

60th

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1445H | 2024



البنك المركزي السعودي
SAMA
Saudi Central Bank



Saudi Central Bank

**60th Annual Report
(1445H) 2024**



The Custodian of the Two Holy Mosques

King Salman bin Abdulaziz Al-Saud



His Royal Highness

Prince Mohammed bin Salman bin Abdulaziz Al-Saud
Crown Prince and Prime Minister

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On behalf of the Board of Directors, I have the pleasure to present SAMA's 60th Annual Report, which reviews key economic, financial and monetary developments in Saudi Arabia during the fiscal year 2023 (1444/1445H). This Annual Report builds on six decades of dedicated efforts in preparing and releasing a report that captures the Saudi economy's landscape.

This Report provides an overview of the most recent local and global economic developments in various sectors and economic activities, such as national accounts, indices, public finance, foreign trade, balance of payments, monetary developments, banking activity, and the financial markets.

This Report also presents a summary of SAMA's functions, which include issuing and regulating the national currency, supervising financial institutions, conducting monetary policy, regulating the currency exchange market, managing and investing foreign currency reserves; acting as the government's bank and advisor on monetary, banking and financial affairs for the government; developing and managing prudential policies and taking the necessary actions and measures for financial institutions, as well as those required to address economic and financial disruptions and crises.

Finally, the Report includes the auditors' report on SAMA's balance sheet for the fiscal year ending June 30, 2023. It mainly uses official data obtained from reliable sources, such as ministries, government & public entities, and data issued by SAMA.

I would like to extend my sincere gratitude and appreciation to all ministries and entities for their cooperation in providing relevant information and data to enable SAMA to prepare this Report. I would also like to thank SAMA staff for their contribution in preparing this Report and diligently carrying out the responsibilities entrusted to SAMA.



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1

Economic Developments

Q1 - 2024

Global Economy

The global economy demonstrated robust momentum in Q1 2024 as major economies achieved steady growth trajectories. Despite prevailing headwinds, the sustained upward momentum witnessed since early 2024 is set to unlock substantial opportunities for expansion to the global economy throughout the year. Furthermore, leading central banks are anticipated to adopt more accommodative monetary frameworks during the latter half of 2024. Estimate data suggest that the global economy expanded by 2.6 percent during Q1 2024. This positive trajectory is reinforced by the global PMI's upward movement in Q1 2024, climbing to 52.0 points compared to 51.7 points recorded in Q1 2023. Inflationary pressures are moderating across numerous economies, driven by tightened monetary policies, declining energy and commodity prices, and enhanced supply-chain efficiencies. The International Monetary Fund (IMF) projects the global economic growth of 3.2 percent for 2024, while forecasting a continued deceleration in the global inflation from 6.8 percent in 2023 to 5.9 percent in 2024 (Charts 1.1 and 1.2).

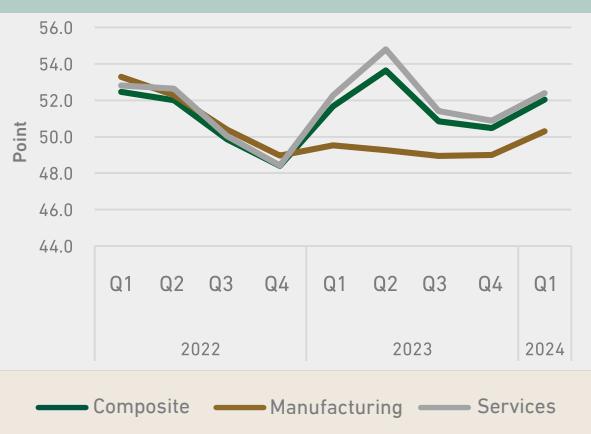
Chart 1.1: The Global Economic Growth



*International Monetary Fund (IMF) projections - July 2024.

Source: IMF World Economic Outlook – July 2024.

Chart 1.2: The Global PMI

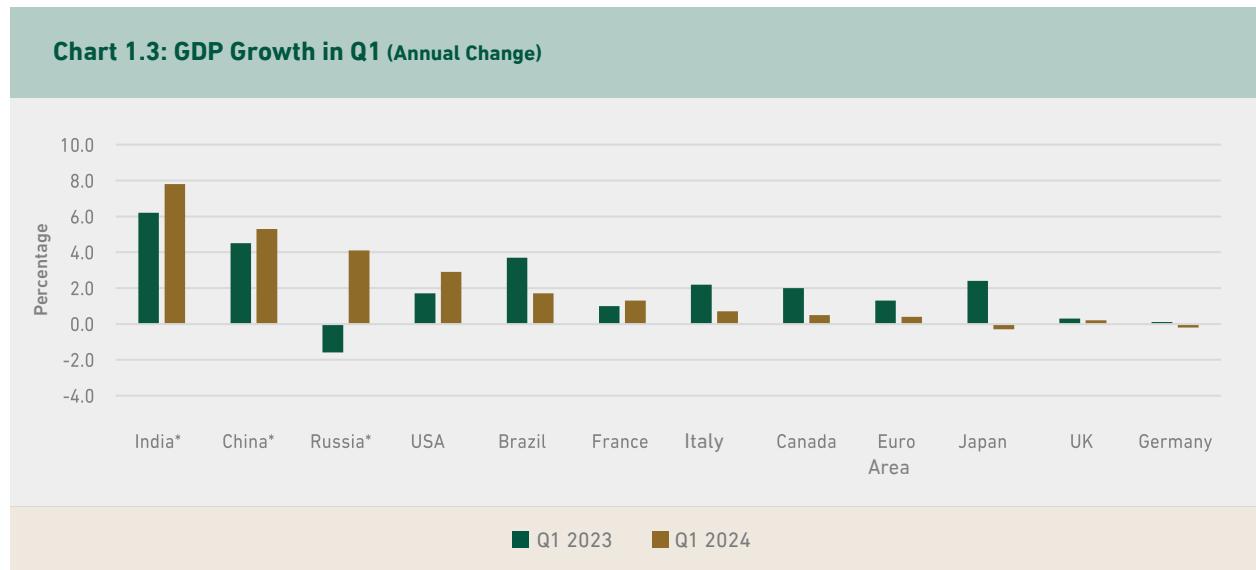


Source: S&P Global.

Economic Growth

In Q1 2024, most advanced economies recorded a YoY growth in their real GDP. The U.S. economy grew by 2.9 percent in Q1 2024, and the Canadian economy grew by 0.5 percent. Additionally, estimates indicate a growth in the Euro Area's economies of 0.4 percent. France and Italy recorded growth rates of 1.3 percent and 0.7 percent, respectively. While Germany recorded a contraction of 0.2 percent in Q1 2024. In the United Kingdom, the economy grew by 0.3 percent, whereas the Japanese economy contracted by 0.8 percent (Chart 1.3).

As for emerging markets, the Chinese economy recorded a YoY growth of 5.3 percent in Q1 2024, thereby exceeding the projections of 4.6 percent. The Indian economy recorded a YoY growth of 7.8 percent and estimates indicate an increase of 4.1 percent in the Russian economy in Q1 2024. Over the same period, the Brazilian economy grew by 1.7 percent (Chart 1.3).



Source: Oxford Economics.

*Seasonally unadjusted data.

Inflation

The global inflation rate decreased to 6.7 percent in Q1 2024 compared to 8.0 percent in Q1 2023. In advanced economies, inflation fell to 3.0 percent in Q1 2024 from 6.4 percent in Q1 2023. The inflation rate in the United States declined from 5.8 percent in Q1 2023 to 3.2 percent in Q1 2024. Likewise, the inflation rate in the Euro Area declined from 8.0 percent in Q1 2023 to 2.6 percent in Q1 2024.

As for emerging markets and developing economies, inflation increased to 11.1 percent in Q1 2024 compared to 10.0 percent in Q1 2023. China's inflation rate remained unchanged in Q1 2024 compared to Q1 2023, recording 1.3 percent. In India, inflation declined to 5.0 percent in Q1 2024 compared to 6.2 percent in Q1 2023. In contrast, inflation rate in Argentina increased to 273.5 percent in Q1 2024 compared to 102.0 percent in Q1 2023. In Turkey, inflation increased to 66.8 percent compared to 54.3 percent in Q1 2023 (Table 1.1).

Table 1.1: Inflation

	(Percentage) - Annual Change				
	2023				2024
	Q1	Q2	Q3	Q4	Q1
Global Inflation	8.0	6.2	6.6	6.4	6.7
Advanced Economies	6.4	4.8	4.1	3.2	3.0
USA	5.8	4.0	3.5	3.2	3.2
Euro Area	8.0	6.2	5.0	2.7	2.6
Germany	8.2	6.5	5.6	3.6	2.5
France	6.0	5.2	4.7	3.7	2.8
Italy	8.9	7.4	5.6	1.0	0.9
Japan	3.6	3.4	3.1	2.9	2.5
UK	9.0	7.7	6.3	4.4	3.9
Canada	5.1	3.5	3.7	3.2	2.8
Emerging & Developing Economies	10.0	8.0	9.6	10.3	11.1
China	1.3	0.1	-0.1	-0.3	0.0
India	6.2	4.6	6.4	5.4	5.0
Russia	8.6	2.7	5.1	7.2	7.6
Brazil	5.3	3.8	4.6	4.7	4.3
Argentina	102.0	113.0	125.9	172.8	273.5
Turkey	54.3	40.4	56.2	62.7	66.8

Source: Haver Analytics. The figures in the table are rounded to the nearest decimal point.

Unemployment

In most advanced economies, the unemployment rate recorded an increase in Q1 2024. In the United States, the unemployment rate increased to 3.8 percent in Q1 2024 compared to 3.5 percent in Q1 2023. In Canada, the unemployment rate increased to 5.9 percent in Q1 2024 compared to 5.1 percent in Q1 2023. In the United Kingdom, the unemployment rate increased to 4.1 percent in Q1 2024 compared to 4.0 percent in Q1 2023. In contrast, the unemployment rate in the Euro Area decreased slightly to 6.5 percent in Q1 2024 compared to 6.6 percent in Q1 2023. Likewise, the unemployment rate in Italy decreased to 7.2 percent. However, the unemployment rate in France and Germany increased to 7.3 percent and 5.9 percent, respectively. Finally, the unemployment rate in Japan decreased to 2.5 percent in Q1 2024 compared to 2.6 percent in Q1 2023. In most emerging economies, the unemployment rate declined in Q1 2024, with Brazil and Russia, recording 7.4 percent and 2.8 percent, respectively. In contrast, the unemployment rate in India increased to 7.6 percent. Moreover, estimates indicate a decline in the unemployment rate in China, recording 3.5 percent in Q1 2024 compared to 3.8 percent in Q1 2023 (Table 1.2).

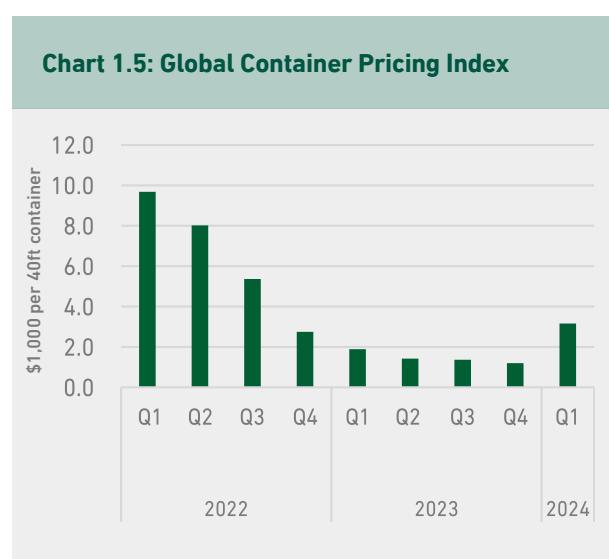
Table 1.2: Unemployment Rates

	(Percentage)				
	2023				2024
	Q1	Q2	Q3	Q4	Q1
Advanced Economies					
USA	3.5	3.6	3.7	3.7	3.8
Euro Area	6.6	6.5	6.6	6.5	6.5
Germany	5.5	5.6	5.7	5.8	5.9
France	6.9	7.0	7.2	7.3	7.3
Italy	7.9	7.7	7.6	7.4	7.2
Japan	2.6	2.6	2.6	2.5	2.5
UK	4.0	4.0	4.0	4.1	4.1
Canada	5.1	5.3	5.5	5.8	5.9
Emerging & Developing Economies					
China	3.8	3.7	3.6	3.4	3.5
India	7.5	8.2	7.8	9.0	7.6
Russia	3.5	3.2	3.0	2.9	2.8
Brazil	8.3	8.1	7.8	7.8	7.4

Source: Oxford Economics. The figures in this table are rounded to the nearest decimal point.

External Trade

The Netherlands Bureau for Economic Policy Analysis (CPB) Index registered an increase of 1.4 percent in the global exports of goods in Q1 2024, building on the growth in Q4 2023. On the other hand, imports continued decreasing, recording a decline of 1.0 percent in Q1 2024. This decrease comes at a slower pace than the 2.4 percent decrease in Q4 2023. These figures show a positive trend since the beginning of 2024, despite the geopolitical challenges that led to a significant increase in the global container pricing index, which averaged \$3.2 thousand per 40ft container in Q1 2024 compared to an average of \$1.5 thousand in 2023 (Charts 1.4 and 1.5).



Source: The Netherlands Bureau for Economic Policy Analysis (CPB).

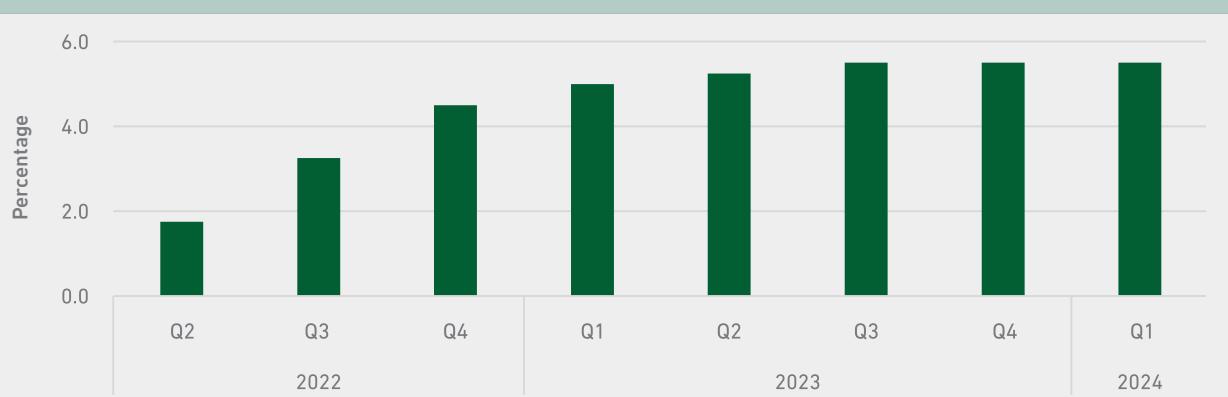
Source: Bloomberg.

Monetary and Financial Developments

Interest Rates

Monetary policy tightening reached its peak in July 2023. Most major central banks maintained policy rate levels during the first quarter of 2024. Despite the global decline in inflation rates, several central banks indicated the need to continue monitoring data to ensure the slowdown and begin the process of lowering interest rates. High interest rates have increased the cost of borrowing worldwide, posing a challenge for emerging economies (Chart 1.6).

Chart 1.6: USA Interest Rate



Source: The Federal Reserve System.

Capital Markets

Equity Markets

The performance of most global equity indices improved in Q1 2024 compared to Q4 2023. This is attributed to the optimistic economic outlook, as many companies recorded strong financial results and forecast positive growth in Q1 2024. Additionally, the stability of policy rates in many countries incentivized investments in equity markets. The American Dow Jones Industrial Average (DJIA) Index increased by 5.6 percent, closing at 39,807.37 points by the end of Q1 2024. The Japanese Nikkei 225 Index grew by 20.6 percent at the end of Q1 2024. The Morgan Stanley Capital International Europe (MSCI-Euro) Index increased by 10.6 percent at the end of Q1 2024. Similarly, the UK's Financial Times Stock Exchange 100 (FTSE-100) Index recorded an increase of 2.8 percent to reach 7,952.62 points by the end of Q1 2024.

Bond Markets

In the first quarter of 2024, global bond markets registered higher yields across major economies. In the United States, three-year government bond yields rose to 5.4 percent, while ten-year and thirty-year bonds recorded yields of 4.2 percent and 4.3 percent, respectively. Parallel increases were observed in Japan and the United Kingdom, largely attributable to shifting monetary policy frameworks and changing inflation expectations. Japanese ten-year and thirty-year government bond yields rose to 0.7 percent and 1.8 percent, respectively. In the United Kingdom, one-year gilt yields reached to 4.5 percent, with thirty-year gilt yields rising to 4.4 percent. The euro area exhibited a comparable trend, as government bond yields moved higher, with two-year bonds reaching 2.8 percent by the end of the quarter—the peak level observed during this period.

Saudi Economy

Real Sector

Estimates from the General Authority for Statistics (GASTAT) indicate a decline of 1.7 percent in the real GDP in Q1 2024 compared to Q1 2023. This decline is attributed to the decrease of oil activities by 11.2 percent, despite the growth of non-oil activities by 3.4 percent and government activities by about 2.0 percent YoY (Table 1.3).

Table 1.3: Gross Domestic Product by Key Economic Activities (Chain Linked Methodology 100=2018)

	Q1 2023*			Q1 2024*		
	Amount (Million SAR)	% (Annual Growth)	% Share	Amount (Million SAR)	% (Annual Growth)	% Share
Oil Activities	270,284	0.8	31	240,072	-11.2	28
Non-Oil Activities	430,567	5.3	49	445,209	3.4	51
Government Activities	161,092	2.8	18	164,242	2.0	19
Net Product Tax	25,638	15.8	3	26,648	3.9	3
GDP	883,255	3.2	100	867,813	-1.7	100

*Preliminary data.

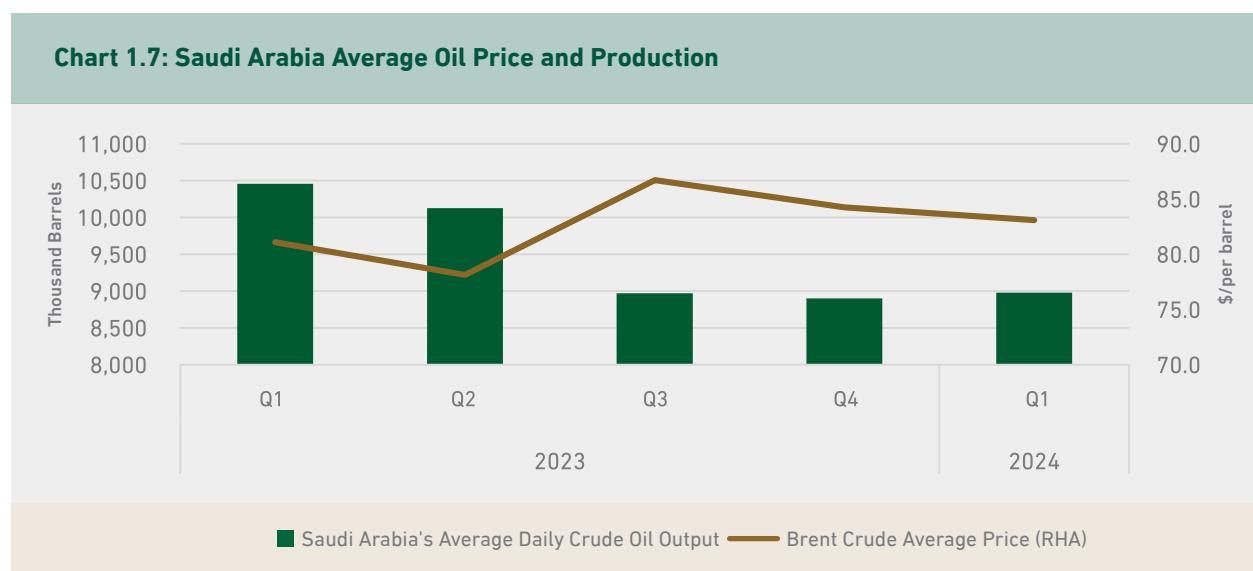
Note: The Chain Linked Methodology is a non-additive model, so the sub-components do not match the totals.

Source: GASTAT, the figures in the table are rounded to the nearest decimal point.

Oil Activities

Oil activities recorded a YoY decrease of 11.2 percent in Q1 2024 compared to an increase of 0.8 percent in Q1 2023. This decline in oil activities is attributed to Saudi Arabia's announcement in OPEC+ to extend the voluntary cuts in oil production, along with additional cuts by other member countries in their production until the end of Q3 2024. Saudi Arabia's average daily crude oil production reached about 9.0 million barrels per day (bpd) in Q1 2024 compared to about 10.5 million bpd in Q1 2023. Brent crude oil recorded an average price of \$83.1 per barrel at the end of Q1 2024 compared to an average price of \$81.1 per barrel at the end of Q1 2023 (Chart 1.7).

Chart 1.7: Saudi Arabia Average Oil Price and Production



Source: OPEC.

Non-Oil Activities

Estimates of General Authority for Statistics (GASTAT) indicate a growth of 3.4 percent in non-oil activities in Q1 2024 compared to Q1 2023. This growth is attributed to the noticeable activity in the tourism and entertainment sectors, in addition to the positive impact of the ongoing implementation of the initiatives and projects related to Saudi Vision 2030, as well as the continued financial fee exemption provided to small enterprises comprising of nine workers or less, including the owner, for three years, boosted the growth and expansion of the business sector.

Government Activities

Government activities recorded a YoY increase of 2.0 percent in Q1 2024 compared to about 2.8 percent in Q1 2023. This increase can be attributed to the increase in the total number of workers at the government sector, and the enhancement of government services' efficiency and productivity.

Public Finance

The quarterly report of budget performance published by the Ministry of Finance indicated a YoY growth in the total actual budget revenues in Q1 2024 by about 4.4 percent to reach SAR 293.4 billion due to the continuous improvement in non-oil activities. Non-oil revenues increased by 9.0 percent to attain SAR 111.5 billion, constituting 38.0 percent of total revenues. This increase is mainly attributed to the growth of taxes on goods and services by 10.8 percent to reach SAR 69.9 billion. Oil revenues also increased by 1.9 percent to SAR 181.9 billion (Chart 1.8).

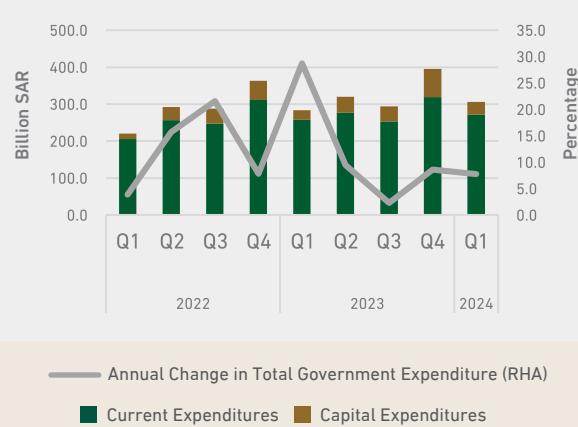
Total actual budget expenditures recorded a YoY increase of 7.7 percent to reach SAR 305.8 billion by the end of Q1 2024. Capital expenditures continues the grew rapidly, by 32.8 percent, reaching SAR 34.5 billion and amounting to 11.3 percent of the total government expenditures. Current expenditures also increased by 5.2 percent to SAR 271.3 billion, constituting 88.7 percent of total government expenditures in Q1 2024. A breakdown of top operational expenditures items shows growth in workers' compensation by almost 2.6 percent, reaching SAR 137.5 billion (Chart 1.9).

Chart 1.8: Total Government Revenues



Source: Ministry of Finance (MoF).

