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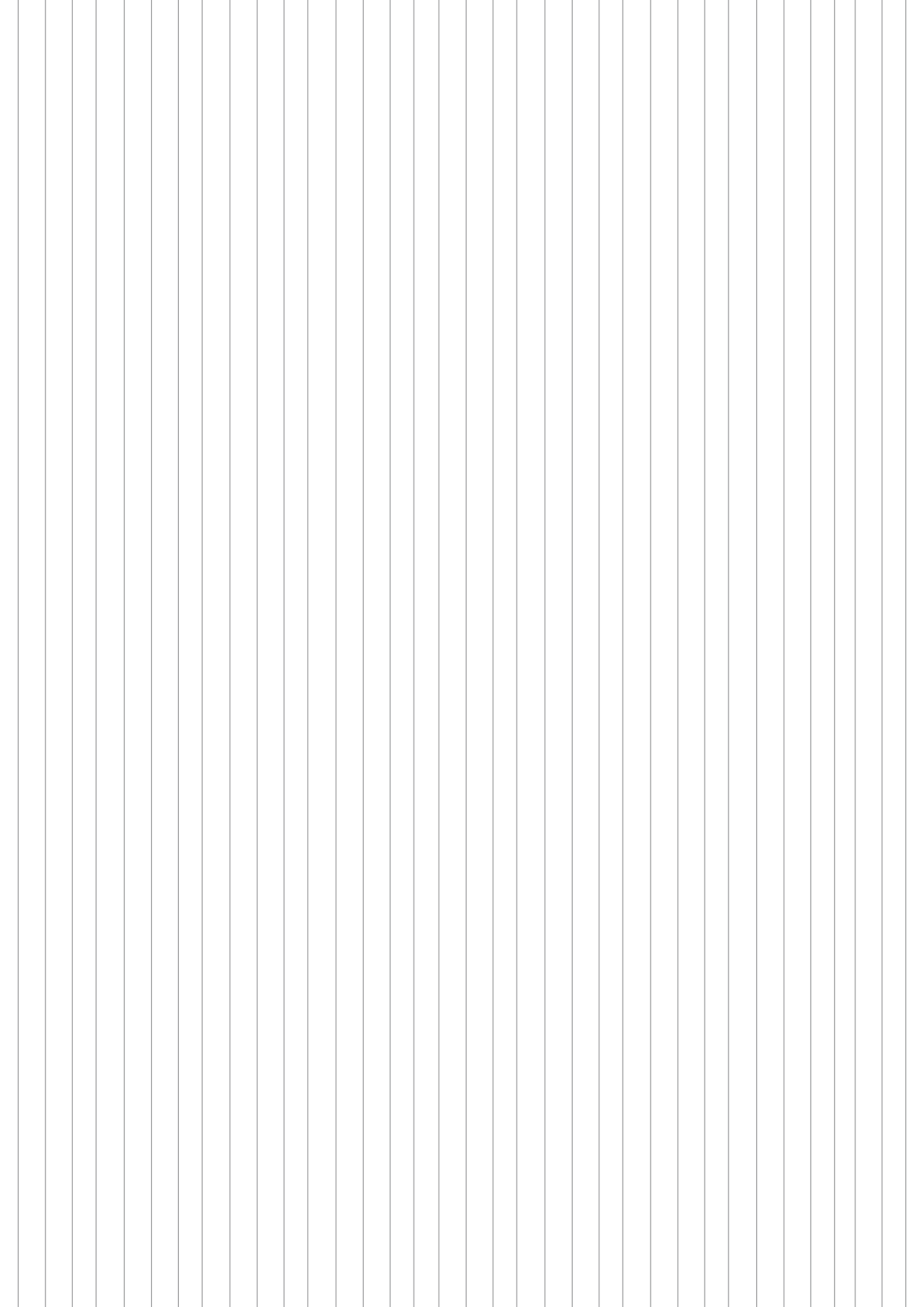
ANNUAL REPORT

1443H | 2022



البنك المركزي السعودي
SAMA
Saudi Central Bank





Saudi Central Bank

**58th Annual Report
1443H (2022)**



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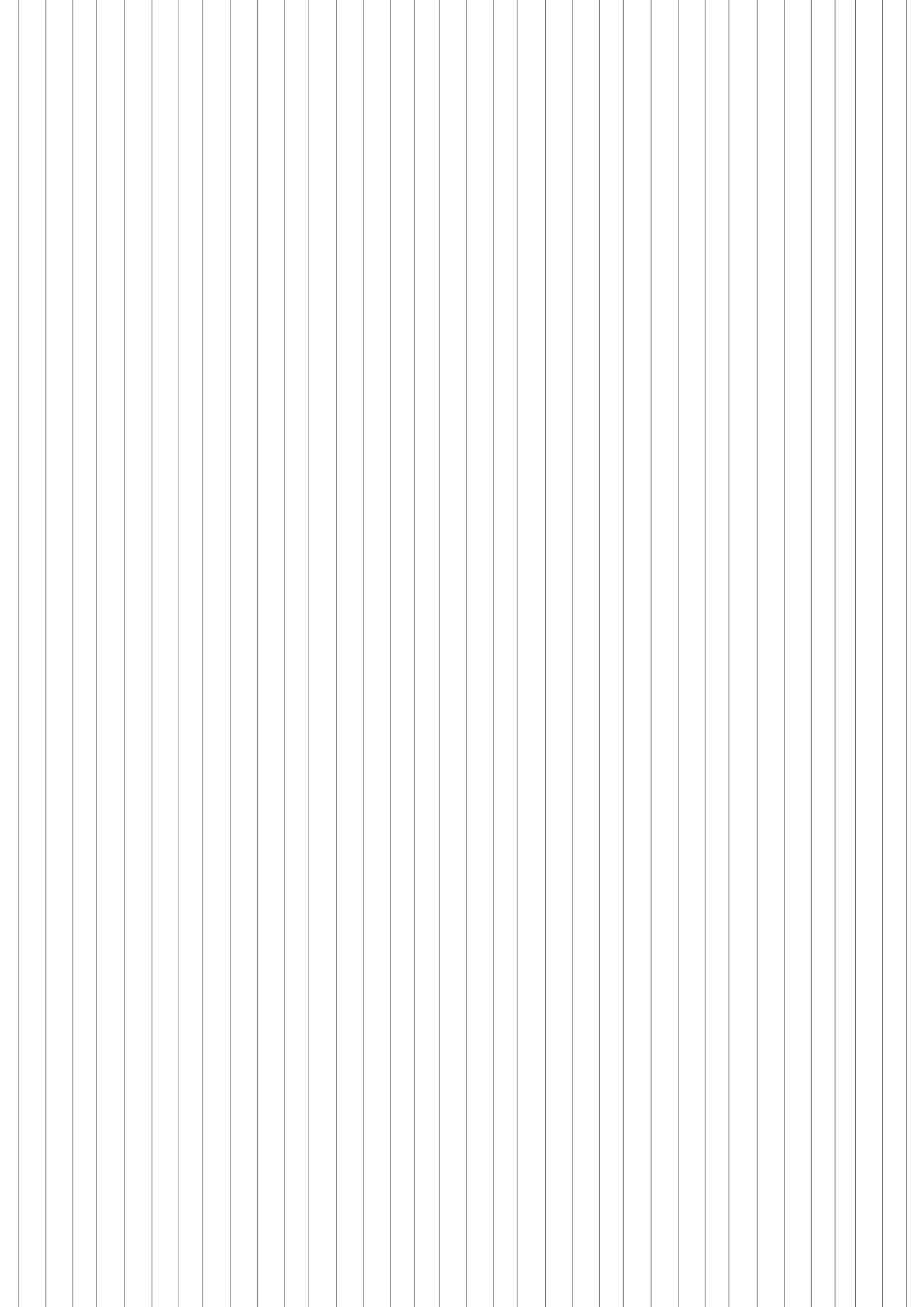
Governor and Chairman

Shawwal 1443H
May 2022

It gives me pleasure to present, in the name of the Board of Directors, the 58th Annual Report of the Saudi Central Bank (SAMA), which reviews the latest developments in the Saudi economy during fiscal year 2021 (1442/1443H). The Report covers developments in various areas of the domestic economy, including monetary developments, banking activity, capital market, prices, public finance, national accounts, foreign trade and balance of payments. It also provides an overview of the latest economic developments in various domestic productive sectors. Moreover, the Report gives a full description of SAMA's functions, such as setting and managing monetary policy and supervising banking, insurance and finance sectors. Furthermore, it includes the auditors' report on SAMA's balance sheet for fiscal year ended on June 30, 2021. In addition to data issued by SAMA, the Report mainly relies on official data obtained from ministries, government departments and public entities, to which I would like to extend my sincere gratitude and appreciation for their cooperation in providing valuable information and data that enabled SAMA to prepare this Report. I would also like to thank SAMA's staff members for their efforts in preparing this Report and in carrying out all functions entrusted to SAMA.

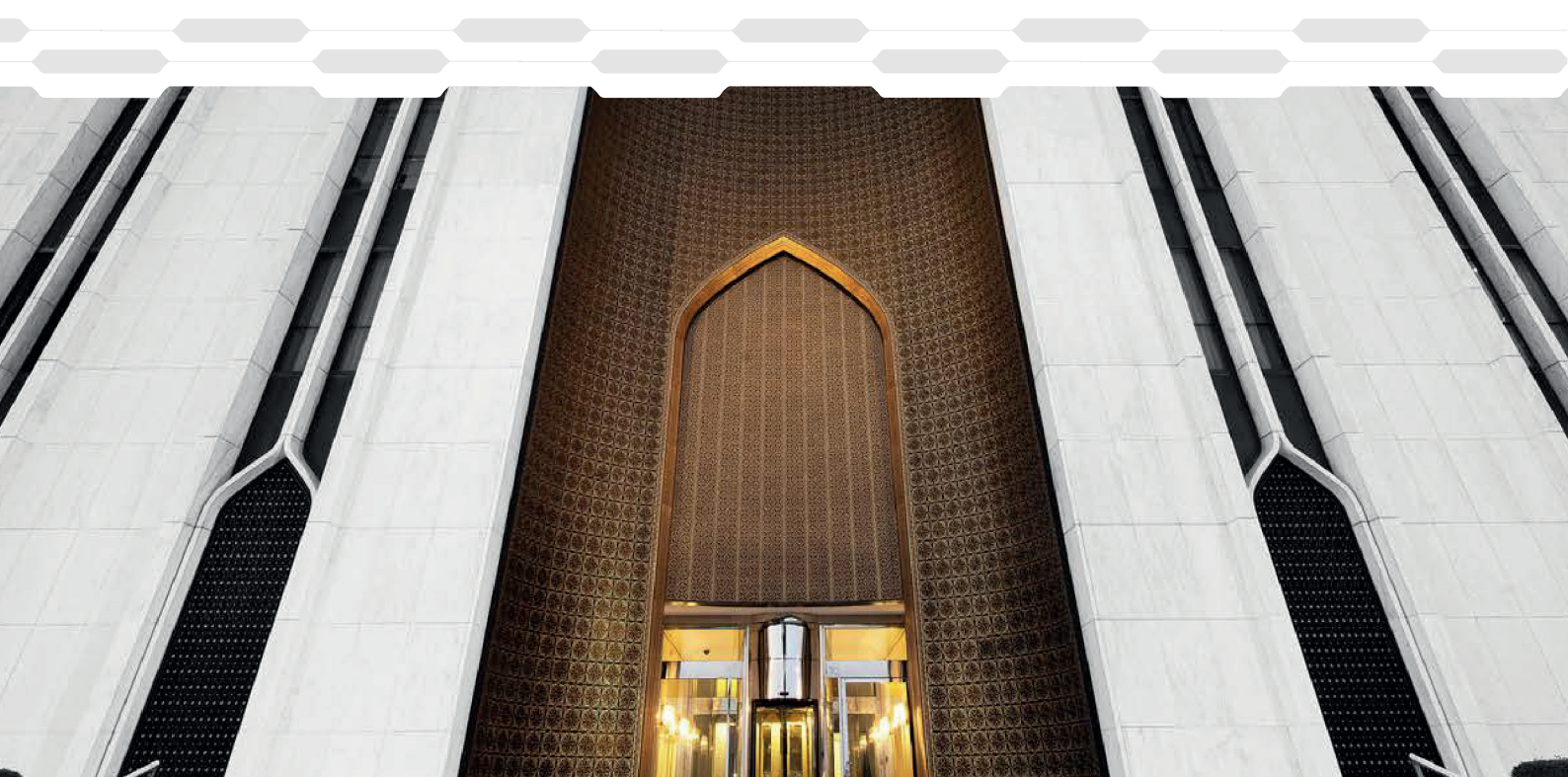
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Global Economy and International Cooperation



Global Economy and International Cooperation

World Economic Situation

The global economy grew by a 6.1 percent in 2021 compared to a 3.1 percent contraction in 2020. However, as a result of the crisis in Ukraine and its impact, global growth is projected to slow to 3.6 percent in 2022 and 2023. In addition, inflation is expected to remain elevated, driven by war-induced commodity price increases and broadening price pressures, according to the IMF's April 2022 World Economic Outlook (WEO).

Economic Growth

Advanced economies recorded a 5.2 percent growth in their real GDP in 2021 against a contraction of 4.5 percent in 2020. The U.S. economy grew by 5.7 percent in 2021, compared to a decrease of 3.4 percent in 2020. The economies of the euro area also grew by 5.3 percent in 2021 against a decline of 6.4 percent in the preceding year. Germany, France and Italy recorded growth rates of 2.8 percent, 7.0 percent and 6.6 percent, respectively, compared to contraction rates of 4.6 percent, 8.0 percent and 9.0 percent in 2020. In the United Kingdom, the economy grew by 7.4 percent in 2021, compared to a contraction of 9.3 percent in the preceding year. Moreover, the Japanese economy recorded a 1.6 percent growth against a 4.5 percent contraction in 2020.

In addition, emerging market and developing

economies grew by 6.8 percent in 2021, compared to a contraction rate of 2.0 percent in 2020. The Chinese economy, by contrast, grew by 2.2 percent in 2020 and 8.1 percent in 2021. India recorded a growth of 8.9 percent in 2021, compared to a contraction of 6.6 percent in 2020. The growth rate in economies of the Middle East and North Africa (MENA) countries increased by 5.8 percent in 2021, compared to a decline of 3.3 percent in the preceding year. Emerging and Developing Europe also registered a growth rate of 6.7 percent in 2021 against a contraction rate of 1.8 percent in the preceding year. Furthermore, Latin America and the Caribbean economies recorded a growth rate of 6.8 percent in 2021, compared to a decline of 7.0 percent in 2020. The economies of emerging and developing Asia grew by 7.3 percent in 2021, compared to a contraction rate of 0.8 percent in 2020.

According to the WEO report, the global growth is projected to slow to 3.6 percent in 2022, compared to a growth rate of 6.1 percent in 2021. The advanced economies are expected to grow by 3.3 percent. The U.S. economy and the euro area economy are projected to grow by 3.7 percent and 2.8 percent, respectively. Emerging market and developing economies are also expected to grow by 3.8 percent. China's economy is projected to grow by 4.4 percent (Table 1.1). Chart 1.1 shows the real GDP growth rates in the major countries and country groups during 2018 - 2022.

Inflation

In advanced economies, the inflation rate increased to 3.1 percent in 2021, compared to

Chart 1.1: Real GDP Growth Rates

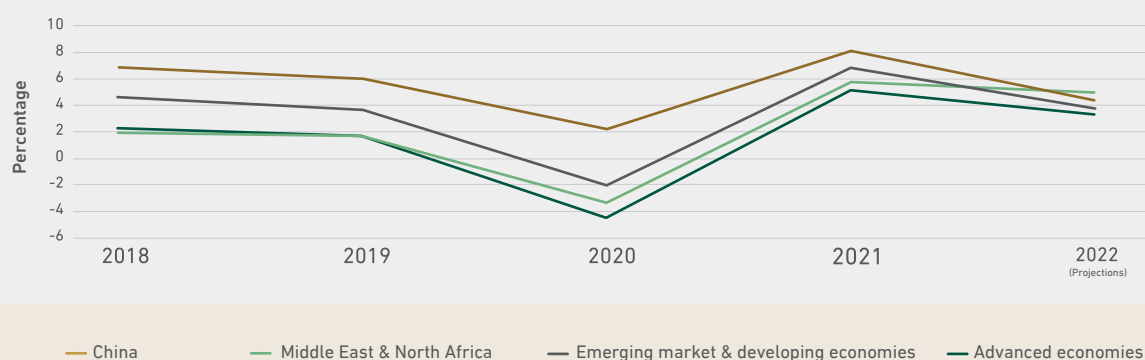


Table 1.1: Real GDP Growth Rates

	(Percentage)							
	2015	2016	2017	2018	2019	2020	2021	Projections 2022
World	3.4	3.3	3.7	3.6	2.9	-3.1	6.1	3.6
Advanced economies	2.3	1.8	2.5	2.3	1.7	-4.5	5.2	3.3
USA	2.7	1.7	2.3	2.9	2.3	-3.4	5.7	3.7
Euro area	2.0	1.9	2.6	1.8	1.6	-6.4	5.3	2.8
Germany	1.5	2.2	2.7	1.1	1.1	-4.6	2.8	2.1
France	1.0	1.0	2.4	1.8	1.8	-8.0	7.0	2.9
Italy	0.8	1.3	1.7	0.9	0.5	-9.0	6.6	2.3
Japan	1.6	0.8	1.7	0.6	-0.2	-4.5	1.6	2.4
UK	2.6	2.3	2.1	1.7	1.7	-9.3	7.4	3.7
Canada	0.7	1.0	3.0	2.8	1.9	-5.2	4.6	3.9
Emerging market & developing economies	4.3	4.4	4.7	4.6	3.7	-2.0	6.8	3.8
Sub-Saharan Africa	3.2	1.5	3.0	3.3	3.1	-1.7	4.5	3.8
Emerging & developing Asia	6.8	6.8	6.6	6.4	5.3	-0.8	7.3	5.4
China	7.0	6.9	6.9	6.8	6.0	2.2	8.1	4.4
India	8.0	8.3	6.8	6.5	3.7	-6.6	8.9	8.2
Middle East & North Africa	2.6	4.4	1.8	2.0	1.7	-3.3	5.8	5.0
Emerging & developing Europe	1.0	1.9	4.1	3.4	2.5	-1.8	6.7	-2.9
Russia	-2.0	0.2	1.8	2.8	2.2	-2.7	4.7	-8.5
Latin America & the Caribbean	0.4	-0.6	1.4	1.2	0.1	-7.0	6.8	2.5
Brazil	-3.5	-3.3	1.3	1.8	1.2	-3.9	4.6	0.8

Source: World Economic Outlook (WEO), IMF, April 2022.

0.7 percent in 2020, and it is expected to rise to 5.7 percent in 2022. In the United States, inflation increased from 1.2 percent in 2020 to 4.7 percent in 2021, and it is expected to rise to 7.7 percent in 2022. In addition, the inflation rate in the euro

area increased from 0.3 percent in 2020 to 2.6 percent in 2021, and it is expected to rise to 5.3 percent in 2022. As for the emerging market and developing economies, the inflation rate increased to 5.9 percent in 2021 from 5.2 percent

in the preceding year. It is also expected to rise to 8.7 percent in 2022. Moreover, the inflation in the MENA countries rose to 14.6 percent in 2021 compared to 11.2 percent in 2020, but it is expected to reach 13.4 percent in 2022 (Table 1.2). Chart 1.2 shows the percentage change in consumer prices for various groups of countries during 2020 - 2022.

Unemployment

The unemployment rate in advanced economies decreased to approximately 5.6 percent in 2021 from 6.6 percent in 2020. In the United States, it

decreased from 8.1 percent in 2020 to 5.4 percent in 2021. It also decreased in the euro area to 7.7 percent in 2021 from 8.0 percent in 2020. However, unemployment rates in the United Kingdom and Japan remained unchanged in 2021 at 4.5 percent and 2.8 percent, respectively. In France, unemployment decreased slightly to 7.9 percent in 2021 from 8.0 percent in 2020. Conversely, the unemployment rate in Italy recorded a slight increase from 9.3 percent in 2020 to 9.5 percent in 2021 (Table 1.3). Chart 1.3 shows average unemployment rates for two selected groups of countries during 2019 - 2022.

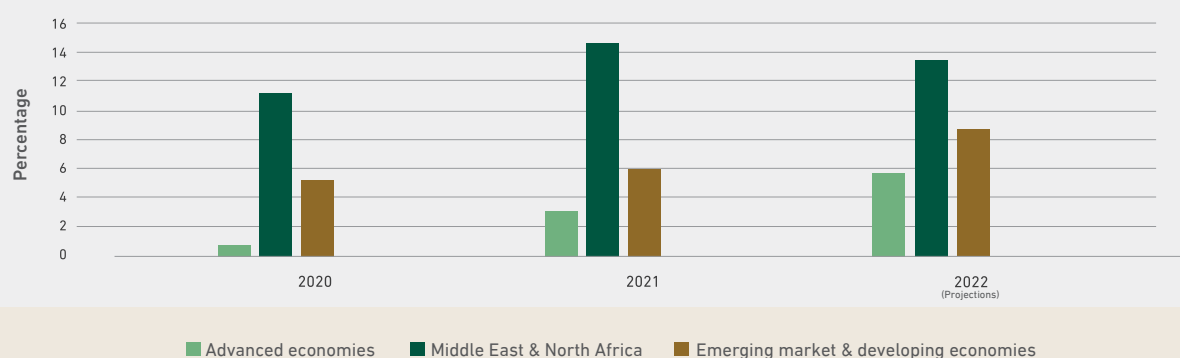
Table 1.2: Inflation and Interest Rates

	(Percentage)		
	2020	2021	Projections 2022
Global inflation			
Advanced economies	0.7	3.1	5.7
USA	1.2	4.7	7.7
Euro area	0.3	2.6	5.3
Emerging market & developing economies	5.2	5.9	8.7
Middle East & North Africa	11.2	14.6	13.4
London interbank offered rate (LIBOR)*			
US dollar deposits	0.2	0.3	1.3
Japanese yen deposits	-0.1	0.0	0.0
Euro deposits	-0.5	-0.6	0.4

*Three-month rate.

Source: World Economic Outlook (WEO), IMF, April 2022.

Chart 1.2: Change in Consumer Prices in Selected Country Groups



Fiscal Balances in Advanced Economies

The overall fiscal deficit in advanced economies dropped from 11.9 percent of GDP in 2020 to 8.4 percent in 2021. The deficit in the United States dropped from 14.5 percent in 2020 to 10.2 percent in 2021. The deficit also dropped in the euro area from 7.2 percent in 2020 to 5.5 percent in 2021, as the deficits in Germany, France and Italy dropped from 4.3 percent, 9.1 percent and 9.6 percent in 2020 to 3.7 percent, 7.0 percent and 7.2 percent, respectively, in 2021. In the United Kingdom, the deficit went down to 8.0 percent in 2021 from 12.8 percent in 2020. Similarly, the deficit in Japan decreased to 7.6 percent in 2021 from 9.0 percent in 2020 (Table 1.4).

Monetary and Financial Developments

Interest Rates

The three-month dollar LIBOR rose to about 0.3 percent in 2021 from 0.2 percent in 2020. The three-month Japanese yen LIBOR slightly decreased to -0.02 percent at the end of 2021 against -0.1 percent in 2020. In contrast, the three-month euro LIBOR dropped slightly to -0.6 percent at the end of 2021 from -0.5 percent in 2020.

Exchange Rates

The U.S. dollar recorded increased bilateral exchange rates against several major currencies at the end of 2021. The Japanese yen recorded

Table 1.3: Unemployment Rates in Advanced Economies against Manpower

	2019	2020	2021	Projections 2022
Advanced economies	4.8	6.6	5.6	4.7
USA	3.7	8.1	5.4	3.5
Euro area	7.6	8.0	7.7	7.3
Germany	3.2	3.8	3.5	3.2
France	8.4	8.0	7.9	7.8
Italy	9.9	9.3	9.5	9.3
Japan	2.4	2.8	2.8	2.6
UK	3.8	4.5	4.5	4.2
Canada	5.8	9.6	7.4	5.9

Source: World Economic Outlook (WEO), IMF, April 2022.

Chart 1.3: Unemployment Rates

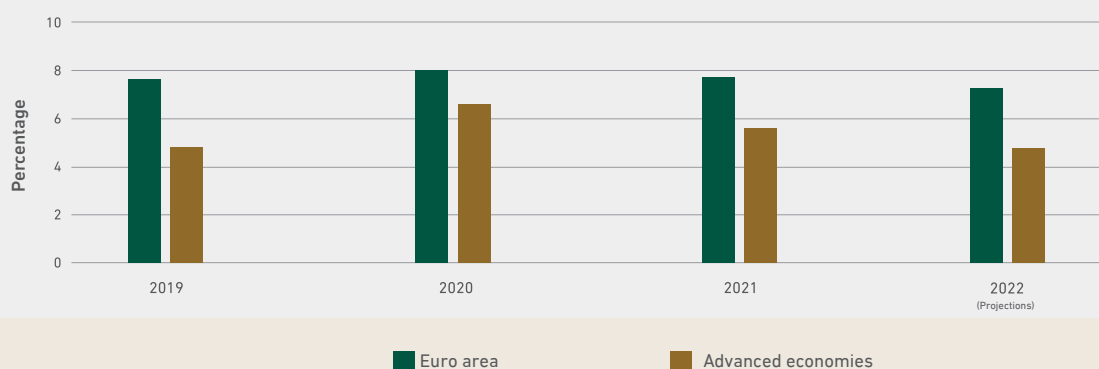


Table 1.4: Trends of Fiscal Balances*

	(Percentage)			
	2019	2020	2021	Projections 2022
Advanced economies	-3.8	-11.9	-8.4	-4.9
USA	-5.7	-14.5	-10.2	-4.8
Euro area	-0.6	-7.2	-5.5	-4.3
Germany	1.5	-4.3	-3.7	-3.3
France	-3.1	-9.1	-7.0	-5.6
Italy	-1.5	-9.6	-7.2	-6.0
Japan	-3.0	-9.0	-7.6	-7.8
UK	-2.2	-12.8	-8.0	-4.3
Canada	0.0	-11.4	-4.7	-2.2

*Ratio of surplus/deficit to GDP.

Source: World Economic Outlook (WEO), IMF, April 2022.

the highest decrease against the U.S. dollar with 3.16 percent. The euro exchange rate against the U.S. dollar also fell by 1.74 percent. By contrast, the exchange rate of the Chinese yuan against the U.S. dollar rose by 1.44 percent. The pound sterling recorded a slight increase of 0.53 percent against the U.S. dollar at the end of 2021. The rise in the exchange rate of the U.S. dollar against several major currencies in 2021 was due to many factors, most importantly the statements of the chair of the U.S. Federal Reserve, referring to changing the monetary policy as a result of inflationary pressures.

Equity and Bond Markets

Equity Markets

Most of the global equity indices showed improved performance by the end of 2021 compared with their performance by the end of 2020. This improvement was attributed to several factors, the most important of which were the improved corporate profitability and the declining concerns about the Omicron variant. The U.S. Dow Jones Industrial Average (DJIA) index rose by 7.4

percent to close at 36,338.30 at the end of 2021. The Japanese Nikkei index decreased slightly by 2.2 percent at the beginning of Q4 2021. However, the index rebounded at the end of Q4 to close at 28,791.71. The Morgan Stanley Capital International Europe (MSCI Euro) Index rose by about 5.7 percent; nevertheless, it fell slightly at the end of Q4 2021 to close at about 1,453.82. In the United Kingdom, the Financial Times Stock Exchange 100 Index (FTSE 100 Index) increased by 4.21 percent to close at 7,384.54 at the end of 2021.

Bond Markets

Yields on most U.S. and UK government bonds rose because of the improving economic prospects in the United States and the euro area and the investors' expectations of increases in the official interest rates in the short and medium term by central banks in the United States, the euro area and the United Kingdom to reduce inflationary pressures. Yields on most U.S. Treasury bonds increased at the end of 2021. The yield on the 2-year Treasury bond took the lead, increasing

45.7 basis points to 0.736 percent. In Japan, the government bond yields remained relatively stable at the end of 2021 due to the decision of the Bank of Japan to continue its accommodative monetary policy and move forward with the quantitative and qualitative easing program. The 1-year and 2-year bond yields increased by 3.4 basis points to -0.064 percent and -0.088 percent, respectively, topping the increases seen in Japanese bond yields. Moreover, yields on most government bonds in the euro area rose at the end of 2021. Such rises were led by a 10.3 basis-point increase in 5-year bond yield to -0.453 percent. In the United Kingdom, yields on most government bonds also increased at the end of 2021. Such increases were led by a 30-basis point increase in 1-year bond yield to 0.539 percent, followed by a 27.7 basis-point increase in 2-year bond yield to 0.687 percent.

World Trade and Balances of Payments

The volume of world trade increased by 10.1 percent in 2021 compared to a decrease of 7.9 percent in 2020. However, the growth rate is projected to slow down to 5.0 percent in 2022. Exports of goods and services in advanced economies recorded an increase of 8.6 percent in 2021. The volume of such exports is projected to grow in 2022 by 5.0 percent. Exports of emerging market and developing economies also rose by 12.3 percent in 2021, and they are projected to grow by 4.1 percent in 2022.

On the other hand, imports of goods and services in advanced economies rose by 9.5 percent in 2021 but are projected to slow down to 6.1 percent in 2022. In addition, imports in emerging market and developing economies increased by

11.8 percent in 2021 but are projected to slow down to 3.9 percent in 2022 (Table 1.5).

A. Current Account Balances

The ratio of the surplus in the current account balance to GDP in advanced economies increased from 0.4 percent in 2020 to 0.7 percent in 2021. In the United States, the current account deficit rose from around 2.9 percent in 2020 to 3.5 percent in 2021, and it is projected to remain unchanged in 2022. In the euro area, the current account surplus increased from 1.9 percent in 2020 to 2.4 percent in 2021 but is projected to decline to 1.8 percent in 2022. In Germany, the surplus slightly increased from 7.1 percent in 2020 to 7.4 percent in 2021 but is projected to decline to 5.9 percent in 2022. Meanwhile, the current account deficit in France decreased to 0.9 percent in 2021, compared to about 1.9 percent in 2020, but the deficit is forecast to rise to 1.8 percent in 2022. In Italy, the current account balance recorded a surplus of 3.3 percent in 2021 against 3.7 percent in 2020, and it is projected to decline to 1.8 percent in 2022. The surplus in Japan declined from 3.0 percent in 2020 to 2.9 percent in 2021 and is projected to decrease to 2.4 percent in 2022. The deficit in the United Kingdom rose slightly from 2.5 percent in 2020 to 2.6 percent in 2021 and is projected to increase to 5.5 percent in 2022.

In emerging and developing Asia, the aggregate current account balance (as a percentage of GDP) recorded a surplus of 1.0 percent in 2021 against a surplus of 1.5 percent in 2020, and it is projected to decline to 0.6 percent in 2022. In the MENA countries, the current account registered a surplus of 3.6 percent in 2021 compared to a

Table 1.5: World Trade and Current Account

	(Percentage)		
	2020	2021	Projections 2022
World trade growth	-7.9	10.1	5.0
Exports (goods & services)			
Advanced economies	-9.1	8.6	5.0
Emerging market & developing economies	-4.8	12.3	4.1
Imports (goods & services)			
Advanced economies	-8.7	9.5	6.1
Emerging market & developing economies	-7.9	11.8	3.9
Current account*			
Advanced economies	0.4	0.7	-0.1
USA	-2.9	-3.5	-3.5
Euro area	1.9	2.4	1.8
Germany	7.1	7.4	5.9
France	-1.9	-0.9	-1.8
Italy	3.7	3.3	1.8
Japan	3.0	2.9	2.4
UK	-2.5	-2.6	-5.5
Emerging market & developing economies	0.5	0.9	1.5
Emerging & developing Asia	1.5	1.0	0.6
Middle East & North Africa	-2.6	3.6	9.5
Sub-Saharan Africa	-3.0	-1.1	-1.7
Latin America & the Caribbean	-0.2	-1.6	-1.2

*Ratio of deficit/surplus to GDP.

Source: World Economic Outlook (WEO), IMF, April 2022.

deficit of 2.6 percent in 2020, and it is expected to increase to 9.5 percent in 2022 (Table 1.5).

B. Financial Account Balances

In advanced economies, the financial account of the balance of payments (BOP) recorded a surplus of \$374.7 billion in 2021 against a surplus of \$108.9 billion in 2020. However, it is projected to register a deficit of \$24.2 billion in 2022, according to the World Economic Outlook report. In the United States, the BOP financial account deficit rose to \$729.3 billion in 2021 compared to \$653.0 billion in 2020. In the euro

area, the financial account surplus increased from \$255.4 billion in 2020 to \$374.9 billion in 2021. The financial account surplus in Germany increased to \$372.5 billion in 2021 from \$247.1 billion in 2020. The financial account balance in France registered a surplus of \$57.6 billion in 2021 compared to a deficit of \$59.9 billion in 2020. In Japan, the financial account surplus shrunk to \$98.4 billion in 2021 against \$128.6 billion in 2020.

As for emerging market and developing economies, the BOP financial account registered

a surplus of \$233.3 billion in 2021 compared to a surplus of \$63.8 billion in 2020. In Sub-Saharan Africa, the financial account deficit of \$28.8 billion in 2020 turned into a surplus of \$0.3 billion in 2021. In emerging and developing Asia, the financial account surplus of \$152.1 billion in 2020 declined to \$70.5 billion in 2021. Furthermore, the BOP financial account of the Middle East and Central Asia turned from a deficit of \$74.8 billion in 2020 to a surplus of \$138.6 billion in 2021. The surplus is expected to increase to \$487.7 billion in 2022 (Table 1.6).

Economic Developments in GCC Countries

According to the IMF's April 2022 WEO, the UAE's real GDP grew by 2.3 percent in 2021, compared to a contraction of 6.1 percent in 2020. Kuwait also recorded a growth of 1.3 percent in 2021 against a contraction of 8.9 percent in 2020. Similarly, the growth rate in Oman rose to 2.0 percent in

2021 against a contraction of 2.8 percent in the preceding year. Bahrain recorded a growth rate of 2.2 percent in 2021, compared to a decrease of 4.9 in the preceding year. The real GDP of Qatar grew by 1.5 percent compared to a 3.6 percent contraction in 2020. In Saudi Arabia, the real GDP grew by 3.2 percent in 2021, compared to a contraction of 4.1 percent in the preceding year.

Inflation rates increased in GCC countries, excluding Bahrain that recorded a decrease in deflation from 2.3 percent in 2020 to 0.6 percent in 2021. The consumer price index (CPI) in Oman rose to 1.5 percent in 2021, up from a 0.9 percent deflation in 2020. The inflation rate in the UAE also increased to 0.2 percent in 2021 from a deflation of 2.1 percent in 2020. In Qatar, inflation increased by 2.3 percent, compared to a 2.7 percent deflation in 2020. Moreover, the inflation rate in Kuwait increased from 2.1 percent in

Table 1.6: Financial Account Balances

	(Billion USD)		
	2020	2021	Projections 2022
Advanced economies	108.9	374.7	-24.2
USA	-653.0	-729.3	-879.5
Euro area	255.4	374.9	--
Germany	247.1	372.5	249.8
France	-59.9	57.6	-51.7
Italy	71.5	43.2	49.7
Japan	128.6	98.4	114.2
UK	-56.1	-60.9	-187.4
Canada	-29.3	2.7	24.5
Emerging market & developing economies	63.8	233.3	734.7
Sub-Saharan Africa	-28.8	0.3	-21.3
Emerging & developing Asia	152.1	70.5	176.5
Middle East & Central Asia	-74.8	138.6	487.7
Emerging & developing Europe	12.5	112.1	159.0
Latin America & the Caribbean	2.8	-88.2	-67.2

Source: World Economic Outlook (WEO), IMF, April 2022.

2020 to 3.4 percent in 2021. By contrast, Saudi Arabia recorded a slight decrease in its inflation rate to stand at 3.1 percent in 2021 against 3.4 percent in the preceding year.

GCC countries recorded rises in their current account balances (as a percentage of GDP). The UAE recorded a surplus of 11.7 percent in 2021 against 5.9 percent in 2020. In Kuwait, the surplus increased from 3.2 percent in 2020 to a surplus of 16.1 percent in 2021. The current account in Qatar recorded a surplus of 14.7 percent in 2021, compared to a deficit of 2.0 percent in the preceding year. Likewise, Saudi Arabia recorded a surplus of 6.6 percent in 2021, compared to a deficit of 3.1 percent in 2020. Bahrain also registered a surplus of 6.7 percent in 2021, compared to a deficit of 9.3 percent in the preceding year. The deficit in Oman decreased from 12.0 percent in 2020 to 3.7 percent in 2021 (Table 1.7).

Regional and International Cooperation

Gulf Monetary Council (GMC)

The GMC witnessed several developments regarding fulfilling the main objectives of its statute and the tasks assigned to it by its board of directors. From its establishment until the end

of 2021, GMC's board held 54 meetings. The developments included carrying out a number of joint projects with the central banks of member countries, conducting research, preparing reports, continuing coordination of monetary policies and strengthening technical cooperation among these central banks. GMC also completed developing a comprehensive framework for liquidity forecasting and management by monitoring changes in liquidity sources. In addition, some central banks have actually implemented the framework. Moreover, GMC developed and improved a macroeconomic model for the purpose of studying GCC economies and the impact of challenges and changes that may occur. Furthermore, GMC organized workshops on topics related to its objectives and technical developments in monetary policy, including a workshop on "Transition From LIBOR and Reviewing Interest Rate Benchmarks (IBORs)." Many international financial institutions and all GCC central banks participated in the workshop.

Gulf Common Market (GCM)

Total GCC intra-trade transactions increased steadily from \$92.7 billion in 2010 to about \$119.1 billion in 2020. Statistics show that more GCC citizens are benefiting from the GCM decisions,

Table 1.7: Key Economic Developments in GCC Countries

	UAE		Bahrain		Saudi Arabia		Oman		Qatar		Kuwait	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Real GDP growth	-6.1	2.3	-4.9	2.2	-4.1	3.2	-2.8	2.0	-3.6	1.5	-8.9	1.3
Inflation rate	-2.1	0.2	-2.3	-0.6	3.4	3.1	-0.9	1.5	-2.7	2.3	2.1	3.4
Current account (billion USD)	21.1	48.0	-3.2	2.6	-21.6	54.6	-8.7	-3.1	-2.9	26.4	3.4	21.7
Current account to GDP	5.9	11.7	-9.3	6.7	-3.1	6.6	-12.0	-3.7	-2.0	14.7	3.2	16.1
Ratio of surplus/deficit in fiscal balance	-5.2	0.3	17.9	-11.1	-11.3	-2.4	-16.5	-2.5	1.0	4.1	-12.8	-0.5
Population (million)	9.3	9.6	1.5	1.5	35.0	35.5	4.4	4.6	2.7	2.6	4.7	4.7

Source: World Economic Outlook (WEO), IMF, April 2022.

bringing the number of citizens traveling between GCC countries to around 7 million in 2020. Additionally, the total number of licenses granted to GCC citizens practicing different economic activities in other GCC countries increased to more than 60 thousand by the end of 2020. The total number of GCC citizens benefiting from real estate ownership decisions reached about 155 thousand by the end of 2020. Moreover, the number of GCC citizens trading in other GCC stock markets was about 556 thousand shareholders in 664 joint-stock companies with a capital of \$367 billion in 2020.

Arab Financial Institutions

Arab financial institutions hold their annual meetings in the spring of every year. In these meetings, they review their performance and agenda. The following is a brief of these institutions and their activities.

A. Arab Monetary Fund (AMF)

The AMF extended five new loans to its member countries to support their balances of payments and different economic reforms adopted by their respective governments. Total loans extended by the AMF to member countries by the end of 2021 were about 147.7 million Arab Accounting Dinars (AAD), bringing the total value of loans extended by the AMF since the beginning of its lending activities in 1978 to around AAD 2.8 billion (\$11.3 billion). A total of 196 loans were extended by the AMF to 14 member countries. Automatic, ordinary, compensatory and extended loans granted by the AMF were at the top of credit facilities extended by the AMF from 1978 until the end of 2021, representing 56.7 percent of total loans extended

throughout this period. The structural adjustment facilities came next with 34.6 percent, followed by the trade reform facilities with about 2.4 percent and the oil facilities with 1.2 percent.

B. Arab Bank for Economic Development in Africa (BADEA)

Overall financial obligations of BADEA toward countries reached \$780.4 million at the end of 2020, including \$300 million for the public sector, \$95.5 million for the private sector, \$375.1 million for trade financing, and \$9.9 million for technical assistance grants. BADEA continued its policy of maintaining a sound financial position. The total net assets of BADEA increased to \$5.4 million at the end of 2020 from \$5.1 million at the end of 2019. However, the net income stood at \$275.1 million in 2020 against \$321.9 million in 2019, recording a decrease of \$46.8 million.

C. Arab Fund for Economic and Social Development (AFESD)

During 2021, the AFESD extended two loans with a total value of Kuwaiti dinar (KWD) 10.4 million to finance projects in two Arab countries. The ratio of loans to the total cost of these projects was estimated at around 43.4 percent. Starting from the commencement of its operations in 1974 up to the end of 2021, the cumulative number of loans extended by the AFESD reached 706, with a total value of about KWD 11.1 billion. Total income for 2021 decreased to around KWD 121.1 million against KWD 134.5 million in 2020. Administrative expenses stood at about KWD 7.3 million in 2021. In addition, net income (after deducting provisions) recorded a profit of KWD 113.8 million in 2021 compared to nearly KWD 113.2 million in 2020.

D. Arab Investment and Export Credit Guarantee Corporation (Dhaman)

Dhaman's assets in 2021 totaled about \$534.4 million, 61.55 percent of which was in investments, 36.91 percent in cash and deposits, and 1.54 percent in other assets. Equity stood at \$508.9 million at the end of 2021. The total income of Dhaman was around \$21.1 million. Of this amount, \$7.2 million was from guarantees and \$13.8 million was from investment income and others (i.e., interest income from bonds and deposits, accounts on demand, realized investment income, currency spreads and other income). On the other hand, Dhaman's general and administrative expenses reached nearly \$9.9 million. Moreover, Dhaman made a net profit of \$11.2 million in 2021 against a profit of \$8.9 million in the preceding year.

E. Arab Authority for Agricultural Investment and Development (AAAID)

The total value of the investments of the AAAID in all its existing companies and projects under implementation and establishment (contributions and loans) was about \$662 million in 2021, representing about 91 percent of the paid-up capital of the AAAID. The total income of the AAAID rose to about \$77.7 million in 2021 against around \$57.2 million in 2020. The income was generated mainly from investment portfolios, loans and corporate dividends. AAAID's net profit reached nearly \$26.1 million in 2021 compared to approximately \$24.8 million in the preceding year. In addition, AAAID's net assets stood at around \$1.07 million at the end of 2021 against \$1.05 million at the end of 2020. Moreover, AAAID's total liabilities amounted to about \$62.8

million at end-2021 against about \$54.5 million at end-2020.

Islamic Development Bank (IsDB)

According to the draft financial statements submitted to the external auditor, the total assets of the IsDB increased from about \$35.2 billion at the end of 2020 to \$36.4 billion at the end of 2021. Total liabilities also increased from \$21.5 billion at end-2020 to \$23.1 billion at end-2021. Additionally, the IsDB's capital and reserves increased to \$13.4 billion in 2021 from \$13.1 billion in 2020. In contrast, total revenues decreased from around \$853.8 million in 2020 to \$788.7 million in 2021. Total expenses also fell from \$686.4 million in 2020 to \$639 million in 2021. Consequently, net income reached about \$149.7 million in 2021, compared to \$167.4 million in 2020. It is worth noting that the total value of IsDB's granted loans decreased to nearly \$2.4 billion in 2021 from \$2.8 billion in 2020. Outstanding loans, however, increased to about \$22.8 billion at the end of 2021 from about \$22.3 billion at the end of 2020. Repaid loans also increased to around \$2 billion in 2021 from \$1.9 billion in 2020.

OPEC Fund for International Development (OFID)

According to the OFID data, ordinary and special capital resources increased to about \$7.6 million at end-2021 against about \$7.3 million at end-2020. OFID's total assets reached around \$7.8 million at end-2021. In addition, OFID's total granted loans rose to nearly \$1.4 million in 2021 against \$1.3 million in 2020. Total repaid loans also increased to about \$1.1 million in 2021

compared to \$1.0 million in 2020. Total income reached \$277.9 thousand in 2021 compared to \$324.7 thousand in 2020. Moreover, OFID's net income was \$196.3 thousand in 2021 against about \$239.3 thousand in 2020.

International Monetary Fund (IMF)

International Monetary and Financial Committee (IMFC)

The IMFC held its 44th meeting on October 14, 2021. The meeting discussed the continuing recovery of the global economy. It also highlighted that divergences between economies persist, reflecting stark differences in vaccine access and policy support. The emergence of virus variants has increased uncertainty. The crisis is also exacerbating poverty and inequalities. The IMFC stressed that strong international cooperation is needed to accelerate access to and on-the-ground delivery of COVID-19 tools. In addition, it emphasized the need to advance toward the global goals of vaccinating at least 40 percent of the population in all countries by the end of 2021 and 70 percent by mid-2022. Moreover, the IMFC indicated that it would continue to prioritize health spending and protecting the most vulnerable, while shifting focus, as appropriate, from crisis response to promoting growth and preserving long-term fiscal sustainability. It pointed out the need for collective action to accelerate transformational reforms to help build a more resilient and sustainable global economy. It stressed that such collaboration is necessary, especially in the areas of climate change, digital economy and implementation of a more robust international tax architecture. It also reaffirmed its commitments on exchange rates, excessive

global imbalances and governance, and its statement on the rules-based trading system, as made in April 2021.

Furthermore, the IMFC welcomed the historic special drawing rights (SDR) allocation. It supported the IMF's efforts to seek options for voluntary channeling of SDRs from members with strong external positions, according to their domestic processes, to the benefit of low-income and vulnerable middle-income countries. The IMFC also welcomed the IMF's continued support to members to achieve a sustained recovery from the pandemic and address other challenges through bilateral and multilateral surveillance. It reaffirmed its commitment to a strong, quota-based and adequately resourced IMF at the center of the global financial safety net. It stressed that it would keep demand for IMF's resources under review and affirmed its commitment to revisiting the adequacy of quotas. The IMFC indicated that it would continue the process of IMF governance reform under the 16th General Review of Quotas, including a new quota formula as a guide, by December 15, 2023.

World Bank Group (WBG)

Development Committee

The Development Committee of the World Bank Group (WBG) held a meeting on October 15, 2021. The meeting highlighted that the global economy is experiencing an uneven recovery, with uncertainty about the path of the pandemic. Low-income countries (LICs) and middle-income countries (MICs) continue to see high COVID-19 caseloads, risks of new variants, vaccine supply bottlenecks, and obstacles to vaccination. The

Development Committee commended the WBG for its largest crisis response in history. Through the fiscal year 2021, the WBG committed \$157 billion to protect the poor and vulnerable, while helping over 100 countries in emergency health response and strengthening health systems. The Development Committee also praised the WBG for financing vaccine purchase and distribution through COVAX, the Africa Vaccine Acquisition Trust (AVAT), and directly from manufacturers, with engagements in 55 countries. The committee stated that the pandemic has reversed progress on the twin goals of ending extreme poverty and achieving shared prosperity in a sustainable manner, as well as on the Sustainable Development Goals (SDGs).

Moreover, the Development Committee urged the WBG to continue supporting a green, resilient and inclusive recovery, in line with longer-term objectives for sustainable development. The committee welcomed the WBG Climate Change Action Plan (CCAP), including results measurement and reporting, as well as strong support for Nationally Determined Contributions (NDCs) and National Biodiversity Strategies and Action Plans. Additionally, it encouraged the WBG and the IMF to continue coordinating efforts to strengthen debt transparency and debt management capacity, including a process to strengthen the quality and consistency of debt data and improve debt disclosure, while helping many LICs and MICs achieve debt and fiscal sustainability. As the Debt Service Suspension Initiative (DSSI) comes to an end, the committee welcomed WBG and IMF support, in line with their respective mandates, for implementing the G20

Common Framework, together with the Paris Club.

Bank for International Settlements (BIS) and Basel Committee on Banking Supervision (BCBS)

The BIS held its 91st annual general meeting and issued its Annual Economic Report in June 2021. The report focuses on the role of policies in achieving economic recovery after the COVID-19 pandemic. The strong policy response to Covid-19 has led to a faster than expected economic rebound, but the uneven recovery has posed serious challenges for policymakers. In the longer term, monetary and fiscal policies will need to re-establish safety nets, which is a complicated task given the unprecedented initial conditions and inadequate structural reforms. The report also describes the global economy so far as incomplete and uneven, with some countries and sectors recovering quickly and others lagging. The uneven recovery could create headwinds for emerging market economies (EMEs) in particular, owing to tighter financial conditions as advanced economies transition more quickly. Moreover, the report touches on the shift to a more digital economy, which has been accelerated by the pandemic. It calls for intensifying work on central bank digital currencies (CBDCs). The report points out the need for monetary and fiscal policies to provide support while maintaining their flexibility, given the uncertainty about the course of the pandemic. In addition, the monetary and fiscal policies must facilitate the reallocation of resources taking into consideration the shifts in demand induced by the pandemic.

Financial Stability Board (FSB)

The FSB held its last meeting for the year 2021 in November. The plenary meeting discussed the outlook for financial stability and any actions needed to address identified vulnerabilities in the global financial system. In addition, members reiterated the importance of rebuilding macroprudential policy space going forward. Members also reviewed issues of particular relevance to emerging market and developing economies (EMDEs) and agreed the FSB's work program for 2022, including deliverables to the Indonesian G20 Presidency. Moreover, members tackled a number of other emerging challenges. These included the financial system's exposure to the physical and transition risks posed by climate change. Furthermore, the FSB pointed out that it would provide an updated assessment of the financial stability implications of crypto-assets. In addition to that, the plenary meeting discussed the financial stability implications, not only from debt overhang but also from broader risk of scarring effects of the pandemic on the financial system. The plenary underlined the importance of addressing possible longer-term effects of COVID-19 on EMDEs' financial systems and preserving their ability to support economic growth.

Group of Twenty (G20)

Italy chaired the G20 countries' meetings in 2021. The agenda of the meetings centered around three pillars: people, planet and prosperity. The G20 leaders noted that the global economy recovered at a strong pace in 2021, underpinned by the roll-out of vaccines and continued policy support. However, the recovery of economic activity remains highly divergent across and within countries. For this reason, the G20

reaffirmed its resolve to use all available tools for as long as required to address the adverse consequences of COVID-19, in particular on those most impacted, such as women, youth and informal and low-skilled workers. The G20 pointed out that it would remain vigilant to global economic challenges, such as the disruption of supply chains. The G20 Rome Leaders' Declaration stressed leaders' commitment to addressing persisting vaccination gaps through a substantial increase in the provision of and access to vaccines, therapeutics and diagnostics, with particular regard to the needs of low- and middle-income countries. This should enable progress toward the goal of vaccinating at least 40 percent of the population in all countries by the end of 2021 and 70 percent by mid-2022, as recommended by the World Health Organization (WHO).

The G20 leaders pledged to work collectively to ensure a successful U.N. Climate Change Conference (COP26). They also reaffirmed their commitment to the full and effective implementation of the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement. In addition, the G20 leaders recalled and reaffirmed the climate finance commitment made by developed countries to jointly mobilize \$100 billion per year by 2020 and through 2025 to support developing countries in their efforts to reduce their greenhouse gas emissions and mitigate and adapt to the adverse impacts of climate change. Moreover, the G20 leaders expressed their deep concern about the impact of the COVID-19 crisis, especially in developing countries. They reaffirmed their

commitment to a global response to accelerate progress toward the Sustainable Development Goals and to support a sustainable, inclusive and resilient recovery across the world.

On top of that, the leaders welcomed the new general allocation of special drawing rights (SDR), which has made available the equivalent of \$650 billion in additional reserves globally. The G20 will be working on ways of increasing its impact by voluntarily channeling part of the allocated SDRs toward helping vulnerable countries. Furthermore, the G20 leaders called on the International Monetary Fund (IMF) to establish a new Resilience and Sustainability Trust (RST) to provide affordable long-term financing for low-income countries. The leaders welcomed the progress achieved under the G20 Debt Service Suspension Initiative (DSSI), launched under the Saudi G20 Presidency. The DSSI is estimated to have enabled the deferral of at least \$12.7 billion of total debt service between May 2020 and December 2021, benefitting 50 countries.

Organization of the Petroleum Exporting Countries (OPEC)

The 23rd OPEC and non-OPEC Ministerial Meeting was held virtually on December 2, 2021. The meeting reaffirmed the continued commitment of the participating countries in the Declaration of Cooperation (DoC) to ensure a stable and balanced oil market. In view of current oil market fundamentals, the meeting resolved to reaffirm the decision of the 10th OPEC and non-OPEC Ministerial Meeting (ONOMM) on April 12, 2020 and further endorsed in subsequent meetings, including the 19th ONOMM on July 18, 2021.

The meeting also resolved to reconfirm the production adjustment plan and the monthly production adjustment mechanism approved at the 19th ONOMM and the decision to adjust upward the monthly overall production by 0.4 mb/d. Additionally, the meeting agreed to remain in session pending further developments of the pandemic and to continue to monitor the market closely and make immediate adjustments if required. Moreover, it resolved to extend the compensation period until the end of June 2022.

Islamic Financial Services Board (IFSB)

The 15th Islamic Financial Services Board (IFSB) Summit for the year 2021 was held in Jeddah, Saudi Arabia and hosted by the Saudi Central Bank (SAMA). The IFSB summit aimed to bring together financial industry leaders, experts, policymakers and other stakeholders to share knowledge, experience and expertise under the theme of "Islamic Finance and Digital Transformation: Balancing Innovation and Resilience." The summit provided a forum to discuss policy priorities and strategies to foster renewed growth momentum in the Islamic financial services industry (IFSI), focusing particularly on digital transformation of Islamic financial services. It also offered an opportunity to share ideas and deepen the understanding of emerging developments and advances in financial technology and digital finance, the challenges and trade-offs, and the policy actions that are needed going forward to promote innovation further whilst ensuring resilience and financial stability.

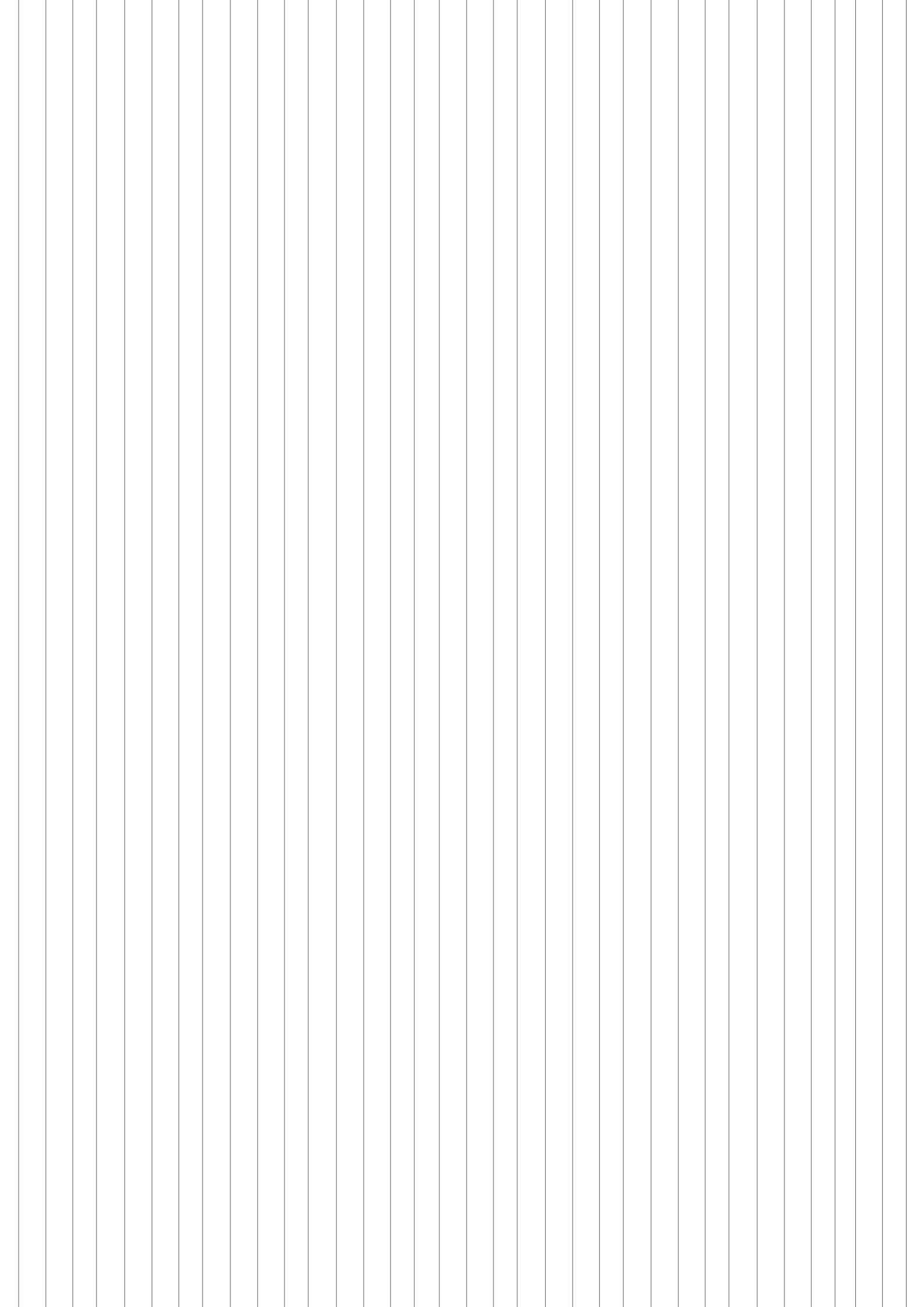
Moreover, the 39th IFSB Council Meeting was held in December 2021. The meeting discussed plans to transform the IFSB's strategic directions and policies to continue to meet the industry's expectations and achieve the desired impact in IFSB member jurisdictions and globally. The IFSB Council recognized the importance of IFSB's focus on addressing emerging risks and vulnerabilities associated with evolving global developments related to environmental, social and governance (ESG) issues, sustainability, climate change, impacts of accelerated digitization, cyber-resilience, the elimination of LIBOR, and central bank digital currencies (CBDCs). Furthermore, it noted the desired and potentially significant role of Islamic finance in providing Shariah-compliant solutions beyond the Islamic world, due to its pure principles and ethical investment aspects that address the ESG goals of global investors.

Financial Action Task Force (FATF)

The FATF plenary meeting took place in October 2021. It stressed that countries must continue to fully and effectively implement the FATF's risk-based standards and ensure that criminals and terrorists do not find new and emerging loopholes to exploit. The plenary meeting also highlighted work finalized in a number of important areas, including updated guidance for a risk-based approach to virtual assets and virtual

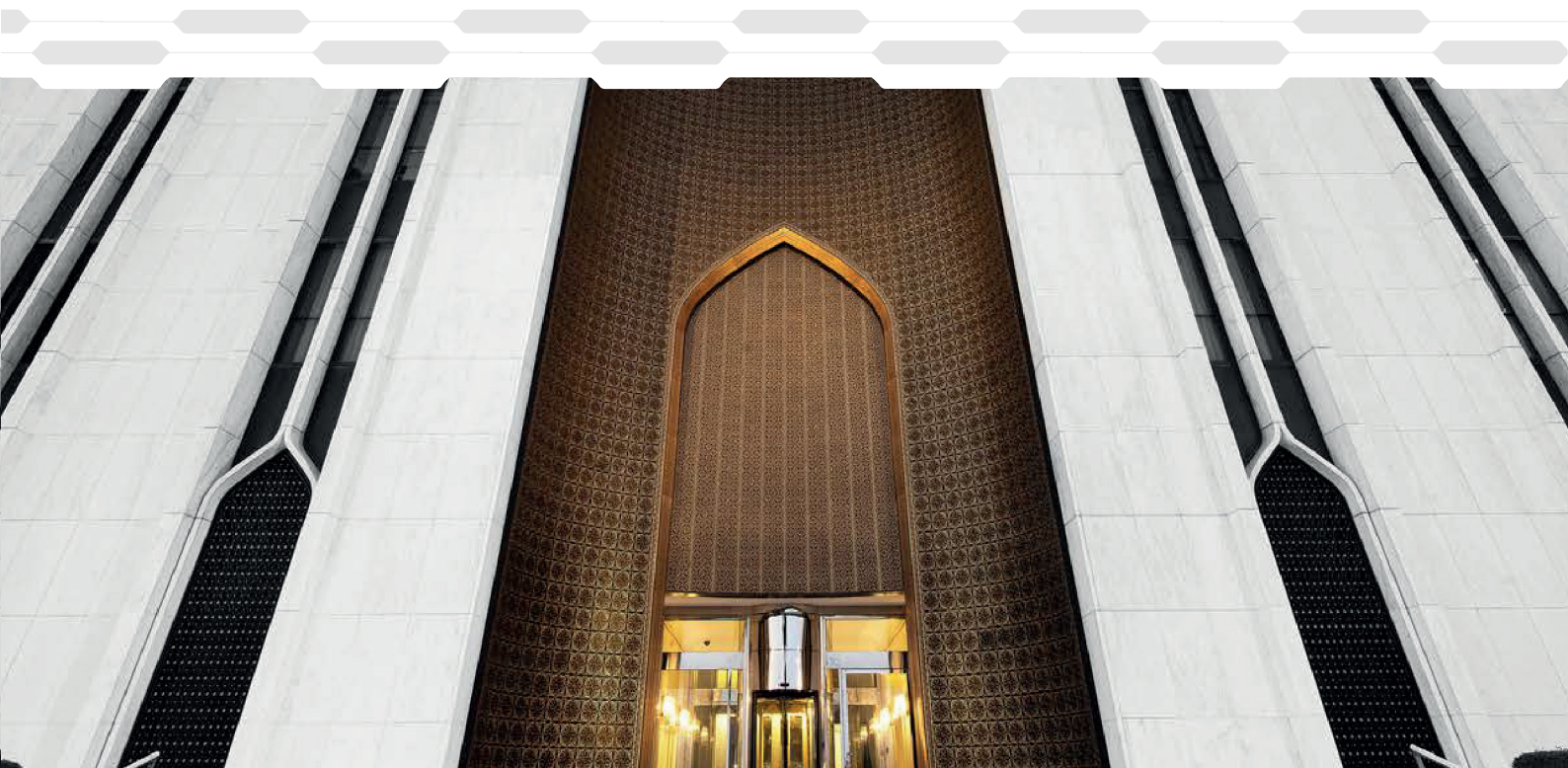
asset service providers and a final report on survey results on the implementation of the FATF Standards on cross-border payments. In addition, the FATF finalized a report that focuses on the digital transformation of AML/CTF for operational agencies.

Moreover, the plenary discussed the evolving situation in Afghanistan and issued a statement on the matter. It also discussed and issued a statement on the risks associated with the financing of the Islamic State of Iraq and the Levant (ISIL), Al-Qaeda, and their affiliates. Furthermore, the FATF agreed to release the proposed revisions to its Recommendation 24 on beneficial ownership of legal persons to ensure greater transparency about the beneficial ownership of legal persons and take action to mitigate the risks. The recently released Pandora Papers have highlighted, once again, that not enough is being done to prevent criminals from hiding illicit wealth and activities behind complex corporate structures and in offshore banks. The proposed changes aim to strengthen measures that will prevent criminals from hiding illicit activity and proceeds, including by requiring countries to establish a beneficial ownership registry or use an alternative system that also enables efficient access to beneficial ownership information.



2

Saudi Economy



Saudi Economy

The world began to gradually recover from the COVID-19 pandemic and its repercussions in late 2021, despite the emergence of new variants of the coronavirus in a number of countries. The lifting of the pandemic's containment measures and the return to normal life was accompanied by a recovery in global demand at a pace faster than supply, which put pressure on global supply chains and contributed to a marked rise in inflation in several countries in the world. Recovery rates and speed varied between countries due to the uneven distribution of COVID-19 vaccines between countries. Consequently, the vaccine availability was delayed for developing countries compared to developed countries. Despite that, the Saudi economy recovered quickly and with remarkable flexibility that reflects the resilience of the economy and the efficiency of concerted efforts by various state institutions and sectors. As a result, the proportion of those vaccinated with two doses in Saudi Arabia exceeded 70 percent before the end of the year. All of this was reflected in a growth in GDP at constant prices (2010=100) by 3.2 percent in 2021, driven by the rise in the non-oil sector and the beginning of the recovery of global oil demand, in conjunction with Saudi Arabia's commitment to the OPEC+ agreement to gradually raise production in order to achieve stability in the oil market.

During 2021, Saudi Arabia announced multiple initiatives, such as: The Saudi Green Initiative and Middle East Green Initiative, which confirm Saudi Arabia's keenness to preserve the environment locally and abroad, as it is a fundamental basis for a sustainable future for future generations. Additionally, Saudi Arabia launched several development mega projects, such as: THE LINE city project in NEOM, Oxagon (NEOM industrial city), Sudair Solar Power Project, and other projects that contribute to diversifying Saudi Arabia's sources of income and creating job opportunities that guarantee the well-being of its population.

