ISLAMIC CORPORATION FOR THEDEVELOPMENT OF THEPRNATE SECTOR

SEPARATE FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

FOR THEYEAR ENDED 31 DECEMBER 2022

ISLAMIC CORPORATION FOR THE DEVELOPMENT OF THE PRIVATE SECTOR
SEPARATE FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
For the year ended 31 December 2022

INDEX	PAGE
Independent auditor's report	I - 6
Separate statement of financial position	7
Separate income statement	8
Separate statement of changes in members' equity	9
Separate statement of cash flows	10
Separate statement of changes in off-balance-sheet assets under management	11
Notes to the separate financial statements	12 - 66

Deloitte.

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Chartered Accountants
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Date 24/4/1419
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INDEPENDENT AUDITOR'S REPORT

Your Excellencies the Chairman and Members of the General Assembly
Islamic Corporation for the Development of Private Sector
Jeddah, Kingdom of Saudi Arabia

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the accompanying separate financial statements of Islamic Corporation for the Development of Private Sector (the "Corporation"), which comprise the separate statement of financial position as at 31 December 2022, and the related separate income statement, separate statement of changes in members' equity, separate statement of cash flows and separate statement of changes in off-balance sheet assets under management for the year then ended, and the notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 December 2022, and the results of the operations, its cash flows and changes in members' equity for the year then ended in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI").

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

Basis for Opinion

We conducted our audit in accordance with Auditing Standards for Islamic Financial Institutions issued by AAOIFI and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *'Auditor's Responsibilities for the Audit of the Separate financial statements'* section of our report. We are independent of the Corporation in accordance with the AAOIFI's Code of Ethics for Accountants and Auditors of Islamic Financial Institutions (AAOIFI Code), International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the separate financial statements as prevailing in the local jurisdiction, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the AAOIFI and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 2 of the separate financial statements which describes that these separate financial statements present the separate financial position, separate results of operations and separate cash flows of the Corporation and not its consolidated fmancial position, consolidated results and consolidated cash flows. The Corporation also intends to issue consolidated fmancial statements to comply with the requirements of AAOIFI accounting standards. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements for the year ended 31 December 2022. These matters were addressed in the context of our audit of the separate fmancial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Report on the Audit of the Separate Financial Statements (continued)

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the audit of the separate financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying separate financial statements.

Key audit matter	How our audit addressed the key audit matter
Expected credit loss allowance against project assets As at 31 December 2022, the Corporation's project assets amounted to USD 780.9 million (2021: USD 664.5 million) representing 27% (2021: 22%) of total assets. The expected credit loss (ECL) allowance as at 31 December 2022 was USD 99.4 million (2021: USD 108.3 million). The audit of impairment allowances for project assets is a key area of focus because of its size and due to the significance of the estimates and judgments used in classifying project assets into various stages, determining related allowance requirements, and the complexity of the judgements, assumptions and estimates used in the Expected Credit Loss models. The Corporation recognizes allowances for expected credit losses (ECLs) at an amount equal to 12-month ECL (Stage 1) or full lifetime ECL (Stage 2). A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Corporation under the contract and the cash flows that the Corporation expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's effective profit rate. The Corporation employs statistical models for ECL calculations and the key variables used in these calculations are probability of default (PD), loss given default (LGD), and exposure at default (EAD), which are defined in Note 3 to the separate financial statements.	1. We obtained an understanding of the project assets business process, the credit risk management process, the policy for impairment and credit losses and the estimation process of determining impairment allowances for project assets to counterparties and the ECL modelling methodology and evaluated the design and implementation of relevant controls within these processes. 2. We assessed and evaluated the design and implementation of automated and / or manual controls over: • approval, accuracy and completeness of impairment allowances and governance controls over the monitoring of the model, through key management and committee meetings that form part of the approval process for project asset impairment allowances; • model outputs; and • the recognition and measurement of impairment allowances 3. On a sample basis, we selected project assets and assessed and evaluated: • the Corporation's identification of SICR (Stage 2), the assessment of credit-impaired classification (Stage 3) and whether relevant impairment events had been identified in a timely manner and classification of project assets into various stages and the determination of defaults/individually impaired exposures. • The forward-looking information incorporated into the impairment calculations by involving our specialists to challenge the multiple economic scenarios chosen and related weighting applied. • the assumptions underlying the impairment allowance calculation, such as estimated future cash flows and estimates ofrecovery period. • the calculation methodology to determine if it complied with the requirements of AAOIFI FAS30

Report on the Audit of the Separate Financial Statements (continued)

Key audit matter	How our audit addressed the key audit matter
The material portion of the project assets is assessed for the significant increase in credit risk **(SICR)** and measurement of ECL. This requires management to capture all qualitative and quantitative reasonable and supportable forward-looking information while assessing SICR, or while assessing credit-impaired criteria for the exposure. Management judgement may also be involved in manual staging override in accordance with the Corporation's policies. The measurement of ECL amounts for project assets classified as Stage 1 and Stage 2 are carried out by the ECL models with limited manual intervention, however, it is important that models (PD, LGD, EAD and macroeconomic adjustments) are valid throughout the reporting period and are subject to a review process by an independent third party expert. For the impaired project assets the Corporation measures the ECL on the basis of difference between the carrying value of the project assets and the present value of expected future cash flows that can be recovered. This was considered as a key audit matter and the audit was focused on this matter due to the materiality of the project assets and the complexity of the judgements, assumptions and estimates used in the ECL models Refer to Note 3 to the separate financial statements for the accounting policy for the impairment of financial assets, Note 25 for the disclosure of impairment and note 31 for credit risk disclosure and the key assumptions and factors considered in determination of ECL.	• the post model adjustments and management overlays (if any) in order to assess these adjustments and assessed the qualitative factors which were considered by the Corporation to recognize any post model adjustments, in case of data or model limitations. Where such post model adjustments were applied, we assessed those post model adjustments and the governance process around them. 4. We tested models and the IT applications used in the credit impairment process and verified the integrity of data used as input to the impairment models. 5. The Corporation performed an external validation of the ECL model and LGD models including macro-economic model during the reporting period. We considered the process of this external validation of the models and its impact on the results of the impairment estimate. Finally, we updated our assessment of the methodology and framework designed and implemented by the Corporation as to whether the impairment models outcomes and stage allocations appear reasonable and reflective of the forecasts used by the Corporation to determine future economic conditions at the reporting date. 6. Where relevant, we involved our specialists to assist us in reviewing model calcul ations, evaluating related inputs and assessing reasonableness of assumptions used in ECL model particularly around probability of default, loss given default, exposure at default. macroeconomic variables, forecasted macroeconomic scenarios and probability weights and of assumptions used in post model adjustments (if any) as mentioned above. 7. We assessed the adequacy of disclosures in the separate financial statements against the requirements of the Financial Accounting Standards issued by AAOIFI.

Report on the Audit of the Separate Financial Statements (continued)

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
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Fair valuation of unquoted equity investments

As at 31 December 2022, the Corporation's unquoted equity investments amounted to USD 326.4 million (2021: USD 336.4 million) representing 11.3% (2021: 11.4%) of total assets.

These instruments are classified as financial assets at fair value through changes in members' equity and are measured at fair value with the corresponding fair value change recognized in the separate statement of changes in members' equity. The Corporation use external experts where required to assist it in determining the fair value of these investments.

As disclosed in Notes 3 and 13 the valuation of unquoted equity investments uses inputs other than observable market data and therefore are inherently subjective. It also requires significant judgement by management in determining the appropriate valuation methodology and use of various assumptions like cash flows, discount rates, market information, market risk adjustments etc.

Given the inherent subjectivity and judgement required m the valuation of such unquoted investments, we determined this to be a key audit matter.

Refer to note 3 to the separate financial statements for the accounting policy and Note 13 for the investment valuation methodology, critical judgment and estimates applied in the fair valuation of equity investment.

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1. We obtained an understanding of the unquoted equity valuation process and investment policy.

2. We evaluated the design and implementation of manual controls over:

   - the valuation methodologies used.
   - the approval, accuracy and completeness of fair valuation of unquoted equity investments and governance controls over the monitoring of the valuation exercise, through key management and committee meetings that form part of the approval process along with appropriate management review and challenge process.
   - the recognition and measurement of fair valuation impact of unquoted equity investments.

3. On a sample basis, we selected unquoted equity investments and involved our specialists, where relevant, to assist us in assessing and evaluating:

   - input parameters and assumptions i.e. relevant benchmarks from comparable companies, tracing of earnings multiples to source information, discounts/premium applied and other relevant benchmark data, and their consistent application, across the valuations, to the extent required; and
   - the valuation methodology for each investment taking into account the nature of the investment being valued.

4. We assessed the adequacy of disclosures in the separate financial statements against the requirements of the Financial Accounting Standards issued by AAOIFI

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Report on the Audit of the Separate Financial Statements (continued)

Other Information
Other information consists of the information included in the Corporation's 2022 Annual Report, other than the separate financial Statements and our Auditor's Report thereon. Management is responsible for the other information. The Corporation's 2022 Annual Report is expected to be made available to us after the date of this Auditor's Report.

Our opinion on the separate financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements
These separate financial statements and the Corporation's undertaking to operate in accordance with Shari'ah Rules and Principles are the responsibility of the Corporation's management and those charged with governance.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's **internal** control.

Report on the Audit of the Separate Financial Statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of managements' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte and Touche & Co
Chartered Accountants

Waleed Bin Moha'd Sobahi
C tant
License No. 378

18 April 2023
27 Ramadan 1444 AH

Jeddah, Kingdom of Saudi Arabia

ISLAMIC CORPORATION FOR THE DEVELOPMENT OF THE PRIVATE SECTOR
SEPARATE STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	***31 December 2022 USD***	*31 December 2021 USD*
ASSETS			
Cash and cash equivalents	5	**182,224,529**	158,689,143
Commodity Murabaha and Wakala placements	6	**16,476,658**	202,798,038
Sukuk investments	7	**1,524,500,386**	1,536,402,435
Murabaha financing	8	**105,009,999**	120,430,904
Installment sales financing	9	**447,384,798**	307,573,205
Ijarah Muntahia Bittamleek	10	**214,902,872**	220,675,530
Jstisna'a assets	11	**13,559,552**	15,846,231
Equity investments	13	**346,559,897**	359,274,458
Other assets	14	**31,628,896**	38,887,685
Property and equipment		**319,141**	298,128
Total Assets		**2,882,566,728**	2,960,875,757
Liabilities			
Sukuk issued	15	**701,165,442**	700,695,404
Commodity Murabaha financing liabilities	16	**1,057,958,281**	1,099,884,290
Accrued and other liabilities	17	**17,776,895**	40,007,391
Employee benefit liabilities	18	**11,191,013**	39,722,752
Amounts due to JCD Solidarity Fund	19	**1,188,550**	1,220,122
Total Liabilities		**1,789,280,181**	1,881,529,959
Members' Equity			
Paid-up capital	20	**1,586,736,446**	1,582,923,427
Accumulated losses	21	**(465,636,682)**	(477,569,912)
Fair value reserve		**(31,122,505)**	
Actuarial gain/ (losses)		**3,309,288**	(26,007,717)
Total Members' Equity		**1,093,286,547**	1,079,345,798
Total Liabilities and Members' Equity		**2,882,566,728**	2,960,875,757

ISLAMIC CORPORATION FOR THE DEVELOPMENT OF THE PRIVATE SECTOR
SEPARATE INCOME STATEMENT

For the year ended 31 December 2022

	Note	***2022 USD***	*2021 USD*
NET INCOME			
Income from commodity placement		**5,370,311**	4,552,922
Income from sukuk investments	7	**36,851,586**	21,764,235
Income from financing assets	12	**36,506,071**	32,071,628
Equity investment income, net	13.4	**3,388,351**	11,281,855
Other income	22	**18,770,685**	10,700,175
Total income		**100,887,004**	80,370,815
Financing cost		**(40,827,957)**	(29,874,198)
Net income		**60,059,047**	50,496,617
OPERATING EXPENSES			
Staff costs		**(36,429,112)**	(39,499,296)
Other administrative expenses		**(6,154,990)**	(6,450,306)
Depreciation		**(89,593)**	(50,886)
Total operating expenses		**(42,673,695)**	(46,000,488)
Net operating income before impairment charges		**17,385,352**	4,496,129
Impairment (loss)/ reversals	25	**(5,452,122)**	4,114,634
Net profit for the year		**11,933,230**	8,610,763
Non- Shari'ah compliant income	19	**19,262**	13,306
Transferred to ICD Solidarity Fund	19	**(19,262)**	(13,306)
Net profit for the year		**11,933,230**	8,610,763

The attached notes 1 to 38 form part of these separate financial statements

ISLAMIC CORPORATION FOR THE DEVELOPMENT OF THE PRIVATE SECTOR
SEPARATE STATEMENT OF CHANGES IN MEMBERS' EQUITY

For the year ended 31 December 2022

	Paid-up capital	*Accumulated losses*	*Net (loss)/ profit*	*Fair value reserve*	*Actuarial (losses)/ gains*	*Total*
	USD	*USD*	*USD*	*USD*	*USD*	*USD*
Balance at 31 December 2020	1,525,448,350	(486,180,675)	-	-	(43,818,073)	995,449,602
Increase in paid-up capital	57,475,077	-	-		-	57,475,077
Net profit for the year	-	-	8,610,763		-	8,610,763
Transfer to accumulated losses	-	8,610,763	(8,610,763)			
Actuarial gain for the year from the pension schemes (note 18.3)	-	-	-		17,810,356	17,810,356
Balance at 31 December 202 l	1,582,923,427	(477,569,912)	-	-	(26,007,717)	1,079,345,798
Increase in paid-up capital	**3,813,019**	-	-	-	-	**3,813,019**
Net profit for the year	-	-	**11,933,230**	-	-	**11,933,230**
Change in equity investment fair value reserve	-	-	-	**218,758**	-	**218,758**
Change in sukuk fair value reserve	-	-	-	**(31,341,263)**	-	**(31,341,263)**
Transfer to accumulated losses	-	**11,933,230**				
Actuarial gain for the year from the pension schemes (note 18.3)	-	-	-	-	**29,317,005**	**29,317,005**
Balance at 31 December 2022	**1,586,736,446**	**(465,636,682)**	-	**(31,122,505)**	**3,309,288**	**1,093,286,547**

(11,933,230)

The attached notes 1 to 38 form part of these separate financia statements

ISLAMIC CORPORATION FOR THE DEVELOPMENT OF THE PRIVATE SECTOR
SEPARATE STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Note	*2022* *USD*	*2021* *USD*
OPERATING ACTIVITIES			
Net profit for the year		**11,933,230**	8,610,763
Adjustments for:			
Depreciation		**23,913,393**	26,946,630
Impairment charge/ (reversal) for financial assets	25	**5,452,122**	(4,114,634)
Fair value gain on equity (net)			(8,394,621)
Financing Costs		**40,827,957**	29,874,198
Provision for employee pension liabilities	18	**4,750,997**	8,424,714
Sukuk fair value loss			19,157,271
(Gain)/ loss on Islamic derivatives net of currency losses	22	**(4,335,075)**	272,816
		82,542,624	80,777,137
Changes in operating assets and liabilities:			
Commodity Murabaha and Wakala placements		**188,753,613**	321,502,206
Sukuk investments		**(22,131,955)**	(197,127,780)
Murabaha fmancing		**9,875,007**	(17,439,726)
Installment sales fmancing		**(136,269,777)**	47,333,039
ljarah Muntahia Bittamleek		**(7,729,229)**	(11,654,049)
lstisna' a assets		**3,820,006**	3,752,054
Equity investments		**700,696**	(28,745,292)
Other assets		**8,783,713**	9,271,443
Accrued and other liabilities		**(27,170,234)**	(8,462,413)
Amounts due to ICD Solidarity Fund		**(31,572)**	18,542
Cash from operations		**101,142,892**	199,225,161
Financing cost paid		**(35,418,179)**	(34,484,192)
Employee benefits liabilities paid		**(3,965,731)**	(5,345,611)
Net cash from operating activities		**61,758,982**	159,395,358
INVESTING ACTIVITY			
Purchase of property and equipment		**(110,606)**	(I 75,597)
FINANCING ACTIVITIES			
Repayment of Sukuk issued		**-**	(297,527,414)
Proceeds from Commodity Murabaha fmancing		**584,705,307**	569,154,265
Repayments of Commodity Murabaha fmancing		**(626,631,316)**	(634,691,505)
Share capital contribution		**3,813,019**	57,475,077
Net cash used in fmancing activities		**(38,112,990)**	(305,589,577)
NET INCREASE/ (DECREASE) IN **CASH AND CASH EQUIVALENT**		**23,535,386**	(146,369,816)
Cash and cash equivalent at the beginning of the year		**158,689,143**	305,058,959
CASH AND CASH EQUIVALENT AT THE END OF THE YEAR	5	**182,224,529**	158,689,143

The attached notes 1 to 38 form part of these separate financial statements

ISLAMIC CORPORATION FOR THE DEVELOPMENT OF THE PRIVATE SECTOR
SEPARATE STATEMENT OF CHANGES IN OFF-BALANCE-SHEET ASSETS UNDER MANAGEMENT

For the year ended 31 December 2022

	January 1, 2021	Additions	Net disposals/ withdrawals	Mudarib's Share	December 31, 2021
Net assets managed on behalf of a financial institution		370,600,000	(326,700,000)	-	43,900,000
Total	-	370,600,000	(326,700,000)	-	43,900,000

	January 1, 2022	Additions	Net disposals/ withdrawals	Mudarib's Share	December 31,2022
Net assets managed on behalf of a fmancial institution	43,900,000	389,800,000	(433,700,000)		
Total	**43,900,000**	**389,800,000**	**(433,700,000)**		

The Corporation has Wakala based arrangement with a financial institution in which it provides investment management services to the financial institution and acts as its agent. The Corporation is not exposed to any variable returns on the investment of these funds and accordingly does not control these funds. Therefore, the Corporation does not recognize these funds on its separate statement of financial position. No amounts were outstanding in respect of this arrangement at the end of 2022. During the year, the corporation earned USD289k (2021: USD49k) as agent's remuneration. The remuneration is agreed upon through the Framework Agreement between the corporation and the financial Institution.

