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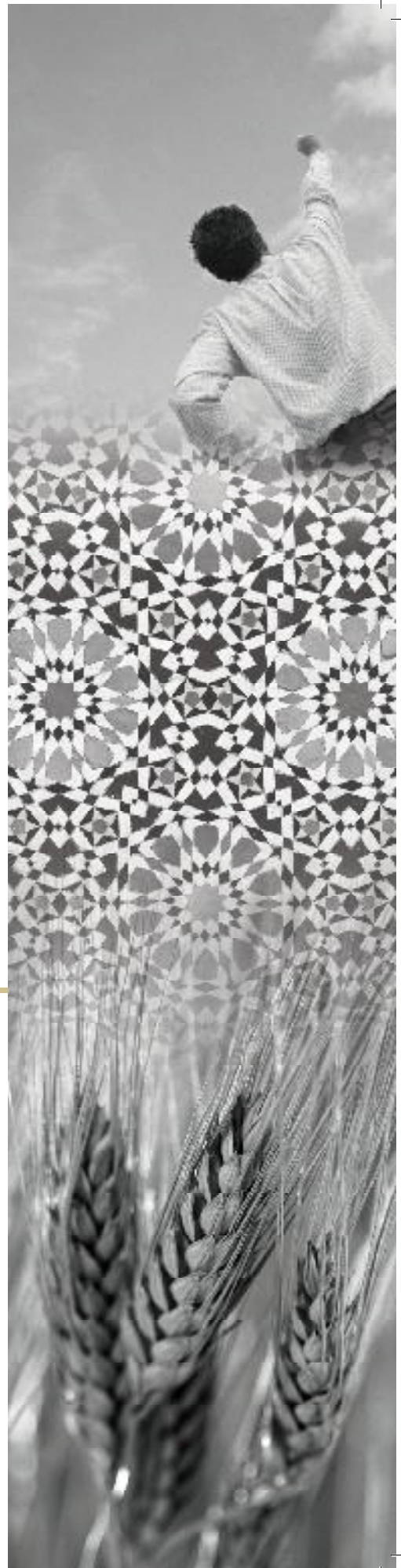
International
Islamic Trade
Finance Corporation

Annual Report

1430H



Member of
Islamic Development Bank Group



The International Islamic Trade Finance Corporation
ITFC
Annual Report 1430H



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

In the Name of Allah, the Merciful, the Compassionate

> Annual Report 1430H

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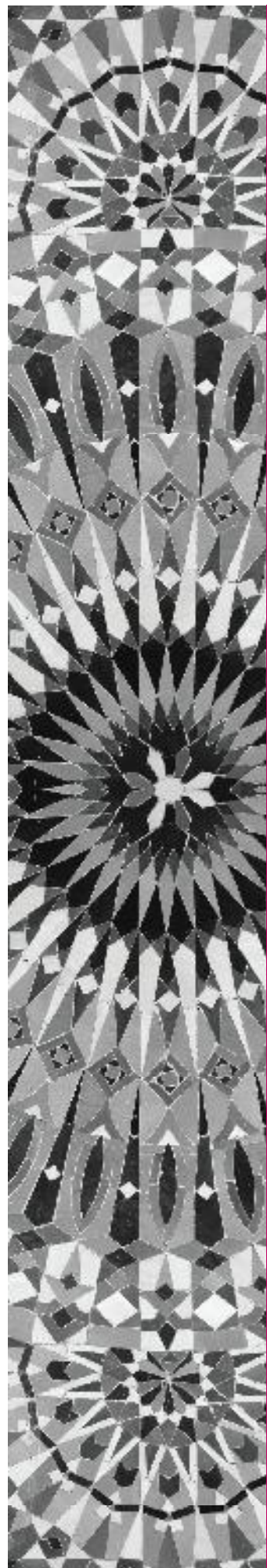
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Chairman's statement



In the Name of Allah, the Merciful, the Compassionate

Honourable Members of the General Assembly of the International Islamic Trade Finance Corporation,

Dear Brothers and Sisters,

Assalamu Alaikum wa Rahmatullahi wa Barakatuh

Pursuant to Article 26(1) of the Articles of Agreement, I have the honour to present, on behalf of the Board of Directors, to the esteemed Members of the General Assembly, the Annual Report of the International Islamic Trade Finance Corporation (ITFC) for the year 1430H (2009G) which highlights ITFC's activities, achievements and audited financial statements for the year ended 30/12/1430H (17/12/2009G).

Please accept the assurances of my highest consideration.

Yours Sincerely,



Dr. Ahmad Mohamed Ali
Chairman, Board of Directors

CEO's message



In the Name of Allah, the Merciful, the Compassionate

The International Islamic Trade Finance Corporation (ITFC), now in its second year of operations, is further pursuing the challenging task of contributing to the development of markets and trading capacities to help member countries do business more effectively.

Building on the savoir-faire that was inherited from over 30 years of pioneering commitment in Islamic trade finance, cooperation and promotion by the IDB Group, has put the ITFC in a leadership position to foster socio-economic development, set new benchmarks in ethical trade finance and develop innovative Shariah-compliant trade solutions.

Our Corporation is not only commercially-driven but it has an equal focus and emphasis on having a visible developmental impact on its member countries through Shariah-compliant trade solutions and active trade promotion and facilitation activities.

The outbreak of the global financial crisis and its spillover effect did not preclude us to uphold our commitment to our member countries, and ITFC was able to weather the storm by taking a conservative yet constructive approach that sustained the momentum of economic operators in our member countries. We continued to deliver a full spectrum of trade solutions to a cross-section of clients and sustained trade finance approvals at US\$2.166 billion whilst at the same time continued our journey towards strengthening the ties between our member countries with 82 per cent of total approvals geared towards intra-OIC trade.

As a client-centered institution, ITFC has established dedicated Structured Trade Finance (STF) and Business Development units with the aim of developing innovative solutions and structures that respond effectively to clients' specific requirements.

Carrying on the work of institution building, ITFC also launched a process to formulate an overall strategy which was undertaken with great zeal by ITFC team as it encompasses the greatest challenges and rewards for this institution. The new mission is best summarized thus: *"We exist to be a catalyst for the development of trade among OIC member countries and with the rest of the world"*.

Our vision *"to be a recognized provider of trade solutions for the OIC Member Countries' needs"* is a clear statement that will allow us to work internally through cross-functional teams in order to maximize our support and fine tune the process.

Given the level of commitment and dedication so effectively and fondly exhibited by ITFC team, I am confident that by the Grace of the Almighty Allah, ITFC will achieve the objectives that have been set out for the years ahead.

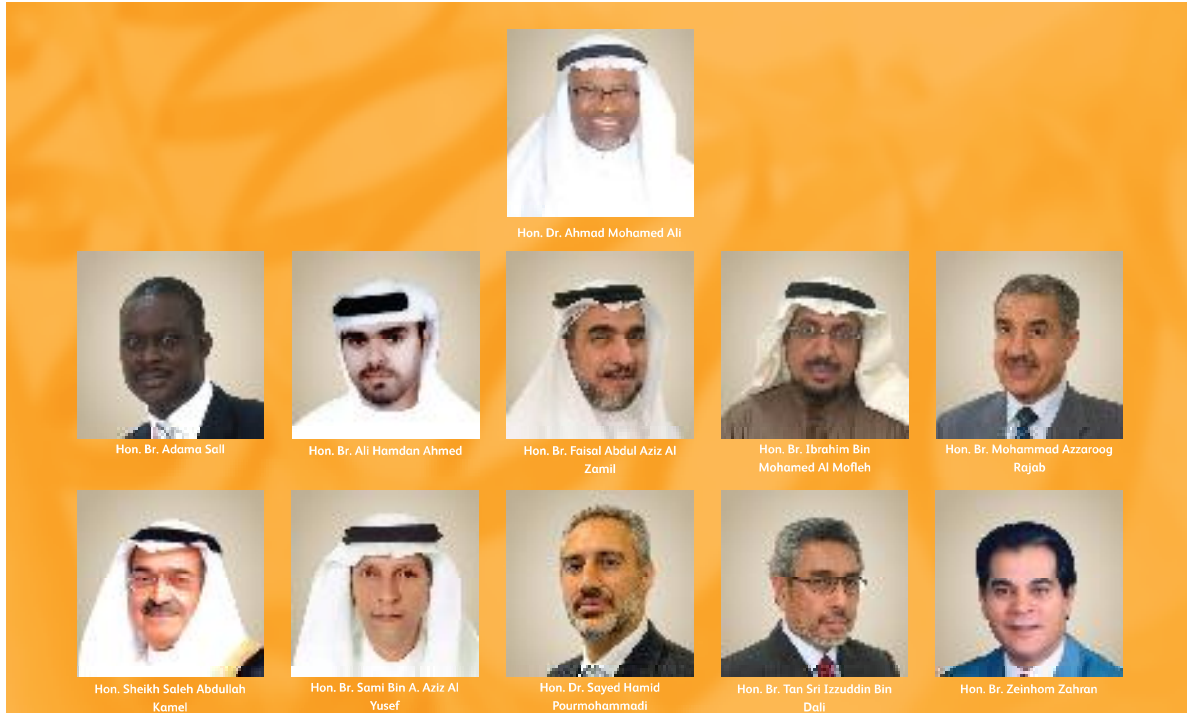
Best regards,

Dr. Waleed A. Al-Wohaib
Chief Executive Officer

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Board of directors and corporate governance





* Sorted by alphabetical order

Corporate governance involves a set of relationships between Management, the Board, shareholders and other stakeholders and is a key element in improving operating efficiency and growth as well as building business confidence. In addition, corporate governance provides the structure through which company objectives are set, and the means both of attaining those objectives and of monitoring performance.

The IDB Group principles of corporate governance inform and guide the conduct of the Group's entities at the corporate, managerial and staff levels. These principles also constitute the basis for building sound relationships with the stakeholders and promoting a culture of trust and confidence. The principles were developed in line with the OECD Principles of Corporate Governance for Multinational Enterprises, the United Nations Development Program (UNDP) Principles of Governance, the Islamic Financial Services Board (IFSB) Guiding Principles on Corporate Governance, the Accounting, Auditing & Governance Standards of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). They also drew on other internationally recognized codes, standards, agreements and benchmarking guides for corporate governance, social accountability and environmental responsibility.

Evidence shows that the presence of an effective corporate governance system and the acceptance of social responsibility by the corporation are essential for sustained development and the improvement of living conditions. Strong governance has been more keenly sought by ITFC particularly following the global financial crisis and became the centre of the international development agenda.

Furthermore, Islam strongly advocates all forms of positive governance guided by the principles of consultation, justice, equity, ethical behaviour, integrity, human dignity and well-being of people.

The IDB Group principles of corporate governance ensure that business is conducted in line with the IDB's Vision of comprehensive human development and in accordance with the principles of Islamic Shariah. The principles promote legitimacy and protection of ownership rights; participatory approach in the decision-making process and commitment to consultation and cooperation; commitment to undertake our development activities in compliance with social and environmental responsibility goals as well as driving enhanced performance based on a result-driven culture demonstrating impact and added value. Furthermore, the Group principles emphasize accountability throughout the whole process, transparency and integrity in reporting to our stakeholders on business activities, operational and financial performance, promotion of fairness, impartiality and equity in all our activities and treatment with stakeholders.

ITFC's Board members have played an active role since its inception in order to ensure proper oversight, accountability and integrity and make informed decisions in good faith and in the best interest of the institution and its stakeholders.

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ITFC strategy



Following the transition from a department within IDB Group to a dedicated trade finance entity, the current stage of the ITFC's evolution presents a perfect opportunity to set clear directions in the medium-term for the next five years (1430-1435H). The strategy exercise has been initiated in the latter part of 1430H (2009G), to identify the areas of intervention in order to maximize ITFC's support to its member countries and play a leading role by offering integrated trade finance solutions touching on the full spectrum of trade finance, promotion and human development. Accordingly, ITFC's approach is to achieve high impact for ITFC's stakeholders and shareholders; and to expand the business with a balanced portfolio mix whilst adopting a customer-centric approach.

Building on the brand promise of 'Advancing Trade, Improving Lives', the ITFC's strategy formulation exercise, aimed at designing an integrated strategy management framework to develop the vision and strategy and incorporate it with an execution agenda and governance that will drive focus and alignment for achieving ITFC's desired potential.

During the initial stage, the ITFC management reached a consensus on the ITFC mission and vision, with the latter expanded and given clarity on ITFC's desired future state by 1435H as shown in Table 1 below.

Our mission is clear from our mandate:

We exist to be a catalyst for the development of trade among OIC member countries and with the rest of the world.

Aligned with Article 5 of the Articles of Agreement:

Our purpose shall be to promote trade of member countries of the Organisation of Islamic Conference through providing trade finance and engaging in activities that facilitates intra-trade and international trade.

Our vision inspires us for excellence:

ITFC is to be a recognized provider of trade solutions for OIC member countries' needs

Our desired future intended state:

- > We are fostering OIC member countries' trade and trade-integration
- > We are responsive to customers' needs with innovative Shariah compliant solutions
- > We are the preferred choice for trade solutions
- > We are delivering fair returns for our shareholders

Table 1: ITFC mission, vision and intended state

By bringing together cross-functional teams to deliver trade solutions which meet customer's unique requirements, the high level goals eventually increase customer satisfaction through improved customer services, expanded products and solution offerings, in addition to improved accessibility through regional presence to become a preferred partner for trade solutions hence building sustainability in ITFC's business. To realize the vision and strategic destination for the change agenda, ITFC strives to work as one team to achieve operation excellence in everything it does while at the same time diversify, integrate and grow the business and partner for success to leverage for the implementation.

The execution stage will then tackle the translation of the strategy into operational terms using the strategy map with clear measures and key performance indicators as well as allocating functional responsibility. These will subsequently be cascaded to every level of the organization so that there is a clear line of sight from the vision to every role.

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Executive summary





ITFC commenced operations on 01 Muharram 1429H (January 10, 2008G), but inherited over 30 years of pioneering commitment to Islamic trade finance and trade cooperation and promotion by the IDB Group. Its authorized capital stands at \$3 billion of which \$750 million is available for subscription.

