Partners in Development

The Islamic Corporation for the Insurance of Investment and Export Credit
(a member of the Islamic Development Bank Group, Jeddah)

بسم الله الرحمن الرحيم

In the Name of Allah, the Most Gracious, the Most Merciful

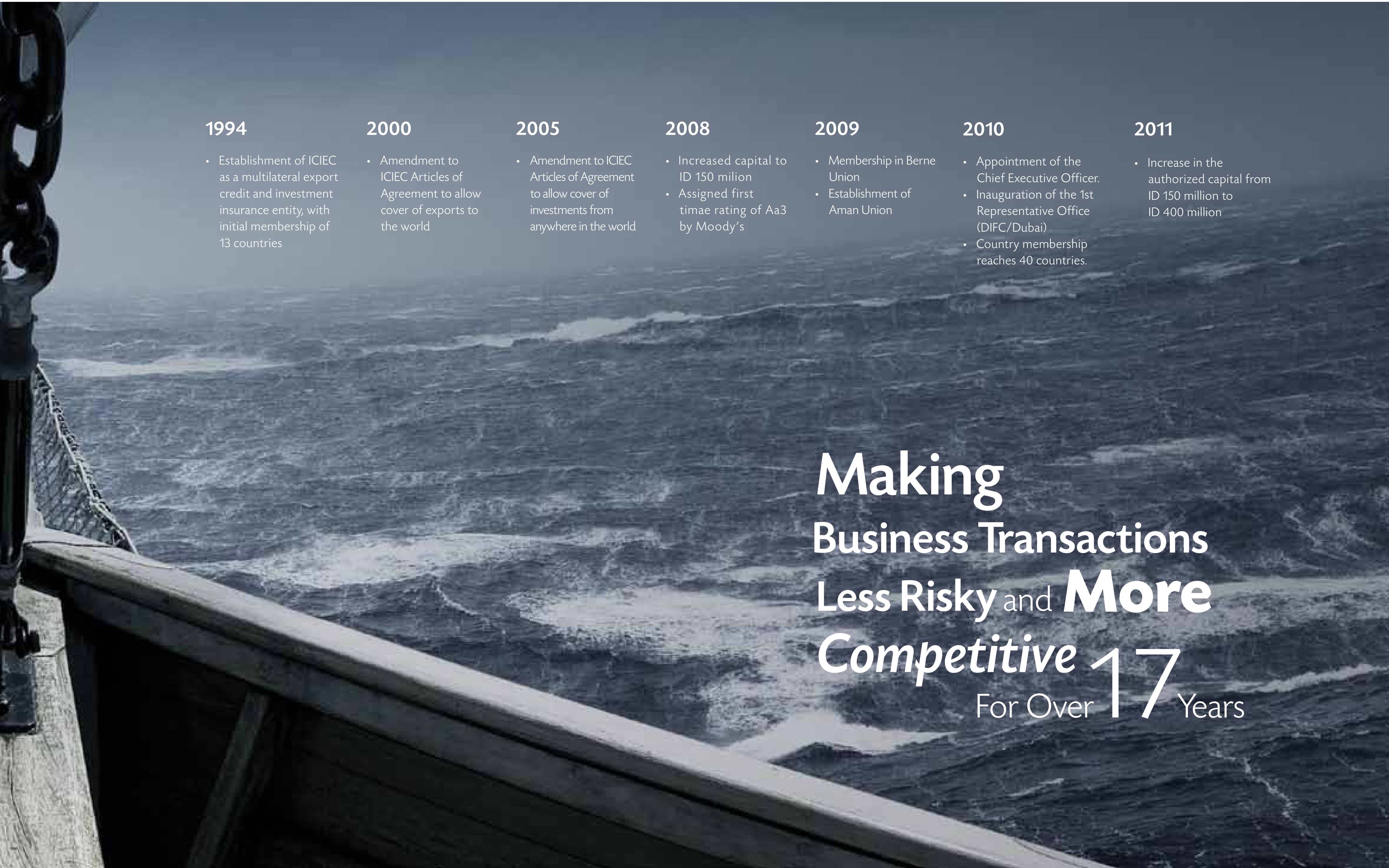
Contents

Our Vision

"To be the Internationally recognized ***leader in Sharia compatible*** export credit and investment insurance and re-insurance in Member Countries."

Our 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 Sharia compatible export credit and investment insurance as credit and political risk mitigation instruments."



1994

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

2000

- Amendment to ICIEC Articles of Agreement to allow cover of exports to the world

2005

- Amendment to ICIEC Articles of Agreement to allow cover of investments from anywhere in the world

2008

- Increased capital to ID 150 milion
- Assigned first timae rating of Aa3 by Moody's

2009

- Membership in Berne Union
- Establishment of Aman Union

2010

- Appointment of the Chief Executive Officer.
- Inauguration of the 1st Representative Office (DIFC/Dubai)
- Country membership reaches 40 countries.

2011

- Increase in the authorized capital from ID 150 million to ID 400 million

Making Business Transactions Less Risky and More *Competitive* For Over 17 Years

Transmittal Letter

In the Name of Allah, the Beneficent, the Merciful
Date: 05 /03 /1433H
28 / 01 /2012G

Honourable Members of the Board of Governors of the Islamic Corporation for the Insurance of Investment and Export Credit

Dear Brothers and Sisters

Assalamo-Alaikum Warahmatullah Wabarakatuh

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 submit, on behalf of the Board of Directors, for the kind attention of the esteemed Board of Governors, the Annual Report and audited financial statements of the Corporation for the Year 1432H (2010-2011G).

Please accept the assurances of my highest consideration.

Yours sincerely,

Dr. Ahmad Mohamed Ali
Chairman of the Board, ICIEC

Business and Financial Results

Highlights 1432H (7 Dec. 2010 - 25 Nov. 2011)

In USD millions

Business Highlights	1431H	1432H	Change
New Insurance Commitments	3,214	3,364	5%
Business Insured	1,967	3,123	59%
Current Exposure	731	1,084	48%
Premium and Fees	16.28	15.37	(6%)
Claims Paid	0	0.11	-----
Recoveries	0.02	0.15	650%
Reinsurance Cost	5.66	5.80	2%
Administrative Expenses	8.63	10.84	26%
Technical Result	**2.01**	**(1.23)**	**(139%)**

In Islamic Dinar (ID)[1] Millions

Financial Highlights	1431H	1432H	Change
Total Assets	120.54	125.32	4%
Total Shareholders' Equity	106.03	108.33	2%
Paid-Up Capital	73.43	73.50	-----
Net Reserves	25.87	26.26	1%
Investment Income	1.74	1.88	8%
Earned Premium and Fees	4.02	4.86	21%
Net Claims Paid/(Recovered)	0.11	(0.14)	(227%)
Net Corporate Result	**0.14**	**0.26**	**86%**

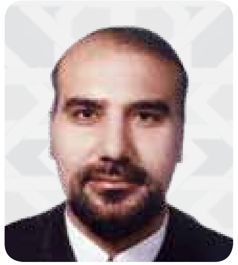
[1]Islamic Dinar (ID) is the unit of account of the Corporation. It is equivalent to the Special Drawing Rights (SDR) of the International Monetary Fund (ID 1.00 = USD 1.56 as at the end of 1432H).

Board of Directors

Dr. Ahmad Mohamed Ali
The Chairman, Board of Directors

Dr Hamad bin Suleiman Al Bazai
(Saudi Arabia)

Bader Abdullah Abuaziza
(Libya)



Dr. Asghar Abolhasani Hastiani
(Iran)

Abdulwahab Saleh Al-muzaini
(Kuwait)

Zeinhom Zahran
(Egypt)

Ali Hamdan Ahmed
(UAE)

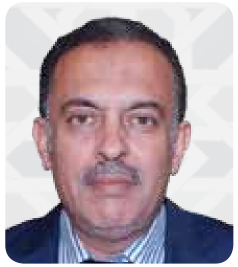
Ismail Omar Al Dafa
(Qatar)

Ibrahim Halil Canakci
(Turkey)

Mohammed Gambo Shuaibi
(Nigeria)

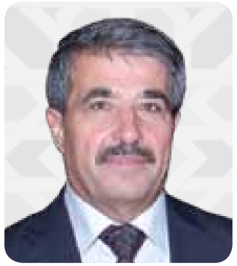
Dr. Wan Abdulaziz Wan Abdullah
(Brunei Darussalam, Indonesia, Malaysia, Suriname)

Musharaff Hossain Bhuyian
(Afghanistan, Bangladesh, Maldives, Pakistan)



Adel Ben Ali
(Algeria, Mauritania, Morocco, Tunisia)

Mohammed Jawad Bin Hassan Suleman
(Bahrain, Oman, Sudan, Yemen)



Mohammed Ahmed Abu Awad
(Iraq, Jordan, Lebanon, Palestine Syria)

Sékou Ba
(Burkina-Faso, Gambia, Mali, Niger, Senegal, Togo)

Antonio Fernando Laice
(Chad, Comoros, Djibouti, Gabon, Mozambique, Somalia, Uganda)

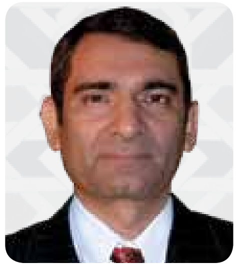
Diamonde Kanvaly
(Benin, Cameroon, Côte d'Ivoire, Guinea, Guinea-Bissau, Sierra Leone)

Yerlan Alimzhanuly Baidaulet
(Albania, Azerbijian, Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan, Uzbekistan)

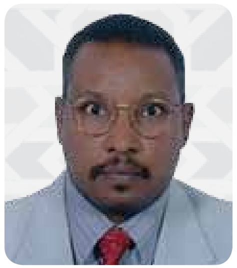
Management

Dr.Abdel Rahman Eltayeb Taha
Chief Executive Officer

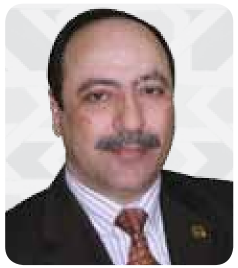
Khemais El-Gazzah
Director Short Term Insurance
Acting Director, Medium Term & Investment Insurance



Muhammed Azam
Director, Accounting and Finance

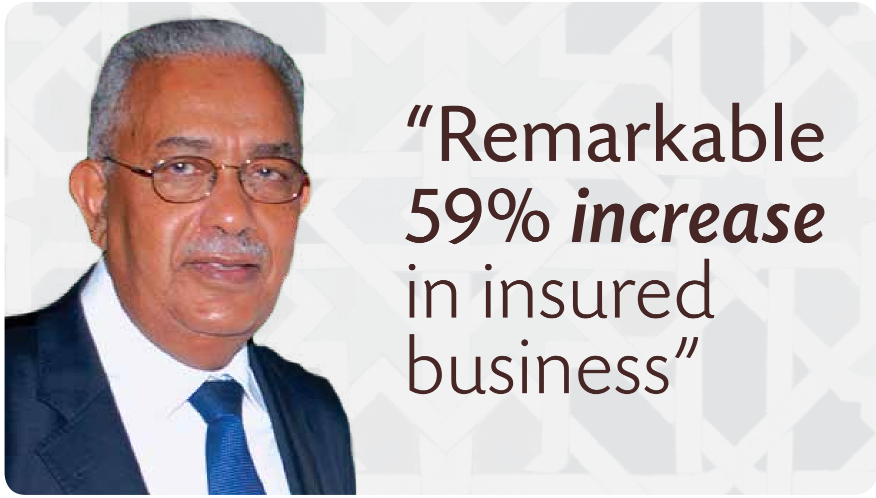


Adil A. Babikr
Director, Legal Affairs



Bassam Dawoud
Acting Director, HR & Corporate Service

Message from the Chief Executive Officer



I am pleased to report, that despite increasing global financial and political risks, the Corporation not only continued to substantially expand its risk mitigation and credit enhancement services in support of the trade and investments of Member Countries, but also achieved a record low in claims ratios and maintained its favorable Aa3 Moody's "Insurer Financial Strength Rating" for the fourth consecutive year.

All business indicators showed strong growth during 1432H, particularly in "Business Insured" which reached USD 3.12 billion, an increase of 59% over the year before. Despite such a high level of insured business, the outstanding insurance exposure at the end of the year stood at only USD 1.08 billion (USD 0.38 billion net of reinsurance), reflecting the predominance of short-term business in the insurance portfolio.

On the financial front, the overall Corporate Result continued to be positive, albeit modest, recording a surplus of ID 0.26 million, compared to ID 0.14 million the previous year. The investment portfolio performed better than in the previous year, generating a net surplus of ID 1.95 million compared to ID 1.72 million, spelling a return of 1.77% for the average funds invested during the year, despite the low record of LIBOR for SDR composite currencies.

It was a timely decision when the Board of Governors of the Corporation at its Annual Meeting last June, substantially increased the authorised capital of the ICIEC from ID 150 million to ID 400 million. This not only enhanced the Corporation's ability to expand its insurance capacity to meet the rapidly increasing demand for its services in Member Countries, but also strengthened its financial position and improved the confidence of its clients in its ability to meet its insurance obligations.

I would like to take this opportunity to call upon all Member Countries, who have not already done so, to subscribe to the general and optional capital increase. The fact that the ICIEC, in order to generate insurance services, can leverage its capital resources more than ten times over, should be a strong incentive for Member Countries to subscribe generously to the optional capital increase.

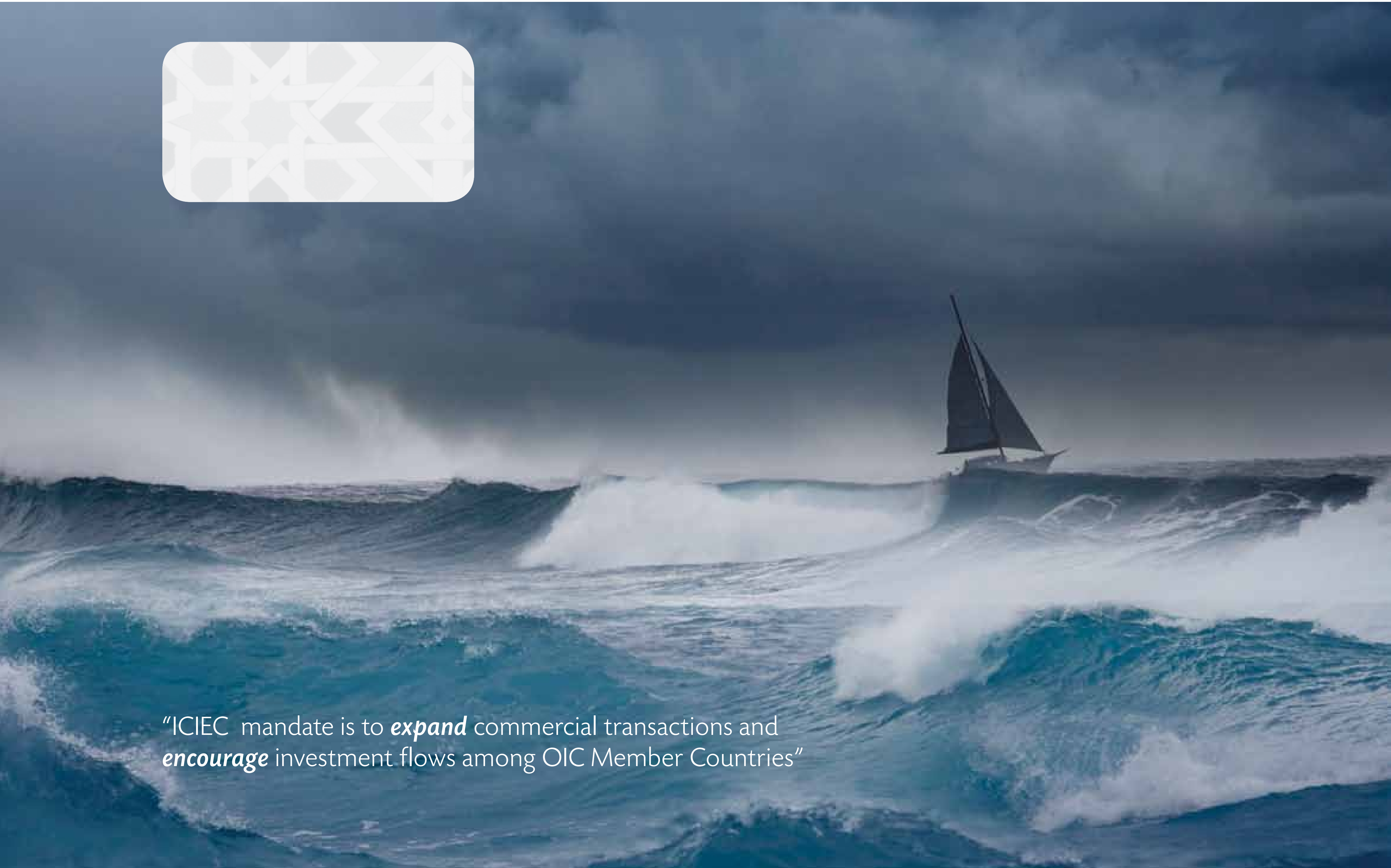
I must also report that the year under review witnessed the introduction of a number of significant improvements in the ICIEC's insurance products, designed to enhance efficiency and to make it more responsive to the needs of its Member Countries. New products such as "The Non-Honouring of Sovereign Financial Obligations" policy and the amendment of the Articles of Agreement to allow insuring imports of capital goods and strategic commodities from non-members were specially designed to enable our least developed Member Countries, and those going through turbulent times, to access the international financial and capital markets. This is ample proof that the ICIEC is capable of responding rapidly and effectively to the needs of Member Countries in an increasingly risky and unstable global economic and political environment.

