

MAKING A DIFFERENCE

THE SAUDI FUND FOR DEVELOPMENT



Chairman of the Board of Directors foreword

This new version of the Saudi Fund for Development Annual Report highlights the achievements of the Fund during another year of its activities in providing financial assistance to the developing countries in the field of socio-economic development.

It is natural that the consistent and continuous performance of the Fund arouses great pride and devotion, as it comes within the framework of the noble mission, the Saudi Government entrusted to it prior three decades. By commencing the fund, the Saudi Government was keen enough to possess such an effective instrument to extend developmental aids in a systematic and methodological manner, that optimally reflects the international status and reputation of the Kingdom.

As indicated in this report, the SFD, during the year 2004 has contributed towards financing twelve development projects, in ten developing countries with a total amount of more than SR 716 million. These projects had been distributed among various sectors of development. Thus, the accumulated contributions of the Fund since its establishment in 1975AD have reached SR 24807.67 million to finance 369 developmental projects and economic programs in 68 developing countries scattered in various parts of the world. No doubt, such contributions played an important role in supporting development efforts throughout the beneficiary countries, in addition to the consolidation of the bilateral relations between the kingdom and those countries.

It is worth mentioning that 241 loans, out of the total loans granted by the Fund in the past period, with a total amount of SR16000 million, were provided in the framework of co-financing with

other national, regional and international development institutions. This reflects the Fund's interest in respect of coordinating the world aids for development.

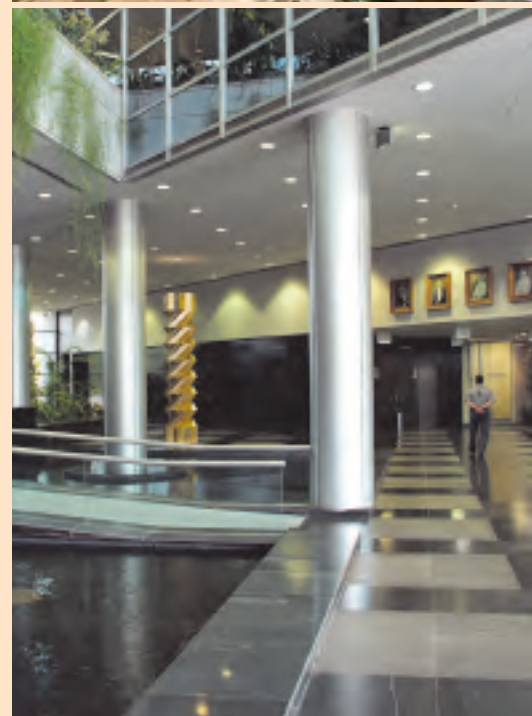
Though the SFD is considered as the main channel, through which the Saudi bilateral development aids are provided, the Kingdom assistances are also expanded through many other channels, including the contributions to the financial resources of the other regional and international development organizations.

In addition to its support to the developmental projects, the Fund promotes and supports the relations between the Kingdom and developing countries, through the processes and transactions of the Saudi Export Program, where 22 export operations of national commodities were approved in the year 2004AD with a total amount of SR350 million. Thus the total approved financial requests since the inception of the program in 2001AD up to the end of the year 2004 reached 51 requests with a total amount of SR1160 million. In addition, the Fund has also issued 13 Export Credit Insurance Policies, the amount of which exceeded SR221 million. Finally, The Kingdom of Saudi Arabia (Kingdom of Humanity) will continue its efforts for the support of development in the developing countries especially through the SFD which will continue to pursue its development role in accordance with the directives of the Custodian of the Two Holy Mosques, and His Royal Highness Crown Prince, and His Royal Highness Second Deputy Premier, for the benefit of mankind.

*Minister of Finance
Chairman of the Board of Directors
Ibrahim Bin Abdulaziz Al-Assaf*

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HBTF Background

The Housing Bank for Trade and Finance was established in 1974 under law number 4/1974 as a public shareholding limited company to provide housing finance. After 24 years of operations, the bank started a new era, when it was converted to a universal bank, providing full commercial and investment banking services. The bank's capital was increased several times, and currently amounts of JD (100) million the equivalent of USD (141) million. Its shareholders equity amounted to the equivalent of JD (298.4) million, as of December 31, 2004. During its period of operation, the Bank accomplished many quantitative and qualitative achievements:

Our Vision:

HBTF is the preferred bank for customers and to be their first choice when thinking of a bank.

