



البنك العربي الإسلامي الدولي
ISLAMIC INTERNATIONAL ARAB BANK



IT Governance and Management Manual

April 2024

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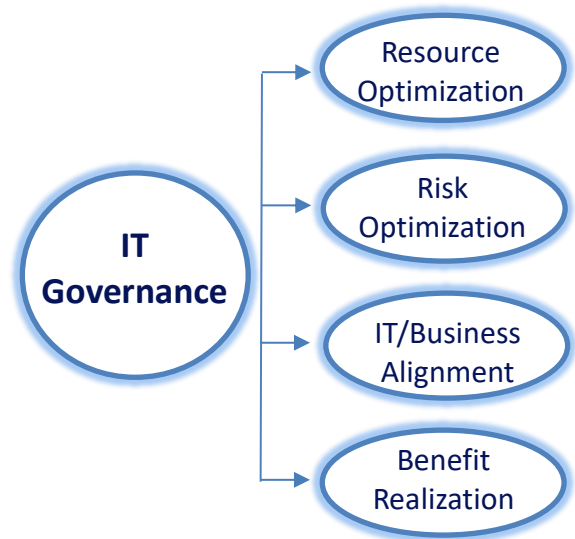
Introduction

1. Introduction

1.1 IT Governance and Management

Overview:

The IT Governance and Management Framework at Islamic International Arab Bank (IIAB) is established to ensure that IT objectives are aligned with business objectives and to meet the stakeholder needs to maximize value from IT and to create a balance between benefit realizations, risk optimization and resource utilization.



1.2 IT Governance and Management Objectives:

The IT Governance and Management framework aims to achieve the following objectives:

1. Meet stakeholders' needs and achieve the Bank's goals and objectives through achieving the alignment goals to ensure:
 - Providing high-quality information as a pillar supporting decision-making in the bank.
 - Prudent management of resources and projects of information technology and maximize the use of those resources and reduce waste.
 - Providing a unique and supportive technological infrastructure enabling the Bank to achieve its objectives.
 - Improving the Bank's various operations through the use of an efficient and reliable technological system.
 - Prudent risk management of information technology to ensure the necessary protection of the assets of the bank.
 - Compliance with the requirements of domestic laws, legislation and internal regulations.
 - Improving the system of internal control and control.
 - Maximize the level of satisfaction with information technology by users to meet the needs of work efficiently and effectively.
 - Management of the services of the external parties entrusted with the implementation of operations, functions, services and products.
2. Achieving inclusiveness in the governance and management of information and associated technology in terms of taking into account not only the technology itself but also the provision of seven enabling elements that are complementary and complementary to IT services.
3. Adopting business practices and rules as a starting point for governance and management of IT processes, projects and resources.



