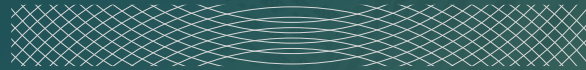




المركز الوطني لإدارة الدين
NATIONAL DEBT MANAGEMENT CENTER

20
24



The Annual Report

For the Fiscal Year

1445- 1446 AH (2024)



This annual report issued by NDMC for the fiscal year 1445 -1446 AH (2024) was prepared in response to the requirements of Article (29) of the Law of the Council of Ministers, issued by Royal Decree No. (13/A) dated 3/3/1414 AH - 20/8/1993, and complies with the Guide for Preparing Annual Reports for Government Agencies approved by Council of Ministers Resolution No. (233) dated 18/4/1443 AH - 23/11/2021.

This report adheres to the highest standards of transparency, reflecting NDMC's commitment to documenting pivotal milestones throughout the year. This aligns with Saudi Vision 2030 objectives and aims to inform decision-makers, specialists, and the public about achieved results, encountered challenges, and proposed improvements to enhance operations and drive the Kingdom's qualitative transformation journey.



Custodian of the Two Holy Mosques
King Salman Bin Abdulaziz Al Saud



His Royal Highness

**Prince Mohammed bin Salman
bin Abdulaziz Al Saud**

Crown Prince, Prime Minister

01



The Introductory Section

Introduction

**His Royal Highness
Prince Mohammed Bin Salman Bin Abdulaziz Al Saud
Crown Prince and Prime Minister**

May Allah protect him

The Kingdom is witnessing transformative leaps and rapid developments toward achieving sustainable development, building upon economic reforms achieved under Saudi Vision 2030. These advancements aim to enable an advanced financial sector that creates a robust, transparent, and diverse system capable of meeting future challenges and seizing promising investment opportunities.

As the year 2024 comes to a close, we take great pride in the Kingdom’s achievements, guided by the visionary leadership of the Custodian of the Two Holy Mosques King Salman bin Abdulaziz Al Saud, and His Royal Highness Prince Mohammed bin Salman, Crown Prince and Prime Minister. Their unwavering commitment to advancing the national economy and relentless efforts have played a pivotal role in realizing the historic transformation we are witnessing today.

In light of these achievements, I am pleased to present NDMC’s annual report for the fiscal year 1445-1446 AH (2024). This report provides a summary of NDMC’s key achievements and reflects the tangible impact of achieving the objectives of Saudi Vision 2030, which aims to create a comprehensive financial system that supports sustainable economic growth and enhances the Kingdom’s position as an attractive investment destination.

Our efforts have yielded significant results, leading to the development of a robust public debt policy for the Kingdom. This policy has ensured the Kingdom’s financing needs are met over the short, medium, and long terms, while also promoting fiscal sustainability. Through the development and implementation of a medium-term strategy and an annual borrowing plan, we have enhanced the Kingdom’s economic standing, secured financing at competitive rates, and facilitated access to various debt markets.

The fiscal year 1445-1446 AH (2024) was an exceptional year marked by significant efforts, including ensuring the Kingdom’s full financing needs were met as per the annual borrowing plan, closely monitoring the Kingdom’s credit rating, and achieving positive and stable ratings as a result of enhanced financial inclusion, economic growth and social integration. On this occasion, I would like to congratulate my colleagues on their continued outstanding performance. I would also like to reiterate that these positive results are due to the grace of God and the unwavering support of our wise leadership. Their support has empowered the financial sector and provided it with the incentives and capabilities to meet the nation’s aspiration for the future. We aspire to present the world with a pioneering and inspiring Saudi experience.

Best regards,



Mohammed Abdullah AlJadaan
Chairman of the NDMC Board

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Terms and Definitions

Terms used herein shall have the following meanings assigned to them, unless the context requires otherwise.

NDMC, The Center	National Debt Management Center
MoF	Ministry of Finance
Public Debt	Total government borrowings through various debt instruments such as bonds, government sukuk, etc.
Debt Portfolio	Compilation of the Kingdom's sovereign debt, encompassing principal, debt service, and classification of financing channels, locally or internationally.
Debt Instrument	Security creating or acknowledging issued by companies, the government, public authorities, or public organizations, and offering a yield to the investor (lender), with the nominal value being repaid upon maturity. Examples of such instruments are sukuk and bonds.
Private Funding Channels	Such as financing through export credit agencies, or syndicated loans, etc.
Green Financing	The financing or the refinancing for projects that meet the green financing eligible categories criteria, eligible categories Renewable energy, Energy efficiency, Clean transportation, Climate change adoption, terrestrial aquatic biodiversity, pollution prevention and control, Environmentally sustainable management of living natural resources and land use, and Sustainable water and wastewater management.
Debt Portfolio's Time to Maturity	The average period for the portfolio to mature, which is measured by the average time of all indebtedness principal maturity.
Yield	The total income earned on an investment, quoted as a percentage of the original investment value.
Credit Rating	An indicator of a country's creditworthiness, its ability to service debts, and the likelihood of defaulting on repayment at maturity. Credit rating agencies base their analysis on financial, economic, and institutional factors, along with the extent of vulnerability to external influences.
Types of Credit Ratings	Credit rating agencies use specific symbols to represent creditworthiness. These ratings range from "AAA," indicating the highest level of credit quality, down to lower ratings such as "A" and "B," followed by "C" and "D," which reflect lower levels of creditworthiness.
Yield Curve	A line that plots yield at a set point in time of debt instruments having equal credit quality but differing maturity dates.
Debt Ceiling	The maximum allowable limit of the total public debt as a percentage of the gross domestic product (GDP).
Primary Dealer	A financial institution authorized to distribute, receive orders, and underwrite local government debt issuances.
Cost of Funding (CoF)	The amount charged to a borrower, other than the borrowed amount, and it can be expressed as a fixed or variable percentage of the borrowed amount.
Issuance Size	The final amount approved by the person authorized to borrow from the debt markets.
SAR	Saudi Riyal.
Market	Local debt instrument market in the Kingdom of Saudi Arabia or the global markets where debt instruments are issued and traded.
Secondary Market	A financial market in which existing securities, such as stocks, bonds, and sukuk, are traded among investors rather than directly from their issuer.
SAIBOR	The main rate of interbank interest in the Kingdom of Saudi Arabia.
KSA	Kingdom of Saudi Arabia.
Reporting Year	Fiscal Year 1445-1446 AH (2024)
FY	Fiscal Year
bn	Billion
mn	Million

Introduction to the Report

NDMC presents its annual report for the fiscal year 1445 -1446 AH (2024), showcasing an integrated insight into the most prominent developments on the Kingdom's public debt policy and its development over the year.

The report also presents a summary of the most significant accomplishments, the relevant directives and orders implemented, and an overview of the financial allocation of NDMC's budgeted item in the general budget. The report underscores the scope of the NDMC's works in order to achieve Saudi Vision 2030, including, but not limited to, providing funding requirements, following up on credit rating, the development of NDMC's operational, financial, and administrative activities, highlighting the improvement of human capabilities, and empowering and supporting the entities, with the aim of contributing to achieving Saudi Vision 2030.

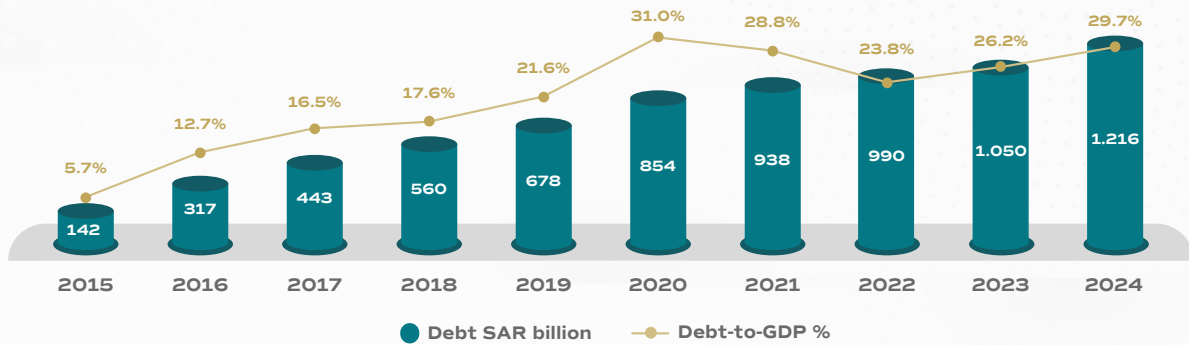
Executive Summary

This executive summary of NDMC’s Annual Report for the Fiscal Year 1445-1446 AH (2024) presents the key accomplishments and provides a thorough overview of the qualitative achievements aimed at improving the capabilities and resources of the center to fulfill its basic functions. Furthermore, it underscores the strategic pillars by accelerating digital transformation, enabling effective governance and operational transformation, and ensuring a high-performance institution that integrates the central efforts to develop the financial sector in realization of Saudi Vision 2030, as follows:

Developments in the Public Debt Portfolio

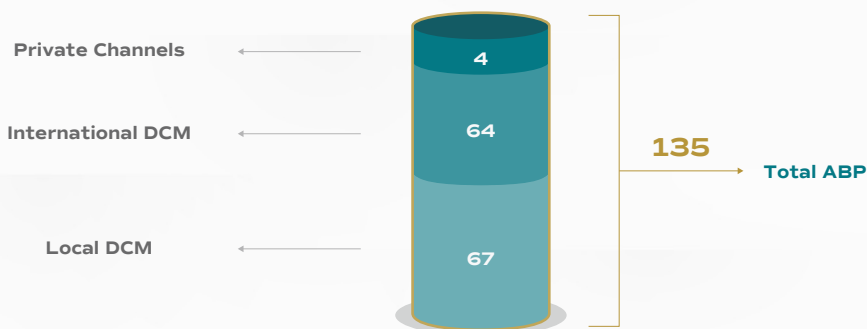
The sovereign outstanding Debt Portfolio reached a total of SAR 1,216bn by the end of the reporting year, of which 61% represents local debt and 39% represents international debt. Furthermore, the portfolio split reached 88% fixed rate debt and 12% floating rate debt.

