



# Islamic Development Bank (IsDB)

## Investor Presentation

October 2021



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# Mission Statement



**“We are committed to alleviating poverty, promoting human development, science & technology, Islamic banking & finance and enhancing cooperation amongst Member Countries in collaboration with our development partners”**

- I. Overview of Islamic Development Bank
  - II. Financial Profile of IsDB
  - III. IsDB in the Capital Markets
  - IV. Key Offering Terms & Investment Highlights
- Appendix

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# Overview of Islamic Development Bank

Foster the economic development and social progress of Member Countries in a commercially viable manner

## Overview

- Established in 1974 and headquartered in Jeddah, Kingdom of Saudi Arabia
- Currently 57 member countries from the Middle East, Africa, the Asia-Pacific region, South Asia, Europe and South America
- Regional hubs in Suriname, Senegal, Morocco, Nigeria, Egypt, Uganda, Turkey, Kazakhstan, Bangladesh, and Indonesia, as well as a Centre of Excellence in Malaysia
- All financial transactions are in compliance with Islamic law (Shariah)

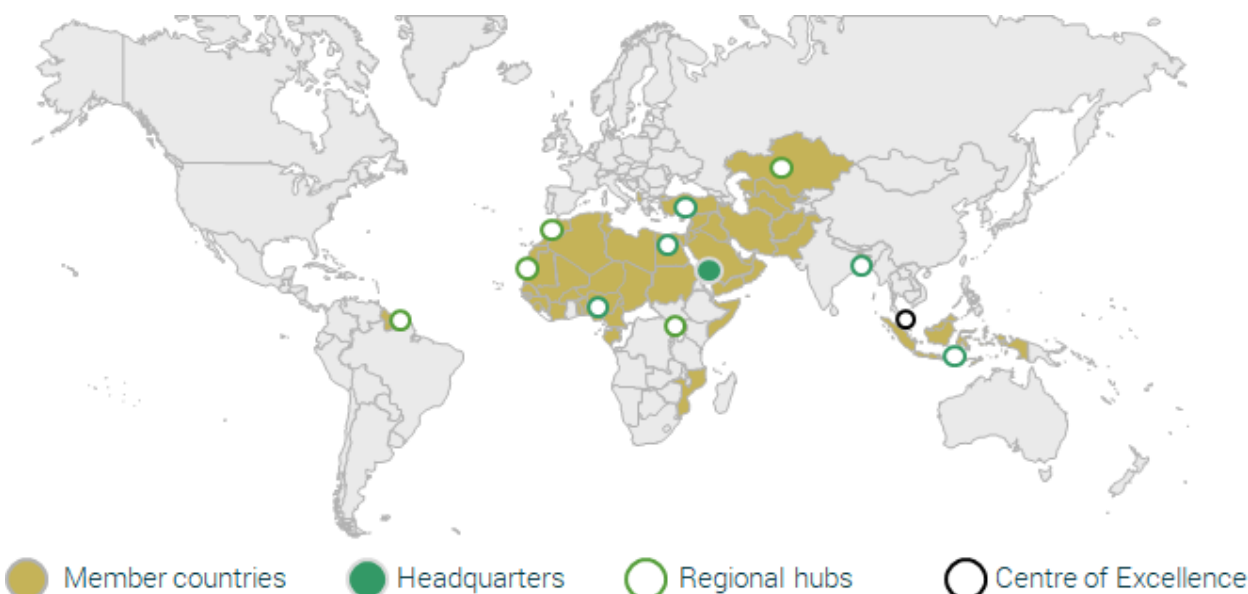
## Key Financial Indicators

As of Year-End 2020

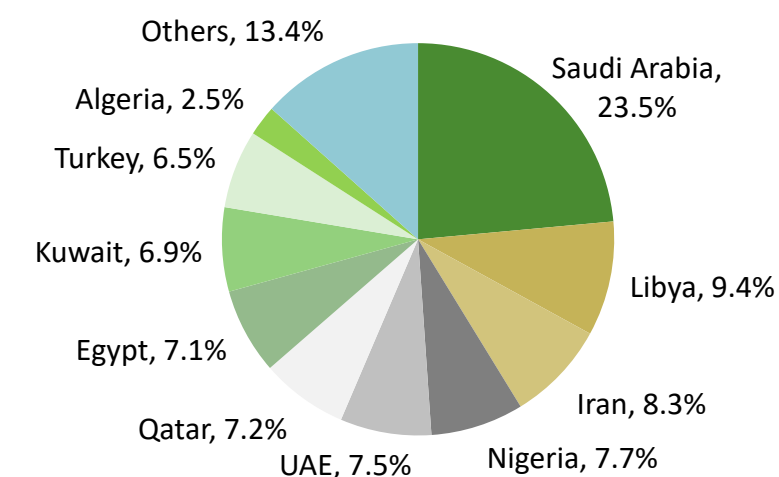
| Ratings (Moody's / S&P / Fitch)                | Aaa / AAA / AAA |
|--|-----------------|
| Total Assets (US\$, bn)                        | 35.2            |
| Subscribed Share Capital (US\$, bn)            | 72.4            |
| Paid-up Capital (US\$, bn)                     | 8.6             |
| Debt / Equity <sup>1</sup>                     | 164.2%          |
| Assets / Total Liabilities <sup>1</sup>        | 159.5%          |
| Liquid Assets / Total Liabilities <sup>1</sup> | 48.8%           |

**Notes:** IsDB's unit of account is as follows: 1 Islamic Dinar = 1 Special Drawing Right of the IMF. Exchange rates utilized as of year-end 2008: 1ID=US\$1.54426, 2009: 1ID=US\$1.57085, 2010: 1ID=US\$1.53920, 2011: 1ID=US\$1.55621, 2012: 1ID=US\$1.52623, 2013: 1ID=US\$1.53175, 2014: 1ID=US\$1.48509, 2015: 1ID=US\$1.41162, 2016: 1ID=US\$1.34433, 2017: 1ID=US\$1.42413, 2018: 1ID=US\$1.39079, 2019: 1ID=US\$1.38283 and 2020: 1ID=US\$1.44027 used throughout this presentation. Throughout the presentation, financial data are based on Audited Accounts Year-end December 2020, Year-end December 2019, Year-end December 2017, Year-end December 2016, Year-end December 2015, Year-End October 2014, Year-End November 2013, Year-End November 2012, Year-End November 2011 and other public information shared on IsDB's website and publications. For a description of how the ratios above are calculated, please refer to the Base Prospectus dated 25 February 2021 and Supplement dated 07 October 2021.

## Member Countries and IsDB Group Offices



## Ownership Structure as of 31 December 2020



# IsDB Operations and Credit Ratings

## IsDB Mission

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

## IsDB Operations

- Project Finance, Loans and Technical Assistance aimed at the development of:
  - Agriculture
  - Basic Infrastructure & Industrial sectors
  - Education
  - Healthcare and other Social Sector Institutions
- Equity Investment and Lines of Financing for the development of Financial Institutions

## Key IsDB Group Members<sup>1</sup>



**International Islamic Trade Finance Corporation (ITFC)**  
Supports trade financing transactions amongst Member Countries



**Islamic Corporation for the Development of the Private Sector (ICD)**  
Supports the development of private sector in the Member Countries



**Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC)**  
Provides investment protection and export credit insurance for Member Countries

<sup>1</sup> These institutions have their own separate balance sheets, ratings and member countries

\* Following the revision of Multilateral Lending Institutions and Other Supranational Institutions Ratings Methodology by S&P, the standalone rating of these institutions has been improved from AA+ to AAA

## Consistently rated 'AAA' by Major Rating Agencies

|  |  |
|--|--|
| <b>MOODY'S</b> (Since 2006)<br>Last Rating Review: July 2020<br>AAA credit rating reaffirmed with a Stable Outlook                   | "Strong Shareholder Support from Highly Rated Sovereigns..." |
| <b>STANDARD &amp; POOR'S</b> (Since 2002)<br>Last Rating Review: November 2020<br>AAA credit rating reaffirmed with a Stable Outlook | "Preferred Creditor Status..."                               |
| <b>FitchRatings</b> (Since 2007)<br>Last Rating Review: May 2021<br>AAA credit rating reaffirmed with a Stable Outlook               | "Established Track Record in Terms of Asset Quality..."      |
|  | "Strong Capital Base..."                                     |
|  | "Low Leverage..."  |
|  | "Solid Liquidity Levels..."                                  |

## Ratings of IsDB and other Multilateral Development Banks ("MDBs")

|      | Moody's / S&P / Fitch | Standalone Rating (S&P) |
|------|-----------------------|-------------------------|
| IsDB | Aaa / AAA / AAA       | AAA                     |
| EBRD | Aaa / AAA / AAA       | AAA                     |
| IBRD | Aaa / AAA / AAA       | AAA                     |
| ADB  | Aaa / AAA / AAA       | AAA                     |
| EIB  | Aaa / AAA / AAA       | AAA*                    |
| IADB | Aaa / AAA / AAA       | AAA*                    |
| AfDB | Aaa / AAA / AAA       | AA+                     |

# Regulatory Treatment for IsDB

The Bank for International Settlements (BIS) provides IsDB, along with other MDBs, a zero-risk weighting as part of its eligibility criteria:

- A majority of an MDB's external ratings must be AAA
- Shareholders include sovereigns with ratings of AA- or better, or majority of fund-raising is in the form of paid-in equity/capital with little or no leverage
- Strong shareholder support demonstrated by paid-in capital and continued capital contributions and new pledges from sovereign shareholders
- Adequate level of capital and liquidity
- Strict statutory lending requirements and conservative financial policies

| Bank for International Settlements  | European Central Bank   | No. | MDBs   | Zero Risk Weighting from the BIS | Zero Risk Weighting from the EBA |
|---|---|-----|--|----------------------------------|----------------------------------|
|    |                            | 1   | African Development Bank (AfDB)                              | ✓                                | ✓                                |
| ■ Zero-risk weighted <sup>1</sup>   | ■ A recognised Supranational issuer as per the European Central Bank (ECB) <sup>2</sup>                       | 2   | Asian Development Bank (ADB)                                 | ✓                                | ✓                                |
|  |                           | 3   | Asian Infrastructure Investment Bank (AIIB)                  | ✓                                | ✓                                |
| ■ Zero-risk weighted <sup>3</sup>   | ■ Eligible for inclusion in the liquidity buffer of banks under the FCA supervision BIPRU 12.7.2 <sup>5</sup> | 4   | Caribbean Development Bank (CDB)                             | ✓                                | ✓                                |
|  |   | 5   | Council of Europe Development Bank (CEDB)                    | ✓                                | ✓                                |
| ■ Eligible as Level B collateral for the Bank's operations <sup>4</sup>             |   | 6   | European Bank for Reconstruction and Development (EBRD)      | ✓                                | ✓                                |
|   |   | 7   | European Investment Bank (EIB)                               | ✓                                | ✓                                |
|   |   | 8   | European Investment Fund (EIF)                               | ✓                                | ✓                                |
|   |   | 9   | Inter-American Development Bank (IADB)                       | ✓                                | ✓                                |
|   |   | 10  | International Bank for Reconstruction and Development (IBRD) | ✓                                | ✓                                |
|   |   | 11  | International Development Association (IDA)                  | ✓                                | ✓                                |
|   |   | 12  | International Finance Corporation (IFC)                      | ✓                                | ✓                                |
|   |   | 13  | International Finance Facility for Immunization (IFFIm)      | ✓                                | ✓                                |
|   |   | 14  | Islamic Development Bank (IsDB)                              | ✓                                | ✓                                |
|   |   | 15  | Multilateral Investment Guarantee Agency (MIGA)              | ✓                                | ✓                                |
|   |   | 16  | Nordic Investment Bank (NIB)                                 | ✓                                | ✓                                |

Sources:

- Basel Committee on Banking Supervision - Basel III: Finalising post-crisis reforms (December 2017), Standardised Approach for Credit Risk, page 6
- <https://www.ecb.europa.eu/paym/coll/standards/marketable/html/index.en.html>
- <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02013R0575-20200627&from=EN>

- <https://www.bankofengland.co.uk/-/media/boe/files/markets/sterling-monetary-framework/level-b-collateral>
- <https://www.handbook.fca.org.uk/handbook/glossary/G2685.html>



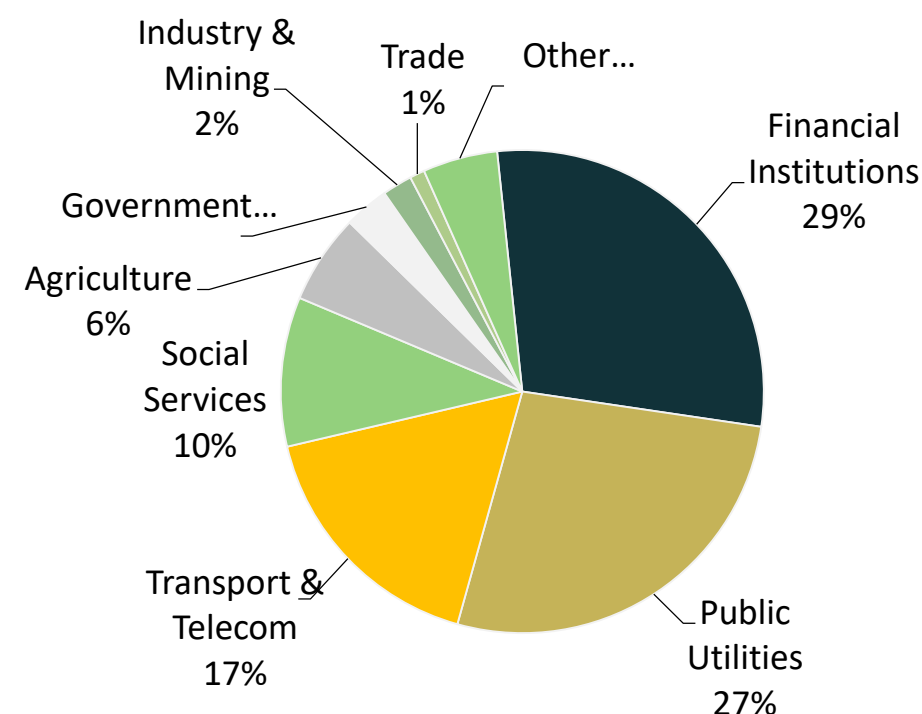
# IsDB's Portfolio

A well-diversified portfolio with the lowest concentration of top 5 exposures among peers

