

IsDB's Activities for Islamic Finance Sector Development

10 February 2022

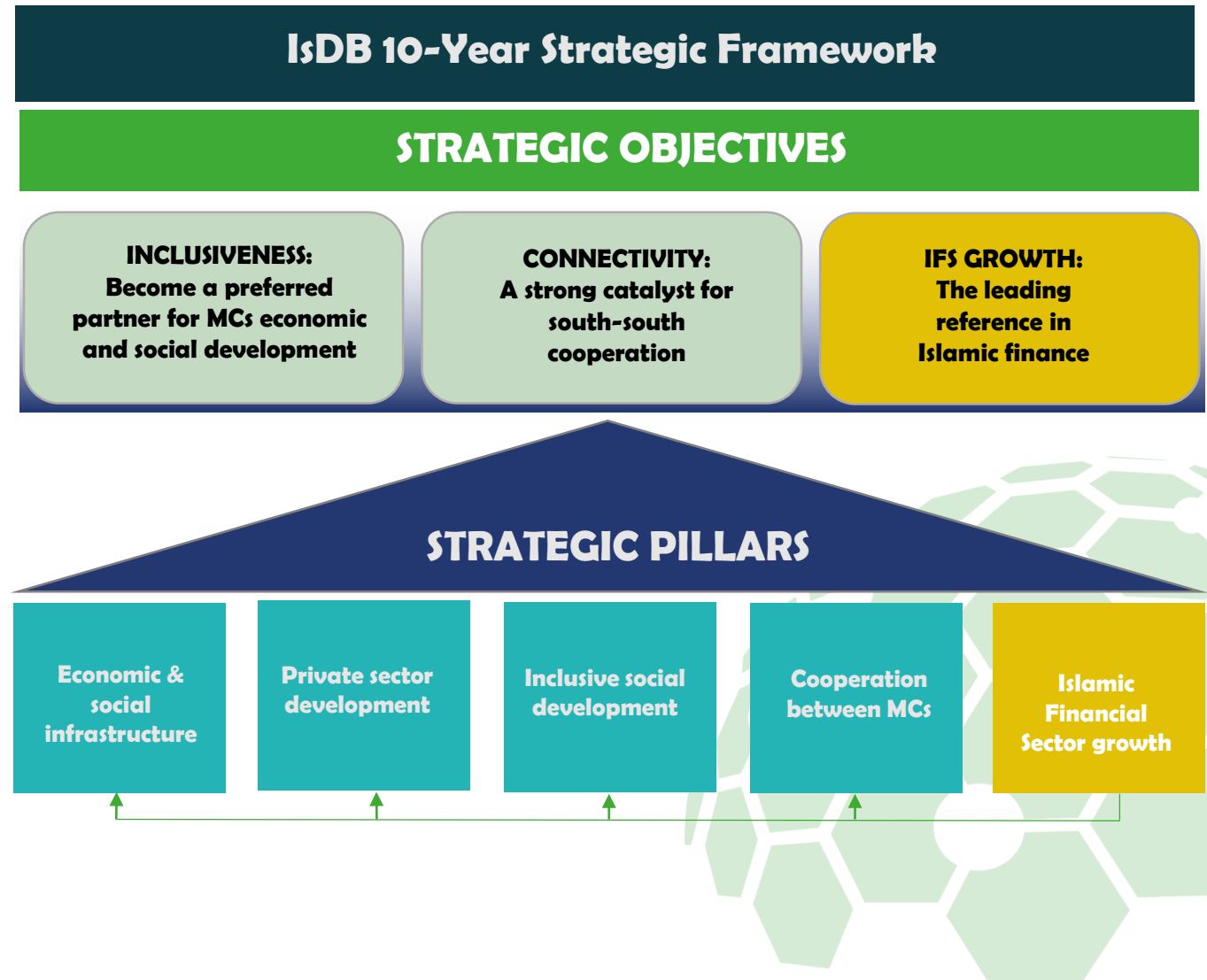
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Islamic Financial Sector Development Department**

STRONG STRATEGIC ANCHOR for IFS Growth & IFI Equities...

1974: Article-2 'Functions & Powers' of IsDB Articles of Agreement, states 'to participate in the equity capital of productive projects and enterprises in MCs' as the first activity of IsDB → one of the first IFI investment was in Bahrain Islamic Bank (1979)

2006: IsDB Vision 1440H formalized the significance of Islamic finance sector growth relevance to IsDB's vision. Key Strategic Thrust No. 7 'Expand the Islamic Financial Industry' → renewed IsDB's commitment and resources for IFI growth and expansion

2014: BCG 40 years assessment and 10Y Strategy confirmed MCs' expectations from IsDB to help develop IF\$ sector and proposed IF\$ growth as one of 3 strategic objectives and one of 5 strategic pillars in the new strategy map.



