



Islamic Development Bank (IsDB)

Investor Presentation

March 2021



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Mission Statement



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

Agenda

I. Overview of IsDB Group

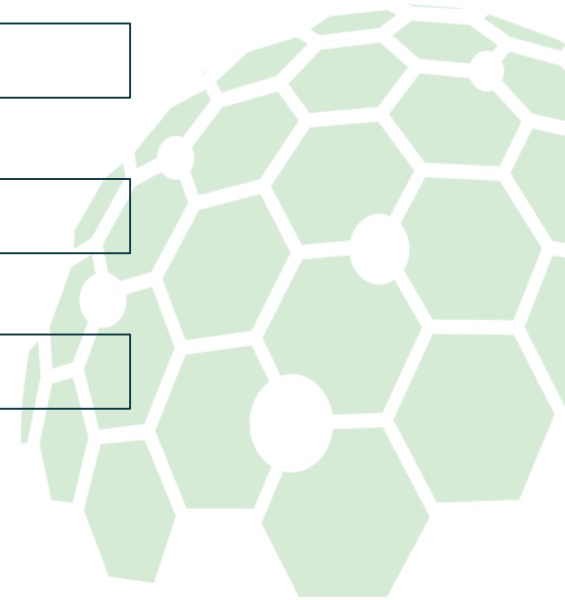
II. Financial Profile of IsDB

III. IsDB Sustainable Finance Framework

IV. IsDB in the Capital Markets

V. Key Offering Terms & Investment Highlights

Appendix



Overview of Islamic Development Bank

Foster the economic development and social progress of member countries in a commercially viable manner

Overview

- Established in 1974 and headquartered in Jeddah, the Kingdom of Saudi Arabia
- Currently 57 member countries from the Middle East, Africa, the Asia-Pacific region, South Asia, Europe and South America
- Regional hubs in Morocco, Malaysia, Kazakhstan, Senegal, Turkey, Indonesia, Nigeria and Bangladesh and new openings expected in Egypt, Suriname, UAE and Uganda in addition to field representatives in several member countries
- All financial transactions are in compliance with Islamic law (Shariah)

Key Financial Indicators

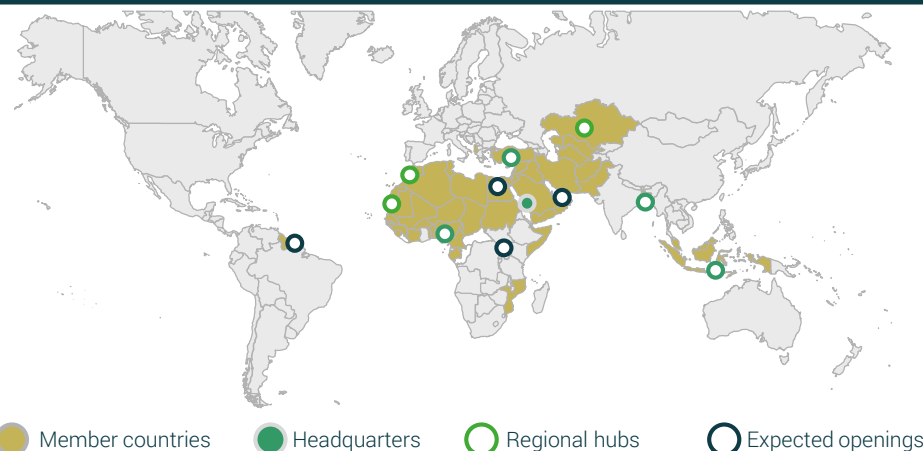
As of Year-End 2019

Ratings (Moody's / S&P / Fitch)	Aaa / AAA / AAA
Total Assets (US\$, bn)	32.6
Subscribed Share Capital (US\$, bn)	69.5
Paid-up Capital (US\$, bn)	8.0
Debt / Equity ¹	156.2%
Assets / Total Liabilities ¹	162.5%
Liquid Assets / Total Liabilities ¹	50.6%

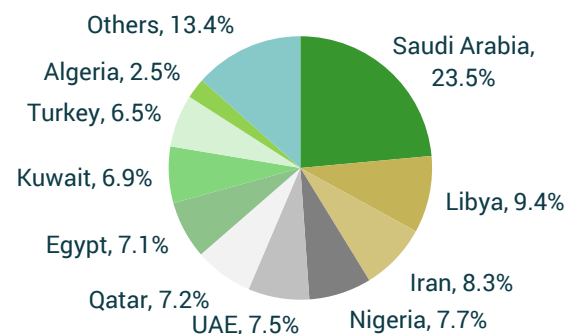
Notes: IsDB's unit of account is as follows: 1 Islamic Dinar = 1 Special Drawing Right of the IMF. Exchange rates utilized as of year-end 2008: 1ID=US\$1.54426, 2009: 1ID=US\$1.57085, 2010: 1ID=US\$1.53920, 2011: 1ID=US\$1.55621, 2012: 1ID=US\$1.52623, 2013: 1ID=US\$1.53175, 2014: 1ID=US\$1.48509, 2015: 1ID=US\$1.41162, 2016: 1ID=US\$1.34433, 2017: 1ID=US\$1.42413, 2018: 1ID=US\$1.39079 and 2019: 1ID=US\$1.38283 used throughout this presentation. Throughout the presentation, financial data are based on Audited Accounts Year-end December 2019, Year-end December 2017, Year-end December 2015, Year-End October 2014, Year-End November 2013, Year-End November 2012, Year-End November 2011 and other public information shared on IsDB's website and publications.

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

Member Countries and IsDB Group Offices



Ownership Structure as of 31 December 2019



IsDB Operations and Credit Ratings




IsDB Mission

- To promote comprehensive human development, with a focus on the priority areas of alleviating poverty, improving health, promoting education, improving governance and prospering the people

IsDB Operations

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




Key IsDB Group Members¹

	International Islamic Trade Finance Corporation (ITFC) Supports trade financing transactions amongst Member Countries
	Islamic Corporation for the Development of the Private Sector (ICD) Supports the development of private sector in the Member Countries
	Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) Provides investment protection and export credit insurance for Member Countries






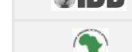

1. These institutions have their own separate balance sheets, ratings and member countries

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

Consistently rated 'AAA' by Major Rating Agencies

	(Since 2006) Last Rating Review: July 2020 AAA credit rating reaffirmed with a Stable Outlook	"Strong Shareholder Support from Highly Rated Sovereigns..."
	(Since 2002) Last Rating Review: November 2020 AAA credit rating reaffirmed with a Stable Outlook	"Preferred Creditor Status..."
	(Since 2007) Last Rating Review: May 2020 AAA credit rating reaffirmed with a Stable Outlook	"Established Track Record in Terms of Asset Quality..."
		"Strong Capital Base..."
		"Low Leverage..."
		"Solid Liquidity Levels..."




