



# Sukuk – The IsDB Experience

## Session on Sustainability-Linked Sukuk and Sukuk Waqf

Sustainability Task Force Webinar on “Sustainable Fixed Income Instruments”

Organized by COMCEC Capital Market Regulators (CMR) Forum

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Capital Markets Division  
Treasury Department  
Islamic Development Bank

28 May 2025

IsDB Sukuk

Sustainable Sukuk

# IsDB Sukuk



# IsDB USD 25 billion Medium Term Note (MTN) Sukuk Programme

- Multi-currency MTN programme with bankruptcy-remote SPVs in Jersey and Luxembourg
- Established in 2005 with USD 1.5 billion size
- Now upsized to USD 25 billion
- Requires annual update via Supplemental and Full Update
- Base Prospectus approved by Central Bank of Ireland
- Multiple listings - Irish & Nasdaq Dubai
- Annual issuance size of circa USD 4-5 billion
- via Benchmark Public Offering of USD 1.5 - 2.5 billion each and Private Placement of @ USD100 – USD500 million
- Total outstanding @ 70% Public, 30% PP

## BASE PROSPECTUS

### IDB TRUST SERVICES LIMITED

*(a limited par value company incorporated in Jersey with registered number 89541)*

and

### ISDB TRUST SERVICES NO.2 SARL

*(a private limited liability company (société à responsabilité limitée) incorporated under the laws of the Grand-Duchy of Luxembourg with its registered office at 6, rue Eugène Ruppert, L-2453 Luxembourg and registered with the Luxembourg trade and companies register (Registre de commerce et des sociétés, Luxembourg) under number B247570)*

**U.S.\$25,000,000,000**

### Trust Certificate Issuance Programme

with, *inter alia*, the benefit of a Guarantee (in respect of the payment obligations arising under the Portfolio of the relevant Series of Trust Certificates) provided by



### THE ISLAMIC DEVELOPMENT BANK

*(an international organisation that derives its legal personality from public international law)*

Under the trust certificate issuance programme described in this base prospectus (the **Base Prospectus**) (the **Programme**), IDB Trust Services Limited and IsDB Trust Services No.2 SARL (each in its capacity as issuer and as trustee, each an **Issuer** and a **Trustee**, and together, the **Issuers** and the **Trustees**), subject to compliance with all relevant laws, regulations and directives, may from time to time issue trust certificates (the **Trust Certificates**) in series (each a **Series**), which may comprise one or more tranches (each a **Tranche**), in any currency as agreed between the Issuer and the relevant Dealers (as defined below). The aggregate face amount of the Trust Certificates outstanding will not at any time exceed U.S.\$25,000,000,000 (or its equivalent in other currencies).

# The MTN Program - Sukuk Documentation

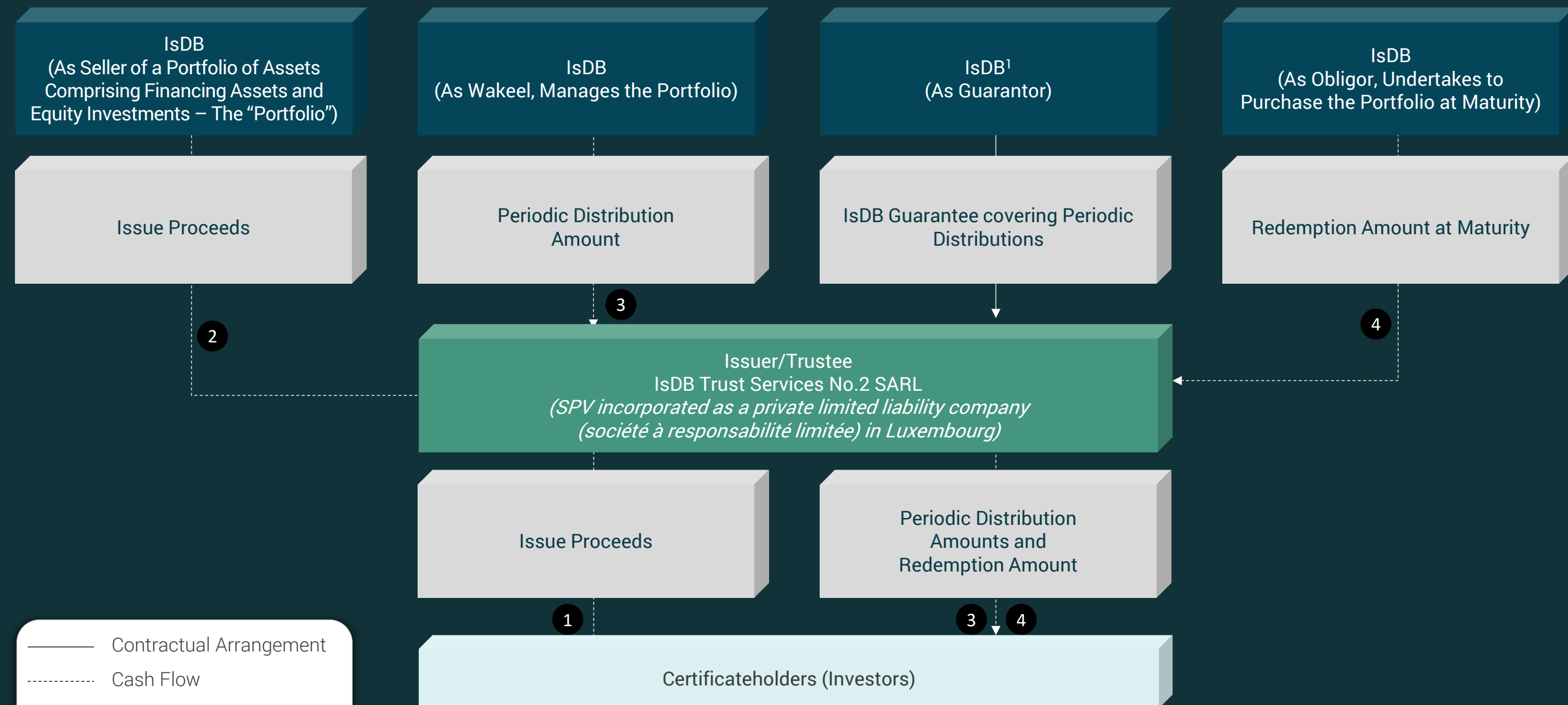
## Establishment / Update MTN Program

- Updated Base Prospectus
- Amended and Restated:
  - ▶ Master Purchase Agreement
  - ▶ Sale Undertaking Deed
  - ▶ Additional Portfolio Assets Sale Undertaking Deed
  - ▶ Purchase Undertaking Deed
  - ▶ Master Trust Deed
  - ▶ Wakala Agreement
  - ▶ Issue and Paying Agency Agreement
- Dealer Agreement
- Deed Of Guarantee
- Program Rating Letter
- Shari'a Pronouncement

## Sukuk Issuance/Drawdown

- Supplemental Purchase Agreement
- Supplemental Trust Deed
- Subscription Agreement
- Global Certificate
- Final Terms
- IDB – Signing and Closing Agenda
- IDB In-house Legal Opinion
- Issue Rating Letter

# IsDB Sukuk Structure - Rated AAA by the Three Rating Agencies



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

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

# IsDB Sukuk Issuances

Issued more than USD 53 billion to date

74 issuances across USD, EUR, GBP, SAR, SGD, CNY currencies

USD 5 billion-plus in Green and Sustainability Sukuk

Underlying Sukuk assets consist of mainly Project Assets plus Treasury Assets

Project Assets are mainly sovereign financing

Majority of Project Assets also qualify for label or thematic issuances

## ANNEX 3: ISLAMIC DEVELOPMENT BANK – ORDINARY CAPITAL RESOURCES STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

(ALL AMOUNTS IN THOUSANDS OF ISLAMIC DINARS UNLESS OTHERWISE STATED)

	NOTES	31 DECEMBER 2024	31 DECEMBER 2023
Cash and cash equivalents	4	927,002	1,159,129
Commodity murabaha placements	5	4,260,426	5,476,570
Wakala placements	6	702,325	-
Sukuk investments	7	4,302,550	3,316,708
Murabaha receivables	8	385,412	361,091
<b>Treasury assets</b>		<b>10,577,715</b>	<b>10,313,498</b>
Restricted mudaraba	10	391,328	477,037
Istisna'a assets	11	8,247,718	8,613,135
Instalment sale	12	4,435,079	3,785,564
Ijarah assets	13	2,685,476	2,755,290
Loans (Qard)	14	1,625,603	1,713,051
<b>Project assets</b>		<b>17,385,204</b>	<b>17,344,077</b>
Equity investments	16	624,562	566,945
Investment in associates	17	910,961	834,366
Other investments		89,848	92,963
<b>Investment assets</b>		<b>1,625,371</b>	<b>1,494,274</b>
Property, equipment and intangibles		61,351	63,401
Other assets	18	71,410	56,864
<b>Total Assets</b>		<b>29,721,051</b>	<b>29,272,114</b>
<b>Liabilities</b>			
Commodity murabaha liabilities	19	872,018	1,054,753
Sukuk issued	20	16,618,865	17,119,289
Other liabilities	21	240,795	251,241
<b>Total Liabilities</b>		<b>17,731,678</b>	<b>18,425,283</b>
<b>Members' Equity</b>			
Paid-up capital	23	7,464,654	6,800,473
Reserves	24	4,136,592	3,729,625
Net income for the year		388,127	316,733
<b>Total Members' Equity</b>		<b>11,989,373</b>	<b>10,846,831</b>
<b>Total Liabilities and Members' Equity</b>		<b>29,721,051</b>	<b>29,272,114</b>
<b>Off-Balance-Sheet assets under Management</b>		<b>83,557</b>	<b>83,153</b>
<b>Commitments</b>	26		

