

CAPITAL MARKET OVERVIEW



FOURTH QUARTER 2023

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Foreword

The fourth quarter of 2023 marked the conclusion of a volatile year for global markets. Rising interest rates, geopolitical unrest and macroeconomic instability placed significant stresses on governments, economies and capital markets.

Nonetheless, for Saudi Arabia, 2023 represented a year of solid progress in the Kingdom's ongoing economic transformation with the Saudi Exchange continuing to play a critical role in the advancement of the country's capital market ecosystem.

While the regional macroeconomic environment continued to respond to global pressures, there were some positive developments for consumers and markets. Unemployment stayed relatively stable, rising only marginally, up 0.30% to 8.60% in Q3 2023 from 8.30% in Q2 2023. Encouragingly, the inflation rate continued to drop, falling by 0.40% to 1.60% between Q3 2023 and Q4 2023 – matching the lowest inflation figure in nearly two years.

In Q4 2023, the Saudi Exchange continued to enjoy a healthy rate of market activity, with the total number of trades on the Saudi Exchange's Main Market rising by 2.72% to 26,519,169 compared to Q3 2023. Similarly, in Q4 the Tadawul All Share Index (TASI) closed at 11,967.39 points, representing a quarter-on-quarter increase of 8.24%.

The Saudi Exchange's Nomu – Parallel Market experienced steady growth, with its market capitalization increasing by 2.14% to reach SAR 48.30 billion in Q4 2023 compared to Q3 2023. The Parallel Market Capped Index (NomuC) rose by 8.10% during the same period, reaching 24,528.98 points in Q4 2023.

As a testament to the Saudi Exchange's continued investment in growing the Saudi debt market, sukuk and bonds demonstrated strong growth in the final quarter of the year. In Q4 2023, the value traded of sukuk and bonds reached SAR 4.70 billion, representing a 67.02% increase compared to the previous quarter. The number of trades rose by 11.14% to reach 12,769 during the same period, with the total size of issuance up 2.83% compared to Q3 2023 to hit SAR 549.84 billion in Q4 2023.

In addition to its focus on the debt market, the Saudi Exchange has taken significant steps to expand and evolve its derivatives market offerings as it seeks to develop an advanced capital market. In the Leadership Insights section of this report, we provide more detail on the launch of Single Stock Options (SSOs) and the Saudi Exchange's deep commitment to providing investors with new and diversified investment opportunities.

Creating investment opportunities on par with other leading global exchanges is critical to supporting the Saudi Exchange's goal of developing a market that is equally attractive and accessible to international investors. Through ongoing initiatives, the Saudi Exchange continues to help foreign investors understand all that the Kingdom's capital markets have to offer.

In Q4 2023, we saw the benefit of these efforts as the value of foreign investors' holdings increased by 9.49% to SAR 400.62 billion in the Main Market, and by 8.33% to reach SAR 591.01 million in the Nomu – Parallel Market, compared to Q3 2023.

During 2023 we experienced immense progress in the Kingdom's ongoing development, and the Saudi Exchange's contribution to the economic transformation in the region. Importantly, the excellent results of Q4 2023 don't just represent a successful final quarter for the Exchange, but a strong launchpad for further progress as we remain focused on continuing to advance the Saudi capital market toward our goal of becoming a leading capital market and a financial hub that connects markets in the East and West.

Mohammed Al Rumaih
CEO of Saudi Exchange



Q4 KEY HIGHLIGHTS

SAUDI CAPITAL MARKET

11,967.39

POINTS

The close of the Tadawul All Share Index (TASI), an 8.24% increase Q-on-Q compared to Q3 2023

67.02%

The Q-on-Q growth of the value traded of sukuk and bonds to SAR 4.70 billion during Q4 2023

400.62

BILLION SAR (106.83 BILLION USD)

Holding value of Foreign Investors at the end of Q4 2023, a 9.49% increase Q-on-Q from Q3 2023



The Saudi Arabian Economic Overview

(Based on data available at the time of publication)

Saudi Arabia’s economy continued to navigate a challenging macroeconomic environment in the third quarter of 2023 as the country maintained its oil production cut and focused on non-oil growth, and global markets continued to confront the impact of higher-for-longer interest rates, sustained stresses on supply chains and geopolitical uncertainty.

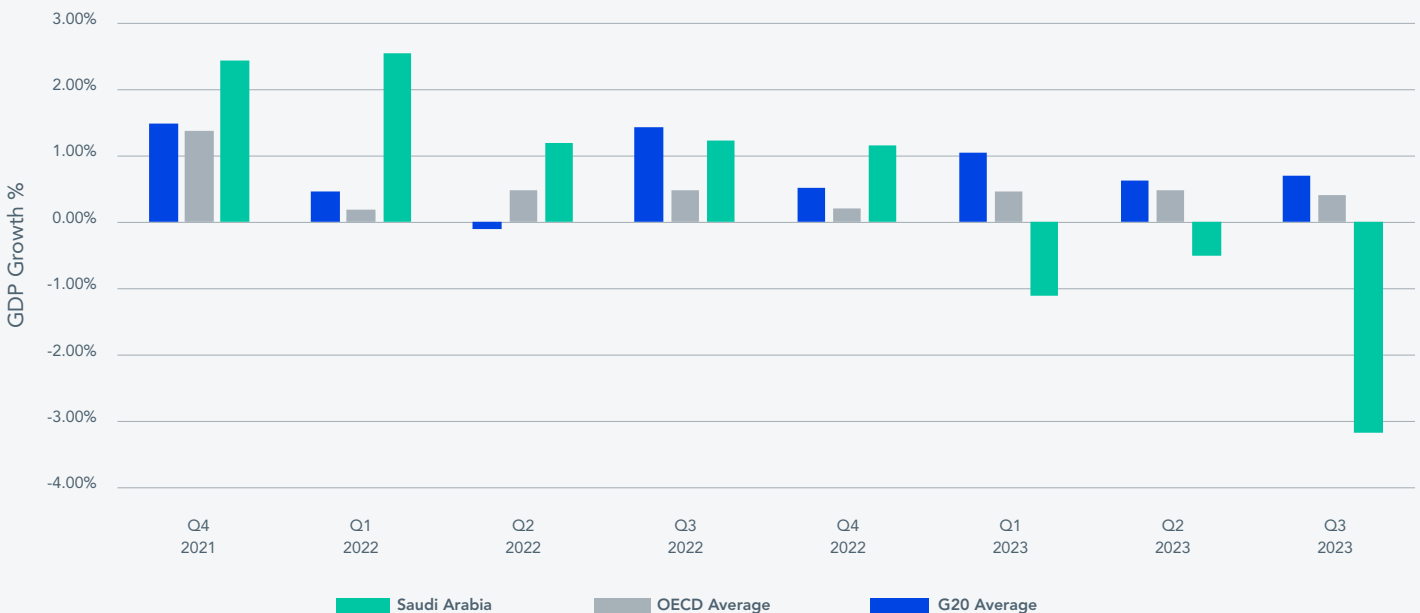
These actions and the overall strains on the global economy saw GDP contract in Saudi Arabia by 3.18% in Q3 2023. Despite this, in Q3 2023 non-oil growth still grew by 3.6%, a testament to Saudi Arabia’s ongoing economic diversification efforts.¹ Facing the same challenges, the OECD average GDP growth stood at only 0.41%, while the G20 average GDP growth reached a modest 0.70%.

