

CAPITAL MARKET OVERVIEW

Saudi
Exchange

FIRST QUARTER 2022

www.saudiexchange.sa



FOREWORD

**Mohammed
Al Rumaih**

CEO of Saudi Exchange



The first quarter of 2022 has been a successful period for the Saudi capital market, and we are delighted to share the highlights in our first quarterly Capital Market Report.

Saudi Exchange is one of the largest exchanges in the world. The market witnesses strong investor activity across asset classes, a robust trading performance and continued international demand for shares of Saudi-listed companies.

Comparing the 1st quarter 2022 with the 4th quarter 2021, the number of trades increased by 12.5%, and the market capitalization for the Main Market increased by 19.52%.

Trading activity during the first quarter of 2022 has demonstrated great interest and increasing participation from international investors in the Saudi capital market.

As of 31st March 2022 and compared to the end of 2021, Qualified Foreign Investors (QFI) ownership reached SAR 318 billion, an increase of 29.3%. This growth is due to our ongoing efforts to enhance market infrastructure and attract local and international investors to the Saudi capital market.

Shortly before the end of the first quarter, Saudi Tadawul Group announced its intention to launch a bundle of enhancements to develop the post trade infrastructure. The new enhancements are the largest in the history of the Saudi capital market and are intended to provide investors with a wide range of investment opportunities and access to a diverse range of financial instruments and new products.

Our ongoing enhancements to the debt market since its launch in 2009 are central to our commitment to delivering a diverse, open, and transparent trading environment for all investors.

During the first quarter 2022 and compared to the fourth quarter 2021, the total value traded of sukuk and bonds increased by 12.19%. IHS Markit's inclusion of the Saudi Government Sukuk market into the iBoxx Global Government Bond Index, which came into effect on January 31, 2022, FTSE Russell's inclusion of Saudi Arabia into the FTSE Emerging Markets Government Bond index, which came into effect in April 2022, and the listing of the Albilad MSCI US equity ETF, the first of its kind to list on Saudi Exchange, are all milestones that contribute to our strategy of growth.

Companies that list on Saudi Exchange span a variety of industries, including utilities, media and entertainment, diversified financials and consumer services. We have seen tremendous growth in the number of listings in our market, witnessing 21 listings (including a closed-ended fund) in 2021 across the Main Market and Nomu - Parallel Market, including the IPO of Saudi Exchange's parent company, Saudi Tadawul Group, in the fourth quarter. The Saudi capital market continues to see great interest from companies looking to list on the Exchange, and has a strong IPO pipeline for the rest of 2022.

The strengthened profile and increased liquidity that a strong IPO pipeline brings to the Saudi capital market will cement our global position and unlock new opportunities for growth.

This is an exciting time for the Saudi Exchange and the wider Saudi market. We are off to a strong start in 2022 as we continue to evolve and grow. I strongly believe that our efforts will increase the Saudi capital market's attractiveness among local and international investors and reinforce our position as the MENA region's exchange of choice for issuers and investors.



Q1 KEY HIGHLIGHTS

SAUDI CAPITAL MARKET

8.48

BILLION SAR

(2.26 BILLION USD)

Average daily value traded during Q1 2022

12.19%

The Q-on-Q growth of the value traded in sukuk & bonds, with 563 trades during Q1 2022

318

BILLION SAR

(85 BILLION USD)

Holding value of Qualified Foreign Investors at the end of Q1 2022



The Saudi Arabian Economic Backdrop

(Based on data available at the time of publication)

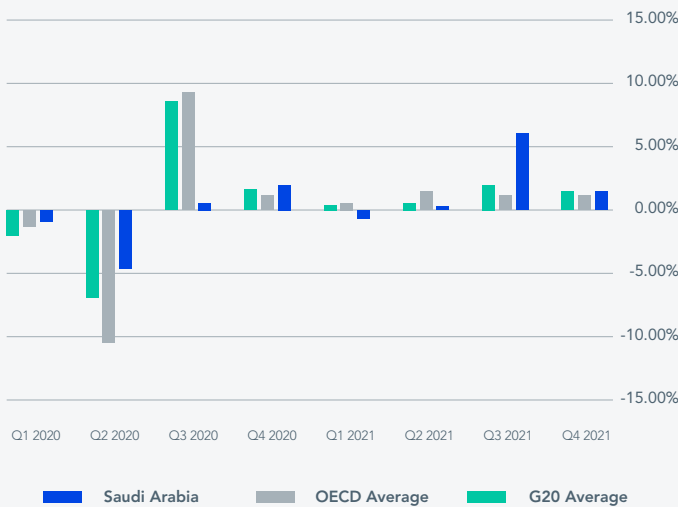
Over the course of 2021, most key economic indicators improved in Saudi Arabia, demonstrating continued economic strength as well as business and investor confidence. As confidence continues to increase post-pandemic both internationally and locally, the Kingdom has benefited from momentum in government sector output growth and continued non-oil private sector growth. Saudi Arabia's GDP grew by 1.56% in the fourth quarter, ahead of the OECD average of 1.20% and the G20 average of 1.40% for the same period.