Finally, it should be noted that the ICIEC's contribution to Member Countries is not only limited to its insurance services. The ICIEC was entrusted by the Islamic Development Bank to manage the IDB Group Investment Promotion Technical Assistance Programme (ITAP), whose mandate is to help Member Countries attract more foreign direct investments through capacity building, skills development and advisory services. Partnering with some more developed Member Countries and specialised multilateral regional and international institutions, ITAP was able, despite limited resources, to transfer technical know-how and best practices in the field of investment promotion to 321 professionals from 29 Member Countries during 1432H alone, in addition to implementing full-fledged country assistance programmes in four least developed Member Countries.

The ICIEC's Business Plan 1433H aims at continuing the rapid expansion of its insurance services to all Member Countries, particularly in the investment and medium term insurance areas, and to strengthen the financial performance of the Corporation through improved underwriting results and enhanced earning from investments. Aided by the support of Member Countries, the guidance of our Board of Directors and the competence and dedication of our staff, we believe, Insha'Allah, that we will achieve the ambitious targets in the plan.

Yours sincerely,

Dr. Abdel-Rahman Eltayeb Taha
Chief Executive Officer



"ICIEC mandate is to ***expand*** commercial transactions and ***encourage*** investment flows among OIC Member Countries"

Objectives

The ICIEC was established in 1994 as an autonomous international multilateral export credit insurance agency affiliated to the Islamic Development Bank (IDB). Its purpose is to expand commercial transactions and encourage investment flows among Member Countries. The ICIEC fulfils these objectives by providing Shariah-compliant export credit insurance and re-insurance services to cover the non-payment of export receivables resulting from commercial (buyer) or non-commercial (country) risks. It also provides investment insurance against country risks, mainly the risks of exchange transfer restrictions, expropriation, war and civil disturbance and breach of contract by the host government.

The Corporation recently introduced new products, enhancing its outreach into the market through which it would provide export credit insurance services to exporters from non-Member Countries, supply capital equipment, infrastructure-related projects and food security-related items to Member Countries on a selective basis. The ICIEC will also from now on be able to insure domestic sales of exporters in Member Countries.

Membership and Share Capital

Membership in the ICIEC is open to the Islamic Development Bank and countries that are members of the Organisation of the Islamic Cooperation (OIC). At the end of 1432H, there were 41 ICIEC shareholders, comprising the IDB and 40 countries, 17 of them Arab, 14 African and 9 Asian and of other countries.

Until May 2011, the authorised share capital of ICIEC was ID 150 million, made up of 150,000 shares of ID 1,000 each. IDB subscribed to 100,000 shares of the authorised capital (67%) through the Waqf Fund, while the remaining 50,000 shares were left for subscription to by the Member Countries of the OIC.

Moody's Confirms Aa3 Rating

In November 2011, Moody's Investors Service, one of the leading rating agencies in the world, re-confirmed for the fourth consecutive year the Aa3 insurance financial strength rating (IFSR) which was assigned to ICIEC for the first time in April 2008. Moody's noted that ICIEC's rating reflects both the stand-alone fundamentals as well as potential support from its shareholders/ IDB Group Member Countries. Thus, despite the absence of explicit guarantees, in the context of its key role as a facilitator of trade among Islamic countries, ICIEC's rating reflects the strong ability and potential high willingness of its main shareholders.

Furthermore, Moody's noted that the rating reflects ICIEC's legal structure and business nature, as it is 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 of operating in the region. Moody's also noted that as a member of the IDB Group, ICIEC benefits from various managerial synergies and support.

Moody's

At its 18th Annual Meeting held in Jeddah in June 2011, the Board of Governors of ICIEC increased the authorised and subscribed capital from ID 150 million to ID 400 million, with subscriptions offered as follows:

- General Increase: ID 50 million for subscription to by all Member Countries according to the percentage of their ownership in the share capital;
- Optional Increase: ID 150 million for subscription to by Member Countries on an optional basis;
- ID 50 million for subscription by financial institutions and commercial enterprises in Member Countries.

ICIEC Takaful Model

In conformity with Shariah rules governing Takaful insurance, the Articles of Agreement of the Corporation (Article 28) require that the Corporation maintain two separate funds:

- Policyholders' Fund: holding mainly the insurance contributions and recoveries from paid claims and from which the insurance operations expenses are disbursed;
- Shareholders' Fund: holding the paid-up capital and accumulated reserves and from which a deficit in Policyholders' Fund may be financed through a non-interest bearing loan.

These requirements are reflected in the structure of the financial statements of the Corporation. In addition, the Articles of Agreement do not allow the distribution of surpluses either from Shareholders' or Policyholders' Funds unless the accumulated reserves are five times the subscribed capital of the Corporation.

ICIEC's 18th BOG Annual Meeting in Jeddah, Saudi Arabia - 30 June 2011.

Capital Increase of the Corporation

As a result of a vigorous and increasing demand from Member Countries, and the exponential increase in its business insured over the past 5 years, especially after expanding its mandate, the utilization of insurance capacity of the Corporation was approaching its maximum limit. Therefore, the Board of Governors of ICIEC resolved at its 18th Annual Meeting, held in Jeddah in June 2011, to increase the authorized capital from ID 150 million to ID 400 million, aiming at providing the Corporation with the much needed additional insurance capacity.

Recognizing the usefulness of ICIEC's services to their respective economies, Member Countries have already started subscribing to the proposed capital increase.

Corporate Governance and Organization

The overall governance of ICIEC is based on the following four-tier structure:

Board of Governors (BOG)	The BOG is composed of Ministers representing Member Countries of the IDB. All powers of the Corporation are vested in the BOG, which it may delegate to the Board of Directors of the Corporation (BOD).
Board of Directors (BOD)	The BOD, which is the same as the Board of the IDB, is responsible for the general direction of the operations of the ICIEC.
Chairman of the Board of Directors	The President of the IDB is the Chairman (ex officio) of the Board of Directors.
The Chief Executive Officer	The Chief Executive Officer, in accordance with the Guidelines, Rules and Regulations approved by the Board of Directors, and under the general supervision of the Chairman of the Board of Directors, has full executive powers to manage the affairs of the Corporation. He can, within the powers delegated to him by the Board of Directors, approve operations and investments by the Corporation and conclude contracts pertaining thereto. The Chief Executive Officer attends the meetings of the Board of Directors but does not have voting rights.

The ICIEC's organisational structure is composed of five main departments, two of which manage the insurance operations while the other three provide support services. The Legal Affairs, the Promotion and International Relations Unit, in addition to the IDB Group Investment Promotion Technical Assistance Programme (ITAP) report directly to the CEO.

ICIEC Shareholders

Memberships and Capital Subscriptions Status at the End of 1432H (25 November, 2011)

Islamic Development Bank (Waqf Fund)
No. of Shares Subscribed: 100,000
Value of Shares (ID): -100,000,000

Saudi Arabia
No. of Shares Subscribed: 13,500
Value of Shares (ID): 13,500,000

Iran
No. of Shares Subscribed: 5,000
Value of Shares (ID): 5,000,000

Morocco
No. of Shares Subscribed: 5,000
Value of Shares (ID): 5,000,000

Malaysia
No. of Shares Subscribed: 2,740
Value of Shares (ID): 2,740,000

Egypt
No. of Shares Subscribed: 2,500
Value of Shares (ID): 2,500,000

Kuwait
No. of Shares Subscribed: 2,500
Value of Shares (ID): 2,500,000

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

Turkey
No. of Shares Subscribed: 2,500
Value of Shares (ID): 2,500,000

UAE
No. of Shares Subscribed: 2,500
Value of Shares (ID): 2,500,000

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

Algeria
No. of Shares Subscribed: 1,000
Value of Shares (ID): 1,000,000

Tunisia
No. of Shares Subscribed: 500
Value of Shares (ID): 500,000

Yemen
No. of Shares Subscribed: 500
Value of Shares (ID): 500,000

Albania
No. of Shares Subscribed: 250
Value of Shares (ID): 250,000

Bahrain
No. of Shares Subscribed: 250
Value of Shares (ID): 250,000

Bangladesh
No. of Shares Subscribed: 250
Value of Shares (ID): 250,000

Benin
No. of Shares Subscribed: 250
Value of Shares (ID): 250,000

Brunei
No. of Shares Subscribed: 250
Value of Shares (ID): 250,000

Burkina-Faso
No. of Shares Subscribed: 250
Value of Shares (ID): 250,000

Cameroon
No. of Shares Subscribed: 250
Value of Shares (ID): 250,000

Chad
No. of Shares Subscribed: 250
Value of Shares (ID): 250,000

Cote d'Ivoire
No. of Shares Subscribed: 250
Value of Shares (ID): 250,000

Djibouti
No. of Shares Subscribed: 250
Value of Shares (ID): 250,000

Gabon
No. of Shares Subscribed: 250
Value of Shares (ID): 250,000

Gambia
No. of Shares Subscribed: 250
Value of Shares (ID): 250,000

Guinea
No. of Shares Subscribed: 250
Value of Shares (ID): 250,000

Indonesia
No. of Shares Subscribed: 250
Value of Shares (ID): 250,000

Jordan
No. of Shares Subscribed: 250
Value of Shares (ID): 250,000

Kazakhstan
No. of Shares Subscribed: 250
Value of Shares (ID): 250,000

Lebanon
No. of Shares Subscribed: 250
Value of Shares (ID): 250,000

Mali
No. of Shares Subscribed: 250
Value of Shares (ID): 250,000

Mauritania
No. of Shares Subscribed: 250
Value of Shares (ID): 250,000

Niger
No. of Shares Subscribed: 250
Value of Shares (ID): 250,000

Nigeria
No. of Shares Subscribed: 250
Value of Shares (ID): 250,000

Oman
No. of Shares Subscribed: 250
Value of Shares (ID): 250,000

Qatar
No. of Shares Subscribed: 250
Value of Shares (ID): 250,000

Senegal
No. of Shares Subscribed: 250
Value of Shares (ID): 250,000

Sudan
No. of Shares Subscribed: 250
Value of Shares (ID): 250,000

Syria
No. of Shares Subscribed: 250
Value of Shares (ID): 250,000

Uganda
No. of Shares Subscribed: 250
Value of Shares (ID): 250,000

"The ICIEC ***maintained*** an IFSR of Aa3 for 2011 notwithstanding the impact of the ***global financial crisis***. This rating placed the ICIEC at par with major insurers of credit and political risk in the global arena, hence consolidating the Corporation's strategies and initiatives."

The global economy came through difficult years following stagnation in 2008 and deep contraction in 2009. A partial recovery from the unprecedented downturn, sometimes compared with the Great Depression, was expected in 2010 and a full recovery projected for 2011. However, a deceleration in economic performance started in and continued beyond the first quarter of 2011, with some countries facing herculean financial stress that threatened severe economic as well as political risks. Despite deep financial reforms in the West, the banking sector has remained generally vulnerable.

In recent years, the global economy has been characterised by the so-called dual speed growth, whereby a weak growth or stagnation/recession prevailed in the developed world, while the emerging markets sustained a robust growth. The former was likely to post a weak growth of less than 2% in 2011, while the latter was estimated to record a buoyant growth of over 6%.

Regionally, the US economy, which is considered as the engine of the world economy, continued to suffer from a low growth of between 1% and 2%, high unemployment in the neighborhood of 9.5%, and a recalcitrant consumer confidence. In addition, the real estate sector - still in shambles in some states and a polarised political environment continue to haunt the formulation of economic policy. The risk of double dip recession may be ebbing in the US but the Euro-crisis can undermine all optimism as widening fiscal deficit and high public debt ratios continue to frustrate policy responses.

More ominously, the Euro-zone was also expected to be dogged by an overshooting public debt and a weak GDP growth of about 1%, with some countries in recession. Several countries in the zone showed a high public debt/GDP ratio of over 100%, which was quite unsustainable. After Ireland and Hungary sought a rescue from the EU and the IMF, Greece became the epicenter of the Euro-crisis. The Greece drama was being played out in the European capitals where the rescue package put in place still remained to be tested. In addition, other countries– such as Portugal, Spain or even Italy with high debt burden–may fail to service their debt obligations. With one country hitting the wall, the risk of contagion continued to be real with the possibility of putting the whole zone in a full sovereign debt crisis.

In contrast to the hapless situation of the developed world, the emerging markets were projected to continue their robust performance, with a GDP growth of about 6%, driven by a combination of high commodity prices and substantial capital inflow. China, India and Brazil led this pack which included other countries in Latin America, Asia and Africa. However, there was a risk of a bubble associated with this high performance where a substantial inflow of foreign capital into these countries and a boom in real estate added to the volatility of commodity prices. Rising inflation, particularly in food prices, was another negative development in these countries. These countries face the challenge of a policy response that must address these issues without jeopardising economic growth.

Global trade recovered strongly in the first half of 2010. However, this momentum petered out later in the year. Although the export volume of most of the emerging markets regained pre-crisis levels and even beyond, exports of the developed world still remained depressed and were yet to return to pre-crisis levels. In a nutshell, world trade was estimated to grow by about 6.5% in 2011 and 2012, which was far below the excellent growth of 2010 (10.5%).

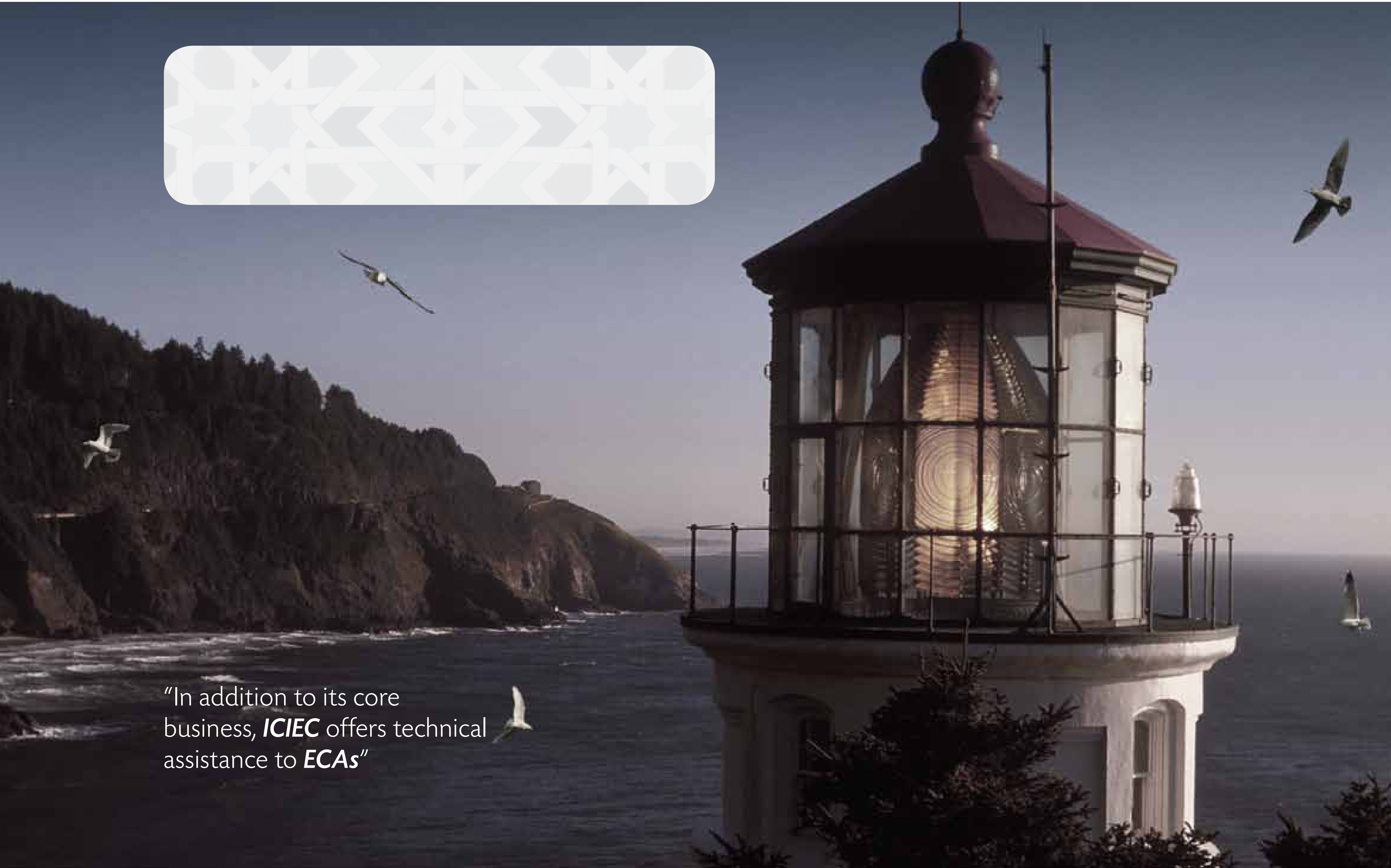
Foreign Direct Investment (FDI) inflows increased moderately at 5% in 2010 to $1.24 trillion, still 15% below the pre-crisis level. Experts in the industry expected that 2011 would be the turning point, notwithstanding global economic shocks, when the global FDI inflow would reach the pre-crisis levels of between $1.4 trillion to $1.6 trillion. Meanwhile, it is worth noting that the emerging markets attracted more than one half of the global FDI inflows. The Least Developed Countries witnessed a decline in FDI inflows, while the major emerging regions such as East and South East Asia and Latin America experienced buoyant inflows.

