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First: Monetary Developments

1.1. Money Supply

Broad money supply (M3) increased by 2.3 percent (SAR 37.2 billion) to SAR 1,684.2 billion during the third quarter of 2014, compared to an increase of 1.6 percent (SAR 26.3 billion) during the preceding quarter. It also recorded an annual growth rate of 13.4 percent (SAR 199.0 billion) at the end of the third quarter of 2014 (Chart 1).

A breakdown of the components of M3 during the third quarter of 2014 indicates that M1 rose by 0.8 percent (SAR 8.3 billion) to SAR 1,098.9 billion or 65.2 percent of M3, compared to a rise of 2.7 percent (SAR 28.7 billion) during the preceding quarter. It also registered an annual rise of 13.9 percent (SAR 134.0 billion) at the end of the third quarter of 2014. Also, M2 went up by 3.4 percent (SAR 49.7 billion) to SAR 1,500.5 billion or 89.1 percent of M3 during the third quarter of 2014 against an increase of 3.0 percent (SAR 40.9 billion) in the preceding quarter. It registered an annual increase of 16.3 percent (SAR 210.0 billion) at the end of the third quarter of 2014.
1.2. Monetary Base

Monetary base rose by 2.2 percent (SAR 7.2 billion) to SAR 331.2 billion during the third quarter of 2014, compared to a decrease of 7.2 percent (SAR 25.0 billion) during the preceding quarter. It also registered an annual rise of 8.5 percent (SAR 25.9 billion) at the end of the third quarter of 2014.

A breakdown of the components of the monetary base indicates that currency in circulation went up by 4.3 percent (SAR 6.5 billion) to SAR 158.1 billion during the third quarter of 2014, compared to an increase of 3.3 percent (SAR 4.8 billion) during the preceding quarter, registering an annual increase of 13.6 percent (SAR 18.9 billion) at the end of the third quarter of 2014.

Banks’ deposits with SAMA decreased by 3.4 percent (SAR 4.9 billion) to SAR 140.5 billion during the third quarter of 2014, compared to a decline of 18.0 percent (SAR 32.0 billion) during the previous quarter. They registered an annual decline of 0.5 percent (SAR 0.7 billion) at the end of the third quarter of 2014. Cash in vaults recorded an increase of 20.5 percent (SAR 5.5 billion) to SAR 32.5 billion, compared to a rise of 8.8 percent (SAR 2.2 billion) during the preceding quarter. It also registered an annual increase of 30.8 percent (SAR 7.6 billion) at the end of the third quarter of 2014.

1.3. SAMA’s Balance Sheet

Preliminary data of SAMA’s balance sheet indicate that total foreign assets rose by 0.9 percent (SAR 25.9 billion) to SAR 2,777.8 billion during the third quarter of 2014, compared to an increase of 0.8 percent (SAR 20.4 billion) during the previous quarter. They also registered an annual rise of 6.2 percent (SAR 161.9 billion) at the end of the third quarter of 2014. Net foreign assets went up by 0.9 percent (SAR 25.1 billion) to SAR 2,761.7 billion against a rise of 0.7 percent (SAR 19.2 billion) in the preceding quarter. It also
registered an annual rise of 6.0 percent (SAR 157.2 billion) at the end of the third quarter of 2014 (Chart 2).

![Chart 2: SAMA Net Foreign Assets](image-url)

Total deposits in domestic currency for foreign entities increased by 4.9 percent (SAR 0.3 billion) to SAR 8.0 billion during the third quarter of 2014, compared to a rise of 8.5 percent (SAR 0.6 billion) during the preceding quarter, witnessing an annual rise of 41.8 percent (SAR 2.3 billion) at the end of the third quarter of 2014.

1.4. Reserve Assets

SAMA’s total reserve assets registered an increase of 0.8 percent (SAR 22.8 billion) to SAR 2,793.4 billion during the third quarter of 2014 against a rise of 0.7 percent (SAR 19.3 billion) during the preceding quarter, recording an annual increase of 5.9 percent (SAR 155.4 billion) at the end of the third quarter of 2014 (Chart 3).
A breakdown of the components of total reserve assets during the third quarter of 2014 indicates that the reserve position with the IMF declined by 7.8 percent (SAR 1.4 billion) from the previous quarter to SAR 17.1 billion. Deposits abroad went up by 2.4 percent (SAR 15.7 billion) from the previous quarter to SAR 665.1 billion. Investments in securities abroad, however, increased by 0.5 percent (SAR 10.1 billion) to SAR 2,074.6 billion. Special drawing rights balance decreased by 4.1 percent (SAR 1.4 billion) to SAR 34.8 billion. Gold reserve was stable at SAR 1,624 million.

