:

- 3,372 subscribers worldwide (a 35% increase on last year)
- 7,655 views to date
- An average quality rating of 4.25 out of 5.

In addition to the library of 26 webcasts which were transmitted live and are now available to view on the Institute's channel, members also have access to all webcasts available on the BrightTALK channel to support their professional and personal development.

Continuing to act on member feedback on CPD in 2018, we will launch our new online ethics assessment. This is designed to enhance members' awareness and application of the Institute's Code of Professional Conduct and to assess their approach to ethical issues.

2025 Foundation

During 2017, we established the 2025 Foundation, the aim of which is to provide opportunities to pursue a career in banking to individuals who would not normally consider such a career. Put simply, the Foundation's aim is to change lives.

Our focus is on attracting individuals who are historically under-represented in the banking profession, including individuals from minority groups and specific socio-economic backgrounds.

151k raised **£151,914** towards the work of the **2025 Foundation**



Engaging with our Members continued

A message from the Chair of the 2025 Foundation

Set up in anticipation of the Institute's 150th anniversary and in the spirit of the original aims and objectives of the Institute, we have launched an ambitious new bursary scheme – the 2025 Foundation.

Our Institute, which is the oldest banking institute in the world, was founded to promote education and development for young bankers entering the profession. With the launch of the 2025 Foundation, we have the opportunity to continue these fine aims by supporting at least 200 (and hopefully many more) talented young people to pursue a career in banking, who would otherwise find it difficult, due to their background or financial circumstances.

The Foundation was formally launched in October 2017, with a reception in the historic surrounds of the Bank of England's Court Room. I, along with Marlene Shiels OBE, CEO of Capital Credit Union, and Bernard Adjei, the 2016 UK Young Banker of the Year, spoke to the assembled guests, who included many Institute Fellows and members. Those present were encouraged and inspired by the Foundation's aims and the difference its financial support and mentoring

will make to young people from challenging backgrounds with the drive, determination and ability to pursue a career in banking.

The Foundation was launched with a donation of £155,000 from the Chartered Banker Institute, raised from the sale of the Institute's historical banknote collection. The total held by the Foundation at 28th February 2018 was £151,914 and its initial aim is to raise £1m by 2025.

The Foundation's primary objective is to positively change the life of a young person by offering them the opportunity to gain qualifications, mentoring and experience, while providing peripheral support, which will lead them to a job/career. I would encourage all Fellows and members of the Institute to get involved in this very worthwhile initiative, either by making a donation, or by volunteering to become a mentor.

David Thorburn.

David Thorburn
Chair, 2025 Foundation

Engaging with our Members

continued

Support the 2025 Foundation

We are asking Fellows and members who have benefitted from the banking education provided by the Institute to put something back, by asking for a charitable gift of £2,025, an amount which links to the Institute's 150th anniversary in 2025.

We are also inviting Institute members with ten or more years' banking experience to apply to become a 2025 Foundation mentor.

Find out more at:

www.charteredbanker.com/2025foundation
or email 2025@charteredbanker.com

Member engagement

Our survey says...

In 2017, the Institute published the results of its first Professionalism Index survey – intended to indicate the degree of professional pride felt by individuals working in the banking sector. Analysis by Professor James Devlin at

Nottingham University Business School, comparing the results with those of research conducted by the CB:PSB, indicated much higher levels of professional pride among Institute members when compared with non-members employed in the banking sector. A follow-up survey was launched in February 2018.

In November 2017, the Institute, working with the Finance Foundation, launched a survey to capture members' views on progression, pay negotiation and transparency, alongside a range of wider diversity issues. This built on previous work conducted by YouGov in 2016, which focused on the issue of career progression, particularly for women. The results appear in our report, **'Pay Progression and Diversity'**.

As with our 2016 survey, these results will inform the development of career development resources for members. These include a continuing series of magazine articles and podcasts and the development of the ACCELERATE Programme. The programme has been specifically tailored for women in business and banking

to support diversity and inclusion in the workplace and is designed to fill the career skills gaps that can quickly help to accelerate a woman's career. This year we have also established our mentoring scheme, which was another of the mechanisms for support valued by survey participants.

Changes to our channels

During 2017, we have been working with digital agency Pixl8 to develop our new website. This has been significantly influenced by member research, including detailed user experience testing. New features will include a redesigned 'Knowledge Hub' with more public content, improved navigation and more capacity for delivering personalised content. We expect the new site to launch in the first quarter of the business year.

The past year also saw us undertaking research on CPD, focusing particularly on members' use of Institute resources and the topics of greatest interest. This has informed the development of our magazine content, webcasts, events and updates for our online CPD toolkits.

Engaging with our Members

continued

We have also extended our use of podcasts, with recordings of the full 'Chartered Banker' magazine established as a regular resource for members. Research indicates that the magazine is our most-used CPD resource, and we hope that presenting it in audio format will add even greater value for members. Selected podcast articles are also made available on our public site, reflecting our response to member views that more content should be available on our public website.

In terms of social media, our profile and reach continue to increase, with a 27% rise in Twitter followers and a 10% increase in LinkedIn subscribers. Activity on our Facebook page remains strong, and we have seen strong referrals to our website from all social media channels, particularly in response to our 'Young Banker of the Year' campaign and the promotion of webcast and podcast content.

Recognising the increasing value of video in helping to make Institute resources available to both UK and international members, our dedicated YouTube channel has been refreshed and now hosts a mix of thought leadership videos and recordings of Institute events, such as our Banking

Education Conference. Our BrightTALK webcast channel is also available to both UK and international members.

Digital transformation

Although the Institute's 'digital first' strategy prioritises delivering web-based services for members, as we have seen over the past year, this strategy is in reality much broader and requires us to look differently at everything we do and how we do it. By simplifying and automating processes we can build capability, allowing us to work on the things that are important to our core purpose, and which deliver the greatest value to members.

One of the most significant improvements delivered this year has been the launch of our new exam booking system. In September 2017, the Institute moved to learndirect for the provision of its UK exam services and exam booking system. The new system offers an automated, real-time, online exam booking service for our students, with instantaneous exam confirmations. Students can now book their exams from three days up to 12 weeks in advance, and can also cancel or re-schedule without

penalty up to three days before the exam. Not only has the new exam booking system significantly improved the member experience, it has also freed up staff resource for re-investment elsewhere.

A major upgrade to our customer relationship management (CRM) system also completed last year, will underpin our ability to make further process improvements and develop new functionality. Automating processes remains a priority and the CRM upgrade has allowed us to implement improvements around communications and online messaging to simplify and streamline the member journey.

As mentioned above, we will be launching an updated website, informed by user needs. This will host more digital content, helping us to build our mentoring and other communities. Over time, analytics will also provide greater insight into the resources and topics of greatest interest to our members and allow for greater personalisation. We will also be looking at implementing detailed monitoring of call traffic and launching webchat facilities.

Engaging with our Members

continued

For 2018, we are also looking at technological changes to further enhance and streamline our assessment and examination proposition. This will help us maintain the quality and rigour of our assessments.

Face-to-face events

Every year, the Institute organises a wide-ranging and well-attended schedule of events, and in 2017, we held 32 in total. In June 2017, we were delighted to host Miles Celic, Chief Executive of TheCityUK for our inaugural AGM lecture, where he shared his insights into how the UK financial services sector was preparing for Brexit. We were also pleased to make a live webcast of the lecture available for members who were unable to attend in person, to view online.

In November, we held our second Professional Education in Banking Conference, bringing together a mix of banking sector learning and development specialists, academics, Institute members, policymakers and partner institutions, with the common aim of improving professional education for bankers. Apprenticeships, innovation, technology and

the future workforce were just some of the areas covered at this extremely popular event and we were delighted to welcome Antony Jenkins, Chair of the Institute for Apprenticeships, as our keynote speaker.

Also in November, the Institute was proud to support the Finance Innovation Lab's Demo Day. At the event, nine Lab Fellows presented their ideas, seeking potential funding, connections and mentoring from the audience, primarily made up of financial services professionals.

In recognition of the fact that many of our UK members are not necessarily based in or around London, last year we also sought to increase the number of event locations across the country, hosting events in five UK cities. London and Edinburgh continued to host the majority, however, and as London-based members make up our largest geographic membership group, this remains a particular focus for seminars and networking activity. Last year's programme covered topics such as open banking, advanced questioning skills and security for lending. We also ran several events in association with partner organisations, including a session

on the Senior Managers and Certification Regime (SMCR) with the FCA's David Blunt, as part of the Chartered Body Alliance.

Recognising and rewarding emerging talent

The UK-wide Young Banker of the Year Competition, which sees the banking sector put forward its highest calibre of candidates, is a major highlight in the Institute's annual events calendar. Once again, we were delighted by the quality of first-round entries we received in 2017, the competition's 30th anniversary year.

The award is a prestigious accolade for rising stars in the sector and recognises and rewards those individuals who embody the customer-focused, ethical professionalism advocated by the Chartered Banker Code of Professional Conduct.

