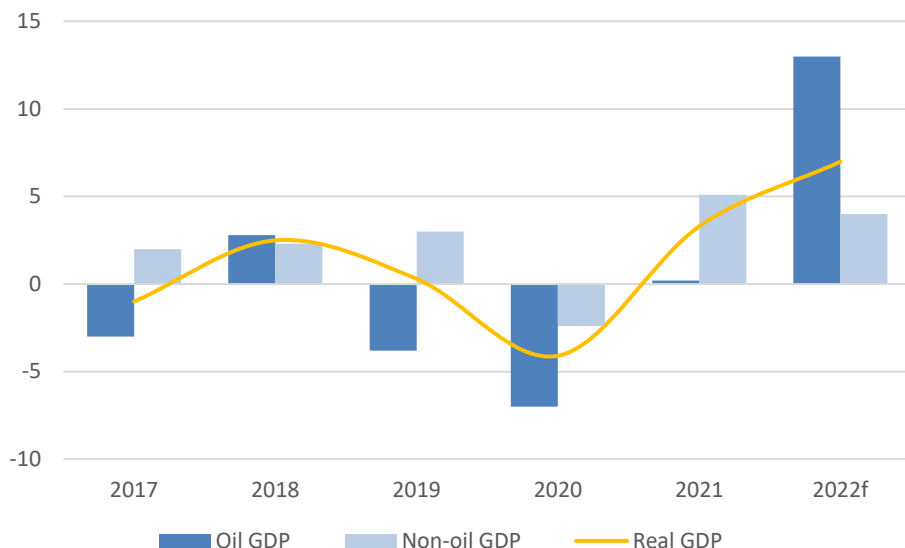


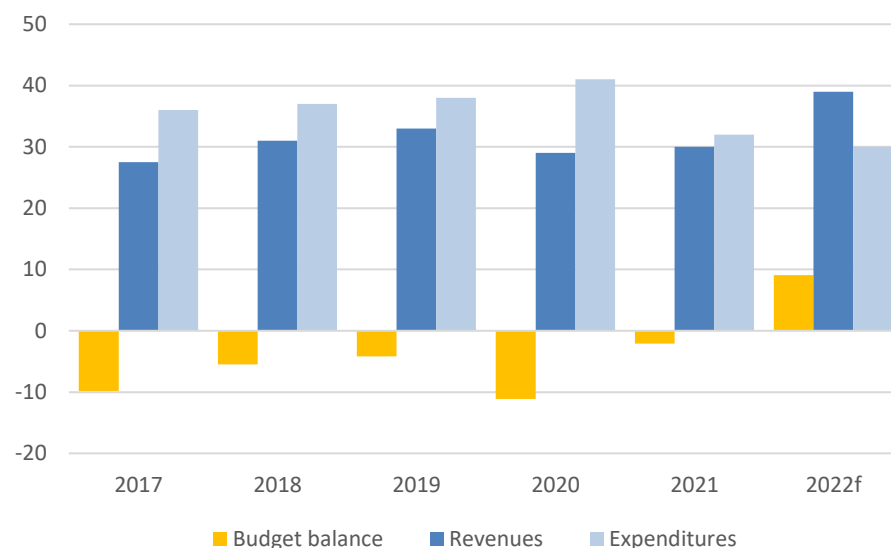
Saudi Economic Dynamics & Kazakhstan Co-Investment Opportunities

Saudi economy registered a stronger-than-expected recovery in 2021, driven by higher oil prices and non-oil activities

