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itfccorp



itfc

International
Islamic Trade
Finance Corporation



Resilience,



Recovery and



Sustainable Growth



ANNUAL REPORT **2021**



Resilience,



Recovery and



Sustainable Growth

Abstract

ITFC has been supporting Member Countries in their recovery throughout 2021 and will continue with this mandate. ITFC's role has never been more critical in rebalancing the uneven recovery from the terrible consequences of COVID-19. ITFC will continue to support the Member Countries and stand resilient in the face of the challenges to help achieve sustainable growth

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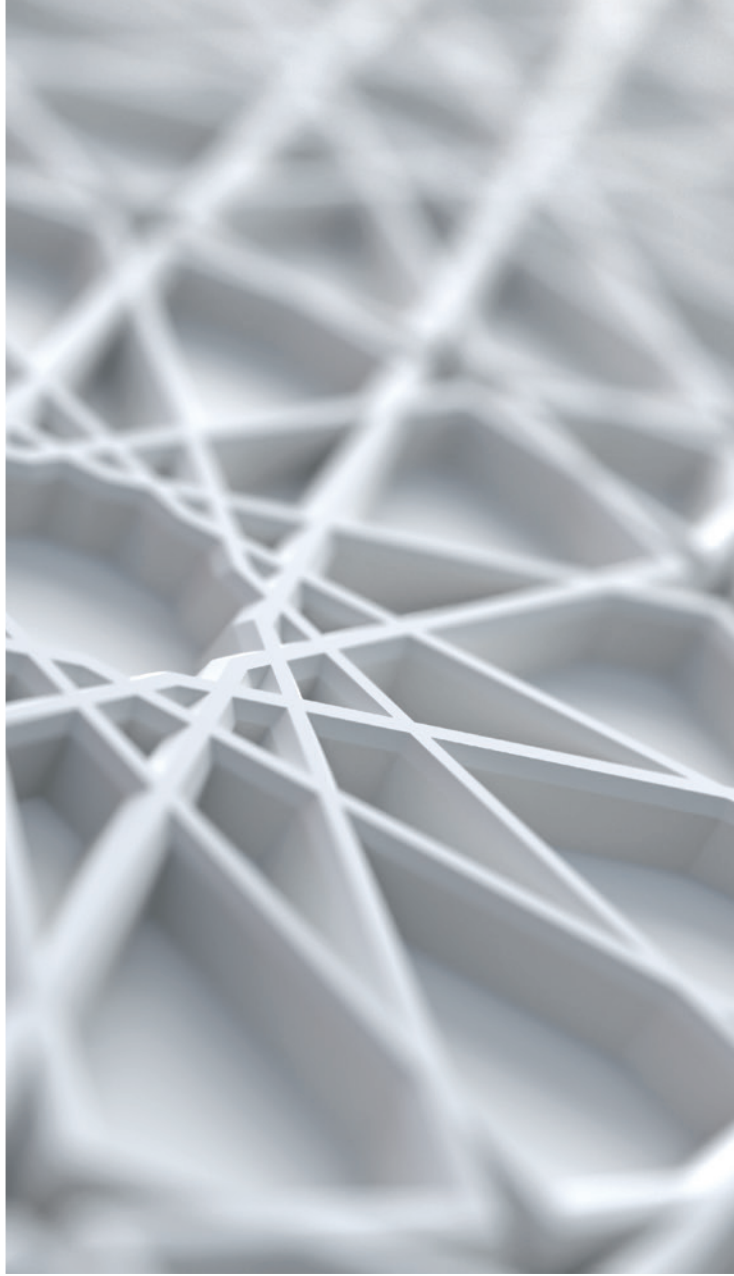
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intro duct ion.

LETTER OF THE **BOARD OF DIRECTORS** TO THE GENERAL ASSEMBLY



In the Name of Allah, the Merciful, the Compassionate

H.E. the Chairwoman
General Assembly of the International Islamic Trade Finance
Corporation

Assalamu Alaikum wa Rahmatullahi wa Barakatuh

Pursuant to Article 26(1) of the Articles of Agreement of the International Islamic Trade Finance Corporation (ITFC), I have the honor to present to the esteemed Members of the General Assembly, on behalf of ITFC's Board of Directors, the Annual Report of ITFC for the year 2021. The report highlights ITFC's activities, achievements and audited financial statements for the year, which ended on 31 of December 2021.

Please accept, Mrs. Chairwoman, the assurances of my highest consideration.

Yours Sincerely,

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke at the end.

Dr. Muhammad Sulaiman Al Jasser
Chairman, Board of Directors

CEO'S MESSAGE

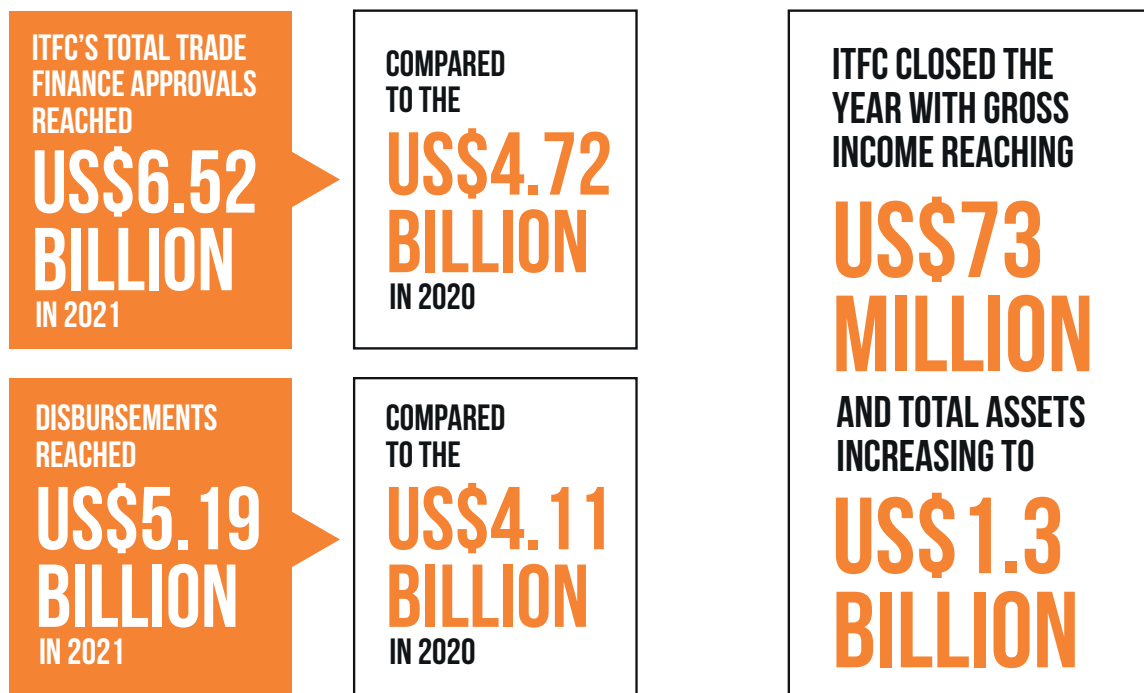


In the name of Allah, the most Gracious and Merciful

I am pleased to present the ITFC Annual Report 2021, which ITFC has successfully concluded despite of the challenges imposed by the pandemic on our Member Countries. ITFC's vision highlights the strategic intent to become "the leading provider of trade solutions for OIC Member Countries' needs". With such intent, through providing integrated trade solutions, coupled by a robust and resilient business model, ITFC was able to accelerate the post-pandemic recovery of Member Countries' economies through strategic resource allocation, active partnership, and innovation, building on the successes of 2021.

ITFC's underlying approach of working closely with key government, public and private sector institutions in Member Countries to meet their strategic national development objectives afforded us the agility and dexterity to act fast and repurpose financing engagements to ensure the movement of critical goods and commodities, particularly medical supplies and pharmaceuticals, staple foods, and energy-related products such as fuel.

Accordingly, ITFC's total trade finance approvals reached US\$6.52 billion in 2021, compared to the US\$4.72 billion in 2020. On the other hand, disbursements reached US\$5.19 billion, compared to US\$4.11 billion in 2020. ITFC closed the year with gross income reaching US\$73 million and total assets increasing to US\$1.3 billion.



I am pleased to report that in 2021 the cumulative trade finance approvals grew to US\$61.41 billion while disbursements stood at US\$50.11 billion, with trade support extended to the critical sectors of Health, Energy, Agriculture, and SMEs, among others. Additionally, total cumulative funds mobilized from partner banks and financial institutions reached US\$38 billion, reflecting ITFC's crucial role as a catalyst in attracting funding for the Member Countries' large-ticket trade transactions.

During 2021, the second phase of ITFC's pandemic response strategy, the Recovery Response phase, started in which a total of US\$ 645.3 million from the allocated US\$ 550 million has been approved to meet the needs of Member Countries for the procurement of vaccine, private sector support and SME development. Of these amount, US\$ 89 million was allocated specifically to Least Developed Member Countries (LDMCs), where the ongoing crisis has set back decades of development progress.

Through a range of trade finance and trade development measures, a key focus has been to strengthen the healthcare systems in Member Countries. With the threat of increased poverty on the horizon, the Recovery Response phase has also prioritized food security in Member Countries, helping governments to maintain stable prices for staple foods and strengthening agriculture ecosystems by providing smallholder farmers with crucial agriculture inputs and training to increase yields through enhanced farming practices.

Now more than ever, there is a need to ensure ongoing job creation and economic diversification efforts in Member Countries. Keeping trade channels open and enabling imports-export activity to continue are therefore crucial. To this extent, our Recovery Response efforts have continued to prioritize private sector development, especially in the financial and SMEs sector.

Moreover, through strategic partner-led programs such as the Arab-Africa Trade Bridges (AATB) program and the Aid for Trade Initiative for Arab States (AfTIAS) program, we have continued to focus on efforts to drive trade integration and cooperation between Member Countries and build regional supply chains to boost local industries and exports.

The only certainty in the short to medium term is that COVID-19 remains an adversary to all, and that the economic and social structures of the developing world will continue to be tested. For ITFC, our role for the foreseeable future is laid out for us, and thanks to our combined efforts with our key partners, we will continue to meet the needs of our Member Countries across Africa, Asia, CIS, and the Middle East regions.

Eng. Hani Salem Sonbol
Chief Executive Officer



Hon. Dr. Muhammad Al Jasser
Chairman, Board of Directors

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IsDB



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Ahmed M. Yousef Jan
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Abdihamid Aweis Abu
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Najeeb Rana
General Manager, Internal Audit



Rana Hassan Fatani
General Manager, Human Resources



Saif Zawaneh
General Manager, Credit & Structuring



KEY FINANCIAL AND OPERATIONAL HIGHLIGHTS

Financial and Operational Highlights - 2021

10
January, 2008

Commenced Operations



Jeddah
Saudi Arabia

Headquarter



**The Islamic
Development Bank Group**

Member



**Contribute to the economic
development of member countries
through trade advancement**

Mandate

**US\$ 3
billion**

Authorized Capital



**US\$ 857.7
million**

Subscribed Capital

**US\$745.6
million**

Paid- Up Capital (Par Value)

**US\$61
billion**

**Cumulative Trade Finance
Approvals since 2008**

**US\$6.52
billion**

Trade Finance Approvals



**Energy
US\$ 3.96 billion**



**Food & Agriculture
US\$ 1.78 billion**



**Financial
US\$ 663 million**



**Health
US\$ 105 million**



**Others
US\$ 16 million**

Approvals by Sector

**US\$5.19
billion**

Disbursements

**Asia &
Middle East
US\$ 4.61 billion**

**Africa &
Latin America
US\$ 1.91 billion**

Approvals by Region

**US\$ 707
million**

Private Sector Support

**US\$ 4.02
billion**

Intra-OIC Trade Support

**22
91**

Member Countries Served

Number of Operations

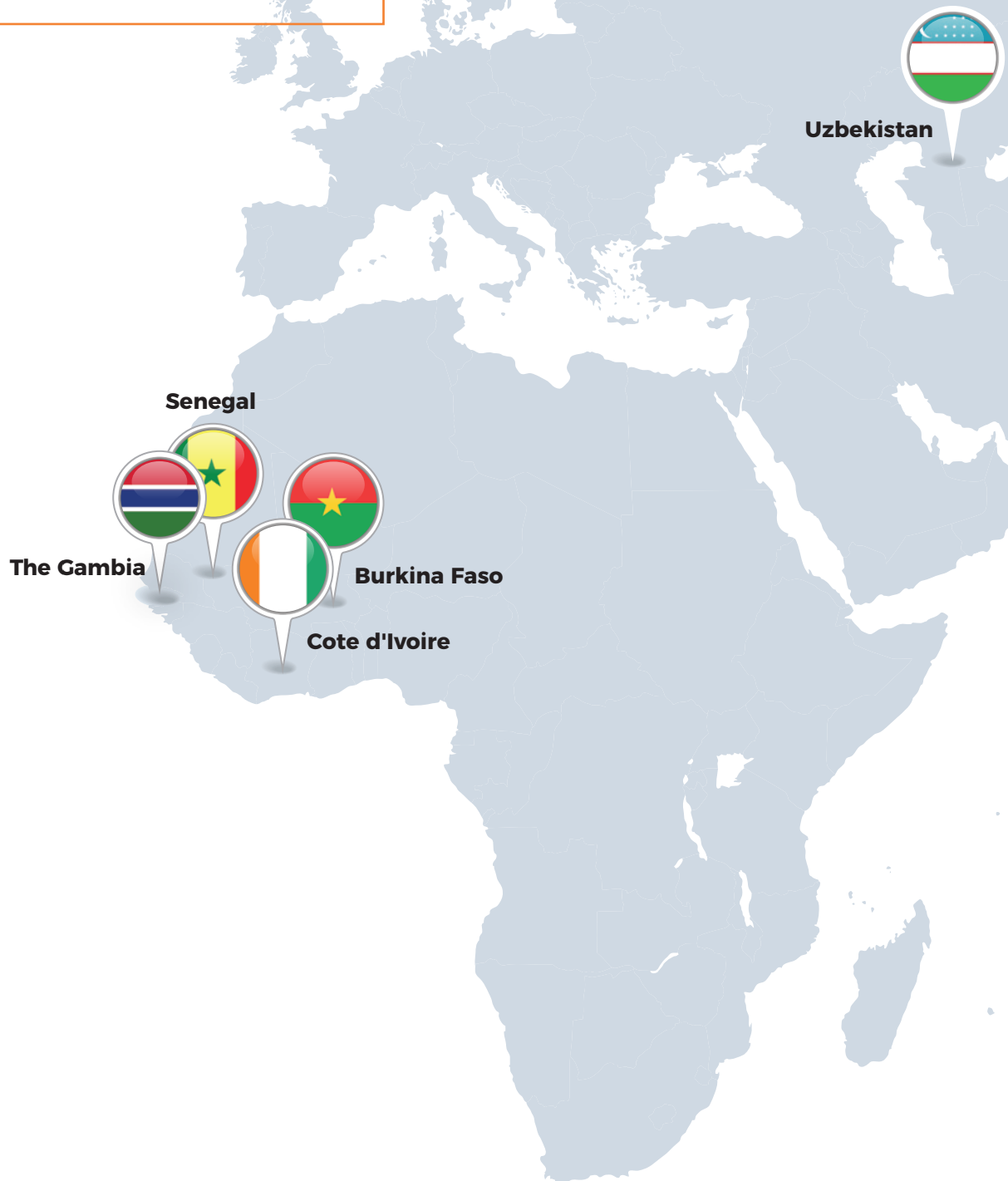
23%

LDMCs Portfolio Share

COVID-19

R2 RESPONSE HIGHLIGHTS

Extended Lines of Finance to local banks in Member Countries





Kyrgyz Republic



Bangladesh



Maldives



Indonesia

Grand Total
US\$ 659.32

Bangladesh

US\$99 million

to support the private sector in the recovery

Burkina Faso

Euro32.49 million

to support the private sector in the recovery

Cote d'Ivoire

US\$12 million

to support the private sector in the recovery

Gambia

US\$6 million

to support the private sector in the recovery

Indonesia

US\$100 million

to support importation of vaccines

Kyrgyz Republic

US\$4 million

to support the private sector in the recovery

Maldives

US\$10 million

to support the private sector in the recovery

Regional (Africa)

US\$250 million

to support the private sector in the recovery and vaccine procurement.

Senegal

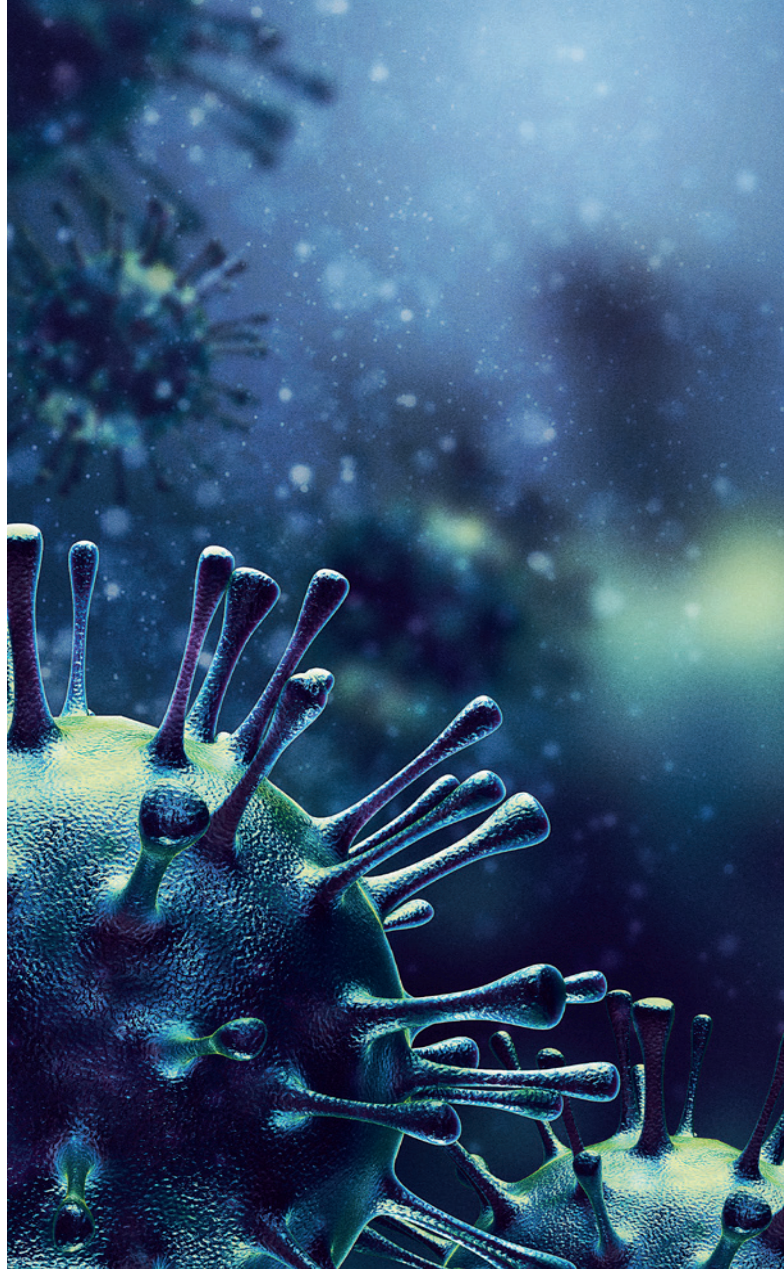
Euro 25.83 million

to support the private sector in the recovery

Uzbekistan

US\$120 million

to support the private sector in the recovery



COVID-19 Response Interventions for Trade Development



Setting up the Tunisia National Center for Education Technologies "CNTE" Information and Communication Technology "ICT" Space (Ongoing):

ITFC is supporting the establishment of an accredited training and testing space at the headquarters of "CNTE" to obtain internationally recognized certificates in the field of information and communication technologies through an academic membership of one of the major institutions such as Microsoft, Cisco and others. The project allows remote learning through virtual classrooms in the wake of mass school closures during the pandemic.



Mitigation of COVID-19 impact on the dairy sector in Sudan for food security and safety (ongoing):

Implemented by UNIDO for the Sudanese Ministry of Industry, the project aims to: i) provide technical assistance on dairy food safety systems and production practices, ii) provide direct financial support to selected dairy enterprises to resume production and iii) set up the governance structure for the Entrepreneurial Development Committee (EDC) in Khartoum.



Providing Equipment and Capacity Development to Laboratories network in the West Africa:

In alignment with the Islamic Development Bank (IsDB) Group 3Rs Emergency Package, ITFC and the Arab Africa Trade Bridges (AATB) Program met the request of Institut Pasteur de Dakar (IPD) to equip a network of 10 laboratories in West Africa with necessary medical equipment and to facilitate the transfer of knowledge and expertise from IPD to laboratories in the West African region.



Harmonization of Standards for Pharmaceuticals and Medical Devices - (Phase 2):

Heterogeneity of African standards has consistently made intra-African trade costly and low. Unifying standards is mandatory to reverse the trend. After successful implementation of the phase 1 during 2020, the AATB Program, in collaboration with ITFC, Afreximbank, BADEA and ARSO, launched the second phase of the project which involves the analysis of existing international, regional and national standards for their suitability to be adopted as African Standards.



OCP Agribooster Program: 2021 Emergency Rice Program in Côte d'Ivoire:

ITFC partnered with OCP Africa for supporting OCP Africa's Agribooster Program to reach rice farmers and enhance agriculture value chains within Côte d'Ivoire. The program will benefit 20,000 farmers.

01



RESILIENCE OF ECONOMIES

IMPACT OF COVID-19 TO WORLD ECONOMY AND INTERNATIONAL TRADE

Global Economic Outlook

Emerged as a health crisis, the COVID-19 pandemic turned quickly into a complex global crisis, where the unprecedented toll of the pandemic on people's health and prosperity simply reflected the scale of unpreparedness of the world to such systemic shocks. Despite all the efforts taken to control the spread of the virus, the uncertainty remains on the COVID-19 pandemic duration and severity over the coming period.

Developing countries felt the pressure from the pandemic and supply-side shocks stemming from disruptions in global value chains (GVCs) that resulted in a negative growth rate of 2.0 per cent in 2020 (Figure 1, top). At regional level, Latin America and the Caribbean reported the highest GDP contraction of 6.9 per cent whereas Emerging and Developing Asia and sub-Saharan regions, on average, recorded a limited slowdown of 0.9 per cent and 1.7 per cent in the same year, respectively (Figure 1, bottom).

Figure 1: Real GDP Growth Rates (per cent) in the World (top) and by Region (bottom)



Source: IMF, World Economic Outlook January 2022. (e) Estimate, (p) Projections.