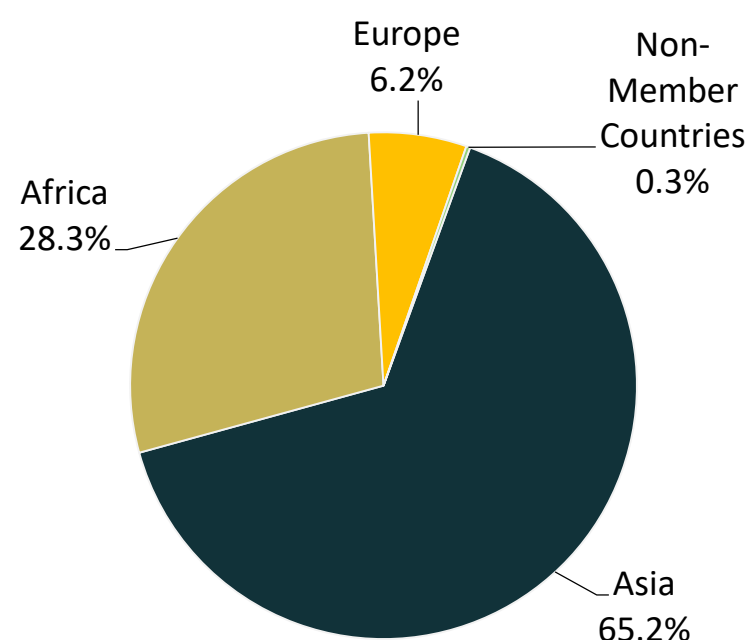
## Overview

- IsDB conducts business across Asia, Africa and the Middle East through its 57 member countries
- In light of this, IsDB has one of the broadest operational scopes amongst major MDBs
- Exposure limits by country help achieve asset diversification and minimise excessive concentration of risk within member countries
- Similarly, IsDB's asset portfolio is well diversified by sectors within the existing policies and guidelines

### Asset Portfolio by Sectoral Distribution

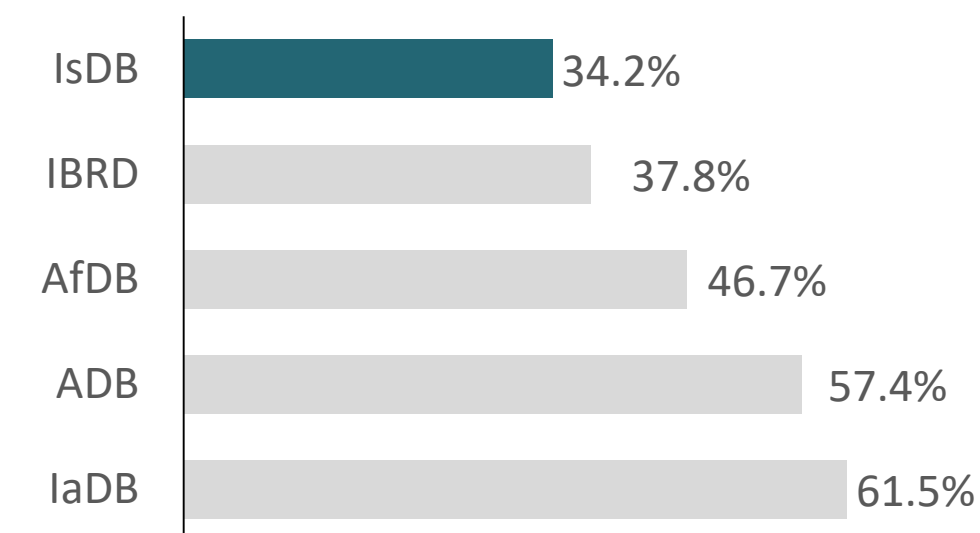


### Asset Portfolio by Geographic Distribution



### Lending Profile vs other MDB Peers

#### Concentration of Top 5 Exposures / Total Loans



|   |                     |               |
|---|---------------------|---------------|
| Total Sovereign Exposure (USD '000)     | 21,868,940.1        | 93.6%         |
| Total Non-sovereign Exposure (USD '000) | 1,503,238.6         | 6.4%          |
| <b>Total</b>                            | <b>23,372,178.7</b> | <b>100.0%</b> |

Source: IsDB's Financial Statements, as at 31 December 2020

Sources:

IsDB & laDB & AfDB & ADB: Financial Statements as of 31 December 2020

IBRD: Financial Statements as of 30 June 2021

For a description of how the IsDB ratios above are calculated, please refer to the Base Prospectus dated 25 February 2021 and the Supplement dated 07 October 2021

# IsDB's Commitment to SDGs

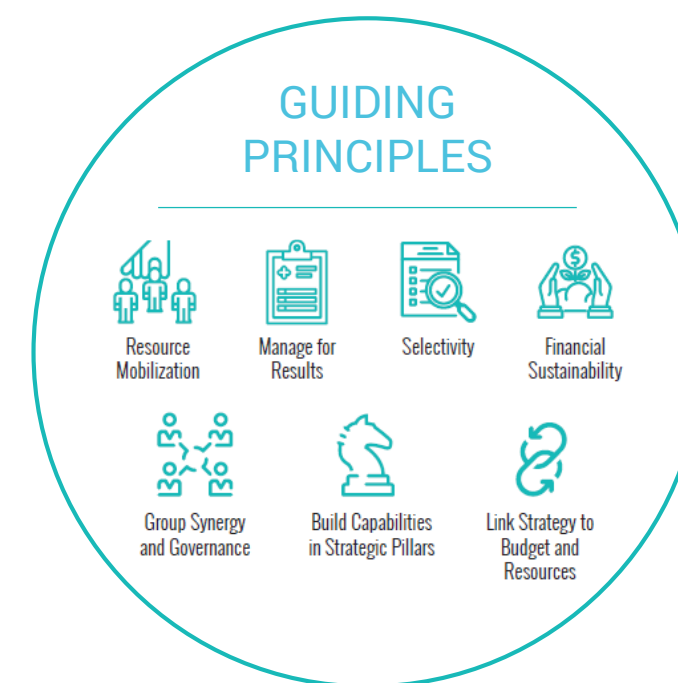
## Sustainable Development Goals ("SDGs") – The 2030 Agenda<sup>1</sup>

- In September 2015, countries throughout the world, spearheaded by the United Nations, signed up to a new agenda for comprehensive and sustainable human development
- The 2030 Agenda aspires to achieve **17 high SDGs** and **169 specific targets**, encompassing the social, economic and environmental dimensions of development

These aspirations for human dignity, and 'to leave no one behind', is fully in line with the principles and objectives of the IsDB

- The IsDB group is fully committed to the SDGs. It recognizes that development objectives vary from one country to another
- The IsDB group supports the implementation of this transformative agenda according to the needs and priorities of its member countries, through a collaborative approach, and in partnership with bilateral and multilateral development financing institutions, the private sector and civil society

## IsDB Group 10 Year Strategic Framework (2016 – 2025)<sup>2</sup>



## Development Results over 2020

- 1 NO POVERTY** ▶ 5,202 Shelters/houses built, upgraded or rehabilitated
- 2 ZERO HUNGER** ▶ 332 Ha. area irrigated
- 3 GOOD HEALTH**
  - ▶ 10,417,565 people benefitted from outpatient services annually
  - ▶ 700 beds added to health facilities
  - ▶ Preventive healthcare – 1,300 people reached through awareness campaigns
  - ▶ 694 health personnel trained
- 7 AFFORDABLE AND CLEAN ENERGY** ▶ 200 MW equivalent energy generation capacity installed using renewable sources
- 8 DECENT WORK AND ECONOMIC GROWTH**
  - ▶ 556 people secured employment
  - ▶ 153,685 people trained

1. Source: United Nations Development Programme – Sustainable Development Goals

2. Source: IsDB Annual Development Effectiveness Report 2020

# Sustainability at IsDB



IsDB targets to achieve the Sustainable Development Goals (SDGs) in accordance with the specific development needs of its Member Countries (MCs)

## 3Rs Package

In response to the COVID-19 pandemic, a USD 4.6bn<sup>1</sup> aid [package](#) for MCs and Muslim communities in non-MCs. Launched 'The 3Rs' – an integrated response package to mitigate the COVID-19 pandemic: [Respond](#), [Restore](#), [Restart](#)



Various sector policies which establish the overall direction for IsDB's operations in MCs, in line with the IsDB 10-Year Strategy



IsDB has established a Sustainable Finance Framework, and has secured a Second Party Opinion (SPO) from CICERO with a shading of Medium-Green, on the basis of which IsDB issued its first Green Sukuk in November 2019 and subsequent labelled issuances.

[Sustainable Finance Framework](#)

[Second Party Opinion](#)



Identified an eligible assets portfolio of USD 6.1 billion in line with the Framework, of which USD 3.9 billion are social assets and USD 2.2 billion are green assets. These serve as the foundation for Green, Social and Sustainability (GSS) Sukuk



As per the Sustainable Finance Framework, IsDB allocates an amount equivalent to the proceeds raised through GSS Sukuk to the financing and/or refinancing, of new and/or existing Eligible Projects which includes a variety of sectors in IsDB MCs such as, among others, renewable energy, clean transportation, energy efficiency, access to finance for micro, small and medium enterprises and expanding access to free/subsidized healthcare

1. Group-level package as of Aug-2021; aid package of US\$ 2.1 bn was announced last year and has since grown to \$4.6bn comprising new funding and re-allocations. Source: IsDB Press Releases

# Governance

IsDB has multiple governance bodies within the organization spanning oversight, risk, audit, compliance and departments to assess the Bank's development impact and effectiveness.

- Board of Executive Directors (incl. Audit Committee, Operations Development Effectiveness Committee, etc.)
- High Level IsDB Group Committee for COVID-19 Pandemic-related Activities
- Financial Sustainability Committee
- Sustainable Finance Task Force
- Risk Management Department
- Internal Audit Department
- Integrity & Ethics Department
- Group Operations Evaluation Department
- Shariah Audit



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# IsDB's Capital Structure & Strong Capital Base

## Stable Capital Structure

- Ordinary operations are funded primarily by shareholders' equity from IsDB – Ordinary Capital Resources' ("OCRs") member countries and supplemented by resources mobilised from the market
- Authorized Capital of ID 100.0 billion (US\$ 144.0 billion), Subscribed Share Capital at US\$ 72.4 billion and Callable Capital at US\$ 58.9 billion
- Member countries are irrevocably committed to pay their portion of the subscribed capital
- Maintained a high equity to assets ratio of 37.3%<sup>1</sup> or above since inception
- Calls are made in freely convertible currencies acceptable to IsDB
- IsDB OCR's shares cannot be pledged or encumbered and cannot be transferred to any entity other than the IsDB-OCRs

## Strong Capital Base

- Conservative use of leverage versus peers
- IsDB's called-up capital as % of subscribed share capital is 19%<sup>3</sup>
- Total amount of equity investment, outstanding loans and other ordinary operations cannot, at any time, exceed the total amount of unimpaired subscribed capital, reserves, deposits, other funds raised and surplus included in the IsDB - Ordinary Capital Resources

Notes: IsDB's unit of account 1 Islamic Dinar = 1 Special Drawing Right of the IMF

