



NEWS RELEASE

Moody's upgrades APICORP's credit rating to 'Aa2' with 'stable' outlook reflecting the company's strong financial progress

- *Moody's upgrades APICORP to Aa2 with stable outlook*
- *APICORP's short-term issuer rating affirmed at Prime-1*

Dammam, Saudi Arabia, October 11, 2019: The Arab Petroleum Investments Corporation (APICORP), a multilateral development financial institution, today announced that its credit rating has been upgraded by Moody's Investors Service from 'Aa3' to 'Aa2' with 'stable,' outlook driven by the Corporation's progress in sustaining and further improving its financial performance and resilience. APICORP's short-term issuer rating was also affirmed at Prime-1.

According to Moody's, "the key drivers for the upgrade include the steady improvement that APICORP has made in its liquidity and funding profile by diversifying its funding sources. This has allowed APICORP to significantly reduce its reliance on short-term wholesale deposits and eliminate short-term asset-liability mismatches. Furthermore, the upgrade also takes into account the building track record of strong development-related asset performance, reflected in a substantial reduction of the nonperforming assets (NPA) during the past three years. Moody's expects the higher quality of funding and very strong asset performance to stay."

The stable outlook reflects Moody's view that the Corporation's creditworthiness will be supported by moderate leverage, high-quality development-related assets, further improvements in liquidity metrics and access to callable capital which underlines its shareholder support. The risks due to the challenging operating environment in a number of countries where APICORP operates, stemming mostly from the regional geopolitical tensions and the pressures posed by the moderate oil price environment, are balanced by the Corporation's proven resilience to these risks over the past four years, the trend towards greater diversification of its portfolio, as well as its strong and improving corporate governance and risk management practices.

Dr. Ahmed Ali Attiga, Chief Executive Officer, APICORP, said: "The upgraded rating of APICORP to Aa2 with stable outlook by Moody's reaffirms our growing financial strength and robust business model. Indeed, in the face of challenging global and regional market conditions, APICORP has shown a remarkable degree of resilience in not only improving its credit rating, but also significantly enhancing its profitability. We are particularly proud of the remarkable accomplishment of having our credit rating upgraded to the level of being one of the highest rated institutions in the MENA region as it demonstrates the power of



collaboration amongst our Member Countries. We are thankful to our Board of Directors and all our partners in solidifying our position as a trusted financial partner to the region's energy industry.”

Notably, Moody's latest update stated that APICORP over the past four years has diversified its funding options, with offerings in multiple products, currencies and jurisdictions. Remarkably, APICORP has built up a well-diversified investor base in international capital markets, where close to half of APICORP's investor base now lies outside the Gulf Cooperation Council (GCC) states.

On the asset-side of the balance sheet, APICORP also made progress in diversifying the treasury portfolio away from the key borrower countries. Moody's expects further treasury portfolio rebalancing and diversification to sustain, and possibly even improve, the current liquid asset coverage of the upcoming net cash outflows in the next few years.

Recently, APICORP announced its half-year results for the six months ended 30 June, 2019. The Corporation achieved a gross operating income for the period of USD 184.1 million and net profit reached USD 70.4 million. These figures represent an improvement of 30% and 10% in the Corporation's recurring income when compared to the same period last year.

-ENDS-

For further information:

Dina Kasrawi
APICORP
Mobile: +966 505801584
Email: dkasrawi@apicorp.org

Hassan Al-Jundi
APICORP
Mobile: +973 39 416823
Email: haljundi@apicorp.org

Zeeshan Masud
Weber Shandwick
Mobile: +971 55 918 6751
Email: zmasud@webershandwick.com

Daniel Chinoy
Weber Shandwick
Mobile: +971 50 255 3402
Email: dchinoy@webershandwick.com

About APICORP:

The Arab Petroleum Investments Corporation (APICORP) is a multilateral development financial institution established in 1975 by an international treaty between the ten Arab oil exporting countries. It aims to support and foster the development of the Arab world's energy sector and petroleum industries. APICORP makes equity investments and provides project finance, trade finance, advisory and research.



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APICORP is rated as (Aa2 with stable outlook by Moody's) and its headquarters is in Dammam, Kingdom of Saudi Arabia.

More information can be found at: www.apicorp.org

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