



ICIEC

THE ISLAMIC CORPORATION FOR
THE INSURANCE OF INVESTMENT
AND EXPORT CREDIT

25 PARTNERSHIP
FOR DEVELOPMENT
YEARS

ANNUAL REPORT 2018



VOLUME I



مجموعة البنك الإسلامي للتنمية
Islamic Development Bank Group

Note: This report is the first of two volumes that constitute the Annual Report of the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC).

The second volume contains the audited financial statements and is published in a separate report of the Financial Statements.

Both volumes are available online at www.iciec.com

سَمِيعًا
الْمَلِكِ
الْقَدِيمِ
الْقَدِيمِ



**25 YEARS OF
PARTNERSHIP FOR
DEVELOPMENT**



In the Name of Allah, the Beneficent, the Most Merciful

H. E. The Chairman,

Board of Governors of the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC)

Date: 24 / 02 / 2019

Dear Mr. Chairman,

Assalaamu alaikum warahmatullahi wabarakatuhu

In accordance with Articles 27 and 44 (2) of the Articles of Agreement establishing the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC), I have the honor to present for the kind attention of the esteemed Board of Governors, on behalf of the Board of Directors, the Annual Report on the activities, achievements and audited financial statements of ICIEC in 2018.

Please accept, Mr. Chairman, the assurances of my highest consideration.

A handwritten signature in blue ink, enclosed in a blue oval shape.

Dr. Bandar M. H. Hajjar
Chairman of the Board of Directors



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▶ BOARD OF DIRECTORS



H.E. Dr. Bandar M. H. Hajjar
Chairman



Hon. Dr. Abdalnasr Abouzkeh
Libya



**Hon. Abdolrahman Nadimi
Boushehri**
Islamic Republic of Iran



Hon. Abdoulie Jallow
Burkina Faso, Togo, Gambia, Senegal,
Mali & Niger



Hon. Ahmad Jefri Abd Rahman
Indonesia, Brunei Darussalam, Suriname,
Malaysia & Guyana



Hon. Ali Hamdan Ahmed
United Arab Emirates



Hon. Bader Ahmed Al Qayed
Qatar



Hon. Bakhodir Alikhanov
Azerbaijan, Albania, Uzbekistan,
Turkmenistan, Tajikistan, Kazakhstan &
Kyrgyz



Hon. Bülent AKSU
Republic of Turkey



Hon. Dr. Diao Balde
Benin, Guinea, Guinea Bissau, Sierra
Leone, Cameroon & Cote d'Ivoire



Hon. Faouzia Zaaboul
Algeria, Morocco, Tunisia & Mauritania



Hon. Fredrick Twesiime
Uganda, Chad, Gabon, Djibouti,
Comoros, Mozambique & Somalia



**Hon. Dr. Hamad Bin
Suleiman Al Bazai**
Kingdom of Saudi Arabia



**Hon. Mohammed
Gambo Shuaibu**
Federal Republic of Nigeria



Hon. Sami Mohamed Hameed
Yemen, Sudan, Oman &
Bahrain



Hon. Dr. Shehabeldin Marzban
Egypt



Hon. Wisam Jasem Al-Othman
Kuwait

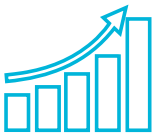


Hon. Zahid Ullah Hamdard
Afghanistan, Pakistan, Bangladesh &
Maldives



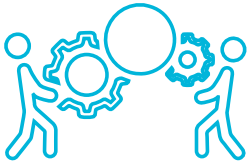
Hon. Zeina Toukan
Jordan, Syria, Iraq, Palestine &
Lebanon

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER



business insured
increased by 20% to

USD 9 billion



ICIEC supported

USD 8.5 billion
of Intra-OIC business involving
34 countries



Cumulative insurance approvals
since inception reached

USD 41.5 billion



business insured exceeded

USD 52 billion

Since its establishment 25 years ago, ICIEC's mandate to provide Takaful credit and investment insurance services uniquely positioned it to enlarge the scope of trade transactions and investment flows among member countries. While this has resulted in ICIEC becoming a significant and impactful multilateral financial institution, it has also put the Corporation at the cross-roads of many global challenges.

Confronted with a fluctuating global economic landscape and structural reforms to mitigate the impact of the global financial crisis, ICIEC's role to facilitate trade and investment is even more relevant. In 2018, while global foreign direct investments recorded a modest recovery, it declined for most developing countries and the OIC region.

In addition, business community perception of global risk remains relatively high. Stagnant financial conditions, rising trade tensions, political instability combined with conflicts in our member countries, means ICIEC stands at the forefront in shielding investors and exporters from economic and political risks arising from the current global trade and investment climate.

Guided by its mandate, ICIEC navigated 2018 with ambitious

operational targets derived from its 10-Year Strategy. To achieve this, a series of strategic initiatives were implemented; including (i) fine-tuning the organizational structure, (ii) introducing important enhancements in underwriting, re-insurance, risk management, technical reserving, and internal audit functions; as well as (iii) improvements in staffing, planning, monitoring and evaluation and in the development of a robust IT infrastructure. As a result, we improved client response times, increased market penetration and expanded sector and country coverage by scaling up investment flows via private banking systems supported by highly-rated reinsurance partners.

ICIEC business development activities were reorganized into three regions: Middle East & North Africa, Sub-Saharan Africa & Europe, and Asia. Each region is now managed on a decentralized basis with oversight from our headquarters in Jeddah which will better serve new and existing clients.

The scale of our operations grew significantly during 2018 with business insured increasing by 20% to USD 9 billion; comprising of USD 6.2 billion in trade and USD 2.8 billion in Investment business insured (which increased by a remarkable 65%).



Our aspirations are to ensure that, collectively, we continue to make a meaningful impact on the lives of the 1.8 billion citizens in our member countries through economic development, job creation, and post-conflict recovery. I reiterate that this can only be achieved with the full support and backing of all our stakeholders and partners. This, of course, reflects the theme of this year's report: **25 YEARS OF PARTNERSHIP FOR DEVELOPMENT.**

In addition, the Corporation supported USD 8.5 billion of Intra-OIC business involving 34 countries. Cumulative insurance approvals since inception reached USD 41.5 billion to end-2018; with business insured exceeding USD 52 billion.

I am proud to report that, for the 11th consecutive year, ICIEC was able to maintain its Aa3 standalone rating by Moody's. This not only places ICIEC at par with international players in the commercial and political risk insurance industry, but more importantly, it underlines the financial health of the Corporation, sustainability of its operations and strong support from its shareholders.

We certainly do not work alone; ICIEC has a strong network of local and international partners; which includes national ECAs, international credit and political risks insurers and reinsurers as well as international financial institutions. They are an integral component supporting us to fulfill our mandate and a prerequisite to business development, co-insurance and reinsurance. ICIEC continues to build on its success in this area. As part of its mandate to support national export credit agencies in member countries, ICIEC worked to both strengthen existing relationships and forge new relationships in the international

reinsurance market. ICIEC also continues to benefit from its membership of both the Berne Union and Aman Union through networking, capacity building and knowledge sharing.

A major initiative of ICIEC in 2018 was laying the foundation for establishment of an OIC Business Information Centre (OBIC). This aims to develop a best-in-class business intelligence ecosystem covering credit information, rating, advisory and capacity building for OIC member countries. At the 34th Ministerial Meeting of COMCEC in November 2018, delegates expressed appreciation for the ICIEC-led initiative and requested IsDB Group to operationalize OBIC as an OIC Program.

ICIEC won two prestigious awards at the recent Project Finance International Awards; one of the most distinguished events that brings together the world's project finance industry to celebrate excellence. The Corporation also won the Global Islamic Finance Award (GIFA) for the Global Islamic Export Credit and Political Risk Insurance Award 2018.

ICIEC has come a long way over the last 25 years and its path is marked by numerous achievements. None of this would have been possible, however, without the hard work

and dedication of our entire team. Teamwork has underpinned our success every step of the way.

I also recognize here the role of the Boards of the Honorable Governors and the Honorable Directors in guiding the Corporation especially through difficult periods in the past. I am very grateful to the Honorable Chairman of the Board of Directors for his guidance and wisdom. Their support has inspired and shaped our strategic decisions towards improving delivery of our services to member countries.

Going forward, our aspirations are to ensure that, collectively, we continue to make a meaningful impact on the lives of the 1.8 billion citizens in our member countries through economic development, job creation, and post-conflict recovery. I reiterate that this can only be achieved with the full support and backing of all our stakeholders and partners.

This, of course, reflects the theme of this year's report: **25 YEARS OF PARTNERSHIP FOR DEVELOPMENT.**

A handwritten signature in blue ink that reads 'Oussama Kaissi'.

Oussama Abdul Rahman KAISSI
Chief Executive Officer

▶ ICIEC AT A GLANCE



01



ICIEC AT A GLANCE



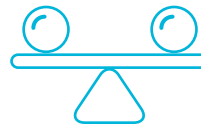
Established in 1994 in Jeddah - Saudi Arabia as a multilateral institution and member of the Islamic Development Bank Group



Owned by AAA rated Islamic Development Bank and 45 countries which are members of the Organization of Islamic Cooperation



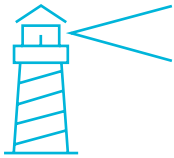
Authorized Capital Islamic Dinar (ID) 400 million (equivalent to USD 556 million) (1 ID=USD 1.39).



Rated Aa3 by Moody's with a Stable Outlook.



Pioneer of Shari'ah-compliant export credit and investment insurance and reinsurance solutions.



Our Vision

To be recognized as the preferred enabler of trade and investment for sustainable economic development in member countries.



Our Mission

To facilitate trade and investment between member countries and the world through Shari'ah-compliant risk mitigation tools.

MANDATE



ICIEC mandate is to promote cross-border trade and foreign direct investment (FDI) in its member countries.

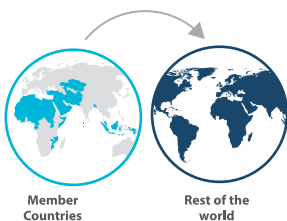


ICIEC serves its mandate by providing risk mitigation solutions to member countries' exporters selling to buyers across the world, and to investors from across the world investing in member countries.

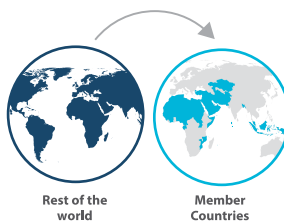


ICIEC also supports international exporters selling to member countries, if the transactions are for capital goods or strategic commodities.

CREDIT INSURANCE

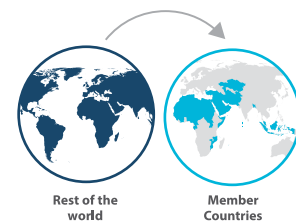


Facilitates member countries' exports to the rest of the world.



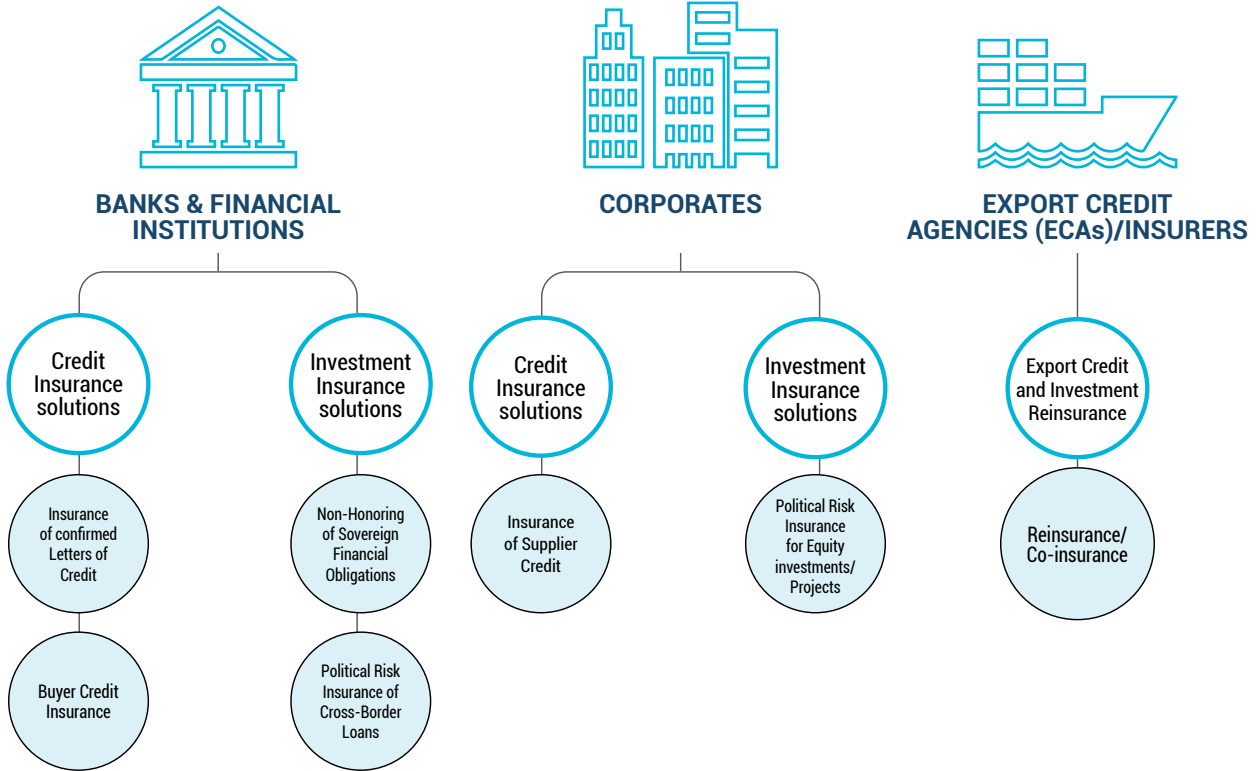
Facilitates import of strategic and capital goods by member countries from non-member countries.

INVESTMENT INSURANCE

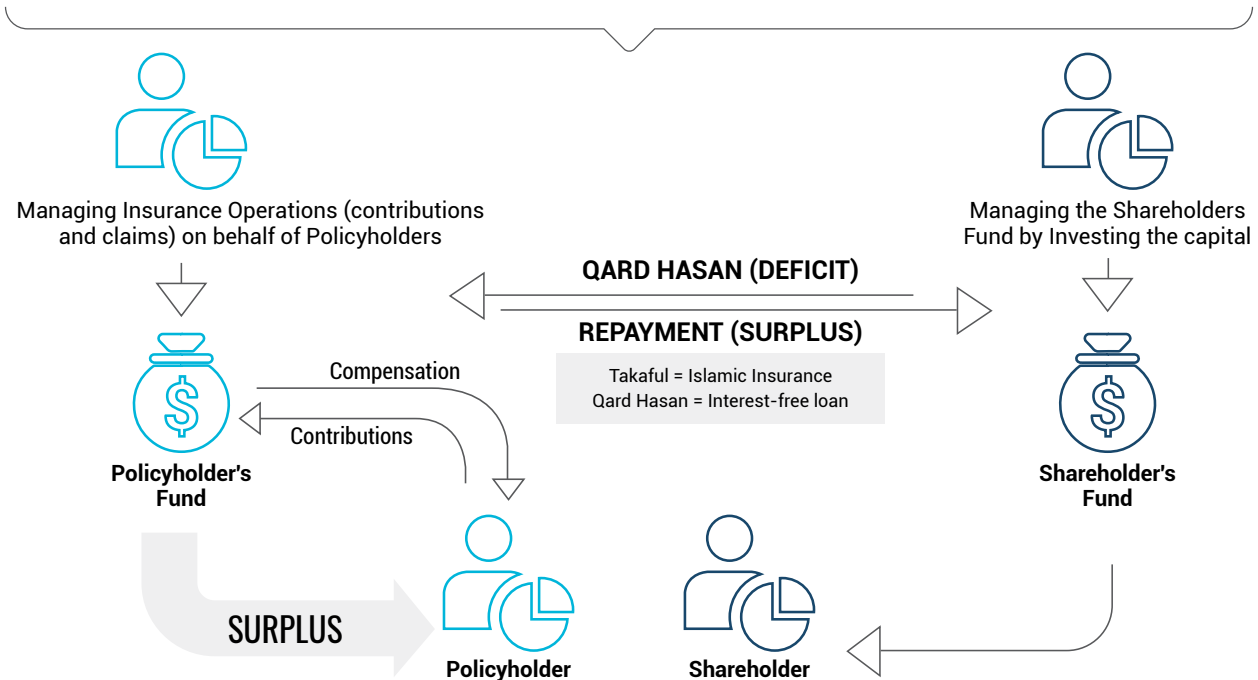


Facilitates the flow of foreign direct investment into member countries.

