

ISDB ANNOUNCES PLANS TO LAUNCH FIRST GREEN BOND

- The IsDB has successfully finalised a Sustainable Finance Framework to help issue the IsDB's first event Green Sukuk
- IsDB has now become the first AAA-rated institution to issue a Green Sukuk - an innovation that affirms IsDB's commitment to the SDGs while integrating climate considerations into the IsDB's financial offerings to its Member Countries
- IsDB and European Investment Bank (EIB) signed a Memorandum of Understanding (MOU) to strengthen cooperation and committed 1 billion each in co-financing through to 2024
- The announcement was made as part of the IsDB second European Sukuk Summit held in Luxembourg in partnership with the Minister for Finance, Pierre Gramegna, Grand Duchy of Luxembourg with speakers from The European Investment Bank, HSBC, World Bank, UNDP and special guest H.R.H Sansui Lamido Sanusi, The Emir of Kano

11.11.19 LUXEMBOURG - ISDB ANNOUNCES PLANS TO LAUNCH FIRST GREEN BOND

The Islamic Development Bank has today announced it has created an innovative Sustainable Finance Framework to utilise funds exclusively for green projects in IsDB Member Countries through and catalyse the role of the Bank's preferred financing tool – the Sukuk bond.

Through the new Framework, the /green Sukuk will be the first of its kind in Europe following the very first globally seen green Sukuk launched in Malaysia in 2017. The Sukuk will be issued to reflect the IsDB's ambitions to help leverage greater funds from capital markets into specifically green development projects by unlocking the necessary funds through Islamic financing, a method that places great importance on improving the quality of life, social equity and fair-trade relations and; forbids profiteering at the expense of others, or investment in businesses that damage society.

Since Sukuk was proven to easily fit into the current fixed income and bond system infrastructure and is already acceptable to many conventional fixed-income security investors, the involvement of an established financial hub like Luxembourg to set up the Framework contributes positively towards

further development of Islamic finance from the Sukuk and Capital market segment.

In a statement H.E. DR. Bandar Hajjar, President of the IsDB said: “It gives me great pleasure to announce that IsDB has finalized and published a Sustainable Finance Framework, under which we will be issuing our first-ever Green Sukuk this month. As we march ahead in our pursuit of the SDGs, the Framework allows us to leverage on innovative Islamic financing instruments such as the Green sukuk in order to mobilize resources for Green projects in our Member Countries.”

To mark the occasion, the IsDB held their annual *Sukuk Summit 2019: Investing for Development* in Luxembourg where key partners – including Ministry of Finance of Luxembourg as co-host - were gathered to welcome the announcement and explore the new opportunities within the Framework, and how these opportunities might be mobilised to help strengthen Luxembourg’s position as a leading Hub for Islamic Financing.

As part of the Summit, and reflecting on themes of the day, President Bandar Hajjar of the IsDB and President Hoyer of the EIB in the presence of Luxembourg Minister for Finance Pierre Gramegna signed an MOU to set out the framework of cooperation for co-financing. Each institution intends to dedicate funds worth USD1 billion over the next 5 years for co-investment in countries of joint operations. With a priority to countries in Africa and the Middle East – in particular in fragile countries, the financing will target jobs creation and growth; vital infrastructure; support for climate action; and technology and innovation.

Established in green and sustainable financing, Luxembourg was selected as a host for *Sukuk Summit 2019: Investing for Development*. It will provide fertile ground to explore ways to align Sukuk with the broader ambitions of the IsDB to achieve the Sustainable Development Goals and Paris Agreement before that.

The Minister for Finance of Luxembourg, Pierre Gramegna commented: “As a leading European hub for Islamic Finance and ranking 4th globally as a green financial centre, Luxembourg is without any doubt the ideal location to hold this year’s edition of the Sukuk Summit, as it will help to more closely connect Islamic finance with green and sustainable finance.” He added, “I welcome this Summit as an important step in forging a closer relationship and explore ways to scale up cooperation between

Luxembourg and the Islamic Development Bank, as we share the same goals: to act as catalysts in global efforts to move the necessary investments in sustainable development and climate projects from billions to trillions.”

Funds raised via Sukuk issuance are utilized by IsDB for its general corporate purposes, which include financing for medium and long-term projects in its Member Countries. Financing is provided in various sectors such as agriculture, infrastructure, energy, health and others. In recent years, IsDB has mainstreamed its focus on the SDGs in its operations.

In anticipation of the new issuance H.E. Dr Bandar Hajjar noted he was: “Very pleased to share that the Framework has been awarded a “Medium-Green Shading” as a Green Bond issuer and IsDB has been assigned an ESG Rating of a low-risk score of 11.5 out of 100. These achievements are testament of our commitment to the SDGs and are crucial in helping us achieve our strategic objective of inclusive sustainable development for all.”

Further comments from keynote speakers at the *Sukuk Summit 2019: Investing for Development* celebrated the new Framework.

Inspired by the announcement, panels on the day discussed topics within the wider theme of Sukuk and Islamic Financing including: Green Sukuk: Implementing a sustainable financial apparatus to achieve the SDGs; FinTech in Sukuk and Islamic Capital Markets; and Engaging the public sector: Building partnerships with the public sector to integrate Sukuk opportunities.

