



المؤسسة الإسلامية لتأمين الإستثمار و ائتمان الصادرات  
THE ISLAMIC CORPORATION FOR THE INSURANCE OF INVESTMENT AND EXPORT CREDIT  
(عضو مجموعة البنك الإسلامي للتنمية - Member of the Islamic Development Bank Group)



# ICIEC Staff Retreat and 30<sup>th</sup> Anniversary Celebration

20 - 21 December 2023

## Department Of Finance And Treasury

Aa3<sup>by</sup>  
MOODY'S

## Corporate Performance, Budget and Business plan

- Objectives, Strategic alignment, Key actions driving Success
- Highlights on departmental strategy
- Budget 2024 and Business Plan 2024-26

## DFT Strategy, KPIS and Initiatives

- Finance
- Treasury

# ICIEC Staff Retreat and 30<sup>th</sup> Anniversary Celebration

## Corporate Performance, Budget & Business Plan

# Introduction And Objective

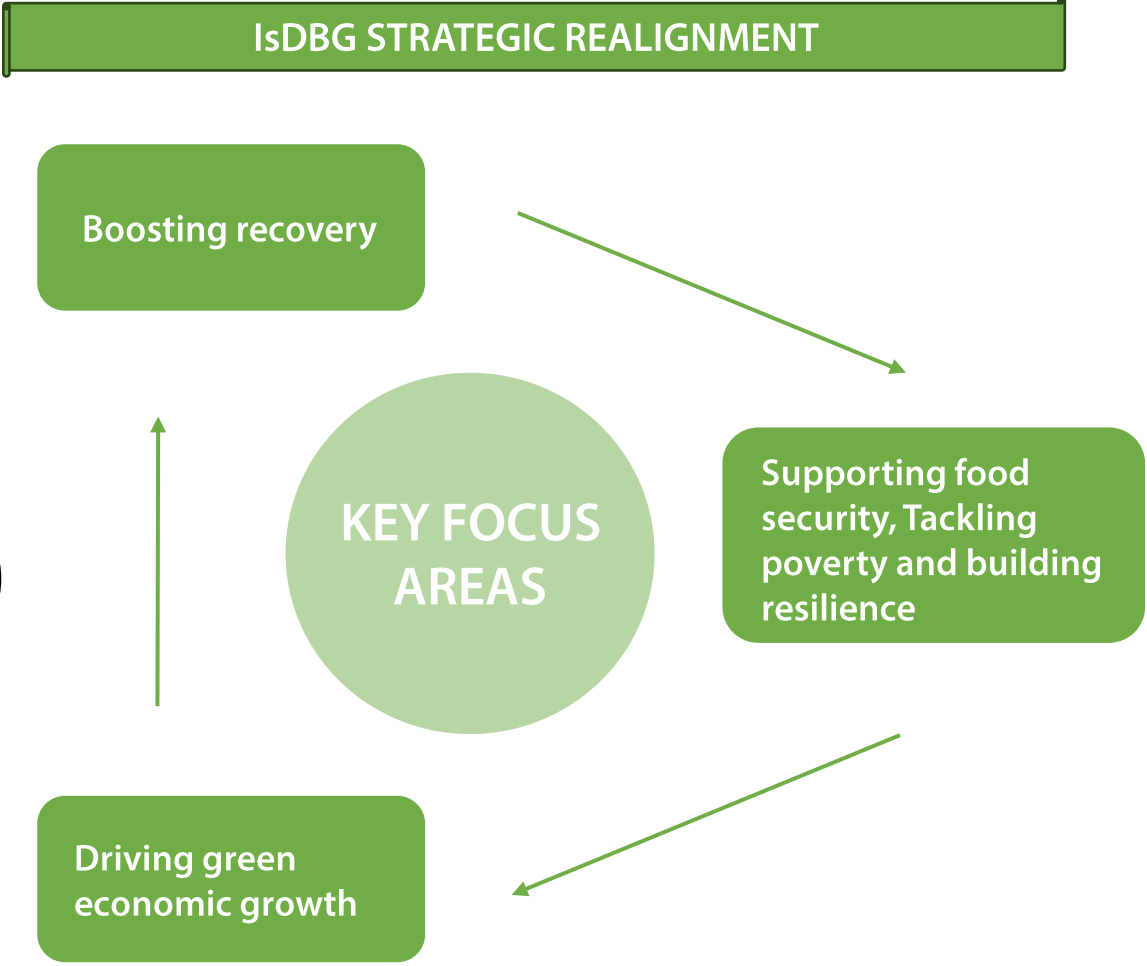
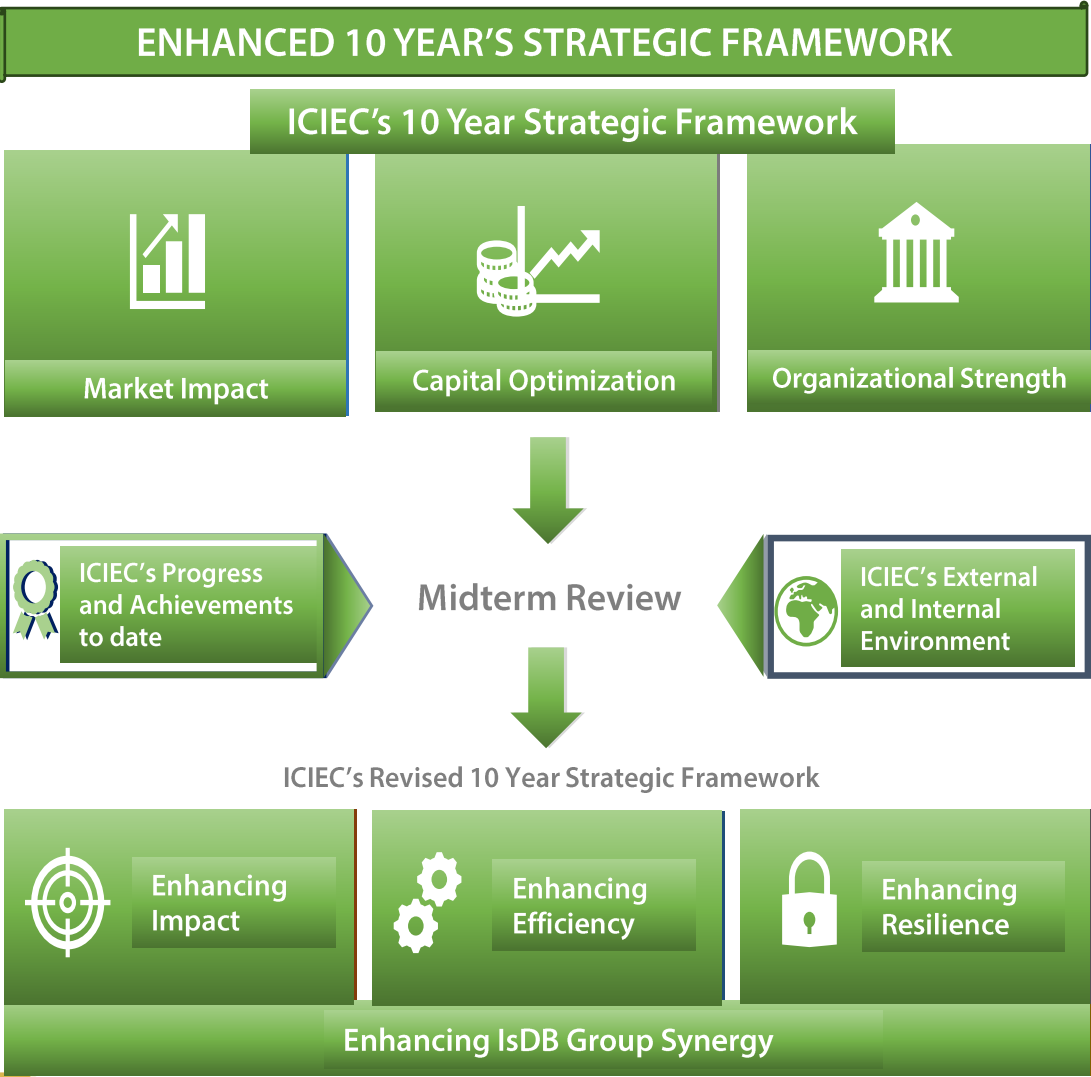
Budget 2024 aims to achieve clear and tangible Developmental Impact in MSs while preserving its Financial Sustainability based on the overarching goal of the Corporation.

The guiding principles of this Business Plan include:

- ✓ Priorities of Member States
- ✓ 2023-2025 Realigned Strategic Framework

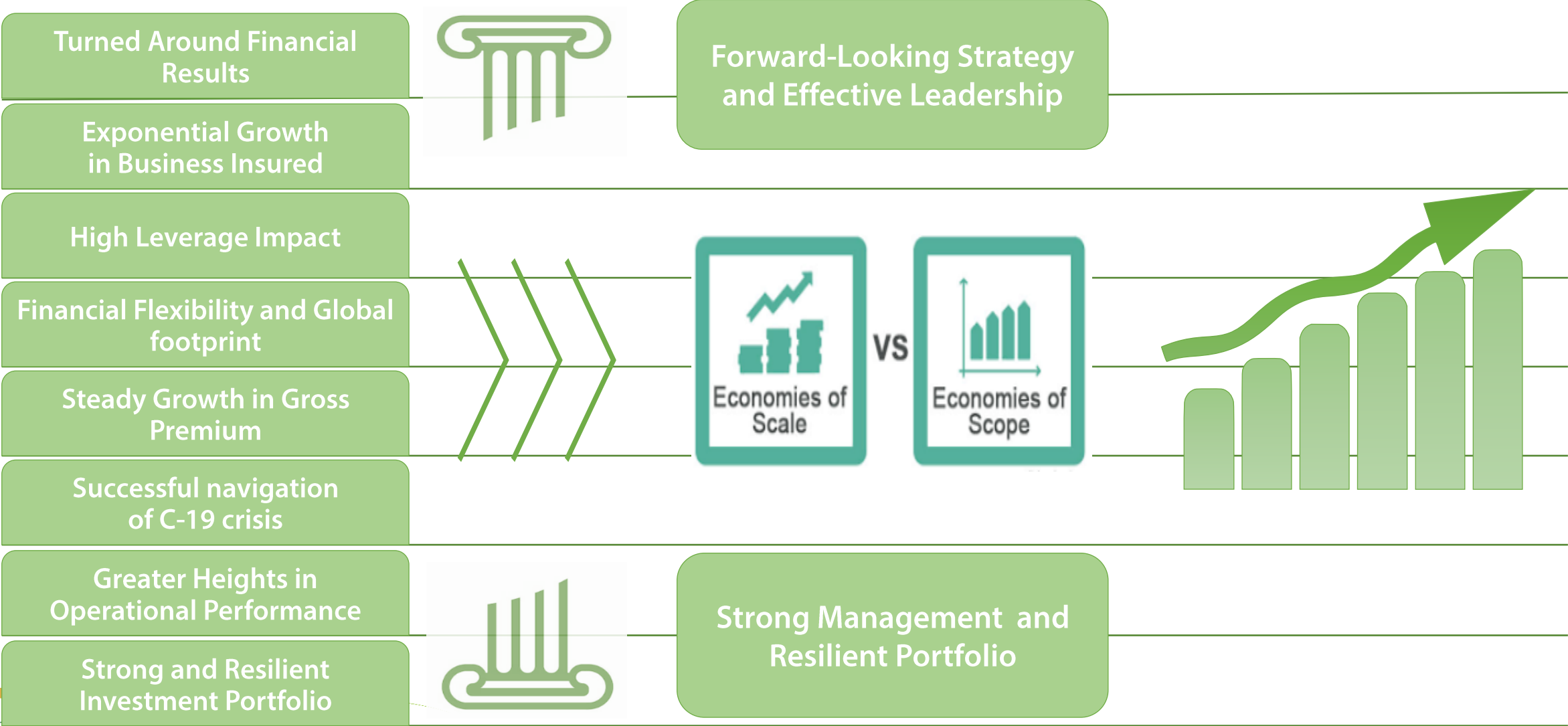


# Strategic Framework /Realignment

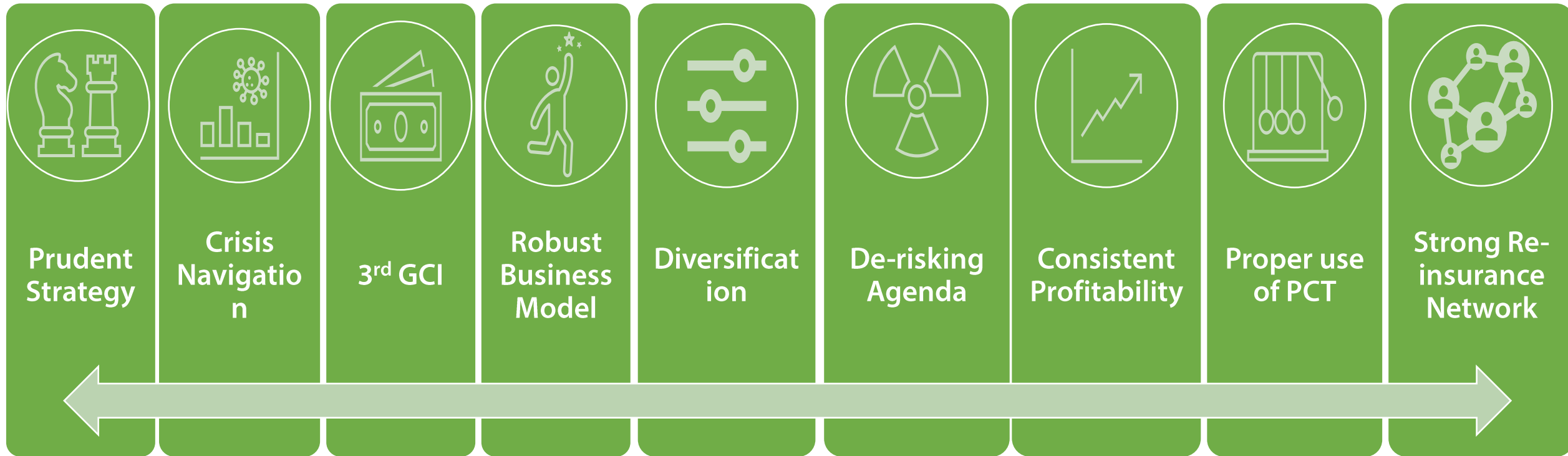


# Pathways For Budget 2024

Building on Success Stories



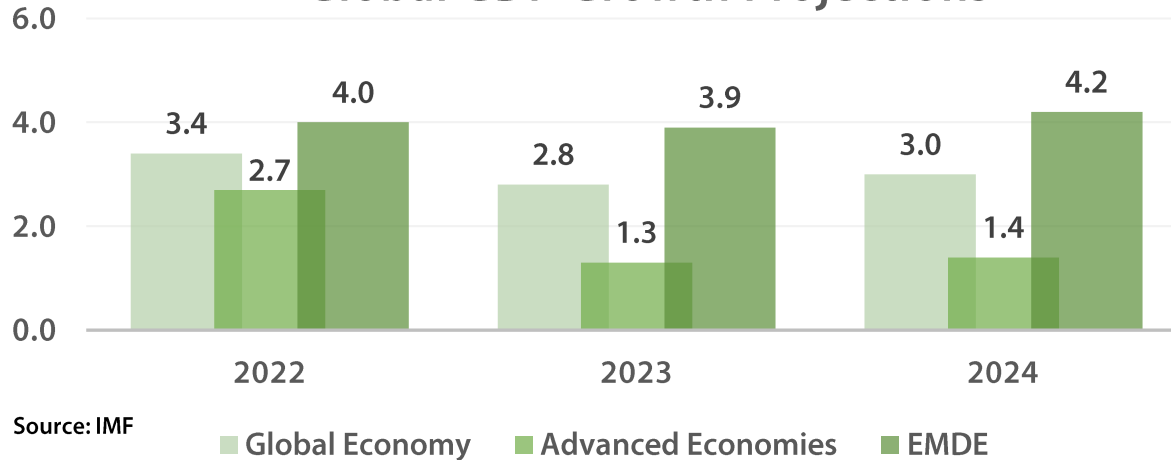
# Key Actions Driving Success



# Global Outlook

## Macroeconomic & Geopolitical risk

### Global GDP Growth Projections



### Global Economic Environment

- Global growth to slow from an estimated 3.4% in 2022 to 2.8% in 2023 and 3.0% in 2024;
- Inflation to decrease from 7.0% in 2023 to 4.9% in 2024;
- Trade to decline to 1.7 % in 2023, before rising to 3.2% in 2024 barring new downside risk surprises;
- Downward trend in global FDI to continue beyond 2024.



