



# **IDB TRUST SERVICES LIMITED**

(Incorporated as a limited liability par value company in Jersey)

**Annual Report and Financial Statements and Independent Auditors' Report**

**Year ended 31 December 2017**

## **IDB TRUST SERVICES LIMITED**

(Incorporated as a limited liability par value company in Jersey)

Financial Statements for the year ended 31 December 2017

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## **IDB TRUST SERVICES LIMITED**

(Incorporated as a limited liability par value company in Jersey)

### **Directors Report**

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The Directors present their annual report and audited financial statements for the year ended 31 December 2017.

#### **Incorporation**

iDB Trust Services Limited (the "Trustee") was incorporated in Jersey on 17 February 2005 as a limited liability par value company pursuant to the Companies (Jersey) Law 1991, with registered number 89541. The registered office of the Trustee is 44 Esplanade, St Helier, Jersey JE4 9WG, Channel Islands.

All of the issued shares of the Trustee are held by, or on behalf of, Intertrust Corporate Trustee (Jersey) Limited as share trustee, under the terms of a declaration of trust dated 16 February 2005 establishing a charitable trust.

#### **Going Concern**

The Trustee is reliant on the continued support of the Islamic Development Bank ("IDB"), in IDB's capacity as the Wakeel (Agent) to service the Sukuk assets, in respect of the Trustee's ongoing activities. IDB have committed to provide all necessary support and accordingly the Directors have prepared the financial statements on the going concern basis.

#### **Principal Activities**

The principal objectives of the Trustee are set out in its Memorandum of Association and these permit the Trustee to act as trustee generally and to issue Trust Certificates in respect of any such Trust, to borrow or raise money and to grant security over its assets for the performance of its obligations or the payment of money. The Trustee was established to raise capital by the issue of Trust Certificates and to use the net proceeds of such issuance to purchase Sukuk Assets in accordance with a Purchase Agreement.

#### **Results**

The statement of comprehensive income for the year is set out on page 7. The Directors do not recommend the payment of a dividend for the year ended 31 December 2017 (31 Dec 2016 : USD Nil).

#### **Subsequent Events**

Details of subsequent events are set out in note 8 to the financial statements.

#### **Directors**

The Directors in office during the year ended 31 December 2017 and when the financial statements were approved are shown on page 25.

#### **Secretary**

The Secretary of the Trustee throughout the year, and subsequently, was Intertrust SPV Services Limited.

#### **By order of the Board**

For:

  
\_\_\_\_\_  
Intertrust SPV Services Limited

1 MAY 2018  
\_\_\_\_\_  
Date

**Cheryl Heslop**

## **IDB TRUST SERVICES LIMITED**

(Incorporated as a limited liability par value company in Jersey)

### **Statement of Directors' Responsibilities**

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The Companies (Jersey) Law 1991, as amended (the "Law") requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Trustee as at the end of the financial year and of the profit or loss of the Trustee for that year. Under that law, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trustee will continue in business.

The Directors are responsible for keeping accounting records which are sufficient to show and explain its transactions and are such as to disclose with reasonable accuracy at any time the financial position of the Trustee at that time, and to enable them to ensure that any financial statements prepared comply with the Law. They are also responsible for safeguarding the assets of the Trustee and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Statement of information to be made available to the auditor**

The Directors have taken all steps that they ought to have taken to make themselves aware of the information needed by the Trustee's auditor for the purpose of their audit and to ensure that the auditor is aware of that information. The Directors are not aware of any relevant information of which the auditor is unaware.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IDB TRUST SERVICES LIMITED

### Opinion

We have audited the financial statements of IDB Trust Services Limited ("the Company") for the year ended 31 December 2017 which comprise the Statement of Financial Position, Statement of Comprehensive Income, Statement of Cash Flows, Statement of Changes in Equity and notes 1 to 8 to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as issued by the International Accounting Standards Board; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The other information comprises the information included in the directors' report. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material



misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of Directors**

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company'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 the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Our objectives are to obtain reasonable assurance about whether the 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 ISAs (UK) 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

Christopher Stuart  
For and on behalf of BDO Limited  
Chartered Accountants  
Jersey, Channel Islands  
1 May 2018

**IDB TRUST SERVICES LIMITED**

(Incorporated as a limited liability par value company in Jersey)

**Statement of Financial Position**

**As at 31 December 2017**

(All amounts expressed in United States Dollars unless otherwise stated)

	Notes	31 December 2017	31 December 2016
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Amount due from Islamic Development Bank - Ordinary Capital Resources (IDB-OCR)	2 (c)	13,704,462,574	12,170,027,408
<b>Current Assets</b>			
Accrued net income on amount due from IDB-OCR		62,992,433	48,665,178
<b>Total Assets</b>		<b>13,767,455,007</b>	<b>12,218,692,586</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>			
<b>Shareholder's Equity</b>			
Share Capital	3	4	4
<b>Non-Current Liabilities</b>			
Trust Certificates	4	13,704,462,570	12,170,027,404
<b>Current Liabilities</b>			
Accrued returns on Trust Certificate		62,992,433	48,665,178
<b>Total Liabilities and Shareholder's Equity</b>		<b>13,767,455,007</b>	<b>12,218,692,586</b>



Director

Cheryl Heslop



Director

Stephen Langan

The financial statements were approved and authorized for issue on 1/5/18 by the Directors of the Trustee.

The attached notes from 1 through 8 form an integral part of these financial statements.

**IDB TRUST SERVICES LIMITED**

(Incorporated as a limited liability par value company in Jersey)

**Statement of Comprehensive Income****Year ended 31 December 2017**

(All amounts expressed in United States Dollars unless otherwise stated)

	Notes	31 December 2017	For the Period from 14 October 2015 to 31 December 2016
<b>Revenue</b>			
Net Income on amount due from IDB-OCR	2 (e)	226,486,069	208,642,508
<b>Expenses</b>			
Amortisation of transaction costs on issue of Trust Certificates		(2,636,595)	(3,099,180)
Return on Trust Certificates	4	(223,341,016)	(205,391,284)
Professional Fees	4	(508,458)	(152,044)
		<b>(226,486,069)</b>	<b>(208,642,508)</b>
<b>Profit for the period</b>		-	-
Other comprehensive income for the period		-	-
<b>Total Comprehensive Income for the Period</b>		-	-
Dividends paid		-	-
<b>Retained Earnings</b>		-	-

The attached notes from 1 through 8 form an integral part of these financial statements.

**IDB TRUST SERVICES LIMITED**

(Incorporated as a limited liability par value company in Jersey)

**Statement of Cash Flows****Year ended 31 December 2017**

(All amounts expressed in United States Dollars unless otherwise stated)

	Notes	31 December 2017	For the Period from 14 October 2015 to 31 December 2016
<b>MATERIAL NON-CASH TRANSACTIONS</b>			
Issue of Trust Certificates, the gross proceeds of which were credited directly to IDB-OCR	4	3,088,671,975	3,176,223,000
Transaction costs, payment of which were made by IDB-OCR	4	(1,123,405)	(3,248,232)
Redemption of Trust Certificates, payment of which was done directly by IDB-OCR		(1,555,750,000)	(1,346,643,800)
Net income received and credited directly to account due from IDB-OCR	4	226,486,069	208,642,508
Payments made on behalf of the Trust by IDB-OCR		(203,752,627)	(190,042,146)
Amortization of transaction costs	4	(2,636,595)	(3,099,180)

Note:

The Trustee does not have any cash funds as all cash transactions are undertaken by IDB-OCR.

