ICD

Islamic Corporation for the Development of the Private Sector

2020

FINANCIAL REVIEW


بسم الله الرحمن الرحيم

CONTENTS

1 CLIENT SERVICES

BUSINESS OVERVIEW

ICD fosters sustainable economic growth in its 55 member countries by investing in private sector projects, mobilizing capital in the international financial markets, and providing advisory services to business and governments.

ICD's activities are centered on four strategic focus areas:

- Developing Islamic financial channels to create multiplier impact;
- Providing advisory solutions for establishing Islamic finance windows and converting conventional financial institutes into Islamic finance organizations;
- Providing finance for investments in high-impact corporate sectors and helping governments by providing advisory services in privatization, asset management solutions, Sukuk issuance, and structuring project finance deals; and
- Improving partnership with IsDB Group and other MDBs and greatly leverage internal and external partners to go beyond its own resources.

ICD has a unique position in that it offers three sets of Shari'ah compliant business products and services to the private sector clients in member countries. These global business products are mutually reinforcing and interrelated, and include Financing & Investment Products, Advisory Services, and Asset Management.

FINANCING AND INVESTMENT PRODUCTS

ICD's mandate to serve the private sector of member countries is carried out through a variety of different products. It provides both term financing and equity contribution to private sector greenfield projects, or those which are undergoing expansion or modernization. ICD also extends short-term financing to cover working capital or procure raw materials with a tenor of up to 24 months. Furthermore, it extends lines of financing to commercial banks and local development financing institutions in member countries in order to indirectly finance their small and medium enterprises (SMEs). At the same time, it structures, arranges and manages syndication and securitization.

ICD's financing and investment products include:

MUSHARAKAH (JOINT VENTURE)

In the context of business and trade, Musharakah refers to a partnership or joint business venture with a view to making profit. Considered by some to be the purest form of Islamic financing, all investors contribute capital towards a business venture and agree to share profits on a pre-agreed ratio, while losses are borne by each investor in proportion to their respective capital contributions.

MUDARABAH (PROFIT-SHARING)

This is a form of partnership where one party provides the funds, while the other provides the expertise and management. The former (capital provider) is known as the rab-al-maal, while the latter is referred to as the mudarib. Profits made through the business are shared between parties according to a pre-agreed ratio. If losses occur, the rab-al-maal will lose his capital, and the mudarib will lose the time and effort he invested into running the business. The mudarib bears the losses if caused by his negligence, misconduct or breach of contractual terms.

MURABAHA (COST PLUS MARK-UP)

This concept refers to the sale of goods at a price which includes a profit margin agreed by both parties. The purchase and selling price, other costs, and the profit margin must be clearly stated at the time of the sale agreement.

WAKALAH (AGENCY)

This is a contract whereby a person (as the principal) asks another party to act on his behalf (as his agent) to undertake a specific task. The agent will be paid a fee for his services. This contract is usually used in conjunction with another Shari'ah compliant product.

BAI SALAM

Bai Salam refers to a contract in which advance payment is made for goods to be delivered at a future date. Under this arrangement, the seller is obligated to supply some specific goods to the buyer at a future date, in exchange for an immediate advance payment made in full at the time of contract. It is imperative that the quality of the commodity intended to be purchased is fully specified, leaving no ambiguity which could lead to a potential dispute between parties. This type of financing is most often used when a farmer needs capital to cultivate and harvest his crops.

ISTISNA

Istisna is Manufacturing Finance. It is a contract where one party agrees to manufacture/construct an asset based on the order and specifications of the paying party (buyer). In this contract, payments are made in stages to facilitate step-by-step progress in the manufacturing /construction works.

IJARAH

This type of contract refers to a lease, rent or wage. Generally, Ijarah is used when selling the benefit of use (usufruct) or service for an agreed rental charge or wage. Under this concept, ICD makes assets available to a client for an agreed period and rental. For example, equipment such as a manufacturing plant, automation equipment, or motor vehicle can be rented to a client, and during the lease period, ICD retains ownership of the asset.

BAI' MUAJJAL (CREDIT SALE)

This is a sale contract in which ICD sells an asset or commodity with a profit margin to the buyer, under the agreement that payment of the sale price will be made on a future date either in the form of a lump sum or in instalments. The contract must expressly mention that the cost of the asset/commodity and the margin of profit are mutually agreed upon. Bai' muajjal is also called a deferred-payment sale.

ADVISORY SERVICES

ICD provides a variety of advisory services to governments, public sector and private sector entities of its member countries. These services include assessing the business environment of member countries, along with any required reform actions. It also provides advisory services for project financing, company restructuring/rehabilitation, privatization, securitization, Islamic finance and the development of Islamic capital markets, particularly Sukuk. In detail:

Islamic Financial Institutions Development Program works on advising financial institutions on creating independent Islamic subsidiaries/windows, transforming conventional to Islamic financial institutions (FIs), and creating new Islamic FIs focused on the local markets especially SMEs. The program helps in developing Islamic finance products and capabilities in private sector institutions as well as advising governments on Islamic finance.

Sukuk and Capital Markets Program seeks to help member countries to develop Islamic capital markets and Islamic yield curves, by advising member countries on issuing short-term and long-term Sukuk which aims to provide financial sector with the needed liquid instruments to invest surplus capital. This adds to the flow of Sukuk issuance in member countries, which helps to develop their debt capital markets and diversify the funding options. The program also works with the private sector to structure and distribute tradable Islamic instruments.

Industry and Business Environment Support Program seeks to support IsDB Group member countries in the development of conducive enabling environment for business, improve firms' competitiveness and resilience, enhance value chains, and promote industrialization in productive sectors.

ASSET MANAGEMENT

ICD sponsors, structures, manages (as Mudarib) and participates in fixed income, capital market and private equity funds and other special-purpose investment vehicles which are designed to invest in/finance projects in accordance with its mandate. ICD Asset Management seeks to create a multiplier effect on ICD's own directly deployed resources, and aims at connecting sovereign wealth funds, financial institutions, pension funds, insurance companies, endowments, foundations, family offices and high-net-worth individuals with investment opportunities across various themes in emerging and frontier markets, all while boosting development impact. The Asset Management Department (AMD) is subdivided into three functions:

- **Business Development and Fund Programming Division** – Manages all new fund productization, sponsoring, seeding from concept to launch factoring all capital raising efforts and investor relations management. In addition, management of all business development activities with partners, service providers, fund managers and advisory clientele.
- **Portfolio Management Division** – Management, monitoring, restructuring and liquidation of all AMD Funds (in-house/external) as well as ICD Investment into funds. Specific funds managed by the division include:

  a. **Fund Management Program** – ICD under its Fund Management Program sponsors both in-house managed and externally managed funds across geographic markets of interest and across a breadth of asset management classes.

     i. **Money Market Fund (MMF)** – The Open-End Fund is a central liquidity solution that targets investors and institutions seeking highly liquid near-term instruments and short-term capital preservation and income growth. The fund invests in short-term bank placements and low to moderate risk income generating instruments / portfolios.

     ii. **ICD Unit Investment Fund (UIF)** – The legacy Open-End Fund invests in viable and socially responsible investments (primarily corporate, trade and treasury instruments) in conformity with the principles of Shari'ah and the Investment Policy of the Fund.

     iii. **ICD Global Sustainable Fund (GSF)** is an actively managed Shari'ah compliant Open-End Fund focusing on the Environmental, Social and Governance (ESG) and Sustainability arena, targeting listed global equities which employ a combination of alpha- and beta-driven strategies across equity capital markets.

b. **Portfolio Management Program** – ICD under its Portfolio Management Program invests and monitors Funds across geographic markets of interest with a dire focus on SMEs.

   i. **Tunisia Theemar SME Fund** – The Close-End Fund is used for equity funding SMEs in Tunisia and invests in sectors of strategic importance such as agri-food, industrial, financial services, and manufacturing.

   ii. **Saudi "Afaq" SME Fund** – The Close-End Fund is externally managed by Malaz Capital and provides Murabaha financing to SMEs in the Kingdom of Saudi Arabia, along with equity investments to strategic sectors such as manufacturing, education, healthcare, tourism, and food & beverage. The Fund investment period is over and currently in the phase of exit from the invested underlying entities or collection/full recovery of the outstanding debts of obligors.

- **Asset Management Support Unit** – Management of AMD financial reporting, operations, regulatory and administrative support to all AMD Funds, entities and investments.

OPERATION OVERVIEW

2020 HIGHLIGHTS

After witnessing a slowdown in 2019 due to organizational restructuring, the year 2020 staged a positive shift, with total approvals improving from USD 147.5 million in the previous year to USD 306.6 million, with more than half of the operations allocated to high-impact sectors (including finance and infrastructure) in low- and lower-middle income countries.

