Empowering Prosperity:
Bridging Finance for Inclusive Growth and a Sustainable Future
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Discover ICD’s pivotal role in fostering private sector growth through client services, with a focus on 2023’s strategic investments and operational highlights.

Business Overview

The Islamic Corporation for the Development of the Private Sector (ICD) is a multilateral organization affiliated with the Islamic Development Bank (IsDB). Its authorized capital stands at USD 4 billion, of which USD 2 billion is open for subscription. Its shareholders consist of the IsDB, 56 member countries and five public financial institutions. Established during the 24th annual meeting of the IsDB Board of Governors in Jeddah in Rajab 1420H (November 1999), ICD is headquartered in Jeddah.

Since its establishment in November 1999, the Islamic Corporation for the Development of the Private Sector (ICD) has consistently centered its efforts on fostering inclusive and dynamic growth through private sector development. ICD’s mission complements the Islamic Development Bank’s (IsDB) role by actively developing and promoting the private sector as a catalyst for enhancing economic growth and prosperity. With a vision to become a premier Islamic multilateral financial institution dedicated to this purpose, ICD stands committed to driving sustainable and thriving economies.

As the private sector arm of the Islamic Development Bank (IsDB) Group, ICD aligns its objectives with the principles of Shari’ah, aiming to: i) identify growth-oriented opportunities and initiatives within the private sector, ii) offer an extensive array of productive financial products and services for private sector development, iii) mobilize supplementary resources for the private sector in member countries, and iv) promote the advancement of Islamic financial and capital markets.
Operations Overview

2023 Highlights

ICD’s commitment to fostering private sector growth and tackling global issues such as energy access and infrastructure is reflected in its actions. In 2023, ICD’s project approvals amounted to USD 531.66 million, achieved through extending financial support to partner institutions and investing in initiatives. This year’s approvals were categorized into line of finance (LOF) (76.06% share), term finance (22.66% share), and equity (1.28%), aligning with ICD’s strategic shift toward credit financing. With this, cumulative project approvals have now reached USD 6.92 billion since inception.
Sectorally, 77.34% of new project approvals were earmarked for the finance sector, followed by non-financial sector investments focusing on high-impact sectors such as industry and mining (13.24%), transportation (4.72%) and energy (4.70%). In terms of regional distribution, 34.86% of project approvals were allocated to Europe and Central Asia, followed by Asia (24.53%), Middle East and North Africa (MENA) (20.71%), sub-Saharan Africa (SSA) (18.96%), with one regional project based in Asia (0.94%).

CUMULATIVE PROJECT APPROVALS HAVE NOW REACHED USD 6.92 BILLION SINCE INCEPTION.
On disbursements, 2023 saw a significant increase in efficiency. With a total distribution of USD 438.78 million (compared to USD 310.53 million in 2022), the finance sector made up the bulk of the disbursements (86.33%), while the remaining 13.67% went to the industry and mining sector. Overall, the disbursement-to-approval ratio stood at 82.53%, a remarkable leap from 2022’s 54.88%.

**Highlights since inception**

Since ICD’s establishment in 1999, it has approved a total of 451 projects amounting to USD 6.9 billion since its inception in 1999. These approvals have extended support across diverse sectors such as finance, infrastructure, agriculture, manufacturing, and energy. ICD’s investment operations actively span 50 member countries, showcasing a wide-reaching impact across various industries.

**Our approvals include:**

- 138 Line of Finance projects valued at USD 3.57 billion
- 168 Term Finance projects valued at USD 1.90 billion
- 130 Equity projects valued at USD 922.63 million
- 15 Funds projects valued at USD 532.85 million
To date, 78.97% of approvals have been allocated to credit financing (term finance plus line of finance), followed by 13.33% in equity participation (institutional equity and corporate equity), and the remaining 7.70% in funds. The most substantial portion of approvals since inception has been directed to the finance sector (excluding funds), focusing on SME finance via partner financial institutions. This represents 60.07% of total approvals, exceeding USD 4.15 billion. Following this, the industrial and mining sector holds the second-largest share (14.06%), amounting to USD 973.00 million in gross approvals. Funds account for 7.70%, while the remaining 17.25% of approvals cover various sectors such as energy, real estate, health, social services, transportation, information and communication, and trade. A fraction, USD 63.78 million (0.92% of cumulative approvals), has been allocated to agriculture, education, and water, sanitation, and waste management sectors.