The Kingdom’s unemployment rate remained relatively stable, rising only slightly from 8.30% in Q2 2023 to 8.60% in Q3 2023. This represented a full 1.30% decrease year-over-year compared to Q3 2022.

Encouragingly, the inflation rate continues to decrease. In the fourth quarter, the inflation rate dropped to 1.60%, down nearly 1.5% from 3.06% in Q4 2022. This marked the fourth consecutive quarter-on-quarter inflation rate decline, matching the low inflation last seen in Q1 2022.

Overall, these metrics offered some positive indications for the economic landscape in Saudi Arabia. In particular, the relatively stable unemployment rate, the continued decrease in inflation and the ongoing economic diversification in the region all are encouraging signs for both consumers as well as the broader Saudi capital market.

GDP GROWTH Q-ON-Q



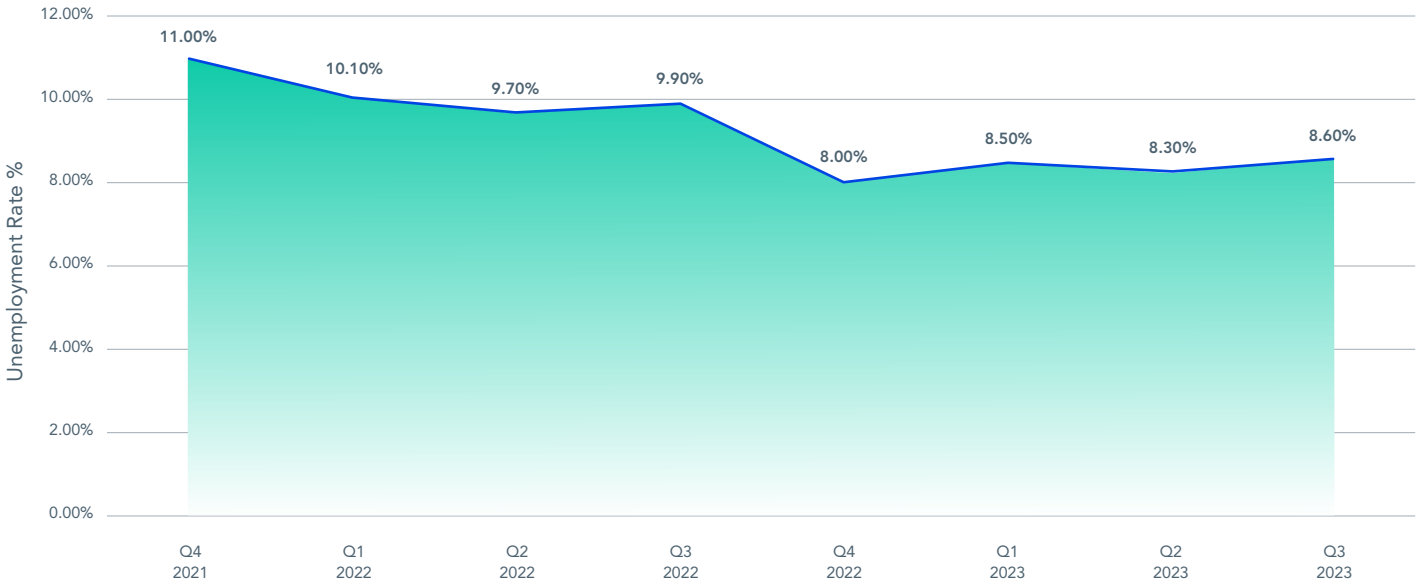
SOURCE: GDP AND SPENDING - QUARTERLY GDP - OECD DATA
LATEST AVAILABLE DATA IS UP TO Q3 2023