The final was once again held in London's Mansion House, where the Lord Mayor of the City of London, Sir Andrew Parmley, presented the top prize. The judging panel included Alderman Peter Estlin, Dame Colette Bowe,



Engaging with our Members

continued

Chairman of the Banking Standards Board, Robert Dickie, President of the Chartered Banker Institute, and Simon Thompson, Chief Executive of the Chartered Banker Institute. The standard of finalists was exceptionally high, with NatWest's Amy Clarke, Virgin Money's Ian Humphreys and Tesco Bank's Stacy Lamb all delivering impressive presentations on their business proposals. However, the accolade of 'Chartered Banker Young Banker of the Year' 2017 went to Joanna Finlay from Virgin Money.

Fellowships and prize-winners

The Institute was delighted to welcome the following individuals as newly elected Fellows in 2017/18:

Peter Calleya, Alison Green and Stuart Newey.

A variety of recognition events took place across the year, some in association with banks, others in association with learning partners, but all celebrating the success of those who have attained professional status with the Institute. These included graduation events with students from Bangor University, The University of Edinburgh and Nottingham University Business School, who all attained Chartered Banker status.

Every year, the Institute gives out a number of prizes to graduates, who have attained exceptional results in their examinations. For the 2017/18 academic year, the subject prize-winners from the Chartered Banker Diploma included:

- **Applied Business and Corporate Banking:** Andrew Burton
- **Banking for High Net Worth Individuals:** Thomas Braggins
- **Contemporary Issues in Banking:** Abigail Coe
- **Credit and Lending:** Mark Smyth
- **Operations Management:** Gabriella Lobb
- **Retail Banking:** Jessica McNamee
- **Risk Management in Banking:** Conor Gaffney
- **The Hutton Prize (gold medal):** Jake Holt, for achieving the highest mark in the examination for Professionalism, Ethics and Regulation
- **The Torrance McGuffie Prize:** Abigail Coe, for achieving the second highest overall mark in the Chartered Banker Diploma examinations
- **The Sir Bruce Pattullo award:** Gabriella Lobb, for achieving the highest overall mark in the Chartered Banker Diploma examinations.

Building Influence

Chartered Body Alliance

In March 2017 we launched the Chartered Body Alliance, together with the Chartered Insurance Institute (CII) and the Chartered Institute for Securities and Investment (CISI). As the three leading Chartered Professional bodies in the sector, we took this step in recognition of our primary duty to the public of enhancing and sustaining professionalism in financial services.

The Chartered Body Alliance has a joint membership of almost 200,000 professionals and strongly believes that by working together, we will achieve greater public benefit. We will continue to raise professionalism and trust across financial services by promoting high standards of knowledge, skill, integrity and behaviour.

The initial focus of the Alliance has been a joint marketing campaign to promote Chartered status to financial services professionals and the public in the UK. The Alliance has subsequently issued several joint press releases and regulatory responses, and held a joint event.

Regulator and stakeholder engagement

Throughout the year, 45 key stakeholder meetings took place and members of the Institute's leadership team were involved in 28 speaking engagements across the UK and internationally, helping to maintain the profile of the Institute and its importance in the banking sector.

In 2017, we held high-level meetings with the Prudential Regulatory Authority (PRA) and the Financial Conduct Authority (FCA). The President of the Institute met with the Chief Executive of the PRA, Sam Woods, in August, and the Chairman of the FCA, John Griffith-Jones, in November. We were also delighted that our 2025 Foundation was launched at the Bank of England, with the support of Mark Carney, Governor of the Bank of England. In addition, Institute colleagues also held a number of separate meetings with the FCA, PRA, Bank of England and Financial Stability Board representatives.

Reviewing and responding to consultations undertaken by regulators, the government and its agencies, remains an important part of our work to maintain the Institute's

reputation and to raise our profile. In 2017/18, we provided a total of 10 responses, the majority of which focused on conduct and improving outcomes for consumers. Through this work and our further engagement with regulators and other influencers, we have kept up pressure for a single public register of suitably qualified individuals.

The Institute supported the Banking Standards Board's Professionalism workstream, arguing robustly for the professional standards, membership and qualifications to be recognised within the framework. In addition, following our collaboration with Catalyst consultants on standards for 'Distinguished Engineers', the Professional Standards Team is now working with the British Computer Society to assess how our respective frameworks can be aligned to support Intermediate Standard achievement.

The CB:PSB Stakeholder Forum, chaired by Professor Robin Jarvis, convened in summer 2017. The Forum debated the data presented by the CB:PSB in its 'Research Report 2017' and considered the topic of building professionalism in banking.







Building Influence continued

Member conduct

At the Institute we believe that ensuring our members comply with the Institute's Code of Professional Conduct is an important step towards enhancing and sustaining confidence and trust in our profession. To ensure that these standards are upheld, the Institute regrettably initiated disciplinary action against 40 members during the year, including:

- 38 members, who admitted minor breaches of the Code of Professional Conduct, were admonished and accepted sanctions imposed by the Institute
- Two members, who were found to have breached the Institute's Code of Professional Conduct following investigation by Disciplinary Committees, and appropriate sanctions were applied.

Making a difference in the community

As well as upholding rigorous standards of professionalism, the Institute is also recognised for its public interest work. Much of this reflects our role in and commitment to enhancing and sustaining the aforementioned professional

standards in banking, however, our work in this area also encompasses promoting financial capability. We spearhead the work of the Financial Education Partnership (FEP), which offers a range of workshops to school pupils and community groups, covering financial capability and employability skills.

The FEP is managed by the Chartered Banker Institute and is delivered by a team of dedicated volunteers – all of whom are committed to promoting financial inclusion through education.

In the last year, the FEP has delivered approximately 145 workshops to 28 schools across Scotland and reached approximately 4,350 pupils. The FEP provides benefits to both students and teachers. It benefits teachers by delivering classroom support to meet financial education objectives and employability skills, and it benefits students by aiding the development of real-life skills in preparation for adulthood. The FEP also represents the Institute on various financial capability forums, working closely with other organisations to enhance the financial capability of young people across Scotland.

Growth at the Institute

Our people

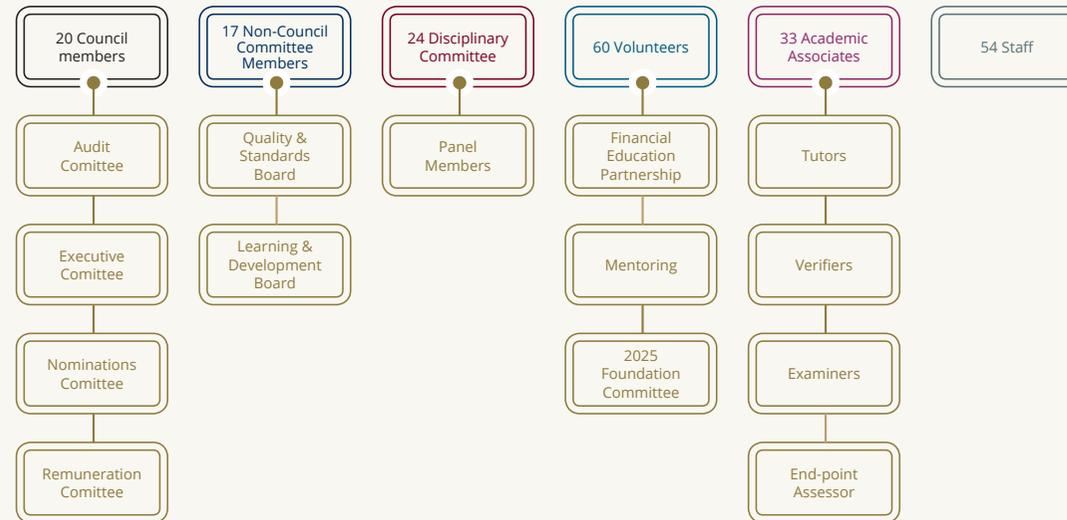
At the Institute, people are at the heart of everything we do, whether they are our members or our colleagues. By recruiting, developing and retaining talented individuals, we achieve the strategic aims of our professional body, while offering a fulfilling career to our colleagues.

In addition to our permanent team of 54 colleagues, the Institute is made up of Council and Non-Council Committee Members, a Disciplinary Committee, Volunteers and Academic Associates.