Remittances into the developing world, estimated at $325 billion in 2010, showed resilience, falling by 6% in 2009 only to recover quickly to regain the pre-crisis level in 2010. Initial reports indicate a continuous rise in remittances in 2011, most of those going to Asian countries and a few to Sub-Saharan Africa.

In conclusion, the global economy showed two diverging growth paths. On one hand, the developed world still remained bogged by the lingering effects of the deep recession of 2009 and the current debt crisis. While the US economy, the source of the global economic crisis, has shown a limping recovery, the Euro-zone was in dire straits as some economies were in profound financial stress. On the other hand, the global economic recovery was being supported by the robust growth in the emerging economies. This reflected of strong commodity prices coupled with substantial foreign capital inflows. Nevertheless, there was an overheating concern in this part of the world. In any event, the trends of trade, investment inflows as well as remittances were positive, albeit modest. This, all the more, is auguring well for the Corporation's export and investment operations.

**Data sources: IMF - World Economic and Financial Survey, April 2011.*
: UNCTAD - Global Investment Trends, 2011

**Data source: World Bank: Global Economic Prospects, January 2011.*



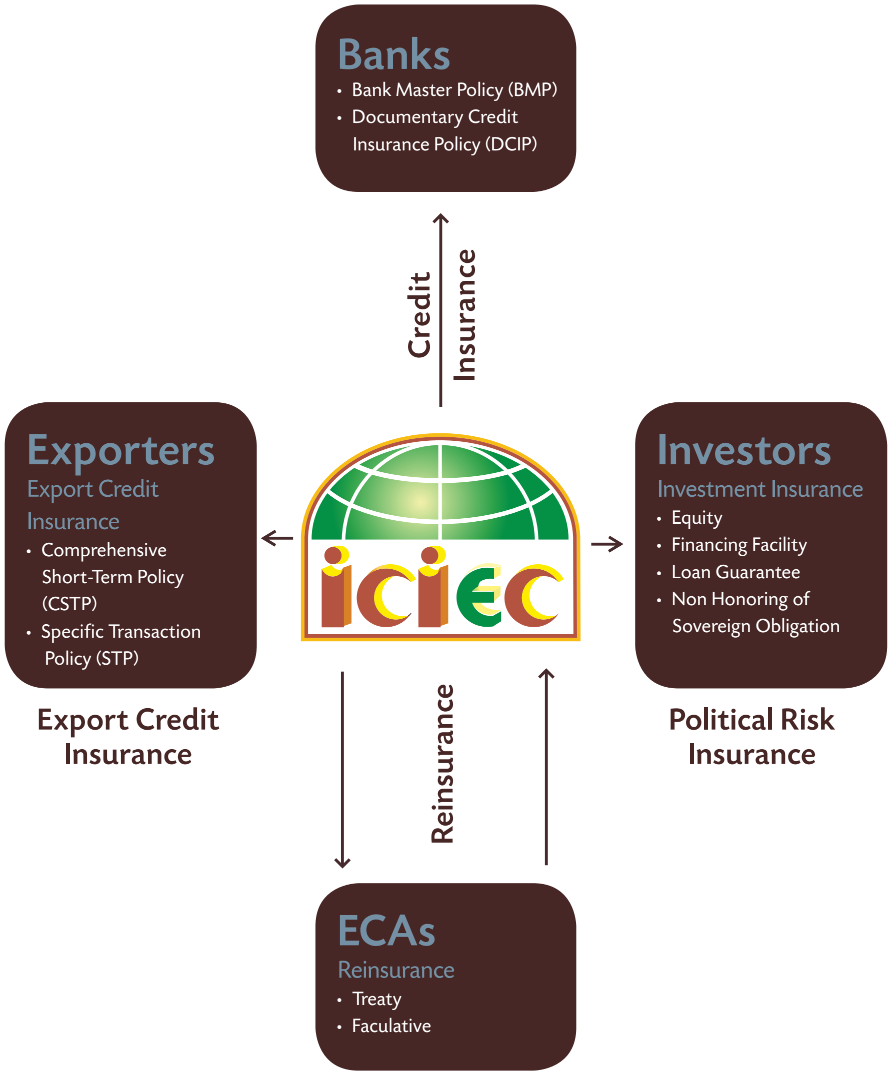
"In addition to its core business, ***ICIEC*** offers technical assistance to ***ECAs***"

Products and Services

Based on its developmental objective of promoting the exports of Member Countries and facilitating inward direct investments into them, the ICIEC has always designed its products and services to meet the needs of the business community in its Member Countries, and of exporters, investors, financial institutions and export credit agencies.

For each business segment, the ICIEC offered specially designed products related to its activities. Diagram 1 below summarises the range of products the ICIEC offered to the different client categories. It should be noted that the ICIEC endeavoured continuously to develop new products and services to respond to the needs of its Member Countries.

During the year, the ICIEC introduced a number of changes to its eligibility criteria in order to be more supportive of the economic development efforts of its Member Countries. The changes included covering the import of capital goods and strategic commodities originating from non-Member Countries and insuring domestic sales of exporters in Member Countries.



Marketing and Sales Strategy

Target Business Mix

The ICIEC diversified its insurance portfolio in terms of products, sector and geographical distribution, as a key risk management policy. Based on its business strategy of generating high volume with low default ratio, it continued to consider short-term business as the key constituent of its underwriting portfolio.

The ICIEC adopted a very selective underwriting approach for medium term and foreign investment insurance businesses, and accorded strong priority to projects with a high impact on development. This had the advantage of enabling ICIEC to extend its service to transnational corporations and financial institutions around the world that were particularly active in these categories of business in its Member Countries.

Relationship with Financial Institutions

The ICIEC gave special consideration to developing relations with financial institutions during 1431H. This strategy continued during 1432H, as financial institutions remained a key driver of international trade and project finance. In addition to seminars and symposia organised in Member Countries, the ICIEC - made many direct visits to banks among and outside its Member Countries to promote DCIP or BMP products.

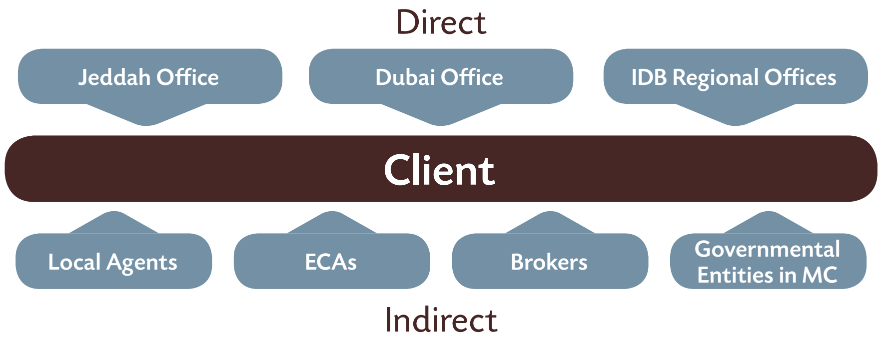
ICIEC and Exim Bank Turkey signed an MOU in Istanbul on October, 4th, 2011

Islamic Development Bank Group

The ICIEC always accord a special attention to cooperation with other private-sector-oriented entities and departments in the IDB Group, namely ITFC and ICD, in sharing credit information on counter-parties, promoting their services among ICIEC clients and offering ICIEC's insurance products to enhance their credit risk mitigation. The ITFC became an active policyholder of the ICIEC and efforts are underway to develop joint trade finance and guarantee products.

Distribution Channels

Despite the ICIEC's wide market coverage serving 40 markets and dealing in various jurisdictions, it exerted considerable efforts to enhance its outreach to provide its clients with the best service possible and to approach potential customers wherever they were. The selection of appropriate distribution channels was instrumental for this purpose.



Direct Distribution Channels

Jeddah Office: The ICIEC Headquarters has a team of highly qualified multilingual marketing specialists with a proven track record in selling financial products. They can move swiftly at any time to cover more than 40 countries around the world.

ICIEC Representative Office – Dubai: The ICIEC Representative Office in Dubai plays the role of a regional business development center for the Corporation. It was designed to be especially instrumental in sourcing medium-term and foreign investment business. It was registered with the Dubai International Financial Center (DIFC), and purposed to interact with exporters, investors and financial institutions looking for insurance services.

ICIEC's Dubai Office

ICIEC's Dubai Representative Office has been set up with the objective of eventually serving as the primary marketing arm for Medium-term Export Credit & Political Risk Insurance Services. The Office's location in Dubai, and specifically in the DIFC, gives it close access to an excellent client base, including financial institutions, international corporates, and insurance brokers.

In addition to the Medium-term and Political Risk Insurance business, the Dubai office also serves as the main point of contact for Short-Term Insurance clients of the Corporation, in coordination with the Export Credit Insurance Company of the Emirates (ECIE), which is the Dubai Government owned Export Credit Agency.

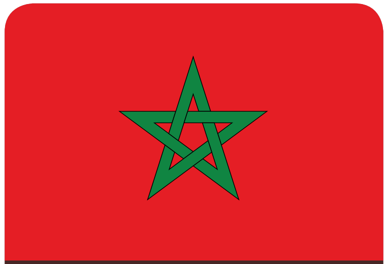
During its first year of operation, the Dubai office has started an extensive marketing campaign in the UAE, with the objective of making ICIEC's products and services well known in the local market. Currently, the office is concentrating on building relationships with banks, and enhancing existing relationships with customers in the UAE.

Some of the important relationships that the Dubai Office is handling include reputed institutions in the fields of banking, telecommunication and electronics. As the office continues to expand its network of contacts, it will play an increasingly important role in creating awareness of ICIEC's products and services in the UAE and the broader GCC market.

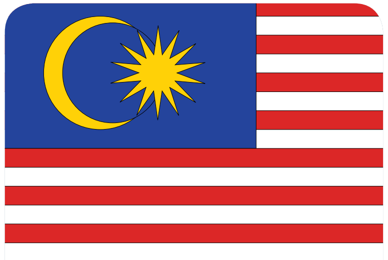
IDB Group Regional Offices: The IDB has 4 regional offices located in Dakar, Rabat, Kuala Lumpur and Almaty, which provide ease of reach to stakeholders that are otherwise difficult to reach from Jeddah. The IDB plans to open Gateway Offices in selected Member Countries to enhance its presence in the field with one locally recruited representative in each Gateway office. The ICIEC plans to be present in two such offices in 1433H.

The IDB Group Regional Offices exist in the following countries

Dakar Senegal
Covers West and Middle Africa



Rabat Morocco
Covers North Africa



Kuala Lumpur Malaysia
Covers South and East Asia

Almaty Kazakhstan
Covers the CIS countries

Indirect Distribution Channels

Local Agents: The ICIEC has increased the number of its local agents during the course of the year. It will rely more on local agents rather than direct sales considering agents on the ground have more knowledge about their markets and are less expensive to operate than direct sales.

National Export Credit Agencies: IUnder its mandate to support the development of the export credit industry in Member Countries, the ICIEC entered into a strategic repaltionship with many national ECAs. To complement the ECAs' products the ICIEC offered them its unique credit and investment insurance products and reinsurance support.

Brokers: Brokerages proved to be an excellent channel, especially for medium-term and investment insurance business. To enhance the awareness of its capabilities and competitive advantage in comparison to other players in the market, the ICIEC continued to build strong relationships with several reputable brokers in Member Countries as well as in non-Member Countries.

Participation in Events

Export Credit Insurance has become all the more important following the financial crisis. In this regard, banks, exporters and other stakeholders must increase their awareness of the ICIEC. Conferences, forums and seminars related to trade finance and insurance were an effective way to reach those stakeholders. During the year, the Corporation organised a number of events, collaborating with business partners in Member Countries and the international credit insurance industry.

AMAN Union Affairs

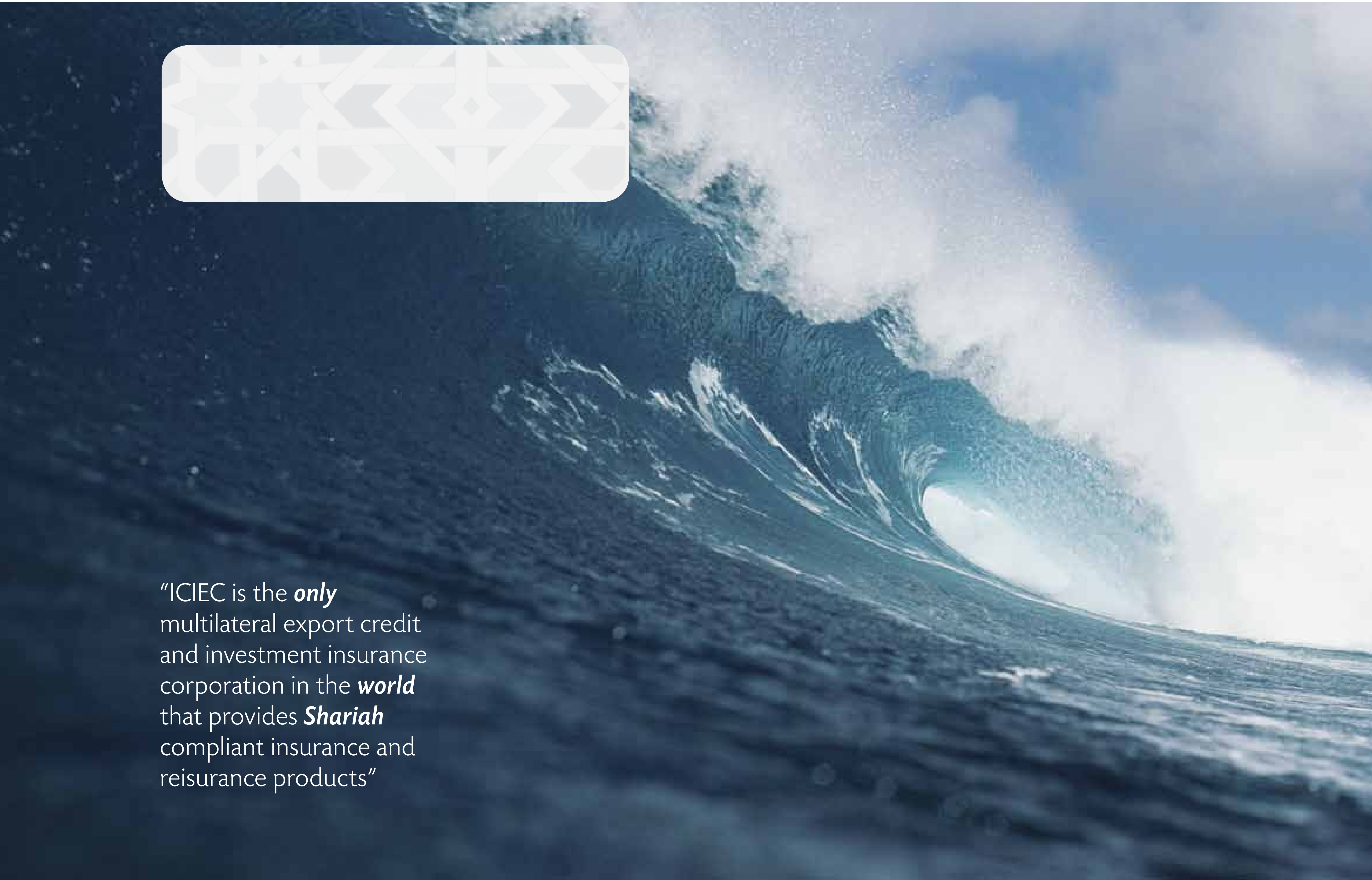
The Aman Union, the international body of export credit insurers (ECAs) from Arab and Islamic countries held its Second Annual Meeting from 4 - 5 October 2011 in Istanbul (Turkey). It was sponsored by ICIEC and the Arab Investment and Export Credit Guarantee Corporation (Dhaman) and hosted by Turk Eximbank.

