

ICIEC Staff Retreat and 30th Anniversary Celebration

19 – 20 December 2023

Underwriting Operations Department Sovereign Risks Division

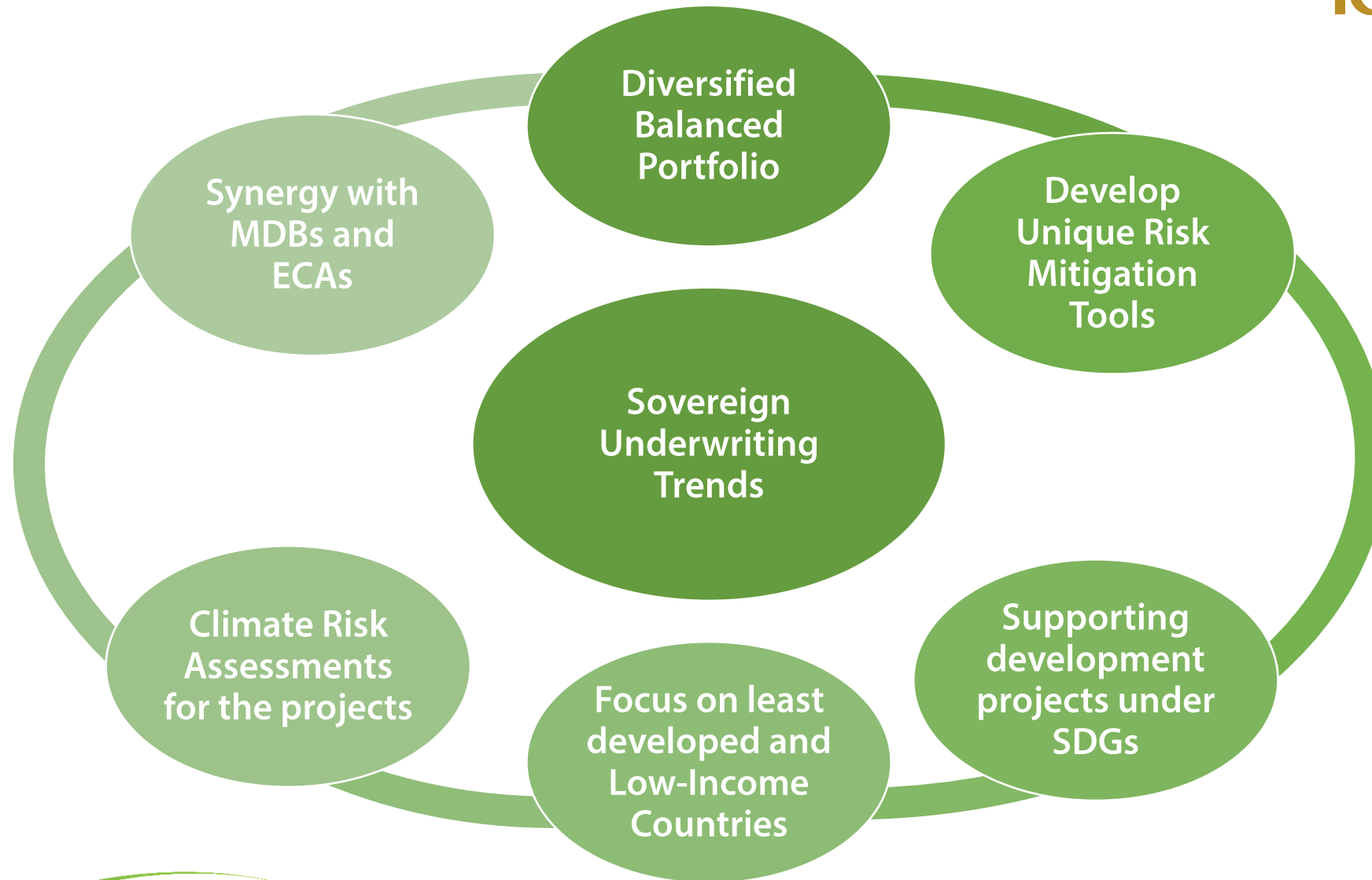
Outline

1	CHALLENGES IN UNDERWRITING PROJECTS
2	UNDERWRITING INDUSTRY TRENDS
3	BUSINESS INSURED AND GROSS WRITTEN PREMIUM
4	TRANSACTIONS CLOSED IN 2023
5	APPROVED TRANSACTIONS TO BE CLOSED IN Q4-2023
6	POLICIES RENEWED IN 2023
7	POLICIES TO BE RENEWED IN 2023
8	APPROVED TRANSACTIONS TO BE CLOSED IN 2024
9	ACHIEVEMENTS
10	CHALLENGES
11	UNDERWRITING CHALLENGES AND MITIGANTS
12	SRD STAFFING CHALLENGES
13	KEY FOCUS AREAS 2024
14	2024 SOVEREIGN RISKS DIVISION KPIS
15	SWOT ANALYSIS
16	CONCLUSION
17	RECOMMENDATION