1 ORGANISATION AND OPERATIONS

Islamic Corporation for the Development of the Private Sector (the "Corporation") is an international specialized institution established pursuant to the Articles of Agreement (the Agreement) signed and ratified by its members'. The Corporation commenced its operations following the inaugural meeting of the General Assembly held on 6 Rabi Thani, 1421H, corresponding to July 8, 2000.

According to the Agreement, the objective of the Corporation is to promote, in accordance with the principles of Shari'ah, the economic development of its member countries by encouraging the establishment, expansion, and modernization of private enterprises producing goods and services in such a way as to supplement the activities of Islamic Development Bank ("IsDB").

The Corporation, as a multilateral financial institution, is not subject to any external regulatory authority. It operates in accordance with the Agreement and the approved internal rules and regulations.

The Corporation carries out its business activities through its headquarters in Jeddah, Saudi Arabia.

2 BASIS OF PREPARATION

These separate financial statements are prepared in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) and the Shari'ah rules and principles as determined by the Shari'ah Board of the IsDB Group. For matters, which are not covered by AAOIFI standards, the Corporation seeks guidance from the relevant International Financial Reporting Standards (IFRSs) 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 as determined by the Shari'ah Board oflsDB Group.

During the year ended 20 Dhul Hijjah, 1434H (Corresponding to 3 November 2013), the Corporation used the available guidance for the "Investment Entities" amendments to IFRS 10 'Consolidated financial statements' and resultant changes in IFRS 12 'Disclosure of interest in other entities' and IAS 27 'Separate fmancial statements' (the "Amendments") which were effective from the period beginning I January 2015. Accordingly, the Corporation discontinued issuing consolidated financial statements and used the transition guidance of the amendments to IFRS 10 and IFRS 12, in so far it relates to the adoption of amendments related to investment entities.

During the year, the Board of Directors, based on management's reassessment of the business model of the Corporation in the light of the investment entity definition under IFRS I 0, resolved to revoke the Investment Entity status effective from January 1, 2022 and, as a result, the Corporation discontinued using the amendments to IFRS 10 and IFRS 12.

Pursuant to the above decision, the Corporation is required to comply with requirements of FAS 23 -"Consolidation", under which the Corporation is required to prepare consolidated and separate fmancial statements from January I, 2022 (the effective date of the decision). Since the Corporation ceases to be to be an investment entity, the change in status is accounted for as a 'deemed acquisition' of the Corporation's subsidiaries and associates, as follows:

- the entity applies business combination requirements to any subsidiary (and associates) that was previously measured at fair value through profit or loss;
- the date of the change of status (i.e. the date the entity ceases to be an investment entity) is the deemed acquisition date for such subsidiaries and associates;
- the fair value of a subsidiary or associate at the date of change in status is the deemed consideration for the purpose of measuring any goodwill or gain from a bargain purchase; and
- all subsidiaries of the entity are consolidated in accordance with the general requirements of FAS 23 from the date of change of status in the consolidated financial statements of the Corporation. Likewise, all associates of the entity are equity accounted in accordance with the general requirements of FAS 24 from the date of change of status in the consolidated financial statements of the Corporation.

2 BASIS OF PREPARATION (continued)

These separate financial statements contain information about the Corporation and its investments on an individual basis and do not contain consolidated information related to the Corporation and its subsidiaries as one entity (note 13.1) . The subsidiaries and the investment in associates have been reflected at fair value through equity in line with the previous policy of the Corporation before the transition to investment entity during 1434H and in accordance with the requirements of FAS 23 which allows investment in associates and subsidiaries to be recognized at fair value in the separate financial statements. The Corporation also prepares consolidated financial statements which include the results of all entities as ICD Group. The comparative figures for the year ended December 31, 2021 are based on the Corporation's status as an investment entity and may not be comparable since the following changes were made as a result of Corporation revoking the investment entity status:

a) Whilst the investment in associate and subsidiaries continue to be measured at fair values, the changes in fair values are now being reflected in the statement of changes in members' equity for the year ended December 31, 2022 compared to those being recognized in the statement of income for the year ended December 31, 2021.
b) The management reassessed the business model relating to investment in sukuk and made the following reclassifications during the year ended December 31, 2022:
   - A portion of the Sukuk investments is now being carried at amortized cost since these are being held in a business model to solely collect principal and profit.
   -A portion of the Sukuk investments have now been designated at fair value through statement of changes in members' equity since these are being held in a business model to both collecting expected cash flows and selling the investment.
   For the year ended December 31, 2021, the Corporation carried its sukuk investments at fair value with changes in fair value being recognized in statement of income.

The details of subsidiaries are presented in Note 13.1

The preparation of separate financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires management to exercise its judgment in the process of applying the Corporation's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the separate financial statements are disclosed in note 4.

The separate financial statements are prepared under the historical cost convention except for the following items in the separate statement of financial position:

- investments in equity capital and other investments measured at fair value through equity; and
- Profit rate and cross-currency swaps and investments in Sukuk which are measured at fair value through equity.
- Post-employment benefit plan is measured using actuarial present value calculation based on projected unit credit method.

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

The following is a summary of the Corporation's significant accounting policies:

Foreign currency transactions and balances

Monetary and non-monetary transactions denominated or requiring settlement in a foreign currency are translated into United States Dollars ("USD") at the spot exchange rates at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate ruling on the reporting date. Foreign currency differences resulting from retranslation of monetary assets and liabilities denominated in foreign currencies are recognized in the separate income statement as foreign exchange gains/losses.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value (including Equity investments) are retranslated into the unit of account at the spot exchange rate at the date that the fair value was determined. Foreign currency differences resulting from translation of such investments are recognized in the fair value reserve account under members' equity.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

For the purposes of separate statement of cash flow, cash and cash equivalents consist of bank balances and Commodity Murabaha and Wakala placements having an original maturity of three months or less at the date of acquisition.

Commodity Murabaha and Wakala placements

Commodity Murabaha placements are made through financial institutions and are utilized in the purchase and sale of commodities at a fixed profit. The buying and selling of commodities is limited by the terms of agreement between the Corporation and other financial institutions. Commodity placements are initially recorded at cost including acquisition charges associated with the placements and subsequently measured at amortized cost less impairment.

Wakala placement 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 agency contract (the "Wakala") in return for a specified fee. The agency fee can be a lump sum or an expected fixed percentage of the Wakala Capital. The agent decides in respect to the investments to be made from the Wakala Capital, subject to the terms of the Wakala agreement. However, the Wakeel bears the loss in cases of misconduct, negligence or violation of any of the terms of the Wakala agreements.

Murabaha

Murabaha financings are agreements whereby the Corporation sells to a customer, on a cost plus profit basis, a commodity or an asset, which the Corporation has purchased and acquired based on a promise received from the customer to buy.

Installment sales financing

Installment sale financing is a sale agreement where repayments are made on an installment basis over a pre-agreed period. The selling price comprises the cost plus an agreed profit margin without requirement of disclosing the actual cost.

ljarah Muntahia Bittamleek

These consist of assets purchased by the Corporation either individually or as part of syndication with other entities and leased to beneficiaries for their use in ljarah Muntahia Bittamleek agreements whereby the ownership of the leased assets is transferred to the beneficiaries at the end of the lease term after the completion of all payments under the agreement. The transfer of asset's ownership may take place through transfer of control (entailing risks and rewards incidental to ownership of such assets) under a separate form of contract as follows:
-Contract of Sale: after the end of the ljarah term; or
-Contract of gift" after the end of the contract tenn; or
-Contract of sale of proportionate ownership during the Ijarah term.

Istisna'a assets

Istisna'a is an agreement between the Corporation and a customer whereby the Corporation sells to the customer an asset which is either manufactured or acquired by the purchaser on behalf of the Corporation according to agreed-upon specifications, for an agreed-upon price. After completion of the project, the Istisna' a asset is transferred to the Istisna'a receivable account.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Policies applicable from January 1, 2022

The Corporation's investments are categorised as follows:

i) Subsidiaries

An entity is classified as a subsidiary if the Corporation can exercise control over the entity. Control is power to govern the financial and operating policies of an entity with the objective of earning benefits from its operation. Control is presumed to exist if the Corporation holds, directly or indirectly through its subsidiaries, 50 per cent or more of the voting rights in the entity, unless it can be clearly demonstrated otherwise. Conversely, control may also exist through agreement with the entity's other members or the entity itself regardless of the level of shareholding that the Corporation has in the entity. Investment in associates are initially recognized at cost and subsequent measured at their fair values in the separate financial statements. The changes in fair values are recognized in statement of changes in members' equity

ii) Associates

An entity is classified as an associate of the Corporation if the Corporation can exercise significant influence on the entity. Significant influence is presumed to exist if the Corporation holds, directly or indirectly through its subsidiaries, 20 per cent or more of the voting rights in the entity, unless it can be clearly demonstrated otherwise. Conversely, significant influence may also exist through agreement with the entity's other members or the entity itself regardless of the level of shareholding that the Corporation has in the entity. Investment in associates are initially recognized at cost and subsequent measured at their fair values in the separate financial statements. The changes in fair values are recognized in statement of changes in members' equity

iii) Other equity investments

Entities where the Corporation does not have significant influence or control are categorised as other equity investments. Equity investments are intended for long-term holding and may be sold in response to liquidity needs, changes in market prices or within the overall context of the Corporation's developmental activities. Accordingly, the Corporation has opted to designate all of its equity investments at fair value through equity.

Listed investments measured at fair value members' equity

Initially and subsequently such investments are measured at fair market value, and any unrealized gains or losses arising from the change in their fair values are recognized directly in the fair value reserve under members' equity until the investment is derecognized or considered impaired, at which time the cumulative gain or loss previously recorded under the members' equity is recognized in the separate income statement to the extent of impairment.

Unlisted investments in equities and funds measured at fair value through equity

Unlisted investments in equities carried at fair values determined by independent valuers. Fair value gains/losses are reported in fair value reserve in equity. If there is objective evidence that an impairment loss has been incurred, the amount of impairment is measured as the difference between the carrying amount of investment and its expected recoverable amount. Impairment losses recognized in separate income statement are reversed through statement of changes in members' equity. After the initial designation , the Corporation shall not reclassify investments in equity-type securities into or out of the fair value through its statement of changes in members' equity category.

All other investments (excluding investments carried at fair value through separate income statement) are assessed for impairment in accordance with the impairment approach.

Impairment loss represents the amount by which an investment's carrying value exceeds its recoverable amount. In case of indications of possible impairment, the recoverable amount of an investment is determined as being the higher of its fair value less costs of disposal and its value-in-use. Impairment losses are recognised in the separate income statement.

3 SUMMARY OFSIGNIFICANT ACCOUNTING POLICIES (continued)

Investments (continued)

iv) Sukuk investments

Sukuk are certificates of equal value representing undivided share in ownership of tangible assets, usufructs, services or (in the ownership) of assets of a particular project, measured at amortised costs or fair value through equity.

Sukuk Investments carried at fair value through changes in members' equity

An investment will be measured at fair value through changes in members'equity if both the following conditions are met:

- the investment is held within a business model whose objective is achieved by both collecting the expected cashflows and selling the investments; and
- the investment represents a non monetary debt type instrument or other investment instrument having reasonably determinable effective yield.

Sukuk Investments carried at amortised cost

An Investment instruments shall be measured at amortised cost if both the following conditions are met:

- the investment is held within a business model whose objective is to hold such investments in order to collect expected cashflows till maturity of the instrument; and
- the investment represents either a debt type instrument or other investment instrument having reasonably determinable effective yield.

These investments are measured using effective profit method at initial recognition minus capital/redemption payments and minus any reduction for impairment.

Any other investment instruments not classified as per amortised cost or fair value through equity, are classified as fair value through separate income statement (FVIS).

On initial recognition, the Corporation makes an irrevocable election to designate certain equity instruments that are not designated at fair value through separate income statement to be classified as investments at fair value through equity.

Business model: the business model reflects how the Corporation manages the assets in order to generate cash flows. That is, whether the Corporation' s objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVIS. Factors considered by the Corporation in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

vii) Impairment of investments held at fair value through changes in members' equity

The Corporation exercises judgment to consider impairment on the financial assets including equity investments held at fair value through members' equity, at each reporting date. This includes determination of a significant or prolonged decline in the fair value of equity investments below cost. The determination of what is 'significant' or 'prolonged' requires judgment. In making this judgment, the Corporation evaluates among other factors, the normal volatility in share prices. In addition, the Corporation considers impairment to be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

The Corporation considers 30% or more, as a reasonable measure for significant decline below its cost, irrespective of the duration of the decline. Prolonged decline represents decline below cost that persists for 1 year or longer irrespective of the amount.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments (continued)

Policies applicable prior to January 1, 2022

i) Subsidiaries

An entity is classified as a subsidiary if the Corporation can exercise control over the entity. Control is power to govern the financial and operating policies of an entity with the objective of earning benefits from its operation. Control is presumed to exist if the Corporation holds, directly or indirectly through its subsidiaries, 50 per cent or more of the voting rights in the entity, unless it can be clearly demonstrated otherwise. Conversely, control may also exist through agreement with the entity's other members or the entity itselfregardless of the level of shareholding that the Corporation has in the entity.

The adoption of the IFRS 10 amendments exempted the Corporation from the consolidation of its subsidiaries. The Corporation measured and evaluated the performance of all its subsidiaries on a fair value basis because using fair values results in more relevant information. As per the Amendments, investments in subsidiaries were measured at fair value through income statement. Any unrealized gains or losses arising from the measurement of subsidiaries at fair value were recognized directly in the income statement.

ii) Associates

An entity is classified as an associate of the Corporation if the Corporation can exercise significant influence on the entity. Significant influence is presumed to exist if the Corporation holds, directly or indirectly through its subsidiaries, 20 per cent or more of the voting rights in the entity, unless it can be clearly demonstrated otherwise. Conversely, significant influence may also exist through agreement with the entity's other members or the entity itself regardless of the level of shareholding that the Corporation has in the entity.