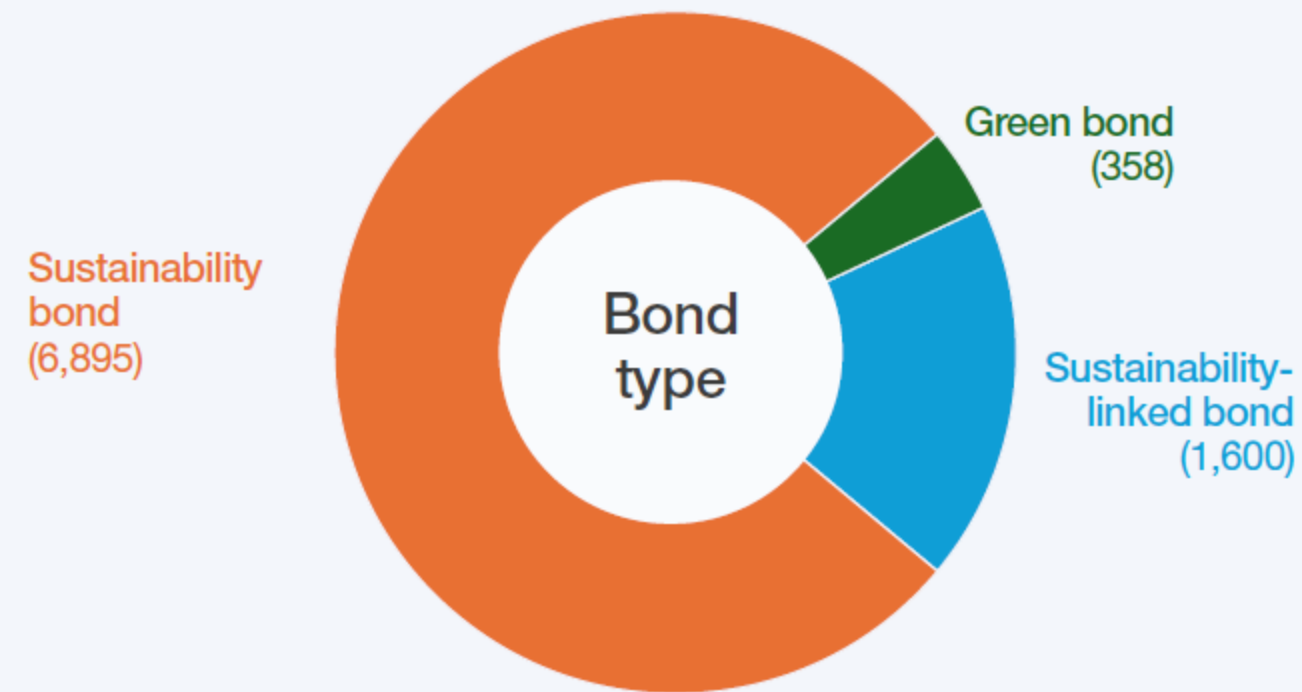
Notes to the financial statements from 1 to 32 form an integral part of these financial statements.

# Sustainable Sukuk

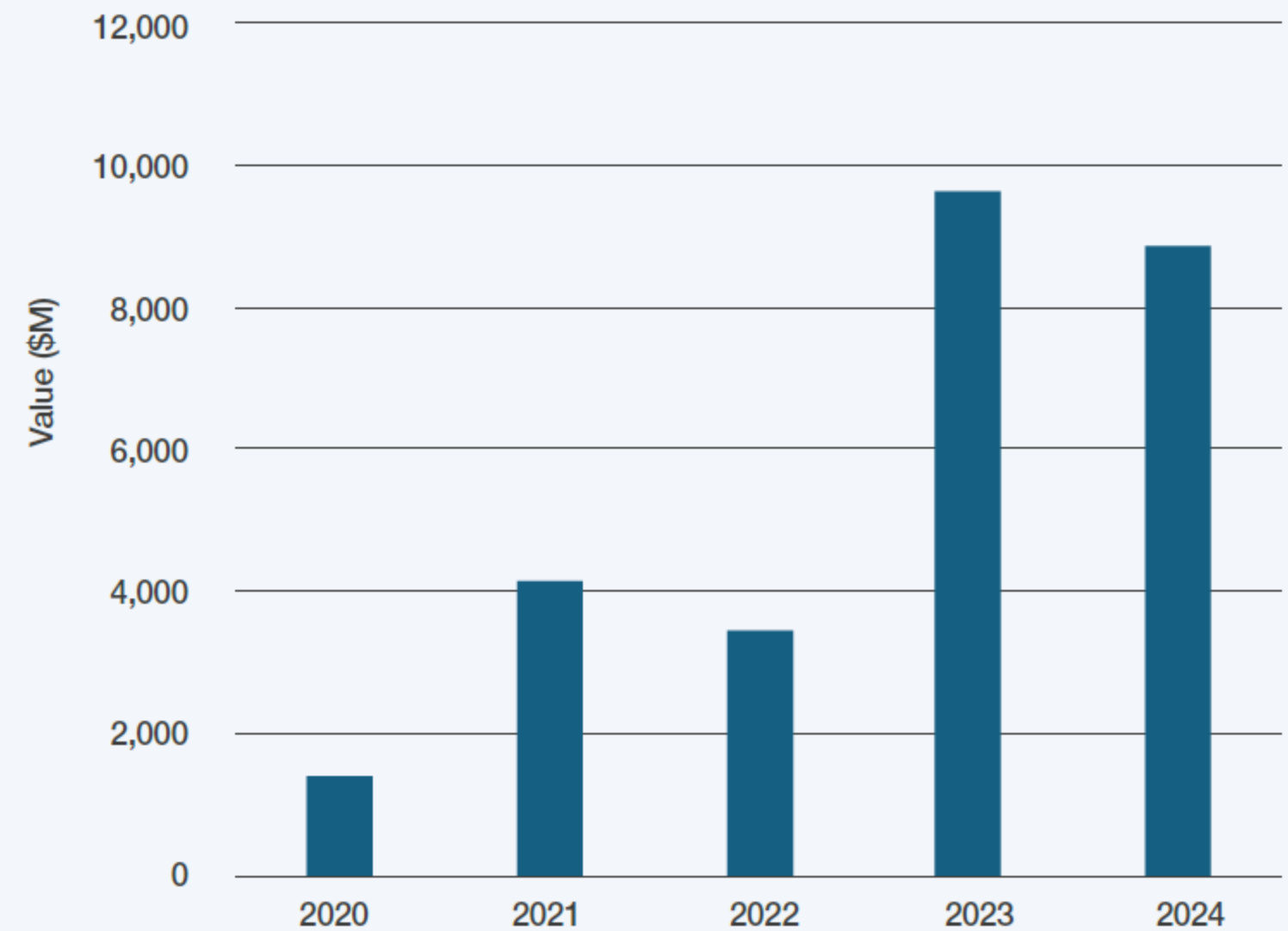




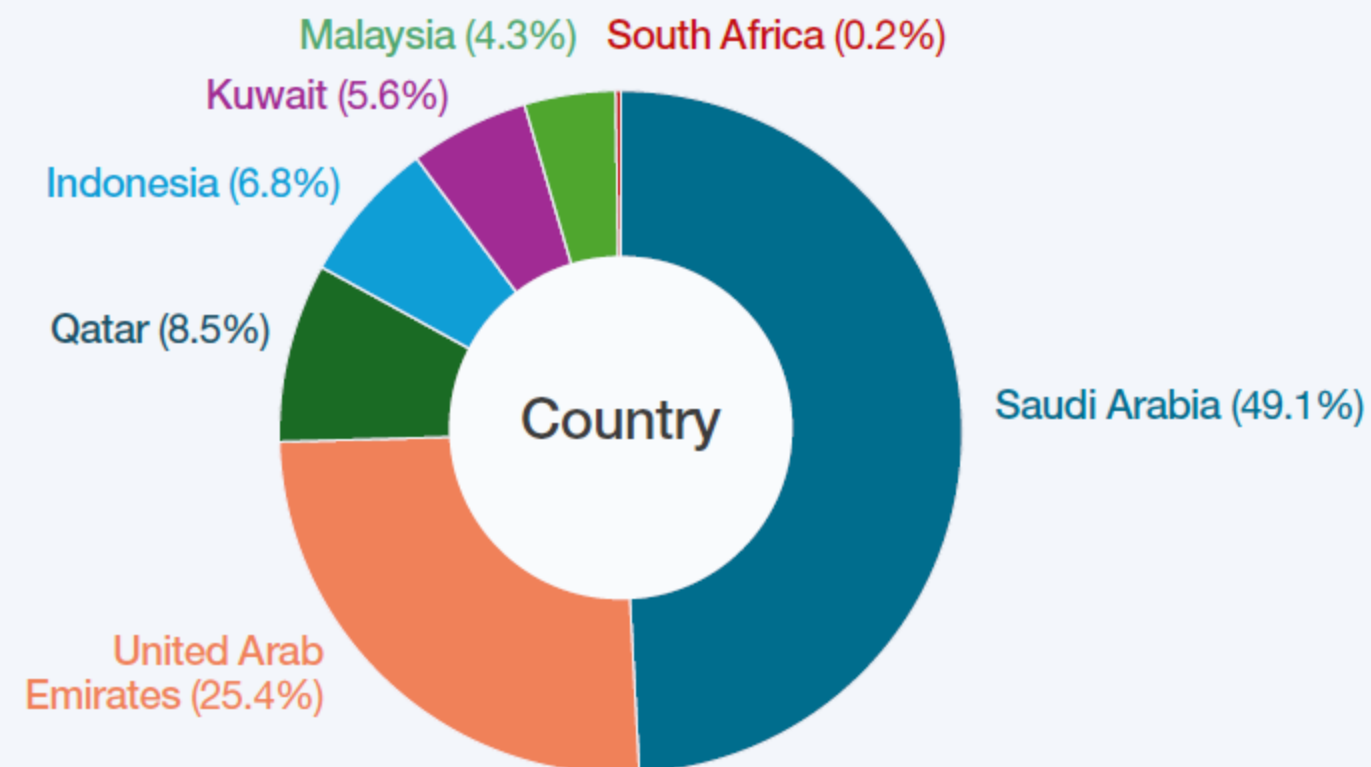
Breakdown of sustainable sukuk bond market 2024 (\$M)



Sustainable sukuk issuance by year (\$M)



Breakdown of sustainable sukuk bond market by country



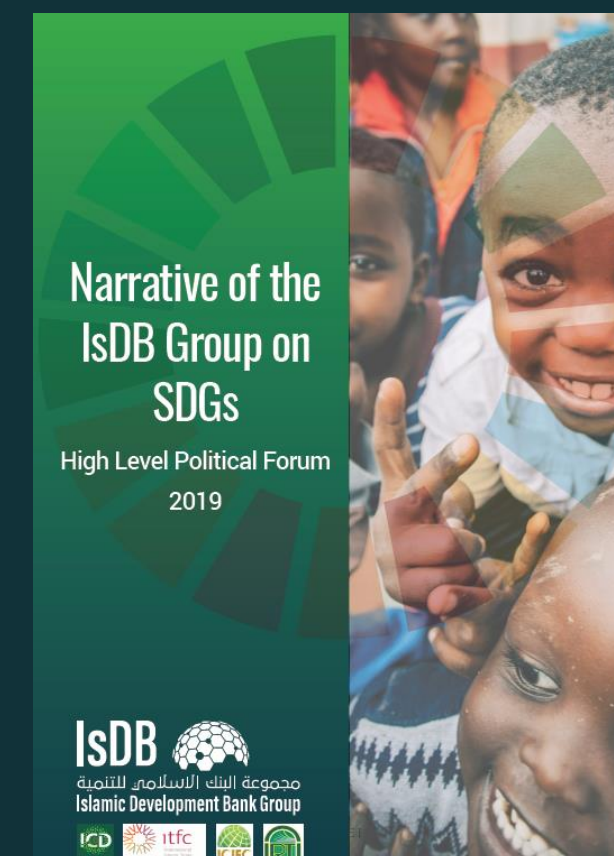
# Sustainable Development Goals

- In September 2015, countries throughout the world, spearheaded by the United Nations, signed up to a new agenda for comprehensive and sustainable human development that included 17 high SDGs and 169 specific targets.
- These aspirations for human dignity, and 'to leave no one behind', is fully in line with the principles and objectives of the IsDB.



