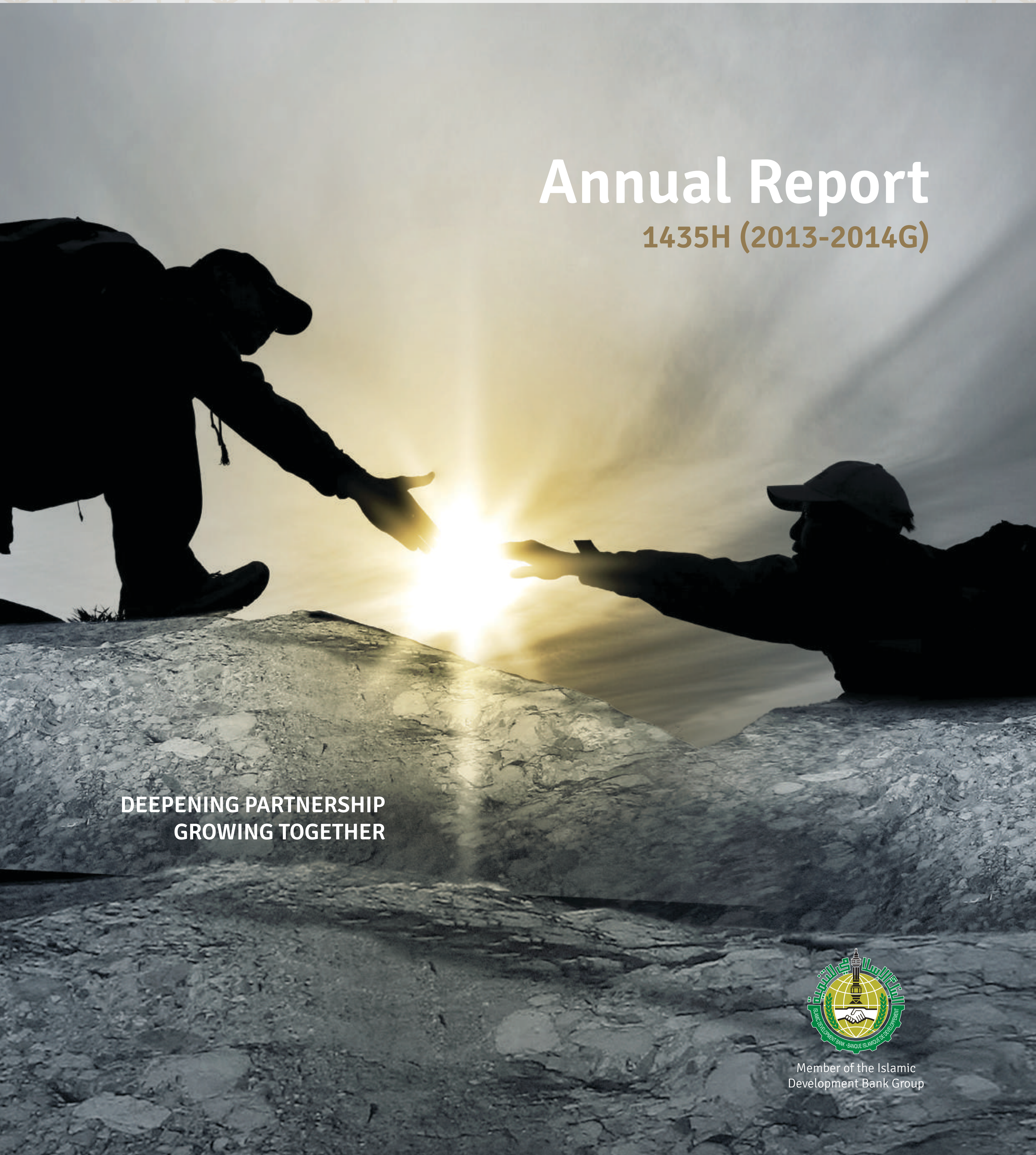
ICIEC

THE ISLAMIC CORPORATION FOR THE INSURANCE OF INVESTMENT AND EXPORT CREDIT

# Annual Report

## 1435H (2013-2014G)



DEEPENING PARTNERSHIP
GROWING TOGETHER

Member of the Islamic Development Bank Group

Date: 08 / 07 / 1436H
27 / 04 /2015G

**In the Name of Allah, the Beneficent, the Most Merciful**

**H. E. The Chairman**
Board of Governors of the Islamic Corporation for the Insurance of Investment and Export Credit.

Dear Mr. Chairman

Assalamu Alaikum wa Rahmatullah wa Barakatuh

In accordance with Articles 27 and 44 (2) of the Articles of Agreement, establishing the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC), I have the honor to present to the esteemed Board of Governors, on behalf of the Board of Directors, the Annual Report of ICIEC for the year 1435H (2013-2014G). The Report highlights ICIEC's activities, achievements and audited financial statements for the year, which ended on 30/12/1435H (24/10/2014G).

Please accept Mr. Chairman the assurances of my highest consideration.

**Dr. Ahmad Mohamed Ali**
Chairman, Board of Directors, ICIEC

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## Vision

To be the internationally recognized leader in Shariah compatible export credit and investment insurance and re-insurance in member countries.

**2010**
Inauguration of the first Representative Office (DIFC/ Dubai).

**2009**
Membership in Berne Union.

**2008**
Assigned first time rating of Aa3 by Moody's.

**2005**
Amendment to ICIEC Articles of Agreement to allow cover of investments from anywhere in the world.

**2000**
Amendment to ICIEC Articles of Agreement to allow cover of exports to the rest of the world

**1994**
Establishment of ICIEC as a multilateral export credit and investment insurance entity, with initial membership of 13 countries

# Key Milestones

**2014**
Maintained the Aa3 rating.
Country membership reaches 42.

**2012**
Increase in paid-up capital by 37% to reach over ID 100 million

**2011**
Increase in the authorized capital from ID 150 million to ID 400 million.

## Mission

To encourage exports from member countries and to facilitate the flow of foreign direct investments to member countries by providing and encouraging the use of Shariah compatible export credit and investment insurance as credit and political risk mitigation instruments.

Dr. Ahmad Mohamed Ali
Chairman

Hon. Abdirahman Sharif
Chad, Comoros, Djibouti, Gabon, Mozambique, Somalia, Uganda

Hon. Ali Hamdan Ahmed
United Arab Emirates

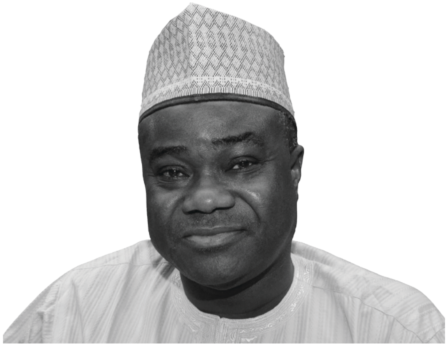
Hon. Bader Abdullah S. Abuaziza
Libya

Hon. Ibrahim Halil ÇANAKCI
Turkey

Hon. Isa Rachmatarwata
Brunei, Indonesia, Malaysia, Suriname

Hon. Ismail Omar Al Dafa
Qatar

Hon. Mohammad Saleem Sethi
Afghanistan, Bangladesh, Pakistan, Maldives



Hon. Mohammed Gambo Shuaibu
Nigeria

Hon. Ulan Aiylchiev
Albania, Azerbaijan, Kazakhstan, Kyrgyz, Tajikistan, Turkmenistan, Uzbekistan

# Board of Directors

**Hon. Bader Mishari Al Hammad**
Kuwait

**Hon. Dr. Hamad Bin Suleiman Al Bazai**
Kingdom of Saudi Arabia

**Hon. Dr. Hisham Alshaar**
Iraq, Jordan, Lebanon, Palestine, Syria

**Hon. Dr. Mohamed Ahmed Hassan Al-Afandi**
Bahrain, Oman, Sudan, Yemen

**Hon. Mohamed Zemmouri**
Algeria, Mauritania, Morocco, Tunisia

**Hon. Mohammad Parizi**
Iran

**Hon. Zeinhom Zahran**
Egypt

**Hon. Mrs Zourehatou Kassah-Traore**
Burkina Faso, Gambia, Mali, Niger, Senegal, Togo

**Hon. Dr. Zul Kifl Salami**
Benin, Cameroon, Cote d'Ivoire, Guinea, Guinea Bissau, Sierra Leone

* In alphabetical order

# Message from the Chief Executive Officer

## Another Year of Sustained Growth

It is my great privilege to submit the Annual Report of the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) for the year 1435H.

I am pleased to report that despite facing political and economic headwinds in the region and beyond, the Corporation has continued to increase its support for exports from, and investments into its Member Countries.

In 1435H, ICIEC facilitated US$4.3 billion of exports and investments for its member countries. Of this, US$3.2 billion (75%) was Short-Term (ST) export credit business, and the balance US$1.1 billion (25%) was Medium-Term (MT) export credit and Foreign Investment Insurance (FII) business.
In comparison to 1434H, when the overall business was US$3.36 billion, business volumes witnessed a healthy growth of 29%.

With respect to claims, ICIEC paid US$316,858, and US$470,241 was recovered. On the whole, the Corporation has made significant strides in 1435H towards accomplishing its goal of supporting Member Countries with export credit and political risk insurance instruments.

This robust performance perhaps explains why the Corporation has been successful in maintaining its rating for the seventh year in a row given by Moody's as Insurer Financial Strength of Aa3.

In another significant development, I am pleased to report that Iraq joined the Corporation in 1435H as the 42nd member of ICIEC. It is our sincere hope that other IDB Member Countries, which are yet to join the Corporation, will complete their membership requirements in the near future. It is worth noting here that ICIEC is currently developing a 10 year strategy within the framework of IDB Group's 10 year strategy.

ICIEC aims at becoming an operationally profitable trade credit and investment insurer, while at the same time implementing its development mandate of accelerating economic development in Member Countries.

At the core of ICIEC's ambition lies the recalibration and further differentiation of the organisation's risk appetite and management as well as a refined value proposition towards its clients and Member Countries.

In conclusion, I would like to take this opportunity to thank the Chairman and the honourable members of the ICIEC Board of Directors for putting their trust in me for this challenging, but fulfilling, responsibility. I am also deeply grateful for their continuous support, without which the Corporation would not have been where it is today.

Last but not least, I want to recognize and deeply appreciate the invaluable contribution of my colleagues and staff whose loyalty, hardwork and dedication have led to the Corporation's continuous growth. I count on their full support and participation and I look forward to a productive 1436H.

Yours sincerely,

**Eng. Hani Salem Sonbol**

Acting Chief Executive Officer, ICIEC

'ICIEC aims at becoming an operationally profitable trade credit and investment insurer, while at the same time implementing its development mandate of accelerating economic development in Member Countries'

# Global Developments: Global Economy Weakens

Global growth had been sluggish in the first quarter of 2014, in which the annual rate dropped from 3.75% in the second half of 2013 to 2.75%—some ½ percentage point lower than projected. Although there were some positive developments in countries like **Germany, Spain, and the United Kingdom, performance of the United States, euro zone, Russia and emerging economies had not been as expected, casting a shadow over the world economy.**

In the US, the high inventory levels at the end of 2013 turned out to be larger than expected, leading to a stronger correction. Further compounding the problem was a harsh winter which dampened demand, coupled with a sharp decline in exports after a strong fourth quarter, resulting in the contraction of output in the first quarter of 2014. However, things are looking up as a growth rebound is underway in the US as temporary factors wane.

At the same time, growth in the euro zone is expected to reach 1.1% in 2014 and 1.5% in 2015, but is predicted to remain sluggish across the rest of the region, reflecting continued financial fragmentation, impaired private and public sector balance sheets, and high unemployment in some economies.

In Russia, continuing geopolitical tensions caused by the Ukraine crisis and falling oil prices, a major source of its revenue, pose greater challenges for the Russian economy.

In emerging market and developing economies, growth is now estimated to have dropped, marginally from 4.7% in 2013 to 4.4% in 2014 before rising to 5.2% in 2015. In China, growth in 2014 is estimated at 7.4%, but it is projected to decline to 7.1% in 2015 as the economy transitions to a more sustainable growth path.

Activity in the **Middle East, North Africa, Afghanistan, and Pakistan (MENAP)** region has been held back by ongoing political transitions in many countries, and more recently, by lower oil prices. Meanwhile, uncertainties arising from prolonged political transitions and weak external environment, weigh on confidence in the oil importing countries. Overall, economic outlook for 2014 reflected the divergent impacts of the Arab revolutions and the emergence of ISIL in both **Iraq and Syria.**

In the face of gloomy outlook elsewhere, growth in sub-Saharan Africa (SSA) has been strong, driven primarily by domestic demand, although at a slower pace than previously anticipated. However, things might turn out dramatically with the outbreak of **Ebola virus in West Africa in March 2014.**

# Overview of the Credit and Political Risk Industry

The Political Risk Insurance (PRI) industry experienced another year of dramatic growth in 2013. Berne Union (BU) members issued over US$100bn in investment insurance in 2013, an increase of 33% over 2012. Private PRI issuers outside the BU reported similar upward trends. In the context of the decline in international investment (total recorded FDI fell by 18% in 2013), such growth is considered impressive.

PRI coverage reached US$54.3bn in the first half of 2014, suggesting that 2013 levels of issuance could well be reached again in 2014.

While international trade seemed to have increased towards the end of 2013, the growth for the whole year remained sluggish. Against this backdrop, the volume of exports and investments covered by BU members increased by approximately 4%, driven by growth in Short-Term (ST) export credit insurance.

The total amount of cross-border transactions in 2013 reached US$1.9 trillion. Out of the total business volume, ST export credit insurance accounted for over US$1.6 trillion, while medium- and long-term (MLT) export credit insurance amounted to just over US$160 billion.

Developing economies dominate cover: In 2013, the vast majority of PRI cover, US$85 billion of total issuance, was towards developing economies. As has been the case since the global financial crisis erupted in 2008, FDI into developing economies held up better than the higher-income economies. Yet, FDI into developing economies declined by 6% in 2013 from the 2012 level. Despite this drop, overall flows registred a larger component into developing economies of FDI in 2013 (43% versus 36% in 2012).

Moreover, FDI inflows into developing economies continued to be covered by PRI to a much greater extent than global FDI, the bulk of which remains uncovered. During 2013, however, there was a sharp rise in the ratio of global PRI to global FDI, as PRI issuance increased even while FDI declined.

Total claims paid by BU members during 2013 amounted to US$4.5 billion, a slight increase compared to US$ 4.3 billion in 2012. While ST and Investment claims moderately increased, MLT claims went down by approximately 6%. ST claims paid by BU members to exporters to indemnify them for defaults on their trade receivables rose from US$1.8 billion in 2012 to US$1.9 billion in 2013.

This 4.7% increase is slightly lower than the growth rate of the business, reflecting sound underwriting by the industry.