Economic Growth

General Authority for Statistics (GaStat) preliminary data indicate that GDP at constant prices (2010=100) grew by 3.2 percent to register SAR 2,614.7 billion during 2021, compared to a contraction of 4.1 percent in the preceding year. This growth was attributable to a 4.9 percent increase in non-oil sector, compared to a decrease of 2.5 percent in the preceding year. On the other hand, the oil sector recorded an increase of 0.2 percent due to the start of recovering global oil demand, compared to a decrease of 6.6 percent in the previous year as a result of the implications of the COVID-19 pandemic. The private sector rose by 6.2 percent compared to a contraction of 3.4 percent in the preceding year. The government sector also increased by 1.9 percent, compared to a contraction of 0.6 percent in the previous year.

Most major economic activities at constant prices grew in 2021 at varied rates (Table 2.2). Manufacturing industries went up by 11.6 percent;

wholesale and retail trade, restaurants, and hotels by 8.7 percent; community, social and personal services by 7.7 percent; finance, insurance, real estate and business services by 5.8 percent; transport, storage and communication by 3.8 percent; agriculture, forestry and fishing by 2.6 percent; electricity, gas and water by 2.3 percent; producers of government services by 1.5 percent; and construction and building by 1.3 percent. In contrast, mining and quarrying declined by 1.1 percent.

Domestic Supply and Demand

The total supply of goods and services from the non-oil sector (at current prices) recorded an increase of 6.0 percent in 2021. The non-oil GDP increased by 4.7 percent. The government sector grew by 1.1 percent, and the private sector by 6.7 percent. Total imports of goods and services also rose by 10.8 percent.

The total demand for goods and services by the non-oil sector (at current prices) recorded an in-

Table 2.1: Selected Economic Indicators

	2020	2021
GDP at current prices (billion SAR)	2,637.6	3,125.8
GDP at constant prices (billion SAR) (2010=100)	2,532.6	2,614.7
Non-oil GDP deflator	133.7	133.5
Inflation rate (consumer price index)	3.4	3.1
Aggregate money supply M3 (billion SAR)	2,149.3	2,308.8
Daily average of oil production (million barrels)	9.2	9.1
Average price of Arabian Light oil (USD)*	41.9	70.7
Riyal's effective exchange rate (2010=100)	115.0	113.0
Currency in circulation to total money supply ratio (%)	9.6	8.9
Deposits to money supply ratio (%)	90.4	91.1
Net foreign assets of domestic banks (billion SAR)	68.0	29.8
Interest rates on Saudi riyal deposits (3 months)**	1.2	0.8
Bank capital adequacy ratio (Basel III) (%)	20.3	19.9
Actual government revenues (billion SAR)	781.8	965.5
Oil revenues (billion SAR)	413.0	562.2
Actual government expenditures (billion SAR)	1,075.7	1,038.9
Budget deficit (billion SAR)	-293.9	-73.4
Budget deficit to GDP ratio (%)	-11.1	-2.3
Commodity exports (billion SAR)***	652.0	1,035.7
Commodity imports CIF (billion SAR)	517.5	573.2
Current account surplus to GDP ratio	-3.2	5.3
Current account (billion SAR)	-85.6	166.2
Tadawul All Share Index (TASI) (1985 = 1,000)	8,689.5	11,281.7
Public debt to GDP ratio (%)	32.4	30.0

*OPEC figures. **Interbank offered rates (SAIBOR).

***Including oil & non-oil exports.

Source: GaStat, MoF, MoE, MIM, CMA & SAMA.

Table 2.2: Gross Domestic Product by Economic Sector at Constant Prices (2010=100)

	2019	2020	2021*	Change 2021
Industries & other producers (excluding government services)				
1. Agriculture, forestry & fishing	61,202	60,187	61,780	2.65
2. Mining & quarrying	1,004,884	944,636	934,167	-1.11
a. Crude petroleum & natural gas	994,220	933,885	922,754	-1.19
b. Other mining & quarrying activities	10,664	10,751	11,413	6.16
3. Manufacturing	299,971	273,074	304,663	11.57
a. Petroleum refining	90,871	78,779	91,861	16.61
b. Other industries	209,100	194,294	212,801	9.53
4. Electricity, gas & water	30,391	29,151	29,817	2.29
5. Construction & building	110,399	112,529	113,944	1.26
6. Wholesale & retail trade, restaurants & hotels	236,365	220,183	239,319	8.69
7. Transport, storage & communication	156,870	146,910	152,439	3.76
8. Finance, insurance, real estate & business services	255,716	263,954	279,269	5.80
a. Real estate activities	140,963	142,216	150,186	5.60
b. Finance, insurance & business services	114,753	121,737	129,083	6.03
9. Community, social & personal services	47,243	43,752	47,117	7.69
10. Less imputed bank services charge	21,966	23,444	25,285	7.85
Subtotal	2,181,076	2,070,930	2,137,230	3.20
Government services' producers	373,803	374,412	380,106	1.52
GDP (excluding net product tax)	2,554,878	2,445,342	2,517,336	2.94
Net product tax	87,059	87,280	97,367	11.56
GDP	2,641,937	2,532,622	2,614,703	3.24

*Preliminary data.

Source: GaStat.

crease of 13.0 percent in 2021. The final consumption increased by 8.4 percent due to a 13.8 percent rise in the consumption of the private sector, and a 0.3 percent rise in the consumption expenditure of the government sector. Gross capital formation also rose by 19.4 percent (Table 2.3).

Furthermore, non-oil exports witnessed a significant increase of 32.8 percent compared to a decrease of 25.6 percent in the previous year. Commodity exports recorded an increase of 35.8 percent, compared to a decrease of 10.8 percent

in the previous year. Service exports recorded an increase of 14.7 percent, compared to a decline of 62.9 percent in the preceding year (Table 2.3).

Inflation

The average consumer price index (CPI) increased by 3.1 percent in 2021 against a 3.4 percent increase in 2020. Most of the CPI's components recorded increases, including transport by 10.3 percent; communication by 7.4 percent; tobacco by 6.3 percent; food and beverages by 5.4 percent, restaurants and hotels by 4.5 percent; home furnishing by 4.0 percent; recreation

Table 2.3: Total Domestic Non-Oil Sector's Supply and Demand (at Current Prices)

(Million SAR)				
	2019	2020	2021*	Change 2021
Total supply**	2,537,945	2,425,614	2,571,113	6.00
Non-oil GDP	1,963,584	1,908,123	1,997,928	4.71
Government	670,618	663,507	670,509	1.06
Private	1,292,967	1,244,616	1,327,420	6.65
Total imports	574,361	517,491	573,185	10.76
Total demand	2,869,322	2,756,945	3,114,760	12.98
Final consumption	1,884,537	1,901,320	2,060,917	8.39
Government	721,283	761,122	763,741	0.34
Private	1,163,254	1,140,198	1,297,176	13.77
Gross capital formation	664,690	617,582	737,658	19.44
Non-oil exports	320,095	238,043	316,185	32.83
Commodity exports	229,184	204,353	277,548	35.82
Service exports	90,910	33,690	38,637	14.68

*Preliminary data.

**The mismatch between supply and demand is because total imports and gross capital formation include oil imports.

Source: GaStat.

and culture by 3.0 percent; miscellaneous goods and services by 2.8 percent; clothing and footwear by 2.2 percent, and health by 1.6 percent. In contrast, education decreased by 5.0 percent; and housing, water, electricity, gas and other fuels by 2.4 percent. Furthermore, the wholesale price index (WPI) increased by 12.1 percent in 2021 against a rise of 3.5 percent in 2020. The non-oil GDP deflator, which captures the average prices of all goods and services produced in the non-oil sector within a given year, decreased by 0.2 percent in 2021 compared to a decline of 0.3 percent in 2020.

Energy, Industry and Mineral Resources

Data of the Organization of Petroleum Exporting Countries (OPEC) for 2021 show an increase of 68.6 percent in the average price of the Arabian Light crude oil to \$70.65 per barrel, up from

\$41.91 per barrel in 2020. According to the Ministry of Energy (MoE) data, Saudi Arabia's crude oil production declined by 1.2 percent to stand at 3,330.5 million barrels in 2021. The average daily production of crude oil decreased by 1.0 percent to 9.1 million barrels in 2021 compared to 9.2 million barrels in 2020 (Table 2.1).

With regard to electricity, the Saudi Electricity Company (SEC)'s sales of electricity in 2021 amounted to 301.6 million megawatt-hours (MWh). By type of consumption, residential consumption accounted for 47.2 percent (142.5 million MWh) of total electricity consumption in Saudi Arabia, followed by industrial consumption with 19.5 percent (58.7 million MWh). Commercial consumption came third with 15.1 percent (45.5 million MWh), followed by government consumption with 12.6 percent (38.1 million MWh). The peak load of elec-

tricity was 64,200 megawatts in 2021, and the actual capacity of electricity generation was 69,000 megawatts.

As for industry and mineral resources, the latest data issued by the Ministry of Industry and Mineral Resources (MIM) show that the total number of mining licenses at the end of 2021 reached 815; 1,320 for construction material quarries; 157 for exploration; 31 for survey; and 9 for exploitation. According to MIM's preliminary estimates for 2021, the output of gold stood at 12,413 kg, and that of silver stood at 6,818 kg. The output of copper and zinc reached 97,527 tons and 53,360 tons, respectively.

Money Supply and Banking Activity

Broad money supply (M3) increased by 7.4 percent to reach SAR 2,308.8 billion in 2021, compared to an increase of 8.3 percent in 2020. Bank deposits, which represented 91.1 percent of M3, recorded an increase of 8.3 percent in 2021, compared to an increase of 8.2 percent in 2020. Currency in circulation fell by 0.9 percent, compared to a growth of 9.1 percent in 2020. A breakdown of the components of bank deposits to M3 in 2021 indicates that demand deposits constituted 58.9 percent, time and savings deposits 21.5 percent, and other quasi-monetary deposits 10.8 percent. A breakdown of deposits by sector at the end of 2021 shows that deposits of the private sector increased by 4.9 percent to SAR 1,593.2 billion (constituting 75.7 percent of total bank deposits). The public sector's deposits also increased by 20.4 percent to SAR 511.3 billion at the end of 2021, accounting for 24.3 percent of total bank deposits.

Moreover, a breakdown of bank claims on the private and public sectors at the end of 2021 shows that total bank claims on the private sector went up by 15.4 percent to SAR 2,034.1 billion, accounting for 96.7 percent of total bank deposits compared to 90.7 percent in 2020. In addition, total bank claims on the public sector increased by 11.3 percent to SAR 575.8 billion, representing 27.4 percent of total bank deposits. Consequently, total claims on both sectors at the end of 2021 increased to 124.0 percent of total bank deposits compared to 117.4 percent at the end of the previous year.

Data of the consolidated financial position of commercial banks at the end of 2021 indicate an increase of 27.6 percent in commercial banks' reserves to register SAR 220.4 billion compared to a rise of 20.2 percent in the preceding year. Consequently, capital and reserves of commercial banks increased by 11.3 percent to reach SAR 419.5 billion, compared to an increase of 9.9 percent in the preceding year. The ratio of capital and reserves to total bank deposits increased to 19.9 percent. Similarly, the ratio of capital and reserves to total assets rose to 12.8 percent at the end of 2021. The ratio of capital to risk-weighted assets as per Basel standard (Capital Adequacy Ratio) stood at 19.9 percent, well above the ratio recommended by Basel Committee. Commercial banks recorded a 39.2 percent increase in profits to SAR 53.9 billion in 2021 compared to a decrease of 23.1 percent in 2020.

Insurance Sector

The insurance penetration rate (gross written premiums to non-oil GDP) in Saudi Arabia stood at

1.34 percent in 2021, down from 1.48 percent in the preceding year. Net written premiums (gross written premiums less the share of reinsurance) amounted to SAR 42.0 billion, constituting 82.3 percent of gross written premiums compared to 82.5 percent in 2020.

Domestic Stock Market

The Tadawul All Share Index (TASI) registered an annual rise of 29.8 percent to close at 11,281.7 at the end of 2021. The total market capitalization of issued shares increased by 10.0 percent to reach about SAR 10,009.2 billion, compared to about SAR 9,101.8 billion at the end of the previous year. While the number of traded shares decreased in 2021 by 15.6 percent to reach approximately 67.5 billion shares, the total value of traded shares increased by 7.0 percent to SAR 2,235.9 billion, compared to SAR 2,087.8 billion in the previous year.

Islamic Finance

The main components of the Islamic finance sector in Saudi Arabia totaled about SAR 3.15 trillion. Islamic banking continued its remarkable growth in assets, banking finance and deposits at the end of 2021. The total Islamic banking assets increased by 18.2 percent to reach SAR 2,413 billion at the end of 2021, compared to SAR 2,041 billion at the end of 2020. The total Shariah-compliant financing in Saudi Arabia increased by 17.9 percent to register SAR 1,724 billion at the end of 2021, compared to SAR 1,462 billion at the end of 2020. Likewise, the total Sharia-compliant bank deposits rose by 12.7 percent to around stand SAR 1,780 billion at the end of 2021, compared to SAR 1,579 billion at the end of 2020. The total

sovereign sukuk issuances in 2021 amounted to about SAR 83.5 billion. With regard to domestic (non-sovereign) sukuk issuances, the total volume of issuances amounted to SAR 145 billion in 2021, compared to SAR 189.2 billion in 2020. The assets under management (AUM) of the Islamic investments funds in Saudi Arabia recorded a compound annual growth rate (CAGR) of 16 percent, starting from 2016, to reach SAR 189 billion in 2021.

Public Finance

Actual revenue and expenditure data for fiscal year 1442/1443H (2021) indicate that revenues rose by 23.5 percent to register SAR 965.5 billion, compared to SAR 781.8 billion in 2020. The actual revenue from taxes amounted to about SAR 317.1 billion, while other actual revenues reached SAR 648.4 billion. On the other hand, actual expenditures declined by 3.4 percent to reach SAR 1,038.9 billion, compared to SAR 1,075.7 billion in 2020. The actual deficit fell by 75.0 percent to be around SAR 73.4 billion as compared to SAR 293.9 billion in 2020.

Current Account and External Trade

Estimates of Saudi Arabia's balance of payments indicated a surplus of SAR 166.2 billion in the current account in 2021, constituting 5.3 percent of GDP. Preliminary figures of external trade indicate an increase of 37.6 percent from the preceding year in the volume of Saudi Arabia's commodity trade to register SAR 1,608.9 billion in 2021. This increase is attributed to a rise of 58.9 percent in the value of commodity exports to SAR 1,035.7 billion, with oil exports increasing by 69.4 percent to SAR 758.1 billion and non-oil exports

by 35.8 percent to SAR 277.5 billion. In addition, commodity imports increased by 10.8 percent to SAR 573.2 billion in 2021.

Trade and Investment

According to the Ministry of Commerce (MC)'s data on company licenses, the number of existing commercial registers for companies increased by 9.0 percent to about 207.6 thousand with total capital increasing by 1.9 percent to SAR 2,237.3 billion at the end of 2021 compared to 190.4 thousand commercial registers with total capital of SAR 2,196.4 billion in the proceeding year.

With respect to licenses for institutions, MC issued in 2021 about 268,737 commercial registers for new institutions with a capital of more than SAR 35.1 billion during 2021 compared to 208,723 in 2020, recording an increase of 28.8 percent or over SAR 11.0 billion in capital. A breakdown of new commercial registers by region up to the end of 2021 shows that Riyadh region accounted for the largest share with 28.3 percent of the total, followed by Makkah region with 23.4 percent and then the Eastern Region with 12.9 percent.

As for venture capital in Saudi Arabia, the MAG-NiTT report stated that the total investments in start-ups increased by 270 percent to SAR 2 billion in 2021 compared to the previous year. The number of transactions also increased by 54 percent to 139.

Tourism

According to the latest data from the Ministry of Tourism (MT), expenditure on domestic tourism trips rose by 86.6 percent to SAR 80.9 billion in

2021 compared to SAR 43.3 billion in 2020. This rise was attributed to the easing of pandemic precautionary measures and the launching of General Entertainment Authority's events, such as: Riyadh Season and other events. In addition, expenditure also increased by 103.0 percent for vacation and shopping trips, 72.7 percent for relatives and friends visits, 61.0 percent for religion-related trips, 68.0 percent for business and conference trips, and 55.8 percent for other purposes.

On the other hand, expenditure on inbound tourism trips declined by 26.8 percent to SAR 14.7 billion in 2021 against SAR 20.1 billion in 2020 as expenditure on inbound religion-related trips declined by 83.9 percent and vacation and shopping trips by 34.5 percent. In contrast, expenditure on inbound tourism trips for relatives and friends visits increased by 84.3 percent, for business and conference trips by 55.8 percent, and other purpose by 51.7 percent.

The key achievements of MT for the year 2021 included launching the Digital Learning Platform, which garnered 226 thousand subscriptions and provided training for over 111 thousand trainees during 2021 to qualify them to work in tourism sectors; launching the initiative of 100 thousand jobs in the tourism sector for 2021; organizing the "Tourism Recovery Summit" that aims at increasing tourism traffic and flow; and establishing the "Air Connectivity Fund" to support airline companies and motivate them to establish domestic and international air routes in order to increase flights to existing and targeted destinations. It should be noted that the World Tourism Organi-

zation (UNWTO) chose Riyadh as the location for its first regional office apart from its headquarters in Spain, which reflects Saudi Arabia's position internationally and regionally.

Agriculture, Water and Animal Husbandry

Water

The number of water desalination plants in Saudi Arabia stood at 32 plants in 2021, spread over the eastern and western coasts, nine of which are on the Arabian Gulf coast and 23 are on the Red Sea coast. The total length of transport systems reached 9,077 kilometers, in addition to 369 water tanks with a total capacity of 19.5 million cubic meters. In 2021, the production of desalinated water by the Saline Water Conversion Corporation (SWCC) increased to 1,974 million cubic meters versus 1,884 million cubic meters in the preceding year, with an average daily production of 5.4 million cubic meters. The electric energy capacity at SWCC's plants reached around 9,600 megawatts in 2021. Additionally, preliminary data indicate that the total residential consumption of water stood at 3,557 million cubic meters for the year 2021, with a daily average of 278 liters per person.

Data of SWCC indicate that the total capacity of its water transport systems exceeds 11 million cubic meters per day. The amount of water transported reached 2.44 billion cubic meters in 2021 as private sector desalination plants contributed with 710.8 million cubic meters. As for the amount of desalinated water by administrative region, Makkah region constituted 33.3 percent, followed by Riyadh region with 25.8 percent and

the Eastern Region with 20.4 percent. It should be noted that SWCC has registered a new Guinness World Record for the lowest energy consumption for a water desalination plant with 2.27 kW/h per cubic meter of desalinated water.

This achievement came by designing, building and operating mobile plants that use eco-friendly reverse osmosis technology.

In 2021, the number of dams constructed across Saudi Arabia rose by 18 dams to 550 with a total storage capacity of 2.4 billion cubic meters. In addition, 116 sanitary sewerage projects were carried out and completed in 2021. These projects included the installation of sewerage connections and the construction of lines, main and subsidiary networks, and wastewater treatment plants to reduce the environmental impacts of wastewater and increase the sanitary sewerage service coverage across Saudi Arabia. The projects also involved the completion of 878 kilometers of wastewater networks and the installation of 39,601 sanitary sewerage connections.

Agricultural Production

According to latest estimates issued by GaStat for 2021, agricultural production volume stood at 10.8 million tons. A breakdown of agricultural production shows that production of fodder reached 4.6 million tons, vegetables 2.7 million tons, grain 1.3 million tons, and fruit 2.3 million tons. The total cultivated area of fodder, grain and vegetables in Saudi Arabia reached 772.0 thousand hectares, of which fodder cultivation constituted 26.9 percent, grain 34.0 percent, and vegetables 12.2 percent.

Table 2.4: Transport of Passengers

Type of transport	2020	2021
	No. of passengers (Million)	No. of passengers (Million)
Air transport	37.4	48.7
Land transport	3.4	--
Railway	1.2	1.7
Inter-city transport	2.5	3.1
Maritime transport	0.5	0.5
Total	41.3	54.0

Source: Transport General Authority, General Authority of Civil Aviation & Saudi Ports Authority.

Transport and Communications

The transport, storage and communications activity contributed 5.8 percent to GDP at constant prices or SAR 152.4 billion in 2021, the same percent recorded in the preceding year.

Transport

Transport operations (including inter-city travel in Saudi Arabia and overseas travel by air, land and sea) recorded a rise of 30.8 percent in 2021 due to the beginning of recovery from the COVID-19 pandemic and its implications. The number of passengers rose to about 54.0 million from 41.3 million in the preceding year (Table 2.4).

As regards the recent developments of railway projects, the latest data issued by the Transport General Authority indicate that the study of the framework agreement for the Saudi Landbridge Project has been completed and that final results and proposed recommendations have been raised to His Majesty the King for his directions. This project connects Saudi Arabia's ports on the Arabian Gulf coast with its ports on the Red Sea coast by six routes and with a total distance of 1,980 kilometers. The project passes through

seven logistics centers, economic activities, industrial cities and mining activities. As for the GCC Railway project, preliminary designs of the railway linking Dammam and Al-Batha port and the railway linking Kuwaiti borders and Ras Al Khair have been completed. This project connects the GCC countries with a total length of 2,117 km, of which 663 km is inside Saudi Arabia, representing 31 percent of the project's total length. In addition, the implementation of the 187 km railway linking Ras Al Khair, Jubail Industrial City and Dammam has reached an advanced phase exceeding 90 percent. Further, the Transport General Authority has put in place a comprehensive strategic plan for rail, land and maritime transport sectors. It also launched the Saudi Logistics Academy to qualify national competencies.

According to the Saudi Ports Authority's data, a new transshipment service at King Abdulaziz Port in Dammam, in cooperation with Orient Overseas Cargo Line (OOCL), has been launched. New shipping service from China to King Abdulaziz Port in Dammam, in cooperation with Saudi Global Ports (SGP), has also been launched. Moreover, the tariffs for handling empty containers in Jeddah Is-

Islamic Port and King Abdulaziz Port in Dammam have been reduced. This step aims at stimulating shipping lines to import more empty containers to support exports. During 2021, more than 5.4 million transshipment containers were handled, recording the largest number of handled transshipment containers since the establishment of the Saudi Ports. It should be noted that Saudi Arabia has advanced to rank 16th in the international ranking of maritime ports. Additionally, according to Lloyd's List's annual forecast, Jeddah Islamic Port ranked 37th among the largest One Hundred Ports on Lloyd's List. The list also included 3 Saudi ports.

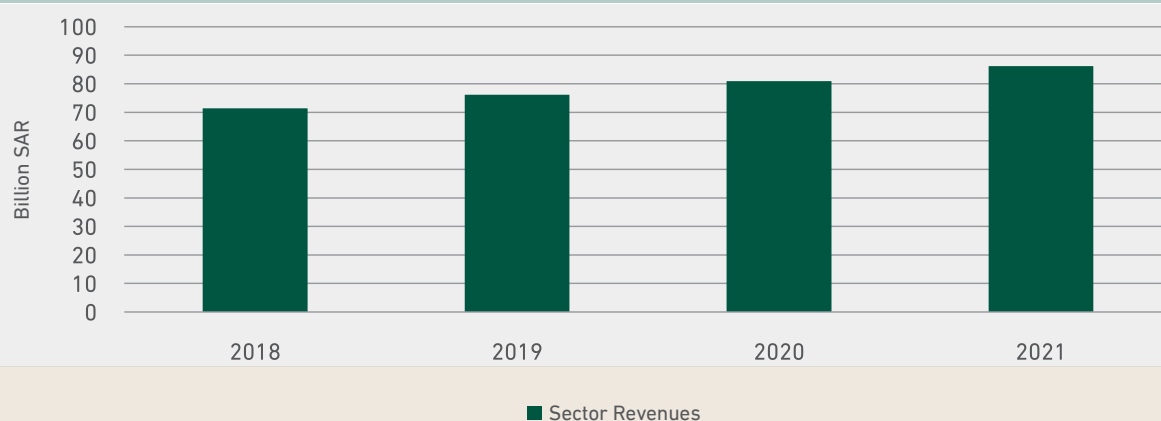
Telecommunication and Information Technology

The telecommunication and information technology sector has witnessed some developments in 2021, the most important of which is the launching of the Digital Economy Policy. Among the key accomplishments, Saudi Arabia achieved advanced ranks globally and won the Government Leadership Award, awarded by the International Telecommunication Union. Saudi Arabia also ranked nine in digital capabilities in the World Digital Competitiveness Ranking, and second among G20 countries in the Digital Competitiveness Report issued by the European Center for Digital Competitiveness. Moreover, Saudi Arabia ranked among the top ten countries in internet speed ranking according to the Speedtest International Index report, which measures mobile internet speed. It also ranked sixth internationally in 5G speed, while Riyadh ranked third globally in internet speed according to the Opensignal Report. At the infrastructure level, more than 3.5

million houses have been connected to fiber-optic services, and the total number of 5G towers stood at 14.9 thousand. Digital networks have been connected and internet traffic has been localized by establishing the Saudi Arabian Internet Exchange (SAIX), which contributed to enhanced performance efficiency and internet quality. Further, the internet reached speeds up to 179.92 Mbps. As regards the investments in the sector, Saudi Arabia has approved the establishment of the first two digital banks: STC Pay Bank and Saudi Digital Bank. The total number of licensed companies in fintech reached 100. Moreover, the venture capital investments in the sector increased by 270 percent to SAR 2 billion. Similarly, the information technology investments grew by 50 percent to SAR 11 billion. Additionally, Google and Alibaba's investments in cloud computing infrastructure in Saudi Arabia reached about SAR 5.6 billion, making it the largest hub for investments of its kind in the Middle East-North Africa region.

According to data of the Communications and Information Technology Commission (CITC), the number of mobile phone services reached 53.6 million with household penetration rate of 153.0 percent. On the other hand, the number of high-speed internet services through landlines reached 2.2 million with household penetration rate of 36.4 percent. Moreover, the internet penetration rate among individuals in Saudi Arabia increased to 97.8 percent by the end of 2021 against a penetration rate of 97.5 percent at the end of 2020. The Qassim region ranked first in terms of internet penetration rate among individuals with 98.9 percent. CITC has worked on enabling and boosting the 5G network in Saudi

Chart 2.1: Revenues of Top 3 Companies Listed in the Telecommunication Sector



Arabia as its speed reached 368.69 Mbps. The total coverage of the 5G network in Saudi Arabia stood at 48.1 percent, while the total coverage in Riyadh reached 92.7 percent. CITC also launched the Local Roaming service to raise the coverage percentage of telecommunication services for households, and to serve more than 5 million residents and visitors in more than 21 thousand villages and hamlets. Furthermore, it launched the National Early Warning Platform to safeguard lives and protect property by sending highly accurate warnings. This Platform achieves financial savings of more than SAR 100 million. Saudi Arabia joined the world's top 10 countries in using version 6 of Internet Protocol (IPv6), which aims to facilitate the adoption of modern and emerging technologies and improve the quality of service.

Financial statements of the top three companies listed in the telecommunication sector show that they generated SAR 86.2 billion in total direct revenues from their operations in Saudi Arabia in 2021, a 6.5 percent rise over the previous year (Chart 2.1).

Saudi Post

The Saudi Post has launched its new brand identity (SPL) to keep pace with customers' desires and aspirations for new innovative products and services that ensure swift, precise and professional delivery. In this regard, SPL launched its new product "AWFAR", which provides a package of services and free benefits for customers through an annual subscription. SPL also provided products tailored for the business sector, such as the "Post Business" service and "SMEs Platform". Moreover, SPL launched the "Short Address" service to enable customers to shorten their national addresses to 4 digits and 4 letters. SPL also achieved a huge increase in medication delivery service to beneficiaries by approximately 500 percent. The number of post offices in Saudi Arabia reached 450 in 2021. Further, the number of post stations stood at 73 with more than 146 thousand deposited parcels.

E-Commerce

According to MC's data, the total number of existing commercial registers for companies and establishments in e-commerce businesses at the end of 2021 recorded a rise of 28.4 percent to 9,608,

716 of these registers were for companies and 8,892 for establishments with total capital exceeding SAR 501 million, SAR 237.5 million of which were for companies and SAR 263.7 million for establishments. E-commerce sales by mada cards registered an increase of 91.4 percent to SAR 74.3 billion in 2021 compared with the preceding year.

Education, Health and Social Services

Public Education

The total number of public education students (elementary, intermediate and secondary schools) amounted to 5.9 million during the academic year 2020/2021. The number of teachers at all levels of public education stood at 476.1 thousand and the number of schools at 27.5 thousand, 14.1 thousand of which are schools for girls, accounting for 51.4 percent of the total number of schools. The total number of private and international education students (elementary, intermediate and secondary schools) amounted to 326.2 thousand during the academic year 2020/2021. The number of teachers at all levels of private, international and foreign education stood at 20.7 thousand and the number of schools at 2.0 thousand, 1.0 thousand of which are schools for girls, accounting for 51.5 percent of the total number of schools.

Technical, Vocational and Administrative Training

Trainees at the Technical and Vocational Training Corporation (TVTC)'s colleges and institutes totaled 255 thousand during the academic year 2021, 228.0 thousand of them received technical training and 26.5 thousand received vocational training. The trainees received their education

and training in 258 educational units in various regions of Saudi Arabia. The total number of the teaching staff at TVTC stood at 11.1 thousand, and the total number of male and female graduates stood at 62.8 thousand in the academic year 2020/2021.

On the other hand, the Institute of Public Administration (IPA) continued its training programs aimed at achieving administrative development and meeting customer needs. In the academic year 2021, the IPA organized a number of general and private training courses, applied seminars, symposia, meetings and conferences, some of which were held at its head office in Riyadh and its male and female branches in various regions of Saudi Arabia. The number of trainees (male and female) participating in such activities in person came to 123.4 thousand. The total number of training staff at IPA reached 889 at the end of 2021, 86.8 percent of whom were Saudis.

Health Affairs

Data issued by the Ministry of Health (MoH) in 2021 indicate that the number of hospitals operating in Saudi Arabia fell down to 497, a decrease of 7 hospitals from the preceding year. Of these, 287 were run by MoH, 51 by other government sectors, and 159 by the private sector. In 2021, the number of healthcare centers totaled 2,121 and that of private health complexes reached 3,732. In addition, the number of physicians (including dentists) working in Saudi Arabia increased to 122 thousand (3.45 per 1,000 capita). The number of male and female nurses increased to 201 thousand, and the number of

assistant healthcare roles (including pharmacists and other healthcare assistants) rose to 363 thousand. In contrast, the total number of beds in Saudi Arabia's hospitals decreased by 1,400 beds to 77.2 thousand (2.18 per 1,000 capita).

Social Services

The Social Charity Fund (SCF) of the Ministry of Human Resources and Social Development (MHRSD) aims to combat poverty in Saudi Arabia by enabling citizens to access the job market, developing productive family programs, contributing to creating small business incubators, developing social participation, and encouraging the private sector to contribute to social development. Since its establishment, SCF has introduced a number of initiatives and programs aiming at social development and poverty reduction. The following is a brief summary of the most prominent achievements of SCF in 2021:

- **Educational scholarship programs:** the number of male and female graduates with bachelor's degrees in various health and administrative majors reached 20, with total expenditure of SAR 4.1 million.
- **Kafalah program:** It seeks to contribute to achieving the national development goals and the goals of the National Transformation Program 2030 to provide job opportunities for citizens and activate their productive and functional participation that benefits them and the national economy. The program has three tracks, the statistics of which for 2021 were as follows:

1. Kafalah Program for car-hailing apps: So far, an amount of SAR 56 million has been allocated

to this track. The number of beneficiaries of the track amounted to about 119 male and female beneficiaries, including 75 male beneficiaries and 44 female beneficiaries, with a financing value estimated at SAR 11.4 million and a guarantee rate of 100 percent.

2. Kafalah Program for productive families finance: So far, an amount of SAR 29 million has been allocated to this track. The number of beneficiaries of the track amounted to about 347 male and female beneficiaries, including 23 male beneficiaries and 324 female beneficiaries, with a financing value estimated at SAR 4.6 million. The SCF bears 70 percent of the value of the financing, while charities and crafts societies handle the remaining percentage of the guarantee alongside lending, follow-up and collection.

3. Financing guarantee program for start-ups: So far, an amount of SAR 34 million has been allocated to this track. The number of beneficiaries of this track reached about 188, including 56 male beneficiaries and 132 female beneficiaries, with a financing value estimated at SAR 42.5 million and a guarantee rate of 50 percent.

With respect to the activities of charities in Saudi Arabia, total funds disbursed in 2021 reached SAR 556.7 million, which were disbursed to more than 80.3 thousand beneficiaries compared to SAR 540.5 million in the previous year.

Citizen Account

The Saudi government introduced the Citizen Account Program in the last quarter of 2017 with a view to redistributing subsidies and meeting the citizens' need for government benefits in a manner that ensures high spending efficiency and

low impact of economic reforms. The Program is also aimed at encouraging rationalization of consumption and putting in place a safety net for eligible households whereby support is paid in cash based on household size. The results of eligibility, which were issued by MHRSD at the end of 2021, show that the total number of beneficiaries (along with dependents) decreased by 1.9 percent to 10.5 million supported by a total outlay of SAR 23.1 billion compared to 10.7 million beneficiaries supported by a total outlay of SAR 25.2 billion in 2020. Of these beneficiaries, 44.6 percent received a full allowance, while 55.4 percent received partial support. It should be noted that the total value of the savings achieved as a result of linking with the "SARF" system amounted to SAR 3.5 billion, of which approximately SAR 2 billion were achieved during the year 2021 only.

SME Financing Guarantee Program (Kafalah)

The SME Financing Guarantee Program (Kafalah) under the General Authority for Small and Medium Enterprises (Monsha'at) supported 7,499 enterprises with total financing of SAR 13.0 billion in 2021 compared to SAR 15.5 billion and 7,207 enterprises in 2020. A breakdown of support by sector shows that enterprises benefiting from Kafalah Program amounted to 3,423 with total financing of SAR 4.8 billion in the trade sector; 1,506 (SAR 3.5 billion) in the building and construction sector; 624 (SAR 1.8 billion) in the industrial sector; 745 (SAR 754.1 million) in the tourism and entertainment sector; 450 (SAR 772.2 million) in the financial and business services sector; 486 (SAR 837.8 billion) in the social and personal services sector; 16 (SAR 54.0 million) in the mining and oil

sector; 69 (SAR 74.6 million) in the agriculture and fishing sector; and 14 (SAR 18.5 million) in the electricity, gas and water sector.

Housing

In continuation of its role in achieving its strategic objectives of increasing the supply of housing units and fulfilling the needs of citizens, the Ministry of Municipal and Rural Affairs and Housing (MoMRAH) launched several programs to stimulate the private and public sectors through building strategic partnerships to contribute to raising the percentage of Saudi families that own a housing unit, with the aim of reaching 70 percent by the end of 2030. The number of beneficiaries during the year 2021 exceeded 194 thousand families. The total number of residential product contracts for 2021 amounted to 192,188 contracts, including 88.1 thousand contracts for ready-made units, about 53.6 thousand self-construction contracts, about 23.1 thousand off-plan sales, about 17.6 thousand land and loans, and about 9.8 thousand of lands. Also, the upgraded "Sakani" platform was launched, which included interior design services, real estate market service, residential loyalty service, and e-finance service. More than 31 thousand electronic contracts for residential lands were signed. In the field of real estate development, the number of housing contracts for the Companies Program amounted to about 22.6 thousand housing contracts, about 31.8 housing units were developed, and construction work began on an additional 25.6 thousand housing units.

In addition, MoMRAH implemented the second phase of undeveloped land fees to require landlords to submit their land documents and data

Table 2.5: Selected Indicators for Population and Labor Force

Area		2020			2021		
		Male	Female	Total	Male	Female	Total
Unemployment rate	Saudis	7.1	24.4	12.6	5.2	22.5	11.0
	Non-Saudis	1.7	9.1	2.6	2.0	9.0	2.9
	Total	4.0	20.2	7.4	3.3	18.7	6.9
Government sector employees	Saudis	713,163	502,578	1,215,741	703,933	497,702	1,201,635
	Non-Saudis	25,784	23,025	48,809	24,343	22,043	46,386
	Total	738,947	525,603	1,264,550	728,276	519,745	1,248,021
Private sector employees	Saudis	1,147,580	599,161	1,746,741	1,224,194	685,881	1,910,075
	Non-Saudis	6,057,351	222,805	6,280,156	5,935,896	238,301	6,174,197
	Total	7,204,931	821,966	8,026,897	7,160,090	924,182	8,084,272
Banking sector employees	Total	38,512	7,537	46,049	37,570	8,007	45,577

Source: GaStat, MHRSD & SAMA.

Note: Unemployment rates are from the Labor Force Survey.

within a period not exceeding six months with the aim of increasing the supply of developed lands, providing residential lands at competitive prices, and combating monopolistic policies.

Social Insurance and Retirement

In 2021, the Public Pension Agency (PPA) was merged into the General Organization for Social Insurance (GOSI). The number of civilian subscribers to the civil pension scheme of the Public Pension Agency increased by 0.5 percent to about 1.2 million subscribers at the end of 2021. The funds (pension deductions and equivalent shares) collected from on-the-job subscribers increased by 2.2 percent to SAR 49.4 billion over SAR 48.3 billion in the previous year. On the other hand, total disbursements by the PPA to beneficiaries amounted to SAR 88.7 billion, rising by 6.4 percent over the preceding year. The number of surviving pensioners increased by 5.6 percent to 761.9 thousand. The number of deceased pensioners also rose by 0.8 percent to 279.1 thousand, and the number of

heirs benefiting from pension payments also increased by 7.0 percent to 559.0 thousand.

Furthermore, the number of private and government establishments subscribing to the social insurance scheme of GOSI rose by 6.6 percent and 4.9 percent to 672.7 thousand and 1,394, respectively. In addition, the number of on-the-job subscribers increased by 1.8 percent to 8.5 million over 8.5 million at the end of the preceding year.

Population

GaStat estimates indicate that the total population of Saudi Arabia in 2020 rose by 2.3 percent to 35.0 million compared to 34.2 million in 2019. Saudis constituted 61.2 percent (21.4 million) of the total. Estimates of Saudi Arabia's population by gender indicate that the male population accounted for 57.8 percent while the female population represented 42.2 percent of the total population. The Saudi male population represented 50.9 percent while Saudi females constituted 49.1 percent of total Saudis.

The non-Saudi male population accounted for 68.6 percent and the non-Saudi female population was 31.4 percent of total non-Saudi population of Saudi Arabia (Table 2.5).

Labor Market

Public Sector Employees

The latest statistics issued by MHRSD indicate that the number of employees in the government sector (Saudis and non-Saudis) stood at 1.2 million at the end of 2021. Saudis represented 96.3 percent of total employees in the government sector, with the number of Saudi male employees reaching 703.9 thousand at the end of 2021 while that of Saudi female employees standing at 497.7 thousand. On the other hand, the number of non-Saudi male workers in the government sector amounted to 24.3 thousand, while that of non-Saudi female workers was 22.0 thousand (Table 2.5).

Private Sector Employees

The latest figures issued by MHRSD show that the number of employees in the private sector (Saudis and non-Saudis) was 8.1 million at the end of 2021, an increase of 0.7 percent over the preceding year. The ratio of Saudis working in the private sector to total employees in the sector stood at 23.6 percent.

A breakdown of employees in the private sector shows that the number of Saudi male employees amounted to 1.2 million at the end of 2021, increasing by 6.7 percent over the preceding year. The number of Saudi female employees reached 685.9 thousand, increasing by 14.5 percent over the preceding year. The number of non-Saudi male employees stood at 5.9 million at the end of 2021

with a decrease of 2.0 percent from the previous year, while that of non-Saudi female employees was 238.3 thousand, rising by 7.0 percent over the preceding year (Table 2.5).

Unemployment

The latest GaStat data indicate that the overall unemployment rate in Saudi Arabia declined to 6.9 percent in 2021. Unemployed Saudis accounted for 11.0 percent of the total Saudi labor force. Unemployed Saudi males accounted for 5.2 percent of the total Saudi male labor force, while their female counterparts accounted for 22.5 percent of the total Saudi female labor force. Moreover, unemployed non-Saudis reached 2.9 percent of the total non-Saudi labor force in Saudi Arabia (Table 2.5).

Domestic Loan and Subsidy Program

Actual loans disbursed under the Domestic Loan Program totaled SAR 415 million in 2021, decreasing by 37.4 percent from the preceding year. Total loan repayments stood at around SAR 359 million, recording an increase of 56.7 percent compared to 2020. In 2021 seven loans were approved, five of which were for educational projects and two for healthcare projects.

Public Investment Fund (PIF)

The PIF launched its strategy for the next five years to achieve the goals of the Vision by maximizing the PIF's assets, launching new sectors, building strategic economic partnerships, and localizing technologies and knowledge, which contributes to supporting development efforts and economic diversification in Saudi Arabia. Among the most prominent objectives of the strategy by 2025: Investment of at least SAR

150 billion annually in new projects; development of the PIF's assets to reach SAR 4 trillion by 2025 (the assets under the PIF's management increased by 20 percent to reach nearly SAR 1.8 trillion by the end of 2021 compared to SAR 1.5 trillion last year); the creation of 1.8 million jobs (direct and indirect); the contribution of the PIF and its subsidiaries to the non-oil GDP by SAR 1.2 trillion; and the development of promising domestic sectors by focusing on 13 vital and strategic sectors, such as utilities, renewable energy, entertainment, tourism, sports, communications, media and technology, and others.

The existing giga projects launched by the PIF include "THE LINE» city project in NEOM; NEOM industrial city «Oxagon", to be the largest floating industrial complex in the world; and «Coral Bloom» designs for the main island in the Red Sea project. As for its new giga projects, the PIF has launched a number of projects and companies, most notably the Sudair Solar Power Project; «The Rig» entertainment project, which will be orchestrated on platforms that derive their concept from offshore oil platforms spanning 150 thousand square meters; Soudah Development company in Asir region with expected investments of more than SAR 11 billion in the infrastructure and development of the tourism and entertainment sectors; and Cruise Saudi company.

Economic and Fiscal Reforms and Key Resolutions

In continuation of the efforts exerted by Saudi Arabia to raise the efficiency of economic performance and achieve optimal utilization of availa-

ble resources, the Saudi economy witnessed a number of reforms and decisions in 2021. The most notable of which were as follows:

1. Approval of the Statute of the State Properties General Authority.
2. Approval of the Digital Economy Policy in Saudi Arabia.
3. Approval of the statute of the Water and Electricity Regulatory Authority.
4. Approval of the Law of the Cultural Development Fund.
5. Granting the General Authority for Endowments the legal enablers that help it exercise its supervisory function.
6. Approval of the Real Estate Development Fund (REDF) Law.
7. Approval of the establishment of a central risk classification unit.
8. Approval of the establishment of the SME Bank.
9. Approval of a regulation to correct the status of violators of the Anti-Concealment Law.
10. Approval of the Statute of the Government Expenditure and Projects Efficiency Authority.
11. Approval of the Statute of the Digital Government Authority.
12. Approval of the Privatization Law.
13. Approval of the Human Organ Donation Law.
14. Confirmation of the competence of the Resolution Committees in securities disputes.
15. Approval of the headquarters agreement between the government of Saudi Arabia and the Union of Arab Banks.
16. Approval of the Anti-Financial Fraud and Breach of Trust Law.
17. Approval of the Statute of the Local Content and Government Procurement Authority (LCGPA).
18. Approval of the license for Banque Misr and

the National Bank of Iraq to open a branch in Saudi Arabia, and also for Sohar International Bank to open a branch to conduct banking business in Saudi Arabia.

19. Merging the General Authority of Zakat and Income with the Saudi Customs Authority into one authority and approving its statute.

20. Approval of the statute of the Ministry of Investment.

21. Approval of the Statute of the National Center for the Development of the Non-Profit Sector.

22. Approval of the organizational arrangements for the National Center for Government Resource Systems.

23. Approval of the agreement on a unified payment system among the GCC countries.

24. Approval of the Rules Regulating Free and Open-Source Government Software.

25. Approval of the Enforcement Law Before the Board of Grievances.

26. Approval of the Judicial Costs Law.

27. Approval of the Private Sector Participation Governing Rules.

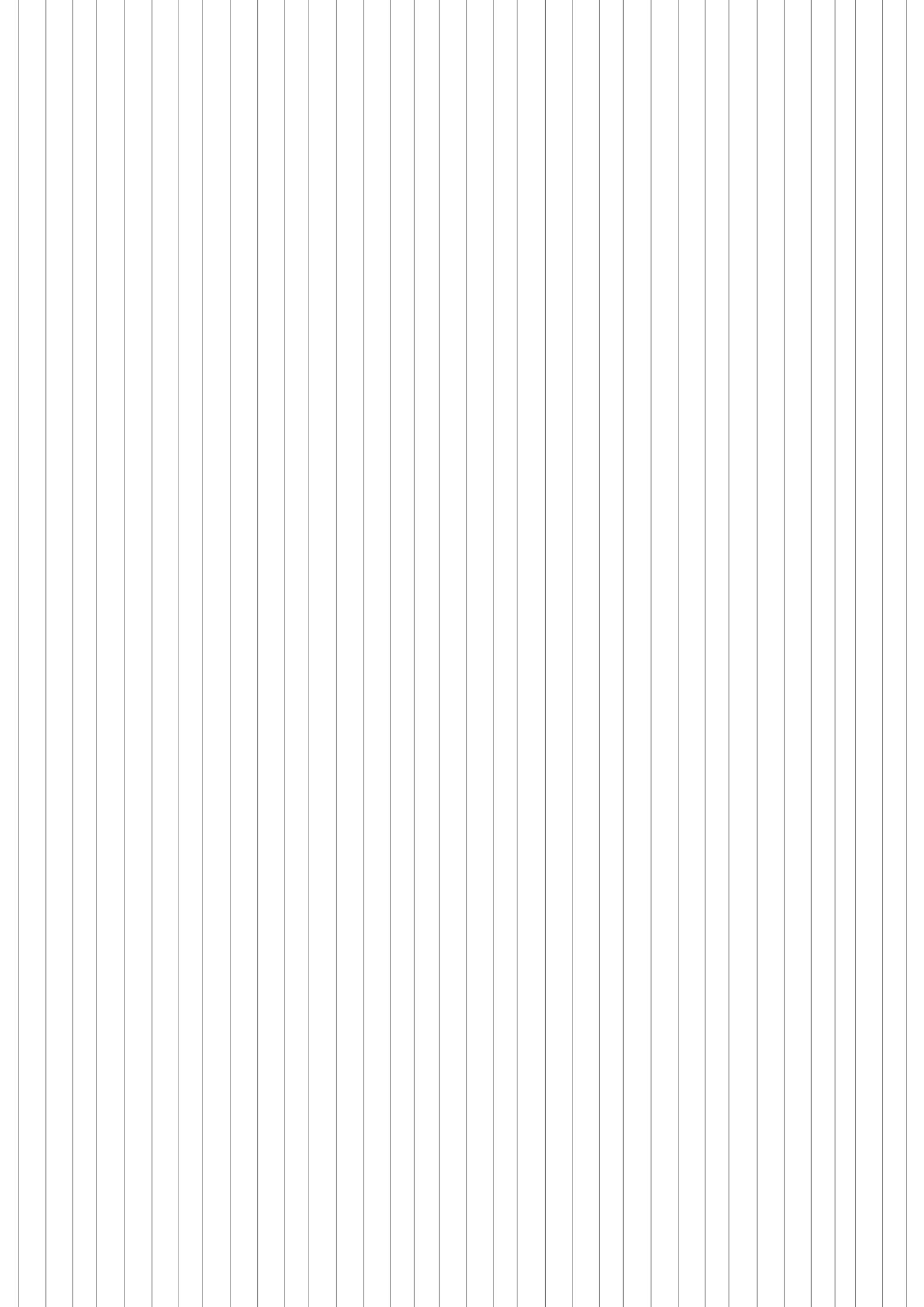
28. Approval of the Statute of the Digital Content Council.

29. Approval of the Postal Law.

30. Approval of the Law of Payments and Payment Services.

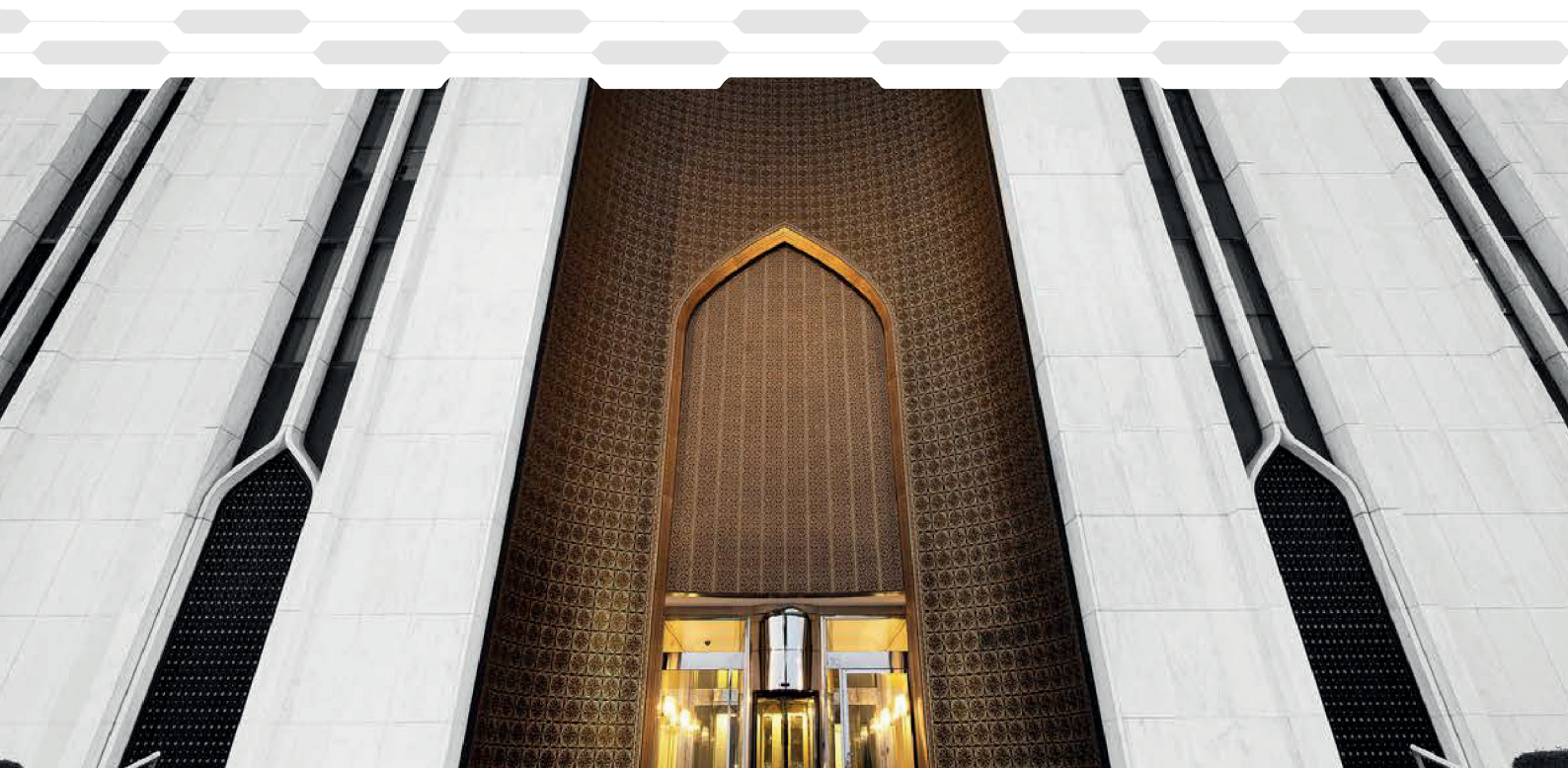
31. Allowing government agencies to apply income sharing and the continuation of signed contracts until their expiry.

32. Approval of the Implementing Regulation of the Contractors Classification Law.



3

Energy, Industry and Mineral Resources



Energy, Industry and Mineral Resources

World oil prices and production volumes increased as a result of the recovery of the global economy. According to OPEC data, oil prices rose by 68.6 percent in 2021, bringing the average price of Arab Light crude oil to \$70.65 per barrel compared to about \$41.91 per barrel in 2020. Moreover, the recovery in global economic demand led to an increase in the average global production of crude oil by 1.6 percent in 2021. At the local level, Saudi Arabia's production of crude oil declined annually by 1.2 percent to about 3,330.5 million barrels, with a daily average of about 9.1 million barrels per day (bpd) in 2021. Consequently, Saudi Arabia's crude oil exports decreased by 7.6 percent.

World Oil Demand

According to March 2022 estimates of the International Energy Agency (IEA), the average world oil demand rose by 6.1 percent to 97.5 million bpd in 2021, compared to around 91.9 million bpd in 2020 (Table 3.1 and Chart 3.1). This rise was attributed to the overall recovery of global demand from most countries as the demand of non-OECD countries increased by 6.0 percent to 52.8 million bpd in 2021 compared to about 49.8 million bpd in 2020. The average

Chart 3.1: World Average Oil Demand

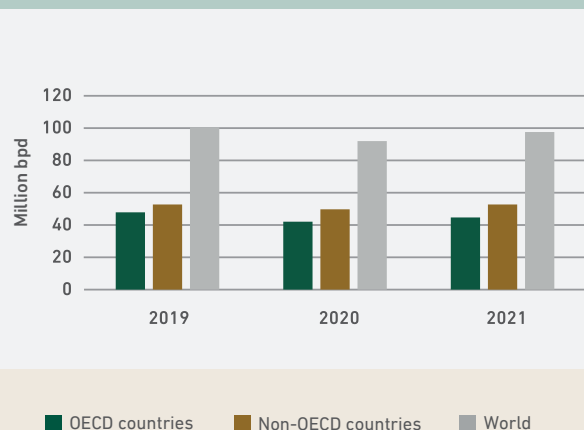


Table 3.1: World Average Oil Demand*

	(Million bpd)				
	2019	2020	2021	Change	
				2020	2021
North America	25.5	22.6	24.3	-11.5	7.3
Western Europe	14.3	12.4	13.1	-13.5	5.5
Pacific countries	7.9	7.1	7.4	-10.2	3.7
OECD	47.8	42.1	44.7	-11.9	6.2
Non-OECD:					
The former soviet union block	4.7	4.5	4.8	-3.4	6.7
China	13.9	14.3	15.5	2.9	8.4
Eastern Europe	0.8	0.7	0.8	-12.5	14.3
South America	6.3	5.6	6.0	-11.0	7.1
Other Asia	14.0	12.6	13.1	-10.0	4.0
Middle East	8.7	8.2	8.5	-5.3	3.6
Africa	4.3	3.8	4.0	-10.7	4.2
Total non-OECD demand	52.7	49.8	52.8	-5.5	6.0
Total world demand	100.4	91.9	97.5	-8.5	6.1

*Including primary stock, marine bunkers & refinery fuel.

Source: IEA Report, March 2022.

demand of OECD countries also increased by 6.2 percent to 44.7 million bpd in 2021, compared to nearly 42.1 million in 2020 (Table 3.1).

The rise in non-OECD oil demand in 2021 was led by China with 8.4 percent increase (to 15.5 million bpd), followed by other Asian countries with a 4.0 percent increase (to 13.1 million bpd), Middle Eastern countries with a 3.6 percent increase (to 8.5 million bpd), South America with a 7.1 percent increase (to 6.0 million bpd), Former Soviet Union countries with a 6.7 percent increase (to 4.8 million bpd), Africa with a 4.2 percent increase (to 4.0 million bpd), and Eastern Europe with a 14.3 percent increase (to 0.8 million bpd) (Table 3.1).

World Oil Production

According to the IEA estimates in March 2022, world oil production in 2021 averaged about 95.3 million bpd, increasing by 1.6 percent, compared to about 93.8 million bpd in 2020 (Table 3.2). The average OPEC production rose by 2.5 percent

against a decline of 11.7 percent in 2020. The average OECD production also increased by 1.0 percent compared to a decrease of 2.1 percent in 2020. In addition, the average non-OPEC production increased by 1.1 percent compared to a decline of 4.0 percent in 2020. The average Canadian production recorded an increase of 5.0 percent compared to a decline of 3.4 percent in 2020. The average oil production in China rose by 2.3 percent, compared to an increase of 1.3 percent in 2020. Norway also recorded an

Chart 3.2: World Average Crude Oil Production

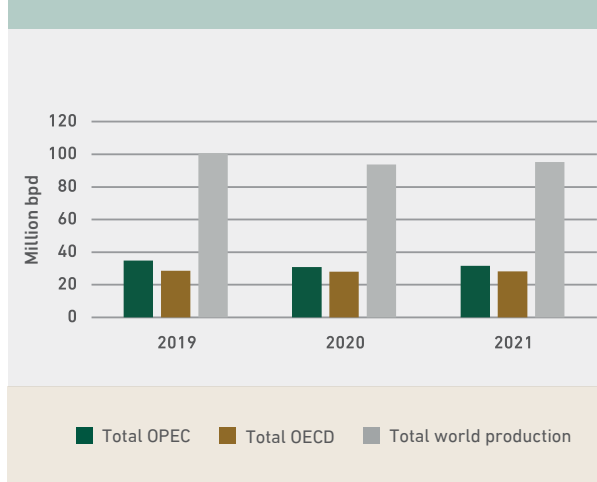


Table 3.2: World Average Oil Production*

(Million bpd)					
	2019	2020	2021	Change	
				2020	2021
OPEC	34.90	30.80	31.58	-11.7	2.5
OECD	28.51	27.92	28.21	-2.1	1.0
Non-OPEC	65.60	63.00	63.71	-4.0	1.1
Former Soviet Union	14.64	13.50	13.77	-7.8	2.0
USA	17.16	16.56	16.72	-3.5	1.0
China	3.92	3.97	4.06	1.3	2.3
Canada	5.54	5.35	5.62	-3.4	5.0
Mexico	1.93	1.93	1.95	0.0	1.0
UK	1.13	1.08	0.89	-4.4	-17.6
Norway	1.74	2.01	2.04	15.5	1.5
Total world supply	100.50	93.80	95.28	-6.7	1.6

*Including condensates & natural gas liquids.

Source: IEA Report, March 2022.

increase of 1.5 percent compared to a rise of 15.5 percent in 2020. The average US production increased by 1.0 percent, compared to a decrease of 3.5 percent in 2020. On the other hand, the UK recorded a decline of 17.6 percent, compared to a drop of 4.4 percent in the preceding year (Table 3.2 and Chart 3.2).

World Oil Prices

Average world oil prices increased in 2021. The price of Arab Light crude oil averaged about \$70.65 per barrel, a rise of 68.6 percent \$28.74

per barrel, compared to an average price of \$41.91 per barrel in 2020. The average price of OPEC basket increased by 68.5 percent to about \$69.89 per barrel in 2021, compared to an average price of around \$41.47 per barrel in 2020. Moreover, the average price of Brent crude oil rose by 69.9 percent to \$70.80 per barrel in 2021 from \$41.67 per barrel in 2020. West Texas Intermediate's (WTI) price averaged \$68.17 per barrel in 2021, increasing by 72.9 percent compared to around \$39.43 per barrel in 2020 (Table 3.3 and Chart 3.3).

Chart 3.3: Average Spot Oil Prices

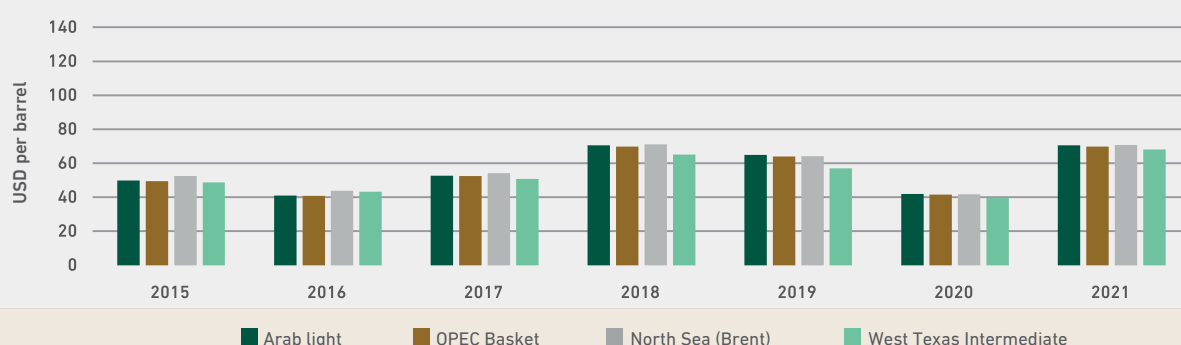


Table 3.3: Spot Prices for Selected Crude Streams (Average)

(USD per barrel)				
Year	Arab light	OPEC Basket	North Sea (Brent)	West Texas Intermediate
2005	50.21	50.64	54.44	56.51
2006	61.10	61.08	65.16	66.04
2007	68.75	69.08	72.55	72.29
2008	95.16	94.45	97.37	100.00
2009	61.38	61.06	61.68	61.88
2010	77.82	77.45	79.60	79.42
2011	107.82	107.46	111.36	94.99
2012	110.22	109.45	111.62	94.10
2013	106.53	105.87	108.62	97.96
2014	97.18	96.29	99.08	93.26
2015	49.85	49.49	52.41	48.73
2016	40.96	40.76	43.76	43.27
2017	52.59	52.43	54.17	50.82
2018	70.59	69.78	71.22	65.16
2019	64.96	64.04	64.19	57.02
2020	41.91	41.47	41.67	39.43
2021	70.65	69.89	70.80	68.17

Source: OPEC.

Real Oil Prices

Real oil prices increased in 2021, based on calculations using the OPEC Basket Deflator with the base year 2005. The real price of Arab Light averaged \$55.50 per barrel, rising by 66.17 percent, compared to around \$33.40 per barrel in 2020 (Table 3.4). The average real price of Brent Crude also rose by 67.77 percent to \$55.70 a barrel in 2021 from nearly \$33.20 a barrel in the preceding year. The average real price of the OPEC basket increased by 66.36 percent to \$54.90 a barrel compared to nearly \$33.00 a barrel in the preceding year (Table 3.4 and Chart 3.4).

Saudi Arabia's Reserves of Crude Oil and Natural Gas

Saudi Arabia's proven reserves of crude oil recorded a slight increase of 0.04 percent to 267.19 billion barrels at the end of 2021, compared to 267.08 billion barrels in the preceding year. Proven reserves of natural gas also increased by 0.9 percent to about 329.08 trillion standard cubic feet at the end of 2021, compared to about 326.1 trillion standard cubic feet at the end of 2020.

Saudi Crude Oil Output

Saudi Arabia's production of crude oil in 2021

Chart 3.4: Real Oil Prices

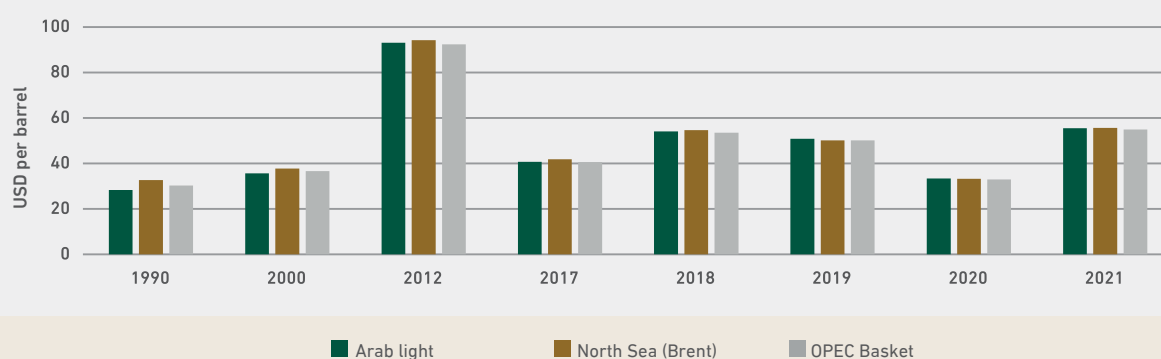


Table 3.4: Nominal and Real Oil Prices (Base Year 2005=100)

Year	(USD per barrel)					
	Nominal oil prices			Real oil prices*		
	Arab Light	North Sea (Brent)	OPEC Basket	Arab Light	North Sea (Brent)	OPEC Basket
1980	28.67	37.89	28.64	62.85	83.07	62.79
1990	20.82	23.99	22.26	28.40	32.73	30.36
2000	26.81	28.44	27.60	35.64	37.81	36.69
2012	110.22	111.62	109.45	93.06	94.24	92.40
2013	106.53	108.62	105.87	88.95	90.70	88.40
2014	97.18	99.08	96.29	80.34	81.91	79.60
2015	49.85	52.41	49.49	46.47	48.86	46.13
2016	40.96	43.76	40.76	31.90	34.10	31.80
2017	52.59	54.17	52.43	40.70	41.90	40.60
2018	70.59	71.22	69.78	54.10	54.60	53.50
2019	64.96	64.19	64.04	50.80	50.20	50.10
2020	41.91	41.67	41.47	33.40	33.20	33.00
2021	70.65	70.80	69.89	55.50	55.70	54.90

*Real prices have been calculated by using the OPEC Basket Deflator with base year 2005.