## SDGs at IsDB

- IsDB is fully committed to the SDGs. It recognizes that development objectives vary from one country to another.
- The SDGs are an integral part of the President's Five-Year Plan (P5P) and the Bank's 10-Year Strategic Framework.
- We support the implementation of this transformative agenda according to the needs and priorities of our 57 member countries, through a collaborative approach, and in partnership with bilateral and multilateral development financing institutions, the private sector and civil society.



# Sustainability at IsDB



## Green

- Climate Action
- Adaptation
- Mitigation



## Social

- Health
- Education
- Women & Youth
- SMEs



## ESG

- Environmental and Social Safeguards
- Strong Governance



# Climate Action Plan

The Bank announced a 5-Year Climate Action Plan from 2020 to 2025 with an ambitious **climate finance target of 35% of total commitments by 2025**. In 2023, 37% of the Bank’s total approvals were for climate action including adaptation and mitigation activities.

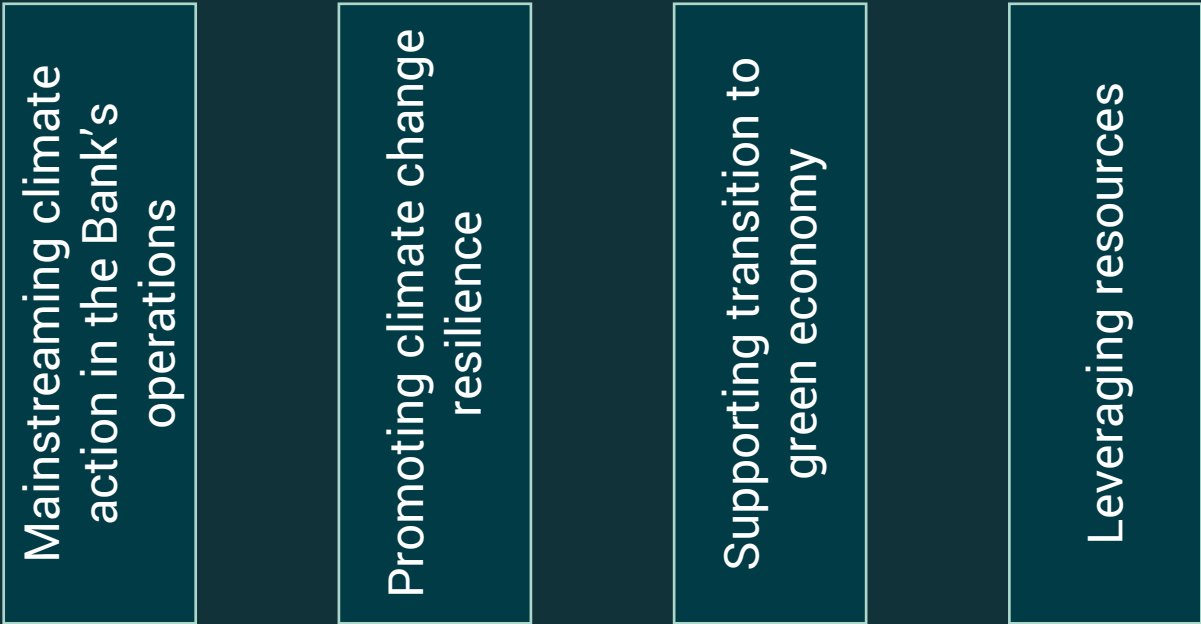


## Climate Change Policy (CCP) Pillars and Guiding Principles

CCP overarching goal



CCP Pillars



CCP Guiding Principles

- Country leadership • Selectivity • Adaptability • Proactivity • Capacity-building and knowledge-sharing
- Catalyzing private-sector capital and institutional investors
- Partnerships for climate change action • Accounting for climate change action





# IsDB Sustainable Finance Framework

- In November 2019, we followed through on our commitment towards sustainability through the issuance of thematic Sukuk to finance sustainable projects and investments in Member Countries.
- The Framework serves as the foundation to issue Green, Social and Sustainability (GSS) Sukuk.
- Created in line with the globally accepted Green, Social and Sustainability Bond Principles as set by the International Capital Market Association.
- Assigned a strong rating of “Medium-Green Shading” by an external rating agency. Rating is similar to IFC, AfDB and KfW.