**Second: Monetary Policy**

SAMA continued to pursue a monetary policy that aimed at achieving price stability, supporting the various economic sectors in line with domestic and international economic developments and supporting domestic banks to perform their financing role in the domestic economy. During the third quarter of 2014, SAMA maintained the same measures taken earlier in the second quarter of 2014. They were as follows:

1. Maintaining the repo rate unchanged at 2.0 percent and the reverse repo rate at 0.25 percent. SAMA's daily average repo transactions stood at SAR 101 million during the third quarter of 2014 against SAR 127
million in the second quarter of 2014. Daily average reverse repo transactions stood at SAR 73.1 billion at the third quarter of 2014 compared to SAR 79.2 billion in the second quarter of 2014.

2. Maintaining the cash reserve ratio for demand deposits at 7.0 percent and time and savings deposits at 4.0 percent.

3. To encourage domestic banks to increase lending, SAMA continued to maintain the price of treasury bills at 80.0 percent of the Saudi interbank bid rate (SIBID) and the limit of weekly subscription in treasury bills for domestic banks at SAR 9 billion.

4. The three-month Saudi interbank offered rate (SIBOR) stabilized at 0.946 percent at the end of the third quarter of 2014. The three-month interest differential between the riyal and the dollar was about 72 basis points in favor of the riyal at the end of the third quarter of 2014, compared to 73 basis points at the end of the second quarter of 2014. As for riyal exchange rate against the dollar, it remained unchanged at its official peg rate of 3.75.

As regards foreign exchange swaps, SAMA did not make any swap transaction during the third quarter of 2014.

Third: Banking Developments

3.1. Bank Deposits

Total bank deposits recorded a rise of 2.1 percent (SAR 30.7 billion) to SAR 1,526.1 billion during the third quarter of 2014 compared to a rise of 1.5 percent (SAR 21.5 billion) during the preceding quarter, recording an annual rise of 13.4 percent (SAR 179.9 billion) at the end of the third quarter of 2014. The ratio of total bank deposits to M3 stood at 90.6 percent (Chart 4).
A review of the components of deposits by type during the third quarter of 2014 indicates that demand deposits rose by 0.2 percent (SAR 1.8 billion) to SAR 940.8 billion compared to a rise of 2.6 percent (SAR 23.9 billion) during the preceding quarter, recording an annual rise of 13.9 percent (SAR 115.1 billion). Time and savings deposits picked up by 11.5 percent (SAR 41.4 billion) to SAR 401.5 billion compared to an increase of 3.5 percent (SAR 12.2 billion) during the preceding quarter, recording an annual rise of 23.3 percent (SAR 75.9 billion). On the other hand, other quasi-monetary deposits went down by 6.4 percent (SAR 12.5 billion) to SAR 183.7 billion compared to a decline of 6.9 percent (SAR 14.6 billion) during the preceding quarter, recording an annual decrease of 5.6 percent (SAR 11.0 billion).

3.2. Commercial Banks' Assets and Liabilities

Total assets and liabilities of commercial banks stood at SAR 2,068.4 billion at the end of the third quarter of 2014, increasing by 1.8 percent (SAR 36.7 billion) compared to a rise of 2.1 percent (SAR 41.1 billion) in the preceding quarter. They recorded an annual rise of 12.7 percent (SAR 232.8 billion) at the end of the third quarter of 2014.
3.3. Commercial Banks' Foreign Assets and Liabilities

During the third quarter of 2014, total foreign assets of commercial banks rose by 0.7 percent (SAR 1.6 billion) to SAR 226.6 billion compared to a decline of 1.5 percent (SAR 3.5 billion) during the preceding quarter. They registered an annual rise of 5.2 percent (SAR 11.1 billion), constituting 11.0 percent of total commercial banks' assets compared to 11.1 percent at the end of the preceding quarter (Chart 5).