▶ TRADE & INVESTMENT SOLUTIONS



▶ TAKAFUL BUSINESS MODEL





▶ 25 YEARS OF PARTNERSHIP FOR DEVELOPMENT

This year heralds a major milestone in the history of ICIEC, the quarticentennial anniversary of its establishment. Over the past 25 years, ICIEC services have benefited more than 120 countries (including member and non-member countries) and we are indeed both privileged and proud to be a part of such global development efforts.

ICIEC has been a catalyst for the promotion of member country exports and in attracting foreign direct investments to its member countries. The Corporation has facilitated cumulative Business Insured of more than USD 52 billion of trade and investments from and to its member countries in its quarter century of existence. This comprised of around USD 42 billion in exports and USD 10 billion of foreign direct investments. Our contribution to development was both broad across the Muslim world and comprehensive in terms of industry sectors as reflected in the graphic below.

ICIEC has become a proud and trusted partner to many international exporters, financial institutions and investors. Our services have made it possible for member countries to create a better tomorrow for their citizens: whether through a new bridge facilitating movement of goods and services or by ensuring that a member country has adequate supply of petroleum to meet its transportation and energy needs. These are just examples of how ICIEC strives to improve the well-being of its ultimate stakeholders - the 1.8 billion citizens of its member countries.

ICIEC has come a long way from its humble beginnings and its path is marked by numerous achievements. This was made possible through the dedication and hard work of our entire team and the guidance and support of our member countries. The drive to make a meaningful impact on the lives of the 1.8 billion citizens in our member countries inspires us to enhance delivery of our services.

The reflections that follow highlight just some of the successes of ICIEC in its **25 YEARS OF PARTNERSHIP FOR DEVELOPMENT**.

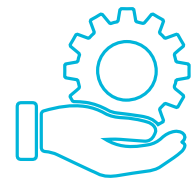
SECTORIAL DISTRIBUTION OF BUSINESS INSURED



MANUFACTURING
US\$ 18.7 billion



ENERGY
US\$ 16.2 billion



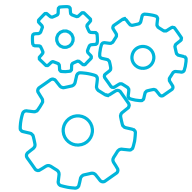
SERVICES
US\$ 9.9 billion



AGRICULTURE
US\$ 4.7 billion

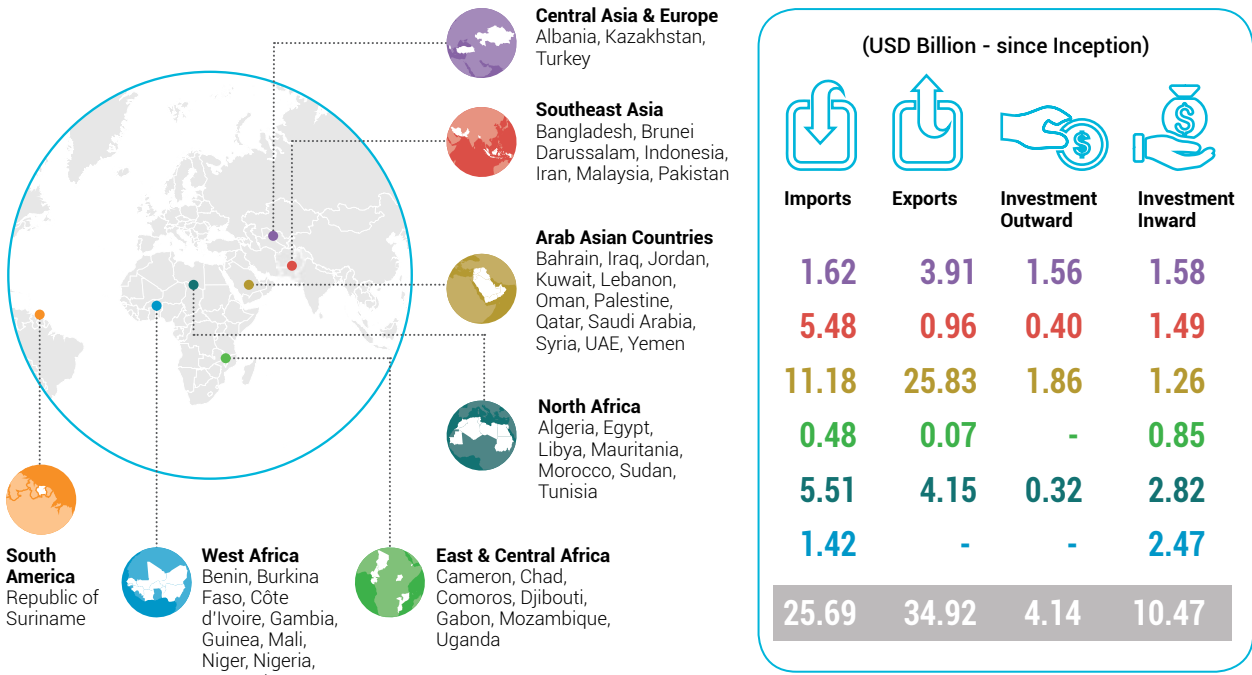


CONSTRUCTION
US\$ 2.5 billion



OTHERS
US\$ 0.7 billion

MEMBER COUNTRIES UTILIZATION OF ICIEC SERVICES



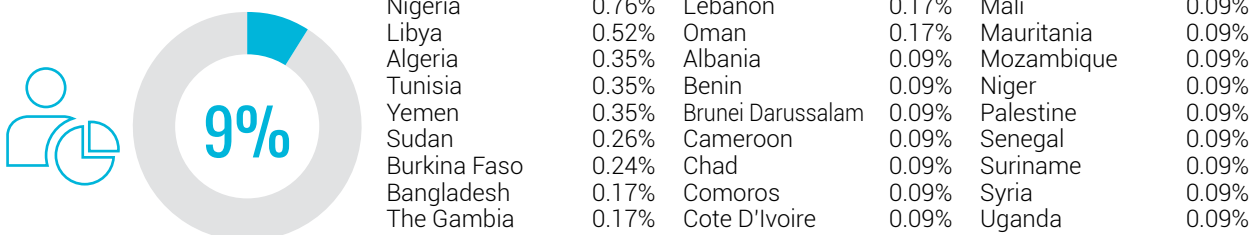
Gross utilization of ICIEC support since inception reached USD 105 billion from 120 countries of which member countries reached USD 75 billion

SHAREHOLDING

Top 10 shareholders



Other shareholders



HISTORY IN MILESTONES



1992

The Board of Governors approves the Articles of Agreement establishing the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) at the 6th ISDBG Annual Meeting held in Tripoli (Libya) in Sha'ban 1412H (February 1992).



1994

On 23rd Safar 1415H (1st August 1994), ICIEC was established as a multilateral export credit and investment insurance entity, with initial membership of 18 countries and authorized capital of ID 100 million (about USD 140 million).



1995

ICIEC officially commences business on 22nd Muharram 1416H (1 July 1995) after the appointment of its inaugural manager and senior professional officers.



1997

ICIEC commences operations with three products, namely, the Comprehensive Short-term Policy (CSTP), Bank Master Policy (BMP), and Supplementary Medium-Term Policy (SMTP).



1998

ICIEC launches its Foreign Investment Insurance (FI) Policy, a product that took several years to develop.



2000

The Board of Governors amends the Articles of Agreement authorizing ICIEC to cover exports to any destination in the world. ICIEC joins Coface insurance industry credit alliance.



2003

ICIEC launches the Documentary Credit Insurance Policy (DCIP).



2004

ICIEC signs its first Reinsurance Treaty with Atradius, the Dutch state-owned ECA.



2005

The Board of Governors amends the Articles of Agreement authorizing ICIEC to provide Political Risk Insurance (PRI) to cover investors from non-member countries investing into member countries.



2006

ICIEC introduces the Specific Transaction Policy and the Re-Insurance Facility Agreement, which proved very popular.



2007

Moody's Investors Service assigns ICIEC an Aa3 "Insurer Financial Strength" rating. For the first time, Business Insured surpasses the USD 1 billion mark to reach USD 1.42 billion (USD 1.33 billion in Trade & USD 0.09 billion in Investment Insurance).



2008

First CEO appointed with full authority to manage the business of the Corporation. ICIEC becomes a full member of the Berne Union, an association of ECAs primarily from the Organization of Economic Cooperation and Development (OECD).



2009

ICIEC and Dhaman launch AMAN Union (a grouping of ECAs in Islamic and Arab Countries with similar objectives to the Berne Union). ICIEC's Representative Office in Dubai is registered with Dubai International Finance Centre (DIFC) and becomes operational. ICIEC received the award for "Most Innovative Islamic Financing Transaction".



2010

The Board of Governors increase the authorized capital of ICIEC by ID 50 million (USD 75 million). The Board of Governors amends the Articles of Agreement to cover domestic sales and imports from non-member countries.



2011

ICIEC becomes a full member of the Islamic Financial Services Board (IFSB). ICIEC launches Contract Frustration Policy. The Board of Governors increase the authorized capital of ICIEC to ID 400 million (USD 600 million).



2012

Subscribed Capital reaches ID 230 million (USD 345 million), of which ID 101 million (USD 152 million) is paid up.



2013

ICIEC Insurance Management System implemented for remote access to Insurance Operations information and transaction processing. ICIEC received the Award of "Excellence for Outstanding Contribution to the Provision of Islamic Export Credit and Investment Insurance".



2014

ICIEC received the Award of "Best ECA in MENA Region for 2013".



2015

Mr. Oussama Abdul Rahman KAISSI appointed as Chief Executive Officer.



2016

Dr. Bandar Hajjar was elected as the new President of ISDB Group. ICIEC membership reaches 44 countries, comprising 19 Arab countries, 16 African countries and 9 Asian and other countries. ICIEC won the "Global Islamic Export Credit & Political Risk Insurance Award 2016".



2017

ICIEC maintained its Aa3 rating for the tenth consecutive year. ICIEC won the "Global Islamic Export Credit & Political Risk Insurance Award 2017".



2018

ICIEC won the "Global Islamic Export Credit & Political Risk Insurance Award 2018". Cumulative Business Insured reaches USD 52 billion (comprising USD 42 billion in Trade & USD 10 billion in Investment Insurance). ICIEC membership reaches 45 countries with the admission of Suriname.

▶ DEVELOPMENT IMPACT

ICIEC contributes to achievement of the Sustainable Development Goals (SDGs) adopted by the United Nations (UN) for comprehensive and sustainable human development in three key ways.

Firstly, it contributes to the Islamic Development Bank Group's 10-Year Strategy (2015–2025), which is aligned to the SDGs. Secondly, ICIEC mandate is to support sustainable economic development in its member countries through provision of its services; this in turn supports member countries to achieve their own development targets. Thirdly, ICIEC acts as a catalyst for private sector capital to be mobilized and directed towards achievement of the SDGs.



Through its activities, products and services, ICIEC promotes six SDGs and therefore contributes to the achievement of the UN's respective targets as follows:

SDG 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture



ICIEC support allows exporters of agricultural technologies and equipment to realize financial advantages such as more consistent cash flows. It also

gives them confidence to expand their operations into OIC markets otherwise deemed too risky. Similarly, ICIEC provides insurance solutions to banks in member countries for clients seeking to import goods and services linked to the agricultural industry. ICIEC products allow these importers to increase their access to financial services for their own agricultural activity.

Since its inception 25 years ago, the impact of ICIEC support in the agricultural sector in member countries amounted to USD 1.3 billion in facilitated trade and investments.



SDG 3: Ensure healthy lives and promote well-being for all at all ages



ICIEC supports the activities of a wide range of exporters, including those in the medical supplies, equipment and pharmaceutical industries. This allows them to

supply markets around the world with necessary medical inputs while maintaining their

competitive advantage. Through its FIIP policy, ICIEC is also able to support investments in healthcare projects.

Since its inception, the impact of ICIEC support to member countries is upwards of USD 0.5 billion in trade and investment in the health sector.

SDG 7: Ensure access to affordable, reliable, sustainable and modern energy for all



ICIEC has supported numerous power generation projects and has been instrumental in the introduction of renewable energy technologies in its member

countries.

Since its launch, the impact of ICIEC support to member countries in energy-related trade and investment amounted to USD 15.5 billion, of which USD 0.3 billion was in 2018.

SDG 8: Promote inclusive and sustainable economic growth, employment and decent work



ICIEC provides political and commercial risk insurance to least developed member countries' (LDMC) exporters, improving their commercial standing. It also

supports imports that represent essential inputs to the productivity of LDMC businesses. The Corporation, likewise, supports project investments in LDMCs that improve GDP growth. ICIEC has played an integral role in facilitating investments in member countries that support labour-intensive sectors such as agriculture and textiles.

Since its inception, the impact of ICIEC support to member countries has been over USD 6.5 billion for imports, exports, outward and inward investment in LDMCs and USD 2.5 billion in labour-intensive industries among all its member countries. In 2018, ICIEC insured over USD 19 million in labour-intensive sectors.

SDG 9: Build resilient infrastructure, promote sustainable industrialization and foster innovation



ICIEC promotes the value chain integration of local producers, as well as penetration of new markets, through its insurance products. The Bank Master Policy (BMP) and Documentary Credit Insurance Policy (DCIP) products promote access to finance and

financial services for SMEs by protecting banks' balance sheets against commercial and political risks. This also gives banks greater confidence to extend their services to SME exporters in member countries. Furthermore, our foreign investment insurance products support infrastructure investment.



Since its inception, the impact of ICIEC support to member countries has been around USD 3.7 billion in trade and investment related to infrastructure. In 2018, ICIEC supported USD 0.5 billion in infrastructure projects.

SDG 17: Revitalize the global partnership for sustainable development



ICIEC unlocks and mobilizes additional financial resources that would otherwise not flow into and between member countries due to the commercial and political risks

involved. The Corporation's support encourages participation of banks, investors, corporates and national ECAs in export transactions with, and investments in, perceived risky countries.

Since its launch, ICIEC has established some 70 partnerships with ECAs, reinsurers, banks and other multilaterals. In 2018, the Corporation forged agreements and MOUs with: Credendo, BADEA, Tunisia Investment Authority, Tunisia Africa Business Council, Indonesia Eximbank, Etihad Export Credit Insurance, and ABGF (Brazilian Guarantee Agency).

