

Message from Secretary General

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Welcome to the 13th edition of the InFocus, CIBAFI newsletter, that aims to keep our stakeholders informed about our activities and initiatives.

I am glad to share with you that CIBAFI has successfully completed the execution of its Strategic Plan (SP) 2015 – 2018. With the rapid changes and developments of the needs of our stakeholders and the industry, CIBAFI has adopted a new Strategic Plan for the period 2019 – 2022. The new SP focuses on deepening the value proposition of Islamic finance and the attainment of the real economy as well as the promotion of responsible practices and sustainability within the Islamic Financial Services Industry (IFSI). For this purpose, CIBAFI has revisited its vision, mission, goals and objectives within this new SP and has developed new sub-strategies to reinforce the achievement of CIBAFI’s strategic goals.

We are pleased to report on our activities for the 1st quarter of the year as per the new strategic objectives. In continuation of its regular meetings, CIBAFI has held the 8th Executive Committee Meeting on 20th February 2019 in Manama, Bahrain and the 36th Board of Directors Meeting on 3rd April 2019 in Marrakesh, Morocco.

To meet its first Strategic Objective of “Advocacy of Islamic Finance Values and related Policies & Regulations”, CIBAFI issued comments to the United Nations Environment Programme Finance Initiative (UNEP FI) on the Principles for Responsible Banking as well as it submitted updates to the Financial Stability Board (FSB) on the issue of “Correspondent Banking”. The Secretariat also held an InFocus Session in conjunction with the KazanSummit 2019 in Kazan, Tatarstan, Russia.

Under the second Strategic Objective of “Research and Innovation”, CIBAFI has successfully issued Briefing 10 on “The International Financial Reporting Standard (IFRS) 9 and its Implications on Islamic Financial Institutions (IFIs)” and Briefing 11 on “Islamic Finance & the United Nations Sustainable Development Goals”. We are also preparing for the launch of the CIBAFI’s second Award 2019 themed “Investment Innovation in MSMEs Financing”, which will be held in conjunction with CIBAFI Annual Meetings in Jeddah, Kingdom of Saudi Arabia.

Regarding the third Strategic Objective “Training and Professional Empowerment”, we are pleased to announce that CIBAFI, for the second time has conducted a Seminar on Credit Ratings, in collaboration with S&P Global Ratings in Manama, Bahrain. And we are also preparing for a technical workshop on “Stress Testing for Islamic Financial Institutions (IFIs)” to be held in Istanbul, Turkey.

Through our network of accredited professional development agents, 15 training sessions were organised from January until April 2019, facilitating professional certifications for 345 trainees.

On behalf of CIBAFI, I would like to express our sincere thanks to our Board of Directors, members and other stakeholders for their continuous support and encouragements.

Yours Sincerely,
Abdelilah Belatik

CIBAFI Meetings

CIBAFI 8th Executive Committee Meeting



20th February 2019 | CIBAFI held its 8th Executive Committee Meeting, which was kindly hosted by Al Baraka Banking Group (ABG) in Manama, Bahrain. During the meeting, the committee discussed CIBAFI's work plan for 2019 that



marks the beginning of the implementation of its Strategic Plan for the period 2019 – 2022. At the end of the meeting, the committee praised the work of CIBAFI Secretariat whilst going through CIBAFI Activities Report for 2018.

CIBAFI 36th BOD Meeting



3rd April 2019 | CIBAFI held its 36th Meeting of the Board of Directors (BOD) which was kindly hosted by the Islamic Development Bank (IsDB) in Marrakesh, Morocco. During the meeting, the members of the Board approved CIBAFI activities report for the year 2018 as well as the audited financial statement for the year 2018. These reports will be presented in the next Annual General Meeting.



The meeting also facilitated a discussion on CIBAFI financial resources which is an important factor for CIBAFI to achieve sustainable growth and attain its strategic objectives. This discussion has resulted in a positive response from the members who suggested and proposed ways on how to improve CIBAFI financial resources.

CIBAFI Strategic Plan 2019 – 2022

In 2014, CIBAFI has formulated its first Strategic Plan 2015 – 2018 which served as a guide for achieving its expected outputs, fulfilling its role in supporting and advocating the IFSI.