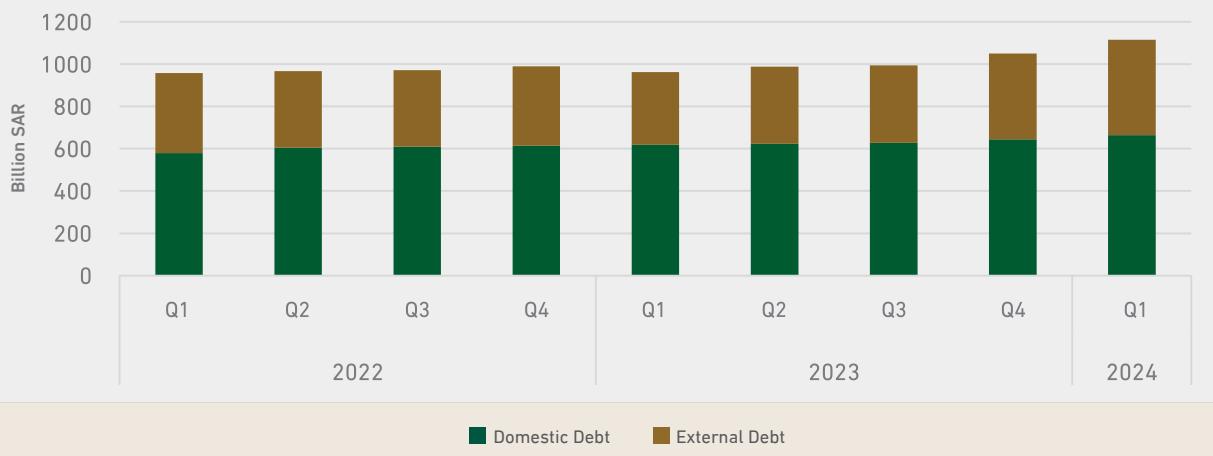
Chart 1.9: Total Government Expenditures



Source: Ministry of Finance (MoF).

Consequently, the overall fiscal deficit reached SAR 12.4 billion by the end of Q1 2024 and was fully funded by debt. Thus, the government debt reached SAR 1,115.8 billion, with domestic debt constituting almost 59.6 percent (SAR 665.0 billion) of total government debt and external debt, constituting about 40.4 percent (SAR 450.8 billion) of total government debt (Chart 1.10).

Chart 1.10: Total Government Debt



Source: Ministry of Finance (MoF).

Price Indices

Consumer Price Index

Consumer price index recorded a YoY increase of 1.7 percent by the end of Q1 2024 compared to a rise of 3.0 percent in Q1 2023 (Table 1.4). This is mainly attributed to the YoY increase in the housing, water, electricity, gas, and other fuels item by 8.4 percent, as higher demand for housing in the main cities led to a jump in the housing rents since the housing, water, electricity, gas, and other fuels item constitutes the highest weight in the consumer price index, at about 25.5 percent.

Table 1.4: Consumer Price Index (100=2018)

	Q1 2023		Q1 2024	
	Price Index	Inflation Rate (Annual)	Price Index	Inflation Rate (Annual)
General Index	108.7	3.0	110.5	1.7
Food & Beverages	122.6	3.2	123.9	1.1
Tobacco	114.9	0.1	113.9	-0.8
Clothing & Footwear	100.5	-2.0	96.4	-4.0
Housing, Water, Electricity, Gas & Other Fuels	95.1	7.0	103.1	8.4
Home Furnishing, Equipment & Maintenance	108.4	-0.7	105.0	-3.2
Health	103.8	1.1	102.9	-0.9
Transport	118.5	2.8	117.0	-1.3
Communications	111.2	-0.3	109.1	-1.9
Recreation & Culture	105.5	0.9	106.8	1.2
Education	102.7	3.1	103.9	1.2
Restaurants & Hotels	122.0	6.4	125.0	2.4
Miscellaneous Goods & Services	107.7	-0.4	106.5	-1.1

Source: GASTAT, the figures in the table are rounded to the nearest decimal point.

Wholesale Price Index

Wholesale price index recorded a YoY growth of 3.7 percent in Q1 2024 compared to an increase of 2.5 percent in Q1 2023. This is mainly due to the increase in primary chemical material prices by 23.3 percent compared to a decrease of 1.1 percent in the preceding year, and to the rise in refined petroleum products prices by 12.0 percent compared to 3.8 percent in Q1 2023 due to a change in some feedstock, fuel and diesel product prices at the beginning of 2024 (Chart 1.11).

Chart 1.11: Wholesale Price Index

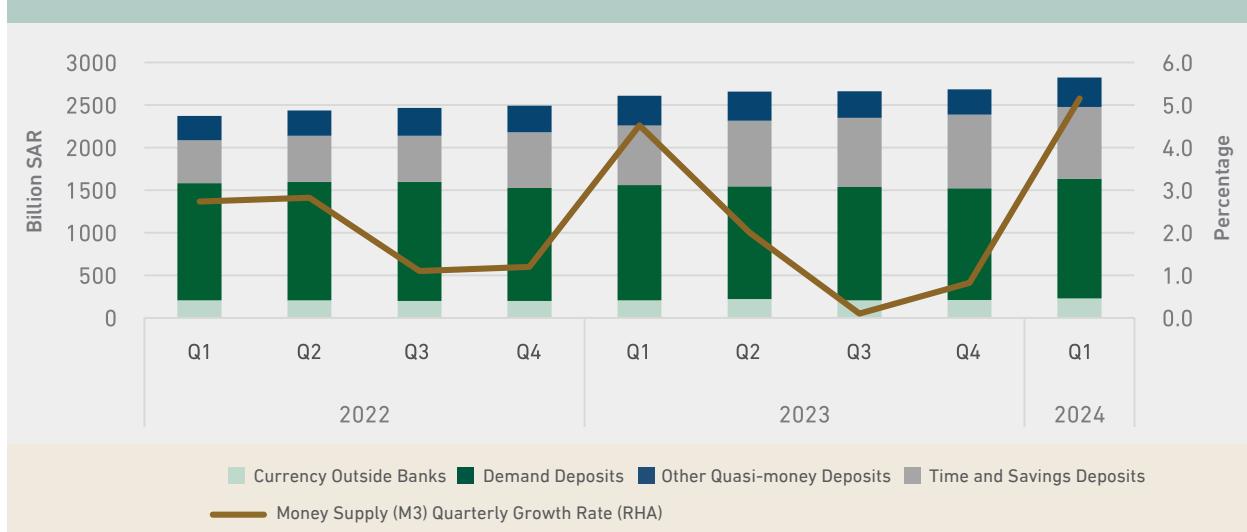
Source: GASTAT.

Monetary and Banking Sector

Monetary Sector

Money Supply

Broad money supply (M3) recorded a YoY growth of 8.3 percent, reaching SAR 2,823.7 billion by the end of Q1 2024. A breakdown of M3 components indicates a YoY increase in the narrow money supply (M1) by 4.7 percent to reach SAR 1,634.6 billion, constituting about 57.9 percent of M3. Money supply (M2) recorded a YoY increase of 9.6 percent to reach SAR 2,477.9 billion, constituting about 87.8 percent of M3 (Chart 1.12).

Chart 1.12: Broad Money Supply (M3) Components

Source: Saudi Central Bank.

Banking Sector

Bank Deposits

Total bank deposits grew by 8.1 percent YoY to SAR 2,596.3 billion by the end of Q1 2024. A review of bank deposits components by type shows that demand deposits increased by 3.9 percent YoY to SAR 1,407.1 billion by the end of Q1 2024, constituting about 50 percent of M3. Time and savings deposits grew by 20.7 percent YoY to SAR 843.2 billion, constituting about 30 percent of M3 (Table 1.5).

Table 1.5: Money Supply

	Q1 2023			Q1 2024		
	Amount (Million SAR)	% Growth	% Share	Amount (Million SAR)	% Growth	% Share
I: Money Supply by Type						
Currency Outside Banks	207,553	1.1	8	227,491	9.6	8
Demand Deposits	1,354,392	-1.8	52	1,407,114	3.9	50
Time and Savings Deposits	698,436	38.5	27	843,248	20.7	30
Other Quasi-money Deposits	347,939	22.8	13	345,892	-0.6	12
M3	2,608,319	10.0	100	2,823,745	8.3	100
II: Bank Deposits by Sector						
Private Sector	1,626,120	1.3	68	1,713,918	5.4	66
Public Sector	722,427	42.6	30	818,722	13.3	32
Other*	52,220	-3.7	2	63,615	21.8	2
Total Deposits	2,400,767	10.8	100	2,596,255	8.1	100

*Including letters of credit, outstanding remittances, and banks' repo transactions with private sector.

Source: Saudi Central Bank, the figures in the table are rounded to the nearest decimal point.

Bank Credit

Total bank credit increased by 10.7 percent YoY to SAR 2,668.1 billion by the end of Q1 2024. The credit provided to the private sector increased by 10.1 percent to SAR 2,510.6 billion. As for the credit provided to the public sector, it recorded an increase of 21.2 percent to SAR 157.5 billion.

By the end of Q1 2024, consumer loans grew 0.7 percent YoY, while credit card loans rose 15.7 percent, compared with increases of 2.6 percent and 20.1 percent in Q1 2023, respectively. Total consumer loans reached SAR 450.9 billion, and credit card loans totaled SAR 27.2 billion. Likewise, real estate loans recorded a YoY increase of 13.4 percent to reach SAR 800.5 billion by the end of Q1 2024, constituting 30.0 percent of total bank credit (Table 1.6).

Table 1.6: Bank Credit

	Q1 2023		Q1 2024	
	Amount (Million SAR)	Growth Rate (Annual)	Amount (Million SAR)	Growth Rate (Annual)
I: By Sector				
Credit Extended to the Private Sector	2,281,038	10.7	2,510,610	10.1
Credit Extended to the Public Sector	129,972	35.1	157,469	21.2
Total Credit	2,411,010	11.8	2,668,079	10.7
II: By Maturity				
Short-term	889,911	9.6	960,052	7.9
Medium-term	330,956	18.8	410,727	24.1
Long-term	1,190,143	11.7	1,297,301	9.0
III. Selected Indicators				
Consumer Loans	447,954	2.6	450,887	0.7
Credit Card Loans	23,549	20.1	27,248	15.7
Real Estate Loans	705,953	16.6	800,464	13.4
Retail	566,904	19.1	625,240	10.3
Corporate	139,049	7.5	175,225	26.0

Source: Saudi Central Bank, the numbers in this table are rounded to the nearest decimal point.



Real Sector and Price Indices

Real Sector

National Accounts

Real Gross Domestic Product (GDP) for 2023

According to estimates from General Authority for Statistics, the real Gross Domestic Product (GDP) saw a decline of 0.8 percent to reach SAR 3,468.7 billion, compared to an increase of 7.5 percent in 2022. It is noteworthy that the estimates of real GDP growth were calculated for the first time using the chain-linked method (the reference framework for national accounts statistics is the System of National Accounts 2008). The decline in GDP for 2023 was primarily attributed to a 9.0 percent decrease in oil activities against an increase of 15.0 percent in 2022. In contrast, non-oil activities registered an increase of 4.4 percent, compared to a growth rate of 5.6 percent in the previous year. Government activities also experienced growth of 2.1 percent, compared to a 4.6 percent growth in the previous year (Table 2.1).

Gross Domestic Product (GDP) by Main Economic Activities

Preliminary data show that GDP at current prices went down by 3.7 percent to SAR 4,003.4 billion in 2023, following an increase of 26.8 percent in 2022. The decline was primarily due to a 22.0 percent decrease in oil activities, compared to a 74.8 percent rise in the preceding year. Meanwhile, non-oil activities increased by 8.4 percent, compared to 10.9 percent in the preceding year. Government activities also by 4.2 percent compared to 4.4 percent in the preceding year. Moreover, the non-oil GDP implicit deflator increased by 3.8 percent in 2023 compared to 5.0 percent in the preceding year (Table 2.1).

Table 2.1: Gross Domestic Product (GDP) by Main Economic Activities

	(Million SAR)			
	2022*		2023*	
	Value	% Growth Rate	Value	% Growth Rate
At Current Prices				
Oil Activities	1,608,429	74.8	1,255,240	-22.0
Non-Oil Activities	1,754,492	10.9	1,901,910	8.4
Government Activities	603,159	4.4	628,533	4.2
Gross Value Added	3,966,079	28.8	3,785,684	-4.5
Net Taxes on Products	191,064	-3.4	217,752	14.0
GDP	4,157,143	26.8	4,003,436	-3.7
At Real Prices (chain-linked 2018 = 100)**				
Oil Activities	1,129,663	15.0	1,027,440	-9.0
Non-Oil Activities	1,658,717	5.6	1,731,997	4.4
Government Activities	598,699	4.6	611,257	2.1
Gross Value Added	3,399,115	8.2	3,351,648	-1.4
Net Taxes on Products	102,013	-3.9	114,827	12.6
GDP	3,495,059	7.5	3,468,675	-0.8
Implicit Deflator (2018 = 100)				
GDP	118.9	18.0	115.4	-3.0
Oil Activities	142.4	52.1	122.2	-14.2
Non-Oil Activities	105.8	5.0	109.8	3.8

*Preliminary data. **Note: The chain-linked methodology is a non-additive model, meaning that the sums of sub-components do not align with the overall totals.

Source: GASTAT, the numbers in the table are rounded to the nearest decimal point.

Contribution of Main Economic Activities to Real GDP for 2023

In 2023, the contribution of non-oil activities to real GDP (chain-linked 100=2018) rose to 49.9 percent, up from 47.5 percent in the preceding year. Similarly, the contribution of government activities to real GDP increased to 17.6 percent in 2023, compared to 17.1 percent in 2022. Conversely, the contribution of oil activities to real GDP declined to 29.6 percent in 2023 from 32.3 percent in the preceding year (Table 2.2 and Chart 2.1).

Table 2.2: Contribution of Oil, Non-Oil and Government Activities to Real GDP

(chain-linked 100=2018)

Year	GDP	Non-Oil Activities			Government Activities			Oil Activities		
		(Million SAR)	(Million SAR)	Share (%)	Change (%)	(Million SAR)	Share (%)	Change (%)	(Million SAR)	Share (%)
2018	3,174,689	1,452,436	45.8	-2.6	559,358	17.6	3.9	1,078,159	34.0	2.2
2019	3,209,539	1,506,256	46.9	3.7	569,053	17.7	1.7	1,042,600	32.5	-3.3
2020	3,094,588	1,462,676	47.3	-2.9	565,678	18.3	-0.6	970,773	31.4	-6.9
2021	3,251,642	1,570,840	48.3	7.4	572,112	17.6	1.1	982,643	30.2	1.2
2022*	3,495,059	1,658,717	47.5	5.6	598,699	17.1	4.6	1,129,663	32.3	15.0
2023*	3,468,675	1,731,997	49.9	4.4	611,257	17.6	2.1	1,027,440	29.6	-9.0

*Preliminary data.

Note: The chain-linked methodology is a non-additive model, meaning that the sums of sub-components do not align with the overall totals.

Source: GASTAT, the numbers in the table are rounded to the nearest decimal point.

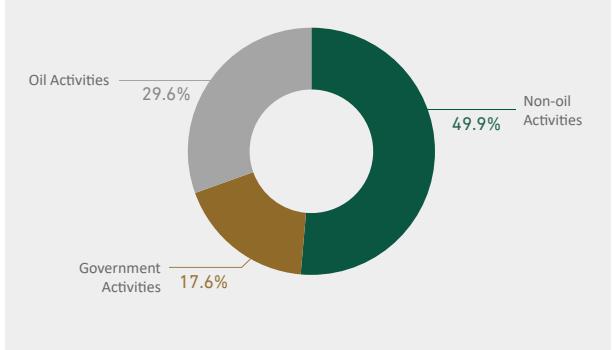
Contribution of Economic Activities to Real GDP

The contribution of the services activity (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 (chain-linked 100=2018) increased to 49.6 percent in 2023 from 47.0 percent in 2022. The growth rate of the services activity was 4.7 percent in 2023, down from 4.8 percent in the preceding year (Table 2.3 and Chart 2.2).

Additionally, the contribution of the mining and quarrying activity (including crude oil and natural gas) to GDP (chain-linked 100=2018) decreased to 26.5 percent in 2023 compared to 28.9 percent in 2022. The mining and quarrying activity experienced a 9.2 percent decline in 2023, compared to a 15.7 percent increase in the preceding year. Similarly, the contribution of the industrial activity (including oil refining) to GDP (chain-linked 100=2018) declined to 11.9 percent in 2023 from 12.3 percent in the previous year. The industrial activity fell by 3.5 percent in 2023 compared to a 7.8 percent increase in 2022 (Table 2.3 and Chart 2.2).

Chart 2.1: Contribution of Main Economic Activities to Real GDP in 2023

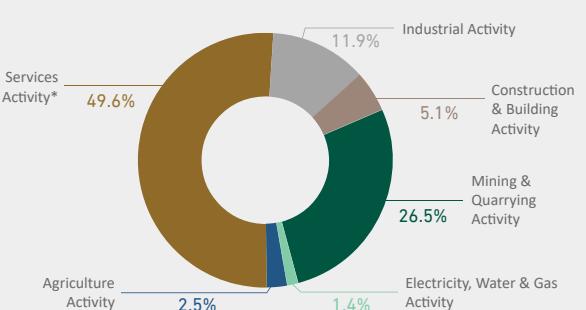
(chain-linked 100=2018)



Source: GASTAT.

Chart 2.2: Contribution of Economic Activities to Real GDP in 2023

(chain-linked 100=2018)



*Services Activity Includes: Wholesale Trade, Restaurants, Hotels, Transportation, Communications, and Storage, Financial, Insurance, Real Estate, Business Services, community, Social, and Personal Services, and Government Services.

Source: GASTAT.

Table 2.3: Contribution of Services Activity, Mining and Quarrying Activity and Industrial Activity to Real GDP

(chain-linked 100=2018)

Year	GDP	Services Activity**				Mining & Quarrying Activity***			Industrial Activity****		
		(Million SAR)	(Million SAR)	Share (%)	Change (%)	(Million SAR)	Share (%)	Change (%)	(Million SAR)	Share (%)	Change (%)
2018	3,174,689	1,451,317	45.7	0.5	972,050	30.6	2.8	399,044	12.6	-2.7	
2019	3,209,539	1,503,072	46.8	3.6	940,582	29.3	-3.2	399,606	12.5	0.1	
2020	3,094,588	1,474,429	47.6	-1.9	884,438	28.6	-6.0	365,934	11.8	-8.4	
2021	3,251,642	1,568,452	48.2	6.4	873,697	26.9	-1.2	397,648	12.2	8.7	
2022*	3,495,059	1,643,961	47.0	4.8	1,010,862	28.9	15.7	428,689	12.3	7.8	
2023*	3,468,675	1,721,226	49.6	4.7	917,828	26.5	-9.2	413,867	11.9	-3.5	

*Preliminary data. **Services Activity Includes Wholesale & Retail Trade; Restaurants & Hotels; Transport, Storage & Telecommunications; Finance, Insurance, Real Estate & Business Services; Community, Social & Personal Services; & Producers of Government Services.

Including crude oil and natural gas. *Including oil refining.

Note: The chain-linked methodology is a non-additive model, meaning that the sums of sub-components do not align with the overall totals.
Source: GASTAT, the numbers in the table are rounded to the nearest decimal point.

The contribution of the agricultural activity (including agriculture, forestry and fishing) to GDP (chain-linked 100=2018) was 2.5 percent in 2023, compared to 2.4 percent in the previous year. This activity grew by 4.1 percent in 2023 compared to 4.0 percent 2022. The contribution of the construction and building activity to GDP (chain-linked 100=2018) also increased, reaching 5.1 percent in 2023 compared to 4.8 2022, with growth in this activity registering at 4.3 percent in 2023 compared to 8.9 percent in 2022. Moreover, the contribution of the electricity, gas and water activity to GDP (chain-linked 100=2018) was 1.4 percent in 2023, up from 1.3 percent in the previous year. This activity recorded a rise of 2.6 percent in 2023, compared to 1.3 percent in 2022 (Table 2.4 and Chart 2.2).

Table 2.4: Contribution of Selected Economic Activities to GDP (chain-linked 100=2018)

Year	GDP	Agriculture Activity**				Construction & Building Activity			Electricity, Gas & Water Activity		
		(Million SAR)	(Million SAR)	Share (%)	Change (%)	(Million SAR)	Share (%)	Change (%)	(Million SAR)	Share (%)	Change (%)
2018	3,174,689	78,784	2.5	2.1	144,792	4.6	-8.8	43,965	1.4	-11.8	
2019	3,209,539	80,467	2.5	2.1	149,072	4.6	3.0	45,108	1.4	2.6	
2020	3,094,588	79,175	2.6	-1.6	152,160	4.9	2.1	43,713	1.4	-3.1	
2021	3,251,642	80,899	2.5	2.2	154,205	4.7	1.3	45,663	1.4	4.5	
2022*	3,495,059	84,153	2.4	4.0	167,922	4.8	8.9	46,248	1.3	1.3	
2023*	3,468,675	87,631	2.5	4.1	175,187	5.1	4.3	47,466	1.4	2.6	

*Preliminary data. **Including Agriculture, Forestry & Fishing.

Note: The chain-linked methodology is a non-additive model, meaning that the sums of sub-components do not align with the overall totals.
Source: GASTAT, the numbers in the table are rounded to the nearest decimal point.

Gross Domestic Product (GDP) by Kind of Economic Activity at Current Prices

Preliminary GDP data at current prices indicate that most economic activities registered growth in 2023, though the rates of growth varied. Community, social and personal services achieved the highest growth rate of 11.2 percent. Then, the wholesale and retail trade, restaurants and hotels followed with the second highest growth rate of 11.0 percent, up from 9.2 percent in 2022. Finance, insurance, real estate and business services ranked third, growing by 10.8 percent, against a rise of 9.6 percent in 2022. Transport, storage and telecommunications also grew by 10.3 percent, against a growth of 6.0 percent in 2022. Construction and building followed with a growth of 9.3 percent, against an increase of 13.1 percent in 2022. Agriculture, forestry and fishing grew by 8.7 percent, against a rise of 14.0 percent in 2022. Government services registered a 4.2 percent, against a 4.4 percent increase in the preceding year, followed by electricity, gas and water with an increase of 4.0 percent, compared to a 2.0 percent in 2022. On the other hand, mining and quarrying activity decreased by 24.8 percent, against an increase of 71.2 percent in the preceding year. Manufacturing industries (including oil refining) also declined by 1.3 percent, compared to an increase of 38.6 percent in the preceding year (Table 2.5).

Table 2.5: Gross Domestic Product by Kind of Economic Activity (At Current Prices)

	2020	2021	2022*			2023*			(Million SAR)
			Value	Share (%)	Change (%)	Value	Share (%)	Change (%)	
1. Agriculture, Forestry & Fishing	81,511	87,694	99,976	2.4	14.0	108,691	2.7	8.7	
2. Mining & Quarrying	535,614	801,275	1,371,837	33.0	71.2	1,031,778	25.8	-24.8	
3. Manufacturing Industries**	347,986	432,943	600,120	14.4	38.6	592,033	14.8	-1.3	
4. Electricity, Gas & Water	42,779	43,933	44,806	1.1	2.0	46,614	1.2	4.0	
5. Construction & Building	160,449	169,898	192,201	4.6	13.1	210,135	5.2	9.3	
6. Wholesale & Retail Trade, Restaurants & Hotels	277,761	319,015	348,345	8.4	9.2	386,497	9.7	11.0	
7. Transport, Storage & Telecommunication	164,223	170,493	180,693	4.3	6.0	199,257	5.0	10.3	
8. Finance, Insurance, Real Estate & Business Services	362,224	379,982	416,562	10.0	9.6	461,657	11.5	10.8	
9. Community, Social & Personal Services	86,728	97,366	108,380	2.6	11.3	120,488	3.0	11.2	
10. Producers of Government Services	576,972	577,633	603,159	14.5	4.4	628,533	15.7	4.2	
Gross Value Added	2,636,247	3,080,231	3,966,079	95.4	28.8	3,785,684	94.6	-4.5	
Net Taxes on Products	117,270	197,855	191,064	4.6	-3.4	217,752	5.4	14.0	
GDP	2,753,517	3,278,085	4,157,143	100.0	26.8	4,003,436	100.0	-3.7	

*Preliminary data. **Including oil refining.

Source: GASTAT, the numbers in this table are rounded to the nearest decimal point.

Expenditure on GDP in 2023 at Current Prices

Preliminary figures show that expenditure on GDP at current prices went down by 3.7 percent to about SAR 4,003.4 billion in 2023, against an increase of 26.8 percent in 2022. This was due to a decline of 58.1 percent in net exports of goods and services to register a surplus of around SAR 295.1 billion in

2023, compared to SAR 703.8 billion in 2022. In contrast, government consumption increased by 7.9 percent to around SAR 934.0 billion, compared to an increase of 11.0 percent in the preceding year. Private consumption also grew by 7.4 percent to reach SAR 1,599.6 billion, compared to an increase of 7.3 percent in 2022. Consequently, gross final consumption rose by 7.6 percent to reach SAR 2,533.6 billion, compared to an increase of 8.6 percent in the preceding year. Gross capital formation grew by 6.9 percent to SAR 1,174.7 billion, compared to a rise of 31.7 percent in 2022 (Table 2.6 and Chart 2.3).