In early 2021, the global economy started its recovery due to increased optimism and the availability of vaccines against the pandemic. It is estimated to grow by 5.9per cent in 2021 and projected to grow by 4.4per cent in 2022. This is partially due to the base-effect and policy measures taken to offset the negative effects of the pandemic such as stimulus packages. Developing countries are expected to have a relatively higher growth rate than developed countries in 2021 and 2022, which is estimated to reach 6.5per cent and 4.8per cent, respectively. With the gradual recovery in global supply chains and re-emergence of international trade, the Emerging and Developing Asia

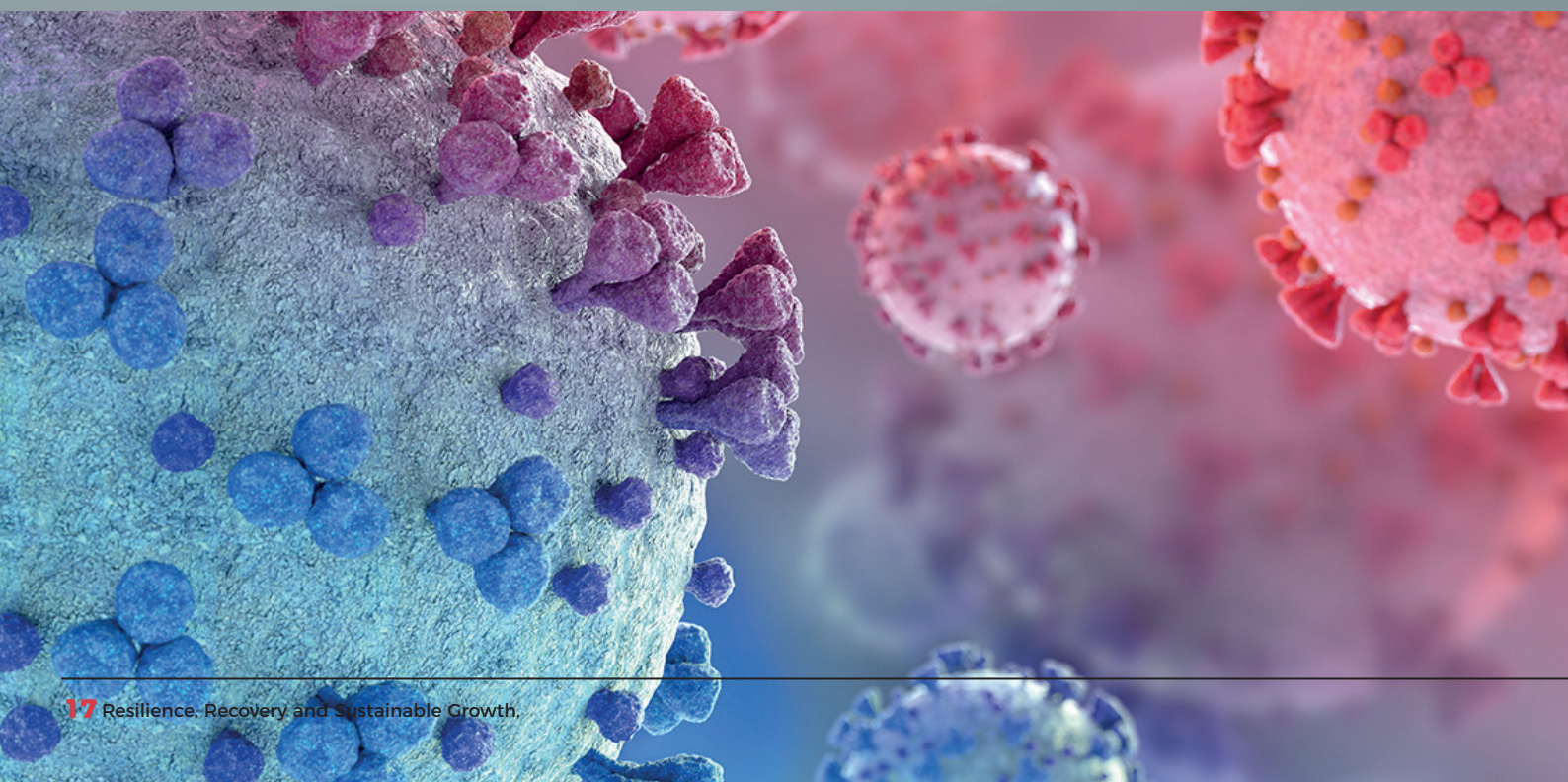
region is particularly expected to record a fast-paced growth at a rate of 7.2per cent in 2021 and 5.9per cent in 2022 (IMF, 2022).

With disruptions in international transportation and global value chains (GVCs), and rise in freight rates, the pandemic has put significant downward pressure on trade flows, which fell by 8.2per cent in 2020. Projections indicate that the volume of world trade is expected to rebound and expand by 9.7per cent in 2021 and 6.7per cent in 2022, driven mainly by strong demand for consumption goods and improved prospects for rapid recovery in merchandise trade.

Figure 2: Change (%) in the Global Trade Volume of Goods and Services



Source: IMF, World Economic Outlook October 2021. (e) Estimate, (p) Projections.



Economic Developments in OIC Member Countries

Economic growth in OIC Member Countries have been following a decelerating trend over the past decade, declining from 6.0per cent in 2010 to 2.6per cent in 2019. Due to the pandemic, the OIC economies contracted by 1.6per cent in 2020, which is a relatively moderate contraction as compared to the global averages. Along with the global recovery, OIC Member Countries are expected to grow by 4.6per cent in 2021 and 2022, according to Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRIC) calculations based on the current projections of the IMF (Figure 4).

The pandemic did not affect countries in the same way and at the same scale; particularly due to the structure of the economy in the context of dependency on certain sectors, the strength of national health systems, the availability of technological and digital infrastructure to facilitate adaptation to new ways of working, and the capacity to take fiscal, monetary and financial measures to maintain economic life. In this connection, 39 OIC Member Countries (Appendix 7) experienced a negative economic growth rate in 2020 while the remaining OIC Member Countries managed to expand or at least maintain their output despite the adverse effects of the pandemic (SESRIC, 2021).

The recovery is also expected to be uneven, with some countries growing much faster than others do. According to the current IMF projections, although almost all OIC Member Countries are projected to record growth in 2021 and 2022, only 16 are expected to at least return to the pre-pandemic output level in 2021 and another 11 in 2022, with the others requiring a longer time to do so (SESRIC, 2021). Divergences in the speed of recovery are likely to create significantly wider gaps in living standards among countries. Given the projections for per capita income levels, 31 of the OIC countries are not expected to see the pre-pandemic income levels by the end of 2022.

The COVID-19 pandemic has also put significant downward pressure on trade flows, which was already facing mounting challenges prior to the pandemic. The pandemic affected the exports from OIC Member Countries more severely in 2020, causing a sharp decline by almost 20per cent. Global trade flows started to recover surged in the second quarter of 2021 with an average growth rate of 22.5per cent, while the growth was 70.3per cent in the case of OIC countries (Figure 5). The year-on-year growth in intra-OIC exports was recorded at 51.3per cent in the same period, reflecting a strong rebound in intra- and extra-OIC trade. Services sector was affected more severely. Total contraction in global services exports reached 20per cent in 2020. However, the impact of the pandemic on OIC countries was more severe, which resulted in 37.6per cent fall in services exports.

At sectoral level, the pandemic has led to a significant disruption of international tourism activities. It is estimated that OIC Member Countries hosted 207.4 million fewer international tourists in 2020 that led to a potential loss of US\$ 155.5 billion in terms of tourism receipts. In education sector, schools throughout the world were progressively shut down, which affected over 1.6 billion students around the world, including 432 million students in OIC countries (SESRIC, 2022). In the health sector, the crisis has led to substantial challenges in health services. The surge in demand for diagnostics and treatment has overburdened the already weak health systems and put healthcare providers under unprecedented demand pressure.

Although developed countries made significant progress in vaccination of their population, access to vaccines remained a major challenge for many countries. As of 31 December 2021, the share of population who are fully vaccinated was only 23.9per cent (SESRIC COVID-19 Pandemic Database), which remained well below the 40per cent target of the World Health Organization for the end of 2021.

In tourism sector

OIC Member Countries hosted
207.4
million

fewer international tourists in 2020

that led to a
potential loss of
US\$155.5
billion

in terms of tourism receipts

In education sector

Schools shutting down
affected over

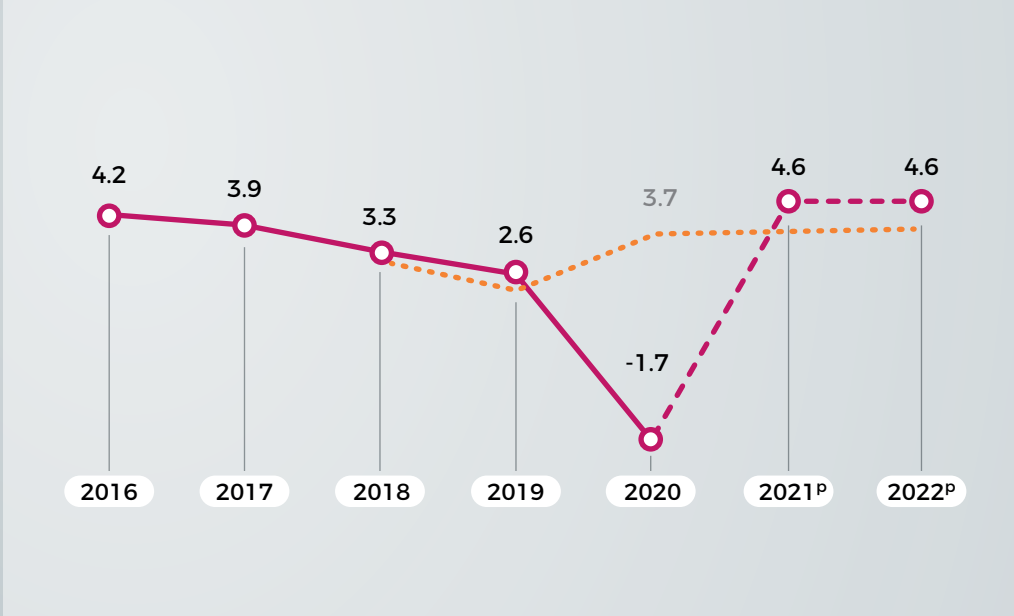
1.6 billion

students around the world

including
432 million

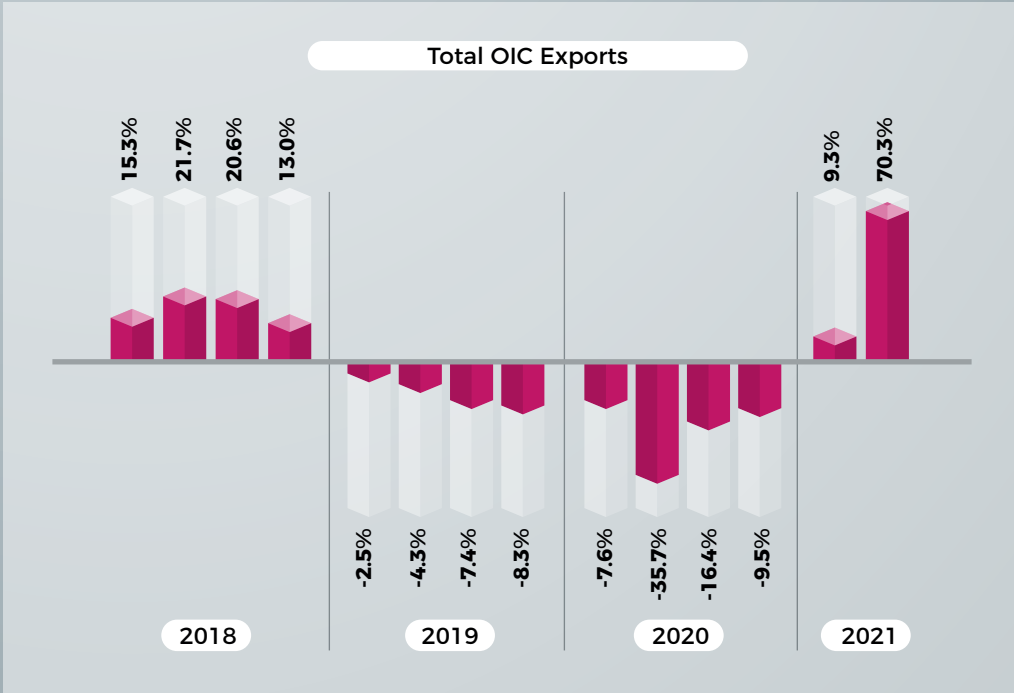
students in OIC countries

Figure 3: Economic Growth in OIC Countries



Source: IMF, World Economic Outlook (WEO) Database, October 2021. Note: P = Projection; The dotted line shows the pre-pandemic projections (October 2019) while the dashed line shows the latest projections as of October 2021.

Figure 4: Total Exports of Goods by OIC Countries, Quarterly (Year-on-Year Change)



Source: IMF Directions of Trade Statistics (DOTS), November 2021.

Risks for 2022

There are several real economic risk factors that could significantly affect the global economic performance, international trade and investments in 2022, including rampant inflationary pressures, soaring energy prices and supply chain bottlenecks.

The global average inflation rate reached 4.3per cent in 2021, up from 3.2per cent in 2020 mainly driven by historically high inflation rates recorded by several developed economies. The heat in prices is expected to go down slightly, lowering the global projected inflation to 3.8per cent in 2022. Although the estimated global unemployment rate declined from 6.6per cent in 2020 to 6.2per cent in 2021, the COVID-19 pandemic prevented a full and balanced recovery of labour markets in 2021. In 2022, the global unemployment rate is projected to be at 5.9per cent stemming from the gradual recovery started in many developed and developing economies. Yet, elevated geopolitical risks and concerns on increasing energy prices may prevent the happening of such an optimistic scenario in the global labour market.

The health-related risks brought by the pandemic have not been fully eliminated yet. They still constitute a major downside risk for the world economy. Slow vaccine rollout as well as the rapid spread of new variants increased uncertainties in 2021 and negatively affected optimistic economic recovery scenarios for 2022 about how quickly the pandemic can be overcome. Vaccine access and policy support are critical to further slowdown the negative impacts of the pandemic in 2022 on the world economy, especially in developing countries.



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**FIVE “NEW
NORMAL”
GROWTH OPPORTUNITIES**

STRATEGY

2.0

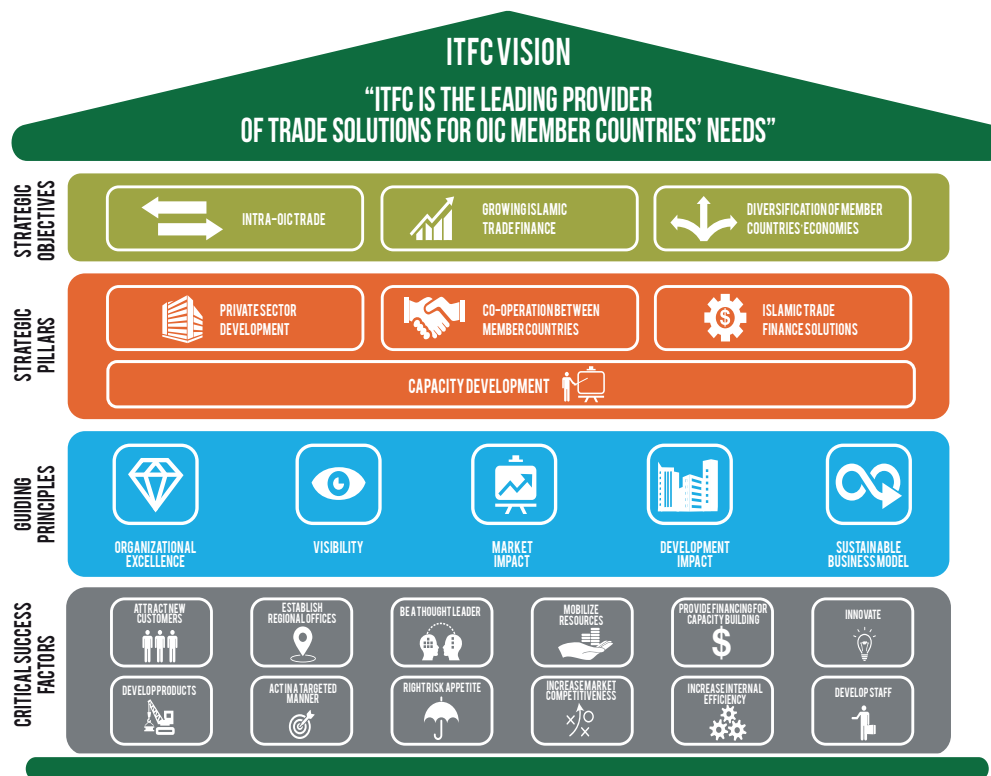


ITFC STRATEGY 2.0 ADAPTING TO MEET MEMBER COUNTRIES NEEDS

Introduction

In line with the IsDB Group's mission to promote comprehensive human development, ITFC constantly pursues opportunities that focus on financing trade transactions which positively impact inclusive growth and address the development needs of Member Countries. The support provided by ITFC nurtures the trade led strategies of OIC Member Countries and fosters sustainable economic development and growth.

It is evident that ITFC's role reflected by its mandate of "advancing trade, improving lives" one of financial inclusion, and therefore highly relevant on the global agenda. In line with this mandate, ITFC set out a 10-Year Strategic Plan in 2017, establishing an intent to become "the leading provider of trade solutions for OIC Member Countries' needs". This vision is illustrated below in ITFC's Corporate Strategy Map.



The delivery of this vision was supported through a three-year transformation journey (2017-2020), which was exclusively focused on delivering strategic initiatives to build new capabilities across ITFC – and build a platform for future growth. This transformation journey successfully established a new sustainable business model and built a strong foundation of organizational excellence. As a result, the following five objectives were achieved.

- I. Build a resilient business model for sustainable growth by adopting an integrated trade programs approach
- II. Increase ITFC's trade finance and trade development market impact across Member Countries
- III. Promote development impact through inclusive growth and contributing towards the SDGs
- IV. Grow visibility by becoming a global hub for Islamic trade finance through decentralization and international communications
- V. Achieve organizational excellence by creating a culture geared towards a performance driven institution

Strategy 2.0 Highlights

As the world witnessed economic uncertainties in 2019, and this was compounded with the emergence of COVID-19 during early 2020, resulting in a global pandemic; ITFC conducted a strategy review and the results indicated that the ITFC Corporate Strategy remains sound, however adjustments to the business model are required to take advantage of opportunities in the 'new-normal' market.

Through prudent strategic planning, ITFC has been able to pursue an innovative direction with a five-year medium-term Strategy 2.0 plan to address the growth opportunities stemming from the COVID-19 associated crisis. The following five strategic vectors have been prioritized as part of the plan to enhance the ITFC 10-year strategic direction and ITFC business model.



2.1 Sovereign Market Strategy

ITFC's ability to capture a larger market share of sovereign clients will in part dictate the growth rate of the Corporation for the years to come. The Corporation has developed a route-to-market strategy to facilitate the expansion of new big-ticket sovereign clients.

The scope covers trade financing for non-fragile, active, and inactive Member Countries. The expansion into sovereign opportunities, particularly within inactive Member Countries, opens new markets for ITFC in its quest to increase intra-OIC trade.

2.2 Diversification Strategy

A diversification strategy has been developed to diversify the fully funded trade finance portfolio across sectoral and geographic markets, while rapidly scaling up the non-funded guarantee portfolio.

Over the coming five years, ITFC will aim to achieve a strategically diversified trade finance portfolio through a series of (1) product, (2) sector and (3) geographic rebalancing activities.

2.3 New Profit Formula Strategy

New business lines and commercial propositions have been identified to diversify ITFC's sources of income. This is expected to minimize profitability exposure to volatile oil commodity demand cycles and historically low levels of inter-bank lending rates.

Furthermore, the new profit formula will support the development impact of interventions within Member Countries and attract new segments of markets and clients.

2.4 Funding Strategy

A set of new funding opportunities have been identified and is expected to result in additional on-balance sheet funding. It will also lead to an extensive diversification of funding resources, a wider coverage of Member Countries financing needs and exercising bigger developmental impact on the members' economies.

2.5 Enhanced Organizational Capacity Strategy

Enhancement of the ITFC organization structure, people, and process form part of the strategy to adapt to new ways of doing business in a post-COVID-19 landscape. This is essential to deliver a significant performance step-change and deliver the Strategy 2.0 plan.

The Way Forward

The Strategy 2.0 represents a bold way forward for ITFC - building on the achievements of the past to develop a unique and sustainable business model for the future.

Rather than a brand-new strategy, it is an enhancement of the ITFC's 10-Year corporate strategic direction, designed to future-proof the business model and ensure its continued relevance in today's new-normal business environment.

5

Programs

36

Projects

3

Year

OVERVIEW OF ITFC'S COVID-19 RECOVERY PLAN

Within the scope of the IsDB Group 3Rs Strategic Preparedness and Response Program (SPRP) for COVID-19 pandemic, ITFC will continue to work with IsDB Group to boost the disbursement of financing to Member Countries under the signed Service Level Agreement (SLAs) in addition to the Corporation's direct support extended to Member Countries in the form of financing and grants. Under the COVID-19 Restore Program (R2), ITFC has approved US\$659 million for extending lines of financing to SMEs and vaccine financing.

ITFC has allocated a total of

US\$659 million

for SME LoF support and vaccine financing

02



**RESILIENCE, RECOVERY
AND SUSTAINABLE
GROWTH**



SUPPORTING MEMBER COUNTRIES' HEALTH SECTOR AND RESPONSE AGAINST COVID-19

Overview

In 2021, ITFC continued to enhance its development impact by providing integrated trade solutions, where trade finance operations are integrated with trade development and capacity building to maximize the development impact and assist the member countries in meeting their needs. ITFC, as a catalyst of trade, focused on sectors that are key to economic and social development, particularly energy, food and agriculture, SMEs and the private sector.

Since its inception, ITFC financing has recorded growth with cumulative approvals reaching US\$61.41 billion at the end of 2021. Trade finance approvals in 2021 alone reached US\$6.52 billion in comparison to US\$4.72 billion in 2020, reflecting the robust performance of ITFC in Member Countries helping in their resilience, recovery, and sustainable growth.

ITFC's Recovery Response Program (RRP)

ITFC, has adopted a two-phased response to the COVID-19 Pandemic as elaborated below:

1. Rapid Response Initiative
RRI (During the COVID-19 Pandemic Phase)
2. Recovery Response Program
RRP (Post the COVID-19 Pandemic Phase)

The Rapid Response Initiative (RRI) aimed at enabling Member Countries to purchase emergency COVID-19 preparedness related materials such as medical equipment, medical supplies, and other strategic commodities. The objective of ITFC RRI package, with an initial envelope of US\$300 million, was to enable a faster response to allow Member Countries to secure the supply of essential materials to help their preparedness in combating COVID-19.

Through the RRI, and continuing with RRP in 2021, ITFC secured the provision of strategic goods specially health and medical supplies such as vaccines. With Member Countries affected by the global financial and sanitary crisis, ITFC stepped in and provided funding solutions to ensure that its Member Countries could secure the vital doses.

In 2021, two special financing facilities have been approved in favor of Guinea and Indonesia for a total of US\$105 million to strengthen the countries' response to the COVID-19 pandemic and reducing substantially the number of deaths and illnesses. As such, the facilities contribute to the United Nations (UN) Sustainable Development Goals (SDG) No. 3 ("Good Health and Well Being"). Both financing operations aimed at supporting ongoing governments' mass inoculation programs with more than 15.3 million vaccines for the benefit of more than 7.6 million Guineans and Indonesians.

Moreover, ITFC has approved a EUR 20 million facility in favor of the health sector of Benin. This operation aims to finance the importation of medicine and medical equipment for the prevention, detection, and management of COVID-19. The financing shall support 13 out of the 55 hospitals of the country (24 per cent) fighting against the COVID-19 pandemic and will potentially impact a similar portion of the Beninese population during the pandemic. The facility is in line with ITFC's two-phases response program (RRI and RRP) and it complements the financial grant disbursed previously to help the screening and the treatment of COVID-19 patients.

Furthermore, ITFC approved a facility of US\$ 250 million in favor of Afreximbank, a strategic partner, to finance the historic COVID-19 vaccine supply agreement between AVATT (African Union's COVID-19 Vaccine Acquisition Task Team) and Johnson and Johnson. This Agreement previously successfully secured up to 400 million doses of single-shot COVID-19 vaccine. Under the AVATT structure, The Africa Union (AU) Member States are allocated vaccines according to the size of their populations for purchase through a pooled procurement mechanism.

These vaccines complement the vaccines offered through the COVAX Facility, which has set out to deliver vaccines for up to 30 per cent of participating countries' populations, to enable the AU Member States to reach the continental target.

Also, as part of the support to OIC Member Countries, IsDB swiftly launched a 'Strategic Preparedness and Response Package (SPRP) of US\$ 2.3 billion to support Member Countries mitigate the impact of the COVID-19 Pandemic.

The 1st phase of the SPRP namely the Respond Program (R1) is fundamentally geared towards saving lives and supporting its Member Countries in tackling emergency situations. ITFC was appointed by IsDB as an Agent for implementing medical expendables and supply related components under the R1. As of year-end 2021, total disbursements processed by ITFC on behalf of IsDB reached US\$323.9 million, reflecting the Corporation's strong response to the initiative during critical times.

On February 22, 2021, IsDB and ITFC have signed a new Agency Agreement to facilitate the implementation of COVID-19 Restore Program (R2) through providing trade finance and lines of finance operations in Member Countries.