<https://www.stats.gov.sa/sites/default/files/GDP%20FQ32023E.pdf>



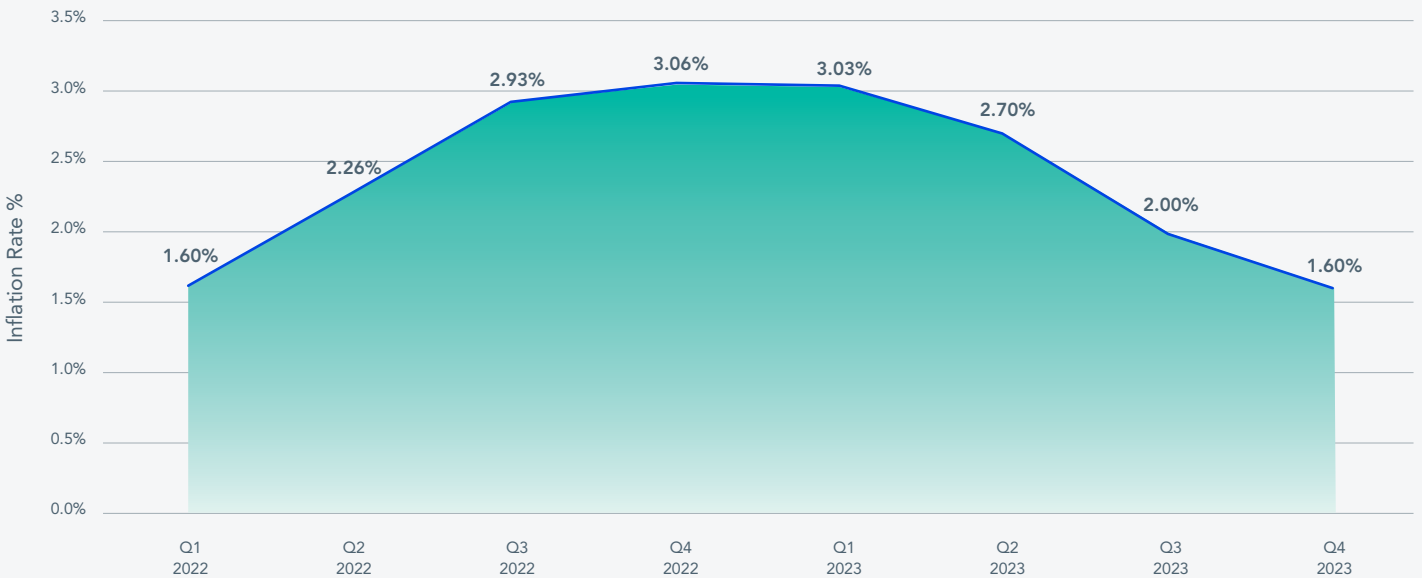
The Saudi Arabian Economic Overview

SAUDI NATIONALS' UNEMPLOYMENT RATE Q-ON-Q



SOURCE: GENERAL AUTHORITY FOR STATISTICS (STATS.GOV.SA)
LATEST AVAILABLE DATA IS UP TO Q3 2023

INFLATION RATE Q-ON-Q



SOURCE: INFLATION RATE (SAMA.GOV.SA)



Market Enhancements and Updates

Saudi Exchange Participates in Middle East Investor Relations Association (MEIRA) Annual Conference and Awards (November 2023)

On 13 November 2023, the Saudi Exchange participated in the Middle East Investor Relations Association Annual Conference and Awards, hosted by Bahrain Bourse in partnership with the Central Bank of Bahrain in Manama. The event convened top thought leaders across GCC Exchanges, international corporations and regulatory bodies as well as other investor relations and marketing professionals.

Saudi Exchange CEO and Chairman of the GCC Exchanges Committee, Mohammed Al Rumaih, participated in a panel discussion with peers from Bahrain Bourse and Abu Dhabi Securities Exchange during which they discussed topics including recent trends within GCC markets, investor relations, ESG and sustainable business practices and regional cooperation, among others.

The conference fostered collaboration among the Saudi Exchange and other GCC exchange leaders to align best practices and support the development of GCC capital markets in line with international standards.

Saudi Exchange Launches Single Stock Options Contracts (November 2023)

On 27 November 2023, the Saudi Exchange launched Single Stock Options (SSOs) contracts, the third derivatives product introduced on the Exchange. SSOs trading enables local and international investors to hedge and manage portfolio risks effectively. The contracts are cleared and settled by the Securities Clearing Center Company (Muqassa) in line with international best practices.

SSOs contracts are standard options contracts with an individual stock as its underlying asset. The underlying assets have been selected from the largest, most liquid companies on the Exchange, which are: Aramco, Al Rajhi Bank, STC, and Sabic. In the future, the Saudi Exchange will expand its suite of SSOs contracts to include additional companies.

The introduction of SSOs contracts follows the successful introduction of MT30 Index Futures and Single Stock Futures, the two derivatives products introduced since the launch of the Derivatives Market in 2020.

Saudi Exchange and e& enterprise sign Memorandum of Understanding during COP28 (December 2023)

On 13 December 2023, the Saudi Exchange and e& enterprise signed a landmark Memorandum of Understanding at the United Nations Framework Convention on Climate Change (COP28). This significant partnership aims to establish a cooperative relationship focused on developing and encouraging joint sustainability efforts within the Saudi capital market.

The partnership is one of many initiatives by the Saudi Exchange to guide listed companies in their ESG reporting journey and improve their ESG ratings in line with requirements provided by global rating agencies. e& enterprise's expertise in sustainable services and solutions makes it a strong partner to the Saudi Exchange. The collaboration will help advance the Saudi Exchange's goal of developing the Saudi capital market in line with the international sustainability standards.



Leadership Insights

Saudi Exchange



Our Capital Market Reaches a New Milestone: Single Stock Options Launch Expands the Derivatives Market

As the Saudi Exchange continues to develop an advanced capital market, it has taken significant steps to expand and evolve its derivatives market offerings. As part of these efforts, in November 2023, the Saudi Exchange introduced Single Stock Options (SSOs), the third derivatives product since the Exchange launched a derivatives market in 2020. The introduction of SSOs builds on the success of previous derivatives products, including the MT30 Index Futures and Single Stock Futures.

Mohammed Al-Rumaih, CEO of Saudi Exchange, discusses the launch of SSOs and the Saudi Exchange's commitment to providing investors with new and diversified investment opportunities.

What are Single Stock Options? Which stocks can be traded via SSOs?

SSOs are contracts that give their owner the right – though not the obligation – to buy or sell an underlying asset at an agreed-upon price and date. These contracts are standard options contracts that derive value from an underlying stock. They are cleared and settled by the Securities Clearing Center Company (Muqassa) in line with international best practices.

Investors can trade SSOs based on the stocks of four listed companies, including Aramco, Al Rajhi Bank, Saudi Telecom Co. and SABIC. Over time, the Exchange will continue to expand the suite of SSOs contracts to include additional companies.

The contracts traded on the Saudi Exchange are physically settled American-style options, which require the delivery of the underlying asset and can be exercised at any time prior to expiration.