1. Challenges in Underwriting



2. Trends in Underwriting

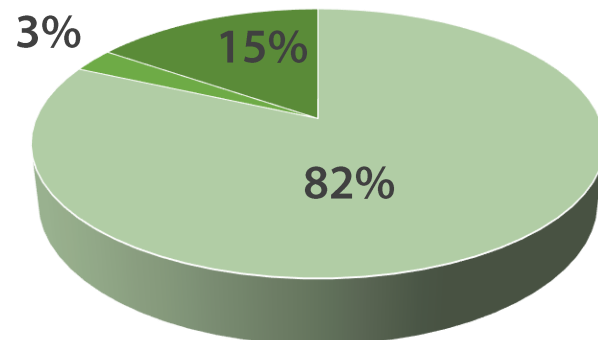


3. Business Insured

Business Insured (\$ million)	5 Dec 2023	2023 Year Target	% Achieved	5 Dec 2022	% Growth	2023 Portfolio Mix
	Actual	Plan		Actual		
Short Term	9,318	7,518	124%	8,761	6%	82%
Medium Term & Investment	2,086	2,522	83%	1,698	23%	18%
Total	11,404	10,040	114%	10,459	9%	100%

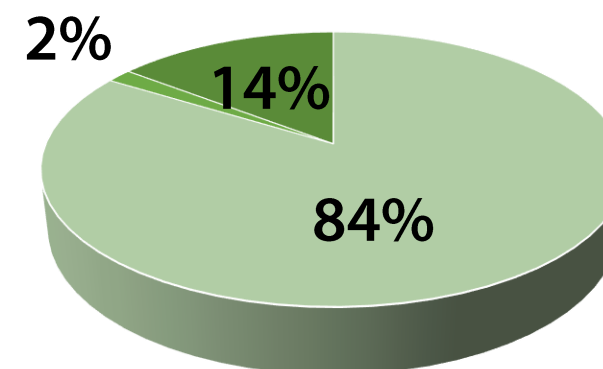
Business Insured - Portfolio Mix

As of 5 Dec 2023



■ Short Term ■ Medium Term ■ Investment Insurance

As of 5 Dec 2022



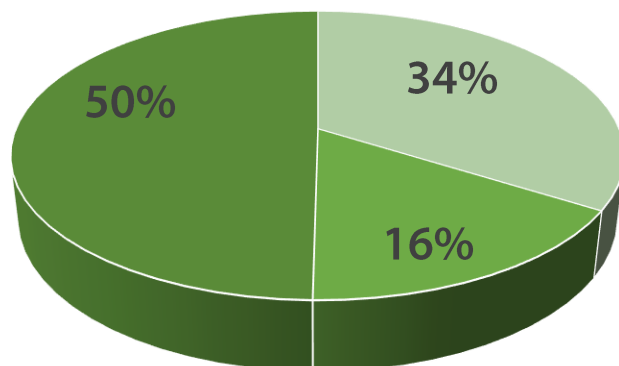
■ Short Term ■ Medium Term ■ Investment Insurance

3. Gross Written Premium

Premium Invoiced (\$ million)	5 Dec 2023	2023 Year Target	% Achieved	5 Dec 2022	% Growth	2023 Portfolio Mix
	Actual	Plan		Actual		
Short Term	29.87	28.88	103%	31.72	-6%	34%
Medium Term & Investment	58.23	76.13	76%	27.96	108%	66%
Total	88.1	105.01	84%	59.68	48%	100%

