



ICIEC

THE ISLAMIC CORPORATION FOR
THE INSURANCE OF INVESTMENT
AND EXPORT CREDIT

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42nd ANNUAL MEETING
ISLAMIC DEVELOPMENT BANK GROUP

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GOVERNORS TO
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May 16th, 2017
Jeddah, Saudi Arabia



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ICIEC SUSTAINS GROWTH IN THE FACE OF HEADWINDS

ICIEC fared remarkably in 2016 with the volume of business insured by the Corporation reaching US\$8,568 million, an increase of 59% over last year. Despite a period of increased uncertainty over the state of global economy, ICIEC played, through its political risk insurance and export credit enhancement products, a significant role in catalyzing private sector investments into member countries most vulnerable to external shocks.

In particular, ICIEC's Investment Insurance products have significantly contributed to mobilizing the private and public sector investments in environments that are perceived to be risky in political terms. Short-term insurance products continued to capture the largest share of business insured at 80%. ICIEC will continue to work tirelessly to ensure that it supports investments in fragile member-countries, which make up the bulk of our portfolio. One of the key customers in this segment of business is TurkEximbank. ICIEC reinforced Turkey's export financing by insuring the risk of TurkEximbank for its international borrowings.

Notwithstanding the steady growth, ICIEC will not be complacent. In 2017, the Corporation will continue to focus on its core business areas of export credit and political risk insurance through expanding its client base. It will give priority to high development impact investment projects in fragile and post-conflict member countries. As the world today faces challenges that are as complex and vexing as at any time in recent memory, with strong economic headwinds having slowed global growth, the stark truth is that people living

in extreme poverty are hit first and hardest.

For this reason, we remain steadfast in our mission to facilitate trade and investment between member countries and the world through Shariah-compliant risk mitigation tools with a vision to be recognized as the preferred enabler of trade and investment for sustainable economic development. And to this end, the Corporation's heightened collaboration with both the public and private sectors will become increasingly important to meet the scale of financing needs for our development goals.

The progress we have sustained in recent years shows that we can contribute to reducing poverty and make a difference. This is a great challenge and a great opportunity at the same time. With the collective determination of the IDB Group and its members like ICIEC, I remain optimistic that we can together address the development needs of OIC-member countries to create a more prosperous and inclusive world for all.



Oussama A. Kaissi
The Chief Executive Officer

ICIEC'S BOARD OF GOVERNORS TO MEET IN JEDDAH



Jeddah 2017
42nd ANNUAL MEETING
ISLAMIC DEVELOPMENT BANK GROUP

Under the patronage of the Custodian of the Two Holy Mosques King Salman bin Abdulaziz Al Saud, the Board of Governors of ICIEC will hold its 24th annual meeting in Jeddah, Saudi Arabia, on May 16, 2017, in conjunction with the 43rd annual meeting of the Islamic Development Bank (IDB).

During the meeting, the governors of the IDB Group members will provide guidance on IDB Group's operational, financial, as well as strategic directions. The governors will also approve the financial results of the Corporation for 2016, and sanction the selection of the external auditors for the financial year 2018.

Various activities and side meetings are planned during the meeting, notably an ICIEC session on "Risk Mitigation Tools to Support GCC countries' investment in the Sub-Saharan Africa Region", and another session on "Boosting Trade through Financing and Takaful Insurance: Working Together to Address the Development Needs of Member Countries" jointly organized in by ICIEC and ITFC (The International Islamic Trade Finance Corporation) – another member of IDB Group.

ICIEC will discuss with leading investors, banks, insurers and Export Credit Agencies (ECAs) from Asia and Europe on how the Corporation is intending to meet the exporters and investors requirements in terms of risk mitigation tools as well as delivering projects and services, which

are in line with the IDBG development impact requirements.

The joint ICIEC and ITFC session on Financing and Takaful Insurance will focus on boosting the private sector development within OIC members countries. It will also highlight the complementarity between Takaful Insurance and Trade Finance, alongside the public sector's support to address the most challenging development issues that IDB Group member countries face. Such as job creation, infrastructure deficits, and climate change.

