



المركز الوطني لإدارة الدين
NATIONAL DEBT MANAGEMENT CENTER



Annual Borrowing Plan Report

Fiscal year **2024**



Introduction

The National Debt Management Center (“NDMC”) has prepared this report as a general statement of the 2024 annual borrowing plan. This report contains NDMC’s forecasts related to certain data included in the report and its future plans. Such forecasts and data may materially change subject to domestic and international market conditions. Neither the Ministry of Finance nor the NDMC, accepts any liability for, or obligation to publish any revisions to, the forecasts or the data in this report to reflect changes in market conditions after the publication date. The report and data included in this report do not constitute investment advice, and they shall not be considered as a solicitation or offer to sell or purchase any securities, deal in any product, or enter any transaction.

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01



NDMC's Objectives

The NDMC aims to:

Debt Strategy

Contribute to setting and developing the Kingdom's public debt policy, and securing the Kingdom's financing needs in the short, medium, and long-term.

Sustainability of Funding

Ensure the kingdom sustainable access to diverse debt markets for issuing sovereign debt instruments at fair prices grounded in sound risk management practices and frameworks.

Credit Rating

Proactively monitor and manage the kingdom's credit rating affairs in coordination with government agencies.

Empowerment and Support

Provide advisory services and propose execution plans for governmental bodies, companies in which the government owns more than (50%) of their capital, and public institutions in the area of NDMC's area of expertise, including collecting, processing, and follow-up on direct and indirect public debt data, negotiation of restructuring, repricing, or re-contracting of debt, and services related to hedging policies, investors relations management in public debt instruments, credit rating affairs, or other related services.



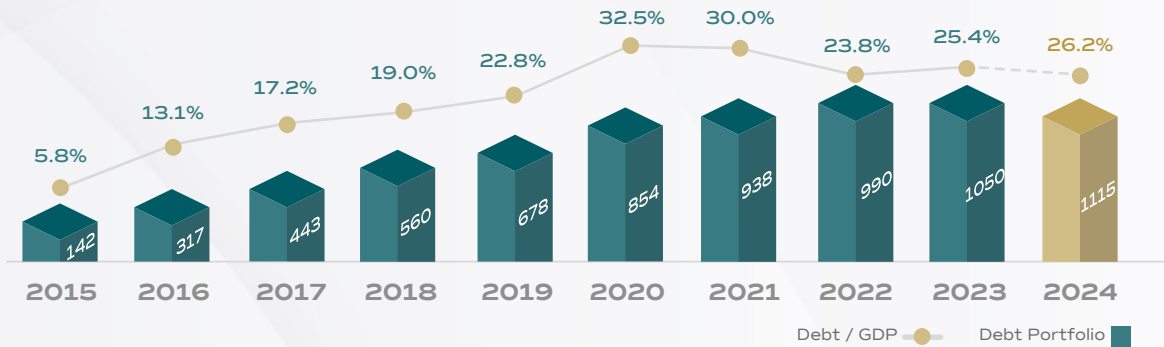
02



**Sovereign Debt
Developments
and Debt Market
Initiatives**

Sovereign Debt Portfolio

The sovereign debt portfolio experienced an expansion of approximately SAR 60 billion in 2023¹, reaching SAR 1,050 billion. This represents 25.4% of GDP, compared to 23.8% in 2022². Despite the increase in debt in 2023, debt-to-GDP¹ ratio remains within conservative levels.



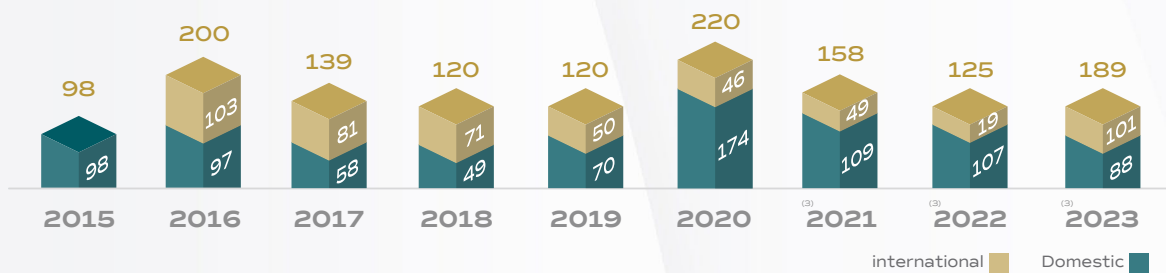
Debt-to-GDP (SAR Bn)

Borrowing Activities

The NDMC achieved remarkable success in 2023³, securing approximately SAR 189 billion in borrowing activities, with SAR 88 billion sourced domestically and SAR 101 billion raised internationally. In 2023, total debt maturities amounted to SAR 93 billion.