The attached notes from 1 through 8 form an integral part of these financial statements.

**IDB TRUST SERVICES LIMITED**

(Incorporated as a limited liability par value company in Jersey)

**Statement of Changes in Equity**

Year ended 31 December 2017

(All amounts in United States Dollars unless otherwise stated)

	Note	Capital	Comprehensive Income	Total Equity
<b>Balance at 13 October 2015</b>	<b>3</b>	<b>4</b>	-	<b>4</b>
Profit for the period from 14 October 2015 to 31 December 2016		-	-	-
Other comprehensive income for the period from 14 October 2015 to 31 December 2016		-	-	-
Total comprehensive income for the period from 14 October 2015 to 31 December 2016		-	-	-
Dividends paid		-	-	-
<b>Balance at 31 December 2016</b>	<b>3</b>	<b>4</b>	-	<b>4</b>
Profit for the year		-	-	-
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	-	-
<b>Balance at 31 December 2017</b>	<b>3</b>	<b>4</b>	-	<b>4</b>

The attached notes from 1 through 8 form an integral part of these financial statements.

## **IDB TRUST SERVICES LIMITED**

(Incorporated as a limited liability par value company in Jersey)

### **Notes to the Financial Statements**

**Year ended 31 December 2017**

(All amounts expressed in United States Dollars unless otherwise stated)

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## **1. INCORPORATION AND ACTIVITIES**

IDB Trust Services Limited (the "Trustee") was incorporated in Jersey on 8 Muharram 1426H (17 February 2005G) as a limited liability par value company pursuant to the Companies (Jersey) Law 1991, with registration number 89541. The registered office of the Trustee is 44 Esplanade, St Helier, Jersey JE4 9WG, Channel Islands.

The Trustee's authorized share capital is £10,000 (USD 20,000), made up of 10,000 ordinary shares of £1.00 each, of which two ordinary shares of £1.00 (USD 2) each have been issued and are fully paid up.

All of the issued shares of the Trustee are held by, or on behalf of, Intertrust Corporate Trustee (Jersey) Limited as share trustee, under the terms of a declaration of trust dated 7 Muharram 1426H (16 February 2005G) establishing a charitable trust.

The principal objects of the Trustee, as set out in the Memorandum of Association, are to act as trustee generally and to issue trust certificates in respect of any such trust, to borrow or raise money and to grant security over its assets for the performance of its obligations or the payment of money.

The Trustee was established to raise funds by the issue of Trust Certificates and to use the net proceeds of such issuance to purchase the Sukuk Assets in accordance with a Trustee Purchase Agreement.

On 7 October 2015, an amended and restated Master Purchase Agreement was entered into between the Trustee and Islamic Development Bank – Ordinary Capital Resources (IDB-OCR), whereby the Trustee may issue, from time to time, up to USD 25 billion of Trust Certificates, in series. This replaced the original Master Purchase Agreement dated 28 July 2009, the 1st amendment to the Master Purchase Agreement dated 27 September 2010, the 2nd amendment to the Master Purchase Agreement dated 8 June 2012, and 3rd amendment to Master Purchase Agreement dated 24 December 2013 allowing the issuance of up to USD 1.5 billion, USD 3.5 billion, USD 6.5 billion and USD 10 billion of Trust Certificates respectively.

As part of the Agreement referred to above, IDB-OCR must, in respect of each series, create a separate and independent portfolio of assets comprising of:

- At least 33% tangible assets, comprised of Leased Assets (Ijara), Disbursing Istisna'a Assets, Shares and/or Sukuk; and
- No more than 67% intangible assets, comprised of Istisna'a Receivables and/or Murabaha Receivables.

The Board of Governors of IDB passed a resolution BG/4-436 (Dated: 11 June 2015) approving the use of the Solar Hijri calendar in determining the start and end dates of the financial year whilst maintaining the Lunar Hijri as the official calendar of the Bank. Thus, all future financial years of the Bank will cover the period equivalent from 1st January to 31st December.

The current financial statements cover a period of 365 days from 1 January 2017 to 31 December 2017 ("year ended 31 December 2017"). The comparative figures covering the period 14 October 2015 – 31 December 2016 ("period ended 31 December 2016") (equal to 444 days) are therefore not comparable.

## **2. SIGNIFICANT ACCOUNTING POLICIES**

### **a) Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards.

The financial statements are presented in United States Dollars (USD), which is the Trustee's functional and presentation currency as most of the Trust Certificates are denominated in USD.

## **IDB TRUST SERVICES LIMITED**

(Incorporated as a limited liability par value company in Jersey)

**Notes to the Financial Statements (continued)**

**Year ended 31 December 2017**

(All amounts expressed in United States Dollars unless otherwise stated)

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### **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **a) Basis of preparation (continued)**

The financial statements are prepared on the going concern basis under the historical cost convention.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented.

#### **(i) Standards, amendments and interpretations that have been adopted by the Trustee:**

There were no new standards adopted by the Trustee during the financial period ended 31 December 2017.

#### **(ii) Standards, amendments and interpretations that became effective for financial periods of the Trustee beginning on or after 1 January 2017 which had no effect on the financial statements of the Trustee.**

- Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative.
- Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses.
- Annual Improvements to IFRSs 2014–2016 Cycle amendments IFRS 12 Disclosure of Interests in Other Entities.

#### **(iii) New or revised IFRS standards and Interpretations which will become effective for financial periods of the Trustee beginning on or after 1 January 2017.**

Standards issued but not yet effective up to the date of issuance of the financial statements are listed below. The listing is of standards and interpretations issued and the Trustee intends to adopt the standards that are applicable when they become effective.

- Amendment to IFRS 2 - Classification and Measurement of Share Based Payment Transactions - Effective for annual period beginning 1 January 2018
- Amendment to IFRS 10 and IAS 28 - Sale or contribution of Assets between an Investor and its Associate or Joint venture - Effective date not yet determined
- Amendment to IAS 40 - Transfer of Investment property - Effective for annual period beginning 1 January 2018
- Annual improvements to IFRS standards 2014-2016 Cycle - Effective for annual period beginning 1 January 2018
- IFRIC 22 - Foreign currency transactions and advance consideration - Effective for annual period beginning 1 January 2018
- IFRS 16 - Leases - Effective for annual period beginning 1 January 2019
- IFRS 17 - Insurance Contracts - Effective for annual period beginning 1 January 2021

#### **b) Going concern**

The Trustee is reliant on the continued support of the Islamic Development Bank ("IDB"), in IDB's capacity as the Wakeel (Agent) to service the Sukuk assets, in respect of the Trustee's ongoing activities. IDB have committed to provide all necessary support and accordingly the Directors have prepared the financial statements on the going concern basis.