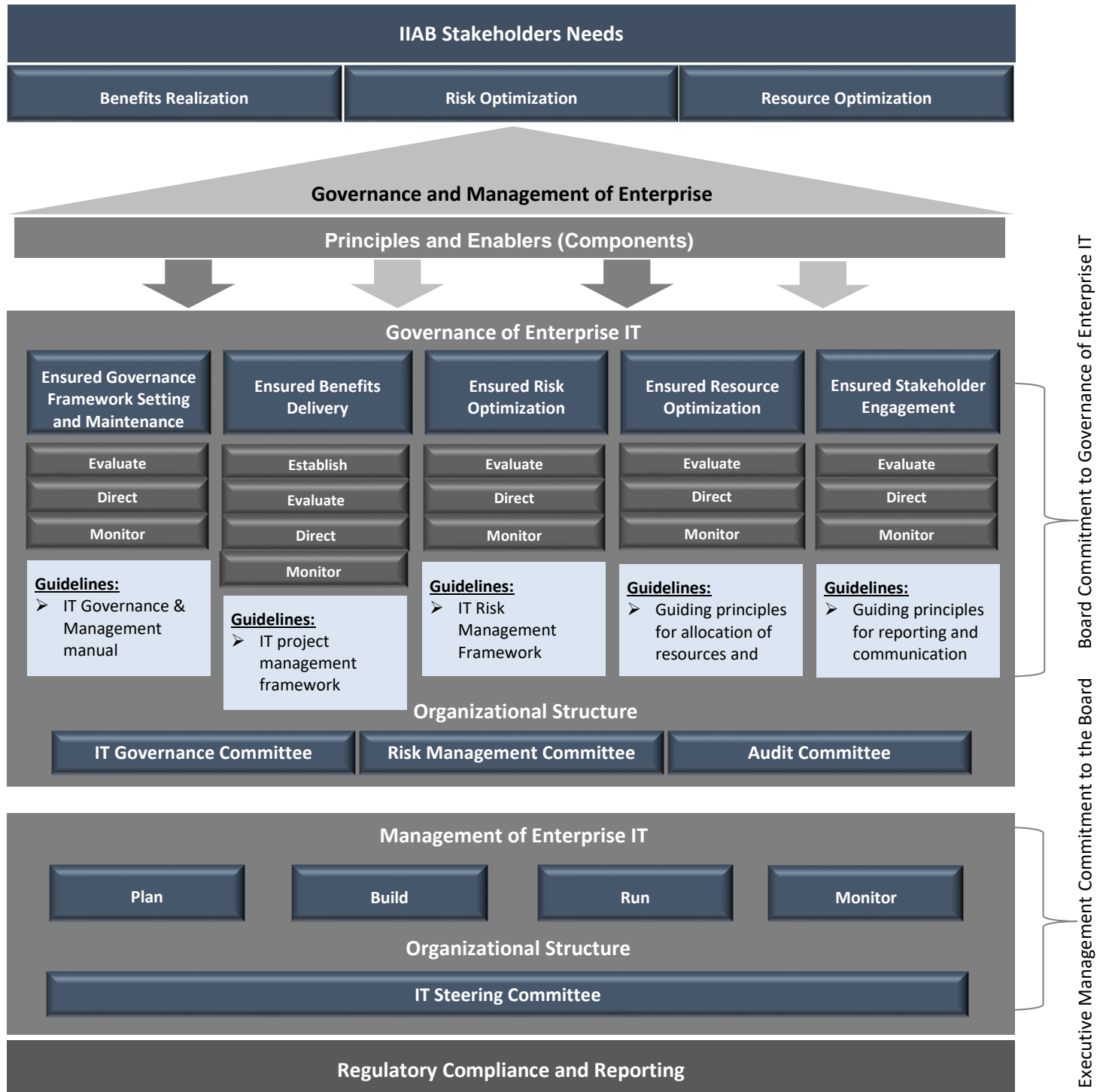
4. Separate the operations, functions and responsibilities of the Board in the area of governance over the talc which fall within the limits of the responsibility of the executive management regarding the information and technology accompanying it.
5. To strengthen the mechanisms of self-monitoring and independent control and to examine compliance in the areas of governance and management of information associated with them and contribute to the improvement and development of performance on an ongoing basis.



Governance and Management of Enterprise IT Framework

2. Governance and Management of Enterprise IT at Islamic International Arab Bank

The following diagram represents the overall framework for the Governance of Enterprise IT at Islamic International Arab Bank that is based on CoBIT 2019 framework and principles:



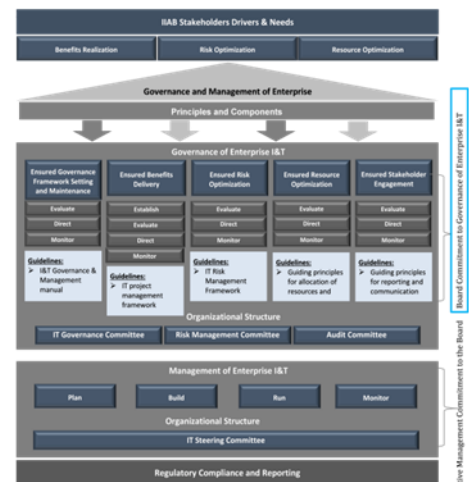
Illustrative Figure 1: Governance of Enterprise IT Overall Framework

3. Governance of Enterprise IT:

3.1 Board Commitment to Governance of Enterprise IT:

Islamic International Arab Bank’s Board is committed to adopting a holistic approach to ensure proper Governance of Enterprise IT. The Board is accountable to Evaluate, Direct and Monitor (EDM) governance processes that entails the following:

1. Ensured Governance Framework Setting and Maintenance by endorsing the “IT Governance and Management Manual”;
2. Ensured Risk Optimization by endorsing the “IT Risk Management Framework”;
3. Ensured Resource Optimization by endorsing the “Guiding Principles for Allocation of Resources and Capabilities”;
4. Ensured Benefits Delivery by endorsing the “Project Management Framework”;
5. Ensured Stakeholder Engagement by endorsing “Guiding Principles for Reporting and Communication”.



