Enabling Enterprise
Building Prosperity

ICD
Islamic Corporation for the Development of the Private Sector

Member of the Islamic Development Bank Group

ANNUAL REPORT
1434H | 2013

بسم الله الرحمن الرحيم

Member Countries as of 29 Dhul Hijjah, 1434H

- Albania
- Algeria
- Azerbaijan
- Bahrain
- Bangladesh
- Benin
- Brunei
- Burkina Faso
- Cameroon
- Chad
- Comoros
- Côte d'Ivoire
- Djibouti
- Egypt
- Gabon
- Gambia
- Guinea
- Guinea Bissau
- Indonesia
- Iran
- Iraq
- Jordan
- Kazakhstan
- Kuwait
- Kyrgyzstan
- Lebanon
- Libya
- Malaysia
- Maldives
- Mali
- Mauritania
- Morocco
- Mozambique
- Niger
- Nigeria
- Pakistan
- Palestine
- Qatar
- Saudi Arabia
- Senegal
- Sierra Leone
- Sudan
- Suriname
- Syria
- Tajikistan
- Tunisia
- Turkey
- Turkmenistan
- UAE
- Uganda
- Uzbekistan
- Yemen

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Board of Directors Letter to the General Assembly

In the name of Allah, the Beneficent, the Merciful

H.E. The Chairman
General Assembly of the Islamic Corporation for the Development of the Private Sector

Dear Mr. Chairman,

Assalam-O-Alaikum Warahmatullah Wabarakatuh

In accordance with the Articles of Agreement and the by-laws of the Islamic Corporation for the Development of the Private Sector (ICD), I am pleased to submit to the esteemed General Assembly, on behalf of the ICD's Board of Directors, the Fourteenth Annual Report of ICD for the fiscal year covering the period 01/01/1434H-29/12/1434H (15/11/2012 - 03/11/2013).

This Report contains an overview of the Corporation, its approved operations and its audited financial statements, as well as a description of activities carried out during its fourteenth year of operation. This year, the report reflects ICD's particular efforts towards achieving the goal of development impact in its member countries. ICD will, Insha Allah, pursue all efforts to meet the aspirations of its shareholders.

Please accept, Mr. Chairman, the assurances of my highest considerations.

Dr. Ahmad Mohamed Ali
Chairman, Board of Directors

Message from the CEO

In the name of Allah, the Beneficent, the Merciful

I am very pleased to present the 1434H Annual Report, which looks back at yet another successful year for the ICD. This report demonstrates how ICD has addressed the strategic development agenda of its member countries in consonance with its corporate priorities. I will begin by summarizing recent global and regional economic development and will then continue on to outline ICD involvement in activities geared towards helping the countries achieve their socio-economic goals.

Over the past year, although global economic growth continued to gather momentum, it still remained weak and overall economic conditions remained uncertain and unstable. Furthermore, the volume of economic growth was not homogenous across various regions and country groupings. In contrast to the majority of advanced economies, levels of growth among emerging and developing economies have slowed down.

In the past year, economic development in ICD member countries has been very similar to that of many other emerging and developing countries. However, the deceleration in economic growth and overall economic patterns did not occur evenly across the regions. Varying degrees of uncertainty affected different ICD member country regions with respect to financial systems, macroeconomic imbalances, and commodity price volatility associated with the Eurozone debt crisis.

Against this background of a mixed-picture of economic development, both globally and regionally, ICD managed to make solid progress in the implementation of its strategic agenda in 1434H. We were active due to our strong support to member country private sectors through project financing and a wide range of advisory services that created new jobs, contributed to poverty reduction, built corporate skills and promoted Islamic finance. As the first multilateral private sector development institution in the world offering Islamic finance, ICD has continued to broaden its knowledge and presence in local markets, and this has helped increase its ability to address developmental needs.

In 1434H, ICD approved 31 new projects and 8 capital increases in existing equity, totaling $429.65 million, a record amount since inception. As a result, cumulative approvals of the Corporation increased to over $3 billion from inception. These projects added value to member countries economic and social development in a number of ways. Equity investments accounted for the bulk of approvals last year, representing about half of the total approvals. ICD disbursements increased from $125 million in 1433H to $308.5 million during 1434H. This almost three-fold increase is a sign of ICD's ongoing and deliberate efforts to speed up internal disbursement process.

Last year, ICD was also successful in diversifying its portfolio in terms of both sectoral distribution and regional composition. In financial services, agriculture, telecommunication and industry – to name a few of the dominant sectors among many – ICD offered key equity investments, extended lines of finance and other modes of Islamic finance to support a wide range of private sector companies. During 1434H, ICD also placed special emphasis on rebalancing the geographic allocation of its investment commitments based on a number of factors. These included member countries' developmental needs, their creditworthiness, and ICD strategic priorities. In 1434H, 35.3 percent of ICD's approved projects were allocated to a Global project, followed by Europe and Central Asia (34.5 percent), MENA (16.9 percent), and Sub-Saharan Africa (10.6 percent). This is in addition to the 2.8 percent of approvals dedicated to Asia.

In 1434H, ICD's contributions reached far beyond its financing investment vehicles. In fact, last year was also very productive for ICD in terms of providing advisory services in member countries. The types of services that ICD provided include advising financial institutions on converting their operations to comply with Shariah guidelines, helping governments and government-linked companies gain access to capital through Shariah- compliant means, supporting capital markets, and advising on large scale project financial transactions.

These achievements highlight sound strategic planning, strong guidance on behalf of the Board as well as the Management, and entire staff devotion to their duties. Therefore, I would like to take this opportunity to thank all members of the Board and management as well as the professional team at ICD for their incredible support and hard work. Furthermore, our partners' and clients' close involvement with private sector development initiatives in member countries also made a major contribution towards ICD's success last year.

As we continually affirm, it is important to remember that the Muslim countries are rich in human and natural resources and that they have a tremendous potential to enjoy a much better quality of life.

I pray to Allah the Almighty to guide us in our efforts to overcome the challenges ahead and to help us achieve the welfare and prosperity of the Muslim community, Amin.

Mr. Khaled Mohamed Al-Aboodi
CEO & General Manager

1 ICD Profile and Structure

1.1 Overview

Islamic Corporation for the Development of the Private Sector

The Islamic Corporation for the Development of the Private Sector (ICD) is a multilateral organization affiliated with the Islamic Development Bank (IDB). Its authorized capital stands at $2.0 billion, of which $1.0 billion is available for subscription. Its shareholders consist of the IDB, 52 member countries and five public financial institutions. Headquartered in Jeddah, ICD was established by the IDB Board of Governors during its 24th annual meeting held in Jeddah in Rajab 1420H (November 1999).

The mandate of ICD is to support the economic development of its member countries by providing financial assistance for private sector projects in accordance with the principles of Shariah law and it aims at creating employment opportunities and enhancing their export potential.

Furthermore, ICD has the mandate of mobilizing additional resources for projects and encouraging the development of Islamic finance. It also attracts co-financiers for its projects and provides advice to governments and private sector groups on policies aimed at encouraging the establishment, expansion and modernization of private enterprises, development of capital markets, best management practices and enhancing the role of the market economy. ICD operates to complement the activities of IDB in member countries, and also with respect to their national financial institutions.

Mission

To complement the role played by the IDB through the development and promotion of the private sector as a vehicle for boosting economic growth and prosperity.

Vision

To become a premier Islamic multilateral financial institution for the development of the private sector.

1.2 Organization & Management

General Assembly

The General Assembly is the highest authority of the ICD, and represents its members (countries and institutions). Its main functions are to lay down the policies governing the work and general supervision of ICD.

Board of Directors (BOD)

The BOD is mainly responsible for the adoption of policies, operations strategy, budget, and the general conduct of ICD operations within the powers delegated to it by the General Assembly. The Board consists of 10 members and is chaired by the President of the IDB Group. Other members include, the Chief Executive Officer of ICD along with the representatives of IDB, member country groups from Africa, Asia, Arab Asia, public financial institutions and a permanent member from Saudi Arabia (which is the largest shareholder after IDB).

Board of Directors as at end 1434H
Dr. Ahmad Mohamed Ali (Chairman of the Board)
Mr. Khaled Mohamed Al-Aboodi (CEO and General Manager)
Mr. Abdullah Mohammed Abdullah Al Zaabi (Representing Arab Group)
Dr. Abdulhamid Alkhalifa (representing Saudi Arabia)
Mr. Yerlan Alimzhanuly Baidaulet (Representing IDB)
Madam Siti Zauyah Binti Mohd Desa (representing Asia Group)
Mr. Kanvaly Diomande (representing IDB)
Mr. Lawan Gana Lantewa (representing Africa Group)
Dr. Valioallah Reza Seif (representing Financial Institutions Group)
Mr. Zeinhom Zahran (representing IDB)

Executive Committee

The BOD appoints an Executive Committee (EC) from among its members. The EC 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, from among whom three seats are allocated permanently to the Chairman of the Board, the CEO & General Manager and the representative from Saudi Arabia respectively. The EC's 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 at end 1434H
Dr. Ahmad Mohamed Ali (Chairman of the Board)
Mr. Khaled Mohamed Al-Aboodi (CEO and General Manager)
Dr. Abdulhamid Alkhalifa (representing Saudi Arabia)
Madam Siti Zauyah Binti Mohd Desa (representing Asia Group)
Mr. Kanvaly Diomande (representing IDB)

The CEO and General Manager

The CEO, who also serves as the General Manager 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 to the Corporation. To the extent that he is authorized by the BOD, the CEO approves ICD financing and investments. The BOD reappointed Mr. Khaled Mohammed Al-Aboodi as the CEO and General Manager of ICD in 10/09/1434H for another three-year term.

Shariah Committee

In 1433H, the ICD Shariah Committee was subsumed with that of IDB's, forming the IDB Group Shariah Committee. It is responsible for advising the IDB Group on the Shariah compliance of its products and transactions. The Committee consists of the following eminent scholars.

IDB Group Shariah Committee as at end 1434H
Dr. Hussein Hamed Sayed Hassan (Chairman)
Dr. Abdulsattar Abughuddah (Vice Chairman)
Shaikh Abdulla Bin Sulaiman Al Manea
Shaikh Muhammad Taqi Usmani
Shaikh Mohammad Ali Taskhiri
Shaikh Mohamed Mokhtar Sellami
Shaikh Mohammad Hashim Bin Yahaya

Audit Committee

The BOD appoints an Audit Committee from among its members. This Committee is responsible for overseeing the financial and internal control aspects of ICD, as well as ensuring compliance with its mandate. The Audit Committee reports its findings to the BOD.

Audit Committee as at end 1434H
Dr. Abdulhamid Alkhalifa (Chairman)
Mr. Yerlan Alimzhanuly Baidaulet
Mr. Lawan Gana Lantewa
Mr. Zeinhom Zahran

Advisory Board

ICD has an Advisory Board consisting of five internationally renowned experts who are familiar with ICD activities. The Board provides views and opinions on any matter submitted to it by the General Assembly, the Board of Directors, Executive Committee, the Chairman of the Board of Directors or by the CEO.

Advisory Board as at end 1434H
Dr. Assaad Joseph Alexandre Jabre
Dr. Bamanga Mohammed Tukur
Mr. Hamad Saud Al-Sayari
Mr. Abdul Rashid Hussain
Mr. Moeen Qureshi

Board of Directors as at end 1434H

Dr. Ahmad Mohamed Ali
Chairman of the Board

Mr. Khaled Mohamed Al-Aboodi
CEO & General Managr

Mr. Abdullah M.A. Al Zaabi
Representing Arab Group

Dr. Abdulhamid Alkhalifa
Representing Saudi Arabia

Mr. Yerlan A. Baidaulet
Representing IDB

Madam Siti Zauyah Binti Mohd Desa
Representing Asia Group

Mr. Kanvaly Diomande
Representing IDB

Mr. Lawan Gana Lantewa
Representing Africa Group

Dr. Valiollah Reza Seif
Representing the Public Financial Institutions Group

Mr. Zeinhom Zahran
Representing IDB

2 ICD Products and Processes

2.1 Three Global Business Products

ICD is uniquely positioned in a sense that it offers three sets of Shariah-compliant business products and services to its private sector clients in member countries. These global business products are mutually reinforcing and interrelated:

Figure 1. ICD Business Products

A. Financing & Investment Products

ICD's mandate to serve the private sectors of its 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 that are undergoing expansion or modernization. ICD also extends short-term financing to cover working capital or procure raw materials for a duration 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 a joint business venture with a view to making profits. Considered by some to be the purest form of Islamic financing, all investors contribute capital towards a business venture and agree to share the profits according to 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 party (the capital provider) is known as the rab-al-maal, while the latter is referred to as the mudarib. Profits made in the business are shared between the parties according to a pre-agreed ratio. If losses occur, the rabb-ul-mal will lose the capital, and the mudarib will lose the time and effort invested in business operations.

Murabahah (cost plus mark-up)

This concept refers to the sale of goods at a price that includes a profit margin agreed upon by both parties. The purchase and selling price, other costs, and the profit margin must be clearly outlined 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 is then paid a fee for his services. This contract is usually used in conjunction with another Shariah-compliant product.

Bai Salam

This is 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 specific goods to the buyer at a future date in exchange for an immediate advance payment fully paid up at the time of contract. It is imperative that the quality of the commodity intended to be purchased is fully specified, leaving no ambiguity that could lead to a potential dispute between the parties. This type of financing is most often used in cases such as when a farmer needs capital to cultivate and harvest his crops.

Istisna

This refers to manufacturing finance. Istisna is a contract where a party agrees to manufacture/construct an asset based on the order and specifications of a buyer. Here, payments are made in stages to facilitate step-by-step progress in the manufacturing / construction works.

Ijarah

This signifies a lease, rent or wage. Generally, the concept of Ijarah refers to selling the benefit of use (usufruct) or a service for an agreed upon rent or wage. In this situation, ICD makes the use of assets/equipment such as a plant, office automation, or a motor vehicle available to the client for an agreed-upon period and rental. Over the period of the lease, ICD retains ownership of the asset.

Bai' muajjal (credit sale)

This involves a contract of sale in which ICD sells an asset/commodity with a profit margin to the buyer where payment of the sale price is made at a future date, either in the form of a lump sum or in instalments. The contract has to explicitly 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*.

B. Advisory Services

ICD provides a wide variety of advisory services to the governments and to public and private entities in its member countries. The services include assessing the business environment of member countries along with any required reforms. It also provides advisory services for project financing, restructuring/rehabilitation of companies, privatization, securitization, Islamic finance and the development of Islamic capital markets, particularly sukuk. A brief description of the different Advisory Services available is presented below:

Sukuk Advisory

Sukuk is a form of Islamic bond that is structured in a Shariah-compliant way. Sukuk represent undivided shares in the ownership of tangible assets relating to particular projects or special investment activity. A sukuk investor has a common share in the ownership of the assets linked to the investment.

The advisory services provided to member countries regarding the issuance of Sukuk fall into four categories: i) sovereign Sukuk issuances; ii) short-term Sukuk issuances; iii) quasi-sovereign Sukuk issuances; and, iv) corporate Sukuk issuances. In recent years the focus has been on the first two types mentioned above, due to the huge funding needs of many member countries and the lack of Shariah-compliant instruments for liquidity management purposes.

Infrastructure Advisory

ICD provides member countries with advisory services with regard to medium- to large- scale project financial transactions in the private sector, with the objective of providing shareholders and potential shareholders with bankable projects. This also includes advising governments on privatization and thus not only enhances the development of the private sector but also promotes efficiency and better resource allocation.

Islamic Finance Advisory

In order to develop and promote Islamic financial institutions in its member countries, ICD advises conventional financial institutions on opening Islamic Windows and/or converting into fully Shariah-compliant institutions.

Special Economic Zones (SEZs) Advisory

ICD acts as an advisor to member country governments to help support ring-fenced policies, legal and regulatory reforms that promote business climate improvements, and private sector-led development approaches for supportive infrastructure. These contribute both directly and indirectly to private sector development and to job creation.

C. Asset Management

ICD sponsors, manages (as Mudarib) and participates in private equity funds and in other special-purpose investment vehicles designed to invest in or finance projects in accordance with its mandate. These vehicles include the following:

Private Equity Funds

This type of fund is created to mobilize external resources for new projects/programs seeking to mobilize 3rd party capital that will ultimately support projects in high-impact sectors (agriculture, healthcare etc.) in ICD member countries. This helps member countries attract additional capital into their economies, which can in turn develop different sectors, provide employment opportunities and boost economic growth.

SMEs Fund

ICD established SME funds in member countries in order to have a direct impact on employment and job creation. This is done through on-the-ground fund managers who provide local expertise for successful project implementation.

2.2 ICD Project Cycles

ICD follows a simplified seven-stage cycle for a business to be accepted as an investment project.

Figure 2. The ICD Investment Project Cycle

3 Global and Regional Economic Environment

3.1 Global Economy

In 2013, although global growth continued to gather momentum, it remained weak and overall economic conditions were still considered to be of high risk. Global GDP grew by 3.0 percent in the past year, and was down from 3.2 percent in 2012. However, the magnitude of growth was not even across regions and country groupings.

