

2018

Monetary and Banking Developments

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Research and International Affairs Deputyship
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Executive Summary

In Q4 2018, SAMA decided to raise the reverse repo rate from 2.25 percent to 2.50 percent and the repo rate from 2.75 percent to 3.00 percent. The cash reserve ratio was maintained at 7.0 percent for demand deposits and 4.0 percent for time and savings deposits. SAMA continued to maintain the limit of weekly subscription in SAMA bills for domestic banks at SAR 3.0 billion in Q4 2018. The three-month Saudi interbank offered rate (SAIBOR) went up to 2.82 percent in Q4 2018.

M3 increased by 1.4 percent in Q4 2018, and the monetary base rose slightly by 0.04 percent in Q4 2018. Preliminary data of SAMA's balance sheet indicates that total foreign assets fell by 2.1 percent to SAR 1,853.1 billion. SAMA's total reserve assets also recorded a decline of 2.1 percent (SAR 39.8 billion) to SAR 1,862.2 billion in Q4 2018.

Total bank deposits increased by 1.5 percent to SAR 1,661.1 billion in Q4 2018. Total assets and liabilities of commercial banks amounted to SAR 2,363.4 billion at end-Q4 2018, increasing by 1.4 percent. Commercial banks' claims on the private and public sectors rose slightly by 0.01 percent to SAR 1,786.9 billion in Q4 2018. Preliminary

estimates suggest a surplus of SAR 110.9 billion in the current account balance in Q3 2018 compared to a y/y surplus of SAR 20.0 billion.

The total value of the Saudi Riyal Inter-bank Express System (SARIE) transactions in Q4 2018 rose by 11.4 percent to SAR11,844.2 billion. Total number of ATM transactions stood at 540.4 million with cash withdrawals totaling SAR 185.5 billion, including transactions through banks' network and Mada. The Tadawul All Share Index (TASI) decreased by 2.2 percent to 7,827 at end-Q4 2018.

Total assets of investment funds managed by investment companies went down by 1.0 percent to SAR 117.9 billion in Q3 2018. According to the latest available data, total actual disbursements of loans rose by 113.1 percent (SAR 2.5 billion) and total loan repayments to SCIs by 9.7 percent (SAR 0.5 billion) in Q3 2018.

First: Monetary Policy

SAMA has been adopting a monetary policy aimed at achieving price stability, supporting the various economic sectors in line with domestic and international economic developments, and assisting domestic banks to perform their financing role in the domestic economy.

1.1 Rate of Return and Cash Reserve

In Q4 2018, SAMA decided to raise the reverse repo rate from 2.25 percent to 2.50 percent and the repo rate from 2.75 percent to 3 percent.

SAMA's daily average repo transactions stood at SAR 304.6 million in Q4 against SAR 145.4 million in Q3. Daily average reverse repo transactions stood at SAR 56.5 billion in Q4 2018 compared to SAR 54 billion in Q3 2018.

The cash reserve ratio was maintained at 7.0 percent for demand deposits and at 4.0 percent for time and savings deposits.

1.2 Interest Rates

To encourage domestic banks to

increase lending, SAMA continued to maintain the limit of weekly subscription in SAMA bills for domestic banks at SAR 3.0 billion in Q4 2018. The three-month SAIBOR rose to 2.82 percent in Q4 2018. The three-month interest rate differential between the riyal and the dollar was about 18 basis points in favor of the riyal in Q4, compared to 28 basis points in Q3. As for the riyal exchange rate against the dollar, it remained unchanged at its official peg rate of SAR 3.75.

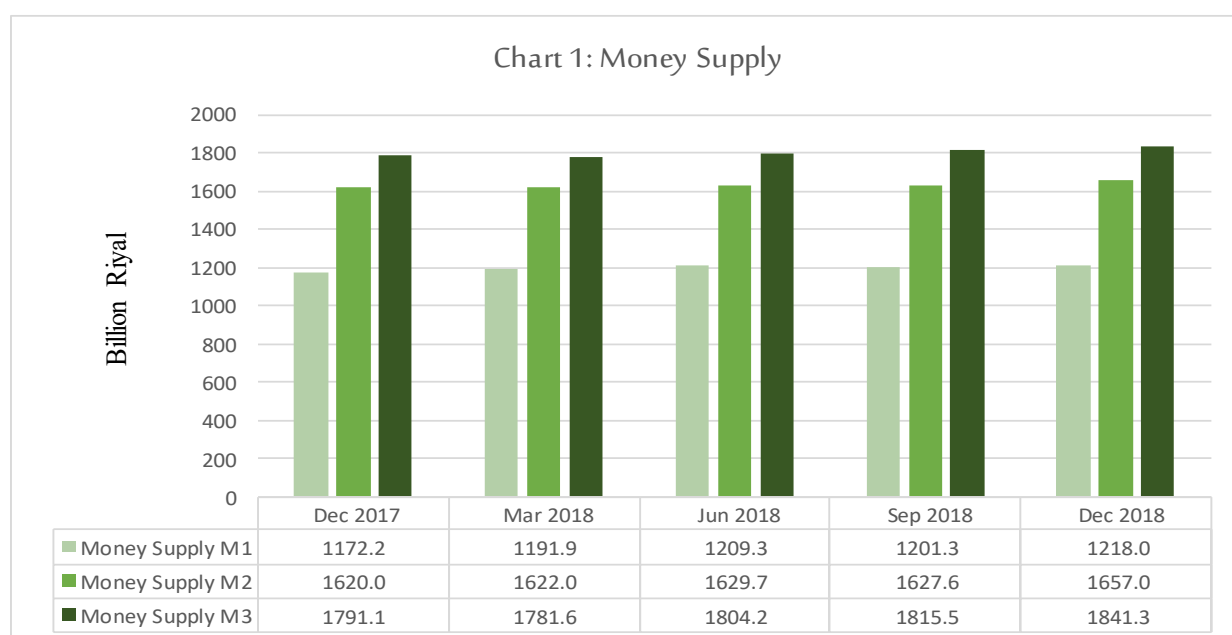
As regards foreign exchange swaps, SAMA did not make any swap transaction with domestic banks in Q4 2018.