How does trading Single Stock Options differ from trading stocks?

While investors gain exposure to the price movements of a stock through trading both SSOs and stocks, there are several important differences between the two types of trading that make these distinct investment opportunities. First, owning an SSO contract does not represent ownership in the underlying company, while owning a stock does. While maturities in stock trading are perpetual, in SSOs trading, maturities have an expiry date. Additionally, in SSOs trading, investors can gain from an asset's downward movement by buying Put Options or selling Call Options – whereas with stocks they must own the shares before selling them, unless they are using a short-selling strategy.

What are the benefits of trading Single Stock Options?

SSOs trading provides investors with a range of benefits that we believe makes it a compelling addition to our offering. For example, companies and individuals can hedge their portfolio using SSOs to minimize losses in adverse market conditions. The introduction of SSOs trading also allows investors to gain exposure at a lower expenditure and develop a derivatives strategy based on individual companies' stocks — rather than a basket of stocks, as is the case with index contracts. Overall, SSOs help boost profitability by utilizing financial leverage and managing risk effectively, while simultaneously increasing market liquidity.

How does the introduction of Single Stock Options fit into the Saudi Exchange's broader strategy?

The Saudi Exchange is playing an important role in realizing Vision 2030 by helping the Kingdom to diversify its economy and become a global investment hub. We have made significant strides in elevating our capital market through the introduction of new products and infrastructure that increase opportunity for domestic and foreign investors — such as introducing the derivatives market, which has continued to grow and evolve since its launch. The introduction of SSOs trading further diversifies the investment opportunities available on the Exchange and increases market liquidity. Importantly, SSOs can be a powerful means through which investors can manage risk, further contributing to the strength and stability of our market over the long term.

As we look ahead, we are excited about the opportunities we see next year and will continue to expand investment opportunities and improve the market experience for issuers, and domestic and international investors, through the development of our derivatives market as well as our broader offerings.



Equities

The market capitalization on the Saudi Exchange's Nomu - Parallel Market increased in the fourth quarter of 2023, while on the Main Market, market capitalization fell slightly from the previous quarter. Still, both the number of listed companies and the closing of the benchmark index increased compared with the previous quarter.

While the market capitalization on the Saudi Exchange's Main Market decreased by 1.33% from the previous quarter to SAR 11.25 trillion, the number of trades increased by 2.72% during the same period to 26,519,169. The number of listed companies also continued to grow during the fourth quarter, with three new listings and two delistings on the Main Market.

The market capitalization on Nomu - Parallel Market increased by 2.14% from the previous quarter to SAR 48.30 billion, during which period there were 13 new listings including direct listings, and one delisting.

Main Market - Q4 2023

11.25 Trillion (-1.33%) ↓
Market capitalization (SAR)

358.92 Billion (-5.41%) ↓
Value traded (SAR)

231 (+1) ↑
Listed Companies

11,967.39 (+8.24%) ↑
Tadawul All Share Index (TASI) Closing

Nomu - Parallel Market - Q4 2023

48.30 Billion (+2.14%) ↑
Market capitalization (SAR)

1.71 Billion (-35.45%) ↓
Value traded (SAR)

79 (+12) ↑
Listed Companies

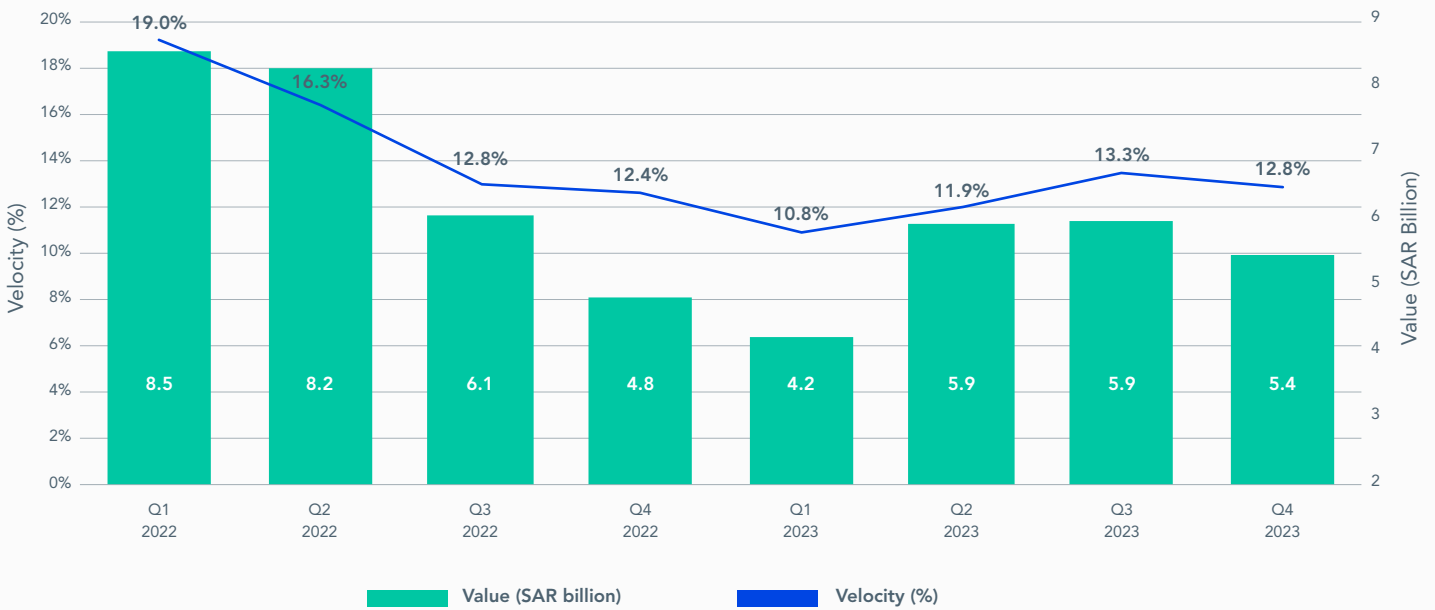
24,528.98 (+8.10%) ↑
Parallel Market Capped Index (NomuC) Closing