Seventy delegates from member ECAs and financial institutions, reinsurance, credit information and debt collection companies met to discuss many technical issues related to underwriting, credit information, ethical and reinsurance cooperation.

With the admission of 5 credit insurance, credit information, and reinsurance companies into the Aman Union, membership increased to 17 full members, 4 associate members and 8 observers.

According to the performance report for the year 2009/2010 , the Aman Union was capitalised at USD 7.1 billion (SEP accounts for 56% of it with USD 4 billion). Its Business Insured portfolio increased in 2010 by 15.7% and the premium income by 68.5%, reaching USD 15 billion and USD 122.8 million in 2010, thanks to the sound performance of the 'big four' ECAs–Turk Eximbank, ICIEC, EGFI and DHAMAN. In 2010 Aman Union members paid only USD 23.9 million in claims and recovered USD 28.9 million. The loss ratio also improved from 31.4% in 2009 to 19.1% in 2010.

Finally, the General Assembly of the Union approved the establishment of a common credit information database for its members. The project consisted of a pool to share records of black-listed buyers, access to credit reports in the database, order and purchase credit reports and opinions on new buyers located anywhere in the world, order updates on buyers in the database, and share credit limit approvals and experience of other members of the Union.



"ICIEC is the ***only*** multilateral export credit and investment insurance corporation in the ***world*** that provides ***Shariah*** compliant insurance and reisurance products"

Summary Results - 1432H

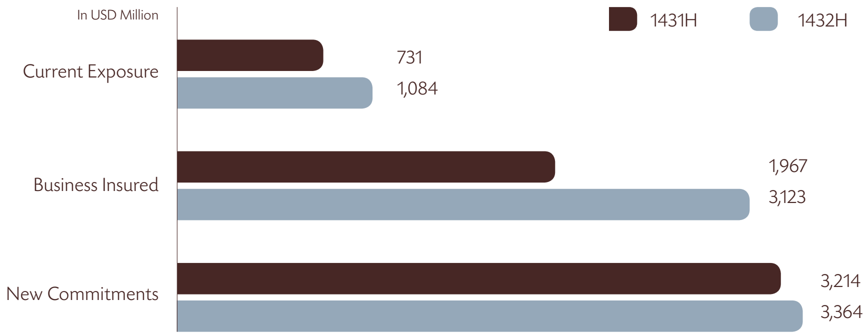
Amid the increasing political and financial risks in the world, the ICIEC continued to support exports from Member Country suppliers and investments into its Member Countries. The demand for export credit and political risk insurance surged, indicating an increase in risk awareness among exporters, investors and banks. This is reflected by the significant increase in many of the major business indicators of the Islamic Corporation's services.

Business Insured, for instance, went up from USD 1.97 billion in 1431H to USD 3.12 billion in 1432H, an increase of 59%. Similarly, New Commitments and Exposure increased by 5% and 52% respectively.

Premium income and fees declined by 5.6% from USD 16.28 million in 1431H to USD 15.37 million in 1432H. This was primarily due to stiff competition in the short term business from international credit insurance providers, which drove premium rates to very low levels, and forced changes in the composition of the business classes.

Finally, the Corporation managed to keep its claims ratio to the very low level of 1%, whereas the cumulative recoveries ratio remained 50%, higher than industry standards.

Growth in Business Volume

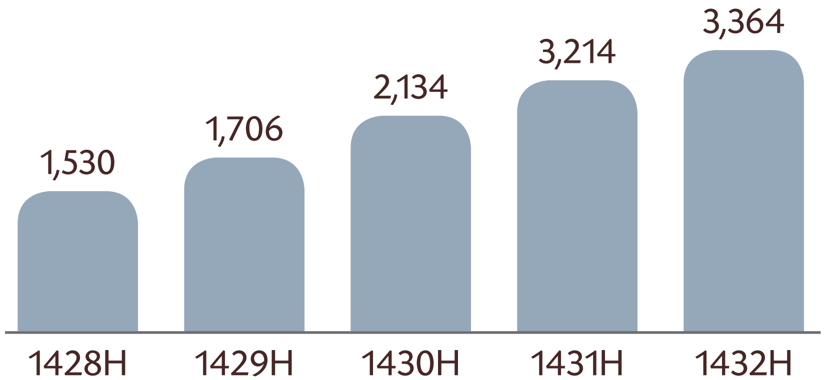


New Insurance Commitments

New insurance commitments served as an indicator of the amount of new business being booked for eventual cover; most new commitments turned into Business Insured. This indicator saw a modest increase of 5% , up from USD 3.21 billion in 1431H to USD 3.36 billion in 1432H. The primary reason for this small growth was the capacity ceiling, which was close to being breached, forcing the Corporation to reject a large number of applications for cover.

Following the capital increase approved by the Board of Governors during the year, the capacity strangle-hold was released. However, this relief will materialise only closer to 1433H and beyond.

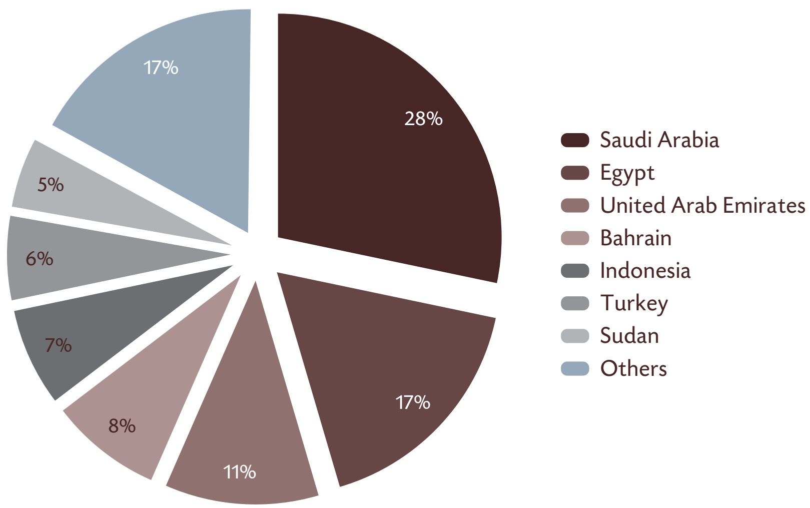
New Commitments (USD mn)



New Commitments (Approvals) by Beneficiary Countries

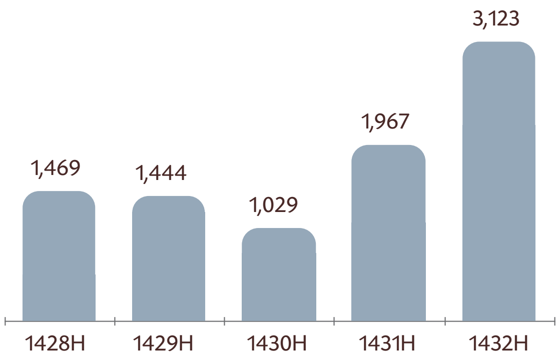
During the year under review, many Member Countries benefitted from the products and services of the Corporation. In terms of New Commitments (which is equivalent to approvals), Saudi Arabia utilised 28% of total approvals. Egypt came second in position with a 17% share of the total commitments, followed by the UAE (11%), Bahrain (8%), Indonesia (7%), Turkey (6%) and Sudan (5%). Despite the fact that the the size of the pie overall expanded modestly, the portfolio balance among Member Countries was the same as in past years.

New Commitments by Beneficiary Country in 1432 (Exports + Inward Investments)



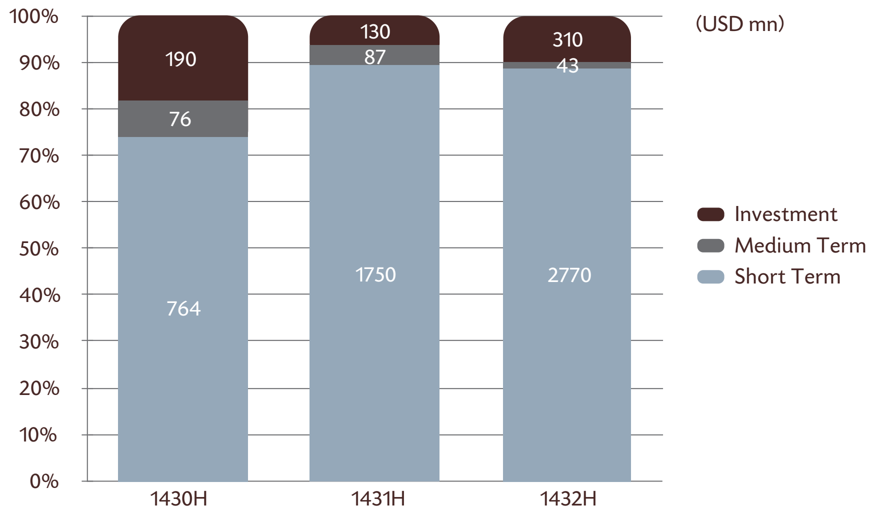
Business Insured

Business Insured (USD mn)



As in the past eight years, Business Insured continued to grow significantly at 34% per year. Similarly, a strong growth of 59% was achieved in 1432H. Total Business Insured stood at USD 3.12 billion at the end of 1432H as compared to USD 1.97 billion at the same time in 1431H, reflecting a steady, albeit sluggish, recovery of global and regional trade and investment volumes. But more significantly, it also confirmed the importance of export credit and political risk insurance particularly in a turbulent global financial and political environment.

Business Insured by Class of Business



Short Term business accounted for the majority of the business insured by the Corporation. As in the year before, the share of Business Insured under the Short Term in 1432H remained at 88% in contrast to the Medium Term share of the total business insured which declined from 4% in 1431H to 1% in 1432H.

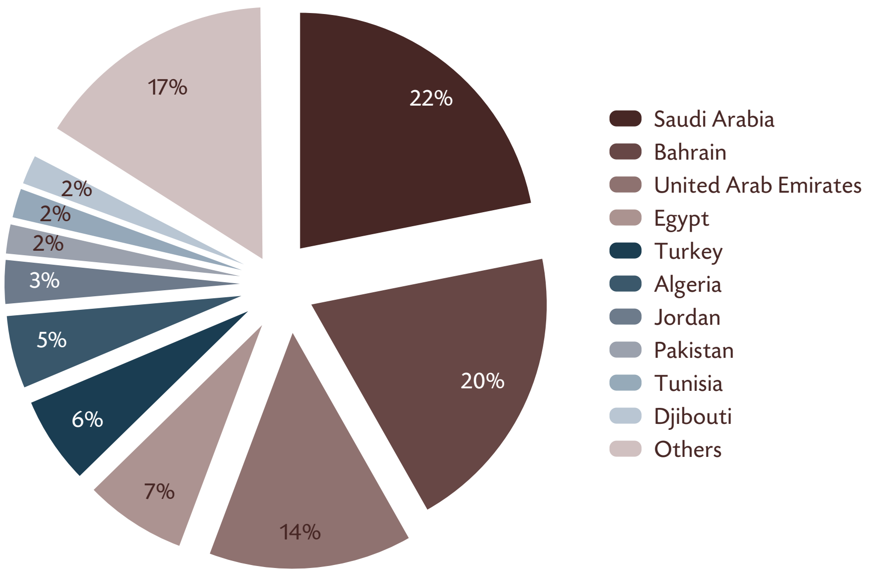
The slack in the Medium Term business class was taken up by the Investment Insurance, which accounted for 10% of Business Insured in 1432H as against 7% in 1431H. While the balance of the three business classes changed from year to year, the structure was broadly in line with trends in the industry, where short term transactions accounted always for, at least, 80% of overall Business Insured.

Business Insured by Product

The Comprehensive Short Term Policy (CSTP), which provided whole-turn-over export credit solutions to policyholders, continued to dominate Business Insured. CSTP accounted for 38% of the total business insured in 1432H as compared to 45% last year. The Documentary Credit Insurance Policy (DCIP) came second in position, representing 25% of overall Business Insured down from 27% in relative weight during 1431H.

The Specific Transaction Policy (STP), which covers single buyer risk under a specific contract related mainly to medium term business, edged up a bit, in terms of its contribution to total business insured, at 10% in 1432H compared to 9% in 1431H. Inward Reinsurance Facultative Agreement (IRFA) accounted for 9% of business insured in 1432H, followed by the Inward Reinsurance Treaty and the Foreign Investment Insurance Policy (FIIP), which represented 7% and 6% respectively of the total portfolio.

Business Insured in 1432 by Beneficiary Country (Exports + Inward Investments)



With a share of the Business Insured (exports and inward investments) of 22%, Saudi Arabia remained in the lead position in terms of Member Countries utilising ICIEC's services. Bahrain followed at a close 20%, with the United Arab Emirates at 14%, Egypt 7%, Turkey 6% and Algeria at 5%. In 1432H the distribution by country was almost the same as that of the year before. This distribution excluded imports and outward investments.

ICIEC Signs a DCIP Of USD 100 mn with SABB – KSA HSBC

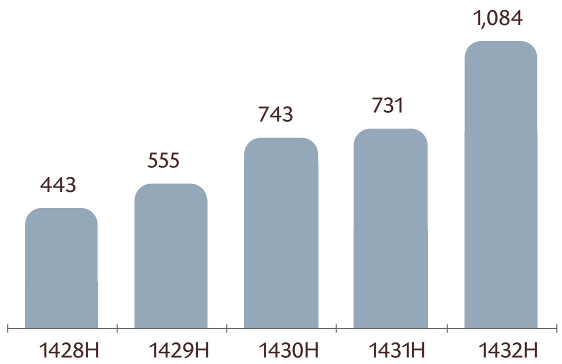
In May 2011, ICIEC and The Saudi British Bank (SABB) signed a Documentary Credit Insurance Policy (DCIP) that provides SABB with coverage for Letters of Credit (LCs) confirmed by SABB. This will enable SABB to increase its capacity for LCs issued by foreign banks while helping it to effectively manage some of its international bank risks.

SABB was incorporated in 1978 as a Joint Stock Company. HSBC Group, one of the world's largest banking and financial services organizations owns 40% of SABB's shares, while individual and institutional shareholders own the remaining 60%; the latter are predominantly Saudi citizens.

Exposure

Total Exposure is an aggregate measure of outstanding commitments, arrears and outstanding claims. It serves as an indicator of the Corporation's portfolio at risk at any given time. In 1432H, Exposure increased substantially from USD 731 million the year before to USD 1.08 billion, a rise of 48%, indicative of a significant improvement in the rate of utilisation of approvals by new and existing policyholders.

Current Exposure (USD mn)



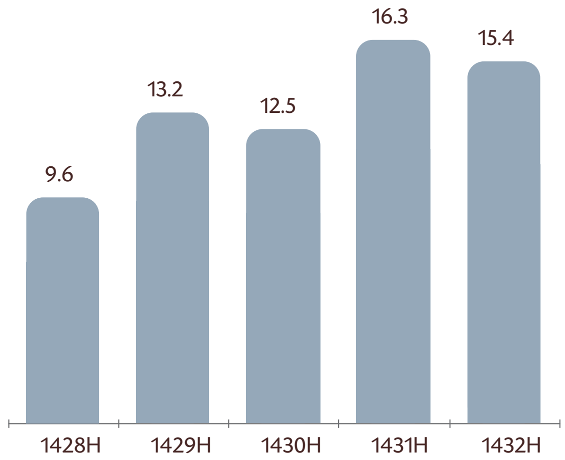
ICEC Signs a DCIP of USD 110m with Al Baraka Bank Tunisia

In January 2011, ICIEC issued its first Documentary Credit Insurance Policy (DCIP) in Tunisia, and in the African Continent, With Al Baraka Bank Tunisia. Under this Policy ICIEC will cover the Letters of Credit (LCs) confirmed by Al Baraka Bank Tunisia. This Policy will help Al Baraka Bank Tunisia to extend its capacity for confirming LCs issued by overseas banks.