Saudi Arabia's GDP Growth, %



Saudi Arabia's Government Budget, % of GDP



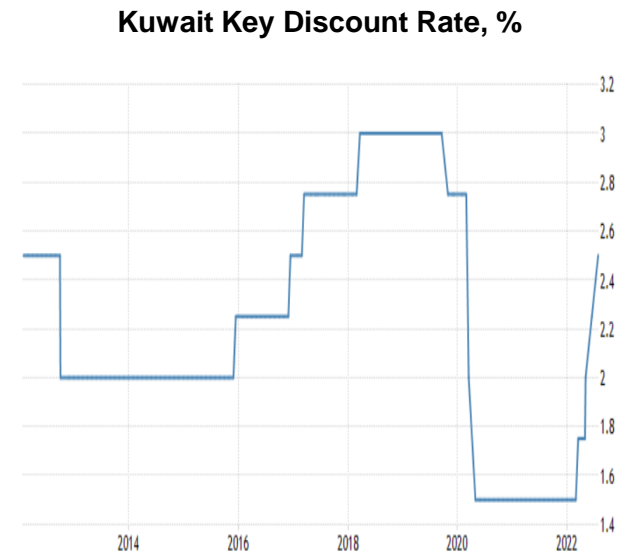
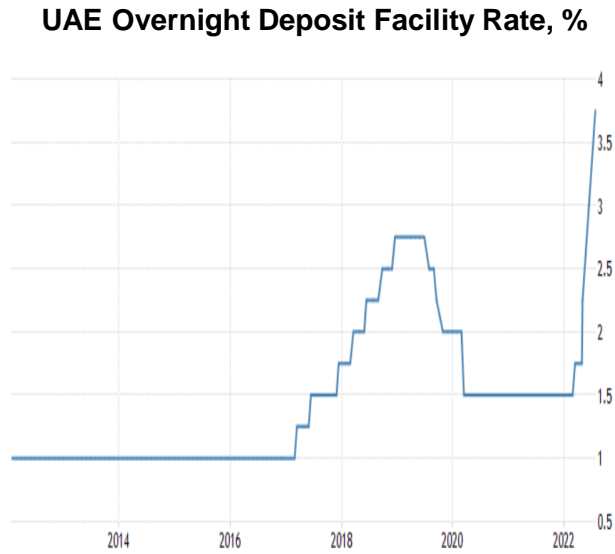
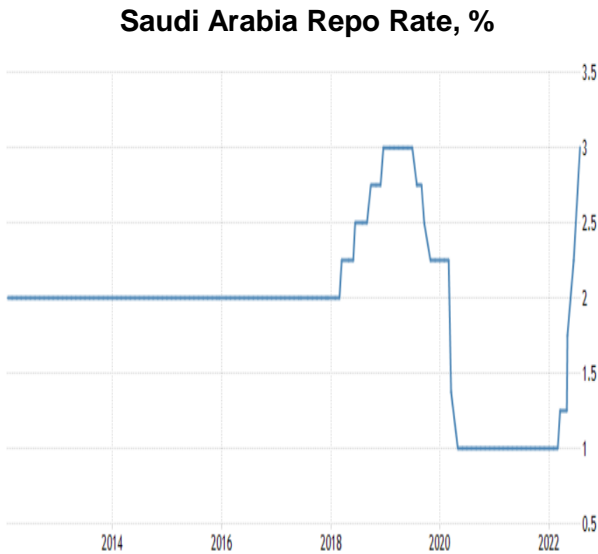
- ✓ The Saudi economy grew by 3.3% in 2021, supported by both oil and non-oil activities. The oil sector increased by 0.2% helped by a gradual easing of voluntary oil output cuts. Meanwhile, the non-oil sector continued to expand by 5.1% in 2021 and lifted the non-oil economy by 3.2% above its pre-pandemic level.
- ✓ Inflation was at 3.1% in 2021, as the VAT-driven impact on inflation dissipated but was offset by higher food and transportation prices.
- ✓ The current account balance was estimated at a surplus of 5.2% of GDP in 2021 (vs. -2.3% of GDP in 2020), supported by higher oil export revenues and phasing-out of restrictions on religious tourism.
- ✓ The budget deficit narrowed to 2.1% of GDP in 2021 (vs. -11.1% of GDP in 2020), driven by higher oil revenues and fiscal consolidation measures.



