



**Financial Sector
Development Program**

Financial Sector Development Program

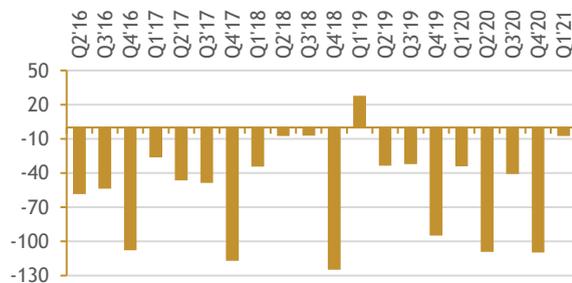
Quarterly Newsletter Q1 2021

Key Highlights: Budget deficit in Q1 2021, GDP declined 3.9% in Q4 2020

Q1 2021 Budget Highlights

- Saudi Arabia recorded a budget deficit of SAR 7.4bn in Q1 2021, compared to a deficit of SAR 34.1bn in the same period last year.
- Total revenue increased 7% YoY to SAR 204.8bn in Q1 2021, from SAR 192.1bn in the same period a year ago.
- Oil revenues dropped 9% YoY to SAR 116.6bn, whereas non-oil revenues surged 39% YoY to SAR 88.2bn in Q1 2021. Revenues from 'Taxes on Goods and Services' witnessed a 75% YoY growth to SAR 53.7bn in Q1 2021.
- Total expenditure decreased by 6% YoY to SAR 212.2bn in Q1 2021, from SAR 226.2bn in the same period last year.
- Public debt increased to SAR 901.4bn by the end of Q1 2021 from SAR 853.5bn by the end of FY 2020.

Budget Deficit/Surplus (SAR bn)



Saudi Central Bank to Launch Instant Payment System "SARIE"

The Saudi Central Bank (SAMA) has announced the launch of the Instant Payment System on February 21st. This has come following the successful activation of the system's first pilot phase with several Saudi banks. Upon its activation, the system will allow financial institutions, companies, and individuals to complete transactions instantaneously across various banks around the clock.

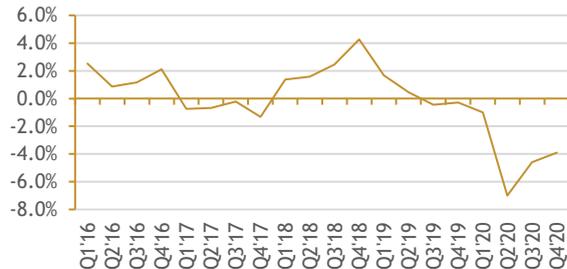
The system, supervised by SAMA, represents a significant milestone in strengthening the Kingdom's position as one of the leading countries in the banking and financial technology services, and a pioneering hub for FinTech innovation. The system helps to achieve the goals of the Financial Sector Development Program in the transition to a cashless society.

The system developed by Saudi Payments, will enhance economic growth through increasing the efficiency of financial transactions between all parties in the corporate and retail sectors, enabling banking institutions and FinTech companies to improve the current financial products and manage the cash flow for the business Sector.

2020 GDP Growth (%)

- Real GDP (at 2010 constant prices) declined 3.9% YoY in Q4 2020.
- The decline was largely driven by 8.5% drop in the oil sector, while the non-oil sector recorded a 0.8% drop during the quarter.
- The non-oil sector accounted for 60.5% of total GDP in Q4 2020, compared to 59.2% in Q3 2020.

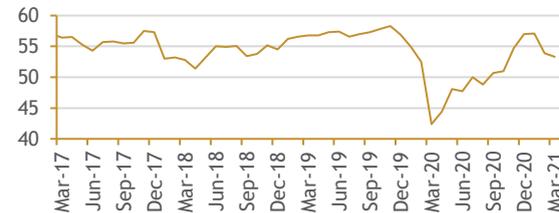
Real GDP YoY (%)



PMI Index

The Saudi Arabia Purchasing Managers' Index (PMI) slipped to 53.3 in March 2021 (its lowest reading since last October) from 53.9 in February. Output increased further, while new order growth slowed to a five-month low. A reading above 50 indicates expansion; conversely, a reading below 50 indicates contraction.