Second: Monetary Developments

2.1 Money Supply

M3 increased by 1.4 percent (SAR 25.8 billion) to SAR 1,841.3 billion in Q4 2018, compared to an increase of 0.6 percent (SAR 11.3 billion) in the preceding quarter, recording a y/y annual rise of 2.8 percent (SAR 50.1 billion) (Chart 1).

A breakdown of the components of M3 in Q4 2018 indicates that narrow money supply (M1) rose by 1.4 percent



(SAR 16.7 billion) to SAR 1,218.0 billion or 66.1 percent of M3, compared to a decline of 0.7 percent (SAR 8.0 billion) in the preceding quarter, recording a y/y rise of 3.9 percent (SAR 45.8 billion). Also, M2 increased by 1.8 percent (SAR 29.4 billion) to SAR 1,657.0 billion or 90.0 percent of M3 in Q4 against a decrease of 0.1 percent (SAR 2.1 billion) in the preceding quarter. It recorded a y/y rise of 2.3 percent (SAR 37.0 billion).

2.2 Monetary Base

Monetary base rose slightly by 0.04 percent (SAR 0.1 billion) to SAR 311.6 billion in Q4 2018, compared to a decline of 4.6 percent (SAR 15.1 billion) in the preceding quarter, recording a y/y rise of 3.2 percent (SAR 9.7 billion). A breakdown of the components of the monetary base indicates that deposits with SAMA increased by 0.7 percent (SAR 0.7 billion) to SAR 100.7 billion in Q4 2018, compared to a decrease of 0.7 percent (SAR 0.7 billion) in the preceding quarter, recording a y/y rise of 2.2 percent (SAR 2.2 billion). Cash in vault decreased by 5.3 percent (SAR 1.7 billion) to SAR 30.7 billion, compared to a decrease of 10.0 percent (SAR 3.6 billion) in the preceding quarter, recording a y/y decline of 1.8 percent (SAR 0.6 billion). On the other hand, currency in circulation went up by 0.6 percent (SAR 1.1 billion) to SAR 180.2 billion compared to a decline of 5.7 percent (SAR 10.9 billion) in the preceding quarter, registering a y/y increase of 4.7 percent (SAR 8.1 billion).

Third: Developments of SAMA's Balance Sheet

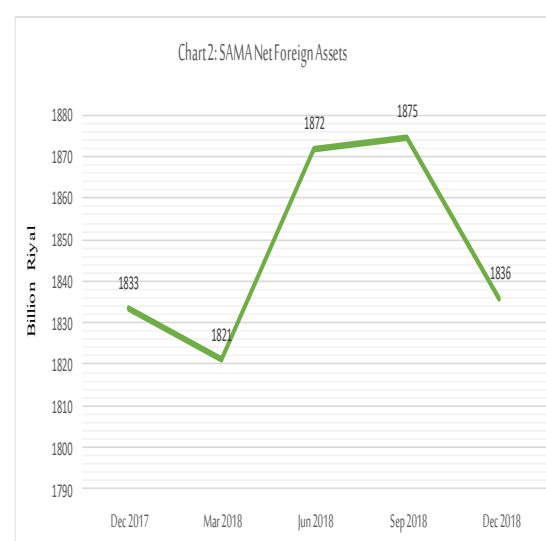
Preliminary data of SAMA's balance sheet indicate that total foreign assets decreased by 2.1 percent (SAR 39.6 billion) to SAR 1,853.1 billion in Q4 2018, compared to a q/q rise of 0.1 percent (SAR

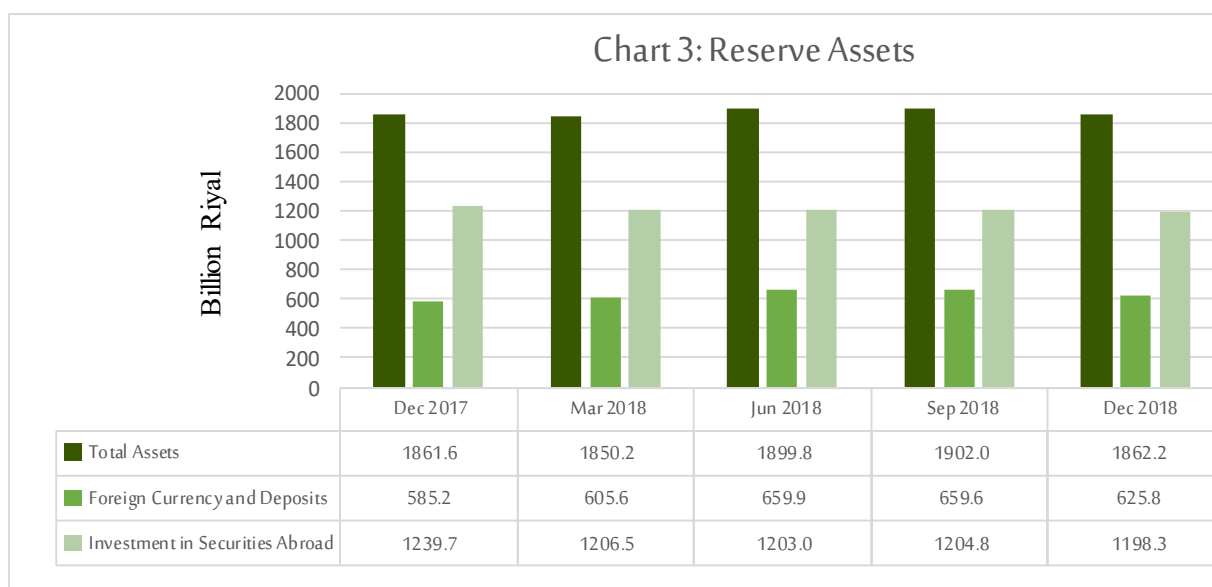
2.3 billion). They registered a y/y rise of 0.1 percent (SAR 1.2 billion). Net foreign assets went down by 2.1 percent (SAR 38.8 billion) to SAR 1,835.9 billion in Q4 2018, compared to an increase of 0.2 percent (SAR 2.9 billion) in the preceding quarter, recording a y/y rise of 0.1 percent (SAR 2.5 billion) (Chart 2).