Despite the increase in the Debt Portfolio level by the end of the reporting year, Debt-to-GDP ratio remains within an acceptable level and in line with the approved ceiling of 40% under the Kingdom’s medium-term debt strategy, where the reporting year Debt-to-GDP ratio stood at 29.7%, compared to 26.2% at the end of the fiscal year 1444 -1445 AH (2023).



Annual Borrowing Plan for the FY 1445-1446 AH (2024)

The Center executed the annual borrowing plan for the FY 1445-1446 AH (2024), with total financing activities amounting to SAR 135bn. This comprised of SAR 67bn through local issuances, SAR 64bn through international issuances, and SAR 4bn secured through private funding channels.



⁽¹⁾ Nominal GDP Data as per General Authority for Statistics

Liability Management Transactions

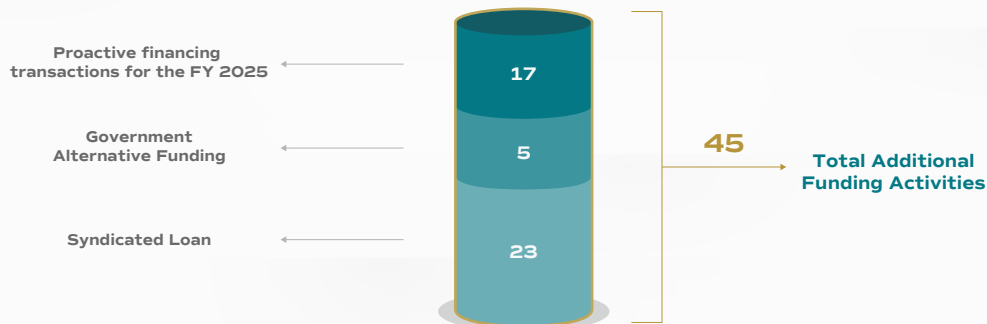
In alignment with NDMC's objective of effectively managing and evaluating the future refinancing risk associated with the Kingdom's debt portfolio, NDMC executed a local liability management transaction exceeding SAR 64bn in total value. This transaction involved a partial redemption of local securities maturing in 2024, 2025, and 2026, which were exchanged for new securities with longer maturities. This proactive approach demonstrates NDMC's commitment to maintaining a sound and sustainable debt management strategy.



Additional Funding Operations

In alignment with the objectives of the Saudi Vision 2030, and as part of the strategy to support the continuity and completion of the developmental projects in the Kingdom, NDMC has executed additional funding activities totaling SAR 45bn that includes the following:

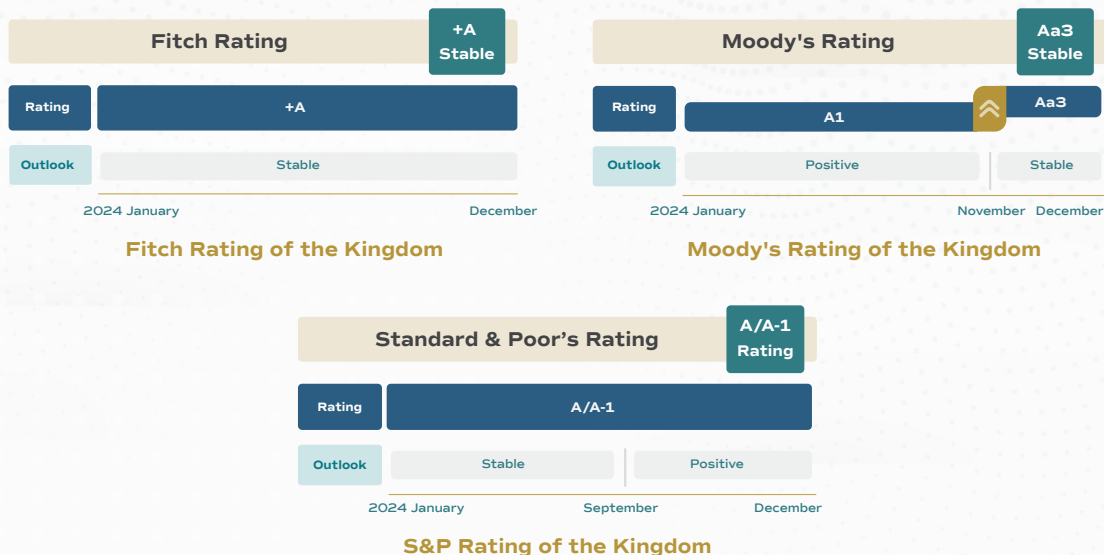
- The syndicated loan arranged by NDMC in alignment with the Ministry of Finance of approximately SAR 23.3bn to support the construction sector.
- The drawdowns of SAR 5bn from an outstanding financing agreement that was signed in 1443 -1444 AH (2022), which is related to financing infrastructure and capital expenditures in the water sector.
- Proactive financing transactions totaling approximately SAR 17bn were executed to partially meet the total funding requirements for the FY 1446-1447 AH (2025).



Credit Rating

NDMC collaborated with relevant government authorities to uphold the Kingdom's credit rating affairs and proactively communicate with credit rating agencies to ensure that information is provided and a rating that accurately reflects KSA public financial developments.

Kingdom's Credit Rating as at the end of the reporting year:



Activated Initiatives

Green Finance General Framework in the Kingdom of Saudi Arabia

The Ministry of Finance launched the green financing framework in the Kingdom of Saudi Arabia as part of one of the Financial Sector Development Program initiatives to support the Kingdom's ambitious objectives towards attaining sustainability and reaching net-zero emissions. By adopting a circular carbon economy approach and highlighting these efforts to investors and market participants, it represents a significant step towards achieving the objectives of Saudi Vision 2030, focusing on a more sustainable future, including developing policy and investment, planning, and building infrastructure.

A government-backed savings products initiative

In cooperation with the private sector, NDMC has developed and launched a savings product for individuals, taking into account that it suits this segment in terms of subscription via digital channels and that providing flexibility in the product terms, including liability duration and calculation of returns, is provided.

During the reporting year, the savings product "SAH" was launched and marketed through media awareness campaigns for individuals in the Kingdom. At the end of the reporting year, the total volume of subscriptions stood at SAR 1.3bn with approximately 58,0000 subscribers.

Contributing to the local debt market initiatives development

During the reporting year, NDMC has activated several initiatives to develop the local market in order to strengthen the yield curve and the role of primary dealers in bonds and Sukuk to support secondary market liquidity and develop performance reports for primary dealers in the market, helping to effectively monitor their performance.

MoF and NDMC also signed agreements with Albilad Capital, Aljazira Capital, Al Rajhi Capital, Derayah Financial, and BSF Capital to appoint them as primary dealers and distributors of local government debt instruments.

02



Detailed Report



2.1 | Strategic Orientation

2.1.1 | About NDMC

NDMC was established in 2015 as the “Public Debt Management Office” as an initiative of the National Transformation Program. The Council of Ministers’ Resolution No. (139) dated 16/2/1441 AH - 15/10/2019 was issued to transform it into a center called The National Debt Management Center. Organizationally linked to the Minister of Finance, NDMC is an independent entity, along with financial and administrative autonomy. It is responsible for managing debt to ensure the Kingdom’s financial needs are met across the short, medium, and long terms with risks consistent with its fiscal policies. Additionally, it strives to sustain the Kingdom’s access to various global markets at fair pricing.

NDMC’s Functions & Responsibilities

NDMC works to maintain the Kingdom’s ability to access different debt markets by overseeing and managing the issuance of sovereign debt instruments at fair pricing within structured foundations and frameworks of risk management that align with the Kingdom’s financial policies.

Collaborating with relevant government entities, NDMC follows up on the Kingdom’s credit-rating affairs and contributes to developing and enhancing its public debt policy. It endeavors to meet the Kingdom’s financial needs in the short, medium, and long terms by contributing to the formulation of a medium-term strategy and an annual borrowing plan. This strategy aligns with the objectives of Saudi Vision 2030, aiming to bolster the growth of the financial sector.

NDMC’s Objectives

- **Debt Strategy** Contributing to developing the Kingdom’s public debt policy and securing its financing needs in the short, medium and long terms
- **Sustainability of Financing** Maintaining the Kingdom’s ability to access different debt markets to issue sovereign debt instruments at fair pricing within structured foundations and frameworks of risk management.
- **Credit Rating** Following up on the Kingdom’s credit-rating affairs in cooperation with relevant government entities.
- **Empowerment and Support** Providing advisory services and proposing implementation plans for government entities, companies in which the government owns more than 50% of their capital, and public institutions within the scope of NDMC's competence. This includes collecting, processing, and monitoring direct and indirect public debt data, negotiating debt restructuring, repricing, or re-contracting, offering services related to hedging policies, managing investor relationships in public debt instruments, handling credit rating affairs, and other related services.

