

CONTENTS:

Message from Secretary General	1
CIBAFI 29 th BOD and 16 th AGM Meetings	1
5 th Executive Committee Meeting	1
CIBAFI 30 th BOD Meeting	2
Strategic Members' Session in Sudan	2

Strategic Objective 1: Policy, Regulatory Advocacy

MCG Meeting	2
CIBAFI Comments on the IFSB Exposure Draft (ED)-19 ---	2

Strategic Objective 2: Research and Publications

CIBAFI Second Briefing	3
CIBAFI Third Briefing	3
GIBS 2016	3

Strategic Objective 3: Awareness and Information Sharing

CIBAFI – UAB Forum “The Developing Markets of Islamic Finance”	4
CIBAFI Award	4
CIBAFI Global Forum 2017: “Essential Renovation of Banking Practices Towards Resilience and Shared Prosperity”	4

Strategic Objective 4: Professional Development

10 th Accreditation Board Meeting	5
CIBAFI – Ivey Business School Executive Programme on Ambidextrous Leadership and Disruptive Strategy	5
In-house trainings organized by CIBAFI	5
Series of Technical Workshops on Products Development for IFIs	5
The Upcoming Plan for 2017 Technical Workshops	6

Message from Secretary General

Welcome to the sixth edition of the InFocus. Our newsletter that keeps you informed about our activities and initiatives.

I am glad to share with you as we are ending the year, that we have been on track with the implementation of the Strategic Plan 2015 – 2018 and the Work Plan 2016. Our activities this year were successfully executed under our four strategic objectives. To fulfill our first strategic objective on Policy, Regulatory, Advocacy, CIBAFI recently held its third meeting of the Members of Consultative Group (MCG) in Manama on 5th December 2016. This meeting has discussed fundamental issues including CIBAFI Global Islamic Bankers' Survey 2016 (GIBS 2016) findings and discussion on potential topics for GIBS 2017. The Secretariat is also preparing CIBAFI comments and recommendations to the Islamic Financial Services Board (IFSB) on its new exposure draft.

With regards to Research and Publications, CIBAFI issued two briefings on Risk Management and Tier 1 and Tier 2 Capital Sukuk. The Secretariat has also successfully launched the Global Islamic Bankers' Survey (GIBS) for 2016 on 5th December 2016 in Manama, Bahrain.

In the area of Awareness and Information Sharing, I would like to let you know that CIBAFI together with the Union of Arab Banks organised a Forum themed “The Developing Markets of Islamic Finance” in Tunis, Tunisia, on 28th - 29th September 2016. Moreover, Secretariat is currently working on its inaugural Award, themed Environmental and Social Responsibility, to be launched in first half of 2017. We are also preparing for CIBAFI Global Forum 2017 which will take place in May in Amman, Jordan.

As for the area of Professional Development, CIBAFI organised several activities in last quarter. We have organized Technical Workshops on Products Development for Islamic Financial Institutions (IFIs) in Bahrain, Saudi Arabia, and Sudan. Also, two inHouse trainings have been conducted in Sudan and Saudi Arabia. CIBAFI - Ivey Business School Executive Programme on Ambidextrous Leadership and Disruptive Strategy has taken place in Manama for the second year.

Secretariat looks forward to continue the successful implementation of its four strategic objectives.

On behalf of CIBAFI, I am grateful for the continuous support from our members, Board of Directors, and all of our stakeholders. I look forward to even a more fulfilling year ahead.

Yours Sincerely,
Abdelilah Belatik

CIBAFI 29th BOD and 16th AGM Meetings

CIBAFI held its 29th Board of Directors meeting and its 16th Annual General Meeting (AGM) and Extra Ordinary General Meeting (EGM) on 13th June in Hilton Hotel Jeddah, Kingdom of Saudi Arabia.

The meetings, which were chaired by H.E. Sheikh Saleh A. Kamel, saw the launch of hard copies of CIBAFI Activity Report for 2015, which underpins CIBAFI's commitment in delivering its stakeholders' centric Strategic Plan 2015 – 2018.

The meeting has witnessed the approval of the concept note of the CIBAFI Award, which aims to recognize and showcase institutions that are providing an outstanding example to the industry based on carefully crafted criteria. Governing body of CIBAFI has also been presented with the audited financial statements for year 2015, which was as well approved.

Extra-ordinary General Meeting has reviewed and approved amendments to the articles of association of CIBAFI, the main governing document of the Council.