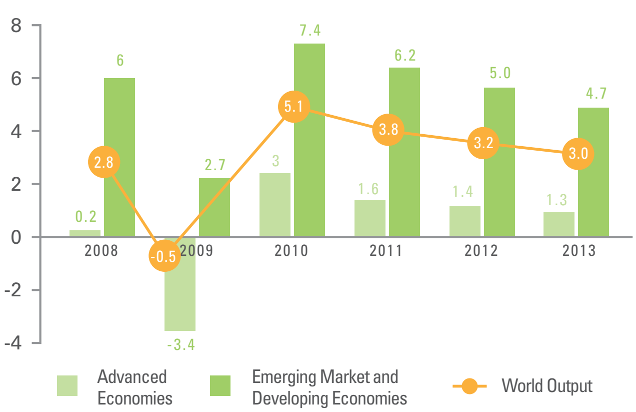


Figure 3. Global economic growth rates, %

Economic growth in advanced economies showed some signs of strength but generally, recovery from the crisis has been fragile and uneven. Although all advanced countries together grew, on average, 1.3 percent in 2013, this growth was mainly driven by a few of the more mature economies, including those of the United States of America, Japan, and Canada. On average, these economies grew by 1.7 percent, while the advanced economies of the European zone recorded 0.5 percent negative growth in 2013. The economy of the United States has had a positive influence on global recovery through fiscal consolidation, greater household wealth, and supportive monetary conditions. Despite their challenges, business activities in the Eurozone have become more stable and there are sign of imminent recovery from the crisis for the core European economies.

Other macroeconomic indicators have also revealed some positive trends for the advanced economies. For example, inflation ran below the target, at about 1.4 percent on average. Monetary conditions remained supportive and low interest rates continued to foster economic growth. Global imbalances stemming from world trade were modest due to exchange rate appreciation (depreciation) in surplus (defi-

cit) economies. Overall, risks were much better managed than in the previous year because of a rise in confidence over the sustainability of the US recovery and belief in the long-term viability of the Euro area. Nevertheless, ongoing fiscal headwinds and continued high unemployment remained among the downside risks in the Eurozone.

In contrast to the advanced economies, the growth of emerging and developing economies slowed down and the divergence in economic growth widened between the countries. According to the recent estimates, emerging and developing economies grew about 4.7 percent in 2013 when compared to 5.0 percent in 2012. In addition to cyclical weaknesses and a tightening of external financial conditions, the prospects for the longer-term growth of these economies still faces structural challenges. However, foreign demand - driven by the stronger growth of the advanced economies and solid domestic consumption encouraged by low levels of unemployment - supported and fostered economic growth in these economies.

Other macroeconomic indicators reveal prevailing negative conditions in emerging and developing economies. Inflation ran above target and remained in the vicinity of an estimated 5.8 percent, mainly due to capacity constraints and pass-through from weakening exchange rates. In general, export levels also remained relatively low, while emerging Europe and Asia were the main drivers of the positive export growth in emerging and developing economies. Although capital flows recovered from their summer lows, the tightening in funding conditions continued to raise lending standards. Monetary policies in some developing countries were set to remain tight to support exchange rates.

3.2 ICD Member Countries

In 2013, ICD member countries experienced an economic growth similar to that of many other emerging and developing countries. In the past year, ICD member countries grew by 3.7 percent - 1.1 percentage points lower than in 2012. This deceleration in growth mirrors the slowdown of overall growth in emerging and developing economies. However, growth trends and development patterns were not even and homogenous across different regions. Factors such as uncertainty in financial systems, macroeconomic imbalances, and the volatility of commodity prices associated with the debt crisis in the eurozone, had differential impact on various regions of ICD member countries.

In Sub-Saharan Africa (SSA), commodity-related activities supported higher growth and, on average, these economies experienced robust growth of 5.9 percent in 2013. Economic growth was particularly strong in low-income and fragile countries given their limited connections to global financial markets. However, some low-income countries did not observe optimal growth because of their internal conflicts. With a few exceptions, inflation remained broadly stable in the SSA region. Moreover, current account balances weakened because of lower global commodity prices.

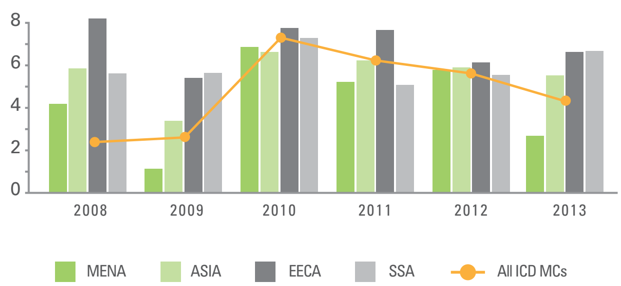


Figure 4. Economic Growth in ICD member countries, %

Regional economic performance in the Middle East and North Africa (MENA) was driven less by global market conditions and more by prevailing social and political circumstances, resulting in a divergence in performance between the oil-exporting and oil-importing countries. Due to high public spending evident in the non-oil sector and a modest recovery in oil production, the oil-exporting countries of the MENA region observed moderate growth rates (2.4 percent) in 2013, while inflation rates remained high. Furthermore, oil-importing countries of the region continued to struggle with difficult socio-political and security conditions, resulting in a modest 2.8 percent growth. According to some estimates, the foregone economic output due to social unrest associated with the 'Arab Spring' has been around 10 percent of the cumulative GDP of these countries since 2011.

The Eastern Europe and Central Asia (EECA) region tracked a moderate recovery in 2013, with a growth rate of 5.8 percent. However, due to the recession in Europe, decreased funding from the subsidiaries of western European banks and a tightening of local financial conditions, a slower recovery was noted, particularly in the Eastern Europe region. Some of the economies of the region also experienced weak domestic investments, although the expanding productive capacity in the extractive sector was supportive of a path for strong growth for commodity exporters from Central Asia. Inflation also remained one of the most pressing issues for some economies in the region.

Relatively sluggish economic growth was observed across the Asia region with rates of about 4.8 percent in 2013. This is down from 5.7 percent in 2012. Although the momentum of growth continued, there were large differences across countries in the region, with accelerated growth in the Maldives, and further deceleration in Indonesia and Malaysia. Inflation was also uneven across the region, with an easing trend in some countries and double-digits in other economies. Nevertheless, domestic factors such as private consumption and investment remained strong, helping regional countries maintain relatively stable labor markets.

As each member country has unique circumstances, and challenges may differ from country to country, the following discussion refers to the situation in a sample of three largest member countries. They represent 40 percent of total ICD member country output and feature among the world's G-20 countries. The three largest ICD member countries, namely Turkey, Indonesia and Saudi Arabia, had mixed experience in their economic activities in 2013.

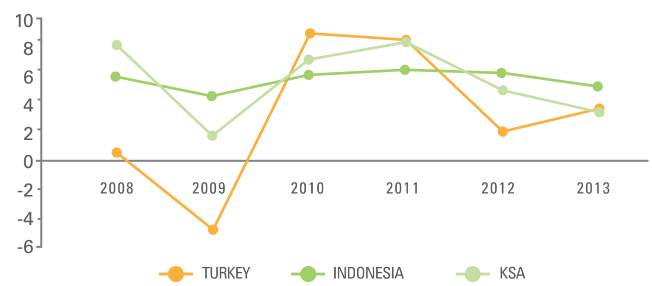


Figure 5. GDP growth for largest economies

The Indonesian economy grew by 5.3 percent in 2013, down from 6.2 percent in 2012. This slight slowdown in economic growth was mainly driven by monetary tightening, accelerating domestic inflation, falling export prices and relatively sluggish investments. Rising interest rates and slow levels of economic privatization presented additional risks and uncertainties affecting the economic growth in the country.

Growth in Turkey, which had slowed significantly in the previous year, was able to achieve 3.8 percent in 2013. This was mainly due to monetary easing and a sharp increase in government spending. However, the economic growth kept a lid on inflationary pressures and the country observed a 6.5 percent growth in the annual consumer price index. External financing conditions remained another major concern with relatively large fiscal and external imbalances.

The Saudi Arabian economy grew by 3.6 percent in 2013, representing a 1.5 percentage point decline from the previous year. Although expansionary fiscal policy and stable oil output contributed to economic growth, there was a negative effect on the economy due to low levels of private investments and rising domestic prices, preventing economic growth from remaining robust.

3.3 Improvement in Business Climate

The private sector is unanimously recognized as a critical driver of sustainable economic development that drives inclusive economic growth through increasing incomes and creating jobs, goods and services to improve people's lives. At the global level, strong private sector growth contributes to the recovery processes of the global economy and to overcoming the inefficiencies of financial markets. In this regard, making the business environment more conducive for private enterprises is a key step to helping the private sector grow stronger and faster.

To understand actual improvements in the private sector climates among ICD member countries, we looked at the World Bank's "Doing Business" 2014 publication. This report helped us analyze the quantitative indicators for 10 areas of the business regulation environment.

For ICD member countries, the 2014 "Doing Business" report reveals a record number of reforms that were implemented for improving the private sector climate. In 2013, a total of 63 business regulatory reforms were implemented in ICD member countries compared to the 44 regulatory reforms recorded in 2012. Ten member countries undertook reforms in at least 3 or more areas and four among these were from Sub-Saharan Africa. Overall, 33 out of 52 ICD member countries implemented at least one institutional reform to make it easier to do business.

Table 1. Average rankings of ICD member countries on Doing Business (by region)

	ASIA	MENA	SSA	EECA
Ease of Doing Business Ranking	**97**	**110**	**162**	**91**
Starting a Business	108	112	136	47
Dealing with Construction Permits	64	108	123	153
Getting Electricity	101	74	143	145
Registering Property	127	93	134	60
Getting Credit	83	132	124	77
Protecting Investors	70	115	137	39
Paying Taxes	89	72	155	112
Trading Across Borders	80	100	140	155
Enforcing Contracts	136	118	138	52
Resolving Insolvency	89	106	143	87

Business regulatory reforms implemented by member countries helped them rise in their overall rankings in the "Doing Business" report last year. Among all ICD member countries, Benin recorded the highest jump - up 20 in the ranks - followed by Iraq (14 ranks), Djibouti (11 ranks), Côte d'Ivoire and Morocco each with 10 rank jumps. Moreover, Malaysia became number 6th in the world rankings (from 12th), the United Arab Emirates jumped to 23rd (from 26th), Brunei became 59th (from 79th) and Turkey was placed in 69th position (from 71st).

In terms of regional rankings, average rankings of all member countries located in EECA and Asia regions stand at 91st and 97th respectively, while the average rating of countries in the SSA region still remains very low (162nd). Member countries from the MENA region are ranked 110th. This ranking analysis applies to the aggregate of all 10 Doing Business indicators. However, one should keep in mind that the country and regional rankings in each of these 10 indicator sets may be different from their overall ranking. For example, while the overall ranking of MENA region countries stands at 110th, the same average stands at 132nd for the 'getting credit' indicator and 72nd in 'paying taxes.' The average rankings of countries in the EECA region range from 155th in 'trading across borders' to 39th in 'protecting investors.' In the Asia region, member countries rank fairly well in terms of 'dealing with construction permits' (64th), while 'paying taxes' remains one of the biggest challenges (155th).

4 ICD Achievements

4.1 Since Inception

By the end of 1434H, ICD's accumulated approvals had reached $3 billion with allocations to 267 projects. ICD approved about 70 percent of its investments through two main modes of finance: Equity and Term of Finance. The cumulative gross approvals of ICD by type of finance include: $1136.7 million of Equity, $969.1 million of Term Finance, $632.0 million of Line of Finance, and $265.0 million of Corporate Finance.

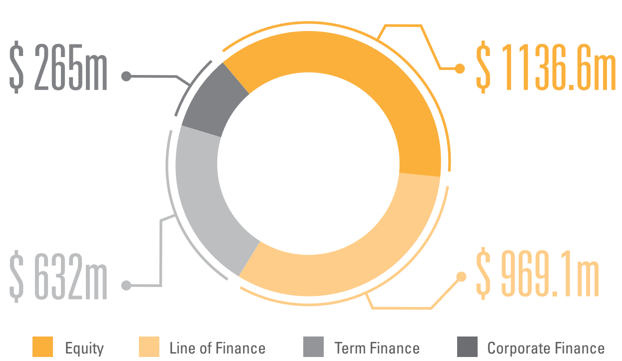


Figure 6. Approvals since inception, by mode of finance

In terms of disbursements, since its inception ICD has disbursed a total amount of $1.32 billion. The disbursements vary according to the modes of finance. Equity projects acquired the largest share of total disbursements with 43.8 percent, followed by Term Finance projects with almost 25.6 percent, and the rest was distributed over other types of financing.

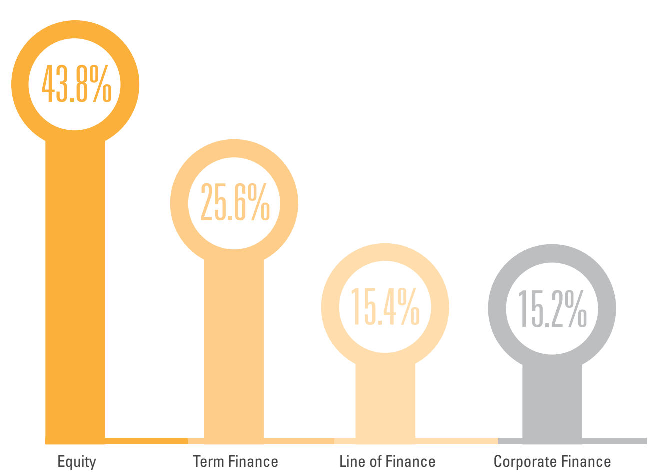


Figure 7. Disbursement since inception, by mode of finance

The sectoral composition of ICD accumulated approvals underscores diversity and is spread over 11 sectors. The financial sector accounted for the largest share amounting to $1.3 billion, or 44 percent of accumulated gross approvals since inception. The industrial and mining sectors had the second largest share, with a total approved amount of $771.8 million, representing 26 percent of gross approvals. This was followed by real estate, with a total approved amount of $339.5 million (11 percent). The remaining $584.1 million (19 percent) of the accumulated approvals were allocated to 8 different sectors.

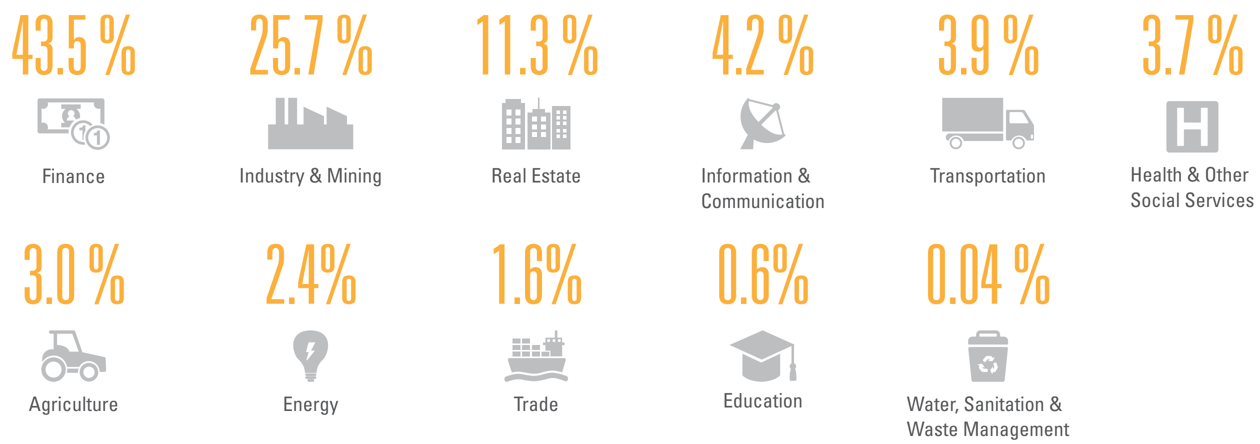


Figure 8. Approvals since inception, by sectors

In terms of geographical distribution, ICD's approvals also exhibited a mixed picture. By the end of 1434H, operations had extended to 42 countries, in addition to ten regional projects covering several member countries. The geographic mix of these countries shows that 44 percent of ICD's approvals were allocated to projects in the Middle East and North Africa (MENA) region, followed by 19 percent in Europe and Central Asia, 13 percent in Asia and 11 percent in Sub-Saharan Africa. The share of the Global and Regional projects was 13 percent of gross approvals.

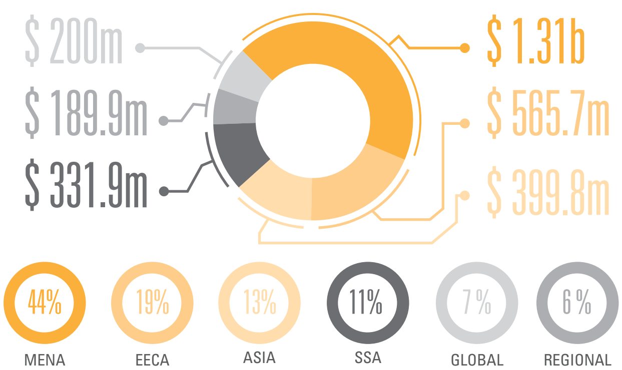


Figure 9. Approvals since inception, by region

4.2 Operations in 1434H

Despite the continued negative effects of financial crises and social unrest in the MENA region, ICD managed to achieve 31 approvals (in addition to 8 new advisory mandates) and 6 capital increases in existing Equity projects (including 2 shareholder's loans to existing investee companies), totaling $429.65 million in 1434H. This volume of investments is slightly above those made in the previous year and reflects robust support from ICD to private sector development among its member countries. Equity investments accounted for the bulk of ICD's 1434H approvals, representing 50.9 percent of the total, followed by the Line of Finance (18.8 percent), and Term Finance (15.5 percent).