A separate Annual Development Effectiveness Report is published which provides insights on the development impact of ICIEC activities. This report is available at www.iciec.com.

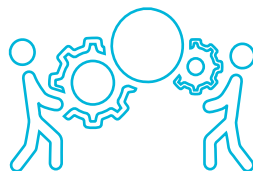
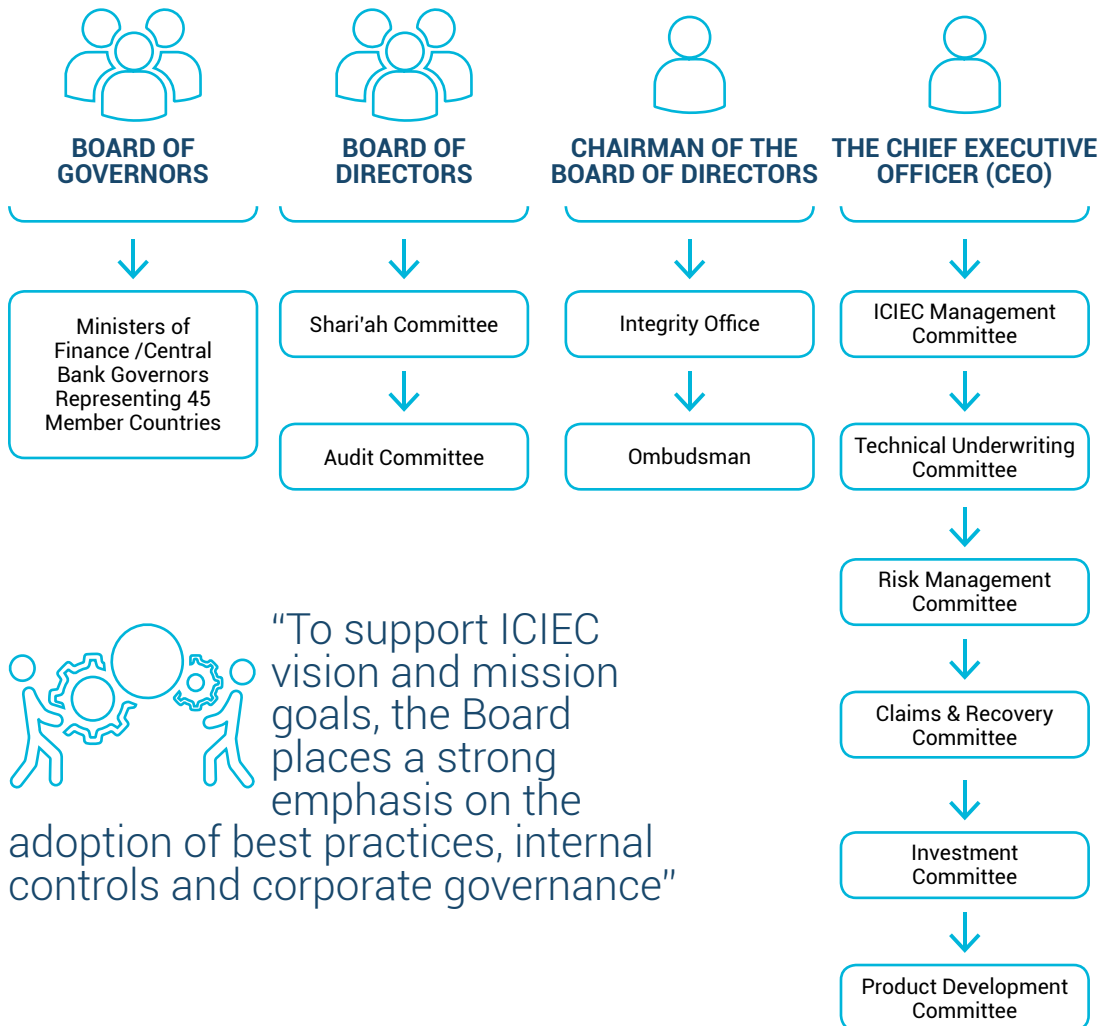
▶ GOVERNANCE & RISK MANAGEMENT

Corporate Governance not only comprises of the internal policies, structures, systems and procedures of ICIEC but also the risk appetite, culture and effectiveness of compliance monitoring and risk management, as well as Board and external stakeholder oversight.

To support ICIEC vision and mission goals, the Board places a strong emphasis on the adoption of best practices, internal controls and corporate governance. This comprises robust due diligence by the underwriting and investment functions as the 'first line of defense', supported by strong risk management as the 'second line of defense', with compliance and internal audit acting as the 'third line of defense'.

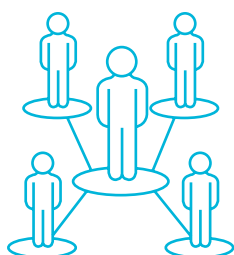
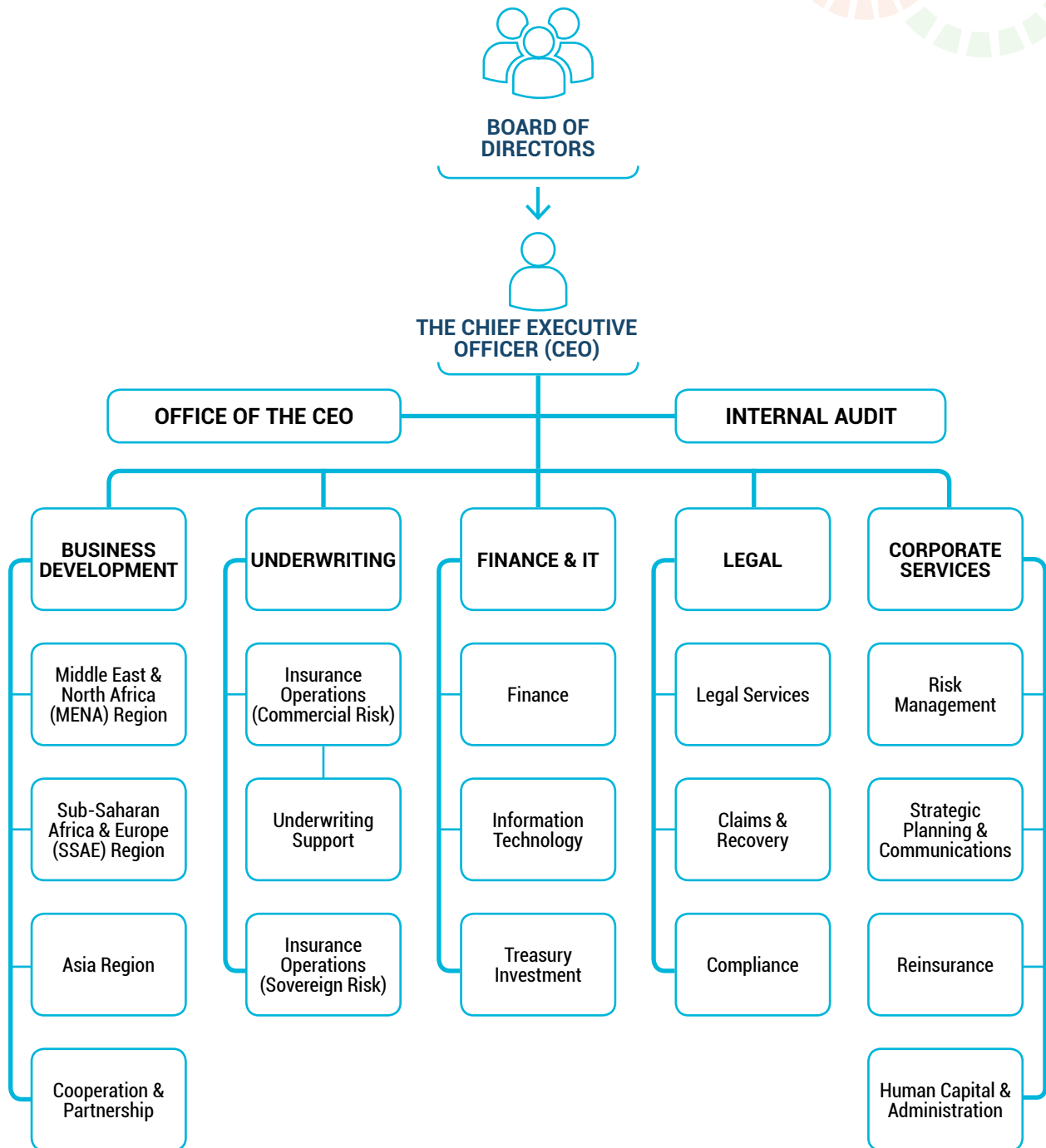
The Board of Directors held four meetings during the year and provided strategic direction to senior management including approval of the 2019-2021 Strategy and 2019 Business Plan. In addition, the Audit Committee held four meetings during which close attention was given to quarterly financial and risk reports to ensure that major risks facing the Corporation are adequately mitigated.

A plan for strengthening the risk management and internal audit functions has been approved by the Board. This includes more resources and focusing on the development of priority policy documents to equip the operations departments with appropriate risk management framework and guidelines in order to address the ever-changing political, geo-strategic, economic and financial landscape.



“To support ICIEC vision and mission goals, the Board places a strong emphasis on the adoption of best practices, internal controls and corporate governance”

ORGANIZATION STRUCTURE



The organizational structure of the Corporation was re-aligned with Islamic Development Bank Group's (IsDBG) 10-Year Strategy and the President's 5-Year Program (P5P) in 2018. Key enhancements include segregating Business Development into three geographic regions (MENA, Asia & SSAE) and specialization of Commercial and Sovereign Risks in Underwriting.

GLOBAL PRESENCE



ICIEC HEAD QUARTERS

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ISTANBUL-TURKEY

IsDB Group Regional Hub
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Sariyer, Istanbul-Turkey
Tel: (+90) 212 234 8100 - Ext 5556



"Future Offices **Riyadh**,
Saudi Arabia & **Cairo**, Egypt"

STRATEGY

10-Year Strategic Framework: ICIEC has embraced and cascaded the IsDB Group 10-Year Strategy to develop its own aligned 10-Year Strategic Framework with three key pillars: Market Impact, Capital Optimization and Organizational Strength. These are complemented by five Guiding Principles: (i) Sustainable Business Model (ii) Balancing Risk and Developmental Impact (iii) Supporting the Islamic Finance Industry (iv) Leveraging IsDB Group Synergies (v) Operational Excellence. Our 10-Year Strategy is in full alignment with the IsDB President's 5-Year Program (P5P) in terms of goals, results and performance indicators.

ICIEC contributes directly to the first level of the IsDB Group's 10-Year Strategic Goals through

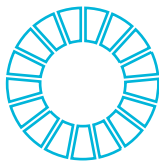
the three pillars of 'Inclusiveness', 'Connectivity' and 'Global Islamic Finance Sector Growth'. The Inclusiveness pillar aims at helping the IsDB Group to "become the preferred partner for member countries for economic and social development". The Connectivity pillar, on the other hand, seeks to leverage the IsDB Group's strength as a unique South-South institution to promote cooperation between member countries and with Muslim communities in non-member countries.

ICIEC makes significant and focused contributions to the two overarching goals of 'Cooperation between Member Countries' and 'Comprehensive Human Development' to achieve the Group '**Vision for Human Dignity**'. It does this through boosting trade and investment flows using Shari'ah-compliant Takaful insurance products and services.

ICIEC will continue to optimize opportunities presented by its expanded political risk insurance and credit enhancement products, as well as a broadened client base, to support investment in fragile and conflict-affected markets, OIC countries, middle-income countries, and transformational projects through increased business development across all sectors and regions.

ICIEC has embarked on a series of **strategic actions** aimed at decentralization of client service, comprehensive risk management and strengthening its self-sustaining Takaful business model, which tackles the balance between risks, revenue and developmental impact. The Business Development structure has been reorganized into regions (MENA, Asia, Sub-Saharan Africa and Europe) and the short-term emphasis will be to decentralize insurance operations gradually to the regional hubs.

Sustainable Development Goals:



ICIEC has established a comprehensive Monitoring & Evaluation (M&E) Framework to assess the developmental impact of its activities on member countries and

contribution to the UN Sustainable Development Goals (SDGs). In this regard, ICIEC published its first Annual Development Effectiveness Report (ADER) in April 2018. The second report is scheduled for publication to coincide with the IsDB Group 2019 Annual Meeting.

ICIEC 2019-2021 Business Plan aims at 45% growth in cumulative Business Insured over the previous plan in support of the development of member countries. The focus in 2019 is on ramping up human capital and operational infrastructure to establish a solid foundation for growth in 2020 and 2021.

Reinsurance Strategy:



The increase in ICIEC business volume draws on its strong relationship with the international reinsurance market. The new Quota Share reinsurance treaty for Medium Term and Investment Insurance continues to contribute

significantly in achieving such targets.



Initiatives planned by the Corporation include:

- a. **Cooperation with COMCEC:** The Standing Committee for Economic and Commercial Cooperation (COMCEC) of the Organization of the Islamic Cooperation (OIC) is the main multilateral economic and commercial cooperation platform of the Islamic world. In accordance with its mandate to enlarge the scope of trade and investment flows among member states, ICIEC initiated a study to create an OIC Business Intelligence Center (OBIC). The main objective is to build a best-in-class business intelligence ecosystem covering credit information, rating, advisory and capacity building to member countries. COMCEC, during its 34th Ministerial Meeting held in November 2018, expressed appreciation of the initiative led by ICIEC. It requested the IsDB Group to start operationalization of the initiative as an OIC program under one of the IsDB regional hubs, in close partnership with SESRIC and other relevant OIC institutions.



Dr Bandar Hajjar addressing the opening session of 34th COMCEC Ministerial Meeting, and announcing the launch of OIC Business Intelligence Center initiated by ICIEC.

- b. IsDB Infrastructure Financing Pool (IIFP):** Consistent with the P5P objective to crowd-in external participation as well as increase synergy between IsDB members, ICIEC proposed the establishment of a multi-tranche infrastructure investment fund seeded by IsDB alongside commercial investors. The commercial investors would also benefit from ICIEC insurance cover to mitigate their exposure and enhance the risk/return proposition. This is an innovative resource mobilization solution that uses various credit enhancement features to encourage participation of the private sector in IsDB Group infrastructure financing.
- c. Product Development:** Continuous efforts are made to enhance existing products and launch new ones to better serve member country needs and to keep abreast with evolving practices in the international credit and investment insurance market. In doing so, ICIEC aims to position itself as a 'risk solution provider', rather than an 'insurance provider'. In this regard, ICIEC Bank Master Policy and Non-Honoring of Sovereign Financial Obligation products are already Basel III compliant. The Corporation aims

to ensure that all its products are equally effective for risk mitigation and capital relief.

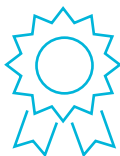
- d. ICIEC Takaful System:** Among ICIEC objectives, as outlined in its 10-Year Strategic Plan, is the goal of increasing the volume of intra-trade between member countries, attracting investments and promoting Islamic insurance services and solutions. ICIEC is expected to start the implementation of the New Takaful System in 2019 to fully automate, integrate and transform ICIEC insurance activities with treasury, financial and risk management and reporting. Significant focus will be given to optimization and reengineering of business processes as part of the implementation as well as implementing enhanced dashboard reporting capabilities.

This will enhance efficiency (staff productivity and costs) and customer service (quality, processing time, on-line processing, information availability) while reducing operational risks (eliminate manual activities, improve data quality, timely and accurate management reporting, streamlined business processes with improved security and reliability).