We use PULSE surveys and Annual Employee Engagement surveys to track engagement levels – our latest PULSE survey in January 2018 achieved an 82.5% response rate

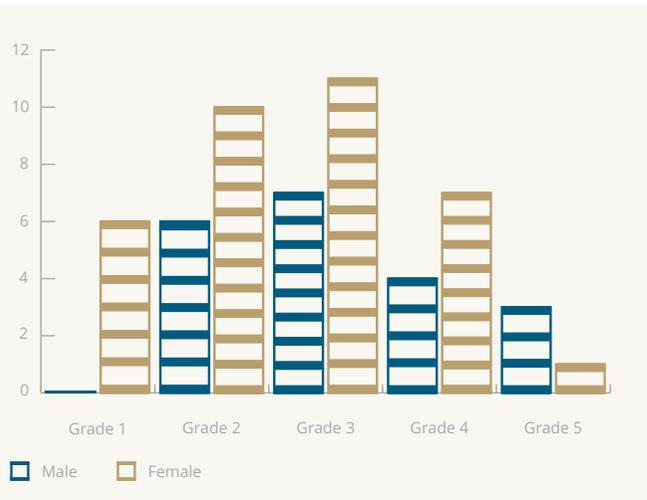
The full Institute make-up: The diagram below gives further detail



Growth at the Institute

continued

At the Institute, our roles are divided into five different grades. These grades are regularly reviewed to ensure consistency. Our gender profile for each grade is shown as follows:



Building Institute capability

The Institute continues to grow significantly. In 2017/18, in support of our strategic aims, we welcomed the following new members of staff:

- Yasemin Guven, Campaign & Fundraising Co-ordinator
- Reema Ahmed, Marketing & Events Co-ordinator
- Joanna Wagener, Modern Apprentice, Member Engagement
- Rebecca Hamilton, Business Support Co-ordinator
- Rhiannon Allen, Assistant Accountant
- Linda McCormack, Receptionist
- Gavin Hunter, Executive Assistant
- Charlene Revie, HR & People Communication Manager

New colleagues undertake a full induction programme where they are given a history of the Institute, training in areas such as health and safety and data protection, as well as a full overview of our core values and how we translate these into the way we work.

Achieving excellence

In order to develop in their roles and build capability, colleagues collaborate with their line manager, peers and mentors to identify areas of development and to put a personal development plan (PDP) in place to support achievement.

We invest resources in identifying relevant training for our people in line with both organisational and individual development needs. Last year, we participated in over 600 learning hours, and a number of colleagues continued their academic qualifications with our support.

600
LEARNING HOURS

We participated in over **600 learning hours**, and a number of colleagues continued their **academic qualifications**

Growth at the Institute continued

We are proud to acknowledge the following colleagues' achievements in 2017/18:

- **Michelle White** achieved her Professional Banker Certificate (PBC)
- **Margot Rayner** achieved a Digital Marketing Leadership qualification
- **Yasemin Guven** achieved the ILM Certificate in Volunteer Management.

In addition, we have enjoyed continued success with Modern Apprenticeships and have mentored three successful Apprentices towards completion:

- **Heather Marsh** achieved her Modern Apprenticeship in Business Administration (Level 3)
- **Catrin Markx**, achieved her Modern Apprenticeship in IT Systems (Level 3)
- **Joanna Wagener** achieved her Modern Apprenticeship in Business Administration (Level 3).

We aim to retain our talent through open and honest feedback, a competitive benefits package and through delivering a programme of learning and development opportunities. As a result of our continued focus on development, we have seen a number of staff promotions over the past year:

- **Karen Cottrell** became our Head of Relationship Management
- **Margot Rayner** became our Marketing and Events Manager
- **Valerie Bauckham** became our Member Experience Manager
- **Katherine Gilbert** became our Awarding Body Team Leader
- **Chris Morrish** became our Business Support Team Leader
- **Maciej Kacprzyk** and **Linda Livingstone** became our Qualifications Managers.

Integrity – our core values

Our core values dictate our behaviour and actions towards each other, our members and stakeholders. They are:



Growth at the Institute continued

Our aim is to reflect our core values in everything that we do. Throughout the year, we check alignment to our values with colleagues to make sure they are embedded in our activity. Some of the ways we have done this include:

- A continued focus on enhancing internal communications during 2017. We use technology to engage with our staff across our UK offices and those who work peripatetically. Our digital staff newsletter is distributed bi-monthly and we also communicate using several digital applications available through Office 365, such as Yammer, Teams and Planner to optimise the flow of information. A monthly CEO update on activity and cross-functional updates are also distributed to all colleagues and are available online
- Core Values Champions are nominated internally every quarter to reward colleagues for living our values – 29 nominations were received in 2017
- We use PULSE surveys and Annual Employee Engagement surveys to track engagement levels – our latest PULSE survey in January 2018 achieved an 82.5%

response rate. The results of this survey help inform our engagement action plan, which is implemented throughout the year

- Our Core Values Working Group collaborates to give employees a greater voice and to involve them in how we can continue to make the Institute a great place to work.

Appraisal and performance management

To retain and engage our talent, we need to set challenging objectives and monitor the progress of these. Our robust appraisal process is the first step towards helping us to identify areas of success and development, along with goal setting for the year ahead. Ratings are then provided based on our core values and business objectives.

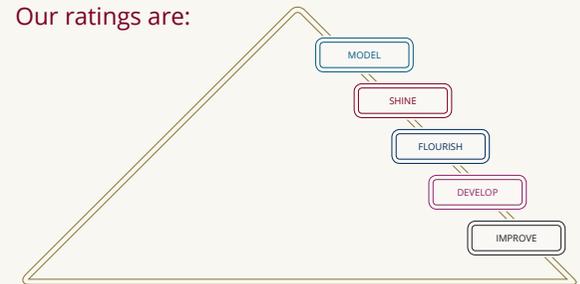
Giving something back

At the Institute, we are committed to giving back to local communities and charities. 2017/18 saw us supporting a number of local charities through fundraising initiatives. We took part in **City Giving Day** The Great Institute Bake Off.

All funds raised were divided between City Giving Day (80%) and a local Edinburgh charity, Rock Trust (20%).

We also support our people's charitable efforts. We raised funds to support one of our employee's charitable Machu Picchu Trek and for Social Bite through Dress Down Days and our annual Christmas Jumper Day.

Our ratings are:



Financial Review and Results

During the year ended 28 February 2018, the Institute recorded a turnover of £5.15m (2017: £5.2m).

During the year ended 28 February 2018, the Institute had net incoming resources of £200,684 (2017: £91,023).

The Institute has built on its strong asset position, with net assets at 28 February 2018 of £3,816,033 (2017 £3,615,349). This strong position allows for significant investment in the current year and beyond.

Investment policy

The cash reserves of the Institute are held in interest bearing accounts. Council members keep this arrangement under regular review and pay particular attention to the requirements to ensure that sufficient liquidity is maintained to enable the Institute to manage its commitments.

Reserves policy

The Institute's reserves policy requires that readily realisable reserves be maintained at a level which ensures that the

Institute's core activities could continue during a period of unforeseen difficulty. Council considers that readily realisable reserves should normally be maintained to achieve this desired level, at approximately six months of expected future total resources expended.

The balance held as unrestricted funds at 28 February was £3,492,211 of which £2,706,415 is regarded as free reserves, after allowing for funds retained in tangible fixed assets and investments. The Trustees consider the level of free reserves to be sufficient to comply with the reserves policy.

The Trustees consider the reserve requirements of the restricted funds separately. The income from the restricted CB:PSB fund is generated from support pledged until December 2018. The CB:PSB funds retained at 28 February were £276,404 against an annual spend of £430,690. Other restricted funds retained at 28 February amounted to £47,418 against an annual spend of £899.



Risk Management

As a professional body, operating in the public interest and with a long-term perspective, the Institute has a low risk appetite and adopts a prudent and professional approach to managing risk.

Oversight of our Risk Management policies and procedures, including financial control systems and procedures, is delegated to the Audit Committee, which reports to Council on these matters. The Audit Committee undertook a full review of the governance and management of risk in 2014, and conducts an annual review of risks, most recently in January 2018. The full Risk Register and all Risk Treatment Plans are reviewed at each Audit Committee meeting, and the Committee receives an annual Risk Report from the Chief Executive, which, following consideration by the Audit Committee, is presented to Council.

In line with best practice elsewhere, identifying, monitoring, mitigating and managing risk is fully incorporated into the operational and management processes of the Institute. The Institute's Chief Executive and Directors discuss risk at

monthly Leadership Meetings, where the full Risk Register and detailed Risk Treatment Plans for risks identified as 'High,' are reviewed. In addition, any risks identified as 'High,' are reviewed by the Institute's Executive Committee at their quarterly meetings.

The Audit Committee believes that, for the current year, the risks identified appear to be appropriate to the Institute's risk appetite, size and the nature of its operations, and that where major risks have been identified, appropriate plans have been made, and are being implemented, to mitigate these as far as possible.

The Chief Executive, Directors and Trustees have identified the following four principal risks and uncertainties facing the Institute over the next 12 months:

i. Member conduct issues: Unprofessional behaviour by members, particularly members in senior positions in the banking industry, could impact negatively on the Institute's reputation and bring the Institute into disrepute.