Commercial banks' total foreign liabilities went up by 6.1 percent (SAR 4.6 billion) to SAR 79.3 billion during the third quarter of 2014 against a decrease of 5.6 percent (SAR 4.4 billion) in the preceding quarter, recording an annual increase of 3.2 percent (SAR 2.5 billion) and constituting 3.8 percent of commercial banks' total liabilities against 3.7 percent at the end of the preceding quarter. Commercial banks’ net foreign assets went down by 1.8 percent (SAR 2.7 billion) to SAR 147.3 billion at the end of the third quarter of 2014 compared to a rise of 0.6 percent (SAR 0.9 billion) during the preceding quarter.
3.4. Commercial Banks’ Claims on the Private and Public Sectors

Commercial banks’ claims on the private and public sector went up by 2.4 percent (SAR 32.0 billion) to SAR 1,346.1 billion in the third quarter of 2014, compared to a rise of 4.2 percent (SAR 52.4 billion) in the preceding quarter, recording an annual rise of 12.9 percent (SAR 154.4 billion) at the end of the third quarter of 2014. They represented 88.2 percent of total bank deposits compared to 88.0 percent at the end of the preceding quarter.

3.4.1. Commercial Banks’ Claims on the Private Sector

Banks’ claims on the private sector increased by 3.0 percent (SAR 36.6 billion) to SAR 1,251.8 billion during the third quarter of 2014, compared to a rise of 4.2 percent (SAR 48.5 billion) in the preceding quarter. Banks’ claims on the private sector registered an annual increase of 13.2 percent (SAR 146.0 billion) at the end of the third quarter of 2014. The ratio of these claims to total bank deposits stood at 82.0 percent at the end of the third quarter of 2014, compared to 81.3 percent at the end of preceding quarter (Chart 6).

3.4.2. Commercial Banks’ Claims on the Public Sector

Banks’ claims on the public sector went down by 5.2 percent (SAR 5.1 billion) to SAR 94.2 billion during the third quarter of 2014 compared to a rise of 4.1 percent (SAR 3.9 billion) during the preceding quarter. They recorded an annual rise of 9.7 percent (SAR 8.3 billion). The ratio of banks’ claims on the public and quasi-public sector to total bank deposits stood at 6.2 percent at the end of the third quarter of 2014 compared to 6.6 percent at the end of the preceding quarter (Chart 6).
An analysis of bank credit by maturity during the third quarter of 2014 indicates that short-term credit decreased by 4.1 percent (SAR 26.3 billion) to SAR 614.5 billion, compared to a rise of 6.2 percent (SAR 37.4 billion) in the preceding quarter. Also, medium-term credit went down by 0.7 percent (SAR 1.6 billion) to SAR 223.8 billion, compared to a rise of 5.4 percent (SAR 11.6 billion) in the preceding quarter. Long-term credit, however, rose by 16.3 percent (SAR 56.2 billion) to SAR 400.7 billion compared to a slight rise of 0.05 percent (SAR 0.2 billion) in the preceding quarter.

3.4.3. Commercial Banks’ Claims by Economic Activity

Total bank credit by economic activity increased by 2.3 percent (SAR 28.3 billion) to SAR 1,239.1 billion during the third quarter of 2014 compared to a rise of 4.2 percent (SAR 49.2 billion) in the preceding quarter, recording an annual rise of 11.8 percent (SAR 131.4 billion) at the end of third quarter of 2014. A review of bank credit extended to economic activities during the third quarter of 2014 shows increases in the transport and telecommunications by 13.3 percent (SAR 5.4 billion), manufacturing and production by 5.1 percent (SAR 7.7 billion), commerce by 5.1 percent (SAR 12.4 billion), building and construction by 4.9 percent (SAR 3.5 billion), other sectors by 3.1 percent (SAR 14.6 billion) and finance sector by 2.5 percent (SAR 0.7 billion). However, bank credit extended to public and quasi-public sector declined by
13.6 percent (SAR 6.3 billion); services by 9.0 percent (SAR 6.1 billion); and water, electricity, gas and health services by 7.2 percent (SAR 2.8 billion).