Total deposits in domestic currency for foreign entities decreased by 4.1 percent (SAR 0.7 million) to SAR 17.2 billion in Q4 2018, compared to a decline of 3.1 percent (SAR 0.6 million) in the preceding quarter. They recorded a y/y decrease of 6.9 percent (SAR 1.3 million).

3.1 Reserve Assets

SAMA's total reserve assets declined by 2.1 percent (SAR 39.8 billion) to SAR 1,862.2 billion in Q4 2018, compared to a rise of 0.1 percent (SAR 2.2 billion) in the preceding quarter. They recorded a y/y rise of 0.03 percent (SAR 0.6 billion) (Chart 3). A breakdown of the components of total reserve assets in Q4 2018 as compared to the preceding quarter indicates that the reserve position with the IMF rose by 4.0 percent (SAR 0.2 billion) to SAR 6.2 billion. The balance of special drawing rights increased by 0.9 percent (SAR 0.3 billion) to SAR 30.3 billion. On the other





hand, investments in securities abroad decreased by 0.5 percent (SAR 6.5 billion) to SAR 1,198.3 billion. Foreign exchange and deposits abroad also dropped by 5.1 percent (SAR 33.9 billion) to SAR 625.8 billion while gold reserve was stable at SAR 1.6 billion.

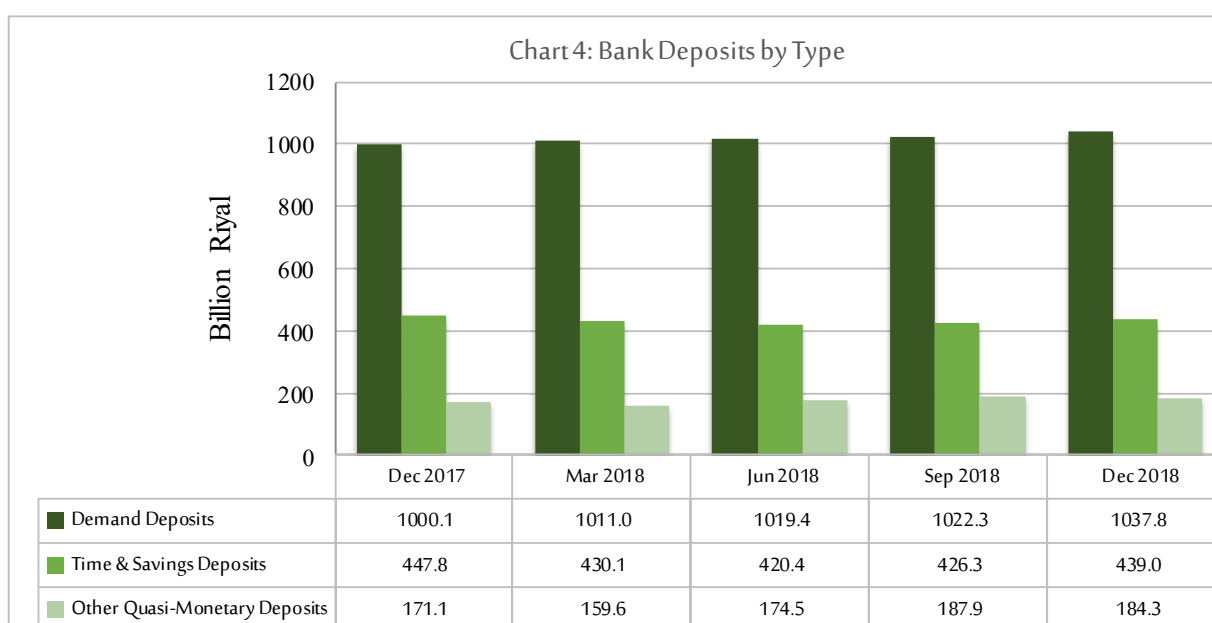
Fourth: Banking Developments

4.1 Bank Deposits

Total bank deposits increased by 1.5 percent (SAR 24.6 billion) to SAR 1,661.1 billion in Q4 2018, compared to a rise of 1.4 percent (SAR 22.2 billion) in the preceding

quarter, recording a y/y rise of 2.6 percent (SAR 42.1 billion).

A breakdown of deposit components by type in Q4 2018 indicates that demand deposits rose by 1.5 percent (SAR 15.6 billion) to SAR 1,037.8 billion compared to an increase of 0.3 percent (SAR 2.8 billion) during the preceding quarter, recording a y/y rise of 3.8 percent (SAR 37.7 billion). Time and savings deposits also increased by 3.0 percent (SAR 12.7 billion) to SAR 439.0 billion compared to a rise of 1.4 percent (SAR 5.9 billion) during the



preceding quarter. They, however, recorded a y/y decline of 2.0 percent (SAR 8.8 billion). Other quasi-monetary deposits went down by 2.0 percent (SAR 3.7 billion) to SAR 184.3 billion, compared to a rise of 7.7 percent (SAR 13.4 billion) during the preceding quarter. However, they recorded a y/y rise of 7.7 percent (SAR 13.1 billion) (Chart 4).