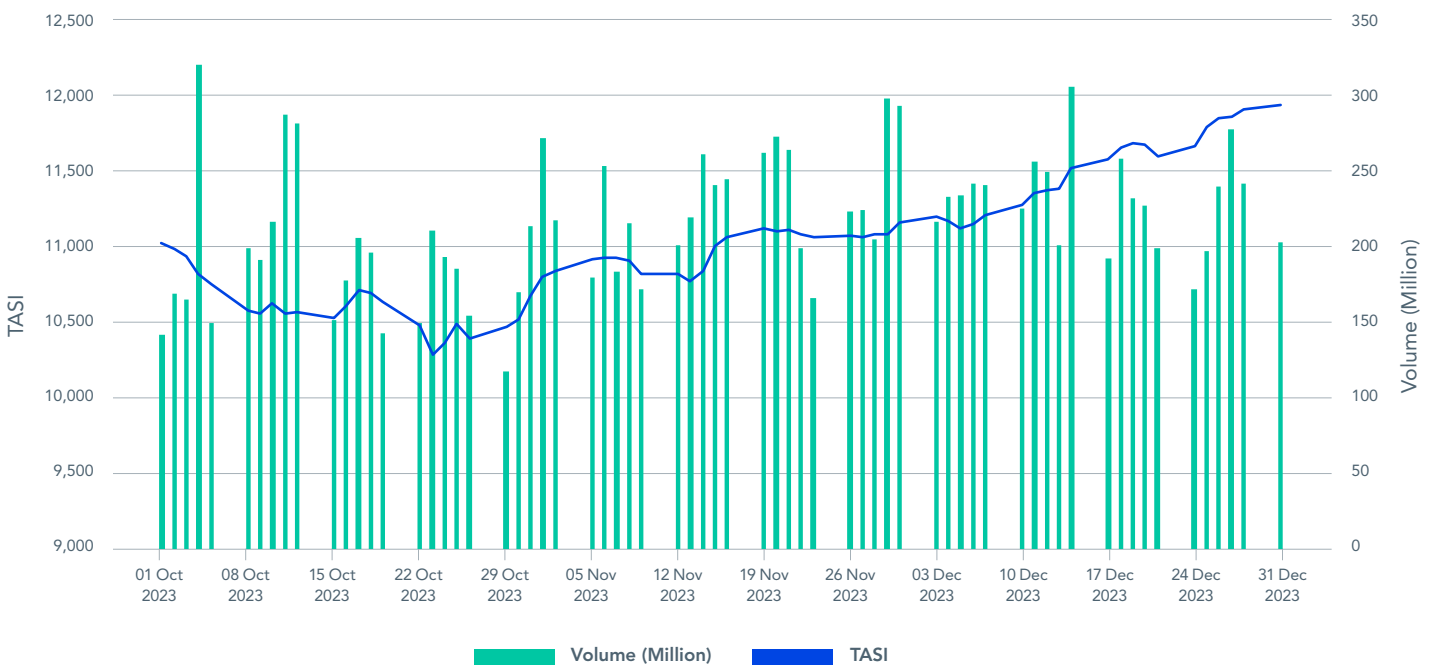
Equities

During the fourth quarter, the average of daily value traded on the Main Market declined to SAR 5.44 billion.

AVERAGE DAILY VALUE TRADED & VELOCITY



PERFORMANCE OF TASI & VOLUME TRADED

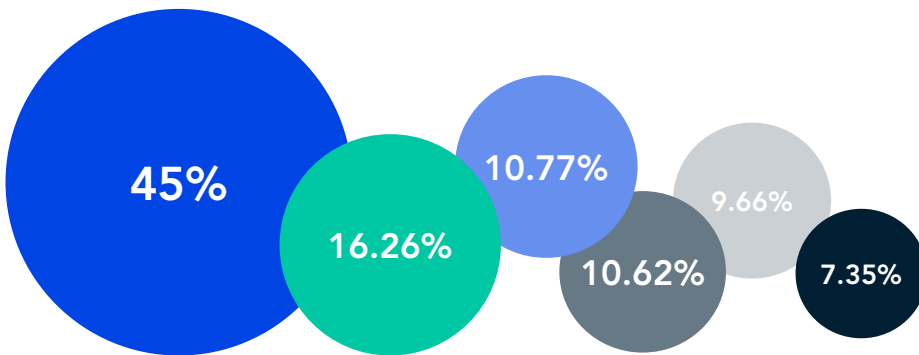




During the fourth quarter of 2023, consumer services and banks were the most active industry groups in terms of volume traded, while banks and materials were once again the two most active sectors in terms of value traded.

TOP 5 INDUSTRY GROUPS TRADED BY VOLUME - Q4 2023

- Consumer Services
- Banks
- Energy
- Materials
- Financial Services
- Other

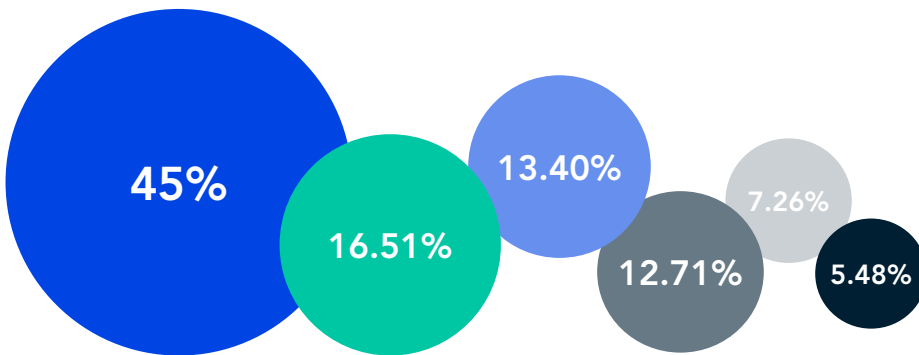


All Sectors:

Consumer Services	16.26%
Banks	10.77%
Energy	10.62%
Materials	9.66%
Financial Services	7.35%
Real Estate Mgmt & Dev't	6.29%
Capital Goods	5.22%
Insurance	5.02%
Consumer Staples Distribution & Retail	4.99%
Telecommunication Services	4.14%
Transportation	3.10%
Consumer Discretionary Distribution & Retail	2.97%
Health Care Equipment & Svc	2.79%
Food & Beverages	2.70%
Consumer Durables & Apparel	2.18%
Software & Services	1.49%
Commercial & Professional Svc	1.44%
Utilities	1.30%
REITs	1.08%
Media and Entertainment	0.33%
Pharma, Biotech & Life Science	0.30%

TOP 5 INDUSTRY GROUPS TRADED BY VALUE - Q4 2023

- Banks
- Materials
- Energy
- Telecommunication Services
- Transportation
- Other



All Sectors:

Banks	16.51%
Materials	13.40%
Energy	12.71%
Telecommunication Services	7.26%
Transportation	5.48%
Insurance	4.63%
Consumer Services	4.62%
Health Care Equipment & Svc	4.57%
Food & Beverages	4.28%
Real Estate Mgmt & Dev't	4.04%
Utilities	3.47%
Software & Services	3.26%
Capital Goods	3.15%
Consumer Discretionary Distribution & Retail	3.06%
Consumer Staples Distribution & Retail	2.69%
Commercial & Professional Svc	1.92%
Financial Services	1.37%
Media and Entertainment	1.24%
Consumer Durables & Apparel	1.10%
Pharma, Biotech & Life Science	0.89%
REITs	0.36%



Sukuk & Bonds

The total size of sukuk and bonds issuance on the Saudi Exchange rose by 2.83% to SAR 549.84 billion in the fourth quarter of 2023, with one delisting.

Performance was strong in the fourth quarter – with the exception of index close and total number of listings that dropped slightly, there were quarter-on-quarter increases across all sukuk and bonds metrics. Notably, the nominal value traded increased by 72% from the third to the fourth quarter, rising to SAR 5.16 billion.

Sukuk / Bonds – Q4 2023 Overview

549.84 Billion (+2.83%) ↑
Total Size of Issuance (SAR)

915.26 (-0.18%) ↓
Sukuk and Bonds Market Index closing

70 (-1) ↓
Listed Sukuk and Bonds

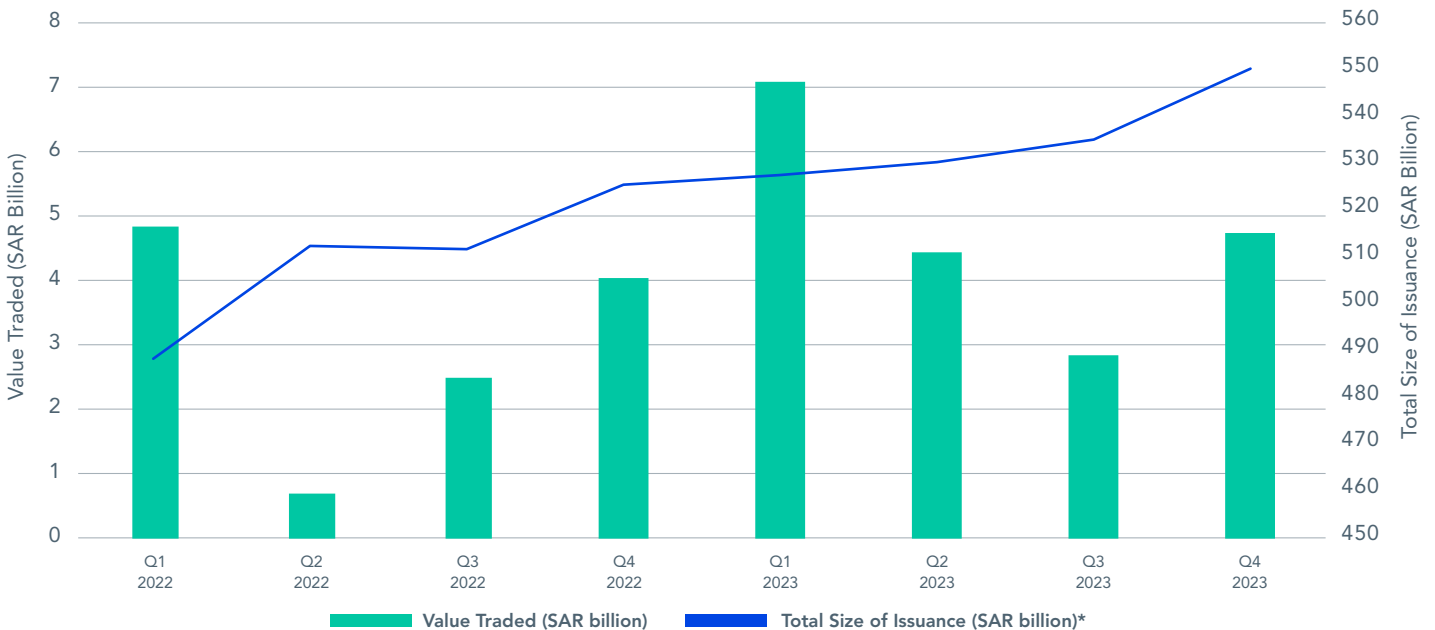
Q4 2023 V. Q3 2023

Number of Trades
12,769 (+11.14%) ↑

Value Traded (SAR)
4.70 Billion (+67.02%) ↑

Nominal Value Traded (SAR)
5.16 Billion (+72.00%) ↑

SUKUK & BONDS TOTAL SIZE OF ISSUANCE AND VALUE TRADED



* As at the end of the quarter



Derivatives

The volume of contracts traded on the Saudi Exchange grew to 2,538 during the fourth quarter of 2023, an increase of 35.94% compared to the previous quarter.

Concurrently, the value of derivatives contracts traded decreased to SAR 10.67 million, while the number of trades declined to 146.