Source: OPEC.

decreased by 1.2 percent to about 3,330.5 million barrels, compared to about 3,372.0 million barrels in 2020. This decline in production was due to the commitment to the OPEC+ agreement and, accordingly, the average daily output of Saudi Arabia amounted to around 9.1 million bpd in 2021 (Table 3.5).

Domestic Production of Refined Products

Saudi Arabia's output of refined products rose by 16.7 percent to 929.85 million barrels in 2021 from approximately 796.86 million barrels in 2020. Thus, the daily output of refined products averaged 2.5 million bpd (Table 3.6).

The rise in Saudi Arabia's production of refined products was driven by increases in diesel production by 13.0 percent, accounting for nearly

43.8 percent of total refined products output; gasoline production by 19.5 percent, accounting for nearly 21.4 percent of the total; fuel oil production by 22.1 percent, accounting for around 16.6 percent of the total; naphtha production by 41.8 percent, accounting for about 6.8 percent of the total; coke production by 18.9 percent, accounting for about 2.6 percent of the total; asphalt production by 20.1 percent, accounting for 1.6 percent of the total; and liquefied petroleum gas (LPG) production by 8.4 percent, accounting for about 1.5 of the total production of refined products (Table 3.6).

Domestic Consumption of Refined Products

Total domestic consumption of refined products, crude oil and natural gas increased by 0.96 percent to 817.04 million barrels (2.2 million bpd)

Table 3.5: Saudi Crude Oil Output

(Million barrels)						
	2018	2019	2020	2021	Change	
					2020	2021
Total output	3,765.1	3,580.0	3,372.0	3,330.5	-5.8	-1.2
Daily average	10.32	9.81	9.21	9.12	-6.1	-1.0

Source: Ministry of Energy (MoE).

Table 3.6: Saudi Output of Refined Products

(Million barrels)							
Product	2017	2018	2019	2020	2021	Change	
						2020	2021
LPG	15.55	17.06	14.67	12.91	14.00	-11.9	8.4
Gasoline	203.56	199.05	193.57	166.34	198.81	-14.1	19.5
Naphtha	74.28	60.10	50.86	44.73	63.41	-12.1	41.8
Jet fuel (Kerosene)	90.54	95.80	84.72	53.17	45.99	-37.2	-13.5
Diesel	393.93	391.55	385.75	360.36	407.03	-6.6	13.0
Fuel oil	170.13	166.20	154.54	126.14	154.06	-18.4	22.1
Asphalt	16.81	14.07	14.31	12.73	15.29	-11.0	20.1
Coke	84.08	84.45	26.53	20.49	24.36	-22.8	18.9
Fuel gas	--	--	--	--	6.89	--	--
Total	1,048.89	1,028.30	924.94	796.86	929.85	-13.8	16.7

(--) Not available.

Source: Ministry of Energy (MoE).

in 2021 compared to 809.30 million barrels (2.2 million bpd) in 2020 (Table 3.7).

A breakdown of public consumption shows that diesel accounted for approximately 23.7 percent, gasoline 23.4 percent, fuel oil 22.4 percent, and crude oil 21.3 percent. A breakdown of oil industry consumption indicates that fuel gas accounted for around 38.2 percent, fuel oil 35.9 percent, and diesel 9.4 percent (Table 3.7).

Saudi Arabia's Exports of Crude Oil and Refined Products

Saudi Arabia's total oil exports (crude and refined) stood at approximately 2,763.31 million barrels

(7.5 million bpd) in 2021. Its crude oil exports decreased by 7.6 percent to about 2,272.98 million barrels (6.23 million bpd) in 2021, compared to about 2,458.94 million barrels in 2020. On the other hand, refined product exports rose by 31.8 percent to 490.33 million barrels (1.3 million bpd) in 2021, compared to 372.07 million barrels in 2020 (Table 3.8).

Asia and the Far East region dominated the bulk of Saudi Arabia's exports of crude oil and refined products in 2021 (Chart 3.5), accounting for 77.0 percent of total exports of crude oil and 26.6 percent of refined products.

Table 3.7: Domestic Consumption of Refined Products, Crude Oil and Natural Gas

(Million barrels)					
Product	2017	2018	2019	2020	2021
A. Public consumption					
LPG	12.87	13.23	12.59	13.26	16.25
Gasoline	208.00	194.49	194.09	162.44	175.27
Jet fuel & Kerosene	36.14	37.88	36.72	15.39	16.07
Diesel	207.91	182.75	187.89	174.43	177.06
Fuel oil	180.29	173.96	168.58	179.55	167.38
Crude oil	167.37	149.74	155.16	154.48	159.58
Asphalt	20.36	20.73	20.66	19.35	19.87
Lubricating oils	1.34	1.51	27.55	24.52	15.04
Naphtha	11.19	8.92	0.75	0.30	0.93
Reformate	10.48	10.16	6.18	4.14	0.00
Subtotal	855.95	793.36	810.15	747.85	747.45
B. Oil industry consumption					
LPG	4.39	3.91	4.12	3.73	0.77
Fuel oil	6.61	6.98	8.37	14.90	24.99
Diesel	7.68	7.71	4.67	5.51	6.56
Fuel gas	34.40	33.98	29.63	26.50	26.61
Crude oil	0.01	0.00	0.00	0.00	0.00
Others	5.64	7.66	0.93	10.81	10.66
Subtotal	58.73	60.24	47.72	61.44	69.59
Total	914.68	853.60	857.87	809.30	817.04

Source: Ministry of Energy (MoE).

African countries came second, accounting for 2.8 percent of total crude oil exports and nearly 31.3 percent of total exports of refined products, followed by Western Europe countries with 8.4 percent of total exports of crude oil and nearly 21.0 percent of total exports of refined products. The Middle Eastern countries accounted for 3.5 percent of Saudi Arabia's total crude oil exports and around 15.2 percent of total refined product exports. Finally, North America accounted for approximately 7.1 percent and 5.5 percent of total exports of crude oil and refined products, respectively.

Saudi Arabia's Petrochemical Industry

Production of the Saudi Basic Industries Corporation (SABIC) in its plants in Saudi Arabia declined by 3.0 percent to 64.9 million metric tons in 2021, against 66.9 million metric tons in 2020. This decline in production was attributed to the decrease in feedstock supplies compared to 2020 as well as the deferral of periodic maintenance from 2020 to 2021. Exports of products from SABIC's plants in Saudi Arabia also declined by 12 percent¹ compared to 2020. The

decline in product exports was due to the decline in production in addition to some challenges in logistic services

Mineral Resources

The Deputy Ministry for Mineral Resources at the Ministry of Industry and Mineral Resources (MIM) supervises mining activities in Saudi Arabia. Its tasks include encouraging mining investments, providing services and consultations, and issuing mining licenses and concessions in accordance with the laws and regulations in force. At the end of 2021, the number of valid mining licenses stood at 1,320. These included 157 licenses for exploration, which enable their holders to conduct detailed studies on the mineral ores required under the exploration license, as well as 40 reconnaissance and exploitation licenses. The number of building materials quarry licenses stood at 1,123 for various construction materials, such as sand, crusher materials, backfill materials, and decoration stones.

With regard to the production of gold, silver and associated minerals from Mahd Al-Dhahab, Al-

Table 3.8: Saudi Exports of Crude Oil and Refined Products (by Destination)

(Million barrels)								
Exports to	2019		2020		2021		Share 2021	
	Crude oil	Refined products	Crude oil	Refined products	Crude oil	Refined products	Crude oil	Refined products
North America	204.59	10.03	202.91	2.80	162.13	26.92	7.1	5.5
South America	24.33	1.64	18.92	0.63	25.24	1.82	1.1	0.4
Western Europe	291.07	147.17	276.87	117.06	191.42	102.77	8.4	21.0
Middle East	97.09	71.57	77.43	58.64	80.13	74.49	3.5	15.2
Africa	64.61	116.64	73.82	79.81	64.60	153.42	2.8	31.3
Asia & Far East	1,885.73	125.89	1,807.54	113.13	1,749.46	130.51	77.0	26.6
Oceania	1.47	1.48	1.45	0.00	--	0.41	--	0.1
Total	2,568.90	474.41	2,458.94	372.07	2,272.98	490.33	100.0	100.0

*Including LPG & natural gas. (--) Not available. Source: Ministry of Energy (MoE).

¹The above indicators represent SABIC's production and exports from its investments in subsidiaries in addition to joint venture and operations in Saudi Arabia

Sukhaybarat, Al-Hajar, Bulghah and Al-Amar, the output of gold stood at 12,413 kg and that of silver stood at 6,818 kg in 2021. Moreover, Saudi Arabia's production of copper and zinc in 2021 increased to 97,527 tons and 53,360 tons, respectively. Table 3.9 shows the output of minerals in Saudi Arabia during 2016 - 2021.

More than 318,418 thousand tons of various ores were extracted in 2021, including limestone, silica sand, salt, clay, feldspar, marble for industrial purposes, iron sand, kaolin, gypsum, marble blocks, granite blocks, crusher materials,

phosphate, bauxite, crushing materials and sand used in building and construction. Table 3.10 shows Saudi Arabia's various extracted ores during 2017 - 2021.

Electricity Generation and Consumption

The Saudi Electricity Company (SEC)'s sales of electricity in 2021 amounted to nearly 301.6 million megawatt-hours (MWh). Residential consumption accounted for 47.2 percent (142.5 million MWh) of total electricity consumption in Saudi Arabia, followed by industrial consumption with 19.5 percent (58.7 million MWh). Commercial

Chart 3.5: Saudi Exports of Crude Oil and Refined Products by Destination in 2021

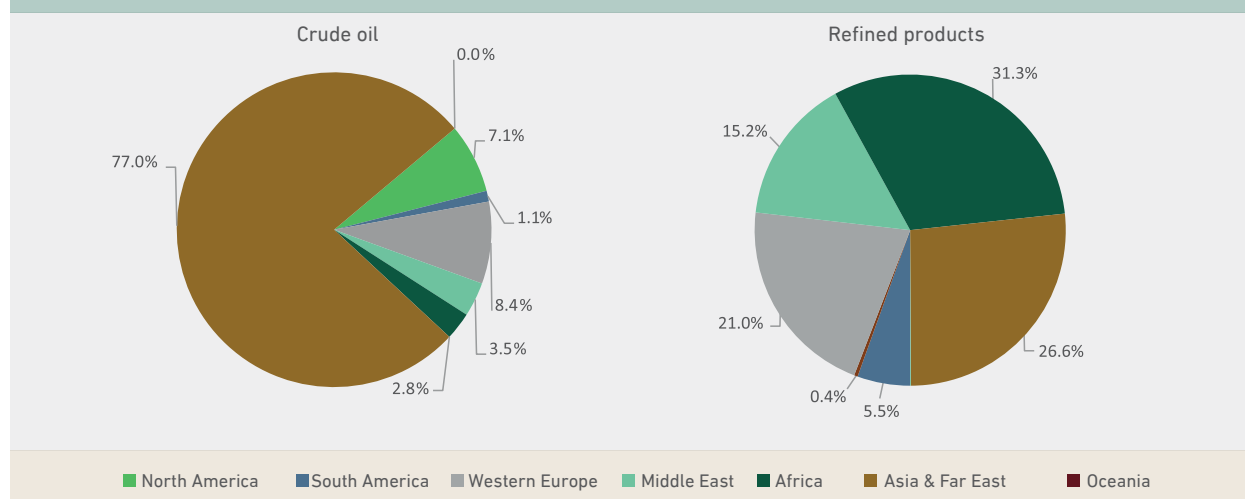


Table 3.9: Production of Minerals in Saudi Arabia

Year	Gold (kg)	Silver (kg)	Copper (ton)	Zinc (ton)
2016	6,946	4,710	110,000	41,610
2017	10,333	5,069	67,097	21,787
2018	11,765	5,322	60,340	18,000
2019	12,593	7,123	88,491	51,856
2020	11,822	6,493	92,883	50,819
2021*	12,413	6,818	97,527	53,360

*Estimates.

Source: Ministry of Industry and Mineral Resources.

Table 3.10: Mineral Ores Extracted (Thousand Ton)

Type	2017	2018	2019	2020*	2021*
Limestone	66,150	69,457	72,930	46,210	48,521
Clay	9,702	10,187	10,696	7,147	7,504
Salt	2,520	2,646	2,778	2,220	2,331
Silica sand	1,365	1,433	1,505	1,380	1,449
Crusher materials (pebbles)	364,000	382,200	401,310	197,800	207,690
Sand	23,000	24,000	25,000	21,400	22,470
Iron sand	741	778	817	764	802
Gypsum	3,150	3,307	3,472	3,803	3,993
Industrial marble	2,940	2,947	3,094	3,506	3,681
Marble blocks	13	13	14	35	36
Granite blocks	1,105	1,160	1,218	2,320	2,436
Limestone blocks	109	114	120	480	504
Kaolinite	206	216	227	213	224
Feldspar	197	206	216	523	549
Basalt	32	33	35	28	29
Pozzolan	529	555	583	930	977
Dolomite	2,237	2,348	2,465	639	671
Schist	634	665	600	570	599
Pyrophyllite	44	46	48	61	64
Low-grade bauxite	1,016	438	297	282	296
Bauxite	3,990	4,623	4,100	4,945	5,192
Diammonium phosphate	5,670	5,444	6,098	8,000	8,400

*Estimates.

Source: Deputy Ministry for Mineral Resources, Ministry of Industry and Mineral Resources (MIM).

consumption came third with 15.1 percent (45.5 million MWh), followed by government consumption with 12.6 percent (38.1 million MWh). The peak load of electricity was approximately 64,200 megawatts in 2021, and the actual capacity of electricity generation was about 69,800 megawatts. The number of subscribers to the utility in Saudi Arabia amounted to around 10.5 million at the end of 2021. The western region accounted for the largest share of total subscribers with 35.3 percent (about 3.7 million subscribers), followed by the central region with 31.7 percent (about 3.3 million), the eastern

region with 17.8 percent (about 1.9 million), and the southern region with 15.2 percent (about 1.6 million) of the total (Table 3.11 and Chart 3.6).

Chart 3.6: Growth of SEC's Electricity Sales (2018 - 2021)

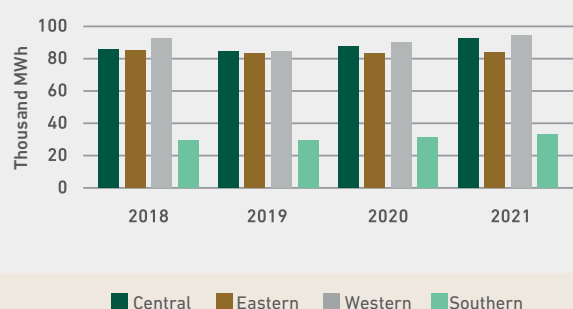
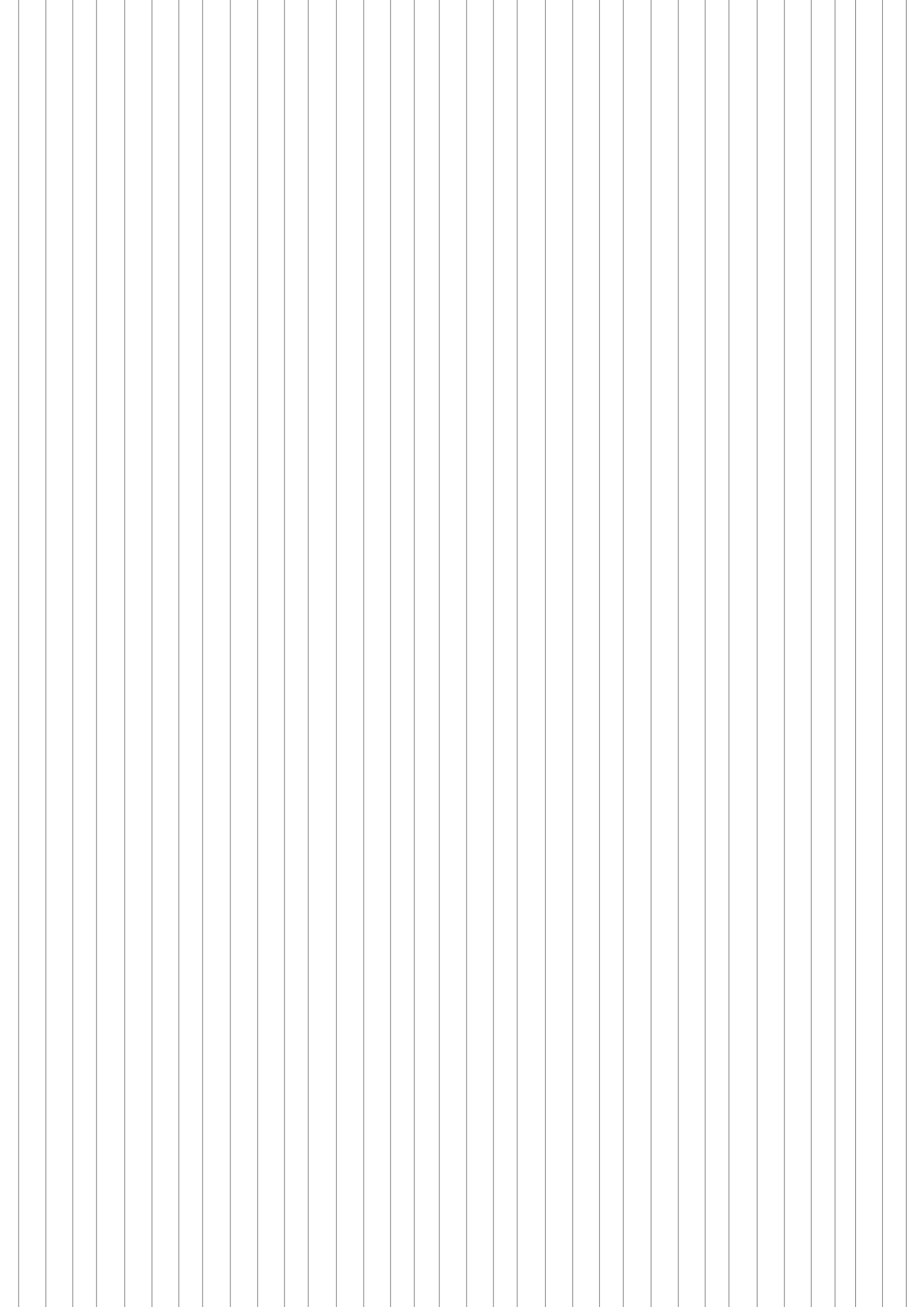


Table 3.11: Electricity Generation Capacity and Number of Subscribers for FY 1442/1443H (2021)

(Megawatt)								
Region	Actual generation capacity	Peak load	Electricity power sold					No. of subscribers
			Residential	Commercial	Government	Industrial	Others	
Central	16,200	20,800	48,701,234	17,291,628	13,919,223	7,018,608	4,542,495	3,339,650
Eastern	25,900	19,200	27,142,485	8,833,829	6,882,475	35,779,123	4,637,778	1,867,592
Western	17,900	16,400	47,656,461	14,743,593	11,206,787	14,001,584	6,314,516	3,709,431
Southern	5,900	6,600	18,978,754	4,652,037	6,099,400	1,905,004	1,256,650	1,604,584
Total	69,800	64,200	142,478,935	45,521,088	38,107,885	58,704,319	16,751,439	10,521,257

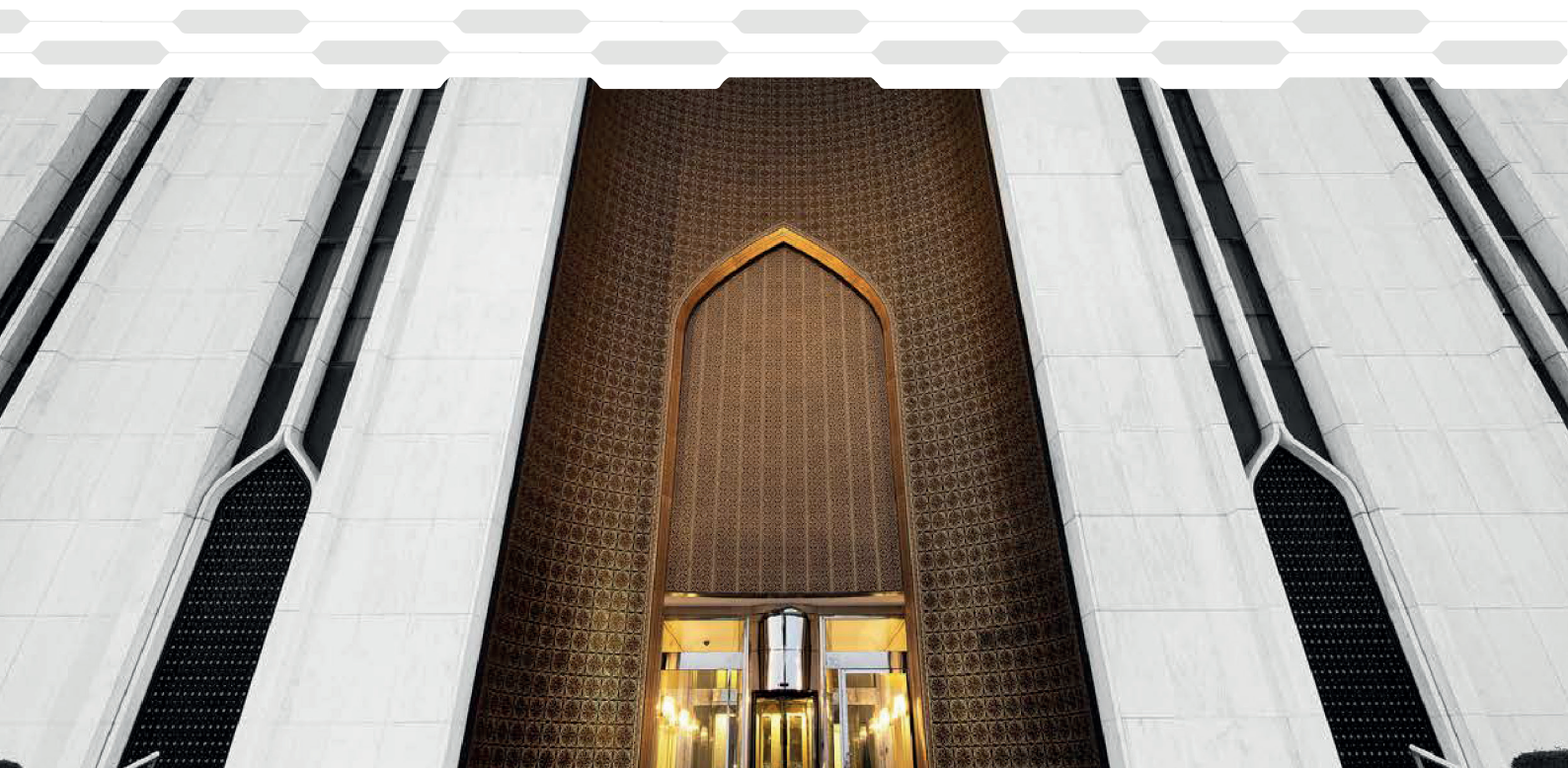
Note: Data were reclassified in 2020 by the source.

Source: Saudi Electricity Company.



4

National Accounts and Sectoral Development



National Accounts and Sectoral Development

Gross Domestic Product (GDP) for 2021

Preliminary data from the General Authority for Statistics (GaStat) indicate that GDP at constant prices (2010=100) grew by 3.2 percent to SAR 2,614.7 billion in 2021, compared to a contraction of 4.1 percent in 2020. This growth is attributable to an increase of 4.9 percent in the non-oil sector, compared to a decrease of 2.5 percent in 2020. The non-oil private sector increased by 6.2 percent

in 2021 compared to a decline of 3.4 percent in the preceding year. The non-oil government sector also rose by 1.9 percent compared to a decline of 0.6 percent in the preceding year. In addition, the oil sector increased by 0.2 percent in 2021 compared to a decrease of 6.6 percent in the preceding year (Table 4.1).

Preliminary data also show that GDP at current prices grew by 18.5 percent to about SAR 3,125.8 billion in 2021 against a contraction of 12.5 percent in 2020. This growth was attributable to a 51.6 percent increase in the oil sector compared to a decrease of 36.1 percent in the preceding year. Moreover, the non-oil sector rose by 4.7 percent in

Table 4.1: GDP by Sector

(Million SAR)						
	2020			2021*		
	Value	Share	Growth	Value	Share	Growth
At constant prices (2010)						
1. Oil sector	1,018,704	40.2	-6.6	1,020,840	39.0	0.2
2. Non-oil sector	1,426,638	56.3	-2.5	1,496,497	57.2	4.9
a. Private sector	978,086	38.6	-3.4	1,039,202	39.7	6.2
b. Government sector	448,552	17.7	-0.6	457,295	17.5	1.9
GDP (excluding net product tax)	2,445,342	96.6	-4.3	2,517,336	96.3	2.9
Net product tax	87,280	3.4	0.3	97,367	3.7	11.6
GDP	2,532,622	100.0	-4.1	2,614,703	100.0	3.2
At current prices						
1. Oil sector	612,236	23.2	-36.1	928,210	29.7	51.6
2. Non-oil sector	1,908,123	72.3	-2.8	1,997,928	63.9	4.7
a. Private sector	1,244,616	47.2	-3.7	1,327,420	42.5	6.7
b. Government sector	663,507	25.2	-1.1	670,509	21.5	1.1
GDP (excluding net product tax)	2,520,359	95.6	-13.7	2,926,138	93.6	16.1
Net product tax	117,270	4.4	27.5	199,641	6.4	70.2
GDP	2,637,629	100.0	-12.5	3,125,780	100.0	18.5
Implicit deflator (2010 = 100)						
GDP	104.15	--	-8.7	119.55	--	14.8
1. Oil sector	60.10	--	-31.5	90.93	--	51.3
2. Non-oil sector	133.75	--	-0.3	133.51	--	-0.2

*Preliminary data.
Source: GaStat.

2021 against a decline of 2.8 percent in 2020. The non-oil private sector posted a rise of 6.7 percent, compared to a decline of 3.7 percent in the preceding year. Furthermore, the non-oil government sector registered an increase of 1.1 percent, compared to a decrease of 1.1 percent in the preceding year. On the other hand, the non-oil GDP implicit deflator decreased by 0.2 percent in 2021, compared to a decrease of 0.3 percent in the preceding year (Table 4.1).

Contribution of Sectors to GDP for 2021

Contribution of Private Sector to GDP

The contribution of the private sector to GDP at constant prices (2010=100) increased to 41.3 percent in 2021 from 40.0 percent in 2020 (Table 4.2 and Chart 4.1).

Contribution of Government Sector to GDP

The contribution of the government sector to GDP at constant prices (2010=100) decreased to 18.2 percent in 2021 from 18.3 percent in the preceding year (Table 4.2 and Chart 4.1).

Contribution of Oil Sector to GDP

The contribution of the oil sector to GDP at constant prices (2010 = 100) decreased to 40.6 percent in 2021 from 41.7 percent in the preceding year (Table 4.2 and Chart 4.1).

Contribution of Key Economic Activities to Real GDP

Contribution of Services to Real GDP

The contribution of the services (including wholesale and retail trade; restaurants and hotels; transport, storage and telecommunications; finance, insurance, real estate and business services; community, social and personal services; and producers of government services) to GDP at constant prices (2010 = 100) increased to 43.6 percent in 2021 against 42.9 percent in 2020. In addition, the services at constant prices (2010=100) for 2021 recorded a growth of 4.7 percent, compared to a decline of 1.9 percent in 2020 (Table 4.3 and Chart 4.2).

Table 4.2: Contribution of Oil and Non-Oil Sectors to GDP (at 2010 Constant Prices)

Year	GDP**	Private sector			Government sector			Oil sector		
	(Million SAR)	(Million SAR)	Share	Change	(Million SAR)	Share	Change	(Million SAR)	Share	Change
2017	2,549,820	1,015,210	39.8	1.5	431,442	16.9	0.7	1,103,168	43.3	-3.1
2018	2,552,745	982,127	38.5	-3.3	442,268	17.3	2.5	1,128,350	44.2	2.3
2019	2,554,878	1,012,389	39.6	3.1	451,261	17.7	2.0	1,091,228	42.7	-3.3
2020	2,445,342	978,086	40.0	-3.4	448,552	18.3	-0.6	1,018,704	41.7	-6.6
2021*	2,517,336	1,039,202	41.3	6.2	457,295	18.2	1.9	1,020,840	40.6	0.2

*Preliminary data. **Excluding net product tax.
Source: GaStat.

Contribution of Mining and Quarrying to Real GDP

The contribution of mining and quarrying (including crude oil and natural gas) to GDP at constant prices (2010=100) fell to 37.1 percent in 2021 from 38.6 percent in the preceding year. Moreover, the mining and quarrying at constant prices (2010=100) for 2021 declined by 1.1 percent compared to a decline of 6.0 percent in the preceding year (Table 4.3 and Chart 4.2).

Contribution of Industry to Real GDP

The contribution of industry (including oil refining) to GDP at constant prices (2010=100) rose to 12.1 percent in 2021 from 11.2 percent in the preceding year. Industry at constant prices (2010=100) for 2021 rose by 11.6 percent compared to a decline of 9.0 percent in the preceding year (Table 4.3 and Chart 4.2).

Chart 4.1: Contribution of Economic Sectors to GDP in 2021 at Constant Prices (Excluding Net Product Tax)

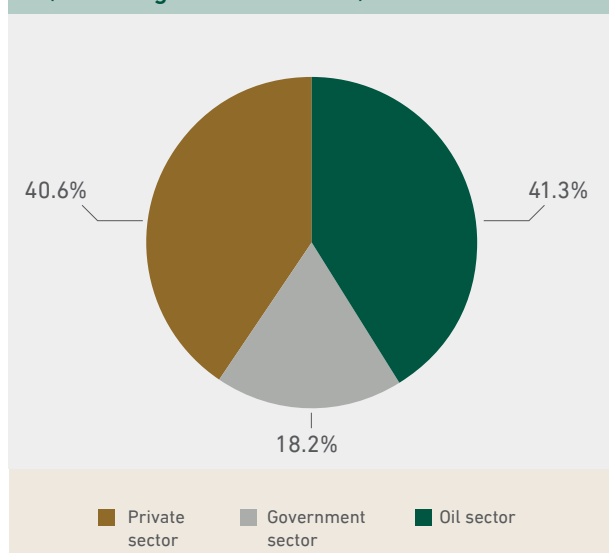


Chart 4.2: Contribution of Economic Activities to GDP in 2021 at Constant Prices (Excluding Net Product Tax)

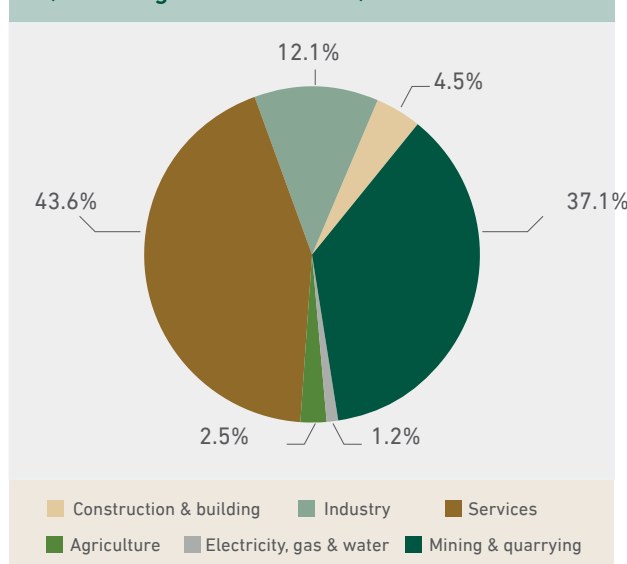


Table 4.3: Contribution of Services Activity, Mining and Quarrying Activity and Industrial Activity to GDP (at 2010 Constant Prices)

Year	GDP**	Services activity***			Mining & quarrying activity****			Industrial activity*****		
	(Million SAR)	(Million SAR)	Share	Change	(Million SAR)	Share	Change	(Million SAR)	Share	Change
2017	2,549,820	1,036,885	40.7	1.9	1,010,104	39.6	-3.5	311,982	12.2	1.3
2018	2,552,745	1,035,600	40.6	-0.1	1,039,086	40.7	2.9	300,421	11.8	-3.7
2019	2,554,878	1,069,997	41.9	3.3	1,004,884	39.3	-3.3	299,971	11.7	-0.1
2020	2,445,342	1,049,211	42.9	-1.9	944,636	38.6	-6.0	273,074	11.2	-9.0
2021*	2,517,336	1,098,250	43.6	4.7	934,167	37.1	-1.1	304,663	12.1	11.6

*Preliminary data. **Excluding net product tax. ****Including crude oil & natural gas. *****Including oil refining.

***Including wholesale & retail trade; restaurants & hotels; transport, storage & telecommunications; finance, insurance, real estate & business services; community, social & personal services; & producers of government services.

Source: GaStat.

Table 4.4: Contribution of Some Economic Activities to GDP (at 2010 Constant Prices)

(Million SAR)										
Year	GDP**	Agricultural activity***	Share	Change	Construction & building	Share	Change	Electricity, gas & water	Share	Change
2017	2,549,820	60,422	2.4	-7.0	117,259	4.6	-26.5	34,132	1.3	-11.1
2018	2,552,745	60,501	2.4	0.1	107,533	4.2	-8.3	30,836	1.2	-9.7
2019	2,554,878	61,202	2.4	1.2	110,399	4.3	2.7	30,391	1.2	-1.4
2020*	2,445,342	60,187	2.5	-1.7	112,529	4.6	1.9	29,151	1.2	-4.1
2021*	2,517,336	61,780	2.5	2.6	113,944	4.5	1.3	29,817	1.2	2.3

*Preliminary data. **Excluding net product tax. ***Including agriculture, forestry & fishing.
Source: GaStat.

Contribution of Other Key Economic Activities to Real GDP

The contribution of agricultural activity (including agriculture, forestry and fishing) to GDP at constant prices (2010=100) remained unchanged in 2021 at 2.5 percent just as that of the preceding year. Additionally, the agricultural activity at constant prices (2010=100) for 2021 recorded a growth of 2.6 percent, compared to a decline of 1.7 percent in 2020 (Table 4.4 and Chart 4.2).

The contribution of construction and building to GDP at constant prices (2010=100) stood at 4.5 percent in 2021 compared to 4.6 percent in the preceding year. This activity grew by 1.3 percent in 2021 against a growth of 1.9 percent in the preceding year (Table 4.4 and Chart 4.2).

Moreover, the contribution of electricity, gas and water to GDP at constant prices (2010=100) was 1.2 percent in 2021 just as that of the preceding year. This activity recorded a rise of 2.3 percent in 2021, compared to a decline of 4.1 percent in 2020 (Table 4.4 and Chart 4.2).

Nominal GDP Developments by Key Economic Activities

Preliminary data of GDP at current prices indicate that all economic activities grew in 2021 at varying degrees. Mining and quarrying recorded the highest growth rate of 49.8 percent in 2021, compared to a contraction of 37.4 percent in 2020. Manufacturing industries came second with a growth of 27.7 percent against a contraction of 12.1 percent in the preceding year, followed by agriculture, forestry and fishing with a growth of 7.8 percent against a rise of 1.3 percent in 2020. Wholesale and retail trade, restaurants, and hotels came next with a 7.7 percent growth against a contraction of 7.4 percent in the preceding year. Building and construction followed with a growth rate of 5.9 percent compared to an increase of 3.5 percent in the preceding year; transport, storage and telecommunications with a 5.4 percent growth against a contraction of 7.3 percent; finance, insurance, real estate and business services with a 2.5 percent growth against a rise of 1.2 percent; producers of government services with a 0.5 percent growth against a contraction of 0.4 percent; and electricity, gas and water with a 0.5 percent growth against a contraction of 6.1 percent (Table 4.5).

Table 4.5: GDP by Economic Activities (at Current Prices)

(Million SAR)								
	2018	2019	2020			2021*		
			Value	Share	Growth	Value	Share	Growth
1. Agriculture, forestry & fishing	65,493	66,204	67,046	2.7	1.3	72,252	2.5	7.8
2. Mining & quarrying	972,350	855,282	535,694	21.3	-37.4	802,491	27.4	49.8
3. Manufacturing industries***	371,730	363,466	319,555	12.7	-12.1	408,076	13.9	27.7
4. Electricity, gas & water	45,326	44,167	41,481	1.6	-6.1	41,677	1.4	0.5
5. Construction & building	145,857	155,674	161,096	6.4	3.5	170,675	5.8	5.9
6. Wholesale & retail trade, restaurants, & hotels	271,383	288,288	266,920	10.6	-7.4	287,551	9.8	7.7
7. Transport, storage & telecommunications	166,019	175,323	162,550	6.4	-7.3	171,269	5.9	5.4
8. Finance, insurance, real estate & business services	347,521	359,048	363,504	14.4	1.2	372,755	12.7	2.5
9. Producers of government services	556,955	580,253	577,967	22.9	-0.4	581,023	19.9	0.5
GDP**	2,977,433	2,921,617	2,520,359	100.0	-13.7	2,926,138	100.0	16.1

Preliminary data. **Excluding net product tax. *Including oil refining.

Source: GaStat.

Per Capita Share

Preliminary figures indicate that the per capita GDP (at current prices) in Saudi Arabia increased by 16.4 percent to SAR 87,415 in 2021 versus SAR 75,116 in 2020 (Table 4.6).

Expenditure on GDP in 2021

Preliminary figures show that expenditure on GDP (at current prices) went up by 18.5 percent to SAR 3,125.8 billion in 2021 against a decrease of 12.5 percent in 2020. This increase was due to a dramatic surge of 4,170.3 percent in net exports of goods and services to register a surplus of SAR 325.8 billion in 2021, compared to SAR 7.6 billion

in the preceding year. private consumption also increased by 13.8 percent to SAR 1,297.2 billion against a contraction of 2.0 percent in the preceding year. In addition, gross final consumption rose by 8.4 percent to SAR 2,060.9 billion in 2021, compared to an increase of 0.9 percent in the preceding year. Gross capital formation increased by 1.4 percent to SAR 739.1 billion, compared to a decrease of 17.0 percent in the preceding year. Moreover, government consumption expanded by 0.3 percent to SAR 763.7 billion compared to an increase of 5.5 percent in the preceding year (Table 4.7 and Chart 4.3).

Table 4.6: Per Capita GDP

	2018	2019	2020	Change	2021*	Change
GDP** (current prices) (million SAR)	3,062,170	3,013,561	2,637,629	-12.5	3,125,780	18.5
Per capita GDP (SAR)	91,644	88,069	75,116	-14.7	87,415	16.4

*Preliminary data. **Including net product tax.

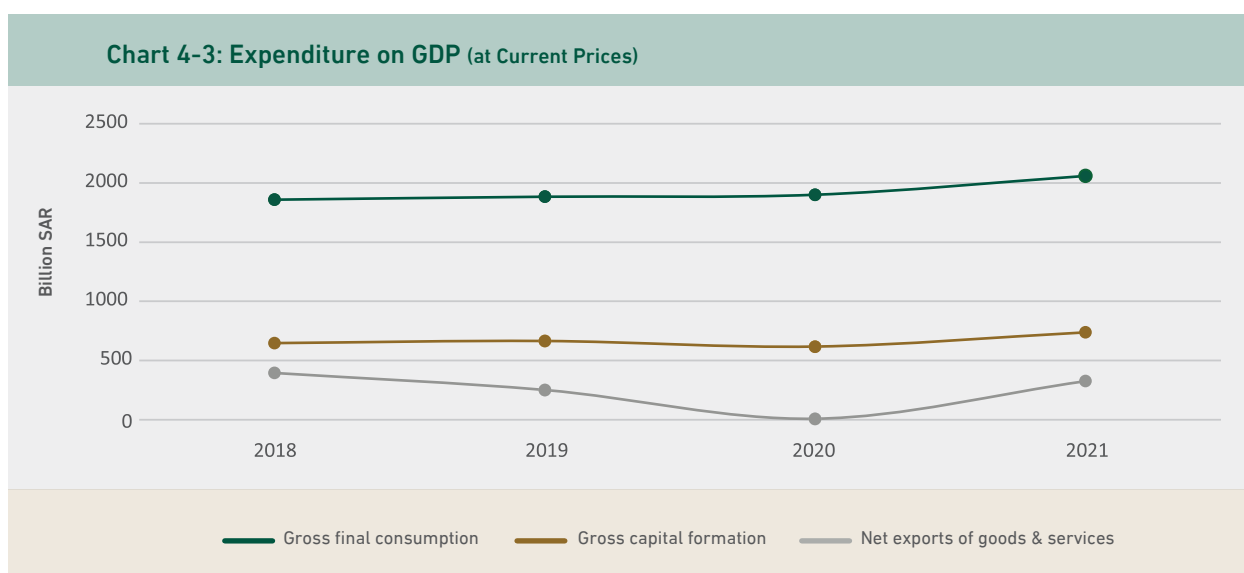
Source: GaStat.

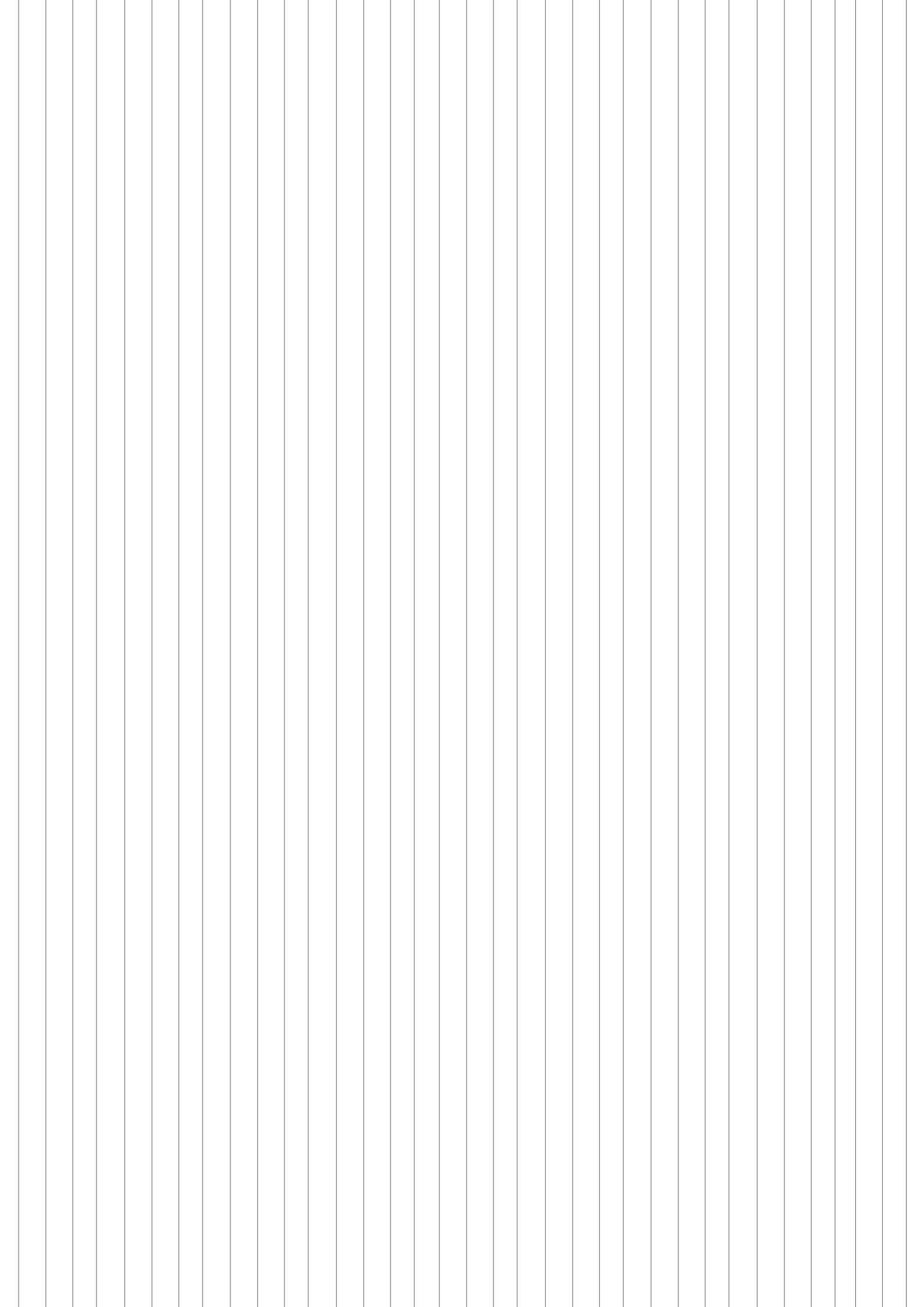
Table 4.7: Expenditure on GDP (at Current Prices)

	(Million SAR)											
	2018			2019			2020			2021*		
	Value	Share	Change	Value	Share	Change	Value	Share	Change	Value	Share	Change
Gross final consumption expenditure	1,859,511	60.7	9.7	1,884,537	62.5	1.3	1,901,320	72.1	0.9	2,060,917	65.9	8.4
Government final consumption expenditure	736,234	24.0	16.7	721,283	23.9	-2.0	761,122	28.9	5.5	763,741	24.4	0.3
Private final consumption expenditure	1,123,277	36.7	5.6	1,163,254	38.6	3.6	1,140,198	43.2	-2.0	1,297,176	41.5	13.8
Gross capital formation**	807,682	26.4	8.4	878,077	29.1	8.7	728,680	27.6	-17.0	739,100	23.6	1.4
Net exports of goods & services***	394,977	12.9	177.0	250,947	8.3	-36.5	7,629	0.3	-97.0	325,763	10.4	4,170.3
Expenditure on GDP	3,062,170	100.0	18.6	3,013,561	100.0	-1.6	2,637,629	100.0	-12.5	3,125,780	100.0	18.5

*Preliminary data. **Including inventory change. ***Net exports of goods & services = Total exports of goods & services - total imports of goods & services.

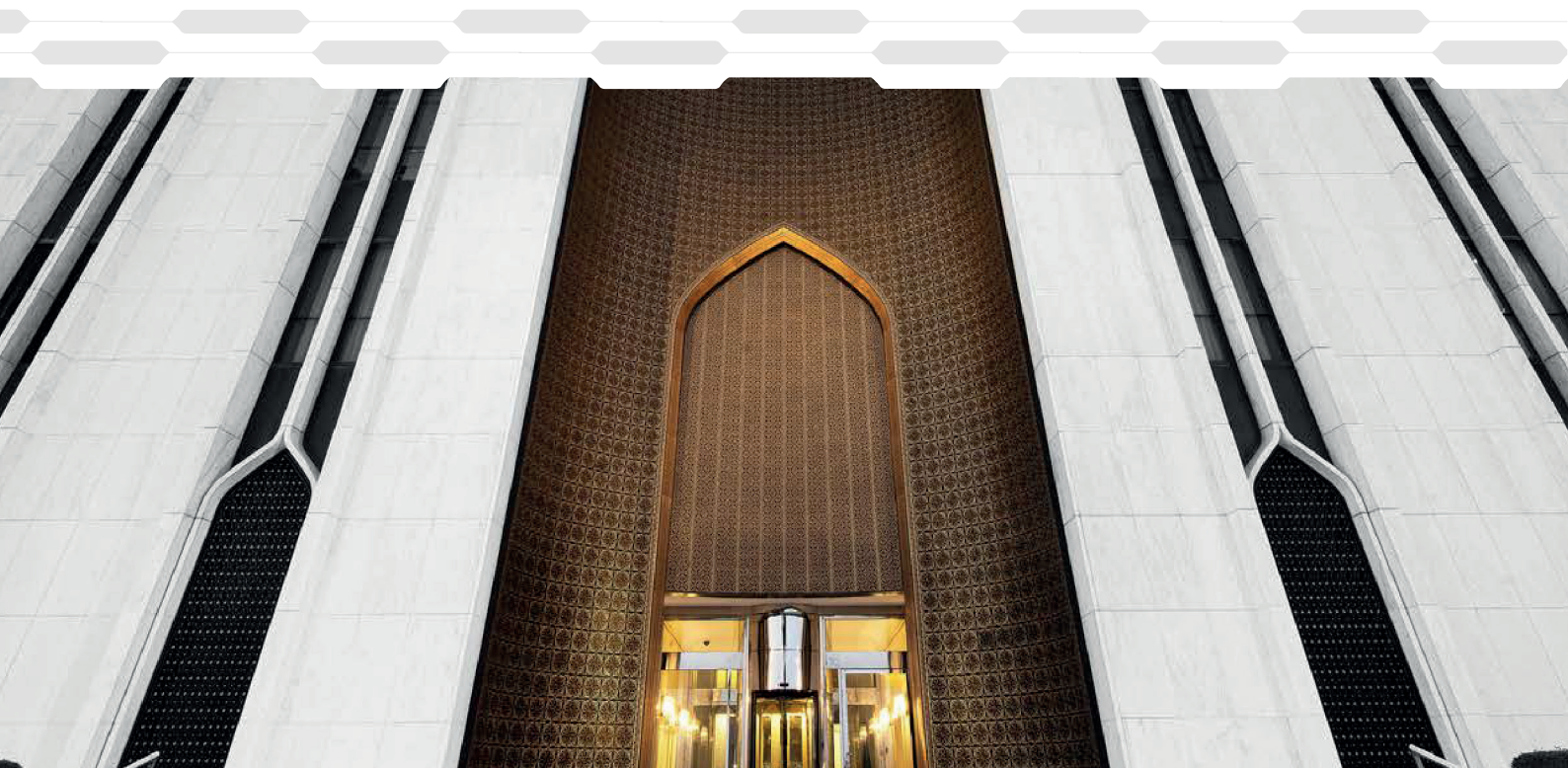
Source: GaStat.





5

External Sector



External Sector

According to data from the General Authority for Statistics (GaStat), the total value of Saudi Arabia's oil exports stood at around SAR 758.1 billion in 2021, accounting for 73.2 percent of Saudi Arabia's total exports compared to around SAR 447.6 billion in 2020. Oil exports accounted for 24.3 percent of Saudi Arabia's GDP. The non-oil exports (including re-exports) amounted to nearly SAR 277.5 billion in 2021, representing 26.8 percent of Saudi Arabia's total exports. The total value of imports (CIF) amounted to about SAR 573.2 billion, constituting 18.3 percent of GDP. Estimates of Saudi Arabia's balance of payments indicated a surplus of around SAR 166.2 billion in the current account in 2021, representing 5.3 percent of GDP.

External Trade

External trade figures show that the total value of Saudi Arabia's merchandise trade

(exports + imports) increased by 37.6 percent to approximately SAR 1,608.9 billion in 2021 compared to around SAR 1,169.4 billion in the preceding year. The ratio of external merchandise trade to GDP was 51.5 percent in 2021 compared to 44.3 percent in the preceding year.

Exports

According to GaStat data, the total value of Saudi Arabia's merchandise exports reached nearly SAR 1,035.7 billion in 2021 compared to around SAR 652.0 billion in 2020, rising by 58.9 percent compared to a decline of 33.5 percent in the preceding year (Table 5.1).

Oil Exports

According to preliminary data, Saudi Arabia's oil exports amounted to around SAR 758.1 billion in 2021, jumping by 69.4 percent compared to a decline of 40.5 percent in the preceding year. They constituted 73.2 percent of total exports (Table 5.1). The rise was due to higher oil prices in global markets, with the average price of Arab light crude standing at around \$70.65 per barrel in 2021 compared to \$41.91 per barrel in 2020,

Table 5.1: Saudi Arabia's Commodity Exports

(Million SAR)								
	2018	2019	2020	2021	Share			Change 2021
					2019	2020	2021	
Oil exports	868,442	751,828	447,600	758,124	76.6	68.7	73.2	69.4
Crude oil	704,505	625,863	376,434	603,826	63.8	57.7	58.3	60.4
Refined products	163,938	125,965	71,166	154,298	12.8	10.9	14.9	116.8
Non-oil exports	235,458	229,184	204,352	277,548	23.4	31.3	26.8	35.8
Petrochemicals	153,233	140,748	118,953	175,184	14.3	18.2	16.9	47.3
Construction materials	19,557	16,289	15,225	20,890	1.7	2.3	2.0	37.2
Agricultural, animal & food products	12,950	13,038	12,753	15,605	1.3	2.0	1.5	22.4
Other goods*	49,719	59,109	57,421	65,869	6.0	8.8	6.4	14.7
Total	1,103,901	981,013	651,952	1,035,672	100.0	100.0	100.0	58.9

*Including re-exports.

Source: GaStat.

according to OPEC data. Furthermore, the rise came despite the decrease in Saudi Arabia's average crude oil production from 9.2 million barrels per day (bpd) in 2020 to nearly 9.1 million bpd in 2021.

Data on oil exports by type indicate that the value of crude oil exports jumped by 60.4 percent from around SAR 376.4 billion in 2020 to nearly SAR 603.8 billion in 2021, constituting 58.3 percent of total exports. In addition, the value of refined product exports jumped by 116.8 percent from nearly SAR 71.2 billion to about SAR 154.3 billion, representing 14.9 percent of total exports. Chart 5.1 shows the developments in Saudi Arabia's oil exports.

Non-Oil Exports

According to GaStat data, Saudi Arabia's non-oil exports rose by 35.8 percent to around SAR 277.5 billion (the highest historically) in 2021, constituting 26.8 percent of total exports (Table 5.1). The value of petrochemical exports went up by 47.3 percent to nearly SAR 175.2 billion, with 16.9 percent of total exports. Furthermore, the value of construction materials exports rose by 37.2 percent to around SAR 20.9 billion, constituting 2.0 percent of the total. The value of exports of agricultural, animal and food products increased by 22.4 percent to about SAR 15.6 billion with a share of 1.5 percent of total exports.

Chart 5.1: Saudi Oil Exports

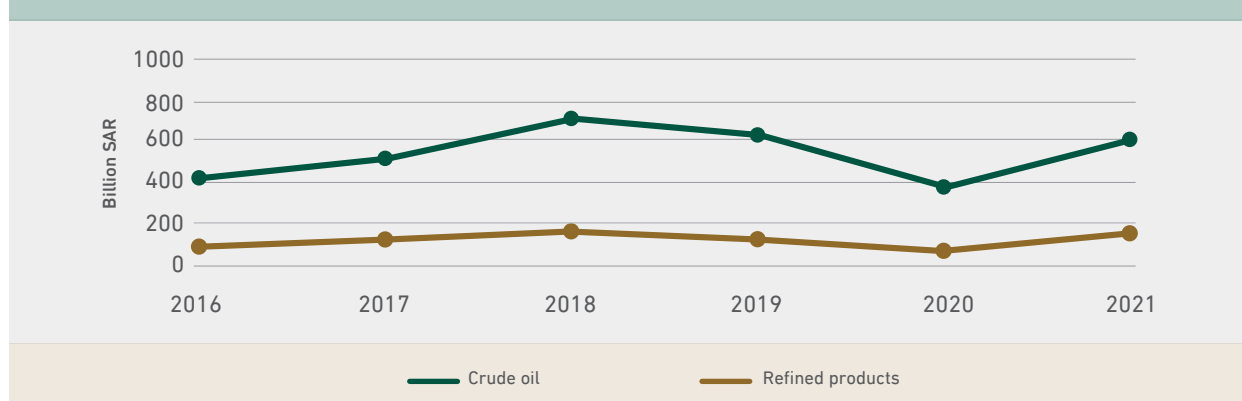
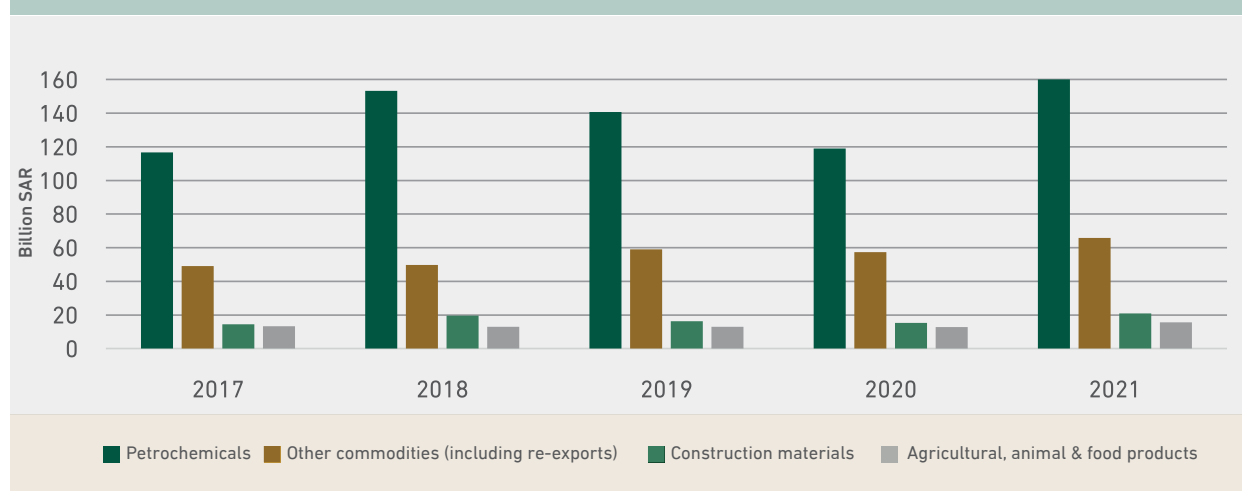


Chart 5.2: Components of Saudi Non-Oil Exports



The value of other commodities exports, including re-exports, also increased by 14.7 to SAR 65.9 billion, representing 6.4 of total exports. Chart 5.2 shows the numbers and developments of non-oil exports over 2017-2021.

Development of Saudi Non-Oil Exports

The Saudi Export Program (SEP) is one of the key programs launched by the Saudi Fund for Development (SFD) in 1999. The program offers credit facilities and guarantees to exporters to diversify the national income sources through developing non-oil exports and promoting their competitiveness in line with the objectives of Saudi Vision 2030.

The number of financing operations approved by the SFD since the SEP was launched reached 300, with a total value of SAR 86.5 billion. The SEP

also approved two sets of financing operations for exports in 2021, with a total value of SAR 4.5 billion (Table 5.2). SEP extended a finance of SAR 4.5 billion for manufacturing and SAR 49 million for financial and insurance activities.

Imports

GaStat data show that the value of imports of goods (CIF) increased by 10.8 percent to around SAR 573.2 billion in 2021 from nearly SAR 517.5 billion in 2020 (Table 5.3).

Detailed data on Saudi Arabia's imports by the main component for 2021 (Chart 5.3) show that imports of electric machinery, appliances and equipment and their parts (SAR 114.5 billion) ranked first with a share of 20.0 percent of total imports, increasing by 5.0 percent over the preceding year. Imports of other goods came

Table 5.2: Finance and Guarantee of Saudi Exports

(Million SAR)			
Sector	2019	2020	2021*
Manufacturing	3,560	2,670	4,500
Building & construction	232	13	--
Agriculture	10	5	--
Mining & quarrying	917	995	--
Financial & insurance activities	761	429	49
Total	5,480	4,112	4,549

*Preliminary data.

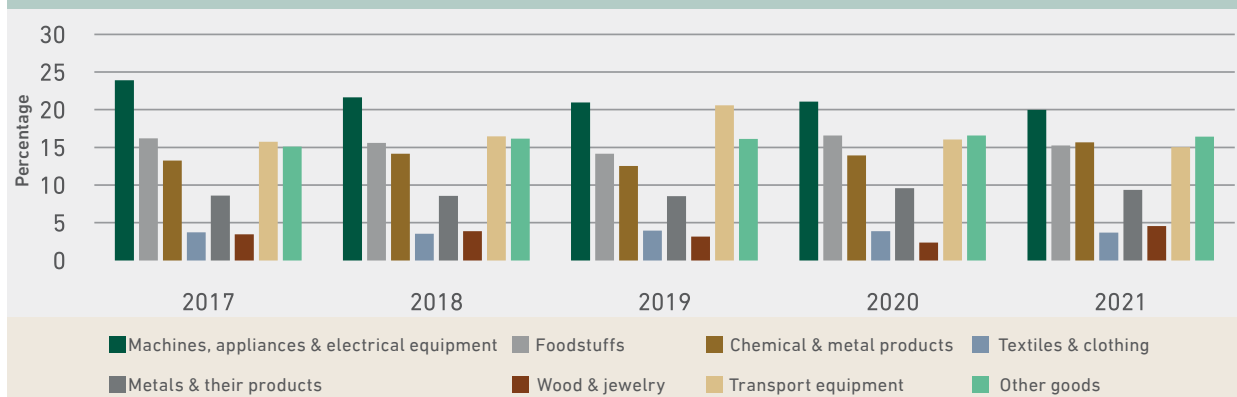
Source: Saudi Fund for Development (SFD).

Table 5.3: Saudi Arabia's Imports (CIF) by Main Components

	Million SAR			Share			Change
	2019	2020	2021	2019	2020	2021	2021
Electric machinery, appliances & equipment	120,291	109,094	114,500	20.9	21.1	20.0	5.0
Foodstuffs	81,369	85,716	87,529	14.2	16.6	15.3	2.1
Chemical & related products	71,876	72,017	89,891	12.5	13.9	15.7	24.8
Textiles & clothing	22,732	20,018	21,060	4.0	3.9	3.7	5.2
Metals & their products	48,896	49,600	53,735	8.5	9.6	9.4	8.3
Wood & jewelry	18,258	12,342	26,199	3.2	2.4	4.6	112.3
Transport equipment	118,264	83,009	86,201	20.6	16.0	15.0	3.8
Other goods	92,675	85,695	94,070	16.1	16.6	16.4	9.8
Total	574,361	517,491	573,185	100.0	100.0	100.0	10.8

Source: General Authority for Statistics (GaStat).

Chart 5.3: Saudi Arabia's Imports (CIF) by Main Components



second with a share of 16.4 percent (SAR 94.1 billion), rising by 9.8 percent over the preceding year. Imports of chemical and related products ranked third with a share of 15.7 percent (SAR 89.9 billion), rising by 24.8 percent over the preceding year. Imports of foodstuffs ranked fourth with a share of 15.3 percent (SAR 87.5 billion), increasing by 2.1 percent. Imports of transport equipment and their parts ranked fifth with a share of 15.0

percent (SAR 86.2 billion), rising by 3.8 percent. Imports of ordinary metals and their products ranked sixth with a share of 9.4 percent (SAR 53.7 billion), increasing by 8.3 percent. Imports of wood and jewelry came next in seventh place with a share of 4.6 percent (SAR 26.2 billion), rising by 112.3 percent. Imports of textiles and clothing came last with a share of 3.7 percent (SAR 21.1 billion), increasing by 5.2 percent.

Table 5.4: Destination of Exports and Origin of Imports (CIF)*

	2020	2021	Share		Change
			2020	2021	2021
Exports					
China	120,016	190,911	18.4	18.4	59.1
Japan	62,307	102,598	9.6	9.9	64.7
India	60,208	99,966	9.2	9.7	66.0
South Korea	54,379	87,342	8.3	8.4	60.6
USA	31,024	53,517	4.8	5.2	72.5
Total of the five countries	327,934	534,334	50.3	51.6	62.9
GCC countries	72,139	96,744	11.1	9.3	34.1
Other Arab countries	46,547	83,205	7.1	8.0	78.8
Rest of the world	205,332	321,389	31.5	31.0	56.5
Total exports	651,952	1,035,672	100.0	100.0	58.9
Imports					
China	101,562	113,381	19.6	19.8	11.6
USA	55,145	60,549	10.7	10.6	9.8
India	24,530	30,277	4.7	5.3	23.4
Germany	26,869	28,093	5.2	4.9	4.6
Japan	21,767	732,22	4.2	4.0	4.4
Total of the five countries	229,873	255,032	44.4	44.5	10.9
GCC countries	49,171	65,735	9.5	11.5	33.7
Other Arab countries	18,803	26,216	3.6	4.6	39.4
Rest of the world	219,644	226,202	42.4	39.5	3.0
Total imports	517,491	573,185	100.0	100.0	10.8

*Including re-exports.

Source: GaStat.

Destination of Exports and Origin of Imports

The destination of exports and origin of imports are classified into four groups. The first group comprises the top five non-Arab countries. The second group includes the GCC member countries, the third comprises Arab countries excluding the GCC countries, and the fourth comprises the rest of the world (Table 5.4).

Destination of Exports

Saudi Arabia's exports to the top five non-Arab countries increased by 62.9 percent to around SAR 534.3 billion in 2021, representing 51.6 percent of total exports. Exports to China ranked first with a share of 18.4 percent (SAR 190.9 billion) of the total exports, increasing by 59.1 percent over the preceding year. Exports to Japan came in second place with a share of 9.9 percent (SAR 102.6 billion), rising by 64.7 percent from the preceding year, followed by India with a share of 9.7 percent (SAR 100.0 billion), rising by 66.0 percent. Exports to South Korea came fourth with a share of 8.4 percent (SAR 87.3 billion), increasing by 60.6 percent. Exports to

the United States ranked fifth with a share of 5.2 percent (SAR 53.5 billion), rising by 72.5 percent over the preceding year. Chart 5.4A shows the destinations of Saudi Arabia's exports in 2021.

Saudi Arabia's exports to the GCC countries rose by 34.1 percent to around SAR 96.7 billion in 2021, accounting for 9.3 percent of total exports. Exports to other Arab countries jumped by 78.8 percent to nearly SAR 83.2 billion, accounting for 8.0 percent of total exports. Further, exports to rest of the world increased by 56.5 percent to about SAR 321.4 billion, with a share of 31.0 percent.

