

CHAIRMAN'S STATEMENT

Creating Sustainable Value

On behalf of the board of directors, I am honored to present the annual report and consolidated financial statements of the Arab Petroleum Investments Corporation (APICORP) for the year ended 31 December 2017.



2017 was a very good year for APICORP, which continues to grow income and profits and again delivered value for its shareholders. The environment remains challenging, but APICORP has shown itself to be capable of managing such conditions.

We successfully met our financial targets, achieving net profit of USD 103.65 million, an increase of 11% compared with 2016. Our total assets rose in value during the year, and as at 31 December 2017 stood at USD 6.24 billion, compared with USD 6.14 billion at the end of the previous year. Shareholders' equity rose to USD 2.15 billion from USD 2.00 billion at the end of 2016.

APICORP has maintained its unique position as the region's only multi-lateral development bank focused on the energy industry and as such, has an important role to play in delivering value adding investment and financing solutions. Moreover, APICORP has begun to attract interest from partners and investors in markets outside the MENA region, a testament to our strong credit rating, disciplined risk management and competitive funding costs. A major achievement last year was entering into a partnership with Goldman Sachs for the creation of the USD 500 million managed account investment vehicle. This reflects how APICORP has grown in stature in the global banking industry and is a measure of our reputation as a partner of choice for value adding investment opportunities.

We have continued to pursue our strategy to diversify our portfolio of assets, investments and loans. A good example in 2017 was the acquisition from ACWA Power of a stake in the Shuqaiq Independent Water & Power project in the Kingdom of Saudi Arabia, a major greenfield plant located at the Red Sea. This co-investment strengthens our long standing partnership with ACWA Power.

At the end of 2017, our Corporate Finance portfolio stood at USD 3.2 billion, but just as importantly, the yield from the portfolio rose by 20% against the previous year, more than double the market standard for comparable assets. Corporate Finance continue to play a pivotal role in a number of high profile transactions, underlying its strong project finance capabilities.

“Our mission as a multilateral development bank for the Arab world is to develop the energy sector through creative, value-adding solutions, facilitating value maximization.”

The process of building stronger and longer term relationships with investors continued with our Treasury & Capital Markets division. The highlight of the year was the successful launch of a USD 500 million sukuk which, after an extensive marketing program, was 8 times oversubscribed and, for the first time in APICORP's history, the proportion of non-GCC investors outweighed the GCC element.

APICORP's financial strength and good prospects again received independent recognition, with credit rating agency, Moody's, maintaining the corporation's Aa3 rating. The agency also noted that APICORP's capital adequacy ratio exceeded regulatory guidelines, and that its relatively low leverage contributes to its intrinsic financial strength.

Finally, on behalf of the Board of Directors and all APICORP employees, I would like to extend our deepest gratitude to the governments of our ten member states, who have been supporting our Corporation since inception. Special thanks goes to the government of the Kingdom of Saudi Arabia for their continued trust and collaboration.



Dr Aabed Al Saadoun
Chairman



OUR PEOPLE

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OUR BOARD OF DIRECTORS

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EXECUTIVE MANAGEMENT

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