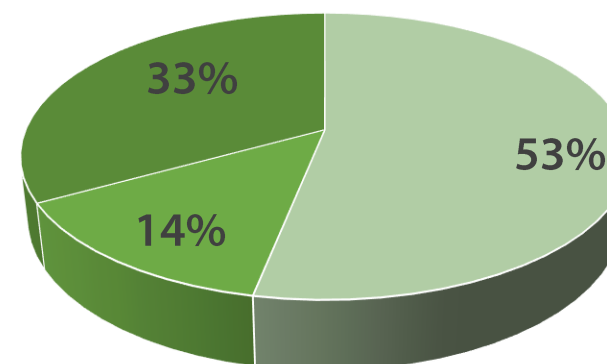
Gross Written Premium - Portfolio Mix

As of 5 Dec 2023



■ Short Term ■ Medium Term ■ Investment Insurance

As of 5 Dec 2022



■ Short Term ■ Medium Term ■ Investment Insurance

4. Transactions Closed in 2023

No.	Projects	Host Country	Line of Business	Underwriter	BDD A/C Manager	Amounts in Million	Premium in Million
1.	SNB syndicated finance to the State Trading Organization (STO)	Maldives	ST	Moataz	Nayeem	USD 130	USD 2.6
2.	SNB ITFC Syndicated finance to STIR Tunisia for the Oil Import,	Tunisia	ST	Moataz	Moataz	USD 20	USD 0.420
3.	Boskalis, Eskan Bank - Marine Works for Bandar Al-Sayah	Bahrain	MT	Moataz	Nayeem	USD 11	USD 0.078
4.	Al Baraka Bank Syndication to EGPC	Egypt	ST	Moataz	Miguel	USD 3.75	USD 0.060
5.	SNB, ITFC Syndication, EGPC	Egypt	ST	Moataz	Moataz	USD 90	USD 1.57
6.	Nakheel Dates Farms	Palestine	FII	Moataz	Moataz	USD 7.6	USD 0.684
7.	Boskalis, Neom, Oxagon Port Development	Saudi Arabia	MT	Moataz	Irfan	USD 110	USD 0.546
8.	ING, Zerger Gas Fired Power Plant	Turkmenistan	FII	Moataz	Nayeem	USD 3	USD 0.218
9.	Sidra Capital, KSA Finance to MCT Asia, Policy Extension	Indonesia	FII	Moataz	Rony	USD 20	USD 0.140
10.	KFH,AUB,AFC,UBAF-ITFC syndication for GASC imports of food commodities	Egypt	ST	Moataz	Sabah	USD 210	USD 5.25

4. Transactions Closed in 2023 (*continued*)

No.	Projects	Host Country	Line of Business	Underwriter	BDD A/C Manager	Amounts in Million	Premium in Million
11.	Coastal Road Project	Cote D'Ivoire	FII	Fofana	Tidjani	EUR 150	EUR 13
12.	High Speed Railway	Turkey	FII	Fofana	Gamze & Selda	EUR 140	EUR 0.5
13.	TDB callable capital	Kenya	FII	Fofana	Gamze & Selda	USD 44	EUR 0.242
14.	Rural electrification with Solar streetlamps	Senegal	FII	Fofana	Gamze & Selda	EUR 95	EUR 7.9
15.	AfDB PCG for ESG loan	Cote d'Ivoire	FII	Fofana	Miguel	EUR 194	EUR 2.4
					TOTAL EUR:	579 M	24.042 M
					TOTAL USD:	649.35 M	11.566 M

5. Approved Transactions to be closed in Q4-2023

No.	Projects	Host Country	Line of Business	Underwriter	Business Insured	Premium
1.	Construction of 2 highways	Senegal	FII	Fofana	EUR 336 M	EUR 6.4 M
				TOTAL EUR:	336 M	6.4 M

6. Policies Renewed in 2023

No.	Projects	Underwriter	Host Country	Business Insured (In USD Equivalent)	Premium
1.	Azito I-III Gas Fired Plant	Moataz	Cote d'Ivoire	USD 20.40 M	USD 204.00 K
2.	Muharraq Sewage	Moataz	Egypt	USD 10.56 M	USD 80.29 K
3.	Sharjah Waste to Energy	Moataz	U.A.E.	USD 29.74 M	USD 406.45 K
4.	Delta for Renewable Energy	Moataz	Egypt	USD 4.86 M	USD 37.69 K
5.	Aten Solar Energy	Moataz	Egypt	USD 4.43 M	USD 34.32 K
6.	AEES1 Solar Energy	Moataz	Egypt	USD 4.46 M	USD 34.60 K
7.	Horus Egypt Solar	Moataz	Egypt	USD 5.08 M	USD 39.64 K
8.	Azura Power West Africa	Moataz	Nigeria	USD 16.00 M	USD 88.08 K
9.	Henri Konan Bridge - UT Abidjan - Bouygues	Moataz	Turkiye	USD 6.70 M	USD 190.23 K
10.	Henri Konan Bridge - UT Abidjan - Societe	Moataz	Turkiye	USD 6.33 M	USD 190.46 K
11.	Nutan Bidyut Bangladesh Limited	Moataz	Bangladesh	USD 35.00 M	USD 183.25 K
12.	Sirajganj- combined cycle	Moataz	Bangladesh	USD 24.72 M	USD 280 K
13.	Elazig Hospital	Moataz	Turkiye	USD 29.84 M	USD 181.15 K