It is noteworthy that the total claims figure is influenced by one of the large BU members, who suffered an over proportional rise in claims. For most of the others, ST claims paid have actually remained stable or even reduced year over year.

As the President of the Berne Union (BU), I am proud of ICIEC's membership for the unique value it brings to the Union. Fellow members have come to count on ICIEC's constant participation in enriching discussions, information exchange and expertise sharing across a range of topics relevant to the industry.

Much like ICIEC's trading partners rely on ICIEC's expertise, BU members also look to ICIEC for matters concerning Shariah-compliant export credit and political risk insurance. Additionally, ICIEC works in partnership with many BU members to support transactions involving its member countries.

I look forward to the continued partnership between ICIEC and the Berne Union and I am confident it will remain strong for many years to come.

**Daniel Riordan,**
President, Berne Union

# 10 Years Strategy: ICIEC to Raise the Bar of Excellence

As the IDB Group prepares to celebrate its upcoming 40th anniversary, ICIEC decided to take stock not only of its past and present performance since its inception 20 years ago, but also to focus on how it can establish itself as an effective member within the Group by claiming a larger share in the global trade and investment insurance market.

To that end, ICIEC has developed a strategy to lead the organisation in a successful and sustainable way towards 2025.
ICIEC is currently developing a 10-year strategy within the framework of IDB Group 10 year strategy, aiming at becoming an operationally profitable trade credit and investment insurer in order to accelerate development and growth in its Member Countries (MCs).

At the core of ICIEC's ambition lies the recalibration and further differentiation of the organisation's risk appetite and management as well as a refined value proposition towards its clients and MCs.
The strategy translates ICIEC's external and internal drivers into strategic initiatives that are characterised by a clear focus on optimum operationalisation.

As such, ICIEC gives priority to enhance its market niche and brand within the MCs aimed at tapping the Islamic finance market potential.

Besides, ICIEC will also continue to re-balance its product portfolio and premium system in line with its financial and developmental objectives. This focus on market responsiveness requires enhanced internal capabilities.

ICIEC aims to achieve that goal by enhancing operational excellence through a combination of comprehensive functional and structural alignment, a tailored HR strategy and the support of a fully-fledged IT infrastructure.

Moody's

## Aa3 Credit Rating

In June 2008, ICIEC was awarded Aa3 rating by Moody's. Since then the Corporation has succeeded in maintaining this stellar achievement, notwithstanding the impact of the financial crisis over the few past years. The latest rating announcement was made on 21 Oct 2014. This rating has placed ICIEC at par with major insurers of the credit and political risk in the global arena. It reflects both the stand-alone fundamentals of ICIEC as well as the potential support from its Shareholders (IDB Group and Member Countries).

The rating also underscores ICIEC's legal structure and business nature as the only multilateral export credit and investment insurance corporation in the world that provides Shariah-compatible insurance and reinsurance products, as well as its enhanced regional knowledge based on its experience by operating in the region.

# Corporate Governance and Organisational Capabilities

**Be Honest And Open**

You have to be truthful about how you are doing as the climb unfolds. If you're struggling, you have to let your teammates know. If you are concerned about something, this is not the time to keep it to yourself. If you make a mistake, own up to it. If someone else makes a mistake, it's your job to let them know.

## About the IDB Group

The IDB Group comprises the following entities: The Islamic Development Bank (IDB), is an international financial institution, which was established in Dhul Qadah 1393H (December 1973) aimed at accelerating economic development and social progress of Member Countries (MCs) and Muslim communities in non-member countries individually as well as collectively in accordance with the principles of Shari'ah (Islamic Law).

The Islamic Research and Training Institute (IRTI), established in 1401 (1981), is the research and training arm of the Group; The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC); The Islamic Corporation for the Development of the Private Sector (ICD), established in 1420H (1999), focuses on the development and promotion of the private sector in MCs; The International Islamic Trade Finance Corporation (ITFC), created in Jumada Awal 1426H (2005), plays the role of advancing trade to improve the economic condition and livelihood of people across the Islamic world.

## About ICIEC

The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) came into being in 1992 following a decision by the OIC's Committee for Economic and Commercial Cooperation (COMCEC) for establishing a multilateral export and investment insurance institution. It was formally launched in 1415H (1994) as an autonomous multilateral export credit insurance institution, a member of the Islamic Development Bank (IDB) Group, it started its operations in 1995 with the objective of expanding trade among the OIC Member Countries (MCs), facilitating intra-investment among them, and providing reinsurance facilities to Export Credit Agencies (ECAs) in MCs. Over the years, ICIEC's mandate has evolved from its limited role of supporting intra-OIC trade and investment to a wider role of facilitating MCs' exports to the rest of the world and to enhance the flow of direct investment and project finance from outside to the MCs.

## Corporate Governance

**The overall governance of ICIEC is built on the following tiers:**

### Board of Governors

The Board of Governors (BoG) is the highest governing body of ICIEC. The powers of the Corporation are vested in the BoG. It is composed of representatives from the IDB Member Countries.

The BoG is responsible of laying down rules and regulations governing the overall business of the Corporation. However, the Board may delegate some of its powers to the Board of Directors of the Corporation (BoD).

### Board of Directors

The ICIEC board is composed of 18 members and the Chairman, who is the President of IDB Group. It is charged with the Corporation's general conduct including the adoption of policies, approval of the operational plan, strategy and budget, as well as the general direction of ICIEC's operations within the powers delegated to it by the Board of Governors.

### Audit Committee of the BOD

The Audit Committee is responsible for overseeing the financial and internal control aspects of ICIEC as well as its compliance with its mandate. The Committee reports its findings to the BoD.

In addition there is an advisory committee for the Corporation, which advises the CEO with regard to matters concerning the overall management of the Corporation, and to assist him in discharging his responsibilities in the best possible manner.

## Standing Committee

**ICIEC has the following Standing Committee:**

### Management Committee (IMC)

This Committee is chaired by the Chief Executive Officer (CEO) of the Corporation. It is composed of Chief Operations Officer COO, Director, Accounts and Finance, Director, Legal and Claims, Director, Risk Management Department, Director, Human Resources and Corporate Services Department and the Advisor to the CEO.

The main term of reference of the Committee is to oversee all the issues relating to the implementation of the Board of Governors' and Board of Directors' resolutions, draw the general strategy of the Corporation, and deliberate on operations, finance and HR matters.

### Underwriting Committee

This is the technical committee for the Insurance operations and is chaired by the CEO.

The members include the COO, Director, Accounts and Finance, Director, Legal and Claims, Director, Risk Management Department, Director, Trade Credit Insurance Department, Director, Structure Finance and Investment Insurance Department, Director, Business Development Department, and Head of Reinsurance Unit. This Committee is responsible for approving all insurance operations within its delegated authority.

### Claims Committee

It is chaired by the CEO and composed of the COO, Director, Accounts and Finance, Director, Legal and Claims, Director, Risk Management Department, Director, Trade Credit Insurance Dept., Director, Structure Finance and Investment Insurance Dept., Director, Business Development Dept., Head of Claims and Recovery Division and Head of

ICIEC team: A group of individuals that supports each other

Reinsurance Unit. This Committee is responsible for approving all claims submitted for compensation by the Corporation's policyholders. In addition, this Committee supervises the progress of recoveries of the paid claims.

### Products Development Committee

It is composed of several departments and is tasked with developing new insurance products in response to the needs of Member Countries and markets.

### Investment Insurance Processing Group

The Group's mandate is to ensure that the potential investment insurance transactions are eligible for cover under the Corporation's rules and regulations and to address all issues at transaction, sector and country levels that have a bearing on the nature and level of risk involving the transactions.

This Group is managed by the Structure Finance and Investment Insurance Dept., and its membership includes Risk Management Dept., and Legal and Claims Dept.

### IT Steering Committee

This Committee is tasked with overseeing the whole IT functions in ICIEC. They include insurance operations, finance, HR and Risk Management and is done by setting the strategy and plans for developing the entire IT function of the Corporation and then supervise and follow up the implementation of ongoing IT projects.

## Organisational Capabilities

### Talent Management – A Business Partner

For the past 20 years, ICIEC has recognized the criticality of the talent in the Corporation and the need to empower, align and support them in delivering its goals. Therefore, it is essential to strengthen the Human Resources (HR) function and services by building solid systems and processes that will aid in developing an effective and productive talent pool.

Hence, ICIEC has partnered with Aon Hewitt, one of the world's largest HR consulting firm, to jointly assess the organization's needs and to deliver best-in-class practices custom-tailored to the requirements of the Corporation. During this exercise, the HR team received a strong and continuous commitment from the leadership team, which had been involved in every stage of the project.

To the end, the Management team at ICIEC has laid out specific implementation action plans and initiatives, which will further strengthen the Corporation's capability in delivering the organizational goals. Some of these initiatives have been identified directly as an outcome of the ICIEC engagement survey – a genuine effort to understand the employee's expectation and aspiration.

The other initiatives planned, such as Competency Model Framework and Individual Performance Management (iPDR), were the results of the strategic alignment of our talent practices, which would significantly enhance the Corporation's overall performance and productivity.

The HR team, in partnership with the external expertise, has jointly designed these initiatives to ensure validity, best practice alignment and good project management skills. This partnership resulted in clearly defined expectations and accountabilities and the delivery of the agreed milestones. Today, ICIEC is in a state of transformation in terms of its talent management and organizational development to propel the Corporation towards achieving its goals.

### Risk Management

The role and objective of the Risk Management Department ( RMD) is to ensure that the Corporation maintains a sound risk profile, a strong financial standing and creditworthiness.

Alongside, it also strives to achieve the highest credit rating possible from reputable Rating Agencies.

These goals can be accomplished through identifying, measuring, mitigating, monitoring, and reporting on risks inherent in the Corporation's activities.

In order to achieve its objective, the RMD must ensure that all aspects of risk management within the Corporation, including the appropriate policies, guidelines, frameworks, systems, tools, and procedures are in place and being adhered to by all relevant departments. This shall cover strategic risk associated with the Corporation's business models as well as risks related to the insurance and investment activities, liquidity and treasury exposure, market risk and asset-liability management, operational risk, and others.

The RMD works closely with the Group Risk Management Department and the Group Risk Management Committee on risk issues within their respective mandates, especially in relation to risk management framework, policies, guidelines, systems, and tools as well as on other matters that may have impact on ICIEC's risk profile and/or the risk profile of the IDB Group.

### Integrated Insurance Management System (IIMS)

The IT unit's main responsibility is to provide an integrated Insurance system so that the staff members can function effectively and efficiently. The system covers the various areas of insurance activities such as: Sales and Marketing, Underwriting, Claims, Recoveries, Inward Reinsurance, Outward Reinsurance, Country Risk Analysis, accounts receivables activities and so on.

It generates all the required operational documents such as Non-Binding Indication (NBI), Policy schedules, Approvals and Invoicing.

The system has a strong statistical reporting module to fulfill its various requirements such as operational limits, commitments, exposure, business insured, premium issued and so on. IIMS is also available for use by its clients, business partners and brokers via portal. The IIMS has strong integration with the Systems, Applications and Products (SAP) of IDB for its Accounts Receivables. The IT unit is also responsible for responding to all helpdesk requests by ICIEC staff, which coordinates with IDB Group helpdesk. Furthermore, the unit is helping in the implementation of the Lumesse System to fulfill ICIEC's HR needs. The unit is also in the process of implementing all the Group Internal Audit Department recommendations in the IIMS.

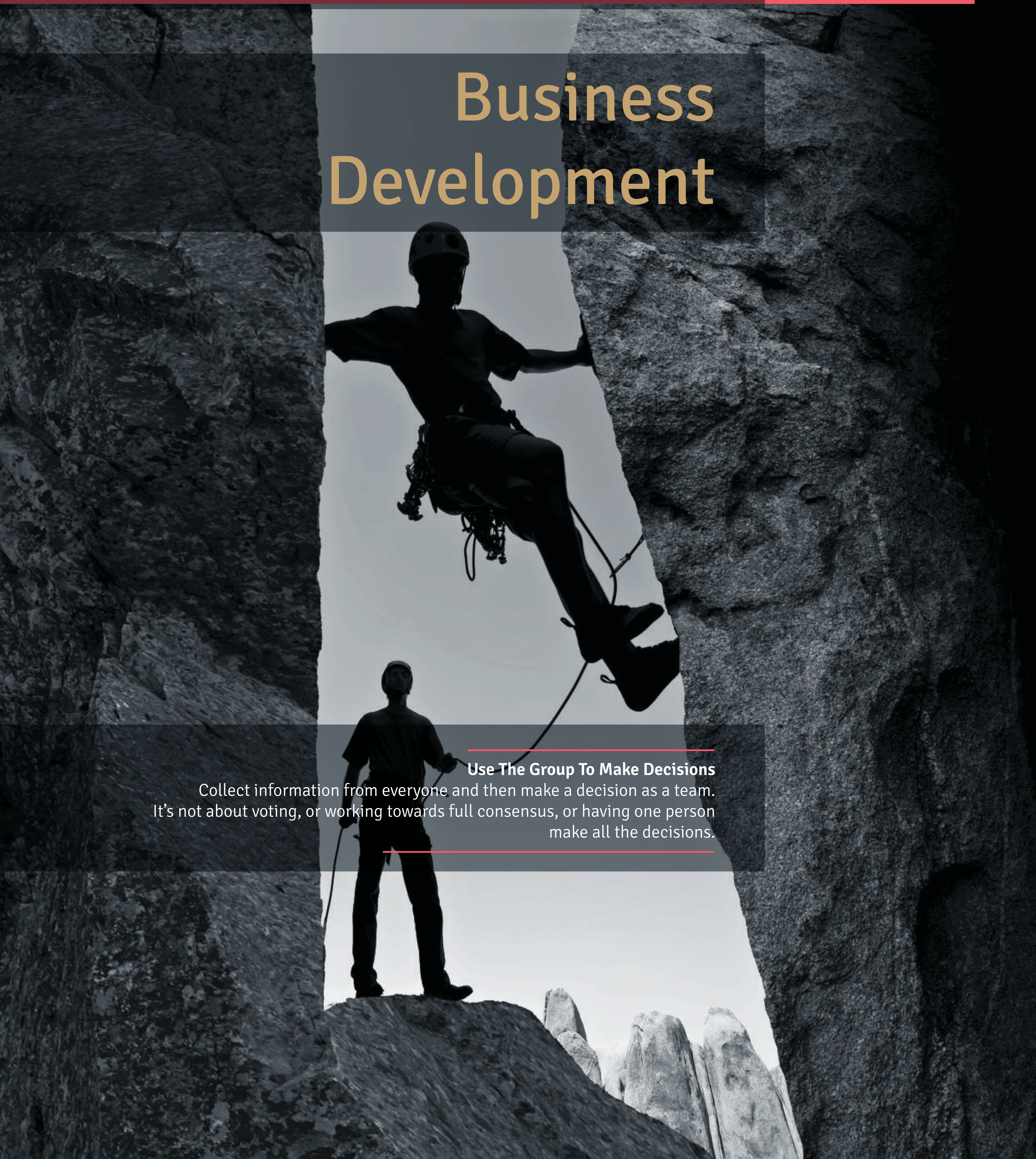
"We thank ICIEC for the valued partnership and continued support to UBAF in financing trade transactions and increase the flow of trade payments and goods involving countries in Arab world and Sub-Saharan Africa. This partnership was initiated ten years ago.