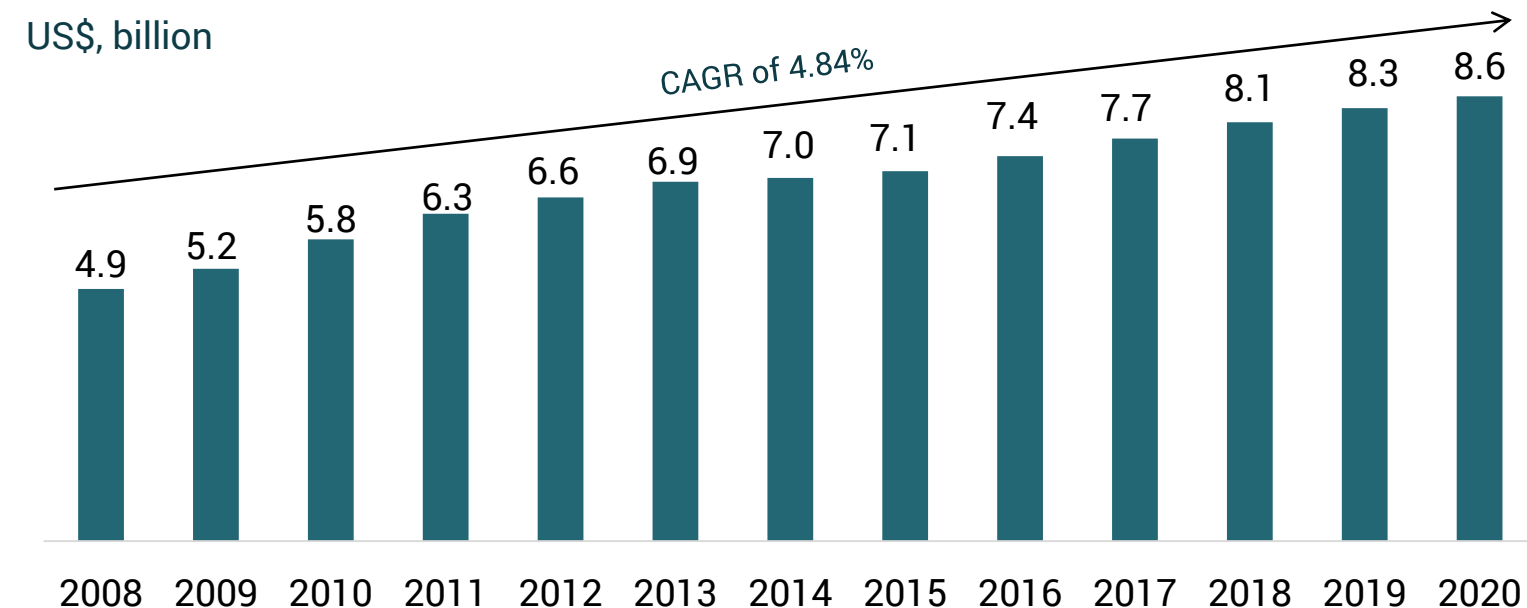
1. For a description of how the ratios above are calculated, please refer to the Base Prospectus dated 25 February 2021 and Supplement dated 07 October 2021

2. US\$ equivalent, ID to USD conversion rate used as of end of Year 2020 (1ID = US\$1.44027)

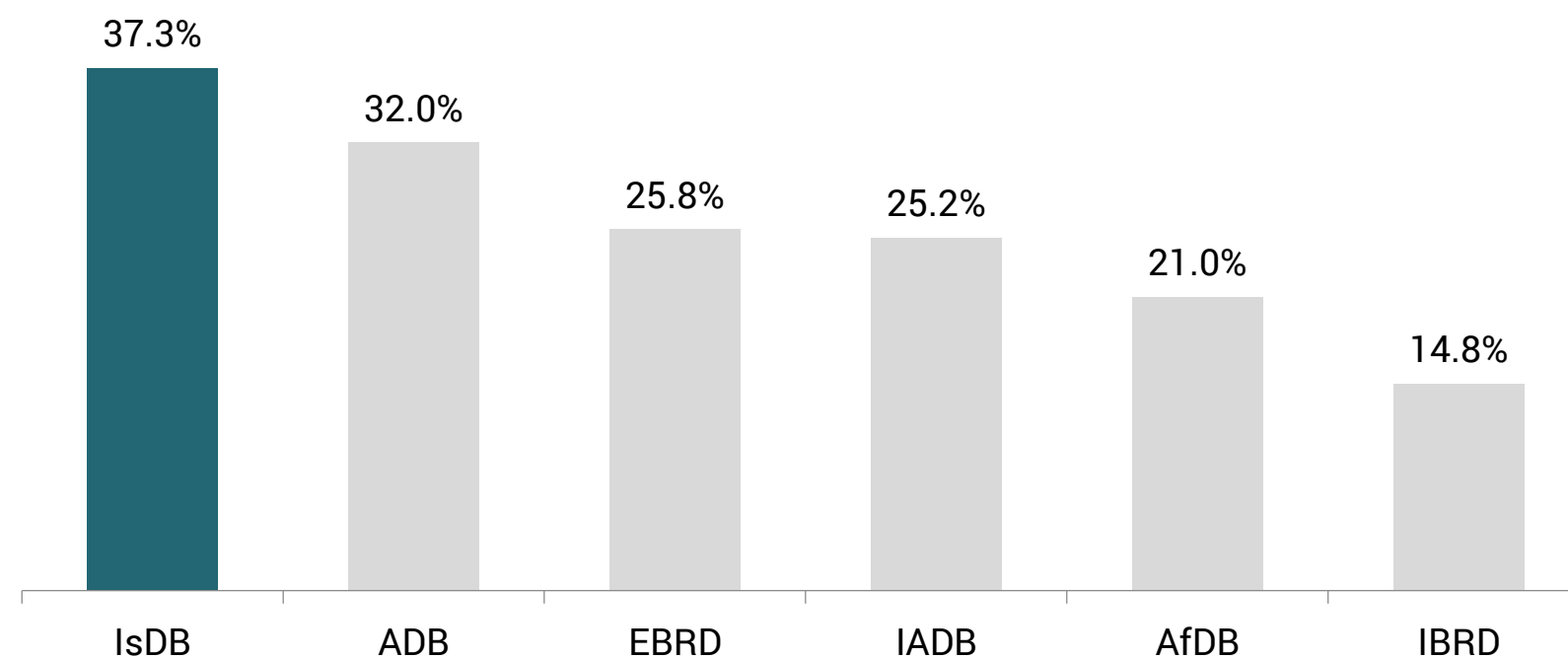
3. As of Dec-2020. Calculated as called-up capital of \$13.5bn divided by subscribed share capital of \$72.4bn

4. Fitch Ratings as of 31-Dec-2019. EBRD as of Jun-2020

## Paid-up Capital<sup>2</sup>



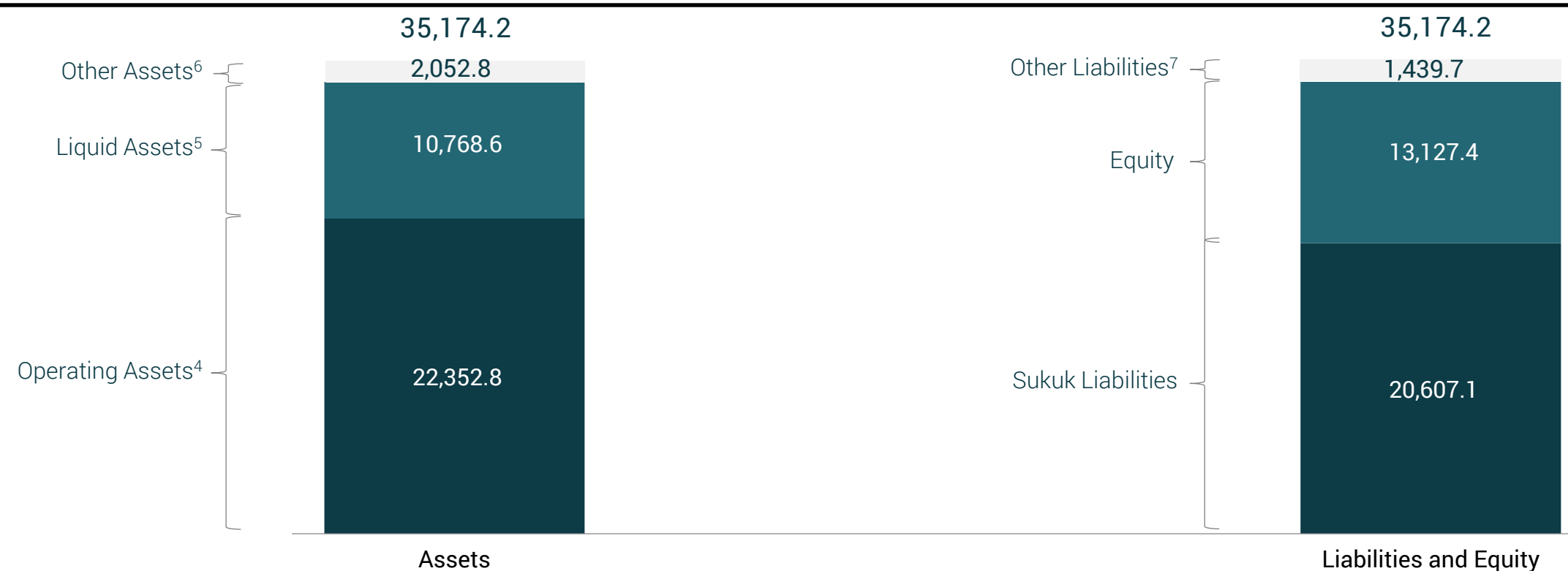
## Equity-to-Adjusted Assets vs Peers<sup>4</sup>



# Financial Highlights

| (US\$ million) <sup>1</sup> | Year End 2020 | Year End 2019 | Year End 2018 | Year End 2017 | Year End 2016 <sup>2</sup> | Year End 2015 |
|-----------------------------|---------------|---------------|---------------|---------------|----------------------------|---------------|
| Total Assets                | 35,174.2      | 33,952.8      | 31,754.4      | 28,338.8      | 26,136.3                   | 23,184.6      |
| Total Liabilities           | 22,046.8      | 20,896.4      | 19,166.1      | 16,075.0      | 14,139.4                   | 11,879.2      |
| Shareholders Equity         | 13,127.4      | 13,056.5      | 12,588.1      | 12,265.8      | 11,997.0                   | 11,305.4      |
| Total Income <sup>3</sup>   | 853.8         | 895.6         | 774.4         | 828.9         | 991.2                      | 578.7         |
| Net Income                  | 167.4         | 202.2         | 120.8         | 283.7         | 442.3                      | 227.0         |

## Balance Sheet Overview, US\$ million as of 31 December 2020



Source: 2015-2020 Audited Financial Statements

1. Figures of past years are calculated as per ID/USD exchange rate of 31 Dec 2020 (1.44027)

2. Financial Statements from 14 October 2015 to 31 December 2016

3. Income from Treasury Assets, Project Assets, Investment Assets and Other Income

4. Operating Assets include Istisna'a, Restricted Mudarabah, Instalment Financing, Loans and Ijarah

5. Liquid Assets include Cash and Cash equivalents, Commodity Placements, Investments in Sukuk and Murabaha financings

6. Other Assets include accrued income and other assets, investments in equity, investments in associates, investments in fixed assets

7. Other liabilities include other liabilities, Wakala deposits and commodity purchase liabilities







# Key Performance Metrics

A highly conservative institution with high capitalization, high liquidity and low leverage versus other MDB peers

Selected Key Ratios as of 31 December 2020<sup>1</sup>

| Leverage Ratio |                     | Capitalization Metrics     |        | Liquidity Metrics   |          |
|----------------|---------------------|----------------------------|--------|---|----------|
| Debt / Equity  | 164.2% <sup>2</sup> | Assets / Total Liabilities | 159.5% | Liquid Assets / Short Term Liabilities <sup>3</sup>         | 1,139.4% |
|                |                     | Equity / Total Liabilities | 59.5%  | Liquid Assets <sup>3</sup> / Total Liabilities <sup>4</sup> | 48.8%    |

Other Key Ratios as of 31 December 2020<sup>5</sup>

|  |  IsDB |  IBRD |  AfDB |  IADB |  ADB |  EBRD |
|--|---|---|---|--|---|--|
| Liquid assets / adjusted total assets  | 30%   | 29%   | 35%   | 26%  | 16%   | 47%  |
| Liquid assets / gross debt             | 57%   | 36%   | 49%   | 37%  | 35%   | 70%  |
| Risk adjusted capital ratio            | 33%   | 26%   | 19%   | 22%  | 37%   | 30%  |
| Gross debt / adjusted total assets (%) | 52%   | 81%   | 72%   | 71%  | 47%   | 67%  |

Source: S&P Supranational Special Edition October 2020

1. For a description of how the ratios above are calculated, please refer to the Base Prospectus dated 25 February 2021 and Supplement dated 07 October 2021
2. Debt includes Sukuk issued and commodity purchase liabilities
3. Liquid assets of the IsDB-OCR divided by its short-term liabilities. For these purposes, short-term liabilities include commodity murabaha liabilities and other liabilities

4. Liquid assets of the IsDB-OCR divided by its total liabilities. For these purposes, liquid assets comprise treasury assets which include cash and cash equivalents, commodity Murabaha placements, sukuk investments and Murabaha financing
5. Source: S&P - Supranationals Special Edition October 2019 Comparative Data For Multilateral Lending Institutions<sup>5</sup>



# Conservative Risk Management

## Risk Management Controls

- Exposure limits are determined by the Risk Management Department
- The Treasury department and the business units each have risk management functions that manage and control the exposures in the respective businesses

## Credit Risk

- Preferred creditor status on sovereign financing:
  - 93.6% of all financing, excluding equity investments, is sovereign guaranteed
  - Remaining exposure to public private partnerships typically with elements of sovereign support
- Exposure to member countries is diversified with a view to avoid excessive concentration of risk. IsDB has established exposure limits for each country

## Currency Risk

- Investment portfolio is held in currencies in line with the Islamic Dinar (ID) basket currency which provides a natural currency hedge (consists of US\$: 41.73%, EUR: 30.93%, GBP: 10.92%, JPY:8.09%, RMB: 8.33% since October 1, 2016)
- All of IsDB's financing operations are denominated in the component currencies of ID. IsDB does not trade in currencies

## Liquidity Risk

- Conservative approach to liquidity management; IsDB maintains sufficient liquidity levels to fulfill all commitments for a period of 24 months under a normal market scenario and 12 months under stress scenario
- IsDB's policy with regards to liquidity management requires IsDB to hold substantial liquid assets, which include cash, cash equivalents, commodity placements and Murabaha financing with short-term maturity of 3-12 months
- The *Waqf* Fund (Endowment Fund) – provides an additional layer of liquidity protection with total assets of US\$819.3 million as at 31 December 2020<sup>1</sup>