Approvals by Sector



Energy

**US\$3.963
billion**



Health

**US\$105
million**



Food & Agriculture

**US\$1.778
million**



Other Sectors

**US\$16
million**



Financial

**US\$663
million**

Approvals by Region

Asia & Middle East

**US\$4.613
billion**

Africa & Latin America

**US\$1.912
billion**

FUELING ECONOMIC GROWTH THROUGH THE SUPPLY OF ENERGY PRODUCTS



Energy is an important production input for economic growth, policies, and efforts in provision of access to energy continue to bear fruits across the world. Yet, many OIC countries still have inadequate access to energy resources such as electricity. Energy is also a driver of social development and stability, and access to electricity or other types of energy resources is critical for security, food production, education, health, and productivity. The economic downturn caused by COVID-19 is increasing the difficulties faced by governments in achieving universal access to energy.

International players such as the developmental financial institutions and donors are critical in ensuring that energy access progress does not stagnate. Thus, ITFC continues to support the energy sector as one of the main pillars of its strategy for interventions even though the energy sector financing has decreased in ITFC's portfolio from 67 per cent in 2020 to 61 per cent in 2021. Still, ITFC remains an important partner for providing financing to secure fuel supplies to maintain stability for electricity production in several Member Countries and stands ready to extend its support to other Member Countries when and if such needs arise.

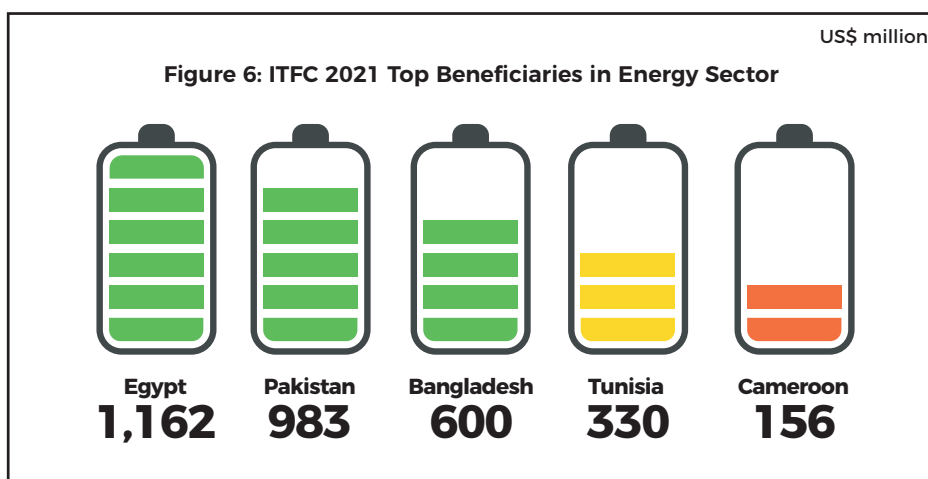


ITFC Support to Energy Sector in Bangladesh

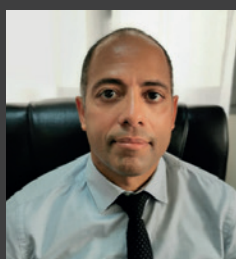
Bangladesh has recorded above 6.4 per cent GDP growth over the last decade and a half. Remittances (6.6 per cent of GDP) and ready-made-garments exports (12.26 per cent of GDP) have been the main drivers of the economy. Gross National Income (GNI) per capita increased from US\$ 100 in 1972 to US\$ 2,227 in 2020. According to the UN, Bangladesh is expected to graduate the Developing Country status in 2026. In 2021, Bangladesh imported US\$3.3 billion worth of petroleum products which represents 4.4 per cent of the total imports of the country. In terms of energy access, as of 2019, 97.8 per cent of the urban population and 88.5 per cent of the rural population had access to electricity, which represents a substantial increase from 2008 when it was 85 per cent and 39 per cent respectively.

Since its inception in 2008, ITFC has played a pivotal role in supporting energy security in Bangladesh and thereby aiding the economic growth of the country over the years. The imported petroleum products contribute significantly to the country's agriculture and transportation sectors amongst other economic sectors. It is worth mentioning that agriculture contributes to 12.65 per cent of the country's GDP and 37.75 per cent of total employment in Bangladesh. In 2021, ITFC appointed PwC to undertake a study on the storage capacity of Bangladesh Petroleum Corporation (BPC). It is expected that the comprehensive report will assist the Government of Bangladesh to take necessary actions to enhance the country's energy security by way of increasing the storage capacity to meet the country's growing energy demand and take advantage of the price movement in the international market.

In least developed or low-income countries, there are limited financiers willing and able to fund big amount energy sector-related transactions. In these instances, ITFC acts as a catalyst in mobilizing resources from international markets to fund large-syndicated deals. In 2021, ITFC successfully realized financing of the transactions in favor of 15 Member Countries in the energy sector and the total energy sector financing of ITFC reached US\$ 3.96 billion.



Providing Electricity in Benin



The Beninese State signed a MURABAHA financing agreement with ITFC for the provision of gas and petroleum products on December 16, 2020, with the Beninese Electricity Company (SBEE) acting as Executing Agent.

This project has enabled the Maria-Gléta 2 thermal power plant to enhance its energy production by ensuring consistent supply and preventing load shedding owing to a scarcity of petroleum products. As a result, it provided households and companies with good-quality energy, allowing them to continue their economic activities. The availability of energy allowed the media to broadcast information across all networks, keeping people up to date on the pandemic's progress and the precautions that must be taken to avoid its spread.

Due to energy availability through ITFC's support, the impact of COVID-19 has been decreased, and allowed large local companies to continue operating. For example, the Autonomous Port of Cotonou (PAC), which continues to operate; similarly, many companies have chosen to work remotely, resulting in videoconference meetings; and the vaccines against Covid-19 have not suffered any malfunctions in terms of conservation because the electricity supply is consistent and reliable.

This is the first initiative of its kind in Benin. It is a breakthrough in this field since it enables SBEE to address immediate needs in order to pay supplier invoices on time and avoid paying late penalties.

Mr. Francis Perani
CFO, SBEE

SUPPORTING ADEQUATE SUPPLY OF ESSENTIAL COMMODITIES FOR FOOD SECURITY

ITFC puts great emphasis on food security and agriculture with an objective of improving the food security, malnutrition, and hunger-related conditions in OIC Member Countries. ITFC has in 2021 adopted an Agri-Strategic Initiative, which envisages increasing the share of financing channeled towards agriculture and food sectors. ITFC, through this Initiative will develop new products and structures for financing, increasing technical assistance and strengthening partnerships with an aim of helping Member Countries to bolster food security, reduce the number of the undernourished populations, create jobs, and improve the economic wellbeing of the agricultural stakeholders. the economic wellbeing of the agricultural stakeholders.



US\$18 million Murabaha Financing in favor of ASMR in Tajikistan



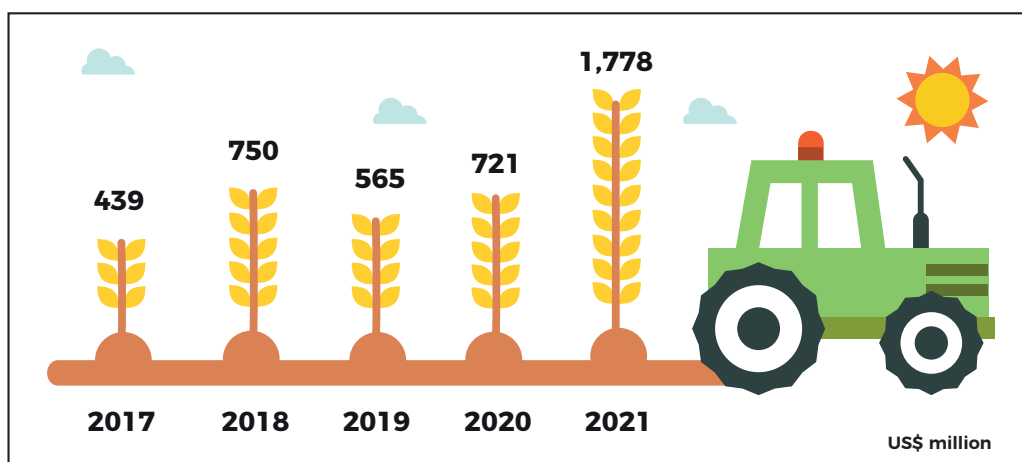
ITFC financing has had a positive impact on the economy of Tajikistan, especially during the pandemic. Through this financing, the Agency on State Material Reserves (ASMR) of Tajikistan was able to secure the purchase of essential goods and ensured steady import flows, which was critical to the national economy and maintaining the welfare of the people.

Furthermore, within the framework of ITFC trade-financing, we established a close relation and constructive dialogue between our Agency and other key foreign partners. Finally, working with ITFC over the years has allowed our Agency to benefit from innovative solutions introduced by the ITFC team which allowed us to enhance our business activities.

Ahmadzoda Nurmahmad
Director, Agency on State material reserves of the Republic of Tajikistan

As many OIC Member Countries are experiencing food security issues, ITFC has significantly increased its trade finance approvals for the agriculture and food sectors, which reached a record of US\$ 1.778 billion. This represents a 2.4 times increase when compared with the financing figure US\$ 721 million in 2020. The financing support benefitted 9 Member Countries and 1 sub-region of West Africa, representing 15 per cent of the overall portfolio of ITFC. Total financing allocated to agriculture and food security by ITFC reached US\$ 8.9 billion since 2008.

Figure 7: ITFC approval for Food & Agriculture Sector: 2017-2021





ITFC's contribution to the Food security in EGYPT

The spread of COVID-19 in Egypt had unprecedented negative impact on the food supply model in Egypt. In 2020, ITFC had funded Egypt purchase wheat which had a significant impact on mitigating the effect of the pandemic and stabilizing food security during this challenging period.

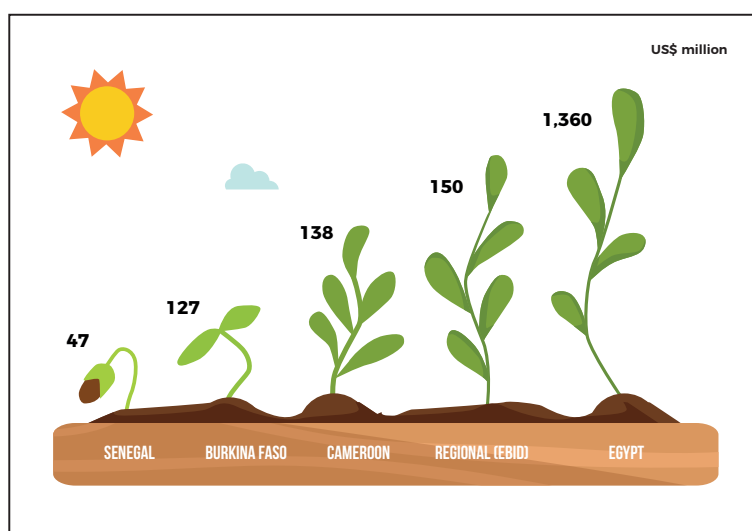
ITFC and the Government of Egypt continued this partnership in 2021, reaching a record of US\$ 1.36 billion for the purchase of food and basic commodities, which contributed to achieve safe levels of food security for the Egyptian state and citizens

To ease the burden of foreign exchange management for purchases of major commodities, ITFC has shown flexibility by doubling the maturity of financing in 2021. As the ITFC payments are done at sight, this increases the degree of competition between suppliers dealing with the General Authority of Supply Commodities (GASC) (executing agent of the financing) by reducing the added financing burdens on bid prices. Moreover, ITFC facility also represented alternative source of funding available to GASC and thereby activating the degree of competition between financing institutions and obtaining better financing prices for GASC.

Between 2019 and 2021, ITFC purchased nearly 5 million tons of wheat, 350 thousand tons of sugar and 428 thousand tons of edible oil in favor of the country.

It should be underlined that ITFC also supports agriculture and food sectors indirectly through multisectoral lines of trade financing extended to local banks to be utilized by SMEs. For instance, SMEs imported wheat, flour, edible oil, palm oil, sugar, margarine, and others in 2021 using a portion of these lines, which are not reported under the above figures but recorded under Private Sector support.

Figure 8: ITFC 2021 Top Beneficiaries in Food & Agriculture Sector





ITFC Contributes to Food Security in Senegal

ITFC approved a Murabaha Financing facility for EUR 40 million in favor of Senegal.

The purpose of the facility was to finance part of the 2021-2022 groundnut campaign as requested by the Country. This facility was to cover around 45 per cent of the financing needs to secure a stock of 150,000 tons of groundnuts to be processed into unshelled groundnuts, animal feed (cake) and oil. Given the strategic nature of groundnuts in the Senegalese economy, the facility plays an important role in the economy of the country. A total of US\$ 333.7 million has been extended to Senegal, with SONACOS as the Executing Agent under 6 operations.

SONACOS is the major player in the Senegalese agro-business with engagement in groundnut crop collection and processing, and production of the edible oil. It is a leading exporter of groundnut oil and groundnut byproducts. Since 2013, SONACOS has been playing the role of Executing Agent for groundnut financing of ITFC.

Within its integrated trade solution approach, in addition to financing ITFC signed a Technical Assistance (TA) Agreement for SONACOS to acquire new laboratory analysis equipment. TA enabled SONACOS to acquire equipment for meeting international quality and safety standards for groundnuts, enabling the Company to sell Senegalese products to new international markets. TA had a component of training activities for the laboratory staff in the use and maintenance of the new equipment. The laboratory became fully operational in December 2021.



ITFC approved a Murabaha Financing facility for the amount of

**EUR 40
million**
in favor of Senegal.



ITFC extends Murabaha Financing to Nabati to support the Food and Beverage Industry



2021 was a very challenging year due to the spread of COVID-19, especially in Indonesia, which also had a direct impact on the economic and business aspects. ITFC provided excellent support to Nabati by extending a Murabaha Financing to fund raw material purchase activities. Through our partnership with ITFC, Nabati could enlarge its network especially for business expansion activities (i.e. opening network in Bangladesh and Egypt).

For our future development we're looking forward for further support and advice from ITFC in term of operations or funding especially for our plan to enter the Middle East Market. We are looking forward to closer collaboration, and we are hoping ITFC could allocate more support in term of funding with more interactive products to our company.

Andy Maulana,
CFO, PT Kaldu Sari Nabati Indonesia





EXPANDING ITFC FOOTPRINT TO REACH NEW MEMBER COUNTRIES

Following the COVID-19 pandemic, ITFC's Strategy 2.0 provides new intervention areas to better support Member Countries face the "new normal" imposed by the virus. As part of the Strategy 2.0, ITFC experts have conducted a sovereign market mapping review and recommend non-fragile Member Countries, through which to expand trade financing operations. Indeed, several countries where ITFC has been inactive were identified and ITFC is ready to expand its business into the selected countries, one of which is Guinea.

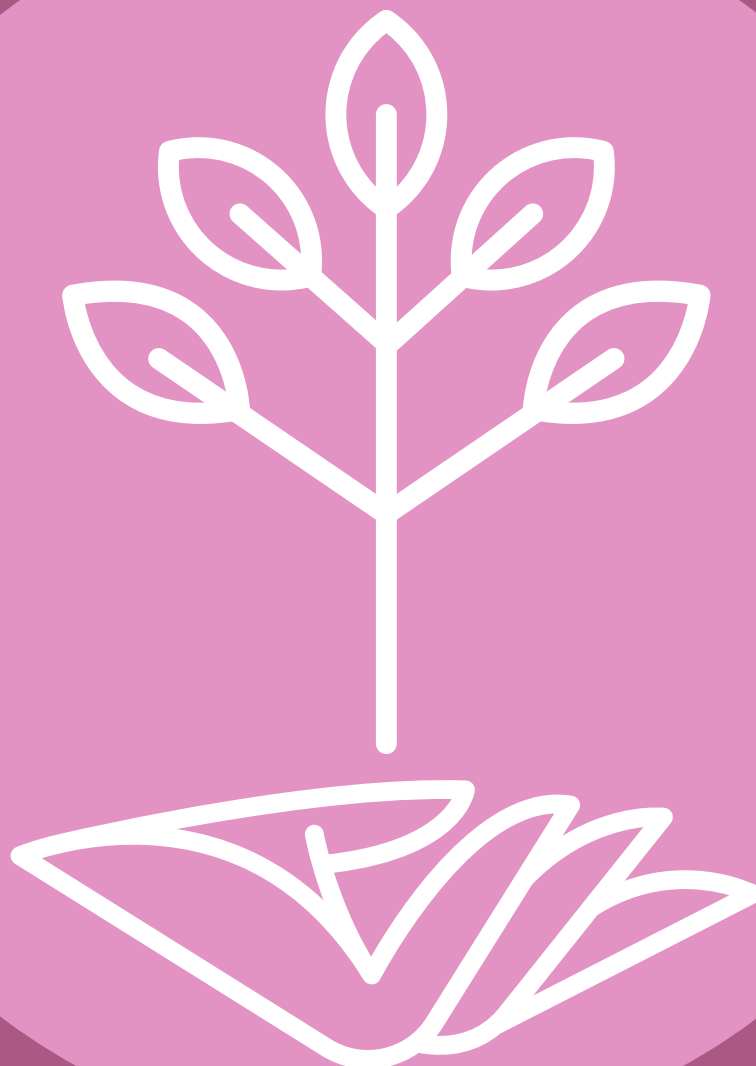
Thanks to the joint efforts of ITFC and local authorities, a financing in favor of Guinea, with ANSS (National Sanitary safety Agency) as Executing Agent, was approved in September 2021, for an amount of US\$ 5 million to support the health sector. This operation was the first transaction from ITFC in favor of the West African State since inception of the Corporation in 2008. The facility is expected to open the doors to other areas of cooperation between ITFC and Guinea.

This financing facility provided in partnership with IsDB, is expected to support the implementation of contingency measures in Guinea to face the impact of the COVID-19 pandemic via the purchase of approximately 290,000 doses of COVID-19 vaccines for the benefice of around 145,000 patients.

In line with its Integrated Trade Solution approach, ITFC has provided capacity building initiatives to Guinea besides the above financing facility. The country has benefitted from ITFC's webinars on "Preparing for and Responding to the COVID-19 Pandemic in African IsDB Member Countries" and "Support to Medical Laboratories in West Africa". Guinea was one of the African countries that was represented in the above knowledge sharing engagements.

While serving all OIC Member Countries is in line with its mandate, ITFC is also working on onboarding OIC countries to its membership. In 2021, two Member Countries were approved to join ITFC membership by the General Assembly, namely Maldives and Turkmenistan.

03



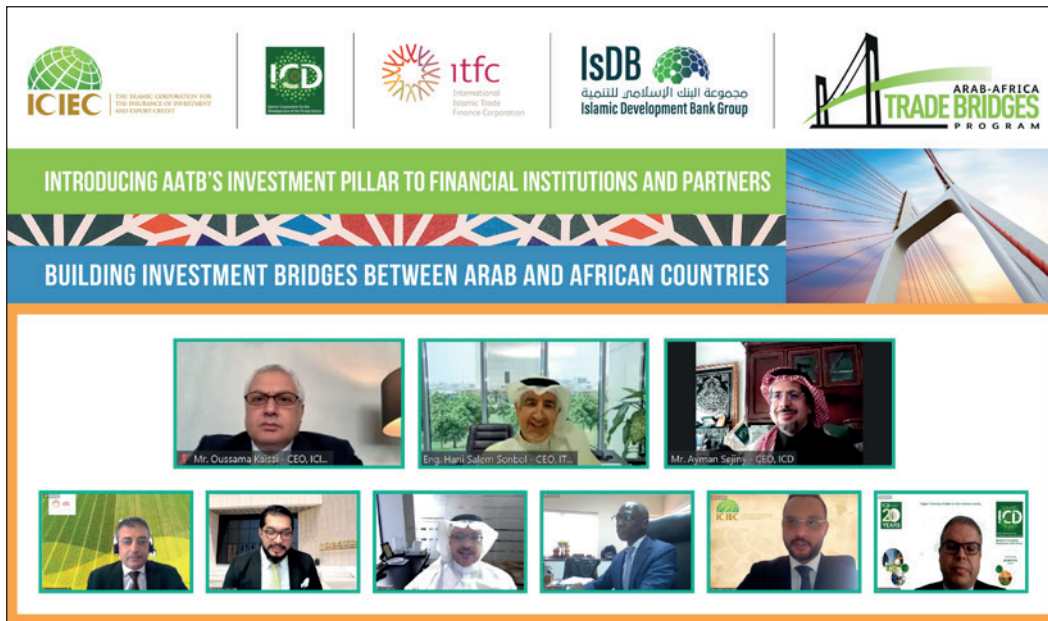
**EXPANDING TRADE
OPPORTUNITIES
FOR OUR MEMBER
COUNTRIES**

FOSTERING INTER AND INTRA-REGIONAL TRADE COOPERATION



Arab-Africa Trade Bridges Program (AATB):

There is an untapped potential of trade and investment opportunities between Arab and African countries. For this reason, the AATB Program continues to design and implement activities aiming at creating and boosting trade and business flows between both regions. AATB Program aims to be a dynamic platform for including components of development and cooperation among Arab and African partners to serve the purpose of economic integration in various sectors such as Agriculture and Agro-Industries, Pharmaceuticals, Infrastructure and Transportation, Petrochemicals, Building Materials and Technology.



AATB Investment Pillar Webinar (8 February 2021):

With the global economic environment remaining under duress despite efforts to curb the pandemic, many Member Countries in the Arab and African regions continue to remain vulnerable. In February, under the umbrella of AATB Program, ITFC alongside the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) and the Islamic Corporation for the Development of the Private Sector (ICD), in collaboration with IsDB Group Business Forum “THIQAH”, hosted a webinar on key trade finance and investment components aimed at fostering regional trade. Over 1,000 development institutions, sovereign funds, banks, investment and private equity companies, and key government and corporate sector representatives were in attendance. Discussions centered around bridging the gap between the regions by leveraging the investment, trade, and insurance pillars of the AATB program to drive business opportunities across key industries such as agro-food, health, and pharmaceuticals, building and construction materials and equipment, as well as machinery and electrical equipment.



Harmonization of Standards for Pharmaceuticals and Medical Devices - (Phase 2)

Heterogeneity of African standards has consistently made intra-African trade costly and low. Unifying standards is mandatory to reverse the trend. After successful implementation of the phase 1 during 2020, the AATB in collaboration with Afreximbank, BADEA, and ARSO, launched the second phase of the project which involves the analysis of existing international, regional, and national standards for their suitability to be adopted as African Standards. In the concluded Phase1, the technical committees were able to harmonise a total of 120 standards within a period of 6 months. In the Phase 2, the Experts have identified so far 228 standards to be harmonized during the current year and a report about the progress will be presented by end of 2021 to assess the benefits.



Three Workshops were held for exporting companies in Cairo (20 December 2020, and 6 June 2021) and Damietta (8 March 2021) aimed at facilitating knowledge transfer on the technical requirements, export planning and guidance services required to effectively access African markets. Through the AATB Program, ITFC partnered with Expolink in the implementation of this program which started on 20 June 2021 (for a duration of 6 months), in cooperation with the Egyptian Foreign Trade Training Center (FTTC).

Developing Egyptian exports to access African markets:

The Market Access Requirements Program for African Markets was launched as part of AATB in partnership with the Export Development Authority (EDA) under the Patronage of H.E the Minister of Trade and Industry of Egypt. The program financed key export development programs implemented by the Authority to support the access of Egyptian exports to African markets across industries such as building materials, chemicals, medical and pharmaceuticals, engineering, printing, packaging, paper products, and furniture. Target African markets include Kenya, Uganda, Tanzania, Ethiopia, and Rwanda in the east, along with Senegal, Cote d'Ivoire, Nigeria, Ghana, Cameroon, and Guinea in the west, as well as South Africa, Angola, Zambia, and Zimbabwe in the south.



OCP Agribooster Program: 2021 Emergency Rice Program in Côte d'Ivoire:

ITFC partnered with OCP Africa for supporting OCP Africa's Agribooster Program to reach rice farmers and enhance agriculture value chains within Côte d'Ivoire. The program will benefit 20,000 farmers. It serves as an end-to-end value chain solution that brings together all the conditions necessary for improving rice productivity and small farmers revenues, including the provision of high-quality fertilizers and hybrid seeds, training on good agricultural practices and soil fertility, as well as market linkages. The program will also serve to safeguard the health of the country's farmers in the wake of COVID-19 through the provision of personal protective equipment to smallholder farms. The Agribooster program, which comes under the umbrella of OCP Africa and is dedicated to the sustainable development of agriculture, requires extensive training in good agricultural practices and regular monitoring throughout the year.