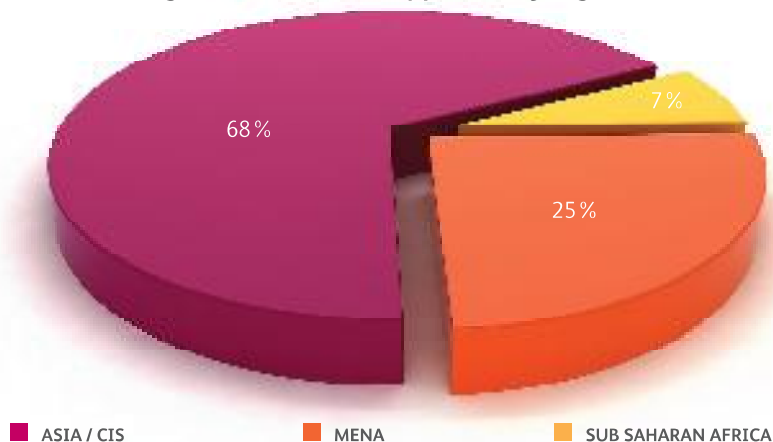
Operating to world-class standards, ITFC's raison d'être is clear from its mandate, to promote the IDB Group's developmental objectives by being a catalyst for the development of trade among OIC member countries and with the rest of the world. It also aspires to be a recognized provider of trade solutions for the OIC Member Countries' needs in order to fulfill its corporate promise of 'Advancing Trade & Improving Lives.'

As an autonomous entity within the IDB Group, ITFC was formed to merge the trade finance business that was formerly undertaken by several windows within the IDB Group. This consolidation into a single institution increased the efficiency of service delivery and enabled ITFC to respond rapidly to customers' needs in a market-driven business environment.

Following the transition from a department within the IDB Group to a dedicated trade finance entity, ITFC embarked on a strategy formulation exercise in the last quarter of 1430H (2009G), to build a framework for ITFC's future operation by ensuring optimum impact and the most effective allocation of resources.

ITFC trade approvals were maintained at well above US\$2 billion in 1429H (2008G) and 1430H (2009G). In 1430H (2009G) a total of \$2,166 million trade approvals were extended for 59 trade operations spanning three regions as follows: Asia/CIS approvals reached \$1,477 million (i.e. 68 percent), MENA registered \$530 million (i.e. 25 percent) in approvals while \$160 million (i.e. 7 percent) were approved for Sub-Saharan Africa (See figure 1 below).

Figure 1: ITFC trade approvals by regions

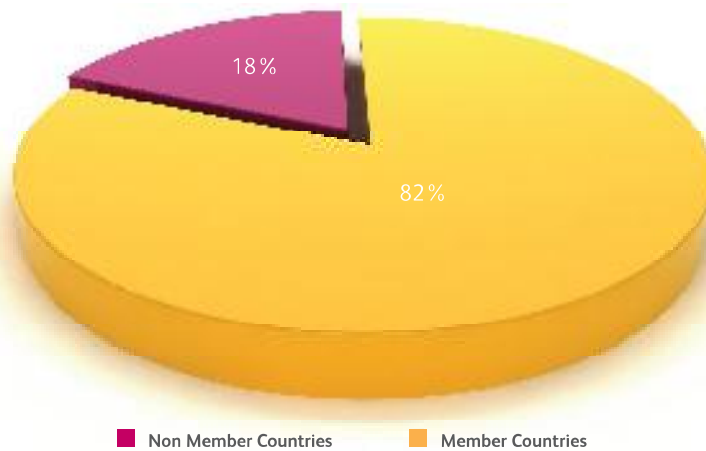


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ITFC successfully approved 10 syndicated/co-financing trade operations amounting to \$1066.50 million. Out of these, the mobilized amount was \$794.40 million (representing 37 percent of the funding requirements of the total approvals). This is a laudable achievement considering the tight liquidity position on the international market and the fear of risks associated with cross-border financing which forced many financial institutions and banks to review their lending policies and downsize their activities.

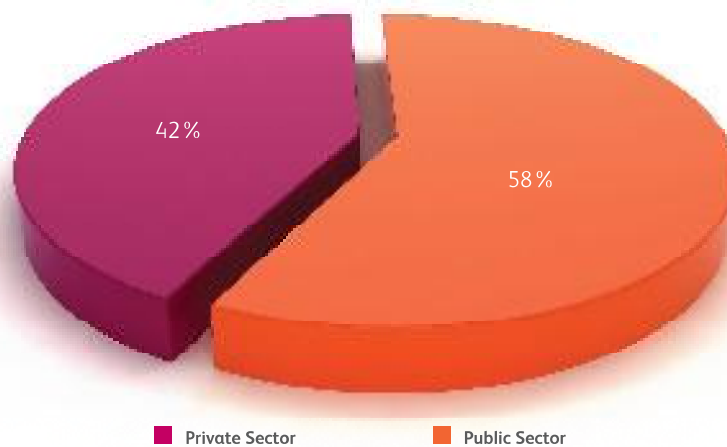
It also shows the strong commitment on the part of ITFC to contribute to the development of trade among OIC member countries with 82 percent of the total approvals geared towards intra-trade as shown in figure 2 below.

Figure 2: ITFC trade approvals by source of supply



Furthermore, supporting the private sector development is another priority for ITFC which was reflected by granting \$901.36 million (i.e. 42 percent of the total approvals) to the private sector as demonstrated by figure 3 below.

Figure 3: ITFC trade approvals by sectors



> 12

Financing for Small and Medium Size Enterprises (SMEs) and Least Developed Member Countries (LDMCs) continue to be one of the highest priorities for ITFC. LDMCs received the utmost consideration with 18 trade operations totalling \$987 million, which represents 46 percent of the total trade approvals.

Moreover, to introduce new developing countries to the international financial market and reach a larger number of SMEs in member countries, ITFC continued to use the two-step Murabaha financing scheme for domestic financial institutions or commercial banks. As such, ITFC increased its support to SMEs in 1430H (2009G) by extending 12 lines of financing with an aggregate amount of \$169.1 million, compared to \$98.5 million in 1429H (2008G). Hence, ITFC had a noticeable impact in alleviating poverty, reassuring markets, easing access to financing as well as enhancing member countries' export capabilities.

(\$ million)

Country	Number of lines of financing	Number of lines of financing
Azerbaijan	2	2.40
Indonesia	1	10.00
Iran	4	66.70
Kazakhstan	2	15.00
Nigeria	1	15.00
Turkey	1	50.00
Turkmenistan	1	10.00
Total	12	169.10

Table 2: 1430H approvals for SMEs

Similarly, ITFC's trade promotion arm, the Trade Cooperation and Promotion Program (TCPP), organized or supported 35 activities/projects during the year, under the four business lines of the program in which 36 member countries have participated or benefited from the financial backing. These programs aim to enhance member countries' export competitiveness to further develop trade.

ITFC has established dedicated structured trade finance unit and business development divisions geared towards bolstering trade and increasing access to finance for member countries' economic operators. This enables ITFC to better respond to customer's unique requirements while proposing innovative trade finance solutions.

Hence, during the course of 1430H (2009G) ITFC's evident achievements, playing the role of catalyst in the enhancement of trade through a variety of programs, drew worldwide recognition by receiving seven awards. At the corporate level, ITFC was nominated as the "Best Islamic Trade Finance Bank/Institution" by the Global Trade Review (GTR)'s Annual Leaders in Trade Readers' Poll. At the operational level, ITFC's best deal of the year 2009 received three awards from the Islamic Finance News (IFN), GTR and Euromoney for its \$25 million sugar deal in Indonesia. ITFC's brand received two accolades and the website was chosen as the best website in the banks and insurance category.

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Overview of trade finance and impact of the global financial crisis





Impact of the global financial crisis on international trade and intra-OIC trade

OIC member countries constitute approximately 20 percent of world population but only account for about 12 percent of world exports and 9.24 percent of world imports. In 2008 intra-OIC exports reached \$265 billion while intra-OIC imports soared to \$285 billion that together amounted to \$550 billion trade among OIC countries. This represented a 31 percent increase in trade among OIC states. Similarly, OIC countries' exports to the rest of the world grew by 35.52 percent while OIC countries imports grew by 27.87 percent in 2008. In the same year, overall trade of OIC countries increased to \$3,380 billion from \$2,560 billion in 2007, a 32 percent increase. This growth rate of 32 percent in trade of OIC countries with the world surpassed growth of OIC countries trade among themselves of 30.99 percent. This is reflected in a slight decrease in the intra-OIC trade ratio from 16.64 percent to 16.60 percent, which is the reference point for Makkah Declaration with a target of 20 percent intra-OIC trade by 2015.

When intra-OIC trade is compared with other regional integrations, of which OIC countries are also members, there was a substantially higher intra-trade ratio. The statistics show a high trade complementarity of OIC countries. For instance, on the import side of oil exporting GCC countries, the intra-trade level is 7.92 percent yet this figure increases substantially to 17.58 percent when combined with oil importing OIC countries.

The OIC is one of the most diverse groupings in terms of economic indicators as it covers widely disparate countries. According to SESRIC's Basic Social and Economic Indicators (BASEIND), Saudi Arabia, Malaysia, Iran, Pakistan, Indonesia, Turkey and United Arab Emirates accounted for about 60 percent of OIC GDP in 2007. These countries sustain a dominant position in intra-OIC trade as well as overall trade of OIC countries with the rest of the world.

(\$ million)

Country	Imports from OIC	Share in intra-OIC Imports	Exports to OIC	Share in intra-OIC exports
Saudi Arabia	15,572.90	5 percent	35,035.56	13 percent
Turkey	29,178.55	10 percent	32,595.38	12 percent
United Arab Emirates	30,348.78	11 percent	30,523.52	12 percent
Malaysia	15,794.49	6 percent	20,772.30	8 percent
Indonesia	22,697.92	8 percent	16,197.19	6 percent
Iran	18,694.46	7 percent	13,804.39	5 percent
Pakistan	19,281.40	7 percent	7,896.99	3 percent
All 50 other OIC countries	134,061.39	47 percent	108,498.36	41 percent
Intra-OIC imports/exports	285,629.89	100 percent	265,323.69	100 percent

Table 3: OIC trade and intra-OIC trade

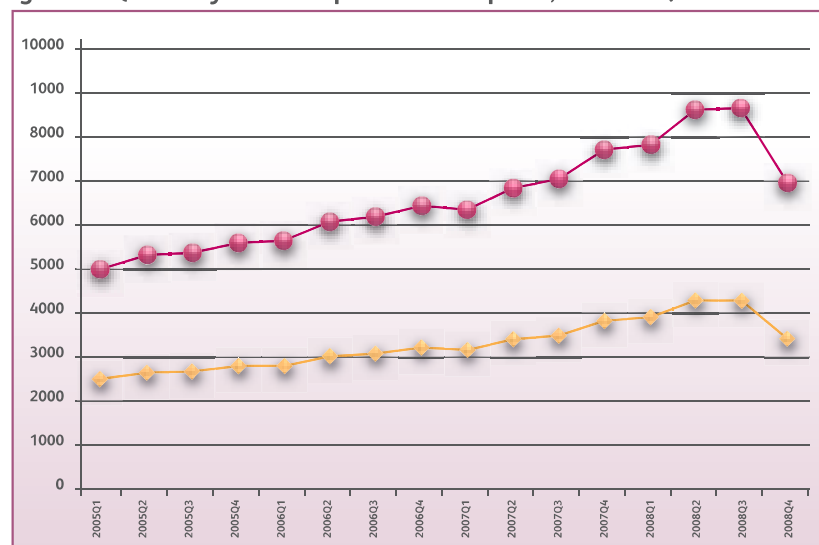
Source: Compiled by the author from the data provided by Islamic Centre for Development of Trade (2008)

The above seven countries imported \$152 billion from other OIC countries compared with the \$134 billion imports of the remaining fifty OIC countries.

Oil is the main commodity traded amongst OIC member countries and few countries account for the bulk of intra-OIC trade with large volumes of trade among themselves and mainly oil-dominated.

Since 2005G (1426H), the level of quarterly world exports and imports showed a steady increase underpinned by the rapid industrialization of emerging economies. The multiplier effects of booming world trade contributed significantly to the high global growth rates in recent years. However, the global economic downturn experienced starting from the fourth quarter of 2008G (1429H) reversed the trend dramatically, as shown in Figure 4 below:

Figure 4: Quarterly world exports and imports, 2005-08(Billion Dollars)



Source: WTO Secretariat (2009)

Data do not add up to annual figures published elsewhere in WTO's statistical publications or online databases. In particular, quarterly trade of Africa and the Middle East are under-represented. For further information please contact statistics@wto.org

The WTO had estimated a nine percent decline in the value of global trade in 2009G (1430H) due to the collapse in global demand, lower commodity prices and much tighter external constraints.

The IDB/ITFC member countries, the majority of which are among the least developed economies, are highly susceptible to the damaging effect of the declining global trade and the associated challenges arising from lower liquidity. Developing countries account for one-third of world trade, hence waning export opportunities arising from decreasing demand from major economies such as USA and Europe has been the commonest source through which the effect of the global financial crisis afflicted developing economies.

	Sep-08		Oct-08		Nov-08		Dec-08		Jan-09		Feb-09	
	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports
Bangladesh	12.7	31.4	31.4	26.5	4.9	9.1	3.8	0.2	na	na	na	na
Egypt	65.1	112.3	38.3	96.8	-4.5	57.0	na	na	-9.7	36.8	na	na
Indonesia	29.0	66.3	4.7	70.7	-1.8	19.9	-20.6	12.6	-36.1	-31.3	-32.9	-40.9
Jordan	na	22.5	na	9.5	na	-6.8	na	-20.1	na	-14.8	na	na
Kazakhstan	47.9	20.1	52.3	4.5	-2.3	0.3	-18.2	21.5	-49.2	-21.8		na
Malaysia	13.7	10.1	-8.7	-11.2	-11.7	-15.1	-18.8	-26.6	-35.3	-37.6	-27.4	-37.2
Pakistan	18.4	37.4	9.0	1.3	1.0	-12.3	1.3	-9.1	-7.4	-28.0	-18.2	-42.3
Turkey	41.5	23.7	-1.8	-4.4	-17.1	-27.4	-20.7	-29.3	-26.0	-43.3	-24.9	-47.6

Table 4: Export and Import changes of selected Member Countries relative to same month previous year
Source: Extracted from A1 & A2 World Bank Datastream(2009)

Impact of the crisis on financial institutions and banks

The financial institutions and banks around the world continue to suffer from this crisis manifested through an increasing default rate from clients. However, the impact on Islamic banks has not been very severe due to the tenets of Islamic banking, which is founded on substantive and tangible business activities and the prohibition of derivatives and other financial instruments.

