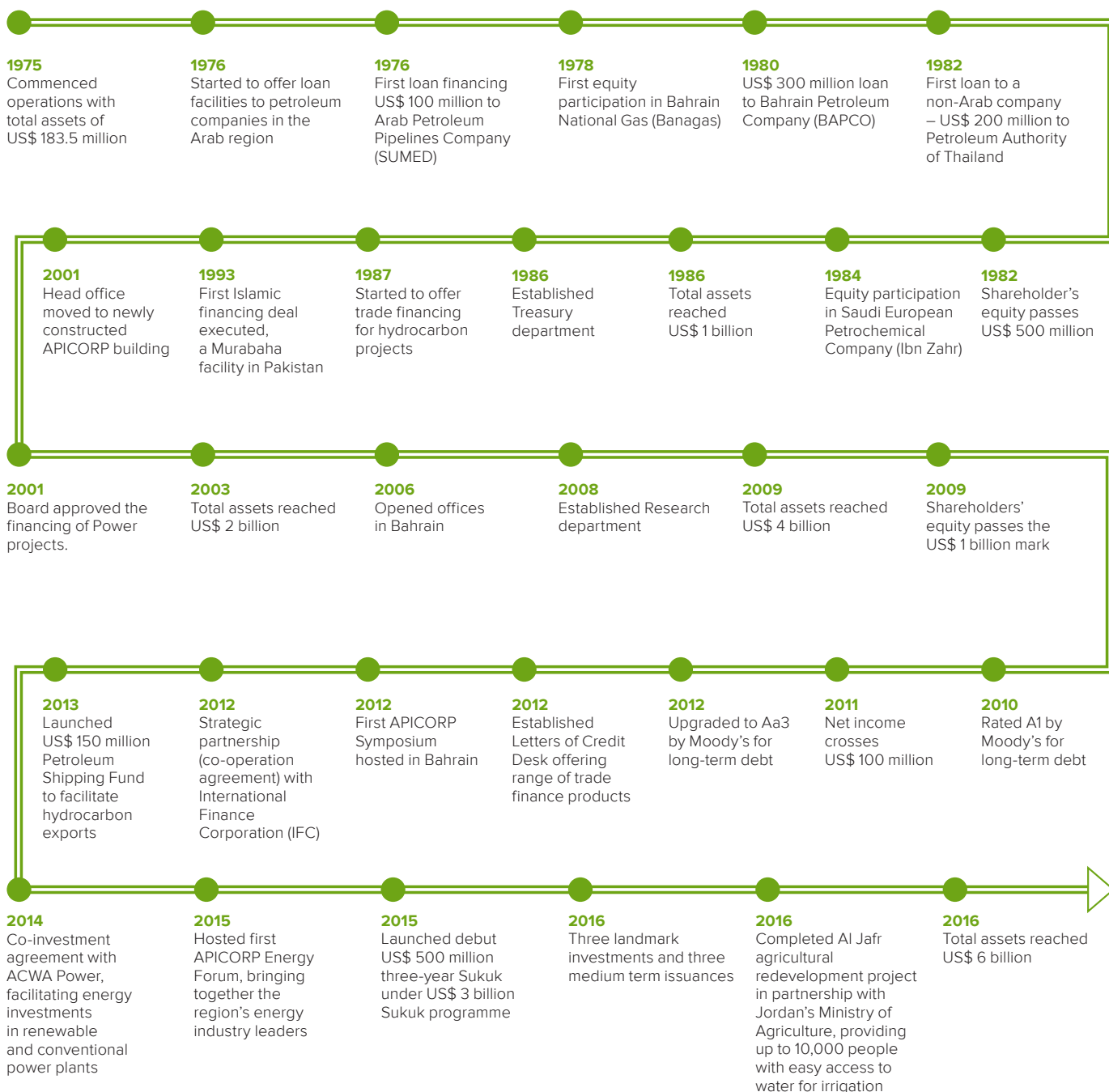


ACHIEVEMENTS

APICORP IS A TESTAMENT TO THE POSSIBILITIES OF ARAB UNITY. ITS PROUD HISTORY OF ACHIEVEMENTS SINCE ITS INCEPTION IN 1975 EVIDENCES ITS ABILITY TO SUPPORT THE VITAL DEVELOPMENT OF THE REGION'S ENERGY SECTOR.