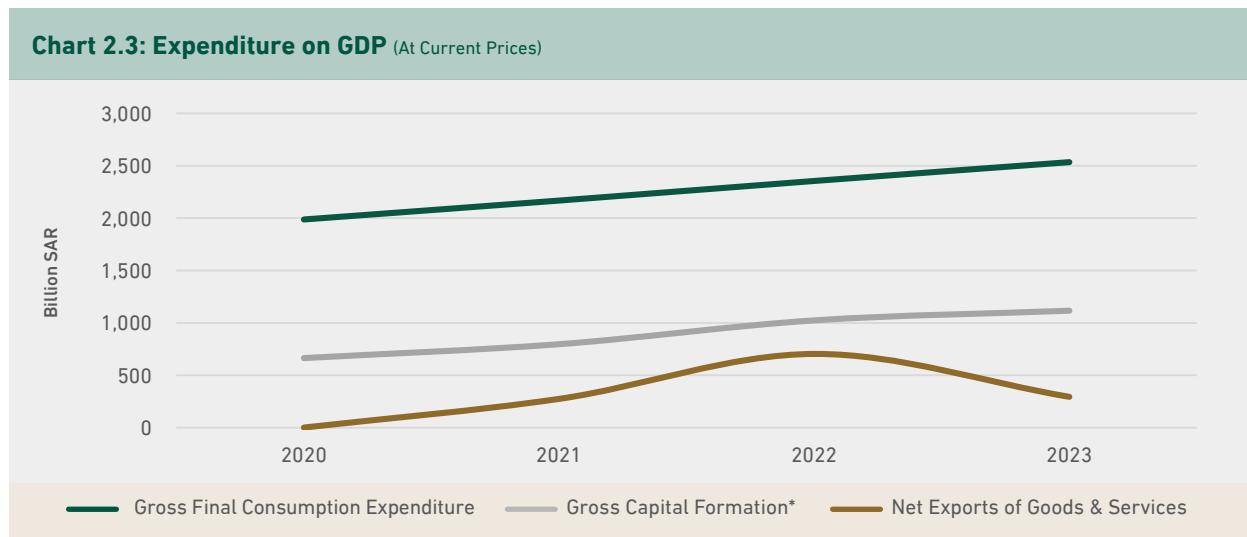
Table 2.6: Expenditure on GDP by Components (At Current Prices)

	(Million SAR)											
	2020			2021			2022*			2023*		
	Value	Share (%)	Change (%)	Value	Share (%)	Change (%)	Value	Share (%)	Change (%)	Value	Share (%)	Change (%)
Gross Final Consumption Expenditure	1,988,536	72.2	-0.8	2,168,303	66.1	9.0	2,354,760	56.6	8.6	2,533,634	63.3	7.6
Government Final Consumption Expenditure	769,834	28.0	4.6	780,328	23.8	1.4	865,917	20.8	11.0	934,041	23.3	7.9
Private Final Consumption Expenditure	1,218,702	44.3	-3.9	1,387,975	42.3	13.9	1,488,844	35.8	7.3	1,599,593	40.0	7.4
Gross Capital Formation**	762,490	27.7	-14.3	834,211	25.4	9.4	1,098,625	26.4	31.7	1,174,693	29.3	6.9
Net Exports of Goods & Services***	2,491	0.1	-99.0	275,572	8.4	10962.5	703,758	16.9	155.4	295,109	7.4	-58.1
Expenditure on GDP	2,753,517	100.0	-12.4	3,278,085	100.0	19.1	4,157,143	100.0	26.8	4,003,436	100.0	-3.7

*Preliminary data. **Including inventory change.

***Net exports of goods & services = total exports of goods & services - total imports of goods & services.

Source: GASTAT, the numbers in the table are rounded to the nearest decimal point.



*Excluding inventory change.

Source: GASTAT.

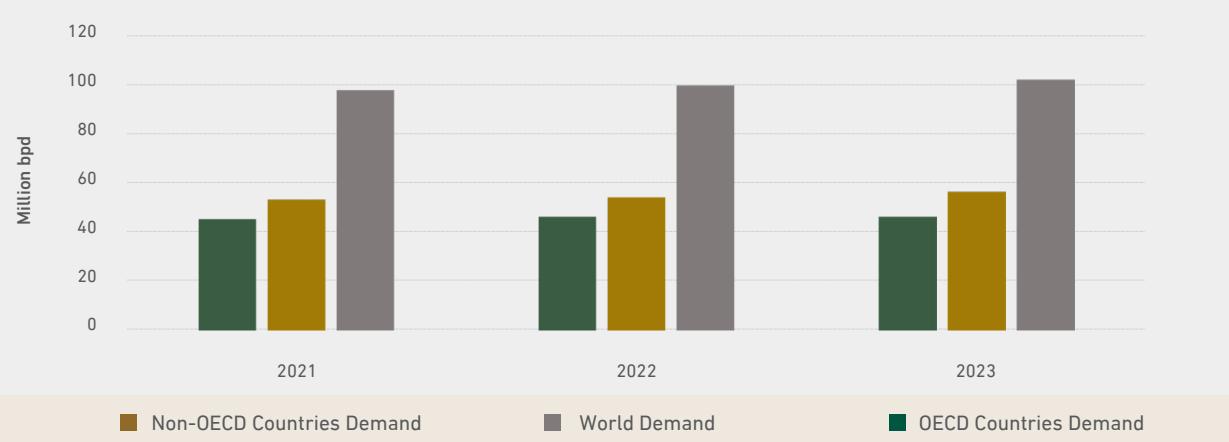
Energy, Industry and Mineral Resources

In 2023, world oil prices continued to fluctuate significantly due to ongoing geopolitical tensions and changes in global oil inventories. According to OPEC data, the average price of Arab Light crude oil dropped by 16.4 percent during the year to \$84.94 per barrel, down from \$101.64 per barrel in 2022. Concurrently, Saudi Arabia's production of crude oil decreased by 9.2 percent to 9.61 million barrels.

World Oil Demand

According to estimates of the International Energy Agency (IEA), the average world oil demand increased by 2.3 percent to 101.8 million barrels per day (bpd) in 2023, compared to 99.5 million barrels per day in 2022 (Table 2.7 and Chart 2.4). This rise was attributed to the overall improvement in global demand as the average demand of non-OECD countries increased by 4.1 percent to 56.0 million barrels per day in 2023, compared to 53.8 million barrels per day in 2022. OECD oil demand averaged 45.8 million barrels per day in 2023, with an increase of 0.2 percent compared to 45.7 million barrels per day in 2022 (Table 2.7).

The demand for oil in non-OECD countries varied in 2023. China's oil demand recorded the highest growth, with an increase of 11.6 percent to 16.4 million barrels per day, compared to the preceding year. This was followed by South America, with a 3.2 percent increase to 6.4 million barrels per day, and other Asian countries with 2.1 percent increase to 14.4 million barrels per day. On the other hand, oil demand in 2023 remained unchanged in the Middle East, Africa, Eastern Europe, and the Former Soviet Union remained largely unchanged, without any notable variations compared to the preceding year (Table 2.7).

Chart 2.4: World Average Oil Demand

Source: IEA Bulletin, March 2024.

Table 2.7: World Average Oil Demand*

	2021	2022	2023	(Million bpd)	
				2022	2023
OECD	44.8	45.7	45.8	2.0	0.2
North America	24.3	24.8	25.1	2.1	1.2
Western Europe	13.2	13.5	13.4	2.3	-0.7
Pacific Countries	7.3	7.4	7.3	1.4	-1.4
Non-OECD					
Former Soviet Union	4.9	4.9	4.9	0.0	0.0
China	15.1	14.7	16.4	-2.6	11.6
Eastern Europe	0.8	0.8	0.8	0.0	0.0
South America	6.0	6.2	6.4	3.3	3.2
Other Asia	13.5	14.1	14.4	4.4	2.1
Middle East	8.4	8.8	8.8	4.8	0.0
Africa	4.1	4.3	4.3	4.9	0.0
Total Non-OECD Demand	52.8	53.8	56.0	1.9	4.1
Total World Demand	97.6	99.5	101.8	1.9	2.3

*Including Primary Stock, Marine Bunkers and Refinery Fuel.

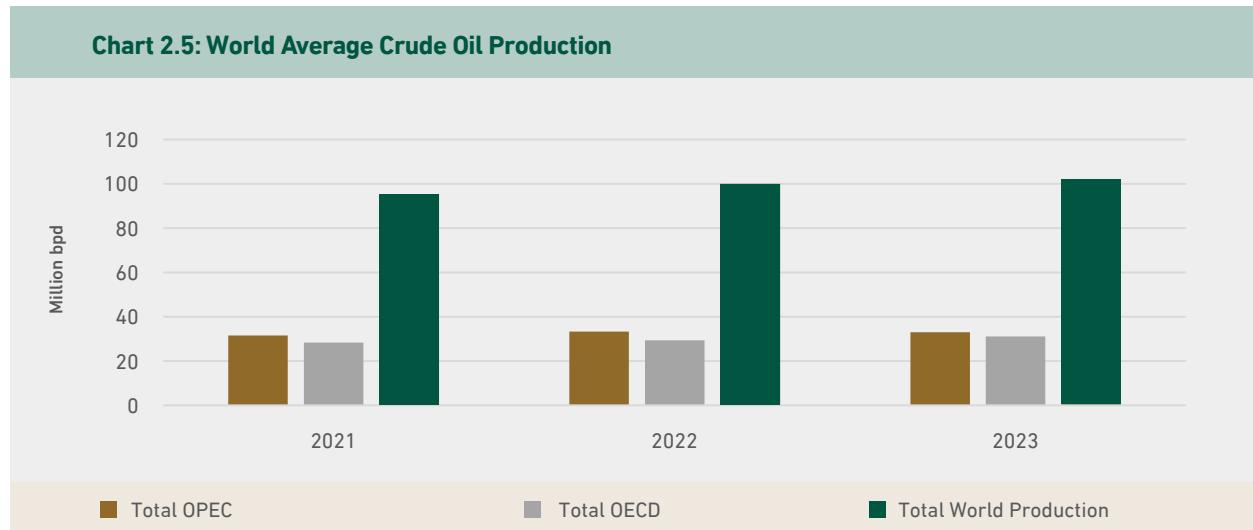
Source: IEA Report, March 2024. The numbers in this table are rounded to the nearest decimal point.

World Oil Production

In March 2023, according to IEA estimates, 2023 world oil production (including condensates and natural gas liquids) increased by 2.0 percent to nearly averaged 102.1 million bpd, compared to around 100.1 million bpd in 2022 (Table 2.8). OPEC's oil output declined by 1.2 percent in 2023, compared to a 5.6 percent increase in 2022. In contrast, OECD average output increased by 5.8 percent in 2023, compared to a 3.8 percent increase in 2022. Non-OPEC production increased by 3.6 percent, compared to a rise of 4.5 percent in 2022. As for non-OPEC production, oil production in the United States rose by 8.5 percent in 2023, compared to an increase of 6.5 percent in 2022. Mexico's oil output also increased by 4.5 percent in

2023, compared to an increase of 3.1 percent in 2022. China also was up by 2.4 percent in 2023, compared to a rise of 3.0 percent in 2022. Moreover, Canada registered an increase of 1.2 percent in 2023, against a rise of 3.0 percent in 2022. Norwegian average output rose by 6.3 percent compared to a decrease of 7.3 percent in 2022. On the other hand, the average output of the United Kingdom fell by 12.0 percent in 2023, compared to a decline of 5.7 percent in 2022, and the Former Soviet Union decreased by 0.5 percent in 2023, compared to a rise of 0.9 percent in the preceding year (Table 2.8 and Chart 2.5).

Chart 2.5: World Average Crude Oil Production



Source: IEA Bulletin, March 2024.

Table 2.8: World Average Oil Production*

	2021	2022	2023	(Million bpd)	
				Change (%)	
				2022	2023
OPEC	31.6	33.3	32.9	5.6	-1.2
OECD	28.3	29.4	31.1	3.8	5.8
Non-OPEC	63.8	66.7	69.1	4.5	3.6
Former Soviet Union	13.8	13.9	13.8	0.9	-0.5
USA	16.8	17.9	19.5	6.5	8.5
China	4.1	4.2	4.3	3.0	2.4
Canada	5.6	5.8	5.8	3.0	1.2
Mexico	2.0	2.0	2.1	3.1	4.5
UK	0.9	0.8	0.7	-5.7	-12.0
Norway	2.1	1.9	2.0	-7.3	6.3
Total World Supply	95.4	100.1	102.1	4.9	2.0

* Including condensates and natural gas liquids.

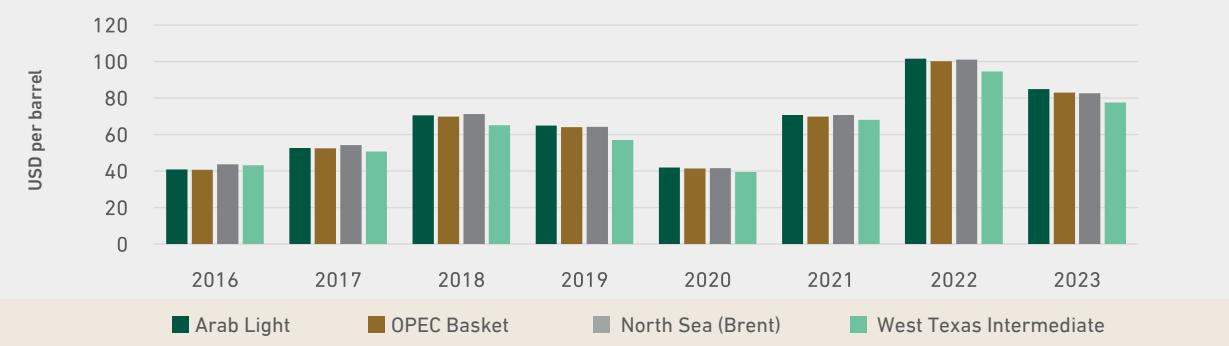
Source: IEA Report, March 2024. The numbers in the table are rounded to the nearest decimal point.

World Oil Prices

According to OPEC data, world oil prices declined in 2023. The price of the Arab Light averaged about \$84.94 per barrel, decreasing by 16.4 percent (\$16.70 per barrel) in 2023, compared to an average price of \$101.64 per barrel in 2022. The price of North Sea (Brent) fell by 18.3 percent averaged \$82.57 per barrel in 2023. The price of OPEC Basket decreased by 17.1 percent to average \$82.95 per barrel in 2023, compared to \$100.08 per barrel in 2022.

The West Texas average price went down by 17.9 percent to \$77.58 a barrel in 2023 compared to \$94.55 a barrel in 2022 (Tables 2.9 and 2.10 and Chart 2.6).

Chart 2.6: Average Spot Oil Prices



Source: OPEC.

Real Oil Prices

Real oil prices (base year 2005) went down in 2023. The real price of Arab Light averaged \$76.63 per barrel, decreasing by 14.6 percent, compared to \$89.74 per barrel in 2022 (Table 2.9). The average real price of North Sea (Brent) also declined by 16.6 percent to \$74.49 per barrel in 2023, from \$89.26 per barrel in the preceding year. The average real price of the OPEC Basket fell by 15.3 percent to \$74.83 per barrel, compared to \$88.36 per barrel in 2022 (Table 2.9 and Chart 2.7).

Chart 2.7: Real Oil Prices

(Base year = 2005)



Source: OPEC.

Table 2.9: Nominal and Real Oil Prices

(Base year = 2005)

Year	Nominal Oil Prices			Real Oil Prices*			(USD per barrel)
	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	
2013	106.53	108.62	105.87	77.29	78.81	76.81	
2014	97.18	99.08	96.29	69.68	71.05	69.05	
2015	49.85	52.41	49.49	38.49	40.47	38.21	
2016	40.96	43.76	40.76	31.91	34.09	31.76	
2017	52.59	54.17	52.43	40.69	41.91	40.57	
2018	70.59	71.22	69.78	54.13	54.61	53.51	
2019	64.96	64.19	64.04	50.85	50.24	50.13	
2020	41.91	41.67	41.47	33.40	33.21	33.05	
2021	70.65	70.80	69.89	55.56	55.68	54.96	
2022	101.64	101.10	100.08	89.74	89.26	88.36	
2023	84.94	82.57	82.95	76.63	74.49	74.83	

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

Source: OPEC. The numbers in the table are rounded to the nearest decimal point.

Table 2.10: Spot Prices for Selected Crude Streams

(Average)

Year	Arab light	OPEC Basket	(USD per barrel)	
			North Sea (Brent)	West Texas Intermediate
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
2022	101.64	100.08	101.10	94.55
2023	84.94	82.95	82.57	77.58

Source: OPEC. The numbers in the table are rounded to the nearest decimal point.

Saudi Crude Oil Output

Saudi Arabia's production of crude oil decreased by around 9.3 percent to 9.61 million (bpd) in 2023, compared to 10.59 million (bpd) in 2022. This decline is attributed to the voluntary cuts made by Saudi Arabia as part of the OPEC's efforts to support price stability in the global market, particularly due to the global economic challenges (Table 2.11).

Table 2.11: Saudi Crude Oil Output

	2020	2021	2022	2023	(Million barrels)	
					Change (%)	
					2022	2023
Total Output	3,372.0	3,330.5	3,865.7	3,507.7	16.1	-9.3
Daily Average	9.21	9.12	10.59	9.61	16.1	-9.3

Source: OPEC. The numbers in the table are rounded to the nearest decimal point.

Mineral Resources

In 2023, the Ministry of Industry and Mineral Resources (MIM) issued the number of mining licenses stood at 1,379, with an estimated investment volume of SAR 82 billion, and creating over 40 thousand job opportunities. During the same year, a thousand factories started production, reflecting strong growth in the industrial sector. By the end of 2023, the total number of factories, including those in production and under construction, reached 12 thousand, providing approximatively 771 thousand job opportunities. This highlight the vital role of the industrial sector in strengthening the economy and supporting employment in Saudi Arabia.

Education, Health and Social Services

Public Education

The total number of public education students (elementary, intermediate and secondary schools) amounted to 6.1 million during the academic year 2022/2023. The number of teachers at all levels of public education stood at 478.4 thousand, and the number of schools was 26.1 thousand, 14.1 thousand of which are females'schools, accounting for 53.3 percent of total schools. The total number of private and international education students (elementary, intermediate and secondary schools) amounted to 858.4 thousand during the academic year 2022/2023. The number of teachers at all levels of private, international and foreign education stood at 64.0 thousand and the number of schools at 5.2 thousand, 2.7 thousand of which are schools for females, accounting for 51.4 percent of total schools. The total number of students studying abroad reached 51.7 thousand in 2023, of which 58.1 percent were males and 41.9 percent were females.

Technical, Vocational and Administrative Training

The number of trainees at the Technical and Vocational Training Corporation (TVTC) colleges and institutes totaled 304 thousand during the academic year 2023; 276.9 thousand received technical training, and 27.2 thousand received vocational training. The trainees received their education and training in 290 educational units in various regions of Saudi Arabia. The total number of staff at the TVTC stood at 11.6 thousand, and the total number of male and female graduates stood at 82.7 thousand in the academic year 2022/2023. The Institute of Public Administration (IPA) continued its training programs to achieve administrative development, by training over 270 thousand trainees (males and females), documenting a 44 percent increase in 2023 compared to 2022. Additionally, 213 training programs were developed to cater to the needs of employees in the public, private, and non-profit sectors, as well as individuals.

Health Affairs

Data issued by the Ministry of Health (MoH) in 2023 indicate that the number of hospitals in Saudi Arabia grew to 499, (six additional hospitals than in 2022). Of these, 290 were run by the MoH, 59 by other government sectors, and 150 by the private sector. The number of MoH healthcare centers totaled 2,126, and that of private health complexes reached 3,827. In addition, the number of physicians (including dentists) working in Saudi Arabia increased to 139 thousand (4.1 doctors per thousand persons). The number of nurses (males and females) increased to 218 thousand, and the number of allied health professionals (including pharmacists and other allied health professions) rose to 154 thousand. The total number of beds in Saudi Arabia's hospitals rose by 1.7 thousand to 80.1 thousand (2.4 beds per thousand persons).

Citizen's Account Program

The Saudi government introduced the Citizen Account Program in the last quarter of 2017 to restructure the government subsidies and to meet citizens' needs for government benefits in a manner that enhances spending efficiency, mitigate the negative impact of economic reforms, and promote rational consumption. The program also aims to protect overburdened families who are eligible, support is provided in cash and varies based on family size. The results of eligibility, which the Ministry of Human Resources and Social Development (MHRSD) issued by the end of 2023, show that the total number of beneficiaries amounted to 11 million, supported by a total outlay of SAR 38.0 billion in 2023, compared to SAR 32.2 billion in 2022, of these beneficiaries, 38.0 percent received full support, and 62.0 percent received partial support from the Citizen's Account Program.

Housing

In continuation of its role in achieving its strategic objectives to increase the supply of housing units and enable the demand of citizens, the Ministry of Municipal and Rural Affairs and Housing (MoMRAH) collaborated with the government and private partners to establish a housing ecosystem in which all facilities, resources and services are integrated and improve the capabilities of real estate developers to raise the

homeownership rate to 70.0 percent by the end of 2030. The Ministry's efforts enabled 96.6 thousand Saudi families to own their first home. The number of residential product contracts for 2023 amounted to 10.9 thousand off-plan sales contracts, 42.6 thousand contracts for housing units, 16.2 thousand self-construction contracts, and 26.8 thousand land contracts. The total number of projects received in 2023 reached 39, with a total value exceeding SAR 38 billion. The total number of projects on the lands belonging to the Ministry reached 12, six of which were completed in 2023. The Ministry still works through the National Housing Company to stimulate the housing supply by providing more than 36.1 thousand residential units offered for sale in various regions of the Kingdom during 2023, to be delivered within 42 months (in 2027). The number of built residential units exceeded 35 thousand units by the end of January 2023, and work is underway to deliver over 22 thousand units by the end of 2023. Moreover, more than 123 thousand residential units were constructed on land belonging to the Ministry or private sector entities. As part of the automated documentation processes to facilitate the contracting process, over eight million electronic lease contracts were documented by the end of 2023, since the launch of Ejar Platform. During 2023, residential and commercial contracts grew by 17.0 percent compared to the preceding year, to reach more than 2.8 million. In regards to real estate development, the number of residential units available for beneficiaries stood at 36.1 thousand, whereas the number of completed units stood at 19.3 thousand. Since the introduction of law of white land, more than 63 million square meters were developed, and their plot plans were approved; with more than 18 million square meters being developed in 2023.

Pension and Social Insurance

The number of subscribers to the civil pension scheme of the Public Pension Agency (PPA) reached 1.2 million by the end of 2023. Funds collected from subscribers (Employee and employer contributions) increased by 1.2 percent to SAR 50.8 billion, compared to SAR 50.2 billion in 2022. Total disbursements to beneficiaries by the PPA amounted to SAR 100.1 billion, recording a 6.2 percent rise over the preceding year. The number of living retirees increased by 4.4 percent to 835.1 thousand, while the number of deceased retirees also rose by 5.8 percent to 311.1 thousand. In addition, the number of heirs benefiting from pension payments grew by 4.0 percent to 605.7 thousand. Furthermore, the number of private and government establishments subscribing to the social insurance scheme of the General Organization for Social Insurance (GOSI) increased by 18.2 percent and 1.3 percent, reaching 1.3 million and 1.6 thousand, respectively. Likewise, the total number of subscribers rose by 8.0 percent to around 10.8 million in 2023, compared with approximately 10.8 million at the end of 2022.

Labor Market

Public Sector Employees

The latest statistics issued by the Ministry of Human Resources and Social Development (MHRSD) indicate that the number of employees in the government sector (Saudis and non-Saudis) stood at around 1.2 million at the end of 2023. Saudis represented 96.6 percent of total employees in the public sector.

The number of Saudi male employees stood at around 671.4 thousand by the end of 2023, while Saudi female employees stood at around 505.4 thousand. As for non-Saudi employees in the public sector, non-Saudi male employees stood at around 21.8 thousand, while non-Saudi female employees stood at around 19.7 thousand (Table 2.12).