Islamic Finance Sector Development Governance at IsDB

Islamic finance sector development activities are carried out in two business units in IsDB:

1. Islamic Financial Sector Development Department

- ***Islamic finance equity investments***
- ***Awqaf (endowment) properties investment***

01

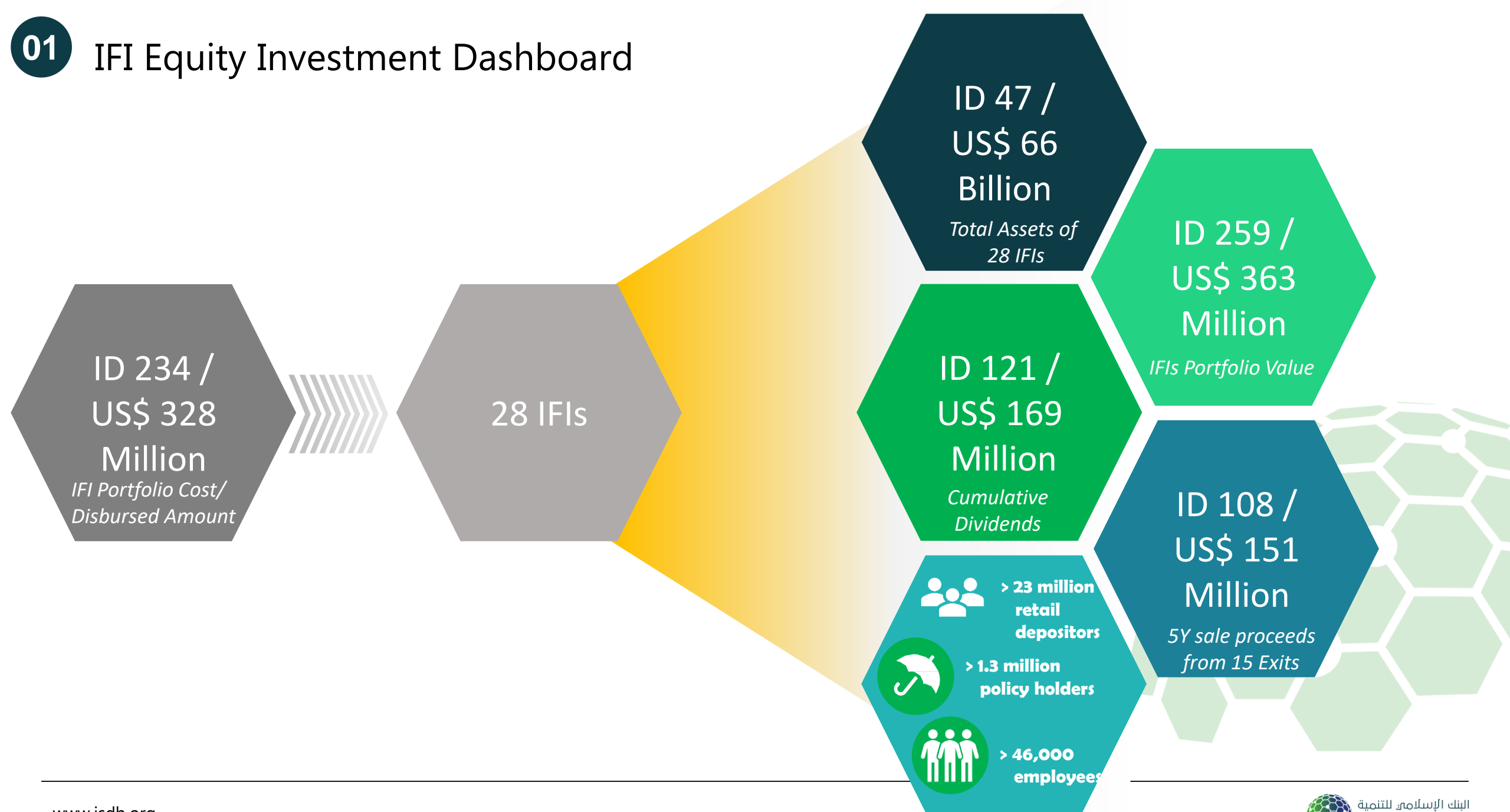
02

2. Islamic Development Bank Institute

- ***Islamic finance Technical assistance***
- **Knowledge solutions**
- **Research & training**
- **Awareness creation**