3.2 Organization Structure:

The following committees are established to support and enable the Governance of Enterprise IT:

1. Risk Management Committee

Risk Management Committee is responsible for IT Risk Management and Business Continuity Management.

2. Audit Committee

The Audit Committee is responsible to provide reasonable assurance over the compliance with the IT governance framework practices.

3. IT Governance Committee

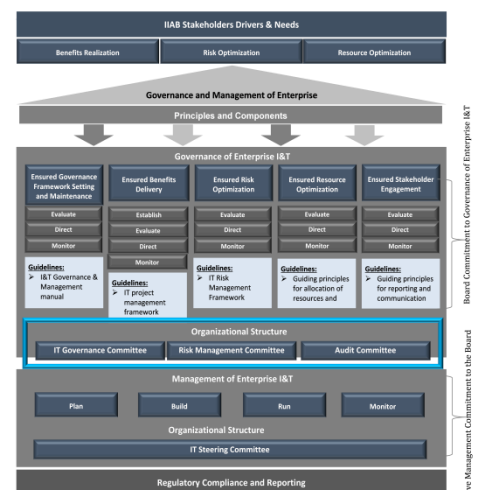
IT governance committee is established to support the board of directors with regards to the Governance of Enterprise IT, also to approve the committee’s charter, meeting periodicity, and the committee’s roles and responsibilities.

Scope and purpose: The scope and purpose of the IT Governance Committee is to ensure IT objectives are in line with the bank’s strategic direction and to ensure that the stakeholders’ needs are met by creating a balance between benefit realization, risk optimization and resources optimization.

Members: The IT Governance Committee is comprised of three board members.

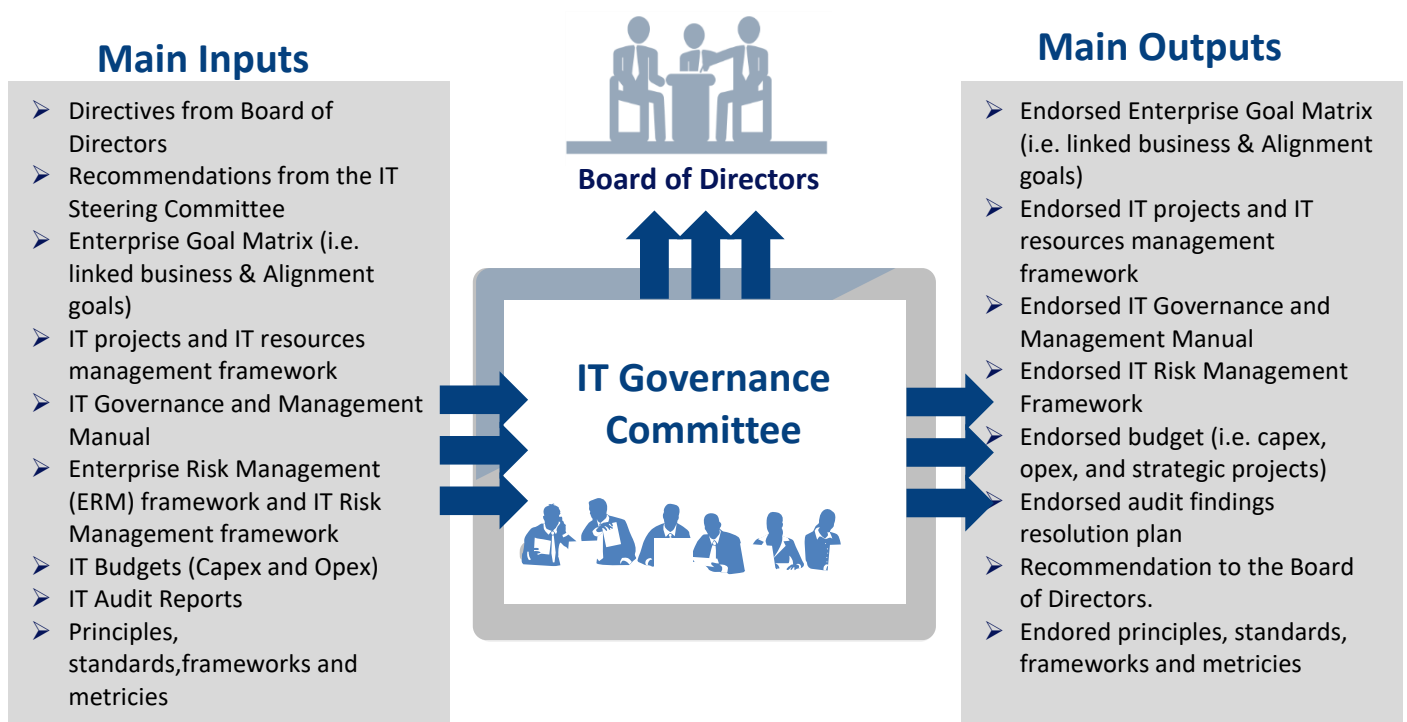
Meeting Frequency: The IT Governance Committee meets on a quarterly basis.