The total approvals amount includes a dedicated USD 250 million COVID-19 stimulus package designed to provide assistance in the form of short- to medium-term financial instruments. The main beneficiaries of the package are SMEs and the private sector in member countries, in a bid to extend support, shore up demand, and protect people's livelihoods.

In 2020, disbursements totalled USD 135.48 million, achieving a disbursement-to-approval ratio of 44.2%. The largest disbursement allocation over the past year went to line of finance, amounting to USD 84.4 million, or 62.3% of the total. Term finance accounted for 37.7% of total disbursements.

FIGURE 1.1: TRENDS IN ICD GROSS APPROVALS & DISBURSEMENTS

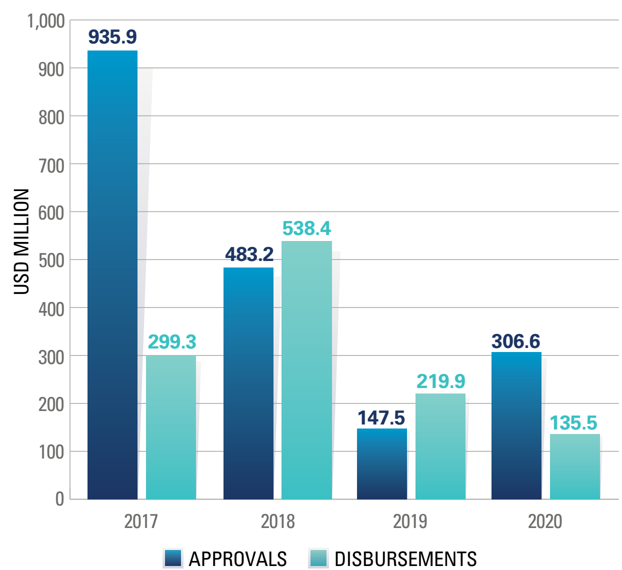


FIGURE 1.2: DISBURSEMENTS BY PRODUCT IN 2020

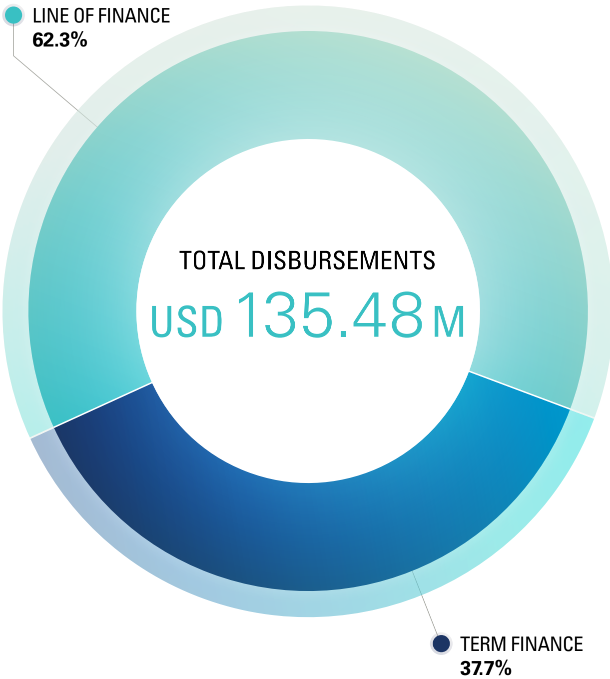


FIGURE 1.3: APPROVALS BY PRODUCT IN 2020

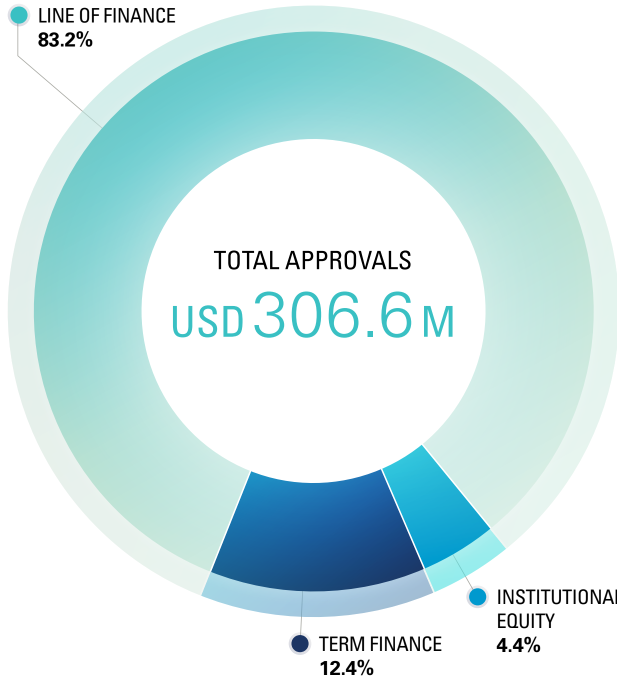
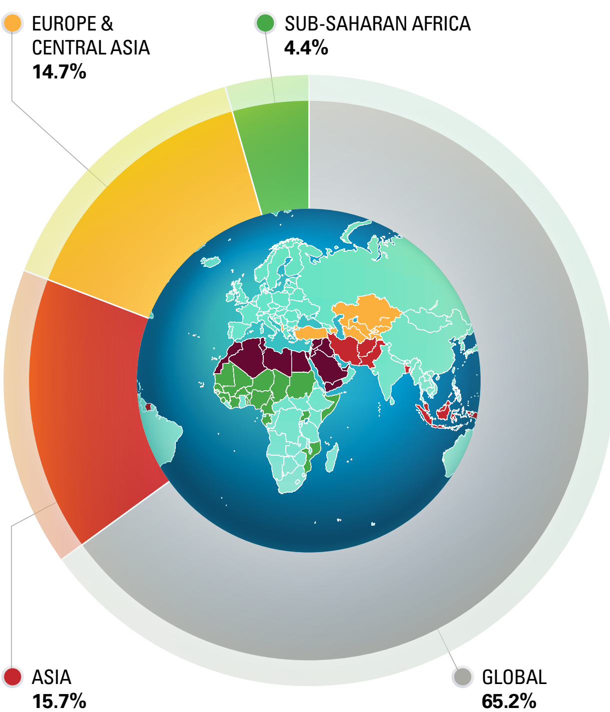


FIGURE 1.4: APPROVALS BY REGION IN 2020



As part of efforts to create new channels of operation in member countries, ICD approved USD 255 million for Line of Finance (LOF) projects, while disbursement to financial institutions in the form of LOF totalled USD 84.4 million in 2020. On the real sector side, USD 38 million of financing was approved with USD 51.08 million disbursed in the same period. The disbursements, which exceeds approvals because it includes disbursements from previous year approvals, were mainly in high-impact sectors such as energy and industry and mining.

In terms of regional distribution, 65.2% of ICD approvals were allocated to global (multi-country) projects, 15.7% to Asia, followed by 14.7% to Europe and Central Asia and 4.4% to Sub-Saharan Africa.

In terms of resource mobilization efforts, ICD signed four new Sukuk mandates in 2020, with total expected issuance size of around USD 2.30 billion.

HIGHLIGHTS SINCE INCEPTION

Since its inception, ICD has approved nearly 500 projects, valued at more than USD 6.8 billion. ICD approvals support a wide array of industries including finance, infrastructure, agriculture, manufacturing, and energy, with investment operations present in 50 member countries.

OUR APPROVALS INCLUDE:

111
LINE OF FINANCE PROJECTS VALUED AT
USD 2.9 BN

224
TERM FINANCE PROJECTS VALUED AT
USD 2.3 BN

144
EQUITY PROJECTS VALUED AT
USD 1.0 BN

15
FUNDS PROJECTS VALUED AT
USD 532.8 M

To date, 77.0% of approvals were allocated to credit financing (term finance plus line of finance), followed by 15.2% in equity participation (institutional equity and corporate equity), and the remaining 7.8% in funds.

