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السَّلائمُ عَلَيْكُمْ وَرَحْمَةُ اللهِ وَبَرَكَاتُهُ

t is with great pleasure that I present the Islamic Financial Services Board's (IFSB) 2024 Annual Report. Over the past year, the organisation experienced a period of consolidation, strategic planning, and significant progress. The year also marked a leadership transition within this esteemed organisation. In April, I assumed office as the fourth Secretary-General, succeeding Dr. Bello Lawal Danbatta, who concluded his term in January. I wish to place on record my sincere appreciation to Dr. Bello, whose invaluable contributions laid the foundation for some of the achievements highlighted in this report.

A key milestone was the endorsement by the IFSB Council of the *Guidance Note on Macroprudential Tools for the Islamic Banking Sector (GN-9)*, our first dedicated guidance addressing macroprudential policy for Islamic banking. In parallel, the Secretariat commenced work on developing three new standards and completed the translation of three standards each into Arabic, French, and Russian. Research papers on Mutual and Cooperative Insurance, Financial Inclusion, and Emerging Risks were also commenced during the year.

Demonstrating our commitment to Member jurisdictions, we provided Technical Assistance to five institutions, including the Agency of the Republic of Kazakhstan for Regulation and Development of Financial Markets, Bangko Sentral ng Pilipinas, and the Financial Services Authority of Indonesia (OJK) A particularly notable achievement was our first joint Technical Assistance mission with the International Monetary Fund (IMF) in supporting the Central Bank of Somalia: a collaboration that reflects our shared aim of nurturing Islamic finance in emerging markets.

The IFSB Council's approval of the Administered Account Framework for Donor Funding marked another major step that enhances our ability to mobilise funds for targeted capacity development, including capacity building, technical assistance, awareness programmes, and related initiatives.

In extending our reach, we intensified engagements across all industry facets. I participated in over 40 high-level and governance engagements throughout year. I am pleased to note four new institutions from various jurisdictions—Morocco, Russia, Suriname, and Uzbekistan—joined the IFSB's membership, reflecting the growing relevance of our work.

On the events front, regional and international engagements continue to deepen our work, including the landmark 16th IFSB Summit, in Brunei Darussalam, hosted by the Brunei Darussalam Central Bank, the 22nd Islamic Financial Stability Forum in Malaysia, and a high-level forum with Türkiye's regulatory bodies in Istanbul provided us further opportunities to showcase IFSB's technical and strategic contributions.

We also published the 12th edition of our flagship Islamic Financial Services Industry Stability Report 2024, providing critical insights and analysis on the global Islamic finance ecosystem. We further completed the launch of our Arabic website, mirroring the English platform, and provided wider access to publications, event updates, and the enhanced Prudential and Structural Islamic Financial Indicators (PSIFIs) database. In 2024, the PSIFIs initiative expanded its coverage to include the Insurance and Islamic Capital Market sectors, now supported by a network of 39 Regulatory and Supervisory Authorities (RSAs).

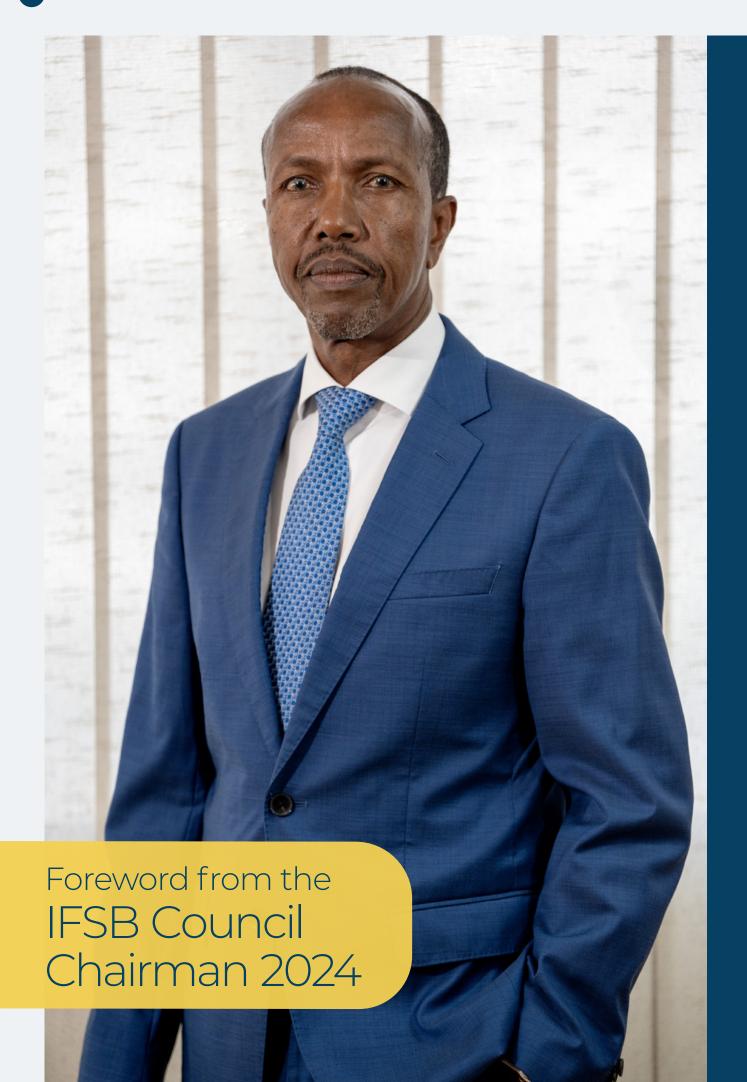
Importantly, 2024 marked the successful conclusion of the IFSB's 2022–2024 Strategic Performance Plan. With the approval of the new Strategic Plan 2025–2027, the IFSB is transitioning from a KPI-based model to an outcome-oriented framework. The new work programme aligns our strategic priorities with evolving global and Islamic finance developments, while remaining firmly rooted in our mission and mandate.

In closing, I wish to express my sincere appreciation to the IFSB Council, IFSB members, Technical and Working Group committees, and all stakeholders for their continued trust and support. My gratitude also goes to the Secretariat for their dedication and service. May Allah reward your hard work and efforts, here and in the Hereafter.

Together, we remain committed to our mission to strengthen the global Islamic financial services industry, foster resilience, and drive sustainable growth.

Dr Ghiath Shabsigh

Secretary-General of the IFSB



السَّلاَمُ عَلَيْكُمْ وَرَحْمَةُ اللهِ وَبَرَكَاتُهُ

t is with great pleasure that I present the foreword to the Islamic Financial Services Board's (IFSB) Annual Report 2024. At the outset, I extend my sincere appreciation to the Secretariat for their dedication and efforts in producing this comprehensive publication.

As the Chairman of the IFSB Council 2024, I am honoured to have served during a pivotal year marked by significant developments, strategic consolidation, and forward-looking planning at the IFSB. It has been a privilege for Banque Centrale de Djibouti to hold the Chairmanship, providing us with the platform to highlight the capabilities of our nation and the potential that Eastern Africa holds for the growth of the global Islamic financial services industry.

The IFSB Council has placed great emphasis on enhancing governance practices across all levels. This year, we welcomed Dr Ghiath Shabsigh as the new Secretary-General of the IFSB. This appointment brings renewed strategic focus and vision, reinforcing the organisation's commitment to excellence and leadership in the Islamic finance domain.

Importantly, the year 2024 marked the conclusion of the IFSB's 2022-2024 Strategic Performance Plan. The plan successfully achieved its objectives of strengthening the organisation's mandate and broadening its work programme. Under the purview of the Council, the Secretariat has undertaken the formulation of the 2025–2027 Work Programme, which places greater focus on the nonbank financial sector, the implementation of prudential standards, and institutional reforms; critical elements in advancing the IFSB's strategic goals. This, alongside the approved establishment of a 'Donor-Funding' account and a framework to support capacity development programmes, will undoubtedly elevate our

service to the industry. I am confident in the Secretariat's ability to deliver our commitment to the stability and soundness of the overall Islamic financial system.

Another key highlight of the year was the 16th IFSB Summit in Brunei Darussalam, graciously hosted by the Brunei Darussalam Central Bank. The Summit once again affirmed the IFSB's role as a global platform for policy dialogue, knowledge exchange, and collaboration among industry stakeholders. Feedback from participants underscored the value and excellence of the event, and I am confident that the forthcoming 17th IFSB Summit in Oman in 2026 will build upon this success.

Closing the 2024 journey, I convey my deepest appreciation to fellow Council members, Committee members, each IFSB member, and the Secretariat for their unwavering commitment and support. With such strong collaboration and dedication, we are well positioned to navigate the path ahead and harness emerging opportunities in the evolving Islamic finance landscape.

With best wishes,

H.E. Ahmed Osman Ali

IFSB Council Chairman 2024 Governor of the Banque Centrale de Djibouti (BCD)

About the **IFSB**

he Islamic Financial Services Board (IFSB) is an international organisation committed to promoting the soundness and stability of the Islamic financial services industry (IFSI) by developing international standards for the regulation and supervision of the IFSI, supporting the adoption and consistent implementation of standards and sound industry development through capacity building and technical assistance, monitoring financial stability, and identifying current and emerging risks to the IFSI.

Established in 2003 and headquartered in Kuala Lumpur, Malaysia, the IFSB works closely with other international organisations, regulatory and supervisory authorities, and regional partners, aligning its efforts with global standards towards the sustainable growth and development of Islamic finance, and serves as a platform for cooperation and knowledge sharing among its members.

For more information about the IFSB, please visit www.ifsb.org



MANDATE

Issue Standards and Guidance for all segments of the Islamic financial services industry

Carry out financial stability monitoring and analysis of the Islamic financial services industry

Provide capacity building and technical assistance





MISSION



To support the mainstream adoption of Islamic finance by promoting effective and globally consistent regulation and supervision to develop a fair, safe and resilient Islamic financial services industry that contributes to overall global financial stability.

IFSB 2024 YEAR IN HIGHLIGHTS



Standards Implementation

Capacity Building initiatives were increased on the IFSB Standards and Guidelines in Member Jurisdictions through the continuation of Facilitating the Implementation of IFSB Standards (FIS) Workshops. These include:

- Country/Regional Workshops
- Regulatory and Supervisory Authorities Workshops (RSAs Workshops)
- Capacity Building Workshops for Market Players (CBM Workshops) focusing on Islamic banking, Takaful and Islamic Capital Markets standards.

All workshops were conducted physically and virtually in Arabic, French and Russian, covering areas of the following:

- Technical Note on Shari`ah-compliant Liquidity Risk Management Tools
- Guidance Note on Sharî`ah-compliant Lender-Of-Last-Resort Facilities
- Liquidity Risk Management for Institutions Offering Islamic Financial Service,
- Guiding Principles on Governance for Islamic Collective Investment Schemes
- Revised Guiding Principles on Corporate Governance for Institutions Offering Islamic Financial Services
- Sharī'ah-compliant Liquidity Risk Management Tools
- Conduct of Business Supervision for Takāful Undertakings
- Islamic Deposit Insurance Scheme
- Tailored workshops covering Risk Management and Sharî`ah Governance standards
- Including high-level joint workshops with the Bangko Sentral ng Pilipinas to discuss regulatory considerations for Islamic banks from the IFSB standards perspective

All three Regulatory and Supervisory Authorities (RSAs) workshops series for all Islamic finance sectors were delivered successfully as well.