A PROUD HISTORY OF ACHIEVEMENTS



US\$ 300m

IN 2016 APICORP ISSUED A US\$ 300 MILLION FORMOSA BOND IN THE TAIWANESE MARKET.

APICORP'S STRATEGIC GOALS – PROGRESS MADE IN 2016

Maximising long-term value creation while maintaining development mandates

- Corporate Finance booked 40 transactions in 2016
- Three landmark equity investments
- Three medium term issuances with combined value in excess of US\$ 400 million
- Continued focus on value creation through commercial approach

Read more about APICORP's Corporate Finance on Page 14.

Attracting and retaining industry leading talent

- Continued focus on recruitment and retention of talent
- Development of performance based culture
- Significant investment in training and development
- Further refinements of Employee Value Proposition

Read more about APICORP's employee initiatives on Page 22.

Creating and maintaining strategic partnerships and alliances

- Creation of US\$ 1.5 billion shipping fund in partnership with Bahri
- Prepared the ground for Investment Partnership Vehicle with Goldman Sachs
- Strengthening and developing a number of strategic partnerships and alliances

Read more about APICORP's shipping fund in partnership with Bahri on Page 12.

Optimally leveraging the APICORP brand to create opportunities

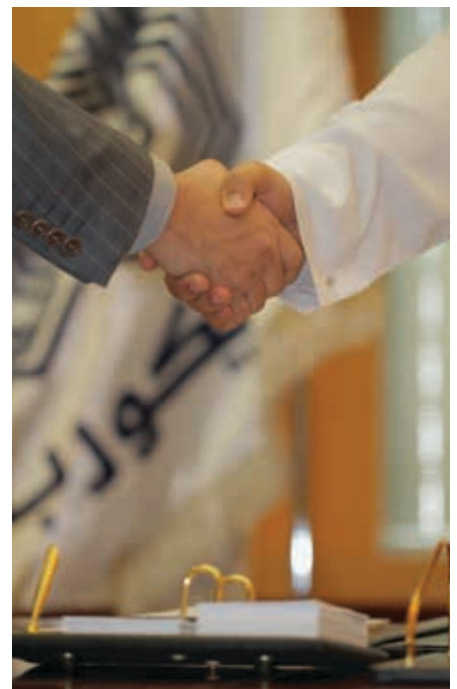
- APICORP brand remains respected
- Brand and networks continue to add value to the business
- Thought leadership through quality energy research and publications
- Participation in a number of key industry seminars and conferences

Read more about APICORP's world-class research publications on Page 18.

Securing best-in-class technologies and operating systems

- Continued focus on implementing best practice across the business
- Continuous refinement of policies and procedures
- Upgraded a number of core IT systems
- Implementation of IT and physical security enhancements
- Implementation of new risk appetite framework
- Revision of compliance framework

Read more about APICORP's risk appetite framework on Page 20.



APICORP HAS ENJOYED ANOTHER TWELVE MONTHS OF NOTABLE ACHIEVEMENTS. DESPITE CHALLENGING MARKET CONDITIONS RESULTING FROM THE FALL IN OIL PRICES, THE CORPORATION PERFORMED STRONGLY, ACHIEVING HEALTHY LEVELS OF PROFITABILITY AND CONTINUING TO GROW AT A FASTER PACE THAN THE OVERALL MARKET.

APICORP's performance benefitted from the countless improvements made over the past financial year. Thanks to its proven culture of forward-thinking adaptability, far-reaching initiatives such as the risk appetite framework were introduced and quickly gained traction. Some of these initiatives have already generated significant results, as evident in APICORP's strong capital adequacy position, the increasing diversity of its investments and sources of funding, as well as the moderate balance sheet gearing.

The five-year business plan, approved in 2013, is at the heart of APICORP's efforts. Striving to lead the Corporation toward global best practice and innovation, three years into the implementation of the business plan APICORP has caught up with international standards and assumed a prominent role regionally.