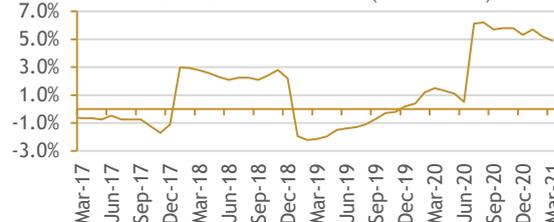
PMI



Consumer Price Index (CPI)

The CPI increased 4.9% YoY in March 2021. Communication and Tobacco witnessed an increase of 13.2% and 13.1%, respectively, while Food and Beverages recorded the highest annual increase of 10.2%. Consumer prices continue to reflect the increase of the value-added tax (VAT) from 5% to 15% in July 2020. Education declined the most, down by 9.5% YoY in March 2021.

Consumer Price Index (CPI - YoY %)

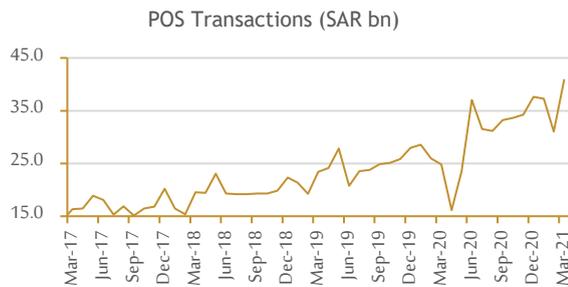


Macroeconomic and Financial Market

Macroeconomic Review

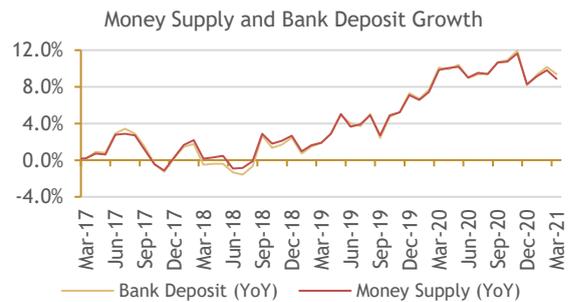
Points of Sale Transactions

POS transactions rose 64.7% YoY to SAR 40.8bn in March 2021 from SAR 24.8bn in March 2020. In Q1 2021, the total amount of POS transactions reached SAR 109.2bn in Q1 2021 (up 37.7% YoY and 3.5% QoQ).



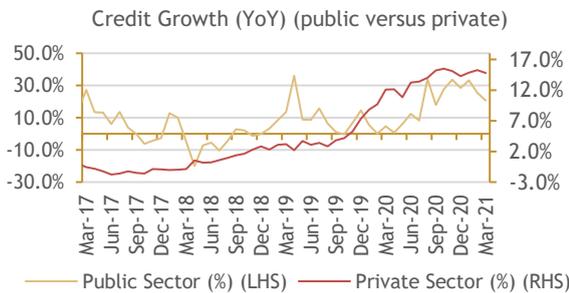
Money Supply (M3) and Bank Deposit Growth (%)

Money supply (M3) increased 8.9% YoY in March 2021 and was up 1.8% on QoQ basis. M1 grew 11.3%, whereas Time and Savings deposits dropped 1.6% YoY. Total bank deposits grew 9.4% YoY and 1.9% on QoQ basis in March 2021.



Credit Growth (%) *

Bank credit (public and private) grew 15.0% YoY in March 2021 and 5.4% on QoQ basis. Public sector credit increased 20.7% YoY, whereas on QoQ basis it fell by 9.5%. Bank credit to the private sector rose 14.8% YoY and 6.1% on QoQ basis in March.



*Credit to public sector does not include Gov't & Quasi-Gov't bonds

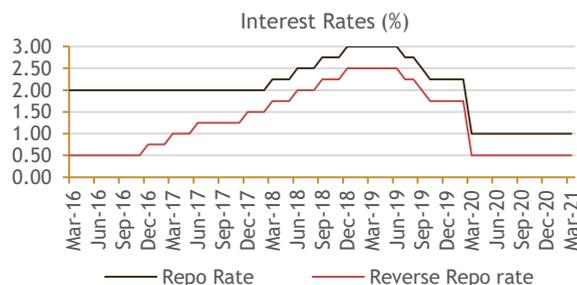
Non-performing Loans as portion of Total Loans

NPL ratio remained stable at 2.2% in Q4 2020, largely in-line with 2.2% recorded in Q3 2020 and 2.3% in Q2 2020.