03

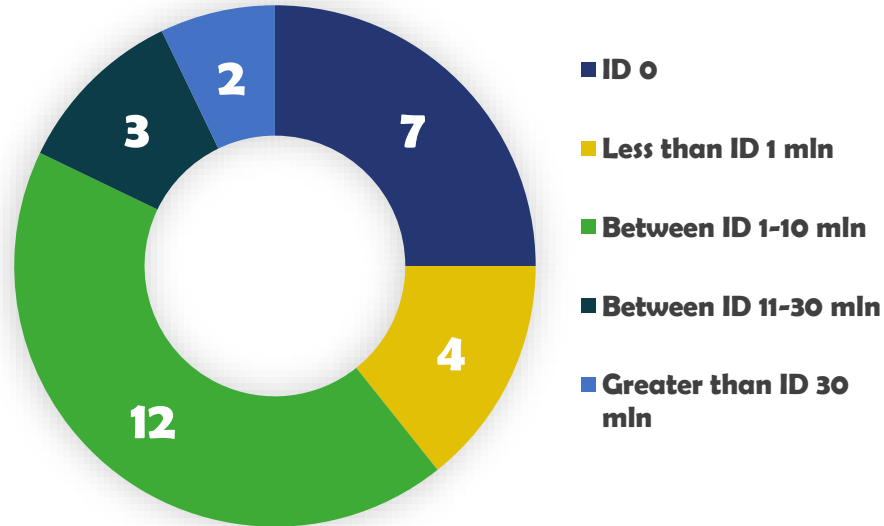
01 IFI Equity Investment Dashboard



01 IFI PORTFOLIO DETAILS

Investment Size

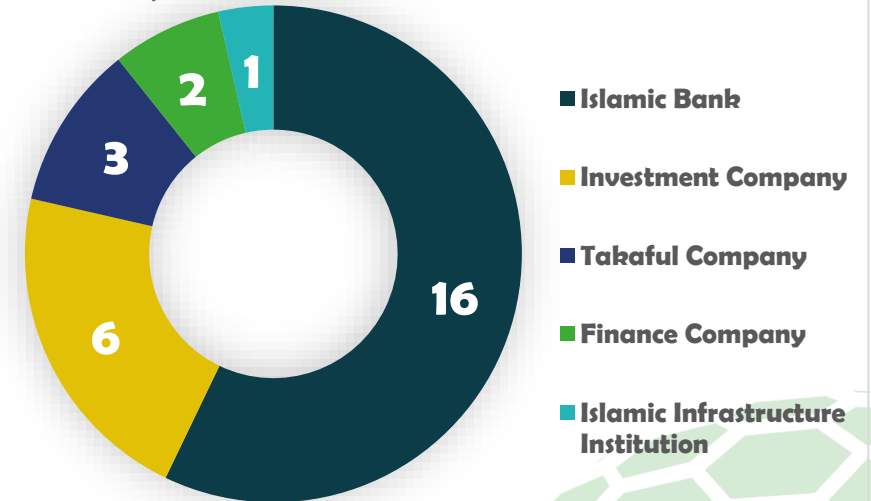
Fair Value



- ✓ Most investments fair value in the range of ID 1-10 million
- ✓ The top exposures include Meezan Bank, Kuwait Turk Participation Bank, Bosna Bank International & Islamic Bank of Senegal
- ✓ 7 Investments are fully provisioned.