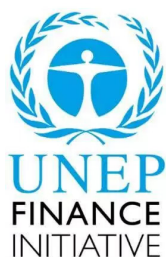
With the rapid changes and developments of the financial services industry, it is important that CIBAFI reassess its activities on a periodical basis to reflect the changing needs of its members. Therefore, CIBAFI developed its strategic plan for the next four years 2019 – 2022 following the guidance from the Board of Directors and consultations with its members and stakeholders.

The Secretariat has identified the following strategic objectives that will reflect its strategic direction:

- **Strategic Objective 1:** Advocacy of Islamic Finance Values and related Policies & Regulations
- **Strategic Objective 2:** Research and Innovation
- **Strategic Objective 3:** Training and Professional Empowerment

Strategic Objective 1: Advocacy of Islamic Finance Values and related Policies & Regulations

CIBAFI Comments to the UNEP FI on the Principles for Responsible Banking



PRINCIPLES FOR RESPONSIBLE BANKING

10th April 2019 | CIBAFI submitted its comments to the United Nations Environment Programme Finance Initiative (UNEP FI) on the Principles for Responsible Banking

The Consultative Document (CD) of the Principles has been issued in November 2018 and was open for public consultation until 31st May 2019.

CIBAFI thanked the UNEP FI for giving the opportunity to the Islamic Financial Industry to comment on the CD and

provided collective feedback of its member institutions from 34 jurisdictions.

In its comments, CIBAFI expressed that it sees a very considerable overlap between the Principles and the underlying ideals of Islamic finance, which see finance as in the service of society and of human development. It mentioned that the Principles are therefore of great interest to its members who are mainly smaller institutions in emerging markets and highlighted their need to be able to apply the Principles in terms of local action.

CIBAFI underlined the need for the Principles to have a broader emphasis on the SDGs, including some that smaller and emerging market banks may have more impact on and not only on environmental objectives. It also emphasised on some points under each Principle to accommodate better for the needs of its members and the financial industry.

Full comments submitted to the UNEP FI are available on CIBAFI's website: <http://www.cibafi.org>.

CIBAFI Updates the Financial Stability Board (FSB) on the Correspondent Banking Decline Affecting Islamic Banks



FINANCIAL STABILITY BOARD

24th April 2019 | CIBAFI submitted updates to the Financial Stability Board (FSB) on the matter of "Correspondent Banking". Within the communication to the FSB, CIBAFI highlighted the decline in Correspondent Banking Relationship as a result of 'de-risking' within Islamic banks

over the last five years as well as the effect of this decline on the products and services of Islamic banks. The data presented compared between last year's and this year's results allowing a comprehensive overview of the progress experienced in this regard as well as highlighting how far this agenda is a pressing issue in the Islamic banking industry.

CIBAFI very much welcomes the priority which this issue continues to hold on the international agenda and expresses its appreciation of the work that the FSB does to maintain sound practices of the Financial Services Industry.

CIBAFI InFocus Session 2019 on "Islamic Finance in the CIS Region: A Path for Integration in the Financial System to Achieve Economic Growth and Sustainable Development"



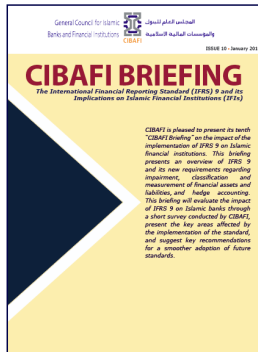
25th April 2019 | Following the success of CIBAFI's signature InFocus Session held in conjunction with the annual KazanSummit 2017 in Kazan, Tatarstan, the Secretariat held its second CIBAFI InFocus Session with this year's theme, "Islamic Finance in the CIS Region: A Path for Integration in the Financial System to Achieve Economic Growth and Sustainable Development" during the 11th International Economic Summit, "Russia - Islamic World: Kazansummit 2019".



CIBAFI InFocus Session brought together an international panel of distinguished speakers and Islamic finance industry stakeholders to discuss emerging opportunities, prospects and challenges for the integration of Islamic finance within the CIS region. It discussed how Islamic finance is represented as a means for the achievement of sustainable development within the region and determined the key milestones needed for its effective implementation.