2.1.2 | NDMC's Corporate Strategy

The Center's institutional strategy was adopted in the FY 1444 -1445 AH (2023) as a roadmap guiding the Center through the FY 1446 -1447 AH (2025). It has been designed to encompass four strategic objectives that contribute to achieving the desired outcomes.

To be the Center of Excellence in providing sustainable funding solutions for the government

Meet key stakeholders' funding needs through diversified solutions

Provide sustainable funding in line with a sound government debt policy

Proactively contribute to credit rating achievement



Sustainable Growth

Pursue NDMC's objectives by full activation of NDMC mandates while expanding valuable products & services to a diversified portfolio of investors and the local market participants



Business Excellence

Fully operationalize NDMC's mandate through establishing strategic partnerships, developing standardized business policies and ensuring agile portfolio management by achieving the ABP targets in alignment with approved debt portfolio risk levels



Strategic Positioning

Recognize NDMC as a valuable knowledge and data analytics advisor for debt management, and build KSA coherent credit story to enhance brand visibility and maintain NDMC's positive corporate image and reputation



Agile Organization

Enhance capabilities and resources that empower NDMC's core functions to execute the strategic themes, by accelerating technology transformation, enabling effective governance and operational transformation, as well as ensuring a high-performing organization that leads the organizational transformation

Vision



To be the Center of Excellence in providing sustainable funding solutions for the government.

Mission



Manage and advise on public debt, sustainable funding solutions, advisory and credit rating affairs to support the Kingdom's economic growth and prosperity.

Values



Collaboration



Agility



Credibility



Integrity

2.1.3 | NDMC's Board of Directors

Pursuant to Article (5) of NDMC Statute issued by the Council of Ministers' Resolution No. (139) dated 16/2/1441 AH - 3/10/2020, and as per High Order No. (47526) dated 9/8/1441 AH - 3/4/2020, NDMC consist of three members who are specialized and experienced in areas related to the mandate of the Center, in addition to NDMC's CEO, and headed by H.E. the Minister of Finance.

The first board of directors' term started from 9/8/1441 AH - 3/4/2020 and it ended its three years term in 8/8/1444AH - 28/02/2023. The board was reformed with renewal for all members by High Order No. (67001) dated 28/9/1444 AH - 19/4/2023.

NDMC's Directors



H.E. Mr. Mohammed Abdullah Al-Jadaan
Chairman of the Board



Mr. Hani Medaini AlMedaini
(Member - CEO)



H.E. Mr. Ayman Mohammed Alsayari
(Member)



Mr. Spencer Lake
(Member)



Mr. Phillip Anderson
(Member)

2.1.4 | Strategic Plans

Public Debt Strategy

Public debt management strategy represents the government's orientation and plans to finance at fair rates over the medium or long term while maintaining an acceptable level of risk. It is important that this strategy achieves the objectives set by the government for public debt management, including the development and maintenance of an effective government securities market (as recommended by the World Bank and the International Monetary Fund).

NDMC has formulated a medium-range strategy, characterized by:

- Issuing debt instruments at fair pricing over the medium and long term, aligning repayment or rescheduling of debt principal.
- Securing the Kingdom's continued access to diverse financial markets and diversifying the investor pool.
- Developing the local market to enhance its efficiency and depth in accommodating both government and private sector debt issuances through the establishment of a sovereign yield curve spanning various debt instrument maturity profiles.
- Ensuring the Kingdom's access to regulatory framework for fair pricing while maintaining the stability and sustainability of public debt levels.
- Enhancing access to government debt markets, diversifying investors, ensuring ongoing access to these instruments, and bolstering the growth of the secondary markets.

Annual Borrowing Plan for FY 1445-1446 AH (2024)

At the start of each fiscal year, NDMC and MoF prepare a report detailing the annual borrowing plan for the fiscal year. This report includes NDMC's insights, forecasts, and future plans. Such insights, forecasts, and data may change, subject to local and international market conditions.

Moreover, NDMC publishes the Annual Borrowing Plan for the reporting year and a calendar of annual issuances in the local market on its website, as well as shares them with relevant entities. This aims to enable investors to cautiously and promptly allocate their portfolios of government securities, thereby upholding the principles of disclosure and transparency.

Debt Raising Guidelines for FY 1445-1446 AH (2024)

The Debt Raising Guidelines for the reporting year have been set according to the Annual Borrowing Plan for FY 1445-1446 AH (2024), that was published at the beginning of the reporting year. Securing the Kingdom's financing needs in the short, medium, and long term is one of NDMC's main objectives, along with ensuring the Kingdom's sustainable access to various debt markets to issue sovereign debt instruments at a fair price within acceptable levels of risk.

The Debt Raising Guidelines for the reporting year also include the possibility of engaging proactively in additional financing activities through available financing channels, either locally or internationally, including debt markets and private funding channels to finance opportunities that will promote economic growth. In addition, NDMC continued the proactive monitoring the market and in order to seize market opportunities to enhance the Kingdom's debt portfolio characteristics, taking into consideration interest rate movements.

The Guidelines also include a methodology of diversifying the local and international financing sources for the debt portfolio in the reporting year, in a manner similar to FY 1444-1445 AH (2023), with projected financing channels split between bonds and Sukuk, either local or international, as well as all forms of private funding channels.

Investor Relations Strategy

NDMC continues engaging and interacting with its local and international investors through local and international promotional campaigns. NDMC visits investors in Asia, Europe, and North America to share the latest updates and developments in the Saudi economy as well as the environmental, social, governance, and sustainability issues in the Kingdom. Furthermore, investors are invited to visit the Kingdom, meet several leaders, and learn about large projects under Saudi Vision 2030. Expanding the investor base remains a primary objective for NDMC.

Calendar of local Debt Issuances



Offer Day

Settlement Day

Eid Holidays


National Day

Founding Day

Graph (1): Local Sukuk Issuance Calendar for FY 1445-1446 AH (2024)

2.1.5 | Set Objectives at the National Level

NDMC objectives set to realize Saudi Vision 2030

Vision Pillars	Axes	Programs	Objectives
Thriving Economy	Grow and diversify the economy.	 Financial Sector Development Program  Fiscal Sustainability Program  Public Investment Fund Program	<ul style="list-style-type: none"> Develop the local debt markets. Enhancing economic relations with global markets' participants. Develop the Kingdom's standing in global markets. Grow the assets of the Public Investment Fund. Develop a sustainable fiscal policy. Develop a sustainable financing framework. Attracting international capital to the local market.
Vibrant Society	Strengthen human values and national identity. Offer a fulfilling and healthy life.	 Housing Program	<ul style="list-style-type: none"> Provide suitable homeownership opportunities for Saudi families (by creating a reference yield curve for financing products).
An Ambitious Nation	Enhance government effectiveness. Enable social responsibility.	 Financial Sector Development Program	<ul style="list-style-type: none"> Disseminating the Kingdom's credit story to international investors. Promote and enable financial planning (savings).

NDMC Contributions to Saudi Vision 2030 Realization Initiatives

NDMC contributes directly and indirectly to achieving the objectives of several programs and initiatives entrusted thereto in line with the aspirations of Saudi Vision 2030 to unify efforts to achieve economic diversification as follows:

Direct Contributions

Fiscal Sustainability Program

NDMC seeks to maintain the Kingdom's ability to access different debt markets to produce sovereign debt instruments at fair pricing within informed foundations and frameworks of risk management.

Financial Sector Development Program

Government-Backed Savings Products Initiative

NDMC participates in achieving this Initiative, which aims at offering government-backed savings products, designed to incentivize both citizens and residents towards savings, foster competition, and enable individuals to save in government Sukuk, thereby benefiting the financial sector.

Sustainable Financing in the Kingdom of Saudi Arabia

NDMC participates within its competencies to work on issuing sovereign debt instruments or other financing solutions, establishing a sustainable framework that includes them. Additionally, it endeavors to enhance the Kingdom's assessment by ESG rating agencies through the cultivation of a positive perception.

Sukuk and Debt Instruments Market Development Committee

NDMC collaborates with Committee members from relevant entities to consistently assess and revise laws, regulations, and procedures pertaining to local debt markets. This aims to enhance the local debt markets, broaden investor participation, and entice foreign capital, all while adhering to international best practices.

Indirect Contributions

NDMC contributes indirectly to the issuance of the programs: "Public Investment Fund Program, Housing Program, and Privatization Program", as part of its contributions to developing the local debt markets to enhance its efficiency and depth through the establishment of a sovereign yield curve spanning various debt instrument maturity profiles to accommodate both government and private sector debt issuances.