# Fully Aligned with ICMA Principles





## Green Bond Principles

Voluntary Process Guidelines for Issuing Green Bonds


**June 2021**  
(with June 2022 Appendix 1)







## Sustainability Bond Guidelines

June 2021






## Social Bond Principles

Voluntary Process Guidelines for Issuing Social Bonds

**June 2021**  
(with June 2022 Appendix 1)

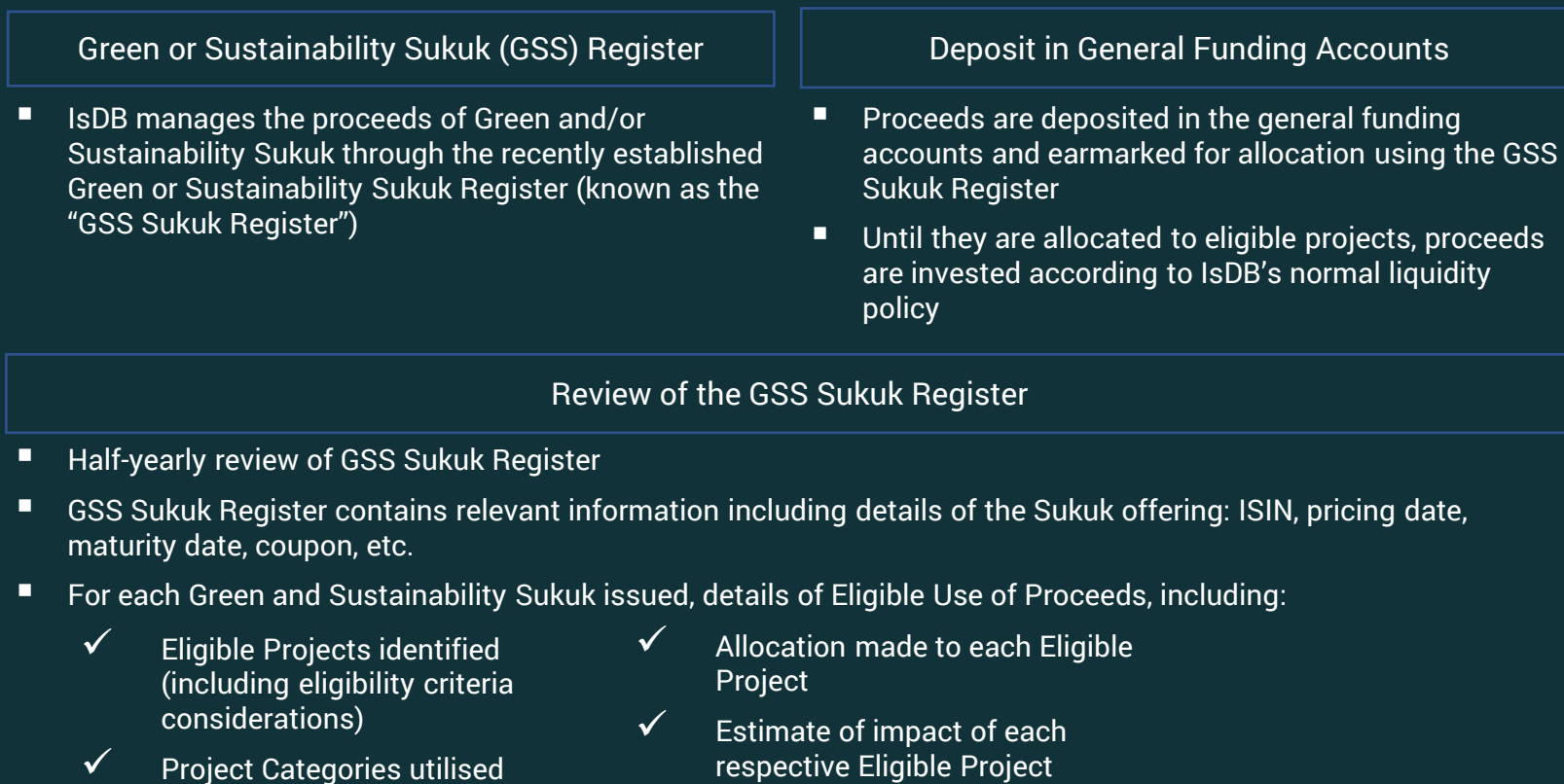


# At a Glance - IsDB Sustainable Finance Framework (SFF)

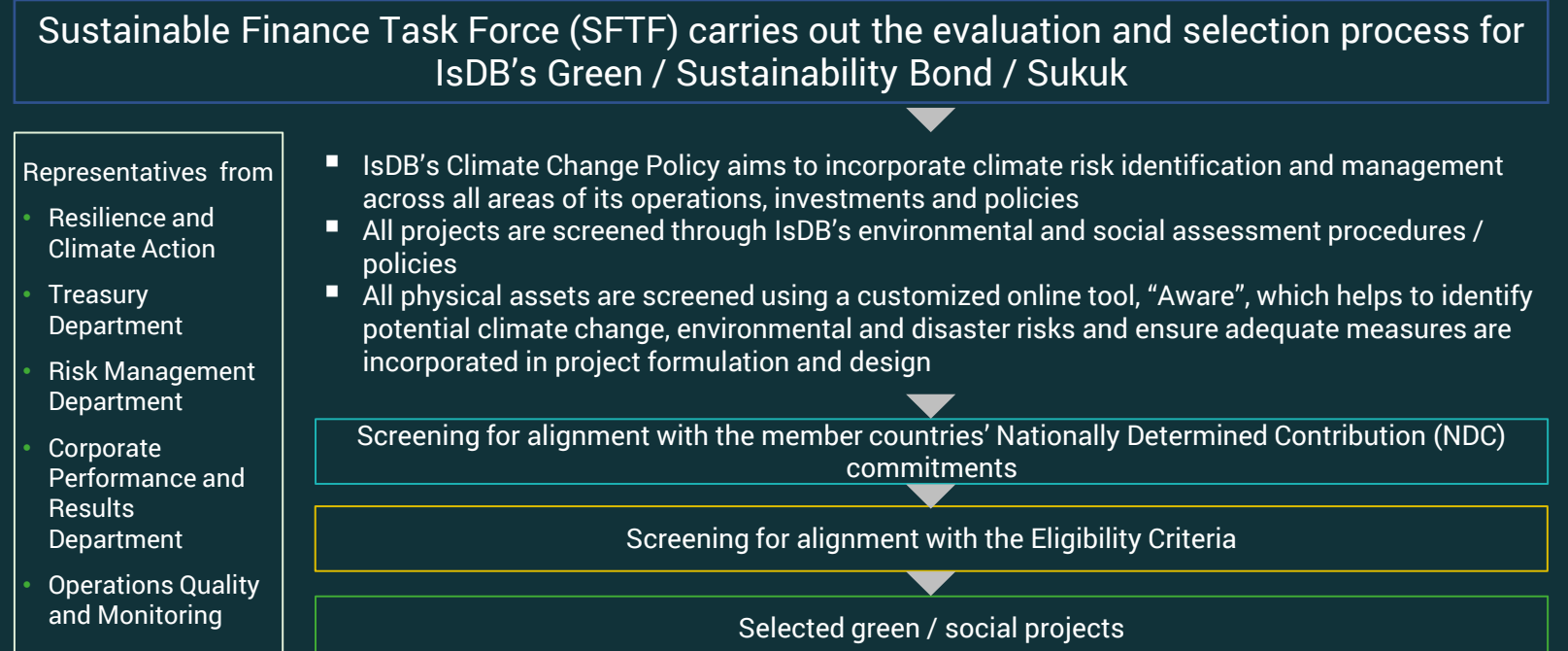
## Pillar 1: Use of Proceeds



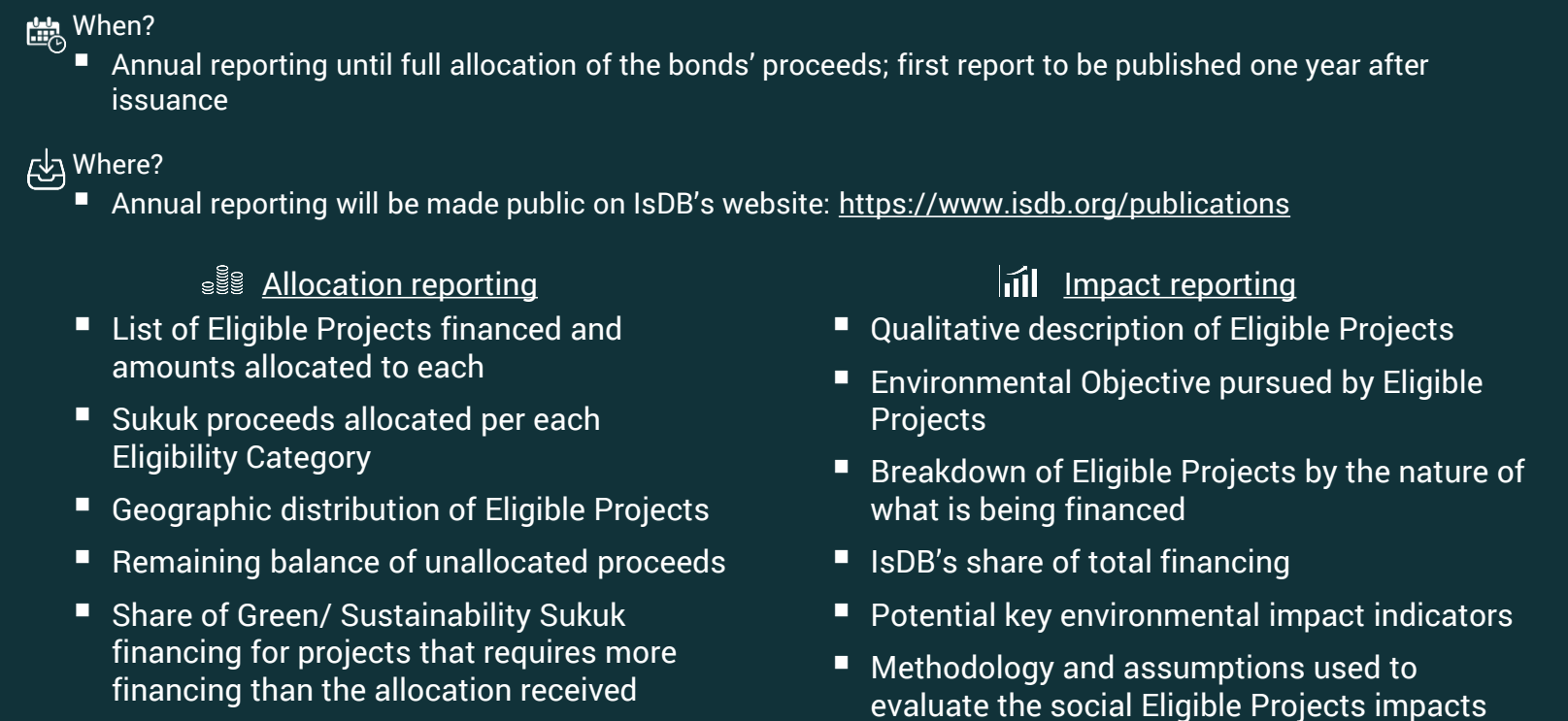
## Pillar 3: Management of Proceeds



## Pillar 2: Project Evaluation and Selection Process




## Pillar 4: Reporting






# Second Party Opinion by CICERO





CICERO

Shades of Green



International Institute for Sustainable Development

### Islamic Development Bank (IsDB)

#### Sustainable Finance Framework

November 01, 2019

The Islamic Development Bank (IsDB) is a multilateral development financing institution with 57 member countries (MCs) with significant Muslim communities. As a multilateral development bank aiming to advance the SDGs, it provides a solid foundation for the issuance of green and sustainability bonds.

The projects that can be financed under this sustainable finance framework are broadly defined and can include fossil fuel elements in nearly all project categories. However, the framework excludes, e.g., direct investments in fossil fuel extraction, production and transport, new and existing fossil fuel power plants (e.g., natural gas, combined cycle), roads, large hydropower (>25MW), new landfill construction or expansion, heavy duty vehicles or bunker fueled shipping, deforestation, expansion of livestock production and palm oil plantations. Proceeds finance or refinance projects within green and social categories in all of IsDB's MCs. Green eligible project categories are renewable energy, clean transportation, energy efficiency, pollution prevention and control, environmentally sustainable management of natural living resources and land use and sustainable water and wastewater management. Social categories include employment generation / SME Financing, affordable housing, affordable basic infrastructure, access to essential services and socioeconomic advancement and empowerment.

IsDB provides a sound governance structure that includes a two-step project selection process including environmental and social screening procedures as well as climate resilience assessments, despite a lack of activity level emissions reporting and targets. Reporting for the sustainability and green values will be conducted on a project-by-project level and an external review of the impact reporting will be published. However, more progress oriented impact metrics would substantially improve this framework in addition to also reporting on environmental indicators for all social projects financed and vice versa.


The social project categories aim at development of IsDB's MCs in a socially sustainable fashion, but would benefit from targeting audiences to ensure equal access. The issuer demonstrates a strong drive to facilitate economic development, while taking into consideration the trade-off between green growth and economic development. However, the strong focus on economic development results in a broad categorization of target audiences for social development. The lack of detailed definitions of marginalized, vulnerable and poor target populations benefitting from this framework risks unequal access to infrastructure and

*[Executive Summary continues on next page]*

#### SUSTAINABILITY BOND GUIDELINES

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

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



#### SOCIAL ASSESSMENT

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

#### SHADES OF GREEN

Based on our review, we rate the IsDB's sustainable finance framework CICERO Medium Green.