The IT Governance Committee aims to achieve the following objectives:



1. Ensure Governance Framework Setting and Maintenance;
2. Ensure Risk Optimization;
3. Ensure Resource Optimization;
4. Ensure Benefits Delivery; and,
5. Ensure Stakeholder Engagement.
6. Endorse principles, policies, frameworks, services and applications, organizational structures, related committees, and outputs in accordance with the committee's charter.

The following diagram represents the IT Governance Committee's inputs and outputs:



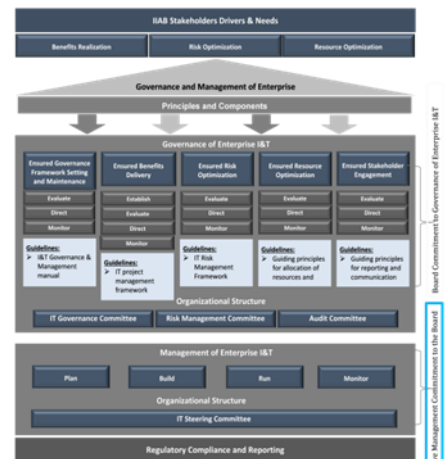
Illustrative Figure 2: IT Governance Committee Inputs and Outputs

4. Management of Enterprise IT:

4.1 Senior Executive Management Commitment to the Board:

Senior Executive Management is responsible for implementing the Board’s vision and strategy by:

1. Aligning, planning and organizing alignment goals and initiatives as indicated by the Board’s strategic direction and vision for business and IT;
2. Building, acquiring and implementing needed infrastructure, applications and services.
3. Running and maintaining the established business services.
4. Monitoring, evaluating, and assessing the performance and compliance of all the IT related processes, practices and activities.



Board Commitment to Governance of Enterprise I&T

4.2 Organizational Structure\ IT Steering Committee:

The IT Steering Committee is established to support the IT Governance Committee in relation to the Management of Enterprise IT implementation practices, also to approve the committee’s charter, meeting periodicity, and the committee’s roles and responsibilities.

Scope and Purpose: The scope and purpose of the IT Steering Committee is to ensure business and IT alignment and create a balance between benefit realization, resources optimization and IT risk optimization.

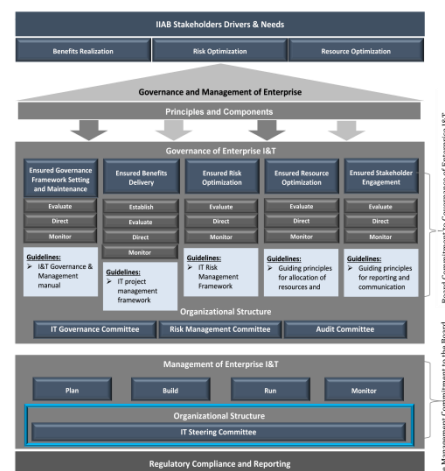
Members: The IT Steering Committee is comprised under the chairmanship of the general manager and the membership of the directors of the senior executive management, including head of IT division, chief risk officer, and the information security and business continuity department manager.

The board elects one of its members to be an observer member in this committee, in addition to the head of internal audit division.

Meeting Frequency: The IT Steering Committee meets on a quarterly basis.

The IT Steering Committee aims to achieve the following objectives:

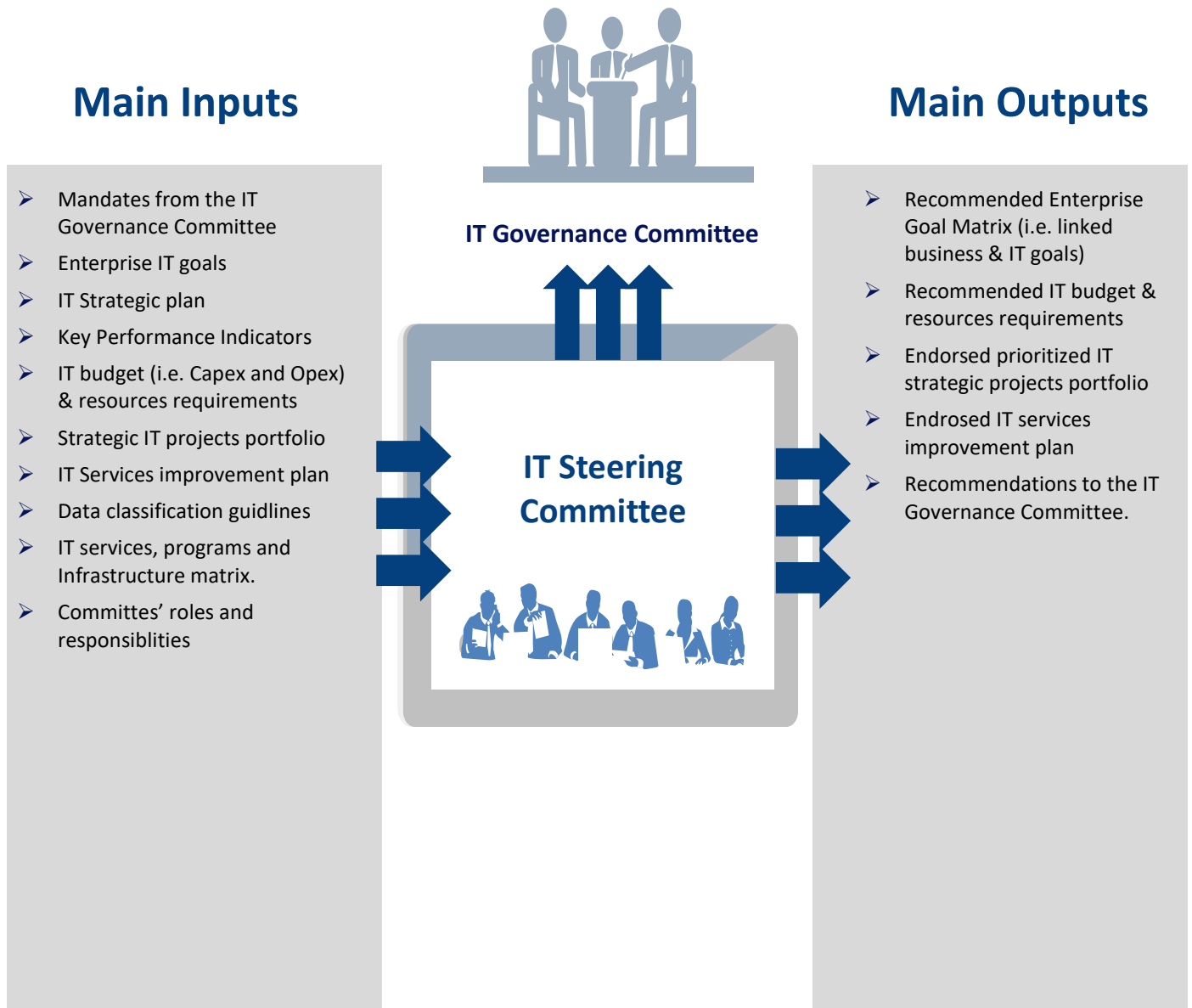
1. Aligning, planning and organizing alignment goals and initiatives as indicated by the Board’s strategic direction and vision for business and IT;
2. Building, acquiring and implementing needed infrastructure, applications and services.
3. Running and maintaining the established business services.
4. Monitoring, evaluating, and assessing the performance and compliance of all the IT related processes, practices and activities.



Senior Executive Management Commitment to the Board

5. Reviewing documents, and process outputs for information technology objectives, approving them, and recommending them to the board for their endorsement in accordance with the committee's charter.

The following diagram represents the IT Steering Committee's typical inputs and outputs:



Illustrative Figure 3: IT Steering Committee Inputs and Outputs



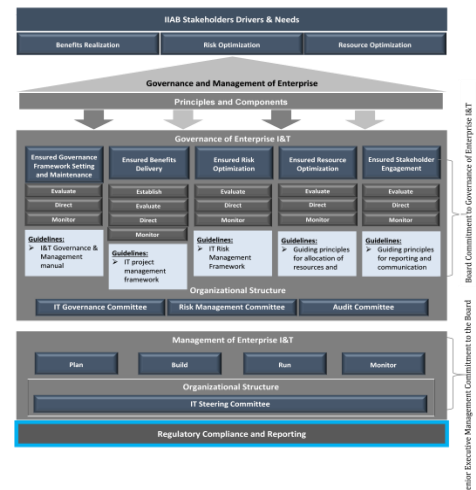
Regulatory Compliance and Reporting

5. Regulatory Compliance and Reporting

5.1 The Board's Commitment to regulatory compliance:

The Board is responsible to ensure that Governance and Management of Enterprise IT practices is established in line with the CBJ's IT Governance and Management regulation (Regulation No: 65/2016) issued on 25/10/2016 & New Circulation (No: 10/6/984) issued on 21/01/2019.