Saudi Arabia's 2022 outlook and medium-term prospects

- ✓ With vaccination rollout reaching two-thirds of the population, new cases were on a downtrend since early-2022 . **Saudi's GDP grew by 9.9% YoY in 1Q22, the fastest expansion since 3Q11 and higher than the preliminary estimate of 9.6%, driven by oil (+20.3%) and non-oil (+3.7%) sectors.**
- ✓ **Saudi Arabia's GDP growth is projected to accelerate to 7.0%-7.6% in 2022** before normalizing to **3.8% and 3.0% in 2023 and 2024** respectively.
- ✓ **Stronger oil output is the main driver** behind the Saudi's economic recovery, which is expected to grow by **13% in 2022**. OPEC+ agreed to boost output by 648,000 bpd or 0.7% of global demand in July and August vs. earlier agreement of +432,000 a month in 3Q22. Saudi Arabia is in a strong position given the limited global oil capacity and high oil prices.
- ✓ **The non-oil sector is expected to continue its growth trajectory**, expected at **4% in 2022** and 3.2% in the medium-term.
- ✓ Despite the tighter fiscal and monetary policies in the medium-term, stronger private consumption, an increase in religious tourism and higher domestic capital spending (signaled through PIF and other state agencies) will continue to support growth.
- ✓ **Inflation** is projected to moderate and hover around **2% in 2022** as result of a stronger USD (Saudi Riyal is pegged to the USD) and tighter monetary policy.
- ✓ The Government **budget** is expected to register a **surplus of 9.1% of GDP in 2022**, the first in nine years, driven by higher oil revenues. Fiscal performance in the medium-term will be underpinned by authorities' commitment to manage expenditures and build credible budget buffers. With most of capital spending channeled through PIF and other state agencies, the overall fiscal stance is more expansionary than officially reported through the budget.
- ✓ **Current account surplus is projected to widen to 14% of GDP in 2022** before moderating to an average of 9.2% in the medium-term, supported by higher energy prices and the impact of further unwinding of OPEC+ oil production cuts kick in.

Saudi and other Gulf central banks followed the US Federal Reserve in raising interest rates



- ✓ **In 2022 year-to-date, GCC central banks raised their key interest rates in lockstep with the US Federal Reserve** to maintain interest-rate parity as their currencies are pegged to the USD.
- ✓ **The Saudi Central Bank lifted both the repo rate and reverse repo rate by 75bps to 3.0% and 2.5% respectively on 27th July.** Saudi's inflation slowed to 2.2% YoY in May vs. 2.3% YoY in April.
- ✓ With rising interest rates, GCC borrowing costs will increase but with oil prices over USD100pb, all GCC states are expected to post a fiscal surplus in 2022, reducing the need to raise debt for budget spending.
- ✓ In its July report, OPEC maintained global oil demand growth at 3.4 mbpd in 2022, with total oil demand of 100.3 mbpd average for the year. OPEC's oil output rose by 234,000 bpd in June to average 28.72 mbpd.

Saudi and other GCC equity indices extend rebound on high oil prices

Saudi Arabia TASI, 1-Year Trend, as at 27th July 2022



- ✓ Stock markets in the Gulf posted weekly gains for the week ended 21st July as they extended rebound following a recent selloff triggered by the prospect of aggressive global interest rate hikes to manage inflation.
- ✓ Saudi Arabia's benchmark index closed 1% higher as at 21st July, logging its first weekly gain in three weeks. In Qatar, the QSI index finished 1.4% higher. Meanwhile, Dubai's main share index gained 1.4%, and in Abu Dhabi, the benchmark index advanced 2.1%.

Saudi Tadawul Index key indicators

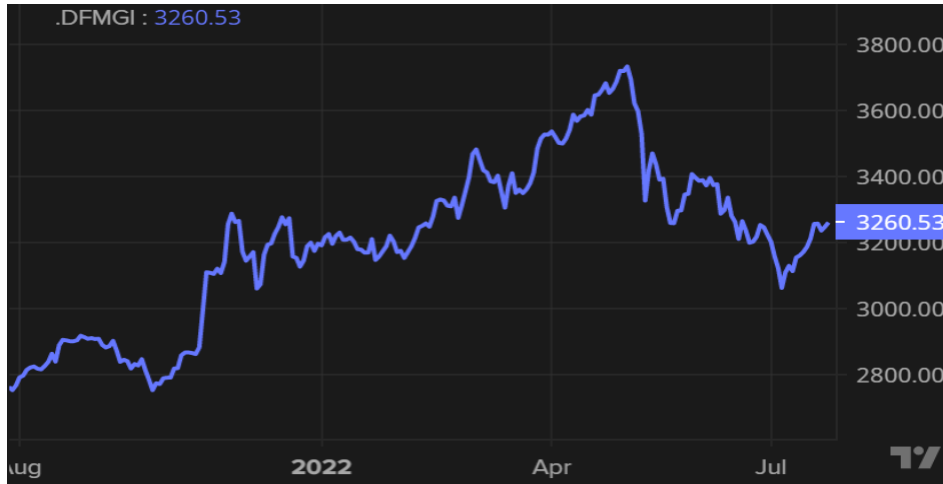
Last done, 27 th Jul	12,052.18	YTD	6.83%
Turnover	SAR5.41bln	QTD	4.59%
Market cap	SAR11.78tln	MTD	4.59%
PE	19.21x	Div. yield	2.88%