It has a capital of USD 50 million, distributed between the Tunisian State, Republic of Tunisia (10%), National Social Security Office of Tunisia, a state-owned agency (10%) and Al Baraka Banking Group (ABG), Bahrain (78.4%).

Premium and Fees Income

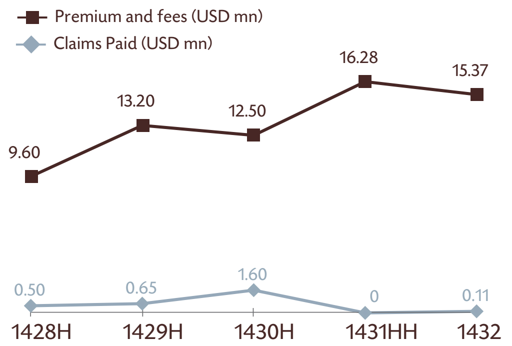
Premium and fees (USD mn)



Premium and fees income, defined as invoiced premium and fees rather than "earned" premium, witnessed a modest decrease in 1432H compared to the amount recorded in 1431H. This number went down from USD 16.28 million in 1431H to USD 15.37 million in 1432H, representing a decline of 5.6%. This decrease in premium and fees income can be explained primarily by the cut-throat competition the Corporation faced from various providers of short term export credit insurance. This competition led to the premium rates, especially of short term business, being driven to their lowest levels. This decline can also be explained by the relative decrease in medium term business where premium rates (and also risks) were higher than those in the short term business

In terms of distribution of premium and fees along product lines, STP led the way with a contribution of 31% of the total income. CSTP accounted for 24% of total premium and fees income, while DCIP represented 13%, followed by Inward Reinsurance Facultative Agreement for Investment Insurance (12%), Foreign Investment Insurance Policy (FIIP) (11%) and Inward Reinsurance Facultative Agreement Export Credit Insurance (5%).

Claims and Recoveries

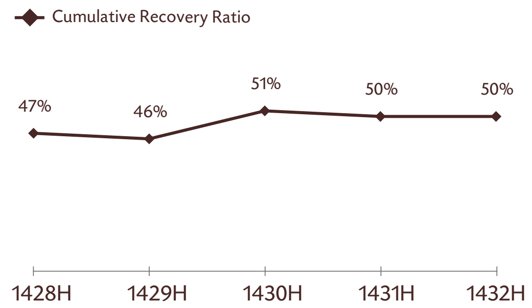


Claims

During the year 1432H, the Corporation made one claim payment of USD 0.11 million with respect to export of electric cables from Bahrain to Greece. The year before was claims free. Since its inception, the Corporation has paid out a total of USD 24.00 million to 32 policyholders.

Recoveries

Recoveries during 1432H amounted to USD 0.15 million, an increase of 650% compared to 1431H when the Corporation recovered only USD 0.02 million. This brought the total sum of claims recovered since the Corporation's inception to USD 12.03 million, representing a cumulative recovery ratio of 50%.



ICIEC Supports Investment in the Pharmaceutical Sector in Algeria

In 1432H, ICIEC provided an investment insurance cover to Hikma Pharmaceuticals Manufacturing Company of Jordan. The Company acquired the remaining 50% of the Dar Al-Arabia pharmaceutical manufacturing facility in Sidi Abdalla Industrial Zone in Algiers, which had hitherto been owned by another company. Once operational, the Al Dar Al Arabia plant will double Hikma's manufacturing capacity in Algeria and will provide significant scope for further expansion.

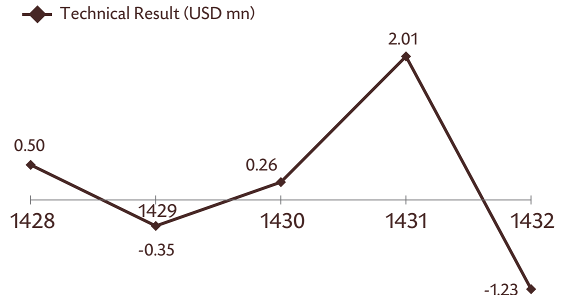
Al Dar Al Arabia will manufacture exclusively penicillin, which by nature requires a separate facility and cannot be produced alongside other drugs.

Algeria is the second largest pharmaceutical market, after Saudi Arabia, in the MENA region.

Seven cases with a combined value of USD 10.4 million went before the courts in Member Countries. Two of those cases had already received positive final judgments while the others were in their final stages.

Technical Result

As a direct consequence of the tough competition and the sluggish global economic environment, the Corporation's technical result (defined as the difference between revenue and expenditure of the insurance operations) turned negative in 1432H. The Corporation recorded a deficit of USD 1.23 million in its technical result in 1432H compared to a surplus of USD 2.01 million in 1431H, which represented a decline in technical results of 161%. As explained earlier, the decline in premium margins was due to competition, increasing administrative costs and changing portfolio composition.



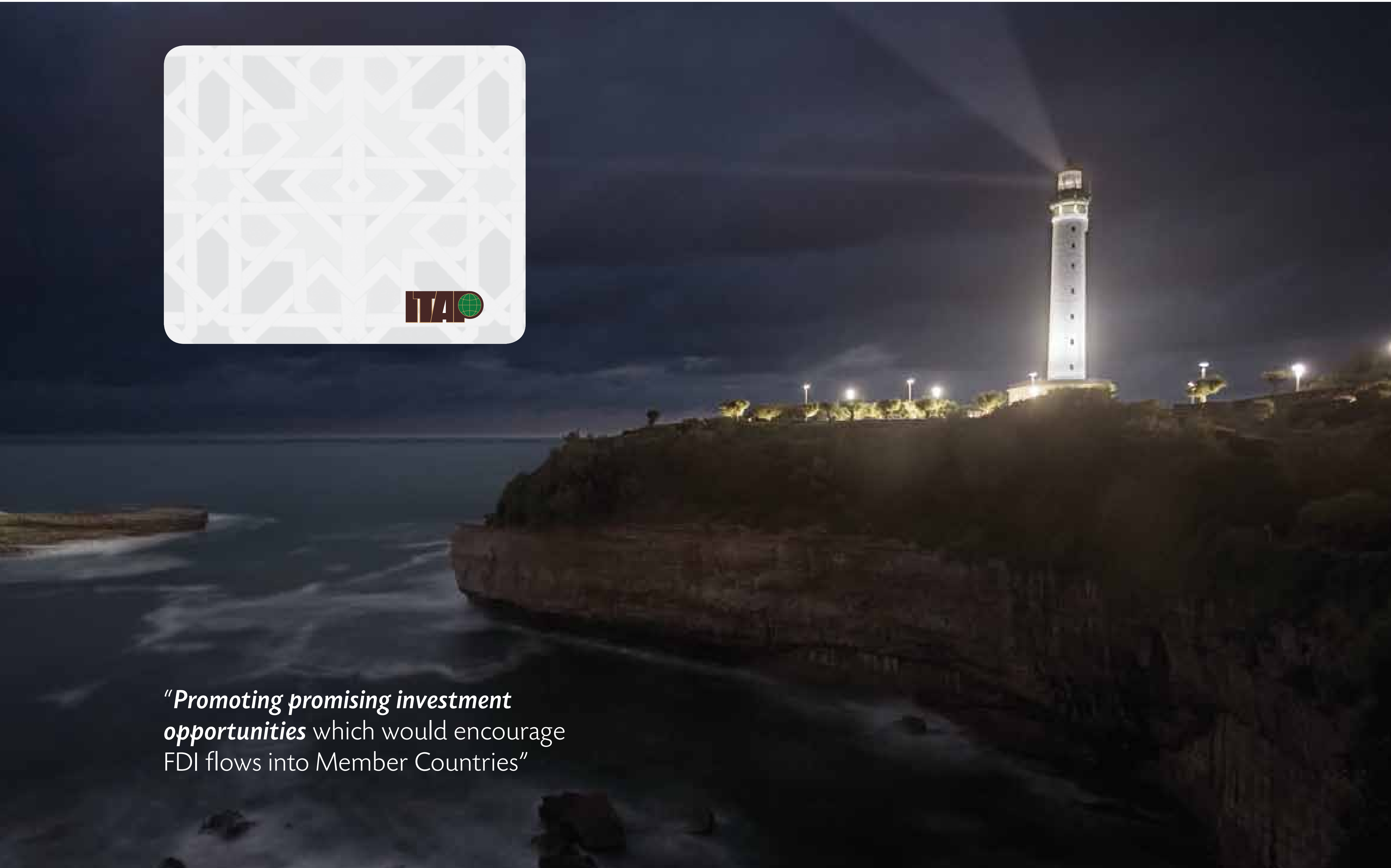
ICIEC Supports Istanbul Metro Project, Turkey

ICIEC signed a contract of reinsurance with MIGA, a member of the World Bank Group, for the Kadikoy-Kartal-Kaynarca Metro Project in Istanbul , Turkey , of which MIGA is the primary insurer .The total financing requirement of the project , which was provided by a consortium of banks led by West LB of Germany and which is the subject of this contract of reinsurance , is € 222.6 million . MIGA is providing insurance cover against the risk of Non – Honoring of Sovereign Financial Obligations (NHSFO) by the Municipality of Istanbul to cover the banks' financing for a period of 9.5 years . In turn , ICIEC is providing €15million reinsurance support to MIGA.

The Kadikoy-Kartal-Kaynarca Metro Project will become the first underground metro line on the Asian side of Istanbul . Phase I of the Project comprises the construction of a 22 Km underground metro line , which will serve the main districts from Kadikoy to Kartal with 16 metro stations . Work on phase started in 2008 but was not fully financed due to the credit crisis that struck shortly before financial close. Phase II works will consist of tunneling work to extend the metro line by 4.5 Km from Kartal to Kaynarca, the construction of a parking and maintenance area and the construction of pedestrian underpasses.

The project is being executed by a consortium of companies consisting of Astaldi of Italy and Makyol and Gulermak of Turkey.

The project is in line with the IDB Group member country partner – ship strategy (MCPS) for Turkey, in supporting infrastructure development in the country .The project will help improve the urban mobility and reduce congestion and dependence on roads in Istanbul. It also marks ICIEC's first investment insurance operation in Turkey.



“***Promoting promising investment opportunities*** which would encourage FDI flows into Member Countries”

The IDB Group Investment Promotion Technical Assistance Programme (ITAP), managed by the ICIEC, was launched in 1426H (2005G). In 1432H, the ITAP Supervisory Committee replaced the Steering Committee with a mandate to provide guidance and general supervision to the management of ITAP.

The main objectives of ITAP are to assist Member Countries in improving their investment climate, and identifying and promoting promising investment opportunities which would encourage FDI flows into those countries. The types of technical assistance provided by ITAP included needs assessment and sector studies, capacity building of Investment Promotion Agencies (IPAs) and relevant government institutions, the identification of investment opportunities and country-promotional events, including seminars and conferences.

ITAP business Model

The IDB Group offers a number of services at the many stages of the investment process, from funding (ICD and Bank Operations) to insurance (ICIEC). ITAP aims to combine this expertise with that of its international partners to provide constructive advice and assistance to meet specific needs of individual Member Countries. Moreover, ITAP matches technical assistance needs with transfer of know-how from its partner institutions as well as from Member Countries that excel in investment promotion and attraction.

Participants in the Capacity Building Program held in Bahrain

Program Partners

To implement its programmes, ITAP established a network of partners, including specialised international organisations and relevant entities from Member Countries that include the Multilateral Investment Guarantee Agency (MIGA), the United Nations Industrial Development Organisation (UNIDO), the United Nations Conference for Trade and Development (UNCTAD), the Arab Bank for the Economic Development in Africa (BADEA), the Foreign Investment Advisory Service (FIAS) and the World Association of Investment Promotion Agencies (WAIPA). Member Country institutions include the Malaysian Investment Development Agency (MIDA), the Union of Chambers & Commodity Exchange of Turkey (TOBB), Jordan Investment Board (JIB), the Economic Policy Research Foundation of Turkey (TEPAV), the Investment Promotion Agency of Turkey (ISPAT), the Ministry of the Economy of Turkey and the Arab Regional Centre for Entrepreneurship & Investment Training (ARCEIT).

Capacity Building Programs

During 1432H, ITAP implemented the following capacity building programs:

#	Program	Date	Partner/s	Location	Attendees
1	**Investor-State Dispute and International Investment Rulemaking**	22-25 March 2011	UNCTAD	Casablanca, Morocco	25
2	**A Regional Program on Promoting Domestic Investment through Entrepreneurship Development – Bahrain Model**	28 May-01 June 2011	UNIDO - ARCEIT	Manama, Bahrain	15
3	**A Regional Program on Improving the Investment Climate in CIS countries**	06 -10 June 2011	TEPAV	Ankara, Turkey	8
4	**Training Program for Kaznex Invest (Kazakhstan. IPA) on Road Shows & FDI attraction**	14-16 Sept. 2011	ISPAT	Astana, Kazakh-stan	15
5	**Turkey's reform policy experience in improving its investment climate**	10-14 October 2011	Ministry of the Economy, Turkey, TEPAV TOBB	Ankara, Turkey	31
6	**FDI Promotion & Economic Development Strategies**	21 – 25 Nov. 2011	MIDA FIAS	Kuala Lumpur, Malaysia	32

ITAP Country Programs

The Sudan TA Program

With UNIDO as the technical partner, the ITAP technical assistance extended to Sudan was designed to strengthen the Ministry of Investment in all aspects of investment promotion.

As a result of ITAP/UNIDO programming the Ministry approved a new organisational structure, which now includes a Domestic Investment Promotion Unit. In 2011, Ministry officials were trained on the UNIDO project analysis software (COMFAR) and an Enterprise Development Centre (EDC) was opened in Khartoum on 15 June 2011. The EDC for Sudan, which was part of the domestic investment component of the project, aiming to create and develop an entrepreneurship culture in Sudan and at the same time stimulate the creation and expansion of successful business ventures initiated by the youth by providing added value services to potential entrepreneurs and SMEs in Sudan.

The Uganda TA Program

The ITAP Uganda Project commenced in February 2008 with the initiation of the preliminary assessment and sector analysis study. In this project, ITAP collaborated with BADEA as co-financier and UNIDO as the technical partner.

In 2011, sector identification and project profile preparations were completed while capacity building of staff was ongoing. A match-making conference was scheduled to take place in Kampala in February 2012.

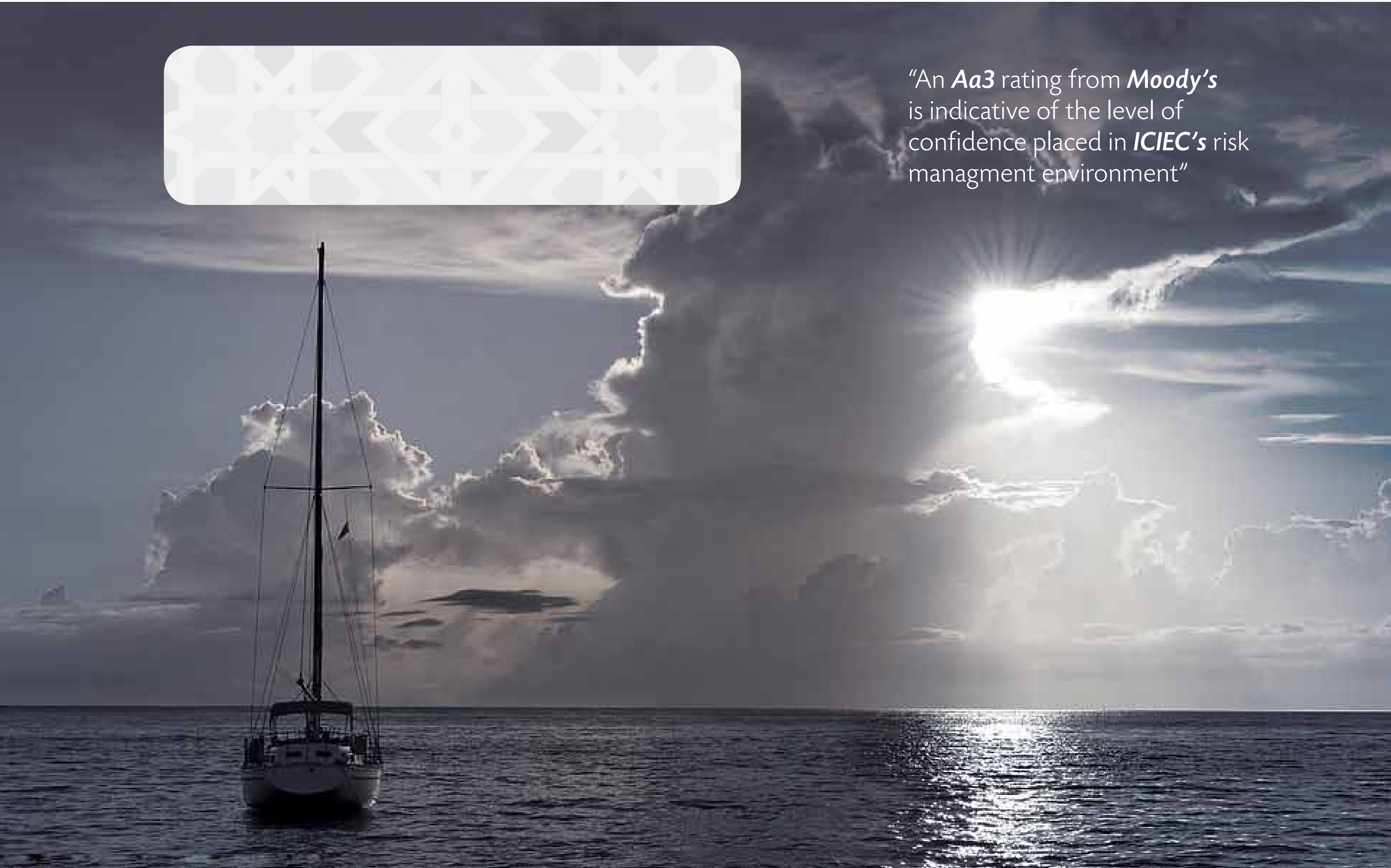
The Syria TA Program

The ITAP Syria Project of technical assistance to the Syrian Investment Agency (SIA) commenced in 2009 with a staff familiarisation visit to Turkey followed by training programmes.