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

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

Regulatory Treatment for IsDB

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

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

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

Sources:

1. Basel Committee on Banking Supervision - Basel III: Finalising post-crisis reforms (December 2017), Standardised Approach for Credit Risk, page 6
<https://www.ecb.europa.eu/paym/coll/standards/marketable/html/index.en.html>
2. <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02013R0575-20200627&from=EN>
3. <https://www.bankofengland.co.uk/-/media/boe/files/markets/sterling-monetary-framework/level-b-collateral>
4. <https://www.bankofengland.co.uk/-/media/boe/files/markets/sterling-monetary-framework/level-b-collateral>
5. <https://www.handbook.fca.org.uk/handbook/glossary/G2685.html>

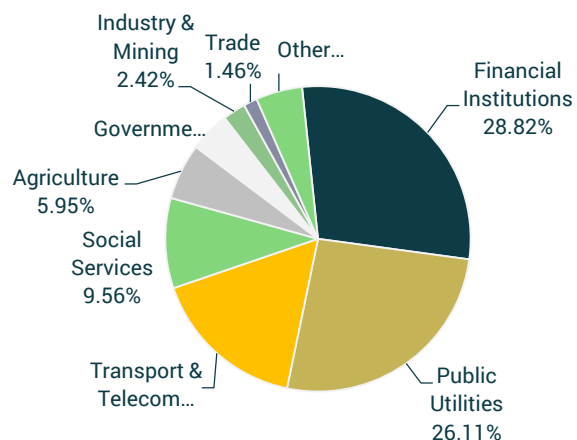
IsDB's Portfolio

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

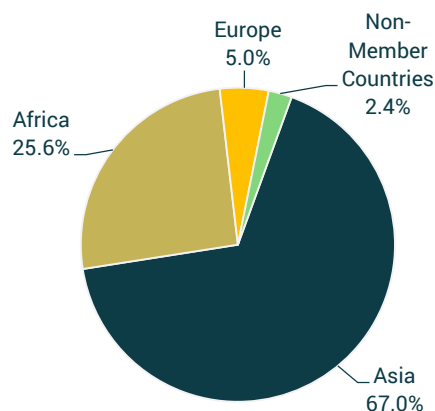
Overview

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

Asset Portfolio by Sectoral Distribution

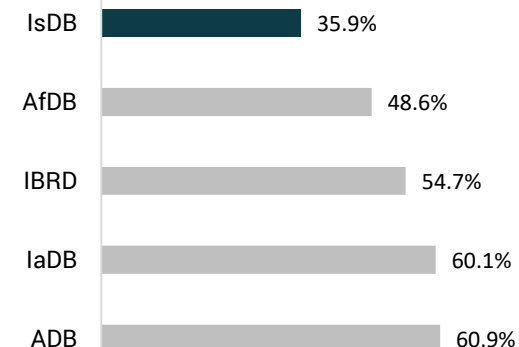


Asset Portfolio by Geographic Distribution



Lending Profile vs other MDB Peers

Concentration of Top 5 Exposures / Total Loans



Total Sovereign Exposure (USD '000)	19,605,570.1	92.4%
Total Non-sovereign Exposure (USD '000)	1,617,250.1	7.6%
Total	21,222,820.2	100.0%

Source: IsDB's Financial Statements, as at 31 December 2019

Sources:
 IsDB & laDB: Financial Statements as of 31 December 2019
 AfDB: Financial Statements as of 30 September 2019
 IBRD: IBRD official website as of 30 March 2020
 ADB: Financial Statements as of 31 December 2018

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

IsDB's Commitment to SDGs

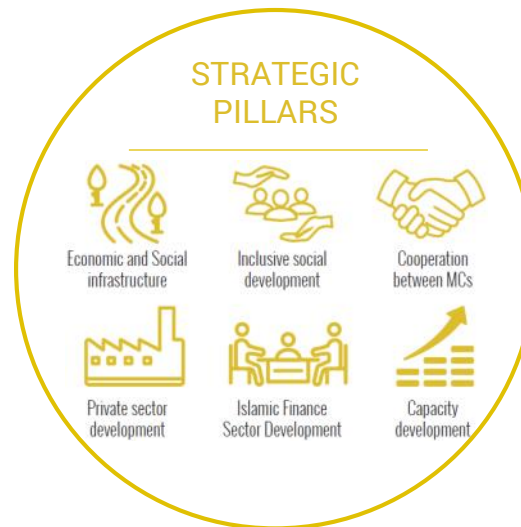
Sustainable Development Goals ("SDGs") – The 2030 Agenda¹

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

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

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

IsDB Group 10 Year Strategic Framework (2016 – 2025)²



Development Results over 2019

- 2 NO HUNGER**
 - ▶ 1,428,538 tons increase in crop production
 - ▶ Increased access for 41,500 farmers to improved seeds and fertilizers
- 3 GOOD HEALTH**
 - ▶ 1,200,000 people benefitted from outpatient services annually
 - ▶ Preventive healthcare - 630,000 people reached through awareness campaigns
 - ▶ 3,968 health personnel trained
- 8 GOOD JOBS AND ECONOMIC GROWTH**
 - ▶ 38,427 people secured employment
 - ▶ 144,564 people accessed micro-finance
- 13 CLIMATE ACTION**
 - ▶ CO₂ emissions reduced (tons/day) - 204,000

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

2. Source: IsDB Development Effectiveness Report 2018 – April 2019

Agenda

I. Overview of IsDB Group

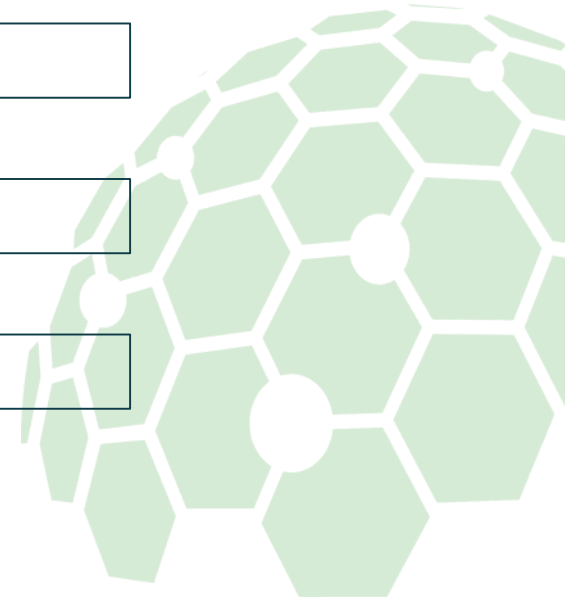
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IsDB's Capital Structure & Strong Capital Base

