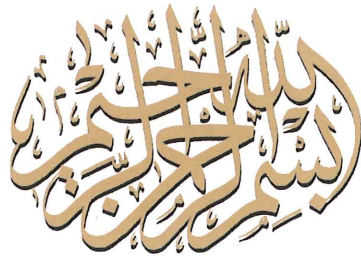


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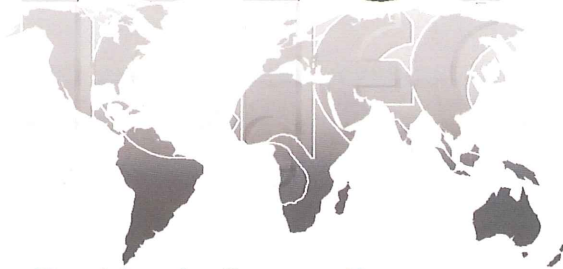


**The Islamic
Corporation
for the Insurance
of Investment
and Export Credit**

**ANNUAL REPORT 1416H
(June 1995 - May 1996)**

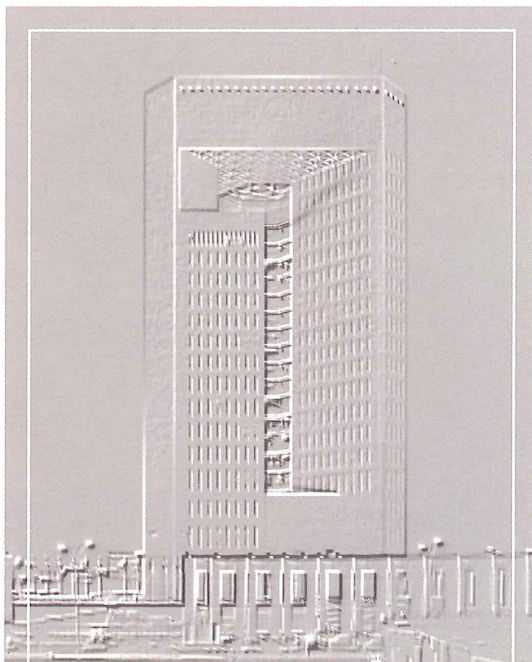


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The Islamic Corporation
for the Insurance of Investment
and Export Credit (ICIEC)

ANNUAL REPORT
1416H (June 1995 - May 1996)



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

ICIEC is a subsidiary corporation of the Islamic Development Bank (IDB) established on 1st August 1994 as an international institution with full juridical personality with an authorized capital of 100 million Islamic Dinars (US\$ 144 million). ICIEC commenced operations in July 1995 from its principal office in Jeddah, Saudi Arabia.

The objective of ICIEC is to enlarge the scope of trade transactions and the flow of investments among Member States of the Organization of the Islamic Conference (OIC). In fulfillment of this objective, the Corporation provides:

- (a) export credit insurance to cover the non-payment of export receivables resulting from commercial (buyer) or non-commercial (country) risks; and
- (b) 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.

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MANAGEMENT

Board of Directors

Chairman : Dr. Ahmed Mohamed Ali

Members : Mr. Ahmed Hamed Al Nuaimi

Mr. Bader Eddine Nouioua

Mr. Djama Mahmoud Haid

Mr. Jamal Nasser Rashid Lootah

Mr. Dato Ahmed Hassen Bin Osman

Mr. Abdeltif Loudyi

Mr. Omar Abdullah Sejeini

Mr. Faisal Abdul Aziz Al-Zamil

Mr. Tarik Kivanc

Mr. Mohammad Alzarouq Rajab

Mr. Ouedraogo Guebrilla

Executive Management

President : Dr. Ahmed Mohamed Ali

Manager : Dr. Abdel-Rahman Taha



A Message from the President of ICIEC

This is the first Annual Report to be issued by ICIEC since it commenced business in Safar 1416H (July 1995). Therefore, it was thought to be useful to include information on its corporate structure (Ch.I) and on its establishment and efforts leading to commencement of business (Ch.II). Also the salient features of the export credit insurance system were explained (Ch.III). This, of course, is in addition to reports on insurance operations (Ch.IV) and Finance (Ch.V) .

