



مؤسسة النقد العربي السعودي
SAUDI ARABIAN MONETARY AGENCY

Monetary and Banking Developments

Third Quarter, 2015

Economic Research Department

Muharram, 1437H – November, 2015



Contents

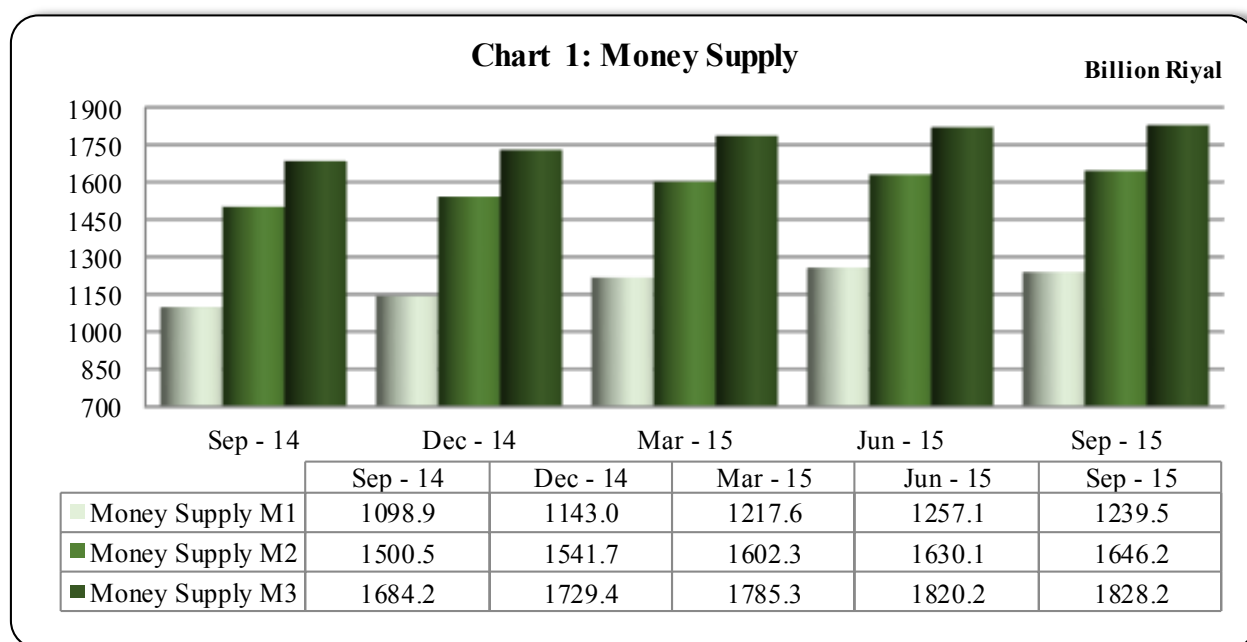
First: Monetary Developments	3
1.1 Money Supply	3
1.2 Monetary Base	4
1.3 SAMA's Balance Sheet	4
1.4 Reserve Assets	5
Second: Monetary Policy	6
Third: Banking Developments	7
3.1 Bank Deposits	7
3.2 Commercial Banks' Assets and Liabilities.....	8
3.3 Commercial Banks' Foreign Assets and Liabilities	8
3.4 Commercial Banks' Claims on the Private and Public Sectors	9
3.5 Commercial Banks' Reserves, Capital, Profits and Branches	11
3.6 Commercial Banks' Purchases and Sales of Foreign Exchange	11
3.7 Private Sector Imports Financed by Commercial Banks	12
3.8 Private Sector Exports Financed by Commercial Banks	13
Fourth: Banking Technology Developments	15
Fifth: Domestic Capital Market Developments	15
Sixth: Investment Funds	16
Seventh: Specialized Credit Institutions	17
Eighth: Supervisory and Legislative Banking Developments during the Third Quarter of 2015.....	19
Ninth: Prominent Regulatory Developments in the Saudi Economy during the Third Quarter of 2015...	19



First: Monetary Developments

1.1 Money Supply

Broad money supply (M3) increased by 0.4 percent (SAR 8.01 billion) to SAR 1,828.2 billion in Q3, compared to an increase of 2.0 percent (SAR 34.9 billion) in the preceding quarter. It also recorded an annual growth rate of 8.5 percent (SAR 143.9 billion) in Q3 (Chart 1).



A breakdown of the components of M3 in Q3 indicates that M1 fell by 1.4 percent (SAR 17.6 billion) to SAR 1,239.5 billion or 67.8 percent of M3, compared to a rise of 3.3 percent (SAR 39.5 billion) in the preceding quarter. It also registered an annual rise of 12.8 percent (SAR 140.6 billion) in Q3. Also, M2 went up by 1.0 percent (SAR 16.1 billion) to SAR 1,646.2 billion or 90.0 percent of M3 in Q3 against an increase of 1.7 percent (SAR



27.8 billion) in the preceding quarter. It registered an annual increase of 9.7 percent (SAR 145.7 billion) in Q3.

1.2 Monetary Base

Monetary base rose by 2.4 percent (SAR 7.5 billion) to SAR 320.8 billion in Q3, compared to an increase of 4.2 percent (SAR 12.6 billion) in the preceding quarter. It also registered an annual rise of 9.9 percent (SAR 28.8 billion) in Q3.

A breakdown of the components of the monetary base indicates that currency in circulation increased by 0.6 percent (SAR 1.1 billion) to SAR 175.2 billion in Q3, compared to a rise of 4.5 percent (SAR 7.4 billion) in the preceding quarter, registering an annual increase of 10.8 percent (SAR 17.1 billion) in Q3.

Banks' deposits with SAMA decreased by 1.1 percent (SAR 1.1 billion) to SAR 99.8 billion in Q3, compared to an increase of 3.5 percent (SAR 3.4 billion) during the preceding quarter. They registered an annual increase of 9.5 percent (SAR 8.7 billion) in Q3. Cash in vaults increased by 16.5 percent (SAR 5.3 billion) to SAR 37.1 billion, compared to an increase of 16.4 percent (SAR 4.5 billion) during the preceding quarter. It registered an annual increase of 13.9 percent (SAR 4.5 billion) in Q3.

