

ICIEC Staff Retreat and 30th Anniversary Celebration

19 - 20 December 2023

CEO Opening Remarks:

A vision on the pathways for success- 2024 and beyond

Outline



1 | 10 YEARS STRATEGY, PROGRESS, AND ACHIEVEMENTS TO DATE

2 | OUR SUCCESS STORIES (2015 -TILL DATE)

3 | NEW MILESTONES

4 | FACTORS TO INFLUENCE REVISED STRATEGY 2024 -2026

5 | WHERE DO WE WANT TO POSITION ICIEC 2024-2026

6 | STRATEGIC DIRECTION

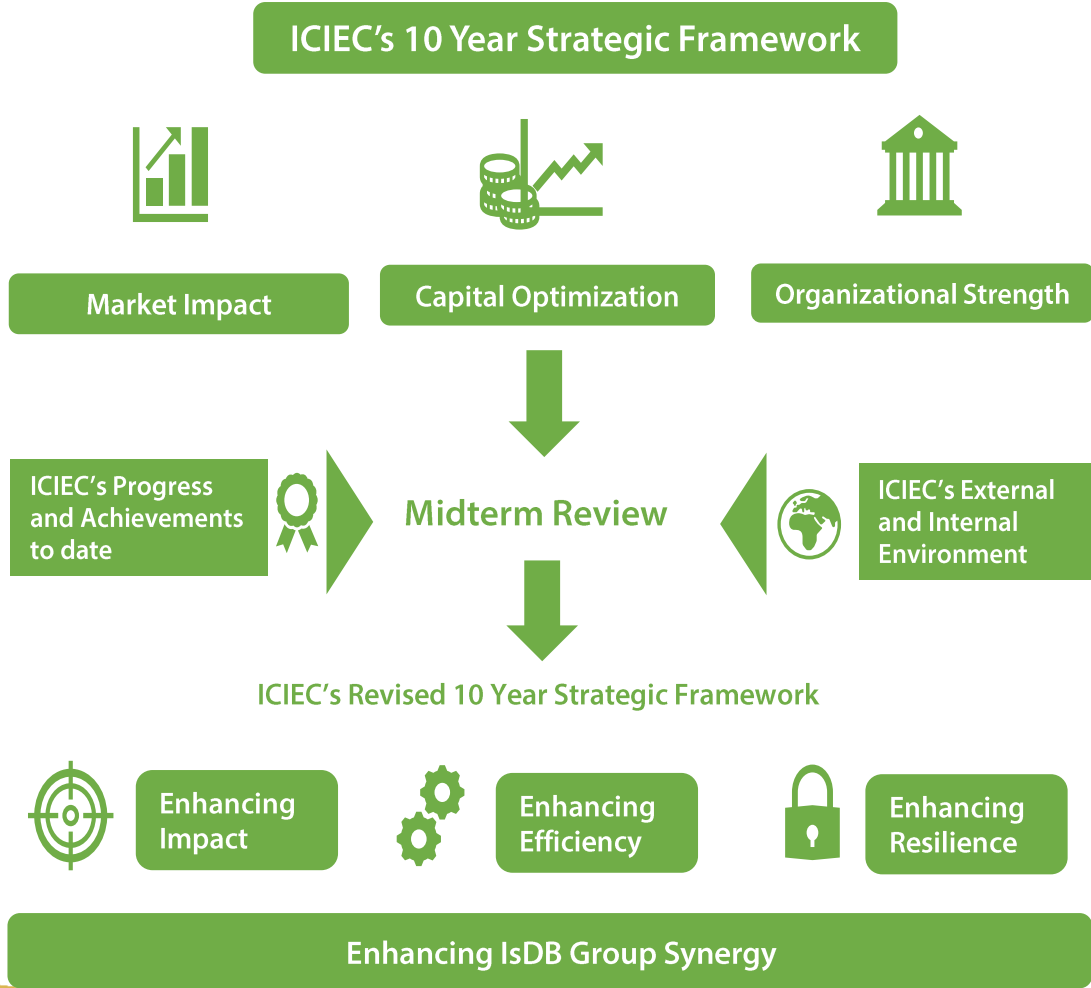


10 Years Strategy, Progress, and Achievements To Date

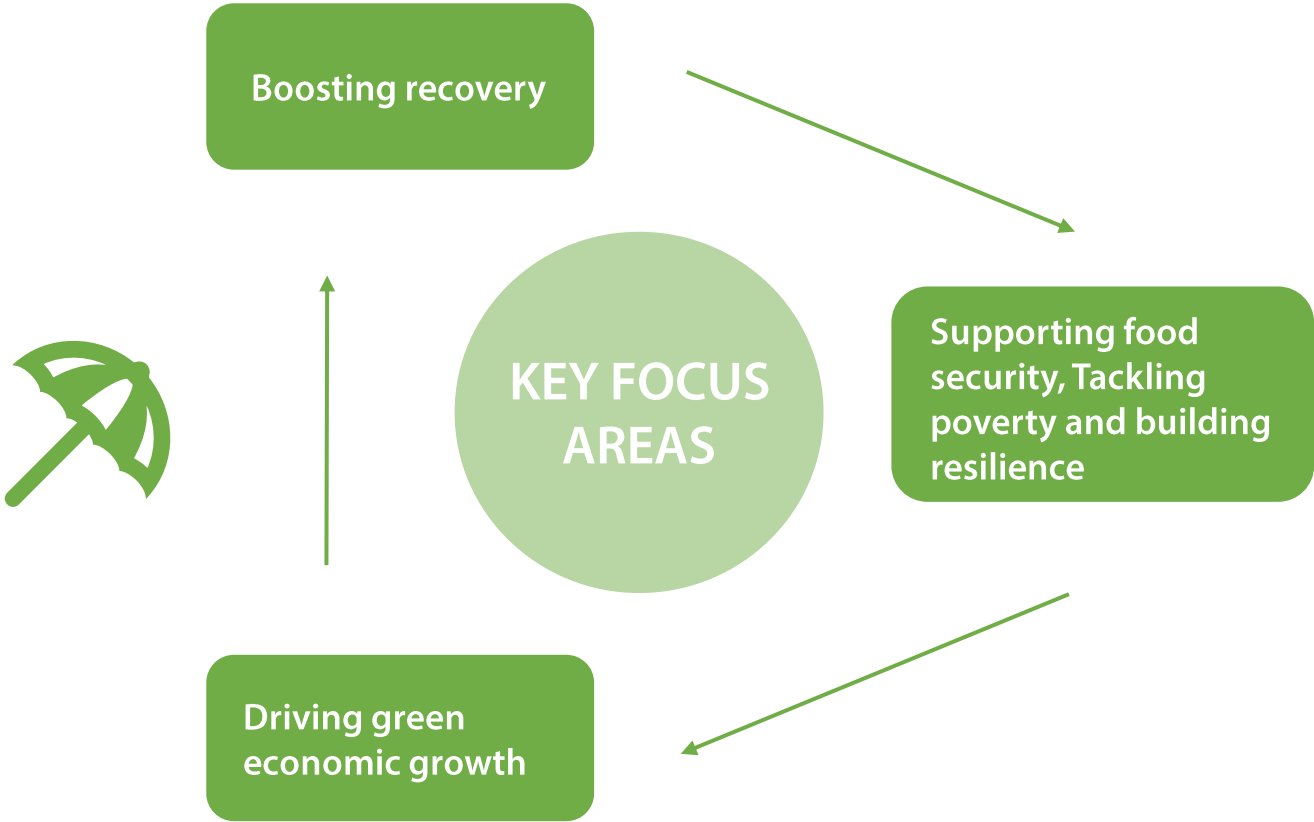
1 | 10 Year Strategy, Progress, and Achievements To Date