Origin of Imports

Detailed data on total imports indicate that imports from the top five non-Arab exporting countries to Saudi Arabia increased by 10.9 percent to around SAR 255.0 billion in 2021, with a share of 44.5 percent of Saudi Arabia's total imports. Imports from China ranked first with a share of 19.8 percent (SAR 113.4 billion) of Saudi Arabia's total imports, increasing by 11.6 percent over the preceding year. Imports from the

Chart 5.4B: Saudi Arabia's Imports by Origin

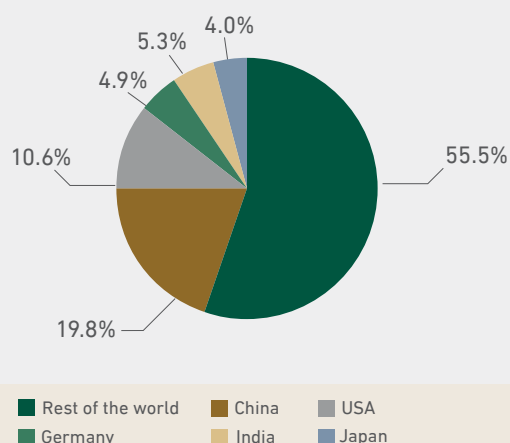
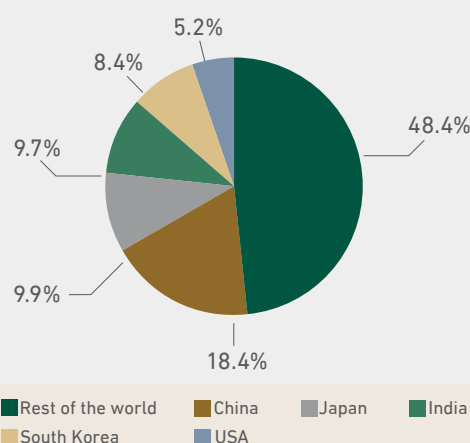


Chart 5.4A: Destination of Exports



United States came second with a share of 10.6 percent (SAR 60.5 billion), rising by 9.8 percent over the preceding year. Imports from India followed with a share of 5.3 percent (SAR 30.3 billion), increasing by 23.4 percent. Imports from Germany came fourth with a share of 4.9 percent (SAR 28.1 billion), rising by 4.6 percent. Imports from Japan came fifth with a share of 4.0 percent (SAR 22.7 billion), increasing by 4.4 percent.

Saudi Arabia's imports from GCC countries recorded a rise of 33.7 percent to SAR 65.7 billion in 2021, accounting for 11.5 percent of total imports. Imports from other Arab countries went up 39.4 percent to around SAR 26.2 billion, accounting for 4.6 percent of total imports. Imports from rest of the world rose by 3.0 percent to SAR 226.2 billion, accounting for 39.5 percent of total imports. Chart.10 5.4B shows Saudi Arabia's imports by origin in 2021.

Non-Oil Trade with GCC Countries

Saudi Arabia's net non-oil trade with the GCC countries recorded a deficit of around SAR 7.0 billion in 2021 against a surplus of around SAR 1.2 billion in 2020. The imports from the GCC countries increased by 33.7 percent to around SAR 65.7 billion in 2021, compared to nearly SAR 49.2 billion in the preceding year, accounting for 11.5 percent of total imports. Saudi exports to the GCC countries increased by 16.7 percent to SAR 58.7 billion in 2021, accounting for 21.2 percent of total non-oil exports (including re-exports).

Detailed data for 2021 indicate that Saudi Arabia's non-oil commodity balance with Kuwait and Qatar recorded surpluses of SAR 4.6 billion and

SAR 1.7 billion, respectively. However, it recorded a deficit with the UAE, Oman, and Bahrain of SAR 9.1 billion, SAR 2.9 billion, and SAR 1.3 billion, respectively.

Data on Saudi Arabia's non-oil exports to GCC countries in 2021 show that the UAE remained in first place with SAR 37.7 billion or 64.2 percent of the total. Bahrain came next with SAR 8.4 billion (14.4 percent), Kuwait with SAR 6.7 billion (11.4 percent), Oman with SAR 3.8 billion (6.5 percent) and Qatar came last with SAR 2.1 billion (3.6 percent).

For Saudi Arabia's non-oil imports from GCC countries in 2021, the UAE remained in the first place as the largest GCC exporter to Saudi Arabia, with exports amounting to SAR 46.8 billion (71.1 percent of the total). Bahrain came second with SAR 9.7 billion (14.8 percent), followed by Oman with SAR 6.7 billion (10.2 percent), Kuwait with SAR 2.1 billion (3.2 percent), and Qatar came last with SAR 0.4 billion (0.6 percent) (Table 5.5).

Non-Oil Trade with Top Arab Trading Partners

Saudi Arabia's non-oil trade with Arab countries (excluding GCC countries) registered a surplus of SAR 9.1 billion in 2021 against SAR 8.2 billion in 2020. Imports from Arab countries increased by 39.4 percent to around SAR 26.2 billion in 2021 compared to SAR nearly 18.8 billion in the preceding year, accounting for 4.6 percent of total imports. Moreover, exports to Arab countries increased by 30.6 percent to SAR 35.3 billion, constituting 12.7 percent of total non-oil exports (including re-exports).

Table 5.5: Saudi Non-Oil Trade with GCC Countries*

(Million SAR)													
Country	2019			2020			2021			Change in 2021		Share in 2021	
	Imports from	Exports to	Difference	Imports from	Exports to	Difference	Imports from	Exports to	Difference	Imports	Exports	Imports	Exports
UAE	39,806	33,043	(6,763)	34,287	33,714	(573)	46,770	37,681	(9,089)	36.4	11.8	71.1	64.2
Bahrain	6,426	7,164	738	6,950	6,991	41	9,747	8,428	(1,319)	40.2	20.6	14.8	14.4
Qatar	--	--	--	--	--	--	385	2,101	1,716	--	--	0.6	3.6
Oman	7,167	3,627	(3,540)	6,253	3,606	(2,647)	6,708	3,805	(2,903)	7.3	5.5	10.2	6.5
Kuwait	1,966	6,988	5,022	1,681	6,025	4,344	2,125	6,709	4,584	26.4	11.4	3.2	11.4
Total	55,365	50,822	(4,543)	49,171	50,336	1,165	65,735	58,724	(7,011)	33.7	16.7	100.0	100.0

*Including re-exports.

Source: GaStat.

Detailed data on Saudi trade with top Arab trading partners in 2021 show that Saudi Arabia recorded surpluses of SAR 4.0 billion in trade with Yemen, SAR 3.0 billion with Iraq, SAR 1.9 billion with Jordan, SAR 1.3 billion with Sudan, and SAR 1.2 billion with Morocco. On the contrary, Saudi trade with Egypt, Syria and Lebanon recorded deficits of SAR 5.9 billion, SAR 949 million, and SAR 53 million, respectively.

As for Saudi non-oil exports to top Arab trading partners in 2021, Egypt ranked first with SAR 9.8 billion (27.9 percent of the total), followed by Jordan in second place with SAR 6.9 billion (19.6 percent) and then Yemen in third place with SAR 4.8 billion. Iraq and Sudan came fourth and fifth with SAR 3.1 billion and SAR 2.6 billion, respectively.

With regard to Saudi Arabia's non-oil imports from top Arab trading partners in 2021, Egypt took the lead with SAR 15.8 billion (60.2 percent of the total). Jordan came next with SAR 5.0 billion (19.1 percent), followed by Sudan in third place with SAR 1.3 billion (4.9 percent). Syria and

Yemen came in fourth and fifth places with SAR 1.2 billion (4.6 percent) and SAR 849 million (3.2 percent), respectively (Table 5.6).

Private Sector Exports Financed by Commercial Banks

Private sector exports financed by commercial banks (settled letters of credit) rose by 31.8 percent to around SAR 45.0 billion in 2021, compared to nearly SAR 34.1 billion in 2020. Nevertheless, their ratio to total non-oil exports (including re-exports) went down to 16.2 percent in 2021 from 16.7 percent in the preceding year.

Data on private sector exports financed by commercial banks (settled letters of credit) in 2021 show that exports of other industrial products increased by 3.0 percent to nearly SAR 33.1 billion, ranking first with a share of 73.6 percent of total exports as compared to 2020. Chemical and plastic products came second with SAR 11.5 billion, jumping by 553.4 percent and representing a share of 25.6 percent of the total. Agricultural and animal products came next with a value of SAR 381 million, increasing by 66.8

Table 5.6: Non-oil Trade with Top Arab Trading Partners*
(Excluding GCC countries)

Country	(Million SAR)												
	2019			2020			2021			Change in 2021		Share in 2021	
	Imports from	Exports to	Difference	Imports from	Exports to	Difference	Imports from	Exports to	Difference	Imports	Exports	Imports	Exports
Jordan	4,683	5,399	716	4,182	4,698	516	5,010	6,916	1,906	19.8	47.2	19.1	19.6
Sudan	2,138	2,218	80	912	2,503	1,591	1,279	2,566	1,287	40.2	2.5	4.9	7.3
Iraq	26	2,735	2,709	42	2,653	2,611	69	3,055	2,986	64.3	15.2	0.3	8.7
Morocco	600	1,522	922	601	1,344	743	681	1,878	1,197	13.3	39.7	2.6	5.3
Yemen	591	4,160	3,569	673	4,562	3,889	849	4,849	4,000	26.2	6.3	3.2	13.7
Syria	705	3	(702)	768	2	(766)	1,219	270	(949)	58.7	13400.0	4.6	0.8
Lebanon	1,185	1,167	(18)	948	546	(402)	596	543	(53)	-37.1	-0.5	2.3	1.5
Egypt	10,297	7,032	(3,265)	10,129	6,739	(3,390)	15,781	9,835	(5,946)	55.8	45.9	60.2	27.9
Other Arab countries	1,153	4,171	3,018	548	3,981	3,433	732	5,399	4,667	33.6	35.6	2.8	15.3
Total	21,378	28,407	7,029	18,803	27,028	8,225	26,216	35,311	9,095	39.4	30.6	100.0	100.0

*Including re-exports.

Source: GaStat.

percent and accounting for 0.8 percent of the total.

Private Sector Imports Financed by Commercial Banks

The private sector imports financed by commercial banks (settled letters of credit and bills under collection) increased by 6.1 percent to nearly SAR 130.8 billion in 2021 compared to around SAR 123.2 billion in the preceding year. Their share of the total value of Saudi Arabia's imports was 22.8 percent in 2021 compared to 23.8 percent in the preceding year.

This rise in imports was due to increases in the financing of imports of sugar, tea and coffee beans of 36.9 percent to around SAR 725 million; grain of 33.6 percent to nearly SAR 5.6 billion; other foodstuffs of 31.8 percent to around SAR 9.0 billion; appliances of 20.2 percent to about SAR 3.3 billion; livestock and meat of 13.8 percent to nearly

SAR 2.1 billion; motor vehicles of 12.4 percent to around SAR 29.4 billion; and construction materials of 4.4 percent to approximately SAR 12.8 billion. In contrast, financing of fruit and vegetable imports fell by 33.8 percent to SAR 227 million, textiles and clothing by 26.2 percent to SAR 717 million, machinery by 8.4 percent to around SAR 4.4 billion, and other goods by 0.1 percent to nearly SAR 62.4 billion.

As for their share, financing of imports of other goods ranked first with a share of 47.7 percent of the total, followed by motor vehicles in second place with 22.5 percent. Financing of imports of construction materials came third with 9.8 percent of the total. Financing of imports of other foodstuffs came fourth with a share of 6.9 percent, followed by grain in fifth place with 4.3 percent (Table 5.7).

Exports through Ports

According to data issued by the Saudi Ports Authority, the volume of exports (excluding crude oil exports) handled at Saudi ports fell by 7.9 percent to 201.6 million tons in 2021, compared to nearly 219.0 million tons in the preceding year.

This fall was attributed to decreases in the exports of refined oil products and gas by 8.4 percent to 113.6 million tons, petrochemicals by 5.7 percent to 33.2 million tons, and other goods by 31.8 percent to 17.2 million tons. However, exports of transshipment goods increased by 11.5 percent to 17.1 million tons in addition to construction materials and steel, which increased by 5.4 percent to 20.0 million tons.

As for their share in the total volume of exports handled at ports, refined oil products and gas ranked first with a share of 56.4 percent.

Petrochemicals came second with a share of 16.5 percent, followed by construction materials and steel with 9.9 percent. Other goods came fourth with a share of 8.52 percent. Exports of transshipment goods came in fifth place with 8.50 percent, followed by exports of agricultural products with 0.2 percent.

Imports through Ports

According to data issued by the Saudi Ports Authority, the volume of imports handled at Saudi ports increased by 1.1 percent to around 101.5 million tons in 2021 compared to nearly 100.4 million tons in the preceding year. This was due to a rise of 30.7 percent in imports through industrial ports to about 37.0 million tons. Nevertheless, imports handled at commercial ports dropped by 10.6 percent to 64.5 million tons as a result of decreases of 20.6 percent in the imports of construction materials to around 10.6

Table 5.7: Private Sector Exports and Imports Financed by Commercial Banks

(Million SAR)					
	2020	2021	Share		Change 2021
			2020	2021	
Exports*	34,142	44,986	100.00	100.00	31.8
Agricultural & animal products	228	381	0.7	0.8	66.8
Chemical & plastic products	1,760	11,503	5.2	25.6	553.4
Other industrial products	32,153	33,102	94.2	73.6	3.0
Imports**	123,223	130,755	100.0	100.0	6.1
Grain	4,196	5,606	3.4	4.3	33.6
Fruit & vegetables	343	227	0.3	0.2	-33.8
Sugar, tea & coffee beans	529	725	0.4	0.5	36.9
Livestock & meat	1,883	2,142	1.5	1.6	13.8
Foodstuffs	6,833	9,007	5.5	6.9	31.8
Textiles & clothing	971	717	0.8	0.5	-26.2
Construction materials	12,286	12,823	10.0	9.8	4.4
Motor vehicles	26,157	29,401	21.2	22.5	12.4
Machinery	4,751	4,351	3.9	3.3	-8.4
Appliances	2,775	3,335	2.2	2.5	20.2
Other goods	62,499	62,421	50.7	47.7	-0.1

*Settled letters of credit.

**Settled letters of credit & bills under collection.

million tons, 18.7 percent in imports of foodstuffs to 21.4 million tons, and 12.3 percent in imports of equipment to nearly 1.5 million tons. However, Imports of general merchandise rose by 0.9 percent to about 31.0 million tons.

As for their share, general merchandise ranked first with 30.5 percent of total imports through ports, followed by foodstuffs with 21.1 percent, construction materials with 10.4 percent, and equipment with 1.5 percent.

For motor vehicles and livestock imported through Saudi ports during 2021, the number of motor vehicles increased by 9.4 percent to 636.3 thousand from 581.9 thousand in 2020, while that of livestock reached 3.6 million, rising by 22.5 percent compared to the preceding year (Table 5.8).

Imports and Exports by Use of Goods

Detailed data on Saudi Arabia's imports by use of goods for 2021 show that imports of intermediate goods amounted to around SAR 247.5 billion (63.9 million tons), ranking first with a share of 43.2 percent of total imports, rising by 19.3 percent from 2020. Imports of consumer goods came second with around SAR 220.2 billion (12.0 million tons), constituting 38.4 percent and increasing by 6.9 percent over the preceding year. Imports of capital goods came third with nearly SAR 105.5 billion (3.1 million tons) with a share of 18.4 percent, increasing by 1.4 percent over the preceding year.

As for Saudi Arabia's exports by use of goods in 2021, intermediate goods ranked first with around SAR 965.7 billion (445.5 million tons) and

Table 5.8: Exports and Imports Through Ports

(Million tons)					
	2020	2021*	Share		Change
			2020	2021	2021
Exports	218.9	201.6	100.0	100.0	-7.9
Petrochemicals	35.3	33.2	16.1	16.5	-5.7
Refined oil products & gas	124.0	113.6	56.6	56.4	-8.4
Construction materials & steel	19.0	20.0	8.7	9.9	5.4
Transshipment goods	15.4	17.1	7.0	8.5	11.5
Agricultural products	0.1	0.4	0.1	0.2	202.2
Other goods	25.2	17.2	11.5	8.5	-31.8
Imports	100.4	101.5	100.0	100.0	1.1
Imports through commercial ports	72.1	64.5	71.8	63.6	-10.6
Foodstuffs	26.4	21.4	26.3	21.1	-18.7
Construction materials	13.3	10.6	13.3	10.4	-20.6
Equipment	1.7	1.5	1.7	1.5	-12.3
General merchandise	30.7	31.0	30.6	30.5	0.9
Imports through industrial ports	28.3	37.0	28.2	36.4	30.7
Number of livestock**	2,946,842	3,608,982	--	--	22.5
Number of motor vehicles***	581,871	636,304	--	--	9.4

*Preliminary data.

**Livestock in ton are included in foodstuffs.

***Motor vehicles in ton are included in general merchandise.

Source: Saudi Ports Authority.

a share of 93.2 percent of total exports, rising by 61.3 percent over the preceding year. Imports of consumer goods ranked second with nearly SAR 46.2 billion (9.8 million tons) and a share of 4.5 percent, increasing by 37.4 percent over the preceding year. Imports of capital goods followed in third place with about SAR 23.8 billion (0.9 million tons), constituting a share of 2.3 percent of total exports and increasing by 21.8 percent over the preceding year (Table 5.9).

Imports and Exports by Type of Goods

Data on Saudi Arabia's imports by type of goods (the stage of processing) for 2021 show that imports of final manufactured goods amounted to SAR 417.0 billion (30.8 million tons), ranking first with a share of 72.7 percent of total imports, increasing by 9.3 percent over the preceding year.

Imports of partly manufactured (semi-finished) goods came second with around SAR 134.7 billion (32.7 million tons), constituting 23.5 percent of total imports and rising by 17.4 percent over the preceding year. Imports of raw material goods came third with nearly SAR 21.5 billion (15.6 million tons), representing a share of 3.8 percent of total imports and increasing by 0.7 percent over the preceding year.

As for exports categorized by type of goods (the

stage of processing) in 2021, exports of raw material goods ranked first with around SAR 630.2 billion (319.3 million tons) and a share of 60.8 percent, rising by 62.5 percent over the preceding year. Exports of partly manufactured (semi-finished) goods came second with nearly SAR 206.9 billion (67.1 million tons) and a share of 20.0 percent of total exports, increasing by 39.5 percent over the preceding year. Exports of final manufactured (finished) goods ranked third with SAR 198.5 billion (69.9 million tons) and a share of 19.2 percent, increasing by 71.5 percent over the preceding year (Table 5.10).

Balance of Payments

I. Current Account

Preliminary estimates of Saudi Arabia's balance of payments for 2021 indicate that the current account recorded a surplus of SAR 166.2 billion or 5.3 percent of GDP, compared to a deficit of SAR 85.6 billion in 2020. This surplus was due to an increase of 10,962.5 percent in the surplus of goods and services, and an increase of 9.0 percent in the surplus of net primary income despite a rise of 18.6 percent in the net secondary income deficit (Table 5.11). Chart 5.5 illustrates the developments in the current account balance and its major items during the period 2018-2021.

Table 5.9: Imports and Exports by Use of Goods

		Weight (thousand ton)/value (million SAR)							
Goods		2019		2020		2021		Change in 2021	Share in 2021
		Weight	Value	Weight	Value	Weight	Value		
Imports	Consumer	12,979	230,137	13,005	205,984	12,046	220,196	6.9	38.4
	Intermediate	62,024	218,649	70,848	207,489	63,926	247,481	19.3	43.2
	Capital	2,508	125,576	2,285	104,018	3,144	105,508	1.4	18.4
Exports	Consumer	9,369	42,547	11,175	33,619	9,847	46,187	37.4	4.5
	Intermediate	482,281	919,064	458,763	598,825	445,457	965,721	61.3	93.2
	Capital	612	19,401	593	19,508	949	23,764	21.8	2.3

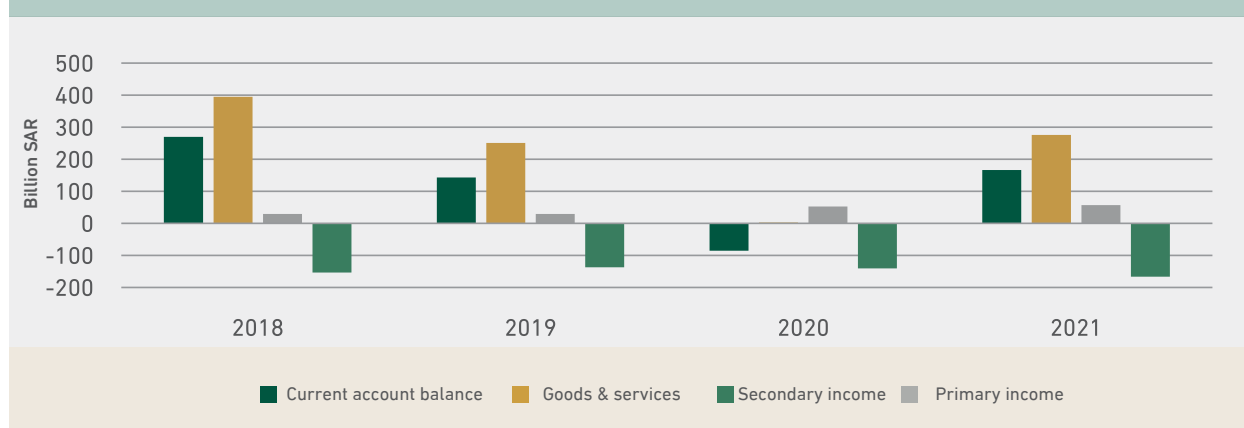
Source: GaStat.

Table 5.10: Imports and Exports by Type of Goods

Goods		Weight (thousand ton)/value (million SAR)							
		2019		2020		2021		Change in 2021	Share in 2021
		Weight	Value	Weight	Value	Weight	Value		
Imports	Raw	14,923	19,034	18,803	21,378	15,619	21,536	0.7	3.8
	Semi-finished	35,510	119,991	36,635	114,708	32,720	134,682	17.4	23.5
	Finished	27,079	435,336	30,699	381,405	30,777	416,968	9.3	72.7
Exports	Raw	357,125	639,250	342,440	387,857	319,306	630,198	62.5	60.8
	Semi-finished	67,909	166,742	69,521	148,338	67,057	206,940	39.5	20.0
	Finished	67,228	175,021	58,570	115,757	69,890	198,534	71.5	19.2

Source: GaStat.

Chart 5.5: Current Account Balance



A. Goods and Services

1. Goods

The surplus of the goods account jumped by 184.6 percent to around SAR 511.7 billion in 2021 compared to a surplus of SAR 179.8 billion in 2020. This increase was due to a rise of 58.9 percent to around SAR 1,035.7 billion in total exports (including oil and other exports) compared to SAR 652.0 billion in the preceding year, despite the rise of 11.0 percent to around SAR 524.0 billion in imports (FOB) against SAR 472.2 billion in 2020.

2. Services

The deficit in the services account rose by 33.2 percent to around SAR 236.2 billion in 2021

compared to a deficit of nearly SAR 177.3 billion in 2020. This rising deficit was mainly attributed to a higher deficit in the net other business services item by 352.5 percent to around SAR 75.3 billion compared to SAR 16.6 billion in 2020. In addition, the deficit in the net travel item increased from around SAR 18.0 billion in 2020 to nearly SAR 31.3 billion in 2021. The deficit in net financial services also increased to SAR 6.5 billion from SAR 408 million in 2020. The deficit in net payments for transport services increased by 10.0 percent to around SAR 53.0 billion from SAR 48.2 billion in the preceding year. The deficit in net construction services increased by 2.5 percent to nearly SAR 24.8 billion from around SAR 24.2 billion in the preceding year. Additionally, the

Table 5.11: Balance of Payments

(Million SAR)					
	2018	2019*	*2020	2021**	Change in 2021
I. Current account balance	269,894	143,362	(85,553)	166,213	--
A. Goods & services	394,977	250,947	2,491	275,572	10962.5
1. Goods	632,811	455,010	179,791	511,738	184.6
Exports	1,103,952	981,064	651,990	1,035,744	58.9
Imports	471,141	526,054	472,199	524,006	11.0
2. Services	(237,834)	(204,064)	(177,300)	(236,167)	33.2
Credit	76,985	90,910	33,690	38,637	14.7
Debit	314,819	294,974	210,990	274,804	30.2
B. Primary income	28,916	29,623	52,306	57,034	9.0
Credit	72,993	77,328	81,470	103,766	27.4
Debit	44,078	47,705	29,164	46,732	60.2
C. Secondary income	(153,998)	(137,208)	(140,351)	(166,393)	18.6
Credit	--	--	--	--	0.0
Debit	153,998	137,208	140,351	166,393	18.6
II. Capital account	(8,733)	(6,499)	(6,917)	(4,942)	-28.6
III. Financial account	258,025	135,612	(90,190)	155,914	--
1. Direct investment	56,270	33,692	(1,831)	17,154	--
Net acquisition of financial assets	72,196	50,801	18,416	89,475	385.9
Net incurrence of liabilities	15,927	17,110	20,247	72,321	257.2
2. Portfolio investments	45,157	(43,196)	88,838	144,501	--
Net acquisition of financial assets	106,932	129,637	200,819	208,616	3.9
Net incurrence of liabilities	61,775	172,833	111,982	64,114	-42.7
3. Other investments	155,977	133,915	(4,995)	(12,171)	143.7
Net acquisition of financial assets	199,904	208,741	18,295	83,536	356.6
Net incurrence of liabilities	43,927	74,826	23,290	95,706	310.9
4. Reserve assets	621	11,202	(172,202)	6,430	--
Errors & omissions	(3,136)	(1,251)	2,281	(5,358)	-334.9

*Preliminary data. **Estimates.

Source: Balance of payments data issued by SAMA

deficit in net insurance and pensions increased by 13.3 percent to around SAR 6.4 billion from nearly SAR 5.6 billion in the preceding year. However, the deficit in the net government goods and services (not included elsewhere) fell by 37.9 percent to nearly SAR 39.9 billion from around SAR 64.2 billion in the preceding year. The deficit in net telecommunication turned into a surplus of nearly SAR 1.0 billion compared to a deficit of around SAR 12 million in the preceding year.

B. Primary Income

According to the estimates of the balance of payments, the surplus in the net primary income account increased by 9.0 percent to around SAR 57.0 billion in 2021 against around SAR 52.3 billion in the preceding year. This rise was due to an increase in the surplus of portfolio investment income to nearly SAR 40.3 billion from around SAR 33.8 billion in the preceding year and a rise in net direct investment to nearly SAR 6.1 billion

from around SAR 2.0 billion in the preceding year. However, the surplus in net workers' compensation turned into a deficit of around SAR 2.4 billion compared to a surplus of nearly SAR 167 million in the preceding year. Net other investment income fell to around SAR 13.0 billion from nearly SAR 16.3 billion in the preceding year.

C. Secondary Income

The deficit in the secondary income account rose by 18.6 percent to around SAR 166.4 billion in 2021 from nearly SAR 140.4 billion in the preceding year. This increase was due to a rise of 15.9 percent in expatriate remittances to SAR 149.3 billion, in addition to an increase in government transfers by 58.0 percent to around SAR 16.1 billion against nearly SAR 10.2 billion in the preceding year. Table 5.12 illustrates the developments in expatriate remittances in Saudi Arabia and their ratio to private sector GDP since 2012.

II. Capital Account

The capital account registered an outflow of

nearly SAR 4.9 billion in 2021 against an outflow of around SAR 6.9 billion in the preceding year.

III. Financial Account

The net financial account registered an outflow of nearly SAR 155.9 billion in 2021 compared to an inflow of around SAR 90.2 billion in the preceding year. This change was due to an increase of around SAR 17.2 billion in net direct investments in 2021, a rise of nearly SAR 144.5 billion in net portfolio investments and a decrease of SAR 12.2 billion in net other investments. Reserve assets also increased by nearly SAR 6.4 billion.

International Investment Position (IIP)

Net foreign assets fell by 0.6 percent to SAR 2.23 trillion in 2021 compared to SAR 2.25 trillion in 2020 (Table 5.13). This change was due to developments in the following components:

Direct Investment

Net direct investment abroad rose by 17.6 percent to nearly SAR 568.1 billion at the end-2021. Net direct investment in Saudi Arabia also increased by 8.0 percent to around SAR 979.0 billion compared to the preceding year.

Table 5.12: Remittances of Expatriates in Saudi Arabia

(Million SAR)			
Year	Value	Change	Ratio of remittances to private sector GDP
2012	107,335	3.7	11.3
2013	127,768	19.0	12.2
2014	134,995	5.7	11.7
2015	141,785	5.0	11.7
2016	138,745	-2.1	11.3
2017	132,518	-4.5	10.6
2018	123,637	-6.7	9.9
2019*	113,573	-8.1	8.8
2020*	128,768	13.4	10.3
2021**	149,300	15.9	11.2

*Preliminary data. **Estimates.

Source: Balance of payments data issued by SAMA & the private sector GDP data issued by GaStat.

Table 5.13: International Investment Position

	(Million SAR)			
	2019	2020*	2021**	Change in 2021
I. Assets	4,349,426	4,305,474	4,649,067	8.0
1. Direct investment abroad	464,641	483,057	568,122	17.6
2. Portfolio investments	1,061,798	1,246,372	1,395,939	12.0
3. Other investments	949,576	874,836	977,368	11.7
4. Reserve assets	1,873,411	1,701,209	1,707,639	0.4
II. Liabilities	1,833,085	2,058,358	2,415,259	17.3
1. Direct investment in Saudi Arabia	886,410	906,657	978,978	8.0
2. Portfolio investments	531,818	637,938	796,784	24.9
3. Other investments	414,856	513,763	639,497	24.5
III. Net international investment position	2,516,341	2,247,117	2,233,808	-0.6

*Preliminary data. **Estimates.

Source: Balance of payments data issued by SAMA & the private sector GDP data issued by GaStat.

Portfolio Investments

Net direct portfolio investments abroad rose by 12.0 percent to around SAR 1.40 trillion at the end-2021. Net direct portfolio investments in Saudi Arabia also increased by 24.9 percent to nearly SAR 796.8 billion compared to the preceding year.

Other Investments

Net other investments abroad rose by 11.7 percent to nearly SAR 977.4 billion at end-2021. Additionally, net other investments in Saudi Arabia increased by 24.5 percent to around SAR 639.5 billion compared to the preceding year.

Reserve Assets

Reserve assets increased by 0.4 percent to around SAR 1,707.6 billion at the end-2021 compared to the preceding year.

Foreign Debt

Saudi Arabia's total foreign debt (government and non-government) was around SAR 1,075.5

billion at the end-2021 compared to nearly SAR 892.2 billion at the end-2020. The ratio of foreign government debt to total foreign debt was 32.0 percent in 2021.

Saudi Development Assistance and Loans Abroad

Saudi aid, loans and contributions abroad reached around SAR 157.6 billion during 2017 - 2021 (Table 5.14). Aid and loans constituted 93.8 percent (SAR 147.8 billion) of the total. Total contributions to associations and organizations amounted to SAR 9.8 billion (6.2 percent of the total). In addition, aid provided through multilateral aid programs during the same period amounted to around SAR 47 million. Saudi aid and loans provided through bilateral channels and multilateral associations, organizations and institutions in 2021 reached around SAR 3.5 billion (7.8 percent of the total), increasing by 64.8 percent over the preceding year. Aid and loans extended in 2021 constituted the bulk of the total, amounting to SAR 41.5

billion (92.2 percent) and rising by 142.6 percent over the preceding year.

Exchange Rate Trends

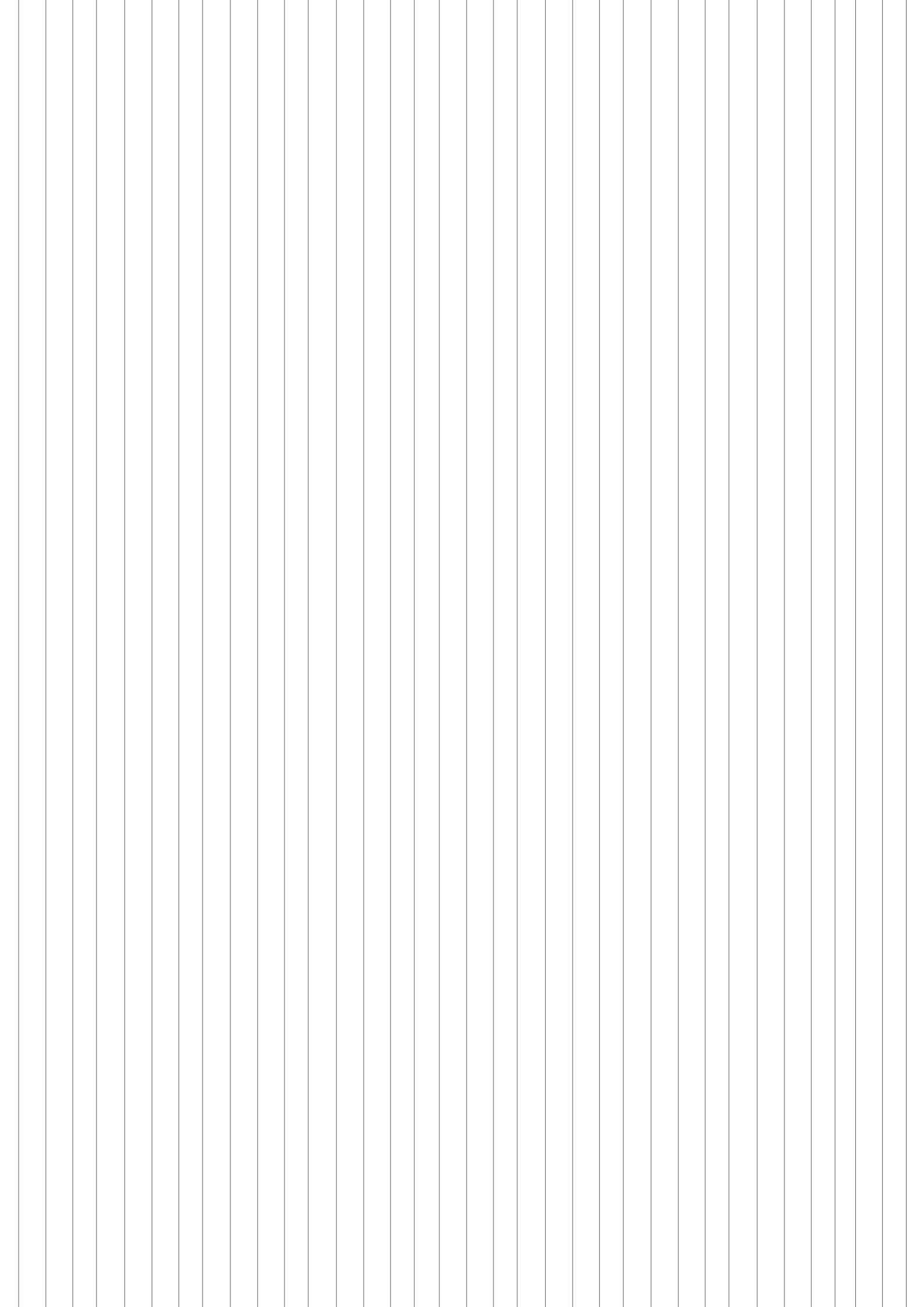
SAMA continued to maintain the official exchange rate of the Saudi riyal against the U.S. dollar at SAR 3.75 per one U.S. dollar during 2021. The

nominal effective exchange rate (NEER) index fell by around 2.59 points from 118.76 points at the end of 2020 to 116.17 points at the end of 2021. Likewise, the real effective exchange rate (REER) index fell by around 1.98 points from 115.00 at the end of 2020 to 113.02 points at the end of 2021.

Table 5.14: Saudi Arabia's Aid and Contributions Abroad

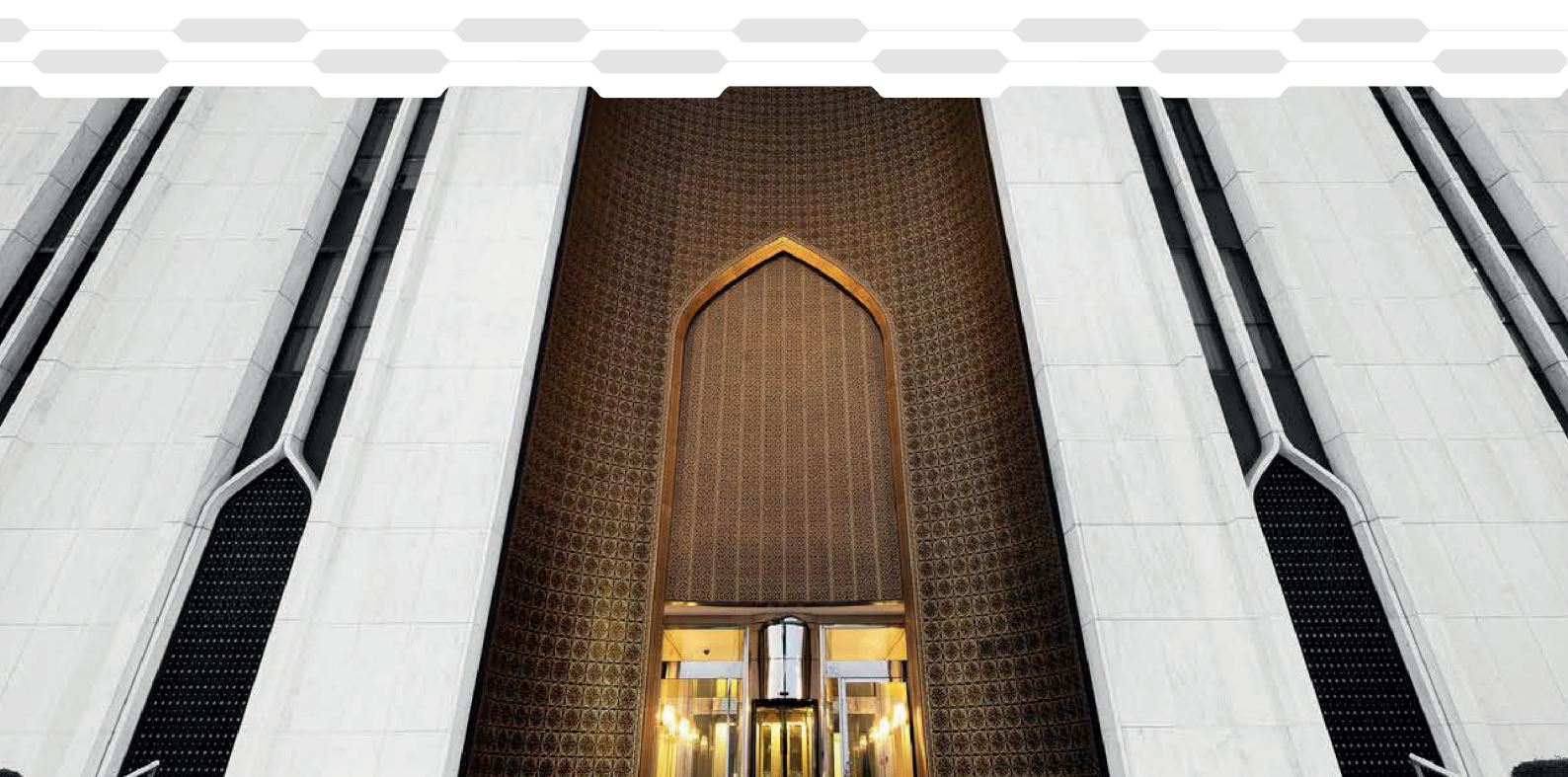
(Million SAR)				
Year	Aid & loans	Contributions to associations & organizations	Multilateral aid	Total
2017	16,542	975	26	17,543
2018	37,500	680	21	38,201
2019	35,157	2,448	--	37,605
2020	17,088	2,142	--	19,230
2021	41,464	3,531	--	44,994
Total	147,751	9,776	47	157,574

Source: MoF.





Public Finance



Public Finance

In its session held on Sunday, December 12, 2021 (Jumada I 8, 1443H), the Council of Ministers approved the state budget for the fiscal year 2022 (1443/1444H). This budget came as a continuation of promoting economic growth in Saudi Arabia in light of the gradual recovery of economic activity and the overcoming of the most challenging stages of the Covid-19 pandemic. Economic and financial reforms played a crucial role in enhancing Saudi Arabia's ability to face the crisis, supported by holistic digital infrastructure and strong health measures, which had a significant contribution to both of which contributed significantly in containing the pandemic.

This budget aimed to stimulate economic growth and diversification, provide opportunities for the private sector and funds to take investment opportunities, privatize some government assets and services as well as infrastructure projects, . It also plan to continue spending on the system of social support and subsidies, while allocating higher budgets to Vision realization programs, accelerate materialization of the saudi vision 2030.

It also aimed to support the development of fiscal management to achieve fiscal discipline, enhance spending efficiency, and diversify revenues to ensure fiscal sustainability.

According to the 2022 budget statement, total revenues are estimated at SAR 1,045.1 billion, rising by 23.1 percent over the estimated budget for the preceding fiscal year. Total expenditures in the budget amounted to SAR 955.0 billion, decreasing by 3.5 percent from the estimates of the preceding fiscal year. The budget's surplus was estimated at SAR 90.1 billion, compared to a deficit of SAR 140.9 billion in the preceding fiscal year (Table 6.1).

Main Features of the State Budget for FY 2022 (1443/1444H):

Saudi Arabia seeks to raise the spending efficiency to create an environment conducive to economic growth. It also supports priority sectors by allocating the necessary financial resources to achieve comprehensive development and fulfill the objectives of public finance. The following are the state budget's allocations for spending on the main sectors for the fiscal year 2022 (Table 6.2 and Chart 6.1).

Table 6.1: Budget Estimates

	(Billion SAR)		
	FY 2021 (1442/1443H)	FY 2022 (1443/1444H)	Change
Total revenues	849.1	1,045.3	23.1
Total expenditures	990.0	955.0	-3.5
Surplus/deficit	-140.9	90.3	--

Source: MoF.

Education

The education sector was allocated SAR 185.1 billion or 19.4 percent of total budgetary expenditures, decreasing by 0.3 percent from the 2021 budgeted amount.

Military

The military sector was allocated SAR 170.9 billion or 17.9 percent of total budgetary expenditures, decreasing by 2.4 percent over the preceding fiscal year.

Health and Social Development

The health services and social development sector was allocated SAR 138.2 billion or 14.5 percent of total budgetary expenditures, dropping by 20.9 percent over the 2021 budgeted amount.

Security and Regional Administration:

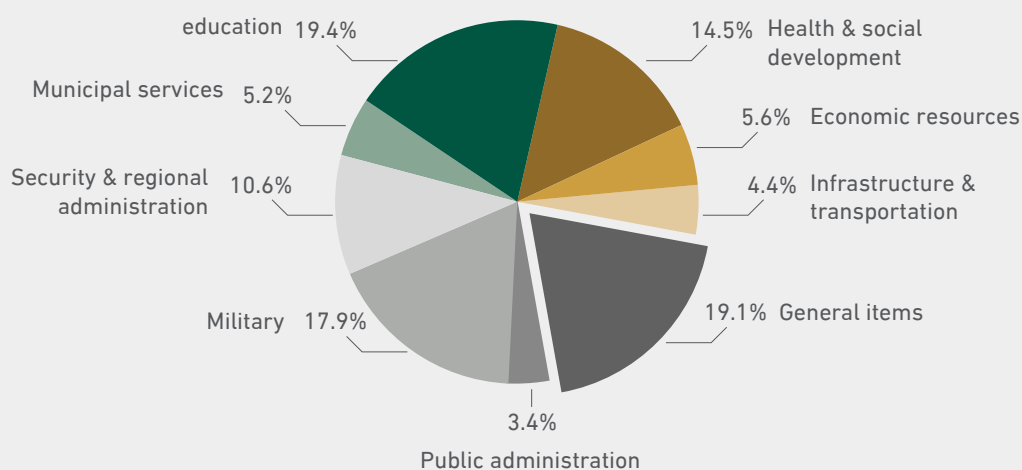
The security and regional administration sector was allocated SAR 101.3 billion or 10.6 percent of total budgetary expenditures, increasing by 0.5 percent over the preceding fiscal year.

Table 6.2: Allocation of the State Budget (by Key Sector)

(Million SAR)						
Sector	2021 (1442/1443H)			2022 (1443/1444H)		
	Amount	Share	Change	Amount	Share	Change
Public administration	33,572	3.4	19.8	32,260	3.4	-3.9
Military	175,096	17.7	-3.8	170,900	17.9	-2.4
Security & regional administration	100,817	10.2	-1.5	101,280	10.6	0.5
Municipal services	50,799	5.1	-5.2	49,589	5.2	-2.4
Education	185,702	18.8	-3.9	185,103	19.4	-0.3
Health & social development	174,677	17.6	4.6	138,236	14.5	-20.9
Economic resources	72,395	7.3	-25.9	53,591	5.6	-26.0
Infrastructure & transportation	45,819	4.6	-17.7	42,038	4.4	-8.3
General items	151,123	15.3	7.4	182,003	19.1	20.4
Total	990,000	100.0	-2.9	955,000	100.0	-3.5

Source: MoF.

Chart 6.1: Budget Allocations for FY 2022 (1443/1444H) by Key Sector



Municipal Services

The Municipal services sector, including the Ministry of Municipal and Rural Affairs, secretariats and municipalities was allocated SAR 49.6 billion or 5.2 percent of the budgetary expenditures, falling by 2.4 percent from the 2021 budgeted amount.

Infrastructure and Transportation

The infrastructure and transportation sector was allocated SAR 42.0 billion or 4.4 percent of total budgetary expenditures, decreasing by 8.3 percent from the 2021 budgeted amount.

Other Sectors

General items were allocated SAR 182.0 billion or 19.1 percent of total budgetary expenditures, increasing by 20.4 percent over the 2021 budgeted amount.

The economic resources sector was allocated SAR 53.6 billion or 5.6 percent of total budgetary expenditures, declining by 26.0 percent from the 2021 budgeted amount.

The public administration sector was allocated SAR 32.3 billion or 3.4 percent of total budgetary expenditures, falling by 3.9 percent from the 2021 budgeted amount.

Actual Revenues and Expenditures for FY 2021

Data for the fiscal year 2021 (1442/1443H) indicate that total actual revenues reached SAR 965.5 billion, recording an increase of 23.5 percent compared to a decline of 15.6 percent in the fiscal year 2020. The ratio of actual revenues to GDP was 30.9 percent, increasing by 13.7 percent

compared to the estimated revenues. Actual tax revenues for the fiscal year 2021 amounted to SAR 317.1 billion, recording an increase of 23.4 percent compared to the estimated tax revenues. Moreover, actual other revenues for the fiscal year 2021 amounted to SAR 648.4 billion, recording an increase of 9.5 percent compared to the estimated other revenues.

Actual expenditures for the fiscal year 2021 totaled SAR 1,038.9 billion or 33.2 percent of GDP, increasing by 4.9 percent from the budgeted figure. In addition, the 2021 actual expenditures were 3.4 percent lower than the 2020 actual expenditures.

Actual expenditures for goods and services rose by 6.5 percent to SAR 204.7 billion, actual other expenditures increased by 8.9 percent, to SAR 90.7 billion, actual expenditures for social benefits went up by 11.9 percent to SAR 69.9 billion, actual expenditures for subsidies rose by 33.0 percent to SAR 29.9 billion, actual expenditures for grants increased by 733.5 percent to SAR 3.5 billion, and actual expenditures for compensation of employees rose by 0.9 percent to SAR 495.7 billion compared to the budgeted estimate. In contrast, actual expenditures for interest expenses declined by 26.7 percent to SAR 27.4 billion (Table 6.3)

Actual Budget Deficit

The state budget recorded a deficit of SAR 73.4 billion or 2.3 percent of GDP, declining by 75.0 percent from SAR 293.9 billion or 11.1 percent of GDP in the previous fiscal year (Table 6.4 and Chart 6.2).

Chart 6.2: Budget Estimates and Actuals for FY 2021 (1442/1443H)

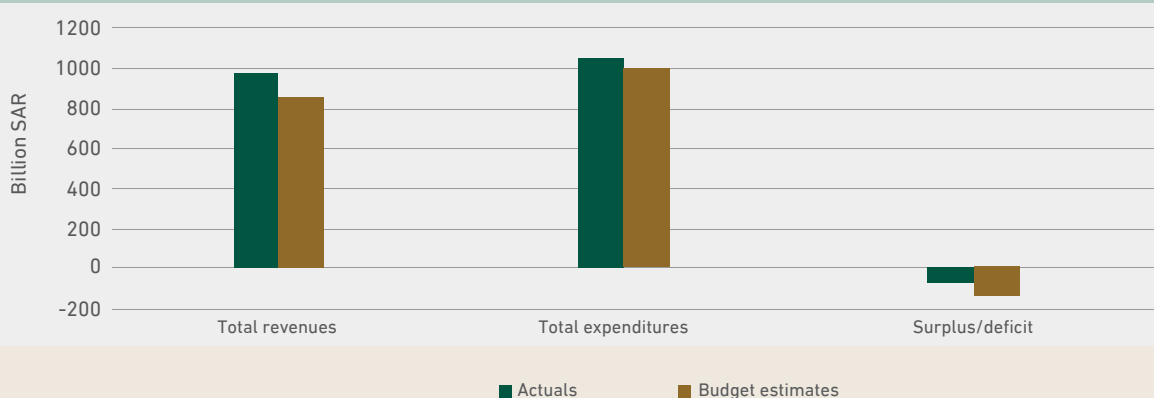


Table 6.3: State Budget Actual and Estimated Revenues and Expenditures

(Million SAR)				
	Estimates	Actuals	"Difference"	% Difference to estimates
Total revenues	849,064	965,486	116,422	13.7
Taxes	256,954	317,105	60,151	23.4
Taxes on income, profits, and capital gains	13,432	17,847	4,415	32.9
Taxes on goods and services	208,550	251,365	42,815	20.5
Taxes on international trade and transactions	17,011	18,719	1,708	10.0
Other taxes	17,961	29,174	11,213	62.4
Other revenues	592,110	648,380	56,270	9.5
Total expenditures	990,000	1,038,933	48,933	4.9
Operating expenses	889,303	921,716	32,413	3.6
Compensation of employees	491,078	495,720	4,642	0.9
Goods and services	192,253	204,673	12,420	6.5
Interest expenses	37,360	27,384	-9,976	-26.7
Subsidies	22,450	29,859	7,409	33.0
Grants	418	3,483	3,065	733.5
Social benefits	62,501	69,911	7,410	11.9
Other expenses	83,243	90,686	7,443	8.9
Non-financial assets (capital expenses)	100,696	117,217	16,521	16.4

Source: MoF.

Table 6.4: Actual Revenues and Expenditures

(Million SAR)									
	2019 (1440/1441H)			2020 (1441/1442H)			2021 (1442/1443H)		
	Value	Change	Ratio to GDP	Value	Change	Ratio to GDP	Value	Change	Ratio to GDP
Total revenues	926,846	2.3	30.8	781,834	-15.6	29.6	965,486	23.5	30.9
Total expenditures	1,059,445	-1.9	35.2	1,075,734	1.5	40.8	1,038,933	-3.4	33.2
Surplus/deficit	-132,599	-23.7	-4.4	-293,900	121.6	-11.1	-73,447	-75.0	-2.3

GDP is at current prices.

Source: MoF.

Domestic Loan program

Actual loans disbursed in 2021 totaled SAR 415 million, dropping by 37.4 percent compared to the preceding year. Total loan repayments stood at SAR 359 million, recording an increase of 56.7 percent compared to the preceding year. During the fiscal year 2021 (1442/1443H), Seven loans were approved, five of which were for education-al projects and two for health projects. Hospitality and tourism projects were transferred under the Tourism Development Fund (Tables 6.5 & 6.6).

Public Debt

Data for the fiscal year 2021 indicate that total public debt registered an increase of 9.9 percent, reaching SAR 938.0 billion or 30.0 percent of GDP compared to SAR 853.5 billion or 32.4 percent of GDP at the end of the fiscal year 2020. Domestic debt stood at SAR 558.7 billion or 59.6 percent of total public debt at the end of 2021, while foreign debt stood at SAR 379.3 billion or 40.4 percent of total public debt (Table 6.6).

Table 6.5: Current Balances of Domestic Loan Program

(Million SAR)			
	2020	2021	Change
Actual loans disbursed	662	415	-37.4
Actual loans repaid	229	359	56.7

Source: MoF.

Table 6.6: Loans Extended by Field

(Million SAR)				
Filed	Project contracts signed			
	2020		2021	
	Number	Value	Number	Value
Health projects	2	187	2	452
Educational projects	4	99	5	122
Total	6	286	7	574

Source: MoF.

Table 6.7: Public Debt

(Million SAR)										
FY	Borrowed		Repaid		Outstanding public debt at year-end			Change	GDP (at current prices)	Ratio of public debt to GDP
	"Domestic debt"	"Foreign debt"	"Domestic debt"	"Foreign debt"	"Domestic debt"	"Foreign debt"	"Total debt Year"			
2017 (1438/1439H)	58,455	80,625	12,408	--	259,502	183,750	443,252	40.0	2,582,198	17.2
2018 (1439/1440H)	48,750	71,250	3,272	--	304,980	255,000	559,980	26.3	3,062,170	18.3
2019 (1440/1441H)	69,839	50,161	2,055	--	372,764	305,161	677,925	21.1	3,013,561	22.5
2020 (1441/1442H)	174,253	45,747	44,360	49.8	502,656	350,859	853,515	25.9	2,637,629	32.4
2021 (1442/1443H)	108,754	49,144	52,663	20,739	558,747	379,264	938,011	9.9	3,125,780	30.0

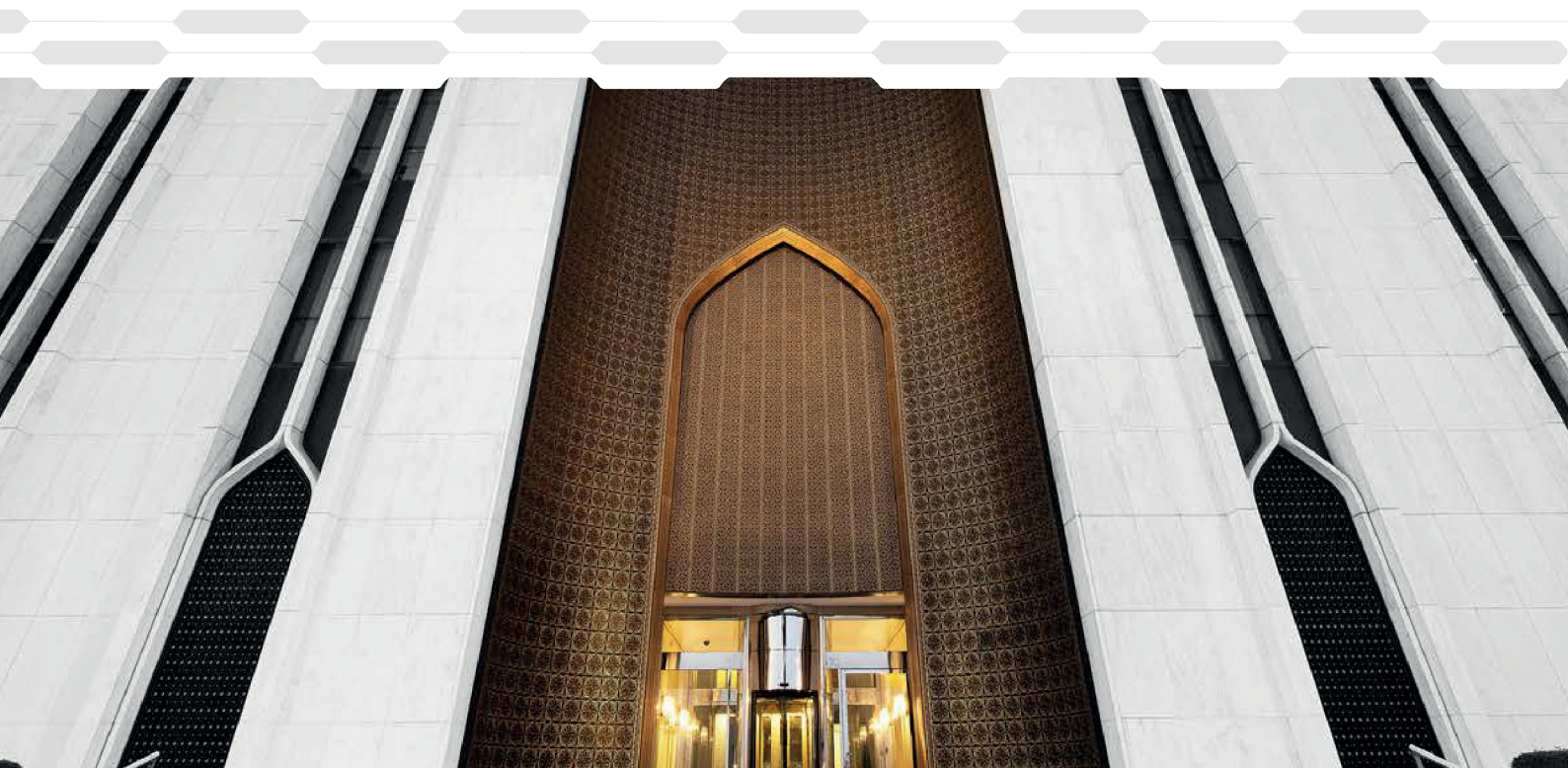
GDP data for 2021 are preliminary.

*Repayment of foreign debt started in 2020.

Source: MoF.



Consumer Price Index



Consumer Price Index

The general consumer price index (CPI) in Saudi Arabia increased by 3.1 percent in 2021 compared to a 3.4 percent increase in 2020.

According to the April 2022 IMF World Economic Outlook (WEO), the average consumer prices in 2021 increased in developed countries by 3.1 percent and in emerging and developing countries by 5.9 percent.

The average consumer prices of most Saudi Arabia's trading partners also increased in 2021. The average consumer prices increased by 4.7 percent in the USA, by 3.2 percent in Germany, and by 0.9 percent in China.

Consumer Price Index in 2021

The general CPI increased by 3.1 percent in 2021 compared to an increase of 3.4 percent in 2020. By contrast The non-oil GDP deflator, which captures the average prices of all goods and

services produced in the non-oil sector within a given year, decreased by 0.2 percent in 2021 compared to a decrease of 0.3 percent in 2020 (Table 7.1).

In 2021, most major components of the general CPI recorded inflation rates higher than the average annual change for the past three years (2018-2020). However, food and beverages, tobacco, health, and education, as well as restaurants and hotels, recorded inflation rates lower than the average annual change for the past three years (Table 7.2).

A breakdown of major sections of the general CPI shows that most sections recorded annual increases in 2021. Transport increased by 10.3 percent; communication by 7.4 percent; tobacco by 6.3 percent; food and beverages by 5.4 percent; restaurants and hotels by 4.5 percent; home furnishing, equipment and maintenance by 4.0 percent; recreation and culture by 3.0 percent; miscellaneous goods and services by 2.8 percent; clothing and footwear by 2.2 percent; and health by 1.6 percent. In contrast, education decreased by 5.0 percent and housing, water, electricity, gas and other fuels by 2.4 percent (Table 7.2).

Table 7.1: Annual Growth Rates of Selected Indicators

	(Percentage)			
	2018	2019	2020	2021
Non-oil GDP deflator (2010 = 100)*	5.3	1.0	-0.3	-0.2
General CPI for all cities (2018 = 100)	2.5	-2.1	3.4	3.1
Non-oil GDP at constant prices (2010 = 100)*	-1.5	2.8	-2.5	4.9
GDP at constant prices (2010 = 100)*	2.5	0.3	-4.1	3.2
GDP deflator (2010 = 100)*	15.7	-1.9	-8.7	14.8
Government expenditure	16.1	-1.9	1.5	-3.4
Money supply (M3)	2.7	7.1	8.3	7.4

*Preliminary data in 2021.

Source: GaStat, MoF & SAMA.

Table 7.2: General Consumer Price Index (2018=100)

	2017	2018	2019	2020	2021	Average annual change (2018-2020)	Change 2021
General index	97.6	100.0	97.9	101.3	104.4	1.3	3.1
Food & beverages	93.9	100.0	102.1	111.3	117.3	5.9	5.4
Tobacco	80.1	100.0	101.0	108.1	114.9	11.0	6.3
Clothing & footwear	107.5	100.0	98.6	101.5	103.7	-1.8	2.2
Housing, water, electricity, gas & other fuels	101.2	100.0	91.4	90.8	88.6	-3.5	-2.4
Home furnishing, equipment & maintenance	98.5	100.0	99.4	104.0	108.2	1.8	4.0
Health	96.3	100.0	100.1	101.3	102.9	1.7	1.6
Transport	90.3	100.0	98.6	102.4	112.9	4.4	10.3
Communication	98.8	100.0	98.7	103.5	111.2	1.6	7.4
Recreation & culture	98.8	100.0	98.3	100.1	103.2	0.4	3.0
Education	99.7	100.0	102.5	100.5	95.5	0.3	-5.0
Restaurants & hotels	93.0	100.0	103.2	107.7	112.5	5.0	4.5
Miscellaneous goods & services	99.7	100.0	99.6	103.6	106.4	1.3	2.8

Source: GaStat.

Effect of Major Sections on Consumer Price Index

Major sections contributed to the general CPI by various rates during 2021. Transport contributed the most with 30.7 percent, followed by food and beverages with 18.6 percent; housing, water, electricity, gas, and other fuels with 17.4 percent; communication with 7.4 percent; miscellaneous goods and services with 6.2 percent; education with 4.8 percent; restaurants and hotels with 4.5 percent; home furnishing, equipment and maintenance with 4.4 percent; clothing and footwear with 2.9 percent; recreation and culture with 2.0 percent; tobacco with 0.6 percent, and health with 0.4 percent (Table 7.3 and Chart 7.1).

Wholesale Price Index in 2021

The wholesale price index (WPI) increased by 12.1 percent in 2021 against a rise of 3.5 percent in 2020. In 2021, all WPI main components

witnessed increase. Other goods (including refined oil products) recorded the highest increase of 14.9 percent, followed by metal products, machinery and equipment with 12.8 percent; ores and minerals with 9.3 percent; agriculture and fishery products with 8.3 percent; and food products, beverages, tobacco and textiles with 5.9 percent (Table 7.4).

Developments of World Prices and its Impact

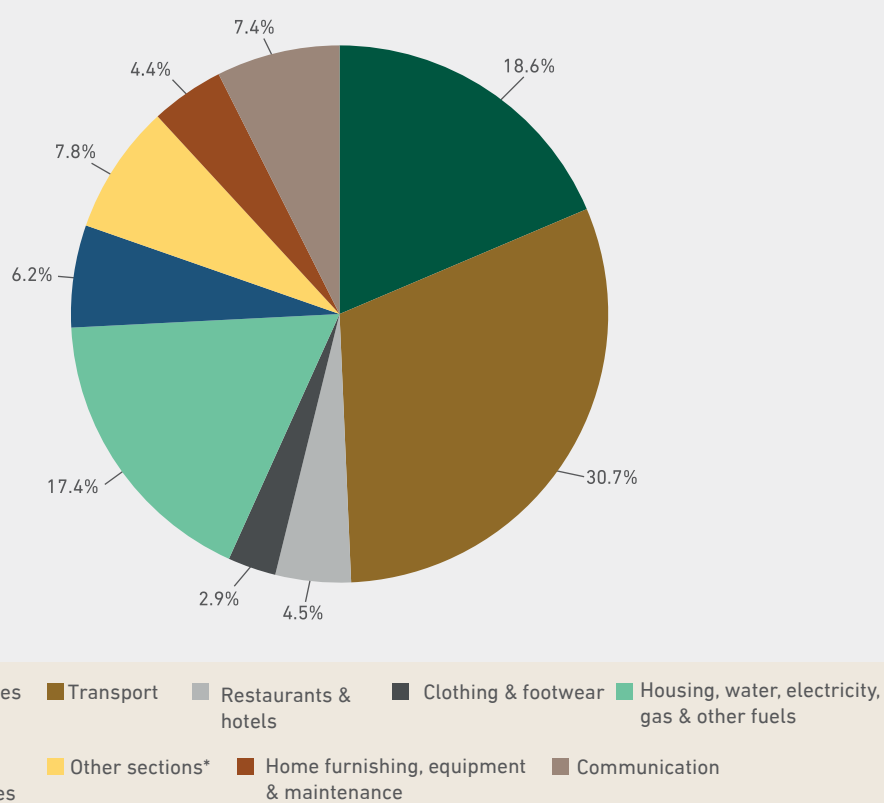
According to the Commodity Markets Outlook issued by the World Bank in May 2022, the energy price index increased by 78.2 percent during 2021. The food price index also increased by 28.8 percent, and the raw materials price index recorded a rise of 7.2 percent. Moreover, the precious metals price index increased by 3.3 percent (Table 7.5).

Table 7.3: Effect of Major Sections on the General Consumer Price Index (2018=100)

	Change 2021	Weight	Effect on 2021 index*
General index	3.1	100.0	100.0
Food & beverages	5.4	18.8	18.6
Tobacco	6.3	0.6	0.6
Clothing & footwear	2.2	4.2	2.9
Housing, water, electricity, gas & other fuels	-2.4	25.5	17.4
Home furnishing, equipment & maintenance	4.0	6.7	4.4
Health	1.6	1.4	0.4
Transport	10.3	13.1	30.7
Communication	7.4	5.6	7.4
Recreation & culture	3.0	3.1	2.0
Education	-5.0	2.9	4.8
Restaurants & hotels	4.5	5.6	4.5
Miscellaneous goods & services	2.8	12.6	6.2

Source: GaStat. *SAMA.