### Global Geopolitical Environment

- Uncertainty of current geopolitical landscape is having a greater impact on businesses than seen for many years.
- Fragmented geopolitical reordering to continue weigh on geo economic landscape.
- Shift since pandemic and Ukraine war continue to impact negatively.
- Recent Israeli invasion of Palestine adding more complexities to an already challenging situation.

#### Source:

- World Economic Outlook, October 2023
- World Investment Report 2023
- World Bank Group Commodity Outlook, May 2023

# Operating Environment

## CPRI, Member Countries and Treasury Investment



### CPRI Environment

- As per BU, export credit and political insurance demand to remain robust offset by higher claims;
- Healthy appetite for green and renewable projects looks set to drive future-demand in the CPRI.
- Insurers' risk appetite is adjusting with caution amid growing geopolitical conflicts;

### Investment Outlook

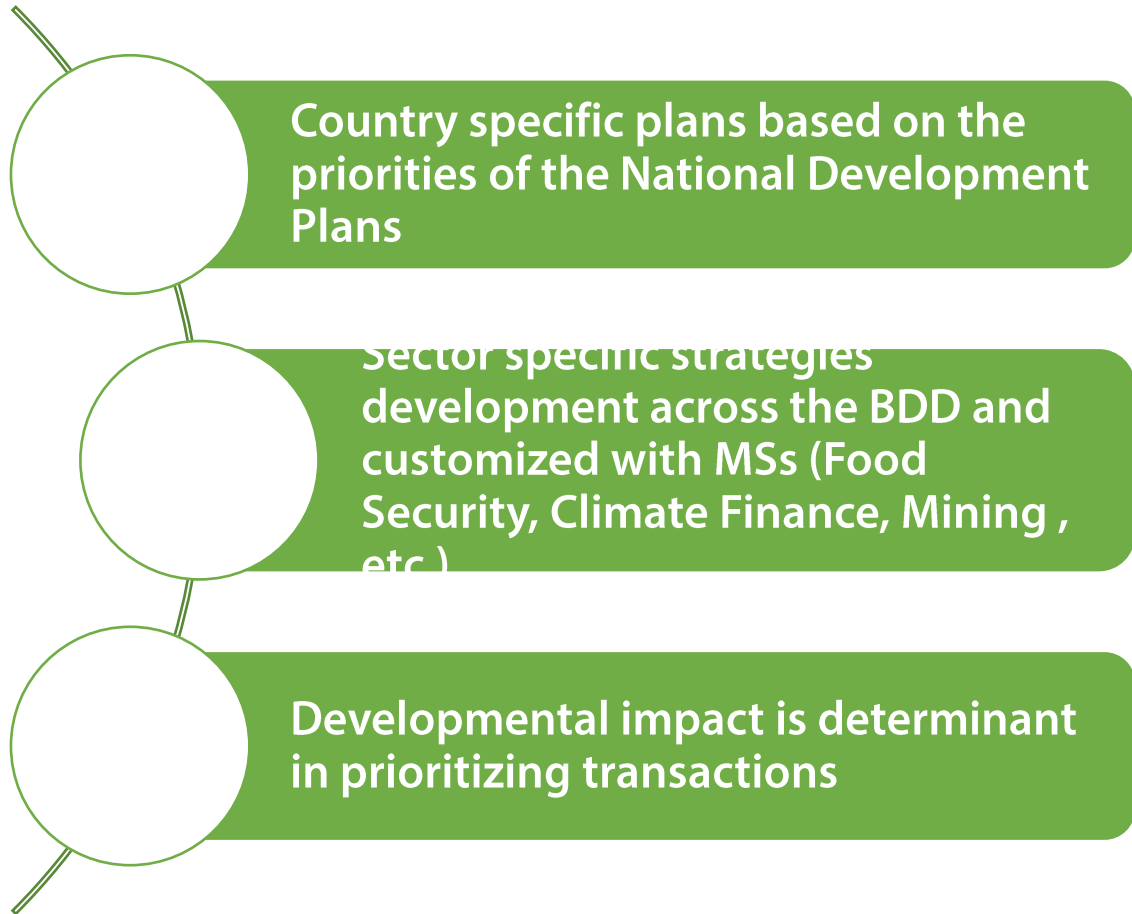
- Fed target rate is projected to be in the range of 5.50% - 5.75% by the end of 2023 and to be moderated at an average of 3.0% - 4.0% in 2024.
- Credit risk to elevate due to high volatility.

### Member Countries

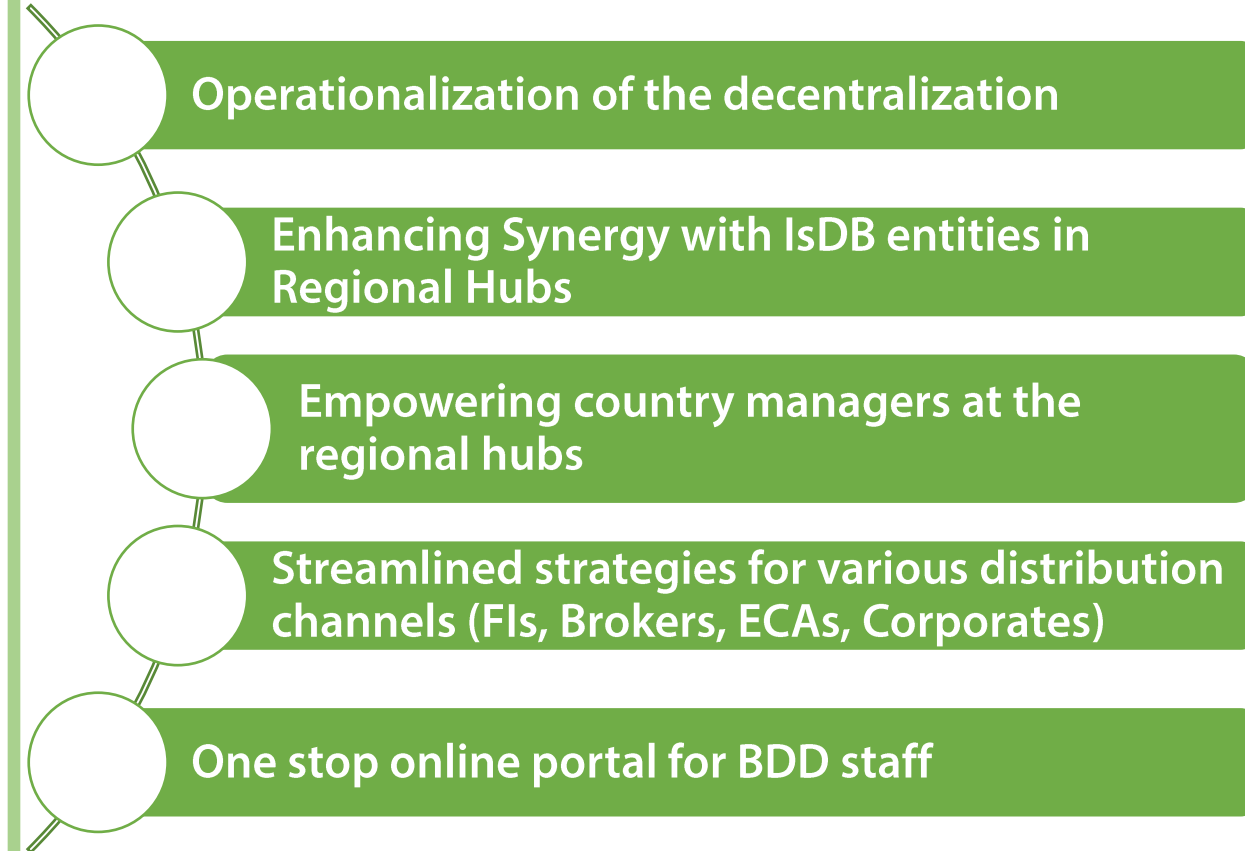
- MCs are recovering with considerable uncertainty and challenges ahead.
- Israel invasion of Palestine adds further complexity to a global geopolitical environment characterized by intensifying competition.
- MCs are in divergent outlook- oil exporting MCs to benefit from higher energy price while some MCs are challenged with combined effects of global headwinds, domestic instability, and geopolitical risks.
- Inflation to remain high in MCs of Sub-Saharan Africa, borrowing costs are still elevated amid high debt levels, exchange-rate pressures persist, and political instability and security to remain growing concern.
- Food security, climate change and currency depreciation risks to challenge expected growth.

# Business Development

## Enhancing Impact



## Enhancing Efficiency



## Enhancing IsDB Group Synergy

- Full engagement in the IsDB Group Member Country Partnership Strategy
- Engagement with IsDB Group various initiatives (FSRP, etc.)
- Joint activities of ICIEC staff at the regional hubs with IsDB Group Staff
- Active cross referral of contacts and transactions with IsDB Group
- Technical Coordination Committee chaired by the CEOs of the entities with technical working teams and defined KPIs

# Business Development

## Strategic Enablers



|                        |                                                                                          |
|------------------------|------------------------------------------------------------------------------------------|
| Enhancing Partnerships | Partnership with Export Credit Agencies (insurance, reinsurance, co-insurance)           |
|                        | Partnership with Multilateral, Regional and National DFIs in MCs and Non-MCs (mobilizing |
|                        | Partnership within MCs national bodies (Central Banks, Investment Promotion Agencies, )  |
| Enhancing Innovation   | Product development (Unfair calling of Bonds, etc.)                                      |
|                        | Islamic Finance (Sukuk Insurance, supporting Islamic banks in MCs)                       |
|                        | Innovative and flexible risk mitigation solutions                                        |

# Business Development

## Global Presence and Decentralization



### Istanbul, Türkiye

IsDB Group Regional Hub Istanbul  
Beybi Giz Plaza, Dereboyu Cad.  
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Daire:122  
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Tel: +971 4277 6256/7