- Takaful RSAs workshop from 3 to 5 of September
- Islamic Capital Markets RSAs workshop from 10 to 12 September
- Islamic Banking RSAs workshop from 24 till 26 September

IFSB participated in a conference in Moscow organised by the Deposit Insurance Agency of Russia from 31 January to 2 February 2024.

As for Technical Support to Member Jurisdictions, the Secretariat, Central Bank of the UAE provided Technical Assistance/Policy Advice references to facilitate implementation to:

- World Bank, on the Regional Retakaful Fund and
- Bangko Sentral ng Pilipinas on Profit-Sharing Investment Account's coverage under the Deposit Insurance Systems
- Financial Services Authority of Indonesia (OJK) on Leverage Ratio and Risk-Weighted Assets from the IFSB-23 perspective
- Agency of the Republic of Kazakhstan for the Regulation and Development of the Financial Market on legal and prudential framework for Islamic windows in the jurisdiction
- Bank of Tanzania on IFSB-23 Revised Capital Adequacy Standard
- Central Bank of the UAE on the IILM Sukuk recognition as an HQLA under the IFSB's liquidity requirements

Stakeholder Engagements

The Secretariat engaged in several initiatives to promote international cooperation on emerging issues in Islamic finance. It participated virtually in the 9th Islamic Finance Conference (4 March 2024) and the 11th Islamic Finance and Investment School (7 March 2024), presenting on inflation's impact and the 2024 global outlook of the Islamic financial services industry, respectively.

Additionally, the IFSB joined a panel on climate-resilient infrastructure at the Brunei Darussalam Islamic Capital Market Conference (12–13 June 2024). The third edition of the Implementation Guidelines Report for the Islamic Capital Markets sector was published, with support from regulatory bodies in Malaysia, Pakistan, Indonesia, and Nigeria. The Secretariat is also developing new FAQs for the IFSB Standards.

Corporate Awareness & Profiling

The IFSB focused on effective communication and engagement with its members in 2024. The Secretary-General held over 40 high-level meetings, and key governance meetings proceeded as planned.

A membership survey was conducted in November 2024. Since July 2024, four new membership applications have been received from institutions in Suriname, Morocco, Uzbekistan, and Russia.

The IFSB advanced cooperation and stakeholder engagement in 2024 through multiple platforms and initiatives:

- Awareness & Industry Events Hosted seven programmes, including the 16th IFSB Summit (Brunei), Islamic Financial Stability Forum, and online roundtables with regulators. Key forums included the CBFO-IFSB-TKBB Forum (Türkiye), 4th CEO's Forum, and 6th Innovation Forum.
- Executive Programmes The secretariat delivered two Executive Programmes in October for Takaful and Islamic banking, featuring international experts.
- Engagement Sessions The secretariat held three Members and Industry Engagement Sessions (MIES) in Djibouti, Istanbul, and online. The Secretariat also organised 2 Industry Consultation Sessions (ICS) in collaboration with Bangko Sentral ng Pilipinas (Philippines).

- Publications The Secretariat released seven publications and three bulletins (28th–30th editions), including key reports on CEO Forums, Innovation Forums, and the Islamic Financial Stability Report 2024.
- Exhibitions The Secretariat featured pavilions at the IFSB Summit, GFIEF 2024, and Annual Meetings in Djibouti.
- Strategic Plans The IFSB Council approved the Stakeholder Engagement Plan for 2024, to enhance member and nonmember value.
- The Secretariat welcomed 17 external delegations from regulatory bodies, banks, and international institutions; and promoted IFSB's mission and membership benefits throughout the year.
- Social media growth changes for 2024 LinkedIn: 18,681 followers (+13%), Facebook: 1,698 followers (+27%), Twitter: 570 followers (+20%)
- Exclusive media interviews CNBC and Asian Banking and Finance boosted global visibility.
- Engagement with International Organisations The Secretariat also participated in key global meetings such as the IMF-WBG Spring Meetings, IsDB Group Annual Meetings, BIS Annual Meeting, IMF Annual Meetings and COMCEC.
- Participation in high-level international events The Secretariat also participated in forums by IsDB, Fitch Ratings, IAIF, BICAM and COP29.

The Secretariat also embarked on new branding initiatives, such as the QR codes for publications and custom email signatures for the IFSB Summit; alongside a launch of a "Request for Meeting" feature on the new IFSB website to streamline engagement. The IFSB Website revamp was completed for the English version on 22 Dec 2023, and Arabic version on 29 Nov 2024.



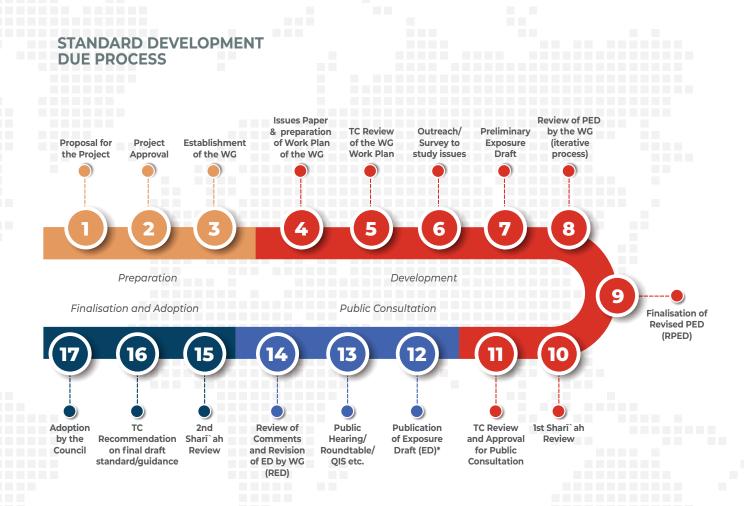




STANDARDS DEVELOPMENT

n 2024, a key milestone in standards development was achieved with the IFSB Council's endorsement of the Guidance Note on Macroprudential Tools for the Islamic Banking Sector (GN-9) at its 45th meeting on 22 December. GN-9 represents the IFSB's first dedicated guidance on macroprudential policy specifically designed for the Islamic banking sector. It provides regulatory authorities with practical direction on the application of macroprudential tools, considering the distinctive characteristics of Islamic banks when addressing systemic vulnerabilities. The Guidance Note focuses on three key areas: (1) adapting tools to Shari'ah-compliant contract structures; (2) overcoming challenges in risk identification and calibration; and (3) ensuring sound governance of macroprudential policy in jurisdictions with a significant Islamic banking sector.

Further advancing its policy development mandate, the IFSB commenced work on **Guiding** Principles for the Effective Supervision of Shari'ah Governance, a new set of guiding principles aimed at assisting regulatory and authorities in strengthening supervisory oversight of Shari'ah governance frameworks. initiative seeks to bolster confidence, protect stakeholders, and promote financial stability. Over the course of the year, the dedicated Working Group convened three times and finalised the policy proposals for inclusion in the Preliminary Exposure Draft.



Further progress was achieved on the **Guidance Note on Recovery and Resolution** for Takāful Undertakings, which aims to complement international recovery and resolution frameworks by addressing and the specific operational structural characteristics of takāful institutions. The Revised Preliminary Exposure Draft (RPED) was reviewed by the IFSB Sharī'ah Board, and the Sixth Working Group meeting was held to finalise the draft for public consultation.

The IFSB also advanced work on *Guidance* Note on *Climate-related Financial Risks for IIFS (Banking Segment)*, which supports the application of the Basel Committee on Banking Supervision (BCBS) Principles in the Islamic finance context. The note is tailored to address the unique contractual and operational features of Islamic banks in managing climate-related financial risks. During the Sixth Working Group meeting, the policy proposals were further refined, reviewed by the IFSB Sharī'ah Board, and finalised for release for public consultation.

ONGOING RESEARCH ACTIVITIES

In 2024, the IFSB launched a dedicated study on Mutual and Cooperative Insurance (MCI) to assess its potential relevance within Islamic finance frameworks. The research focuses on evaluating the Sharī'ah compliance of MCI models and their applicability to Islamic insurance operations. It also examines the unique structural features of MCI—particularly its member-owned nature—and compares them with conventional insurance and takāful models. The study aims to outline key prudential and risk management considerations for potential Islamic MCI applications and explore how such models might coexist with existing takāful frameworks. This initiative reflects a growing interest among regulators and industry stakeholders in diversifying Islamic insurance solutions. The final working paper is expected to be published in 2025.

Aligned with the IFSB's commitment to inclusive financial sector development, the Secretariat commenced a research study focusing on *financial inclusion*. This study investigates persistent challenges, particularly the limited effectiveness of microfinance institutions in achieving their developmental mandates. A

central theme is the strategic realignment of financial inclusion goals with the commercial sustainability of financial institutions, aiming to enhance scalability and long-term viability. By addressing the current disconnect between financial and developmental objectives, the study seeks to recommend a more coherent and impact-driven approach. The study is ongoing, and is expected to provide the foundation for future policy guidance relevant across both Islamic and conventional financial systems.

In response to the evolving landscape of financial innovation, the IFSB conducted two stocktaking exercises in 2024 addressing **emerging technologies: artificial intelligence (AI) and crypto assets**. These initiatives are part of the IFSB's broader strategy to assess the risks and opportunities posed by digital transformation in the Islamic financial services industry (IFSI). The focus of these assessments includes implications for Sharī'ah compliance, regulatory frameworks, and prudential oversight. The IFSB will continue to monitor these developments closely, ensuring that emerging risks are appropriately addressed within its regulatory and supervisory agenda.



............... **SECTION 2 FINANCIAL STABILITY MONITORING**

PRUDENTIAL AND STRUCTURAL ISLAMIC FINANCE INDICATORS (PSIFIs) DATABASE

he **PSIFIs** project remains a cornerstone initiative of the IFSB, as a comprehensive database that offers consistent, comparable data on the prudential and structural indicators of the Islamic financial system. Compiled in collaboration with regulatory and supervisory authorities (RSAs), PSIFIs serves as a vital tool for the IFSB and its stakeholders in monitoring the financial soundness and performance of the Islamic financial services industry (IFSI).

As of 2024, participation in the PSIFIs database has expanded significantly, from an initial four RSAs to a robust network of **39 participating jurisdictions**. This growth has greatly enhanced the breadth and granularity of the database,

providing a more comprehensive view of the global Islamic financial landscape.

To further improve data quality and operational efficiency, the PSIFIs project has embarked on the development of an integrated, web-based data management platform. This platform will include streamlined submission workflows, built-in data validation mechanisms, advanced query capabilities, downloadable datasets, and interactive visualisation tools. Scheduled for launch in 2025, the platform represents a major advancement in the IFSB's commitment to delivering high-quality, accessible data to support informed decision-making across the industry.