4.2 Assets and Liabilities of Commercial Banks

Total assets and liabilities of commercial banks stood at SAR 2,363.4 billion at end-Q4 2018, increasing by 1.4 percent (SAR 32.6 billion) compared to a q/q rise of 0.8 percent (SAR 18.8 billion). They registered an annual rise of 2.5 percent (SAR 57.6 billion).

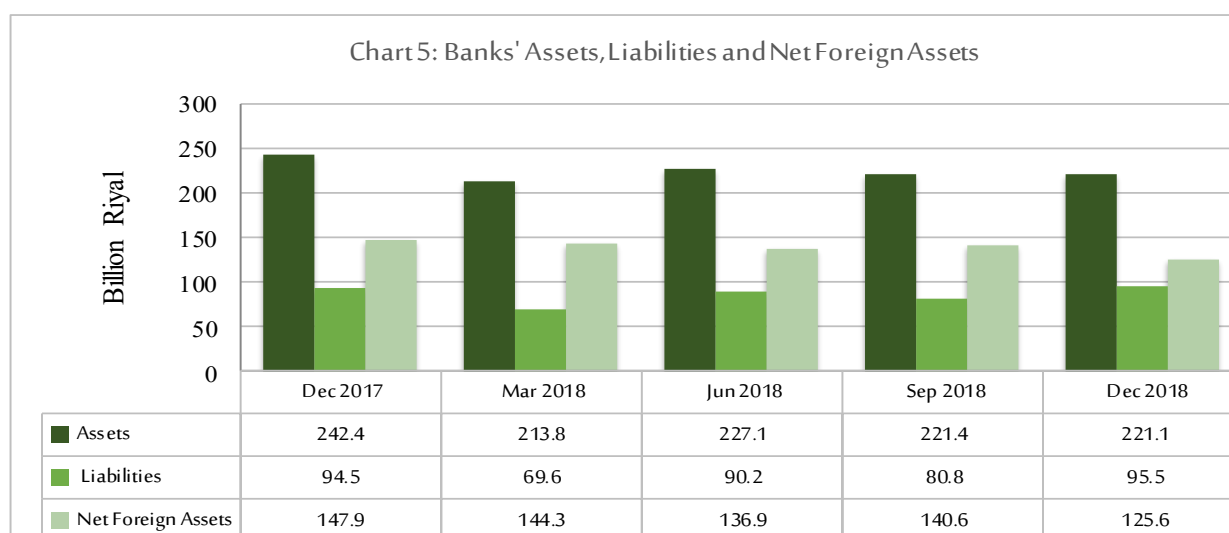
4.3 Commercial Banks' Foreign Assets and Liabilities

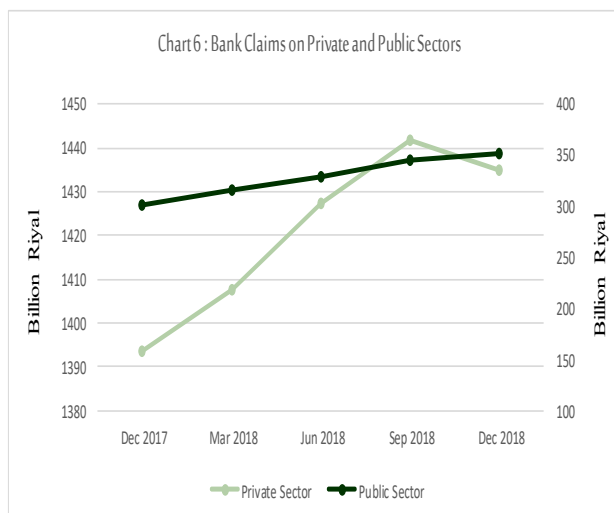
Total foreign assets of commercial banks decreased by 0.2 percent (SAR 0.4 billion) to SAR 221.1 billion in Q4 2018 compared to a decline of 2.5 percent (SAR 5.6 billion) during the preceding quarter. They registered a y/y decline of 8.8 percent (SAR 21.3 billion), constituting 9.4 percent of commercial banks' total assets at end-Q4 2018 as compared to 9.5 percent at the end of the preceding quarter. Commercial banks'

total foreign liabilities went up by 18.1 percent (SAR 14.6 billion) to SAR 95.5 billion in Q4 2018 against a decline of 10.3 percent (SAR 9.3 billion) in the preceding quarter. They registered a y/y increase of 1.0 percent (SAR 1.0 billion), constituting 4.0 percent of total liabilities of commercial banks against 3.5 percent at the end of the preceding quarter. Commercial banks' net foreign assets went down by 10.7 percent (SAR 15.0 billion) to SAR 125.6 billion at end-Q4 2018, compared to a rise of 2.7 percent (SAR 3.7 billion) during the preceding quarter. They recorded a y/y decline of 15.0 percent (SAR 22.3 billion) (Chart 5).

4.4 Commercial Banks' Claims on the Private and Public Sectors

Commercial banks' claims on the private and public (including government and quasi-government) sectors went up by 0.01 percent (SAR 0.1 billion) to SAR 1,786.9 billion in Q4 2018, compared to an increase of 1.8 percent (SAR 31.1 billion) in the preceding quarter. They recorded an annual rise of 5.4 percent (SAR 92.1 billion). The ratio of these claims to total bank deposits declined to 107.6 percent from 109.2 percent at the end of the preceding quarter.





4.4.1 Commercial Banks' Claims on the Private Sector

Commercial banks' claims on the private sector declined by 0.5 percent (SAR 6.8 billion) to SAR 1,434.9 billion in Q4 2018, compared to a rise of 1.0 percent (SAR 14.4 billion) in the preceding quarter. The claims on the private sector registered a y/y increase of 3.0 percent (SAR 41.2 billion). The ratio of these claims to total bank deposits declined to 86.4 percent at end-Q4 2018 compared to 88.1 percent at the end of the preceding quarter (Chart 6).