Meanwhile, Saudi nationals' unemployment rate decreased to 11% in Q4 of 2021, compared to Q3 of the same year, when it reached 11.3%. Going forward, improving unemployment rates should support a further rebound in the domestic economy.

The inflation rate rose slowly from October to December 2021, after falling sharply at the start of Q3 2021 to the lowest levels seen since 2019. Inflation at the beginning of Q3 2021 was 0.4% (in July), before rising to 0.6% in September to end the quarter. In Q4, inflation continued to rise slightly, increasing from 0.8% in October to 1.2% by December. Moving into Q1 2022, inflation has continued its gradual upward trend. After remaining at 1.2% in January, the inflation rate rose to 1.6% in February, doubling over the four-month period since October 2021.

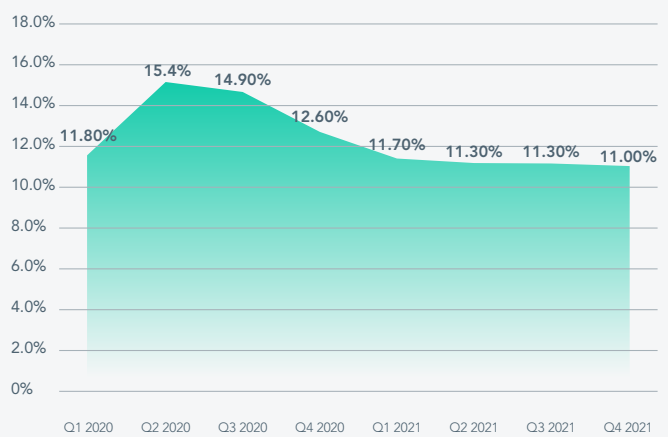
Looking ahead to the rest of the year, Saudi Arabia continues to be well positioned to carry the positive trends seen last year further into 2022.

GDP GROWTH Q-ON-Q



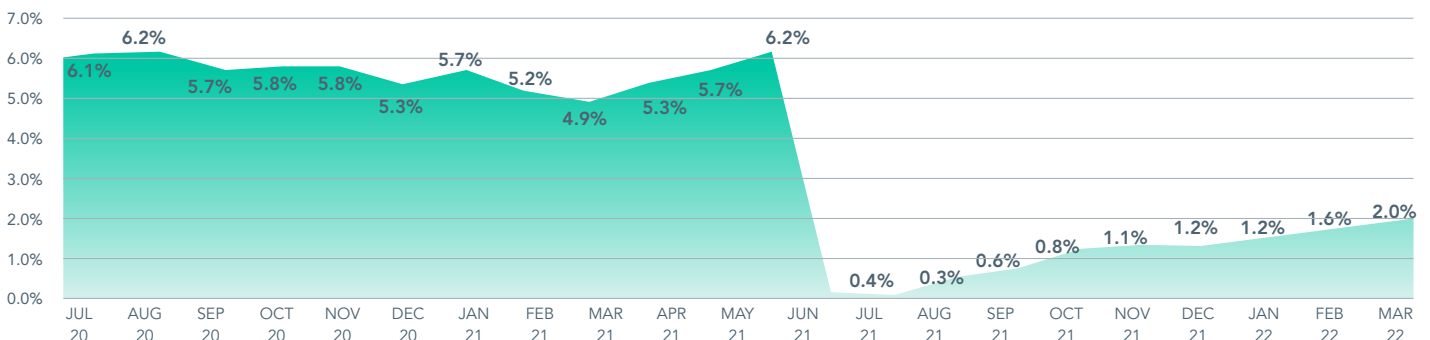
SOURCE: GDP AND SPENDING - QUARTERLY GDP - OECD DATA

SAUDI NATIONALS' UNEMPLOYMENT RATE Q-ON-Q



SOURCE: GENERAL AUTHORITY FOR STATISTICS (STATS.GOV.SA)

INFLATION RATE M-ON-M



SOURCE: INFLATION RATE (SAMA.GOV.SA)



Market Enhancements

Saudi Tadawul Group launches a bundle of enhancements to develop the post-trade infrastructure (March 2022)

The enhancements, which are the largest in the history of the Saudi capital market, provide investors and market participants with a wide range of investment opportunities and enable access to new and diversified financial instruments to manage risk and benefit from market movements. They enhance investor access, improve risk management tools, and enhance trade and post-trade services for entities operating in the Saudi capital market such as capital market institutions and banks.