▶ CONTRIBUTION TO ISLAMIC FINANCE

ICIEC was established with the mandate of providing insurance products for investment and export credit while operating in accordance with Shari'ah principles. It is therefore an inherent organ in the Islamic Finance ecosystem.

Global Islamic Finance Award - ICIEC is a pioneer in the field of Shari'ah-compliant credit and political risk insurance and reinsurance. The Corporation received international recognition when it was awarded the Global Islamic Export Credit and Political Risk Insurance Award 2018. This is a testament to the innovative Shari'ah-compliant solutions ICIEC offers. The Corporation plays a catalytic role in promoting trade and foreign direct investment in member countries in pursuit of its mandate.



Micro-Takaful Fund - In collaboration with the Islamic Solidarity Fund for Development (ISFD), the ICIEC Microfinance & Micro-Takaful Fund for Economic Empowerment (ITFEE) will



promote and encourage provision of finance to SMEs and productive service projects and programs. This will help the IsDB Group in reducing poverty, creating jobs and fostering economic development in member countries, through the provision of non-payment risk solutions in conformity with Islamic Shari'ah principles. This fund will enhance the borrowing capabilities of the LDMCs to get more resources for fighting poverty.

Promoting Islamic Finance to meet Global Demand - The booming demand for Shari'ah-compliant insurance is also being



observed by private insurance firms and brokers. This includes Lloyd's of London, which reported seeing a surge in demand for specialist insurance in the Middle East, including Shari'ah-compliant insurance. This is an area

where Lloyd's is looking to further support. In this regard, ICIEC works with Lloyd's to promote Takaful insurance and reinsurance products.

Export Credit Protection to Islamic Financial Institutions - Through its products



and services, ICIEC has provided support through credit insurance protection to banks providing Shari'ah-compliant trade finance in member countries including Bahrain, UAE, Malaysia, Kuwait, Egypt and Saudi Arabia, and even to non-member countries such as France. The Bank Master Policy allows ICIEC and Islamic banks to offer a comprehensive package to clients looking for both Shari'ah-compliant financing and risk mitigation products.

Shari'ah-compliant Export Credit Insurance Solutions - As part of its



strategy, ICIEC partners with national export credit agencies to facilitate trade and investment between member countries and the world, through Shari'ah-compliant risk mitigation tools.



▶ PARTNERS



02



PARTNERSHIP STRATEGY

ICIEC's strategy is to formulate partnerships with various institutions with complementary business to enhance achievement of its mandate.

EXPORT CREDIT AGENCIES & PRIVATE INSURANCE COMPANIES



MULTILATERAL & REGIONAL INSTITUTIONS



ASSOCIATIONS



PARTNERS IN MEMBER COUNTRIES

In 2018, as part of its overall strategy, ICIEC entered into many partnership agreements with international financial institutions and export credit agencies, including the following:

COOPERATION WITH ISLAMIC FINANCIAL INSTITUTIONS



ICIEC signed three Bank Master Policies with Bahrain Middle East Bank, Al Baraka Islamic Bank (Bahrain) and Al Baraka Bank (Tunisia) during the 2018 annual meeting in Tunisia. The policies will enable those banks to provide export/import finance in full compliance with Shari'ah, while transaction risks are covered by ICIEC



Signing of Agreement with Al Baraka Islamic Bank - Bahrain



Signing of Agreement with Indonesia Exim Bank

The Corporation will exert more efforts to enlarge the portfolio of Islamic banks and continue developing customized insurance policies to service Islamic banks' risk mitigation needs in member countries. Key policyholder markets include the UAE, Bahrain, Kuwait and Saudi Arabia.

In 2018, ICIEC insured two milestone transactions with Islamic banks: (i) ICIEC and Noor Bank (UAE) strengthened their partnership by providing Murabaha solutions to an ICIEC member country to promote trade and investment. During 2018, Noor Bank concluded a Murabaha facility covered by ICIEC for USD 200 million for the Government of Pakistan. Part of these proceeds will be utilized for the import of crude oil into Pakistan. The facility played a significant role in securing the country's energy requirements during 2018. (ii) ICIEC provided support to Al Baraka Islamic Bank Bahrain to provide financing of USD 68 million to a member country exporter to export diesel (D2) to Sudan which is a crucial product for agricultural inputs in the country and in the provision of electricity services.

COOPERATION WITH INTERNATIONAL FINANCIAL INSTITUTIONS



ICIEC partners with the IsDB to identify complementary insurance services that could be provided to member countries, exporters, investors and financial institutions in various development financing transactions. In addition, consistent with the P5P, ICIEC is actively working with the IsDB to develop innovative resource mobilization products to crowd-in external financing for member countries development needs.

ICIEC and the International Islamic Trade Finance Corporation (ITFC) worked closely in 2018 to expand the scope of their cooperation to cover new trade financing modes. ICIEC is currently studying the possibility of covering risks associated with ITFC structured trade financing products and risks in financing granted to banks in member countries. In its ongoing efforts to nurture the growth and development of Islamic finance, ICIEC also supported ITFC financing partners in covering their participation in an ITFC syndication program through the Bank Master Policy (BMP). National Commercial Bank (Saudi Arabia), The Arab Investment Company and Kuwait Finance House were among the institutions who benefited from ICIEC policies in this regard.

ICIEC is also collaborating with the Islamic Solidarity Fund for Development to launch the ICIEC Microfinance & Micro-Takaful Fund

for Economic Empowerment to promote and encourage provision of finance to SMEs and productive service projects and programs.

COOPERATION WITH EXPORT CREDIT AGENCIES



A key pillar of ICIEC mandate is to build the capacity of member countries' Export Credit Agencies (ECAs) and Exim Banks. Moreover, ICIEC provides training, reinsurance and joint marketing arrangements to all ECAs of member countries on a need basis. During 2018, the Corporation strengthened its business relationships with the following ECAs and Exim Banks from various member countries:

Indonesia Eximbank

ICIEC signed a cooperation agreement with Indonesia Exim Bank to boost Indonesian exports and investments. ICIEC and Indonesia Exim are currently studying the pipeline of Indonesian investment projects in Africa in order to identify opportunities of common interest. ICIEC will provide underwriting and reinsurance capacity to support Indonesia Exim Bank and extend its services to Indonesian investors targeting Sub-Saharan African countries.



A senior delegation from ICIEC conducted a visit to Exim Bank Malaysia during the second quarter of 2018. The two institutions discussed new Malaysian foreign investment projects in the pipeline in several countries. ICIEC and Exim Bank are currently supporting a Malaysian project in the power sector in Indonesia. Capitalizing on the success of this project, ICIEC has expressed its interest in providing more support to reinsure similar projects with a high developmental impact for member countries.



ICIEC and SEP held several meetings to discuss ways to enhance cooperation. ICIEC is already providing reinsurance support to the SEP documentary credit insurance portfolio. During 2018, SEP added a number of new banks from the Middle East and Asia to its portfolio after obtaining the required limits from ICIEC. As a result, the portfolio has become more diversified while business insured grew significantly.



ICIEC signed a Memorandum of Understanding (MOU) with the newly established organization, Etihad Credit Insurance (ECI). ECI is a Public Joint Stock Company owned by the UAE Federal Government and its founders: the Government of the Emirate of Abu Dhabi, the Government of the Emirate of Dubai, the Government of the Emirate of Ajman, the Government of the Emirate of Ras Al Khaimah and the Government of the Emirate of Fujairah.

The agreement applies to the export of goods wholly or partially manufactured, assembled and reprocessed in the UAE. This agreement is in line with ICIEC mandate to support ECAs in member countries utilizing its technical capabilities and expertise in the field.

▶ PARTNERS IN NON-MEMBER COUNTRIES

COOPERATION WITH INDUSTRY ASSOCIATIONS



ICIEC continues to leverage its membership of the Berne Union (the largest association of export credit agencies in the world) to grow partnerships and keep abreast of the latest industry developments. ICIEC attended the Annual General Meeting of the Berne Union in Paris (France) as well as the Spring meeting in Kilifi (Kenya), where it participated in the Investment Committee, the Short Term Committee and Prague Club. ICIEC also attended the Investment Technical Panel of the Berne Union in Philadelphia (USA) where technical matters related to investment insurance were discussed among members.



AMAN UNION

AMAN Union is a professional forum of commercial and non-commercial risks insurers and reinsurers in OIC member countries. It was launched in October 2009 following an agreement between the Arab Investment and Export Credit Guarantee Corporation (Dhman) and ICIEC to join efforts to establish such a union. Both multilateral organizations are founding members.

During 2018, the Secretary General organized the 16th and 17th Executive Council Meeting of the AMAN Union in Istanbul on 28th June 2018 and in Cairo on 3rd December 2018 respectively. The meetings were chaired by Mr. Oussama Abdul Rahman KAISSI, CEO of ICIEC and Chairman of the Executive Council of AMAN Union, and attended by delegates from ICIEC, Dhman,

CAGEX, COTUNACE, Turk Eximbank and Credit Oman. Members discussed updated reports on the AMAN Union database, the selection of a provider for online training, proposed topics for the 2nd Technical Training in 2018 and proposed amendments in the AMAN Union Charter. The Executive Council also considered establishing a Short-Term Export Credit Insurance Committee and Structured Finance Insurance Committee.

COOPERATION WITH ECAs IN NON-MEMBER COUNTRIES



ICIEC maintains ongoing cooperation with many Export Credit Agencies from non-member countries to support the flow of foreign direct investment and capital goods into member countries.

In order to support projects in member countries, ICIEC has expanded its partnerships with ECAs to include Credendo, the Belgian Export Credit Agency, signing a framework reinsurance agreement in 2018. ICIEC has also reactivated bilateral relations with several other ECAs such as Sinasure (China) and K-Sure (South Korea).

ICIEC cooperation with non-member country ECAs resulted in closing two important projects in 2018: Duqm Port (Oman) and Coastal Protection Works (Benin).



SUPPORT TO MEMBER COUNTRIES

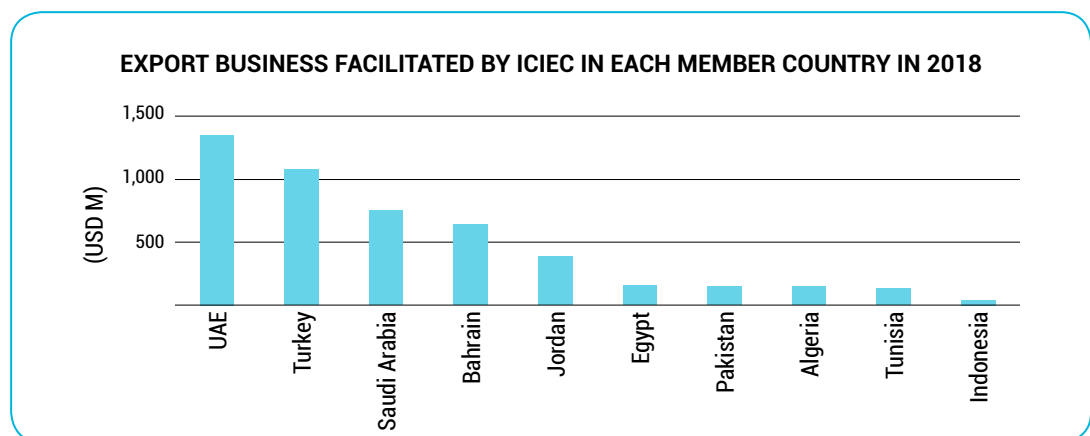


FACILITATION OF TRADE AND FOREIGN INVESTMENT IN MEMBER COUNTRIES

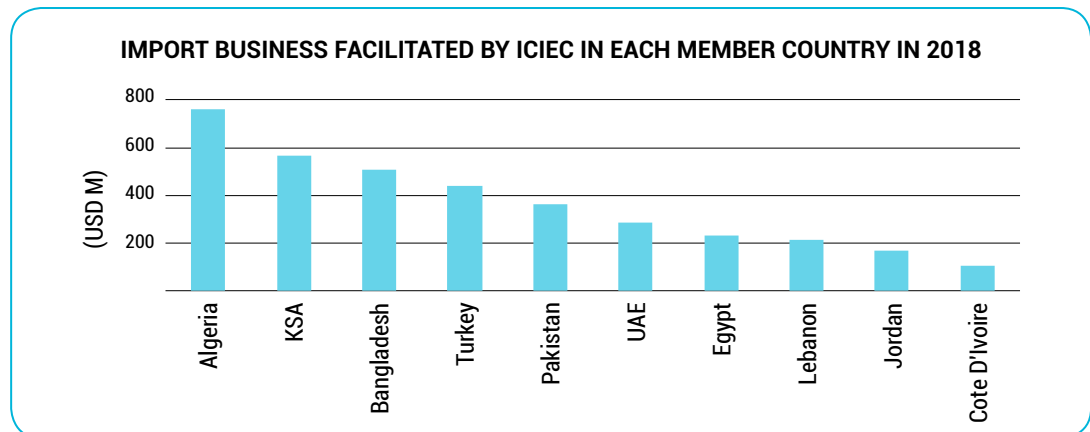
During 2018, there are 34 member countries which benefited from ICIEC insurance products and services. This resulted in the facilitation of USD 9.0 billion in trade transactions and Foreign Direct Investments (FDI). Out of this, USD 3.0 billion are related to exports from member countries, USD 3.2 billion represent imports into member countries (including strategic goods and capital equipment from non-member countries), and USD 2.8 billion in foreign investments (comprising of both inward and outward investments). This was facilitated with support from the reinsurance market.

The below charts reflect the utilization of ICIEC products by member countries during 2018 under the various business lines:

BENEFICIARIES OF EXPORT CREDIT PRODUCTS

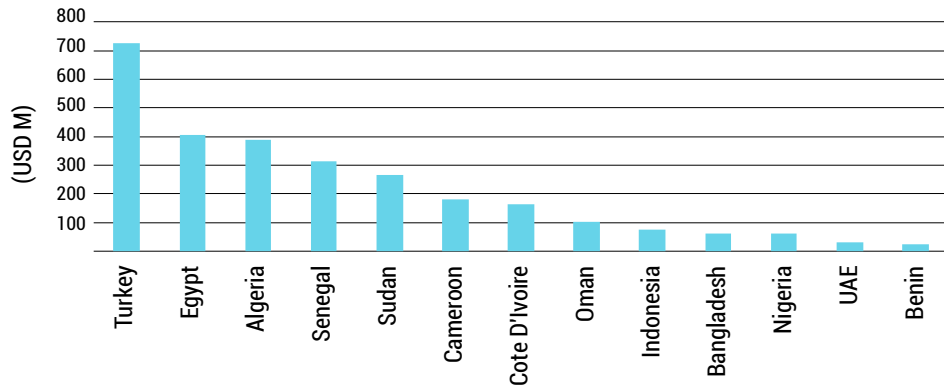


The vast majority of exports supported by ICIEC in 2018 were from UAE, Turkey, Saudi Arabia, Bahrain, Jordan, Egypt, followed by Pakistan, Algeria, Tunisia and Indonesia.