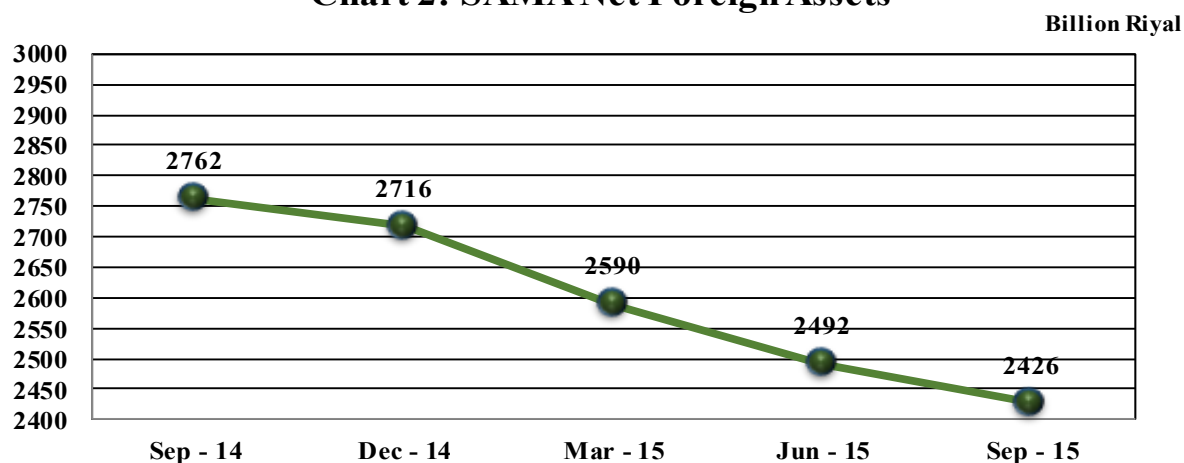
1.3 SAMA's Balance Sheet

Preliminary data of SAMA's balance sheet indicate that total foreign assets fell by 2.6 percent (SAR 65.5 billion) to SAR 2,436.9 billion in Q3, compared to a decline of 3.8 percent (SAR 97.9 billion) during the preceding quarter. They registered an annual decline of 12.0 percent (SAR 332.8 billion) in Q3. Net foreign assets declined by 2.6 percent (SAR 65.8 billion) to SAR 2,426.1 billion against a decline of 3.8 percent (SAR 97.9 billion) in the preceding quarter, registering an annual decrease of 12.2 percent (SAR 335.7 billion) in Q3(Chart 2).

Total deposits in domestic currency for foreign entities increased by 2.1 percent (SAR 227.2 billion) to SAR 10.9 billion in Q3, compared to a rise of 0.3 percent (SAR



Chart 2: SAMA Net Foreign Assets



27.0 billion) during the preceding quarter, recording an annual rise of 35.4 percent (SAR 2.8 billion) in Q3.

1.4 Reserve Assets

SAMA's total reserve assets registered a decline of 2.6 percent (SAR 65.9 billion) to SAR 2,454.5 billion in Q3 against a decline of 3.7 percent (SAR 97.1 billion) during the preceding quarter, recording an annual decrease of 12.1 percent (SAR 338.9 billion) in Q3 (Chart 2).

A breakdown of the components of total reserve assets in Q3 as compared to the preceding quarter indicates that the reserve position with the IMF dropped by 1.9 percent (SAR 222 million) to SAR 11.7 billion. Investments in securities abroad went down by 7.5 percent (SAR 136.2 billion) to SAR 1,672.2 billion. Special drawing rights decreased by 0.2 percent (SAR 62 billion) to SAR 33.2 billion. Deposits abroad increased by 10.6 percent (SAR 70.6 million) to SAR 735.7 billion. Gold reserve was stable at SAR 1,624 million.

By the end of Q3 2015, SAMA issued, on behalf of the Ministry of Finance, government development bonds with a value of SAR 55 billion for banks and financial institutions.



Second: Monetary Policy

SAMA has continuously been pursuing a monetary policy that aims 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. During the third quarter of 2015, SAMA maintained the same measures taken earlier in the second quarter of 2015, which are 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 45 million in Q3 against SAR 74 million in Q2. Daily average reverse repo transactions stood at SAR 51.3 billion in Q3 compared to SAR 69.8 billion in Q2.
2. Maintaining the cash reserve ratio at 7.0 percent for demand deposits and 4.0 percent for time and savings deposits.
3. To encourage domestic banks to increase lending, SAMA continued to maintain the price of treasury bills unchanged at 80 percent of the Saudi inter-bank 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 0.8950 percent in Q3. The three-month interest differential between the riyal and the dollar was about 57 basis points in favor of the riyal in Q3, compared to 49 basis points in Q2. As for the riyal exchange rate against the dollar, it remained unchanged at its official peg rate of 3.75.
5. As regards foreign exchange swaps, SAMA did not make any swap transaction with domestic banks in Q3.



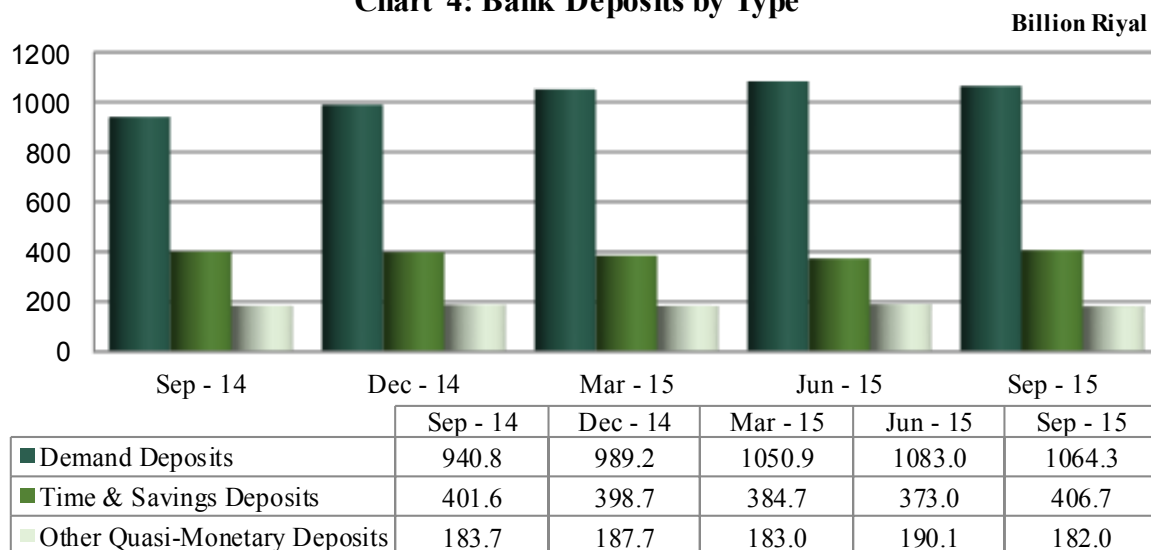
Third: Banking Developments

3.1 Bank Deposits

Total bank deposits recorded a rise of 0.4 percent (SAR 6.9 billion) to SAR 1,653 billion in Q3 compared to a rise of 1.7 percent (SAR 27.5 billion) during the preceding quarter, recording an annual rise of 8.3 percent (SAR 126.8 billion) in Q3. The ratio of total bank deposits to M3 stood at 90.4 percent (Chart 4).

