

**İSLAM KALKINMA BANKASI ÜYESİ
ÜLKELERDE
ULUSAL KALKINMA FİNANS
KURULUŞLARI BİRLİĞİ
(ASSOCIATION OF NATIONAL
DEVELOPMENT FINANCE
INSTITUTIONS IN MEMBER
COUNTRIES OF THE ISLAMIC
DEVELOPMENT BANK (ADFIMI)
FINANCIAL STATEMENTS FOR
THE YEAR ENDED
31 DECEMBER 2017 TOGETHER
WITH INDEPENDENT AUDITOR'S
REPORT**

INDEPENDENT AUDITORS' REPORT

To the Management Committee of
İslam Kalkınma Bankası Üyesi Ülkelerde Ulusal Kalkınma Finans Kuruluşları Birliği
(Association Of National Development Finance Institutions In Member Countries Of The
Islamic Development Bank (ADFIMI))

Report on the Financial Statement

We have audited the accompanying financial statements of İslam Kalkınma Bankası Üyesi Ülkelerde Ulusal Kalkınma Finans Kuruluşları Birliği (Association Of National Development Finance Institutions In Member Countries Of The Islamic Development Bank (ADFIMI)), which comprise the balance sheet as at 31 December 2017 and the related income statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Turkish Generally Accepted Accounting Principles (Turkish GAAP). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements referred to in the first paragraph above, present fairly in all material respects, the financial positions of İslam Kalkınma Bankası Üyesi Ülkelerde Ulusal Kalkınma Finans Kuruluşları Birliği (Association Of National Development Finance Institutions In Member Countries Of The Islamic Development Bank) at 31 December 2017, and the results of its operations for the year then ended, in accordance with Turkish Generally Accepted Accounting Principles (Turkish GAAP) issued by Turkish authorities.

İstanbul, 12 February 2018

Aday Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
(A member firm of PKF International)



Barış ÖZKURT
Partner

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**İSLAM KALKINMA BANKASI ÜYESİ ÜLKELERDE ULUSAL KALKINMA
FİNANS KURULUŞLARI BİRLİĞİ**
(ASSOCIATION OF NATIONAL DEVELOPMENT FINANCE
INSTITUTIONS IN MEMBER COUNTRIES OF THE ISLAMIC
DEVELOPMENT BANK (ADFIMI))
BALANCE SHEETS AS OF DECEMBER 31, 2017 AND 2016
(Amounts expressed in Turkish Lira (TL))

| ASSETS | Notes | Audited 31.12.2017 | Audited 31.12.2016 |
|--|--------------|-------------------------------|-------------------------------|
| Current Assets | | | |
| Liquid Assets | 3 | 457.424 | 406.632 |
| Total Current Assets | | 457.424 | 406.632 |
| Non-Current Assets | | | |
| Tangible and Intangible Assets | 5 | 117.499 | 116.035 |
| Total Non-Current Assets | | 117.499 | 116.035 |
| Total Assets | | 574.923 | 522.667 |
| LIABILITIES | | | |
| Short-Term Liabilities | | | |
| Financial Liabilities | 5 | 3.797 | -- |
| Total Short-Term Liabilities | | 3.797 | -- |
| Equity | | | |
| Retained Earnings | | 522.667 | 305.879 |
| Net Income/ (Losses) for the period | | 48.459 | 216.788 |
| Total Equity | | 571.126 | 522.667 |
| Total Equity and Liabilities | | 574.923 | 522.667 |

The footnotes constitute the complementary part of the financial statements.



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(ASSOCIATION OF NATIONAL DEVELOPMENT FINANCE
INSTITUTIONS IN MEMBER COUNTRIES OF THE ISLAMIC
DEVELOPMENT BANK (ADFIMI))
INCOME STATEMENTS AS OF DECEMBER 31, 2017 AND 2016**

| | Notes | Audited 1 January – 31 December 2017 | Audited 1 January - 31 December 2016 |
|------------------------------------|-------|--|--|
| Revenues | 8 | 993.087 | 1.132.849 |
| Gross Profit / (Loss) | | 993.087 | 1.132.849 |
| General administrative expenses | 9 | (981.298) | (940.770) |
| Other Operating Income and Profits | 10 | 52.620 | 56.085 |
| Other Operating Expense and Losses | 11 | (26.073) | (22.846) |
| Net Operating Profit/(Loss) | | 38.336 | 225.318 |
| Extraordinary Income and Profits | 12 | 37.686 | 17.012 |
| Extraordinary Expense and Losses | 13 | (27.563) | (25.542) |
| Net Profit/(Loss) | | 48.459 | 216.788 |

The footnotes constitute the complementary part of the financial statements.