PUBLIC - "Second Opinion" on IsDB's Sustainable Finance Framework

1

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

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

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

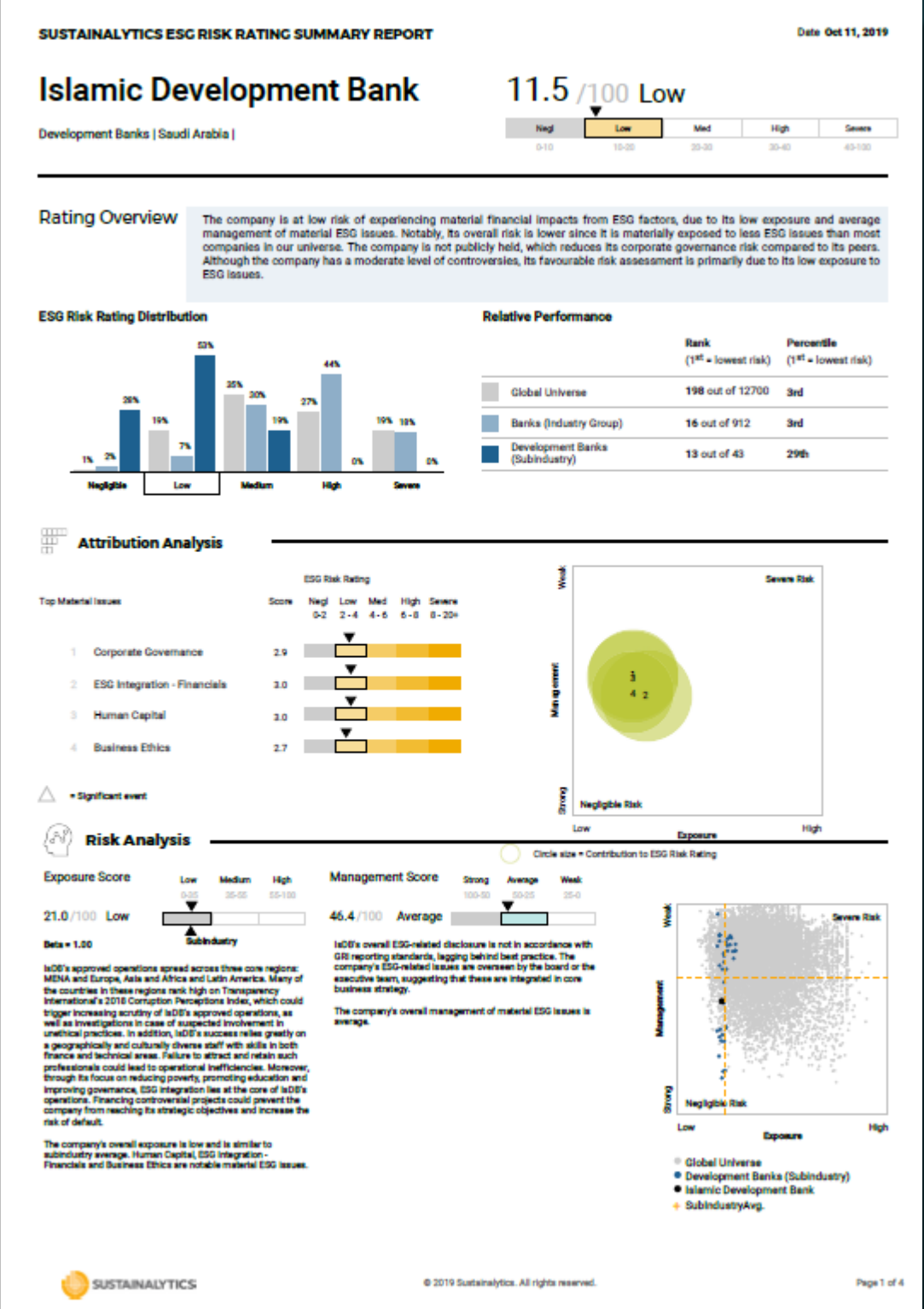
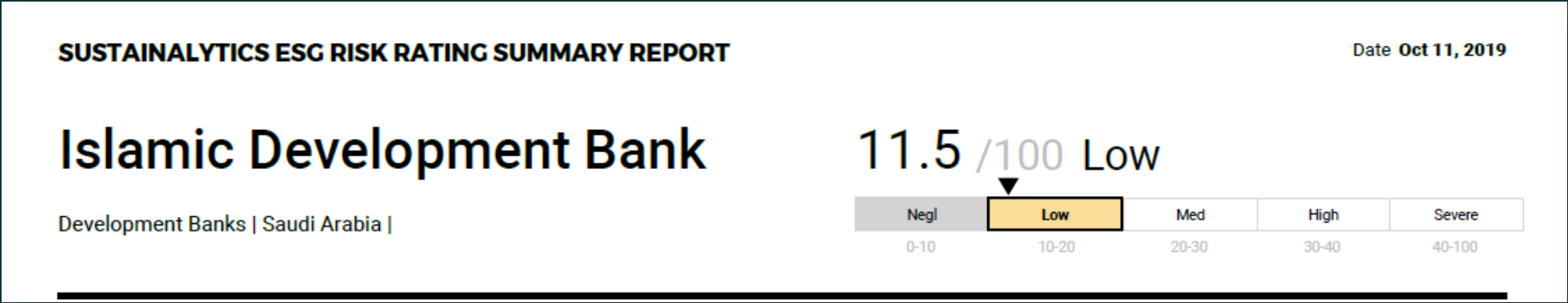
“IsDB has in place a sound management and governance structure, as well as regular and transparent reporting about sustainability and green finance project achievements to investors and the public”

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



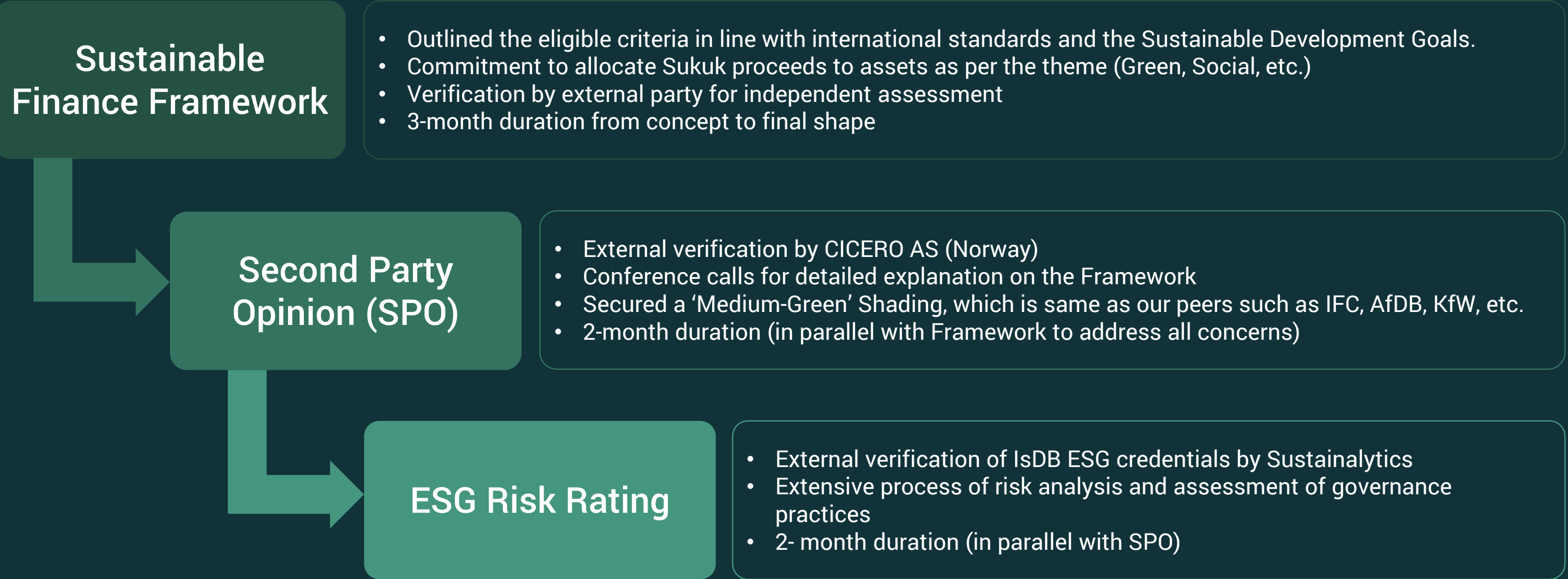
# ESG Risk Rating

- The Bank also underwent a rigorous assessment by an external risk rating provider on its Environment, Social and Governance (ESG) credentials.
- Assigned a very strong low-risk rating, scoring 11.5 out of 100.
- Report is freely available on IsDB website for all stakeholders and investors.





ESG Risk Rating

# The Journey to Green Sukuk





ENGLISH




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Charting our Future

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# Islamic Development Bank Achieves New Milestone with Debut Green Sukuk Worth EUR 1 Billion for Green Financing in its Member Countries



28 November 2019





RECENT NEWS



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COVID-19

## Islamic Development Bank Issues US\$ 1.5 Billion Debut Sustainability Sukuk in Response to COVID-19

The Islamic Development Bank ("IsDB") raised US\$ 1.5 billion with its first-ever Sustainability Sukuk to tackle the aftermath of the COVID-19 pandemic in its Member Countries.

19 June 2020





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# Islamic Development Bank Issues Largest Sustainability Sukuk Ever

25 March 2021



RECENT NEWS



IsDB Group Chairman Reaffirms Commitment to Addressing Global Challenges and Advancing Development at 40th COMCEC