A breakdown of the components of deposits by type in Q3 indicates that demand deposits fell by 1.7 percent (SAR 18.7 billion) to SAR 1,064.3 billion compared to a rise of

Chart 4: Bank Deposits by Type



3.1 percent (SAR 32.1 billion) during the preceding quarter, recording an annual rise of 13.1 percent (SAR 123.5 billion) in Q3. Time and savings deposits increased by 9.0 percent (SAR 33.7 billion) to SAR 406.7 billion compared to a decline of 3.0 percent (SAR 11.7 billion) during the preceding quarter, recording an annual rise of 1.3 percent (SAR 5.1 billion). Other quasi-monetary deposits went down by 4.3 percent (SAR 8.1 billion) to SAR 182 billion compared to an increase of 3.8 percent (SAR 7 billion) during the preceding quarter, recording an annual decrease of 0.9 percent (SAR 1.7 billion).

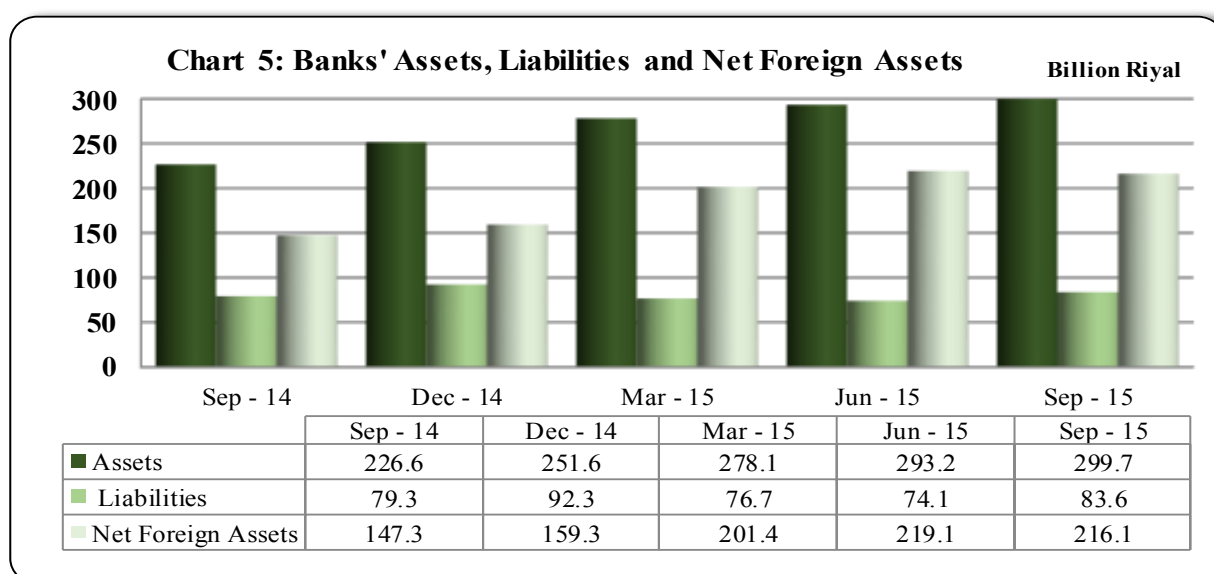


3.2 Commercial Banks' Assets and Liabilities

Total assets and liabilities of commercial banks stood at SAR 2,223.9 billion in Q3, increasing by 0.6 percent (SAR 13.8 billion) compared to a rise of 1.6 percent (SAR 34.3 billion) in the preceding quarter. They recorded an annual rise of 7.5 percent (SAR 155.4 billion) in Q3.

3.3 Commercial Banks' Foreign Assets and Liabilities

During the third quarter of 2015, total foreign assets of commercial banks rose by 2.2 percent (SAR 6.5 billion) to SAR 299.7 billion compared to an increase of 5.4 percent (SAR 15.1 billion) during the preceding quarter. They registered an annual rise of 32.3 percent (SAR 73.1 billion), constituting 13.5 percent of commercial banks' total assets compared to 13.3 percent at the end of the preceding quarter (Chart 5).



Commercial banks' total foreign liabilities went up by 12.9 percent (SAR 9.5 billion) to SAR 83.6 billion in Q3 against a fall of 3.4 percent (SAR 2.6 billion) in the preceding quarter, recording an annual increase of 5.5 percent (SAR 4.3 billion) and constituting 3.8 percent of commercial banks' total liabilities against 3.4 percent at the end of the preceding quarter. Commercial banks' net foreign assets went down by 1.4 percent (SAR 3.1 billion) to SAR 216.1 billion in Q3 compared to a rise of 8.8 percent (SAR 17.7 billion) during the preceding quarter.



3.4 Commercial Banks' Claims on the Private and Public Sectors

Commercial banks' claims on the private and public (including public and quasi-public government) sectors went up by 1.5 percent (SAR 21.2 billion) to SAR 1,446.4 billion in Q3, compared to a rise of 2.8 percent (SAR 38.4 billion) in the preceding quarter, recording an annual rise of 7.4 percent (SAR 100.3 billion) in Q3. They accounted for 87.5 percent of total bank deposits compared to 86.6 percent at the end of the preceding quarter.

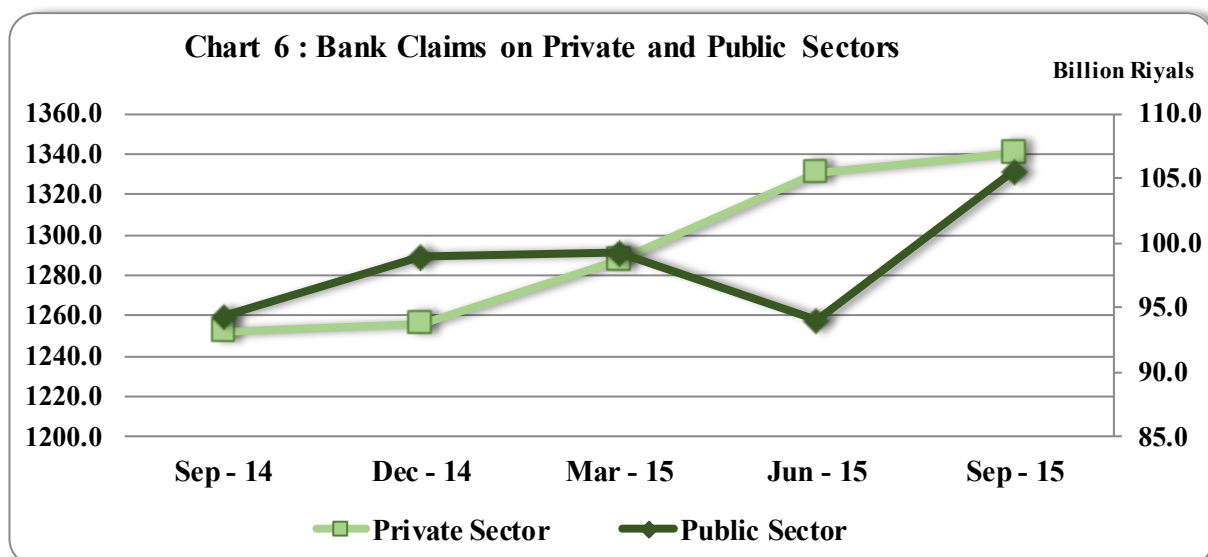
3.4.1 Commercial Banks' Claims on the Private Sector