Mr. Oussama A. Kaissi, Chief Executive Officer of ICIEC, believes that the gathering is an opportune time for all players to know more about ICIEC's Shariah-compliant risk mitigation tools which make ICIEC the preferred enabler of trade and investment for sustainable economic development in member countries.

He anticipates that the Board of Governors will focus on creating stronger alignment between operational activities and business strategy. "We should think carefully about how we will further increase our operations and how we will strengthen our partnerships with the private sector to help enhance our competitive advantage in meeting future growth opportunities. In the meeting, we will also think carefully about what capabilities and skills we need in order to innovate and win in the future," Mr. Kaissi added.

ICIEC INSURED BUSINESSES UP 59% TO US\$ 8,568M IN 2016

The volume of business insured by ICIEC in 2016 reached US\$8,568 million, registering an increase of 59% over 2015 (1436H).

Gross premium has registered a record US\$ 38.08 million (including US\$ 2.09 million registered during the transition period), representing an increase of 66.5% from 2015.

In terms of distribution by business lines, the Short Term continued to capture the largest share of business insured at 80%, followed by the Investment Insurance at 15.2% and Medium Term at 4.8%.

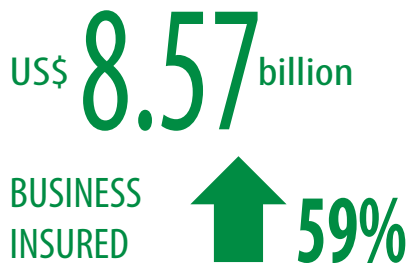
In terms of premiums, the Short Term business line was the largest contributor during 2016 with 42% share. It was followed by Investment

Insurance with 31.6% and Medium Term with 26.4%. The Investment Insurance products of ICIEC have significantly contributed to mobilizing the private and public sector investments in environments that are perceived to be risky in political terms.

In 2017, the Corporation will continue to focus on its core business areas of export credit and political risk insurance through expanding its client base. It will give priority to high development impact investment projects in fragile and post-conflict member countries.

Moreover, the Corporation will continue to meet its shareholders' expectations as well as the needs of its business clientele.

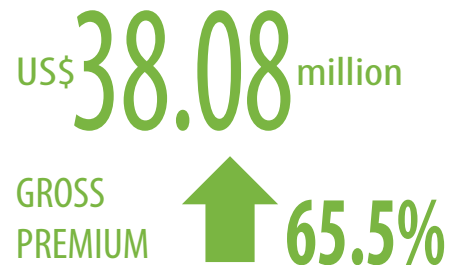
2016 HIGHLIGHTS



(ST: US\$6.85 billion , FI: US\$1.3 billion
MT: US\$0.41 billion)

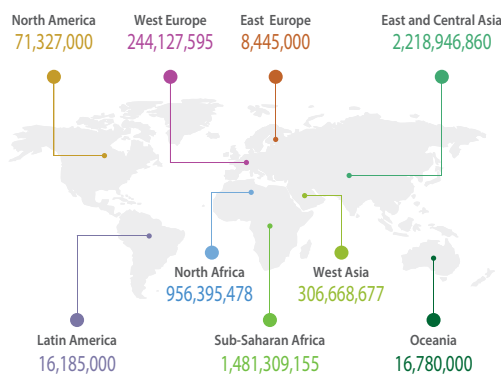


US\$ 3.93 billion for Trade,
US\$0.39 billion for Investment

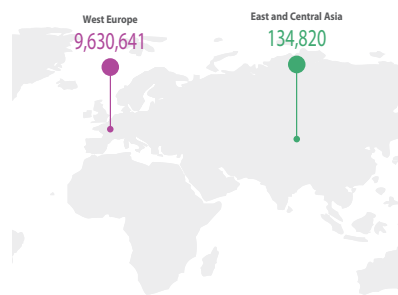


(ST: US\$15.96 million, FI: US\$12.05 million,
MT: US\$10.07)

NEW COMMITMENTS BY REGION in US\$



CLAIMS PAID BY REGION in US\$



FINANCIAL PERFORMANCE



SECTORS SUPPORTED

Agriculture



Energy



Health



Manufacturing



Transport





ICIEC GUARANTEES IMPORTS OF STRATEGIC GOODS TO NIGER

ICIEC has underwritten a EUR 34 million line for a contract between Studiotech and Le Comité Interministériel pour le Numérique du Niger involving the supply, installation and service of equipment related to the conversion of Niger's television system from analogue format to digital.