Stable Capital Structure

- Ordinary operations are funded primarily by shareholders' equity from IsDB – Ordinary Capital Resources' ("OCRs") member countries and supplemented by resources mobilised from the market
- Authorized Capital of ID 100.0 billion (US\$138.3 billion), Subscribed Share Capital at US\$69.5 billion and Callable Capital at US\$56.5 billion
- Member countries are irrevocably committed to pay their portion of the subscribed capital
- Maintained a high equity to assets ratio of 38.5%¹ or above since inception
- Calls are made in freely convertible currencies acceptable to IsDB
- IsDB OCR's shares cannot be pledged or encumbered and cannot be transferred to any entity other than the IsDB – OCRs

Strong Capital Base

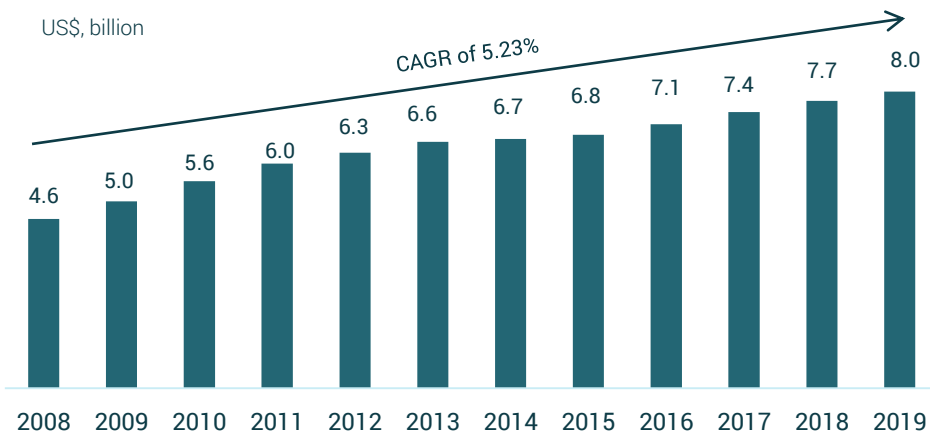
- Conservative use of leverage versus peers
- IsDB's called-up capital as % of subscribed share capital is 19%³
- Total amount of equity investment, outstanding loans and other ordinary operations cannot, at any time, exceed the total amount of unimpaired subscribed capital, reserves, deposits, other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

Source: 2019 Financial Statements, Fitch Ratings

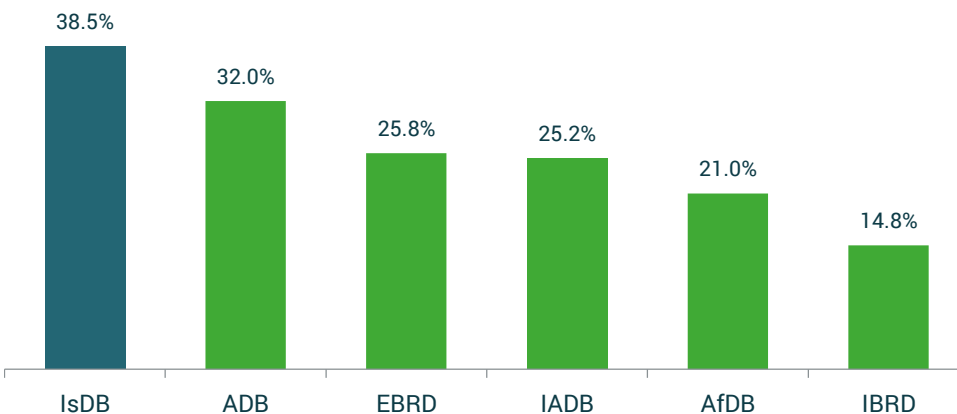
Notes: IsDB's unit of account 1 Islamic Dinar = 1 Special Drawing Right of the IMF

1. For a description of how the ratios above are calculated, please refer to the Base Prospectus dated 25 February 2021
2. US\$ equivalent, ID to USD conversion rate used as of end of Year 2019 (1ID = US\$1.38283)
3. As of Dec-2019. Calculated as called-up capital of \$13.0bn divided by subscribed share capital of \$69.5bn
4. Fitch Ratings as of 31-Dec-2019. EBRD as of Jun-2020

Paid-up Capital²



Equity-to-Adjusted Assets vs Peers⁴



Note: Subscribed share capital comprises of called-up capital and callable capital; Called-up capital comprises of paid-up capital, instalments due but not yet paid and instalments not yet due

Financial Highlights

(US\$ million) ¹	Year End 2019	Year End 2018	Year End 2017	Year End 2016 ²	Year End 2015
Total Assets	32,598.7	30,487.9	27,208.5	25,094.0	22,260.0
Total Liabilities	20,063.0	18,401.7	15,433.9	13,575.5	11,405.5
Shareholders Equity	12,535.7	12,086.1	11,776.6	11,518.5	10,854.5
Total Income ³	859.8	743.5	795.8	951.6	555.6
Net Income	194.1	116.0	272.4	424.7	218.0

Balance Sheet Overview, US\$ million as of 31 December 2019



Source: 2015-2019 Audited Financial Statements

- Figures of past years are calculated as per ID/USD exchange rate of 31 Dec 2019 (1.38283)
- Financial Statements from 14 October 2015 to 31 December 2016
- Income from Treasury Assets, Project Assets, Investment Assets and Other Income
- Operating Assets include Istisna'a, Restricted Mudarabah, Instalment Financing, Loans and Ijarah

- Liquid Assets include Cash and Cash equivalents, Commodity Placements, Investments in Sukuk and Murabaha financings
- Other Assets include accrued income and other assets, investments in equity, investments in associates, investments in fixed assets
- Other liabilities include other liabilities, Wakala deposits and commodity purchase liabilities







Key Performance Metrics

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

Selected Key Ratios as of 31 December 2019¹

Leverage Ratio		IsDB
Debt / Equity		156.2% ²
Capitalization Metrics		
Assets / Total Liabilities		162.5%
Equity / Total Liabilities		62.5%
Liquidity Metrics		
Liquid Assets / Short Term Liabilities ³		371.9%
Liquid Assets ³ / Total Liabilities ⁴		50.6%