**İSLAM KALKINMA BANKASI ÜYESİ ÜLKELERDE ULUSAL KALKINMA
FİNANS KURULUŞLARI BİRLİĞİ**
**ASSOCIATION OF NATIONAL DEVELOPMENT FINANCE INSTITUTIONS IN
MEMBER COUNTRIES OF THE ISLAMIC DEVELOPMENT BANK (ADFIMI)**
NOTES TO FINANCIAL STATEMENTS AS OF DECEMBER 31, 2017
(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

1. GENERAL INFORMATION:

İslam Kalkınma Bankası Üyesi Ülkelerde Ulusal Kalkınma Finans Kuruluşları Birliği (Association Of National Development Finance Institutions In Member Countries Of The Islamic Development Bank (ADFIMI)), presently serves 43 members in 19 countries. Its activities essentially aim at the human development dimension of Development Finance Institutions (DFIs). In this context, ADFIMI organizes seminars, workshops, forums and conferences for high level managers of DFIs.

ADFIMI's contact information is below:

Address :Rüstem Paşa Mah. Saka Mehmet Sokak No: 33-39 Kat:2
Eminönü/İstanbul/Turkey
Telephone : +90 212 526 51 26 and +90 212 526 51 27

The members of ADFIMI are as follows:

| | COMPANY NAME | COUNTRY |
|-----|---|------------|
| 1. | ATABANK JSC | Azerbaijan |
| 2. | SAUDI - BANGLADESH INDUSTRIAL AND AGRICULTURAL INVESTMENT CO. LTD. (SABINCO LTD.) | Bangladesh |
| 3. | BANGLADESH DEVELOPMENT BANK LTD. | Bangladesh |
| 4. | SOCIETE NATIONALE D'INVESTISSEMENT | Cameroun |
| 5. | BANK OF INDUSTRY & MINE | Iran |
| 6. | BANK KESHAVARZI | Iran |
| 7. | SAMANBANK CORPORATION | Iran |
| 8. | JORDAN ISLAMIC BANK | Jordan |
| 9. | FUND FOR FINANCIAL SPORT OF AGRICULTURE JSC (FAGRI JSC) | Kazakhstan |
| 10. | SMALL MEDIUM ENTERPRISE DEVELOPMENT BANK MALAYSIA BERHAD | Malaysia |
| 11. | BANK PEMBANGUNAN MALAYSIA BERHAD | Malaysia |
| 12. | AGROBANK (BANK PERTANIAN) | Malaysia |
| 13. | BANK KERJASAMA RAKYAT MALAYSIA BERHAD | Malaysia |
| 14. | TEKUN NASIONAL | Malaysia |
| 15. | CREDIT AGRICOLE DU MAROC S.A. | Morocco |
| 16. | OMAN DEVELOPMENT BANK | Oman |
| 17. | PAK OMAN INVESTMENT | Pakistan |
| 18. | PAKLIBYA HOLDING COMPANY | Pakistan |
| 19. | QATAR DEVELOPMENT BANK | Qatar |
| 20. | SOMALI DEVELOPMENT BANK | Somalia |
| 21. | EL-NILEIN INDUSTRIAL DEVELOPMENT BANK | Sudan |
| 22. | INDUSTRIAL DEVELOPMENT BANK OF SUDAN | Sudan |
| 23. | FINANCIAL INVESTMENT BANK OF SUDAN | Sudan |
| 24. | WORKERS NATIONAL BANK | Sudan |



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| | COMPANY NAME | COUNTRY |
|-----|--|----------------|
| 25. | AL SHAMAL ISLAMIC BANK | Sudan |
| 26. | TADAMON ISLAMIC BANK | Sudan |
| 27. | SAUDI SUDANESE BANK | Sudan |
| 28. | OMDURMAN NATIONAL BANK | Sudan |
| 29. | TÜRKİYE SİNAİ KALKINMA BANKASI (TSKB) | Turkey |
| 30. | TÜRKİYE KALKINMA BANKASI (TKB) | Turkey |
| 31. | TÜRKİYE İHRACAT KREDİ BANKASI A.Ş. (TÜRK EXİMBANK A.Ş.) | Turkey |
| 32. | TÜRKİYE VAKIFLAR BANKASI T.A.O. | Turkey |
| 33. | TÜRKİYE HALK BANKASI A.Ş. | Turkey |
| 34. | ZİRAAT KATILIM BANKASI A.Ş. | Turkey |
| 35. | KUZHEY KIBRIS TÜRK CUMHURİYETİ KALKINMA BANKASI | North Cyprus |
| 36. | UGANDA DEVELOPMENT BANK LTD. | Uganda |
| 37. | TROPICAL BANK LTD. | Uganda |
| 38. | COOPERATIVE & AGRICULTURAL CREDIT BANK (CACBANK) | Yemen |
| 39. | ISLAMIC DEVELOPMENT BANK | IDB |
| 40. | AFRICAN SOLIDARITY FUND | FSA |
| 41. | ZARAI TARAQIATI BANK LIMITED | Pakistan |
| 42. | İŞ LEASING A.Ş. | Turkey |
| 43. | BANGLADESH SMALL INDUSTRIES AND COMMERCE BANK LIMITED (BASIC BANK LTD.) | Bangladesh |