Private Sector Employees

The latest figures issued by the MHRSD indicate that the number of employees in the private sector (Saudis and non-Saudis) stood at around 10.3 million at the end of 2023, increasing by 7.1 percent compared to the preceding year. Saudis represented 22.4 percent of total employees in the private sector. The number of Saudi male employees stood at around 1.4 million at the end of 2023, increasing by 3.2 percent compared to the preceding year; while the number of Saudi female employees stood at around 941.0 thousand, increasing by 10.3 percent compared to the preceding year. As for non-Saudi employees in the private sector, non-Saudi male employees stood at around 7.7 million, increasing by 7.3 percent compared to the preceding year. In contrast, non-Saudi female employees stood at around 322.0 thousand, increasing by 11.9 percent compared to the preceding year (Table 2.12).

Unemployment

The latest GASTAT data indicate that the overall unemployment rate in Saudi Arabia fell to 4.0 percent in 2023, which is the lowest level of unemployment historically recorded in Saudi Arabia. Unemployed Saudis accounted for 8.4 percent of the total Saudi labor force. Unemployed Saudi males accounted for 4.7 percent, while unemployed Saudi females accounted for around 15.7 percent. As for non-Saudis, the unemployed accounted for around 1.4 percent (Table 2.12).

Table 2.12: Selected Indicators about Population and Labor Force in the Kingdom

Area		2022			2023		
		Male	Female	Total	Male	Female	Total
Unemployment Rate (%)	Saudis	4.7	19.0	9.6	4.7	15.7	8.4
	Non-Saudis	1.4	6.3	1.8	1.0	5.8	1.4
	Total	2.4	15.5	4.9	2.1	12.8	4.0
Government Sector Employees	Saudis	691,897	504,865	1,196,762	671,420	505,355	1,176,775
	Non-Saudis	22,817	20,620	43,437	21,782	19,653	41,435
	Total	714,714	525,485	1,240,199	693,202	525,008	1,218,210
Private Sector Employees	Saudis	1,317,128	853,202	2,170,330	1,359,560	941,031	2,300,591
	Non-Saudis	7,148,697	287,785	7,436,482	7,669,713	321,966	7,991,679
	Total	8,465,825	1,140,987	9,606,812	9,029,273	1,262,997	10,292,270
Banking Sector Employees	Total	36,545	8,216	44,761	35,414	9,007	44,421

Note: Unemployment rates are extracted from the Labor Force Survey.

Source: GASTAT, MHRSD, GOSI & SAMA. The figures in the table are rounded to the nearest decimal point.

Trade and Investment

According to the Ministry of Commerce's (MoC) data on commercial licenses, the number of commercial registers for companies stood at 269.5 thousand, with total capital of SAR 7,589.1 billion at the end of 2023, compared to 226.9 thousand, with total capital of SAR 8,310.3 billion in 2022. Compared to the previous year, the number of commercial registers increased by 18.7 percent in 2022, with a fall of the capital by 8.7 percent. With respect to institution licenses, the MoC issued 277.5 commercial registers for new institutions with a capital of over SAR 82.8 billion in 2023, compared to 282,320 commercial registers issued in 2022 with a capital of around SAR 19.8 billion, recording thereby an increase of 1.7 percent in commercial registers, and an increase of 318.3 percent in capital. A breakdown of new institution commercial registers by region, by the end of 2023, shows that Riyadh region accounted for the largest share with 28.9 percent, followed by Makkah region with 22.7 percent, and the Eastern Region with 14.5 percent. Venture capital in Saudi Arabia exceeded \$1 billion consecutively for the second year. According to the MAGNiTT Report, total investments in Saudi startups grew by 33 percent to SAR 5,183 billion in 2023 compared to the preceding year. Saudi Arabia topped the MENA region in the value of venture capital investment in 2023.

Public Investment Fund (PIF)

During 2023, the PIF enhanced its five-year strategy, which aims to achieve the objectives of the Saudi Vision 2030 through growing the PIF's assets and launching new sectors. This included building strategic economic partnerships and localizing technology and knowledge to support development and economic diversification efforts in Saudi Arabia. The strategy included launching a number of major projects and new companies, such as the Saudi Company for Artificial Intelligence, in addition to five regional investment companies located in Jordan, Bahrain, Sudan, Iraq, and Oman. Existing major projects also include giga projects such as NEOM, Qiddiya, ROSHN, the Red Sea, and Diriyah.

The number of companies affiliated with the PIF reached 93 operating in 13 strategic sectors and contributing to creating about 690 thousand direct and indirect jobs during 2023. Moreover, the PIF manages assets estimated at around \$700 billion, aiming to reach \$2 trillion worth of assets by 2030. The PIF is ranked fifth globally among sovereign wealth funds in terms of assets under management and employs more than 2,000 employees of 44 nationalities. The PIF invests in more than 200 companies in addition to its international investments and has three global offices. The PIF's direct local and foreign investments through its subsidiaries amount to around SAR 59.9 billion. It plans to inject up to SAR 1 trillion into the Saudi economy by the end of 2025. This strategy reflects the PIF's commitment to achieving comprehensive and sustainable development in line with the Saudi Vision 2030. It aims to enhance Saudi Arabia's position as a leading global economic power. The credit rating agency Moody's improved its outlook for the PIF from stable to positive, and affirmed the stability of the PIF's credit rating at A1. This rating is a strong indication of the PIF's creditworthiness. In February 2023, the PIF announced the completion of the second issuance of its

international green bonds. The proceeds of these bonds are to be used to finance and refinance environmental projects in accordance with the Green Financing Framework adopted by the PIF.

Tourism and Entertainment

The tourism and entertainment sector witnessed a remarkable growth in 2023. The number of tourists reached 27.4 million compared to 16.6 million in 2022, thereby reflecting a growth of 64.8 percent. This growth contributed to an increase in tourism spending by 43.7 percent, from SAR 98.3 billion in 2022 to SAR 141.2 billion in 2023. This growth enhances Saudi Arabia's position as a global tourist destination, supporting the efforts to diversify national revenue sources and focus on developing the tourism, culture, and entertainment sectors within the Saudi Vision 2030. In light of these developments, Saudi Arabia continues its efforts to enhance the tourism infrastructure and to provide unique cultural and entertainment experiences that reflect Saudi culture. These efforts aim to increase the tourism sector's contribution to GDP and increase direct and indirect job opportunities in the sector.

Water

During 2023, the water sector continued implementing initiatives of the National Water Strategy 2030 and its affiliated projects to achieve strategy objectives, which include supply chain efficiency, service quality, and environmental and economic sustainability. The production capacity in water production through desalination of saline water increased from 8.4 to 10.9 million cubic meters per day, equivalent to a 2.4 million cubic meters per day increase in the production capacity. Moreover, preliminary data from the Saline Water Conversion Corporation (SWCC) indicate that total residential water consumption stood at 1,534.9 million cubic meters in 2023. SWCC data also indicate that the total capacity of its water transmission systems reached around 15.5 million cubic meters per day, increasing by 1.4 million cubic meters per day compared to 2022. As for water distribution, water network coverage reached around 78.0 percent, whereas sewerage network coverage increased from 59.5 percent to 64.0 percent. Moreover, the level of supply security was raised by increasing the strategic storage capacity from 21.9 to 24.9 million cubic meters.

Price Indices

The general Consumer Price Index (CPI) in Saudi Arabia increased by 2.3 percent YoY in 2023 compared to an increase by 2.5 percent in 2022. This increase occurred in a global context that witnessed inflationary pressures persist, due to several factors, including geopolitical tensions, supply chain disruptions and fluctuations in energy prices. On the other hand, data from Saudi Arabia's top trading partners indicated an increase in consumer price indices during 2023 by 4.1 percent in the United States, 5.4 percent in India, and 0.2 percent in China, making the inflation rate in Saudi Arabia amongst the lowest rates globally. According to the IMF's World Economic Outlook (WEO) report (April 2024), the average consumer price index increased by 4.6 percent in developed countries during 2023 and 8.3 percent in emerging and developing countries.

Consumer Price Index in 2023

The CPI in Saudi Arabia increased by 2.3 percent in 2023 compared to an increase of 2.5 percent in 2022. The non-oil GDP deflator, which captures the average prices of all goods and services produced through non-oil activities within a given year, increased by 3.8 percent YoY in 2023 compared to an increase of 5.0 percent in 2022 (Table 2.13).

Table 2.13: Annual Growth Rates of Selected Indicators

	(Percentage)				
	2019	2020	2021	2022	2023
Non-Oil-Real GDP Deflator (chain-linked 100=2018)*	0.9	-1.4	1.3	5.0	3.8
General Consumer Price Index for All Cities (100=2018)*	-2.1	3.4	3.1	2.5	2.3
Non-Oil Real GDP (chain-linked 100=2018)*	3.7	-2.9	7.4	5.6	4.4
Real GDP (chain-linked 100=2018)*	1.1	-3.6	5.1	7.5	-0.8
Real GDP Deflator (chain-linked 100=2018)*	-2.0	-9.2	13.3	18.0	-3.0
Government Expenditure	-1.9	1.5	-3.4	12.1	11.1
Money Supply (M3)	7.1	8.3	7.4	8.1	7.6

*GDP Preliminary data in 2022 & 2023.

Source: GASTAT, MoF & SAMA. The numbers in the table are rounded to the nearest decimal point.

Most major sections of the general CPI during 2023 recorded lower inflation rates than the recorded average annual change during the period from 2020 to 2022, except for two sections that recorded inflation rates higher than the average annual change for the past three years, namely housing, water, electricity, gas, and other fuels, in addition to education (Table 2.14).

Table 2.14: Consumer Price Index (100=2018)

	2019	2020	2021	2022	2023	Average Annual Change (2020-2022) (%)	Annual Change 2023 (%)
General Index	97.9	101.3	104.4	107.0	109.5	3.0	2.3
Food & Beverages	102.1	111.3	117.3	121.6	123.4	6.0	1.4
Tobacco	101.0	108.1	114.9	114.8	115.0	4.4	0.1
Clothing & Footwear	98.6	101.5	103.7	102.4	99.3	1.3	-3.1
Housing, Water, Electricity, Gas & Other Fuels	91.4	90.8	88.6	90.2	97.4	-0.4	7.9
Home Furnishing, Equipment & Maintenance	99.4	104.0	108.2	109.6	107.2	3.3	-2.1
Health	100.1	101.3	102.9	103.4	103.8	1.1	0.4
Transport	98.6	102.4	112.9	117.5	118.7	6.1	1.0
Communications	98.7	103.5	111.2	111.6	110.3	4.2	-1.2
Recreation & Culture	98.3	100.1	103.2	106.0	107.5	2.5	1.5
Education	102.5	100.5	95.5	100.7	102.8	-0.5	2.2
Restaurants & Hotels	103.2	107.7	112.5	118.2	123.1	4.6	4.1
Miscellaneous Goods & Services	99.6	103.5	106.4	108.2	107.6	2.8	-0.5

Source: GASTAT. The numbers in the table are rounded to the nearest decimal point.

Most major CPI sections recorded annual increases in 2023 with varying degrees, namely: housing, water, electricity, gas, and other fuels by 7.9 percent; restaurants and hotels by 4.1 percent; education by 2.2 percent; recreation and culture by 1.5 percent; food and beverages by 1.4 percent; transportation by 1.0 percent; health by 0.4 percent; and tobacco by 0.1 percent. On the other hand, some sections recorded annual decreases: clothing and footwear by 3.1 percent, home furnishing and equipment by 2.1 percent, communication by 1.2 percent, and miscellaneous goods and services by 0.5 percent (Table 2.14).

Impacts of Major Sections on Consumer Price Index

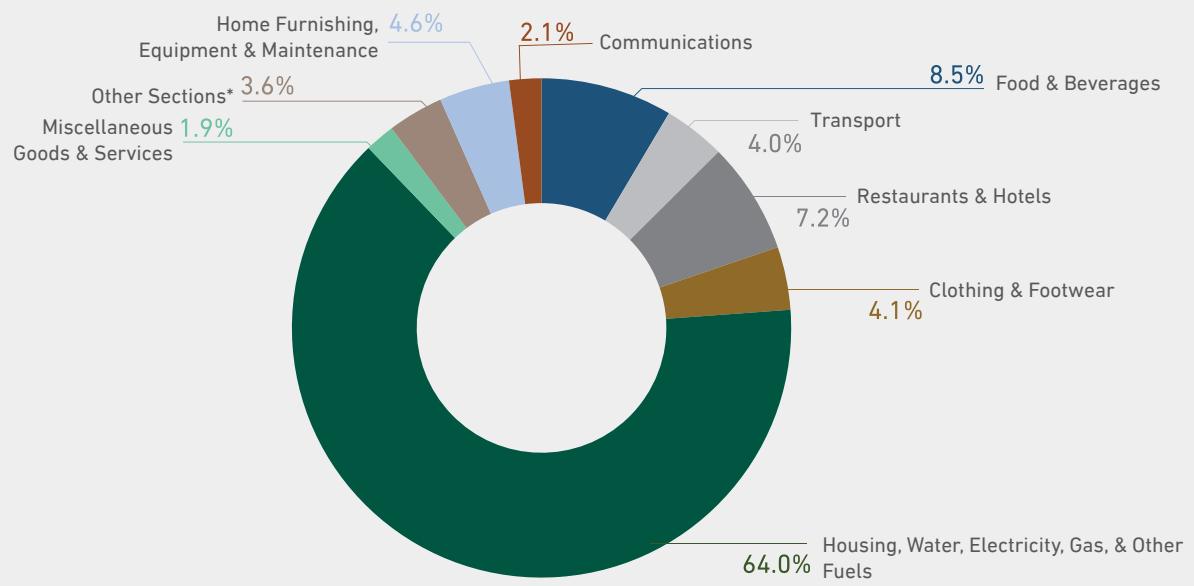
Most major sections contributed to the CPI by various rates during 2023. Housing, water, electricity, gas, and other fuels contributed the most with 64.0 percent, followed by food and beverages with 8.5 percent; restaurants and hotels with 7.2 percent; home furnishing and equipment with 4.6 percent; clothing and footwear with 4.1 percent; transport with 4.0 percent; communication with 2.1 percent; both education and miscellaneous goods and services with 1.9 percent; recreation and culture with 1.4 percent; and lastly health with 0.2 percent. Conversely, tobacco had little to no impact on the CPI (Table 2.15 and Chart 2.8).

Table 2.15: Effect of Major Sections on the General Consumer Price Index (100=2018)

	Annual Change 2023 (%)	Weights (%)	Effect on 2023 CPI*
General Index	2.3	100.0	100.0
Food & Beverages	1.4	18.8	8.5
Tobacco	0.1	0.6	0.0
Clothing & Footwear	-3.1	4.2	4.1
Housing, Water, Electricity, Gas & Other Fuels	7.9	25.5	64.0
Home Furnishing, Equipment & Maintenance	-2.1	6.7	4.6
Health	0.4	1.4	0.2
Transport	1.0	13.0	4.0
Communications	-1.2	5.6	2.1
Recreation & Culture	1.5	3.1	1.4
Education	2.2	2.9	1.9
Restaurants & Hotels	4.1	5.6	7.2
Miscellaneous Goods & Services	-0.5	12.6	1.9

*Saudi Central Bank.

Source: GASTAT. The numbers in the table are rounded to the nearest decimal point.

Chart 2.8: Effect of Major Sections on 2023 Consumer Price Index

*Other sections include Health, Recreation and Culture, Miscellaneous Goods and Services, and Education.

Source: GASTAT.

Wholesale Price Index in 2023

The Wholesale Price Index (WPI) measures the average changes in local and imported commodities in wholesale markets over two periods. The WPI represents a sample of 343 items categorized into five main sections according to the Central Product Classification (CPC2¹). The wholesale price index recorded an increase of 0.9 percent in 2023, significantly less than the 7.8 percent increase in 2022. The most WPI main categories recorded an increase in 2023, with food, beverages, tobacco, and textiles products recording the highest increase by 3.7 percent, followed by other transportable goods, except metal products, machinery, and equipment, with 1.5 percent (Table 2.16).

¹Central Product Classification (CPC2) is an international standard that compiles and tabulates all types of data that require product specifications.

Table 2.16: Average Annual Wholesale Price Index

(2014 = 100)

	Weights (%)	2021	2022	2023	(Billion SAR)	
					Change (%)	
					2022	2023
General Index	100.0	138.2	148.7	150.1	7.8	0.9
Agriculture & Fishery Products	8.7	122.3	139.0	139.1	13.7	0.0
Ores & Minerals	0.6	109.7	116.1	116.0	5.8	0.0
Food Products, Beverages, Tobacco & Textiles	17.3	121.5	130.4	135.2	7.4	3.7
Other Goods*	33.7	160.3	174.9	177.5	9.1	1.5
Metal Products, Machinery & Equipment	39.7	130.5	137.2	136.1	5.1	-0.8

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

Source: GASTAT. The numbers in this table are rounded to the nearest decimal point.

Developments in World Prices

According to the International Monetary Fund's Commodity Markets Outlook (April 2024), the Energy Products Index fell by 29.9 percent during 2023. The Food Products Index decreased by 9.2 percent, and the Raw Materials Index declined by 4.0 percent; however, the Precious Metals Index increased by 7.7 percent (Table 2.17).

Table 2.17: Selected Indices for Major Commodities

	2021	2022	2023	Change (%)	
				2022	2023
Commodity Imports					
Commodity Imports (Million SAR)	573,185	712,038	776,024	24.2	9.0
Indices for Major Commodities (2010=100)					
Energy Products	95.4	152.6	106.9	60.0	-29.9
Food Products	120.9	138.1	125.4	14.2	-9.2
Raw Materials	82.9	80.3	77.1	-3.1	-4.0
Precious Metals	140.2	136.8	147.3	-2.4	7.7
SAR Real and Nominal Effective Exchange Rates					
SAR Nominal Effective Exchange Rate*	116.2	126.9	131.4	9.2	3.6
SAR Real Effective Exchange Rate**	113.0	117.8	118.8	4.2	0.9

*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, April 2024; & International Financial Statistics (IFS), IMF. The numbers in this table are rounded to the nearest decimal point.

The annual change rates in consumer prices for Saudi Arabia's top trading partners during 2023, according to recent data from the IMF's World Economic Outlook (April 2024), indicate that the average consumer prices increased by 7.3 percent in the UK in 2023; 6.0 percent in Germany; 5.9 percent in Italy; 5.7 percent in France; 5.4 percent in India; 4.1 percent in the US; 3.6 percent in South Korea; 3.3 percent in Japan; and 0.2 percent in China (Table 2.18).

Table 2.18: Annual Changes in Consumer Prices in the Top Trading Partners

	(Percentage)				
	2019	2020	2021	2022	2023
Developed Countries	1.4	0.7	3.1	7.3	4.6
Emerging & Developing Countries	5.1	5.2	5.9	9.8	8.3
Top Trading Partners					
USA	1.8	1.2	4.7	8.0	4.1
Japan	0.5	0.0	-0.2	2.5	3.3
UK	1.8	0.9	2.6	9.1	7.3
China	2.9	2.5	0.9	2.0	0.2
Germany	1.4	0.4	3.2	8.7	6.0
India	4.8	6.2	5.5	6.7	5.4
France	1.3	0.5	2.1	5.9	5.7
Italy	0.6	-0.1	1.9	8.7	5.9
UAE	-1.9	-2.1	-0.1	4.8	1.6
Republic of Korea	0.4	0.5	2.5	5.1	3.6

Source: World Economic Outlook (WEO), IMF, April 2024. The numbers in this table are rounded to the nearest decimal point.

As for GCC countries, the average consumer prices during 2023 increased by 3.6 percent in Kuwait, 3.1 percent in Qatar, 1.6 percent in the UAE, 0.9 percent in Oman, and 0.1 percent in Bahrain (Table 2.19).

Table 2.19: Annual Changes in Consumer Prices in GCC Countries

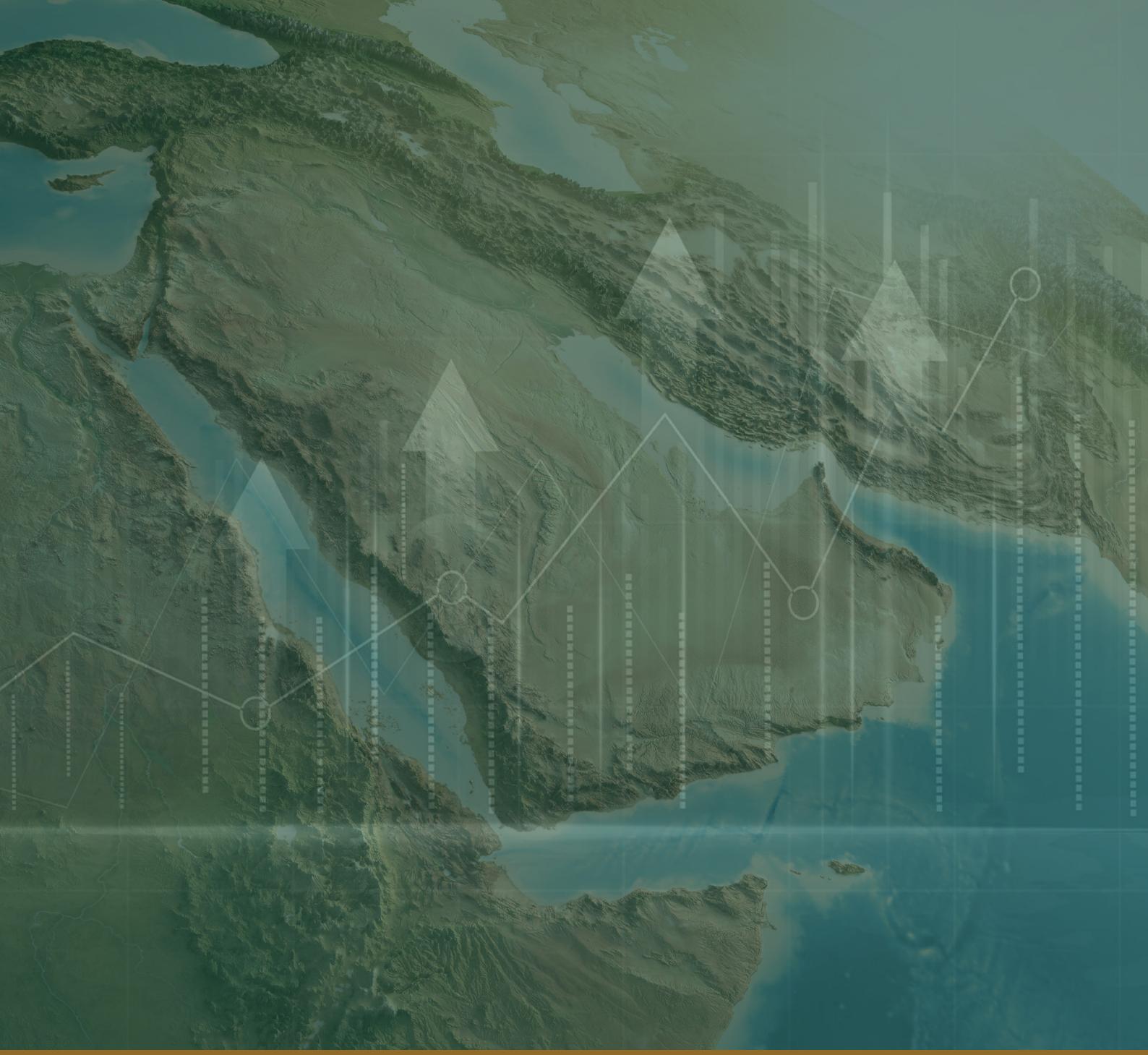
	(Percentages)				
	2019	2020	2021	2022	2023*
UAE	1.9-	2.1-	0.2	4.8	1.6
Bahrain	1.0	2.3-	0.6-	3.6	0.1
Qatar	0.7-	2.6-	2.3	5.0	3.1
Kuwait	1.1	2.1	3.4	4.0	3.6
Oman	0.5	0.4-	1.7	2.5	0.9

*Preliminary data.

Source: World Economic Outlook (WEO), IMF, April 2024. The numbers in this table are rounded to the nearest decimal point.

