



itfc

International  
Islamic Trade  
Finance Corporation

# THE PANDEMIC: RESPONDING TO EMERGING NEEDS

**ANNUAL REPORT 2020**

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Introduction.

# LETTER OF THE BOARD OF DIRECTORS TO THE GENERAL ASSEMBLY



In the Name of Allah, the Merciful, the Compassionate

**H.E. the Chairman**

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 2020. The report highlights ITFC's activities, achievements and audited financial statements for the year, which ended on 31 of December 2020.

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

Yours Sincerely,

**Dr. Bandar M. H. Hajjar**

Chairman, Board of Directors



# CEO'S MESSAGE

In the name of Allah, the most Gracious and Merciful

It is an honor to present the ITFC Annual Report for the year 2020. The emergence of the COVID-19 pandemic in 2020 has compounded global uncertainty and caused a slow down to global economic activity. ITFC's vision highlights the strategic intent to become "the leading provider of trade solutions for OIC member countries' needs". With such intent, coupled by a robust and resilient business model, ITFC stepped up to meet the demand of member countries and tackle the challenges resulting from the health crisis.

ITFC's strategy has taken on even greater importance in 2020 as the widespread social and economic impacts of COVID-19 shook the economies of the developing world. Consequently, ITFC rapidly developed and launched a strategy for mitigating the worst impacts and combating the challenges that so many nations have faced.

When the pandemic hit, ITFC swiftly repurposed its financing engagements and made available new financing to focus on the critical needs of OIC member countries. ITFC's initial Rapid Response Initiative made US\$300 million available to assist OIC member countries in purchasing emergency medical equipment and supplies, as well as strategic commodities, such as staple food. In fact, ITFC exceeded this amount, reaching

total approvals of US\$604.70 million, supporting member countries across the developing world, from Middle East and Africa, to Asia and CIS countries.

Moreover, as part of its Recovery Response Initiative, ITFC has allocated an additional US\$550 million to support strategic sectors over the next two years, as part of the Islamic Development Bank (IsDB) Group US\$2.30 billion 3Rs (Respond, Restore, Restart) Strategic Preparedness and Response Program (SPRP) for COVID-19 pandemic.

It should be noted that while implementing the R1 (Respond) initiative, in line with the emerging needs and requirements of the OIC member countries, ITFC initiated activities under R2 (Restore) initiative, where the Corporation has allocated US\$70.40 million to local banks for the Restore of SMEs and the private sector clients from the negative impact of the pandemic. The R2 initiative is ongoing, with approvals allocated in support of the recovery expected to grow over the coming few years.

Despite these unprecedented challenging times, ITFC made notable progress in terms of trade financing, responding to the direct needs of member countries through extending trade financing to governments, private and public sector companies, and Small and Medium Enterprises (SMEs) through lines of financing extended to local and regional banks.

**ITFC provided**

**US\$604.7  
million**

as part of Rapid Response Initiative to purchase emergency medical supplies and strategic commodities

**ITFC's total trade finance approvals reached**

**US\$4.72  
billion**

**in 2020**

Accordingly, ITFC's total trade finance approvals reached US\$4.72 billion in 2020, compared to the US\$5.84 billion in 2019. On the other hand, disbursements reached US\$4.10 billion, compared to US\$4.98 billion in 2019. ITFC closed the year with gross income reaching US\$55.26 million and total assets increasing to US\$1.14 billion.

I am pleased to report that in 2020 the cumulative trade finance approvals grew to US\$54.88 billion while disbursements stood at US\$44.92 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\$32.80 billion, reflecting ITFC's crucial role as a catalyst in attracting funding for the member countries' large-ticket trade transactions.

In the area of trade development, the Corporation continued to extend its services, technical assistance and capacity building activities through various programs, while providing grants and support for the supply of immediate emergency personal protective equipment, medical supplies and food supplies. Moreover, through the Arab Africa Trade Bridges Program (AATB) with its partners: Afreximbank, BADEA, ICIEC, IsDB and countries including Egypt, Morocco, Tunisia, Senegal, and Benin, several key initiatives were provided that enhance economic integration between the Arab and African regions. In addition, the roll out and design of the second phase of the Aid for Trade

Initiative for Arab States (AfTIAS 2.0) was achieved which aims to provide the support needed for the Arab countries in the next phase to recover from the pandemic aftereffects.

The strategic priorities of ITFC over the coming years will focus on several objectives including building partnerships to create sustainable development impact through providing integrated trade finance and trade development solutions to member countries. Furthermore, as an active player on the global front, ITFC remains committed to efforts aimed at achieving the UN SDGs.

ITFC will continuously make efforts to develop customized Shariah compliant trade solutions programs, facilitate knowledge and experience transfer between member countries, diversify ITFC's trade finance, and support OIC trade development and cooperation initiatives.

Finally, ITFC is pleased to note the confidence and ongoing support of member countries and development partners in the attainment of its vision and mission.

**Eng. Hani Salem Sonbol**  
Chief Executive Officer



**Hon. Dr. Bandar M. H. Hajjar**  
Chairman

# BOARD OF DIRECTORS





IsDB

Hon. Dr. Hamad Bin Suleiman Al Bazai



IsDB

Hon. Ahmad Jefri Abd Rahman



IsDB

Hon. Khalaf Sultan Al Dhaheri



Saudi Arabia

Hon. Fahad Al-Saif



GROUP A

Hon. Noor Ahmed



GROUP B

Hon. Belgacem Ayed



GROUP B

Hon. Zul-Kifl Salami



GROUP C

Hon. Feras Al Khalifa



GROUP D

Hon. Ahmed Al-Gannam



GROUP D

Hon. Mohammad Reza Rezaeipour

# Team Management



**Eng. Hani Salem Sonbol**  
Chief Executive Officer







**Abdihamid Aweis Abu**  
General Manager,  
Trade Finance Department



**Abou Jallow**  
Senior Adviser to the CEO & General  
Manager, Operations Department



**Ahmad Jafar Sabbagh**  
General Manager,  
Human & Corporate Resources Department



**Ahmed M. Yousef Jan**  
General Manager,  
Treasury Department



**Ibrahima Sory Soumah**  
Chief Risk Officer,  
Risk Management Office



**M. Nazeem Noordali**  
Chief Operating Officer,  
Trade Solutions Complex



**Mohammad Hafiz Emrith**  
General Manager, Strategy &  
Organizational Performance Office  
(Acting) General Manager, Finance Department



**Najeeb Rana**  
General Manager,  
Internal Audit



**Nasser M. Al-Thekair**  
General Manager,  
Trade & Business Development Department



# KEY FINANCIAL AND OPERATIONAL HIGHLIGHTS



**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\$ 857.19  
million**

Subscribed Capital

## Financial and Operational Highlights - 2020

**US\$745.17  
million**

Paid-Up Capital (Par Value)

**US\$4,723  
million**

Trade Finance Approvals

**US\$ 457  
million**

Private Sector Support

**Energy**

**US\$ 3,146 million**

**Food & Agriculture**

**US\$ 721 million**

**Financial**

**US\$ 427 million**

**Others**

**US\$ 428 million**

Approvals by Sector

**US\$4,105  
million**

Disbursements

**Asia &**

**Middle East**

**US\$2,941 million**

**Africa &**

**Latin America**

**US\$1,782 million**

Approvals by Region

**US\$ 3,684  
million**

Intra-OIC Trade Support

**22**

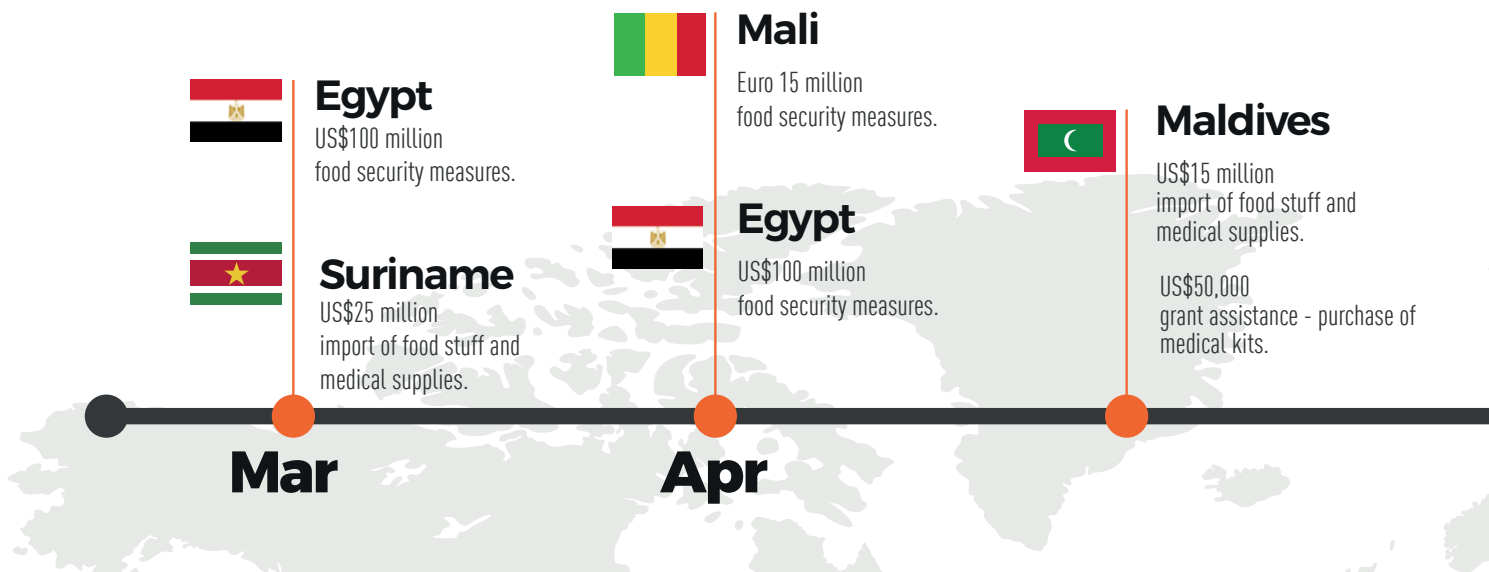
Member Countries Served

**80**

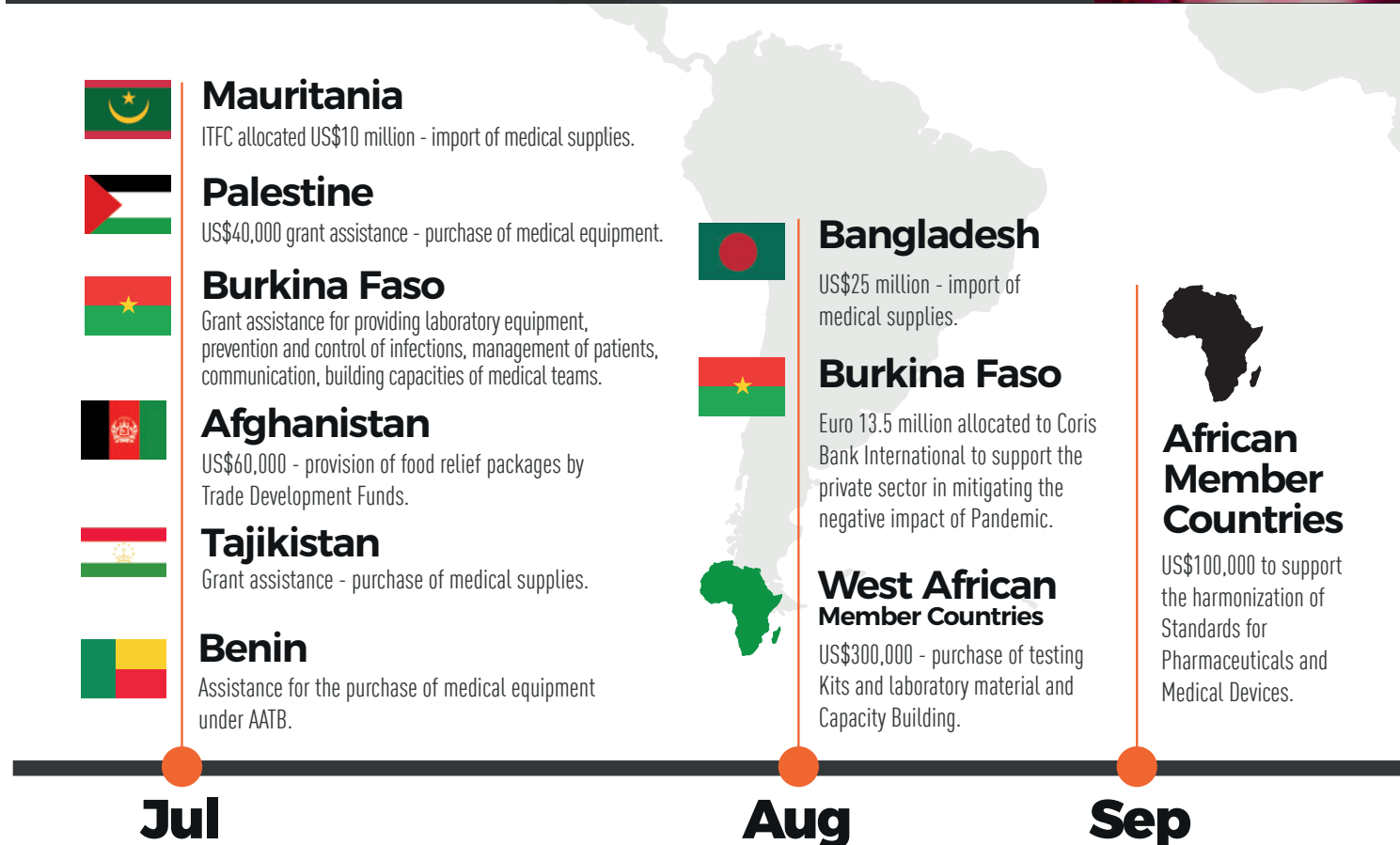
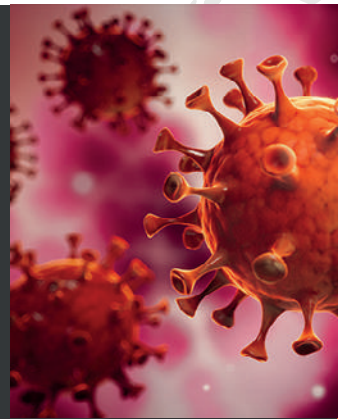
Number of Operations

**37%**

LDMCs Portfolio Share



# COVID19 RESPONSE HIGHLIGHTS





### Morocco

E-Learning and Knowledge sharing Platform - Preparing for and Responding to COVID-19 pandemic in IsDB member countries from Africa.



### Kyrgyz Republic

Grant assistance - provision of food items to 2,000 households impacted by the pandemic.



### Senegal

ITFC repurposed Euro 8 million in favor of Islamic Bank of Senegal to finance the import of food items.



### Uzbekistan

ITFC allocated US\$8 million to Trustbank to support the SMEs in mitigating the negative impact of pandemic.

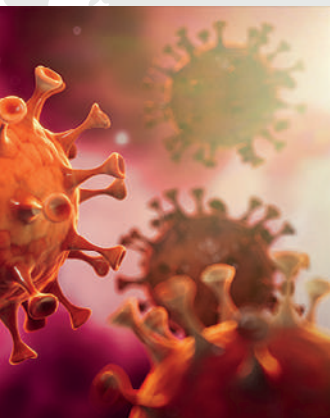


### Afreximbank

ITFC repurposed US\$200 million allocated to Afreximbank to deliver critical support for thousands of farmers exporting food commodities across the continent.

May

Jun



# 2020



### Benin

Euro 20 million purchase of medical suppliers.



### Senegal

Euro 20 million - food security measures.



### Uzbekistan

US\$10 million allocated to Agrobank to support the private sector in mitigating the negative impact of Pandemic.



### Bangladesh

US\$6 million allocated to Easter Bank Limited to support the private sector in mitigating the negative impact of Pandemic.



### KSA

Provision of the Capacity Development Programs to support the recovery of the Tourism sector in Arab countries in Post COVID-19.



### Sudan

Provision of emergency aid.



### Bangladesh

US\$15 million allocated to Prime Bank Limited to support the private sector in mitigating the negative impact of Pandemic.



### Tunisia

US\$60,000 to support the Setting up of the Tunisia National Center for Education Technologies "CNTE" Information and Communications Technology "ICT" Academy.



### Sudan

Stakeholders' dialogue of Sudan on the AfCFTA, under the partnership with ECA Office for North Africa, the Ministry of Industry and Trade of the Republic of the Sudan and ITFC.



### Bangladesh

US\$7 million approved for City Bank Limited to facilitate trade.



### Uzbekistan

US\$10 million allocated to Orient Finans Bank to support the private sector in mitigating the negative impact of Pandemic.



### LC Confirmation Product

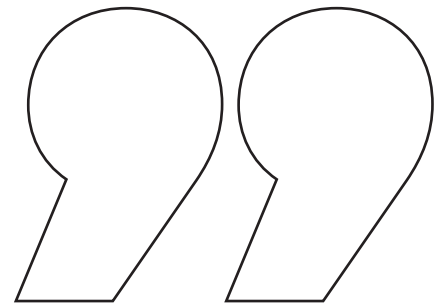
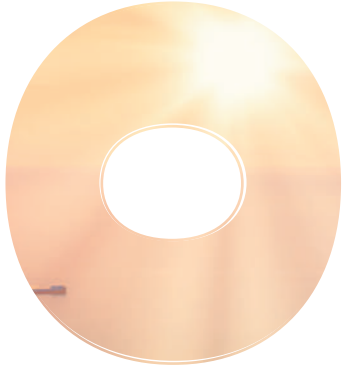
ITFC expedited the launch of LC Confirmation products to support the private sector and SMEs in member countries with recovery from the impact of COVID-19.

Oct

Nov

Dec

chapter



**ADAPTING  
AND  
RESPONDING  
TO NEW**

**MARKET  
REALITIES**



# Impact of COVID-19 to World Economy and International Trade

The COVID-19 outbreak has been a truly global catastrophe in terms of reach and effect. It emerged at the beginning of 2020 and made an immediate impact on the global economic system and public health to an unparalleled extent, leaving nations around the globe with a feeling of uncertainty of the effectiveness of their governments' health and economic action plans as cases continued to rise as the year progressed. The impact further extended to cross-border trade flows and bilateral, regional and international relations, and transacting in goods, services, technology transfer, and project financing, technical assistance, movement of professionals, financial capital, direct foreign investment, international banking and exchange rates.

### Global Economic Overview

It is becoming increasingly challenging to diagnose the negative economic repercussions of the pandemic, determining its future dimensions and ways to address it. It has occupied the majority of the thinking, discussions and efforts of world leaders, government institutions and private enterprises. The most important questions are those related to assessing the impact of the pandemic on the economic sectors and the government budget, and whether the economy suffers from a deflation or recession, in addition to determining the policies that are required to mitigate the disruptions on consumption and production, and of course, the mechanisms to revive the economy in a post-pandemic world.

Today, the economies of most countries in the world are suffering from economic slowdown due to the decline in demand for goods and services, the ability to engage in travel and tourism, and the impact of other economic variables. Despite the economic outlook is looking brighter, with vaccines in sight and strong and continuous policy support playing a crucial role, the Organization for Economic Co-operation and Development (OECD) warns that considerable uncertainty remains, and its analysis shows that the recovery in 2021 is largely driven by strong growth in China, whilst economic output is expected to remain below 2019 levels in 35 out of 47 countries assessed at the end of 2021<sup>1</sup>.

According to the latest report published by the International Monetary Fund (IMF)<sup>2</sup>, and after the 3.5% contraction in 2020, global growth is set to rise by 5.5 percent in 2021 and 4.2 percent in 2022. This marks a lower contraction and an upward revision for 2021 growth owing to vaccines and stimulus support (Figure 1). But the IMF also

says economies worldwide will require support from their governments to offset the damage from the pandemic and warns that coronavirus mutations could shadow the outlook for global health and economic growth.

The pandemic hit Latin America and the Caribbean harder than the global economy on average, with its economic activity contracted by 7.4 percent in 2020, and only predicted to rebound by 4.1 percent in 2021. Emerging economies and developing economies in Asia on the other hand, are contracted by 1.1 percent and to surge above 8 percent in 2021 according to the IMF projections. Despite the pandemic arriving late in Sub-Saharan Africa, the region's economy contracted by 2.6 percent in 2020 with an expected recovery of 3.2 percent in 2021.

Countries in the Middle East and Central Asia had their share of the unprecedented economic downturn, coupled with the swift decline in oil demand and prices. These combined factors contributed to the negative growth rate of 3.2 percent in 2020 for oil exporting countries in the region. This is in addition to the damage witnessed by the tourism and trade industries, offsetting the benefits of lower oil prices for oil importing countries. Looking ahead in 2021, growth will resume in most countries by 4.2 percent on average.