We continually review regulatory investigations and decisions where they may involve Institute members. In addition to more rigorous disciplinary regulations introduced in 2015, a wide range of resources to help members identify, understand and work through ethical dilemmas has been introduced, and is being continually updated, which will include in 2018 a new 'Ethics and Integrity Test'. Further enhanced processes (including interviews) for new Fellowship applications and re-instatements have been introduced to help further ensure appropriate member conduct.

ii. Economic and political uncertainty and volatility caused by Brexit: This could lead to a significant economic downturn, in turn leading to a fall in student enrolments and membership, although we have not seen any impact on enrolments to date. Nonetheless, we are adopting a prudent approach to diversification, as set out in the Institute's 'Strategic and Business Plan', including increasing international and online enrolments, to seek to mitigate any possible downturn.

Risk Management continued

- iii. **Impact of the Apprenticeship Levy:** The introduction of the Levy, in May 2017, has had a significant impact on banks' training and development decisions, which could impact student enrolments both positively and negatively. We have appointed an Apprenticeships Manager, and have built relationships with banks' apprenticeship teams and with major apprenticeship providers. During 2017, the Institute became an approved provider of Apprenticeship End-Point Assessments. We are well placed, therefore, to take advantage of opportunities offered by apprenticeships.
- iv. **Failure to diversify sufficiently:** There is a risk of the Institute being dependent on a small number of large UK banks for a substantial proportion of our revenue, and that continued downsizing in the sector, an economic downturn in the UK or other factors could have a significant negative impact on enrolments and revenue. Our Relationship Management team therefore seeks opportunities with as wide a range of UK banks as possible. Furthermore, as noted above, we are adopting

a prudent approach to diversification, as set out in the Institute's Strategic and Business Plan, including increasing international and online enrolments, to seek to mitigate any possible downturn.





Plans for the Future

Each year, Council members review the strategic purpose and aims of the Institute to ensure they remain relevant and fit for purpose. In September 2017, Council members reviewed the Institute's five-year Strategic Plan, and Annual Business Plan for 2018-19 to ensure they remained well-aligned to our strategic purpose and that the Institute itself remained relevant and fit for purpose, in light of a changing strategic landscape.

It was agreed that, while the Institute's primary focus should remain on the UK, our international activities should now be given greater weight. We believe this is necessary both to build a global Chartered Banker brand to increase our impact and influence overseas and to expand beyond the UK, given political and economic uncertainty and the declining size of the UK banking workforce. It was agreed that the Institute's strategic purpose should be updated to reflect this.

Council agreed, therefore, that the Institute's strategic purpose is to lead the re-professionalisation of UK banking, and to play a significant role in re-professionalising banking internationally, contributing through this to rebuilding confidence and trust in banks and bankers, and restoring pride in the banking profession. In support of that purpose, our key aims are to:

Enhance and sustain professional standards in banking

- As the recognised and growing professional standard-setting body for individuals (a) working in UK banking, and, (b) overseas; and
- By providing initial and continuing professional development, and growing professional membership to individuals to help them develop and demonstrate professional and technical competence.

Enhance the quality and provision of banking education

- By developing our role as the awarding, accrediting, assessment and certification body for banking education and development programmes in the UK and internationally; and
- By increasing the number of Institute learning partners in the UK and overseas offering high quality learning and development programmes to help individuals achieve an Institute qualification and professional membership.

While the Institute's main focus remains in and on the UK, we will play a more active role internationally, working both directly overseas and with carefully chosen international partners. The main aim of our international activities with partners and local banking institutions, will be to gain international recognition for the Institute, the Chartered Banker brand and our members, to reduce our dependency on the UK banking sector alone, and to enhance and sustain professionalism in banking around the world.

Plans for the Future

continued

In the UK, as well as an ambitious programme of new qualifications development, the Institute will be supporting the next stage of development of the CB:PSB. Having completed and published its complete set of professional standards, the CB:PSB is now focusing on growing the reach of these standards further, and supporting the implementation of the standards with professional pathways to qualifications and membership, leading ultimately to Chartered Banker status.

As agreed by Council and Executive Committee, among our priorities for 2018/19, are to:

- Develop our thought leadership on the 'Future of Banking', reflecting the changing nature of the banking profession in a digital era, ethical issues involved in the increasing use of technology in banking, and the skills, expertise and professional judgement required of future bankers

- Launch our revised, flagship Chartered Banker qualification, together with substantially revised Professional Banker Certificate and Diploma qualifications. These will reflect the changing nature of banks and banking, and in addition to our traditional focus on core banking skills, will equip members with the expertise and skills required to understand and help shape the future of banking
- Launch a new 'Chartered by Experience' experiential route to Chartered Banker status, including a pathway for individuals who have achieved the CB:PSB's Advanced Standard for Professional Bankers
- Launch a new Green Finance Certificate to support our members and others working in this fast growing and important sector
- Launch new qualifications/qualifications frameworks in Australia and Malaysia, and develop additional international strategic partnerships

- Continue to invest in the Institute's operational and staff capability to improve our ability to deliver our products and services to members and others through the increased use of technology.

We will continue to seek suitable new premises to replace Drumsheugh House, but during 2017 no suitable premises were identified, and at present there is a lack of appropriate opportunities on the market in Edinburgh.

Finally, in the year ahead we will prepare for the governance and administrative changes which we anticipate will come into effect from June 2019, by when we expect to have received the Institute's new Royal Charter, confirming our status as the pre-eminent professional body for UK bankers. This will include a significant amount of work to recruit members and others to serve on the Institute's new Board of Trustees, Membership Forum and other committees.

Legal and Administrative Information

Chartered Banker Institute is a trading name of The Chartered Institute of Bankers in Scotland, which is a Charitable Body, number: SC013927. The Institute was founded in 1875 as an unincorporated body. In 1976, it received a Royal Charter of Incorporation, and a Supplementary Charter was obtained in 1991.

The Institute's principal office is at Drumsheugh House, 38b Drumsheugh Gardens, Edinburgh EH3 7SW. It also has an office at 2nd Floor, Bengal Wing, 9A Devonshire Square, London, EC2M 4YN.

The charity trustees (otherwise known as members of Council) at present, together with any others who served in the year, and the committees on which they serve, are:

President

R Dickie FCIBS (re-elected 15 June 2017 FR) (elected as President 15 June 2017) **EXC, NC, RC**

Vice Presidents

W McCall, FCIBS FCSI, Chairman, McCall & Partners (re-elected 23 June 2016 FR) (re-elected as Vice President 15 June 2017) **EXC**

K Falconer FCIBS (re-elected 20 June 2015 FR) (re-elected as Vice President 15 June 2017) **AC, EXC**

S Pateman FCIBS, CEO Shawbrook (elected 25 June 2015 FR) (elected Vice President 15 June 2017) **EXC**

Past President

K Page FCIBS (appointed 26 June 2014 FPR) (appointed Past President 15 June 2017)

Council Elected and Appointed

S Alexander, FCIBS, Chief Operating Officer, Hampden & Co (elected 23 June 2016 FR) **QCS**

A Brener FCIBS (elected 23 June 2016) **QSC**

D Bleiman, Independent Adjudicator, (appointed 26 June 2014 LM)

H Boag FCIBS, Branch Manager, Inverness, Handelsbanken (re-elected 25 June 2015 DCR) **AC**

R Bulloch*, FCIBS Managing Director, Lloyds Bank and Bank of Scotland, Retail (appointed December 2015 FPR)

J Fraser FCIBS, (re-elected 23 June 2016 FR) **RC**

S Gunn, Vice Chair Wheatley Group (appointed 26 June 2014 LM)

I Hardcastle FCIBS, (appointed 25 June 2015 FR) **LDB**

N Harper FCIBS (elected 25 June 2015 FR)

D May FCIBS*, Director of Learning & Development, Royal Bank of Scotland (appointed December 2016 FPR) **NC**

B McCrindle FCIBS, Director, Home & Buying Ownership, The Royal Bank of Scotland Group (elected 23 June 2016 FR) **AC**

W MacDonald FCIBS, Managing Director, Craigcrook Management Services Limited (elected 23 June 2016 MR)

R McElroy, Head of Ring Fenced Implementation, HSBC (re-elected 15 June 2017 MR) **AC**

G McGregor FCIBS, IT & Operations Director, Scottish Widows Bank (re-elected 23 June 2016 FR) **AC**

Legal and Administrative Information

continued

Professor B MacKay, Chair of Strategic Management, University of St Andrews (appointed 26 June 2014 LM) **EXC**

H McKay FCIBS, (appointed 23 June 2016 MR) **QSC, RC**

S Rice FCIBS, Chair, Chartered Banker Professional Standards Board (re-elected 15 June 2017 FR)

S Thompson FCIBS, Chief Executive, Chartered Banker Institute (ex-officio) **EXC**

S Younger, Chairwoman, Cairn Mhor (re-elected 25 June 2015 LM) **NC QSC**

KEY	
*	Appointed bank representative
CPR	Corporate patron representative
FPR	Founder patron representative
FR	Fellow representative
MR	Member representative
DCR	District Centre representative
LM	Lay member
EXC	Member of Executive Committee
AC	Member of Audit Committee
LDB	Member of Learning and Development Board
NC	Member of Nominations Committee
QSC	Member of Quality and Standards Committee
RC	Member of Remuneration Committee

Executive Staff

Simon Thompson, FCIBS, (Chief Executive)

Colin Morrison, FCIBS (Deputy Chief Executive)

Giles Cuthbert (Managing Director, Chartered Banker Institute)

Joanne Murphy, MBA MCIBS (Executive Director, Operations)

Agents and Advisors

Auditor: Chiene + Tait LLP, Chartered Accountants and Statutory Auditor, 61 Dublin Street, Edinburgh EH3 6NL

Bankers: Bank of Scotland, 38 St Andrew Square, Edinburgh EH2 2YR

Structure, Governance and Management

Council and committees

The Institute is governed by a Council of members (the charity trustees) ultimately responsible for the management and administration of the Institute, its property and affairs, except where the Royal Charter or Rules prescribe that approval is required by the Institute in General Meeting.