ITFC experienced the effects of the crisis most especially in the fund mobilization activities. The effects were most apparent in the seizing up of the global credit markets, lower oil prices, falling stock markets and outflows from bank's deposits. Challenges were created for players in the banking and financial sectors in terms of the growth, profitability, asset quality and liquidity. The rising cost of funding, tightening liquidity and the fear of cross-border financing were all very apparent. All of these factors forced the financial institutions and banks to restrict and tighten their lending policies and activities. They thus became unable to cooperate with ITFC to meet the increasing demand of public and private sector's institutions in member countries and to cover as normal their budgetary deficits, operational and financing activities. This ultimately pressured these financial institutions and banks to start withdrawing from participation in ITFC-syndicated and co-financing operations, especially in the first half of the year.

ITFC response to the financial crisis

The role of Multilateral Development Finance Institutions (MDFIs) became ever important in light of the current situation. MDFIs intervene in the market through a number of mechanisms. In order to mitigate the impact of the crisis they contribute by: (i) stabilizing the financial and private sectors either through helping restore markets or facilitating further trade flows; ii) suggesting some coping actions such as managing fiscal challenges and securing sustainable development. Similarly, on the operational level, MDFIs have implemented some risk reductions strategies to improve the liquidity channels. They have also devised new instruments adapted to the new landscape.

In light of the above, ITFC had to explore suitable alternatives to address the challenges posed by the global financial crisis, to mitigate its impact as well as to continue or even increase the support it extended to its member countries. ITFC increased its focus on structured trade finance solutions, explored new opportunities in agro-based industries, strengthened its lines of financing to reach out to a larger number of SMEs in member countries. It also focused on value-added mainly export-orientated commodities.

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Trade solutions for development



Trade finance

I. Asia/CIS Region

In general, the Asia/CIS region is well into recovery from the recession and this recovery is driving the global growth in the desired direction. Many countries in the region have shown signs of a pick-up from the third quarter of 1430H (2009G). Although many economies in the Asia region are expected to register only nominal GDP growth this year, there are some green shoots of note in the IDB member countries, most particularly Indonesia. That country has fared the best among the IDB states in the Asia region, largely due to its strong domestic demand. It is poised to register 4 percent GDP growth this year.

The trade finance approvals for the Asia region increased by 11.6 percent from \$1.3 billion in 1429H (2008G) to \$1.47 billion in 1430H (2009G) albeit during the economic gloom. The global financial crisis that eventually led to the global recession severely impacted world trade and trade finance volumes. Commodity prices and freight charges hit a record low early this year. This led to a situation whereby major banks curtailed their operations and raised their lending rates as the liquidity crisis deepened. The limited funding and the financial turmoil presented ITFC with an opportunity in the Asia/CIS region to increase its trade finance operations. However though the trade finance opportunities significantly increased, ITFC took a cautious stance in its financing as the economic outlook was still gloomy.

Nevertheless, there were significant approvals in Turkey, Iran and Bangladesh this year and significant milestones were registered in Indonesia, Maldives and in Central Asia and the Caucasus. A selection of the major ITFC achievements and the developmental impact of the financing extended to these countries are presented in Annex II.

Bangladesh

The ITFC financing for Bangladesh is directed towards supporting the import of petroleum products, both crude and refined products. This financing is of great importance to the country in ensuring the ready availability of petroleum products in the country at all times. With an ever-increasing need for petroleum and trade finance, this strong relationship is poised to continue well into the future.

Iran

In 1430H (2009G), trade finance approvals in Iran amounted to \$ 250 million, a 68 percent increment in approvals compared to the previous year. A total of 13 deals were approved in 1430H and there was a greater drive on the part of ITFC to expedite the utilization of approved financing in Iran.

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Turkey

An all time approval record of \$194 million was scored in Turkey in 1430H (2009G) compared to \$130 million in 1429H (2008G). This represents an increase of 49 percent. The approvals also showed the diversification into a variety of industries and commodities by the Corporation.

ITFC is favoured for its Islamic pioneering financing role in the Turkish market and expects to maintain and, where feasible, grow the current level of operations in the country. In addition to maintaining the record approval levels, initiatives are in place to widen the customer base and target the maximum utilization of the country exposure limit in Turkey.



> "Service Agreement signed by Dr. Waleed Al Wohaib, CEO of ITFC (left) and Dr Önder Halsdemir, CEO of Aktif Bank (right) on November 6, 2009 in Istanbul, Turkey"

Maldives

ITFC trade finance approvals for Maldives grew by 36 percent from 25 million in 1429H to \$34 million in 1430H extended to two major state-owned companies in the country. The companies used the financing to import items such as petroleum and boat engines essential to the economy of Maldives to support tourism and fisheries industries.

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Indonesia

As it is one of the largest commodity producing member countries, there has been a significant drive on the part of ITFC to engage in the commodities sector. The first-ever structured financing operation for Indonesia was approved in 1430H. This deal also set another milestone as it is the first structured Murabaha operation in Indonesia and received triple awards as the “2009 Deal of the Year”. Similar structured finance operations are being lined up for Indonesia as ITFC becomes more involved in the agricultural sector, which accounts for the livelihood of 45 percent of the population in Indonesia.

The diverse industrial base of the Indonesian economy also presents a large array of opportunities for financing and is set to grow further in 2010G.



➤ “PT Angels Products sugar refinery in Bojonegara, Indonesia”

Central Asia and the Caucasus

ITFC significantly reinforced its operations in the region in 1430H by doubling the total approvals to \$28.4 million. The number of new beneficiaries in the region has increased six-fold and has contributed to ITFC’s overall portfolio diversification. Most importantly, ITFC’s financing was the first Islamic banking experience for all of the new beneficiaries.

In 1430H (2009G), ITFC approved three operations in Azerbaijan, two in Kazakhstan and one in Turkmenistan. Five of these deals were funding lines extended to the local banks and designed to promote Islamic banking to the SMEs.

II. MENA Region

The global financial crisis varied widely in its impact on the economies of the Middle East and North Africa (MENA) region. The lower demand for oil and the steep decline in oil prices impacted the revenues of oil producing countries and forced some of them to put a halt on major infrastructure projects. Similarly, the decline of Foreign Direct Investments (FDIs), tourism, exports and remittances also constrained the economic development of diversified economies in the region.

This global economic slowdown and contraction of the economies have also affected the demand for products and services which in turn affected the need for financing. Coupled with a liquidity squeeze on banks, this caused many banks to reduce financing activity. Inevitably private sector companies and SMEs in particular suffered, resulting in bankruptcies, mergers or in their desperately seeking financing elsewhere.

In 1430H (2009G), ITFC has approved a total of nine operations worth \$530 million in favour of companies in the MENA region to support activities in the industrial, petroleum, construction and IT sectors. The private sector, which plays an effective role in stimulating the regional economies and in providing livelihood for a vast majority of the population, has benefited from 72 percent of the total approvals.

Trade finance approvals in the MENA region declined both in number and value this year compared with 1429H (2008G) levels, which was a direct consequence both of the effects of the global financial crisis on the region and the subsequent increase in business risk. Nonetheless, as a result of cooperation with the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) and the use of their insurance, ITFC is able to lay off part of its risk and reduce its exposure concentration.



Despite the above, with the strong spending of the governments in the region throughout the year of 1430H (2009G), which is to be maintained at high levels in 1431H (2010G), the injection of liquidity into the financial system and the recovery of oil prices, the region is heading into a brighter future.

An overview of the major ITFC achievements and the developmental impact of the financing extended in this region are presented in Annex II.

GCC

Bahrain

The manufacturing industry in Bahrain has also benefited from ITFC's first industrial approval in the country of \$6 million. The manufacturing sector, alongside the services sector, is the cornerstone of Bahrain's economy contributing nearly 66 percent to GDP and employing roughly 79 percent of the population.

Kuwait

In 1430H (2009G) ITFC financing in Kuwait was to support a strategic sector in the economy with \$87 million to finance petroleum products. It is expected that the financing volumes in the country will increase in the years ahead in view of the fact that ITFC and IDB Group has dealt with few more companies in the country in previous years.



> "H.E. Abdullah bin Ahmed Zainal, Minister of Trade and Industry, Saudi Arabia (right) and Dr. Waleed Al Wohaib, ITFC CEO (left), discussing ITFC's role in supporting the economic development by advancing intra-OIC trade"

> Annual Report 1430H

Saudi Arabia

Four financing operations were approved this year in favour of Saudi Arabia to companies with activities in the industrial and construction sectors. An aggregate amount of \$180 million was directed to the support of the private sector in Saudi in line with the government's efforts to diversify the economy and strengthen the private sector, which is currently estimated to contribute to approximately 40 percent of GDP.



> "Eng. Hani Sonbol, Deputy CEO, ITFC delivers keynote presentation during the 6th Annual Middle East Trade & Export Finance Conference 2009 in Dubai"

United Arab Emirates

ITFC has for the first time since its inception approved an operation for the UAE. The sum of \$7 million was for a leading regional IT company. This was in line with ITFC's efforts to support the knowledge economy of the Muslim Countries and to diversify its portfolio mix in terms of both sectors and beneficiary countries.

ITFC also subscribed to the Dubai Multi Commodities Centre (DMCC), which provides, among various services, a complete and integrated platform which facilitates the implementation of structured finance transactions. ITFC not only expects to expand its structured trade operations through DMCC within the UAE, but also in other Member Countries such as Malaysia, where DMCC is available.

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North Africa

ITFC approvals for North Africa amounted to \$250 million in favour of two countries namely Egypt and Morocco.



➤ "Signing of MOU between ITFC and the Social Fund for Development, Egypt, at the IDB Headquarters, February 16, 2009"

Egypt

This year, ITFC increased its trade financing volume in Egypt by 50 percent compared with that of 1429H (2008G). The \$150 million financing was granted to or a strategically important government-owned company for the import of petroleum products. ITFC has thus contributed to the development of intra-OIC trade and supported the efforts of Egypt's government to provide affordable energy.

Morocco

In an effort to support the private sector in OIC member countries, ITFC has approved an operation of \$100 million in favour of a Moroccan private company. The beneficiary is a leading petrochemical company operating the only oil refinery in the country and supplying nearly 74 percent of Morocco's total annual 9.1 million tons of refined products.

III. Sub Saharan Africa Region

Member countries in this region were, though less adversely affected by the global financial crisis because of their relatively lower levels of integration, nonetheless felt the impact. The immediate and first-order impact of the crisis was on the vulnerability of the banking sector, and resulted in a significant decline in prices of oil and non-oil commodities produced in the region. According to the World Bank estimates, a one percentage point decline in growth (and export demand) from trading partners reduces GDP growth in this region by around 0.5 percentage point, in addition to any effects from commodity price changes.

The oil-exporting countries were affected by the sharp decline in petroleum prices, and non-oil exporting countries suffered from the decline in food products and commodities, such as cotton, coffee, cashew nuts, aluminium, minerals, chemicals, diamonds and live animals.

The second-order impact was felt in the external sector in terms of decline in foreign capital inflows (i.e. workers' remittances, foreign direct investment, official development assistance, and official grants) and deterioration in terms of trade, which affected the current account balances of member countries. As the global economic crisis continued to unfold in 1430H (2009G), many countries in West Africa Sub region and COMESA (Common Market for Eastern and Southern Africa) region experienced slowing economic growth.

In spite of all these adverse events, ITFC was able to extend support to these regions and made effective contribution in both public and private entities in these countries. ITFC approved a total of eight operations totaling \$160 million in the year. This aggregate financing amount supported activities in the industrial, petroleum, construction as well as banking sectors. Around 80 percent of the amount was extended to the private sector, which plays an effective role in stimulating the regional economies and in providing livelihood for a vast majority of the population as detailed in Annex II.

West Africa

Nigeria

ITFC financing in Nigeria was mainly directed to the manufacturing industry and petroleum sector for a total amount of \$75 million. These sectors are very vital to the economy of Nigeria as they contribute immensely to the engine of Nigerian economic growth.

The Gambia

Total financing for The Gambia in the year was almost \$20 million, all of which was for the petroleum imports and energy sectors. The impact of this financing to the economy was very positive and noticeable in the lives of the people through the provision of constant energy supply. This promoted and assisted in the development of small and medium enterprises in particular and added value to the economic situation of the country at large.

Senegal

The government of Senegal depends hugely on hydrocarbons and oil to finance its national development. The provision of petroleum products through a trade financing of \$25 million to Senegal by ITFC was regarded as a positive effort towards the economic and social development to the country. This financing went a long way towards ensuring the regular and reliable supply of electricity in the country.



> "Cotton bales in Africa"

East and Southern Africa

Most of the countries in this region are not member states except for Mozambique and Uganda. ITFC support was nevertheless made available to some non-member countries through the Preferential Trade Agreement (PTA) Bank under the BADEA Export Finance Scheme (BEFS). ITFC is committed to continue supporting this strategic business relationship with PTA Bank in Kenya. It has further plans to diversify the products and increase the number of countries that will avail themselves of the BEFS.

> Annual Report 1430H

Structured trade finance

A dedicated Structured Trade Finance Unit (STFU) was established in ITFC during the year. The STFU is tasked with designing and presenting alternative, innovative, efficient and cost-effective customized risk-mitigated structured trade finance solutions for ITFC clients in our member countries.

The main objective behind launching a Shariah-compliant STFU service is to complement member countries' trade capacities, which will strengthen intra-trade relations and boost intra-trade finance. Structured trade finance (STF) particularly provides member countries with access to funding for strategic commodities for example sugar, cocoa and rice and will ultimately have some socio-economic spill-over. In pursuing this goal, the STFU strategy will be consistent with the overall target objective of IDB Group, to enhance cooperation between member countries in the field of trade as well as contributing to the alleviation of poverty and the achievement of food security.

By focusing on a transaction's individual structure and the company's business performance capability (i.e. the ability to produce and deliver commodities, even under unstable or uncertain political and financial circumstance), as opposed to the beneficiary's balance sheet, STF provides an alternative and cost-effective financing. The value-added of the STF solution is its built-in ability to provide maximum security to all parties in a transaction - financier, producer and trader – most specifically by converting credit and sovereign risk into performance risk.