ICD HAS APPROVED A TOTAL OF 451 PROJECTS AMOUNTING TO USD 6.9 BILLION SINCE ITS INCEPTION IN 1999.
Our approvals showcase the extensive geographic scope of our operations. By the end of 2023, ICD’s investment initiatives extended across 50 member countries, encompassing various regional and global projects across diverse economies. Among these, the Europe and Central Asia (ECA) region accounted for 24.23% of gross approvals, trailed closely by the Middle East and North Africa (MENA) at 23.85%, Sub-Saharan Africa (SSA) at 21.14%, and the Asia region at 15.85%. Additionally, projects bridging regions and covering multiple countries accounted for 14.93% of gross approvals.
ICD has disbursed a total of approximately USD 4.51 billion since inception. Disbursements vary according to product, with line of finance and term finance projects accounting for the largest proportion (47.25% and 33.18%, respectively). Equity operations accounted for 13.29%, followed by funds at 6.29%.
This chapter examines ICD’s strategic management of liquid assets and diverse funding resources in 2023, highlighting its Shari’ah compliant investments.

**Liquid Assets**

ICD strategically invests its liquid asset resources in a diverse portfolio of high-quality, Shari’ah compliant fixed and floating rate products. These investments include short-term money market placements with top-rated financial institutions and Sukuk issued by governments, government agencies, and high-quality corporate issuers.

To manage market risk, ICD employs active balance sheet and asset-liability management, along with Shari’ah compliant hedging products such as Islamic FX forward, Islamic Cross Currency Swap, and Islamic Profit Rate Swap.

**Funding**

The primary sources of ICD’s funding are Sukuk issuances and bank financing. As of 31 December 2023, ICD had four Sukuks totalling USD 804.4 million outstanding, namely (i) a public Sukuk of USD 600.0 million maturing in October 2025, (ii) two private placement Sukus of USD 100 million and SAR 375 million (USD 100 million), maturing in March 2025 and December 2028 respectively; and (iii) a local currency Sukuk issued for KZT 2.0 billion (USD 4.4 million).

Additionally, ICD has long-term bilateral and club financing amounting to USD 980.1 million. These financing facilities, secured from banks operating in different geographical regions, have original maturities varying from three to seven 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 and SAR, where it is deemed appropriate to support ICD’s member countries.
A significant portion of ICD’s liquidity is invested in high credit quality instruments, with 91.7% of its liquid portfolio deployed in investment-grade assets.

The liquid asset portfolio is geographically diversified, with investments spread across 15 countries.
Funding Activities in 2023

In 2023, ICD successfully raised USD 450.0 million from a bilateral financing facility and a private placement Sukuk to meet operational requirements. Furthermore, ICD raised KZT 2.0 billion (USD 4.4 million) from a successful debut of a Tenge denominated Sukuk to support its operations in Kazakhstan. This was the first tenge-denominated Sukuk issuance globally.

In 2024, ICD is looking into diversifying its funding solutions to include standby facilities, interbank facilities, club/syndicated financing facilities and collateralized Murabaha facilities. This is in addition to the existing products that ICD has utilized which include bilateral facilities, public and private placement Sukuk.

Due to growing requirements, ICD will continue to explore the possibility of raising financing in local currencies, either through local currency Sukuk issuances or bilateral financing to support the growth and economic development of the private sector in its member countries.