ENHANCED 10 YEAR'S STRATEGIC FRAMEWORK



IsDBG STRATEGIC REALIGNMENT



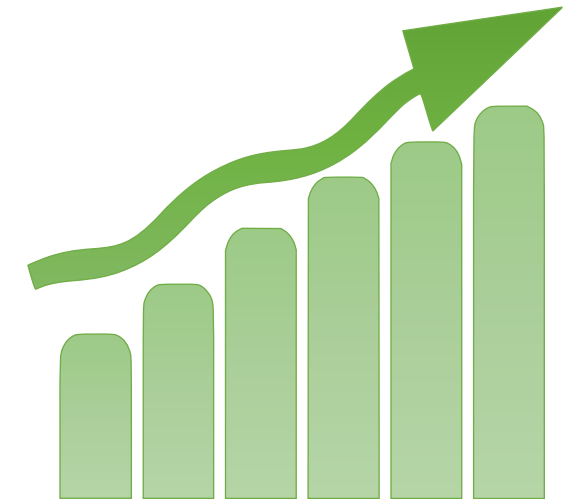
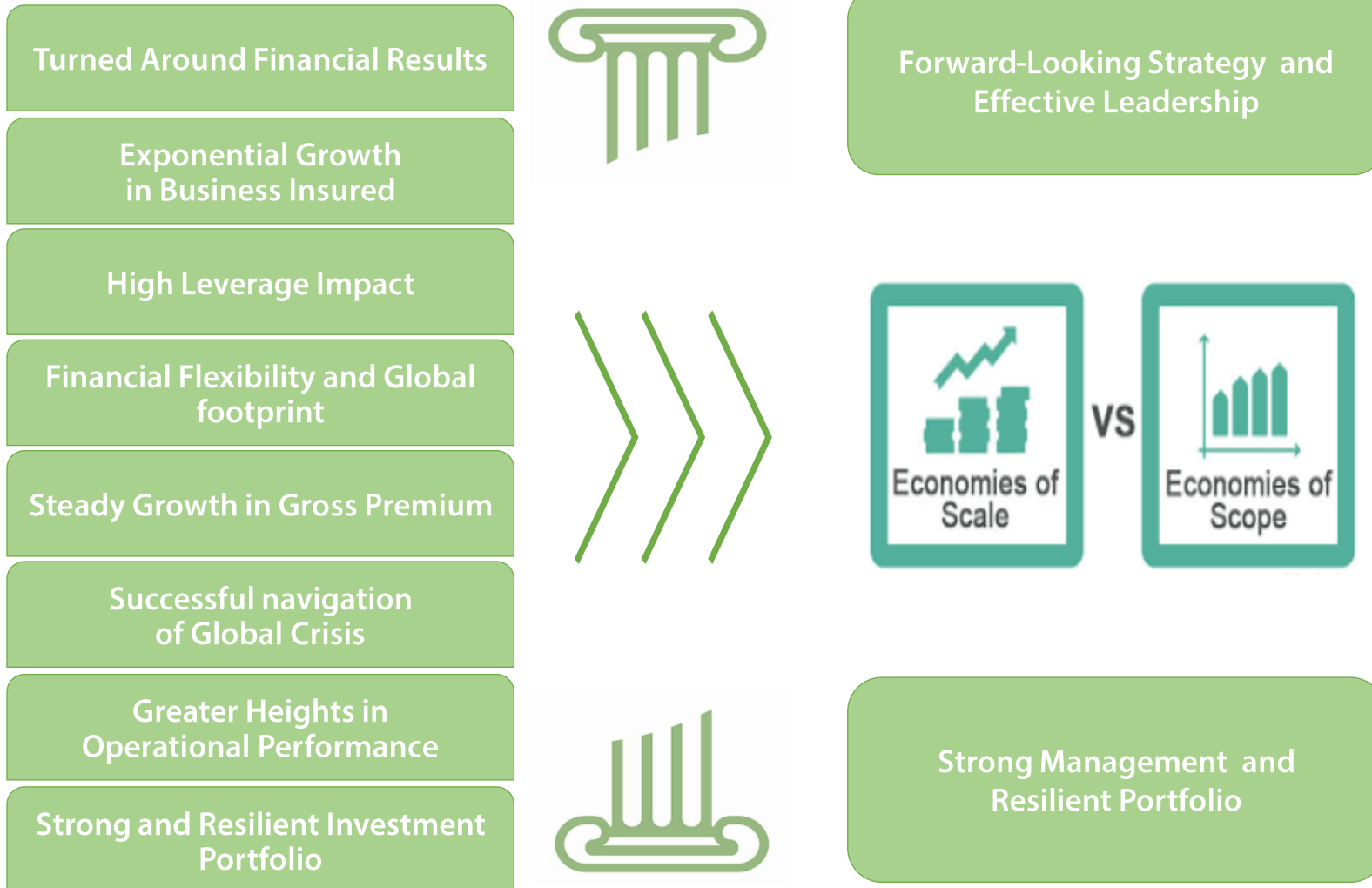
Success Stories

Achievements of The Corporate KPIs (2015 -Till Date)



K P I

2 | Our Success Stories (2015 - Till Date)



2 | Our Success Stories (2015 - Till Date)

Turned Around Technical Financial Results

- Consistent positive Technical and Corporate Net Result since 2017 despite volatility in the global economic outlook on ICIEC operations.
- ICIEC navigated the evolving situation through proactive action measures adopted by Management supported by IsDB group synergy.

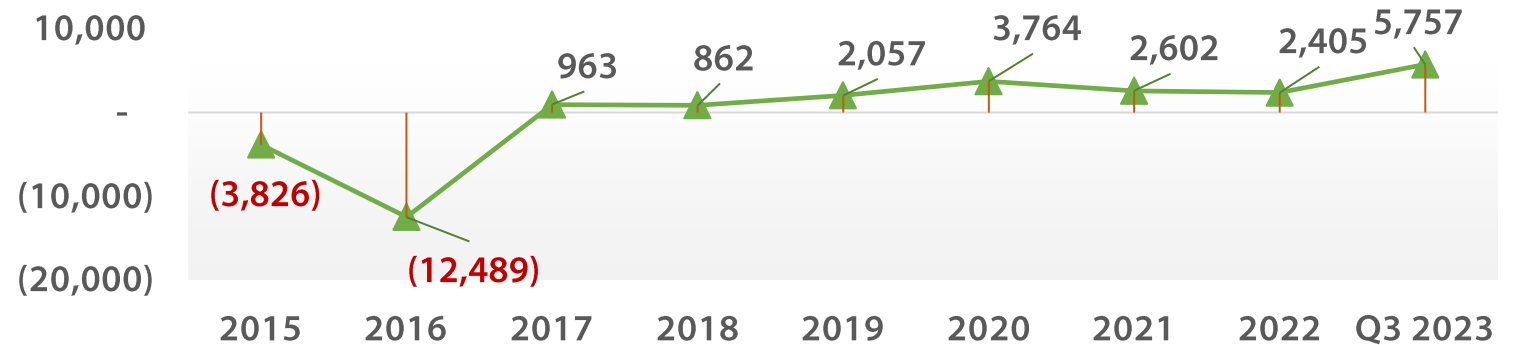
Technical Financial Results

- Average Y-o-Y growth from 2015 to Q3 2023 is 24.2%.

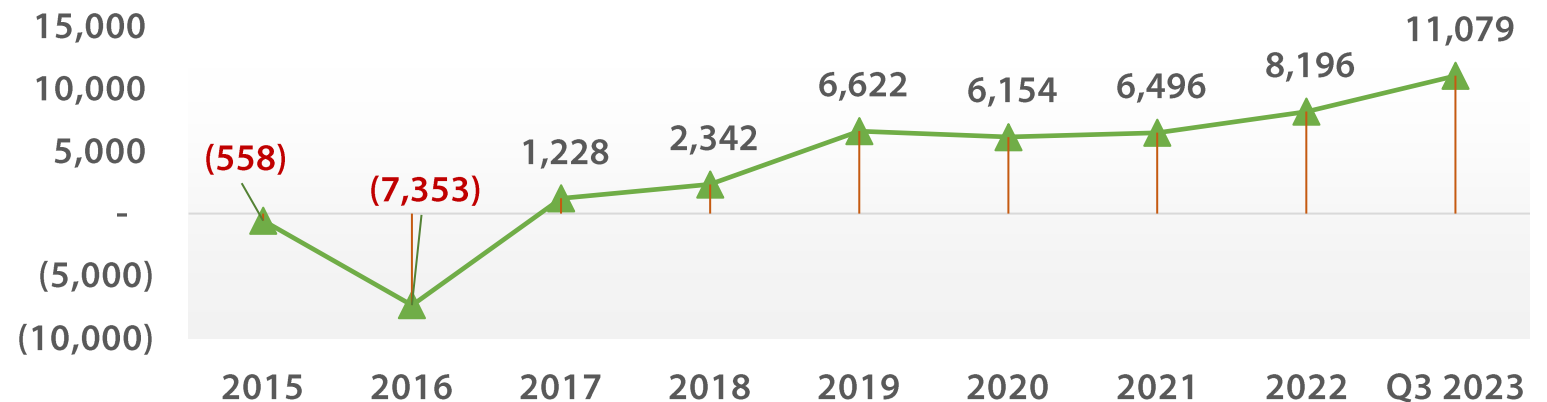
Corporate Net Results

- Average Y-o-Y growth from 2015 to Q3 2023 is 64.3%.

Technical Result [2015- Q3 2023] (ID'000)



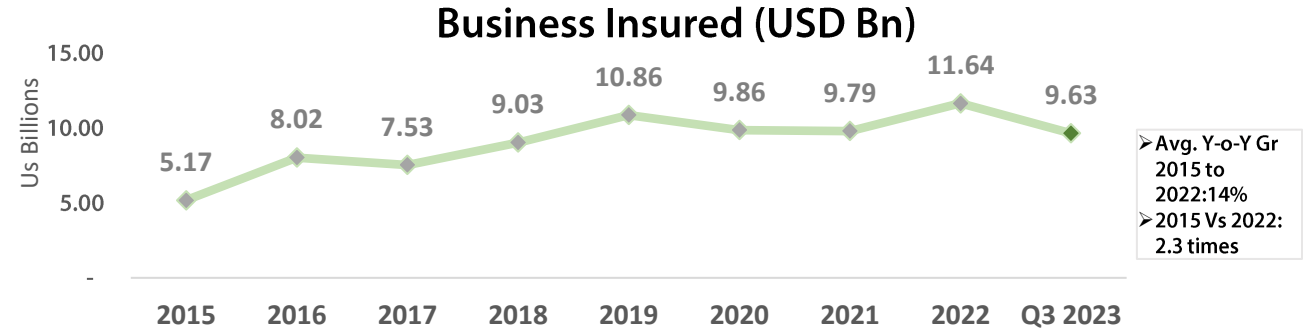
Corporate Net Result [2015- Q3 2023] (ID'000)



2 | Our Success Stories (2015 - Till Date)

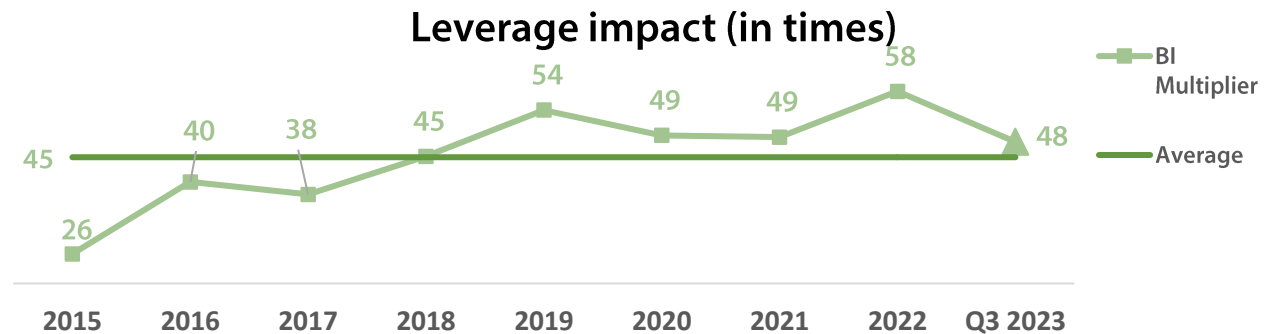
Exponential Growth in Business Insured

- Exponential growth with total Business Insured from 2015 to Sep-2023 amounting to \$81.5 billion, representing 77% of cumulative business insured since the Corporation's inception.