Studiotech is a Belgium-based company specialized in distribution, sales, installation and after-sales servicing of professional audiovisual equipment.

ICIEC's support in the transformation of the Niger television system is in line with the Corporation's mandate in supporting the development of ICIEC member countries.

Mr. Oussama A. Kaissi, the CEO of ICIEC, said that supporting this endeavor is part of our commitment to help businesses and people improve their lot. It is a responsibility we shoulder with great pride. Each day, we bring our best and brightest to help solve the business and financial challenges of the affected people. We do this by providing innovative products and services combined with leading-edge data analytics to help mitigate the losses of our clients.



ICIEC ISSUES THE FIRST "NON-HONORING OF A FINANCIAL OBLIGATION BY A STATE-OWNED ENTERPRISE" POLICY TO SUPPORT TURKISH EXPORTS

ICIEC has provided a "Non-Honoring of a Financial Obligation by a State-Owned Enterprise" (NHFO-SOE) cover to ING-DiBa AG, for a 10 year loan facility of EUR 107.4 million extended to Türkiye İhracat Kredi Bankası A.S. (Turk Eximbank). The facility will be used to finance short and medium-term exports of SMEs and large corporations as well as long-term contracting services undertaken by Turkish contractors in ICIEC's member countries. ICIEC's cover is in line with its mandate of helping member countries attract financings to meet their developmental goals by increasing exports.

Türkiye İhracat Kredi Bankası A.S. is Turkey's official export credit agency. It was established in 1987 as a state-owned bank. Its aim is to support exporters and contractors/investors operating overseas through loans, guarantees and credit insurance schemes. With headquarters in Istanbul, Turk Eximbank has two regional directorates in Ankara and

Izmir, four branches in Adana, Bursa, Denizli, Gaziantep, and six liaison offices throughout Turkey. Turk Eximbank performs a critical role in Turkish economy and supported 23% of Turkey's total exports in 2016.



ICIEC CONTINUES ITS SUPPORT TO HEALTHCARE PPP PROJECTS IN TURKEY

ICIEC provided EUR 40 million insurance to Sumitomo Mitsui Banking Corporation (SMBC), a leading Japanese bank, covering their participation in the financing of the construction of a health campus facility in Turkey against the risk of Non-Honoring of Sovereign Financial Obligation for 18 years. The financing was provided by The Islamic Development Bank (IsDB), European Bank for Reconstruction and Development (EBRD), and international banks alongside SMBC.

The transaction involves construction and facilities management of a new health campus in the historic city of Bursa, Turkey. Bursa Integrated Healthcare Campus will have a total of 1,355 beds and will serve to the city of Bursa with 2.8 million population as well as surrounding provinces of Balıkesir, Canakkale and Yalova.

BRS Sağlık Yatırım A.S., an SPV, is going to construct the hospital buildings in a 3.5 year time frame and then manage the facilities for a period of 25 years against availability payments from the Ministry of Health, Turkey. The transaction is executed under the Turkish Healthcare PPP law.

Earlier, ICIEC extended same type of cover to SMBC for its EUR 82 million financing of Adana and Yozgat PPP Hospitals in Turkey. In early January 2017 Yozgat PPP Hospital started its operations and Adana PPP Hospital is expected to become operational until the end of 2017.

Turkey, a member of ICIEC since 1997, has been undertaking substantial

reforms in the healthcare sector (Healthcare Transformation Program) since 2003. Turkey is planning to invest USD 10 billion in the healthcare infrastructure creating a capacity of 40,000 beds.

ICIEC's support to the transaction is in line with its strategy of supporting member countries' infrastructure development and increasing human welfare.



ENERGY SECTOR IN EGYPT GETS A BOOST

ICIEC provided a US\$35 million insurance cover to the African Export Import Bank (Afreximbank), an International financial institution, headquartered in Cairo, Egypt, whose primary objective is to promote and finance trade within the African continent and trade between Africa and other continents. ICIEC is covering Afreximbank's participation in the financing of the construction of power plants in different locations in Egypt against the risk of Non-Honoring of Sovereign Financial Obligation for 5 years. A number of international banks, alongside Afreximbank, provided a large portion of the overall financing.