3.5. Commercial Banks' Reserves, Capital, Profits and Branches

Capital and reserves of commercial banks declined by 1.3 percent (SAR 3.3 billion) to SAR 250.9 billion during the third quarter of 2014, compared to an increase of 1.6 percent (SAR 4.0 billion) in the preceding quarter. Their ratio to total bank deposits stood at 16.4 percent at the end of the third quarter of 2014 compared to 17.0 percent at the end of the preceding year. The annual growth rate of capital and reserves of banks went up by 10.5 percent (SAR 23.8 billion) in the third quarter of 2014. Banks' profits stood at SAR 9.7 billion at the end of the third quarter of 2014 compared to SAR 10.7 billion in the preceding quarter, recording a decline of 9.4 percent (SAR 1.0 billion). They registered an annual rise of 6.6 percent (SAR 0.6 billion) as compared to the third quarter of 2013.

At the end of the third quarter of 2014, the number of commercial banks’ branches operating in the Kingdom stood at 1,880, increasing by 20 over the preceding quarter. They registered an annual increase of 8.4 percent (145 branches) in their number as compared to the corresponding quarter of the preceding year.

3.6. Commercial Banks' Purchases and Sales of Foreign Exchange

3.6.1. Commercial Banks' Purchases of Foreign Exchange

Commercial banks' total purchases of foreign exchange went down by 0.8 percent (SAR 8.0 billion) to SAR 965.1 billion during the third quarter of 2014, compared to a decline of 2.3 percent (SAR 22.6 billion) during the preceding quarter, recording an annual rise of 17.2 percent (SAR 141.6 billion) as compared to the corresponding quarter in the preceding year. Comparing total purchases of foreign exchange during the third quarter of 2014 with those in the previous quarter shows that purchases from customers went down by 0.1
percent (SAR 0.127 billion), those from SAMA by 1.9 percent (SAR 3.1 billion) and from banks abroad by 6.4 percent (SAR 26.9 billion). On the other hand, purchases from other sources rose by 61.1 percent (SAR 26.7 billion), and from domestic banks by 5.1 percent (SAR 11.4 billion) (Chart 7).

3.6.2. Commercial Banks' Sales of Foreign Exchange

Commercial banks' sales of foreign exchange dropped by 2.6 percent (SAR 23.2 billion) to SAR 868.1 billion during the third quarter of 2014, compared to a rise of 3.5 percent (SAR 30.2 billion) during the preceding quarter. They recorded an annual increase of 19.5 percent (SAR 141.5 billion) during the third quarter of 2014. Comparing banks’ total sales of foreign exchange during the third quarter of 2014 with those during the preceding quarter indicates that sales to government entities picked up by 267 percent (SAR 9.8 billion) and to banks inside the Kingdom by 0.2 percent (SAR 0.462 billion). In contrast, sales of foreign exchange to banks abroad went down by 3.2 percent (SAR 4.5 billion), to SAMA by 17.8 percent (SAR 0.187 billion), to money changers by 6.7 percent (SAR 0.028 billion) and to other customers inside the Kingdom by 3.2 percent (SAR 4.5 billion) (Chart 7).
3.7. Private Sector Imports Financed by Commercial Banks

Imports of the private sector, that were financed by commercial banks through settled letters of credit and bills for collection, recorded a decline of 7.9 percent (SAR 4.9 billion) to SAR 57.3 billion during the third quarter of 2014, compared to a rise of 12.3 percent (SAR 6.8 billion) in the preceding quarter, recording an annual decrease of 10.4 percent (SAR 6.6 billion) as compared to the corresponding quarter in the preceding year. The third quarter's findings show that finance given to textiles and clothing imports increased by 6.0 percent (SAR 62.4 billion), to machinery imports by 1.9 percent (SAR 0.1 billion) and to foodstuffs imports by 3.7 percent (SAR 0.3 billion). On the other hand, finance given to imports of other goods declined by 11.8 percent (SAR 3.2 billion), to construction materials imports by 14.9 percent (SAR 1.0 billion), to imports of appliances by 10.7 percent (SAR 0.2 billion) and to vehicle imports by 7.3 percent (SAR 0.9 billion).