4.4.2 Commercial Banks' Claims on the Public Sector

Commercial banks' claims on the public sector rose by 2.0 percent (SAR 7.0 billion) to SAR 352.1 billion in Q4 2018, compared to a rise of 5.1 percent (SAR 16.7 billion) in the preceding quarter. These claims registered a y/y increase of 16.9 percent (SAR 50.9 billion). The ratio of commercial banks' total claims on the public sector to total bank deposits increased to 21.2 percent at end-Q4 2018 from 21.1 percent at the end of the preceding quarter (Chart 6).

A breakdown of bank credit by maturity during Q4 2018 indicates that long-term credit slightly declined by 0.1 percent (SAR 0.3 billion) to SAR 494.1 billion, compared to an increase of 18.7 percent (SAR 77.8 billion) in the preceding quarter.

In addition, medium-term credit went down by 2.5 percent (SAR 5.9 billion) to SAR 224.7 billion, compared to a decline of 14.8 percent (SAR 40.1 billion) in the preceding quarter. On the contrary, short-term credit increased by 0.3 percent (SAR 1.8 billion) to SAR 707.1 billion compared to a decline of 3.0 percent (SAR 21.5 billion) in the preceding quarter (Chart 6).

4.4.3 Commercial Banks' Claims by Economic Activity

Total bank credit extended by economic activity decreased by 0.3 percent (SAR 4.3 billion) to SAR 1,425.9 billion in Q4 2018, compared to a rise of 1.1 percent (SAR 16.2 billion) in the preceding quarter, recording a y/y rise of 2.8 percent (SAR 39.4 billion).

A breakdown of bank credit extended to economic activities in Q4 2018 indicates increases in bank credit extended to electricity, water, gas and health services by 5.9 percent (SAR 2.9 billion), to services sector by 4.6 percent (SAR 3.4 billion) and to other sectors by 2.5 percent (SAR 14.6 billion). On the other hand, bank credit extended to transport and telecommunication sector decreased by 14.2 percent (SAR 7.1 billion), to building and construction sector by 5.8 percent (SAR 5.9 billion), to mining and quarrying sector by 4.2 percent (SAR 0.8 billion), to agriculture and fishing sector by 4.2 percent (SAR 0.7 billion), to government and quasi-government sector by 2.8 percent (SAR 1.4 billion), to manufacturing and production by 2.7 percent (SAR 4.7 billion), to finance sector by 2.5 percent (SAR 1.0 billion), and to commerce sector by 1.3 percent (SAR 3.6 billion).

4.5 Reserves, Capital, Profits and Branches of Commercial Banks

Capital and reserves of commercial banks decreased by 4.7 percent (SAR 15.0 billion) to SAR 303.8 billion in Q4 2018, compared to a decline of 4.2 percent (SAR 14.1 billion) in the preceding quarter, recording a y/y decline of 4.4 percent (SAR 13.8 billion). Their ratio to total bank deposits went down to 18.3 percent at end-Q4 2018 from 19.4 percent in the preceding quarter. Commercial banks' profits stood at SAR 11.9 billion in Q4 2018 compared to SAR 12.4 billion in the preceding quarter, denoting a decline of 4.0 percent (SAR 0.5 billion) compared to a q/q rise of 4.2 percent (SAR 0.5 billion).

At end-Q4 2018, the number of commercial banks' branches operating in Saudi Arabia increased to 2,083 with two more branches over the preceding quarter, registering a y/y increase of 0.2 percent (4 branches).

4.6 Commercial Banks' Purchases and Sales of Foreign Exchange

4.6.1 Commercial Banks' Purchases of Foreign Exchange

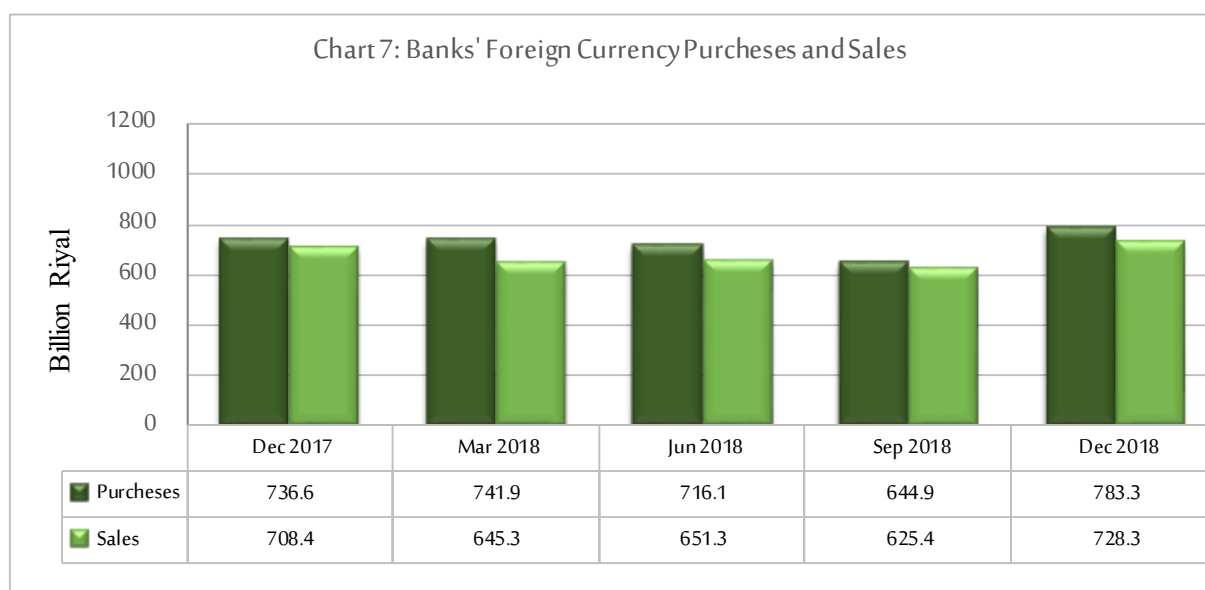
Commercial banks' total purchases of foreign exchange rose by 21.5 percent (SAR