### Global Health Sector

The pandemic continues to take lives around the world with the number of daily cases recorded seemingly still on the rise in many countries. As of December 31, 2020, the World Health Organization (WHO) recorded over 82 million cases and deaths exceeding 1.8 million worldwide.

Several countries experienced slight recoveries in terms of case numbers and economies, however many of these have been forced to return to

lockdown, imposing strict measures to contain the spread of the disease as the threat level increased. Yet on a more positive note, researchers and scientists have discovered and even begun the process of producing and distributing vaccines, offering a glimmer of hope to people around the globe. Moreover, there are considerable differences in coronavirus cases by region, as reported by the WHO. The majority of all four categories (new cases, cumulative cases, new deaths, and cumulative deaths cases) were registered in the Americas, followed by Europe and Central Asia, South-East Asia, with the lowest in Africa and the Western Pacific.

Taking a closer look at the OIC member countries in the three key regions - the Middle East, Asia and Africa - the handling of the COVID-19 pandemic has been surprisingly strong in comparison to the Americas and Europe. As of December 31, 2020<sup>4</sup>, the cumulative confirmed cases reached 9.5 million, representing only 11.6 percent of the global confirmed cases, while fatal cases reached 217,543 (10.3 percent of global fatal cases).

The coronavirus outbreak has forced a reconfiguration of government priorities, particularly for the healthcare sector. Fiscal measures to combat the coronavirus amounted to US\$12 trillion. This included enormous liquidity support from central banks and also required persistent market monitoring and government engagement efforts. Moreover, it highlighted the importance of many countries in the international supply chain for medical and food products to assist vulnerable countries. There was an urgent need to inject funds in order to relieve populations and structures and to mitigate the effect of the health crisis, totaling several billion dollars.

1 OECD (2020). OECD Economic Outlook, December 2020, OECD Publishing, Paris, <https://www.oecd.org/economic-outlook/>.

2 IMF. (n.d.). World Economic Outlook, January 2021: Policy Support and Vaccines Expected to Lift Activity. <https://www.imf.org/en/Publications/WEO/Issues/2021/01/26/2021-world-economic-outlook-update>.

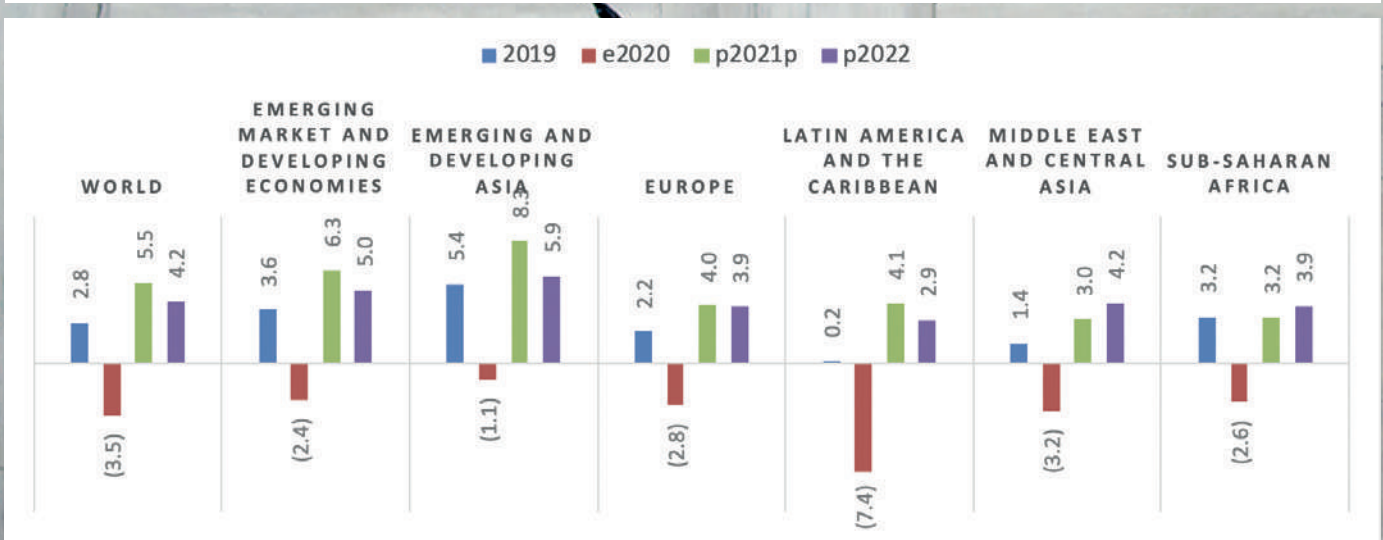
3 World Health Organization (2020). WHO COVID-19 Dashboard. [online]. Available at: <https://covid19.who.int/>

4 SESRIC.org. (2020). [online] Available at: <https://www.sesric.org/sesric-covid-19.php>





Figure 1 Global Growth Rate between 2019 and 2022 (In percentage)





The COVID-19 pandemic presented unprecedented challenges on a global level and continues to do so. The situation is testing health systems everywhere, as well as the capacity of governments to fight the pandemic and tackle its social and economic consequences. Many of the OIC member states have also taken exceptional measures to minimize the effects of this pandemic by allocating huge budgets for the supply of food and medical supplies in response to health insecurity. In addition, they established country level plans and operations to identify, diagnose and treat cases, infection prevention and control in healthcare settings as well as public awareness campaigns.

The pandemic also called for accelerated supply chains for masks, gloves, and disinfectants, to protect the global population in addition to clinics, hospitals, pharmaceutical industry, medical appliances, and mobile laboratories. The global trade potential of the OIC medical products was around US\$75 billion in 2017-2018. Despite this important trade potential, OIC member states are net importers of medical products and recorded a deficit of around US\$38 billion between 2017 and 2018. Intra-OIC Trade in medical products grew by 7.4 percent passing from US\$ 10.8 billion in 2017 to US\$ 11.6 billion in 2018, representing an average of 20.2 percent of OIC Trade in medical products.



# Global Overview

At the beginning of the COVID-19 crisis, there was a growing concern towards international trade and a possible lockdown of borders to contain the spread of the virus. In reality, it showed the importance of keeping trade open in times of crisis, especially in meeting the demand for COVID-19-related medical products, such as personal protective equipment and ventilators required around the world. The pandemic has also driven the increase in e-commerce not only domestically, but also across borders.

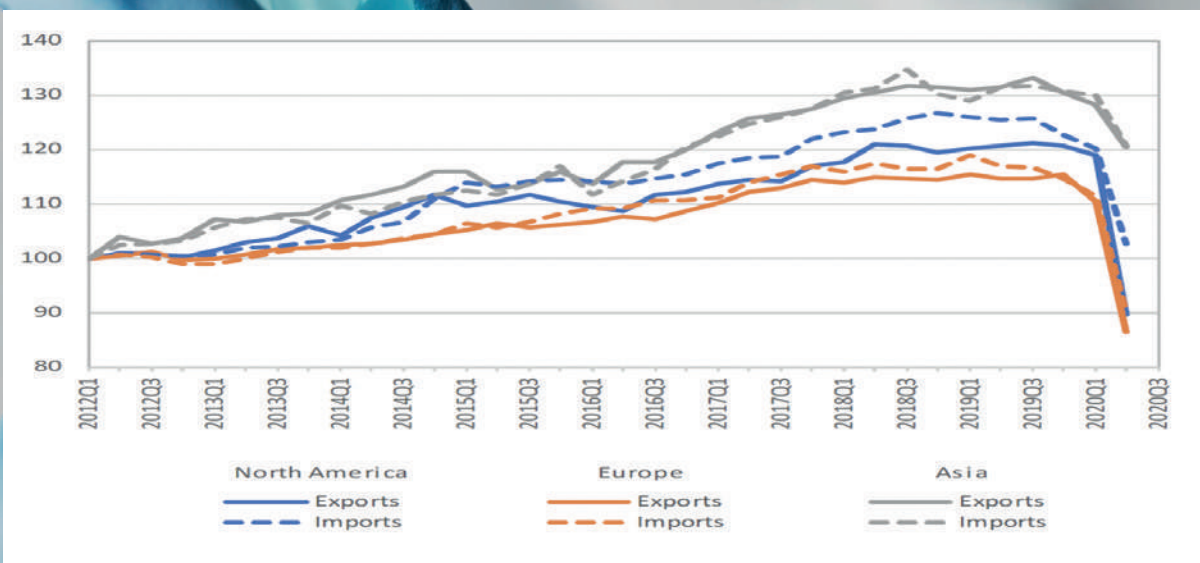
The World Trade Organization (WTO), in its most recent trade forecast, estimated that global trade will fall by around 9 percent in 2020, rebounding by around a 7 percent increase in 2021, but still less than the pre-pandemic level. The projected recovery accompanied a conscious outlook that it might be "disrupted by the ongoing pandemic effects"<sup>5</sup> coupled with possible weak global demand and replenished business inventories. The WTO estimated a decline by up to 9.2 percent in the 2020 global merchandise trade volume to increase back by only 7.2 percent in 2021 (Figure 2).

As per the WTO grouping, the pandemic's impact differed strongly across regions. The sharpest decline in exports were witnessed in Europe and North America, where exports are projected to fall 14.7 percent and 11.7 percent, respectively. By comparison, Asian exports were not affected as dramatically, with an estimated fall of 4.5 percent in 2020. During the same year, imports are estimated to deeply decline by 10.3 percent in Europe, followed by North America at 8.7 percent, but just 4.4 percent in Asia.

<sup>5</sup> [www.wto.org](https://www.wto.org/). (n.d.). Trade shows signs of rebound from COVID-19, recovery still uncertain. [online] Available at: [https://www.wto.org/english/news\\_e/pres20\\_e/pr862\\_e.htm#:~:text=MAIN%20POINTS](https://www.wto.org/english/news_e/pres20_e/pr862_e.htm#:~:text=MAIN%20POINTS)

# Global Trade Overview

Figure 2 Merchandise exports and imports by Region, 2012Q1-2020Q2 index, 2012Q1=100 (Source: WTO and UNCTAD)



# Economic and Trade Performance of OIC Countries

In the latest edition of the OIC Economic Outlook 2020 by the Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRIC)<sup>6</sup>, the OIC Member States have improved their production capacity over the period 2010-2019 and recorded an increase by 63 percent, reaching US\$21.5 trillion in current dollar terms and based on PPP. Notwithstanding the impact of the COVID-19 pandemic, the Members productive capacity is expected to grow by 5 percent reaching US\$22.6 trillion by the end of 2021. From calculations based on the IMF World Economic Outlook's latest report, the average growth rate of OIC Member States is estimated to drop by 4 percent in 2020 but to recover by 5 percent next

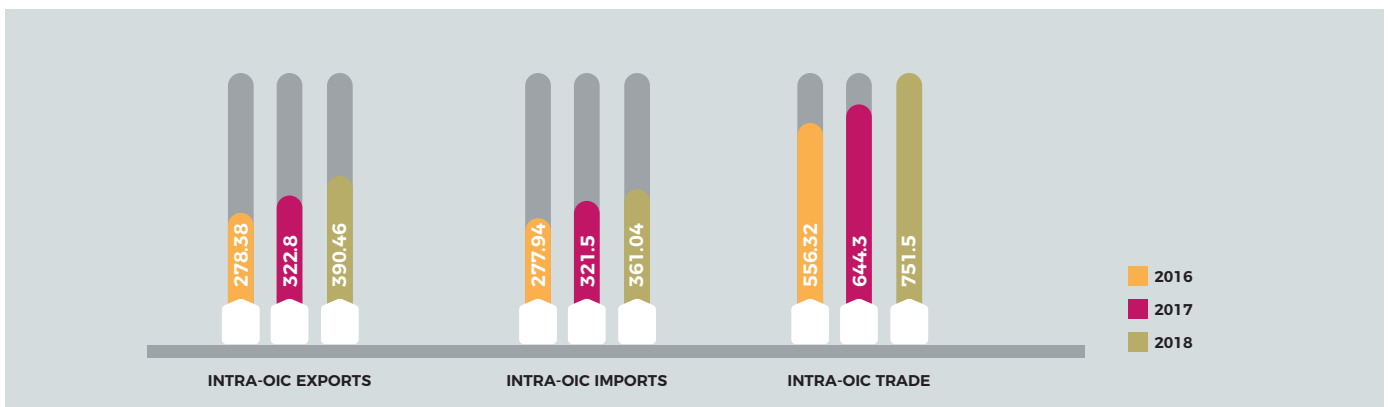
year. In dollar terms and based on PPP, the OIC GDP is estimated to stand at US\$17.3 trillion in 2020, accounting for 13.3 percent of World GDP.

Alongside IMF's 2020 estimates, the World Bank analysts<sup>7</sup> concurred that most OIC countries in Sub-Saharan Africa (SSA) and the Middle East and North Africa (MENA) were one of the least affected by the pandemic relative to other regions. The Middle East and North Africa is estimated to contract 5 percent in 2020 and recover modestly at 2.1 percent in 2021, attributed to policy cuts in oil production and damage from the pandemic. Moreover, SSA's economic activity is estimated to decline by 3.7 percent in 2020 and rebound to 2.7 percent in 2021.

Central Asia and Europe, which includes Turkey, Albania, Azerbaijan, Uzbekistan etc. are estimated to contract 2.9 percent in 2020.

OIC Member States and its international and regional institutions and development partners steered efforts to contribute to the improvement of foreign and Intra-OIC trade volume. They also intensified cooperation to curb the impact of the pandemic in addition to fluctuations in commodity prices and FX rates, and the changing geopolitical and economic conditions. Despite these efforts, OIC member countries trade could drop from 17 percent to 33 percent on average, and a double-digit decline in their exports and imports in 2020<sup>8</sup>.

**Figure 3 Intra-OIC trade between 2016 and 2018 in billion US\$**



<sup>6</sup> OIC Economic Outlook 2020, SESRIC - Statistical, Economic and Social Research and Training Centre for Islamic Countries. Available at: <https://www.sesric.org/publications-detail.php?id=511>

<sup>7</sup> World Bank. (n.d.). Global Economic Prospects. Available at: <https://www.worldbank.org/en/publication/global-economic-prospects#:~:text=Global%20Outlook>.

<sup>8</sup> The Islamic Centre for Development of Trade (ICDT), Annual Report on Trade Among the OIC Member States, October 2020

Based on WTO data, some of the OIC Member States will record a decline in 2020 of 36.2 percent and 31.6 percent in exports and imports. However, in 2021, the same economies will register 36.1 percent exports and 25.1 percent imports. The main players in OIC trade are:



UAE  
**13.7%**



Malaysia  
**12.2%**



Egypt  
**3.1%**



Iraq  
**2.4%**



Iran  
**3.6%**



Qatar  
**3.1%**



Indonesia  
**10.4%**



Algeria  
**2.4%**



Saudi Arabia  
**12%**



Turkey  
**10.9%**

all accounting for

**74%** of OIC trade representing  
a total amount of

**US\$2.6 billion**

the intra-OIC trade registered  
a substantial increase from

**US\$556.32  
billion**

in 2016 to

**US\$751.5  
billion**

in 2018

Moreover, the intra-OIC trade registered a substantial increase from US\$556.32 billion in 2016 (Figure 3) to US\$751.5 billion in 2018. This shows a growth rate of 35 percent as published in ICDT's latest report and highlighting, in addition, that more than 75 percent of intra-OIC trade is concentrated on non-fuel products in 2018. The share of intra-OIC trade in global trade also marked an increase by 18.69 increase in 2016 to 21.02 increase in 2018 led by Iraq, Togo, Afghanistan, Guyana, Bahrain, Benin, Uganda, The Gambia, Maldives, Iran, Mauritania, Saudi Arabia, Niger and Albania. Intra-OIC exports increased by 21 percent, from US\$322.8 billion in 2017 to US\$390.5 billion in 2018 and imports from US\$321.5 billion in 2017 to US\$361 billion in 2018, a 12.3 percent growth.



# Realignment of ITFC Business Model in Face of the Pandemic

## ITFC Corporate Strategy Remains Sound

ITFC’s strategic plan reflects the role and ambition to become a world class trade enabler and trade facilitator, and thereby become “the leading provider of trade solutions for OIC member countries’ needs”. The elements of IsDB Group’s strategic direction, which ITFC contributes towards, are explicitly recast in ITFC’s Strategic Plan. There are three strategic objectives that ITFC has identified as central in its contribution towards achieving the wider IsDB Group’s vision. This includes increasing:



### Specifically, ITFC's Strategic Objectives are supported through three Strategic Pillars:

- 01
- 02
- 03

**Private Sector Development:**

ITFC’s contribution to private sector development within member countries is significant, given that trade is the most significant driver of economic development.

**Cooperation between Member Countries:**

Expanding cooperation between member countries is facilitated by ITFC’s trade solutions, which specifically aims to increase trade between member countries.

**Islamic Trade Finance Development:**

ITFC focuses on developing Islamic Trade Finance solutions both through its own provision of products, as well as by working with local banks to increase their capacity to provide such products.

## This vision is being achieved through a set of five guiding principles:



## Realignment of the Strategy in the Face of Pandemic

Following the COVID-19 health, economic and commodity crisis, ITFC conducted a strategy review to reassess the relevance of the business model in light of the new-normal global environment. The results indicated that the ITFC Corporate Strategy remains sound, however adjustments to the business model are required to adapt across the areas of strategy, people, process and technology.

The Corporation swiftly designed a Strategy 2.0 Plan to identify areas to enhance the business model. A total of 5 strategy-work packages have been concluded and a transformation roadmap has been developed to ensure that ITFC is the leading provider of trade solutions for OIC member countries' needs through this global paradigm shift.

## ITFC Commitment on Sustainable Development Goals

Advancing Trade and Improving Lives are the founding values of ITFC. These twin values are at the core of ITFC's 10-year Strategy, which is designed to deliver financial growth through the provision of trade finance solutions and create development impact across our 57 member countries.

It is this balancing mandate which inspired ITFC to begin publishing its Annual Development Effectiveness Report, which is organized around six themes: Inclusive Growth; Private Sector Development; Technology, Skills and Innovation; Sustainability; Delivery Effectiveness and Portfolio Management. Each of these is linked against ITFC's Strategic Pillars, the IsDB Group Strategic Objectives, and contributing towards the globally recognized United Nations Sustainable Development Goals. This concept has come to represent ITFC's Development Impact Framework.

# ITFC COVID19- Response Plan

## Synergy with IsDB Group



ITFC's strategy has taken on even greater importance in 2020 as the widespread social and economic impacts of COVID-19 ravaged the economies of the developing world. Consequently, ITFC rapidly developed and launched a strategy for mitigating the worst impacts and combating the challenges that so many of the nations have faced.

When the pandemic hit, ITFC swiftly repurposed its financing engagements to focus on the critical needs of member countries of the Organization of Islamic Cooperation (OIC). ITFC's initial Rapid Response Initiative allocated US\$300 million towards helping OIC member countries purchase emergency medical equipment and supplies, as well as strategic commodities, such as staple food. Moreover, ITFC also announced its Recovery Response Initiative, a second, longer-term crisis effort, and has allocated a further US\$550 million to support strategic sectors over the next two years.

This is part of the Islamic Development Bank (IsDB) Group US\$2.3 billion Strategic Preparedness and Response Programme for COVID-19 pandemic. The Program aims to support member countries' efforts to prevent, contain, mitigate, and recover from the impact of the COVID-19 pandemic. The Program envisages a holistic approach in the short, medium and long term, accommodating priorities beyond the immediate and emergency response to the health sector, while putting member countries back on the path of economic recovery through restoring livelihoods, building resilience and kick-starting economic growth. It adopts a 3-R approach, with each component focusing on Respond, Restore and Restart phases.

Beneficiary member countries of the ITFC's Rapid Response measures have ranged from all corners of the developing world from Middle East and Africa to Asia and CIS countries. To date, since the outbreak of the pandemic, ITFC has provided US\$604.7million of financing under the R1 (Respond) initiative. Examples include Egypt, where ITFC approved a US\$200 million financing package for the Government in favor of the General Authority for Supply Commodities (GASC) for the purchase of wheat, and sugar.

In the Maldives, ITFC extended US\$15 million to the Maldives' State Trading Organization (STO) for the procurement of staple foods, medicines, and emergency medical equipment. In Uzbekistan, a US\$8 million Murabaha-structured line of trade finance was extended to the private joint stock commercial bank Trustbank to support the import and pre-export financing needs of SME's.