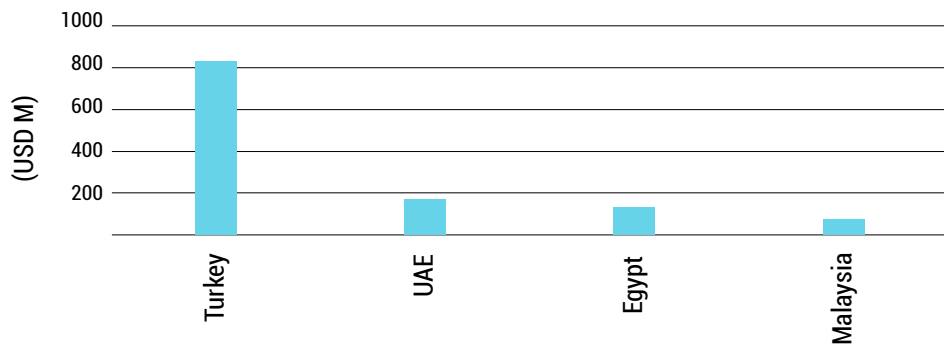
Algeria, Saudi Arabia and Bangladesh benefited the most from ICIEC import cover in 2018. Imports were essentially from other member countries. Imports from non-member countries were related to capital goods and strategic commodities.

INWARD INVESTMENTS FACILITATED BY ICIEC IN EACH MEMBER COUNTRY IN 2018



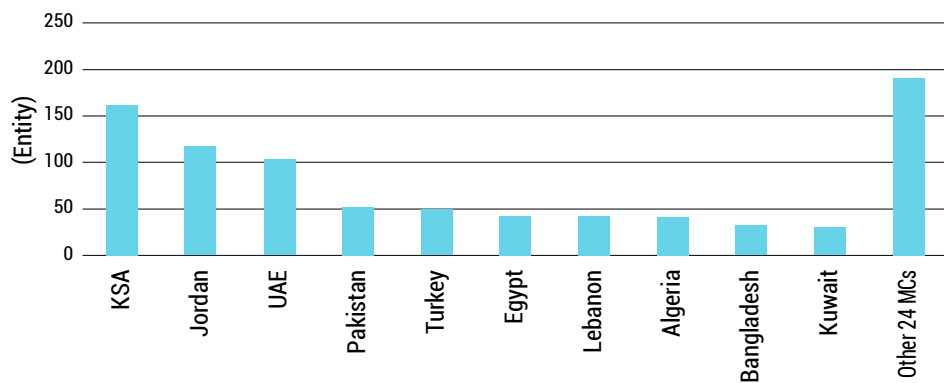
Turkey, Egypt and Algeria were the countries that benefited the most from inward investments insured by ICIEC during 2018.

OUTWARD INVESTMENTS FACILITATED BY ICIEC FROM MEMBER COUNTRIES IN 2018



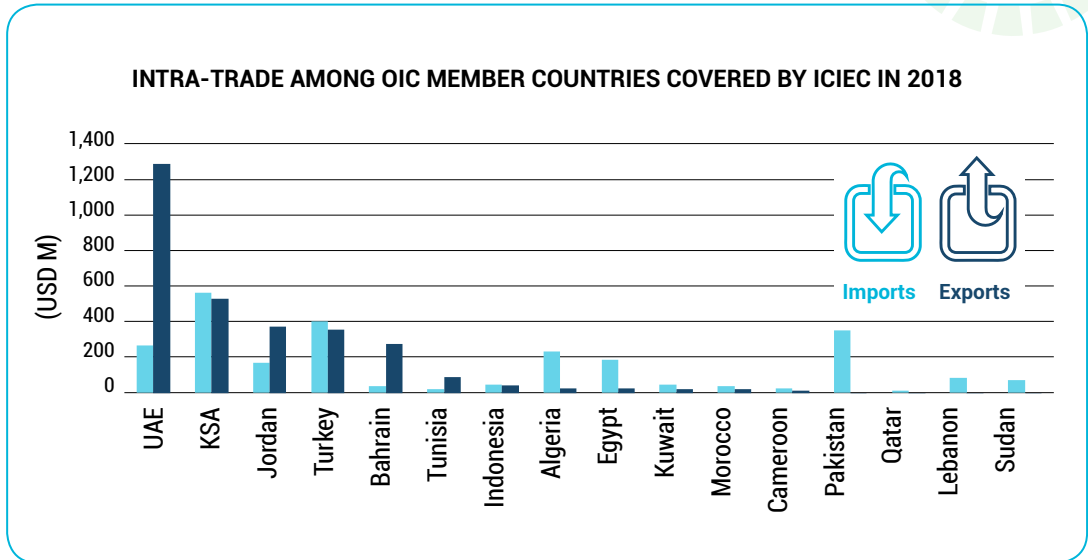
In 2018, in terms of outward investments, Turkey was the largest beneficiary among member countries followed by UAE, Egypt and Malaysia. The destination of Turkey's investments includes Algeria, Cameroon, Senegal and Lebanon.

NUMBER OF ENTITIES UTILIZING ICIEC SERVICES IN MEMBER COUNTRIES (2018)

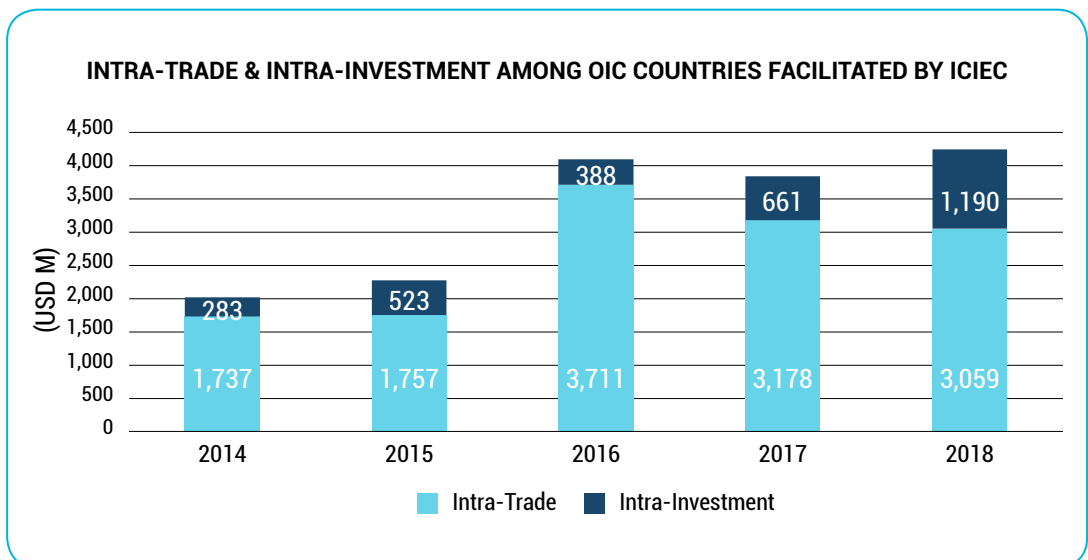


861 business entities in 34 member countries benefited from ICIEC insurance products In 2018. The largest number of entities were in Saudi Arabia, Jordan and UAE.

FACILITATION OF INTRA-TRADE AMONG OIC COUNTRIES



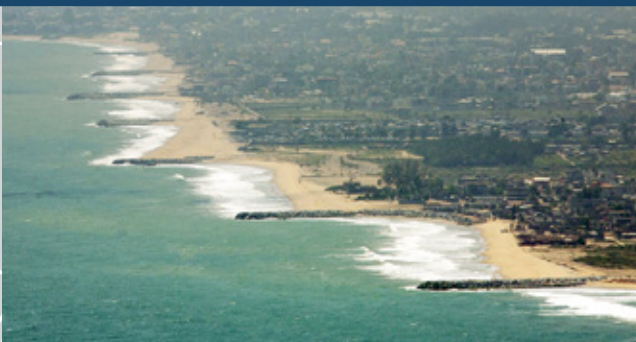
One of ICIEC's key objectives is to support intra-trade among OIC member countries. During 2018, the trade credit coverage provided to OIC intra-trade reached USD 3.1 billion. This constitutes exports from 17 OIC member countries to 34 other OIC member countries, which is equivalent to 49.4% of gross trade credit insured by ICIEC during the year.



Combined intra-trade and intra-investment facilitated by ICIEC grew by 11% in 2018 to reach USD 4.2 billion.

▶ MAJOR TRANSACTIONS SUPPORTED IN 2018

Coast Protection Works, Cotonou, Benin



Country	Benin
Size	EUR 43.5 m
Tenor	12 years (2 Years construction + 10 Years Repayment)
Product	Single Transaction Policy - (Inward reinsurance)
Client	Credendo, Belgium
Context	Nearly half of Benin's population (over 3 million inhabitants) live in the coastal city of Cotonou which is vulnerable to sea-level rise, with potentially catastrophic impact on the economy, population, infrastructure and natural systems.
ICIEC Role	ICIEC is supporting the member country by providing cover to facilitate financing from an international bank for coast erosion prevention construction works to be executed by a foreign contractor in Cotonou, Benin.
Developmental Impact	<ol style="list-style-type: none"> 1. The implementation of the project will further help preserve lives and socio-economic activities in the coastal area. This will ensure sustainable incomes and food production for the population of the area and reduce poverty, food shortages, low levels of education and low life expectancy and reduce risks of damage to infrastructure villages. 2. Promote socio-economic stability and connectivity by securing the main road link between Cotonou and Lagos in neighboring Nigeria, which is an economic lifeline for the country and situated along the fragile shoreline.
Key Result Areas	Member country development. Financial sector. Cooperation with other ECAs. Reinsurance services. Access to long term finance to MCs.

Import of Diesel, Sudan



Country	Sudan
Size	USD 80 m
Tenor	1 year
Product	Documentary Credit Insurance Policy
Client	Al Baraka Islamic Bank
Context	Supply of Diesel to Sudan
ICIEC Role	Involvement in covering the transaction and mobilizing the reinsurance support.
Developmental Impact	This transaction has important developmental impact, especially that Diesel (D2) is a crucial product to Agriculture inputs in Sudan and provision of electricity services. In order to finalize this deal, ICIEC played an important role in mobilizing the private reinsurance market.
Key Result Areas	Member Country Development & Energy Security.

Solar Power Project, Egypt



Country	Egypt
Size	USD 68 million
Tenor	7 Years
Product	Foreign Investment Insurance Policy-Equity
Client	Alcazar Energy
Context	Construction and operation of four 50 MW solar power plants, providing the generated electricity to the Egyptian national grid under a 25 year power purchase agreement. The project is located in the Benban Solar Complex in Aswan.
ICIEC Role	ICIEC provided Breach of Contract and PRI cover to the UAE-based investor for their equity investment in the Benban Solar Complex.
Developmental Impact	ICIEC support promoted FDI inflows into Egypt and energy security with a focus on supporting development of the country's power industry and renewable energy sources.
Key Result Areas	Member Country Development & Energy Security

Textile and Ready-Made Garments Industry, Bangladesh



Country	Bangladesh
Size	USD 135 million
Tenor	Up to 4 years
Product	Specific Transaction Policy (STP)
Client	Shima Seiki, Japan
Context	Exports of textiles, clothing, and ready-made garments (RMG) account for 80% of Bangladesh's total merchandise exports and is the principal source of foreign exchange earnings.
ICIEC Role	ICIEC insured Letters of Credit (LC) issued by Bangladeshi banks for imports of textile machinery. The LCs were for the import of textile machinery from non-member country exporters. The transaction was under the import of capital goods scheme from non-member countries.
Developmental Impact	ICIEC support through this program served to enhance acceptability of Bangladeshi Bank issued LC's in the international market. ICIEC also insured medium-term transactions involving importation of machinery and equipment vital for the growth of the Textile Industry and Bangladeshi economy in general.
Key Result Areas	Member Country Development through enhancing competitiveness

Duqm Liquid Bulk Berths Project, Oman



Country	Oman
Size	USD 114 m
Tenor	3 years
Product	Non-honoring of a Financial Obligation by a State Owned Enterprise (NHFO-SOE)
Client	Atradius Dutch State Business NV, Amsterdam, The Netherlands
Context	The scope of the project includes engineering, design, procurement and construction of a liquid bulk berth terminal at Duqm Port Industrial Free Trade Special Economic Zone.
ICIEC Role	ICIEC is supporting the Member Country by providing reinsurance cover to a Non-Member Country ECA to facilitate construction work to be executed by a foreign contractor.
Developmental Impact	<ol style="list-style-type: none"> 1. Reduce transport distance, time and cost, and Improve competitiveness of Oman exports. 2. Attracting foreign direct investments which will enhance the government's diversification program in the context of declining oil prices. 3. Approximately 1,500 direct jobs through different port-related companies, and 3,000 indirect jobs through services and industries will be created. 4. 15% of the total project cost will be locally procured in addition to 10% of the work force will be local citizens.
Key Result Areas	Member country development. Financial sector. Cooperation with Non-Member ECAs

Waste-to-Energy (WtE) Project, Sharjah, UAE



Country	UAE
Size	USD 32.5 m
Tenor	17 years
Product	Non-Honoring of Sovereign Financial Obligations (NHSO)
Client	Sumitomo Mitsui Banking Corporation Europe (SMBCE), UK
Context	The Project is a continuation of the implementation by the Government of Sharjah and UAE environmental policies designed to encourage private sector participation in the waste sector. In particular, the Project fits into the UAE Vision 2021, which focuses heavily on environmental measures including diversion of 75% of the current waste from landfills by 2021.
ICIEC Role	ICIEC is supporting its member country by providing cover to facilitate a financing from an international bank for construction work to be executed by a foreign contractor related to the Waste-to-Energy project in the Emirate of Sharjah, UAE.
Developmental Impact	<ol style="list-style-type: none"> 1. Positive environmental impact with an estimated net reduction of 460,000 CO2e per year and reduction of waste disposed to landfill. 2. Positive impact on energy generation from the operation of the WtE plant. 3. Employment for around 1,000 workers during the construction phase and about 50 during the operation phase.
Key Result Areas	Member Country Development; tackling climate change; cooperation with IFIs for green-financing; access to long term finance to MCs.



PFI AWARD: MIDDLE EAST CLEAN ENERGY DEAL OF THE YEAR

ICIEC won the 'Middle East Clean Energy Deal of the Year' award at the global Project Finance International (PFI) Awards for the Sharjah Waste-to-Energy" (WtE) project.

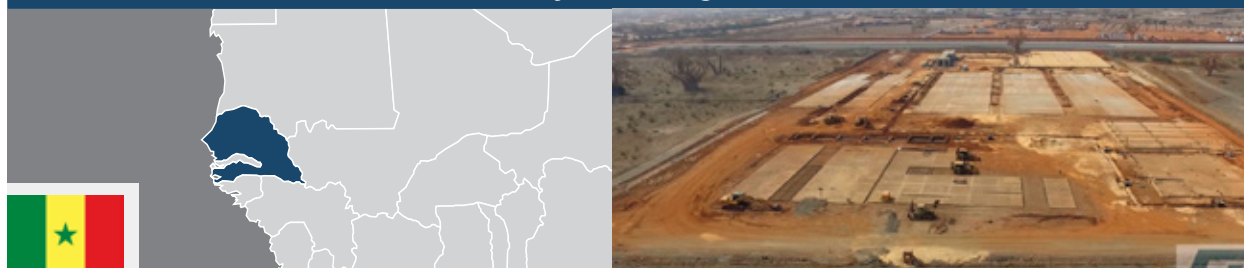
ICIEC provided cover for the project's construction financing, working in partnership with fellow financial institutions SMBC, Siemens Bank, Abu Dhabi Commercial Bank, Abu Dhabi Fund for Development and Standard Chartered Bank.