Sukuk / Advisory Activities in 2023

The Islamic Solidarity Fund for Development (ISFD) has, in November 2023, mandated ICD to advise it to establish a Trust Certificate Issuance Programme to facilitate the issuance of its inaugural Cash Waqf Sukuk.

Further, there is a need for continued efforts to raise awareness and understanding of Sukuk among member countries. In 2023, ICD organized Sukuk workshops for financial market participants in Algeria and Tunisia.

Joint Lead Manager Role and its Contribution

ICD continued its prominent role as Joint Lead Manager (JLM) for Sukuk issuances by leading financial institutions in high-rated member countries, contributing to its fee-based income growth. In 2023, ICD facilitated Sukuk arrangements for Qatar Islamic Bank, Dubai Islamic Bank, First Abu Dhabi Bank, and the Islamic Development Bank.

Syndication Activities

In the Treasury Division, the Syndication team actively engages in mobilizing funds beyond ICD’s balance sheet. This involves facilitating Islamic syndicated transactions that benefit customers in the Infrastructure & Corporate Finance and Financial Institutions sectors. Additionally, the team acquires market-based ICD deals from other banks in the region.

The Syndication activities at ICD play a crucial role in supporting the financing strategy, allowing for the mobilization of funds and the promotion of Islamic modes of finance. This is accomplished through the implementation of Islamic tranches in syndicated facilities. In 2023, ICD secured two new mandates and participated in three syndicated transactions, collaborating with other leading banks in the region, which included Afreximbank, Türk Eximbank, and DenizBank A.S.
Risk Management

Highlighting the robust risk management policies that guide ICD’s prudent decision-making, this chapter underscores the institution’s commitment to financial integrity.

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, Risk and Compliance Committee of the Board, Management Committee, and ALCO. The key risk policies and guidelines are summarized as follows:

- **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 on the right provides the breakdown of ICD’s risk-weighted assets and capital adequacy ratio (34%) at year-end 2023.

- **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 the ALM policy, ICD’s equity capital shall be prioritized to fund (i) equity investments; and (ii) liquid assets in the core liquidity portfolio.

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Exposure (USD million)</th>
<th>Risk Weighted Assets (RWA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Line of Finance</td>
<td>675.3</td>
<td>1,145.9</td>
</tr>
<tr>
<td>Term Finance</td>
<td>388.1</td>
<td>712.9</td>
</tr>
<tr>
<td>Equity Investments</td>
<td>317.1</td>
<td>886.0</td>
</tr>
<tr>
<td>Treasury</td>
<td>1,701.8</td>
<td>510.0</td>
</tr>
<tr>
<td>Total Risk Weighted Assets</td>
<td>-</td>
<td>3,254.9</td>
</tr>
<tr>
<td>Total Member’s Equity</td>
<td>-</td>
<td>1,106.1</td>
</tr>
<tr>
<td><strong>CAR @ YE-2023</strong></td>
<td><strong>-</strong></td>
<td><strong>34.0%</strong></td>
</tr>
</tbody>
</table>
• **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 below provides the major credit and equity risks in ICD’s operations.

### ICD'S CREDIT & EQUITY RISK EXPOSURES AT YEAR-END 2023 (USD MILLION)

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Exposure (USD million)</th>
<th>% Total Exposure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Line of Financing to Banks</td>
<td>635.0</td>
<td>21.0%</td>
</tr>
<tr>
<td>Term Financing</td>
<td>375.5</td>
<td>12.4%</td>
</tr>
<tr>
<td>Liquidity</td>
<td>1,701.8</td>
<td>56.2%</td>
</tr>
<tr>
<td>Sub-total: Credit Risk Exposure</td>
<td>2,712.3</td>
<td>89.5%</td>
</tr>
<tr>
<td>Equity Investments</td>
<td>282.3</td>
<td>9.3%</td>
</tr>
<tr>
<td>Funds</td>
<td>34.6</td>
<td>1.1%</td>
</tr>
<tr>
<td>Sub-total: Equity Risk Exposure</td>
<td>317.0</td>
<td>10.5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,029.30</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>
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 team 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 30.0 million (up to USD 50.0 million) are submitted to the Chairman 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 team 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.