ICIEC's Business Plan 1416 focused mainly on promotion to create recognition for the name of the Corporation and market its services. An intensive promotion program involving media publicity and country seminars was designed and implemented during the year, resulting in a significant flow of enquiries from exporters and banks in member countries. As anticipated the volume of insurance business was small. For the 10 months of operations ICIEC received 7 export credit insurance proposals totaling US\$ 93 million and issued two insurance policies with a total cover limit of US\$ 32.5 million. The rest of the insurance proposals remained under process at year end. No contingent liability was assumed by ICIEC and no claims were paid during the year.

A major factor in the slowness of business in 1416H, other than the newness of the Corporation and lack of knowledge of export credit guarantees among exporters and banks in member countries, was the limited size of membership in ICIEC. Of the 31 countries who either had signed the Articles of Agreements or had joined later, only 13 completed membership requirements. It is, therefore, imperative, if ICIEC is to move forward toward the achievement of its objectives, that signatory countries endeavour to complete membership requirement and other OIC member countries apply to join as soon as possible. I take this opportunity to call upon all the members of IDB who have not joined ICIEC to endeavour to do so at the earliest possible time. As the Financial Report (Ch.V) shows, the subscribed capital of ICIEC, at year end, stood at ID 76.5 million (US\$ 110.5 million) and paid up capital reached ID 62.1 million (US\$ 89.7 million), while total assets reached ID 67 million (US\$ 96.8 million). ICIEC made a net income of ID 2.1 million (US\$ 3 million), largely obtained from returns on investments. Now that ICIEC has successfully established and operated its export credit insurance system, we look forward to a successful business year during 1417H, Insha Allah.

Dr. Ahmad Mohamed Ali
President, ICIEC



CHAPTER ONE

CORPORATE STRUCTURE

Status

The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) was established, in accordance with its Articles of Agreement as a subsidiary corporation of the Islamic Development Bank (IDB). The Articles stipulated that the Corporation shall be an international institution with full juridical personality and in particular the capacity to (a) contract; (b) acquire and dispose of movable and immovable property; and (c) institute legal proceedings.

Objectives

The objective of ICIEC as defined in the Articles, is to enlarge the scope of trade transactions and the flow of investments among Member States. In fulfillment of this objective, ICIEC shall provide in accordance with the principles of Shariah;

- (a) export credit insurance and reinsurance to cover the non-payment of export receivables resulting from commercial (buyer) or non-commercial (country) risks; and
- (b) at a suitable time after its establishment, investment insurance and reinsurance against country risk, mainly the risks of exchange transfer restrictions, expropriation, war and civil disturbance and breach of contract by the host government; and
- (c) the Corporation shall exercise such powers as it may deem necessary or appropriate for achieving its objectives.



Membership

In accordance with the Articles of Agreement, membership in ICIEC is open to the Islamic Development Bank and countries who are members of the Organization of the Islamic Conference (OIC). Thirty countries signed the Articles of Agreement in 1994 and one country applied a year later for membership and its application was accepted. Of the above 31 countries only 13 have completed membership requirements (i.e. they ratified the Articles and paid the first installment of capital subscription). Four countries are close to completing membership requirements: Chad, Mauritania and Lebanon ratified the Articles, but have not yet paid the first installment of their subscription. This leaves 14 countries who are signatories to the Articles but who have made no progress toward completing membership requirements. In addition there are 17 countries who are members of the OIC and had neither been signatories to the Articles nor have they applied for membership. (see Annex-1 for details).