5th Executive Committee Meeting

CIBAFI held its fifth Executive Committee (EC) Meeting on 5th December 2016 in Manama, Bahrain. This meeting discussed among others CIBAFI staff rules and financial by law. The meeting was chaired by H.E. Sheikh Saleh A. Kamel, Chairman of the BOD & EC of CIBAFI.



CIBAFI 30th BOD Meeting



CIBAFI held its 30th meeting of the Board of Directors (BOD) on the 5th December in Manama, Bahrain. This meeting discussed and approved among others the operating budget set for 2017, the work plan for 2017, as well as accepted new members into the membership.

The BOD meeting which was chaired H.E. Sheikh Saleh A. Kamel, Chairman of the BOD & EC of CIBAFI, saw the launch of GIBS 2016. The BOD members have commended the work of the Secretariat for implementing the work plan of action stemming from the Strategic Plan 2015 - 2018 of CIBAFI.

Strategic Members' Session in Sudan

The Secretariat held a Strategic Members' Session on 8th December 2016 in Khartoum, Sudan. This session was hosted by Sudan Banks Union with its members and stakeholders in Sudan. The Session was opened by Mr. Musaad Mohamed Ahmed AbdelKareem, President of Sudan Banks Union. It was followed by an update on activities of CIBAFI by Mr. Abdelilah Belatik. The Session has resulted in a fruitful and dynamic discussion between CIBAFI and its members and stakeholders in Sudan. This Session was concluded by a luncheon hosted by Sudan Banks Union.



Strategic Objective 1: Policy, Regulatory Advocacy

3rd Meeting of the Members Consultative Group (MCG)

The Secretariat held its 3rd meeting of the Members of the Consultative Group (MCG) on 5th December 2016 in Manama, Kingdom of Bahrain. MCG discussed the following points among others:

- Policy and Regulatory Advocacy: the proactive approach of CIBAFI
- CIBAFI Comments on the IFSB Exposure Draft 19
- CIBAFI Global Islamic Bankers' Survey 2016 (GIBS 2016) findings and the way forward
- CIBAFI – World Bank Publication on Corporate Governance of Islamic Banks
- CIBAFI Award
- CIBAFI Briefings

Through this meeting, MCG has provided the Secretariat with required expert consultation on new and ongoing projects.



CIBAFI Comments on the IFSB Exposure Draft (ED19)



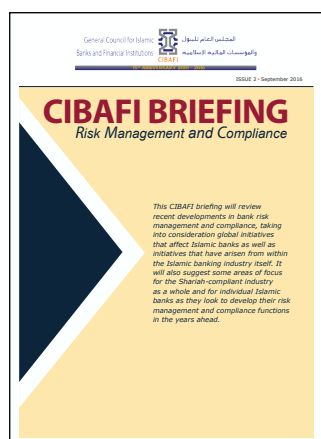
ISLAMIC FINANCIAL SERVICES BOARD

CIBAFI is preparing to submit its comments and recommendations to the Islamic Financial Services Board (IFSB), for the Exposure Draft-19: "Guiding Principles on Disclosure Requirements for Islamic Capital Market Products (Sukuk and Islamic Collective Investment Schemes)" (ED19).

The (ED19) was issued on the 31st October 2016 inviting comments from regulatory and supervisory authorities, international organizations etc. This standard is primarily concerned with setting principles and minimum standards for disclosure in relation to Islamic capital market products and with an objective to create greater harmonisation of regulation and practice in the Islamic Capital Market (ICM), and thus to facilitate cross-border offerings. As the voice of the global Islamic financial industry, CIBAFI's comments on ED-19 will aim at ensuring that the final document which will be published by the IFSB as "Guiding Principles on Disclosure Requirements for ICM Products" reflects the needs of CIBAFI members, and other stakeholders, who engage in capital market activities, both on the issuing side and the investor side. CIBAFI Secretariat shall submit its comments to the IFSB by 31st December 2016.

Strategic Objective 2: Research and Publications

CIBAFI Second Briefing

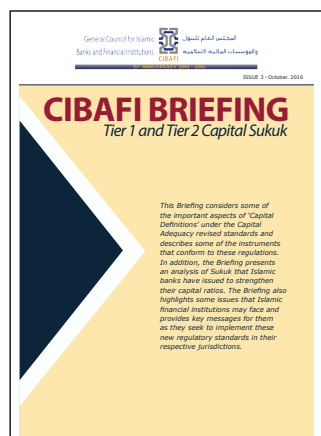


CIBAFI launched its second briefing on Risk Management and Compliance in October. This briefing reviewed recent developments in bank risk management and compliance, taking into consideration global initiatives that affect Islamic banks as well as initiatives that have arisen from within the Islamic banking industry itself. It also suggested some areas of focus for the Shariah-compliant industry as a whole and for individual Islamic banks as they look to develop their risk management and compliance functions in the years ahead.