The following tables provide detailed information on credit risk in the operations portfolio by country, sector, and risk rating category.

### ICD’s Credit Risk in Operations Portfolio by Country As of Year-End 2023 (USD Million)

<table>
<thead>
<tr>
<th>Country</th>
<th>Exposure (USD million)</th>
<th>% of Total ICD Exposure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uzbekistan</td>
<td>184.0</td>
<td>13.9%</td>
</tr>
<tr>
<td>Senegal</td>
<td>120.0</td>
<td>9.0%</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>114.8</td>
<td>8.6%</td>
</tr>
<tr>
<td>Egypt</td>
<td>101.0</td>
<td>7.6%</td>
</tr>
<tr>
<td>Turkey</td>
<td>83.8</td>
<td>6.3%</td>
</tr>
<tr>
<td>Cote D’ivoire</td>
<td>60.6</td>
<td>4.6%</td>
</tr>
<tr>
<td>Pakistan</td>
<td>59.0</td>
<td>4.4%</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>55.0</td>
<td>4.1%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>52.7</td>
<td>4.0%</td>
</tr>
<tr>
<td>Mauritania</td>
<td>47.9</td>
<td>3.6%</td>
</tr>
<tr>
<td>Nigeria</td>
<td>39.0</td>
<td>2.9%</td>
</tr>
<tr>
<td>Tunisia</td>
<td>34.7</td>
<td>2.6%</td>
</tr>
<tr>
<td>Kuwait</td>
<td>33.9</td>
<td>2.6%</td>
</tr>
<tr>
<td>Cameroon</td>
<td>29.4</td>
<td>2.2%</td>
</tr>
<tr>
<td>Burkina Faso</td>
<td>29.2</td>
<td>2.2%</td>
</tr>
<tr>
<td>Mali</td>
<td>26.1</td>
<td>2.0%</td>
</tr>
<tr>
<td>Maldives</td>
<td>24.5</td>
<td>1.8%</td>
</tr>
<tr>
<td>Jordan</td>
<td>21.2</td>
<td>1.6%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>18.8</td>
<td>1.4%</td>
</tr>
<tr>
<td>Regional</td>
<td>90.1</td>
<td>6.8%</td>
</tr>
<tr>
<td>Others</td>
<td>101.9</td>
<td>7.7%</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>1,327.5</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>
ICD’s financing portfolio totaled USD 1,010.5 million at YE-2023 comprising line of finance (62.8%) and term finance (37.2%) transactions. The Weighted Average Risk Rating (WARR) of the financing portfolio stood at B/B2 at year-end 2023.

Direct equity investment portfolio: The direct equity investment portfolio totaled USD 317.0 million at YE-2023 comprising 39 transactions in various sectors including financial institutions (81.9%), real estate (12.3%), industrial (1.5%), building materials (0.8%), agriculture (0.7%), and others (2.8%).

Fund investment portfolio: The fund investment portfolio totaled USD 34.6 million at year-end 2023 comprising of mainly ICD Asset Management Labuan (USD 16.35 million), Islamic Banking Growth Fund (USD 15.03 million), Theemar Investment Fund (USD 3.08 million), and Saudi SME Fund (USD 0.17 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 1,663.1 million at YE 2023 comprising, cash (13.0%), placements (0.42%) and Sukuk (86.69%). The weighted average risk rating of the liquidity portfolio was ‘A-’ at YE 2023, in line with the approved treasury risk management policy. The tables on the right provide detailed information on ICD’s liquidity portfolio at YE 2023 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.