ISLAMIC FINANCIAL SERVICES INDUSTRY (IFSI) STABILITY REPORT 2024

The IFSB published the Islamic Financial Services Industry (IFSI) Stability Report 2024, the organisation's flagship annual publication. This report provides a comprehensive assessment of global trends, resilience indicators, and emerging risks across the Islamic banking, capital markets, and insurance segments. The 2024 edition offers valuable insights into the evolving structure and stability of the IFSI, serving as a key reference for regulators, policymakers, financial institutions, and other stakeholders.

In 2024, the IFSI experienced strong, broadbased growth, driven by rising global demand and expanding opportunities in emerging markets like Sub-Saharan Africa and Central Asia. Prudential indicators remained stable, supported by robust regulatory frameworks, though continued vigilance is needed to manage emerging risks.

However, structural weaknesses—particularly in the underdeveloped non-bank segments and <code>sukūk</code> markets—pose long-term challenges. Addressing these requires targeted reforms, including regular local currency <code>sukūk</code> issuance, simplification of structures, and development of market infrastructure to support sustained growth and financial resilience.



SECTION 3

CAPACITY DEVELOPMENT

CAPACITY BUILDING

In 2024, the IFSB sustained its strong commitment to capacity building by conducting **22 workshops** and engaging over **2,362 participants** from across the Islamic financial services industry. Delivered through a combination of virtual and in-person sessions, these workshops provided practical guidance on the implementation of IFSB standards, supporting both regulatory and supervisory authorities (RSAs) and industry stakeholders by enhancing their understanding of key regulatory and supervisory issues.

While capacity-building activities most continued to focus on the Islamic banking sector, there was growing interest in topics related to the takāful industry. The thematic focus of the workshops remained largely consistent with previous years: Islamic banking sessions covered core areas such as capital liquidity adequacy, risk management, Sharī'ah governance, and corporate governance. Additional sessions addressed the Islamic capital market, conduct-of-business supervision for takāful undertakings, and Shari'ah-compliant liquidity management tools. These themes reflect the evolving regulatory and developmental priorities within the industry, equipping participants with the knowledge needed to strengthen regulatory frameworks and improve market practices.

Expanding Reach: Regional Workshops in Multiple Languages

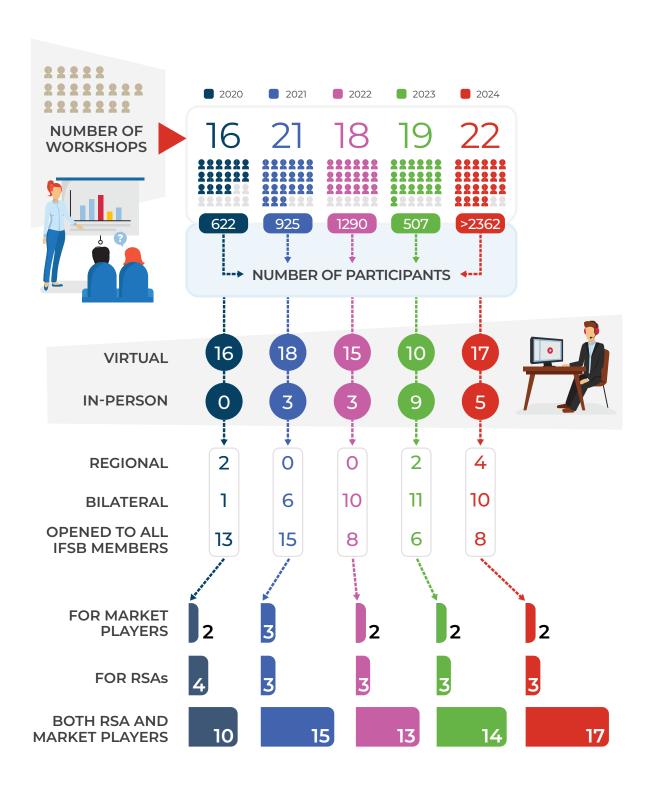
In 2024, the IFSB reinforced its commitment to inclusivity and member engagement by conducting regional workshops in multiple languages—a unique initiative among global standard-setting bodies. Recognising the linguistic and cultural diversity of its membership, the IFSB delivered three specialised online workshops in French, Arabic, and Russian, ensuring wider access to key regulatory topics across different regions.

- French Regional Workshop (West Africa):
 Focused on Sharī'ah-compliant Lender-of-Last-Resort Facilities, providing regulators with insights into emergency liquidity support mechanisms that align with Islamic finance principles.
- Arabic Regional Workshop (MENA):
 Addressed the newly issued Corporate
 Governance Standard, outlining best practices in governance for institutions offering Islamic financial services.
- Russian Regional Workshop (Central Asia & CIS): Covered Liquidity Risk Management for Islamic financial institutions, supporting enhanced risk oversight and regulatory harmonisation in emerging Islamic finance markets.

A recurring theme across all three workshops was participants' appreciation for the IFSB's proactive outreach, coupled with a strong call for more frequent and extended sessions. While the workshops targeted advanced regulatory topics, many participants also expressed a desire to revisit foundational concepts in Islamic finance as part of future capacity-building programmes. This valuable feedback will help shape upcoming regional training initiatives, ensuring they remain both accessible and responsive to the evolving practical needs of member jurisdictions.

Statistics on Capacity Building Workshops

Delivered capacity-building activities: workshops and sharing-of-experience sessions



VIEWS FROM THE FIELD: KEY SUCCESS STORIES

Building Capacity for Pakistan's Transition to an Islamic Financial System: Key SECP–IFSB Initiatives in 2024

In support of Pakistan's commitment to fully transition to an Islamic financial system by 2027, the Securities and Exchange Commission of Pakistan (SECP), in collaboration with the Islamic Financial Services Board (IFSB), launched a series of targeted initiatives in 2024 aimed at strengthening the Islamic capital market (ICM) framework. These efforts focused on capacity building, regulatory alignment, and the enhancement of market practices in line with international standards.

A key milestone was the three-day Capacity-Building Workshop on Islamic Capital Markets, held from 24–26 April 2024 in Islamabad. The event brought together participants from major national institutions, including the SECP, State Bank of Pakistan (SBP), Ministry of Finance, and the Pakistan Stock Exchange. The workshop aimed to deepen technical expertise and promote the adoption of international best practices. Outcomes from the session were directly reflected in the SECP's Strategic Action Plan 2024–2026, which outlines reforms such as:

- Adoption of the IFSB Core Principles for Islamic Capital Markets and Takāful Undertakings;
- Introduction of Sharī'ah-compliant dispute resolution mechanisms; and
- Integration of Islamic social finance into Pakistan's broader financial framework.

Further reinforcing this agenda, the SECP hosted the Second International Islamic Capital Market Conference on 12 December 2024, in partnership with the Islamic Development Bank Institute (IsDBI) and the Accounting and Auditing Organization for Islamic Financial

Institutions (AAOIFI). The IFSB contributed to key sessions, including a panel on "Navigating the Future of Islamic Capital Markets: Innovation, Sustainability, and the Regulatory Landscape", and a breakout session on "Integrating Sustainability in the ICM."

Ahead of the conference, the IFSB also delivered a dedicated pre-conference workshop on disclosure requirements for Islamic capital market instruments, including <code>ṣukūk</code> and Islamic Collective Investment Schemes (ICIS). This session emphasised transparency, investor protection, and market integrity as critical pillars for the growth and resilience of Pakistan's Islamic financial system.

Building Capacity for Islamic Finance Development: Bangko Sentral ng Pilipinas (BSP) and IFSB Collaboration

In support of the Bangko Sentral ng Pilipinas (BSP) efforts in developing a robust and sound Islamic finance industry in the Philippines, the BSP partnered with the Islamic Financial Services Board (IFSB) to conduct two **Industry Consultation Sessions (ICS)** for Regulatory and Supervisory Authorities (RSAs) in 2024.

The first ICS, held virtually on **16 April 2024**, focused on Islamic banking, providing practical insights to strengthen the regulatory and supervisory framework. The second session expanded the discussion to cover **Islamic capital markets (ICM)** and **Islamic insurance** (takāful), addressing regulatory considerations, market opportunities, and implementation challenges. Together, these sessions mark an important step in aligning the Philippines' Islamic finance framework with global standards and supporting the sustainable development of the sector.

Sharing of Experience Session: **Enhancing Knowledge Exchange Among Members**

The Sharing of Experience Session is a flagship initiative of the IFSB designed to promote dynamic dialogue and peer learning among its members. As an inclusive virtual forum, it brings together representatives from regulatory and supervisory authorities, industry experts, and partner institutions to exchange insights on practical implementation challenges and solutions in the Islamic financial services industry. By fostering collaborative discussion, the initiative supports the enhanced application of IFSB standards and encourages continuous improvement through shared experience.

The session, held virtually on 24 July 2024, addressed a critical theme: "Safeguarding Deposits: Insights into the Regulatory Framework and Operational Practices of Islamic Deposit Insurance." Building on the momentum of previous sessions, such as the 2023 dialogue on regulatory frameworks for takāful, the 2024 edition provided a platform for in-depth exploration of deposit protection

Sharī'ah-compliant mechanisms within financial systems.

Key presentations included that by the Perbadanan Insurans Deposit Malaysia (PIDM), Malaysia) on Malaysia's experience in managing Shari'ah-compliant Deposit Insurance Systems (DIS) and the Takāful Insurance Benefits Protection System (TIPS). The **Lembaga** Penjamin Simpanan (LPS, Indonesia) shared an analytical overview of Indonesia's Islamic DIS framework, including case studies and resolution approaches for Sharī'ah-compliant banks. Finally, the Nigeria Deposit Insurance Corporation (NDIC) highlighted progress in non-interest banking, focusing on its deposit insurance framework tailored to Islamic financial institutions, along with key benefits and challenges.

The session attracted over 70 participants from across IFSB member jurisdictions, including RSAs, deposit insurance practitioners, and other industry stakeholders. It served as a valuable forum for knowledge exchange and offered practical guidance on navigating the complexities of Islamic deposit insurance systems.



The IFSB's **technical assistance programme**, which provides targeted support to regulators for developing or enhancing prudential frameworks for Islamic finance, also continued steadily in 2024. The **Asian region** remained the largest recipient of this assistance, followed by jurisdictions in **Africa**.

IFSB-IMF Collaboration: Somalia Mission

In November 2024, the IFSB, in collaboration with the International Monetary Fund (IMF),

conducted its first joint technical assistance mission to the Central Bank of Somalia (CBS); a landmark initiative underscoring the IFSB's commitment to advancing Islamic finance in emerging markets.

The mission aimed to support the development of Somalia's Islamic banking sector by addressing several foundational areas, including Sharī'ah governance, risk management frameworks, liquidity management instruments, and the potential establishment of an Islamic deposit insurance scheme.