Other countries supported under the R1 (Respond) initiative include Palestine, Senegal, Sudan, Kyrgyzstan, and Tajikistan, where special emergency grants were provided. In addition to R1, ITFC started the implementation of activities under R2 (Restore) initiative, where the Corporation allocated US\$70.4 million to local banks in member countries for the restore of SMEs and the private sector clients from the negative impact of the pandemic.







# Digitalization and Innovation

Paper-based international trade is suffering from inefficiencies. These inefficiencies were exacerbated by the COVID-19 crisis, which disrupted the supply chain. Despite the initial challenges that this crisis presented, it has in fact provided an opportunity for improvement.

It is globally accepted that digitalization of trade is now an absolute necessity. More than ever, there is a global shift in the industry towards acceptance of digital solutions as the backbone of future international trade, and as a result, investments by banks and other VC funds in FinTech startups has been growing. ITFC has identified some of the most promising digital trade solutions in the

FinTech arena and signed pilot or production agreements with the most relevant ones, giving the priority to digitalization of trade cycle via platforms that support the issuance and circulation of digital shipping documents.

In September 2020, ICC announced the operational launch of its Digital Standards Initiative (DSI) which aims to digitize trade and trade finance. Such an initiative is critically needed to set the industry standards and enable inter-operability across digital platforms, which will open doors for mass adoption. ITFC will participate in this initiative to advance the digital trade agenda in member countries.

## Digital innovation projects can be broadly categorized into:

# 01

### Digitalization of Existing Business

Electronic shipping document - Digital letters of credit – AI-aided document scrutiny- Syndication.

# 02

### Digitalization of New Business Lines

specialized digital platforms – Distributed Ledger Payment Commitment (DLPC).

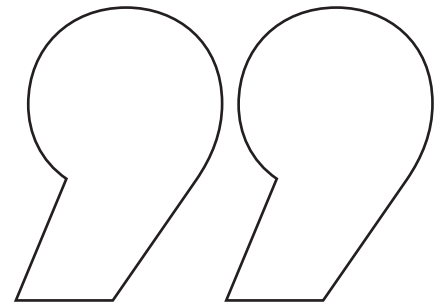


Such innovative projects enhance efficiency, transparency, traceability, and auditability, and promote trust among all stakeholders within the value chain.

Given the above, ITFC has a dual role to play: first as a role model pioneering and adopting digital trade solutions in its daily operations, and secondly as a catalyst encouraging and assisting member countries to adopt digital trade standards to advance trade.

In collaboration with leading digital solutions providers and partners, ITFC has participated in several pilots to experiment and evaluate emerging digital solutions. This includes digital letters of credit on Contour Platform and receivables financing over Marco Polo Platform, with many other projects in the pipeline.

chapter



**DEMONSTRATING  
SOLIDARITY WITH  
MEMBER  
COUNTRIES**





# Advancing Trade To Minimize COVID-19 Immediate Impact On Member Countries

The year 2020 has been exceptionally challenging for the world economy and international trade. The outbreak and rapid spread of COVID-19 has resulted in an unprecedented crisis in health and economies in OIC member countries and around the globe.

ITFC responded well to these challenges, demonstrating solidarity with member countries. The Corporation remained resilient in the delivery of its core mandate, as evidenced by its contribution to the advancement of intra-OIC trade and additionality of its interventions tailored to meet the immediate and emerging needs of member countries.

ITFC, as part of the IsDB Group 3Rs Response Initiative, rapidly allocated US\$300 million in emergency financing in the first phase of its intervention, to mitigate the socio-economic obstacles faced by OIC member countries. However, due to the severity of the crisis, it was observed that the needs of the member countries extended beyond just medical supplies to include food and other essential commodities. To this end, the intervention was scaled up with a total allocation of US\$604.7 million under the R1 (Respond) initiative, which included both new and repurposed facilities to fund the purchase of medical supplies, food items and other essential commodities, in addition to supporting private sector and SMEs under R2 initiative which amounted to US\$70.4 million.

# Using cross border trade as a development tool to support member countries

In 2020, ITFC continued to enhance its development impact by illustrating noticeable achievements in moving away from transaction-based model of trade support to a program-based approach, where trade finance operations are integrated with trade development and capacity building in order to multiply the development impact and assist the member countries in meeting their immediate and emerging needs.





In addition, the Corporation continued to deliver on its commitments and maintained its solidarity with member countries by focusing 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 robust growth with cumulative approvals reaching US\$54.88 billion at the end of 2020. However, due to the unprecedented challenging environment of 2020 caused by COVID-19 pandemic, funding challenges in international markets which affected big-ticket transactions, and the drop in oil prices, trade finance approvals contracted by 19 percent from US\$5.84 billion in 2019 to US\$4.27 billion in 2020, in terms of a year-on-year comparison.

**A breakdown of the trade finance approvals by sector is provided in Table 1:**

**Table 1 - ITFC Trade Approvals by Sector (US\$ Mil.)**

	2019 Actual	%	2020 Actual	%
 Energy Sector	4,449	76%	3,146	67%
 Food & Agriculture Sector	565	10%	721	15%
 Financial Sector	677	12%	427	9%
 Other Sectors	150	3%	428	9%
<b>Total Approvals</b>	<b>5,841</b>	<b>100%</b>	<b>4,723</b>	<b>100%</b>

Disbursements were also lower, reflecting the decline in approvals. The total disbursements stood at US\$4.10 billion in 2020, compared to US\$4.97 billion recorded in 2019. Despite this decline, the volume of ITFC disbursements in 2020 is an

indication of the Corporation's ability to deliver on its mandate whilst adjusting to the volatile and challenging environments in markets where ITFC operates.

**A breakdown of the trade finance approvals by region is provided in Table 2:**

**Table 2 - ITFC Trade Approvals by Region (US\$ Mil.)**

Region	2019 Actual	%	2020 Actual	%
Asia & Middle East	3,809	65%	2,941	62%
Africa & Latin America	2,032	35%	1,782	38%
<b>Total Approvals</b>	<b>5,841</b>	<b>100%</b>	<b>4,723</b>	<b>100%</b>
<b>Total Disbursements</b>	<b>4,977</b>		<b>4,105</b>	

Due to the negative socio-economic impact of the pandemic, particularly on the economies of Least Developed Member Countries (LDMCs), in 2020 ITFC allocated necessary resources to meet the trade finance demand and requests coming from LDMCs. To this end, out of the total trade finance approvals for 2020, 37 percent was allocated to LDMCs, compared to 36 percent in the previous year. Appendix 4 lists ITFC operations in favor of LDMCs.

In 2020, in terms of the portfolio breakdown the sovereign exposure continued to comprise the bulk of the trade finance portfolio, accounting for 90 percent of the total approval, compared to 86 percent in 2019. The increase in the sovereign exposure mainly reflects the additional financing approved for Sovereign clients to combat the COVID-19 pandemic.

**A breakdown of the portfolio by security type is provided in Table 3:**

**Table 3 - ITFC Trade Approvals by Type of Security (US\$ Mil.)**

Type of Security	2019 Actual	%	2020 Actual	%
Sovereign	5,019	86%	4,265	90%
Bank Guaranteed	117	2%	277	6%
Unsecured Lending	601	10%	100	2%
STF	-	-	-	-
Credit Insurance	104	2%	80	2%
<b>Total</b>	<b>5,841</b>	<b>100%</b>	<b>4,723</b>	<b>100%</b>

ITFC's sovereign portfolio includes large-ticket deals to finance the energy, food and agriculture sectors, and is mainly extended under strategic framework agreements signed with member countries, in line with their national development priorities and aspirations.

**BOX 1**

# Active Framework Agreements



**01 Republic of Uzbekistan**  
**US\$500 million**  
Framework Agreement to guide ITFC's interventions for 2019 - 2022 period.

**02 Republic of Mali**  
**US\$300 million**  
Framework Agreement to guide ITFC's interventions for 2019 - 2021 period.

**03 Republic of Niger**  
**US\$80 million**  
Framework Agreement to guide ITFC's interventions for 2019 - 2023 period.

**04 Republic of Djibouti**  
**US\$600 million**  
Framework Agreement to guide ITFC's interventions for 2019 - 2021 period.

**05 Republic of Maldives**  
**US\$1.5 billion**  
Framework Agreement to guide ITFC's interventions for 2019 - 2023 period.

**06 Republic of Tajikistan**  
**US\$150 million**  
Framework Agreement to guide ITFC's interventions for 2019 - 2021 period.

**07 Kyrgyz Republic**  
**US\$150 million**  
Framework Agreement to guide ITFC's interventions for 2019 - 2021 period.

**08 Republic of Suriname**  
**US\$75 million**  
Framework Agreement to guide ITFC's interventions for 2019 - 2021 period.

**09 Republic of Senegal**  
**US\$1.5 billion**  
Framework Agreement to guide ITFC's interventions for 2019 - 2023 period.



**10 Islamic Republic of Mauritania**  
**US\$600 million**  
 Framework Agreement to guide ITFC's interventions for 2019 - 2023 period.

**11 Republic of Cameroon**  
**US\$750 million**  
 Framework Agreement to guide ITFC's interventions for 2018 - 2022 period.

**12 Arab Republic of Egypt**  
**US\$3.0 billion**  
 Framework Agreement to guide ITFC's interventions for 2018 - 2022 period.

**13 Islamic Republic of Pakistan**  
**US\$4.5 billion**  
 Framework Agreement to guide ITFC's interventions for 2018 - 2020 period.

**14 Burkina Faso**  
**US\$1.5 billion**  
 Framework Agreement to guide ITFC's interventions for 2018 - 2022 period.

**15 The Gambia**  
**US\$210 million**  
 Framework Agreement to guide ITFC's interventions for 2018 - 2020 period.

**16 The Republic of Tunisia**  
**US\$1.5 billion**  
 Framework Agreement to guide ITFC's interventions for 2018 - 2020 period.



# Advancing Intra-OIC Trade

ITFC was established in response to calls for increase and acceleration of intra-OIC trade, driven by a market-oriented corporation operating within the IsDB Group. As such, ITFC has made it central to its strategy and operations to focus on contributing to the increase and expansion of trade between the OIC member countries and beyond.

Given this mandate of ITFC, in 2020, 78 percent of the Corporation's trade financing operations, representing US\$3.68 billion, focused on facilitating trade between OIC member countries, thus increasing the ITFC contribution to the trade advancement and socio-economic well-being of member countries.



## BOX 2



### **ITFC and Afreximbank join efforts to support the Agriculture Sector in member countries from Sub Saharan Africa to Mitigate some of the Negative Impact of the Pandemic**

ITFC provided Afreximbank with a US\$200 Million COVID-19 Response Package for the Agriculture Sector in Sub Saharan Africa.

Murabaha financing delivered critical support for thousands of farmers exporting food commodities across the continent as COVID-19 impacts global food commodity prices. This financing, which is indicative of ITFC's ongoing commitment to Africa, financed the export of soft commodities, such as raw cashew nuts, cocoa, sesame seeds and maize.



# Securing the Supply of Energy Products

Access to energy is a key driver of economic and social development in OIC member countries. The productivity of various industries, uninterrupted delivery of education services, quality of health sector services, food security and other branches of member countries' economies depend on the sustainable supply of energy.

According to the International Energy Agency, in recent years energy related policies and initiatives around the globe have continued to show important progress. The number of people without access to electricity worldwide dropped from almost 860 million in 2018 to 770 million in 2019.

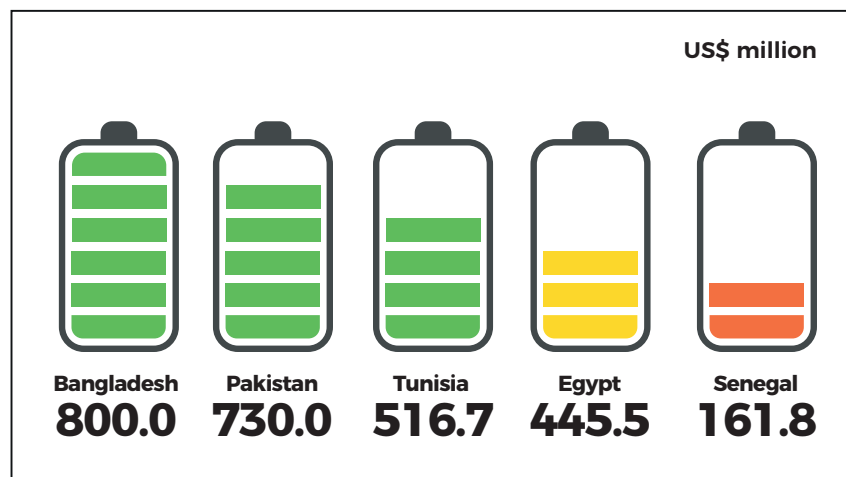
However, this remarkable progress is being challenged by the COVID-19 pandemic. In sub-Saharan Africa, while the number of people without access to electricity has steadily declined since 2013, it is set to increase in 2020, creating more challenges for member countries to achieve their energy security objectives.

Given the above and the importance of enhancing access to energy to assist member countries with navigating the impact of the COVID-19 pandemic, ITFC considers supporting the energy sector as one of the main pillars of its strategy for interventions. As such, ITFC remains a steadfast partner for providing financing to secure fuel supplies in order to maintain stability for electricity generation in order to support the livelihoods and the economic developments in the member countries.

In 2020, the trade finance approvals in favor of the energy sector amounted to US\$3.14 billion.

Furthermore, in many member countries there are limited financiers willing and able to fund energy sector-related transactions, which often require sizable funding. In these instances, ITFC acts as a catalyst in mobilizing resources from international markets to fund large syndicated deals. To this effect, sizable deals were completed in favor of a number of member countries.

**Figure 4: ITFC 2020 Top Beneficiaries in Energy Sector**





**BOX 3**

# ITFC Support to Energy Sector in Maldives



ITFC has played a vital role in STO's business success, by providing cost efficient financing options with maximum flexibility and payment terms in the 12 years of business partnership. The trading solutions offered by ITFC under Murabaha financing have reduced the financial costs, improving our overall profitability. As the savings are passed on to end consumers, the cost of living is reduced and gradually the living standards of Maldivians are improving.

ITFC's responsiveness to immediate requests have guaranteed the availability of fuel and helped to maintain a steady supply of the product all over the country. This has further ensured the steady and efficient flow of day-to-day activities in the economy.

Despite the challenges and uncertainty of COVID-19 pandemic, the distinct trade solutions provided by ITFC has enabled our company to supply petroleum products smoothly across the nation without any hindrances.

**Husen Amru Mohamed Rashad**

Chief Executive Officer and Managing Director State Trading Organization PLC, Maldives



# Supporting Adequate Supply of Essential Commodities Food Security

2 ZERO HUNGER



According to a recent report from the United Nations, after decades of steady decline, the number of people who suffer from hunger – as measured by the prevalence of malnourishment – began to slowly increase again in 2015. Current estimates show that nearly 690 million people are hungry, representing 8.9 percent of the world population. If this trend continues, the number of people affected by hunger will surpass 840 million by 2030 and the achievement of SDG#2 – Zero Hunger by 2030 – will be unachievable.

Furthermore, according to the World Food Program, 135 million people suffer from acute hunger largely due to man-made conflicts, climate change and economic downturns. The COVID-19 pandemic could now double that number, putting an additional 130 million people at risk of suffering acute hunger by the end of 2020.

In response, ITFC's approach to the food and agriculture sector has continued to focus on interventions that help member countries to bolster food security, reduce the number of the population affected by hunger, alleviate poverty, create jobs, improve productivity and enhance household incomes.





## BOX 4

### ITFC Supports the General Authority for Supply Commodities, Egypt to import essential commodities

The Ministry of Supply, represented by the General Authority for Supply Commodities (GASC), appreciates and thanks ITFC for their cooperation, both during this year and previous years. This was evidenced by the immediate response of ITFC to meet the necessary and urgent needs in such exceptional circumstances that Egypt and the whole world are going through. This had positively impacted the Egyptian economy.

ITFC has always been keen to provide innovative solutions to support Egypt's imports of vital basic commodities such as wheat and oil, which are two commodities essential for food security in Egypt, especially in light of the COVID-19 pandemic.

ITFC worked very closely with us to establish a constructive dialogue and an interactive relationship with GASC employees through the Capacity Building Program that was designed under ITFC's "Integrated Trade Solutions". This program contributed to raising the efficiency of the Authority's employees and provided them with innovative solutions to aid them during their daily business in the field of importing strategic goods.

#### Sameh Sayed Ahmed

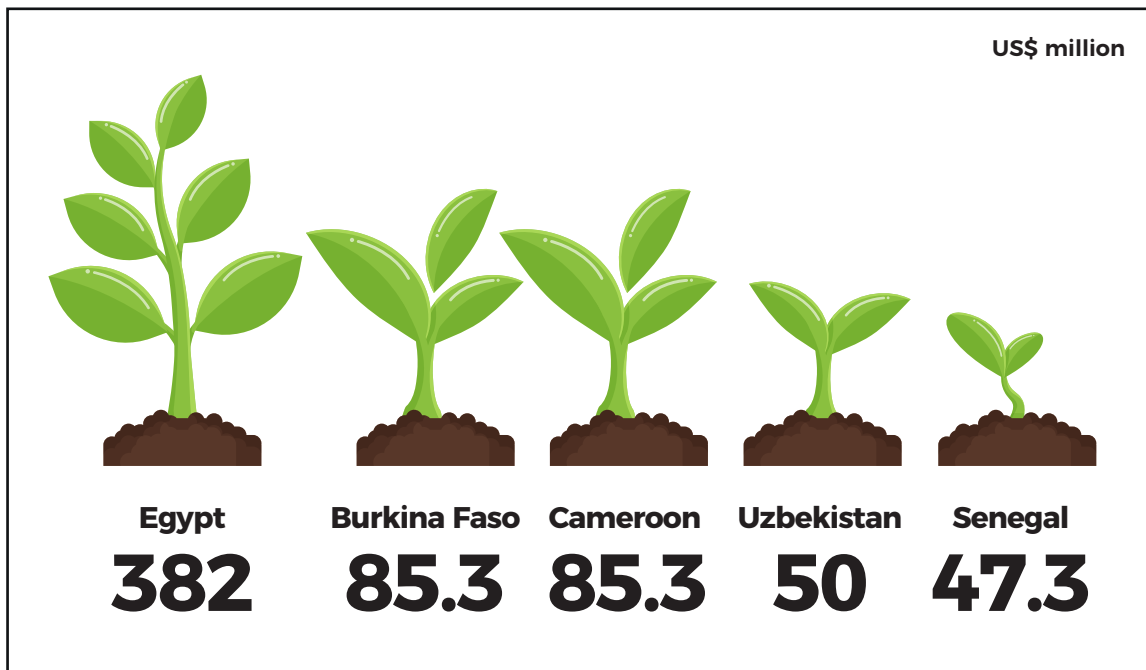
Supervisor of the Central Administration for Financial and Administrative Affairs  
General Authority for Supply Commodities  
Ministry of Supply and Internal Trade



In 2020, the trade finance approvals for the food and agriculture sector amounted to US\$721 million, in favor of 8 member countries, representing 15 percent of the portfolio. Since its inception, ITFC has allocated US\$7.10 billion in favor of beneficiaries representing the food and agriculture sector.

In addition to supporting the food and agriculture sector directly, ITFC also allocates funds to local banks through Lines of Financing in support of the sector. For instance, in 2020 ITFC allocated 16.0 million Euros to Islamic Bank of Senegal, which used the funds to import food items.

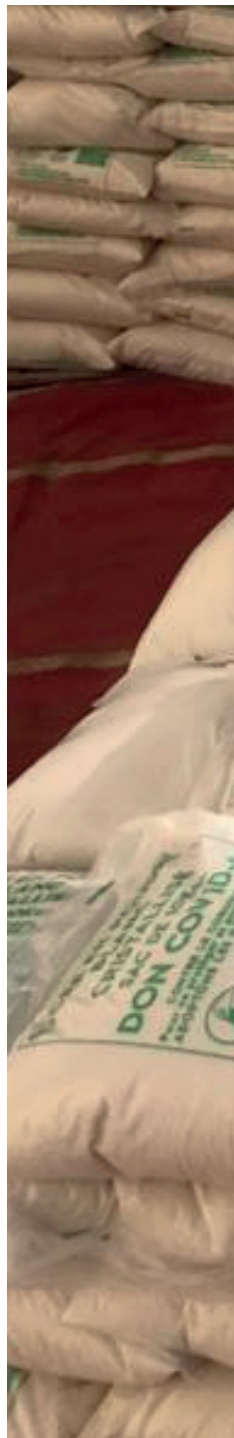
**Figure 5: ITFC 2020 Top Beneficiaries in Food & Agriculture Sector**



Since its inception, ITFC has allocated

**US\$7.10 billion**

in favor of beneficiaries representing the food and agriculture sector.