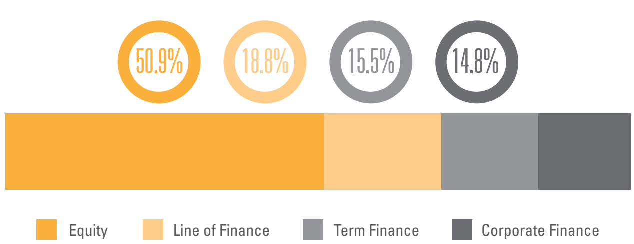


Figure 10. Approvals in 1434H, by mode of finance

ICD disbursements increased from $112.4 million in 1433H to $308.5 million in 1434H, an almost threefold increase. This is a clear indicator of ICD's ongoing and serious efforts in speeding up internal disbursement processes in order to meet the needs of clients on a timely basis. The largest allocation of the previous year's disbursement was made through Equity, amounting to $160.6 million, followed by Line of Finance ($90.8 million).

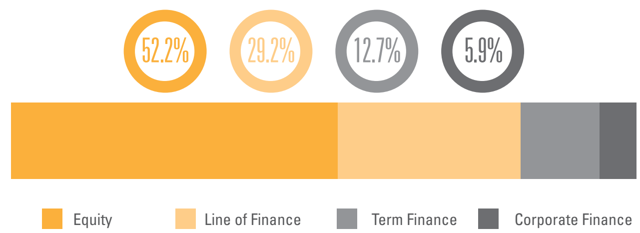


Figure 11. Disbursements in 1434H, by mode of finance

During 1434H, 10 projects, with an approved financing of $89.9 million, were fully repaid and finalized, increasing the number of ICD completed projects to 78 since its inception.

The distribution of the 1434H approvals among various sectors - as well as regions - reflects ICD adherence to the policy of additionality, project effectiveness and inclusiveness. In terms of sectoral distribution, the main beneficiary sectors were Finance, Information and Communication, and Industry and Mining, jointly attracting $352.9 million or 82.1 percent of total approvals. The Financial sector accounted for the biggest allocation, totaling $278.3 million, or 64.8 percent of the 1434H approvals. This was followed by the Information and Communication sector with $40 million (9.3 percent).

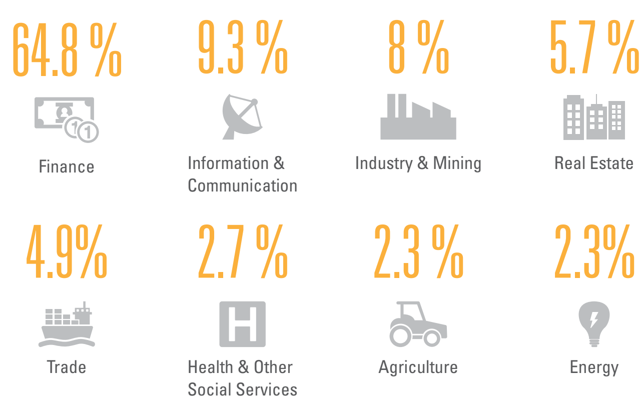


Figure 12. ICD approvals in 1434H, by sectors

In terms of regional composition, 34.9 percent of ICD's approved projects during 1434H were allocated to Global projects, followed by Europe and Central Asia (34.1 percent), MENA (16.8 percent), and Sub-Saharan Africa (10.5 percent). This is in addition to the 3.7 percent of approvals dedicated to Asia. In terms of recipient countries, ICD approvals were extended to 19 member countries, including 2 new countries, namely Mozambique and Palestine. Overall, country as well as regional allocations of ICD resources were made on the basis of a number of factors including: the creditworthiness of member countries, their strategic priorities, development agendas, and project financial sustainability.

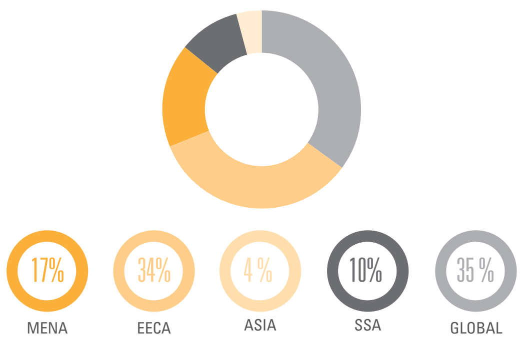


Figure 13. ICD approvals in 1434H, by regions

4.3 Investing in the Real Sector

ICD's financing in the real sector is made with the objective of promoting entrepreneurship with concrete developmental impact and on a Shariah-compliant basis. In 1434H, ICD kept up momentum in terms of investing in quality projects in non-financial sectors by adding value to the economic and social development of 13 beneficiary member countries.

During 1434H, for the real sector ICD approved 12 new projects, 1 mezzanine finance, 2 capital increases and 2 shareholder's loans to existing investee companies, totaling $148.63 million. In terms of disbursement, ICD has disbursed a total of $60.95 million during 1434H.

Term finance transactions (long-term and short-to-medium term) made up the largest share of total approvals of

Box 1. Afriland First Bank

ICD, through its Islamic Financial Institutions (IFI) Program, provides advisory services to Afriland First Bank of Cameroon to help launch an Islamic banking platform. The initiative is part of the effort to expand the industry's consumer base in Africa

Through its strategic initiatives, ICD assisted Afriland First Bank launch the first dedicated and truly separate Islamic Window in Cameroon and in the Central Africa region, by providing a comprehensive package covering Shariah, Accounting, Information Technology, Human Resources and Legal aspects, combined with on-site extensive theoretical training and support for on-the-job training in Islamic banks.

Afriland First Bank will open an Islamic Window to cater to the growing demand for banking and financing compliant with Islamic Shariah. Cameroon, which has a 21% Muslim population, can now offer these citizens a customized banking service meeting Islamic Finance principles through this Islamic Window. Afriland First Bank's Islamic Window, can now better complement the customized service that the bank began providing its Muslim clients 10 years ago by also introducing a range of other products and services for them.

As a result of the Islamic Window Initiative in Cameroon, the ICD was presented the "Best Islamic Financial Initiative" Award in 2013 by the Tatweej Academy Committee. Moreover, the African Banker Awards shortlisted the Afriland Islamic Window as one of the top Islamic Banking Deals of 2013 on the African continent.

$126.0 million representing 84.8 percent, while the remaining $22.63 million (15.2 percent) was allocated to a mix of mezzanine finance, capital increases and shareholder loans to the existing investee companies. These real sector projects aimed at creating new jobs, transferring technology and cross-border investments.

Murabaha accounted for the bulk of ICD's real sector approvals, representing 44.4 percent of the total, or $66 million, followed by Leasing, representing 40.4 percent or $60.0 million. The remaining amount - equivalent to $22.63 million or 15.20 percent of approvals - was allocated to Equity investments. These projects include mezzanine financing of $10.0 million, and $12.63 million in capital increases and shareholder loans to existing investee companies.
The sectoral composition of direct investments in 1434H underscores diversity and is spread over 7 different sectors. The Information and Communication sector accounted for the highest allocation, totaling $40.0 million, or 26.9 percent of the total 1434H approvals. The Industry and Mining sector stands second with $31.6 million, representing 21.3 percent. This was followed by the Real Estate sector with $24.3 million (16.3 percent), the Trade sector with $21.0 million (14.1 percent), the Health and Other Social Services sector with $11.7 million (7.9 percent), the Agriculture sector with $10.0 million (6.7%) and finally, the Energy sector with $10.0 million (6.7 percent).

It is to be highlighted that ICD's main focus in the real sector, during 1434H, was on developing its portfolio in the Sub-Saharan Africa, and Europe and Central Asia regions. 1434H was the first year when both these regions were actively explored for direct financing projects. The results have been extremely encouraging but did pose unique challenges with regard to developing financing structures that are Shariah-compliant and aligned with the relevant laws of the target jurisdictions and tax environments. In this regard, ICD did considerable work on improving the efficiency of product structures like Ijara (based on the concept of Beneficial Ownership) and Murabaha, as applied in the context of project financing, and obtaining the required tax immunities in the target member countries. These efforts helped establish cooperation with respect to attaining a bigger footprint in these regions.

In terms of country distribution, ICD's operations in the non-financial sector extended to 13 member countries during 1434H. Two new countries, namely Tajikistan and Mozambique, were added to the list of ICD's direct investment operations, increasing the number of countries covered to 33 since inception. The geographical mix of these countries in 1434H shows that 35.0 percent of ICD's approved projects in the real sector were allocated to the Europe & Central Asia region, followed by the Sub-Saharan Africa region (30.3 percent), the Middle East & North Africa region (28.0 percent), and the Asia region (6.7 percent).

4.4 Investing in the Financial Sector

Although levels of development in both the conventional and Islamic finance sectors vary significantly among the ICD member countries, lack of financial inclusion and lack of support for the infrastructure for SMEs to access finance remain key obstacles and pose long-standing constraints to the economies of member countries. Empirical evidence suggests that countries with better-developed financial systems grow faster, resulting in lower levels of income inequality and poverty. In addition to the conventional finance sector, ICD firmly believes that the Islamic finance industry also has significant virtuous potential and can provide a substantial contribution to the financial inclusion and economic development of its member countries.

In line with its new strategy, ICD has made it a priority to broaden the availability and affordability of Islamic finance and to deepen capital markets in its member countries. Extending lines of finance (LOF) to financial institutions (FIs) for the benefit of local enterprises (e.g. SMEs) has proven to be a critical tool for ICD in combating unemployment and poverty.

During 1434H, ICD's LOF operations did gain further momentum. In 1434H, the Board of Directors of ICD approved 3 LOF operations for a total amount of $80 million. This includes: $20 million to Azerbaijan, $50 million to Uzbekistan and $10 million to Tajikistan. In addition to new approvals, ICD signed 9 LOF agreements worth $126.5 million (including a $45 million syndicated activity) with a number of FIs in Azerbaijan, Indonesia and Turkey. Furthermore, LOF agreements amounting to $40 million were signed with four FIs in Uzbekistan, under the global LOF of $50 million previously approved for Uzbekistan.

During 1434H, ICD also approved a total of 9 investments as equity participation in financial institutions for a total of $43.88 million, out of which 6 investments ($35.37 million) were new investments, and the remaining 3 were in the form of capital increases for existing investments, amounting to a value of $8.51 million. In terms of country composition, ICD's portfolio investments in financial institutions extended to 16 member countries (e.g., Kazakhstan, Saudi Arabia, Palestine, Tajikistan, Pakistan, Maldives etc.) and the portfolio included one regional project (Bidaya Global).

4.5 Providing Advisory Services

ICD firmly believes that to achieve sustainable economic development, Islamic finance investments must be accompanied by broad advisory services and technical assistance in support of developments in the private and public sector entities of member countries. In this regard, last year was also very productive for ICD in terms of providing advisory services to its member countries. ICD service provision

Box 2. ICD - Thomson Reuters - Islamic Finance Development Indicator

In collaboration with Thomson Reuters, ICD launched the Islamic Finance Development Indicator (IFDI), a numerical measure representing the overall health and growth of the Islamic finance industry worldwide.

The IFDI, which was officially launched at the Global Islamic Economy Summit in November 2013, aims to expand the scope of ICD's and Thomson Reuters' universe of Islamic finance content, research and news analysis, and to develop an unbiased multi-dimensional barometer for the development of the Islamic finance industry. The main purpose of the composite index is to provide simplified, quantified and comparable information on key dimensions of the Islamic finance industry. The indicator measures five key components - quantitative development, governance, social responsibility, knowledge and awareness on global and country levels, as well as in each of the identified areas.

This indicator, the first of its kind for the Islamic economy, will provide companies with much-needed unbiased and reliable multi-dimensional analysis for the development of the Islamic finance industry.

included advising financial institutions on converting their operations to comply with Shariah guidelines, helping governments and government-linked companies gain access to capital through Shariah-compliant means, supporting capital markets and advising on large scale project finance transactions.

In 1434H, ICD was able to capitalize on the momentum that had been created the year before in terms of advising financial institutions on opening Islamic Windows and in converting their operations into Shariah-compliant ones by signing 3 new mandates, one of which was to be completed and delivered in the same year. During this year, ICD was able to complete the establishment of an Islamic Window for Afriland First Bank in Cameroon. ICD also secured a two stage mandate for Locafrique Leasing Company in Senegal the first stage being to open an Islamic Window, and then becoming a full-fledged Islamic institution during a second stage. ICD was also mandated by Ahli Bank in Yemen to set up an Islamic subsidiary for the institution. Furthermore, ICD has been allocating resources in the MENA region, especially in countries affected by the 'Arab Spring'. Work done in Tunisia and the new mandate signed in Libya were the fruits of efforts made in this region. One of the biggest achievements in this respect was the mandate given by the Ministry of Economy of Libya to set up 5 Islamic banks dedicated to SMEs.

Last year was a successful year for Advisory Services as it was appointed by the government of Senegal as Advisors and Lead Arrangers for a $200 million Sukuk issuance, to be launched in early 1435H. It is notable that ICD continues being an active Sukuk advisor, and that it is seen as unique and distinct when compared to commercial investment banks and other players in the industry. Today, ICD realizes that there is a demand for short-term Shariah-compliant notes (short-term Sukuk). The use of short-term Sukuk is helpful in: (i) insulating all sterilization operations from normal day-to-day liquidity management; (ii) reducing volatility; (iii) making effective use of short-term instruments for fine-tuning; and (iv) developing benchmark issues to pave the way for a vibrant secondary market. In this regard, ICD has been also mandated to advise the Mauritanian government on issuing short-term Sukuk for liquidity management purposes, and with the overall goal of undertaking an international long-term Sukuk in the future.

In 1434H, ICD also actively leveraged on the SME Fund Program. The Program aims to have its contribution foster enterprise development and job creation, upgrade and improve the competitiveness of value chains in which SME's participate, provide access to new technologies and know-how, develop education and training programs, build entrepreneurial skills, extend networks with support institutions, and support a favorable policy and regulatory environment. Under the umbrella of the SME program, ICD launched two country-focused SME funds in 1433H: the Saudi SME Fund and Theemar, an SMEs-focused fund in Tunisia. These funds have gained further momentum and success over the last year. The SME program also participated in capacity building in Tunisia by developing customized consulting assignments in order to support SMEs.

In the year 1434H, the Special Economic Zones (SEZ) Program marked yet another milestone in the roadmap to becoming the first donor-funded advisory program of the IDB Group aimed at accelerating private sector development in member countries through a combination of policy-level and project-level interventions. In this regard, in direct partnership with IDB, the program succeeded in raising more than $3 million for a technical assistance (TA) grant from the MENA Transition Fund - established under the Deauville Partnership. This dedicated TA intervention for the 'Preparation and Implementation Support Project for the Special Industrial Zone (SIZ) in Al-Hodeida' (Yemen) has been formulated to: (i) deliver a comprehensive and implementable public-private partnership-based package for Al-Hodeida-SIZ; (ii) establish a legal entity - 'SIZ Administration Agency'; and, (iii) deliver an integrated institutional support and capacity building package to the 'SIZ Administration Agency.' Furthermore, in 1434H, ICD signed an MoU with the Ministry of Finance and Economy of Djibouti to assist the government in launching the SEZ program in the country through the assessment of existing legal and policy frameworks and the prescription of a feasible roadmap for program design and implementation, along with pilot projects.

4.6 Leveraging on External Partnerships

In 1434H, ICD actively embarked on enhancing its image among member and non-member countries, and building strong relationships with major development institutions world-wide. It is noteworthy that ICD's close cooperation and partnership with various international institutions as well as local organizations in member countries has enhanced its operations in 1434H. It is to be highlighted that ICD was able to partner with Al-Baraka Islamic Bank (Bahrain), Qatar National Bank (Singapore branch), Al Rajhi Bank (Malaysia), City Bank Limited (Bangladesh), Tajik Sodirot Bank (Tajikistan), Asaka Bank (Uzbekistan), and Multilateral Financial Institutions, such as the OPEC Fund for International Development (OFID), in transactions in member countries. This is in addition to further strengthening its partnership with ITFC whereby ICD participated in two syndicated finance transactions.

During the year, ICD established new partnerships, entering into Memoranda of Understanding (MoU) with a number of institutions including Exim Banks in Indonesia and Malaysia, the Eurasian Development Bank in Kazakhstan, Shelter Afrique, and the National Innovation Fund in Kazakhstan. All these MoUs aim at transferring knowledge, especially with respect to Islamic finance, syndicating and co-financing activities, originating and structuring activities, and establishing new products.

In 1434H, ICD concluded a landmark transaction with the signing of the financing agreements of $45 million Islamic Syndicated Facilities ("Syndicated Facility") for PT Mandala Multifinance Tbk ("PT Mandala"). This was a significant transaction for ICD as: (i) it is the biggest facility acting as lead arranger for ICD in the year 1434H with syndicate partners from Brunei (Bank Islam Brunei Darussalam), Qatar (QNB though its Singapore entity) and Saudi Arabia (Al Rajhi Bank through its Malaysian entity) and (ii) it also signifies the largest amount raised for PT Mandala since ICD established a relationship with the company. Proceeds from the Syndicated Facility have been used to finance new two-wheel motor vehicles to be leased to SMEs with the intention of achieving substantial developmental impacts in the following sectors: agribusiness, bio-technologies, education, financial services, general manufacturing, healthcare, IT and multimedia, oil and gas, and power.