Strategic Objective 2: Research and Innovation

CIBAFI 10th Briefing on “The International Financial Reporting Standard (IFRS) 9 and its Implications on Islamic Financial Institutions (IFIs)”



27th January 2019 | CIBAFI issued its tenth briefing on “The International Financial Reporting Standard (IFRS) 9 and its Implications on Islamic Financial Institutions (IFIs)”. This briefing presented an overview of IFRS 9 and its new requirements regarding impairment, classification and measurement of financial assets and liabilities, and hedge accounting. This briefing also evaluated the impact of IFRS 9 on Islamic banks through a short survey conducted by CIBAFI, presented the key areas affected by the implementation of the standard, and suggested key recommendations for a smoother adoption of future standards.

For more information on CIBAFI 10th Briefing, please visit www.cibafi.org.

CIBAFI 11th Briefing on “Islamic Finance & the United Nations Sustainable Development Goals”



09th May 2019 | CIBAFI issued its eleventh briefing on “Islamic Finance & the United Nations Sustainable Development Goals”. This briefing presents an overview of UN SDGs and the opportunities that Islamic finance represents to fill the current gap in financing these goals. It presents how important Islamic banks view the UN SDGs and the initiatives taken to achieve them.

For more information on CIBAFI 11th Briefing, please visit www.cibafi.org.

CIBAFI Award 2019 themed “Investment Innovation in MSMEs Financing”



CIBAFI has started the preparation of its second Award 2019 themed “Investment Innovation in MSMEs Financing” at the beginning of this year, presenting a unique opportunity for its member institutions around the world to participate and highlight their efforts in MSMEs financing through investment innovation.

This year’s Award aims to assess IFIs’ involvement in MSMEs financing, whereby the winner will be the IFI that sets an example in the innovation of financing products and services offered to MSMEs.

CIBAFI Secretariat received applications from its members and presented them to a screening committee for shortlisting the top 10 nominees according to the Award criteria. These applicants were then presented to the selection committee for nominating the designated institution. CIBAFI Secretariat is in its final stages of preparations for announcing the winner of CIBAFI Award 2019 during CIBAFI Annual Meetings on 13th May 2019 in Jeddah, Saudi Arabia.

Launch of CIBAFI’s fourth Global Islamic Bankers Survey: “Sustainability, Growth Drivers, and the Regulatory Challenge”

CIBAFI is pleased to share that we are in the final stages of releasing the fourth CIBAFI Global Islamic Bankers Survey 2019 themed “Sustainability, Growth Drivers, and the Regulatory Challenge”.

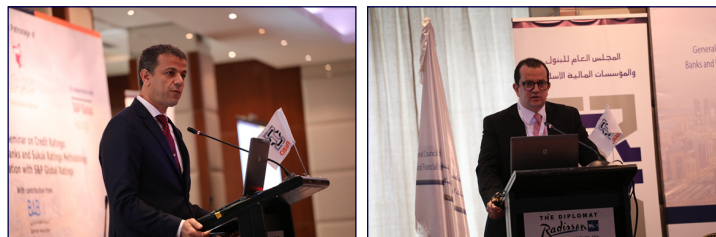
This year’s publication captured the views of 106 Heads of Islamic Banks and Financial Institutions from 33 countries globally, and it sheds light on the main issues facing Islamic financial institutions in the coming years, the necessary factors for business growth as well as the main regulatory challenges constraining them.

GIBS 2019 will be launched during CIBAFI Annual Meetings on 13th May 2019 in Jeddah, Saudi Arabia.



Strategic Objective 3: Training and Professional Empowerment

CIBAFI Seminar on “Credit Ratings: Focus on Islamic Banks and Sukuk Ratings Methodology”, in cooperation with S&P Global Ratings



Following the success of the first joint seminar in 2017, CIBAFI and S&P Global Ratings continue for the second time their cooperation to organize a Seminar on “Credit Ratings: Focus on Islamic Banks and Sukuk Ratings Methodology”, under the patronage of the Central Bank of Bahrain (CBB), on 29th – 30th April 2019 in Manama, Bahrain.

The seminar provided a great opportunity to engage in the process, methodology, and outcomes of credit ratings, to understand their vital role in assessing the creditworthiness of sovereigns, Islamic banks, and Islamic financial market instruments; a fundamental understanding of the components that result in a high or low rating. It also highlighted innovations in Islamic finance, including prospects for green sukuk issuance, which has attracted cumulative interest from investors in Islamic and traditional finance sectors.