Sector

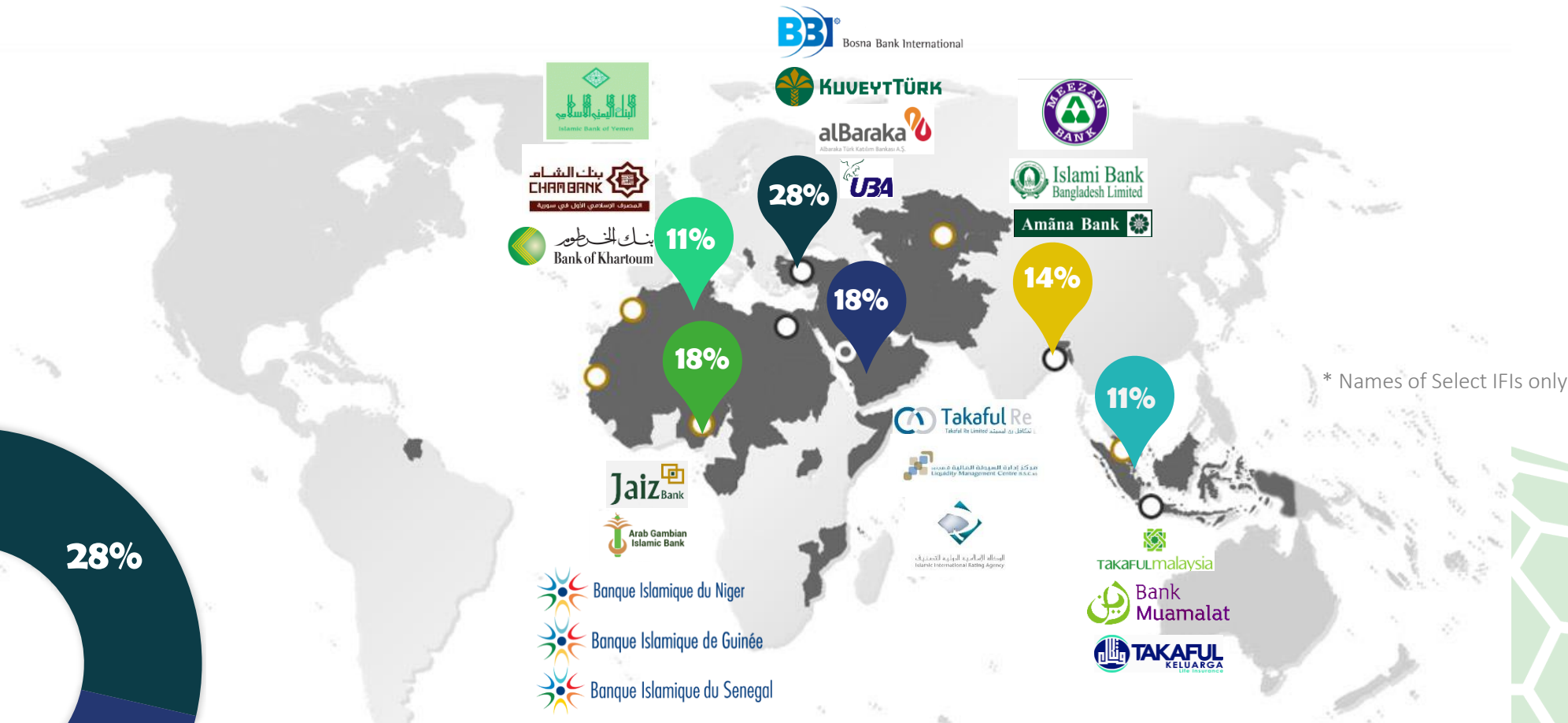
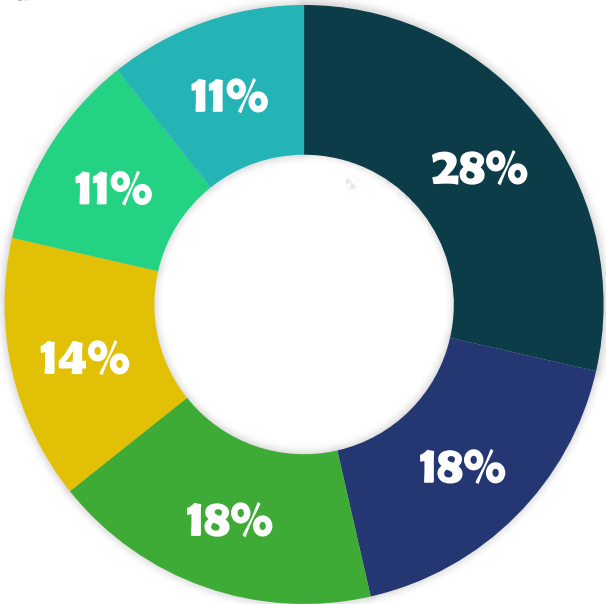
(by number of IFIs)



- ✓ Portfolio is currently dominated by Islamic banks whereby 16 Islamic banks hold approximately 58% of the portfolio
- ✓ Investment Companies come second with 21% of the portfolio followed by Takaful companies holding 10% of the portfolio
- ✓ Investments in 4 microfinance institutions transitioned to EDD as part of the transfer of mandate in 2020-21