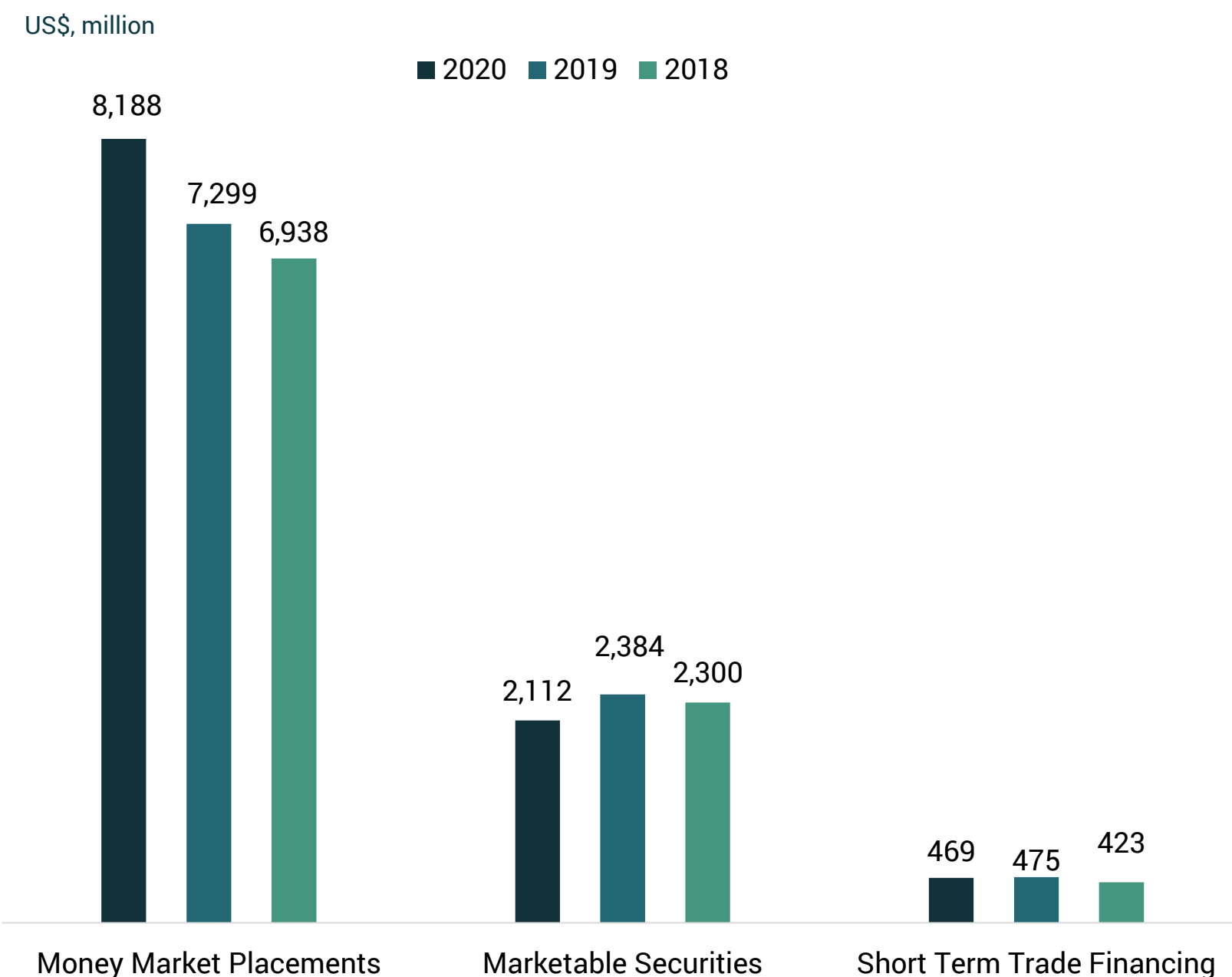
## Interest Rate Risk

- IsDB endeavors to minimise rate mismatches in liabilities and financing portfolio
- IsDB utilises Shariah-compatible hedging to mitigate any mismatches

1. IsDB's unit of account is as follows: 1 Islamic Dinar = 1 Special Drawing Right of the IMF. Exchange rate of ID1 = US\$1.44027 for the year ended 31 December 2020htcn

# Prudent Investment Management of Treasury Portfolio

Treasury Department manages more than US\$ 10.7 billion of Funds



Source: 2018-2020 Financial Statements

- 1 Money Market Placements = Commodity Placements + Cash and Cash Equivalents  
 2 Short-Term Trade Financing = Murabaha Financing with maturities of <6 months

## A Money Market Placements<sup>1</sup>

- Money market placements comprise about 76% of total treasury investment portfolio:
  - Minimum rating of single 'A' for non-member country FIs
  - For placements with member country FIs, at least 83% of exposure is to institutions rated "BBB" or higher
  - Conservative country and entity limits

## B Marketable Securities

- Conservative approach to investments in marketable securities to better manage overall portfolio risk:
  - Investment grade for corporate papers
  - Selective approach for sovereign investments
  - Total size not to exceed 10% of total issuance

## C Short Term Trade Financing<sup>2</sup>

- Similarly, IsDB maintains a prudent strategy for its short-term trade financing portfolio:
  - Mainly focused on member countries
  - Non-member countries are required to provide sovereign guarantees in order to avail trade financing
  - Total size of Murabaha financing does not exceed US\$ 1.0 billion



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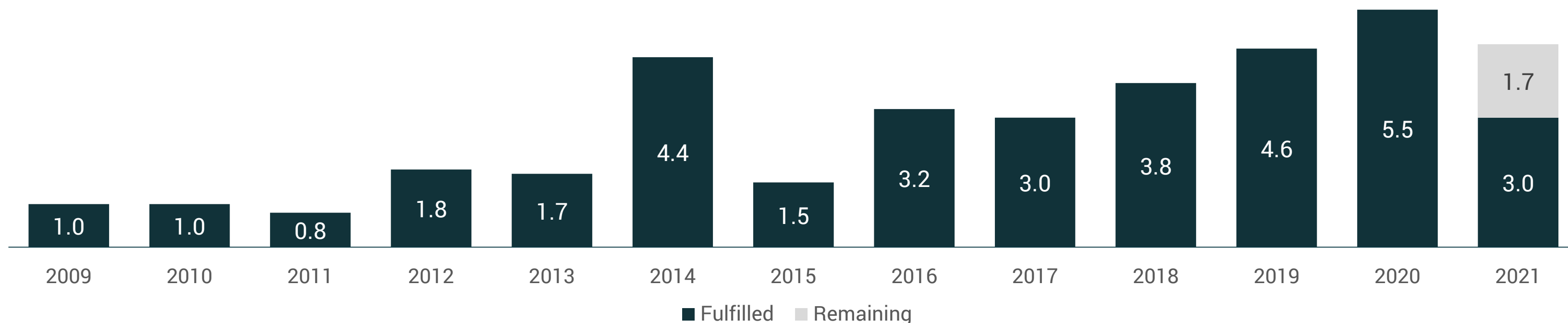
# IsDB in the Capital Markets

## Funding Requirements and Drivers

- IsDB has demonstrated its commitment to the capital markets with successive issuances since 2009 and strengthened its profile as a regular SSA frequent issuer
- This is executed under its EMTN/TCIP programme of a US\$ 25 billion limit, which is admitted to the official list and trading on the Euronext Dublin and NASDAQ Dubai
- IsDB is a frequent US\$ issuer and has also become a frequent issuer in raising funds in Private Placement format in various currencies
- The primary driver of the growth in funding is increased project financing (assets) in Member Countries as part of the Member Country Partnership Strategy (MCPS)
- The approved funding program for the year 2021 is US\$ 4.7 billion (US\$ 3.0 billion has been fulfilled through a public issue of US\$ 2.5 billion and two PPs with cumulative volume of US\$ 475 million)

## Annual Funding Volumes

2009-2021, US\$ billion



Source: IsDB Annual Financial Statements (2009-2020), Planned for 2021

# IsDB's Issuances

## Public Issuances by IsDB

- Establishing a track record by issuing benchmark transactions in the RegS market
- Deepening and broadening investor base
- Policy of tapping markets every year through US\$ and/or EUR benchmark issuance(s)

| Issue Date | Maturity | Amount (mn) | ISIN         |
|------------|----------|-------------|--------------|
| Dec-16     | Dec-21   | US\$1,250   | XS1529847409 |
| Apr-17     | Apr-22   | US\$1,250   | XS1595895951 |
| Sep-17     | Sep-22   | US\$1,250   | XS1687330032 |
| Mar-18     | Mar-23   | US\$1,250   | XS1789173157 |
| Sep-18     | Sep-23   | US\$1,300   | XS1882681536 |
| Nov-18     | Nov-23   | EUR650      | XS1898281792 |
| Apr-19     | Apr-24   | US\$1,500   | XS1984261484 |
| Oct-19     | Oct-24   | US\$1,500   | XS2059789508 |
| Dec-19     | Dec-24   | EUR1,000    | XS2089242064 |
| Feb-20     | Feb-25   | US\$2,000   | XS2124982971 |
| Jun-20     | Jun-25   | US\$1,500   | XS2194282195 |
| Mar-21     | Mar-26   | US\$2,500   | XS2318745937 |

Debut Green Sukuk

Sustainability Sukuk

## Private Placement Issuances by IsDB

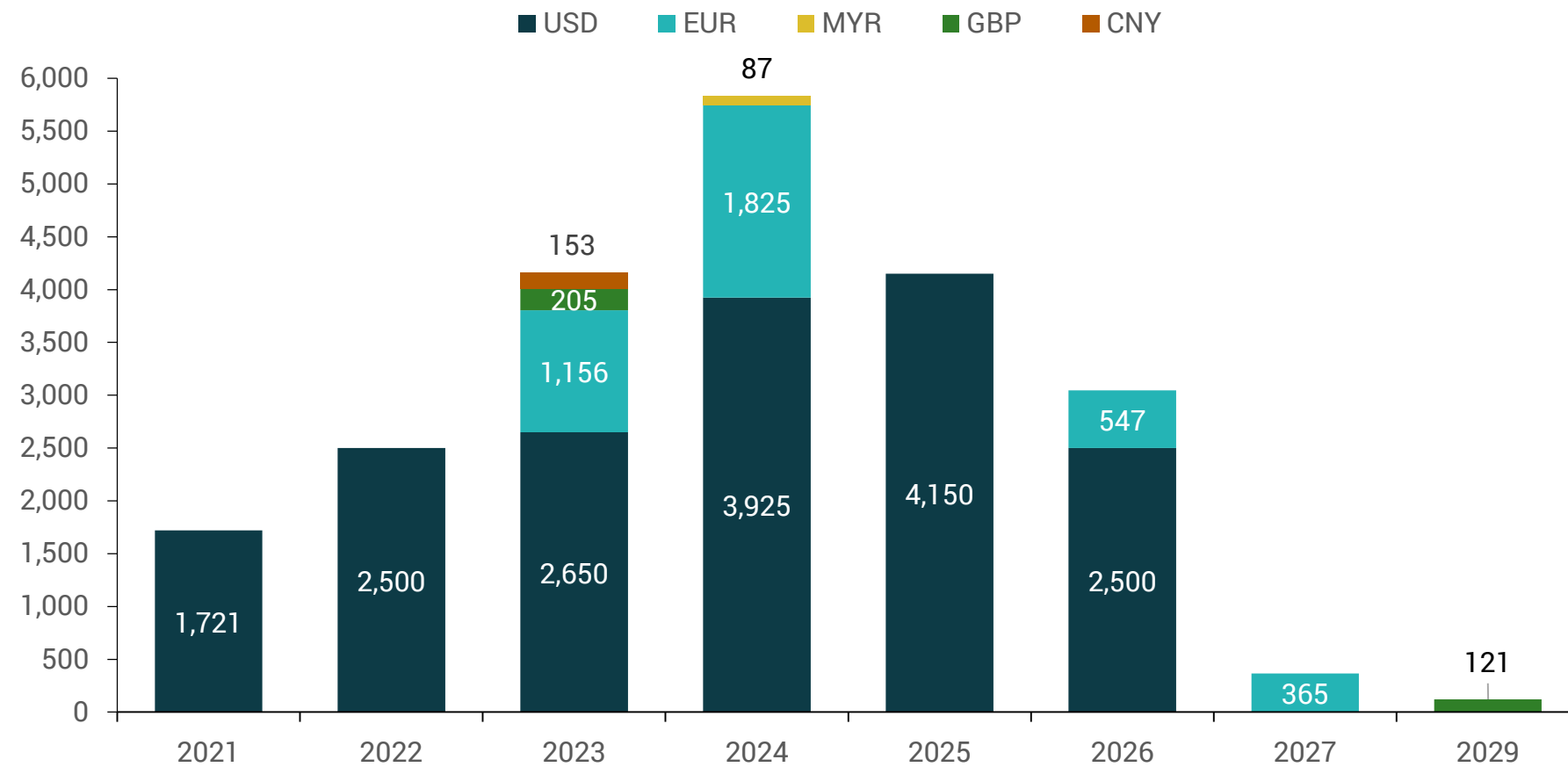
- Preparatory work in progress in several markets
- Tapped various currency markets in Asia, Middle East and Europe
- Tailor-made for investor demands (currency, size, tenor, structure)

| Issue Date | Maturity | Amount (mn) | ISIN         |
|------------|----------|-------------|--------------|
| Nov-18     | Nov-21   | US\$471     | XS1916450064 |
| Feb-20     | Feb-23   | CNY1,000    | XS2116388260 |
| Feb-16     | Mar-23   | EUR300      | XS1373222691 |
| Jun-20     | Jun-23   | GBP153      | XS2195232546 |
| Jul-18     | Jul-23   | US\$100     | XS1857228131 |
| Jan-20     | Jan-24   | EUR50       | XS1936088092 |
| Feb-17     | Feb-24   | EUR300      | XS1571029237 |
| Feb-17     | Feb-24   | EUR150      | XS1568007832 |
| Apr-21     | Apr-24   | US\$400     | XS2337105808 |
| Aug-21     | Aug-24   | US\$75      | XS2377027433 |
| Dec-19     | Dec-24   | US\$100     | XS2092391759 |
| Dec-19     | Dec-24   | US\$100     | XS2092392211 |
| Dec-19     | Dec-24   | US\$250     | XS2092625842 |
| Jan-20     | Jan-25   | US\$550     | XS2099041951 |
| Jul-20     | Jul-25   | US\$100     | XS2205952182 |
| Sep-20     | Sep-26   | EUR450      | XS2240234489 |
| Jan-20     | Jan-27   | EUR300      | XS2104970137 |
| May-20     | May-29   | GBP90       | XS2181277893 |