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Fax: +62 21 2933 3464



# Underwriting Operations

## OBJECTIVES

Enhance the corporation's developmental impact

Enhance Underwriting Efficiency

Maintain healthy financials

F  
O  
C  
U  
S

Portfolio Diversification

Minimize Concentration

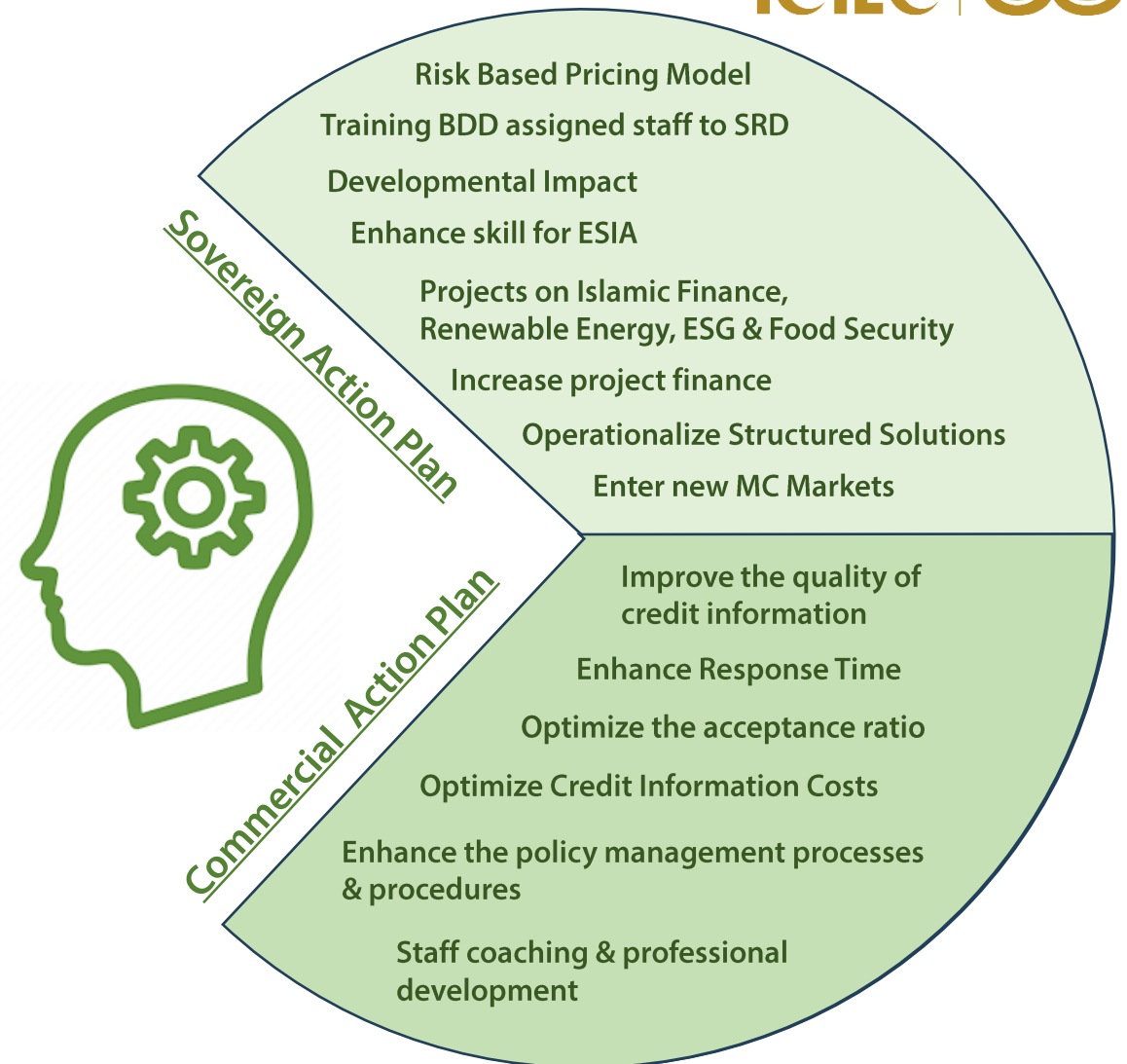
High Developmental Impact

SDGs

Islamic Finance Structures

FSRP

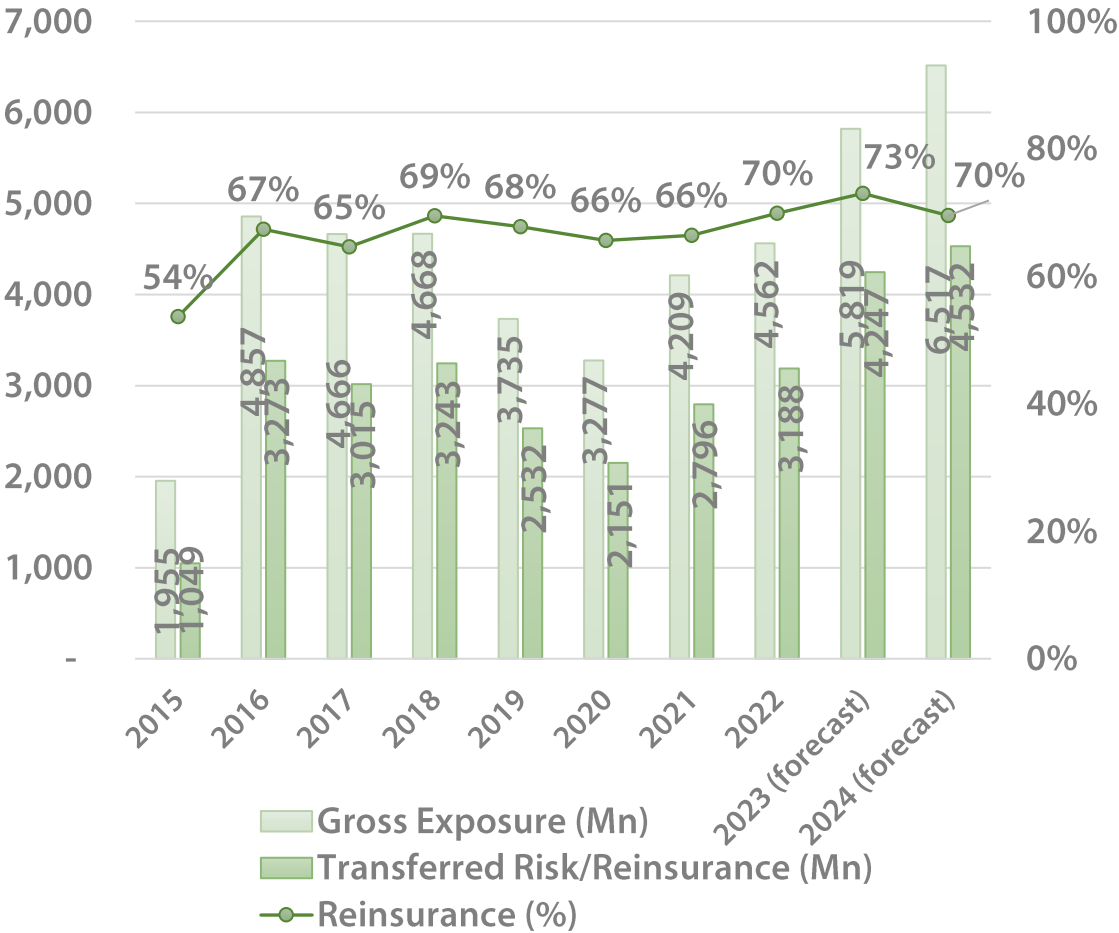
Climate Action



# Reinsurance Strategy



Capacity Maximization through Reinsurance



# Risk Management And Capital Planning

Optimize capital utilization through Risk Appetite Statement, Risk Based Pricing and Exposure Management Frameworks

Realign risk perception and architecture with revised strategy and 3<sup>rd</sup> GCI

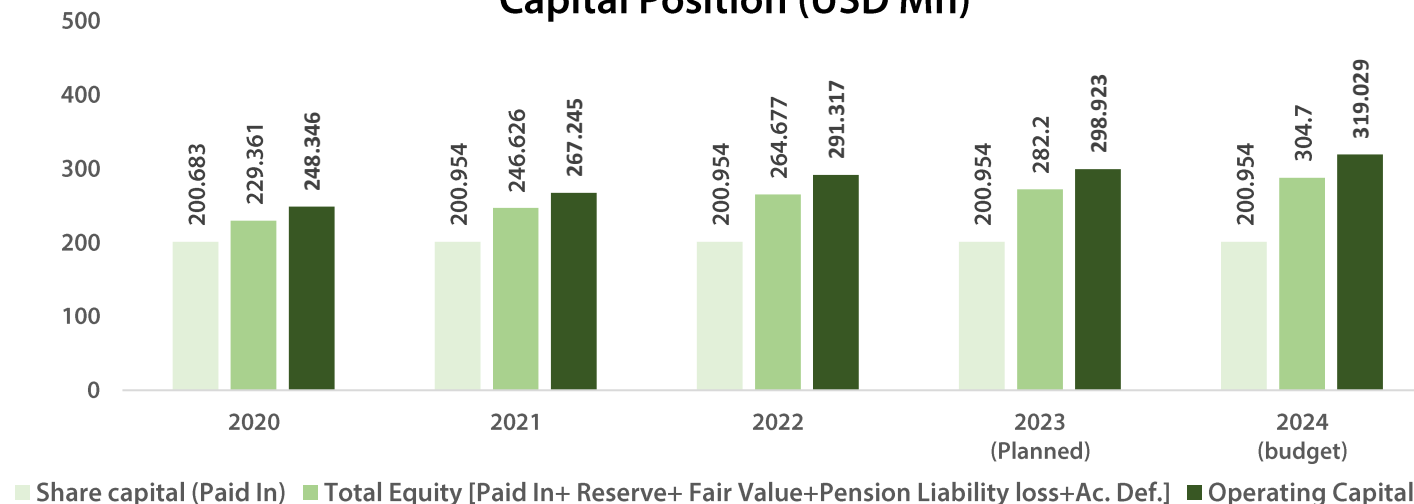
Implement a fully-fledged ERM and bringing in sustainability risk practices

Assign S&P and Fitch for greater market acceptability

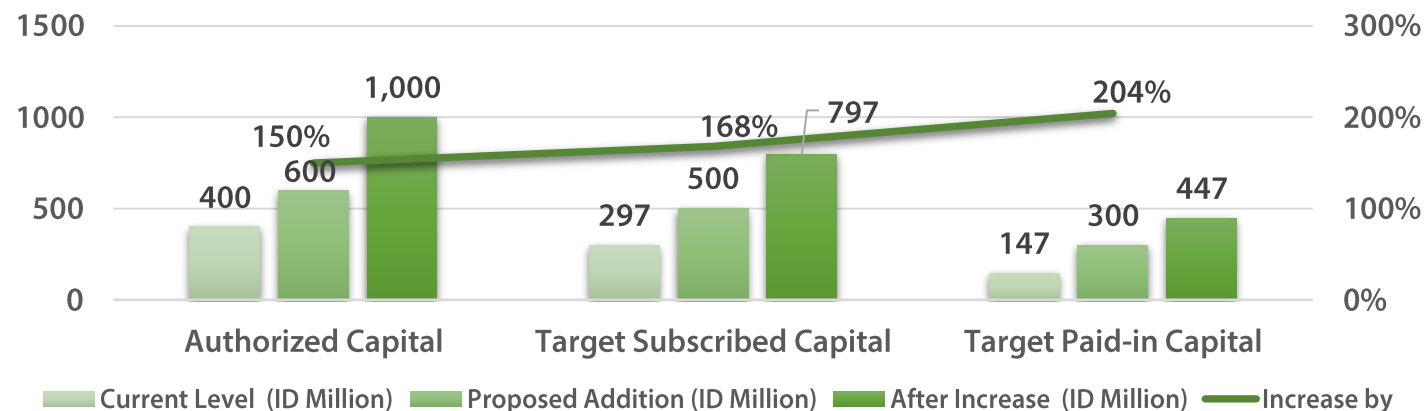
Implement quantitative models e.g. RAC model dashboard, stress testing and IFRS-9

Enhance risk management scope

Capital Position (USD Mn)



3rd General Capital Increase



# Key Financial Implementations

## IFRS 17 IMPLEMENTATION

The project was completed in four phases, with the help of external consultants from PWC, and involved product assessment, impact analysis, design, and managed services. The company followed the retrospective application of IFRS 17 and used the PAA approach for contracts. This shall require further optimization of KPIs, operations, finances, data, IT systems, processes, and policies in 2024.

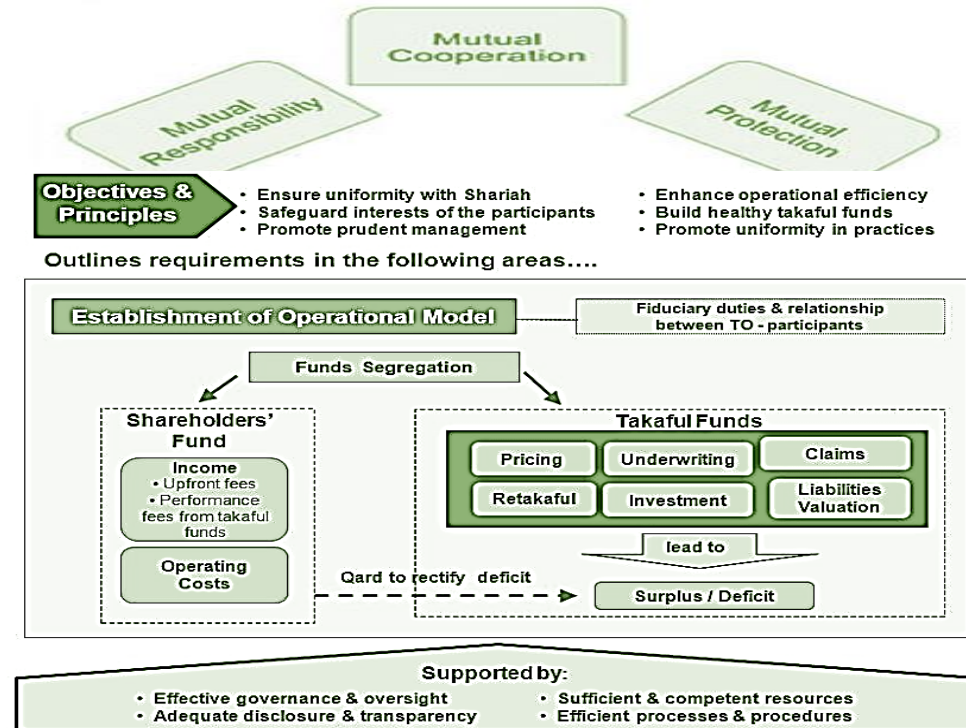
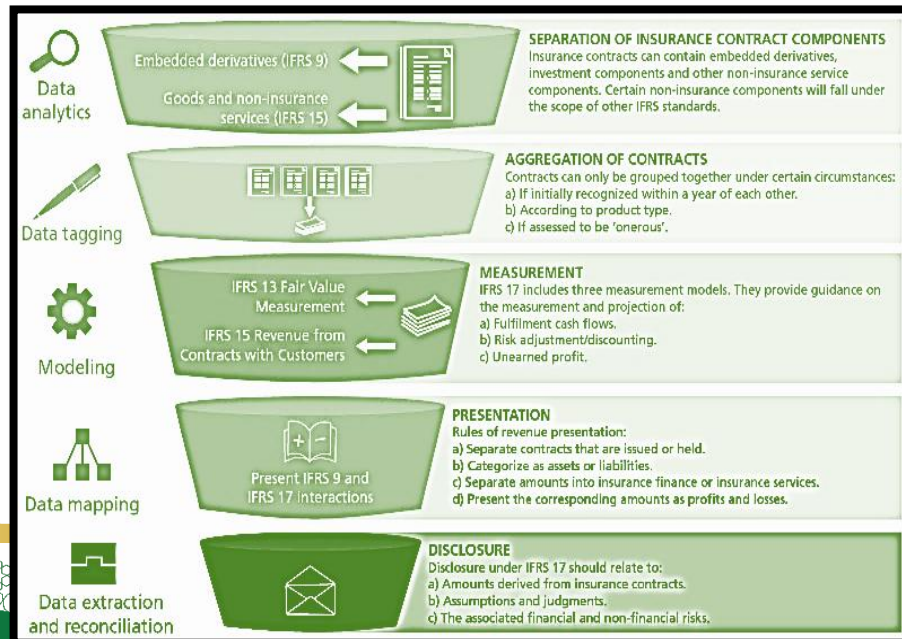
## IFRS 9 IMPLEMENTATION

IFRS 9 project led by ICIEC RMD team. IFRS 9 primarily affects investments, receivables and other assets for ICIEC. IFRS 9 project has led to optimization and adjusted investment approach for 2024.

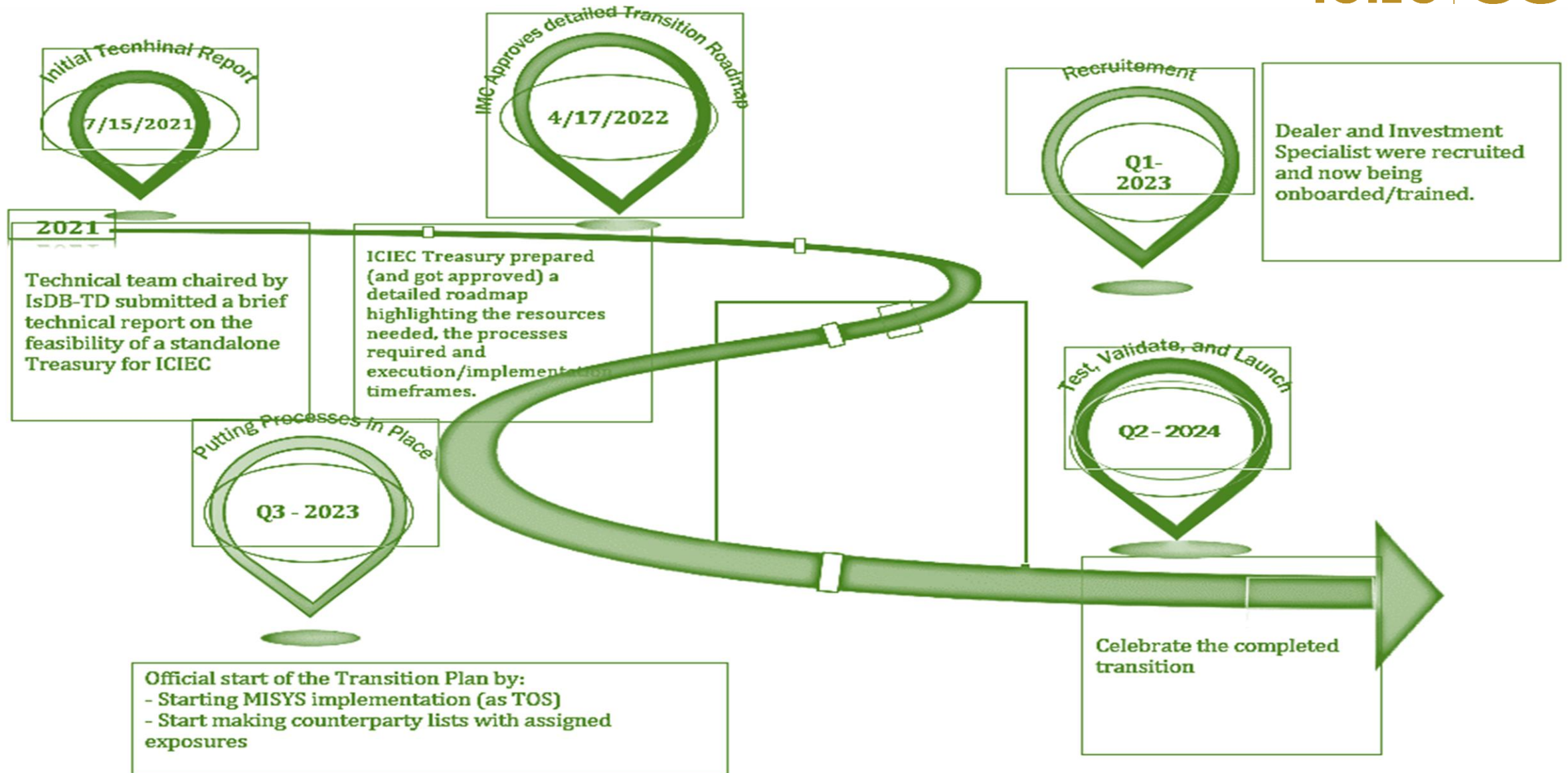
## TAKAFUL FRAMEWORK

The Framework is based on the principles of Shariah and mutual cooperation. The Takaful Operational Framework (TOF) defines the roles and responsibilities of the Policyholders' Fund (PHF) and the Shareholders' Fund (SHF) in managing the Takaful pool, the insurance operations, the investments, and the surplus distribution.

