The fourth quarter of 2022 marked the conclusion of a year of robust economic growth for Saudi Arabia, despite ongoing volatility and turbulence across markets in our region and around the world. Such economic resilience is a testament to the strength of the Kingdom’s continued development.

Looking deeper at the environment leading up to the strong fourth quarter, data from the Organization for Economic Co-operation and Development (OECD) reveals that Saudi Arabia’s GDP grew by 2.6% in the third quarter of 2022, far outpacing the 0.4% OECD average GDP growth. The Kingdom’s growth also was double the G20 average GDP growth of 1.3% during the same period.

By the end of the fourth quarter, the market capitalization of the Saudi exchange’s main market reached SAR 9.8 trillion, and the number of newly listed companies continued to grow with seven new listings adding a market cap of over SAR 74.4 billion. In addition, The Saudi Exchange continued to grow its capabilities in the secondary market as witnessed by the accelerated book building transaction for Saudi Tadawul Group that was completed in November 2022 for a size of SAR 2.3 billion.

The Saudi Exchange also saw considerable growth in other areas of our capital market, including Sukuk and Bonds. The number of trades jumped significantly, with 4,236 trades this quarter — a 706.9% rise compared to the third quarter and a 146.7% increase year-on-year. Further, the value traded rose to SAR 4 billion in the fourth quarter – an impressive 62.1% increase compared to the third quarter. The total size of issuance also increased by 2.8% during the quarter.

In the fourth quarter, Nomu – Parallel Market’s market capitalization reached SAR 35 billion. Nomu achieved impressive gains across important metrics. The total value traded rose by 19.5%, from SAR 1.9 billion in the third quarter to SAR 2.4 billion in the fourth quarter, while the daily average value traded increased by 12%, from SAR 32.9 million in the third quarter to SAR 36.8 million in the fourth quarter. In 2017, we launched Nomu to provide an alternative platform for high quality SMEs to access the capital market and help them achieve their growth aspirations. As we approach the 7th anniversary of Nomu we see companies continue to take advantage of this opportunity, with eight new listings in the fourth quarter bringing the total number of listed companies to 46.

The Exchange is focused on attracting new investors and enhancing liquidity in our market by increasing the investment opportunities available to investors across a diverse range of industries. This quarter, materials and banks led trading activity, accounting for roughly 22% and 21% of the value traded on the Saudi Exchange, respectively.

Enabling and encouraging foreign participation in the Saudi capital market is one of the Exchange’s leading priorities. We are working to deliver on this objective through the introduction of far-reaching market enhancements and other initiatives that improve our standing as an international investment destination. In this report, Nayef Al-Athel, Chief of Listing at the Saudi Exchange, discusses cross listings on the Saudi Exchange, our recent link with Muscat Stock Exchange and the opportunities these advancements unlock for issuers and market participants in the region and beyond.

Despite ongoing global volatility, our capital market has proved its strength and continues to hold myriad opportunities for investors looking for growth. This strength and opportunity are bolstered by the Exchange’s efforts to improve our market’s operations and attractiveness – from introducing infrastructure enhancements to driving transparency initiatives.

Mohammed Al Rumaih
CEO of Saudi Exchange
**Q4 KEY HIGHLIGHTS**

**SAUDI CAPITAL MARKET**

- **Average daily value traded during Q4 2022:** 4.79 BILLION SAR (1.3 BILLION USD)
- **Holding value of Qualified Foreign Investors at the end of Q4 2022:** 271 BILLION SAR (72.2 BILLION USD)

- **The Q-on-Q growth of the number of trades in sukuk & bonds; with 4,236 trades during Q4 2022:** 706.9%
In the final quarter of 2022, Saudi Arabia largely continued to enjoy the steady economic growth it experienced throughout much of last year. Saudi Arabia’s GDP grew 2.60% in the third quarter of 2022, over six times the OECD average GDP growth of 0.40%. Saudi Arabia’s positive growth also outperformed that of the G20 average, which witnessed a GDP growth of only 1.30%.

At the same time, the unemployment rate remained relatively flat, rising just 0.20% to 9.90% in the third quarter, up from 9.70% in the second quarter. The slight increase in unemployment is likely influenced by the continued global rise in inflation.

During the fourth quarter, inflation experienced a small 0.20% dip, declining from 3.10% in September to 3.00% in October and then 2.90% in November, before rising again to 3.3% in December. The drop in October represents the first month-on-month decrease since the 0.10% dip between April and May of this year, and November’s 2.90% inflation rate represents a four-month low.