138.4 billion) to SAR 783.3 billion in Q4 2018, compared to a q/q decline of 9.9 percent (SAR 71.2 billion), recording an annual increase of 6.3 percent (SAR 46.7 billion). A q/q comparison of banks' total purchases shows that purchases from other sources increased by 108.9 percent (SAR 15.9 billion), from domestic banks by 33.8 percent (SAR 27.3 billion), from foreign banks by 22.6 percent (SAR 72.0 billion), from SAMA by 14.7 percent (SAR 18.8 billion), and from customers by 4.3 percent (SAR 4.4 billion) (Chart 7).

4.6.2 Commercial Banks' Sales of Foreign Exchange

Commercial banks' total sales of foreign exchange went up by 16.5 percent (SAR 103.0 billion) to SAR 728.3 billion in Q4 2018, compared to a decline of 4.0 percent (SAR 25.9 billion) during the preceding quarter. They recorded a y/y rise of 2.8 percent (SAR 20.0 billion).

A q/q comparison of banks' total sales of foreign exchange indicates that sales to ministries and municipalities rose by 897.5 percent (SAR 0.3 billion), to banks abroad by 27.7 percent (SAR 59.4 billion), to banks inside the Kingdom by 16.2 percent (SAR 11.7 billion), to other customers in



the Kingdom by 11.7 percent (SAR 27.0 billion), and to other purposes (traveling abroad, personal transfers, and foreign contractors) by 21.5 percent (SAR 11.9 billion). In contrast, sales of foreign exchange to SAMA fell by 58.3 percent (SAR 0.7 billion) and to government entities by 13.1 percent (SAR 3.1 billion). However, no sales to money changers have been recorded since Q2 2017 (Chart 7).

Fifth: External Sector

Foreign Trade

Total exports value went up by 47.5 percent (SAR 289.5 billion) during Q3 2018 as compared to SAR 196.3 billion in the corresponding quarter of the previous year. Total value of oil exports rose by 54.6 percent to SAR 230.9 billion and other exports (including re-exports) by 25.0 percent to SAR 58.6 billion. Value of imports (CIF) recorded a y/y increase of 3.3 percent to SAR 127.9 billion in Q3 2018.

Balance of Payments

5.1 Current Account:

Preliminary estimates suggest a surplus of SAR 110.9 billion in the current account balance in Q3 2018 compared to a surplus of SAR 20.0 billion in Q3 2017. This is attributed to a surplus of SAR 133.8 billion in the balance of goods and services against a y/y surplus of SAR 42.4 billion. The balance of goods recorded a surplus of SAR 181.4 billion due to a rise in exported goods by 46.0 percent to SAR 286.6 billion compared to SAR 196.3 billion in the corresponding quarter of the previous year and due to a decrease in imported goods (FOB) by 7.3 percent to SAR 105.2 billion compared to SAR 113.5 billion in the corresponding quarter of the preceding year, despite the increase in services deficit from SAR 40.4 billion in Q3 2017 to SAR 47.6 billion in Q3 2018. The surplus of the balance of primary

income fell to SAR 11.10 billion against SAR 11.14 billion in the corresponding quarter of the previous year. On the other hand, the deficit in the secondary income balance rose by 1.2 percent to SAR 33.9 billion compared to SAR 33.5 billion in the corresponding quarter of the preceding year.

5.2: Capital Account

Capital account registered outflows of SAR 1.58 billion in Q3 2018 against SAR 1.60 billion in the corresponding quarter of the previous year.

5.3: Financial Account

Net direct investments increased by SAR 20.4 billion in Q3 2018 due to net acquisition of financial assets abroad (SAR 23.3 billion) being higher than domestic net incurrence of liabilities (SAR 2.9 billion). Further, net portfolio investments recorded an increase of SAR 9.9 billion against a rise of SAR 21.6 billion in the corresponding quarter of the preceding year. Net other investments registered an increase of SAR 71.9 billion against an increase of SAR 37.7 billion y/y. Net reserve assets increased by SAR 2.2 billion in Q3 2018 against a y/y decrease of SAR 62.7 billion, where other reserve assets rose by SAR 1.5 billion (due to a rise in the item of investment in securities by SAR 1.8 billion despite the decline in currency and deposits item by SAR 0.3 billion) against a y/y decline of SAR 62.9 billion (due to a decline in the item of investment in securities by SAR 36.7 billion and in currency and deposits item by SAR 26.2 billion).

Sixth: Banking Technology Developments and Financial Inclusion:

6.1 Saudi Riyal Inter-bank Express System (SARIE)

In Q4 2018, the total value of the Saudi Riyal Inter-bank Express System (SARIE) transactions went up by 11.4 percent (SAR 1,208.3 billion) to SAR 11,844.2 billion. The value of single payment transactions totaled SAR 11,065.2 billion, whereas the total value of bulk payment transactions amounted to SAR 773.8 billion. Total customer payments reached SAR 1,827.0 billion, with a q/q rise of 17.4 percent. The total value of inter-bank payment transactions was SAR 10,012.0 billion, with a q/q increase of 10.3 percent.