The project shall be implemented in 2024.



# Treasury Transition



# Functional Plans (Others)

## Legal Affairs

- Supporting on corporate, Insurance and investment operations.
- Compliance and claims recovery
- Establishment of Shariah Unit

## Information Technology

- ITS implementation
- Digitization / enhancement of processes

## Human Capital

- Talent acquisition and retention.
- Performance mgmt. and Smart KPIs

## Strategic Planning And Communications

- OBIC, COMSEC and Other memberships
- Operationalizing Strategy function

## Internal Audit

- Risk based auditing
- Quality assurance evaluation

## Administration Services

- ICIEC new office project
- Maintenance and logistical support

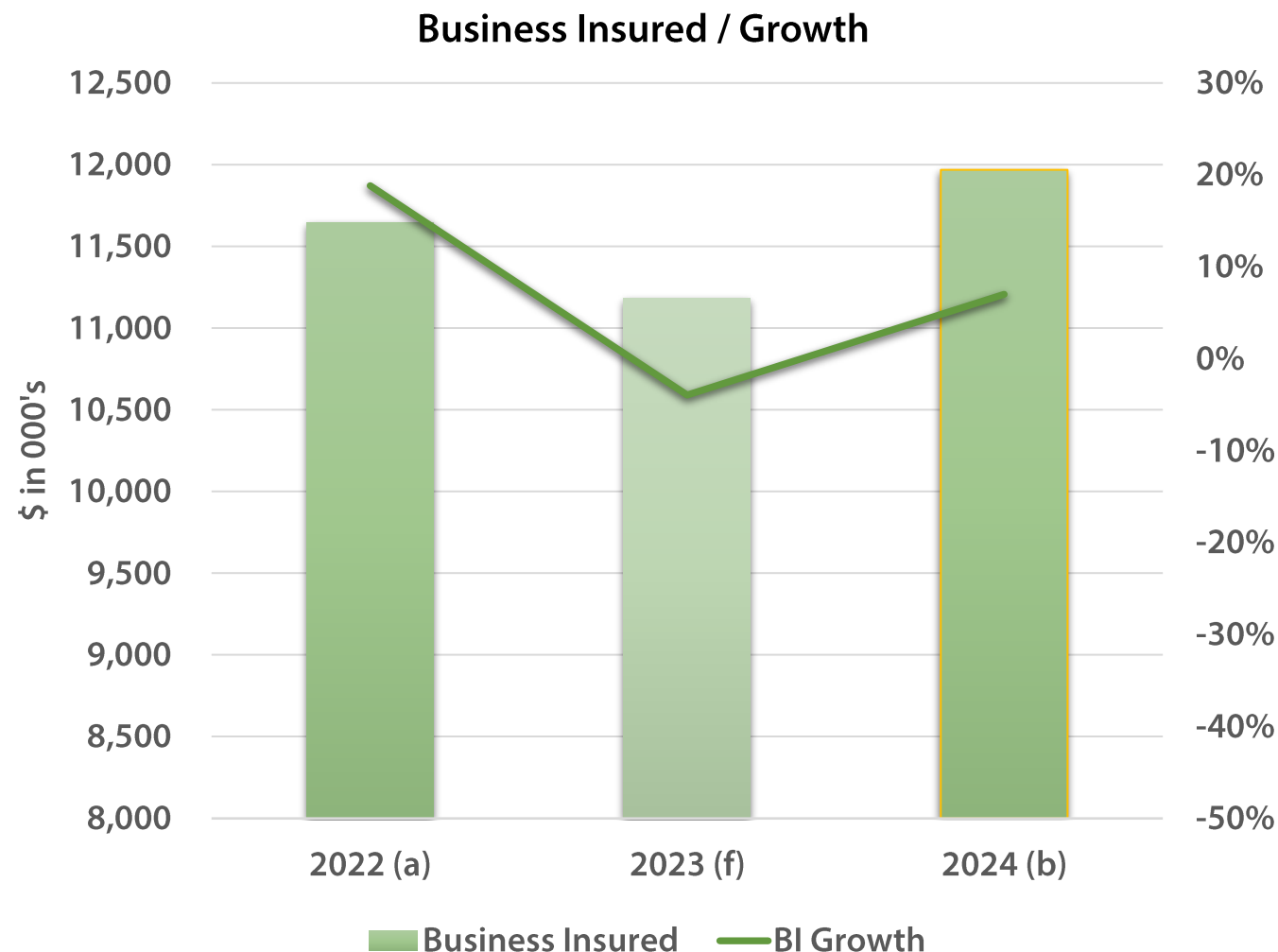
## Corporate Affairs

- Engaging new member states
- Board workflow standardization

# Business Insured

ICIEC plans to achieve USD 12 billion in Business Insured in 2024.

2024 Business Insured is 7% above forecasted Business Insured for 2023.



# Gross Written Premiums

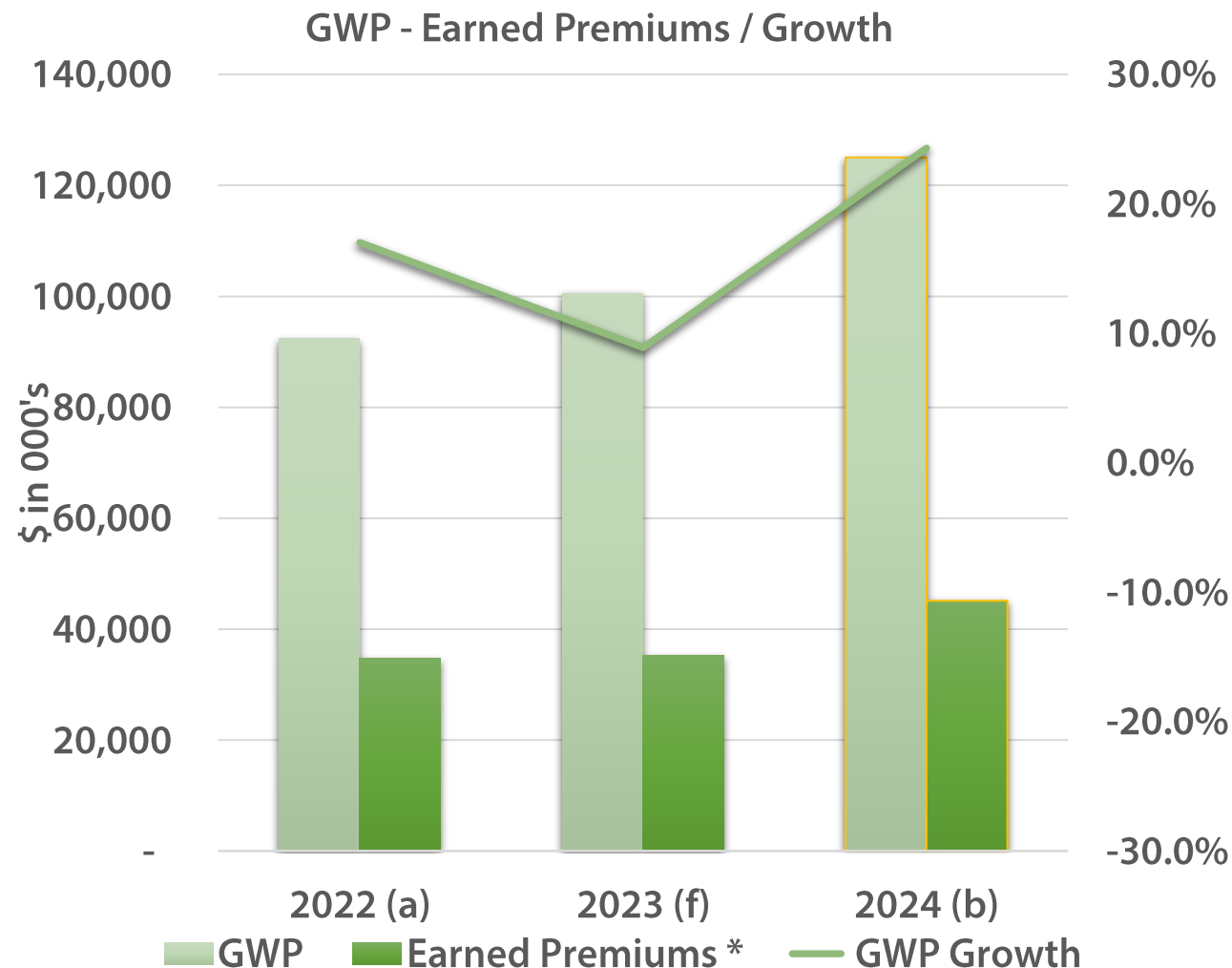
USD 125 million is planned as Gross Written Premium (GWP) for 2024.

2024 GWP is 24.3% higher than expected GWP for 2023.

The ST business is planned to grow to USD 28.1 million representing 5% growth.

The MT/ FII business is planned to reach USD 96.9 million representing 31% growth.

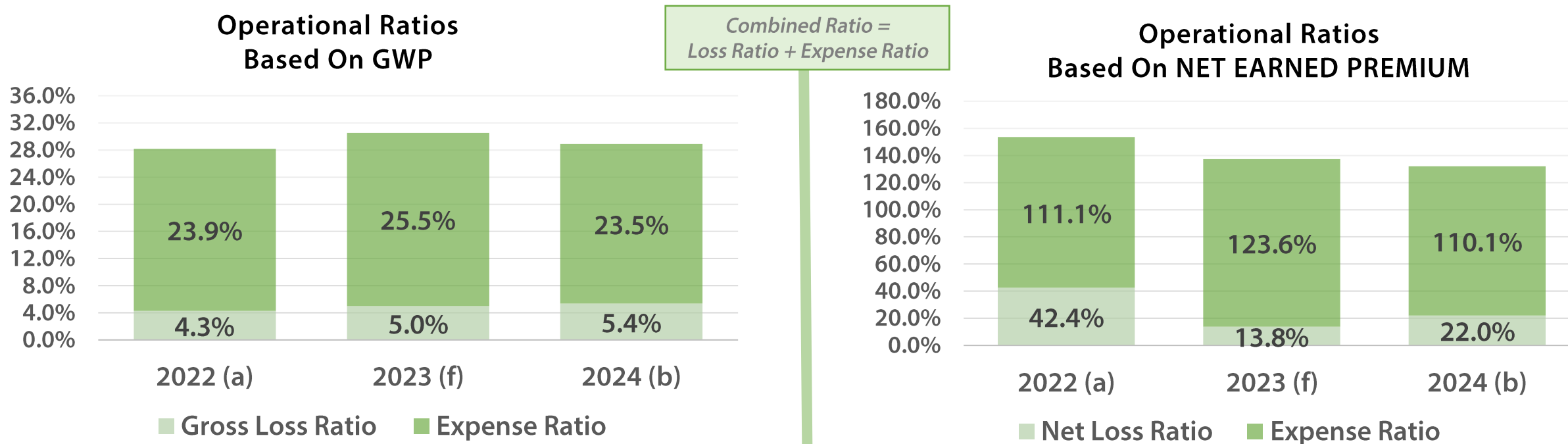
In 2023 MT/FII represented 73% of total GWP and in 2024 it represents 78% of total GWP.



# Operational Ratios

ICIEC is targeting to enhance efficiency in operational ratios during 2024. This would be achieved through prudent underwriting, effective claims management and tight cost control.

Claims ratio reflects conservative technical reserving and expense ratios are expected to improve in 2024 both on net and gross basis, leading to improving combined ratios.



# Business Driven Expenses

- Acquisition costs are budgeted at the prevailing commission rates targeting 13% of the GWP to be sourced through agents and brokers with overall acquisition costs budgeted at USD 5.2 million for 2024.
- Investment management fees decreased due to the plan of bringing the treasury function in-house by Q2 2024, thus saving the fees for half the year and is budgeted at USD 0.3 million in 2024.



# General And Admin Expenses Including Appropriations

Total employee related costs for 2024 (in PHF and SHF) is budgeted at USD 20.5 million. Additions to head count including internal promotions, are budgeted with a cost of USD 1.2 million in 2024.

IsDB Shared services costs are budgeted at USD 2.5 million in 2024.

Consultancy expense is budgeted at USD 1.1 million in 2024 for on-going projects relating to specialized technical areas.

Takaful (IT) system is expected to go live in Q1 2024 and its amortization of USD 0.6 million is included in expenses.

ICIEC shall set aside 2.5% of Net SHF Income to a fund dedicated to promotion of investment and partnerships.