By far, the largest share of approvals supports the finance sector (excluding funds) which is the intermediation of SME finance, representing 51.25% of gross approvals to date. The industrial and mining

FIGURE1.5: APPROVALS BY PRODUCT

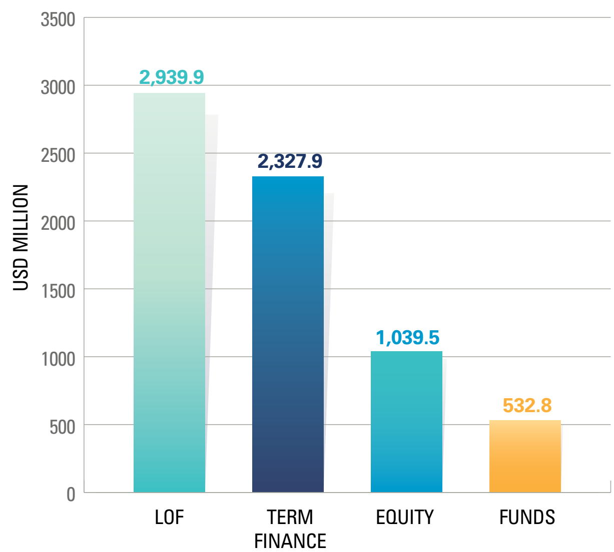


FIGURE 1.6: TOTAL APPROVALS BY SECTOR SINCE INCEPTION

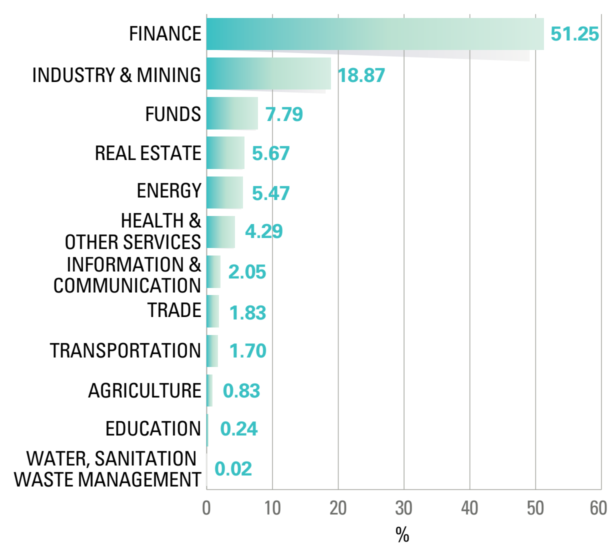


FIGURE 1.7: TOTAL APPROVALS BY REGION SINCE INCEPTION

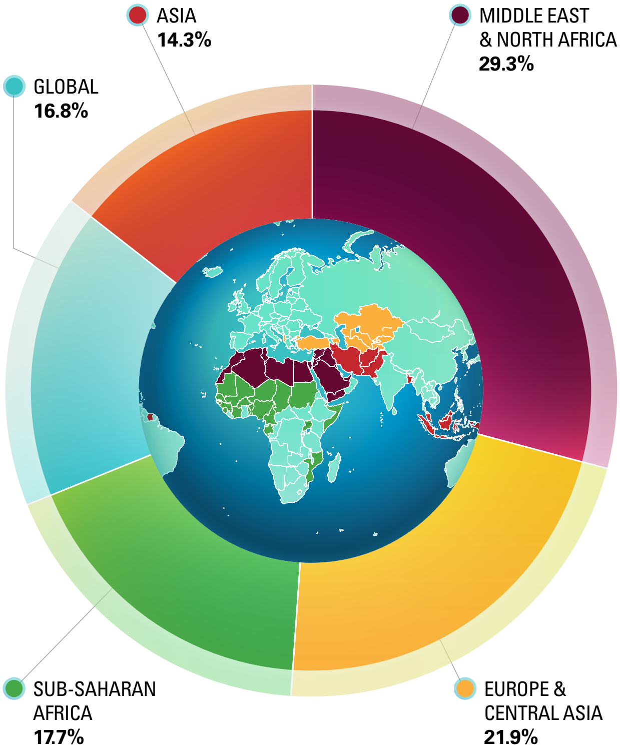
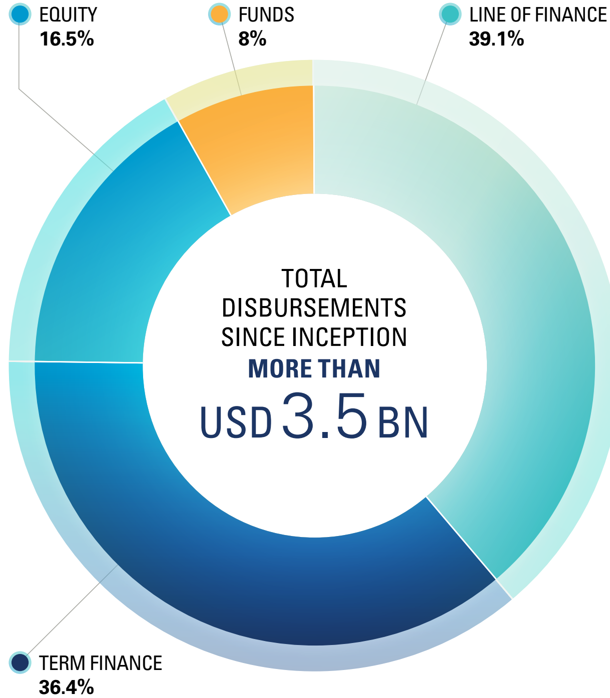


FIGURE 1.8: TOTAL DISBURSEMENTS BY PRODUCT SINCE INCEPTION



sector takes up the second largest share (18.87%) with a gross approved amount of USD 1.3 billion. This is followed by funds with 7.79%, then real estate, energy, health and other social services, information and communication, energy, trade, and transportation, accounting for 21.01% of gross approvals. The remaining USD 74.4 million, representing 1.09% of cumulative approvals, is allocated to three economic sectors: agriculture, education, and water, sanitation and waste management.

Our approvals reflect our wide geographic reach. By the end of 2020, ICD investment operations include 50 member countries, in addition to a number of regional and global-level projects covering several economies. The Middle East and North Africa (MENA) region accounts for 29.3% of gross approvals, followed by Europe and Central Asia (ECA) with 21.9%, Sub-Saharan Africa (SSA) with 17.7%, and the Asia region with 14.3%. The share of regional/global projects covering several countries across multiple regions represents 16.8% of gross approvals.

ICD has disbursed a total of more than USD 3.5 billion since inception. Disbursements vary according to product, with line of finance and term finance projects accounting for the largest proportion (39.1% and 36.4%, respectively). Equity operations accounted for 16.5%, followed by funds at 8%.

2 LIQUID ASSETS AND FUNDING RESOURCES

LIQUID ASSETS

ICD invests its liquid asset resources across a diversified portfolio of high-quality investments in fixed and floating rate Shari'ah compliant products. These products include short-term money market placements with financial institutions, participation in syndicated financing, and investment in Sukuk issued by financial institutions, governments/government agencies and high-quality corporate issuers.

ICD manages the market risk associated with these investments through active balance sheet and asset-liability management and through the use of appropriate Shari'ah compliant hedging products such as FX forwards and Islamic derivative contracts.