2.2 | Performance Overview

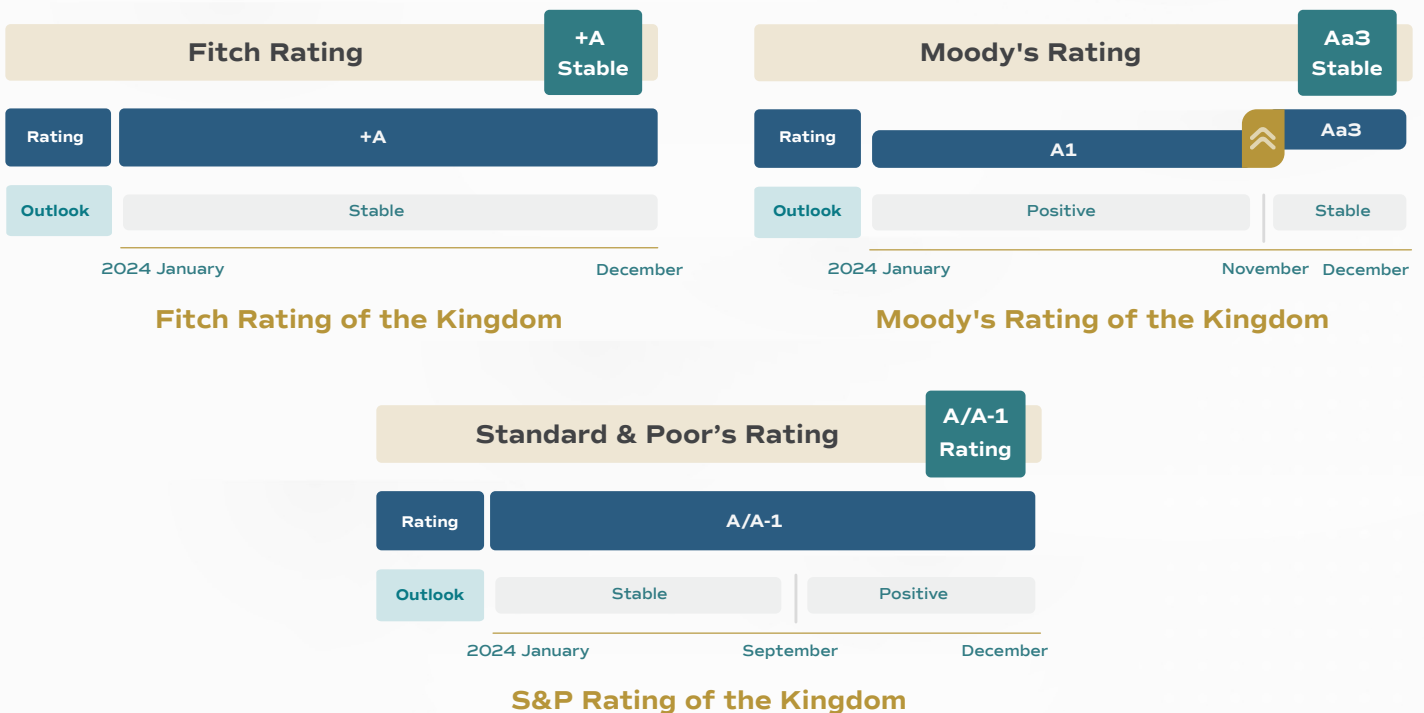
2.2.1 | Approved initiatives

Initiatives	Target Ratio (YTD)	Achieved Ratio (YTD)	Completion percentage	Objectives
Savings Initiative	%100	%100	%100	Savings Sukuk were developed and launched for individuals to encourage them to save for better planning for the future.
Sustainable Financing in the Kingdom of Saudi Arabia and ESG Initiative	%100	%100	%100	NDMC and MoF worked in cooperation and coordination with the Ministry of Energy to raise investors' awareness of the circular carbon economy and the Kingdom's orientations in this area. In addition, the Green Finance scope has been launched.

2.2.2 | International Indicators

NDMC oversees the Kingdom's sovereign credit rating affairs in collaboration with relevant government entities. This collaborative approach ensures effective management of the Kingdom's creditworthiness, facilitating access to new global debt markets at favorable rates.

The Kingdom's Credit rating indicators as of the end of the reporting year:



Graph (2): International indicators of the Kingdom's credit rating

2.3 | Key Actions and Achievements

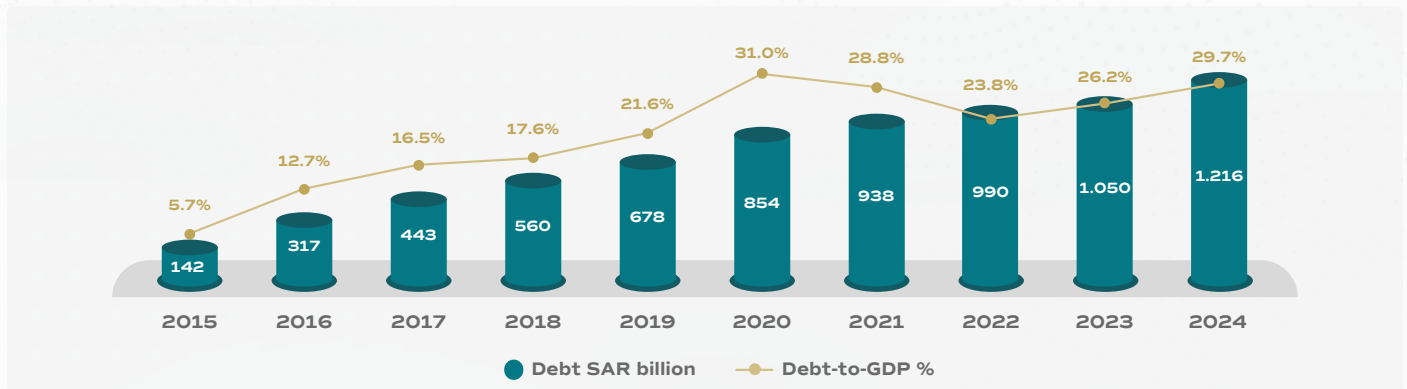
2.3.1 | Financial Sector Business Summary

Sovereign Debt Portfolio

Debt Portfolio Overview

The sovereign outstanding Debt Portfolio reached a total of SAR 1,216bn by the end of the reporting year, of which 61% represents local debt and 39% represents international debt. Furthermore, the portfolio split reached 88% fixed rate debt and 12% floating rate debt.

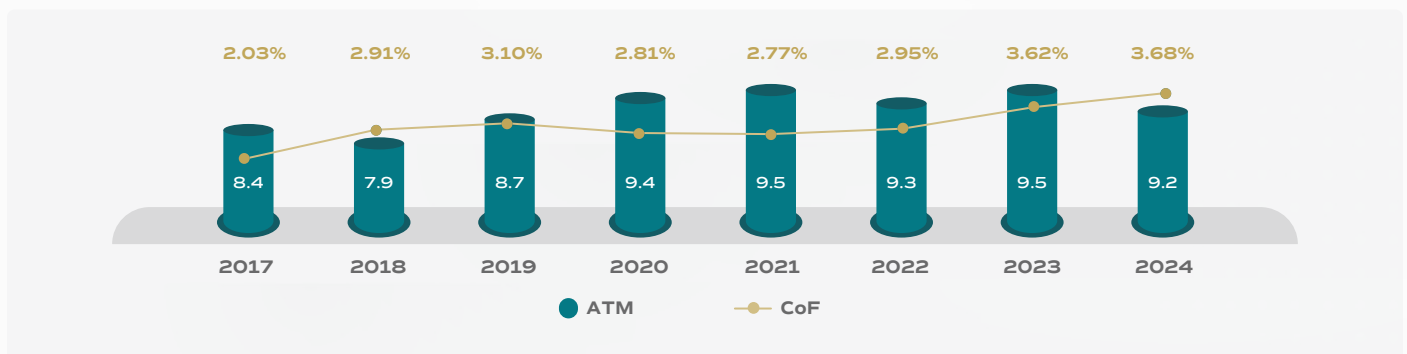
Despite the increase in the Debt Portfolio level by the end of the reporting year, Debt-to-GDP ratio remains within an acceptable level and in line with the approved ceiling of 40% under the Kingdom's medium-term debt strategy, where the reporting year Debt-to-GDP⁽¹⁾ ratio stood at 29.7%, compared to 26.2% at the end of the fiscal year 1444 -1445 AH (2023).



Graph (3): Public debt and Debt-to-GDP ratio (in billions of riyals)

Cost of Funding (CoF) and Average Time to Maturity (ATM)

The Cost of Funding⁽²⁾ (CoF) of the Kingdom's debt portfolio has reached approximately 3.68% by the end of the reporting year. In addition, the outstanding debt portfolio includes maturities ranging up to 40 years, and the debt portfolio Average Time to Maturity (ATM) reached 9.2 years by the end of the reporting year compared to 9.5 years by the end of the FY 1444 -1445 AH (2023).