FINANCIAL RESULTS

As of 31 December 2016, net profit reached US\$ 93.42 million compared to US\$ 107.60 million at the end of 2015. Net profit before provisions came in at US\$ 95.53 million compared to US\$ 124.38 million in 2015. As a consequence of possible continued political and economic instabilities in the region, US\$ 2.10 million were added to the investment provisions as of 31 December 2016. Total assets have reached US\$ 6.14 billion compared to US\$ 5.65 billion at the end of 2015. Shareholder equity increased to US\$ 2.00 billion at the end of 2016, up by 4.8% from US\$ 1.91 billion year-on-year. Earning per share reached US\$ 93.42 as of 31 December 2016, compared to US\$ 107.60 at the end of 2015. APICORP's achievements were also recognized by Moody's, who reaffirmed APICORP's long-term issuer rating of Aa3 and short-term issuer rating of P-1 with stable outlook.

INVESTMENTS

In 2016, APICORP's investment performance revolved around a clear objective to achieve further diversification, in terms of geographic markets as well as portfolio composition. The Corporation also continued its focus on implementing best practice, specifically in terms of a more proactive approach to portfolio management and corporate governance.

One of the landmark investments of the year was the launch of a shipping fund by APICORP in partnership with the National Shipping Company of Saudi Arabia (Bahri) in July 2016, to acquire approximately 15 Very Large Crude Carriers (VLCCs) over three phases with total investments of up to US\$ 1.5 billion composed of debt and equity. The unique financial engineering initiative exemplifies APICORP's ability to provide financing solutions that meet the demands of the energy sector, and to take advantage of market opportunities, such as the recent changes in the regional maritime oil logistics market. The fund is set to reduce Saudi Arabia's dependence on external crude carriers, making Bahri the biggest VLCC operator internationally, while at the same time advancing the local economy. APICORP expects this distinctive investment opportunity to yield attractive returns.

Another important investment was made in the United Kingdom, where APICORP acquired a stake in oil services company Ashtead Technology in partnership with UK private equity firm Buckthorn Partners. In addition to facilitating geographical portfolio rebalancing, the investment has tremendous future growth potential in the region and represents an important contribution towards APICORP's mandate to transform the Arab energy industry through cutting-edge thinking and advanced technologies.

In December, APICORP announced the acquisition of a 30% stake in Bahrain's Falcon Cement Company (FCC), the largest and only integrated cement producer in Bahrain.

CORPORATE FINANCE

In 2016, amidst difficult market conditions, APICORP maintained strong momentum of its lending activities. The Corporate Finance team worked on a broad range of opportunities involving a wide range of countries, industry segments and obligors' profiles and confirmed the Corporation's leading role in the region in both project finance and trade and commodity finance. Growth of the portfolio was moderate from US\$ 3.02 billion to US\$ 3.47 billion for funded and unfunded assets. The net yield of the portfolio has continued to improve while its risk profile has remained stable in the high A range despite the downgrades of several countries in the region.

The share of Islamic finance assets in the portfolio, which had shown considerable growth over the past years, was further expanded to 40% at the end of 2016.

Corporate Finance booked 40 transactions in 2016 and was mandated to arrange and structure eight transactions, amongst which the following ones illustrate the commitment of the Corporation to support a well-diversified client portfolio and fulfill its developmental role wherever possible.

An innovative Sharia-compliant financing facility was completed for Oil Recovery Services SAL in Algeria. The financing was arranged in conjunction with Paris-based oil and gas private equity firm 4D Global Energy Advisors. It's worth to note that this facility was the first of its kind for APICORP in the Algerian market and is testimony to the Corporation's determination to diversify its clients base.

APICORP also arranged three-year US\$ 100 million Murabaha Financing Facility for Egyptian General Petroleum Corporation (EGPC). This important funding milestone sees APICORP continuing its support of the petroleum industry in Egypt, which also contributes to the stability and security of supply of energy to the Egyptian people.

Furthermore, the Corporation structured a SAR300 million (US\$ 80 million) capital expenditure and working capital Murabaha for Global Environmental Management Services LLC (GEMS), a KSA-based integrated hydrocarbon waste management and recycling company. The funds were used for the expansion of GEMS in Saudi Arabia.