Box 3. The Deauville Partnership with Arab Countries in Transition

The Deauville Partnership with Arab Countries in Transition is an international effort launched by the G-8 at the Leaders' Meeting in Deauville, France in 2011, to support Arab world countries in transition. The Partnership includes international financial institutions and organizations (e.g. African Development Bank, Arab Fund for Economic and Social Development, Arab Monetary Fund, European Investment Bank, European Bank for Reconstruction and Development, International Finance Corporation, International Monetary Fund, Islamic Development Bank, OPEC Fund for International Development, and the World Bank) committed to supporting reform in Egypt, Jordan, Libya, Morocco and Tunisia.

The IDB Group, including ICD, has planned a set of in-country investment events under the umbrella of the G8 - Deauville Partnership with representatives from across the G8 Deauville Partnership Presidency, the Arab Countries in transition, and Deauville regional partners (Saudi Arabia, Qatar, Kuwait, UAE and Turkey), along with leaders of the International Financial Institutions (IFIs). The ultimate objective of building such an enabling investment environment in the Arab transitional countries is to provide more confidence for both local and foreign investors, and to better market access to these countries. These events aim at achieving the objective through providing countries in transition with the opportunity to present their investment policies and ongoing reforms to remove barriers to FDI, and to showcase their investment sectors.

5 Development Effectiveness

5.1 Monitoring & Evaluation at ICD

ICD's interventions in its member countries can be clearly singled out through their trickle down effects to the base of the pyramid in the private sector. ICD's concerted efforts in providing SMEs with access to finance and building strong financial sector foundations are known and well understood by most of our clients. However, due to the relative youthfulness of the institution and the fact that the majority of projects remain at an early stage of maturity, the institution has not yet had a chance to proudly present its development achievements. Through the establishment of the Monitoring and Evaluation (M&E) Department, ICD is now able to provide timely, credible, and reliable information to assess its operational performance and track progress on development outcomes.

In 1431H, the M&E Department began the preparation of a set of policy instruments and guidelines based on internationally-recognized Good Practices Standards. These include: Development Effectiveness Policy of ICD, Development Effectiveness Framework for ICD Projects,

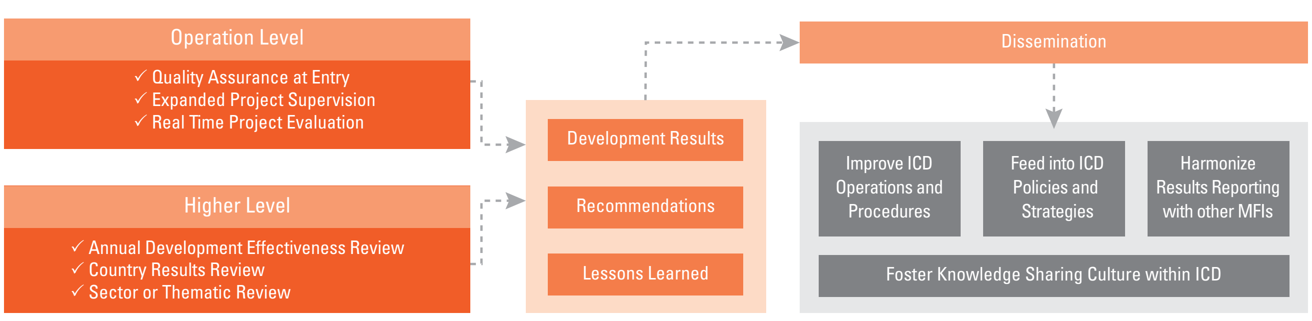


Figure 14. M&E Process

and Guidelines for Expanded Follow-Up on ICD Operations and Advisory Services. Subsequently, to assess up-to-date developmental impact, the Department initiated a comprehensive review of the portfolio and launched a new tracking system – the Development Indicator Monitoring System (DIMS) – to monitor the development outcomes of ICD operations.

5.2 Review of the ICD Portfolio

In 1434H, the Department completed a portfolio review that assessed operational effectiveness and reported on the development results of ICD interventions, between 1427H and 1431H. This review aimed to identify performance trends by region, country, sector and financing instruments, in order to help ICD understand its role as an international development actor as well as its potential contributions to private sector development. The review exercise included 115 operations from 25 member countries and involved both desk-based research and field visits to a representative sample of member countries.

According to the review, ICD has delivered positive development results. The majority of operations reviewed performed satisfactorily against their objectives and some exceeded expectations. Some of the highlights of the development results in the study include: increased competition in banking services leading to increased funding for SMEs; successful implementation of ICD-supported growth strategies, leading to direct increases in employment; and increased transfer of technology and skills. Moreover, ICD-funded some good catalytic models that illustrate the multiplier effects of Islamic finance and how it leverages additional funding.

The review also highlighted that ICD activities were highly concentrated in a few countries. Five countries, namely Saudi Arabia, Yemen, Azerbaijan, Syria and Uzbekistan, accounted for two thirds of total approvals. This was due to a certain level of alignment and the relevance of ICD operations to their national governmental priorities and/or to the activities of other development partners. A similar pattern of concentration was evident in the sectoral distribution: three sectors namely, Financial, Industrial, and Real Estate, accounted for 78 percent of total approvals. The Financial sector received more than one-third of all approvals. The strong focus on this particular sector was driven by ICD's efforts at improving the financial infrastructure in member countries to achieve greater access to finance. This is then expected to foster increased competitiveness and improve efficiencies in product and factor markets.

In addition, the review indicated that all modes of finance recorded positive growth over the period, and that the average size of approvals varied year-on-year across the financing instruments without any significant overall change in the average size over the period. The exception to this was Line of Financing approvals, which experienced a large up-sizing over the period. This was an outcome of ICD's new strategy that supported a major operational shift from a direct 'deal-by-deal' approach to one based on a 'channel' approach, with the intention of multiplying development impact.

The review concluded that by strengthening its strategic framework with clear goals and objectives, and by ensuring extremely thorough appraisal mechanisms, ICD is likely to enhance its effectiveness and achieve greater development results.

5.3 Monitoring of ICD Projects using DIMS

In 1433H, the M&E Department initiated a monitoring function that focused on ensuring quality at entry by gathering and processing information on project-related development outcomes through the Development Indicator Monitoring System (DIMS). For piloting the DIMS, 20 percent of approved projects were selected, and measurable development indicators for each of these projects were identified. It is expected that with further development of DIMS, all approved projects will systematically pre-identify projects' development impact.

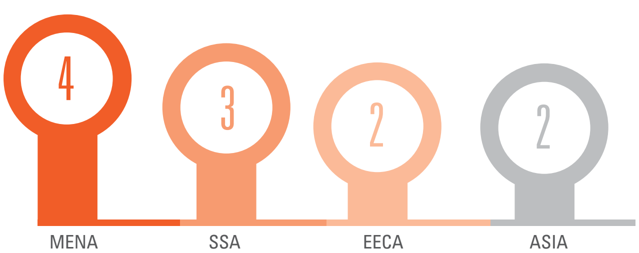


Figure 15. DIMS Project Distribution, by region

Between 1433H-1434H, 11 newly approved projects were tracked by the DIMS. They formed a representative sample for ICD projects as they were spread across different regions in various sectors. Four of these approvals were in MENA, three were in Sub-Saharan Africa, and the rest were in other regions such as Asia and Eastern Europe and Central Asia. Among these diverse regions, ICD deployed its financial resources strategically, by focusing on sectors that were of high priority and with strong development impact potential. The Finance and Industry sectors accounted for the largest share, representing more than half of these projects, followed by the Infrastructure, Transport, Energy and Health sectors.

The indicators in the DIMS used to assess the development outcomes of the 11 projects are sub-divided into five dimensions, namely, Financial Success, Economic Benefits, Environmental and Social Effects, Private Sector Development and Promotion of Islamic Finance. The expected development results within these dimensions are reported below.

5.3.1. Financial Success

Financial sustainability is essential for development as it ensures that the interventions hold long-term impact by creating new opportunities and continuing their contribution to future economic growth. According to the Finance Success indicators of the sample projects, ICD's equity investment projects are expected to double the companies' return on equity.

In cases where equity investments have been made in financial institutions, they are likely to enhance the access of households and SMEs to adequate, competitively priced, and timely financial services and in addition, strengthen national financial systems.

For the selected projects, net income is expected to double for companies to which ICD has provided term financing. This sort of substantial increase in income generation will then increase and/or diversify the companies' operations and help them achieve their business and social objectives.

5.3.2. Economic Benefits

ICD's interventions are likely to bring about economic benefits by financing businesses, generating employment and income, increasing tax revenues and improving physical infrastructure. For example, the sample ICD projects in DIMS are expected to generate 3,500 direct jobs and numerous indirect jobs across different regions.

Figure 16. Expected Employment, by region

On the other hand, through equity investments, ICD is expected to contribute to the growth of sound, inclusive, and sustainable private sector companies and SMEs, as well as to strengthen each country's entrepreneurial base.

5.3.3. Environmental and Social Effects

For all the approved projects in DIMS, ICD has ensured proper assessment in verifying the extent to which the project company manages social and environmental risks. It also accounts for the project's effects on disadvantaged groups, as well as monitoring compliance in terms of health and safety practices. Greater efforts will be made to promote corporate social responsibility with regard to environmental protection as well as the social protection of its clients.

5.3.4. Private Sector Development

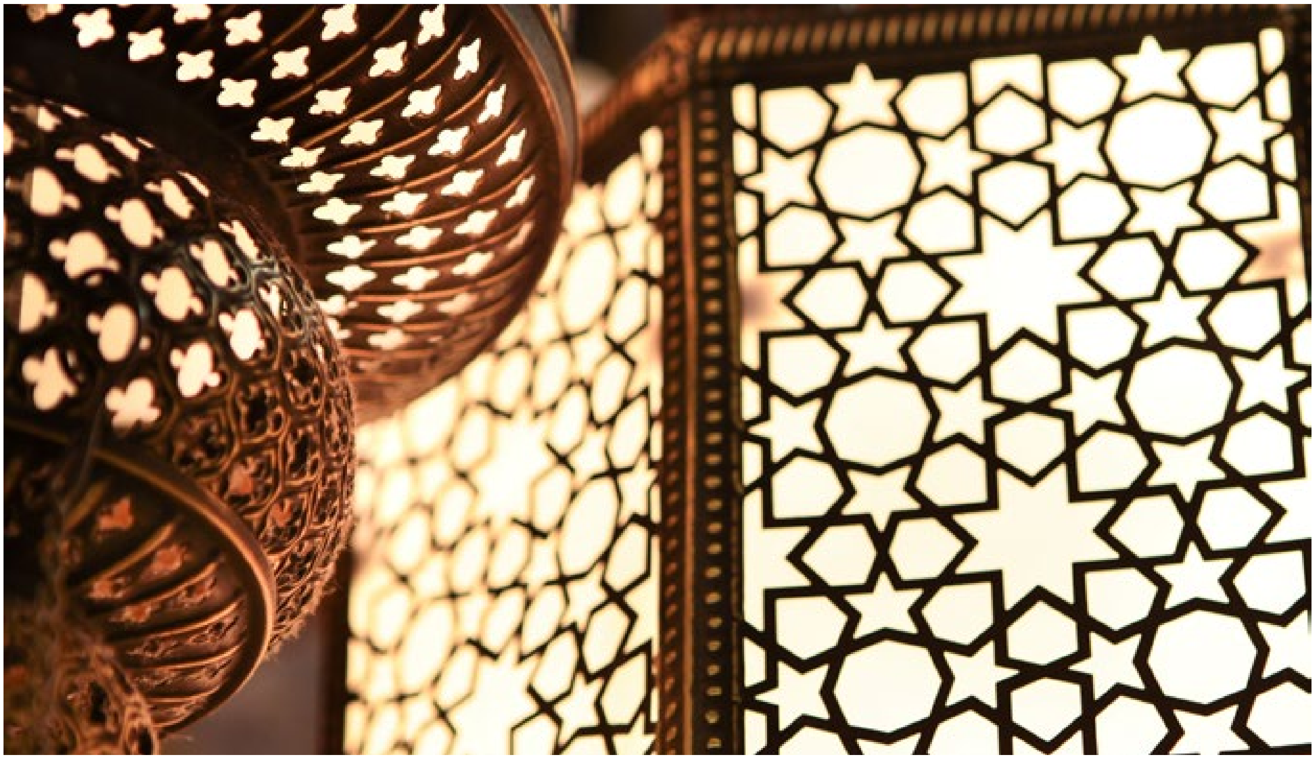
The sample projects are expected to have significant contribution to private sector development. Through direct and indirect channels, sampled ICD equity investments in financial institutions are expected to provide access to finance for 800 SMEs. Furthermore, interventions through non-financial institutions are expected to support backward and forward linkages for a large number of local SMEs.

In addition, ICD projects are expected to demonstrate the viability of private solutions and help attract additional private investment. More specifically, the selected projects are expected to attract more than $400 million in investments for the member countries.

5.3.5. Promotion of Islamic Finance

Given the importance of Islamic finance, one of the strategic priorities of the IDB Group is to promote the industry. To complement this theme, ICD has also made it a strategic priority to broaden the availability and affordability of Islamic finance and to deepen Islamic capital markets in its member countries.

According to the DIMS, the sample projects are expected to help ICD continue its pioneering role of strengthening the performance of Islamic financial intermediaries in order to enhance conditions conducive to the provision of financing capital for private enterprises. In Albania, it is expected to establish the country's first Islamic leasing (Ijara) company. This sort of establishment is expected to demonstrate the need for and viability of Islamic finance, and to ultimately usher in a new generation of leasing companies. In Senegal, through its equity participation at Tamweel Africa Holdings, ICD will further expand the Islamic finance industry in West Africa by supporting Islamic banks in three countries namely, Senegal, Guinea and Mauritania.



5.4 Independent Post-evaluation of ICD Projects

In order to assess the performance of private sector operations, the independent evaluation body of the IDB Group – the Group Operations Evaluation Department - has conducted post-evaluations for selected ICD interventions. To date, there have been post-evaluations for five operations in three sectors, including Health, Infrastructure, and Industry. The projects were randomly selected and evaluated based on private sector evaluation criteria, as per the Good Practices Standards. All of these projects have received successful ratings and they have brought about significant development results within the member countries.

There have been post-evaluations for two projects in the Health sector, one in Saudi Arabia and another in Jordan. In Saudi Arabia, the Health sector is one of the country's strategic priorities, and in the last few decades, the Kingdom has witnessed an extensive expansion of the health care system, both at the private and public sector levels. In partnership with the Saudi Ministry of Finance and various Commercial Banks, ICD financed the construction and equipping of a state-of-the-art tertiary hospital. The hospital significantly improved access for the local population to modern medical care services. From 2004-2008, an estimated 400,000 patients visited the hospital and the high-tech facilities have helped diagnose and treat major diseases. Moreover, the hospital has offered special fee packages for the lower-income segment of the population and thereby, facilitating access to quality health care for people who need it the most.

In Jordan, the pharmaceutical industry is often referred to as a "sunrise industry" as it contributes significantly to the gross domestic product and represents an important share of total national exports. There, ICD participated in a capital increase of Jordanian Pharmaceutical Manufacturing Limited (JPM), a leading pharmaceutical company that develops, manufactures and distributes pharmaceuticals in the region. ICD's support enabled JPM to expand its operations, products and technical know-how. Consequently, JPM was able to significantly demonstrate an impact in the areas of quality control and intellectual property (IP), and it also engaged in trade with over 20 ICD member countries, and accessed several new markets (Belarus, Bosnia, Moldova, South Africa, West Africa, etc.), either directly or through one of its subsidiaries.

In the Industry sector, the project in Pakistan that underwent a post-evaluation had as its objective to address the increasing gap between steel consumption and production. ICD contributed and acted as the lead Mudarib for a syndication of nine banks that co-financed the project for Tuwarqi Steel Mill Limited, which is one of Pakistan's largest private

sector integrated steel manufacturing unit. It effectively began production in January 2013 and is supplying DRI (Direct Reduced Iron) with up to 170 steel melting units and 400 foundries. It is expected that once it operates at full capacity, the company will contribute to overcoming the existing supply gap of approximately 3 million tons annually. Moreover, it is targeting a significant demonstration effect in Pakistan as its integrated environment-friendly plant employs the world's most advanced DRI technology.

Two projects were evaluated in the Infrastructure sector, one in Yemen and the other in Azerbaijan. In Yemen, ICD financed a leasing operation to support the procurement and installation of telecommunications equipment for a leading mobile operator in Yemen. The project was highly relevant as the demand for telecommunications services in Yemen was increasing rapidly, particularly due to improved income levels, increasing youth population, coupled with massive investments and liberalization of the telecommunication industry world-wide. Overall, the project had substantial positive impacts, mainly in terms of boosting the activity levels of the company, and providing reliable mobile services to a considerable share of the population. It expanded the company's mobile subscriber base by more than 130,000 subscribers, and allowed for the provision of reliable telephone services to about one million mobile users.

In Azerbaijan, ICD financed the construction of a landmark shopping mall, offering retail shops and social entertainment facilities. The mall has provided opportunities for both local and international stores and it has, on average, 25,000 visitors per day. Over the years, the mall has generated substantial revenue, has led to the creation of service companies through downward linkages, and even provided training for associated companies.