Overall, Saudi Arabia successfully maintained the positive economic momentum built over the course of 2021 through to the end of 2022. Despite the impact of various geopolitical and economic events on global markets, the Kingdom has managed to sustain growth as it continues to recover from the impact of the global pandemic.
Market Enhancements and Updates

AlRajhi bank listed its first public Tier 1 Sukuk (November 2022)

On 10 November 2022, AlRajhi Bank successfully closed a SAR 10 billion public Tier 1 Sukuk offering. Strong demand and participation lead AlRajhi to upsize its target issuance size from SAR 4 billion to SAR 10 billion, without compromising on price (5.5% Fixed Coupon). The transaction had the largest number of investors in the history of the Saudi Sukuk market, with a significant number of corporate investors. The offering’s coverage rate was almost 300% of the original issue size of SAR 4 billion.

Saudi Exchange launches Market Making framework for Equities and Derivatives markets (December 2022)

The Saudi Exchange announced the launch of its Market Making framework for Equities and Derivatives markets, which is intended to ensure the availability of liquidity and increase price formation efficiency in the Saudi capital market. In the framework, all securities listed on the Main Market, Nomu – Parallel Market and Derivatives Market are eligible for Market Making. According to Market Making Regulations, a Market Maker must be an Exchange or Derivatives Exchange member and may act in the capacity of principal on its own account or as an agent on behalf of a client. Market Makers continuously enter buying and selling orders for the relevant listed security during the market open session to ensure the availability of liquidity for that listed security in accordance with Market Making Regulations.

The announcement came as part of the Saudi Exchange’s broader effort to ensure the availability of liquidity and improve market efficiency for issuers and investors.

Americana Restaurants International PLC lists on the Saudi Exchange to become first-ever concurrent offering and dual listing in the GCC (December 2022)

The Saudi Exchange celebrated the dual listing of Americana Restaurants International PLC (Americana) on the Exchange and the Abu Dhabi Securities Exchange (ADX) following a 2019 MOU signed by the exchanges intended to encourage cross listings. Americana Restaurants is the largest restaurant operator in the MENA region and Kazakhstan. The company issued 2.527 billion shares, representing 30% of its issued share capital, and set an offering price of SAR 2.68 per share on the Saudi Exchange. The dual listing followed the Saudi Tadawul Group’s introduction of enhancements over recent years to ease access for regional and international investors to the Saudi capital market. Following upgrades to the post-trade infrastructure, the Securities Depository Center (Edaa) enables the smooth transfer of shares between the Saudi Depository Centre and ADX.

Saudi Exchange and Edaa sign agreements with Muscat Stock Exchange and Muscat Clearing and Depository Company to enable cross listings (December 2022)

The Saudi Exchange, Muscat Stock Exchange, Edaa and Muscat Clearing Company signed agreements allowing companies to cross list on the Saudi and Omani Exchanges. The Exchange signed an agreement with the Muscat Stock Exchange to ensure an orderly market in the trading of shares across the Saudi Exchange and Muscat Stock Exchange, and to share relevant information related to cross-listed securities in both markets as required to fulfill regulatory requirements. Edaa and the Muscat Clearing and Depository Company signed an agreement to enable the smooth transfer of shares between Saudi Arabia and Oman for cross-listed issuers.

The signing of these agreements comes after the Saudi Tadawul Group and Muscat Stock Exchange signed an MOU to enhance trade and encourage collaboration between the two capital markets in 2021.
The Saudi Exchange is continuously working to broaden the reach of the Saudi capital market, by increasing interconnectivity with other capital markets, and investing in world class services and diverse investment opportunities to draw additional international investors to the market. In December 2022, the Saudi Exchange and Edaa signed agreements with the Muscat Stock Exchange (MSX) and Muscat Clearing Depository Company to provide the infrastructure that facilitates cross listings between the two markets. In the same month, the Saudi Tadawul Group signed an MoU with Boursa Kuwait to collaborate on areas of mutual interest. The Saudi Exchange also welcomed its first international issuer, with the listing of Americana Restaurants on the Saudi Exchange and the Abu Dhabi Securities Exchange.

Below, Nayef Al-Athel, Chief of Listing at the Saudi Exchange, discusses the cross-market link with MSX, cross listings on the Saudi Exchange and the opportunities they unlock for issuers and investors in the region and beyond.

What will the cross market links with other markets in the GCC accomplish, and how do these links work?

A cross market link is an agreement between two exchanges that allows an investor to buy a security on one exchange and have the ability to transfer and sell it on another. The cross market link is made possible through establishing full share fungibility between the two Central Securities Depositaries also known as “CSDs”. This allows investors to trade on both markets and reallocate their shares with relative ease.

Cross market links with other exchanges and subsequent cross listings increase trading activity among institutional investors and increase the appeal of participating in our market. Importantly, links help increase liquidity in the market, which can benefit all market participants.

Can you tell us more about the Exchange’s plans around activating links with other exchanges?

The Saudi Exchange and Edaa recently signed agreements to enable cross listing with the Muscat Stock Exchange and Muscat Clearing Depository Company, an exciting development as we continue to grow and expand investment opportunities for local and international investors. The agreements are the result of nearly a year of close collaboration and thoughtful planning with MSX.