The transaction involves the construction of power plants with a total installed capacity of 2,672 MW in different locations in Egypt (Assiut, West Damietta Port Said, Hurgada and Sharm El Sheikh). Afreximbank, as the mandated lead arranger and original lender, entered into a US\$525 million facility agreement with The Egyptian Electricity Holding Company (EEHC) aimed at supporting the company to contribute more effectively to the Egyptian energy and power pool. The facility was used by the EEHC to import gas turbines and other related equipment supplied by General Electric and Orascom Construction in the context of Egypt's Emergency Power Plan.

Egypt, a member of ICIEC since 1997, is undertaking substantial reforms in the energy sector in the last few years. Egypt's generation capacity currently shows a negative reserve margin relative to peak demand. The country needs to increase capacity every year on average by 5.2 GW through 2022, which translates into an investment requirement of US\$ 5 billion on average per year. In addition to that, the power generation mix is highly concentrated on oil and gas at 91%, with 8% being provided by hydropower.

ICIEC's support to the transaction is in line with its strategy of supporting member countries' energy sector development and increasing the power generation capacity to support the energy needs of the country. This will stabilize the Egyptian grid and secure its base load under the Emergency Power Plan. This increase in electric power will also contribute to the local economy and support private sector development, and specifically to large industries consuming high voltage electricity. Thus, the power plant project will increase Egypt's competitiveness and allow development of industries involving production lines that need continuous power.



AFRICAN EXPORT-IMPORT BANK
BANQUE AFRICAINE D'IMPORT-EXPORT



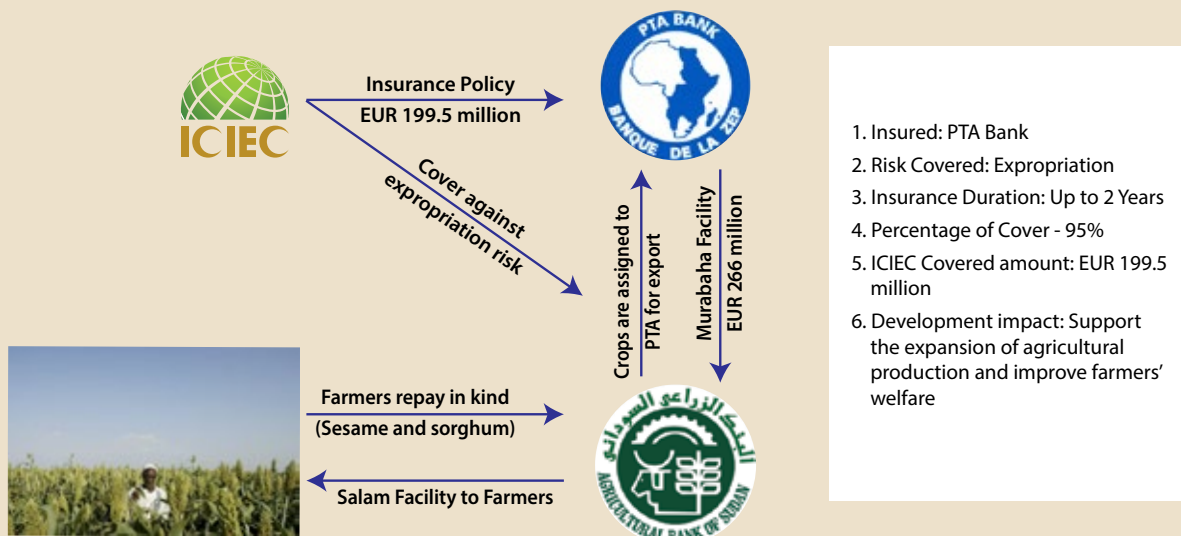
PTA BANK COVERED TO SUPPORT AGRICULTURE SECTOR IN SUDAN

ICIEC provided a EUR 199.5 million political risk insurance policy to the Eastern and Southern African Trade and Development Bank (PTA Bank) to cover their EUR 266 million financing to Agricultural Bank of Sudan for a tenor of up to 2 years. In turn, ICIEC was able to cede 80% of the exposure to the reinsurance market.