6. Policies Renewed in 2023 (continued)

No.	Projects	Underwriter	Host Country	Business Insured (In USD Equivalent)	Premium
14.	ICBCS NMMC	Fofana	Uzbekistan	EUR 75 M	EUR 1.4 M
15.	Yozgat Hospital	Fofana	Turkiye	EUR 29 M	EUR 400.33 K
16.	Bursa Hospital	Fofana	Turkiye	EUR 34.4 M	EUR 680 K
17.	Otoyol Gebze and Izmi - 428 KM Highway and 3 KM Suspension Bridge	Fofana	Turkiye	USD 50.00 M	USD 887.15 K
18.	Dakar Market and Truck Station	Fofana	Senegal	USD 46.9 M	USD 809 K
19.	Expo Center, Sport Complex	Fofana	Senegal	EUR 93.8 M	EUR 1.6 M
20.	Albatros Power Plant	Fofana	Mali	EUR 17.20 M	EUR 256.76 K
21.	School Project	Fofana	Cote d'Ivoire	EUR 20.00 M	EUR 216 K
22.	Rehabilitation of Disabled Person Center	Fofana	Cameroon	EUR 20.00 M	EUR 98.8 K
23.	University Campuses	Fofana	Senegal	EUR 81.00 M	EUR 1.4 M
24.	Wastewater Collector Pipe	Fofana	Senegal	EUR 50.09 M	EUR 964 K
25.	F Tower	Fofana	Cote d'Ivoire	EUR 50.00 M	EUR 784.9 K
26.	Niamey Airport	Fofana	Niger	EUR 15 M	EUR 180 K
27.	Konya Hospital	Fofana	Turkiye	EUR 22.19 M	EUR 289.12 K
TOTAL EUR:				EUR 507.68 M	EUR 8.26991 M
TOTAL USD:				USD 295.02 M	USD 3.64631 M

7. Policies to be Renewed in 2023

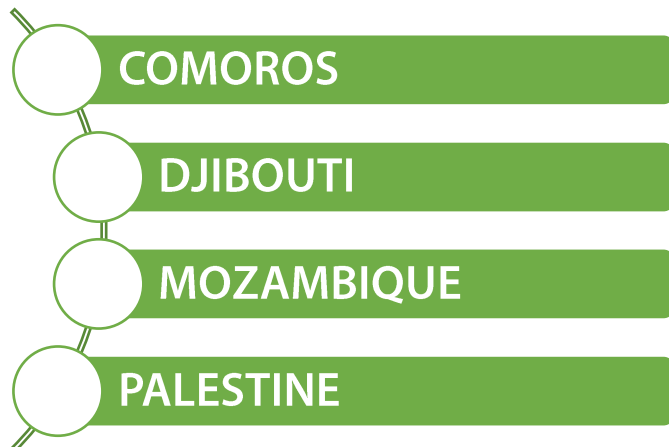
No.	Projects	Underwriter	Host Country	Business Insured	Premium
1.	Azura Power West Africa	Moataz	Nigeria	USD 20 M	USD 107.11 K
2.	Apache Oil Investment in Egypt	Moataz	Egypt	USD 75 M	USD 196.86 K
3.	Elazig Hospital	Moataz	Turkiye	EUR 30 M	EUR 322.86 K
4.	Drinkable Water Plant	Fofana	Cote D'Ivoire	EUR 64.5 M	EUR 1.1 M
TOTAL EUR:				EUR 94.5 M	EUR 1.42286 M
TOTAL USD:				USD 95 M	USD 303.97 M