Interest Rates

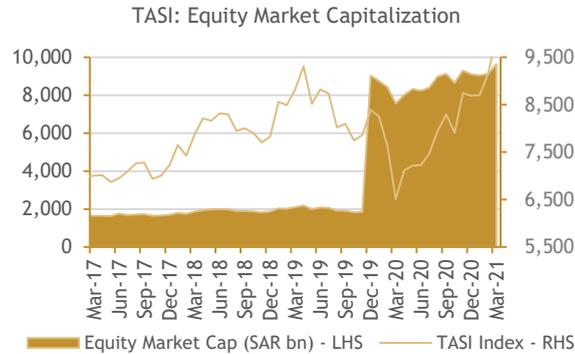
SAMA kept the repo and reverse repo rate unchanged during Q1 2021. The rates were last reduced in March 2020 by 125 bps. Policy rate adjustments are consistent with maintaining monetary stability.



Financial Market Overview

Tadawul and Equity Market Capitalization

The Tadawul Index (TASI) increased by 8.3% MoM in March and 14.0% on YTD basis. TASI's equity market capitalization stood at SAR 9,632bn in March 2021, from SAR 9,102bn in December 2020.



Foreign Investor Ownership

Foreign investor ownership in Saudi stocks increased to 13.3% (free float) in March 2021 from 12.8% recorded in December 2020. On MoM basis, foreign investors holding value rose 10.2% to SAR 241.5bn as of March, from SAR 219.2bn in February.



Institutional Investors' Share in Value Traded

Institutional investors' share in the total value traded increased in Q1 2021 to a quarterly average of 11.1%, compared to 10.0% in Q4 2020.



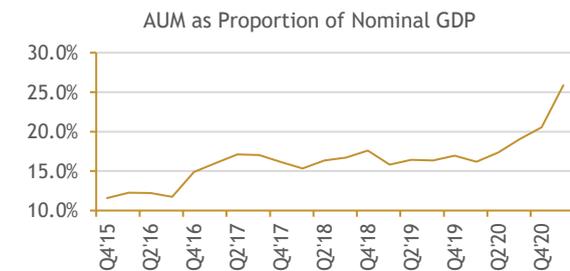
Market Concentration of Top 10 Companies

The market capitalization of the top 10 companies on Tadawul dropped marginally to 89.1% by the end of March 2021, compared to 89.5% recorded at the end of December 2020. By the end of September 2019, the concentration stood at 61.4%.



Assets Under Management (% of GDP)

Assets under management (AUM) as a percentage of nominal GDP increased to 25.9% in Q1 2021 from 20.6% in Q4 2020. AUM rose 41.1% YoY and 11.0% on QoQ basis.



Financial Sector Development Highlights

The Saudi Central Bank (SAMA) Wins the Best Initiative for Business Continuity Award in 2020

In the International Central Banking Journal, the Central Banking Committee granted SAMA the Best Initiative for Business Continuity Award in 2020 after a thorough evaluation of the Bank's performance. SAMA was found to match the necessary criteria for the Award, especially in terms of innovation and creativity for business continuity planning, notwithstanding its adherence to the relevant international standards that allowed the bank to maintain operational flow without any interruption.

The Central Bank provided all the necessary technological tools required to facilitate working at a distance, which proved to be very valuable during the coronavirus pandemic. This granted employees and stakeholders easy and safe access to all services and internal systems and opened seamless communication channels between all relevant parties.

On this occasion, SAMA Governor, H.E. Dr. Fahad Al-Mubarak, highlighted the quintessential role that risk management and business continuity planning play in establishing financial stability, calling for constant alertness and vigilance for potential financial risks and crises. H.E. followed by stating the following: "SAMA's risk management and business continuity frameworks follow the best international standards for financial sector practices for us to achieve outstanding performance, uphold our reputation, and meet our strategic goals rooted in the Kingdom's Vision for 2030."

(SAMA) Issues Rules for Practicing Debt Crowdfunding Activities

SAMA announces the issuance of the rules for practicing debt crowdfunding activities, which aim to regulate the provisions for licensing this type of companies and to regulate their conduct of activities, in accordance with the powers granted to the Saudi Central Bank under the provisions of the Finance Companies Control Law.