The international financial crisis presents challenges but it also provides tremendous opportunities. Aware of this, ITFC strategy will be based on sound structuring and implementation, the design of quantitative rating of each specific transaction and the establishment of properly formulated controls and safeguards that will allow ITFC to provide local trade finance where it did not exist before. This applies especially in the private sector but more importantly, in the strategic commodities sector that covers the primary exports of most OIC member countries.

In the year under review, 1430H, the main focus was on the institutional building of the STFU and putting in place the major tools for the effective functioning of the unit. The STF rules and guidelines were developed that will form the basis under which ITFC will be evaluating/implementing trade financing operations. This will require the application of methodologies aimed at mitigating risks involved which could not otherwise be dealt with in the conventional manner. The design of the transaction scoring model is now completed. It will allow an in-depth due diligence study to assess the beneficiaries' ability to perform under STF. It uses a quantitative rating to appreciate the uniqueness of each specific transaction based on a number of criteria.

Close monitoring and back office follow-up of deals were also set in place. They provide systematic, accurate and timely reporting including transactions completion, covenants, collateral managers and periodic reports for effective, efficient and reliable follow up. ITFC is now developing strategic relationships with international banks with expertise in STF for risk sharing.

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> "Cotton market in a remote village in Africa"

Of particular significance, ITFC approved four structured trade finance operations in 1430H (as detailed in the Table 5 below) with a cumulative amount of \$95 million in, Indonesia, Senegal and Turkey. Last year, the Côte d'Ivoire structured operation was chosen for the 2008 Euromoney Trade Finance Deal of the Year whilst the Indonesian structured trade operation gained three separate 2009 Deal of the Year awards.

(\$ million)

S.N.	Country	No. of Operations	Commodity	Total Amount
1.	Indonesia	2	Sugar	\$50 m
2.	Senegal	1	Petroleum products	\$25 m
3.	Turkey	1	Cotton & Oil Seeds	\$20 m
	Total	4		\$95 m

Table 5: Approved structured trade finance operations in 1430H

Treasury and resources mobilization

In 1430H, ITFC initiated direct dialogue with a range of multilateral and regional financial institutions and funds that have mandates similar to that of ITFC. The aim is to share expertise with these institutions to address the current challenges in international trade finance and identify possible areas of cooperation to help member countries. ITFC participated actively in the meetings arranged by these institutions to address pertinent issues. In these gatherings, ITFC presented its views on global, regional and national financial and economic issues of concern along with proposals on how to mitigate the negative effect on the trade-related organizations and institutions.

Furthermore, ITFC proposed an initiative to create trade finance funds in partnership with these other institutions directed towards providing the necessary financing support to member countries. This would assist ITFC to mobilize additional resources for its trade finance operations.

To keep abreast of new developments, ITFC continues to monitor events and issues pertinent to trade, including the manner in which other international institutions have responded to the latest occurrences on the global trade scene.

Resources mobilization activities

Largely as a direct consequence of the squeeze on liquidity, there was an initial limited response from regional financial institutions and commercial banks invited to join ITFC-led syndicated operations at the beginning of 1430H (2009G). However this trend was positively reversed in the second half of the year. Accordingly, ITFC successfully arranged 10 syndicated and co-financing for ITFC trade operations benefiting eight member countries during 1430H (2009G). The sum involved in these syndications was \$794.4 million, representing 37 percent of the funding requirements of the total approvals of \$2,166.4 million achieved in the year.

(\$ million)

	Internal Resources	Mobilized Resources	Total
Co-Financing	12.50	12.50	25.00
Syndication	259.60	781.90	1,041.50
Total	272.10	794.40	1,066.50

Table 6: ITFC trade approvals for co-financing and syndication

Furthermore, ITFC attracted several new partners to join its syndicated operations and successfully arranged for the first time, the syndication of a structured finance deal for a client in Sub Saharan Africa. This transaction built on the in-house expertise acquired in the previous successful deals in this sub region. The table 7 below illustrates the details of trade operations which were syndicated and co-financed during 1430H (2009G) including the amounts and allocation of funding for each operation.

(\$ million)

S.N.	Beneficiary	No. of Ops	Total Approved Amount	Funding from (ITFC Resources)	External funding (Syndications / Co-financing)
1.	Bangladesh	3	625.00	100.10	524.90
2.	Egypt	1	150.00	25.00	125.00
3.	Gambia	1	14.50	4.50	10.00
4.	Kenya	1	40.00	20.00	20.00
5.	Kuwait	1	87.00	40.00	47.00
6.	Maldives	1	25.00	12.50	12.50
7.	Morocco	1	100.00	50.00	50.00
8.	Senegal	1	25.00	20.00	5.00
Total		10	1066.5	272.1	794.4

Table 7: ITFC trade approvals for co-financing and syndication by beneficiary

Management of liquid funds

As the London Inter-Bank Offer Rate (LIBOR) used in investment transactions (commodity Murabaha placements with other Islamic banks) of ITFC liquid funds remained at record-low level during the year, the returns realized showed significant declines. On the other hand, several financial institutions and banks were faced with liquidity constraints and approached ITFC to offer funds placement opportunities at higher returns. This encouraged ITFC to explore alternative mechanisms to enhance the return from investing these liquid funds. It also gave ITFC an opportunity to enhance its relationships with these potential partner financial institutions.

In addition, ITFC concluded an arrangement with IDB whereby ITFC will be able to participate in the decision-making process relating to the investment of ITFC's liquid funds. This arrangement will be formalized later with the signing of a Fund Management Agreement with IDB which will govern the relationship and responsibilities of both parties in managing ITFC's liquid funds.



Trade Cooperation and Promotion Programme (TCPP)

The Trade Cooperation and Promotion Program (TCPP) is the trade promotion arm of ITFC with a mission of planning and implementing effective and tailor-made trade-related technical assistance programs. These fall into four business lines, namely: Trade promotion; trade facilitation; capacity building and development of strategic products.

ITFC is positioning itself as a driving force, a leading trade development program, a facilitator, a network builder and a catalyst between trade support institutions of OIC member countries and international organizations. The aim is to close the gap and create a synergy of joint activities, planned and implemented in close cooperation and collaboration of all concerned parties in order to promote the economic progress, prosperity and well-being of millions of people in member countries.

Main highlights of performance in 1430H

Several planned activities were successfully implemented during the year. ITFC organized or supported 34 activities/projects under the four business lines of the program. A total of 36 member countries participated in these activities or received financial support from ITFC.

Complementing real fieldwork, ITFC support includes assisting member countries participate in a wide range of activities including: Expert Group Meetings in trade-related areas; international trade fairs and business-matching activities; on-the-job training for top officials of member countries' Trade Promotion Organizations and Chambers of Commerce; training courses on export strategies and international marketing for SMEs and exporting companies, as well as studies on the development of member countries' strategic commodities.

Besides carrying out these plans, ITFC continued to provide financial and organizational support for regional and OIC affiliated organizations, such as the Islamic Centre for Development of Trade (ICDT) and Islamic Chamber of Commerce and Industry (ICCI). The purpose was to facilitate their activities such as technical studies, training programs, workshops, international conferences and trade fairs. These were undertaken within the framework of the Executive Program of the Road Map on Enhancing Intra-OIC Trade, prepared by the Consultative Meeting in 1430H (2009G).

Furthermore, ITFC was the focal point in IDB Group for various international events including the International Business Forum (IBF) Congress, the Second Global Review on Aid for Trade, the Annual COMCEC Ministerial Meeting and the World Halal Forum. ITFC ensured successful participation of the concerned Departments in all these international events.



Along with the implementation of these country specific and themed projects, in 1430H (2009G), the Program embarked on important exercises to draw up a new operating strategy for the next few years. The focus and emphasis was on the preparation of regionally structured integration programs, such as the Aid for Trade Initiative for SPECA and ESCWA Regions. This will enable ITFC to develop holistic, knowledge-driven regionally structured and integrated trade development programs that respond to the current needs of member countries. Therefore ITFC focused on improving and expanding its links with international organizations to utilize their experience and expertise jointly to form trade development programs with the participation of member countries.

A number of activities or projects, summarized below were successfully implemented in 1430H (2009G) under the four business lines of the program.

Trade promotion

The success of ITFC's trade promotion can be measured by improved volumes, flow of trade exchange and the quality of intra-trade, as well as by increased trade cooperation and integration among member countries and with the global economy.

Trade promotion is ITFC's central pillar and has a direct impact on trade as it aims at enhancing intra-trade and trade cooperation among OIC member countries, by improving their competitiveness in international markets, enabling them to integrate with global trade.

ITFC promotes trade cooperation and private/public sector development by enhancing, initiating and reinforcing cooperation between Trade Promotion Organizations (TPOs), financial institutions and private and public sector entities.

In practice, ITFC continued to sponsor the participation of national TPOs and SMEs in buyers-sellers meetings, trade-bridges programs, international trade exhibitions and business fora. This enabled them to reach-out to new markets, identify new business opportunities, establish partnerships and acquire information on sectors and business culture in their targeted markets.

ITFC organized and sponsored collective participation of TPOs from eight member countries (Oman, Kuwait, Saudi Arabia, Turkey, Iran, Indonesia, UAE, Pakistan) in the ITFC Pavilion at INTRADE '09 in Malaysia to showcase their services. The ITFC Pavilion in the exhibition was a centre of attention and attracted over 10 percent of total number of visitors.

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Trade facilitation

The trade facilitation business line covers many important aspects related to the movement of goods across borders. It aims to enhance economic integration among OIC member countries and thence support their integration into the world economy. To this end, ITFC provides financial support for events such as meetings, conferences and workshops related to harmonization of international trade rules and regulations as well as transport and logistical services, e-trade and Halal food regulations. All this is undertaken with a view to strengthen member countries' physical infrastructures and facilities thus enabling them to develop and implement their national policies as well as preparing joint programs in these areas.

Consistent with IDB Group Vision 1440H trade facilitation together with capacity building is an area where ITFC decided to play greater and effective role in order to accelerate economic integration among member countries by preparing and implementing regional trade facilitation programs.

In addition, ITFC in cooperation with United Nations Special Program for the Economies of Central Asia (SPECA) provided support for the Aid for Trade (Aft) initiative and SPECA regions in its priorities-identification phase. This regional initiative was jointly launched with the Governments of Azerbaijan and Kyrgyzstan with the participation of many international and regional organizations such as: WTO, UNDP, ITC, UNECE, UNIDO, WB and EBRD. This paved the way to the identification of regional trade development priorities and the preparation of projects for implementation to be discussed in expert group meeting to determine partnership and financial modalities of donors and beneficiaries.



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Capacity building

Capacity-enhancing measures enable member countries to avail themselves of the opportunities to build and implement sustainable national trade development strategies. These should be designed to achieve the objective of trade integration and the strengthening of private and public sector competitiveness in international markets.

In 1430H (2009G), ITFC continued to pay particular attention to improving TPOs' institutional capacities to enable them to develop and deliver export-oriented services to their members. Several on-job training programs were run for the benefit of TPOs in selected member countries, mainly from Africa and CIS to help them to plan and implement their national export development programs.

ITFC supports the human and institutional capabilities in member countries through capacity building programs for SMEs and exporting companies to assist them in strengthening their international competitiveness. These programs were provided through training courses that included export strategy and international marketing, business matching and e-business solutions.

Furthermore, the initial phases of three Technical Assistance Projects for strengthening the training department of MATRADE (Malaysia TPO), IGEME (Turkey TPO) and the High Trade School of Tunisia (ESC) were successfully carried out. These projects aim to develop a trade training network which not only helps members to improve the international competitiveness of their domestic businesses but also to stimulate demand for trade training and trade promotion services among OIC member countries. The projects were structured in two phases namely the Needs Assessment and Concept Development stages, in addition to the capacity building for training delivery.

The Validation Symposium, jointly organized by ITFC and ITC in co-operation with IGEME took place in Istanbul on 16-17 Dhul-Q'idah 1430H (4-5 November 2009G) and was attended by 22 representatives, from institutions in 10 OIC member countries, to present and discuss the training for Need Assessment studies conducted in the first phase.

Development of strategic commodities

The development of commodities by initiating and sponsoring preparatory studies and consultative meetings on strategic commodities is another priority for ITFC. Areas of interest include: cotton, groundnuts, rice and wheat. It is also important to identify the basic impediments in the production and trade of these commodities which limit their international competitiveness. It is ITFC's role to propose solutions to improve production and export prospects.

ITFC also supports efforts to help member countries identify new commodities with strong export potential and to develop production capacities for existing products to boost output, raise profitability and maximize return on investment.

To this end, ITFC initiated and agreed to fund a preliminary study on the "Revitalization of the Groundnut Sector in Senegal, Gambia and Guinea-Bissau" which aims at assessing the current situation of the sector in each of the three countries and providing solutions to overcome the constraints. The ambition is to support the increase of improved, higher value-added groundnut production and exports to both international markets and OIC states. In these three member countries groundnut exports can provide a very large portion of the foreign currency earnings.

The development of strategic commodities is of central importance for the enhancement of sectorial trade and human capacities in member countries. For this reason, ITFC's contribution in this area is not limited to financing projects for the benefit of member countries, but it is also extended to enhancing and facilitating cooperation among concerned authorities through undertaking such studies.

> Annual Report 1430H

Recognition and accolades



ITFC performance in the year was marked by some significant achievements and it gained international recognition by winning a number of accolades. At the corporate level, ITFC was selected as: "Best Islamic Trade Finance Bank/Institution" by the Global Trade Review (GTR)'s Annual Leaders in Trade Readers' Poll.



At the operational level, the Islamic Finance News (IFN), GTR and Euromoney all chose the \$25 million sugar deal in Indonesia as the best Deal of the Year for 2009, noting that this transaction demonstrated a number of significant innovations. ITFC had provided a \$25 million warehouse financing facility for a client in Indonesia for the purchase of raw sugar for refining for industrial use. This operation was structured on a Shariah-compliant Murabaha basis.

The uniqueness of the deal lies not only in the application of Islamic financial principles to fund and manage the risks attached to the transaction but also the use of an efficient collateral management system. This ensured that operational, collateral and performance risks are mitigated at every stage of the transaction. This structured Murabaha trade finance deal was the first of its kind in Indonesia and unlocks huge potential in that market for ITFC in particular and Islamic trade finance instruments in general.