FIGURE 2.1: RATING PROFILE

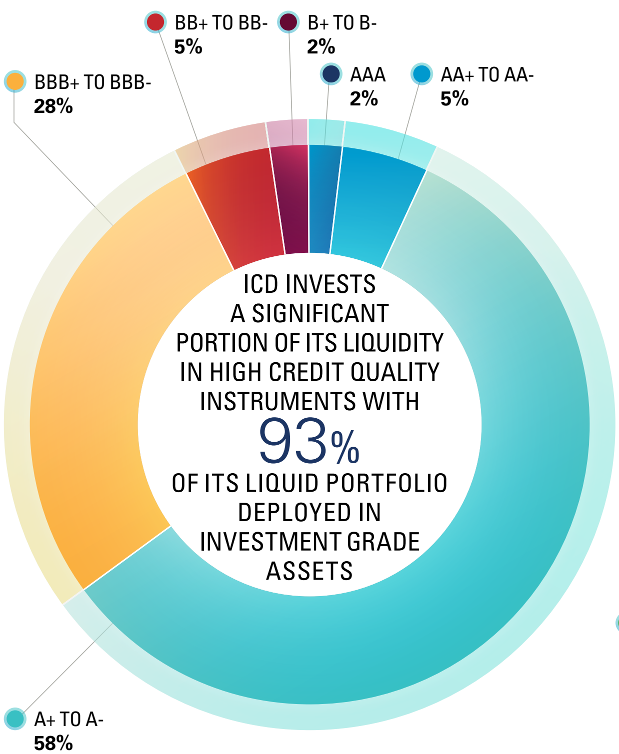


FIGURE 2.2: GEOGRAPHIC BREAKDOWN

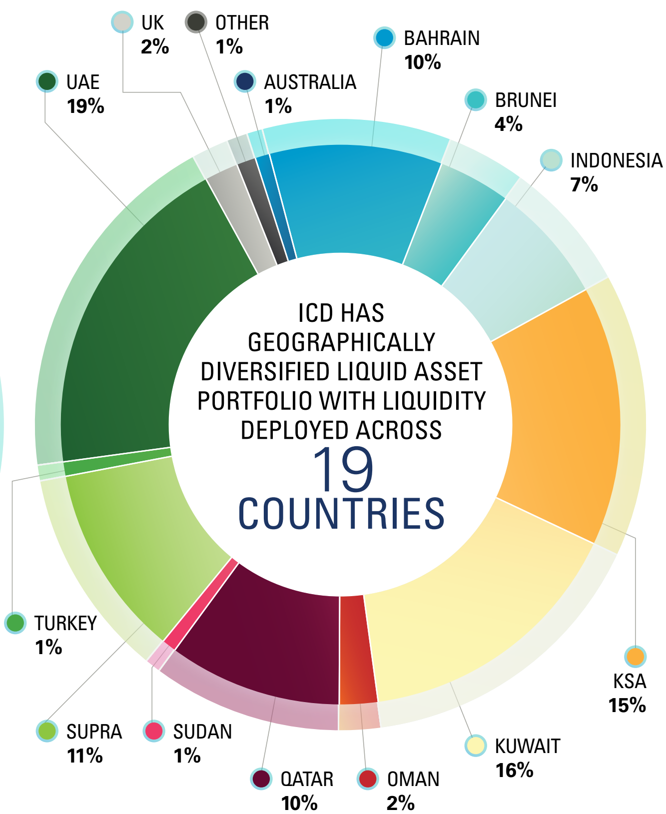
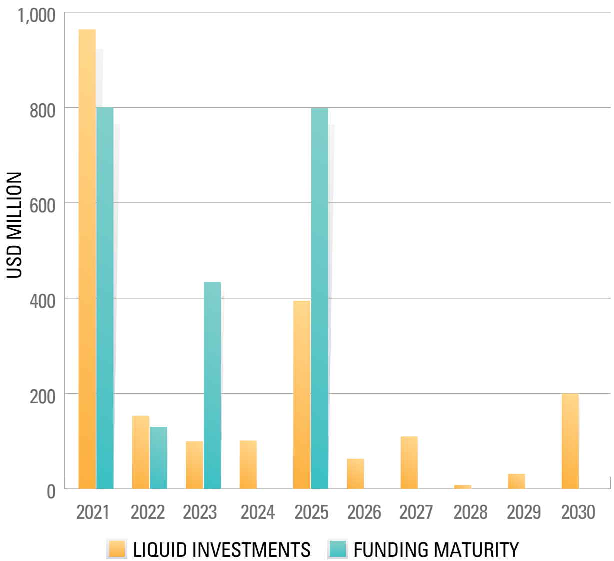
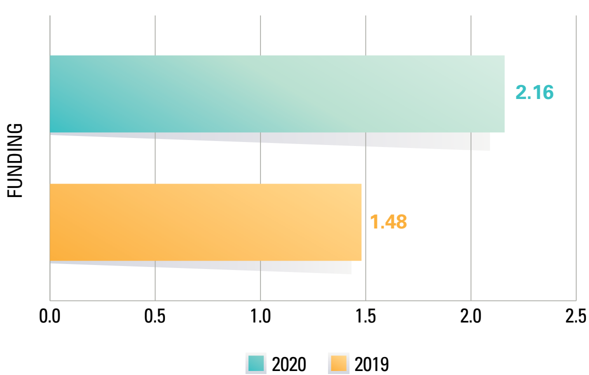


FIGURE 2.3: LIQUIDITY PROFILE



THE MATURITY PROFILE OF ICD'S LIQUID INVESTMENT PORTFOLIO IS OPTIMIZED TO ACHIEVE PRUDENT BALANCE SHEET MANAGEMENT WHILE GENERATING REASONABLE RISK ADJUSTED RETURNS.

FIGURE 2.4: FUNDING RESOURCES (USD BILLION)



FUNDING

The primary sources of ICD's funding are Sukuk issuances and bank financing. As at 31 December 2020, ICD's sukuk issuances amounted to USD 1 billion, with USD 300 million maturing in 2021 and USD 700 million maturing in 2025. On the other hand, bilateral financing from banks totalled USD 1.16 billion as of YE 2020 (USD 1.18 billion as of YE2019). These financing facilities have been secured from banks operating in different geographical regions and have original maturities varying from three to five years.

In order to maintain a matched asset and liability profile, ICD typically seeks funding in its functional currency – U.S. Dollar and swaps the proceeds to other currencies as required by business units to manage the exchange rate risks. ICD also borrows in other currencies such as EUR where it is deemed appropriate to support ICD's intervention activities.

FUNDING ACTIVITIES IN 2020

ICD successfully raised approximately USD 933 million in financing from various sources during 2020 to meet annual operational and liquidity requirements. ICD's Sukuk programme was updated in September 2020 and allowed ICD to access the capital market by issuing a USD 600 million public Sukuk in October 2020.

In 2021, the funding team will look to diversify funding solutions to also include standby facilities, interbank facilities, club/syndicated financing facilities and repurchase agreements. This is in addition to the existing products that ICD has utilized which include bilateral facilities, public and privately placed Sukuk.

3 RISK MANAGEMENT

In carrying out its development mandate, ICD is exposed to a variety of risks, including financial, integrity, and operational risks. The primary objective of ICD's risk management framework is to identify, measure, monitor, and control these risks. The framework comprises risk governance, policies, methodologies, and processes.

RISK GOVERNANCE

The Board of Directors and Board Committees provide the highest level of oversight on the major risks in ICD's operations. ICD's Management Committee, under the Chairman of the CEO and GM, oversees corporate-wide risk issues and endorses all risk policies and guidelines for approval by the CEO and Board of Directors. The Investment Committee is the highest decision-making body for all investment decisions within ICD, covering new and existing transactions as well as workouts. The Asset and Liability Committee oversees the risks in ICD's balance sheet as well as in liquid asset management and funding operations. The Equity Monitoring Committee focuses on the monitoring, valuation and reporting (including performance measurement/ analysis) of the equity investments and funds portfolio.

RISK POLICIES AND GUIDELINES

The Risk Management Department is responsible for developing and maintaining ICD's risk policies and guidelines. The Board of Directors approves all risk policies following endorsement by various board and management committees, including the Audit Committee of the Board, Management Committee, Policy and Procedures Working Group, and ALCO. The key risk policies and guidelines are summarized as follows:

TABLE 3.1: ICD'S RISK-WEIGHTED ASSETS AND CAPITAL ADEQUACY RATIO AT YEAR-END 2020 (USD MILLION)

Asset Class	Exposure (USD, m)	Risk Weighted Assets
Equity Investment	360.9	976.2
Term financing	911.0	1,149.1
Liquid Funds	2,139.0	662.0
Total Risk Weighted Assets (TRWA)		2,787.2
ICD's Members Equity (E)		995.4
Capital Adequacy Ratio (E/ TRWA)		**35.7%**

- **Capital Adequacy Policy:** Prudential minimum level of capital is required to cover all risk assets in ICD's operations. ICD's capital adequacy ratio is defined as total members equity (paid-in capital plus reserves) divided by risk-weighted assets. The policy requires ICD to maintain this ratio at 35% or higher. The table above provides the breakdown of ICD's risk-weighted assets and capital adequacy ratio (35.7%) at year-end 2020.
- **Liquidity Policy:** A prudential minimum liquidity equivalent to a one-year net cash requirement under stress is to be maintained at all times to ensure that ICD can meet all its financial obligations without additional funding over the next 12 months. The net cash requirement is defined as cash inflows (repayments, capital payments, and net income) minus cash outflows (disbursements and redemption).
- **Treasury Risk Management Policy:** All treasury investments and borrowings are to be undertaken in accordance with the provisions of this policy, which set prudential limits on market risk, credit risk, concentration risk, and liquidity risk. The key metric for market risk is duration, which is capped at three years. Also, ICD is required to maintain the average credit rating of the liquidity portfolio at A-/A3.

- **Asset and Liability Management Policy:** The policy's matched funding principle requires ICD to match the currency and profit rate of its assets and liabilities. Accordingly, ICD funds its floating rate assets with floating rate liabilities and vice versa for fixed rate assets. ICD funds its equity investments strictly using equity capital. To ensure flexibility in its funding operations, ICD uses derivatives on a fully hedged basis to convert the currency and mark up basis of its liabilities to match those of its assets. According to ALM policy, ICD's equity capital shall be prioritized to fund (i) equity investments; and (ii) liquid assets in the core liquidity portfolio.
- **Credit Risk Exposure Management Policy:** Credit and concentration risks are managed through a variety of strategic and prudential limits, including on asset class, country, sector, single obligor, and group company.
- **Anti-Money Laundering and Countering Terrorist Financing Policy:** ICD manages the risk of being used as a conduit for money laundering and terrorist financing activities by establishing the essential standards and implementing safeguards designed to prevent such activities. The policy is implemented across all business operations of ICD. A number of processes have been implemented in this regard including obtaining and reviewing KYC information from the counterparty ICD consults and coordinates with the IsDB Group Compliance Office regarding any issues related to AML, KYC and integrity.