World Economic Development

The global economy recorded a slower growth rate of 3.3 percent in 2023 compared to 3.5 percent in 2022. Inflation driven by rising commodity prices, coupled with the tightening of monetary policies by central banks, negatively impacted global demand due to higher lending costs. In 2023, advanced economies recorded a modest growth in their real GDP by 1.7 percent, reflecting a significant decline compared to the preceding year. The US economy grew by 2.5 percent compared to 1.9 percent in 2022. Eurozone economies also grew at a slower rate of 0.5 percent in 2023 compared to 3.4 percent in 2022. Germany, France, and Italy recorded significantly lower growth rates than the preceding year. On the other hand, emerging and developing economies proved a better resilience with a growth rate of 4.4 percent. China's economy recovered in 2023, recording a growth rate of 5.2 percent, reflecting a recovery from a 3.0 percent growth rate in 2022. Meanwhile, India's economy maintained an 8.2 percent growth rate compared to the preceding year. The economies of Latin America and the Caribbean also recorded a slowdown of 2.3 percent in their growth rates, reflecting the broader global economic challenges. According to the IMF's World Economic Outlook (July 2024), these changes indicate a gradual recovery from the impacts of the Ukrainian crisis and the rising inflation rates.



3

Public Finance

Public Finance

In its session on Wednesday, December 06, 2023 (Jumada I 22, 1445H), the Council of Ministers approved the state budget for the fiscal year 2024 (1445/1446H). This budget affirms Saudi Arabia's efforts to accomplish the goals of Saudi Vision 2030 by continuously working to support the structural economic and financial reforms aiming to achieve financial sustainability in the medium and long term and bolster the strength and resilience of Saudi Arabia's economy to global economic challenges and developments.

This budget aims to expand expenditure and channel it mainly to development programs and projects and regional and sectoral strategies that boost sustainable economic growth. In addition, the budget also aims to enhance the quality of public services and develop infrastructure in different regions of Saudi Arabia in order to improve the quality of life and achieve Saudi Vision 2030. Moreover, Saudi Arabia's government will continue enabling the private sector, enhancing the investment ecosystem, developing social protection programs and subsidies, and enhancing the efficiency of spending and financial planning through periodic reviews of its fiscal policy, thereby achieving economic stability and building a sustainable economic structure. Furthermore, the budget seeks to maintain safe levels of government reserves to enhance Saudi Arabia's ability to deal with external shocks.

Based on the state budget, revenues in the 2024 state budget were estimated at SAR 1,172.0 billion, rising by 3.7 percent over the estimated budget for the preceding fiscal year. Total estimated expenditures in the budget amounted to about SAR 1,251.0 billion, increasing by 12.3 percent from the estimates of the preceding fiscal year. Consequently, the budget deficit was estimated at around SAR 79.0 billion compared to the estimated surplus of SAR 16.0 billion in the preceding fiscal year.

Overview of Total Revenues and Expenditures (2012-2023)

The Saudi economy has improved noticeably over recent years, resulting in fundamental changes in a number of economic and financial indicators, including public finance sector indicators. To provide an overview of the changes that occurred to total revenues and expenditures from 2012 to 2023, two comparison periods were taken into consideration; the first period extends from 2012 to 2017, and the second period extends from 2018 to 2023.

Total Revenues

Looking at total revenues data represented in oil and non-oil revenues, it is noted that the revenues structure has improved, showing a lower reliance of total revenues on oil revenues. The average share

of oil revenues from total revenues has declined in the period from 2018 to 2023, constituting 62.1 percent compared to an average share of 78.3 percent in the period from 2012 to 2017. This is attributed to the objectives of Saudi Vision 2030, which aims to reduce reliance on oil as a main revenue source for Saudi Arabia. In contrast, the average share of non-oil revenues from total revenues has increased in the period ranging from 2018 to 2023, constituting an average share of 37.9 percent compared to an average share of 21.7 percent in the period from 2012 to 2017. This increase is attributed to the economic structural reforms, which aim to diversify income sources in Saudi Arabia through boosting non-oil revenues.

Total Expenditures

Looking at total expenditures data represented in operational and capital expenditure, it is noted that there is an increase in the average share of operating expenses from total expenditures, as it recorded an average share of 85.7 percent in the period from 2018 to 2023 compared to an average share of 77.3 percent during the period from 2012 to 2017. In contrast, the average share of capital expenditure from total expenditures has declined, as it recorded an average share of 14.3 percent in the period from 2018 to 2023 compared to an average share of 22.7 percent during the period from 2012 to 2017. This may be attributed to off-budget investment arms such as the PIF, which is considered a vital catalyst in the economic system to achieve the programs of Saudi Vision 2030.

Actual Budget for FY 2023 (1444/1445H)

Due to the decline in oil activities, the economic growth in Saudi Arabia has slightly declined in 2023. Revenues and expenditure; however, have exceeded their estimated budget.

Total Revenues

Total actual budget revenues for the fiscal year 2023 amounted to about SAR 1,212.3 billion, recording an increase of 7.3 percent compared to the estimated revenues. Tax revenues reached nearly SAR 356.6 billion, constituting 29.4 percent of total revenues. This increase is attributed to the structural reforms that aim to diversify the Saudi economy's income sources by boosting non-oil revenues and developing tax management. On the other hand, other revenues, including oil revenues, government investment profits, sales of goods and services, penalties and fines, have amounted to about SAR 855.7 billion, constituting 70.6 percent of total revenues (Table 3.1).

Total Expenditures

Total actual expenditures for the fiscal year 2023 reached nearly SAR 1,293.2 billion, recording an increase of 16.1 percent compared to the estimated expenditures. Operating expenses amounted to about SAR 1,106.7 billion, accounting for 85.6 percent of total expenditures. Compensation of employees recorded almost SAR 537.3 billion, constituting the largest share of total operating expenses by 48.5 percent. Capital expenditures amounted to about SAR 186.5 billion, accounting for 14.4 percent of total expenditures (Table 3.1).

Table 3.1: State Budget Actual and Projected Revenues and Expenditures for FY 2023

					(Million SAR)
		Projections	Actuals	Difference	Difference to Projection (%)
Total Revenues		1,130,000	1,212,290	82,290	7.3
Taxes		321,993	356,637	34,644	10.8
Taxes on Income, Profits & Capital Gains		21,500	38,638	17,138	79.7
Taxes on Goods & Services		254,251	262,476	8,225	3.2
Taxes on International Trade & Transactions		18,168	22,149	3,981	21.9
Other Taxes		28,074	33,374	5,300	18.9
Other Revenues*		808,006	855,652	47,646	5.9
Total Expenditures		1,114,000	1,293,236	179,236	16.1
Operating Expenses		957,299	1,106,740	149,441	15.6
Compensation of Employees		514,348	537,318	22,970	4.5
Use of Goods & Services		217,565	303,390	85,825	39.4
Financing Expenses		39,219	37,789	-1,430	-3.6
Subsidies		21,875	20,905	-970	-4.4
Grants		2,204	6,791	4,587	208.1
Social Benefits		66,548	97,007	30,459	45.8
Other Expenses		95,540	103,538	7,998	8.4
Non-Financial Assets (capital expenditure)		156,702	186,496	29,794	19.0

*Including oil revenues, government investment profits, sales of goods and services, penalties and fines.

Source: MoF. The figures in this table are rounded to the nearest decimal point.

Budget Deficit/Surplus

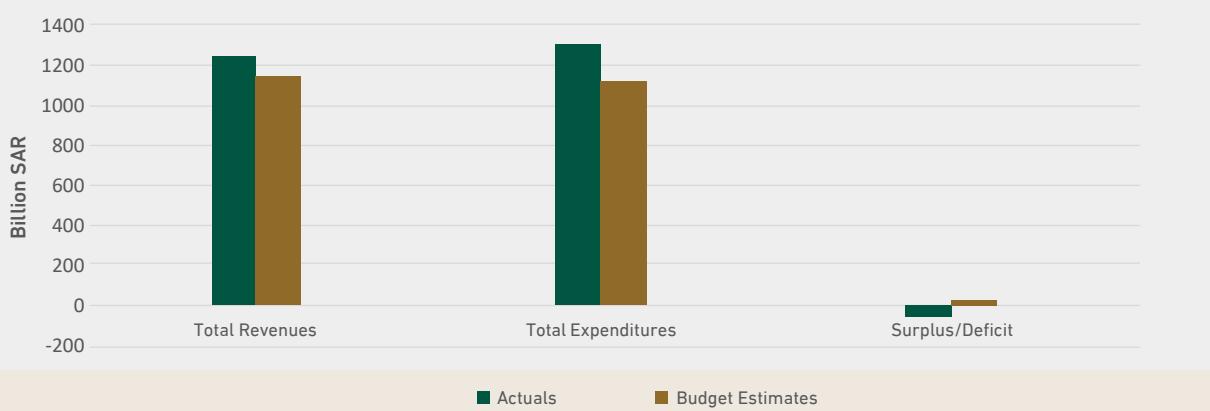
Total revenues in 2023 decreased by 4.4 percent compared to the preceding year. This is attributed to the decline in oil activities which impacted oil revenues while, simultaneously, total expenditures increased by 11.1 percent compared to the preceding year. As a result, the state budget recorded a deficit of SAR 80.9 billion or 2.0 percent of GDP for the fiscal year 2023 compared to a surplus of SAR 103.9 billion or 2.5 percent of GDP in the previous fiscal year (Table 3.2 and Chart 3.1).

Table 3.2: Actual Revenues and Expenditures

	(Million SAR)								
	2021			2022			2023		
	Value	Change (%)	Ratio to GDP*	Value	Change (%)	Ratio to GDP*	Value	Change (%)	Ratio to GDP*
Total Revenues	965,486	23.5	29.5	1,268,164	31.3	30.5	1,212,290	-4.4	30.3
Total Expenditures	1,038,933	-3.4	31.7	1,164,309	12.1	28.0	1,293,236	11.1	32.3
Surplus/Deficit	-73,447	--	-2.2	103,855	--	2.5	-80,946	--	-2.0

*Including net product tax (at current prices).

Source: MoF. The figures in this table are rounded to the nearest decimal point.

Chart 3.1: Budget Estimates and Actuals for FY 2023

Source: MoF.

Public Debt

Data for the fiscal year 2023 indicate that total outstanding public debt registered an increase of 6.1 percent, amounting by the end of the year to about SAR 1,050.3 billion or 26.2 percent of GDP compared to about SAR 990.1 billion or 23.8 percent of GDP by the end of the preceding fiscal year 2022. Domestic debt stood at around 61.4 percent of total outstanding public debt by the end of 2023, amounting to almost SAR 644.4 billion, while external debt constituted about 38.6 percent of total outstanding public debt, amounting to nearly SAR 405.9 billion (Table 3.3).

Table 3.3: Public Debt

FY	Borrowed		Repaid		Outstanding Public Debt at Year-End			Change (%)	GDP (At Current Prices)	Ratio of Public Debt to GDP (%)	(Million SAR)
	Domestic Debt	External Debt	Domestic Debt	External Debt	Domestic Debt	External Debt	Total Debt				
	48,750	71,250	3,272	--	304,980	255,000	559,980	26.3	3,174,689	17.6	
2018	69,839	50,161	2,055	--	372,764	305,161	677,925	21.1	3,144,618	21.6	
2019	174,253	45,747	44,360	49.8	502,656	350,859	853,515	25.9	2,753,517	31.0	
2020	108,754	49,144	52,663	20,739	558,747	379,264	938,011	9.9	3,278,085	28.6	
2021	106,649	18,750	50,441	22,886	614,955	375,128	990,083	5.6	4,157,143	23.8	
2022	87,983	101,250	58,533	70,132	644,405	405,877	1,050,282	6.1	4,003,436	26.2	
2023											

Note: GDP data for 2022 and 2023 are preliminary.

Source: MoF & GASTAT. The figures in this table are rounded to the nearest decimal point.

Domestic Subsidies

To maintain the stability of households' financial situation as financial and economic structural reforms take effect, targeted financial support continues through allocating funds to domestic subsidies. Total subsidies during the fiscal year 2023 (1444/1445H) stood at nearly SAR 3.7 billion, with a growth rate of 63.0 percent compared to 2022, disbursed as follows: the imported fodder subsidy stood at almost SAR 219.2 million, while the infant formula subsidy stood at SAR 142.8 million.

Other subsidies allocated for certain entities and centers continued as follows: King Salman Humanitarian Aid and Relief Centre subsidy stood at around SAR 2.4 billion; Jockey Club subsidy SAR 442.0 million; Secretariat of the Finance Committee subsidy SAR 131.2 million; Saudi Falcons Club subsidy SAR 120.0 million; King Abdulaziz Public Library subsidy SAR 72.8 million; King Abdullah bin Abdulaziz International Centre for Interreligious and Intercultural Dialogue (KAICIID) subsidy SAR 71.3 million; King Abdulaziz Center for National Dialogue (KACND) subsidy SAR 29.0 million; SALAM Project for Cultural Communication subsidy SAR 13.0 million; Custodian of The Two Holy Mosques (King Abdullah bin Abdulaziz) Initiative for Interfaith and Intercultural Dialogue subsidy SAR 9.0 million; and the private schools subsidy SAR 1.9 million.

Fiscal Year Budget 2024 (1445/1446H)

Revenues and Expenditures

Driven by economic structural reforms aiming for Saudi Arabia's economy to be more diversified and sustainable to achieve the Saudi Vision 2030, the Saudi economy in recent years has witnessed the implementation of several fiscal policies that limit potential risks arising from the reliance on oil as a main source of revenues, and that promote transformation towards a more resilient and flexible economy in the long-term. Announced in 2016, the Fiscal Sustainability Program (previously the Fiscal Balance Program) is one of the leading programs in Saudi Vision 2030. This program includes several effective initiatives that aim to achieve sustainability in public finance through diversifying non-oil revenues sources, rationalizing government expenditure and maximizing its usefulness for the economy. This program also asserts the role of fiscal policy in incentivizing the private sector to be a key driver for Saudi Arabia's economic growth in the upcoming years.

Data from the 2024 state budget show an increase in total revenues by 3.7 percent to reach SAR 1,172.0 billion compared to the state budget of the preceding fiscal year. Tax revenues are projected to reach about SAR 361.0 billion. Other revenues, including oil revenues, government investment profits, sales of goods and services, penalties and fines, are expected to reach almost SAR 812.0 billion.

Moreover, the state budget shows an increase in the total expenditures by 12.3 percent to reach SAR 1,251.0 billion compared to the state budget of the preceding fiscal year. Estimates of operating expenses have amounted to about SAR 1,062.0 billion. Compensation of employees recorded SAR 544.0 billion, constituting the largest share of the total operating expenses by almost 51.2 percent. Capital expenditure is projected to reach nearly SAR 189.0 billion.

Thus, by the end of 2024, the deficit in the state budget is projected to reach SAR 79.0 billion compared to expected surplus of nearly SAR 16.0 billion in the preceding fiscal year (Table 3.4).

Table 3.4: Budget Projections

			(Billion SAR)
	FY 2023	FY 2024	Change (%)
Total Revenues	1,130.0	1,172.0	3.7
Total Expenditures	1,114.0	1,251.0	12.3
Deficit/Surplus	16.0	-79.0	--

Source: MoF.

Distribution of Expenditures by Key Sectors

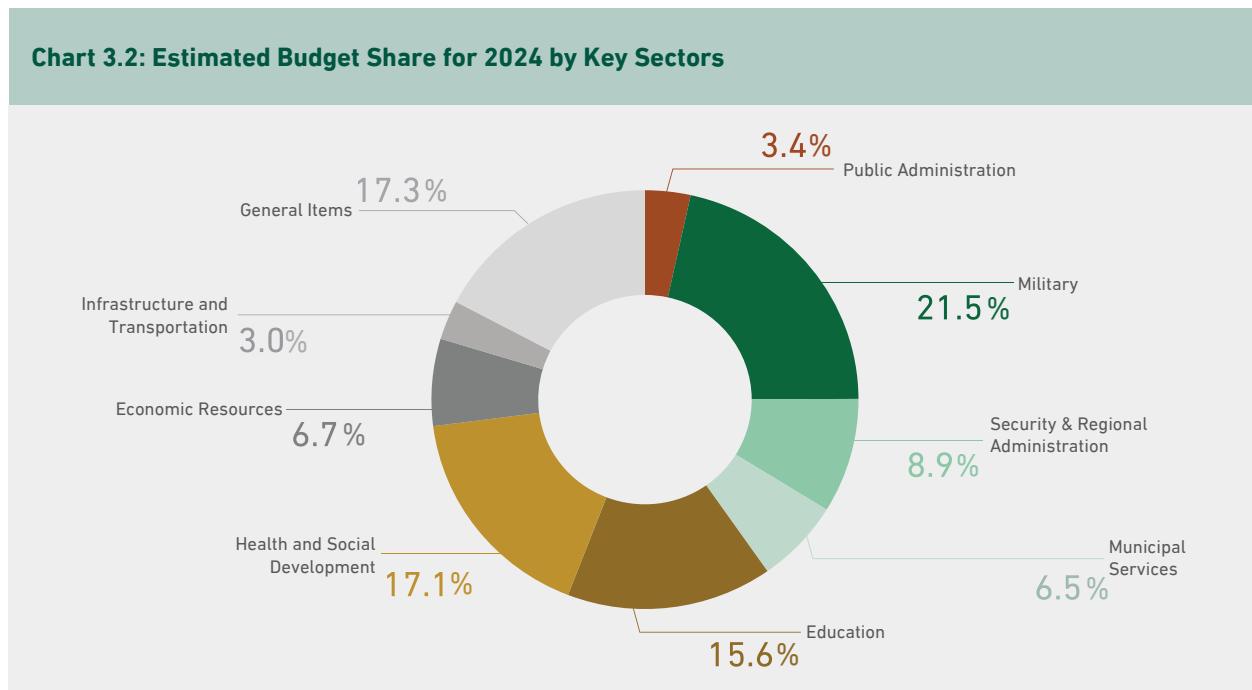
Government spending in Saudi Arabia is the key driver of economic growth. Therefore, Saudi Arabia seeks to maintain its fiscal sustainability by raising government expenditure efficiency, reducing state budget burdens, diversifying income sources and creating sustainable income sources that ensure set and stable expenditure levels. Accordingly, the total estimated expenditure for 2024 has been allocated for many sectors, either to complete existing projects or initiate new programs and projects.

Looking into the top three sectors in terms of the amounts allocated, the military sector has had the largest share of total expenditure at 21.5 percent (SAR 269.0 billion), followed by the general items sector with a share of 17.3 percent (SAR 216.0 billion). Health and social development sector came next with a share of 17.1 percent (SAR 214.0 billion), (Table 3.5 and Chart 3.2).

Table 3.5: Allocations of the Estimated State Budget by Sector
(by Key Sector)

Industry	FY 2023			FY 2024			(Million SAR)
	Amount	Share (%)	Change (%)	Amount	Share (%)	Change (%)	
Public Administration	36,947	3.3	14.5	43,000	3.4	16.4	
Military	259,249	23.3	51.7	269,000	21.5	3.8	
Security and Regional Administration	105,400	9.5	4.1	112,000	8.9	6.3	
Municipal Services	63,118	5.7	27.3	81,000	6.5	28.3	
Education	189,011	17.0	2.1	195,000	15.6	3.2	
Health and Social Development	189,343	17.0	37.0	214,000	17.1	13.0	
Economic Resources	71,771	6.4	33.9	84,000	6.7	17.0	
Infrastructure and Transportation	34,027	3.1	-19.1	38,000	3.0	11.7	
General Items	165,135	14.8	-9.3	216,000	17.3	30.8	
Total	1,114,000	100.0	16.6	1,251,000	100.0	12.4	

Source: MoF. The figures in this table are rounded to the nearest decimal point.

Chart 3.2: Estimated Budget Share for 2024 by Key Sectors

Source: MoF.



4

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 927.7 billion in 2023, accounting for 77.3 percent of Saudi Arabia's total exports compared to around SAR 1226.3 billion in 2022. Oil exports accounted for 23.2 percent of Saudi Arabia's GDP. The non-oil exports (including re-exports) amounted to about SAR 272.4 billion in 2023, representing 22.7 percent of Saudi Arabia's total exports. The total value of imports (CIF)² amounted to about SAR 776.0 billion, constituting 19.4 percent of GDP. Estimates of Saudi Arabia's balance of payments indicated a surplus of around SAR 127.8 billion in the current account in 2023, representing 3.2 percent of GDP.

External Trade

Foreign trade data for 2023 showed a decrease in the volume of Saudi Arabia's merchandise trade (exports and imports) by 12.3 percent to about SAR 1,976.1 billion compared to SAR 2,254.0 billion in the preceding year. The ratio of external merchandise trade to GDP reached about 49.4 percent in 2023 compared to 54.2 percent in the preceding year.

Exports

According to GASTAT data, the total value of Saudi Arabia's exports reached around SAR 1,200.1 billion in 2023 compared to around SAR 1,541.9 billion in 2022, decreasing by 22.2 percent compared to an increase of 48.9 percent in the preceding year (Table 4.1).

Oil Exports

Saudi Arabia's oil exports amounted to SAR 927.7 billion in 2023, dropping by 24.3 percent compared to a rise of 61.8 percent in the preceding year. Oil exports constituted 77.3 percent of total exports (Table 4.1). The decline was due to lower oil prices in global markets, with the average price of Arab Light crude standing at around \$84.9 per barrel in 2023 compared to \$101.6 per barrel in 2022, according to OPEC data. Saudi Arabia's average crude oil production decreased from 10.6 million barrels per day in 2022 to about 9.6 million barrels per day in 2023.

Data on oil exports by type indicate that the value of crude oil exports fell by 22.7 percent from SAR 969.5 billion in 2022 to SAR 749.8 billion in 2023, constituting 62.5 percent of total exports. In addition, the value of refined product exports dropped by 30.7 percent from around SAR 256.7 billion to SAR 177.9 billion, representing 14.8 percent of total exports. Chart 4.1 shows the developments in Saudi Arabia's oil exports.

²The value of commodity imports includes the cost of shipping and insurance.
CIF: Cost, Insurance, and Freight.

Non-Oil Exports

According to GASTAT data, Saudi Arabia's non-oil exports declined by 13.7 percent to SAR 272.4 billion in 2023, representing a share of 22.7 percent of total exports (Table 4.1). This decline was driven by a decline in the value of petrochemical exports, as they recorded a decrease of 26.4 percent to reach SAR 146.2 billion (12.2 percent of total exports). The value of construction materials exports also fell by 12.8 percent to SAR 18.8 billion, constituting 1.6 percent of the total exports. In contrast, the value of exports of agricultural, animal, and food products increased by 5.5 percent to SAR 17.9 billion, with a share of 1.5 percent of total exports. The value of other commodity exports, including re-exports, also increased by 13.9 percent to about SAR 89.4 billion, representing 7.5 percent of total exports. Chart 4.2 shows the numbers and developments of non-oil exports over 2019-2023.

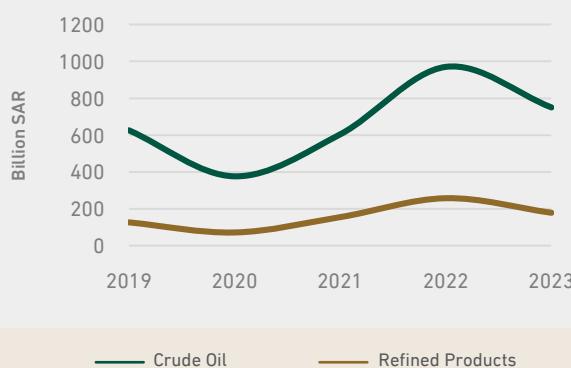
Table 4.1: Saudi Arabia's Merchandise Exports

	Million SAR				Share (%)			Change (%)	
	2020	2021	2022	2023	2021	2022	2023	2022	2023
Oil Exports	447,600	758,124	1,226,277	927,697	73.2	79.5	77.3	61.8	-24.3
Crude Oil	376,434	603,826	969,542	749,844	58.3	62.9	62.5	60.6	-22.7
Refined Products	71,166	154,298	256,735	177,853	14.9	16.7	14.8	66.4	-30.7
Non-Oil Exports	204,352	277,548	315,664	272,372	26.8	20.5	22.7	13.7	-13.7
Petrochemicals	118,953	173,653	198,531	146,150	16.8	12.9	12.2	14.3	-26.4
Construction Materials	15,225	19,795	21,618	18,845	1.9	1.4	1.6	9.2	-12.8
Agricultural, Animal & Food Products	12,753	14,547	16,997	17,929	1.4	1.1	1.5	16.8	5.5
Other Goods*	57,421	69,553	78,517	89,448	6.7	5.1	7.5	12.9	13.9
Total	651,952	1,035,672	1,541,941	1,200,069	100.0	100.0	100.0	48.9	-22.2

*Including re-exports.