## BOX 5



### ITFC Partnered with Banque Islamique du Senegal (BIS) to contribute to Food Security in Senegal



Since December 2019, Banque Islamique du Senegal (BIS) has benefitted from a total of EUR 16 million of financing from ITFC.

With the Murabaha line of financing of 8 million Euros provided by ITFC, BIS has financed local companies for the supply to the State of Senegal with food security items, such as rice, sugar and oil to be distributed to underprivileged populations, as part of the National Response Plan against the COVID-19 pandemic. The financing has therefore contributed to the mitigation of the negative impact of the crisis. Eventually, the facility supported the strengthening of the cooperation between BIS, ITFC, the State of Senegal and key stakeholders of the local food distribution sector.

By supporting the trade finance operations of Senegal, an OIC member country, ITFC operation has indeed enabled the country to continue to contribute to the development of intra-OIC trade as a great portion of the goods came from other member countries.

Since its creation, the ITFC has actively supported the development of Senegal through financing lines and trade facilitation programs in favor of the strategic sectors of the economy. ITFC's support towards the private sector has been instrumental as the latter is an essential engine of employment and socio-economic development, with SMEs and microenterprises representing over 90% of companies in Senegal. Many of them evolve in particular in the vital Food & Agriculture sector.

**Mouhamadou Madana KANE**  
Chief Executive Officer  
Banque Islamique du Senegal (BIS)



# Providing Support To Farmers In Earning Income

ITFC's agriculture financing has expanded significantly over the past years, targeting critical areas of the value chain, from farm input to processing, pre-export, and export. It addresses funding needs where it is difficult to attract commercial providers due to the perceived high risk, particularly as it relates to pre-harvest financing.

It is also worth mentioning that a large portion of ITFC's agriculture financing goes towards the import of essential agriculture inputs, as well as towards harvested cotton and groundnut - two essential commodities that are vital both socially and economically in many member countries in Africa.

Agriculture accounts for the largest share of ITFC's trade financing portfolio for the CIS Region (42 percent), represented by the input of the agriculture sector into the cotton sector, and for Sub-Saharan Africa (36 percent) where the financing is primarily extended towards cash crops, namely cotton and groundnuts.

In Sub-Saharan Africa, ITFC's financing helps to boost food security as farmers use part of the agricultural inputs funded by the financing to grow food crops. Also, the funding allows farmers to receive timely payments for their crops, thereby enhancing their household income.

In 2020,  
ITFC has extended

**US\$373  
million**

for supporting farmers  
in member countries  
such as Burkina Faso,  
Cameroon, Gambia,  
Indonesia, Senegal and  
Uzbekistan.



**BOX 6****ITFC Contribution to  
Agriculture Support  
in Uzbekistan**

It is a great honor for the Agricultural Support Fund of Uzbekistan to have partnered with ITFC. The Murabaha Financing in the amount of US\$50 million provided by ITFC is the first ever external financing raised by the Fund.

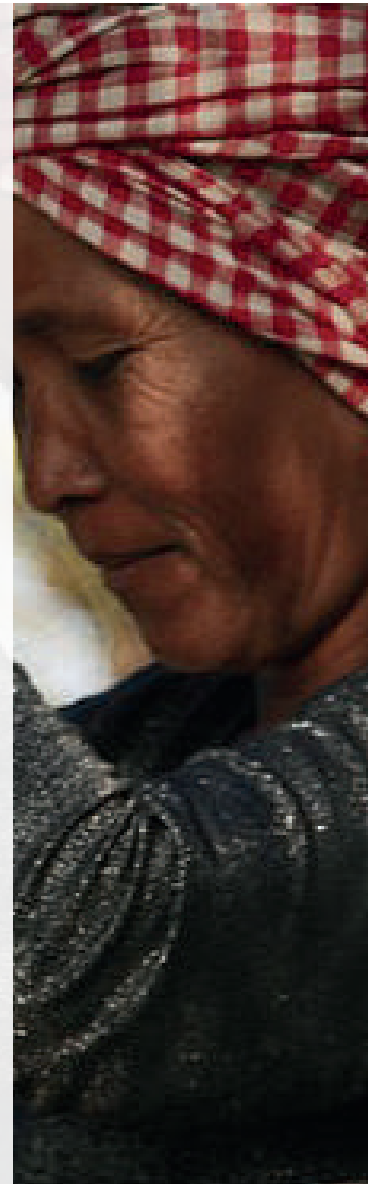
The Murabaha Financing will enable the Fund to diversify its sources of funding, support the country's ongoing structural reforms in the cotton sector and support private sector participation and resilience in the cotton sector. The ITFC financing will also support the creation of more jobs in the cotton farming community, which will help to alleviate poverty.

Finally, the Murabaha Financing will support our on-lend activities to SMEs in the agriculture sector at affordable financing terms. We are confident the partnership with ITFC will continue to grow in the future as we look to develop a mutually beneficial relationship.

**Abdujabbor Isroilov**

Director

State Fund for Agriculture Support, Uzbekistan



# Partnership with FIs - Helping SMEs and Private Sector to Recover

According to the SME Competitiveness Outlook for 2020, published by International Trade Center, the economic ramifications of the pandemic quickly became apparent, with SMEs disproportionately bearing the brunt of the impact. With workers and customers staying indoors, and supply chains tested by shutdowns, the small companies that provide 70 percent of jobs in countries around the world and about half of economic activity have been put under stress. In this regard, one-fifth of SMEs are stated to be at risk of shutting down permanently.

Given the importance of SMEs for job creation, income generation and sustaining household incomes, in 2020, in line with its strategic objectives of increasing its private sector intervention, with a particular focus on SMEs, the Corporation

put SME support and ensuring access to finance for SMEs at the center of its interventions.

Thus, in 2020, to enable SMEs to access financing, ITFC established new partnerships with 8 Banks and FIs in member countries such as Bangladesh, Maldives, Cote d'Ivoire and Uzbekistan among others. The total amount of financing for SME support equaled US\$427 million.

The total number of active Bank partners stands at 26, with 16 from Asia & Middle East and 10 from Africa & Latin America. The Lines of Financing extended by ITFC will help the SMEs to access trade finance resources and contribute towards the recovery of SMEs from the negative impacts of the pandemic.



## BOX 7



### ITFC Partners with Commercial Bank of Kyrgyzstan to Support SMEs



Commercial Bank Kyrgyzstan (CBK) was the first Bank in the Kyrgyz Republic which established partnership with ITFC to support the trade operations of SMEs under scope of Line of Trade Financing mechanism. The mode of financing proposed by ITFC was welcomed by the Bank's clients looking for Sharia Compliant financing. We believe that this partnership between ITFC and CBK will further improve the availability of Islamic modes of financing in the country and there is a potential to further grow ITFC activities in the country.

In addition to providing Lines of Trade Financing, ITFC conducted several workshops and training sessions for Financial Institutions operating in the Kyrgyz Republic with the involvement of highly qualified experts. As a result of this training, we expanded our knowledge of Islamic finance, which will be useful for us in launching the Islamic Window.

We are also grateful to ITFC for supporting CBK staff in enrolling in ICC Academy Certification Programs. We believe that this support will help the Bank to further expand its trade finance capacity and offerings.

We consider ITFC as one of the main partners of the Bank in expanding the Islamic finance and trade finance products and services and we look forward to long-lasting cooperation between our entities.

**Sagyndykov Zharkynbek Zhumabaevich**  
 First Deputy Chairman of The Board  
 Commercial Bank of Kyrgyzstan



## BOX 8

### ITFC Helps The City Bank to Further Expand its Trade Finance Capacity



It is an honor for City Bank to have entered into a strategic partnership with ITFC. This partnership has allowed City Bank to enter into a US\$15 million Murabaha Trade Finance Agreement with ITFC and also to be the first bank in Bangladesh to receive an LC confirmation line.

City Bank is a trade focused bank, and these supports from ITFC team are instrumental to extend our trade finance capacity and reach more clients. We have already completed fertilizer and commodity import transactions under ITFC's Murabaha trade finance support, which has trickled down to better financial support for tens of thousands of farmers in Bangladesh.

City Bank expects to expand this successful partnership with ITFC and continue promoting the growth of our economy.

**Aziz Al Kaiser**  
Chairman  
The City Bank Limited

## Successful Launch of the new LC Confirmation Product

Enhancing international trade is crucial for economic development in member countries and its role becomes even more critical as countries embark on the recovery phase from the pandemic. Given this, in 2020 ITFC has launched the LC Confirmation product which is aimed at facilitating trade flow between the member countries and beyond, enhancing partnerships with local and regional Banks and Financial Institutions for SME support, as well as ensuring the steady supply of essential goods and commodities.

ITFC's newly developed LC Confirmation product is open for exporters who trade with the private sector, including SMEs in OIC member countries. Exporters can now rely on ITFC's LC Confirmation to support their sales growth and mitigate payment risk in markets in OIC member countries.

## BOX 9

# ITFC LC Confirmation Program



In 2020, ITFC expedited the launch of its new LC Confirmation instrument for exporters and the Issuing Banks as part of its strategy to expand its private sector interventions.

ITFC's newly developed LC Confirmation product is open for exporters who trade with SMEs in OIC member countries. Exporters can now rely on ITFC's LC Confirmation to support their sales growth and mitigate payment risk in markets in OIC member countries.

The LC Confirmation product is structured to allow an exporter to gain assurance from a credible multilateral financial institution to secure its payment on the specified due date, thus mitigating the credit and country risks of the LC Issuing bank.



# Mobilizing Resources to Sustain Trade Finance Interventions



The COVID-19 pandemic caused an unprecedented disruption to the debt and syndications market all over the world, and severely impacted the Europe and MENA regions. During the early months of the pandemic, the syndication market dried up completely as there was no roll-over of existing loans and no new syndicated loans were issued in the market, with the fear of severe deterioration of creditworthiness of sovereign borrowers, rating downgrades, and possibility of defaults or at best rescheduling of debt. This all forced the majority of financial institutions in the region – among which many are ITFC's syndicate partners – to limit their participation in ITFC's syndications during the pandemic. Syndications raised by ITFC during this difficult period faced severe mobilization challenges as the common syndicate participants shed away from their regular participation, hence ITFC was left as the only significant figure in the syndication market during this period.

To counter the impact on syndication activity, ITFC re-negotiated the terms of the financing with its sovereign clients to bring the pricing of the financing to reasonable

levels to attract already-few participants. ITFC also exerted extraordinary efforts to communicate and follow up with their syndicate partners, especially with focus on MDBs sharing developmental agendas like ITFC, to attract funds as much as possible. The pricing improvement along with the closer and intensive follow-ups with the participants, coupled with the gradual recovery from the initial shock in the market, all resulted in resuming the participation of ITFC's syndicate partners in the large-ticket syndications with reasonable levels of subscription. As a result, the syndications raised with such improvement were successful and closed with volumes that were not initially projected, and ITFC was able to attract a reasonable number of participants who showed courage and were able to secure necessary approvals for participation.

Despite these challenges, ITFC succeeded in mobilizing US\$2,438 million from Syndicate Partners in the market, to fund 30 operations in favor of 13 member countries. The mobilized funds from the market represent 52 percent of the total trade financing provided by ITFC this year.



# Leveraging Resource Mobilization for Sustainable Market Impact

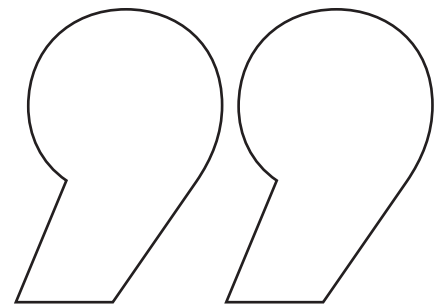
The period of the pandemic was a game changer for ITFC's strategy in terms of structuring its funding to ensure continuous growth of its trade finance portfolio. This period proved to be a milestone as ITFC was encouraged to focus on building the internal capacity, exerting more efforts to expand the network of reliable partners, as well as going intensively to borrow from the market to establish ITFC's name as a solid and trustworthy borrower in the market. Moreover, ITFC consciously put borrowing on hold during early period of the pandemic to avoid incurring high costs for the liquidity. However, starting from Q3 2020, ITFC was able to establish several new borrowing lines, introduced new borrowing instruments (committed contingent liquidity facility and private placement).

Despite of the challenging environment, ITFC was able to borrow confirming the confidence and trust of the treasury partners has for ITFC.

During this period, ITFC signed several agreements with local, regional and International banks which expanded the base of its partners in the treasury market. ITFC also managed to establish its own name in the treasury space and played the active role of being a market maker. ITFC expanded its funding base to include private placements, committed lines, Islamic repos, in addition to money market lines. In managing its liquidity, the ITFC has in place a prudent liquidity policy which has been highly accredited by the rating agencies in their credit report.



chapter



**Repurposing  
trade  
development  
programs to  
respond to**

**the  
crisis**

While the impact of the pandemic will vary from country to country, it will most likely increase poverty and inequalities at a global scale, making achievement of the SDGs even more urgent. For this reason, ITFC has repurposed and adapted its various Flagship Trade Development Programs and interventions to counter the impact of the pandemic on member countries.

On a related note, the COVID-19 pandemic had a significant impact on the cost of trade in 2020, causing an increase of 7 percent, threatening the gains obtained from the implementation of the WTO Trade Facilitation Agreement. In this context, there is a need now more than ever to support and encourage IsDB Member Countries to adopt digital trade processes and policies to reduce trade cost and time.



# Flagship Programs



# Arab Africa Trade Bridges (AATB) Program

The AATB Program, launched in 2017, aims to be a dynamic platform to create and promote trade and investment opportunities, 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.

The Executive Committee of the AATB program, in its meeting held virtually on 9th April 2020, approved an “AATB Response to COVID-19 Crisis” strategy, in order to strengthen the capacities of member countries to respond to the pandemic and enhance the resilience of the health sector in the countries of both the African and Arab regions. In this regard, it was decided to work on a contingency plan to assist Arab & African countries to overcome the impacts of the crisis through different activities. Multiple important and ambitious interventions were implemented to benefit the Arab & African countries, notably:





# E-Learning and Knowledge Sharing Platform on "Preparing for and Responding to the COVID-19 Pandemic in African IsDB Member Countries"



**E-Plateforme d'Apprentissage et de Partage des Connaissances sur**

**La Préparation et la Réponse à la Pandémie de COVID19 dans les Pays Africains**

**Webinar sur la prise en charge des patients atteints par le coronavirus**

Première session : Samedi 25 Avril 2020

10:00 - 14:00 (GMT)

Sponsorisé par SARA, OMS, ARAB-AFRICA TRADE BRIDGES PROGRAM

The objective of this platform has been to facilitate learning and knowledge sharing between medical teams from African IsDB member countries, which are advanced in the preparation and response protocols to the COVID-19 Pandemic, and other countries in Africa and around the world.

**Three webinars were organized on 25 April 2020, 3rd & 17th of May 2020 and main outcomes were:**

**Enhancing the preparedness and response of African countries to soften COVID-19 impacts**

**Creating synergy and complementarity among African countries to fight COVID-19**

**Provisions made to participants from African countries with different protocols to deal with COVID-19 cases**

**More than 130 doctors and members of national committees from 17 African countries were gathered, discussed, and shared knowledge on pandemic preparedness and response, leveraging international expertise in this area**





## **Financial support to the Republic of Benin for Responding to the COVID-19 Pandemic**

In each municipality, a site was set up for sorting and screening asymptomatic cases and certain target groups, referral of symptomatic cases and severe cases to the treatment centers. The transport of samples to departmental COVID-19 laboratories was also organized. To this end, 17 laboratories were made operational in all departments and 89 sorting and screening sites (each municipality will have at least one sorting and screening site).



## **Support with equipment and Capacity Development on preparing and responding to COVID-19 Pandemic for the Laboratories network in West African countries**

to support the network of laboratories in West Africa with necessary medical equipment and to facilitate the transfer of knowledge and expertise from Institut Pasteur de Dakar to laboratories in 10 African countries. This is implemented in collaboration with the IsDB reverse linkage program.



## **Harmonization of Standards for Pharmaceuticals and Medical Devices in African Countries**

The project aims to identify the state of the pharmaceutical and medical devices manufacturing industry in Africa, analyzing why Africa needs to establish pharmaceutical and medical devices manufacturing, and responses to Epidemics and Pandemics in Africa. This is achieved by providing a rapid response and intervention to the ongoing coronavirus pandemic (COVID-19), and analyzing existing international, regional and national standards for their suitability to be adopted as African Standards.





## **OCP Agribooster Program: 2020 Emergency Rice Program in Côte d'Ivoire**

The Agribooster offer is an end-to-end value chain solution that aims to achieve the goal of Cote d'Ivoire food sovereignty in Rice, by facilitating the provision of quality inputs (fertilizers, hybrid seeds, etc.), with payment facilities (credit) and securing the purchase of farmers' production. The Program was designed in 2020, with an objective to start implementation in 2021.



## **Training on Regional Trade in the World Trade for French Speaking African Countries: Casablanca, 20-29 January 2020**

The ITFC and the Ministry of Industry, Trade and Green and Digital Economy of the Kingdom of Morocco co-organized a training course in collaboration with the Moroccan Higher Institute of Commerce and Administration of Enterprises (ISCAE). The course covered Regional Trade in the World Trade, for the benefit of French-speaking African countries members of the OIC. This training for civil servants in ministries and public institutions was held from 20 to 29 January 2020 at ISCAE's Executive Training headquarters in Casablanca, Morocco.



## **Support the FITA 2020: Tunisia, 3-4 February 2020:**

The forum was organized in cooperation with the Tunisian Ministry of Foreign Affairs, the Ministry of Development, Investment and International Cooperation and the Ministry of Trade, and recorded the presence of more than 4000 economic actors and businessmen in the presence of many officials and decision-makers from Africa.







# aftias2.0

## Aid for Trade Initiative for the Arab States

ITFC has been part of the Global World Trade Organization (WTO) Aid for Trade (Aft) initiative, on behalf of IsDB Group, since the very beginning alongside the rest of Multilateral development banks (MDBs). Since 2012, ITFC has offered its full support to prepare and launch the Aid for Trade Program in the Arab Region, in response to a request received from the Arab Group at the WTO in Geneva.

At the last AftIAS Board meeting, held in January 2019, the organizers expressed their satisfaction with the outcomes of the Program's evaluation and welcomed also the decision of the 4th Arab Economic Summit held in Beirut (20/01/2019), calling upon ITFC to prepare the 2nd Phase of AftIAS in cooperation with the League of Arab States (LAS) and all the Arab countries (22).

Based on this decision, the design for AftIAS 2.0 Program was undertaken from July 2019 to February 2020, which was validated during a workshop organized in February 2020. In March 2020, the AftIAS 2.0 Program document was updated to take into account the new requirements arising from the COVID-19 pandemic impact on the economies of the region.

The AftIAS 2.0 Program is designed as a five-year Program. Its development objective is 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". Its targeted budget has been set at a minimum of US\$40 million to cover a five-year operational period starting from 2021.

## BOX 10



# WA SME Program



In the scope of its West Africa SME Program, the International Islamic Trade Finance Corporation (ITFC) designed a capacity building programme to provide support to its partner banks in the region. ITFC selected the German consulting firm, Internationale Projekt Consult GmbH (IPC – <https://www.ipcgmbh.com/>), to carry out an institutional diagnostic of Coris Bank International Burkina Faso and Coris Bank International Senegal on the banks' SME finance operations, in particular SME trade finance, to propose an implementation plan to enhance lending operations with SME and to proceed with the implementation subsequently. The project work started in March 2020 and was finalized in December 2020. After the kick-off meeting organized by ITFC with the two partner banks, the IPC experts undertook the institutional diagnostic activities in a first project phase.

The IPC experts thoroughly assessed both banks' current procedural set-up, staff competencies and, hence, technical assistance needs in order to deliver efficient and profitable financial services and products to the SME segments in Burkina Faso and Senegal. On that basis, the IPC experts delivered a new SME finance-centered manual of lending policy and procedures, and together with it, templates and tools supporting bank staff and managers in the entire SME credit cycle. This package includes as well a scoring tool enhancing the SME loan demand appraisal and the credit risk analysis. The IPC experts concluded the implementation activities with a series of interactive webinar training sessions with business and risk staff of both partner institutions. Training topics included SME business development techniques, financial analysis and credit risk assessment. The project work has been implemented successfully by the IPC experts to full satisfaction of ITFC and the partner banks.

The WA SME Program aims to have a positive impact both on banks and SMEs alike. For Banks, it will increase the offering of trade finance products, provide training and SMEs assessment tools to start or strengthen their SMEs lending practices. For SMEs, it will substantially increase the access to financing and build their capacity to decrease default rate on Bank loans.