The powers of Council include the ability to appoint from its number such committees as are required for the conduct of business, and to delegate to these committees such powers as it considers appropriate. The main committees and their responsibilities as of 28 February 2018 are:

- **Executive Committee:** reviews business plans, budgets and financial policy, monitors business and financial performance and the implementation of the Institute's strategy
- **Audit Committee:** monitors the integrity of the financial statements of the Institute; reviews and approves the Annual Report for recommendation to Council; reviews the effectiveness of the Institute's internal controls and risk management systems and oversees the relationship with the external auditors
- **Learning and Development Board:** provides advice and guidance on the design, development and delivery of the Institute's education programmes; and, approves the structure and content of programmes and any regulations which govern them
- **Nominations Committee:** makes recommendations to Council on succession planning for office bearers and executive positions. Makes recommendations on the nomination of new Council members and their subsequent re-appointment. Makes recommendations on membership of the Audit and Remuneration Committees
- **Quality and Standards Committee:** develops and implements a quality assurance framework and monitors the standards and quality of Institute provision
- **Remuneration Committee:** reviews, assesses and recommends to the Executive Committee the level and constituent elements of remuneration to be paid to Institute directors



Structure, Governance and Management

continued



- **Disciplinary Committees:** adjudicate alleged breaches of the Institute's Code of Professional Conduct and imposes any sanctions that might be appropriate. Members of Disciplinary Committees are chosen from a panel of Fellows, Members and legal professionals, who are not members of Council.

Each of these committees, with the exception of the Learning and Development Board, the Remuneration Committee and the Disciplinary Committees, reports directly to Council, which approves major decisions and has overall responsibility for all the Institute's activities.

In addition, the Institute has established, oversees or supports the work of a number of other bodies, including:

The Chartered Banker Professional Standards Board (CB:PSB): chaired by a member of Council and the Institute's Chief Executive is an ex-officio member of the Board. The CB:PSB's activities are supported by a Professional Standards team provided by the Institute.

Chartered Banker 2025 Foundation: has been established in anticipation of the Chartered Banker Institute's 150th anniversary in 2025 and is aligned with the original aims of the Institute: the promotion of education and development of young bankers entering the profession. Chaired by David Thorburn FCIBS, a former Institute President, and overseen by a committee of Council members and Fellows, the Foundation aims to raise £1m by 2025 to identify and support talented young people who would benefit from financial and other help to pursue a career in banking.

Financial Education Partnership (FEP): established in 2000 as the Banking Education Partnership, to provide free financial capability workshops for school children and others. The FEP as it is now known, is managed by the Chartered Banker Institute and is delivered by a team of dedicated volunteers.

Committee of Scottish Bankers (CSCB): formerly the Committee of Scottish Clearing Bankers, the CSCB is governed by an executive management committee, comprising senior representatives of full member banks, and the Institute's Chief Executive. Institute staff support the activities of the CSCB.

Trustee Selection, Appointment and Competence

The current Council consists of at least 15 people, who are both elected and appointed members. The powers and composition of Council, periods of office, terms of re-appointment and re-election are prescribed in the Rules.

Currently, Clydesdale Bank, Lloyds Banking Group and The Royal Bank of Scotland, as Founder Patrons, are each entitled to appoint one representative for a three-year term. The remaining members comprise up to two voting members nominated to represent the Institute's Corporate Patrons (not including the banks above), two or more voting members who are Fellows (FCIBS) of the Institute, two or more voting members who are Members (MCIBS), Associates (ACIBS), Certificated members or Student members of the Institute, up to three voting members representing the District Centres, two or more 'lay' voting members who are not members of the Institute (there are currently four lay members), the Immediate Past President (ex-officio) and the Chief Executive (ex-officio). Elected members hold office for three years and are eligible for re-election. Appointed members hold office for three years and are eligible for re-appointment. A President, Senior

Vice-President and two or more Vice-Presidents are elected by the Institute in General Meeting from among the elected or appointed Council members. Those elected hold office for one year and may be eligible for re-election.

Any Council vacancy arising before the expiry of the term of office may be filled by the Council through the co-option of a successor whose tenure subsists until the end of the AGM following their co-option.

New Council members receive an induction pack to acquaint them with the Institute's aims and activities, its policy and practice, management and governance, and also with what is expected of them as trustees under charity law, with particular reference to the requirements of The Charities and Trustee Investment (Scotland) Act 2005 and the guidance issued by the Office of the Scottish Charity Regulator (OSCR).

The Nominations Committee conducts an annual review of the composition of Council to inform its recommendations concerning nominations and re-appointments.



Trustee Selection, Appointment and Competence

continued

Council attendance in 2017

		Due for re-election	Council attendance in 2017
Nominated to represent the Founder Patrons	Robin Bulloch	2019	3
	David May	2020	3
Corporate Patron Representatives (elected)			
President	Robert Dickie	2020	4
Past President	Kevin Page		2
Fellow Representatives (elected)	Stuart Alexander	2019	2
	Alan Brener	2019	3
	Kerry Falconer	2018	4
	Jeremy Fraser	2017	2**
	Nigel Harper	2018	4***
	Ian Hardcastle	2018	3
	Wendy Kinnear	2017	2**
	Bill McCall	2019	4
Brian McCrindle	2019	2	

Trustee Selection, Appointment and Competence

continued

Council attendance in 2017 (continued)

		Due for re-election	Council attendance in 2017
Fellow Representatives (elected) continued	Gary McGregor	2019	3
	David MacKay	2017	0**
	Hugh McKay	2019	3
	Steve Pateman	2018	3
	Susan Rice	2020	0+
Member Representatives (elected)	Rob McElroy	2018	2
	William MacDonald	2019	4
District Centre Representatives (elected)	Hamish Boag	2018	3
Lay Members	David Bleiman	2017	1**
	Sheila Gunn	2020	3
	Brad Mackay	2020	3
	Susan Younger	2018	3
Ex-Officio Members	Simon Thompson	n/a	4

** Retired from Council in June 2017 *** Resigned from Council in December 2017

+As Chair of CB:PSB, Susan Rice attended all CB:PSB Board Meetings during the year

Trustee Selection, Appointment and Competence

continued

District Centres

The rules governing the establishment and management of District Centres are set out in the Council Rules and a District Centre Handbook. The District Centres are the focus of local activity for members, providing opportunities for CPD, as well as social events. District Centres offer a varied educational and social programme, relevant to the needs of their local members.

Founder and Corporate Patrons and other relationships

The Institute recognised the following banks as Founder or Corporate Patrons during 2017/18: Clydesdale Bank, Lloyds Banking Group, The Royal Bank of Scotland and TSB. The status of Corporate Patron was introduced to allow the Institute to formalise existing relationships with banks and supporting organisations and to recognise their valuable contribution to the professional development of the financial services sector.

The Institute also recognised PwC as a sponsor in 2017

It is Institute policy to maintain links and co-operate with other professional or educational bodies with a view to the pursuit of common objectives and to represent the banking profession both nationally and internationally. The Institute also maintains links with a wide range of organisations that work with, advise or regulate the financial services sector.

Key Management and Remuneration Policy

The Institute considers its key management personnel to be its Chief Executive, Simon Thompson and the following Directors: Colin Morrison, Deputy Chief Executive, Giles Cuthbert, Managing Director, and Joanne Murphy, Executive Director, Operations. The total employment benefits of key management personnel for the year 2017/18 were £613,896.

Remuneration of the Chief Executive and Directors is set by the Institute's Remuneration Committee. The Committee approves the payment of annual bonuses to the Chief Executive and Directors, in line with the Institute's Discretionary Bonus Policy applicable to all staff, and recommends an appropriate level of annual salary payable to the Chief Executive and Directors, in line with similar roles in similar institutions.

