



CENTRAL BANK OF BAHRAIN

Appendix LR-1

Annual License Fee Form (Form ALF)



Form ALF: INSTRUCTIONS

1. Article 180 of the CBB Law sets out the CBB's powers to charge fees. Based on these provisions, the CBB charges an annual license fee ("ALF") to all its licensees. Details on how the ALF is calculated for particular license categories are included in each Rulebook Volume: the ALF for Volume 2 licensees is specified in Section LR-4.2.
2. Rule LR-4.2.1 specifies that Islamic bank licensees must pay the relevant annual license fee to the CBB, on 1st December of the preceding year for which the fee is due. Rule LR-4.2.10 states that Islamic bank licensees must complete and submit Form ALF to the CBB, no later than 15th October of the preceding year for which the fee is due.
3. Payment of the annual fee is done by direct debit and all licensees must complete the Direct Debit Authorisation Form found under Part B of the CBB Website, in accordance with Paragraph LR-4.2 10A.

The amount transferred to the CBB should cover the full amount of the licensee fee. Any other charges must be borne by the licensee.

4. Rules LR-4.2.2 to LR-4.2.7 and LR-4.2.9A set out the detailed calculations to be applied, for conventional bank licensees. Licensees are asked to refer to these and to Section LR-4.2 generally, prior to completing this form.
5. The original completed form, and where applicable the external auditor's certification letter, should be sent to:
Director, Islamic Financial Institutions Supervision Directorate
Central Bank of Bahrain
P.O. Box 27
Manama
Kingdom of Bahrain
- 5 (a). A PDF version of the completed Form ALF, the latest audited financial statements used in the calculation of the fee and the external auditor's certification letter should also be sent by e-mail to acsinfo@cbb.gov.bh.
6. Licensees may address any queries to the Accounts Directorate, on +973 17 547 365 (telephone), +973 17 531 930 (fax) and lic.fees@cbb.gov.bh (e-mail).
7. Please ensure that the completed form and its attachments are received by 15th October of the preceding year for which the fee is due. Failure to do so may be viewed as a breach of the licensee's licensing conditions (see Rule LR-2.8.4) and subject to late filing penalties for date sensitive requirements as outlined in Section EN-6.2A..
8. Applicants are also reminded that providing to the CBB any information which is false or misleading, or omitting to provide significant information which should have been provided to the CBB, may similarly be viewed as a breach of the licensee's licensing conditions (see Rule LR-2.8.2).



Late Payment Penalties

9. Article 129 of the CBB Law provides the CBB the power to impose financial penalties on licensees. Licensees that fail to submit their license fee by 1st December are subject to late payment penalties, as outlined in Section EN-6.2A, as follows:
- (a) Where the Islamic bank licensee's total consolidated assets are less than or equal to BD 50 million, the financial penalty for late filing is BD 50 per day;
 - (b) Where the Islamic bank licensee's total consolidated assets are greater than BD 50 million but less than BD 250 million, the financial penalty for late filing is BD 100 per day;
 - (c) Where the Islamic bank licensee's total consolidated assets are greater than BD 250 million but less than or equal to BD 5 billion, the financial penalty is BD 200 per day;
 - (d) Where the Islamic bank licensee's total consolidated assets are greater than BD 5 billion, the financial penalty is BD 400 per day; and
 - (e) For new licensees who have yet to provide audited financial statements, the financial penalty is BD 50 per day.



Form ALF: Certification

N.B. To be signed by the Chief Executive / General Manager of the licensee.

I certify that the information submitted in this Form ALF is accurate and complete to the best of my knowledge and belief.

I am aware that providing to the CBB any information which is false or misleading, or omitting to provide significant information which should have been provided to the CBB, may constitute a breach of this licensee's licensing conditions.