Banks' claims on the private sector increased by 0.7 percent (SAR 9.7 billion) to SAR 1,340.9 billion in Q3, compared to a rise of 3.4 percent (SAR 43.7 billion) in the preceding quarter. The claims on the private sector registered an annual increase of 7.1 percent (SAR 89 billion) in Q3. The ratio of these claims to total bank deposits rose to 81.1 percent in Q3 from 80.9 percent at the end of the preceding quarter (Chart 6).

3.4.2 Commercial Banks' Claims on the Public Sector

Banks' claims on the public sector went up by 12.3 percent (SAR 11.6 billion) to SAR 105.6 billion in Q3 compared to a decrease of 5.3 percent (SAR 5.3 billion) during the preceding quarter. They recorded an annual rise of 12.0 percent (SAR 11.3 billion). The ratio of banks' claims on the public and quasi-public sectors to total bank deposits stood at 6.4 percent in Q3 compared to 5.7 percent at the end of the preceding quarter (Chart 6).

A breakdown of bank credit by maturity during the third quarter of 2015 indicates that short-term credit increased by 0.7 percent (SAR 5.1 billion) to SAR 686.3 billion, compared to a rise of 3.0 percent (SAR 19.9 billion) in the preceding quarter. Also, long-term credit went up by 1.7 percent (SAR 6.8 billion) to SAR 414.4 billion, compared to a rise of 6.8 percent (SAR 25.9 billion) in the preceding quarter. Medium-term credit, however, went down by 0.3 percent (SAR 0.7 billion) to SAR 229.3 billion compared to a fall of 3.7 percent (SAR 8.8 billion) in the preceding quarter.



3.4.3 Commercial Banks' Claims by Economic Activity

Total bank credit extended by economic activity increased by 0.9 percent (SAR 11.2 billion) to SAR 1,330 billion in Q3 compared to a rise of 2.9 percent (SAR 37.0 billion) in the preceding quarter, recording an annual rise of 7.3 percent (SAR 90.8 billion) in Q3. A breakdown of bank credit extended to economic activities in Q3 indicates increases in bank credit extended to mining and quarrying sector by 6.9 percent (SAR 1.2 billion), to manufacturing and production by 4.1 percent (SAR 6.7 billion), to services sector by 3.4 percent (SAR 2.3 billion); to building and construction by 2.9 percent (SAR 2.7 billion), to other sectors by 0.8 percent (SAR 4.3 billion), to commerce sector by 0.4 percent (SAR 1.1 billion), and to agriculture and fishing by 0.2 percent (SAR 19.4 million). However, bank credit extended to transport and telecommunications sector fell by 7.0 percent (SAR 3.1 billion); to finance sector by 5.2 percent (SAR 1.9 billion); to public and quasi-public by 4.4 percent (SAR 1.8 billion); and to water, electricity, gas and health services by 1.0 percent (SAR 0.4 billion).



3.5 Commercial Banks' Reserves, Capital, Profits and Branches

Capital and reserves of commercial banks decreased by 2.3 percent (SAR 6.4 billion) to SAR 272.8 billion in Q3, compared to a fall of 1.8 percent (SAR 5.2 billion) in the preceding quarter. Their ratio to total bank deposits stood at 16.5 percent in Q3 compared to 17.0 percent at the end of the preceding quarter. The annual growth rate of capital and reserves of commercial banks went up by 8.7 percent (SAR 21.8 billion) in Q3. Banks' profits stood at SAR 10.3 billion in Q3 compared to SAR 11.7 billion in the preceding quarter, denoting a fall of 11.4 percent (SAR 1.3 billion). They registered a y/y increase of 6.3 percent (SAR 609.5 million).

At the end of the third quarter of 2015, the number of commercial banks' branches operating in the Kingdom stood at 1,963 with a q/q increase of 9. They registered a y/y annual increase of 4.4 percent (83 branches).

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 5.6 percent (SAR 54.5 billion) to SAR 927.5 billion in Q3, compared to a fall of 3.8 percent (SAR 38.3 billion) during the preceding quarter, recording a y/y annual fall of 3.9 percent (SAR 37.6 billion). A q/q comparison of total purchases of foreign exchange shows that purchases from customers rose by 13.8 percent (SAR 14.3 billion), and from banks abroad by 4.6 percent (SAR 17.6 billion).

On the other hand, purchases from domestic banks fell by 14.7 percent (SAR 31.7 billion), from other sources by 50.6 percent (SAR 41.5 billion), and from SAMA by 6.7 percent (SAR 13.3 billion) (Chart 7).

3.6.2 Commercial Banks' Sales of Foreign Exchange

Commercial banks' total sales of foreign exchange went up by 0.6 percent (SAR 4.7 billion) to SAR 799.0 billion in Q3, compared to a fall of 1.9 percent (SAR 15.0 billion) during the preceding quarter. They recorded a y/y annual rise of 6.3 percent (SAR 47.1