Institute Charter and Governance Review

The Institute was established in 1875 as the Institute of Bankers in Scotland, granted Royal Charter status as the Chartered Institute of Bankers in Scotland in December 1976, and a new Charter was granted in 1991. In July 2000, the Institute was given the unique right to confer 'Chartered Banker' status upon qualified members. We are the only body in the world approved by the Privy Council able to confer Chartered Banker status, and the term 'Chartered Banker' is now in common use and widely recognised in the UK and internationally.

Trustee Selection, Appointment and Competence continued

In 2016-17, Council established a Working Group chaired by Robert Dickie FCIBS, which conducted a wide-ranging review of the Institute's Royal Charter and governance arrangements. Council endorsed the Working Group's recommendations that both the current Royal Charter, and the Institute's governance, would benefit from changes to reflect the Institute's wider UK and international role, the scale and scope of the Institute's activities, and the changing composition of the Institute's membership.

At the June 2017 AGM, proposed changes to the Institute's Royal Charter and Rules were approved, subject to the approval of the Privy Council. Key changes include:

- Re-naming the Institute as the 'Chartered Banker Institute', thereby making our existing trading name the Institute's legal name
- Re-wording membership designations and altering the associated designatory letters currently provided for by the Rules to reflect the change of name

- Replacing the existing Council with a smaller Board of Trustees, to improve governance and decision-making, and to enable the introduction of particular skills onto the Board; and
- Establishing a Membership Forum to reflect the broad diversity of the Institute's membership and ensure a wider member voice in setting the strategic direction of the Institute.

In addition, at the suggestion of OSCR, the charitable objectives have been amended to bring them in line with the Charities & Trustee Investment (Scotland) Act 2005.

It is anticipated that approval for the proposed changes will be received from the Privy Council during 2018, and that these will be enacted during 2019. It is expected that the new Board of Trustees, replacing the current Council, will come into existence following the Institute's AGM in June 2019.



Trustees' Responsibilities Statements

The Council are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in Scotland requires the Council to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Council are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements

- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Council are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Council of the Institute



Robert Dickie FCIBS, President



Simon Thompson FCIBS, Chief Executive
9 May 2018

Independent Auditor's Report

to the Trustees of the Chartered Institute of Bankers in Scotland



Independent Auditor's Report to the Trustees of the Chartered Institute of Bankers in Scotland

Opinion

We have audited the accounts of the Chartered Institute of Bankers in Scotland for the year ended 28 February 2018, which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 'Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice)'.

In our opinion the accounts:

- Give a true and fair view of the state of the charity's affairs as at 28 February 2018, and of its incoming resources and application of resources, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- Have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the accounts section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

This report is made solely to the charity's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has

been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The trustees' use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- The trustees have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the accounts are authorised for issue.

Independent Auditor's Report to the Trustees of the Chartered Institute of Bankers in Scotland continued

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the accounts or a material misstatement of the other information. If, based on the work we have performed, 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion:

- The information given in the accounts is inconsistent in any material respect with the trustees' report; or
- Proper accounting records have not been kept; or
- The accounts are not in agreement with the accounting records; or
- We have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 46, the trustees are responsible for the preparation of accounts which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are responsible for assessing the charity'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 the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Trustees of the Chartered Institute of Bankers in Scotland continued

Auditor's responsibilities for the audit of the accounts

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act.

Our objectives are to obtain reasonable assurance about whether the accounts 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 (UK) 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 accounts.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Chiene + Tait LLP

Chiene + Tait LLP
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

9 May 2018

Chiene + Tait LLP is eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006.



Statement of Financial Activities



Statement of Financial Activities

(Incorporating Income and Expenditure Account) for the year ended 28 February 2018

	Notes	General Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
Income and endowments from					
Charitable activities					
		779,063	-	779,063	880,346
	2	3,577,925	-	3,577,925	3,513,754
	3	11,400	500,250	511,650	515,185
Other Trading Activities					
		120,000	-	120,000	120,040
		149,869	-	149,869	149,371
		10,000	-	10,000	10,000
Investment					
Other					
	4	175	204	379	8,499
		7,045	-	7,045	27,143
Total income	5	4,655,477	500,454	5,155,931	5,224,338
Expenditure on					
Raising funds					
Charitable activities					
	6	167,269	-	167,269	170,853
	6	553,128	-	553,128	546,744
	6	3,698,540	-	3,698,540	3,776,040
	6	204,721	431,589	636,310	639,462
		4,456,389	431,589	4,887,978	4,962,246
Total Expenditure	6	4,623,658	431,589	5,055,247	5,133,099
Net income and net movement in funds for year before gains and losses on investments					
		31,819	68,865	100,684	91,239
		100,000	-	100,000	(216)
Net income and movement in funds	7	131,819	68,865	200,684	91,023
Funds reconciliation					
Total funds at 1 March 2017		3,360,392	254,957	3,615,349	3,524,326
Total funds at 28 February 2018		3,492,211	323,822	3,816,033	3,615,349

All of the charity's activities are continuing.

The Notes to the Accounts on pages 57 to 71 form part of these accounts.

Balance Sheet



Balance Sheet

as at 28 February 2018

	Notes	2018 £	2017 £
Fixed Assets			
Tangible Fixed Assets	9	1,417,797	1,131,305
Investments	10	4,390	4,390
		<u>1,422,187</u>	<u>1,135,695</u>
Current Assets			
Stocks	11	69,445	207,462
Debtors	12	1,214,005	1,291,612
Cash and Bank Balances		<u>2,350,090</u>	<u>2,806,439</u>
		3,633,540	4,305,513
Current Liabilities			
Creditors			
Amounts falling due within one year	13	(1,239,694)	(1,825,859)
		<u>2,393,846</u>	<u>2,479,654</u>
Net Current Assets			
Net Assets		<u>3,816,033</u>	<u>3,615,349</u>
The Funds Of The Charity			
Restricted Funds			
Prize Funds	17	24,590	25,285
Professional Standards Board	17	276,404	206,844
Other Restricted Funds	18	22,828	22,828
Unrestricted Funds			
Accumulated Fund	18	2,706,415	2,664,796
2025 Foundation	18	151,914	161,714
Revaluation Reserve	18	<u>633,882</u>	<u>533,882</u>
Total Charity Funds		<u>3,816,033</u>	<u>3,615,349</u>

Approved by the Council of the Institute and signed on their behalf by:

Robert Dickie FCIBS
President



S Thompson FCIBS
Chief Executive



The Notes to the Accounts on pages 57 to 71 form part of these accounts

Statement of Cash Flows



Statement of Cash Flows

for the year ended 28 February 2018

	2018	2017
	£	£
Cash used in operating activities		
Net movement in funds	200,684	91,023
Add depreciation	164,024	155,128
(Gain)/loss on sale of asset	(7,045)	(2,929)
(Gain)/loss on sale of heritage asset	-	(24,214)
Deduct investment income	(379)	(8,499)
Deduct revaluation (gains) losses	(100,000)	216
Decrease/ (Increase) in debtors	77,607	(24,031)
(Decrease)Increase in creditors	(586,166)	8,697
Decrease/(Increase) in stock	138,017	(188,139)
	<u>(113,258)</u>	<u>7,252</u>
Net cash (used in)/provided by operating activities		
Cash flows from investing activities		
Purchase of fixed assets	(360,470)	(132,306)
Proceeds from disposal of fixed asset	17,000	7,849
Proceeds from sales of Bank Note collection	-	161,714
Interest and dividends received	379	8,499
	<u>(343,091)</u>	<u>45,756</u>
Net cash flow (used in)/provided by investing activities		
(Decrease)/Increase in cash and cash equivalents in the year	<u>(456,349)</u>	<u>53,008</u>
Net change in cash and cash equivalents		
Cash and cash equivalents at start of year	2,806,439	2,753,431
Change in cash and cash equivalents in the year	(456,349)	53,008
Cash and cash equivalents at the end of the year	<u>2,350,090</u>	<u>2,806,439</u>

Notes to the Financial Statements



Notes to the Financial Statements

for the year ended 28 February 2018

1. Accounting Policies

Basis of preparation

The financial statements have been prepared under the historical cost convention modified to include investments and heritage assets at market value. The financial statements have been prepared in accordance with the revised Statement of Recommended Practice for Accounting and Reporting by Charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Going Concern

The financial statements have been prepared on a going concern basis. Council Members have assessed the Institute's ability to continue as a going concern and have reasonable expectation that the Institute has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

Taxation

The Institute obtained charitable status for tax purposes in June 1980.

Funds structure

Restricted prize funds, and other restricted funds, are funds which are to be used in accordance with specific restrictions imposed by the donor.

The unrestricted funds comprise those funds which the trustees are free to use for any purpose in furtherance of the charitable objects. Designated funds are unrestricted funds that have been earmarked for a particular purpose by Council members.

Transfers may be made from unrestricted to restricted funds at the discretion of trustees. Further details of each fund are disclosed in note 19.