Tosyali Iron Steel Project, Algeria



Country	Algeria
Size	USD 450 m
Tenor	5 years
Product	Equity Investment Insurance Policy
Client	Tosyali and other investors, Turkey
Context	The Government of Algeria is pursuing a policy of economic diversification from oil & gas dependence to create additional employment and generate stable export revenues from other sectors in an environment of falling oil prices. The scope of the Tosyali Iron Steel Spa Project includes a steel factory investment near the city of Oran, Algeria by an investor from Turkey.
ICIEC Role	ICIEC is supporting the Member Country (Turkey) firm by providing political risk insurance cover to facilitate its steel factory investment in another Member Country (Algeria).
Developmental Impact	<ol style="list-style-type: none"> 1. Combined annual production capacity of 4 million tons making it the largest integrated steel plant in Africa. 2. Recycling locally sourced scrap metals will keep the environment clean and create business opportunities for small scrap metal dealers. 3. Improving the country's balance of payments by substituting imports from Europe. 4. Created thousands of direct and indirect jobs.
Key Result Areas	Member Country Development; promoting intra-OIC investments; direct and indirect employment; diversification of the economy; local production of steel products, improving the balance of payments.

Dakar Market and Truck Station Project, Senegal



Country	Senegal
Size	USD 78 million
Tenor	11 years
Product	Non-honoring of Sovereign Financial Obligations (NHSO) Policy
Client	Turk Eximbank
Context	With implementation of the Project, the agricultural products will be gathered and warehoused in the Market and distributed with the trucks countrywide.
ICIEC Role	ICIEC provided a "Non-honoring of Sovereign Financial Obligation (NHSO)" cover to a member country ECA for a financing facility of USD 78 million to the Ministry of Trade, Informal Sector, Consumption, Promotion of the Local Products and SMEs of Senegal.
Developmental Impact	<ol style="list-style-type: none"> 1. Development of the logistics and agricultural sector in Senegal. 2. De-concentrate the capital city, which suffers from over population and limited land availability. 3. Connect producers of agricultural products and livestock to distribution markets.
Key Result Areas	Member Country Development, Export Sector Development

Canakkale Project, Turkey



Country	Turkey
Size	EUR 100 million
Tenor	15 years
Product	Non-honoring of Sovereign Financial Obligations (NHSO)
Client	ING Bank
Context	The project is a catalyst for economic development of the provinces it traverses as well as enhance Turkey's strategic location as a major trade route between Europe and Asia. The Malkara - Çanakkale motorway project (including 1915 Çanakkale Bridge) reflects the first phase of the Overall Project.
ICIEC Role	ICIEC provided EUR 100 million of "Non-honoring of Sovereign Financial Obligation (NHSO)" insurance to a European bank for their participation in the financing of the construction of 1915 Canakkale Bridge and its motorways in Turkey for 15 years.
Developmental Impact	<ol style="list-style-type: none"> 1. The Project is strategically important to the Republic of Turkey "Vision 2023" and is expected to catalyze traffic flows in two surrounding provinces. 2. It will serve as an alternative to traditional inter-continental connectivity via Istanbul and the Straits and provide connectivity benefits. 3. Direct, indirect and induced impacts, are expected to generate €14.5 billion total economic activity, contribute €11.2 billion to Gross Value Added (GVA), create 285k employment and generate additional €2.5 billion tax revenues from the first construction expenditure in 2017 to the end of concession period in 2034.
Key Result Areas	Member Country Development through improvement in urban mobility.



PFI AWARD: TURKISH DEAL OF THE YEAR

ICIEC won the 'Turkish Deal of The Year' Award at the global Project Finance International (PFI) Awards for the Çanakkale 1915 Bridge project. This award recognizes Turkey's most significant project finance deal in recent history and one of the most high-profile construction projects ever undertaken in the country. ICIEC provided various insurance cover, in partnership with several other export credit agencies.



2018 INSURANCE OPERATIONS PERFORMANCE



04

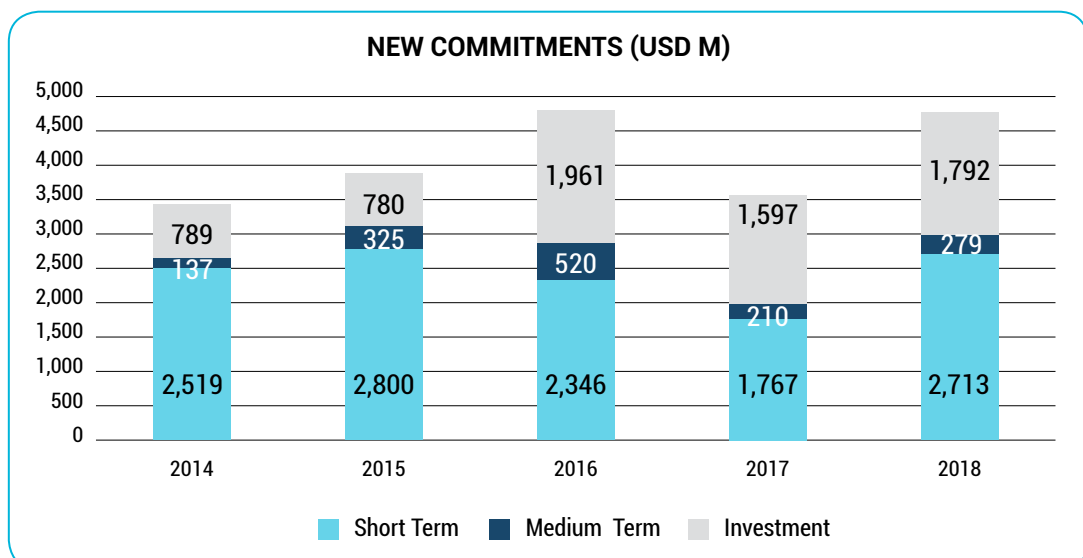


▶ SUMMARY OF OPERATIONS RESULTS

Indicators (USD M)	2018	2017	Change (%)
New Commitments	4,784	3,574	34%
Total Business Insured	9,030	7,527	20%
Short Term	5,929	5,593	6%
Medium Term	258	215	20%
Investment Insurance	2,843	1,719	65%
Total Exposure	4,668	4,605	1%
Short Term	1,967	2,933	-33%
Medium Term	675	682	-1%
Investment Insurance	2,026	990	105%
Total Premium Issued	71.74	40.49	77%
Short Term	16.68	11.36	47%
Medium Term	2.56	5.12	-50%
Investment Insurance	52.5	24.01	119%
Outstanding NPLs	2.99	67.72	-96%
Net Claims Paid	10.3	5.4	90%
Recoveries	1.20	1.88	-36%
Net Loss Ratio	26.2%	30.7%	-15%

▶ NEW INSURANCE COMMITMENTS

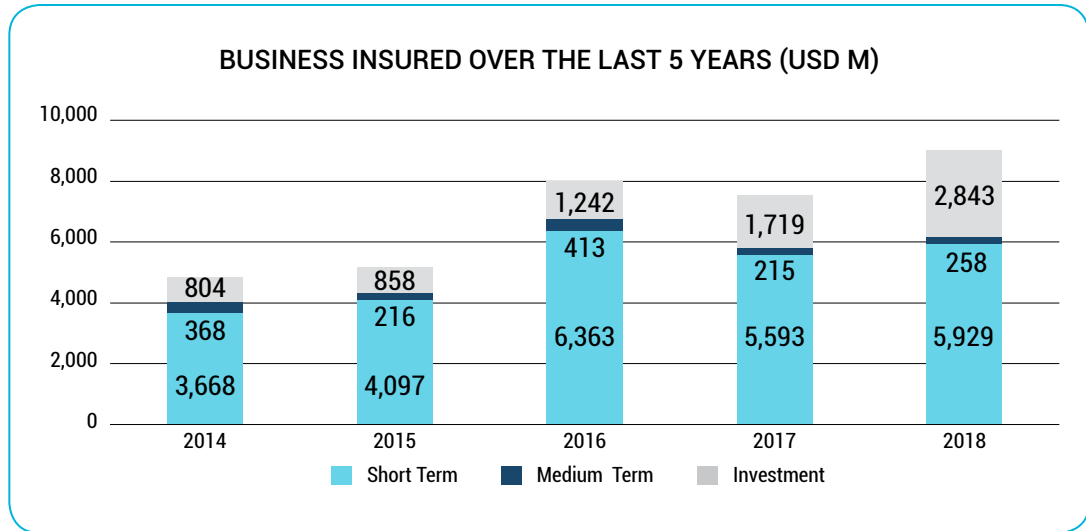
New commitments (new insurance approvals) reached USD 4.8 billion at end-2018 (2017: USD 3.6 billion), reflecting an increase of 34%. The new commitments are distributed across the various lines of business, with Short Term accounting for 57%; Medium Term for 6% and Foreign Investment Insurance for 37%.



BUSINESS INSURED

Business Insured (actual utilization of insurance commitments) during 2018 increased by 20%, to USD 9.0 billion (2017: USD 7.5 billion). Short Term business recorded an increase of 6% to USD 5.9 billion in 2018 (2017: USD 5.6 billion), Medium Term increased by 20% to USD 0.3 billion (2017: USD 0.2 billion) and Investment Insurance increased significantly, growing by 65% to USD 2.8 billion in 2018 (2017: USD 1.7 billion).

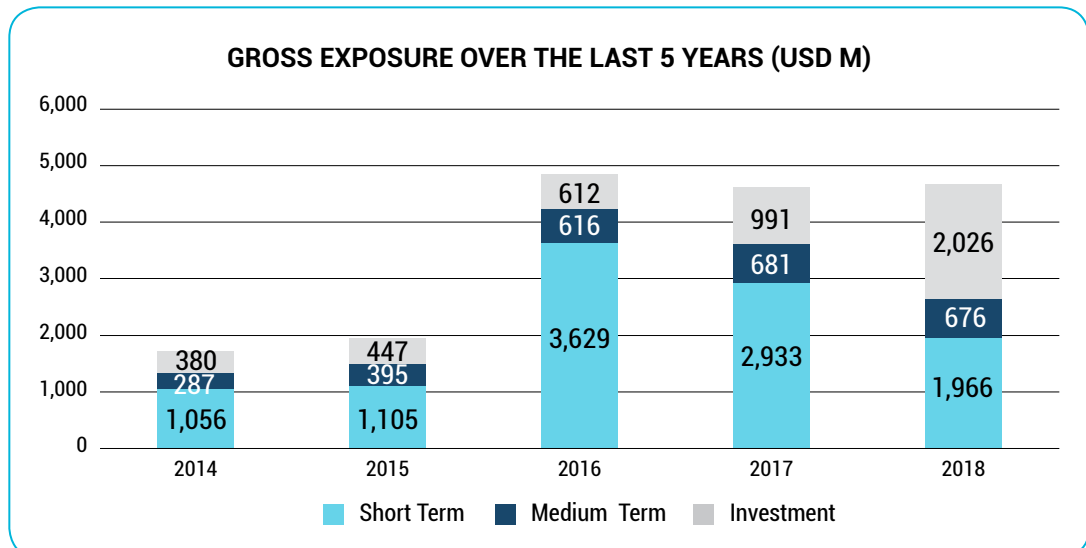
Overall, ICIEC business insured over the last five years witnessed an average annual growth of 19%.



EXPOSURE

Total exposure is an aggregate measure of outstanding business insured, arrears and outstanding claims. It serves as an indicator of the Corporation's portfolio at risk, at any given point in time. ICIEC total exposure increased, albeit marginally (1%), at the end of 2018, reaching USD 4.7 billion compared to USD 4.6 billion at end-2017. The break-down of exposure related to Short Term, Medium Term, and FII business was USD 2 billion (42%), USD 0.68 billion (15%) and USD 2 billion (43%), respectively, at end-2018.

ICIEC gross exposure saw a significant jump in 2016 and has remained steady over the last three years as reflected in the chart below.



For the purpose of managing risk on the books as well as for capacity optimization, ICIEC cedes part of its exposure to the international reinsurance market. In 2018, net exposure was recorded at USD 1.4 billion, (31% of the total exposure) and reinsurance cession (transfer to international reinsurers) stood at USD 3.2 billion (69% of the total exposure). Compared to 2017, the percentage of ICIEC risk retention declined from 35% to 31% in 2018.

The table below highlights the distribution of ICIEC gross and net exposure among the various lines of business:

ICIEC GROSS AND NET EXPOSURE BY BUSINESS LINE

(USD M)	Gross Exposure	Ceded Exposure	ICIEC Net Exposure	Net/Gross %
Short Term	1,966	1,392	574	29%
Medium Term	676	318	358	53%
Investments	2,026	1,533	493	24%
TOTAL	4,668	3,243	1,425	31%

Mobilization of Insurance Capacity

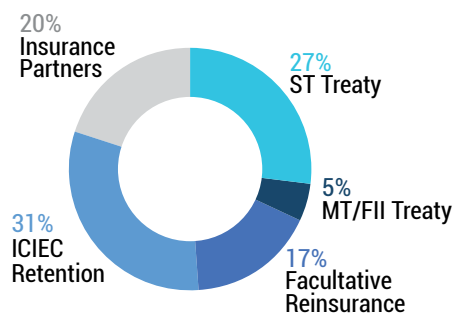
As part of its Partnership for Development strategy to serve trade and investment needs of clients, ICIEC crowds-in partners to mobilize additional capacity from the international reinsurance market. Currently, ICIEC has an Outward Quota Share Reinsurance Treaty with Munich Re, Hannover Re, XL Catlin Switzerland and Atradius Re to 30 June 2019 providing automatic reinsurance support to short term export and domestic credit insurance policies (not exceeding 730 days). Moreover, ICIEC signed its Medium Term (MT) and Foreign Investment Insurance (FII) Treaty Program with a panel of reinsurers (Munich Re, Swiss Re, Hannover Re, Partner Re and XL Catlin Re) which expires on 31 December 2019. In addition, ICIEC has other specialized outward Quota Share Treaties with Coface and Credendo.

During 2018, ICIEC mobilized re-insurance capacity amounting to USD 5.81 billion, which is more than 13.5 times the subscribed capital of the Corporation. The breakdown of that reinsurance capacity is as follows:

- USD 2.46 billion is under short term reinsurance treaty
- USD 0.46 billion under the MT/FII reinsurance treaty
- USD 0.48 billion under Coface Agreement
- USD 0.85 billion under Credendo Agreement
- USD 1.56 billion was ceded under facultative arrangements

Apart from Outward Reinsurance placements, ICIEC also provided Reinsurance support through Inward Quota Share Treaty programs with Turk Exim (Turkey), CAGEX (Algeria) and Cotunace (Tunisia). The programs were renewed to 30 December 2019. A new Inward Treaty Reinsurance program with Indonesia Exim was recently bound with effect from to 30 December 2019.