Saudi Exchange complies with the IOSCO Principles for Financial Benchmarks (January 2022)

Saudi Exchange adopted the International Organizations of Securities Commissions (IOSCO) Principles for Financial Benchmarks, aiming to strengthen governance and transparency for all participants in the Saudi capital market. The principles address conflicts of interest in the financial benchmark-setting process, increasing transparency and enhancing the reliability of benchmark determinations for market participants, which will reinforce the attractiveness of the Saudi capital market as a global investment destination.

Saudi Exchange celebrates the listing of Albilad MSCI US Equity ETF by Albilad Capital (March 2022)

The Albilad MSCI US Equity ETF is the first ETF listed on the Saudi Exchange based on an international equity index. Saudi Exchange now has seven listed ETFs with a market capitalization of 1.6 billion Saudi Riyals, giving investors diversified, low-cost, and flexible access to a range of asset classes including listed local and international equities, petrochemicals, Government Sukuk and precious metals.



Muqassa Leadership Insights



In March 2022, Saudi Tadawul Group and its subsidiaries announced their intention to launch a bundle of enhancements to develop the post-trade infrastructure of the Saudi capital market. Muqassa, the securities clearing center company, played a key role in the launch of these enhancements, which support the continuous development of the Saudi capital market into a technologically advanced, diverse, and integrated capital market.

Wael Al Hazzani, CEO of Muqassa, shares insights on the enhancements and what they mean for the Saudi capital market.

What are the post-trade enhancements that were implemented in April?

Saudi Tadawul Group and its subsidiaries introduced a bundle of enhancements as part of the Group's post-trade program, which aims to improve post-trade infrastructure across the Saudi capital market. The enhancements were launched to strengthen market infrastructure and efficiency, expand investor access, improve risk management tools, and enhance trading and post-trade services for market institutions. Importantly, these enhancements help to bring our market infrastructure in line with global standards, which will help us achieve our ambition of increasing the attractiveness of the Saudi market among local and global investors.

What enhancements have you launched at Muqassa, specifically?

In recent years, we have made significant strides in our efforts to support the development of an advanced capital market, which is a core pillar of Vision 2030's Financial Sector Development Program (FSDP).

In line with international best practices, Muqassa will now extend its clearing service to cover all asset classes traded on the Saudi Exchange, including equities, fixed income and exchange traded funds (ETFs) clearing. This will, in turn, facilitate the introduction of new products and services to the market – which is crucial to our continued

commitment to develop a leading market infrastructure and offering. Moreover, another important enhancement, Clearing Membership, which will allow Capital Market Institutions, clearing members and banks to benefit from an enhanced degree of clearing service offerings. Additionally, Muqassa has extended post-trade services to include rectifying trade before settlement, average price trades and split-price trades.

In addition to that, Muqassa has recently extended its services to cover clearing repurchase agreements (repo) concluded through bilateral negotiations between buyers and sellers outside the market.

How will the enhancements benefit market members and investors?

The enhancements were developed to improve the experience, access and security for market members and investors. The enhancements provide investors with a broad range of investment opportunities and enable access to new and diversified asset classes that will allow them to manage their risk and benefit from market movements. Moreover, the enhancements will contribute to market stability through improved governance and an enhanced regulatory framework to ensure seamless and secure post-trade activities.

After the implementation of the enhancements, we were pleased to welcome 29 new clearing members to the Saudi capital market across three categories, General Clearing Members, Direct Clearing Members and Non-Clearing Members. Muqassa now offers clearing services to 36 capital market institutions and banks.