We are excited about the opportunities that these cross market links create for issuers and investors and the economic boost it will provide to the broader region.

Can you tell us more about cross listings on the Saudi Exchange?

In the fourth quarter of 2022, Americana Restaurants became the first international company to dual list concurrently on ADX and the Saudi Exchange. A dual or cross listing is when a company lists its shares on more than one stock exchange.

Moving into 2023, we are actively encouraging non-Saudi issuers to list on the Saudi Exchange. Such cross listings not only provide an exciting opportunity for investors, but they yield significant benefits for the companies. Companies that cross list on the Saudi Exchange gain access to a broader pool of capital and reap the benefits of gaining brand recognition and exposure in a new market. Moreover, as an Exchange, we actively support our listed companies by guiding them in the development of their IR function and in staying ahead of the curve on elements of doing business that investors care about, such as ESG.

The introduction of cross listings exemplifies the Saudi Exchange’s ability to develop best-in-class infrastructure that links GCC capital markets and increases the profile of the region among investors internationally.

What is driving the Exchange’s decision to encourage links and cross listings?

Saudi Arabia is undergoing a far-reaching transformation under Vision 2030. At the Saudi Tadawul Group, we are playing an important role in this transformation by developing a technologically advanced, diverse and integrated capital market, which is a core pillar of the Financial Sector Development Program as it supports Vision 2030.

The introduction of cross market links that facilitate cross listings is a tremendous opportunity to help both the companies that cross list and capital markets more broadly, serving as a meaningful way for both to reach a broader set of investors. Links and cross listings greatly improve the diversity and depth of capital markets through increased interconnectivity and exposure to a broader pool of market participants – benefiting investors and listing companies.
Equities

The Saudi Exchange’s Main Market and Nomu – Parallel Market declined in Q4 2022; however, the number of listed companies grew across both markets.

The total value traded on the Saudi Exchange’s Main Market decreased by 15.40% from the previous quarter, and the market capitalization decreased by 8.81%. Still, the number of newly listed companies continued to grow with seven new companies listing on the Main Market during the quarter.

The Nomu – Parallel Market grew both in terms of total listings and value traded, adding eight new listed companies in the fourth quarter, with its value traded increasing by 19.45%.

### Main Market - Q4 2022
- **Market capitalization (SAR)**: 9.87 trillion (-8.81%)
- **Value traded (SAR)**: 307.16 billion (-15.40%)
- **Listed Companies**: 223 (+7)

### Nomu - Parallel Market - Q4 2022
- **Market capitalization (SAR)**: 35.09 billion (-2.04%)
- **Value traded (SAR)**: 2.35 billion (+19.45%)
- **Listed Companies**: 46 (+8)

Over the Q4 period, average daily traded value dropped slightly from SAR 5.29 billion in October to SAR 5.08 billion in November, only to fall more substantially to SAR 4.01 billion by the end of the quarter in December.

### AVERAGE DAILY VALUE TRADED & VELOCITY

<table>
<thead>
<tr>
<th>Month</th>
<th>Value (SAR billion)</th>
<th>Velocity (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan 22</td>
<td>6.76</td>
<td>16.9%</td>
</tr>
<tr>
<td>Feb 22</td>
<td>8.40</td>
<td>16.7%</td>
</tr>
<tr>
<td>Mar 22</td>
<td>10.20</td>
<td>23.5%</td>
</tr>
<tr>
<td>Apr 22</td>
<td>9.21</td>
<td>17.7%</td>
</tr>
<tr>
<td>May 22</td>
<td>9.27</td>
<td>16.1%</td>
</tr>
<tr>
<td>Jun 22</td>
<td>6.54</td>
<td>15.1%</td>
</tr>
<tr>
<td>Jul 22</td>
<td>5.63</td>
<td>9.7%</td>
</tr>
<tr>
<td>Aug 22</td>
<td>6.91</td>
<td>16.7%</td>
</tr>
<tr>
<td>Sep 22</td>
<td>5.43</td>
<td>12.0%</td>
</tr>
<tr>
<td>Oct 22</td>
<td>5.29</td>
<td>13.0%</td>
</tr>
<tr>
<td>Nov 22</td>
<td>5.08</td>
<td>12.5%</td>
</tr>
<tr>
<td>Dec 22</td>
<td>4.01</td>
<td>10.2%</td>
</tr>
</tbody>
</table>

### PERFORMANCE OF TASI & VOLUME TRADED
During the quarter, consumer services and materials were the most active industry groups in terms of volume traded, while materials and banks were the most active in terms of value traded.