The African Continental Free Trade Area



There are 27 African OIC Member Countries, representing 49 per cent of OIC membership. Collectively, they account for more than 60 per cent of the total GDP and more than 55 per cent of total trade of African countries. The African Continental Free Trade Area (AfCFTA) represents a unique opportunity to boost intra-OIC trade and develop local value addition of OIC Member Countries.

The elimination of intra-African tariffs alone could generate annual long-term gains leading to a 30 per cent increase in regional trade. Moreover, AfCFTA would lift 30 million Africans out of extreme poverty and boost the income of nearly 68 million people who live on less than US\$ 5.50 a day. However, not all African countries are expected to equally benefit from the upcoming trade liberalization. Adequate policies and enhanced coordination are needed to address the issues and harness the opportunities linked to the AfCFTA and offset potential medium-term losses associated with decreasing tariff revenues and increased competition. Therefore, it is critical to support the efforts of the OIC countries in Africa towards enhancing the awareness and better utilizing the opportunities arising from the AfCFTA.

ITFC-IsDB AfCFTA Initiative

The IsDB and ITFC have developed a joint initiative for the AfCFTA to maximize the positive spillovers of economic development for African countries, including LDCs, through supporting the operationalization of AfCFTA. The partnership was initiated by ITFC to ensure African countries and supporting institutions are ready to reap the expected benefits of the Agreement. The project consists of three main components:

01

Support to the AfCFTA Secretariat in the form of institutional set-up and capacity building.

02

Support the operational instruments of the AfCFTA by providing targeted support to selected IsDB Member Countries.

03

Support the formulation of National Strategies of the AfCFTA Program by supporting IsDB Member Countries to formulate their individual AfCFTA Action Plan.

The Enhanced Integrated Framework (EIF) and the United Nations Economic Commission for Africa (UNECA) have joined component 3 of the Initiative to support implementation of more than 30 activities recommended by AfCFTA National Strategies formulated in 7 African Countries: Burkina Faso, Guinea, Mauritania, Niger, Senegal, Togo and Tunisia. These strategies aim at complementing the broader development framework of each country, especially in relation to trade and industrialization policies. Apart from operationalization of national strategies, the partnership will help to strengthen the capacity of national stakeholders.

Research on the impacts of the AfCFTA on OIC African countries:

ITFC and SESRIC have started a research partnership on the AfCFTA. The partnership will produce a research trilogy intended to evaluate the impacts of the AfCFTA on selected OIC African Countries and will derive practical recommendations to help countries navigate the road to full AfCFTA implementation. The first paper was published in July 2021 and observed the result of tariff reduction on 24 economic sectors in 6 countries: Cote d'Ivoire, Egypt, Guinea, Mozambique, Tunisia, and Uganda. The report was presented during a virtual launch event organized with the participation of Eng. Hani Salem Sonbol, CEO ITFC; Mr. Nabil Daboor, Director General, SESRIC; Mrs. Ngone Diop: Director of UNECA - Sub-regional Office West Africa; Mr. Saliou Sow, AfCFTA Chief Negotiator for Guinea; Mrs. Astou SY, Deputy AfCFTA Chief Negotiator for Senegal and Mr. Chaouki Jaballi, Director of Cooperation with Arab countries and African Union, Ministry of Cooperation Tunisia.

Egypt International Cooperation Forum:

Organized by the International Cooperation Ministry of Egypt, ITFC coordinated a session on AfCFTA titled "AfCFTA: Prospects and Challenges of Digital Trade for the Private Sector" during the Egypt International Cooperation Forum (Egypt - ICF) held in Cairo on 8-9 September 2021. The session brought together international policymakers, multilateral development partners and the private sector to discuss the pivotal role the AfCFTA can take in addressing the entire spectrum of constraints preventing private sector participation in digital trade. Discussions attempted to provide insights on the ways digital trade could contribute to the broader AfCFTA mission and which issues the ongoing negotiations for the AfCFTA ecommerce protocol could tackle in priority—data protection, payment systems, trade facilitation, taxation, dispute resolution. The event was a direct contribution to support the private sector in the ongoing efforts by the African Union and African countries to advance on substantive guidelines for negotiating the AfCFTA e-commerce protocol.



The logo for Aftias 2.0, featuring the word "aftias" in white lowercase letters and "2.0" in yellow lowercase letters.

Aid for Trade Initiative
for the Arab States

A large, stylized outline of the year "2020" in a yellow color, positioned in the upper right quadrant of the page.

The Second Phase of the Aid for Trade Initiative for the Arab States (AfTIAS 2.0) Program:

As the first phase of AfTIAS came to a close in 2018, the ITFC commissioned an independent review to examine the program's success and draw lessons from its implementation. In this context, the AfTIAS Board Meeting in January 2019 expressed its satisfaction with the Program's evaluation results, as well as the decision of the Arab Economic Summit in Beirut (20/01/2019), which called on ITFC to prepare the AfTIAS 2nd Phase in collaboration with the League of Arab States (LAS) and all Arab States (22).

Based on this decision, the AfTIAS 2.0 Program was designed from July 2019 to February 2020, and then amended in April 2020 to account for additional requirements deriving from the impact of COVID-19 on the region's economies. The AfTIAS 2.0 Program Document includes an overview of the problem analysis, objectives, program intervention prioritization, geographic scope and greatly diverse needs of Arab countries, as well as proposed implementation structures and modalities.

AfTIAS 2.0, the five-year Program, has a development objective to "enhance the environment for international trade in the Arab region by making it more efficient and inclusive, thereby creating opportunities for employment and contributing to sustainable development".



Launching AFTIAS 2.0 Program:

On the 27th and 28th of October 2021, ITFC hosted the first meeting of the AFTIAS 2.0 Program Board in Jeddah, Saudi Arabia. The event was inaugurated by Dr. Muhammad Al Jasser, Chairman of the IsDB Group, and Dr. Kamal Hassan Ali, the Assistant Secretary-General for Economic Affairs of the League of Arab States (LAS), on behalf of the Secretary-General of LAS, and Eng. Hani Salem Sonbol, CEO ITFC & Chairman of AFTIAS Board.

The opening session included all members of the AFTIAS 2.0 Board, as well as representatives from many Arab, regional, and international organizations and AFTIAS2.0 focal points. These included Saudi Arabia, Egypt, Mauritania, Algeria, the Arab Organisation for Agricultural Development (AOAD), the IsDB, the ITFC and the Trade Development Fund (TDFD).





Partnership with EIF on Trade-related technical assistance for least developed countries (LDCs)



“ITFC has continued to be a valuable partner to the EIF in supporting the least developed countries (LDCs) to increase their trading capacity.

The partnership towards technical and funding support leveraging the EIF's efforts to build capacity on trade finance as well as boosting productive capacity of the LDCs in countries such as Comoros, The Gambia and Guinea have been extremely valued considering the devastating impacts of COVID-19.”

Dr Ratnakar Adhikari,
Executive Director of the Executive Secretariat for the EIF



Enhanced Integrated Framework

Trade for LDC development

PROVIDING TRADE SOLUTIONS:

THE INTEGRATION OF TRADE FINANCE AND TRADE DEVELOPMENT

Senegal Trade Integrated Solutions:

ITFC has approved a grant for SONACOS, the Senegalese groundnut oil processing company, to purchase new laboratory equipment. The technical assistance allowed SONACOS to purchase equipment that will ensure their groundnut oil meets international quality and food safety standards on a consistent basis, allowing it to expand into new international markets.

Egypt Trade Integrated Solution:

One of the primary ITFC clients, the General Authority for Supply Commodities (GASC), has benefited from ITFC integrated trade solutions in 2020. ITFC created and conducted a capacity building program for Egypt's GASC in collaboration with the Ministry of Planning and Economic Development and the Egyptian Banking Institute. Three training courses dealing with commercial banking transactions linked to importing goods and preparing financial statements, as well as managing commercial procedures related to receiving goods, were implemented as part of the program. The program benefited 44 trainees from the Ministry of Supply and Internal Trade and GASC.



Indonesian Coffee Export Development Program (ICEDP):

ITFC, in collaboration with the Sustainable Coffee Platform of Indonesia (SCOPI), developed a 5-year program as the second phase of the integrated trade solutions training program in 2020. The program's series of trainings are expected to improve the capability of Indonesian coffee growers by using Master Trainers (MTs) as program trainers and spread the training and essential knowledge to a wider audience. The widespread training and knowledge dissemination will eventually have a greater impact on coffee farmers, particularly in terms of improving their agricultural practices to boost the quality and quantity of their coffee harvest, so improving their livelihood. The second phase of the program began in October 2021 in North Sumatra and Aceh Areas, two of Indonesia's highest producing Arabica coffee provinces.



Technical training program for the benefit of the International Hydrocarbon Company of Djibouti (SIHD):

ITFC designed and implemented a capacity development program in the petroleum sector for 14 professional personnel from the International Hydrocarbon Company of Djibouti in partnership with the Vocational Training Center of the Tunisian Company of Refining Industries (STIR)/Tunisia (SIHD).

Advanced Islamic Finance Workshop for Financial Institutions in Bangladesh

Dream Square Resort
10-11 December 2021



The Advanced Islamic Finance Workshop for Financial Institutions in Bangladesh:

ITFC organized an Advanced Islamic Finance Workshop for 11 Financial Institutions in Bangladesh, with participation from 20 delegations from Bangladesh Bank, Eastern Bank, Southeast Bank Ltd, The City Bank Ltd, Islami Bank Bangladesh Ltd, Bank Asia Ltd, Shahjalal Islami Bank Ltd, Social Islami Bank Ltd, Prime Bank Limited, Mutual Trust Bank Limited, and First Security Islamic Bank Ltd. The objectives include:

- Enhance knowledge and understanding of targeted FIs in specific Islamic Finance products and services
- Address specific Islamic Finance knowledge and capacity related obstacles faced by the targeted FIs
- Contribute to the promotion and advancement of Islamic financial products and services in Bangladesh
- Strengthen cooperation with local FIs and Central Bank of Bangladesh
- Present ITFC's trade finance solutions, including modes of financing, and implementation of ITFC financing facilities

ITFC joins hands with EBL to support trade business growth in Bangladesh



Eastern Bank Limited (EBL), Bangladesh's leading private commercial bank, has had a strong strategic alliance with ITFC and has been working closely with ITFC to support Shariah-compliant international trade business, as well as short and long-term funding needs of local corporates and SMEs in Bangladesh. EBL has been able to reach out and provide Shariah-based trade finance solutions to corporates and SMEs importing raw materials from international markets thanks to the Murabaha Financing Facility agreement with ITFC. In addition, in partnership with ITFC, we successfully explored various tailored Trade Finance products.

Through strong assistance from many correspondents throughout the world and key DFI partners such as IsDB and ITFC, EBL is funding international trade businesses, infrastructure projects, sustainable and environment-focused initiatives across the country. EBL is one of the vibrant brands in the banking business, thanks to its strong monitoring, high-quality client base, and international DFI partners.

This excellent cooperation with ITFC is helping corporate and SME clients build their businesses by providing access to value-added facilities, as well as aiding the country's trade business.

Ali Reza Iftexhar
Managing Director and Chief Executive Officer
Eastern Bank Ltd.



Uzbekistan Integrated Solution on the building capacity of FIs on IFRS reporting for JSCB Turonbank:

When compared to local Generally Accepted Accounting Principles (GAAP), ITFC requires local banks in Uzbekistan to provide annual and half-year IFRS reports, which helps to better assess the portfolio quality. ITFC and JSCB Turonbank will work together to support JSCB Turonbank's IFRS reporting capacity and to meet ITFC's reporting requirements.

SUPPORTING SMES AND THE PRIVATE SECTOR RECOVERY



West Africa SMEs Program Senegal Pilot:

The West Africa (WA) SME Program is aimed to help SMEs bridge the trade finance gap and gain access to funding. Its goal is to have a favorable impact on both banks and SMEs. For banks, it will expand their trade financing product offerings, as well as give training and SMEs assessment tools to help them begin or improve their SMEs lending practices. It will significantly boost SMEs' access to finance and build their capabilities to reduce the rate of default on bank loans. The Organisation Internationale de la Francophonie (OIF), the Délégation Générale à l'Entrepreneuriat Rapide - DER (Government of Senegal), and Coris Bank are among the ITFC's partners.

The mix of various financial instruments and technical assistance will help SMEs grow their financing volume while minimizing risk for banks. Around 100 Senegalese SMEs from a variety of sectors have benefited from pre- and post-financing technical assistance for project preparation, loan application submission, and post-financing project follow-up. A total of 61 SMEs have benefited from the initiative to date, with 70% per cent of them submitting financing requests and 51 per cent receiving roughly €1.1 million each. Coris Bank, as well as other financing partners and foundations in Senegal, provided funding to the firms, demonstrating the positive effects on the local economy.

In terms of the banking component, a capacity-building program was put in place to assist Coris Bank with SME finance operations, specifically lending operations, procedural set-up, and personnel competencies. A new SME financing lending policies and procedures handbook, as well as a SME-centered scoring tool to supplement existing credit risk assessment, were also given. The Technical assistance concluded with a series of interactive virtual training sessions. SME business development methodologies, financial analysis, and credit risk assessment were among the subjects covered in the training.

TRADE RELATED TECHNICAL ASSISTANCE (TRTA) FOR VALUE CHAIN DEVELOPMENT

Reverse Linkage Project between Guinea and Tunisia: "Development of Guinean Mango and Cashew Sectors Exportation using the Value Chains Approach"

Through the Reverse Linkage mechanism, the IsDB and ITFC are collaborating to help Guinea enhance the value chain for agricultural exports. Tunisia is the provider of knowledge and expertise given the experience of Tunisian institutions in agricultural products export. The project's major goal is to support the Guinean government's efforts to develop and improve the value chain for mango and cashew exports.

The project will: (i) Improve the export value chain ecosystem by strengthening the capacities of export support institutions and connecting the stages/components of the value chain through the establishment of two inter-professional organizations; (ii) Strengthen the value chain activities for mango preservation and processing; (iii) Provide tools and instruments for support to market access. The project has been ongoing since February 26, 2020, where to this date, 35 computers, printers and scanners were distributed to the executing agency AGUIPEX and professional associations in the cashew and mango sectors as part of the technical assistance component.

WOMEN ECONOMIC EMPOWERMENT INITIATIVES

SHE Trades Egypt:

The project was created with the strategic goal of mainstreaming gender and economically empowering women in Egypt, in accordance with the Government's goals and the new Egyptian constitution, which calls for full and unconditional equality in all rights and duties between men and women (article 11).

The project aims to assist Egyptian businesswomen in the handicraft industry in maintaining and growing their businesses, as well as actively participating in the growth and welfare of their families and society in general. It also focuses on creating a more conducive environment for young and educated women to enhance their competences and play a more active economic, social, and political role by integrating selected value chains efficiently. The goal is to promote economic empowerment for women in order to support inclusive and sustainable development while also contributing to the country's economic growth.

The purpose of the project is to increase participation of 50 women-owned SMEs in export-oriented value chains by enhancing their competitiveness and their capacity to penetrate both local and regional markets, achieved by:

1. Reinforce the capacity of trade promotion organisations and women associations to provide better, effective, and efficient business services to Egyptian SMEs owned by women along the value chain requirements; (output 1)
2. Enabling women-owned SMEs to offer goods that meet buyers' requirements; (Output 2)
3. Linking women-owned SMEs with targeted buyers through business matchmaking meetings. (Output 3)

As a result, it is expected that the 50 women-owned SMEs in the handicraft sector that were chosen will benefit from greater incomes, which will translate into increased resources to improve and grow their businesses, as well as a better livelihood for the community. The initiative, which will be completed in 2022, will be essential in ensuring a multiplier effect and expanding the experience to a bigger number of Egyptian women working in other industries.

SHE Trade Morocco:

SHE Trade Morocco intends to increase the participation of women-owned businesses in trade by improving their competitiveness and strengthening market linkages. Funded by ITFC and the IsDB, the project will leverage the expertise and networks of ITC SheTrades brand as well as TFO Canada's expertise in export capacity building, exporter-readiness and access to the Canadian market.

Twenty-five women-owned SMEs in the processed foods sectors have been selected from 4 Moroccan regions and

will be provided capacity training to access international markets. All SMEs already demonstrated a solid commitment and motivation to improve their processes and activities to better comply with market and buyer requirements. The project will also deliver technical assistance to four national business service providers—Agence Marocaine de développement des Investissements et des Exportations (AMDIE); Association des Femmes Cheffes d'Entreprises du Maroc (AFEM), Fédération Nationale de l'Agroalimentaire (FENAGRI) and Association Marocaine Des Exportateurs (ASMEX)— in order to enhance their ability to provide better, effective and efficient business services to women owned SMEs.

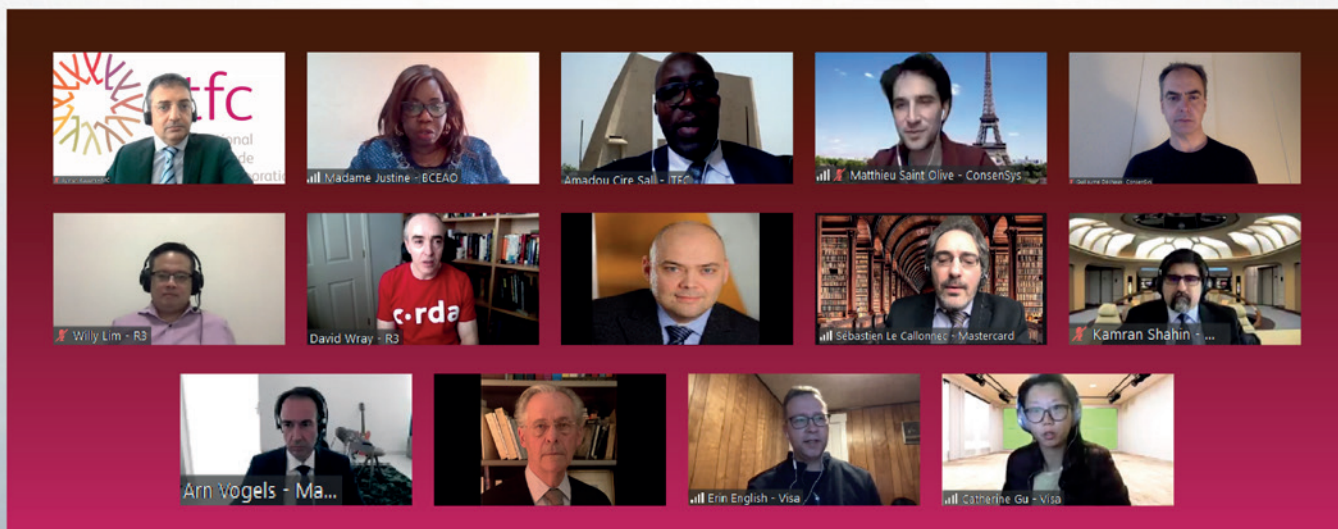
An extensive diagnostic was conducted on each of the SMEs and a restitution workshop was organized in Casablanca on November 25, where work plans and capacity building activities were presented and discussed.

In April 2022, the 25 SMEs are expected to attend the SIAL Canada trade fair (<https://sialcanada.com/>).

A series of training sessions will be organized by TFO Canada on how to access the Canadian market to prepare for this important event.



MONNAIES DIGITALES DE BANQUES CENTRALES (CBDC): QUELLES SOLUTIONS POUR LA BCEAO ?



DIGITALIZATION AND TRADE

Workshop Organized by ITFC and the Central Bank of West African States (BCEAO) Explores Central Bank Digital Currencies (CBDC) and its Impact on Inter-Regional Trade, 15th February 2021:

ITFC organized a virtual workshop on the trends and developments in CBDC and their potential impact on driving inter-regional trade between West African countries and internationally in collaboration with the Central Bank of West African States (BCEAO). The event focused on how BCEAO can adopt CBDC into its operations, highlighting the increased interest of central banks throughout the world in digital currencies.

The panelists discussed policy, security, legal, and regulatory aspects, as well as the benefits of wider financial inclusion, integrity and stability, operational efficiency, and monetary policy efficacy. Panelists included Matthieu Saint Olive of ConsenSys; David Wray and Willy Lim of R3; Harold Bosse, Sébastien Le Callonnec, Kamran Shahin and Arn Vogels of Mastercard; Pascal Ordonneau, former CEO of HSBC Invoice Financing; and Erin English and Catherine Gu of Visa.

Digitalization Shipping Documents

ITFC and Sofitex have successfully used a digital platform (Bolero) to circulate the shipping documents:

Louis Dreyfus Company (the importer) and CMA CGM (the carrier) participated in the transaction, which took place in March 2021. The parties involved saw a significant increase in efficiency, with the document handling time reduced from 21 to 5 days, including payment processing. The foregoing transaction will pave the door for other Member Countries to follow suit.

TRADE DEVELOPMENT FUNDING MECHANISMS



TRADE DEVELOPMENT FUND


The **ITFC Trade Development Fund (TDFD)** is a Waqf-based fund that was formed in 2018 with the purpose of providing long-term financial resources to help Member Countries design and implement trade development activities and projects. The Fund commenced operations in January 2020.

The fund consists of two bank accounts; a WAQF Bank Account dedicated to build up resources and an Operational Bank Account dedicated to providing resources for implementation of trade related interventions. Liquidity in the WAQF Account is invested in Shari'ah compliant investments. 50per cent of net returns are added back to the Waqf account while the other 50per cent of net returns are transferred to the Operational Bank Account to provide for onward funding of design and execution of Trade Development interventions.

Self-funding Engine for Growth

In 2021, the Operations Plan implemented included providing grant support to four projects, including AfTIAS 2.0, the IsDB-ITFC AfCFTA Initiative, and Export Launchpad – Bangladesh, as well as capacity building on Export Strategies and International Marketing for women-led SMEs in the Kingdom of Saudi Arabia. Furthermore, great progress has been made in establishing the administrative infrastructure, as well as the appropriate governance structure and investment processes. Aside from overnight placements, TDFD was able to invest its assets for the first time in 2021 in reasonably high yielding financial instruments (Sukuk and Trade Finance Transactions).



A silhouette of a person wearing a wide-brimmed hat and carrying a large bundle on their shoulder, set against a sunset background with a tree in the distance.

In 2021, the Operations Plan implemented included providing grant support to four projects, including AfTIAS 2.0, the IsDB-ITFC AfCFTA Initiative, and Export Launchpad - Bangladesh, as well as capacity building on Export Strategies and International Marketing for women-led SMEs in the Kingdom of Saudi Arabia.

04



**COOPERATION,
COORDINATION &
PARTNERSHIPS**



HELPING SMES AND THE PRIVATE SECTOR RECOVERY THROUGH PARTNERSHIP WITH FINANCIAL INSTITUTIONS

The private sector plays a critical role in economic growth, job creation and poverty alleviation. The importance of SMEs in this regard is even more pronounced in OIC member countries as they are estimated to account for more than 90% of jobs created and contribute on average 50% to member countries' GDP. Despite their significant contribution to job creation and economic growth, SMEs and the private sector have consistently cited access to finance as one of their biggest challenges to reaching their full potential.

ITFC supports the development of a vibrant private sector in OIC member countries and beyond through its trade solutions by partnering with local banks and FIs to extend funded and unfunded financing solutions for the benefit of SMEs and the private sector. Funded transactions are supported primarily through our Line of Financing and Murabaha Financing schemes while the unfunded transactions are geared towards LC confirmation product, which is expected to significantly impact ITFC's diversification strategy over the next 5 years in terms of volume of transactions and income.

In 2021, ITFC added 7 new banks to its list of partner institutions in member countries, bringing the total number of ITFC partner banks to 38 as of end of 2021. Total financing approved for SMEs and the private sector in 2021 was \$707 million, a 65% increase from the prior year. During 2021, ITFC committed US\$ 215 million to local banks for the recovery of SMEs and other private sector clients as part of the Islamic Development Bank Group's US\$ 2.3 billion 3Rs (Respond, Restore, Restart) Strategic Preparedness and Response Program (SPRP) for the COVID-19 pandemic. The Corporation's financing under the R2 initiative will continue to grow in the coming years to help SMEs and the private sector mitigate the pandemic's impact.