Equities

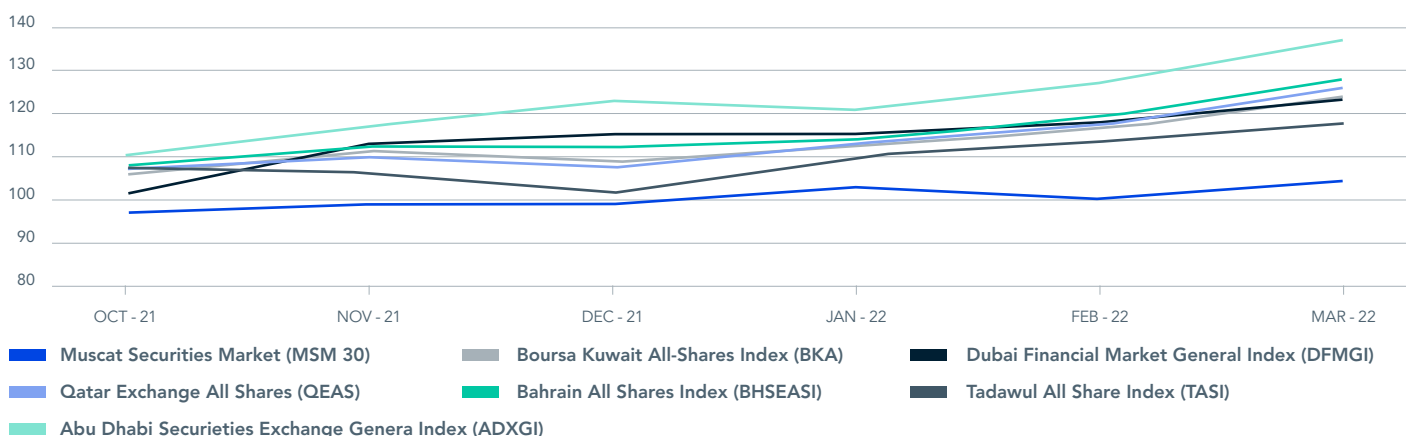
Saudi Exchange's Main Market and Nomu – Parallel Market saw steady growth in Q1 2022. The total value traded on Saudi Exchange's Main Market increased by 20.67% compared to the previous quarter, and the total value traded on the Nomu – Parallel Market increased by 85.24%.

The Nomu – Parallel Market also added 11 new listed companies in Q1 2022, bringing its total to 25.

Main Market - Q1 2022		Nomu - Parallel Market - Q1 2022	
11.9 trillion (19.52%) ↑ Market capitalization (SAR)	542.8 billion (20.67%) ↑ Value traded (SAR)	38.5 billion (102.42%) ↑ Market capitalization (SAR)	7.1 billion (85.24%) ↑ Value traded (SAR)
215 Listed Companies	13,090.40 (16.03%) ↑ Tadawul All Share Index (TASI) Closing	25 Listed Companies	25,010.01 (3.72%) ↓ Parallel Market Capped Index (NomuC) Closing

During the first quarter of 2022, all GCC indexes performed well, with Abu Dhabi, Bahrain and Saudi Arabia among the best performers in March.

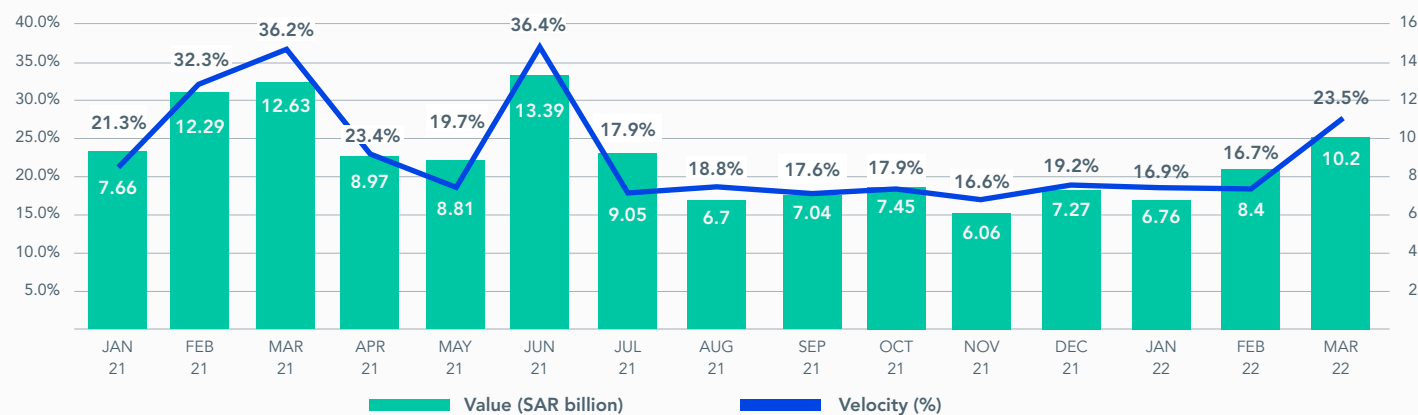
PERFORMANCE OF GCC MARKETS IN Q1 2022



Source: Bloomberg Terminal

Average daily value traded in the Saudi capital market increased month by month, from SAR 6.76 billion in January to SAR 10.20 billion in March.