The adoption of the Amendments required investments in associates to be measured at fair value through income statement. These investments were initially and subsequently measured at fair value. Any unrealized gains or losses arising from the measurement of associates at fair value were recognized directly in the income statement.

iii) Other investments

Entities where the Corporation does not have significant influence or control were categorised as other investments.

iv) Sukuk investments

Sukuk are certificates of equal value representing undivided share in ownership of tangible assets, usufructs, services or (in the ownership) of assets of a particular project. These were measured at fair value through income statement.

v) Initial measurement

All investments were initially recorded in the statement of financial position at fair value. All transaction costs were recognised directly in income statement.

vi) Subsequent measurement

After initial recognition, all investments were measured at fair value and any gain or loss arising from a change in fair value were included in the income statement in the period in which it arose.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets other than equity instrument

The Corporation applies the credit loss approach to financial instruments measured at amortized cost. To assess the extent of credit risk, the fmancial assets a.re divided into three (3) categories:

i. Stage 1 - No significant increase in credit risk;
11. Stage 2 - Significant increase in credit risk (SICR); and
iii. Stage 3 - Credit impaired financial assets.

Allocation to different stages is based on the degree of deterioration in the credit quality of the financial asset. At each reporting date, the Corporation assesse whether there ha been a significant increase in credit risk. The Corporation monitors all financial assets, and financial guarantee contracts that are subject to the impaim1ent requirements to asse whether there ha been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Corporation *will* measure the loss allowance based on lifetin1e rather than 12-month ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Corporation compares the risk of a default occurring on the financial instrument at the reporting date ba ed on the remaining maturity of the instrument with the risk of a default occurring tJ1at was anticipated for the rema ining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Corporation considers both quantitative and qualitative information that is reasonable and supportable including historical experience and forward-looking information that is available without undue cost or effort, based on the Corporation's historical experience and expert credit assessment including forward-looking information.

Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subseguent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenario that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

Forward-looking information includes the future prospects of the countries and industries in which the Corporation' s counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various internal and external sources of actual and forecast economic information. The Corporation allocates its counterparties to a relevant internal credit risk grade depending on their credit quality. The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime PD by comparing, Given that macro-economic scenario data and models for certain countries are not readily available, in such cases proxy scenarios and models have been used.

The PDs used are forward-looking and the Corporation uses the same methodologies and data used to measure the loss allowance for ECL.

The qualitative factors that indicate significant increase in credit risk are reflected in PD models on a time1y basis. However , the Corporation still considers separately some qualitative factors to assess if credit risk has increased significantly.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the PD will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

All financial asset are allocated to stage I on initial recogniti on. However, if a significant increase jn credit risk is identified at the reporting date compared with initial recognition, then the asset is transferred to tage 2 (Refer to Note 31 Ri k management) . If there is objective evidence of impairment, then tJ1e asset is credit-impaired and allocated to stage 3 as described in Note 31 Risk management.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

With the exception of Purchased or originated credit-impaired (POCI) financial assets (which are considered separately below), ECLs are required to be measured through a loss allowance at an amount equal to:

12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage l); or

Full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2).

As for instruments classified in stage 3, loss allowance is quantified as the difference between the carrying amount of the instrument and the net present value of expected future cash flows discounted at the instrument's original effective profit rate (EPR) where applicable.

Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit impairment includes observable data about the following events

- Company files for bankruptcy
- Cancellation of Operating License
- Clear evidence that the company will not be able to make the future repayments

It may not be possible to identify a single discrete event-instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Corporation assesses whether debt instruments that are financial assets measured at amortized cost are credit-impaired at each reporting date.

Purchased or originated credit-impaired (POCI) financial assets

POCI financial assets are treated differently because the asset is credit-impaired at initial recognition. For these assets, the Corporation recognizes all changes in lifetime ECL since initial recognition as a loss allowance with any changes recognized in profit or loss. A favourable change for such assets creates an impairment gain.

Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date.

A financing forbearance is granted in cases where although the financed party made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the financed party is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the financial asset, changes to the timing of the cash flows of the financial asset (principal and profit repayment), reduction in the amount of cash flows due (principal and profit forgiveness).

When a financial asset is modified the Corporation assesses whether this modification results in derecognition. In accordance with the Corporation's policy a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Corporation considers the following:

A quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective profit rate. If the difference in present value is greater than I0% the Corporation deems the arrangement is substantially different leading to derecognition. When performing a quantitative assessment of a modification or renegotiation of a credit-impaired financial asset or a purchased or originated credit-impaired financial asset that was subject to a write-off, the Corporation considers the expected (rather than the contractual) cash flows before modification or renegotiation and compares those with the contractual cash flows after modification or renegotiation.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

In the case where the financial asset is derecognized the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new financial asset is considered to be originated- credit impaired. This applies only in the case where the fair value of the new financial asset is recognized at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Corporation monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the client is in past due status under the new terms.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Corporation determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:
- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with
- the remaining lifetime PD at the reporting date based on the modified terms.

For financial assets modified as part of the Corporation's forbearance policy, where modification did not result in derecognition, the estimate of PD reflects the Corporation's ability to collect the modified cash flows taking into account the Corporation's previous experience of similar forbearance action, as well as various behavioural indicators, including the financed party's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. If a forborne financing is credit impaired due to the existence of evidence of credit impairment (see above), the Corporation performs an ongoing assessment to ascertain if the problems of the exposure are cured, to determine if the financing is no longer credit-impaired. The loss allowance on forborne financing will generally only be measured based on 12-month ECL when there is evidence of the financed party's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition the Corporation calculates the modification loss by comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Modification losses, if any, for financial assets are included in the separate income statement in 'Losses on modification of financial assets'. Then the Corporation measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

The Corporation derecognizes a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Corporation neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Corporation recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Corporation retains substantially all the risks and rewards of ownership of a transferred financial asset, the Corporation continues to recognize the financial asset and also recognizes a collateralized funding for the proceeds received

Definition of default
Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount ofECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Corporation considers the following as constituting an event of default:
- All contracts or obligors rated 21 in the Corporation's internal scale (equivalent to C in Moody's scale and Din both S&P's and Fitch Ratings' scale); or
- Moreover, the Corporation also uses a rebuttable presumption based on DPD. This rule is applied if the contractual payments are due for more than 180 days for sovereign contracts and 90 days for non-sovereign ones, unless there is reasonable and supportable information indicating that the contract is not credit-impaired.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

This definition of default is used by the Corporation for accounting purposes as well as for internal credit risk management purposes. The definition of default is appropriately tailored to reflect different characteristics of different types of assets.

The Corporation uses a variety of sources of information to assess default which are either developed internally or obtained from external sources. As noted in the definition of credit impaired financial assets above, default is evidence that an asset is credit impaired. Therefore credit impaired assets will include defaulted assets, but will also include other non-defaulted given the definition of credit impaired is broader than the definition of default.

Write-off
When the exposure is deemed uncollectible, it is written-off against the related impairment provision and any excess loss is recognized in the separate income statement. Such assets are written-off only after all necessary procedures have been completed and the amount of loss has been determined. Subsequent recoveries of amounts previously written-off are credited to the Corporation's separate income statement. Corporation has not written off any financial assets during the current year.

Financial liabilities
The Corporation derecognizes financial liabilities when, and only when, its contractual obligations are discharged or cancelled, or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in separate income statement.

The Corporation also derecognizes a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least ten per cent different from the discounted present value of the remaining cash flows of the original financial liability. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in the separate income statement

Other amortised cost assets
An assessment is made at each reporting date to determine whether there is objective evidence that an amortised cost asset or a group of such assets may be impaired. The amount of the impairment losses for other assets is calculated as the difference between the asset's carrying amount and its estimated recoverable amount. Adjustments to the provision are recorded as a charge or credit in the Corporation's separate income statement.

Financial liabilities

All Sukuk issued, Commodity Murabaha financing and other liabilities issued are initially recognized at cost, net of transaction charges, being the fair value of the consideration received. Subsequently, all yield bearing financial liabilities, are measured at amortised cost by taking into account any discount or premium. Premiums are amortised, and discounts are accreted on an effective yield basis to maturity and taken to "financing cost" in the separate income statement.

Offsetting of financial assets and liabilities

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

For the year ended 31 December 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Islamic derivative financial instruments

Islamic derivatives financial instruments represent Islamic foreign currency forward contracts , Islamic profit rate swaps and Islamic cross currency profit rate swaps. They are based on International Islamic Financia l Market **(IIFM)** and International Swaps Derivatives Association, Inc. (ISDA) templates. These are used by the Corporation for hedging strategy only to mitigate the risk of fluctuation in foreign currency and financing co t for placemen! with financial institutions, financing assets and Sukuk issued. Islamic derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at the end of each reporting date. The resulting gains or losses on re-measurement are recognised in the separate income statement. Islamic derivatives with positive fair values or negative fair values are reported under the 'other assets' or 'accrued and other liabilities', respectively, in the statement of financial position.

Fiduciary assets

Assets held in trust or in a fiduciary capacity are not treated as assets of the Corporation, and accordingly, are not included in the separate financial statements.

Property and equipment

Property and equipment are stated at cost net of accumulated depreciation and any impaim1ent in value. The cost less e timated re idual value of property and equipment is depreciated on a straight-line basis over the estimated useful lives of the assets as follows:

- Furniture and fixtures 15%
- Computers 33%
- Motor vehicles 25%
- Other equipment 20%

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure for repairs and maintenance are charged to the separate income statement. Enhancements that increase the value or materially extend the life of the related assets are c:apitalized.

Sukuk issued

The Sukuk assets have been recognised in the ICD separate financial statements, as ICD is the Service Agent, whilst noting that ICD has sold these assets at a price to the Sukuk holders through the SPV by a valid sale contract transferring ownership thereof to the Sukuk holders.

Provisions

Provisions are recognised when the Corporation has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and can be measured reliably.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefit liabilities

The Corporation operates three defined post-employment benefit plans for its employees, the Staff Retirement Pension Plan ("SRPP"), the Staff Retirement Medical Plan ("SRMP") and the Retirement Medical Solidarity Plan ("RMSP"). All of these plans require contributions to be made to separately administered funds. A defined benefit plan is a plan that defines an amount of 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.

A full actuarial valuation is performed every three years by engaging independent actuaries. For intermediate years, the defined benefit obligation is estimated by the independent actuaries using approximate actuarial roll-forward techniques that allow for additional benefit accrual, actual cash flows and changes in the underlying actuarial assumptions.

Actuarial valuation results presented as of December 31, 2022 is based on a roll forward of the data as of 2021 (except for the SRMP plan actives, retirees and beneficiaries, data used to calculate their results are adjusted for the transfers to RMSP). For RMSP, a full valuation was performed based on data at November 30, 2022.

The present value of the defined benefit obligation due until the retirement date is determined by discounting the estimated future cash outflows (relating to service accrued to the reporting date) using the yields available on US AA rated corporate bonds. The bonds have terms to maturity closely matching the terms of the actual defined benefit obligation.

The current service cost of the defined benefit plan recognized in the separate income statement reflects the increase in the defined benefit obligation resulting from employee service in the current year. The cost on defined benefit obligation represents increase in liability due to passage of time.

Retrospective modifications to benefits or curtailment gain or loss are accounted for as past service costs or income in the separate income statement in the period of plan amendment.

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

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

Revenue recognition

i) Commodity Murabaha and Wakala placements

Income from Commodity Murabaha and Wakala placements is recognized on an effective yield basis over the period of the contract based on the principal amounts outstanding.

ii) Investment in Sukuk

Income from investments in Sukuk is accrued on an effective yield basis and is recognized in the separate income statement. For the Sukuk designated at fair value through separate income statement, gains and losses resulting from the re-measurement of the fair values at the reporting date are also recognized in the separate income statement.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

iii) Murabaha financing income, Istisna'a income, income from installment sales financing

Murabaha financing income, lstisna'a income and income from installment sale financing are recognized using the effective yield over the period of respective transactions.

iv) Ijarah Muntahia Bittamleek

Income from ljarah assets is recognized using the effective yield basis (which represents the ljarah rental net of depreciation against the ljarah assets) starting from the date the right to use the asset is transferred to the lessee.

v) Dividend income

Dividend income is recognized when the right to receive the dividend is established i.e. according to its declaration date.

vi) Management fee

ICD has several funds under management where it provides portfolio management services for which it charges management fees. Management fee is recognized on an accrual basis when the services have been performed.

vii) Administrative fee and advisory fee

ICD offers advisory services which includes Sukuk issuance, conversion to an Islamic Bank, establishment oflslamic Banking windows , restructuring, developing regu]atory frameworks, capacity building etc. It also charges fees to cover costs incurred during the apprai al of financing applications. Income from administrative and advisory services is recognized based on the rendering of services as per contractual arrangements.

Zakat and tax

The Corporation, being a multilateral financial institution, is not subject to Zakat or.taxation in the member countries. The Corporation's equity i part of BaituJ Mal, which is not subject to Zakat and tax.

Segment reporting

Management has determined the chief operating deci ion maker to be the Board of Directors as this body is responsible for overall decisions about re ource allocation to development initiatives within its member countries. Development injtiatives are undertaken through a number oflslamic finance products as disclosed on the face of the Separate Statement of Financial Position, which are financed centrally through the Corporation's equity capital and financing. Management has not identified separate operating egments within the definition of FAS 22 "Segment Reporting" since the Board of Directors monitor the performance and fmancial position of the Corporation as a whole.

4 ACCOUNTING JUDGMENTS AND ESTIMATES

Estimates, assumptions and judgments are contmually evaluated and are based on historical experience and other factors, including professional advices and expectation of future events that are believed to be reasonable under the circumstances. Significant areas where management has used estimates, assumptions or exercised judgments are as follows:

i) **Impairment allowance for financing assets**

The measurement of credit losses under FAS 30 across all categories of fmancial 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.

4 ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

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 Corporations internal credit grading model which assigns PD 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 lifetin1e ECL basis and the applicable qualitative assessment;
iii) Development of ECL models, including the various formulas and the choice of inputs
iv) Determination of as ociations between macroeconomic scenarios and, economic inputs, such as unemployment levels and colJateral 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

The Corporation exercises judgment in the estimation of impairment allowance for financial assets. The methodology for the estimation of impairment of financing assets is set out in note 3 under "impairment of financial assets".

ii) **Fair value determination**

The fair value of the financial assets that are not quoted in an active market is determined by using valuation techniques deemed to be appropriate in the c ircumstances, primarily discounted ca h flow techniques (DCF) comparable price/book (P/8) multiples recent transactions and where relevant net as et value (NAV). Where required the Corporation engages third party valuation experts . For certain investment which are start-up entities or in capital disbursement tage, management believes cost is an approximation of fair value .

The models used to determine fair value are validated and periodically reviewed by management. The inputs in the DCF and comparable P/B multiples models include observable data, uch as discount rates , tem1inal growth rate, P/B multiples of comparable entities to the relevant portfolio of the entity and unobservable data, such as the discount for lack of marketability and control premium. The Corporation also considered the geopolitical ituation of the countries where the investee entities operate and taken appropriate discount on their values.

(iii) Employee benefit liabilities

The pension and medical obligation and the related charge for the period are detennined 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.

(iv) Going concern

lCD management a se ed the Corporation's ability to continue as a going concern and is satisfied that they are not aware of any material uncertainties that may cast doubt on the Corporat ion' s ability to continue as a going concern. In arriving at this conclusion management considered many factors amongst which are· the Corporation's liquidity ratio, the forecast trend in profitability , the performance of the existing portfolio the capital adequacy ratio and the corporation' s ability to raise funds from both shareholders and the capital market. Consequently, the separate financial statements have been prepared on a going concern basis.

5 CASH AND CASH EQUIVALENTS

	31 December 2022 USD	*31 December 2021 USD*
Cash at banks	**72,824,430**	52,427,875
Commodity Murabaha and Wakala placements (note 6)	**108,082,400**	105,000,000
Accrued income on Commodity Murabaha and Wakala placement	**129,631**	41,681
Less: allowance for credit losses (note 25)	**(391)**	(655)
	181,036,070	157,468,901
Bank balance relating to ICD Solidarity Fund	**1,188,459**	1,220,242
	182,224,529	158,689,143

Certain bank accounts with balance of USD 2,197,720 (31 December 2021: USD 4,862,916) are in the name of Islamic Development Bank (lsDB). However, these bank accounts are beneficially owned and managed/operated by the Corporation.