> "Islamic Finance News (IFN) Award ceremony for the 2009 Deal of the year in Malaysia"

Similarly, ITFC's website, the gateway for the international community, has been awarded the Gold award as the best website in the Banks and Insurance Category of the Jordan Web Awards 2009 which is under the patronage of His Excellency the Minister of ICT in Jordan.

Last but not least, Transform 2010, the UK's re-branding award, has recognised ITFC as the "best corporate re-brand for a spinoff/new company" and as "Best re-brand from a not-for-profit organization" which is a clear evidence of ITFC's brand gaining international recognition.

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Financial highlights and audited financial statements



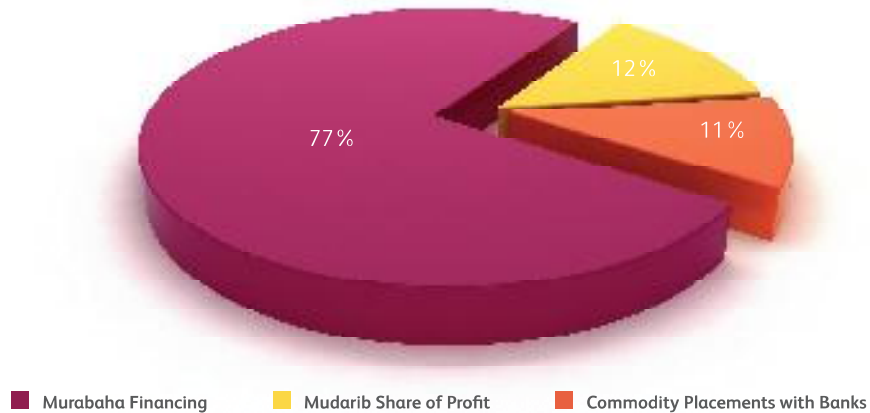
Financial highlights in 1430H

The year 1430H (2009G) is characterized by the spill-over and adverse ramifications of the global financial crisis that has had its toll on a wide range of economies, sectors and corporates around the globe with varying scope and degree of intensity. ITFC, given its constituency and geographic spread, is not immune to these events and has had its share – indirect though it may be – of these adverse ramifications.

Save for the effect of the global financial crisis, ITFC concluded yet another successful year with net income (before provisions) of \$26.9 million. In this regards, the Management of ITFC, in its pursuit of a prudent and sound financial policy, has resolved to create adequate provisioning of \$37.9 million. This resulted in reversing the net income figure of \$26.9 million to a net loss of \$11 million.

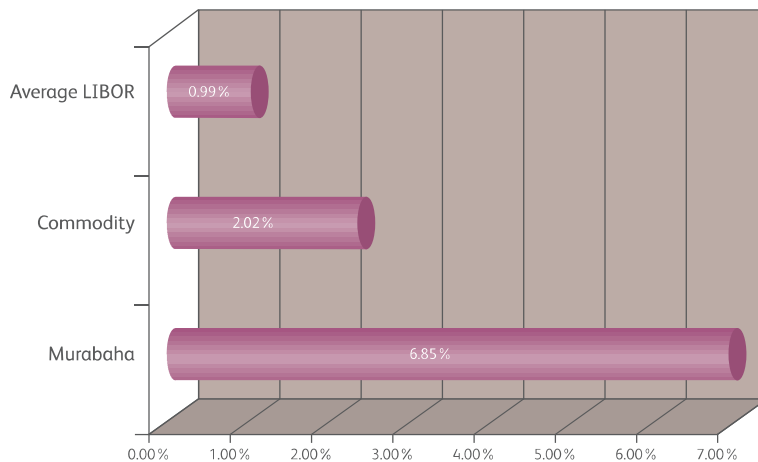
Income for the year was derived mainly from Murabaha financing that has contributed to 77 per cent of total income followed by Mudarib share of profit at 12 per cent and income from commodity placements at 11 per cent. A graphical presentation of the various sources of income for the year is given below:

Figure 5: Sources of income for 1430H

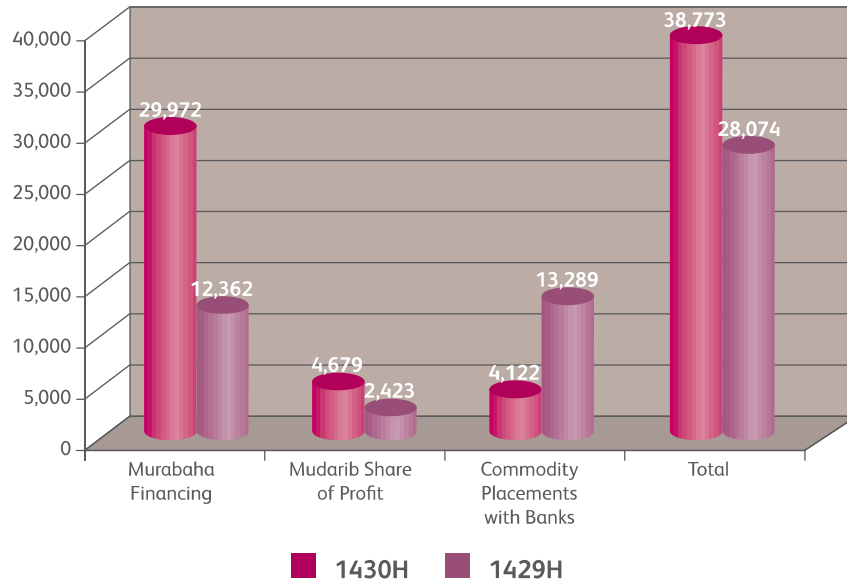


The composite return on income-earning-assets for the year is 4.83 per cent which is encouraging compared to the average US Dollar LIBOR that has hit rock-bottom of less than 1 per cent per annum. The chart below shows a comparison of the return on various asset classes with average LIBOR in 1430H.

Figure 6: Return on various asset classes for 1430H compared to average LIBOR



Compared to 1429H, income for the year 1430H at \$38.8 million is higher than that of 1429H of \$28.07 million by 38 per cent. The chart below shows income realized in 1430H compared to that of 1429H for the various income categories.

Figure 7: Comparison of income for 1430H with that of 1429H

An analysis of the asset-mix of the ITFC together with related return for 1430H compared to 1429H is better shown in the table below.

	1430		1429		Average		Income	Return
	Amount	Percent	Amount	Percent	Amount	Percent	1430	1430
Assets								
Cash at Banks	133,685	16%	64,491	9%	99,088	13%	n/a	
Commodity Placements	347,000	42%	203,737	29%	275,368	36%	4,122	2.023%
Murabaha Financing	354,940	42%	437,353	62%	396,146	51%	29,972	6.853%
Accruals & Other Assets	2,001	0%	868	0%	1,434	0%	n/a	
Total Assets	837,626	100%	706,449	100%	772,037	100%	34,094	4.83%

Table 8: Asset mix and income in 1430H compared to 1429H

At the end of 1430H, ITFC's asset-mix is heavily weighted towards liquid assets (Cash at Banks and Commodity Placements) with a total of \$480 million representing 58 per cent of the total assets. The short-term nature of ITFC Murabaha financing makes its asset-mix more prone to fast liquidation and contributes greatly to this type of asset-mix. Aware of the adverse implications of such an asset-mix on its profitability (and more so on the attainment of its mandate of increasing intra-trade of the OIC member countries), ITFC is putting in place measures that would ensure having an asset-mix that is both more lucrative and better suited and conducive to the attainment of its objectives.



THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION

FINANCIAL STATEMENTS

30 Dhul Hijjah 1430H (28 December 2009)

With

AUDITORS' REPORT

> Annual Report 1430H

INDEPENDENT AUDITORS' REPORT

To the General Assembly The International Islamic Trade Finance Corporation

We have audited the accompanying statement of financial position of The International Islamic Trade Finance Corporation (the "Corporation") as of 30 Dhul Hijjah 1430H (17 December 2009) 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 International Islamic Trade Finance Corporation as of 30 Dhul Hijjah 1430H (17 December 2009), 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:

Omar M. Al Sagga
License Number 369
15 May 2009
(Jamad Al Thani 1, 1431H)

THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION
STATEMENT OF FINANCIAL POSITION
As of 30 Dhul Hijjah 1430H (17 December 2009)

(All amounts in United States Dollars thousands unless otherwise stated)

	Notes	1430H	1429H
		_____	_____
ASSETS			
Cash at banks	3	133,685	64,491
Commodity placements with banks	4	347,000	203,737
Murabaha financing	5	354,940	437,353
Accrued income and other assets	6	2,001	868
		_____	_____
		837,626	706,449
Property and operating equipment	7	303	95
		_____	_____
TOTAL ASSETS		837,929	706,544
		_____	_____
LIABILITIES AND MEMBERS' EQUITY			
LIABILITIES			
Payable to Islamic Development Bank - ordinary capital resources	9	103,144	87,823
Payable to BADEA Fund	9	2,448	-
Accruals and other liabilities	8	3,113	5,762
		_____	_____
Total liabilities		108,705	93,585
		_____	_____
MEMBERS' EQUITY			
Paid-up capital	10	659,243	531,943
General reserve	11	81,016	63,546
Net (loss) income for the year		(11,035)	17,470
		_____	_____
Total members' equity		729,224	612,959
		_____	_____
TOTAL LIABILITIES AND MEMBERS' EQUITY		837,929	706,544
		_____	_____
UNDISBURSED COMMITMENTS	12		

The accompanying notes on pages 47 to 57 form an integral part of these financial statements.

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THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION
STATEMENT OF INCOME
For the year ended 30 Dhul Hijjah 1430H (17 December 2009)

(All amounts in United States Dollars thousands unless otherwise stated)

		1430H	1429H
		-----	-----
Income from:			
Commodity placements with banks	4	4,122	13,289
Murabaha financing	5	29,972	12,361
Mudarib fees and others		4,679	2,422
		-----	-----
		38,773	28,072
		-----	-----
Administrative expenses:			
Staff costs		(8,628)	(6,055)
Other		(3,188)	(4,533)
		-----	-----
		(11,816)	(10,588)
		-----	-----
Depreciation	7	(58)	(14)
Provision for impairment of murabaha financing assets	5	(37,934)	-
		-----	-----
Net (loss) income for the year		(11,035)	17,470
		-----	-----

The accompanying notes on pages 47 to 57 form an integral part of these financial statements.

THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION
STATEMENT OF CASH FLOWS
For the year ended 30 Dhul Hijjah 1430H (17 December 2009)

(All amounts in United States Dollars thousands unless otherwise stated)

	Notes	1430H	1429H
CASH FLOWS FROM OPERATIONS			
Net (loss) income for the year		(11,035)	17,470
Adjustment to reconcile net (loss) income to net cash from operating activities:			
Depreciation	7	58	14
Provision for impairment	5	37,934	3,541
Changes in operating assets and liabilities:			
Commodity placements with banks	4	(50,000)	-
Murabaha financing	5	44,479	(391,447)
Accrued income and other assets	6	(1,133)	(868)
Payable to Islamic Development Bank - ordinary capital resources	9	15,321	101,922
Payable to BADEA Fund	9	2,448	-
Accruals and other liabilities	8	(2,649)	5,762
Net cash generated from (used in) operating activities		35,423	(263,606)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and operating equipment	7	(266)	(109)
Cash used in investing activities		(266)	(109)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital contribution	10	127,300	531,943
Cash generated from financing activities		127,300	531,943
Net increase in cash and cash equivalents		162,457	268,228
Cash and cash equivalents at the beginning of the year		268,228	-
Cash and cash equivalents at the end of the year	3	430,685	268,228
Supplemental non-cash information			
General reserve transferred	1	-	63,546
Murabaha financing assets transferred	1	-	49,447
Transferred from the Islamic Development Bank - ordinary capital resources	1	-	14,099

The accompanying notes on pages 47 to 57 form an integral part of these financial statements.

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THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION
STATEMENT OF CHANGES IN MEMBERS' EQUITY
For the year ended 30 Dhul Hijjah 1430H (17 December 2009)

(All amounts in United States Dollars thousands unless otherwise stated)

	Note	Paid-up Capital	General reserve	Net (loss) income for the year	Total
Balance at 01 Muharrum 1430H	—	531,943	63,546	17,470	612,959
Capital contributed	1,10	127,300	-	-	127,300
Transfer to general reserve	1,11	-	17,470	(17,470)	-
Net loss for the year		-	-	(11,035)	(11,035)
Balance at end of Dhul Hijjah 1430H		659,243	81,016	(11,035)	729,224
Balance at 01 Muharrum 1429H		—	—	—	—
Capital contributed	1,10	531,943	-	-	531,943
Transfer to general reserve	1,11	-	63,546	-	63,546
Net income for the year		-	-	17,470	17,470
Balance at end of Dhul Hijjah 1429H		531,943	63,546	17,470	612,959

The accompanying notes on pages 47 to 57 form an integral part of these financial statements.

THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 30 Dhul Hijjah 1430H (17 December 2009)

(All amounts in United States Dollars thousands unless otherwise stated)

1. INCORPORATION, ACTIVITIES AND OTHER

The International Islamic Trade Finance Corporation (the "Corporation") was established, pursuant to the decision taken by the Board of Governors ("BG") of the Islamic Development Bank ("IDB" or the "Bank") in their 30th meeting held on 17 Jamad Awaal 1426H (24 June 2005). The Corporation is governed by the terms of the Articles of Agreement of the Corporation. The Corporation is an international organization and derives its legal personality from public international law. As a result, it is able to enter into contracts, acquire and dispose of property, and take legal action. As an international institution, the Corporation is not subject to an external regulatory authority.

The purpose of the Corporation is to promote trade of member countries of the Organization of the Islamic Conference through providing trade finance and engaging in activities that facilitate intra-trade and international trade. Majority of the Corporation's operational assets are considered sovereign debts made to or guaranteed by the respective member countries or investments in member countries, which are guaranteed in a manner acceptable to the Corporation.

The Corporation carries out its business activities through the Bank's head quarter's in Jeddah, Saudi Arabia. The financial statements of the Corporation are expressed in thousands of United States Dollars ("USD") and the financial year of the Corporation is the lunar Hijri year.