Capital Subscription

The Islamic Development Bank and 15 countries subscribed to 76,490 shares in the capital of the Corporation having a face value of ID* 76.49 million (76.5% of the authorized capital of ID 100 Million). IDB contributed ID 50 million which makes 50% of authorized capital and 65% of subscribed capital. Fifteen countries subscribed to the capital with a total subscription of ID 26.49 million (26,490 shares). The Kingdom of Saudi Arabia is by far the largest shareholder with 13,500 shares having a face value of ID 13.5 million (17.65% of all subscriptions and 51% of subscriptions by member countries). As at the end of Dhul-Hija 1416H, paid-up capital stood at ID 62,23 million (81% of subscribed capital and 97% of called-up capital). As IDB paid 100% of its subscription to the capital, its share in the paid-up capital reached 80.57% (see Annex II).

* One ID (Islamic Dinar) = One SDR (Special Drawing Right of the IMF) = as at 30 Dhul-Hijja 1416H.



Office of the Corporation

In accordance with the Articles, the Principal Office of ICIEC shall be located in the City of Jeddah, Kingdom of Saudi Arabia. The Corporation may, however, establish branch offices elsewhere. ICIEC is currently located at the Headquarters of the Islamic Development Bank in Jeddah.

Management

In accordance with Chapter V of the Articles of Agreement, which defines the structure of the management of ICIEC, the ultimate responsibility for the management of ICIEC rests with the Board of Governors (BOG), which is composed of Governors and alternate Governors of the IDB. All powers of the Corporation is vested in the BOG, however, it may delegate any or all of its powers to the Board of Directors of the Corporation (BOD) with a few exceptions defined in the Articles. The BOD is responsible for the direction of the general operations of ICIEC and is also composed of the Board of Executive Directors of the IDB.

The Chief Executive of the Corporation, responsible for conducting its affairs under the direction of the BOD, is the President of the Corporation. The President is the legal representative of ICIEC and has the power to approve its operations and the conclusion of contracts pertaining thereto. This position is held, *ex-officio*, by the President of the IDB. The President may delegate any of his powers to the Manager of the Corporation who is responsible for conducting the day-to-day business of the Corporation.

CHAPTER TWO

ESTABLISHMENT & COMMENCEMENT OF BUSINESS

Background

The idea for the establishment of an entity to provide investment and export credit insurance for Islamic Countries originated from the Agreement for the Promotion, Protection and Guarantee of Investment among Member Countries of the Organization of the Islamic Conference (OIC) which provided that the OIC shall, through the Islamic Development Bank, establish an Islamic institution for investment guarantee to undertake, in conformity with Shariah, the provision of insurance for investments in the territories of signatory parties of the Agreement (Article 15). The impetus came from the First Session of the OIC Standing Committee for Economic and Commercial Cooperation (COMCEC), held in Istanbul in Safar 1405H (November 1984), which requested IDB to prepare a feasibility study for the establishment of an export credit guarantee scheme for OIC member countries.

In response, IDB prepared a study entitled "Detailed Study on the Establishment of an Export Credit and Investment Guarantee Scheme for OIC Member Countries" which was submitted to the Third Session of COMCEC held in Istanbul in Muharram 1408H (September 1987). The "Draft Articles of Agreement of the Islamic Corporation for the Insurance of Investment and Export Credit" were then prepared and were finally submitted to and endorsed by the 7th Session of COMCEC held during 6-9 October 1991.

At its 16th Annual Meeting held in Tripoli, Libya, in Sha'ban 1412H (February 1992), the Board of Governors of IDB approved the Articles of Agreement of the Islamic Corporation for the Insurance of Investment and Export Credit and urged Member Countries of IDB to subscribe to the share capital of ICIEC. On 19 Ramadan 1412H (23 March 1992) IDB signed the



Articles and subscribed to 50,000 of the share capital (50%). In April 1992 the Bank despatched a circular letter to all IDB Governors urging their respective countries to sign the Articles and to subscribe to the ICIEC's share capital.