On 12 January 2011, ITAP signed a Consultancy Services Agreement with a local consultancy firm and the SIA. The consultants prepared 100 project profiles of investment opportunities in Syria to be used as a tool to attract FDI to the Country.

The Sierra Leone TA Program

Following a grant approval by BADEA to co-finance the technical assistance programme for Sierra Leone, a project agreement was signed with the BADEA during the IDB's Annual Meeting on 28 June 2011. The technical assistance was already working to support the Sierra Leone Investment & Export Promotion Agency (SLIEPA) in attracting investment flows from the Arab countries through financing sector identification studies, training and capacity building activity and promotion of projects and investment opportunities.



"An ***Aa3*** rating from ***Moody's*** is indicative of the level of confidence placed in ***ICIEC's*** risk managment environment"

Human Resources

The Corporation recognises that the quality of human resources is the most important factor affecting its efficiency and, ultimately, its ability to achieve its objectives. Therefore, it exerts continuous efforts to recruit high caliber staff and to provide them with the best possible training facilities in a supportive and professional work environment. At the same time, the ICIEC expects benefit from the implementation of the relevant modules of the SAP-based IT system that has been installed to improve the efficiency of its personnel and services management.

Risk Management

The efforts to strengthen the risk management regime at the ICIEC, with plans to address major aspects of risks at the Group level , continued into 1432H. Credit risk management was one of the key areas addressed during the year under review. An IDB Group-wide Task Force drafted a TOR and engaged a world class consultant to work on the credit risk regime of the Group.

The Corporation worked closely with the Group Risk Management Department (IDB/GRMD) on this initiative with Moody's as the consultant. New credit scoring models and revised credit risk guidelines resulted from several rounds of extensive consultations. The scoring models and guidelines went into the test phase and are expected to be adopted soon. Implementation of consistent credit risk guidelines would go a long way in establishing best practices in credit risk management across the IDB Group. Operational risk and Market risk management regimes were expected to follow the same approach in the future.

The ICIEC planned to continue working on IDB Group initiatives in the coming year. Moreover, the Board of Directors approved funding of the development of risk management modules within ICIEC's Integrated Insurance Management System (IMS). This initiative should serve to augment and enhance the risk monitoring and reporting capabilities of the IMS and allow the management to have a more timely and accurate understanding of the risk management aspects of the Corporation.

Credit Rating

The ICIEC was able to maintain its high quality credit rating, reflecting both the stand-alone fundamentals as well as potential support from its shareholders, the IDB Group and its Member Countries. With a strong international network with leading market players in the industry, in addition to a low market penetration of credit insurance in ICIEC Member Countries, Moody's counted the Corporation's growth as a strengthening feature in its rating. The ICIEC believes that those trends in its business growth and their positive impact on development would be supported by adequate share capital increases from its Member Countries. The recent rise in the ICIEC's authorised capital from ID 150 million to ID 400 million was an important achievement that stood to boost insurance capacity and positively affect stakeholders' perception of the ICIEC status and potential.

Integrated Insurance Management System (IMS)

During 1432H, the IMS Team completed 75% of IMS remote access connectivity, providing staff, clients and the public access to the IMS. ICIEC clients could now manage their policies and portfolio online with the project fully integrated with the SAP system being implemented by the IDB Group.

The simplification project aimed at enabling staff and clients to easily use and manoeuvre the system, is slated for completion by the end of next year.

"The investment operations maintained for the second year in a row, its healthy performance compared to the benchmark rate of return"

Investment Portfolio

For the fiscal year 1432H, total investments grew by 11% over the previous year. This was due mainly to new investment opportunities from which the Corporation benefitted by joining hands with the IDB Treasury, ITFC and the ICD.

Table below gives a summary of ICIEC assets, investments, and investment income over the last five years. Assets and investments grew consistently during the period under review (except for 1431H when investments declined slightly). The increase in investments during 1432H was due to a substantial increase in investment proposals received for consideration. As a result, the ICIEC participated in several investment-grade Sukuk and Murabaha syndicate offerings during the year.

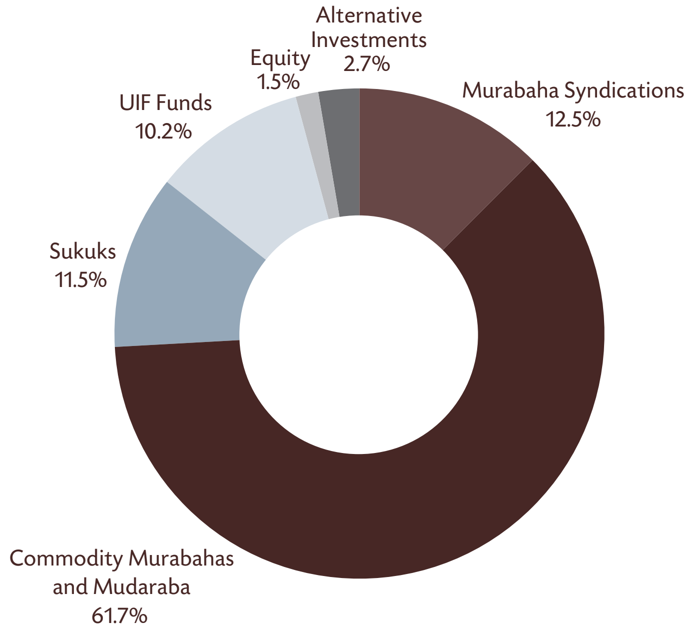
With the Corporation geared towards a more growth-focused investment portfolio, coupled with a more proactive approach towards in-house managed investments for 1432H, the ICIEC was able to surpass its income benchmark for the year by 78 bps.

Summary	1428H	1429H	1430H	1431H	1432H
Exchange Rate ID - US$	1.58	1.54	1.57	1.54	1.56
All figures in ID' million					
Total Assets	103.82	108.43	114.18	120.54	125.32
Total Investments	95.43	97.83	101.33	100.77	111.76
Investment Income	4.50	3.77	2.09	1.74	1.88
Investment Return % (a)	4.75%	3.90%	2.10%	1.72%	1.77%
SDR LIBOR % (b)	4.41%	4.20%	2.72 %	1.04%	0.99%
Spread over SDR Libor % (a-b)	0.34%	-0.30%	-0.62%	0.68%	0.78%

As the next diagram depicts, highly liquid Commodity Murabaha and Mudaraba placements continued to be the main contributor to ICIEC's investment portfolio.

As in past years, the Corporation held the majority of its investments in highly liquid form.placements continued to be the main contributor to ICIEC's investment portfolio. This is in-line with past trends, where the Corporation has been holding the majority of its investments in highly liquid form.

Asset Mix: 1432H



After re-evaluating its liquidity requirements and taking into account operational needs and prime contingent liabilities connected to claims, the Corporation aimed to shift a portion of its Commodity Murabahas towards asset classes less susceptible to LIBOR movements and that offer higher returns.

Murabaha Syndications, which represented only 5% of ICIEC's total investment portfolio in 1431H, increased to over 12% in 1432H. In addition, Sukuk, which accounted for less than 2% of the entire portfolio in the previous year, also increased to over 11% in 1432H. With the effective enforcement of the various newly-approved investment transactions, the Corporation was able to use up its surplus cash held in its bank account

(from 5.8% in bank balances in 1431H to almost 0% in 1432H).
As these transactions were structured through government guarantees and collateralisation, ICIEC took a pro-active approach towards these asset classes. Furthermore, 1432H witnessed a large number of corporate as well as sovereign Sukuk issuances in the market and, as such, the Corporation was able to expand into this asset class and improve the overall quality of the portfolio. With limited opportunities in other asset classes that would meet the Corporation's specific risk appetite, investments remained stable through 1432H in IDB Unit Investment Fund (UIF), Equities, and Alternative Investments (comprising of CROCI investments).

Income Sources Contribution: 1432H

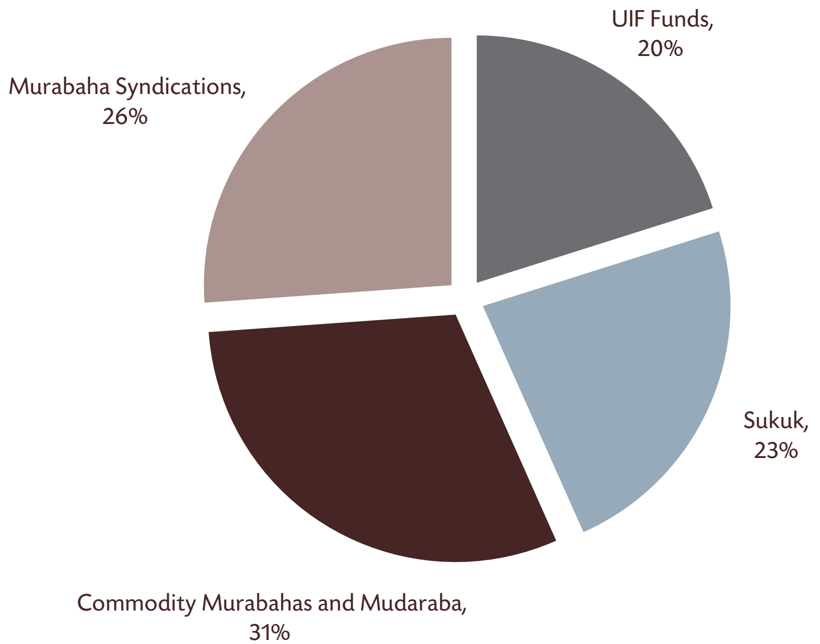
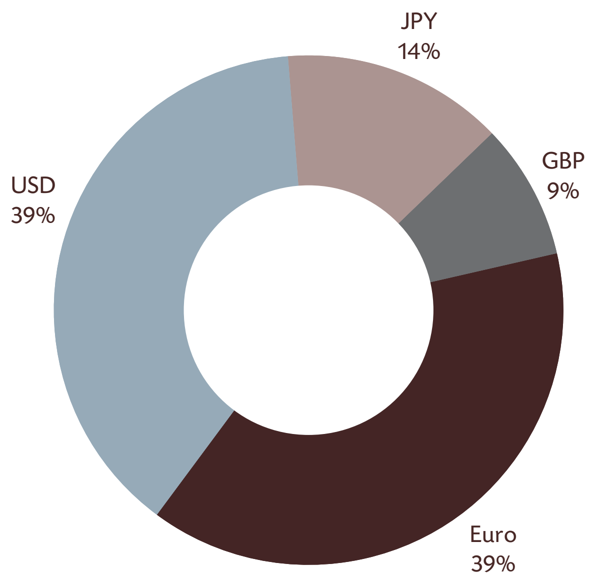


Diagram above summarises the major contributors to ICIEC's investment portfolio income during the year 1432H. It also shows ICIEC investment income being generated at a more balanced level, with all major asset classes within the portfolio contributing to overall returns.

The currency mix of the ICIEC's investment portfolio for the year 1432H showed USD-denominated transactions continuing to take a major share of the total investment portfolio during the year. However with the Corporation participating in various Euro- denominated transactions, this portion reduced to 39% from 42% in the preceding year. The Corporation also continued with its efforts to shift its JPY commodity portfolio (generating very little income) towards medium term and more profitable opportunities, most recently, via investment in a JPY denominated sovereign-backed private placement. The Corporation continued to move towards maintaining a more balanced SDR currency mix, diversifying itself against single currency LIBOR rates whilst improving overall asset quality.

Currency Mix: 1432H

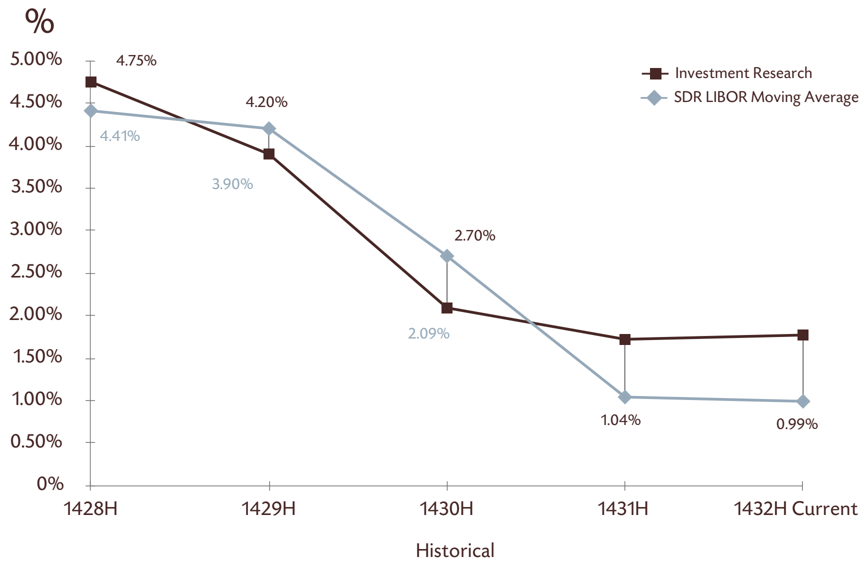


Investment Returns

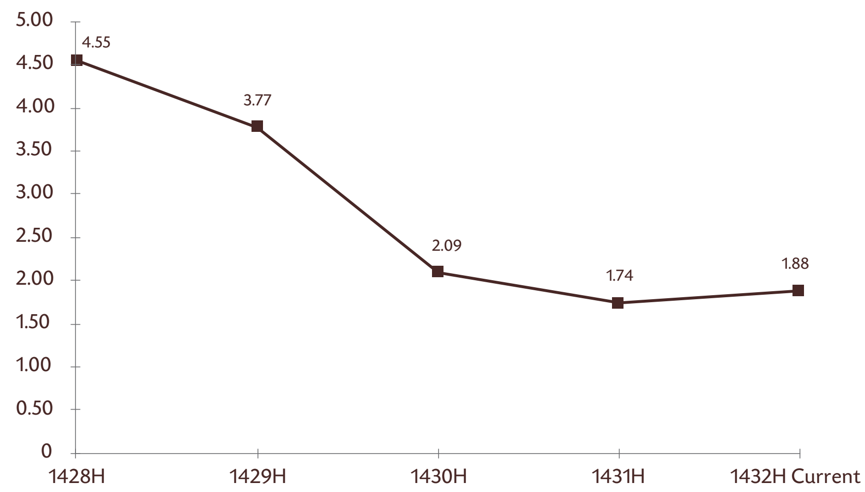
Income from the ICIEC's investments in 1432H stood at ID 1.88 million compared to ID 1.74 million, an 8% increase over the previous year, resulting from a focused investment strategy aimed at decreasing exposure in investment instruments directly impacted by volatility of LIBOR movements. Moreover, by maintaining a pro-active approach towards its in-house investments and greater concentration on other performing assets (namely, Murabaha syndicates and Sukuk), the Corporation was able to perform higher than its benchmark of SDR-LIBOR (as shown in the chart below).