ICIEC has become one of UBAF's key partners in the insurance field by providing flexible and innovative credit insurance solutions, which contribute to enhance UBAF's trade and financing offers to its customers".

**Mrs Oanh DENIEPORT**
Executive Manager
Head of Syndication and Insurance


**UBAF premises in Paris, France**

# Business Development



**Use The Group To Make Decisions**

Collect information from everyone and then make a decision as a team. It's not about voting, or working towards full consensus, or having one person make all the decisions.

## More Than 20 Years of Dedicated Service

ICIEC completed 20 years of operations in the summer of 2014. It was established with the objective of broadening the scope of trade transactions and facilitating intra-investment among the OIC Member Countries (MCs) and providing reinsurance facilities to Export Credit Agencies (ECAs) in MCs.

Over the years, ICIEC's mandate has evolved from the original limited role of supporting intra-OIC trade and investment to a bigger mandate of facilitating exports of the Member Countries to the rest of the world and to enhance the flow of direct investment and project finance to them from anywhere in the world. Since its inception, the Corporation has covered over US$30 billion of exports, imports, and investments into Member Countries. Needless to say, it has had a positive impact on the development of its member country trade flows and inward investments.

It is perhaps no exaggeration to say that many of the transactions insured during the past 20 years would otherwise not have happened, had it not been for the support available from ICIEC through its partnership with the stakeholders.

## Summary of Operations Results 1435H

USD Million

| Indicators | Results 1434H | Results 1435H | Change% |
|---|---|---|---|
| New Commitments | 2,249 | 3,556 | 58% |
| Total Business Insured | 3,362 | 4,321 | 29% |
| Total Exposure | 1,358 | 1,842 | 36% |
| Total Premium Issued | 13.18 | 15.66 | 19% |
| Outstanding NPLs | 12.8 | 13.75 | 7% |
| Claims Paid | 2.31 | 0.32 | -86% |
| Recoveries | 0.48 | 0.47 | -2% |

## Overall Performance in 1435H

During 1435H, ICIEC business insurance operations increased by 29% to reach US$4.3 billion from US$3.4 billion in 1434H. At the same time, new commitments witnessed a jump of 58% to reach US$3.6 billion, compared to US$2.2 billion in 1434H. Cumulatively, since inception, insurance approvals issued reached US$23.6 billion and the business insured totaled US$22.2 billion with an overall claims ratio (claims paid over premium earned), the main indicator of credit insurance operations performance, standing at 22%, which is significantly lower than the industry's ratio. The top-6 Member Countries that benefited most from ICIEC services since the inception of business through to 1435H were Saudi Arabia (26.5%), UAE (11.7% ), Bahrain (11.1% ), Pakistan (7.6% ), Egypt (7.5%), and Turkey (4.6%).

## Boosting Cross-Border Trade for Member Countries

ICIEC has contributed to boosting cross-border trade for its Member Countries by providing risk-mitigation tools, which helps enhance their export of goods and services, as well as import of capital goods and strategic commodities. For example, the Corporation has supported the import of wheat and oil into Egypt.
The Corporation's intervention ranges from providing direct support to exporters and banks involved in financing cross-border trade to cooperating with ECAs from MCs as well as non-member countries.

## ICIEC REINSURES ATRADIUS FOR RIYADH METRO PROJECT

ICIEC has reinsured Atradius Dutch State Business N.V. – one of the leading Export Credit Agencies in the World – in supporting a Dutch contractor – Strukton Civiel Projecten B.V. - for the construction of a metro project in Riyadh, Saudi Arabia. ICIEC has provided reinsurance support worth USD 306 million for this project. The project involves the construction of six metro lines with a total length of 176 km in Riyadh. Strukton, as part of FAST Consortium, signed a contract with The High Commission for the Development of Arriyadh for the construction of three lines.
The new project aims to reduce traffic congestion in Riyadh and is expected to have a positive impact on the quality of life in the city as its residents will have access to a modern and efficient public transportation system. From an economic point of view, the project will generate substantial employment during the construction period by employing over 30,000 people.
ICIEC's partnership with Atradius in this deal is in line with its business model to work with global players in order to maximize its support to MCs.

## Boosting cross-border trade through services offered to exporters

From basic industries to finished products, ICIEC's risk-mitigation products allow Member Country manufacturers to go head to head with international competitors.
Our major policyholders include, for instance, cable manufacturers who sell their products to both member and non-member country markets. These cables are the backbones of new industrial projects, which are shaping the economies in the Middle East.
The presence of a solid partner like ICIEC not only allows our exporters to sell to countries in the neighborhood, but gives them the confidence to tap far-flung markets like South Korea and Brazil. Food security is a critical component of the Corporation's mandate. In support of this, ICIEC actively works with commodity traders, who play an important role in supplying food and essential commodities to Member Countries. Saudi Arabia, Indonesia, Algeria, Egypt and Turkey are just some of the beneficiaries, which have received our support for import of wheat and other commodities.
Many of the MCs are in the process of building their water and power networks and they need to import high-tech equipment and expertise for this purpose. ICIEC plays an important role in providing the necessary support in this regard. In 1435H, the Corporation supported two projects in the mining sector, where SSGPO, a mining company in Kazakhstan, imported machinery and equipment from Mitsubishi Corporation, Japan.
Mining is one of the most important sectors of the Kazakhstan economy.

## Boosting cross-border trade through services offered to banks

International trade finance has generally been dominated by large, international banks.
However, given the increasing liquidity in some Member Countries like those in the Gulf Cooperation Council (GCC), local banks have started making inroads into international trade finance, which may not be tied to their home countries. ICIEC has been supporting such MC banks by providing them with risk-mitigation instruments when they explore new markets.
During 1435H, ICIEC supported one of its bank clients to bid for and win a major tender for oil supplies to Tanzania, a market which was totally new for the client. By providing credit limits on the banks in Tanzania, ICIEC enabled its partner to win this business in the face of stiff competition from foreign banks.

Oil flows are now the lifeblood of any developing country's economy and ICIEC has played a crucial role in supporting Pakistan in that area.

During 1435H, ICIEC has supported the import of oil into Pakistan by providing confirming banks with credit limits on Pakistani issuing banks. By providing these credit limits, ICIEC enables the issuing banks to enhance their capacity on the Pakistani banks, thereby directly supporting the import of critical energy commodities.

### Boosting cross-border trade through cooperation with Export Credit Agencies from Member Countries

ICIEC's long-term vision has always been to work towards becoming a wholesaler of credit insurance for its Member Countries. In order to realize this vision, the Corporation provides reinsurance services to MC Export Credit Agencies (ECAs), enabling them to increase their capacity for providing services in their local markets. We have been supporting many ECAs, such as ECIE of Dubai and Tasdeer of Qatar since the time they started operations. Be it marketing support, underwriting, or technical assistance, ICIEC supports national ECAs' operations in all facets of its business.

In line with this vision, ICIEC, in coordination with the Arab Investment and Export Credit Guarantee Corporation (DHAMAN) based in Kuwait, has established AMAN Union, which is the first organization that gathers investment and export credit agencies in the Arab and Islamic world under one umbrella.

Moreover, ICIEC and DHAMAN have initiated the establishment of a Database centre, which includes more than 15,000 buyers, aimed at providing the database subscribers with reliable credit information reports about the buyers located anywhere in the world.

### Boosting cross-border trade through cooperation with global players

ICIEC has signed Reinsurance Cooperation Agreements with two leading international institutions in the short-term (ST) trade credit insurance industry; the first is an endorsement to an old reinsurance arrangement with Coface of France to strengthen our business relationship in ST trade insurance in selected MCs; and the second is a new reinsurance agreement with Credimundi of Belgium to jointly develop the UAE ST market and potentially some African MCs. Such partnership helps to bring resources and a dedicated team to strengthen our offer in MCs and make it more competitive to counter the price offered by our competitors. Besides, it also helps to improve credit limit acceptance ratio, the two very important elements of our product offerings.

The need for such arrangements is to offer an innovative and cost-effective solution to a competitive market. Within the last decade, the GCC has become the ideal trade route and logistic interface between Africa and Asia. Through these partnership agreements, ICIEC can offer not only trade credit insurance, but also trade finance, business information and collection solutions for all these markets. ICIEC considers the cooperation with ECAs from non-member countries as one of the key channels to better serve its MCs' needs. By cooperating with these ECAs, ICIEC can not only facilitate MCs' access to capital goods and financing for infrastructural needs, but also help to attract foreign investment.

In the past few years, ICIEC managed to close a number of landmark transactions with some major


## ICIEC SUPPORTS MINING INDUSTRY IN KAZAKHSTAN

Sokolov Sarbai Mining Production Association (SSGPO), a mining company in Kazakhstan, imports machinery and equipment from Mitsubishi Corporation in Japan. ICIEC has so far supported two transactions between Mitsubishi and SSGPO under the scheme of import of capital goods to Member Countries from non-member countries. In February 2014, it concluded the first transaction, involving the import of 10 Hitachi dump trucks worth US$37 million. The second one was for the import of two Hitachi excavators worth US$14 million, which were used to replace the aging excavators.

SSGPO is the biggest iron ore mining company in Kazakhstan, exporting to Russia and China as well as selling domestically. Mining is one of the most important sectors in Kazakhstan. In 2010, the mining sector was incorporated into the State Accelerated Industrial Innovation and Development Programme, which envisages creation of additional 16,000 jobs and inflows of foreign direct investment of approximately US$13 billion into the sector.

ECAs, such as Sinosure (China) and Atradius (Netherlands).
The last one was done in 1435H and it was in the form of reinsurance to Atradius for Riyadh Metro Project (Saudi Arabia), where ICIEC's share was to the tune of US$306 million.

During 1435H, ICIEC has capitalized on its membership in Berne Union and signed three cooperation agreements with three European Export Credit Agencies, which belong to the BU. They include EKN (Sweden), EKF (Denmark) and MEHIB (Hungary). In addition, ICIEC has signed two agreements with SACE (Italy): one for reinsurance and another for technical assistance.

ICIEC will continue to leverage on its membership in Berne Union and Prague Club to enhance its cooperation with ECAs and originate additional transactions with high developmental impact for its member countries through meaningful partnership.

## Supporting Foreign Investment Opportunities in Member Countries

One of the key channels of achieving the IDB Group's objectives of bolstering economic development and social progress of Member Countries is to help improve their production capacity and infrastructure base.

ICIEC plays a crucial role in realizing these aims by supporting medium-term export credit and investment insurance transactions.

These transactions entail, by their very nature, higher risks than short-term ones; and the support available to them in the global market in the form of risk-mitigation tools is very limited, thereby presenting a case of market failure that requires a multilateral intervention.

Nevertheless, these transactions are crucial for our MCs and ICIEC has not wavered from its stated objectives despite the possibility of failures.

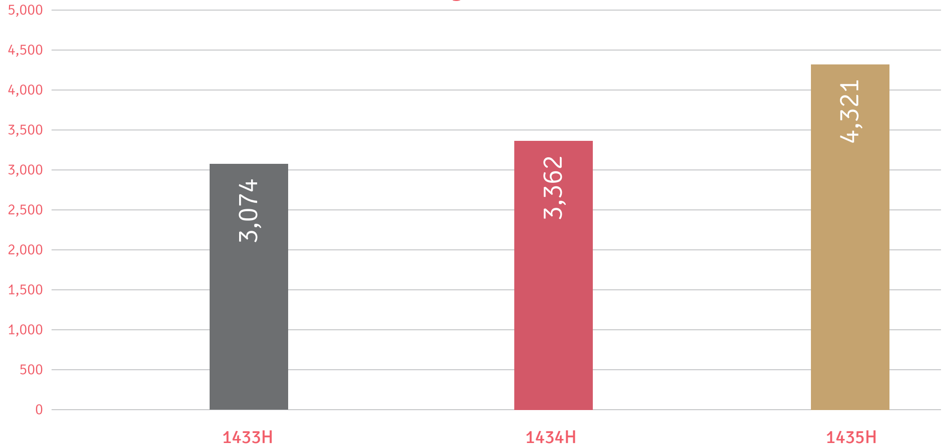
### Protecting Foreign Direct Investments (FDI) into Member Countries

Given the fact that investment insurance requires a great deal of capacity, ICIEC works closely with a number of multilateral and bilateral development financing and commercial institutions.
They include international commercial banks that are active in the project finance space, such as Sumitomo Mitsui Banking Corporation, HSBC, Deutsche Bank, Standard Chartered Bank and others. The Corporation also works with multilateral agencies that have similar objectives and have common membership, including the Multilateral Investment Guarantee Agency (MIGA) of the World Bank, the African Development Bank, the African Trade Insurance (ATI) and Dhaman in Kuwait.During the year, the Corporation worked with MIGA to maintain the existing joint business as well as to underwrite new infrastructure projects in Member Countries, including one in Nigeria. This new project is yet to be finalized but is expected to come on stream in 1436H.

The Corporation has also covered an oil and gas project in Pakistan for Standard Chartered Bank, which provided US$18 million to Ocean Pakistan Limited's (OPL) oil and gas exploration and production activities in the Punjab province. The loan is being used to cover OPL's share of the developmental costs of three existing concessions (Dhurnal, Bhangali and Ratana) in the country. Oil and gas produced from these fields is sold to Pakistani companies under long-term agreements with the Government. The project will contribute to the development of the energy sector in Pakistan, which is an oil- and gas-importing member country.

The increase in production that will result from this project will have a positive impact not only on the industry but also on households and the entire Pakistani economy.
At the end of 1435H, ICIEC provided political risk protection support to various projects in such diverse sectors as infrastructure, oil and gas, power, manufacturing, pharmaceuticals and real estate. The beneficiary countries include Algeria, Bahrain, UAE, Senegal, Lebanon, Indonesia, Pakistan, Cote D'Ivoire, Djibouti, Turkey and Libya.

## Business Insured for last 3 years (USD mn)



It is worth mentioning here that no claim was paid in 1435H related to the Foreign Investment Insurance Operations.