The Corporation's equity at 01 Muharam 1429H ("commencement of operations") was comprised of capital contributions made by its members including IDB. Included in members' contributions was USD 374,439 paid by IDB upon liquidation of the Export Finance Scheme (the Scheme). The Scheme was liquidated via BG resolution BG/1-427 meeting held on 7 Rabi Awwal 1427H (5 April 2006). Also, included in member contributions was USD 72,461 paid by the former members of the Islamic Banking Portfolio, ("IBP"), who had agreed to join the Corporation, as per the Board of Executive Directors' ("BED") meeting BED/25/10/426(234)/283, held on 24 Shawal 1426H (25 November 2005). Also, see note 10.

The Corporation's net assets at 30 Dhul Hijjah, 1429H also included net assets transferred from the Scheme to the Corporation as follows:

Cash at banks	64
Murabaha financing - net	49,447
Payable to Islamic Development Bank - ordinary capital resources	(22,647)

It was also stated in BG resolution BG/1-427 meeting held on 7 Rabi Awwal 1427H (5 April 2006) that any income accruing to the Scheme after 7 Rabi Awwal 1427H (5 April 2006) up to commencement of operations of the Corporation was to be transferred to the general reserve of the Corporation. The total amount of income transferred to general reserve in 1429H was USD 63,546, which included exchange gains of USD 26,864.

The financial statements were authorized for issue by the Corporation's Board of Executive Directors on Jamad Al Thani 1, 1431H (15 May 2010).

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The 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 (the “IASB”) and the relevant interpretation issued by the International Financial Reporting Interpretations Committee of the IASB.

The accompanying financial statements are prepared under historic cost convention.

b) Critical accounting judgments and estimates

The preparation of financial statements in conformity with generally accepted accounting principals requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities. Management is also required to exercise its judgments in the process of applying the Corporation’s accounting policies. Such estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including obtaining professional advice and expectations 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 murabaha financing assets:

The Corporation exercises judgement in the estimation of the provision for impairment of murabaha financing assets. The methodology for the estimation of the provision is provided in note 2(h).

c) Translation of currencies

Transactions in currencies other than USD 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 on the basis of the rates prevailing on the date of the statement of financial position. Foreign currency exchange gains and losses are credited or charged to the statement of income.

d) Revenue recognition

Income from commodity placements with Islamic banks is recognized on a time apportionment basis over the period from the actual disbursement of funds to the date of maturity.

Any income from cash and cash equivalents and other investments, which is considered by management as forbidden by Shari’ah, is not included in the Corporation’s statement of income. Such income is included in accrued liabilities until the board of directors takes a decision where to transfer such income.

Income from Murabaha financing is 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.

Mudarib fee income is recognized on an accrual basis when the service has been provided.

e) Murabaha financing

Murabaha is an agreement 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 financing are stated at the cost of goods sold or disbursements made to the beneficiaries plus profit recognized by the Corporation up to the date of the statement of financial position, less repayments received.

Unearned income represents the unamortized portion of total murabaha financing income committed at the time of actual disbursement of funds.

f) Cash and cash equivalents

Cash and cash equivalents comprise bank balances and other short term highly liquid investments and commodity placements with banks having a maturity of three months or less at the date of acquisition.

g) Commodity placements

Commodity placements are made with Islamic banks and are utilized in the purchase and sale of commodities at profit. The buying and selling of commodities is limited by the terms of agreement between the Corporation and the Islamic banks. Commodity placements are initially recorded at cost including acquisition charges associated with the placements and subsequently measured at cost less any amounts written off (if any).

h) Impairment of financial assets*Operational assets:*

An assessment is made at each statement of financial position date to determine whether there is evidence that a financial asset or group of financial assets may be impaired. Accordingly, the Corporation determines the provision for impairment losses based on an assessment of incurred losses. This involves a review of the financial assets on the balance sheet date in order to determine if there are any indications of impairment in their value individually; and also the losses that the Corporation suffers as a result of rescheduling the dues from certain countries or individuals and from settlement plans mutually agreed. The loss results from the difference between the carrying amount of the asset and the net present value of expected future cash flows discounted at the implicit rate of return of the financial asset mentioned in the agreement. The impairment provision is periodically adjusted based on a review of the prevailing circumstances. In addition, a portfolio provision is created for losses where there is objective evidence that unidentified losses are present in the portfolio at the balance sheet date. These are estimated based on country risk ratings, the current economic conditions and the default pattern that are embedded in the components of the portfolio.

Adjustments to the provision are recorded as a charge or addition to the statement of income. In determining the adequacy of the provision, the Corporation takes into account the net present value of expected future cash flows discounted at the financial instruments' implicit rate of return.

Other financial assets:

An assessment is made at each statement of financial position date to determine whether there is objective evidence that a financial asset or a group of financial assets may be impaired. The amount of the impairment losses for financial assets carried at amortized cost is calculated as the difference between the asset's carrying amount and its estimated fair value.

The carrying amount of the financial asset is reduced 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.

i) Property and operating equipment

Property and operating equipment are recorded at cost, less accumulated depreciation. Depreciation is charged to the statement of income, using the straight line method, to allocate their cost to their residual values over the following estimated useful lives:

Office and Computer equipment	4 years
Motor vehicles	5 years

Maintenance and repair costs which do not materially extend the estimated useful life of an asset are expensed and charged to the statement of income as and when incurred. Major renewals and improvements, if any, are capitalized and the assets so replaced are retired.

j) Provisions

Provisions are recognized when the Corporation has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount can be reliably measured.

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3. CASH AT BANKS

Cash at banks at end of Dhul Hijjah comprises the following:

	1430H	1429H
Current accounts	<u>133,685</u>	<u>64,491</u>
Cash and cash equivalents includes the following for the purpose of the statement cash flows:		
	<u>1430H</u>	<u>1429H</u>
Cash at banks	133,685	64,491
Commodity placements with banks	4 297,000	203,737
Total	<u>430,685</u>	<u>268,228</u>

4. COMMODITY PLACEMENTS WITH BANKS

Commodity placements with banks at the end of Dhul Hijjah comprise the following:

	1430H	1429H
Placements with Islamic banks:		
- Maturity within three months from the date of placement	297,000	203,737
- Maturity after three months from the date of placement	50,000	-
	<u>347,000</u>	<u>203,737</u>

Placements with Islamic banks are utilized in the purchase and sale of commodities. Trading is conducted by Islamic banks on behalf of the Corporation. The discretion of Islamic banks over buying and selling is limited by the terms of the agreements between the Corporation and the Islamic banks.

5. MURABAHA FINANCING

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

	1430H	1429H
Gross amounts receivable	<u>1,350,101</u>	<u>1,124,828</u>
Less: share of syndicate members	(949,901)	(660,183)
Less: unearned income	(3,785)	(23,751)
	<u>396,415</u>	<u>440,894</u>
Less: provision for impairment	(41,475)	(3,541)
Murabaha financing, net	<u>354,940</u>	<u>437,353</u>

All goods purchased for resale under murabaha financing are made on the basis of specific purchase for resale to a specific 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 would be made good by the customer. The Corporation also participates in syndicated murabaha financing.

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The Corporation has entered into joint murabaha financing agreements with certain entities. The share of syndicate members represent the portion of gross amounts receivable relating to those entities.

The movement in the provision for impairment is as follows:

	1430H	1429H
Balance at the beginning of the year	3,541	-
Charge for the year	37,934	-
Transferred from Scheme included in Murabaha financing - net	-	3,541
	<u>41,475</u>	<u>3,541</u>
Balance at the end of the year		

The above impairment provision consists of the following:

a) The differences between the carrying amount of the murabaha financing assets and the net present value of the expected future cash flows discounted at the implicit rate of return of the assets mentioned in the respective agreements. These differences arise either as a result of agreed rescheduled installments or management's best estimates of the timings of future cash flows from such assets.

b) A murabaha financing provision based on management's assessment of unidentified losses present in the portfolio using the country risk ratings and a probability analysis of the rates and severity of defaults.

Income on the impaired murabaha financing assets included in the statement of income as of 30th Dhul Hijjah 1430H is USD 3.92 million (1429H - USD 0.56 million).

Included in murabaha financing assets at the end of Dhul Hijjah is USD 101.47 million (1429H: USD 18.76 million) that is past due at the balance sheet date for which the Corporation has not made provisions, as the amounts are still considered recoverable. The following is the aging of these past due amounts:

	1430H	1429H
Less than three months	79,235	14,382
Three months to twelve months	19,206	-
One year to five years	3,030	4,380

Disclosures relating to the credit quality of the operating assets have been presented in note 16.

6. ACCRUED INCOME AND OTHER ASSETS

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

	1430H	1429H
Accrued income from commodity placements	135	421
Accrued mudarib fees	1,257	170
Prepayments and other assets	609	277
Total	<u>2,001</u>	<u>868</u>

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7. PROPERTY AND OPERATING EQUIPMENT

Property and operating equipment at the end of Dhul Hijjah comprise the following:

	Motor Vehicles	Office and Computer Equipment	Total
Cost			
At 01 Muharram 1430H	105	4	109
Additions during the year	-	266	266
At end of Dhul Hijjah 1430H	105	270	375
Accumulated depreciation			
At 01 Muharram 1430H	14	-	14
Charge for the year	21	37	58
At end of Dhul Hijjah 1430H	35	37	72
Net book value:			
At end of Dhul Hijjah 1430H	70	233	303

	Motor Vehicles	Office and Computer Equipment	Total
Cost			
At 01 Muharram 1429H	-	4	109
Additions during the year	105		
At end of Dhul Hijjah 1429H	105	4	109
Accumulated depreciation			
At 01 Muharram 1429H			
Charge for the year	14	-	14
At end of Dhul Hijjah 1429H	14	-	14
Net book value:			
At end of Dhul Hijjah 1429H	91	4	95

8. ACCRUALS AND OTHER LIABILITIES

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

	1430H	1429H
Accrued and other expenses	1,598	1,959
Excess capital receipts	1,201	2,890
Others	314	913
Total	3,113	5,762

Excess capital receipts represent amounts received from members in respect of paid up capital that is not due.

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9. RELATED PARTY BALANCES

In the ordinary course of its activities, the Corporation receives funding from IDB and executes business transactions with related parties. The terms of the funding that is provided by IDB and the transactions that are executed with related parties are approved by the Corporation's management and subject to current IDB rules, regulations and guidelines.

The balance due to IDB at the end of Dhul Hijjah 1430H of USD 103.14 million is commission free and has no repayment terms (1429H: USD 87.8 million).

The amount payable to BADEA Fund of USD 2.4 million at the end of Dhul Hijja 1430H (1429H: Nil) represents amounts received by the Corporation from the customers of the BADEA Fund.

The Corporation earns mudarib fees of 15% and 20%, respectively from IDB and BADEA Fund based on its share of profit related to murabaha financing transactions.

10. PAID-UP CAPITAL

The capital of the Corporation at the end of Dhul Hijjah comprises the following:

	1430H	1429H
Authorized 300,000 shares of US\$ 10,000 each	3,000,000	3,000,000
Issued: 75,000 shares of US\$ 10,000 each	750,000	750,000
Issued shares not subscribed	(76,390)	(76,390)
	1430H	1429H
Subscribed capital	673,610	673,610
Share capital not yet called	(6,667)	(79,167)
Called-up capital	666,943	594,443
Installments due, not yet paid	(7,700)	(62,500)
Paid-up capital	659,243	531,943

11. GENERAL RESERVE

In accordance with chapter 6 of Article 27 of the Articles of Agreement of the Corporation, the annual net income of the Corporation is required to be transferred to the general reserve, when approved by the Board of Directors, until this reserve equals 25% of the Corporation subscribed capital. Any excess of the net income over the above limit is available for distribution to member countries.

As per resolution BED/01/05/427/(238)/44 all income accruing to the Scheme after 1426H was transferred to the general reserve of the Corporation. The amount transferred in 1429H totaled USD 63.5 million. Also, see Note 1.

12. UNDISBURSED COMMITMENTS

Undisbursed commitments at the end of Dhul Hijjah comprise the following:

	1430H	1429H
Murabaha financing	200,611	—

13. ASSETS AND LIABILITIES ACCORDING TO THEIR RESPECTIVE MATURITY PERIODS OR EXPECTED PERIODS TO CASH CONVERSION

	End of Dhul Hijjah 1430H Maturity period determined					Total
	Less than 3 months	3 to 12 Months	1 to 5 Years	Over 5 Years	Maturity Period not Determined	
Cash at banks	-	-	-	-	-	133,685
Commodity placements	133,685	-	-	-	-	133,685
Murabaha financing	297,000	50,000	-	-	-	347,000
Accrued income and other assets	220,242	130,526	4,129	43	-	354,940
Property and operating equipment	135	1,866	-	-	-	2,001
	-	-	303	-	-	303
Total assets	651,062	182,392	4,432	43	-	837,929

	End of Dhul Hijjah 1430H Maturity period determined					Total
	Less than 3 months	3 to 12 Months	1 to 5 Years	Over 5 Years	Maturity Period not Determined	
Payable to Islamic Development Bank - ordinary capital resources	-	-	-	-	103,111	103,111
Payable to BADEA Fund	-	-	-	-	2,448	2,448
Accruals and other liabilities	-	3,113	-	-	-	3,113
Total liabilities	-	3,113	-	-	105,559	108,672

	End of Dhul Hijjah 1430H Maturity period determined					Total
	Less than 3 months	3 to 12 Months	1 to 5 Years	Over 5 Years	Maturity Period not Determined	
Cash at banks	64,491	-	-	-	-	64,491
Commodity placements	203,737	-	-	-	-	203,737
Murabaha financing	231,117	133,876	62,140	-	10,220	437,353
Accrued income and other assets	421	447	-	-	-	868
Property and operating equipment	-	-	95	-	-	95
Total assets	499,766	134,323	62,235	-	10,220	706,544

	End of Dhul Hijjah 1430H Maturity period determined					Total
	Less than 3 months	3 to 12 Months	1 to 5 Years	Over 5 Years	Maturity Period not Determined	
Payable to Islamic Development Bank - ordinary capital resources	-	-	-	-	87,823	87,823
Accruals and other liabilities	-	5,762	-	-	-	5,762
Total liabilities	-	5,762	-	-	87,823	93,585

14. CONCENTRATION OF ASSETS

The geographical locations of assets are as follows:

	End of Dhul Hijjah 1430H					
	Cash at banks	Commodity placements with banks	Murabaha financing	Accrued income and other assets	Property and operating equipment	Total
Saudi Arabia	1,711	-	96,607	2,001	303	100,622
Burkina Faso	-	-	6,712	-	-	6,712
Bahrain	4,825	-	5,984	-	-	10,809
Bangladesh	-	-	118,212	-	-	118,212
Egypt	-	-	6,877	-	-	6,877
Gambia	-	-	4,333	-	-	4,333
Indonesia	-	-	9,942	-	-	9,942
Jordan	-	-	9,149	-	-	9,149
Kuwait	-	30,000	5,508	-	-	35,508
Malaysia	-	54,000	-	-	-	54,000
Morocco	-	-	15,990	-	-	15,990
Nigeria	-	-	16,215	-	-	16,215
Sudan	-	-	32,620	-	-	32,620
Tajikistan	-	-	4,749	-	-	4,749
Tunisia	-	-	2,055	-	-	2,055
Turkey	-	-	12,447	-	-	12,447
United Kingdom	127,149	203,000	-	-	-	330,149
Qatar	-	39,000	-	-	-	39,000
UAE	-	21,000	4,035	-	-	25,035
Senegal	-	-	3,003	-	-	3,003
Syria	-	-	502	-	-	502
TOTAL	133,685	347,000	354,940	2,001	303	837,929

	End of Dhul Hijjah 1429H					
	Cash at banks	Commodity placements with banks	Murabaha financing	Accrued income and other assets	Property and operating equipment	Total
Saudi Arabia	-	121,121	100,466	868	95	222,550
Bahrain	1,049	82,616	-	-	-	83,665
Bangladesh	-	-	158,801	-	-	158,801
Egypt	-	-	8,818	-	-	8,818
Gambia	-	-	6,087	-	-	6,087
Iran	-	-	15,189	-	-	15,189
Ivory Coast	-	-	5,671	-	-	5,671
Jordan	-	-	2,363	-	-	2,363
Kuwait	-	-	15,061	-	-	15,061
Malaysia	-	-	4,312	-	-	4,312
Morocco	-	-	83,872	-	-	83,872
Nigeria	-	-	3,720	-	-	3,720
Sudan	-	-	10,890	-	-	10,890
United Kingdom	63,387	-	-	-	-	63,387
Tajikistan	-	-	1,587	-	-	1,587
Tunisia	-	-	8,968	-	-	8,968
Turkey	55	-	-	-	-	55
Burkina Faso	-	-	11,548	-	-	11,548
TOTAL	64,491	203,737	437,353	868	95	706,544

The geographical locations of assets reflect the countries in which the beneficiaries of the assets are located.

15. ZAKAT AND TAX TREATMENT

Any liability for zakat and income tax is the responsibility of the individual members.

16. RISK MANAGEMENT

The Corporation's risk management is governed by the IDB's risk management guidelines. IDB's Risk Management Department ("RMD") also provides risk management services to the Corporation. The RMD is responsible for dealing with all risk policies, guidelines and procedures with a view to achieving sound, safe and sustainable low risk profile for the Corporation through the identification, measurement and monitoring of all types of risks inherent in its activities. The Corporation has also established a Risk Management Committee which is responsible for reviewing the risk management policies, procedures, guidelines and defining the Corporation's risk management framework and appetite, with a view to ensuring that there are appropriate controls on all major risks resulting from the Corporation's financial transactions.

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's credit risk arises mainly from its murabaha financing assets.

For all classes of financial assets held by the Corporation, the maximum credit risk exposure to the Corporation is their carrying value as disclosed in the statement of financial position. The assets which subject the Corporation to credit risk principally consist of commodity placements and Murabaha financing which are mainly covered by sovereign guarantees and commercial banks guarantees acceptable to the IDB, in accordance with specific eligibility criteria and credit risk assessments. Murabaha financing is covered, in most cases, by sovereign guarantees from Member Countries, or commercial bank guarantees from Corporations whose ratings are acceptable to the Corporation per its policies, or sovereign guarantees from Member Countries. The Corporation benefits from preferred creditor status on murabaha financing, which gives it priority over other creditors in the event of default thus constituting a strong protection against credit losses.

Credit risk includes potential losses arising from a counterparty's (i.e., countries and banks/financial institutions, customers etc.) inability or unwillingness to service its obligation to the Corporation. In this respect, the Corporation has developed and put in place comprehensive credit policies and guidelines as a part of overall credit risk management framework to provide clear guidance on various types of financing.

These policies are clearly communicated within the Corporation with a view to maintain overall credit risk appetite and profile within the parameters set by Management. The credit policy formulation, credit limit setting, monitoring of credit exceptions / exposures and review / monitoring functions are performed independently by the RMD, which endeavors to ensure that business lines comply with risk parameters established by the Board of Executive Directors ("BED") and Management.

An important element tool of credit risk management is the established exposure limits for single beneficiary or an obligor and group of connected obligors. In this respect, Corporation has a well developed limit structure, which is based on the credit strength of the beneficiary, the obligor.

The assessment of any exposure is based on the use of comprehensive internal rating systems for various potential counterparties eligible to enter into business relationship with Corporation. While extending financing to its member countries the Corporation should safeguard its interests by obtaining the relevant guarantees for its financing operations and has to ensure that the concerned beneficiaries as well as the guarantors are able to meet their obligations to Corporation. In addition to the above risk mitigation tools, the Corporation has in place a comprehensive counterparty's assessment criteria and detailed structured exposure limits in line with the best banking practices.

Country risk refers to the risks associated with the economic, social and political environments of the beneficiary's home country. Guidelines were developed for monitoring country exposure to safeguard the Corporation against undue risk. The country exposure limits are determined and periodically reviewed and updated taking into consideration the recent macro-economic, financial, and other developments in the member countries, the status of their business relationship with Corporation.

b) Market risks

The Corporation is exposed to following market 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 Corporation does not hedge its currency exposure by means of hedging instruments. Exposure to exchange risk is limited. A significant portion of the Corporation's financing operations are USD-denominated, the same currency in which the Corporation resources - i.e., equity are denominated. The Corporation does not trade in currencies. The Corporation has a conservative policy whereby the currency composition of the portfolio is monitored and adjusted regularly.

ii) Liquidity risk

Liquidity risk is the risk that the Corporation will be unable to meet its net funding requirements. To guard against this risk, the Corporation adopts a conservative approach by maintaining high liquidity levels through investment in cash, cash equivalents, commodity placements and Murabaha financing with short-term maturity of three to twelve months. The liquidity profile of the Corporation's assets and liabilities has been presented in note 13.

iii) Mark-up risk

Mark-up risk arises from the possibility that changes in Mark-up will affect the value of the financial instruments. The Corporation is exposed to Mark-up on its investments in commodity placements, and murabaha financing. In respect of the financial assets, the Corporation's returns are based on a benchmark and hence vary according to the market conditions.

The sensitivity analysis have been determined based on the exposure to profit 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 change is used when reporting profit rate risk internally to key management personnel and represents management's assessment of the possible change in profit rates.

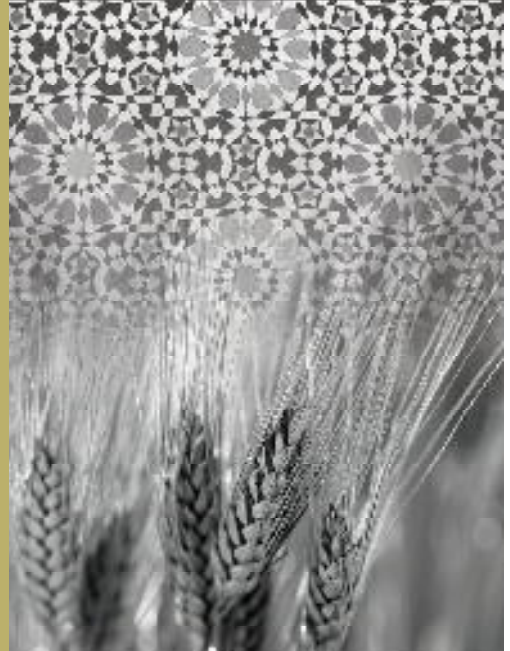
At reporting date, if profit rates had been 50 basis points higher/lower and all other variables were held constant, the Corporation's net loss would not be changed significantly.

c) Fair values of financial assets and liabilities

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. The fair values of operational assets are not significantly different from the carrying values included in the financial statements.

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Appendices



Appendix I: ITFC shareholders' information

Paid up capital as of 30/12/1430H (17/12/2009G)

Sorted by Subscription

No.	Member	Total Subscription	Percentage of Subscribed	Called-up Amount	Percentage of Called up	Paid up Amount	Percentage of Paid up
1	Islamic Development Bank	266,370,000	39.5%	266,370,000	39.9%	266,370,000	40.4%
2	Saudi Arabia	120,000,000	17.8%	120,000,000	18.0%	120,000,000	18.2%
3	Saudi Fund for Development, Saudi Arabia	50,000,000	7.4%	50,000,000	7.5%	50,000,000	7.6%
4	Public Investments Fund, Saudi Arabia	30,000,000	4.5%	30,000,000	4.5%	30,000,000	4.6%
5	Turkey	29,150,000	4.3%	29,150,000	4.4%	29,150,000	4.4%
6	Malaysia	28,980,000	4.3%	28,980,000	4.3%	28,980,000	4.4%
7	Export Development Bank, Iran	25,000,000	3.7%	25,000,000	3.7%	24,858,294	3.8%
8	Egypt	12,730,000	1.9%	12,730,000	1.9%	12,730,000	1.9%
9	Iraq	10,000,000	1.5%	3,333,333	0.5%	-	0.0%
10	Qatar	10,000,000	1.5%	10,000,000	1.5%	10,000,000	1.5%
11	Pakistan	8,430,000	1.3%	8,430,000	1.3%	8,430,000	1.3%
12	Albaraka Islamic Bank, Bahrain	8,180,000	1.2%	8,180,000	1.2%	8,180,000	1.2%
13	Kuwait	6,530,000	1.0%	6,530,000	1.0%	6,530,000	1.0%
14	Algeria	6,080,000	0.9%	6,080,000	0.9%	6,080,000	0.9%
15	Faisal Islamic Bank of Egypt, Egypt	5,920,000	0.9%	5,920,000	0.9%	5,920,000	0.9%
16	Brunei Darussalam	5,820,000	0.9%	5,820,000	0.9%	5,820,000	0.9%
17	Tunisia	5,600,000	0.8%	5,600,000	0.8%	5,600,000	0.8%
18	Morocco	5,100,000	0.8%	5,100,000	0.8%	5,100,000	0.8%
19	Bank Mellat, Iran	5,000,000	0.7%	5,000,000	0.7%	4,999,994	0.8%
20	Indonesia	2,060,000	0.3%	2,060,000	0.3%	2,060,000	0.3%
21	Bangladesh	2,020,000	0.3%	2,020,000	0.3%	2,020,000	0.3%
22	Iran	1,920,000	0.3%	1,920,000	0.3%	1,920,000	0.3%
23	Bahrain	1,850,000	0.3%	1,850,000	0.3%	1,850,000	0.3%
24	Syria	1,850,000	0.3%	1,850,000	0.3%	1,850,000	0.3%
25	Palestine	1,840,000	0.3%	1,840,000	0.3%	1,840,000	0.3%
26	UAE	1,840,000	0.3%	1,840,000	0.3%	1,840,000	0.3%
27	Albaraka Investment Company, London	1,610,000	0.2%	1,610,000	0.2%	1,610,000	0.2%
28	Libya	1,390,000	0.2%	1,390,000	0.2%	1,390,000	0.2%
29	Jordan	1,300,000	0.2%	1,300,000	0.2%	1,300,000	0.2%
30	Jordan Islamic Bank, Jordan	1,180,000	0.2%	1,180,000	0.2%	1,180,000	0.2%
31	Bank Keshavarzi, Iran	1,000,000	0.1%	1,000,000	0.1%	-	0.0%
32	Bank Melli, Iran	1,000,000	0.1%	1,000,000	0.1%	999,998	0.2%
33	Bank of Industry and Mines, Iran	1,000,000	0.1%	1,000,000	0.1%	999,408	0.2%
34	EN Bank, Iran	1,000,000	0.1%	1,000,000	0.1%	330,930	0.1%
35	Mauritania	1,000,000	0.1%	1,000,000	0.1%	332,346	0.1%
36	Yemen	1,000,000	0.1%	1,000,000	0.1%	990,586	0.2%
37	Sudan	770,000	0.1%	770,000	0.1%	770,000	0.1%
38	Burkina Faso	750,000	0.1%	750,000	0.1%	841,159	0.1%
39	Somalia	720,000	0.1%	720,000	0.1%	720,000	0.1%
40	Cote D'Ivoire	700,000	0.1%	700,000	0.1%	233,929	0.0%
41	Albaraka Turkish Finance House, Turkey	690,000	0.1%	690,000	0.1%	690,000	0.1%
42	Lebanon	610,000	0.1%	610,000	0.1%	610,000	0.1%
43	Mozambique	600,000	0.1%	600,000	0.1%	199,990	0.0%
44	Beit Ettamweel Saudi Tunsii (BEST), Tunisia	530,000	0.1%	530,000	0.1%	530,000	0.1%
45	Bank Tejarat, Iran	500,000	0.1%	500,000	0.1%	500,009	0.1%
46	Benin	500,000	0.1%	500,000	0.1%	182,346	0.0%
47	Djibouti	500,000	0.1%	500,000	0.1%	-	0.0%
48	Gambia	500,000	0.1%	500,000	0.1%	500,000	0.1%
49	Niger	500,000	0.1%	500,000	0.1%	-	0.0%
50	Uganda	490,000	0.1%	490,000	0.1%	490,000	0.1%
51	Senegal	480,000	0.1%	480,000	0.1%	480,000	0.1%
52	Islamic Cooperative Development Bank, Sudan	260,000	0.0%	260,000	0.0%	260,000	0.0%
53	Sudanese Islamic Bank, Sudan	260,000	0.0%	260,000	0.0%	260,000	0.0%
54	Tadamon Islamic Bank, Sudan	260,000	0.0%	260,000	0.0%	260,000	0.0%
55	Gabon	220,000	0.0%	220,000	0.0%	220,000	0.0%
56	Cameroon	20,000	0.0%	20,000	0.0%	20,000	0.0%
57	Nigeria ¹	-	0.0%	-	0.0%	-	0.0%
Total		673,610,000	100.0%	666,943,333	100.0%	659,028,990	100.0%

¹ Nigeria is yet to specify the number of shares it is subscribing to.