In a ceremony organized in conjunction with the Special Meeting of the Board of Governors of IDB, held at the headquarters of the Bank on 4th Muharram 1413H (4 July 1992), twenty-eight member countries signed the Articles of Agreement. Two member countries later signed the Articles, making a total of thirty (30) signatory countries. (Annex 1)

Engagement of Consultants

A major British firm of insurance brokers, Hogg Insurance Brokers Ltd. (HIB) was selected by IDB to design the insurance underwriting system of the Corporation and develop its business strategy. A consultancy agreement was entered between IDB and HIB in January 1993, and the study was completed in September 1993. The work done by the consultants was thoroughly reviewed and found to provide an excellent base for setting up the operational and management systems required to enable the Corporation to commence business.

Entry into Force of the Articles of Agreement

Under Article 63 of the Articles of Agreement of ICIEC, the Articles are to enter into force when documents of ratification shall have been submitted by member countries whose aggregate subscriptions to the Share Capital of the Corporation shall not be less than ID 25,000,000 (Twenty-Five Million ID). By the end of July 1994, total subscriptions by Member Countries stood at ID 25,490,000 thus exceeding the minimum required to cause the Articles to enter into force. On 24th Safar 1415H (1st August 1994) the Articles of Agreement entered into force. Consequent upon entry of the Articles of Agreement into force, the esteemed Board of Governors of ICIEC, at its First Annual Meeting held in Jeddah during 15 - 16 November 1994, decided that the ICIEC may commence business on 1st July 1995 or thereafter as deemed practical.

Preparation for Commencement of Business

The appointment of the Manager of ICIEC in Rabia Thani 1415H (October 1994) ushered in a period of intensive work in preparation for the commencement of business planned for Safar 1416H (July 1995). A short term business plan defining a strategy and detailing activities leading to commencement was drafted, the focus of which was the development of the



various operational and organizational systems necessary for commencement of business. Key elements of the plan were successfully implemented during 1415H.

The parameters and basic rules of ICIEC's underwriting system were defined in its Articles of Agreement (Chapter III). Based on these parameters an underwriting system comprising both export credit and investment insurance was developed by the consultants. The consultants' report included draft "Operational Regulations and Procedures". These documents as amended formed the basis of ICIEC's underwriting system. The Board of Directors of ICIEC approved the Operations Regulations and Policies of Insurance in its first Meeting held on 27 Shawwal 1415H (28th March 1995) and approved the Premium Rates and Fee Structures for the export credit insurance services in its second Meeting held on 23 Dhul Hijjah 1415H (23 May 1995).

A logo for the Corporation was designed to embody and convey the Islamic and international nature of the Corporation and its function of providing cover against risks. A promotion folder containing a brochure, the Articles of Agreement and product leaflets was designed and printed for use in post-commencement marketing activities.

The organization structure of ICIEC was designed and approved by the President in Sha'ban 1415H. It was conceived as a framework to be gradually implemented during the coming five years. The organization structure of ICIEC was composed of three main departments: Underwriting, Marketing, Finance and Accounting, in addition to various support units, namely: Country Risk Analysis, Information Technology, and Administrative Affairs. The FY 1415H Establishment Budget provided for the appointment of 14 staff members. During the year six individuals were recruited; the Manager, two Senior Underwriters, and three support staff.

Commencement of Business

ICIEC formally commenced business in Safar, 1416H (July 1995). A ceremony to mark the occasion was held at IDB Headquarters on 24 Safar under the patronage of H.E. Mohamed Aba Al-Khail, the then, Minister of Finance and National Economy and IDB Governor for the Kingdom of Saudi Arabia.



CHAPTER THREE

THE EXPORT CREDIT INSURANCE FACILITY

To achieve its objectives of expanding trade and investment flows between member countries, ICIEC, established an export credit insurance facility to cover the non-payment of export receivables resulting from commercial or non-commercial risks. The investment insurance facility, though already designed, has not yet been launched as the Articles of Agreements stipulated that it should be launched at "a suitable time" after the establishment of ICIEC. Below, the structure of the export credit insurance facility is explained.