Chart 7.1: Effect of Major Sections on 2021 Consumer Price Index



*Other sections include health, recreation & culture, miscellaneous goods & services, & education.

Table 7.4: Average Annual Wholesale Price Index (2014=100)

	Weight	2019	2020	2021	Change	
					2020	2021
General index	100.0	119.1	123.2	138.2	3.5	12.1
Agriculture & fishery products	8.7	100.4	113.0	122.4	12.6	8.3
Ores & minerals	0.6	97.3	100.4	109.8	3.2	9.3
Food products, beverages, tobacco & textiles	17.3	107.4	114.7	121.5	6.8	5.9
Other goods*	33.7	145.6	139.5	160.3	-4.2	14.9
Metal products, machinery & equipment	39.7	106.1	115.7	130.5	9.1	12.8

*Other goods include wooden products, pulp & paper, refined petroleum products, basic chemicals, other chemical products & artificial fibers, rubber & plastic products, glass & non-metallic products, furniture & other transportable goods not elsewhere classified.

Source: GaStat.

Table 7.5: Selected Indices for Major Commodities

	2019	2020	2021	Change	
				2020	2021
Commodity imports					
Commodity imports (million SAR)	574360.7	517491.0	573185.0	-9.9	10.8
Indices for major commodities (2010 = 100)					
Energy products	78.7	53.2	94.8	-32.3	78.2
Food products	87.4	94.1	121.2	7.6	28.8
Raw materials	78.5	78.4	84.0	-0.1	7.2
Precious metals	106.0	134.9	139.4	27.3	3.3
SAR real & nominal effective exchange rates					
SAR nominal effective exchange rate*	118.1	118.8	116.2	0.5	-2.2
SAR real effective exchange rate**	112.1	115.0	113.0	2.6	-1.7

*Represents the average riyal exchange rate over the period in relation to a geometric average of the exchange rates of Saudi Arabia's top trading partners.

**Represents the nominal effective exchange rate after adjustment in accordance with changes in the general price level.

Source: GaStat; Commodity Markets Outlook, World Bank, May 2022; & International Financial Statistics (IFS), IMF.

Table (7.6) shows the annual change in consumer prices for Saudi Arabia's top trading partners in 2021, according to the data of the IMF's WEO published in April 2022.

The average consumer prices in 2021 increased by 5.5 percent in India, 4.7 percent in the USA, 3.2 percent in Germany, 2.6 percent in the UK, 2.5 percent in South Korea, 2.1 percent in France, 1.9 percent in Italy, 0.9 percent in China, and 0.2 per-

cent in the UAE. On the other hand, the average consumer prices decreased in Japan by 0.3 percent in 2021.

In GCC countries, the average consumer prices increased in 2021 by 3.4 percent in Kuwait, 2.3 percent in Qatar, and 1.5 percent in Oman. Conversely, the average consumer prices declined in Bahrain by 0.6 percent (Table 7.7).

Table 7.6: Annual Changes in Consumer Prices in Top Trading Partners

	2017	2018	2019	2020	2021
Developed countries	1.7	2.0	1.4	0.7	3.1
Emerging & developing countries	4.4	4.9	5.1	5.2	5.9
Top Trading Partners					
USA	2.1	2.4	1.8	1.2	4.7
Japan	0.5	1.0	0.5	0.0	-0.3
UK	2.7	2.5	1.8	0.9	2.6
China	1.6	2.1	2.9	2.4	0.9
Germany	1.7	1.9	1.4	0.4	3.2
India	3.6	3.4	4.8	6.2	5.5
France	1.2	2.1	1.3	0.5	2.1
Italy	1.3	1.2	0.6	-0.1	1.9
UAE	2.0	3.1	-1.9	-2.1	0.2
South Korea	1.9	1.5	0.4	0.5	2.5

Source: World Economic Outlook (WEO), IMF, April 2022.

Table 7.7: Annual Changes in Consumer Prices in GCC Countries

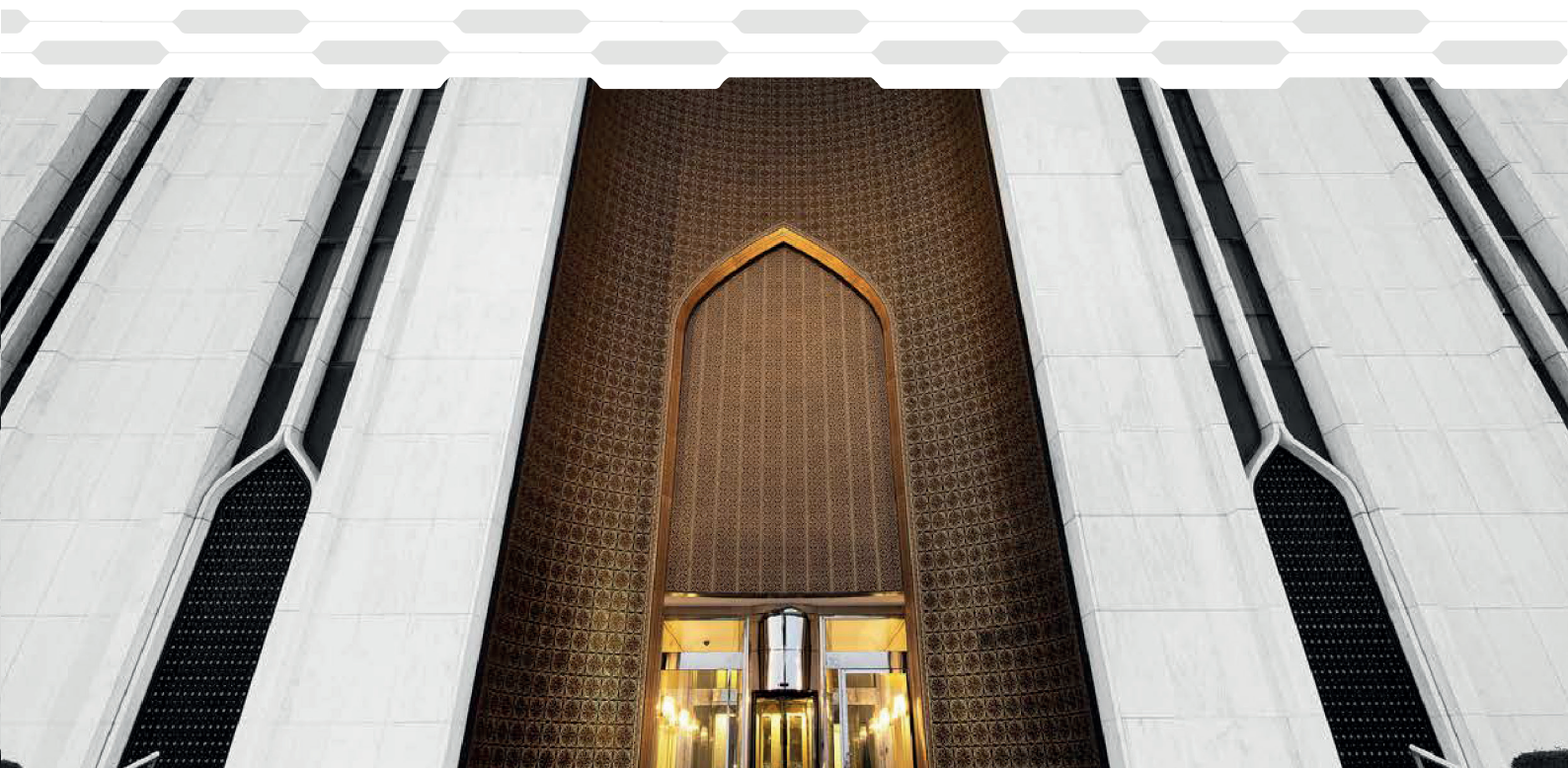
	2017	2018	2019	2020	2021*
UAE	2.5	3.1	-1.8	-2.1	0.2
Bahrain	1.4	2.1	1.0	-2.3	-0.6
Qatar	0.5	0.3	-0.9	-2.5	2.3
Kuwait	1.6	0.6	1.1	2.1	3.4
Oman	1.6	0.9	0.1	-0.8	1.5

*Preliminary data.

Source: World Economic Outlook (WEO), IMF, April 2021.

8

Monetary Developments



Monetary Developments

SAMA has been adopting a monetary policy aimed at achieving monetary stability, supporting various economic sectors in line with domestic and international economic developments, and ensuring that the banking sector continues performing its financing role to meet economic needs. Additionally, SAMA has continued to implement a fixed exchange rate policy of the Saudi riyal against the US dollar at SAR 3.75 per one US dollar. The fixed exchange rate policy has been a cornerstone of the monetary and financial stability in light of the strength of foreign exchange reserves and their ability to meet all external obligations of Saudi Arabia.

Monetary Policy Tools

As part of SAMA's role in maintaining monetary stability and promoting the stability of the financial sector as well as supporting economic recovery in the face of developments in domestic financial markets, SAMA managed to maintain the repo rate and reverse repo rate at 1.0 percent and 0.5 percent in 2021, respectively. The banking system maintained abundant liquidity levels during 2021. The average daily reverse repo transactions declined to SAR 65.7 billion in 2021 from SAR 76.0 billion in the previous year. On the other hand, the average daily repo transactions rose to SAR 893 million in 2021 from SAR 292.1 million in the previous year. SAMA also maintained the cash reserve requirements at 4.0 percent for time and savings deposits and 7.0 percent for demand

deposits, unchanged from the preceding year.

Moreover, SAMA continued to carry out open-market operations, which include SAMA bills and term repos. Open-market operations are used to pump liquidity into the banking system and withdraw liquidity from it to achieve SAMA's objectives of maintaining monetary stability and supporting the stability of the financial sector in Saudi Arabia.

Money Supply Growth

Broad money (M3)—which comprises currency in circulation and aggregate bank deposits—continued to increase in 2021, recording a growth of 7.4 percent (SAR 159.6 billion) to stand at SAR 2,309 billion compared to an increase of 8.3 percent (SAR 164.1 billion) in 2020. Bank deposits, which constituted 91.1 percent of M3, also increased by 8.3 percent (SAR 161.5 billion) compared to a growth rate of 8.2 percent (SAR 147.0 billion) in 2020. In contrast, currency in circulation decreased by 0.9 percent (SAR 1.9 billion) in 2021 compared to a rise of 9.1 percent (SAR 17.1 billion) in 2020.

A breakdown of bank deposits shows that demand deposits constituted the largest share of M3, standing at around 58.9 percent of total M3 in 2021 compared to 59.7 percent in 2020. Demand deposits increased by nearly 6.0 percent (SAR 77.5 billion) in 2021, compared to about 16.7 percent (SAR 183.4 billion) in the previous year. On the other hand, time and savings deposits grew by 4.5 percent (SAR 21.4 billion) in 2021, compared to a decline of 5.5 percent (SAR 27.7 billion) in 2020. The share of time and savings deposits in M3 ac-

counted for 21.5 percent in 2021 compared to 22.1 percent in the preceding year.

Other quasi-monetary deposits - which include residents' foreign currency deposits, deposits against

outstanding letter of credits (LCs), guarantees and remittances, and banks' repo transactions with the private sector-recorded an increase of 33.6 percent (SAR 62.6 billion) in 2021 compared to a decrease of 4.5 percent (SAR 8.7 billion) in 2020.

Chart 8.1: Growth Rates of Money Supply (M3)

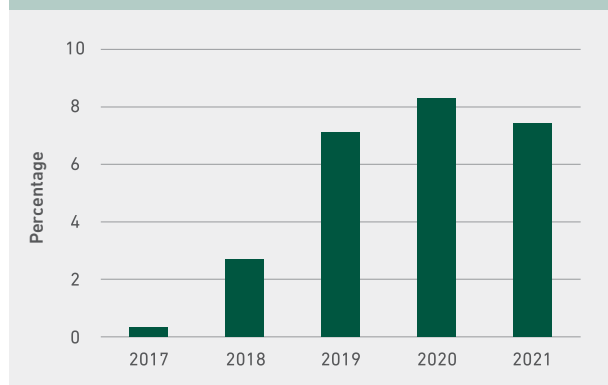


Chart 8.2: Money Supply

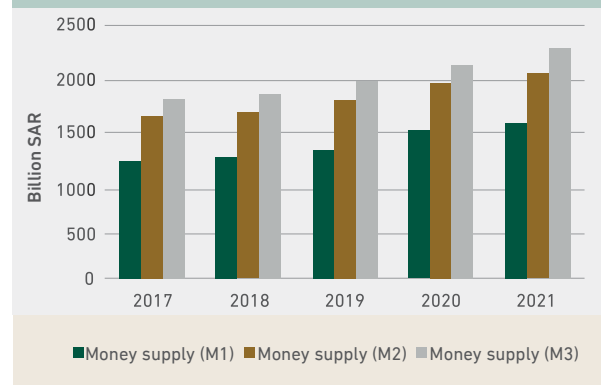


Table 8.1: Money Supply

(Million SAR)							
End of year	Currency in circulation	Demand deposits	M1 (1+2)	Time and savings deposits	M2 (3+4)	Other quasi-monetary deposits*	M3 (5+6)
2017	172.046	1,002.468	1,174.514	454.152	1,628.666	176.505	1,805.171
2018	180.132	1,040.665	1,220.797	443.022	1,663.820	189.826	1,853.645
2019	189.160	1,099.151	1,288.311	501.667	1,789.978	195.161	1,985.139
2020	206.284	1,282.591	1,488.875	473.967	1,962.842	186.425	2,149.267
2021	204.366	1,360.108	1,564.474	495.334	2,059.809	249.011	2,308.820

*Include residents' foreign currency deposits, marginal deposits for LCs, outstanding remittances & banks' repo transactions with private parties.

Table 8.2: Money Supply Growth Rates and Components

(Percentage)							
End of year	Currency in circulation	Demand deposits	M1	Time & savings deposits	M2	Other quasi-monetary deposits	M3
2017	1.01	2.70	2.45	-8.44	-0.84	12.22	0.30
2018	4.70	3.81	3.94	-2.45	2.16	7.55	2.69
2019	5.01	5.62	5.53	13.24	7.58	2.81	7.09
2020	9.05	16.69	15.57	-5.52	9.66	-4.48	8.27
2021	-0.93	6.04	5.08	4.51	4.94	33.57	7.42

The share of other quasi-monetary deposits in M3 constituted 10.8 percent in 2021 compared to 8.7 percent in 2020 (Tables 8.1, 8.2 and 8.3; Charts 8.1 and 8.2).

As for the other key monetary aggregates, M1 (which comprises currency in circulation and demand deposits) recorded an increase of 5.1 percent (SAR 75.6 billion) in 2021 compared to a rise of 15.6 percent (SAR 200.6 billion) in 2020. The share of demand deposits in M1 increased to 86.9 percent in 2021 compared to 86.1 percent in the preceding year. Moreover, M2 (comprising M1 plus time and savings deposits) grew by 4.9 percent (SAR 97.0 billion) in 2021 against an increase of 9.7 percent (SAR 172.9 billion) in 2020. The ratio of M1 to M3 went down from 69.3 percent in 2020 to 67.8 percent in 2021. The ratio of M2 to M3 also decreased to approximately 89.2 percent in 2021 compared to 91.3 percent in 2020 (Table 8.4).

Broad Money (M3):

Causal Factors

M3 recorded a high increase of 7.4 percent in 2021, driven by a 15.4 percent (SAR 271.6 billion) increase in bank claims on the private sector to SAR 2,034.1 billion in 2021 compared to 14.0 percent (SAR 215.9 billion) in 2020. This increase was attributable to a 41.4 percent YoY growth (SAR 130.6 billion) in retail real estate loans compared to 59.1 percent (SAR 117.1 billion) in the preceding year. Net domestic government riyal-denominated expenditures went up to SAR 624.5 billion in 2021 compared to SAR 479.7 billion in the preceding year. On the other hand, the deficit in the private sector's balance of payments went down to SAR 665 billion in 2021, compared to a deficit of nearly SAR 710 billion in the preceding year. In addition, net other items fell by nearly SAR 249 billion in 2021 compared to the preceding year. With all these factors, the increase in money supply totaled about SAR 159.6 billion in 2021 (Table 8.5 and Chart 8.3).

Table 8.3: Money Supply Components

(Percentage in M3: end of year)					
	2017	2018	2019	2020	2021
Currency in circulation	9.5	9.7	9.5	9.6	8.9
Total deposits	90.5	90.3	90.5	90.4	91.1
Demand deposits	55.5	56.1	55.4	59.7	58.9
Time & savings deposits	25.2	23.9	25.3	22.1	21.5
Other quasi-monetary deposits	9.8	10.2	9.8	8.7	10.8
Money supply (M3)	100.0	100.0	100.0	100.0	100.0

Table 8.4: Monetary Ratios

(Percentag)		
Year	M1/M3	M2/M3
2017	65.1	90.2
2018	65.9	89.8
2019	64.9	90.2
2020	69.3	91.3
2021	67.8	89.2

Chart 8.3: Causal Factors for Change in M3

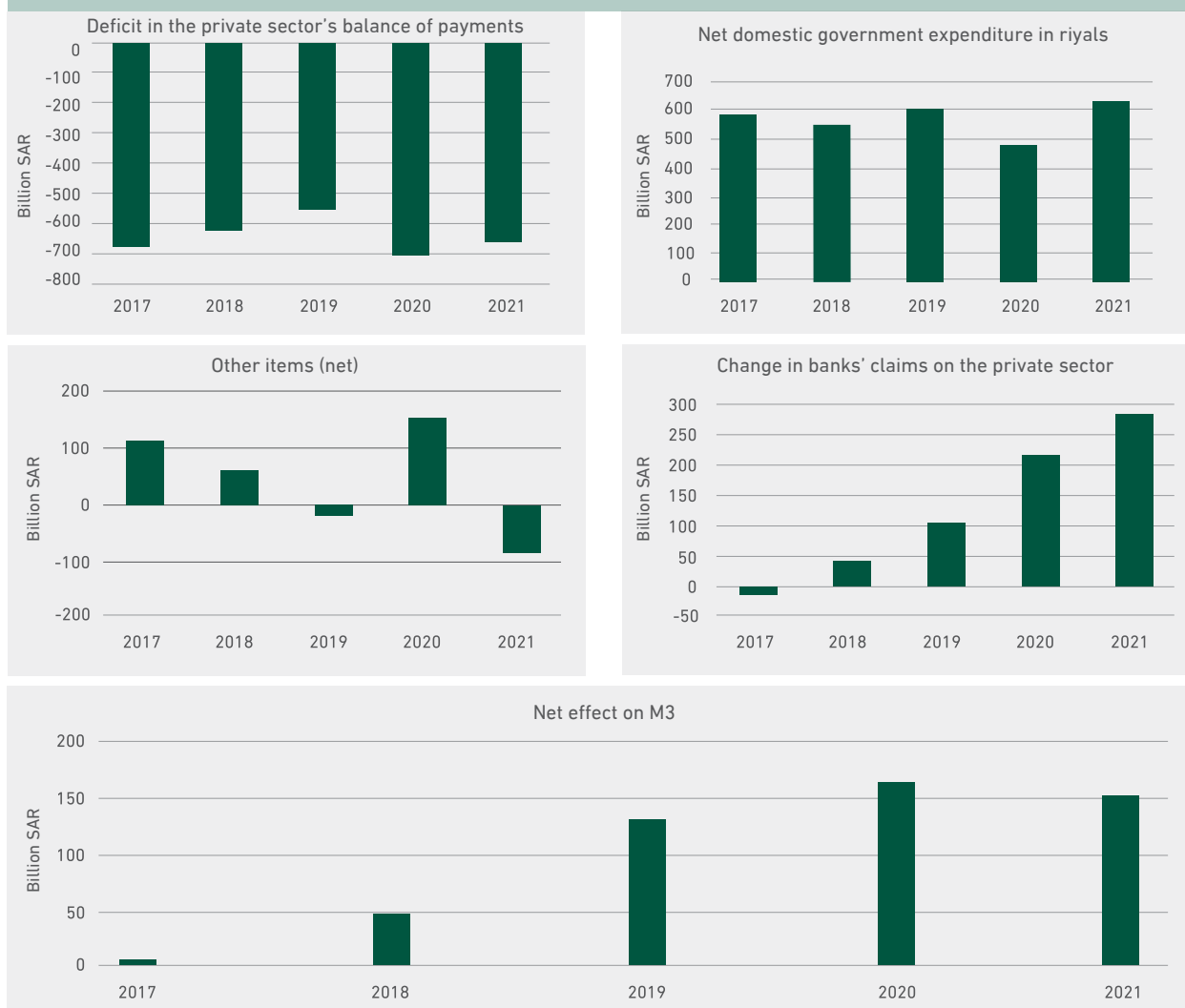


Table 8.5: Causal Factors for Change in M3

	(Billion SAR)		
	2019	2020	2021
Change in M3	131.5	164.1	159.6
Causal Factors			
Net domestic government expenditure*	600.0	479.7	624.5
Change in banks' claims on the private sector	101.3	215.9	271.6
Change in banks' claims on public non-financial institutions	7.9	17.5	15.9
Deficit in the private sector's balance of payments**	-558.0	-710.8	-665.4
Other items (net)	-19.7	161.8	-87.1
Total	131.5	164.1	159.6

*Domestic government expenditure in riyals less local revenues in riyals.

**Estimated.

Monetary Base and Money Multiplier

Monetary base is the narrowest measure of liquidity, consisting of currency in circulation, cash in vault, and commercial banks' and public financial institutions' deposits with SAMA. The monetary base grew by 1.0 percent (SAR 3.6 billion) to SAR 356.3 billion in 2021 compared to a rise of 8.6 percent (SAR 28.0 billion) in 2020.

The share of currency in circulation in the monetary base stood at 57.4 percent in 2021 compared with 58.5 percent in the preceding year. Moreover, commercial banks' deposits with SAMA recorded an increase of 8.3 percent (SAR 9.8 billion) in 2021 against an increase of 12.4 percent (SAR 13.1 billion) in the preceding year. In contrast, public financial institutions' deposits with SAMA did not significantly change in 2021 as they stood at approximately SAR 444.1 million.

The money multiplier recorded an increase of nearly 6.3 percent to 6.5 in 2021 compared to a decrease of 0.3 percent in the preceding year (Table 8.6 and Chart 8.4).

Seasonal Trends of Currency in Circulation

Currency in circulation usually records its high-

est levels during the month of Ramadan and the Hajj season, which move through the Gregorian calendar but have coincided with the second and third quarters of the last few Gregorian years. This is demonstrated in the time series data on currency in circulation (Table 8.7 and Chart 8.5).

Currency in circulation reached its peak of SAR 212.2 billion at end-May 2021 (Shawwal 19, 1442H) and recorded its lowest level of SAR 202.6 billion at end-November 2021 (Rabi' II 25, 1442H).

Monetary Survey

The monetary survey is aimed at assessing the status of the Saudi banking system (SAMA and commercial banks) as well as arranging the items of the assets and liabilities of the banking

Chart 8.4: Monetary Base and Money Multiplier

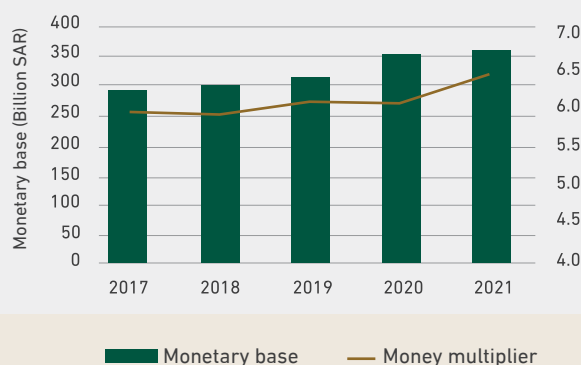
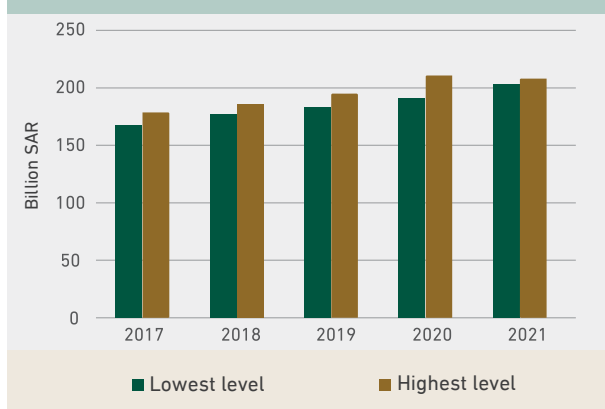
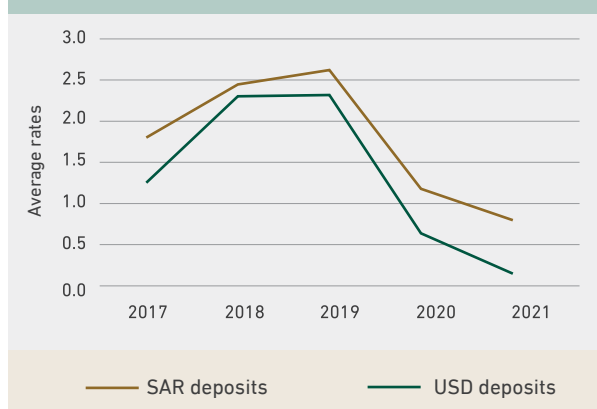


Table 8.6: Monetary Base and Money Multiplier

	2018	2019	2020	2021
Money multiplier	5.9	6.1	6.1	6.5
Monetary base (million SAR)				
Currency in circulation	180,132	189,160	206,284	204,366
Cash in vault	30,733	29,319	27,384	23,131
Deposits with SAMA: local banks' deposits	99,943	105,470	118,539	128,335
Deposits with SAMA: public financial institutions' deposits	807	724	444	444
Total	311,615	324,674	352,651	356,276

Table 8.7: Seasonal Trends of Currency in Circulation

Highest level of currency in circulation during the year			Lowest level of currency in circulation during the year		
End of Gregorian month	Corresponding Hijri date	Quantity	End of Gregorian month	Corresponding Hijri date	Quantity
06/2017	06/10/1438	184,276	10/2017	11/02/1439	167,435
06/2018	16/10/1439	189,862	01/2018	14/05/1439	175,110
05/2019	26/09/1440	196,878	01/2019	25/05/1440	181,105
05/2020	08/10/1441	213,586	01/2020	06/06/1441	190,963
05/2021	19/10/1442	212,186	11/2021	25/04/1443	202,564

Chart 8.5: Seasonal Trends of Currency in Circulation**Chart 8.6: Interest Rates on SAR and USD Deposits (3-Month Average Rates)**

system to understand changes. The 2021 monetary survey indicated an increase in the assets of the banking system as a whole by nearly 6.2 percent (SAR 250.6 billion) to SAR 283.4 billion in 2021 compared to an increase of 3.0 percent (SAR 117.3 billion) in 2020 (Table 8.8).

Net foreign assets fell by 5.4 percent (SAR 79.4 billion) in 2021 compared to a drop of 8.9 percent (SAR 170.8 billion) in the preceding year. As a result, their share in total assets decreased from 43.5 percent in 2020 to 39.1 percent in 2021. This decrease was attributable to a decline in commercial banks' and SAMA's foreign assets in 2021.

In contrast, bank claims on the private and public sectors and on public non-financial institutions

registered growth rates of 15.4 percent, 9.7 percent and 20.1 percent, respectively, in 2021 (Table 8.8).

Interest Rate Trends

The average three-month Saudi interbank offered rate (SAIBOR) declined by around 38 basis points to 0.81 percent in 2021 compared to 1.19 percent in 2020. The average three-month interest rate on USD deposits (LIBOR) slightly decreased by around 49 basis points from 0.65 percent in 2020 to 0.16 percent in 2021. The interest rate spread (the differential between the two average rates) increased to 65 basis points in 2021 in favor of the Saudi riyal compared to 54 basis points in the preceding year (Table 8.9 and Chart 8.6).

Table 8.8: Monetary Survey* (End of year)

(Million SAR)					
	2017	2018	2019	2020	2021
Assets					
Net foreign assets	1,976,292	1,956,765	1,923,100	1,752,315	1,672,954
SAMA	1,833,355	1,835,866	1,852,626	1,684,317	1,643,109
Commercial banks	142,938	120,899	70,475	67,998	29,846
Domestic credit	1,713,578	1,804,171	1,991,837	2,279,967	2,609,908
Banks' claims on the private sector	1,405,210	1,445,252	1,546,519	1,762,440	2,034,085
Banks' claims on the government	254,545	305,154	383,672	438,370	480,750
Banks' claims on public sector non-financial institutions	53,823	53,765	61,646	79,158	95,073
Total	3,689,871	3,760,936	3,914,938	4,032,283	4,282,862
Liabilities					
Money supply (M3)	1,805,171	1,853,645	1,985,139	2,149,267	2,308,820
Government deposits**	737,716	681,492	622,945	585,029	537,715
Other items (net)	1,146,983	1,225,799	1,306,853	1,297,987	1,436,327
Total	3,689,871	3,760,936	3,914,938	4,032,283	4,282,862
(Change)					
Net foreign assets	-6.8	-1.0	-1.7	-8.9	-4.5
Domestic credit	3.7	5.3	10.4	14.5	14.5
Banks' claims on the private sector	-0.9	2.8	7.0	14.0	15.4
Banks' claims on the government	42.7	19.9	25.7	14.3	9.7
Banks' claims on public sector non-financial institutions	-2.7	-0.1	14.7	28.4	20.1
Money supply (M3)	0.3	2.7	7.1	8.3	7.4
Government deposits**	-15.7	-7.6	-8.6	-6.1	-8.1
Other items (net)	4.6	6.9	6.6	-0.7	10.7

*The consolidated financial position of SAMA & commercial banks. **Including LCs & bills for collection.

Table 8.9: Interest Rates on SAR and USD Deposits*

(Three-month average rates)			
Year	SAR deposits (SAIBOR 3M)	USD deposits (LIBOR 3M)	Difference between SAR and USD interest rates
2016	2.07	0.73	1.34
2017	1.81	1.26	0.55
2018	2.45	2.31	0.14
2019	2.63	2.33	0.30
2020	1.19	0.65	0.54
2021	0.81	0.16	0.65

*Interbank offered rates.

Exchange Rate Trends

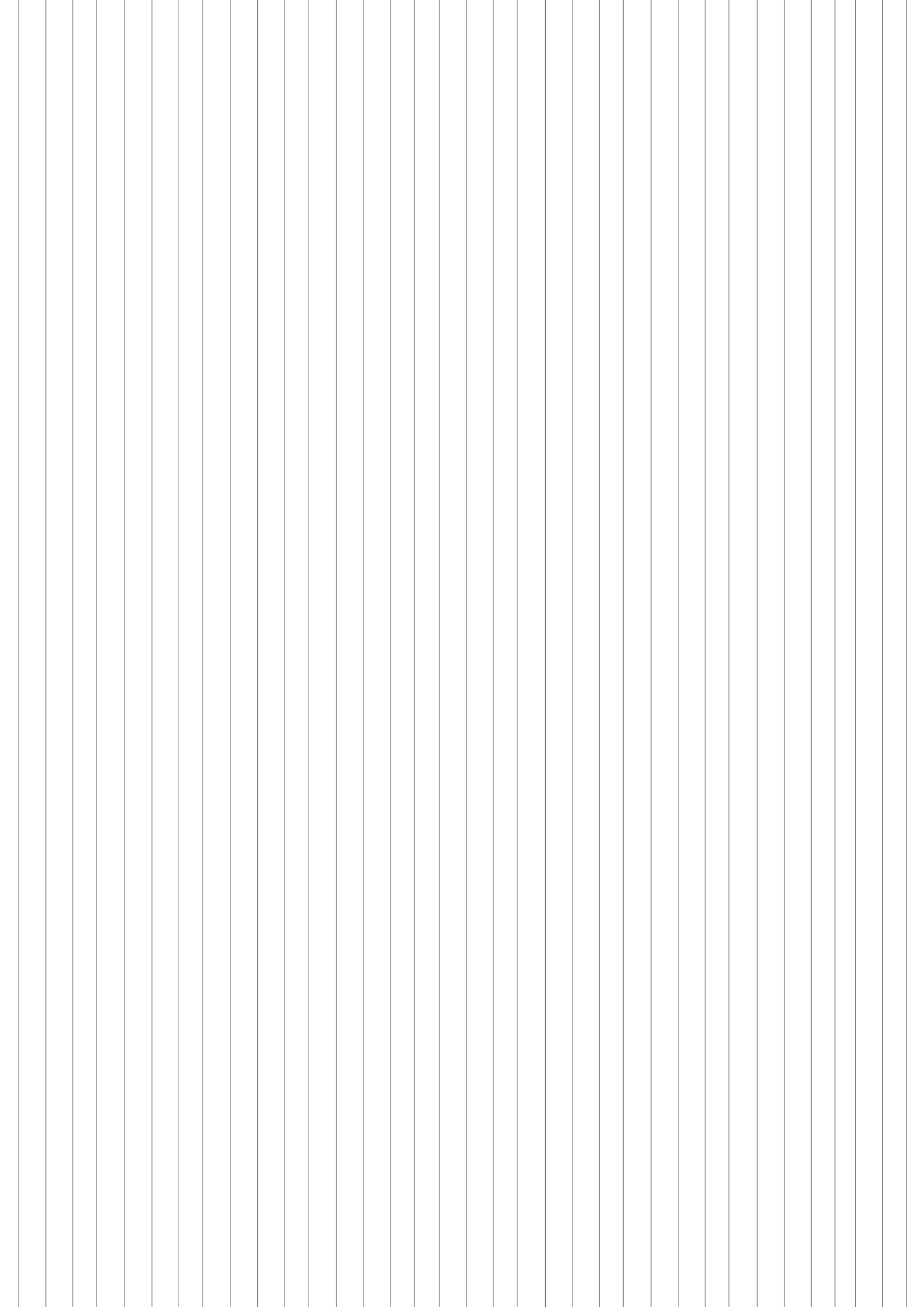
SAMA maintained its US dollar-pegged monetary policy, which aims to maintain the stability of the Saudi riyal exchange rate in order to serve the interests of the Saudi economy. This policy positively kept the exchange rate fixed at SAR 3.75 per US dollar in the spot markets in 2021.

It is worth mentioning that the Saudi riyal exchange rate averaged approximately SAR 3.7518 per US dollar in 2021 compared to approximately SAR 3.7537 in the preceding year. The highest exchange rate recorded in 2021 was around 3.7562. The lowest exchange rate recorded in 2021 was SAR 3.7497 (Table 8.10).

Table 8.10: Indicators of USD/SAR Exchange Rate in the Spot Market*

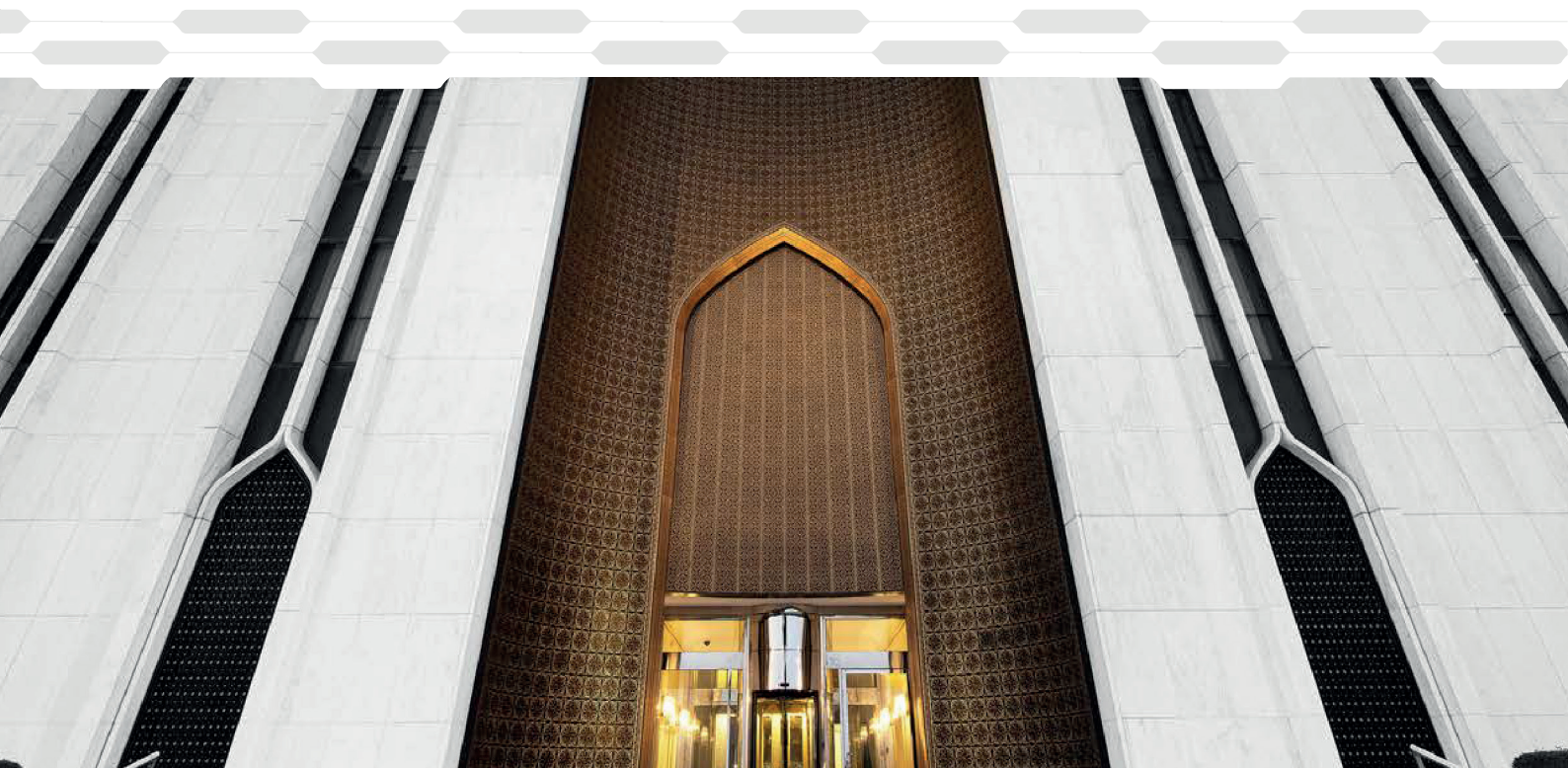
Year	Highest rate	Lowest rate	Average rate (for the entire year)
2016	3.7587	3.7489	3.7508
2017	3.7518	3.7489	3.7503
2018	3.7530	3.7499	3.7506
2019	3.7535	3.7500	3.7508
2020	3.7694	3.7503	3.7537
2021	3.7562	3.7497	3.7518

*Source: Bloomberg.



9

Banking Sector



Banking Sector

The banking sector has registered good performance due to the faster than expected recovery of the Saudi economy from the COVID-19 pandemic, which significantly impacted the global economy and casted a shadow on the Saudi economy in 2020. The Saudi banking sector recovered substantially and rapidly in 2021 from the impact of the COVID-19 pandemic owing to the actions and measures that were taken collectively by SAMA and Saudi banks. This recovery was reflected in the banks' improved general activities and enhanced financial positions. Total assets of banks rose by 10.0 percent, and bank deposits and profits increased by 8.3 and by 39.2 percent, respectively.

Consolidated Financial Position of Banks

Commercial banks performed well in 2021 as their total assets rose by 10.0 percent (SAR 298.2 billion) to nearly SAR 3,277.8 billion, compared to an increase of 13.2 percent (SAR 348.5 billion) in the preceding year (Table 9.1).

Bank Deposits

Total bank deposits increased by 8.3 percent (SAR 161.5 billion) to about SAR 2,104.5 billion in 2021, compared to an increase of 8.2 percent (SAR 147.0 billion) in the preceding year (Table 9.2 and Charts 9.1 and 9.2).

A review of developments in bank deposits by type shows that demand deposits rose by 6.0 percent (SAR 77.5 billion) to around SAR 1,360.1 billion in 2021, compared to a rise of 16.7 percent (SAR 183.4 billion) in the preceding year, bringing down their share in total deposits to 64.6 percent

Table 9.1: Consolidated Financial Position of Commercial Banks (End of Period)

	(Million SAR)				
	2017	2018	2019	2020	2021
Assets					
Bank reserves	243,294	222,856	239,375	288,177	205,569
Foreign assets	262,124	231,832	243,629	250,064	255,572
Claims on the public sector	308,368	358,919	445,318	517,527	575,822
Claims on the private sector	1,405,210	1,445,252	1,546,519	1,762,440	2,034,085
Claims on non-monetary financial institutions	2,600	1,041	1,398	1,419	368
Other assets	129,295	138,246	154,888	159,998	206,430
Total assets (liabilities)	2,350,891	2,398,147	2,631,128	2,979,625	3,277,846
Liabilities					
Bank deposits	1,633,125	1,673,513	1,795,979	1,942,984	2,104,454
Foreign liabilities	119,186	110,933	173,155	182,066	225,727
Capital & reserves	317,067	303,439	342,976	377,099	419,525
Profits	43,857	48,148	50,315	38,701	53,875
Other liabilities	237,655	262,113	268,703	438,776	474,266

Chart 9.1: Deposits by Currency

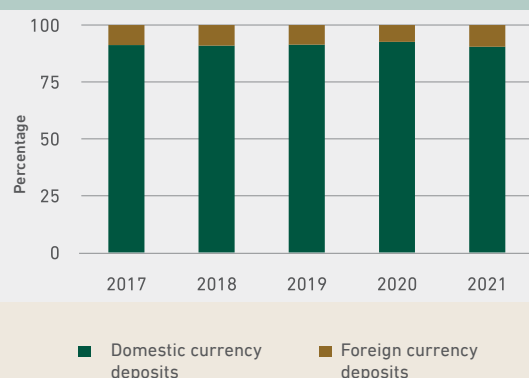


Chart 9.2: Growth Rates of Bank Deposits

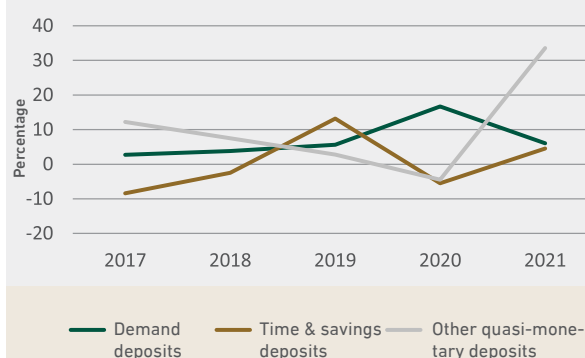


Table 9.2: Bank Deposits (End of Period)

	(Million SAR)				
	2017	2018	2019	2020	2021
I. By type					
Demand deposits	1,002,468	1,040,665	1,099,151	1,282,591	1,360,108
Time & savings deposits	454,152	443,022	501,667	473,967	495,334
Other quasi-monetary deposits	176,505	189,826	195,161	186,425	249,011
Foreign currency deposits	144,333	149,976	155,039	144,064	200,449
Deposits for LCs	18,517	25,409	24,191	25,973	28,669
Repo transactions	51	--	--	1	--
Outstanding remittances	13,604	14,440	15,931	16,387	19,893
II. By sector					
Private sector	1,283,622	1,330,444	1,390,494	1,518,294	1,593,191
Public sector	349,503	343,069	405,485	424,689	511,263
III. By currency					
Domestic currency deposits	1,488,792	1,523,537	1,640,940	1,798,920	1,904,005
Foreign currency deposits	144,333	149,976	155,039	144,064	200,449
Total bank deposits	1,633,125	1,673,513	1,795,979	1,942,984	2,104,454

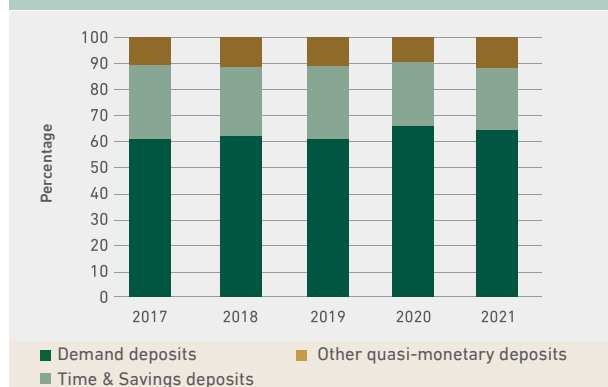
from 66.0 percent at the end of the preceding year. On the other hand, time and savings deposits increased by 4.5 percent (SAR 21.4 billion) to approximately SAR 495.3 billion in 2021, compared to a decline of 5.5 percent (SAR 27.7 billion) in the preceding year. Their share in total deposits declined to 23.5 percent from 24.4 percent at the end of the preceding year.

Moreover, other quasi-monetary deposits (the majority of which are residents' foreign curren-

cy deposits) went up by 33.6 percent (SAR 62.6 billion) to nearly SAR 200.4 billion in 2021, compared to a decline of 4.5 percent (SAR 8.7 billion) in the preceding year. Their share in total deposits increased to 11.8 percent from 9.6 percent at the end of the preceding year (Chart 9.3).

A breakdown of deposits by sector shows that deposits of the private sector increased by 4.9 percent (SAR 74.9 billion) to around SAR 1,593.2 billion in 2021 compared to a rise of 9.2 percent

Chart 9.3: Shares of Deposit Components



(SAR 127.8 billion) in the preceding year. The share of the private sector deposits in total bank deposits declined to 75.7 percent compared to 78.1 percent at the end of the preceding year. Moreover, deposits of the public sector increased by 20.4 percent (SAR 86.6 billion) to about SAR 511.3 billion compared to an increase of 4.7 percent (SAR 19.2 billion) in the preceding year, bringing up the share of the sector's deposits in total deposits to 24.3 percent at end-2021 from 21.9 percent at end-2020.

A review of developments in bank deposits by currency shows that domestic currency deposits increased by 5.8 percent (SAR 105.1 billion) to nearly SAR 1,904.0 billion in 2021, compared to a rise of 9.6 percent (SAR 158.0 billion) in the preceding year. Their share in total deposits declined to 90.5 percent at end-2021 from 92.6 percent at end-2020. In addition, foreign currency deposits rose by 39.1 percent (SAR 56.4 billion) to about SAR 200.4 billion in 2021 compared to a decline of 7.1 percent (around SAR 11.0 billion) in the preceding year. The share of foreign currency deposits in total deposits increased to 9.5 percent at end-2021.

Bank Claims on the Private and Public Sectors

Total bank claims on the private and public sectors increased by 14.4 percent (SAR 328.9 billion) to nearly SAR 2,610.3 billion in 2021, compared to an increase of 14.5 percent (SAR 288.2 billion) in the preceding year. Thus, total claims on the private and public sectors at end-2021 accounted for 124.0 percent of total bank deposits, compared to 117.4 percent at end-2020.

Total bank claims on the private sector went up by 15.4 percent (SAR 271.6 billion) to around SAR 2,034.1 billion in 2021, compared to a rise of 14.0 percent (SAR 215.9 billion) in the preceding year. Total bank credit extended to the private and public sectors grew by 15.5 percent during 2021. Bank claims on the private sector constituted 96.7 percent of total bank deposits at end-2021 compared to 90.7 percent at end-2020.

On the other hand, bank claims on the public sector (credit to public institutions and government or quasi-government bonds) increased by 11.3 percent (SAR 58.3 billion) to about SAR 575.8 billion in 2021 compared to a rise of 16.2 percent (SAR 72.2 billion) in the preceding year. This rise is attributable to the growth of bank credit to public institutions by 20.1 percent against 28.4 percent in the preceding year. Bank claims on the public sector constituted 27.4 percent of total bank deposits in 2021 compared to 26.6 percent in the preceding year.

Furthermore, claims on non-monetary financial institutions went down by 74.1 percent (SAR 1.0

billion) at end-2021 compared to a rise of 1.5 percent (SAR 20.6 million) at the end-2020 (Table 9.3 and Charts 9.4 and 9.5).

Bank Credit by Maturity

Short-term bank less than one year extended to the private sector and institutions of the public sector increased by 10.5 percent (SAR 73.5 billion) to around SAR 771.6 billion in 2021 compared to a rise of 2.2 percent (SAR 14.9 billion) in the preceding year. Similarly, medium-term credit (1-3 years) rose by 3.3 percent (SAR 8.5 billion) to roughly SAR 269.4 billion compared to a rise of 11.2 percent (SAR 26.2 billion) in the preceding year. In addition, long-term credit (more than 3 years)

increased by 23.6 percent (SAR 194.7 billion) to around SAR 1,018.3 billion compared to an increase of 29.8 percent (SAR 198.0 billion) in the preceding year (Table 9-4).

Bank Credit by Economic Activity

A breakdown of bank credit by economic activity during 2021 shows mixed trends. Bank credit extended to the finance activity recorded the highest growth rate compared to the rest of economic activities, rising by 23.6 percent (SAR 10.9 billion) to nearly SAR 57.0 billion compared to a rise of 11.2 percent (SAR 4.6 billion) in the preceding year.

Moreover, bank credit extended to the commerce

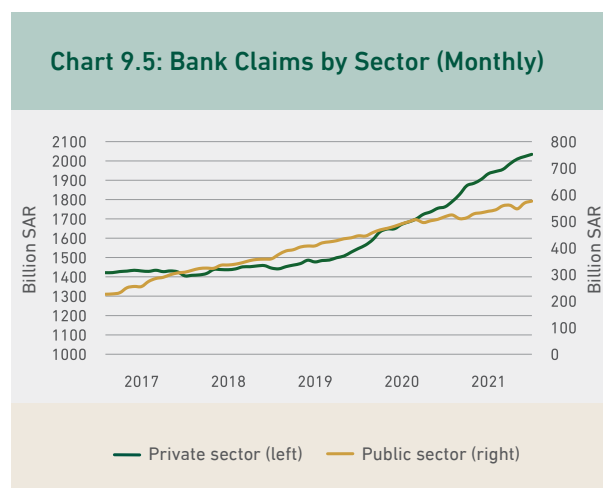
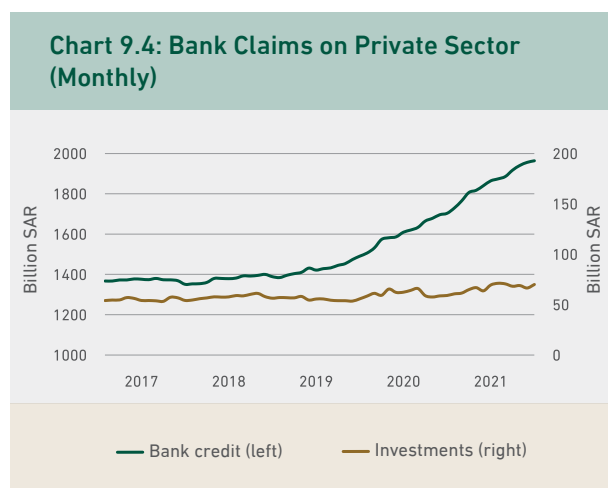


Table 9.3: Bank Claims on the Private and Public Sectors (End of Period)

	(Million SAR)					
	2019		2020		2021	
	Amount	Share	Amount	Share	Amount	Share
Claims on the private sector	1,546,519	77.59	1,762,440	77.25	2,034,085	77.93
Bank credit	1,490,833	74.79	1,703,432	74.67	1,964,147	75.25
Loans & advances	1,477,980	74.15	1,690,316	74.09	1,948,981	74.67
Bills discounted	12,853	0.64	13,117	0.57	15,166	0.58
Investments in private securities	55,686	2.79	59,008	2.59	69,938	2.68
Claims on the public sector	445,318	22.34	517,527	22.68	575,822	22.06
Bank credit to public institutions	61,646	3.09	79,158	3.47	95,073	3.64
Government bonds	383,672	19.25	438,370	19.22	480,750	18.42
Claims on non-monetary financial institutions	1,398	0.07	1,419	0.06	368	0.01
Total	1,993,235	100.00	2,281,386	100.00	2,610,276	100.00

activity went up by 15.6 percent (SAR 46.7 billion) to approximately SAR 346.8 billion, compared to a rise of 4.2 percent (SAR 12.2 billion) in the preceding year. Bank credit extended to water, electricity, gas and health services also went up by 12.1 percent (SAR 8.0 billion) to around SAR 74.5 billion compared to a rise of 8.9 percent (SAR 5.4 billion) in the preceding year. Bank credit extended to the building and construction activity also went up by 4.6 percent (SAR 4.3 billion) to around SAR 96.7 billion, compared to a decline of 0.4 percent (SAR 382.5 million) in the preceding year. Moreover, bank credit extended to the manufacturing and production activity increased by 2.9 percent (SAR 4.5 billion) to approximately SAR 160.6 bil-

lion compared to a decline of 0.4 percent (SAR 644.0 million) in the preceding year. On the other hand, bank credit extended to the agriculture and fishing activity fell by 14.7 percent (SAR 2.4 billion) compared to a rise of 11.7 percent (SAR 1.7 billion) in the preceding year. Bank credit extended to the services activity stood at nearly SAR 94.9 billion, while the credit extended to transport and communications reached about SAR 45.1 billion. Further, bank credit extended to the mining and quarrying activity was affected during 2021, after recording the highest growth rate in the preceding year, as it fell by 14.6 percent (SAR 3.6 billion) compared to an increase of 26.5 percent (SAR 5.2 billion) in the preceding year (Table 9.5 and Chart 9.6).

Table 9.4: Bank Credit by Maturity

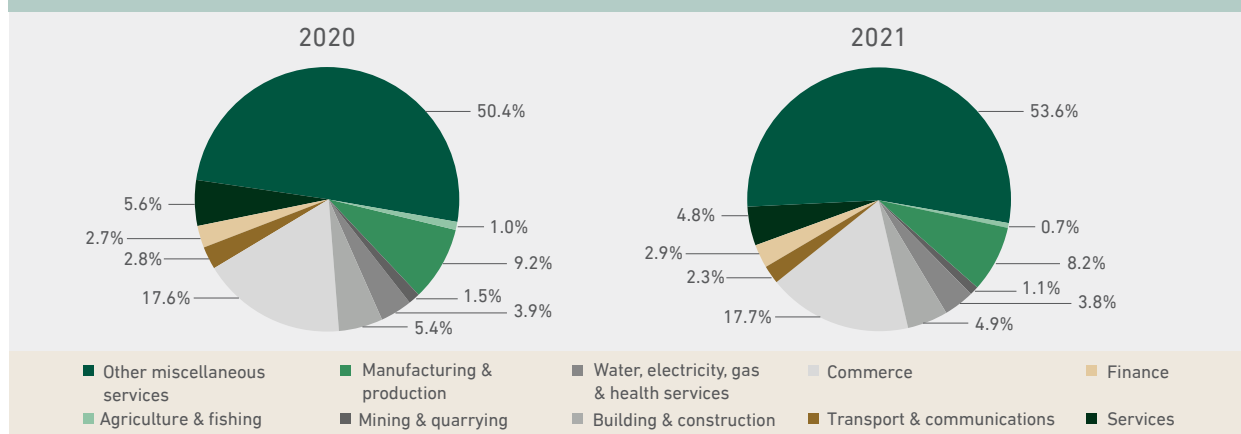
(Million SAR)				
Year (end of period)	Short term	Medium term	Long term	Total
2017	701,233	267,155	436,562	1,404,950
2018	714,927	227,911	499,867	1,442,705
2019	683,215	234,625	634,639	1,552,479
2020	698,110	260,838	823,642	1,782,590
2021	771,562	269,366	1,018,292	2,059,220

Note: Short term: less than one year; Medium term: 1-3 years; Long term: more than three years.

Table 9.5: Bank Credit Extended to Private Sector & by Economic Activity (End of Period)

(Million SAR)						
	2019		2020		2021	
	Amount	Share	Amount	Share	Amount	Share
Agriculture & fishing	14,653	1.0	16,363	1.0	13,961	0.7
Manufacturing & production	156,754	10.5	156,110	9.2	160,581	8.2
Mining & quarrying	19,707	1.3	24,932	1.5	21,286	1.1
Water, electricity, gas & health services	61,049	4.1	66,456	3.9	74,498	3.8
Building & construction	92,850	6.2	92,468	5.4	96,723	4.9
Commerce	287,923	19.3	300,141	17.6	346,827	17.7
Transport & communications	51,237	3.4	47,315	2.8	45,059	2.3
Finance	41,465	2.8	46,108	2.7	56,981	2.9
Services	81,217	5.4	94,996	5.6	94,950	4.8
Other miscellaneous services	683,977	45.9	858,544	50.4	1,053,280	53.6
Total	1,490,833	100.0	1,703,432	100.0	1,964,147	100.0

Chart 9.6: Bank Credit Extended to Private Sector by Economic Activity



Syndicated Loans

Data on syndicated loans extended to residents indicate that their number decreased by 1.7 percent to 404 loans in 2021. Similarly, syndicated loans extended to non-residents went down by 16.9 percent to 69 loans. The total value of syndicated loans extended to residents increased by 5.0 percent to SAR 188 billion in 2021, while the value of loans extended to non-residents declined by 17.4 percent to SAR 19 billion (Table 9.6).

Consumer and Credit Card Loans

Consumer and credit card loans extended by commercial banks went up by 16.8 percent to nearly SAR 447.9 billion at end-2021 compared to about SAR 383.6 billion at end-2020 (Table 9.7A and Chart 9.7).

Real Estate Bank Credit

Retail and corporate real estate loans extended by banks continued their growth to reach around SAR 568.9 billion, increasing by 32.8 percent (SAR 140.4 billion) in 2021, compared to a growth rate of 44.1 percent (SAR 131.0 billion) in the preceding year. Retail real estate loans recorded a rise of 41.4 percent (SAR 130.6 billion) to SAR 445.8 billion com-

Chart 9.7: Total Consumer Loans

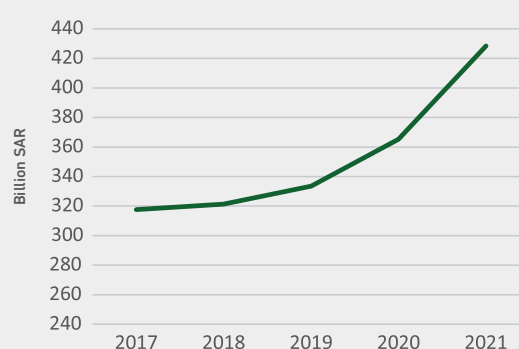


Table 9.6: Syndicated Loans

Period	No. of syndicated loans			Value of syndicated loans (billion SAR)		
	Resident	Non-resident	Total	Resident	Non-resident	Total
2017	513	74	587	189	12	201
2018	571	78	649	341	14	355
2019	525	98	623	446	22	468
2020	411	83	494	179	23	202
2021	404	69	473	188	19	207

Table 9.7A: Consumer and Credit Card Loans*

(Million SAR)									
Year (End of Period)	Consumer loans							Total	Credit cards**
	Renovation & property	Motor vehicles & personal	Furniture & durable goods	Education	Health care	Tourism & travel	Others		
2017	30,028	16,720	10,784	3,722	566	324	255,515	317,659	12,094
2018	28,055	16,789	12,499	3,522	703	484	259,234	321,287	15,332
2019	25,648	15,625	12,462	3,239	559	455	275,450	333,439	19,054
2020	23,872	14,469	12,012	4,168	550	572	309,605	365,248	18,373
2021	19,060	14,047	12,214	5,168	637	646	376,625	428,397	19,494

*Excluding real estate finance, leasing and finance for stocks trading.

Table 9.7B: Real Estate Loans from Commercial Banks

(Million SAR)			
Year (end of period)	Retail	Corporate	Total
2017	121,249	89,744	210,992
2018	140,276	98,268	238,544
2019	198,100	99,272	297,372
2020	315,199	113,212	428,411
2021	445,754	123,102	568,856

pared to an increase of 59.1 percent (roughly SAR 117.1 billion) in the preceding year, accounting for 78.4 percent of total real estate loans at end-2021. Corporate real estate loans extended by commercial banks also rose by 8.7 percent (SAR 9.9 billion) to SAR 123.1 billion in 2021, compared to a rise of 14.0 percent (SAR 13.9 billion) in the preceding year, accounting for 21.6 percent of total real estate loans (Table 9.7B).

Commercial Banks' Foreign Assets and Liabilities

Foreign assets of commercial banks went up by 2.2 percent (SAR 5.5 billion) to around SAR 255.6 billion at end-2021 compared to an increase of 2.6 percent (SAR 6.4 billion) in the preceding year.

On the other hand, foreign liabilities of commercial banks rose by 24.0 percent (SAR 43.7 billion) to approximately SAR 225.7 billion in 2021 compared to a rise of 5.1 percent (SAR 8.9 billion) in the preceding year. As a result, commercial banks' net foreign assets (foreign assets less foreign liabilities) dropped by 56.1 percent (SAR 38.2 billion) to SAR 29.8 billion in 2021 compared to a decline of 3.5 percent (SAR 2.5 billion) during the preceding year (Table 9.8 and Charts 9.8 and 9.9).

Commercial Banks' Cash Reserves

Commercial banks' cash reserves (cash in vault and deposits with SAMA) decreased by 28.7 percent (SAR 82.6 billion) to nearly SAR 205.6 billion at end-2021, compared to a rise of 20.4 percent

Table 9.8: Commercial Banks' Foreign Assets and Liabilities (End of Period)

(Million SAR)						
	Amount		Change			
			2020		2021	
	2020	2021	Amount	Percentage	Amount	Percentage
Foreign assets						
Due from foreign banks	47,755	60,241	217	0.5	217	26.1
Due from branches abroad	56,851	60,524	-6,376	-10.1	3,673	6.5
Other assets	38,659	38,374	3,406	9.7	-285	-0.3
Investments abroad	106,800	96,434	9,188	9.4	-10,366	-9.7
Total	250,064	255,572	6,435	2.6	5,508	2.2
Foreign liabilities						
Due to foreign banks	94,709	129,511	-7,641	-7.5	34,802	36.7
Due to branches abroad	43,733	51,634	5,029	13.0	7,901	18.1
Due from others	43,624	44,582	11,524	35.9	957	2.2
Total	182,066	225,727	8,911	5.1	43,661	24.0

Chart 9.8: Foreign Assets and Liabilities of Banks (Monthly)

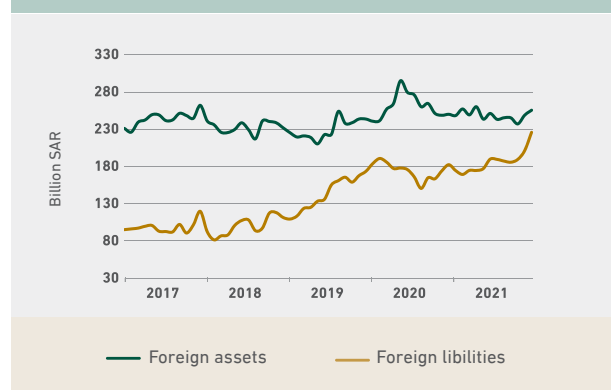
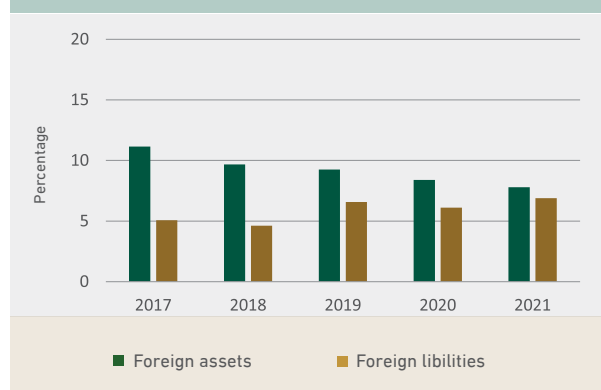


Chart 9.9: Ratio of Foreign Assets and Liabilities to Total Assets and Liabilities



(SAR 48.8 billion) in the preceding year. The decline was due to a 59.9 percent (SAR 87.1 billion) decrease in other deposits with SAMA, which reached SAR 58.2 billion at end-2021 against about SAR 145.3 billion at end-2020. In addition, current deposits with SAMA decreased by approximately SAR 372.8 million or 86.4 percent to SAR 59 million. In contrast, statutory deposits with SAMA increased by nearly SAR 9.1 billion or 7.9 percent to about SAR 124.1 billion. Cash in

commercial banks' vaults declined by 15.5 percent or nearly SAR 4.3 billion from about SAR 27.4 billion at end-2020 to around SAR 23.1 billion at end-2021 (Table 9.9).