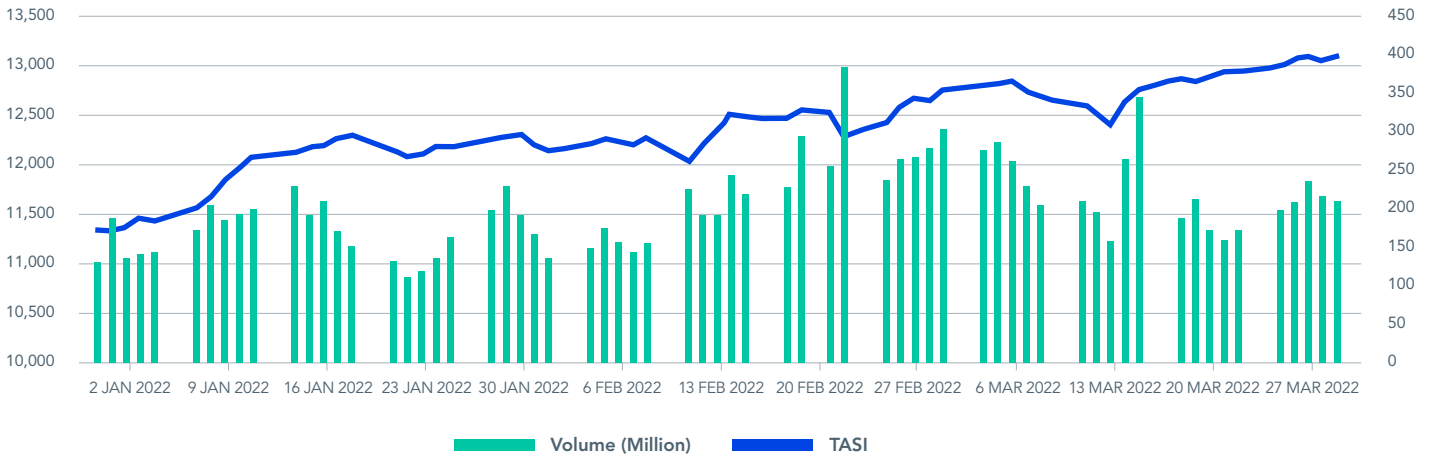
AVERAGE DAILY VALUE TRADED & VELOCITY



Source: Bloomberg Terminal



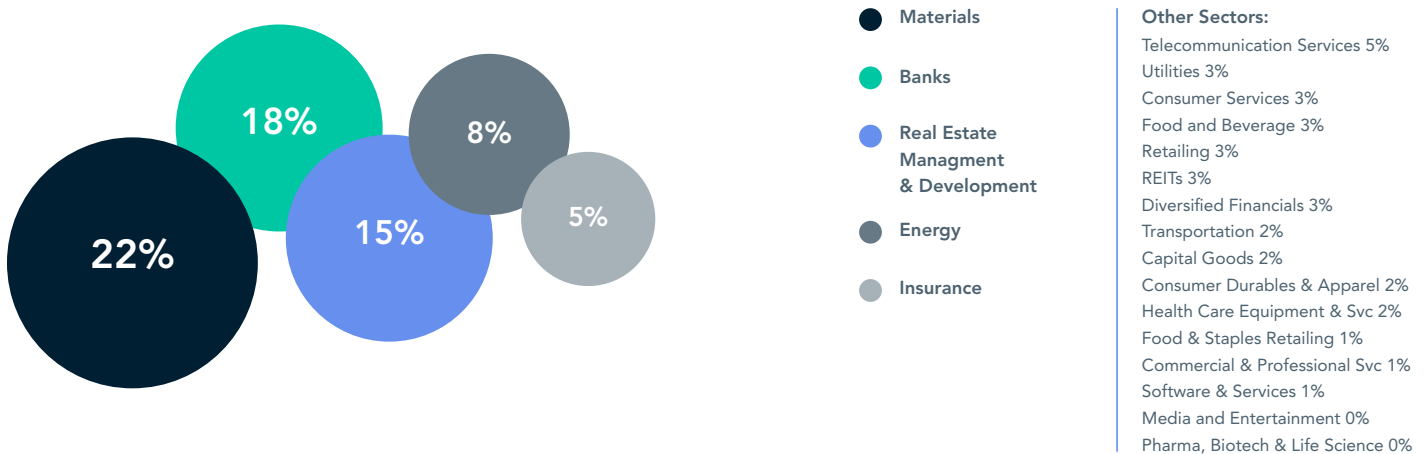
PERFORMANCE OF TASI & VOLUME TRADED



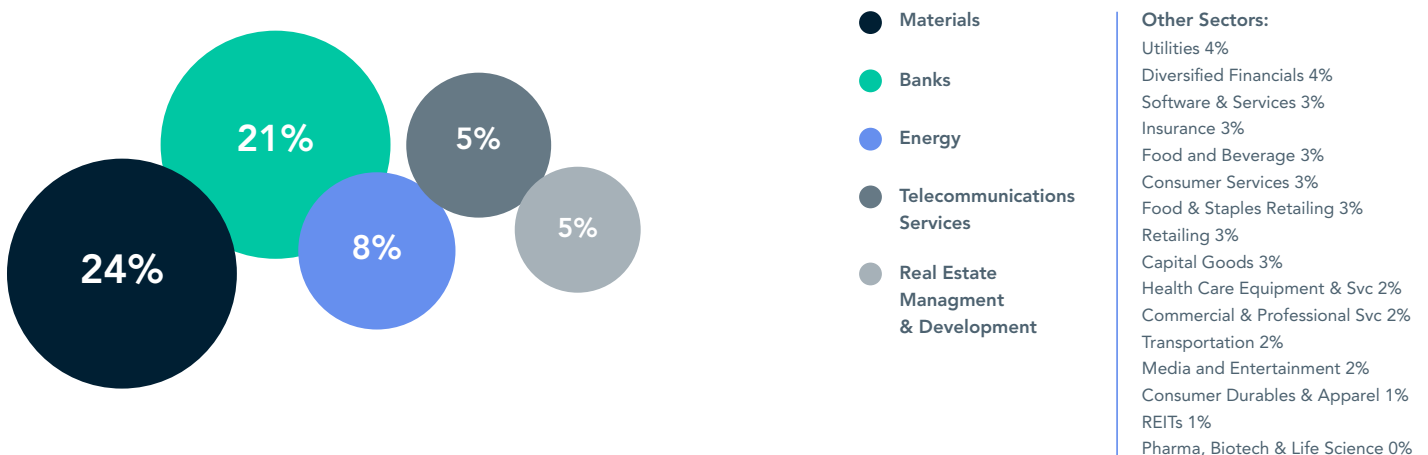
Source: Bloomberg Terminal

During Q1 2022, materials was the most active industry group in term of volume traded, followed by banks and real estate management & development. Materials was also the most active industry group with respect to value traded.

TOP 5 INDUSTRY GROUPS TRADED BY VOLUME - Q1 2022



TOP 5 INDUSTRY GROUPS TRADED BY VALUE - Q1 2022



Source: Saudi Tadawul Group



Sukuk & Bonds

At the end of Q1 2022 and with six new listings, the total size of issuance of sukuk & bonds grew by 5.77% and reached SAR 488 billion. The value traded also increased by 12.19%.

Sukuk / Bonds – Q1 2022 Overview

488 billion (5.77%) ↑

Total Size of Issuance (SAR)

981.63 (2.21%) ↓

Sukuk and Bonds Market Index closing

82

Listed sukuk and bonds

Q1 2022 VS. Q4 2021

Number of Trades

563 (23.71%) ↓

Value Traded (SAR)

4.81 Billion (12.19%) ↑

Nominal Value Traded (SAR)

4.73 Billion (11.12%) ↑

SUKUK & BONDS TOTAL SIZE OF ISSUANCE AND VALUE TRADED



*As at the end of the quarter



Derivatives

During Q1 2022, the volume traded of derivatives contracts reached 265 compared to 65 during Q4 2021, an increase of 307.70%.

For the same periods, the value traded of derivative contracts reached SAR 45.31 million compared to SAR 10.56 million, an increase of 329.07%.

