



**Financial Sector
Development Program**

Financial Sector Development Program

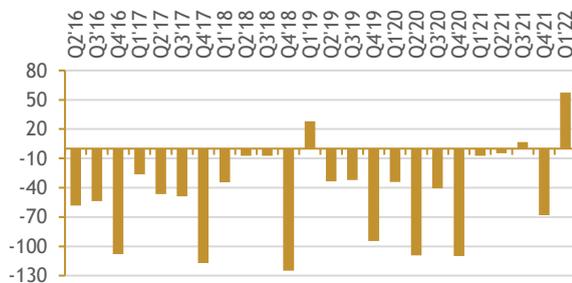
Quarterly Newsletter Q1 2022

Key Highlights: Budget Surplus in Q1 2022, GDP rose 6.7% in Q4 2021

Q1 2022 Budget Highlights

- Saudi Arabia recorded a budget surplus of SAR 57.5bn in Q1 2022, compared to a deficit of SAR 7.4bn in the same period last year.
- Total revenue increased 36% YoY to SAR 277.96bn in Q1 2022, from SAR 204.76bn in the same period a year ago.
- Oil revenues increased 58% YoY to SAR 183.7bn, while non-oil revenues rose 7% YoY to SAR 94.26bn in Q1 2022. Revenues from 'Taxes on Goods and Services' witnessed a 13% YoY increase to SAR 60.42bn in Q1 2022.
- Total expenditure rose by 4% YoY to SAR 220.47bn in Q1 2022, from SAR 212.2bn in the same period last year.
- Public debt increased to SAR 958.64bn by the end of Q1 2022 from SAR 938.01bn by the end of FY 2021.

Budget Deficit/Surplus (SAR bn)



Saudi Central Bank: The Share of Electronic Payments Exceeds the Target set out by the Financial Sector Development Program for 2021

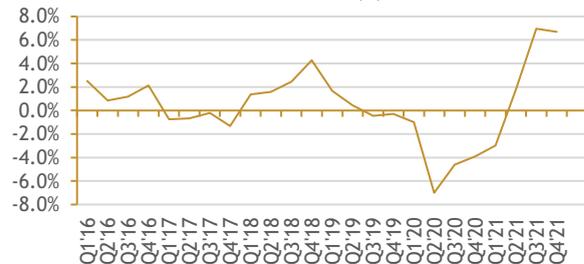
The Saudi Central Bank (SAMA) announced that the share of electronic payments in retail has exceeded 57% of total transactions conducted in 2021, surpassing the 55% target set out by the Financial Sector Development Program (FSDP), one of the main programs of Saudi Vision 2030.

On this occasion, His Excellency Fahad Almubarak, governor of the Saudi Central Bank, stated that SAMA, in line with the guidelines of the Kingdom's wise leadership, is working on promoting electronic infrastructure, expanding electronic payment activities and accelerating the electronic transformation of transactions, remarking that this most recent achievement was driven by the Financial Sector Development Program and the implementation of the Bank's strategic plans for the payments sector, primarily aiming to reduce dependency on cash, and increase the rate of electronic payments to 70% by 2025. Almubarak also noted that joint efforts between the government and private sectors to increase payment choices and implement many payment digitization initiatives together with private sector innovation and expansion initiatives as well as opening financial services to a new class of FinTech stakeholders in the Kingdom, all played an instrumental role in making this achievement possible.

Q4 2021 GDP Growth (%)

- Real GDP (at 2010 constant prices) rose 6.7% YoY in Q4 2021.
- The rise was largely driven by 10.9% increase in the oil sector, while the non-oil sector increased by 5.1% during the quarter.
- The non-oil sector accounted for 57% of total GDP in Q4 2021, compared to 56% in Q3 2021.

Real GDP YoY (%)



PMI Index

The Saudi Arabia Purchasing Managers' Index (PMI) rose to 56.8 in March from 56.2 in February, which is the greatest rate of acceleration in four years and the highest level since November. The number of new orders was the most since November 2021, amid a deceleration in Covid-19 cases. Purchasing activity experienced its highest acceleration since December 2017.

PMI



Consumer Price Index (CPI)

The CPI increased by 2% YoY in March 2022, up from 1.6% in February. Transport and Communication services prices witnessed an increase of 4.7% and 0.1%, respectively. Food and beverage prices rose by 3.0%, while Clothing and Footwear prices declined the most, down by 1.2% YoY in March 2022.