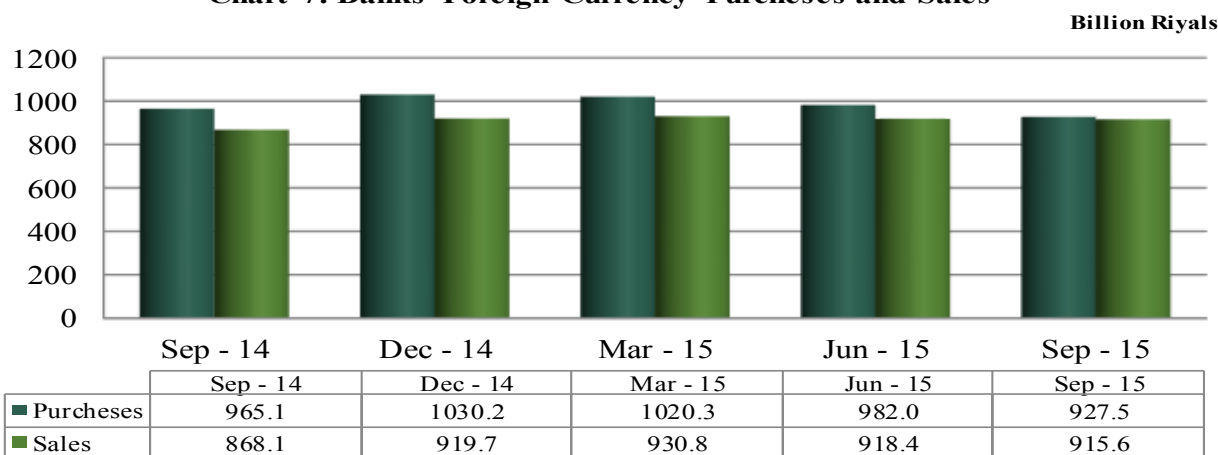
billion). A q/q comparison of banks' total sales of foreign exchange indicates that sales to other customers inside the Kingdom rose by 0.1 percent (SAR 213.0 million), to government entities by 234.7 percent (SAR 3.7 billion), to money changers by 26.6 percent (SAR 650.8 million), and to banks abroad by 11.0 percent (SAR 38.8 billion).

However, sales of foreign exchange to SAMA fell by 81.4 percent (SAR 2.6 billion), and to banks inside the Kingdom by 18.6 percent (SAR 36.1 million) (Chart 7).

3.7 Private Sector Imports Financed by Commercial Banks

The private sector imports financed by commercial banks through settled letters of credit and bills for collection decreased by 8.2 percent (SAR 5.0 billion) to SAR 55.4 billion in Q3, compared to an increase of 1.4 percent (SAR 830 million) in the preceding quarter,

Chart 7: Banks' Foreign Currency Purchases and Sales



recording a y/y decrease of 3.2 percent (SAR 1.9 billion). The third quarter's findings show that finance given to foodstuffs imports increased by 2.9 percent (SAR 203.3 million), and to vehicle imports by 0.04 percent (SAR 5.3 million).

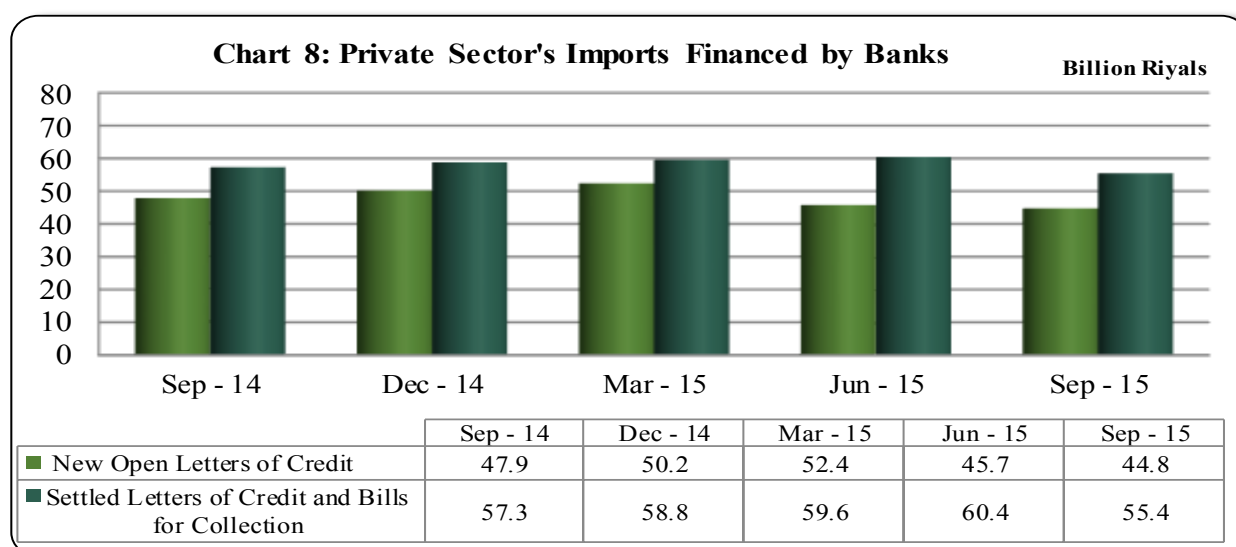
On the other hand, finance given to textiles and clothing imports declined by 30.5 percent (SAR 272.1 million), to machinery imports by 29.9 percent (SAR 1.3 billion), to construction materials imports by 21.8 percent (SAR 1.3 billion), to appliances imports by 13.7 percent (SAR 295.0 million), and to other goods imports by 7.0 percent (SAR 1.9 billion).



As for the private sector imports financed by commercial banks through new opened letters of credit in Q3, such letters of credit declined by 2.1 percent (SAR 961.0 million) to SAR 44.8 billion compared to a fall of 12.7 percent (SAR 6.7 billion) in the preceding quarter, recording a y/y decline of 6.6 percent (SAR 3.1 billion). Letters of credit to vehicles imports rose by 36.3 percent (SAR 4.1 billion). In contrast, letters of credit to textiles and clothing imports fell by 38.0 percent (SAR 277.3 million), to construction materials imports by 31.4 percent (SAR 1.4 billion), to appliances imports by 29.2 percent (SAR 582.0 million), to machinery imports by 18.9 percent (SAR 536.8 million), to other goods imports by 9.5 percent (SAR 1.9 billion), and to foodstuffs imports by 6.7 percent (SAR 290.2 million) (Chart 8).