Demonstrating its expertise in debt management, the NDMC executed a domestic Sukuk and bond liability management transaction, effectively redeeming domestic securities maturing in 2024, 2025, and 2026 with a total value of SAR 36 billion, and simultaneously issuing domestic Sukuk for the redeemed amount.

Additionally, the NDMC facilitated financing agreements worth SAR 41 billion in 2023, supporting various infrastructure projects under the Government Alternative Funding (GAF) channel. This initiative underscores the NDMC's commitment to fostering infrastructure development and economic growth.

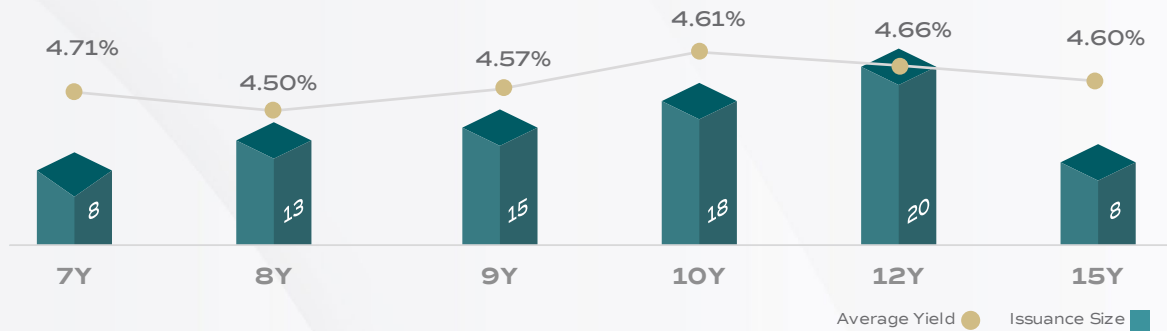


Borrowing activities (SAR Bn)

(1) As per the official budget statement for the fiscal year of 2024.
 (2) Actual GDPs (2015-2022) are as per General Authority for Statistics.
 (3) Includes liability management transactions during the year.

Domestic Funding

In 2023, domestic funding was approximately SAR 88 billion, accounting for 47% of the total funding raised. Domestic Sukuk issuance amounted to around SAR 82 billion, in addition to drawdowns of approximately SAR 6 billion through the Government Alternative Funding (GAF) channel to finance capital expenditures and infrastructure projects for financing agreements that were signed in 2022.

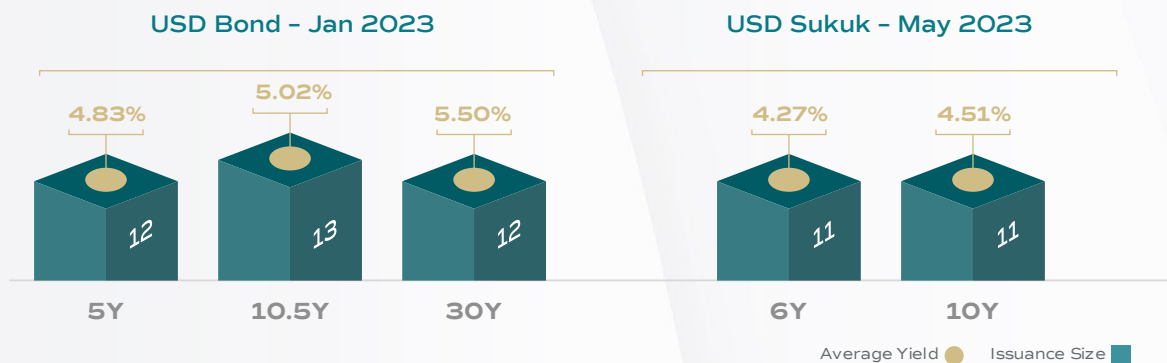


2023 Domestic Sukuk Issuance Highlights⁽¹⁾ (SAR Bn)

International Funding

The Kingdom successfully executed its first international issuance for 2023 under its Sukuk and Global Medium-Term Note Issuance (GMTN) program. This issuance, in the form of USD-denominated bonds, attracted over USD 38 billion in total bids, representing an oversubscription of 3.8 times the intended issuance size of USD 10 billion (SAR 37.5 billion). Building upon this success, the Kingdom completed a second international issuance with a total of over USD 27 billion in bids, resulting in an oversubscription of 4.5 times the planned issuance size of USD 6 billion (SAR 22.5 billion).