Our Mission:

To meet our retail and corporate customers needs and exceed their expectations by offering quality products and services creating a unique banking experience.

Our Value proposition is built upon:

- Continuous product development and innovation
- Providing diversified financial investment banking products services
- Commitment to apply total quality management
- Commitment to the saying “Our customers always come first”.

Our Values:

Customers satisfaction and welfare of our employees.

Operational Details (2004)		Financial Details (2004) in million JD (Exchange Rate: \$1=0.709 JD)	
Branches	96	Total Assets	2,494.9
West Bank Branches	4	Net Income after tax	31.7
ATMs	148	Customers Deposits	1,919.1
Correspondent Banks	More than 400 in 60 countries	Loans & Credit facilities	884.9

JD= \$ 1.41

Continuous Leadership

- The largest retail bank in Jordan according to certain international rating agencies, with its wide range of diversified products & delivery channels.
- The largest branch network in Jordan, with 96 branches, and another 4 in Palestine and a subsidiary banks in Bahrain , Algeria , Syria in addition to representative offices in Abu Dhabi/ UAE, Tripoli/ libya and Baghdad/ Iraq.
- Leader in banking technology. It was described by certain international rating agencies as a leader in E-banking.
- The first bank in Jordan to implement total quality management (T.Q.M).
- The first Bank in Jordan to introduce the call center service, and mobile bank service.
- The first Bank in Jordan to introduce virtual bank services.
- The first bank in Jordan & the Arab World to introduce mobile ATM on a van.
- The first bank in Jordan to introduce mutual investment fund services.
- The first bank in Jordan & Arab world to establish a children branch.
- The first bank in Jordan to apply control & risk self assessment.
- The first bank in Jordan to establish a PORTAL (advanced interactive Internal & external websites).
- Continuous winning of international honor ships and awards. The latest “The International Star - Golden Category” in Switzerland.

The SFD's Activities during the fiscal year 2004 AD

Loan Agreements signed during the fiscal year 1424/1425 AH (2004 AD)

During the fiscal year 2004AD, the SFD signed twelve (12) loan agreements with ten developing countries for a total amount of SR 716.7 million to finance twelve (12) developmental projects (the Table below).

(SR millions)

Country	Project	Amount	Date Agreement Singed	
			A.H.	A.D.
Africa				
Guinea	Rural Intermediate Schools	45.00	3/2/1425	24/3/2004
Mauritania	Nouakchott Drinking Water Supply from Senegal River	120.00	28/4/1425	16/6/2004
Ghana	Teetteh Quarshie – Mamfe Road	39.20	11/5/1425	29/6/2004
Tunisia	Integrated Cultivation Development in Jumin and Gazalla	40.00	29/7/1425	14/9/2004
	Economic Science College and Higher Institute of Media Arts	37.50	29/7/1425	14/9/2004
Rwanda	Rehabilitation and Expansion of King Faisal Hospital in Kigali	45.00	18/9/1425	1/11/2004
Morocco	Construction and Equipping Secondary Schools	75.00	28/10/1425	11/12/2004
Algeria	Construction and Equipping of 17 High and Intermediate Schools in Bou Merdas state	75.00	10/11/1425	22/12/2004
	Construction and Equipping of Two Centers for Vocational Education in Bou Merdas state	25.00	10/11/1425	22/12/2004
Asia				
Sri Lanka	Batticaloa – Trincomalee Road	40.00	10/7/1425	26/8/2004
Jordan	Expansion of Al-Bashir Government Hospital	100.00	17/10/1425	30/11/2004
Yemen	Social Development Fund	75.00	29/10/1425	12/12/2004
Total		716.7		

SFD Information

Foundation of the SFD

The Saudi Fund for Development was established by Royal Decree No. M/48 dated 14/8/1394 AH corresponding to 1/9/1974 AD. It commenced operations on 18/2/1395 AH corresponding to 1/3/1975 AD.

Objectives of the SFD

As defined in its Charter, the basic objectives of the Fund are to participate in financing of development projects in developing countries through granting of loans to said countries, and to encourage national non-crude-oil exports by providing financing and insurance in support of such exports.

Management and Organization

The Fund is a legal entity which maintains an independent financial status. It is managed by a six-member Board of Directors chaired by the Minister of Finance.

The Vice Chairman/ Managing Director of the Fund has executive authority and is responsible for implementing decisions of the Board of Directors.