Commodity Murabaha placements included within cash and cash equivalents are those placements which have original maturity of equal to or less than three months. Commodity Mu.rabaha placements with original maturity of above three month are disclosed in note 6.

6 COMMODITY MURABAHA AND WAKALA PLACEMENTS

	31 December 2022 USD	*31 December 2021 USD*
Commodity Murabaha and Wakala placements	**132,226,973**	317,144,759
Accrued income on Commodity Murabaha and Wakala placements	**3,978,356**	4,731,519
Less: Commodity Murabaha and Wakala placements with an original maturity of three months or less (note 5)	**(108,082,400)**	(105,000,000)
Less: allowance for credit losses (note 25)	**(11,646,271)**	(14,078,240)
	16,476,658	202,798,038

a) All the above Commodity Mu.rabaha and Wakala placements are with international financial institutions and denominated in US Dollars.

b) Commodity Murabaha and Wakala placement include an amount of USD 316,790 (2021: USD 316,790) provided to a related party of the Corporation, over which the Corporation earned profit of USD nil (31 December 2021: USD nil).

7 SUKUK INVESTMENTS

The management reassessed the business model relating to investment in sukuk and made the reclassifications refer (note 2).

	31 December 2022			
	Amortised Cost	**Fair value through equity**	**Fair value through profit or loss**	**Total**
Listed Sukuk	**1,085,327,954**	**446,293,220**		**1,531,621,174**
Un-listed Sukuk	**18,944,824**	**18,553,490**		**37,498,314**
	1,104,272,778	**464,846,710**		**1,569,119,488**
Less:				
Unrealised fair value losses	**-**	**(31,341,263)**		**(31,341,263)**
Less: allowance for credit losses (note 25)	**(13,277,839)**			**(13,277,839)**
	1,090,994,939	**433,505,447**		**1.524,500,386**

	31 December 2021			
	Amortised Cost	Fair value through equity	Fair value through profit or loss	Total
Listed Sukuk			1,525,046,945	1,525,046,945
Un-listed Sukuk			11,355.490	11,355,490
			1,536,402,435	1,536,402.435

	31 December 2022 USD	*31 December 2021 USD*
Opening balance	**1,536,402,435**	1,357,096,279
Additions	**398,761,597**	1,433,050,000
Redemptions	**(367,386,246)**	(1,234,643,627)
Exchange loss	**(1,860,951)**	(1,278,593)
Unrealised fair value loss through equity	**(31,341,263)**	
Amortised premium	**(7,382,445)**	
Fair value loss through separate income statement		(19,157,271)
Reversal / (charge) for impairment	**(2,692,741)**	1,335,647
	1,524,500,386	1,536,402,435

	31 December 2022 USD	*31 December 2021 USD*
Financial institutions	**1,004,677,609**	853,380,005
Governments	**366,347,981**	544,100,949
Others	**153,474,796**	138,921,481
	1,524,500,386	1,536,402,435

7 SUKUK INVESTMENTS (continued)

	31 December 2022 USD	*31 December 2021 USD*
AAA	**119,329,668**	95,356,675
AA+ to AA-	**76,193,259**	72,953,990
A+ to A-	**712,979,527**	844,099,858
BBB+ or lower	**615,997,932**	523,991,912
	1,524,500,386	1,536,402,435

Sukuk investments included an amount of USD 119,466,546 (31 December 2021: USD 125,357,109) invested in Sukuk issued by IsDB and IILM, over which the Corporation earned profit of USD 2,027,268 (31 December 2021: USD 1,197,792)

Income from sukuk investments recognised during the year are as follows:

	31 December 2022 USD	*31 December 2021 USD*
Coupon income	**44,969,138**	39,399,200
Premium amortization	**(7,382,445)**	
Realized gain	**(735,107)**	1,522,306
Fair value loss through income statement		(19,157,271)
Total income	**36,851,586**	21,764,235

8 MURABAHA FINANCING

	31 December 2022 USD	*31 December 2021 USD*
Murabaha financing	**182,017,783**	183,380,408
Accrued income	**1,676,369**	2,635,731
Less deferred income	**(23,270,567)**	(16,602,693)
	160,423,585	169,413,446
Less: Allowance for credit losses (note 25)	**(55,413,586)**	(48,982,542)
	105,009,999	120,430,904

All goods purchased for resale under Murabaha financing are made on the basis of specific purchase for subsequent resale to the customer. The promise of the customer is considered to be binding. Consequently, any loss suffered by the Corporation as a result of default by the customer prior to the sale of goods is charged to the customer.

Murabaha financing included financing of USO 57,308,149 (31 December 2021: USO 60,412,619) provided to related parties of the Corporation, over which the Corporation earned profit of USD 1,041,606 (31 December 2021: USO 992,212)

9 INSTALLMENT SALES FINANCING

	31 December 2022 USD	31 December 2021 USD
Installment sales financing	**503,185,460**	354,750,576
Accrued income	**8,476,629**	4,529,604
Less deferred income	**(45,085,744)**	(28,973,611)
	466,576,345	330,306,569
Less: allowance for credit losses (note 25)	**(19,191,547)**	(22,733,364)
	447,384,798	307,573,205

All good purcha ed for resale under instalhnent sales financing are made on the basis of specific purchase for subsequent resale to the customers. The promi e of lbe customer is considered to be binding. Consequently, any loss suffered by the Corporation as a result of default by the customer prior to the sale of goods is charged to the customer.

Installment sales financing included financing ofUSD 36,701,875 (31 December 2021: USD 54,746,908) provided to related parties of the Corporation, over which the Corporation earned profit of USD 1,913,732 (31 December 2021: USD 1,374,213).

10 IJARAH MUNTAHIA BITTAMLEEK

	31 December 2022 USD	*31 December 2021 USD*
Cost:		
Assets not yet in use:		
At the beginning of the year	**22,602,000**	
Additions	**50,184,833**	28,795,093
Transferred to assets in use	**(72,786,833)**	(6,193,093)
		22,602,000
Assets in use:		
At the beginning of the year	**358,000,593**	444,373,514
Transferred from assets acquired	**72,786,833**	6,193,093
Assets transferred to beneficiaries	**(132,572,903)**	(90,859,288)
Forex revaluation	**264,132**	(1,706,726)
	298,478,655	358,000,593
Total cost	**298,478,655**	380,602,593
Accumulated depreciation:		
At the beginning of the year	**165,560,074**	215,182,365
Charge for the year	**23,823,800**	26,895,744
Depreciation on assets transferred to beneficiaries	**(107,978,040)**	(76,518,035)
Total depreciation	**81,405,834**	165,560,074
Accrued income	**22,510,102**	40,634,975
Ijarah Muntahia Bittamleek, gross	**239,582,923**	255,677,494
Less: Allowance for credit losses (note 25)	**(24,680,051)**	(35,001,964)
ljarah Muntahia Bittamleek, net	**214,902,872**	220,675,530

Ijarah Muntahia Bittamleek includes financing ofUSD 17,655,267 (31 December 2021: USD 13,400,484) provided to related parties of the Corporation over which the Cmporation earned profit of USD 421,808 (31 December 2021: USD nil). Certain assets referred above represent the Corporation's share in joint Ijarah Muntahia Bittamleek agreements.

Future rentals receivable relating to Ijarah Muntahia Bittamleek as at 31 December 2022 are estimated to be USD 323.72 million (2021: USD 346.77 million). The precise amount at the end of each period is only known prior to the commencement of the period, as some of the rentals are determined based on floating rates. Detail of the receivables is shown below:

	31 December 2022 USD	*31 December 2021 USD*
Expected within 12 months	**47,663,464**	98,435,903
Expected after 12 months but less than 5 years	**144,941,662**	117,872,019
Expected after 5 years	**131,118,034**	130,458,244
	323,723,160	346,766,166

Future commitments related to Ijarah contracts are summarized in note 33 and these are expected to be paid within 12 months.

11 ISTISNA 'A ASSETS

	31 December 2022 USD	*31 December 2021 USD*
Istisna'a financing	**17,401,333**	22,053,098
Accrued income	**133,863**	532,909
Less: deferred income	**(3,879,443)**	(5,110,249)
	13,655,753	17,475,758
Less: Allowance for credit losses (note 25)	**(96,201)**	(1,629,527)
	13,559,552	15,846,231

12 INCOME FROM FINANCING ASSETS

	31 December 2022 USD	*31 December 2021 USD*
Murabaha financing	**4,395,472**	1,690,299
Installment sales financing	**19,264,539**	16,006,527
Ijarah Muntahia Bittamleek (1MB), net (note 24)	**12,110,985**	13,425,057
Istisnaa assets	**735,075**	949,745
Total income from financing assets	**36,506,071**	32,071,628

13 EQUITY INVESTMENTS

The Corporation directly or through intermediaries, owns equity investments. Based on the effective holding of the Corporation, the investments in equity capital as at the end of the year comprised of the following:

	31 December 2022 USD	*31 December 2021 USD*
Subsidiaries (note 13.1)	**132,849,210**	163,492,352
Associates (note 13.2)	**140,537,445**	124,545,107
Other investments	**73,173,242**	71,236,999
	346,559,897	359,274,458

	31 December 2022 USD	*31 December 2021 USD*
Equity-type securities - listed	**20,111,571**	22,872,063
Equity-type securities - unlisted	**326,448,326**	336,402,395
	346,559,897	359,274,458

13 EQUITY INVESTMENTS (continued)

The movement in investments for the year is as follows:

	31 December 2022 USD	*31 December 2021 USD*
At the beginning of the year	**359,274,458**	322 ,134,545
Additions	**3,500,000**	6,115,340
Transfer from Murabaha Financing		23,929,932
Disposals	**(4,200,697)**	(1,299,980)
Fair value (losses)/ gains, net	**(12,013,864)**	8,394,621
At the end of the year	**346,559,897**	359,274,458

13.1 Investments in subsidiaries

Effective ownership percentage in subsidiaries and their countries of incorporation at the end of the year and nature of business are as follows:

Name of the entity	**Country of incorporation**	**Nature of business**	**Effective ownership %**	
			2022	*2021*
Azerbaijan Leasing Company Limited	Azerbaijan	Leasing	**100**	100
ICD Asset Management Limited	Malaysia	Asset management	**100**	100
Islamic Banking Growth Fund	Malaysia	Private equity fund	**100**	100
Taiba Leasing	Uzbekistan	Leasing	**100**	100
Tamweel Africa Holding	Senegal	Banking	**100**	100
ljara Management Company	Saudi Arabia	Leasing	**100**	100
Capitas Group (Formerly Capitas)	Saudi Arabia	Advisory	**100**	100
Taiba Titrisation SA	Senegal	Sukuk advisory	**100**	
ASR Leasing LLC	Tajikistan	Leasing	**67**	67
Al Majmoua Al Mauritania	Mauritania	Real estate	**53**	53
Ewaan Al Fareeda Residential Co.	Saudi Arabia	Real estate	**50**	50
Taha Alam Sdn Bhd	Malaysia	Hajj & Umra Services	**50**	50

(a) In the above table, certain subsidiaries are carried at nil value where the Corporation had invested in earlier years and were fully impaired.

(b) There are no regulatory or contractual arrangements that restrict the subsidiaries' ability to transfer funds in the form of cash dividends or repay financing or advances made to them by the Corporation. The Corporation sometimes extends financial assistance in the form of advances to its subsidiaries.

13 EQUITY INVESTMENTS (continued)

13.2 Investments in associates

Effective ownership percentage in associates and their countries of incorporation at the end of the year and nature of business are as follows:

Name of the entity	Country of incoq oration	Nature of business	Effective ownershie % 2022	2021
Al-Akhdar Bank	Morocco	Banking	49	49
Enmaa Ijara Company	Egypt	Leasing	47	47
Bank Islamic Du Senegal	Senegal	Banking	27	27
Theemar Investment Fund	Tunisia	Fund	40	40
Anfaal Capital	Saudi Arabia	Investment Advisory	38	38
Kyrgyzstan Ijara Company	Kyrgyzstan	Leasing	37	37
Kazakhstan Ijara Company	Kazakhstan	Leasing	36	36
Albania Leasing	Albania	Leasing	36	36
Maldives Islamic Bank	Maldives	Banking	33	36
Palestine Ijarah Company	Palestine	Leasing	33	33
Halie Finansal Kiralama A.S.	Turkey	Leasing	33	33
Al Fareeda Residential Fund	Saudi Arabia	Real Estate	33	33
Wifack International Bank	Tunisia	Leasing	30	30
ICD Money Market Labuan	Malaysia	AssetMgt.	29	29
Royal Atlantic Residence	Gambia	Real Estate	25	25
Saudi SME Fund (Afaq)	Saudi Arabia	Fund	25	25
Al Sharkeya Sugar	Egypt	Manufacturing	22	22
Jordan Pharmaceutical Manufacturing Co.	Jordan	Manufacturing	22	22
Saba Islamic Bank	Yemen	Banking	20	20
Arab Leasing Company	Sudan	Leasing	20	20
PMB Tijari Berhad	Malaysia	Leasing	20	20
Turkish Asset Management (K.A.M.P)	Turkey	Fund	20	20

(a) In the above table, certain associates are carried at nil value where the Corporation had invested in earlier years and were fully impaired.

(b) There are no regulatory or contractual arrangements that restrict the subsidiaries' ability to transfer funds in the form of cash dividends or repay financing or advances made to them by the Corporation. The Corporation sometimes extends financial assistance in the form of advances to its associates.

13.3 Fair value of investments

FAS 25 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Corporation's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level I - Quoted prices (unadjusted) in active markets for identical investments/assets.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the investments/assets, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the investments/assets that are not based on observable market data (unobservable inputs).

13 EQUITY INVESTMENTS (continued)

13.3 Fair value of investments (continued)

This hierarchy requires the use of observable market data when available. The Corporation considers relevant and observable market prices in its valuations where possible.

	Equity investments measured at fair value			
	Level 1	**Level 2**	**Level 3**	**Total**
2022 ([]SD)	**20,111,571**	**15,175,727**	**311,272,599**	**346,559,897**
2021 (USD)	22,872,063	17,553,512	318,848,883	359,274,458

This includes Quoted investment in Wifack International Bank which is listed on the Tunisian Stock Exchange and !CD's hold 9,000,000 shares representing 30% shareholding. Equity investments which are not quoted in an active market, were reported at their fair values estimated using a single or a combination of valuation techniques which are applied keeping in view the industry segment and business environment of the investee entity. These techniques, predominantly, included market multiple, adjusted net asset value, discounted cash flows, recent comparable transactions, excess earnings, discounted cash flows and residual approach. The assumptions and inputs to these fair valuation techniques are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values and are based on assumptions. Changes in assumptions alone or other market factors could significantly affect the reported fair value of the investments. These models are tested for validity by calibrating to prices from any observable current market transactions for the same instrument (without modification or repackaging) when available. To assess the significance of a particular input to the entire measurement, management performs sensitivity analysis or stress testing techniques.