This transaction was structured in a Shariah-compliant manner. PTA Bank provided a EUR 266 million Murabaha facility to enable the Agricultural Bank of Sudan to extend financing to farmers on Salam contracts. The farmers, in return, will sell their crops exclusively to

the Agricultural Bank of Sudan. The crops, which are Sorghum and Sesame, are pledged to PTA Bank as a security for the repayment of the facility. Once the produce is sold to their buyers outside Sudan, the proceeds go to an escrow account and are used for the repayment of the facility.

ICIEC's cover helped meet the funding requirements of the Agricultural Bank of Sudan, which in turn will support the expansion of agricultural production, thereby improving farmers' welfare in Sudan.





THE CEO OF ICIEC HOLDS TALKS WITH THE GOVERNOR OF THE CENTRAL BANK OF SUDAN

Mr. Oussama A. Kaissi, the CEO of ICIEC, met with Mr. Hazim Abdegadir Ahmed Babiker, the Governor of the Central Bank of Sudan on March 19, 2017. The CEO and the Governor discussed the role of the Corporation in attracting financing through the provision of credit insurance services for Sudanese exports.

Mr. Kaissi expressed the desire of the Corporation to create a special guarantee fund for the Sudanese exports. He also stated the willingness of the Corporation to insure the non-confirmed Letter of Guarantees issued by the Sudanese banks to import strategic commodities to Sudan. It was agreed that the Corporation will provide the technical support to train the manpower in the field of exports to help in opening new horizons for the Sudanese exports.



He added that the new initiative will attract private sector investors to some of the most challenging markets and generate high developmental impact. The focus will be on increasing our development footprint by helping facilitate job creation and skills transfer as well as bridging the infrastructure gap.

ICIEC PARTICIPATED IN EXCRED 27 IN LONDON



A delegation led by the CEO of ICIEC attended EXCRED 27, the annual event on the export credit and PRI industry in London. Export Credit Agencies, Multilateral Development Banks, private market insurers, re-insurers, brokers and corporates attended the two days event. During the two-day event, experts discussed the performance of the industry in 2016 and the expectations for 2017. All agreed that 2016 was a

difficult year in terms of claims and shrinking business volumes. With respect to 2017, there was a consensus that geo-political events and macro-economic situation in different parts of the world will affect the trade volumes and the investor appetite. As a sideline activity, the delegation also met re-insurers, banks and brokers with whom ICIEC has a close cooperation.

ARAB-AFRICA TRADE BRIDGES PROGRAM TO STRENGTHEN REGIONAL SYNERGY



The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) participated in the Arab-Africa Trade Bridges Program which was held in Rabat, Morocco during the period of February 22-23, 2017. The program seeks to boost trade relations, develop the business sector and promote economic cooperation between Africa and the Arab world.

The participants in the program, launched by the International Islamic Trade Finance Corporation (ITFC), a member of the Islamic Development Bank Group, and the Minister-Delegate for Industry, Trade, Investment, and Digital Economy, in charge of Morocco's Foreign Trade, called for supporting the efforts of the Arab and African member countries in promoting the trade and economic partnership both bilaterally and regionally, they also called for supporting the capabilities and organizational needs of these countries to cope with the requirement of these fields.

The cooperation between ITFC and ICIEC in the program will create trade and investment opportunities between the Arab and African countries, and support regional social and economic developments.

The forum has witnessed a high level of participation by governmental bodies, trade support organizations and private sector.

Delivering the opening address at the forum, Dr. Bandar bin Mohamed Hamza Hajjar, President of the Islamic Development Bank (IDB) Group, said: "The bank managed to develop a program for exchanging knowledge and expertise, in order to facilitate the transfer of experiences between the member countries in the different sectors". Dr. Hajjar highlighted the outstanding achievements of the program in a short period since its launch.

Mr. Oussama Abdel Rahman Kaissi, Chief Executive Officer of ICIEC, said "the program will strengthen the available and untapped trade opportunities in the two regions, develop fruitful economic and trade partnerships, work to achieve structured and fundable projects by the program's partner institutions, and underline the importance of

supporting trade logistics and infrastructure between the two regions, including the trade and credit insurance products."