Consumer Price Index (CPI - YoY %)

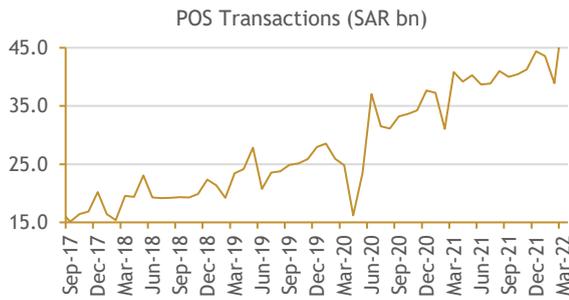


Macroeconomic and Financial Market

Macroeconomic Review

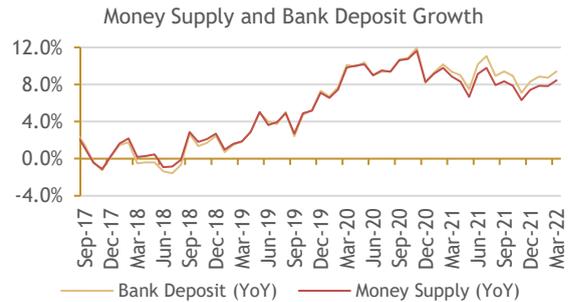
Points of Sale Transactions

POS transactions rose 24.9% YoY to SAR 51.0bn in March 2022 from SAR 40.8bn in March 2021. In Q1 2022, the total amount of POS transactions reached SAR 133.4bn (up 22.2% YoY and 5.8% QoQ).



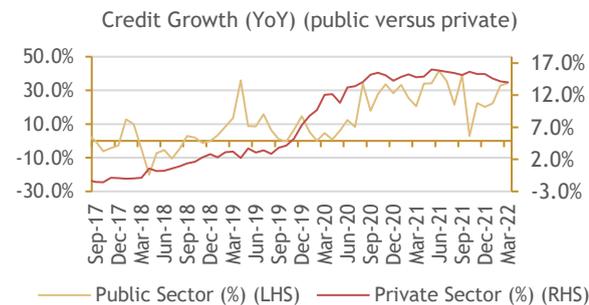
Money Supply (M3) and Bank Deposit Growth (%)

Money supply (M3) increased 8.4% YoY in March 2022 and was up 2.7% on QoQ basis. M1 grew 4.2% YoY, while Time and Savings deposits rose by 11.4% on YoY basis. Total bank deposits grew 9.4% YoY and 3% on QoQ basis in March 2022.



Credit Growth (%) *

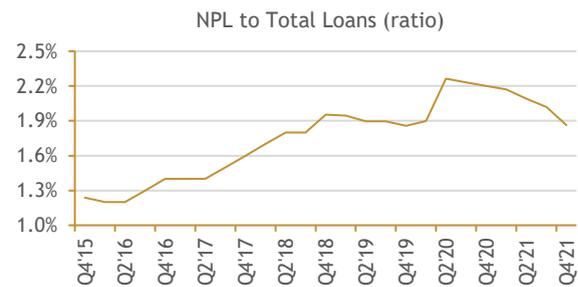
Bank credit (public and private) grew 14.8% YoY in March 2022 and 4.7% on QoQ basis. Public sector credit increased 34.3% YoY and 1.2% on QoQ basis. Bank credit to the private sector rose 14% YoY and 4.9% on QoQ basis in March 2022.



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

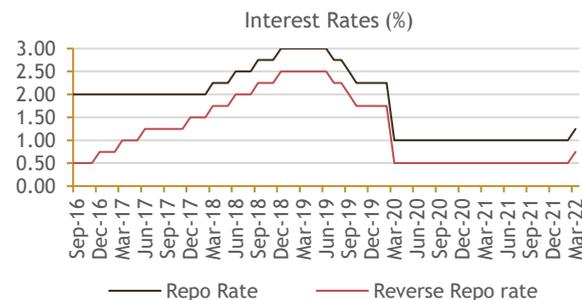
Non-performing Loans as portion of Total Loans

NPL ratio fell to 1.9% in Q4 2021 (latest data available) from 2.0% in Q3 2021.



Interest Rates

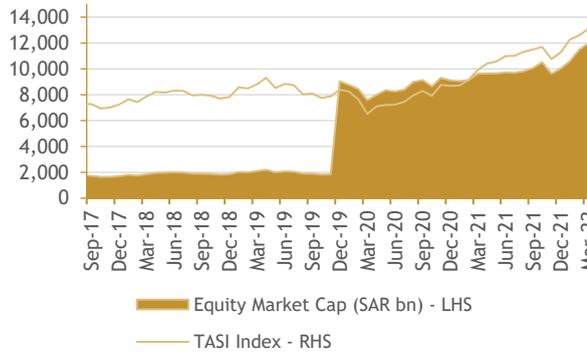
SAMA increased the repo and reverse repo rate by 25 basis points during Q1 2022. The rates were unchanged from March 2021 until February 2022. Policy rate adjustments are consistent with maintaining monetary stability.