By 2025, ITFC is targeting to increase its network of partner banks and FIs to 100 and to double the volume of approvals and disbursements to support the development impact mission of the Corporation. ITFC will continue to leverage on its existing product offering and on the development of new products to support the envisaged portfolio growth.

Apart from FIs, ITFC has also extended trade financing facilities to corporate clients whose manufacturing and export business contributed to job creation and earning of precious foreign exchange for the countries where these companies are domiciled. It should be mentioned also that our direct financing to the private sector continues to support member countries recovery from the COVID-19 pandemic.

Finally, through Integrated Trade Solution Offering, ITFC is also promoting shariah compliant trade financing in MCs. To that end, ITFC organized Islamic Trade Finance training programs for commercial banks and Central Banks in various member countries in 2021

US\$15 million Line of Financing in favor of Orient Finans Bank in Uzbekistan



The increasing export-import potential of Orient Finans Bank's clients, as well as the Republic of Uzbekistan as a whole, necessitates new techniques to help private businesses compete in the global trading system. Orient Finans Bank now devotes a significant amount of time and resources to the development and promotion of trade financing among its clients.

The Bank has successfully utilized an ITFC line of financing worth US\$ 10 million to support small and medium-sized businesses and has signed an agreement to increase the limit to US\$ 15 million. As a result, during COVID-19, local Uzbek businesses increased their turnover. All of the projects that were financed by ITFC line of financing are successfully operational.

Furthermore, one of Orient Finance Bank's most essential strategies is the development of human resources. The Bank invests heavily on the professional development of its employees. Employees of the Bank were able to attend ICC Academy courses thanks to the ITFC's support.

I'd like to thank ITFC on behalf of Orient Finans Bank for its essential contribution to our country's development.

Mr. Tokhir Djunaydullaev
Chairman of the Management Board



US\$5 Million Murabaha Facility in favor of Ecobank Malawi Limited

Ecobank Malawi received the ITFC Trade facility at the beginning of 2020, which coincided with the outbreak of the COVID-19 pandemic. This provided a great relief for our correspondent bank trade lines, allowing us to continue to support our business at a time when most correspondent banks were limiting their exposure in Malawi.

We have mostly used the ITFC Facility to finance the importation of fuel from OIC countries such as Dubai, Saudi Arabia, and Nigeria. This facility increased the trade flows between these countries and Malawi.

We have had an open line of communication with the ITFC team and have been able to manage transactions in the most efficient and interactive way possible to satisfy our clients. As a result, LC drafting, confirmation, and final payments at maturity have all been completed in a timely manner.

Divine ANWANDA, Country Treasurer



Extending Lines of Financing to JSCB “Agrobank” to Support SMEs in Uzbekistan



The partnership between ITFC and Agrobank was established in 2020, with a short-term line of financing with total amount of US\$ 10 million, resulting in an amazing solution for Agrobank’s clients’ trade and manufacturing performance.

Following the COVID-19 pandemic, the trade finance operations with ITFC helped to advance SMEs’ socioeconomic development, where businesses whom were short on raw materials and merchandise began to restore and extend their trade and manufacturing lines.

One of ITFC’s innovative trade finance solutions is that it allows Uzbek SMEs to import commodities, raw materials, and services from almost anywhere in the world, which is a crucial component during the protracted pandemic lockdown.

Another important element of this trade operation is that it is Shariah Compliant, which have aided Muslim entrepreneurs in raising halal capital to expand their businesses. Because Muslims make up more than 95 percent of the population of Uzbekistan, Agrobank’s image as a provider of Islamic finance solutions benefited from ITFC’s trade development solution.

To sum up, I want to thank the ITFC team for their excellent teamwork and professional knowledge in Islamic financing solutions. I hope that Agrobank and ITFC will continue to expand their partnership horizons by promoting Shariah-compliant business practices.

Mr. Rustam Mamatkulov
Chairman of the Management Board

ITFC Extends Murabaha Facility to Prime Bank Limited to Support SMEs and Private Sector in Bangladesh

The ITFC’s Murabaha Trade Financing facility has been incredibly beneficial to us in financing our trade, especially amid the worldwide supply chain disruption caused by COVID-19. Our customers were able to keep their businesses viable and avoid job losses as a result of the much-needed financial support.

The COVID-19 pandemic had a significant impact on intra-OIC trade as well as world trade in general. Buyers and suppliers required greater financial assistance to expand their businesses. ITFC’s trade finance facility made a significant contribution to overcoming the pandemic’s obstacles.

Syed Faisal Omar
SEVP & Head of Financial Institutions



LEVERAGING PARTNERSHIPS WITH GLOBAL BANKS, FIS AND INTERNATIONAL ORGANIZATIONS AS CATALYST FOR TRADE FINANCING AND TRADE DEVELOPMENT



Thanks to its network of strategic partners, ITFC remained active in 2021 on a number of fronts, including policy advancement, resource mobilization, and trade development programs implementation. ITFC's collaboration with the African Union Commission continued with participation of Senior Officials and Ministerial sessions in the AU's 3rd ordinary session of the Specialized Technical Committee for Trade, Industry, and Minerals (STC-TIM). ITFC continued its activities with the International Chamber of Commerce (ICC) by participating in the ICC Banking Commission and the Sustainable Trade Finance Working Groups.

In collaboration with the Afreximbank and the African Union Commission, ITFC was also a key sponsor and active participant of the second Intra-African Trade Fair (IATF 2021) in Durban, South Africa. The partnership with Afreximbank has continued to bear fruit, with major initiatives such as the signing of a US\$ 250 million line of financing and the continuing of the Harmonization of Pharmaceutical and Medical Product Standards project in Africa. In addition, in response to rising demand for trade development from its Member Countries, ITFC has strengthened partnerships with governments, multilateral development banks (MDBs), and project-oriented donors on important initiatives to help mobilize resources for multiple countries. The total amount of resources mobilized for Trade Development initiatives totaled US\$ 2.57 million an increase of 80 per cent over the previous year. These mobilized funds were vital in joining hands with partners to implement important programs and projects, including the ITFC-IsDB AfCFTA Initiative, the Guinea Tunisia Reverse Linkage Project and the AATB Program.



ITFC Partners Event: Extending Trade Solutions in CIS Region

01 September 2021

Tashkent, Uzbekistan

Inaugurated by H.E. Mr. Sardor Umurzakov, Deputy Prime Minister-Minister of Investment and Foreign Trade and IsDB Governor for Uzbekistan, Chairman of the Board of Governors, and H.E Dr. Muhammad Al Jasser, Chairman IsDB Group, and hosted by H.E. Eng. Hani Salem Sonbol, CEO ITFC, the event witnessed the presence of high-level officials and senior officers of the Ministry of Investment and Foreign Trade of Uzbekistan, the Central Banks, Government officials and ITFC partner banks executives from the CIS region, as well as Trade Support Institutions and Regional Bodies.



Innovation



Today's business toolkit is incomplete without innovation, which is a necessary component of long-term corporate viability and growth. The COVID-19 pandemic has thrown many facets of life, both personal and professional, into disarray, with many predicting that the crisis will have a long-term impact on how businesses are run. The crisis, on the other hand, has also created significant new opportunities for growth which can be seized through innovation.

In 2021, three innovative concepts were implemented, as well as three corporate innovation initiatives aimed at improving innovation culture and communication. "Education Continuity in Member Countries" aimed to improve teachers' capacity for online teaching, "Help the Hungry" aimed at assisting Member Countries by providing food kits to families, and "ITFC Environment Footprint" aimed at tracking and identifying responsible ways to reduce ITFC's carbon footprint.



LEADING ISLAMIC SYNDICATIONS TO SUPPORT TRADE FINANCE IMPACT

After a slow recovery from the pandemic's shocks, financial markets recovered speed in 2021, as the global economic outlook improved with the rollout of the COVID-19 vaccine and considerable public policy support from states. With these positive market developments, regaining existing syndicate partners and attracting new syndicate partners was a major activity in 2021, made possible by the fact that travel restrictions were eased further, emphasizing the importance of meeting potential investors in liquid markets such as the GCC and other markets in Europe, Asia, and the Middle East.

Throughout the year, ITFC continued to strengthen its relationship with syndicate partners who demonstrated perseverance and commitment to support during the pandemic's challenging and testing period, giving them favorable and preferential treatment while also working to expand its syndicate partners' network.

ITFC leverages international funding through Shariah compliant instruments, the most active of which is Syndication, which helps in the mobilization of funds to support trade financing in favor of Member Countries.

This year ITFC has been ranked by Bloomberg and Refinitiv as the leading Bookrunner and top Mandated Lead Arranger (MLA) in Global Islamic Financing league tables.

This assessment of ITFC's syndicated trade finance operations recognizes the institution's leadership role in mobilizing capital from a diverse spectrum of investors and financial institutions for the Member Countries' financing needs.

ITFC's syndications were successful and closed with volumes that far surpassed all initial projections and expectations as a result of these intense efforts. The participations coming from ITFC's syndicate partners resulted in mobilizing:



The market-mobilized funds account for 69 per cent of the overall trade financing provided by ITFC this year. The most notable example is the largest syndication in ITFC history in favor of the Government of Egypt to meet the country's food security needs.

Bloomberg
2021 Global Islamic Financing, League Table

Bookrunner #1 21% market share	MLA #1 18% market share
--	-----------------------------------

REFINITIV
2021 Global Islamic Financing, League Table

Bookrunner #1 38% market share	MLA #1 33% market share
--	-----------------------------------

The infographic also features two award plaques. The left plaque is from Bloomberg, and the right is from Refinitiv. Both plaques recognize ITFC as the #1 Bookrunner and #1 Mandated Lead Arranger in the 2021 Global Islamic Financing League Tables.

LEVERAGING CAPITAL FOR SUSTAINABLE BUSINESS MODEL

The global recovery accelerated, although at a slower pace, raising concerns in financial markets about inflation and interest rate policies. ITFC's strategy is to structure its leveraging activity in a manner to ensure sustainable funding of the growth of its trade finance portfolio.

ITFC was encouraged to focus on building internal capacity, exerting more efforts to expand the network of reliable treasury partners, and borrowing actively from the markets in order to establish ITFC's name as a solid and trustworthy borrower in the year 2021. ITFC was able to establish several new borrowing lines, introduced new borrowing instruments (committed contingent liquidity facility, and Islamic repos). Furthermore, ITFC's revenue streams from treasury activities were diversified. ITFC was able to borrow at a substantially higher rate and volume in 2021, demonstrating the treasury partners' confidence and faith in ITFC.

ITFC adopted a proactive approach to managing its liquidity and investment portfolio this year, with a particular focus on its sukuk holding, taking advantage of possibilities that arose this year and the current interest rate environment. While managing its liquidity, the ITFC continued to adhere to its prudent liquidity policy which has been praised by the rating agency and was among the key reasons that support the high credit rating enjoyed by ITFC.

SYNERGY WITH ISDB GROUP ENTITIES

ITFC continued to actively participate in IsDB's High-Level Committee (HLC), Working Groups (WG), and other group-level coordination platforms to coordinate SPRP-related activities. ITFC has started chairing the IsDB Group Synergy Facilitation Team (GSFT) as part of the Group Executive Committee Meeting (GECM) in order to prepare the IsDB Group Synergy Agenda with the goal of creating an enabling environment that will allow Group Members to collaborate to create greater value.

ITFC worked with ICD and ICIEC to create value synergies through the Technical Coordination Committee (TCC), with a focus on cross-selling through joint products, market-related risk knowledge sharing, Islamic finance development, advisory services, and the global value chain model and used the Line of Finance (LoF) sub-team under the TCC to explore and promote financing packages offered to Member Countries. The short-term finance was given by ITFC, while the medium-term was covered by ICD, and the insurance was provided by ICIEC. Furthermore, IsDB and Group Entities remained significant partners in the implementation of all ITFC Flagship Trade Development Programs, including AfTIAS 2.0 and AATB, ensuring that the IsDB Group takes a comprehensive approach to trade development.



05




**2021 AUDITED
FINANCIAL
STATEMENTS**



THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

YEAR ENDED
DECEMBER 31, 2021
(27 Jumada'l 1443H)



+111.51	▲	-99.31
+92.21	▲	-87.59
+87.14	▲	-67.54
+131.94	▲	-121.49
+74.68	▼	-67.24
+94.71	▲	-61.41
+77.91	▼	-59.36



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Statement of changes in members' equity	72
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INDEPENDENT AUDITOR'S REPORT

To your Excellencies
The Chairman and Members of the General Assembly
The International Islamic Trade Finance Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The International Islamic Trade Finance Corporation (the "Corporation"), which comprise the statement of financial position as of December 31, 2021, and the related statement of income, statement of changes in members' equity, statement of cash flows and statement of changes in off-balance sheet assets under management for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2021, and the results of its operations, changes in members' equity, its cash flows and changes in off-balance sheet assets under management for the year then ended in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI").

In our opinion, the Corporation has also complied with the Shari'ah Principles and Rules as determined by the Group Shari'ah Board of the Islamic Development Bank Group during the period under audit.

Basis for Opinion

We conducted our audit in accordance with Auditing Standards for Islamic Financial Institutions issued by AAOIFI. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the AAOIFI's Code of Ethics for Accountants and Auditors of Islamic Financial Institutions ("AAOIFI Code"), and we have fulfilled our other ethical responsibilities in accordance with the AAOIFI Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Corporation for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion on those statements on July 14, 2021.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

These financial statements and the Corporation's undertaking to operate in accordance with Shari'ah Principles and Rules are the responsibility of the Corporation's management and the Board of Directors.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Financial Accounting Standards issued by AAOIFI and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

INDEPENDENT AUDITOR'S REPORT - Continued

To your Excellencies
The Chairman and Members of the General Assembly
The International Islamic Trade Finance Corporation

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Auditing Standards for Islamic Financial Institutions issued by AAOIFI will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Auditing Standards for Islamic Financial Institutions issued by AAOIFI, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT - Continued

To your Excellencies
The Chairman and Members of the General Assembly
The International Islamic Trade Finance Corporation

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte and Touche & Co.
Chartered Accountants



Waleed Bin Moha'd. Sobahi
Certified Public Accountant
License No. 378



16 Shawal, 1443H
May 17, 2022

THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION

**STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021**

(Expressed in Thousands of US Dollars unless otherwise stated)

	Notes	2021	2020
ASSETS			
Cash and cash equivalents	4	127,955	197,398
Wakala placement (due from)	4a	25,000	10,000
Commodity Murabaha placement (due from)	4b	20,000	10,000
Trade Murabaha financing, net	6	790,240	762,664
Investments in Sukuk	7 & 5	321,512	154,656
Accrued income and other assets	8	11,300	8,095
Property and equipment	9	1,003	1,479
TOTAL ASSETS		1,297,010	1,144,292
LIABILITIES AND MEMBERS' EQUITY			
LIABILITIES			
Accruals and other liabilities	10	31,261	13,584
Due to related parties	11	3,495	2,419
Commodity Murabaha payable	12	223,691	115,227
Pension and medical obligation	13	36,915	37,755
TOTAL LIABILITIES		295,362	168,985
MEMBERS' EQUITY			
Paid-up capital	14	745,596	745,170
Paid-up share premium	14	8,540	8,438
General reserve	15	274,731	247,778
Actuarial deficit on pension and medical obligation		(29,172)	(31,616)
Revaluation reserve of sukuk held at fair value through equity		1,953	5,537
TOTAL MEMBERS' EQUITY		1,001,648	975,307
TOTAL LIABILITIES AND MEMBERS' EQUITY		1,297,010	1,144,292
UNDISBURSED COMMITMENTS	17		

The accompanying notes from 1 to 26 form an integral part of these financial statements

THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION

**STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2021**

(Expressed in Thousands of US Dollars unless otherwise stated)

	Notes	2021	2020
INCOME FROM:			
Trade Murabaha financing		24,921	28,071
Mudarib share of profit		7,496	6,161
Syndication arrangement fee		9,115	4,288
Implementation fees		12,848	6,616
Letter of credit issuance fees		9,521	4,112
Investment income from Sukuk		6,611	3,094
Income from Commodity Murabaha placements		662	1,306
Income from Wakala placements		361	1,153
Trade finance services		1,137	1,123
Advisory and other income		985	451
		<u>73,657</u>	<u>56,375</u>
Financing cost		<u>(675)</u>	<u>(1,114)</u>
NET INCOME BEFORE EXPENSES		72,982	55,261
EXPENSES:			
Staff costs		(29,170)	(27,146)
Other administrative expenses	16	(8,208)	(5,662)
Depreciation	9	<u>(587)</u>	<u>(575)</u>
		<u>(37,965)</u>	<u>(33,383)</u>
Impairment allowance on financial assets	6	<u>(4,064)</u>	<u>(12,084)</u>
NET INCOME		<u>30,953</u>	<u>9,794</u>

The accompanying notes from 1 to 26 form an integral part of these financial statements

THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION

STATEMENT OF CHANGES IN MEMBERS' EQUITY
YEAR ENDED DECEMBER 31, 2021

(Expressed in Thousands of US Dollars unless otherwise stated)

	Paid-up Capital	Paid-up share premium	General reserve	Actuarial deficit on pension and medical obligation	Revaluation reserve of Sukuk held at fair value through equity	Total members' equity
January 1, 2020	742,078	7,710	237,984	(19,135)	945	969,582
Actuarial loss in pension and medical plan	-	-	-	(12,481)	-	(12,481)
Capital contributed	3,092	728	-	-	-	3,820
Revaluation reserve of Sukuk held at fair value through equity (note 7)	-	-	-	-	4,592	4,592
Net income	-	-	9,794	-	-	9,794
December 31, 2020	745,170	8,438	247,778	(31,616)	5,537	975,307
Actuarial loss in pension and medical plan	-	-	-	2,444	-	2,444
Capital contributed	426	102	-	-	-	528
Grant for the Corporation's trade business initiative (note 15)	-	-	(4,000)	-	-	(4,000)
Revaluation reserve of Sukuk held at fair value through equity (note 7)	-	-	-	-	(3,987)	(3,987)
Allowance for credit losses on Sukuk held at fair value through equity	-	-	-	-	403	403
Net income	-	-	30,953	-	-	30,953
December 31, 2021	745,596	8,540	274,731	(29,172)	1,953	1,001,648

The accompanying notes from 1 to 26 form an integral part of these financial statements

THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2021

(Expressed in Thousands of US Dollars unless otherwise stated)

	2021	2020
Cash Flows from Operating activities:		
Net income for the year	30,953	9,794
<i>Adjustments for:</i>		
Depreciation	587	575
Impairment of Trade Murabaha financing	4,064	12,084
Allowance for credit losses on sukuk through equity	403	-
Grant accrual for the Corporation's trade business initiative	2,000	-
Service cost on pension and medical obligation	4,058	4,035
Realized (gain)/loss on disposal of Sukuk	(737)	2
	41,328	26,490
<i>Changes in operating assets and liabilities:</i>		
Trade Murabaha financing	(31,640)	(176,249)
Accrued income and other assets	(3,205)	749
Due to related parties, net	1,076	(1,661)
Accruals and other liabilities	15,677	462
Cash generated from/(used in) operations	23,236	(150,209)
Pension and medical obligation paid	(2,455)	(2,563)
Net cash generated from/(used in) operating activities	20,781	(152,772)
Cash Flows from Investing Activities:		
Investments in sukuk	(228,390)	(88,954)
Proceeds from disposal of sukuk	58,284	9,988
Commodity Murabaha placement (due from)	(10,000)	35,000
Wakala placement (due from)	(15,000)	60,000
Purchase of property and equipment	(110)	(1,445)
Net cash (used in)/generated from investing activities	(195,216)	14,589
Cash Flows from Financing Activities:		
Capital contribution	528	3,820
Grant for the Corporation's trade business initiative	(4,000)	-
Commodity Murabaha payable	108,464	87,350
Net cash from financing activities	104,992	91,170
Net change in cash and cash equivalents	(69,443)	(47,013)
Cash and cash equivalents, January 1	197,398	244,411
CASH AND CASH EQUIVALENTS, DECEMBER 31	127,955	197,398

The accompanying notes from 1 to 26 form an integral part of these financial statements

THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION

**STATEMENT OF CHANGES IN OFF-BALANCE-SHEET ASSETS UNDER MANAGEMENT
YEAR ENDED DECEMBER 31, 2021**

(Expressed in Thousands of US Dollars unless otherwise stated)

	Notes	January 1, 2021	Additions	Net disposals/ withdrawals	Mudarib's Share	Agency fee	December 31, 2021
Net assets managed on behalf of syndication members	24	2,167,838	3,996,862	(2,897,723)	7,496		3,274,473
Net assets managed on behalf of Saudi Exim Bank	24	216,009	2,084	-	-	(1,137)	216,956
Net assets managed on behalf of Muwakkil	24	16,025	12,958	(17,262)	-	-	11,721
Total		2,399,872	4,011,904	(2,914,985)	7,496	(1,137)	3,503,150
		January 1, 2020	Additions	Net disposals/ withdrawals	Mudarib's Share	Agency fee	December 31, 2020
Net assets managed on behalf of syndication members	24	2,698,683	2,999,022	(3,536,028)	6,161	-	2,167,838
Net assets managed on behalf of Saudi Exim Bank	24	210,374	6,758	-	-	(1,123)	216,009
Total		2,909,057	3,005,780	(3,536,028)	6,161	(1,123)	2,383,847

The accompanying notes from 1 to 26 form an integral part of these financial statements

THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

(Expressed in Thousands of US Dollars unless otherwise stated)

1. ORGANIZATION AND ACTIVITIES

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

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

The Corporation carries out its business activities from the Bank's headquarters in Jeddah, Saudi Arabia. The financial statements of the Corporation are expressed in thousands of United States Dollars ("USD").

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The financial statements are prepared in accordance with the Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI") and the Shari'ah rules and principles as determined by the Shari'ah Board of the Bank. For matters which are not covered by AAOIFI standards, the Corporation seeks guidance from the relevant standard issued or adopted by the International Accounting Standards Board ("IASB") and the relevant interpretation issued by the International Financial Reporting Interpretations Committee of IASB, provided they do not contradict the rules and principles of Shari'ah.

The accompanying financial statements are prepared under the historic cost convention except for the measurement at fair value of investments in Sukuk through members' equity.

b) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year ended December 31, 2020. All the new FAS issued by AAOIFI which were effective for the annual financial periods beginning on or after January 1, 2021 were early adopted by the Corporation in its financial statements for the year ended December 31, 2020.

New and amended FAS in issue but not yet effective and not early adopted

At the date of authorization of these financial statements, the Corporation has not applied the following new and revised FAS that have been issued but are not yet effective:

(i) Financial Accounting Standard – 36 "First Time Adoption of AAOIFI Financial Accounting Standards"

This standard provides principles of financial reporting for Islamic financial institutions, to be applied in the financial statements prepared for the first time according to the AAOIFI FASs, and to prescribe the transitional effects arising at the time of adoption.

THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

(Expressed in Thousands of US Dollars unless otherwise stated)

The standard became effective from the date of issuance. Management believes that FAS 36 shall not impact the financial statements as the Corporation is not the first-time adopter.

(ii) Financial Accounting Standard – 37 “Financial Reporting by Waqf Institutions”

This standard provides comprehensive accounting and financial reporting requirements for Waqf and similar institutions including general presentation and disclosures, specific presentation requirements (e.g. in case of Ghallah) and the key accounting treatments in respect of certain aspects specific to Waqf institutions.

This standard shall be applicable on the financial statements of the Corporation for the periods beginning on or after January 1, 2022, with early adoption permitted. FAS 37 shall not impact the financial statements as the Corporation is not the Waqf or a similar institution.

(iii) Financial Accounting Standard – 38 “Wa’ad, Khiyar and Tahawwut”

This standard intends to set out principles for measurement, recognition and disclosure of Wa’ad (promise), Khiyar (option) and Tahawwut (hedging) transactions that are carried out by Islamic financial institutions.

This standard shall be applicable on the financial statements of the Corporation for the periods beginning on or after January 1, 2022. The Corporation is currently assessing the impact of tahawwut on its financial statements. The Corporation believes that wa’ad will not have any significant impact and khiyar is not applicable as the Corporation does not use Khiyar in its contractual arrangements.