Delivered Technical Assistance

	AFRICA			ASIA			Total
	EA	NA	WA	SA	WA	CA	
2020		7_ ^	_	-	2	_	2
2021	_	1	2	_	<u> </u>	2	5
2022		-		1	1	-	2
2023	<u></u>	2	5-	_	3	1	6
2024	1	y - y -	_	2	1	1	5

AFRICA

EA East Africa NA North Africa WA Western Africa

ASIA

SA Southeast Asia
WA Western Asia (Middle East)
CA Central Asia

CBS expressed appreciation for the IFSB's contributions and welcomed the possibility of further collaboration to strengthen the country's Islamic financial infrastructure.

Looking ahead to 2025, and in alignment with the IFSB Strategic Plan 2025-2027, the Secretariat is preparing to scale up its capacitybuilding and technical assistance initiatives, subject to continued support from donor partners. Planned initiatives include:

- Increasing the overall volume of training.
- Expanding delivery platforms using online and distance-learning technologies.
- Strengthening collaboration with donors and development agencies to support cofinanced training activities; and
- Introducing more hands-on, high-impact training modules, with a focus on deeper regulatory engagement.





SECTION 4

STAKEHOLDERS' ENGAGEMENT

eyond the standard-setting and implementation activities, the IFSB provides its members with platforms for engagement and knowledge sharing.

We engage widely with a broad range of stakeholders throughout the year via regional and global forums, executive programmes, and other member-hosted events.

THE 16TH IFSB SUMMIT

The 16th IFSB Summit took place in Bandar Seri Begawan, Brunei Darussalam on 8 and 9 May 2024. The 16th edition of the summit was hosted by the Brunei Darussalam Central Bank (BDCB), bringing together more than 200 high-level participants from over 20 countries, including regulators, policymakers, industry leaders, and representatives from inter-governmental institutions and academia.

With the theme 'Islamic Finance and Financial Stability in an Evolving Environment: Navigating Emerging Risk', the two-day Summit underlined some of the important global shifts and changing dynamics in the global environment, recognising both opportunities and new risks that they present for the Islamic finance industry. The panel sessions invited the industry to evaluate the implications of these challenges on Islamic finance stability and resilience, with a focus on macroprudential policy and liquidity risk management.

The Summit featured prominent organisations such as central banks, international organisations, and international Islamic finance

community representatives from Bangladesh, Indonesia, Malaysia, Morocco, Saudi Arabia, Oman, Nigeria, Somalia, and the Philippines, as well as market players. The participation of local and international organisations at the event exemplifies the joint efforts of policymakers, regulatory and supervisory authorities and Islamic financial institutions to address critical gaps, monitor cross-border risks, and foster stability in the Islamic financial services industry.





2024 **TIMELINE**

MAY

- 16th Summit in Brunei Darussalam
- 22nd Islamic Financial Stability Forum in Kuala Lumpur
- Exhibition at Bank Negara Malaysia's Global Forum on Islamic Economics & Finance (GFIEF 2024) in Kuala Lumpur

AUGUST

• Industry Consultation Session (ICS) for Regulatory and Supervisory Authorities (RSAs) with Bangko Sentral ng Pilipinas (BSP) on into Islamic Capital Markets (ICM) and Takaful (Islamic insurance)

NOVEMBER

- 4th CEO's Forum
- 6th Innovation Forum
- CBFO-IFSB-TKBB Forum on 'Strengthening Ties Between the IFSB and the Participation Financial System in Türkiye'

JANUARY

• Industry Consultation Session (ICS) for Regulatory and Supervisory Authorities (RSAs) with Bangko Sentral ng Pilipinas (BSP) on Islamic Banking

JULY

• 16th Public Lecture on the Role of Islamic NBFIs and the Potential of Islamic Social Finance

OCTOBER

- 8th Executive Programme: Effective Crisis Management, Participant Protection, and Recovery and Resolution Planning for Takāful Undertakings
- 9th Executive Programme: Addressing Systemic Shocks: Crisis Preparedness and Strengthening Supervision to Enhance Resilience of Islamic Banks

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08

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EXECUTIVE PROGRAMMES

 8th Executive Programme: Effective Crisis Management, Participant Protection, and Recovery and Resolution Planning for Takāful Undertakings

The programme brought together seasoned participants from the *takāful* sectors. With a focus on *takāful* specificities, the programme was designed to equip participants with actionable strategies, global perspectives, and networking opportunities to collaboratively share knowledge and

- experiences on strengthening the resilience of *takāful* undertakings.
- 9th Executive Programme: Addressing Systemic Shocks: Crisis Preparedness and Strengthening Supervision to Enhance Resilience of Islamic Banks

The programme was tailored to enhance crisis preparedness, fortify supervisory oversight, and ensure the long-term stability of Islamic banks in the face of systemic challenges.









GLOBAL AND REGIONAL FORUMS

22nd Islamic Financial Stability Forum

IFSB held its 22nd Islamic Financial Stability Forum on 27 May 2024, in conjunction with Bank Negara Malaysia's Global Forum of Islamic Economics and Finance (GFIEF) 2024 in Kuala Lumpur, Malaysia. Themed 'Stability and Resilience of the Islamic Financial Services Industry in an Evolving Risk Environment', the forum featured experts' discussions on the latest developments and growth trends in the global and regional Islamic finance sectors. Speakers consisted of senior representatives from Bank Negara Malaysia, Bangko Sentral ng Pilipinas, Central Bank of Oman, Central Bank of the United Arab Emirates, Securities Commission Malaysia, and Moody's Ratings among others.

4th CEO's Forum

The fourth edition held on 28 November 2024 virtually brought together industry leaders who are contributing to the growth of the Islamic finance industry. It featured speakers from Ethis, Tijara Holding, Bank Nizwa, and Wahed, facilitating knowledge-sharing among participants with a focus on enhancing industry resilience. Discussions covered the challenges, opportunities, and strategic actions needed to reinforce the stability and strength of the Islamic financial services industry.



6th Innovation Forum

Held virtually, the forum that took place on 28 November 2024 served as a platform for showcasing cutting-edge Islamic finance solutions, highlighting the economic value these innovations bring, particularly in enhancing financial inclusion, supporting economic growth, and advancing sustainable development. Key topics presented by speakers from Wahed X, Tijara Holding, and Bank Muamalat Malaysia Berhad included how innovations in artificial intelligence (AI), blockchain, and data analytics are transforming the industry, making it more efficient, inclusive, and resilient.



CBFO-IFSB-TKBB Forum on 'Strengthening Ties Between the IFSB and the Participation Financial System in Türkiye'

A collaboration between IFSB, the Finance Office of the Presidency of the Republic of Türkiye (CBFO), and the Participation Banks Association of Türkiye (TKBB), the forum that was held on 18 November 2024 in Istanbul, Türkiye, brought together 150 participants including regulators, policymakers, and industry leaders to address critical issues shaping the Islamic financial services industry (IFSI) in Türkiye. The forum marked a significant step for Türkiye as a dynamic centre for Islamic finance in the region. Among the speakers present were senior representatives from the IFSB, Central Bank of Türkiye, Bank Al-Maghrib, Capital Markets Board of Türkiye, and Insurance, and the Private Pension Regulation and Supervision Board of Türkiye.















IFSB Publications

In addition to awareness-raising events, other forms of stakeholder and industry engagement are undertaken by the IFSB.

IFSB BULLETIN



28th Edition – Appointment of Dr Ghiath Shabsigh to Secretary-General position



29th Edition - focused on the 44th Council Meeting and 22nd General Assembly and Side Events



30th Edition – featuring the 'Strengthening Ties Between the IFSB and the Participation Financial System in Türkiye' Forum



IFSB Islamic Financial Stability Report 2024



IFSB 2023 Annual Report

PUBLICATIONS



IFSB – SECN International Forum on Non-Interest Capital Market Proceedings



5th Innovation Forum Proceedings



21st Islamic Financial Stability Forum – Key Takeaways

IFSB in the Media



May 2024

CNBC Asia on Improving Islamic Finance Traceability with Technology (5 minutes interview)

BANKING&FINANCE

October 2024

Asian Banking & Finance on Regulatory Gaps and Rising Demand Fuelling Islamic Banking Boom in Asia (5 minutes interview)



November 2024

TRT World on Türkiye, Positioned as Dynamic Hub for Islamic Finance (3 minutes interview)



December 2024

CNBC Arabia on IFSB Working To Establish an Integrated System of Regulations to Ensure the Safety and Growth of the Banking Sector (26 minutes interview)



Throughout 2024, IFSB garnered prominent international media exposure, reinforcing its role as a key supporting organisation in developing the global Islamic finance agenda. Secretary-General Dr Ghiath Shabsigh was featured in notable and exclusive interviews with CNBC Asia, Asian Banking & Finance, TRT WORLD and CNBC Arabia.

He underscored Islamic finance's regulatory progress, societal relevance, and expanding global appeal. These media engagements further enhanced the IFSB's visibility and communicated its strategic vision for sustainable financial development.



SECTION 5 GOVERNANCE AND ADMINISTRATION

EXECUTIVE COMMITTEE AND TECHNICAL COMMITTEE

n 2024, the Secretariat presented the nominated EC members for the new Term 4, which the Council approved at the 45th meeting. The Council Chairman had earlier

invited nominations from all Council members, to appoint members for the new EC term, which was circulated by the Secretariat.

The approved nominations from 14 Council members are listed below:

	Organisation	Nominee*	Designation
1	Islamic Development Bank	H.E. Dr. Sami Al Suwailem	Acting Director
2	Bangladesh Bank	Mr. Md. Kabir Ahmed	Deputy Governor
3	Bank Indonesia	H.E. Destry Damayanti	Senior Deputy Governor
4	Central Bank of Iraq	H.E. Dr. Ammar Hamad Khalaf	Deputy Governor
5	Central Bank of Jordan	Mr. Husien Kofahy	Executive Manager Banking Supervision Department
6	Bank Al-Maghrib	Mr. Badr Nabil	Deputy Director Banking Supervision Directorate
7	Bank Negara Malaysia	H.E. Datuk Shaik Abdul Rasheed Ghaffour	Governor
8	Central Bank of Nigeria	H.E. Philip Chukwuemeka Ikeazor	Deputy Governor
9	Central Bank of Oman	H.E. Rashid Bin Zayid Al Ghassani	Executive Vice President
10	State Bank of Pakistan	Mr. Syed Samar Hasnain	Executive Director Islamic Finance Group
11	Qatar Central Bank	H.E. Hamad Ahmad Al-Mulla	Assistant Governor Supervision
12	Central Bank of Sudan	H.E. Salaheldin Sheikh Khidir Bakhit	Deputy Governor
13	Banking Regulation and Supervision Agency - Türkiye	H.E. Dr. Yakup Asarkaya	Deputy Chairman
14	Central Bank of the United Arab Emirates	H.E. Ebrahim Obaid Al Zaabi	Assistant Governor Monetary Policy and Financial Stability

^{*}The names are arranged in alphabetical order by country

The 44th Council meeting approved the formation of the TC Term 8. The Council Chairman had earlier invited nominations for

the new TC term, from all Council members which was circulated by the Secretariat.