<table>
<thead>
<tr>
<th>Countries</th>
<th>Exposure (USD million)</th>
<th>% of Total ICD Exposure</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Arab Emirates</td>
<td>354.6</td>
<td>21%</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>322.0</td>
<td>19%</td>
</tr>
<tr>
<td>Qatar</td>
<td>203.5</td>
<td>12%</td>
</tr>
<tr>
<td>Kuwait</td>
<td>202.5</td>
<td>12%</td>
</tr>
<tr>
<td>Bahrain</td>
<td>202.5</td>
<td>12%</td>
</tr>
<tr>
<td>Supranational</td>
<td>121.1</td>
<td>7%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>108.1</td>
<td>6%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>50.0</td>
<td>3%</td>
</tr>
<tr>
<td>Pakistan</td>
<td>25.0</td>
<td>2%</td>
</tr>
<tr>
<td>Senegal</td>
<td>17.6</td>
<td>1%</td>
</tr>
<tr>
<td>Others</td>
<td>56.3</td>
<td>3%</td>
</tr>
<tr>
<td>Total</td>
<td>1,663.1</td>
<td>100%</td>
</tr>
</tbody>
</table>

Credit Risk in Derivatives
As of YE 2023, outstanding Shari’ah compliant derivative transactions, including foreign exchange forward, profit rate swaps, and profit rate cross currency swaps totaled USD 730 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: SCB, CIMB Islamic, SNB, HSBC, ENBD and GIB.
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.
Financial Performance Summary

Detailing ICD’s financial performance in 2023, this chapter focuses on how sustained revenue growth successfully countered the impact of higher funding costs.

Gross revenue grew by 25.9% from USD112.43 in 2022 to USD141.55 in 2023. This was mainly on account of increased volume coupled with higher yields. Consolidated net profit amounted to USD 9.31 million in 2023 as compared to USD 12.87 million recorded for the year ended 31 December 2022. The dilution of the net profit was due to the impact of higher cost of funds and increase in impairment.
2023 versus 2022

Net Income
ICD reported a net profit for the year of USD 9.31 million in 2023 as compared to USD 12.87 million recorded in 2022. The slight decrease in operating income is due to the impact of the increase in funding costs by USD 31.54 million and USD5.22 million in impairment which diluted the gains from revenue growth in 2023. A more detailed analysis of the components of ICD’s net income follows:

Commodity placements with banks and other institutions
ICD earned USD 11.31 million in commodity placement revenue in 2023 as compared to USD 5.92 million in 2022 representing an increase of 91.05%. This was due to an increase in the average placement portfolio in 2023 coupled with an increase in rates.

Income from sukuk
Investment in Sukuk decreased to USD 1,522.14 million in 2023 from USD 1,653.43 million in 2022. However, revenue increased from USD 36.90 million in 2022 to USD 39.45 million in 2023. This was mainly due to the impact of higher yields.

Income from equity investments
Income from equity investment portfolio increased by 29.88% from USD 14.86 million to USD 19.30 million in 2023. The increase is due to the positive performance of investee companies. Equity valuation results are passed through fair value reserves except for declines in fair values of more than 30% or prolonged declines in value of more than one year which are considered as impaired and charged to the income statement.