The issuance of these rules comes as part of SAMA's efforts to support the opportunities for growth and economic development in the Kingdom to achieve the goals of Vision 2030 by supporting and organizing modern financing activities including the activity of debt crowdfunding, and in line with the role of the central bank in promoting financial stability. The central bank seeks through these rules to achieve several goals: including attracting a new segment of investors and companies, owners of small and medium capitals, to work under its supervision, in a manner that ensures the efficiency of these companies by adhering to the requirements of information security, corporate governance, internal regulation, attribution, risk and compliance management and internal auditing, in addition to encouraging innovation in products financing In a way that contributes to providing modern financing products that can meet the needs of the beneficiaries.

The Saudi Central Bank (SAMA) Issues the Open Banking Policy

"SAMA" announced the issuance of the "Open Banking Policy", which articulates the main objectives of implementing Open Banking in the Kingdom and its positive effects on the financial sector.

The issuance of this policy builds on the efforts of SAMA in diligently pursuing the strategic objectives of the Financial Sector Development Program, underscoring its commitment to promoting innovation, and trust within the sector, re-enforcing competition and raising efficiency. It is also aligned with SAMA's efforts to ensure the sector's infrastructure readiness to enable the utilization of the most prominent financial technologies and ensure the application of leading supervisory practices for new and innovative technologies enabled financial services.

The Governor of (SAMA) Honors Merged Companies in the Insurance Sector

His Excellency the Governor of the Saudi Central Bank (SAMA) honored newly merged insurance companies in Saudi, namely, Wala Cooperative Insurance Co and MetLife on one hand, and Gulf Union Cooperative Insurance Company and Al-Ahlia Cooperative Insurance Co on the other hand.

SAMA emphasized the importance of the two mergers as a demonstration of its efforts to develop and regulate the insurance sector and raise its overall financial solvency by encouraging capital increase in the insurance sector. SAMA clarified that mergers and acquisitions are a valid way to realize the goal and highlighted that the mergers in question came at an important phase of the overall development period that the Kingdom is currently going through towards the achievement of the 2030 vision and strategic programs. As a core supporter of the Kingdom's economy and a main pillar of the financial sector development program, the insurance sector was once more encouraged to achieve mergers and acquisitions. This coincided with the Central Bank's launch of its financial sector development program, its revelation of its aspirations for the insurance sector, and its national strategy. The goal of the Central Bank through these initiatives is to achieve sustainable development, diversification, digitization, innovation, and capital deepening in the insurance sector, and to revitalize competition.

With the Participation of 400 Individuals, the Central Bank Holds a Virtual Seminar on IFRS No. 17 "Insurance Contracts"

SAMA recently held a Webinar under the title "Transition to International Financial Reporting Standard No. 17 (IFRS 17) -Insurance Contracts-", a new accounting standard that is aimed at providing more accurate, transparent and quality information to users of the financial statements of insurance companies compared to the current standard, i.e., IFRS 4.

Five panel discussions, moderated by employees of the General Department of Insurance Control at "SAMA", saw more than 400 individuals from 20+ countries attending the Webinar, including finance teams of Saudi insurance companies, insurance consultants, external auditors, actuaries, software vendors, regional regulators, and others with interest in the topic from the region and beyond.

This Webinar is a continuation of the Central Bank's efforts in preserving the integrity of the implementation of the transition plan for this standard and ensuring its smooth adoption. It may be noted that IFRS 17 was issued in May 2017, and it will be applicable from 1st January 2023, replacing IFRS 4 issued in 2004. The revised standard was developed over several years. One of the most important features of this standard is standardization of the accounting model for insurance companies around the world and the ability to compare and analyze financial statements consistently, in addition to providing more accurate, transparent and quality information than the existing financial statements.

The Saudi Central Bank Announces the Licensing of Two Financial Technology Companies in the Field of Payments

SAMA announced the licensing of two payments companies, namely: International Digital Solutions Company to provide electronic wallet service (electronic transfer and payment service), and Azm Fintech Company to provide payment services through (SADAD Bill Aggregation Services). This brings the total number of payments companies licensed by SAMA to 13 companies, in addition to two payments companies obtaining initial approval.