The approved nominations for TC Term 8 members are listed below.

	Organisation	Nominee*	Designation
1	Islamic Development Bank	Syed Faiq Najeeb	Lead Islamic Finance Specialist, IsDB Institute
2	Central Bank of Bahrain	Ms. Shireen Abdulkarim Al Sayed	Director, Regulatory Policy Unit
3	Bangladesh Bank	Mr. Mohammad Shahriar Siddiqui	Director, Banking Regulation and Policy Department
4	Brunei Darussalam Central Bank	Dr. Mariawati Omar	Senior Manager, Risk Specialist (Syariah Finance)
5	Central Bank of Egypt	Mr. Mohamed Abou Moussa	Assistant Governor
6	Bank Indonesia	Dr. Rifki Ismal	Director, Islamic Economic and Finance
7	Otoritas Jasa Keuangan	Ms. Nyimas Rohmah	Director, Department of Islamic Banking
8	Central Bank of Iraq	Mr. Mustafa Abd Nazzal	Asst. Manager of the off-site supervision department
9	Central Bank of Kuwait	Dr. Mohammad Al Khamees	Manager of Off Site Supervision Department
10	Central Bank of Libya	Dr. Ali Abusalah Amreeghah	Deputy Director of Research & Statistics Department and Head of Communications Unit in the Governor's Office
11	Bank Negara Malaysia	Mr. Nik Faris Nik Salahuddin	Deputy Director of the Prudential Financial Policy Department
12	Securities Commission Malaysia	Ms. Sharifatul Hanizah Said Ali	Executive Director of Islamic Capital Market
13	Bank Al-Maghrib	Dr. Mohammed Zougari- Laghrari	Head of Research and Relation with Participation Financial Institutions
14	Central Bank of Nigeria	Dr. Abdurrahman Abdullahi	Assistant Director, Non-Interest Banking Unit / FRACE Secretariat
15	National Insurance Commission (NAICOM), Nigeria	Mr. Ahmad Usman Kollere	Head, Licensing & Regulation, Intermediaries
16	Central Bank of Oman	Mr. Saud Al Busaidi	General Manager, Central Bank of Oman
17	State Bank of Pakistan	Ms. Nighat Tanveer	Director, Islamic Finance Development Department (IFDD)
18	Qatar Central Bank	Mr. Hisham Saleh Al-Mannai	Governor's Advisor
19	Saudi Central Bank	Mr. Walid Alzahrani	Director of the Islamic Finance Division
20	Central Bank of the Republic of Türkiye	Mr. Erhan Akkaya	Director of Participation Finance Division
21	Banking Regulation and Supervision Agency - Türkiye	Dr. İlker KOÇ's	Head of Department
22	Central Bank of the United Arab Emirates	Mr. Abdulaziz Saoud Abdulaziz Al Mualla	Manager - Higher Sharia Authority, Banking Supervision

^{*}The names are arranged in alphabetical order by country

The Council approved the nomination of H.E. Datuk Shaik Abdul Rasheed Ghaffour, as the Chairman of the EC, and H.E. Dr. Yakup Asarkaya as the Deputy Chairman of the EC; and the

nomination of Mr. Saud Al Busaidi as the Chairman of the TC, and Mr. Mohamed Abou Moussa as the Deputy Chairman of the TC.

44TH COUNCIL MEETING AND 22ND GENERAL ASSEMBLY

The 44th Meeting of the Council and 22nd General Assembly of the Islamic Financial Services Board (IFSB) was convened in-person and hosted by the Banque Centrale de Djibouti on 2 July 2024. The Council meeting was attended by 22 out of the 34 Council members. The 22nd General Assembly of the IFSB was attended by 40 members: 32 attending in person and 8 members joining virtually.

A key feature of the Council meeting was the **Tour de Table** session, during which the Central Bank of Jordan, Bank Negara Malaysia, Central Bank of Nigeria, and Central Bank of Oman delivered comprehensive presentations. These institutions shared insights and experiences related to the theme: 'Economic and Financial Stability Issues in the Islamic Financial Services *Industry:* Enhancing Supervision, Crisis Management Frameworks, and Cross-border Cooperation'. The session successfully fostered knowledge-sharing and strengthened mutual understanding among member institutions. The primary objective of the Tour de Table session was to facilitate high-level strategic dialogue

among Council Members and to provide guidance to the Secretariat. These discussions were aimed at enhancing the Secretariat's effectiveness in fulfilling its mandate.

The Secretary-General presented the paper 'Funding Implementation Mandate Strategic Planning Framework 2025–2027'. The presentation received strong support from the Council Members, reaffirming commitment to the long-term strategic direction of the IFSB.

For the 22nd General Assembly, a new segment titled **Members Sharing Session** was introduced during the Assembly. The inaugural session featured TajBank Ltd of Nigeria, whose presentation was well received by the participants. Members commended the initiative and expressed strong interest in further activities that promote inclusivity, especially for observer and associate members. This reflects the IFSB's continued commitment to broader engagement and capacity-building within its community.



45TH COUNCIL MEETING OF THE IFSB

The 45th Meeting of the IFSB Council, was also convened in-person and hosted by the Banque Centrale de Djibouti on 22 December 2024 with 18 members in attendance.

The Council approved the appointment of H.E. Abdellatif Jouahri, Governor of Bank Al-Maghrib, as the Chairman; and H.E. Dr. Perry Warjiyo, Governor of Bank Indonesia, as the Deputy Chairman of the IFSB Council for the year 2025. The Council also approved the new Executive Committee (Term 4), consisting of 14 members, with H.E. Dato' Seri Shaik Abdul Rasheed Ghaffour, Governor of Bank Negara Malaysia, as the Chairman of the EC, and H.E. Dr. Yakup Asarkaya, Deputy Chairman of Banking Regulation and Supervision Agency, Türkiye as the Deputy Chairman of the EC.

A key outcome was the approval of the 2025–2027 Strategic Plan, which outlines strategic priorities in financial sector policy development, financial stability monitoring, standards implementation, communications and engagement, and institutional reforms. In addition, the Council endorsed a Five-Step Remedial Action Plan, establishing a new policy framework for addressing member arrears, with discretionary authority vested in the Council.

The Council and Secretariat also acknowledged the contributions of Mr. Suhail Al-Zadjali, who completed his three-year term as Assistant Secretary-General, and Mr. Abdullah Haron who will join as the new Deputy Secretary-General.

FRAMEWORK ON DONOR FUNDING

Advancing Standards Implementation through a Donor-Funded Mechanism

To support the effective adoption of its standards and strengthen Islamic financial systems across member jurisdictions, the IFSB has intensified its focus on standards implementation, as outlined in Strategic Key Result Area 2 (SKRA-2) of its 2022–2024 Strategic Performance Plan.

In response to this priority, the IFSB Council approved a new organizational structure in early 2023, including the establishment of a dedicated Standards Implementation Department. The Council also endorsed the 2024 Standards Implementation Roadmap (SIR) to guide enhanced technical engagement and internal coordination.

Amid growing demand—particularly from emerging Islamic finance markets in Africa and Central Asia—the current funding model, largely dependent on membership fees, has proven inadequate to support the scale and type of technical assistance required.

To bridge this gap, the Council, in its 44th meeting held in Djibouti, approved the Administered Account Framework for Donor Funding of Selected IFSB Activities, which establishes a dedicated Account for Selected Activities (ASA). This donor-funded mechanism allows contributions from donors and recipient countries to support targeted technical services, including capacity building, technical assistance, training, and related strategic initiatives.

The ASA will operate with full transparency under clear governance guidelines, allowing

contributors to specify funding priorities. It will be independently audited, and its performance reported annually, ensuring accountability and alignment with the IFSB's strategic objectives. This innovative funding model marks a significant step in enabling the IFSB to deliver on its strategic mandate and meet the growing expectations of its diverse and expanding membership.

NEW STRATEGIC PLAN 2025-2027

The IFSB Strategic Plan for 2025–2027 was approved by the Council during its 44th meeting in Djibouti on 23 December 2024. The Plan outlines the IFSB's priorities over the next three years in response to a rapidly evolving global and Islamic finance landscape. It also reflects the IFSB's commitment to strengthening the resilience, soundness, and inclusiveness of the global Islamic financial services industry (IFSI) through targeted standard setting, capacity building, and strategic engagement.

a. Context and Strategic Rationale

The current global environment presents heightened risks, including geopolitical tensions, economic uncertainty, climate change, and rapid technological advancement. Islamic finance continues to demonstrate strong growth and resilience yet remains exposed to both global systemic risks and sector-specific vulnerabilities. Recognising these dynamics, the IFSB's Strategic Plan seeks to deepen the sector's foundations, address key emerging challenges, and strengthen the infrastructure needed to support sustainable and inclusive growth in Islamic finance.

b. Strategic Priorities

1. Policy and Regulatory Development

The IFSB will enhance its focus on strengthening the financial policy and regulatory environment, with key areas including:

- Non-Bank Financial Institutions (NBFIs):
 Expanding regulatory work to promote the sound development of Islamic capital markets, insurance (takāful), finance companies, and social finance instruments.
- Financial Safety Net Frameworks: Finalising frameworks for Islamic deposit insurance, lender-of-last-resort mechanisms, and recovery and resolution regimes.
- Emerging Issues: Addressing climate-related risks, sustainability, and the implications of digitalisation for financial regulation and supervision.
- Standards Review: Enhancing the quality and presentation of existing standards to ensure continued relevance and alignment with global norms.

2. Capacity Development and Technical Assistance

Recognising the importance of implementation, the IFSB will significantly expand its capacity development activities:

- Technical Assistance (TA): Launching a strengthened TA programme to support member jurisdictions in developing regulatory frameworks, <u>sukūk</u> markets, insurance sectors, and liquidity management tools
- Workshops and Peer Learning: Delivering targeted training and promoting knowledge exchange among regulators and supervisors.

• **Digital Learning:** Enhancing the IFSB e-learning platform for continuous professional development.

These initiatives are subject to resource availability and may be supported by external donor funding.

3. Research and Analytical Support

The research programme will underpin the IFSB's standard-setting and implementation goals by:

- Supporting the development of analytical tools and guidance.
- Exploring key issues in Islamic finance, including hybrid financial instruments, cooperative insurance, cash waqf, and conversions from conventional to Islamic finance.
- Leading forward-looking research into financial inclusion, sustainability, and digital innovation, particularly green <u>sukūk</u> and fintech solutions.

4. Financial Stability Monitoring

To safeguard the stability of the IFSI, the IFSB will:

- Expand and improve the Prudential and Structural Islamic Financial Soundness Indicators (PSIFIs) database.
- Enhance the **Annual Islamic Financial Stability Report (IFSR)** with thematic focus areas and detailed sectoral analyses.