The SFD Capital

The Fund commenced its activities with capital of SR 10 billion provided by the Saudi government. The capital has been increased in three phases to its current level of SR 31 billion.

Scope of Activities

Financing of Development Projects

The Fund's contributions are provided through soft loans. It has no geographical exclusivity and it deals directly with governments of the developing countries in financing priority development projects. The Fund, however, assigns priorities to lesser developing, low-income countries.

Export Credit and Insurance

On 26/12/1419 AH, corresponding to 12/4/1999 AD, the esteemed Council of Ministers directed that the Fund undertake the task of providing credit

and insurance in support of non-crude-oil national exports. Certain Articles of the Fund's Charter have been amended to correspond to the new mission.

Statutory Framework

In granting loans for financing of developmental projects, the Fund requires that:

- 1 The economic and social feasibility of the project to be financed should be acceptable to the Fund.
- 2 The loan should be disbursed and repaid in Saudi Riyals.
- 3 The amount of the loan granted for any project should not exceed five percent (5%) of the Fund's capital nor exceed fifty percent (50%) of the total cost of the project for which the loan is granted.
- 4 The total amount of loans granted to any country should not exceed ten percent (10%) of the Fund's capital at any one time.

For Export Credit and Insurance, the Fund requires that:

- The eligible national goods/services, shall include the non-crude oil products, the industrially processed, the modified/processed secondary downstream petroleum sector products, and goods/services for the agricultural and industrial projects, all of which whose local value-added percentage shall not fall below 25%.
- The Fund's contribution in the financing of a transaction may amount to 100% of the total price of the export deal according to the circumstances and the nature of the transaction and the measures of the commercial or political risk that are involved. Terms of such financing vary from one (1) year to twelve (12) years whereas the insurance cover and finance guarantee may reach 90% of total export unpaid value.
- The Saudi Riyal or the USD is denominated as the official used currency in all transactions of the Program.
- The Program shall always impose on and take from the Borrower the necessary securities to guarantee repayment and secure the Fund's rights. That is based on the nature of the deal, risk involved and the integrity of the legal entity as a contracting party.

Gulf Investment Corporation (GIC) Profile

Gulf Investment Corporation (GIC) is a leading financial institution focused on developing private enterprise and fostering economic growth in the Gulf Cooperation Council (GCC) region.

Established in 1983 and owned equally by the six GCC governments, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates, GIC successfully invests in major projects across a range of industry sectors including financial services, telecommunications, petrochemicals, steel and electricity. Exposure to direct investment throughout the GCC region is balanced with investments in local and global markets spread across asset classes and investment themes. GIC's clients include governments, quasi-government institutions, the corporate sector and other major investors who are active in the GCC region.

GIC's investment approach

GIC's financial goal is to maximize shareholder value through earning competitive rates of return while managing investment risk within an acceptable risk-return framework. Applying qualitative and quantitative investment analysis techniques, close attention is paid to deal flow and investment rates of return. A rigorous approach to investment includes detailed fundamental analysis, financial discipline and post investment monitoring. The organization's two main business lines are Principal Investing which focuses on direct investment in private companies and Global Markets which comprises own account capital markets investments in addition to fiduciary asset management and treasury operations. The Principal investing team plays an important role at GIC through actively investing in viable new and existing business ventures that take advantage of local resources. The team's business objective is to identify and invest in enterprises with the potential to generate an income stream to GIC at a commercial rate of return. GIC's historical commitment to the GCC region has proved rewarding given the sizable growth in regional economies. The Principal Investing team is also a leader in providing financial and strategic advisory services to regional and international clients. The GIC Global Markets team focuses on investments in both regional and international capital markets with an emphasis on GCC equities and fixed income investments. GIC offers a comprehensive range of financial services and a diversified portfolio that includes debt securities, equities, hedge funds, and Sharia-compliant products and services. In recent years, GIC has successfully reinforced its position as a leading regional financial institution with strong

financial performance and profitability achieved via a diversified range of business activities. A solid capital base is enhanced by healthy capital adequacy ratios while operational costs have been kept to a minimum. Investment in staff, knowledge and systems remains a priority and this development of expertise and systems gives the organization a competitive edge in the market.