Derivatives – Q4 2023 Overview

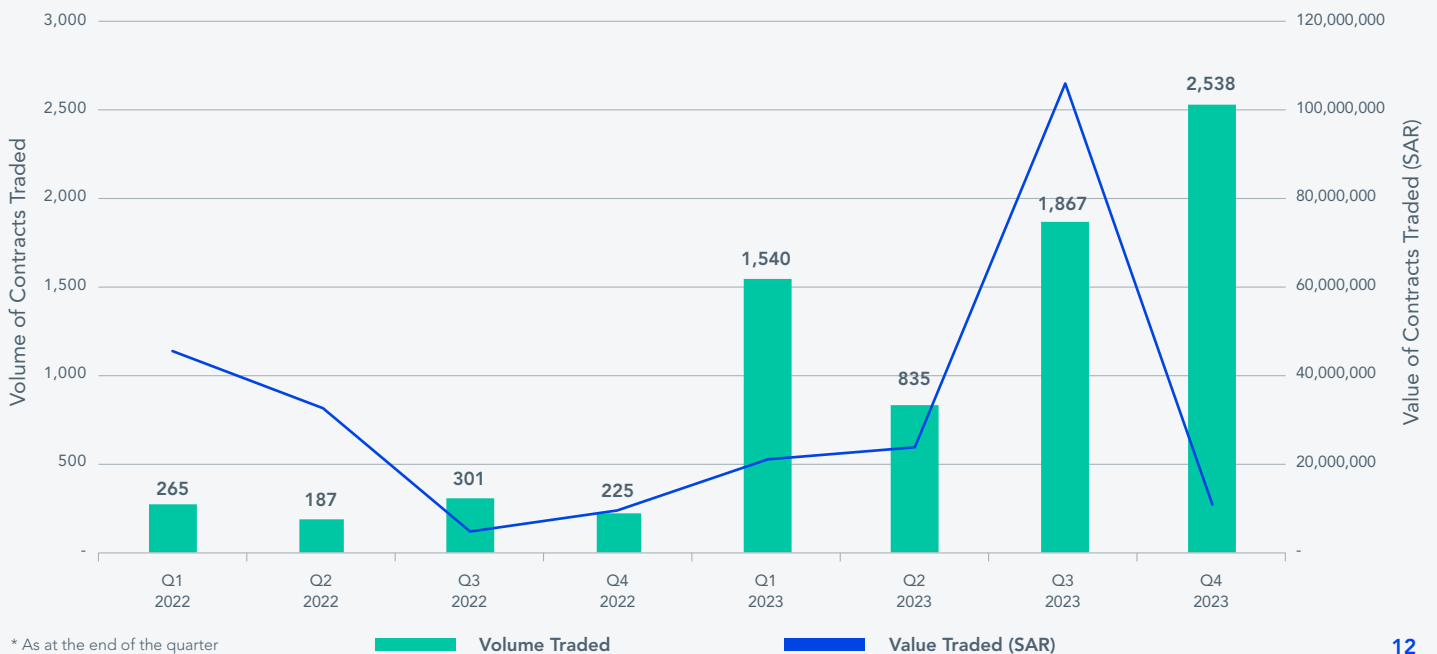
10.67 Million (-89.96%) ↓
Value Traded

146 (-39.67%) ↓
Number of Trades

DERIVATIVES MONTHLY TRADING STATISTICS – Q4 2023

Month	Volume Traded	Value Traded (SAR)	Number of Trades
October 2023	1,650	10,566,600	27
November 2023	760	43,198	49
December 2023	128	57,961	70

VOLUME & VALUE TRADED OF DERIVATIVES CONTRACTS





Ownership

Foreign ownership across both of the Saudi Exchange’s markets exhibited strong growth in the fourth quarter of 2023.

The value of foreign investors’ holdings increased by 9.49% to SAR 400.62 billion in the Main Market compared to the previous quarter, representing a 5.58% rise year-on-year. During the same period, the value of foreign investors’ holdings grew by 8.33% to SAR 591.01 million in Nomu – Parallel Market, representing a 23.86% rise year-on-year.

Foreign Investor Ownership* - Q4 2023 Overview

400.62 Billion (+9.49%) ↑
Main Market Holding Value (SAR)

591.01 Million (+8.33%) ↑
Nomu - Parallel Market Holding Value (SAR)

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

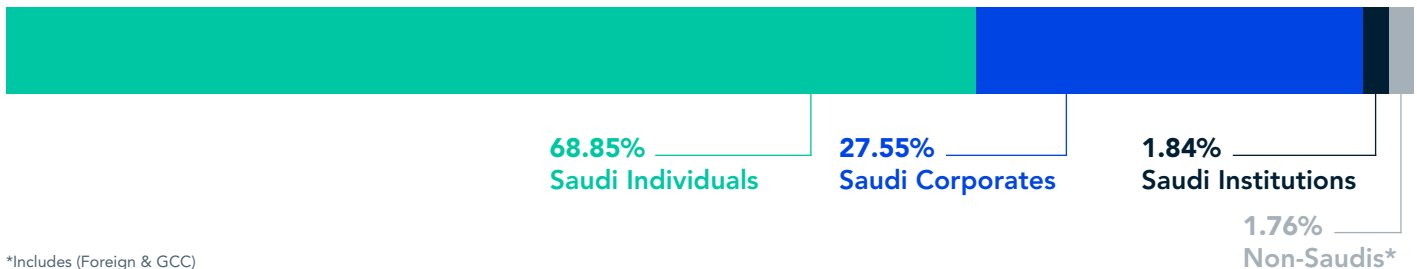
OWNERSHIP BY INVESTOR TYPE Q4 2023 (MAIN MARKET)



*Excluding GREs

**Includes (Foreign & GCC)

OWNERSHIP BY INVESTOR TYPE Q4 2023 (NOMU-PARALLEL MARKET)