In addition to these international issuances, the Government Alternative Funding (GAF) channel facilitated the raising of USD 11 billion (SAR 41 billion) to support capital expenditures and infrastructure projects. As a result, international funding sources contributed approximately SAR 101 billion in 2023, accounting for 53% of the total funding raised.



2023 International Issuance Highlights (SAR Bn)

(1) Includes 2023 liability management transactions.

Sukuk and Bond Liability Management Transaction

In alignment with the NDMC’s objective of effectively managing and evaluating the refinancing risk associated with the Kingdom’s debt portfolio, the NDMC successfully executed a domestic Sukuk and bond liability management transaction exceeding SAR 36 billion in total value. This transaction involved the redemption of domestic securities maturing in 2024, 2025, and 2026, and the issuance of Sukuk in exchange for the redeemed amount. This strategic approach effectively extended the average time to maturity (ATM) while simultaneously mitigating refinancing risk of future maturities.

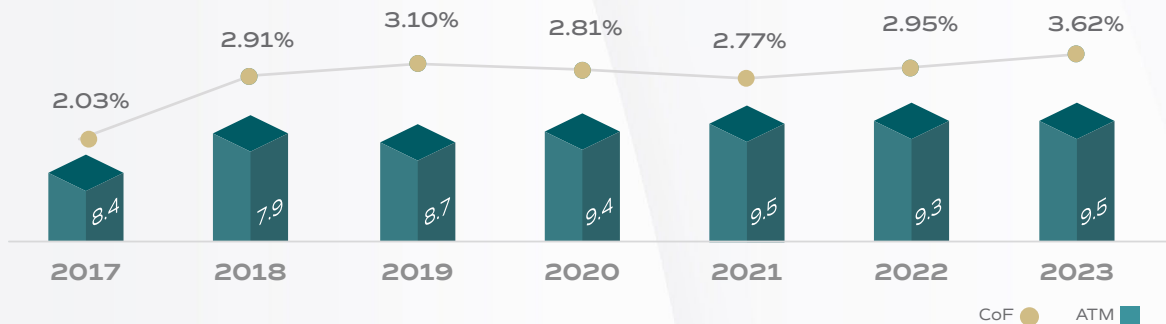
The implementation of liability management transactions has proven to be a valuable tool in enhancing the overall resilience of the Kingdom’s debt profile. By extending the ATM, the NDMC has successfully reduced the exposure to potential refinancing risks that could arise from upcoming maturities. This proactive approach demonstrates the NDMC’s commitment to maintaining a sound and sustainable debt management strategy.



2023 Domestic Liability Management Transaction (SAR Bn)

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

Driven by rising interest rates, the cost of funding (CoF) of the Kingdom’s debt portfolio has reached approximately 3.62% as of the end of 2023. Concurrently, the debt portfolio’s average time to maturity (ATM) has increased to approximately 9.5 years as of 2023 year-end.



CoF¹ & ATM

(1) Cost of Funding on a cash basis per annum.



03



**Risk
Management**

Managing sovereign debt risk is an integral element of the NDMC’s debt strategy. The NDMC balances debt-raising decisions against five key risk factors: liquidity, refinancing, interest rates, foreign exchange, and credit rating.