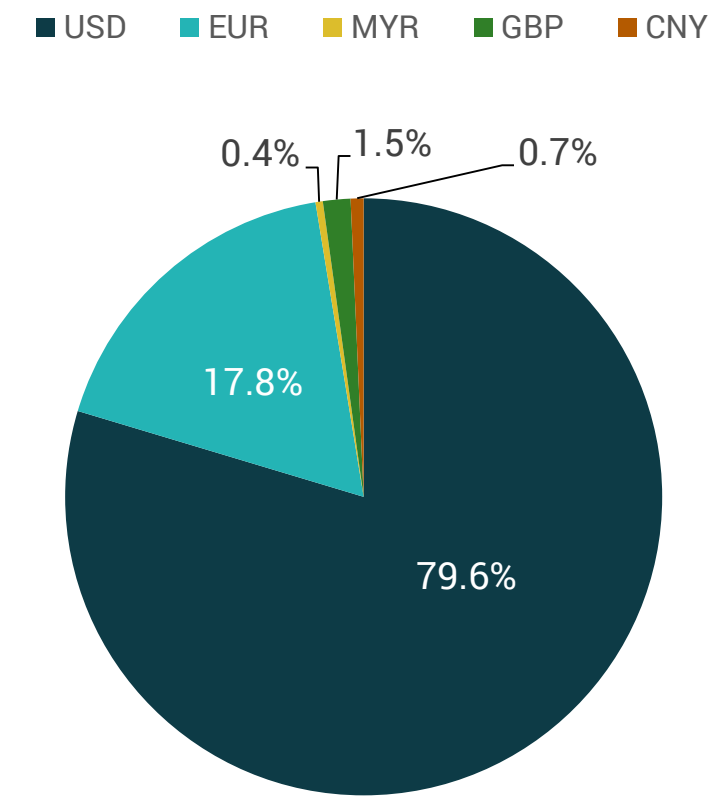
Debut SOFR-linked Sukuk

# IsDB's Borrowing & Redemption Profile

Borrowing & Redemption Profile in the Capital Markets for IsDB (in US\$ million eq.)



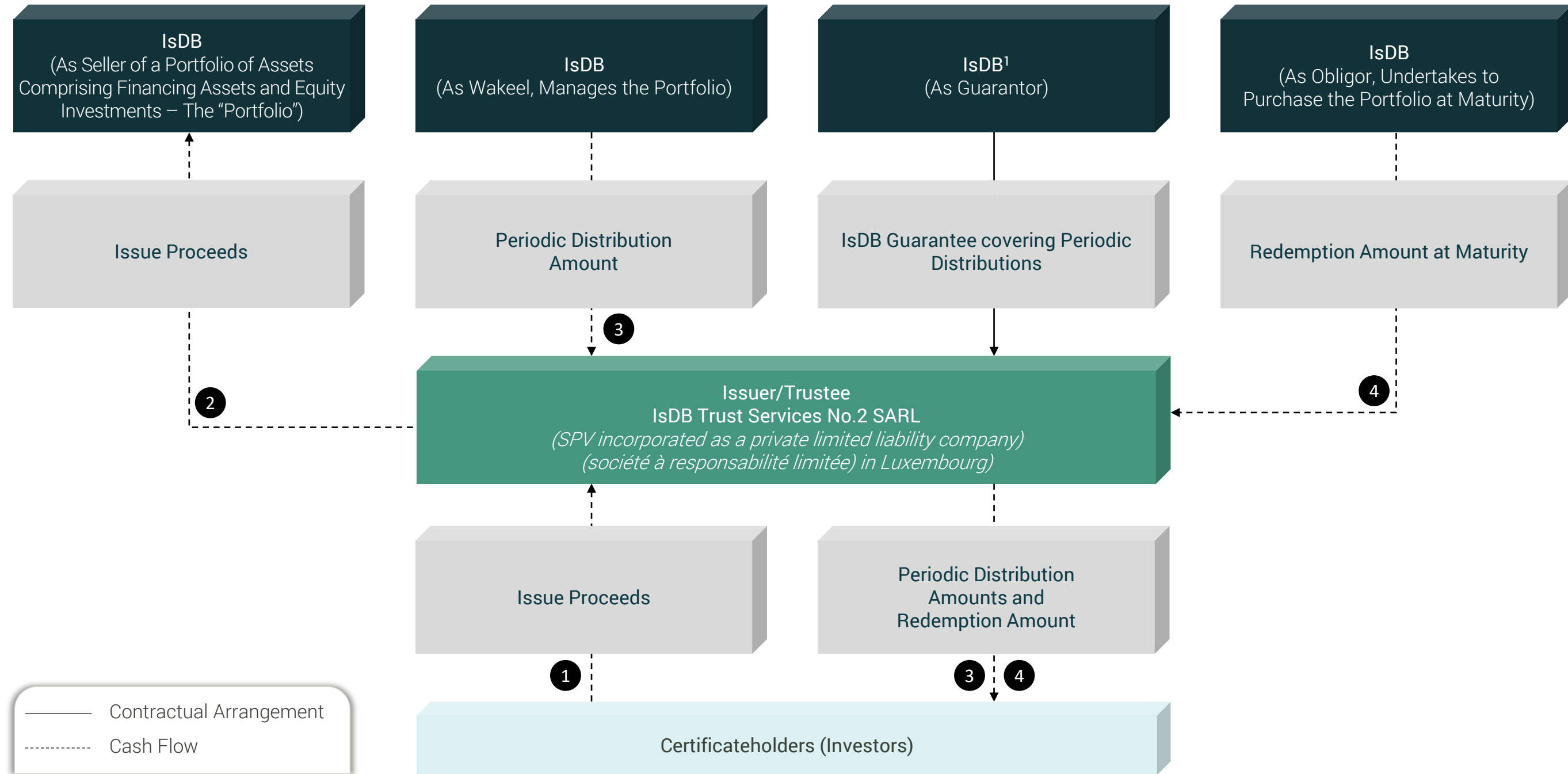
Capital Markets Debt by Currency (%)



- IsDB's capital markets objectives are:
  - Develop a liquid yield curve as part of IsDB's wider strategic objectives
  - Enhance its profile in the international capital markets and reach out to new investors
  - Establish a benchmark in the supranational market
  - Undertake issuance in or linked to different currencies and new benchmarks such as SOFR, ESTR, etc.
- IsDB also intends to play an active role in the Green and Sustainability markets (with its strong ESG-Risk Rating) and also become a frequent EUR issuer
- While IsDB will be raising additional resources going forward, it will always maintain a conservative approach to leverage

Notes: Exchange rate of EUR1 = US\$1.22; GBP1 = US\$1.34; US\$1 = MYR4.04; US\$1 = CNY6.53, as of YE2020

# Trust Certificate (Sukuk) Structure Overview - Rated AAA by the Three Rating Agencies



The above is a summary of the key features of the structure of an offering under IsDB’s Trust Certificate Issuance Programme. For a complete description of the structure, please refer to the Base Prospectus dated 25 February 2021 and the Supplement dated 07 October 2021

1. IsDB receives zero % risk weighting by Basel Committee, similar to other AAA-rated MDBs  
 2. Subject to conditions Banks can substitute the risk weight of the counterparty with the risk weight of the Guarantor – Source: Basel Committee on Banking Supervision – Basel III: Finalising post-crisis reforms (December 2017) - Section 5 (iv) – Range of eligible guarantors (counter-guarantors)/ protection providers and credit derivatives – page 50

# Trust Certificate (Sukuk) Features & Comparison

- Sukuk is commercially identical to a conventional bond
  - It is an asset based financing instrument that eliminates the key prohibitions from conventional bonds (not asset backed)
- Two components to every Sukuk structure:
  - The capital markets component; and
  - The Islamic structuring component

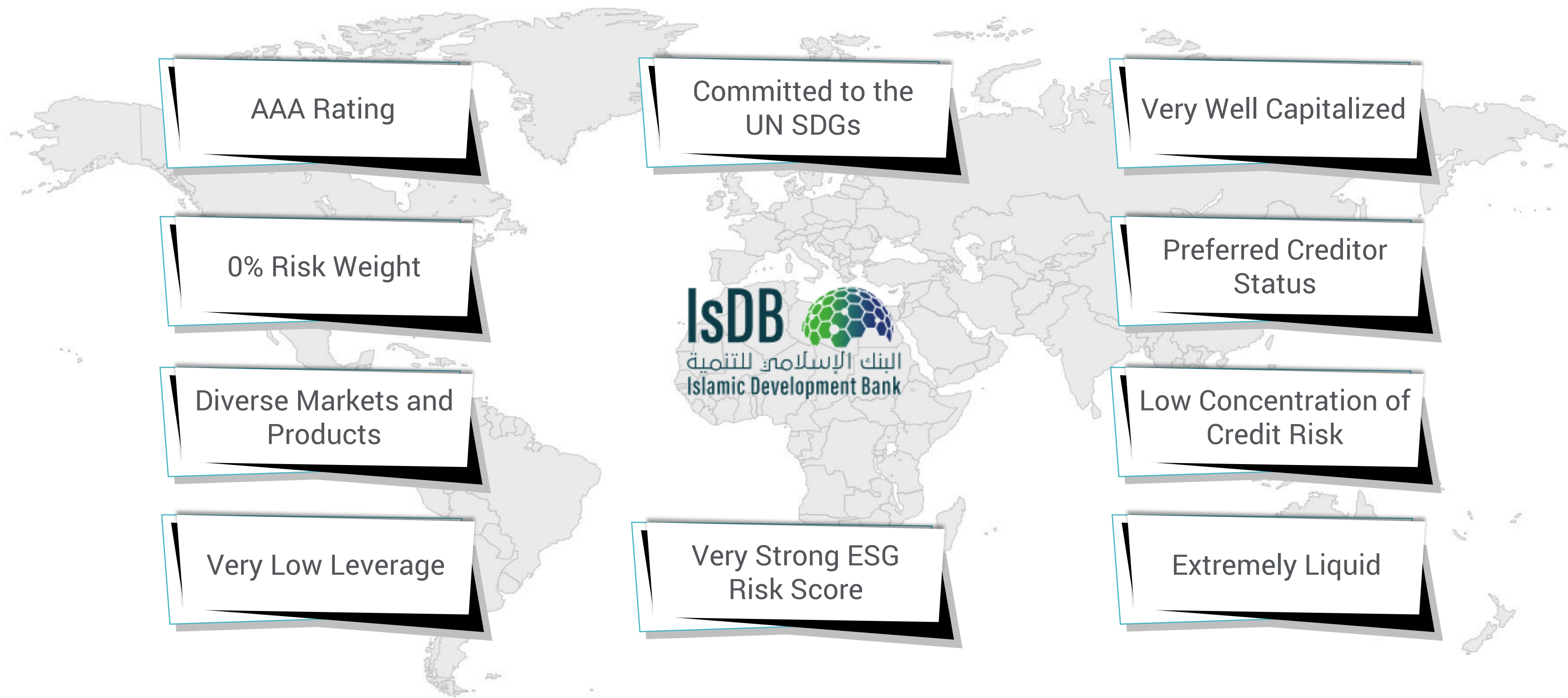
|                          | IsDB Trust Certificates | Peer Conventional Bonds | Asset-Backed Securities |
|--------------------------|-------------------------|-------------------------|-------------------------|
| Debt Obligation          | ✓                       | ✓                       | ✓                       |
| Unsecured                | ✓                       | ✓                       | ✗                       |
| Bullet Maturity          | ✓                       | ✓                       | ✓                       |
| Interest / Profit Rate   | ✓                       | ✓                       | ✓                       |
| Par Value                | ✓                       | ✓                       | ✓                       |
| Listing                  | ✓                       | ✓                       | ✓                       |
| EMTN / TCIP Program      | ✓                       | ✓                       | ✓                       |
| Secondary Market Trading | ✓                       | ✓                       | ✓                       |