6 Financials

6.1 Financial Review

The financial performance for 1434H marked a significant improvement from that of the previous year. Gross operating income for 1434H amounted to USD87.32 million. This was 9.62% above the USD79.66 million recorded during the corresponding period last year. Income from core investments increased from USD65.97 million in 1433H to USD71.69 million during the year under review. This was mainly attributed to increase in revenue from line of financ-

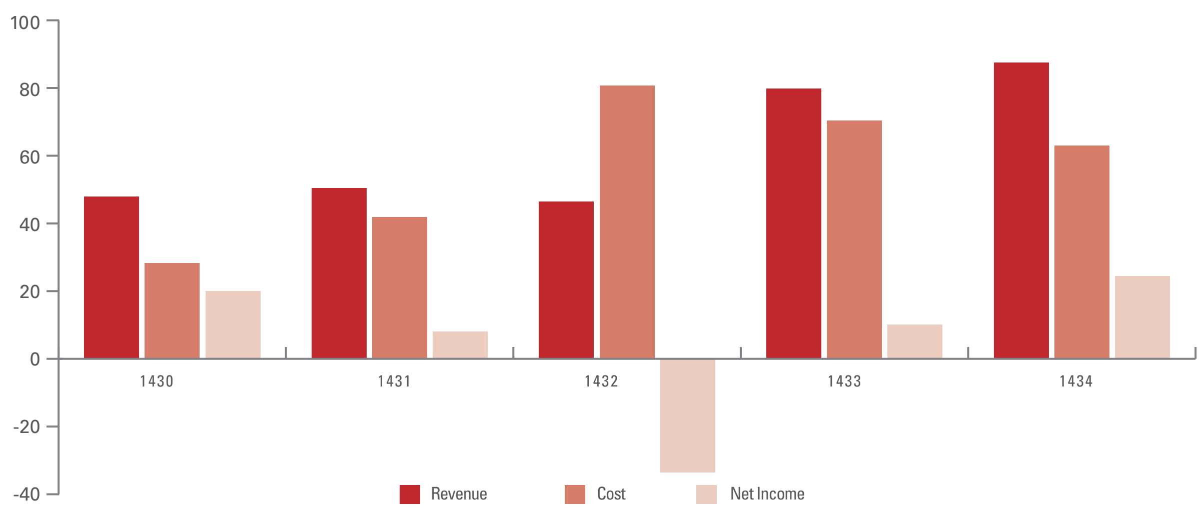


Figure 17. Five Year Trend Revenue, Cost and Net income

ing and equity investment. Income from treasury operations also recorded an increase of 45.22%, while income from other services was decrease by 17.38%.

Total expenses, excluding depreciation on Ijarah assets, amounted to USD30.35 million as compared to USD29.10 million recorded for the corresponding period last year. Staff costs increased by 12.28% because of increase in staff numbers. Other Administrative expenses for the period decreased by 10.18% compared to that of 1433H.

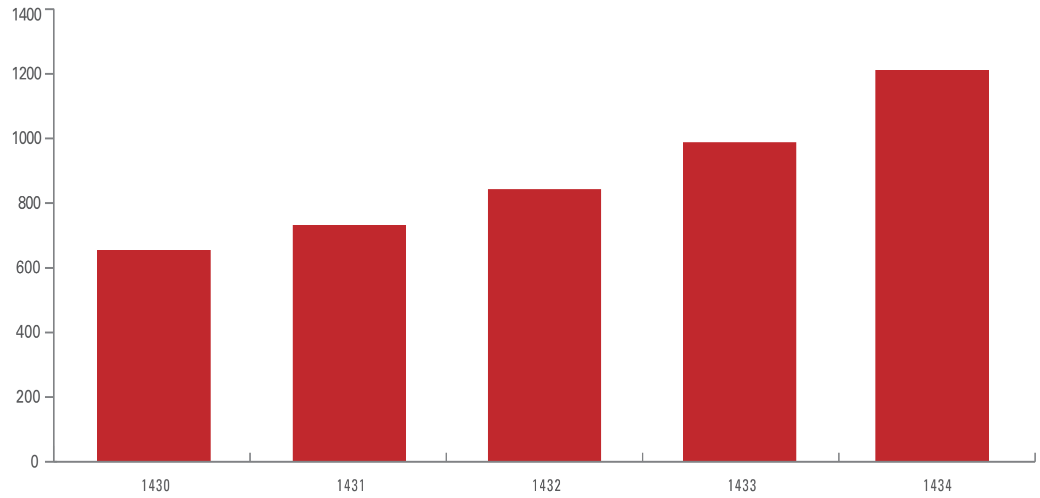


Figure 18. Five Year Asset Growth

Net income before provision and impairment recorded USD30.49 million as compared to USD14.86 million in 1433H. After a provision of USD6.24 million net income amounted to USD24.25 million representing an increase of 156.34% over the amount recorded for 1433H.

The total assets grew by 23.09 percent in 1434H from USD989.11 million in 1433H to USD1,217.45 million at the end of the period under review. This increase in total assets was mainly due to the increase in paid up capital, wakala borrowing and retained earnings. in addition, term financing and equity investments recorded increases of 21.32% and 66.27% respectively.

Financial Highlights

Financial Highlights **Income Statement Highlights**	**1434H, USD Million**	**1433H, USD Million**	**% Change**
Income from Operations	71.69	65.97	8.67%
Income from Commodity Placements	10.02	6.90	45.22%
Income from other Sources'	5.61	6.79	-17.38%
Total Income	87.32	79.66	9.62%
Expenses:			
Staff Costs	(18.84)	(16.78)	12.28%
Other Administrative Expenses	(7.85)	(8.74)	-10.18%
Finance Costs	(3.02)	(2.88)	4.86%
Depreciation	(26.86)	(30.26)	-11.24%
Total Expenses	(56.57)	(58.66)	-3.56%
Foreign Exchange Loss	(0.26)	(6.14)	-95.77%
Net Income before provision for impairment	30.49	14.86	105.18%
Provision, Net	(6.24)	(5.40)	15.56%
Net Income for the year	**24.25**	**9.46**	**156.34%**
Balance Sheet Highlights:			
Assets:			
Liquid Assets	207.11	280.57	-26.18%
Term Financing	229.74	189.37	21.32%
Equity	635.48	382.20	66.27%
Other Assets	145.12	136.97	5.95%
Total Assets	**1,217.45**	**989.11**	**23.09%**
Total Liabilities	323.99	218.88	48.02%
Total Equity	893.46	770.23	16.00%
Total Liabilities and Equity	**1,217.45**	**989.11**	**23.09%**

Key Financial Indicators			
Indicator	**1434H, USD Million**	**1433H, USD Million**	**% Change**
Return on Equity	2.92%	1.30%	124.18%
Return on Assets	2.20%	1.03%	113.04%
Net Profit Margin	27.77%	11.88%	133.86%
Capital Adequacy Ratio	73.39%	77.87%	-5.76%
Disbursements (USD million)	308.50	112.40	174.47%
Approvals (USD milllion)	429.65	383.89	11.92%

6.2 Report of the ICD Shari'a Committee

In the name of Allah, the Beneficent, the Merciful

REPORT OF THE ICD SHARIAH COMMITTEE (1434H)

To: Board of Directors
Islamic Corporation for the Development of the Private Sector
P.O. Box 54069 Jeddah 21514
Kingdom of Saudi Arabia

Assalamu Alaikum Wa Rahmatullahi Wa Baratuhu

The ICD Shari'ah Committee was established as per the provisions of Article No. 29 of the ICD Articles of Agreement. In compliance with the Articles of Agreement and our appointment, the Committee assumes the responsibility to submit this report.

It is also the responsibility of the Committee to form an independent opinion on the operations of the ICD covering the period of our tenure and submit a report containing that opinion to the ICD Board of Directors.

The Committee has reviewed all the contracts relating to the transactions of the ICD during the year ended 29/12/1434H. It has also conducted a review of all files of different modes of financing to form an opinion as to whether the ICD has complied with Shari'ah Rules and Principles. We have obtained all the necessary explanations from the management in addition to the discussions held with them, and offered a few recommendations to further improve the agreements from a Shari'ah perspective.

On the basis of the review conducted, explanations and the discussions held with the management, and our recommendation, we establish an opinion and therefore have no objection to the Shari'ah compliance of the ICD in its operations and liquid fund management for the period ended 29/12/1434H.

The Committee seizes this opportunity to thank the ICD Management and staff for their reference to its services in their endeavour to keep all dealings compatible with Shari'ah principles and precepts.

We beg Allah the Almighty to grant us all the success and straight-forwardness.

Wassalam Alaikum Wa Rahmat Allah Wa Barakatuh.

Shari'ah Committee

For :
Chairman of the Committee
Dr. Hussien Hamid Hassan

Jeddah, 20th Safar 1435H (23/12/2013G)

Shari'ah Rapporteur
Aboubacar Kante

6.3 Auditor's Report

ISLAMIC CORPORATION FOR THE DEVELOPMENT OF THE PRIVATE SECTOR

FINANCIAL STATEMENTS

Dhul Hijjah 29, 1434H (November 3, 2013)

with

INDEPENDENT AUDITORS' REPORT

ISLAMIC CORPORATION FOR THE DEVELOPMENT OF THE PRIVATE SECTOR
FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
Dhul Hijjah 29, 1434H (November 3, 2013)

CONTENTS

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INDEPENDENT AUDITOR'S REPORT

The Members
Islamic Corporation for the Development of the Private Sector

We have audited the accompanying statement of financial position of Islamic Corporation for the Development of the Private Sector (the "Corporation") as of Dhul Hijjah 29, 1434H (November 3, 2013) and the related statements of income, cash flows and changes in members' equity for the year then ended. These financial statements and the Corporation's undertaking to operate in accordance with Islamic Shari'ah are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards for Islamic Financial Institutions. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of Dhul Hijjah 29, 1434H (November 3, 2013), and the results of its operations and its cash flows for the year then ended in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and the Shari'ah rules and principles as determined by the Shari'ah Committee of the Corporation.

PricewaterhouseCoopers

By: ______________
Ali A. Alotaibi
License Number 379

May 26, 2014
(Rajab 27, 1435H)

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ISLAMIC CORPORATION FOR THE DEVELOPMENT OF THE PRIVATE SECTOR

STATEMENT OF FINANCIAL POSITION
As of Dhul Hijjah 29, 1434H (November 3, 2013)
(All amounts in United States Dollars unless otherwise stated)

	Notes	Dhul Hijjah 29, 1434H	Dhul Hijjah 29, 1433H (Restated)
ASSETS:			
Cash and cash equivalents	4	122,491,659	193,879,614
Commodity placements through financial institutions	5	84,613,501	86,690,913
Murabaha financing	6	56,563,550	17,876,006
Accrued income and other assets	7	134,985,621	131,294,873
Installment sales financing	8	117,506,933	95,673,067
Istisna'a assets		-	1,666,737
Investments	9	635,476,848	382,196,526
Ijarah Muntahia Bittamleek	10	64,040,552	77,554,395
Property and equipment	11	1,769,032	2,280,667
TOTAL ASSETS		1,217,447,696	989,112,798
LIABILITIES AND MEMBERS' EQUITY:			
Liabilities:			
Wakala borrowings	12	208,207,268	188,200,000
Accruals and other liabilities	13	115,376,252	30,014,231
Amounts due to ICD Solidarity Fund	14	402,454	664,109
Total liabilities		323,985,974	218,878,340
Members' equity:			
Share capital	15	749,806,110	650,829,214
Reserves	16	143,655,612	119,405,244
Total members' equity		893,461,722	770,234,458
TOTAL LIABILITIES AND MEMBERS' EQUITY		1,217,447,696	989,112,798

The attached notes from 1 through 30 form an integral part of these financial statements

ISLAMIC CORPORATION FOR THE DEVELOPMENT OF THE PRIVATE SECTOR

STATEMENT OF INCOME
For the year ended Dhul Hijjah 29, 1434H (November 3, 2013)
(All amounts in United States Dollars unless otherwise stated)

	Notes	1434H	1433H (Restated)
Income:			
Commodity placements through financial institutions		10,016,286	6,904,639
Murabaha financing		1,699,165	705,151
Installment sales financing		11,062,395	8,352,354
Istisna'a assets		19,443	136,111
Investments	9.5	26,211,408	20,160,505
Ijarah Muntahia Bittamleek		32,694,589	36,611,569
Administrative fees		4,280,364	4,619,877
Advisory fees		861,150	1,111,100
Mudarib fees	20	477,920	1,060,997
Total Shari'ah compliant income		87,322,720	79,662,303
Depreciation on assets under Ijarah Muntahia Bittmaleek	10	(26,214,925)	(29,562,290)
		61,107,795	50,100,013
Income from non-Shari'ah compliant placements	14	10,352	9,253
Transferred to ICD Solidarity Fund	14	(10,352)	(9,253)
Total operating income		61,107,795	50,100,013
Expenses:			
Staff cost		(18,841,574)	(16,783,531)
Other administrative expenses		(7,849,198)	(8,736,537)
Depreciation on property and equipment	11	(643,317)	(703,179)
Financing costs		(3,019,980)	(2,882,126)
Total expenses		(30,354,069)	(29,105,373)
Foreign exchange loss		(259,316)	(6,139,190)
Net income before provision for impairment of financial assets		30,494,410	14,855,450
Provision for impairment of financial assets, net	19	(6,244,042)	(5,398,544)
Net income for the year		24,250,368	9,456,906

The attached notes from 1 through 30 form an integral part of these financial statements

ISLAMIC CORPORATION FOR THE DEVELOPMENT OF THE PRIVATE SECTOR

STATEMENT OF CASH FLOWS
For the year ended Dhul Hijjah 29, 1434H (November 3, 2013)
(All amounts in United States Dollars unless otherwise stated)

	Notes	1434H	1433H (Restated)
Cash flows from operating activities			
Net income for the year		24,250,368	9,456,906
Adjustments to reconcile net income to net cash utilized in operating activities:			
Depreciation	17	26,858,242	30,265,469
Provision for impairment of financial assets, net	19	6,244,042	5,398,544
Unrealized fair value (gain)/loss	9	(25,449,172)	2,794,389
Changes in operating assets and liabilities:			
Commodity placements through financial institutions		2,077,412	(6,834,238)
Murabaha financing		(38,759,632)	(10,223,100)
Accrued income and other assets		(6,981,235)	15,610,552
Installment sales financing		(24,124,196)	(21,295,038)
Istisna'a assets		1,666,737	3,333,263
Investments		(230,493,964)	(47,814,185)
Ijarah Muntahia Bittamleek		(10,629,405)	(37,129,917)
Accruals and other liabilities		85,362,021	(29,253,549)
ICD Solidarity Fund, net		(261,655)	(104,691)
Net cash utilized in operating activities		(190,240,437)	(85,795,595)
Cash flows from investing activity			
Purchase of property and equipment	11	(131,682)	(10,296)
Cash flows from financing activities			
Share capital contribution		98,976,896	85,009,320
Repayments against Wakala borrowings		(188,200,000)	(73,000,000)
Proceeeds from Wakala borrowings		208,207,268	161,200,000
Cash generated from financing activities		118,984,164	173,209,320
Net change in cash and cash equivalents		(71,387,955)	87,403,429
Cash and cash equivalents at beginning of the year		193,879,614	106,476,185
Cash and cash equivalent at end of the year	4	122,491,659	193,879,614

The attached notes from 1 through 30 form an integral part of these financial statements

ISLAMIC CORPORATION FOR THE DEVELOPMENT OF THE PRIVATE SECTOR

STATEMENT OF CHANGES IN MEMBERS' EQUITY
For the year ended Dhul Hijjah 29, 1434H (November 3, 2013)
(All amounts in United States Dollars unless otherwise stated)

	Paid-up capital	Reserve	Fair value reserve	Net income	Total
Balance at Muharram 1, 1433H (as previously reported)	565,819,894	74,639,880	44,254,299	-	684,714,073
Restatement (Note 24)	-	35,308,458	(28,281,908)	-	7,026,550
Balance at Muharram 1, 1433H (as restated)	565,819,894	109,948,338	15,972,391	-	691,740,623
Contributions during the year	85,009,320	-	-	-	85,009,320
Net income for the year	-	-	-	9,456,906	9,456,906
Transfer to reserve	-	9,456,906	-	(9,456,906)	-
Fair value reserve realized in statement of income on disposal of an investment	-	-	(15,972,391)	-	(15,972,391)
Balance at Dhul Hijjah 29, 1433H	650,829,214	119,405,244	-	-	770,234,458
Balance at Dhul Hijjah 29, 1433H (as previously reported)	650,829,214	86,891,175	25,951,023	-	763,671,412
Restatement (Note 24)	-	32,514,069	(25,951,023)	-	6,563,046
Balance at Dhul Hijjah 29, 1433H (as restated)	650,829,214	119,405,244	-	-	770,234,458
Contributions during the year	98,976,896	-	-	-	98,976,896
Net income for the year	-	-	-	24,250,368	24,250,368
Transfer to reserve	-	24,250,368	-	(24,250,368)	-
					-
Balance at Dhul Hijjah 29, 1434H	**749,806,110**	**143,655,612**	**-**	**-**	**893,461,722**

The attached notes from 1 through 30 form an integral part of these financial statements

ISLAMIC CORPORATION FOR THE DEVELOPMENT OF THE PRIVATE SECTOR

NOTES TO THE FINANCIAL STATMENTS
For the year ended Dhul Hijjah 29, 1434H (November 3, 2013)
(All amounts in United States Dollars unless otherwise stated)

1. INCORPORATION AND ACTIVITIES

Islamic Corporation for the Development of the Private Sector (the "Corporation") is an international specialized institution established pursuant to the Articles of Agreement signed and ratified by its members. The Corporation commenced its operations following the inaugural meeting of the General Assembly held on Rabi Thani 6, 1421H, corresponding to July 8, 2000.