Financial Market Overview

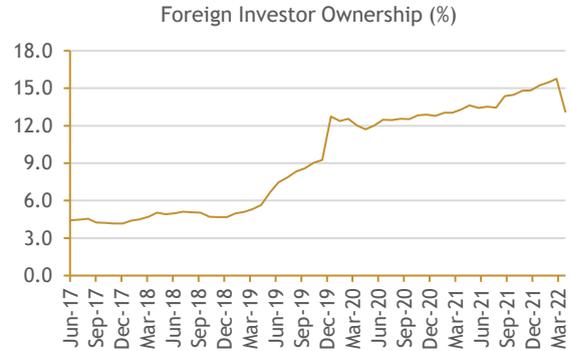
Tadawul and Equity Market Capitalization

The Tadawul Index (TASI) gained 4% MoM in March and 16% on YTD basis. TASI's equity market capitalization stood at SAR 11,963bn in March 2022, from SAR 10,009bn in December 2021.



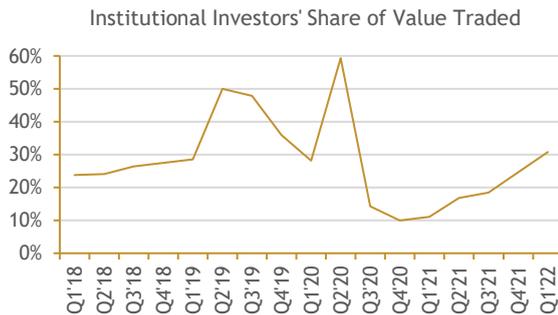
Foreign Investor Ownership

Foreign investor ownership in Saudi stocks decreased to 13.1% (free float) in March 2022 from 15.2% recorded in December 2021. On MoM basis, foreign investors holding value rose 9.4% to SAR 392.4bn as of March, from SAR 358.8bn in February.



Institutional Investors' Share in Value Traded

Institutional investors' share in the total value traded increased in Q1 2022 to a quarterly average of 30.8%, compared to 24.5% in Q4 2021.



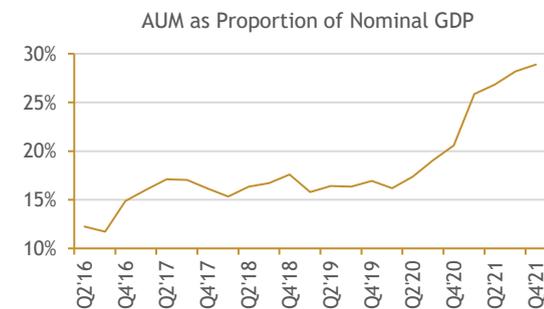
Market Concentration of Top 10 Companies

The market capitalization of the top 10 Tadawul companies remained unchanged at 88% by the end of March 2022, from December 2021.



Assets Under Management (% of GDP)

Assets under management (AUM) as a percentage of nominal GDP decreased to 26.1% in Q1 2022 from 28.9% in Q4 2021. AUM rose 20.2% YoY and 7.7% on QoQ basis.



Financial Sector Development Highlights

Under Patronage of HRH Crown Prince, Saudi Arabia to Host Global Entrepreneurship Congress

Under the patronage of His Royal Highness Crown Prince Mohammed bin Salman bin Abdulaziz, Crown Prince, Deputy Prime Minister, and Chairman of the Council of Economic and Development Affairs, the Small and Medium Enterprises General Authority (Monsha'at) organized in Riyadh the Global Entrepreneurship Congress (GEC) in collaboration with the Global Entrepreneurship Network (GEN) during the period of March 27-30, 2022.

Hosting GEC in Riyadh came following the Kingdom's first ranks in the indicators of "Availability of Good Opportunities to Start a Business", "Ease of Starting a Business", "Entrepreneurs' Response to the Pandemic" and "The Kingdom's Government Response to the Pandemic" among 45 states from around the world.

The conference titled Rethink - Reboot - Regenerate was one of the first live global gatherings where investors, policymakers, and community leaders from around the world met to help rebuild the global economy in the post-pandemic world.

Saudi Central Bank organizes a Workshop Titled "The Development of the Islamic Financial Sector" in Cooperation with Islamic Economics Institute

On December 28, 2021, the Saudi Central Bank (SAMA) organized a workshop in Jeddah in cooperation with the Islamic Economics Institute, under the title "The Development of the Islamic Financial Sector: Possibilities and Future Opportunities".

This workshop comes as part of a series of similar workshops purely dedicated to Islamic Finance organized under SAMA's sponsorship to discuss subjects and topics related to the industry.