Imports of the private sector, that were financed by commercial banks through new opened letters of credit, recorded a rise of 9.4 percent (SAR 4.9 billion) to SAR 47.9 billion during the third quarter of 2014, compared to a rise of 4.3 percent (SAR 2.1 billion) in the preceding quarter. They recorded an annual increase of 3.3 percent (SAR 1.5 billion) as compared to the corresponding quarter of the preceding year. Credit to textiles and clothing imports decreased by 19.0 percent (SAR 0.2 billion), to construction materials imports by 30.9 percent (SAR 2.2 billion), to imports of other goods by 15.7 percent (SAR 3.4 billion), to imports of appliances by 25.2 percent (SAR 0.5 billion), and to machinery imports by 24.7 percent (SAR 1.4 billion). In contrast, credit to foodstuffs imports declined by 42.1 percent (SAR 1.6 billion) and to vehicles imports by 11.2 percent (SAR 1.2 billion) (Chart 8).
3.8. Private Sector Exports Financed by Commercial Banks

The private sector's exports, that were financed by commercial banks through open letters of credit, increased by 6.2 percent (SAR 2.0 billion) to 35.0 billion during the third quarter of 2014, compared to a decline of 0.21 percent (SAR 0.07 billion) in the preceding quarter. They recorded an annual decrease of 7.9 percent (SAR 3.0 billion) as compared to the corresponding quarter of the preceding year. The third quarter’s findings show that financing exports of agriculture and livestock production went down by 94.5 percent (SAR 0.3 billion) and financing exports of chemicals and plastic material fell by 15.5 percent (SAR 0.4 billion), while financing exports of other industrial products rose by 9.2 percent (SAR 2.7 billion) (Chart 9).

A review of the geographical distribution of opened letters of credit during the third quarter of 2014 indicates a decline in the financing of exports to North America countries by 25.2 percent (SAR 18.9 billion), to Arab countries by 12.9 percent (SAR 0.4 billion), to other countries by 2.1 percent (SAR 0.3 billion), to other European countries by 90.9 percent (SAR 1.3 billion) and to Latin America by 35.2 percent (SAR 0.2 billion). However, the financing of exports to Western European countries increased by 146.5 percent (SAR 0.3 billion) and to the GCC countries by 41.1 percent (SAR 4.1 billion).
Fourth: Banking Technology Developments

4.1. Saudi Riyal Inter-bank Express System (SARIE)

Statistics of the Saudi Riyal Inter-bank Express System (SARIE) show that total value of its transactions in the third quarter of 2014 declined by 16.8 percent (SAR 2.4 billion) to SAR 11.8 billion (nearly $3.1 billion). The value of single payment transactions totaled SAR 10.5 billion, whereas the total value of gross payment transactions stood at SAR 0.10 billion. Total customers’ payments stood at SAR 1.2 billion, decreasing by 13.5 percent from the preceding quarter. The total value of inter-bank payments transactions stood at SAR 10.6 billion, declining by 17.2 percent from the preceding year.

4.2. Saudi Payments Network (SPAN)

As for SPAN developments, the total number of transactions executed via ATMs during the third quarter of 2014 was about 389 million, with cash withdrawals totaling SAR 187.8 billion, including transactions through banks’ network and SPAN. Total transactions executed through POS terminals stood at 91.3 million with total sales of SAR 43.5 billion during the third quarter of 2014. The number of ATMs totaled 15.1 thousand and the number of cards issued by domestic banks stood at 20.0 million at the end of the third quarter of 2014. The number of POS terminals stood at 127.9 thousand at the end of the quarter under review.
4.3. Clearing

The number of bank checks (outgoing and incoming) cleared at the clearing houses in the third quarter of 2014 totaled 1.5 million with a total value of SAR 213.8 billion. The number of individual and corporate checks totaled 1.4 million with a total value of SAR 154.2 billion, and the number of certified checks totaled 175.9 thousand with a total value of SAR 59.9 billion.

Fifth: Domestic Capital Market Developments

Tadawul All Share Index (TASI) went up at the end of the third quarter of 2014 by 14.1 percent to 10,854.8 compared to a rise of 0.4 percent in the preceding quarter, recording an annual increase of 36.2 percent. The number of traded shares declined by 25.2 percent to 15.6 billion compared to a rise of 21.3 percent in the preceding quarter, registering an annual rise of 25.1 percent as compared to the corresponding quarter of 2013. Total value of traded shares decrease by 18.6 percent to SAR 532.6 billion in the third quarter of 2014 compared to an increase of 39.8 percent in the preceding quarter, recording a rise of 69.4 percent as compared to the corresponding quarter of the preceding year.

