



NEWS RELEASE

APICORP 2019 FINANCIAL RESULTS DEMONSTRATE STRONG GROWTH MOMENTUM WITH NET INCOME OF USD 112 MILLION

- *Balance sheet grew by 5.7% to USD 7.35 billion*
- *Net recurring income increased by 17% between 2018 to 2019 from USD 96 million to USD 112 million*
- *Upgrade by Moody's in October 2019 to 'Aa2' with a stable outlook*
- *Approval of five-year strategy to align with the evolving energy landscape*

Dammam, Saudi Arabia, 14 April 2020: The Arab Petroleum Investments Corporation (APICORP), a multilateral development financial institution, today disclosed its financial results for the year ended 2019. Building on record performance in 2018, APICORP posted strong results including a 17% Y-O-Y increase in net recurring income to USD112 million up from USD96 million (excluding non-recurring items) at year end 2018.

APICORP's strong profitability in 2019 was driven by Corporate Banking and Treasury, whose gross income increased 32% and 24% Y-O-Y to reach USD201 million and USD80 million, respectively.

The Corporation's balance sheet growth remained strong and resilient in 2019, with a 5.7% increase from USD6.95 billion to USD7.35 billion from the previous year. Notably, leverage (debt-to-equity ratio) remained in check reaching 2.13 in December 2019 compared to 2.07 in the same period last year, and capital adequacy improved slightly from 29.34% in 2018 to 29.6% in 2019.

In October 2019, APICORP's overall credit rating was upgraded by Moody's to 'Aa2' with a stable outlook from 'Aa3'. The achievement was due in large part to the steady improvement in APICORP's liquidity and funding profile, high quality assets, strong asset performance, and moderate leverage, amongst other factors. This makes APICORP the only financial institution in the MENA region with a 'Aa2' rating.

Commenting on APICORP's results, **Dr. Aabed bin Abdulla Al-Saadoun, Chairman of the Board of Directors** said: "As the world enters an unprecedented period of economic uncertainty, I am reassured by the fact that we have closed out the past year on a strong note. Our business lines exhibited exceptional resilience on the back of challenging market conditions presented by both geopolitical, financial and industry developments in 2019. The increase in net recurring income by 17% and Moody's credit rating upgrade are both significant milestones that stand as a testament to APICORP's solid fundamentals. This gives us the confidence to continue to support to the Arab world's energy sector during a time when sustainable, impact-driven projects have never been more needed."

Dr. Ahmed Ali Attiga, Chief Executive Officer of APICORP, said: "We are extremely proud of another successful year for APICORP as we continue to navigate a rapidly evolving energy landscape. Our balance



sheet growth to USD7.35 billion in 2019 paves the way for APICORP to continue an upwards trajectory, notwithstanding the limitations that the current coronavirus crisis poses upon all sectors of the global economy. However, I believe that the work that we have put into diversifying our portfolio in terms of sectors and geography as well as our broad investor base, coupled with our strong financial position, will serve us well in the coming years and allow us to address the current challenges.”

“When the world eventually begins to recover from the dual impact of the coronavirus pandemic and oil price fluctuations, we will most likely see changes in the region,” added Dr. Attiga. “As a trusted financial partner to the regional energy sector, we are well positioned to support sustainable investments, and entities, that can accelerate both economic recovery and the low-carbon transition. Going forward, we believe that there will be a greater role for multilaterals like APICORP, serving in a countercyclical capacity to reinvigorate the economies of the region. For this, we remain committed to playing a strong developmental role, particularly through leveraging on our partnerships in the industry.”

A New 5-Year Corporate Strategy

In 2019, APICORP finalized its 2020-2024 corporate strategy to align with the evolving energy landscape. The strategy is underpinned by a more integrated and agile model, with sustainability embedded in all aspects of operations. The corporate strategy for the next five years places APICORP at the center of comprehensive offering to a diverse set of clients enabled by partnerships and innovation to better serve the MENA region’s petroleum industries and energy sector.

Business Line Highlights

Corporate Banking

APICORP’s Corporate Banking assets increased by 5% Y-o-Y to reach USD3.69 billion, all while diversifying the portfolio exposure, geographically and sectorally, as well as maintaining a high quality loanbook. Moreover, Corporate Banking booked USD1.4 billion in commitments, thereby sustaining the profitability prospects of APICORP not only in 2019, but also future years. In terms of income, Corporate Banking had a record year, reaching USD121 million in income net of Libor and impairments compared with USD90 million in 2018. Fee income continued to show promise, even in a competitive landscape, where it increased 23% Y-o-Y. Notably, the Gross NPL Ratio remained very low at 0.38% due to strong relationships with APICORP’s partners and support from Member Countries.

APICORP continued to evolve its offerings with more focus on private sector-led projects, primarily in the utility sector and trade finance, to complement its strength in government-sponsored projects.

In line with its commitment to apply ESG principles to all project financing, APICORP continued its increased focus on environmentally-friendly projects where its presence in the renewables sector was reinforced by its support to several bidders on renewable PPPs in the region as well as a rooftop PV project and a commitment to a Saudi private sector company expanding into a wind farm overseas with private sector partners.



Investments

APICORP continued its prudent strategy of investing alongside like-minded investment partners in quality businesses with strong management teams and solid growth potential, with a focus on making investments in Member Countries and the broader MENA region, as well as diversifying into opportunities outside the region that offer exceptional profitability prospects and value-addition to the energy sector. The foundation of APICORP's investment approach is adopting a long-term perspective in the extraction of value from its investee companies.

In 2019, APICORP made its first direct equity investment in Kuwait in a leading oil and gas services and facilities management company with a global footprint. It also invested in a specialized wellbore services platform in the UK that serves the oilfield services market. At year end, the total equity portfolio under management stood in excess of USD1 billion across 19 direct and 3 indirect investments. For 2020, APICORP is committed to playing a strong developmental role by way of partnering with key players in the regional and global energy sector, especially in light of the uncertainties created by the coronavirus pandemic.

Treasury & Capital Markets

APICORP's Treasury and Capital Markets continued to strengthen the Corporation's liquidity profile by working to ensure the maintenance of high liquidity ratios, coupled with the rebalancing of the treasury portfolio towards high-grade fixed income securities. This, in addition to the improved geographical and sectoral diversification in the treasury portfolio as well as to a healthy maturity mismatch position, were fundamental in guaranteeing the soundness and resilience of APICORP's financial standing.

On the liability side, despite market volatility, APICORP reiterated its commitment towards sustainable growth by way of a concerted effort to prioritize the diversification of APICORP's funding base. This resulted in successfully expanding the investor profile to include players outside the GCC. In particular, APICORP's debt capital market issuances saw an increase of investors from Asia and the US. This was manifested by way of eight transactions over the course of the year, including two Formosa Bonds worth USD300 million and USD325 million issued in March and November, respectively, along with several bilateral transactions with European and Asian financial institutions.

While these are unprecedented times due to the impact of the novel coronavirus on all sectors and future petroleum and energy projects, APICORP remains committed to supporting the development and sustainability of its member countries and the wider MENA region amidst the ever-evolving energy landscape.

For the full 2019 financial results: bit.ly/2yYRHQI

For a summary of the 2019 financial results: bit.ly/3b6XyRR

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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. APICORP is rated "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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