At the beginning of the workshop, which was opened by Dr. Mohammed Nassief, dean of the Islamic Economics Institute, Dr. Fahad Aldossari, deputy governor for Research and International Affairs at the Central Saudi Bank offered a statement welcoming attendees and referring to the quantitative development of the Islamic Financial industry, stating the following: "The Islamic Financial industry has witnessed a quantitative growth in the size of its assets and its spread on an international level, reaching a total asset size of 10.1 trillion Riyals (2.7 trillion Dollars) in 2020 according the report of the IFSB."

Global Entrepreneurship Congress Sees Signing Agreements and Initiatives worth SAR 16bn on Day One

The Global Entrepreneurship Congress, hosted in Riyadh under the patronage of HRH Prince Mohammed bin Salman bin Abdulaziz, Crown Prince, Deputy Prime Minister and Minister of Defense, witnessed the signing of 33 agreements, and the launch of several investment initiatives worth more than SR16 billion (\$4.2 billion), aimed at supporting entrepreneurship in various fields and enhancing the Kingdom's status as an attractive environment for pioneers, innovators and creators in the Middle East and North Africa.

Saudi Aramco signed ten memoranda of cooperation and two agreements with local and international companies in digital transformation, information technology, and national development, while the Social Development Bank signed agreements with several entities including the Royal Commission in Yanbu and the National Entrepreneurship Institute (Riyadah), and announced the launch of several initiatives to support Empowering entrepreneurs valued at more than SR11 billion (around \$3 billion).

The Saudi Venture Investment Company (SVC) signed agreements with several investment funds at a total of SR2.4 billion (more than \$656 million), while SABIC launched the "Nusaned Fund 2" with Al-Ahly Capital Holding worth SR750 million (\$200 million) to support start-up companies and develop the industrial sector.

Cars24, an automotive e-commerce platform, Lenskart, the largest Asian optical eyewear retail chain, and Kitopi, a cloud-kitchen platform, signed memorandums of understanding (MOU) with the General Authority for Small and Medium Enterprises (Monsha'at) to support entrepreneurs in specialized fields.

"Monsha'at" also signed a MOU with Saudi Authority for Data and Artificial Intelligence to launch the "Ruwad" initiative, and another MOU with the Royal Commission for Jubail and Yanbu, the Saudi Industrial Development Fund, and King Abdullah University of Science and Technology to cooperate in the fields of data, artificial intelligence, and SABIC, to boost cooperation in various initiatives for entrepreneurs and small and medium enterprises. Moreover, an agreement was also signed with Aljabr Finance Company to finance products for entrepreneurs and small and medium enterprises, valued at SR20 million riyals (\$5.33 million).

Saudi Central Bank Issues Governing Rules for Electronic Issuance and Authenticity Verification of Banking Documents

The Saudi Central Bank (SAMA) has announced the issuance of the governing rules for electronic issuance and authenticity verification of banking documents. This comes as part of its continuous efforts to improve the quality and effectiveness of electronic services provided to customers of the banking sector. The aim is to ensure easy financial transactions, save time and effort in obtaining bank documents and certificates, and boost confidence in the authenticity of documents issued electronically.

SAMA stated that the rules include the requirements that banks must observe before issuing bank documents. Additionally, banks are required to provide E-document Verification service; a service to electronically verify the authenticity of electronic and paper documents they issue. Moreover, the document must also state any available method to electronically verify its authenticity.

SAMA pointed out that the rules set out the minimum bank documents required to be issued electronically, which are the most requested by customers, such as bank certificates, debt certificates, and no liability letters. SAMA stressed that banks must comply with the processing times specified under relevant instructions as well as set procedures and measures that ensure compliance with these rules. In this regard, SAMA stated that the rules shall be effective starting from April 1st, 2022.

Saudi Central Bank Organizes Numerous Awareness Raising Events On The Global Money Week (GMW)

The Saudi Central Bank (SAMA) and the Communication and Financial Knowledge Center (CFKC) in the Ministry of Finance will be representing the Kingdom during their participation in the events and activities of this year's Global Money Week (GMW). The annual monetary awareness event organized, by the International Network on Financial Education (INFE) an Organization for Economic Co-operation and Development (OECD), will be held between 21-27 March 2022.

This participation, encompassing many relevant financial sector entities, will deliver several introductory programs and events aiming to raise the level of financial awareness and knowledge within the Saudi community to enable its members, especially children and youth, to make sound financial decisions.