At the end of the third quarter of 2014, the market capitalization of issued shares went up by 13.8 percent to SAR 2,213 billion against the previous quarter in which it rose by 1.0 percent. It recorded a rise of 39.6 percent as compared to the third quarter of 2013. Total number of transactions executed in the third quarter of 2014 dropped by 18.8 percent to 8.7 million compared to an increase of 37.8 percent in the preceding quarter, recording a rise of 42.6 percent as compared to the corresponding quarter of the preceding year (Chart 10).
Sixth: Investment Funds

Total assets of investment funds managed by investment companies went up by 4.8 percent (SAR 5.6 billion) to SAR 121.5 billion in the third quarter of 2014 compared to an increase of 6.9 percent (SAR 7.5 billion) in the previous quarter, recording a rise of 17.6 percent (SAR 18.2 billion) as compared to the corresponding quarter of the preceding year.

An analysis of the total assets of investment funds indicates that their domestic assets increased by 6.5 percent (SAR 6.1 billion) to SAR 99.9 billion in the third quarter of 2014, compared to a rise of 5.5 percent (SAR 4.9 billion) in the preceding quarter. Domestic assets registered an increase of 26.1 percent (SAR 20.6 billion) as compared to the third quarter of 2013. Foreign assets went down by 2.1 percent (SAR 0.5 billion) to SAR 22.1 billion during the third quarter of 2014 against a rise of 13.3 percent (SAR 2.6 billion) in the preceding quarter. They also decreased by 0.4 percent (SAR 2.5 billion) as compared to the corresponding quarter of the preceding year.

The number of subscribers to investment funds fell by 0.9 percent (2,398 subscribers) to 251.7 thousand in the third quarter of 2014, compared to a decline of 0.9 percent (2,286 subscribers) in the preceding quarter. The number of subscribers recorded a decrease of 3.7 percent (9,788 subscribers) as
compared to the corresponding quarter of the preceding year. The number of operating funds rose by 0.4 percent (one fund) to 250 during the third quarter of 2014 compared to 249 funds in the previous quarter.

**Seventh: Specialized Credit Institutions**

The specialized credit institutions’ total outstanding loans went up during the fourth quarter of 2013 by 1.1 percent (SAR 3.0 billion) to SAR 271.6 billion, compared to an increase of 1.0 percent (SAR 2.8 billion) in the preceding quarter, recording an annual rise of 8.9 percent (SAR 22.3 billion) at the end of the fourth quarter of 2013.

Total actual disbursements rose by 42.1 percent (SAR 3.9 billion) in the fourth quarter of 2013 compared to a decrease of 20.0 percent (SAR 2.4 billion) in the preceding quarter, recording an annual increase of 31.1 percent. Total repayments to the specialized credit institutions went up by 34.6 percent (SAR 2.6 billion) in the fourth quarter of 2013 compared to a rise of 90.0 percent (SAR 3.6 billion) in the preceding quarter, registering an annual increase of 118.6 percent. The specialized credit institutions’ net credit went up by 74.8 percent (SAR 1.3 billion) in the fourth quarter of 2013, compared to a decline of 77.3 percent (SAR 6.0 billion) in the preceding quarter, recording an annual decline of 44.1 percent.

A breakdown of the loans extended by the specialized credit institutions in the fourth quarter of 2013 shows that the disbursements by the Saudi Industrial Development Fund went up by 200.9 percent (SAR 1.6 billion) compared to a rise of 133.1 percent (SAR 0.5 billion) in the preceding quarter. Disbursements by the Public Investment Fund also increased by 94.0 percent (SAR 2.5 billion) compared to a decrease of 29.4 percent (SAR 1.1 billion) in the preceding quarter. Disbursements by the Agriculture Development Fund rose by 69.2 percent (SAR 0.14 billion) compared to an increase of 4.4 percent (SAR 0.01 billion) in the preceding quarter. Disbursements by the Saudi Credit and Saving Bank also increased by 5.7 percent (SAR 0.1 billion) compared to a
decrease of 11.3 percent (SAR 0.2 billion) in the preceding quarter. On the other hand, disbursements by the Real Estate Development Fund declined by 7.8 percent (SAR 0.3 billion) compared to a decrease of 26.4 percent (SAR 1.5 billion) in the preceding quarter. As for credit repayments during the fourth quarter of 2013, the repayments to the Saudi Credit and Saving Bank rose by 163.7 percent (SAR 2.1 billion) against a rise of 55.9 percent (SAR 0.5 billion) in the preceding quarter. Repayments to the Industrial Development Fund went up by 9.9 percent (SAR 0.1 billion) compared to a decline of 19.6 percent (SAR 0.3 billion) in the preceding quarter, to the Agriculture Development Fund by 101.6 percent (SAR 0.1 billion) against a fall of 53.1 percent (SAR 0.1 billion) in the preceding quarter, and to the Public Investment Fund by 12.8 percent (SAR 0.5 billion) as compared to a rise of 245.8 percent (SAR 2.7 billion) in the preceding quarter. In contrast, repayments to the Real Estate Development Fund decreased by 14.7 percent (SAR 0.2 billion) against a rise of 157.3 percent (SAR 0.8 billion) in the preceding quarter.