Other Key Ratios as of 31 December 2019⁵

	 IsDB البنك الإسلامي للتنمية Islamic Development Bank	 THE WORLD BANK IBRD • IDA WORLD BANK GROUP	 AFRICAN DEVELOPMENT BANK AFRICAN DEVELOPMENT BANK	 IDB	 ADB ASIAN DEVELOPMENT BANK	 European Bank for Reconstruction and Development
	IsDB	IBRD	AfDB	IADB	ADB	EBRD
Liquid assets / adjusted total assets	30%	29%	35%	26%	16%	47%
Liquid assets / gross debt	57%	36%	49%	37%	35%	70%
Risk adjusted capital ratio	33%	26%	19%	22%	37%	30%
Gross debt / adjusted total assets (%)	52%	81%	72%	71%	47%	67%

Source: S&P Supranational Special Edition October 2020

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

2. Debt includes Sukuk issued and commodity purchase liabilities

3. Liquid assets of the IsDB-OCR divided by its short-term liabilities. For these purposes, short-term liabilities include commodity murabaha liabilities and other liabilities

4. Liquid assets of the IsDB-OCR divided by its total liabilities. For these purposes, liquid assets comprise treasury assets which include cash and cash equivalents, commodity Murabaha placements, sukuk investments and Murabaha financing

5. Source: S&P - Supranationals Special Edition October 2019 Comparative Data For Multilateral Lending Institutions*

Conservative Risk Management

Risk Management Controls

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

Credit Risk

- Preferred creditor status on sovereign financing:
 - 92.4% of all financing, excluding equity investments, is sovereign guaranteed
 - Remaining exposure to public private partnerships typically with elements of sovereign support
- Exposure to member countries is diversified with a view to avoid excessive concentration of risk. IsDB has established exposure limits for each country

Currency Risk

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

Liquidity Risk

- Conservative approach to liquidity management; IsDB maintains sufficient liquidity levels to fulfill all commitments for a period of 24 months under a normal market scenario and 12 months under stress scenario
- IsDB's policy with regards to liquidity management requires IsDB to hold substantial liquid assets, which include cash, cash equivalents, commodity placements and Murabaha financing with short-term maturity of 3-12 months
- The *Waqf* Fund (Endowment Fund) – provides an additional layer of liquidity protection with total assets of US\$856.1 million as at 31 December 2019¹

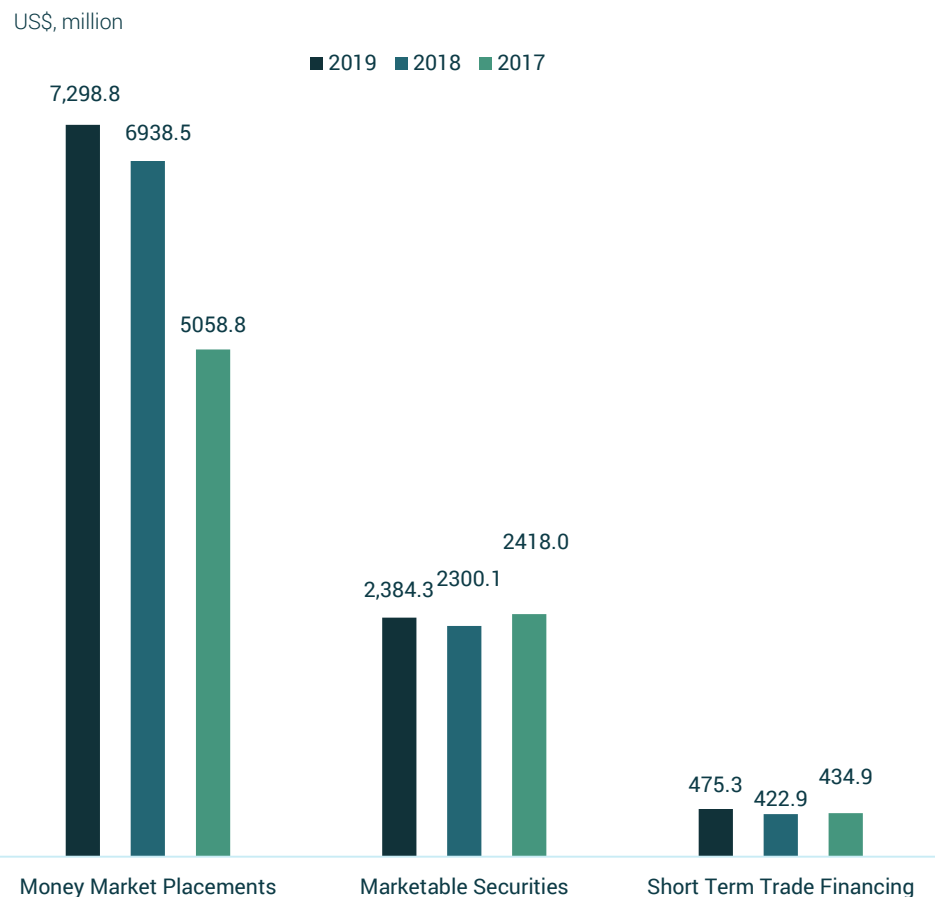
Interest Rate Risk

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

1. IsDB's unit of account is as follows: 1 Islamic Dinar = 1 Special Drawing Right of the IMF. Exchange rate of ID1 = US\$1.38283 for the year ended 31 December 2019

Prudent Investment Management of Treasury Portfolio

Treasury Department manages more than US\$ 10.2 billion of Funds



Source: 2017-2019 Financial Statements

¹ Money Market Placements = Commodity Placements + Cash and Cash Equivalents

² Short-Term Trade Financing = Murabaha Financing with maturities of <6 months

A Money Market Placements¹

- Money market placements comprise about 72% of total treasury investment portfolio:
 - Minimum rating of single 'A' for non-member country FIs
 - For placements with member country FIs, at least 83% of exposure is to institutions rated "BBB" or higher
 - Conservative country and entity limits

B Marketable Securities

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

C Short Term Trade Financing²

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

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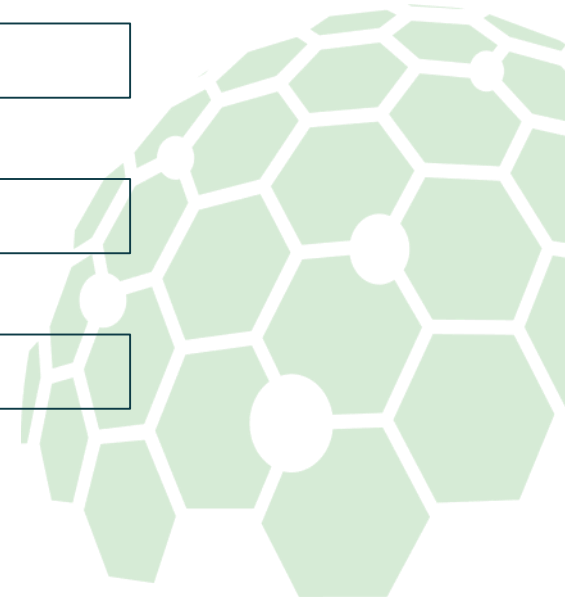
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Sustainability at IsDB