The management has taken into account investee specific as well as the macro economic environment of the investee. The investee specific inputs primarily included market multiples, actual business performance against expected and revisions to the business plans. The macroeconomic inputs included country or regional specific information as well as the foreign currency rates. In addition, management has implemented certain refinements to the valuation techniques to reflect appropriately the ever-changing circumstances and economic environment. The valuation techniques used to measure the fair value of equity investments classified in level 2 & 3 for each significant sector as at 31 December 2022 and 31 December 2021 are as follows:

Sector	***Valuation technique***	***31 December 2022 USD***	31 December 2021 USD
Financial Services	Market Comparable	**69,490,541**	72,428,811
	Adjusted net asset value	**75,043,708**	83,841,180
	Other techniques	**119,313,267**	113,944,989
Industry and Mining	Adjusted net asset value	**2,456,518**	2,712,110
	Discounted cashflows	**10,648,093**	13,787,773
Social Services	Other techniques		552
Others	Market comparable	**1,164,936**	1,264,239
	Residual method	**38,340,857**	39,193,575
	Adjusted net asset value	**8,840,406**	8,079,166
	Other techniques	**1,150,000**	1,150,000
Total		**326,448,326**	336,402,395

13 EQUITY INVESTMENTS (continued)

13.3 Fair value of investments (continued)

Reconciliation of level 3 items	***31 December 2022 USD***	*31 December 2021 USD*
At the beginning of the year	**318,848,883**	270,060,030
Additions	**3,500,000**	30,045,272
Disposals	**(4,200,696)**	(I ,384,077)
Transferred from/ (to) level 1 & 2		14,530,755
Fair value (losses)/ gains , net	**(6,875,588)**	5,596,903
At the end of the year	**311,272,599**	318,848,883

13.4 Equity investment income through income statement:

	31 December 2022 USD	*31 December 2021 USD*
Fair value through income statement		8,394,621
Dividend	**2,666,014**	823,714
Others	**722,337**	2,063,520
	3,388,351	11,281,855

14 OTHER ASSETS

	31 December 2022 USD	*31 December 2021 USD*
Positive fair value oflslamic derivative financial instrument (note a)	**9,974,232**	7,721,386
Due from related parties (note 23.3)	**2,420,537**	9,625,081
Accrued income	**12,679,706**	12,041,601
Advances to employees	**8,042,451**	8,117,563
Other receivables	**4,023,339**	4,083,273
	37,140,265	41,588,904
Less: Allowance for credit losses (note 25)	**(5,511,369)**	(2,701,219)
	31,628,896	38,887,685

(a) The Islamic derivative financial instruments represent Islamic foreign currency forwards contracts, Islamic profit rate swaps and Islamic cross currency profit rate swaps. The Islamic foreign currency forward contracts and cross currency profit rate swaps are used as economic hedges to mitigate the risk of currency fluctuation for placements with financial institutions, Sukuk investments, financing assets and Sukuk issued. Profit rate swaps are held to mitigate the effects of the fluctuation in the changes in the cost of financing by matching the floating rate financing with floating rate income. The Corporation has not designated these instruments in a hedging relationship and, therefore, does not follow hedge accounting requirements of the relevant standards. Included in the table below is the positive and negative fair values of Islamic derivative financial instruments, together with their notional amounts:

14 OTHER ASSETS (continued)

Islamic derivative financial instrument	***Notional amount USD***	***Positive fair value USD***	***Negative fair value USD***
Islamic cross currency swaps	**216,989,157**	**7,588,297**	
Islamic profit rate swaps	**86,500,000**	**87,298**	**(478,193)**
Islamic forward contracts	**10,730,951**	**2,298,637**	
31 December 2022	**314,220,108**	**9,974,232**	**(478,193)**

Islamic derivative financial instrument	*Notional amount USD*	*Positive fair value USD*	*Negative fair value USD*
Islamic cross currency swaps	235,235,907	2,410,626	(198,444)
Islamic profit rate swaps	144,116,667		(4,357,705)
Islamic forward contracts	56,906,930	5,310,760	(2,600)
31 December 2021	436,259,504	7,721,386	(4,558,749)

The gain or loss on the hedged items, representing placements with financial institutions, Sukuk investments, financing assets and Sukuk issued are disclosed in respective notes to the financial statements.

In addition to above, the Corporation entered into Islamic cross currency swaps and Islamic forward contracts on behalf of Arab Bank for Economic Development for Africa (BADEA) through a master agreement dated 13 June 2016. The notional value of such swaps is USD 27.8 million (31 December 2020: USD 37.89 million).

15 SUKUK ISSUED

Issue date	**Maturity date**	**Issue currency**	***Amount***	***Rate***	***31 December 2022***	*31 December 2021*
			USD		***USD***	*USD*
Listed						
15-10-2020	15-10-2025	USD	600,000,000	1.81% Fixed	**600,936,099**	600,549,960
Not listed						
05-03-2020	05-03-2025	SAR	100,000,000	SIBOR+0.60%	**100,229,343**	100,145,444
			700,000,000		**701,165,442**	700,695,404

The Sukuk (trust certificates) Issued confer on Certificate Holders the right to receive payments (Periodic Distributions) on specified dates (Periodic Distribution Dates) out of the profit elements of Ijarah assets, Equity Investments, Sukuk Investments and receivables in respect of Murabaha contracts, Shari'ah compliant authorised investments and any replaced assets (collectively the "Portfolio") sold at each Series (issuance) by the Corporation to ICDPS Sukuk Limited (the Trustee).

After the sale of the Portfolio, the Corporation as a third party, guarantees the performance of the Portfolio to the Trustee, to the effect that if any obligor of an asset under the Portfolio is unable to pay any amount owed, the Corporation will make the payment. Also, the Corporation undertakes to purchase the Portfolio on the Maturity Date or Early Dissolution Date for an amount equivalent to the Aggregate Nominal Amount (i.e., price of the original sale of the Portfolio to ICDPS Sukuk Limited).

16 COMMODITY MURABAHA FINANCING LIABILITIES

Commodity Murabaha financing is received from financial institutions under commodity murabaha agreements. The financings have original maturities ranging from 3 to 7 years (31 December 2021: 3 to 7 years).

17 ACCRUED AND OTHER LIABILITIES

	31 December 2022 USD	*31 December 2021 USD*
Negative fair value of Islamic derivative (note 14 (a))	**478,193**	4,558,749
Due to related parties (note 23.4)	**2,518,602**	11,087,600
Dividend payable (note 21)	**4,108,563**	4,108,563
Other payables	**10,671,537**	20,252,479
	17,776,895	40,007,391

18 EMPLOYEE BENEFIT LIABILITIES

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

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

SPP

SPP is a combination of both old defined benefit plan (Pillar I) and new hybrid pension plan (Pillar II) became effective on 1st Rajah 1399H (corresponding to May 27, 1979) and l 7/05/1442H (01/01/2021G) respectively. Every person employed by the Bank and its Affiliates on a full-time basis except for fixed term employees, as defined in the employment policies of the Bank and its Affiliates, is eligible to participate in the SPP, from the date joining the Bank and its affiliates. Participation in the hybrid pension plan is limited to those who have less than five years of service as of December 31, 2020 on optional basis however, those who joined the Bank from January 1, 2021 are enrolled automatically.

In both Pillars, the employee contributes at a rate of 11.1% (2021-11.1 %) of the basic annual salary while the Bank and its Affiliates contribute 25.9% (2021-25.9%).

The main features of the SPP are:

(i) Normal retirement age is the 62nd anniversary of the participant's birth

(ii) On retirement, the eligible retired employee is entitled to 2.5% under the old staff retirement plan or 1% under the hybrid plan in the Defined Benefit ("DB") component, of the Weighted Highest Average Remuneration ("WHAR")(as defined by the pension committee)(for each year of pensionable service and limited to a maximum of 30 hijri years

(iii) I0% of Bank and its Affiliates contribution of 25.9%, and 5% of employees contribution of 11.1%, are used to fund the Defined Cost ("DC") component of the hybrid plan. The accumulated fund and its investment returns will be paid as retirement lump sum benefits to the participants in the hybrid plan.

18 EMPLOYEE BENEFIT LIABILITIES (continued)

(iv) Benefits payment upon early retirement, disability benefits, termination benefits, pre-retirement death or post retirement death benefits are also paid as determined by the Pension Committee

SRMP

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

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

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

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

RMSP

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

Under RMSP, retirees will have their actual medical costs covered as per the minimum guaranteed benefit schedule. This mainly covers hospitalization and emergency care, repatriation and ambulance transport. Overseas specialist hospitalization and outpatient care is also covered but only in specified countries.

Members ofRMSP started to receive benefits as from April 1, 2022 (the start date of the Plan).

RMSP contributions are funded on 4/4/4 % basis. Employees contribute 4% of their pensionable salaries and the employer matches it with 4%. Retirees also contribute 4% of their pension (before commutation withdrawals). Both Employer and Employee contributions started to accrue on January 1, 2019 and at August 1, 2021, employees started cash contributions to RMSP. These contributions cumulated before April 1, 2022 have been recognized as part of plan assets during the year.

Retirees didn't contribute up until April 1, 2022 and received benefits under the RMSP up until that point.

Administration of SRPs

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

18 EMPLOYEE PENSION LIABILITIES (continued)

Risks

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

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

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

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

18 EMPLOYEE PENSION LIABILITIES (continued)

The breakdown of net employee pension liabilities was as follows:

2022	***SPP***	***RMSP***	***SRMP***	***Total***
			31 December 2022 (USD)	
Defined benefit obligations (note 18.1)	**57,944,854**	**776,755**	**1,036,286**	**59,757,895**
Less: plan assets (note 18.2)	**(43,111,985)**	**(4,904,164)**	**(550,733)**	**(48,566,882)**
Net employee benefit liabilities	**14,832,869**	**(4,127,409)**	**485,553**	**11,191,013**

2021	*SPP*	*RMSF*	*SRMP*	*Total*
			31 December 2021 (USD)	
Defined benefit obligations (note 18.1)	83,638,356		7,108,723	90,747,079
Less: plan assets (note 18.2)	(48,535,006)		(2,489,321)	(51,024,327)
Net employee benefit liabilities	35,103,350		4,619,402	39,722,752

18.I The movement in the present value of defined benefit obligation is as follows:

	SPP		***RMSP***		***SRMP***	
	31 December 2022 USD	*31 December 2021 USD*	***31 December 2022 USD***	*31 December 2021 USD*	***31 December 2022 USD***	*31 December 2021 USD*
Balance as at l January	**83,638,356**	93,614,706	**-**	-	**7,108,723**	8,354,399
Current service costs	**5,440,853**	6,476,323	**569,898**	-	**36,635**	571,391
Past service costs	**-**	-	**(2,425,096)**			
Cost of defined benefit obligation	**2,395,000**	2,421,000	**164,059**	-	**38,941**	216,000
Plan participants contributions	**1,478,737**	1,872,371	**480,325**	-	**9,291**	95,080
Net actuarial deficit	**(33,627,090)**	(19,533,968)	**(3,735,121)**	-	**(374,256)**	(2,082,933)
Disbursements from plan assets	**(1,381,002)**	(1,2 I 2,076)	**-**	-	**(60,358)**	(45,214)
Increase/(decrease) due to plan combinations	**-**		**5,722,690**	-	**(5,722,690)**	
	57,944,854	83,638,356	**776,755**	-	**1,036,286**	7, 108, 723

18 EMPLOYEE BENEFIT LIABILITIES (continued)

18.2 The movement in the present value of the plan assets is as follows:

	SPP		***RMSP***		***SRMP***	
	31 December 2022 USD	*31 December 2021 USD*	***31 December 2022 USD***	*31 December 2021 USD*	***31 December 2022 USD***	*31 December 2021 USD*
Balance as at 1 January	**48,535,006**	45,341,816	**-**	-	**2,488,305**	2,173,284
Income on plan assets	**1,441,000**	1,203,000	**-**	-	**28,293**	57,000
Return on plan assets greater/ (less) than discount rate	**(10,593,988)**	(3,837,933)	**-**	-	**(461,001)**	31,388
Plan participants contributions	**1,478,737**	1,872,371	**480,325**	-	**9,291**	95,080
Employer contribution	**3,463,626**	4,372,891	**473,053**	-	**18,583**	170,550
Employer Direct Settlement Payments	**-**	-	**-**	-	**11,485**	
Disbursements from plan assets	**(1,381,002)**	(1,212,076)	**-**	-	**(60,358)**	(45,214)
Increase/(decrease) due to plan combinations			**1,481,500**		**(1,481,500)**	
Others	**168,606**	794,937	**2,469,286**	-	**(2,365)**	7,233
	43,111,985	48,535,006	**4,904,164**	-	**550,733**	2,489,321

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

18 EMPLOYEE BENEFIT LIABILITIES (continued)

18.3 Based on the actuarial valuations, the pension and medical benefit expenses for the year comprised the following :

	SPP		*RMSP*		*SRMP*	
	31 December 2022 USD	*31 December 2021 USD*	***31 December 2022 USD***	*31 December 2021 USD*	*31 December 2022 USD*	*31 December 2021 USD*
Gross current service costs	**5,440,853**	6,476,323	**569,898**		36,635	571,391
Cost of defined benefit obligation	**2,395,000**	2,421,000	**164,059**		38,941	216,000
Past service costs	**-**	-	**(2,425,096)**			-
Income from plan assets	**(1,441,000)**	(1,203 ,000)			(28,293)	(57,000)
Cost recognized in separate income statement	**6,394,853**	7,694,323	**(1,691,139)**		47,283	730,391
Actuarial (gain)/loss due to change in assumption	**(33,627,090)**	(19,533,968)	**(3,735,121)**		(374,256)	(2,082,933)
Return on plan assets greater/(less) than discount rate	**10,593,988**	3,837,933			461,001	(31,388)
Other	**(168,606)**		**(2,469,286)**		2,365	
Actuarial (gain)/loss recognized in statement of changes in members' equity	**(23,201,708)**	(15,696,035)	**(6,204,407)**		89,110	(2,114,321)

18 EMPLOYEE BENEFIT LIABILITIES (continued)

184 The following table presents the plan assets by major category:

	SPP		***RMSP***		***SRMP***	
	31 December 2022 USD	*31 December 2021 USD*	***31 December 2022 USD***	*31 December 2021 USD*	***31 December 2022 USD***	*31 December 2021 USD*
Investments in Sukuk	**12,167,231**	13,830,951	**995,315**		**57,128**	889,740
Managed funds and Installment sales	**10,310,780**	6,580,700				
Cash and cash equivalent and commodity placements	**16,542,162**	24,025,541	**765,048**		**679,348**	1,103,120
Land	**3,877,670**	3,932,613				
Syndicated Murabaha	**214,142**		**1,905,666**			
Others		165,201	**1,274,135**		**(185,743)**	496,461
	43,111,985	48,535,006	**4,904,164**		**550,733**	2,489,321

185 The assumptions used to calculate the pension plans liabilities are as follows:

	SPP		***RMSP***		***SRMP***	
	31 December 2022	*3/ December 2021*	***31 December 2022***	*31 December 2021*	*31 December 2022*	*31 December 2021*
Discount rate	**5.10%**	2.85%	**5.10%**	-	**5.10¾**	2.85%
Rate of expected salary increase	**4.5-6.5%**	6.5%-4.5%	**4.5-6.5%**	-	**4.5-6.5%**	6.5% -4.5%

18 EMPLOYEE BENEFIT LIABILITIES (continued)

The discount rate used in determining the benefit obligations is selected by reference to the long-term rates on AA rated Corporate Bonds. Rate of expected salaries increase for 2022 was based on age i.e., 20-35 years - 6.5%, 35-50 years - 5.0% and above 50 years - 4.5%.

I8.6 The quantitative sensitivity analysis for change in discount rate on the employee benefit liabilities are as follows :

2022	**SPP**		**RMSP**		**SRMP**	
	+0.5%	**-0.5%**	+o.5%	**-0.5%**	**+0.5%**	**-0.5%**
Discount rate	**(5,138,887)**	**5,875,285**	**(162,846)**	**205,328**	**(62,615)**	**69,648**
Rate of expected salary increase	**3,337,382**	**(3,089,314)**			**8,376**	**(7,911)**

2021	**SPP**		**RMSP**		**SRMP**	
	+0.5%	**-0.5%**	+o.5%	-0.5%	**+0.5%**	-0.5%
Discount rate	**(8,947,459)**	**10,455,663**			**(849,922)**	**1,000,4907**
Rate of expected salary increase	**5,111,435**	**(4,914,665)**			**441,366**	**(407,634)**

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

	SPP	**RMSP**	**SRMP**
Present value of defined benefit obligation	**65,908,285**	**1,661,041**	**1,073,333**
Fair value of plan assets	**(49,755,158)**	**(6,280,376)**	**(548,481)**
Plan deficit	**16,153,127**	**(4,619,335)**	**524,852**

18 EMPLOYEE BENEFIT LIABILITIES (continued)

SPP
The expected employer contribution for year ended 31 December 2022 is USD 3.5 million and expected costs to be recognized in profit or loss is USD 6.3 million.

SRMP
The expected employer contribution for year ended 31 December 2022 is USD I 8 .6 k and expected costs to be recognized in profit or loss is USD 47.3k.

RMSP
The expected employer contribution for year ended 31 December 2022 is USD 473.1k and expected costs to be recognized in profit or loss is USD (I. 7 million).