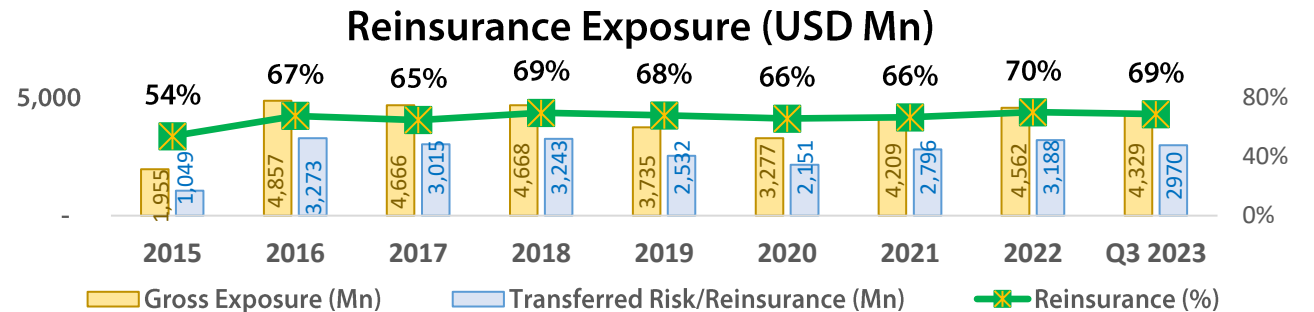
High Leverage Impact

- Exponentially Increased leverage impact (BI vs. Capital).
 - 45x during 2015 to Q3 2023
 - 48x as of Q3 2023 from 26x in 2015



Financial Flexibility

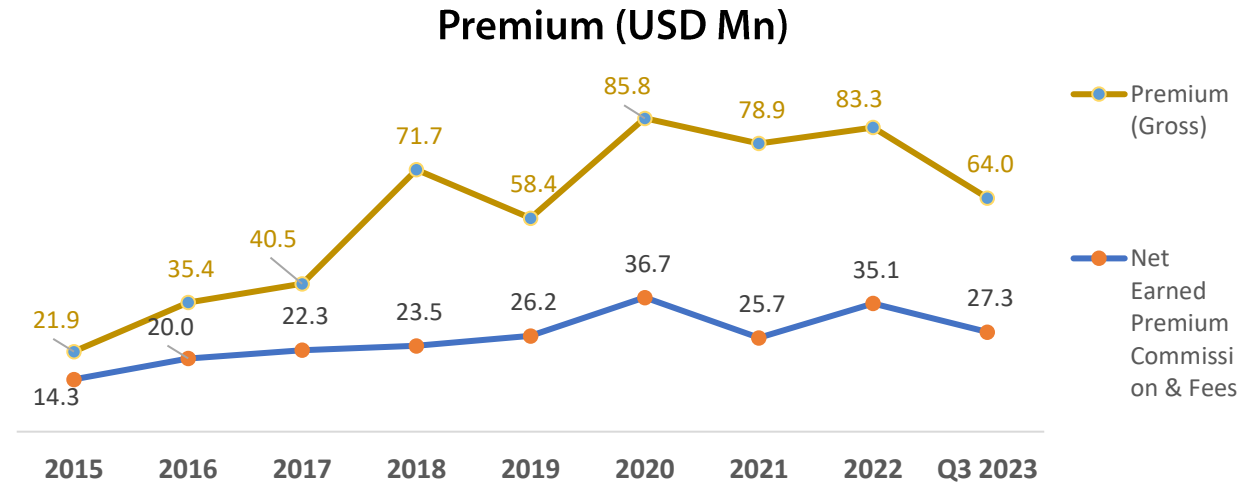
- Strong Ability To Diversify And Bolster Financial Flexibility through Reinsurance Partners
 - Ceding Transfer rate grew by 28% from 54% in 2015 to 69% as of Q3 2023.



2 | Our Success Stories (2015 - Till Date)

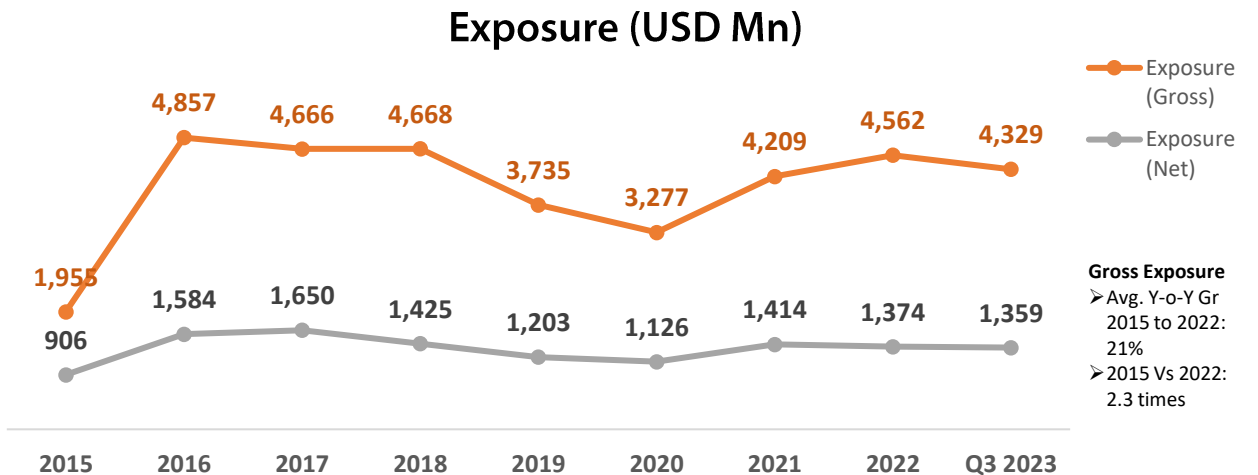
Steady Growth in Gross Premium

- Steady growth in Gross Premium through aggressive business development efforts, decentralization, and mobilization of private capital from the international reinsurance market.
- Average Y-o-Y growth of GWP from 2015 to Q3 2023 is 19%.
- GWP increased by 3 times in Q3 2023 from 2015.



Successfully navigated Global Crises

- Successfully navigated the crisis by maintaining a strong and healthy portfolio with robust and effective risk management, prudent underwriting, loss minimization efforts.
- Average Y-o-Y growth from 2015 to Q3 2023 for Gross exposure is 18%, and for Net Exposure is 8%.

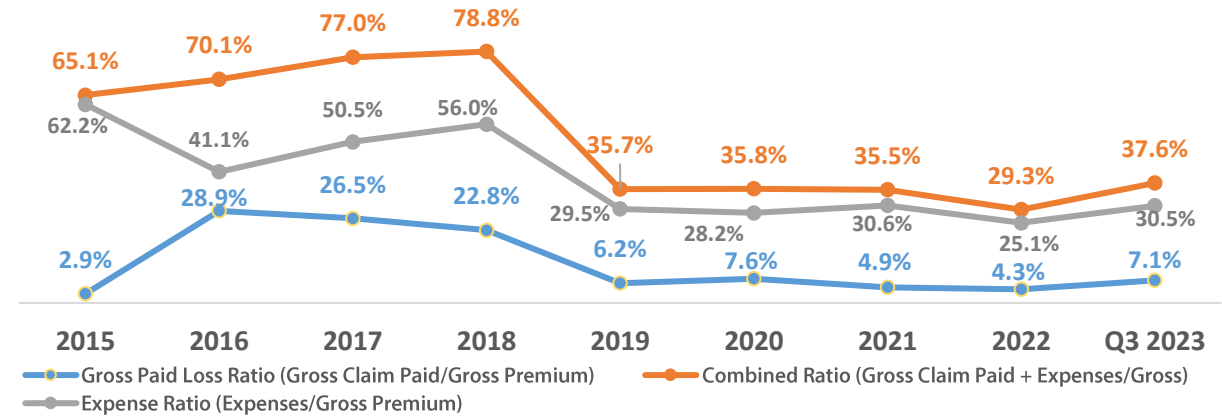


2 | Our Success Stories (2015 - Till Date)

Greater Heights in Operational Performance

- Strengthening of Underwriting and Insurance Operational Efficiency with the Combined ratio improving to 37.6% (Q3 2023) from 65.1% (2015 level) driven by lower claims and improvements in expense management.