Sustainable Development Goals (SDGs) in accordance with the specific development needs of our Member Countries (“MCs”)

3Rs Package

In response to the COVID-19 pandemic, a USD 3.55bn¹ aid [package](#) for MCs and Muslim communities in non-MCs. Launched ‘The 3Rs’ – an integrated response package to mitigate the COVID-19 pandemic: [Respond, Restore, Restart](#)



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



Medium Green

Established IsDB’s Sustainable Finance Framework, secured a Second Party Opinion (SPO) from CICERO with a shading of Medium-Green and issued our first Green Sukuk in November 2019

[Sustainable Finance Framework](#)

[Second Party Opinion](#)



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



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

1. Group-level package as of Jan-2021; aid package was announced as \$2.1bn last year and has since grown to \$3.55bn comprising new funding and re-allocations. Source: IsDB Press Releases

Second Party Opinion by CICERO



CICERO
Medium Green



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

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

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

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

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

Islamic Development Bank (IsDB) Sustainable Finance Framework
November 01, 2019

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

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

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

[Executive Summary continues on next page]

PUBLIC - Second Opinion on IsDB’s Sustainable Finance Framework | 1

Debut Green Sukuk Impact Report Highlights¹



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



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



291 GWh/yr saved through energy efficiency projects



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



69 hectares of urban development protected from flooding and water disaster



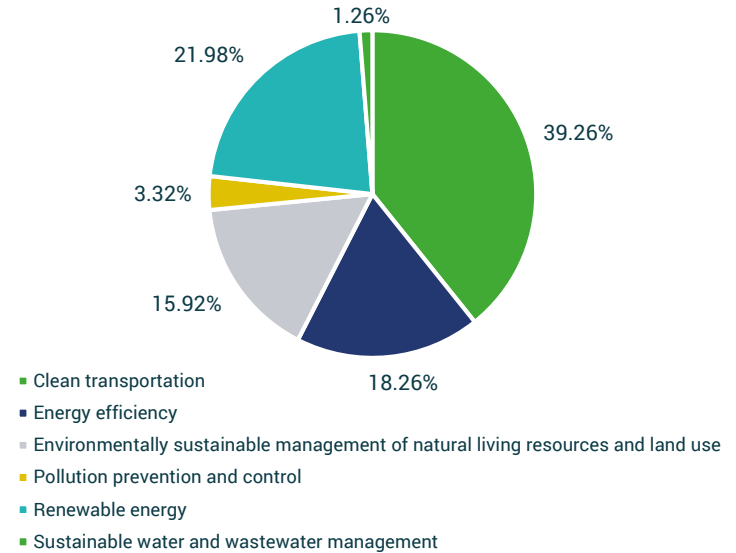
10,000 direct and indirect jobs created in flood protected zones

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

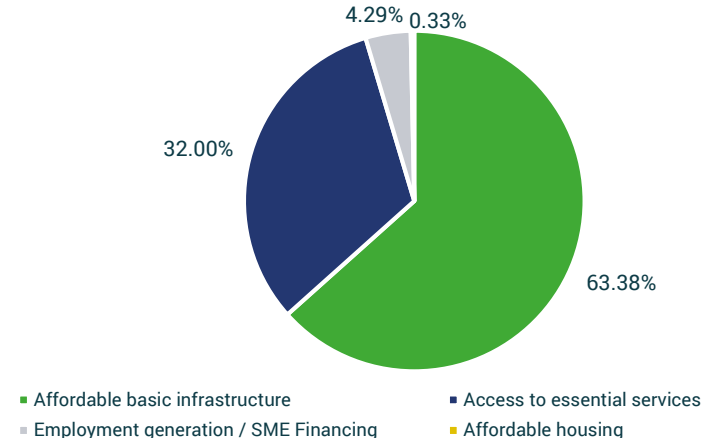
1. <https://www.isdb.org/pub/general-publications/2020/annual-impact-report-on-isdb-debut-green-sukuk-dec-2020>
 2. EUR 1 billion worth of assets committed for Green Sukuk issued in November 2019
 3. US\$ 1.5 billion worth of assets committed for Sustainability Sukuk issued in July 2020

Eligible Assets Portfolio

Breakdown of Green Assets²



Breakdown of Social Assets³



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

The 3Rs

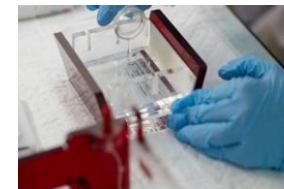
- In March 2020, IsDB launched 'The 3Rs' – an integrated response package to mitigate the COVID-19 pandemic in our Member Countries (MCs) and Muslim communities in non-MCs
- Expenditures under this package align to the Employment Generation and Access to Essential Services project categories in our Sustainable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

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



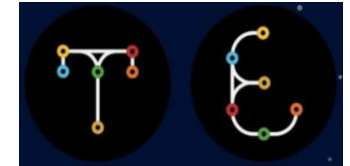
IsDB-funded Okmeydani Training & Research Hospital

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



IsDB-TWAS joint programme on science and sustainability

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



USD500m Transform Fund

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

Eligible Project Category:
Employment Generation



Rapid Response Centre, Rohingya refugee camps Bangladesh

- Provide specialised medical staff to refugee camps
 - Equip camps with PPE and other medical laboratory equipment
 - Establish health and awareness-raising educational programs
- Eligible Project Category:
Access to Essential Services

IsDB Sustainable Finance Framework (SFF)

Pillar 1: Use of Proceeds



Pillar 2: Project Evaluation and Selection Process

Sustainable Finance Task Force (SFTF) carries out the evaluation and selection process for IsDB's Green / Sustainability Bond / Sukuk

Representatives from

- Resilience and Social Department
- Treasury Department
- Risk Management Department
- Budget, Performance and Results Department

- IsDB's Climate Change Policy aims to incorporate climate risk identification and management across all areas of its operations, investments and policies
- All projects are screened through IsDB's environmental and social assessment procedures / policies
- All physical assets are screened using a customized online tool, "Aware", which helps to identify potential climate change, environmental and disaster risks and ensure adequate measures are incorporated in project formulation and design

Screening for alignment with the member countries' Nationally Determined Contribution (NDC) commitments