# Administrative Budget

| Description                                    | 2023<br>Forecast | 2023<br>Budget | 2024<br>Budget<br>(PHF+SHF) | B24 / F 23  | B 24 / B 23 | 2024<br>PHF   | 2024<br>SHF  |
|------------------------------------------------|------------------|----------------|-----------------------------|-------------|-------------|---------------|--------------|
| Total salaries and benefits for existing Staff | 14,447           | 14,939         | 15,809                      | 109%        | 106%        | 13,744        | 2,066        |
| Total salaries and benefits of new hired staff | -                | 1,777          | 1,229                       | -           | 69%         | 979           | 250          |
| Ad hoc bonus - discretionary bonus             | 350              | 400            | 400                         | 114%        | 100%        | 338           | 62           |
| Casual and temporary staff                     | 397              | 404            | 439                         | 111%        | 109%        | 375           | 65           |
| Others                                         | 500              | 512            | 1,190                       | 238%        | 232%        | 1,007         | 183          |
| <b>Total staff cost</b>                        | <b>15,694</b>    | <b>18,032</b>  | <b>19,068</b>               | <b>121%</b> | <b>106%</b> | <b>16,443</b> | <b>2,625</b> |
| <b>Total Staff Training</b>                    | <b>100</b>       | <b>100</b>     | <b>200</b>                  | <b>200%</b> | <b>200%</b> | <b>169</b>    | <b>31</b>    |
| Total marketing & sales activities             | 1,640            | 1,745          | 1,708                       | 104%        | 98%         | 1,510         | 198          |
| Total other general expenses                   | 609              | 630            | 1,074                       | 176%        | 171%        | 1,074         | -            |
| Total consultancy                              | 920              | 951            | 1,148                       | 125%        | 121%        | 1,148         | -            |
| Total credit information expenses              | 250              | 264            | 200                         | 80%         | 76%         | 200           | -            |
| Total gateway & representative offices expen   | 200              | 222            | 260                         | 130%        | 117%        | 260           | -            |
| Total IsDB shared services                     | 1,675            | 1,706          | 2,479                       | 148%        | 145%        | 1,663         | 816          |
| <b>Total general and admin expenses</b>        | <b>5,294</b>     | <b>5,518</b>   | <b>6,869</b>                | <b>130%</b> | <b>124%</b> | <b>5,856</b>  | <b>1,014</b> |
| <b>Total business driven expenses</b>          | <b>4,829</b>     | <b>4,473</b>   | <b>5,490</b>                | <b>114%</b> | <b>123%</b> | <b>5,152</b>  | <b>339</b>   |
| <b>Total CAPEX</b>                             | <b>300</b>       | <b>766</b>     | <b>302</b>                  | <b>101%</b> | <b>39%</b>  | <b>294</b>    | <b>8</b>     |
| <b>Total investment promotion activity</b>     | <b>100</b>       | <b>300</b>     | <b>200</b>                  | <b>200%</b> | <b>67%</b>  | <b>200</b>    | <b>-</b>     |
| <b>Total contingency</b>                       | <b>-</b>         | <b>50</b>      | <b>50</b>                   | <b>-</b>    | <b>100%</b> | <b>50</b>     | <b>-</b>     |
| <b>Amortization IT software - Takaful</b>      | <b>-</b>         | <b>818</b>     | <b>555</b>                  | <b>-</b>    | <b>68%</b>  | <b>555</b>    | <b>-</b>     |
| <b>Pension actuarial deficit</b>               | <b>1,200</b>     | <b>1,200</b>   | <b>1,200</b>                | <b>100%</b> | <b>100%</b> | <b>1,015</b>  | <b>185</b>   |
| <b>Grand Total</b>                             | <b>27,517</b>    | <b>31,257</b>  | <b>33,934</b>               | <b>123%</b> | <b>109%</b> | <b>29,733</b> | <b>4,201</b> |



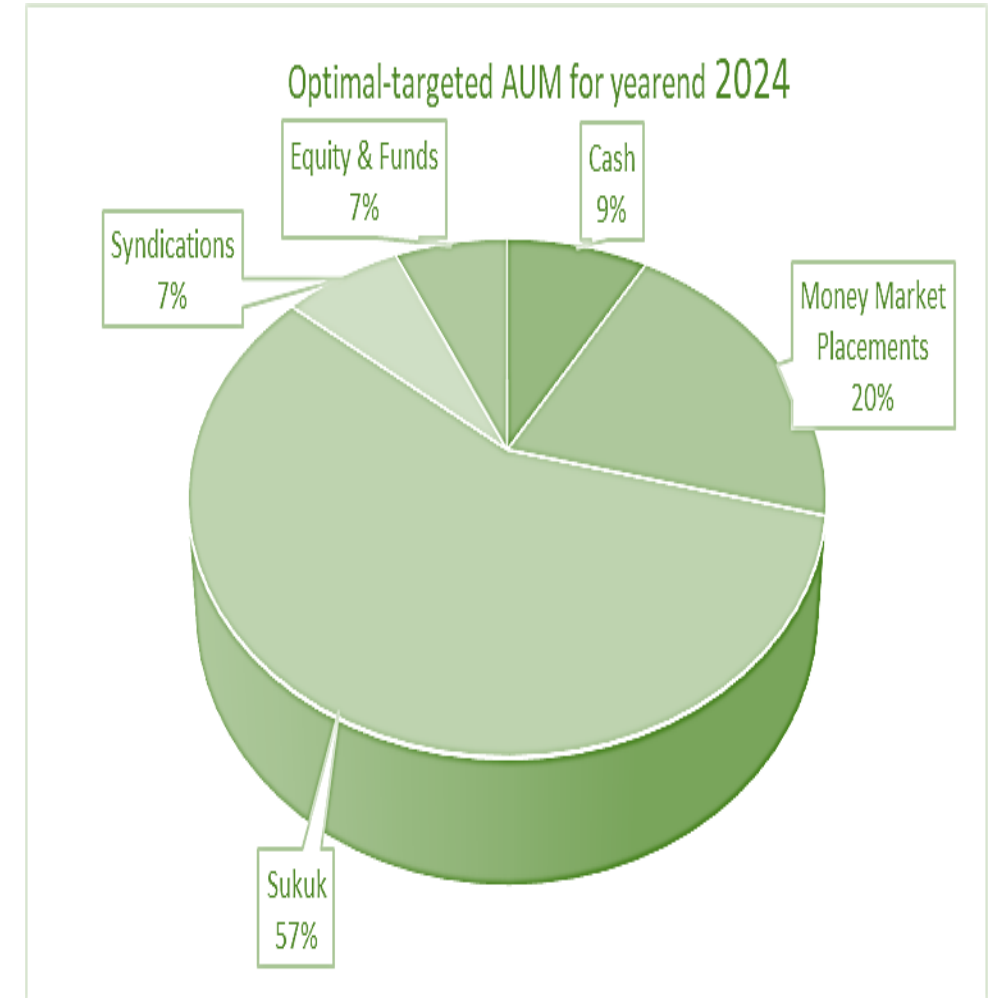
# Investment Strategy And Aum

A low liquidity-risk profile is planned to preserve asset quality in alignment with the Liquidity Policy, Investment Strategy & Investment Guidelines while boosting performance.

The Treasury AUM at end of 2024 are planned at 450.8 million.

ICIEC investment strategy considers combined impacts of;

- (i) expected moderation and decline in interest rates in 2024,
- (ii) recession fears, and
- (iii) ICIEC management conservative approach in dealing with High-Risk Assets (HRAs) and preference to strengthen the credit quality of the investment portfolio during the uncertainty times.



# Investment Strategy - Performance

| Asset Class (USD'000)          | TARGET - 2024 | PLAN - 2023  |
|--------------------------------|---------------|--------------|
| Sukuk                          | 9,116         | 5,130        |
| Money Market Placements        | 4,433         | 1,494        |
| Trade Syndication              | 34            | 628          |
| Funds & Equity                 | 745           | 1,249        |
| <b>Total Investment Income</b> | <b>14,328</b> | <b>8,501</b> |
| <b>Return on Investment</b>    | <b>3.27%</b>  | <b>2.31%</b> |

The Treasury investment income target for 2024 is 5% higher than the Forecasted actual for 2023 (USD 13.6MM); and 69% higher than BP-2023 target.



# Corporate Results

| Results               | Budget 2024 | Budget 2023 |                      | Forecast 2023 |                      |
|-----------------------|-------------|-------------|----------------------|---------------|----------------------|
| (USD'000)             | Target      | Target      | Budget 2024 Variance | Actual        | Budget 2024 Variance |
| PHF Results           | 12,660      | 1,449       | 774%                 | 8,737         | 45%                  |
| SHF Results           | 7,418       | 5,877       | 26%                  | 8,443         | -12%                 |
| Corporate Net Results | 20,078      | 7,326       | 174%                 | 17,180        | 17%                  |

The budgeted results from PHF are planned to reach USD 12.7 million and for SHF are planned at USD 7.4 million. The corporate results are planned to reach USD 20.1 million.



# Business Plan 2024-26

Business plan for 2024-2026 envisages a growth of 10% per year in business insured and gross written premium, reaching USD 14.5 billion and USD 151.3 million, respectively, by 2026, while maintaining a sound credit rating, capital adequacy, and reinsurance capacity. The annual surplus is expected to reach USD 32.5 million by 2026.

| Results               | Plan   |        |
|-----------------------|--------|--------|
| (USD'000)             | 2025   | 2026   |
| PHF Results           | 19,014 | 19,756 |
| SHF Results           | 10,290 | 12,703 |
| Corporate Net Results | 29,305 | 32,459 |



# Annex- Statement Of Income (Soi) - Phf

| PARTICULARS                                       | Audited          | Budgeted         | Projected       | Budgeted        |
|---------------------------------------------------|------------------|------------------|-----------------|-----------------|
|                                                   | JAN- DEC<br>2022 | JAN- DEC<br>2023 | JAN-DEC<br>2023 | JAN-DEC<br>2024 |
| <i>Amounts in USD 000's</i>                       |                  |                  |                 |                 |
| <b>Policyholders' Fund Income</b>                 |                  |                  |                 |                 |
| <b>Gross Premium</b>                              | <b>92,353</b>    | <b>105,000</b>   | <b>100,576</b>  | <b>125,025</b>  |
| Net Earned Premiums & Ceding Commission           | 34,729           | 32,990           | 35,252          | 45,123          |
| Policy fees earned                                | 168              | 128              | 185             | 334             |
| PHF Investment/Other income                       | 211              | 340              | 1,860           | 2,527           |
| <b>Net Earned Premium, Fees &amp; Inv. Income</b> | <b>35,108</b>    | <b>33,458</b>    | <b>37,297</b>   | <b>47,984</b>   |
| <b>Expenses</b>                                   |                  |                  |                 |                 |
| Net claim                                         | (8,432)          | (4,310)          | (2,871)         | (5,885)         |
| Acquisition cost                                  | (3,320)          | (3,907)          | (4,237)         | (5,152)         |
| Employee related costs                            | (14,454)         | (18,053)         | (17,020)        | (17,627)        |
| Marketing and administrative expenses             | (4,309)          | (4,921)          | (4,432)         | (6,106)         |
| IT Software Amortization                          | -                | (818)            | -               | (555)           |
| <b>Total Expenses and Claims</b>                  | <b>(30,515)</b>  | <b>(32,009)</b>  | <b>(28,560)</b> | <b>(35,324)</b> |
| <b>PHF Result (Before Exceptional Items)</b>      | <b>4,593</b>     | <b>1,449</b>     | <b>8,737</b>    | <b>12,660</b>   |
| Exchange result                                   | (84)             | -                | -               | -               |
| <b>Policyholders' Fund result after FX</b>        | <b>4,509</b>     | <b>1,449</b>     | <b>8,737</b>    | <b>12,660</b>   |

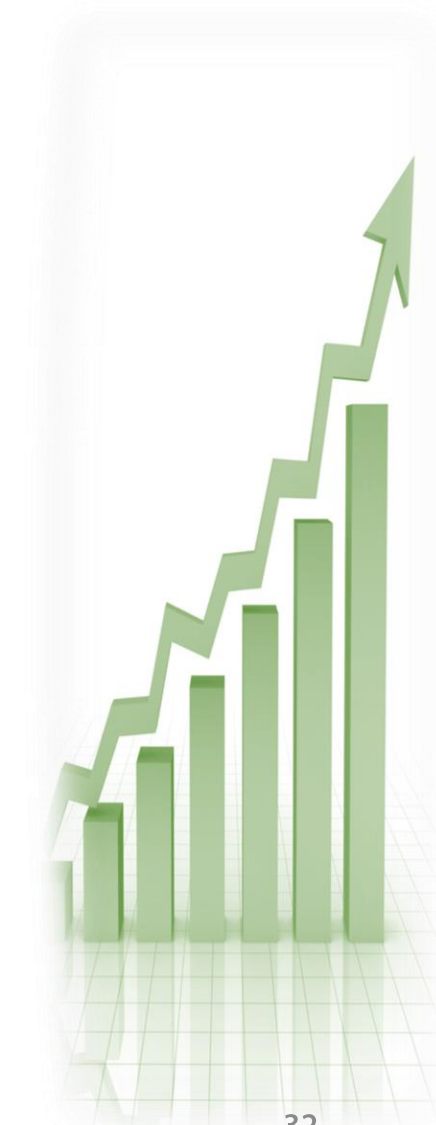
# Annex- Soi- Shf And Corporate Results

| PARTICULARS                                                       | Audited          | Budgeted         | Projected       | Budgeted        |
|-------------------------------------------------------------------|------------------|------------------|-----------------|-----------------|
|                                                                   | JAN- DEC<br>2022 | JAN- DEC<br>2023 | JAN-DEC<br>2023 | JAN-DEC<br>2024 |
| <i>Amounts in USD 000's</i>                                       |                  |                  |                 |                 |
|                                                                   |                  |                  |                 |                 |
| <b>Shareholders' Fund</b>                                         |                  |                  |                 |                 |
| <b>SHF Investment Income</b>                                      | <b>8,251</b>     | <b>8,161</b>     | <b>11,783</b>   | <b>11,802</b>   |
| <b>Expenses</b>                                                   |                  |                  |                 |                 |
| Investment management fees                                        | (410)            | (408)            | (682)           | (339)           |
| Employee related costs                                            | (1,070)          | (1,245)          | (1,799)         | (2,841)         |
| General and administrative expenses                               | (296)            | (631)            | (862)           | (1,014)         |
| <b>Total Expenses</b>                                             | <b>(1,776)</b>   | <b>(2,284)</b>   | <b>(3,342)</b>  | <b>(4,193)</b>  |
| <b>SHF Result (Before Exceptional Items)</b>                      | <b>6,475</b>     | <b>5,877</b>     | <b>8,441</b>    | <b>7,609</b>    |
| - Exchange Gain/(Loss)                                            | (5)              | -                | 2               | -               |
| - Appropriation to fund for investment promotion and partnerships | -                | -                | -               | (190)           |
| <b>Shareholders' Fund Result</b>                                  | <b>6,470</b>     | <b>5,877</b>     | <b>8,443</b>    | <b>7,418</b>    |
| <b>Corporate Net Result</b>                                       | <b>10,979</b>    | <b>7,326</b>     | <b>17,180</b>   | <b>20,078</b>   |



