



الوكالة الإسلامية الدولية للتصنيف
Islamic International Rating Agency

IIRA Reaffirms Fiduciary Ratings of the International Islamic Trade Finance Corporation

Manama, December 30, 2019– Islamic International Rating Agency (“IIRA”) has reaffirmed the international scale ratings of The International Islamic Trade Finance Corporation (“ITFC” or “the Corporation”) at ‘AA- / A1’ (Double A Minus / A One) with ‘Stable’ outlook.

Incorporated in 2005, ITFC is a multilateral international institution (“MDI”) founded by Islamic Development Bank (“IsDB”). Domiciled in Jeddah, Kingdom of Saudi Arabia (“KSA” or Saudi Arabia), ITFC also maintains regional presence through its international offices. The Corporation’s mandate is to facilitate intra and international trade by serving sovereign and private sector clientele amongst the 57-member countries of the Organization of Islamic Cooperation (“OIC”).

ITFC’s risk profile has depicted positive traction since last year, with improved asset quality, robust profitability translating into strong internal capital generation, and still high financial flexibility despite gradually increasing leverage. Liquidity risk is deemed very low and further supported by a portfolio of marketable assets and cash reserves. Moreover, capitalization is strong vis-à-vis risk assets. Further, IIRA remains cognizant of concentration in the Corporation’s financing portfolio, with substantial exposure to relatively vulnerable economies and underlying volatile commodities. Sustained improvement in the macroeconomic fundamentals of the key exposure markets, or progressive decline in high risk segments, may warrant upward reassessment of ratings.

The overall rating also benefits from the Corporation’s status as an MDI, which is reflected in its sovereign and quasi sovereign ownership, its development supporting mandate and evidence of its status as a preferred creditor among its borrowers. Absence of callable capital, however, tempers the rating uplift on account of its MDI status. As such, the rating derives its strength from ITFC’s strong sponsors that are highly likely to support as and when needed. Albeit the reduced shareholding, IsDB remains the anchor shareholder (36.2% stake) followed by a sizable stake of 16.2% by the Kingdom of Saudi Arabia.

IIRA’s assessment on ITFC’s overall fiduciary score ranges between ‘76 – 80’, reflecting strong fiduciary standards, wherein rights of various stakeholders are protected. ITFC exhibits institutional stability in its governance infrastructure. The process of enhancement in the risk management framework is underway, though noteworthy strides have been made in this regard, in recent periods. While progress in terms of developing control and support functions independent from IsDB is evident, some of these functionalities remain co-sourced with IsDB – such as Shari’ah governance infrastructure to ensure

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homogeneity of practices within the entities of the IsDB Group. Public disclosures relating to interim financial reporting and governance may be further enhanced.

For further information on this rating announcement, please contact IIRA at iira@iirating.com.

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