Screening for alignment with the Eligibility Criteria

Selected green / social projects

Pillar 3: Management of Proceeds

Green or Sustainability Sukuk (GSS) Register

- IsDB manages the proceeds of Green and/or Sustainability Sukuk through the recently established Green or Sustainability Sukuk Register (known as the "GSS Sukuk Register")

Deposit in General Funding Accounts

- Proceeds are deposited in the general funding accounts and earmarked for allocation using the GSS Sukuk Register
- Until they are allocated to eligible projects, proceeds are invested according to IsDB's normal liquidity policy

Review of the GSS Sukuk Register

- Half yearly review of GSS Sukuk Register
- GSS Sukuk Register contains relevant information including details of the Sukuk offering: ISIN, pricing date, maturity date, coupon, etc.
- For each Green and Sustainability Sukuk issued, details of Eligible Use of Proceeds, including:
 - ✓ Eligible Projects identified (including eligibility criteria considerations)
 - ✓ Allocation made to each Eligible Project
 - ✓ Project Categories utilised
 - ✓ Estimate of impact of each respective Eligible Project

Pillar 4: Reporting

When?

- Annual reporting until full allocation of the bonds' proceeds; first report to be published one year after issuance

Where?

- Annual reporting will be made public on **IsDB's website**: <https://www.isdb.org/publications>

Allocation reporting

- List of Eligible Projects financed and amounts allocated to each
- Sukuk proceeds allocated per each Eligibility Category
- Geographic distribution of Eligible Projects
- Remaining balance of unallocated proceeds
- Share of Green/ Sustainability Sukuk financing for projects that requires more financing than the allocation received

Impact reporting

- Qualitative description of Eligible Projects
- Environmental Objective pursued by Eligible Projects
- Breakdown of Eligible Projects by the nature of what is being financed
- IsDB's share of total financing
- Potential key environmental impact indicators
- Methodology and assumptions used to evaluate the social Eligible Projects impacts

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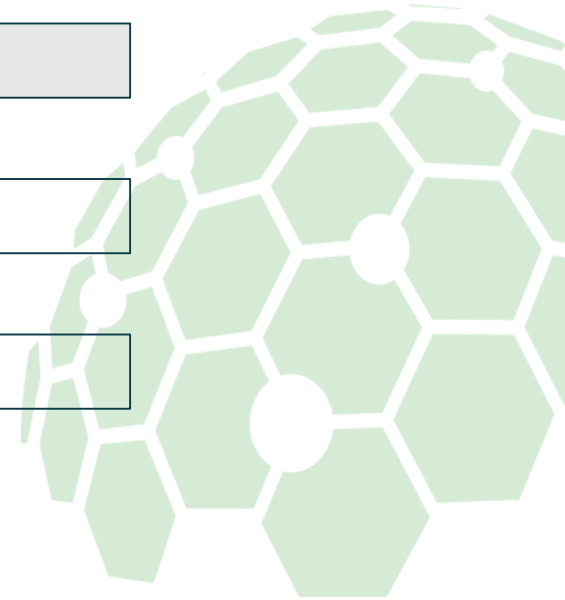
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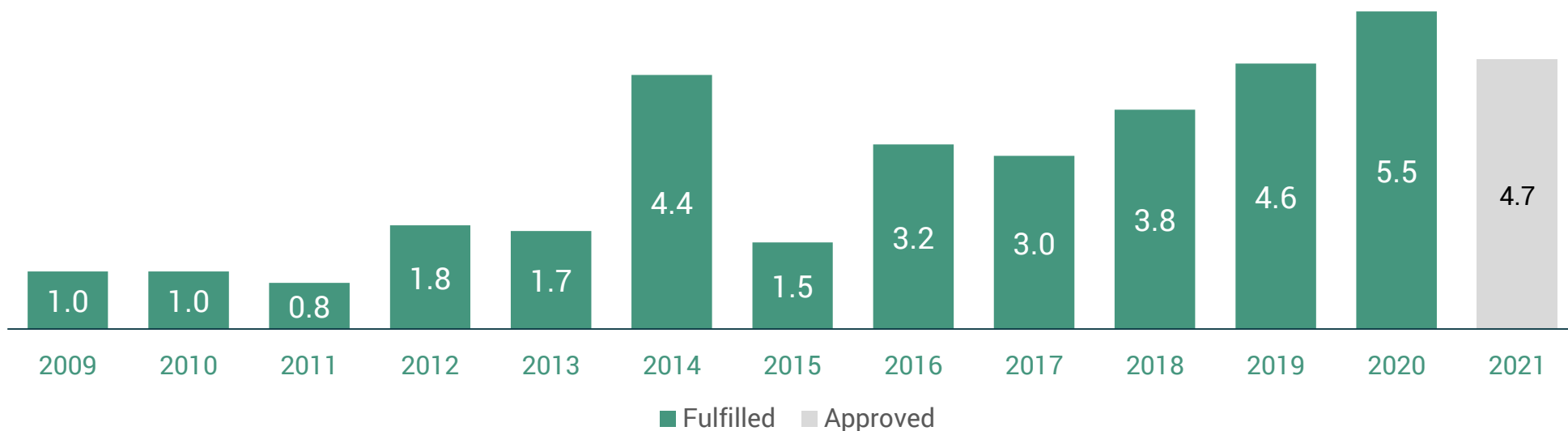
IsDB's Funding Strategy

Funding Requirements and Objectives

- The approved funding program for the year 2021 is US\$ 4.7 billion
- IsDB's capital markets objectives:
 - Develop a liquid yield curve as part of IsDB's wider strategic objectives
 - Enhance its profile in the international capital markets and reach out to new investors
 - Establish a benchmark in the supranational market
 - Undertake issuance in or linked to different currencies

Annual Funding Volumes

2009-2021, US\$ billions



Source: IsDB Annual Financial Statements (2009-2019), Actual for 2020 and Projected for 2021