Source: GASTAT. The figures in this table are rounded to the nearest decimal point.

Chart 4.1: Saudi Oil Exports



Source: GASTAT.

Chart 4.2: Components of Saudi Non-Oil Exports



Source: GASTAT.

Imports

GASTAT data show that the value of imports of goods (CIF) increased by 9.0 percent to about SAR 776.0 billion in 2023 from about SAR 712.0 billion in 2022 (Table 4.2). Detailed data on Saudi Arabia's imports by the main component for 2023 (Chart 4.3) show that imports of electric machinery, appliances and equipment and their parts (SAR 171.9 billion) ranked first with a share of 22.2 percent of total imports, increasing by 24.3 percent over the preceding year. Imports of chemicals and related products came second with a share of 17.1 percent (SAR 132.6 billion), rising by 4.6 percent over the preceding year. Imports of transport equipment and their parts came third with a share of 15.3 percent (SAR 118.7 billion), increasing by 15.2 percent. Imports of other goods came fourth with a share of 14.7 percent (SAR 113.9 billion), increasing by 8.0 percent. Imports of foodstuffs came fifth with a share of 13.6 percent (SAR 105.7 billion), decreasing by 5.7 percent from the preceding year. Imports of Base Metals and Metal Articles came sixth with a share of 8.9 percent (SAR 69.0 billion), increasing by 3.0 percent. Imports of wood and jewelry came next in seventh place with a share of 5.2 percent (SAR 40.2 billion), rising by 13.4 percent. Imports of textiles and clothing came last with a share of 3.1 percent (SAR 24.0 billion), increasing by 0.2 percent from the preceding year.

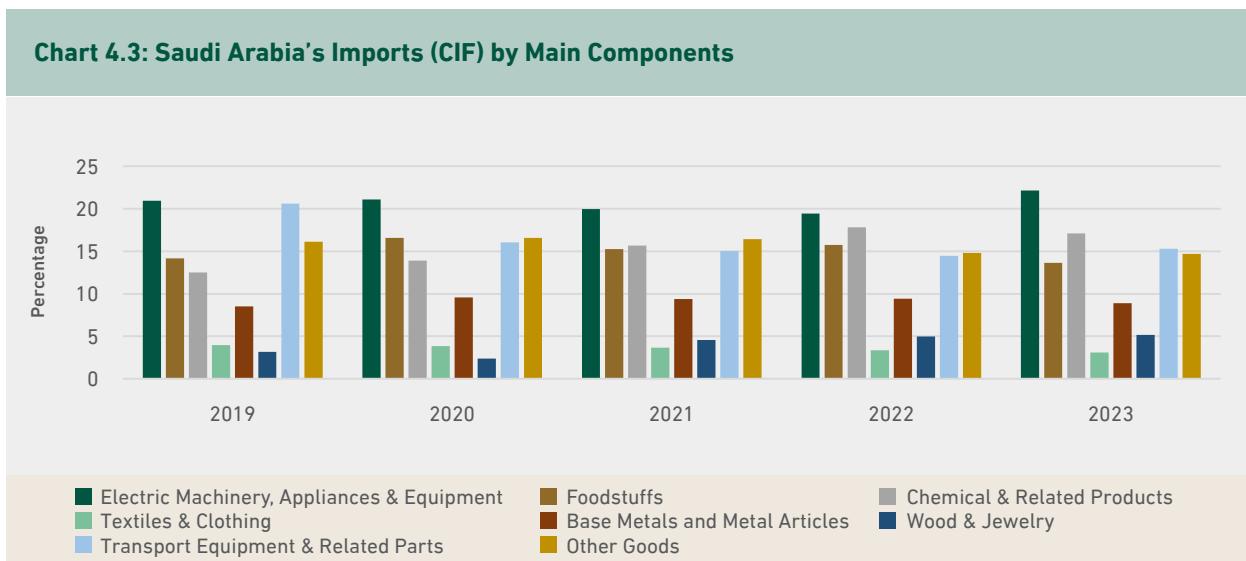
Table 4.2: Saudi Arabia's Imports (CIF)

By Main Components

	Million SAR			Share (%)			Change (%)
	2021	2022	2023	2021	2022	2023	
Electric Machinery, Appliances & Equipment	114,500	138,267	171,923	20.0	19.4	22.2	24.3
Foodstuffs	87,529	112,048	105,681	15.3	15.7	13.6	-5.7
Chemical & Related Products	89,891	126,859	132,632	15.7	17.8	17.1	4.6
Textiles & Clothing	21,060	23,942	24,001	3.7	3.4	3.1	0.2
Base Metals and Metal Articles	53,735	67,029	69,027	9.4	9.4	8.9	3.0
Wood & Jewelry	26,199	35,442	40,201	4.6	5.0	5.2	13.4
Transport Equipment & Related Parts	86,201	102,996	118,665	15.0	14.5	15.3	15.2
Other Goods	94,070	105,455	113,894	16.4	14.8	14.7	8.0
Total	573,185	712,038	776,024	100.0	100.0	100.0	9.0

Source: GASTAT. The figures in this table are rounded to the nearest decimal point.

Chart 4.3: Saudi Arabia's Imports (CIF) by Main Components



Source: GASTAT.

Destination of Exports and Origin of Imports

The destination of exports and origin of imports is classified into four groups. The first group comprises the top five non-Arab countries. The second group comprises the GCC member countries, the third comprises non-GCC Arab countries. Finally, the fourth comprises the rest of the world (Table 4.3).

Destination of Exports

Saudi Arabia's exports to the top five non-Arab countries decreased by 24.0 percent to SAR 600.2 billion in 2023, representing a share of 50.0 percent of total exports. Exports to China ranked first (SAR 199.3 billion) with a share of 16.6 percent of total exports, decreasing by 20.2 percent over the preceding year. Exports to Japan ranked second with a share of 10.2 percent (SAR 121.8 billion), declining by 20.3 percent from the preceding year, followed by India with a share of 9.4 percent (SAR 113.4 billion), declining by 27.9 percent. Exports to Republic of Korea came fourth with a share of 8.9 percent (SAR 107.2 billion), falling by 24.6 percent. Exports to the United States ranked fifth with a share of 4.9 percent (SAR 58.5 billion) of total exports, declining by 32.9 percent from the preceding year. Chart 4.4A shows the destinations of Saudi Arabia's exports in 2023.

Saudi Arabia's exports to the GCC countries declined by 3.7 percent to around SAR 130.3 billion in 2023, accounting for 10.9 percent of total exports. Exports to other Arab countries decreased by 38.2 percent to SAR 71.1 billion, accounting for 5.9 percent of total exports. Furthermore, exports to other countries dropped by 20.7 percent to SAR 398.5 billion, with a share of 33.2.

Origin of Imports

Detailed data on total imports indicate that imports from the top five non-Arab exporting countries to Saudi Arabia increased by 10.6 percent to around SAR 341.6 billion in 2023, with a share of 44.0 percent of Saudi Arabia's total imports. Imports from China ranked first, with a share of 20.9 percent (SAR 162.6 billion) of Saudi Arabia's total imports, increasing by 8.9 percent over the preceding year. Imports from the United States came second with a share of 9.1 percent (SAR 70.6 billion), rising by 8.6 percent over the preceding year. Imports from India followed with a share of 5.6 percent (SAR 43.6 billion), increasing by 10.3 percent. Imports from Germany came fourth with a share of 4.4 percent (SAR 34.2 billion), rising by 14.1 percent. Imports from Japan came fifth with a share of 4.0 percent (SAR 30.7 billion), increasing by 21.8 percent over the preceding year.

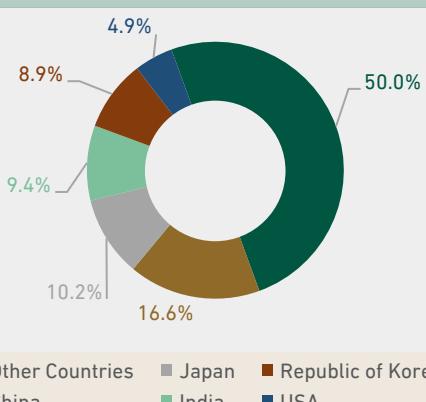
Saudi Arabia's imports from GCC countries recorded a slight rise of 0.6 percent to SAR 78.2 billion in 2023, accounting for 10.1 percent of total imports. In addition, imports from other Arab countries dropped by 15.8 percent to SAR 32.1 billion, constituting 4.1 percent of total imports. Imports from the rest of the world rose by 12.9 percent to SAR 324.1 billion, accounting for 41.8 percent of total imports. Chart 4.4B shows Saudi Arabia's imports by origin in 2023.

Table 4.3: Destination of Exports and Origin of Imports (CIF)*

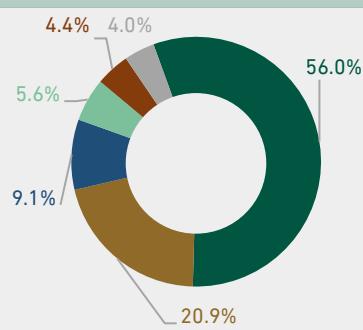
	Million SAR		Share (%)		Change (%)
	2022	2023	2022	2023	
Exports					
China	249,926	199,331	16.2	16.6	-20.2
Japan	152,890	121,831	9.9	10.2	-20.3
India	157,187	113,354	10.2	9.4	-27.9
Republic of Korea	142,159	107,208	9.2	8.9	-24.6
USA	87,117	58,495	5.6	4.9	-32.9
Total of the Top five Countries	789,280	600,220	51.2	50.0	-24.0
GCC Countries	135,341	130,281	8.8	10.9	-3.7
Other Arab Countries	114,925	71,061	7.5	5.9	-38.2
Other Countries	502,395	398,507	32.6	33.2	-20.7
Total Exports	1,541,941	1,200,069	100.0	100.0	-22.2
Imports					
China	149,252	162,550	21.0	20.9	8.9
USA	65,002	70,584	9.1	9.1	8.6
India	39,509	43,570	5.5	5.6	10.3
Germany	30,000	34,219	4.2	4.4	14.1
Japan	25,195	30,693	3.5	4.0	21.8
Total of the Top Five Countries	308,959	341,617	43.4	44.0	10.6
GCC Countries	77,704	78,158	10.9	10.1	0.6
Other Arab Countries	38,165	32,122	5.4	4.1	-15.8
Other Countries	287,210	324,128	40.3	41.8	12.9
Total Imports	712,038	776,024	100.0	100.0	9.0

*Including re-exports.

Source: GASTAT. The figures in this table are rounded to the nearest decimal point.

Chart 4.4A: Destination of Exports in 2023

Source: GASTAT.

Chart 4.4B: Saudi Arabia's Imports by Origin in 2023

Source: GASTAT.

Balance of Payments

I. Current Account

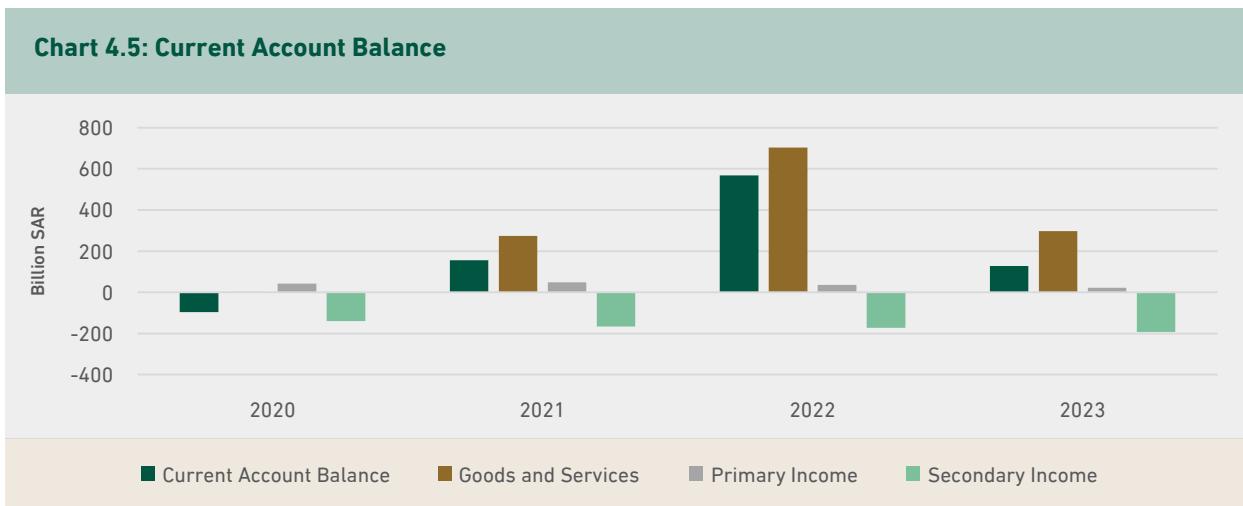
Preliminary estimates of Saudi Arabia's balance of payments for 2023 indicate that the current account recorded a surplus of about SAR 127.8 billion or 3.2 percent of GDP compared to a surplus of around SAR 568.2 billion in 2022. This was due to a decrease of 57.7 percent in the surplus of goods & services account, a decrease of 39.3 percent in the surplus of net primary income account; and an increase of 11.8 percent in the deficit of net secondary income account (Table 4.4). Chart 4.5 shows the changes in the current account balance and its major items during the period 2020-2023.

Table 4.4: Balance of Payments

	Million SAR				Change (%)
	2020	2021	2022*	2023**	
I: Current Account Balance	-95,802	156,443	568,195	127,764	-77.5
A. Goods & Services	2,491	273,698	703,756	297,785	-57.7
1. Goods	179,791	511,738	882,346	475,904	-46.1
Exports	651,990	1,035,744	1,542,051	1,209,232	-21.6
Imports	472,199	524,006	659,705	733,328	11.2
2. Services	-177,300	-238,041	-178,590	-178,119	-0.3
Credit	33,690	38,637	130,003	181,920	39.9
Debit	210,990	276,678	308,593	360,040	16.7
B. Primary Income	42,058	48,358	36,032	21,883	-39.3
Credit	81,470	99,347	97,348	108,613	11.6
Debit	39,412	50,989	61,316	86,730	41.4
C. Secondary Income	-140,351	-165,612	-171,593	-191,904	11.8
Credit	0	0	0	0	--
Debit	140,351	165,612	171,593	191,904	11.8
II: Capital Account	-6,917	-14,408	-14,691	-24,798	68.8
III. Financial Account	-90,887	134,862	477,589	75,556	-84.2
1. Direct Investment	14,211	5,857	-4,100	14,071	--
Net Acquisition of Financial Assets	20,291	92,527	101,107	60,267	-40.4
Net Incurrence of Liabilities	6,080	86,670	105,207	46,196	-56.1
2. Portfolio Investments	88,838	139,209	133,200	158,810	19.2
Net Acquisition of Financial Assets	200,820	199,673	180,832	257,716	42.5
Net Incurrence of Liabilities	111,982	60,464	47,631	98,906	107.6
3. Other Investments	-21,735	-16,634	331,687	-11,290	--
Net Acquisition of Financial Assets	1,795	80,926	293,744	50,206	-82.9
Net Incurrence of Liabilities	23,530	97,560	-37,943	61,496	--
4. Reserve Assets	-172,202	6,430	16,801	-86,035	--
Errors & Omissions	11,832	-7,173	-75,915	-27,411	-63.9

*Preliminary data. **Estimates.

Source: Saudi Central Bank. The figures in this table are rounded to the nearest decimal point.



Source: GASTAT.

A. Goods and Services

1. Goods

The surplus of the goods account fell by 46.1 percent to around SAR 475.9 billion in 2023 compared to a surplus of about SAR 882.3 billion in 2022. This decline was due to a decrease of 21.6 percent to about SAR 1,209.2 billion in total commodity exports (including oil and other exports) compared to about SAR 1,542.1 billion in the preceding year, as well as a rise of 11.2 percent to SAR 733.3 billion in imports (FOB)³ against SAR 659.7 billion in 2022.

2. Services

The deficit in services account decreased slightly by 0.3 percent to around SAR 178.1 billion in 2023 compared to a deficit of around SAR 178.6 billion in 2022. This is due to a continuous surplus in the net travel item amounting to about SAR 48.0 billion in 2023 compared to about SAR 34.8 billion in 2022. The deficit in the net government goods and services item (not listed elsewhere) decreased by 32.5 percent to around SAR 27.4 billion in 2023 compared to a deficit of about SAR 40.5 billion in 2022. The deficit in the net financial services item account also dropped by 66.5 percent to around SAR 1.7 billion in 2023 compared to a deficit of around SAR 5.1 billion in 2022. In addition, the deficit in the net telecommunication item decreased by 4.5 percent to about SAR 2.8 billion in 2023 from around SAR 2.9 billion in the preceding year. On the other hand, the deficit in the net transportation services item rose by 10.1 percent to around SAR 75.4 billion from about SAR 68.5 billion in the preceding year. In addition, the deficit in the net other services item rose by 22.6 percent to around SAR 67.8 billion compared to about SAR 55.3 billion in 2022. The deficit in the net construction services item also increased by 17.2 percent to about SAR 36.0 billion from about SAR 30.7 billion in 2022. Finally, the deficit in the net insurance and pensions item rose by 44.7 percent to around SAR 15.0 billion from about SAR 10.4 billion in 2022.

³ The value of commodity imports excludes the cost of shipping and insurance.
FOB: Free on Board.

B. Primary Income

According to the estimates of the balance of payments, the surplus in the net primary income account decreased by 39.3 percent to about SAR 21.9 billion in 2023 compared to around SAR 36.0 billion in the preceding year due to a fall in the surplus in net investment income by 38.2 percent. This was attributed to the drop in net direct investment item by 52.8 percent to SAR 9.5 billion from about SAR 20.1 billion in the preceding year, in addition to the decline in net portfolio investments by 15.3 percent to about SAR 10.0 billion compared to SAR 11.8 billion in the preceding year.

The surplus in net other investment income also decreased to about SAR 3.4 billion compared to about SAR 5.1 billion in the preceding year. On the other hand, the deficit in net workers' compensation rose by 2.7 percent to around SAR 946 million, over SAR 921 million in the preceding year.

C. Secondary Income

The deficit in the secondary income account increased by 11.8 percent to SAR 191.9 billion in 2023 compared to a deficit of SAR 171.6 billion in the preceding year, owing to an increase in general government transfers to SAR 36.5 billion from around SAR 9.5 in the preceding year. However, workers' remittances fell by 2.5 percent to SAR 141.9 billion. Table 4.5 illustrates the developments in workers' remittances in Saudi Arabia and their ratio to non-oil activities GDP since 2014.

Table 4.5: Workers' Remittances in Saudi Arabia

Year	Value (Million SAR)	Change (%)	Ratio of Remittances to GDP Non-Oil Activities
2014	134,995	5.7	10.6
2015	141,785	5.0	10.4
2016	138,746	-2.1	9.9
2017	132,518	-4.5	9.2
2018	123,637	-6.7	8.5
2019	113,573	-8.1	7.5
2020	128,768	13.4	8.8
2021	149,300	15.9	9.4
2022*	145,563	-2.5	8.3
2023**	141,862	-2.5	7.5

*Preliminary data. **Estimates.

Source: Saudi Central Bank & nominal non-oil GDP data issued by GASTAT. The figures in this table are rounded to the nearest decimal point.

II. Capital Account

The capital account registered an outflow of around SAR 24.8 billion in 2023 against an outflow of around SAR 14.7 billion in the preceding year.

III. Financial Account

The net financial account registered an outflow of SAR 75.6 billion in 2023 compared to an outflow of around SAR 477.6 billion in the preceding year. This was due to an outflow of around SAR 14.1 billion in net direct investments in 2023 and an outflow of SAR 158.8 billion in net portfolio investments. On the other hand, net other investments recorded an inflow of SAR 11.3 billion, and reserve assets also recorded a decrease of SAR 86.0 billion.

International Investment Position (IIP)

The net IIP declined by 0.1 percent to SAR 2.94 trillion at the end of 2023, down from SAR 2.95 trillion at the end of 2022 (Table 4.6). This change was due to changes in the following components:

Direct Investment

Net direct investment abroad recorded an increase of 8.9 percent to about SAR 764.1 billion at the end of 2023. Net direct investment in Saudi Arabia also increased by 6.1 percent to SAR 808.2 billion compared to the end of the previous year.

Portfolio Investments

Net portfolio investments abroad recorded an increase of 16.4 percent to SAR 1.70 trillion at the end of 2023. Similarly, net portfolio investments in Saudi Arabia rose by 19.0 percent to SAR 974.5 billion compared to the end of the preceding year.

Other Investments

Net other investments abroad grew by 3.8 percent to around SAR 1.25 trillion at the end of 2023. In addition, net other investments in Saudi Arabia increased by 11.6 percent to about SAR 625.3 billion compared to the end of the preceding year.

Reserve Assets

Reserve assets decreased by 5.0 percent to SAR 1.64 trillion at the end of 2023 compared to 2022.

Table 4.6: International Investment Position

	Million SAR			Change (%)
	2021	2022*	2023**	
I: Assets	4,680,980	5,089,341	5,352,002	5.2
1. Direct Investment Abroad	580,024	701,505	764,131	8.9
2. Investments Portfolio	1,451,540	1,462,220	1,702,106	16.4
3. Other Investments	941,777	1,201,176	1,247,360	3.8
4. Reserve Assets	1,707,639	1,724,440	1,638,405	-5.0
II: Liabilities	2,020,579	2,141,622	2,407,972	12.4
1. Direct Investment in Saudi Arabia	658,932	762,017	808,214	6.1
2. Investments Portfolio	773,946	819,233	974,483	19.0
3. Other Investments	587,701	560,372	625,275	11.6
III. Net International Investment Position	2,660,401	2,947,719	2,944,030	-0.1

*Preliminary data. **Estimates.

Source: Saudi Central Bank. The figures in this table are rounded to the nearest decimal point.

Total External Debt

Saudi Arabia's total external debt⁴ was SAR 1,124.1 billion at the end of 2023 compared to SAR 989.8 billion at the end of 2022.

Saudi Development Assistance and Loans Abroad

Saudi aid, loans and contributions abroad reached around SAR 267.9 billion during 2018-2023. Aid and loans constituted 93.8 percent (SAR 251.2 billion) of the total. Total contributions to associations and organizations amounted to SAR 16.6 billion accounted 6.2 percent of the total. Contributions and aid extended in 2023 constituted the bulk of the total during the period under review, amounting to SAR 72.3 billion and rising by 30.3 percent in compared to 2022.

Key Foreign Trade International Agreements

A. Free Trade Agreement Between GCC Countries and the Islamic Republic of Pakistan

The joint statement on initialing the Free Trade Agreement (FTA) between GCC countries and the Islamic Republic of Pakistan was signed on 28 September 2023. The FTA aims to enhance bilateral trade between GCC countries and Pakistan by removing or reducing customs duties on goods and freeing and facilitating access to interoperable services. This FTA is the third of its kind for GCC countries after the agreement with Singapore in 2008 and with the EFTA Association in 2009. It is also the first agreement including a chapter specifically on investment in FTAs for GCC countries. The most prominent benefit of the FTA is the duty-free entry of most national goods of GCC countries into Pakistan, in addition to the protection of GCC investments in Pakistan.

⁴ Including foreign government debt and other sectors' debt.

B. Free Trade Agreement Between GCC Countries and the Republic of Korea

The joint statement to finalize negotiations and conclude the Free Trade Agreement between GCC countries and the Republic of Korea was signed on 28 December 2023 in the Korean capital, Seoul. This FTA aims to promote intra-trade between GCC countries and the Republic of Korea by eliminating and reducing customs duties on goods, as well as freeing and facilitating access to interoperable services. The FTA comprised 18 chapters, including trade of goods and services, digital trade, dispute settlement, intellectual property, competition, small and medium enterprises, trade remedies, rules of origin, customs procedures, general cooperation, and future negotiations regarding the investment chapter. Under the FTA, the Republic of Korea will eliminate customs tariffs on approximately 89.9 percent of all items of goods imported from GCC countries. The most prominent Saudi sectors benefiting from this FTA are the chemicals sector and the solid metals sector.