Additionally, the Board shall ensure that Islamic International Arab Bank complies with the applicable IT related requirements of external laws, regulations and instructions as well as internal policies and procedures derived from external laws and regulations.



5.2 Reporting:

5.2.1 Annual Reporting

The Bank shall disclose the existence and compliance with the "IT Governance and Management Manual" within the Bank's annual report and shall ensure that it is formally updated at regular intervals or when required.

5.2.2 Internal Audit Reporting

The Internal Audit Department shall:

- Conduct risk based IT audits and report to the IT Governance Committee on the effectiveness of the IT Governance Framework in alignment with the CBJs IT Governance and Management regulation (Regulation No: 65/2016) and New Circulation (No: 10/6/984) issued on 21/01/2019.
- Ensure that the audit charter scope includes IT Governance and Management objectives in line with the new CBJ Circulation (No: 10/6/984).
- Comply with the latest version of IT Assurance Framework International Standard (ITAF) issued by Information System Audit and Control Association (ISACA).

5.2.3 The Audit Committee

- The Audit Committee will provide the CBJ with the annual IT audit report during the first quarter of every year.
- The Audit Committee shall include the responsibilities, terms of reference and scope of the IT audit work in the Audit Charter on the one hand and in the framework of procedures agreed upon with the External Auditor, in accordance with these instructions.
- The Audit Committee should ensure that the internal auditor and the external auditor, when conducting specialized audits of the information and technology accompanying them, must:
 - Comply with the latest version of IT Assurance Framework International Standard (ITAF) issued by Information System Audit and Control Association (ISACA).
 - Review, evaluate and review the processes of recruitment and management of IT resources and the operations of the Bank based on them and give an opinion on the overall risk level of information and associated technology.



- Regular procedures for monitoring the results of the audit to ensure follow-up observations and imbalances contained in the auditor's reports on deadlines.
- The Audit Committee shall carry out the annual evaluations of the IT audit staff according to objective measurement criteria that take into consideration all the provisions of Article (d) of Article 9 of the Governor's Instructions and the management of information and technology accompanying them.

5.2.4 External Audit Reporting

- The Bank's external auditor shall perform risk based independent review(s) of the IT Governance and Management objectives, and shall report to the CBJ on the effectiveness of implemented controls.
- The Bank's external auditor shall comply with the latest version of IT Assurance Framework International Standard (ITAF) issued by ISACA.



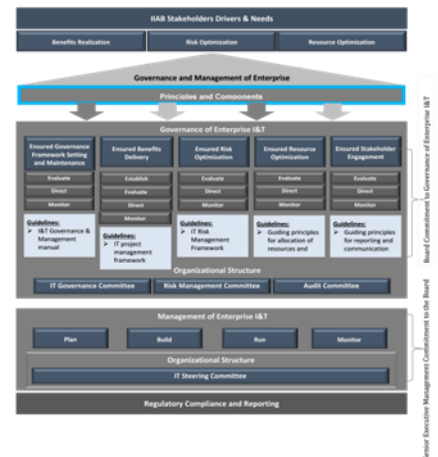
Principles and Enablers
(Components)

6. Principles & Enablers (Componentets)

6.1 Principles of IT Governance and Management:

Core principles of Islamic International Arab Bank's IT governance and management system are built on the CoBIT 2019 Governance of Enterprise IT principles as follows:

1. Each enterprise needs a governance system to satisfy stakeholder needs and to generate value from the use of I&T. Value reflects a balance among benefits, risk and resources, and enterprises need an actionable strategy and governance system to realize this value.
2. A governance system for enterprise I&T is built from a number of components that can be of different types and that work together in a holistic way.
3. A governance system should be dynamic. This means that each time one or more of the design factors are changed (e.g., a change in strategy or technology), the impact of these changes on the EGIT system must be considered. A dynamic view of EGIT will lead toward a viable and future-proof EGIT system.
4. A governance system should clearly distinguish between governance and management activities and structures.
5. A governance system should be tailored to the enterprise's needs, using a set of design factors as parameters to customize and prioritize the governance system components.
6. A governance system should cover the enterprise end to end, focusing not only on the IT function but on all technology and information processing the enterprise puts in place to achieve its goals, regardless where the processing is located in the enterprise:
 - The Board level via establishing a stable IT governance system and scope with the objective to achieve stakeholder needs.
 - The Senior Executive Management level via implementing Board level directions to achieve the the agreed on goals and by reporting to the Board on the execution progress and monitoring activities.