Incoming resources

All incoming resources are included in the Statement of Financial Activities when the Institute is entitled to the income, it is probable the income will be received and the amount can be quantified with reasonable accuracy.

The following specific policies are applied to particular categories of income:

- Subscriptions, contributions and educational income are accounted for on an accruals basis, after adjustments for any deferred income which is included in the balance sheet as creditors
- Sale of publications and Institute gifts is recognised when receivable
- Investment income is included when receivable
- Other income, including management fees, is included when receivable.

Resources expended

All expenditure is included on an accruals basis and is recognised where there is a legal or constructive obligation to pay for expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Raising funds

The cost of raising funds consists of all expenditure associated with generating income.

Notes to the Financial Statements

continued

1. Accounting Policies continued

Charitable activities

The cost of charitable activities comprises all expenditure associated with professional programmes, events, meetings and special projects and publications. The costs include both direct and indirect costs relating to these activities.

Direct costs are allocated on an actual basis to the relevant expense heading.

Allocation of expenditure

Costs directly attributable to the cost of raising funds and charitable activities are allocated to the appropriate activity. Support and governance costs, including staff costs, which cannot be directly attributed to an activity are allocated on the basis of the time spent by staff on each activity. Governance costs comprise all costs involving the public accountability of the Institute and its compliance with regulation and good practice.

Investments

The Institute has an investment pool for its restricted prize funds. The investments in the pool are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year.

The Institute does not acquire put options, derivatives or other complex financial instruments.

The main form of financial risk faced by the Institute is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub-sectors.

Realised and unrealised gains and losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

Fixed Assets

Individual assets costing £500 or more are capitalised at cost.

Notes to the Financial Statements

continued

1. Accounting Policies continued

The cost or valuation of fixed assets is written off by annual instalments over the expected useful lives as follows:

Computer equipment	4 years
Motor vehicles	4 years (reducing balance)
Fixtures and fittings	10 years
Course development costs	4 years

Property

Heritable property is stated at market value. Depreciation is provided at a rate calculated to write off the cost less the estimated residual value evenly over the expected useful life of 50 years. The estimated residual value is in excess of the cost and consequently there is no charge for depreciation in the current year (2017–Nil).

Stocks

Stocks of goods for resale are valued at the lower of cost and net realisable value. Provision is made for obsolete or slow moving stock where appropriate.

Debtors

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid net of any discounts due.

Cash at bank and in hand

Cash at bank and cash in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors

Creditors are recognised where the company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

Financial instruments

The Institute only has financial assets and financial liabilities of a kind that qualify as basic financial instruments.

Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Operating leases

Rentals payable under operating leases are charged on a straight-line basis over the term of the lease.

Pensions

The Institute is a member of a multi-employer defined benefit pension scheme which requires contributions to be made to a separately administered fund. Contributions to the fund are charged to the Statement of Financial Activities so as to spread the costs of the pensions over the employees' estimated working lives within the Institute. Contributions to this scheme have now been limited to an annual increase of the lower of 2% and the annual rate of inflation.

Since October 2006 this scheme has been closed to new entrants and payments on behalf of new employees are made to a defined contribution scheme and charged to the Statement of Financial Activities in the period to which they relate.



Notes to the Financial Statements

continued

2. Education	2018 £	2017 £
Enrolment and exemption fees – Chartered Banker and bespoke	3,324,546	3,113,555
Certificate course fees, RQF and Short Courses Income	253,379	389,699
Financial Education Partnership income	-	10,500
	<u>3,577,925</u>	<u>3,513,754</u>
Income from Education was £3,513,754 (2016:£3,588,127) all of which was unrestricted.		
3. Events, meetings and special projects		
Unrestricted		
2025 Donations	11,400	-
Young Banker of the Year sponsorship income	-	-
Other events	-	-
	<u>11,400</u>	<u>-</u>
Restricted		
CB:PSB	500,250	515,185
EBTN First Project	-	-
	<u>500,250</u>	<u>515,185</u>
Total	<u>511,650</u>	<u>515,185</u>
4. Other		
Sales of Bank Notes Collection	-	24,214
Gain on sale of fixed asset	7,045	2,929
	<u>7,045</u>	<u>27,143</u>
5. Total Income		
Unrestricted	-	-
Restricted	4,655,477	4,708,973
	500,454	515,365
Total	<u>5,155,931</u>	<u>5,224,338</u>

Notes to the Financial Statements

continued

6. Allocation of governance and support costs

The breakdown of support costs and how these are allocated between governance and other support costs is shown in the table below:

	2018 £ Total Allocated	Governance related	Other Support costs	2017 £ Total
Staff Costs	2,647,907	231,503	2,416,404	2,616,102
Printing, stationery and office expenses	132,137	2,643	129,494	109,744
Postage and telephone	50,012	1,000	49,012	60,889
Legal fees	32,620	652	31,968	23,502
Bank interest and charges	10,122	202	9,920	11,411
Staff training	23,938	479	23,459	19,473
Motor expenses	1,738	35	1,703	2,014
Irrecoverable VAT	203,846	4,077	199,769	200,580
Computer costs	115,347	2,307	113,040	97,254
Rent paid, rates and insurance	98,607	1,972	96,635	67,723
Light, heating, repairs, cleaning and professional fees	27,481	550	26,931	30,752
Entertainment	14,753	295	14,458	6,984
Travel expenses	192,548	3,851	188,697	138,872
Marketing	56,966	1,139	55,827	53,488
PSB Support	97,811	-	97,811	118,706
	<u>3,705,833</u>	<u>250,705</u>	<u>3,455,128</u>	<u>3,557,494</u>
Governance Costs			2018	2017
Auditor's remuneration			6,550	7,900
Support and staff costs			<u>250,705</u>	<u>239,823</u>
			<u>257,255</u>	<u>247,723</u>

The total support and staff costs attributable to charitable activities and other trading activities is then apportioned pro rata to the income received as shown below. All governance costs are met from unrestricted funds so no allocation or charge is made to restricted funds for any governance related costs.

Notes to the Financial Statements

continued

Allocation of governance and other support costs

	2018 £	2017 £
Cost of Raising Funds		
Bank contributions	19,202	16,454
Management fee	138,207	145,178
Rental Income	-	-
Charitable activities		
Membership subscriptions	353,580	325,548
Education programmes	2,682,681	2,495,058
Events, meetings and special projects	518,713	583,156
	3,712,383	3,565,394

Total expenditure

	Other direct £	Staff, support and governance costs £	Dep'n £	Total 2018 £	Total 2017 £
Charitable activities					
Membership subscriptions	172,099	353,580	27,449	553,128	546,744
Education programmes	889,951	2,682,681	125,908	3,698,540	3,776,040
Events, meetings and special projects	116,790	518,713	807	636,310	639,462
	1,178,840	3,554,974	154,164	4,887,978	4,962,246
Cost of Raising Funds					
Bank contributions	-	19,202	4,228	23,430	20,416
Management fee	-	138,207	5,280	143,487	150,107
Rental Income	-	-	352	352	330
	-	157,409	9,860	167,269	170,853
Investment management costs	-	-	-	-	-
Total Expenditure	1,178,840	3,712,383	164,024	5,055,247	5,133,099

In 2018 the expenditure on charitable activities was £4,887,978 (2017:£4,962,246) of which £431,589 (2017:£502,011) was expenditure from restricted funds and £4,456,389 (2017:£4,460,235) was expenditure from unrestricted funds. In 2018 the expenditure on raising funds was £167,269 (2017: £170,853) of which £nil (2017:nil) was from restricted funds and £184,631 (2017: £170,853) from unrestricted funds.

Notes to the Financial Statements

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7. Net Income

	2018 £	2017 £
Net Income is stated after charging/(crediting)		
Auditor's Remuneration	6,550	7,900
Depreciation	164,024	155,128
Gain on disposal of assets	(7,045)	(2,929)

8. Analysis of staff costs and remuneration of key personnel

The average number of employees employed by the Institute during the year was 54 (2017 : 51).
The aggregate payroll costs of these persons were as follows:

	2018 £	2017 £
Salaries	2,285,378	2,229,669
Social security costs	260,581	244,487
Other pension costs	101,948	141,946
	<u>2,647,907</u>	<u>2,616,102</u>

In accordance with FRS 102 and the SORP, the key management personnel of the Institute are the Trustees and the senior management; the latter being the Chief Executive and the Directors. The total employment benefits of the Institute's key management personnel was £613,896 (2017: £584,934). Included in this amount is one (2017: one) trustee who received total employment benefits of £209,601 (2017: £201,100). Trustees' expenses reimbursed during the year were £8,263 (2017:£25,008).

Notes to the Financial Statements

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Employees

The number of employees whose emoluments fell within each of the following bands is as follows:

	2018	2017
60,001–70,000	-	-
100,001–110,000	2	2
115,001–120,000	-	1
120,001–125,000	1	-
150,001–160,000	-	-
160,001–170,000	1	1

The above analysis of emoluments excluded pension contributions of £84,312 (2017: £70,134) in respect of 4 (2017:4) employees.