**TOP 5 INDUSTRY GROUPS TRADED BY VOLUME - Q4 2022**

- **Consumer Services**: 18.49%
- **Materials**: 16.92%
- **Banks**: 14.45%
- **Real Estate Mgmt & Dev’t**: 10.74%
- **Energy**: 8.79%

**TOP 5 INDUSTRY GROUPS TRADED BY VALUE - Q4 2022**

- **Materials**: 21.84%
- **Banks**: 21.08%
- **Energy**: 8.21%
- **Real Estate Mgmt & Dev’t**: 5.22%
- **Telecommunication Services**: 5.14%
The Saudi Exchange’s total size of sukuk and bonds issuance rose by 2.75% to SAR 525.31 billion in the fourth quarter, with one new listing and four delistings. Sukuk and bonds built on the excellent third quarter performance during the fourth quarter — the number of trades increased significantly by 706.86%, while the value traded rose by 62.08% to reach an impressive SAR 4 billion.

**Sukuk / Bonds – Q4 2022 Overview**

<table>
<thead>
<tr>
<th>Total Size of Issuance (SAR)</th>
<th>Sukuk and Bonds Market Index closing</th>
<th>Listed sukuk and bonds</th>
</tr>
</thead>
<tbody>
<tr>
<td>525.31 (+2.75%)↑</td>
<td>929.72 (-2.80%)↓</td>
<td>74 (-3)↓</td>
</tr>
</tbody>
</table>

**Q4 2022 V. Q3 2022**

<table>
<thead>
<tr>
<th>Number of Trades</th>
<th>Value Traded (SAR)</th>
<th>Nominal Value Traded (SAR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>4,236 (+706.86%)↑</td>
<td>4.00 Billion (+62.08%)↑</td>
<td>4.43 Billion (+75.34%)↑</td>
</tr>
</tbody>
</table>

**SUKUK & BONDS TOTAL SIZE OF ISSUANCE AND VALUE TRADED**

*As at the end of the quarter*
Derivatives

The volume of derivatives contracts traded on the Saudi Exchange in the fourth quarter was 225, a decrease from 301 in the third quarter. However, the total value traded increased to SAR 9.14 million from SAR 4.55 million in the third quarter.

### Derivatives – Q4 2022 Overview

<table>
<thead>
<tr>
<th>9.14 million</th>
<th>Value Traded</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>Number of Trades</td>
</tr>
</tbody>
</table>

### DERIVATIVES MONTHLY TRADING STATISTICS – Q4 2022

<table>
<thead>
<tr>
<th>Month</th>
<th>Volume Traded</th>
<th>Value Traded (SAR)</th>
<th>Number of Trades</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 2022</td>
<td>40</td>
<td>5,009,600</td>
<td>3</td>
</tr>
<tr>
<td>November 2022</td>
<td>185</td>
<td>4,132,250</td>
<td>4</td>
</tr>
<tr>
<td>December 2022</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

### VOLUME & VALUE TRADED OF DERIVATIVES CONTRACTS

![Graph showing volume and value traded of derivatives contracts]
Ownership

Ownership of firms listed on the Saudi Exchange is becoming increasingly institutional and international in nature. The value of foreign investors' holdings in the Main Market dropped slightly to SAR 346.56 billion in the fourth quarter from SAR 353.14 billion in the third quarter. At the same time, the value of foreign investors' holdings in the Nomu – Parallel Market rose to SAR 440.46 million in the fourth quarter, up from SAR 378.65 million in the third quarter. The Saudi Exchange continues to work closely with the Capital Market Authority to make the Saudi market more attractive to international investors by improving market function and efficiency, expanding access, improving corporate governance and increasing transparency.

Foreign Investor Ownership* - Q4 2022 Overview

<table>
<thead>
<tr>
<th>Main Market Holding Value (SAR)</th>
<th>Nomu - Parallel Market Holding Value (SAR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>346.56 billion</td>
<td>440.46 million</td>
</tr>
</tbody>
</table>

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

Ownership by Investor Type Q4 2022 (Main Market)

- Government Related Entities: 76.09%
- Saudi Institutions*: 12.30%
- Saudi Individuals: 7.42%
- Non-Saudis**: 4.00%

Ownership by Investor Type Q4 2022 (Nomu-Parallel Market)

- Saudi Corporates: 39.06%
- Saudi Institutions: 7.92%
- Non-Saudis**: 1.40%

QFIs are playing an increasingly significant role on the Saudi Exchange, and by the end of Q4 2022 their holdings in Saudi-listed firms stood at SAR 271 billion. The percent of the total market that QFIs represent continued to hold steady at around 2.72% throughout the quarter, a slight increase from 2.6% during the previous quarter.

QFI Ownership (Billion SAR)

During the fourth quarter, value traded by QFIs rose to SAR 119 billion from SAR 104 billion in the previous quarter. In November, QFI trading value represented 22.3% of the total market, its second highest peak over a 12-month period.