# Annex -Statement Of Financial Position

| PARTICULARS                            | Dec-22          | Dec-23          | Dec-24          |
|----------------------------------------|-----------------|-----------------|-----------------|
|                                        | USD'000         |                 |                 |
| <b>ASSETS</b>                          |                 |                 |                 |
| Cash and cash equivalents              | 97,568          | 23,291          | 38,964          |
| Murabaha Financing,net                 | 54,540          | 117,748         | 124,364         |
| Held-to-Maturity investments           | 173,471         | 234,490         | 256,733         |
| Available-for-sale investment          | 33,017          | 27,774          | 30,713          |
| Account Receivable,net                 | 29,725          | 15,000          | 18,750          |
| Prepaid expenses and other assets      | 6,517           | 8,245           | 9,235           |
| Due from affiliate                     | 252             | 282             | -               |
| Reinsurance share of unearned premiums | 92,394          | 85,218          | 95,328          |
| Reinsurance share of outstanding claim | 55,801          | 59,229          | 62,527          |
| Property, equipment and Intangibles    | 2,207           | 2,669           | 5,900           |
| <b>TOTAL ASSETS</b>                    | <b>545,492</b>  | <b>573,946</b>  | <b>642,513</b>  |
| <b>EQUITY</b>                          |                 |                 |                 |
| Share capital                          | 201,011         | 201,108         | 201,308         |
| Reserve                                | 116,141         | 123,514         | 130,932         |
| Fair value reserve                     | (1,676)         | (176)           | -               |
| <b>Total Shareholders' Fund</b>        | <b>315,476</b>  | <b>324,446</b>  | <b>332,240</b>  |
| Accumulated deficit                    | (49,954)        | (40,147)        | (27,487)        |
| Actuarial loss on pension liability    | (860)           | (2,064)         | (64)            |
| <b>Total Policyholders' Fund</b>       | <b>(50,814)</b> | <b>(42,211)</b> | <b>(27,551)</b> |
| <b>TOTAL EQUITY</b>                    | <b>264,662</b>  | <b>282,235</b>  | <b>304,689</b>  |
| <b>LIABILITIES</b>                     |                 |                 |                 |
| Unearned premiums                      | 140,900         | 143,448         | 182,470         |
| Outstanding claim                      | 82,252          | 84,549          | 89,257          |
| Pension Liabilities                    | 6,320           | 9,520           | 11,120          |
| Accounts payable and accruals          | 49,461          | 53,013          | 53,734          |
| Due to affiliates                      | 1,533           | 501             | 551             |
| Claims payable                         | 364             | 680             | 694             |
| <b>TOTAL LIABILITIES</b>               | <b>280,830</b>  | <b>291,711</b>  | <b>337,824</b>  |
| <b>TOTAL LIABILITIES AND EQUITY</b>    | <b>545,492</b>  | <b>573,946</b>  | <b>642,513</b>  |



# Annex - Key Ratios

| KEY RATIOS                        | 2022   | 2023 (f) | 2024 (b)      | 5 year<br>Average<br>2019-<br>2023 | 3 year<br>Average<br>2021-<br>2023 |
|-----------------------------------|--------|----------|---------------|------------------------------------|------------------------------------|
| Return on Equity                  | 4.1%   | 6.1%     | <b>6.6%</b>   | 4.5%                               | 4.7%                               |
| Return of Capital Employed        | 5.5%   | 8.5%     | <b>10.0%</b>  | 5.6%                               | 6.2%                               |
| Growth in Total Assets            | 13.3%  | 5.2%     | <b>11.7%</b>  | 9.1%                               | 11.3%                              |
| Growth in Treasury Assets         | 3.5%   | 12.5%    | <b>11.8%</b>  | 6.4%                               | 8.2%                               |
| Treasury Assets % of Total Assets | 65.7%  | 70.3%    | <b>70.3%</b>  | 72.5%                              | 69.3%                              |
| BI Growth                         | 18.8%  | -3.9%    | <b>7.0%</b>   | 5.1%                               | 4.8%                               |
| GWP Growth                        | 17.0%  | 8.9%     | <b>24.3%</b>  | 8.7%                               | 6.0%                               |
| RI Cession                        | 69.5%  | 73.3%    | <b>70.0%</b>  | 74.7%                              | 74.3%                              |
| Gross Paid Loss Ratio             | 4.3%   | 5.0%     | <b>5.4%</b>   | 5.5%                               | 4.7%                               |
| Gross Expense Ratio               | 23.9%  | 25.5%    | <b>23.5%</b>  | 28.0%                              | 29.4%                              |
| Gross Combined Ratio              | 28.2%  | 30.5%    | <b>28.9%</b>  | 33.5%                              | 34.1%                              |
| Net Loss Ratio                    | 42.4%  | 13.8%    | <b>22.0%</b>  | 30.3%                              | 25.3%                              |
| Net Expense Ratio                 | 111.1% | 123.6%   | <b>110.1%</b> | 139.8%                             | 132.4%                             |
| Returns on AUM                    | 2.4%   | 3.4%     | <b>3.2%</b>   | 2.2%                               | 2.5%                               |



# ICIEC Staff Retreat and 30<sup>th</sup> Anniversary Celebration

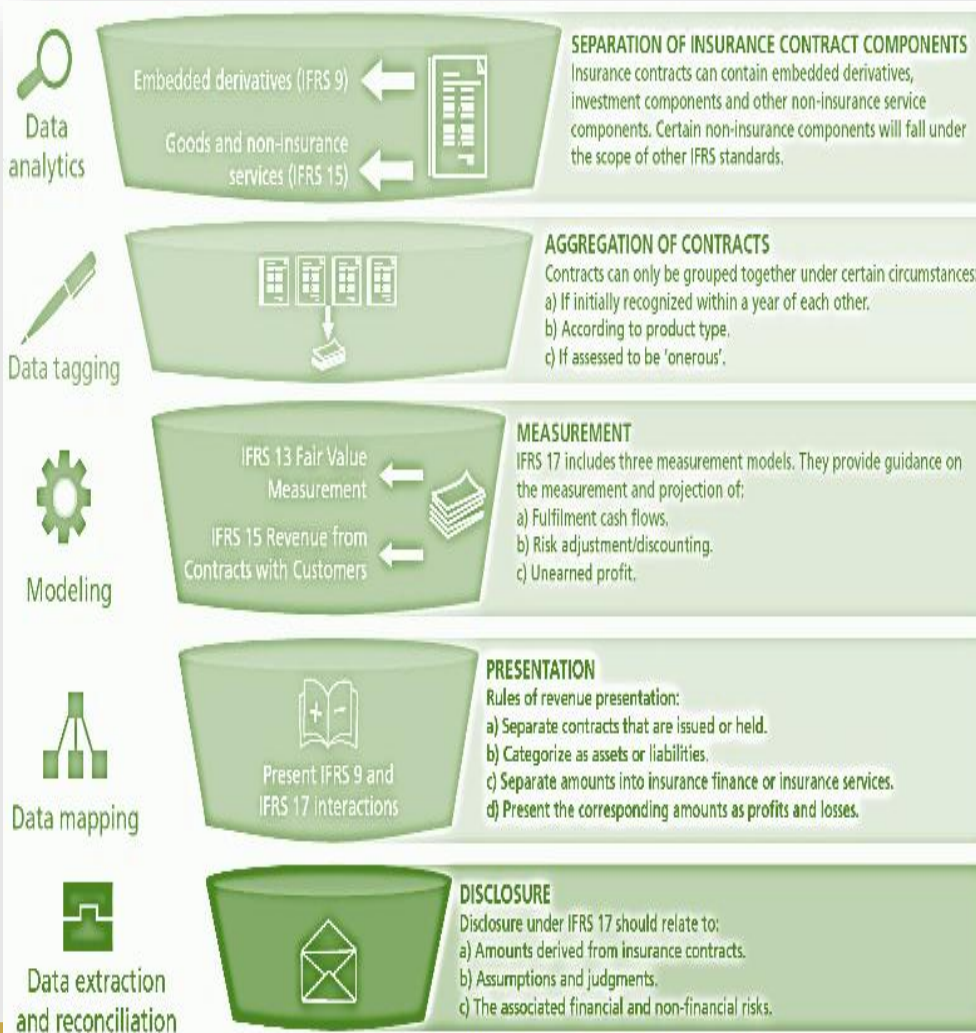
## DFT Strategy, KPIS & Initiatives Finance

# Key Projects – Focus Areas

- Enhancement of reporting and data analytics with IFRS-17 and IFRS-9 go live.
- ICIEC Takaful System integration and stabilization with financial data and IFRS 17 and IFRS 9 incorporation.
- Automation and enhancement of the Delegation of Authority Framework.
- Undertake Treasury investments Back-Office oversight activities.
- Support implementation of ICIEC 3<sup>rd</sup> General Capital Increase.
- ICIEC Takaful Framework (*including PHF-SHF Expense Allocation*).
- Automating the planning and forecasting financial model.
- Reporting dashboards (including enhanced asset-liability management reporting).
- Develop detailed cost and revenue reports for enhanced cost control.



# IFRS 17 Project



## IFRS 17 IMPLEMENTATION

**IFRS 17 implementation project:** ICIEC followed a four-phase programme to adopt the new accounting standard for insurance contracts, with the help of external consultants (PWC).

**Product assessment and impact analysis:** ICIEC determined the scope, boundaries, aggregation and measurement approach of its contracts under IFRS 17 and assessed the impact and gaps on its operations, finances, data, IT systems, processes, and policies.

**IFRS 17 design and managed services:** ICIEC teams received training and designed technical papers on the IFRS 17 requirements, accounting policies, actuarial methodologies and disclosure requirements. ICIEC used the PwC's online portal and insurance engine "IFRS 17 Solved" to perform a dry run and actuarial valuations.

**IFRS 17 key principles and transition:** ICIEC followed the retrospective application of IFRS 17 as part of the transition from IFRS 4. PAA approach is used for contracts which is to 365<sup>th</sup> method.

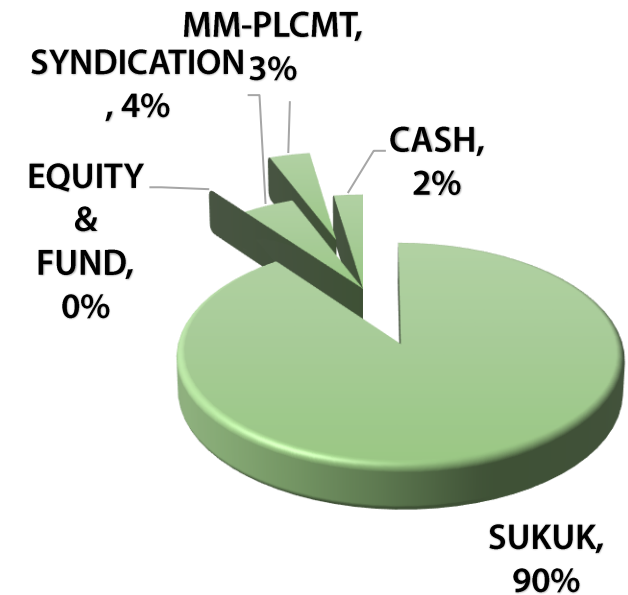
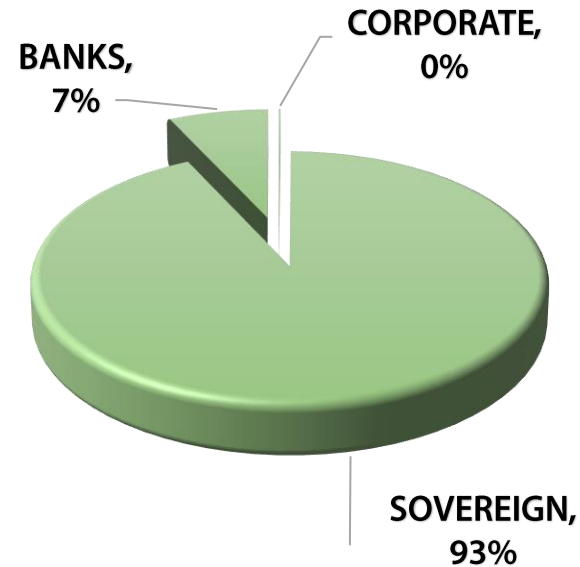
# IFRS 9 Project

## IFRS 9 IMPLEMENTATION

IFRS 9 project led by ICIEC RMD team was successfully presented to ARC.

IFRS 9 primarily affects investments , receivables and other assets for ICIEC.

IFRS 9 model was applied on our investment portfolio as at 30 Sep 2023 with an impact of \$ 1.1 million as additional impairment.



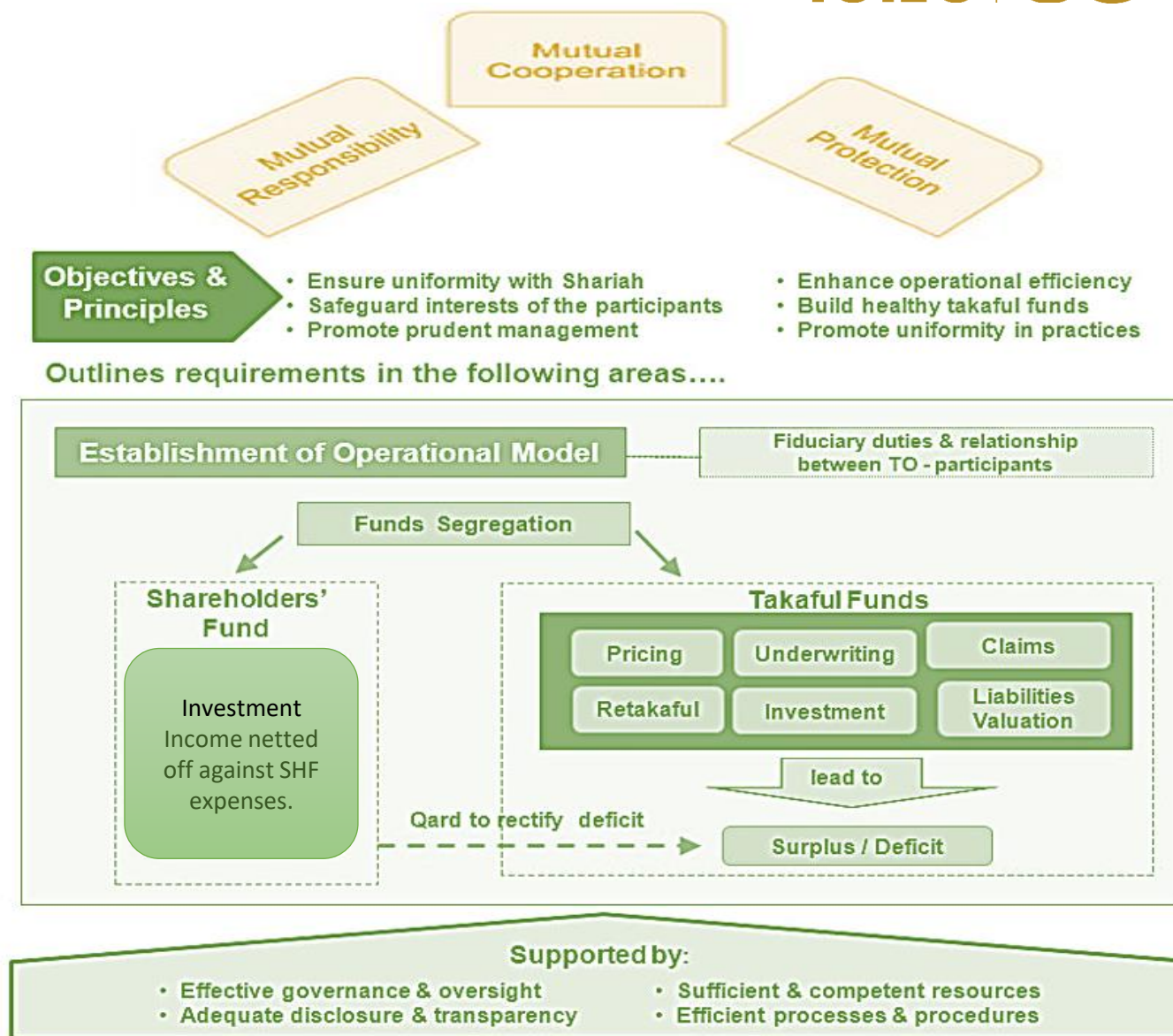
# Takaful Project

## TAKAFUL FRAMEWORK

The Framework is based on the principles of Shariah and mutual cooperation.