9. Fixed Assets

	Property £	Course Development £	Motor Vehicles £	Fixtures & Fittings £	Computer Equipment £	Total £
Cost or valuation						
At 1 March 2017	950,000	283,256	86,006	243,675	583,346	2,146,283
Revaluation	100,000	-	-	-	-	100,000
Additions	-	123,936	59,000	2,689	174,845	360,470
Disposals	-	(176,432)	(31,462)	(30,677)	(19,908)	(258,479)
At 28 February 2018	1,050,000	230,760	113,544	215,687	738,283	2,348,274
Depreciation						
At 1 March 2017	-	283,256	40,911	240,991	449,820	1,014,978
Disposals	-	(176,432)	(21,508)	(30,677)	(19,908)	(248,525)
Charge for the year	-	31,986	23,535	1,306	107,197	164,024
At 28 February 2018	-	138,810	42,938	211,620	537,109	930,477
Net Book Value						
At 28 February 2018	1,050,000	91,950	70,606	4,067	201,174	1,417,797
At 28 February 2017	950,000	-	45,095	2,684	133,526	1,131,305

The property at Drumsheugh Gardens, Edinburgh was valued at 28th February 2018, on an open market basis, by DM Hall, property surveyors. The historic cost of property was £368,765. Tangible assets held in unrestricted funds were 2018: £ 1,417,797 (2017: £1,131,305).

Notes to the Financial Statements

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10. Investments

	2018 £	2017 £
Held in investment pool at the cost of original investment	79,156	79,156
Total cost of investments	79,156	79,156
Unrealised loss on investments	(74,766)	(74,766)
Total market value of investments	4,390	4,390
Invested as follows		
6,362 Lloyds Banking Group ordinary stock	4,390	4,390
Attribution	4,390	4,390
Restricted prize funds	4,390	4,390

The Institute's investment policy is risk adverse and as such the level of investments assets held are such that there is negligible risk to the Institute from financial investments whether with uncertain investment markets or volatility in yield. The Institute is not reliant on dividend yield to finance its work. The investments held are quoted UK shares. Investments held in restricted funds were 2018: £ 4,390 (2017: £4,390).

Notes to the Financial Statements

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11. Stocks	2018 £	2017 £
Bespoke Course Material	61,460	99,420
Marketing stock	-	-
Certificate Course Material	5,985	105,870
RQF Course Material	-	172
Stationery stock	2,000	2,000
	<u>69,445</u>	<u>207,462</u>

12. Debtors	2018 £	2017 £
Other Debtors	876,561	934,168
Corporate Patronage	192,000	145,200
The Committee of Scottish Clearing Bankers	24,944	24,744
Professional Standards Board Funding	120,500	187,500
	<u>1,214,005</u>	<u>1,291,612</u>

Debtor balances of £1,214,005 (2017:£1,291,612) of which £1,093,505 was unrestricted (2017: £1,104,112) and £120,500 was restricted (2017: £187,500).

13. Creditors: amounts falling due within one year	2018 £	2017 £
Other Creditors	44,960	514,007
Taxation & Social Security	5,000	61,544
VAT	37,171	33,047
Accruals	357,248	294,769
Professional Standards Board Income deferred	412,917	389,167
Enrolment and Development Income deferred	382,398	533,325
	<u>1,239,694</u>	<u>1,825,859</u>

Notes to the Financial Statements

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	Professional Standards Board	Other	Total
Deferred Income comprises			
Brought forward	389,167	533,325	922,492
Released to incoming resources in year	(500,250)	(569,371)	(1,069,621)
Income arising in year	524,000	418,444	942,444
Carried forward	<u>412,917</u>	<u>382,398</u>	<u>795,315</u>

Creditor balances of £1,239,694 (2017:£1,825,859) of which £1,239,694 (2017:£1,825,859) was unrestricted and £nil was restricted (2017: £nil).

14. Prize funds held in trust

a) The following prize funds are held in trust as at 28 February 2018 (cost)

	£	
T McGuffie Memorial Fund	3,656	
Sir Bruce Patullo Prize	<u>75,500</u>	
	<u>79,156</u>	
at 28 February 2018		
	2018	2017
	£	£
Held in investment pool at market value	4,390	4,390
Short-term cash deposits	<u>20,200</u>	<u>20,895</u>
	<u>24,590</u>	<u>25,285</u>

The main movements on restricted prize funds short-term cash deposits are as follows:

	Investment Income £	Prizes Distributed £
T McGuffie Memorial Fund	-	(300)
Sir Bruce Pattullo Prize	204	(599)
Total	<u>204</u>	<u>(899)</u>

Notes to the Financial Statements

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15. Pension commitments

The Chartered Institute of Bankers in Scotland contributes to the defined benefits pension scheme of The Royal Bank of Scotland plc.

Details of that scheme are included in the Annual Report and Accounts of The Royal Bank of Scotland Group plc.

In May 2014, the triennial funding valuation of The Royal Bank of Scotland Group Pension Fund was agreed which showed the value of the liabilities exceeded the assets by £5.6billion at 31 March 2013.

The funding rate is currently 22.2% of pensionable payroll. The pension contributions for the current year paid to Royal Bank of Scotland Group Pension Fund were £ 74,647 (2017: £84,183). An amount of £12,112 (2017: £16,273) was outstanding at the year end.

The Institute employs 6 staff for whom retirement benefits are accruing under this defined benefit scheme. Since 1st January 2010 contributions to this scheme have been limited. Salaries, on which these contributions are based, are limited to an annual increase of 2% . Since October 2006 this pension scheme has been closed to new employees. Contributions amounting to £37,301 (2017:£81,557) have been paid to a defined contribution scheme.

16. Lease commitments

The Institute has committed to expend £6,300 at the balance sheet date (2017: £6,300), under a non cancellable office premises lease which expires on 30th September 2018 . The Institute has committed to expend £206,500 at the balance sheet date (2017: £nil), under a non cancellable office premises lease which expires on 10th October 2021 .

17. Analysis of net assets by fund

	Fixed Assets	Heritage Assets	Investments	Net current assets	Total
	£	£	£	£	£
Restricted Funds					
Prize Fund	-	-	4,390	20,200	24,590
First European Project	-	-	-	22,828	22,828
FEP -European	-	-	-	-	-
Professional Standards Board	-	-	-	276,404	276,404
Unrestricted Fund					
Accumulated Fund	783,915	-	-	1,922,500	2,706,415
Revaluation Reserve	633,882	-	-	-	633,882
2025 Foundation	-	-	-	151,914	151,914
	<u>1,417,797</u>	<u>-</u>	<u>4,390</u>	<u>2,393,846</u>	<u>3,816,033</u>

Notes to the Financial Statements

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18. Analysis of movements on funds

	Opening Balance	Incoming	Expended	Gains/(Losses)	Closing Balance
Restricted Funds					
Torrance McGuffie Prize	3,165	-	(300)	-	2,865
Sir Bruce Patullo Prize	22,120	204	(599)	-	21,725
First European Project	22,828	-	-	-	22,828
Chartered Banker Professional Standards Board	206,844	500,250	(430,690)	-	276,404
Unrestricted Funds					
Accumulated Fund	2,664,796	4,644,077	(4,602,458)	-	2,706,415
Revaluation Reserve	533,882	-	-	100,000	633,882
2025 Foundation	161,714	11,400	(21,200)	-	151,914
Heritage Assets	-	-	-	-	-
	<u>3,615,349</u>	<u>5,155,931</u>	<u>(5,055,247)</u>	<u>100,000</u>	<u>3,816,033</u>

The Sir Bruce Pattullo Prize is awarded to the candidate scoring the highest total mark in the Chartered Banker Course examinations. This prize has been established through a generous donation given by Sir Bruce Pattullo CBE. The individual who obtains the second highest total mark in the Chartered Banker Course examinations is awarded the Torrance McGuffie Memorial Prize.

First European Project is a European Lifelong learning initiative.

In October 2011, the Chartered Banker Professional Standards Board (CB:PSB) was successfully launched with the support of nine leading UK banks. The CB:PSB's overall aim is to restore public confidence and trust in banking and promote a culture of professionalism amongst individual bankers by creating industry-wide standards.

The Institute's banknote collecton was sold at auction in the previous year with the proceeds being designated by Trustees to the 2025 Foundation, a new charitable endeavour to provide scholarships and other assistance for individuals seeking to pursue a career in banking , but without the means to do so.

19. Related Party Transactions

In the normal course of business the Institute undertakes transactions with the organisations represented by the Members of Council. Included within these transactions were the payment of corporate patronage of £120,000 (2017 : £120,040) and funding received in respect of CB:PSB of £500,250 (2017:£515,185).

At 28 February 2018 £192,000 (2017: £145,200) was due from corporate patrons and £120,500 (2017: £187,500) due in respect of CB:PSB funding.



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