5. Engagement, Governance, and Communication

The IFSB will strengthen its institutional capabilities and global presence through:

- Membership Engagement: Providing greater value and customised services to regulatory and market participants.
- Stakeholder Communication: Implementing a proactive, multi-channel communications strategy to raise awareness and promote Islamic finance globally.

 Institutional Reform: Finalising governance enhancements and investing in staff development to strengthen organisational delivery and agility.

c. Guiding Principles

The Strategic Plan is anchored on four core principles:

- a. **Global Commitment:** Promoting soundness and stability in Islamic finance through robust standards and risk monitoring.
- b. **Member Support:** Enabling safe and inclusive IFSI development through technical and capacity-building support.
- c. International Collaboration: Deepening global engagement with stakeholders, standard setters, and development organisations.
- d. **Institutional Excellence:** Fostering organisational agility through improved governance, staff capabilities, and strategic alignment.

d. Development Process

The Strategic Plan was developed through a structured and consultative process involving:

- **Broad Consultation:** Engagement with member regulatory and supervisory authorities (RSAs), international bodies, and standard setters via a Strategy Note.
- Evidence-Based Analysis: Research on macro-financial trends and sectoral assessments informing strategic priorities.
- Internal Review: Consideration of Council decisions and performance evaluation of ongoing IFSB initiatives.

FINANCIAL HIGHLIGHTS

TOTAL INCOME

(OSI	2020	3,838,024
	2021	3,908,809
EAR (USD)	2022	3,908,809
YEA	2023	3,963,199
	2024	4,008,617

MEMBERSHIP

	2020	3,629,500	5-YEAR	
(OSD)	2021	3,669,000	MEMBERSHIP GROWTH	-3.86%
'R (U	2022	3,608,500		
YEA	2023	3,629,000	5-YEAR CAGR	-0.78%
	2024	3,489,500		

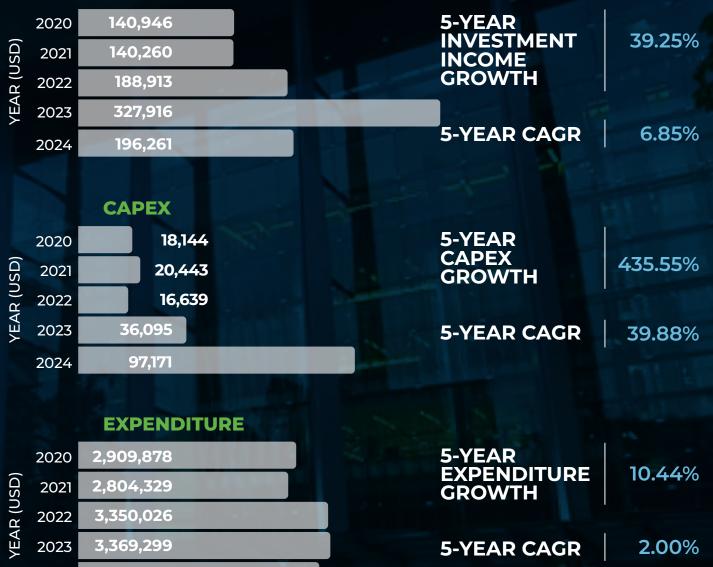
NET SURPLUS

	2020	928,146	SURPLUS	-19.05%
(USD)	2021	1,104,480	GROWTH	
R (U	2022	457,195		
YEA	2023	593,900	5-YEAR CAGR	-4.14%
	2024	751,314		

INVESTMENT INCOME

3,257,303

2024

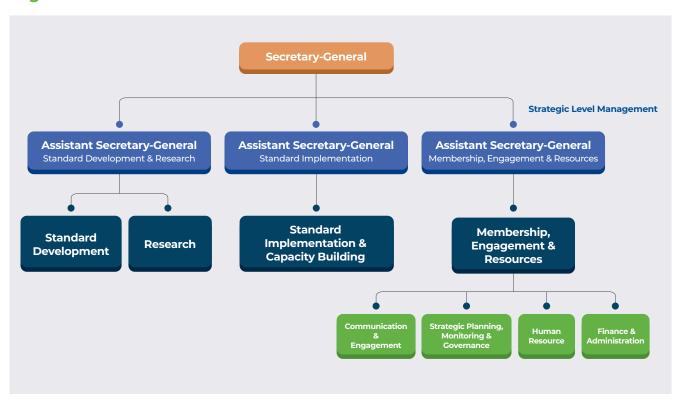


HUMAN CAPITAL DEVELOPMENT

Overview

In 2024, the IFSB reaffirmed its commitment to nurturing a high-performing, agile, and futureready workforce through targeted investments in talent development, leadership capacity, and performance management. These efforts are aligned with the organisation's strategic priorities and are designed to ensure that the Secretariat remains well-equipped to meet the evolving demands of the Islamic financial services industry.

Organisational Structure



Learning and Development Programmes

A total of eight learning and development programmes were implemented the Secretariat in 2024. These programmes addressed a range of priority areas including leadership development, digital transformation, policy formulation, and regulatory compliance. A blended delivery approach was adopted, encompassing in-house workshops, online learning modules, and accredited external certification programmes. This structure allowed for flexibility while ensuring quality and relevance of content.

Technical Capacity Building through FSI Connect

12 technical staff engaged actively with FSI Connect, the Financial Stability Institute's online learning platform. The platform provided structured, role-specific training in technical domains such as: Risk Management, Banking and Insurance Supervision, Capital Markets Core Principles, Financial Inclusion, and Climate-Related Financial Risk Management. These engagements supported continuous professional development and ensured alignment with global supervisory standards.

Participation in BIS-IMF Supervisory **Programme**

In 2024, four technical staff participated in the BIS-IMF Supervisory and Regulatory Programme, which includes live webinars and self-paced study materials from both FSI Connect and the IMF. The curriculum addressed core topics critical to effective financial supervision, including: Basel Core Principles, Regulatory Capital and Weighting Frameworks, Prudential Standards, Tools Methodologies, Supervisory and Climate Risk, and Fintech Innovation. This programme significantly enriched participants' supervisory competencies and strengthened the Secretariat's capacity for informed policy development.

Secondee Development **Opportunities**

The secondee programme continued to play a pivotal role in 2024, offering professionals from member institutions valuable exposure to the IFSB's work environment. The programme facilitates cross-border knowledge exchange, strengthens technical collaboration, contributes to both institutional and individual capacity-building within the Islamic financial services ecosystem.

Digital Transformation: Implementation of the FOCUS **Platform**

part of the IFSB's ongoing digital transformation journey, 2024 marked the successful deployment of FOCUS, a cloud-based integrated platform supporting procurement, finance, and human resource functions. This digital innovation has streamlined

administrative operations, improved internal governance processes, and enhanced workforce analytics capabilities. The system now enables deeper insight into talent development needs, performance trends, and workforce planning, strengthening further the Secretariat's ability to align HR strategies with broader organisational goals.

Looking Ahead

In 2025, the IFSB is placing strong emphasis on advancing its human capital strategy through a multifaceted approach aimed at building a resilient and future-ready workforce. Central to this emphasis is the expansion of personalised learning journeys, ensuring that employees have access to targeted development opportunities aligned with their roles, career aspirations, and the organisation's evolving needs. In tandem, leadership development programmes are being enhanced to cultivate a pipeline of capable leaders equipped to navigate complex challenges and drive strategic outcomes.

The IFSB is also strengthening its performance management frameworks by fostering a culture of continuous feedback and aligning individual performance with organisational goals. To support long-term retention and career satisfaction, efforts are underway to improve internal mobility and redefine career architecture, providing clearer pathways for growth and progression. Furthermore, the organisation is leveraging data analytics to inform strategic workforce decisions, enabling more precise identification of skill gaps, succession risks, and development priorities. These initiatives collectively reflect IFSB's commitment to nurturing talent, fostering agility, and enhancing institutional capacity.



SECTION 6 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

Islamic Financial Services Board

Financial Statements

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STATEMENT BY COUNCIL MEMBERS

In the opinion of the Council Members of the Islamic Financial Services Board ("IFSB"), the accompanying financial statements are drawn up in accordance with accounting standards and framework issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI"), and where relevant AAOIFI standards do not exist, International Financial Reporting Standards have been applied, so as to give a true and fair view of the state of affairs of the IFSB as at 31 December 2023 and of its results and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Council:

H.E. AHMED OSMAN ALI

Chairman of the General Assembly Islamic Financial Services Board

DR. GHIATH SHABISGH

Secretary-General Islamic Financial Services Board

Date: 2 July 2024



Deloitte

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INDEPENDENT AUDITORS' REPORT TO THE GENERAL ASSEMBLY OF THE ISLAMIC FINANCIAL SERVICES BOARD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **ISLAMIC FINANCIAL SERVICES BOARD** ("IFSB"), which comprise the statement of financial position of IFSB as at 31 December 2023, and the statement of income and expenditures, statement of cash flows and statement of recognised gains and losses for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and other explanatory information as set out on pages 5 to 27.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of IFSB as at 31 December 2023 and of its financial performance and its cash flows for the year then ended in accordance with accounting standards and framework issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI"), and where relevant AAOIFI standards do not exist, International Financial Reporting Standards have been applied.

Basis for Opinion

We conducted our audit in accordance with International Standard on Auditing and auditing standards and framework issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI"). Our responsibilities under International Standards on Auditing are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the IFSB in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

(Forward)

Responsibilities of the Secretariat for the Financial Statements

The Secretariat of IFSB are responsible for the preparation of financial statements of IFSB that give a true and fair view in accordance with accounting standards and framework issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI"), and where relevant AAOIFI standards do not exist, International Financial Reporting Standards have been applied. The Secretariat are also responsible for such internal control as the Secretariat determine is necessary to enable the preparation of financial statements of IFSB that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of IFSB, the Secretariat are responsible for assessing the ability of IFSB to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Secretariat either intend to liquidate IFSB or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of IFSB as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 International Standard on Auditing, and will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standard on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of IFSB, whether
 due to fraud or error, design and perform audit procedures responsive to those risks, and obtain
 audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not
 detecting a material misstatement resulting from fraud is higher than for one resulting from error,
 as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override
 of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of IFSB.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Secretariat.