As part of its participation in the GMW, SAMA will host an event during which a group of school and university students will have to offer a presentation about the Bank's works, pay a visit to the Currency Museum and attend an awareness-raising lecture dealing with several subjects related to the GMW. SAMA will also be launching an awareness campaign through its social media platforms with the aim of raising the level of financial awareness and knowledge among all segments of the Saudi society.

Saudi Central Bank Announced Pos Terminals in the Kingdom Exceeded One Million

The Saudi Central Bank (SAMA) announced that the number of Point of Sale (PoS) terminals inside the Kingdom has exceeded the one million threshold. These terminals can be found at commercial sales outlets in more than 180 cities and villages.

SAMA attributed this achievement to the strategic plan which was implemented in coordination with the financial sector during the past few years. Additionally, large investments were made to develop the payments infrastructure and improve the regulatory frameworks with the aim of stimulating the private sector towards expanding, innovating and offering financial services to new stakeholders. This will directly contribute to realize an important objective of the Financial Sector Development Program - one of the Saudi Vision 2030 programs - which is reaching 70% digital payments by 2025. Furthermore, the efforts deployed by "Saudi Payments" in terms of developing and operating the infrastructure and enabling financial institutions to provide the latest digital payment technologies has had a significant impact on this achievement as one of the contributing partners in this vital and important sector for the advancement of payments.

Governor Of Saudi Central Bank Honors Two Insurance Companies on their Recent Merger

His Excellency Fahad Almubarak, governor of the Saudi Central Bank (SAMA) honored the chairmen and chief executive officers of Arabian Shield Cooperative Insurance Company and Alahli Takaful Company for their successful recent merger, which marks the fourth merger in the insurance sector during the last two years. Almubarak stated that this and the previous mergers have demonstrated that the initiatives by the Central Bank in support of the insurance sector go on the right track towards promoting the insurance industry and improving its operational and financial performance.

His Excellency affirmed that SAMA shall continue to be proactive in its approach to encourage merger and acquisition activities within the insurance sector, as part of the SAMA's commitment to achieve the objectives and programs of the Kingdom's Vision 2030, and particularly the Financial Sector Development Program, which gave special emphasis to the insurance sector given its significant role in helping businesses mitigating risk and therefore providing protection to the national economy and contributing to economic stability and growth. His Excellency urged insurance companies to pursue merger and acquisitions opportunities to strengthen their competitive position in the market, increase innovative capacity to create new insurance products and services, improve operational efficiency, reduce expenses, and attract and retain qualified and skilled workforce.



Saudi Central Bank Organizes its Quarterly Islamic Finance Workshop

On March 7, 2022, the Saudi Central Bank (SAMA) organized virtually its quarterly Islamic Finance workshop titled "the Role of Financial Inclusion in enhancing the Islamic Finance Industry both in Theory and Practice", which was attended by many of the industry's experts and stakeholders.

The event came as part of a series of quarterly workshops organized by SAMA to discuss various topics and subjects related to the Islamic Finance Industry, while going over efforts made by SAMA to enhancing Financial Inclusion within the Kingdom, and the role it plays in improving financial service accessibility, increasing economic growth in line with Saudi Vision 2030, facilitating individual and institutional access to licensed financial services and products and aiding their integration into the official financial system, strengthening consumers protection and ultimately leading to more transparency and fairness between all parties involved in financial transactions.

The Minister of Finance and the Governor of Saudi Central Bank Thank the Leadership for the Approval to License the Third Digital Bank

His Excellency the Minister of Finance, Mohammed Al-Jadaan, and His Excellency the Governor of the Saudi Central Bank (SAMA), Fahad Almubarak expressed their gratitude and appreciation to the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz Al-Saud and His Royal Highness Mohammad bin Salman, the Crown Prince, Deputy Prime Minister and Minister of Defense (May Allah protect them), for the Counsel of Ministers' approval to license for a local digital bank in the name of "D360 Bank". The digital bank will be established with a capital of 1.65 billion Saudi Riyals through a consortium of individual and corporate investors, with the Public Investment Fund as one of the key investors and will be led by Derayah Financial Company. The establishment of D360 Bank comes as an extension of the continuous support of the Kingdom's leadership towards various sectors, including the financial sector.

Saudi Central Bank Permits 3 New Fintech Companies to Provide Open Banking Solutions through its Regulatory Sandbox

The Saudi Central Bank (SAMA) announced granting "Bwatech", "Rabet", and "Mala'a", the permit to operate under its Regulatory Sandbox, bringing the total number of its permitted FinTech companies to 35. The announcement came during the Global Entrepreneurship Congress sponsored by His Royal Highness Prince Mohammad bin Salman, the Crown Prince, Deputy Prime Minister and Minister of Defense. The conference held from 27 to 30 March 2022 in Riyadh, under the slogan "Reboot, Rethink and Regenerate." was organized by the Small and Medium Enterprises General Authority (Monsha'at) in cooperation with the Global Entrepreneurship Network (GEN).