8. Approved Transactions to be Closed in 2024

No.	Projects	Host Country	Line of Business	Underwriter	Business Insured	Premium
1.	Construction of 2 hospitals financed by Deutsche Bank	Cote d'Ivoire	FII	Fofana	EUR 148 M	EUR 14.9 M
2.	PPP Hospital	Kazakhstan	FII	Fofana	EUR 130 M	EUR 708 K
3.	Construction of professional schools	Senegal	FII	Fofana	EUR 86 M	EUR 1 M
4.	Construction of hospitals in the city of Agboville	Côte d'Ivoire	FII	Fofana	EUR 78 M	EUR 1 M
5.	Construction of hospitals in the city of Touba	Côte d'Ivoire	FII	Fofana	EUR 77 M	EUR 7 M
6.	Construction of educational centers	Senegal	FII	Fofana	EUR 128 M	EUR 11.6 M
7.	Aromatics Project Finance, Pengerang Energy Complex (PEC)	Malaysia	MLT	Moataz	USD 300 M	USD 4.5 M
8.	Cargill, STO, Importation of Essential Commodities	Maldives	MLT	Moataz	USD 50 M	USD 1.75 M
9.	DB Spain, Construction L. Gan Hospital	Maldives	FII	Moataz	EUR 55.4 M	EUR 1.44 M
10.	DB Spain, Construction of Gadhdohoo Hospital	Maldives	FII	Moataz	EUR 23.6 M	EUR 600 K
11.	ITFC, SNB, Syndicated finance to STEG Tunisia	Tunisia	FII	Moataz	USD 54 M	USD 1.9 M
					TOTAL EUR:	726 M
					TOTAL USD:	404 M
						38.25 M
						8.15 M

9. Achievements

New Countries:



Potential Policyholders:

Goldman Sachs, Citi,
Commerz Bank, Ronesans,
NBK, QNB

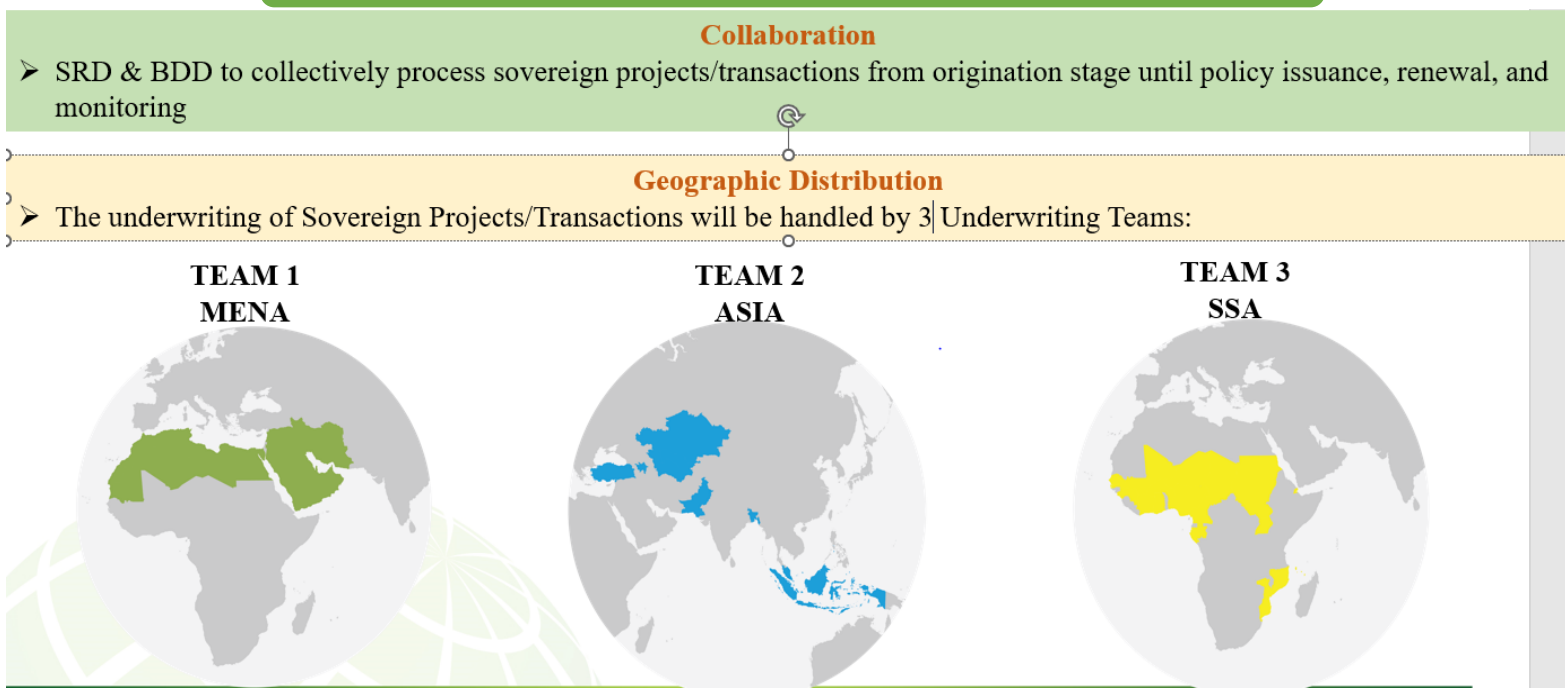
Loyal Policyholders:

DB, SG, SCB, ICBC, Boskalis,
Cargill

New Policyholders:

MUFG, DZ Bank, Santander Bank,
AlRajhi Bank, SNB, AlBaraka Tunis, AUB,
AFC, UBAF, AfDB

Underwriting Harmonization with BDD:



9. Achievements *(continued)*

Transactions Implemented Under The Harmonization Plan

MENA and Asia Teams

No.	Projects	Host Country	BDD Officer	Amounts In Million	Status
1.	SNB syndicated finance facility to the State Trading Organization (STO)	Maldives	Nayeem	USD 130	Transaction approved
2.	Boskalis, Eskan Bank - Marine Works for Bandar Al-Sayah and Danat, Policy Extension	Bahrain	Nayeem	USD 11	Transaction approved
3.	Al Baraka Bank Syndication to EGPC	Egypt	Miguel	USD 3.75	Transaction approved
4.	Zerger Gas-Fired Power Plant	Turkmenistan	Nayeem	USD 3	Transaction approved
5.	ITFC, GASC importation of food commodities	Egypt	Eman	USD 200	Transaction approved
6.	Neom, Oxagon Port Development	Saudi Arabia	Irfan	USD 110	Transaction approved
7.	Sidra Capital, KSA Finance to MCT Asia, Policy Extension	Indonesia	Rony	USD 20	Transaction approved
8.	Project Financing of a Sustainable Aromatics Complex	Malaysia	Miguel	USD 300	The transaction is under process.
9.	ITFC, Baraka Bank, Syndicated finance to STEG Tunisia,	Tunisia	Nayeem	USD 10	The transaction is under process.
			TOTAL USD:	787.75 M	

9. Achievements (continued)

Transactions Implemented Under The Harmonization Plan

SSA&E Team

No.	Projects	Host Country	BDD Officer	Amounts In Million	Status
1.	Yerkoy Kayseri High speed Railway	Turkey	Gamze/Selda	EUR 141	Transaction approved
2.	PPP hospitals Ronesans	Kazakhstan	Gamze/Selda	USD 130	Transaction approved
3.	TDB callable capital	Kenya	Nayeem/Selda	USD 44	Transaction approved
4.	Professional schools	Senegal	Abdul	EUR 92	Transaction approved
5.	Educational centers	Senegal	Pape	EUR 129	Transaction approved
6.	AfDB PCG for ESG loan	CDI	Miguel	EUR 194	Transaction approved
TOTAL EUR:				556 M	
TOTAL USD:				174 M	

9. Achievements (*continued*)

Increased Awareness in IsDB Group:

❖ ICIEC Solutions are sought more frequently:

- By ITFC: For Trade Finance Syndications (SNB, KFH, CHAABI, ALBARAKA Tunis, AUB, AFC, UBAF, ...)
- By ICD: For Sovereign Sukuk (Maldives, Sharjah, Kuwait, Egypt,...)
- By ISFD: For Extending ICERI program to FSRP.