Shariah Principles

ICIEC provides the above insurance facilities in accordance with the principles of Shariah. Thus, in carrying out its operations, ICIEC shall observe the following principles:

- (a) endeavour to achieve mutual co-operation of policyholders through their collective sharing of losses which any one policyholder may suffer;
- (b) distribute the surplus that may accrue from the insurance and any reinsurance operations to policyholders after meeting statutory reserve obligations;
- (c) exclude cover of contracts for the sale of goods prohibited under Shariah, as well as interest accruing from export credit or investment loans; and
- (d) invest its own funds in accordance with Islamic principles.



Eligibility Criteria

In order to qualify for the Corporation's facilities, the following eligibility criteria will apply:

- (a) Exporters and/ or buyers and investors may be either of the following:
 - the Islamic Development Bank;
 - persons who are nationals of a Member State;
 - Corporations or other juridical entities (including commercial banks) the majority of whose shares are owned by one or more Member State(s) or by nationals of one or more Member States and whose principal office is located in a member State; and
 - a juridical person whose principal office is located in a non-Member State, provided that not less than 50 percent of its shares are owned by nationals of Member States (subject to the approval of the Board of Directors).
- (b) For export credit insurance, goods must be wholly or partially produced, manufactured, assembled or processed in one or more Member State(s) and the local content and/ or value-added that must accrue to the member state in which such goods have been produced, should not be less than one-third of the cost of production.
- (c) Goods must not be forbidden by Shariah.

Export Credit Insurance Policies

Export credit insurance is offered under three policies:

- (a) Comprehensive Short Term Policy (CSTP).
- (b) Supplemental Medium Term Policy (SMTP); and
- (c) Bank Master Policy (BMP).

Comprehensive Short Term Policy

The CSTP is designed to cover repetitive shipments of raw materials, commodities and light manufactured goods under which credit extended to buyers does not exceed two years. The exporter is normally obliged to offer all his insurable export turnover, but certain exclusions may be considered. The main features of the CSTP are as follows:

- (a) Risks Covered: The commercial risks covered are the buyer's insolvency, protracted default and non-acceptance of goods despatched. The non-commercial risks (also known as country or political risks) include restriction of or delay in the transfer of payments, the imposition of import or export restrictions, war and civil disturbances.
- (b) Extent of Indeminty: 90 percent of the loss or of the credit limit approved on the buyer, whichever is lower.
- (c) Claims Waiting Period: Immediately in the event of buyer's insolvency but normally four months in respect of all other causes of loss.
- (d) Export Financing: Claims proceeds under the policy can be assigned to a bank to secure the requisite export financing.
- (e) Premium: Payable monthly based on export declarations submitted by the exporter. Premium rates are quoted for each individual policy, dependent on factors such as the terms of



payment, market grading of buyer's country and the exporter's claims experience.

(f) Claims: A claim must be filed within 45 days after the date of loss. Upon verification that a claim is valid, the Corporation will promptly settle the stipulated percentage of indemnity after expiry of the relevant claims waiting period.

(g) Recoveries: The exporter is required to pursue recoveries from the defaulting buyer after payment of a claim, with advice from and in consultation with ICIEC. ICIEC may exercise its subrogation rights and pursue recoveries directly.

(h) Extensions of Cover : Where appropriate, the policy can be extended through an endorsement to cover pre-shipment risks, sales to/by overseas subsidiaries and other special situations.

Supplemental Medium Term Policy

The SMTP is suitable for exports of consumer durables, capital or semi-capital goods where credit extended to buyers exceeds two years, up to a maximum of five years. The SMTP is available for holders of the CSTP as a supplement, but could also be obtained separately.