#### **c) Loans and receivables (Amount due from Islamic Development Bank – Ordinary Capital Resources)**

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method. Gains and losses are recognized in the statement of comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

## **IDB TRUST SERVICES LIMITED**

(Incorporated as a limited liability par value company in Jersey)

**Notes to the Financial Statements (continued)**

**Year ended 31 December 2017**

(All amounts expressed in United States Dollars unless otherwise stated)

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### **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **c) Loans and receivables (Amount due from IDB-OCR) (continued)**

The Trustee was established to raise funds by the issue of Trust Certificates and to use the net proceeds of such issuance to purchase the Sukuk Assets in accordance with a Master Purchase Agreement. Legal title of the Sukuk Assets passed from IDB-OCR to the Trustee. However, since IDB-OCR continues to guarantee any shortfall in the return to the Trust Certificate holders and also retains a residual interest in the assets transferred to the Trustee, the assets did not satisfy the derecognition criteria of International Accounting Standard Number 39 as the associated risks and rewards have not been transferred. Consequently, the Sukuk Assets continue to be recognized in the financial statements of IDB-OCR.

Accordingly, the Trustee has not recognized the transferred assets, or the associated derivative instruments, in its statement of financial position. The Trustee has recorded these assets as an amount due from IDB-OCR. This amount due is deemed to have the characteristics and terms that mirror the Trust Certificates. The Trustee also recognizes income based on the deemed terms of the amount due from IDB-OCR.

#### **d) Loans and borrowings (Trust Certificates issued)**

All loans and borrowings (Trust Certificates issued) are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the statement of comprehensive income when the liabilities are derecognized as well as through the amortization process.

#### **e) Revenue recognition**

Income is recognized on the amount due from IDB-OCR using the effective interest method on the amount of Trust certificates issued by the Trustee, and including amortization of transaction costs and related professional fees.

#### **f) Amortization of Transaction costs**

Transaction costs incurred on the issuance of Trust Certificates and additional transaction costs incurred over the Trust Certificates period are capitalized. The transaction costs are then amortized over the period of the Trust Certificates on a straight line basis. The amortization of transaction costs is charged to the statement of comprehensive income.

The unamortized transaction costs in respect of Trust Certificates redeemed earlier than the maturity dates are charged to the statement of comprehensive income when the Trust Certificates are redeemed.

#### **g) Translation of currencies**

Transactions in currencies are recorded at the exchange rates prevailing at the dates of the respective transactions. Monetary assets and liabilities denominated in foreign currencies are translated into United States Dollars at the statement of financial position date. Foreign currency exchange gains and losses, if any, are credited or charged to the statement of comprehensive income. The Trustee operates in US Dollars, Saudi Riyals, British Pounds and Euros.

#### **h) Impairment and non-collectability of financial assets**

An assessment is made at each statement of financial position date to determine whether there is objective evidence that a financial asset or group of financial assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss recognized for the difference between the recoverable amount and the carrying amount. Impairment losses are recognized in the statement of comprehensive income.

## IDB TRUST SERVICES LIMITED

(Incorporated as a limited liability par value company in Jersey)

Notes to the Financial Statements (continued)

Year ended 31 December 2017

(All amounts expressed in United States Dollars unless otherwise stated)

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### i) Cash and cash equivalents

The financial statements of the Trustee do not include any cash funds as all cash transactions are undertaken by IDB-OCR. The cash flow statement therefore comprises of non-cash transactions only.

#### j) Taxation

The Trustee is liable to pay Jersey income tax at 0%.

#### k) Expenses

All expenses have been accounted for on the accruals basis.

### 3. SHARE CAPITAL

#### Authorised:

10,000 ordinary shares of £ 1.00 each

#### Allotted, called up and fully paid

2 ordinary shares of £ 1.00 each

	2017 USD	2016 USD
	20,000	20,000
	4	4

### 4. TRUST CERTIFICATES

	2017 USD	2016 USD
Gross value of Trust Certificates in issue at the beginning of the year	12,177,398,000	10,347,818,800
Gross value of Trust Certificates issued during the year	3,088,671,975	3,176,223,000
Gross value of Trust Certificates redeemed during the year	(1,555,750,000)	(1,346,643,800)
<b>Gross value of Trust Certificates in issue at the end of the year</b>	<b>13,710,319,975</b>	<b>12,177,398,000</b>
Gross value of transaction costs relating to Trust Certificates at the beginning of the year	13,605,128	13,135,238
Gross value of transaction costs incurred during the year	1,123,405	3,248,232
Gross value of transaction costs written off due to redemption of Trust Certificates during the year	(1,659,639)	(2,778,342)
<b>Gross value of transaction costs at the end of the year</b>	<b>13,068,894</b>	<b>13,605,128</b>
Amortized transaction costs at the beginning of the year	6,234,534	5,913,696
Amortization for the year	2,636,595	3,099,180
Amortization written off on redemption during the year	(1,659,639)	(2,778,342)
<b>Amortization at the end of the year</b>	<b>7,211,490</b>	<b>6,234,534</b>
Net value of transaction costs	5,857,404	7,370,594
Net value of Trust Certificates	13,704,462,571	12,170,027,406

The Trust Certificates issued by the Trustee and referred to below are either listed on the London Stock Exchange, NASDAQ Dubai, Bursa Malaysia Securities Berhad or not listed.

IDB-OCR continues to recognize the Sukuk Assets and records the amounts due to the Trustee and ultimately to the holders of Trust Certificates as a liability in its financial statements. Accordingly, the Trustee has not recognized these assets in these financial statements. The amount paid to IDB-OCR against purchase of these assets is recorded as a receivable from IDB-OCR.

## IDB TRUST SERVICES LIMITED

(Incorporated as a limited liability par value company in Jersey)

Notes to the Financial Statements (continued)

Year ended 31 December 2017

(All amounts expressed in United States Dollars unless otherwise stated)

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### 4. TRUST CERTIFICATES (continued)

Each Trust Certificate of a particular Series represents an undivided beneficial ownership interest in the Sukuk Assets for such Series. Recourse against the Trustee in respect of its obligations under the Trust Certificates will be limited to the extent that funds for that purpose are available from the relevant Sukuk Assets.

The Hijri dates set out below are based on current expectations of such dates as at the date of the financial statements, the actual dates may vary.

- a) The Trustee issued Trust Certificates on 20 September 2010 (11 Shawwal 1431H) for SR 937.5 million (USD 250 million). The Trustee, on that date, applied the proceeds of such issue to purchase a portfolio of Sukuk Assets comprising certain Ijara (lease) contracts (SR 333 million) (USD 89 million), Murabaha (conditional sale) contracts (SR 210.5 million) (USD 56 million), Sukuk investments (SR 148 million) (USD 40 million), and Istisna'a (conditional sale of item to be manufactured) contracts (SR 246 million) (USD 65 million) from IDB-OCR.

The Trust Certificates were issued in denominations of SR 500,000 with a price of 100% of the aggregate principal amount of the Trust Certificates. Total transaction costs incurred to date amounted to SR 472,935 (USD 126,116). The Trust Certificates are not listed on any Stock Exchange.

The Trust Certificates mature on 20 September 2020 (3 Safar 1442H) and confer on Certificate Holders the right to receive semi-annual distributions commencing 20 March 2011 at the rate of 2.55 per cent per annum payable semi-annually in arrears. During the year ended 31 December 2017, the Trustee distributed SR 23,906,250 (USD 6,374,830) (31 December 2016: SR 23,906,250 (USD 6,375,340)) to the Certificate Holders and recognized returns amounting to SR 23,868,827 (USD 6,364,850) (31 December 2016: SR 29,152,344 (USD 7,772,836)).