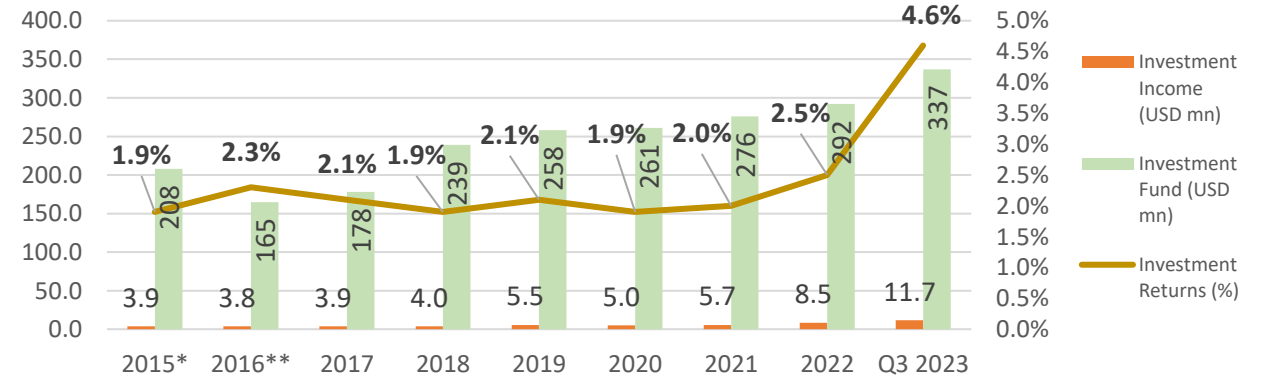
Operational Ratios



Resilient Investment Performance

- Resilient Investment Performance with Highly liquid investment portfolio and strong asset quality.
 - Average Y-o-Y growth rate of Investment income from 2015 to Q3 2023 is 16%.
 - Investment income increased by \$7.8 Mn in Q3 2023 from 2015 level.

Investment Performance (USD Mn)



*2015 covers a 9-month period

**2016 is adjusted with the assumption that the income and returns are evenly distributed over the year.

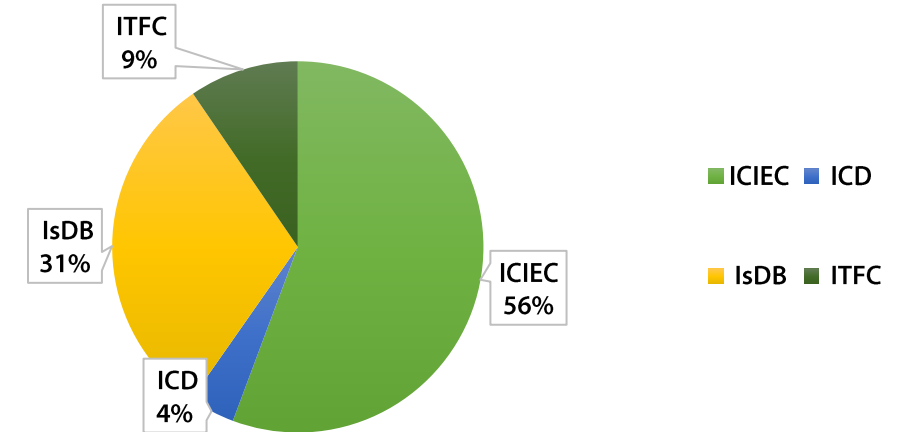
2 | Our Success Stories (2015 - Till Date)

ICIEC's Share in IsDBG Interventions

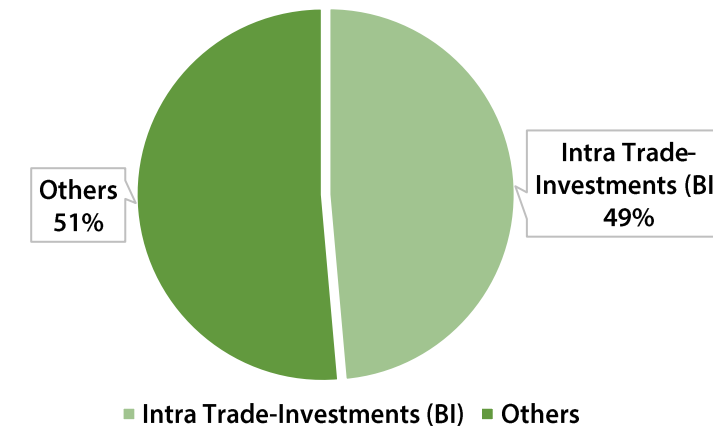
- Between 2018-2022, ICIEC contributed 35% of total IsDBG Approvals (over *USD 20.36 billion*) and 56% of total IsDBG Net Resource Transfers to MCs (over *USD 51.18 billion*).*
- SPRP and ICERI programs – ICIEC, in partnership with ISFD, provided relief to the MSs on their borrowing costs (USD 1.4 billion worth of trade transactions).
- Intra-OIC trade & investment – ICIEC covered USD 25.28 bn of trade and investment between 2018-2022

*ICIEC Commitments are equivalent to new Approvals & Business Insured is equivalent to disbursements/Net Resource Transfers

IsDBG Net Resource Transfers (2018-2022G)



Intra OIC Trade-Investments % of Total BI



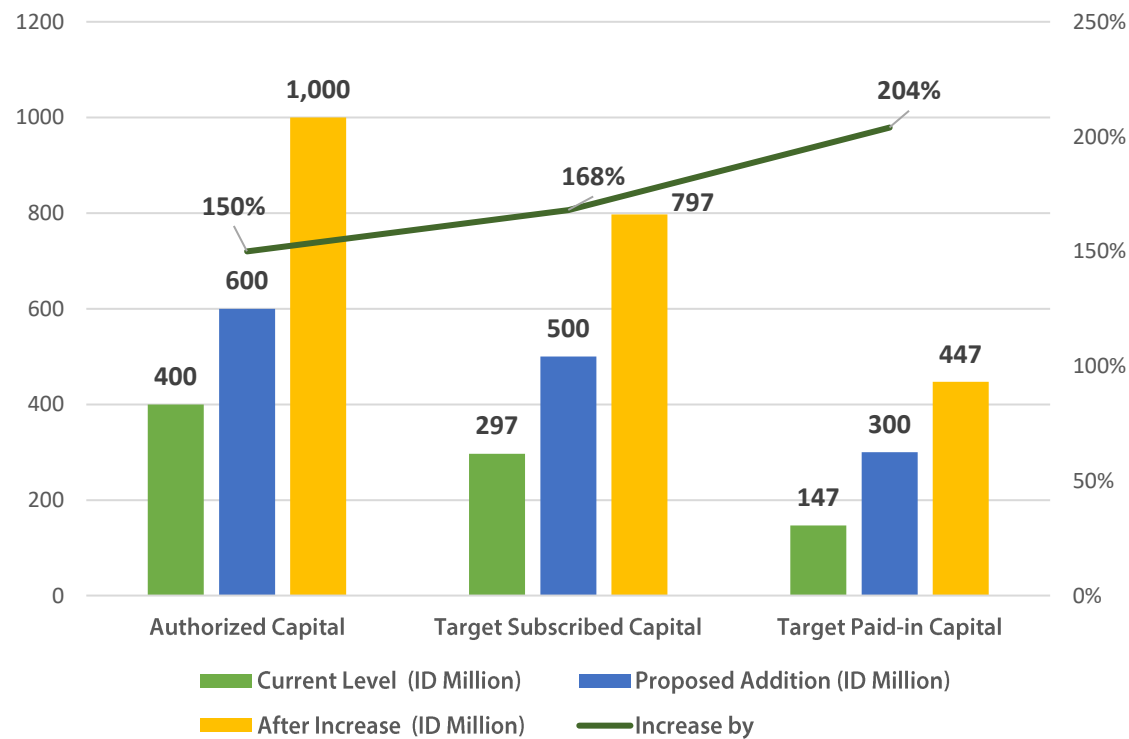
New Milestones – Flagship Achievements



3 | New Milestones

3rd General Capital Increase

3rd General Capital Increase

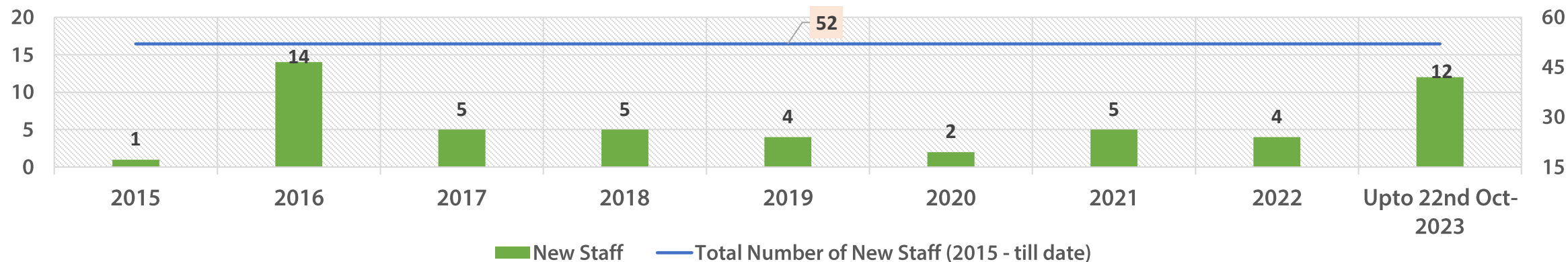


Confirmed subscription		Acknowledged receiving the letters but yet to confirm the subscription	Acknowledged receiving the letters and requested additional inquiries	Yet to acknowledge the receipt of the letter	Regretted
1. Pakistan	12. Gambia	1. Morocco	1. Bahrain	1. Qatar	1. Gabon
2. Bangladesh	13. Tunisia	2. Yemen	2. Algeria	2. Palestine	2. Brunei
3. Benin	14. Oman	3. Uzbekistan	3. Turkmenistan	3. Guinea	
4. Türkiye	15. Burkina Faso	4. Djibouti	4. Lebanon	4. Albania	
5. Mali	16. Iraq	5. Cameroon	5. Indonesia	5. Syria	
6. Sudan	17. Kuwait	6. Comoros	6. Kazakhstan		
7. Jordan	18. Senegal	7. Niger	7. Nigeria		
8. UAE	19. Malaysia	8. Chad	8. Azerbaijan		
9. Cote D'Ivoire	20. Maldives	9. Mozambique			
10. Iran	21. Saudi Arabia	10. Uganda			
11. Egypt	22. Mauritania	11. Libya			
		12. Suriname			
Total (22)		Total (12)	Total (8)	Total (5)	Total (2)