Banks' Capital and Reserves

Banks' capital and reserves recorded an increase of approximately SAR 42.4 billion or 11.3 percent to about SAR 419.5 billion in 2021, compared to a rise of SAR 34.1 billion or 9.9 percent in the pre-

Table 9.9: Commercial Banks' Reserves

(Million SAR)					
Year (end of period)	2017	2018	2019	2020	2021
Cash in vault	31,311	30,733	29,319	27,384	23,131
Deposits with SAMA:					
Current deposits	268	1,401	593	432	59
Statutory deposits	96,282	98,060	102,918	115,067	124,145
Other deposits	115,433	92,662	106,545	145,294	58,234
Bank reserves	243,294	222,856	239,375	288,177	205,569
Ratios to bank deposits					
Cash in vault	1.92	1.84	1.63	1.41	1.10
Deposits with SAMA:					
Current deposits	0.02	0.08	0.03	0.02	0.003
Statutory deposits	5.90	5.86	5.73	5.92	5.90
Other deposits	7.07	5.54	5.93	7.48	2.77
Bank reserves	14.90	13.32	13.33	14.83	9.77

Table 9.10: Capital and Reserves of Commercial Banks (End of Period)

(Million SAR)					
	2017	2018	2019	2020	2021
Capital & reserves	317,067.4	303,438.6	342,975.9	377,098.7	419,524.6
Capital & reserves as a ratio of:					
Bank deposits	19.4	18.1	19.1	19.4	19.9
Total assets	13.5	12.7	13.0	12.7	12.8
Capital to risk-weighted assets ratio (%)					
Capital adequacy ratio (Basel Standard)	20.4	20.3	19.3	20.3	19.9

ceding year. Their ratio to total deposits increased from 19.4 percent at end-2020 to 19.9 percent at end-2021. Their ratio to total assets also increased from 12.7 percent at end-2020 to 12.8 percent at end-2021. The capital adequacy ratio (CAR) stood at around 19.9 percent at end-2021, which is higher than 8 percent, recommended by Basel III (Table 9.10).

Sources and Uses of Financial Resources of Commercial Banks in 2021

Total added financial resources of commercial banks rose by 8.3 percent to nearly SAR 387.9 bil-

lion in 2021, compared to nearly SAR 358.3 billion in the preceding year. Key additional financial resources were used in several items; however, total deposits and cash reserves accounted for the highest share in total added financial resources.

Total deposits accounted for 41.6 percent increasing by about SAR 161.5 billion, and cash reserves accounted for 21.3 percent increasing by about SAR 82.6 billion of total added resources. The capital base also rose by around SAR 57.6 billion, accounting for 14.9 percent of the total. In addition, foreign liabilities went up by close to SAR 43.7

Table 9.11: Key Sources and Uses of Financial Resources of Commercial Banks in 2021

(Million SAR)					
Uses	Amount	Share	Resources	Amount	Share
Foreign assets	5,508.1	1.4	Total deposits	161,470.4	41.6
Claims on the private sector	271,645.1	70.0	Foreign liabilities	43,660.7	11.3
Claims on the government and public sector	58,295.0	15.0	Capital base	57,600.4	14.9
Claims on banks	11,436.4	2.9	Interbank claims	18,917.9	4.9
Repo transactions	1,237.3	0.3	Cash reserves	82,608.6	21.3
Other assets	39,740.7	10.2	SAMA bills	2,223.6	0.6
			Other liabilities	21,381.1	5.5
Total	387,862.7	100.0	Total	387,862.7	100.0

billion, accounting for 11.3 percent of the total. Interbank claims also rose by SAR 18.9 billion, accounting for 4.9 percent of the total. Further, other liabilities increased by SAR 21.4 billion accounting for 5.5 percent of the total, while SAMA bills went up by SAR 2.2 billion, accounting for 0.6 of the total.

Most of these financial resources were used during 2021 to increase claims on the private sector with an approximate amount of SAR 271.6 billion, accounting for 70.0 percent of total resources used. In addition, foreign assets increased by nearly SAR 5.5 billion (1.4 percent of the total). Claims on the government and public sector went up by about SAR 58.3 billion (15.0 percent of the total). Moreover, claims on banks rose by around SAR 11.4 billion, accounting for 2.9 percent of total financial resources used. Other assets went up by around SAR 39.7 billion, accounting for 10.2 percent of the total (Table 9.11).

Commercial Banks' Profits

Commercial banks' profits recorded an increase of 39.2 percent to approximately SAR 53.9 billion in 2021, which is above last year's profits of SAR 38.7 billion.

Number of Banks and Branches

The number of commercial banks operating in Saudi Arabia increased to 35 (26 operating and 9 licensed) at end-2021. This includes branches of foreign and digital banks as four foreign banks and two digital banks were granted licenses to operate in Saudi Arabia. However, the number of commercial banks' branches operating in Saudi Arabia decreased to 1,945 in 2021, registering a decrease of 69 compared to the preceding year. A breakdown of bank branches by administrative regions shows that Riyadh region accounted for 588 branches, Makkah region 406 branches, the Eastern region 371 branches, Asir region 123 branches, Al-Qassim region 113 branches, and Madinah region 98 branches (Table 9.12).

Number of Employees in the Banking Sector

The number of employees in the banking sector declined by 1.0 percent to 45,577 (male and female) in 2021. Saudi (male and female) employees represented 95.3 percent (43,456) of the total number of employees in the banking sector. Saudi male employees accounted for 77.8 percent of the

Table 9.12: Bank Branches Classified by Administrative Region (End of Period)

Year (end of period)	Riyadh	Makkah	Madinah	Eastern Region	Qassim	Asir	Tabuk	Ha'il	Northern Borders Region	Jawf	Jazan	Najran	Baha	Total
2017	631	436	106	405	119	126	51	42	17	28	53	27	28	2,069
2018	629	435	105	401	120	127	50	42	17	28	55	28	27	2,064
2019	626	442	104	408	120	128	51	42	17	27	57	27	27	2,076
2020	612	424	101	387	117	125	50	43	19	28	55	27	26	2,014
2021	588	406	98	371	113	123	48	42	20	29	53	27	27	1,945

total number of employees as compared to 4.6 percent of non-Saudi male employees. Saudi female employees represented 17.5 percent of the total number of employees, whereas non-Saudi female employees accounted for 0.03 percent.

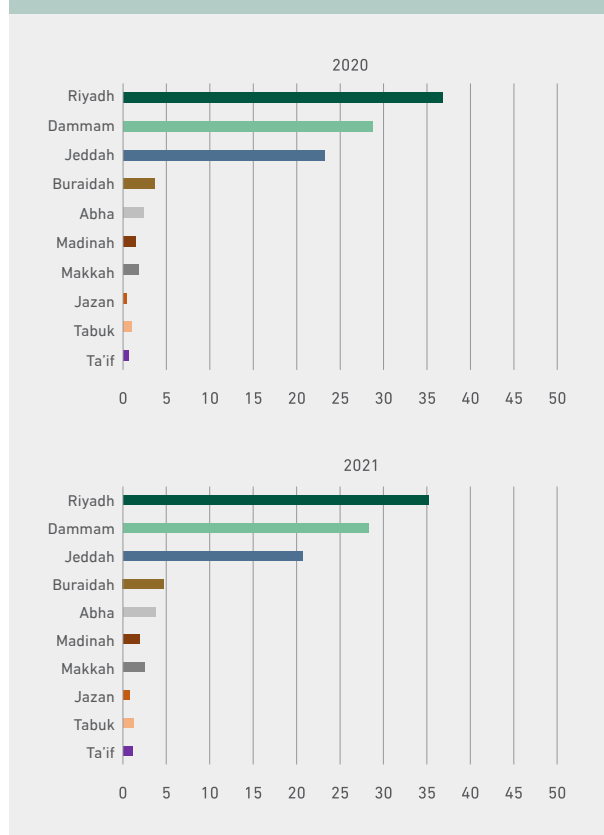
Banking Technology Developments in 2021

I. Clearing House Operations

The number of commercial and personal checks cleared through clearing houses in Saudi Arabia decreased by 16.6 percent (312.6 thousand checks) in 2021, dropping their value by 2.7 percent to around SAR 178.5 billion. However, the average check value increased by 16.6 percent from SAR 97,523 in 2020 to SAR 113,729 in 2021.

The number of checks in Riyadh clearing house declined by 20.3 percent to around 552.0 thousand, Dammam 18.1 percent to 443.5 thousand, Jeddah 25.7 percent to 324.0 thousand. On the other hand, the number of checks in Madinah clearing house rose by 14.1 percent to 30.0 thousand, Buraidah 8.2 percent to 74.3 thousand, Makkah 20.7 percent to 39.6 thousand, Tabuk 10.7 percent to 19.8 thousand, Ta'if 27.6 percent to 16.7 thousand, Abha 29.2 percent to 58.6 thousand, and Jazan 32.7 percent to 11.3 thousand (Chart 9.10).

Chart 9.10: Share of Commercial and Personal Checks Cleared by City



II. Mada

The number of automated teller machines (ATMs) operating in Saudi Arabia went down by 9.6 percent to 16,544 at end-2021 compared to a decline of 3.1 percent in the preceding year. The number of ATM cards issued increased by 14.7 percent to nearly 39.4 million at-end 2021 compared to an increase of 8.9 percent in 2020. Additionally, the number of cash withdrawal transactions carried out through Mada dropped by 12.0 percent to 670 million in

2021 as compared to a decline of 22.6 percent in the preceding year.

The value of withdrawals carried out through Mada also decreased by 8.1 percent to about SAR 355.0 billion compared to a decline of 17.6 percent in the previous year. The number of transactions executed through banks' networks fell by 3.9 percent to 947 million compared to a decline of 13.7 percent in the preceding year. The value of cash withdrawals through these networks went down by 6.4 percent to about SAR 226.9 billion compared to a decline of 10.8 percent in the previous year. As a result, total

cash withdrawals declined by 7.5 percent to around SAR 581.9 billion (Table 9.13 and Chart 9.11).

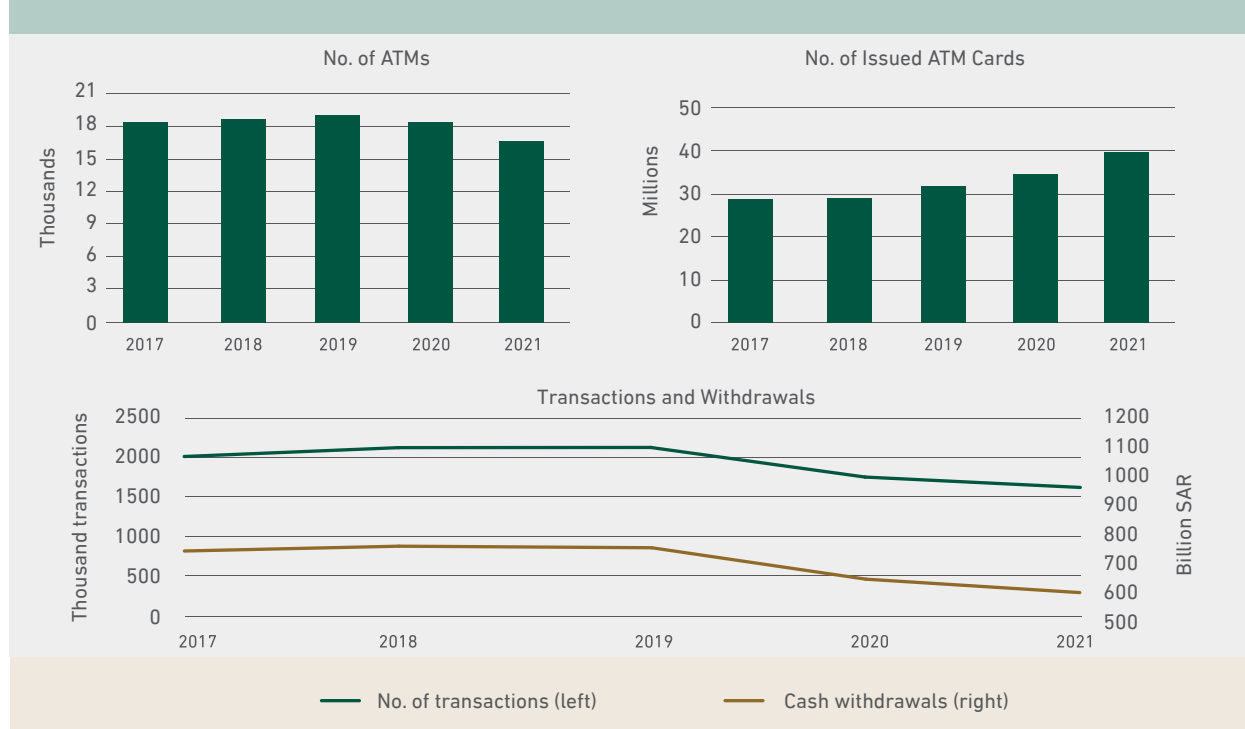
The number of point of sale (POS) terminals went up by 40.5 percent to 1,013,141 in 2021, compared to a rise of 64.4 percent in 2020.

The number of sales transactions executed through POS terminals rose by 81.3 percent to 5,171 million, compared to an increase of 75.8 percent in the preceding year. The value of these transactions also rose by 32.5 percent to nearly SAR 473.2 billion, compared to an increase of

Table 9.13: ATM Statistics

Year	No. of ATMs	No. of issued ATM cards	No. of transactions (million)			Cash withdrawals (million SAR)		
			Mada	Banks	Total	Mada	Banks	Total
2017	18,333	28,402,914	870	1,142	2,012	440,729	287,782	728,511
2018	18,685	28,559,828	949	1,177	2,126	452,931	295,394	748,325
2019	18,882	31,540,067	983	1,142	2,125	468,849	271,791	740,640
2020	18,299	34,336,693	761	986	1,747	386,490	242,401	628,891
2021	16,544	39,373,810	670	947	1,617	355,028	226,898	581,926

Chart 9.11: ATM Statistics



24.2 percent in the preceding year (Table 9.14 and Chart 9.12). Higher growth rates in ATM cards and transactions executed through POS terminals indicate their expansion in the retail sector, in addition to customers' increased confidence in modern banking technology.

III. Saudi Arabian Riyal Interbank Express System

The total number of transactions executed via SARIE went down by 17.2 percent to approximately 166.9 million in 2021 compared to a rise of 26.8 percent in the preceding year. A breakdown of SARIE transactions by single and bulk customer payments shows that the number of single payments declined by 77.7 percent to 4.0 million transactions and their value by 2.7 per-

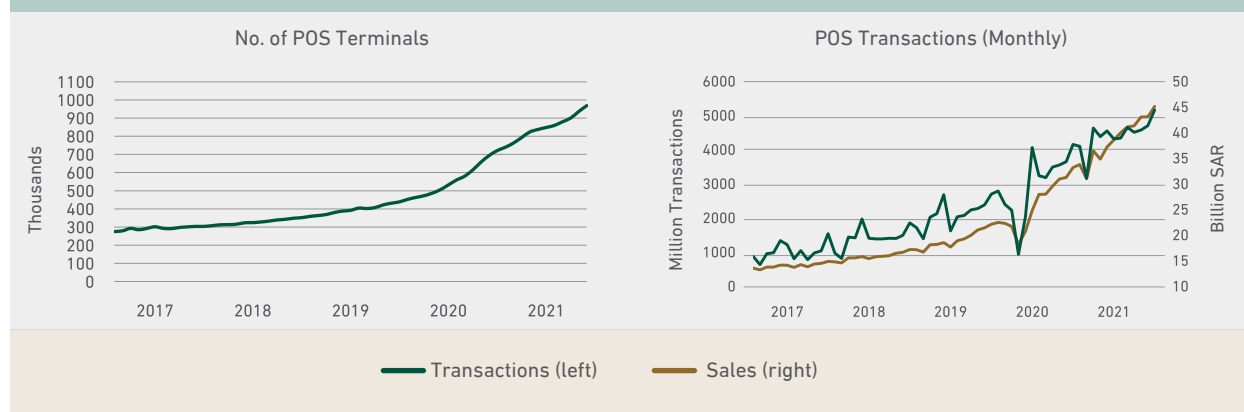
cent to around SAR 4,800 billion. The number of bulk payments also went down by 11.6 percent to 160.1 million transactions as opposed to their value that increased by 21.7 percent to nearly SAR 4,096 billion.

A classification of SARIE transactions by interbank payments shows that the number of single interbank transactions increased slightly by 0.2 percent to about 855.6 thousand during 2021. However, their value declined by 7.2 percent to approximately SAR 48,432 billion. The number of bulk interbank transactions executed through SARIE rose by 35.7 percent to 287.0 thousand, while their value fell by 13.0 percent to nearly SAR 129.3 billion (Tables 9-15A and 9-15B and Chart 9.13).

Table 9.14: POS Statistics

Years	Sales (Million SAR)	No. of transactions (Million)	Total number of POS terminals
2017	200,468	708	303,464
2018	232,306	1,032	351,645
2019	287,794	1,623	438,618
2020	357,298	2,853	721,060
2021	473,258	5,171	1,013,141

Chart 9.12: POS Transactions Statistics



IV. SADAD

The total number of billers from various sectors (such as education, electricity, water, communications, airline companies, insurance and credit cards) linked to SADAD stood at 146 at end-2021. In addition, the number of banks linked to SADAD reached 16. The number of transactions executed through SADAD during 2021 rose by 28.9 percent as it amounted to about 293 million with a total value of about SAR 580.4 billion, compared to

a rise of 6.8 percent or approximately 267 million transactions with a total value of about SAR 450.4 billion in the preceding year (Chart 9.14).

Derivatives Market Activity

Derivative transactions in Saudi Arabia rose by 1.3 percent (about SAR 16 billion) to nearly SAR 1,261 billion in 2021 compared to nearly SAR 1,245 billion in the preceding year.

Table 9.15A: Number of SARIE Transactions

(Thousand)								
Period	Customer payments			Interbank payments			Others	Total
	Bulk	Single	Total (1)	Bulk	Single	Total (2)	(3)	(1+2+3)
2017	89,806	10,299	100,105	137	514	651	2,714	103,470
2018	122,236	10,676	132,912	122	513	635	2,218	135,766
2019	143,230	13,191	156,421	156	627	784	1,779	158,983
2020	181,026	17,828	198,854	212	854	1066	1,687	201,607
2021	160,102	3983	164,085	287	856	1143	1,658	166,886

Table 9.15B: Value of SARIE Transactions

(Billion SAR)								
Period	Customer payments			Interbank payments			Others*	Total
	Bulk	Single	Total (1)	Bulk	Single	Total (2)	(3)	(1+2+3)
2017	2,180	3,839	6,019	80.1	56,048	56,128	42	62,189
2018	2,640	3,994	6,634	105.8	43,226	43,332	18	49,984
2019	2,924	4,953	7,877	139.8	40,157	40,297	37	48,211
2020	3,365	4,936	8,301	148.6	52,199	52,348	41	60,690
2021	4,096	4,800	8,896	129.3	48,432	48,561	375	57,832

*Including direct debit transactions and SAMA's claims on banks.

Banking Creditworthiness

The Saudi Credit Bureau (SIMAH) continued to improve its services and products, such as the retail system “SIMATI” and the corporate system “SIMAT”, that are provided to all relevant entities during 2021. Through these services and products, SIMAH aims to provide proper and accurate credit information necessary to contribute to enhancing capabilities concerning risk analysis, evaluating borrowers’ creditworthiness, reducing financial risk, and developing the credit information sector and its various services in order to pave the way for expanding the credit market in Saudi Arabia according to the economic environment and Saudi Vision 2030.

Total credit reports issued by SIMATI for the retail sector increased by 3.4 percent to 12,760 million in 2021, up from 12,340 million in 2020.

Additionally, total credit reports issued by SIMATI for the Saudi market amounted to 12,760,747 over the period 2004-2021. Moreover, total credit reports issued by SIMAT for the Saudi market witnessed a notable increase of 30.0 percent to 105,349 thousand during 2021, up from 81,019 thousand

during 2020. Further, total credit reports issued by SIMAT amounted to 539,081 thousand over the period 2009-2021.

Bayan Credit Bureau aims to increase credit rate, encourage financial sectors, improve credit and liquidity management, and boost confidence and transparency among Saudi companies by providing integrated business credit information services in line with Saudi Vision 2030.

Moreover, Bayan Credit Bureau has completed the linkage and integration with the Saudi Business Center to access financial statement. Additionally, 21 new members from different sectors have joined the Bureau’s database, bringing the total number of members to 191, an increase of 31 percent over the year 2020.

Bayan Credit Bureau delivered due diligence reports to several financial companies. It also delivered 1,439 reports on risk measurement for contractors to the Ministry of Municipal and Rural Affairs and Housing. Further, it delivered reports on credit scoring to the Saudi Telecom Company.

Chart 9.13: SARIE Transactions

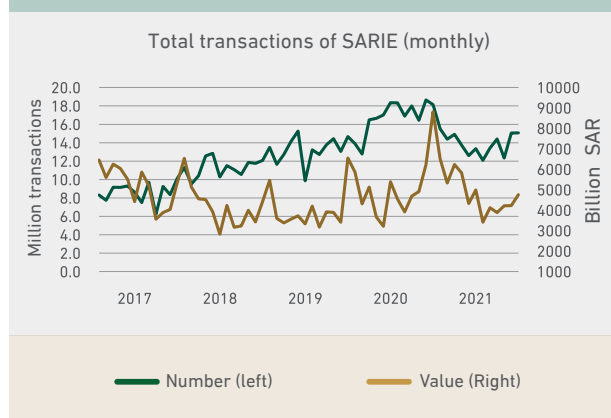
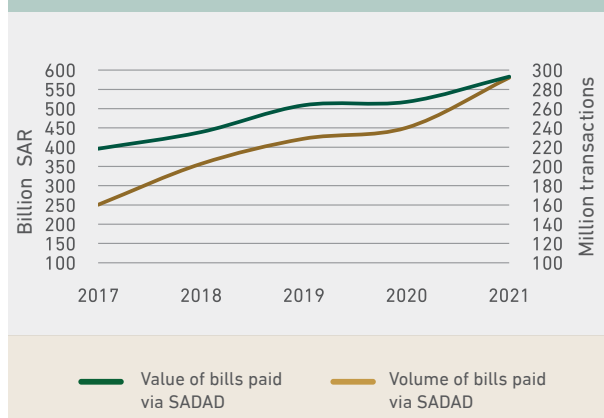


Chart 9.14: Volume and Value of Bills Paid via SADAD

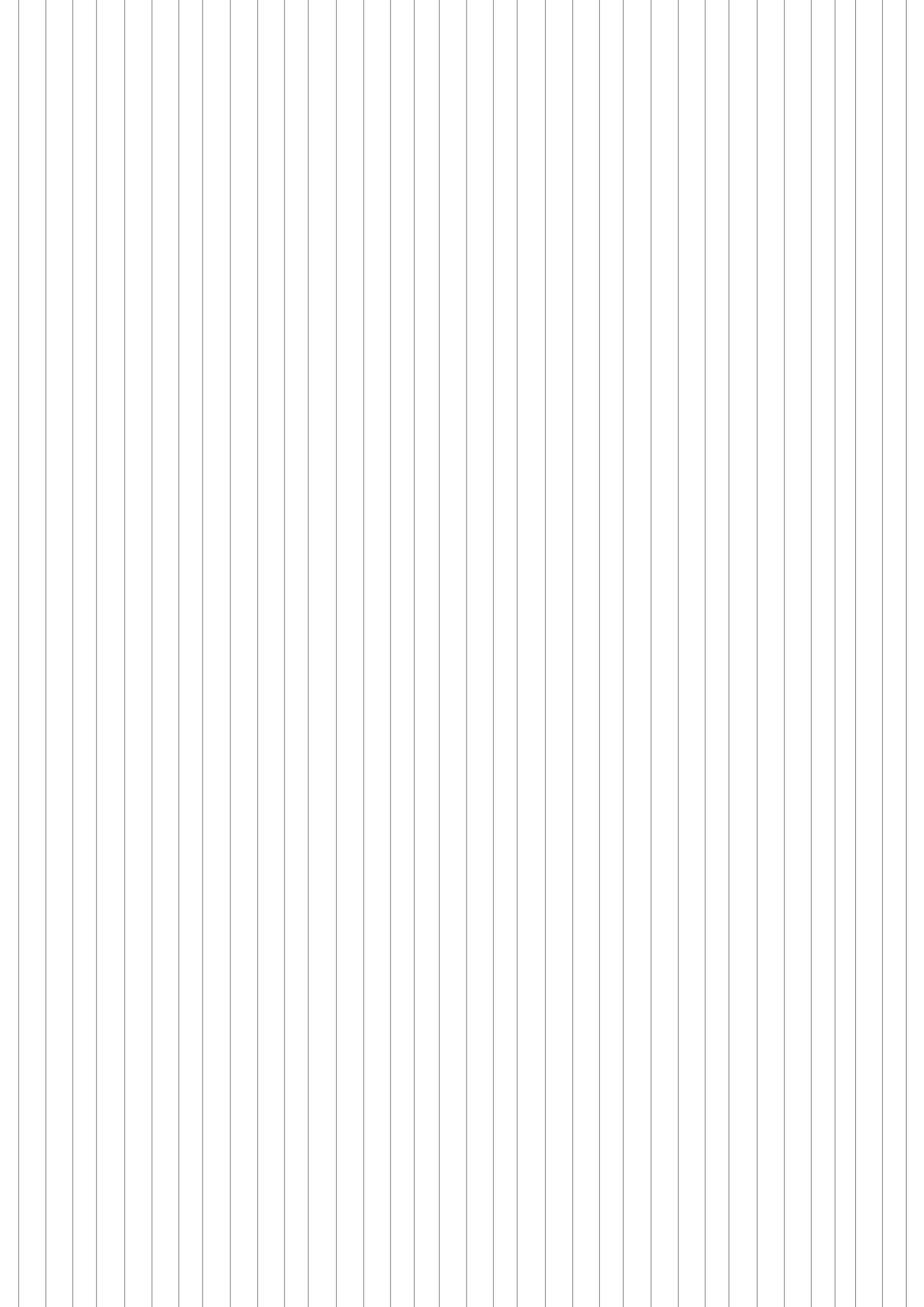


Moreover, Bayan Credit Bureau delivered 11,885 reports on SME assessment for the “Monshati 360” project. It has created an app to issue and deliver reports of Monshati 360 and made the necessary adjustments to the Monshati 360, platform. In total, Bayan Credit Bureau issued 11,000 reports for 11,000 SMEs.

Developments in Implementation of the Basel III Framework in Saudi Arabia

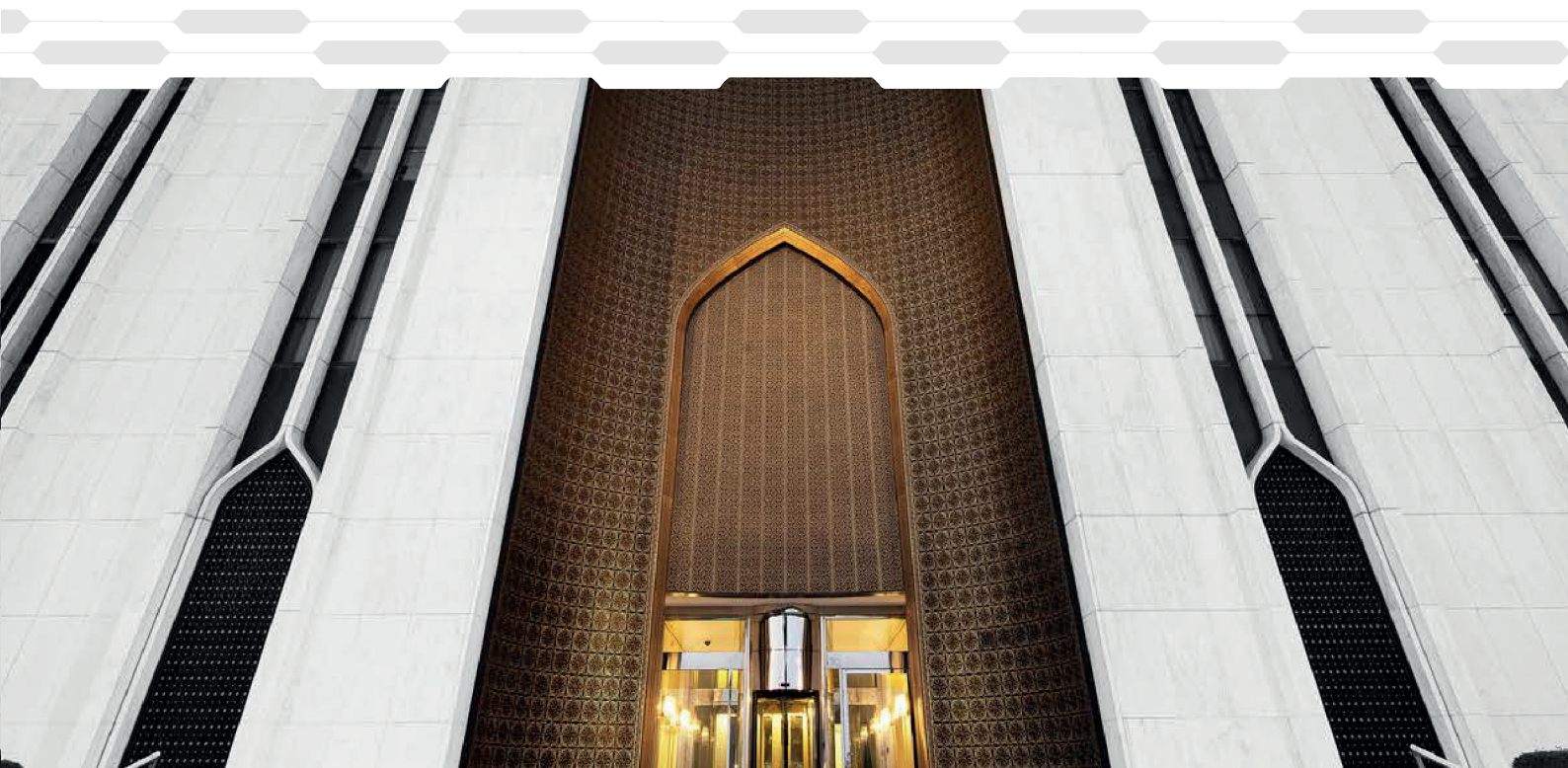
Within the framework of prudential policies for local banks and since SAMA is a member of the Basel Committee on Banking Supervision and Saudi Arabia is a member of the G20, SAMA has adopted the latest reforms issued by the Basel Committee.

These reforms include improvements in capital requirements and risk-weighted asset calculations to address the main risks facing banks, such as credit risk, market risk, operational risk and credit valuation adjustment risk. The reforms also include the update of leverage methodology as well as related models and supervisory reporting. Accordingly, SAMA has issued a package of policies relating to these reforms during 2021 and at the beginning of 2022 in preparation for the pilot implementation which SAMA intends to begin before the date set internationally by the Basel Committee (January 2023). This step comes as part of SAMA's continuous proactive approach in implementing international standards.



10

Insurance and Finance



Insurance and Finance

Insurance Sector

SAMA is keen on developing the insurance sector, supporting all efforts that contribute to the sector's growth and resilience. This is done through developing the risk management ecosystem, supporting innovation, expanding the applications of technology in line with best regional and international practices, and making the insurance sector a preferred career path for highly qualified individuals. SAMA also works on initiatives to support the insurance sector, aiming at enhancing financial stability and raising the sector's contribution to the growth of the local economy. In addition, SAMA is continuously updating and developing the laws, regulations, and instructions for the insurance sector in line with the variables of the economy in general, and the sector in particular.

I. Regulations of Insurance Sector and Key Developments in 2021

SAMA, based on powers vested in it, is keen on keeping abreast of the key developments in the insurance industry in Saudi Arabia. In this context, SAMA issued a number of principles and instructions during the year 2021 in an effort to stabilize the sector, enhance its sustainability and efficiency, and protect the rights of the insured, in addition to supporting supervision and control over the insurance sector. Among the most prominent of those principles were the following:

- Issuance of amendments to the Cooperative Insurance Companies Control Law pursuant to Royal Decree No. M/12 dated 23/01/1443H. The amendments included a number of regulatory aspects, the most important of which was raising the minimum paid-up capital for insurance and reinsurance companies, with the authority to set such minimum to be stipulated within the Implementing Regulations of the Law, provided that it is not less than SAR 300 million. In addition, the Law granted SAMA the power to set licensing controls for all companies operating in the sector, including insurance/reinsurance companies and insurance service providers, and controls for licensing cancellation. The amendments also regulate SAMA authorities related to imposing penalties and fines on violators of the Cooperative Insurance Companies Control Law, reaching up to SAR 2 million. They also regulated SAMA powers with regard to licensing cancellation and other powers and procedures that SAMA is entitled to in case of violations of the provisions of the Law and its Implementing Regulation. The amendments also granted SAMA the authority to announce the measures it undertakes towards companies operating in the sector to ensure its stability and protect the rights of the insured, in addition to granting SAMA's governor the power to appoint employees with the capacity to investigate violations of the provisions of the Law.
- SAMA issued the Rules of Forming and Managing Health Insurance Risk Pools through Brokers, which aim at setting a regulatory framework that governs the process by which brokers create and manage risk pools. These pools are to aggregate a group of employers in them to secure appropriate health insurance coverage at a reasonable price.

The Rules regulate the relationship between the employer, the broker and the insurer.

- SAMA issued the Standard Insurance Policy of Medical Malpractice, which specifies the minimum insurance coverage against medical malpractice as per the terms, conditions and exceptions provided therein or attached thereto. Insurers shall agree to provide insurance coverage with the amounts and limits of coverage stated in the Law as the approved compensation limits during the insurance coverage period in exchange for the insured's consent to pay the agreed premium. Insurers and insureds shall not be entitled to agree on insurance coverage limits lower than those set in the Policy, and they may agree to add coverages not provided for in the Policy.
- SAMA directed insurers to commence Phase 4 "Implementation and Dry-run" for the transition from IFRS 4 to IFRS 17. This Phase comes as part of a four-phase plan to ensure the quality of insurers' implementation of the transition from IFRS 4 to IFRS 17.

II. Developments of Insurance Products

In continuation of SAMA's efforts to support the insurance sector to develop and introduce new insurance products and provide innovative insurance solutions, in line with the objectives of the Saudi Vision 2030 and in response to the needs of the Saudi market and clients of insurance companies, SAMA urged insurance companies to develop and offer insurance products for private sports facilities, covering the risks of facilities and injuries to players and participants in these facilities. This step comes with the aim of enhancing the insurance culture among sports practitioners and the sports sector. Moreover,

the Council of Health Insurance launched the "Dhaman Fund" program, in coordination with SAMA. Dhaman Fund aims to cover expenses that exceed the insurance coverage specified under the health insurance policy for the specified facilities. This would positively reflect on insurers as it reduces insurance risks they face and lowers the cost of insurance policy for employers for specified and targeted categories.

SAMA approved a new travel insurance product for Saudi citizens travelling abroad. The product includes insurance coverage for COVID-19 infection risks and aims at providing smooth and quick access to appropriate health care and treatment services for infection cases in citizens during their travel abroad. In addition, the product provides coverage for travel-related risks, including quarantine procedures, canceling or missing trips, medical expenses and medical evacuation in cases of emergency. It also covers life-threatening medical cases in various countries around the world. With regard to non-Saudis coming from outside Saudi Arabia, SAMA and the Council of Health Insurance announced updating the forms of insurance policies for non-Saudis coming to Saudi Arabia for the purposes of tourism, Hajj and Umrah, and visiting, by adding coverage for the risks of COVID-19 infection, as this coverage aims to ensure smooth and quick access to health care and treatment services for infected cases.

SAMA announces the approval of a parcel insurance product to cover the risk of transporting parcels in the event of loss or damage. This step comes as part of SAMA's efforts to promote and

support e-commerce, ensuring the protection of the rights of beneficiaries and contributing towards improving the level of services provided to them in the postal sector, while guaranteeing financial compensation in the event of loss or damage of parcels.

Moreover, SAMA announced the approval to introduce the first insurance product covering self-driving vehicles and the risks associated with them in the Saudi insurance market. This product covers a self-driving vehicle that can move from point A to point B with little human intervention.

III. Saudization in the Insurance Sector

Article (2) of the Implementing Regulation of the Cooperative Insurance Companies Control Law

stipulates that a key objective of the Law is to develop the insurance sector in Saudi Arabia, including training and Saudization. Furthermore, Article (4) of the Implementing Regulation states that the business plan prepared by insurance companies and insurance service providers shall specify the expected number of employees and include a plan for recruiting and qualifying Saudis. In addition, Article (79) stipulates that insurance companies and insurance service providers must provide SAMA, (45) days prior to the end of each fiscal year, with a statement specifying the number of Saudi employees, their percentage at the level of the company and at each branch and/or department, and the level of positions they occupy, provided that the percentage of Saudi employees shall not be less than 30 percent

Table 10.1: Saudization in Insurance Companies in 2021

Year	2020		Total 2020	2021		Total 2021
Nationality	Number of employees in non-management positions	Number of employees in management positions		Number of employees in non-management positions	Number of employees in management positions	
Non-Saudi	1,814	889	2,703	1,724	731	2,455
Saudi	6,645	1,667	8,312	6,921	1,526	8,447
Total	8,459	2,556	11,015	8,645	2,257	10,902
Saudization (Percentage)	79	65	75	80	68	77

Table 10.2: Saudization in Insurance Service Providers in 2021

Year	2020		Total 2020	2021		Total 2021
Nationality	Number of employees in non-management positions	Number of employees in management positions		Number of employees in non-management positions	Number of employees in management positions	
Non-Saudi	1,207	370	1,577	1,168	297	1,465
Saudi	3,810	752	4,562	4,186	835	5,021
Total	5,017	1,122	6,139	5,354	1,132	6,486
Saudization (Percentage)	76	67	74	78	74	77

at the end of the first year, and to be increased annually in accordance with the business plan submitted to SAMA.

Saudization percentage has continued to rise over the past years. This comes as a result of efforts made by SAMA and various government agencies to nationalize and raise Saudization rates in various executive and supervisory positions. As a result, the total number of employees of insurance companies operating in Saudi Arabia reached 10,902 (male and female) employees by the end of 2021 compared to 11,015 (male and female) employees at the end of 2020. Saudi employees constituted 77 percent of the total employees in insurance companies compared to 75 percent in the previous year (Table 10 - 1). The total number of employees with insurance service providers reached (male and female) 6,486 at the end of 2021 compared to (male and female) 6,139 at the end of 2020, with Saudi employees accounting for 77 percent of total employees compared to 74 percent at the end of 2020 (Table 10.2).

IV. Insurance Market in Saudi Arabia in 2021

A. Overall Market Performance

The insurance sector in Saudi Arabia witnessed a growth in gross written premiums (GWP) by 8.4 percent during the year 2021 against the previous year, while the insurance market penetration represented in GWP to GDP reached 1.3 percent. The gross claims paid amounted to SAR 29.8 billion during the year 2021, increasing by 10.9 percent compared to the previous year.

B. Net Written Premiums (NWP)

The insurance sector in Saudi Arabia witnessed an increase in GWP by 8.4 percent in 2021 to SAR 42 billion compared to SAR 38.8 billion in 2020. This increase was driven by a rise in health insurance by 10 percent, which constitutes 59.7 percent of GWP. On the other hand, motor insurance premiums witnessed a decrease of 2.3 percent in 2021. This can be attributed to the continuous decline in the average price of insurance policies (Table 10.3).

C. Retention Ratio

The total retention ratio of insurance companies in Saudi Arabia for 2021 was 82.3 percent compared to 82.5 percent in 2020. This percentage was greatly affected by the high retention ratio in the motor and health insurance sectors, which is estimated at 94.2 percent and 96.5 percent, respectively. In contrast, energy insurance recorded the lowest retention ratio at 1.8 percent in 2021 (Table 10.3).

D. Insurance Market Penetration and Density

The insurance market penetration in Saudi Arabia stood at 1.3 percent in 2021 against 1.5 percent in 2020. The insurance sector maintained its contribution to the non-oil GDP at 2.1 percent for 2021, with a slight increase compared to 2.0 percent at the end of 2020. The contribution of health insurance to the GDP amounted to 1.3 percent for 2021 compared to 1.2 percent for 2020 (Table 10.4).

Table 10.3: Insurance Indicators (2019 - 2021)

(Million SAR)												
Insurance type	2019				2020				2021			
	GWP	Share	NWP	NWP/GWP (Retention Ratio)	GWP	Share	NWP	NWP/ GWP Retention) (Ratio)	GWP	Share	NWP	NWP/ GWP Retention) (Ratio)
Accident, liability & other insurance	1,121	3.0	486	43.4	1,369	3.5	637	46.5	1,586	3.8	773	48.8
Motor insurance	8,603	22.7	8,117	94.3	8,358	21.6	7,763	92.9	8,162	19.4	7,691	94.2
Property/fire insurance	1,844	4.9	314	17.1	2,109	5.4	362	17.2	2,282	5.4	422	18.5
Marine insurance	653	1.7	181	27.7	690	1.8	176	25.6	696	1.7	194	27.9
Aviation insurance	158	0.4	4.0	2.5	178	0.5	8.7	4.9	189	0.4	7.9	4.2
Energy insurance	700	1.8	12.8	1.8	910	2.3	16.9	1.9	1,295	3.1	22.7	1.8
Engineering insurance	1,198	3.2	144	12.0	1,061	2.7	236	22.3	1,002	2.4	189	18.9
Total general insurance	14,280	37.7	9,260	64.8	14,678	37.9	9,202	62.7	15,213	36.2	9,301	61.6
Total health insurance	22,474	59.3	21,622	96.2	22,836	58.9	21,924	96.0	25,109	59.7	24,221	96.5
Total protection & savings insurance	1,134	3.0	797	--	1,263	3.3	859	--	1,707	4.1	1,078	--
Total	37,890	100	31,679	83.6	38,778	100	31,986	82.5	42,030	100	34,601	82.3

E. Commissions Paid to Insurance Brokers and Agents

The total commissions paid from insurance companies to insurance brokers and agents decreased from SAR 2.27 billion in 2020 to SAR 2.10 billion in 2021. General insurance commissions constituted the largest share with 54.9 percent of the total commissions paid during 2021, while health insurance accounted for 42.7 percent of the total (Table 10.5).

F. Total Claims Paid by Type of Business

Total claims paid increased by 10.9 percent to SAR 29.8 billion in 2021 compared to SAR 26.9 billion in 2020. Health and general insurance claims constituted the largest share, standing

at 67.8 percent and 28.8 percent, respectively, of total claims paid at the end of 2021. Engineering insurance recorded the highest growth rate of total claims paid, with an increase of 137.3 percent in 2021 compared to the previous year, followed by property/fire insurance and protection and savings insurance with 61.1 percent and 57.9 percent, respectively. However, other types of insurance recorded an annual decrease in total claims paid, with energy insurance registering the highest decline of 89.2 percent (Table 10.6).

V. Council of Health Insurance

The total number of individuals with health insurance reached 9.80 million, including 6.07 million expatriates, at the end of 2021. The total

Table 10.4: Commissions Incurred by Type of Business (2017 - 2021)

Insurance type	2018		2019		2020		2021		Change 2020 - 2021
	Million SAR	Percentage	Million SAR	Percentage	Million SAR	Percentage	Million SAR	Percentage	
Accident, liability & other insurance	86.3	6.2	119	6.8	141	6.2	171	8.2	21.1
Motor insurance	502	35.8	521	29.6	560	24.7	644	30.7	14.9
Property/fire insurance	103	7.4	169	9.6	156	6.9	180	8.6	15.2
Marine insurance	35.9	2.6	58.1	3.3	64.0	2.8	52	2.5	-18.8
Aviation insurance	1.3	0.1	2.0	0.1	2.8	0.1	3.4	0.2	23.4
Energy insurance	1.2	0.1	5.5	0.3	9.5	0.4	11.3	0.5	19.1
Engineering insurance	36.6	2.6	65.5	3.7	81.9	3.6	87.9	4.2	7.4
Total general insurance	767	54.7	941	53.4	1,016	44.8	1,150	54.9	13.2
Total health insurance	615	43.9	769	43.6	1,180	52	894	42.7	-24.2
Total protection & savings insurance	19.4	1.4	52.7	3.0	73.9	3.3	51.5	2.5	-30.3
Total	1,402	100	1,763	100	2,271	100	2,096	100	-7.7

Table 10.5: Total Claims Paid by Type of Insurance (2017 - 2021)

Insurance type	2018		2019		2020		2021		Change 2020 - 2021
	Million SAR	Percentage	Million SAR	Percentage	Million SAR	Percentage	Million SAR	Percentage	
Accident, liability & other insurance	263	1.0	265	0.9	336	1.3	290	1.0	-13.9
Motor insurance	6,929	25.4	6,507	22.9	5,479	20.4	6,842	22.9	24.9
Property/fire insurance	624	2.3	699	2.5	303	1.1	489	1.6	61.1
Marine insurance	224	0.8	444	1.6	269	1.0	222	0.7	-17.7
Aviation insurance	124	0.5	84.8	0.3	27.9	0.1	15.7	0.1	-43.7
Energy insurance	357	1.3	1,049	3.7	910	3.4	98.0	0.3	-89.2
Engineering insurance	457	1.7	285	1.0	267	1.0	634	2.1	137
Total general insurance	8,979	33.0	9,333	32.8	7,593	28.2	8,590	28.8	13.1
Total health insurance	17,629	64.7	18,541	65.2	18,665	69.4	2,0218	67.8	8.3
Total protection & savings insurance	629.3	2.3	579	2.0	652	2.4	1,030	3.5	57.9
Total	27,237	100	28,453	100	26,910	100	29,838	100	10.9

Table 10.6: Number of Authorized Healthcare Providers

Region	Private	Public	Total
Riyadh	1,947	43	1,990
Makkah	1,318	91	1,409
Eastern Region	1,053	61	1,114
Asir	311	18	329
Madinah	283	12	295
Qassim	153	10	163
Jazan	148	12	160
Tabuk	145	10	155
Ha'il	89	8	97
Najran	87	7	94
Jawf	70	10	80
Northern Borders Region	59	10	69
Baha	47	5	52
Total	5,710	297	6,007

number of active health policies up to the end of 2021 stood at 605,929⁶. Moreover, the number of approved health care providers in Saudi Arabia increased to 6,007 at the end of 2021 compared to 5,804 in the preceding year. A breakdown of the geographic distribution of health care providers by administrative region (Table 10.8) indicates that Riyadh region ranked first with 33.1 percent (1,990) of the total health care providers in Saudi Arabia, followed by Makkah region with 23.5 percent and the Eastern Region with 18.5 percent.

VI. Insurance Companies and Mergers

The number of insurance/reinsurance companies operating in Saudi Arabia reached 29 at the end of 2021 (Table 10.7). SAMA continued to pursue increased solvency in the insurance sector by encouraging insurance companies to form amalgamations, increase their capital, and enhance the insurance sector capabilities

to face risks and keep pace with economic growth in Saudi Arabia. To that end mergers and acquisitions, among other measures, are adopted. Such support resulted in a merger between Aljazira Takaful Company and Solidarity Saudi Takaful Company last year, marking the third merger witnessed in the Saudi insurance sector during the past two years. The sector also witnessed the signing of memoranda of understanding to consider the merger of other companies. Mergers and acquisitions contribute to supporting the insurance sector and enhancing its resilience, as they result in large insurance entities that are more capable of managing risks and crises. Moreover, they provide greater space for innovation and development due to the availability of financial resources and competent human resources. These large insurance entities also ensure better preservation of the rights of the insureds. Therefore, mergers and

⁶Source: Council of Health Insurance

Table 10.7: Licensed Insurance and Reinsurance Companies up to the End of 2021

Company	Capital (Million SAR)	Licensed on
National Company for Cooperative Insurance (NCCI)	1,250	02/12/2004
Malath Cooperative Insurance & Reinsurance Company	500	11/09/2007
The Mediterranean & Gulf Cooperative Insurance & Reinsurance (MEDGULF)	800	11/09/2007
Salama Cooperative Insurance Company	250	11/09/2007
SABB Takaful	340	11/09/2007
Arabian Shield Cooperative Insurance	300	11/09/2007
Saudi Arabian Cooperative Insurance Company (SAICO)	300	11/09/2007
Gulf Union Cooperative Insurance Company	229	11/09/2007
Allianz Saudi Fransi	600	08/03/2008
Al-Etihad Cooperative Insurance Company (PLC)	400	31/03/2008
Al Sagr Cooperative Insurance Company	400	31/03/2008
Saudi Indian Company for Cooperative Insurance	100	10/06/2008
Arabia Insurance Cooperative Company (AICC)	265	18/06/2008
Walaa Cooperative Insurance Company	646	02/07/2008
Saudi Reinsurance Company (Saudi Re)	810	21/07/2008
Bupa Arabia for Cooperative Insurance	1,200	10/08/2008
United Cooperative Assurance (UCA)	400	30/12/2008
Allied Cooperative Insurance Group (ACIG)	141	10/05/2009
Al-Rajhi Company for Cooperative Insurance (Al-Rajhi Takaful)	400	17/11/2009
Chubb Arabia Cooperative Insurance Company	200	08/12/2009
Al-Alamiya Cooperative Insurance Company	400	13/12/2009
AXA Cooperative Insurance Company	500	26/01/2010
Gulf General Cooperative Insurance Company	200	06/03/2010
Buruj Cooperative Insurance Company	300	29/05/2010
National Insurance Company (NIC)	200	16/06/2010
AMANA Cooperative Insurance Company	240	06/07/2010
Saudi Enaya Cooperative Insurance Company	150	07/08/2011
Alinma Tokio Marine Company	300	30/09/2012
Aljazira Takaful Company	350	18/12/2013

acquisitions improve the quality of services, help reduce expenses, enhance competitiveness, and positively affect the financial sector, customers and beneficiaries.

Finance Sector

SAMA attaches great importance to the soundness and stability of the finance sector in Saudi Arabia, and also seeks to protect the rights of workers and clients in the sector. The COVID-19 pandemic has proven the effectiveness of SAMA's supervisory and control role and the measures taken to tackle the effects of the pandemic. Such measures included the extension of many support programs and initiatives that contributed to enabling financiers to play their role in supporting and financing the private sector, and mitigating the economic and financial impacts on the MSMEs sector. Additionally, SAMA seeks to strengthen its supervisory and control role in a manner that would maintain the stability of the finance sector and increase its growth. Stemming from the responsibility and powers vested in it, SAMA issues licenses to practice finance activities in accordance with the latest and best international practices. The most prominent developments during 2021 in the infrastructure and regulatory ecosystem for the finance sector, supervisory and control activity and the protection of participants' rights are the following:

I. Developments and Regulations

SAMA had issued 17 circulars during 2021, covering the regulation of the finance sector functioning, protection of its participants, and untapping opportunities for growth and economic

development witnessed in Saudi Arabia in line with the objectives of Vision 2030. This will be accomplished by supporting and regulating modern financing activities, including debt-based crowdfunding, and supporting the provision of modern and innovative finance products that meet the needs of beneficiaries. One of the most prominent developments in the finance sector was the issuance of controls and procedures for requesting and issuing extracts of enforcement documents of the registered financial lease contracts. Additionally, Royal Decree No. M/24 approved the amendment to Paragraph (2) of Article (35) of the Finance Companies Control Law and the addition of two paragraphs to the same Article. This Article outlines the mechanism and amount of penalties in case of violation of the Law and its Implementing Regulation. Furthermore, SAMA has been working on developing the non-banking finance sector landscape, as it had issued a number of rules and instructions during 2021, the most prominent of which were as follows:

- Instructions for Shariah governance in finance companies that contribute to the development of Islamic finance in Saudi Arabia. The instructions aim to set the minimum Shariah governance practices in finance companies, and to enhance compliance with Islamic Shariah provisions and principles.
- Stemming from its keenness to enhance effective management in financial institutions, SAMA has issued the Key Principles of Governance in Financial Institutions under the Control and Supervision of the Saudi Central Bank as to supersede the

Principles of Corporate Governance for Banks Operating in Saudi Arabia.

- In its desire to contribute to providing financing options to clients and reducing the risks of default, SAMA issued the Guidelines on Standing Orders for Creditors as to supersede the Guidelines on Standing Orders for Real Estate Financiers. The guidelines set the minimum requirements that must be adhered to when providing a standing payment service and when benefiting from the service. The new Guidelines are more comprehensive, as they include all financing products without being limited to real estate products. Their scope covers various financiers, including banks, finance companies, and funds affiliated with the National Development Fund.
- As part of its supervisory and control role over finance companies, SAMA issued the Instructions on Consumer Financing Buyouts for Finance Companies. Such instructions aim to regulate this activity.
- Issuance of the Rules for Engaging in Debt-Based Crowdfunding, as these rules aim to regulate the provisions for licensing of such companies and their activities.

II. Companies Licensed to Practice Finance Services in the Kingdom

The number of licensed finance companies stood at 43 at the end of 2021, six of which were licensed

to practice real estate finance and one company licensed to engage in real estate refinance, with the number of companies licensed to engage in one or more types of finance, other than real estate finance, increasing to 36. (Table 10.9).

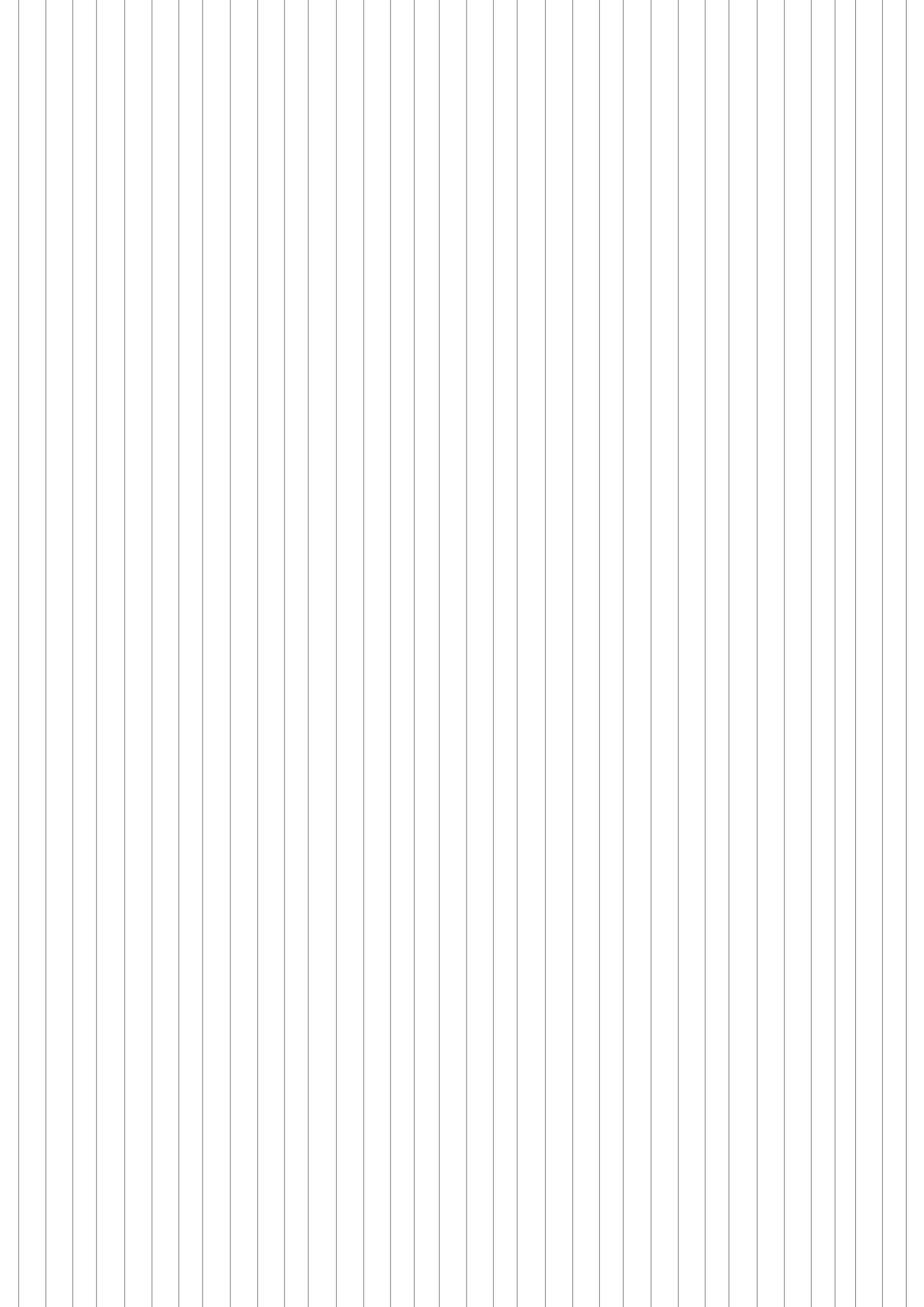
Moreover, the total assets of finance companies increased to SAR 53.5 billion at the end of 2021 compared to SAR 45.6 billion in 2020. This increase was supported by a rise in non-real estate assets by SAR 7.7 billion compared to the previous year. The growth in licensed companies contributed to an increase in total assets and total capital for the finance companies sector (Table 10.9).

It should be noted that the total number of (male and female) employees of finance companies operating in Saudi Arabia increased to 5,972 during 2021 compared to 5,527 during 2020. The Saudization ratio in the finance sector also increased to 84.7 percent at the end of 2021 compared to 82.7 percent at the end of 2020, as the Saudization ratio in real estate finance companies and non-real estate finance companies reached 89.2 percent and 84.1 percent, respectively.

Table 10.8: Finance Companies with Final Authorization up to the End of 2021

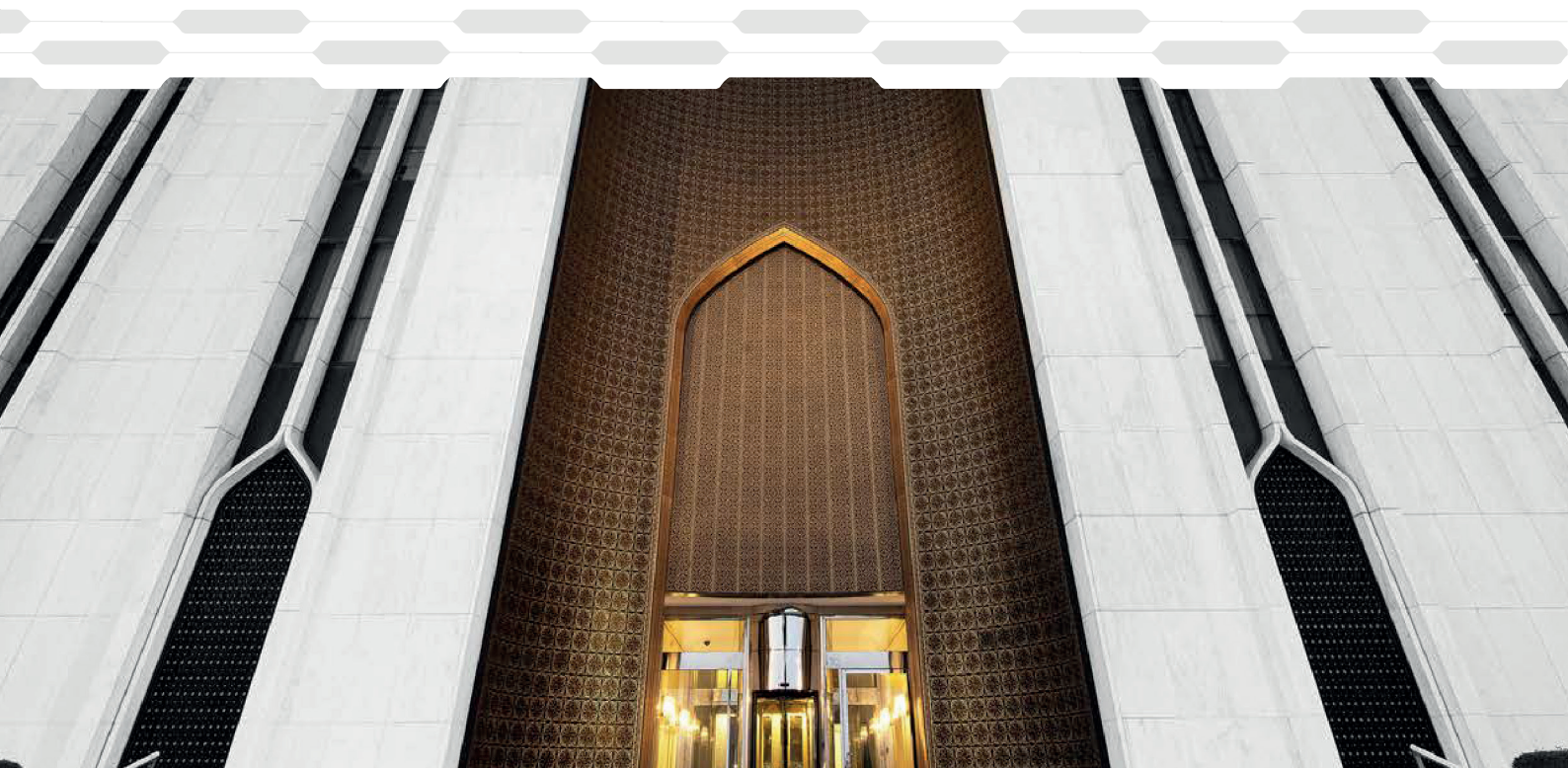
Name		Licensed on	Capital (Million SAR)
Companies licensed to provide real estate finance			
1	Amlak International for Real Estate Finance	24/12/2013	906
2	Saudi Home Loans (SHL)	27/02/2014	1,000
3	Deutsche Gulf Finance	20/05/2014	575
4	Abdul Latif Jameel for Real Estate Finance	07/12/2014	250
5	Bidaya Home Finance	14/12/2015	900
6	Dar Al Tamleek	31/12/2013	359
Companies licensed to provide real estate refinance			
1	Saudi Real Estate Refinance Company	25/09/2017	5,000
Companies licensed to provide micro-business finance			
1	Bab Rizq Jameel Microfinance	04/10/2017	100
Companies licensed to register finance contracts			
1	Saudi Finance Lease Registration Company (Sijil)	28/12/2017	38.4
2	Tawtheeq Finance Lease Registration Company	26/04/2020	10
Finance debt collection service providers			
1	National Financing Servicing Company (NFSC)	08/03/2020	80
2	Marsoom Debt Collection Company	08/04/2021	10
3	Mutalabah Company for Financial Entities Debt Collection	30/11/2021	10
Consumer microfinance companies			
1	Tamam Financing Company	30/12/2020	57
Companies licensed to practice finance activities other than the above activities			
1	Nayifat Finance Company	31/12/2013	1,000
2	YANAL Finance Company (formerly known as Saudi ORIX Leasing Company)	27/02/2014	550
3	Al Yusr Leasing and Financing	27/02/2014	500
4	AJIL Financial Services Company	20/05/2014	500
5	National Finance Company	25/08/2014	250
6	Morabaha Marina Company	14/09/2014	311
7	AlJasriah Co. for Finance LLC.	16/11/2014	150

8	Matager Finance Company	16/11/2014	150
9	Saudi Finance Company	20/11/2014	100
10	Abdul Latif Jameel Real Estate Finance	08/12/2014	1,000
11	Gulf Finance Saudi Arabia	08/12/2014	100
12	Alamthal Financing	06/03/2015	313
13	Osoul Modern Finance Company	22/03/2015	100
14	Dar Aletiman Al Saudi Finance Company	05/05/2015	100
15	Tawkelat Financing Company	04/06/2015	100
16	Ijarah Finance Company	31/08/2015	200
17	Tayseer Arabian Company	30/08/2015	300
18	Saudi Fransi for Finance and Leasing (SFL)	18/11/2015	500
19	Tamweel Al-Oula	03/12/2015	250
20	American Express Saudi Arabia	10/12/2015	100
21	Aljabr Financing Company	14/12/2015	345
22	AlRaedah Finance Company	09/02/2016	150
23	Raya Financing Company	23/03/2016	230
24	Quara Holding Company	09/05/2016	300
25	Taajeer Finance Company	29/11/2016	200
26	Gulf Lifting Financial Leasing Company	06/08/2018	100
27	United Company for Financial Services (Tas'heel Finance)	01/05/2019	350
28	Emkan Finance Company	12/04/2020	2,000
29	National Finance House Company	06/06/2021	100



11

Capital Market



Capital Market

In cooperation with several financial authorities, including SAMA, the Capital Market Authority (CMA) undertook a range of supervisory and regulatory actions in 2021 to further develop the financial sector. CMA also strengthened procedures to reduce further risks transactions, protect investors from unfair practices and ensure fairness and transparency in securities transactions. In addition, CMA introduced several initiatives under the Financial Leadership Program (FLP) and the Financial Sector Development Program (FSDP), with the aim of solidifying the position of the Saudi capital market as the leading market in the Middle East and one of the world's top capital markets. In order to raise investment awareness, CMA continued to carry out many financial awareness campaigns through various media and awareness activities and programs.

In 2021, CMA approved the Initial Public Offering of nine companies operating in utilities, transportation, food and beverages, software and services, media and entertainment, and diversified financials. These companies were listed on the Main Market. Three companies were also floated on the Parallel Market (Nomu). At the end of 2021, the total number of listed companies reached 210 on the Main Market and 14 on Nomu. Moreover, CMA approved the transfer of the Development Works Food Company from Nomu to the Main Market.

Compared to 2020, the Tadawul All Share Index (TASI) increased by 29.8 percent in 2021 due to the gradual economic recovery from the COVID-19 pandemic and the lifting of some COVID-19 restrictions and precautionary measures. Nevertheless, the number of traded shares declined by 15.6 percent. As for total assets of funds, they rose by around 8.3 percent to about SAR 227.2 billion. Domestic assets of investment funds decreased by 1.3 percent, while foreign assets of investment funds jumped by 32.1 percent.

Saudi Stock Market Developments

Main Market Developments

The Tadawul All Share Index (TASI) closed at 11,281.7 at the end of 2021, compared to 8,689.5 at the end of 2020, increasing by 29.8 percent. It registered its highest annual closing point of 11,939.6 on October 21. The market capitalization of issued shares increased by 10.0 percent from about SAR 9,101.8 billion at the end of 2020 to about SAR 10,009.2 billion at the end of 2021.