CREDIT AND EQUITY RISK

Credit risk is the risk of loss if a borrower or counterparty fails to fulfill its financial obligations to ICD. Equity risk is the risk of loss arising from changes in market price or fair valuation of ICD's equity investments. Such valuation is sensitive to a variety of factors, including macroeconomic developments, management performance, demand/supply dynamic, political risk, market risk, and exchange rate movements. ICD is required to assign an internal credit rating to each financing transaction as well as to each treasury counterparty when a public rating from one of the major international rating agencies is not available. ICD uses an internally developed credit rating methodology that is broadly aligned with that of the major international rating agencies. The methodology comprises four templates for rating exposures to sovereign, corporate, financial institution, and project finance. ICD's internal credit rating scale comprises 21 categories that are mapped to those of international rating agencies. ICD manages three principal sources of credit risk: (i) Line of Finance; (ii) Term Finance; and (iii) Financial Institution transactions relating to liquidity and asset and liability management activities. These risks are managed within an integrated framework of Risk Assessment Guidelines encompassing Project Finance, Corporate Finance, Financial Institutions, and the Investment Guidelines. The table above provides the major credit and equity risks in ICD's operations.

TABLE 3.2: ICD'S CREDIT & EQUITY RISK EXPOSURES AT YEAR-END 2020 (USD MILLION)

Transaction Type	Exposure	% Total Exposure
Line of Financing to Banks	357.0	11.2%
Term Financing	374.9	11.7%
Liquidity	2,139.0	67.0%
Sub-total: Credit Risk Exposure	2,870.9	89.9%
Equity Investments	274.7	8.6%
Funds	47.4	1.5%
Sub-total: Equity Risk Exposure	322.1	10.1%
Total	**3,193.05**	**100.0%**

CREDIT AND EQUITY RISKS IN THE OPERATIONS PORTFOLIO

All new financing and equity investment transactions are subject to ICD's Credit Approval Process, which entails two rounds of review involving the Risk Management Department and investment committee (IC): Concept Review and Final Review. At the Concept Review stage, the primary objective of the assessment is to ensure that the transaction generally complies with ICD's developmental, operational, financial, integrity, and risk management strategies and principles. Following IC's concept review clearance, detailed due diligence is undertaken and the results are presented to the investment committee for final review. All transactions exceeding USD 10 million are submitted to the Executive Committee of the Board for approval.

Following approval, monitoring of exposures is undertaken in accordance with ICD's Credit Administration and Monitoring Process. The responsibility for monitoring transactions rests with the operations department with oversight by the Risk Management Department and IC. In this review, ICD assesses the implementation progress, development impact, and key risk factors as well as updates the credit rating, equity valuation, and provisions as appropriate.

Tables 3.3 and 3.4 and Figure 3.1 provide detailed information on credit risk in the operations portfolio by country, sector, and risk rating category, respectively.

Financing portfolio: ICD's financing portfolio totaled USD 731.9 million at YE 2020 comprising line of finance (48.8%) and term finance (51.2%). The Weighted Average Risk Rating (WARR) of the financing portfolio stood at B/B2 at year-end 2020.

FIGURE 3.1: CREDIT RISK IN FINANCING PORTFOLIO BY RATING CATEGORY

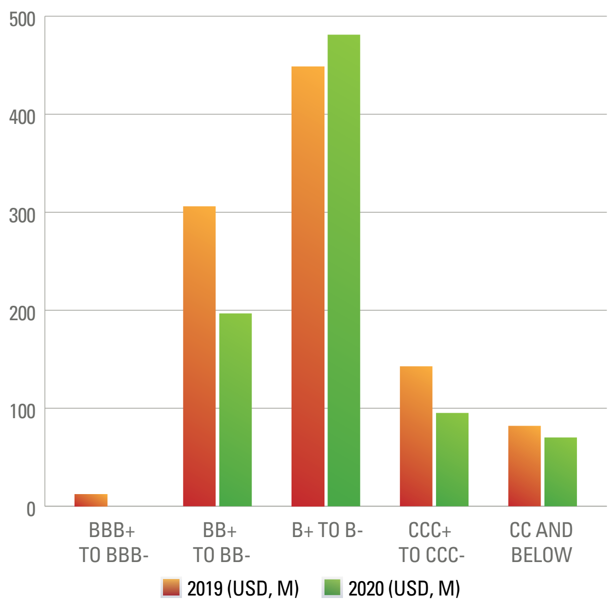


TABLE 3.3: CREDIT RISK IN OPERATIONS PORTFOLIO BY COUNTRY AS OF YEAR-END 2020 (USD MILLION)

Country	Exposure	% of Total Exposure
Malaysia	126.9	12.0%
Senegal	94.4	9.0%
Bangladesh	88.5	8.4%
Egypt	76.7	7.3%
Turkey	72.9	6.9%
Saudi Arabia	55.6	5.3%
Uzbekistan	53.3	5.1%
Cote D'ivoire	51.3	4.9%
Sudan	47.1	4.5%
Mauritania	41.8	4.0%
Pakistan	38.5	3.7%
Mali	38.2	3.6%
Burkina Faso	28.1	2.7%
Jordan	27.1	2.6%
Tunisia	26.2	2.5%
Guinea	19.6	1.9%
Maldives	18.4	1.7%
Cameroon	14.2	1.4%
Regional	61.6	5.8%
Other	73.4	7.0%
Grand Total	**1,054.0**	**100.0%**

TABLE 3.4: EQUITY INVESTMENTS BY SECTOR AS OF YEAR-END 2020 (USD MILLION)

Sector	Exposure	% Total Exposure
Financial Institution	201.5	62.5%
Fund	47.4	14.7%
Real Estate	43.0	13.3%
Building Materials	8.9	2.8%
Agriculture	5.6	1.7%
Industry & Mining	5.3	1.6%
Health & Other Social Services	2.1	0.7%
Other	8.4	2.6%
Grand Total	**322.1**	**100.0%**

Direct equity investment portfolio: The direct equity investment portfolio totaled USD 322.1 million at YE 2020 comprising 35 transactions in various sectors including financial institutions (77.3%), real estate (13.3%), building materials (2.8%), agriculture (1.7%), industrial (1.6%), Health & Other Social Services (0.7%), and others (2.6%).

Fund investment portfolio: The fund investment portfolio totaled USD 47.4 million at year-end 2020 comprising of mainly ICD Asset Management Labuan (USD 29.7 million), Islamic Banking Growth Fund (USD 11.4 million), Theemar Investment Fund (USD 4.4 million), Saudi SME Fund (USD 1.6 million), and Kurulus (USD 0.3 million).

Credit Risk in Treasury Operations: ICD invests funds held in its liquidity portfolio in accordance with the primary objective of safety and liquidity. The size of the liquidity portfolio was USD 2,139 million at YE 2020 comprising, cash (2.2%), placements (36.2%) and Sukuk (61.6%).The weighted average risk rating of the liquidity portfolio was 'A' at YE 2020, in line with the approved treasury risk management policy. Table 3.5 provides detailed information on ICD's liquidity portfolio at YE 2020 by country.

Single counterparty exposure limit covering Sukuk investments, money market placements, FX and derivative transactions, is set at the lower of 10% of ICD's expected liquidity portfolio, 20% of the counterpart's capital, or 12.5% of ICD total equity for A- or better rated counterparts. For BBB+ to BBB- rated counterparts the lower of 7.5% of ICD's expected liquidity portfolio, 20% of the counterpart's capital, or 8.5% of ICD total equity.

Credit Risk in Derivatives: As of YE 2020, outstanding Shari'ah compliant derivative transactions, including foreign exchange forward, profit rate swaps, and profit rate cross currency swaps totaled USD 750.3 million. In line with the ALM policy, which indicates that these transactions shall be undertaken to hedge exchange rate and profit rate risks in ICD's assets and liabilities. The market counterparties for these transactions include: Standard Chartered Bank, Emirates NBD, CIMB Islamic, HSBC, Credit Agricole.

TABLE 3.5: ICD'S LIQUIDITY PORTFOLIO BY COUNTRY AS OF YEAR-END 2020 (USD MILLION)

Country	Amount	%
UAE	397.50	18.6%
KSA	322.94	15.1%
Bahrain	285.95	13.4%
Kuwait	278.50	13.0%
Supra	225.69	10.6%
Qatar	217.00	10.1%
Indonesia	148.03	6.9%
Brunei	95.00	4.4%
UK	55.18	2.6%
Oman	33.34	1.6%
Turkey	30.00	1.4%
Australia	25.00	1.2%
Others	24.91	1.2%
Total	**2,139.03**	**100.0%**

MARKET RISK

Market risk relates to the potential loss on ICD's risk exposures arising from movements in market prices or changes in fair valuation. The major sources of market risk in ICD's operations include mark-up rate risk, exchange rate risk, and equity risk. The Board-approved Asset and Liability Management policy requires that ICD follow the matched-funding principle in managing its assets and liabilities. Thus, ICD ensures that the market rate basis and currencies of all debt-funded assets match those of the underlying liabilities. In addition, the policy does not allow any open currency position in ICD's balance sheet. The matched funding principle ensures that ICD's income spread remains largely constant regardless of market rate and exchange rate movements. The entire term finance portfolio and debt-funded liquidity portfolios are currently in compliance with the matched-funding principle.