GIC Milestone

- 1991: Acquisition of Gulf International Bank (GIB)
- 1995: Acquisition of 51 per cent of Saudi Arabia-based Bjtumat Company
- 1995: Financial advisor to Gulf Petrochemical Industry Company (GPIC), raising US\$ 100 million for 10 years on non-recourse basis
- 1997: Acquisition of remaining 49 per cent of Bitumat Company
- 1997: Issuance of US\$ 225 million Sultanate of Oman Floating Rate Note
- 1998: Lead manager for KD 35 million bond issue for National Industries Group (largest ever Kuwaiti Dinar denominated bond issue)
- 1998: GCC advisor to IPO of 45 per cent of shares in Qatar Telecom (Q-Tel)
- 1999: Merger of GIB and Saudi International Bank (SIB)
- 1999: Lease financing of a Boeing 777 for Emirates Airlines
- 2000: Acquisition, on equal share basis, of Bahrain-based Gulf Industrial Investment Company (GIIC) in collaboration with a subsidiary of Brazil-based Companhia Vale do Rio Doce (CVRD)
- 2001: Sale of GIB, after strategic restructuring, to the six GCC government.
- 2004: GIC and Tractebel win bid for AI Ezzel Power Project, the first private power plant in Bahrain
- 2004: Acquisition of 25 per cent of Omani Fiber Optic Company and 20 per cent of Omani Polypropylene Company.
- 2004: Acquisition of 25 per cent of Jeddah Cables
- 2005: Successful completion of US\$ 1 billion Euro Medium-Term Note Programme.

Outlook:

GIC will continue to play an integral role in the growth and development of the GCC at a time when the region represents one of the world's most attractive developing markets.

The SFD's Activities during the Period

1394/1395 - 1424/1425 AH (1975 - 2004 AD)

The Kingdom of Saudi Arabia has a leading role in providing financial developmental aid to developing countries in terms of the percentage ratio of its aids to its Gross National Product.

Due to this pioneering role the Kingdom is supporting the efforts of such countries towards developmental course in various economic and social aspects especially those assigned to least developed, low-income countries. The Kingdom of Saudi Arabia provides

such aids mainly through the SFD as the main channel of providing the bilateral developmental aids.

Since the inception of the Fund in 1975 AD till the end of 2004 AD, the SFD has signed 379 loan agreements to finance 369 developmental projects and economic programs. The total amount involved in these agreements has been SR 24807.67 million. Sixty-eight countries benefited from these loans; 39 in Africa and 24 in Asia, plus five countries in other regions of the world.



The SFD's Cumulative Loan Profile during the period 1394/1395 – 1424/1425 AH (1975 - 2004 AD)

(SR Million)

No. of Countries Receiving Loans	Projects		Programs		Projects & Programs		No. of Agreements Signed
	No.	Amount	No.	Amount	No.	Amount	
68	343	24070.06	26	737.61	369	24807.67	379

Export Credit Operations Approved by the Board of Directors

During the year 2004 AD, SEP received many applications for national product export operations. The SFD Board of Directors approved financing for twenty-two (22) non-crude-oil export operations with a total value of approximately SR 350 million (1st Table). Thereby, the Board approved fifty-one (51) applications with a total value of SR 1160 million as of the Program's inception (2nd Table). SEP, however, is still in possession of (106) applications under study. The Operations approved deal with export operations of Saudi products and services to the following countries: United Arab Emirates, Egypt, Jordan, Lebanon, Sudan, Turkey, Iran, Morocco, Tunisia, Algeria, Yemen, Senegal, Pakistan and China. Products included petrochemicals, hydro-carbon solvents,

cables, electrical items, steel, truck-tractors, trailers, water pumps, steel pipes, and pivot irrigation equipment. The approved operations also included twenty-eight (28) financing lines opened with foreign banks to finance a variety of Saudi exports.



1st Table

List of Operations Approved by the SFD Administration During the Fiscal Year 2004 AD