Saudi Central Bank Licenses 3 New Fintech Companies Specialized In Finance And Payment

The Saudi Central Bank (SAMA) announced the licensing of three new companies specialized in finance and electronic payments, during the Global Entrepreneurship Congress sponsored by His Royal Highness Mohammad bin Salman, the Crown Prince, Deputy Prime Minister and Minister of Defense. The conference held from 27-30 March 2022 in Riyadh, under the slogan "Reboot, Rethink and Regenerate." was organized by the Small and Medium Enterprises General Authority (Monsha'at) in cooperation with the Global Entrepreneurship Network (GEN).

SAMA stated that the license was granted to a new financial technology company specialized in electronic payments named Etihad Fintech Company "Mobily Pay". The newly licensed company is now eligible to provide e-wallet payment services in the Kingdom; and thus, bringing the total number of payment companies licensed by SAMA to 17, in addition to 8 companies that were granted an "In-principle Approval".

SAMA also kick-started the licensing of Debt-based Crowdfunding by granting "Lendo"- a closed joint stock company with a capital of five million riyals, the license to conduct these kinds of financial activities within the Kingdom after a successful trial ran through SAMA's Regulatory Sandbox dedicated to innovative financial products and services within Saudi Arabia.

The Saudi Central Bank also followed-up on the licensing of Consumer Microfinance Activities by issuing a second license to "FinZey" - a closed joint stock company with a capital of 20 million riyals specialized in these kinds of financial activities.

Saudi Central Bank Announces the Extension of Guaranteed Financing Program for One Year

The Saudi Central Bank (SAMA) announces the extension of the Guaranteed Financing Program - one of SAMA's Private Sector Financing Support Programs - for one more year until "March 14th, 2023", for micro, small and medium enterprises (MSMEs). This step is consistent with SAMA's mandate of promoting financial sector stability, supporting economic growth, and enhancing the Saudi Central Bank's support to MSMEs growth and to overcome challenges that arise from 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 Funding Guarantee Program "Kafalah".

It is worth noting that, since launching on March 14th, 2020 to date, the Guaranteed Financing Program has benefited more than 13 thousand contracts with a total financing value exceeding 11 billion Riyals.

Saudi Central Bank Opens Public Consultation on Amendment of Article 16 of the Implementing Regulation of the Finance Companies Control Law

The Saudi Central Bank (SAMA) announces opening a public consultation on the draft amendment of article 16 of the Implementing Regulation of the Finance Companies Control Law. In this context, SAMA invites suggestions and observations from professionals and the public in the spirit of transparency and wider participation.

This comes as part of SAMA's on-going efforts to review Implementing Regulations of the Finance Companies Control Laws to ensure efficacy and soundness of the financial sector to operate in a competitive environment.

SAMA clarified that the draft seeks to reformulate article 16 of the Implementing Regulation of the Finance Companies Control Law to allow finance institutions to practice finance activities without stipulating the prohibition of combining any of the finance activities. It is for SAMA to restrict the licensing with certain conditions.

Saudi Central Bank Updates Rules for Practicing Debt Crowdfunding Activities

This step comes in line with SAMA's continued efforts to develop the finance sector and to keep abreast of recent development in the finance industry as well as support Fintech that led to the emergence of a number of Fintech companies.

SAMA clarified that the updated rules aim to redefine the beneficiary to include all commercial establishments registered in the Kingdom of Saudi Arabia that seek to obtain financing through the debt crowdfunding platform, and adding the definition of aggregate accounts to ensure complete separation between the funds of the participants in the financing process and the funds of the crowdfunding facility. In addition, it determines the allowed ceiling crowdfunding based on the capital criterion by amending Article (Twenty-Eighth).

Saudi Central Bank Launches Cila Diploma Program

The Saudi Central Bank (SAMA) has recently launched a training program in the field of loss adjustment (CILA Diploma), in cooperation with the Financial Academy in Riyadh. The program is designed for Saudi employees working in the insurance sector in a bid to national cadres as part of the financial sector development program (FSDP) under Saudi Vision 2030.

The program, which lasts for 10 months, aims at improving professional competence of the Saudi male and female staff in the insurance sector by focusing on essential principles of insurance and settlement, claim handling, and principles of professional practice.

Trainees who pass the program will receive a diploma in loss adjustment (CILA Diploma), which is approved by the Chartered Institute of Loss Adjusters (CILA).