The partnership between multilateral, private and public sector actors to propose various financing instruments resulted in the increase of the financing envelopes and reduced the cost of financing for SMEs. This included loans, equity guarantees and technical assistance grants.

Along with ITFC, partners include the Organisation Internationale de la Francophonie (OIF), the Délégation Générale à l'Entreprenariat Rapide - DER (Government of Senegal) and Coris Bank. About 200 multisector Senegalese SMEs will be selected in phases (2020 and 2021), including at least 40 SMEs led by women (20% of total SMEs), will participate in a 15-month long program that will include pre-and-post- financing support consisting of technical assistance to project preparation, submission of loan applications and post financing project follow up.

In the context of COVID-19, the project was repositioned to give priority to SMEs directly or indirectly involved in health care (digital health services, pharmacy, supply and logistic of health products, import of health products) and sectors that mitigate constraints created by interruptions of schools and closure of stores (including agroindustry and education). The combination of different financial instruments and technical assistance will help increase the financing volume at limited risk for banks and lower cost for SMEs. As of 31 December 2020, a total of 60 SMEs were trained to enhance their creditworthiness. The SMEs are trained in working capital management techniques and crisis management, which allows them to mitigate the impacts of the crisis. Regarding the banking component, it is being delivered to CORIS Bank International, a partner bank, in Burkina Faso and in Senegal.

# Export Launchpad Bangladesh

Export Launchpad Bangladesh is a technical assistance program in Bangladesh, which is a joint initiative of the ITFC, Trade Facilitation Office Canada (TFO Canada), the Government of Canada, through Global Affairs Canada, and in collaboration with the Bangladeshi Business Promotion Council (BPC). It was launched in November 2019.



Export Launchpad  
**BANGLADESH**  
DEVELOPMENT TRADE OPPORTUNITIES

The Export Launchpad Bangladesh program has the following overarching objective: Develop human resources in the field of international trade and equip the BPC with the capacity to deliver trade training and support services to Bangladeshi exporters and potential exporters. This goal is to support these firms grow their export activities and contribute to the sustainable economic development and alleviation of poverty in Bangladesh.

Under this Program, 32 participants (17 women) from 9 Trade Support Institutions/Trade Promotion Organizations/Business Support Organizations were trained during July and August 2020. The graduation ceremony was held on November 28th, 2020.

The second phase will be focused on preparing and strengthening the capabilities of Bangladeshi SMEs and their products in order to access the Canadian market which includes market research and market access training. The activities aim to enable the Bangladeshi SME exporters to improve their access to targeted international markets, especially Canada.

The ultimate outcome of the activity is to contribute to sustainable economic development and poverty alleviation in Bangladesh by enhancing the capacity of Trade Support Initiatives (TSIs) and the SME exporters to capitalize the opportunities in the global market, especially Canada.







**BOX 11**

## **ITFC and TFO Canada expanded the partnership to improve and expand the export assistance services to SMEs in Bangladesh**



Trade Facilitation Office (TFO) Canada is a not-for-profit organization whose mission is to improve lives through the creation of sustainable trade partnerships for exporters from developing countries with Canadian and foreign buyers. Since 1980, TFO Canada has been providing trade promotion and capacity building services to tens of thousands of Small and Medium Enterprises (SMEs) and hundreds of Trade Support Institutions (TSIs)/Trade Promotion Organizations (TPOs)/Business Promotion Organizations (BPOs) from many countries in the world (Asia, Middle-East, Africa, Latin America and the Caribbean).

Building on the success of Export Launchpad – Senegal (2017-18), TFO Canada partnered with the Business Promotion Council (BPC) of Bangladesh to jointly support an international trade capacity building and market access support program in Bangladesh titled “Export Launchpad – Bangladesh”, which was co-funded by the ITFC and Global Affairs Canada. This program has two distinct components: A training of trainers’ phase followed by a Canadian market access phase. Export Launchpad – Bangladesh aims to improve and expand the export assistance services to Small and Medium Enterprises (SMEs) provided by selected TSIs/TPOs/BPOs in Bangladesh.

Given the realities of COVID-19, the delivery of the Export Launchpad – Bangladesh initiative had to be adapted to our “virtual reality”. Thanks to the perseverance of all involved, we were able to deliver a quality program by having online sessions from a distance, while engaging local experts in Dhaka who facilitated the coordination and logistics of our training activities. This was a true testament to the collaborative spirit that was exhibited throughout this project resulting in 32 new trainers (17 Female & 15 Male) and 43 trained SMEs representing the sectors of Diversified Jute and Processed Food.

Another strong indication of our partnership with the ITFC was demonstrated at the launch of our Global Affairs Canada funded project, titled “Women in Trade for Inclusive and Sustainable Growth” in September 2020. We were honored to have the ITFC speaking to our longstanding relationship at this event.

**Steve Tipman**  
Executive Director, TFO Canada



# Integrated Trade Solutions



01

## Workshops on Structured Trade Finance (STF) in Pakistan, 25 & 27 February 2020 in Islamabad & Karachi:

Agriculture is one of the biggest sectors in the economy, contributing 24 percent to Pakistan's GDP. A study on Warehouse Receipt (WHR) was first conducted by the State Bank of Pakistan (SBP) in 2014. It gave the opportunity to raise awareness and show that WHR could be a real opportunity for the country's agriculture sector. In this spirit, ITFC organized a workshop for raising awareness on WHR/STF held in Pakistan in February 2020.



02

## Maldives Integrated Solutions to State Trading Organization (STO):

ITFC has responded to the request made by the Maldives to procure the national requirement of medical supplies including test kits, ventilators and other PPEs required for the health sector. ITFC provided a US\$50,000 grant, which was subject to a Grant Agreement signed between STO and ITFC on 2nd May 2020.

03

## Kyrgyz Republic: Provide food supplies to Mol Bulak Microfinance Company

ITFC responded to the request of Mol Bulak Microfinance company in Kyrgyzstan to provide a food package relief program to the most vulnerable people in the different parts of the country.



## 04

## Senegal Trade Integrated Solutions

ITFC has approved a grant for the Senegalese groundnut oil processing company, SONACOS, to acquire new laboratory equipment. The technical assistance enabled SONACOS to acquire equipment that will specifically enable the company to ensure that its groundnut oil continuously meet international quality and food safety standards, and therefore be able to conquer new international markets.

## 05

## Egypt Trade Integrated Solution

The General Authority for Supply Commodities (GASC), one of main ITFC clients, was selected to benefit from ITFC integrated trade solutions in 2020. In cooperation with the Ministry of Planning and Economic Development and the Egyptian Banking Institute, ITFC developed and implemented a capacity building program for Egypt's General Authority for Supply Commodities (GASC).

The program included the implementation of three training courses dealing with commercial banking transactions related to importing goods and preparing financial statements, as well as managing commercial procedures related to receiving goods. 44 trainees from the Ministry of Supply and Internal Trade and GASC benefitted from the program.







# Targeted Interventions

01

## **Advanced Islamic Workshop for Financial Institutions in Kyrgyz Republic, 18-20 February 2020**

The workshop aimed to raise capacity and to promote Islamic Finance as a tool for boosting economic development and advancing trade. The workshop served as a platform for FIs to explore partnership opportunities with ITFC.

02

## **Reverse Linkage Program between Guinea (Recipient) and Tunisia (Provider) for enhancing the value chain for exporting Mango and Cashew in Guinea**

The main objective of the 3-year program, which was officially launched on February 26, 2020 in Conakry, is to contribute to the efforts of the Government of Guinea towards developing and improving the whole value chain for exporting Mango and Cashew.

03

## **Provision of food supplies and medical equipment needs for the Islamic Republic of Afghanistan**

ITFC under its COVID-19 Rapid Response Initiative (RRI) provided emergency food and medical supplies to the Islamic Republic of Afghanistan. Facilitated by the Islamic Organization for Food Security (IOFS), work was undertaken with local manufacturers to deliver staple foods and medical support for the country. Products include wheat flour, rice, corn, sugar, and peas, whilst medical equipment include COVID-19 medical equipment and devices. This grant is also supported by ITFC's new Trade Development Fund (TDFD), to mitigate the impact of COVID-19 in the country.

04

## **Supporting capacity development program with the Arab Tourism Organization**

The Arab Tourism Organization established a core team that includes local, regional and international stakeholders including ITFC to come up with solutions to mitigate the negative impacts of COVID-19 on the Tourism sector in Arab countries given the fact that Tourism is considered Trade in Services and it is one of the most deeply hit sectors as a result of the pandemic.

05

## Provision of medical equipment needs in the Republic of Tajikistan

The Trade Development Fund, managed by ITFC, provided to the Republic of Tajikistan a grant for the provision of emergency medical supplies during the outbreak of the new coronavirus (COVID-19) pandemic. The grant funded the delivery of critical medical supplies to include personal protective equipment such as hooded epidemic grade protective overalls and N95 standard Professional Protective Masks.



06

## Supporting the Ministry of Health of Palestine to fight the COVID-19

The State of Palestine, through its Palestinian International Cooperation Agency, has requested the support of ITFC to provide urgent medical needs for fighting COVID-19 pandemic. In alignment with the IsDB Group 3Rs Response Package, ITFC, has allocated financial support to the Ministry of Health.

07

## Provision of medical equipment needed for Burkina Faso

ITFC has responded to the request made by Burkina Faso to fight against COVID-19 based on providing laboratory equipment, prevention and control of infections, management of patients, communication, and building capacities of medical teams.

08

## Providing urgent aid to the Republic of Sudan

The ITFC extended support to Sudan to overcome the social and economic impacts of the pandemic and to limit these consequences after the damage and losses due to the flooding experienced in the country. In this critical situation, ITFC has decided to respond favorably and to allocate financial support through the Arab Organization for Agricultural Development (AOAD) to soften the negative impact of the COVID-19.

09

## AgriTech Knowledge Sharing Webinars

ITFC and the Islamic Development Bank (IsDB) in collaboration with IsDB Group Business Forum (THIQAH) jointly held two AgriTech webinars in 2020 to explore harnessing digital tools like AI, Blockchain, IoT, Drones, Robotics etc. and techniques like Precision Farming to address food security issues and sustainable value chains.

The first webinar titled “The Role of AgriTech in Food Security & Sustainability” discussed sustainable climate-smart agricultural technologies for achieving food and nutrition security.

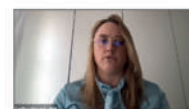
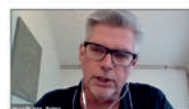
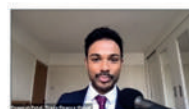
The webinar highlighted the most promising AgriTech solutions to enhance efficiencies of agricultural value chains at the national, regional and global level. The webinar also focused on raising environmental awareness and demonstrated AgriTech solutions that can contribute positively to preserving and restoring the environment,

as well as establishing strategic partnerships among various stakeholders to materialize the applications of AgriTech solutions and good agronomic practices to advance the sector. Guest speakers were from various MDBs and banks: IsDB, Malabo Montpellier Panel, FAO, IFAD, Swiss Contact, Grow Asia, AfricInvest Group, Deniz Bank & Inoks Capital.

The second webinar titled “Agritech Digital Solutions” examined how to leverage the power of ICT application and partnerships through a panel discussion and three presentations on Paperless Trade, Digital Supply Chain Management, and IoT aiming to promote transparency and visibility throughout the Digital Supply Chain, establishing trust among financiers, producers, consumers and other stakeholders. Guest speakers represented International Chamber of Commerce’s Digital Standards Initiative, IBM, TradeLens & Bolero.

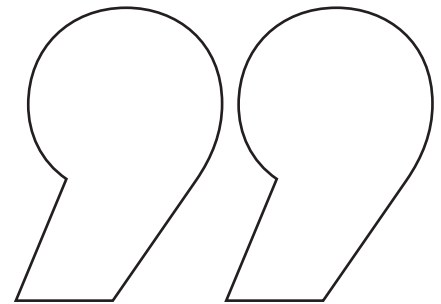


### 2<sup>nd</sup> AGRITECH & DIGITAL SUPPLY CHAIN WEBINAR





chapter



**GLOBAL  
POLICY SHAPING  
IN TIMES OF  
COVID-19**

ITFC has continued to engage in policy advancement to advocate for the adoption and implementation of policies geared toward the effectiveness of trade finance and development in “advancing trade and improving lives” during the COVID-19 pandemic.

An important component of the Corporation’s work is policy contributions, alongside other MDBs, including the “Joint Statement by Heads of Multilateral Development Banks and the WTO” on “Supporting Trade Finance During the COVID-19 Crisis”, as well as the ADB, EBRD, IDB, IFC and WBG. Also, ITFC participated in the Joint Policy Publication with WTO on “COVID-19 Impact on Trade Finance Gap and Potential Solutions”.

Other notable policy contributions include ITFC CEO participation in the IfTI Global Symposium 2020, in the Arab Brazil Economic Forum and the Astana Economic Forum, showcasing varying perspectives of how to foster sustainable development through innovation and trade during the COVID-19 pandemic.

# Policy Advancement In The G20

ITFC actively participated in the Saudi G20 Presidency, especially through its policy contributions to the Trade and Investment Working Group, with the focus on the nexus between trade and investment, and growth, job creation and poverty alleviation. In emphasizing the need for immediate lifting of trade restrictions and providing access to trade finance, ITFC also highlighted the importance of international trade in future economic and financial recovery plans.

ITFC and IsDB Group supported the G20 Saudi Presidency’s “Riyadh Initiative for the reform of the WTO”, as a starting point to modernizing the organization and to adapt it to the new international trade and investment needs, including e-commerce and trade in services.

ITFC leadership represented the IsDB Group on two occasions, namely at the Deputy Finance Ministers & Central Bank Governors’ Meeting (April 2020) and the Trade and Investment Ministerial Meeting (September 2020), which afforded the opportunity to reiterate support for Aid for Trade initiatives for LDCs, regional integration mechanisms such as the African Continental Free Trade Area (AfCFTA), and alignment of IsDB Group with other MDBs regarding the Debt Service Suspension Initiative (DSSI) and the “G20 Common Framework for Debt Treatments”.



# Partnerships For International Trade Advancement

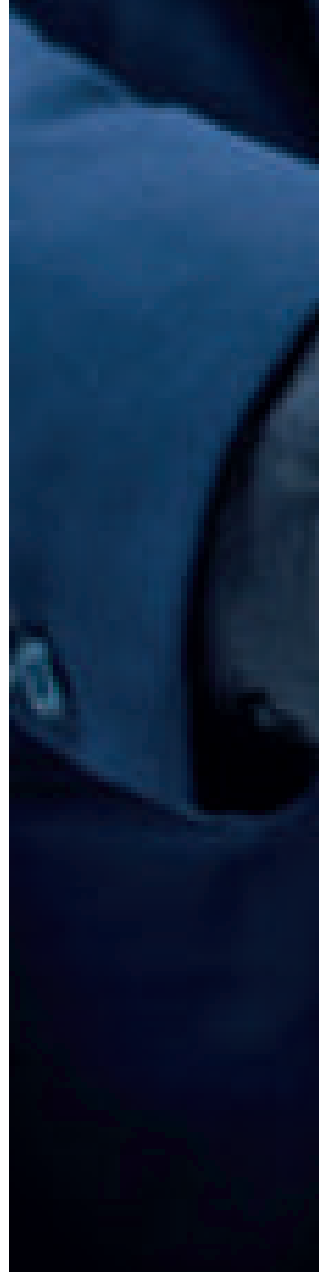
In 2020, ITFC remained active on many fronts including policy advancement, resource mobilization, trade finance and the implementation of trade development programs with its network of strategic partners. ITFC continued its activities with the International Chamber of Commerce (ICC) through its virtual participation in the ICC Banking Commission and the Sustainable Trade Finance Working Groups, as well as the implementation of the Global e-Learning Program for Financial Institutions across continents.

A variety of engagements were executed with the World Trade Organization (WTO), notably the Joint Policy Publication on "COVID-19 Impact on Trade Finance Gap and Potential Solutions", the Policy Contribution to the Experts Group on Trade Finance and the Experts' Meeting on COVID-19 Impact on Trade Finance. Furthermore, The EIF and ITFC have extended the capacity building and trade promotion partnership to include Joint Policy Publication and trade finance technical assistance.

Together with the African Union and the Afreximbank, the ITFC has continued to play an important role, especially in the preparatory activities of the forthcoming

second Intra-African Trade Fair in Kigali, Rwanda. The partnership with Afreximbank has continued to achieve success with major initiatives including the signature of a US\$200 million Line of Financing, the launch of the COVID-19 Co-Financing Platform - COPREFA; and the project of Harmonization of Standards of Pharmaceutical and Medical Products in Africa.

ITFC has also accelerated its support to the African Continental Free Trade Area, with MoUs signed with the African Union Commission and the United Nations Economic Commission for Africa, and a Letter of Intent (LOI) signed with AfCFTA Secretariat. More specifically, and in cooperation with relevant partners, ITFC has developed a dedicated AfCFTA Initiative, in close coordination with IsDB, with the focus on supporting (1) the AfCFTA Secretariat, (2) the AfCFTA Operational Instruments, (3) the development of National Strategies and (4) connectivity and infrastructure across Africa. In the same area, a MoU with the Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRIC) was signed to conduct a Study on "The Impact of AfCFTA on OIC African Countries".





# Grant Mobilization For Policy And Trade Development

**The total amount of  
grant mobilization  
stood at**

**US\$  
1,428,745**

Facing an increased demand for trade development from its member countries, ITFC has increased its seed funding contribution to enable mobilization of resources from external partners, including Governments, MDBs, development agencies and project-oriented donors and sponsors. The total amount of grant mobilization stood at US\$1,428,745 and it was mobilized from a variety of donors including Governments, Afreximbank, BADEA, EIF, ICC and SESRIC.

These mobilized funds were vital in supporting partners to implement important programs and projects.



# Global E-learning Program

The International Chamber of Commerce Academy, in partnership with ITFC, scaled up its Global e-learning program, which has been joined by the Enhanced Integrated Framework (EIF) Secretariat at the World Trade Organization (WTO). It aims to enhance trade finance capacity in LDCs. This will be achieved by providing online training to financial institutions in Africa, Asia and CIS. The courses are in Islamic trade finance and products, financial sector best practice, regulatory reforms, and a greater understanding of operational risk in trade finance.

ITFC has identified immediate demand for 45 certificates from 24 existing ITFC clients and prospects, with interest in a further 30 certificates from an additional 20 prospective clients. It is anticipated that a total of 90 certificates will be issued between 2020 and 2021. The Global e-Learning Program meets the urgent need for trade finance support in OIC member countries and LDCs that are suffering from widespread damage to health services and economies by the COVID-19 Pandemic.



# Synergy with ISDB Group Entities

With the outbreak of COVID-19, the three entities of the IsDB Group recognized the need to join forces and enhance the offerings of innovative solutions to support OIC member countries' in order to overcome the socio-economic impact of the pandemic, in consideration of their respective mandates. These entities are: the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC), the Islamic Corporation for the Development of the Private Sector (ICD) and the International Islamic Trade Finance Corporation (ITFC)

The IsDB Group Entities worked on several joint initiatives and projects to provide a more holistic solution in favor of member countries. This collaboration was also in line with the COVID-19 Response Plan (R1) under the IsDB Group's US\$2.3 billion 'Strategic Preparedness and Response Facility'. The entities worked on "cross selling" as the key focus of synergy, where opportunities of developing a pipeline focusing on the joint transactions and co-financing.

## Development of Islamic Finance

The IsDB Group entities also worked on the development of Islamic Finance, to provide joint advisory services and solutions to member countries, specifically solutions targeted at the development of the private sector. In 2020, this was presented through a series of marketing interventions and events, one of which is the IsDB Group Private Sector Action Response to COVID-19 webinar. In this webinar, a series of online initiatives were launched by the Entities in partnership with UAE Ministry of Economy and Annual Investment Meeting (AIM) in July. The webinar was inaugurated by H.E. Eng. Sultan Al Mansoori, Minister of Economy, UAE and H.E. Dr. Bandar Hajjar, President of IsDB Group.

A prime objective of the webinar was to discuss the challenges facing the Private Sector and Global Economy during the COVID-19 outbreak. The IsDB Group Private Sector entities also presented an immediate joint action response and outlook to combat the COVID-19 pandemic, whilst incorporating the new reality. Amidst the highly enriching webinar, three online initiatives were launched by IsDB Group Entities in partnership with UAE Ministry of Economy and AIM. The motive behind these unique initiatives was to help the OIC member countries' economy and support the private sector, trade, exports and FDI in member countries. The three significant initiatives that aspired to aid keen entities to achieve supreme benefits were:

- **Digital Country Presentations:** To promote and showcase the forthcoming investment and trade opportunities in OIC member countries that will provide a global

gateway for investors, government agencies, private institutions and Investment Promotion Agencies. This was accomplished through a virtual gathering medium.