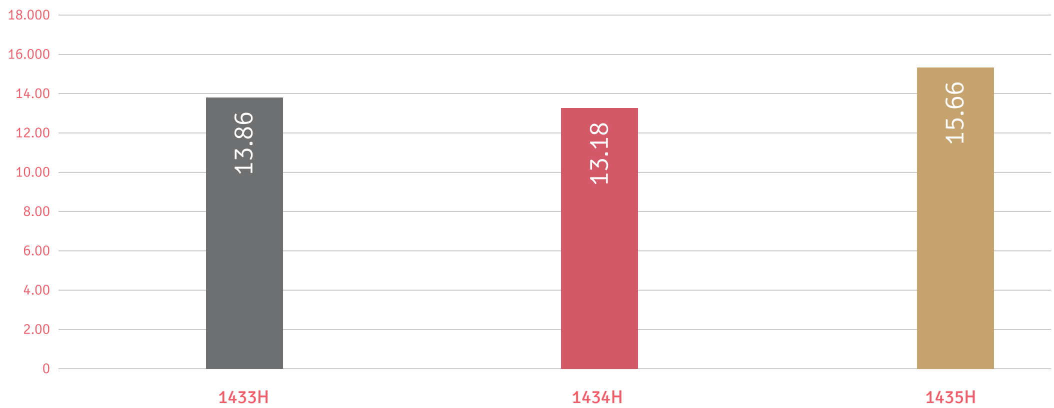
### Encouraging Foreign Direct Investment (FDI) flows into Member Countries

With regards to investment promotion, the Investment Promotion Technical Assistance Program (ITAP), a Group-wide program managed by ICIEC, has worked over the year with the Investment Promotion Agencies of Sierra Leone and The Gambia with a view to enhancing the capacity of the two IPAs.
In addition a familiarization program was facilitated for KAZNEX, the investment promotion agency of Kazakhstan, where two delegates visited and spent some time with the Malaysian Investment Development Authority (MIDA).

Finally, representatives of 23 investment promotion agencies from IDB Group member countries participated in a two-week long capacity development training sponsored by ITAP and conducted jointly by ITAP, MIDA and the Malaysian Technical Cooperation Program (MTCP) of the Malaysian Ministry of Foreign Affairs.

In this program, participants studied the Malaysian model of investment promotion and visited different cities and industrial zones to have firsthand experience of the result of Malaysian investment promotion.

## Premium Issued for the Last 3 Years (USD mn)





Partners join ICIEC in its 20th Anniversary: from left: Mazen Darwazeh, Chairman and CEO of Hikam Pharmaceuticals, Peter Jones, Berne Union ex- Secretary General, Karim Nasrallah Managing Director of LCI Lebanon and Prague Club Chairman, Sami Neffati, Manager at SMBC, Toby Heppel, RFIB

# Financial Position and Growth

**Support Your Teammates**

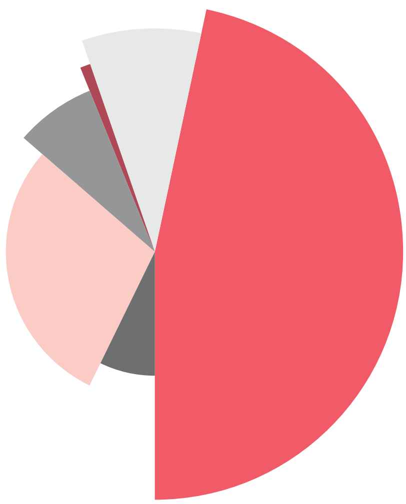
The people you can trust are the ones who are watching out for you. That is, making sure you don't fall, or get off route, as well as encouraging you when things get tough. When you are part of a team, you also have to look out for everyone, even the ones you may not be fond of.

## Investment and Liquidity

### 5-Year Performance

| Summary | 1431H | 1432H | 1433H | 1434H | 1435H |
|---|---|---|---|---|---|
| Exchange Rate ID - US$ | 1.54 | 1.56 | 1.53 | 1.53 | 1.48 |
| All figures in ID' million | | | | | |
| Total Assets | 120.53 | 125.32 | 155.86 | 157.50 | 172.32 |
| Total Investments | 100.77 | 111.76 | 139.29 | 135.79 | 146.64 |
| Investment Income | 1.74 | 1.88 | 2.41 | 2.76 | 2.38 |
| Investment Return % (a) | 1.72% | 1.77% | 1.92% | 2.01% | 1.69% |
| SDR LIBOR % (b) | 1.04% | 0.99% | 1.03% | 0.68% | 0.47% |
| SDR and Return % (a-b) | 0.68% | 0.78% | 0.89% | 1.33% | 1.22% |

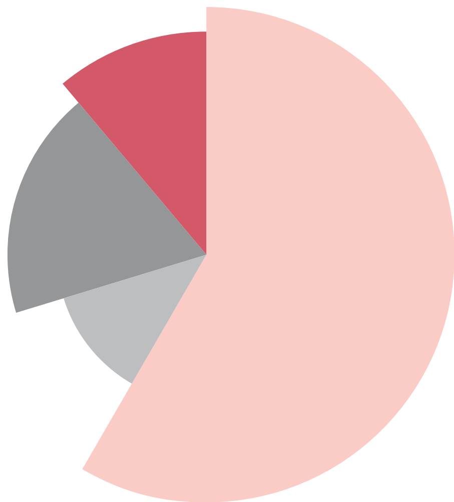
In line with its conservative investment appetite, ICIEC maintained bulk of its investment assets in Commodity Murabaha and Sukuk during 1435H.



**Asset Mix 1435H**

| | |
|---|---|
| Commodity Murabaha | 46.8% |
| Bank Accounts | 08.5% |
| Equity | 01.0% |
| UIF Funds | 07.3% |
| Sukuks | 29.1% |
| Murabaha Syndication | 07.3% |

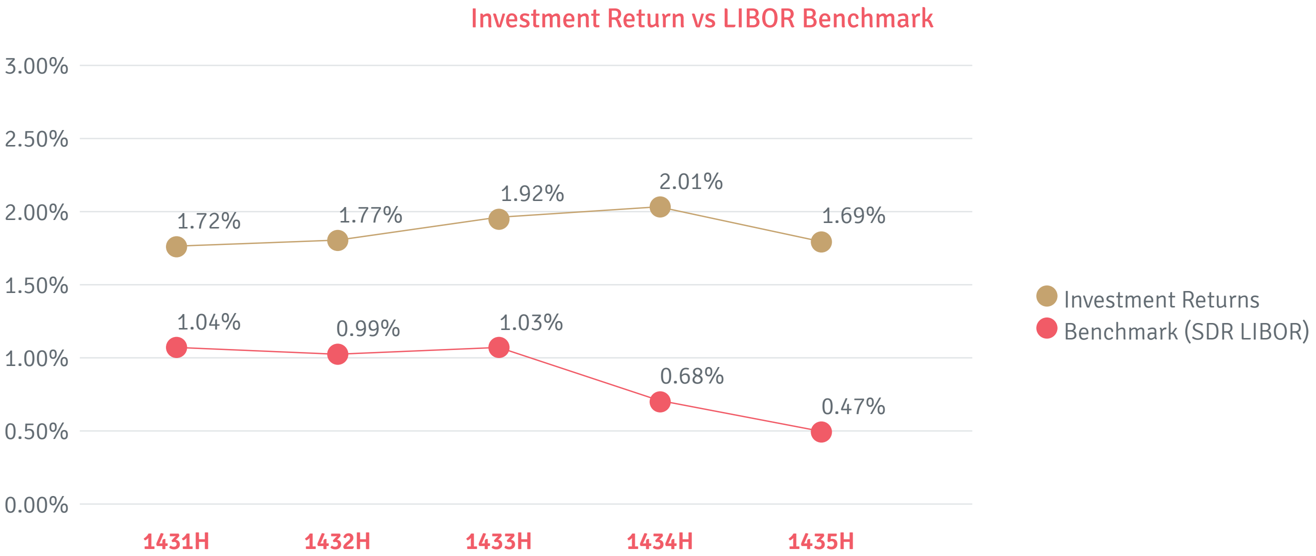
The pie chart below summarizes the major contributors to ICIEC's investment portfolio income during the year 1435H. Sukuk generated majority of investment income for the portfolio during 1435H, followed by Commodity Murabaha.



**Income Source Contribution 1435H**

| | |
|---|---|
| Sukuk | 58.5% |
| Murabaha Syndication | 12.0% |
| Commodity Murabaha | 18.5% |
| UIF Funds | 11.0% |

ICIEC's investments in 1435H provided an income of ID 2.50 million compared to ID 2.76 million the previous year. The investment portfolio outperformed its benchmark by 130 bps in 1435H.




# ICIEC BACKS OIL PRODUCTION IN PAKISTAN: OPL

ICIEC issued an insurance policy to Standard Chartered Bank (SCB), covering its US$18 million financing of Ocean Pakistan Limited's (OPL) oil and gas exploration and production project in the country. In 2012, ICIEC supported another US$48 million transaction between SCB and OPL involving financing of OPL's concessions in the same fields. The loan will be used to cover OPL's share of the developmental costs of three existing concessions (Dhurnal, Bhangali and Ratana) in the Punjab province. The cover is provided against the risks of Transfer Restriction, Expropriation and War and Civil Disturbance for four years.

OPL holds interests in the three concessions and is the sole operator of these fields. Oil and gas produced from these fields is sold to Pakistani companies under long-term agreements with the Government. The project will contribute to the development of the energy sector in Pakistan, which is an oil and gas importing Member Country.

The increase of oil and gas production that will result from this project will have a positive impact not only on the industry but also on households and the entire Pakistani economy.

## ICIEC's Financial Health Remains Solid

The year 1435H witnessed a healthy growth of ICIEC's financial situation as demonstrated by a 14% increase in its paid up capital.

This happened largely because of the enhanced contribution by its major shareholder – IDB - which resulted in the 9% growth of its total assets. This increase in share capital and investment assets, led to the strengthening of the Corporation's balance sheet, enabling it to underwrite more and bigger trade and investment transactions, which helped to serve the Member Countries better. With the expansion of its business, the net exposure for ICIEC also increased by almost 50% during 1435H.

In line with the Corporation's prudent policy of taking 0.4% of the net exposure as the provision for unreported claims, there had been an increase of 20% in the reported provision during 1435H compared to the last year's provision.

Total assets of the Corporation reached ID 172.32 million at the end of 1435H. The overall result for the 1435H financial year showed a net corporate deficit of ID 3.00 million.

This is derived from a surplus of ID 0.55 million in the Shareholders' Fund, and a deficit of ID 3.55 million from the Policyholders' Fund. The details of the financial results are shown in the attached statements.

ICIEC is the only multilateral export credit and investment insurance Corporation in the world that provides Shariah compliant insurance and reinsurance products

## HIGHLIGHTS | Financial Results

In Islamic Dinar (ID) * Million

| | 1434H | 1435H | Change% |
|---|---|---|---|
| Total Assets | 157.51 | 172.32 | 9.4% |
| Total Shareholders' Equity | 144.85 | 159.13 | 9.9% |
| Paid-up Capital | 110.25 | 124.75 | 13.2% |
| Net Reserves | 26.83 | 25.74 | -4% |
| Investment Income | 2.76 | 2.38 | -13.8% |
| Earned Premium and Fees | 8.29 | 7.89 | -4.8% |
| Net Claims Paid /(Recovered) | 1.91 | 1.48 | -22.5% |
| Net Corporate Results | 0,31 | (3.0) | -1100% |

* Islamic Dinar (ID) is the unit of account of the Corporation. It is equivalent to the Special Drawing Rights (SDR) of the International Monetary Fund (ID 1.00 = USD 1.48 as at the end of 1435H).

'We have been working with ICIEC since 2005 through the Facultative Insurance Agreement and a Quota Sharing Agreement. Since then, we have successfully covered hundreds of transactions involving Jordanian exporters and serving many economic sectors. ICIEC has always been a reliable, credible and professional business partner providing us with the most competitive services. The continuous communications of my team with ICEIC staff members proved to be very smooth; every query from our side isanswered promptly and effectively'.

**Dr. Moh'd Al-Jafari**
Director General
Jordan Loan Guarantee Corporation

# Financial Statements and Independent Auditors' Report

**30 DHUL HIJJAH 1435 H**
**(CORRESPONDING TO 24 OCTOBER 2014)**

Ernst and Young and Co. (Public Accountants)
13th Floor - King's Road Tower, King Abdulaziz Road,
P. O. Box 1994, Jeddah 21441, Saudi Arabia
Office: +966 12 221 8400 | Fax: +966 12 221 8575
Rregistration Number 45

## Independent auditors' report to Your Excellency the Chairman and Members of the Board of Governors' – The Islamic Corporation for the Insurance of Investment and Export Credit

We have audited the accompanying financial statements of the Islamic Corporation for the Insurance of Investment and Export Credit ("the Corporation"), which comprise the statement of financial position as at 30 Dhul Hijjah 1435 H, and the related statement of income, comprehensive income, changes in shareholders' and policyholders' fund and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of theses financial statement in accordance with International Financial Reporting Standers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statement. Whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriate of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statement present fairly, in all material respect, the financial position of the Corporation as at 30 Dhul Hijjah 1435H, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the financial statement preparation and presentation requirements of the Corporation's Articles of Agreement.

### Other matters

The financial statement of Corporation for the year ended 30 Dhul Hijjah 1434H were audited by another auditor who expressed an unmodified opinion on those statements on 24 March 2014 (corresponding to 23 Jumada'l 1435H).

**Husam Faisal Bawared**
Certified Public Accountrant
Licentce No. 393
10 Rajab 1436H
29 April 2015
Jeddah

# Statement of Financial Position

As at 30 Dhull Hijjah 1435H (Corresponding to 24 October 2014)

(Expressed in Islamic Dinars)

| ASSETS | Notes | 1435 H | 1434 H |
|---|---|---|---|
| Cash and cash equivalents | 3 | 42,351,226 | 36,457,478 |
| Murabaha financing, net | 4 | 60,026,628 | 54,092,574 |
| Available-for-sale investments | 5 | 59,973,678 | 55,759,640 |
| Accounts receivable, net | 6 | 1,762,684 | 1,478,330 |
| Claims recoverable, net | 7 | 370,306 | 1,478,279 |
| Reinsurers' share of unearned premiums | 8 | 4,402,813 | 5,275,188 |
| Due from Islamic Corporation for the Development of Private Sector (ICD) | 18 | 211,937 | 206,184 |
| Prepaid expenses and other assets | 9 | 3,052,132 | 2,786,654 |
| Property and equipment | 10 | 167,916 | 220,782 |
| TOTAL ASSETS | | 172,319,320 | 157,755,109 |

## LIABILITIES, SHAREHOLDERS' AND POLICYHOLDERS' FUNDS

| LIABILITIES | | | |
|---|---|---|---|
| Accounts payable and accruals | 11 | 4,393,957 | 4,725,807 |
| Claims payable | 12 | 273,298 | 232,241 |
| Due to Islamic Development Bank (IDB) | 18 | 1,137,437 | 126,353 |
| Unearned premiums | 8 | 12,676,414 | 12,804,682 |
| Provision for unreported claims | 13 | 3,348,709 | 2,784,639 |
| TOTAL LIABILITIES | | 21,829,815 | 20,673,722 |

| SHAREHOLDERS' FUND | | | |
|---|---|---|---|
| Share capital | 14 | 124,749,000 | 110,249,000 |
| Reserve | 15 | 57,469,294 | 56,917,145 |
| Fair value reserve | | 1,593,446 | (317,213) |
| Loan to policyholders' fund | 16 | (24,682,773) | (21,994,124) |
| TOTAL SHAREHOLDERS' FUND | | 159,128,967 | 144,854,808 |

| POLICYHOLDERS' FUND | | | |
|---|---|---|---|
| Accumulated deficits | | (33,322,235) | (29,767,545) |
| Loan from shareholders' fund | 16 | 24,682,773 | 21,994,124 |
| Total policyholders' fund | | (8,639,462) | (7,773,421) |

| | | | |
|---|---|---|---|
| **TOTAL LIABILITIES, SHAREHOLDERS' AND POLICYHOLDERS' FUNDS** | | **172,319,320** | **157,755,109** |

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 08/07/1436H (27/04/2015G) .