This step comes from the central bank's supportive role to empower the financial technology sector by allowing the entry of new activities to strengthen and support the sector, and to attract a new segment of investors and companies to work under its supervision, and in a manner that ensures the efficiency of the work of these companies, by adhering to the regulatory and supervisory requirements related to corporate governance, risk and compliance management, and customer protection, in line with the role of the Central Bank in enhancing financial stability, and supporting opportunities for growth and economic development in the country towards achieving the goals of the Kingdom's Vision 2030.

Saudi Central Bank Announces the Extension of the Deferred Payment and Guaranteed Financing Programs

SAMA announced the extension of the Deferred Payment Program - one of SAMA's Private Sector Financing Support Program- for three additional months to end on June 30, 2021; to continue enabling the financial sector to support the micro, small and medium-sized enterprises "MSME" sector, which in turn contributes to economic growth and private sector employment.

The central bank also announces the extension of the Guaranteed Financing Program for one year to end on March 14, 2022, as another support lever for MSMEs to help overcome challenges that arise from the COVID-19 preventive measures. MSMEs can benefit from the Guaranteed Financing Program through banks and financing companies that are subject to the supervision of the Saudi Central Bank and are members of the Small & Medium Enterprises Loan Guarantee Program "Kafalah".

These steps are consistent with the Saudi Central Bank's mandate of maintaining monetary stability, promoting financial sector stability, and supporting economic growth, and are in line with the Kingdom's continued efforts to mitigate the impact of the COVID-19 preventive measures on various economic sectors.

The 19Th Meeting of The FSB RCG MENA Group Discusses Financial Market Developments and Enhancing Cross-Border Payments

The Financial Stability Board (FSB) Regional Consultative Group (RCG) for the Middle East and North Africa (MENA) held its 19th meeting in virtual form today to discuss financial stability issues affecting the region, including those stemming from recent developments associated with the COVID-19 pandemic.

The RCG MENA is co-chaired by Fahad Almubarak, Governor of the Saudi Central Bank, and Rasheed Al-Maraj, Governor of the Central Bank of Bahrain. Members exchanged views on the challenges in assessing the effectiveness of policy measures to support those parts of the economy most vulnerable to the pandemic and in creating an exit strategy from temporary support. Members reiterated the importance of international cooperation to evaluate and coordinate the policy responses, including considerations for future unwinding.

The group received an update on FSB's work programme, including planned deliverables to the G20 during the Italian G20 Presidency in 2021, also incorporating follow-up on initiatives begun during the Saudi Arabian G20 Presidency in 2020. Key FSB deliverables for 2021 include: a report on lessons learnt from financial policy responses to COVID-19; work on strengthening the resilience of non-bank financial intermediation (NBFi); implementing the G20 roadmap to enhance cross-border payments; the steps being taken to strengthen regulation, supervision and oversight of global stablecoins arrangements; transitioning away from LIBOR; strengthening cyber and operational resilience; and analyzing and addressing climate-related financial risks.

The Capital Market Authority (CMA) Grants a Financial Technology experimental permit (FinTech ExPermit) to Sarwa to Experiment Robo-Advisory Service

Based upon the Capital Market Law issued by Royal Decree No. (M/30) dated 2/6/1424H, and reference to the Financial Technology Experimental Permit Instructions issued by CMA in 10/01/2018, which aims to provide a regulatory framework that is conducive for the innovation of Financial Technology (FinTech) in the capital market within the Kingdom. In relation to this, the CMA Board of Commissioners issued its resolution to grant Sarwa a Financial Technology Experimental Permit (ExPermit) to experiment Robo-Advisory Service.

Based on this permit, the company will be able to experiment the Robo-Advisory Service which allows clients to get advice on securities or investment scheme through direct access to an automated online platform (or application). Additionally, the company is able to offer automated online discretionary investment management, where the clients can automatically make investments through the platform or the application by given the management of the company the responsibility to invest on the client's behalf, within parameters and mandates agreed with the client, on an ongoing basis. The service is provided through an electronic online platform (or application) owned and monitored by the management of the company.

CMA would like to highlight that this permit coincides with the beginning of ExPermit for the third batch of FinTech innovations which was announced in 25/11/2019, related to securities businesses that falls under the CMA's supervision.

The National Debt Management Center Announces the Successful Pricing of the Second International Note Issuance in Euro for a Total value of EUR 1.5billion

The National Debt Management Center has announced the receipt of subscriptions from investors for its second international issuance under the Kingdom of Saudi Arabia's Global Medium-Term Note Program in Euro.