### Eighth: Supervisory and Legislative Banking Developments

SAMA issued a number of circulars to the banking sector during the third quarter of 2014, the most prominent of which were as follows:

- **Circular No. 351000113841 dated 04/09/1435H regarding Foreign Account Tax Compliance Act Update.**
- **Circular No. 351000121270 dated 20/09/1435H concerning SAMA's final document Concerning Basel III Internal Ratings-Based (IRB) Approaches for Credit Risk.**
- **Circular No. 351000133366 dated 29/10/1435H concerning BCBS document regarding Liquidity Coverage Ratio Disclosure Standards.**
- **Circular No. 351000138356 dated 12/11/1435H concerning the Framework for Domestic Systemically Important Banks (D-SIBs).**
- **Circular No. 351000147158 dated 10/12/1435H concerning SAMA's regulations and guidance documents related to revised Basel II, II.5 and III.**
Ninth: Prominent Regulatory Developments in the Saudi Economy during the Third Quarter of 2014

The Council of Ministers issued the following resolutions during the third quarter of 2014:

- The resolution dated 10/09/1435H (07/07/2014) approving the establishment of a joint-stock company under the name "Al Maqar Development Company" in Al-Madinah Regional Municipality for the purpose of preparing urban development programs and implementing them in the slums of Al-Madinah and in any other region requiring development in a way that achieves sustainability of urban development and modernization projects.

- The resolution dated 10/09/1435H (07/07/2014) approving the Mental Health Care Law, aiming at regulating and enhancing mental health care necessary for psychiatric patients to protect their rights and dignity, as well as their families' and the community's and to set a treatment mechanism at the mental health care institutions.

- The resolution dated 24/09/1435H (21/07/2014) granting the Public Investment Fund the license to establish companies inside or outside the Kingdom either by itself or by participation with others from the private or public sectors, including participating with any of them in the existing companies.

- The resolution dated 24/09/1435H (21/07/2014) allowing foreign financial institutions to trade shares of companies listed in the Saudi Capital Market in the time it deems appropriate and in accordance with the rules it sets in this regard.

- The resolution dated 24/09/1435H (21/07/2014) approving the Municipality Boards Law.

- The resolution dated 24/09/1435H (21/07/2014) approving outsourcing the project for (monitoring public transport violations and controlling those
violations automatically and via human cadres, as well as violations related to fixed and mobile weight stations, their operation and maintenance) to SAHER Project.

- The resolution dated 15/10/1435H (11/08/2014) approving Al-Madinah Public Transportation Project and the participation of the Ministry of Interior (represented in the General Department of Traffic) in the membership of the Implementation Committee concerned with the follow-up of project implementation.

- The resolution dated 22/10/1435H (18/08/2014) allowing well-known foreign companies to operate in the Kingdom without being subject to the applicable procedures in the Contractors Classification Agency.

- The resolution dated 29/10/1435H (25/08/2014) approving the amendment to the Council of Ministers' resolution No.66 issued on 10/05/1401H to be as follows: "Municipalities may, in the projects of investment in municipality real estates in sites specified for multi-floor parking buildings, specify a part of no more than 25% of the parking building for commercial uses in accordance with construction controls adopted for the site".

- The resolution dated 20/11/1435H (15/09/2014) approving the Tenth-Development Plan, whose most important goals are as follows: (expanding the absorptive capacity of the national economy and strengthening its growth, stability and competitiveness capabilities; facilitating ownership of suitable houses by citizens through offering various programs and options that meet demand; enhancing institutional reform march; supporting civil society institutions; raising the competence and performance of government organs and employees; and reinforcing the principle of accountability and transparency, protecting integrity, and combating corruption).

- The resolution dated 20/11/1435H (15/09/2014) approving the Law of Time-Sharing in the Touristic Real Estate Units in Makkah and Al-Madinah.