# Issuances



# More than US\$ 5 billion raised through Thematic issuances to date

## Green Sukuk

EUR 1 billion  
Nov 2019

Renewable Energy

Clean Transportation

Pollution Prevention and  
Control

Energy Efficiency

Sustainable Water and  
Wastewater Management

## COVID-19 Sustainability Sukuk

US\$ 1.5 billion  
June 2020

Access to Essential  
Services

SME Financing and  
Employment Generation

## Largest Sustainability Sukuk

US\$ 2.5 billion  
Mar 2021

90% Social

10% Green

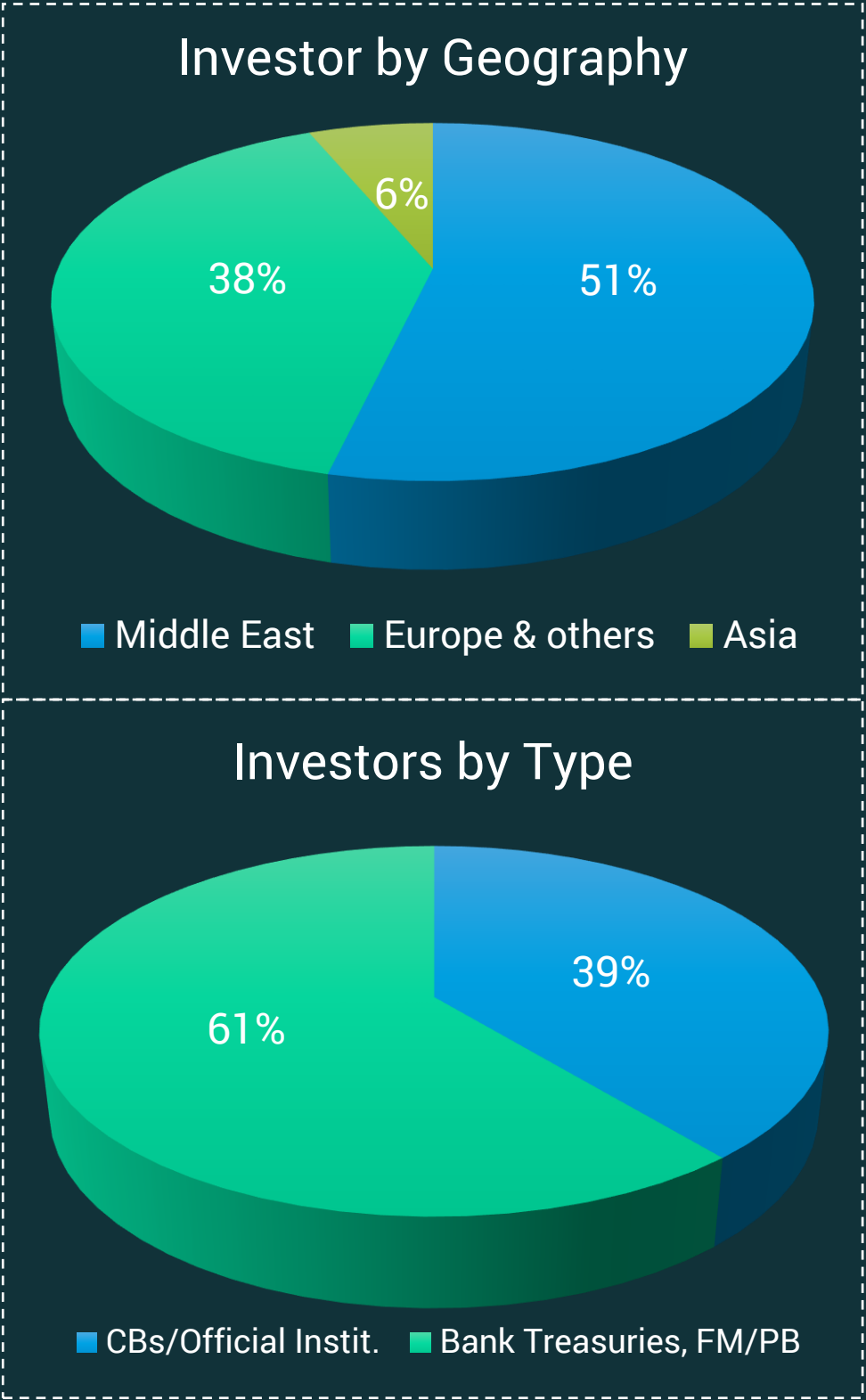
Debut Green Sukuk - <https://www.isdb.org/news/islamic-development-bank-achieves-new-milestone-with-debut-green-sukuk-worth-eur-1-billion-for-green-financing-in-its-member-countries>

Debut Sustainability Sukuk - <https://www.isdb.org/news/islamic-development-bank-issues-us-15-billion-debut-sustainability-sukuk-in-response-to-covid-19>

Largest Sustainability Sukuk - <https://www.isdb.org/news/islamic-development-bank-issues-largest-sustainability-sukuk-ever>

# Green Sukuk Stats

Strong demand from Europe, especially ESG and SRI oriented investors



**5th Green Bond Pioneer Awards**  
Climate Bonds Initiative

New Market Green  
Pioneer: Saudi Arabia  
awarded to Islamic Development Bank

**IsDB**  
البنك الإسلامي للتنمية  
Islamic Development Bank

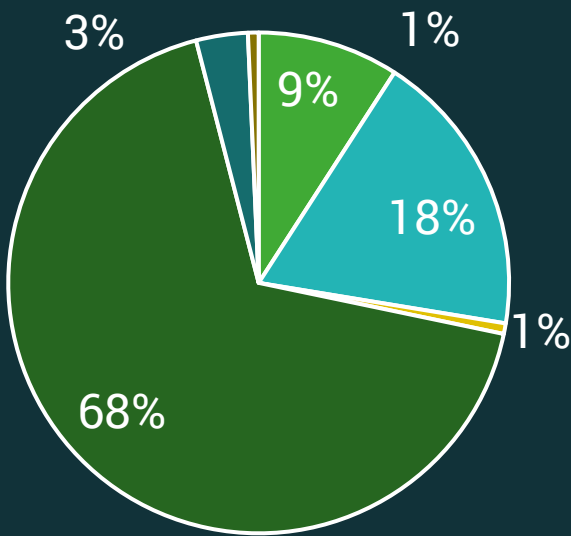
**Climate Bonds AWARDS+2020**  
More information [conference.climatebonds.net/awards](https://conference.climatebonds.net/awards)



# Green Sukuk Allocation Summary

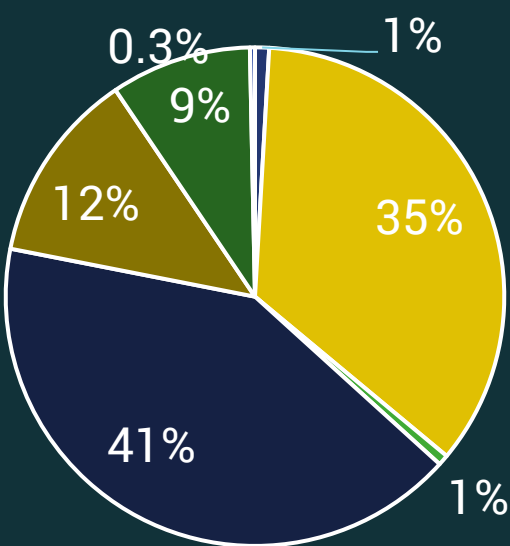
- IsDB issued its debut Green Sukuk in November 2019, raising €1 billion which would be committed to projects in renewable energy, clean transportation, energy efficiency, pollution prevention and control, environmentally sustainable management of natural living resources and land use and sustainable water and wastewater management across its 57 Member Countries.
- The Green Sukuk proceeds have been allocated to green projects in alignment with the Climate Change Mitigation and Climate Change Adaptation environmental objectives.

By Sector



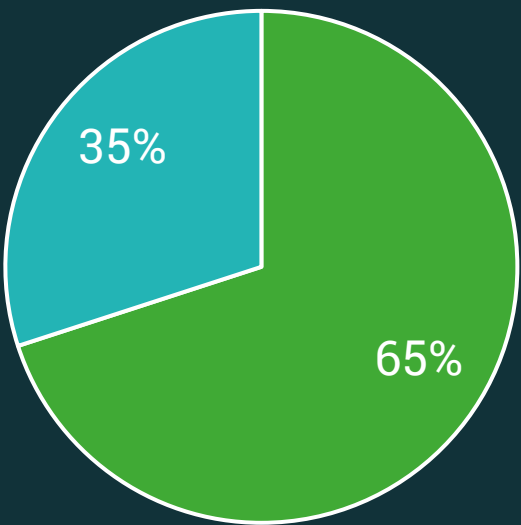
■ Renewable energy  
■ Renewable energy & energy efficiency  
■ Sustainable water and wastewater management  
■ Clean transportation  
■ Pollution prevention and control  
■ Blend - Land Use & Water

By Location



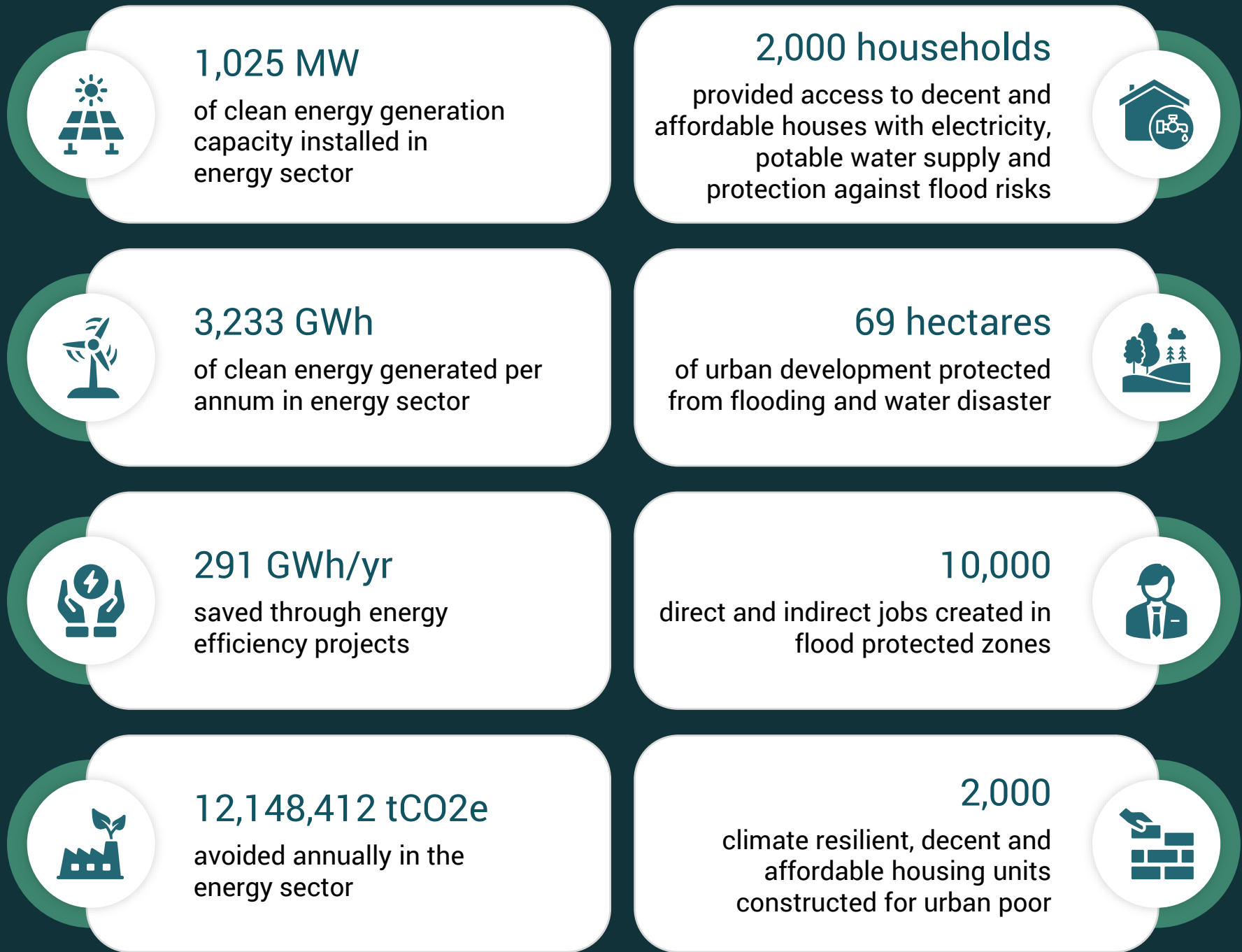
■ Maldives  
■ Turkey  
■ Uzbekistan  
■ Senegal  
■ Turkmenistan  
■ Tunisia  
■ UAE