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# Key Investment Highlights



# Key Terms of the IsDB's Potential USD Benchmark Public Sukuk Issuance

|                             |   |
|-----------------------------|---|
| Issuer                      | ■ IsDB Trust Services No.2 SARL (Luxembourg incorporated and fully guaranteed by IsDB) *  |
| Guarantor / Obligor         | ■ The Islamic Development Bank  |
| Issuer and Issuance Ratings | ■ Aaa / AAA / AAA (Moody's, S&P, Fitch) – zero-risk weight for IsDB guaranteed deals under BIS *  |
| Structure                   | ■ Fixed Rate, Senior, Unsecured Trust Certificates  |
| Format                      | ■ Regulation S  |
| Currency                    | ■ USD   |
| Amount                      | ■ Benchmark   |
| Pricing Date                | ■ TBC   |
| Tenor (Maturity)            | ■ 5-year  |
| Coupon                      | ■ [ • ]p.a., payable semi-annually in arrears   |
| Use of Net Proceeds         | ■ General corporate purposes  |
| Joint Bookrunners           | ■ Credit Agricole CIB, FAB, HSBC, Islamic Corporation for the Development of the Private Sector, JP Morgan, Natixis, SMBC Nikko, Standard Chartered |
| Governing Law               | ■ English Law   |
| Listings                    | ■ Euronext Dublin and Nasdaq Dubai  |
| ISIN                        | ■ [ • ]   |

\*Source: Basel Committee on Banking Supervision - Basel III: Finalising post-crisis reforms (December 2017), Range of eligible guarantors (counter-guarantors)/protection providers, page 50

# Key Terms of the IsDB's Latest USD Benchmark Public Sukuk Issuance (Mar 2021)

|                             |   |
|-----------------------------|---|
| Issuer                      | ■ IsDB Trust Services No.2 SARL (Luxembourg incorporated and fully guaranteed by IsDB) *  |
| Guarantor / Obligor         | ■ The Islamic Development Bank  |
| Issuer and Issuance Ratings | ■ Aaa / AAA / AAA (Moody's, S&P, Fitch) – zero-risk weight for IsDB guaranteed deals under BIS *  |
| Structure                   | ■ Fixed Rate, Senior, Unsecured Trust Certificates  |
| Format                      | ■ Regulation S  |
| Currency                    | ■ USD   |
| Amount                      | ■ 2,500,000,000   |
| Pricing Date                | ■ 24 March 2021   |
| Tenor (Maturity)            | ■ 5-year (March 2026)   |
| Coupon                      | ■ 1.262% p.a., payable semi-annually in arrears   |
| Use of Net Proceeds         | ■ To finance/refinance new/existing eligible projects in the social (90%) and green (10%) sectors in accordance with the IsDB Sustainable Finance Framework |
| Joint Bookrunners           | ■ Citi, Goldman Sachs International, HSBC, NATIXIS, Société Générale, Standard Chartered Bank and Warba Bank  |
| Governing Law               | ■ English Law   |
| Listings                    | ■ Euronext Dublin and Nasdaq Dubai  |
| ISIN                        | ■ XS2318745937  |

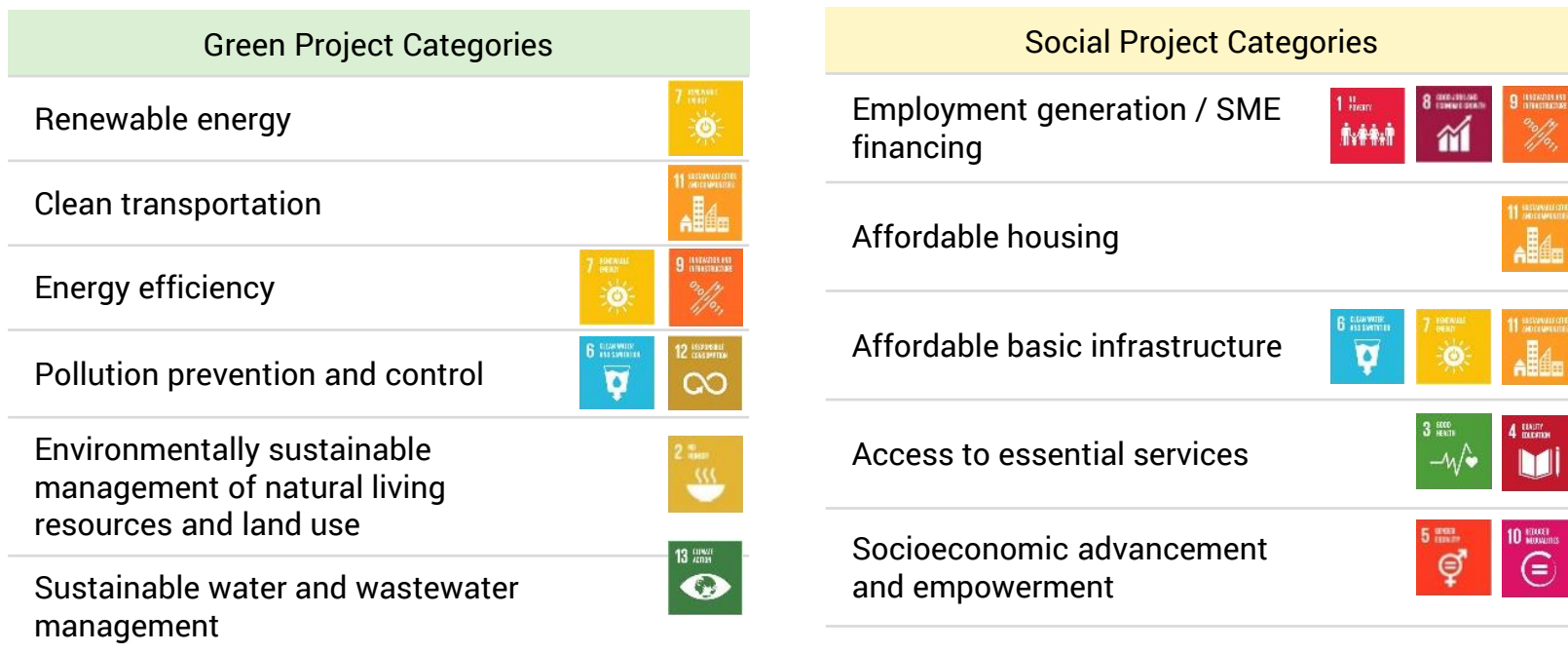
\*Source: Basel Committee on Banking Supervision - Basel III: Finalising post-crisis reforms (December 2017), Range of eligible guarantors (counter-guarantors)/protection providers, page 50



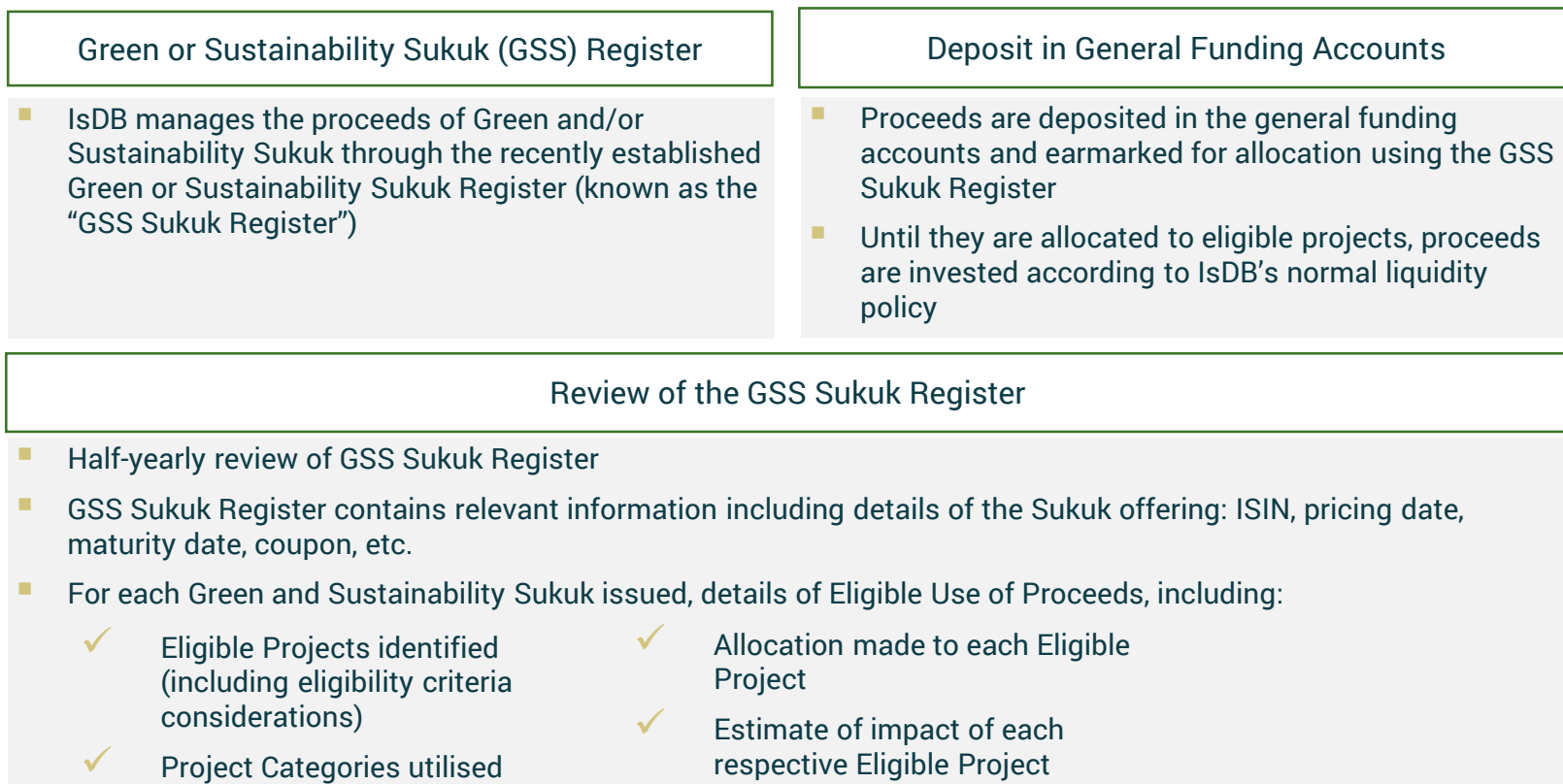
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# IsDB Sustainable Finance Framework (SFF)