The attached notes 1 to 23 form part of these financial statements.

# Statement of Income

For the year ended 30 Dhull Hijjah 1435H (Corresponding to 24 October 2014)

(Expressed in Islamic Dinars)

| | Notes | 1435 H | 1434 H |
|---|---|---|---|
| SHAREHOLDERS' FUND | | | |
| Investment income | | 2,375,666 | 2,759,248 |
| Loss on foreign exchange translation | | (713,796) | (654,822) |
| | | 1,661,870 | 2,104,426 |
| Investment management fees paid to Islamic Development Bank (IDB) | 18 | (218,796) | (209,774) |
| General and administrative expenses | | (385,905) | (81,819) |
| Impairment of available-for-sale investment | 5 | (505,020) | - |
| | | (1,109,721) | (291,593) |
| Net income from shareholders' fund | | 552,149 | 1,812,833 |
| POLICYHOLDERS' FUND | | | |
| Gross premiums | | 10,802,271 | 8,900,764 |
| Unearned premiums at beginning of the year | | 12,804,682 | 15,284,370 |
| Unearned premiums at end of the year | 8 | (12,676,414) | (12,804,682) |
| | | 10,930,539 | 11,380,452 |
| Less: Reinsurance premiums | | (3,233,374) | (3,215,256) |
| Net premiums earned | | 7,697,165 | 8,165,196 |
| Policy fees earned | | 187,992 | 128,628 |
| | | 7,885,157 | 8,293,824 |
| Net claims incurred | 17 | (1,478,358) | (1,912,442) |
| Employees' related costs | | (7,571,101) | (5,994,762) |
| Sales and marketing expenses | | (909,146) | (965,244) |
| General and administrative expenses | | (1,220,670) | (1,191,793) |
| (Loss)/gain on foreign exchange | | (260,572) | 267,292 |
| | | (11,439,847) | (9,796,949) |
| Net deficit from policyholders' fund | | (3,554,690) | (1,503,125) |
| **NET CORPORATE (LOSS)/INCOME** | | **(3,002,541)** | **309,708** |

The attached notes 1 to 23 form part of these financial statements.

# Statement of Comprehensive Income

For the year ended 30 Dhull Hijjah 1435H (Corresponding to 24 October 2014)

(Expressed in Islamic Dinars)

| | Notes | 1435 H | 1434 H |
|---|---|---|---|
| Net Income from shareholders' fund | | 552,149 | 1,812,833 |
| Unrealized gain/(loss) on available for sale investments | | 1,910,659 | (1,829,177) |
| **TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR** | | **2,462,808** | **(16,344)** |

The attached notes 1 to 23 form part of these financial statements.

# Statement of Changes in Shareholders' and Policyholders' Funds

For the year ended 30 Dhull Hijjah 1435H (Corresponding to 24 October 2014)

| | Capital Islamic Dinars | Reserve Islamic Dinars | Fair value Reserve Islamic Dinars | Loan to policyholders' Fund Islamic Dinars | Total Islamic Dinars |
|---|---|---|---|---|---|
| SHAREHOLDERS' FUND | | | | | |
| Balance at 29 Dhul Hijjah 1433 H | 100,997,000 | 55,104,312 | 1,511,964 | (14,887,001) | 142,726,275 |
| Subscription received (note 14) | 9,252,000 | - | - | - | 9,252,000 |
| Total comprehensive income for the year | - | 1,812,833 | (1,829,177) | - | (16,344) |
| Net movement during the year (note 16) | - | - | - | (7,107,123) | (7,107,123) |
| Balance at 29 Dhul Hijjah 1434 H | 110,249,000 | 56,917,145 | (317,213) | (21,994,124) | 144,854,808 |
| Subscription received (note 14) | 14,500,000 | - | - | - | 14,500,000 |
| Total comprehensive income for the year | - | 552,149 | 1,910,659 | - | 2,462,808 |
| Net movement during the year (note 16) | - | - | - | (2,688,649) | (2,688,649) |
| **Balance at 30 Dhul Hijjah 1435 H** | **124,749,000** | **57,469,294** | **1,593,446** | **(24,682,773)** | **159,128,967** |

| | Accumulated deficits Islamic Dinars | Loan from shareholders' fund Islamic Dinars | Total Islamic Dinars |
|---|---|---|---|
| POLICYHOLDERS' FUND | | | |
| Balance at 29 Dhul Hijjah 1433 H | (28,264,420) | 14,887,001 | (13,377,419) |
| Net deficit for the year | (1,503,125) | - | (1,503,125) |
| Net movement during the year (note 16) | - | 7,107,123 | 7,107,123 |
| Balance at 29 Dhul Hijjah 1434 H | (29,767,545) | 21,994,124 | (7,773,421) |
| Net deficit for the year | (3,554,690) | - | (3,554,690) |
| Net movement during the year (note 16) | - | 2,688,649 | 2,688,649 |
| **Balance at 30 Dhul Hijjah 1435 H** | **(33,322,235)** | **24,682,773** | **(8,639,462)** |

The attached notes 1 to 23 form part of these financial statements.

# Statement of Cash Flows

For the year ended 30 Dhull Hijjah 1435H (Corresponding to 24 October 2014)

(Expressed in Islamic Dinars)

| | Notes | 1435 H | 1434 H |
|---|---|---|---|
| OPERATING ACTIVITIES | | | |
| Net corporate (loss)/ income for the year | | (3,002,541) | 309,708 |
| Adjustments for: | | | |
| Depreciation | 10 | 78,943 | 82,939 |
| Loss on disposal of property and equipment | | - | 307 |
| Unearned premiums | | (128,268) | (2,479,688) |
| Reinsurers' share of unearned premiums | | 872,375 | 1,184,576 |
| Movement in allowance for doubtful debts, net | 6 | 3,696 | (426) |
| Movement in allowance for doubtful claims, net | 7 | 1,327,306 | 1,982,543 |
| | | (848,489) | 1,079,959 |
| Changes in operating assets and liabilities: | | | |
| Accounts receivable and prepayments | | (288,050) | (666,706) |
| Claims recoverable | | (219,333) | (1,629,650) |
| Prepaid expenses and other assets | | (265,478) | (549,494) |
| Accounts payable and accruals | | (331,850) | 1,598,741 |
| Claims payable | | 41,057 | (64,710) |
| Unreported claims | | 564,070 | 151,291 |
| Due from Islamic Corporation for the Development of Private Sector (ICD) | | (5,753) | 36,718 |
| Due to IDB | | 1,011,084 | (5,041,443) |
| Net cash from/(used in) operating activities | | (342,742) | (5,085,294) |
| INVESTING ACTIVITIES | | | |
| Available-for-sale investments | | (2,303,379) | (21,953,504) |
| Murabaha financing | | (5,934,054) | 39,894,231 |
| Purchase of property and equipment | | (26,077) | (97,169) |
| Proceeds from sale of property and equipment | | - | 438 |
| Net cash (used in)/from investing activities | | (8,263,510) | 17,843,996 |
| FINANCING ACTIVITY | | | |
| Share subscriptions received | | 14,500,000 | 9,252,000 |
| Net cash from financing activity | | 14,500,000 | 9,252,000 |
| INCREASE IN CASH AND CASH EQUIVALENTS | | 5,893,748 | 22,010,702 |
| Cash and cash equivalents at beginning of the year | | 36,457,478 | 14,446,776 |
| CASH AND CASH EQUIVALENTS AT END OF THE YEAR | 3 | 42,351,226 | 36,457,478 |

| | | | |
|---|---|---|---|
| NON-CASH TRANSACTION | | | |
| Fair value adjustment on available-for-sale investments | | (1,910,659) | 1,829,177 |

The attached notes 1 to 23 form part of these financial statements.

# Notes to the Financial Statements

At 30 Dhull Hijjah 1435H (Corresponding to 24 October 2014)

## 1. ACTIVITIES

The Islamic Corporation for the Insurance of Investment and Export Credit ("the Corporation") was formed as an autonomous affiliate of The Islamic Development Bank (IDB) with full juristic personality under the terms of its Articles of Agreement, signed by IDB and Member countries of IDB. The principal office of the Corporation is located in Jeddah, Saudi Arabia.

The objectives of the Corporation are to expand the scope of trade transactions and the flow of investments among member countries by providing, in accordance with the principles of Shari'ah, export credit insurance and reinsurance as well as insurance and reinsurance of investments.

The Articles of Agreement of the Corporation came into effect on 24 Safar 1415 H and the Corporation commenced operations on 4 Safar 1416 H (corresponding to 1 July 1995).

In accordance with the Articles of Agreement, the Corporation is required to maintain and administer two separate funds:

(a) A policyholders' fund
(b) A shareholders' fund

All expenses to run the insurance business are charged to the policyholders' fund at cost, without any administration fee levied by the shareholders. The shareholders are not entitled to a share in any surplus accruing to the policyholders' fund; any deficit in the policyholders' fund is covered from the capital by way of a loan to be repaid from future surplus accruing to the policyholders' fund.

The accompanying financial statements are denominated in Islamic Dinars (ID). The value of one Islamic Dinar, which is equivalent to one Special Drawing Right (SDR) of the International Monetary Fund, was equal to U.S. $ 1.48509 as at 30 Dhul Hijjah 1435 H (1434 H: U.S. $ 1.53175).

## 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

### B. Basis of preparation

The financial statements are prepared under the historical cost convention as modified by the measurement at fair value of available-for-sale investments except for unquoted equity investment. These financial statements have been presented in Islamic Dinars which is the reporting and functional currency of the Corporation.

### C. Summary of significant accounting policies

The accounting policies are consistent with those used in the previous year. The significant accounting policies adopted are as follows:

**Premiums earned**

Net premiums, after deducting policy acquisition costs, are taken into income over the terms of the related policies, on a pro-rata basis. Unearned premiums represent premiums that belong to a period subsequent to the reporting date. These are taken to income over the unexpired declaration period on a pro-rata basis.

**Murabaha income**

Murabaha income is accrued on a time apportionment basis over the period from actual disbursement of funds to the settlement date. Once a payment is overdue, no additional charge is made or income accrued.

**Investments income**

Income from shares is recognized when dividends are declared. Income from investments in sukuk is accrued on a time apportionment basis using the rate of return advised by the issuing entities. Income from investment in fund is recognized when fund declares its income.

**Bank commission income**

As the Corporation is operating under Shari'ah law, bank commission income is not recognized in the statement of income. It is recorded in a liability account to be disposed of later on in accordance with Shari'ah law.

**Reinsurance premiums**

Reinsurance premiums ceded are recognised as an expense when payable.

**Cash and cash equivalents**

Cash and cash equivalents comprise of bank balances and murabaha commodity placements having an original maturity of three months or less at the date of acquisition.

**Murabaha financing**

Murabaha financing, with original maturity of more than three months, are stated at total amounts due including mark-up at maturity date less provision for impairment, if any. The portion of mark-up which has not been accrued to income is considered as deferred income and deducted from the total amounts due including mark-up at maturity date.

# Notes to the Financial Statements

At 30 Dhull Hijjah 1435H (Corresponding to 24 October 2014)

**Available-for-sale investments**
Available-for-sale investments include equity investments. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement, available-for-sale investments are subsequently measured at fair value with unrealised gains or losses recognised in statement of comprehensive income and credited in the fair value reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the fair value reserve to the statement of income in finance costs. Interest earned whilst holding available-for-sale investments, if any, is reported as interest income using the effective interest rate method.

**Property and equipment**
Property and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight line basis over the estimated useful lives of the assets. The estimated useful lives of the assets for the calculation of depreciation are as follows:

| | |
|---|---|
| Vehicles | 5 years |
| Furniture and Fixtures | 10 years |
| Office equipment | 5 years |
| Computer equipment | 4 years |

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalized and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalized only when it increases future economic benefits of the related item of property and equipment. All other expenditures are recognized in the statement of income as the expense is incurred.

**Accounts payable and accruals**
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

**Outstanding claims**
Outstanding claims comprise the estimated cost of claims incurred but not settled at the reporting date, whether reported or not. Provisions for reported claims not paid as at the reporting date, are made on the basis of individual case estimates. In addition, a provision based on management's judgment and the Corporation's prior experience is maintained for the cost of settling claims incurred but not reported at the reporting date.

Any difference between the provisions at the reporting date and settlements of provisions in the following year is included in the underwriting account for that year.

**Provisions**
Provisions are recognised when the Corporation has an obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**Employees' retirement benefits**
The Corporation subscribes to the staff retirement benefit plans of IDB Group. The contributions under these plans are paid to IDB and charged to the statement of income, and in return, IDB assumes the obligation for payment of employees' retirement benefits. Consequently, no provision for employees' retirement benefits is recorded in these financial statements.

**Fair values**
For investments traded in active markets, fair value is determined by reference to quoted market bid prices at the close of business on the reporting date.

For investment where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to the investee's latest available financial statements, or is based on the assessment by the Corporation of the value of future cash flows from the investment.

# Notes to the Financial Statements

At 30 Dhull Hijjah 1435H (Corresponding to 24 October 2014)

**Translation of foreign currencies**
The accompanying financial statements are denominated in Islamic Dinars (ID). Appropriate exchange rates are used to translate transactions or balances denominated in foreign currencies. The resulting gains or losses are included in the statement of income.

**Offsetting**
Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. Income and expenses are not offset in the statement of income unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Corporation. No offsetting has been made in these financial statements.

**Impairment of financial assets**
An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised for assets in the statement of income.

Impairment is determined as follows:

A. For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the statement of income;

B. For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset; and

C. For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

**Liability adequacy test**
At each reporting date the Corporation assesses whether its recognised insurance liabilities are adequate using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of estimated future cash flows, the entire deficiency is immediately recognised in the statement of income, and a provision for premium deficiency is created.

The Corporation does not discount its liability for unpaid claims as substantially all claims are expected to be paid within one year of the statement of financial position.