				(SR Million)
Ser	Beneficiary	Country	Merchandise	Amount Financed
1	Al-Zikra Company	Sudan	Trucks	8.25
2	Sudanese – Saudi Bank	Sudan	Line of Credit	7.50
3	Moroccan Bank for Foreign Trade	Morocco	Line of Credit	37.50
4	Cortex Company	Turkey	Petrochemicals	37.50
5	Miscellaneous	Yemen	Electrical Equipment	1.20
6	Algeria External Bank	Algeria	Line of Credit	18.75
7	Khartoum Bank	Sudan	Line of Credit	26.25
8	Sukar Bank	Turkey	Line of Credit	18.75
9	Al-Jazeera Trading and Services	Sudan	Trucks	12.48
10	Baq Bus Transport	Sudan	Trucks	4.50
11	Faqeer Investment Ltd	Sudan	Trucks	3.80
12	I Tianchi Agriculture Development Co.	China	Irrigation equipment	56.25
13	Libra Investment Company	Sudan	TV sets	1.08
14	Denez Bank	Turkey	Line of Credit	18.75
15	Intercontinental Bank	Lebanon	Line of Credit	18.75
16	Arab Investment Organization	Sudan	Line of Credit	18.75
17	Kuwaiti – Turkish Finance Bank	Turkey	Line of Credit	26.25
18	Saudi - Kuwaiti Finance Bank	Tunisia	Line of Credit	11.25
19	Taj Ikhwan Ltd	Sudan	Trucks	7.50
20	Ahd Development Ltd	Sudan	Trucks	3.75
21	Basma Express	Sudan	Buses	3.75
22	Al-Naqel Investment Company	Sudan	Trucks	7.50
Total				350.06

Export Guarantee and Credit Insurance Services

These services started in early September 2003 with its first product “The Whole Turnover Export Credit Insurance Policy”. This service was launched in favor of the Saudi Exporters to satisfy their export operations needs and to encourage them to compete in the international trade effectively.

As at the end of 2004, thirteen (13) policies had been issued (5th Table).

5th Table

Export Guarantee and Credit Insurance Services

(SR Million) (SR Million)					
Policy No.	Policyholder's Name	Policy Date	Expected Exports Value	No. of Importers	Countries Involved
101/3	Astra Agricultural Co.	13/9/2003	7.13	5	Jordan, Egypt, UAE, Morocco
102/3	Arnon Plastic Industries Co.	20/9/2003	6.45	6	USA, Lebanon, UAE, Kuwait
103/3	Tanhat Mining Co.	27/9/2003	4.52	16	USA
104/3	AlKhorayef Industries Co.	31/12/2003	7.50	9	USA, Egypt.
105/4	Al-Watania Group for Industries	16/1/2004	29.96	56	Jordan, Morocco, Kenya, Yemen, Gulf states, Syria, Greece
106/4	United Company for Plastic Products	11/5/2004	3.38	8	UK, Algeria, Tunisia
107/4	Munir Al-Manif Plastic Company	31/5/2004	3.41	5	Kuwait, Lebanon, South Africa, Morocco
108/4	Fahd Al-Khalil Company	1/6/2004	6.56	3	Kuwait, Egypt, Oman
109/4	Halawani Brothers	7/6/2004	24.21	12	UAE, Yemen, Kuwait, Jordan, Qatar, USA, UK, Australia
110/4	Gulf Union for Juices	17/8/2004	16.22	5	UAE, Oman, Kuwait, Jordan, Canada
111/4	Obeikan Factory	26/9/2004	40.46	13	Gulf states, Morocco, Egypt
112/4	Al-Mutlaq for Mineral Industries	1/10/2004	31.88	6	Kuwait, Qatar
113/4	Al-Obeikan Textiles	24/10/2004	39.94	28	Australia, Cyprus, Spain, Germany, Greece, Italy, Lebanon Netherlands, Poland, Portugal
Total			221.62	172	

Success story

Saudi exporter Alkhorayef Group has a 50-year history in sales of Agriculture machinery and industrial products, and first broached foreign markets a few years ago. The chairman of Al Khorayef Industries Company (one of Al Khorayef Group Co's and the industrial arm of the Group) Eng. Mohammed Al Khorayef and his Trade Finance Manager are proud of their firm's growth, and they have strong hopes for the development of the Group existence in the Middle East and North African region, Europe, south America, and the USA markets