According to the Articles of Agreement establishing the Corporation, the objective of the Corporation is to promote, in accordance with principles of Shari'ah, the economic development of its member countries by encouraging the establishment, expansion, and modernization of private enterprises producing goods and services in such a way as to supplement the activities of Islamic Development Bank ("IDB").

The Corporation, as a multilateral financial institution, is not subject to any external regulatory authority. It operates in accordance with the Articles of Agreement establishing the Corporation and the internal rules and regulations of the Corporation.

The Corporation carries out its business activities through its headquarters in Jeddah, Saudi Arabia. The Corporation's financial year is the lunar Hijra year.

The financial statements were authorized in accordance with the resolution of the Board of Directors dated 29 Jumada'l, 1435H (April 29, 2014).

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

These financial statements are prepared in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and the Shari'ah rules and principles as determined by the Shari'ah Committee of the Corporation. For matters, which are not covered by AAOIFI standards, the Corporation uses the relevant standard issued or adopted by the International Accounting Standards Board (IASB) and the relevant interpretation issued by the International Financial Reporting Interpretations Committee of IASB.

The preparation of financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires management to exercise its judgment in the process of applying the Corporation's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

The Corporation has early adopted the Investment Entities amendments to IFRS 10 'Consolidated financial statements', IFRS 12 'Disclosure of interest in other entities' and IAS 27 'Separate financial statements' (the "Amendments") which are effective from the period beginning 1 January 2014. Accordingly, the Corporation has not prepared the consolidated financial statements and applied the transition guidance on amendments to IFRSs 10 and 12, all effective from the period beginning 1 January 2013, in so far it relates to the adoption of amendments related to investment entities.

IFRS 10 'Consolidated financial statements' and amendments to IFRS 10: the objective of IFRS 10 is to establish the principles for the presentation and preparation of consolidated financial statements. The amendments to IFRS 10 define an investment entity and introduce an exception from consolidation requirements for investment entities.

IFRS 12 'Disclosure of interest in other entities' and amendments to IFRS 12: The standard requires entities to disclose significant judgments and assumptions made in determining whether the entity controls, jointly controls and significantly influences or has some other interests in other entities. The amendments also introduce new disclosures requirements related to investment entities. Adoption of the standard has affected ICD's level of disclosure in certain of the above noted areas but has not affected the Corporation's financial position or results of operations.

ISLAMIC CORPORATION FOR THE DEVELOPMENT OF THE PRIVATE SECTOR

NOTES TO THE FINANCIAL STATMENTS
For the year ended Dhul Hijjah 29, 1434H (November 3, 2013)
(All amounts in United States Dollars unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment entity

An investment entity is an entity that: (a) obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services; (b) commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and c) measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Corporation meets the definition and typical characteristics of an "investment entity" as described in the Amendments which are effective from 1 January 2014.

In accordance with the Amendments, an investment entity is required to account for its investments in subsidiaries and associates at fair value through statement of income. The Group has early adopted the Amendments and has recognized substantially all its investments, including subsidiaries and associates as financial assets at fair value through statement of income and has recognized the fair value movement in the statement of income. Further details are provided in Note 24.

These financial statements are the only financial statements presented by the Corporation.

b) Accounting convention

The financial statements are prepared under the historical cost convention modified for the measurement at fair value of investments.

c) Foreign currency translations

i) Functional and presentation currency

These financial statements are presented in United States Dollars ("USD") which is the functional and presentation currency of the Corporation.

ii) Transactions and balances

Transactions in currencies other than USD ("foreign currencies") are recorded at the exchange rates prevailing at the dates of the respective transactions. Monetary assets and liabilities denominated in foreign currencies are translated to USD at the date of the statement of financial position. Foreign currency exchange gains and losses are credited or charged to the statement of income.

Non-monetary items measured at historical cost denominated in a foreign currency are translated at the exchange rate ruling at the date of initial recognition.

d) Cash and cash equivalents

Cash and cash equivalents comprise bank balances and commodity placements through financial institutions having a maturity of three months or less at the date of acquisition.

e) Commodity placements through financial institutions

Commodity placements are made through financial institutions and are utilized in the purchase and sale of commodities at fixed profit. The buying and selling of commodities is limited by the terms of agreement between the Corporation and other Islamic and conventional financial institutions. Commodity placements are initially recorded at cost including acquisition charges associated with the placements and subsequently measured at cost less any provision for impairment.

ISLAMIC CORPORATION FOR THE DEVELOPMENT OF THE PRIVATE SECTOR

NOTES TO THE FINANCIAL STATMENTS
For the year ended Dhul Hijjah 29, 1434H (November 3, 2013)
(All amounts in United States Dollars unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Murabaha and Installment sales financing receivables

Murabaha financing and Installment sales financing receivables are agreements whereby the Corporation sells to a customer a commodity or an asset, which the Corporation has purchased and acquired based on a promise received from the customer to buy. The selling price comprises the cost plus an agreed profit margin.

Amounts receivable from Murabaha and Installment sales financing receivables are stated at the selling price of the commodity or asset less unearned income to the date of the statement of financial position, less repayments received and provision for impairment.

g) Investments

These are equity-type investments and are classified as follows:

(i) Subsidiaries

An entity is classified as a subsidiary of the Corporation if the Corporation can exercise control over the entity. Control is power to govern the financial and operating policies of an entity with the objective of earning benefits from its operation. Control is presumed to exist if the Corporation holds, directly or indirectly through its subsidiaries, 50 per cent or more of the voting rights in the entity, unless it can be clearly demonstrated otherwise. Conversely, control may also exist through agreement with the entity's other shareholders or the entity itself regardless of the level of shareholding that the Corporation has in the entity.

The early adoption of the Amendments exempted ICD from the consolidation of the subsidiaries. The Corporation measures and evaluates the performance of substantially all its subsidiaries on a fair value basis because using fair values results in more relevant information. As per the Amendments, investments in subsidiaries are measured at fair value through statement of income. These investments are initially measured at cost and subsequently measured at fair value. Any unrealized gains or losses arising from the measurement of subsidiaries at fair value are recognized directly in the statement of income.

(ii) Associates

An entity is classified as an associate of the Corporation if the Corporation can exercise significant influence on the entity. Significant influence is presumed to exist if the Corporation holds, directly or indirectly through its subsidiaries, 20 per cent or more of the voting rights in the entity, unless it can be clearly demonstrated otherwise. Conversely, significant influence may also exist through agreement with the entity's other shareholders or the entity itself regardless of the level of shareholding that the Corporation has in the entity.

The early adoption of the Amendments requires investments in associates to be measured at fair value through statement of income. These investments are initially measured at cost and subsequently measured at fair value. Any unrealized gains or losses arising from the measurement of associates at fair value are recognized directly in the statement of income.

(iii) Other investments

The Corporation has investments in companies, which are classified as investments at fair value through equity. These are equity-type instruments and do not exhibit the feature of debt type instruments and include instruments that evidence a residual interest in the assets of an entity after deducting all its liabilities. These investments are intended to be held for long-term periods, and may be sold in response to needs for liquidity or changes in equity prices. Such investments are initially measured at cost plus transaction costs and subsequently re-measured at fair value. Any unrealized gains and losses arising from the re-measurement in their fair value are recognized directly in the fair value reserve under members' equity, until the investment is derecognized or impaired at which time the cumulative gains or losses previously recognized in members' equity are recognised in the statement of income.

Equity investments whose fair value cannot be reliably measured on a continuing basis are carried at cost, less provision for impairment, if any, in the value of these investments.

ISLAMIC CORPORATION FOR THE DEVELOPMENT OF THE PRIVATE SECTOR

NOTES TO THE FINANCIAL STATMENTS
For the year ended Dhul Hijjah 29, 1434H (November 3, 2013)
(All amounts in United States Dollars unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Ijarah Muntahia Bittamleek

These consist of assets purchased by the Corporation either individually or as part of syndication with other entities and leased to beneficiaries for their use in Ijarah Muntahia Bittamleek agreements whereby the ownership of the leased assets is transferred to the beneficiaries at the end of the lease term and the completion of all payments under the agreement. The assets are stated at their acquisition cost less accumulated depreciation up to the date of the statement of financial position. The assets are depreciated using the straight-line method over the related lease period. No depreciation is recorded in respect of assets not yet put to use.

i) Istisna'a assets

Istisna'a is an agreement between the Corporation and a customer whereby the Corporation sells to the customer an asset which is either manufactured or acquired by the purchaser on behalf of the Corporation according to agreed-upon specifications, for an agreed-upon price.

Istisna'a assets represent the disbursements made as of the date of the statement of financial position against the assets acquired for Istisna'a projects plus income recognized, less repayments received and provision for impairment.

After completion of the project, the Istisna'a asset is transferred to the Istisna'a receivable account.

j) Impairment of financial assets

(i) Investments

An assessment is made at each balance sheet date to determine whether there is objective evidence that an investment at fair value through equity may be impaired. A significant or prolonged decline in fair value of the investment below the cost is considered in determining whether the assets are impaired. If any evidence exists of impairment for the investment carried at fair value through equity, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on the investment in equity previously recognised in the statement of income is removed from equity and recognised in the statement of income. Impairment losses on equity investments previously recognised in the statement of income are not subsequently reversed through the statement of income.

(ii) Other financial assets

The Corporation determines the provision for impairment losses based on an assessment of incurred losses. An assessment is made at each financial position date to determine whether there is an objective evidence that a financial asset or a group of financial assets may be impaired. The impairment loss results from the difference between the carrying amount of the asset and the net present value of the expected future cash flows discounted at the implicit rate of return from the financial asset. The impairment provision is periodically adjusted based on a review of the prevailing circumstances. Impairment losses are adjusted through the use of an allowance account. When a financial asset is not considered recoverable, it is written off against the allowance account. Subsequent recoveries of amounts previously written-off are credited to the statement of income.

k) Property and equipment

Property and equipment are recorded at cost and are depreciated using the straight-line method over their estimated useful lives as follows:

- Furniture and fixtures 15%
- Computers 33%
- Motor vehicles 25%
- Other equipment 20%

Maintenance and repair costs, if any, are expensed as incurred. When the carrying amount of an item of property and equipment is higher than its recoverable amount, it is written down immediately to its recoverable amount.

Gains or losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of income.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Post-employment benefits plan

The Corporation subscribes to the group defined-benefits pension plan of IDB. Under the plan, the staff members contribute a fixed percentage of their remuneration monthly and the Corporation contributes the proportionate balance of the cost of funding the plan based on regular actuarial valuations. The contributions accumulated to date are managed and invested by IDB.

m) Revenue recognition

(i) Commodity placements through financial institutions

Income from commodity placements through financial institutions is recognized on a time apportionment basis over the period from the actual disbursement of funds to the date of maturity.

(ii) Non-Shari'ah compliant placements

Any income from cash and cash equivalents, commodity placements through financial institutions and other investments, which is considered by management as forbidden by Shari'ah, is not included in the Corporation's statement of income but is recorded as a liability to be utilized for charitable purposes.

(iii) Murabaha and Installment sales financing

Income from Murabaha and Installment financing receivables are accrued on a time apportionment basis over the period from the date of the actual disbursement of funds to the scheduled repayment date of installments.

(iv) Istisna'a

The Corporation uses the deferred profits method for recognizing Istisna'a income on Istisna'a assets whereby there is a proportionate allocation of deferred profits over the future financial period of the credit.

(v) Ijarah Muntahia Bittamleek

Income from Ijarah Muntahia Bittamleek and operating Ijarah are allocated proportionately to the financial periods over the Ijarah contract.

(vi) Dividends

Dividends are recognized when the right to receive the dividends is established.

(vii) Mudarib fee

Mudarib fee is recognized on accrual basis when the services have been performed.

(viii) Administrative fee and advisory fee

Income from administrative and advisory services is recognized based on the provision of services as per contractual arrangements.

n) Zakat and tax

The Corporation, being a multilateral financial institution, is not subject to Zakat or taxation in the member countries. The Corporation's equity is part of Baitul Mal, which is not subject to Zakat.

o) Offsetting

Financial assets and financial liabilities are only offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and the Corporation intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

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3. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including professional advices and expectation of future events that are believed to be reasonable under the circumstances. Significant areas where management has used estimates, assumptions or exercised judgments are as follows:

i) Provision for impairment of financial assets

The Corporation exercises judgment in the estimation of provision for impairment of financial assets. For equity investments (investments at fair value through equity), the determination of whether a reduction in fair value compared to cost is significant or prolonged requires the exercise of judgment. Management uses a number of sources to determine if an investment in equity-type instrument is impaired. The methodology for the estimation of provision for impairment of financial assets is set out in note 2 (j).

ii) Fair value determination

The Corporation determines the fair value of substantially all of its investments at each financial year end. The fair value of investment that are not quoted in an active market is determined by using valuation techniques, primarily discounted cash flow techniques (DCF) and comparable price/book (P/B) multiples. In case of certain investments the fair value is determined on a net asset value basis. Where relevant, the Corporation engages third party valuation experts. In the case of start-up companies and companies which are still in capital disbursement stage, management consider the cost of such investments (translated at the exchange rate ruling at the acquisition date) as an approximation of fair value at the statement of financial position date. The cost of investments in equity-type instruments made close to the reporting period date is considered by management to be equivalent to fair value.

The models used to determine fair values are validated and periodically reviewed by management. The inputs in the DCF and comparable P/B multiples models include observable data, such as discount rates, terminal growth rate, P/B multiples of comparable companies/banks to the relevant portfolio company/bank, and unobservable data, such as the discount for marketability. In certain cases the Corporation has applied marketability and liquidity discounts from 20% to 50%.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of Dhul Hijjah comprised of the following:

	1434H	1433H
Cash at banks	97,074,146	49,302,517
Bank balance relating to ICD Solidarity Fund	417,513	683,100
	97,491,659	49,985,617
Commodity placements through financial institutions (Note 5)	25,000,000	143,893,997
	122,491,659	193,879,614

Certain bank accounts which are in the name of Islamic Development Bank are for the beneficial interest of the Corporation and such accounts are managed and operated by the Corporation.

5. COMMODITY PLACEMENTS THROUGH FINANCIAL INTITUTIONS

Commodity placements through financial institution at end of Dhul Hijjah comprised of the following:

	1434H	1433H
Commodity placements through financial institutions	109,613,501	230,584,910
Less: Commodity placements through financial institutions for a period of three months or less (Note 4)	(25,000,000)	(143,893,997)
	84,613,501	86,690,913

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6. MURABAHA FINANCING

Murabaha financing at end of Dhul Hijjah comprised of the following:

	1434H	1433H
Murabaha financing	**66,355,404**	25,972,389
Less: Unearned income	**(3,713,065)**	(2,089,682)
	62,642,339	23,882,707
Less: Provision for impairment	**(6,078,789)**	(6,006,701)
	56,563,550	17,876,006

All goods purchased for resale under Murabaha financing are made on the basis of specific purchase for subsequent resale to the customer. The promise of the customer is considered to be binding. Consequently, any loss suffered by the Corporation as a result of default by the customer prior to the sale of goods is charged to the customer.

7. ACCRUED INCOME AND OTHER ASSETS

Accrued income and other assets at end of Dhul Hijjah comprised of the following:

	1434H	1433H
Ijarah Muntahia Bittamleek installments receivable	84,592,376	73,313,613
Proceeds receivable from sale of shares (Note 7 (a))	9,561,338	18,732,690
Proceeds receivable on maturity of government certificates/ Sukuk (Note 7 (b))	8,751,340	8,850,093
Due from related parties (Note 18)	16,375,051	13,802,632
Accrued income	8,686,990	8,371,362
Advances	1,263,157	834,937
Housing advance and prepaid expenses	4,935,869	4,439,140
Arrangement fee receivable	2,144,660	2,144,660
Other receivables	9,974,610	8,815,029
	146,285,391	139,304,156
Less: Provision for impairment (Note 19)	(11,299,770)	(8,009,283)
	134,985,621	131,294,873

(a) The above amount of USD 9.56 million (included in 1433H: USD 18.73 million) represents proceeds receivable on sale of shares. The transaction was subject to arbitration proceedings with relevant regulatory authorities in a member country. The Arbitration Committee had awarded the case in favor of the Corporation and execution of the judgment is in progress.

(b) The amount represents receivable on maturity of Sukuk. On July 23, 2008 (Rajab 20, 1429H) the Corporation entered into an agreement with the counterparty to invest in Sukuk with an option of conversion of it into shares of the latter at the time of its going for an IPO. These Sukuk matured during 1431H and as at the end of 1434H, the amount is receivable from the counterparty as the IPO formalities has not yet commenced.