GCC Benchmark Indices Performance

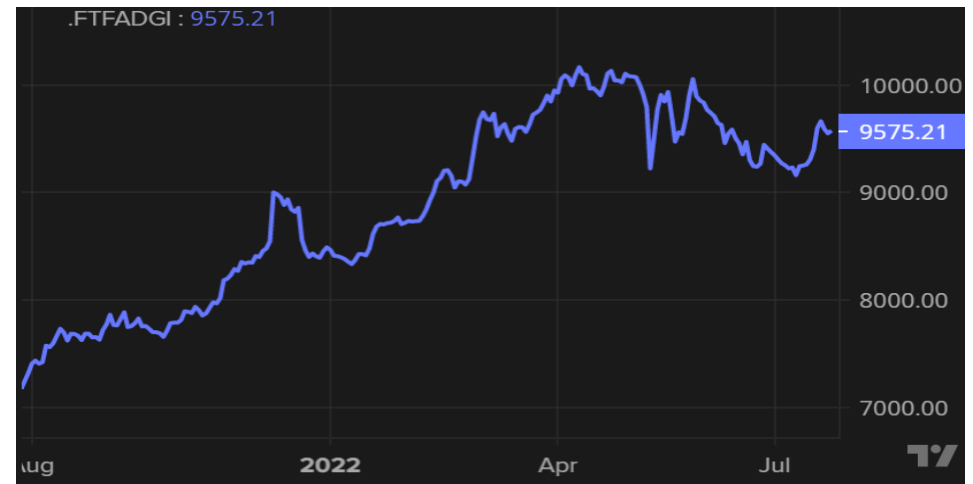
Country indices	Last Done, as at 26 th Jul	Weekly % Chg, 21 st Jul	YTD % Chg, as at 27 th Jul
Abu Dhabi	9,575.21	+2.1	+12.80
Bahrain	1,904.52	+1.5	+5.97
Dubai	3,260.53	+1.4	+2.02
Kuwait	8,638.90	+2.1	+12.77
Oman	4,508.93	+0.3	+9.19
Qatar	13,102.78	+1.4	+12.70
Saudi Arabia	12,052.18	+1.0	+6.83

Gulf's robust financial markets underpinned by high oil prices

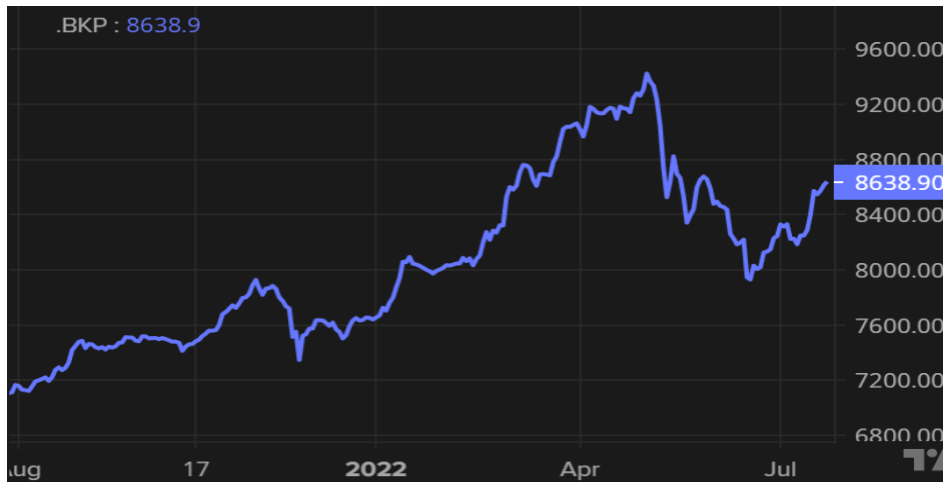
Dubai DFMG Index, 1-Year Trend, as at 27th July 2022