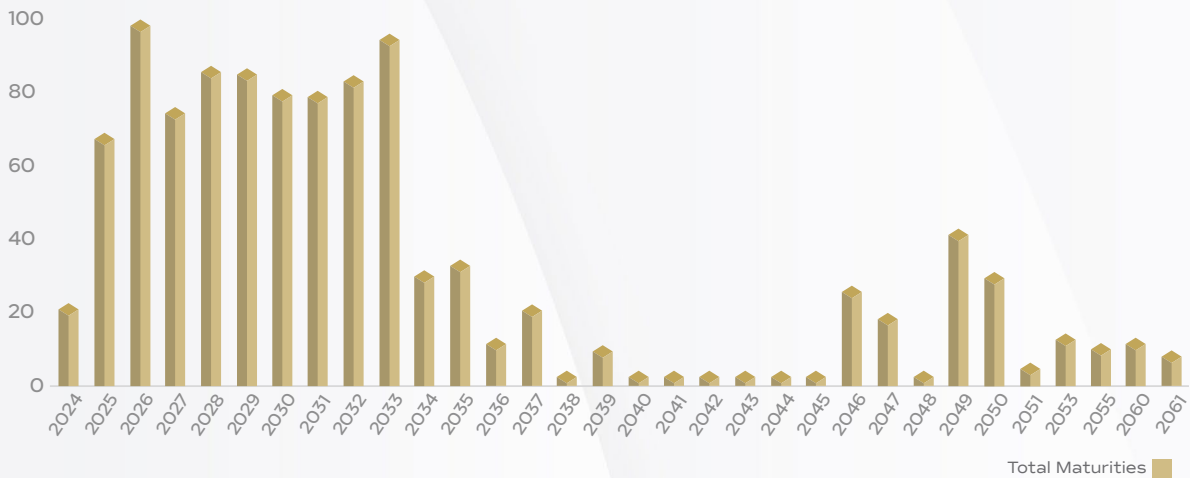
Liquidity

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

Refinancing

Proactive Refinancing Strategy: In 2024, SAR 40 billion was due to mature domestically and internationally. Recognizing this approaching maturity, the NDMC successfully executed a Sukuk and bond liability management transaction in 2023. As a result, approximately SAR 19 billion of 2024 domestic and international maturities were successfully refinanced through issuing new Sukuk. This strategic approach reduced 2023 maturities to approximately SAR 21 billion.

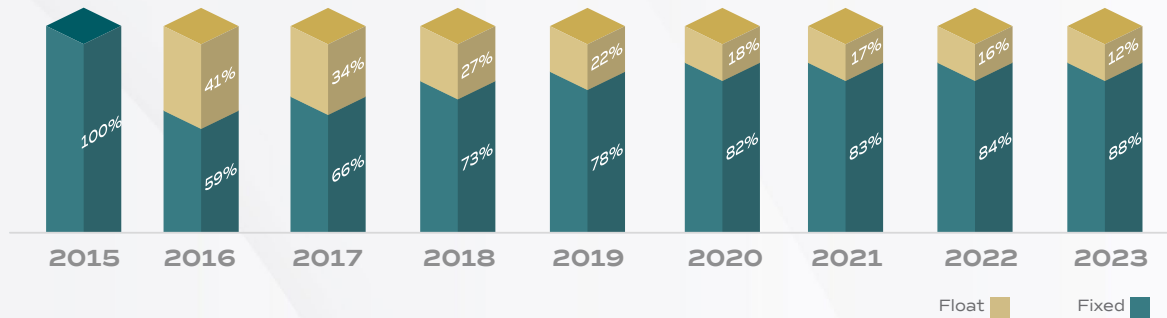
Preserving Average Time to Maturity (ATM): The NDMC carefully calibrates new securities to preserve the Average Time to Maturity (ATM) of the Kingdom’s debt portfolio. This strategy proactively manages refinancing risk by ensuring that maturities are spread out over time.



Maturity Profile (SAR bn)

Interest Rate Exposure

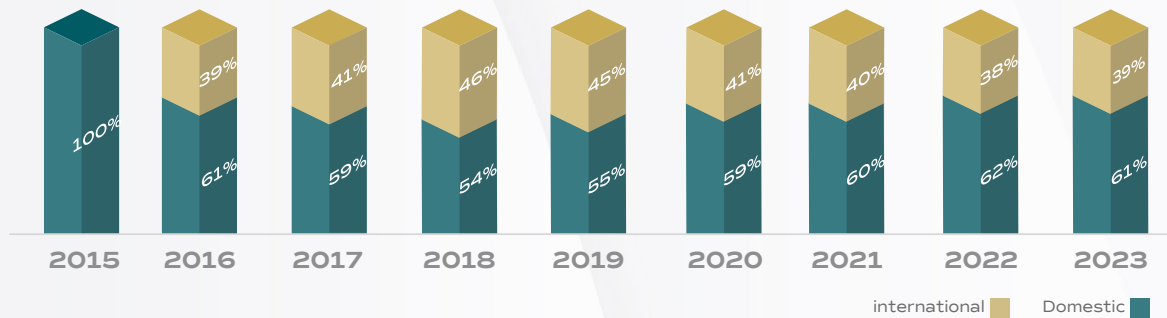
Monitoring Market Conditions and Interest Rate Risk: The NDMC continuously assesses market conditions and interest rate risk. As of the end of 2023, 88% of the total debt portfolio has a fixed interest rate, while 12% has a floating interest rate. This balanced approach helps mitigate the impact of fluctuating interest rates on the Kingdom's debt servicing costs.