01 IFI PORTFOLIO DETAILS – Global Reach

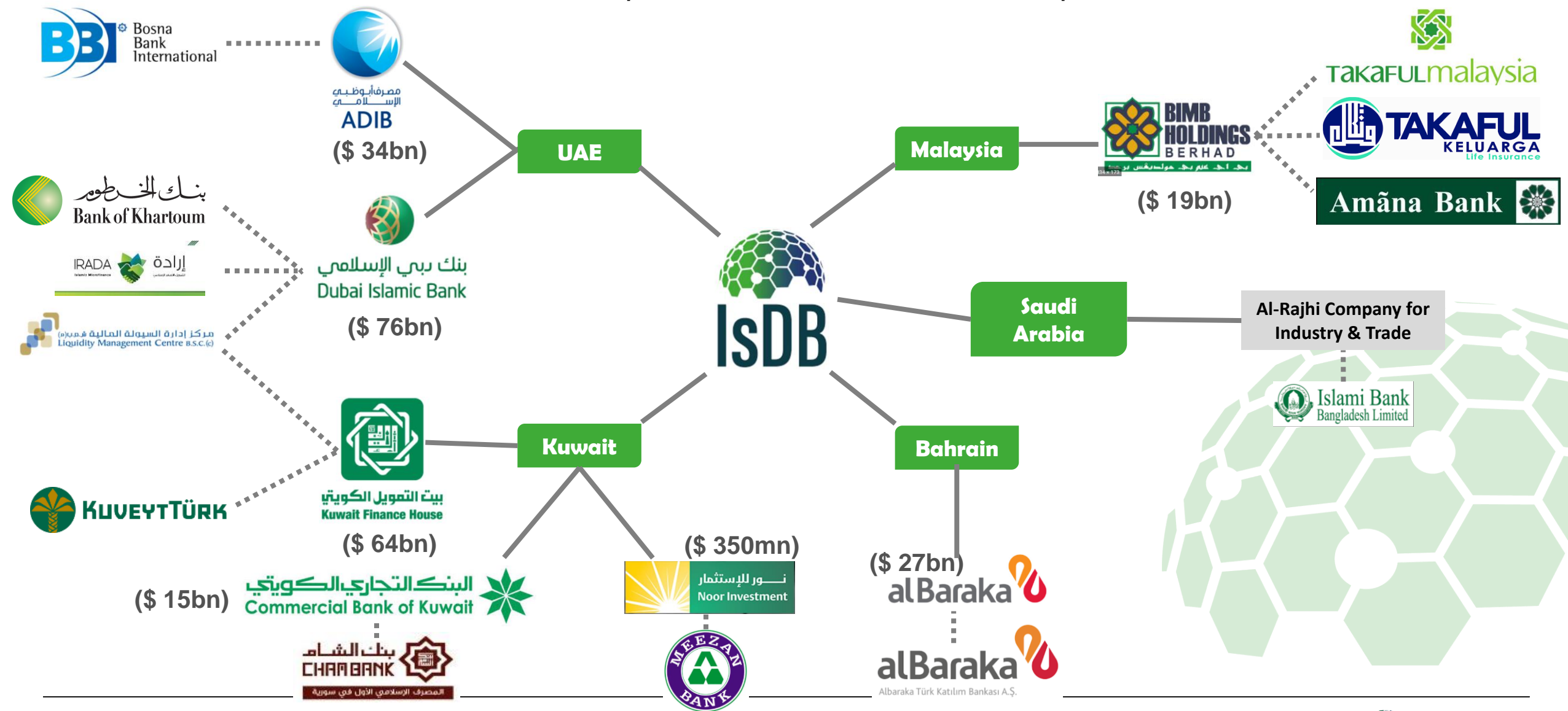
- Europe and CIS
- GCC
- Sub-Saharan Africa
- South Asia
- MENA (ex GCC)
- East Asia



- ✓ The equity investments in IFIs are **well distributed** amongst the six major geographical regions of the Islamic financial services industry.
- ✓ This distribution offers **diversification benefits** for the IFI portfolio and demonstrates a **commitment by IsDB** to develop the industry **globally**.

IFIs PORTFOLIO - TESTIMONY TO STRONG PARTNERSHIP WITH PSP

IsDB Established IFIs in Partnership with Private Sector Participants (asset size in





The Awqaf Properties Investment Fund (APIF) was established in 2001 as a unique impact investment fund, specialized in financing Awqaf, and managed by IsDB as the Mudarib.



The purpose of the Fund is to finance financially viable income-generating projects for the development of the Awqaf sector in Member Countries and for Muslim communities in Non-Member Countries.



APIF's strategy relies on extending financing to develop and invest in accordance with the principles of Islamic Shariah, in revenue-generating Awqaf projects.