- b) The Trustee issued Trust Certificates on 20 September 2010 (11 Shawwal 1431H) for SR 937.5 million (USD 250 million). The Trustee, on that date, applied the proceeds of such issue to purchase a portfolio of Sukuk Assets comprising certain Ijara (lease) contracts (SR 333 million) (USD 89 million), Murabaha (conditional sale) contracts (SR 133 million) (USD 35 million), Sukuk investments (SR 148 million) (USD 40 million), and Istisna'a (conditional sale of item to be manufactured) contracts (SR 324 million) (USD 86 million) from IDB-OCR.

The Trust Certificates were issued in denominations of SR 500,000 with a price of 100% of the aggregate principal amount of the Certificates. Total transaction costs incurred to date amounted to SR 472,935 (USD 126,116). The Trust Certificates are not listed on any Stock Exchange.

The Trust Certificates mature on 20 September 2020 (3 Safar 1442H) and confer on Certificate Holders the right to receive semi-annual distributions commencing 20 March 2011 at the floating rate of 6 month USD LIBOR plus 0.15 per cent per annum, payable semi-annually in arrears. During the year ended 31 December 2017, the Trustee distributed SR 14,161,850 (USD 3,776,392) (31 December 2016: SR 8,287,181 (USD 2,209,620)) to the Certificate Holders and recognized returns amounting to SR 14,698,785 (USD 3,919,571) (31 December 2016: SR 9,240,749 (USD 2,463,740)).

- c) The Trustee issued Trust Certificates on 30 January 2012 (7 Rabi' al-awwal 1433H) for GBP 100 million (USD 155.75 million). The Trustee, on that date, applied the proceeds of such issue to purchase a portfolio of Sukuk Assets comprising certain Murabaha (conditional sale) contracts (GBP 37 million) (USD 58 million), Sukuk investments (GBP 52 million) (USD 80 million) and Istisna'a (conditional sale of item to be manufactured) contracts (GBP 11 million) (USD 18 million) from IDB-OCR.

The Trust Certificates were issued in denominations of GBP 250,000 with a price of 100% of the aggregate principal amount of the Trust Certificates. Total transaction costs incurred to date amounted to USD 22,704. The Trust Certificates are not listed on any Stock Exchange.

## IDB TRUST SERVICES LIMITED

(Incorporated as a limited liability par value company in Jersey)

Notes to the Financial Statements (continued)

Year ended 31 December 2017

(All amounts expressed in United States Dollars unless otherwise stated)

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### 4. TRUST CERTIFICATES (continued)

The Trust Certificates matured on 30 January 2017 (2 Jumada al-awwal 1438H) and conferred on Certificate Holders the right to receive distributions commencing 30 April 2012 at the floating rate of 3 month GBP LIBOR plus 0.50 per cent per annum, payable quarterly in arrears. During the year ended 31 December 2017, the Trustee distributed GBP 225,320 (USD 304,453) (31 December 2016: GBP 1,341,168 (USD 1,724,339)) to the Certificate Holders and recognized returns amounting to GBP 74,281 (USD 100,369) (31 December 2016: GBP 1,270,096 (USD 1,633,579)).

- d) The Trustee issued Trust Certificates on 26 June 2012 (6 Sha'ban 1433H) for USD 800 million. The Trustee, on that date, applied the proceeds of such issue to purchase a portfolio of Sukuk Assets comprising certain Ijara (lease) contracts (USD 440 million), Murabaha (conditional sale) contracts (USD 72 million), Sukuk investments (USD 33 million) and Istisna'a (conditional sale of item to be manufactured) contracts (USD 255 million) from IDB-OCR.

The Trust Certificates were issued in denominations of USD 200,000 with a price of 100% of the aggregate principal amount of the Trust Certificates. Total transaction costs incurred to date amounted to USD 1,220,872. The Trust Certificates are listed on the London Stock Exchange and Bursa Malaysia.

The Trust Certificates matured on 26 June 2017 (2 Shawwal 1438H) and conferred on Certificate Holders the right to receive distributions commencing 26 December 2012 at the fixed rate of 1.357 per cent per annum, payable semi-annually in arrears. During the year ended 31 December 2017, the Trustee distributed USD 5,428,000 (31 December 2016: USD 16,284,000) to the Certificate Holders and recognized returns amounting to USD 5,277,222 (31 December 2016: USD 13,201,707).

- e) The Trustee issued Trust Certificates on 11 October 2012 (25 Dhul Qid'ah 1433H) for USD 500 million. The Trustee, on that date, applied the proceeds of such issue to purchase a portfolio of Sukuk Assets comprising certain Ijara (lease) contracts (USD 223 million) and Istisna'a (conditional sale of item to be manufactured) contracts (USD 277 million) from IDB-OCR.

The Trust Certificates were issued in denominations of USD 200,000 with a price of 100% of the aggregate principal amount of the Trust Certificates. Total transaction costs incurred to date amounted to USD 66,063. The Trust Certificates are not listed on any Stock Exchange.

The Trust Certificates matured on 11 October 2017 (21 Muharram 1439H) and conferred on Certificate Holders the right to receive distributions commencing 11 January 2013 at the floating rate of 3 month USD LIBOR plus 0.30 per cent per annum, payable quarterly in arrears. During the year ended 31 December 2017, the Trustee distributed USD 7,041,114 (31 December 2016: USD 4,345,000) to the Certificate Holders and recognized returns amounting to USD 5,694,535 (31 December 2016: USD 5,657,135).

- f) The Trustee issued Trust Certificates on 4 June 2013 (25 Rajab 1434H) for USD 1,000 million. The Trustee, on that date, applied the proceeds of such issue to purchase a portfolio of Sukuk Assets comprising certain Istisna'a (conditional sale of item to be manufactured) contracts (USD 933 million) and Sukuk investments (USD 67 million) from IDB-OCR.

The Trust Certificates were issued in denominations of USD 200,000 with a price of 100% of the aggregate principal amount of the Trust Certificates. Total transaction costs incurred to date amounted to USD 1,832,719. The Trust Certificates are listed on the London Stock Exchange and Bursa Malaysia.

## IDB TRUST SERVICES LIMITED

(Incorporated as a limited liability par value company in Jersey)

### Notes to the Financial Statements (Continued)

Year ended 31 December 2017

(All amounts expressed in United States Dollars unless otherwise stated)

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#### 4. TRUST CERTIFICATES (continued)

The Trust Certificates mature on 4 June 2018 (20 Ramadan 1439H) and confer on Certificate Holders the right to receive semi-annual distributions commencing 4 December 2013 at the fixed rate of 1.535 per cent per annum, payable semi-annually in arrears. During the period ended 31 December 2017, the Trustee distributed USD 15,350,000 (31 December 2016: USD 23,025,000) to the Certificate Holders and recognized returns amounting to USD 15,385,257 (31 December 2016: USD 18,619,606).

- g) The Trustee issued Trust Certificates on 6 March 2014 (5 Jumada –al-awwal 1435H) for USD 1,500 million. The Trustee, on that date, applied the proceeds of such issue to purchase a portfolio of Sukuk Assets comprising certain Ijara (lease) contracts (USD 370 million), Istisna'a (conditional sale of item to be manufactured) contracts (USD 484 million), Instalment sales (USD 516 million), and Sukuk investments (USD 130 million) from IDB-OCR.