<table>
<thead>
<tr>
<th>Continuation operations</th>
<th>2022</th>
<th>2023</th>
<th>Change</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income: USD million</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment income:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commodity placements</td>
<td>5.92</td>
<td>11.31</td>
<td>5.39</td>
<td>91.05%</td>
</tr>
<tr>
<td>Sukuk</td>
<td>36.90</td>
<td>39.45</td>
<td>2.55</td>
<td>6.91%</td>
</tr>
<tr>
<td>Financing Assets</td>
<td>38.30</td>
<td>62.53</td>
<td>24.23</td>
<td>63.26%</td>
</tr>
<tr>
<td>Equity Investments</td>
<td>14.86</td>
<td>19.30</td>
<td>4.44</td>
<td>29.88%</td>
</tr>
<tr>
<td>Other Income</td>
<td>16.45</td>
<td>8.95</td>
<td>(7.50)</td>
<td>(45.59%)</td>
</tr>
<tr>
<td>Total Income</td>
<td>112.43</td>
<td>141.55</td>
<td>29.12</td>
<td>25.90%</td>
</tr>
<tr>
<td>Funding Costs</td>
<td>(42.99)</td>
<td>(74.53)</td>
<td>(31.54)</td>
<td>73.37%</td>
</tr>
<tr>
<td>Net Operating Income</td>
<td>69.44</td>
<td>67.02</td>
<td>(2.42)</td>
<td>(3.49%)</td>
</tr>
<tr>
<td>Operating Costs</td>
<td>(42.86)</td>
<td>(50.81)</td>
<td>(7.95)</td>
<td>18.55%</td>
</tr>
<tr>
<td>Net operating income before impairment charges continuing operations</td>
<td>26.59</td>
<td>16.21</td>
<td>(10.38)</td>
<td>(39.04%)</td>
</tr>
<tr>
<td>Impairment (loss/reversal)</td>
<td>(6.33)</td>
<td>(11.54)</td>
<td>(5.21)</td>
<td>82.31%</td>
</tr>
<tr>
<td>Net operating income before taxation from continuing operations</td>
<td>20.26</td>
<td>4.66</td>
<td>(15.60)</td>
<td>(77.00%)</td>
</tr>
<tr>
<td>Income tax</td>
<td>(0.16)</td>
<td>(0.90)</td>
<td>(0.74)</td>
<td>462.50%</td>
</tr>
<tr>
<td>Net profit for the year after taxation from continuing operations</td>
<td>20.10</td>
<td>3.76</td>
<td>(16.34)</td>
<td>(81.29%)</td>
</tr>
<tr>
<td>Discontinued operations</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net profit / (loss) for the year after taxation from discontinued operations</td>
<td>(7.23)</td>
<td>5.55</td>
<td>12.78</td>
<td>(176.76%)</td>
</tr>
<tr>
<td>Net profit for the year</td>
<td>12.87</td>
<td>9.31</td>
<td>(3.56)</td>
<td>(27.66%)</td>
</tr>
</tbody>
</table>
Income from Financing Assets
Income from financing assets increase by 63.26% from USD38.30 million in 2022 to USD 62.53 million in 2023. This increase is attributed to the increase in average financing portfolio volume and the increase in rates.

Other income
This represents revenue from advisory fees, financing arrangement fees, management and other fees and gain or loss on derivatives net of forex. The total of other income recorded a decrease of 45.59%. Advisory fees decreased during the year due to less mandates being executed. Furthermore, last year there were reversals of accruals no longer required which increased the 2022 other income.

Financing charges
ICD’s funding costs for 2023 increased by 73.37% as compared to 2022 (USD 74.53 million in 2023 vs USD 42.99 million in 2022). The increase was due to the impact of higher rates.

Provision for losses on term finance, other receivables, and equity
Provision for losses on term finance, other receivables and equity have increased by 82.31% from USD 6.33 million in 2022 to USD 11.54 million in 2023 due to additional provision taken on some legacy portfolio.

Operating expenses
Overall expenses increased by 18.55% from USD 42.86 million in 2022 to USD 50.81 million in 2023.

Balance sheet
Total assets increased by 1.94% from USD3.16 billion at the end of 2022 to USD 3.22 billion at the end of the current period. This growth attributed mainly to increase in borrowing and the earning during the year.
Governance and control

ICD is dedicated to the principles of good governance. In this section, we show how the strategic involvement of the Board, senior leadership, and a talented workforce, collaboratively shapes an organization focused on empowering the private sector for the future.

Senior and Middle Management Changes

As part of ICD’s realigned organizational structure and new hiring, the following changes took place in ICD’s Senior and Middle Management in the course of 2023:

1. Mr. Mohammed Ataur Chowdhury was appointed as an Officer in Charge, Equity Department effective from 19 January 2023.
2. Mr. Nazih Al-Naser was appointed as Senior Advisor to the CEO effective from 7 February 2023.
3. Dr. Mansur Noibi was appointed as the Director of Legal and Compliance effective from 9 July 2023.