6.2 Enablers (Components)

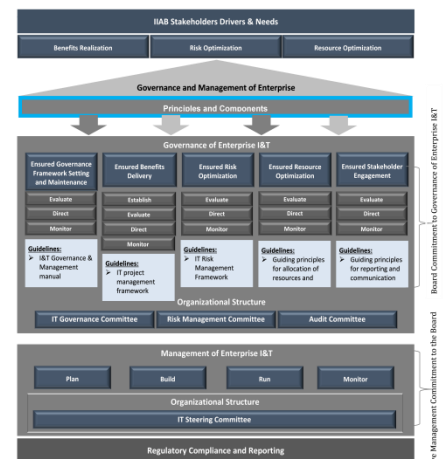
The following represents the key components that support Islamic International Arab Bank's IT Governance & Management system:

Component 1: Processes/ Governance & Management Objectives

The Board or mandated committees shall endorse governance & management objectives derived from the Bank's policies, procedures, principles, enterprise goals and related IT related goals.

Component 2: Organizational Structures

The Board or his authorized representatives shall endorse Organizational Structures and related committees to achieve IT governance objectives, these structures should clearly illustrate delegation of authority, escalation procedures, decision-making process and segregation of incompatible duties.



Component 3: Information

The Board or mandated committees shall endorse information and reporting matrix, with assigned owners responsible to authorize access to these information/reports based on business needs. In addition to, ensure that information/reports are regularly updated to accommodate the enterprise objectives and processes improvement in alignment with international leading practices.

Component 4: People, Skills, and Competencies

The Board or mandated committees shall endorse a competency matrix and human resources policies required to achieve IT governance processes requirements, In addition to recruiting qualified and trained personnel from experienced persons and continuing to provide their staff with training and continuing education programs to maintain a level of knowledge and skills that meets and achieves the objectives of governance and management.

Component 5: Principles, Policies and Framework

The Board shall express the bank's core values via its "principles", "policies" and "Framework" that are made available to provide its audience with detailed guidance on how to apply the principles into practices. Further, "principles", "policies" and "Framework" shall be effective & efficient and shall include compliance, management and update requirements, And the policies referred to in the instructions may be considered as a minimum, with the possibility of combining and incorporating those policies as required by the nature of the work.