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

As part of the Capital Market Authority's ("CMA") strategic objectives to regulate and develop the capital market and promote confidence of its participants, the Board has issued several resolutions regarding the approval of regulations and regulatory rules, which included the following:

- The rules and procedures of the Post-Trade Project and the amendments of the glossary of defined terms used in the exchange rules
- The regulation on the reporting of violations of the capital market law
- The amended listing rules
- The rules on the offer of securities and continuing obligations to regulate an additional option for capital increase
- The resolution of securities disputes proceedings regulation
- The instructions on direct financing investment funds

These amendments approved by the Authority come to regulate and develop the capital market and the aspects necessary to enhance institutional investment and raise the level of services provided to investors.

Listing and Trading Government Debt Instruments in the Saudi Stock Exchange

Tadawul has approved through Q1 2022 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 (29,076,480,000) and listing of the debt instruments from a class already listed with a total value of SAR (23,553,000,000).

Saudi Central Bank Organizes its Quarterly Workshop on Islamic Finance for 2021 Virtually

The workshop witnessed the participation of numerous Islamic Financial industry experts and interested individuals, and it was held as part of a series of SAMA-sponsored quarterly workshops dedicated to dealing with various topics and subjects related to the Islamic Financial industry.

Over the span of two sessions, two key Islamic Finance topics were discussed, the first of which was the several levels and differing types of sustainability, as well as the importance and the tools of sustainability in Islamic Economics, during a session titled "Islamic Economics and Sustainable Development Goals." As for the second topic, it was discussed during a session labeled "The Various Types of Sukuk and their Role in Sustainable Development" discussing the establishment of Sukuk, their characteristics and the role they play in ensuring sustainable development. The session also delved further into the difference between Sukuk and other types of assets, and it presented the most successful applications and experiences linked to this unique Islamic Finance instrument on both a local and international level.

Saudi Central Bank Opens Public Consultation on Principles and Rules for Financial Consumers Protection

The Saudi Central Bank (SAMA) announces opening a public consultation on the draft principles and rules for the financial consumers' protection. In the interest of transparency and wider participation, SAMA invites stakeholders and public to provide suggestions and observations on the draft by visiting the Public Consultation Platform affiliated to the National Competitiveness Center.

This initiative is part of SAMA's on-going efforts to preserve the rights of consumers in getting fair and transparent treatment in financial services, commensurate with global best practices in this regard.

S&P Affirms Saudi Arabia's Credit Rating 'A-/A-2' Outlook.

S&P has updated its Saudi Arabia's credit rating Outlook Revised to Positive on Improving Fiscal And Economic Growth Dynamics, 'A-/A-2' Ratings Affirmed.

The credit rating agency, S&P, updated its outlook for the Kingdom of Saudi Arabia from a stable outlook to a positive outlook, and at the same time, the agency affirmed the long- and short-term foreign and local currency sovereign credit ratings to "A- / A-2". The positive outlook reflects the improved GDP growth and public finances in the medium term, linked to the Kingdom's recovery from the COVID-19 pandemic impact, developments in the oil sector, and ongoing government reform programs.

The Capital Market Authority Publishes the Draft of Developing the Regulations and the Regulatory Rules of the Capital Market for Public Consultation

As part of the Capital Market Authority's ("CMA") strategic objectives to regulate and develop the capital market. The CMA Board issued several resolutions during the first quarter of 2022, which included the publication of the following drafts for public Consultation:

- Securities Exchanges and Depository Centers Regulations
- instructions for Shariah Governance in Capital Market Institutions
- the Instructions for Book Building Process and Allocation Method in Initial Public Offerings (IPOs)
- the Rules for Registering Auditors of Entities Subject to the Authority's Supervision

NDMC Publishes 2022 Annual Borrowing Plan

NDMC Board of Directors, chaired by H.E the Minister of Finance, Mohammed bin Abdullah Al-Jadaan, endorsed the 2022 annual borrowing plan during its last meeting. The plan highlighted the expectation of debt levels stability in accordance with the government's general budget statement for the fiscal year 2022. In addition, the plan also highlighted that the NDMC will continue to proactively monitor the market taking into consideration interest rate movements and will be seizing opportunities that will enhance the characteristics of the Kingdom's debt portfolio.

As per 2022 official budget statement, public debt is estimated to remain at approximately SAR 938bn by 2022 year-end. Hence, the funding requirement for 2022 will mainly focus on debt refinancing which amounts to approximately SAR 43bn. Based on market conditions throughout 2022 and while maintaining the current debt strategy, the government might consider additional tactical funding activities through the available funding channels, either domestically or internationally including debt capital markets and/or government alternative financing to fund opportunities that will promote economic growth such as capital expenditures and infrastructure financing.