For Managing Regional Guarantee Facility Program (ISFD/SPARK partnership)

Good Contribution to IsDBG Initiatives:

- FSRP: USD 788m of Approvals
vs.
USD 500m Pledge for 2022-2025

10. Challenges

Global Economy:

- 
- Global-Political Conflicts & Tension
 - Inflation
 - Project Cost Increase
 - Financing Rates Increase
 - Squeezed Growth Forecast

Capacity / Concentration in Key Markets:

- 
- Senegal
 - Cote D'Ivoire
 - Egypt
 - Turkiye
 - Bangladesh

Member Countries:

- 
- High Debt to GDP Ratios
 - Limited Fiscal Space
 - Fragile & Conflict Countries
 - Multiple Coups in West Africa
 - IMF Program Constraints

Tightening Risk Appetite:

- 
- CPRI Industry Trend
 - Internal Risk Appetite

10. Challenges (*continued*)

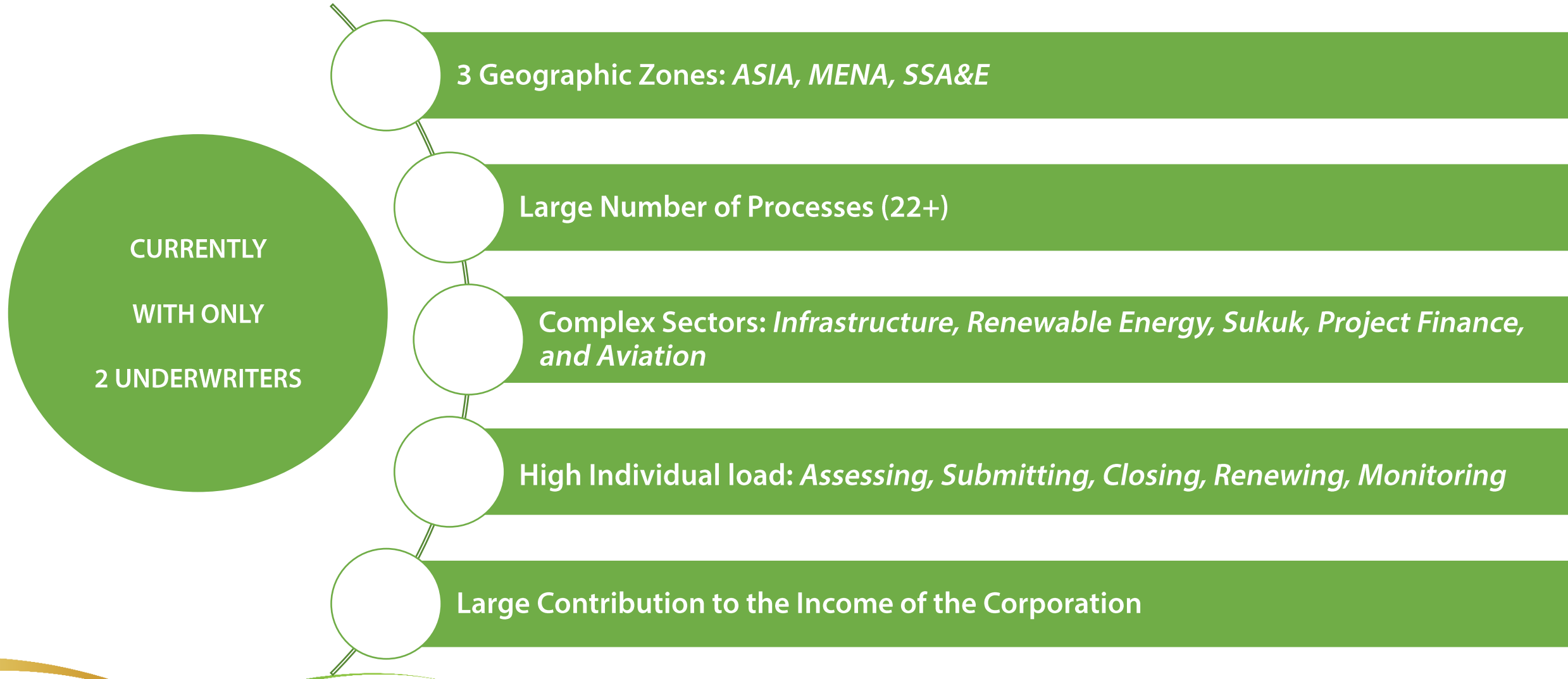
**Harmonization is helpful ...
However, not a final solution**



11. Underwriting Challenges and Mitigants (*continued*)

Risks	Mitigants
Political Instability: Policy uncertainty, and economic fragility of some ICIEC member countries pose higher sovereign risks.	SRD conducts thorough country and project risk assessments incorporating political and economic factors.
Limited Capacity in some member states curtails the chance of growing business in these countries.	To continue support to our member states, ICIEC retains the minimum exposure while ceding the majority to the reinsurance partners.
Resource Constraints: Growing portfolio requires scaled-up human and technical resources at Sovereign Underwriting Division.	To some extent, the Harmonization initiative between SRD and BDD helped to ease the process and allowed SRD to conclude more a number of projects in 2023.
High-Risk Member Countries: the higher default risks of covering a few MCs that are facing political instability and a deteriorated economy.	Risk-Sharing high risk country exposures with Multilateral and International partners.