The number of shares traded during 2021 decreased by 15.6 percent to around 67.5 billion from around 80.0 billion in the preceding year. However, the total value of shares traded increased by 7.1 percent to about SAR 2,235.9 billion from SAR 2,087.8 billion in 2020. In addition, the number of transactions witnessed a notable increase of 19.8 percent to 91.8 million compared to about 76.7 million in the preceding year (Table 11.1).

The daily average value of traded shares reached approximately SAR 8.9 billion in 2021

against SAR 8.3 billion in 2020. However, the daily average number of traded shares went down by 15.3 percent to roughly 270.1 million from 318.8 million in 2020. The daily average number of transactions executed went up by 20.3 percent to around 367.5 thousand from 305.5 thousand in the preceding year.

Parallel Market developments

The Parallel Market Index (Nomu) closed at 25,975.8 at the end of 2021 against 26,245.5 at the end of 2020, decreasing by 1.0 percent. It registered its highest closing point of 27,866.7 on February 17, 2021. The market capitalization of issued shares increased by about SAR 6.9 billion to SAR 19.0 billion at the end of 2021. The number of Nomu Index shares traded during 2021 went down by 4.3 percent to around 120.1

million from around 126.4 million in the preceding year. In contrast, the total value of traded shares jumped by 59.8 percent to about SAR 11.4 billion from SAR 7.1 billion in 2020. The total number of transactions executed also rose by 37.0 percent to 394.0 thousand compared to 287.5 thousand in the preceding year (Table 11.2).

The daily value of shares traded on Nomu averaged about SAR 45.5 million in 2021 against SAR 28.3 million in 2020, surging by 60.7 percent. The daily average number of traded shares also went up by 11.6 percent to around 483.0 thousand in 2021 from 432.8 thousand in 2020. Likewise, the daily number of executed transactions averaged about 1,575.0 in 2021 against 1,145.4 in the preceding year, increasing by 37.5 percent.

Table 11.1: Saudi Main Market Indicators

Year	No. of shares traded* (million shares)	Change	Value of shares traded (billion SAR)	Change	Market capitalization of issued shares (billion SAR)	Change	No. of trades (thousand)	Change	TASI	Change
2014	69226.9	24.7	2146.5	28.0	1812.9	7.9	35761.1	21.5	8333.3	7.6
2015	67,515.3	-2.5	1,660.6	-22.6	1,579.1	-12.9	30,444.2	-14.9	6,911.8	-17.1
2016	69,097.8	2.3	1,157.0	-30.3	1,682.0	6.5	27,273.7	-10.4	7,210.4	4.3
2017	45,900.5	-33.6	836.3	-27.7	1,689.6	0.5	21,895.3	-19.7	7,226.3	0.2
2018	39,770.2	-13.4	870.9	4.1	1,859.0	10.0	25,011.9	14.2	7,826.7	8.3
2019	34,058.2	-14.4	880.1	1.1	9,025.4	385.5	28,395.8	13.5	8,389.2	7.2
2020	80,030.2	135.0	2,087.8	137.2	9,101.8	0.8	76,686.3	170.1	8,689.5	3.6
2021	67,534.8	-15.6	2,235.9	7.1	10,009.2	10.0	91,866.4	19.8	11,281.7	29.8

*Data were adjusted to account for corporate actions.
Source: Saudi Stock Exchange (Tadawul).

Table 11.2: Saudi Parallel Market (Nomu) Indicators

Year	No. of shares traded* (million shares)	Change	Value of shares traded (billion SAR)	Change	Market capitalization of issued shares (billion SAR)	Change	No. of trades (thousand)	Change	TASI	Change
2020	126.4	53.9	7.1	212.0	12.2	379.2	287.5	107.6	26,245.5	265.6
2021	120.1	-4.3	11.4	59.8	19.0	56.2	394.0	37.0	25,975.8	-1.0

*Data were adjusted to account for corporate actions.
Source: Saudi Stock Exchange (Tadawul).

The number of investors registered in Tadawul by the end of 2021 increased by 5.0 percent to 5.9 million. In addition, the number of investment portfolios registered in Tadawul rose by 14.4 percent to approximately 10.4 million (Table 11.3).

Stock Market Developments by Most

Active Sectors and Companies

A sectoral review of the activity of the Main Market during 2021 indicates that the materials sector was the most active in terms of the number of shares traded, amounting to 13.9 billion and representing 20.7 percent of the total volume traded. Real estate management and development came second with 9.4 billion (13.9 percent of the total). Banks came in third with 7.0 billion (10.4 percent of the total).

In terms of the value of shares traded, materials ranked first with SAR 457.8 billion, representing 20.5 percent of the total value of shares traded in 2021. Banks came in second with SAR 253.4 billion (11.3 percent of the total), followed by food and beverages with SAR 187.7 billion (8.4 percent of the total).

A review of the Main Market's performance by the number of transactions executed reveals

that materials ranked first with 18.7 million, accounting for 20.4 percent of the total number of transactions executed in 2021. Insurance came next with 8.1 million (8.9 percent of the total), followed by food and beverages with 7.8 million (8.5 percent of the total).

A sectoral comparison of the market capitalization of issued shares by the end of 2021 shows that energy ranked first with a value of SAR 7,198.0 billion, representing 71.9 percent of the total market capitalization of issued shares. Banks came second with SAR 998.3 billion (10.0 percent of the total), followed by materials with SAR 769.4 billion (7.7 percent of the total) (Table 11.4).

Regarding the three most active companies in terms of the number of transactions executed in 2021, Al Rajhi Bank took the lead with 1.59 million, followed by Dar Al-Arkan with around 1,568.8 thousand and then the Saudi Advanced Industries Company (SAIC) with 1,554.1 thousand. In terms of the value of shares traded, Al Rajhi Bank led the market with SAR 94.1 billion, followed by Alinma Bank with around SAR 51.9 billion and SABIC with SAR 50.0 billion. As for the number of shares traded, Dar Al-Arkan had the highest volume with 4.7 billion, followed by

Table 11.3: Number of Investors and Portfolios Registered in Tadawul

(End of year)				
Year	No. of investors	Change	No. of portfolios	Change
2017	4,675,535	1.3	9,378,957	4.3
2018	4,741,870	1.4	9,844,247	5.0
2019	5,485,716	15.7	9,891,677	0.5
2020	5,596,266	2.0	9,065,693	-8.4
2021	5,874,406	5.0	10,367,251	14.4

Source: Saudi Stock Exchange (Tadawul).

Table 11.4: Saudi Stock Market Activity by Sector During 2021

Sector	No. of shares traded*		Value of shares traded		No. of trades		Market capitalization	
	(Million shares)	Ratio to total	(Billion SAR)	Ratio to total	(Thousand)	Ratio to total	(Billion SAR)	Ratio to total
Energy	2,871.0	4.3	130.4	5.8	4,325.9	4.7	7,198.0	71.9
Materials	13,972.8	20.7	457.8	20.5	18,722.0	20.4	769.4	7.7
Capital Goods	2,422.9	3.6	105.3	4.7	5,076.3	5.5	16.8	0.2
Commercial & Professional Services	819.8	1.2	45.9	2.1	1,829.7	2.0	12.3	0.1
Transport	2,053.2	3.0	69.7	3.1	3,101.9	3.4	18.0	0.2
Consumer Durables & Apparel	2,771.1	4.1	84.2	3.8	4,086.6	4.5	8.0	0.1
Consumer Services	2,971.4	4.4	94.5	4.2	4,724.5	5.1	27.7	0.3
Media	308.1	0.5	21.7	1.0	1,074.9	1.2	21.4	0.2
Retailing	2,153.4	3.2	95.0	4.3	4,323.2	4.7	41.9	0.4
Food & Staples Retailing	443.7	0.7	30.5	1.4	1,576.6	1.7	26.5	0.3
Food & Beverages	3,657.0	5.4	187.7	8.4	7,808.8	8.5	87.4	0.9
Health Care Equipment & Services	1,320.8	2.0	53.1	2.4	2,385.3	2.6	95.7	1.0
Pharma, Biotech & Life Science	97.2	0.1	4.4	0.2	225.7	0.3	4.7	0.1
Banks	7,005.7	10.4	253.4	11.3	6,085.4	6.6	998.3	10.0
Diversified Financials	2,212.0	3.3	77.2	3.5	3,440.4	3.7	61.1	0.6
Insurance	6,022.0	8.9	171.5	7.7	8,134.5	8.9	53.1	0.5
Software & Services	326.8	0.5	43.2	1.9	1,583.4	1.7	28.3	0.3
Telecommunication Services	2,574.8	3.8	84.9	3.8	2,502.3	2.7	260.3	2.6
Utilities	1,185.4	1.8	51.1	2.3	1,958.8	2.1	168.0	1.7
REITs	2,930.0	4.3	33.5	1.5	2,894.9	3.2	18.1	0.2
Real Estate Management & Development	9,415.8	13.9	141.0	6.3	6,005.1	6.5	94.1	0.9
Total	67,534.8	100.0	2,235.9	100.0	91,866.4	100.0	10,009.2	100.0

*Data were adjusted to account for corporate actions.

Source: Tadawul 2021 Annual Report.

Table 11.5: Three Most Active Joint-Stock Companies in 2021

No. of transactions	Company	Al Rajhi Bank	Dar Al-Arkan	SAIC
	(Thousand)	1,596.6	1,568.8	1,554.1
No. of shares traded	Company	Dar Al-Arkan	Alinma Bank	Saudi Kayan
	(Billion)	4.7	2.6	2.0
Value of Shares Traded	Company	Al Rajhi Bank	Alinma Bank	SABIC
	(Billion SAR)	94.1	51.9	50.0

Source: Tadawul 2021 Annual Report.

Table 11.6: Saudi Parallel Market (Nomu) Activity by Sector During 2021

Sector	No. of shares traded*		Value of shares traded		No. of trades		Market capitalization	
	(Million shares)	Ratio to total	(Million SAR)	Ratio to total	(Thousand)	Ratio to total	(Million SAR)	Ratio to total
Materials	60.3	49.8	3,446.7	30.3	134.0	34.0	7,034.3	37.0
Capital Goods	1.5	1.2	394.5	3.5	11.0	2.8	3,996.0	21.0
Consumer Services	21.7	17.9	3,957.7	34.8	114.9	29.2	733.0	3.9
Retailing	1.3	1.0	447.0	3.9	16.9	4.3	714.0	3.8
Food & Beverages	2.9	2.4	893.0	7.9	32.2	8.2	417.0	2.2
Health Care Equipment & Services	5.8	4.8	534.8	4.7	25.7	6.5	666.1	3.5
Utilities	1.9	1.6	201.2	1.8	11.9	3.0	603.0	3.2
Real Estate Management & Development	25.6	21.2	1,490.7	13.1	47.3	12.0	4,862.0	25.6
Total	121.0	100.0	11,365.5	100.0	394.0	100.0	19,025.3	100.0

Source: Tadawul 2021 Annual Report.

Alinma Bank and Saudi Kayan with a volume of 2.6 billion and 2.0 billion, respectively (Table 11.5).

An analysis of the activity of the Parallel Market (Nomu) by sector during 2021 indicates that materials came first in terms of the number of shares traded with 60.3 million, representing 49.8 percent of the total number of shares sector traded. With regard to the value of shares traded on Nomu, consumer services ranked first with SAR 4 billion, representing 34.8 percent of the total value of shares traded in 2021. As for the number of transactions executed on Nomu in 2021, materials accounted for the largest share with 134.0 thousand, constituting 34.0 percent of the total number of transactions (Table 11.6).

New Public Offerings on Saudi Stock Exchange

In 2021, the shares of nine companies were floated on the Main Market and three companies on Nomu, with a total capital of SAR 17.4 billion. Moreover, the number of issued shares

totaled approximately 1,301 million, of which about 239.4 million were offered to the public. The total market capitalization of issued shares amounted to around SAR 120.1 billion. IPO oversubscription for companies floated on the Main Market averaged nearly 17.4 times and 128.5 times in the categories of retail and institutional investors, respectively. The IPO oversubscription for companies floated on Nomu averaged nearly 33.8 times (Table 11.7).

The total number of subscribers for companies floated in 2021 was 4.7 million. Different subscription channels, such as phone banking, ATMs, electronic channels and bank branches, contributed to facilitating the subscription process and reducing completion time. The number of subscribers via electronic channels reached 2.3 million (49.0 percent of the total subscribers), 1.3 million (27.0 percent) via bank branches, 597.8 thousand (13.0 percent) via ATMs, and 508.3 thousand (11.0 percent) via phone banking (Table 11.8).

Table 11.7: New Public Offerings in the Saudi Stock Market in 2021

Insurer	Market	Sector	Date of IPO	Capital (million SAR)	Total issued shares (million shares)	No. of shares offered for public subscription (million shares)	Floating price	Closing price 31/12/2020	Value of offering (million SAR)	No. of retail subscribers (thousand)	Market capitalization (million SAR)	No. of oversubscription (times)	
												Retail	Institutional
Alkhorayef Water & Power Technologies Company	Main Market	Utilities	Feb 16	250	25.0	7.5	72.0	102.4	540	137.0	2,560.0	15.0	63.2
Theeb Rent a Car Company	Main Market	Transportation	March 21	430	43.0	12.9	40.0	60.9	516	414.6	2,618.9	33.9	60.1
Tanmiah Food Company	Main Market	Food & Beverages	July 27	200	20.0	6.0	67.0	82.1	402	69.6	1,642.0	11.7	95.3
Arabian Internet & Communications Services Company	Main Market	Software & Services	Sept 19	1,200	120.0	24.0	151.0	188.2	3,624	1,042.1	22,584.0	23.7	130.0
International Company for Power & Water Projects	Main Market	Utilities	Sept 29	7,310	731.0	81.2	56.0	84.0	4,547	1,347.7	61,412.0	19.9	248.0
Arabian Contracting Services Company	Main Market	Media & Entertainment	Oct 26	500	50.0	15.0	100.0	101.2	1,500	655.2	5,060.0	14.8	126.6
Nayifat Finance Company	Main Market	Diversified Financials	Nov 02	1,000	100.0	35.0	34.0	31.5	1,190	306.8	3,145.0	20.9	136.0
Saudi Tadawul Group Holding Company	Main Market	Diversified Financials	Nov 30	1,200	120.0	36.0	105.0	125.8	3,780	598.3	15,096.0	4.4	121.0
Almunajem Foods Company	Main Market	Food & Staples Retailing	Dec 05	600	60.0	18.0	60.0	58.1	1,080	129.7	3,486.0	11.9	176.0
Shatirah House Restaurant Company	Parallel Market (Nomu)	Consumer Services	Aug 15	25	2.5	0.7	165.0	293.2	120	0.8	733.0	66.5*	
Al Hasoob Company	Parallel Market (Nomu)	Retailing	Oct 24	14	1.4	0.3	95.0	510.0	27	0.2	714.0	23*	
Group Five Pipe Saudi Company	Parallel Market (Nomu)	Retailing	Nov 14	280	28.0	2.8	35.0	38.3	98	1.2	1,071.0	12*	
Total	--	--	--	13,009	1,300.9	239.4	--	--	17,423	--	120,121	--	--

*The number of oversubscription by qualified retail & institutional investors in Nomu.
Source: CMA & Tadawul 2021 Annual Report.

Table 11.8: Number of Subscribers for IPOs by Channel of Subscription

Channel of subscription	(Thousand)					
	2019		2020		2021	
	No.	Percentage	No.	Percentage	No.	Percentage
Phone banking	103.7	2.0	126.9	15.6	508.3	11.0
ATM	1,859.9	36.0	189.1	23.2	597.8	13.0
E-channels	1,462.7	28.3	323.0	39.6	2,305.4	49.0
Bank branches	1,733.3	33.6	176.3	21.6	1,289.5	27.0
Total	5,159.7	100.0	815.4	100.0	4,700.9	100.0

Source: CMA.

Companies Added to/Delisted from TASI and NomuC

The following companies were added to TASI in 2021:

1. Alkhorayef Water and Power Technologies Company (public offer).
2. Theeb Rent a Car Company (public offer).
3. Tanmiah Food Company (public offer).
4. Arabian Internet and Communications Services Company (public offer).
5. International Company for Power and Water Projects (public offer).
6. Arabian Contracting Services Company (public offer).
7. Nayifat Finance Company (public offer).
8. Saudi Tadawul Group Holding Company (public offer).
9. Almunajem Foods Company (public offer).
10. Development Works Food Company (transferred from Nomu).

The following companies were added to NomuC in 2021:

1. Shatirah House Restaurant Company (public offer).
2. Al Hasoob Company (public offer).
3. Group Five Pipe Saudi Company (public offer).

The following companies were delisted from TASI:

1. Solidarity Saudi Takaful Company.
2. Samba Financial Group.
3. Abdullah A. M. Al-Khodari Sons Company.

CMA's Efforts in Raising Investor Awareness in 2021

Since its establishment, CMA has given great attention and care to raising awareness and promoting an investment culture in securities. CMA aims to increase awareness of laws and regulations issued by its board and enhance the financial and investment culture, thus increasing confidence, knowledge and acquisition of skills needed to manage investment instruments. CMA also aims to enable investors to take advantage of investment opportunities, grow and develop their investments, and inject available funds and savings into the capital market.

In addition, CMA strives to protect investors by increasing their awareness about risks to which they might be exposed in the capital market as well as manipulative and misleading practices.

In line with its strategy for continuing its investor awareness programs, CMA carried out sev-

eral media and investment culture programs and awareness campaigns in 2021. Different channels, which included social media platforms and university meetings, were used for executing such programs and campaigns. In addition, CMA published many press and media materials, on decisions issued by CMA, in the local, regional and international media in both Arabic and English. Such materials were also published on CMA's social networking accounts. Moreover, more than 1,900 publications were shared through social media channels to keep investors up to date on the latest news and information related to the Saudi capital market.

CMA also carried out many cultural activities during 2021 through its two awareness programs: "Thameen" and "Smart Investor".

In these programs, CMA provided awareness booklets and publications, among other important educational means, to investors of all segments. Through the "Thameen" program, CMA produced 10 new audio booklets in 2021. Accordingly, CMA's awareness booklets and leaflets issued during the previous years until the end of 2021 amounted to 11 booklets, five leaflets, 10 audio booklets and 10 issues of the "Smart Investor" magazine.

Realizing the importance of social media channels and their great use by various segments of society, CMA carried out a series of awareness campaigns through electronic platforms and social media channels in 2021.

These campaigns included enhancing awareness of CMA's rules and regulations, investors' rights, and unfair practices. In addition, CMA's

campaigns aimed to promote financial and investment culture and increase confidence and knowledge needed to manage investment instruments. Furthermore, through the Standing Committee for Awareness on Dealing in Unauthorized Securities Activities in the Foreign Exchange Market (Forex), CMA contributed to the launch of awareness campaigns against dealing in unauthorized securities activities in the Forex market and against dealing in unauthorized digital currencies activities, regardless of their names and derivatives. CMA also actively contributed to the launch of the joint Gulf Investment Awareness Campaign ("Mulem").

The campaign was jointly launched by the regulators of GCC capital markets to raise the investment awareness of investors in the GCC capital markets.

Additionally, through the "Thameen" program, CMA aims to hold a number of meetings in various university workshops to promote financial awareness and culture among university students. Topics presented through the meetings focused on financial, investment and savings culture, in addition to other topics of interest to students, such as professional certificates in the capital market, rules and regulations of the capital market, financial statements, and financial technology (fintech). CMA organized 32 meetings in 2021 in many universities across Saudi Arabia.

CMA's Efforts in 2021 in Support of Vision 2030

CMA is working on several initiatives under the

Table 11.9: CMA's Key Achievements in 2021 to Realize Vision 2030, and their Expected Impact

Initiative	Purpose	Achievement & impact	Description
Facilitating Financing	1. Deepening the capital market & enhancing its role in capital formation	Achievement	Increase of 54% in qualified foreign investor ownership to SAR 264 billion at end-2021 compared to 2020.
		Impact	Promoting investment environment to attract foreign investors, hence boosting the effectiveness & competitiveness of the capital market regionally & internationally. Bolstering the role of the capital market in capital formation & diversifying investor base.
		Achievement	Growth of the debt instruments market to SAR 753.5 billion.
		Impact	Diversifying investor base in the capital market. Enhancing liquidity."
Encouraging Investment	2. Supporting asset management growth & enhancing institutional investment	Achievement	Approval of the Instructions for International Central Securities Depositories & activation of the linkage with Clearstream, an international central securities depository (ICSD).
		Impact	Developing the regulatory environment in line with international best practices. Enabling Clearstream's international clients to invest in the Saudi Sukuk & bonds market & the Saudi listed exchange-traded funds.
		Achievement	Growth of listings on the Saudi Stock Exchange as 20 companies were listed during 2021.
		Impact	Deepening the Saudi capital market & increasing trading activity & values. Enhancing liquidity & increasing the number of companies listed on the capital market.
	3. Enhancing the market attractiveness to foreign investors	Achievement	Inclusion of the Saudi capital market in FTSE Emerging Markets Government Bond Index (EMGBI) & iBoxx Global Government Bond Index.
		Impact	Broadening investor base in the Saudi capital market. Higher foreign investor ownership in Sukuk & debt instruments. Enhancing liquidity."
	4. Diversifying investment products & mechanisms available in the capital market	Achievement	Listing & trading of government debt instruments with a total value of SAR 108.8 billion on the Saudi capital market.
		Impact	Diversifying asset classes available to investors in the Saudi Stock Exchange. Continued government coordination to deepen the debt instruments market in Saudi Arabia, as one of the main initiatives of the Financial Sector Development Program (FSDP).

Source: CMA.

Financial Leadership Program (FLP) and the Financial Sector Development Program (FSDP) in support of the Saudi capital market's position as the largest stock market in the Middle East and one of the world's top ten capital markets. CMA aims to provide investment alternatives and secure various funding sources for the Saudi capital market, thus boosting its attractiveness. (Table 11.9) shows the most salient achievements made during 2021 and their impact.

Through its contribution to the FSDP, CMA aims to support the national economic development through developing the financial sector and, in particular, the Saudi capital market. It seeks to strengthen the capability of the Saudi capital

market to face challenges. Further, it focuses on building a capital market that facilitates financing, stimulates investment and promotes the confidence of its participants.

CMA continued its economic development process to achieve Saudi Vision 2030 and create a thriving economy for the nation and citizens. Specifically, it continued developing the Saudi financial market to meet the financing needs of the national economy. Moreover, CMA continued developing programs and initiatives to reach its strategic objectives. In 2021, CMA continued working on 118 initiatives under CMA's Strategic Plan 2021-2023.

Comparison Between Saudi Stock Exchange and Arab Stock Exchanges in 2021

In 2021, global capital markets improved following the heavy losses on investors around the world due to the COVID-19 pandemic. heavy losses on investors around the world. This recovery was driven by the availability of a number of COVID-19 vaccines and the marked improvement in global supply chains. The performance of Arab stock exchanges participating in the Arab Markets Database (AMDB) varied in 2021. However, most of the Arab stock exchanges rose remarkably and maintained their upward trend. The rises in the indices of most Arab stock exchanges indicate a gradual recovery from the COVID-19 repercussions.

The Arab stock exchanges that recorded the highest increases were Syria, Abu Dhabi, Lebanon,

Saudi Arabia and Palestine. In contrast, Qatar Stock Exchange and Egyptian Exchange registered the lowest increases of 11.4 percent and 10.2 percent, respectively. The Tunis Stock Exchange recorded a decrease of 6.6 percent. Further, the Damascus Securities Exchange recorded the highest increase of 116.4 percent among the Arab stock exchanges in 2021 (Table 11.10).

The average total market capitalization of Arab stock exchanges increased by 18.1 percent to about \$237.7 billion in 2021 from around \$201.1 billion in 2020. The market capitalization of the Abu Dhabi Securities Exchange recorded the highest increase of 119.0 percent, followed by the Palestine Exchange with a rise of 80.2 percent. In contrast, the market capitalization of the Khartoum Stock Exchange recorded the highest decrease of about 82.3 percent at the end of 2021. A comparison of selected Arab stock exchange

Table 11.10: Annual Change in Selected Arab Markets for 2021

(Percentage)			
Market	No. of shares traded	Market capitalization of shares	Price index of shares
Saudi Arabia	-15.2	10.0	29.8
Kuwait	60.5	28.8	26.2
Qatar	-14.7	10.9	11.4
Egypt	43.5	18.3	10.2
Morocco	--	13.4	18.3
Bahrain	-15.8	16.6	20.6
Jordan	26.5	20.0	27.8
Oman	82.5	9.1	12.9
Tunisia	-70.2	-4.2	-6.6
Lebanon	-40.5	57.8	56.1
Abu Dhabi	178.1	119.0	68.2
Algeria	2085.2	0.9	26.9
Dubai	-19.2	20.6	28.2
Sudan	-65.9	-82.3	12.1
Palestine	120.3	80.2	29.1
Syria	368.2	-13.7	116.4

Source: Arab Monetary Fund, the Arab Capital Market Database—Arab Capital Markets, Quarter Bulletin 2021.

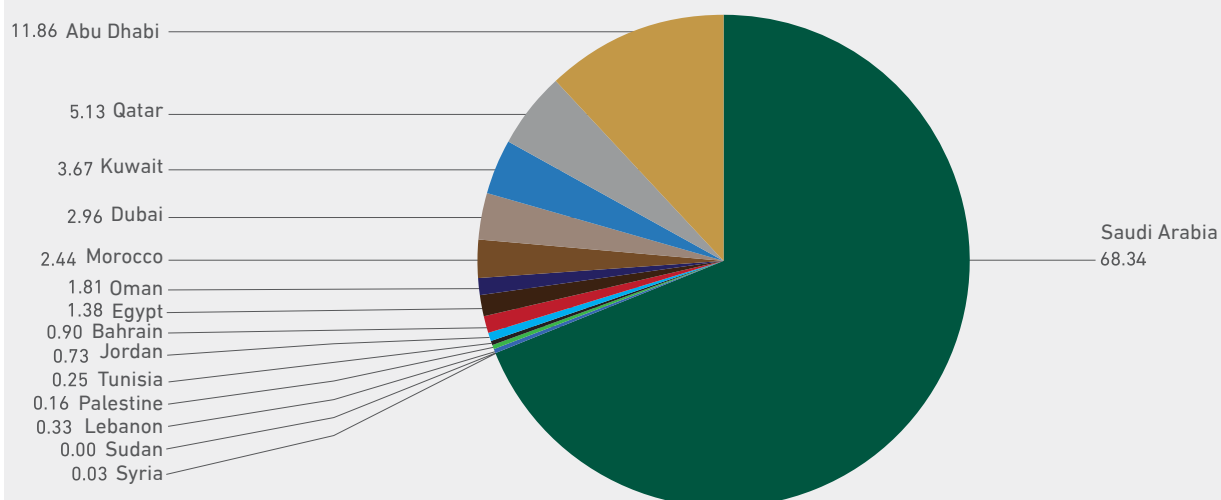
Table 11.11: Key Indicators of Arab Capital Markets in 2021

Market	Index annual change	Market capitalization (million \$)	No. of listed companies	GDP at current prices (billion \$)*	Average company size (billion \$)	Market depth**
Saudi Arabia	29.8	2,668,538	210	833.5	12,707.3	3.2
Kuwait	26.2	136,809	167	135.4	819.2	1.0
Qatar	11.4	183,324	49	179.6	3,741.3	1.0
Egypt	10.2	48,715	256	402.8	190.3	0.1
Morocco	18.3	74,547	75	131.5	994.0	0.6
Bahrain	20.6	28,688	44	38.9	652.0	0.7
Jordan	27.8	21,840	173	45.4	126.2	0.5
Oman	12.9	57,380	117	83.7	490.4	0.7
Tunisia	-6.6	8,038	78	46.5	103.1	0.2
Lebanon	56.1	10,609	28	--	378.9	--
Abu Dhabi	68.2	442,871	82	354.3	5,400.9	1.3
Algeria	26.9	329	6	144.3	54.8	0.0
Dubai	28.2	112,050	67	354.3	1,672.4	0.3
Sudan	12.1	232	67	35.2	3.5	0.0
Palestine	29.1	6,212	47	--	132.2	--
Syria	116.4	2,423	24	--	101.0	--
Average	30.5	237,663	93	214.2	1,723.0	73.7

*IMF (April 2021). **Market capitalization to GDP.

Source: Arab Monetary Fund, the Arab Capital Market Database—Arab Capital Markets, 4th Quarter Bulletin 2021.

Chart 11.1: Percentage Shares of Arab Stock Exchanges Composing the Arab Monetary Fund's Index at End-2021 by Market Capitalization



indices at the end of 2021 shows that the Saudi Stock Exchange recorded the highest market capitalization among all Arab stock exchanges. The market capitalization of the Saudi Stock Exchange stood at \$2,668.5 billion, compared to an average of about \$237.7 billion for the Arab countries composing the AMF Index. It represented 70.2 percent of the total market capitalization of Arab stock exchanges at the end of 2021. Moreover, the value of shares traded on the Saudi Stock Exchange amounted to around \$596.2 billion at the end of 2021, constituting 63.9 percent of the total value of shares traded on the markets of Arab countries participating in AMDB.

The number of companies listed on the Saudi Main Market reached 210 at the end of 2021. The average market capitalization stood at nearly \$12.7 billion per company, compared to an average number of about 93 companies with an average market capitalization of around \$1.7 billion per company for the Arab markets (Table 11.11 and Chart 11.1).

Sukuk and Bonds Market Developments

The Sukuk and Bonds Market Index closed at 1,003.9 points, bringing the total traded value of the Market to about SAR 690.6 million in 2021. The traded value of corporate Sukuk and bonds reached around SAR 100.2 million. The traded

value of government debt instruments stood at about SAR 590.4 million. The number of transactions in the Sukuk and Bonds Market amounted to 191 in 2021; government debt instruments constituted 99.5 percent of these transactions and corporate Sukuk and bonds accounted for the remaining 0.5 percent (Table 11.12).

Derivatives Market Developments

The derivatives market was launched on August 30, 2020. It is one of the main initiatives under the Financial Sector Development Program (FSDP), a key program adopted by Saudi Arabia to achieve Vision 2030. Launching the derivatives Market represents a milestone in the development of the Saudi Stock Exchange to be an advanced financial market. Derivative instruments provide investors in the Saudi market with opportunities to diversify their investments. They are also hedging tools that would increase the effectiveness of risk management in the Market. From this aspect, the Saudi Stock Exchange introduced the first exchange-traded derivative product called the MT30 Index Futures. These futures contracts are based on the MSCI Tadawul 30 (MT30) Index, which provides a benchmark of the 30 largest and most liquid companies listed on the Saudi Stock Exchange.

As for key developments of the derivatives mar-

Table 11.12: Sukuk and Bonds Market Statistics for 2021

Sukuk & bonds	Index closed at (point)	Value traded (million SAR)	No. of trades (trade)
Corporate Sukuk & Bonds	994.2	100.2	1.0
Government Debt Instruments	1,016.2	590.4	190.0
Sukuk & Bonds Market	1,003.9	690.6	191.0

Source: Tadawul 2021 Annual Report.

Chart 11.2: Assets of Investment Funds at Domestic Investment Companies

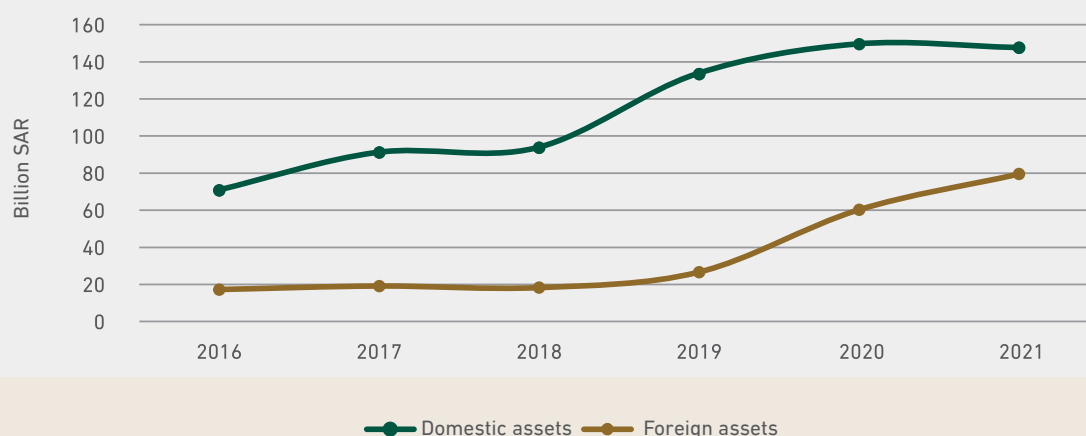


Table 11.13: Key Indicators of Investment Funds Managed by Domestic Investment Companies

Year	No. of funds	Change	Investments in domestic assets (billion SAR)	Change	Investments in foreign assets (billion SAR)	Change	Funds' total assets (billion SAR)	Change	No. of subscribers (thousand)	Change
2017	273	-0.7	91.1	29.0	19.1	11.1	110.2	25.5	238.4	6.3
2018	249	-8.8	93.6	2.7	18.2	-4.6	111.9	1.5	332.6	39.5
2019	253	1.6	133.4	42.5	26.5	45.6	160.0	43.0	329.7	-0.9
2020	254	0.4	149.6	12.1	60.2	126.9	209.7	31.1	358.9	8.8
2021	256	0.8	147.7	-1.3	79.5	32.1	227.2	8.3	529.3	47.5

Source: CMA.

ket during 2021, the Market recorded a total of 22 deals with a total traded value of about SAR 44.9 million. In order to enhance the Market, Saudi Tadawul Group is currently working on rolling out more derivative products, such as single-stock futures, single-stock options, and index options.

Developments of Investment Funds

The number of investment funds managed by investment companies in Saudi Arabia increased by 0.8 percent to 256 in 2021. The total assets of these funds also rose by nearly 8.3 percent to around SAR 227.2 billion. Domestic assets of investment funds decreased by 1.3 percent to SAR

147.7 billion, while the foreign assets of investment funds increased by 32.1 percent to about SAR 79.5 billion. In addition, foreign assets constituted 35 percent of the total assets of the funds compared to 65 percent for domestic assets. The number of investment fund subscribers stood at around 529.3 thousand at the end of 2021, jumping by 47.5 percent from that of the preceding year (Table 11.13 and Chart 11.2).

A breakdown of the funds' investments inside and outside Saudi Arabia in 2021 indicates that total investments on global stock exchanges increased by 29.4 percent to about SAR 6.4 billion.

Investment in domestic equities also went up by 3.0 percent to nearly SAR 19.9 billion. Thus, domestic equities accounted for 8.9 percent of the total assets of investment funds, down from 9.2 percent at the end of 2020. Investment in domestic and foreign equities increased to 11.8 percent of total assets of investment funds at the end of 2021 against 11.6 percent at the end of the preceding year.

In contrast, funds' investments in foreign bonds declined by 10.2 percent to about SAR 3.5 billion in 2021. Funds' investments in domestic Sukuk and bonds, however, surged by 75.4 percent to nearly SAR 16.8 billion from SAR 9.6 billion at the end of 2020. Investments in domestic and foreign bond markets accounted for around 9.1 percent of investment funds' total assets at the end of 2021 compared to about 6.4 percent at the end of the preceding year.

Funds' investments in domestic and foreign money market instruments constituted 60.2 percent of investment funds' total assets at end-2021 against 63.1 percent at end-2020. Investment in domestic money market instruments decreased by 18.7 percent from SAR 81.5 billion at end-2020 to SAR 66.2 billion at end-2021, accounting for 49.1 percent of total investments in money market instruments against 61.6 percent at the end of 2020. Further, investments in foreign money market instruments grew by 34.9 percent to about SAR 68.7 billion at the end of 2021 compared to about SAR 50.9 billion at the end of 2020.

Investments in other domestic assets increased by 5.6 percent to around SAR 14.7 billion at the end of

2021, accounting for 94.1 percent of total investments in other domestic and foreign assets compared to 96.9 percent at end-2020. In addition, investments in other foreign assets surged by 108.4 percent to approximately SAR 921.7 million at the end of 2021. Similarly, investments in real estate assets went up by 6.0 percent to around SAR 26.7 billion in 2021, representing 11.9 percent of investment funds' total assets compared to about 12.0 percent at end-2020 (Table 11.14).

An analysis of the classification of investment companies by funds' assets shows that NCB Capital took the lead in terms of the assets of its investment funds, standing at about SAR 65.9 billion and representing 29.0 percent of total assets of investment funds. Riyadh Capital came next with around SAR 59.9 billion (26.4 percent of the total), followed by Al Rajhi Capital with about SAR 25.2 billion (11.1 percent of the total).

As for the total number of investment funds, NCB Capital came first with 46 funds, three of which were close-ended. Riyadh Capital came second with 31 investment funds, one of which was close-ended. HSBC Saudi Arabia Limited came third with 18 funds, all of which were open-ended. A breakdown of investment companies ranking by the number of subscribers shows that Saudi Economic and Development Company (SEDCO) ranked first with nearly 94.0 thousand, followed by Riyadh Capital with about 82.3 thousand and NCB Capital with 58.1 thousand (Table 11.15).

Table 11.14: Assets of Investment Funds Managed by Domestic Investment Companies by Type of Investment

(Million SAR)

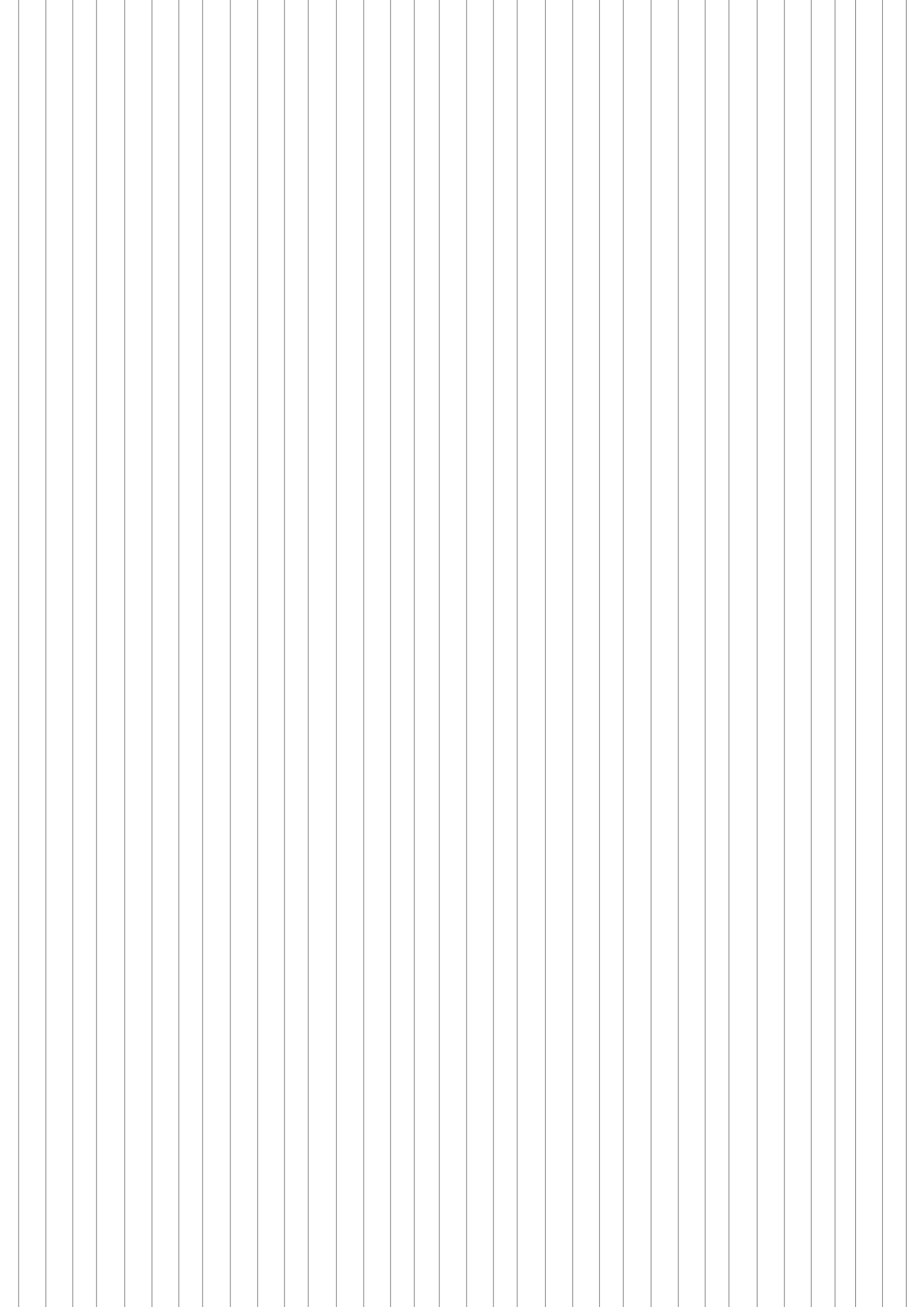
Year	Domestic equities	Foreign equities	Domestic Sukuk & bonds	Foreign bonds	Domestic money market instruments	Foreign money market instruments	Other domestic assets	Other foreign assets	Real estate investments	Total assets
2017	17,988.1	5,420.2	4,996.2	1,527.8	55,168.8	11,597.8	8,743.0	541.5	4,249.2	110,232.8
2018	21,512.3	4,320.9	4,493.6	1,032.4	45,446.7	12,736.0	2,588.0	123.2	19,608.6	111,861.7
2019	23,000.4	4,149.5	6,915.2	1,010.8	76,728.7	21,276.5	3,043.4	79.6	23,754.0	159,958.0
2020	19,351.6	4,964.7	9,595.2	3,881.1	81,505.8	50,874.5	13,888.8	442.2	25,220.5	209,724.3
2021	19,938.9	6,425.0	16,830.3	3,485.5	66,235.5	68,652.0	14,667.5	921.7	26,734.1	223,890.5

Source: CMA.

Table 11.15: Classification of Investment Companies by Assets, Number of Funds and Number of Subscribers in 2021

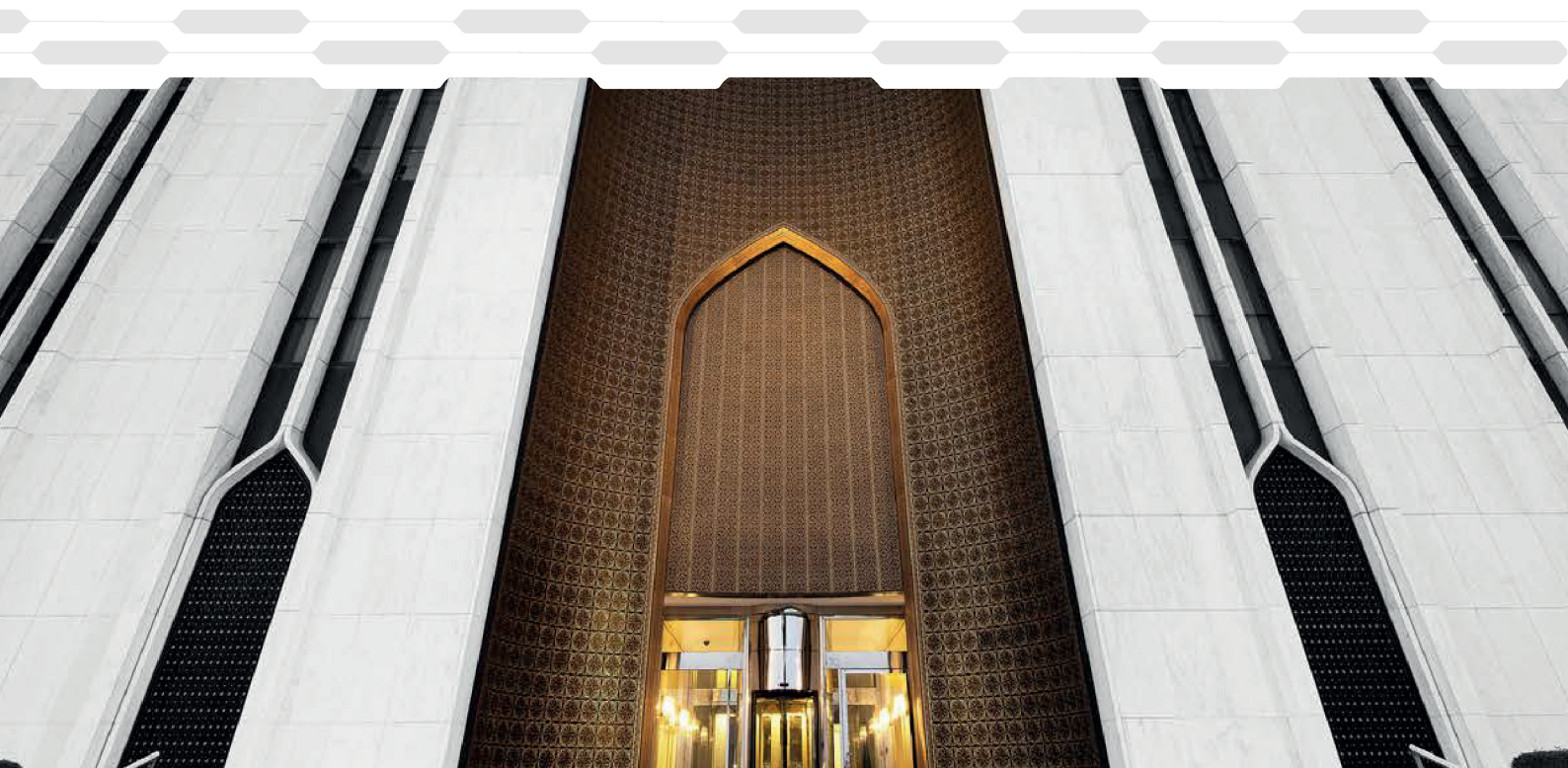
Company	No. of funds		Total	Assets of funds (million SAR)		Total	No. of subscribers
	Close-ended	Open-ended		Domestic	Foreign		
Saudi Economic & Development Co. (SEDCO)	1	--	1	1,048.5	0.0	1,048.5	93,977
HSBC Saudi Arabia Limited	--	18	18	4,555.1	2,474.6	7,029.6	19,617
Itqan Capital Co.	--	2	2	93.8	68.6	162.3	46
Arbah Capital Co.	--	1	1	93.3	74.3	167.5	44
Ashmore Investment Saudi Arabia	--	2	2	173.7	109.9	283.6	13
Osool & Bakheet Investment Co.	1	4	5	684.0	0.0	684.0	7,750
Alistithmar for Financial Securities & Brokerage Co. (Alistithmar Capital)	--	5	5	1,081.7	216.8	1,298.5	1,503
Alinma Investment Co.	2	10	12	14,786.6	2,211.6	16,998.2	19,033
NCB Capital Co.	3	43	46	37,355.2	28,513.1	65,868.3	58,089
Alawwal Capital Co.	--	3	3	111.6	7.9	119.6	59
Alawwal Invest Co.	--	7	7	1,477.2	321.0	1,798.1	1,373
AlBilad Investment Co.	--	11	11	2,210.9	1,165.8	3,376.7	26,037
Al Jazira Capital Co.	2	12	14	4,622.2	2,292.5	6,914.7	8,670
Alkhabeer Capital Co.	2	1	3	2,113.3	533.4	2,646.7	53,176
Alkhair Capital Saudi Arabia	--	4	4	218.3	2,021.7	2,240.0	138
Al Rajhi Financial Services Co.	1	14	15	17,673.4	7,503.6	25,177.0	45,098
Riyad Capital Co.	1	30	31	33,719.2	26,151.1	59,870.3	82,324
Saudi Fransi Capital	2	11	13	5,684.5	364.2	6,048.7	19,969
Middle East Financial Investment Co.	1	2	3	1,080.5	0.0	1,080.5	16,259
ANB Invest Co.	1	8	9	2,581.8	717.9	3,299.7	5,361
Alfa Financial LLC	--	2	2	3,834.4	2,764.2	6,598.5	123
NBK Wealth Management	--	1	1	11.3	0.0	11.3	1
Blominvest Saudi Arabia Co.	--	4	4	199.7	0.0	199.7	20
Saudi Kuwaiti Finance House (SKFH)	--	1	1	12.2	4.0	16.2	3
Bait Al Mal Al Khaleeji Co.	--	3	3	73.8	0.0	73.8	19
Tharwat for Financial Securities Co.	--	1	1	1.9	0.0	1.9	1
Jadwa Investment Co.	2	6	8	3,267.2	897.7	4,164.9	24,047
GIB Capital	--	3	3	123.5	17.1	140.6	23
Derayah Financial Co.	1	2	3	1,711.6	90.2	1,801.9	17,324
Audi Capital Co.	--	2	2	93.4	21.2	114.6	28
Yaqeen Capital	--	6	6	2,452.9	766.2	3,219.1	3,510
Kamco Invest Co.	--	1	1	885.1	0.0	885.1	4
KASB Capital	2	4	6	312.3	0.0	312.3	1,165
SICO Capital	1	2	3	812.1	170.0	982.1	7,425
Musharaka Capital Co.	1	2	3	1,351.3	5.8	1,357.2	10,242
Mulkia Investment Co.	2	--	2	1,114.4	0.0	1,114.4	6,827
Morgan Stanley Saudi Arabia Co.	--	1	1	66.2	0.0	66.2	4
Al-Nefae Investment Group	--	1	1	1.2	0.0	1.2	10
Total	26	230	256	147,689.3	79,484.4	227,173.5	529,312

Source: CMA.



12

Islamic Finance



Islamic Finance

The Islamic financial services industry continued its growth globally, as the total assets amounted to \$2.70 trillion for 2020.¹ The Islamic finance sector in Saudi Arabia is the largest globally in terms of asset size. The main components of the sector totalled SAR 3.15 trillion (\$842 billion) by the end of 2020.²

Islamic Banking Sector

Islamic Banking Assets

Islamic banking in Saudi Arabia continued to record remarkable growth in its total assets, including those of Islamic banks and windows. Its total assets increased by 18.2 percent to about SAR 2,413 billion at the end of 2021, compared to nearly SAR 2,041 billion at the end of 2020 (Table 12.1 and Chart 12.1). This growth was supported by high Shariah-compliant banking finance, which constituted 71.4 percent of the total assets.

Shariah-Compliant Banking Finance

Shariah-compliant banking finance provided by Islamic banks and windows in Saudi Arabia recorded substantial growth. The total Shariah-compliant financing in Saudi Arabia increased to SAR 1,724 billion at the end of 2021 compared to SAR 1,462 billion

at the end of 2020, recording an annual growth rate of 17.9 percent (Table 12.1 and Chart 12.1). Shariah-compliant finance consists of the contracts of Murabaha, Tawarruq, Ijarah, Mudarabah, Musharakah, etc. Murabaha contracts constituted 45.2 percent (SAR 779 billion) of the total Shariah-compliant finance contracts in 2021, followed by Tawarruq contracts with 43.5 percent (SAR 749.4 billion). Ijarah contracts represented 9.8 percent (SAR 169.4 billion). The remaining 1.7 percent was distributed over Mudarabah, Musharakah, Istisna' and other contracts.

Shariah-Compliant Bank Deposits

Shariah-compliant bank deposits consist of demand deposits, time and savings deposits held in Islamic banks and windows. The total Shariah-compliant bank deposits increased by 12.7 percent to about SAR 1,780 billion at the end of 2021, compared to 1,579 billion at the end of 2020 (Table 12-1 and Chart 12-1). This increase was supported by growth in demand deposits, which are current account deposits, to reach SAR 1,429 billion at end-2021 from SAR 1,187 billion at end-2020. Thus, demand deposits represented about 80.4 percent of the total Shariah-compliant deposits. The Shariah-compliant profitable deposits that include Murabaha deposits and others accounted for nearly 13.3 percent of the total Shariah-compliant bank deposits. They reached SAR 237.1 billion at the end of 2021 compared to SAR 283.1 billion

Table 12.1: Islamic Banking Indicators

	(Million SAR)		
	Total assets	Total finance	Total deposits
2020	2,041,007	1,461,902	1,579,184
2021	2,413,332	1,724,264	1,780,255

¹Islamic Financial Services Industry Stability Report 2021 issued by the Islamic Financial Services Board (IFSB).

²Saudi Arabia Islamic Finance Report "Excellence and Leadership" issued by SAMA in 2021.

at the end of 2020. Profit-sharing investment accounts constituted 6.4 percent of the total Shariah-compliant bank deposits, equivalent to SAR 113.5 billion at end-2021 compared to SAR 108.7 billion at end-2020.

Non-Banking Islamic Financial Services

Sukuk

Saudi Arabia is the largest holder of sovereign Sukuk issuances globally.³ The Ministry of Finance issues domestic and international sovereign Sukuk through the National Debt Management Center (NDMC), which is responsible for the arrangements and issuances through “Saudi Arabian Government SAR-denominated Sukuk Program” and “Global Medium Term Note Issuance Program.” The total sovereign Sukuk issuances in 2021 amounted to about SAR 83.5 billion, of which local SAR-denominated issuances constituted about SAR 76 billion, while international US dollar-denominated Sukuk constituted about \$2 billion (SAR 7.5 billion) (Chart 12.2). It should be noted that these Sukuk represented 67% of the debt issuances of Saudi Arabia in 2021 totaling SAR 125 billion.

The total (non-sovereign) Sukuk issued locally reached SAR 145 billion in 2021, compared to SAR

189.2 billion in 2020. These issuances included Sukuk from government entities amounting to SAR 115 billion in 2021, compared to SAR 165.4 billion in 2020. In addition, they included issuances of banks and financial institutions that amounted to SAR 23.5 billion in 2021, compared to SAR 20.3 billion in 2020, and issuances of companies and non-financial institutions that amounted to SAR 6.4 billion in 2021, compared to SAR 3.4 billion in 2020 (Chart 12.3).

Islamic Investment Funds

Islamic investment funds in Saudi Arabia account for about 36 percent of the managed assets of Islamic investment funds globally, according to the IFSB Islamic Financial Services Industry Stability Report 2021. The assets under management (AUM) of the Islamic funds in Saudi Arabia recorded a compound annual growth rate (CAGR) of 16 percent, starting from 2016, to reach SAR 189 billion in 2021.

Islamic funds’ investments in Shariah-compliant assets varied as investments in money market instruments constituted the largest share of 68 percent of the total managed assets, followed by investment in Sukuk with 18 percent and investment in equities with 10 percent (Chart 12.4).

Chart 12.1: Islamic Banking Sector Indicators

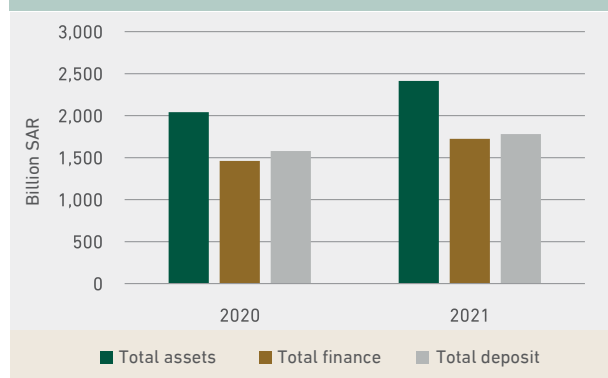
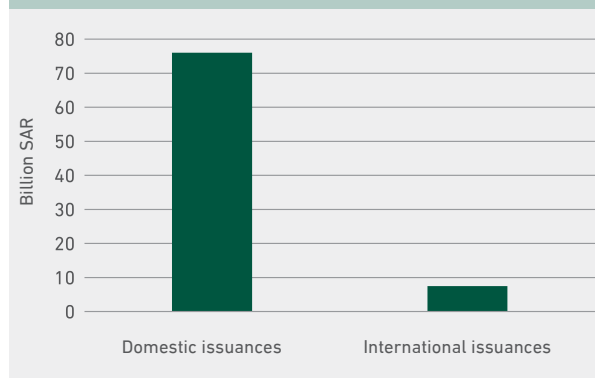
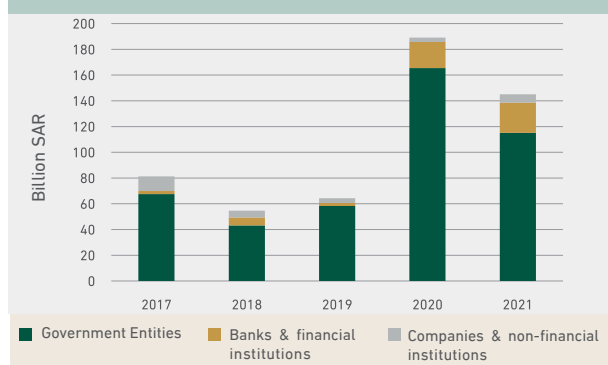


Chart 12.2: Sovereign Sukuk Issuances



³Islamic Financial Services Industry Stability Report 2021 issued by the Islamic Financial Services Board (IFSB).

Chart 12.3: Domestic (Non-Sovereign) Sukuk Issuances

Insurance Companies

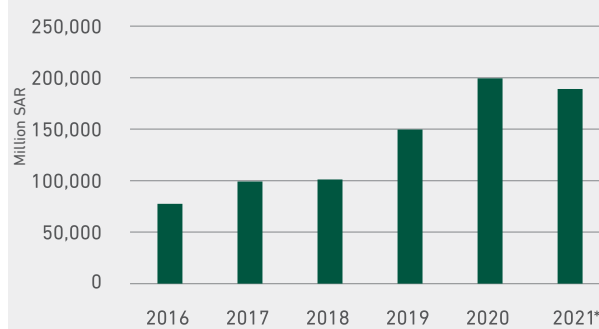
Insurance companies provide Islamic cooperative insurance services and products and operate as per the cooperative insurance model, and in line with the provisions of Shariah and Article 1 of the Cooperative Insurance Companies Control Law. The gross written premiums (GWP) for insurance companies grew by 8.4 percent to SAR 42 billion in 2021 compared to SAR 38.7 billion in 2020.

Finance Companies

Finance companies provide Islamic finance services and products and carry out their activities according to the provisions of Shariah and Article 3 of the Finance Companies Control Law. In addition, finance companies provide Shariah-compliant products, such as Murabaha and Ijarah. The finance portfolio for the finance companies grew by 24.4 percent to a total of SAR 67.3 billion in 2021 compared to SAR 54.1 billion in 2020.

Islamic Fintech

Saudi Arabia is the largest Islamic fintech market in the world, with a value of SAR 76.5 billion (\$18 billion) in 2020, based on the estimated transaction volume. Its market size represents 37 percent of the global Islamic fintech sector and is expected to reach SAR 180 billion (\$48 billion) by 2025. More-

Chart 12.4: Assets of Shariah-Compliant Public Investment Funds

*The numbers provided do not include closed-end funds.

over, Saudi Arabia is ranked at a top position in the Islamic fintech sector in terms of its suitability for the Islamic fintech ecosystem.⁴ Fintech companies in Saudi Arabia provide Shariah-compliant finance services and solutions. Through modern technologies in financing, insurance, business solutions, data provision, payments, etc., Islamic financial institutions can provide Shariah-compliant products and services for a large segment of customers.

Qualitative Developments in the Islamic Finance Sector

The quantitative growth in the size of the Islamic finance sector is accompanied by a set of multifaceted qualitative initiatives led by supervisory and legislative authorities. Through the initiatives, these authorities contribute to strengthening governance and oversight, capacity building, training, knowledge sharing, and awareness. The most prominent efforts of SAMA during 2021 were as follows:

Regulation and Legislation Developments

SAMA approved the implementation of the standards of the Islamic Financial Services Board (IFSB) relating to the banking sector in order to develop Islamic finance in line with the international recommendations and best practices. Among the adopted standards is the Shariah governance standard

⁴Global Islamic Fintech Report 2021.

issued by SAMA through the Shariah Governance Framework for Local Banks Operating in Saudi Arabia, which sets out 18 articles. SAMA also issued the Risk Management Framework for Banks Practicing Islamic Banking in order to enhance compliance with the provisions and principles of Shariah and establish minimum principles for risk, market risk, and operational risk management for banks that engage in Islamic banking activities.

In this regard, SAMA issued Shariah Governance Guidelines for Finance Companies, with the aim of strengthening the procedures of Shariah governance in the finance companies, thus boosting confidence in the Islamic finance sector in Saudi Arabia. These guidelines cover the roles and responsibilities of the board of directors, senior management, Shariah committee, and Shariah compliance and audit functions.

Data and Knowledge Sharing

SAMA launched the Islamic Finance Research Support Program and the Islamic Finance Research Translation Program in 2021. Through these programs, SAMA aimed to support the research and scientific ecosystem in the Islamic finance sector and improve its outputs, hence strengthening Saudi Arabia's knowledge pool and supporting the qualitative development of the sector. Such programs enhance Saudi Arabia's leading role in the Islamic finance sector globally. They also reflect SAMA's continuous effort and determination to achieve integration in the research system as part of its social responsibility obligations and pivotal role in this area. Such programs came as part of SAMA's contributions to fulfilling the objectives of Vision 2030, which include enhancing the knowledge pool of Saudi Arabia. In 2021, SAMA launched the Saudi

Arabia Islamic Finance Report "Excellence and Leadership," which is the first of its kind. The report discusses key sectors of the Islamic finance industry in Saudi Arabia, highlighting the most important developments in the industry and its role in reinforcing the resilience of the Saudi economy.

In the context of supporting researchers and facilitating access to Islamic banking data, SAMA publishes key indicators of Islamic banking in its Monthly Statistical Bulletin.

Capacity Building

The Financial Academy (FA), in cooperation with SAMA, launched two professional certificates in the field of Islamic finance: the Professional Certificate in Fundamentals of Islamic Banking, and the Professional Certificate in Shariah Compliance and Audit. These efforts stemmed from the FA's role in developing the capabilities of human resources in the Saudi financial sector and came in the realization of SAMA's role in developing employees working in the field of Islamic banking.

Education and Awareness Raising

SAMA launched several educational and awareness campaigns on Islamic finance. It also sponsored a series of quarterly workshops specialized in Islamic finance, aimed at discussing a number of topics related to the Islamic finance industry. These workshops hosted a group of experts, specialists, academics, and representatives of government, local and international agencies, who are concerned with the Islamic finance industry.

International Conferences

In support of Saudi Arabia's leading role in the Is-

lamic finance industry, SAMA hosted an international summit on Islamic finance to discuss topics and issues facing the industry, along with the proposed solutions. The 15th Summit of the Islamic Financial Services Board (IFSB), hosted by SAMA in Jeddah on November 9-11, 2021, was under the theme “Islamic Finance and Digital Transformation: Balancing Innovation and Resilience.” The summit aimed to discuss ways to promote innovation in the Islamic finance industry, benefit from its services, adopt technology and ensure sustainability, thus driving growth and creating development opportunities within the industry. Moreover, SAMA held a virtual international workshop titled “Islamic Finance: Growth Through Innovation” on September 26, 2021. Many CEOs, experts and professionals working in the global Islamic finance industry participated in the workshop.

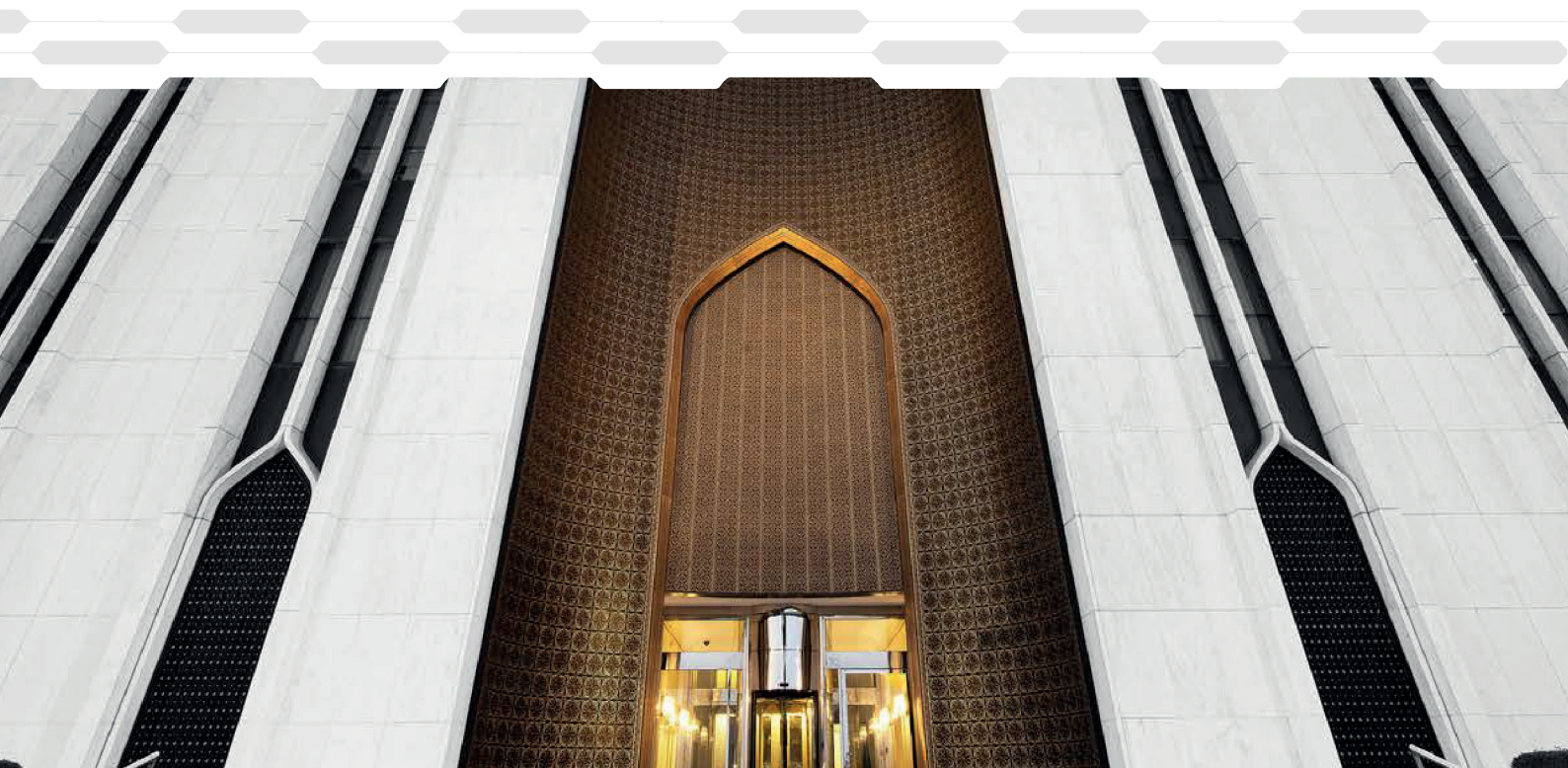
The workshop discussed three main areas: strategies of Islamic banks to deal with the post-COVID-19 period, digitalization of banking services, and opportunities and challenges presented by financial technologies (fintech). Furthermore, SAMA participated in several international workshops and conferences on Islamic finance.