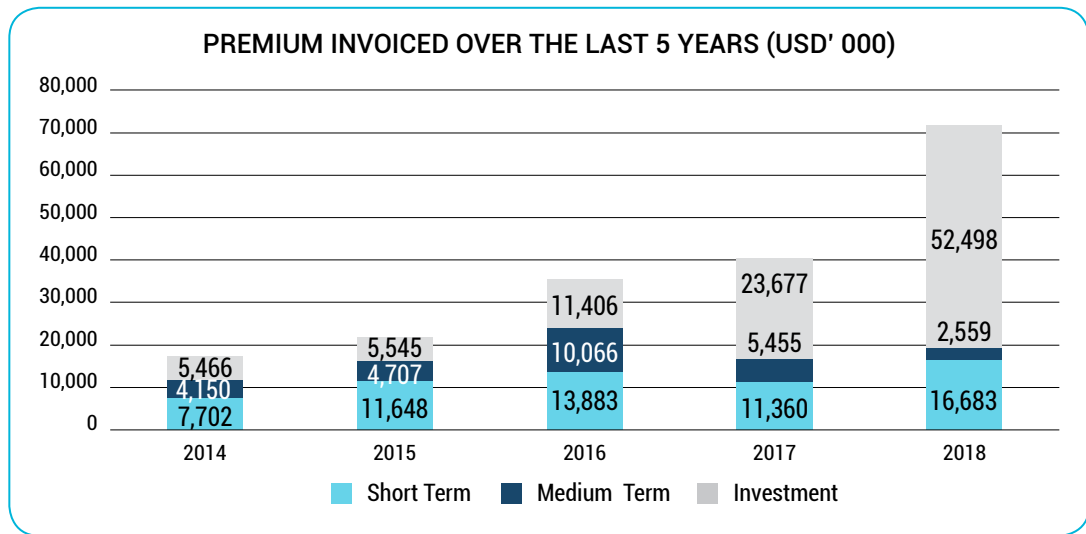
SOURCE OF INSURANCE CAPACITY Business Insured 2018



PREMIUM INVOICED

The gross premium invoiced during 2018 increased by 77% to USD 71.7 million (2017: USD 40.5 million). The break-down of premium invoiced in terms of business lines is distributed as: Short Term (USD 16.7 million or 23%), Medium Term (USD 2.5 million or 4%) and Investment Insurance (USD 52.5 million, 73%).

Over the last five years, ICIEC premium invoiced witnessed a steady increase from USD 17.3 million in 2014 to USD 71.7 million in 2018, reflecting an average growth of 34% per annum.

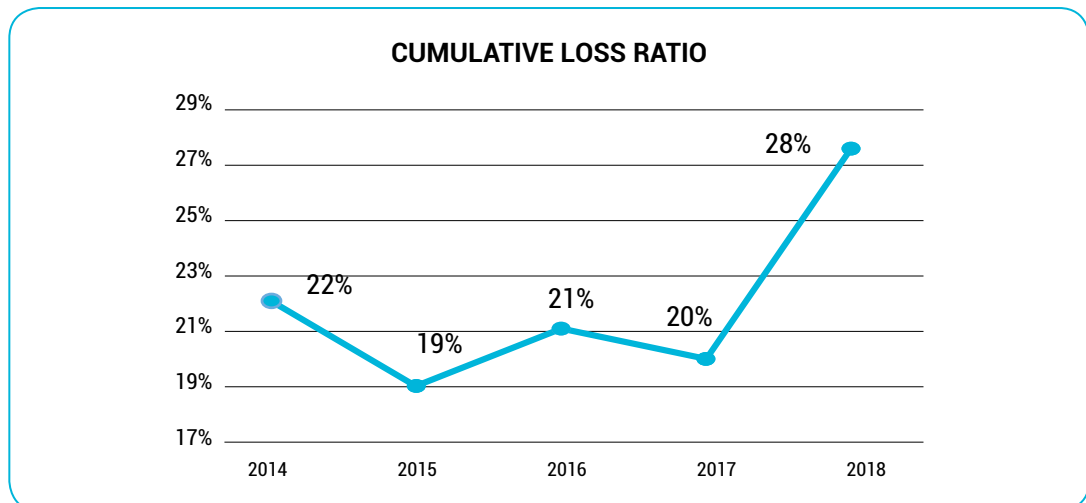


CLAIMS AND RECOVERIES

CLAIMS PAID

The chart reflects the loss ratio (total claims paid over the total premium invoiced) and combined ratio (total claims paid and expenses over the total premium invoiced of the Corporation).

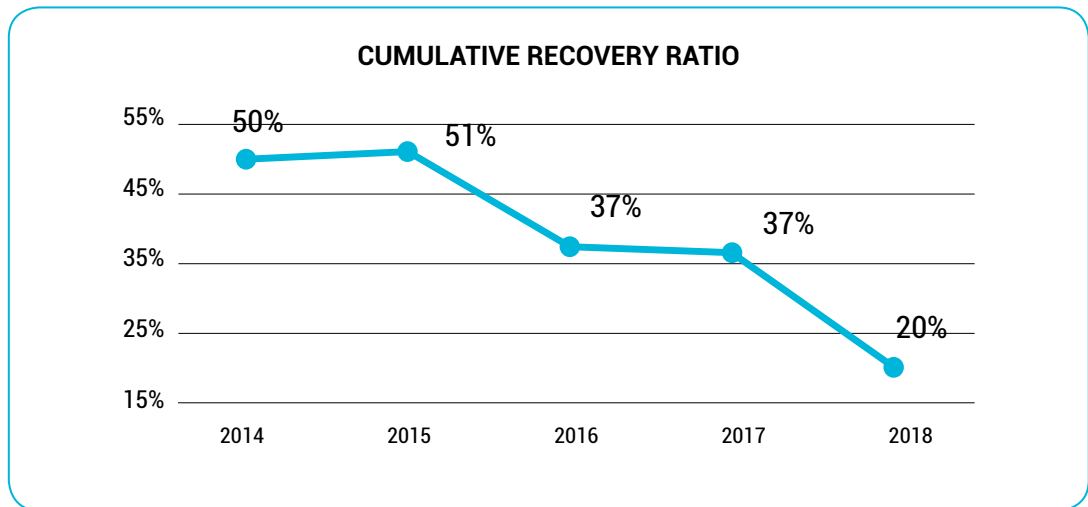
During 2018, the Corporation paid two claims for USD 34.2 million (ICIEC Net Loss: USD 10.3 million). One of these claims (for USD 32.1 million) was due to the insolvency of a buyer in Spain and was 100% provided for in 2016. In contrast, during 2017, the Corporation paid four claims for USD 10.0 million (ICIEC Net Loss: USD 5.4 million).



Three other claims received during 2018 in respect of default of buyers in Egypt, Algeria and the UK are under process and will be presented to the Claims Committee towards the first quarter of 2019. The amount of these claims is USD 53,463, USD 1,800,000 and GBP 28,729 (ICIEC Net Share: USD 16,039, USD 540,000 and GBP 8,619) respectively.

RECOVERIES

The chart reflects the cumulative recoveries ratio of the Corporation (total recoveries made over the total claims paid since inception up-to the reporting date).



Net claim recoveries made during 2018 amounted to USD 1.2 million. Furthermore, the Corporation has also made significant progress with respect to recoveries under a major claim paid in Spain. In this regard, the loss payee shall transfer beneficial ownership of the share capital of the restructured obligor to ICIEC, in addition to shareholder loan amounting to USD 11.9 million, which collectively represent the gross loss recovery amount.

▶ 2018 FINANCIAL PERFORMANCE



05



AUDITED FINANCIAL STATEMENTS

The complete set of Audited Financial Statements of the Corporation for the year ended 1439H/1440H (2018G) is published in a separate volume - an extract comprising of the Audit Report, Balance Sheet and Statement of Income is included in Appendix 3.

While the reporting currency in which the financial statements of the Corporation are presented is the Islamic Dinar (equal to the Special Drawing Right of the IMF), the analysis of financial results and investment performance is presented below in US Dollars for the sake of consistency with the rest of the Annual Report and enhanced understandability. The exchange rate used for the translation of ID amounts into USD is 1 Islamic Dinar = 1.39 USD.

FINANCIAL RESULTS



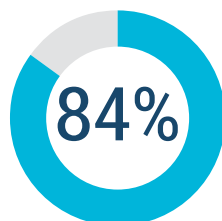
The combined corporate result of the Policyholders Fund (PHF) and Shareholders Fund (SHF) for 2018 amounted to a surplus of USD 3.3 million (2017: USD 1.7 million surplus) equivalent to 84% of the 2018 approved plan.

Surplus of 2018



USD 3.3 million

Equivalent to



of the 2018 approved plan

• POLICYHOLDERS' FUND



Gross Premium invoiced during 2018 increased by 77% to USD 71.7 million (2017: USD 40.5 million). With average exposure of 69% ceded to the international reinsurance market as well as some Medium Term and Foreign Investment policies covering multiple years, Net Earned Premium and Fees for 2018 on an accrual basis amounted to USD 23.5 million equating to 107% of both the approved plan and prior year actual.

PHF operational expenses and claims declined by 7% to USD 21.3 million (2017: USD 22.9 million) reflecting tight cost control and efficiency in managing ICIEC resources and insurance activities. The net claims expense (claims paid, incurred but not reported provision and net of recoveries) declined by 6% to USD 4.9 million in 2018 (2017: USD 5.2 million). This was positively impacted by USD 1.2 million savings on settlement of a major claim that was fully provided for in prior years.

PHF achieved a positive technical result for the year of USD 2.2 million (2017: USD 0.9 million deficit). This major achievement is only for the third time since inception and was positively impacted by strong business development and underwriting efforts as well as claim management fees earned due to exceptional savings on behalf of reinsurance partners on settlement of a major claim.

PHF net results for 2018 financial reporting, however, declined to USD 1.2 million surplus (2017: USD 1.3 million surplus) after adjusting for foreign currency translation losses of USD 0.9 million for the year (2017: USD 2.3 million FX gain).

Foreign currency translation losses arise from translating PHF monetary assets and liabilities into Islamic Dinar at different rates at each reporting date due to movements in market rates. At the Corporate level, net foreign currency translation impact for the year after offsetting the SHF foreign currency translation gain of USD 1.8 million (2017: USD 2.7 million loss), amounted to USD 0.85 million gain (2017: USD 0.39 million loss).

• SHAREHOLDERS' FUND



Income from investment of Shareholders' Fund (SHF) assets increased by 2% in 2018 to USD 4.03 million (2017: USD 3.9 million) equating to 95% of the approved target for the year.

SHF fund management and administrative expenses reduced by 64% in 2018 to USD 0.3 million (2017: USD 0.8 million) largely due to savings negotiated in a revision to the fund management agreement.

SHF performance for 2018 has been negatively impacted by a USD 3.4 million impairment charge to the income statement representing 20% of ICIEC holding in the ICD Unit Investment Fund.

The Shareholders' Fund net result for 2018 amounted to USD 2.1 million (2017: USD 0.4 million) after adjusting for foreign currency translation gain of USD 1.8 million (2017: USD 2.7 million loss).

INVESTMENT PORTFOLIO



During 2018, ICIEC total invested liquid assets increased significantly over 2017, primarily due to converting idle EUR cash into Chinese Yuan (CNY) investment positions as part of a realignment to the revised Islamic Dinar component weights after the CNY was added to the IMF-SDR basket. The Corporation also successfully reinvested maturing Sukuk investments in 2018 into higher yielding sovereign guaranteed Sukuk during the year.

Investments – Five Year Summary

(USD M)	2014	2015	2016*	2017	2018
Total Investments	217.0	221.4	247.1	177.9	240.8
Investment Income	3.52	3.99	3.83	3.99	4.03
Investment Return (ROI)**	1.67%	1.82%	1.63%	1.88%	1.93%

* 2016 is a 15-month period due to change of reporting calendar, all other periods are 12-months.

** ROI is annualized for comparative purposes based on average total investment for each year.

Investment Returns: Investment returns reached USD 4.0 million (2017: USD 3.9 million) reflecting a slight increase of 2% over the previous year. The results were 5% below target due to challenges to investment in its JPY and EUR assets due to the low or negative rate environment as well as a low volume of Shari'ah-compliant investments in those currencies. The increased overall portfolio quality was positively commented on by Moody's credit rating agency with reduction of high-risk assets to 14.2% of shareholders equity (2017: 16.7%) according to their classification.



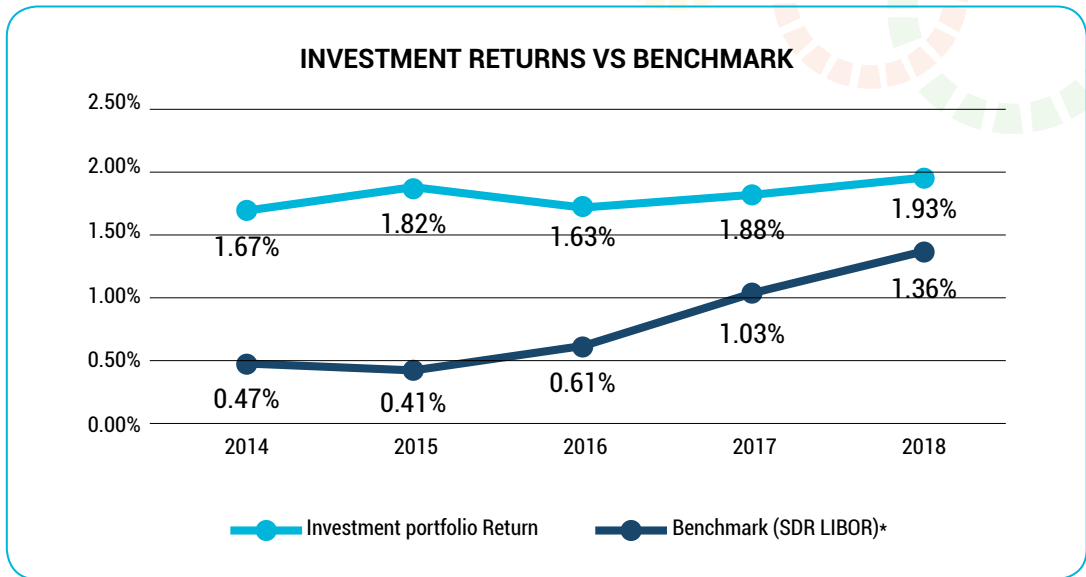
Impairment: The Corporation invested in the ICD Unit Investment Fund in 2004. While UIF had a solid earnings and dividend track record, overall performance declined since 2016 and the net asset value deteriorated to 90% by end-2017. This was reported as a temporary reduction in fair value through Equity in 2017, however as the decline is now considered prolonged and deteriorated further to 80%, a 20% impairment charge through the income statement was made in 2018 in accordance with IFRS.



Investment Strategy & Outlook: The Corporation has a very focused and conservative investment strategy aimed at earning stable returns while preserving capital and minimizing liquidity risk. Consistent with its low risk appetite, the benchmark applied is the SDR Libor which the Corporation has consistently outperformed over the last five years.



The Corporation adopted a tactical short duration of the Commodity Murabaha placements during 2018 in anticipation of the multiple increases in USD LIBOR rates which contributed to enhanced



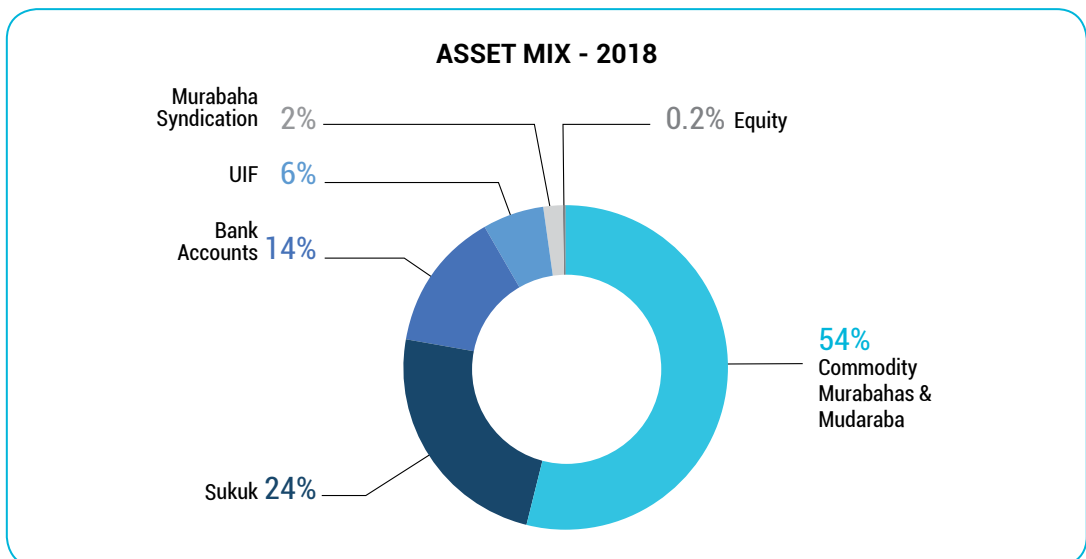
*SDR LIBOR benchmark based on moving average of 6M and 12M LIBOR rates for all SDR currencies in 2018.

income. Moreover, with greater focus on performing assets, namely Sukuk, the Corporation was able to perform better than 2017 and outperform the benchmark by 57 bps.