The issuance was more than 3 times oversubscribed, with total orders amounting to more than 5 billion Euro. The Kingdom will issue a total of 1.5 billion Euros (equivalent to SAR 6.83 billion), consisting of two tranches as follows: 1billion Euro (equivalent to SAR 4.55 billion) for 3-year notes maturing 2024, 0.5 billion Euro (equivalent to SAR 2.28 billion) for 9-year notes maturing 2030.

The Capital Market Authority Publishes Draft Amendments of the Corporate Governance Regulation for Public Consultation

As part of the Capital Market Authority's ("CMA") strategic objectives to regulate and develop the Capital Market, and based on the Capital Market Law issued by Royal Decree No. (M/30) Dated 2/6/1424H, and the Companies Law issued by Royal Decree No. (M/3) dated (28/1/1437 H), the CMA Board issued its resolution to publish the amended Corporate Governance Regulation "Draft Amendments" for public consultation for a period of (30) calendar days ending on 26/7/1442H corresponding to 10/3/2021G.

The Draft Amendments aim to strengthen the internal controls of listed companies on the Exchange, and develop the provisions regulating board members' independence in line with best practices and international standards.

Listing and Trading Government Debt Instruments in the Saudi Stock Exchange

Tadawul has approved through Q1 the listing request of the debt instruments, issued by the government of the Kingdom of Saudi Arabia submitted by the Ministry of Finance as per the Listing Rules with a total value of SAR 7.918bn and listing of the debt instruments from a class already listed with a total value of SAR 5.870bn.

Listing of Two Companies in the Main Market

Tadawul announced the listing and trading of Theeb Rent a Car Company shares on the Main Market on Monday 29/03/2021, also listing and trading shares of "Watani Iron Steel Co." on Nomu - Parallel Market on Wednesday 17/02/2021.

The Capital Market Authority (CMA) Approves Registration of 3 Firms for Direct Listing on Nomu

The Capital Market Authority "CMA" Board has issued a resolution approving three companies, including National Fertilizer Co., Natural Gas Distribution Co., and Fesh Fash Snack Food Production Co., to register shares for direct listing in the parallel market.

The CMA's approval on the application shall be valid for (6) months from the CMA Board resolution date. The approval shall be deemed cancelled if the listing of the Company's shares are not completed within this period.

Buying these shares will be confined to Qualified Investors stipulated in the Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority. The registration document will be published within sufficient time prior to listing.

Tadawul and EDAA Announce the Approval of the Amendments to the Short Selling Regulations, the Securities Borrowing and Lending Regulations, and the Exchange and Centre Procedures

The Saudi Stock Exchange (Tadawul) and the Securities Depository Centre Company (Edaa) announce the issuance of the Capital Market Authority's Board resolution number (1-21-2021) Dated 10/7/1442H corresponding to 22/2/2021G and the Saudi Stock Exchange (Tadawul) Board resolution number (03-2021) Dated 13/06/1442H corresponding to 26/1/2021G approving the following:

- The amended Short Selling Regulations
- The amended Securities Borrowing and Lending Regulations
- The amended Exchange and Centre Procedures
- The amended Glossary of Defined Terms Used in the Exchange Rules

The Short Selling Regulations and Securities Borrowing and Lending Regulations include amendments which allow all types of investors to conduct short selling and Securities Borrowing and Lending activities with specific conditions, addition to amendments related to the criteria and requirements to such activities. Through these changes, the Exchange and the Edaa aims to develop consistent regulatory environment with the international best practices and that's to provide motivating and competitive atmosphere with high reliability, thus achieving the goals and directions of Tadawul and Edaa and its visions.

It should be noted that these Rules, procedures, and the Glossary shall be effective on 12/8/1442H corresponding to 25/3/2021G.

"Kafalah" Financings Increased by 156% during 2020 to a total of SAR 12.3billion

During the year 2020, 5720 companies have benefited from the Small and Medium Enterprises (SME) Financing Guarantee Program "Kafalah", with a total financing value of 12.3 billion riyals compared to 4.8 billion riyals during 2019, which denotes an increase of 156%.