IsDB's Issuances

Public Issuances by IsDB

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

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

Debut Green Sukuk

Debut Sustainability Sukuk

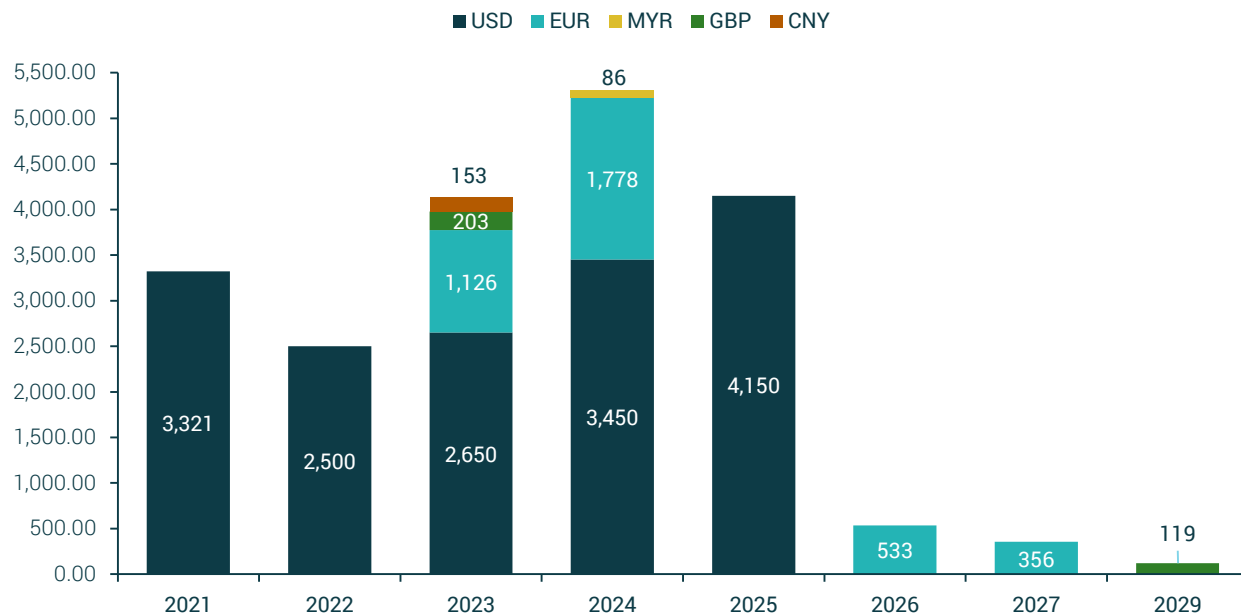
Private Placement Issuances by IsDB

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

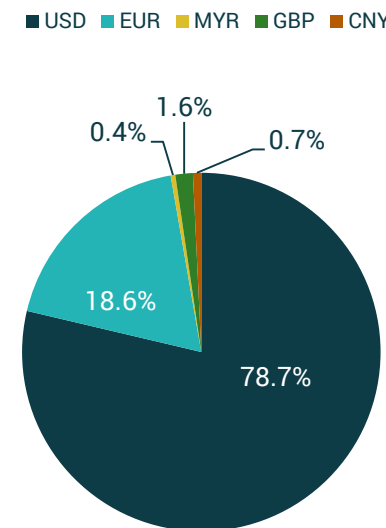
Issue Date	Maturity	Amount (mn)	ISIN
Sep-16	Sep-21	US\$100	XS1485705583
Nov-18	Nov-21	US\$471	XS1916450064
Feb-20	Feb-23	CNY1,000	XS2116388260
Feb-16	Mar-23	EUR300	XS1373222691
Jul-18	Jul-23	US\$100	XS1857228131
Jan-20	Jan-24	EUR50	XS1936088092
Feb-17	Feb-24	EUR300	XS1571029237
Feb-17	Feb-24	EUR150	XS1568007832
Dec-19	Dec-24	US\$100	XS2092391759
Dec-19	Dec-24	US\$100	XS2092392211
Dec-19	Dec-24	US\$250	XS2092625842
Jan-20	Jan-27	EUR300	XS2104970137
Jan-20	Jan-25	US\$550	XS2099041951
May-20	May-29	GBP90	XS2181277893
Jun-20	Jun-23	GBP153	XS2195232546
Jul-20	Jul-25	US\$100	XS2205952182
Sep-20	Sep-26	EUR450	XS2240234489

IsDB's Borrowing & Redemption Profile

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



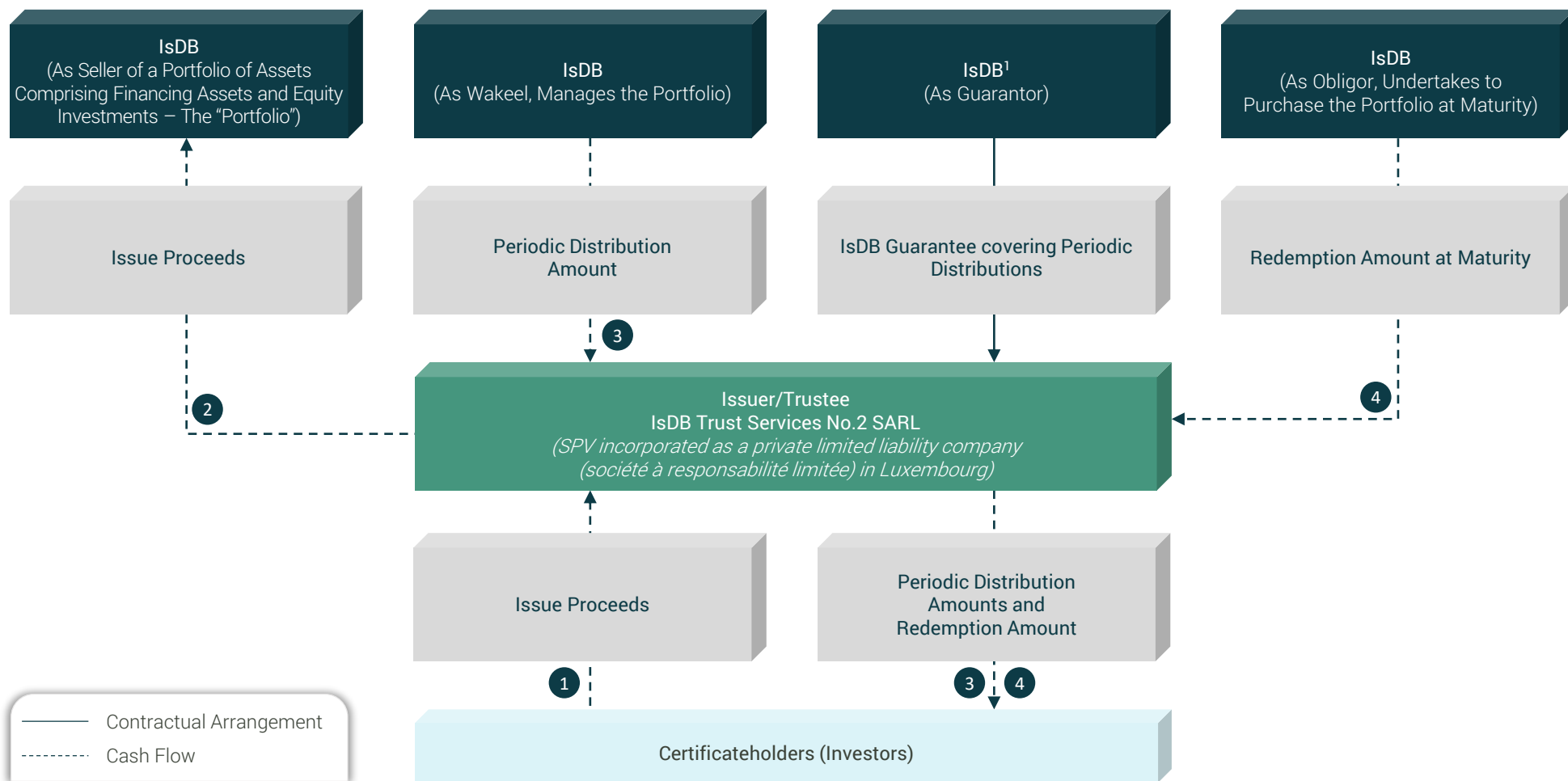
Capital Markets Debt by Currency (%)