Derivatives – Q1 2022 Overview

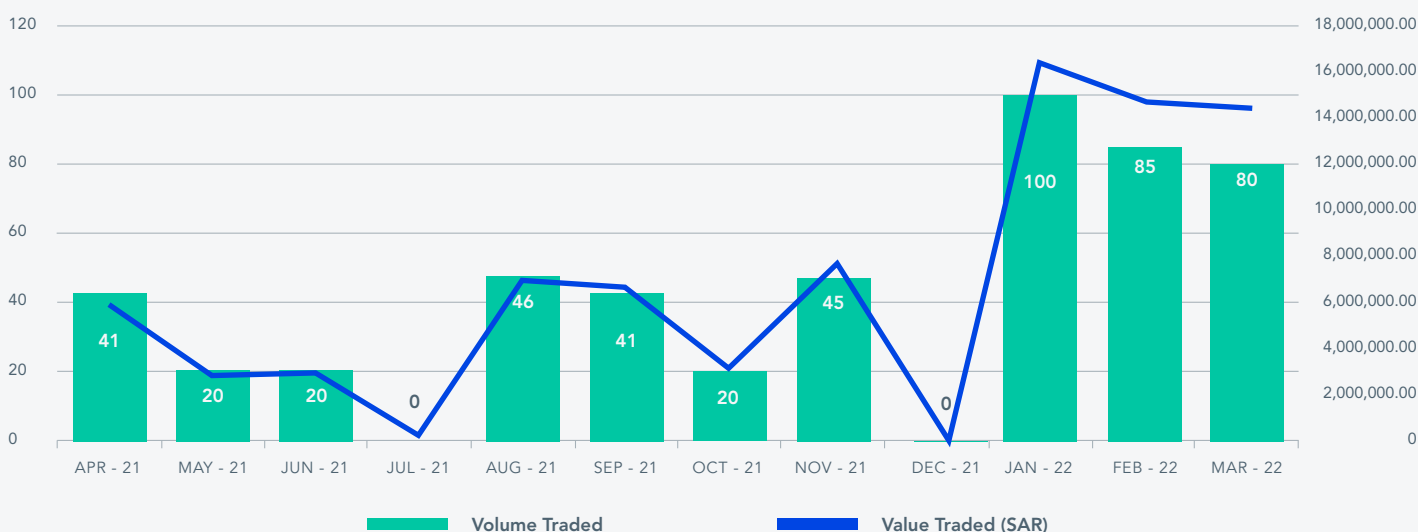
45.31 million
Value Traded

17
Number of Trades

DERIVATIVES MONTHLY TRADING STATISTICS – Q1 2022

Month	Volume Traded	Value Traded (SAR)	Number of Trades
January 2022	100	16,315,500	6
February 2022	85	14,623,500	6
March 2022	80	14,375,750	5

VOLUME & VALUE TRADED OF DERIVATIVES CONTRACTS





Ownership

Ownership of firms listed on Saudi Exchange is becoming increasingly institutional and international in nature. At the end of Q1 2022, the holdings of foreign investors in the Main Market and Nomu Parallel Market reached SAR 392.41 billion and SAR 488.70 million respectively. Saudi Exchange has worked closely with the Capital Market Authority to make the Saudi market attractive to international investors by improving market function and efficiency, expanding access, improving corporate governance, and increasing transparency, which has led to increased foreign participation in the Saudi capital market.

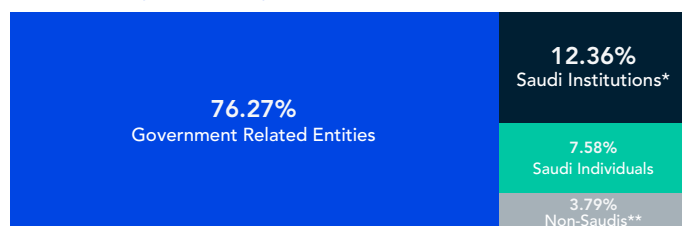
Foreign Investor Ownership* - Q1 2022 Overview

392.41 billion
Main Market Holding Value (SAR)

488.71 million
Nomu - Parallel Market Holding Value (SAR)

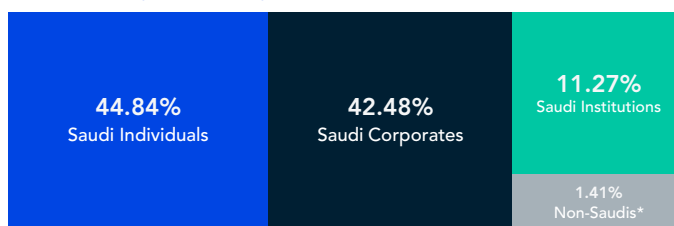
*Includes SWAP Holders, Foreign Residents & Others, QFIs, Foreign DPMs and Foreign Strategic Investors