The chairman and member of the board of directors of the Riyadh-headquartered Alkhorayef Industries Company (part of the Alkhorayef Group), Eng. Mohammed Alkhorayef, attributes the Group's longevity and strong growth to the grace of Allah and the Kingdom of Saudi Arabia. But there's no doubt that the company, which started out in sales of agricultural equipment and now covers the oil, oil derivatives and maritime sectors too, also owes its success to a solid 46-year track record. In the agricultural sector, the Group is a leader in irrigation technology, manufacturing centre pivot irrigation systems in well-equipped plants in Riyadh. "These systems are a major leap in the irrigation field in general. They help reduce costs, rationalize the use of irrigation water and boost productivity on cultivated land." As well as the distribution rights for leading agricultural machinery, from irrigation systems to diesel power engines sent all over the Middle East, the company also services the oil sector with the largest maintenance and test facilities for submersible electric pumps. Alkhorayef Group CV includes big contracts for the Kuwait Oil Company, and similar work with oil companies in Oman and in Yemen, after it managed to reduce the maintenance costs for oil pumps. In Africa, Alkhorayef participates in large projects such as the east Owainat project, Egypt, and in the agricultural sector in Sudan. It is also proactive in Tunisia, Libya, Iraq, Iran, New Zealand, Australia, USA, South Africa, and part of Central African countries. Recognizing that financing is "one of the biggest obstacles facing buyers", the Alkhorayef

organization helps its customers acquire the necessary financing package via a finance unit that oversees buyer finance for engineering transactions.

Alkhorayef's Trade Finance manager in Riyadh Mr. Ammar Al Zubaidi explains that the Group is one of the very few companies in the region to have a specialized export finance department. He lists the team's goals as: "Providing competitive terms, helping to open new markets, helping current customers to expand their business, and mitigating the political and commercial risk inherent in the international market."

While international financiers, private insurance companies and financial institutions do extend credit and political insurance to emerging markets, he believes that the main demand is serviced by the Arab and Islamic export credit agencies (ECAs), and on the top of these ECA's that provided a great support to Al Khorayef Industries and all other Saudi manufacturers comes the Saudi Export Program (SEP). SEP have provided Saudi industry with length Arm in difficult international and emerging markets, through its diversified export credit solutions.

Although the very recent establishment of SEP as part of the Saudi Fund For Development (SFD), one must admires the achievements of the program within this short period of time. And this due to the SFD and SEP management that met the expectations, and the team work.

The financier sees scope for improvement in the services offered by SEP in the future and more credit and export solutions to be added to the current services presented today.

The Saudi Export Program

The Saudi Export Program (SEP) was established pursuant to a Royal Decree for the purpose of providing financing and insurance to facilitate the development of non-oil exports from Saudi Arabia.

This Royal Decree was issued in response to a general policy of the Government of the Custodian of the Two Holy Mosques, to encourage the industrial sector and to diversify the national income. The SEP, a program within the Saudi Fund for Development (SFD), is pleased to invite exporters of manufactured products, service providers, commercial banks and importers of Saudi products and services, to benefit from the facilities offered by this program.

Program Objectives

The primary objectives of the Program are as follows:

- Develop and diversify Saudi non-oil exports by extending various credit facilities and insurance.
- Maximize the competitiveness of Saudi exports by providing credit to foreign buyers.
- Motivate Saudi exporters to discover and enter new markets by mitigating risks associated with non-payment.
- Encourage and enhance the involvement of Saudi exporters in projects which are funded/managed by the Saudi Fund for Development.
- Encourage local commercial banks to grant more credit facilities to small and medium sized exporters through the provision of loan guarantees and risk sharing arrangements.
- Enhance the facilities offered by the Program and mitigate risks associated with the portfolio of loans and loan guarantees through technical cooperation, joint financing and reinsurance arrangements with the international and regional institutions involved in this business.

Board of Directors

H. E. Dr. Ibrahim ibn Abdulaziz Al Assaf
Minister of Finance and National Economy
and Chairman of the Board
(The Saudi Fund for Development)

H. E. Dr. Yousef ibn Ibrahim Al Bassam
Vice Chairman and Managing Director
(The Saudi Fund for Development)

Mr. Ismail Ibrahim Alshoura
Deputy Minister of foreign Affairs
for Political Affairs

Dr. Khalid Abdullah Al-Sweilem
Deputy Director General
Investment Department
Saudi Arabian Monetary Agency

Eng. Mutlaq Al-Moraished
President of Metals Group -SABIC
And President of Hadeed

Eng. Mohammed Ahmed Y.Z. Alireza
Chairman
Xenel Industrie

Lines of Credit Fact Sheet

Purpose

Enables small and medium exporters to sell into foreign markets by allowing their clients access to financing from their local financial institutions or governmental agencies. These financial institutions and agencies are funded by SEP so that they can on-lend to companies importing Saudi goods and services on deferred credit terms.

Executing Agency

Executing Agency is usually a foreign financial institution or a government agency.