The terms and conditions of cover, underwriting considerations and exporter's obligations under the SMTP are identical to those applicable to the CSTP. However, premiums are invariably higher on account of the longer risk horizons. In addition, each sales contract under the policy is individually underwritten. Accordingly, the exporter must obtain ICIEC's approval before attachment of risk and must declare such contract when it becomes effective.

Bank Master Policy

The BMP is specially tailored to cover non-payment risks in connection with IDB's and other Islamic banks financing operations. It provides cover for export financing operations carried out in accordance with Shariah. The BMP will cover the same risks covered by the two other policies, in addition, to capital goods owned by the insured bank in the context of a lease financing.

CHAPTER FOUR

INSURANCE OPERATIONS

Marketing

ICIEC's Business Plan for 1416 assigned marketing a high priority, focusing on promotion to create understanding for the mission of the Corporation and recognition for its name among potential customers. To implement the above strategy a wide-ranging and intensive marketing program was planned and was largely implemented during the reporting period.

Marketing activities included the following: (1) advertising campaign (2) country promotion seminars (3) conferences and seminars (4) direct mail (5) direct selling (6) press releases and interviews. These are detailed below in Table IV-1 .



A Promotion Seminar in a Member Country



The commencement of business was announced through paid advertisements in at least one major newspaper in each member country, in addition to the ceremony referred to earlier (Chapter II).

The focus of the marketing program was on country promotion seminars of which 10 were organized during the year in 6 member countries (Malaysia, Saudi Arabia, Mali, Senegal, Pakistan and Tunisia). The seminars which were organized in collaboration with local institutions were attended by close to 1000 exporters and bankers.

In addition, ICIEC made presentations in 16 events in various member and non-member countries. Individual meetings were held with 276 exporters and bankers from 10 member countries and 8 non-member countries. These meetings took place mostly during visits to member and non-member countries (238 meetings) and within the headquarters of the Corporation (38 meetings). ICIEC's promotion folder and brochure were sent by mail to close to 300 exporters, bankers, and other institutions concerned with export promotion and export finance. The same were also distributed in all promotion seminars and conferences organized or attended by ICIEC.

As a direct result of the marketing effort ICIEC received 164 business enquiries which were handled and answered by the Marketing Department. The majority of enquiries (71%) were received from member countries, about 20% were received from 8 non-member countries, and the remaining 9% were received from other countries who are not members of OIC. The majority of enquiries (62%) came from exporters, while (20%) came from Islamic and conventional banks.

Insurance Underwriting



Signing of the First Export Credit Insurance Policy Issued by ICIEC in November 1995

Following commencement of business early in 1416H, and the implementation of most of the marketing program, ICIEC received 7 proposals (applications) to obtain export credit insurance policies, most of them received toward the end of the year. The total export turnover proposed for insurance was US\$ 93 million. Three of the proposals came from the Kingdom of Saudi Arabia, another three came from Pakistan and one from Malaysia. Significantly, all proposals originated from member countries in which ICIEC conducted promotion seminars (see Table IV-1).

Two export credit insurance policies were issued during the year, both to an exporter from Saudi Arabia to cover his exports of electric and

telecommunications cables and related products to six member countries (Bangladesh, Egypt, Jordan, Mali, Pakistan and Tunisia) up to an indicative cover limit of US\$ 32.5 million. The two policies, a Comprehensive Short Term, and a Supplemental Medium Term, cover both the commercial and non-commercial risks associated with export credits up to two and five years, respectively.

As at the end of the reporting year, the remaining five proposals were still under processing. ICIEC had not assumed any contingent liability (exposure) during the year, since no shipments were made under the two policies issued (see Table IV-2), and obviously no claims were made or paid.