Interest Rate Exposure

Foreign Exchange Exposure (FX)

Limited FX Risk: The current and projected portfolio of international debt carries limited foreign exchange risk given the Kingdom's strong reserve position, robust assets, and stable currency peg regime. EUR-denominated outstanding debt stands at nearly 2% of the overall debt portfolio in 2023.



FX Exposure

Credit Rating

Coordinating Sovereign Credit Rating Affairs: The NDMC continues to coordinate the sovereign credit rating affairs of the Kingdom in cooperation with relevant government agencies. This collaborative approach ensures that the Kingdom’s creditworthiness is effectively managed and communicated to global investors.

By effectively managing these five key risk factors, the NDMC is safeguarding the Kingdom’s fiscal stability and ensuring its continued access to global debt markets at favorable rates.

- 01** **Fitch Ratings** upgraded the Kingdom of Saudi Arabia to “A+” with a stable outlook in April 2023 this comes after Fitch revised the outlook to positive when the rating stood at ‘A’ in April 2022.
- 02** **Moody’s** affirmed the Kingdoms of Saudi Arabia’s rating at “A1” and revised the outlook to positive in March 2023. In November 2021, the agency rated the Kingdom at ‘A’ with a stable outlook.
- 03** **Standard & Poor’s** affirmed the Kingdom of Saudi Arabia’s rating at “A” with a stable outlook in September 2023, this comes after the agency upgraded the Kingdom from “A-” to “A” in March earlier this year.

Credit Rating Agency

FitchRatings

MOODY’S

STANDARD
& POOR’S

Credit Rating Outlook

AAA

AA+

AA

AA-

A+

A

A-

BBB+

BBB

BBB-

Aaa

Aa1

Aa2

Aa3

A1

A2

A3

Baa1

Baa2

Baa3

AAA

AA+

AA

AA-

A+

A

A-

BBB+

BBB

BBB-

● Current Rating 2023
 ● Previous Rating 2022
 ● Current & Previous Rating 2023



04



**2023
Funding Plan**

Capitalizing on the successful execution of liability management transaction in 2023, which reduced 2024 debt maturities by SAR 19 billion, the total remaining debt maturities for 2024 are estimated at SAR 21 billion. During 2023, prefunding activities were executed and approximately SAR 14bn of 2024 total financing needs were secured by 2023 year-end.

As outlined in the 2024 budget statement published by Ministry of Finance (MoF), the budget deficit is projected to reach SAR 79 billion, resulting in total funding needs for 2024 of approximately SAR 86 billion after securing approximately SAR 14 billion of the 2024 total financing needs in 2023 through pre-funding activities encompassing both debt maturities and deficit financing requirements. By the end of 2024, the total debt portfolio is anticipated to reach SAR 1,115 billion.

To meet the projected financing needs, the Kingdom intends to continue borrowing to finance the estimated 2024 budget deficit and refinance debt maturities due in FY 2024. Additionally, the NDMC will remain vigilant in identifying and pursuing favorable market opportunities to implement additional financing activities to refinance debt maturities in the coming years. Furthermore, the Government is committed to leveraging market opportunities to execute alternative government financing activities that promote economic growth, such as financing capital projects and infrastructure developments.

2024 Debt Raising Guidelines.

2024 Debt Raising Guidelines: Financing Channels and Expanding Investor Base:

01

The NDMC is committed to ensuring the Kingdom's sustainable access to various debt markets to issue sovereign debt instruments at fair prices while maintaining prudent levels of risk. To achieve this objective, the NDMC will continue to diversify financing channels throughout 2024. This diversification will include expanding financing through export credit agencies (ECA's), financing infrastructure projects, and exploring tapping into new markets in new currencies. These initiatives aim to expand the investor base and enhance the Kingdom's access to global capital markets.