## D. Summary accounting judgments, estimates and assumptions

The preparation of the Corporation's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

*The ultimate liability arising from claims made under insurance contracts*
Considerable judgment by management is required in the estimation of amounts due to policyholders arising from claims made under insurance contracts. In particular, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not yet reported (IBNR) at the reporting date. The primary technique adopted by management in estimating the cost of notified and IBNR claims, is that of using past claim settlement trends to predict future claims settlement trends.

Such estimates are necessarily based on significant assumptions about several factors involving varying, and possible significant, degrees of judgment and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities. Claims requiring court or arbitration decisions, if any, are estimated individually. Management reviews its provisions for claims incurred on a monthly basis, and claims incurred but not reported on a quarterly basis. Any difference between the provisions at the reporting date and settlements of provisions in the following year is included in the underwriting account for that year.

*Impairment of receivables*
An estimate of the collectible amounts of accounts receivable and claims recoverable are made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due.

*Reinsurance*
The Corporation is exposed to disputes with, and possibility of defaults by, its reinsurers. The Corporation monitors on a quarterly basis the evolution of disputes with and the strength of its reinsurers.

*Useful lives of property and equipment*
The Corporation's management determines the estimated useful lives of its property and equipment

# Notes to the Financial Statements

At 30 Dhull Hijjah 1435H (Corresponding to 24 October 2014)

for calculating depreciation. These estimates are determined after considering the expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

**E. New IFRS, International Financial Reporting and Interpretations Committee's interpretations (IFRIC) and amendments thereof, adopted by the Corporation**

The Corporation has adopted the following amendments and revisions to existing standards, which were issued by the International Accounting Standards Board (IASB):

| Standard/ Interpretation | Description |
|---|---|
| IFRS 10, IFRS 12 and IAS 27 | Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities |
| IAS 32 | Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities |
| IAS 36 | Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets |
| IAS 39 | Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting |
| IFRIC 21 | Levies |

The adoption of the above standards did not have any impact on the accounting policies, financial position or performance of the Corporation.

**F. New IFRS, IFRIC and amendments thereof, issued but not yet effective**

Standards issued but not yet effective up to the date of issuance of the Corporation financial statements are listed below.

The listing is of standards issued, which the Corporation reasonably expects to be applicable at a future date. The Corporation intends to adopt these standards when they become effective.

| Standard | Description | Effective from periods beginning on or after the following date |
|---|---|---|
| IFRS 9 | Financial Instruments | 1 January 2018 |
| IFRS 10 and IAS 28 | Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint venture. | 1 January 2016 |
| IFRS 11 | Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations | 1 January 2016 |
| IFRS 14 | Regulatory Deferral Accounts | 1 January 2016 |
| IFRS 15 | Revenue from Contracts with Customers | 1 January 2017 |
| IAS 16 and IAS 38 | Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation | 1 January 2016 |
| IAS 19 | Amendments to IAS 19 Employee or Third party Contributions to Defined Benefit Plans | 1 July 2014 |
| IAS 27 | Amendments to IAS 27 Equity Method in Separate Financial Statements | 1 January 2016 |

The Corporation is currently assessing the implications of adopting the above mentioned standards, amendments or interpretations on the Corporation's financial statements.

# Notes to the Financial Statements

At 30 Dhull Hijjah 1435H (Corresponding to 24 October 2014)

(Expressed in Islamic Dinars)

## 3. CASH AND CASH EQUIVALENTS

| | 30 Dhul Hijjah 1435 H | 29 Dhul Hijjah 1434 H |
|---|---|---|
| Shareholders' fund | | |
| Cash at bank | 13,759,491 | 10,040,392 |
| Murabaha commodity placements (see note (a) and 5 below) | 26,644,801 | 25,944,793 |
| | 40,404,292 | 35,985,185 |
| Policyholders' fund | | |
| Cash at bank | 1,946,934 | 472,293 |
| | 1,946,934 | 472,293 |
| | 42,351,226 | 36,457,478 |

A. Murabaha commodity placements are held with commercial banks and have an original maturity not exceeding three months.

## 4. MURABAHA FINANCING, NET

| | 30 Dhul Hijjah 1435 H | 29 Dhul Hijjah 1434H |
|---|---|---|
| Gross Murabaha commodity placements | 77,780,150 | 63,942,114 |
| Less: Murabaha commodity placements with an original maturity of three months or less (see note 3) | (26,644,801) | (25,944,793) |
| Less: Deferred profit/ (loss) | - | (167,455) |
| | 51,135,349 | 37,829,866 |
| Other Murahaba financing | 8,891,279 | 16,262,708 |
| | 60,026,628 | 54,092,574 |

## 5. AVIALABLE-FOR-SALE INVESTMENTS

| | 30 Dhul Hijjah 1435 H | 29 Dhul Hijjah 1434 H |
|---|---|---|
| Shareholders' fund | | |
| Quoted investments (carried at fair value through other comprehensive income): | | |
| Units in ICD – Unit Investments Fund | 11,713,929 | 12,481,566 |
| Islamic Sukuks | 47,081,369 | 41,645,954 |
| | 58,795,298 | 54,127,520 |
| Unquoted investments (carried at cost) (see note (a) below): | | |
| Shares in Takaful Re | 1,683,400 | 1,632,120 |
| Less: Impairment allowance | (505,020) | - |
| | 1,178,380 | 1,632,120 |
| | 59,973,678 | 55,759,640 |

A. The fair value of the unquoted investments is not readily available; however, the management believes that cost is not significantly different compared to the fair value; therefore, the investment is carried at cost in these financial statements.

# Notes to the Financial Statements

At 30 Dhull Hijjah 1435H (Corresponding to 24 October 2014)

(Expressed in Islamic Dinars)

| | Quoted | Unquoted | 30 Dhul Hijjah 1435 H | 29 Dhul Hijjah 1434H |
|---|---|---|---|---|
| Cost | | | | |
| At beginning of the year | 41,792,478 | 13,649,950 | 55,442,428 | 35,455,135 |
| Additions | 4,713,518 | - | 4,713,518 | 20,287,945 |
| Impairment loss | - | (505,020) | (505,020) | - |
| Redemption | (2,020,080) | - | (2,020,080) | - |
| Foreign currency translation adjustment | 1,117,987 | (368,601) | 749,386 | (300,652) |
| At end of the year | 45,603,903 | 12,776,329 | 58,380,232 | 55,442,428 |
| Unrealised gains on available-for-sale investments: | | | | |
| At beginning of the year | (146,524) | 463,736 | 317,212 | 180,178 |
| Net movement during the year | 1,623,990 | (347,756) | 1,276,234 | 137,034 |
| At end of the year | 1,477,466 | 115,980 | 1,593,446 | 317,212 |
| Net carrying value | 47,081,369 | 12,892,309 | 59,973,678 | 55,759,640 |

## 6. ACCOUNTS RECEIVABLE, NET

| | 30 Dhul Hijjah 1435 H | 29 Dhul Hijjah 1434 H |
|---|---|---|
| Policyholders' fund | | |
| Trade accounts receivable | 1,884,025 | 1,595,975 |
| Allowance for doubtful debts | (121,341) | (117,645) |
| | 1,762,684 | 1,478,330 |

Movement in the allowance for doubtful debts during the year was as follows:

| | 30 Dhul Hijjah 1435 H | 29 Dhul Hijjah 1434 H |
|---|---|---|
| Balance at beginning of the year | 117,645 | 118,071 |
| Foreign currency translation adjustment | 3,696 | (426) |
| Balance at end of the year | 121,341 | 117,645 |

The aging analysis of unimpaired accounts receivables was as follows:

| | Neither past due nor impaired | Up to 3 months | Above 3 and up to 6 months | Above 6 and up to 12 months | Above 12 months | Total |
|---|---|---|---|---|---|---|
| | Islamic Dinars | Islamic Dinars | Islamic Dinars | Islamic Dinars | Islamic Dinars | Islamic Dinars |
| 1435 H | 288,706 | 694,568 | 134,470 | 252,857 | 392,083 | 1,762,684 |
| 1434 H | 727,066 | 198,575 | 85,422 | 198,799 | 268,468 | 1,478,330 |

The Corporation's credit period is 30 days after which receivables are considered to be past due. Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable.

# Notes to the Financial Statements
At 30 Dhull Hijjah 1435H (Corresponding to 24 October 2014)
(Expressed in Islamic Dinars)

## 7. CLAIMS RECOVERABLE, NET

| | 30 Dhul Hijjah 1435H | 29 Dhul Hijjah 1434H |
|---|---|---|
| Policyholders' fund | | |
| Claims recoverable | 11,392,903 | 11,173,570 |
| Allowance for doubtful claims | (11,022,597) | (9,695,291) |
| | 370,306 | 1,478,279 |

Claims recoverable represents amounts recoverable from defaulted parties in respect of claims settled by the Corporation.

Movement in the allowance for doubtful claims during the year:

| | 30 Dhul Hijjah 1435 H | 29 Dhul Hijjah 1434 H |
|---|---|---|
| Balance at beginning of the year | 9,695,291 | 7,712,748 |
| Allowance for impairment during the year | 1,014,472 | 2,016,847 |
| Foreign currency translation adjustment | 312,834 | (34,304) |
| Balance at end of the year | 11,022,597 | 9,695,291 |

The aging analysis of unimpaired claims recoverable was as follows:

| | Within 1 year | Above 1 & up to 2 years | Above 2 & up to 5 years | Above 5 years | Total |
|---|---|---|---|---|---|
| 1435 H | - | 33,627 | - | 336,679 | 370,306 |
| 1434 H | - | 474,301 | - | 1,003,978 | 1,478,279 |

## 8. UNEARNED PREMIUMS, NET

Unearned premiums are related to the policyholders' fund. Unearned premiums and reinsurers' share of unearned premiums represent premiums that belong to a period subsequent to the reporting date. These are recognized in the statement of income over the unexpired declaration period on a pro-rata basis.
The net unearned premiums comprise of the following:

| | 30 Dhul Hijjah 1435H | 29 Dhul Hijjah 1434H |
|---|---|---|
| Unearned premiums | 12,676,414 | 12,804,682 |
| Reinsurers' share of unearned premiums | (4,402,813) | (5,275,188) |
| | 8,273,601 | 7,529,494 |

## 9. PREPAID EXPENSES AND OTHER ASSETS

| | 30 Dhul Hijjah 1435H | 29 Dhul Hijjah 1434H |
|---|---|---|
| Shareholders' fund | | |
| Accrued income | 258,119 | 364,541 |
| Policyholders' fund | | |
| Staff advances | 2,727,657 | 2,339,699 |
| Other receivables | 66,356 | 82,414 |
| | 2,794,013 | 2,422,113 |
| | 3,052,132 | 2,786,654 |

# Notes to the Financial Statements

At 30 Dhull Hijjah 1435H (Corresponding to 24 October 2014)

(Expressed in Islamic Dinars)

## 10. PROPERTY AND EQUIPMENT

| | Vehicles | Furniture and fixtures | Office equipment | Computer equipment | Total |
|---|---|---|---|---|---|
| Policyholders' fund | | | | | |
| Cost: | | | | | |
| At 1 Muharram 1434 H | 110,263 | 154,334 | 93,642 | 420,299 | 778,538 |
| Additions | - | 761 | 56,010 | 40,398 | 97,169 |
| Disposals | - | - | (868) | - | (868) |
| At 29 Dhul Hijjah 1434 H | 110,263 | 155,095 | 148,784 | 460,697 | 874,839 |
| Additions | - | 508 | 7,278 | 18,291 | 26,077 |
| At 30 Dhul Hijjah 1435 H | 110,263 | 155,603 | 156,062 | 478,988 | 900,916 |
| Depreciation: | | | | | |
| At 1 Muharram 1434 H | 70,025 | 136,703 | 32,144 | 332,371 | 571,243 |
| Charge for the year | 25,437 | 11,533 | 10,014 | 35,955 | 82,939 |
| Relating to disposals | - | - | (125) | - | (125) |
| At 29 Dhul Hijjah 1434 H | 95,462 | 148,236 | 42,033 | 368,326 | 654,057 |
| Charge for the year | 12,276 | 5,161 | 23,274 | 38,232 | 78,943 |
| At 30 Dhul Hijjah 1435 H | 107,738 | 153,397 | 65,307 | 406,558 | 733,000 |
| Net book value: | | | | | |
| At 30 Dhul Hijjah 1435 H | 2,525 | 2,206 | 90,755 | 72,430 | 167,916 |
| At 29 Dhul Hijjah 1434 H | 14,801 | 6,859 | 106,751 | 92,371 | 220,782 |

## 11. ACCOUNTS PAYABLE AND ACCRUALS

| | 30 Dhul Hijjah 1435 H | 29 Dhul Hijjah 1434 H |
|---|---|---|
| Shareholders' liabilities | | |
| Bank commission (see note (a) below) | 311,840 | 392,133 |
| Subscriptions received in advance, net (see note (b) below) | 878,012 | 612,365 |
| Other payables | 343,898 | 342,632 |
| | 1,533,750 | 1,347,130 |
| Policyholders' liabilities | | |
| Accrued payables | 1,413,519 | 2,095,525 |
| Advance from customers | 524,718 | 246,440 |
| Other payables | 921,970 | 1,036,712 |
| | 2,860,207 | 3,378,677 |
| | 4,393,957 | 4,725,807 |

A. This represents net accumulated income up to 30 Dhul Hijjah 1435 H generated from placements with certain conventional banks and financial institutions which were not considered in compliance with Sharia principles. This amount will be used for donation or charitable purposes.