Table IV-1

**ISLAMIC CORPORATION FOR THE INSURANCE
OF INVESTMENT AND EXPORT CREDIT**

Summary of Marketing Activities

1416H (1995/1996)

Country Activity	Direct Mail	Enquiries	Country Seminars	Other Presentations	Individual Meetings
Member Countries	199	116	10	10	224
1. Saudi Arabia	36	33	3	1	51
2. Egypt	17	26		3	46
3. Jordan	6	12		1	11
4. Indonesia	29	2		1	3
5. Bangladesh	2	4			
6. Mali	1	3	1		26
7. Kuwait	4	7			11
8. Malaysia	10	5	1		4
9. Gambia					
10. Pakistan	61	19	3		24
11. Senegal	1	2	1	2	27
12. Sudan	24				
13. Tunisia	8	3	1	2	21
Non-Member Countries (OIC Members)	57	33		4	38
1. Morocco	5	3			
2. Turkey	5	11		1	6
3. U.A.E	3	5		1	7
4. Lebanon	5	4			
5. Syria		1			
6. Bahrain	21	7		2	20
7. Yemen		1			1
8. Sultanate of Oman		1			
9. Libya	1				1
10. Guinea	1				1
11. Cameroun					1
12. Azerbaijan					1
13. Algeria	1				1
14. Qatar	1				
15. Niger	1				
16. Iran	9				
17. Brunei	4				
Non- Member Countries (Other Countries)	22	15		2	14
1. United Kingdom	4	13		2	9
2. Canada		1			2
3. U. S. A.	4	1			2
4. France	3				1
5. Switzerland	3				
6. Bahamas	2				
7. India	2				
8. Luxembourg	2				
9. Sri Lanka	1				
10. Khazakhstan	1				
TOTAL	278	164	10	16	276

Table IV-1

ISLAMIC CORPORATION FOR THE INSURANCE OF INVESTMENT AND EXPORT CREDIT INSURANCE OPERATIONS

1416H (1995/1996)
(Million USD)

PROPOSALS (APPLICATIONS) RECEIVED	PROPOSED TURNOVER	STATUS	POLICY TYPE	APPROVED COVER LIMIT	COVER LIMIT BY COUNTRY OF DESTINATION					
					BANGLADESH	EGYPT	JORDAN	MALI	PAKISTAN	TUNISIA
1. Saudi Cables Co. (K.S.A)	68.0	Policy Issued	CSTP* (15/1/955)	32.5	0.25	12.0	7.0	0.25	12.0	1.0
2. Saudi Cables CO.	Within Above Limit	policy Issued	SMTP**	Within Above Limit						
3. M. Moazzam Din & CO. (PAKISTAN)	0.619	Under Process	CSTP							
4. Razik Fareed Int. (MALAYSIA)	5.2	Under Process	CSTP							
5. Hussam Est. (K. S. A)	12.0	Under Process	CSTP							
6. Shanasco (PAKISTAN)		Under Process	CSTP							
7. Jeewajee Group (PAKISTAN)	6.98	Under Process	SMTP							
TOTAL	93.0			32.5	0.25	12.0	7.0	0.25	12.0	1.0

* Comprehensive Short Term Policy

** Supplemental Medium Term Policy

CHAPTER FIVE

FINANCIAL REPORT

Introduction

Articles 26, 27 and 30 of the Agreement establishing the Corporation deal with the rules governing the preparation of an annual report of audited financial statements. The first financial year of the Corporation ends on 30 Dhul Hijja, 1417H. However, the Management of the Corporation decided that the unaudited accounts of the Corporation may be presented on 30 Dhul Hijja of each year for the purpose of submitting them to the Board of Directors and the Board of Governors of the ICIEC, till the subsequent date of formally preparing the audited accounts.

Unit of account

The unit of account of the Corporation is the Islamic Dinar (ID) which is equivalent to one Special Drawing Right (SDR) of the International Monetary Fund. *





Share capital

The authorised share capital of the Corporation is ID 100 million (US\$ 144.4 million) made up of 100,000 shares of ID 1000 each. IDB has subscribed to half of the authorised capital while the other half was left for the subscription of the member countries of the Organisation of the Islamic Conference (OIC) so that each member may subscribe to a minimum of 250 shares in the Corporation.