5

Monetary and Banking Sector



Monetary and Banking Sector

Monetary Developments

SAMA has continued to enforce a monetary policy that helps maintaining monetary stability and supports financial sector stability and economic growth in line with local and global economic developments. 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 per its monetary stability mandate, SAMA's Monetary Policy Committee raised the policy rate by 25 basis points four times during 2023. The repo rate and the reverse repo rate stood at around 6.0 percent and 5.5 percent, respectively, at the end of 2023. Average daily reverse repo transactions declined by approximately SAR 43 billion in 2022 to SAR 27.1 billion in 2023.

Money Supply Growth

Broad money (M3), which comprises currency in circulation and aggregate bank deposits, continued to increase in 2023. It recorded a growth of nearly 7.6 percent (SAR 190.0 billion) to stand at SAR 2,685.3 billion compared to an increase of nearly 8.1 percent (SAR 186.6 billion) in 2022. Bank deposits, which represented 92.1 percent of M3, increased by 7.8 percent (SAR 178.1 billion) in 2023 compared to an increase of 9.1 percent (SAR 191.0 billion) in 2022. Currency in circulation also grew by around 6.0 percent (SAR 11.9 billion) in 2023 compared to a decline of 2.2 percent (SAR 4.4 billion) in 2022.

A breakdown of bank deposits shows that demand deposits constituted the largest share of M3, standing at 48.9 percent in 2023 compared to 53.2 percent in 2022. On the other hand, time and savings deposits increased, accounting for 32.2 percent in 2023 compared to around 26.2 percent in 2022. Other quasi-monetary deposits—which include residents' foreign currency deposits, deposits against outstanding letters of credit (LCs), guarantees and remittances, and banks' repo transactions with the private sector—recorded a decrease of 11.1 percent in 2023 compared to 12.5 percent in 2022 (Tables 5.1, 5.2, and 5.3, Charts 5.1 and 5.2).

Table 5.1: Money Supply

End of Year	Currency in Circulation	Demand Deposits	(M1)	Time & Savings Deposits	(M2)	Other Quasi-Money Deposits*	(Million SAR)
			(2+1)		(4+3)		(6+5)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
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
2022	199,966	1,328,160	1,528,126	654,764	2,182,890	312,482	2,495,372
2023	211,885	1,312,330	1,524,215	864,069	2,388,285	297,059	2,685,343

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

Source: Saudi Central Bank. The figures appearing in this table are rounded to the nearest decimal point.

Table 5.2: Money Supply Growth Rates and Components

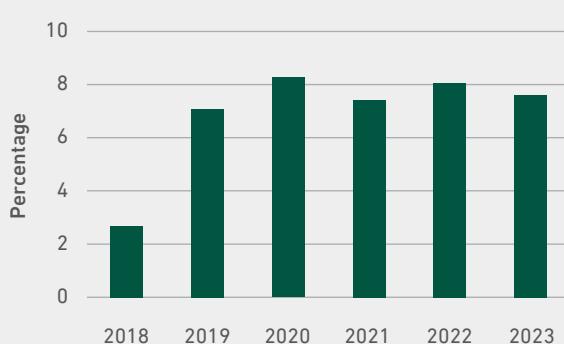
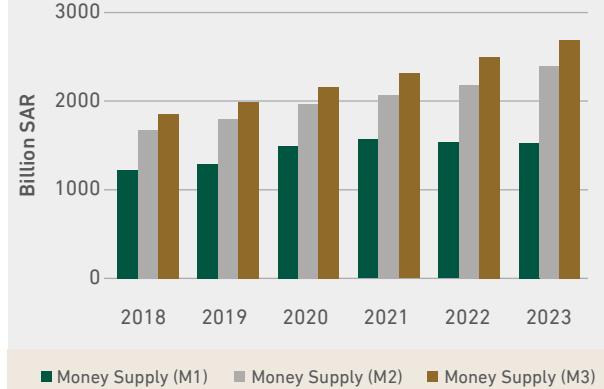
End of Year	Currency in Circulation	Demand Deposits	(M1)	Time & Savings Deposits	(M2)	Other Quasi-Money Deposits*	(Percentage)
			(M3)				
2018	4.70	3.81	3.94	-2.45	2.16	7.55	2.69
2019	5.01	5.62	5.53	13.24	7.58	2.81	7.09
2020	9.05	16.69	15.57	-5.52	9.66	-4.48	8.27
2021	-0.93	6.04	5.08	4.51	4.94	33.57	7.42
2022	-2.15	-2.35	-2.32	32.19	5.98	25.49	8.08
2023	5.96	-1.19	-0.26	31.97	9.41	-4.94	7.61

Source: Saudi Central Bank. The figures appearing in this table are rounded to the nearest decimal point.

Table 5.3: Money Supply Components

	2019	2020	2021	2022	2023	(Percentage in M3: End of Year)
Currency in Circulation	9.5	9.6	8.9	8.0	7.9	
Total Deposits	90.5	90.4	91.1	92.0	92.1	
Demand Deposits	55.4	59.7	58.9	53.2	48.9	
Time & Savings Deposits	25.3	22.1	21.5	26.2	32.2	
Other Quasi-Money Deposits	9.8	8.7	10.8	12.5	11.1	
Money Supply (M3)	100.0	100.0	100.0	100.0	100.0	

Source: Saudi Central Bank. The figures appearing in this table are rounded to the nearest decimal point.

Chart 5.1: Growth Rates of Money Supply (M3)**Chart 5.2: Components of Money Supply**

Source: Saudi Central Bank.

Source: Saudi Central Bank.

As for the other monetary aggregates, M1 (which comprises money in circulation and demand deposits) recorded a slight decrease of nearly 0.3 percent (SAR 3.9 billion) in 2023 compared to a decline of 2.3 percent (SAR 36.3 billion). The share of demand deposits in M1 stood at 86.1 percent. Moreover, M2 (comprising M1 plus time and savings deposits) grew by 9.4 percent (SAR 205.4 billion) in 2023 against an increase of 6.0 percent (SAR 123.1 billion) in 2022. The ratio of M1 to M3 declined from 61.2 percent in 2022 to 56.8 percent in 2023. In contrast, the ratio of M2 to M3 rose to around 88.9 percent in 2023 compared to 87.5 percent in 2022 (Table 5.4).

Table 5.4: Monetary Ratios

Period	M1/ M3	M2/ M3	(Percentage)
2018	65.9	89.8	
2019	64.9	90.2	
2020	69.3	91.3	
2021	67.8	89.2	
2022	61.2	87.5	
2023	56.8	88.9	

Source: Saudi Central Bank. The figures appearing in this table are rounded to the nearest decimal point.

Monetary Base and Money Multiplier

The 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 around 3.5 percent (SAR 12.8 billion) to SAR 376.9 billion in 2023 compared to a rise of 2.2 percent (SAR 7.9 billion) in 2022.

The share of currency in circulation in the monetary base stood at 56.2 percent in 2023 compared to 54.9 percent in 2022. The share of commercial banks' deposits with SAMA in the monetary base stood at 37.7 percent in 2023 compared to 37.3 percent in the preceding year. The share of public financial institutions' deposits with SAMA in the monetary base amounted to about 0.03 percent in 2023 compared to 1.6 percent in 2022. The money multiplier⁵ stood at about 7.1 in 2023 compared to about 6.9 percent in 2022 (Table 5.5 and Chart 5.3).

Table 5.5: Monetary Base and Money Multiplier

	2020	2021	2022	2023
Money Multiplier	6.1	6.5	6.9	7.1
Monetary Base (Million SAR)				
Currency in Circulation	206,284	204,366	199,966	211,885
Cash in Vault	27,384	23,131	22,483	22,870
Deposits with SAMA: Local Banks' Deposits	118,539	128,335	135,862	142,042
Deposits with SAMA: Public Financial Institutions' Deposits	444	444	5,845	118
Total	352,651	356,276	364,156	376,914

Source: Saudi Central Bank. The figures appearing in this table are rounded to the nearest decimal point.

⁵ Money multiplier: The ratio of broad money (M3) to the monetary base.

Chart 5.3: Monetary Base and Money Multiplier



Source: Saudi Central Bank.

Seasonal Trends of Currency in Circulation

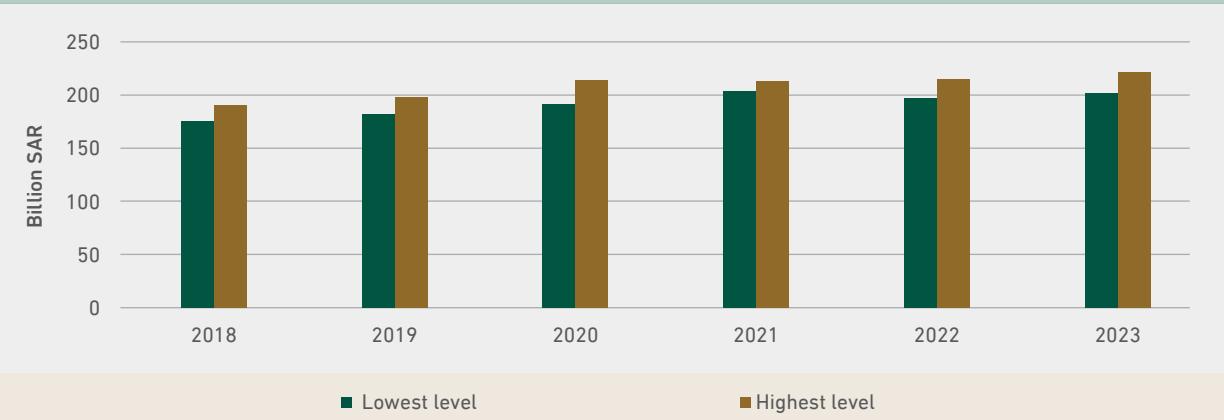
Currency in circulation typically records its highest levels during Ramadan, Eid al-Fitr, and the Hajj season, which is observable in the time series data on currency in circulation. Currency in circulation reached its peak of SAR 220.8 billion on June 30, 2023 (Dhul-Hijjah 12, 1444H) and recorded its lowest level of SAR 201.2 billion on February 28, 2023 (Sha'ban 8, 1444H) (Table 5.6 and Chart 5.4).

Table 5.6: 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	Amount (Million SAR)	End of Gregorian Month	Corresponding Hijri Date	Amount (Million SAR)
6/2018	16/10/1439	189,877	1/2018	14/5/1439	175,134
5/2019	26/9/1440	196,878	1/2019	25/5/1440	181,105
5/2020	8/10/1441	213,586	1/2020	6/6/1441	190,963
5/2021	19/10/1442	212,186	11/2021	25/4/1443	202,564
4/2022	29/9/1443	214,121	11/2022	6/5/1444	196,724
6/2023	12/12/1444	220,841	2/2023	8/8/1444	201,216

Source: Saudi Central Bank. The figures appearing in this table are rounded to the nearest decimal point.

Chart 5.4: Seasonal Trends of Currency in Circulation



Source: Saudi Central Bank.

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 system to understand changes. The 2023 monetary survey indicated an increase in the assets of the banking system by nearly 3.2 percent (SAR 149.0 billion) to SAR 4,812.9 billion compared to an increase of 8.9 percent (SAR 381.0 billion) in 2022.

Net foreign assets decreased by 7.4 percent (SAR 129.0 billion) to nearly SAR 1,607.1 billion in 2023 compared to an increase of 3.8 percent (SAR 63.1 billion) in 2022. This was due to a decrease of around 49.2 percent (SAR 41.5 billion) in net foreign assets of commercial banks and a decrease of around 5.3 percent (SAR 87.6 billion) in net foreign assets of SAMA as compared to increases of nearly 182.7 percent (SAR 54.5 billion) and 0.5 percent (SAR 8.6 billion) in net foreign assets of commercial banks and SAMA, respectively in 2022.

In contrast, bank claims on the private sector rose by 10.0 percent (SAR 229.2 billion) in 2023 compared to an increase of 12.6 percent (SAR 255.5 billion) in 2022. Bank claims on the government rose by around 5.9 percent (SAR 30.0 billion) in 2023 compared to a rise of 6.1 percent (SAR 29.5 billion) in 2022. In addition, bank claims on public non-financial institutions rose by around 14.7 percent (SAR 18.8 billion) in 2023 compared to an increase of 34.5 percent (SAR 32.8 billion) in 2022 (Table 5.7).

Table 5.7: Monetary Survey* (End of Year)

	(Million SAR)				
	2019	2020	2021	2022	2023
Assets					
Net Foreign Assets	1,923,100	1,752,315	1,672,954	1,736,098	1,607,054
SAMA	1,852,626	1,684,317	1,643,109	1,651,738	1,564,177
Commercial Banks	70,475	67,998	29,846	84,360	42,878
Domestic Credit	1,991,837	2,279,967	2,609,908	2,927,741	3,205,804
Banks' Claims on the Private Sector	1,546,519	1,762,440	2,034,085	2,289,581	2,518,786
Banks' Claims on the Government	383,672	438,370	480,750	510,298	540,315
Banks' Claims on Public Sector Non-Financial Institutions	61,646	79,158	95,073	127,862	146,703
Total	3,914,938	4,032,283	4,282,862	4,663,838	4,812,859
Liabilities					
Money Supply (M3)	1,985,139	2,149,267	2,308,820	2,495,372	2,685,343
Government Deposits**	622,945	585,029	537,715	594,092	451,858
Other Items (Net)	1,306,853	1,297,987	1,436,327	1,574,374	1,675,658
Total	3,914,938	4,032,283	4,282,862	4,663,838	4,812,859
(Percent Change)					
Net Foreign Assets	-1.7	-8.9	-4.5	3.8	-7.4
Domestic Credit	10.4	14.5	14.5	12.2	9.5
Banks' Claims on the Private Sector	7.0	14.0	15.4	12.6	10.0
Banks' Claims on the Government	25.7	14.3	9.7	6.1	5.9
Banks' Claims on Public Sector Non-Financial Institutions	14.7	28.4	20.1	34.5	14.7
Money Supply (M3)	7.1	8.3	7.4	8.1	7.6
Government Deposits**	-8.6	-6.1	-8.1	10.5	-23.9
Other Items (Net)	6.6	-0.7	10.7	9.6	6.4

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

Source: Saudi Central Bank. The figures appearing in this table are rounded to the nearest decimal point.

Interest Rate Trends

The average three-month Saudi Interbank Offered Rate (SAIBOR) rose by around 281 basis points to 5.93 percent in 2023 compared to 3.13 percent in 2022. Similarly, the average three-month interest rate on USD deposits increased by 288 basis points from 2.38 percent in 2022 to 5.26 percent in 2023. Thus, the interest rate spread (the differential between the two average rates) increased to approximately 67 basis points in 2023 in favor of the Saudi riyal compared to 74 basis points in 2022. These developments were attributed to the global monetary policy tightening during 2023 (Table 5.8 and Chart 5.5).

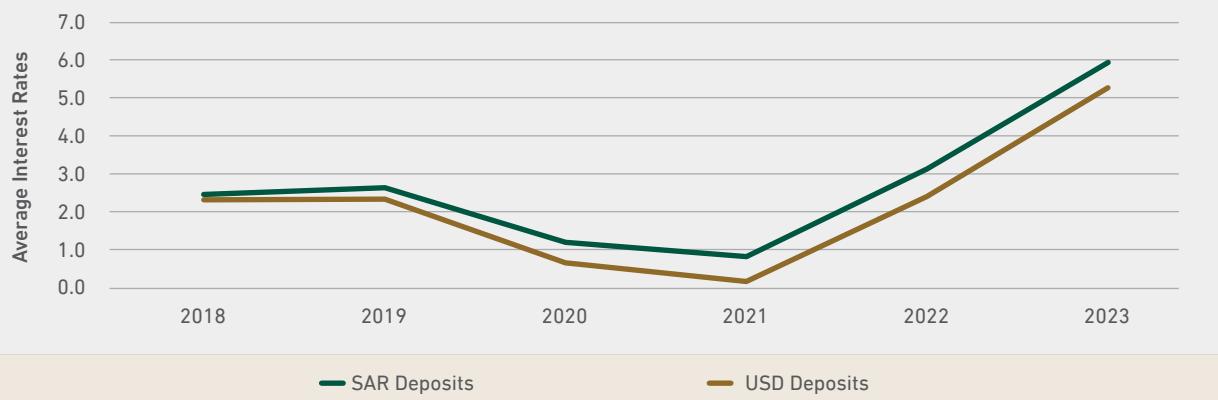
Table 5.8: Interest Rates on SAR and USD Deposits*

Year	(3-Month Average Rates)		
	SAR Deposits**	USD Deposits***	Difference Between Interest Rates
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
2022	3.13	2.38	0.74
2023	5.93	5.26	0.67

*SAIBOR. **Reflects Saudi Arabian Interbank Offered Rate (SAIBOR) ***As of July 2023, unsecured USD Interest Rate Benchmarks (LIBOR) officially ceased publication and was replaced with Secured Overnight Financing Rate (SOFR) as a new measurement of USD interest rate benchmarks based on international developments.

Source: Bloomberg. The figures appearing in this table are rounded to the nearest decimal point.

Chart 5.5: Interest Rates on SAR and USD Deposits (3-Month Average Rates)



Source: Bloomberg.

Exchange Rate Trends

SAMA maintained its US dollar-pegged monetary policy, which aims at maintaining the stability of the Saudi riyal exchange rate to serve the interests of the Saudi economy. It should be noted that the Saudi riyal exchange rate averaged approximately SAR 3.7518 per US dollar in 2023 compared to approximately SAR 3.7547 in the preceding year. The highest exchange rate recorded in 2023 was 3.7499, and the lowest was SAR 3.7597 (Table 5.9).

Table 5.9: Indicators of USD/SAR Exchange Rate in the Spot Market

Year	Lowest	Highest	Average Rate (For the Entire Period)
2018	3.7533	3.7497	3.7506
2019	3.7561	3.7497	3.7506
2020	3.7665	3.7501	3.7530
2021	3.7560	3.7499	3.7509
2022	3.7650	3.7498	3.7547
2023	3.7597	3.7499	3.7518

Source: Bloomberg.

Banking Sector

Commercial banks continued maintaining their resilient financial position in 2023. SAMA's supervision of the banking sector has strengthened sector stability, enhanced public confidence, and improved banking services, thereby contributing to achieving the objectives of Saudi Vision 2030. The good performance of commercial banks was reflected in their improved general activities and enhanced financial position. Banks' total assets increased by 9.3 percent, bank deposits by 7.8 percent, and profits by 11.7 percent.

Consolidated Financial Position of Commercial Banks

The consolidated financial position of commercial banks indicates the continued resilience of the banking sector in 2023. Total assets of commercial banks recorded an increase of 9.3 percent (SAR 336.1 billion) to nearly SAR 3,957.0 billion compared to a growth of 10.5 percent (SAR 343.1 billion) in 2022 (Table 5.10).

Table 5.10: Consolidated Financial Position of Commercial Banks (End of Period)

	2019	2020	2021	2022	(Million SAR)
Assets					
Bank Reserves	239,375	288,177	205,569	202,417	205,665
Foreign Assets	243,629	250,064	255,572	286,890	317,581
Claims on the Public Sector	445,318	517,527	575,822	638,160	687,018
Claims on the Private Sector	1,546,519	1,762,440	2,034,085	2,289,581	2,518,786
Claims on Non-Financial Institutions	1,398	1,419	368	973	1,226
Other Assets	154,888	159,998	206,430	202,929	226,748
Total Assets (liabilities)	2,631,128	2,979,625	3,277,846	3,620,949	3,957,024
Liabilities					
Bank Deposits	1,795,979	1,942,984	2,104,454	2,295,406	2,473,458
Foreign Liabilities	173,155	182,066	225,727	202,530	274,703
Capital & Reserves	342,976	377,099	419,525	437,728	463,571
Profits	50,315	38,701	53,875	69,272	77,397
Other Liabilities	268,703	438,776	474,266	616,013	667,895

Source: Saudi Central Bank. The figures appearing in this table are rounded to the nearest decimal point.

Bank Deposits

Total bank deposits increased by 7.8 percent (SAR 178.1 billion) to around SAR 2,473.5 billion in 2023 compared to an increase of 9.1 percent (SAR 191.0 billion) in 2022 (Table 5.11 and Charts 5.6 and 5.7).

Table 5.11: Bank Deposits (End of Period)

	(Million SAR)				
	2019	2020	2021	2022	2023
I. By Type					
Demand Deposits	1,099,151	1,282,591	1,360,108	1,328,160	1,312,330
Time & Savings Deposits	501,667	473,967	495,334	654,764	864,069
Other Quasi-Monetary Deposits	195,161	186,425	249,011	312,482	297,059
Foreign Currency Deposits	155,039	144,064	200,449	257,553	243,548
Deposits for LCs	24,191	25,973	28,669	39,932	37,826
Repo Transactions*	0	1	0	0	0
Outstanding Remittances	15,931	16,387	19,893	14,996	15,684
II. By Sector					
Private Sector	1,390,494	1,518,294	1,593,191	1,644,217	1,700,901
Public Sector	405,485	424,689	511,263	651,189	772,557
III. By Currency					
Domestic Currency Deposits	1,640,940	1,798,920	1,904,005	2,037,853	2,229,910
Foreign Currency Deposits	155,039	144,064	200,449	257,553	243,548
Total Bank Deposits	1,795,979	1,942,984	2,104,454	2,295,406	2,473,458

*Reflects banks' transactions with the private sector.

Source: Saudi Central Bank. The numbers appearing in the table are rounded to the nearest decimal point.

Chart 5.6: Deposits by Currency



Source: Saudi Central Bank.

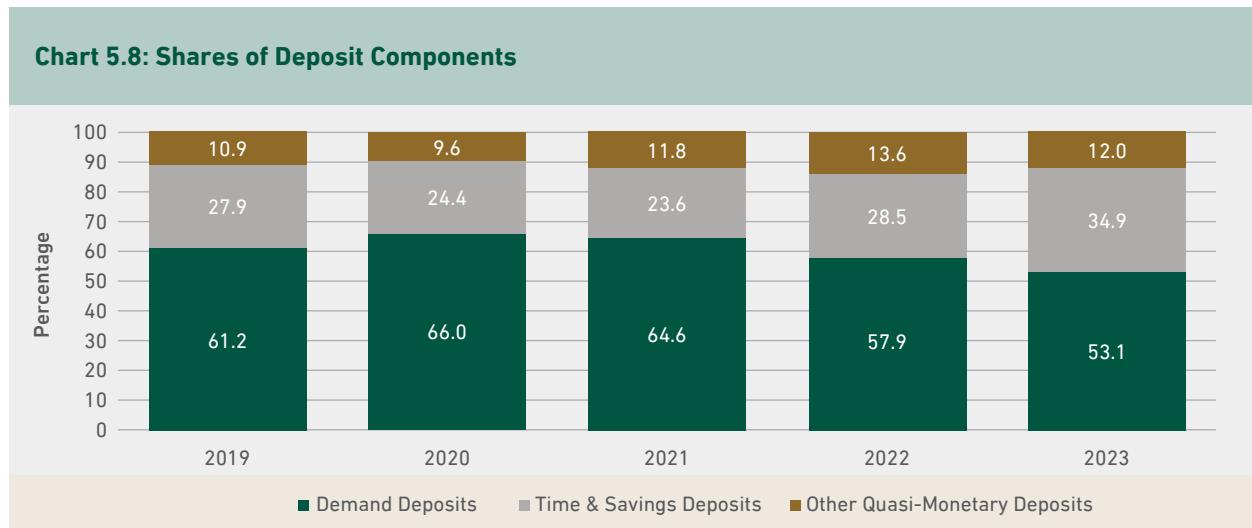
Chart 5.7: Growth Rates of Bank Deposits



Source: Saudi Central Bank.

A review of developments in bank deposits by type shows that demand deposits declined by 1.2 percent (SAR 15.8 billion) to around SAR 1,312.3 billion in 2023 compared to a decline of 2.3 percent (SAR 31.9 billion) in the preceding year. The share of demand deposits in total deposits went down to 53.1 percent in 2023 from 57.9 percent in 2022. On the other hand, time and savings deposits increased by 32.0 percent (SAR 209.3 billion) to around SAR 864.1 billion in 2023 compared to an increase of 32.2 percent (SAR 159.4 billion) in the previous year. Their share in total deposits also increased to 34.9 percent in 2023 compared to 28.5 percent in 2022.

As for other quasi-monetary deposits in 2023, they decreased by 4.9 percent (SAR 15.4 billion) to about SAR 297.1 billion compared to an increase of 25.5 percent (SAR 63.5 billion) in the preceding year. Their share in total deposits also decreased to 12.0 percent from 13.6 percent in 2022 (Chart 5.8).



Source: Saudi Central Bank.