- **Made In Series:** An excellent opportunity presented for SMEs to showcase their local products, projects and services to a pool of international audiences.
- **Startups Pitch Competition:** An opportunity for the startups to participate in a local pitch competition, enabling the winners to present their countries in the international startups platform and secure a robust development of their entities.

## Diversification of Economic Activities in Member Countries

The IsDB Group entities also set forth a plan that aims at the diversification of economic activities in member countries and developing a global value chain (GVC) model for member countries by showcasing selected commodities and highlighting the opportunities of financing and capacity building. Various commodities were established and the plan will be rolled out in the R2 phase (Restore phase).

## Arab Africa Trade Bridges (AATB) Program

ITFC's Flagship program was created to develop trade and investment linkage between Arab and African Countries, to increase economic opportunities and support sustainable growth.

The program specifically focuses on the key sectors of agriculture and related industries including textiles; health industry including pharmaceuticals; infrastructure and transport; and petrochemicals, construction material and technology.

- ICD is leading the Investment Pillar
- ICIEC is leading the Insurance Pillar
- ITFC is leading the Trade Pillar

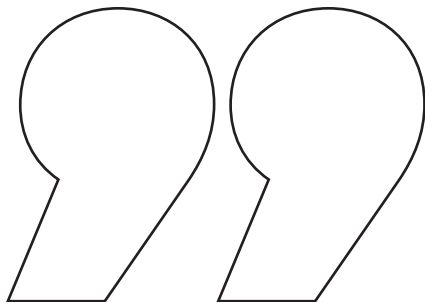
## COVID-19 Response – Joint Response under R1 & R2

Joint contributions are made by the IsDB Group Entities regarding R1 Phase of COVID-19 response. All urgent requests received from member countries were discussed during the meetings and a joint response was planned and executed, wherever applicable.

## The Way to Recover Member Countries Economies

Entities are closely coordinating on the R2 phase and plan to have short to medium term Line of Finance projects. The IsDB Group entities will also continue to leverage on partnership opportunities among the entities, set up the basis for joint strategic cooperation to support the member countries and explore ways and means to achieve IsDB Group level competitive advantage.

chapter



**AUDITED  
FINANCIAL  
STATEMENTS**  
2020





# THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION

## FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

31 DECEMBER 2020  
(16 JUMADA AL-AWWAL 1442H)

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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 financial statements

We have audited the accompanying statement of financial position of The International Islamic Trade Finance Corporation ("the Corporation"), as of 31 December 2020 and the related statements of income, changes in members' equity and cash flows for the year then ended. These financial statements and the Corporation undertaking to operate in accordance with Shari'ah are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Auditing Standards for Islamic Financial Institutions issued by Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Corporation as of 31 December 2020, and the results of its operations and its cash flows for the year then ended, in accordance with the Shari'ah Rules and Principles as determined by the Shari'ah Board of the Islamic Development Bank Group and the accounting standards of AAOIFI.

For Ernst & Young

Ahmed I. Reda  
 Certified Public Accountant  
 Licence No. 356

4 Dhul Hijjah 1442H  
 14 July 2021 G



**THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION**  
**STATEMENT OF FINANCIAL POSITION**  
**AT 31 DECEMBER 2020 (CORRESPONDING TO 16 JUMADA AL-AWWAL 1442H)**

		<i>31</i> <i>December</i> <i>2020</i> <i>US \$'000</i>	<i>31</i> <i>December</i> <i>2019</i> <i>US \$'000</i>
<b>ASSETS</b>			
Cash and cash equivalents	4	92,398	79,411
Wakala / Commodity Murabaha placements (due from)	5	125,000	280,000
Trade Murabaha financing, net	6 (a)	762,664	598,905
Investments in Sukuk	8	154,656	71,100
Accrued income and other assets	9	8,095	8,844
Fixed assets	10	1,479	609
<b>TOTAL ASSETS</b>		<b>1,144,292</b>	<b>1,038,869</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>			
<b>LIABILITIES</b>			
Due to related parties	12 (b)	2,419	4,080
Accruals and other liabilities	11	13,584	13,122
Wakala/ Commodity Murabaha placement (due to)	13	115,227	27,877
Pension and medical obligation	14 (a)	37,755	23,802
<b>TOTAL LIABILITIES</b>		<b>168,985</b>	<b>68,881</b>
<b>MEMBERS' EQUITY</b>			
Paid-up capital	15	753,608	749,788
General reserve	17	247,778	238,390
Actuarial deficit on pension and medical obligation		(31,616)	(19,135)
Revaluation reserve of sukuk held at fair value through equity		5,537	945
<b>TOTAL MEMBERS' EQUITY</b>		<b>975,307</b>	<b>969,988</b>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>		<b>1,144,292</b>	<b>1,038,869</b>

The attached notes 1 to 24 form part of these financial statements.



**THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION**

**STATEMENT OF INCOME**

**FOR THE YEAR ENDED 31 DECEMBER 2020 (CORRESPONDING TO 16 JUMADA AL-AWWAL 1442H)**

		<i>31 December 2020 US \$'000</i>	<i>31 December 2019 US \$'000</i>
	<i>Notes</i>		
<b>INCOME FROM:</b>			
Trade Murabaha financing		<b>28,071</b>	29,637
Mudarib share of profit		<b>10,449</b>	17,767
Implementation fees		<b>6,616</b>	7,822
LC issuance fees		<b>4,112</b>	5,433
Investment in Sukuk		<b>3,094</b>	1,901
Income from Wakala / Commodity Murabaha placements		<b>2,459</b>	6,667
Trade finance services		<b>1,123</b>	1,696
Advisory and other income	21	<b>451</b>	590
		<hr/> <b>56,375</b>	<hr/> 71,513
Wakala fee		<b>(1,114)</b>	(182)
		<hr/> <b>55,261</b>	<hr/> 71,331
<b>NET INCOME BEFORE OPERATING EXPENSES</b>			
<b>EXPENSES:</b>			
Staff costs		<b>(27,146)</b>	(25,443)
Other administrative expenses	16	<b>(5,662)</b>	(7,097)
Depreciation	10	<b>(575)</b>	(380)
		<hr/> <b>(33,383)</b>	<hr/> (32,920)
Impairment of Trade Murabaha financing	7	<b>(12,084)</b>	(4,969)
		<hr/> <b>9,794</b>	<hr/> 33,442
<b>NET INCOME FOR THE YEAR TRANSFERRED TO GENERAL RESERVE</b>		<hr/> <b>9,794</b>	<hr/> 33,442

The attached notes 1 to 24 form part of these financial statements.

**THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION**  
**STATEMENT OF CHANGES IN MEMBERS' EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CORRESPONDING TO 16 JUMADA AL-AWWAL 1442H)**

	<i>Paid-up Capital</i>	<i>General reserve</i>	<i>Actuarial deficit on pension and medical obligation</i>	<i>Revaluation reserve of Sukuk held at fair value through equity</i>	<i>Total members' equity</i>
	<i>US \$'000</i>	<i>US \$'000</i>	<i>US \$'000</i>	<i>US \$'000</i>	<i>US \$'000</i>
Balance at 1 January 2019	742,087	204,948	(7,831)	(2,749)	936,455
Actuarial loss in pension and medical plan	-	-	(11,304)	-	(11,304)
Capital contributed	7,701	-	-	-	7,701
Revaluation reserve of Sukuk held at fair value through equity (Note 8)	-	-	-	3,694	3,694
Net income for the year transferred to general reserve	-	33,442	-	-	33,442
<b>Balance at 31 December 2019</b>	<b>749,788</b>	<b>238,390</b>	<b>(19,135)</b>	<b>945</b>	<b>969,988</b>
Impact on transition to FAS 30	-	(406)	-	-	(406)
<b>Balance at 1 January 2020</b>	<b>749,788</b>	<b>237,984</b>	<b>(19,135)</b>	<b>945</b>	<b>969,582</b>
Actuarial loss in pension and medical plan	-	-	(12,481)	-	(12,481)
Capital contributed	3,820	-	-	-	3,820
Revaluation reserve of Sukuk held at fair value through equity (Note 8)	-	-	-	4,592	4,592
Net income for the year transferred to general reserve	-	9,794	-	-	9,794
<b>Balance at 31 December 2020</b>	<b>753,608</b>	<b>247,778</b>	<b>(31,616)</b>	<b>5,537</b>	<b>975,307</b>

The attached notes 1 to 24 form part of these financial statements.

**THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CORRESPONDING TO 16 JUMADA AL-**  
**AWWAL 1442H)**

		<i>31 December</i> <i>2020</i>	<i>31 December</i> <i>2019</i>
	<i>Notes</i>	<i>US \$'000</i>	<i>US \$'000</i>
<b><u>Cash Flows from Operations:</u></b>			
Net income for the year		9,794	33,442
Adjustments for:			
Depreciation	10	575	380
Impairment of Trade Murabaha financing	7	12,084	4,969
Service cost on pension and medical obligation	14 (b)	4,035	3,221
Realized loss/(gain) on disposal of Sukuk	8	2	(73)
Changes in operating assets and liabilities:			
Trade Murabaha financing		(176,249)	(37,480)
Accrued income and other assets		749	(364)
Due to related parties, net		(1,661)	3,888
Accruals and other liabilities		462	(39,745)
Pension and medical obligation paid		(2,563)	(2,453)
<b>Net cash used in operating activities</b>		<b>(152,772)</b>	<b>(34,215)</b>
<b><u>Cash Flows from Investing Activities:</u></b>			
Investments in sukuk	8	(88,954)	(35,241)
Disposal of sukuk	8	9,988	20,140
Investments in Wakala / Commodity Murabaha placements	5	(1,475,000)	(1,467,433)
Disposal of Wakala / Commodity Murabaha placements	5	1,630,000	1,395,733
Purchase of fixed assets	10	(1,445)	(108)
<b>Net cash from/ (used in) investing activities</b>		<b>74,589</b>	<b>(86,909)</b>
<b><u>Cash Flows from Financing Activities:</u></b>			
Capital contribution		3,820	7,701
Wakala / Commodity Murabaha placements (due to)		87,350	1,308
<b>Net cash from financing activities</b>		<b>91,170</b>	<b>9,009</b>
<b>Net change in cash and cash equivalents</b>		<b>12,987</b>	<b>(112,115)</b>
Cash and cash equivalents at the beginning of year		79,411	191,526
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR</b>	4	<b>92,398</b>	<b>79,411</b>

The attached notes 1 to 24 form part of these financial statements.

# **THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **AT 31 DECEMBER 2020 (16 JUMADA AL-AWWAL 1442H)**

#### **1. INCORPORATION, ACTIVITIES AND OTHER**

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. The majority of 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 through the Bank’s headquarters in Jeddah, Saudi Arabia. The financial statements of the Corporation are expressed in thousands of United States Dollars (“USD”) and the financial year of the Corporation is Solar Hijri year.

The financial statements were authorized for issue by the Corporation’s Board of Directors on 26 April 2021 (14 Ramadan 1442H) for submission to members of the General Assembly for the approval.

#### **2. SIGNIFICANT ACCOUNTING POLICIES**

##### **a) Basis of preparation**

The financial statements are prepared in accordance with the Financial Accounting Standards 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 Islamic Development Bank Group. 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.

##### **b) Changes in accounting policies**

The accounting policies adopted are consistent with those of the previous financial year except as during the year the corporation has adopted the FAS 30 issued by AAOIFI. FAS 30 addresses all aspects of financial instruments including classification and measurement, impairment. FAS 30 will be replacing FAS 11 “Provisions and Reserves.

##### *The effect of new and revised financial accounting standards*

In these financial statements, the Corporation has applied FAS 30, Impairment and credit losses, effective for annual periods beginning on or after 1 January 2020, for the first time. FAS 30 replaces FAS 11 Provisions and Reserves and is applicable for annual periods beginning on or after 1 January 2021. The Corporation decided to adopt the standard from 1 January 2020.



## **THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

#### **AT 31 DECEMBER 2020 (16 JUMADA AL-AWWAL 1442H)**

#### **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **b) Changes in accounting policies (continued)**

As permitted by the transitional provisions of FAS 30, the corporation elected not to restate comparative figures. Therefore, the comparative information for financial instrument impairment in 2019 is reported under FAS 11 and is not comparable to the information presented for 2020. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognized in the opening equity reserves of the current period.

Differences arising from the adoption of FAS 30 have been recognized directly in the equity reserves as at 1 January 2020 and are disclosed below:

##### *Changes to the impairment calculation*

The adoption of FAS 30 has fundamentally changed the Corporation's accounting for loan loss impairments by replacing FAS 11's specific and portfolio loss approach with a forward-looking expected credit loss (ECL) approach. FAS 30 requires the Corporation to record an allowance for ECLs for all treasury and project assets not held at FVPL, together with project financing commitments. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination when a lifetime ECL applies.

The table below, reconciles the closing impairment allowances for financial assets as at 31 December 2019 under FAS 11 and the opening impairment allowances determined in accordance with FAS 30 as at 1 January 2020.

	<b>Impairment allowance under FAS 11 US \$'000</b>	<b>Additional FAS 30 impairment allowance US \$'000</b>	<b>Impairment allowance under FAS 30 US \$'000</b>
Trade Murabaha financing	5,935	406	6,341

The introduction of FAS 30 increased the total impairment allowance held by the ITFC by approximately USD 406 thousand".

##### **c) Critical accounting judgements and estimates**

The preparation of financial statements in conformity with AAI OFI Financial Accounting Standards requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities. Management is also required to exercise its judgements in the process of applying the Corporation's accounting policies. Such estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including obtaining professional advice and expectations of future events that are believed to be reasonable under the circumstances.

##### *Going concern*

The Corporation's management has made an assessment of the Corporation's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, 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 (continued)**  
**AT 31 DECEMBER 2020 (16 JUMADA AL-AWWAL 1442H)**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**c) Critical accounting judgements and estimates (continued)**

*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 31 December 2020, 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's management carried out an impact assessment on the overall Corporations' operations and business aspects including factors like, day to day business activities, financing, investment and collection 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 Organization 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.

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.

(i) *Useful lives of fixed assets*

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

(ii) *Pension and medical obligation*

The pension and medical obligation and the related charge for the year are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, etc. Due to the long-term nature of such obligations these estimates are subject to significant uncertainty.

**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.

## **THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

#### **AT 31 DECEMBER 2020 (16 JUMADA AL-AWWAL 1442H)**

#### **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### *(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 except for unrealized gains and losses on investment in equity capital, if any, which are recorded in the fair value reserve account under members' equity.

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**

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).

##### **g) 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.

##### **h) Investments in Sukuk**

Investments in Sukuk are financial instruments classified at fair value through equity.

These investments are initially recognized at fair value 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.

##### **i) Financial assets and liabilities**

Financial assets comprise cash and cash equivalents, placements, investments in Sukuk, trade Murabaha financing and due from related parties. These financial assets are initially measured at their fair values and thereafter stated at their cost except for investment in Sukuk, as reduced by appropriate allowance for estimated irrecoverable amounts, if any.

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

**THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**AT 31 DECEMBER 2020 (16 JUMADA AL-AWWAL 1442H)**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**j) Impairment of financial assets**

The measurement of impairment 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 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, EADs and LGDs
- v) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

*Other financial assets*

An assessment is made at each reporting date to determine whether there is objective evidence that a financial asset or a group of financial assets may be impaired. The amount of the impairment losses for financial assets carried at cost is calculated as the difference between the asset's carrying amount and its estimated fair value.

The carrying amount of the financial asset is reduced through the use of an allowance account. When a financial asset is not considered recoverable, it is written-off against the allowance account and any excess loss is recognized in the statement of income. Subsequent recoveries of amounts previously written-off are credited to the statement of income. The impairment provision for investments at fair value through equity is recognized when the decrease in fair value below cost is significant or prolonged.

**k) Expected credit loss against financial assets held at amortized cost**

The corporation applies a three-stage approach to measuring expected credit losses (ECLs) for financial assets measured at amortized cost. Financial assets migrate through the following three stages based on the change in credit risk since initial recognition.

**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 project assets and more than 90 days past due for non-sovereign project assets.



## **THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

#### **AT 31 DECEMBER 2020 (16 JUMADA AL-AWWAL 1442H)**

#### **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### ***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 stage 3 financial assets, as a specific provision. A financial asset is classified as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial instrument have occurred after its initial recognition. Evidence of impairment includes indications that the borrower/customer is experiencing significant financial difficulties, or a default or delinquency has occurred.

##### **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.

##### **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.

###### *Wakala / 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.

###### *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.

**THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**AT 31 DECEMBER 2020 (16 JUMADA AL-AWWAL 1442H)**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

*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

**Offsetting**

Financial assets and financial liabilities are only offset, and the net amount reported in the statement of financial position when there is a legally 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.

**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 has two defined post-employment benefit plans, shared with all IsDB group entities pension fund, which consists of the Staff Retirement Pension Plan ("SRPP") and the Staff Retirement Medical Plan ("SRMP"), both of which require contributions to be made to separately administered

**q) Pension and medical obligation (continued)**

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 present value of the defined benefit obligation due till 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. 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. 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 Corporation's contributions to the defined benefit scheme are determined by the Retirement Plan Committee, with advice from the IsDB's actuaries, and the contributions are transferred to the scheme's independent custodians.

**r) Wakala /Commodity Murabaha Placements (Due to)**

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 INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

#### **AT 31 DECEMBER 2020 (16 JUMADA AL-AWWAL 1442H)**

#### **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **r) Wakala /Commodity Murabaha Placements (Due to) (continued)**

The agent, “the Corporation” decides in respect to the investments to be made from the Wakala Capital, subject to the terms of the Wakala agreement. However, the Wakeel, “the Corporation” bears the loss in cases of misconduct, negligence or violation of any of the terms of the Wakala agreements. Wakkala fee is accrued on a time apportioned basis over the period of the contract based on the principal amounts outstanding.

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.

The following new financial accounting standards have been issued except for FAS 29 “sukuk issuances” which is in the stage of exposure draft and is expected to be issued in near future. The corporation intends to adopt these financial reporting standards when they applicable to corporation’s activities and become effective. The Corporation is currently assessing the impact of these new financial accounting standards on its financial statements and systems

##### **Financial Accounting Standard – 29 “Sukuk Issuances”**

The standard aims to provide guidance for accounting, classification and presentation for Sukuk issuances primarily based on the Sukuk structure, which may include on balance sheet, as well as, off balance sheet accounting. These classifications depend on the control of such assets comprising of power to control and nature of control i.e. for risks and rewards as well as varying benefits to the institution or the fiduciary responsibility on behalf of the Sukuk-holders. This standard shall be applied for accounting and financial reporting for Sukuk issuance in the books of the issuer.

However, this standard is not applicable to the Corporation

##### **Financial Accounting Standard – 30 “Impairment and credit losses”**

FAS 30 will be replacing FAS 11 “Provisions and Reserves” and has been developed on the new approach towards identification and recognition of impairment and credit losses, in particular the forward-looking expected losses approach, as introduced under International Financial Reporting Standard (IFRS) 9 “Financial Instruments”.

This standard became effective from the financial periods beginning on or after 1 January 2021. ITFC early adopted the FAS 30 starting from 1 January 2020. The effect of introducing FAS 30 has been disclosed in note 2 of the financial Statement.

##### **Financial Accounting Standard – 31 “Investment Agency (Al-Wakala Bi Al-Istithmar)”**

This standard intends to define the accounting principles and reporting requirements for investment agency (Al-Wakala Bi Al-Istithmar) transactions and instruments to be in line with the ever-changing global best practices, in hand of both the principal and the agent.

This standard became effective from the financial periods beginning on or after 1 January 2021. ITFC early adopted the FAS 31 starting from 1 January 2020.

##### **Financial Accounting Standard – 32 “Ijarah”**

This standard intends to set out principles for the classification, recognition, measurement, presentation, and disclosure for Ijarah (asset Ijarah, including different forms of Ijarah Muntahia Bittamleek) transactions entered into by the Islamic Financial Institutions on both ends of the transaction i.e. as a lessor and lessee.

This standard became effective from the financial periods beginning on or after 1 January 2021. ITFC early adopted the FAS 32 starting from 1 January 2020.

**THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**AT 31 DECEMBER 2020 (16 JUMADA AL-AWWAL 1442H)**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Financial Accounting Standard – 33 “Investment in Sukuk, shares and similar instruments”**

This standard improves upon and supersedes the AAOIFI’s Financial Accounting Standard (FAS) 25 “Investment in Sukuk, Shares, and Similar Instruments” issued in 2010. This standard aims at setting out principles for the classification, recognition, measurement, presentation and disclosure of investment in Sukuk, shares and other similar instruments of investments made by Islamic financial institutions (IFIs / the institutions).