As of 30th Dhul Hijja 1416H, fourteen member countries had subscribed to a total of 77,490 shares for a nominal value of 1,000 per share, or the equivalent of ID 77.49 million (US \$ 111.9 million).

The called-up instalments as at 30 Dhul Hijja 1416H amounted to ID 64.06 million, out of which ID 62.09 million has so far been paid, thus leaving an outstanding balance of ID 1.97 million still unpaid by the subscribing member countries.

In addition to the increase in paid-up capital, owners' equity as at the end of 1416H recorded an increase of ID 2.1 million, which represents an increase in retained earnings.

Income

The Corporation officially began its activities on 23 Safar, 1416H (21 July, 1995) and earned an income of ID 2.6 million on its liquid funds invested in Shariah-compatible investments, while return on call accounts amounted to ID 2,268 which has been included in current liabilities. Up to the end of 1416H, no income has so far been generated from operations in the normal course of business.

Expenditure

The administrative expenses of the Corporation represent the staff cost in addition to other general expenses incurred for running its offices situated at the Headquarters of the IDB.

Excess of income over expenditure

During the period ended 30 Dhul Hijja, 1416H excess of income over expenditure amounted to ID 2.1 million.

* Exchange rate used:

1416H ID 1 = US \$ 1.444

1415H ID 1 = US \$ 1.57

**ISLAMIC CORPORATION FOR THE INSURANCE
OF INVESTMENT AND EXPORT CREDIT**

BALANCE SHEET

30TH ZUALHAJJAH 1416H (17TH MAY 1996)

(In Islamic Dinars)

ASSETS	1416H	1415H
Cash and Deposits		
Current call accounts	269,845	69,083
Deposits for investment	66,311,027	58,736,630
	66,580,872	58,805,713
Other Assets		
Accrued income & miscellaneous	445,712	239,277
TOTAL ASSETS	67,026,584	59,044,990

LIABILITIES & MEMBERS' FUNDS

Current liabilities

proceeds from deposits and deferred income	86,809	19,670
Inter - fund current account	1,298,623	649,940
	1,385,432	668,610

Members' Funds

Paid- up capital	62,095,781	56,965,513
Retained earnings	3,543,371	1,409,867
	65,461,152	58,375,380

TOTAL LIABILITIES & CAPITAL	67,026,584	59,044,990
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ISLAMIC CORPORATION FOR THE INSURANCE
OF INVESTMENT AND EXPORT CREDIT

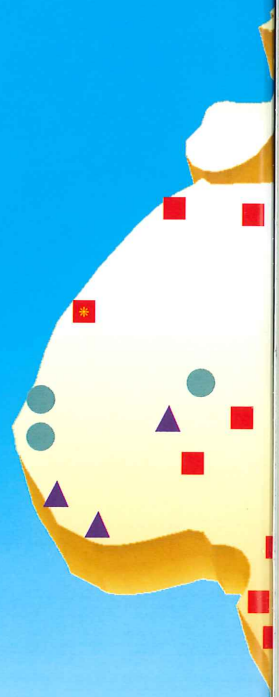
STATEMENT OF INCOME AND EXPENSES

FOR THE YEAR ENDED 30th.ZU ALHAJJAH 1416H
(17th MAY 1996)

(In Islamic Dinars)

Income from:	1416H	1415H
Deposits for investment	2,577,443	1,951,696
Administrative expenses		
Employees cost	316,557	307,968
General administrative expenses	125,382	208,007
	441,939	515,975
NET INCOME FOR THE PERIOD	2,135,504	1,4357 21

* Note: Corporation's activities commenced on 23 Safar 1416



ANNEXES

1- Membership Status
2- position of Capital
Subscription



- Full Member
- Signatories but has not completed Membership Requirements
- * Ratified Articles but has not paid subscription
- * Paid Subscription has not ratified
- ▲ Non-Signatories

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