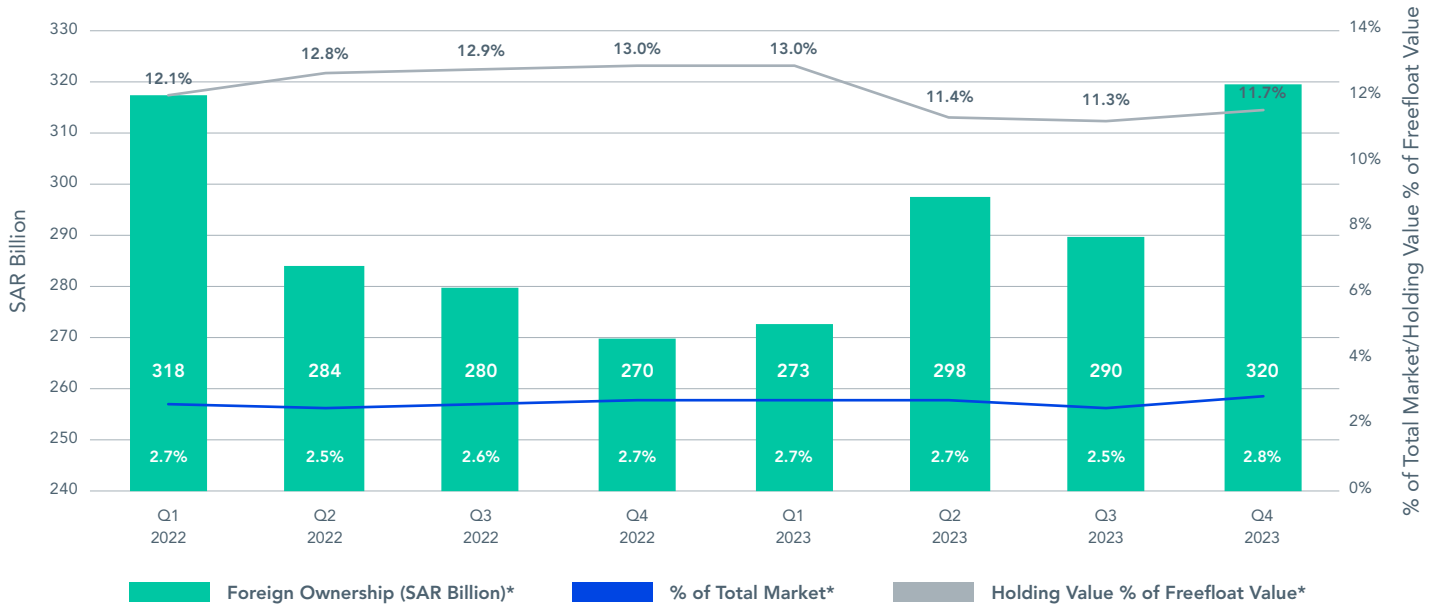
*Includes (Foreign & GCC)

Foreign investors continue to play an important role in the Saudi capital market. At the close of the fourth quarter of 2023, their holdings in Saudi-listed firms stood at SAR 400.62 billion, and the percent of the total market that foreign investors represent increased to 3.56%. These increases are proof of the continued efforts by the Saudi Exchange to create a mature and attractive investment environment for foreign investors.



Ownership

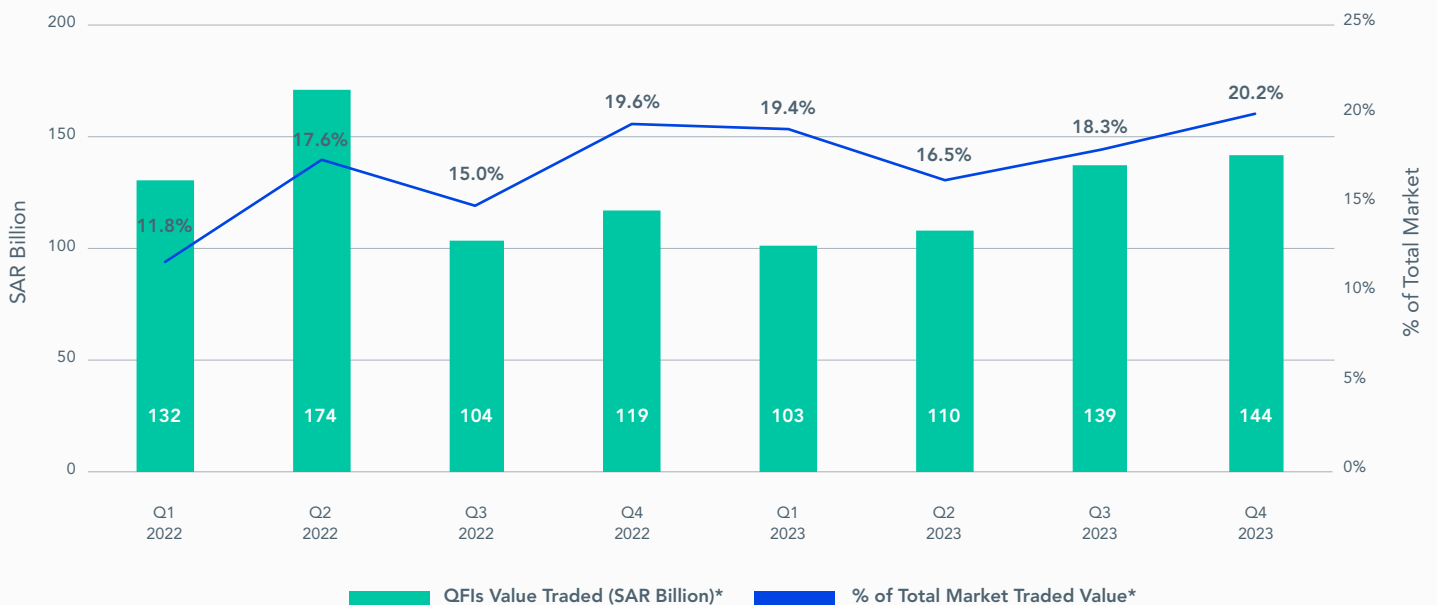
QFI OWNERSHIP (BILLION SAR)



* As at the end of the quarter

In the fourth quarter of 2023, value traded by QFIs rose to SAR 144 billion from SAR 139 billion in the previous quarter, representing 20.2% of the total market traded value.

QFI TRADING VALUE - MAIN MARKET ONLY (BILLION SAR)



* As at the end of the quarter