Ownership by Investor Type Q1 2022 (Main Market)



*Excluding GREs
**Includes (Foreign & GCC)

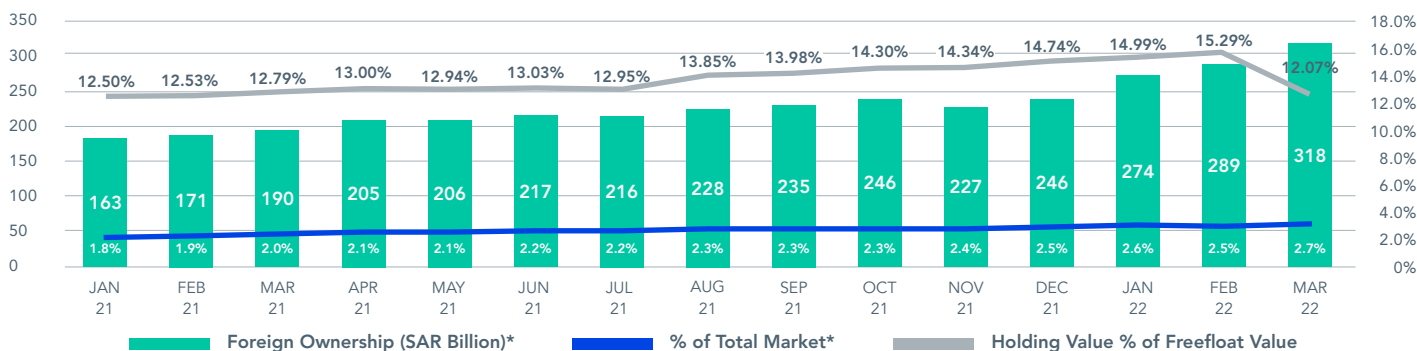
Ownership by Investor Type Q1 2022 (Nomu Parallel Market)



*Includes (Foreign & GCC)

QFIs are playing a significant role in the Saudi Exchange. At the end of Q1 2022 QFIs' holdings in the listed companies on the Main Market reached SAR 318 billion.

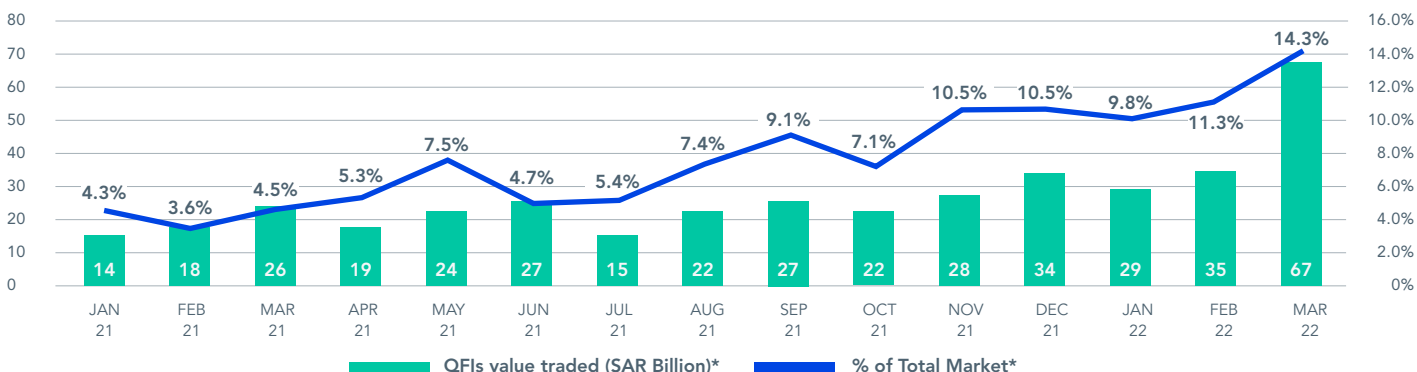
QFI OWNERSHIP (BILLION SAR)



* As at the end of the month

During Q1 2022, QFIs value traded reached SAR 131 billion compared to SAR 84 billion during Q4 2021, an increase of 55.95%.

QFI TRADING VALUE (BILLION SAR)



* As at the end of the month