Graph (4): Cost of Funding (CoF) and Average Time to Maturity (ATM) (in billions of riyals)

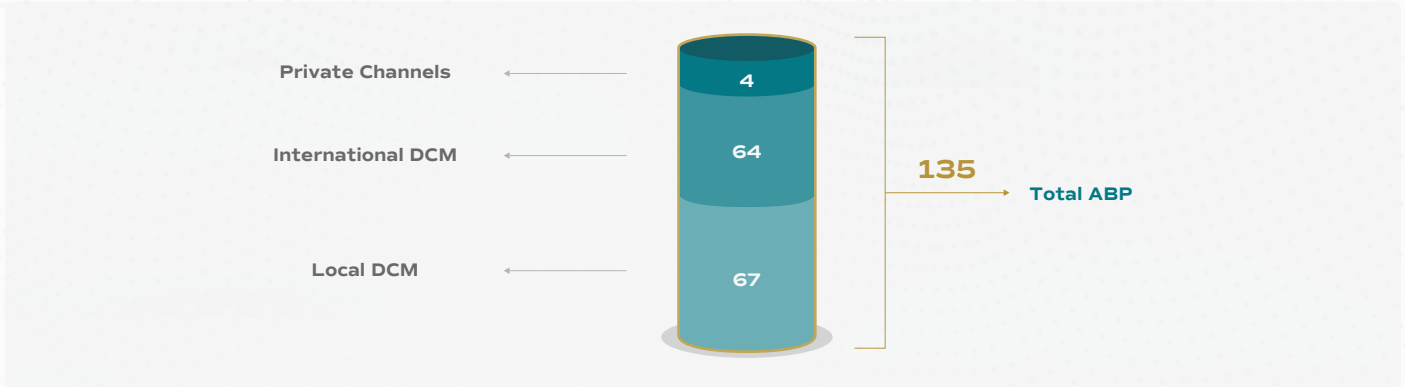
⁽¹⁾ Nominal GDP Data as per General Authority for Statistics

⁽²⁾ Cost of Funding is based on a cash basis.

Borrowing Performance for the FY 1445-1446 AH (2024)

Annual Borrowing Plan for the FY 1445 -1446 AH (2024)

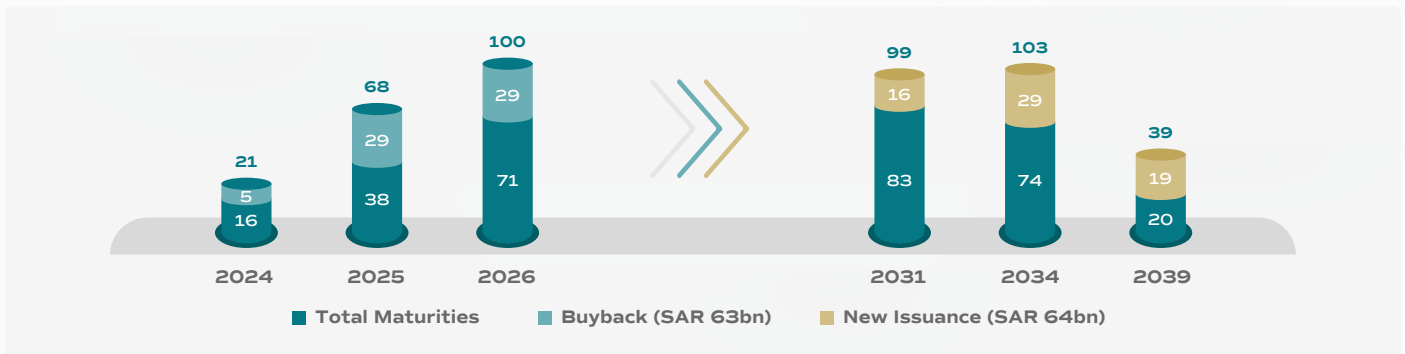
The Center executed the annual borrowing plan for the FY 1445 -1446 AH (2024), with total financing activities amounting to SAR 135bn. This comprised SAR 67bn through local issuances, SAR 64bn through international issuances, and SAR 4bn secured through private funding channels.



Graph (5): Total Executed Annual Borrowing Plan for FY 1445-1446 AH (2024) (in billions of riyals)

Liability Management Transactions

In alignment with NDMC's objective of effectively managing and evaluating the future refinancing risk associated with the Kingdom's Debt Portfolio, NDMC executed a local liability management transaction exceeding SAR 64bn in total value. This transaction involved a partial redemption of local securities maturing in 2024, 2025, and 2026, which were exchanged for new securities with longer maturities. This proactive approach demonstrates NDMC's commitment to maintaining a sound and sustainable debt management strategy.

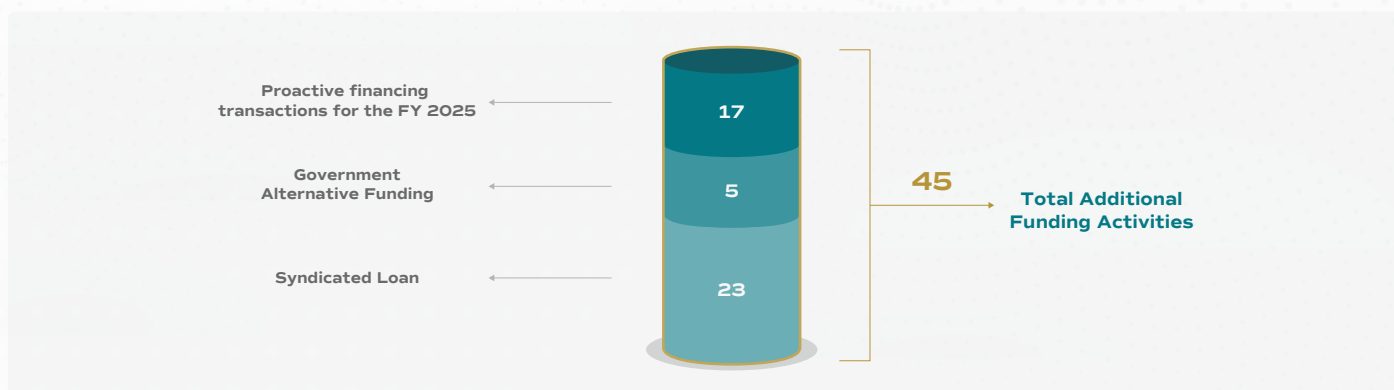


Graph (6): Local liability management transactions during FY 1445-1446 AH (2024) (in billions of riyals)

Additional Funding Activities

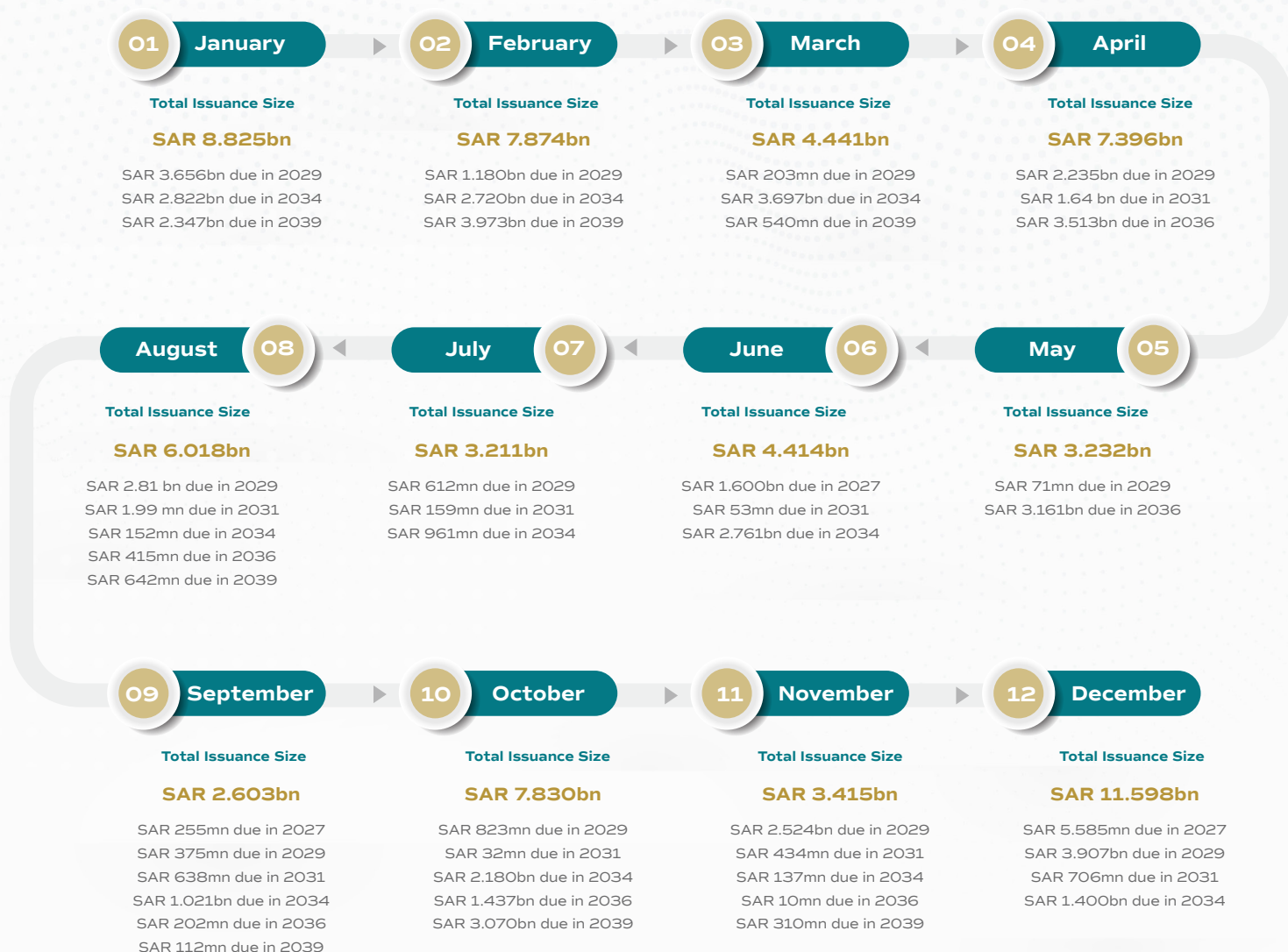
In alignment with the objectives of the Saudi Vision 2030, and as part of the strategy to support the continuity and completion of the developmental projects in the Kingdom, NDMC has executed additional funding activities totaling SAR 45bn that include the following:

- The syndicated loan arranged by NDMC in alignment with the Ministry of Finance of approximately SAR 23.3bn to support the construction sector.
- The drawdowns of SAR 5bn from an outstanding financing agreement that was signed in FY 1443-1444 AH (2022), which is related to financing infrastructure and capital expenditures in the water sector.
- Proactive financing transactions totaling approximately SAR 17bn were executed to partially meet the total funding requirements for the FY 1446-1447 AH (2025).