2. PROCEDURAL EXAMINATION:

ADFIMI's legal books notarial attestation information for 2017 is presented below.

| Legal Books | Notary | Attestation Date | Attestation Date |
|--------------------|----------------------|------------------|------------------|
| General journal | İstanbul 23rd Notary | 15.12.2016 | 06541 |
| General ledger | İstanbul 23rd Notary | 15.12.2016 | 06542 |
| Inventory register | İstanbul 23rd Notary | 15.12.2016 | 06543 |

Basis of Presentation

ADFIMI keeps accounting records and prepares its statutory financial statements in accordance with the principles and obligations of Turkish Commercial Code (the "TCC"), Uniform Accounting Policy of Tax Legislation.

Basis of Measurement

The attached financial statements are prepared on historical costs.



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NOTES TO FINANCIAL STATEMENTS AS OF DECEMBER 31, 2017
(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

3. CASH AND CASH EQUIVALENTS:

Cash and cash equivalents comprise from cash and bank accounts and details are below:

| | 31.12.2017 | 31.12.2016 |
|-------------------------------|-------------------|-------------------|
| Cash on Hand | 4.849 | 10.269 |
| TL | 933 | 3.587 |
| USD | 3.916 | 6.682 |
| EUR | - | - |
| Banks –Demand Deposits | 263.535 | 114.824 |
| TL | 1.169 | 660 |
| USD | 262.366 | 114.164 |
| EUR | - | - |
| Banks –Time Deposits | 189.040 | 281.539 |
| USD | 189.040 | 281.539 |
| Total | 457.424 | 406.632 |

Foreign currency in the bank is converted into "foreign exchange buying rate"; Foreign currency located in the cash valued at the "effective buying rate". The details of foreign currency that are in the cash and banks are presented below.

| | Amount USD | Amount USD |
|------------------------------|-------------------|-------------------|
| | 31.12.2017 | 31.12.2016 |
| USD in the cash | 1.039 | 1.900 |
| Demand deposit in US dollars | 69.558 | 32.440 |
| Time deposit in US dollars | 50.118 | 80.001 |

4. RELATED PARTIES :

Parties are considered related with one party either through ownership, contractual rights family relationship or otherwise, has the ability to directly or indirectly control or significantly influence the other party. For the purpose of these financial statements, the personnel of the Association are referred to as related parties.

As of December 31, 2017 there were no outstanding balances with the related parties (December 31, 2016: none).



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5. FIXED ASSETS:

Fixed assets in the course of continuing the operations of ADFIMI, are carried at cost. Fixed assets comprised of motor vehicles, fixtures and furniture and software licenses and not depreciated.

The movements of fixed assets is presented below,

| Fixed Assets | 31.12.2016 | Entries | Disposals | 31.12.2017 |
|------------------------|-------------------|----------------|------------------|-------------------|
| Motor Vehicles: | 85.000 | -- | -- | 85.000 |
| Fixtures and Furniture | 26.771 | 8.059 | (2.331) | 32.499 |
| Software licenses | 3.410 | -- | (3.410) | -- |
| Rights | 854 | -- | (854) | -- |
| Total | 116.035 | 8.059 | (6.595) | 117.499 |

| Fixed Assets | 31.12.2015 | Entries | Disposals | 31.12.2016 |
|------------------------|-------------------|----------------|------------------|-------------------|
| Motor Vehicles: | 130.000 | -- | (45.000) | 85.000 |
| Fixtures and Furniture | 22.472 | 4.299 | -- | 26.771 |
| Software licenses | 3.410 | -- | -- | 3.410 |
| Rights | 854 | -- | -- | 854 |
| Total | 156.736 | 4.299 | (45.000) | 116.035 |

6. TRADE PAYABLES:

None (December 31, 2016-2017: none).

7. FINANCIAL LIABILITIES

As of December 31, 2017, ADFIMI has credit card debt amounting to TL 3.797 (December 31, 2016 none).