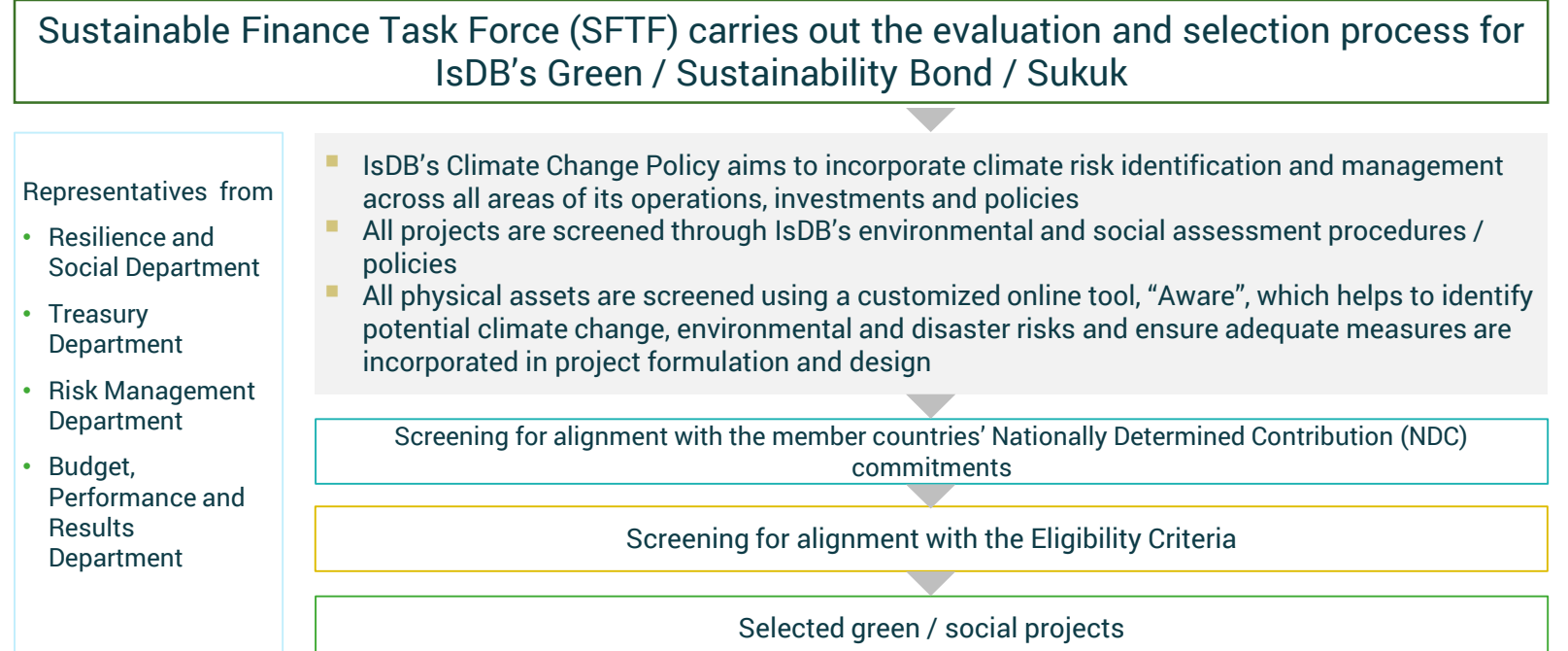
## Pillar 1: Use of Proceeds



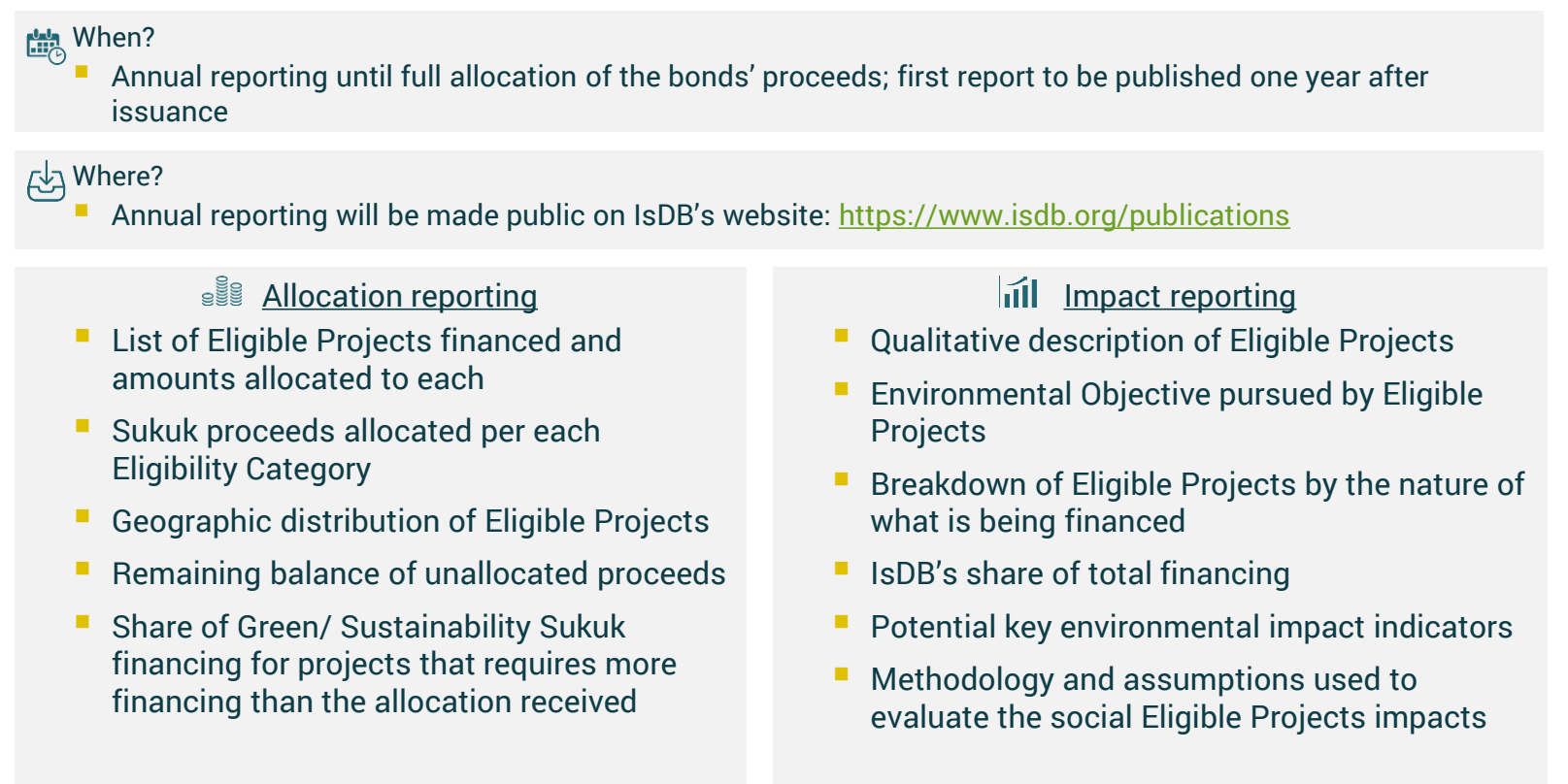
## Pillar 3: Management of Proceeds



## Pillar 2: Project Evaluation and Selection Process



## Pillar 4: Reporting



# Second Party Opinion by CICERO



°CICERO  
Medium Green



**Islamic Development Bank (IsDB) Sustainable Finance Framework**  
November 05, 2019

The Islamic Development Bank (IsDB) is a multilateral development financing institution with 57 member countries (MCs) with significant Muslim communities. As a multilateral development bank aiming to advance the SDGs, it provides a solid foundation for the issuance of green and sustainability bonds.

The projects that can be financed under this sustainable finance framework are broadly defined and can include fossil fuel elements in nearly all project categories. However, the framework excludes, e.g., direct investments in fossil fuel extraction, production and transport, new and existing fossil fuel power plants (e.g., natural gas, combined cycle), roads, large hydropower (>2.5MW), new landfill construction or expansion, heavy duty vehicles or bunker fueled shipping, deforestation, expansion of livestock production and palm oil plantations. Proceeds finance or refinance projects within green and social categories in all of IsDB's MCs. Green eligible project categories are renewable energy, clean transportation, energy efficiency, pollution prevention and control, environmentally sustainable management of natural living resources and land use and sustainable water and wastewater management. Social categories include employment generation / SME Financing, affordable housing, affordable basic infrastructure, access to essential services and socioeconomic advancement and empowerment.

IsDB provides a sound governance structure that includes a two-step project selection process including environmental and social screening procedures as well as climate resilience assessments, despite a lack of activity level emissions reporting and targets. Reporting for the sustainability and green risks will be conducted on a project-by-project level and an external review of the impact reporting will be published. However, more progress oriented impact metrics would substantially improve this framework in addition to also reporting on environmental indicators for all social projects financed and vice versa.

The social project categories aim at development of IsDB's MCs in a socially sustainable fashion, but would benefit from targeting audiences to ensure equal access. The issuer demonstrates a strong drive to facilitate economic development, while taking into consideration the trade-off between green growth and economic development. However, the strong focus on economic development results in a broad categorization of target audiences for social development. The lack of detailed definitions of marginalized, vulnerable and poor target populations benefitting from this framework risks unequal access to infrastructure and

[Executive Summary continues on next page]

**SUSTAINABILITY BOND GUIDELINES**  
Based on this review, the framework is found in alignment with the green bond principles, the social bond principles and the sustainability bond guidelines.

Included in the overall shading is an assessment of the governance structure of the sustainable finance framework. CICERO Shades of Green and IISD find the governance procedures in IsDB's framework to be Excellent.

**SOCIAL ASSESSMENT**  
Based on our review, the social projects aim for sustainable development, but without target audience identification, bear some risk to intended social benefits and effectiveness of eligible asset categories proposed in the framework.

**SHADES OF GREEN**  
Based on our review, we rate the IsDB's sustainable finance framework CICERO Medium Green.

PUBLIC - Second Opinion on IsDB's Sustainable Finance Framework

*“Based on this review, the framework is found in alignment with the green bond principles, the social bond principles and the sustainability bond guidelines”*

*“Included in the overall shading is an assessment of the governance structure of the sustainable finance framework. CICERO Shades of Green and IISD find the governance procedures in IsDB's framework to be Excellent.”*

*“Based on our review, we rate the IsDB's sustainable finance framework CICERO Medium Green”*

*“IsDB has in place a sound management and governance structure, as well as regular and transparent reporting about sustainability and green finance project achievements to investors and the public”*

*“Green and social projects are selected via a two-step selection process that includes significant due-diligence and climate resilience, vulnerability, environmental impact assessments and “do no harm” screening procedures for all physical assets. In addition, IsDB classifies projects into different risk categories with respective additional requirements to mitigate potentially higher risks”*

Source: [https://www.isdb.org/sites/default/files/media/documents/2019-11/2.%20IsDB\\_SPO\\_final\\_051102019.pdf](https://www.isdb.org/sites/default/files/media/documents/2019-11/2.%20IsDB_SPO_final_051102019.pdf)

# Debut Green Sukuk Impact Report Highlights\*



1,025 MW of clean energy generation capacity installed in energy sector



3,233 GWh of clean energy generated per annum in energy sector



291 GWh/yr saved through energy efficiency projects



2000 households provided access to decent and affordable houses with electricity, potable water supply and protection against flood risks



69 hectares of urban development protected from flooding and water disaster



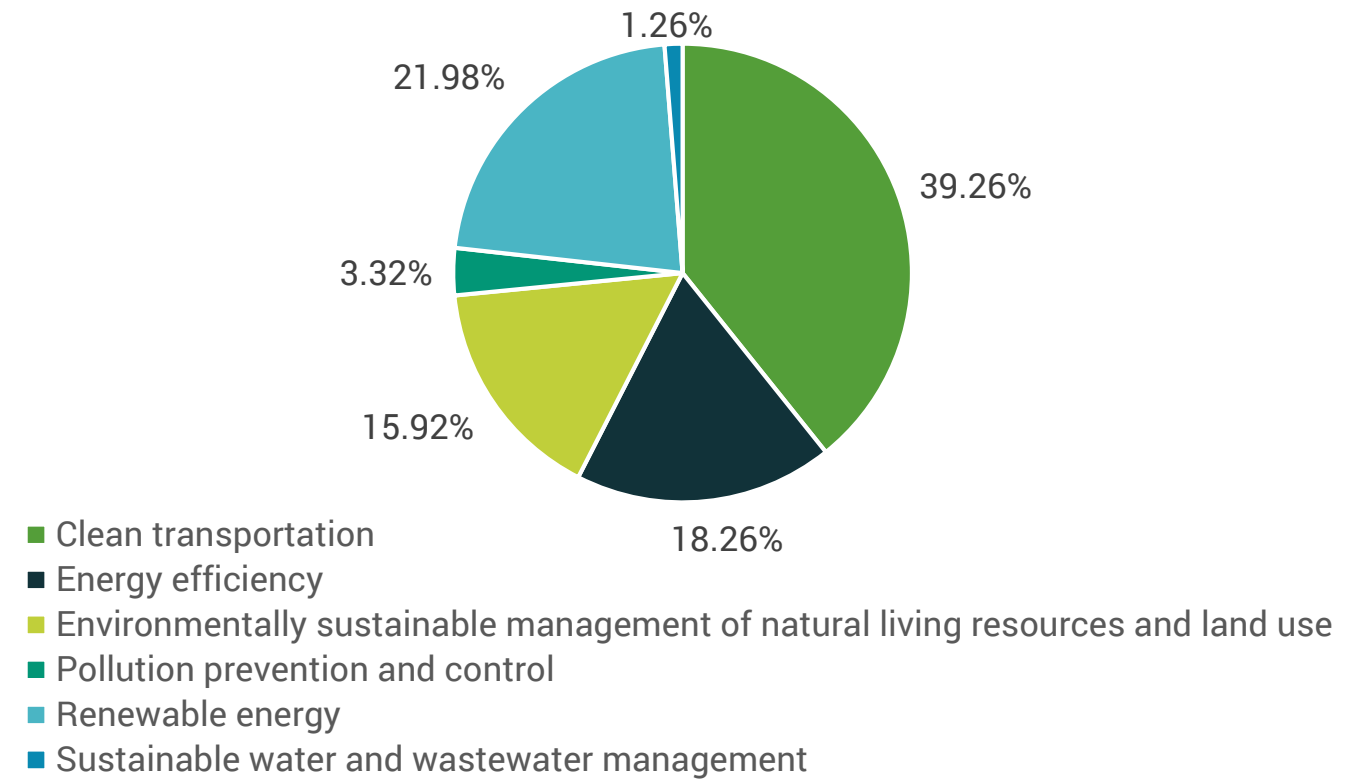
2,000 climate resilient, decent and affordable housing units constructed for urban poor

\* <https://www.isdb.org/pub/general-publications/2020/annual-impact-report-on-isdb-debut-green-sukuk-dec-2020>

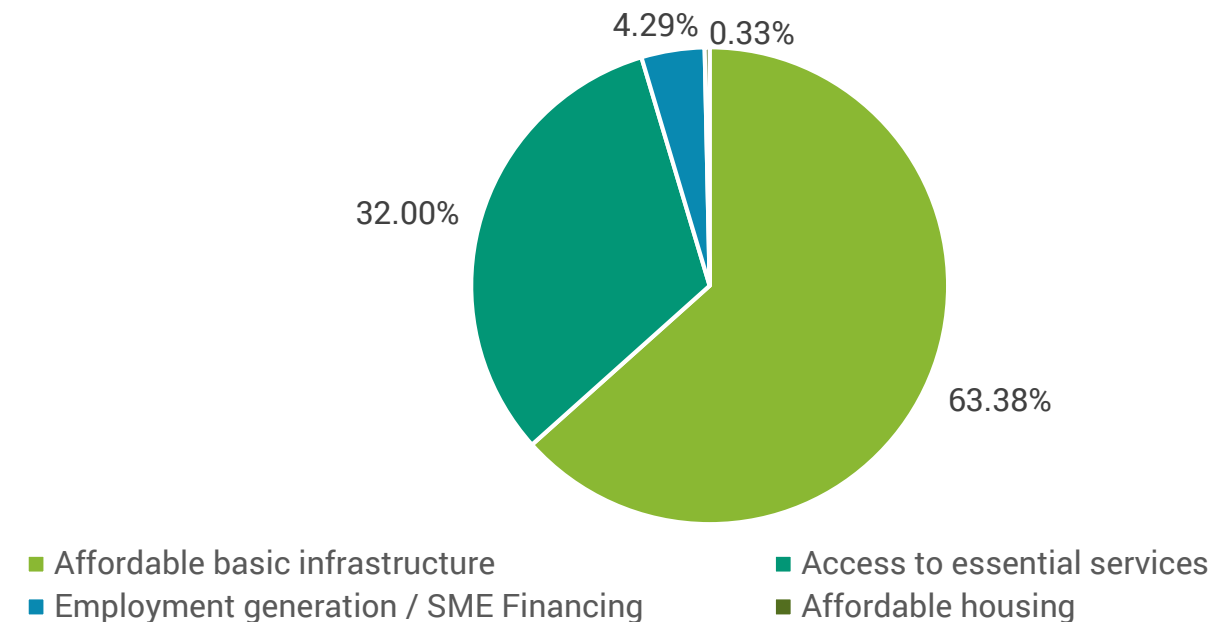
1. EUR 1 billion worth of assets committed for Green Sukuk issued in November 2019  
 2. US\$ 1.5 billion worth of assets committed for Sustainability Sukuk issued in July 2020  
 3. US\$ 2.5 billion worth of assets committed for 2<sup>nd</sup> Sustainability Sukuk issued in Mar 2021