12. SRD Staffing Challenge



13. Key Focus Areas for 2024



Prioritize and encourage Islamic Finance structures

Actively support IsDBG Initiatives: FSRP and Climate Action Plan

Prioritize ESG and high development impact projects and SDGs

Further Collaborate with MDBs, ECAs, and Sovereign Funds

13. Key Focus Areas for 2024 (*continued*)



Enhance portfolio diversification and minimize concentration

Collaborate with RMD to develop a New Pricing Model

Support implementation of the new IT Takaful System

Continue internal capacity-building within BDD

14. 2024 Sovereign Risk Division KPIs

#	KPIs	Specific goals for year 2024	Success Description
1.	Underwriting Efficiency	UW Response Time: 1. NBIs (1-2 days) 2. Preliminary Applications (3 days) 3. Main Applications for FII & MT Projects (60-75 days)	-FEE: 1 day Less for NBIs & 2 days less for PAs 15 days Less for MA & MT -EE: 1 day Less for NBIs & PAs 15 days Less for MA & MT -ME: Same Nbr of Days for each target -BE: More days than each target
2.	Projects Monitoring	- Undertake proper project desk reviews - Conduct monitoring missions to relevant insured projects	-FEE: More than 7 reviews -EE: 6-7 reviews -ME: 5 project reviews -BE: Less than 4 reviews
3.	Portfolio Monitoring	Portfolio diversification	-FEE: Less than 20% -EE: 20%-24% -ME: 25% (max. exposure in a single country) -BE: More than 25% per country exposure
4.	New IT System Implementation	- Conduct efficient User Testing Assessment - Implement the new IT Takaful System	-FEE: More than 100% -EE: 91-100% -ME: 90% -BE: Less than 70%
5.	Capacity Building	- On-the-job training for new UND staff - Implementation of the harmonization plan between Sovereign Underwriting and Business Development	-FEE: 7 and More sessions -EE: 5-6 sessions -ME: 4 sessions -BE: Less than 4 sessions

15. SWOT Analysis

Strengths:

- Solid relationship with MCs' Authorities
- Well experienced Professional Staff
- Multitasking Capabilities
- Zero Claim in Sovereign Operations

Weaknesses:

- Limited Number of Sovereign Underwriters (MIGA:20; ATIDI:13; DHAMAN:2)
- Limited Capacity in High-Demand MCs
- Harmonization Challenges

Opportunities:

- Open Dialogue with our MCs for Strategic Projects
- Project Finance Deals Opportunities
- Partnership with other Multilaterals & ECAs
- New Products such as Sukuk Insurance Policy

Threats:

- Geopolitical Challenges
- High Indebtedness on number of our MCs
- Inflation & Financing Cost Increase
- Tightening Risk Appetite
- Fierce Competition

16. Conclusions

- **High Relevance of Sovereign Operations:**
 - Achievement of Strategic objectives (Impact, Efficiency, Resilience and Group Synergy)
 - Operational targets (Large Contribution to GWP)
 - Zero Claims
- **Key Required Operational Enablers:**
 - Risk Appetite Framework (RMD)
 - Business generation (BDD)
- **Key Required Resources: To Adjust SRD Staffing:**
 - To cover the 3 Geographic Zones
 - In line with the Growth in Business Volume and Increase in Number of Transactions
 - To overcome the Complexity of the business: Infrastructure, Climate Action, Sukuk, Aviation
 - In line with Industry Peers Benchmarking

17. Recommendations



- Recruit 3 Staff Members: Asia Zone, Sukuk, and Aviation sector, respectively.
- Enhance the Risk Appetite and Cover Attitude to cope with global challenges and MCs' expectations
- More flexibility in Country Capacity (such as Intra Cluster Transfers)
- Develop a Pricing Model based on risks covered, scarcity of capacity, market trends, and product specificities (such as Sukuk Insurance, Aircraft finance Insurance, ...).
- Finalize the IT Takaful System (to benefit from better Flow, Automation, Flexibility, Controls, Reporting,...).
- Further diversify generated business (by country, by product and by sector).
- Prioritize Islamic Finance, Green Finance and Food Security

THANK YOU



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