(iv) Financial Accounting Standard – 39 “Financial Reporting for Zakah”

This standard improves upon and supersedes the AAOIFI’s FAS 9 “Zakah” issued in 1998. This standard aims at setting out the accounting treatment of Zakah in the books of an Islamic financial institutions.

This standard shall be applicable on the financial statements of the Corporation for the periods beginning on or after January 1, 2023. FAS 39 shall not impact the financial statements as the Corporation is not zakah payer.

(v) Financial Accounting Standard – 40 “Financial reporting for Islamic Finance Windows”

This standard improves upon and supersedes the AAOIFI’s FAS 18 “Islamic Financial Services Offered by Conventional Financial Institutions” issued in 2002. This standard requires conventional financial institutions offering Islamic financial services through an Islamic finance window to prepare and present the financial statements of the Islamic finance window in line with the requirement of this standard, read with other AAOIFI FASs. This standard provides principles of financial reporting including the presentation and disclosure requirements applicable on Islamic finance windows.

This standard shall be applicable on the financial statements of the Corporation for the periods beginning on or after January 1, 2024. FAS 40 shall not impact the financial statements as the Corporation is an Islamic finance institution.

THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

(Expressed in Thousands of US Dollars unless otherwise stated)

(vi) Financial Accounting Standard – 1 (Revised 2021) “General Presentation and Disclosures in the Financial Statements”

The revised FAS 1 describes and improves the overall presentation and disclosure requirements prescribed in line with the global best practices and supersedes the earlier FAS 1. It is applicable on all the Islamic financial institutions and other institutions following AAOIFI FASs. This standard sets out the overall requirements for presentation of financial statements, the minimum requirements for the contents of the financial statements and a recommended structure of financial statements that facilitate faithful presentation in line with Shari’ah principles and rules and comparability with the institution’s financial statements of previous periods, and the financial statements of other institutions. This standard shall be effective on the financial statements of the institutions beginning on or after January 1, 2023 with early adoption permitted. The Corporation is currently evaluating the impact of this standard.

The management is in the process of assessing the potential financial impact of application and do not expect that the adoption of the FAS listed above would result in any major changes to the financial statements.

c) Critical accounting judgements and estimates

The preparation of financial statements in accordance with FAS issued by AAOIFI, requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires Management to exercise its judgment in the process of applying the Corporation’s accounting policies. Such estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including obtaining professional advices and expectations of future events that are believed to be reasonable under the circumstances. The most significant judgements and estimates are summarized below:

Significant judgements

Business model assessment

Classification and measurement of financial assets depends on the results of the business model test. The Corporation determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Corporation monitors financial assets measured at fair value through equity. Monitoring is part of the Corporation’s continuous assessment of whether the business model for which the financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

Going concern

The Corporation’s management has assessed the Corporation’s ability to continue as a going concern and is satisfied that the Corporation has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Corporation’s ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

(Expressed in Thousands of US Dollars unless otherwise stated)

Significant estimates

Expected credit losses against financial assets

The measurement of credit losses under FAS 30 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

The Corporation's Expected Credit Losses ("ECL") calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- i) The Corporation's internal credit grading model, which assigns PDs to the individual grades;
- ii) The Corporation's criteria for assessing if there has been a significant increase in credit risk necessitating the loss allowance to be measured on a 12 month or lifetime ECL basis and the applicable qualitative assessment;
- iii) Development of ECL models, including the various formulas and the choice of inputs
- iv) Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs and LGDs
- v) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

Impact of Covid

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the globe including Saudi Arabia. During the year ended December 31, 2020 and 2021, the Saudi Arabian government rightly took many initiatives to contain the spread of virus, which included restrictions on travel, gathering of people and enactment of curfew timings. This resulted in many non-essential businesses to curtail or suspend activities until further notice.

Considering these factors, the Corporation carried out an impact assessment on the overall Corporation's operations and business aspects including factors like dealing with member countries, continued day to day business activities, financing, investment and collection as well as working capital projections, etc. and concluded that, as at the issuance date of these financial statements, the Corporation did not have significant adverse impact on its operations and businesses due to COVID-19 pandemic and no significant changes are required to the judgements, assumptions and key estimates.

To preserve the health of the employees and support the prevention of contagion in the operational and administrative areas, the Corporation took measures, in line with the recommendations of the World Health Organisation and Ministry of Health - Kingdom of Saudi Arabia, such as working from home, social distancing at work place, rigorous cleaning of workplaces and staff accommodation, distribution of personal protective equipment, testing of suspected cases, limiting non-essential travel, self-health declarations and measuring body temperature. In addition, the Corporation's nature of activities facilitated seamless operations during the pandemic.

THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

(Expressed in Thousands of US Dollars unless otherwise stated)

The operational and financial impacts of the COVID-19 pandemic to date have been reflected in these financial statements. The strong financial position, including access to funds, nature of activities coupled with the actions taken by the Corporation to date and the continued operations ensures that the Corporation has the capacity to continue through the challenges caused by impacts of the COVID-19 pandemic. However, in view of the current uncertainty, any future change in the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future periods. As the situation is rapidly evolving with future uncertainties, management will continue to assess the impact based on prospective developments.

Pension and medical obligation

The Corporation uses the projected unit credit method to determine the present value of its defined benefit plans and the related service costs. In this regard, the Corporation uses certain assumptions of discount rates, expected return on plan assets and rate of salary increases, which may differ from actual experiences. These estimates are updated on an annual basis and are subject to an evaluation by an independent actuary.

d) Foreign currency

(i) Functional and presentation currency

These financial statements are presented in thousands of United States Dollars ("USD") which is the functional and presentation currency of the Corporation.

(ii) Transactions and balances

Foreign currency transactions are translated into USD using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the reporting date exchange rates are recognized in the statement of income.

Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate at the date of initial recognition.

e) Cash and cash equivalents

Cash and cash equivalents comprise bank balances and other short term highly liquid investments having an original maturity of three months or less at the date of placement

f) Wakala/Commodity Murabaha placements (Due from)

- Commodity murabaha placements are made in Shari'ah compliant instruments with banks at a fixed profit. The buying and selling of commodities are limited by the terms of agreement between the Corporation and the various banks. The placements are initially recorded at cost, including acquisition charges and subsequently measured at cost less impairment (if any).
- The Wakala placements are accounted for under the Wakala Venture approach whereby the principal (hereinafter referred to as the "Muwakkil") initially recognizes the investment at cost and subsequently adjusts it to include Muwakkil's share in the profit or loss of the Wakala venture net of any agent's remuneration including any variable remuneration payable as of the reporting date.

g) Al-Wakala Bi Al-Istithmar

Al-Wakala Bi Al-Istithmar is used as a short to medium- and long-term working capital financing tool. The Corporation, in its capacity as the principal (hereinafter referred to as the "Muwakkil") appoints the client as its agent (hereinafter referred to as the "Wakil") to manage the investment amount (hereinafter referred to as the "Investment amount") in Shari'ah compliant activities that may be entered into, as agreed, by the Wakil on behalf of the Muwakkil. The prime objective of making such an investment is to generate profit from the business activities and get the Investment Amount paid back along with the profit amount, if any, on the investment maturity date based on the anticipated profit rate Investments.

THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

(Expressed in Thousands of US Dollars unless otherwise stated)

h) Trade Murabaha financing

Trade Murabaha is an agreement whereby the Corporation sells to a customer a commodity or an asset, which the Corporation has purchased and acquired based on a promise received from the customer to buy. The selling price comprises the cost plus an agreed profit margin.

Amounts receivable from Trade Murabaha financing are stated at the cost of goods sold or disbursements made to the beneficiaries plus profit recognized by the Corporation up to the reporting date, less repayments received and expected credit losses.

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

Commodities under trade Murabaha are stated at cost, less impairment, if any.

i) Investments in Sukuk

Investments in Sukuk are classified at fair value through equity.

These investments are initially recognized at fair value plus transaction costs at the date the contract is entered and are subsequently re-measured to their fair value at the end of each reporting period with the resulting gain or loss recognized in the statement of changes in members' equity.

j) Financial assets and liabilities

Financial assets and liabilities are recognized in the statement of financial position when the Corporation assumes related contractual rights or obligations.

A financial asset is any asset that is cash, an equity instrument of another entity, a contractual right to receive cash or another financial asset from another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the Corporation.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Corporation.

Financial assets comprise cash and cash equivalents, Wakala / Commodity Murabaha placements (due from), trade Murabaha financing, and investments in Sukuk. These financial assets are measured at amortized cost less impairment except for investment in Sukuk which are measured at fair value through members' equity.

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities include commodity Murabaha payable and due to related parties and are initially measured at their values and thereafter stated at their costs.

k) Impairment of financial assets

Expected credit loss against financial assets held at amortized cost and at fair value through members' equity

The Corporation applies a three-stage approach to measuring Expected Credit Losses (ECLs) for financial assets measured at amortized cost and at fair value through members' equity. Financial assets migrate through the following three stages based on the change in credit risk since initial recognition.

THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

(Expressed in Thousands of US Dollars unless otherwise stated)

i) Stage 1: 12-months ECL

Stage 1 includes financial assets that have not had a significant increase in credit risk (SICR) since initial recognition. The Corporation recognizes 12 months of ECL for stage 1 financial assets. In assessing whether credit risk has increased significantly, the Corporation compares the risk of a default occurring on the financial asset as at the reporting date, with the risk of a default occurring on the financial asset as at the date of its initial recognition.

ii) Stage 2: Lifetime ECL – not credit impaired

Stage 2 comprises financial assets that have had a significant increase in credit risk since initial recognition, but for which there is no objective evidence of impairment. The Corporation recognizes lifetime ECL for stage 2 financial assets. For these exposures, the Corporation recognizes an allowance amount based on lifetime ECL (i.e. an allowance amount reflecting the remaining lifetime of the financial asset). A significant increase in credit risk is considered to have occurred when contractual payments are more than 180 days past due for sovereign assets and more than 90 days past due for non-sovereign assets.

iii) Stage 3: Lifetime ECL – credit impaired

Included in stage 3 are assets that have been categorized as credit impaired. The Corporation recognizes lifetime ECL for all net recoverable amount from the customer or from the resale of goods sold to that customer.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset only when there is a legal enforceable right to set off the recognized amounts and the Corporation intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under FAS issued by AAOIFI, or for gains and losses arising from a group of similar transactions.

l) Fixed assets

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

Office and computer equipment	4 years
Motor vehicles	5 years

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

Gains or losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of income.

m) Provisions

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

THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

(Expressed in Thousands of US Dollars unless otherwise stated)

n) Revenue recognition

Trade Murabaha financing

Income from Trade Murabaha financing is accrued on a time apportionment basis over the period from the date of the actual disbursement of funds to the scheduled repayment date of instalments.

Commodity Murabaha placements

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

Wakala placements

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

Investments in Sukuk

Income from investments in Sukuk is accrued on a time apportionment basis using the rate of return advised by the issuing entities

Mudarib share of profit

Income from Mudarib share of profit is recognized when the right to receive payment is established or on distribution at a point in time.

Syndication arrangement income

Income from syndication arrangement is recognized when beneficiary and syndication arranger have agreed upon the syndication terms and conditions, and the financing facility is declared effective.

Implementation fees and Letter of Credit issuance income

Income from Implementation fee and Letter of Credit issuance is recognized at the commencement of the related deals, as per contractual agreements.

Earnings not approved by Shari'ah board

Any income from cash and cash equivalents and other investments, which is not approved by Shari'ah board, is not included in the Corporation's statement of income. Such income is transferred instantly to Trade Development Fund for onward disbursement to charitable needs, unless the Board of directors and Shari'ah Board decide otherwise

o) Zakat and income tax

The Corporation is not subject to Zakat or income tax. Any liability for zakat and income tax is the responsibility of the individual members.

p) Pension and medical obligation

The Corporation operates two defined post-employment benefit plans for its employees, the Staff Retirement Pension Plan ("SPP") and the Post-Employment Medical Scheme ("SRMP"). Both of these plans require contributions to be made to separately administered funds. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and percentage of final gross salary. Independent actuaries calculate the defined benefit obligation on an annual basis by using the Projected Unit Credit Method to determine the present value of the defined benefit plan and the related service costs. The underlying actuarial assumptions are used to determine the projected benefit obligations.

THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

(Expressed in Thousands of US Dollars unless otherwise stated)

The present value of the defined benefit obligation due until the retirement date is determined by discounting the estimated future cash outflows (relating to service accrued to the reporting date) using the yields available on high-quality corporate bonds. The bonds should be denominated in currencies in which the benefits will be paid and that have terms to maturity closely matching the terms of the actual pension obligation. For intermediate years, the defined benefit obligation is estimated using approximate actuarial roll-forward techniques that allow for additional benefit accrual, actual cash flows and changes in the underlying actuarial assumptions.

The current service cost of the defined benefit plan recognized in the income statement reflects the increase in the defined benefit obligation resulting from employee service in the current year.

Actuarial gains or losses, if material, are recognized immediately in the reserves under members' equity in the year they occur. The pension liability is recognized as part of other liabilities in the statement of financial position. The liability represents the present value of the Corporation's defined benefit obligations, net of the fair value of plan assets.

The pension committee, with advice from the Corporation's actuaries, determines the Corporation's contributions to the defined benefit scheme and the contributions are transferred to the scheme's independent custodians.

q) Commodity Murabaha payable

Commodity Murabaha placements entails the purchase and sale of commodities at fixed profit. The buying and selling of commodities is limited by the terms of agreement between the Corporation and other Islamic and conventional financial institutions. Commodity Murabaha placements are carried at amortized cost.

r) Wakala payable

A Wakala is an agreement whereby one party (the "Muwakkil" / "Principal") appoints an investment agent (the "Wakeel" / "Agent") to invest the Muwakkil's funds (the "Wakala Capital") on the basis of an investment Wakala agreement (the "Wakala").

The Corporation, acting as Wakeel decides in respect to the investments to be made from the Wakala Capital, subject to the terms of the Wakala agreement but in a fiduciary capacity and the Corporation bears no loss from and is not exposed to any variable returns except for the losses resulting from misconduct, negligence or violation of any of the terms of the Wakala agreements. Consequently, the Corporation does not control the underlying funds and therefore, does not recognize the Wakala capital and related investments on the statement of financial position.

Wakala fee is accrued on a time apportioned basis over the period of the contract based on the principal amounts outstanding.

3. ISDB GROUP SHARI'AH BOARD

The Corporation's business activities are subject to the supervision of the single Shari'ah Board of the IsDB Group. The members of the single Shari'ah Board of the IsDB Group have been appointed by IsDB Board of Executive Directors through Resolution No. BED/20/10/432/ (278)/125 for a renewable period of 3 years.

The Board of the Corporation through their resolution No. ITFC/BD/24/432(24)/5 delegated the authority to the President, IsDB Group, to implement the aforesaid Resolution of the IsDB BED, in ITFC.

THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

(Expressed in Thousands of US Dollars unless otherwise stated)

The functions of the Board include the following:

- i. To consider all that are referred to it of transactions and products introduced by the Corporation for use for the first time and rule on its conformity with the principles of the Shari'ah, and to lay down the basic principles for the drafting of related contracts and other documents.
- ii. To give its opinion on the Shari'ah alternatives to conventional products which the Corporation intends to use, and to lay down the basic principles for the drafting of related contracts and other documents, and to contribute to its development with a view to enhancing the Corporation's experience in this regard.
- iii. To respond to the questions, enquiries and explications referred to it by the Board of Directors or the Management of the Corporation.
- iv. To contribute to the Corporation's program for enhancing the awareness of its Staff Members of Islamic Banking and to deepen their understanding of the fundamentals, principles, rules and values relative to Islamic financial transactions.
- v. To submit to the Board of Directors a comprehensive report showing the measure of the Corporation's commitment to principles of Shari'ah in the light of the opinions and directions given and the transactions reviewed.

4. CASH AND CASH EQUIVALENTS

	2021	2020
Cash at banks	95,971	92,398
Commodity Murabaha placements (due from) (4a)	32,000	65,000
Wakala placements (due from) (4b)	45,000	60,000
Allowance for credit losses	(16)	-
	<u>172,955</u>	<u>217,398</u>
Less: Commodity Murabaha placements with original maturity of more than 3 months	<u>(20,000)</u>	<u>(10,000)</u>
Less: Wakala placements with original maturity of more than 3 months	<u>(25,000)</u>	<u>(10,000)</u>
	<u>127,955</u>	<u>197,398</u>

4a Wakala placements (due from)

Wakala placements are utilized in the purchase and sale of commodities. Trading is conducted with banks on behalf of the Corporation. The banks have discretion over buying and selling and investing the Corporation's funds, but this discretion is limited by the terms of the agreements between the Corporation and the banks, mainly relating to Shari'ah compliance. Since these placements are short-term maturing within a period of three months, therefore, the Corporation has applied Wakala Venture approach.

4b Commodity Murabaha Placements (due from)

Commodity murabaha placements entails the purchase and sale of commodities at agreed profit rates. The buying and selling of commodities is limited by the terms of agreement between the Bank and other Islamic and conventional financial institutions. Commodity murabaha placements are carried at amortized cost less allowance for credit losses.

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NOTES TO THE FINANCIAL STATEMENTS

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5. AL-WAKALA BI AL-ISTITHMAR

Pass through approach

Assets, equity reserves, revenues, and other comprehensive income are aggregated on a line-by-line basis in the financial statements. The aggregate amounts added in respective line items are:

	<u>2021</u>	<u>2020</u>
Investments in Sukuk and accrued income and other assets	14,735	-
Revaluation reserve of Sukuk held at fair value through equity	(203)	-
Income	306	-

6. TRADE MURABAHA FINANCING, NET

Trade Murabaha financing at end of reporting period comprised the following:

a) Total receivable relating to financing are as follows:

	<u>2021</u>	<u>2020</u>
Net receivable under Murabaha financing (note 7 (b))	784,731	750,804
Net receivable from commodities under Murabaha (note 7 (c))	5,509	11,860
Trade Murabaha financing, net	<u>790,240</u>	<u>762,664</u>

b) Receivable under Murabaha financing

	<u>2021</u>	<u>2020</u>
Gross amounts receivable	817,225	768,465
Less: unearned income	(15,273)	(9,442)
	<u>801,952</u>	<u>759,023</u>
Receivable managed on behalf of investment account the older (Wakala arrangement)	(11,722)	-
Total Murabaha receivable	<u>790,230</u>	<u>759,023</u>
Allowance for credit losses	(5,499)	(8,219)
Net receivable under Murabaha financing	<u>784,731</u>	<u>750,804</u>

c) Commodities under Murabaha – structured trade finance

	<u>2021</u>	<u>2020</u>
Total commodities under Murabaha	41,679	41,667
Allowance for credit losses	(36,170)	(29,807)
Net receivable from commodities under Murabaha	<u>5,509</u>	<u>11,860</u>

Net receivable from commodities under Murabaha represents the estimated recoverable amount from sale of goods which were previously sold to a customer that later became delinquent and those goods are still under the possession of that customer.

All goods purchased for resale under Murabaha financing are made on the basis of specific purchase for resale to a specific customer. The promise of the customer is considered to be binding. Consequently, any loss suffered by the Corporation as a result of impairment of commodities or default by the customer prior to the sale of goods would be reimbursed by the customer. The Corporation also participates in syndicated Murabaha financing. The share of syndicate members represents the portion of amounts payable to those entities.

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Expected credit losses

The movement in the expected credit losses on trade Murabaha financing at end of the reporting period is as follows:

	Stage 1: 12 - month ECL	Stage 2: Lifetime ECL not credit impaired	Stage 3: Lifetime ECL credit impaired	2021	2020
January 1	8,219	-	29,807	38,026	32,662
Impact on transition to FAS 30	-	-	-	-	406
January 1 (after adoption of FAS 30)	8,219	-	29,807	38,026	33,068
(Reversal)/provision during the year	(2,299)	-	-	(2,299)	1,877
Credit impaired assets	-	-	6,363	6,363	10,207
Write off during the year	-	-	-	-	(7,126)
Reclassified to other financial assets	(421)	-	-	(421)	-
December 31	5,499	-	36,170	41,669	38,026

No income has been accrued on the impaired Trade Murabaha financing assets for the year ended December 31, 2021 (December 31, 2020: USD Nil)

There are no balances that are past due at the reporting date for which the Corporation has not recognized any allowance for expected credit losses.

7. INVESTMENTS IN SUKUK

The movement in investments in Sukuk is summarized as follows:

	2021	2020
January 1	154,656	71,100
Investments during the year	228,390	88,954
Disposals during the year	(58,284)	(9,988)
Realized gain/(loss) on disposal	737	(2)
Unrealized (loss)/gain on revaluation recognized in equity	(3,584)	4,592
Allowance for credit losses	(403)	-
December 31	321,512	154,656

Investments in Sukuk as of December 31, 2021 and 2020 represent the Sukuk issued by various governments and certain other entities, which have been measured at fair value through statement of changes in members' equity. The amortized cost of the investment in Sukuk is USD 319.5 million (2020: USD 149.1 million)

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Expected credit losses

The movement in allowance for credit losses recognized in revaluation reserve is as follows:

	Stage 1: 12- month ECL	Stage 2: Lifetime ECL not credit impaired	Stage 3: Lifetime ECL credit impaired	Total
January 1, 2021	-	-	-	-
Reclassified from trade Murabaha financing	403	-	-	403
December 31, 2021	403	-	-	403

2021	Counterparty rating				Total
	AAA	AA+ to AA-	A+ to A-	BBB	
Governments	-	21,178	247,050	33,387	301,615
Other entities	20,300	-	-	-	20,300
	20,300	21,178	247,050	33,387	321,915

2020	Counterparty rating				Total
	AAA	AA+ to AA-	A+ to A-	BBB	
Governments	-	21,577	101,687	-	123,264
Other entities	31,392	-	-	-	31,392
	31,392	21,577	101,687	-	154,656

8. ACCRUED INCOME AND OTHER ASSETS

Accrued income and other assets at end of reporting period are comprised of the following:

	2021	2020
Accrued income on investments in Sukuk	1,696	1,212
Accrued income from placements through banks	69	29
Employee advances	6,087	4,994
Other receivables	3,448	1,860
	11,300	8,095

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9. PROPERTY AND EQUIPMENT

	Motor vehicles	Office and computer equipment	Total
Cost:			
January 1, 2021	127	5,863	5,990
Additions	-	111	111
December 31, 2021	127	5,974	6,101
Less: Accumulated Depreciation:			
January 1, 2021	67	4,444	4,511
Charge for the year	30	557	587
December 31, 2021	97	5,001	5,098
Net book value:			
December 31, 2021	30	973	1,003

	Motor vehicles	Office and computer equipment	Total
Cost:			
January 1, 2020	127	4,418	4,545
Additions	-	1,445	1,445
December 31, 2020	127	5,863	5,990
Less: Accumulated Depreciation:			
January 1, 2020	42	3,894	3,936
Charge for the year	25	550	575
December 31, 2020	67	4,444	4,511
Net book value:			
December 31, 2020	60	1,419	1,479

10. ACCRUALS AND OTHER LIABILITIES

	2021	2020
Accrued and other expenses	2,261	2,672
Staff related provisions	5,110	3,594
Other creditors	14,703	1,186
Advances from customers	4,009	6,132
Grant accrual for the Corporation's trade business initiative	2,000	-
Other payable	3,178	-
	31,261	13,584

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11. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent Board of Governors, Directors and key management personnel of the Corporation, and affiliate entities of IsDB Group. In the ordinary course of its activities, the Corporation receives funding from IsDB and executes business transactions with related parties. The terms of the funding that is provided by IsDB and the transactions that are executed with related parties are approved by the Corporation's management and subject to current IsDB rules, regulations and guidelines.

(a) Significant transaction executed during the year are as follows:

	2021	2020
Mudarib's share of profit from affiliate	2,068	2,175
Share of trade Murabaha income to affiliate members	11,719	12,325

(b) Due to related parties

	2021	2020
IsDB – Ordinary Capital Resources	2,190	844
IsDB Medical Pension Fund	3	28
IsDB Pension Fund	4	248
Islamic Corporation for the Development of the Private Sector	28	28
IsDB Special Account Resource Waqf fund	1,270	1,271
	3,495	2,419

(i) According to the IsDB's Board of Executive Directors' resolution number BED/27/12/428(249)/157, dated January 6, 2008 (27 Dhul Hijja 1428H), the Board resolved to allocate USD 1 billion of IsDB-OCR resources for the Corporation, wherein the Corporation will act as Mudarib under a Mudaraba agreement dated March 18, 2008 (10 Rabi al Awal 1429H).