Contribution and Cooperation with International Institutions

SAMA attempts always to contribute to the development of the Islamic finance industry at the local and international levels. SAMA is a full member of the Islamic Financial Services Board (IFSB) and participates in its committees and working groups. In addition, SAMA is a member of the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI).

13

SAMA Achievements and Aspirations



SAMA Achievements and Aspirations

The Saudi Central Bank (SAMA) seeks to fulfill the mandate entrusted to it in line with national economy requirements and Saudi Vision 2030. In performing its functions, SAMA follows a clear vision of the present and future of the financial sector in Saudi Arabia and its prospective role in boosting economic growth. Despite the challenges the world faced in 2021 due to the continuation of the COVID-19 pandemic and its implications locally and globally, SAMA continued to realize many achievements in 2021. It optimized its supervisory and regulatory role to boost the national economy, support economic diversification and promote digital transformation and innovation in the financial sector. SAMA also keeps abreast of the developments in the financial sector through adopting regulations that enhance the readiness and resilience of the sector toward achieving Saudi Vision 2030.

This chapter discusses SAMA's roles and functions, salient achievements made in 2021, key efforts it continued to exert to curtail the impacts of the COVID-19 pandemic, and its role in achieving Vision 2030. This chapter also touches upon SAMA's contributions to society. The last part of this chapter reviews key developments in SAMA's financial position.

Saudi Central Bank Law

The Saudi Central Bank was established under two royal decrees issued on 25/07/1371H (20/04/1952), and it was called the Saudi Arabian Monetary Agency (SAMA) back then. On 09/04/1442H (24/11/2020), the approval of the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz Al Saud, was issued for the Saudi Central Bank Law. The Law stipulates, inter alia, changing the name "Saudi Arabian Monetary Authority" to "Saudi Central Bank" with direct reporting to His Majesty the King. As per the Law, SAMA maintains its financial and administrative autonomy to be in line with international practices of central banks. The Law also stipulates that the Saudi Central Bank (SAMA) shall replace the Saudi Arabian Monetary Authority in all of its rights and obligations.

Moreover, the Saudi Central Bank Law sets out the objectives of SAMA as follows:

1. Maintaining monetary stability.
2. Promoting the stability of, and boosting confidence in, the financial sector.
3. Supporting economic growth.

SAMA's Strategy

SAMA strives to support the Saudi Vision 2030 and its executive programs, such as the Financial Sector Development Program (FSDP), through maintaining monetary and financial stability and supporting balanced and sustainable economic growth. Therefore, SAMA's strategy defines four objectives: maintaining monetary stability, safeguarding the stability and resilience of the financial system, broadening and deepening the financial sector, and contributing to the economic

development of the nation. These strategic objectives have constituted the bedrock for achieving SAMA's aspirations. To that end, SAMA is committed to adopting relevant international best practices, maintaining human capital while continuously developing its capabilities, and benefiting from the latest technologies to support the roles vested in SAMA, including:

- To develop and execute the monetary policy.
- To boost the stability of the financial sector.
- To regulate and supervise the banking, finance and insurance sectors.
- To manage foreign exchange reserves.
- To issue and manage the national currency.
- To ensure the availability of secure and innovative payment systems.
- To provide banking services for the government.
- To conduct economic and financial research and analyses.

SAMA's Efforts in Response to COVID-19 Pandemic

To mitigate the financial and economic impacts of the COVID-19 pandemic on the private sector, especially the micro, small and medium-sized enterprises (MSMEs), SAMA continued its support to the private sector in 2021 to enable it and promote economic growth. SAMA's efforts came as part of its role in activating monetary policy instruments and enhancing financial stability, including by enabling the financial sector and supporting private sector growth. Such efforts complemented the efforts made by the government in response to the COVID-19 pandemic. During 2021, SAMA extended some programs that were launched at the beginning of

the pandemic. It also issued the instructions for the transitional arrangements of the Deferred Payments Program to explain the accounting and regulatory treatment of targeted groups and ensure that they are treated fairly and effectively, taking into account economic factors and temporary difficulties they have experienced, such as income decrease due to the COVID-19 pandemic. The extended programs include:

1. Deferred Payments Program

This program aims to deposit amounts of money for banks and finance companies against a six-month deferral on the repayment of dues by SMEs. Additionally, as part of its role to activate monetary policy instruments and promote financial stability, SAMA extended the period of the program several times, from the program's launch on March 14, 2020 until March 31, 2022. The total number of contracts of enterprises benefiting from this program was about 107 thousand, with the value of payments deferred amounting to nearly SAR 187 billion.

2. Guaranteed Financing Program

SAMA, in cooperation with the SME Financing Guarantee Program (Kafalah), has launched the Guaranteed Financing Program⁶ that guarantees 95 percent of the total finance value extended via Kafalah Program's approved mechanisms. SAMA also bears the fees of these guarantees. The program aims to provide additional support for MSMEs, enhance their creditworthiness, and help overcome challenges facing financing extended to MSMEs. This support would reduce the impact of the decline in MSMEs' cash flows, help MSMEs serve their customers, and enable

⁶ Formerly known as "Funding for Lending Program."

them to pay salaries and entitlements of their employees. In continuation of such support, SAMA has extended the period of the Guaranteed Financing Program to be from March 14, 2020 to March 14, 2023. Until May 2022, the total number of contracts benefitting from this program stood at about 14 thousand with a total financing value reaching around SAR 11 billion.

Monetary Policy

SAMA plays a fundamental role in the domestic economy through its monetary policy that aims to maintain monetary stability, ensure liquidity to meet economic needs, and support the stability of the exchange rate. SAMA has maintained the exchange rate of the Saudi riyal against the U.S. dollar fixed at SAR 3.75 per one U.S. dollar since 1986. To achieve the goals of its monetary policy, SAMA uses a package of monetary policy tools, including the repo and reverse repo rates, SAMA bills, reserve ratios for commercial banks, direct deposits, open market operations and other monetary tools available to SAMA to manage liquidity levels. These tools have helped maintain the stability of the Saudi riyal exchange rate, thus supporting economic growth through imports and exports.

Financial Stability

SAMA has an effective role in the banking and financial systems. It closely supervises all banking, finance and insurance institutions in order to achieve a number of strategic objectives, including maintaining the soundness and resilience of banking and financial systems in addition to identifying, assessing, measuring and addressing all related risks. To that end,

SAMA monitors capital and levels of liquidity and profitability of the financial sector. It also oversees stress testing of the banking sector and its indicators of financial soundness to ensure the resilience of the financial sector and its ability to withstand shocks.

1. Achievements and Aspirations

1.1 National Currency Management

SAMA's functions include issuing the national currency (banknotes and coins), maintaining issuances and their value, holding Saudi Arabia's currency assets, and meeting the demand for currency through SAMA's branches in all regions of Saudi Arabia. The currency is printed and minted in accordance with the latest technical specifications available in the industry; and it incorporates the latest and strongest security features that make it simple for people handling cash to judge the authenticity of a banknote. In addition, SAMA seeks to raise awareness of the national currency along with its security features. It also pursues all cases of currency counterfeiting and continuously coordinates with security authorities in order to combat all counterfeiting attempts, a fact that has contributed to the decline of counterfeiting rates of the Saudi currency as compared to other countries. SAMA's efforts in combating currency counterfeiting include the following:

- Holding meetings of the Standing Committee to study sources of counterfeit currency and determine preventive measures.
- Introducing an on-the-job training initiative for the staff of cash centers of commercial banks seeking training to obtain necessary expertise in the area of detecting counterfeit

currency and knowledge on Saudi banknotes, their technical specifications and security features.

- Organizing awareness media campaigns about the new issuance of the Saudi denomination of the 200 riyal banknote, marking Saudi Vision 2030 during the era of the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz Al Saud.
- Continuing to spread awareness about the national currency, its security features and technical specifications.
- Continuing the development of the mobile application that interactively provides information about Saudi banknotes and their security features.

1.2 Foreign Reserve Management

By managing foreign exchange reserves, SAMA aims to achieve a balance between maximizing investment returns and meeting liquidity requirements. Foreign reserves are managed by a qualified and specialized national cadre with the highest level of education and professional qualification. Such management is conducted according to the international best standards and regulations on foreign asset management and based on a periodically reviewed comprehensive investment policy. SAMA carries out its investments through strong diversified investment portfolios that are dynamically managed in order to optimize the distribution of assets and benefit from investment opportunities. Seeking to adopt international best practices, SAMA applies the Global Investment Performance Standards (GIPS), which were formulated by the CFA Institute. Furthermore, SAMA takes moral

responsibility in its investment practices by banning investment in certain activities, such as gambling and trading in alcohol, tobacco, pork and weapons.

1.3 Supervision and Control of Banking Sector

SAMA supervises and regulates banks to ensure their sound operations, solvency and efficient performance in the national economy. It, therefore, implements laws; issues regulations, instructions and rules; makes supervisory visits; and executes necessary inspection programs. The following are the key developments in 2021:

- Revising and updating, as necessary, SAMA's instructions in line with the advances witnessed in Saudi Arabia and other applicable laws, taking into account international best banking practices. In particular, SAMA updated the Rules for Bank Accounts, the Guidelines on Standing Orders for Real Estate Financiers, and the Requirements for Bank Statements. SAMA also developed the Key Principles of Governance in Financial Institutions supervised and regulated by SAMA, and it updated a number of instructions in a manner that would serve the sector and stakeholders.
- Issuing new instructions to regulate the banking sector in Saudi Arabia, such as the Control and Awareness Procedures for Branch and Customer Service Employees in Banks Operating in Saudi Arabia, the Instructions to Explain Bank Requirements as per the Bankruptcy Law and its Implementing Regulations, and the Internal Audit Principles

for Local Banks Operating in Saudi Arabia.

- Making periodic supervisory visits to all domestic banks and foreign banks' branches operating in Saudi Arabia to prepare, update and assess banks' risk profiles.
- Continuing to plan and perform different on-site banking inspections. A number of thematic, targeted and specialized inspection programs were implemented by SAMA using a risk-based approach and the internally produced recommendations on bank risk profiles. The programs aimed to ensure banks' compliance with relevant laws and instructions and assess the soundness of their internal controls against the international best practices. Such inspection programs covered variable aspects, most prominently credit and operational risks; control functions at banks, such as compliance departments, internal audit departments and risk management departments; and banking services provided for payment institutions through payment aggregation. The programs aimed to measure compliance with relevant regulatory requirements. Additionally, the inspection programs included verifying the compliance with data quality requirements and ensuring that banks and credit bureaus comply with best practices in this regard. Moreover, SAMA continuously follows up banks' compliance with corrective action plans relating to the results of these programs through on-site visits of the inspection teams.

1.3.1 Macro-Prudential Supervisory Measures in Saudi Arabia

SAMA adopts many macroprudential instruments aimed at ensuring financial stability in Saudi Arabia by managing systemic risks and preventing disruption of vital financial services necessary for economic growth. The implemented macroprudential policies have helped boost the resilience of the Saudi banking sector, especially during the COVID-19 pandemic. High levels of capital and liquidity have contributed positively to mitigating the impact of the pandemic on the banking system and its ability to continue playing its supporting role in the economy. Moreover, the prompt intervention by SAMA and different government bodies has played a pivotal role in supporting both the real economy and the banking sector's liquidity and assets quality. Macroprudential policy instruments used during 2021 include:

- The countercyclical capital buffer, set at zero percent.
- Capital conservation buffer of 2.5 percent of risk-weighted assets.
- Regulatory capital requirements in line with Basel III requirements: Common Equity Tier 1 (CET1) must be at least 4.5 percent of the risk-weighted assets. Tier 1 capital must be at least 6 percent of the risk-weighted assets. Total regulatory capital (Tier 1 capital and Tier 2 capital) must be at least 8 percent of the risk-weighted assets.
- The leverage ratio, Tier 1 capital to total exposures, must be at least 3 percent. The deposit liabilities of a bank must not exceed 15 times its reserves and paid-up or invested capital.

- Capital surcharges for domestic systemically important banks (D-SIBs), which were five in 2021, ranging from 0.5 percent to 2.5 percent.
- The limits for large exposures of banks vary according to the type and size of the counterparty, as follows:
 - The total exposures of a bank to any single non-bank counterparty or group of connected counterparties (except for individuals, sole proprietorships, and commercial undertakings majority-owned by the Saudi government or a government-related entity) must not exceed 15 percent of the bank's available eligible capital base at all times.
 - The total exposures of a bank to an individual, a sole proprietorship or a partnership must not exceed 5 percent of the bank's available eligible capital base at all times.
 - Bank's total exposures to any other bank must not exceed 25 percent of the lending bank's available eligible capital base at all times. However, this ratio drops to 15 percent if the lending bank and/or the borrowing bank are/is systemically important, whether domestically (D-SIB) or globally (G-SIB).
 - The total exposures of a bank to any commercial undertakings majority-owned by the Saudi government or a government-related entity must not exceed 25 percent of the bank's available eligible capital base at all times.
 - In all cases, the aggregate large exposures of the bank must not exceed six times the bank's eligible capital.
- Regulatory treatment of accounting provisions and standards for transitional arrangements to implement the International Financial Reporting Standard (IFRS) 9 - Financial Instruments.
- Setting a maximum debt-to-income (DTI) ratio depending on the customer's income and total monthly obligations (including basic expenses), according to the Responsible Lending Principles for Retail Consumers.
- Loan-to-value (LTV) ratio must not exceed 90 percent for citizens' first home ownership for all real estate financiers (banks and finance companies), and the ratio must not exceed 70 percent for citizens' second (or further) home ownership for banks and 85 percent for finance companies.
- As for liquidity requirements, the reserve requirement with SAMA must not be less than 7 percent for demand deposits and 4 percent for time and savings deposits. The liquidity reserve must not be less than 20 percent of deposits, and the loan-to-deposit (LTD) ratio must not exceed 90 percent. In addition, a net stable funding ratio (NSFR) of at least 100 percent must be maintained by banks at all times. The liquidity coverage ratio (LCR) must also be maintained by banks, at all times, at no less than 100 percent of the net cash outflows. The LCR is designed to ensure that banks hold a sufficient reserve of high-quality liquid assets (HQLA) to allow them to survive a period of significant liquidity stress lasting 30 calendar days, as determined by SAMA.

1.4 Supervision and Control of Insurance Sector

As part of its supervisory and regulatory role, SAMA strives to enhance the growth and stability of the insurance sector and safeguard it against any potential risks, thus contributing to the achievement of SAMA's objectives and strategy and supporting the Saudi Vision 2030. In addition, SAMA continuously develops and updates relevant laws, regulations and instructions in a way that would strengthen the sector's capability to face risks and keep pace with changes at the levels of the sector in particular and the economy in general. With the ease of the precautionary measures of the COVID-19 pandemic, SAMA approved a new product for travel medical insurance. The insurance coverage includes the costs of the treatment of the COVID-19 infection, quarantine procedures and cancellation of trips for Saudi citizens infected with COVID-19 while being abroad. In addition, SAMA updated the insurance policies provided for non-Saudis coming to Saudi Arabia to include coverage against COVID-19 infection and all related costs.

Moreover, SAMA develops the insurance sector and bolsters its capabilities by encouraging insurance companies to increase their capitals through mergers and acquisitions. Mergers contribute to enhancing the competitiveness of the insurance sector through the establishment of large competitive insurance entities. They would also buttress the financial position of the insurance sector and safeguard the rights of the insured. Furthermore, mergers result in improving the quality of services provided for

customers, reducing costs, diversifying products offered, and attracting and retaining competent human resources. Mergers in the insurance sector also have many other positive effects that would be reflected positively in the economy, the financial sector, customers, and beneficiaries of insurance coverage.

SAMA publishes the laws, regulations and instructions related to the sector on its website. It also publishes information related to the insurance market and licensed companies operating in this sector. In addition, SAMA publishes information about its supervisory and inspection visits made to assess the performance of insurance and reinsurance companies. The following are the key developments in 2021:

- Issuing amendments to the Cooperative Insurance Companies Control Law pursuant to Royal Decree No. M/12 dated 23/01/1443H (01/09/2021). Such amendments covered a number of regulatory aspects and aimed to promote the growth of the insurance sector and the soundness of its practices. The most important amendments included (1) raising the minimum paid-up capital for insurance and reinsurance companies; (2) granting the authority to SAMA to set licensing requirements for all companies operating in the sector, impose penalties and fines and revoke licenses; and (3) introducing other measures that would ensure the growth and soundness of the sector and the provision of the best services for policyholders and beneficiaries of insurance coverage while protecting their rights.

- Successful merger of two insurance companies, thus contributing to promoting mergers and acquisitions in the insurance sector. It is worth noting that this merger was the third of its kind in the regulated insurance sector.
- Approving the Standard Insurance Policy of Medical Malpractice. This step came as part of SAMA's efforts to preserve the rights of the insurance parties, enhance the concept of sustainability among health care providers, and provide the limits of compensation granted to those affected by medical malpractice.
- Issuing the Rules of Forming and Managing Health Insurance Risk Pools Through Brokers. The Rules aim to set a regulatory framework for risk pools formed by brokers for a group of employers in order to secure suitable health insurance coverage at a reasonable price. These Rules also regulate the relationship between the concerned parties. This step came as part of SAMA's continuous efforts to develop the insurance sector, support SMEs and facilitate their access to insurance products.
- Issuing the instructions for Phase 4 (Implementation & Dry-run) to implement the International Financial Reporting Standard (IFRS) 17 - Insurance Contracts. IFRS 17 is one of the accounting standards that would ensure providing accurate and transparent information for users of the financial statements of insurance companies.
- Developing, in cooperation with other supervisory and regulatory authorities, a number of insurance products that meet the needs of the local market. These products included (1) a parcel insurance product against risks of physical loss of or damage to parcels during transportation, launched in coordination with the Communications and Information Technology Commission (CITC); (2) an insurance product against third-party liability for commercial establishments with artisanal and professional activities, launched in coordination with the Ministry of Municipal and Rural Affairs and Housing; and (3) an insurance product for private sports facilities against property risks, third party liability and risks of injuries to players and those registered in these facilities, launched in coordination with the Ministry of Sport.
- The percentage of Saudi employees in insurance companies operating in Saudi Arabia reached 77 percent in 2021 compared to 75 percent in 2020. In addition, Saudi employees in insurance service providers accounted for 77 percent in 2021 compared to 74 percent in 2020. This achievement reflects SAMA's supervisory role and its keenness to attain the desired goal of Saudizing jobs in the insurance sector and insurance service providers.
- Launching a number of training programs and technical workshops aimed at developing national personnel and raising their competencies in the field of insurance, and urging insurance companies to comply with SAMA's regulations and instructions. Some of these programs were the second version of the Advanced Diploma in Insurance (ACII) and the CILA Diploma Program for Loss Adjustment and Assessment in the Insurance

Sector launched in cooperation with the Financial Academy in Riyadh. Moreover, the Professional Certificate of Compliance Officer of Insurance Sector was launched to ensure that compliance officers in the insurance sector have the minimum knowledge and skills needed in the compliance field.

1.5 Supervision and Control of Finance Sector

SAMA seeks to develop the regulatory and supervisory frameworks of the finance sector to achieve the main objectives of finance laws and their implementing regulations (Finance Companies Control Law and its Implementing Regulations, Real Estate Finance Law and its Implementing Regulations, and Finance Lease Law and its Implementing Regulations). Through these laws and regulations, SAMA aims to enhance financial stability in the finance sector and promote sustainable economic growth. To achieve these goals, SAMA has set necessary guidelines for engaging in finance activities, sought to ensure fair transactions for all stakeholders and encouraged fair competition among financiers while taking into account the principles of transparency and disclosure. SAMA is also responsible for issuing licenses for finance activities in accordance with finance laws and regulations. The following are the key developments in 2021:

- SAMA issued several regulatory policies for the finance companies, such as the Key Principles of Governance in Financial Institutions supervised and regulated by SAMA, the Updated Rules for Engaging

in Debt-Based Crowdfunding, and the Instructions on Consumer Financing Buyouts for Finance Companies. SAMA also issued 29 circulars covering many subjects relating to the business of finance companies.

- SAMA made 24 supervisory visits to finance companies. The visits were aimed at studying the technical and regulatory aspects of these companies, assessing their business plans and governance, and evaluating their compliance with finance laws and implementing regulations. Additionally, SAMA made 11 licensing visits during 2021.

1.6 Supervision and Control of Payment Systems and Companies

The payments sector is witnessing fundamental changes in terms of the rapid growth in the quality of services provided and the introduction of new types of payment service providers. In addition, new digital technologies are being adopted at an exponential pace around the world. Accordingly, regulators seek to adapt to such changes through developing regulatory and legislative frameworks that would organize the market and enable participants to provide services within a competitive and fair environment. Through the Financial Sector Development Program (FSDP), Vision 2030 has set Saudi Arabia's path toward promoting the local economy by developing and operating digital technologies in all aspects of the economy.

To support growth of the payment sector without compromising its soundness or efficiency, the Council of Ministers approved the adoption of the Law of Payments and Payment Services

based on Resolution No. 171 dated 20/03/1443H corresponding to 26/10/2021. This Law aims to enhance the integrity of the infrastructure of payment systems and services in Saudi Arabia. It also aims to enhance their efficiency through the development of regulatory and supervisory frameworks, hence boosting the resilience and stability of the financial sector. In addition, the Law included provisions to protect the rights of users of payment systems and services. Moreover, it seeks to promote innovation and competition in payment system operations and services in Saudi Arabia. The provisions of this Law enable SAMA to exercise its regulatory and supervisory role over the payments sector in Saudi Arabia in accordance with international best practices and available technologies in the banking field. In doing so, SAMA takes into consideration the Principles for Financial Market Infrastructures (PFMI) issued jointly by the Committee on Payments and Market Infrastructures (CPMI), at the Bank for International Settlements (BIS), and the International Organization of Securities Commissions (IOSCO). The PFMI stress the responsibility of central banks to supervise and develop payment and settlement systems as one of their key functions. The following are the key developments in 2021:

- Licensing 14 companies providing payment services in the sector: four providing e-wallet services and 10 companies providing various payment services that include POS services, bill payment aggregators and e-commerce payment services.
- Holding more than 64 workshops for companies wishing to be licensed to engage in

the payment business. Such workshops aimed to clarify the requirements of the regulations and explain how to fill out the forms in accordance with the requirements and instructions contained in the Law of Payments and Payment Services.

- Holding more than 25 workshops for payment companies, after being licensed. The workshops presented periodic supervisory and prudential returns, along with instructions on how to complete them properly in accordance with the requirements and instructions contained in the Law of Payments and Payment Services.
- Preparing guidelines for payment system operators to complete the self-assessment and holding workshops to confirm the importance of such assessment. The guidelines and self-assessment aimed to prepare such operators for the Level 3 (L3) assessment of the Bank for International Settlements (BIS). Through these steps, SAMA sought to ensure the implementation of the Principles for Financial Market Infrastructures (PFMI). Furthermore, prudential returns were developed as one of the supervisory tools used to measure the efficiency and effectiveness of the systems. This step was aimed at supporting continuous supervision of the financial sector and payment systems and identifying and addressing key issues.

1.7 Anti-Money Laundering and Counter-Terrorist Financing (AML/CTF)

SAMA continued to conduct periodic inspections of financial institutions under its supervision to ensure their adherence to instructions and

regulations, detect any irregularities and follow up with the necessary corrective actions in areas such as AML/CTF. The following are the key developments in 2021:

- Organizing the 13th Compliance and Anti-Money Laundering Seminar, which aimed to promote awareness and compliance in the field of AML/CTF. In addition to reviewing the most prominent opportunities and risks in the virtual asset sector, the seminar highlighted international best practices and experiences in identifying the beneficial ownership, and financial fraud in the financial technology (fintech) sector. It also focused on facing emerging challenges and raising awareness of associated risks.
- Organizing workshops and training programs for relevant entities to enhance the capabilities of staff working in the fields of AML/CTF and provide them with the necessary technical and professional skills necessary to perform their duties as required and in accordance with relevant standards, requirements and international best practices and experiences.
- Signing a memorandum of understanding on AML/CTF with the Ministry of Human Resources and Social Development on January 20, 2021. SAMA also seeks to sign other memoranda of understanding with a number of government agencies concerned with this area.
- Following up the implementation of the strategic objectives and the national action plan for AML/CTF in coordination with the concerned entities and other relevant national committees. In addition, SAMA provided support and technical assistance for the concerned entities and promoted international cooperation and coordination in this field.
- Working on a project for virtual assets based on six initiatives to regulate the activities of virtual assets and virtual asset service providers in Saudi Arabia. Such initiatives include communication and awareness, legal review, risk assessment for money laundering, prohibition of illegal transactions, provision of training, and issuance of relevant guidelines. The project aims to enhance Saudi Arabia's compliance with international standards and requirements related to virtual assets and virtual asset service providers.
- Continuing to follow up on the progress of implementing the actions recommended in the Mutual Evaluation Report issued in June 2018 by the Financial Action Task Force (FATF). Some of the efforts exerted in this regard included working on preparing a follow-up report on Saudi Arabia's latest efforts to strengthen the system of AML/CTF and combating proliferation financing, along with the progress made by Saudi Arabia in complying with international standards and requirements in this field.

1.8 Control of Cyber Risks

Given the importance of cybersecurity in achieving financial stability and maintaining consumer confidence in the financial sector, SAMA undertook many strategic steps to contain cyber risks. It issued a comprehensive

cybersecurity strategy for the financial sector based on international best practices and experiences. The strategy encompasses a number of strategic objectives and several projects that aim to strengthen the regulatory role of SAMA, develop its supervisory tools and enhance cybersecurity practices in the sector. In addition, SAMA established a cybersecurity center to have a clear forward-looking vision and detailed information on the cyberspace of the financial sector. The center is responsible for analyzing information about threats, known as threat intelligence. In particular, it monitors and analyzes global and regional cyber threats targeting the financial sector in Saudi Arabia and proactively shares relevant information with the sector to take the necessary precautionary measures. The center also assesses the security resilience of the relevant entities by conducting red teaming, and applying different scenarios to improve cyber readiness in the financial sector. The following are the key developments in 2021:

- Completing the Financial Sector Critical Systems Protection Program, which aims to develop regulatory frameworks to manage risks of critical systems, identify strategic cyber risks for the financial sector and conduct a risk assessment based on cyber threats.
- Issuing the Information Technology Governance Framework, which aims to (1) ensure that information technology risks are properly managed throughout the financial institutions, (2) achieve an appropriate maturity level for information technology controls, and (3) create a common approach

for addressing information technology risks.

- Issuing a number of controls that enable fintech companies to identify cyber risks and increase their capabilities to confront these risks.
- Issuing a circular on the Organizations' Social Media Accounts Cybersecurity Controls and the Highly Critical Social Media Accounts Cybersecurity Controls, in coordination with the National Cybersecurity Authority. These controls aim to strengthen cybersecurity, ensure safe use of social media networks and support an effective response to cyber risks.
- Launching several cybersecurity training programs for employees of the financial sector and SAMA, with the aim of raising awareness and improving competencies in this field.

1.9 Economic Research and Statistics

SAMA seeks to make its Research and International Affairs Deputyship an active and completely reliable intellectual source referred to by others, whether from SAMA or outside. To that end, SAMA encourages the Deputyship to prepare studies and reports of high value and quality in financial and economic fields. It also aspires to make the Deputyship a source of the latest and most accurate monetary, banking and financial data to keep pace with national and international economic developments. The key achievements of the Deputyship in 2021 include the following:

- Preparing SAMA's Annual Report, which is a key reference for researchers and those interested in the national economy.
- Preparing weekly, monthly, quarterly and

annual reports and statistics and publishing them on SAMA's website. Such reports and statistics include the Monthly Statistical Bulletins, Inflation Report, Monetary and Banking Developments Report, Financial Stability Report and Islamic Finance Report.

- Striving to meet the requirements of the G20 Data Gaps Initiative.
- Preparing working papers on various economic, financial and development topics and publishing them on SAMA's website.
- Holding quarterly workshops that aim to enrich knowledge and share ideas with academics, bankers and interested parties. Such workshops cover various economic and financial topics and developments. The workshops continued to be held virtually during the pandemic.
- Making monthly presentations on different economic topics to SAMA's senior management and those concerned with financial and economic affairs to support sharing ideas between the employees of SAMA and other government entities.
- Holding many internal Ethraa sessions and workshops to introduce key developments in Islamic finance at the local and global levels and to review international best practices in control and governance of Islamic financial institutions.
- Launching the second version of the "Joint Research Program" initiative, which supports research collaboration between SAMA's researchers, on the one hand, and other external academics, subject matter experts and specialists, on the other hand. The initiative stems from SAMA's interest in devel-

oping the economic and financial research ecosystem, and it confirms the importance of research in achieving Saudi Vision 2030.

- Providing relevant entities with specialized research papers on monetary, banking and financial topics and with SAMA's projections for the Saudi economy.

2. Risk and Compliance

SAMA has been keen to instill the concept of compliance and risk management in order to raise awareness on a scientific and technical basis. It has developed a set of methods and mechanisms to address risks and promote risk management culture. It has also strengthened the principle of compliance with regulations and instructions to protect SAMA's resources. In addition, SAMA has paid significant attention to providing the necessary support that would ensure the continuity of its critical functions, thus fulfilling its well-established objectives and strategies. In a proactive step to protect intellectual property rights, SAMA issued the first policy on intellectual property protection at SAMA level. Moreover, SAMA updated some internal policies and issued others, such as the Disclosure Policy and the Whistleblowing Policy. As for business continuity, a "virtual crisis simulation" session was held jointly by SAMA and the Ministry of Finance. The session aimed to enhance the capabilities of the crisis management teams of both sides and ensure an effective response in crisis management.

3. Saudi Vision 2030

SAMA has continued to fulfill its roles in line with development requirements and economic

needs, as its work is oriented toward maintaining monetary and financial stability and supporting sustainable economic growth. It constantly coordinates with the authorities concerned with achieving Saudi Vision 2030 and its related programs to explore areas of cooperation and overcome the obstacles associated with SAMA's functions and responsibilities, in a manner consistent with the requirements of monetary and financial stability. Saudi Vision 2030 encompasses multiple economic and development goals on which many initiatives and projects are based. One of the main goals is to advance the Saudi economy to be among the top 15 economies of the world in terms of GDP by 2030. This goal will be achieved through increasing the private sector's contribution to GDP from 40 percent to 65 percent, raising the share of non-oil exports in total non-oil GDP from 16 percent to 50 percent and increasing SMEs' contribution to total GDP from 20 percent to 35 percent by 2030. Another goal of the Vision is to promote social engagement in achieving the national objectives and aspirations, such as increasing household savings from 6 percent to 10 percent of total household income by 2030. SAMA also strives to support the Saudi Vision 2030 through its participation in the FSDP and the Housing Program.

3.1 Financial Sector Development Program (FSDP)

SAMA continued to work and cooperate effectively with the main partners in the financial sector: the Ministry of Finance and the Capital Market Authority. SAMA participates with its partners in the FSDP Committee, which works on diversifying funding sources, promoting financial

inclusion and enabling optimal financial planning for all segments of society. The FSDP aims to develop a dynamic and effective financial sector that supports the development of the national economy, diversifies its sources of income, and stimulates savings, financing and investment in a manner consistent with the strategic objectives of maintaining the stability and resilience of the financial sector.

SAMA's key achievements under the FSDP include developing the financial sector and raising its contribution to the development of the national economy and developing digital solutions and payment systems. The achievements also involve promoting financial inclusion, developing and regulating the real estate finance sector, supporting SMEs, developing the fintech sector, continuing to develop and regulate the insurance sector and boosting confidence in the financial system. The following is a summary of SAMA's key achievements under the FSDP in 2021:

- Issuing five new licenses for fintech companies, bringing the total number of licensed companies to 18 (14 providing payment services and four working in the fields of insurance and finance). This step reflects SAMA's supportive role in enabling the fintech sector, allowing the introduction of new activities to strengthen the sector and attracting a new segment of investors and companies to work under its supervision.
- Granting permits to 34 fintech companies to operate in SAMA's regulatory sandbox to provide innovative solutions, such as savings solutions for individuals; e-payments, debt-

based crowdfunding platforms for SMEs; and Buy Now, Pay Later (BNPL) service.

- Working on completing the technical and operational requirements for two local digital-only banks after being approved by the Council of Ministers to practice their business in Saudi Arabia. SAMA's efforts in this regard stemmed from its endeavor to support innovation in the financial sector, develop the digital economy and enhance financial inclusion. It should be noted that digital-only banks are subject to all supervision and control requirements applicable to banks operating in Saudi Arabia.
- Launching the Instant Payment System "SARIE" as part of a series of SAMA-led initiatives to promote the national payments ecosystem, reinforce its infrastructure to achieve financial inclusion, and advance the digital transformation in Saudi Arabia by increasing the volume of electronic financial transactions.
- Launching the Accelerators Program to support the growth of fintech startups. This program aims to transfer the best practices, tools and resources available to fintech startups to develop and expand their existing business in Saudi Arabia. Ten companies graduated from this program and had the opportunity to present their projects to local investors, partners, media and the fintech community.
- Recording the highest adoption rate of contactless payments via Near-Field Communication (NFC) technology with 94 percent, making Saudi Arabia the highest in the Middle East and North Africa, above the

European Union average and ahead of Hong Kong and Canada. Saudi Arabia's successful adoption of contactless payments is part of SAMA's strategy and its endeavors with the main partners to achieve the objectives of the FSDP, including promoting electronic payment and reducing cash transactions.

- Issuing the Open Banking Policy that, when implemented, will enable bank customers to manage their bank accounts and share their data securely. Customers can allow third-party service providers to access their bank information through explicit and clear consent. On the other hand, customers can benefit from the best financial products and services ranging from bringing all accounts into a single dashboard to creating seamless patterns in daily banking activities.
- Surpassing the 7 percent target set by the FSDP for bank lending to SMEs to reach 7.8 percent in 2021.
- Surpassing the 55 percent target set by the FSDP for the share of non-cash transactions to reach 57 percent in 2021.
- Launching the Financial Sector Conference Talks, organized by the main partners of the FSDP. The conference discussed the most important financial issues, current and future changes, regional and global challenges, sustainability, improving the quality of life, protecting the environment and natural resources, and the corporate world.
- Issuing the Updated Rules for Engaging in Debt-Based Crowdfunding in accordance with the Finance Companies Control Law. The Rules aim to establish licensing provisions for debt-based crowdfunding companies and

regulate their activities.

- Launching “Malee” application, which is one of the educational tools to promote awareness and financial empowerment among children. The application is aimed at providing children with the skills necessary to manage financial resources properly. It also focuses on introducing children to some information and good trends related to financial culture.

3.2 Housing Program

SAMA participates as a member in the Housing Program, which is one of the Saudi Vision 2030's programs. It contributes to the achievement of the program's objectives by developing the legislative and regulatory environment in its capacity as the regulator and supervisor of the real estate finance sector. In 2021, SAMA updated the Guidelines on Standing Orders for Creditors. The Guidelines set out the minimum obligations that must be met when setting up a standing order for a creditor. The Guidelines aim to enhance and protect competition between creditors, ensure the availability of financing options for customers, and reduce default risks. SAMA also agreed to allow extra working hours on Saturdays to serve customers of the subsidized real estate finance until the end of 2021.

In addition, the number of new residential real estate finance contracts provided by banks and finance companies reached about 206 thousand in 2021, compared to 231 thousand in 2020. The total mortgage loans amounted to around SAR 156 billion in 2021 against about SAR 155 billion in 2020, an increase of 0.6 percent.

4. Human Resources

4.1 Training and Development

SAMA has spared no effort in developing its human resources through a scholarship program to study abroad, giving its employees the opportunity to earn master's and Ph.D. degrees from a number of accredited international institutes and universities. SAMA also offers internal and external training, in addition to relevant education and training programs provided by the Financial Academy. Moreover, university students specializing in majors relevant to SAMA's functions can join the Cooperative Training Program to prepare for their future careers, or they can work at SAMA during their summer vacation by assuming tasks relevant to their areas of study to gain work experience and receive training.

SAMA continuously develops its human cadres through a number of programs and schemes. The following are the key achievements in this regard in 2021:

- The Accelerated Leadership Program (ALP), which aims to discover and develop leadership talents in order to prepare them for leadership roles in the future. This program is one of the strategic programs at SAMA that emphasize its interest in human capital given that it is the basis for achieving SAMA's objectives. Employees benefitting from the ALP in 2021 were 18.
- The Investment Immersion Program (IIP), which aims to develop talent in the field of investment. The program provides the trainees with the opportunity to attend an

advanced technical course at the Wharton School of the University of Pennsylvania, a pioneer in the field of business administration in Philadelphia, USA. In addition, the program offers on-the-job training in central banks and global investment companies to develop professional capabilities and interpersonal skills that qualify trainees to work in the financial sector.

- The Digital Transformation Program, which aims to enhance the awareness of SAMA employees in the field of digital transformation. It provides remote training programs designed in collaboration with the University of California, Berkeley, USA and the Bahrain Institute of Banking and Finance (BIBF). The program provided eight training sessions for 605 employees.
- The Professional Learning Partnership (PLP) for fresh graduates, which aims to train distinguished fresh graduates in SAMA departments. After completing the training, the trainees are employed by SAMA or the banking sector. The training has two parts: a practical one where trainees work and interact with SAMA employees, and a theoretical one where trainees join a number of training courses. Trainees benefitting from the program in 2021 were 24, getting training in five SAMA departments.
- The Central Banking Master's Program, which aims to enable SAMA employees to keep pace with the rapid financial and digital developments. The program focuses on the educational and analytical aspects and provides appropriate expertise. It is designed in collaboration with the Asia School of Business (ASB) in Malaysia and the Massachusetts Institute of Technology (MIT) in the USA.
- The Professional Certification Program, which aims to boost the employees' professional side and assist them in learning the best practices in their fields. The total number of employees who obtained professional certificates reached 86.
- The Cybersecurity Program (SECURE), launched in collaboration with Chiron Technology Services, Inc. in the USA. The program aims to train and qualify a national cadre of the financial sector and SAMA employees in the field of cybersecurity to work in the financial sector and all other sectors. Trainees benefitting from the program in its third edition were 20.
- Various training and development solutions were provided, including online training platforms and interactive training programs at several regional and international institutions. SAMA encouraged its employees to continue their training and learning. It also provided them with available solutions to ensure their continued contribution to achieving SAMA's objectives under the COVID-19 circumstances.
- The number of SAMA employees on scholarships abroad was 44, and that of those studying locally, part-time or through distance learning, was 56. In addition, 57 students joined the Cooperative Training Program.
- As part of its keenness to support, motivate and empower women in supervisory positions, SAMA increased the percentage of

female employees to 16 percent in 2021 from 13 percent in 2020.

- SAMA developed a plan in 2021 for hiring and attracting qualified legal individuals. It nominated a number of employees for direct scholarship; for attending specialized workshops organized by central banks, the IMF and the World Bank; for obtaining professional certificates in the fields of work; and for joining other training programs as per the specialized training needs of SAMA employees. SAMA's steps in this regard were based on the Council of Ministers' Resolution No. 713 dated 30/11/1438H, stipulating that legal departments at government bodies shall be developed and supported with qualified individuals specialized in the legal domain, including Islamic law, and that such government bodies shall have plans in place for appropriate development of their departments and staff in a way that meets the objectives of their prepared plans.
- The community: SAMA's interest in this regard includes communicating with the community; focusing on training, education and financial awareness programs; paying attention to unemployment; enabling persons with disabilities; and supporting the service sector.
- Employees and work environment: SAMA concentrates on developing human capital, providing an attractive and ideal work environment in accordance with the best occupational health and safety standards, paying attention to employees' families, and encouraging organized voluntary work in areas needed by society.
- Financial sector entities supervised by SAMA: SAMA pays significant attention to social responsibility at the sector level and enables financial entities to develop such practices to enhance the sector's reputation and effectiveness. SAMA also focuses on continuing the development of consumer protection- and awareness-related regulations and procedures in addition to giving opportunities to local suppliers to provide their services for the sector.
- The environment: SAMA focuses on conserving natural resources and reducing the harmful impact on the environment through lowering energy consumption and emissions, reducing paper use, rationalizing water use and exploring new ideas to preserve the components of the natural environment.

5. Social Responsibility

5.1 Social Responsibility Strategy

SAMA's strategy aims to promote social responsibility by focusing on four main elements: increasing employees' awareness of social responsibility, instilling its principles in organizations' policies and procedures, launching initiatives and events that support social responsibility toward society and the environment, and encouraging the sectors supervised by SAMA to develop their social responsibility. SAMA's strategy pays attention to all concerned parties, with a special focus on the following areas:

The implementation model of the strategy consists of two stages. The first stage focuses on highlighting SAMA's social responsibility and

its initiatives as a top priority to be publicized in society. This is followed by raising awareness among employees on social responsibility while fulfilling SAMA's responsibility toward the financial sector and working actively on improving the environment. Upon achieving that milestone, the focus of the strategy gradually shifts to the financial sector as a top priority. The improvement in the sector's ability to assume social responsibility demonstrates SAMA's distinct role in enabling social responsibility and its efforts exerted in all areas in a balanced way that ensures promoting social responsibility within SAMA and the institutions it supervises. By doing so, SAMA contributes to achieving sustainable development and the objectives of the Saudi Vision 2030.

5.2 Consumer Protection in the Financial Sector

The Consumer Protection Department at SAMA aims to allow financial sector's consumers to receive fair treatment characterized by transparency, honesty, probity and adherence to the legislated laws and regulations. It also seeks to ensure that consumers have easy access to affordable and high-quality financial services and products. In addition, the department aims to spread awareness among all the targeted groups. It continues to survey public opinion about its awareness efforts and campaigns to determine how successful the department is in communicating its messages and how much benefit the intended recipients receive. Moreover, the department receives and handles complaints from customers of the financial sector.

In 2021, SAMA continued to receive and address complaints through "SAMA Cares" system. The system allows customers of the financial sector supervised and regulated by SAMA to submit and follow up on their complaints. It also ensures quick and clear processing of complaints. Through the system, SAMA received and processed 533,890 complaints of various types from customers of banks, insurance companies, finance companies and fintech companies. In addition, 1,067,041 calls to file complaints or make inquiries were received through the concerned call center. Moreover, SAMA worked on several initiatives to enhance consumer protection in the financial institutions under its supervision, most notably:

- Requiring front-line employees of financial institutions to obtain the Retail Banking Foundations Professional Certificate and the Credit Advisor Professional Certificate.
- Completing the second phase of on-site visits (thematic inspection) to the customer service departments at insurance companies, in cooperation with the General Department of Insurance Control.

5.3 Participation in Community Development

Through continuous awareness campaigns, SAMA contributes to educating and raising awareness of the beneficiaries of SAMA's services and the services of the institutions it supervises. SAMA also engages in the most important annual social events observed globally and locally, through various programs. This engagement confirms SAMA's pivotal role in community service. In 2021, SAMA carried out several voluntary social campaigns, initiatives and activities, such as launching the first version of Open Data Portal, holding a workshop on mobile device protection,

organizing the first virtual forum of SAMA's Information Security Awareness Program and conducting "Your Awareness Protects You" competition. Furthermore, SAMA introduced several programs that aimed to activate its social role. Such programs were directed toward supporting and developing the local community with all its components and strengthening the national capabilities. They included training programs for graduates, health programs, educational programs for employees, and programs to care for employees' children and families.

6. SAMA's International and Regional Participation

As a member, SAMA actively participates in and attends meetings of many international and regional financial organizations, including the Group of Twenty (G20), the Bank for International Settlements (BIS), the International Monetary Fund (IMF), the World Bank Group (WBG), the Organization of the Petroleum Exporting Countries (OPEC), the OPEC Fund for International Development, the Financial Stability Board (FSB), the Financial Action Task Force (FATF), the Arab financial institutions, the Islamic Financial Services Board (IFSB) and the Gulf Monetary Council (GMCOC).

7. SAMA's Financial Position

SAMA's assets recorded an increase at end-2021 compared to end-2020. SAMA's total assets increased by 0.1 percent (SAR 1.9 billion) to about SAR 1.8 trillion compared to a decrease of 3.5 percent (SAR 66.0 billion) at end-2020. Foreign assets accounted for the bulk of SAMA's total assets, which witnessed an increase this year.

These foreign assets continued to be invested primarily in foreign securities, which rose by 0.8 percent (SAR 8.7 billion) at end-2021 compared to a decrease of 6.6 percent (SAR 79.5 billion) at end-2020. On the other hand, SAMA's deposits with banks operating abroad fell by 6.5 percent (SAR 20.3 billion) at the end of 2021, compared to a decline of 22.0 percent (SAR 88.2 billion) at the end of 2020. Currency backing rose by 1.7 percent (SAR 4.4 billion) to SAR 261.3 billion at end-2021 against a decrease of 1.7 percent (SAR 4.5 billion) at the end of the preceding year (Table 13.1).

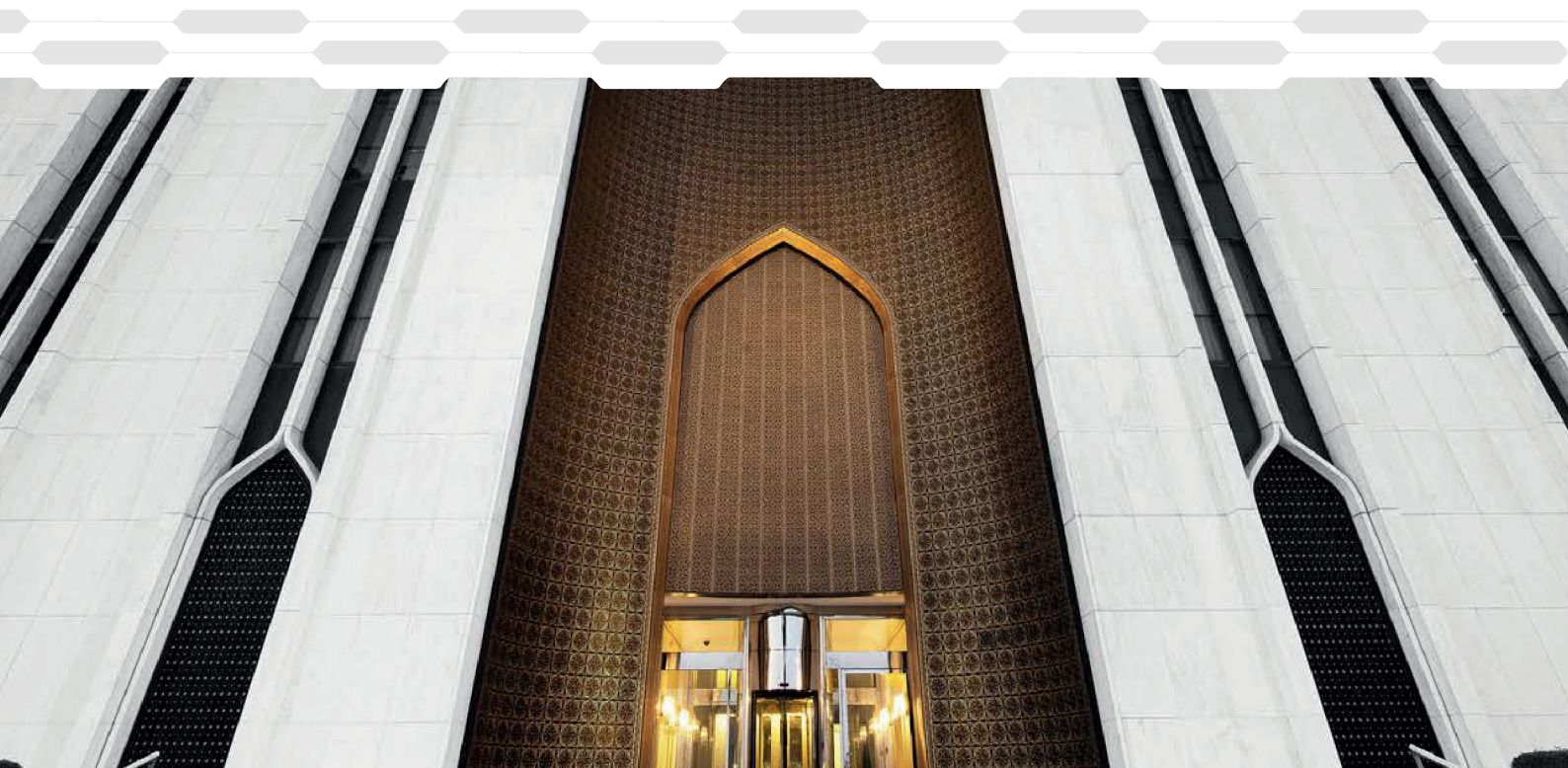
As for liabilities, government deposits and reserves accounted for 20.8 percent of SAMA's total liabilities at the end of 2021 compared to 23.6 percent at the end of 2020. The government current account witnessed a decline of 51 percent (SAR 39.7 billion) to SAR 38.1 billion at end-2021 compared to a rise of 30.6 percent at the end of the preceding year. Additionally, the government reserves fell by 3.2 percent (SAR 11.5 billion) to SAR 347.1 billion at end-2021 against a decrease of 23.6 percent (SAR 110.9 billion) at end-2020. In contrast, deposits of government funds and institutions grew by 38.2 percent (SAR 52.6 billion) to SAR 190 billion compared to an increase of 41.8 percent (SAR 40.5 billion) at the end of the preceding year. However, SAMA bills and repos dropped by 51.4 percent (SAR 97.3 billion) to SAR 92.2 billion compared to a rise of 52.8 percent (SAR 65.5 billion) at the end of 2020.

Table 13.1: SAMA's Financial Position (end of year)

(Thousand SAR)					
	2017	2018	2019	2020	2021
I. Assets					
Foreign currencies & gold	229,188,191	243,449,129	261,466,875	256,944,431	261,313,076
Banknotes	25,831,238	32,583,756	42,987,159	23,276,450	33,815,942
Deposits with banks abroad	377,965,898	405,571,773	399,832,173	311,670,748	291,417,907
Investments in foreign securities	1,244,668,982	1,204,035,205	1,203,575,567	1,124,050,617	1,132,710,961
Other miscellaneous assets	26,008,567	14,224,298	4,944,752	130,852,400	129,449,062
Total	1,903,662,875	1,899,864,161	1,912,806,526	1,846,794,646	1,848,706,948
II. Liabilities					
Currency issued	229,188,191	243,449,129	261,466,875	256,944,431	261,313,076
In circulation	203,356,954	210,865,373	218,479,710	233,667,981	227,497,134
At SAMA	25,831,238	32,583,756	42,987,165	23,276,450	33,815,942
Government deposits & reserves	641,377,545	562,366,556	529,249,346	436,565,507	385,300,419
Government current account	52,192,299	72,831,631	59,624,347	77,873,284	38,134,402
Government reserves	589,185,246	489,534,925	469,625,000	358,692,223	347,166,017
Government institutions & funds' deposits	88,345,706	116,851,528	96,920,778	137,452,285	190,008,816
Statutory deposits for financial institutions	97,534,495	99,942,624	105,469,773	118,539,020	128,334,806
Foreign institutions' deposits in local currency	18,468,513	17,190,465	12,248,822	8,348,678	6,896,643
SAMA bills & repos	138,786,000	116,326,000	124,007,000	189,541,000	92,182,254
Other miscellaneous liabilities	689,962,424	743,737,859	783,443,932	699,403,725	784,670,934
Total	1,903,662,875	1,899,864,161	1,912,806,526	1,846,794,646	1,848,706,948

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INDEPENDENT AUDITORS' REPORT



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THE BOARD OF DIRECTORS OF SAUDI CENTRAL BANK

Opinion

We have audited the financial statement of Saudi Central bank ("the Bank"), which comprise the statement of Issuance Department balance sheet, Banking Operation Department balance sheet, Independent Organization and Institutions Department balance sheet, and Contra Accounts balance sheet as at 30 June 2021, and the statement of revenues and expenses for the year then ended, and notes to the financial statement, including a summary of significant accounting policies.

In our opinion, the accompanying financial statement of the Bank as at and for the year ended 30 June 2021 are prepared, in all material respects, in accordance with the basis of preparation set out in Note (2) to the financial statements.

Basis for opinion

We conducted our audit in accordance with international Standards on Auditing ("ISA") as endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Bank in accordance with the code of professional and ethics endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of Matter – Basis of Preparation

We draw attention to Note (2) to the financial statements, which describes the basis of preparation and accounting. The financial statements have been prepared for the Bank's financial reporting purposes as per its Board of Directors' approved accounting policies. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. Other information comprises of the information included in the Annual Report of the Bank (but does not include the financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditors' report. Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or

our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the other information of the Bank, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and those Charged with Governance for Financial Statement

Management is responsible for the preparation of these financial statements in accordance with the basis of preparation set out in Note (2) to the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management intends to cease operations, or has no realistic but to do so. Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International standards on Auditing, as endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with International Standards on Auditing, as endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to audit in order to design audit procedures that are appropriate circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matter, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Registration No. 471

9 Jumad Awaal 1443H

(13 December 2021)

SAUDI CENTRAL BANK (SAMA) | BALANCE SHEET
AS AT 30 JUNE 2021 | ASSETS

(Thousand Riyals)		
	30/6/2021	30/6/2020
ISSUANCE DEPARTMENT		
CURRENCY COVER:		
Gold (Note 2-e)	1,623,503	1,623,503
Investment in securities abroad	271,488,120	273,738,684
	273,111,623	275,362,187
BANKING OPERATION DEPARTMENT		
Cash in Hand:		
Bank notes	37,036,852	34,501,897
Metal coins	30,450	27,871
	37,067,302	34,529,768
Deposits in Local Banks	122,936,861	93,441,899
Deposits in Banks Abroad	265,139,543	350,303,330
Investments Abroad	1,133,561,353	1,046,315,688
Other Miscellaneous Assets	3,462,066	3,156,409
	1,562,167,125	1,527,747,094
INDEPENDENT ORGANIZATIONS AND INSTITUTIONS DEPARTMENT		
Deposits with Banks Abroad	10,114,354	34,687,529
Investments Abroad	24,625,692	24,285,216
Local Investments	35,159,266	21,522,614
Deposits with Banking Operating Department	443,971	443,663
Deposits with Local Banks	500,000	200,000
	70,843,283	81,139,022
CONTRA ACCOUNTS		
Cheques under collection and Other	1,077	7,170

The accompanying notes from 1 to 4 form an integral part of these financial statements.

**SAUDI CENTRAL BANK (SAMA) | BALANCE SHEET
AS AT 30 JUNE 2021 | LIABILITIES**

(Thousand Riyals)		
	30/6/2021	30/6/2020
ISSUANCE DEPARTMENT		
SAUDI BANK NOTES ISSUED		
In Circulation	234,946,224	239,922,315
In Banking Operation Department	37,036,852	34,501,897
	271,983,076	274,424,212
METAL COINS ISSUED		
In Circulation	1,098,097	910,104
In Banking Operation Department	30,450	27,871
	1,128,547	937,975
	275,362	262,564
BANKING OPERATION DEPARTMENT		
Government Deposits	441,223,945	490,175,774
Foreign Organizations Deposits	6,974,271	9,647,537
Government Agencies and Institutions Deposits	148,441,993	114,613,079
Banks and Insurance Companies Deposits	125,064,756	112,974,485
Government Liabilities	27,030,071	19,269,570
Other Miscellaneous Liabilities And Reserves	813,432,089	781,066,649
	1,562,167,125	1,527,747,094
INDEPENDENT ORGANIZATIONS AND INSTITUTIONS DEPARTMENT		
Independent Organizations and Institutions	70,843,283	81,139,022
	70,843,283	81,139,022
CONTRA ACCOUNTS		
Liabilities For Cheques under collection and Other	1,077	7,170

The accompanying notes from 1 to 4 form an integral part of these financial statements.

**SAUDI CENTRAL BANK (SAMA) | STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED 30 JUNE 2021**

(Thousand Riyals)		
	30/6/2021	30/6/2020
Revenues	4,209,610	4,454,252
Expenses		
General and Administration	2,487,397	2,342,591
SAMA's contribution to the Public Pension Agency (Note 4)	39,789	38,302
Total Expenses	2,527,186	2,380,893
Surplus transferred to reserve for Building Of Head Office and branches	1,682,424	2,073,359
	4,209,610	4,454,252

The accompanying notes from 1 to 4 form an integral part of these financial statements.

SAUDI CENTAL BANK (THE BANK) NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1. NATURE OF OPERATION OF THE BANK AND BASIS OF PRSSENTAION OF THE FINANCIAL STATEMENTS

On 11 Rabie Alakhar 1442H (corresponding to 26 November 2020), Saudi Central Bank by-laws was approved as per Royal Decree no. (36/M), to carry out the following objectives:

- Maintain the monetary stability
- Support financial sector stability and sustain its reliability
- Support the economic growth

The financial statements are presented for each of the Bank's following activities

Issuance Department:

The main activity is to mint coins and print national bank notes (Saudi Riyal) to support the stability of the currency and to fix its rate internally and externally.

Banking Operation Department:

Assets in the banking Operations department include the bank's foreign deposits, foreign investments and deposit in local banks in addition to other miscellaneous assets. Liabilities include deposits of the government, local banks deposits in addition to other miscellaneous liabilities and reserves. Investment returns are recorded in the Banking Operations Department balance sheet and not in the bank's statement of revenue and expenses.

Independent Organizations and Institutions Department:

The bank accepts deposits from independent organizations and institutions and invests such deposits on their behalf. Both the deposits and the value of investments reported in the Independent Organizations and Institutions Department balance sheet. Investment income is reported as part of independent organizations account and not in the bank's statement of revenues and expenses.

2. SUMMARY OF SIGNIFCANT ACCOUNTING POLICIES

a. Basis of preparation of the financial statements:

These financial statements have been prepared in accordance with the accounting policies approved by Board of Directors ("BoD") as described below, which are consistent with those followed in previous years.

b. Basis of accounting:

The Bank follows the cash basis of accounting in recording its transactions, except for deprecation of fixed assets accrual of certain employees' benefits. The financial statements are prepared under the historical cot convention.

c. Investments:

Investments are carried at cost. At year end, portfolios managed in different currency are valued at the lower of cost or market value. Decline in value is assessed for all managed portfolios on

an aggregate basis as one unit. Differences resulting from the decline in value are recognized in the investment valuation difference account as part of other miscellaneous liabilities and reserves. Gains or losses are recorded when received/paid in accordance with the policies followed by the Bank.

2 . SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Foreign currencies:

Translation of foreign currency balances and transactions to Saudi Riyals is made using the Bank's fixed book rates, which are approved by the Bank's Governor on 29 Shawwal 1406H (corresponding to 7 July 1986), and the subsequent amendments of Euro and US Dollars and Yen rates, which are also approved by the Governor. Exchange differences are reported in the exchange differences reserve account as part of other miscellaneous liabilities and reserves.

e. Gold held as currency cover:

In accordance with Royal Decree No. 38 dated 13 Rajab 1393H (corresponding 12 August 1973), gold held as a currency cover is valued at rate of one Saudi Riyal per 0.20751 gram.

f. Furniture, equipment and motor vehicles:

Furniture, equipment and motor vehicles and stated at cost less accumulated depreciation and are included in other miscellaneous assets as part of the Banking Operation Department's balance sheet. The costs of furniture, equipment and motor vehicles are depreciated on a straight-line basis over the estimated useful lives of these assets.

g. Lands and building:

Lands are stated at cost and buildings are stated at cost less accumulated depreciation. Lands and buildings are included in other miscellaneous assets in the Banking Operation Department's balance sheet. The cost of buildings is depreciated on a straight-line basis at 4% annually.

h . Revenues and expenses:

In accordance with Article 5 of its bylaws, the Bank earns fees for services rendered in order to cover its expenses. The Bank transfers the excess of revenues over expenses to the reserve for building of head office and branches account which is shown as part of other miscellaneous liabilities and reserves in the Banking Operation Department's balance sheet.

3. FINANCIAL STATEMENTS PERIOD

These financial statements are prepared for the period from 1 July 2020 to 30 June 2021 (corresponding to 10 Thu Al Qudah 1441H to 20 Thu Al Qudah 1442H).

4 . CONTRIBUTION TO THE PUBLIC PENSION AGENCY

Contributions to the Public Pension Agency on behalf of the Bank employees are made in accordance with Article 13 of the Civil Retirement Regulations issued by Royal Decree No. M/41 dated 29 Rajab 1393H (corresponding to 28 August 1973).

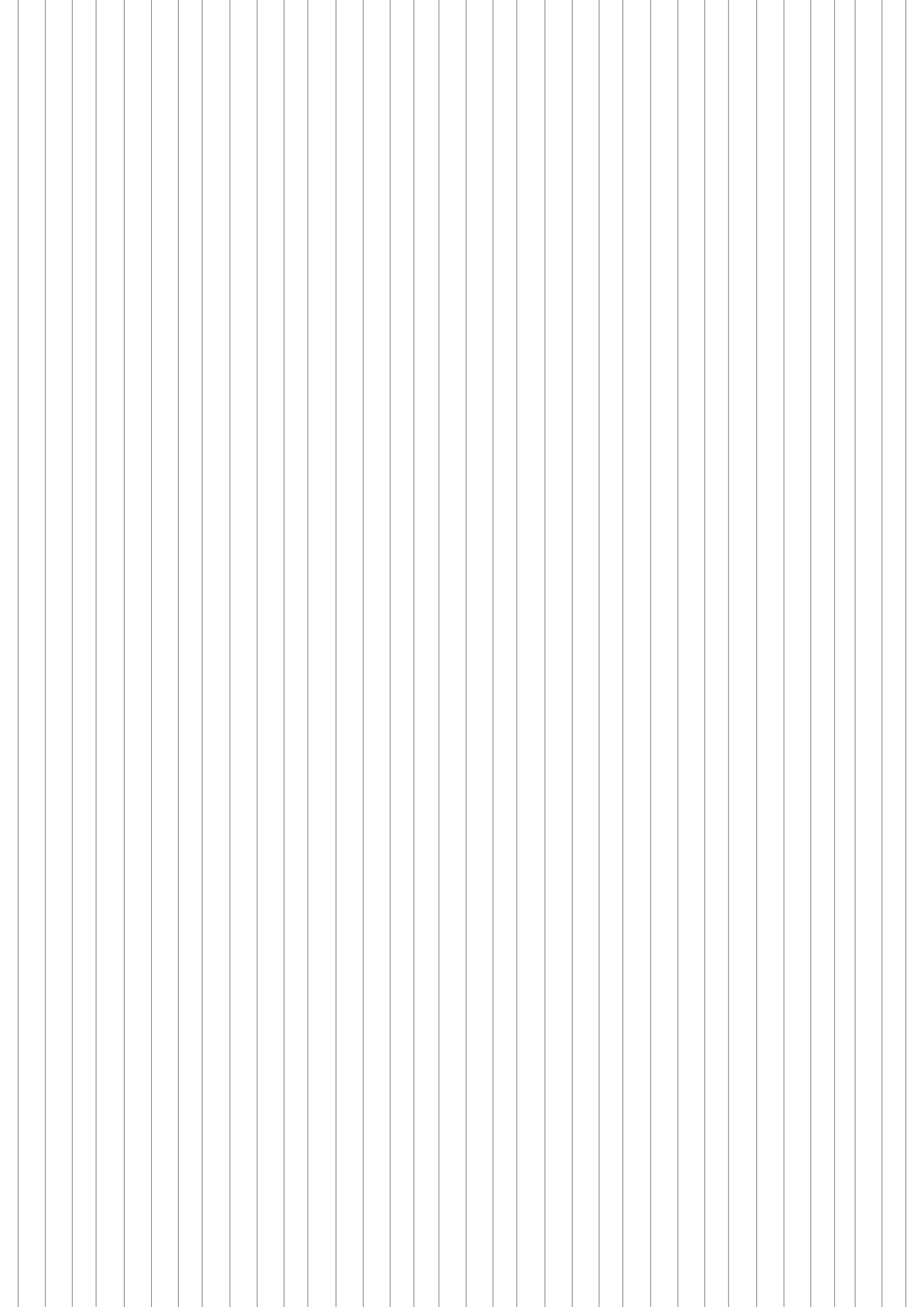
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