The standard defines the key types of instruments of Shari’ah compliant investments and defines the primary accounting treatments commensurate to the characteristics and business model of the institution under which the investment is made, managed and held.

This standard became effective from the financial periods beginning on or after 1 January 2021. ITFC early adopted the FAS 33 starting from 1 January 2020.

**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 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.
- iii. 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.
- iv. To respond to the questions, enquiries and explications referred to it by the Board of Directors or the Management of the Corporation.
- v. 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.
- vi. 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.



**THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**AT 31 DECEMBER 2020 (16 JUMADA AL-AWWAL 1442H)**

**4. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents at end of the reporting period comprised the following:

	<i>2020</i> <i>US \$'000</i>	<i>2019</i> <i>US \$'000</i>
Cash at banks	<u>92,398</u>	<u>79,411</u>

**5. WAKALA / COMMODITY MURABAHA PLACEMENTS (DUE FROM)**

Wakala / commodity placement at end of the reporting period comprised the following:

	<i>2020</i> <i>US \$'000</i>	<i>2019</i> <i>US \$'000</i>
Wakala / commodity Murabaha placements	<u>125,000</u>	<u>280,000</u>

Wakala/ Commodity Murabaha placements are utilized in the purchase and sale of commodities. Trading is conducted with banks on behalf of the Corporation. The discretion of the banks over buying, and selling is limited by the terms of the agreements between the Corporation and the banks.

The movement in placement through bank is as follows:

	<i>2020</i> <i>US \$'000</i>	<i>2019</i> <i>US \$'000</i>
Balance at beginning of the reporting year	280,000	208,300
Additions	1,475,000	1,467,433
Redemption	(1,630,000)	(1,395,733)
Balance at end of the reporting year	<u>125,000</u>	<u>280,000</u>

**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:

	<i>2020</i> <i>US \$'000</i>	<i>2019</i> <i>US \$'000</i>
Net receivable under Murabaha financing (note 6 (b))	750,804	576,663
Net receivable from commodities under Murabaha (note 6 (c))	11,860	22,242
Trade Murabaha financing, net	<u>762,664</u>	<u>598,905</u>

**THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**AT 31 DECEMBER 2020 (16 JUMADA AL-AWWAL 1442H)**

<b>TRADE MURABAHA FINANCING, NET(continued)</b>	<i>2020</i> <i>US \$'000</i>	<i>2019</i> <i>US \$'000</i>
b) Receivable under Murabaha financing		
Gross amounts receivable	<b>2,825,694</b>	3,181,767
Less: share of syndicate members	<b>(2,057,229)</b>	(2,588,254)
Less: unearned income	<b>(9,442)</b>	(10,915)
Total	<b>759,023</b>	582,598
Provision for expected credit losses	<b>(8,219)</b>	(5,935)
Net receivable under Murabaha financing	<b>750,804</b>	576,663
	<i>2020</i> <i>US \$'000</i>	<i>2019</i> <i>US \$'000</i>
c) Commodities under Murabaha – structured trade finance		
Gross amounts	<b>152,276</b>	159,398
Less: share of syndicate members	<b>(110,609)</b>	(110,429)
Total commodities under Murabaha	<b>41,667</b>	48,969
Less: expected credit losses of Commodity under Murabaha (note 7)	<b>(29,807)</b>	(26,727)
Net receivable from commodities under Murabaha	<b>11,860</b>	22,242

This represents commodities under Murabaha financing transaction where there is a time lag between the actual purchase of commodities and transfer of their risk and reward to the customer under Murabaha agreement

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 Corporation has entered into joint Murabaha financing agreements with certain entities. The share of syndicate members represents the portion of gross amounts receivable relating to those entities.

**7. EXPECTED CREDIT LOSSES OF TRADE MURABAHA FINANCING**

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

	<i>2020</i> <i>US \$'000</i>	<i>2019</i> <i>US \$'000</i>
Balance at beginning of the year	<b>32,662</b>	27,503
Impact on transition to FAS 30	<b>406</b>	-
Expected Credit loss	<b>1,877</b>	568
Credit Impaired assets	<b>10,207</b>	4,401
Reversal/(write-off) during the year	<b>(7,126)</b>	190
Balance at end of the year	<b>38,026</b>	32,662

## THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### AT 31 DECEMBER 2020 (16 JUMADA AL-AWWAL 1442H)

#### 7. EXPECTED CREDIT LOSSES OF TRADE MURABAHA FINANCING (Continued)

No income has been accrued on the impaired trade Murabaha financing assets for the year ended 31 December 2020 (year ended 31 December 2019: Nil)

The corporation has applied the requirement of FAS 30 retrospectively without restating the comparatives. The difference between previously reported carrying amount of financing assets as of 31 December 2019 and new carrying amount as of 1 January 2020, mainly arising from impairment, has been recognized in opening retained earnings.

The trade Murabaha financing assets at end of 31 December 2020 includes nil amount (31 December 2019: USD 0.6 million) that are past due at the reporting date for which the Corporation has not provided, as the amounts are still considered recoverable.

Disclosures relating to the credit quality of the operating assets have been presented in note 23 (a).

#### 8. INVESTMENTS IN SUKUK

The movement in investments in Sukuk is summarized as follows:

	2020 US \$'000	2019 US \$'000
Balance at beginning of the reporting year	71,100	52,232
Investments during the year	88,954	35,241
Disposals during the year	(9,988)	(20,140)
Realized gain/ (loss) on disposal	(2)	73
Unrealized gain/ (loss) on revaluation recognized in equity	4,592	3,694
Balance at end of the reporting year	<u>154,656</u>	<u>71,100</u>

Investments in Sukuk at end 31 December 2020 and 31 December 2019 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.

#### 9. ACCRUED INCOME AND OTHER ASSETS

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

	2020 US \$'000	2019 US \$'000
Accrued income on investments in Sukuk	1,212	527
Accrued Implementation and LC Fees	-	453
Accrued income from placements through banks	29	670
Housing and annual loans to staff	4,967	5,047
Housing and other advances to staff	27	1,226
Other receivables	1,860	921
	<u>8,095</u>	<u>8,844</u>

**THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**AT 31 DECEMBER 2020 (16 JUMADA AL-AWWAL 1442H)**

**10. FIXED ASSETS**

Fixed assets at end of reporting period comprised the following:

	<b>2020</b>		
	<i>Motor vehicles</i>	<i>Office and computer equipment</i>	<i>Total</i>
	<i>US \$'000</i>		
<b>Cost:</b>			
At 1 January 2020	127	4,418	4,545
Additions	-	1,445	1,445
<b>At 31 December 2020</b>	<b>127</b>	<b>5,863</b>	<b>5,990</b>
<b>Less: Accumulated Depreciation:</b>			
At 1 January 2020	42	3,894	3,936
Charge for the year	25	550	575
<b>At 31 December 2020</b>	<b>67</b>	<b>4,444</b>	<b>4,511</b>
<b>Net book value:</b>			
<b>At 31 December 2020</b>	<b>60</b>	<b>1,419</b>	<b>1,479</b>
	<b>2019</b>		
	<i>Motor vehicles</i>	<i>Office and computer equipment</i>	<i>Total</i>
	<i>US \$'000</i>		
<b>Cost:</b>			
At 1 January 2019	127	4,310	4,437
Additions	-	108	108
<b>At 31 December 2019</b>	<b>127</b>	<b>4,418</b>	<b>4,545</b>
<b>Less: Accumulated Depreciation:</b>			
At 1 January 2019	17	3,539	3,556
Charge for the year	25	355	380
<b>At 31 December 2019</b>	<b>42</b>	<b>3,894</b>	<b>3,936</b>
<b>Net book value:</b>			
<b>At 31 December 2019</b>	<b>85</b>	<b>524</b>	<b>609</b>



**THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**AT 31 DECEMBER 2020 (16 JUMADA AL-AWWAL 1442H)**

**11. ACCRUALS AND OTHER LIABILITIES**

Accruals and other liabilities at 31 December comprised the following:

	<i>2020</i>	<i>2019</i>
	<i>US \$'000</i>	<i>US \$'000</i>
Accrued and other expenses	2,672	512
Staff related provisions	3,594	3,944
Other creditors	1,186	994
Payable to customers	6,132	7,385
Programs payable	-	287
	<hr/>	<hr/>
Total	<b>13,584</b>	<b>13,122</b>
	<hr/> <hr/>	<hr/> <hr/>

**12. RELATED PARTY 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:

	<i>2020</i>	<i>2019</i>
	<i>US \$'000</i>	<i>US \$'000</i>
Mudarib's share of profit from affiliate	2,175	3,779
Share of Trade Murabaha income to affiliate members	12,325	22,218

(b) Due to related parties

	<i>2020</i>	<i>2019</i>
	<i>US \$'000</i>	<i>US \$'000</i>
IsDB – Ordinary Capital Resources	844	2,320
IsDB Medical Pension Fund	28	27
IsDB Pension Fund	248	1,147
ICD & ITFC	28	-
Islamic Solidarity Fund for Development (ISFD)	-	112
IsDB Special Account Resource Waqf fund	1,271	474
	<hr/>	<hr/>
	<b>2,419</b>	<b>4,080</b>
	<hr/> <hr/>	<hr/> <hr/>

**THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**AT 31 DECEMBER 2020 (16 JUMADA AL-AWWAL 1442H)**

**12. RELATED PARTY BALANCES (continued)**

- (i) The balances due from to related parties are commission free and have no fixed repayment terms.
- (ii) According to the IsDB's Board of Executive Directors' resolution number BED/27/12/428(249)/157, dated 6 January 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 18 March 2008 (10 Rabi al Awal 1429H).
- (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:

	2020 US \$'000	2019 US \$'000
Salaries and other benefits	<u>530</u>	<u>546</u>

**13. WAKALA/ MURABAHA Placement (Due To)**

	2020 US \$'000	2019 US \$'000
Wakala /Commodity Murabaha placements (Due to)	<u>115,227</u>	<u>27,877</u>

The Corporation entered into Wakala agreements with banks with a repayment term within one year, whereby the Muwakkil "the bank" transferred certain funds to the Wakil "the Corporation" and appointed the Wakil as its investment agent to invest such funds on its behalf in a manner compliant with principles of Shari'ah. The profit from investment plus the Wakala capital is transferred to Muwakkil at the end of the transaction maturity.

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

**14. PENSION AND MEDICAL OBLIGATION**

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

	<i>SRPP</i>	<i>SRMP</i>	<i>Total</i>	<i>Total</i>
	<i>31</i>	<i>31</i>	<i>31</i>	<i>31</i>
	<i>December</i>	<i>December</i>	<i>December</i>	<i>December</i>
	<i>2020</i>	<i>2020</i>	<i>2020</i>	<i>2019</i>
	<i>US \$'000</i>	<i>US \$'000</i>	<i>US \$'000</i>	<i>US \$'000</i>
<b>Allocation of Pension Assets</b>	<b>33,999</b>	<b>1,714</b>	<b>35,713</b>	<b>31,909</b>
Adjustment on fair value at beginning of the year	(482)	-	(482)	201
Income on Plan Assets	1,137	57	1,194	1,447
Return on Plan Assets less than discount rate	(2,153)	(174)	(2,327)	330
Plan participations contribution	989	44	1,033	1,056
Employer contribution	2,319	244	2,563	2,558
Disbursements from Plan Assets	(1,246)	(69)	(1,315)	(1,788)
<b>Fair value of plan assets at 31 December</b>	<b>34,563</b>	<b>1,816</b>	<b>36,379</b>	<b>35,713</b>

**THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**AT 31 DECEMBER 2020 (16 JUMADA AL-AWWAL 1442H)**

**14. PENSION AND MEDICAL OBLIGATION (continued)**

	<i>SRPP</i>	<i>SRMP</i>	<i>Total</i>	<i>Total</i>
	<i>31</i>	<i>31</i>	<i>31</i>	<i>31</i>
	<i>December</i>	<i>December</i>	<i>December</i>	<i>December</i>
	<i>2020</i>	<i>2020</i>	<i>2020</i>	<i>2019</i>
	<i>US \$'000</i>	<i>US \$'000</i>	<i>US \$'000</i>	<i>US \$'000</i>
Allocation of DBO	54,741	4,774	59,515	43,639
Current Service costs	2,700	253	2,953	1,998
Past service cost	327	-	327	731
Cost on Defined Benefit Obligation (DBO)	1,793	156	1,949	1,939
Plan participations contributions	989	45	1,034	1,056
Disbursements from Plan Assets	(1,246)	(69)	(1,315)	(1,788)
Net actuarial loss/ (gain)	8,807	864	9,671	11,940
<b>Benefit obligation at 31 December</b>	<b>68,111</b>	<b>6,023</b>	<b>74,134</b>	<b>59,515</b>
Funded status - net liability recognized in the statement of financial position representing excess of benefit obligation over fair value of plan assets	33,548	4,207	37,755	23,802

The above net liability 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 Bank 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 2020 comprised the following:

	<i>SRPP</i>	<i>SRMP</i>	<i>Total</i>	<i>Total</i>
	<i>31</i>	<i>31</i>	<i>31</i>	<i>31</i>
	<i>December</i>	<i>December</i>	<i>December</i>	<i>December</i>
	<i>2020</i>	<i>2020</i>	<i>2020</i>	<i>2019</i>
	<i>US \$'000</i>	<i>US \$'000</i>	<i>US \$'000</i>	<i>US \$'000</i>
Gross current service costs	2,700	253	2,953	1,998
Cost on DBO	1,793	156	1,949	1,939
Past service cost	327	-	327	731
Income on assets	(1,137)	(57)	(1,194)	(1,447)
<b>Cost recognized in statement of income</b>	<b>3,683</b>	<b>352</b>	<b>4,035</b>	<b>3,221</b>
Actuarial gain due to change in assumptions	8,807	864	9,671	11,940
Return on plan assets greater than discount rate	2,154	174	2,328	(330)
Adjusted asset value reflecting post close amendments	482	-	482	(201)
Employer direct benefit payments	-	-	-	(105)
<b>Cost recognized in statement of changes of equity</b>	<b>11,443</b>	<b>1,038</b>	<b>12,481</b>	<b>11,304</b>

**THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**AT 31 DECEMBER 2020 (16 JUMADA AL-AWWAL 1442H)**

**14. PENSION AND MEDICAL OBLIGATION (continued)**

- (c) Principal assumptions used in the actuarial valuations dated 31 December 2020 and extended as at end of the reporting period are as follows:

	<i>SRPP</i>	<i>SRMP</i>	<i>SRPP</i>	<i>SRMP</i>
	<i>2020</i>	<i>2020</i>	<i>2019</i>	<i>2019</i>
Discount rate	2.6%	2.6%	3.3%	3.3%
Rate of expected salary increase	4.5%	4.5%	3.3%	3.3%

The discount rate used in determining the benefit obligations is selected by reference to the long-term rates on AA Corporate Bonds.

The following table presents the plan assets by major category:

	<i>SRPP</i>	<i>SRMP</i>	<i>Total</i>	<i>Total</i>
	<i>2020</i>	<i>2020</i>	<i>2020</i>	<i>2019</i>
	<i>US \$'000</i>	<i>US \$'000</i>	<i>US \$'000</i>	<i>US \$'000</i>
Cash and cash equivalent and commodity placements	15,332	1,026	16,358	13,520
Managed funds and instalment sales	4,511	0	4,511	5,383
Investments in Sukuk	11,218	745	11,963	12,399
Land	3,247		3,247	3,223
Other (net)	255	45	300	1,188
<b>Plan assets</b>	<b>34,563</b>	<b>1,816</b>	<b>36,379</b>	<b>35,713</b>

- (d) The following table summarizes the funding status of the SPP at end of the reporting dates:

	<i>2020</i>	<i>2019</i>
	<i>US \$'000</i>	<i>US \$'000</i>
Present value of defined benefit obligation	(68,111)	(54,741)
Fair value of plan assets	34,563	33,999
<b>Plan deficit</b>	<b>(33,548)</b>	<b>(20,742)</b>

- (e) The following table summarizes the funding status of the SRMP at end of the reporting dates:

	<i>2020</i>	<i>2019</i>
	<i>US \$'000</i>	<i>US \$'000</i>
Present value of defined benefit obligation	(6,023)	(4,774)
Fair value of plan assets	1,816	1,714
<b>Plan deficit</b>	<b>(4,207)</b>	<b>(3,060)</b>



**THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**AT 31 DECEMBER 2020 (16 JUMADA AL-AWWAL 1442H)**

**15. PAID-UP CAPITAL**

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

	<i>2020</i>	<i>2019</i>
	<i>US \$'000</i>	<i>US \$'000</i>
Subscribed capital	857,190	857,190
Subscribed not yet called	(26,050)	(28,627)
Called-up share capital (Par Value)	831,140	828,563
Installment due	(85,970)	(86,485)
Paid-up Capital (Par Value)	<u>745,170</u>	<u>742,078</u>
Subscribed premium	42,593	38,711
Subscribed premium not yet called	(8,000)	(7,795)
	<u>34,593</u>	<u>30,916</u>
Installment due premium	(26,155)	(23,206)
Paid-up Capital (premium)	<u>8,438</u>	<u>7,710</u>
<b>Paid-up Capital (Par Value Plus Premium)</b>	<b><u>753,608</u></b>	<b><u>749,788</u></b>

**16. OTHER ADMINISTRATIVE EXPENSES**

Other administrative expenses for the year ended are comprised of the following:

	<i>2020</i>	<i>2019</i>
	<i>US \$'000</i>	<i>US \$'000</i>
Consultancy and marketing	1,791	2,160
Office rent	1,577	1,612
Communication and membership	693	825
Travel expenses	233	1,142
Support services	585	249
Meeting expenses	518	576
Other	265	533
Total	<u>5,662</u>	<u>7,097</u>

**17. GENERAL RESERVE**

In accordance with chapter 1 of Article 27 of the Articles of Agreement of the Corporation, the annual net income of the Corporation is required to be transferred to the general reserve, when approved by the Board of Directors, until this reserve equals 25% of the Corporation's subscribed capital. Any excess of the net income over the above limit is available for distribution to member countries.

**THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**AT 31 DECEMBER 2020 (16 JUMADA AL-AWWAL 1442H)**

**18. UNDISBURSED COMMITMENTS**

Undisbursed commitments are trade finance operations which are declared effective, and for which our clients 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:

	<i>2020</i>	<i>2019</i>
	<i>US \$'000</i>	<i>US \$'000</i>
Undisbursed commitments	539,433	413,348-
LCs and standby obligations	35,263	-
Total	<u>574,696</u>	<u>413,348</u>

**19. MATURITY PROFILE**

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

<b>2020</b>	<i>Maturity period determined</i>				<i>Maturity period not determined</i>	<i>Total</i>
	<i>Less than 3 months</i>	<i>3 to 12 months</i>	<i>1 to 5 years</i>	<i>Over 5 years</i>		
	<i>US \$'000</i>	<i>US \$'000</i>	<i>US \$'000</i>	<i>US \$'000</i>	<i>US \$'000</i>	<i>US \$'000</i>
<b>Assets</b>						
Cash and cash equivalents	92,398	-	-	-	-	92,398
Placements through banks	125,000	-	-	-	-	125,000
Trade Murabaha financing	359,880	402,784	-	-	-	762,664
Investments in sukuk	-	-	111,555	43,101	-	154,656
Total financial assets	<u>577,278</u>	<u>402,784</u>	<u>111,555</u>	<u>43,101</u>	<u>0</u>	<u>1,134,718</u>
<b>Liabilities</b>						
Due to related parties	2,419	-	-	-	-	2,419
Customer advances	6,123	-	-	-	-	6,123
Total financial liabilities	<u>8,542</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,542</u>
Undisbursed commitments (note 18)	<u>289,086</u>	<u>265,101</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>554,187</u>

**THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**AT 31 DECEMBER 2020 (16 JUMADA AL-AWWAL 1442H)**

**19. MATURITY PROFILE (Continued)**

2019	<i>Maturity period determined</i>				<i>Maturity period not determined</i>	<i>Total</i>
	<i>Less than 3 months</i>	<i>3 to 12 months</i>	<i>1 to 5 years</i>	<i>Over 5 years</i>		
	<i>US \$'000</i>	<i>US \$'000</i>	<i>US \$'000</i>	<i>US \$'000</i>		
<b>Assets</b>						
Cash and cash equivalents	79,411	-	-	-	-	79,411
Placements through banks	280,000	-	-	-	-	280,000
Trade Murabaha financing	243,460	348,837	6,608	-	-	598,905
Investments in sukuk	-	50,772	9,968	10,360	-	71,100
Total financial assets	602,871	399,609	16,576	10,360	-	1,029,416
<b>Liabilities</b>						
Due to related parties	4,080	-	-	-	-	4,080
Customer advances	7,385	-	-	-	-	7,385
Total financial liabilities	11,465	-	-	-	-	11,465
Undisbursed commitments (note 18)	-	-	-	-	-	413,348

**20. NET ASSETS IN FOREIGN CURRENCIES**

	<i>2020</i>	<i>2019</i>
	<i>US \$'000</i>	<i>US \$'000</i>
Saudi Riyal	1,596	2,222
Euro	5,422	2,196
AED	46	-

**21. OTHER INCOME**

	<i>2020</i>	<i>2019</i>
	<i>US \$'000</i>	<i>US \$'000</i>
Advisory and miscellaneous income	451	590

**THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**AT 31 DECEMBER 2020 (16 JUMADA AL-AWWAL 1442H)**

**22. CONCENTRATION OF FINANCIAL ASSETS**

The geographical distribution of net financial assets are as follows:

<b>2020</b>	<i>Cash and cash equivalents</i>	<i>Placements through banks</i>	<i>Investments in Sukuk</i>	<i>Trade Murabaha financing</i>	<i>Total</i>
	<i>US \$'000</i>	<i>US \$'000</i>	<i>US \$'000</i>	<i>US \$'000</i>	<i>US \$'000</i>
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	-	55,000	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	-	60,000	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	46	10,000	46,564	-	56,610
United Kingdom	89,563	-	-	-	89,563
Uzbekistan	-	-	-	31,375	31,375
<b>TOTAL</b>	<b>92,398</b>	<b>125,000</b>	<b>154,656</b>	<b>762,664</b>	<b>1,134,718</b>



**THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**AT 31 DECEMBER 2020 (16 JUMADA AL-AWWAL 1442H)**

**22. CONCENTRATION OF FINANCIAL ASSETS (continued)**

2019	<i>Cash and cash equivalents</i>	<i>Placements through banks</i>	<i>Trade Murabaha financing</i>	<i>Investments in Sukuk</i>	<i>Total</i>
	<i>US \$ '000</i>	<i>US \$ '000</i>	<i>US \$ '000</i>	<i>US \$ '000</i>	<i>US \$ '000</i>
Bahrain	-	55,000	-	-	55,000
Bangladesh	-	-	-	54,211	54,211
Burkina Faso	-	-	-	13,386	13,386
Comoros	-	-	-	5,291	5,291
Djibouti	-	-	-	5,905	5,905
Egypt	-	-	-	209,510	209,510
Gambia	-	-	-	9,198	9,198
Hong Kong	-	-	10,360	-	10,360
Indonesia	1,148	-	-	12,888	14,036
Kazakhstan	-	-	-	7,006	7,006
Kyrgyzstan	-	-	-	1,334	1,334
Kuwait	-	100,000	-	-	100,000
Maldives	-	-	-	10,195	10,195
Mali	-	-	-	77	77
Mauritania	-	-	-	14,400	14,400
Morocco	-	-	-	15,235	15,235
Nigeria	-	-	-	47	47
Pakistan	-	-	-	120,786	120,786
Qatar	-	90,000	-	-	90,000
Regional	-	15,000	-	-	15,000
Saudi Arabia	2,222	-	40,498	-	42,720
Senegal	-	-	-	32,573	32,573
Tajikistan	-	-	-	5,761	5,761
Togo	-	-	-	19,605	19,605
Tunisia	-	-	-	24,706	24,706
UAE	46	20,000	20,242	-	40,288
United Kingdom	75,995	-	-	-	75,995
Uzbekistan	-	-	-	36,791	36,791
<b>TOTAL</b>	<b>79,411</b>	<b>280,000</b>	<b>71,100</b>	<b>598,905</b>	<b>1,029,416</b>

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

**THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**AT 31 DECEMBER 2020 (16 JUMADA AL-AWWAL 1442H)**

**23. RISK MANAGEMENT**

The Corporation's risk management is governed by various risk management policies, procedures and guidelines. The Risk Management Office ("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.

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 placements, 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.

## **THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

#### **AT 31 DECEMBER 2020 (16 JUMADA AL-AWWAL 1442H)**

#### **23. RISK MANAGEMENT (continued)**

##### *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.

##### **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.

At reporting date, if profit rates had been 50 basis points higher/lower and all other variables were held constant, the Corporation's net income for the year and the Members Equity at period end would not be changed significantly.

##### *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.

**THE INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**AT 31 DECEMBER 2020 (16 JUMADA AL-AWWAL 1442H)**

**23. RISK MANAGEMENT (continued)**

*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>
	<i>US \$'000</i>	<i>US \$'000</i>	<i>US \$'000</i>
<b>For the year ended 31 December 2020</b>			
Investments in Sukuk	154,656		
 For the year ended 31 December 2019			
Investments in Sukuk	71,100	-	-

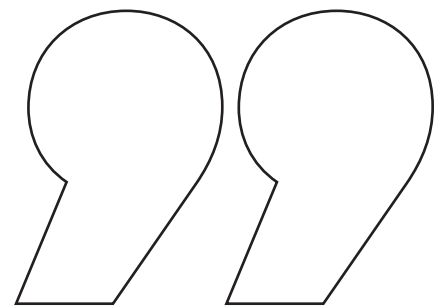
There were no transfers between the levels during the year (2019: same).

**24. 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 22.



# chapter



# 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 Organization 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 2020, 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 Research and Training Institute (IRTI), 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 eleven Regional Hubs in Abuja, Nigeria; Almaty, Kazakhstan; Ankara, Turkey; Cairo, Egypt; Dakar, Senegal; Dhaka, Bangladesh; Dubai, United Arab Emirates; Jakarta, Indonesia; Kampala, Uganda; Paramaribo, Suriname; and Rabat, Morocco.

### 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 Research and Training Institute (IRTI)

The Islamic Research and Training Institute (IRTI) was established in 1401H (1981) as the research and training arm of IsDB. The IRTI plays a key role in supporting the transformation of the IsDB Group into a world-class knowledge-based organization. The IRTI's mandate is to support the development and sustenance of a dynamic and comprehensive Islamic Financial Services Industry that enhances socioeconomic development in IsDB member countries. The Institute undertakes cutting edge applied and policy research as well as capacity-building and advisory services in the field of Islamic economics and finance. IRTI aims to be a global knowledge center for Islamic economics and finance in line with its new vision. [www.irti.org](http://www.irti.org)



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

Established 26 years ago in 1994 as a multilateral institution and member of the Islamic Development Bank Group, ICIEC was tasked to promote cross-border trade and foreign direct investments (FDI) in its Member Countries.

To fulfill its mandate, ICIEC provides risk mitigation solutions to Member Country exporters. By protecting them from commercial and political risks, exporters are enabled to sell their products and services across the world. The multilateral credit insurer also provides risk protection to investors from across the world that seeks to invest in ICIEC's Member Countries. To promote the sustainable economic development of its Member Countries, ICIEC – on a limited basis – can also support international exporters selling capital goods or strategic commodities to ICIEC's Member Countries. In addition to its core business, ICIEC also offers technical assistance to Member Countries' Export Credit Agencies.

ICIEC's mission is to make trade and investment between Member Countries and the world more secure through the Shariah-compliant risk mitigation tool. Its vision is to be recognized as the preferred enabler of trade and investment for sustainable economic development in Member Countries.

ICIEC is the only multilateral export credit and investment insurance corporation in the world that provides Shariah-compliant insurance and reinsurance solutions.

Today, ICIEC supports trade and investment flows in 47 Member Countries spanning across Europe, Asia, Middle East and Africa. Its target clients are corporates (both exporters and investors), banks and financial institutions as well as Export Credit Agencies and insurers. [www.iciec.com](http://www.iciec.com)



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

The Islamic Corporation for the Development of the Private Sector (ICD) is a multilateral organization affiliated with the Islamic Development Bank (IsDB). Its authorized capital stands at USD 4 billion, of which USD 2 billion is available for subscription. Its shareholders consist of the IsDB, 55 member countries and five public financial institutions. Headquartered in Jeddah, ICD was established by the IsDB Board of Governors during its 24th annual meeting held in Jeddah in Rajab 1420H (November 1999).

The mandate of ICD is to support the economic development of its member countries by providing financial assistance to private sector projects in accordance with the principles of Shari'ah, aimed at creating employment opportunities and enhancing their export potential. Furthermore, ICD has the mandate of mobilizing additional resources for projects and encouraging the development of Islamic finance. It also attracts co-financiers for its projects and provides advice to governments and private sector groups on policies aimed at encouraging the establishment, expansion and modernization of private enterprises, the development of capital markets, best management practices, and the enhancement of the role of market economy. ICD's operations complement the activities of IsDB in member countries and also those of national financial institutions. [www.icd-ps.org](http://www.icd-ps.org)

# Appendix 2

## ITFC Shareholders' Information

International Islamic Trade Finance Corporation  
Subscribed, Called-up and Paid-up Capital As of 31/12/2020

Sr. No.	Member	Number of Shares					
		Subscribed by shares	Percent of Subscribed	Called-up by shares	Percent of Called-up	Paid-up shares	Percent of Paid-up
1	Islamic Development Bank	26,637	31.075%	26,637	32.049%	26,637	35.746%
2	Saudi Arabia	14,557	16.982%	12,000	14.438%	12,000	16.104%
3	Saudi Fund for Development, Saudi Arabia	6,065	7.075%	6,065	7.297%	6,065	8.139%
4	Kuwait	4,821	5.624%	4,821	5.800%	4,821	6.470%
5	Republic of Turkey	3,536	4.125%	3,536	4.254%	3,536	4.745%
6	Public Investments Fund, Saudi Arabia	3,000	3.500%	3,000	3.610%	3,000	4.026%
7	Malaysia	2,898	3.381%	2,898	3.487%	2,898	3.889%
8	Export Development Bank, Iran	2,500	2.917%	2,500	3.008%	2,486	3.336%
9	Egypt	1,513	1.765%	1,513	1.820%	1,513	2.030%
10	Nigeria	1,000	1.167%	1,000	1.203%	1,000	1.342%
11	Qatar	1,000	1.167%	1,000	1.203%	1,000	1.342%
12	Iraq	850	0.992%	850	1.023%	850	1.141%
13	Pakistan	843	0.983%	843	1.014%	843	1.131%
14	Albaraka Islamic Bank, Bahrain	818	0.954%	818	0.984%	818	1.098%
15	Faisal Islamic Bank of Egypt, Egypt	718	0.838%	718	0.864%	718	0.964%
16	Algeria	608	0.709%	608	0.732%	608	0.816%
17	Brunei Darussalam	582	0.679%	582	0.700%	582	0.781%
18	Tunisia	560	0.653%	560	0.674%	560	0.752%
19	Morocco	510	0.595%	510	0.614%	510	0.684%
20	Bank Mellat, Iran	500	0.583%	500	0.602%	500	0.671%
21	Indonesia	206	0.240%	206	0.248%	206	0.276%
22	Bangladesh	202	0.236%	202	0.243%	202	0.271%
23	Iran	8,692	10.140%	8,692	10.458%	192	0.258%
24	Bahrain	185	0.216%	185	0.223%	185	0.248%
25	Syria	185	0.216%	185	0.223%	185	0.248%
26	Palestine	184	0.215%	184	0.221%	184	0.247%
27	UAE	184	0.215%	184	0.221%	184	0.247%
28	Albaraka Investment Company, London	161	0.188%	161	0.194%	161	0.216%
29	Libya	139	0.162%	139	0.167%	139	0.187%
30	Jordan	130	0.152%	130	0.156%	130	0.174%
31	Jordan Islamic Bank	118	0.138%	118	0.142%	118	0.158%
32	Bank Keshavarzi, Iran	100	0.117%	100	0.120%	100	0.134%
33	EN Bank, Iran	100	0.117%	100	0.120%	100	0.134%
34	Mauritania	100	0.117%	100	0.120%	100	0.134%
35	Bank Melli, Iran	100	0.117%	100	0.120%	100	0.134%
36	Bank of Industry and Mine, Iran	100	0.117%	100	0.120%	100	0.134%
37	Yemen	100	0.117%	100	0.120%	99	0.133%
38	Cote D'Ivoire	85	0.099%	85	0.102%	85	0.114%
39	Sudan	93	0.108%	77	0.093%	77	0.103%
40	Burkina Faso	75	0.087%	75	0.090%	75	0.101%
41	Somalia	72	0.084%	72	0.087%	72	0.097%
42	Albaraka Turk Katilim Bankasi A.S. (Albaraka Turk Participation Bank)	69	0.080%	69	0.083%	69	0.093%
43	Lebanon	61	0.071%	61	0.073%	61	0.082%
44	Mozambique	60	0.070%	60	0.072%	60	0.081%
45	Bank Al baraka, Tunis	53	0.062%	53	0.064%	53	0.071%
46	Azerbaijan	50	0.058%	50	0.060%	50	0.067%
47	Bank Tejarat, Iran	50	0.058%	50	0.060%	50	0.067%
48	Benin	50	0.058%	50	0.060%	50	0.067%
49	Djibouti	50	0.058%	50	0.060%	50	0.067%
50	Gambia	50	0.058%	50	0.060%	50	0.067%
51	Uganda	49	0.057%	49	0.059%	49	0.066%
52	Senegal	48	0.056%	48	0.058%	48	0.064%
53	Republic of Uzbekistan	50	0.058%	34	0.041%	34	0.046%
54	Suriname	50	0.058%	50	0.060%	33	0.045%
55	Nile Bank for Commerce & Development – Sudan	26	0.030%	26	0.031%	26	0.035%
56	Sudanese Islamic Bank, Sudan	26	0.030%	26	0.031%	26	0.035%
57	Tadamon Islamic Bank, Sudan	26	0.030%	26	0.031%	26	0.035%
58	Gabon	22	0.026%	22	0.026%	22	0.030%
59	Republic of Kyrgyzstan	50	0.058%	34	0.041%	19	0.025%
60	Cameroon	2	0.002%	2	0.002%	2	0.003%
61	Niger	50	0.058%	50	0.060%	-	0.000%
Sub Total		85,719	100%	83,114	100%	74,517	100%



# Appendix 3

## GOVERNANCE, LEGAL AND RISK MANAGEMENT

Against the backdrop of COVID-19, ITFC was exposed to additional credit, market and operational risks pertaining to trade finance and treasury activities. More specifically, the COVID-19 pandemic and its ongoing adverse impact on global economic activities and ITFC stakeholders have resulted in the increase of the following risks: (i) higher probability of default, long-term overdues and loss, (ii) liquidity and funding risk and (iii) health risk and systems' vulnerability risk. In this context, besides the business response, the resilience and relevance of governance related functions, such as Risk, Compliance and Audit were put to test and ITFC continuously enhanced its preparedness to face the implications of the crisis. To this end, various measures are now in place such as (i) the portfolio management toolkit, (ii) adjusted deal acceptance criteria, (iii) more frequent liquidity stress testing and (iv) mainstreaming home-based work considering the low predictability of the duration of the COVID-19 pandemic and its impact.



While managing the heightened risks stemming from the COVID-19 pandemic, the Corporation continued strengthening the risk management and control functions. These are critical for the achievement of its twin goals: Development Impact and Financial Sustainability. With core risk management policies and systems already in place, the focus during the year has been on further firming up the risk culture. It is in this context that Moody's reaffirmed in October 2020, ITFC's rating of A1 (Stable outlook) indicating that the rating is supported by ITFC's 'very large capital buffers, prudent treasury investment practices and adequate liquidity management policies and very high implicit member support'.

Over the upcoming years, ITFC will continue to focus on further improving 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). Hence, the Corporation will continue dedicating special attention to the following areas of priority:

- Further enhancement of the risk culture
- Acquisition of new and improve existing systems and tools for risk management
- Introduction and update of risk management policies
- Strengthening of the compliance function

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 Committee 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 Office (RMO)**

For effective implementation of the risk management framework, a dedicated Risk Management Office operates within ITFC and focuses on credit, market, operational, compliance and other risks. The RMO is independent of business and support functions.












#### **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, on a sample basis, that 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.

# Appendix 4

## 2020 TRADE FINANCE APPROVALS FOR LDMCS

Amount (US\$)

Bangladesh		853.00
Benin		51.80
Burkina Faso		98.86
Comoros		104.15
Djibouti		140.00
Gambia		45.00
Malawi		5.00
Mali		83.33
Mauritania		80.00
Senegal		218.04
Togo		47.41

**TOTAL for LDMC**  
**1,726.60**

**% OF TOTAL**  
**37%**

**TOTAL APPROVALS**  
**4,722.60**

# Appendix 5

## 2020 TRADE FINANCE APPROVALS BY SECTOR



# Appendix 6

## AWARDS



Murabaha Financing (Financing of Import of Fertilizers & Petroleum Products) in favor of Malawi



ITFC was amongst one of the organizations recognized and commended for their contribution to the trade sector at the International TFG Trade Awards 2020



# Appendix 7

## ACRONYMS & ABBREVIATIONS

<b>MC</b>	Member Countries
<b>OIC</b>	Organisation of Islamic Cooperation
<b>SMEs</b>	Small & Medium Enterprises
<b>AATB</b>	Arab African Trade Bridges Program
<b>AfTIAS</b>	Aid for Trade Initiative for the Arab States
<b>WTO</b>	World Trade Organisation
<b>IsDB</b>	Islamic Development Bank
<b>LDMC</b>	Less Developed Member Country
<b>CIS</b>	Commonwealth of Independent States
<b>BADEA</b>	Arab Bank for Economic Development in Africa
<b>ICIEC</b>	Islamic Corporation for the Insurance of Investment an Export Credit
<b>SDGs</b>	Sustainable Development Goals
<b>AfCFTA</b>	African Continental Free Trade Area
<b>WHO</b>	World Health Organisation
<b>OECD</b>	Organisation for Economic Cooperation and Development
<b>IMF</b>	International Monetary Fund
<b>PMI</b>	Purchasing Managers' Indices
<b>UNCTAD</b>	United Nation Conference on Trade and Development
<b>SESRIC</b>	Statistical, Economic and Social Research and Training Centre for Islamic Countries
<b>SSA</b>	Sub Saharan Africa
<b>MENA</b>	Middle East and North Africa
<b>ICDT</b>	Islamic Centre for Development of Trade
<b>IsDBG</b>	Islamic Development Bank Group
<b>GASC</b>	General Authority for Supply Commodities
<b>STO</b>	State Trading Organisation
<b>ICC</b>	International Chamber of Commerce
<b>DSI</b>	Digital Standards Initiative
<b>DLPC</b>	Distributed Ledger Payment Commitment
<b>BIS</b>	Banque Islamique du Senegal
<b>CBK</b>	Commercial Bank of Kyrgyzstan
<b>FI</b>	Financial Institution
<b>MDB</b>	Multilateral Development Banks
<b>PCR</b>	Polymerase Chain Reaction
<b>RDT</b>	Rapid Diagnostic Tests
<b>OCP</b>	Office Chérifien des Phosphates
<b>ISCAE</b>	Institute of Commerce and Administration of Enterprises
<b>AFT</b>	Aid for Trade
<b>LAS</b>	League of Arab States
<b>T&amp;BD</b>	Trade and Business Development
<b>TF</b>	Trade Finance
<b>OIF</b>	Organisation Internationale de la Francophonie
<b>DER</b>	Delegation Generale a l'Entreprenariat Rapide
<b>BPC</b>	Business Promotion Council
<b>TSI</b>	Trade Support Initiatives
<b>TPO</b>	Trade Promotion Organisations
<b>BPO</b>	Business Promotion Organisations
<b>SBP</b>	State Bank of Pakistan
<b>PPE</b>	Personal Protective Equipment
<b>RRI</b>	Rapid Response Initiative
<b>IOFS</b>	Islamic Organisation for Food Security
<b>TDFD</b>	Trade Development Fund
<b>AOAD</b>	Arab Organisation for Agricultural Development
<b>FAO</b>	Food and Agriculture Organisation
<b>IFAD</b>	International Fund for Agricultural Development
<b>ADB</b>	Asian Development Bank
<b>EBRD</b>	European Bank for Reconstruction and Development
<b>DSSI</b>	Debt Service Suspension Initiative
<b>EIF</b>	Enhanced Integrated Framework
<b>ICD</b>	Islamic Corporation for the Development of the Private Sector
<b>FDI</b>	Foreign Direct Investment
<b>GVC</b>	Global Value Chain
<b>IRTI</b>	Islamic Research Training Institute
<b>SDR</b>	Special Drawing Right
<b>ALCO</b>	Assets Liabilities Committee
<b>RMO</b>	Risk Management Office
<b>IAO</b>	Internal Audit Office