By Type



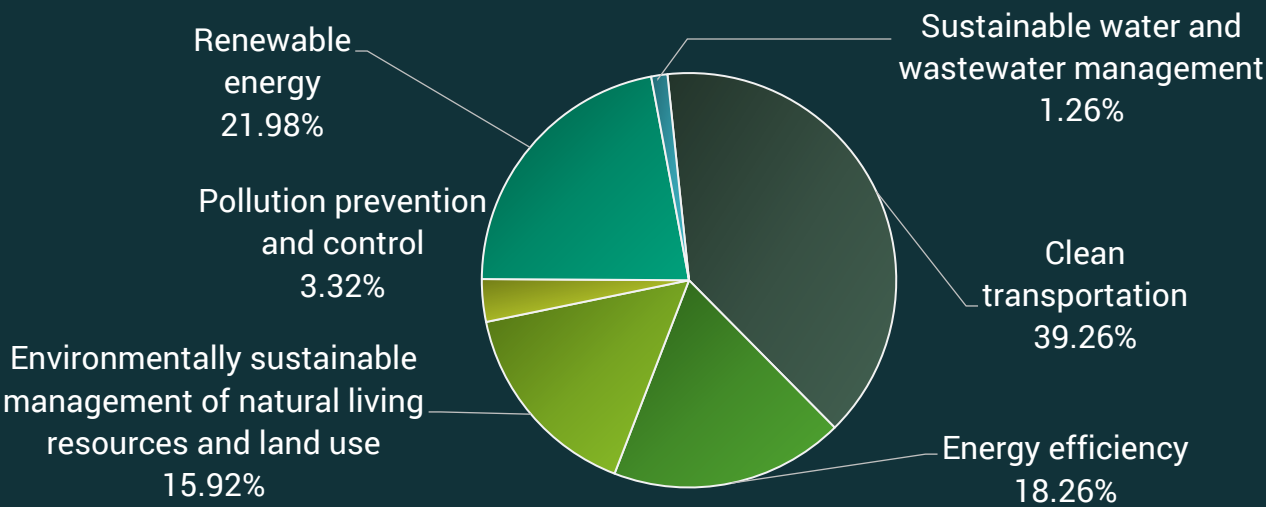
■ Refinancing  
■ New Financing

# Debut Green Sukuk Impact Report Highlights\*

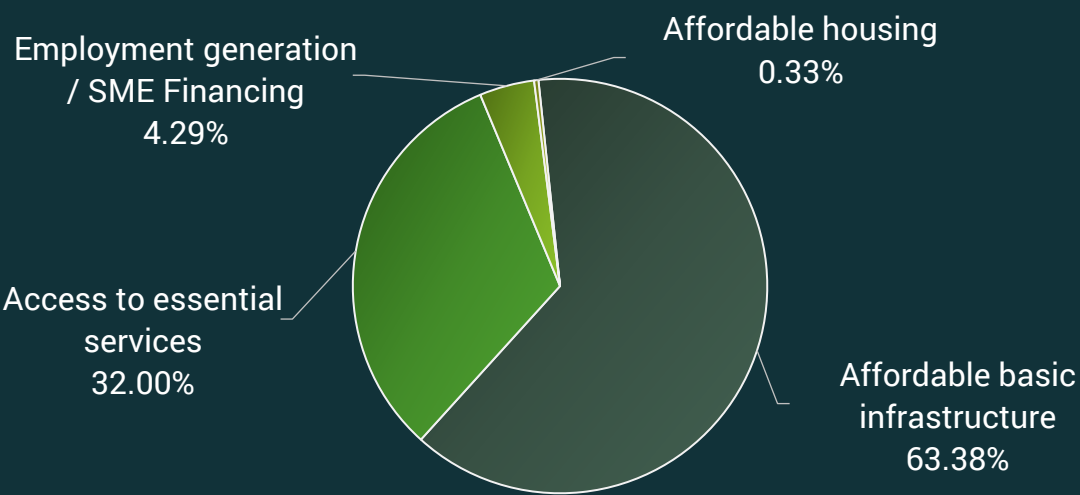


## Eligible Assets Portfolio

### Breakdown of Green Assets<sup>1</sup>



### Breakdown of Social Assets<sup>2,3</sup>



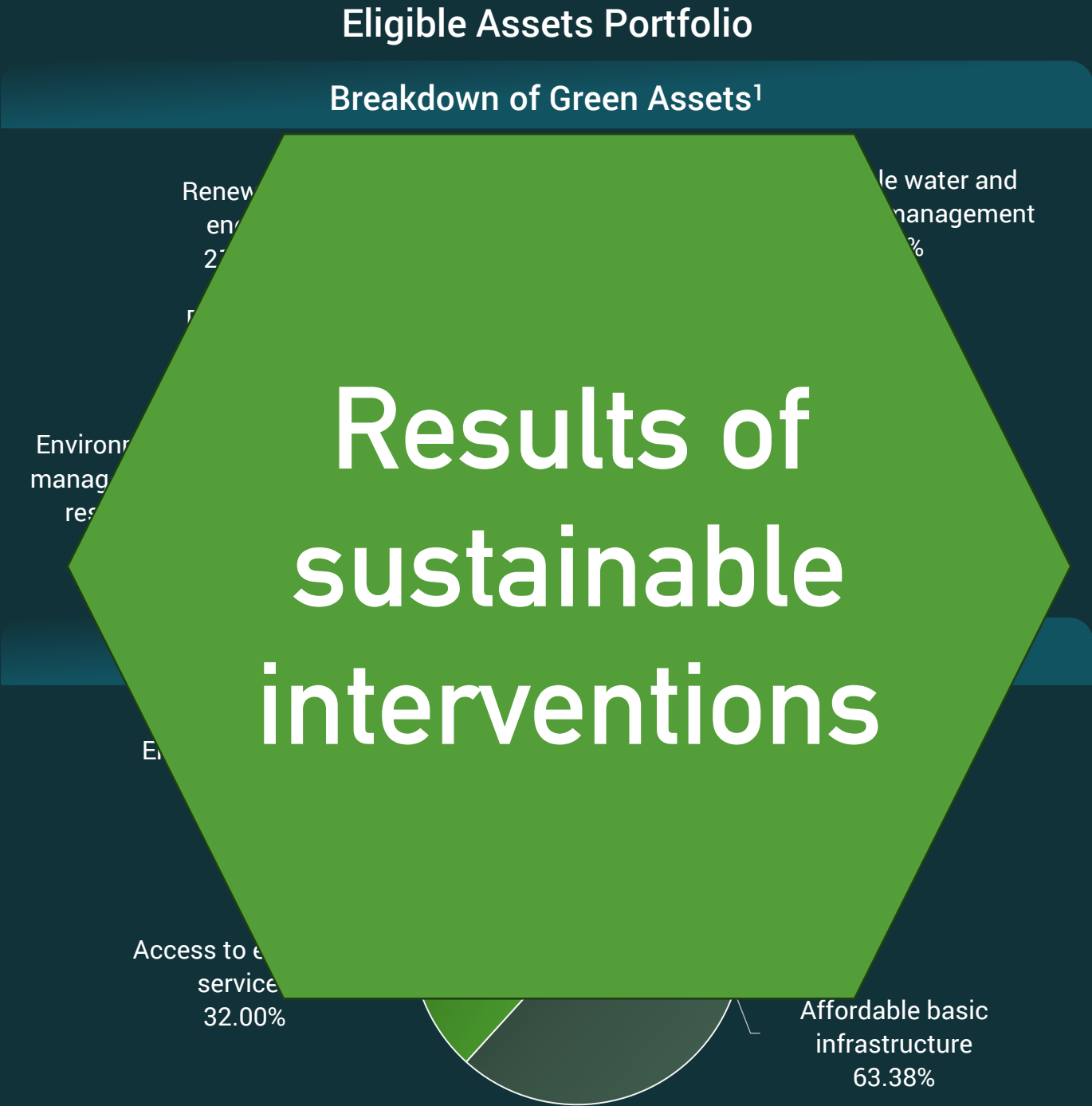
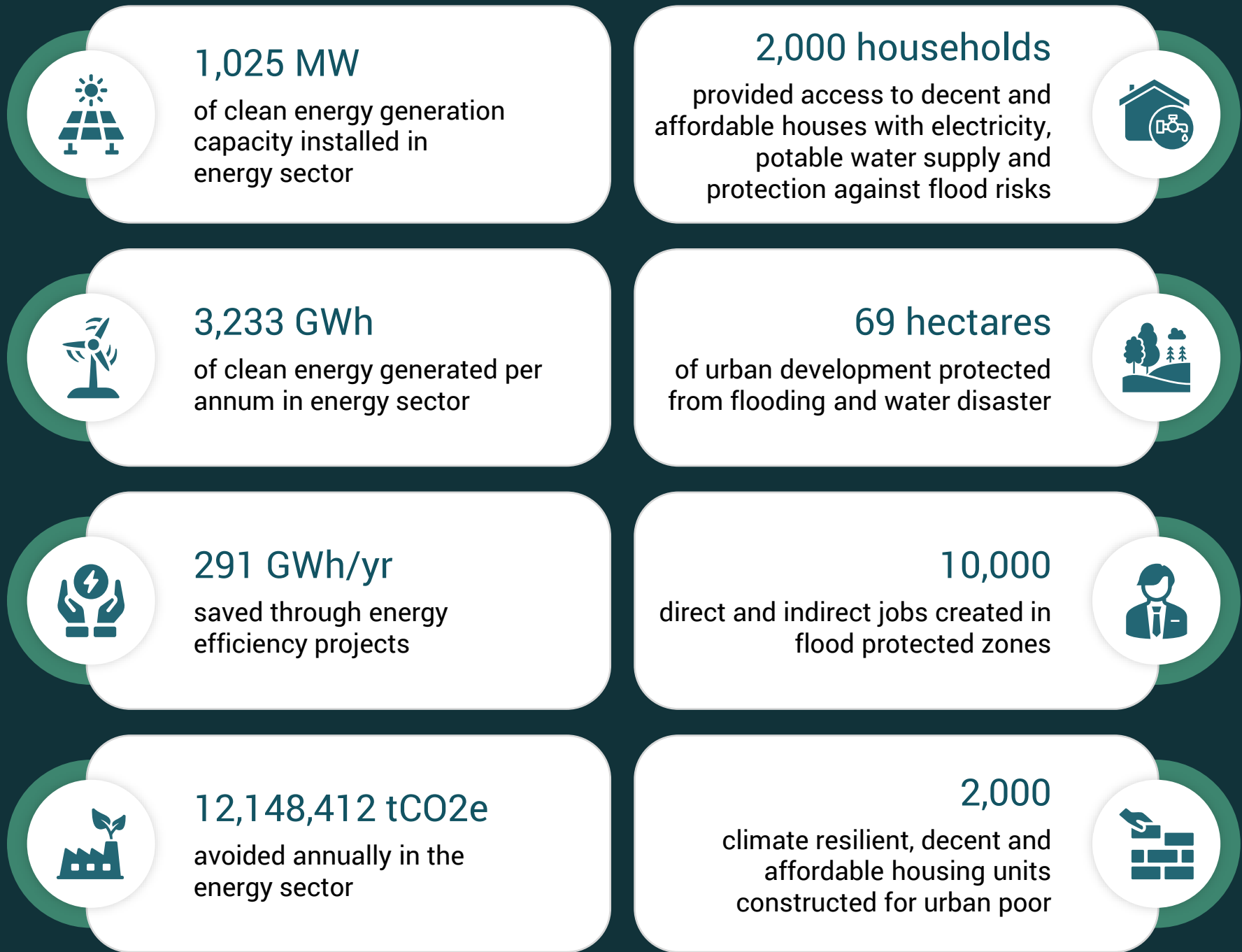
\* <https://www.isdb.org/pub/general-publications/2020/annual-impact-report-on-isdb-debut-green-sukuk-dec-2020>