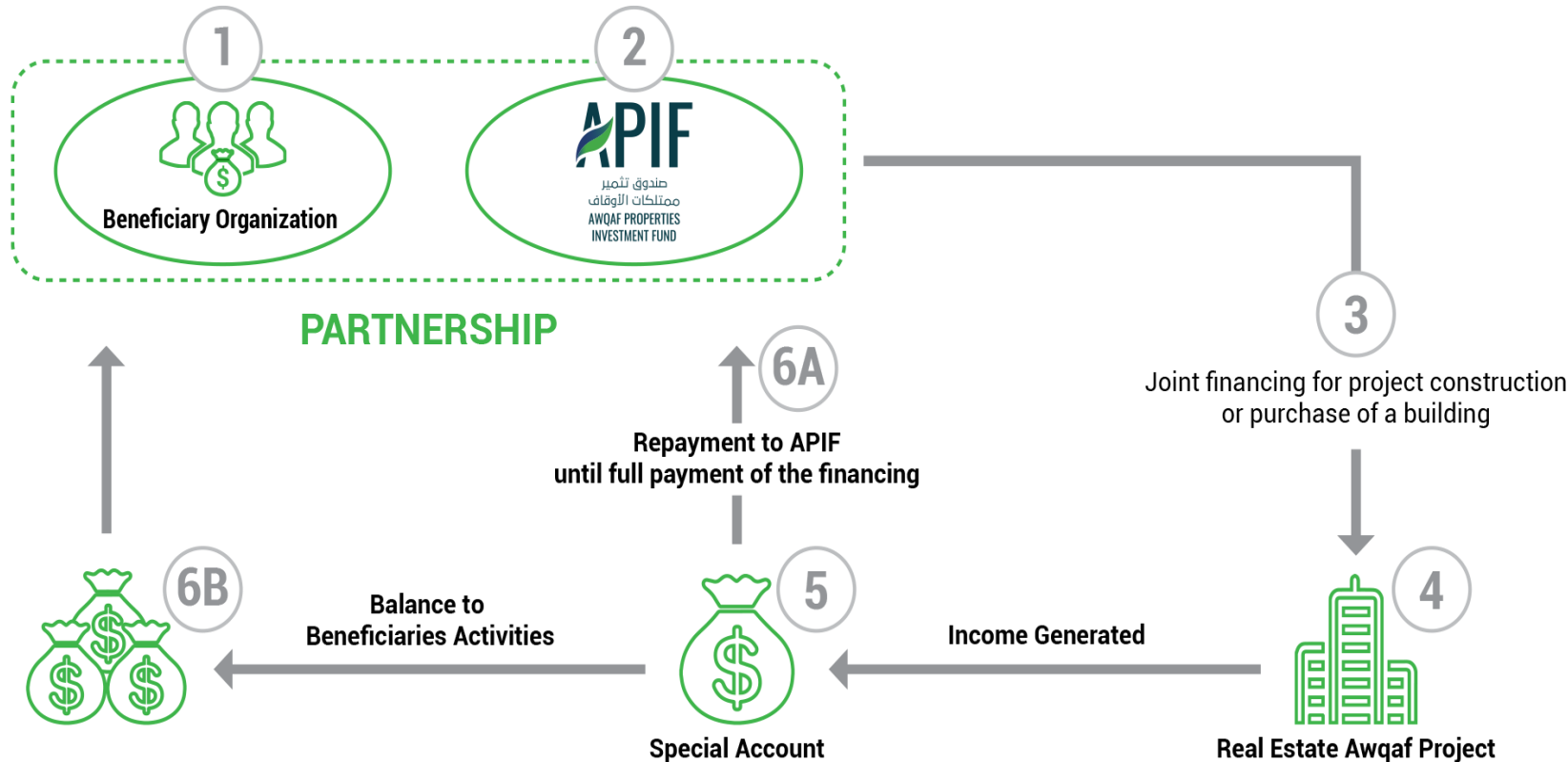


APIF has 19 fund participants with a total paid-up capital of US\$ 112.44 million in addition to IsDB line of Finance of US\$ 100 million to support APIF operations

Hotel in Central Madinah (Al-Bayan Charitable Foundation for Education)







- **APIF supports organizations engaging in developmental activity achieve financial sustainability by purchasing, renovating, or constructing real estate assets that generate income.**
- **After the repayment period elapses, all generated income goes to support the beneficiary's activity.**