- Primary driver of asset growth will be project financing in Member Countries as part of the Member Country Partnership Strategy (“MCPS”)
- IsDB has demonstrated its commitment to the capital markets with successive issuances since 2009 and strengthened its profile as a regular SSA frequent issuer
- IsDB is a frequent US\$ issuer and has also become a frequent issuer in raising funds in private placement format in various currencies
- IsDB also intends to play an active role in the Green and Sustainability markets (with its strong ESG-Risk Rating) and also become a frequent EUR issuer
- While IsDB will be raising additional resources going forward, it will always maintain a conservative approach to leverage
- In addition to having tapped the public markets regularly since 2009, IsDB has an EMTN/TCIP programme with a limit of US\$25 billion admitted to the official list and to trading on the Euronext Dublin and NASDAQ Dubai

Notes: Exchange rate of EUR1 = US\$1.19; GBP1 = US\$1.33; MYR1 = US\$0.24 ; CNY1= US\$0.15, as of 18th November 2020

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



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

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

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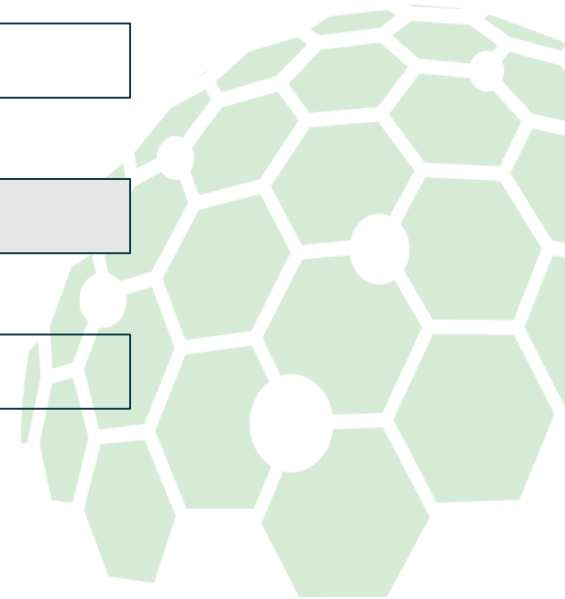
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Key Investment Highlights



Key Terms of the IsDB's Upcoming Sustainability Sukuk

Issuer	■ IsDB Trust Services No.2 SARL (Luxembourg incorporated and fully guaranteed by IsDB) *
Guarantor / Obligor	■ The Islamic Development Bank
Issuer and Issuance Ratings	■ Aaa / AAA / AAA (Moody's, S&P, Fitch)
Structure	■ Fixed Rate, Senior, Unsecured Trust Certificates
Format	■ Regulation S
Currency	■ USD
Amount	■ Benchmark
Tenor (Maturity)	■ 5-year (March 2026)
Use of Net Proceeds	■ To finance/refinance new/existing eligible projects in accordance with the IsDB Sustainable Finance Framework
Joint Bookrunners	■ Citi, Goldman Sachs International, HSBC, NATIXIS, Societe Generale, Standard Chartered Bank and Warba Bank
Governing Law	■ English Law
Listings	■ Euronext Dublin and Nasdaq Dubai

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

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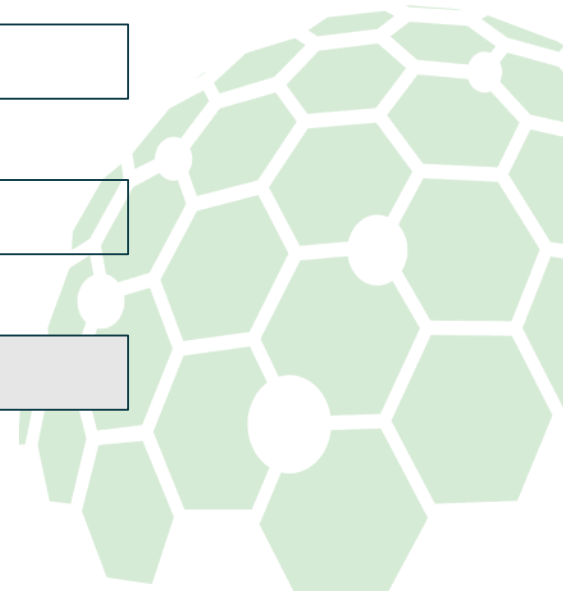
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Examples of Projects Co-Financed By IsDB

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

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

Sponsors	■ Ministry of Health
Total Amount	■ US\$ 293.08 million
IsDB's Participation	■ US\$ 261.72 million
Date of Approval	■ 19 September 2020
Tenor	■ 17 years including 5 years gestation



MINISTRY OF FINANCE
REPUBLIC OF INDONESIA



MINISTRY OF HEALTH
REPUBLIC OF INDONESIA

Benin: COVID-19 Response Project

- Provide COVID19 protection and sanitization to an estimated 8 million people.
- The project is in line with the Strategic Plan of the Operational Center for Health Emergencies (2018-2022) that derives from the National Health Development Plan (2017-2021)

Sponsors	■ Executing Agency / Beneficiary Unit of Govt.
Total Amount	■ US\$ 55.95 million
IsDB's Participation	■ US\$ 20 million
Date of Approval	■ 10 May 2020
Tenor	■ 13 years including 3 years gestation
Co-Financiers	■ The World Bank



Examples of Projects Co-Financed By IsDB

Sierra Leone: Freetown Aquatic Environment Revamping Project

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

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



Turkey: Renewable Energy and Energy Efficiency Program

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

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



Contact Us



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