The major source of market risk in ICD's treasury portfolio relates mainly to those liquid assets funded by equity funds. ICD manages such market rate risk by establishing conservative duration limit of three years.

4 FINANCIAL PERFORMANCE SUMMARY

ICD has operations in several countries and consequently its performance is affected by several factors. The impact of exchange rate movements, geopolitical developments, sector and specific investee company performances have a direct bearing on ICD's financial results. The combined effects of the COVID-19 pandemic, challenging economic environment of the member countries and project-specific factors have resulted in unrealized fair valuation loss for equity investments, impairment charges related to term financing projects and lower-than-planned disbursements for the 2020 financial year. ICD reported a loss of USD 15.23 million in 2020, as compared to net loss of USD 105.85 million in the year ended 31st December 2019. The loss was mainly due to unrealized fair valuation of equity investments (loss of USD 20.07 million) and provision on non-performing facilities (USD 27.86 million). Revenue from core financing operations of Installment sales, Murabaha Financing and Ijarah Financing were below the 2019 level as shown in table 4.1.

TABLE 4.1: FINANCIAL PERFORMANCE

Income:	2019 USD M	2020 USD M	Change 2019 VS 2020 USD M	Change 2019 VS 2020 %
Investment income:				
Commodity placements (Treasury)	15.73	7.40	(8.33)	(52.96%)
Income from Sukuk	49.09	66.41	17.32	35.28%
Murabaha financing	11.61	3.43	(8.18)	(70.46%)
Installment sales financing	26.23	19.85	(6.38)	(24.32%)
Istisna's	1.17	1.10	(0.07)	(5.98%)
Invest. in equity Investments	(107.19)	(18.31)	88.88	82.92%
Ijarah Muntahia Bittamleek	32.73	32.11	(0.62)	(1.89%)
Depreciation on Ijarah Assets	(19.00)	(20.63)	(1.63)	(8.58%)
Total Shari'ah compliant income	**10.37**	**91.36**	**80.99**	**781.00%**
Provision	(14.89)	(27.86)	(12.97)	(87.11%)
Funding Costs	(57.68)	(38.05)	19.63	34.03%
Other income				
Advisory fee	1.76	0.71	(1.05)	(59.66%)
Administrative fee	2.79	3.70	0.91	32.62%
UIF Mudarib fee/Others	0.37	1.40	1.03	278.38%
Fair value gain on derivative	4.99	0.86	(4.13)	(82.77%)
Total other income	9.91	6.67	(3.24)	(32.69%)
Total income	**(52.29)**	**32.12**	**84.41**	**161.43%**

Tables 4.2 and 4.3 highlight the five-year Statement of Income and Statement of financial position from 2016 to 2020.

TABLE 4.2: STATEMENT OF INCOME

	2016 USD M	2017 USD M	2018 USD M	2019 USD M	2020 USD M
Investment income:					
Commodity placements (Treasury)	6.83	8.23	13.69	15.73	7.40
Income from Sukuk	9.04	14.71	12.24	49.09	66.41
Murabaha financing	6.97	12.05	13.53	11.61	3.43
Installment sales financing	18.63	17.58	30.90	26.23	19.85
Istisna's		0.60	0.90	1.17	1.10
Invest. in equity Investments	46.62	(87.24)	(241.96)	(107.19)	(18.31)
Ijarah Muntahia Bittamleek	28.68	41.91	32.73	32.73	32.11
Depreciation on Ijarah Assets	(21.92)	(31.74)	(24.62)	(19.00)	(20.63)
Total Shari'ah compliant income	94.85	(23.90)	(162.59)	10.37	91.36
Inc. non-Shari'ah compliant placements	0.23	0.39	0.06	0.32	0.09
transferred to ICD Solidarity Fund	(0.23)	(0.39)	(0.06)	(0.32)	(0.09)
Total investment income	94.85	(23.90)	(162.59)	10.37	91.36
Provision	(19.58)	(17.74)	(79.33)	(14.89)	(27.86)
Funding Costs	(22.24)	(36.54)	(58.19)	(57.68)	(38.05)
Advisory fee	2.15	2.32	0.68	1.76	0.71
Administrative fee	5.42	7.81	7.61	2.79	3.70
Exchange difference	(0.11)	-	-	-	-
UIF Mudarib fee/Others	4.03	3.46	1.58	0.37	1.40
Fair value gain on derivative	5.84	2.65	8.06	4.99	0.86
Total other income	**17.33**	**16.24**	**17.93**	**9.91**	**6.67**
Total income	**70.36**	**(61.94)**	**(282.18)**	**(52.29)**	**32.12**
Expenses					
Staff cost	(39.61)	(36.24)	(34.91)	(40.91)	(38.71)
Other administrative expenses	(9.97)	(8.70)	(8.87)	(12.53)	(8.53)
Depreciation	(0.69)	(0.14)	(0.14)	(0.12)	(0.11)
Total expenses	**(50.27)**	**(45.08)**	**(43.92)**	**(53.56)**	**(47.35)**
Net income	**20.09**	**(107.02)**	**(326.10)**	**(105.85)**	**(15.23)**

TABLE 4.3: STATEMENT OF FINANCIAL POSITION

	2016 USD M	2017 USD M	2018 USD M	2019 USD M	2020 USD M
Assets:					
Cash and Cash Equivalents	433.01	517.53	662.85	98.85	305.06
Commodity placements with financial institutions	26.31	145.66	115.29	283.20	526.85
Istisna	0.00	18.57	22.88	21.49	21.07
Murabaha financing	269.46	307.15	293.59	220.88	108.77
Installment sales & Line financing	408.65	410.14	509.56	455.47	359.29
Investment in Sukuk/Marketable Sect.	382.24	633.44	753.25	798.79	1,357.10
Investment in equity capital	755.48	695.03	462.28	349.12	322.13
Ijarah Muntahia Bittamleek	117.81	141.64	162.16	211.54	218.14
Accrued income and other assets	182.63	131.15	88.76	89.54	49.25
Furniture, vehicles and equipment	0.47	0.35	0.21	0.21	0.17
Total Assets	**2,576.06**	**3,000.66**	**3,070.83**	**2,529.09**	**3,267.83**
Liabilities and member's equity					
Liabilities:					
Accruals and other liabilities	59.55	59.64	46.30	78.98	107.53
ICD Solidarity Fund	0.87	1.04	0.99	1.25	1.20
Total liabilities	**60.42**	**60.68**	**47.29**	**80.23**	**108.73**
Long Term Loan					
Long/Wakala Borrowing	1,492.08	1,877.48	2,019.55	1,481.97	2,163.65
Member's Equity					
Paid-up Capital	882.37	1,047.41	1,310.93	1,394.38	1,525.45
Reserves (Net)	141.19	15.10	(306.94)	(427.49)	(530.00)
Total member's equity	**1,023.56**	**1,062.51**	**1,003.99**	**966.89**	**995.45**
Total liabilities and member's equity	**2,576.06**	**3,000.67**	**3,070.83**	**2,529.09**	**3,267.83**

RESERVE AGAINST LOSSES ON FINANCING FACILITIES

ICD implemented FAS 30 (IFRS 9) in 2020. The measurement of credit losses under FAS 30 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

The Corporation's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- **i)** The Corporations internal credit grading model, which assigns PDs to the individual grades.
- **ii)** The Corporation's criteria for assessing if there has been a significant increase in credit risk necessitating the loss allowance to be measured on a 12 month or lifetime ECL basis and the applicable qualitative assessment.
- **iii)** Development of ECL models, including the various formulas and the choice of inputs.
- **iv)** Determination of associations between macroeconomic scenarios and economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs.
- **v)** Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

The reserve against losses is calculated for each mode of financing and deducted from the relevant asset category in the Statement of Financial Position. Increases or decreases in the reserve level are reported in the income statement as impairment allowance for financing assets.

VALUATION OF FINANCIAL INSTRUMENTS WITH NO QUOTED MARKET PRICES

ICD reports at fair value all equity investments, derivative instruments, liquid asset trading securities and certain borrowings. All financial instruments are classified and accounted for at fair value based on the fair value hierarchy established by accounting standards for fair value measurements and disclosures as described in more detail in the Notes to ICD's 2020 Financial Statements.