The Takaful Operational Framework (TOF) defines the roles and responsibilities of the Policyholders' Fund (PHF) and the Shareholders' Fund (SHF) in managing the Takaful pool, the insurance operations, the investments, and the surplus distribution.

The TOF also describes the functions and roles of the Shariah Board and the Shariah Affairs Division, which ensure the compliance of the Corporation's activities with the Shariah principles.



# Continuous Improvement

While improving on the traditional roles Finance shall serve as a valuable business partner through providing dashboard management information, actionable insights and strategic guidance to ensure optimal and stable financial performance of the Corporation.

| Traditional Roles   | Enhancement / Improvement                                                                                                                                                                                                                                                                        |
|---------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Financial Reporting | <ul style="list-style-type: none"><li>• Monthly reporting based on up-to-date reconciliations</li><li>• Introduction of accrual system for many entries like RI entries</li><li>• Simplifying basic accounting treatments</li><li>• Accruals based accounting</li><li>• Data analytics</li></ul> |
| Budgeting           | <ul style="list-style-type: none"><li>• Enhanced forecasting model</li><li>• Regular monthly monitoring</li><li>• Detailed analysis</li></ul>                                                                                                                                                    |
| Payments            | <ul style="list-style-type: none"><li>• Robust reviewing</li><li>• Minimum errors</li></ul>                                                                                                                                                                                                      |
| Receipts            | <ul style="list-style-type: none"><li>• 30% improvement of receivables balances since year end.</li><li>• Up to date vendor and bank reconciliations.</li></ul>                                                                                                                                  |

# Alignment With Strategy

## ICIEC's Enhanced 10YSF



### Enhancing resilience by improving financial sustainability

- Providing strategic financial direction to organization
- Help grow shareholder value
- Improved planning
- Data analytics to drive profitability
- Accurate regular reporting
- Capital increase and management

### Enhancing efficiency by improving processes and people

- Improve efficiency, improve financial policies
- Manage costs
- Train people in IFRS-17, IFRS-9
- Continue enhancing financial processes
- Identify and correct process weaknesses

# Challenges / Recommendations

| Challenge                                                                                            | Proposed Solution                                                                                                                                                                                                               |
|------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Enhancing staff capabilities to increase efficiency and deal with complexities of IFRS-17 and IFRS-9 | <ul style="list-style-type: none"> <li>• Staff Training/ coaching</li> <li>• Staff additions. 2 x staff planned for 2024.</li> </ul>                                                                                            |
| IFRS 17 Eska Implementation                                                                          | <ul style="list-style-type: none"> <li>• After go-live of Eska IT system, IFRS 17 requirements including TB has to be built into the system</li> </ul>                                                                          |
| Finance Team to increase time spent on value addition rather than clerical day to day work           | <ul style="list-style-type: none"> <li>• Automation on basic tasks</li> <li>• Transfer of treasury related tasks after treasury transition is completed. e.g. Maintaining share Capital, SWIFT and BCM transactions.</li> </ul> |
| Minimize the FX result on functional currency reporting                                              | <ul style="list-style-type: none"> <li>• Finance to monitor monthly and Treasury to aligning the asset/liability on foreign currency net open position (exposure)</li> </ul>                                                    |
| Payment Processing – process review opportunities                                                    | <ul style="list-style-type: none"> <li>• Streamlined process and provide PR creation access to all departments.</li> <li>• Jira payment system to be implemented</li> </ul>                                                     |
| Enhancement of ICIEC Takaful Framework                                                               | <ul style="list-style-type: none"> <li>• Annual review of Takaful framework</li> </ul>                                                                                                                                          |
| VAT processing                                                                                       | <ul style="list-style-type: none"> <li>• To be followed at group level</li> <li>• Staff to be dedicated and trained for VAT processing</li> </ul>                                                                               |

# ICIEC Staff Retreat and 30<sup>th</sup> Anniversary Celebration

## DFT Strategy, KPIS & Initiatives Finance

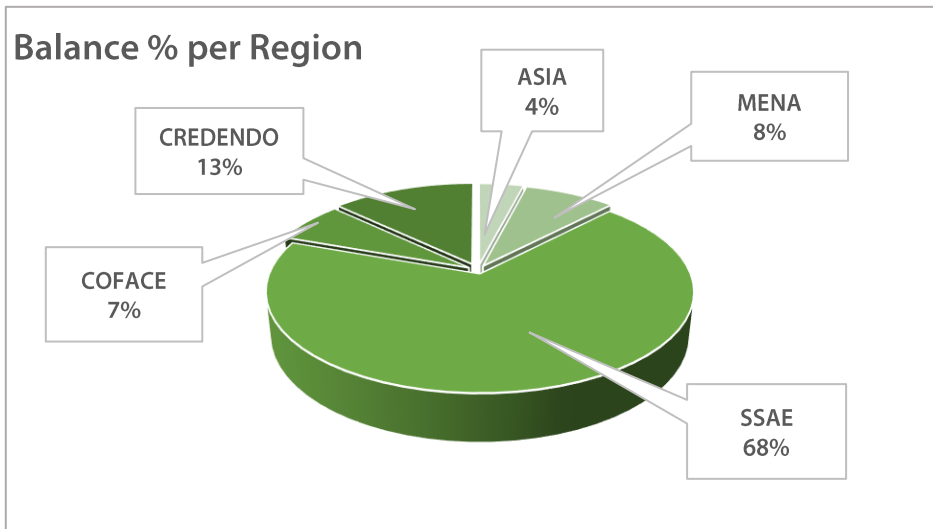
- Budget Utilization
- Receivables Management
- Procurement

# Budget Allocation, Utilization And Monitoring

- Approved administrative budget for 2024 allocation was sent earlier to all business units.
- To enhance the budget control and monitoring, each business unit should prepare its own purchase request (PR), this is a best practice which also maintained at IsDB group.
- Access will be given to each business unit to create and approve PR, the Finance team will continue to support individuals for 3 months.
- Each business unit can monitor their budget through SAP.
- Budget reallocation is not allowed as directed by ICIEC's management. Exception can be accommodated with strong justification and CEO approval.

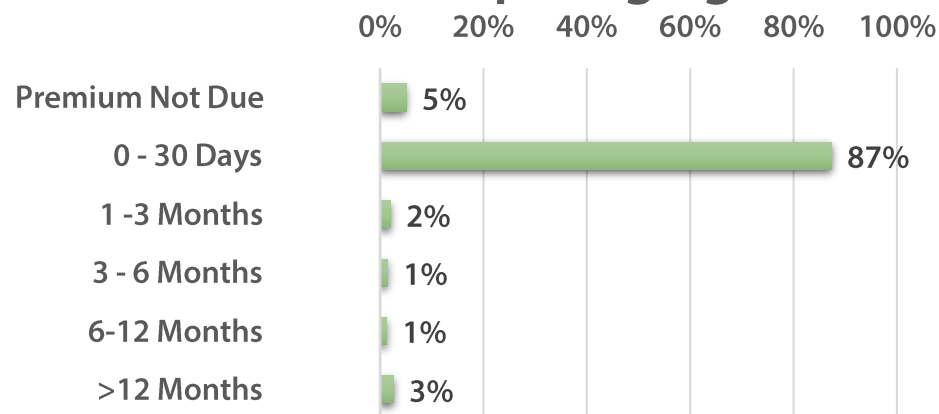


# Receivables Management



| REGION       | PCT         | Net Balance (\$'000) | Premium Not Due (\$'000) | 0 - 30 Days (\$'000) | 1 - 3 Months (\$'000) | 3 - 6 Months (\$'000) | Above 6 Months (\$'000) |
|--------------|-------------|----------------------|--------------------------|----------------------|-----------------------|-----------------------|-------------------------|
| ASIA         | 4%          | 528                  | 188                      | 106                  | 101                   | 61                    | 71                      |
| MENA         | 8%          | 1,081                | -                        | 797                  | 197                   | 74                    | 13                      |
| SSAE         | 68%         | 8,973                | -                        | 8,743                | 53                    | 35                    | 142                     |
| COFACE       | 7%          | 867                  | 484                      | 81                   | 63                    | 50                    | 188                     |
| CREDENDO     | 13%         | 1,705                | -                        | 1,768                | (140)                 | (31)                  | 108                     |
| <b>TOTAL</b> | <b>100%</b> | <b>13,153</b>        | <b>672</b>               | <b>11,496</b>        | <b>275</b>            | <b>189</b>            | <b>522</b>              |

## Balance % per Aging



### Point of Emphasis:

- Provisioning under IFRS-9
- Improve Collection Efforts
  - a. Importance of Weekly/Bi-weekly meetings
  - b. Re-arrangement of aging bands
  - c. Established an open communication with Coface
- Above 6 months balances (50% referred to LAD)

# Procurement

## Procurement Process

- a) Shortened and reduced the long process workflow.
- b) Reduced the time of payment process.
- c) Monitoring, reviewing and applying the procurement policy and procedures.

## SAP MM

- a) Issued around 570 POs during 2023.
- b) Improved the SAP MM security system.
- c) Creation of procurement reports.

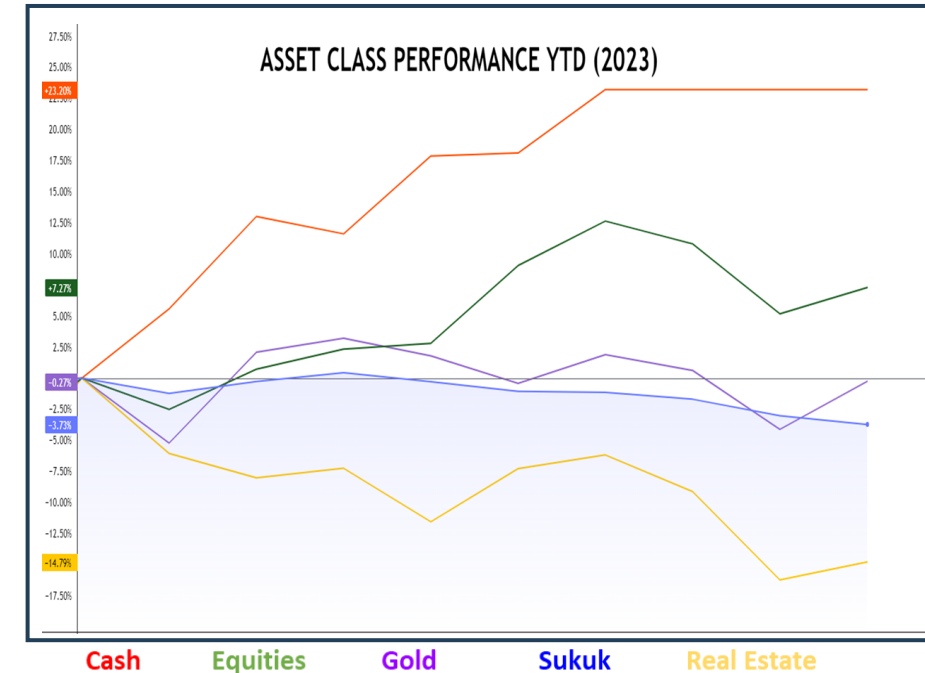
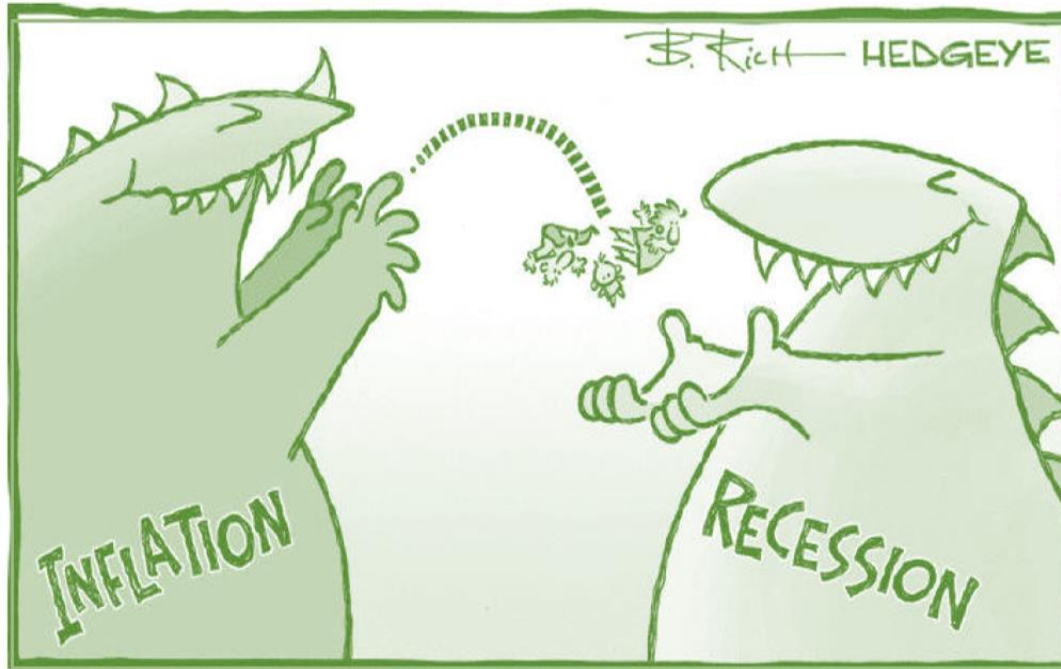
## Procurement Plan 2024

- a) Manage the budget.
- b) Enhance the procurement workflow.
- c) Improve SAP system and create improved reports.
- d) Evaluation and upgradation of vendors.

# ICIEC Staff Retreat and 30<sup>th</sup> Anniversary Celebration

## DFT Strategy, KPIS & Initiatives Treasury

# Intro.....Global Market Outlook



Source: Refinitiv

- The global Economy is experiencing a slow recovery
- Trajectory on the back of high inflation and uncertainties
- Inflation levels have peaked and generally decelerating in most economies
- Central Banks have paused rates hike and might activate a cut in 2024
- Cash and Equities outperformed other asset classes in 2023 due to the hike cycle while Sukuk and real estate performed poorly.