Despite the limited number of Shairah-compliant investment opportunities matching ICIEC's risk-return profile and a market slowdown from the increasing pressures of the Eurozone crisis, the Corporation was able to generate higher rates of return from its portfolio. Thus, it managed to surpass its SDR-LIBOR benchmark for the year. The Corporation continued to seek various novel means of diversifying into asset classes that would be less dependent on LIBOR movements; allocations to those types of asset classes are expected to increase in the years ahead.

Investment Return vs. SDR-LIBOR



Investment Income



"The Corporation witnessed increase of 21% from the ID 4.02 million, in earned premium and fees reported ***last year***"

Summary

The Corporation had a net surplus of ID 0.26 million in the year 1432H, accruing from a net surplus of ID 1.95 million in the Shareholders' Fund and a net deficit of ID 1.69 million in the Policyholders' Fund. According to the Articles of Agreement, the net results of the Corporation were transferred to the Reserves, bringing their net value to ID 26.26 million, with Total Assets reaching ID 125.32 million at the end of 1432H.

The income from invested funds showed an increase of 8% over the year before, due mainly to an increase in reliance on investment assets other than the commodity placements as more Sukuk and Murabaha syndications were added during the year. The ICIEC followed a prudent investment approach and attempted to minimise risk and maximise returns on investments with the investment returns closely matching the SDR-LIBOR benchmark. The net income in the investment operations' account, after payment of investment management fees and other expenses, showed a growth of 13% over the preceding year. Below is the summary of the Corporation's performance, details of which appear in the financial statements and notes attached to this report.

Share Capital

In recognition of the growing and sustained demand for the Corporation's insurance services in its Member Countries, the ICIEC's Board of Governors resolved in 1432H to more than double the authorised capital from ID 150 million to ID 400 million, comprising of 400,000 shares of ID 1,000 each. The IDB subscribed to ID 100 million (25% of the authorised capital) through its Waqf Fund, while ID 250 million was left to the Member Countries of the Organisation of the Islamic Cooperation (OIC) for subscription and ID 50 million to eligible financial institutions and commercial enterprises. By year end 1432H, the IDB and 40 Member Countries had subscribed to a total of 148,990 shares, equivalent to ID 148.99 million. The called-up installments amounted to ID 74.50 million, out of which ID 73.50 million were paid-up. ID 1.00 million is still to come from some Member Countries.

Policyholders' Fund

The 1432H gross premium amounted to ID 9.79 million, compared to ID 10.43 million in 1431H. The net premium and fees earned during the year amounted to ID 4.86 million, an increase of 21% over the ID 4.02 million reported the year before. The increase in earned premium, compared to a decrease in gross invoiced premium for the year, reflected the earned premium added from the invoiced premium of the year before.

Due to lower provisioning for IBNR (incurred but not reported) claims, the net claims incurred showed a positive balance of ID 0.14 million compared to an expense of ID 0.11 million the previous year. The operating expenses were ID 6.95 million, up 26% from ID 5.50 million last year. This increase was primarily due to the implementation of the new salary structure, and was in line with the large increase in the operations indicators. This resulted in a net deficit of ID 1.69 million during 1432H, compared to the net deficit of ID 1.58 million incurred during 1431H. This decline in the annual results is mainly attributable to the implementation of the new salary structure. But despite this deficit, the Policyholders' Fund was able to reduce its reliance on loans from Shareholders' Fund since it had more assets than corresponding liabilities at the year end.

Shareholders' Fund

The capital contributed by the IDB Waqf Fund and the Member Countries of the Corporation was invested in various Shariah compatible investments. With the IDB Treasury acting as the Corporation's fund manager, these investments generated an income of ID 1.88 million and ID 0.26 million as gain on exchange over the year. This resulted in a gross income of ID 2.14 million, while the net surplus was ID 1.95 million, a growth of 13% (from ID 1.72 million reported during the preceding year). According to the Corporation's Articles of Agreement the surplus was transferred to the statutory reserve.

Deloitte.

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www.deloitte.com
Head Office: Riyadh

AUDITORS' REPORT

Your Excellencies 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") as of 29 Dhul Hijjah, 1432 (November 25, 2011), which comprise the statements of financial position, 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 notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for internal controls 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 risks of material misstatement of financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the 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 statements present fairly, in all material respects, the financial position of
the Corporation as at 29 Dhul Hijjah, 1432 (November 25, 2011), and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards and the accompanying financial statements comply with the financial statement preparation and presentation requirement of the Corporation's Articles of Agreement.

Deloitte & Touche
Bakr Abulkhair & Co.


Al-Mutahhar Y. Hamiduddin
License No. 296
5 Rabi'I, 1433
January 28, 2012

STATEMENT OF FINANCIAL POSITION AS OF 29 DHUL HIJJAH 1432H (NOVEMBER 25, 2011)

(Expressed in Islamic Dinars)

	Notes	1432H	1431H
ASSETS			
Bank balances	5	**1,034,281**	6,563,836
Murabaha financing, net	6	**79,100,529**	82,580,436
Accounts receivable, net	7	**1,172,456**	1,763,184
Claims recoverable, net	8	**1,379,677**	1,452,691
Prepaid expenses and other receivables	9	**9,775,055**	8,857,399
Due from Islamic Development Bank (IDB)	10	**-**	939,734
Available-for-sale investments	11	**32,660,901**	18,195,399
Property and equipment	12	**198,006**	183,281
TOTAL ASSETS		**125,320,905**	120,535,960

	Notes	1432H	1431H
LIABILITIES, SHAREHOLDERS' AND POLICYHOLDERS' FUNDS			
LIABILITIES			
Accounts payable and accruals	13	**2,698,608**	3,892,835
Claims payable	14	**294,424**	366,163
Unearned premiums	15	**16,223,771**	14,604,006
Due to Islamic Development Bank (IDB)		**4,091,172**	-
Provision for unreported claims	16	**2,257,275**	2,374,610
Total liabilities		**25,565,250**	21,237,614
SHAREHOLDERS' FUND			
Share capital	17	**73,495,000**	73,432,500
Reserve	18	**53,825,019**	51,878,101
Fair value reserve		**(992,145)**	(1,126,652)
Loan to policyholders' fund	19	**(17,996,846)**	(18,150,597)
Total shareholders' fund		**108,331,028**	106,033,352
POLICYHOLDERS' FUND			
Accumulated deficits	18	**(26,572,219)**	(24,885,603)
Loan from shareholders' fund	19	**17,996,846**	18,150,597
Total policyholders' fund		**(8,575,373)**	(6,735,006)
TOTAL LIABILITIES AND EQUITY		**125,320,905**	120,535,960

The financial statements on pages 45 to 63 were authorized for issue in accordance with a resolution of the Board of Directors on 5 Rabi' 1, 1433H (28th January, 2012).

The accompanying notes form an integral part of these financial statements

STATEMENT OF INCOME
YEAR ENDED 29 DHUL HIJJAH, 1432H (NOVEMBER 25, 2011)
(Expressed in Islamic Dinars)

	Notes	1432H	1431H
SHAREHOLDERS' FUND			
Investment income		**1,877,322**	1,743,151
Gain on foreign exchange translation		**261,567**	119,775
		2,138,889	1,862,926
Investment management fees paid to IDB	10,22	**(120,000)**	(86,054)
General and administrative expenses		**(71,971)**	(56,933)
		(191,971)	(142,987)
Net income		**1,946,918**	1,719,939
POLICYHOLDERS' FUND			
Gross premiums		**9,792,350**	10,433,120
Unearned premiums at the beginning of the year		**14,604,006**	11,277,606
Unearned premiums at the end of the year		**(16,223,771)**	(14,604,006)
		8,172,585	7,106,720
Less: Reinsurance premiums		**(3,495,462)**	(3,202,402)
Net premiums earned		**4,677,123**	3,904,318
Policy fees earned		**180,296**	113,424
		4,857,419	4,017,742
Net claims (incurred)/recovered	20	**141,446**	(105,006)
Employees' related costs		**(5,075,271)**	(3,881,685)
Sales and marketing expenses		**(790,803)**	(997,680)
General and administrative expenses		**(916,998)**	(474,750)
Administration fee	22	**(170,646)**	(140,531)
Gain on foreign exchange		**268,237**	-
		(6,544,035)	(5,599,652)
Net deficit		**(1,686,616)**	(1,581,910)
NET CORPORATE INCOME		**260,302**	138,029

STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 29 DHUL HIJJAH, 1432H (NOVEMBER 25, 2011)
(Expressed in Islamic Dinars)

	Notes	1432H	1431H
Net income from shareholders' fund		**1,946,918**	1,719,939
Unrealized gain on available for sale investments		**134,507**	153,715
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**2,081,425**	1,873,654

The accompanying notes form an integral part of these financial statements

STATEMENT OF CHANGES IN SHAREHOLDERS' AND POLICYHOLDERS' FUNDS
YEAR ENDED 29 DHUL HIJJAH, 1432H (NOVEMBER 25, 2011)
(Expressed in Islamic Dinars)

	Share Capital	Reserve	Fair value reserve	Loan to policyholders' fund	Total
SHAREHOLDERS' FUND					
Balance at 30 Dhul Hijjah 1430H	73,245,000	50,158,162	(1,280,367)	(20,135,432)	101,987,363
Subscription received	187,500	-	-	-	187,500
Total comprehensive income for the year	-	1,719,939	153,715	-	1,873,654
Net movement during the year (note 19)	-	-	-	1,984,835	1,984,835
Balance at 30 Dhul Hijjah 1431H	**73,432,500**	**51,878,101**	**(1,126,652)**	**(18,150,597)**	**106,033,352**
Subscription received	**62,500**	**-**	**-**	**-**	**62,500**
Total comprehensive income for the year	**-**	**1,946,918**	**134,507**	**-**	**2,081,425**
Net movement during the year (note 19)	**-**	**-**	**-**	**153,751**	**153,751**
Balance at 29 Dhul Hijjah 1432H	**73,495,000**	**53,825,019**	**(992,145)**	**(17,996,846)**	**108,331,028**

POLICYHOLDERS' FUND	Accumulated Deficits	Loan from shareholders' fund	Total
Balance at 30 Dhul Hijjah 1430H	(23,303,693)	20,135,432	(3,168,261)
Net deficit for the year	(1,581,910)	-	(1,581,910)
Net movement during the year (note 19)	-	(1,984,835)	(1,984,835)
Balance at 29 Dhul Hijjah 1431H	**(24,885,603)**	**18,150,597**	**(6,735,006)**
Net deficit for the year	**(1,686,616)**	**-**	**(1,686,616)**
Net movement during the year (note 19)	**-**	**(153,751)**	**(153,751)**
Balance at 29 Dhul Hijjah 1432H	**(26,572,219)**	**17,996,846**	**(8,575,373)**

The accompanying notes form an integral part of these financial statements

STATEMENT OF CASH FLOWS
YEAR ENDED 29 DHUL HIJJAH, 1432H (NOVEMBER 25, 2011)
(Expressed in Islamic Dinars)

	Notes	1432H	1431H
OPERATING ACTIVITIES			
Net income for the year		**260,302**	138,029
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation		**70,690**	51,723
Allowance for doubtful debts		**-**	2,360
Loss/(gain) on property & equipment disposal		**4,235**	(2,464)
Provision for unreported claims		**(117,335)**	217,279
Changes in operating assets and liabilities:			
Accounts receivable		**590,728**	(709,317)
Claims recoverable		**73,014**	985,526
Prepaid expenses and other receivable		**(917,656)**	(2,312,738)
Accounts payable and accrual		**(1,194,227)**	1,956,784
Claims payable		**(71,739)**	(58,807)
Due from IDB		**939,734**	(93,937)
Unearned premium		**1,619,765**	3,326,400
Provision for unreported claims		**-**	(50,828)
Due to IDB		**4,091,172**	-
Net cash from operating activities		**5,348,683**	3,450,010

	Notes	1432H	1431H
INVESTING ACTIVITY			
Available-for-sale investments		**(14,330,995)**	4,210,148
Murabaha financing		**9,216,140**	(12,363,463)
Purchase of property and equipment		**(108,247)**	(90,218)
Proceeds from sale of property & equipment		**18,597**	13,445
Net cash (used in) investing activity		**(5,204,505)**	(8,230,088)
FINANCING ACTIVITY			
Share subscriptions received		**62,500**	187,500
Net cash from financing activity		**62,500**	187,500
Net change in cash and cash equivalents		**206,678**	(4,592,578)
Cash and cash equivalents at the beginning of year		**37,934,067**	42,526,645
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	21	**38,140,745**	37,934,067

The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 29 DHUL HIJJAH, 1432H (November 25, 2011)

(Expressed in Islamic Dinars)

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 certain Islamic countries and IDB. The principal office of the Corporation is located in Jeddah, Saudi Arabia.

The objectives of the Corporation are to enlarge the scope of trade transactions and the flow of investments among member states 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, 1415H and the Corporation commenced operations on 4 Safar, 1416H (corresponding to July 1, 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. $ 1.5562 as at 29 Dhul Hijjah, 1432H (1431H: U.S. $ 1.5392).

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

2.1 New IFRS, IFRIC and amendments thereof, adopted by the Company

International Accounting Standards Board (IASB) has issued the following new and amended IFRS and IFRIC that are effective for the periods starting on or after the dates mentioned below:

Standard/ Interpretation	Description	Effective date
IAS 24	Related party Transactions (Revised)	January 1, 2011
IFRS 1	Amendments to IFRS 1 – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters	July 1, 2010
IAS 32	Amendments to IAS 32 Classification of Rights Issues	February 1 ,2010
IFRIC 14	Amendments to IFRIC 14 Prepayments of a Minimum Funding Requirement	January 1, 2011
IFRIC 19	Extinguishing Financial Liabilities with Equity Instrument	July 1,2010
IFRS 7	Amendment to IFRS 7 Financial Instruments: Disclosure	July 1, 2011

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 29 DHUL HIJJAH, 1432H (November 25, 2011)
(Expressed in Islamic Dinars)

2.2 New and amended standards issued but not yet effective
IASB has issued the following new and amended standards that are not yet effective:

Standard/ Interpretation	Description	Effective date
IFRS 9	Financial Instruments	January 1, 2015
IFRS 10	Consolidated financial statements	January 1, 2013
IFRS 11	Joint arrangements	January 1, 2013
IFRS 12	Disclosures of interests in other entities	January 1, 2013
IFRS 13	Fair value measurement	January 1, 2013
IAS 1	Amendments to IAS 1 Presentation of financial statements	July 1, 2012
IAS 12	Amendments to Income taxes – Deferred taxes: Recovery of underlying assets	January 1, 2012
IAS 19	Amendments to IAS 19 Employee benefits	January 1, 2013
IAS 27	Separate financial statements	January 1, 2013
IAS 28	Associates and joint ventures	January 1, 2013

Adoption of the relevant new and amended standards, issued but not yet effective, applicable to the Company would result in additional disclosures and changes in certain classifications and measurements in the financial statements.

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance
The financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and Interpretations issued by International Financial Reporting Interpretations Committee.

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. These financial statements have been presented in Islamic Dinars which is the reporting and functional currency of the Corporation.

The accounting policies are consistent with those used in the previous year.

Premiums earned
Net premiums, after deducting policy acquisition costs, are taken into surplus 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 period of coverage 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.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 29 DHUL HIJJAH, 1432H (November 25, 2011)
(Expressed in Islamic Dinars)

Investments income
Investments income is recognized when dividends are declared.

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

Outstanding claims
Outstanding claims comprise the estimated cost of claims incurred but not settled at the date of statement of financial position, whether reported or not. Provisions for reported claims not paid as at the date of statement of financial position, 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 date of statement of financial position.

Any difference between the provisions at the date of statement of financial position and settlements of provisions in the following year is included in the underwriting account for the year.

Murabaha financing
Murabaha financing is stated at total amounts due including mark-up at maturity date less any provision for impairment. The portion of mark-up which has not been accrued to income is considered as unearned income and deducted from the total amounts due including mark-up at maturity date. These Murabaha arrangements have maturities of one year or less.

Available-for-sale investments
Available-for-sale investments are initially recognized at cost and thereafter are normally re-measured at fair value, unless fair value cannot be reliably determined in which case they are measured at cost less impairment. Fair value changes are reported as a separate component of other comprehensive income until the investment is derecognized or the investment is determined to be impaired. On derecognition or impairment, the cumulative gain or loss previously reported under "fair value reserve" within equity, is included in profit or loss for the period.

Property and equipment
Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

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 expenditure is recognized in the income statement as the expense is incurred.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 29 DHUL HIJJAH, 1432H (November 25, 2011)
(Expressed in Islamic Dinars)

Following is the estimated useful life of the property & equipments in use of the Corporation;

Vehicles	5 years
Office equipment	5 years
Computers	4 years
Furniture and fixtures	10 years

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 date of statement of financial position.