Many of ICD's financial instruments accounted for at fair value are valued based on adjusted quoted market prices or using models where the significant assumptions and inputs are market- observable and certain un-observable inputs such as discount for lack of marketability. The fair values of financial instruments valued using models where the significant assumptions and inputs are not market-observable are generally estimated using complex pricing models of the net present value of estimated future cash flows. Management makes numerous assumptions in developing pricing models, including an assessment about the counterparty's financial position and prospects, the appropriate discount rates, profit rates, and related volatility and expected movement in foreign currency exchange rates. Changes in assumptions could have a significant impact on the amounts reported as assets and liabilities and the related unrealized gains and losses reported in the income statement. The fair value computations affect both the Financing operations and Treasury segments of ICD.

OVERVIEW

The COVID-19 pandemic affected the entire global economy in 2020 and ICD was not an exception. The overall market environment has a significant influence on ICD's financial performance. The main elements of ICD's net income and influences on the level and variability of net income from year to year are:

- **Income from Equity Investment Portfolio:** Global climate for emerging markets, fluctuations in currency and company specific performance for equity investments. Capital gains, dividends and valuations are affected by changes in the general economic environment. The impact of foreign exchange movements, sector and specific company factors in our key markets adversely affected the financial performance as manifested by the significant drop in equity investment portfolio.
- **Income from Financing:** Market conditions, competition and profit rate fluctuations usually affect the return from financing assets.
- **Gains and losses on financial instruments accounted for at fair value:** Differences between changes in fair value of borrowings, Sukuk investments and associated derivative instruments that are partly dependent on the global environment.
- **Provision on Financing Portfolio:** Geopolitical environment and slow economic growth can affect borrowers' ability to timely service their obligations.
- **Cost of Funds:** The need to maintain a certain amount of liquidity and expand the Corporation's presence in member countries calls for more resources that come at a cost.

2020 VERSUS 2019

NET INCOME

ICD reported a positive net revenue of USD 32.12 million in 2020, as compared to negative USD 52.29 million in 2019, representing 161.43% (USD 84.41 million) increase in total revenue. The increase in net revenue in 2020 when compared to 2019 is reflected in Table 4.4.

The decrease in the equity loss by USD 88.88 million in 2020, USD 12.97 million increase in impairment allowance and positive fair value gain on Sukuk investments explains the increase in the total income between 2020 and 2019 (refer to Table 4.4). A more detailed analysis of the components of ICD's net loss follows.

COMMODITY PLACEMENTS WITH BANKS AND OTHER INSTITUTIONS

ICD earned USD 7.40 million in commodity placement revenue in 2020 as compared to USD 15.73 million in 2019 representing a decrease of 52.96%. This was due to decrease in the average placement portfolio coupled with lower rates in 2020.

INCOME FROM SUKUK

Investment in Sukuk increased to USD 1,357.10 million in 2020 from USD 798.79 million in 2019. Revenue also increased from USD 49.09 million in 2019 to USD 66.41 million in 2020. Favorable Sukuk price changes and revenue from Sukuk investments mainly accounted for this significant increase.

INCOME FROM EQUITY INVESTMENTS

Income from equity investment portfolio increased from a loss of USD 107.19 million in 2019 to a loss of USD 18.31 million in 2020. This represents USD 88.88 million movement in this line of revenue. ICD accounts for equity investments as per IFRS 10, which requires that substantially all equity investments are measured at fair value. In general, the equity asset class is volatile and as such any movement in this asset class have a significant impact on the financial performance. The revaluation of equity accounts for

TABLE 4.4: STATEMENT OF INCOME

Income:	2019 USD M	2020 USD M	Change 2019 VS 2020 USD M	Change 2019 VS 2020 %
Investment income:				
Commodity placements (Treasury)	15.73	7.40	(8.33)	(52.96%)
Income from Sukuk	49.09	66.41	17.32	35.28%
Murabaha financing	11.61	3.43	(8.18)	(70.46%)
Installment sales financing	26.23	19.85	(6.38)	(24.32%)
Istisna's	1.17	1.10	(0.07)	(5.98%)
Invest. in equity Investments	(107.19)	(18.31)	88.88	82.92%
Ijarah Muntahia Bittamleek	32.73	32.11	(0.62)	(1.89%)
Depreciation on Ijarah Assets	(19.00)	(20.63)	(1.63)	(8.58%)
Total Shari'ah compliant income	**10.37**	**91.36**	**80.99**	**781.00%**
Provision	(14.89)	(27.86)	(12.97)	(87.11%)
Funding Costs	(57.68)	(38.05)	19.63	34.03%
Other income				
Advisory fee	1.76	0.71	(1.05)	(59.66%)
Administrative fee	2.79	3.70	0.91	32.62%
Mudarib Fees	0.37	1.40	1.03	278.38%
Fair value gain on derivative	4.99	0.86	(4.13)	(82.77%)
Total other income	**9.91**	**6.67**	**(3.24)**	**(32.69%)**
Total income	**(52.29)**	**32.12**	**84.41**	**161.43%**
Expenses				
Staff cost	(40.91)	(38.71)	2.20	5.38%
Other administrative expenses	(12.53)	(8.53)	4.00	31.92%
Depreciation	(0.12)	(0.11)	0.01	8.33%
Total expenses	**(53.56)**	**(47.35)**	**6.21**	**11.59%**
Net income	**(105.85)**	**(15.23)**	**90.62**	**85.61%**

the highest percentage change/movement in income during the period. The challenging market conditions of our member countries resulted in sharp decline in our equity investments. A number of our investee companies suffered from the combined effects of a drop in exchange rates as well as the lower operational performance for the portfolio companies.

INCOME FROM IJARAH MUNTAHIA BITTAMLEEK

Gross income from Ijarah in 2020 was almost in line with that of 2019. However, depreciation was increased by USD 1.63 million (8.58%) which slightly decreased net Ijarah revenue when compared to the corresponding period in 2019. There was an increase in total Ijarah assets from USD 211.54 million in 2019 to USD 218.14 million in 2020 as a result of disbursements made during the year.

INCOME FROM MURABAHA AND INSTALLMENT SALES FINANCING

Income from Murabaha financing decreased by USD 8.18 million (70.46%), from USD 11.61 million in 2019 to USD 3.43 Million in 2020. Murabaha assets decreased from USD 220.88 million in 2019 to USD 108.77 million in 2020 due to additional provisions and repayments exceeding disbursements during the period.

Income from installment sales also decreased increased by 24.32% from USD 26.23 million in 2019 to USD 19.85 million in 2020. Instalment Assets also decreased from USD 455.47 million in 2019 to USD 359.29 million in 2020 due to repayments exceeding disbursements and the impact of provisions.

INCOME FROM ADVISORY SERVICES

Income from advisory services decreased from USD 1.76 million in 2019 to USD 0.71 million 2020, representing a movement of around USD 1.05 million. Fewer mandates were executed in 2020 when compared to the previous year. This was due to the difficult operating environment posed by the COVID-19 pandemic.

INCOME FROM ADMINISTRATIVE FEES

Administrative fees of USD 3.70 million recorded in 2020 was 32.62% above that of 2019. Mudarib fees also increased by 278.38% from USD 0.37 million in 2019 to USD 1.40 million in 2020. This was mainly due to the improved performance of funds under management.

FAIR VALUE GAIN ON DERIVATIVES

There was a decrease in fair value gain on derivatives from USD 4.99 million in 2019 to USD 0.86 million in 2020. The nominal value of derivatives also dropped from USD 866.35 million at the close of 2019 to USD 688.10 million at the end of 2020.

PROVISION FOR LOSSES ON TERM FINANCE, OTHER RECEIVABLES AND EQUITY

Provision for the losses on term finance, other receivables and equity have increased by 87.11% from USD 14.89 million in 2019 to USD 27.86 million in 2020 mainly due to implementation of FAS 30 (IFRS 9) during the year.

FINANCING CHARGES

ICD's funding costs for 2020 declined by 34.03% as compared to 2019 (USD 38.05 million in 2020 vs. USD 57.68 million in 2019). The decrease was mainly due a relatively lower average portfolio as a significant portion of the 2020 borrowing was in the last quarter of 2020.

OPERATING EXPENSES

Staff costs decreased by 5.38% from USD 40.91 million in 2019 to USD 38.71 million in 2020. This was mainly due to decrease in number of staffs during the year and number of positions yet to be filled. Administrative expenses decreased from USD 12.53 million in 2019 to USD 8.53 million in 2019. This decrease is mainly as a result of savings in costs due to slowdown in activities.

BALANCE SHEET

Total assets increased by 29.2% to USD 3,267.83 million in 2020 from USD 2,529.09 million in 2019. The increase was due to the net new borrowing of about USD 682 million and Share capital payment of USD 131 million during the year.