8. INSTALLMENT SALES FINANCING

Installment sales financing receivable at end of Dhul Hijjah comprised of the following:

	1434H	1433H
Gross amounts receivable	**132,805,832**	103,355,091
Less: Unearned income	**(6,903,058)**	(1,576,513)
	125,902,774	101,778,578
Less: Provision for impairment	**(8,395,841)**	(6,105,511)
	117,506,933	95,673,067

All goods purchased for resale under installment sales financing are made on the basis of specific purchase for subsequent resale to the customer. The promise of the customer is considered to be binding. Consequently, any loss suffered by the Corporation as a result of default by the customer prior to the sale of goods is charged to the customer.

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9. INVESTMENTS

Investments in equity capital at the end of Dhul Hijjah comprised of the following:

	1434H	1433H (Restated)
Subsidiaries (Note 9.1)	287,288,944	153,576,087
Associates (Note 9.2)	259,584,775	144,438,333
Other investments	96,227,845	89,144,008
	643,101,564	387,158,428
Less: Provision for impairment (Note 9.4)	(7,624,716)	(4,961,902)
	635,476,848	382,196,526

The movement in investments for the year ended Dhul Hijjah is as follows:

	1434H	1433H (Restated)
Balance at Muharram 1	382,196,526	353,624,078
Additions during the year	257,127,201	100,033,051
Disposals during the year	(26,633,237)	(68,191,257)
Provision for impairment (Note 9.4)	(2,662,814)	(474,957)
Unrealized fair value gain/(loss) (Note 9.5)	25,449,172	(2,794,389)
Balance at end of Dhul Hijjah	635,476,848	382,196,526

9. 1 Investments in subsidiaries

Effective ownership percentage in subsidiaries and their countries of incorporation at the end of the years are as follows:

	Country of incorporation	Nature of Business	Effective ownership % 1434H	Effective ownership % 1433H
Azerbaijan Leasing	Azerbaijan	Leasing	100	100
Ijarah Management Company	Saudi Arabia	Leasing	99	99
Taiba Leasing	Uzbekistan	Leasing	100	100
Alarabea Syrian Company	Syria	Manufacturing	100	100
Maldives Islamic Bank	Maldives	Banking	85	85
Tamweel Africa Holding	Senegal	Banking	60	60
Ewaan Al Fareeda Residential Co.	Saudi Arabia	Real estate	52	52
Capitas International	Saudi Arabia	Advisory service	51	51
Al Fareeda Residential Fund	Saudi Arabia	Real Estate Fund	see Note 9.2	52
Unit Investment Fund	Saudi Arabia	Mutual Fund	56	-
Money Market Fund	Saudi Arabia	Money market Fund	100	-
Taha Alam Sdn Bhd	Malaysia	Hajj and umrah services	100	100

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9. INVESTMENTS (continued)

9.2 Investments in associates

Effective ownership percentage in associates and their countries of incorporation at the end of the years are as follows:

	Country of incorporation	Effective ownership % 1434H	1433H
Al Majmoua Al Mauritania	Mauritania	50	50
Felix Airways	Yemen	47	47
Anfaal Capital Company	Saudi Arabia	38	37
Sante Alexandra Company	Egypt	38	34
Burj Bank	Pakistan	34	33
Injazat Technology Fund	Bahrain	30	30
Jordan Pharmaceutical Manufacturing Company	Jordan	28	28
Royal Atlantic Residence	Gambia	25	25
Adritech Group International	Jordan	25	25
Saba Islamic Bank	Yemen	20	20
Arab Leasing Company	Sudan	20	20
Kazakhstan Ijara Company	Kazakhstan	36	-
Theemar Investment Fund	Tunisia	25	-
ASR Leasing LLC	Tajikistan	50	-
Albania Leasing	Albania	36	-
Saudi SME Fund	Saudi Arabi	25	-
Al Fareeda Residential Fund	Saudi Arabia	33	see Note 9.1

9.3 Fair value of investments

FAS 25 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Corporation's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical investments.
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the investments, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3 – inputs for the investments that are not based on observable market data (unobservable inputs).
This hierarchy requires the use of observable market data when available. The Corporation considers relevant and observable market prices in its valuations where possible.

Investments measured at fair value

	Level 1	Level 2	Level 3	Total
1434H				
Investments	6,715,340	-	534,388,100	541,103,440

	Level 1	Level 2	Level 3	Total
1433H (Restated)				
Investments	11,612,231	-	277,713,763	289,325,994

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9. INVESTMENTS (continued)

Reconciliation of Level 3 items

	1434H	1433H (Restated)
At Muharram 1	277,713,764	255,166,948
Unrealized gain/(loss) recognised	27,608,239	(463,504)
Additions	252,961,509	91,201,577
Disposals	(23,895,412)	(68,191,257)
At end of Dhul Hijjah	534,388,100	277,713,764

Included in investments as at Dhul Hijjah 29, 1434H are investments amounting to USD 94.37 million (1433H: USD 92.87 million) where the fair value cannot be measured reliably because of non-availability of sufficiently reliable information for such determination. These investments are held net of a provision for impairment of USD 7.62 million (1433H: USD 4.96 million).

9.4 Movement in provision for impairment on investments

	1434H	1433H (Restated)
At Muharram 1	4,961,902	4,486,945
Impairment charges booked during the year	2,662,814	474,957
At end of Dhul Hijjah (Note 19)	7,624,716	4,961,902

9.5 Investment Income

	1434H	1433H (Restated)
Unrealized fair value gain/(loss)	25,449,172	(2,794,389)
Dividend	923,342	2,257,175
Realized fair value (loss)/gain	(161,106)	20,697,719
	26,211,408	20,160,505

10. IJARAH MUNTAHIA BITTAMLEEK

Ijarah Muntahia Bittamleek at the end of Dhul Hijjah comprised of the following:

	1434H	1433H
Cost:		
Assets not yet in use:		
At beginning of the year	7,331,500	-
Additions	15,021,790	39,411,430
Transferred to assets in use	(22,353,290)	(32,079,930)
At end of the year	-	7,331,500
Assets in use:		
At beginning of the year	198,441,559	168,643,142
Transferred from assets acquired	22,353,290	32,079,930
Assets transferred to beneficiaries	(18,587,269)	(2,281,513)
At end of the year	202,207,580	198,441,559
Total costs	202,207,580	205,773,059

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10. IJARAH MUNTAHIA BITTAMLEEK (continued)

	1434H	1433H
Accumulated depreciation:		
At beginning of the year	123,443,977	93,881,687
Charge for the year	26,214,925	29,562,290
Assets transferred to beneficiaries	(14,194,884)	-
At end of the year	135,464,018	123,443,977
Balance at the end of the year	66,743,562	82,329,082
Less: Provision for impairment (Note 19)	(2,703,010)	(4,774,687)
Ijarah Muntahia Bittamleek, net	64,040,552	77,554,395

Certain of the assets referred to above represent the Corporation's share in joint Ijarah Muntahia Bittamleek agreements.

11. PROPERTY AND EQUIPMENT

Property and equipment at the end of Dhul Hijjah 1434H comprised of the following:

	Furniture and fixtures	**Computers**	**Motor vehicles**	**Other equipment**	**1434H Total**
Cost:					
At 1 Muharram	601,950	3,247,986	276,026	49,874	4,175,836
Additions during the year	-	-	-	131,682	131,682
At Dhul Hijjah 29	601,950	3,247,986	276,026	181,556	4,307,518
Accumulated depreciation:					
At 1 Muharram	586,419	1,003,592	255,284	49,874	1,895,169
Charge for the year	3,566	596,955	20,742	22,054	643,317
At Dhul Hijjah 29	589,985	1,600,547	276,026	71,928	2,538,486
Net Book Value:					
At Dhul Hijjah 29, 1434H	11,965	1,647,439	-	109,628	1,769,032

Property and equipment at the end of Dhul Hijjah 1433H comprised of the following:

	Furniture and fixtures	Computers	Motor vehicles	Other equipment	1433H Total
Cost:					
At 1 Muharram	601,950	3,247,986	265,730	49,874	4,165,540
Additions during the year	-	-	10,296	-	10,296
At Dhul Hijjah 29	601,950	3,247,986	276,026	49,874	4,175,836
Accumulated depreciation:					
At 1 Muharram	561,731	386,618	195,000	48,641	1,191,990
Charge for the year	24,688	616,974	60,284	1,233	703,179
At Dhul Hijjah 29	586,419	1,003,592	255,284	49,874	1,895,169
Net Book Value:					
At Dhul Hijjah 29, 1433H	15,531	2,244,394	20,742	-	2,280,667

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12. WAKALA BORROWINGS

The Wakala borrowings are received from other financial institutions on which the Corporation pays periodic Muwakkil profit ranging from 1.1% to 3.8% per annum. The borrowings have original maturities ranging from 2 months to 1 year.

13. ACCRUALS AND OTHER LIABILITIES

Accruals and other liabilities at end of Dhul Hijjah comprised of the following:

	1434H	1433H
Due to related parties (Note 18)	102,608,656	20,238,727
Payable against Murabaha agreement (Note 13.1)	2,383,088	5,572,623
Accrued expenses	195,248	102,015
Other payables	10,189,260	4,100,866
	115,376,252	30,014,231

13.1 The Corporation entered into a murabaha agreement with one of its members for purchase of an asset on deferred repayments basis and simultaneously gave the same asset to a third party under Ijarah arrangement. The amount of USD 2.38 million (1433H: USD 5.57 million) represents the purchase price of the assets less repayments.

14. ICD SOLIDARITY FUND

This represents net accumulated income up to Dhul Hijjah 29, 1434H generated from liquid fund placements with certain conventional banks and financial institutions and donation which were not considered in compliance with the Shari'ah principles. As per the recommendation of the Shari'ah Committee of the Corporation, this income needs to be utilized for charitable purposes and, therefore, has been classified as a liability. The disposition of this liability is the responsibility of the Charity Committee formed within the Corporation. The sources and uses of ICD Solidarity Fund during the years ended Dhul Hijjah 29, are as follows:

	1434H	1433H
Sources		
Balance at beginning of the year	664,109	768,800
Amount transferred from income during the year	10,352	9,253
Income earned	710	1,056
	675,171	779,109
Uses		
Charitable disbursements	(272,717)	(115,000)
Balance at end of the year	402,454	664,109

15. SHARE CAPITAL

The share capital of the Corporation at end of Dhul Hijjah comprised of the following:

	1434H	1433H
Authorized: 200,000 (1433H: 200,000) shares of US$ 10,000 each	2,000,000,000	2,000,000,000
Subscribed capital:		
Available for subscription: 100,000 (1433H: 100,000) shares of US$ 10,000 each	1,000,000,000	1,000,000,000
Share capital not yet subscribed	(161,040,000)	(176,300,000)
Subscribed capital	838,960,000	823,700,000
Installments due not yet paid	(89,153,890)	(172,870,786)
Paid-up capital	749,806,110	650,829,214

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15. SHARE CAPITAL (continued)

The paid-up capital of the Corporation represents amounts received from the following members:

	1434H	1433H
Islamic Development Bank	375,000,000	350,000,000
Member countries	304,437,086	238,260,190
Iran Foreign Investment Company	35,969,024	31,969,024
Saudi Public Investment Fund	27,000,000	24,000,000
Bank Keshavarzi	5,400,000	4,800,000
Bank Melli	1,800,000	1,600,000
Bank Nationale D'Algerie	200,000	200,000
	749,806,110	650,829,214

16. RESERVE

In accordance with Section 1 of Article No. 33 of the Articles of Agreement of the Corporation, the annual net income of the Corporation is required to be transferred to this reserve until such reserve equals 12.5% of the Corporation's subscribed capital. Any excess of net income over the above limit will be available for distribution to the members.

17. DEPRECIATION

Depreciation charge for the year ended Dhul Hijjah comprised of the following:

	1434H	1433H
Ijarah Muntahia Bittamleek (Note 10)	26,214,925	29,562,290
Property and equipment (Note 11)	643,317	703,179
	26,858,242	30,265,469

18. RELATED PARTY TRANSACTIONS AND BALANCES

a) Transactions with related parties

Related party transactions for the year ended Dhul Hijjah are as follows:

	Nature of Transactions	**Amount of transactions 1434H**	1433H
IDB	Management, treasury, legal & HR services	20,103,168	18,974,913
Members of General Assembly, Board of Directors, Advisory Board, Shari'ah Committee & Executive Committee	Allowances	471,909	529,944
Unit Investment Fund (UIF)	Mudarib fee	405,464	1,060,997
Money Market Fund	Mudarib fee	72,456	-
Bidaya Home Financing Company	Set-up costs	754,312	1,558,272
Capitas Group International	Shareholders loan	-	1,000,000

All related party transactions are conducted at mutually agreed terms and approved by the Board of Directors.

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18. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

b) Due from related parties:

	1434H	1433H
IDB	1,878,818	-
International Islamic Trade Finance Corporation (ITFC)	100,490	-
Islamic Corporation for Investments and Insurance of Export Credit (ICIEC)	54,888	-
UIF	-	1,704,501
Money Market Fund	72,456	-
Anfaal Capital Company	1,135,489	1,974,156
Al Fareeda Residential Fund	1,320,268	-
Tamweel Africa Holding	1,934,355	-
Bidaya Home Financing Company	9,878,287	9,123,975
Capitas Group International	-	1,000,000
	16,375,051	13,802,632

c) Due to related parties

	1434H	1433H
Waqf Fund	100,232,671	-
UIF	2,375,985	-
IDB	-	20,238,727
	102,608,656	20,238,727

The balances due to and from related parties are mark-up free with no fixed repayment terms.

d) Key management compensation

The compensation paid or payable to key management personnel is shown below:

	1434H	1433H
Salaries and other short-term benefits	607,604	720,453
Post-employment benefits	40,952	38,296
	648,556	758,749

19. PROVISION FOR IMPAIRMENT OF ASSETS

The movements in the specific provision for impairment during the years ended at end of Dhul Hijjah are as follows:

	1434H	1433H
Balance at beginning of the year	29,858,084	24,459,540
Charge for the year	9,817,378	6,912,728
Reversal for the year	(3,573,336)	(1,514,184)
Balance at end of the year	36,102,126	29,858,084

The breakup of provision for impairment of financial assets is as follows:

	1434H	1433H
Murabaha financing (Note 6)	6,078,789	6,006,701
Accrued income and other assets (Note 7)	11,299,770	8,009,283
Installment sales (Note 8)	8,395,841	6,105,511
Investments (Note 9)	7,624,716	4,961,902
Ijarah Muntahia Bittamleek (Note 10)	2,703,010	4,774,687
	36,102,126	29,858,084

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20. ASSETS UNDER MANAGEMENT

a) Unit investment fund

The Unit Investment Fund (the "Fund") of Islamic Development Bank (the "Bank") is a trust fund established under Article 23 of the Articles of Agreement of the Bank. The purpose of the Fund is to participate in the economic development of the member countries through the pooling of the saving of institutions and individual investors, and to invest these savings in producing projects in the said member countries.

The Fund's management is supervised by an Executive Committee, which is headed by the President of IDB. The Corporation manages the Fund as a Sub-Mudarib and charges a Mudarib fee of 15% of the Fund's net income, which is included in the statement of income under Mudarib fees from trust funds.

At the end of Dhul Hijjah 1434H the total assets of the fund under the management of the Corporation amounted to USD 275 million (1433H: USD 280.7 million).

b) Money Market Fund

The ICD Money Market Fund (Labuan) LP is a Labuan Islamic Limited Liability Partnership (LLP) registered under the Labuan Limited Partnerships and Limited Partnerships Act 2010 on July 22, 2013. The objective of the partnership is to earn periodic income by investing in Sharia compliant placement, investment and financing products. The Islamic Corporation for the Development of the Private Sector acts as the Mudarib (Investment Manager), custodian and administrator of the fund.

At the end of Dhul Hijjah 1434H the total assets of the fund under the management of the Corporation amounted to USD 50.34 million (1433H: USD Nil).

21. NET ASSETS IN FOREIGN CURRENCIES

The net assets denominated in foreign currencies as at Dhul Hijjah 29, 1434H were USD 105.5 million (1433H: USD 119.3 million).