The Capital Market Authority Announces the Approval on the Registration and Offering Shares of Several Companies in the Capital Market

The Capital Market Authority announced the issuance of several resolutions by the authority's Board in the first quarter of 2022 regarding the approval of requests for Initial Public Offering of Abdullah Al-Othaim Investment Company's Shares, and Retail Urban Development Company's Shares in the main market.

The Board also issued approval for the registration and offering shares of the following companies in the parallel market:

1. Amwaj International Company
2. Arabian Food & Dairy Factories Company
3. Ladun Investment Company

As well as approving the registration of the shares of Aqaseem Factory for Chemicals and Plastics Company, Naseej Communications and Information Technology Company, and National Environmental Recycling Company for the purpose of direct listing in the parallel market (Nomu).

The Capital Market Authority Approves the Offer and Register of "Alkhabeer Growth & Income Traded Fund" units and the Public Offering of "Miyar Morabaha Fund" in the Capital market

The Capital Market Authority announces that it has issued its resolution approving Alkhabeer Capital Company's request to offer and register "Alkhabeer Growth & Income Traded Fund" units on the Saudi Stock Exchange (Tadawul) as a Closed-ended Traded Fund, as well as approving the public offer, of "Miyar Morabaha Fund."

With a Value Exceeding SAR 25 billion, the National Debt Management Center Successfully Completed Arranging the Third Early Repurchasing Transaction of the Kingdom

The National Debt Management Center (NDMC) announced the completion of an early redemption of a portion of the Issuer's outstanding bonds and sukuk maturing in 2023, 2024 and 2026 with a total value exceeded SAR 25 billion in addition to an issuance of new Sukuk under the Sukuk Issuance Programme in Saudi Riyal with a total value around SAR 26.2 billion (Twenty-six billion and two hundred million Saudi Riyals). This transaction is one of the NDMC's initiatives to unify the Kingdom's domestic issuances under the Sukuk Issuance Programme in Saudi Riyal, that represents the third phase of this initiative which was started in 2020 and it will continue until unifying all domestic debt outstanding.

The National Debt Management Center wins two awards at the Saudi Capital Markets Conference

The NDMC was awarded the "Best Debt Capital Markets Deal of the Year 2021" and the "Middle East Sovereign Funding Team of the Year 2020" awards at the Saudi Capital Markets Conference. The "Best Debt Capital Markets Deal of the Year 2021" award comes after the NDMC arranged the issuance of EUR denominated bond amounting to EUR 1.5 bn to become the largest negative yield issuance ever executed outside the EU with 3.3 times coverage ratio, equivalent to EUR 5 bn.

NDMC's achievement as the best Sovereign Funding Team in the Middle East displays its role in broadening the investor base, opening communication channels with the investors internationally, and securing the Kingdom's financial needs in the short, medium and long term at fair costs and risk levels that comply with the Kingdom's fiscal policy by ensuring sustainable access to all funding channels.

Fitch Revises Saudi Arabia's Outlook from Stable to Positive and affirms "A" Credit Rating

The international credit rating agency "Fitch" updated its credit report for Saudi Arabia affirming its "A" rating for the Kingdom and revising the stable outlook from its July 2021 rating to positive.

According to the Agency, the outlook revision reflects the Kingdom's improvements in the sovereign balance sheet given higher oil revenue driven by increase in oil prices, commitment to fiscal consolidation and implementation of various plans to diversify the economy.

Financial Sector Development Program KPI's

Program KPIs	Baseline	Status	2025 Target
Value of investments in private equity and venture capital, M SAR	9,304	15,368	11,404
Debt as % of GDP	14%	24.5%	24.1%
Life GWP per capita, SAR***	33.16	50	45
Total market capitalization (shares) as % of GDP*	66.52%	108%	80.8%
Share of investment accounts opened through eKYC	82%	94%	=>70%
Share of non-cash transactions, %	36%	57%	70%
Banking sector assets, B SAR	2,631	3,370	3,515
Total GWP to GDP non-oil, %***	1.9%	1.9%	2.4%
Coverage ratio of Health insurance schemes, %***	33%	28%	45%
Coverage ratio of Motor insurance schemes, %**	39.6%	47.06%	77%
# Of Fintech players	-	22	30
SME loans as % of bank loans***	5.7%	7.8%	11%
Credit to private sector, Bn SAR***	1,510	1,990	2,053.2
Number of listings in Capital Market	6	17	26
Assets under Management, as % of GDP	16.94%	26.1%	31%
Institutional investors' share of value traded %	35.96%	30.8%	44%
Foreign Investor Ownership of the equity market cap (free float), in %	13.3%	13.1%	17.5%

*Excluding Aramco

**As per SAMA's data

***Q4 2021 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.

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