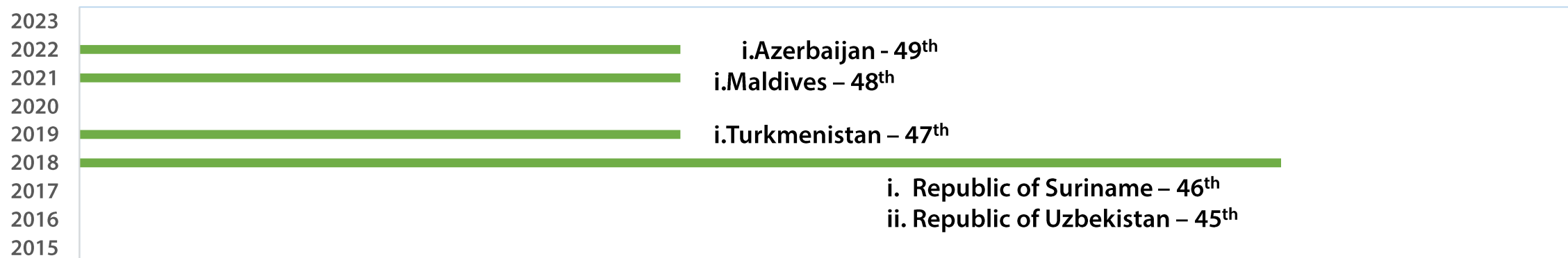
3 | New Milestones

- Development in terms of new Staffing, Offices and MCs
- G20 Stocktake report in 2020

Total Number of New Staff



New Member Country



3| New Milestones

Global Presence

Istanbul, Türkiye

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Daire:122
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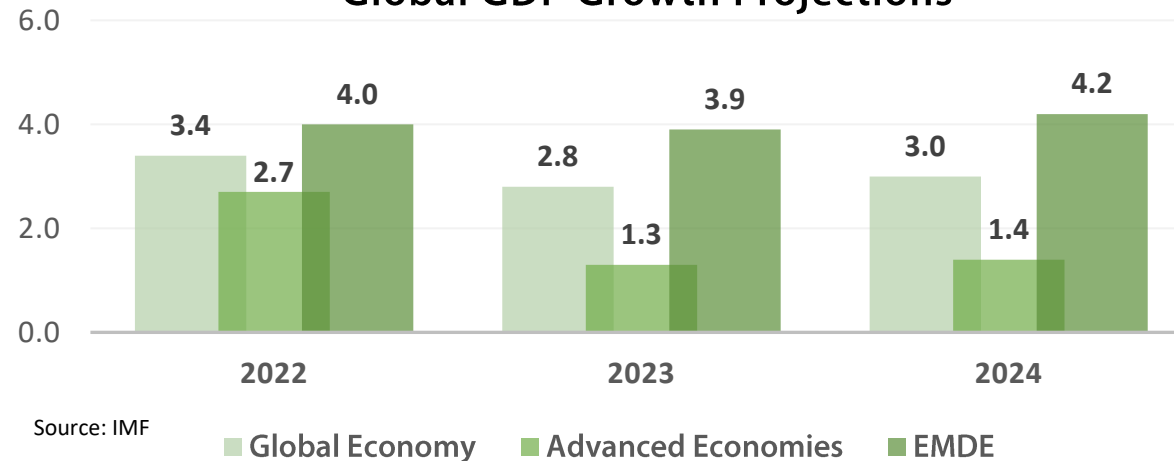


Factors To Influence Revised Strategy 2024-2026



4 | Factors To Influence Revised Strategy 2024-2026

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.

4 | Factors To Influence Revised Strategy 2024-2026

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;

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.

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.

4 | Factors To Influence Revised Strategy 2024-2026

- ①
- Geopolitical fragmentation will drive geoeconomic warfare and heighten the risk of multi-domain conflicts.
 - The dynamics of ICIEC MC macroeconomic fundamentals remain mixed with considerable challenges.
 - Commodities prices are volatile, and disruptions to the supply of key resources can have a major impact on the global economy.
 - Protectionist measures between China and the US/EU can lead to retaliation from others, and this can disrupt global trade flows.
 - Rising tensions could trigger cross-border capital outflows and increased uncertainty that would threaten macro-financial stability.

- Resolution of the US debt ceiling standoff and, earlier this year, strong action by authorities to contain turbulence in US and Swiss banking reduced the immediate risks of financial sector turmoil.
- Moderate stimulus in China will inject sufficient momentum behind its economy, while other emerging markets will benefit from reduced uncertainty that will come with the conclusion of global monetary tightening.
- MC economies offer the private sector trillion-dollar investment opportunities in climate and green growth sectors.
- Geopolitical tensions ease, fostering domestic political stability.

②

Downside risk



Upside risk



3rd GCI and Moral
Expectation from the
Shareholders

Focus market countries
increased by 50%

FII to be increased in BI
by 15%

Flexible RAS raising
NOL from 5x to 7x



*Despite the bleak economic outlook, overall demand for export credit insurance remains strong, supported by the increased risk perception and uncertainty arising from the current geopolitical environment. Claims expectations throughout 2022 have tended solidly towards an increase for both MLT and especially ST business. But with visibly growing levels of insolvency underwriters remain cautious, with risk appetite looking set to tighten further in Q3.-BU

4 | Factors To Influence Revised Strategy 2024-2026

Risk Perception on MSs

Focus Market	Mixed Market			High Risk		
	Low pressure	Modest pressure	High Pressure	High Risk (Discouraged)	High Risk (Extreme Category-Restricted)	Off cover
- Azerbaijan - Bahrain - Brunei - Indonesia - Jordan - Kuwait - Kazakhstan - Mauritania - Malaysia - Morocco - Oman - Qatar - Saudi Arabia - United Arab Emirates - Uzbekistan	- Albania - Algeria - Iran - Turkmenistan - Uganda - Benin	- Cameroon - Nigeria - Türkiye	- Bangladesh - Cote D'Ivoire - Egypt - Senegal	- Burkina Faso* - Chad* - Comoros - Djibouti - Gambia - Guinea - Maldives - Mali* - Mozambique - Tunisia** - Pakistan***	- Gabon* - Iraq - Lebanon* - Libya - Palestine - Suriname	- Syria - Yemen - Sudan*** - Niger***

*under watch due to mid east crisis **under watch due to Sahel crisis *** Moved to Off cover from high political risk (Extreme category – restricted)