1. EUR 1 billion worth of assets committed for Green Sukuk issued in November 2019

2. US\$ 1.5 billion worth of assets committed for Sustainability Sukuk issued in July 2020

3. US\$ 2.5 billion worth of assets committed for 2<sup>nd</sup> Sustainability Sukuk issued in Mar 2021

# Debut Green Sukuk Impact Report Highlights\*



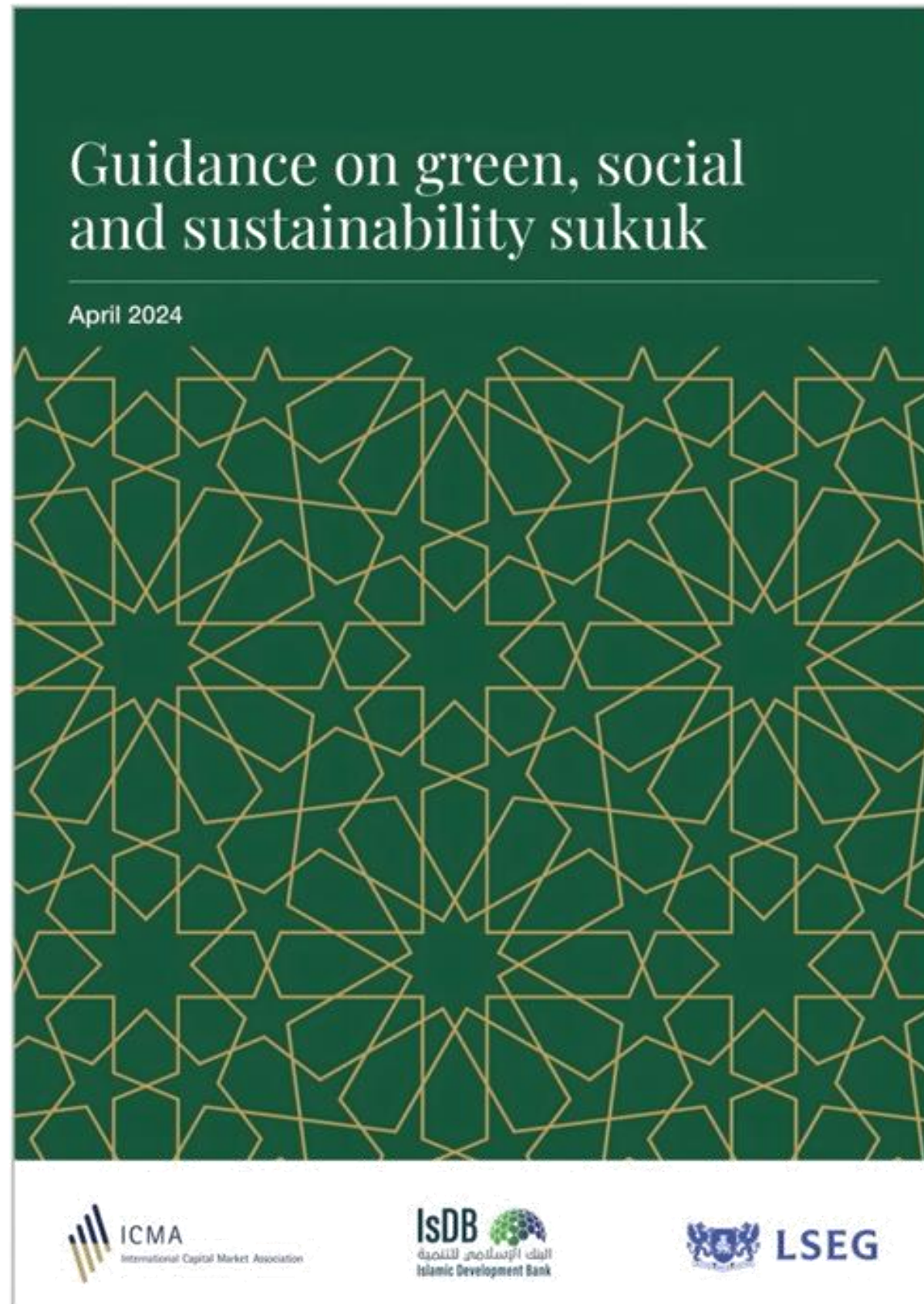
\* <https://www.isdb.org/pub/general-publications/2020/annual-impact-report-on-isdb-debut-green-sukuk-dec-2020>

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# Guidance on Green, Social and Sustainability Sukuk





## Documents link

<https://www.isdb.org/what-we-do/investor-relations>



شكرا جزيلا  
THANK YOU  
MERCI BEAUCOUP

# Key Terms of the IsDB’s Debut Green Sukuk issuance (Nov 2019)

Issuer	■ IDB Trust Services Limited (Jersey incorporated and fully guaranteed by IsDB) *
Guarantor / Obligor	■ The Islamic Development Bank
Issuer and Issuance Ratings	■ Aaa / AAA / AAA (Moody’s, S&P, Fitch) - zero-risk weight for ISDB guaranteed deals under BIS*
Structure	■ Fixed Rate, Senior, Unsecured Trust Certificates
Format	■ Regulation S
Currency	■ EUR
Amount	■ 1,000,000,000
Pricing Date	■ 27 November 2019
Tenor (Maturity)	■ 5-year (December 2024)
Coupon	■ 0.037%, p.a.
Use of Net Proceeds	■ To finance new or existing eligible projects in accordance with the IsDB Sustainable Finance Framework (renewable energy, clean transportation, energy efficiency, pollution prevention and control, environmentally sustainable management of natural living resources and land use and sustainable water and wastewater management)
Joint Bookrunners	■ Citi, First Abu Dhabi Bank, HSBC, LBBW, NATIXIS, Société Générale, and Standard Chartered Bank
Governing Law	■ English Law
Listings	■ Euronext Dublin, Bursa Malaysia (Exempt Regime) and Nasdaq Dubai
ISIN	■ XS2089242064

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

# Key Terms of the IsDB’s Debut COVID-19 Sustainability Sukuk Issuance (June 2020)

Issuer	■ IDB Trust Services Limited (Jersey incorporated and fully guaranteed by IsDB) *
Guarantor / Obligor	■ The Islamic Development Bank
Issuer and Issuance Ratings	■ Aaa / AAA / AAA (Moody’s, S&P, Fitch) – zero-risk weight for ISDB guaranteed deals under BIS *
Structure	■ Fixed Rate, Senior, Unsecured Trust Certificates
Format	■ Regulation S
Currency	■ USD
Amount	■ 1,500,000,000
Pricing Date	■ 18 June 2020
Tenor (Maturity)	■ 5-year (June 2025)
Coupon	■ 0.908% p.a., payable semi-annually in arrears
Use of Net Proceeds	■ To finance/refinance new/existing eligible projects in accordance with the IsDB Sustainable Finance Framework (under the Social Projects Category), to assist IsDB Member Countries in tackling the aftermath of the COVID-19 pandemic
Joint Bookrunners	■ Citi, Credit Agricole CIB, Emirates NBD, GIB Capital, HSBC, Islamic Corporation for the Development of the Private Sector, NATIXIS, Societe Generale CIB and Standard Chartered Bank
Governing Law	■ English Law
Listings	■ Euronext Dublin, Bursa Malaysia (Exempt Regime) and Nasdaq Dubai
ISIN	■ XS2194282195

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



# Key Terms of the IsDB’s Largest Sustainability Sukuk Issuance (Mar 2021)

Issuer	■ IsDB Trust Services No.2 SARL (Luxembourg incorporated and fully guaranteed by IsDB) *
Guarantor / Obligor	■ The Islamic Development Bank
Issuer and Issuance Ratings	■ Aaa / AAA / AAA (Moody’s, S&P, Fitch) – zero-risk weight for ISDB guaranteed deals under BIS *
Structure	■ Fixed Rate, Senior, Unsecured Trust Certificates
Format	■ Regulation S
Currency	■ USD
Amount	■ 2,500,000,000
Pricing Date	■ 24 March 2021
Tenor (Maturity)	■ 5-year (March 2026)
Coupon	■ 1.262% p.a., payable semi-annually in arrears
Use of Net Proceeds	■ To finance/refinance new/existing eligible projects in the social (90%) and green (10%) sectors in accordance with the IsDB Sustainable Finance Framework
Joint Bookrunners	■ Citi, Goldman Sachs International, HSBC, NATIXIS, Societe Generale, Standard Chartered Bank and Warba Bank
Governing Law	■ English Law
Listings	■ Euronext Dublin and Nasdaq Dubai
ISIN	■ XS2318745937

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