(Name of Signing Officer)

(Name of Licensee)

(Signature)

(Date)



Form ALF: Calculation Sheet

Licensee Name: _____

Locally incorporated SPV: (Please indicate number of SPVs): ☐

Attached fee due for (specify applicable calendar year): _____

The following attachment is provided:

- Copy of external auditor certification letter ☐
[not required if paying the maximum fee ('cap') for the applicable license category]

Summary Calculation Sheet [TO BE COMPLETED IF PAYING AN AMOUNT LESS THAN THE MAXIMUM FEE FOR THE APPLICABLE LICENSE] (All numbers to be reported in BD and unconsolidated – i.e. pertaining to the licensee only, excluding its subsidiaries)	
1. Total Operating Expenses	
2. Training Costs	()
3. Charitable Donations	()
4. CBB fees paid	()
5. Non-executive Directors' remuneration	()
6. Relevant Operating Expenses [i.e. line 1 – (2+3+4+5)]	
7. License Fee Liability [i.e. line 6 * 1%] (Retail Banks-all)	
8. License Fee Liability [i.e. line 6 * 0.50%] (Wholesale Banks-locally incorporated)	
9. License Fee Liability [i.e. line 6 * 0.25%] (Wholesale Banks-Branches)	
10. Bank License Fee Payable	
11. SPV License Fee Payable (BD 1000 per SPV)	
12. Total License Fees Payable (line 10+line 11)	



Notes (numbers refer to line items in the Summary Calculation Sheet):

- 1: Total operating expenses covers all establishment expenses of the licensee, as recorded in the latest audited financial statements. (As an example the fees paid for the 2014 year on 1st December 2013, are to be based on the 2012 F/S -- where the year end is 31st December). For the avoidance of doubt, these expenses exclude depreciation, provisions, interest expense, and dividends paid.
- 2 to 5: List separately these adjustment items (see Rule LR-4.2.7).
- 6: Relevant Operating Expenses are the product of Total Operating Expenses (line 1) minus the sum of the adjustments made (lines 2 to 5 inclusive).
- 7 to 9: License Fee Liability is the product of line 6 (Relevant Operating Expenses) multiplied by (1%, 0.50 and 0.25% depending on the license type).
- 10: The Bank License Fee Payable is the same as the License Fee Liability, subject to the minimum and maximum amounts payable by the license category concerned. The minimum and maximum amounts payable by conventional bank licensees are:
- Retail Banks (all): BD 30,000 and BD 240,000
 - Wholesale Banks (locally incorporated): BD 13,000 and BD 100,000; and
 - Wholesale Banks (Branches): BD 13,000 and BD 100,000.

For example, a retail bank licensee with a License Fee Liability of BD 27,000 would pay the minimum license fee of BD 30,000. A retail bank licensee with a License Fee Liability of BD 250,000 would pay the maximum licensee fee of BD 240,000. A retail bank licensee with a License Fee Liability of BD 200,000 would pay BD 200,000 as a license fee.



Form ALF: External Auditor Certification

**[NOT REQUIRED TO BE COMPLETED IF PAYING THE MAXIMUM FEE]
Form of words for auditor certification letter (addressed to licensee concerned):**

We have performed procedures agreed with you and enumerated below with respect to the attached CBB Form ALF (‘the form’), to be submitted in accordance with CBB Rulebook requirements. Our engagement was undertaken in accordance with the International Standard on Related Services Applicable to agreed-upon procedures Engagements. The procedures were performed solely to assist you in ensuring that the amounts reported in the form have been extracted from the audited financial statements of [XYZ licensee] (the ‘Licensee’) for the year ended [insert date] or underlying accounting records of the Licensee. These procedures are summarised as follows:

1. We have agreed the amounts reported in the form to the audited financial statements of the Licensee for the year ended [enter date];
2. For those amounts not directly traceable from the audited financial statements of the Licensee for the year ended [enter date], we have agreed them to the underlying accounting records of the Licensee; and
3. We have verified the arithmetical accuracy of the form.

We report our findings below:

We confirm that the amount reported in the form for Total Operating Expenses, [enter amount], is in agreement with the audited financial statements of the Licensee for the year ended [enter date].

We further confirm that the following amounts reported in the form agree to the underlying accounting records of the Licensee for the year ended [enter date].

Particulars	Amount (BD)
Training Costs	
Charitable Donations	
CBB fees paid	
Non-executive Directors’ remuneration	

We also found that the arithmetical calculations in the form were accurate.

The above procedures do not constitute either an audit or a review made in accordance with the International Standards on Auditing or International Standards on Review Engagements. Had we performed additional procedures or had we performed an audit or review in accordance with the International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

This report is solely for the purpose set forth in the first paragraph and is only for the information of the Licensee and CBB. This report should not be used for any other purpose or be distributed to any other parties. This report relates only to the information reported in the form for [enter year] and does not extend to any financial statements of the Licensee taken as a whole.