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.

Impairment and uncollectibility of financial assets

An assessment is made at the end of each reporting period to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognized 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 recognized in the income statement;
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;
c. For assets carried at amortized cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective mark up rate.

Translation of foreign currencies

The accompanying financial statements are denominated in ID. Appropriate exchange rates are used to translate transactions or balances denominated in foreign currencies. The resulting gains or losses are included in the income statement.

Provision

Provisions are recognized when the Corporation has a present obligation (legal or constructive) as a result of a past event, it is probable that the Corporation 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.

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

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.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Corporation's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

The key assumptions concerning the future and other key sources of estimation uncertainty at the date of statement of financial position, that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are discussed below.

The ultimate liability arising from claims made under insurance contracts
The estimation of the ultimate liability arising from claims made under insurance contracts is the Corporation's most critical accounting estimate. There are several sources of uncertainty that need to be considered in estimating the liability that the Corporation will ultimately pay for such claims. The provision for claims incurred but not reported (IBNR) is an estimation of claims which are expected to be reported subsequent to the date of statement of financial position, for which the insured event has occurred prior to the date of statement of financial position. The primary technique adopted by the management in estimating the cost of notified and IBNR claims, is based on historical experience of management.

Impairment of accounts receivable
An estimate of the collectible amount of trade accounts receivable is 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.

5. BANK BALANCES

Bank balances are comprised of the following as at end of Dhul Hijjah:

	1432H	1431H
Shareholders' fund	**23,700**	6,120,881
Policyholders' fund	**1,010,581**	442,955
	1,034,281	6,563,836

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6. MURABAHA FINANCING, NET

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

	1432H	1431H
Shareholders' fund:		
Gross Murabaha commodity placements	**65,701,134**	77,083,893
Deferred profit	**(148,050)**	(106,996)
	65,553,084	76,976,897
Other murabaha financing	**13,547,445**	5,603,539
	79,100,529	82,580,436
Murabaha commodity placements as at end of Dhul Hijjah		
With original maturity period of three months or less (note 21)	**37,106,464**	31,370,231

7. ACCOUNTS RECEIVABLE, NET

Accounts receivable are comprised of the following as at end of Dhul Hijjah:

	Total	Neither past due nor impaired	31-60 Days	61-90 Days	91-120 Days	»120 Days
1432H	**1,288,252**	**92,266**	**267,237**	**139,736**	**303,012**	**486,001**
1431H	1,880,260	1,511,055	150,369	13,302	120,037	85,497

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. Accounts receivable are related to policyholders' fund.

8. CLAIMS RECOVERABLE, NET

Claims recoverable are comprised of the following as at end of Dhul Hijjah:

	1432H	1431H
Policyholders' fund:		
Claims recoverable	**8,550,514**	8,737,801
Provision for doubtful claims	**(7,170,837)**	(7,285,110)
	1,379,677	1,452,691

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

As of end of Dhul Hijjah, the aging of claims recoverable is as follows:

	Total	Within 1 Year	1-2 years	3-5 Years	Over 5 Years
1432H	**8,550,252**	**-**	**1,166,268**	**3,494,361**	**3,889,885**
1431H	8,737,801	71,947	1,276,511	3,560,182	3,829,161

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9. PREPAID EXPENSES AND OTHER RECEIVABLES

Prepaid expenses and other receivables are comprised of the following as at end of Dhul Hijjah:

	1432H	1431H
Shareholders' fund		
Accrued income	**218,412**	36,812
	218,412	36,812
Policyholders' fund		
Prepaid insurance	**8,233,907**	8,569,914
Advance against housing	**1,245,329**	126,775
Other receivables	**77,407**	123,898
	9,556,643	8,820,587
	9,775,055	8,857,399

10. DUE (TO)/FROM ISLAMIC DEVELOPMENT BANK

	1432H	1431H
Policyholders' fund	**(1,468,081)**	939,734
Shareholders' fund	**(2,623,091)**	-
	(4,091,172)	939,734

IDB provides a number of services including investment management, administration, legal, etc. to the Corporation for a fee. In addition, a significant proportion of the Corporation's expenses are paid by IDB and re-charged to the Corporation.

11. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments are comprised of the following as at end of Dhul Hijjah:

	1432H	1431H
Shareholders' fund		
Quoted investments		
Share in CROCI Islamic Global Index	**3,049,686**	2,972,621
Units in IDB – Unit Investments Fund	**11,156,458**	11,358,082
Islamic Sukuk	**16,848,289**	2,240,476
	31,054,433	16,571,179
Unquoted investments:		
Share in Takaful Re.	**1,606,468**	1,624,220
	32,660,901	18,195,399

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12. PROPERTY AND EQUIPMENT

The Corporation's property and equipments are related to the policyholders' fund.

	1 Muharram 1432	Additions	Disposal	29 Dhul Hijjah 1432
Cost:				
Vehicles	**102,591**	**58,640**	**(24,894)**	**136,337**
Furniture and fixtures	**151,430**	**-**	**-**	**151,430**
Office equipment	**34,853**	**21,234**	**-**	**56,087**
Computer equipment	**340,433**	**28,373**	**-**	**368,806**
Total Cost	**629,307**	**108,247**	**(24,894)**	**712,660**
Depreciation:				
Vehicles	**54,886**	**17,166**	**(2,062)**	**69,990**
Furniture and fixtures	**99,101**	**22,547**	**-**	**121,648**
Office equipment	**23,084**	**2,425**	**-**	**25,509**
Computer equipment	**268,955**	**28,552**	**-**	**297,507**
Total depreciation	**446,026**	**70,690**	**(2,062)**	**514,654**
Net Book Value at 1 Muharram	**183,281**			
Net Book Value at 29 Dhul Hijjah				**198,006**

	1 Muharram 1431	Additions	Disposal	Transfer	30 Dhul Hijjah 1431
Cost:					
Vehicles	96,455	37,510	(31,374)	-	102,591
Furniture and fixtures	120,591	19,301	-	11,538	151,430
Office equipment	40,303	6,088	-	(11,538)	34,853
Computer equipment	313,114	27,319	-	-	340,433
Total Cost	570,463	90,218	(31,374)	-	629,307
Depreciation:					
Vehicles	65,291	9,988	(20,393)	-	54,886
Furniture and fixtures	78,586	11,223	-	9,292	99,101
Office equipment	28,932	3,444	-	(9,292)	23,084
Computer equipment	241,887	27,068	-	-	268,955
Total depreciation	414,696	51,723	(20,393)	-	446,026
Net Book Value at 1 Muharram	155,767				
Net Book Value at 30 Dhul Hijjah					183,281

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13. ACCOUNTS PAYABLE AND ACCRUALS

Accounts payable and accruals are comprised of the following as at end of Dhul Hijjah:

	1432H	1431H
Shareholders' liabilities		
Policyholders' fund	**517,453**	556,026
Shareholders' fund	**531,970**	344,147
	1,049,423	900,173
Policyholders' liabilities		
Other payables	**174,809**	1,363,684
Accrued payables	**1,474,376**	1,628,978
	1,649,185	2,992,662
	2,698,608	3,892,835

13.1 This represents net accumulated income up to Dhul Hijjah 29, 1432H 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.

14. CLAIMS PAYABLE

Claims payable are related to the policyholders' fund where settlement procedures were not completed until the date of the financial statements.

	1432H	1431H
Opening balance	**366,163**	424,970
Addition during the year	-	75,323
Payment made during the year	**(71,739)**	(134,130)
	294,424	366,163

15. UNEARNED PREMIUMS

Unearned premiums are related to the policyholders' fund.

16. PROVISION FOR UNREPORTED CLAIMS

Provision for claims estimated as incurred but not reported (IBNR) relates to the policyholders' fund and represents 0.5% of the outstanding exposure at year end. This provision is necessitated due to the nature of risks underwritten by the Corporation, especially those having longer than one year duration.

	1432H	1431H
Total exposure at year end	**451,455,095**	474,922,037
IBNR provision @ 0.5%	**2,257,275**	2,374,610

	Gross exposure	Reinsured exposure	Net exposure
Total exposure at year end	**696,570,586**	**(245,115,491)**	**451,455,095**
Total IBNR @ 0.5%	**3,482,853**	**(1,225,577)**	**2,257,275**

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17. SHARE CAPITAL

	1432H	1431H
Authorized capital		
400,000 shares (1431: 150,000) of ID 1,000 each	**400,000,000**	150,000,000
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 not called		-
Member countries		
48,990 shares (1431: 48,990) of ID 1,000 each, of which		
ID 500 has been called	**24,495,000**	24,495,000
Less: Subscriptions receivable	**(1,000,000)**	(1,062,500)
	73,495,000	73,432,500

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 states) 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.

18. 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 has 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.

19. 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 as at end of Dhul Hijjah:

	1432H	1431H
Policyholders' fund		
Total assets	**13,317,363**	13,602,432
Total liabilities	**(21,892,736)**	(20,337,438)
Accumulated deficits	**26,572,219**	24,885,603
Net deficit in policyholders' fund	**17,996,846**	18,150,597

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20. CLAIMS (INCURRED)/RECOVERED

Claimed incurred are comprised of the following as at end of Dhul Hijjah:

	1432H	1431H
Claims surrendered	-	(28,680)
Claims related expenses	**(10,533)**	(264,088)
Movement in provision for unreported claims	**117,335**	50,828
Recoveries	**34,644**	136,934
	141,446	(105,006)

20.1 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 was ID Nil in 1432H and 0.6 million ID in 1431H. Any revisions to previous estimates of amounts considered to be collectible are adjusted in the year in which such estimates are revised.

21. CASH AND CASH EQUIVALENTS

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

	1432H	1431H
Bank balances	**1,034,281**	6,563,836
Murabaha commodity placements having a maturity of three months or less at the date of acquisition (note 6)	**37,106,464**	31,370,231
	38,140,745	37,934,067

22. RELATED PARTY TRANSACTIONS

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 IDB included in the statement of income are as follows for the year ended at end of Dhul Hijjah:

	1432H	1431H
Investment management fees	**120,000**	86,054
Administration fee	**170,646**	140,531
Expenses paid by IDB on behalf of the Corporation	**5,376,109**	3,504,587

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

	1432H	1431H
Amount due from IDB	-	939,734
Claims Payable	**196,704**	199,015
Amount due to IDB	**4,091,172**	-

23. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. The Corporation's financial assets consist of bank balances, receivables, murabaha receivables, claims recoverable, available for sale investment, due from related parties and certain other receivables, whereas its financial liabilities consist of payables and accruals.

The fair values of financial instruments are not materially different from their

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carrying values. 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: quoted (unadjusted) prices in an active market for identical assets and liabilities:

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: other techniques which use inputs which have a significant effect on the recorded fair value are not based on observable market data.

	Level 1	Level 2	Level 3
Share in CROCI Islamic Global Index	3,049,686	-	-
Islamic Sukuk	16,848,289	-	-
Unit in IDB - Unit Investment Fund	11,156,458	-	-
Share in Takaful Re.	-	-	1,606,468

24. 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 BOD". The Corporation shares the same BOD and Audit Committee as that of its parent 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:

a.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 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.

b.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.

The Corporation faces credit risk in its reinsurance program where the reinsurers may fail to meet their contractual obligation of paying out claims. This risk is minimized by engaging reinsurers of high credit quality (high investment grade only) as evidenced by their credit rating. In addition, the Corporation is gradually increasing the number of reinsurance providers to spread the risk and augment its underwriting capacity.

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The Corporation is also exposed to credit risk in its investment portfolio of listed debt securities. In this regard, for all classes of financial assets held by the Corporation, the maximum credit risk exposure to the Corporation is the carrying value as disclosed in the statement of financial position.

The financial instruments, which subject the Corporation to credit risk, principally consist of bank balances, Murabaha receivables, accounts receivable, available-for-sale listed debt securities and claims recoverable. The Corporation seeks to limit its credit risk with respect to customers by actively following up for payment of invoices with the individual customers and monitoring outstanding receivables.

The Corporation's investment portfolio is primarily managed by IDB and comprises of deals with reputable banks. The Corporation is, therefore, of the opinion that no credit loss is likely to occur. All of the Corporation's Murabaha deals will mature within eighteen months from the date of the statement of financial position.

The Corporation is exposed to credit risk on the following balances:

	1432H	1431H
Murabaha receivables	**79,100,529**	82,580,436
Accounts receivable, net	**1,172,456**	1,763,184
Claims recoverable, net	**1,379,677**	1,452,691
Available-for-sale investments	**16,848,289**	2,240,476
Other receivables	**77,407**	81,798
	98,578,358	88,118,585

c. Market risk
The risk that changes in market factors e.g. changes in reference rates (LIBOR) will affect Corporation's investment portfolio can be considered as the market risk. Majority of the Corporation's investments are managed by the IDB Treasury, which follows the IDB Group risk policies on market risk management.

d. 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 in its investment portfolio.

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.

e. 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. There are two aspects to the liquidity risk; the funding liquidity and the market liquidity risk. In case of the Corporation, the latter is of more relevance.

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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 liabilities at the end of Dhul Hijjah:

	Less than 3 months	3 to 12 months	1 to 5 years	Total
1432H	**1,649,185**	**492,263**	**557,160**	**2,698,608**
1431H	2,440,612	504,388	947,835	3,892,835

f. 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.

g. Operational risk
The risk of loss faced by a financial institution arising from failed processes, people and/or systems is termed as the operational risk.

The Corporation works very closely with the IDB Group Internal Audit Department (GIAD) and Risk Management Department (GRMD) to ensure presence of an effective internal control system through which it attempts to manage its operational risk. GIAD regularly audits the Corporation's internal controls and recommends improvements under the risk based internal audit approach. In a recent audit, GIAD comprehensively covered the underwriting operations with a special focus on the credit approval process.

The Corporation has developed an in-house Integrated Insurance Management System, and is now engaged in building the risk management modules. It also works with the IDB Group IT initiatives and is a client in many Group-wide IT solutions. The most recent has been the implementation of the SAP platform for the Finance, HR and Procurement areas.

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

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h. 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 exposure at the year end amounts to ID 451 million (1431H: ID 485 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 (notes 16 and 18).

i. Reinsurance risk
In order to minimize its financial exposure, 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:
- Acceptable credit rating by a recognized rating agency (S&P, Moody's, A.M. Best, or Fitch)
- Financial strength, managerial and technical expertise, and historical performance
- Market reputation
- Past business relationship/experience with the Corporation

25. 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.

26. ZAKAT AND TAX TREATMENT

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

THE ISLAMIC DEVELOPMENT BANK

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

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

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

Capital
The Authorized Capital of IDB is ID30 billion and the Issued Capital is ID18 billion of which ID17.8 billion was subscribed and ID4.4 billion was paid up as at end-1432H.

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

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

ISLAMIC RESEARCH AND TRAINING INSTITUTE (IRTI)
IRTI was established in 1401H (1981) as the research and training arm of the IDB. As a member of the IDB Group, IRTI places a key role in transforming the Group into a world-class knowledge-based organization. It shoulders the responsibility for leading the development and sustenance of a dynamic and comprehensive Islamic Financial Services Industry, which supports socio-economic development in member countries. With this objective, IRTI has been gradually strengthening its core business activities in knowledge services through research, policy dialogue and Shari'ah advisory services. **www.irti.org**

ISLAMIC CORPORATION FOR THE DEVELOPMENT OF THE PRIVATE SECTOR (ICD)
ICD was established in 1420H (1999) as an independent entity within the IDB Group and has been operational since 6 Rabi Thani 1421H (8 July 2000). The mission of ICD is to compliment the role played by IDB through development and promotion of the private sector as a vehicle for economic growth and prosperity in member countries. The main objectives of ICD are: (i) support economic development of its member countries through provision of finance aimed at promoting private sector development in accordance with the principles of Shariah, and (ii) provide advice to governments and private organizations to encourage the establishment, expansion and modernization of private sectors. **www.icd-idb.org**

INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION (ITFC)
The International Islamic Trade Finance Corporation (ITFC) was established in 2005 and commenced business operations in 2008 with an Authorized Capital of $3 billion, as an autonomous and dedicated trade finance entity of the Islamic Development Bank (IDB) Group. ITFC supports the development of markets and trading capacities of its member countries of the Organization of the Islamic Cooperation (OIC) in order to promote the IDB Group's strategic developmental objectives. Operating to world-class standards, the ITFC's mission is clear from its mandate to be a catalyst for the development of trade among OIC Member Countries and with the rest of the world .ITFC aspires to be a recognized provider of trade solutions for the OIC Member Countries' needs; in order to fulfill its brand promise of 'Advancing Trade & Improving Lives". **www.itfc-idb.org.**

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