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

	SPP		***RMSP***		***SRMP***	
	31 December 2022 USD	*31 December 2021 USD*	***31 December 2022 USD***	*31 December 2021 USD*	***31 December 2022 USD***	*31 December 2021 USD*
January I	**24,491,505**	40,187,540	**-**	-	**1,516,212**	3,630,533
Effect of changes in demographic assumptions		(2,292,336)		-		(38,992)
Effect of changes in financial assumptions	**(34,431,486)**	(3,308,802)	**(1,366,942)**	-	**(386,078)**	(331,495)
Effect of experience adjustments	**804,396**	(13,932,830)	**(2,368,178)**	-	**11,820**	(1,712,446)
Return on plan assets greater than discount rate	**10,593,988**	3,837,933			**(461,007)**	(31,388)
	1,458,403	24,491,505	**(3,735,120)**		**680,947**	1,516,212

18 EMPLOYEE BENEFIT LIABILITIES (continued)

The expected maturity analysis is below:

	SPP 2022	**RMSP 2022**	**SRMP 2022**
Year 1	**535,690**	**-**	**43,677**
Year2	**525,368**	**-**	**42,913**
Year3	**1,366,230**	**(1,518)**	**51,613**
Year4	**1,093,757**	**(3,357)**	**50,992**
Year5	**660,438**	**(3,009)**	**50,336**
Next five years	**8,895,461**	**148,911**	**315,852**

	SPP 2021	**RMSP** 2021	**SRMP** 2021
Year 1	571,133	-	47,316
Year2	562,272	-	46,618
Year3	550,929	-	45,873
Year4	1,314,265	-	58,676
Year5	1,059,059	-	63,136
Next five years	6,438,761	-	390,968

19 AMOUNTS DUE TO ICD SOLIDARITY FUND

This represents net accumulated income up to 31 December 2022 generated from liquid fund placements with certain conventional banks and financial institutions which was discontinued by ICD and other income which were not considered in compliance with the Shari'ah principles. As per the recommendation of the Shari'ah Board of IsDB Group, this income needs to be utilized for charitable purposes and, therefore has been classified as a liability. The disposition of this liability is the responsibility of the Charity Committee formed within the Corporation. The sources and uses ofICD Solidarity Fund during the year are as follows:

	Sources & Uses of Shari'ah non-compliant income			
	31 December 2022		**31 December 2021**	
Description	**No.of events**	**Amount (USD)**	**No.of events**	**Amount (USD)**
At the beginning of the year		**1,220,122**		**1,201,580**
Income during the year:				
Income from Solidarity Fund				5,174
Forex valuation	**12**	**134**	IO	62
Penalty to customers on default	**2**	**19,262**	7	13,306
		19,396		18,542
Paid during the year:				
Medical expenses				
Water supply				
Support for orphanage				
Others	**2**	**50,968**		
		50,968		
At the end of the year		**1,188,550**		1,220,122

20 PAID-UP CAPITAL

The share capital of the Corporation at year end comprises of the following:

	31 December 2022 USD	*31 December 2021 USD*
Authorized share capital: 400,000 shares ofUSD 10,000 each	**4,000,000,000**	4,000,000,000
Subscribed capital share:		
Available for subscription: 200,000 shares ofUSD 10,000 each	**2,000,000,000**	2,000,000,000
Share capital not yet subscribed	**(279,664,646)**	(279,664,646)
	1,720,335,354	1,720,335,354
Installments due not yet paid	**(133,598,908)**	(137,411,927)
Paid-up capital	**1,586,736,446**	1,582,923,427

In 2022, USD 3.81 million (2021: 57.5 million) received from the shareholders. The paid-up capital of the Corporation represents amounts received from the following members:

20 PAID-UP CAPITAL (continued)

	31 December 2022 USD	*31 December 2021 USD*
Islamic Development Bank (IsDB)	**659,681,958**	659,681,958
Saudi Public Investment Fund	**124,940,000**	124,940,000
Member countries	**753,914,488**	750,101,469
Iran Foreign Investment Company	**40,000,000**	40,000,000
Bank Keshavarzi	**6,000,000**	6,000,000
Bank Melli	**2,000,000**	2,000,000
Bank Nationale D' Algerie	**200,000**	200,000
Paid-up capital	**1,586,736,446**	1,582,923,427

21 RESERVE AND DIVIDEND

In accordance with Section 1 of Article No. 33 of the Articles of Agreement of the Corporation, the General Assembly shall determine the part of the Corporation's net income and surplus after making provision for reserves to be distributed as dividend. In any event, no dividend shall be distributed before reserve reach 12.5% of the subscribed capital. No dividend was paid or declared in 2022 and 2021.

22 OTHER INCOME

	31 December 2022 USD	*31 December 2021 USD*
Fair value gain/ (loss) on Islamic derivatives net of exchange loss	**4,335,075**	{272,816)
Management and advisory fees	**6,017,498**	10,972,991
Other	**8,418,112**	
	18,770,685	10,700,175

23 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent subsidiaries, associated companies, members, directors and key management personnel of the Corporation, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Corporation's management.

23.1 The following are the details of major related party transactions entered during the year:

Related parties	*Nature of Transactions*	*31 December 2022 USD*	*31 December 2021 USD*
Islamic Development Bank Group	Rent & pension (note a)	**1,455,926**	4,421,047
Al Majmoua Al Mauritania	Advance		86,284
Maldives Islamic Bank	Sale of Shares	**781,634**	186,527
ICD Fixed Income Limited	Management fee	**349,038**	665,786
Ijarah Management Company	Proceeds from sale of shares	**1,113,097**	
Money Market Fund	Management Fee	**259,067**	

23 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

23.2 Certain related party transactions and balances have been disclosed in notes *5* to 10.

23.3 Due from related parties comprised the following:

	31 December 2022 USD	*31 December 2021 USD*
Tamweel Africa Holding		4,766,171
ICD Fixed Income Limited	**349,038**	547,449
Taiba Titrisation		1,000,000
Maldives Islamic Bank	**347,431**	697,180
Ijarah Management Company		871,265
Wifack International Bank	**500,968**	500,968
Al Majmoua Mouritania (MMI)	**329,995**	253,722
Taiba Leasing	**254,633**	254,633
International Islamic Trade Finance Corporation (ITFC)	**124,361**	104,376
Money Market Fund	**259,066**	
Others	**255,045**	629,317
	2,420,537	9,625,081

23.4 Due to related parties comprised the following:

	31 December 2022 USD	*31 December 2021 USD*
Islamic Development Bank (IsDB)	**1,463,518**	8,931,247
Royal Atlantic	**145,878**	145,878
IsDB Staff Retirement Pension Plan	**736,169**	1,978,018
Others	**173,037**	32,457
	2,518,602	11,087,600

23.5 The compensation paid or payable to key management personnel is as follows:

	31 December 2022 USD	*31 December 2021 USD*
Salaries and other short-term benefits	**2,847,269**	2,170,705
Post-employment benefits	**761,806**	399,637
	3,609,075	2,570,342

24 IJARAH MUNTAHIA BITTAMLEEK

	31 December 2022 USD	31 December 2021 USD
Income from Ijarah Muntahia Bittamleek	**35,934,785**	40,320,801
Depreciation	**(23,823,800)**	(26,895,744)
	12,110,985	13,425,057

25 IMPAIRMENT ALLOWANCE

2022	**Credit loss as at 1 January 2022**	**Credit loss charged/(reversal)/ for the year**	**Recovery from assets written off during the year**	**Credit loss as at 31 December 2022**
	USD	***USD***	***USD***	***USD***
Cash and cash equivalents	**655**	**(264)**		**391**
Commodity Murabaha and Wakala placements	**14,078,240**	**(2,431,969)**		**11,646,271**
Sukuk investments	**10,585,098**	**2,692,741**		**13,277,839**
Murabaha financing	**48,982,542**	**5,545,897**	**885,147**	**55,413,586**
Installment sales financing	**22,733,364**	**(3,541,817)**		**19,191,547**
Ijarah Muntahia Bittamleek	**35,001,964**	**(10,321,913)**		**24,680,051**
Istisna'a assets	**1,629,527**	**(1,533,326)**		**96,201**
Other assets	**2,701,219**	**2,810,150**		**5,511,369**
	135,712,609	**(6,780,501)**	**885,147**	**129,817,255**
Equity investments		**12,232,623**		**12,232,623**
Total	**135,712,609**	**5,452,122**	**885,147**	**142,049,878**

2021	Credit loss as at 1 January 2021	Credit loss (reversal) charge for the rear	Recovery from assets written off during the **rear**	Credit loss as at 31 December 2021
	USD	*USD*	*USD*	*USD*
Cash and cash equivalents	3,096	(2,441)		655
Commodity Murabaha and Wakala placements	9,882,802	4,195,438		14,078,240
Sukuk investments	11,920,745	{1,335,647)		10,585,098
Murabaha financing	43,205,224	5,777,318		48,982,542
Installment sales financing	18,352,241	4,381,123		22,733,364
Ijarah **Muntahia** Bittamleek	52,783,631	(17,781,667)		35,001,964
Istisna'a assets	153,808	1,475,719		1,629,527
Other assets	3,525,696	(824,477)		2,701,219
Total	139,827,243	{4,114,634)		135,712,609

26 FIDUCIARY ASSETS

26.1 Unit Investment Fund

The ICD Unit Investment Fund (Labuan) LLP (formerly Islamic Development Bank - Unit Investment Fund) (the "Fund") was established under Article 22 of the Articles of Agreement of Islamic Development Bank ("the Bank" or "IDB") based in Jeddah, Saudi Arabia. The Fund commenced its operations on 1 January 1990. Pursuant to Islamic Limited Liability Partnership Agreement (the "Partnership" or the "Agreement") dated 3 November 2015, the Fund was also registered under the Labuan Companies Act, 1990 and is domiciled in the Federal territory of Labuan, Malaysia.

The purpose of UIF is to participate in the economic development of the member countries through the pooling of the saving of institutions and individual investors, and to invest these savings in producing projects in the said member countries. Pursuant to Islamic Limited Liability Partnership Agreement (the "Partnership" or the "Agreement") dated 3 November 2015. At the end of 31 December 2022, the net assets of UIF amounting to USD 27.67 million (2021: USD 20.4 million) were under the management of the Corporation.

26.2 Money Market Fund

The ICD Money Market Fund (Labuan) LLP **("MMF")** is a Labuan Islamic Limited Liability Partnership (LLP) registered under the Labuan Limited Partnerships and Limited Partnerships Act 2010 on July 22, 2014. The objective of the partnership is to earn periodic income by investing in Shari'ah compliant placement, investment and financing products. At the end of31 December 2022, the net assets ofMMF amounting to USD 84.84 million (2021: USD 86 million) were under the management of the Corporation.

26.3 Others

Certain commodity placements, financing assets, equity investments and Sukuk investments are in the name of the Corporation which are beneficially owned by IsDB group entities and are managed and operated by the respective entities.

27 NET ASSETS IN FOREIGN CURRENCIES

The currency wise breakdown of net assets in foreign currencies at the end of the year is as follows:

	31 December 2022 USD	*31 December 2021 USD*
Azerbaijanian Manat	**2,866,454**	3,008,204
CFA Franc (XOF)	**105,495,285**	78,033,875
Egyptian Pound	**11,573,826**	13,794,496
Euro	**77,947,354**	95,234,871
Indonesian Rupiah	**84,886**	46,120
Islamic Dinar	**556**	556
Albania LEK	**1,119,728**	752,130
Malaysian Ringgit	**(170,827)**	(80,607)
Morocco Dirham	**9,942,007**	14,173,223
Mauritania Ouguiya	**38,340,857**	39,193,575
Pakistani Rupee	**5,898,846**	6,300,084
Pound Sterling	**13,458**	263,395
Maldives Rufiyaa	**19,453,427**	24,669,741
Saudi Riyal	**(163,410,476)**	(168,093,854)
Kyrgystani Som	**1,063,631**	1,160,626
Tajikistani Somoni	**998,665**	1,001,125
Sri Lanka Rupee	**5,364,858**	14,582,510
Sudanese Pound	**6,943,493**	10,062,810
Kazakhstani Tenge	**8,296,490**	8,728,204
Trukish Lira	**328,830**	412,927
Tunisian Dinar	**23,986,557**	26,949,073
UAEDirham	**22,271**	
Uzbekistan Sum	**3,346,817**	3,234,969
	159,506,993	173,428,053

28 CONCENTRATION OF ASSETS

28.1 Concentration of assets by geographical areas at the end of the year is as follows:

31 December 2022	***Africa USD***	***Asia USD***	***Australia USD***	***Europe USD***	***Total USD***
Cash and cash equivalents		103,809,406		78,415,123	182,224,529
Commodity Murabaha and Wakala placements	16,476,658				16,476,658
Sukuk investments	27,498,315	1,497,002,071			1,524,500,386
Murabaha financing	8,786,387	96,223,612			105,009,999
Installment sales financing	222,270,987	225,113,811			447,384,798
ljarah Muntahia Bittamleek (1MB) net	76,059,999	138,842,873			214,902,872
Istisnaa assets		13,559,552			13,559,552
Equity investments	182,001,624	164,558,273			346,559,897
Other assets	2,567,494	29,061,402			31,628,896
Property and Equipment		319,141			319,141
	535,661,464	**2,268,490,141**		**78,415,123**	**2,882,566,728**

28 CONCENTRATION OF ASSETS (continued)

31 December 2021	*Africa USD*	*Asia USD*	*Australia USD*	*Europe USD*	*Total USD*
Cash and cash equivalents		143,647,530	15,041,613		158,689,143
Commodity Murabaha and Wakala placements	9,899,609	192,898,429			202,798,038
Sukuk investments	13,959,020	1,522,443,415			1,536,402,435
Murabaha financing	950	120,429,954			120,430,904
Installment sales financing	229,687,446	77,885,759			307,573,205
Ijarah Muntahia Bittamleek	93,686,429	126,989,101			220,675,530
Jstisna'a assets		15,846,231			15,846,231
Equity investments	188,627,358	170,647,100			359,274,458
Other assets	8,585,883	30,301,802			38,887,685
Property and equipment		298,128			298,128
	544,446,695	2,401,387,449	15,041,613		2,960,875,757

28.2 Concentration of assets by economic sector at the end of the year is analysed as under:

31 December 2022	***Financial Services USD***	***Industry& Mining USD***	***Social Services USD***	***Others USD***	***Total USD***
Cash and cash equivalents	182,224,529				182,224,529
Commodity Murabaha and Wakala placements	16,476,658				16,476,658
Sukuk investments	1,009,478,721		364,227,579	150,794,086	1,524,500,386
Murabaha financing	49,518,763	30,026,167	2,845,872	22,619,197	105,009,999
Installment sales financing	441,818,677	5,566,121			447,384,798
Ijarah Muntahia Bittamleek		214,902,872			214,902,872
Jstisna'a assets			13,559,552		13,559,552
Equity investments	283,959,087	13,104,612		49,496,198	346,559,897
Other assets	31,115,271	513,625			31,628,896
Property and equipment	319,141				319,141
	2,014,910,847	**264,113,397**	**380,633,003**	**222,909,481**	**2,882,566,728**

31 December 2021	*Financial services USD*	*Industry and mining USD*	*Social services USD*	*Others USD*	*Total USD*
Cash and cash equivalents	158,689,143				158,689,143
Commodity Murabaha and Wakala placements	202,798,038				202,798,038
Sukuk investments	865,797,985	47,000,000	531,682,969	91,921,481	1,536,402,435
Murabaha financing	51,067,703	62,032,666	7,330,535		120,430,904
Installment sales financing	304,265,105	3,308,100			307,573,205
Ijarah Muntahia Bittamleek		219,148,154	1,527,376		220,675,530
Istisna'a assets			15,846,231		15,846,231
Equity investments	293,087,042	16,499,884	552	49,686,980	359,274,458
Other assets	38,630,997	256,688			38,887,685
Property and equipment	298,128				298,128
	1,914,634,141	348,245,492	556,387,663	141,608,461	2,960,875,757

29 CONTRACTUAL MATURITIES OF ASSETS AND LIABILITIES

The contractual maturities of the Corporation's assets and liabilities according to their respective periods to maturity or expected period to cash conversion at the end of the year are as follows:

***31 December** 2022*	***Less tl,an 3 months** USD*	***3 to 12 montl,s** USD*	***1 to 5years** USD*	***Over 5 years** USD*	***No fvced maturity** USD*	***Total** USD*
Assets:						
Cash and cash equivalents	182,224,529	-	-		-	182,224,529
Commodity Murabaha and Wakala placements	16,476,658	-	-	-	-	16,476,658
Sukuk investments	77,625,720	32,843,391	1,097,230,470	316,800,805	-	1,524,500,386
Murabaha financing	51,813,542	2,843,132	834,564	49,518,761	-	105,009,999
Installment sales financing	2,260,508	105,524,774	335,264,208	4,335,308	-	447,384,798
Ijarah Muntahia Bittamleek	19,753,288	-	6,299,383	188,850,20 I	-	214,902,872
Istisna'a assets	-	-	-	13,559,552	-	13,559,552
Equity investments	-	-	-	-	346,559,897	346,559,897
Other assets	-	31,628,896	-	-	-	31,628,896
Property and equipment	-	-	319,141	-	-	319,141
	350,154,245	**172,840,193**	**1,439,947,766**	**573,064,627**	**346,559,897**	**2,882,566,728**
Sukuk issued		-	701,165,442	-	-	701,165,442
Commodity Murabaha financing liabilities	135,535,110	300,528,766	521,451,497	I 00,442,908	-	1,057,958,281
Accrued and other liabilities	-	17,776,895	-	-		17,776,895
Employee benefit liabilities	-	-	-	-	11,191,013	11,191,013
Amounts due to ICD Solidarity Fund	1,188,550	-	-	-	-	1,188,550
	136,723,660	**318,305,661**	**1,222,616,939**	**100,442,908**	**11,191,013**	**1,789,280,181**

29 CONTRACTUAL MATURITIES OF ASSETS AND LIABILITIES (continued)

31 December 2021	*Less than 3 months USD*	*3 to 12 months USD*	*l to 5 years USD*	*Over5 years USD*	*Noft:ced **maturity** USD*	*Total USD*
Assets						
Cash and cash equivalents	158,689,143	-	-	-	-	158,689,143
Commodity Murabaha and Wakala placements	192,798,038	10,000,000	-	-	-	202,798,038
Sukuk investments	91,738,179	95,970,000	934,294,256	414,400,000	-	1,536,402,435
Murabaha financing	13,855,532	9,578,380	56,772,509	40,224,483	-	120,430,904
Installment sales financing	3,446,826	39,441,943	260,596,278	**4,088,158**	-	307,573,205
Ijarah Muntahia Bittamleek	10,642,842	23,837,198	76,020,720	110,174,770	-	220,675,530
Istina'a assets	628,823	869,192	3,160,858	11,187,358	-	15,846,231
Equity investments	-	-	-	-	359,274,458	359,274,458
Other assets	-	38,887,685	-	-	-	**38,887,685**
Property and equipment	-	-	298,128	-	-	298,128
	471,799,383	218,584,398	1,331,142,749	580,074,769	359,274,458	2,960,875,757
Liabilities						
Sukuk issued	-	-	700,695,404	-	-	700,695,404
Commodity Murabaha financing	-	130,000,000	869,884,290	100,000,000	-	1,099,884,290
Accrued and other liabilities	-	40,007,391	-	-	-	40,007,391
Employee pension liabilities	-	-	-	-	39,722,752	39,722,752
Amounts due to ICD Solidarity Fund	1,220,122	-	-	-	-	1,220,122
	1,220,122	170,007,391	1,570,579,694	I00,000,000	39,722,752	1,881,529,959

30 SHARI'AH SUPERVISION

According to Article 29 (I) of the Articles of Agreement of the Corporation the Corporation shall have a Shari'ah Board. As a member of the IsDB group, the Corporation utilizes the JsDB Group Sha ri' ah Board. The Group Shari'ah Board was established pursuant to a Resolution of the Board of Executive Directors of IsDB. The members of the Board are appointed for 3 years and may be reappointed.

The Group Shari ah Board has the following functions:

- to consider all products introduced by the IsDB, its affiliates and trust funds for use for the first time and rule on their conformity with the principles of the Islamic Shari'ah, and lay down basic principles for drafting of related contracts and other documents;
- to give its opinion on the Shari'ah alternatives to conventional products which the IsDB, its affiliates and trust funds intend to use, and to lay down basic principles for drafting of related contracts and other documents and contribute to their development with a view to enhancing the IsDB's, its affiliates' and trust funds' experience in this regard;
- to respond to the Shari ah related questions, enquiries and explications referred to it by the Board of Executive Directors or the management of the IsDB its affiliates and trust funds;
- to contribute to the IsDB, its affiliates and trust funds programme for enhancing the awareness of its staff members of Islamic banking and deepen their understanding of the fundamentals principles, rules and values relative to Islamic financial transactions; and
- to submit to the Board of Executive Directors of the IsDB, its affiliates and trust funds a comprehensive report showing the measure of the IsDB's, its affil iates' and trust funds' commitment to principles of Shari'ah in the light of the opinions and directions given and the transactions reviewed.

31 RISK MANAGEMENT

The Corporation's activities expose it to various risks (credit risk, market risk and liquidity risk) associated with the use of financial instrument s. Senior management, under the supervision of the Board, oversees and manages the risks associated with the financial instruments.

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

The Corporation is exposed to credit risk in both its financing operations and it treasury activities. Credit risk arises because beneficiaries and treasury counterparties could default on their contractual obligations or the Corporation's financial assets could decline in value.

For all classes of financial assets held by the Corporation, the maximum credit risk exposure is their carrying value as disclosed in the separate statement of financial position. The assets which subject the Corporation to credit risk principally consist of bank balances, Commodity Murabaha and Wakala placements, Sukuk investments, Murabaha financing, Installment sales financing, ljarah Muntahia Bittamleek, lstisna'a assets and other assets. This risk is mitigated as follows:

- Commodity Murabaha and Wakala placements and Sukuk investments are managed by the Corporation's treasury department. The Corporation has made placements with financial institutions under the arrangement of Murabaha financing. Adequate due diligence is exercised prior to investments and as at the period end, management considers that there are no material credit risks posed by these investments.
- The Corporation evaluates Murabaha financing, installment sales, Ijarah Muntahia Bittamleek and Istisna'a financing (financing assets). Credit evaluation is performed internally, and external expertise is used where required. The Executive Committee of the Board of Directors of the Corporation approves all the financing. Such financing is generally secured against adequate security for financing. Under Ijarah Muntahia Bittamleek contracts, the Corporation is the owner of the related asset which is only transferred to the beneficiary upon payment of all the installments due at the end of the lease term. The net book value of Ijarah Muntahia Bittamleek assets after taking allowance for impairment as disclosed in the separate statement of financial position was considered fully recoverable by the management of the Corporation.

The Corporation applies a three-stage approach to measuring expected credit losses (ECLs).

31 RISK MANAGEMENT (continued)

Credit risk (continued)

i. Determining the stage for impairment

The Corporation's staging model relies on a relative assessment of credit risk, because it reflects the significance increase in credit risk (SICR) since initial recognition of an asset. The staging assessment is made at the contract level rather than counterparty level, since the quantum of change in credit risk may be different for different contracts belonging to the same obligor. Also, different contracts of the same counterparty may have different credit risk at initial recognition.

Stage 1 includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. The Corporation considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definition and has not suffered a significant downgrade.

Stage 2 *includes* financial assets that experience an SICR. When determining whether the risk of default has increased significantly since initial recognition, the Corporation considers both quantitative and qualitative information and analysis based on the Corporation's historical experience and expert credit risk assessment, including forward looking information that is available without undue cost or effort. Irrespective of the outcome of the above assessment, the Corporation presumes that the credit risk on its sovereign and non-sovereign exposures has increased significantly since initial recognition when contractual payments are more than 90 days past due for sovereign financings and more than 30 days past due for non-sovereign financings on a material repayment amount. When a stage 2 instrument shows a significant enhancement in credit quality at the assessment date, it can move back to stage 1.

Where there is objective evidence that an identified financial asset is impaired, specific provisions for impairment are recognized in the separate income statement, and under FAS 30, the asset is classified in Stage 3. The Corporation presumes that assets are credit-impaired when contractual payments are more than 180 days past due for sovereign financings and more than 90 days past due for non-sovereign financings on a material repayment amount. Besides, the corporation may consider an asset as impaired if it assesses that the obligor is unlikely to pay its credit obligations in full, without recourse by the Corporation to actions such as realizing security.

A financial asset is no longer considered impaired when all past due amounts have been recovered, and it is determined that the outstanding amounts with future expected income are fully collectable in accordance with the original contractual terms or revised terms of the financial instrument with all criteria for the impaired classification having been remedied. The financial asset will be transferred back to stage 2 after a cure period.

The Corporation regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

ii. Measurement of Expected Credit Losses (ECLs)

ECL represents the average credit losses weighted by the probabilities of default (PD), whereby credit losses are defined as the present value of all cash shortfalls. The ECL is calculated for both Stage 1 and Stage 2 instruments by multiplying three main components, being the probability of default (PD), loss given default (LGD) and the exposure at default (EAD), and discounting the resulting provision using the instrument's effective profit rate (EPR).

These ECL parameters are generally derived from internally developed models and other historical data. They are adjusted to reflect forward-looking information as described below.

PD represents the likelihood of a counterpart defaulting on its financial obligation over different time horizon (e.g., 1 year or lifetime). The estimates the PDs using internal rating tools tailored to the various categories of counterparties and exposures. These internal rating models are based on internally and externally compiled data comprising both quantitative and qualitative factors. They produce a relative credit risk grading, which is in tum are associated with a likelihood of default (PD) over a one-year horizon, that is calibrated to reflect the Corporation's long run average default rate estimates (through-the-cycle (TIC) PD). The Corporation uses a specific model based on country and industry parametrization to convert its TIC PDs into point-in time (PIT) PDs and derives a PIT PD term structure.

31 RISK MANAGEMENT (continued)

Credit risk (continued)

ii. Measurement of Expected Credit Losses (ECLs) (continue)

LGD is the magnitude of the potential loss in the event of a default. This is generally estimated as value lost plus costs net of recovery (if any) as percentage of outstanding amount. The Corporation uses internal LGD estimation models that consider the structure, collateral, and seniority of the claim and the counterparty rating and jurisdiction. LGD estimates are calibrated to reflect the recovery experience of the Corporation as well as the Multilateral Development Banks' consortium data.

EAD represents the expected exposure in the event of a default. The Corporation derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortization. The EAD of a financial instrument is its gross carrying amount. For contract under disbursement and financial commitments such as guarantees, letter of credit, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract.

FAS 30 requires ECLs to be forward-looking. The Corporation uses a statistical model that links its counterparties' future performance to the current and future state of the macroeconomic environment. The model links macroeconomic scenarios to counterparty's default risk. Macroeconomic factors taken into consideration include, but are not limited to, gross domestic product, equity market prices, unemployment rates, and commodity prices and these require an evaluation of both the current and forecast direction of the macro-economic cycle. The Corporation estimates its ECLs by calculating the weighted average ECL of its exposures across three (3) set of forward-looking macroeconomic scenarios.

iii. Exposure Amounts and ECL coverage

The Corporation recognizes 12-month ECL for stage 1 instruments and lifetime ECL for stage 2 instruments. For stage 3 instruments, it calculates a loss allowance amount based on the difference between the carrying amount of the instrument and the net present value of expected future cash flows discounted at the instrument's original effective profit rate (EPR) where applicable.

Tables below present the breakdown of gross exposure amount and ECL by mode of finance, for financial instruments measured at amortized cost as at 31 December 2022 and 2021.

An analysis of changes in the financial assets before ECL allowance and the corresponding ECL allowance is as follows:

	31 December 2022			
Description	***Stag_e 1***	***Stag_e 2***	***Stag_e 3***	***Total***
	USD	***USD***	***USD***	***USD***
Gross carrying amount before ECL:				
Cash and cash equivalents	**182,224,920**			**182,224,920**
Commodity Murabaha and Wakala placements			**28,122,929**	**28,122,929**
Sukuk investments	**1,085,680,311**	**8,007,369**	**10,585,098**	**1,104,272,778**
Murabaha financing	**99,269,491**	**7,291,777**	**53,862,317**	**160,423,585**
Installment sales financing	**389,507,632**	**68,808,434**	**8,260,281**	**466,576,347**
Ijarah Muntahia Bittamleek	**99,399,979**	**120,201,959**	**19,980,985**	**239,582,923**
Istisna'a assets	**13,655,752**			**13,655,752**
Other assets	**314,847**	**42,914**	**5,873,483**	**6,231,244**
	1,870,052,932	**204,352,453**	**126,685,093**	**2,201,090,478**

31 RISK MANAGEMENT (continued)

Credit risk (continued)

Description	**31 December 2022** *Stag_e 1*			
	Stag_e 1	***Stag_e 2***	***Stag_e 3***	***Total***
	USD	***USD***	***USD***	***USD***
ECL:				
Cash and cash equivalents	**391**			**391**
Commodity Murabaha and Wakala placements			**11,646,271**	**11,646,271**
Sukuk investments	**2,660,382**	**32,359**	**10,585,098**	**13,277,839**
Murabaha financing	**1,358,500**	**184,943**	**53,870,143**	**55,413,586**
Installment sales financing	**9,765,876**	**4,112,342**	**5,313,329**	**19,191,547**
Ijarah Muntahia Bittamleek	**592,994**	**4,355,728**	**19,731,329**	**24,680,051**
Istisna'a assets	**96,201**			**96,201**
Other assets			**5,511,369**	**5,511,369**
	14,474,344	**8,685,372**	**106,657,539**	**129,817,255**
Equity investment				**12,232,623**
				142,049,878

Description	31 December 2021			
	Stage 1	*Stag_e 2*	*Stage 3*	*Total*
	USD	*USD*	*USD*	*USD*
Gross carrying amount before ECL:				
Cash and cash equivalents	158,647,462			158,647,462
Commodity Murabaha and Wakala placements	188,710,810		28,207,149	216,917,959
Sukuk investments			10,585,098	10,585,098
Murabaha financing	99,103,386	9,223,490	61,086,570	169,413,446
Installment sales financing	207,445,113	93,085,179	29,776,277	330,306,569
Ijarah Muntahia Bittamleek	175,806,789	26,058,218	53,812,487	255,677,494
lstisna'a assets		17,475,758		17,475,758
Other assets	9,625,081		4,083,273	13,708,354
	839,338,641	145,842,645	187,550,854	1,172,732,140

Description	31 December 2021			
	Stage 1	*Stag_e 2*	*Stag_e 3*	*Total*
	USD	*USD*	*USD*	*USD*
ECL:				
Cash and cash equivalents	655			655
Commodity Murabaha and Wakala placements	11,601		14,066,639	14,078,240
Sukuk investments			10,585,098	10,585,098
Murabaha financing	2,971,561	292,960	45,718,021	48,982,542
Installment sales financing	4,918,328	6,726,775	11,088,261	22,733,364
ljarah Muntahia Bittamleek	246,491	588,982	34,166,491	35,001,964
Istisna'a assets		1,629,527		1,629,527
Other assets			2,701,219	2,701,219
	8,148,636	9,238,244	118,325,729	135,712,609

31 RISK MANAGEMENT (continued)

Credit risk (continued)

An analysis of changes in ECL allowances in relation to Corporation's financial assets were as follows:

	31 December 2022			
	Stag_e 1	*Stage 2*	*Stag_e 3*	*Total*
	USD	*USD*	*USD*	*USD*
Provisions as at 1 January 2022	**8,148,636**	**9,238,244**	**118,325,72'**	**135,712,609**
New assets originated or purchased	**5,843,068**	**1,969,998**		**7,813,066**
Assets repaid	**(45,797)**	**(321,789)**	**(11,088,829)**	**(11,456,415)**
Transfer from stage 1 to Stage 2	**(5,675)**	**57,681**		**52,006**
Transfer from stage 3 to Stage 2		**936,860**	**(12,327,519)**	**(11,390,659)**
Transfer from stage 3 to Stage 1	**252,598**		**(557,956)**	**(305,358)**
Increase /decrease provision	**281,514**	**(3,195,622)**	**12,306,114**	**9,392,006**
	14,474,344	**8,685,372**	**106,657,539**	**129,817,255**
Equity investments				**12,232,623**
Provisions as at 31 December 2022				**142,049,878**

	31 December 2021			
	Stag_e 1	*Stag_e 2*	*Stag_e 3*	*Total*
	USD	*USD*	*USD*	*USD*
Provisions as at 1 Jan 2021	7,455,63	9,210,63.	123,160,974	139,827,243
New assets originated or purchased	3,760,876	292,959		4,053,835
Assets repaid	(1,614,078)	(1,631,484)	(59,704)	(3,305,266)
Write offs				0
Transfer from stage 1 to Stage 2	(1,389,022)	6,054,845		4,665,823
Transfer from stage 2 to Stage 3				0
Transfer from stage 2 to Stage 1	198,391	(1,173,811)		(975,420)
Transfer from stage 3 to Stage 1	28,069		(497,060)	(468,991)
New and increased provision (net ofreleases)	(291,234)	(3,514,900)	(4,278,481)	(8,084,615)
Provisions as at 31 December 2021	8,148,636	9,238,244	118,325,729	135,712,609

The Corporation obtains adequate guarantees and employs other methods of credit enhancements that will protect the value of its investments. Guarantees and securities obtained by the Corporation include bank guarantees, corporate guarantees, pledge of assets, possession of title to the property being financed, etc. In general, the value of guarantees or other credit enhancements held by the Corporation against these assets as of the reporting date were considered adequate to cover the outstanding exposures. Where the Corporation's management and its provisioning committee assessed that value of the receivable may not be fully recovered, an appropriate impairment is recorded. The policy of the Corporation in respect of securities and guarantees for term finance operations is that the sum of the securities package will be equal to or greater than 125% of the value of the assets financed.