(Forward)

- Conclude on the appropriateness of the Secretariat' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the IFSB to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of IFSB or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the IFSB to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of IFSB, including the disclosures, and whether the financial statements of IFSB represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with the Secretariat regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matter

This report is made solely to the members of the IFSB, as a body, and for no other purpose. We do not assume responsibility to any other person for the content of this report.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

2 July 2024

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Note	2023	2022
		USD	USD
Assets			
Non-current			
Property and equipment	3	36,095	24,061
Investment securities	4	4,453,737	4,018,128
Total non-current assets		4,489,832	4,042,189
Current assets			
Investment securities	4	152,678	444,120
Receivables, deposits and prepayments	5	1,386,831	1,224,782
Deposits and placements with banks	6	1,734,634	1,472,174
Cash and cash equivalents	7	1,823,326	1,492,582
Total current assets		5,097,469	4,633,658
Total assets		9,587,301	8,675,847
F oresteen			
Equity Waqf fund	8	7 520 720	7 771 05 /
·	9	3,520,429	3,371,954
Special reserve account		1,756,602	1,608,127
Accumulated surplus	10	3,281,385	2,984,435
Total equity		8,558,416	7,964,516
Total equity		0,550, 110	7,501,510
Liabilities			
Payables and accruals	11	1,028,885	711,331
Total liabilities		1,028,885	711,331
Total equity and liabilities		9,587,301	8,675,847

STATEMENT OF INCOME AND EXPENDITURES FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 USD	2022 USD
Income			
Membership fees	13	3,629,000	3,608,500
Income from investment securities	15	327,916	188,913
Other income	16	6,283	9,808
Total income	-	3,963,199	3,807,221
Less: Expenditures			
Technical expenditures	17	(1,612,337)	(1,532,138)
Administrative and other operating expenditures	18	(1,641,683)	(1,782,411)
Net expenses from workshops and conferences	14	(115,279)	(35,477)
Total expenditures	-	(3,369,299)	(3,350,026)
Net surplus for the year	-	593,900	457,195

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 USD	2022 USD
Cash flows from operating activities			
Net surplus for the year		593,900	457,195
Adjustments for:			
Provision for impairment loss for trade receivables		545,047	675,085
Unrealised loss on foreign exchange		115,323	222,128
Provision for end of service benefits plan		98,615	116,384
Depreciation of property and equipment		15,062	14,136
Income from deposits placed with licensed bank		(142,880)	(25,230)
Income from investment securities		(185,036)	(163,683)
Net surplus before changes in working capital		1,040,031	1,296,015
Movement in working capital:			
Increase in receivables, deposits and prepayments		(707,096)	(584,555)
Increase in payables and accruals		317,555	(18,319)
Payment of end of service benefits plan			(27,846)
Net cash flows from operating activities		650,490	665,295
Cash flows from/(used in) investing activities			
Income from investment securities received		177,646	159,001
Proceed from maturity of deposits placed with licensed ba	ınks	1,472,174	1,308,955
Income from short term investment received		142,881	25,230
Proceed from disposal of investment securities		444,405	313,301
Deposits placed with licensed banks		(1,734,634)	(1,472,174)
Purchase of investment securities		(437,579)	(865,116)
Purchase of property and equipment		(27,096)	(17,541)
Net cash flows used in investing activities		37,797	(548,344)
Net increase in cash and cash equivalents		688,287	116,951
Cash and cash equivalents at 1 January		1,492,582	1,488,624
Effect of exchange rate changes		(357,543)	(112,993)
	_	1007	1 (00 755
Cash and cash equivalents at 31 December	7	1,823,326	1,492,582

The notes on pages 61 to 79 are an integral part of these financial statements.



STATEMENT OF RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2023

The IFSB has no other recognised gains and losses other than the net surplus for the year.

NOTES TO THE FINANCIAL STATEMENTS

Islamic Financial Services Board ("IFSB") serves as an international standard setting body of the regulatory and supervisory agencies that have vested interest in ensuring the soundness and stability of the Islamic financial services industry.

IFSB was officially inaugurated on 3 November 2002 and has been in operation since March 2003.

Under the Islamic Financial Services Board Act 2002 which is passed by the Malaysian Parliament (given that Malaysia is the host country), IFSB is accorded with certain immunities and privileges, such as, tax exemption that are usually granted to international organisations and diplomatic missions. The address of its headquarters is as follows:

Headquarters

Level 5, Sasana Kijang, Bank Negara Malaysia, 2, Jalan Dato' Onn, 50480 Kuala Lumpur, Malaysia.

1. Basis of preparation

(a) Statement of compliance

The financial statements of IFSB have been prepared in compliance with accounting standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI"), and where relevant AAOIFI standards do not exist, International Financial Reporting Standards have been applied.

(b) Basis of measurement

The financial statements have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for services.

(c) Functional and presentation currency

These financial statements are presented in United States Dollar (USD), which is IFSB's functional currency.

2. Significant Accounting Policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by IFSB, unless otherwise stated.

(a) Property and equipment

Recognition and measurement

Property and equipment were stated at cost less accumulated depreciation and impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the IFSB's accounting policy on borrowings costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognised net within "other income" or "administrative and other operating expenses" respectively in the statement of income and expenditures.

Subsequent costs

The cost of replacing part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the IFSB and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in the statement of income and expenditures as incurred.

Depreciation

Depreciation is recognised in the statement of income and expenditures on a straight-line basis over the estimated useful lives of each part of an item of property and equipment.

The principal annual rates of depreciation used are as follows:

office equipment 33%motor vehicles 20%furniture and fittings 20%

(b) Cash and cash equivalents

Cash and cash equivalents, which comprise of cash and balances with banks which are short term and highly liquid with maturities of one month or less from the date of placement and are readily convertible to cash with insignificant risks of changes in value.

(c) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less impairment losses of receivables, if any.

(d) Investment securities

Investment securities comprise debt-type instruments. Debt-type instruments which are managed on a contractual yield basis and are not held for trading and have not been designated at fair value through income and expenditures statement are classified as debt-type instruments at amortised cost. Such investments are carried at amortised cost, less provision for impairment in value.

Amortised cost is calculated using the effective profit rate method and any gains or losses arising from the amortisation process and those arising on derecognition or impairment of the investment is recognised in the statement of income and expenditures.

(e) Impairment

(i) Financial assets

All financial assets are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

An impairment loss in respect of receivables and debt-type instruments at amortised cost are measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective profit rate. The carrying amount of the asset is reduced through the use of an allowance account.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of income and expenditures, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the statement of income and expenditures.

(ii) Other assets

The carrying amounts of other assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of income and expenditures. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exist.

(f) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

(g) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus if the IFSB has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The IFSB's contributions to the Employee's Provident Fund are charged to the statement of income and expenditures in the period to which they relate. Once the contributions have been paid, the IFSB has no further payment obligations.

(ii) End of services benefits plan

End of services benefits plan represent IFSB's contribution to foreign staff who are entitled to one to two months' salary based on the last salary paid for every year of service. The contributions are measured on undiscounted basis and charged to the statement of income and expenditures in the period to which they relate. Total contribution will be paid at the end of employee's service tenure. Once the contributions have been paid, the IFSB has no further payment obligations.

(h) Income

(i) Membership fees

Income from membership fees is recognised in the statement of income and expenditures when the fees are due and receivable from members.

(ii) Income from sukuk and short-term deposit

Income from investment securities and short-term investments are recognised in the statement of income and expenditures using effective profit rate. The effective profit rate is calculated by taking into account any discount or premium on acquisition, and transaction cost and fees involved in acquisition. Profit income is recognised using a rate of return that represents the rate that exactly equates the estimated future cash payments or receipts through the expected life of the financial instrument.

(iii) Other income

Other income such as workshop and conference fee are recognised as and when the distinct performance obligation for each customer contract is completed.

(i) Expenditures

Technical and administrative expenditures are expensed off as incurred on accrual basis.

(j) Foreign currencies

Transactions in foreign currencies are translated into the functional currency of the IFSB (United States Dollar) at exchange rates of the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

(k) Fair value measurement

Fair value of an asset or a liability is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, IFSB uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the IFSB can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

IFSB recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. **PROPERTY AND EQUIPMENT**

	Office equipment USD	Motor vehicles USD	Furniture and fittings USD	Total USD
Costs				
At 1 January 2022	166,492	168,219	9,780	344,491
Addition	17,541	-	-	17,541
Disposal	(1,328)			(1,328)
At 31 December 2022/ 1 January 2023 Addition Written off	182,705 27,096 (1,594)	168,219 - -	9,780 - -	360,704 27,096 (1,594)
	(1,00 1)			(.,00 .)
At 31 December 2023	208,207	168,219	9,780	386,206
Accumulated depreciation	n			
At 1 January 2022	145,836	168,219	9,780	323,835
Depreciation for the year	14,136	-	-	14,136
Disposal during the year	(1,328)			(1,328)
At 31 December 2022/				
1 January 2023	158,644	168,219	9,780	336,643
Depreciation for the year	15,062	-	-	15,062
Written off during the year	(1,594)			(1,594)
At 31 December 2023	172,112	168,219	9,780	350,111
Carrying amounts				
At 31 December 2022	24,061			24,061
At 31 December 2023	36,095			36,095

4. **INVESTMENT SECURITIES**

Debt-Type instruments at amortised costs:

	2023 USD	2022 USD		
<u>Sukuk</u>				
Quoted	4,258,740	4,098,694		
Unquoted	347,675	363,554		
	4,606,415	4,462,248		
Represented in the Statement of Financial Position as:				
	2023 USD	2022 USD		
Current asset	152,678	444,120		
Non-current asset	4,453,737	4,018,128		
Total	4,606,415	4,462,248		

Details of the sukuk instruments are as follows:

Issuer Quoted	Purchase date	Ratings	Maturity date	At amortised cost 2023 USD	At amortised cost 2022 USD
Republik of Indonesia	28.05.2015	BAA2	28.05.2025	247,112	247,191
Sarawak Energy Berhad	20.05.2016	AAI	18.08.2025	71,019	74,312
Tadamun Services Berhad	24.08.2016	AAAIS	28.06.2024	152,678	159,897
Republik of Indonesia	21.08.2017	BAA2	29.03.2027	490,104	491,519
Danga Capital Berhad	06.09.2017	AAA	06.09.2027	110,482	115,513
Republik of Indonesia	01.03.2018	BAA2	01.03.2028	405,660	413,026
Republik of Indonesia	22.11.2018	BAA2	01.03.2028	344,674	345,002
Danainfra Nasional Berhad*	06.05.2019	AAA	02.05.2028	259,188	272,889
Hong Kong Sukuk Ltd	28.08.2019	AA3	28.02.2027	352,605	355,324
Islamic Development Bank	27.07.2020	AAA	26.09.2023	-	444,120
Danga Capital Berhad	06.08.2021	AAA	06.09.2027	396,654	414,722
Danainfra Nasional Berhad*	06.08.2021	AAA	24.07.2029	65,614	69,373
Danainfra Nasional Berhad*	21.04.2022	AAA	24.07.2029	140,208	142,257
Republik of Indonesia	12.07.2022	BAA2	06.06.2032	553,803	553,549
KSA Sukuk Limited	24.11.2023	A+	22.05.2029	668,939	-

Total Quoted Investments

4,258,740

4,098,694

(Forward)

Issuer	Purchase date	Ratings	Maturity date	At amortised cost 2023 USD	At amortised cost 2022 USD
<u>Unquoted</u>					
Syarikat Prasarana Negara Berhad*	19.10.2017	AAA	06.09.2027	195,131	203,153
Syarikat Prasarana Negara Berhad*	16.03.2022	AAA	26.02.2031	152,544	160,401
Total Unquoted Investments				347,675	363,554
Total Investment Securities				4,606,415	4,462,248

^{*} Guaranteed by government of Malaysia

5. **RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	2023 USD	2022 USD
Trade receivables	4,241,718	3,595,126
Less: Provision for impairment loss	(3,157,118)	(2,612,071)
	1,084,600	983,055
Other receivables	307,038	254,347
Less: Provision for impairment loss	(15,277)	(15,277)
	291,761	239,070
Deposits and prepayments	10,470	2,657
Total receivables, deposits and prepayments	1,386,831	1,224,782

6. **DEPOSITS AND PLACEMENTS WITH BANKS**

	2023	2022
	USD	USD
At amortised cost:		
Deposit and placements at licensed banks	1,734,634	1,472,174

The maturity structure of deposits and placements are lesser than 1 year (2022: lesser than 1 year). The weighted average effective profit rate for deposit and placements with banks is 4.72% (2022: 2.65%) per annum.