6.2 Mada

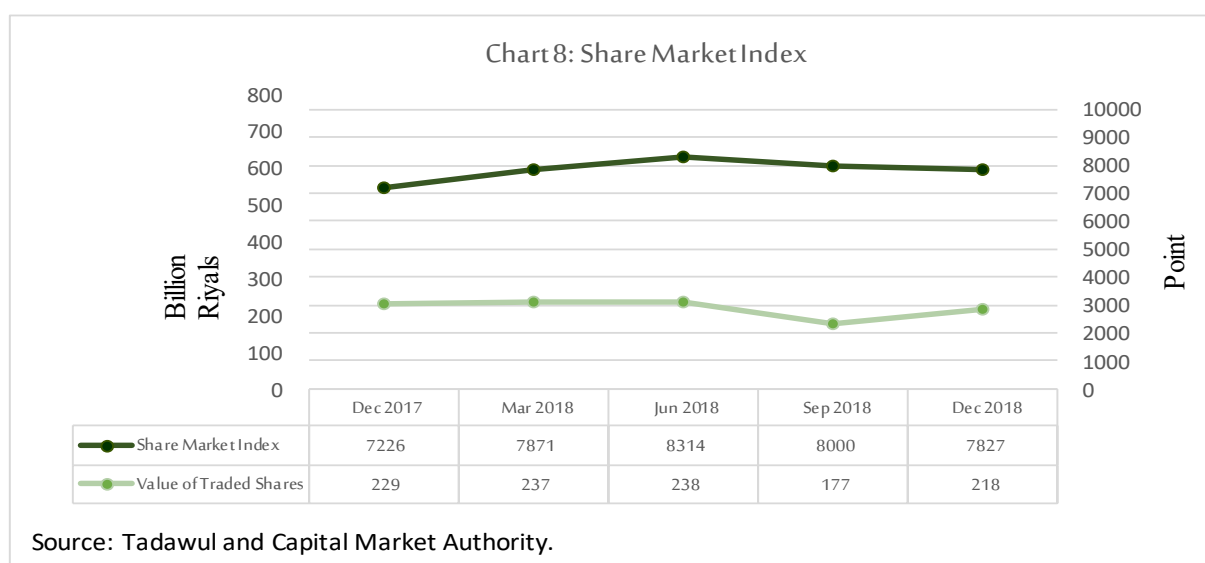
Total number of ATM transactions in Q4 2018 was approximately 540.4 million, with cash withdrawals totaling SAR 185.5 billion, including transactions through banks' network and Mada. Total point of sale (POS) terminal transactions were 301.3 million with sales totaling SAR 61.5 billion in Q4 2018. Moreover, the number of ATMs totaled 18.7 thousand, the number of ATM cards issued by domestic banks stood at 28.6 million, and the number of POS terminals reached 351.6 thousand at end-Q4 2018.

6.3 Clearing

As for statistics on clearing in Q4 2018, the number of bank checks (outgoing and incoming) cleared at the clearing houses totaled 958 thousand with a total value of SAR 102.6 billion. The number of individual and corporate checks totaled 851 thousand with a total value of SAR 72.5 billion; the number of interbank checks totaled 107 thousand with a total value of SAR 30.1 billion.

Seventh: Domestic Stock Market Developments

The Tadawul All Share Index (TASI) decreased by 2.2 percent to 7,827 at end-Q4 2018 compared to a decrease of 3.8 percent in the preceding quarter, recording a y/y increase of 8.3 percent. The number of traded shares increased by 27.7 percent to 9.1 billion in Q4 2018 compared to a q/q decrease of 32.0 percent, recording a y/y decline of 24.6 percent. Total value of shares traded in Q4 2018 went up by 23.2 percent to SAR 218 billion compared to a q/q decrease of 25.6 percent, recording a y/y decline of 4.8 percent.



At end-Q4 2018, the stock market capitalization fell by 2.1 percent to SAR 1,859 billion against a decline of 4.2 percent at the end of the preceding quarter. The stock market capitalization registered a y/y increase of 10.0 percent. However, total number of transactions executed in Q4 2018 increased by 40.5 percent to 7.3 million compared to a fall of 16.3 percent in the preceding quarter, recording a y/y rise of 20.4 percent (Chart 8).

Eighth: Investment Funds

Total assets of investment funds managed by investment companies went down by 1.0 percent (SAR 1.2 billion) to SAR 117.9 billion in Q3 2018 compared to a fall of 1.0 percent (SAR 0.9 billion) in the preceding quarter. Nevertheless, they recorded a y/y increase of 4.6 percent (SAR 5.2 billion).

A breakdown of total assets of investment funds shows that domestic assets declined by 0.9 percent (SAR 0.9 billion) to SAR 103.0 billion in Q3 2018 compared to a rise of 9.4 percent (SAR 8.9 billion) in the previous quarter. Domestic assets, however, registered a y/y increase of 17.1 percent (SAR 15.0 billion). Foreign assets declined by 2.1 percent (SAR 0.3 billion) to SAR 14.9 billion in Q3 2018 against a decline of 39.5 percent (SAR 9.9 billion) in the preceding quarter, registering a y/y decline of 39.7 percent (SAR 9.8 billion).

Besides, the number of subscribers to investment funds rose by 5.0 percent (16 thousand subscribers) to 327 thousand in Q3 2018, compared to a rise of 5.6 percent (16 thousand subscribers) in the preceding quarter. The number of subscribers recorded a y/y increase of 39.0 percent (92 thousand subscribers). As for the number of operating funds, it stood at 264 in Q3 2018 compared to the preceding quarter.