ENDS –

Notes to Editors

- A leading international financial centre and a trusted hub in Europe for Sharia-compliant investments, Luxembourg is a perfect location to hold the second Sukuk Summit.

- Thanks to its innovation-friendly regulatory public authorities and its comprehensive toolbox of investment vehicles, Luxembourg has acted as a European hub for Sharia-compliant investments.
- In 2002, the Luxembourg Stock Exchange listed the first Sukuk in Europe. In 2014 Luxembourg became the first country to issue a euro denominated sovereign Sukuk. Today, Luxembourg is the leading Islamic investment fund centre in Europe, and fourth in the world.
- The IsDB is one of the strongest-capitalized Multilateral Development Bank's with an equity-to-assets ratio of 39.6% as YE 2018 and among the lowest leveraged MDBs
- IsDB has an EMTN programme with a limit of US\$25 billion that is listed on Euronext Dublin, NASDAQ Dubai, and Bursa Malaysia (Exempt Regime)
- IsDB has demonstrated its commitment to the Sukuk market with successive frequent US\$ issuances since 2009
- IsDB plan to expand its Euro-denominated offerings and becomes a frequent EUR issuance
- All IsDB Sukuk issued under its MTN programme are AAA rated by the Major Rating Agencies
- All IsDB Sukuk issued under its MTN programme are classified as Zero-Risk Weighted Multilateral Developmental Bank (MDB) by the Basel Committee on Banking Supervision (BCBS)
- All IsDB Sukuk issued under its MTN programme are eligible as 'Level B' collateral for the Bank of England's operations
- All IsDB Sukuk issued under its MTN programme are eligible for inclusion in 'liquidity buffer' of banks under the supervision of the Financial Conduct Authority (FCA), UK.
- IsDB is A recognised Supranational issuer as per the European Central Bank (ECB)
- IsDB's Annual Funding plan range between \$4 Billion to \$5 Billion
- IsDB issued more than USD26 billion from its MTN program with about US\$ 15.1 billion remain outstanding.
- Year-to-date IsDB issued two USD benchmark Sukuk with a size of US\$1.5 Billion each

Full speaker list from the Sukuk Summit 2019

- H.E. DR. Bandar Hajjar, President, IsDB
- H.E. Pierre Gramegna, Minister for Finance, Grand Duchy of Luxembourg
- H.R.H Sanusi Lamido Sanusi, Emir of Kano, Nigeria
- H.E Mr Werner Hoyer, President, European Investment Bank
- H.E. Mr Robert Scharfe, CEO, Luxembourg Stock Exchange

- Ummahani Amin, Managing Partner, The Metropolitan Law Firm
- Alex Roussos, Partner, Dentons
- Farnam Bidgoli, Head of Sustainable Bonds, HSBC
- Denise Voss, Chairwoman, LuxFlag
- John Arentz, Head of Treasury, Majid Al Futaim
- Vineeta Tan, Managing Editor, Islamic Finance News
- Ron Akram, Head of Advisory Board of Wethaq
- Nida Khan, Doctoral Researcher, University of Luxembourg
- Marina Petrovic, Alternative Finance Expert, UNDP Istanbul Regional Hub
- Khalid Howladar, Chief Strategy & Risk Office, Blossom Finance
- Laurent Marochini, Head of Blockchain, Société Générale
- Michael Grifferty, President, Gulf Bond & Sukuk Association
- Mohammed Paracha, Partner, Norton Rose Fulbright
- Qudeer Latif, Partner, Clifford Chance
- Michael Bennett, Head of Derivative & Structured Finance, World Bank
- Arshadur Rahman, Manager, Bank of England

About the Sukuk Summit 2019: Investing for Development

The Islamic Development Bank (IsDB) is pleased to announce the second annual Sukuk Summit held in Luxembourg in partnership with the Ministry of Finance of the Grand Duchy of Luxembourg.

The Summit brings together Government Ministers, Central Bank Governors, business leaders, academics and industry experts to discuss global developments in the Sukuk-led Islamic Capital Markets and the synergies with the European financial industry. It features keynote speeches as well as dedicated panel discussions on Green Sukuk and sustainable financing, on the role of Fintech in Sukuk and on building partnerships with the public sector.

The Sukuk Summit follows the first of its kind from the IsDB in London, UK in March 2018.

About IsDB

The Islamic Development Bank is a multilateral development bank working to improve the lives and livelihoods of those we serve.

We promote social and economic development in Muslim countries and communities worldwide, delivering impact at scale. We believe all people have the right to live in dignity and prosperity, and that nurturing economic growth is the best route out of poverty.

We provide the innovation, infrastructure and investment needed for people to achieve their full potential, underpinned by our global leadership in Islamic Finance and AAA credit rating.

We build collaborative partnerships between communities and nations across the public and private sectors.

We foster innovative and sustainable solutions to the world's greatest development challenges, as we work towards the UN Sustainable Development Goals.

Media contacts

IsDB

Ciara Dullaghan

E: ciara.dullaghan@freuds.com / isdb@freuds.com

DL: +44 7540 913 773

Ministry of Finance, Luxembourg

Max Dorner

E: max.doerner@fi.etat.lu

DL: +352 247 – 82605

European Investment Bank

Sabine Parisse

E: s.parisse@eib.org

DL: +352 4379 83340