Types of Lines of Credit

Confirmed Line of Credit (CLOC): In a Confirmed Line of Credit, the on-lending conditions, the goods to be exported and the types of buyers are agreed upon prior to granting the LOC. The amount of the CLOC is also confirmed by SEP.

Unconfirmed Line of Credit (ULOC): In the Unconfirmed Line of Credit, the amount of the LOC will be subject to the availability of funds at the time of request. The types of goods and buyers are only generally defined leaving the approval of the details of each specific transaction until the time of a request of an allocation under the LOC.

Eligible Goods & Services

Manufactured goods and services with a minimum Saudi domestic value-added of 25% are eligible. Crude oil cannot be financed under this Program.

General Terms and Conditions

Currency: Saudi Riyals or US Dollars

Maximum Availability Period: The maximum period during which allocations can be made under a Line of Credit would be 24 months (2 years) from the date of signing the LOC, unless extended upon the approval of SEP.

Disbursement Period: The period during which funds from sub-loans under a Line of Credit can be disbursed will be one year from the date of the allocation, extendable upon the approval of SEP.

Repayment of Principal: The principal and mark-up shall be repaid in semi-annual installments starting 6 months from the date of final disbursement.

Security: The facility to be guaranteed by the Executing Agency.

On-Lending Conditions

Executing Agency will on-lend the funds (as sub-loans) to companies importing goods and services from Saudi exporters. As mentioned above, for the CLOC the particular on-lending conditions have to be identified precisely prior to approving the CLOC. However, under both Confirmed and Unconfirmed LOC, at a

minimum, the Executing Agency will apply the following terms and conditions on each import contract financed under the sub-loan:

- The goods and services exported must contain at least 25% Saudi domestic value added, Crude oil cannot be financed under the Program.
- **Minimum Transaction Amount:** The Program shall not finance any transaction in which the value of the underlying commercial transaction is less than SR 100,000, however partial shipments are allowed.
- **Maximum Financing Amount:** Will be based on credit assessment, country exposure and availability of funds at time of request.
- **Maximum Sub-loan Repayment Period:** The repayment period of a sub-loan will depend on the type of goods and services being exported. The maximum repayment period for the types of goods described below would be the following:
 - **Up to 360 days:** consumer goods, consumables, foodstuffs, and industrial raw materials.
 - **Up to 3 years:** consumer durables, engineering spares, tools, dies, fixtures and low-value capital goods.
 - **Up to 12 years:** capital goods turnkey contracts and projects.
- **Pricing:** Determination of the price is based on risk evaluation performed by SEP.
- **Repayment of Principal:** In case of facilities with a repayment period greater than 360 days, principal and mark up shall be repaid in semi-annual installments starting 6 months from the date of final disbursement. In case of financing with a repayment period less than 360 days, the repayment of principal would be in a lump-sum at time of maturity.

Supplier Credit Fact Sheet

Purpose

A Supplier Credit Facility enables Saudi exporters to extend credit to foreign buyers, and to discount or re-finance this credit through SEP.

Beneficiary

The beneficiary of the credit is the Saudi exporter.

Eligible Goods & Services

Manufactured goods and services with a minimum Saudi domestic value-added of 25%. Crude oil cannot be financed under this program.

General Terms and Conditions

Minimum Transaction Amount: SR 100,000, however partial shipments are allowed.

Maximum Financing Amount: Will be based on credit assesment, country exposure and availability of funds at time of request.

Currency of Financing: Saudi Riyals or US Dollars

Maximum Financing Repayment Period: The repayment period of a supplier credit facility will depend on the type of goods and services being exported. SEP will have the discretion to decide on the maximum repayment period. The maximum repayment period for the types of goods described below are as follows:

Up to 360 days: consumer goods, consumables, foodstuffs, industrial raw materials

Up to 3 years: consumer durables, engineering spares, tools, dies, fixtures.

Up to 12 years: capital goods, turn key contracts and projects.

Facility Disbursement Period: The period during which the Beneficiary can draw down the financing amount will depend on the nature of the goods, the terms of sale and credit risk conditions.

Application Processing Fee: Saudi Riyals 375 or USD 100 payable at the time of submission of credit application. This Fee is not refundable. This Fee is currently waived.

Pricing: Determination of the price is based on risk evaluation performed by SEP.

Repayment of Principal: In case of facilities with a repayment period greater than 360 days, principal and mark up shall be repaid in semi-annual installments starting 6 months from the date of final disbursement. In case of a facility with a repayment period less than 360 days, the repayment of principal would be in a lump-sum at time of maturity.