5 GOVERNANCE AND CONTROL

SENIOR MANAGEMENT CHANGES

As part of the implementation of ICD's new organizational structure, the following changes took place in the ICD Senior and Middle Management in the course of 2020:

- Mr. Buba Barrow was appointed as the Acting Director, Finance and Accounting Department effective from 05/05/2020 and Division Head, Financial Planning & Reporting under the Finance and Accounting Department effective from 06/09/2020.
- Mr. Karim Jan was appointed as the Acting Director, Internal Audit Department effective from 30/04/2020.
- Mr. Taufique Hasan was appointed as the Acting Director, Risk Management Department effective from 01/12/2020.
- Mr. Mohammed Asheque Moyeed was appointed as the Division Head, Infrastructure and Corporate Finance under the Global Markets and Fixed Income Department effective from 20/08/2020.
- Mr. Ulan Abylgaziev was appointed as the Division Head, FI Financing and Guarantees under the Global Markets and Fixed Income Department effective from 20/08/2020.
- Br. Nabeel Ali was appointed as the Division Head, Assets, Liabilities and Alternative Investments under the Treasury Department effective from 06/09/2020.
- Br. Adeel Ahmed was appointed as the Division Head, Funds and Portfolio Management under the Asset Management Department effective from 20/08/2020.
- Mr. Saani Ibrahim was appointed as the Division Head, Fixed Income Treasury & Institutional Legal Affairs under the Legal Department effective from 06/09/2020.
- Mr. Muhammad Aref Tarakji was appointed as the Division Head, FI Banking Investments under the Global Markets Equity Department effective from 20/08/2020.
- Mr. Asif Mahmud was appointed as the Division Head, Remedial Asset Management under the Global Markets Equity Department effective from 20/08/2020.
- Dr. Elvin Afandi was appointed as the Division Head, Economic Policy & Research under the Strategy, Policy & Research Department effective from 20/08/2020.
- Mr. Ahmed Al Akwa'a was appointed as the Division Head Operations under the Corporate Support Department effective from 19/07/2020.
- Mr. Nabil El- Alami was appointed as the Division Head PR & Communications effective from 20/08/2020.
- Mr. Basem Tantush was appointed as the Division Head Relationship Management & Partnerships effective from 20/07/2020.
- Mrs. Manal Allagany was appointed as the Division Head, Human Resources under the Corporate Support Department effective from 06/09/2020
- Mr. Tafsir Ahmed was appointed as the Unit Head, Syndications under the Global Markets Equity Department effective from 20/08/2020.
- Mr. Muhammad Zeeshan was appointed as the Unit Head, Support and Business Development under the Treasury Department effective from 20/08/2020.

- Mr. Ariff Shafzan Hasan was appointed as the Unit Head, Funding under the Treasury Department effective from 20/08/2020.
- Mr. Louai Mohammed Ali Khojali was appointed as the Unit Head, Asset Management Support under the Asset Management Department effective from 06/09/2020.
- Mr. Salah Berjaoui was appointed as the Unit Head Credit Portfolio Management under the Operations Division effective from 20/08/2020.
- Mr. Ahmed Belhadj Jrad was appointed as the Unit Head Disbursements and Dues under the Operations Division effective from 20/08/2020.
- Mr. Hamza Boukili was appointed as the Unit Head Partnerships under the Relationship Management & Partnerships Division effective from 20/08/2020.
- Mr. Boubakari Ake was appointed as the Unit Head Sub Saharan Africa under the Relationship Management & Partnerships Division effective from 20/08/2020.
- Mr. Samir Taghiyev was appointed as the Unit Head Europe & CIS under the Relationship Management & Partnerships Division effective from 20/08/2020.
- Mr. Ahmed Abdul Khalid was appointed as the Unit Head Asia under the Relationship Management & Partnerships Division effective from 20/08/2020.
- Mr. Hamza Alsaktawi was appointed as the Unit Head, Innovation & Knowledge Management under the Development Effectiveness Department effective from 20/08/2020.
- Mr. Akhtar Ali was appointed as the Unit Head, Financial Policy & Monitoring under the Finance and Accounting Department effective from 06/09/2020.

GENERAL ASSEMBLY

The General Assembly is the highest decision-making authority. Each member is represented at the General Assembly by an appointed representative. Its main functions are to lay down the policies governing the work and general supervision of ICD. The General Assembly may delegate authority to the Board of Directors to exercise any of its powers, except those reserved to the General Assembly under the Articles of Agreement.

BOARD OF DIRECTORS (BOD)

The BOD is mainly responsible for the adoption of policies, the operations strategy, budget, and general conduct of ICD operations within the powers delegated to it by the General Assembly. The Board consists of ten members (including the Chairman) and is chaired by the President of the IsDB Group. Other members include: the representatives of IsDB, member country groups from Africa, Asia, and Arab Asia, public financial institutions and a permanent member from Saudi Arabia (representing the largest shareholder after IsDB).

In accordance with the Articles of Agreement, the BOD shall meet when the business of the corporation requires, and a majority of the members of the Board shall constitute a quorum for any meeting, provided that such majority represents at least two-thirds of the total voting powers of the members. A special meeting may also be called at any time by the Chairman or at the request of three members of the Board.

Members of the BOD appointed by IsDB shall have the votes of the IsDB divided equally among them, and each member of the BOD is entitled to cast a number of votes equivalent to the number of votes which were counted towards his or her election, and which the electing members of ICD were entitled to.

The BOD is authorized as per the corporation's by-laws to exercise all the powers of the corporation, with the exception of the powers reserved to the General Assembly, as well as establishing conditions and procedures pursuant to which the Chairman of the Board may submit various types of matters under an expedited procedure.

BOARD OF DIRECTORS AS OF END 2020

1. Dr. Bandar M.H. Hajjar (Chairman of the Board)
2. Dr. Rami M.S. Ahmad
3. Ms. Zeina Zeid Toukan
4. Mr. Nabil S. Al-Abdul Jalil
5. Mr. Damo Justin BARO
6. Mr. Ulan Aiylchiev
7. Dr. Hamad Bin Suleiman Al Bazai
8. Dr. Fahad M. Al-Turki
9. Dr. Ali Jannati
10. Mr. Fredrick Twesiime Tabura

EXECUTIVE COMMITTEE

The BOD appoints an Executive Committee (EC) from its members that serves as a fast-track decision-making body. It has the power to approve all financing and investment operations and all other powers delegated to it by the Board. The EC is composed of up to six members, of which two seats are allocated permanently to the Chairman of the Board and the representative from the member country holding the largest number of shares in ICD (Saudi Arabia) respectively. The EC members are rotated on a yearly basis, enabling all Board members the opportunity to serve on the committee.

EXECUTIVE COMMITTEE MEMBERS OF THE BOARD AS OF END 2020

1. Dr. Bandar M. H. Hajjar (Chairman of ICD Board of Directors)
2. Dr. Fahad M. Al-Turki
3. Dr. Hamad Bin Suleiman Al Bazai
4. Mr. Nabil S. Al-Abdul Jalil
5. Mr. Ulan Aiylchiev

AUDIT COMMITTEE

The BOD appoints an Audit Committee from among its members for a three-year term. The Committee is responsible for overseeing the financial and internal control aspects of ICD, as well as its compliance with its mandate, and reporting its findings to the BOD.

BOARD AUDIT COMMITTEE AS OF END 2020

1. Dr. Fahad M. Al-Turki (Chairman)
2. Mr. Fredrick Twesiime Tabura
3. Mr. Nabil S. Al-Abdul Jalil
4. Dr. Abubaker Ali Omer Bagabir (independent expert member)

THE CHIEF EXECUTIVE OFFICER

The CEO, under the general supervision of the Chairman of the Board of Directors, conducts the day-to-day business of ICD. The CEO is also responsible for the appointment of officers and staff of the Corporation. To the extent that he is authorized by the BOD, the CEO approves financing and investment of the ICD. The BOD appointed Mr. Ayman Amin M. Sejiny as the Chief Executive Officer of ICD in 23/12/1439H (September 2018) for a three-year term.

IsDB SHARI'AH BOARD

In 2012, the ICD Shari'ah Board was subsumed with that of IsDB's, forming the IsDB Group Shari'ah Board. The Board is responsible for advising the IsDB Group on the Shari'ah compliance of its products and transactions. The Board consists of the following eminent scholars:

IsDB GROUP SHARI'AH BOARD AS OF END 2020

1. Shaikh Abdulla Bin Manei'a
2. Shaikh Mohamad Taqi Alosmni
3. Dr. Mohammed Alroki
4. Dr. Mohammad Alshafe'e

NOTE: In 2020, the IsDB Group Shari'ah Board lost three of its eminent members (Dr. Hussein Hamed Sayed Hassan, Dr. Abdulsattar Abughuddah and Shaikh Mohammad Ali Taskhiri). We pray to the Almighty Allah to forgive all and grant them Jannatul-Firdaus with the foremost believers and martyrs.

ICD FINANCIAL REVIEW

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IsDB
البنك الإسلامي للتنمية
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