# Intro...|Investment STRATEGY

| INDICATOR                             | OUTLOOK                                                                                                                                                                                          | STRATEGY                                                                                                                                                              | CHALLENGES                                                                                                                                                              |
|---------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Interest rates /<br>Fed Rate<br>Hikes | <ul style="list-style-type: none"><li>- Low probability of hike and possible cut in 2024</li><li>- High yield environment in the short term but expect fall in rates in the long term.</li></ul> | <ul style="list-style-type: none"><li>- Favor long term rates in HTM Sukuk</li><li>- Optimize income in the money market space (Murabaha/Wakala placements)</li></ul> | <ul style="list-style-type: none"><li>- Limited Sukuk issuances in the market</li><li>- Limited opportunities for Murabaha/Wakala placements and syndications</li></ul> |
| Economic<br>Growth &<br>Inflation     | <ul style="list-style-type: none"><li>- Fragile &amp; possible Recession</li><li>- Expected decline in inflation rates</li></ul>                                                                 | <ul style="list-style-type: none"><li>- Favor high Quality assets</li><li>- Ensure better diversification across regions / countries / asset classes</li></ul>        | <ul style="list-style-type: none"><li>- Limited Investment opportunities</li><li>- No direct access to counterparties (funds being managed by IsDB)</li></ul>           |

# Treasury Priorities

## High-level Priorities For 2024

### Treasury Transition



- Complete Dealing room and Infrastructure Set up
- Fully Implement the MISYS Treasury Operations System
- Capacity Building for Treasury roles: front, middle & back office

### Investment Governance Framework



- Adherence to Investment guidelines and new SAA
- Develop and Test Contingency Funding Plan
- Initiate a complete ALM framework
- Developing Borrowing Policy

### Enhance Performance



- Proactive investment decisions to boost Income
- Expand network to broaden access to market opportunities
- Closer monitoring of external fund managers to improve performance

# Alignment With 10 Years Strategy

## Enhancing Resilience: Strategic Priorities



Enhancing Financial Sustainability

### Key Initiatives

- Implement Risk-based Pricing
- Improve Treasury Investment Returns
- Improve Efficiency and Rationalization

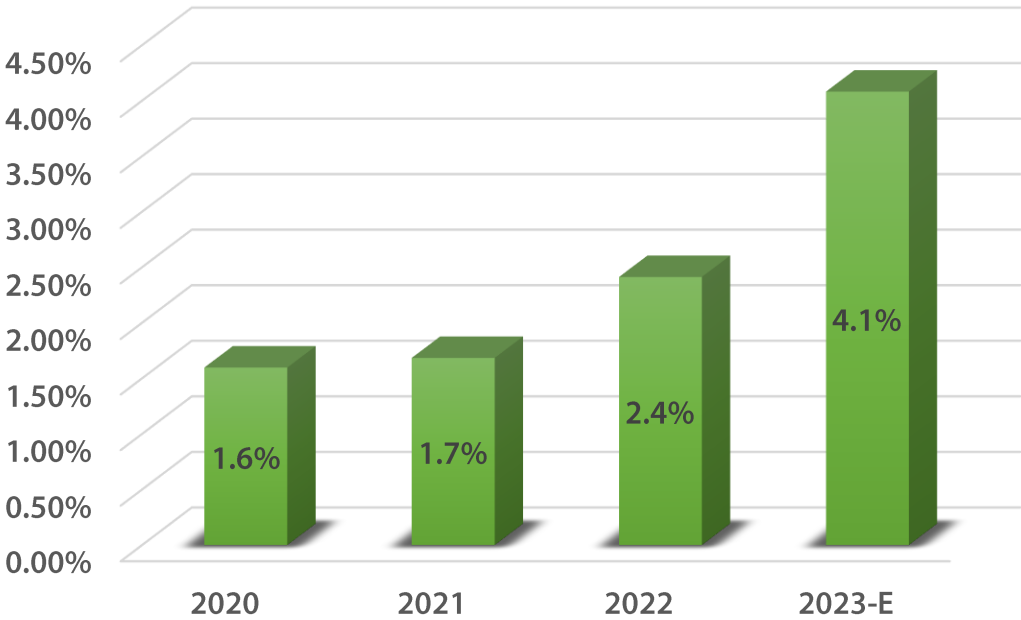


### INCOME TARGET

**2023:** FY-23 ROI=4% > 3% Target for 2024 (As per the 10y Strategic Plan)  
**2023:** 299% Growth in Gross Investment income since 2015 (211% since 2020)

### Scorecard 2020-2023

#### Return on Total AUM (%)



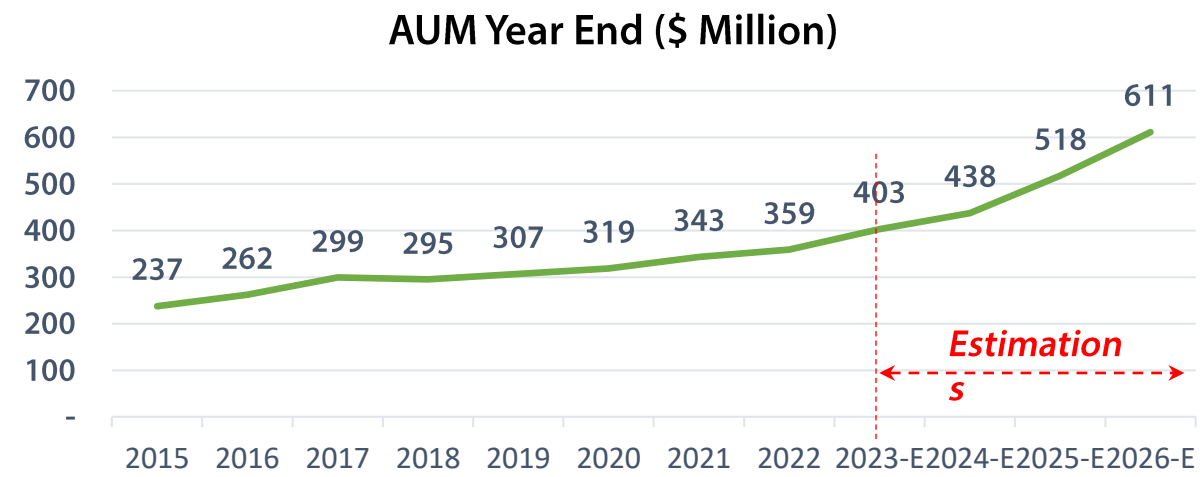
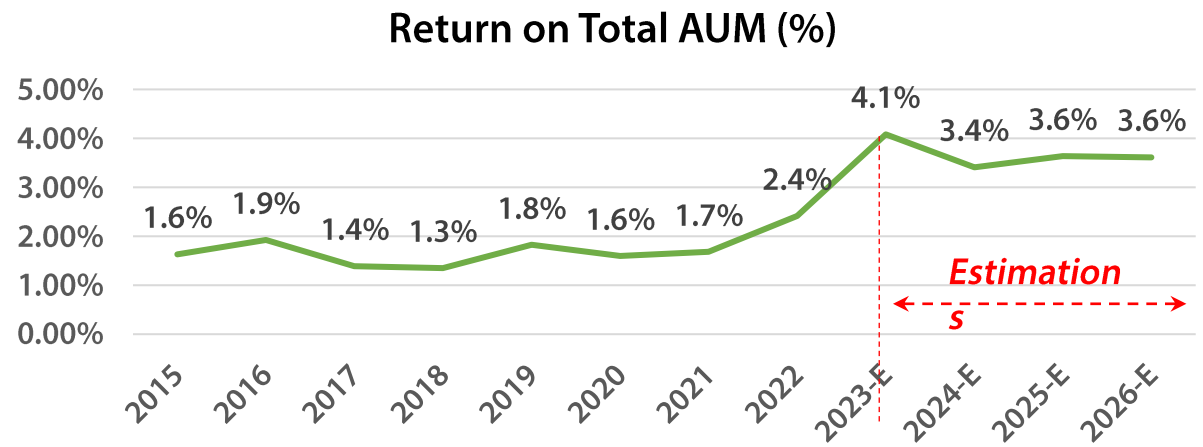
## FY-2024 KPIs (IMC-APPROVED PHASED TRANSITION)

- Operationalization of ICIEC Treasury by 30-June-24 transition date (*with possible extension*).
- Investment Positions Cutover:
  1. Sukuk: transfer all existing ICIEC Sukuk to ICIEC new Euroclear Sub-acct #2 – Q1-2024.
  2. Sukuk: ICIEC primary & secondary Sukuk purchases will be executed fully by ICIEC and instruments held in ICIEC Euroclear Sub-acct #2. April 2024
  3. Short-Term Placements: All existing positions under IsDB name to continue until maturity, while ICIEC conclude phase 1 counterparties onboarding by Q2 2024 and begin to undertake short-term placements directly with new counterparties
  4. ITFC Syndication: No change
  5. SCB Nostro: IsDB-SCB accounts for ICIEC to remain active until maturity of all ICIEC positions held under IsDB name (Q2 2024)
  6. IsDB Fund Management Agreement: Agreement to be retained (if possible) in place as a contingency.
- Maximum efforts expected from all concerned functions to achieve the transition to enhance efficiency and reduce cost / fees.

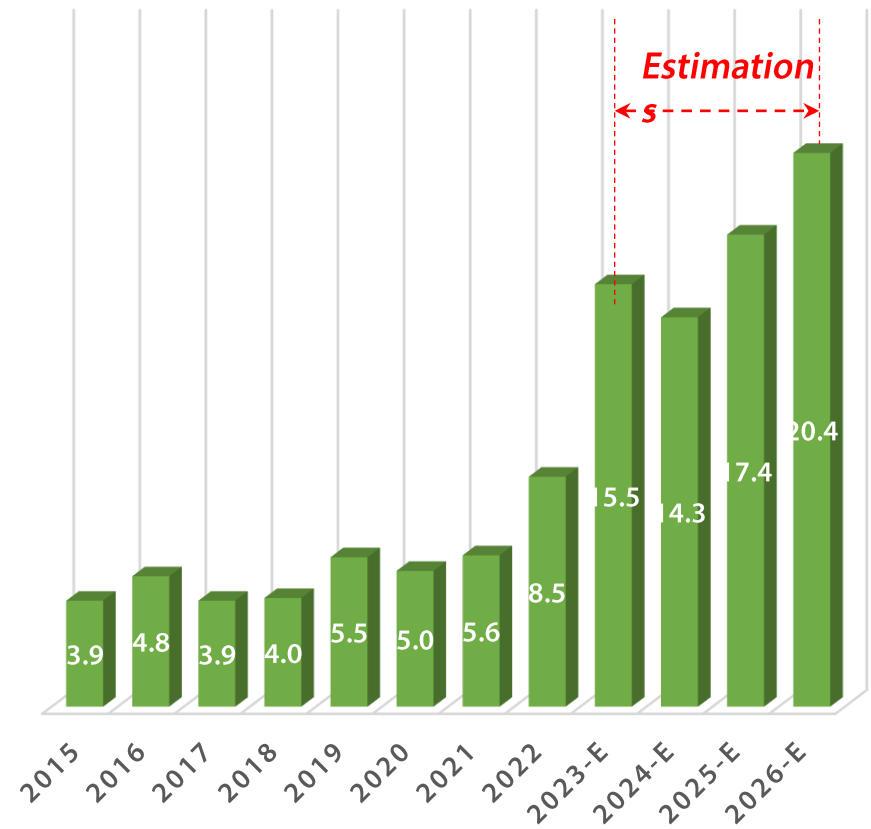
## FY-2024 Cross-department Priority Actions

|     |                                                                                                                                                 |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------|
| TRS | Intensify efforts and collaboration with ITFC to conclude the opening of the Euroclear sub-account and transfer all Sukuk securities by Q1 2024 |
|     | Overcome all (or most) of the technical challenges faced so to use MISYS as a Treasury Operations System.                                       |
|     | Onboard short-term counterparties for new agreements                                                                                            |
| HCM | Training of treasury staff to enhance productivity                                                                                              |
|     | Enhance the organizational structure so to achieve better governance framework as per market practices                                          |
|     | Quick Win: Engaging Investment Technical Assistant/interns                                                                                      |
| FIN | Implementation of Treasury Back-Office & Settlement processes                                                                                   |
| IT  | Assist in Misys implementation for ICIEC with IsDB-IMDT                                                                                         |
| LAD | Review and clearance of counterparty agreements (bi-directional to support Contingency Funding)                                                 |
|     | Develop DD/KYC/AML Compliance processes for Treasury Investments.                                                                               |
| RMD | Develop and monitor Counterparty Credit Risk & Middle Office processes for investment                                                           |
|     | Assign exposure limits for onboarded counterparties                                                                                             |

## PORTFOLIO PERFORMANCE AND PROJECTIONS



### Gross Investment Income (\$ Million)



# Initiatives (2024 – 2026)

| No. | Task                                           | Time Frame           |
|-----|------------------------------------------------|----------------------|
| 1.  | Enhancing the Treasury Governance Framework    |                      |
|     | Develop Treasury Manual                        | Q2-2025              |
|     | Develop a Contingency Funding Plan             | Q2-2024              |
|     | Test the Contingency Funding Plan              | Q4-2024              |
|     | Develop a complete ALM framework               | Q2-2025              |
|     | Enhance Treasury Delegation of Authority       | Q4-2024              |
|     | Review/enhance Investment Strategy             | Q4-2024              |
|     | Review/enhance Investment Guidelines           | Q1-2025              |
| 2.  | Establish a Stand-alone Treasury Division      |                      |
|     | Implement a Treasury Operations System (MISYS) | Q1-2024              |
|     | Onboard New Counterparties                     | Q4-2024              |
|     | Create EuroClear Sub-account under ITFC name   | Q1-2024              |
|     | Create EuroClear Account under ICIEC name      | Q3-2025              |
|     | Develop/Enhance Front-Office Processes         | Q2-2024              |
|     | Develop/Enhance Middle-Office Processes        | Q2-2024              |
|     | Develop/Enhance Back-Office Processes          | Q2-2024              |
| 3.  | Developing ICIEC Funding strategy              |                      |
|     | Prepare Resource Mobilization Program          | Q2-2026              |
|     | Test the Resource Mobilization Program         | Q4-2026              |
|     | Build ICIEC Yield Curve                        | Q4-2026 (and onward) |

# Challenges / Recommendations

| Challenge                                                                                                                                                                                                                   | Recommendations                                                                                                                                                                                                                                                                                                      |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Market volatilities & geopolitical challenges                                                                                                                                                                               | <ul style="list-style-type: none"><li>• Close Monitoring of the global economic environment and taking proactive measures to mitigate risk</li></ul>                                                                                                                                                                 |
| Delay in Transition due to administrative constraints                                                                                                                                                                       | <ul style="list-style-type: none"><li>• Carry out Implementation in Phases to ease transition (i.e. by Asset class)</li><li>• Execute all tasks that can be achieved without full transition (i.e. onboarding counterparties)</li><li>• Leverage on relationship and existing infrastructure to fast track</li></ul> |
| Approval process                                                                                                                                                                                                            | <ul style="list-style-type: none"><li>• With the transition: Need to optimize approval time with additional provisions to enhance existing delegation of authority where necessary i.e. tight deadlines for investments</li></ul>                                                                                    |
| Reliance on dependent functions <ul style="list-style-type: none"><li>• <i>FIN – back office &amp; settlement</i></li><li>• <i>RMD – Counterparty &amp; MO</i></li><li>• <i>LAD – compliance &amp; agreements</i></li></ul> | <ul style="list-style-type: none"><li>• Resourcing – HCM to ensure required resources budgeted/hired</li><li>• Internal &amp; external training</li><li>• Development of manuals, guidelines &amp; service level agreements</li></ul>                                                                                |
| Seizing investment opportunities                                                                                                                                                                                            | <ul style="list-style-type: none"><li>• Propose increasing HRA ceiling in the medium/long term</li></ul>                                                                                                                                                                                                             |

# THANK YOU



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