Appendix II: ITFC Trade approvals and developmental impact

(\$ million)

S.N.	Country	No.of Operations	Total Amount (\$million)	Percent of Total Approval	Sector	Developmental Impact
1.	Azerbaijan	3	3.40	0.16	Banking, Pharmaceuticals	Support for the SMEs and Islamic banking
2.	Bahrain	1	6.00	0.28	Industry	Sustain private companies to enhance the private sector
3.	Bangladesh	9	905.00	41.77	Petroleum products	Support towards providing affordable energy and overall economic activities in the country
4.	Egypt	1	150.00	6.92	Petroleum products	Support towards providing affordable energy prices
5.	Indonesia	3	60.00	2.77	Banking, Agriculture	Strengthening the agricultural sector of the country
6.	Iran	13	250.42	11.56	Manufacturing	Support for private sector/SMEs development
7.	Kazakhstan	2	15.00	0.69	Banking	Development of Islamic banking
8.	Kenya/ PTA Bank	1	40.00	1.85	Petroleum	Support economic activities of member countries
9.	Kuwait	1	87.00	4.02	Petroleum products	Support for the private sector
10.	Maldives	3	34.00	1.57	Petroleum products	Support towards affordable energy prices and private sector development
11.	Malaysia	1	5.00	0.23	Food products	Private sector development
12.	Morocco	1	100.00	4.62	Petroleum products	Private sector development
13.	Nigeria	4	75.00	3.46	Banking, Petroleum, Industry	Islamic finance and private sector development
14.	Saudi Arabia	4	180.00	8.31	Construction/ Industrial sector	Sustain private sector development
15.	Senegal	1	25.00	1.15	Petroleum products	Ensure available energy for all economic activities
16.	The Gambia	2	19.50	0.90	Petroleum products	Support towards affordable energy prices
17.	Turkey	7	194.05	8.96	Agriculture,automotives, textiles,banking	SMEs development
18.	Turkmenistan	1	10.00	0.46	Banking	Development of Islamic banking
19.	UAE	1	7.00	0.32	IT Sector	Support the knowledge economy
	TOTAL	59	2,166.37	100		

Appendix III: TCPP activities implemented in 1430H

S.N.	Activity	Host Country	Beneficiaries /Participating Countries	
Trade promotion activities	1.	1st Exhibition on Food Industry in OIC member countries	KSA	Senegal
	2.	The World Halal Forum-MATRADE	Malaysia	Malaysia
	3.	6th Malaysia International Halal showcase	Malaysia	Malaysia
	4.	12th Trade Fair of Islamic Countries	Egypt	Senegal, Niger, Burkina Faso, Sudan, Yemen, Kyrgyz, Bangladesh
	5.	In-trade Malaysia 2009 - MATRADE	Malaysia	Pakistan, Indonesia, Iran, Oman, KSA,UAE, Kuwait, Turkey
	6.	Preparatory Meeting for Study and Action Plan to assist non-exporting Factories in Kuwait	Kuwait	Kuwait
	7.	Initiated a study and action plan to assist non-exporting factories in Kuwait	Kuwait	Kuwait
	8.	1st Annual Meeting of the Export Promotion Centre of the French Speaking Member Countries	Morocco	Senegal, Niger, Mali, Burkina Faso, Guinea, Benin, Côte D'Ivoire
	9.	Initiated a study on the Strategic Partnership between the GCC Countries in provision of Basic Goods	GCC	GCC Countries
	10.	Turkey-World Foreign Trade Bridge	Turkey	Turkey
	11.	The Buyer-Sellers Meeting in Pharmaceuticals & Related Industries Sector	Egypt	Arab Member Countries
Trade facilitation activities	1.	Initiated the Trade Information Facilitation System	N/A	OIC Member Countries
	2.	Preparatory and Consultative meeting on Aid for Trade Road Map for SPECA Region	Kyrgyz	CIS Member Countries and Afghanistan
	3.	Regional Conferences on Economic Liberalization Policies and Free Trade Agreement in the Arab Region	Egypt	Arab Member Countries
	4.	2nd Meeting of the coordination Group to enhance cooperation between Trade Finance Institutions and Insurance Institutions	Kuwait	Arab Member Countries
	5.	Consultative Meeting of the OIC institutions for implementation of the Road Map to enhance intra- Trade	Morocco	OIC Member Countries

Appendix III: TCPP Activities implemented in 1430H

S.N.	Activity	Host Country	Beneficiaries /Participating Countries
Capacity building activities	1.	Develop the High Trade School of Tunisia (ESCT) – ITC (Project)	Tunisia
	2.	Develop the Training Department of IGEME, Turkey – ITC (Project)	Turkey
	3.	Develop the Training Department of MATRADE, Malaysia – ITC (Project)	Malaysia
	4.	On-Job training for the staff of Trade Promotion Organizations of Member countries on Foreign Trade Bridges	Yemen, Syria, Jordan, Kuwait, Pakistan, Iran, KSA
	5.	On job Training for Officials and Staff of Chamber of Commerce of the Arab member countries	Sudan, Yemen
	6.	Training Program for African Chamber of commerce	Sudan, Benin, Cameroon, Djibouti, Gambia
	7.	Training course on Trade Information in Kuwait	SMEs in Kuwait
	8.	Developed Training course on Trade Information in Dubai	SMEs in Kuwait
	9.	Developed Training course on Trade Information in KSA	SMEs in KSA
	10.	Meeting on capacity Building Development – ITC, ESCT, IGEME & MATRADE	Turkey, Tunis, Malaysia, Senegal, KSA
	11.	Developed Training Course for Staff from Ministry of Trade in Iraq	Iraq
	12.	Developed Training Course Practical Aspects of International trade	African French speaking Member Countries
	13.	Preparatory for GCC Enhancing Capacity for Trade	GCC
Development of strategic commodities	1.	Trade and investment cooperation opportunities among the OIC Member Countries in the Cotton Industry	Cairo, Egypt Benin, Mali, Sudan, Cameroon, Burkina Faso, Senegal, Uzbekistan
	2.	Forum on International Food Crisis and its Effect on OIC Member Countries- ICDDT	Casablanca, Morocco OIC Member countries
	3.	Revitalization of the groundnut sector in selected Sub-Saharan countries (Phase I: Contractual Agreement)	The Gambia The Gambia, Guinea Bissau, Senegal
	4.	Forum on Ways and Means to enhance Trade and Investment in Food in Africa	Bamako, Mali African Member Countries

Appendix IV: List of abbreviations

AFT	Aid for Trade
AAOIFI	Accounting and Auditing Organization for Islamic Financial Institutions
CIS	Commonwealth of Independent States
BEFS	BADEA Export Finance Scheme
COMCEC	Standing Committee for Economic and Commercial Cooperation
COMESA	Common Market for Eastern and Southern Africa
DMCC	Dubai Multi Commodities Centre
EBRD	European Bank for Reconstruction and Development
ECA	Export Credit Agency
ESCT	Ecole Supérieure de Commerce de Tunis (Tunis School of Business)
ESCWA	United Nations Economic and Social Commission for Western Asia
FDI	Foreign Direct Investment
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GTR	Global Trade Review
IBF	International Business Forum
ICCI	Islamic Chamber of Commerce and Industry
ICD	Islamic Corporation for the Development of the Private Sector
ICDT	Islamic Centre for Development of Trade
ICIEC	Islamic Corporation for the Insurance of Investment and Export Credit
ID	Islamic Dinar (a unit of account of the IDB equivalent to the Special Drawing Right)
IDB	Islamic Development Bank
IRTI	Islamic Research and Training Institute
IFC	International Finance Corporation
IFN	Islamic Finance News
IFSB	Islamic Financial Services Board
IGEME	İhracatı Geliştirme Etüd Merkezi (Export Promotion Center of Turkey)
ITC	International Trade Centre
ITFC	International Islamic Trade Finance Corporation
KSA	Kingdom of Saudi Arabia
LDMCs	Least Developed Member Countries
LIBOR	London Inter-Bank Offer Rate
MATRADE	Malaysia External Trade Development Corporation
MDFI	Multilateral Development Finance Institution
MENA	Middle East and North Africa
OECD	Organisation for Economic Co-operation and Development
OIC	Organization of the Islamic Conference
PTA	Preferential Trade Agreement
SESERIC	Statistical Economic and Social Research and Training Centre for Islamic Countries
SME	Small and Medium Enterprise
SPECA	United Nations Special Programme for the Economies of Central Asia
STF	Structured Trade Finance
STFU	Structured Trade Finance Unit
TCPP	Trade Cooperation and Promotion Program
TPO	Trade Promotion Organization
UAE	United Arab Emirates
UNDP	United Nations Development Programme
UNECE	United Nations Economic Commission for Europe
UNIDO	United Nations Industrial Development Organization
USAID	United States Agency for International Development
WB	World Bank
WTO	World Trade Organization

Appendix V: IDB Group and affiliates



Islamic Development Bank Group (IDB)

Establishment

The Islamic Development Bank (IDB) is an international financial institution established in pursuance of the Declaration of Intent issued by the Conference of Finance Ministers of Muslim Countries held in Jeddah in Dhul Qadah 1393H (December 1973). The Inaugural Meeting of the Board of Governors took place in Rajab 1395H (July 1975) and IDB formally commenced operations on 15 Shawwal 1395H (20 October 1975).

Vision

By the year 1440H, the Islamic Development Bank shall have become a world-class development bank, inspired by Islamic principles, that has helped significantly transform the landscape of comprehensive human development in the Muslim world and helped restore its dignity.

Mission

The Mission of IDB is to promote comprehensive human development, with a focus on the priority areas of alleviating poverty, improving health, promoting education, improving governance and prospering the people.

Membership

The present membership of IDB stands at 56 countries spanning many regions. The basic condition for its membership is that the prospective country should be a member of the Organization of the Islamic Conference, pays the first instalment of its minimum subscription to the Capital Stock of IDB, and accepts any terms and conditions that may be decided upon by the Board of Governors.

Capital

Pursuant to the decision of the Board of Governors in their 31st Annual Meeting held in Kuwait in Jumad Awwal 1427H (May 2006), the Authorized Capital of IDB was doubled from ID15 billion to ID30 billion and the Issued Capital was also increased from ID8.1 billion to ID15 billion. The Issued Capital was further increased to ID16 billion by the Board of Governors in their 33rd Annual Meeting held in Jeddah, Kingdom of Saudi Arabia on 29-30 Jumad Awwal 1429H (3-4 June 2008); of which ID15.9 billion was subscribed with ID3.6 billion Paid-up as of end-1430H.

Islamic Development Bank Group

IDB Group comprises five entities: the Islamic Development Bank (IDB), Islamic Research and Training Institute (IRTI), Islamic Corporation for the Development of the Private Sector (ICD), Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC), and International Islamic Trade Finance Corporation (ITFC)

Head Office and Regional Offices

Headquartered in Jeddah, the Kingdom of Saudi Arabia, IDB has four regional offices in Rabat, Morocco; Kuala Lumpur, Malaysia; Almaty, Kazakhstan; and Dakar, Senegal.

Financial Year

IDB financial year is the lunar Hijra Year (H).

Accounting Unit

The accounting unit of IDB is the Islamic Dinar (ID) which is equivalent to one Special Drawing Rights (SDR) of the International Monetary Fund.

Language

The official language of IDB is Arabic, but English and French are additionally used as working languages.



Islamic Research and Training Institute (IRTI)

IRTI was established in 1401H (1981G). IRTI is now entrusted with the key role of transforming the IDB Group into a world-class knowledge-based organization. It shoulders the responsibility for leading the development and sustenance of a dynamic and comprehensive Islamic Financial Services Industry, which supports socio economic development in member countries. Under the Vision 1440H, IRTI is envisioned to be a center of excellence, serving as a focal point for all capacity building and advisory services in basic and applied Islamic economics and finance that support member country governments and their agencies. For that, IRTI will gradually strengthen its core business activities in knowledge services through research, policy dialogue and Shariah advisory services, with the aim of eventually providing full consulting assistance to its stakeholders.

www.irti.org



The Islamic Corporation for the Development of the Private Sector (ICD)

The Islamic Corporation for the Development of the Private Sector (ICD) is a multilateral organization affiliated with the Islamic Development Bank (IDB) Group. Its authorized capital stands at \$2.0 billion, of which \$1.0 billion is available for subscription. The current subscribed and paid-in capital is \$726,450,000 and \$401,637,526 respectively. Its shareholders consist of the IDB's 49 OIC 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 1999G).

www.icd-idb.org



The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC)

The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC), rated Aa3 by Moody's, is the pioneer in the field of Shariah compatible credit and political risk insurance and reinsurance. It is a member of the Islamic Development Bank (IDB), was established in Safar 1415H (August 1994G) as an international institution with full juridical personality.

The shareholders of its ID150 million (USD 240 million) Capital are the IDB and 39 countries who are members of the Organization of the Islamic Conference (OIC).

ICIEC was established with the objective to increase the scope of trade transactions of the OIC Member Countries, and to facilitate foreign direct investments into Member Countries, and to provide reinsurance facilities to Export Credit Agencies (ECAs) in Member Countries. ICIEC fulfils these objectives by providing appropriate Islamic Shariah compatible credit and country risk insurance and reinsurance instruments. ICIEC has provided USD 8.1 billion in export credit and investment insurance commitments since it commenced business in 1416H (1995G), up to end of 1430H (2009).

www.iciec.com

Appendix VI: ITFC Management Team

Dr. Waleed A. Al-Wohaib
Chief Executive Officer



Eng. Hani Salem Sonbol
Deputy Chief Executive Officer



Mr. Ali Sulais
GM Credit



Mr. Mohammad Iqbal Azad
GM Operations



Mr. Mohanna Sobaih
GM Treasury



Mr. Mubarak El-Tayeb El-Amin
GM Finance



Mr. Mohamed Hebshi
GM Trade Cooperation & Promotional Program



Mr. Ahmad J. Sabbagh
Acting GM Human Resources & Corporate Services



Mr. Nazeem Noordali
Acting GM Marketing



Appendix VII: ITFC contact persons

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