The program explained that this increase in supporting the enterprises during last year 2020 is due to a number of initiatives; the Small and Medium Enterprises Financing Guarantee Program "Kafalah", with a contribution from the National Development Fund, has launched a number of initiatives worth 450 million riyals to guarantee the SME loans which total value is of more than 2.2 billion riyals, and supported by the "Kafalah" guarantee coverage reaching up to 90% of the loans value. It is thanks to the government's continuous efforts to confront the financial and economic impacts of the Corona crisis, and as one of the urgent and supportive measures for the sustainability of the SME sector.

The Capital Market Authority Continues to Work on Developing Regulations and Rules

As part of the Capital Market Authority's ("CMA") strategic objectives to develop the capital market and enhance the confidence of the participants in the capital market.

- Approval of Amendments to the Market Conduct Regulations
- Approval of Amendments to the Rules on the Offer of Securities and Continuing Obligations
- Approval of Amendments to the Rules for Special Purposes Entities
- Approval of Amendments to the Investment Funds Regulations and Real Estate Investment Funds Regulations and Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority

These amendments, which were approved by the authority to regulate and develop the financial market, provide additional sources of financing and refinancing in the economy, and regulate aspects that ensure the promotion of institutional investment and raise the level of services provided to investors in line with best practices and international standards in force in international financial markets.

S&P Confirms Saudi Arabia's Credit Rating at "A-" with Stable Outlook

S&P credit rating agency has affirmed the Kingdom of Saudi Arabia's credit rating at "A-" with a stable outlook.

It said in a statement that after the downturn in 2020, the Saudi economy is expected to return to the growth in 2021.

S&P also expects that the level of the Kingdom's current account will return to the surplus with a reduction in fiscal deficit ratios, based on improved global macroeconomic conditions and a rebound in oil prices as the world begins to recover from the pandemic.

The National Debt Management Center Announces the Successful Pricing of the Eighth International Note Issuance for a Total value of USD 5billion

The National Debt Management Center has announced the receipt of subscriptions from investors for its eighth international issuance under the Kingdom of Saudi Arabia's Global Medium-Term Note Programme.

The issuance was more than 4 times oversubscribed, with total orders amounting to more than USD 22 billion. The Kingdom will issue a total of USD 5 billion (equivalent to SAR 18.75 billion), consisting of two tranches as follows: USD 2.75 billion (equivalent to SAR 10.3 billion) for 12-year notes maturing 2033, USD 2.25 billion (equivalent to SAR 8.4 billion) for 40-year notes maturing 2061.

Riyad Bank and Monshaat Signed a Cooperation Agreement to Launch Franchise Financing Program

Under the joint efforts to support the SMEs owners according with Saudi Vision 2030, Riyad bank signed a cooperation agreement with the General Authority for Small and Medium Enterprises “Monshaat” to launch a franchise financing program, in the presence of CEO of Riyad bank Mister Tareq Abdulrahman Al-Sadhan and the governor of the general authority for small and medium enterprises engineer Saleh Ibrahim Al-Rasheed, and number of officials from both parties.

The program provides many products such as medium-term finance product to financing franchises and short-term product to finance franchising operations.

The amount of financing reached 3,000,000 SAR for micro, small enterprises and 5,000,000 SAR for medium enterprises, with pay plan up to five years and competitive profit margin.

In addition, Riyad bank provides unique services for SMEs for example, digital, point of sale, and salary services, these contributions are supporting the enterprises owners in order to upgrade their enterprises activities, raise the production efficiency, and push their competitiveness towards an added value the local economy.

Alinma Bank Signs “Franchise Financing” Agreement with Monsha'at

In line with its ongoing commitment to support the micro, small, and medium sized enterprise (MSME) sector, Alinma Bank has signed a cooperation agreement with the General Authority for Small and Medium Enterprises (Monsha'at), to provide appropriate financing to qualifying businesses. Through the agreement, MSMEs will have access to Alinma’s new “Franchise Financing” product, which can be conveniently requested through the Monsha'at financing portal, where applicants also have access to numerous other financing options.

Speaking about the agreement, Alinma Bank CEO, H.E. Mr. Abdullah Al-Khalifa, affirmed Alinma’s desire to actively participate in Monsha'at’s efforts on behalf of MSMEs, and stressed that the bank’s latest agreement with Monsha'at was a continuation of the long-standing cooperative relationship between the two organizations, which has included two previous agreements.