The Trust Certificates were issued in denominations of USD 200,000 with a price of 100% of the aggregate principal amount of the Trust Certificates. Total transaction costs incurred to date amounted to USD 1,969,725. The Trust Certificates are listed on the London Stock Exchange, Bursa Malaysia and NASDAQ Dubai.

The Trust Certificates mature on 6 March 2019 (29 Jumada al-thani 1440H) and confer on Certificate Holders the right to receive semi-annual distributions commencing 6 September 2014 at the fixed rate of 1.8125 per cent per annum, payable semi-annually in arrears. During the year ended 31 December 2017, the Trustee distributed USD 27,187,500 (31 December 2016: USD 27,187,500) to the Certificate Holders and recognized returns amounting to USD 27,334,331 (31 December 2016: USD 32,954,204).

- h) The Trustee issued Trust Certificates on 22 April 2014 (22 Jumada al-thani 1435H) for USD 100 million. The Trustee, on that date, applied the proceeds of such issue to purchase a portfolio of Sukuk Assets comprising certain Istisna'a (conditional sale of item to be manufactured) contracts (USD 61 million) and Sukuk investments (USD 39 million) from IDB-OCR.

The Trust Certificates were issued in denominations of USD 100,000 with a price of 100% of the aggregate principal amount of the Trust Certificates. Total transaction costs incurred to date amounted to USD 350,000. The Trust Certificates are not listed on any Stock Exchange.

The Trust Certificates matured on 22 April 2017 (25 Rajab 1438H) and conferred on Certificate Holders the right to receive annual distributions commencing 22 April 2015G at the fixed rate of 0.90 per cent per annum, payable annually in arrears. During the year ended 31 December 2017, the Trustee distributed USD 900,000 (31 December 2016: USD 900,000) to the Certificate Holders and recognized returns amounting to USD 265,000 (31 December 2016: USD 1,100,000).

- i) The Trustee issued Trust Certificates on 17 July 2014 (20 Ramadan 1435H) for USD 1,000 million. The Trustee, on that date, applied the proceeds of such issue to purchase a portfolio of Sukuk Assets comprising certain Ijara (lease) contracts (USD 264 million), Istisna'a (conditional sale of item to be manufactured) contracts (USD 226 million), Instalment sales (USD 312 million), and Sukuk investments (USD 198 million) from IDB-OCR.

The Trust Certificates were issued in denominations of USD 200,000 (with integral multiples of USD 1,000 in excess thereof) with a price of 100% of the aggregate principal amount of the Trust Certificates. Total Transaction costs incurred to date amounted to USD 155,881. The Trust Certificates are listed on the London Stock Exchange.

The Trust Certificates mature on 17 July 2019 (14 Dhul Qid'ah 1440H) and confer on Certificate Holders the right to receive semi-annual distributions commencing 17 January 2015G at the fixed rate of 1.8118 per cent per annum, payable semi-annually in arrears. During the year ended 31 December 2017, the Trustee distributed USD 18,118,000 (31 December 2016: USD 18,118,000) to the Certificate Holders and recognized returns amounting to USD 18,118,000 (31 December 2016: USD 22,050,756).

## IDB TRUST SERVICES LIMITED

(Incorporated as a limited liability par value company in Jersey)

### Notes to the Financial Statements (continued)

Year ended 31 December 2017

(All amounts expressed in United States Dollars unless otherwise stated)

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#### 4. TRUST CERTIFICATES (continued)

- j) The Trustee issued Trust Certificates on 25 September 2014 (1 Dhul Hijjah 1435H) for USD 1,500 million. The Trustee, on that date, applied the proceeds of such issue to purchase a portfolio of Sukuk Assets comprising certain Ijara (lease) contracts (USD 688 million), Istisna'a (conditional sale of item to be manufactured) contracts (USD 772 million) and Sukuk investments (USD 40 million) from IDB-OCR.

The Trust Certificates were issued in denominations of USD 200,000 with a price of 100% of the aggregate principal amount of the Trust Certificates. Total transaction costs incurred to date amounted to USD 2,116,375. The Trust Certificates are listed on the London Stock Exchange, Bursa Malaysia and NASDAQ Dubai.

The Trust Certificates mature on 25 September 2019 (26 Muharram 1441H) and confer on Certificate Holders the right to receive semi-annual distributions commencing 25 March 2015G at the fixed rate of 2.1111 per cent per annum, payable semi-annually in arrears. During the year ended 31 December 2017, the Trustee distributed USD 31,665,000 (31 December 2016: USD 31,665,000) to the Certificate Holders and recognized returns amounting to USD 31,831,818 (31 December 2016: USD 38,566,570).

- k) The Trustee issued Trust Certificates on 20 October 2014 (26 Dhul Hijjah 1435H) for EUR 300 million (USD 382.7 million). The Trustee, on that date, applied the proceeds of such issue to purchase a portfolio of Sukuk Assets comprising certain Istisna'a (conditional sale of item to be manufactured) contracts (EUR 63 million) (USD 81 million), Instalment sales (EUR 191 million) (USD 243 million), and Sukuk investments (EUR 46 million) (USD 59 million) from IDB-OCR.

The Trust Certificates were issued in denominations of EUR 100,000 with a price of 100% of the aggregate principal amount of the Trust Certificates. Total transaction costs incurred to date amounted to USD 227,005. The Trust Certificates are not listed on any Stock Exchange.

The Trust Certificates mature on 20 October 2018 (11 Safar 1440H) and confer on Certificate Holders the right to receive annual distributions commencing 20 October 2015G at the fixed rate of 0.33 per cent per annum, payable annually in arrears. During the year ended 31 December 2017, the Trustee distributed EUR 990,000 (USD 1,188,204) (31 December 2016: EUR 1,980,000 (USD 2,153,850)) to the Certificate Holders and recognized returns amounting to EUR 987,287 (USD 1,184,949) (31 December 2016: EUR 1,193,500 (USD 1,324,993)).

- l) The Trustee issued Trust Certificates on 12 March 2015G (21 Jumada I 1436H) for USD 1 billion. The Trustee, on that date, applied the proceeds of such issue to purchase a portfolio of Sukuk Assets comprising certain Istisna'a (conditional sale of item to be manufactured) contracts (USD 444 million), Ijara (lease) contracts (USD 303 million) Instalment sales (USD 142 million), and Sukuk investments (USD 111 million) from IDB-OCR.

The Trust Certificates were issued in denominations of USD 200,000 with a price of 100% of the aggregate principal amount of the Trust Certificates. Total transaction costs incurred to date amounted to USD 1,590,427. The Trust Certificates are listed London Stock Exchange, Bursa Malaysia and NASDAQ Dubai.

The Trust Certificates mature on 12 March 2019 (5 Rabi II 1440H) and confer on Certificate Holders the right to receive annual distributions commencing 12 September 2015G at the fixed rate of 1.831 per cent per annum, payable semi-annually in arrears. During the year ended 31 December 2017, the Trustee distributed USD 18,310,000 (31 December 2016: USD 18,310,000) to the Certificate Holders and recognized returns amounting to USD 18,391,771 (31 December 2016: USD 22,297,118).