7. CASH AND CASH EQUIVALENTS

	2023	2022
	USD	USD
Cash at banks and on hand	1,823,326	1,492,582

Cash at banks are placed in non-profit bearing demand deposits.

8. **WAQF FUND**

This represents contributions from the following Members of IFSB as well as from the previous year's surplus for the purpose of generating income to finance the operational expenses of IFSB:

	Note	2023 USD	2022 USD
Islamic Development Bank		500,000	500,000
Bank Negara Malaysia		500,000	500,000
Members		190,000	190,000
		1,190,000	1,190,000
Surplus transferred:			
At 1 January		2,181,954	2,067,656
Transfer from current year's surplus	10	148,475	114,298
At 31 December		2,330,429	2,181,954
		3,520,429	3,371,954

9. **SPECIAL RESERVE ACCOUNT**

This represents contributions from the surplus arising from prior year's operations.

	Note	2023 USD	2022 USD
At 1 January		1,608,127	1,493,829
Transfer from current year's surplus	10	148,475	114,298
At 31 December		1,756,602	1,608,127

10. **ACCUMULATED SURPLUS**

Note	2023 USD	2022 USD
	2,984,435	2,755,836
	593,900	457,195
8	(148,475)	(114,298)
9	(148,475)	(114,298)
	3,281,385	2,984,435
	8	Note USD 2,984,435 593,900 8 (148,475) 9 (148,475)

^{*} The transfer of net surplus during the year to Waqf fund and Special reserve account was based on 25% of net surplus for the year.

11. PAYABLES AND ACCRUALS

12.

	2023 USD	2022 USD
Trade payables	106,406	-
Accruals	598,695	486,162
End of service benefits plan	323,784	225,169
	1,028,885	711,331
The movement of end of service benefit plan are as follows:		
	2023 USD	2022 USD
At 1 January	225,169	136,631
Provision during the year	98,615	116,384
Payment made during the year		(27,846)
At 31 December	323,784	225,169
EMPLOYEE INFORMATION		
	2023 USD	2022 USD
Staff costs	1,980,939	1,639,548

Included in staff costs is employer's contribution to Employees Provident Fund (a defined contribution retirement plan) of USD175,220 (2022: USD119,765).

The number of employees of IFSB at the end of the reporting period was 34 (2022: 32), which includes 1 (2022: 2) seconded staff from Bank Negara Malaysia, 1 (2022: 1) from Bangladesh Bank, 1 (2022: 0) from Securities Commission Malaysia, 1 (2022: 1) from Indonesia Financial Services Authority, 1 (2022:1) from the Central Bank of Sudan, and 2 (2022:2) from the Central Bank of Oman.

13. **MEMBERSHIP FEES**

The number of Members of IFSB as at 31 December 2023 is 189 (31 December 2022: 185).

The Members are categorised into Full Member, Associate Member and Observer. The membership fee is USD50,000, USD20,500 and USD10,000 respectively. The annual membership fee for three (3) Associate Members namely, Bank for International Settlements, International Monetary Fund and The World Bank is USD7,500. There has been no change in membership fee during the year.

14. **NET (EXPENSES)/INCOME FROM WORKSHOPS AND CONFERENCES**

Net (expenses)/income from workshops and conferences is net income earned less related expenses from carrying out awareness and programmes, and other paying events. The net (expenses)/income recognised during the year consists of the following:

	2023 USD	2022 USD
Awareness Programme Summit Executive Forum	(127,414) (4,065) 16,200	(35,477) -
Net (expenses)/income from workshop and conferences	(115,279)	(35,477)

15. INCOME FROM INVESTMENT SECURITIES

Income from investment securities are profit earned from long-term and short-term investments. The long-term investments are sukuk while the short-term investments are placement placed with licensed banks.

16. **OTHER INCOME**

	2023 USD	2022 USD
Hibah from bank accounts	5,132	4,170
Others	1,151	5,638
	6,283	9,808

17. **TECHNICAL EXPENDITURES**

Technical expenditure are expenses incurred in preparing the standards and guidelines. Total technical expenditures included 60% of the cost of the salary for technical staff including Secretary General, consultants' fees and costs for organising technical meetings, such as, Technical Committee and working groups meetings.

18. **ADMINISTRATIVE EXPENDITURES**

Administrative expenditures included 40% of the cost of other administration staff, Secretary General and various other operating expenses.

19. FINANCIAL INSTRUMENTS

Financial risk management

The IFSB has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- · Currency risk
- Profit rate risk

Credit risk

Credit risk is the risk of a financial loss to the IFSB if a member or counterparty to a financial instrument fails to meet its contractual obligations. The IFSB's exposure to credit risk arises principally from its receivables, investment in sukuk and deposit and placements with licensed financial institutions.

As at the end of the reporting period, the maximum exposure to credit risk arising from financial instruments held is represented by the carrying amounts in the statement of financial position.

Secretariat has taken reasonable steps to ensure that receivables that are neither past due nor impaired and are stated at their realisable values. A significant portion of these receivables are outstanding amount from membership fees. The IFSB uses ageing analysis to monitor the receivables.

The investment in sukuk are managed by Central Bank of Malaysia ("BNM") on IFSB's behalf. Secretariat managed the credit risk of these instruments by requiring BNM to adhere to a set of investment mandate. The secretariat also reviews monthly statements of investments held provided by BNM to ensure that the investments made are within IFSB's risk appetite.

The ageing of trade receivables as at the end of the reporting period are as follows:

			Impairment	
	Note	Gross	loss	Net
		USD	USD	USD
2023				
Not past due		998,729	(203,003)	795,726
Past due 1-2 years	5	805,489	(606,354)	199,135
Past due > 2 years	5	2,437,500	(2,347,761)	89,379
		4,241,718	(3,157,118)	1,084,600
2022				
Not past due		956,626	(193,570)	763,056
Past due 1-2 years	5	818,000	(635,978)	182,022
Past due > 2 years	5	1,820,500	(1,782,523)	37,977
		3,595,126	(2,612,071)	983,055

Impairment assessment

Secretariat measures the loss allowance for receivables at an amount equal to lifetime Expected Credit Losses ("ECL"). The ECL on these financial assets are estimated using a provision matrix based on IFSB historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and assessment of both current as well as the forecast direction of conditions at the end of the reporting period, including time value of money where appropriate.

The provision for impairment loss of trade and other receivables during the year were:

	2023 USD	2022 USD
At 1 January	2,627,348	1,952,263
Impairment loss recognised	545,047	675,085
At 31 December	3,172,395	2,627,348

Liquidity risk

Liquidity risk is the risk that IFSB will not be able to meet its financial obligations as they fall due. IFSB's exposure to liquidity risk arises principally from its payables and accruals. IFSB monitors and maintains a level of cash and cash equivalents deemed adequate by the Secretariat to finance IFSB's operations and to mitigate the effects of fluctuations in cash flows.

IFSB's financial liabilities consist of other payables and accruals which are due within a year.

Market risk

Market risk is the risk that changes in market prices, such as profit rates and other prices will affect IFSB's financial position or cash flows.

Currency risk

The IFSB is exposed to foreign currency risk on certain expenditure that are denominated in a currency other than the respective functional currencies of IFSB. The currencies giving rise to this risk are primarily Malaysia Ringgit (MYR). IFSB does not hedge these exposures.

Exposure to Foreign Currency Risk

IFSB's exposure to foreign currency (a currency which is other than the functional currency of IFSB entities) risk, based on carrying amounts as at end of the reporting period was:

	Denominated in <i>MYR</i>	
	2023	2022
	USD	USD
Balances recognised in the statement of		
financial position		
Investment securities	1,543,518	1,612,517
Deposits and placements with bank	503,735	439,089
Cash and cash equivalents	543,454	733,293
Payables and accruals	(654,423)	(226,861)
Net exposure	1,936,284	2,558,038

Currency risk sensitivity analysis

A 10% (2022:10%) strengthening of the USD against the MYR currency at the end of the reporting period would have increased profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the IFSB considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted income and expenses.

	Profit or (loss)	
	2023	2022
	USD	USD
MYR	193,620	255,804

A 10% (2022: 10%) weakening of USD against the MYR currency at the end of the reporting period would have had equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remained constant.

Profit rate risk

IFSB's investment in fixed profit rate debt-type instruments is not exposed to profit rate risk due to its recognition and measurement at amortised cost. Investments in deposit with licensed banks are not significantly exposed to profit rate risk due to short term in nature.

The profit rate profile of IFSB's significant profit-bearing financial instruments is represented by the amortised cost of its investment in debt-type instruments in the statement of financial position.

Fair value sensitivity analysis for fixed rate instruments

IFSB does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in coupon rates at the end of the reporting period would not affect profit or loss.

20. FAIR VALUE INFORMATION

In respect of cash and cash equivalents, receivables and payables, the carrying amounts approximate fair value due to the relatively short-term nature of these financial instruments.

The Company also holds investments in securities. The fair value of these investments is determined primarily using market prices for publicly traded securities. The Company regularly assesses the fair value of its investments and adjusts their carrying amounts accordingly.

21. **AUTHORISATION FOR APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements have been approved for issue in accordance with a resolution of the General Assembly in its 22nd meeting held on 2 July 2024 at Djibouti.



IFSB IN PHOTOS

IFSB ANNUAL MEETINGS 2024



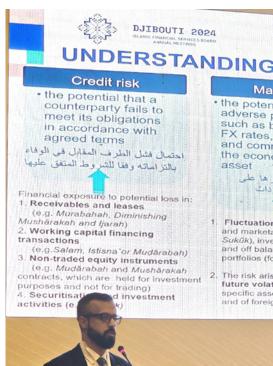


44th Meeting of the Council

> 22nd General Assembly Djibouti 2024















OFFICIAL VISITS













8TH AND 9TH EXECUTIVE PROGRAMMES





















IFSB EID CELEBRATION

















IFSB FAMILY DAY



























ISLAMIC FINANCIAL SERVICES BOARD LEVEL 5, SASANA KIJANG, BANK NEGARA MALAYSIA 2, JALAN DATO' ONN, 50480 KUALA LUMPUR, MALAYSIA