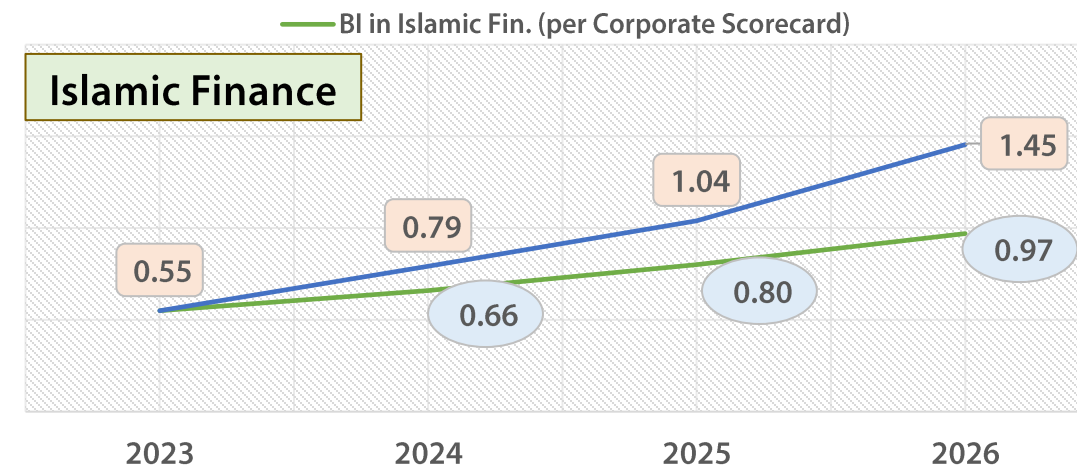
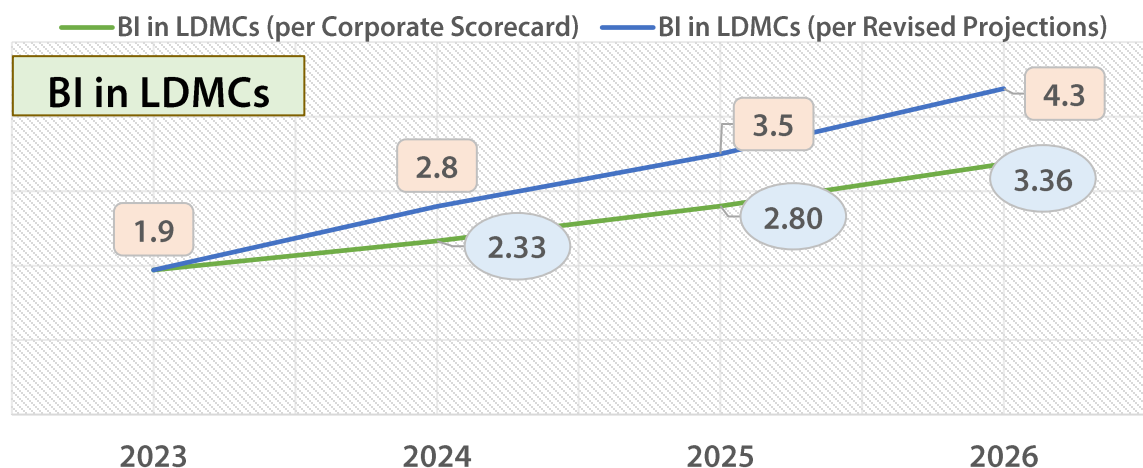
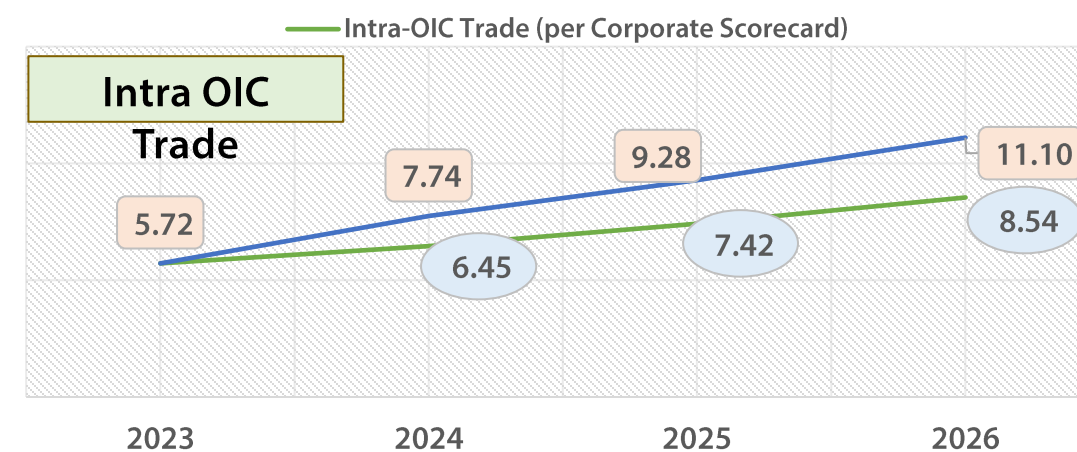
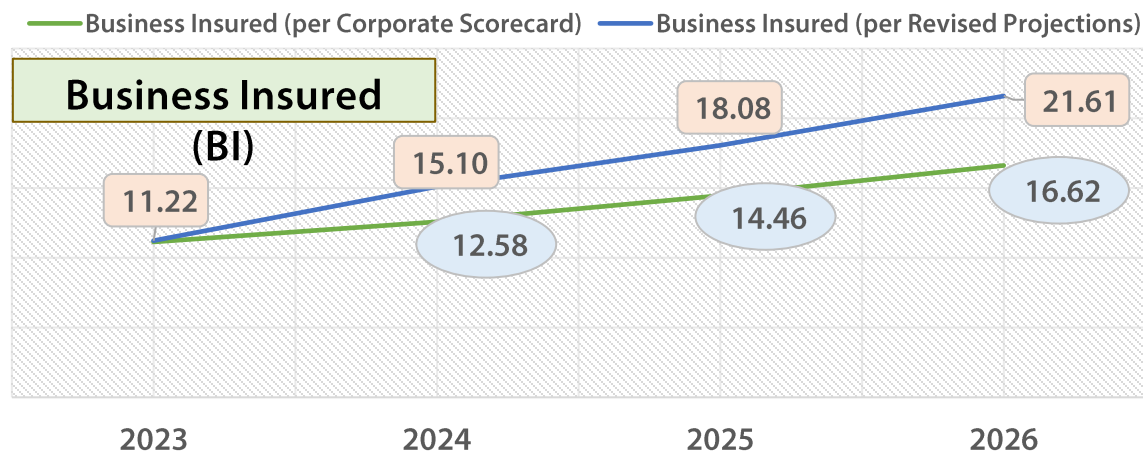
Where Do We Want To Position ICIEC 2024-2026?



Optimal Approach

5 | Expectations 2024 To 2026

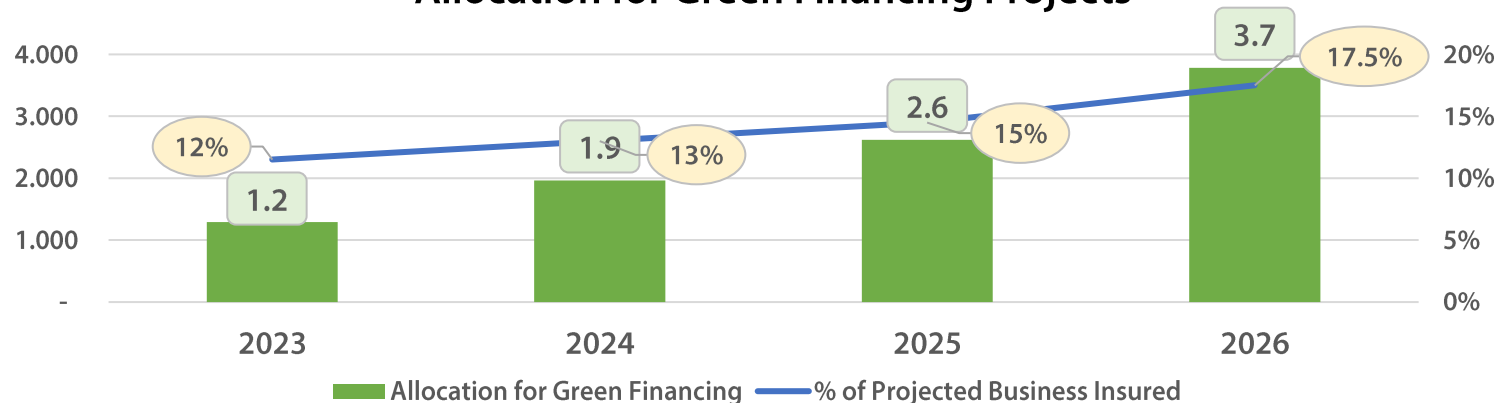
Corporate Performance Indicators (USD Bn)



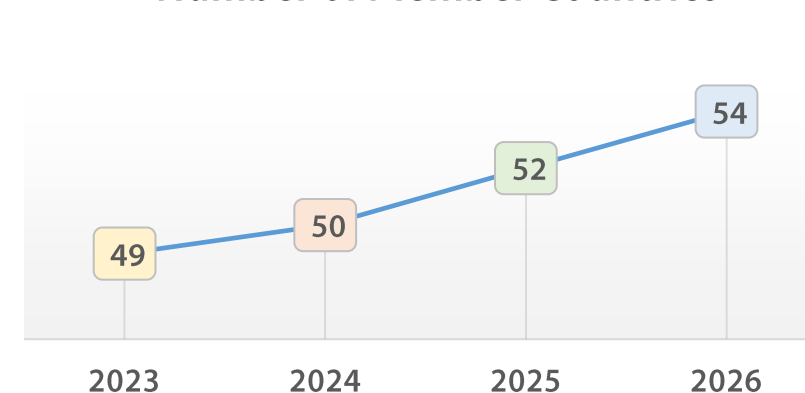
5 | Expectations 2024 To 2026

Corporate Performance Indicators

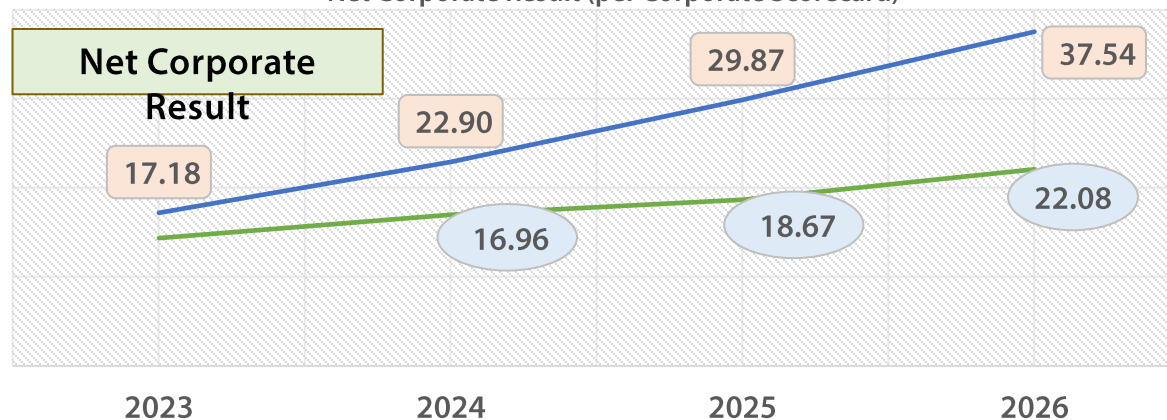
Allocation for Green Financing Projects



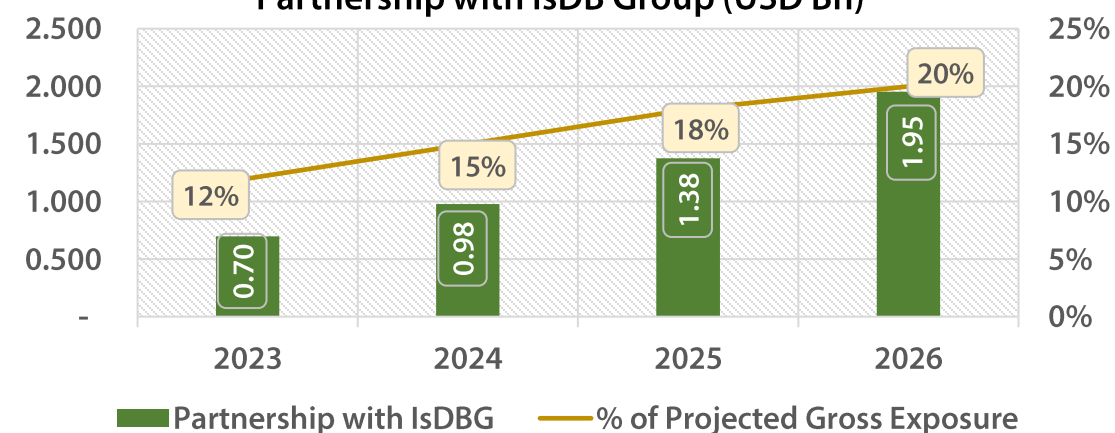
Number of Member Countries



Net Corporate Result (per Corporate Scorecard)