Security: Based on the credit risk conditions, Beneficiary may be required to provide collateral to secure the financing. Collateral acceptable to SEP will depend on the nature of transaction and the parties involved.

Buyer Credit Fact Sheet

Purpose

The Buyer Credit enables foreign buyers to use the financing facilities of SEP directly and use the proceeds to import eligible Saudi goods and services, paying for them on deferred credit terms. For the Saudi Exporter, the result is a cash contract.

Beneficiary

The Beneficiary is a foreign importer

Eligible Goods & Services

Manufactured goods and services with a minimum Saudi domestic value-added of 25%. Crude oil cannot be financed under this program.

General Terms and Conditions

Minimum Transaction Amount: SR 100.000, however partial shipments are allowed.

Maximum Financing Amount: Will be based on credit assesment, country exposure and availability of funds at time of request.

Currency of Financing: Saudi Riyals or US Dollars

Maximum Financing Repayment Period: The repayment period of a Buyer Credit facility would depend on the type of goods and services being exported. SEP will have the discretion to decide on the maximum repayment period. The maximum repayment period for the types of goods described below is the following:

Up to 360 days: consumer goods, consumables, foodstuffs, and industrial raw materials.

Up to 3 years: consumer durables, engineering spares, tools, dies, fixtures.

Up to 12 years: capital goods, turn key contracts and projects.

Facility Disbursement Period: The period during which the Beneficiary can draw down the financing amount will depend on the nature of the goods, the terms of sale and credit risk conditions.

Application Processing Fee: Saudi Riyals 375 or USD 100 payable at the time of submittal of credit application. This Fee is nonrefundable. This Fee is currently waived.

Pricing: Determination of the price is based on the risk evaluation performed by SEP.

Repayment of Principal: In case of facilities with a repayment period greater than 360 days, principal and mark-up shall be repaid in semiannual installments starting 6 months from the final date of disbursement. In case of facilities with a repayment period less than 360 days, there would be a lump-sum payment at time of maturity.

Security: Based on the credit risk, Beneficiary may be required to provide collateral to secure the financing. Collateral acceptable to SEP will depend on the nature of the transaction and the parties involved.

Murabaha Fact Sheet

Introduction

Murabaha is a contract with a "cost plus" financing structure. A purchaser asks an intermediary (typically a financial institution) to acquire a commodity or asset on its behalf with the understanding that the purchaser will re-purchase the item from the intermediary, on pre-determined terms (i.e. the profit margin and payment terms are agreed in advance). Usually the intermediary pays the seller on a spot basis and receives payment from the purchaser during a deferred payment period. The price paid by the purchaser will include a profit margin for the intermediary.

Purpose

The Murabaha instrument enables foreign buyers to import eligible Saudi goods on deferred credit terms.

Beneficiary

The Beneficiary is a foreign importer.

Eligible Goods & Services

Manufactured goods and services with a minimum Saudi domestic value-added of 25%. Crude oil cannot be financed under this program.

General Terms and Conditions

Minimum Transaction Amount: The Program shall not finance any transaction in which the

value of the underlying commercial contract is less than SR 100,000, however partial shipment are allowed.

Currency of Facility: Saudi Riyals or US Dollars.

Maximum Repayment Period: The repayment period of a Murabaha Facility will depend on the type of goods and services being exported. SEP will have the discretion to decide on the maximum repayment period. The maximum repayment period for the different types of goods described below is the following:

Up to 360 days: consumer goods, consumables, foodstuffs, industrial raw materials.

Up to 3 years: consumer durables, engineering spares, tools, dies, fixtures.

Up to 12 years: for capital goods, turnkey contracts and projects.

Profit Margin: Determination of the appropriate profit margin is dependant on the risk evaluation of the transaction.

Repayment of Principal: In case of facilities with payment periods greater than 360 days, the Beneficiary would make payments in equal semi-annual installments starting 6 months from the date of the final disbursement. In case of facilities with payment periods less than 360 days, the Beneficiary shall make one lump-sum payment at time of maturity.

Security: Based on the credit risk conditions, Beneficiary may be required to provide collateral to secure the credit. Collateral acceptable to SEP will depend on the nature of transaction.

Application Processing Fee: Saudi Riyals 375 or USD 100 payable at the time of submission of credit application. This Fee is not refundable, This Fee is currently waived.