3.8. Private Sector Exports Financed by Commercial Banks

The private sector exports financed by commercial banks through open letters of credit decreased by 28.7 percent (SAR 7.0 billion) to SAR 17.3 billion in Q3, compared to a fall of 0.1 percent (SAR 12.2 million) in the preceding quarter. They also recorded a y/y



decline of 50.6 percent (SAR 17.7 billion). The third quarter's findings in 2015 show that finance given to exports of other industrial products went down by 30.8 percent (SAR 6.9 billion) and to exports of chemicals and plastic materials by 13.1 percent (SAR 235.0

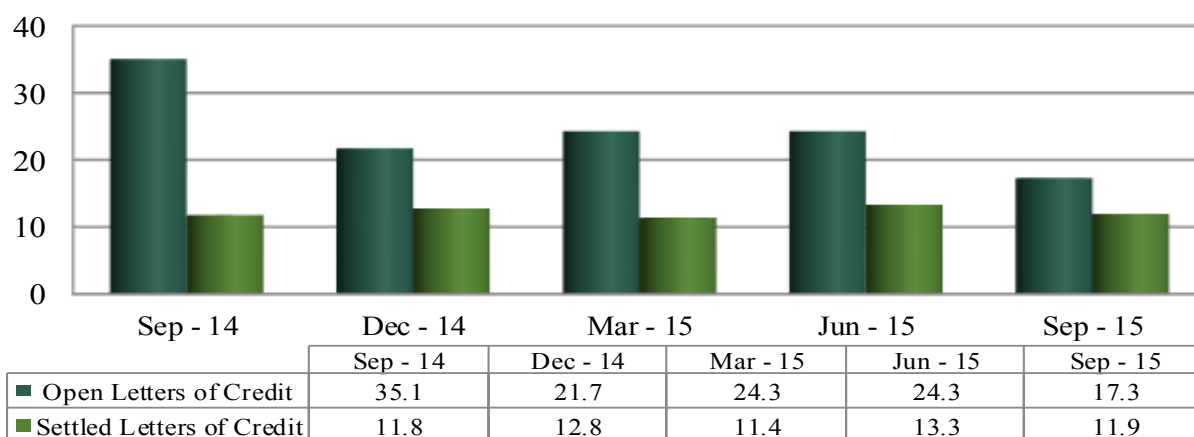


million). The exports of agriculture and livestock valued at SAR 227 million compared to SAR 43.0 million in the preceding quarter (Chart 9).

A review of the geographical distribution of trends of open letters of credit for the finance given to exports by country of destination in Q3 indicates a decrease in the finance of exports to the GCC countries by 14.6 percent (SAR 1.7 billion), to Latin America countries by 63.0 percent (SAR 156.3 million), to other countries by 41.0 percent (SAR 4.3 billion), to Arab countries by 30.9 percent (SAR 319.4 million), to Western Europe countries by 86.7 percent (SAR 368.2 million), and to other European countries by 35.6 percent (SAR 281.0 million). However, the finance of exports to North America countries increased by 330.9 percent (SAR 91.7 million).

Chart 9: Private Sector's Exports Financed by Banks

Billion Riyals





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 Q3 went down by 19.5 percent (SAR 2.5 billion) to SAR 10.4 billion. The value of single payment transactions totaled SAR 9.9 billion, whereas the total value of bulk payment transactions stood at SAR 477 million. Total customer payments stood at SAR 1.2 billion, with a q/q decline of 10.8 percent. The total value of inter-bank payments transactions stood at SAR 9.1 billion with a q/q fall of 20.6 percent.

4.2 Mada

As for Mada developments, the total number of ATM transactions in Q3 was approximately 450.6 million, with cash withdrawals totaling SAR 194.1 billion, including transactions through banks' network and Mada. Total transactions executed through POS terminals stood at 109.3 million with total sales of SAR 46.4 billion in Q3. The number of ATMs totaled 16.7 thousand and the number of ATM cards issued by domestic banks stood at 21.1 million in Q3. The number of POS terminals stood at 197.7 thousand in Q3.

4.3 Clearing

As for statistics on clearing in Q3, the number of bank checks (outgoing and incoming) cleared at the clearing houses totaled 1.5 million with a total value of SAR 165.1 billion. The number of individual and corporate checks totaled 1.2 million with a total value of SAR 118.4 billion; and the number of certified checks totaled 234.9 thousand with a total value of SAR 46.7 billion.



Fifth: Domestic Stock Market Developments

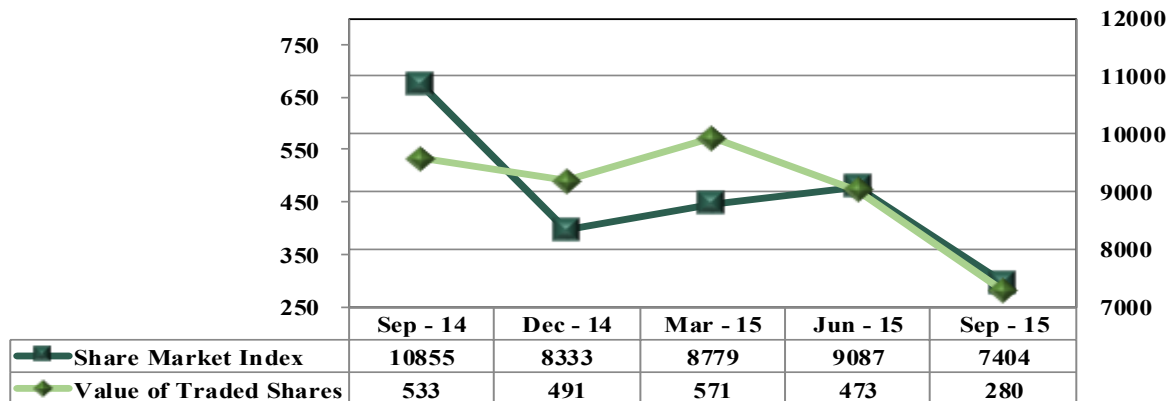
The general share price index went down by 18.5 percent to 7,404.1 in Q3 compared to an increase of 3.5 percent in the preceding quarter, recording an annual decline of 31.8 percent. The number of traded shares decreased by 32.9 percent to 11.1 billion in Q3 compared to a fall of 25.4 percent in the preceding quarter, registering a y/y decrease of 28.7 percent. Total value of traded shares decreased by 40.7 percent to SAR 280.1 billion in Q3 compared to a decrease of 17.3 percent in the preceding quarter, recording a y/y decline of 47.4 percent.

At the end of the third quarter of 2015, the market capitalization of shares went down by 17.2 percent to SAR 1,7 billion against a rise of 6.1 percent at the end of the preceding quarter. The market capitalization of shares recorded a y/y decrease of 24.7 percent. Total number of transactions executed in Q3 decreased by 30.0 percent to 5.7 million compared to a fall of 15.4 percent in the preceding quarter, recording a y/y decline of 34.3 percent (Chart 10).

Billion Riyals

Chart 10: Share Market Index

Point



Source: Tadawul and Capital Market Authority.



Sixth: Investment Funds

Total assets of investment funds managed by investment companies went up by 6.8 percent (SAR 7.6 billion) to SAR 120.0 billion in Q2 compared to a rise of 1.5 percent (SAR 1.6 billion) in the preceding quarter, recording a y/y rise of 3.5 percent (SAR 4.1 billion).