As of end of Dec 2021, APIF has approved



55

Projects



27

Countries Globally



1,22

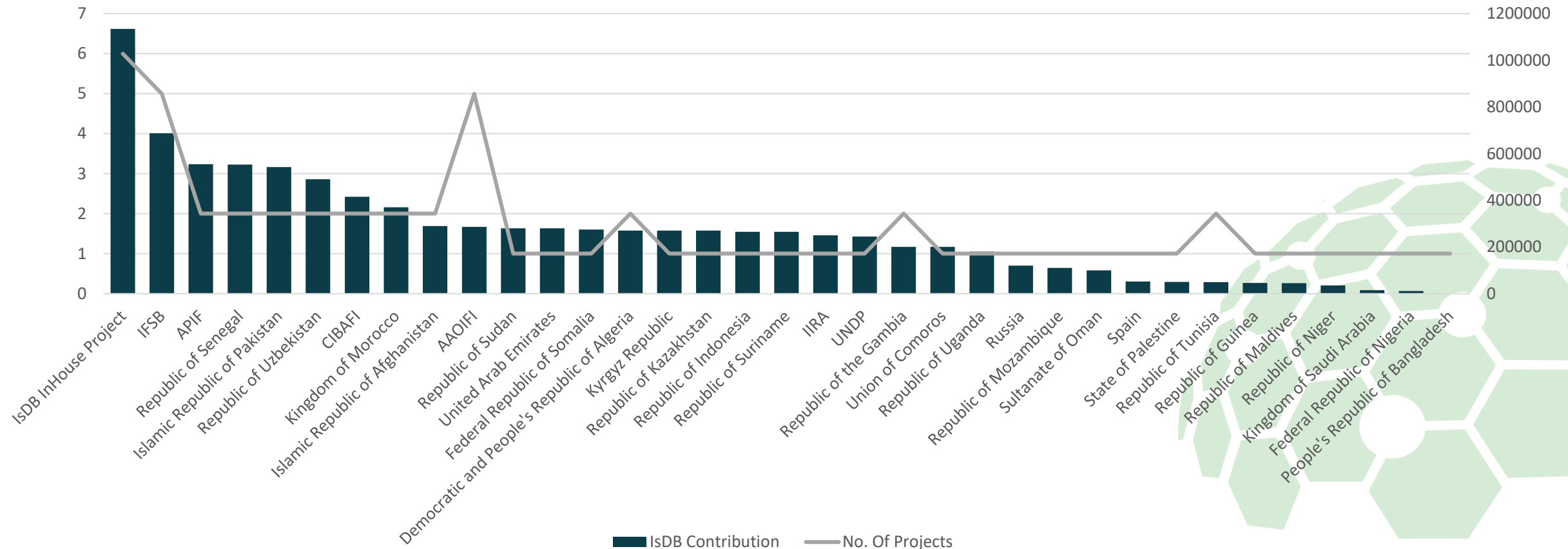
Billion US\$

APIF Portfolio Status (Since Inception)

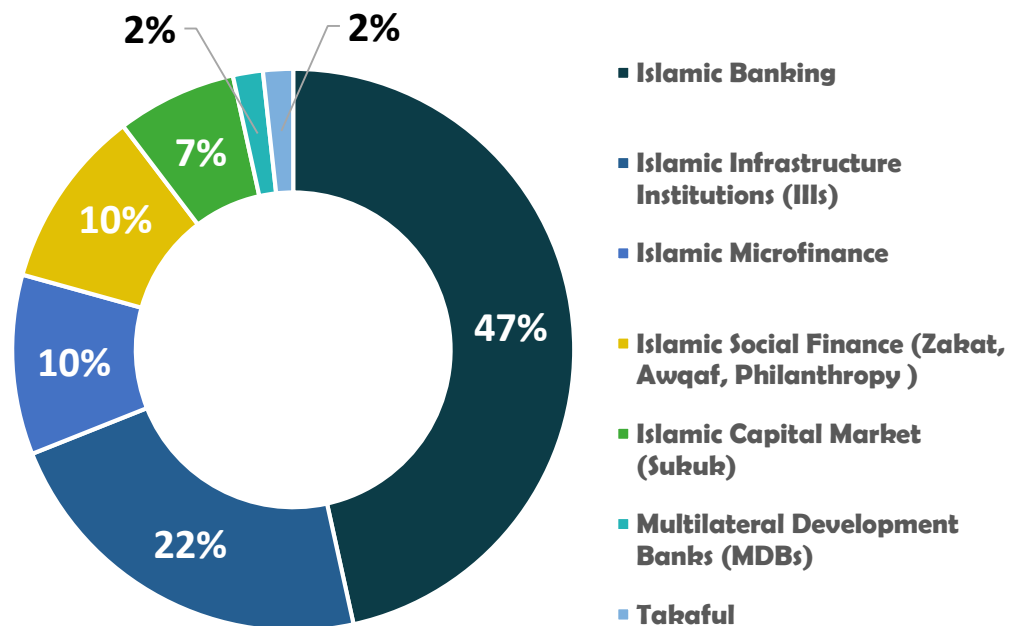
Status of Project	Number of Projects
Completed- Fully Repaid	10
Completed- Under Repayment	10
Approved- Disbursing	17
Approved- Not Yet Disbursing	17
Total	55

107 TA projects worth USD 8.5 Mn have already been **completed**

58 TA projects are currently under implementation in **more than 25 countries** with an average of **USD 200K per project**.