B. This represents subscriptions received in advance from the Member countries.

# Notes to the Financial Statements

At 30 Dhull Hijjah 1435H (Corresponding to 24 October 2014)

(Expressed in Islamic Dinars)

## 12. CLAIMS PAYABLE

Claims payable are related to the policyholders' fund where settlement procedures were not completed at the reporting date.

| | 30 Dhul Hijjah 1435H | 29 Dhul Hijjah 1434H |
|---|---|---|
| Balance at beginning of the year | 232,241 | 296,951 |
| Additions during the year | 207,858 | 1,937,864 |
| Payments made during the year | (166,801) | (2,002,574) |
| Balance at end of the year | 273,298 | 232,241 |

## 13. PROVISION FOR UNREPORTED CLAIMS

Provision for unreported claims estimated as Incurred But Not Reported (IBNR) relates to the policyholders' fund and represents 0.4% of the outstanding exposure at 30 Dhul Hijjah 1435 H (29 Dhul Hijjah 1434 H: 0.5%).

| | 30 Dhul Hijjah 1435H | 29 Dhul Hijjah 1434H |
|---|---|---|
| Total underwritten exposure at year end, net (refer note 20) | 837,177,133 | 556,927,868 |
| IBNR provision | 3,348,709 | 2,784,639 |

During the year, based on experience and historical information available, the management has decided to reduce the IBNR provision rate from 0.5% to 0.4% of the outstanding exposure at year end. Had the IBNR provision rate been kept at the previous year's rate, the net deficit from policyholders' fund for the year and accumulated deficit in policyholders' fund as at 30 Dhul Hijjah 1435 H would have been higher by ID 837,177.

| | Gross Exposure | Reinsured Exposure | Net Exposure |
|---|---|---|---|
| 30 Dhul Hijjah 1435 H | | | |
| Total underwritten exposure at year end | 1,240,621,808 | (403,444,675) | 837,177,133 |
| IBNR provision @ 0.4% | 4,962,487 | (1,613,778) | 3,348,709 |
| 29 Dhul Hijjah 1434 H | | | |
| Total underwritten exposure at year end | 886,740,973 | (329,813,105) | 556,927,868 |
| IBNR provision @ 0.5% | 4,433,705 | (1,649,066) | 2,784,639 |

# Notes to the Financial Statements

At 30 Dhull Hijjah 1435H (Corresponding to 24 October 2014)

(Expressed in Islamic Dinars)

## 14. SHARE CAPITAL

| | 30 Dhul Hijjah 1435 H | 29 Dhul Hijjah 1434 H |
|---|---|---|
| Authorized capital | | |
| 400,000 shares (1434 H: 400,000) of ID 1,000 each | 400,000,000 | 400,000,000 |
| IDB (“Special Account Resources Waqf Fund”) | | |
| Issued and subscribed capital | | |
| 100,000 shares of ID 1,000 each: | | |
| 50,000 shares of ID 1,000 each fully paid | 50,000,000 | 50,000,000 |
| 50,000 shares of ID 1,000 each, of which ID 500 has been called | 25,000,000 | - |
| Member countries | | |
| 136,748 shares (1434 H: 131,498) of ID 1,000 each, of which | | |
| ID 500 has been called | 68,374,000 | 65,749,000 |
| Less: Subscriptions receivable | (18,625,000) | (5,500,000) |
| | 124,749,000 | 110,249,000 |

The uncalled subscriptions on issued capital are subject to call by the Corporation as and when required to meet its obligations and may be refunded in whole or in part in which event the amounts refunded shall become part of the callable capital obligation of the shareholders.

The shareholders (Member countries) may withdraw from the Corporation after the expiry of a period of 5 years from the date of their membership. In such an event, the Corporation shall arrange for the repurchase of the shares of a withdrawing shareholder at a price equal to the book value of such shares on the date shareholder ceases to be a member.

## 15. RESERVE

In accordance with Article 29 of Chapter IV of the Corporation’s Articles of Agreement, all profits accruing to the shareholders’ fund as well as the surplus accruing to the policyholders’ fund shall be allocated to reserve, until such reserve equals five times the subscribed capital of the Corporation.

After the reserve of the Corporation have reached this level, the Board of Governors will decide to what extent the surplus accruing to the policyholders’ fund and the net income accruing to the shareholders’ fund may be distributed or allocated to reserve.

## 16. LOAN TO POLICYHOLDRS’ FUND FROM SHAREHOLDERS’ FUND

In accordance with clause 13(3) of the Articles of Agreement, the net deficit in the policyholders’ fund should be covered by a loan from the shareholders’ fund. The loan is recoverable only from the future surplus accruing to the policyholders’ fund. The net deficit is interpreted as the shortfall of assets to meet any liabilities of the policyholders’ fund. Loan from shareholders’ fund is comprised of the following:

| | 30 Dhul Hijjah 1435H | 29 Dhul Hijjah 1434H |
|---|---|---|
| Policyholders’ fund | | |
| Total assets | 11,656,603 | 11,553,171 |
| Total liabilities | (20,296,065) | (19,326,592) |
| Accumulated deficits | 33,322,235 | 29,767,545 |
| Net deficit in policyholders’ fund | 24,682,773 | 21,994,124 |
| Loan to policyholders’ fund from shareholders’ fund | (24,682,773) | (21,994,124) |
| | - | - |

# Notes to the Financial Statements

At 30 Dhull Hijjah 1435H (Corresponding to 24 October 2014)

(Expressed in Islamic Dinars)

## 17. NET CLAIMS INCURRED

Net claims incurred comprised of the following:

| | 30 Dhul Hijjah 1435H | 29 Dhul Hijjah 1434H |
|---|---|---|
| Gross claims paid | 166,801 | 2,002,574 |
| Recoveries, net (see note (a) below) | (219,364) | (2,205,854) |
| Net claims | (52,563) | (203,280) |
| Claims related (reversal)/expenses | (88,677) | 12,294 |
| Outstanding claims: | | |
| Movement in allowance for unreported claims | 564,070 | 151,291 |
| Movement in allowance for doubtful claims | 1,014,471 | 2,016,847 |
| Movement in claims payable | 41,057 | (64,710) |
| | 1,478,358 | 1,912,442 |

A. Recoveries represent amounts collected or collectible by the Corporation in respect of debts which were the subject of insurance claims during the year, net of the corresponding reinsurers' share which amounts to ID 55 K for the year ended 30 Dhul Hijjah 1435 H (29 Dhul Hijjah 1434 H: Nil). Any revisions to previous estimates of amounts considered to be collectible are adjusted in the year in which such estimates are revised.

## 18. RELATED PARTY TRANSACTIONS AND BALANCES

In the ordinary course of its activities, the Corporation transacts business with related parties. The terms of these transactions are approved by the Corporation's management.

Transactions with related parties included in the statement of income are as follows:

| | 30 Dhul Hijjah 1435H | 29 Dhul Hijjah 1434H |
|---|---|---|
| Investment management fees paid to IDB | 218,796 | 209,774 |
| Charges for office space paid to IDB | 189,118 | 243,727 |
| Expenses paid by IDB on behalf of the Corporation | 7,571,102 | 6,477,937 |
| Claims paid to IDB | - | 195,635 |
| Pensions paid to IDB | 1,617,960 | 537,434 |

Related parties balances included in the statement of financial position are as follows:

| | 30 Dhul Hijjah 1435H | 29 Dhul Hijjah 1434H |
|---|---|---|
| Due from ICD | 211,937 | 206,184 |
| Claims payable – International Islamic Trade Finance Corporation (ITFC) | 161,206 | 195,635 |
| Due to IDB | 1,137,437 | 126,353 |

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

| | 30 Dhul Hijjah 1435H | 29 Dhul Hijjah 1434H |
|---|---|---|
| Salaries and other short term benefits | 286,554 | 259,337 |
| Post-employment benefits | 494,436 | 460,564 |

# Notes to the Financial Statements

At 30 Dhull Hijjah 1435H (Corresponding to 24 October 2014)

(Expressed in Islamic Dinars)

## 19. FAIR VALUES OF FINANCIAL INSTRUMENTS

A. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Corporation.

The Corporation's financial assets include cash and cash equivalents, Murabaha financing, net, available for sale investments, accounts receivable, claims recoverable, due from ICD and certain other assets. The Corporation's financial liabilities consist of claims payable, accounts payable, due to IDB and certain other liabilities. The fair values of financial instruments are not materially different from their carrying values except for unquoted investment held at cost. At 24 October 2014, apart from the available-for-sale investments which are carried at fair value, there were no other financial instruments held by the Corporation that were measured at fair value.

B. The Corporation uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted prices in active markets for the same instrument (i.e., without modification or repackaging);

Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and

Level 3: valuation techniques for which any significant input is not based on observable market data.

The following table provides an analysis of available for sale financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on degree to which the fair value is observable:

| | Level 1 | Level 2 | Level 3 |
|---|---|---|---|
| For the year ended 30 Dhul Hijjah 1435 H | | | |
| Islamic Sukuk | 47,081,369 | - | - |
| Unit in IDB - Unit Investment Fund | - | 11,713,929 | - |
| Shares in Takaful Re. | - | - | 1,178,380 |
| For the year ended 29 Dhul Hijjah 1434 H | | | |
| Islamic Sukuk | 41,645,954 | - | - |
| Unit in IDB - Unit Investment Fund | - | 12,481,566 | - |
| Shares in Takaful Re. | - | - | 1,632,120 |

## 20. RISK MANAGEMENT

Risk management lies at the heart of the Corporation's operations. Insuring political and credit risk requires a sound risk management infrastructure and an effective risk culture. The Corporation considers the importance of risk management at all levels of its operations; from the Corporation's Board of Directors to the underwriting officer level. The Corporation manages its risk in line with the guidelines and policies which have been approved by the Board of Directors. The Corporation shares the same Board of Directors and Audit Committee as that of IDB. Moreover, the Corporation is also represented in the IDB Group Risk Management Committee and coordinates with the Group Risk Management Department on risk issues pertaining to the Group. The nature of activities and management policies with respect to risk management are provided under the various categories of risks faced by the Corporation:

**Insurance Risk**

As a multilateral institution, the Corporation provides two distinct services; credit insurance and political risk insurance to its policyholders. Both of these products require the Corporation to carry out buyer/project and country risk assessment in a way to minimize the payment of claims as the Corporation's net earnings would depend upon the incidence of claims payment. The risk of paying out claims to its policyholders, though contingent in nature, is the major risk which the Corporation faces. The management of insurance risk is done effectively by employing various risk management techniques including risk diversification, risk transfer (reinsurance) and monitoring of technical provisions. The Corporation closely monitors its claim and recovery activities and provisions for outstanding claims. Cognizant of the importance of risk diversification the

# Notes to the Financial Statements

At 30 Dhull Hijjah 1435H (Corresponding to 24 October 2014)

(Expressed in Islamic Dinars)

Corporation sets exposure limits per country, per buyer and per transaction. The Corporation has established well functioning reinsurance programs which include treaty and facultative reinsurance that are helpful in managing its portfolio risk profile.

## Reinsurance risk

In order to minimize its financial exposure arising from large claims, whether in its overall Short Term portfolio, or in large Medium Term transactions, and as per the industry practice, the Corporation enters into exposure ceding agreements (Quota Share Treaty or Facultative Agreement) with internationally operating and reputable reinsurance companies. Accordingly, the Corporation carefully evaluates the financial strength of the reinsurers, and monitors their concentration risk in geographic regions, economic sectors or in specific activities, in order to minimize its exposure to significant losses which may be due to reinsurers' insolvency.

Reinsurers are selected using stringent parameters and guidelines set by the management of the Corporation, focusing mainly on the following criteria:

- Minimum acceptable credit rating by recognized rating agencies (SandP, Moody's, A.M. Best, or Fitch)
- Financial strength, managerial and technical expertise, and historical performance
- Market reputation; and
- Existing or past business relationship/experience with the reinsurer.

Although the Corporation has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance arrangements.

## Credit risk

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

For all classes of financial assets held by the Corporation, other than those relating to reinsurance contracts as described in reinsurance risk above, the maximum credit risk exposure to the Corporation is the carrying value as disclosed in the financial statements at the statement of financial position date.

Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the Board of Directors and are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowances for impairment.

The Corporation seeks to limit its credit risk with respect to customers by following its credit control policy and monitoring outstanding receivables on an on-going basis in order to reduce the Corporation's exposure to bad debts. Management estimates specific impairment provision on a case by case basis. In addition to specific provisions, the Corporation also makes an additional portfolio provision, estimated on a collective basis, based on the ageing profile of the overdue premium receivables. The Corporation seeks to limit its credit risk with respect to other counterparties by placing murabaha financing with reputable banks. The Corporation's investment portfolio is primarily managed by IDB and therefore, it is of the opinion that no credit loss is likely to occur.

The table below shows the maximum exposure to credit risk for the components of the statement of financial position:

| | 30 Dhul Hijjah 1435H | 29 Dhul Hijjah 1434H |
|---|---|---|
| Murabaha receivables | 86,671,429 | 80,037,367 |
| Accounts receivable, net | 1,762,684 | 1,478,330 |
| Claims recoverable, net | 370,306 | 1,478,279 |
| Islamic Sukuks | 47,081,369 | 41,645,954 |
| | 135,885,788 | 124,639,930 |

## Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices.
The Corporation is exposed to market risk with respect to its investments. Market risk is managed by investing in reputed funds which maintain investments in diversified portfolios and by continuous monitoring of developments in equity and bond markets. In addition, the key factors that affect stock and bond market movements are monitored, including analysis of the

# Notes to the Financial Statements
At 30 Dhull Hijjah 1435H (Corresponding to 24 October 2014)
(Expressed in Islamic Dinars)

operational and financial performance of investees.
Majority of the Corporation's investments are managed by the IDB Treasury, which follows the IDB Group risk policies on market risk management.

A 5% change in the value of investments with all other variables held constant, would impact the Corporation by ID 3,024 thousand (1434 H: ID 2,788 thousand).

**Currency risk**
Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.
The Corporation's investment portfolio is held in major currencies in line with the composition of the Islamic Dinar basket, namely US Dollars, Sterling Pound, Euro and Japanese Yen. The Corporation has a conservative policy whereby the currency composition of the portfolio is monitored and adjusted regularly. As such, the Corporation is not exposed to any material currency risk.

However, as the insurance exposure is primarily in USD, the Corporation faces currency risk in terms of settling any claim payments which exceed the USD amount on its asset side. This risk is somewhat minimized, as the corresponding reinsurance receivables will also be in USD.

**Liquidity risk**
Liquidity risk is the risk that the Corporation will not be able to meet its commitments associated with financial liabilities when they fall due.
Liquidity requirements are monitored on a monthly basis and management ensures that sufficient liquid funds are available to meet any commitments as they arise.

The following table summarizes the maturities of the Corporation's undiscounted financial assets and financial liabilities at the end of Dhul Hijjah:

| | Less than 3 months | 3 to 12 months | 1 to 5 years | Total |
|---|---|---|---|---|
| 1435 H | | | | |
| Financial assets | 79,476,330 | 23,707,343 | 59,792,474 | 162,976,147 |
| Financial liabilities | (4,393,957) | - | - | (4,393,957) |
| 1434 H | | | | |
| Financial assets | 72,891,186 | 21,743,031 | 54,838,268 | 149,472,485 |
| Financial liabilities | (4,917,376) | - | - | (4,917,376) |

**Mark-up risk**
Mark-up risk arises from the possibility that changes in mark-up rates will affect the value of the financial instruments. The Corporation is exposed to mark-up risk on its investments in cash and cash equivalents, Murabaha financing and investments in Sukuk. 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 markup 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 mark-up rate risk internally to key management personnel and represents management's assessment of the possible change in mark-up rates.
At reporting date, if mark-up rates had been 50 basis points higher/lower and all other variables were held constant, the Corporation's net income would not be changed significantly.
**Operational risk**
The operational risk is defined as the risk of loss faced by a financial institution arising from failed processes, people and/or systems.

The Corporation has a full-fledged Risk Management function in place, which regularly monitors all operational risk aspects related to insurance as well as investment operations. In addition, it works very closely with the IDB Group Risk Management Department (GRMD) to ensure presence of an effective internal control system through which it attempts to manage its operational risk. Furthermore, the IDB Group Internal Audit Department (GIAD) regularly audits the Corporation's internal controls and recommends improvements under the risk based internal audit approach.