As the annual GIBS is being thematic in its nature, 2015 edition of GIBS core topic was “key drivers for growth”. The survey comprised three main areas; Islamic banking confidence index, risk dashboard, and the key drivers for growth. As for GIBS 2016, the theme is “Confidence, Risk and Responsible Business Practices” focusing on responsible finance and sustainability factors in the Islamic banking industry.

CIBAFI’s second GIBS reflects the views of the CEO office in 86 Islamic banks from 29 different countries. It serves as a point of reference for measuring the health of the Islamic banking industry and it is considered first of its kind report that is capturing practitioners’ perspectives in detail, with significant numbers of responses from the heads of Islamic banks in both matured and frontier Islamic financial markets, including the Middle East, North Africa, Sub-Saharan Africa, South East Asia, West, Central and South Asia, Europe, Turkey, and others.

CIBAFI Third Briefing

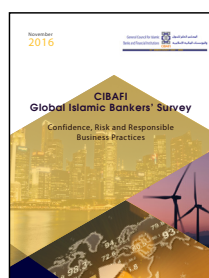


CIBAFI launched its third briefing on Tier 1 and Tier 2 Capital Sukuk, in November. This Briefing considered some of the important aspects of ‘Capital Definitions’ under the Capital Adequacy revised standards and describes some of the instruments that conform to these regulations. In addition, the Briefing presented an analysis of Sukuk that Islamic banks have issued to strengthen their capital ratios. The Briefing also highlighted some issues that Islamic financial institutions may face and provides key messages for them as they seek to

implement these new regulatory standards in their respective jurisdictions.

Secretariat is currently working on set of Briefings for 2017, covering the most emerging topics in the market.

CIBAFI’s Global Islamic Bankers’ Survey (GIBS) 2016



CIBAFI has conducted its annual Global Islamic Bankers’ Survey (GIBS) in mid-2016, as part of its annual exercise in publishing its flagship publication which was launched in December 2016. The launch of the publication was conducted amidst the members of the Board of Directors and the Executive Committee, Members of the Consultative Group and representatives of Islamic financial services industry of Bahrain.



The profile of respondents to the survey shows great diversity in countries of origin, in the economic and political conditions in which they operate, in the sophistication of the financial infrastructure that surrounds them, and in the size and complexity of their own institutions. Thirty-two of the 86 banks that took part in this year’s survey are based in the GCC and another 11 are based in the wider Middle East. Thirteen banks from North Africa took part in the Survey. Twenty Asian banks responded to the survey, of whom seven are based in Malaysia and Indonesia. The others include banks from Pakistan and Bangladesh, as well as those from Central and Southern Asia.

GIBS 2016 is grouped into four main parts. First is Islamic Banking Confidence Index, posing the questions to members and non-members (Islamic banks) about their optimism level, as well as main concerns with respect to various issues and challenges facing the industry. The second section is Islamic Banking Risk Dashboard, both sections are the founding parts of the report. The third section addressed responsible business and sustainability practices, which is this year’s theme of the GIBS. The final section presented leading practices and opportunities on responsible and sustainability business, derived through interviews and in-depth research.

This Survey shows Islamic bankers’ prospects for their industry and the changes of the risks that they have faced over the last year. As GIBS emphasizes this year on Responsible and Sustainable Finance, GIBS 2016 examined Islamic bankers’ positions regarding several aspects of Responsible and Sustainable Finance, presented examples of existing activities that Islamic banks are currently doing in this field, and offered some recommendations for the Islamic Banking industry to grow its involvement in this respect.

CIBAFI’s second Global Islamic Bankers’ Survey is available for download at www.cibafi.org in both English & Arabic languages.

Strategic Objective 3: Awareness and Information Sharing

CIBAFI – UAB Forum “The Developing Markets of Islamic Finance”



CIBAFI together with the Union of Arab Banks (UAB) organised CIBAFI - UAB Forum themed “The Developing Markets of Islamic Finance” at the Mövenpick Hotel Gammarth Tunis, Tunisia, on 28th-29th September 2016.