## IDB TRUST SERVICES LIMITED

(Incorporated as a limited liability par value company in Jersey)

### Notes to the Financial Statements (continued)

Year ended 31 December 2017

(All amounts expressed in United States Dollars unless otherwise stated)

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#### 4. TRUST CERTIFICATES (continued)

- m) The Trustee issued Trust Certificates on 13 July 2015G (25 Ramadan 1436H) for EUR 100 million (USD 111.4 million). The Trustee, on that date, applied the proceeds of such issue to purchase a portfolio of Sukuk Assets comprising certain Istisna'a (conditional sale of item to be manufactured) contracts (EUR 60 million) (USD 66.8 million), and Sukuk investments (EUR 40 million) (USD 44.6 million) from IDB-OCR.

The Trust Certificates were issued in denominations of EUR 100,000 with a price of 100% of the aggregate principal amount of the Trust Certificates. Total transaction costs incurred to date amounted to EUR 39,835 (USD 44,407). The Trust Certificates are not listed on any Stock Exchange.

The Trust Certificates mature on 13 July 2020 (22 Dhul Qada 1441H) and confer on Certificate Holders the right to receive annual distributions commencing 13 July 2016 at the fixed rate of 0.31 per cent per annum, payable annually in arrears. During the year ended 31 December 2017, the Trustee distributed EUR 310,000 (USD 348,534) to the Certificate Holders and recognized returns amounting to EUR 307,982 (USD 369,643) (31 December 2016: EUR 378,027 (USD 419,297)).

- n) The Trustee issued Trust Certificates on 15 September 2015G (2 Dhul Hijjah 1436H) for EUR 100 million (USD 113.2 million). The Trustee, on that date, applied the proceeds of such issue to purchase a portfolio of Sukuk Assets comprising certain Ijara (lease) contracts (EUR 36 million) (USD 40.8 million), and Sukuk investments (EUR 64 million) (USD 72.4 million) from IDB-OCR.

The Trust Certificates were issued in denominations of EUR 100,000 with a price of 100% of the aggregate principal amount of the Trust Certificates. Total transaction costs incurred to date amounted to USD 58,553. The Trust Certificates are not listed on any Stock Exchange.

The Trust Certificates mature on 15 September 2020 (27 Muharam 1442H) and confer on Certificate Holders the right to receive annual distributions commencing 15 September 2016 at the fixed rate of 0.23 per cent per annum, payable annually in arrears. During the year ended 31 December 2017, the Trustee distributed EUR 230,000 (USD 276,047) (31 December 2016: EUR 230,000 (USD 258,590)) to the Certificate Holders and recognized returns amounting to EUR 229,063 (USD 274,923) (31 December 2016: EUR 280,472 (USD 311,092)).

- o) The Trustee issued Trust Certificates on 9 October 2015G (26 Dhul Hijjah 1436H) for EUR 300 million (USD 337.9 million). The Trustee, on that date, applied the proceeds of such issue to purchase a portfolio of Sukuk Assets comprising certain Ijara (lease) contracts (EUR 132 million) (USD 148.6 million), and Sukuk investments (EUR 168 million) (USD 189.4 million) from IDB-OCR.

The Trust Certificates were issued in denominations of EUR 100,000 with a price of 100% of the aggregate principal amount of the Trust Certificates. Total transaction costs incurred to date amounted to USD 494,447. The Trust Certificates are not listed on any Stock Exchange.

The Trust Certificates mature on 9 October 2020 (22 Safar 1442H) and confer on Certificate Holders the right to receive annual distributions commencing 9 October 2016 at the fixed rate of 0.318 per cent per annum, payable annually in arrears. During the year ended 31 December 2017, the Trustee distributed EUR 954,000 (USD 1,144,996) (31 December 2016: EUR 954,000 (USD 1,002,944)) to the Certificate Holders and recognized returns amounting to EUR 948,373 (USD 1,138,243) (31 December 2016: EUR 1,145,054 (USD 1,271,331)).

- p) The Trustee issued Trust Certificates on 29 February 2016 (20 Jumada-al-awwal 1437H) for EUR 300 million (USD 326 Million). The Trustee, on that date, applied the proceeds of such issue to purchase a portfolio of Sukuk Assets comprising certain Instalment sales contracts EUR 123 million (USD 134 Million), Sukuk investments EUR 111 Million (USD 121 Million) and Istisna'a (conditional sale of item to be manufactured) contracts EUR 66 million (USD 72 Million) from IDB-OCR.

## IDB TRUST SERVICES LIMITED

(Incorporated as a limited liability par value company in Jersey)

### Notes to the Financial Statements (continued)

Year ended 31 December 2017

(All amounts expressed in United States Dollars unless otherwise stated)

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#### 4. TRUST CERTIFICATES (continued)

The Trust Certificates were issued in denominations of EUR 100,000 (with integral multiples of EUR 1,000) with a price of 100% of the aggregate principal amount of the Trust Certificates. Total transaction costs incurred to date amounted to USD 15,394. The Trust Certificates are listed on the London Stock Exchange.

The Trust Certificates mature on 1 March 2023 (9 Shaban 1444H) and confer on Certificate Holders the right to receive annual distributions commencing 1 March 2017 at the fixed rate of 0.255 per cent per annum, payable annually in arrears. During the year ended 31 December 2017, the Trustee distributed EUR 765,000 (USD 918,157) (31 December 2016: EUR Nil) to the Certificate Holders and recognized returns amounting to EUR 762,904 (USD 915,642) (31 December 2016: EUR 641,342 (USD 707,140)).

- a) The Trustee issued Trust Certificates on 10 March 2016 (1 Jumada-al-sani 1437H) for USD 1,500 million. The Trustee, on that date, applied the proceeds of such issue to purchase a portfolio of Sukuk Assets comprising certain Instalment sales contracts (USD 200 million), Ijara (lease) contracts (USD 431 million) and Istisna'a (conditional sale of item to be manufactured) contracts (USD 869 million) from IDB-OCR.

The Trust Certificates were issued in denominations of USD 200,000 (with integral multiples of USD 1,000) with a price of 100% of the aggregate principal amount of the Trust Certificates. Total transaction costs incurred to date amounted to USD 1,872,691. The Trust Certificates are listed London Stock Exchange, Bursa Malaysia and NASDAQ Dubai.

The Trust Certificates mature on 10 March 2021 (26 Shaban 1442H) and confer on Certificate Holders the right to receive semi-annual distributions commencing 10 September 2016 at the fixed rate of 1.775 per cent per annum, payable semi-annually in arrears. During the year ended 31 December 2017, the Trustee distributed USD 26,625,000 (31 December 2016: USD 13,312,500) to the Certificate Holders and recognized returns amounting to USD 26,680,265 (31 December 2016: USD 21,595,833).

- r) The Trustee issued Trust Certificates on 19 September 2016 (18 Dhul Hijjah 1437H) for USD 100 million. The Trustee, on that date, applied the proceeds of such issue to purchase a portfolio of Sukuk Assets comprising certain Instalment sales contracts (USD 27 million), Ijara (lease) contracts (USD 42 million) and Istisna'a (conditional sale of item to be manufactured) contracts (USD 31 million) from IDB-OCR.

The Trust Certificates were issued in denominations of USD 200,000 (with integral multiples of USD 1,000) with a price of 100% of the aggregate principal amount of the Trust Certificates. Total transaction costs incurred to date amounted to USD 62,254. The Trust Certificates are not listed on any Stock Exchange.