A breakdown of the total assets of investment funds indicates that domestic assets increased by 8.8 percent (SAR 7.7 billion) to SAR 96.1 billion in Q2, compared to a rise of 7.9 percent (SAR 6.5 billion) in the preceding quarter. Domestic assets registered a y/y increase of 2.4 percent (SAR 2.2 billion). Foreign assets went down by 0.4 percent (SAR 106 million) to SAR 23.9 billion in Q2 against a decrease of 16.7 percent (SAR 4.8 billion) in the preceding quarter. However, they registered a y/y rise of 8.3 percent (SAR 1.8 billion).

The number of subscribers to investment funds rose by 0.01 percent (16 subscribers) to 242.8 thousand in Q2, compared to a decline of 1.3 percent (3,229 subscribers) in the preceding quarter. The number of subscribers recorded a y/y decrease of 4.5 percent (11,336 subscribers). The number of operating funds rose by 3.1 percent (8 funds) to 263 in Q2 compared to 255 funds in the preceding quarter.

Seventh: Specialized Credit Institutions

The specialized credit institutions' total outstanding loans went up in Q1 by 4.7 percent (SAR 14.7 billion) to SAR 325.7 billion, compared to an increase of 3.3 percent (SAR 9.9 billion) in the preceding quarter, recording an annual rise of 16.8 percent (SAR 46.9 billion) in Q1.

Total actual disbursements of loans rose by 25.2 percent (SAR 4.1 billion) in Q1 compared to an increase of 5.9 percent (SAR 908 million) in the preceding quarter, recording an annual rise of 83.7 percent. Total repayments to the specialized credit



institutions went down by 11.0 percent (SAR 640 million) in Q1 compared to a rise of 49.0 percent (SAR 1.9 billion) in the preceding quarter, registering an annual increase of 37.7 percent. The specialized credit institutions' net credit went up by 44.9 percent (SAR 4.8 billion) in Q1, compared to a fall of 8.6 percent (SAR 1.0 billion) in the preceding quarter, recording an annual rise of 106.9 percent.

A breakdown of the loans extended by the specialized credit institutions in Q1 indicates that the loans extended by the Saudi Industrial Development Fund went down by 49.7 percent (SAR 923.7 million) compared to an increase of 18.5 percent (SAR 290.8 million) in the preceding quarter. Loans extended by the Real Estate Development Fund rose by 33.3 percent (SAR 2.1 billion) in Q1 against a rise of 52.2 percent (SAR 2.1 billion) in the preceding quarter, loans extended by the Agriculture Development Fund by 25.5 percent (SAR 78.6 million) compared to a rise of 71.4 percent (SAR 128.5 million) in the preceding quarter, and loans extended by the Public Investment Fund by 70.2 percent (SAR 3.0 billion) compared to a fall of 23.4 percent (SAR 1.3 billion) in the preceding quarter. On the other hand, loans extended by the Saudi Credit and Saving Bank fell by 2.3 percent (SAR 85.9 million) compared to a decrease of 7.8 percent (SAR 321.6 million) in the preceding quarter.

As for credit repayments in Q1, the volume of repayments to the Saudi Credit and Saving Bank decreased by 4.9 percent (SAR 88.7 million) against a rise of 28.4 percent (SAR 396.9 million) in the preceding quarter, repayments to the Industrial Development Fund by 25.4 percent (SAR 364.6 million) compared to a rise of 29.8 percent (SAR 329.6 million) in the preceding quarter, and repayments to the Real Estate Development Fund by 69.9 percent (SAR 948.1 million) against a rise of 39.0 percent (SAR 380.7 million) in the preceding quarter.

In contrast, the volume of repayments to the Agriculture Development Fund rose by 39.2 percent (SAR 65.9 million) against a decrease of 18.7 percent (SAR 38.6 million) in the preceding quarter, and repayments to the Public Investment Fund by 66.2 percent (SAR 695.5 million) compared to an increase of 398.6 percent (SAR 839.8 million) in the preceding quarter.



Eighth: Supervisory and Legislative Banking Developments **during the third Quarter of 2015**

SAMA has not issued any circulars to the banking sector during the third quarter of 2015.

Ninth: Prominent Regulatory Developments in the Saudi Economy **during the third Quarter of 2015**

- The Council of Ministers' Resolution approved the Law on Wildlife Protected Areas on 3/8/2015 (18/10/1436H) .
- On 3/8/2015 (18/10/1436H), the Council of Ministers' Resolution approved a number of resolutions relating to renting beachfront lands with a view to retain beachfronts and shorelines and provide the public with a getaway, including designating a beach easement of 100m along each beach that shall be open to the public. No premises shall be established in such area nor it shall be rented, except for the following properties and cases:
 1. Private properties on which legal title deeds were issued before issuing Royal Order No. 1004 on 20/1/1419H.
 2. For security purposes as deemed necessary by security authorities.
 3. Areas designated for public services offered to all visitors either for free or at a nominal price, provided that such areas shall be located at the back side of the shoreline.
 4. Areas designated for commercial activities not exceeding 10 percent of total space of the beach easement, provided that such areas shall be located landward at the back side of the shorelines.
 5. Tourist accommodation projects located outside urban areas and urban growth boundaries of cities and approved recreational areas, whereby the beach easement is open to the accommodations' visitors and vacant of any premises or construction at the front side overlooking the sea.
 6. Fish investment projects, provided that renting shall be confined to narrow limits in order to maintain the shores and provide the public with open spaces.
- On 10/8/2015 (25/10/1436H), the Council of Ministers' Resolution approved the



Convention on the protection of Underwater Cultural Heritage approved by the UNESCO in its 31st session held in Paris on 17/8/1422H.

• On 17/8/2015 (2/11/1436H), the Council of Ministers' Resolution approved transfer the structure of reporting of the Saudi Building Code National Committee and reform it by the Saudi Standards, Metrology, and Quality Organization (SASO). A number of resolutions were ratified by the Council of Ministers, including:

1- The amendment to Article 5 of the General Plan of Saudi Building Code by the Council of Ministers' resolution No. 174 on 15/6/1422H to be as follows:

“The Saudi Building Code National Committee shall be formed as follows:

- A representative of the Ministry of Interior, member.
- A Representative of the Ministry of Municipal and Rural Affairs, member.
- A representative of the Ministry of Housing, member.
- A Representative of the Ministry of Transportation, member.
- A representative of the Ministry of Water and Electricity, member.
- A representative of the Ministry of Commerce and Industry, member.
- A representative of King Abdulaziz City for Science and Technology, member.
- A representative of SASO, member.
- A representative of the Royal Commission for Jubail and Yanbu, member.
- A representative of the Saudi Council of Engineers, member.
- A representative of the Saudi Geological Survey, member.
- A Representative of Aramco, member.
- Four specialists of Saudi universities, members.
- A private sector member nominated by the Board of Directors of the Chambers of Commerce and Industry.
- The Committee's chairman and his/her deputy shall be members thereof and shall be selected periodically every year.”