Al-Khalifa also noted that the Franchise Financing agreement was in line with the kingdom’s Vision 2030 objectives related to increasing growth of the SME sector, and the economy in general. He additionally pointed to the importance of franchising as a tool for economic growth, and as a mechanism to encourage youth to engage in entrepreneurship.

HE Al-Jadaan: Issuing Debt Instruments with Negative Returns on Largest Tranche Issued Outside European Union Proves Saudi Arabia's Economic and Financial Powers

The National Debt Management Center has announced the receipt of subscriptions from investors for its second international issuance under the Kingdom of Saudi Arabia's Global Note Program in Euro, during which the issuance was more than 3 times oversubscribed with total orders amounting to more than 5 billion Euro.

His Excellency the Minister of Finance, Mr. Mohammed Al-Jadaan, said that the euro-denominated issuance comes within the framework of the Center’s efforts to secure the Kingdom’s financing needs in accordance with the objectives of the fiscal policy and the public debt strategy. He pointed out that the center took advantage of the opportunity to enter the Euro market, the second largest after the U.S. Dollar market, by issuing debt instruments with negative returns, making it the largest tranche issued with a negative return outside the European Union.

Al-Jadaan indicated that the high demands proved the strength of the Kingdom of Saudi Arabia's capability to enter different markets without affecting the debt prices in the long term, as well as the economic and financial powers of the Kingdom and the possibility of consolidating and building strategic relationships with investors in different countries of the world.

Al-Jadaan affirmed that the National Debt Management Center, considering its borrowing strategy, seeks to diversify financing instruments between the local and external markets, with a focus on developing and deepening local debt markets, in addition to seeking access to global debt markets as part of its risk management strategy and obtaining fair prices.

The alternative government financing methods have recently been utilized as part of the Ministry of Finance's plan to support the continuity and completion of major development projects in the Kingdom to achieve the goals of the Kingdom's Vision 2030.

Financial Sector Development Program KPI's

Program KPIs	Baseline	Status	2025 Target
Share of non-cash transactions, %	36%	-	70%
Banking sector assets, B SAR	2,631	3,035	3,515
Total GWP to GDP non-oil, %	1.9%	2.42%	2.4%
Life GWP per capita, SAR	33.16	11	45
Coverage ratio of Health insurance schemes, %	33%	30.4%	45%
Coverage ratio of Motor insurance schemes, %**	39.6%	49.7%	77%
Value of investments in private equity and venture capital, M SAR	9,304	10,853.61	11,404
# of Fintech players	-	13	30
SME loans as % of bank loans	5.7%	7.9%	11%
Credit to private sector, Bn SAR	1,510	1,831	2,053.2
Number of listings in Capital Market	6	3	26
Assets under Management, as % of GDP	16.94%	25.9%	31%
Debt as % of GDP	14%	25%	24.1%
Total market capitalization (shares) as % of GDP*	66.52%	93%	80.8%
Institutional investors' share of value traded %	35.96%	11.1%	44%
of micro and small cap companies listed, as % of total number of companies listed #	40.90%	12.4%	46%
Foreign Investor Ownership of the equity market cap (free float), in %	13.3%	13.3%	17.5%
Share of investment accounts opened through eKYC	82%	95%	=>70%

*Excluding Aramco

**As per SAMA's data

Financial Sector Development Program

The Financial Sector Development Program is one of the executive programs launched by the Council of Economic and Development Affairs (CEDA) to achieve the objectives of Vision 2030. The role of the program is to create a diversified and effective financial sector to support the development of the national economy, diversify its sources of income and stimulate savings, finance, and investment. The program will achieve its ambition by enabling financial institutions to support private sector growth, promoting and enabling financial planning, and ensuring the formation of an advanced capital market, without impeding the strategic objectives intended to maintain the financial services sector's stability.

Sources: Ministry of Finance, Saudi Central Bank (SAMA), Capital Market Authority (CMA), General Authority of Statistics, Tadawul, Monsha'at, Bloomberg, Reuters Eikon

*The data of foreign bank branches operating in Saudi Arabia have been amended and updated as per international best practices and the Monetary and Financial Statistics Manual in SAMA monthly bulletin

This report has been published by Financial Sector Development Program Office. For questions or comments, please contact us at fsdp@mof.gov.sa or for more information, please visit <https://vision2030.gov.sa/en/FSDP>