The Trust Certificates mature on 19 September 2021 (12 Safar 1443H) and confer on Certificate Holders the right to receive semi-annual distributions commencing 16 December 2016 at the floating rate of 3M USD LIBOR plus 0.43 per cent per annum payable quarterly in arrears. During the year ended 31 December 2017, the Trustee distributed USD 784,000 (31 December 2016: USD 322,000) to the Certificate Holders and recognized returns amounting to USD 969,637 (31 December 2016: USD 338,407).

- s) The Trustee issued Trust Certificates on 7 December 2016 (8 Rabi Al-Awwal 1438H) for USD 1,250 million. The Trustee, on that date, applied the proceeds of such issue to purchase a portfolio of Sukuk Assets comprising certain Instalment sales contracts (USD 173 million), Ijara (lease) contracts (USD 522 million) and Istisna'a (conditional sale of item to be manufactured) contracts (USD 555 million) from IDB-OCR.

## IDB TRUST SERVICES LIMITED

(Incorporated as a limited liability par value company in Jersey)

Notes to the Financial Statements (continued)

Year ended 31 December 2017

(All amounts expressed in United States Dollars unless otherwise stated)

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### 4. TRUST CERTIFICATES (continued)

The Trust Certificates were issued in denominations of USD 200,000 (with integral multiples of USD 1,000) with a price of 100% of the aggregate principal amount of the Trust Certificates. Total transaction costs incurred to date amounted to USD 1,253,381. The Trust Certificates are listed London Stock Exchange, Bursa Malaysia and NASDAQ Dubai.

The Trust Certificates mature on 7 December 2021 (3 Jumada Al-Awwal 1443H) and confer on Certificate Holders the right to receive semi-annual distributions commencing 6 June 2017 at the fixed rate of 2.263 per cent per annum, payable semi-annually in arrears. During the year ended 31 December 2017, the Trustee distributed USD 28,293,750 (31 December 2016: USD Nil) to the Certificate Holders and recognized returns amounting to USD 28,343,656 (31 December 2016: USD 1,886,667).

- t) The Trustee issued Trust Certificates on 24 February 2017 (27th Jumada Al-Awwal 1438H) for EUR 300 million. The Trustee, on that date, applied the proceeds of such issue to purchase a portfolio of Sukuk Assets comprising certain Instalment sales contracts (EUR 62 Million), Ijara (lease) contracts (EUR 120 million) and Istisna'a (conditional sale of item to be manufactured) contracts (EUR 118 million) from IDB-OCR.

The Trust Certificates were issued in denominations of EUR 100,000 (with integral multiples of EUR 1,000) with a price of 100% of the aggregate principal amount of the Trust Certificates. Total transaction costs incurred to date amounted to USD 35,743. The Trust Certificates are not listed on any Stock Exchange.

The Trust Certificates mature on 10 March 2021 (14th Shaban 1445H) and confer on Certificate Holders the right to receive annual distributions commencing 24 February 2018 at the fixed rate of 0.374 per cent per annum payable annually in arrears. During the year ended 31 December 2017, the Trustee distributed EUR NIL (31 December 2016: EUR NIL) to the Certificate Holders and recognized returns amounting to EUR 952,931 (USD 1,143,714) (31 December 2016: EUR NIL).

- u) The Trustee issued Trust Certificates on 27 February 2017 (30th Jumada Al-Awwal 1438H) for EUR 150 million. The Trustee, on that date, applied the proceeds of such issue to purchase a portfolio of Sukuk Assets comprising certain Ijara (lease) contracts (EUR 55 million) and Istisna'a (conditional sale of item to be manufactured) contracts (EUR 95 million) from IDB-OCR.

The Trust Certificates were issued in denominations of EUR 100,000 (with integral multiples of EUR 1,000) with a price of 100% of the aggregate principal amount of the Trust Certificates. Total transaction costs incurred to date amounted to USD 35,743. The Trust Certificates are not listed on any Stock Exchange.

The Trust Certificates mature on 27 February 2024 (17 Shaban 1445H) and confer on Certificate Holders the right to receive annual distributions commencing 26 February 2018 at the fixed rate of 0.35 per cent per annum, payable annually in arrears. During the year ended 31 December 2017, the Trustee distributed EUR NIL (31 December 2016: EUR NIL) to the Certificate Holders and recognized returns amounting to EUR 441,575 (USD 529,981) (31 December 2016: EUR NIL).

- v) The Trustee issued Trust Certificates on 12 April 2017 (15 Rajab 1438H) for USD 1,250 million. The Trustee, on that date, applied the proceeds of such issue to purchase a portfolio of Sukuk Assets comprising certain Instalment sales contracts (USD 24 million), Ijara (lease) contracts (USD 440 million) and Istisna'a (conditional sale of item to be manufactured) contracts (USD 67 million) and Equity Investment (USD 719 million) from IDB-OCR.

The Trust Certificates were issued in denominations of USD 200,000 (with integral multiples of USD 1,000) with a price of 100% of the aggregate principal amount of the Trust Certificates. Total transaction costs incurred to date amounted to USD 557,010. The Trust Certificates are listed London Stock Exchange, Bursa Malaysia and NASDAQ Dubai.

## **IDB TRUST SERVICES LIMITED**

(Incorporated as a limited liability par value company in Jersey)

**Notes to the Financial Statements (continued)**

**Year ended 31 December 2017**

(All amounts expressed in United States Dollars unless otherwise stated)

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### **4. TRUST CERTIFICATES (continued)**

The Trust Certificates mature on 12 April 2022 (11 Ramadan 1443H) and confer on Certificate Holders the right to receive semi-annual distributions commencing 12 October 2017 at the fixed rate of 2.393 per cent per annum, payable semi-annually in arrears. During the year ended 31 December 2017, the Trustee distributed USD 14,956,250 (31 December 2016: USD NIL) to the Certificate Holders and recognized returns amounting to USD 21,612,603 (31 December 2016: USD NIL).

- w) The Trustee issued Trust Certificates on 26 September 2017 (6 Muharram 1439H) for USD 1,250 million. The Trustee, on that date, applied the proceeds of such issue to purchase a portfolio of Sukuk Assets comprising certain Ijara (lease) contracts (USD 815 million), Istisna'a (conditional sale of item to be manufactured) & Installment Sales contracts (USD 326 million), Istisna'a contracts (USD 77 Million) and Installment Sales contracts (USD 35 Million) from IDB-OCR.

The Trust Certificates were issued in denominations of USD 200,000 (with integral multiples of USD 1,000) with a price of 100% of the aggregate principal amount of the Trust Certificates. The Trust Certificates are listed London Stock Exchange, Bursa Malaysia and NASDAQ Dubai.

The Trust Certificates mature on 26 September 2022 (29 Safar 1444H) and confer on Certificate Holders the right to receive semi-annual distributions commencing 26 March 2018 at the fixed rate of 2.261 per cent per annum, payable semi-annually in arrears. During the year ended 31 December 2017, the Trustee distributed USD NIL (31 December 2016: USD NIL) to the Certificate Holders and recognized returns amounting to USD 7,495,027 (31 December 2016: USD NIL).