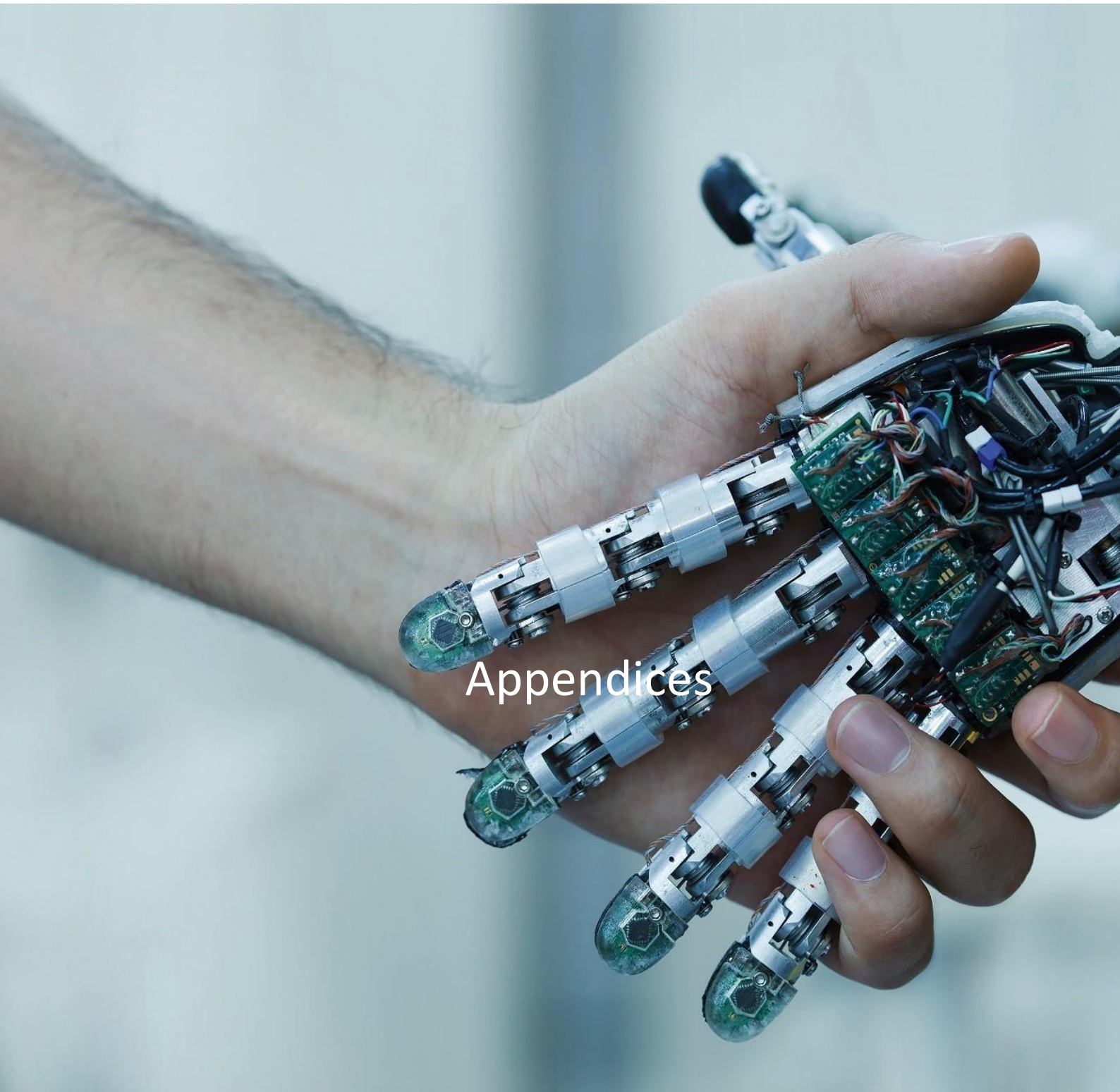
Component 6: Culture, Ethics and Behavior

The Board or mandated committees shall endorse an enterprise code of conduct that reflects the professional and ethical rules in alignment with acceptable international behaviour rules. This code shall clearly state the desirable and undesirable behaviours and consequences of conduct. Further, the board or Senior Executive Management shall employ diversified mechanisms to encourage desirable behaviours and to avoid undesirable behaviours.



Component 7: Services, Infrastructure and Applications

The Board or mandated committees shall endorse appropriate services, infrastructure and applications to support governance practices and objectives.



Appendices

Appendix I: Definitions

The following terms shall have the meanings respectively assigned to them herein below:

1. **Governance of Enterprise IT:** is defined as the objectives that ensure the effective and efficient use of IT in enabling an organization to achieve its goals.
2. **Management of Enterprise IT:** Is the set of activities that achieve the strategic objectives through the coordination, organization, construction, development, etc., in order to ensure the sustainability of the objectives and direction of the Bank.
3. **COBIT 2019:** Control Objectives for Information and related Technology – a good-practice business framework developed by ISACA (Information Systems Audit and Control Association) for the governance and management of IT.
4. **The Board:** The Board of Directors of the Bank.
5. **Management:** A body comprised of Senior Executive Management responsible for planning, building, running, and monitoring activities in alignment with the direction set by the governance body to achieve enterprise objectives.
6. **Governance & Management Objectives:** A set of practices and activities emanating from the policies of the institution necessary to achieve the Alignment goals.
7. **Alignment Goals:** A set of main and subsidiary objectives related to the governance and management activities of the information and technology accompanying the objectives necessary to achieve the Enterprise goals.
8. **Enterprise Goals:** Set goals related to enterprise governance and management needed to meet the needs of stakeholders.
9. **Stakeholders:** Any interest in the Bank such as shareholders, employees, customers, creditors, external suppliers or regulatory authorities concerned.
10. **The auditor:** The person (natural or moral) or the competent authority to examine the operations of the bank based on information technology and agreed with him by the bank's management to achieve the requirements of governance and the management of information and technology associated with it.