The two day programme organized under the auspices and presence of the Governor of the Central Bank of Tunisia - H.E. Chedly Ayari has brought together various stakeholders from the Islamic finance industry, multilateral development institutions, international and national regulatory bodies, policy-makers, and academia to discuss the issue of frontier markets of Islamic finance. The Forum was attended by more than 150 delegates from 21 countries.

The sessions tackled many key topics including:

- Macroeconomic Outlook and Political Stability in the developing Markets.
- Regulatory Framework and Development.
- Key Islamic Finance Business Lines to Serve Customers’ Core Demands in Mediterranean Markets.
- Islamic Finance to Support Global Trade and Infrastructure Development.
- Unlocking Potential of Takaful in Mediterranean Markets.

CIBAFI Award

CIBAFI Board of Directors (BoD), in its 27th meeting held in Cairo on 16th December 2015, approved the concept and nature of the Award, timeline for its execution, and the selection criteria, which are based on value propositions of Islamic finance.

The purpose of this Award is to recognize and showcase Islamic financial institutions that provide outstanding example to the industry, based on specific criteria. The Inaugural Award will be granted to member institutions (s) that have best practices in Environmental and Social Responsibility. The Award will not carry any monetary retribution nor will it require any monetary contribution from the winning institution. The winner of the Award will be honoured at a CIBAFI event and will be profiled in respected media, CIBAFI Newsletter - InFocus and CIBAFI website.

CIBAFI Global Forum 2017: “Essential Renovation of Banking Practices Towards Resilience and Shared Prosperity”



Following the success of CIBAFI’s inaugural Global Forum, held in April 2016 in the Kingdom of Bahrain, CIBAFI will hold its second Global Forum in May 2017 in Amman, Jordan with the theme of “*Essential Renovation of Banking Practices Towards Resilience and Shared Prosperity*”.

The Forum will discuss some of the most significant new views and ideas about making the Islamic finance industry more relevant in order to place it on an equal footing with the conventional financial world.

CIBAFI Global Forum aims to attract policy makers, financial institutions and those outside the financial industry who are changing the way in which banking is conducted - as well as innovators in the finance industry and its peripheries - to come together for the exchange of ideas under one roof. The Forum will look at the industry through different lenses to identify the building blocks required for success in order to remain well-positioned in the current macroeconomic and socio-political environment.

Driven by Shariah precepts, Islamic finance has an obligation to identify ways to promote social inclusion and prosperity. The Forum will shed light on how the industry fulfils this obligation while remaining competitive and relevant within financial markets, not only in Muslim countries but globally.

All this and much more will be discussed by industry leaders in a two-day programme that will generate new ideas for the industry and for individual institutions.

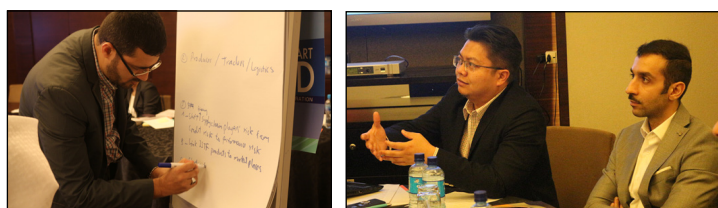
Strategic Objective 4: Professional Development

10th Accreditation Board Meeting



CIBAFI has held its 10th Accreditation Board meeting on 11th December 2016 in the International Islamic Fiqh Academy (IIFA), Jeddah, Saudi Arabia, to further enhance the development of training materials which have been previously approved. AcB meeting also discussed the various agenda items and accredited new trainers to provide CIBAFI professional certification programmes.

CIBAFI – Ivey Business School Executive Programme on Ambidextrous Leadership and Disruptive Strategy



CIBAFI together with the Ivey Business School, launched its second joint Executive Programme this year on 22nd – 23rd November 2016 in Manama, Kingdom of Bahrain. This is following the successful execution of the inaugural Executive Programme last year. This year, under the theme of Ambidextrous Leadership and Disruptive Strategy, the programme has been specifically designed for Board members and senior management from Islamic banks and financial institutions and Central Banks. The delegates were exposed to the notion of ambidextrous leadership, which is often the formula for further growth and success in a complex business environment.