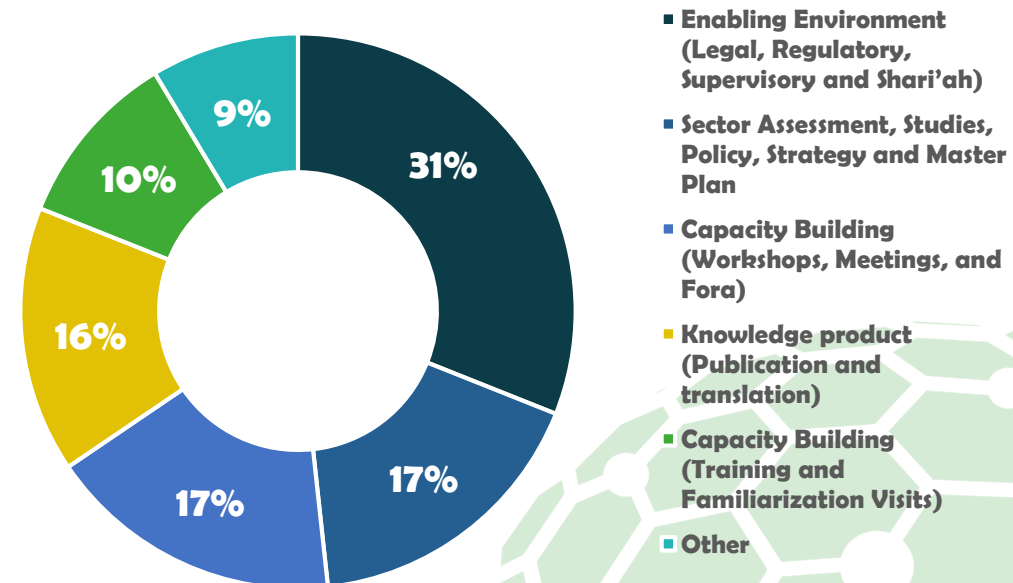


TA Projects in Implementation by Sector



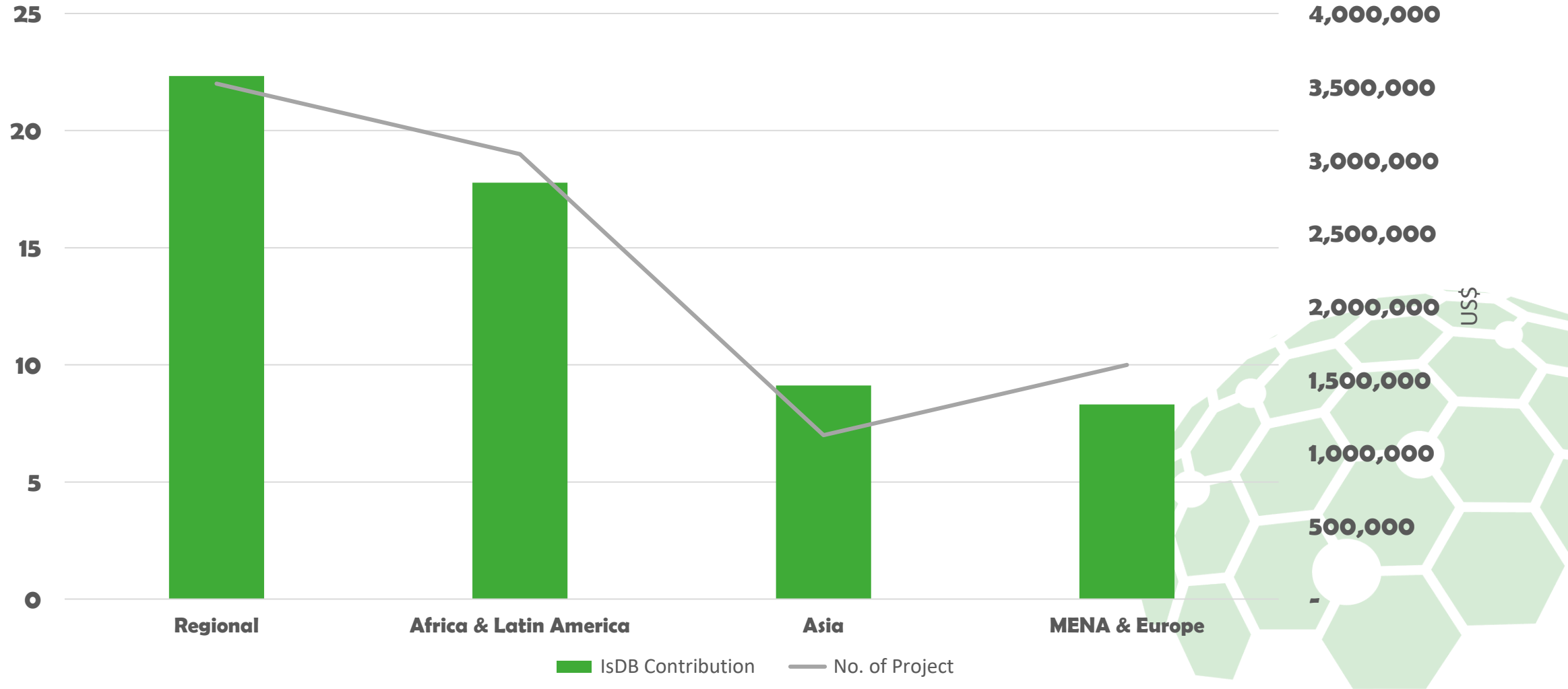
✓ 47% of the TAs are for Islamic Banking development followed by 22% for Islamic Infrastructure Institutions (IIIs) e.g. IFSB, AAOIFI etc.

TA Projects in Implementation by Activity Type



✓ 31% of the Tas are for developing enabling environment followed by 17% each for sector assessment/policy and capacity building

03 TA Projects in Implementation by Region



THANK YOU