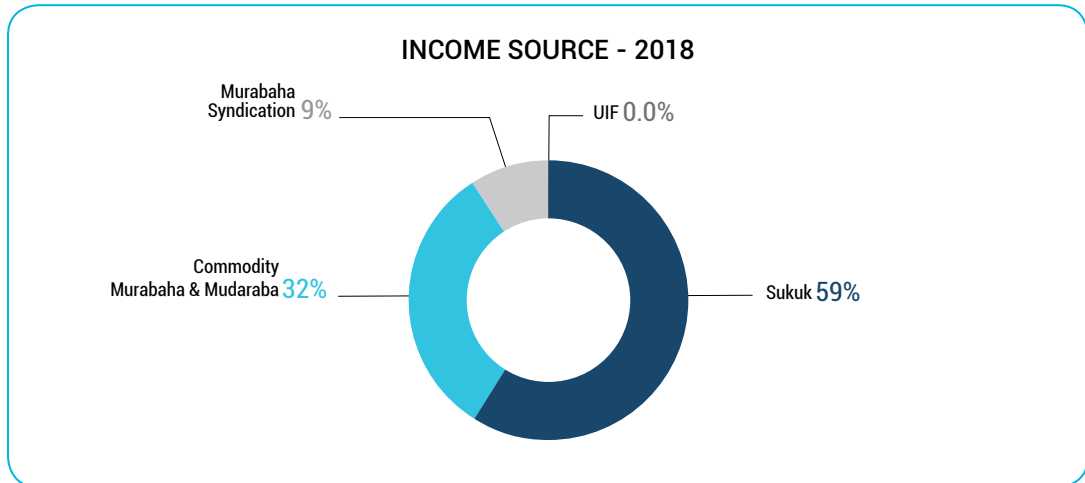
The Corporation also plans to review its Investment Strategy in 2019 to further optimize investment returns while maintaining its low risk appetite and strong liquidity profile.

Portfolio Composition: As reflected in the portfolio asset mix in the chart, short-term Commodity Murabaha & Cash at banks comprise 68% with higher-yielding investment assets making up the balance.

Cash at bank balances decreased significantly from 33% in 2017 as the Corporation was successful in converting EUR funds to CNY investment positions for enhanced income and currency alignment purposes. The Corporation also exerted significant efforts to invest part of its EUR assets in positive yield investments during the year.



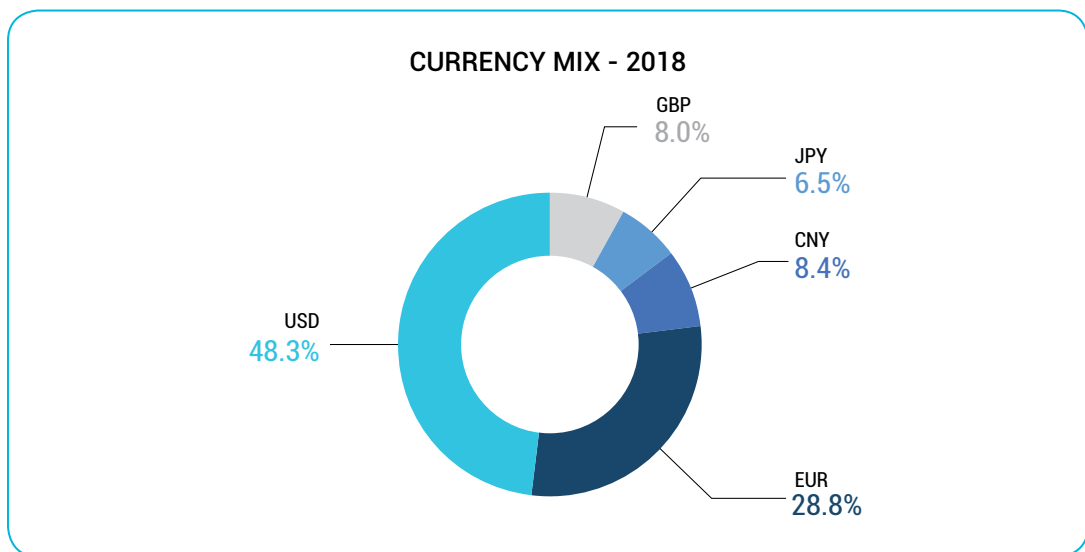
Portfolio Return Profile: In stark contrast to the portfolio composition above, 59% of ICIEC investment income in 2018 (2017: 57%) was from Sukuk investments with 9% from Murabaha trade finance syndications. This reflects the successful efforts of the Corporation to invest in a diversified portfolio of high return and low-risk Sukuk from the secondary market (often opportunistically purchasing when at a discount resulting in higher yields to maturity).



Portfolio Currency Composition: The Corporation is required to invest its liquid assets in the component currencies of the Islamic Dinar basket to minimize currency risk exposure. The basket composition and their respective weights as determined by the IMF are USD – 42%, Euro 31%, CNY – 11%, JPY – 8% and GBP – 8%.



Consistent with the ID-basket composition, USD dominates the investment portfolio with slight over-weight due to Sukuk and trade finance transactions being largely denominated in USD. Exposure to Euro is expected to reduce during Q1/2019 as the Corporation increases CNY exposure to align to the neutral position of the Islamic Dinar basket.



▶ APPENDICES

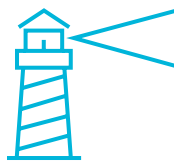


IsDB GROUP

Islamic Development Bank (IsDB/the Bank) is a multilateral Islamic financial institution established to foster socio-economic development in member countries and Muslim communities in non-member countries. The Bank commenced operations in 1975 and provides development financing and other assistance in compliance with Shari'ah. The Bank has experienced significant growth and has now evolved into the IsDB Group comprising six Group Members.



VISION



By the year 1440H, the Islamic Development Bank will have become a world-class development bank, inspired by Islamic values of comprehensive human development in the Muslim world and helped restore its dignity.

MISSION



To promote comprehensive human development, with a focus on the priority areas of alleviating poverty, improving health, promoting education, improving governance and prospering the people.



ISDBG IMPACT



Approvals

2018 (\$'m)	7,022
Since inception (\$'m)	138,363



Disbursements

2018 (\$'m)	7,781
Since inception (\$'m)	72,242



Projects

2018 (\$'m)	313
Since inception (\$'m)	10,331

▷ ACRONYMS AND ABBREVIATIONS

ABGF	:	Brazilian Guarantee Agency
ADER	:	Annual Development Effectiveness Report
BI	:	Business Insured
BMP	:	Bank Master Policy
BOD	:	Board of Directors
CAGEX	:	La Compagnie Algérienne d'Assurance et de Garantie des Exportations
CNY	:	Chinese Yuan
COMCEC	:	Committee for Economic and Commercial Cooperation (OIC)
COTUNACE	:	Compagnie Tunisienne pour l'Assurance du Commerce Extérieur Tunisienne pour l'Assurance du Commerce Extérieur
CSTP	:	Comprehensive Short-Term Policy
DCIP	:	Documentary Credit Insurance Policy
DHAMAN	:	Arab Investment and Export Credit Guarantee Corporation
DIFC	:	Dubai International Finance Centre
ECA	:	Export Credit Agencies
ECI	:	Etihad Credit Insurance
FDI	:	Foreign Direct Investments
FII	:	Foreign Investment Insurance
FIIP	:	Foreign Investment Insurance Policy
GDP	:	Gross Domestic Product
GWP	:	Gross Written Premium
IBNR	:	Incurred But Not Reported
ICD	:	Islamic Corporation for the Development of the Private Sector
ICIEC	:	The Islamic Corporation for the Insurance of Investment and Export Credit
ID	:	Islamic Dinar
IFSB	:	Islamic Financial Services Board
IIFP	:	IsDB Infrastructure Financing Pool
IMF	:	International Monetary Fund
IRTI	:	Islamic Research and Training Institute
IsDB	:	The Islamic Development Bank
IsDBG	:	The Islamic Development Bank Group
ISFD	:	Islamic Solidary Fund for Development
ITFC	:	International Islamic Trade Finance Corporation
ITFEE	:	ICIEC Microfinance & Micro-Takaful Fund for Economic Empowerment
LC	:	Letter of Credit
LDMC	:	Least Developed Member Countries
LIBOR	:	London Interbank Offered Rate
MC	:	Member Countries
MOU	:	Memorandum of Understanding
MT	:	Medium Term
NHSO	:	Non-Honoring of Sovereign Financial Obligation
NHSO-SOE	:	Non-Honoring of Sovereign Financial Obligations-State owned Enterprise
NPL	:	Notification of Probable Loss
OECD	:	Organization of Economic Cooperation and Development
OIC	:	Organization of Islamic Cooperation
OBIC	:	OIC Business Information Centre
P5P	:	President's 5-Year Program (IsDB)
PHF	:	Policyholder's Fund
PPP	:	Public-Private Partnership
SDG	:	Sustainable Development Goals
SEP	:	Saudi Export Program
SHF	:	Shareholder's Fund
SMBC	:	Sumitomo Mitsui Banking Corporation
SME	:	Small and Medium Enterprises
SMTTP	:	Supplementary Medium Term Policy
SPV	:	Special Purpose Vehicle
ST	:	Short Term
STP	:	Specific Transaction Policy
STP-CF	:	Specific Transaction Policy for Contract Frustration
TDB	:	Trade and Development Bank
UIF	:	Unit Investment Fund

AUDITED FINANCIAL STATEMENTS



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Independent Auditor's Report

Your Excellencies the Chairman and Members of the Board of Governors

The Islamic Corporation for the Insurance of Investment and Export Credit

Opinion

We have audited the financial statements of The Islamic Corporation for the Insurance of Investment and Export Credit ("the Corporation"), which comprise the statement of financial position as at 31 December 2018 (24 Rabi' al-Thani 1440H), and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 December 2018 and its financial performance, and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. 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 Corporation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the requirements of the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information included in the Corporation's 2018 Annual Report

Other information consists of the information included in the Company's 2018 annual report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not and will 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 identified above 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.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.



Independent Auditor's Report

Your Excellencies the Chairman and Members of the Board of Governors

The Islamic Corporation for the Insurance of Investment and Export Credit (continued)

Responsibilities of Management and those charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the IFRSs, and the Corporation's Articles of Agreement and for such internal control as management determines 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, management is responsible for assessing the Corporation'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 management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance is responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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 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.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Corporation's internal control.



Independent Auditor's Report

Your Excellencies the Chairman and Members of the Board of Governors

The Islamic Corporation for the Insurance of Investment and Export Credit (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

for Ernst & Young

Ahmed I. Reda
Certified Public Accountant
Licence No. 356

26 Jumada al-Akhirah 1440H
3 March 2019

Jeddah

18/29/MNA



The Islamic Corporation for the Insurance of Investment and Export Credit

STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2018 (CORRESPONDING TO 24 RABI' AL-THANI 1440H)

	<i>Notes</i>	2018 <i>Islamic Dinars</i> <i>'000</i>	2017 <i>Islamic Dinars</i> <i>'000</i>
ASSETS			
Cash and cash equivalents	3	40,394	85,698
Accounts receivable, net	4	4,126	2,689
Prepaid expenses and other assets	5	4,151	2,760
Due from affiliates	6	1,088	1,180
Available-for-sale investments	7	24,262	45,390
Murabaha financing, net	8	113,348	67,232
Held-to-maturity investments	9	34,111	13,567
Reinsurance share of outstanding claims	10	29,109	34,047
Reinsurance share of unearned premiums	11	20,025	9,398
Property and equipment	12	141	125
Due from policyholders	18	47,813	48,675
TOTAL ASSETS		318,568	310,761
LIABILITIES AND EQUITY			
LIABILITIES			
Accounts payable and accruals	13	22,500	29,692
Due to affiliates	6	5,451	3,976
Claims payable	14	292	251
Pension liability	15 (f)	5,102	3,720
Outstanding claims	10	40,109	49,598
Unearned premiums	11	37,891	19,621
TOTAL LIABILITIES		111,345	106,858
EQUITY			
Shareholders' Fund			
Share capital	16	142,905	140,468
Reserves	17	67,619	66,139
Fair value reserve		(181)	(467)
Total Shareholders' Fund		210,343	206,140
Actuarial loss on pension liability related to policyholders		(3,120)	(2,237)
TOTAL EQUITY		207,223	203,903
TOTAL LIABILITIES AND EQUITY		318,568	310,761

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 24 February 2019.

The Islamic Corporation For The Insurance Of Investment And Export Credit

FINANCIAL STATEMENTS

31 December 2018 (24 Rabi' al-Thani 1440H)

	<i>Notes</i>	<i>2018</i> <i>Islamic Dinars</i> <i>'000</i>	<i>2017</i> <i>Islamic Dinars</i> <i>'000</i>
SHAREHOLDERS' FUND			
Investment income		2,893	2,828
Investment management fees paid to Islamic Development Bank (IDB - OCR)	6	(109)	(240)
General and administrative expenses		(139)	(304)
Impairment of murabaha financing	8	-	(71)
Impairment on available-for-sale investment		(2,477)	-
Net income from shareholders' fund before exchange results		168	2,213
Gain/(loss) on foreign exchange translation		1,312	(1,948)
Net income from shareholders' fund after exchange results		1,480	265
POLICYHOLDERS' FUND			
Gross written premiums	11	51,746	25,282
Gross premium ceded to reinsurers	11	(30,598)	(16,502)
Net change in reserves for unearned premiums		21,148	8,780
		(7,642)	3,446
Net earned premiums		13,506	12,226
Outward reinsurance commission income		2,522	3,447
Policy fees earned		303	132
Income from disposal of assets and others		-	10
Management fee		572	-
Total revenue		16,903	15,815
Gross claims paid	10	(28,969)	(6,705)
Reinsurance share of claims paid	10	20,876	2,162
Net claims paid	10	(8,093)	(4,543)
Change in net outstanding claims and other reserve		4,551	788
Net claims incurred		(3,542)	(3,755)
Policy acquisition cost		(758)	(1,364)
Employees' related costs		(8,058)	(9,215)
Sales and marketing expenses		(664)	(456)
General and administrative expenses		(2,323)	(1,726)
Total expenses		(15,345)	(16,516)
Net income/(loss) from policyholder' fund before exchange results		1,558	(701)
Loss/(gain) on foreign exchange translation		(696)	1,664
Net income from policyholders' fund after exchange results		862	963
NET CORPORATE GAIN		2,342	1,228

The attached notes 1 to 24 form part of these financial statements.

The full set of the audited financial statement published in volume II

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ISSN 1658-435X