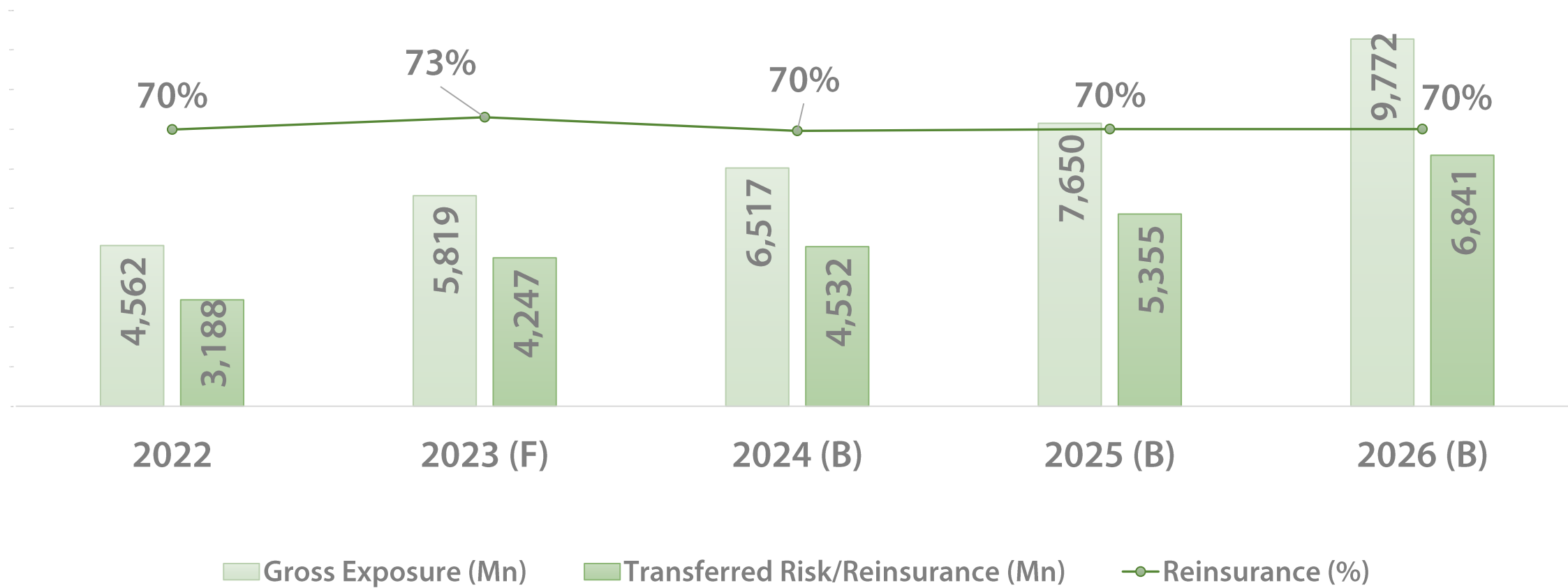


Partnership with IsDB Group (USD Bn)



5 | Expectations 2024 To 2026

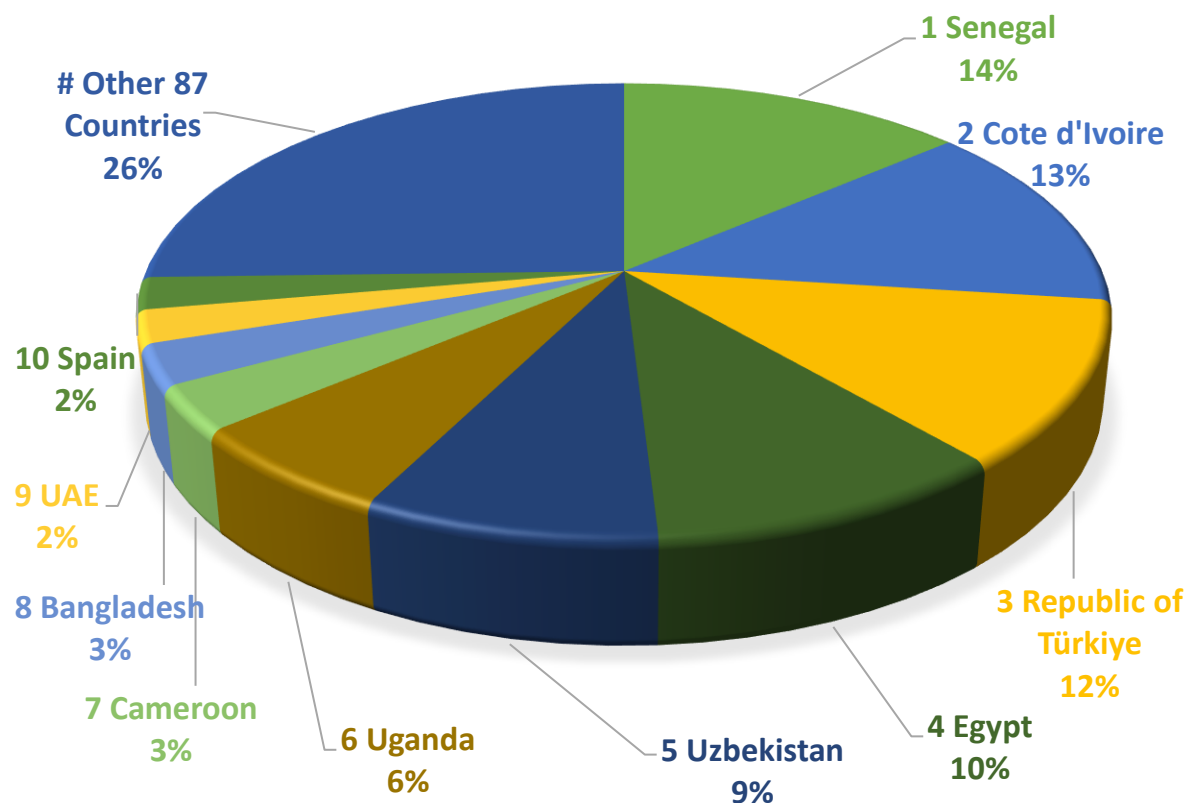
Capacity Maximization through Reinsurance