He added that the initiative will foster greater economic ties between the Arab states and Sub-Saharan African countries that are members of the Organization of Islamic Conference, noting the "huge opportunities for investment across the two sub-regions. Foreign direct investment can come with access to international supply chains, technology and know-how, and even infrastructure, with spillover benefits for local businesses."

The Arab-Africa Trade Bridges Program will continue for three years and will have a special committee to evaluate its results and monitor its prospects.



AMAN UNION ORGANIZES 7th TECHNICAL TRAINING SESSION IN SUDAN

The Secretariat General of Aman Union organized the Seventh Technical Training Program for the Staff of Arab and Islamic Countries' ECAs in Khartoum, Sudan on March 18-22, 2017. It was hosted by the National Agency for Insurance and Finance of Export (NAIFE) of Sudan. The topics which the training covered were "International Trade Finance" and "Essentials of Export Credit Insurance".

Mr. Oussama A. Kaissi, the Secretary General of Aman Union, opened the four-day training program which was attended by 32 participants from Export Credit Agencies (ECAs), banks and exporting companies. The presentations made were fully supported with case studies and real examples, which drew lively interactions.

Mr. Yasser Ragab, the Assistant Director, Export Credit Insurance, Operations Department in the Arab Investment & Export Credit Guarantee Corporation (Dhaman), conducted the first session on "International Trade Finance" in which he emphasized its importance for those working in promoting trade.

Mourad Mizouri, Manager of Customer Relations in ICIEC, presented the second session on the "Essentials of Export Credit Insurance" aimed at giving in-depth understanding about the trade credit insurance terminology, and best practices in terms of policy underwriting, and buyer underwriting, with special focus on practical cases from the industry.

The Secretariat General introduced a new approach for the first time in this training program. It invited participants from the central bank of Sudan, local banks, exporters and general insurance companies to the training, with the belief that a professional assembly of ECAs, exporters,



general Islamic insurance companies and the central bank of Sudan will help build better understanding of export credit insurance ultimately leading to a stronger networking opportunities and real desire to achieve common trade promoting objectives.

Moreover, this year's technical training utilized instructors from member ECAs in the Union to develop and deliver the course through the accumulated experience gained over the years by member ECAs. This was also in line with Aman Union's ambitions to launch a professional certification in credit insurance. In this regard, the Aman Union Training Certification program was approved in last year's annual meeting in Lebanon and a technical committee was formed.

RESTRUCTURING COMPLEXITY SET TO GROW, SACE'S RANCIARO SAYS

Mr. Valerio Ranciaro, Director General at SACE SRV, an affiliate of the Italian ECA – SACE which provides business information, debt restructuring and debt recovery solutions, visited ICIEC on January 10, 2017 and gave a talk on restructuring companies that are financial distress. He said that in recent years, the serious economic difficulties at the global level have made credit recovery one of the most pressing needs for companies. This need becomes crucial, especially in the emerging markets.

Talking about "Recoveries and Restructuring for Financial Indebtedness of Corporate and Banking Entities" in his presentation on knowledge-sharing before some 40 participants from the Islamic Development Bank Group on January 10, 2017 at the IDB headquarters in Jeddah, Ranciaro said corporate restructurings are showing an increasing level of complexity, as companies grow and more financial stakeholders are involved in multi-level capital structures. Multi-bank relations and syndicated facilities provided by lenders and investors from many different domiciles are now common; as a consequence, this trend will definitely become more robust in the immediate future.

"One of the most common techniques adopted by experts during negotiations aimed at finalizing the commercial terms of a debt restructuring

agreement is to initiate the discussion by highlighting the debtor's errors or erroneous decisions that have led to the current situation of financial distress. It can sometimes represent a viable strategy especially when dealing with uncooperative debtor counterparties, as they need to understand, in no uncertain terms, that they are no longer in a position to determine the future strategy of the company. Until the defaulted indebtedness has been cleared, it is the creditors who will be making the decisions (rather than the counterparty's Board of Directors)," Ranciaro remarked.



"A restructuring plan needs to deliver a financially better outcome for creditors than the cessation of business and the liquidation of its assets. The terms of a plan depend on a realistic assessment of creditors rights and debtors operational performance. The restructuring plan identifies what is available for creditors and how it will be distributed," he added.

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