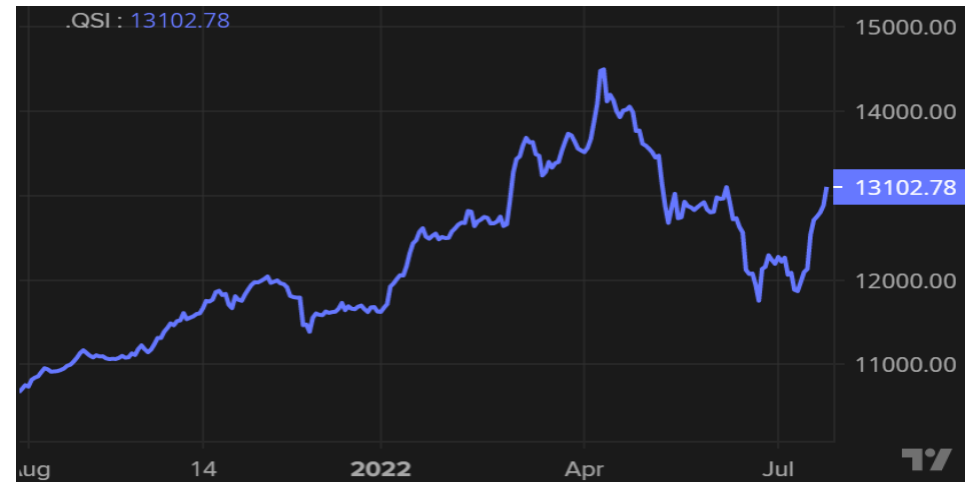
Abu Dhabi ADSM Index, 1-Year Trend, as at 27th July 2022



Kuwait All Share Index, 1-Year Trend, as at 27th July 2022



Qatar QE Index, 1-Year Trend, as at 27th July 2022



Areas of potential bilateral cooperation between Kazakhstan and Saudi Arabia

- ✓ **Bilateral trade:** According to the Bureau of National Statistics, bilateral trade turnover between Kazakhstan and Saudi Arabia reached USD3.3mln, with export of USD2mln and imports of USD1.2mln.
- ✓ Given Kazakhstan's ongoing transformation to the production of finished products as well as the expansion of export opportunities, Kazakhstan focuses on the exports of ferroalloys and other construction raw materials while imports various chemical products. Kazakhstan can offer *more than 100 processed goods types worth ~USD400mln a year in machinery, iron and steel production, as well as food processing and agriculture.*
- ✓ **Precious & non-ferrous metals:** Kazakhstan offers more than 60 deposits of precious and non-ferrous metals for exploration and development. The country ranks the *first in tungsten reserves, second in uranium and chromium ore, and in the top 5 in manganese, silver, zinc and lead.*
- ✓ **Agriculture:** Kazakhstan ranks the second in the world in terms of arable land per capita and fifth in terms of pasture that reach 180mln hectares. Kazakhstan is ready to be a stable, long-term supplier of *high-quality wheat, flour, oilseeds and dried mare's milk* to Saudi Arabia.
- ✓ Kazakhstan has large territory and favorable climate to achieve food security goals. With the necessary investment support, the *agriculture and agro-industrial production* in Kazakhstan can provide significant results for both domestic and foreign markets.
- ✓ **Logistics & transport:** Saudi Arabia's experience and investments in Kazakhstan's logistics & transport might be helpful now that the country is considering alternative transportation routes given the current geopolitical landscape.
- ✓ **Renewables:** Kazakhstan plans to produce 30% of its energy from renewable sources by 2030, investors are needed to implement joint projects in the field of green hydrogen production.
- ✓ **Kazakhstan and Saudi Arabia signed 13 bilateral documents** covering various economic sectors such as **power, tourism, sports, agricultural products, pharmaceuticals, media and financial services.**