# Notes to the Financial Statements

At 30 Dhull Hijjah 1435H (Corresponding to 24 October 2014)

(Expressed in Islamic Dinars)

The Corporation continues to follow IDB Group 'Best Practices and Customer Due Diligence Standards' and internal operational regulations when dealing with clients.

### Geographical risk

The Corporation carries on business mainly with Member countries in Africa and Asia. Due to the relatively high country risk of some of the countries in these continents, the Corporation is exposed to potential losses arising from large insurance claims. The maximum theoretical geographical risk based on the outstanding net exposure at the year-end amounts to ID 837 (1434 H: ID 557 million). The Corporation minimizes any detrimental impact on its assets, due to the realization of such risks, by setting exposure limits for each country and monitoring outstanding exposures in addition to maintaining reserves.

The following table summarizes the Corporation's gross exposure country wise:

| Country | 30 Dhul Hijjah 1435H | 29 Dhul Hijjah1434H |
|---|---|---|
| Algeria | 86,397,195 | 84,787,892 |
| Bahrain | 87,629,822 | 74,220,025 |
| Bangladesh | 15,793,714 | 16,755,194 |
| Canada | 1,160,549 | 12,059,138 |
| Cote Di Voire | 48,081,935 | 57,840,099 |
| Dijibouti | 9,023,022 | 11,172,638 |
| Ethiopia | 79,733,435 | 108,977,161 |
| Indonesia | 51,162,936 | 19,218,984 |
| Lebanon | 51,744,876 | 56,917,039 |
| Pakistan | 40,077,175 | 91,938,908 |
| Saudi Arabia | 214,394,191 | 83,333,929 |
| Senegal | 54,159,956 | 54,884,272 |
| Turkey | 60,223,844 | 17,516,005 |
| United Arab Emirates | 125,202,145 | 50,191,243 |
| United Kingdom | 29,029,321 | 24,113,497 |
| Other | 286,807,692 | 122,814,949 |
| Gross exposure | 1,240,621,808 | 886,740,973 |
| Ceded exposure to Reinsurers | (403,444,675) | (329,813,105) |
| Net exposure | 837,177,133 | 556,927,868 |

## 21. CAPITAL MANAGEMENT

The capital structure of the Corporation consists of equity of the corporation (comprising issued capital and reserve). As the corporation is a multilateral organization, the capital of the corporation is not subject to external regulations. However, the Corporation intends to follow best industry practices in terms of prudent capital management policies. In this regard, the Corporation will benefit from the solvency II and IFSB standards.

## 22. ZAKAT AND TAX TREATMENT

Since the Corporation is part of Baitul Mal (public money), it is not subject to Zakat or tax.

## 23. COMPARATIVE FIGURES

Certain of the prior year amounts have been reclassified to conform with the presentation in the current year.

# Appendices

**Assess your mental strength**

A lot of mountain climbing is about your mental attitude because you will need to make sound, fast judgments about conditions, directions, and safety.

# Membership and Capital Subscriptions Status

At the end of 1435H

**Islamic Development Bank (Waqf Fund):**
No. of Shares: 150,000 (52.31%)
Value of Shares: ID 150,000,000

**Saudi Arabia:**
No. of Shares: 60,000 (20.92%)
Value of Shares: ID 60,000,000

**Iran:**
No. of Shares: 10,000 (3.49%)
Value of Shares: ID 10,000,000

**Kuwait:**
No. of Shares: 7,500 (2.62%)
Value of Shares: ID 7,500,000

**U.A.Emirates:**
No. of Shares: 7,500 (2.62%)
Value of Shares: ID 7,500,000

**Egypt:**
No. of Shares: 6,703 (2.34%)
Value of Shares: ID 6,703,000

**Kazakhstan:**
No. of Shares: 6,500 (2.27%)
Value of Shares: ID 6,5000,000

**Morocco:**
No. of Shares: 5,000 (1.74%)
Value of Shares: ID 5,000,000

**Qatar:**
No. of Shares: 5000 (1.74%)
Value of Shares: ID 5,000,000

**Turkey:**
No. of Shares: 5,000 (1.74%)
Value of Shares: ID 5,000,000

**Bahrain:**
No. of Shares: 3,625 (1.26%)
Value of Shares: ID 3,625,000

**Malaysia:**
No. of Shares: 2,740 (0.96%)
Value of Shares: ID 2,740,000

**Pakistan:**
No. of Shares: 2,500 (0.87)
Value of Shares: ID 2,500,000

**Libya:**
No. of Shares: 1,500 (0.52)
Value of Shares: ID 1,500,000

**Nigeria:**
No. of Shares: 1,250 (0.44 %)
Value of Shares: ID 1,250,000

**Algeria:**
No. of Shares: 1,000 (0.35%)
Value of Shares: ID 1,000,000

**Tunisia:**
No. of Shares: 1,000 (0.35%)
Value of Shares: ID 1,000,000

**Yemen:**
No. of Shares: 1,000 (0.35%)
Value of Shares: ID 1,000,000

**Sudan:**
No. of Shares: 750 (0.26%)
Value of Shares: ID 750,000

**Burkina Faso:**
No. of Shares: 680 (0.24%)
Value of Shares: ID 680,000

**Bangladesh:**
No. of Shares: 500 (0.17%)
Value of Shares: ID 500,000

**Gambia:**
No. of Shares: 500 (0.17%)
Value of Shares: ID 500,000

**Indonesia:**
No. of Shares: 500 (0.17%)
Value of Shares: ID 500,000

**Jordan:**
No. of Shares: 500 (0.17%)
Value of Shares: ID 500,000

**Lebanon:**
No. of Shares: 500 (0.17%)
Value of Shares: ID 500,000

**Oman:**
No. of Shares: 500 (0.17%)
Value of Shares: ID 500,000

**Albania:**
No. of Shares: 250 (0.09%)
Value of Shares: ID 250,000

**Benin:**
No. of Shares: 250 (0.09%)
Value of Shares: ID 250,000

**Brunei:**
No. of Shares: 250 (0.09%)
Value of Shares: ID 250,000

**Cameroon:**
No. of Shares: 250 (0.09%)
Value of Shares: ID 250,000

**Chad:**
No. of Shares: 250 (0.09%)
Value of Shares: ID 250,000

**Cote D'ivoire:**
No. of Shares: 250 (0.09%)
Value of Shares: ID 250,000

**Djibouti:**
No. of Shares: 250 (0.09%)
Value of Shares: ID 250,000

**Gabon:**
No. of Shares: 250 (0.09%)
Value of Shares: ID 250,000

**Guinea:**
No. of Shares: 250 (0.09%)
Value of Shares: ID 250,000

**Iraq:**
No. of Shares: 250 (0.09%)
Value of Shares: ID 250,000

**Mali:**
No. of Shares: 250 (0.09%)
Value of Shares: ID 250,000

**Mauritania:**
No. of Shares: 250 (0.09%)
Value of Shares: ID 250,000

**Mozambique:**
No. of Shares: 250 (0.09%)
Value of Shares: ID 250,000

**Niger:**
No. of Shares: 250 (0.09%)
Value of Shares: ID 250,000

**Senegal:**
No. of Shares: 250 (0.09%)
Value of Shares: ID 250,000

**Syria:**
No. of Shares: 250 (0.09%)
Value of Shares: ID 250,000

**Uganda:**
No. of Shares: 250 (0.09%)
Value of Shares: ID 250,000

# Utilization of ICIEC's Services by Member Countries

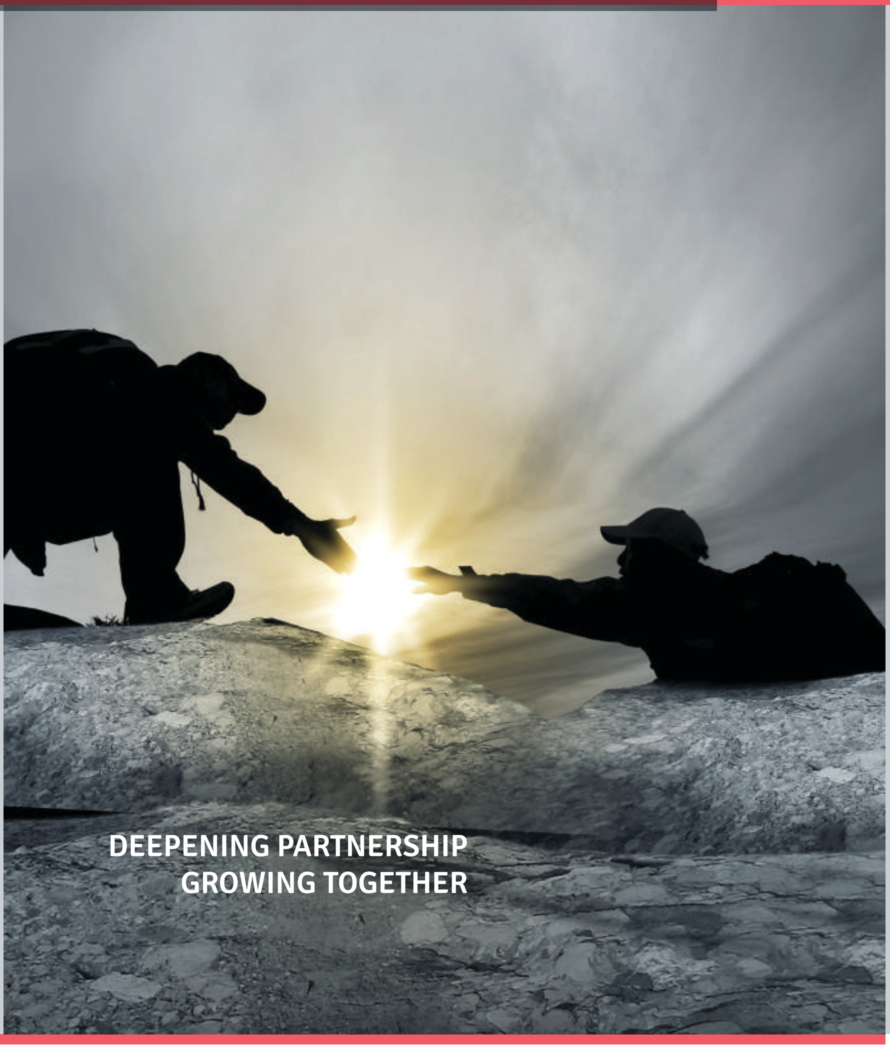
Since Inception Up-to End of 1435H

2013-2014

Figures In U.S. Dollar

| Country | Imports | Exports | Outward Investments | Inward Investments | Total | % |
|---|---|---|---|---|---|---|
| Libya | 95,215,881 | - | - | 9,400,000 | 104,615,881 | 0.35% |
| Pakistan | 1,545,839,530 | 471,089,439 | - | 282,696,108 | 2,299,625,077 | 7.59% |
| Algeria | 548,682,112 | 66,848,184 | - | 516,495,000 | 1,132,025,296 | 3.73% |
| Gabon | 20,123,268 | - | - | - | 20,123,268 | 0.07% |
| Malaysia | 25,630,771 | 36,202,837 | 80,000,000 | - | 141,833,608 | 0.47% |
| Saudi Arabia | 2,170,115,436 | 5,759,555,911 | 99,051,479 | - | 8,028,722,826 | 26.49% |
| Bahrain | 75,742,712 | 2,927,137,576 | - | 365,045,782 | 3,367,926,070 | 11.11% |
| Gambia | 14,385,383 | - | - | - | 14,385,383 | 0.05% |
| Mali | 8,815,114 | - | - | - | 8,815,114 | 0.03% |
| Senegal | 202,905,151 | - | - | 465,749,883 | 668,655,034 | 2.21% |
| Bangladesh | 845,896,767 | - | - | - | 845,896,767 | 2.79% |
| Guinea | 7,926,560 | - | - | - | 7,926,560 | 0.03% |
| Mauritania | 156,661,538 | - | - | - | 156,661,538 | 0.52% |
| Sudan | 345,427,255 | 195,117,558 | - | 111,787,268 | 652,332,081 | 2.15% |
| Benin | 1,000,000 | - | - | - | 1,000,000 | 0.00% |
| Indonesia | 111,381,366 | - | - | 342,798,035 | 454,179,401 | 1.50% |
| Morocco | 315,839,077 | 150,372,144 | - | - | 466,211,221 | 1.54% |
| Syria | 91,312,973 | 154,868,956 | - | 35,309,731 | 281,491,660 | 0.93% |
| Burkina Faso | 3,000,000 | - | - | - | 3,000,000 | 0.01% |
| Iran | 254,094,303 | 29,760,612 | - | 202,121,572 | 485,976,487 | 1.60% |
| Mozambique | 119,340 | - | - | - | 119,340 | 0.00% |
| Tunisia | 180,832,429 | 622,678,573 | - | - | 803,511,002 | 2.65% |
| Cameroon | 43,176,574 | 3,858,888 | - | - | 47,035,462 | 0.16% |
| Jordan | 254,556,619 | 652,304,696 | 221,100,000 | - | 1,127,961,315 | 3.72% |
| Niger | 6,092,148 | - | - | - | 6,092,148 | 0.02% |
| Turkey | 351,807,220 | 623,262,629 | 395,395,000 | 21,495,000 | 1,391,959,849 | 4.59% |
| Cote D'Ivoire | 61,491,058 | - | - | 442,856,604 | 504,347,662 | 1.66% |
| Kazakhstan | 36,701,435 | - | - | - | 36,701,435 | 0.12% |
| Nigeria | 1,681,905 | - | - | - | 1,681,905 | 0.01% |
| Uganda | 3,976,904 | 0 | 0 | - | 3,976,904 | 0.01% |
| Djibouti | - | - | - | 449,114,993 | 449,114,993 | 1.48% |
| Kuwait | 239,628,719 | 64,303,002 | 44,709,731 | - | 348,641,452 | 1.15% |
| Oman | 65,893,724 | - | - | - | 65,893,724 | 0.22% |
| UAE | 871,355,455 | 1,874,342,664 | 518,991,995 | 273,999,993 | 3,538,690,107 | 11.67% |
| Egypt | 928,698,797 | 1,300,774,904 | - | 44,134,035 | 2,273,607,736 | 7.50% |
| Lebanon | 257,064,727 | 37,070,591 | - | 100,000,000 | 394,135,318 | 1.30% |
| Qatar | 108,795,768 | 0 | - | - | 108,795,768 | 0.36% |
| Yemen | 50,751,536 | 15,583,999 | - | - | 66,335,535 | 0.22% |

* No transactions were reported until the end of 1435H for Albania, Brunei, Chad, and Iraq.




## Partnership At The Core - Annual Report 1435H (2014)

The theme of our 2014 Annual Report is partnership. Partnership is at core of our institution, and it is the very essence of everything that we do. Ever since its inception in 1994, ICIEC has thrived on the partnerships we forged with our fellow global players, and it is these relationships that equip us with the tools to overcome obstacles in our path to success.

Ultimately, these key partnerships will continue to drive us into a pioneering and prosperous future.

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