8. REVENUES:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is recognized on accrual basis.



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Revenue comprise of membership fees, grants, contribution amounts for contribution to seminars, workshops and forums which ADFIMI organizes.

The details of the revenues are below.

| | 01.01.- 31.12.2017 | 01.01.- 31.12.2016 |
|----------------------------|-----------------------|-----------------------|
| Membership Fees | | |
| - Membership fees for 2016 | -- | 485.281 |
| - Membership fees for 2017 | 611.584 | 286.745 |
| - Membership fees for 2018 | 257.839 | -- |
| Revenue from Seminars | 33.473 | -- |
| Donations | 90.191 | 348.861 |
| Other Revenues | -- | 11.962 |
| Total | 993.087 | 1.132.849 |

9. GENERAL ADMINISTRATIVE EXPENSES:

The details of general administrative expenses are below.

| | 01.01.- 31.12.2017 | 01.01.- 31.12.2016 |
|--|-----------------------|-----------------------|
| Payroll Expenses (including social security premiums, benefits and housing allowances) | 482.487 | 384.055 |
| Seminar and Workshop Expenses | 296.155 | 388.741 |
| Promotion Expenses | 26.768 | 13.318 |
| Health Insurance and Expenses | 25.367 | 13.776 |
| Vehicle Expenses | 11.799 | 22.774 |
| Communication Expenses | 7.001 | 6.108 |
| General Assembly and Management Com. | 46.641 | 18.904 |
| Stationary Expenses | 5.523 | 3.706 |
| Auditing and Accounting Expenses | 39.887 | 31.982 |
| Computer Expenses | 2.903 | 4.584 |
| Insurance Expenses | 5.510 | 6.305 |
| Bank and Notary Expenses | 3.650 | 3.473 |
| Subscriptions | -- | 7.020 |
| Office Expenses and Other Sundry Expenses | 27.607 | 36.024 |
| Total | 981.298 | 940.770 |



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NOTES TO FINANCIAL STATEMENTS AS OF DECEMBER 31, 2017
(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

10. OTHER OPERATING INCOMES AND PROFITS

The details of other operating incomes and profits are below.

| | 01.01.- 31.12.2017 | 01.01.- 31.12.2016 |
|-------------------------|-----------------------|-----------------------|
| Foreign Exchange Income | 43.594 | 54.126 |
| Interest Income | 9.026 | 1.959 |
| Total | 52.620 | 56.085 |

Transactions in foreign currencies are translated into Turkish Lira (TL) at the rates of exchange ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the balance sheet date. Gains and losses arising on settlement and translation of foreign currency items are included in the statements of income.

The closing TL-US Dollar exchange rates for the periods are as follows:

| | <u>Closing Rates</u> |
|--------------------------------|----------------------|
| Year ended at 31 December 2017 | 3,7719 |
| Year ended at 31 December 2016 | 3,5192 |

11. OTHER OPERATING EXPENSES AND LOSSES

The details of other operating expenses and losses are below.

| | 01.01.- 31.12.2017 | 01.01.- 31.12.2016 |
|---------------------------|-----------------------|-----------------------|
| Foreign Exchange Expenses | 26.073 | 22.846 |
| Total | 26.073 | 22.846 |

12. EXTRAORDINARY INCOMES AND PROFITS:

The details of extraordinary incomes and profits are below.

| | 01.01.- 31.12.2017 | 01.01.- 31.12.2016 |
|---------------------------------|-----------------------|-----------------------|
| Vehicle Insurance Damage Income | 21.268 | 16.842 |
| Travel Ticket Return Income | 12.254 | -- |
| Other | 4.164 | 170 |
| Total | 37.686 | 17.012 |



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NOTES TO FINANCIAL STATEMENTS AS OF DECEMBER 31, 2017
(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

13. EXTRAORDINARY EXPENSES AND LOSSES:

The detail of extraordinary expenses and losses are below.

| | 01.01.- 31.12.2017 | 01.01.- 31.12.2016 |
|-----------------------------|-----------------------|-----------------------|
| Vehicle Damage Expenses | 21.269 | 16.842 |
| Vehicle Sales Loss | -- | 8.700 |
| Useful Life Finished Assets | 5.863 | -- |
| Other | 431 | -- |
| Total | 27.563 | 25.542 |

14. SEVERANCE PAY

ADFIMI does not reserve for employee termination benefits.

15. LAWSUIT AND EXECUTION PROSECUTION

ADFIMI does not have any lawsuits or enforcement action in favor or against it.

16. CORPORATE TAX

ADFIMI has exemption from corporate tax.