(ii) As of December 31, 2021, the balance of USD 379.82 million payable to related parties is presented in statement of changes in off-balance sheet assets under management (note 24).

(iii) The Corporation earns mudarib's Share of profit from IsDB group entities based on its agreed share of profit related to trade Murabaha financing transactions.

(c) Key management compensation

The compensation to key management is as follows:

	2021	2020
Salaries and other benefits	683	530

12. COMMODITY MURABAHA PAYABLE

Commodity Murabaha financing is received from financial institutions under Commodity Murabaha facility agreements. The financings have original maturities ranging from month to 1 year.

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13. PENSION AND MEDICAL OBLIGATION

IsDB Group staff retirement plan comprises of defined benefit and hybrid plan, staff pension plan ("SPP") and staff retirement medical plan (SRMP) (collectively referred to as staff retirement plans ("SRPs")). Every person employed by the Bank and its Affiliates on a full-time basis, as defined in the Bank and Affiliates employment policies, is eligible to participate in the SRP from the date joining the Bank.

IsDB Group has a multi-employer plan and includes the Corporation, Islamic Development Bank - Ordinary Capital Resources (IsDB-OCR), Special Account Resources Waqf Fund (WAQF), Islamic Corporation for Development (ICD), Islamic Corporation for the Insurance of Investments and Export Credit (ICIEC) and Islamic Solidarity Fund for Development (ISFD).

Staff Pension Plan (SPP)

SPP is a combination of both old defined benefit plan (Pillar I) and new hybrid pension plan (Pillar II) became effective on 1st Rajab 1399H (corresponding to May 27, 1979) and 17/05/1442H (01/01/2021G) respectively. Every person employed by the Bank and its Affiliates on a full-time basis except for fixed term employees, as defined in the employment policies of the Bank and its Affiliates, is eligible to participate in the SPP, from the date joining the Bank and its affiliates. Participation in the hybrid pension plan is limited to those who have less than five years of service as of December 31, 2020 on optional basis however, those who joined the Bank from January 1, 2021 are enrolled automatically.

In both Pillars, the employee contributes at a rate of 11.1% (2020-11.1%) of the basic annual salary while the Bank and its Affiliates contribute 25.9% (2020-25.9%).

The main features of the SPP are:

- (i) Normal retirement age is the 62nd anniversary of the participant's birth
- (ii) On retirement, the eligible retired employee is entitled to 2.5% under the old staff retirement plan or 1% under the hybrid plan in the Define Benefit ("DB") component, of the Weighted Highest Average Remuneration ("WHAR")(as defined by the pension committee)(for each year of pensionable service and limited to a maximum of 30 hijri years
- (iii) 10% of Bank and its Affiliates contribution of 25.9%, and 5% of employees contribution of 11.1%, are used to fund the Define Cost ("DC") component of the hybrid plan. The accumulated fund and its investment returns will be paid as retirement lump sum benefits to the participants in the hybrid plan.
- (iv) Benefits payment upon early retirement, disability benefits, termination benefits, pre-retirement death or post retirement death benefits are also paid as determined by the Pension Committee

Staff Retirement Medical Plan (SRMP)

Effective 1st Muharram 1421H (corresponding to April 6, 2000), the Bank established the medical benefit scheme for retired employee via the BED resolution dated 18 Shawwal 1418H (corresponding to February 15, 1998). This was extended to eligible staff members of the Bank's Affiliates i.e. for SPP. The Bank and its Affiliates at rate 1% and the staff at a rate 0.5% of the basic salaries respectively fund the SRMP. The purpose of the SRMP is to pay a monthly amount to eligible retired employee towards their medical expenses

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The entitlements payable for each retired employee under the medical plan is computed according to the following formula:

WHAR (as defined by the pension committee) X contributory period (limited to a maximum of 30 hijri years) X 0.18%

Benefits payment upon early retirement, disability benefits, termination benefits, pre-retirement death or post retirement death benefits are also paid as determined by the pension committee.

Retirees Medical Solidarity Fund (RMSF)

In February 2019, the BED approved, establishment of the Retirees Medical Solidarity Fund (RMSF) which would provide new medical coverage benefits for IsDB Group staff future retirees. Under the proposal, active staff members who have at least 10 years of service period before their normal retirement age from January 1, 2019 will automatically fall under RMSF. Those staff members who do not meet the minimum service period threshold will be offered the option to join the new Fund.

The plan is to be funded jointly with contributions equal of 4% of the pensionable salary by the Bank and the active staff; and contribution by future retirees equal to 4% of their pension salary (before commutation).

Starting January 2021, the Bank's and Employees' contributions of the staff mapped under the new scheme have been transferred to RMSF.

Administration of SRPs

The Pension Committee appointed by the President of IsDB Group, administers SRPs as separate funds on behalf of its employees. The Pension Committee is responsible for the oversight of investment and actuarial activities of the SRPs. The SPP's assets are invested in accordance with the policies set out by the Pension Committee. The Bank and its affiliates underwrite the investment and actuarial risk of the SRPs and share the administrative expenses.

Risks

Investment risk

The present value of the SRPs' liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on SRPs' asset is below this rate, it will create a plan deficit. Currently the SRPs' have a relatively balanced investment in equity securities, debt instruments and real estate. Due to the long-term nature of the SRPs' liabilities, the administrator of SRPs' consider it appropriate that a reasonable portion of the SRPs' assets should be invested in equity securities and in real estate to leverage the return generated by the fund.

Discount rate

A decrease in the bond return rate will increase the SRPs' liability but this will be partially offset by an increase in the return on the SRPs' debt investments.

Longevity risk

The present value of the SRPs' liability is calculated by reference to the best estimate of the mortality of SRPs' participants both during and after their employment. An increase in the life expectancy of the SRPs' participants will increase the SRPs' liability.

Salary risk

The present value of the SRPs' liability is calculated by reference to the future salaries of SRPs' participants. As such, an increase in the salary of the SRPs' participants will increase the SRPs' liability.

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(a) The movement on plan assets and liabilities as follows:

	SRPP 2021	SRMP 2021	Total 2021	Total 2020
Fair value of plan assets as of January 1	34,563	1,816	36,379	35,713
Adjustment of fair value at beginning of the year	657	6	663	(482)
Income on Plan Assets	912	47	959	1,194
Return on Plan Assets less than discount rate	(1,736)	12	(1,724)	(2,327)
Plan participants contribution	991	70	1,061	1,033
Employer contribution	2,314	140	2,454	2,563
Disbursements from Plan Assets	(1,211)	(91)	(1,302)	(1,315)
Fair value of plan assets as of December 31	36,490	2,000	38,490	36,379
	SRPP 2021	SRMP 2021	Total 2021	Total 2020
Benefit obligation as of January 1	68,110	6,024	74,134	59,515
Current Service costs	3,441	324	3,765	2,953
Past service cost	-	-	-	327
Cost on Defined Benefit Obligation ("DBO")	1,760	155	1,915	1,949
Plan participants contributions	991	70	1,061	1,034
Disbursements from Plan Assets	(1,211)	(91)	(1,302)	(1,315)
Net actuarial (gain)/loss	(3,766)	(402)	(4,168)	9,671
Benefit obligation as of December 31	69,325	6,080	75,405	74,134
Funded status - net liability recognized in the statement of financial position representing excess of benefit obligation over fair value of plan assets	32,835	4,080	36,915	37,755

The above net liability mainly represents the cumulative actuarial losses resulting from the difference between the actual experience and the assumptions used in estimating the liability, which is recognized by the Corporation in the members' equity immediately in the year, it arises, if material.

(b) Based on the actuarial valuations, the pension and medical benefit expenses for the year 2021 comprised the following:

	SRPP 2021	SRMP 2021	Total 2021	Total 2020
Gross current service costs	3,441	324	3,765	2,953
Cost on DBO	1,760	155	1,915	1,949
Past service cost	-	-	-	327
Income on assets	(912)	(47)	(959)	(1,194)
Other adjustments	(657)	(6)	(663)	-
Cost recognized in statement of income	3,632	426	4,058	4,035
Actuarial gain due to change in assumptions	(3,766)	(402)	(4,168)	9,671
Return on plan assets greater than discount rate	1,736	(12)	1,724	2,328
Other adjustments	-	-	-	482
(Gain)/loss recognized in statement of changes in equity	(2,030)	(414)	(2,444)	12,481

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(c) Principal assumptions used in the actuarial valuations dated 31 December 2021 and extended as at end of the reporting period are as follows:

	SRPP	SRMP	SRPP	SRMP
	2021	2021	2020	2020
Discount rate	2.85%	2.85%	2.6%	2.6%
Rate of expected salary increase	6.5% - 4.5%	6.5% - 4.5%	4.5%	4.5%

The discount rate used in determining the benefit obligations is selected by reference to the long-term rates on AA rated Corporate Bonds. Rate of expected salaries increase for 2021 was based on age i.e., 20-35 years – 6.5%, 35-50 years – 5.0% and above 50 years – 4.5%.

The sensitivity of defined benefit obligation to changes in the weighted principal assumptions is as follows:

	SRPP		SRMP	
	+0.5%	-0.5%	+0.5%	-0.5%
Discount rate	(6,470)	7,498	(629)	734
Rate of expected salary increase	3,310	(3,220)	288	(266)

The following table presents the plan assets by major category:

	SRPP	SRMP	Total	Total
	2021	2021	2021	2020
Cash and cash equivalent and commodity placements	18,125	922	19,047	16,358
Managed funds and instalment sales	4,964	-	4,964	4,511
Investments in Sukuk	10,434	743	11,177	11,963
Land	2,967	-	2,967	3,247
Other (net)	1	335	336	300
Plan assets	36,491	2,000	38,491	36,379

The following table summarizes the expected funding status for the next year:

	SRPP	SRMP
Present value of defined benefit obligation	78,159	6,852
Fair value of plan assets	(39,433)	(1,928)
Plan deficit	38,726	4,924

SRPP

The expected employer contribution for year ended 31 December 2022 is USD 2,492 and expected costs to be recognized in profit or loss is USD 4,616.

SRMP

The expected employer contribution for year ended 31 December 2022 is USD 97 and expected costs to be recognized in profit or loss is USD 552.

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The amounts recognized in the pension and medical obligations reserve are as follows:

	<u>SRPP</u>	<u>SRMP</u>	<u>Total</u>	<u>Total</u>
	<u>2021</u>	<u>2021</u>	<u>2021</u>	<u>2020</u>
January 1	30,478	1,138	31,616	19,135
Effect of changes in demographic assumptions	(1,390)	(26)	(1,416)	-
Effect of changes in financial assumptions	(2,464)	(252)	(2,716)	10,239
Effect of experience adjustments	88	(124)	(36)	(568)
Return on plan assets greater than discount rate	1,738	(12)	1,726	2,328
Other adjustments	(2)	-	(2)	482
December 31	<u>28,448</u>	<u>724</u>	<u>29,172</u>	<u>31,616</u>

The expected maturity analysis is below:

	<u>SRPP</u>	<u>SRMP</u>
	<u>2021</u>	<u>2021</u>
Year 1	1,718	94
Year 2	2,947	114
Year 3	1,069	113
Year 4	1,437	117
Year 5	1,230	118
Next five years	<u>11,159</u>	<u>768</u>

14. PAID-UP CAPITAL

The capital of the Corporation at end of the reporting period comprised the following:

	<u>2021</u>	<u>2020</u>
Subscribed capital	857,690	857,190
Subscribed not yet called	(26,060)	(26,050)
Called-up share capital (Par Value)	831,630	831,140
Installment due	(86,034)	(85,970)
Paid-up Capital (Par Value)	<u>745,596</u>	<u>745,170</u>
Subscribed premium	42,936	42,593
Subscribed premium not yet called	(8,047)	(8,000)
	34,889	34,593
Installment due premium	(26,349)	(26,155)
Paid-up Capital (premium)	<u>8,540</u>	<u>8,438</u>
Paid-up Capital (Par Value Plus Premium)	<u>754,136</u>	<u>753,608</u>

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15. GENERAL RESERVE

In accordance with Article 27 of the Articles of Agreement of the Corporation, the General Assembly shall annually determine the dividends to be distributed only after the reserve reaches 25% of the subscribed capital.

In accordance with General Assembly's resolution no. GA16/5-442 adopted on September 4, 2021 during the 16th meeting of General Assembly, ITFC is required to allocate 6% of its net income but no less than USD 2 million annually and no more than USD 5 million annually for ITFC's trade development programs, initiatives, and other engagements for a period of next 5 years starting from 2020 net income. During the year, the Corporation has allocated USD 2 million for 2020 and USD 2 million for 2021 for this purpose.

16. OTHER ADMINISTRATIVE EXPENSES

	2021	2020
Consultancy and marketing	2,588	1,791
Office rent	1,575	1,577
Communication and membership	898	693
Travel expenses	378	233
Support services	715	585
Meeting expenses	754	518
Other expenses	1,300	265
	8,208	5,662

17. UNDISBURSED COMMITMENTS

Undisbursed commitments are trade finance operations which are declared effective, and for which customers can call on for disbursement at any point in time. The items making up these undisbursed commitments are:

- Operations declared effective but disbursement yet to commence; and
- The undisbursed portion of those operations under active disbursement including Letters of

Credit (L/Cs) issued, valid not yet drawn, unmatured Usance L/Cs and Standby L/Cs.

Undisbursed commitments comprised the following:

	2021	2020
Undisbursed commitments	296,057	539,433
LCs and standby obligations	106,416	35,263
	402,473	574,696

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18. MATURITY PROFILE

Financial assets and liabilities according to their respective maturity periods or expected periods to cash conversion is as following:

2021	Maturity period determined				Maturity period not determined	Total
	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years		
Assets						
Cash and cash equivalents	127,955	-	-	-	-	127,955
Commodity Murabaha placements (due from)	-	20,000	-	-	-	20,000
Wakala placements (due from)	-	25,000	-	-	-	25,000
Trade Murabaha financing	171,795	606,594	11,851	-	-	790,240
Investments in sukuk	-	10,077	166,066	145,369	-	321,512
Total financial assets	299,750	661,671	177,917	145,369	-	1,284,707
Liabilities						
Due to related parties	3,495	-	-	-	-	3,495
Commodity Murabaha payable	90,313	133,378	-	-	-	223,691
Total financial liabilities	93,808	133,378	-	-	-	227,186
Undisbursed commitments (note 17)	-	307,992	94,481	-	-	402,473
2020						
2020	Maturity period determined				Maturity period not determined	Total
	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years		
Assets						
Cash and cash equivalents	197,398	-	-	-	-	197,398
Commodity Murabaha placements (due from)	-	10,000	-	-	-	10,000
Wakala placements (due from)	-	10,000	-	-	-	10,000
Trade Murabaha financing	359,880	402,784	-	-	-	762,664
Investments in sukuk	-	-	111,555	43,101	-	154,656
Total financial assets	557,278	422,784	111,555	43,101	-	1,134,718
Liabilities						
Due to related parties	2,419	-	-	-	-	2,419
Commodity Murabaha payable	-	115,227	-	-	-	115,227
Total financial liabilities	2,419	115,227	-	-	-	117,646
Undisbursed commitments (note 17)	130,394	441,302	3,000	-	-	574,696

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19. NET ASSETS IN FOREIGN CURRENCIES

	2021	2020
Saudi Riyal	2,118	1,596
Euro	4,185	5,422
AED	9	46

20. CONCENTRATION OF FINANCIAL ASSETS

The geographical distribution of net financial assets are as follows:

2021	Cash and cash equivalents	Commodity Murabaha placements (due from)	Wakala placements (due from)	Trade Murabaha financing	Investments in Sukuk	Total
Bangladesh	-	-	-	116,988	-	116,988
Belgium	76	-	-	-	-	76
Benin	-	-	-	24,324	-	24,324
Cameroon	-	-	-	6,700	-	6,700
Comoros	-	-	-	5,843	-	5,843
Djibouti	-	-	-	13,129	-	13,129
Egypt	-	-	-	195,873	-	195,873
Gambia	-	-	-	13,409	-	13,409
Hong Kong	-	-	-	-	10,706	10,706
Indonesia	114	-	-	15,218	30,429	45,761
Kyrgyzstan	-	-	-	366	-	366
Kuwait	20,000	-	10,000	-	24,771	54,771
Malaysia	-	-	-	-	25,243	25,243
Maldives	-	-	-	32,635	-	32,635
Mali	-	-	-	25,957	-	25,957
Mauritania	-	-	-	21,551	-	21,551
Morocco	-	-	-	5,511	-	5,511
Pakistan	-	-	-	154,955	-	154,955
Qatar	11,984	20,000	-	-	39,392	71,376
Supranational	-	-	-	-	20,300	20,300
Saudi Arabia	15,899	-	-	-	89,717	105,616
Senegal	-	-	-	43,565	-	43,565
Suriname	-	-	-	4,021	-	4,021
Tajikistan	-	-	-	21,070	-	21,070
Togo	-	-	-	13,007	-	13,007
Tunisia	-	-	-	51,360	-	51,360
UAE	9	-	15,000	-	80,954	95,963
United Kingdom	79,873	-	-	-	-	79,873
Uzbekistan	-	-	-	24,758	-	24,758
TOTAL	127,955	20,000	25,000	790,240	321,512	1,284,707

THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

(Expressed in Thousands of US Dollars unless otherwise stated)

2020	Cash and cash equivalents	Commodity Murabaha placements (due from)	Wakala placements (due from)	Trade Murabaha financing	Investments in Sukuk	Total
Bangladesh	-	-	-	181,376	-	181,376
Belgium	712	-	-	-	-	712
Burkina Faso	-	-	-	9,956	-	9,956
Comoros	-	-	-	6,047	-	6,047
Djibouti	-	-	-	2,746	-	2,746
Egypt	-	-	-	222,532	-	222,532
Gambia	-	-	-	6,928	-	6,928
Hong Kong	-	-	-	-	10,940	10,940
Indonesia	481	-	-	5,797	-	6,278
Kyrgyzstan	-	-	-	207	-	207
Kuwait	45,000	10,000	-	-	5,184	60,184
Maldives	-	-	-	21,373	-	21,373
Mali	-	-	-	20,110	-	20,110
Mauritania	-	-	-	17,255	-	17,255
Morocco	-	-	-	11,843	-	11,843
Pakistan	-	-	-	58,449	-	58,449
Qatar	50,000	-	10,000	-	23,329	83,329
Regional	-	-	-	25,291	-	25,291
Supranational	-	-	-	-	31,392	31,392
Saudi Arabia	1,596	-	-	-	37,247	38,843
Senegal	-	-	-	34,813	-	34,813
Suriname	-	-	-	4,256	-	4,256
Tajikistan	-	-	-	4,119	-	4,119
Togo	-	-	-	27,853	-	27,853
Tunisia	-	-	-	70,338	-	70,338
UAE	10,046	-	-	-	46,564	56,610
United Kingdom	89,563	-	-	-	-	89,563
Uzbekistan	-	-	-	31,375	-	31,375
TOTAL	197,398	10,000	10,000	762,664	154,656	1,134,718

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

21. RISK MANAGEMENT

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

a) Credit risk

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

THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

(Expressed in Thousands of US Dollars unless otherwise stated)

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

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

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

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

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

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

b) Market risks

The Corporation is exposed to following market risks:

i) Currency risk

Currency risk arises from the possibility that changes in foreign exchange rates will affect the value of the financial assets and liabilities denominated in foreign currencies. The Corporation does not hedge its currency exposure by means of hedging instruments. The Corporation monitors the composition of its assets and liabilities and adjusts balances regularly to limit its exposure to fluctuations in foreign exchange rates. A significant portion of the Corporation's financing operations are USD-denominated, the same currency in which the Corporation resources - i.e., equity is denominated. Financing in other than the functional currency is funded through external partners. The Corporation does not trade in currencies.

THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

(Expressed in Thousands of US Dollars unless otherwise stated)

ii) Liquidity risk

Liquidity risk is the risk that the Corporation will be unable to meet its net funding requirements. To guard against this risk, the Corporation adopts a conservative approach by maintaining high liquidity levels through investment in cash, cash equivalents, placements through banks and trade Murabaha financing with short-term maturity of three to twelve months. The liquidity profile of the Corporation's assets and liabilities has been presented in note 19.

iii) Mark-up risk

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

The sensitivity analysis has been determined based on the exposure to profit rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50-basis point change is used when reporting profit rate risk internally to key management personnel and represents management's assessment of the possible change in profit rates.

c) Shari'ah non-compliance risks

The Corporation attaches value in safeguarding its operations from Shari'ah non-compliance risk (SNCR) which is considered a part of operating risks. Shari'ah compliance forms an integral part of ITFC's purpose in line with its Articles of Agreement. Consequently, the Corporation effectively manage SNCRs through robust framework of procedures and policies. The business or risk-taking unit embeds a culture of Shari'ah compliance within its procedures, as the 1st line of defense, while the Shari'ah Compliance function of IsDB Group serves as the 2nd line of defense to strategically manage and monitor SNCRs pre-execution of transactions/operations. The IsDB Group Internal Shari'ah Audit function provides independent reasonable assurance as the 3rd line of defense post-execution of transactions/operations adopting a risk based internal Shari'ah audit methodology.

d) Fair values of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of operational assets are not significantly different from the carrying values included in the financial statements.

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

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

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

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
December 31, 2021			
Investments in Sukuk	321,512	-	-
December 31, 2020			
Investments in Sukuk	154,656	-	-

There were no transfers between the levels during the current and previous year.

THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

(Expressed in Thousands of US Dollars unless otherwise stated)

22. SEGMENT INFORMATION

The Board of Directors approves the global allocation of resources for the different development activities of the Corporation. In order to ensure sufficient resources to enable it to meet its developmental objectives, the Corporation actively engages in treasury and liquidity management. Development initiatives are undertaken through a number of Islamic finance products as disclosed on the face of the Statement of Financial Position which are financed centrally through the Corporation's capital. Management has not identified separate operating segments within the definition of FAS 22 "Segment Reporting" since the Board of Directors monitors the performance and financial position of the Corporation as a whole, without distinguishing between the developmental activities and the ancillary supporting liquidity management activities or geographical distribution of its development programs. Further, the internal reports furnished to the Board of Directors do not present discrete financial information with respect to the Corporation's performance to the extent envisaged in FAS 22. The geographical distribution of the Corporation's financial assets is set out in note 21.

23. COMPARATIVE FIGURES

During the year ended December 31, 2021, certain prior year amounts have been reclassified to conform with the presentation in the current year.

24. OFF-BALANCE SHEET ASSETS UNDER MANAGEMENT

The Corporation manages three categories of investment accounts/assets under management

1. Receivable from syndicate members is Mudaraba based partnership. Mudaraba based investments that do not provide authority over decisions with regards to the use of deployment of the funds received by the Corporation and these are treated as quasi-equity of investment accountholders. These include the Mudaraba based syndication with external and related parties to provide trade Murabaha financing to the customers. The Corporation agrees a fixed profit rate ranging from 1% - 15% (2020: 1%-15%) with the investment account holders presented as Mudarib share of profit in the statement of income.

The balance payable to related parties under the syndication is USD 376.1 million (2020: 500.2 million)

2. The Corporation has a Wakala based arrangements with Saudi Export-Import Bank ("Saudi EXIM Bank") in which it provides investment management services to Saudi EXIM Bank and acts as its agent. The Corporation is not exposed to any variable returns on the investment of these funds and accordingly, does not control these funds. Therefore, the Corporation does not recognize these funds on its statement of financial position. During the year, the Corporation earned USD 1.13 M (2020: USD 1.12 M) as variable and fixed investment agent remuneration. The remuneration is agreed through the Framework Agreement between the Corporation and Saudi EXIM Bank.
3. The Corporation has also received funds of USD 11.7 M under Wakala based arrangement from a related party. The Corporation has invested these funds in trade Murabaha financing and acts as its agent. The Corporation is not exposed to any variable returns on the investment of these funds and accordingly, does not control these funds. Therefore, the Corporation does not recognize these funds on its statement of financial position.