2- The amendment to Article 2 of the Council of Ministers' resolution No. 127, issued on 20/4/1431H, as to stipulate that the Saudi Building Code National Committee shall be located at the Saudi Standards, Metrology and Quality Organization; it shall report to the Minister of Commerce and Industry, Chairman of the Board of Directors of SASO.



- On 17/8/2015 (2/11/1436H), the Council of Ministers' Resolution approved a number of resolutions, including:
 1. Replacing the phrase, "report to the Minister of Finance", stated in Article 2 of the Public Pension Agency Statute, with "report to the Ministry of Civil Service."
 2. Amending Article 5 of the Regulation to be as follows:

The Public Pension Agency shall have a board of directors, consisting of ten members, including the Chairman of the Board of Directors.

 - The Minister of Civil Service, Chairman.
 - Secretary General of the Military Service Council, member and vice-chairman.
 - Governor of the Public Pension Agency member.
 - A representative of the Ministry of Civil Service, member.
 - A representative of the Ministry of Finance, member.
 - Representative of SAMA, member.
 - Two retired members, one of whom worked in civil service sector and the other in military sector, shall be appointed by a resolution from the Council of Ministers based on a nomination by the Chairman.
 - Two members representing the private sector shall appointed by a resolution from the Council of Ministers based on a nomination by the Chairman.
- On 17/8/2015 (2/11/1436H), the Council of Ministers' Resolution approved a number of organizational arrangements involving an addition of some departments to the approved organizational structure of the General Presidency of Scholarly Research and Ifta, including:
 1. Amending the title of (Vice President of the General Presidency of Scholarly Research and Ifta) to be (Vice President for Executive Affairs) who shall be directly reported to the President of Scholarly Research and Ifta.
 2. Adding organizational units to the approved organizational structure of the General Presidency of Scholarly Research and Ifta: Divorce Fatwas Office, Project Management and Maintenance, Inventory Control Unit and Procurement and Contract Management.
- On 24/8/2015 (9/11/1436H), the Council of Ministers' Resolution approved that fiber optic cables, storm water drainage channels, extensions of electric generators and water



tanks, and roads, established, being established, owned or used by any government entity, shall be considered as state public utilities. The relevant provisions, provided for in the Law of the Protection of Public Facilities, shall be applicable to them.

- On 24/8/2015 (9/11/1436H), the Council of Ministers' Resolution approved a number of arrangements to implement King Abdullah Project for the development of Waad Alshamal City, including entrusting the Saudi Arabian Mining Company (Maaden) with the implementation of the first phase (A) and the first part of phase (B) of the general plan of the project, located outside the territory of Maaden project for phosphate industries and its associated projects, including infrastructures, social facilities, residential and commercial areas. The Saudi Industrial Property Authority (MODON) shall be entrusted with building the industrial area's infrastructures as will be agreed with the Ministry of Petroleum and Mineral Resources. In addition, (MODON) shall implement the rest of the City's works including industrial, commercial and residential areas in accordance with its general plan. The above-mentioned arrangements also include entrusting (MODON) with the management, operation and maintenance of the whole City, located outside the territory of Maaden project for phosphate industries, by implementing the first phase (A) and the first part of phase (B).
- On 24/8/2015 (9/11/1436H), the Council of Ministers' Resolution approved amending Article (16) of Health Law issued by Royal Decree No. (M/11) dated 23/3/1423H as set out in the Resolution stipulating that the Minister of Education shall select representatives from the Ministry of Education as well as one of the deans of health colleges for the membership of the Saudi Health Council. The term of membership shall be three years, renewable only twice.
- On 24/8/2015 (9/11/1436H), the Council of Ministers' Resolution approved that the Grain Silos and Flour Mills Organization shall purchase the wheat quantities locally produced for the current agricultural season (1436/1437H) that exceed the approved quantity according to Paragraph (1) of the Rules and Procedures of Water Consumption Rationalization and Regulation of Use in agricultural areas in all cities, villages and hamlets in the Kingdom issued by the Council of Ministers' Resolution No. (335) on 9/11/1428H.
- On 31/8/2015 (16/11/1436H), the Council of Ministers' Resolution approved the



development of a national program named (The National Program for the Support of Project Management in Public Entities) aiming at improving the adequacy and quality of implementing the projects of public entities through the application of the best international practices in project management. The objectives of the program, supervised by a board of directors chaired by the Minister of Economy and Planning, include the following:

1. Setting the standards necessary for determining the public entities projects that require the establishment of (project management offices) to follow up and coordinate the management of their projects, and verify their implementation.
 2. Developing scientific and practical methodology for project management that helps public entities by using the best international practices.
 3. Contributing to the qualification of national cadres working in project management offices to improve the level of their performance.
- On 31/8/2015 (16/11/1436H), the Council of Ministers' Resolution approved adding defamation to the sanctions prescribed in the following laws and regulations: the Law of Domestic Pilgrim Services, the Law of Transporting Pilgrims to the Kingdom and Returning them to their Countries, the Law of the Services of Umrah Performers and Visitors to the Prophet's Mosque Coming from outside the Kingdom, the Implementing Regulations of Preventing Non-Saudis from Working in the Housing of Pilgrims and Visitors, and the Disciplinary Rules of Muttawifs, Agents, Guides and Providers of Zamzam Water.
 - On 31/8/2015 (16/11/1436H), the Council of Ministers' Resolution approved the (new) Implementing Regulations of Temporary and Seasonal Work Visas.
 - On 7/9/2015 (23/11/1436H), the Council of Ministers' Resolution approved the regulation of the Saudi Council of Contactors and entrusting the Minister of Commerce and Industry with the formation of the Council's first board of directors, with the membership of those interested in contracting.
 - On 7/9/2015 (23/11/1436H), the Council of Ministers' Resolution approved the establishment of a national program for the development of the fisheries sector in the



kingdom to be managed by the Ministry of Agriculture in coordination with the relevant entities.

- On 17/8/2015 (2/11/1436H), the Council of Ministers' Resolution approved the continuation of implementing Paragraphs (1) and (2) of the Council of Ministers' Resolution No. (7) dated 1/1/1422H on allowing the import of Palestinian goods and products and continue bearing the customs duties thereof by the government for one year as from 11/09/1436H.
- On 14/9/2015 (1/12/1436H), the Council of Ministers' Resolution approved licensing Qatar National Bank to establish a branch in the Kingdom. The Bank shall carry out its banking business in accordance with the laws, regulations and instructions applicable in the Kingdom. The Saudi Arabian Monetary Agency shall coordinate with the bank to complete the necessary actions.