General Assembly

The General Assembly is the highest decision-making authority. Each member is represented at the General Assembly by an appointed representative. The main function of the General Assembly is to lay down the policies governing the work and general supervision of ICD. It 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 member country having the largest number of shares of the Corporation).

Board of Directors as of end 2023

1. H.E. Dr. Muhammad Al Jasser (Chairman of the Board)
2. H.E. Dr. Hamad Suleiman Al Bazai
3. H.E. Ismail Ali Manik
4. Hon. Dr. Rami Ahmad
5. Hon. Tamerlan Taghiyev
6. Hon. Wesam Jasem Al Othman
7. Hon. Moufida Jaballah Srarfi
8. Hon. Dr. Fahad M. Alturki
9. Hon. Abdulrahman Abdullah Alsakran
10. Hon. Hamad Madi Al-Hajri
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.

Executive Committee

The BOD appoints an Executive Committee (EC) from its members that serves as a fast-track decision-making body. The EC has the power to approve all financing and investment operations, review the performance of existing investments and financing operations and ensuring their alignment with ICD’s developmental mandate, review ICD’s progress in achieving its development effectiveness mandate, review and recommend ICD’s Business Plans, and review and recommend the annual budget of ICD in addition to other powers delegated to the EC 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 having 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 2023

1. H.E. Dr. Muhammad Al Jasser (Chairman of ICD Board of Directors)
2. Hon. Dr. Fahad M. Alturki
3. H.E. Dr. Hamad Sulaiman Al Bazai
4. H.E. Ismail Ali Manik
5. Hon. Wesam Jasem Al Othman
Nomination & Remuneration Committee

The purpose of the Nomination & Remuneration Committee (NRC) is to assist the BOD in fulfilling its oversight responsibilities regarding remuneration and human resources matters. The NRC is composed of four members including one independent member with relevant expertise and education in Human Resources Management. The membership of the NRC is based on annual rotation of the members of the BOD.

Nomination & Remuneration Committee of the Board as of end 2023
1. Hon. Abdulrahman A. Al Sakran
2. Hon. Hamad Madi Al-Hajri
3. Hon. Mrs. Moufida J. SRARFI

Audit, Risk & Compliance Committee

The BOD appoints an Audit, Risk & Compliance Committee (ARCC) from among its members for a three-year term. The Committee has oversight responsibilities over the ICD Audit, Risk and Compliance functions, and it reports its findings to the BOD. The ARCC is composed of four members: three members from the appointed members of the Board, and one independent expert member appointed by the BOD. The members of the committee serve for the full three years commensurate with their term on the BOD.

Board Audit, Risk & Compliance Committee as of end 2023
1. Hon. Dr. Fahad M. Alturki (Chairman)
2. Hon. Tamerlan Taghiyev
3. Hon. Wesam Jasem Al Othman
4. Hon. Saleh Mugbel Al Khalaf (Independent Expert Member)
IsDB Group Shari’ah Board

In 2012, the ICD Shari’ah Board was subsumed within that of IsDB, 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 IsDB Group Shari’ah Board consists of the following eminent scholars:

1. Dr. Mohammad Ali Ibrahim Al-Qari
2. Dr. Nizam Muhammad Saleh Yaqoubi
3. Dr. Aznan Hasan
4. Dr. Sa’id Adekunle Mikail
5. Mufti Muhammad Hassan Kalem

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 the officers and staff of the Corporation. To the extent that he is authorized by the BOD, the CEO approves ICD’s financing and investment. The BOD appointed Eng. Hani Sonbol as the Acting Chief Executive Officer of ICD on 16/02/1444H (12/09/2022).
WE FUND PROJECTS THAT ARE AIMED AT CREATING COMPETITION, ENTREPRENEURSHIP, EMPLOYMENT OPPORTUNITIES AND EXPORT POTENTIAL.