25. LIBOR TRANSITION

ITFC established the LIBOR Transition Taskforce in 2020 and participated with the IsDB's cross-functional team responsible for devising the Libor transition strategy. ITFC Libor Transition Team undertook a detailed assessment of risks stemming from the Libor transition and developed a detailed action plan to preempt any potential adverse effect. The main deliverables achieved as of end-2021 are listed below:

1. Formulation of a "Libor fallback" clause combined with an in-depth analysis of active agreements signed with counterparties.
2. Adoption of the CME Term SOFR as the preferred replacement rate to Libor by leveraging on the clearance provided to IsDB by the Shariah Technical Committee.
3. Assessment of the implications of the change of benchmark on existing financial products/instruments, pricing strategy, and IT systems.
4. Launch of an internal and external corporate communication campaign on awareness of Libor demise.

The Corporate's decision to select the CME Term SOFR accounts also for similarities to the Libor rate implying minimal operational impact.

26. AUTHORIZATION OF FINANCIAL STATEMENTS

The financial statements were authorized for issue by the Corporation's Board of Directors on April 19, 2022 (corresponding to 18 Ramadan, 1443H) for submission to members of the General Assembly for the approval.

06



APPENDICES

Appendix 1

CORPORATE PROFILE OF THE ISLAMIC DEVELOPMENT BANK



ESTABLISHMENT

The Islamic Development Bank (IsDB) is a Multilateral Development Bank established pursuant to Articles of Agreement signed in the city of Jeddah, Kingdom of Saudi Arabia, on 21 Rajab 1394H, corresponding to 12 August 1974. The Inaugural Meeting of the Board of Governors took place in Rajab 1395H (July 1975), and the IsDB formally began operations on 15 Shawwal 1395H (20 October 1975).

VISION

The Islamic Development Bank strives to become a world-class development bank, inspired by Islamic principles, that helps to significantly transform the landscape of comprehensive human development in the Muslim world and to restore its dignity.

MISSION

To promote comprehensive human development, with a focus on the priority areas of alleviating poverty, improving health, promoting education, improving governance and bringing prosperity to the people.

MEMBERSHIP

The IsDB has 57 member countries across various regions. The prime conditions for membership are that the prospective country should be a member of the Organisation of Islamic Cooperation (OIC), that it pays the first instalment of its minimum subscription to the Capital Stock of the IsDB, and that it accepts any terms and conditions that may be decided upon by the Board of Governors.

CAPITAL

At its 45th Annual Meeting, the IsDB's Board of Governors approved (via circulation) the 6th General Capital Increase of ID5.5 billion. As at the end of 2021, the subscribed capital of the IsDB stood at ID50.6 billion.

ISLAMIC DEVELOPMENT BANK GROUP

The IsDB Group comprises five entities. The Islamic Development Bank (IsDB), the Islamic Development Bank Institute (IsDBI), the Islamic Corporation for the Development of the Private Sector (ICD), the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC), and the International Islamic Trade Finance Corporation (ITFC).

HEAD QUARTER AND REGIONAL HUBS

The IsDB is headquartered in Jeddah, the Kingdom of Saudi Arabia, and has 10 Regional Hubs in Abuja, Nigeria; Almaty, Kazakhstan; Ankara, Turkey; Cairo, Egypt; Dakar, Senegal; Dhaka, Bangladesh; Jakarta, Indonesia; Kampala, Uganda; Paramaribo, Suriname; and Rabat, Morocco with a Centre of Excellence in Kuala Lumpur, Malaysia.

FINANCIAL YEAR

The IsDB's financial year used to be the lunar Hijra Year (H). However, on 1st January 2016, the financial year was changed to the Solar Hijra year starting from 11th of Capricorn (corresponding to 1st January) and ending on 10th Capricorn (corresponding to 31st December of every year).

ACCOUNTING UNIT

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

LANGUAGE

The official language of the IsDB is Arabic, but English and French are also used as working languages.



Islamic Development Bank Institute (ISDBI)

The Islamic Development Bank Institute (ISDBI), previously known as IRTI, is the knowledge beacon of the Islamic Development Bank Group. Guided by the principles of Islamic economics and finance, the ISDBI is mandated to lead the development of innovative knowledge-based solutions to support the sustainable economic advancement of the 57 ISDB Member Countries and various Muslim communities worldwide. www.isdbinstitute.org



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

The ICIEC was established in 1415H (1994) by the Islamic Development Bank (ISDB) and Member Countries of the Organization of Islamic Cooperation (OIC) as an independent entity within ISDB Group. Its mandate is to: (i) help increase the scope of trade transactions of Member Countries; (ii) facilitate flow of foreign direct investments into Member Countries; and (iii) provide reinsurance facilities to Export Credit Agencies in Member Countries. ICIEC fulfils these objectives by providing appropriate Islamic Shariah-compliant credit and country-risk insurance and reinsurance instruments. www.iciec.isdb.org



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

ICD was established in 1420H (1999) as an independent entity within ISDB Group and has been operational since 6 Rabi Thani 1421H (8 July 2000). The mission of ICD is to complement the role played by ISDB 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-ps.org

Appendix 2

ITFC Shareholders' Information

ITFC, International Islamic Trade Finance Corporation

Subscribed, Called-up, and Paid-up Capital As of 31/12/2021 (Sorted by Paid-up)

Sr. No.	Member	Number of Shares					
		Subscribed	Percent of Subscribed	Called-up	Percent of Called-up	Paid-up	Percent of Paid-up
1	Islamic Development Bank	26,637	31.06%	26,637	32.03%	26,637	35.73%
2	Saudi Arabia	14,557	16.97%	12,000	14.43%	12,000	16.09%
3	Saudi Fund for Development, Saudi Arabia	6,065	7.07%	6,065	7.29%	6,065	8.13%
4	Kuwait	4,821	5.62%	4,821	5.80%	4,821	6.47%
5	Republic of Turkey	3,536	4.12%	3,536	4.25%	3,536	4.74%
6	Public Investments Fund, Saudi Arabia	3,000	3.50%	3,000	3.61%	3,000	4.02%
7	Malaysia	2,898	3.38%	2,898	3.48%	2,898	3.89%
8	Export Development Bank, Iran	2,500	2.91%	2,500	3.01%	2,486	3.33%
9	Egypt	1,513	1.76%	1,513	1.82%	1,513	2.03%
10	Nigeria	1,000	1.17%	1,000	1.20%	1,000	1.34%
11	Qatar	1,000	1.17%	1,000	1.20%	1,000	1.34%
12	Iraq	850	0.99%	850	1.02%	850	1.14%
13	Pakistan	843	0.98%	843	1.01%	843	1.13%
14	Albaraka Islamic Bank, Bahrain	818	0.95%	818	0.98%	818	1.10%
15	Faisal Islamic Bank of Egypt, Egypt	718	0.84%	718	0.86%	718	0.96%
16	Algeria	608	0.71%	608	0.73%	608	0.82%
17	Brunei Darussalam	582	0.68%	582	0.70%	582	0.78%
18	Tunisia	560	0.65%	560	0.67%	560	0.75%
19	Morocco	510	0.59%	510	0.61%	510	0.68%
20	Bank Mellat, Iran	500	0.58%	500	0.60%	500	0.67%
21	Indonesia	206	0.24%	206	0.25%	206	0.28%
22	Bangladesh	202	0.24%	202	0.24%	202	0.27%
23	Iran	8,692	10.13%	8,692	10.45%	192	0.26%
24	Bahrain	185	0.22%	185	0.22%	185	0.25%
25	Syria	185	0.22%	185	0.22%	185	0.25%
26	Palestine	184	0.21%	184	0.22%	184	0.25%
27	UAE	184	0.21%	184	0.22%	184	0.25%
28	Albaraka Investment Company, London	161	0.19%	161	0.19%	161	0.22%
29	Libya	139	0.16%	139	0.17%	139	0.19%
30	Jordan	130	0.15%	130	0.16%	130	0.17%
31	Jordan Islamic Bank	118	0.14%	118	0.14%	118	0.16%
32	Bank Keshavarzi, Iran	100	0.12%	100	0.12%	100	0.13%
33	EN Bank, Iran	100	0.12%	100	0.12%	100	0.13%
34	Mauritania	100	0.12%	100	0.12%	100	0.13%
35	Bank Melli, Iran	100	0.12%	100	0.12%	100	0.13%
36	Bank of Industry and Mine, Iran	100	0.12%	100	0.12%	100	0.13%
37	Yemen	100	0.12%	100	0.12%	99	0.13%
38	Cote D'Ivoire	85	0.10%	85	0.10%	85	0.11%
39	Sudan	93	0.11%	77	0.09%	77	0.10%
40	Burkina Faso	75	0.09%	75	0.09%	75	0.10%
41	Somalia	72	0.08%	72	0.09%	72	0.10%
42	Albaraka Turk Katilim Bankasi A.S. (Albaraka Turk Participation Bank)	69	0.08%	69	0.08%	69	0.09%
43	Lebanon	61	0.07%	61	0.07%	61	0.08%
44	Mozambique	60	0.07%	60	0.07%	60	0.08%
45	Bank Al baraka, Tunis	53	0.06%	53	0.06%	53	0.07%
46	Azerbaijan	50	0.06%	50	0.06%	50	0.07%
47	Bank Tejarat, Iran	50	0.06%	50	0.06%	50	0.07%
48	Benin	50	0.06%	50	0.06%	50	0.07%
49	Djibouti	50	0.06%	50	0.06%	50	0.07%
50	Gambia	50	0.06%	50	0.06%	50	0.07%
51	Uzbekistan	50	0.06%	50	0.06%	50	0.07%
52	Uganda	49	0.06%	49	0.06%	49	0.07%
53	Senegal	48	0.06%	48	0.06%	48	0.06%
54	Suriname	50	0.06%	50	0.06%	33	0.04%
55	Kyrgyzstan	50	0.06%	50	0.06%	28	0.04%
56	Nile Bank for Commerce & Dev. - Sudan	26	0.03%	26	0.03%	26	0.03%
57	Sudanese Islamic Bank, Sudan	26	0.03%	26	0.03%	26	0.03%
58	Tadamon Islamic Bank, Sudan	26	0.03%	26	0.03%	26	0.03%
59	Gabon	22	0.03%	22	0.03%	22	0.03%
60	Tajikistan	50	0.06%	17	0.02%	17	0.02%
61	Cameroon	2	0.00%	2	0.00%	2	0.00%
62	Niger	50	0.06%	50	0.06%	-	0.00%
Total		85,769	100%	83,163	100%	74,560	100%

Appendix 3

Governance, Legal and Risk Management



RISK MANAGEMENT

ITFC pursues its efforts to enhance and modernize risk management practices to further ensure the Corporation's ability to effectively address increasing credit, market, and operational challenges and cope with the requirements of Strategy 2.0. In this context, the design of the roadmap for the implementation ITFC's Enterprise Risk Management (ERM) has been initiated in 2021

With core risk management policies and systems already in place, the focus of the Corporation is to further strengthen the risk management framework through its three pillars (working documents, systems & measurement tools, and people) and across the three main risk clusters (Credit, Market, and Operational risks) while consolidating the already adequate risk culture. It is in this context that Moody's reaffirmed in December 2021, ITFC's rating of A1 (Stable outlook) indicating that the rating is supported by ITFC's 'very strong capital position, robust ratio of liquid assets to net cash outflows and high strength of member support'.

For the effective implementation of the risk management framework at the corporate level, responsibilities are assigned at supervisory, management and department levels, which are described below.

At Supervisory Level

(Board of Directors and Audit Committee¹ of the Board)

The Board provides strategic direction for effective risk management and has the ultimate responsibility for managing all material risks that ITFC may be exposed to and ensuring that the required resources, systems, practices, and culture are in place to address such risks. In discharging these responsibilities, the Board has established the Audit Committee of the Board. The Audit Committee supervises most of the functions of risk management on behalf of the Board.

At Management Level

(Management Committee, Risk Management Committee, Credit Committee, Assets & Liabilities Committee and Portfolio Assessment Committee)

The Management Committee and Risk Management Committee focus on corporate-wide risk-related issues in terms of policy and risk infrastructure. Credit Committee and Portfolio Assessment Committee are responsible for credit risk at transactions level. On the other hand, the Assets & Liabilities Committee (ALCO) focuses on liquidity and market risk related matters.

At Department Level

(Business Functions/Owners of Risk, Support Functions, Control Functions, & Compliance)

Risk Management Division (RMD)

For effective implementation of the risk management framework, a dedicated Risk Management Division reporting to the Chief Risk Officer (CRO) operates within ITFC and focuses on credit, market, operational and other risks. The RMD is independent of business and support functions.

COMPLIANCE

The Objectives of the compliance function is to put measures in place to identify and mitigate compliance risk, safeguarding ITFC from regulatory sanctions, financial and reputational loss. ITFC's Compliance function implements a risk-based AML Compliance Program ("AML Program") designed to comply with international standards on AML and the laws and regulations of OIC Member Countries where appropriate. Besides adopting various technology and software of reference and developing various policies, the compliance function conducts numerous in-person training and awareness sessions across the corporation and a corporate-wide mandatory e-learning program with testing and certification.

The Corporation intends to ensure the deepening of the institution building in terms of compliance risk management and further instill the compliance culture.

For the effective implementation of the compliance framework at corporate level, responsibilities are assigned at supervisory, management and department levels, which are described below.

At Supervisory Level

(Board of Directors and Audit Committee² of the Board)

At Management Level

(Compliance Acceptance Committee)

At Department Level

(Business Functions/Owners of Risk, Support Functions, Control Functions, & Compliance)

Compliance function

For effective implementation of the compliance framework, a dedicated compliance function reporting to the Chief Risk Officer (CRO) operates within ITFC.

INTERNAL AUDIT OFFICE

The Internal Audit Office (IAO) provides independent, objective, and insightful risk-based assurance and advice to protect and enhance the value of ITFC. IAO functionally reports to the Audit Committee and provides senior management and the Board with an independent view and reasonable assurance that, on a sample basis, processes for managing and controlling risks, as well as their overall governance, are adequately designed and functioning effectively. Any control gaps noted are reported to the management and Audit Committee and steps are agreed to make necessary improvements. The IAO delivers risk-based audits, as well as advisory reviews, which cover operational and corporate functions. The IAO's work is carried out in accordance with the Institute of Internal Auditors' International Professional Practices Framework. The IAO focuses on institutional and stakeholder priorities and significant risks and delivers engagements in line with the available resources and an Internal Audit Plan approved by the Board Audit Committee.

^{1,2} The "Audit Committee of the Board" has been renamed "Audit, Risk & Compliance Committee" in February 2022.

Appendix 4

2021 TRADE FINANCE APPROVALS FOR LDMCs

(US\$ million)



Bangladesh

677



Burkina Faso

262



Comoros

57



Djibouti

80



Gambia

31



Guinea

5



Mali

115



Mauritania

70



Senegal

207



Togo

10

Total LDMCs: 1,514

Total Approvals: 6,525

% of Total: 23%

Appendix 5

2021 Trade Finance Approvals by Sector

(US\$ million)



Energy Sector

2021 Actual

3,963 (61%)

2020 Actual

3,146 (67%)



Food & Agriculture

2021 Actual

1,778 (27%)

2020 Actual

721 (15%)



Financial Sector

2021 Actual

663 (10%)

2020 Actual

427 (9%)



Health Sector

2021 Actual

105 (2%)

2020 Actual

- (-%)



Other Sectors

2021 Actual

16 (0.23%)

2020 Actual

428 (9%)

6,525

Total Approvals (2021 Actual)

4,723

Total Approvals (2020 Actual)

Appendix 6

Awards



Global Banking & Finance Awards:

- Trade Finance CEO of the Year Saudi Arabia 2021
 - Islamic Trade Finance CEO of the Year Middle East at the 2021
-



Global Islamic Finance Awards:

Best Islamic Trade Finance Institution Award 2021



Islamic Finance News (IFN):

Republic of Benin's EUR20 million financing from ITFC



Appendix 7

LIST OF OIC MEMBER COUNTRIES RECOVERY STATUS OF THE PANDEMIC (2020-2022) (SESRIC 2021)

39 OIC countries that experienced a negative economic growth rate in 2020

Mozambique
Pakistan
Chad
Djibouti
Somalia
Nigeria
Jordan
Mali
Indonesia
Uganda
Mauritania
Sierra Leone
Guinea-Bissau
Kazakhstan
Cameroon
Albania
Comoros
Gabon
Qatar
Saudi Arabia
Afghanistan
Bahrain
Malaysia
Oman
Morocco
Kyrgyzstan
Palestine
Sudan
Azerbaijan
Yemen
UAE
Algeria
Kuwait
Tunisia
Iraq
Suriname
Maldives
Libya
Lebanon

16 OIC countries expected to at least return to the pre-pandemic output level in 2021

Mozambique
Pakistan
Chad
Djibouti
Somalia
Nigeria
Jordan
Mali
Indonesia
Uganda
Mauritania
Sierra Leone
Guinea-Bissau
Kazakhstan
Cameroon
Albania

11 countries in 2022 requiring a longer time to recover

Comoros
Gabon
Qatar
Saudi Arabia
Afghanistan
Bahrain
Malaysia
Oman
Morocco
Kyrgyzstan
Palestine

31 of the OIC countries not expected to see the pre-pandemic income levels by the end of 2022

Mauritania
Uganda
Pakistan
Jordan
Mali
Gabon
Mozambique
Morocco
Guinea-Bissau
Sierra Leone
Cameroon
Saudi Arabia
Afghanistan
Azerbaijan
Somalia
Kyrgyz Republic
Nigeria
Libya
Bahrain
Chad
Comoros
Tunisia
Algeria
Palestine
United Arab Emirates
Yemen
Sudan
Kuwait
Iraq
Maldives
Suriname

Appendix 8

ACRONYMS & ABBREVIATIONS

AATB	ARAB AFRICA TRADE BRIDGES	ICIEC	THE ISLAMIC CORPORATION FOR THE INSURANCE OF INVESTMENT AND EXPORT CREDIT
AFCFTA	THE AFRICAN CONTINENTAL FREE TRADE AREA	ICT	INFORMATION AND COMMUNICATION TECHNOLOGY
AFEM	ASSOCIATION DES FEMMES CHEFFES D'ENTREPRISES DU MAROC	ID	ISLAMIC DINAR
AFTIAS	AID FOR TRADE INITIATIVE FOR ARAB STATES	IFN	ISLAMIC FINANCE NEWS
ALCO	ASSETS & LIABILITIES COMMITTEE	IFRS	INTERNATIONAL FINANCIAL REPORTING STANDARDS
AMDIE	AGENCE MAROCAINE DE DÉVELOPPEMENT DES INVESTISSEMENTS ET DES EXPORTATIONS	ILO	INTERNATIONAL LABOUR ORGANIZATION
AML	ANTI- MONEY LAUNDERING	IMF	INTERNATIONAL MONETARY FUND
ANSS	NATIONAL SANITARY SAFETY AGENCY	IPD	INSTITUT PASTEUR DE DAKAR
AOAD	ARAB ORGANISATION FOR AGRICULTURAL DEVELOPMENT	ISDB	ISLAMIC DEVELOPMENT BANK
ARSO	AFRICAN ORGANISATION FOR STANDARDISATION	ISDBI	THE ISLAMIC DEVELOPMENT BANK INSTITUTE
ASMEX	ASSOCIATION MAROCAINE DES EXPORTATEURS	ITC	INTERNATIONAL TRADE CENTRE
ASMR	THE AGENCY ON STATE MATERIAL RESERVES - TAJIKISTAN	ITFC	INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION
AU	AFRICAN UNION	LAS	LEAGUE OF ARAB STATES
AVATT	AFRICAN UNION'S COVID-19 VACCINE ACQUISITION TASK TEAM	LC	LETTER OF CREDIT
BADEA	ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA	LDC	LEAST DEVELOPED COUNTRY
BCEAO	THE CENTRAL BANK OF WEST AFRICAN STATES	LDMC	LEAST DEVELOPED MEMBER COUNTRY
BPC	BANGLADESH PETROLEUM CORPORATION	MC	MEMBER COUNTRY
CBDC	CENTRAL BANK DIGITAL CURRENCIES	MDB	MULTILATERAL DEVELOPMENT BANK
CEO	CHIEF EXECUTIVE OFFICER	MLA	MANDATED LEAD ARRANGER
CFO	CHIEF FINANCIAL OFFICER	MT	MASTER TRAINERS
CIS	COMMONWEALTH OF INDEPENDENT STATES	OCP	OFFICE CHÉRIFIEN DES PHOSPHATES
CNTE	CENTRE NATIONAL DES TECHNOLOGIES EN EDUCATION	OIC	ORGANIZATION OF ISLAMIC COOPERATION
COVAX	COVID-19 VACCINES GLOBAL ACCESS	OIF	ORGANISATION INTERNATIONALE DE LA FRANCOPHONIE
CRO	CHIEF RISK OFFICER	PAC	THE AUTONOMOUS PORT OF COTONOU
DER	THE DÉLÉGATION GÉNÉRALE À L'ENTREPRENARIAT RAPIDE	RMD	RISK MANAGEMENT DIVISION
DFI	DEVELOPMENT FINANCIAL INSTITUTIONS	RRI	ITFC'S RAPID RESPONSE INITIATIVE
EBL	EASTERN BANK LIMITED	RRP	ITFC'S RECOVERY RESPONSE PROGRAM
EDA	EXPORT DEVELOPMENT AUTHORITY	SBEE	THE BENINESE ELECTRICITY COMPANY
EDC	ENTREPRENEURIAL DEVELOPMENT COMMITTEE	SCOPI	SUSTAINABLE COFFEE PLATFORM OF INDONESIA
EIF	ENHANCED INTEGRATED FRAMEWORK	SDG	SUSTAINABLE DEVELOPMENT GOAL
ERM	ENTERPRISE RISK MANAGEMENT	SDR	SPECIAL DRAWING RIGHT
EUR	EURO	SESRIC	STATISTICAL, ECONOMIC AND SOCIAL RESEARCH AND TRAINING CENTRE FOR ISLAMIC COUNTRIES
FENAGRI	FÉDÉRATION NATIONALE DE L'AGROALIMENTAIRE	SIHD	THE INTERNATIONAL HYDROCARBON COMPANY OF DJIBOUTI
FI	FINANCIAL INSTITUTION	SLA	SERVICE LEVEL AGREEMENT
FTTC	EGYPTIAN FOREIGN TRADE TRAINING CENTER	SME	SMALL AND MEDIUM-SIZED ENTERPRISES
GAAP	GENERALLY ACCEPTED ACCOUNTING PRINCIPLES	SPRP	ISDB STRATEGIC PREPAREDNESS AND RESPONSE PACKAGE
GASC	GENERAL AUTHORITY OF SUPPLY COMMODITIES	STC-TIM	SPECIALIZED TECHNICAL COMMITTEE FOR TRADE, INDUSTRY, AND MINERALS
GCC	GULF COOPERATION COUNCIL	STIR	TUNISIAN COMPANY OF REFINING INDUSTRIES
GDP	GROSS DOMESTIC PRODUCT	TA	TECHNICAL ASSISTANCE
GECM	GROUP EXECUTIVE COMMITTEE MEETING	TCC	TECHNICAL COORDINATION COMMITTEE
GNI	GROSS NATIONAL INCOME	TDFD	THE TRADE DEVELOPMENT FUND
GSFT	ISDB GROUP SYNERGY FACILITATION TEAM	TFO	TRADE FACILITATION OFFICE
GVC	GLOBAL VALUE CHAINS	TRTA	TRADE RELATED TECHNICAL ASSISTANCE
HLC	ISDB'S HIGH-LEVEL COMMITTEE	UAE	UNITED ARAB EMIRATES
IAO	THE INTERNAL AUDIT OFFICE	UN	UNITED NATIONS
IATF	INTRA AFRICAN TRADE FAIR	UNCTAD	UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT
ICC	INTERNATIONAL CHAMBER OF COMMERCE	UNECA	UNITED NATIONS ECONOMIC COMMISSION FOR AFRICA
ICD	THE ISLAMIC CORPORATION FOR THE DEVELOPMENT OF THE PRIVATE SECTOR	UNIDO	UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION
ICEDP	INDONESIAN COFFEE EXPORT DEVELOPMENT PROGRAM	WA	WEST AFRICA
ICF	EGYPT INTERNATIONAL COOPERATION FORUM	WG	WORKING GROUP