Islamic Development Bank InHouse Training

As part of growing interest of our members, CIBAFI has been organizing InHouse training programmes that are focused on enhancing internal capacity of Islamic banks. CIBAFI conducted the Certified Islamic Banker Programme for 24 employees from the Islamic Development Bank, from 16th – 20th October 2016.

Bank of Khartoum InHouse Training

CIBAFI conducted the Certified Islamic Banker Programme for employees of Bank of Khartoum, in Sudan. 250 employees in the period from 22nd October 2016 until 7th December 2016 have been trained, adding to the first and second batches of employees in 2014 and 2015. Total number of trained employees of the bank amounts to 1,477 CIB certified employees.

In addition, CIBAFI organized the Certified Islamic Specialist in Accounting Programme for Bank of Khartoum, in which another 20 employees were trained in the period from November to December 2016.

Series of Technical Workshops on Products Development for IFIs

CIBAFI held series of Technical Workshops on Products Development for Islamic Financial Institutions starting from August till December 2016, following the success of the first Technical Workshop on the same subject in December 2015. These workshops were attended by senior officers and managers from the departments of products developments, Shariah, risk management and legal. The 3-day workshops provided participants with hands-on technical knowledge and skills pertaining to products developments, with a focus on the Islamic financial services.

Manama, Kingdom of Bahrain Serie



The second Technical Workshop was held on 30th August – 1st September 2016, in Manama, Kingdom of Bahrain. This workshop was attended by 30 participants. Al Salam Bank of Bahrain and Bahrain Islamic Bank have participated in the workshops signature experience sharing sessions.

Jeddah, Saudi Arabia Serie



The third Technical Workshop was held in Jeddah on 18th – 20th October 2016. The Workshop was hosted by the Saudi Arabian Monetary Agency's, Institute of Finance. It was attended by nearly 40 delegates. The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) and Bank AlJazeera have participated in the workshops signature experience sharing sessions.

Khartoum, Sudan Serie



The fourth Technical Workshop was held in Khartoum, Sudan, on 6th - 8th December 2016. This Technical Workshop was hosted by the Central Bank of Sudan. Registration has closed early for the workshop, it has exceeded its maximum capacity reaching over 57 delegates. It was a successful year ending experience in Sudan, with delegates from 5 countries participating together with local delegates in active case study exercises and discussions.

The Upcoming Plan for 2017 Technical Workshops

CIBAFI is confirming its Technical Workshops for 2017, that would focus on various topics, based on each jurisdictions market requirements. As of now we have confirmed a Technical Workshop in Mauritania, hosted by the Central Bank of Mauritania; whereas in Tatarstan Technical Workshop will be hosted by the Tatarstan Investment Development Agency (TIDA), which will be followed by a Technical Workshop in Senegal hosted by the Central Bank of West African States (BCEAO), and the fourth one would take place in Malaysia hosted by the Association of Islamic Banking Institutions (AIBIM).

MARK YOUR CALENDER

15 - 17 January 2017 | Mauritania

Technical Workshop on Products Development for IFIs

6 - 8 March 2017 | Senegal

Technical Workshop on Products Development for IFIs

22 - 23 March 2017 | Manama, Bahrain (TBC)

CIBAFI – IRTI Meeting of Directors of Operations and Investments of IFIs

March 2017 | Malaysia (TBC)

Technical Workshop on Products Development for IFIs

8 - 9 May 2017 | Amman, Jordan

CIBAFI Global Forum 2017: “*Essential Renovation of Banking Practices Towards Resilience and Shared Prosperity*”

18 - 20 May 2017 | Kazan, Tatarstan

Technical Workshop on Islamic Banking Principles

About CIBAFI

CIBAFI is an international organization established in 2001 and Headquartered in the Kingdom of Bahrain. CIBAFI is affiliated with the Organization of Islamic Cooperation (OIC).

CIBAFI represents the Islamic financial services industry globally, defending and promoting its role, consolidating co-operation among its members, and with other institutions with similar interests and objectives.

With over 120 members from over 30 jurisdictions, representing Islamic Banks, market players, international intergovernmental organizations and professional firms, and industry associations, CIBAFI is recognised as a key piece in the international architecture of Islamic finance.

In its mission to support Islamic financial services industry by being the leading industry voice advocating regulatory, financial and economic policies that are in the broad interest of our members and that foster the development of the Islamic financial services industry and sound industry practices, CIBAFI is guided by its Strategic Objectives, which are 1. Policy, Regulatory Advocacy, 2. Research and Publications, 3. Awareness and information sharing and 4. Professional Development.

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