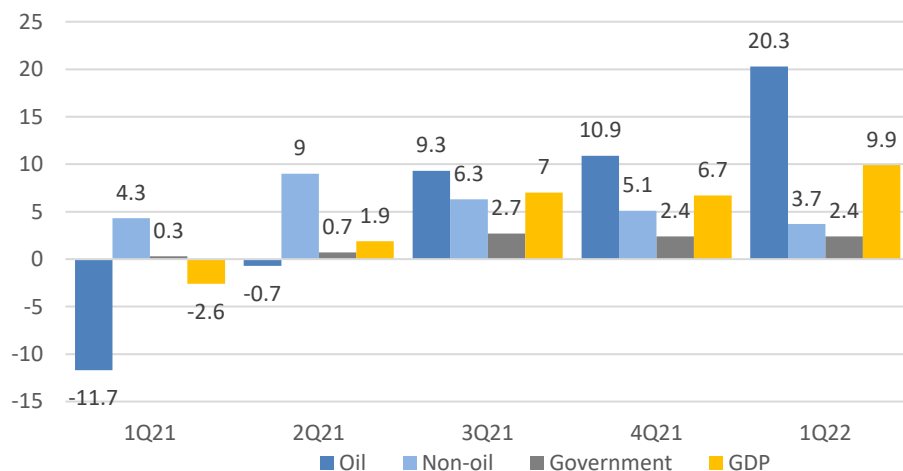
Saudi companies and their areas of interest in Kazakhstan's investments

Company name	Company description	Areas of interest in Kazakhstan
Al Rajhi International for Investment (RAII)	Subsidiary of Sulaiman Abdulaziz Al-Rajhi Awqaf Holding, invests in the agricultural sector & related fields globally	Signed an agreement with Kazakh Invest on agribusiness investment projects
Ajlan & Bros Holding Group	One of the largest private sector conglomerates in the Middle East region, specialises in the manufacturing & marketing of textiles and clothing	Ajlan & Bros is working on a production project in the field of agriculture in Almaty region . Cooperation agreements were signed with QazTrade Center for Trade Policy Development and Samruk Kazyna, MoU was signed with Optograd LLP on supply of Kazakh meat to Saudi Arabia
Acwa Power	A developer, investor & operator of power generation and desalinated water plants with 67 assets in operation, construction or advanced development in 13 countries	Acwa Power invited to implement joint projects in the field of green hydrogen production in Kazakhstan . Signed MoU with Ministry of Energy Kazakhstan
Islamic Development Bank	A multilateral development bank, invested more than USD1.6bln in priority sectors of Kazakhstan's economy & social projects	IDB intends to continue investing in the implementation of projects in the areas of business, finance and modernization of infrastructure and communications
State Investment Fund of Saudi Arabia (PIF)	Saudi Arabia's sovereign wealth fund, with asset under management reported at USD620bln	Kazakhstan proposed for close cooperation between PIF and Samruk Kazyna and Baiterek, invited to take part in large investment projects in the petrochemical industry, development of green energy, metallurgy & mining, deep processing of agricultural products
Jamjoom Pharma	One of the leading pharmaceutical companies in the Middle East, Africa and CIS regions	Signed agreement with Eurasia Invest LTD on the supply of dried mare's milk from Kazakhstan to Saudi Arabia
The Saudi Exchange	Saudi Arabia's stock exchange, the 9 th largest world stock market and is the dominant market in the GCC	Signed MoU with Astana International Exchange
Lulu Saudi Hypermarkets	A multinational conglomerate that operates a chain of hypermarkets and retail companies	Signed MoU with Center for Trade Policy Development QazTrade