Graph (7): Total Additional Funding Activities during FY 1445-1446 AH (2024) (in billions of riyals)

Timeline of local monthly issuances during the reporting year



Graph (8): Local Sukuk Issuances during FY 1445-1446 AH (2024)

International Issuances during the Report Year

During the reporting year, the Kingdom issued international bonds and sukuk denominated in U.S. dollars. At the beginning of the reporting year, the first issuance of U.S. dollar-denominated international bonds was completed under the Saudi Arabian Global Medium-Term Note Issuance Program, and the total volume of subscription requests reached approximately USD 30bn, whereas the coverage rate exceeded two and a half times the total issuance, which amounted to USD 12bn (equivalent to SAR 45bn).

NDMC also arranged for the international issuance of the Kingdom's government Sukuk in US dollars within the Kingdom's Global Trust Certificate Issuance Program, and the total volume of subscription requests reached approximately USD 20bn, with the coverage rate exceeding four times the total issuance, which amounted to USD 5bn (equivalent to SAR 18.75bn).

Local and International Issuances Highlights



Graph (9): Local and International Issuances Highlights during FY 1445-1446 AH (2024) (in billions of riyals)

²¹ Which was previously mentioned in the report within the additional financing operations worth up to SAR 23.3 bn to support the construction sector.

Contributing to the development of the infrastructure of local debt markets and entering international markets

General Framework for Green Finance in the Kingdom of Saudi Arabia

MoF published the Green Finance Framework in the Kingdom of Saudi Arabia, as part of one of the initiatives of the Financial Sector Development Program aimed at supporting the Kingdom's ambitious objectives toward achieving sustainability and reaching net-zero emissions. By adopting a circular carbon economy approach, and highlighting these efforts to investors and market participants, this framework is an important step towards achieving the goals of Saudi Vision 2030, which focuses on a more sustainable future, starting from developing policies and investment to planning and building infrastructure.

The Kingdom of Saudi Arabia Green Financing Framework also illustrates regional leadership in sustainable finance and encourages more public and private initiatives towards climate and environmental finance. The framework is established in line with the Kingdom's announcement in October 2021 to achieve net-zero emissions by 2060 through the Circular Carbon Economy approach, and to fulfill the pledge to reduce its Greenhouse gas (GHG) emissions by 278mn tons per year by 2030 in line with the Paris Agreement, in accordance with the Green Bonds Principles (GBP) of the International Capital Market Association.

Government-backed savings products initiative

NDMC worked in cooperation with the private sector to develop and launch a savings product dedicated to individuals, taking into account that it suits this segment in terms of subscription via digital channels, and providing flexibility in the product terms regarding commitment period and calculation of returns.

During the reporting year, the savings product "SAH" was launched and marketed through media and awareness campaigns for individuals in the Kingdom. At the end of the reporting year, the total volume of subscriptions amounted to approximately SAR 1.3bn, and the number of subscribers reached approximately 58 thousand subscribers.

To activate the continuity of this initiative, NDMC has prepared a number of future plans for savings products, including developing the current product and continuing it for the next fiscal year, in addition to studying the possibility of launching new similar products in cooperation with the private sector, whereas a memorandum of understanding was signed with Tarmeez Financial Company to establish frameworks for cooperation in the field of government savings products.

Contributing to initiatives to develop the Local Debt Market

During the reporting year, NDMC worked on a number of initiatives to develop the local market, targeting strengthening the yield curve and the role of primary dealers in bonds and Sukuk to support secondary market liquidity. In addition to developing performance reports for primary dealers in the market, which contributes to monitoring their performance effectively.

The Ministry of Finance and NDMC also signed agreements with Albilad Investment Company, Aljazira Capital, Al Rajhi Capital, Derayah Capital, and Saudi Fransi Capital to appoint them as primary dealers and distributors of local government debt instruments, thus joining local financial institutions that have previously joined the primary dealer program, namely: National Commercial Bank, Saudi First Bank (SABB), Bank Aljazira, Alinma Bank, and Al Rajhi Bank, in addition to international financial institutions, namely: BNP Paribas, Citigroup, Goldman Sachs, J.P. Morgan, and Standard Chartered Bank. These agreements confirm NDMC's role in sustaining and enhancing access to local debt markets by diversifying the investor base.

Interaction with financial institutions and investors at the international and Domestic levels

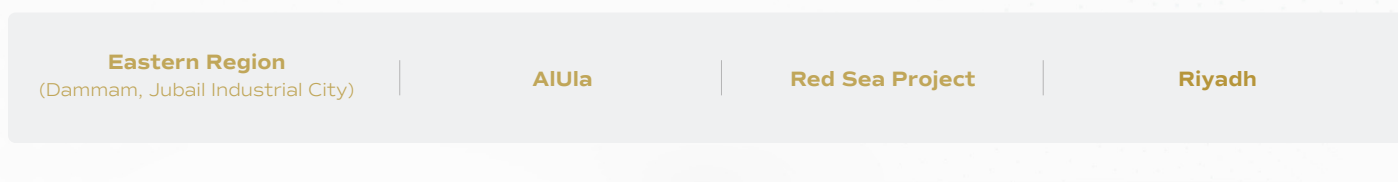
To convey the momentum of Saudi Vision 2030 and the Kingdom's credit story, NDMC organized a number of meetings with more than 200 investors during the reporting year, in addition to arranging for the interaction of 27 governmental and semi-governmental entities with direct or indirect relations with the government with credit rating agencies, including arranging and coordinating 5 domestic visits by credit rating agencies.

NDMC also participated in 15 events, including conferences and seminars around the world, which contributed to its communication with investors in 4 different countries, and held meetings with more than 250 investors to review the latest developments in the Saudi economy and the local market. NDMC focused its interaction with investors on the main global financial centers, including London, New York, Washington, Hong Kong and Singapore.

NDMC hosted the Capital Group⁽¹⁾ in Riyadh, organizing meetings for them with leaders of a number of government sectors, and field visits to a number of major projects in the Kingdom.

On another note, NDMC participated in organizing two Domestic visits to the Kingdom for 39 representatives from 16 international financial institutions, including investors and export credit agencies, with the aim of updating them on the developments of the Kingdom's credit story, exploring local projects, and meeting with leaders and officials of the sectors in the Kingdom. NDMC also participated in a number of local events organized by the financial sectors in the Kingdom, whereas its participation included holding meetings with more than 35 international investors.

NDMC also participated in the activities of the Saudi Tour, organized by the Ministry of Finance on the sidelines of the activities of publishing the general budget statement, which was characterized by visits to prominent sites, projects and cities, including:



Prominent investors who have recently joined Local issuances:

The reporting year witnessed the participation of investors from various categories in the local issuances arranged by the center. These categories encompass several sectors, including:

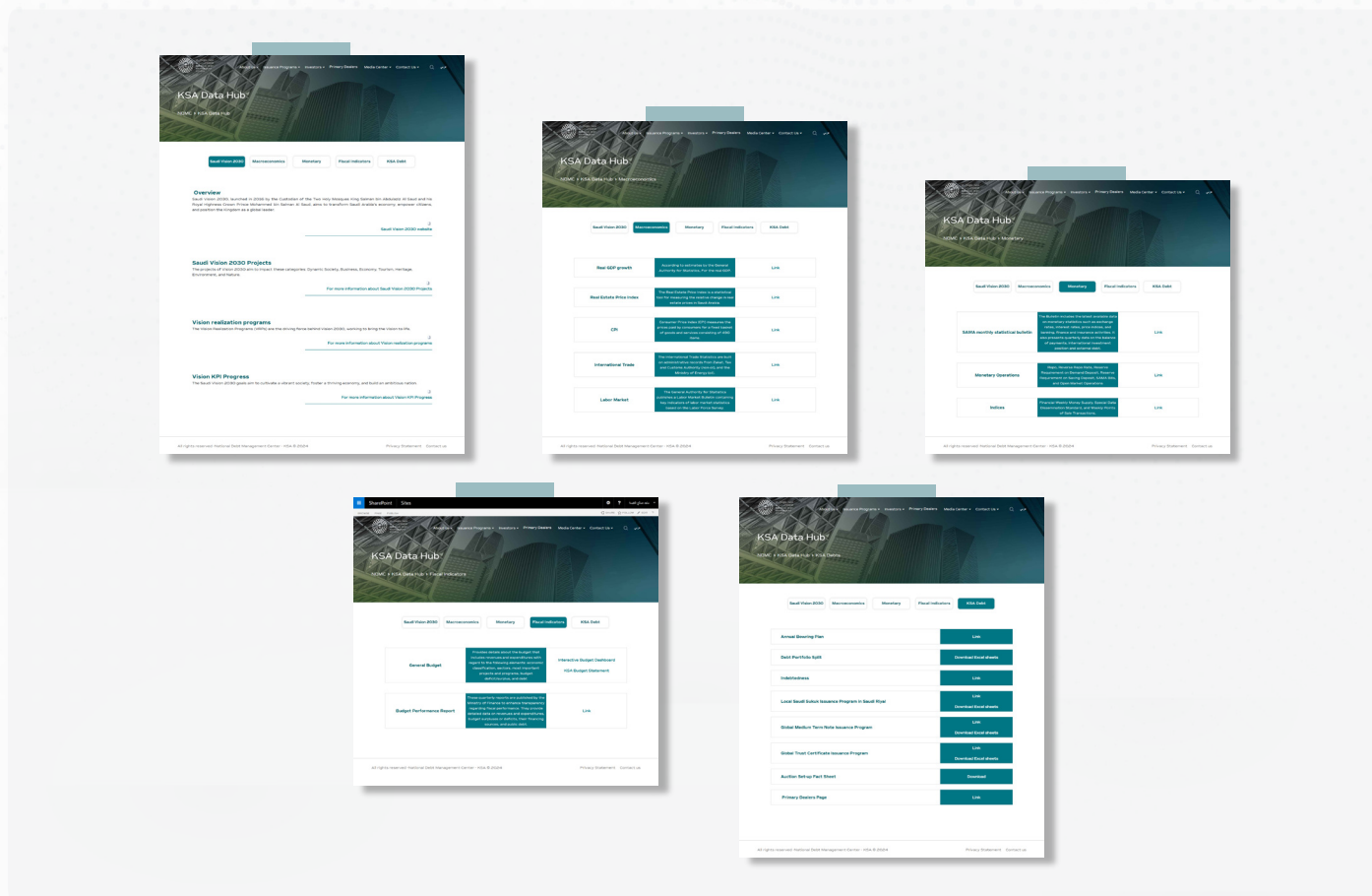


⁽¹⁾ Capital Group is an American financial services company and one of the oldest and largest investment management firms in the world, with assets under management of more than USD 2.6 trillion.



Knowledge Hub

NDMC’s website has been developed by launching a special section to disseminate financial knowledge under the name “KSA Data Hub”. The KSA Data Hub aims to provide the main financial and economic statistics and updated information about them directly from their source, to ensure links to current indicators of the progress of Saudi Vision 2030 projects and the most important financial and economic indicators for investors and those interested in the Saudi financial and economic sector.



Graph (10): KSA Data Hub

NDMC's Initiatives in Special Government Financing Operations

In addition to NDMC's arrangement of additional financing operations totaling approximately SAR 45bn, NDMC also arranged for opportunities for cooperation with export credit agencies through memoranda of understanding signed with:

Danish Export and Investment Fund

China Export and Credit Insurance Corporation

Spanish Export Credit Agency

Sovereign Debt Risk Management

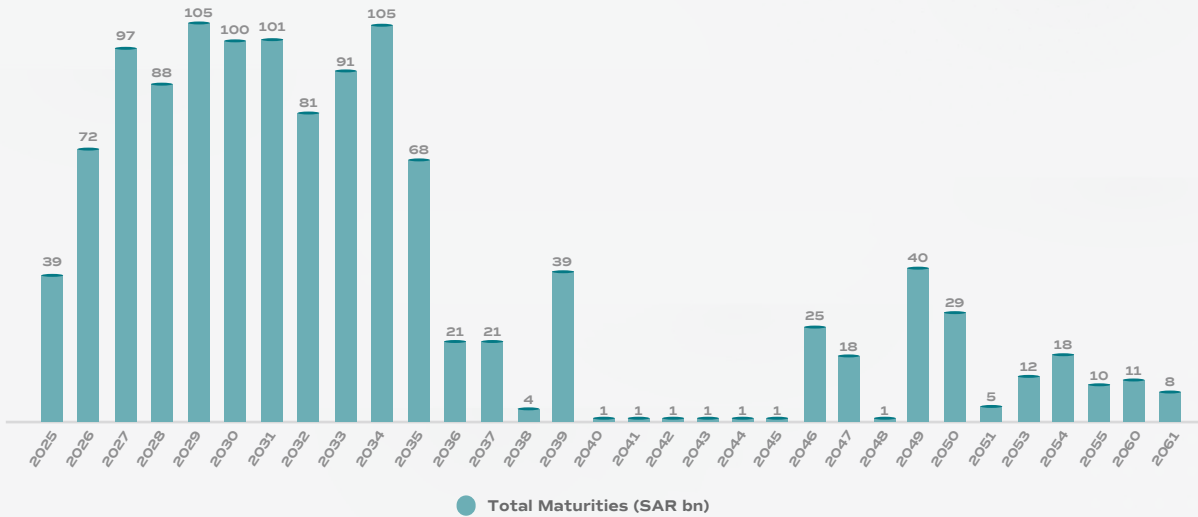
Sovereign debt risk management is a key component of the Kingdom's medium-term debt strategy, with NDMC balancing financing decisions with five key risk considerations: liquidity, refinancing, interest rates, exchange rates, and credit rating risks.

Liquidity

NDMC, in cooperation with relevant stakeholders, ensures that the local debt market is deep enough to absorb contemplated new debt issuance. This proactive approach helps preserve strong liquidity levels in the local market.

Refinancing

The outstanding maturities due in 2025 amount to SAR 38bn⁽¹⁾. Future refinancing risk is managed through the execution of liability management transactions and by carefully calibrating new securities throughout the year to preserve the Average Time to Maturity (ATM) of the total debt portfolio.

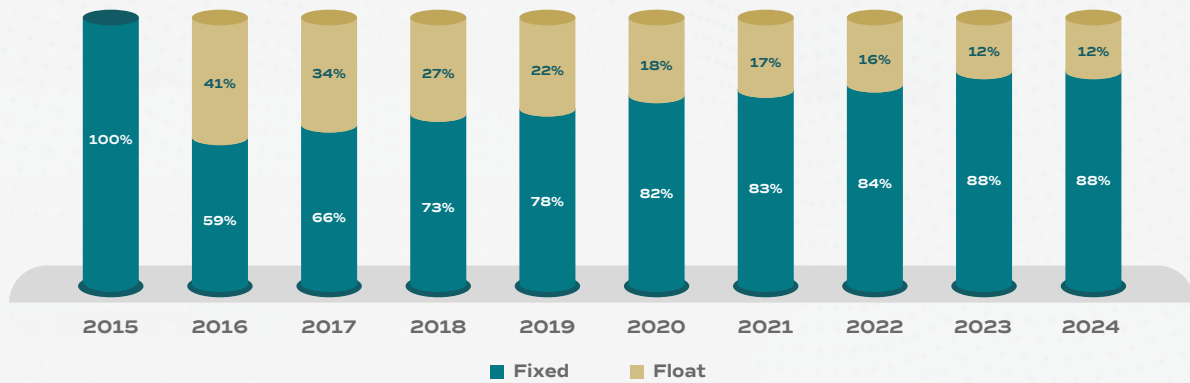


Graph (11): Total Maturities (in billions of riyals)

⁽¹⁾ Excludes SAR 1.3bn of the Government Saving Sukuk product, which is related to an initiative aiming to increase the savings ratio among individuals.

Interest Rate Exposure

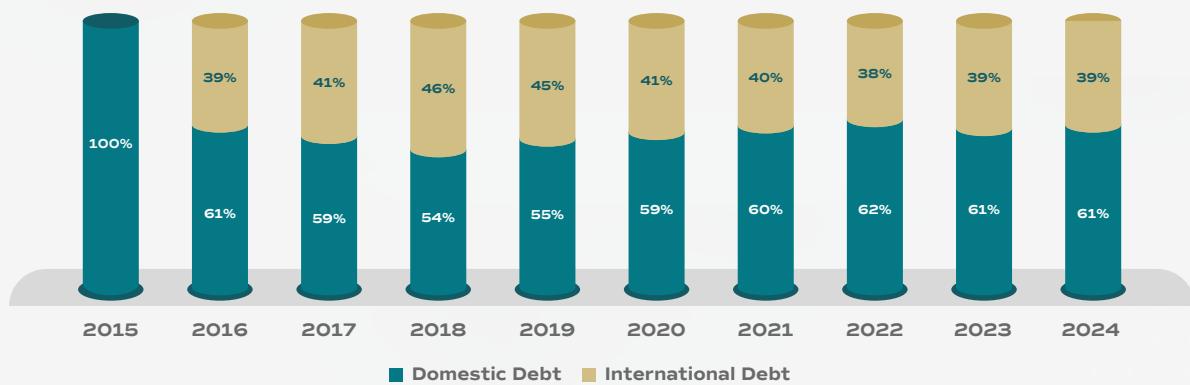
At the end of the reporting year, the split between fixed and floating rate debt of the total debt portfolio reached 88% fixed rate debt and 12% floating rate debt. This balanced approach helps mitigate the impact of fluctuating interest rates on the Kingdom's debt servicing costs. NDMC continuously assesses market conditions and interest rate risk.