# Eligible Assets Portfolio

## Breakdown of Green Assets<sup>1</sup>



## Breakdown of Social Assets<sup>2,3</sup>





# IsDB's COVID-19 Response - Aligned to our Sustainable Finance Framework (SFF)

## The 3Rs

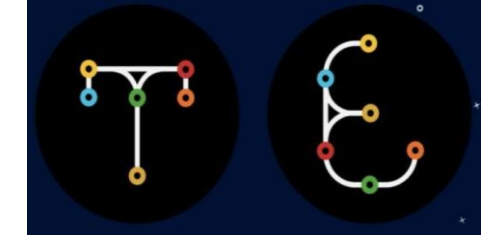
- In March 2020, IsDB launched 'The 3Rs' – an integrated response package to mitigate the COVID-19 pandemic in our Member Countries (MCs) and Muslim communities in non-MCs
- Expenditures under this package align to the Employment Generation and Access to Essential Services project categories in our Sustainable Finance Framework

| Respond   | Restore   | Restart  |
|---|---|--|
| <ul style="list-style-type: none"> <li>■ Strengthening healthcare systems to provide care to the infected</li> <li>■ Building capacity in production of testing kits and vaccines</li> <li>■ Building Pandemic Preparedness capacity in cooperation with G20 Global Initiative</li> </ul> | <ul style="list-style-type: none"> <li>■ Financing for trade and SMEs to sustain activity in core strategic value chains</li> <li>■ Ensure continuity of supplies mainly to health and food sectors, and other essential commodities</li> </ul> | <ul style="list-style-type: none"> <li>■ Build resilient economies on solid foundations and catalyse private investment by supporting economic recovery and countercyclical spending</li> <li>■ Targeted USD10bn to unlock USD1trn worth of investments</li> </ul> |



IsDB-funded Okmeydani Training & Research Hospital

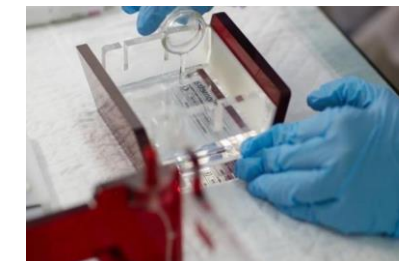
- More than 600 beds
  - 99 high-tech ICU units
  - Serving inpatients from Istanbul and nearby areas suffering from COVID-19
- Eligible Project Category: Access to Essential Services



USD500m Transform Fund

Through the IsDB's Transform Fund we will financially support entrepreneurs, start-ups SMEs and institutions that have ideas that can help curb the spread of COVID-19 and also minimise the socio-economic impact of the Pandemic

Eligible Project Category: Employment Generation



IsDB-TWAS joint programme on science and sustainability

- 2020 Joint Research and Technology Transfer Grant will be allocated to research on areas related to the COVID-19 pandemic
- Eligible Project Category: Access to Essential Services



Rapid Response Centre, Rohingya refugee camps Bangladesh

- Provide specialised medical staff to refugee camps
- Equip camps with PPE and other medical laboratory equipment
- Establish health and awareness-raising educational programs

Eligible Project Category: Access to Essential Services

# Examples of Projects Co-Financed By IsDB

## Indonesia: Strengthening of National Referral Hospitals and Vertical Technical Units Project

- Improve the availability, accessibility, quality and delivery of health services in six hospitals in 5 Provinces of Indonesia.
- Improve the health condition and livelihood of the public by strengthening and improving the health referral and healthcare infrastructure and facilities of vertical hospitals across Indonesia with particular emphasis on Mother and Child Healthcare.

|                      |  |
|----------------------|--|
| Sponsors             | <ul style="list-style-type: none"> <li>Ministry of Health</li> </ul>                   |
| Total Amount         | <ul style="list-style-type: none"> <li>US\$ 293.08 million</li> </ul>                  |
| IsDB's Participation | <ul style="list-style-type: none"> <li>US\$ 261.72 million</li> </ul>                  |
| Date of Approval     | <ul style="list-style-type: none"> <li>19 September 2020</li> </ul>                    |
| Tenor                | <ul style="list-style-type: none"> <li>17 years including 5 years gestation</li> </ul> |

## Benin: COVID-19 Response Project

- Provide COVID-19 protection and sanitization to an estimated 8 million people.
- The project is in line with the Strategic Plan of the Operational Center for Health Emergencies (2018-2022) that derives from the National Health Development Plan (2017-2021)

|                      |  |
|----------------------|--|
| Sponsors             | <ul style="list-style-type: none"> <li>Executing Agency / Beneficiary Unit of Govt.</li> </ul> |
| Total Amount         | <ul style="list-style-type: none"> <li>US\$ 55.95 million</li> </ul>                           |
| IsDB's Participation | <ul style="list-style-type: none"> <li>US\$ 20 million</li> </ul>                              |
| Date of Approval     | <ul style="list-style-type: none"> <li>10 May 2020</li> </ul>                                  |
| Tenor                | <ul style="list-style-type: none"> <li>13 years including 3 years gestation</li> </ul>         |
| Co-Financiers        | <ul style="list-style-type: none"> <li>The World Bank</li> </ul>                               |



MINISTRY OF FINANCE  
REPUBLIC OF INDONESIA



# Examples of Projects Co-Financed By IsDB

## Sierra Leone: Freetown Aquatic Environment Revamping Project

- Improve the water supply, sanitation and preserve the aquatic ecosystem in the City. Providing access to potable water and resilient climate infrastructure to nearly half million people
- The project is in line of the Mid-Term National Development Plan of the Government

|                      |  |
|----------------------|--|
| Sponsors             | ■ Government of Sierra Leone           |
| Total Amount         | ■ US\$ 123.9 million                   |
| IsDB's Participation | ■ US\$ 40 million                      |
| Date of Approval     | ■ 19 September 2020                    |
| Tenor                | ■ 16 years including 4 years gestation |
| Co-Financiers        | ■ AfDB, OFID, Kuwait Fund, GCF, EBID   |



## Turkey: Renewable Energy and Energy Efficiency Program

- Support Turkey's efforts to diversify its energy resources, increase energy supply security and improve energy efficiency
- Part of energy sector support programs resulting in new renewable energy power generation capacity, improved energy efficiency in industry and power distribution grids

|                      |  |
|----------------------|--|
| Sponsors             | ■ Industrial Development Bank of Turkey  |
| Total Amount         | ■ US\$ 1.1 billion   |
| IsDB's Participation | ■ US\$ 220 million   |
| Date of Approval     | ■ 27 October 2013  |
| Tenor                | ■ 15 years including 3 years gestation   |
| Co-Financiers        | ■ IsDB, KfW, EIB, EBRD (all funds were managed through TSKB), Local Commercial Banks, ECAs, Equity |



# Examples of Projects Co-Financed By IsDB

## Tunisia: Integrated Agricultural Development Project

- improving sustainably the agricultural production and productivity and contributing to improving food security by developing the agricultural potential, restoring natural resources improving rural income, and the welfare of the local population in the most depressed rural areas of the governorates of Kef and Kasserine..

|                      |  |
|----------------------|--|
| Sponsors             | <ul style="list-style-type: none"> <li>Ministry of Agriculture, Water Resources and Fisheries</li> </ul> |
| Total Amount         | <ul style="list-style-type: none"> <li>US\$ 43.6 million</li> </ul>                                      |
| IsDB's Participation | <ul style="list-style-type: none"> <li>US\$ 34.6 million</li> </ul>                                      |
| Date of Approval     | <ul style="list-style-type: none"> <li>19 February 2012</li> </ul>                                       |
| Tenor                | <ul style="list-style-type: none"> <li>14 years including 4 years gestation</li> </ul>                   |

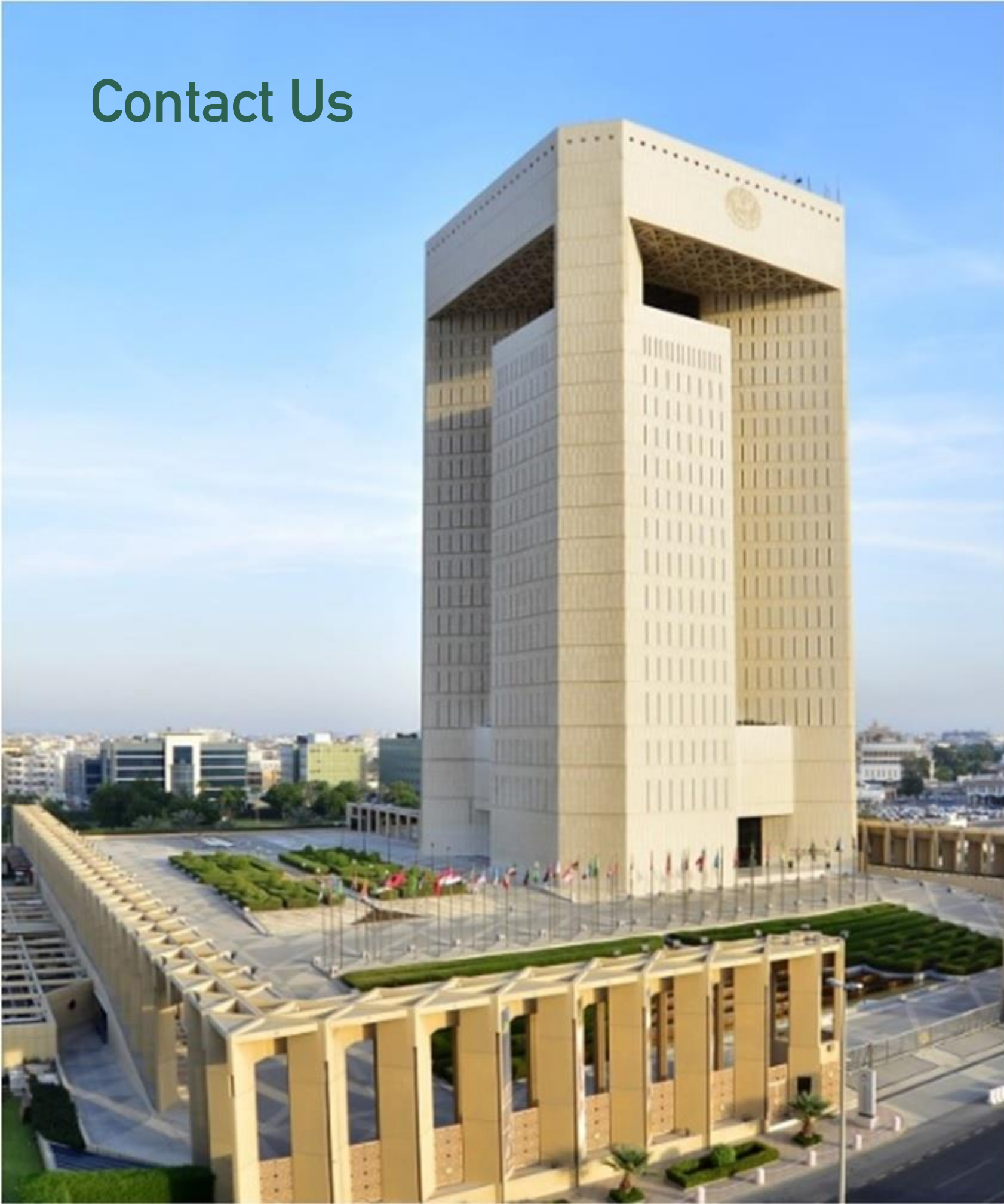
## Mali: Out-Of-School Children Education Program

- Enroll 596,597 out of school children and provide them with a quality education through 8 comprehensive and validated education strategies
- Part of Government efforts to ensure out-of-school children in Mali have access to quality primary school education

|                      |   |
|----------------------|---|
| Sponsors             | <ul style="list-style-type: none"> <li>Government of Mali</li> </ul>                    |
| Total Amount         | <ul style="list-style-type: none"> <li>US\$ 145.2 million</li> </ul>                    |
| IsDB's Participation | <ul style="list-style-type: none"> <li>US\$ 33.3 million</li> </ul>                     |
| Date of Approval     | <ul style="list-style-type: none"> <li>31 March 2019</li> </ul>                         |
| Tenor                | <ul style="list-style-type: none"> <li>20 years including 10 years gestation</li> </ul> |
| Co-Financiers        | <ul style="list-style-type: none"> <li>EAA, ISFD, FONGIM</li> </ul>                     |



# Contact Us



## IsDB Treasury Team

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|                        |                   |  |
|------------------------|-------------------|--|
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