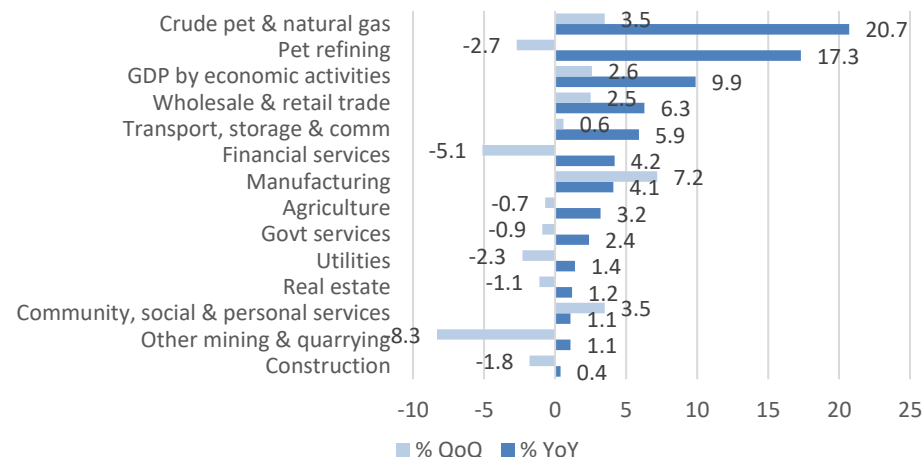


Saudi Arabia Economic Dynamics: Charting Growth

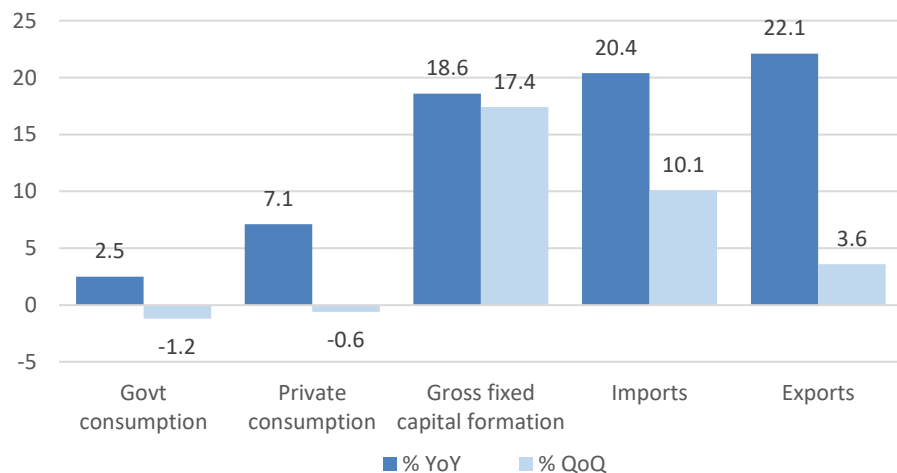
Real GDP Growth Rates, YoY %



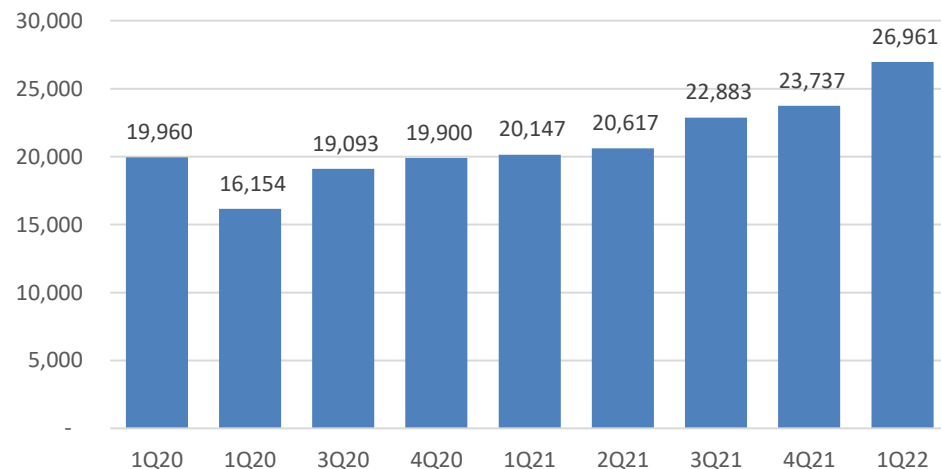
1Q22 GDP Growth by Economic Activities, % YoY, % QoQ



1Q22 GDP Growth by Expenditure, % YoY, % QoQ



Per Capita Income, SAR



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