### **5. FINANCIAL RISK MANAGEMENT**

The Trustee has issued financial instruments in the form of Trust Certificates. The Trustee has used the proceeds of the Trust Certificates issuance to purchase a portfolio of Sukuk Assets and has the benefit of a liquidity facility available from IDB-OCR in order to ensure that sufficient returns are generated to meet its liabilities to Trust Certificate Holders. It is intended that all financial instruments will be held until maturity and that the Trustee will not trade in financial instruments.

#### **a) Sensitivity analysis**

IFRS 7 requires disclosure of 'a sensitivity analysis for each type of market risk to which the entity is exposed at the reporting date, showing how profit or loss and equity would have been affected by changes in the relevant risk variable that were reasonably possible at that date'. Whilst the financial instruments are separately exposed to investment return risk and market price risk, the profit or loss and equity of the Trustee is not exposed to any significant investment return risk or market price risk. Therefore, in the Directors' opinion, no sensitivity analysis is required to be disclosed.

#### **b) 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. For all classes of financial assets held by the Trustee, the maximum credit risk exposure to the Trustee is the carrying value as disclosed in the statement of financial position. The Trustee's credit risk is concentrated in the amount due from IDB-OCR.

The Trustee is subject to the risk of default in payment by the obligors under each of the Ijara contracts, Sukuk Investments, Murabaha contracts, Instalment sales and Istisna'a contracts comprised in the Sukuk Assets. This risk is addressed in respect of the Trust Certificates by IDB-OCR, primarily pursuant to a combination of a Liquidity Facility and Purchase Undertaking Deed. IDB-OCR has agreed to make advances to the Trustee pursuant to the Liquidity Facility Agreement to allow timely payment of amounts due to Trust Certificate Holders. Furthermore, the exercise price payable by IDB-OCR in respect of any Sukuk Assets under the Purchase Undertaking Deed will be based on (a) the aggregate nominal amount of the relevant series of Trust Certificates and (b) the amount of payable but unpaid periodic distribution amounts on such date.

## IDB TRUST SERVICES LIMITED

(Incorporated as a limited liability par value company in Jersey)

### Notes to the Financial Statements (continued)

Year ended 31 December 2017

(All amounts expressed in United States Dollars unless otherwise stated)

## 5. FINANCIAL RISK MANAGEMENT (continued)

### b) Credit risk (continued)

The Trustee is of the opinion that no credit loss is likely to occur.

### c) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Trustee does not trade in currencies and is therefore not exposed to currency trading risk.

In addition, IDB-OCR bears any exchange loss arising from the underlying Sukuk Assets, such as the GBP and Euro denominated Sukuks, and the Trustee is not exposed to any currency risk related to those assets.

### d) Liquidity risk

Liquidity risk is the risk that the Trustee will not be able to meet its commitments associated with the financial liabilities when they fall due. The Trustee is not exposed to such a risk as IDB-OCR guarantees any shortfall in the scheduled installments.

### e) Investment return risk

The income received from IDB-OCR will be matched by the distribution amounts payable to the holders of the Trust Certificates. The Directors therefore believe that there is no investment return risk.

### f) Maturity of financial assets and liabilities

The maturity profile of the Trustee's financial assets and financial liabilities is as follows:

	31-Dec-17		31-Dec-16	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
	USD	USD	USD	USD
In three months	-	-	156,017,213	156,017,213
In three to twelve months	1,360,061,931	1,360,061,931	1,402,132,357	1,402,132,357
In more than one year but less than two years	4,000,000,000	4,000,000,000	2,892,911,250	2,892,911,250
In two to five years	7,450,103,218	7,450,103,218	7,448,072,218	7,448,072,218
In more than five years	900,154,827	900,154,827	326,930,140	326,930,140
<b>Total</b>	<b>13,710,319,975</b>	<b>13,710,319,975</b>	<b>12,226,063,178</b>	<b>12,226,063,178</b>

### g) Capital Risk Management

The Trustee's objectives when managing capital is to safeguard the Trustee's ability to continue as a going concern. IDB-OCR has committed to provide all necessary support to the Trustee.

## 6. RELATED PARTIES

The shares in IDB Trust Services Limited are owned by Intertrust SPV Services Limited, as trustee of the IDB Trust Services Charitable Trust.

Stephen Langan and Cheryl Heslop are director and alternate director, respectively, of Intertrust SPV Services Limited, which receives fees for the provision of company secretarial and other administrative services. Administration expenses represent fees paid to Intertrust SPV Services Limited of USD 100,863 (2016: USD 90,453).

## **IDB TRUST SERVICES LIMITED**

(Incorporated as a limited liability par value company in Jersey)

**Notes to the Financial Statements (continued)**

**Year ended 31 December 2017**

(All amounts expressed in United States Dollars unless otherwise stated)

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### **7. ULTIMATE CONTROLLING PARTY**

The Trustee is wholly-owned by Intertrust SPV Services Limited, as Trustee of the IDB Trust Services Charitable Trust. The Directors of the Trustee consider Intertrust SPV Services Limited, as trustee of the IDB Trust Services Charitable Trust, to be the ultimate controlling party of the Trustee.

### **8. SUBSEQUENT EVENTS**

- a) On 22 February 2018, an amended and restated Master Purchase Agreement was entered into between the Trustee and Islamic Development Bank – Ordinary Capital Resources (IDB-OCR), whereby the Trustee may issue, from time to time, up to USD 25 billion of Trust Certificates, in series. This replaced the original Master Purchase Agreement dated 28 July 2009, the 1st amendment to the Master Purchase Agreement dated 27 September 2010, the 2nd amendment to the Master Purchase Agreement dated 8 June 2012, the 3rd amendment to Master Purchase Agreement dated 24 December 2013, and the 4th amendment to the Master Purchase Agreement dated 7 October 2015 allowing the issuance of up to USD 1.5 billion, USD 3.5 billion, USD 6.5 billion, USD 10 billion and USD 25 billion of Trust Certificates respectively.
- b) The Trustee issued Trust Certificates on 13 March 2018 for USD 1,250 million. The Trustee, on that date, applied the proceeds of such issue to purchase a portfolio of Sukuk Assets comprising certain Ijara (lease) contracts (USD 360 million), Istisna'a (conditional sale of item to be manufactured) contracts (USD 707 Million), Installment Sales contracts (USD 101 Million) and Loans (USD 90 Million) from IDB-OCR.

The Trust Certificates were issued in denominations of USD 200,000 (with integral multiples of USD 1,000) with a price of 100% of the aggregate principal amount of the Trust Certificates. The Trust Certificates are listed London Stock Exchange, Bursa Malaysia and NASDAQ Dubai.

The Trust Certificates mature on 15 March 2023 and confer on Certificate Holders the right to receive semi-annual distributions commencing 15 September 2018 at the fixed rate of 3.1 per cent per annum, payable semi-annually in arrears.

## **GENERAL INFORMATION**

### **DIRECTORS**

Cheryl Heslop (appointed 16 March 2017)  
Peter Gatehouse (resigned 16 March 2017)  
Stephen Langan

### **SECRETARY**

Intertrust SPV Services Limited  
44 Esplanade,  
St Helier  
Jersey, JE4 9WG  
Channel Islands

### **REGISTERED OFFICE**

44 Esplanade,  
St Helier  
Jersey, JE4 9WG  
Channel Islands

### **INDEPENDENT AUDITORS**

BDO Limited  
Windward House  
La Route de la Liberation  
St Helier  
Jersey JE1 1BG  
Channel Islands