Graph (12): The split between fixed and floating rate debt of Total Debt Portfolio

Exposure to exchange rates

Given the Kingdom's strong reserve position, robust assets, and stable currency peg regime, the current and projected portfolio of international debt carries limited foreign exchange risk. EUR-denominated debt is the only non-USD exposure and represents around 1% of the total debt portfolio by the end of the reporting year.



Graph (13): Local vs. International Debt Ratio of Total Debt Portfolio

Credit Rating Follow-up Work

NDMC coordinates the Kingdom's sovereign credit rating affairs in collaboration with relevant government entities. This collaborative approach ensures effective management of the Kingdom's creditworthiness, facilitating access to new global debt markets at favorable rates.

Kingdom of Saudi Arabia's Historical Credit Rating in 2022 and 2023:



Graph (14): Credit rating changes of the Kingdom during the two years preceding the reporting year

Kingdom's Credit Rating as at the end of the reporting year:

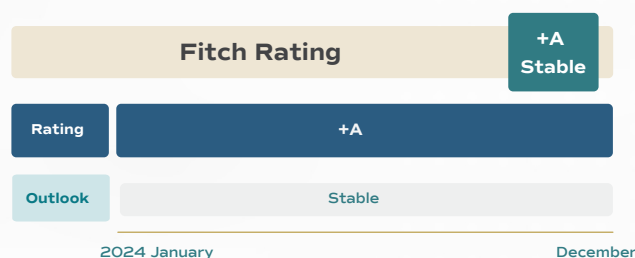


Graph (15): Credit rating changes of the Kingdom during the reporting year

Main Highlights by the Credit Rating Agencies:

FitchRatings

- The agency expects the Kingdom's net sovereign foreign assets to remain high at 50% of GDP, which is considered a high rate compared to the average of countries rated "A", which amounts to approximately 6% of GDP, and countries rated "AA", which averages 34% of GDP.
- The agency reflects the Kingdom's possession of a strong financial and external balance sheet.
- Fitch's rating indicates significant fiscal buffers in the form of deposits and other public sector assets.



Fitch Rating of the Kingdom

S&P Global

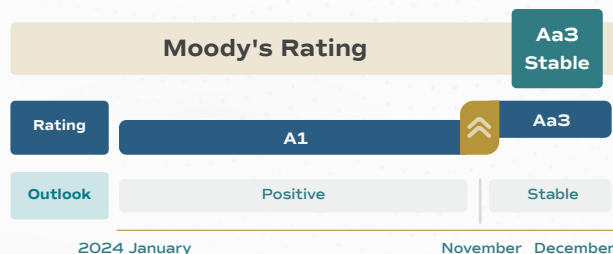
- The positive outlook reflects the potential that the Saudi government’s wide-ranging reforms and investments will underpin the development of the non-oil economy while upholding sustainable public finances.
- S&P highlights that the continued execution of Saudi Vision 2030 initiatives is expected to bolster strong non-oil growth prospects in Saudi Arabia over the medium term.
- S&P projects stronger growth averaging 4.3% over the next three years.



S&P Rating of the Kingdom

MOODY'S

- Moody's expects the non-hydrocarbon private sector GDP is expected to grow by approximately 4-5% in the coming years, among the highest in the Gulf Cooperation Council (GCC).
- The Kingdom will continue to benefit from sizeable government financial assets (GFAs) of 20-25% of GDP.
- The Kingdom's non-hydrocarbon mining sector is already demonstrating some potential with exports of phosphate fertilizers, aluminum, and various precious, industrial, and base metals including gold, copper, and zinc.



Moody's Rating of the Kingdom

Agreements and Memoranda of Understanding

During the reporting year, NDMC arranged for a number of strategic partnerships aimed at exchanging technical and scientific support and expertise. These partnerships include signing a memorandum of joint cooperation with the General Authority for Statistics, aiming to raise the level of cooperation between them and NDMC, enhancing coordination and integration of efforts in their areas of specialization, and establishing a general framework for joint activities and tasks. Furthermore, a memorandum of understanding was also signed with Tarmeez Capital Company, aiming to establish frameworks for cooperation with NDMC in the field of savings products. In addition, NDMC and the Macro-Fiscal Policy Agency at the Ministry of Finance have adopted a service level agreement between them to develop their joint work and raise its quality.

2.3.2 | Business Overview at the Operational Level

Organizational Excellence

NDMC works to provide a fair competitive environment and multiple enablers of programs and initiatives. In line with the transformation process; NDMC accelerated its efforts to provide a work environment that simulates the phase's objectives of localizing the sector and developing human capital. During the reporting year, NDMC followed up on the implementation of the approved institutional strategy, through quarterly measurement of all indicators and strategic initiatives for all sectors within NDMC and submitting periodic reports to decision-makers, in addition to launching a strategic awareness campaign to ensure the adoption of concepts and practices and the pursuit of sustainable results targeting all functional levels. This campaign included organizing induction workshops and panel discussions on the basic concepts of strategy and change management.

2.3.3 | Global and Local Social Activities, Conferences, and Awards

NDMC has aligned with the Kingdom's directions by participating in major local and international events and conferences, aiming for continuous and direct communication with investors and stakeholders, including decision-makers and key players in the local and international financial sectors.

Local and International Conferences and Forums

- ◊ The Financial Sector Conference (Riyadh, Saudi Arabia: March 2024).
- ◊ Participating in several international forums and conferences in various countries, such as the United States, the United Kingdom, Hong Kong, Singapore, Greece, and the United Arab Emirates, to meet with investors and international financial institutions, updating them on the latest developments, discussing NDMC's strategy in international and local debt markets, exploring financing opportunities through private financing channels, and enhancing future cooperation opportunities.
- ◊ The Financial Market Forum (Riyadh, Saudi Arabia: February 2024) with a focus on promoting and educating attendees about the savings product "SAH".

Knowledge Transfer Sessions and Workshops

- ◊ NDMC, in collaboration with Standard Chartered Bank, organized a workshop entitled "Major Economic Changes in Global Markets and Interest Rate Forecasts." The workshop was attended by representatives from various government entities.
- ◊ NDMC participated in organizing a seminar titled "Financial Markets and Credit Forecasts" in cooperation with Moody's Investors Service and Altamayyuz Academy. The seminar's topics included enhancing knowledge of credit ratings and Moody's methodologies in credit assessments, the impact of local and regional economic developments on the future credit outlook for Gulf Cooperation Council countries, as well as an overview of the future of the financial sector and debt markets in Saudi Arabia and the GCC, and sovereign debt issuances and green sukuk.

Community Contribution Sessions and Workshops

- NDMC hosted a group of students from Imam Mohammad Ibn Saud Islamic University specializing in finance and media fields. A comprehensive overview of media tools and practices in the financial sector within the Kingdom was presented to inspire and encourage them to pursue career paths in this field in the future.
- In collaboration with the Eastern Province Council for Social Responsibility, NDMC organized a workshop entitled “Social Responsibility: Between Practice and Empowerment.” The workshop aimed to foster a culture of social responsibility within the public, private, and non-profit sectors.
- In partnership with the General Organization for Social Insurance, NDMC hosted a group of talented individuals from the GOSI Elite Program. This initiative seeks to attract recent university graduates and enhance their capabilities.
- NDMC participated in an awareness lecture on the savings product “SAH”, organized in cooperation with the Financial Communication and Knowledge Center at the King Abdulaziz Center for Cultural Communication. Several government entities attended the workshop.
- NDMC participated in a lecture entitled “Green Bonds and its Role in Achieving the objectives of Saudi Vision 2030,” organized by the Financial Communication and Knowledge Center, NDMC shed further light on green bonds and their role in driving sustainable economic development in the Kingdom.

Awards and Certifications



Best Government Media Campaign Award for 2024

NDMC was awarded the Best Government Media Campaign for launching of the savings product (SAH) Sukuk campaign at the Saudi Creativity Festival “Athar” awards ceremony - the largest gathering of its kind in the creative marketing field in the Kingdom - held in Riyadh.



ISO Certification 9001:2015

NDMC has been awarded the ISO 9001:2015 certification, a prestigious recognition granted to organizations excelling in quality management and operations. This achievement follows a comprehensive review of NDMC’s governance procedures and a thorough assessment of its implementation of the highest quality, transparency, and performance improvement standards. The certification is a testament to NDMC’s successful implementation of a comprehensive plan to enhance its procedures and governance, leading to improved quality and efficiency in all operations to ensure compliance with international standards. Additionally, NDMC implemented a series of strategic initiatives aimed at promoting transparency and performance efficiency across all its operations. This included improving the technical infrastructure and enhancing employee skills through advanced training programs.

Conclusion

NDMC continues to pursue sustainable excellence in the financial sector and the national economy, devoting its efforts to serving the country and its people. NDMC commits to localizing the best financial, technical, and institutional practices and continuously enhancing performance efficiency every year.

This report details the completed works to closely enhance the standards of transparency and financial and administrative disclosure by informing decision-makers, specialists, and the people about their jobs, which was, thanks to Allah and then the directives of the wise leadership and the follow-up of the H.E., made, the constant keenness to adopt the institutional and professional work that NDMC is proud to have accomplished through the efforts of young Saudi cadres with dedication and sincerity to contribute to highlight and raise the performance of public finances, and looking forward to fruitful new years with more achievement and work.



المركز الوطني لإدارة الدين
NATIONAL DEBT MANAGEMENT CENTER

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