Ninth: Specialized Credit Institutions (SCIs)

According to the latest available data on the specialized credit institutions, SCIs' total outstanding loans went down by 0.3 percent (SAR 0.7 billion) to SAR 230.4 billion in Q3 2018, compared to a decline of 1.2 percent (SAR 2.8 billion) in the preceding quarter. They registered a y/y decline of 2.9 percent (SAR 6.9 billion) at end-Q3 2018. With respect to total actual disbursements of loans, they rose by 113.1 percent (SAR 2.5 billion) in Q3 2018, compared to a rise of 10.9 percent (SAR 0.2 billion) in the preceding quarter, recording a y/y increase of 66.9 percent (SAR 1.9 billion). Total loan repayments to SCIs went up by 9.7 percent (SAR 0.5 billion) in Q3 2018 compared to a rise of 13.3 percent (SAR 0.6 billion) in the preceding quarter, registering a y/y increase of 14.5 percent (SAR 0.7 billion). SCIs net credit recorded a deficit of SAR 0.6 billion at end-Q3 2018, declining by 77.0 percent compared to the preceding quarter.

A breakdown of loans extended by SCIs in Q3 2018 indicates that loans extended by the Real Estate Development Fund (REDF) decreased by 40.6 percent (SAR 0.2 billion) compared to a decline of 45.4 percent (SAR 0.5 billion) in the previous quarter. In addition, loans extended by the Social Development Bank (SDB) decreased by 16.7 percent (SAR 0.1 billion) compared to a rise of 10.3 percent (SAR 0.06 billion) in the preceding quarter. On the other hand, loans extended by the Saudi Industrial Development Fund (SIDF) rose by 278.6 percent (SAR 2.8 billion) compared to an increase of 174.3 percent (SAR 0.6 billion) in the preceding quarter. Loans extended by the Agricultural Development Fund (ADF) also went up by 117.6 percent (SAR 0.06 billion) compared to a decline of 25.3 percent (SAR 0.02 billion) in the preceding quarter.

In regard to credit repayments in Q3 2018, the volume of repayments to the ADF increased by 84.5 percent (SAR 0.2 billion) against an increase of 20.9 percent (SAR 0.03 billion) in the preceding quarter. Repayments received by the REDF also rose by 8.9 percent (SAR 0.1 billion) compared to a fall of 11.0 percent (SAR 0.2 billion) in the preceding quarter. In addition, repayments to the SDB went up by 7.0 percent (SAR 0.1 billion) against a fall of 14.7 percent (SAR 0.4 billion) in the preceding quarter. Repayments to the SIDF increased by 4.2 percent (SAR 0.06 billion) compared to a rise of 443.4 percent (SAR 1.1 billion) in the preceding quarter.

Tenth: Supervisory and Legislative Banking Developments during Q4 2018

- SAMA has updated the list of prohibited companies mentioned in its previous circulars by adding names of new companies, noting that some of these companies had already been in the list as they had been changing their names from time to time to make money transfers.
- SAMA has excluded expatriates working for distressed companies from the freezing of funds, allowing the expatriates to reactivate their bank accounts to deposit their salaries and carry out other transactions.
- SAMA has approved overtime hours on Saturdays for banks for a year starting from the issuance date of the circular so as to enable them to serve beneficiaries of the REDF and the Ministry of Housing.
- SAMA has instructed banks not to deduct any funds from the cost of living allowances of civil servants and military personnel and not to consider such allowances in finance applications or any future commitment. In case of incorrect deductions of such allowances by banks, banks must reverse deducted funds within a maximum period of 48 hours.

- SAMA has allowed banks licensed to engage in real estate finance and/or finance leasing activities to continue their activities without the need for renewing their licenses, provided that licensed banks must obtain no-objection letters from SAMA for offering relevant finance products in accordance with relevant laws and regulations.
 - SAMA has asserted that banks must accept electronic powers of attorney (PoAs) and use the Ministry of Justice website and “Mwathiq” service, provided by Thiqah Business Services Company, to verify such PoAs in accordance with the Electronic Transactions Law, issued by Royal Decree No. (M/8) dated 08/03/1428H and its Implementing Regulations.
 - SAMA has asserted that banks must obtain its approval prior to providing government and non-government entities with supervisory and statistical information and data.
 - SAMA has circulated the telegram of H.E. the Minister of Commerce and Investment on the permissibility of using commercial registers for the same activity in many locations/stores in the same administrative region.
 - SAMA has extended the dates for receiving quarterly and annual financial statements for foreign banks.
 - SAMA has instructed banks to provide their annual expansion plans for banking services (such as branches, money transfer centers, self-service centers) for the year 2019.
- SAMA has circulated the note of the deputy minister for internal trade at the Ministry of Commerce and Investment on removing the Ministry logo from articles of association.

Eleventh: Prominent Regulatory Developments in the Saudi Economy During Q4 2018

- The Council of Ministers has approved the Regulations on Productive Household Activities and the transfer of the productive household program
- The Council of Ministers has approved the amendment of the list of activities excluded from foreign investment.
- The Council of Ministers has approved the cancellation of the Fifth Paragraph of Article 5 of the Finance Company Control Law issued by Royal Decree No. (M/51) dated 13/08/1433H as well as the cancellation of its Resolution No. (259) dated 12/08/1433H.
- Announcement of the State Budget for the fiscal year 1440/1441H (2019).
- The Council of Ministers has approved the Commercial Maritime Law.
- The Council of Ministers has approved the extension of the Agreement entered into between the Kingdom of Saudi Arabia and the French Republic on the avoidance of double taxation with respect to taxes on income and inheritance and the Protocol.
- Restructuring of the Council of Ministers that is chaired by the Custodian of the Two Holy Mosques.
- Restructuring of the Council of Political and Security Affairs.
- Restructuring of the Council of Economic and Development Affairs.
- Establishment of the Saudi Space Commission.
- Establishment of the General Exhibition and Conferences Authority.
- Establishment of the Local Content and Government Procurement Commission.



مُؤَسَّسَةُ النِّقْدِ الْعَرَبِيِّ السَّعُودِيِّ
Saudi Arabian Monetary Authority