02

The projected distribution of financing channels¹ for 2024 is as follows:

- Up to 35% of the total funding plan: Domestic SAR-denominated debt market
- Up to 40% of the total funding plan: International debt markets
- Up to 50% of the total funding plan: Government Alternative Funding (GAF) channel

Investor Relations Strategy in 2024: Active Engagement with Domestic and International Investors

In 2024, the NDMC will continue fostering strong relationships with domestic and international investors through a comprehensive outreach program. This includes conducting roadshows, participating in major global investor conferences, and organizing dedicated investor meetings. The NDMC will actively engage with investors across key regions, including Asia, Europe, and North America, to provide them with the latest updates on the Saudi economy, discuss ESG and sustainability initiatives, and showcase the Kingdom's ambitious Vision 2030 transformation agenda. Additionally, the NDMC will extend invitations to international investors to visit the Kingdom and engage directly with government leaders and witness the progress of the giga-projects that are shaping the nation's future. Diversifying the investor base is a central objective for the NDMC in 2024, and these proactive engagement efforts will play a crucial role in achieving this goal.

(1) Financing channels are subject to market conditions, investor demand and appetite

2024 Calendar of Domestic Sukuk Issuances¹

January							February							March						
Sun	Mon	Tue	Wed	Thr	Fri	Sat	Sun	Mon	Tue	Wed	Thr	Fri	Sat	Sun	Mon	Tue	Wed	Thr	Fri	Sat
	1	2	3	4	5	6					1	2	3						1	2
7	8	9	10	11	12	13	4	5	6	7	8	9	10	3	4	5	6	7	8	9
14	15	16	17	18	19	20	11	12	13	14	15	16	17	10	11	12	13	14	15	16
21	22	23	24	25	26	27	18	19	20	21	22	23	24	17	18	19	20	21	22	23
28	29	30	31				25	26	27	28	29	30	31	24	25	26	27	28	29	30
														31						
April							May							June						
Sun	Mon	Tue	Wed	Thr	Fri	Sat	Sun	Mon	Tue	Wed	Thr	Fri	Sat	Sun	Mon	Tue	Wed	Thr	Fri	Sat
	1	2	3	4	5	6				1	2	3	4							1
7	8	9	10	11	12	13	5	6	7	8	9	10	11	2	3	4	5	6	7	8
14	15	16	17	18	19	20	12	13	14	15	16	17	18	9	10	11	12	13	14	15
21	22	23	24	25	26	27	19	20	21	22	23	24	25	16	17	18	19	20	21	22
28	29	30					26	27	28	29	30	31	23	24	25	26	27	28	29	
														30						
July							August							September						
Sun	Mon	Tue	Wed	Thr	Fri	Sat	Sun	Mon	Tue	Wed	Thr	Fri	Sat	Sun	Mon	Tue	Wed	Thr	Fri	Sat
	1	2	3	4	5	6					1	2	3	1	2	3	4	5	6	7
7	8	9	10	11	12	13	4	5	6	7	8	9	10	8	9	10	11	12	13	14
14	15	16	17	18	19	20	11	12	13	14	15	16	17	15	16	17	18	19	20	21
21	22	23	24	25	26	27	18	19	20	21	22	23	24	22	23	24	25	26	27	28
28	29	30	31				25	26	27	28	29	30	31	29	30					
October							November							December						
Sun	Mon	Tue	Wed	Thr	Fri	Sat	Sun	Mon	Tue	Wed	Thr	Fri	Sat	Sun	Mon	Tue	Wed	Thr	Fri	Sat
		1	2	3	4	5						1	2	1	2	3	4	5	6	7
6	7	8	9	10	11	12	3	4	5	6	7	8	9	8	9	10	11	12	13	14
13	14	15	16	17	18	19	10	11	12	13	14	15	16	15	16	17	18	19	20	21
20	21	22	23	24	25	26	17	18	19	20	21	22	23	22	23	24	25	26	27	28
27	28	29	30	31			24	25	26	27	28	29	30	29	30	31				

National Day
Eid Holidays *
Settlement Day
Offer Day
Founding Day

(1) Calendar is subject to change due to official holidays.
 (*) Tentative Holiday



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