The currency wise break-up of net assets in foreign currencies at the end of the years in USD equivalents are as follows:

	1434H	1433H
Saudi Riyals	45,632,906	62,145,590
Pakistani Rupees	30,554,243	28,236,349
Kazakhstani Tenge	10,000,000	-
Indonesian Rupee	8,751,340	8,850,093
Jordanian Dinar	6,138,401	8,297,468
Iranian Riyal	2,624,385	11,795,737
Euro	1,818,536	-
Sterling Pounds	1,542	-
	105,521,353	119,325,237

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22. CONCENTRATION OF ASSETS

(a) Concentration of assets by geographical areas at end of Dhul Hijjah is as follows:

	Cash at banks	**Commodity placements and Murabaha financing**	**Installment sales & Istisna'a financing**	**Investments**	**Ijarah Muntahia Bittamleek**	**Accrued income and other assets and property and equipment**	**1434 Total**	1433 Total
Member Countries:								
Africa	-	34,021,919	3,194,746	169,876,677	15,263,068	13,400,500	235,756,910	162,521,261
Asia	97,491,659	132,155,132	114,312,187	465,600,171	48,777,484	123,354,153	981,690,786	826,591,537
Total assets	97,491,659	166,177,051	117,506,933	635,476,848	64,040,552	136,754,653	1,217,447,696	989,112,798

(b) Concentration of assets by economic sector at year end Dhul Hijjah is analyzed as under:

	Cash at banks	**Commodity placements and Murabaha Financing**	**Installment sales & Istisna'a financing**	**Investments**	**Ijarah Muntahia Bittamleek**	**Accrued income and other assets and property and equipment**	**1434 Total**	1433 Total
Public utilities	-	-	-	-	-	2,801,459	2,801,459	2,406,111
Financial services	97,491,659	119,372,996	109,351,222	404,240,580	1,952,508	39,822,337	772,231,302	568,752,061
Industry and mining	-	27,411,166	4,911,612	208,993,535	45,817,534	76,600,194	363,734,041	173,814,841
Social services	-	19,392,889	3,244,099	22,242,733	16,270,510	7,990,412	69,140,643	230,686,478
Others	-	-	-	-	-	9,540,251	9,540,251	13,453,307
Total	97,491,659	166,177,051	117,506,933	635,476,848	64,040,552	136,754,653	1,217,447,696	989,112,798

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23. CONTRACTUAL MATURITIES OF ASSETS AND LIABILITIES

The contractual maturities of the Corporation's assets and liabilities according to their respective periods to maturity or expected period to cash conversion at end of Dhul Hijjah are as follows:

	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Maturity period not determined	Total
Assets						
Cash at banks	97,491,659	-	-	-	-	97,491,659
Commodity placements and Murabaha financing	79,026,997	51,899,011	35,251,043	-	-	166,177,051
Installment sales financing and Istisna'a financing	13,541,155	29,249,455	74,716,323	-	-	117,506,933
Investments	-	-	-	-	635,476,848	635,476,848
Ijarah Muntahia Bittamleek	4,631,361	30,567,874	28,841,317	-	-	64,040,552
Accrued income and other assets and property and equipment	21,123,968	113,861,653	1,769,032	-	-	136,754,653
Total 1434H	215,815,140	225,577,993	140,577,715	-	635,476,848	1,217,447,696
Total 1433H	280,507,892	159,094,893	161,647,968	5,665,519	382,196,526	989,112,798
Liabilities						
Wakala borrowings	-	208,207,268	-	-	-	208,207,268
Accruals and other liabilities	15,146,308	66,819,962	33,409,982	-	-	115,376,252
ICD Solidarity Fund	402,454	-	-	-	-	402,454
Total 1434H	**15,548,762**	**275,027,230**	**33,409,982**	-	-	**323,985,974**
Total 1433H	120,954,325	97,924,015	-	-	-	218,878,340

24. CHANGE IN ACCOUNTING POLICY AND TRANSITION

In accordance with the requirements of the Amendments as explained in Note 2(a), the Corporation changed its accounting policy with respect to its investments in subsidiaries and associates. The subsidiaries and associates which were earlier presented at cost or fair value in its separate financial statements in accordance with the requirements of Financial Accounting Standard 23 'Consolidation' issued by AAOIFI are now accounted for at fair value through statement of income. The transition provisions in IFRS 10 require retrospective application in accordance with IAS 8 but taking into account the transition reliefs for determination of fair value, disposal of investments and comparatives for more than one period preceding the date of initial application. Comparative amounts have been restated in accordance with the transition guidelines.

	Amounts as previously reported	Restatement amounts	Restated amounts
At beginning of 1433H			
Investments	346,597,528	7,026,550	353,624,078
Reserve	74,639,880	35,308,458	109,948,338
Fair value reserve	(44,254,299)	(28,281,908)	15,972,391

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24. CHANGE IN ACCOUNTING POLICY AND TRANSITION (continued)

As of and for the year ended 29 Dhul Hijjah 1433H			
Investments	375,633,480	6,563,046	382,196,526
Reserve	86,891,175	32,514,069	119,405,244
Fair value reserve	25,951,023	(25,951,023)	-
Investment income	22,954,894	(2,794,389)	20,160,505
Net income	12,251,295	(2,794,389)	9,456,906

25. SHARI'AH SUPERVISION

According to Article 29 (1) of the Articles of Agreement of the Corporation, the Corporation shall have a Shari'ah Committee. As a member of the IDB group, the Corporation utilizes the IDB Group Shari'ah Committee. The Committee rules on whether a certain category of investment is Shari'ah compliant and considers any questions referred to it by the Board of Directors, the Executive Committee or Management of the Corporation.

26. RISK MANAGEMENT

a) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Corporation is exposed to credit risk in both its financing operations and its treasury activities. Credit risk arises because beneficiaries and treasury counterparties could default on their contractual obligations or the Corporation's investment could decline in value.

For all classes of financial assets held by the Corporation, the maximum credit risk exposure is their carrying value as disclosed in the statement of financial position. The assets which subject the Corporation to credit risk principally consist of bank balances, commodity placements through financial institutions, Murabaha financing, Installment sales financing, Ijaraha Muntahia Bittamleek financing and accrued income and other assets. This risk is mitigated as follows:

Liquid fund investments i.e. commodity placements through financial institutions are managed by the Corporation's Treasury department. The Corporation has made placements with financial institutions under the arrangement of Wakala Bil Istismar. Adequate due diligence is exercised prior to placement and as at the year end, management considers that there are no major credit risks posed to these investments.

The Corporation's Direct Investment Department and Financial Institutions Development Department evaluates Murabaha financing, installment sales and Ijarah Muntahia Bittamleek financing (Term financing). Credit evaluation is performed internally and external expertise is used where required. The Executive Committee of the Board of Directors of the Corporation approves all the financing. Such financing is generally secured against adequate security for term financing projects. Under Ijarah Muntahia Bittamleek contracts, the Corporation is the owner of the related asset which is only transferred to the beneficiary upon payment of all the installments due at the end of the lease term. The net book value of Ijarah Muntahia Bittamleek assets disclosed in the statement of financial position was considered fully recoverable by the management of the Corporation. The Corporation's credit risk concentration is disclosed in Note 22.

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26. RISK MANAGEMENT (continued)

As of the reporting date, the ageing of the Corporation's financial assets which were overdue and considered for impairment was as follows:

	Murabaha financing	Installment sales financing	Ijarah Muntahia Bittamleek receivables	Others/ Receivables
1434H				
0-90 days	-	-	-	-
91-180 days	-	-	1,323,403	-
181 days and above	7,641,941	10,579,065	7,773,742	22,336,526
Total	7,641,941	10,579,065	9,097,145	22,336,526
1433H				
0-90 days	-	-	-	-
91-180 days	-	-	-	-
181 days and above	7,702,514	10,685,763	23,397,177	18,732,690
Total	7,702,514	10,685,763	23,397,177	18,732,690

The following is the aging of the Corporation's financial assets which were past due but were not considered impaired by the management since there was no change in the credit quality of these financial assets:

1434H	Murabaha financing	Installment sales financing	Ijarah Muntahia Bittamleek receivables	Others/ Receivables
0-90 days	-	1,303,665	5,102,323	-
91-180 days	-	-	5,635,916	-
181 days and above	-	-	17,449,286	-
Total	-	1,303,665	28,187,525	-
1433H				
0-90 days	-	-	-	-
91-180 days	-	-	-	-
181 days and above	1,727,770	-	77,795,885	10,036,406
Total	1,727,770	-	77,795,885	10,036,406

The Corporation obtains adequate guarantees and employs other methods of credit enhancements that will protect the value of its investments. Guarantees and securities obtained by the Corporation include bank guarantees, corporate guarantees, pledge of assets, possession of title to the property being financed, etc. In general, the value of guarantees or other credit enhancements held by the Corporation against these assets as of the reporting date were considered adequate to cover the outstanding exposures. The policy of the Corporation in respect of securities and guarantees for term finance operations is that the sum of the securities package will be equal to or greater than 125% of the value of the assets financed.

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26. RISK MANAGEMENT (continued)

b) Market Risk

The Corporation is exposed to market risk through its use of financial instruments and specifically to currency risks, mark up rate risk and certain other price risks.

i) Currency risk

Currency risk arises from the possibility that changes in foreign exchange rates will affect the value of the financial assets and liabilities denominated in foreign currencies, in case the entity does not hedge its currency exposure by means of hedging instruments.

The Corporation is exposed to currency risk as a portion of its liquid fund portfolio and some of the equity investments are in currencies other than US Dollars; the reporting currency of the Corporation. The Corporation has minimized its exposure to currency risk on liquid funds by ensuring that all liquid funds transactions are in US Dollars or currencies pegged to US Dollar. The Corporation does not enter into any hedging contracts. For monetary assets and liabilities foreign currency risk is managed through the alignment of the foreign currency denominated assets and liabilities.

ii) Mark up rate risk

Mark up rate risk arises from the possibility that changes in mark-up rates will affect the value of the financial instruments. The Corporation is exposed to changes in mark-up rates mainly on its commodity placements through financial institution and Ijara Muntahia Bittamleek financing through changes in the benchmark of the market mark-up rate; LIBOR. Other financing arrangements are normally based on fixed rates. These mark-up rate risk exposures are not hedged.

Mark up rate sensitivity: The mark up rate during the year has not changed significantly and did not materially affect the Corporation's reported earnings. The mark up rate sensitivity has been determined based on the exposure to mark up rates on the overall portfolio. The sensitivity analysis below have been determined based on the exposure to mark up rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point (0.5%) change is used when reporting mark-up rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

At reporting date, if mark-up rates had been 50 basis points higher/lower and all the other variables were held constant, the Corporation's result would have increased/decreased by USD 0.161 million (1433H: increased/decreased by USD 0.375 million). This is mainly attributable to the Corporation's exposure to mark-up rate risk on its Ijara contracts and commodity placements through financial institutions. The mark-up rate risk on Ijara transactions is minimized through setting up range of mark-up rate in the financing agreements.

iii) Price risk

The Corporation is exposed to equity price risk on its investments held at fair value. The Corporation has only one investment which is listed and the remaining investments are unlisted. The Follow-up function of the Corporation regularly monitors all the investment portfolios and all underperforming investments held at fair value through equity are reviewed for impairment and specific provisioning.

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26. RISK MANAGEMENT (continued)

c) Liquidity risk

Liquidity risk is the non-availability of sufficient funds to meet disbursements and other financial commitments as they fall due.

To guard against this risk, the Corporation follows a conservative approach by maintaining high liquidity levels invested in cash cash equivalents, commodity placements through financial institutions and Murabaha financing with short-term maturity of three to twelve months. Please see Note 23 for the maturity schedule of the assets.

27. FAIR VALUES

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. Consequently differences can arise between carrying values and fair value estimates.

The fair values of financial instruments are not significantly different from the carrying values as included in the financial statements. Fair valuation with respect to investments is disclosed in Note 9.

28. COMMITMENTS

At Dhul Hijjah 29, 1434H, the un-disbursed commitments for investing in operations and other investments amounted to USD 243.6 million (1433: USD 246.6 million).

29. SEGMENT INFORMATION

Management has determined the chief operating decision maker to be the Board of Directors as this body is responsible for overall decisions about resource allocation to development initiatives within its member countries. Development initiatives are undertaken through a number of Islamic finance products as disclosed on the face of the Statement of Financial Position which are financed centrally through the Corporation's equity capital and borrowings. Management has not identified separate operating segments within the definition of FAS 22 "Segment Reporting" since the Board of Directors monitor the performance and financial position of the Corporation as a whole. Further, the internal reports furnished to the Board of Directors do not present discrete financial information with respect to the Corporation's performance to the extent envisaged in FAS 22; geographical and economic sector distribution of the Corporation's assets is set out in Note 22.

30. COMPARATIVE AMOUNTS

Certain figures for 1433H have been reclassified and adjusted to conform to the current year's presentation. Such reclassification did not have any impact on the members' equity at the beginning of the 1434H or reported results of the period ended 1433H.

Abbreviations and Acronyms

BOD	Board of Directors
DIMS	Development Indicator Monitoring System
EC	Executive Committee
EECA	Eastern Europe and Central Asia
FI	Financial Institution
ICD	Islamic Corporation for the Development of the Private Sector
IDB	Islamic Development Bank
IFDI	Islamic Finance Development Indicator
ITFC	International Islamic Trade Finance Corporation
LOF	Line of Financing
M&E	Monitoring and Evaluation
MDB	Multilateral Development Banks
MENA	Middle East and North Africa
MOU	Memorandum of Understanding
OPEC	Organization of the Petroleum Exporting Countries
SEZ	Special Economic Zones
SIZ	Special Industrial Zones
SME	Small and Medium Enterprise
SSA	Sub-Saharan Africa
USD	United States Dollar

Annex 1

List of approved projects

SN	Project Name	Country	Department	Type of Financing	Amount USD (Million)
1	MMI	Mauritania	DIFD	Term Finance	4.00
2	Accorn Power Plant	Bangladesh	DIFD	Term Finance	10.00
3	Aluminum Systems LLC	Uzbekistan	DIFD	Term Finance	7.00
4	Magnus Industrial Group	Uzbekistan	DIFD	Term Finance	6.00
5	Queenex Tissue Paper	UAE	RAMU	Working Capital	3.00
6	Yemen Steel Company	Yemen	DIFD	Term Finance	5.00
7	Tanmiyat A.S.	Turkey	DIFD	Term Finance	10.00
8	MMI (SH's Loan)	Mauritania	DIFD	Equity Investments	0.30
9	IHS PLC Limited	Nigeria	DIFD	Term Finance	40.00
10	Al-Nouran Sugar (Mezzanine Finance)	Egypt	DIFD	Equity Investments	10.00
11	Sante Alexandria (SH's Loan)	Egypt	DIFD	Equity Investments	0.59
12	Sayga Food Industry	Sudan	DIFD	Term Finance	10.00
13	Africom Limitada	Mozambique	DIFD	Term Finance	5.00
14	AIC Invest	Kazakhstan	DIFD	Term Finance	10.00
15	Arabio - Capital Increase	Saudi Arabia	DIFD	Equity Investments	1.74
16	Saadi Residential Development	Tajikistan	DIFD	Term Finance	10.00
17	JPM - Capital Increase	Jordan	DIFD	Equity Investments	10.00
18	Asian Diamond Classic	Uzbekistan	DIFD	Term Finance	9.00
19	Zaman Bank	Kazakhstan	FIDD	Equity Investments	10.00
20	Ijmal LLC	Saudi Arabia	FIDD	Equity Investments	2.67
21	PT Mandala Finance	Indonesia	FIDD	Line of Finance	5.00
22	Capital Global (SR. 15.4 m)	Saudi Arabia	FIDD	Com.Murabaha	4.11
23	Asr Leasing (Tajikistan Ijara Company)	Tajikistan	FIDD	Equity Investments	2.00
24	Global Line of Finance	Uzbekistan	FIDD	Line of Finance	50.00
25	Palestine Ijara Company	Palestine	FIDD	Equity Investments	6.00
26	Maldives Islamic Bank - Capital Increase	Maldives	FIDD	Equity Investments	1.70
27	Global LOF to Tajik Banks	Tajikistan	FIDD	Global LOF	10.00
28	Bidaya Global		FIDD	Equity Investments	8.00
29	Egypt Ijara Company (EGP 45 M Capital)	Egypt	FIDD	Equity Investments	6.70
30	Burj Bank - Capital Increase	Pakistan	FIDD	Equity Investments	2.70
31	International Bank of Azerbaijan (IBA)	Azerbaijan	FIDD	Line of Finance	20.00
32	Purchase of UIF shares from IDB	Bahrain	ASAM	Equity Investments	149.19

Annex 2
Member Countries and Institutions
As of 29 Dhul Hijjah, 1434H

1. Islamic Development Bank

Countries

2. Democratic and Popular Republic of Algeria
3. Azerbaijan Republic
4. Republic of Albania
5. Republic of Chad
6. Republic of Cote D'Ivoire
7. Kingdom of Bahrain
8. People's Republic of Bangladesh
9. Republic of Benin
10. Bruei Darussalam
11. Burkina Faso
12. Republic of Cameroon
13. Union of Comoros
14. Republic of Djibouti
15. Arab Republic of Egypt
16. Republic of Gabon
17. Republic of the Gambia
18. Republic of Guinea
19. Republic of Guinea Bissau
20. Republic of Indonesia
21. Islamic Republic of Iran
22. Republic of Iraq
23. Hasemite Kingdom of Jordan
24. Republic of Kazakhstan
25. State of Kuwait
26. Kyrgyz Republic
27. Republic of Lebanon
28. Libya
29. Malaysia
30. Republic of Maldives
31. Republic of Mali
32. Islamic Republic of Mauritania
33. Kingdom of Morocco
34. Republic of Mozambique
35. Republic of Niger
36. Federal Republic of Nigeria
37. Islamic Republic of Pakistan
38. State of Palestine
39. State of Qatar
40. Kingdom of Saudi Arabia
41. Republic of Senegal
42. Republic of Sierra Leone
43. Republic of Sudan
44. Republic of Suriname
45. Syrian Arab Republic
46. Republic of Tajikistan
47. Republic of Tunisia
48. Republic of Turkey
49. Republic of Turkmenistan
50. Republic of Uganda
51. United Arab Emirates
52. Republic of Uzbekistan
53. Republic of Yemen

Public Financial Institutions

54. Iran Foreign Investment Company
55. Bank Kersharvazi (Iran)
56. Bank Melli (Iran)
57. Saudi Public Investment Fund
58. National Bank of Algeria

Countries that Have Signed the Articles of Agreement and are in the Process of Ratification

1. Afghanistan
2. Sultanate of Oman
3. Republic of Togo
4. Republic of Somalia

Annex 3

MANAGEMENT TEAM As of 29 Dhul Hijjah, 1434H

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