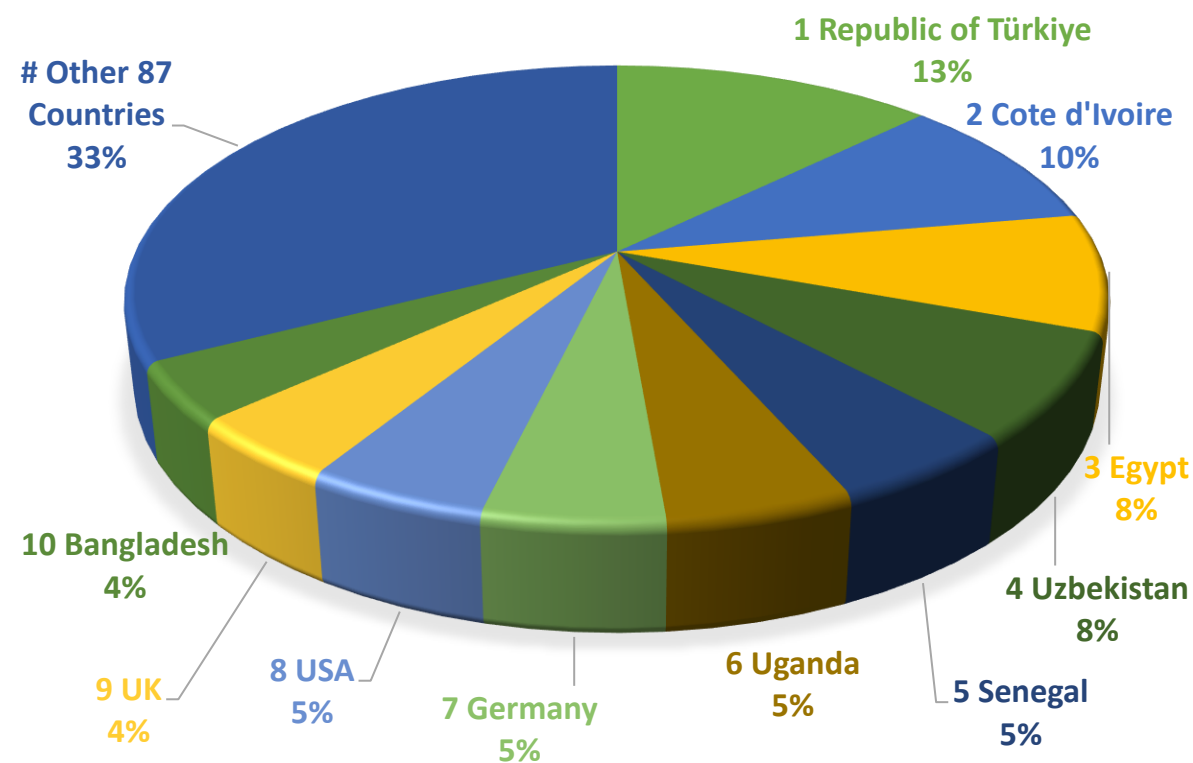
5 | Expectations 2024 To 2026

Top Country Concentration By Exposure as of Q3 2023

Top 10 Risk Country Ranking By Gross Exposure



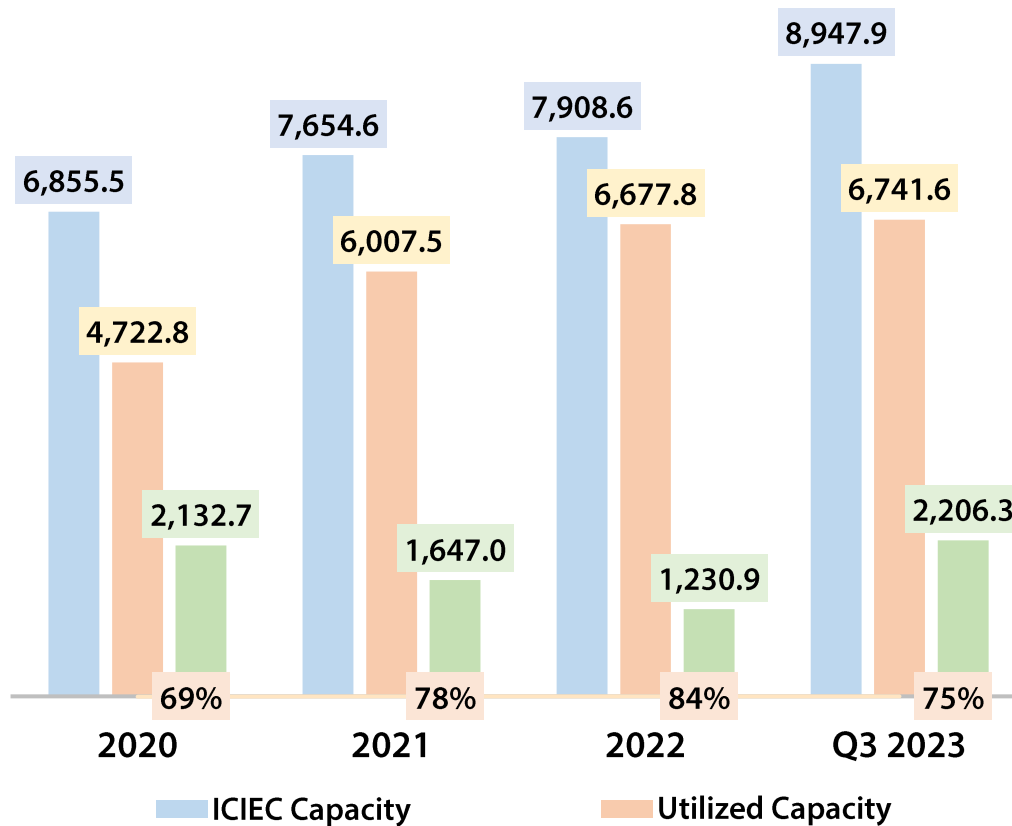
Top 10 Risk Country Ranking By Net Exposure



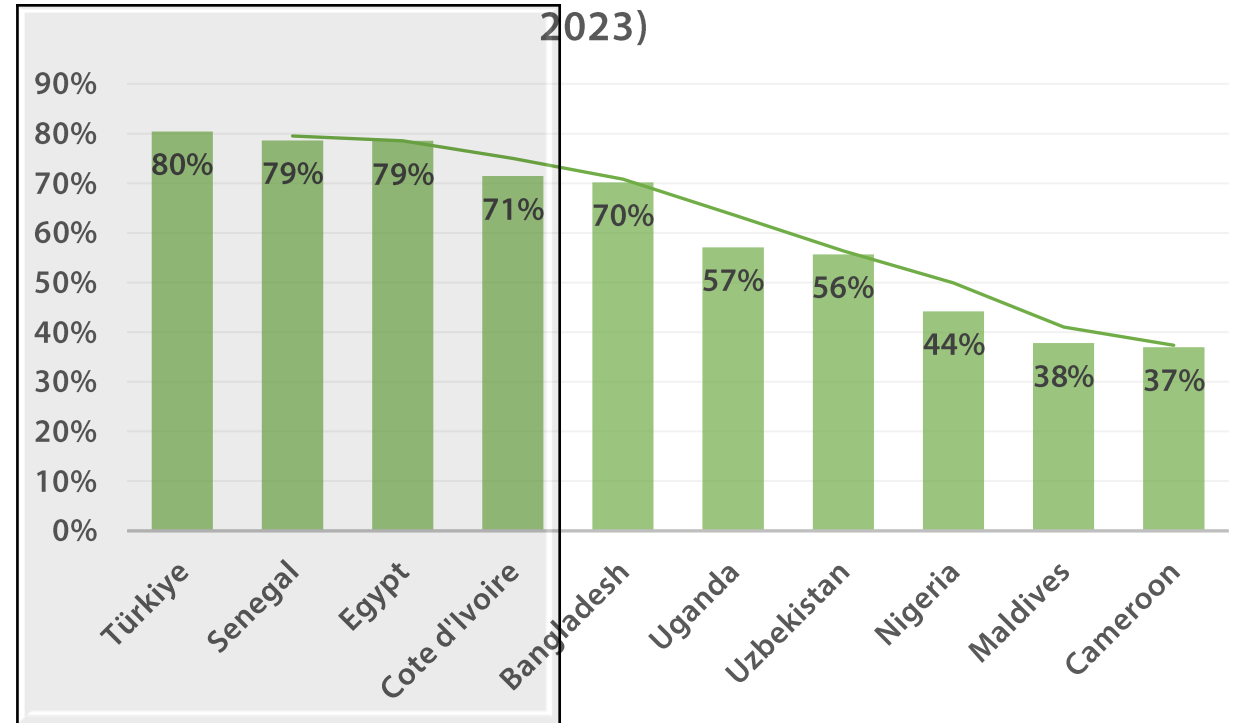
5 | Expectations 2024 To 2026

Capacity Utilization as of Q3 2023

Utilization of Insurance Capacity (USD mn)



Top 10 Countries By Capacity Utilization (Q3 2023)



Diversify risks from top 4 major concentration countries to make it 10 adding Uzbekistan, Kazakhstan, Indonesia, Saudi Arabia, UAE and Azerbaijan

Strategic Direction



6 | Strategic Direction

3rd GCI

Implementation of 3rd GCI within the target deadline of 30 June 2024 - target at least 60% of FIs subscription

Strategic Partnerships

Expand development partnerships with MDBs and Regional DFIs and mobilize additional financing whilst scaling-up development

Portfolio Diversification

Target focus countries to diversify the portfolio making it 10 countries to disperse at least 50% of exposure- instead of 4, with the top not above 20%

Balanced Exposure Mix- FII and FIs

Increase sovereign exposure making it at least 69% in 2024 and 70% in 2025 and 2026. Increase FIs especially in MCs having '10' (C2) and above rating making it at least 15% in 2024 and 20% in 2025

Balanced Exposure Mix- Corporates

Reduce small corporates gradually with minimum value per corporate of USD 500K (OCL) for direct business

Increase the Green/ESG BI by 13% in 2024, 15% in 2025 and 17% in 2026

Green/ESG Exposure

Reduce high risk asset (Investment) to the tune of not more than 15% and bringing in majority investment exposure to BBB- and above rated MCs.

High-risk Assets

Increase ISDBG business to making it at least 15% of projected exposure in 2024 and 18% in 2025 and 20% in 2026. Lead guarantee platform being worked at IsDB level

IsDBG Synergy

Engage with IsDB to dedicate fund for intervention in special projects in MCs rated 18 and above

IsDB Engagement

Increase local presence by adding at least two more hubs in 2024, 2025 and 2026

Regional Presence

6 | Strategic Direction

New Products

Develop innovative structured and tailor-made products & one-stop services aiming MCs' need

System Automation

Full automation, integration, & transformation of insurance, reinsurance, and investments activities through implementation of the Takaful System

New Policies

Implement a Risk-based Pricing model, automated Exposure Management, Risk dashboard, IFRS 17 and IFRS 9

Organization Structure

Revisit organization structure by expanding scope for exponential growth, making it developmental focus rather than operational focus

Organization Efficiency

Fill key positions & restructure the staffing making it more efficient given we are below average in terms of staff overhead efficiency

External Rating

Expand rating scope for the Corporation by engaging all BIG external rating agencies

Portfolio Protection

Protect portfolio from unexpected loss by having excess of loss cover

Reward & Remuneration

Improve staff rating such that it distinguish and rewards the best performers and retain best talents

Career Progression

Provide staff a clear career path with scope to organically grow within and cross functional boundaries.

Inter-functional Engagement

Harmonize cross functional works by creating manuals and work processes via IT Platform.

THANK YOU



<https://iciiec.isdb.org>