Market Risk

The Corporation is exposed to market risk through its use of financial instruments and specifically to currency risks, mark-up rate risk and equity price risks.

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, in case the entity does not hedge its currency exposure by means of hedging instruments.

31 RISK MANAGEMENT (continued)

Currency risk (continued)

The Corporation is exposed to currency risk as a portion of its liquid fund portfolio and some of the equity investments are in currencies other than US Dollars; the reporting currency of the Corporation. The Corporation has minimized its exposure to currency risk on liquid funds by ensuring that all liquid funds transactions are in US Dollars or currencies pegged to US Dollar. For monetary assets and liabilities foreign currency risk is managed through the alignment of the Islamic foreign currency denominated assets and liabilities.

The Corporation is exposed to market risks arising from adverse changes in foreign exchange for Sukuk transaction denominated in a foreign currency. The Corporation manages these risks through a variety of strategies, including foreign currency forward contracts.

Mark-up rate risk

Mark-up rate risk arises from the possibility that changes in mark-up rates will affect the value of the financial instruments (fair value mark-up rate risk) or the future cash flows (cash flow mark-up rate risk) and the resultant reported incomes or losses. The Corporation is exposed to changes in mark-up rates mainly on its placements, Sukuk investments, Murabaha, Installment Sales, Ijarah Muntahia Bittamleek, Istisna'a financing, Sukuk issued and Commodity Murabaha financing due to changes in the mark-up rates prevailing in the markets.

In order to manage cash flow mark-up rate risk, the Board approved an "Asset and Liability Management policy" which requires that the Corporation follow the matched-funding principle in managing its assets and liabilities as well as profit rate swaps. Thus, the Corporation ensures that the mark-up rate basis and currencies of all debt-funded assets match those of the underlying liabilities. Such approach ensures that the Corporation's investment income spread remains largely constant regardless of mark-up rate and exchange rate movements.

Majority of the Corporation's financial assets and liabilities are of short-term nature. However, certain financing products, Sukuk investments and Sukuk issued are with fixed rate and of long-term nature and expose the Corporation to fair value mark-up rate risk. Management, periodically, assess the applicable market rates and assess the carrying value of these financing products.

As of the separate statement of financial position date, management believe that an estimated shift of 25 basis points in the market mark-up rates would not materially expose the Corporation to cash flow or fair value mark-up rate risk.

Equity price risk

The Corporation is exposed to equity price risk on its investments held at fair value. The Corporation has only one investment which is listed and, accordingly, the Corporation is not materially exposed to significant price risk.

Liquidity risk

Liquidity risk is the non-availability of sufficient funds to meet disbursements and other financial commitments as they fall due.

To guard against this risk, the Corporation follows a conservative approach by maintaining high liquidity levels invested in cash and cash equivalents, Commodity Murabaha and Wakala placements and Murabaha financing with short-term maturity of three to twelve months. Please see note 28 for the maturity schedule of the assets.

Shari'ah non-compliance Risk

The Corporation defines Shari'ah non-compliance risk as the risk of losses resulting from non-adherence to Shari'ah rules and principles as determined by the IsDB Group Shari'ah Board. The Corporation attaches value in safeguarding its operations from Shari'ah non-compliance risk (SNCR). Shari'ah compliance forms an integral part of ICD's purpose in line with its Articles of Agreement. Consequently, the Corporation effectively manage SNCR through leveraging on the IsDB Group wide robust framework of procedures and policies. The business or risk-taking unit, as the 1st line of defence, embeds a culture of Shari'ah compliance, while the Shari'ah Compliance function of IsDB Group serves as the 2nd line of defence to strategically manage and monitor SNCR pre-execution of transactions/ operations. IsDB Group's internal Shari'ah Audit function provides independent reasonable assurance as the 3rd line of defence post-execution of transactions/operations adopting a risk-based internal Shari'ah audit methodology.

32 FAIR VALUE

Fair value is the price that would be received Lo elJ an a set or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates.

Fair valuation with respect to investment , is disclosed in note 13.3.
All of the Corporations' Islamic derivatives are unquoted. Their fair values are estimated using a valuation technique and, accordingly, are level 3.

The carrying value of the Corporation's all other financial assets and liabilities approximate their fair values.

33 COMMITMENTS

In the normal course of business the Corporation is a party to financial instruments with off-statement of financial positi on risk. These instruments comprise commitments to make project related disbur e1uents, equity contribution commitment and other items and are not reflected in the eparate statement of financial position.

The Corporation uses the same credit control and management policies in undertaking off-statement of financial position commitments as it does for on-statement of financial position operations.

	31 December 2022 USD	*31 December 2021 USD*
Ijarah Muntahia Bittamleek		2,398,000
Murabaha financing		10,000,000
Installment sales financing	**83,803,592**	46,181,500
Equity investments		84,032,585
	83,803,592	142,612,085

34 EFFECTS OF NEW AND REVISED FINANCIAL ACCOUNTING STANDARDS

The following new FASs, which became effective for annual periods beginning on or after I January 2022, have been adopted in these separate financial statements.

Financial Accounting Standard - 37 "Financial Reporting by Waqf Institutions"

The objective of the tandard is to establish principles of financial reporting by Waqf institutions, which are e tablished and operated in line with Shari' ah principles and rules. This standard is effective for the financial periods beginning on or after I January 2022. The standard is not applicable as the Corporation is not a Waqf institution.

Financial Accounting Standard - 38 "Wa'ad, Khiyar and Tahawwut"

Thi standard set out the principles for mea urement, recognition and disclosure of Wa'ad (promise), Khiyar (option) and Tabawwut (hedging) transactions that are carried out by I Jamie financial institutions. Wa ' ad and Khiyar arrangements may be categorized in to; (a) ancillary wa' ad or Khiyar where the wa'ad or Khiyar is associated with Shariah compliant agreement, and is related to the tructure of the transaction or product, example a (wa ad) promise by the purchase orderer (potential buyer) attached to a Murababa transaction, or a promise to purchase after the end of the Ijarab term in an Ijarah Muntahia Bittamleek transaction, or the (khiyar) option of seeing (i.e. inspecting) in a sale transaction and (b) Wa'ad or Khiyar where the wa ad or Khiyar is used as a standalone shariab compliant arrangement in itself example foreign exchange forward promise or an option of cancellation of a sale with Arboun. An institution may designate a hedging relationship between a Wa ' ad or Khiyar (referred to as a hedging instrument) and a hedged item where a hedging relationship exist .

An an.c illary wa ad or Khiyar by itself does nor give rise to any asset or liab iJi ty. On the other hand, a product wa'ad or Khiyar give rise to a recognized constructive obligation in the books of the institution. This sLandard i app licable on the financial statements of the Corporation for tbe period beginning on or after 1 January 2022. The Corporation did not have any significant impact of tahawwut on its separate financial statements as the Corporation fair values it hedge instrument through separate income statement. The Corporation believe that wa'ad will not have any significant impact and khiyar is not applicable as the Corporation does not use Khiyar in its contractual arrangements.

35 STANDARDS ISSUED BUT NOT YETEFFECTIVE

The following new FASs have been issued. The Cmporation intends to adopt these fmancial reporting standards when they become effective and is currently assessing the impact of these new FASs on its financial statements and systems.

Financial Accounting Standard - 39 "Financial Reporting for Zakah"

This standard aims at setting out accounting treatment of Zakah in the books of an Islamic fmancial institution, including the presentation and disclosure in its financial tatements. The objective of this standard i to establi h the principle of financial reporting related to Zakah attributable to different stakeholders of an Islamic financial institution . This standard shall be effective for the financial period beginning on or after 1 January 2023 with early adoption permitted. This standard is not applicable to the Col])oration as it is not a zakah payer.

Financial Accounting Standard - 40 "Financial Reporting for Islamic Finance Windows"

The objective of this standard is to establish financial reporting requirements for Islamic financial services offered by conventional financial institutions (in tbe fonn oflslamic finance windows). This standard shall be effective on the financial statements of the Islamic finance window of conventional financial institutions for the periods beginning on or after 1 January 2024 with early adoption permitted. This standard is not applicable to the Corporation as it is not a conventional financial institution.

Financial Accounting Standard - I (Revised 2021) "General Presentation and Disclosures in the Financial Statements"

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

AAOIFI Financial Accounting Standard 42 - "Presentation and Disclosures in the Financial Statements of Takaful Institutions"

This standard sets out the principles for the presentation and disclosure for the financial statements of Takaful institutions. It aims to ensure that the Takaful institutions faithfully present the information related to these arrangements to the relevant stakeholders as per the contractual relationship between the parties and the business model of the Takaful business in line with the Shari'ah principles and rules. This standard shall be effective on the financial statements of the institutions begirming on or after 1 January 2025 with early adoption permitted. FAS 42 shall not impact the fmancial statements as the Corporation is not a takaful entity.

35 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

AAOIFI Financial Accounting Standard 43 - "Accounting for Takaful: Recognition and Measurement"

This standard sets out the principles for the recognition, measurement and reporting of Takaful arrangements and ancillary transactions for the Takaful institutions. It aims to ensure that the Takaful institutions faithfully present the information related to these arrangements to the relevant stakeholders as per the contractual relationship between the parties and the business model of the Takaful business in line with the Shari'ah principles and rules. The requirements of this standard are duly aligned with the international best practices of financial reporting for the insurance business. This standard shall be effective on the financial statements of the institutions beginning on or after 1 January 2025 with early adoption permitted. FAS 43 shall not impact the financial statements as the Corporation is not a takaful entity.

36 LIBOR TRANSITION

The Islamic Corporation for the Development of the Private Sector (ICD) has certain contracts outstanding at the end of 2022 which will mature after June 30, 2023. All the projects on the asset side have robust reference rate non-availability clauses (in favour of ICD). The timely transition to Term-SOFR as the reference rate for all USD floating rate facilities is very much underway. ICD management believes there is no financial impact and changing to a new benchmark has no Sharia implications that have to be cleared by the Sharia Committee.

The Corporation already advanced in the process towards a steady transition to Term-SOFR as the new reference rate. The facilities both financing and funding linked to LIBOR which will mature after June 30, 2023 have been identified. In addition, ICD management has established a working group made up of representatives from the different units of the Corporation, which was tasked with the responsibility of:

- Establishing a LIBOR transition plan with clear timeline and milestones
- Reviewing the identified existing assets and liabilities that are LIBOR based and maturing after June 30, 2023
- Ensuring that fallback clauses are included in those that do not have by engaging a law firm to help in this process
- Communicating the need for change and negotiating with clients on adjusted rates
- Advising management about the impact of the proposed change
- Revising the investment and treasury guidelines where appropriate
- Operationalizing the fallback clause and issuing alternate benchmark rates
- Monitor the implementation of the changeover to ensure that everything is according to plan.

The management expects that all the relevant existing financing agreements will be successfully amended to incorporate Term-SOFR as the new reference rate within the first half of 2023. On the other hand, since the beginning of 2022, ICD has been using Term SOFR as the reference rate for all newly approved USD floating rate facilities.

37 PRIOR YEAR RECLASSIFICATIONS

During the year, the Corporation had performed the following reclassifications in the separate statement of financial position, separate statement of income statement and separate statement of cash flows. The classifications were done due to the following:

- To record accrued commodity placements through financial institutions income as part of the relevant asset instead of showing it under other assets.
- To record deferred Sukuk issue cost and deferred Murabaha financing cost as part of relevant liability instead of showing it under other assets.
- To record deferred funding .cost as part of the relevant liability instead of showing it under accrued and other liabilities.
- The format of the separate income statement was amended by introducing new lines and grouping certain items together.

There is no change to the reported net income and the relevant classifications are shown below:

Statement of Separate Financial Position as of 31 December 2021	***Balances as reported previously***	***Reclassification***	***Balances as of 31 December 2021***
	USD	***USD***	***USD***
Cash and Cash equivalents	158,647,462	41,681	158,689,143
Commodity Placements through financial institutions	198,066,519	4,731,519	202,798,038
Other assets	47,662,056	(8,774.3712	38,887,685
Total Assets	**2,964,876,928**	**(4,001,171)**	**2,960,875,757**
Sukuk issued	700,000,000	695,404	700,695,404
Commodity Murabaha financing	1,100,334,902	(450,612)	1,099,884,290
Accrued and other Liabilities	4422532354	(4,24529632	40,007,391
Total Liabilities	**1,885,531,130**	**(4,00lll71)**	**1,88115291959**
Total Egui!l and Liabilities	**2,964,876,928**	**(4,001,171)**	**2,960,875 757**

37 PRIOR YEAR RECLASSIFICATIONS (continued)

Statement of separate income statement for the year ended 31 December 2021	*Balances as reported previously* *USD*	*Reclassification* *USD*	*Balances for the year ended 31 December 2021* *USD*
Income from Financing assets		32,071,628	32,071,628
Murabaha Financing	1,690,299	(1,690,299)	
Installment Sales Financing	16,006,527	(16,006,527)	
Ijarah Muntahia Bittamleek	13,425,057	(13,425,057)	
Istisna'a assets	949,745	(949,745)	
Other income		10,700,175	10,700,175
Administrative fees	3,321,266	(3,321,266)	
Management Fees	1,279,224	(1,279,224)	
Advisory Fees	6,372,501	(6,372,501)	
Fair value gain on islamic derivatives net of exchange loss	(27228162	2722816	
Net Profit	**8,610,763**		**8,610,763**

Separate statement of cash flows as of as of 31 December 2021	*Balances as reported previously* *USD*	*Reclassification* *USD*	*Balances as of 31 December 2021* *USD*
Changes in operating assets & liabilities			
Commodity Murabaha and Wakala placements	326,233,725	(4,731,519)	321,502,206
Other assets	497,073	8,774,370	9,271,443
Accrued and other liabilities	(4,216 4 502	(4, 245 96 32	(8 462,4132
Net Cash from used in 0Eerating activities	**159,598,470**	**{203,112}**	**159,395,358**
Repayment of Sukuk Issued	(300,000,000)	2,472,586	(297,527,414)
Re2ayment of Commodity Murabaha Financing	(632 463, 7122	(2 22 7 793}	(6 34 6 91,505}
Net cash {used in }/from financing activities	**(305,834,370)**	**244,793**	**(305,589,577)**
Cash and cash Equivalent at end of the year	**158,647,462**	**41,681**	**158,689,143**

38 AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue in accordance with the resolution of the Board of Directors dated 3 April 2023 (corresponding to 12 Ramadanl444 AH).