CIBAFI In-House Executive Programmes

The successful initiative of CIBAFI to offer public Executive Programmes since 2015 has led to the opportunity to expand and offer these programmes tailored and customized to the executives of the Islamic financial services industry in particular to its member institutions. The inaugural In-House Executive Programme was held in Khartoum, Sudan for the top management of Bank of Khartoum.

CIBAFI will continue on working with the leading international business and finance schools to design and deliver executive programmes for our member institutions that will cater to their pressing top management training needs.

CIBAFI Network of Global Professional Development Agents Update: January – April 2019

CIBAFI offers its professional certifications through its network of 20 Global Professional Development Agents in 16 countries. We are pleased to update our members that from January till April, CIBAFI agents have organised 15 training sessions and have thus facilitated professional certifications for 345 trainees.

CIBAFI Technical Workshop on “Stress Testing for Islamic Financial Institutions (IFIs)”

The Secretariat is preparing for CIBAFI Technical Workshop on “Stress Testing for Islamic Financial Institutions (IFIs)” on 11th – 13th June 2019 in Istanbul, Turkey, hosted by the Istanbul School of Central Banking of the Central Bank of the Republic of Turkey.

This technical workshop is targeted to staff of Islamic banks and financial institutions as well as Regulatory and Supervisory Authorities (RSA). It will examine different techniques of stress testing and its crucial role in capital planning and capital management as well as the role of the regulatory authorities in managing industry-wide stress testing. The workshop will also feature experience sharing from different experts from various international organisations.

In-House Training Programme for Ahli Bank - Oman



14th – 18th April 2019 | Following a request from the bank, CIBAFI facilitated a Certified Islamic Banker programme for 20 employees of Ahli Bank in Muscat, Oman. The programme ran for 5 days and was delivered by a CIBAFI accredited Trainer. It aimed to certify and provide participants with the knowledge on Islamic finance and Islamic financial transactions.

CIBAFI In-House Trainings

CIBAFI Professional Development Agents executed several In - House Certified Islamic Banker programmes for Islamic banks and financial institutions during the period from January to April 2019 as below:

- Institute of Banking Studies of the Central Bank of Jordan: for 20 employees from Al Rajhi Bank, Jordan.
- Al Salam Center for Training, Research and Consultancy: for 50 employees from Al Salam Bank, Somalia.
- Tala’e Arriyadah for Training and Consultancy: for 25 employees from Alinma Bank, Saudi Arabia.
- Kapital Transak “Financité”: for 16 employees from Umnia Bank in Morocco.

MARK YOUR CALENDAR

12th – 13th May 2019 **Jeddah, Kingdom of Saudi Arabia**

- CIBAFI Members' Consultative Group Meeting (MCG)
- 13th Accreditation Board Meeting (AcB)
- Members and Professional Development Agents' Strategic Session
- CIBAFI 37th Board of Directors Meeting (BOD)
- CIBAFI 19th Annual General Meeting (AGM)
- CIBAFI Award 2019 Ceremony themed "Investment Innovation in MSMEs Financing"
- Launch of the Global Islamic Bankers' Survey with the theme: "Sustainability, Growth Drivers and the Regulatory Challenge"

11th – 13th June 2019 **Istanbul, Turkey**

CIBAFI Technical Workshop
"Stress Testing for Islamic Financial Institutions (IFIs)"

October 2019 **Manama, Kingdom of Bahrain**

Training of Trainers programme

October 2019
New York, United States of America
Islamic Finance and Sustainable Development Goals (SDGs)

November 2019 **Manama, Kingdom of Bahrain**

CIBAFI – Ivey Business School Executive Programme

November 2019 **Barcelona, Spain**

CIBAFI Technical Workshop
5th Mediterranean Islamic Finance Forum

About CIBAFI

CIBAFI is an international non-profit organisation founded in 2001 by the Islamic Development Bank (IDB) and a number of leading Islamic financial institutions. CIBAFI is affiliated with the Organisation 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 130 members from more than 34 jurisdictions from all around the world, CIBAFI is recognised as a key piece in the international architecture of Islamic finance.

Its mission is to support the Islamic financial services industry as the leading industry voice in advocating regulatory, financial and economic policies that are in the broad interest of its members and that foster the development of the Islamic financial services industry and sound industry practice.

CIBAFI is guided by its Strategic Objectives, which are 1) Advocacy of Islamic Finance Values and related Policies & Regulations; 2) Research and Innovation; and 3) Training and Professional Empowerment.

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