As well, the Corporation supported the Kingdom of Bahrain in the financing of its LNG Terminal. APICORP played the role of pathfinder bank, mandated lead arranger as well as modelling and technical bank.

While the head winds are expected to persist, the backlog for APICORP will remain solid on account of a promising pipeline.

TREASURY AND CAPITAL MARKETS

In Treasury and Capital Markets, APICORP's efforts were directed at diversifying its funding sources and reducing the overall cost of financing. After the inaugural issuance of a five-year US\$ 500 million Sukuk in 2015, APICORP concluded two additional medium-term financing facilities from new investors in 2016. During the year, APICORP raised SAR250 million (US\$ 67 million) in Saudi Arabia through a three-year Murabaha Sukuk. This was followed by the successful issuance of a US\$ 300 million five-year floating rate note in the Taiwanese market. APICORP's 'Formosa' bond was the first such issue from the Kingdom of Saudi Arabia, targeting the Taiwanese investor base.

RESEARCH

APICORP's annual MENA Energy Investment Outlook Report has undergone a comprehensive enhancement in 2016. Now providing more depth and accuracy, the annual report, alongside the Corporation's monthly APICORP Energy commentaries, is of great value to stakeholders looking to monitor the development and the key trends shaping the energy sector in the region. Richer insights into the dynamics of the regional markets and a greater level of detail are an asset to many recipients, as well as a conduit to new commercial opportunities.

The overhaul is part of APICORP's ambition to strengthen its research solutions. The Corporation's research team under the supervision of Dr Bassam Fattouh, Director of the Oxford Institute for Energy Studies, has acknowledged and acted upon an increasing need for individual, bespoke research. APICORP is fully geared to introduce further new products and enhancements in 2017.

RISK AND GOVERNANCE

In risk management, APICORP continued on the conservative path it had been pursuing in the last years. Risk management is an on-going process that is always evolving and updated regularly to reflect leading market trends and economic challenges. The Corporation successfully implemented further fundamental internal improvements in 2016 in line with its quest for achieving excellence in risk management and corporate governance.

The risk appetite framework, which the Board of Directors has put in place to instill a culture of risk awareness throughout the organization, was one of APICORP's most notable achievement in 2016. The framework details APICORP's optimal risk/return profile, sets organizational risk limits and ensures the Board and senior management are always able to gain a detailed picture of overall organizational economic health.

The Corporation also conducted a thorough review of its liquidity risk management and developed a liquidity risk policy which is on par with best practice in global banking industry. Having enabled APICORP to benchmark its liquidity position, this is an important step that is expected to have positive effects on the business. Another achievement in 2016 was the strengthening of the stress test framework for both liquidity risk and credit risk.

APICORP sees the full integration of risk management into all business and commercial processes as a key success factor in today's world.

In corporate governance, APICORP had already made significant progress in 2015, but did not allow its focus to deviate in the past 12 months. The process by which all APICORP representatives on boards of investee companies are evaluated and selected, as well as the framework under which they report, were further enhanced.

HR

APICORP also made great strides towards its goal of anchoring its reputation as a leading employer in the region. The Corporation is continuously enhancing organizational development processes and strengthening its offering of custom-built internal training sessions to maximize the potential of every employee. At the heart of these endeavors is APICORP's 'Employee Value Proposition', which is utilized to structure initiatives in the field of human resources.

OUTLOOK AND ACKNOWLEDGMENTS

APICORP has continuously realized profitable growth even in the face of high volatility in some key markets. The Corporation strives to fulfill its mandate to promote cooperation and economic integration in the Arab hydrocarbon and petrochemical industry with more rigor than ever in 2017. The continuous development of strategic partnerships with some of the most renowned names in the industry has helped APICORP form one of the most comprehensive and resilient networks in the industry. For the years to come, the focus will remain on identifying mutually beneficial opportunities in the region and beyond, which APICORP will endeavor to leverage despite persisting uncertainties over the direction of the global economy.

40%

SHARE OF ISLAMIC FINANCE ASSETS
IN APICORP'S PORTFOLIO EXPANDED
TO 40% AT THE END OF 2016.