A breakdown of deposits by sector shows that the private sector deposits increased by 3.4 percent (SAR 56.7 billion) to around SAR 1,700.9 billion compared to a rise of 3.2 percent (SAR 51.0 billion) in the preceding year. The share of the private sector deposits in total bank deposits declined to 68.8 percent from 71.6 percent in the preceding year. Moreover, the public sector deposits recorded an increase of 18.6 percent (SAR 121.4 billion) to SAR 772.6 billion in 2023 compared to an increase of 27.4 percent (SAR 139.9 billion) in the preceding year, their share in total deposits also increased from 28.4 percent in 2022 to 31.2 percent in 2023.

A review of developments in bank deposits by currency shows that domestic currency deposits increased by 9.4 percent (SAR 192.1 billion) to about SAR 2,229.9 billion in 2023 compared to an increase of 7.0 percent (SAR 133.8 billion) in the previous year. Their share in total deposits also increased from 88.8 percent in 2022 to 90.2 percent in 2023. In contrast, foreign currency deposits decreased by 5.4 percent (SAR 14.0 billion) to about SAR 243.5 billion in 2023 compared to an increase of 28.5 percent (SAR 57.1 billion) in 2022. The share of foreign currency deposits in total deposits also decreased from 11.2 percent in 2022 to 9.8 percent in 2023.

Bank Claims on the Private and Public Sectors

Total bank claims on the private and public sectors increased by 9.5 percent (SAR 278.1 billion) to nearly SAR 3,205.8 billion in 2023 compared to an increase of 12.2 percent (SAR 317.8 billion) in 2022. Thus, total claims on the private and public sectors in 2023 accounted for 129.6 percent of total bank deposits compared to 127.5 percent in 2022.

Moreover, total bank claims on the private sector rose by 10.0 percent (SAR 229.2 billion) to about SAR 2,518.8 billion in 2023 compared to an increase of 12.6 percent (SAR 255.5 billion) in 2022. This rise was attributed to a growth of 9.7 percent (SAR 215.8 billion) in bank credit to SAR 2,437.0 billion in 2023 compared to a growth of 13.1 percent (SAR 257.1 billion) in 2022. Bank claims on the private sector constituted 101.8 percent of total bank deposits in 2023 compared to 99.7 percent in 2022.

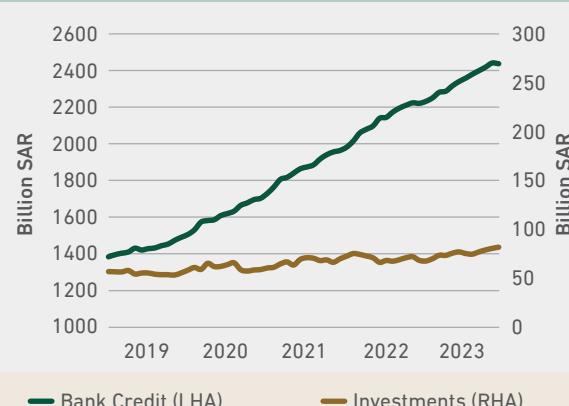
On the other hand, bank claims on the public sector (credit to public institutions and government or quasi-government bonds) increased by 7.7 percent (SAR 48.9 billion) to about SAR 687.0 billion compared to an increase of 10.8 percent (SAR 62.3 billion) in 2022. The increase in bank credit to public institutions by 14.7 percent (SAR 18.8 billion) to about SAR 146.7 billion contributed to the growth of bank claims on the public sector in 2023 compared to a growth of 34.5 percent (SAR 32.8 billion) in 2022. Bank claims on the public sector represented 27.8 percent of total bank deposits in 2023, unchanged from the preceding year (Table 5.12 and Charts 5.9 and 5.10).

Table 5.12: Bank Claims on the Private and Public Sectors (End of Period)

	(Million SAR)					
	2021		2022		2023	
	Amount	(%) Share	Amount	(%) Share	Amount	(%) Share
Claims on the Private Sector	2,034,085	77.94	2,289,581	78.20	2,518,786	78.57
Bank Credit	1,964,147	75.26	2,221,209	75.87	2,436,995	76.02
Loans & Advances	1,948,981	74.68	2,205,600	75.33	2,418,230	75.43
Bills Discounted	15,166	0.58	15,610	0.53	18,765	0.59
Investments in Private Securities	69,938	2.68	68,371	2.34	81,791	2.55
Claims on the Public Sector	575,822	22.06	638,160	21.80	687,018	21.43
Bank Credit to Public Institutions	95,073	3.64	127,862	4.37	146,703	4.58
Government Bonds	480,750	18.42	510,298	17.43	540,315	16.85
Total	2,609,908	100.00	2,927,741	100.00	3,205,804	100.00

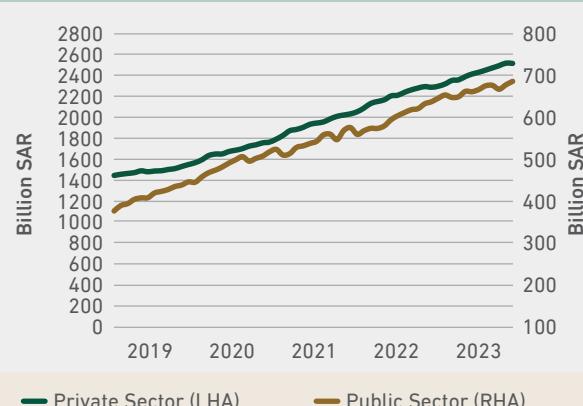
Source: Saudi Central Bank. The figures appearing in this table are rounded to the nearest decimal point.

Chart 5.9: Monthly Bank Claims on the Private Sector



Source: Saudi Central Bank.

Chart 5.10: Monthly Bank Claims by Sector



Source: Saudi Central Bank.

Bank Credit by Maturity

Short-term bank credit extended to the private sector and institutions of the public sector increased by 6.5 percent (SAR 56.5 billion) to nearly SAR 929.9 billion in 2023 compared to a rise of 13.2 percent (SAR 101.8 billion) in 2022. Medium-term credit (1 to 3 years) rose by 37.2 percent (SAR 107.9 billion) to roughly SAR 398.2 billion compared to an increase of 7.8 percent (SAR 21.0 billion) in the preceding year. In addition, long-term credit (more than 3 years) increased by 5.9 percent (SAR 70.2 billion) to around SAR 1,255.5 billion compared to an increase of 16.4 percent (SAR 167.0 billion) in 2022 (Table 5.13).

Table 5.13: Bank Credit by Maturity

End of Period	Short Term	Medium Term	Long Term	(Million SAR) Total
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
2022	873,392	290,353	1,185,326	2,349,071
2023	929,931	398,219	1,255,548	2,583,698

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

Source: Saudi Central Bank. The numbers appearing in the table are rounded to the nearest decimal point.

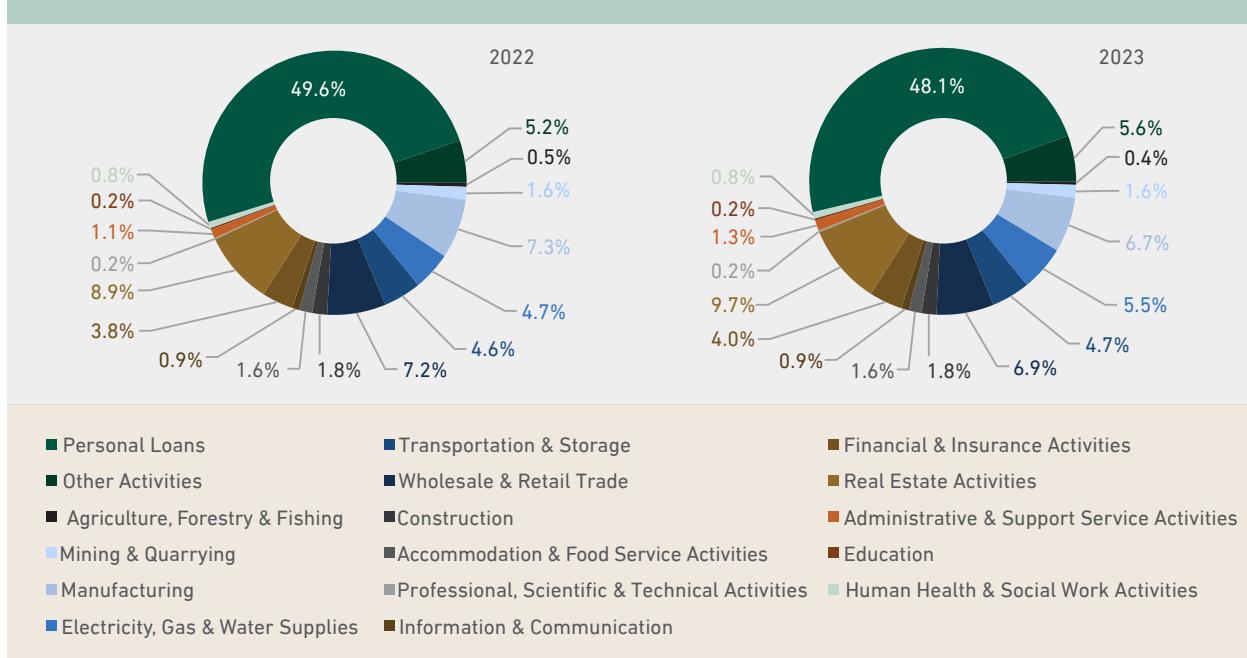
Bank Credit by Economic Activity

A breakdown of bank credit by economic activity during 2023 shows mixed trends. Bank credit extended to personal loans grew by 6.7 percent (SAR 78.1 billion) to SAR 1,243.5 billion compared to a growth of 13.9 percent (SAR 142.4 billion) in the preceding year. Bank credit extended to the real estate activities increased by 19.6 percent (SAR 41.0 billion) to SAR 250.6 billion compared to an increase of 30.7 percent (SAR 49.2 billion) in 2022. Bank credit extended to electricity, gas and water supplies also went up by 27.8 percent (SAR 30.8 billion) to SAR 141.7 billion compared to a rise of 19.4 percent (SAR 18.0 billion) in 2022. Furthermore, bank credit extended to financial and insurance activities grew by 15.9 percent (SAR 14.3 billion) to SAR 104.4 billion compared to a rise of 20.2 percent (SAR 15.2 billion) in the preceding year. Bank credit extended to the construction activities also increased by 10.6 percent (SAR 11.6 billion) to SAR 120.6 billion compared to a rise of 11.1 percent in the preceding year. Bank credit extended to the wholesale and retail trade activities recorded an increase of 6.4 percent (SAR 10.8 billion) to SAR 179.3 billion compared to a rise of 6.5 percent in the preceding year. Moreover, bank credit extended to administrative and support service activities increased by 24.7 percent (SAR 6.5 billion) to SAR 32.8 billion compared to a growth of 12.2 percent in the preceding year. Bank credit extended to the transportation and storage activities also rose by 8.3 percent (SAR 3.6 billion) to SAR 46.6 billion compared to a decline of 7.6 percent in the preceding year. In contrast, bank credit extended to agriculture, forestry and fishing activities decreased by 5.4 percent (SAR 623.0 million) to SAR 10.9 billion compared to a decrease of 1.9 percent (SAR 224.8 million) in the preceding year (Table 5.14 and Chart 5.11).

Table 5.14: Bank Credit Extended by Economic Activity (End of Period)

	(Million SAR)			
	2022	(%) Share	2023	(%) Share
Amount	Amount	(%) Share	(%) Share	
Agriculture, Forestry & Fishing	11,523	0.5	10,900	0.4
Mining & Quarrying	36,986	1.6	40,444	1.6
Manufacturing	171,392	7.3	172,164	6.7
Electricity, Gas & Water Supplies	110,898	4.7	141,700	5.5
Construction	109,005	4.6	120,575	4.7
Wholesale & Retail Trade	168,507	7.2	179,259	6.9
Transportation & Storage	42,999	1.8	46,555	1.8
Accommodation & Food Service Activities	37,698	1.6	40,596	1.6
Information & Communication	20,402	0.9	23,618	0.9
Financial & Insurance Activities	90,015	3.8	104,358	4.0
Real Estate Activities	209,586	8.9	250,613	9.7
Professional, Scientific & Technical Activities	3,827	0.2	5,769	0.2
Administrative & Support Service Activities	26,339	1.1	32,843	1.3
Education	4,741	0.2	6,282	0.2
Human health & Social Work Activities	18,025	0.8	20,534	0.8
Personal Loans	1,165,410	49.6	1,243,492	48.1
Other Activities	121,718	5.2	143,996	5.6
Total	2,349,071	100.0	2,583,698	100.0

Source: Saudi Central Bank. The figures appearing in this table are rounded to the nearest decimal point.

Chart 5.11: Bank Credit Extended by Economic Activity

Source: Saudi Central Bank.

Syndicated Loans

The number of syndicated loans extended to residents increased by 9.2 percent to 761 in 2023. The total amount of these loans increased by 22.5 percent to approximately SAR 246.9 billion. On the other hand, the number of syndicated loans extended to non-residents decreased by 15.8 percent to 64. However, the value of these loans increased by 30.2 percent to approximately SAR 22.4 billion (Table 5.15).

Table 5.15: Syndicated Loans

Period	Number of Syndicated Loans			Value of Syndicated Loans (Billion SAR)		
	Resident	Non-resident	Total	Resident	Non-resident	Total
2018	571	78	649	341.1	14.2	355.2
2019	525	98	623	445.8	21.6	467.4
2020	411	83	494	179.0	23.0	202.0
2021	404	69	473	187.6	18.8	206.4
2022	697	76	773	201.5	17.2	218.7
2023	761	64	825	246.9	22.4	269.2

Source: Saudi Central Bank. The figures appearing in this table are rounded to the nearest decimal point.

Consumer and Credit Card Loans

Total consumer and credit card loans extended by commercial banks declined by 1.2 percent (SAR 5.7 billion) to approximately SAR 468.9 billion in 2023 compared to an increase of 6.0 percent (SAR 26.7 billion) in 2022. Specifically, total consumer loans decreased by 2.2 percent (SAR 9.7 billion) to nearly SAR 441.8 billion in 2023 compared to a rise of 5.4 percent (SAR 23.2 billion) in the preceding year. In contrast, credit card loans grew by 17.3 percent (SAR 4.0 billion) to around SAR 27.1 billion in 2023 compared to an increase of 18.3 percent (SAR 3.6 billion) in 2022 (Table 5.16A and Chart 5.12).

Table 5.16A: Consumer and Credit Card Loans*

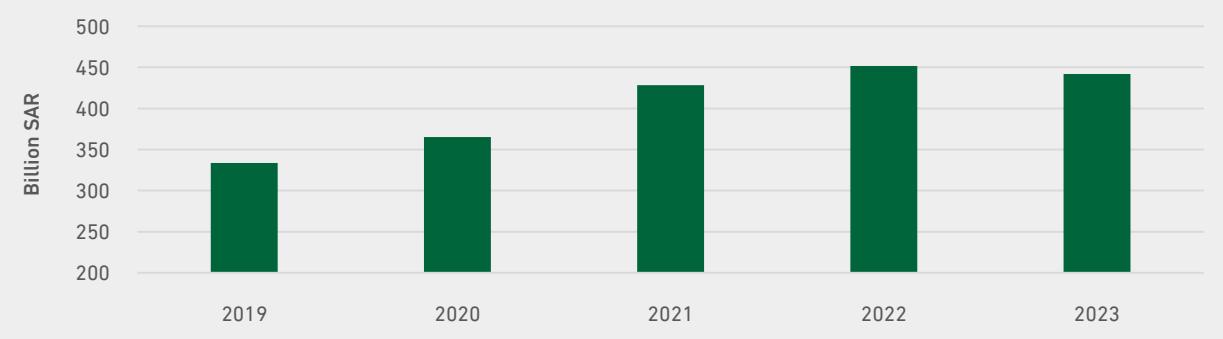
Year	Consumer loans								Credit Cards**
	(End of Period)	Renovation & Property	Motor Vehicles & Personal Transportation	Furniture & Durable Goods	Education	Healthcare	Tourism & Travel	Other	
2018	28,055.1	16,789.4	12,498.7	3,522.2	703.5	483.6	259,234.4	321,286.9	15,331.9
2019	25,648.2	15,625.0	12,462.1	3,239.0	559.4	454.7	275,450.4	333,438.7	19,054.3
2020	23,872.0	14,469.3	12,012.4	4,167.5	549.5	571.5	309,605.2	365,247.5	18,373.3
2021	19,060.1	14,047.0	12,214.3	5,168.4	636.5	646.1	376,624.6	428,397.1	19,494.4
2022	13,436.3	11,025.9	8,680.0	6,346.7	564.4	814.2	410,686.2	451,553.7	23,067.2
2023	10,792.1	11,311.0	7,889.4	7,461.6	510.1	918.2	402,947.3	441,829.6	27,066.4

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

**Including Visa, MasterCard, American Express and others.

Note: Data were updated following amendments made to some items of consumer loans.

Source: Saudi Central Bank. The figures appearing in this table are rounded to the nearest decimal point.

Chart 5.12: Total Consumer Loans

Source: Saudi Central Bank.

Real Estate Bank Credit

Retail and corporate real estate loans extended by commercial banks continued to grow to SAR 767.3 billion, increasing by 11.5 percent (SAR 79.4 billion) in 2023 compared to a growth rate of 20.9 percent (SAR 119.0 billion) in 2022. Retail real estate loans recorded a rise of 10.4 percent (SAR 57.4 billion) to around SAR 607.2 billion compared to an increase of 23.3 percent (SAR 104.0 billion) in 2022. They accounted for 79.1 percent of total real estate loans at the end of 2023. Corporate real estate loans also rose by 15.9 percent (SAR 22.0 billion) to around SAR 160.1 billion in 2023 compared to an increase of 12.1 percent (SAR 15.0 billion) in 2022. These loans accounted for 20.9 percent of total real estate loans at the end of 2023 (Table 5.16B).

Table 5.16B: Real Estate Bank Credit (End of Period)

Year	Retail	Corporate	Total	(Million SAR)
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
2022	549,780	138,053		687,833
2023	607,220	160,050		767,270

Source: Saudi Central Bank. The numbers appearing in the table are rounded to the nearest decimal point.

Commercial Banks' Foreign Assets and Liabilities

Foreign assets of commercial banks grew by 10.7 percent (SAR 30.7 billion) to SAR 317.6 billion in 2023 compared to an increase of 12.3 percent (SAR 31.3 billion) in the preceding year. They accounted for 8.0 percent of total assets of commercial banks in 2023. Commercial banks' foreign liabilities grew by 35.6 percent (SAR 72.2 billion) to SAR 274.7 billion in 2023 against a decrease of 10.3 percent (SAR 23.2 billion) in the preceding year, accounting for 6.9 percent of total liabilities of commercial banks in 2023. As a result, commercial banks' net foreign assets (foreign assets minus foreign liabilities) dropped by 49.2 percent (SAR 41.5 billion) to SAR 42.9 billion in 2023 compared to a rise of 182.7 percent (SAR 54.5 billion) in the previous year (Table 5.17 and Charts 5.13 and 5.14).

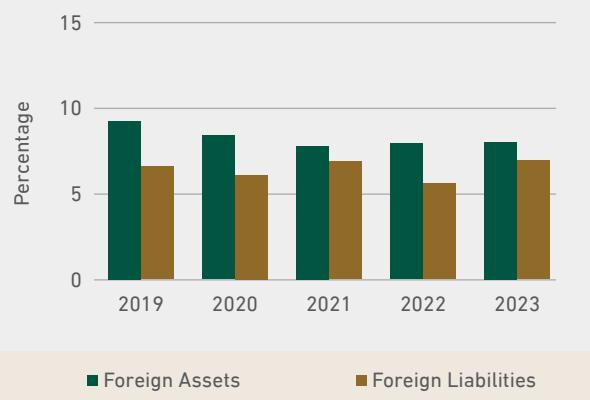
Table 5.17: Commercial Banks' Foreign Assets and Liabilities (End of year)

	Amount		Change				(Million SAR)
	2022	2023	2022		2023		
			Amount	(%)	Amount	(%)	
Foreign Assets							
Due from Foreign Banks	59,664	45,498	-577	-1.0	-14,166	-23.7	
Due from Branches Abroad	57,463	72,131	-3,061	-5.1	14,668	25.5	
Other Assets	52,284	48,492	13,910	36.2	-3,792	-7.3	
Investments Abroad	117,479	151,460	21,045	21.8	33,981	28.9	
Total	286,890	317,581	31,318	12.3	30,691	10.7	
Foreign Liabilities							
Due to Foreign Banks	107,846	167,190	-21,665	-16.7	59,344	55.0	
Due to branches Abroad	42,326	40,259	-9,309	-18.0	-2,067	-4.9	
Due to Others	52,358	67,255	7,777	17.4	14,897	28.5	
Total	202,530	274,703	-23,197	-10.3	72,174	35.6	
Net Foreign Assets	84,360	42,878	54,514	182.7	-41,483	-49.2	

Source: Saudi Central Bank. The numbers appearing in the table are rounded to the nearest decimal point.

Chart 5.13: Banks' Foreign Assets and Liabilities (Monthly)

Source: Saudi Central Bank.

Chart 5.14: Ratio of Foreign Assets and Liabilities to Banks' Total Assets and Liabilities

Source: Saudi Central Bank.

Commercial Banks' Cash Reserves

Commercial banks' cash reserves (cash in vault and deposits with SAMA) went up by nearly 1.6 percent (SAR 3.2 billion) to around SAR 205.7 billion in 2023 compared to a decline of 1.5 percent (SAR 3.2 billion) in 2022. Their share in total bank deposits stood at 8.3 percent in 2023. This increase was due to a rise of 5.7 percent (SAR 7.7 billion) in statutory deposits with SAMA to approximately SAR 141.7 billion compared to a rise of 7.9 percent (SAR 9.9 billion) in the preceding year. Cash in vault increased by 1.7 percent (SAR 386.5 million) to around SAR 22.9 billion in 2023 compared to a decline of 2.8 percent (SAR 647.8 million) in 2022. In contrast, other deposits with SAMA declined by 10.1 percent (SAR 4.5 billion) to around SAR 40.0 billion in 2023 compared to a decline of 23.7 percent (SAR 13.8 billion) in the preceding year. Commercial banks' current deposits with SAMA declined from about SAR 1.5 billion in 2022 to SAR 1.1 billion in 2023 (Table 5.18).

Table 5.18: Commercial Banks' Reserves (End of year)

	(Million SAR)				
	2019	2020	2021	2022	2023
Cash in Vault	29,319	27,384	23,131	22,483	22,870
Deposits with SAMA:					
Current Deposits	593	432	59	1,483	1,138
Statutory Deposits	102,918	115,067	124,145	133,995	141,700
Other Deposits	106,545	145,294	58,234	44,455	39,958
Banks' Reserves	239,375	288,177	205,569	202,417	205,665
Ratios to Bank Deposits					
Cash in Vault	1.63	1.41	1.10	0.98	0.92
Deposits with SAMA:					
Current Deposits	0.03	0.02	0.00	0.06	0.05
Statutory Deposits	5.73	5.92	5.90	5.84	5.73
Other Deposits	5.93	7.48	2.77	1.94	1.62
Banks' Reserves	13.33	14.83	9.77	8.82	8.31

Source: Saudi Central Bank. The figures appearing in this table are rounded to the nearest decimal point.

Banks' Capital and Reserves

Banks' capital and reserves recorded an increase of SAR 25.8 billion or 5.9 percent to about SAR 463.6 billion in 2023 compared to a rise of SAR 18.2 billion or 4.3 percent in the preceding year. However, their ratio to total deposits decreased from 19.1 percent in 2022 to 18.7 percent in 2023. Their ratio to total assets also decreased from 12.1 percent in 2022 to 11.7 percent in 2023. The Capital Adequacy Ratio (CAR) stood at 20.1 percent at the end of 2023, which is higher than the recommended ratio according to Basel III (Table 5.19).

Table 5.19: Capital and Reserves of Commercial Banks (End of Period)

	(Million SAR)				
	2019	2020	2021	2022	2023
Capital and Reserves	342,976	377,099	419,525	437,728	463,571
Capital and Reserves as a Ratio of:					
Bank Deposits	19.1	19.4	19.9	19.1	18.7
Total Assets	13.0	12.7	12.8	12.1	11.7
Capital Adequacy Ratio	19.3	20.3	19.9	19.9	20.1

Source: Saudi Central Bank. The figures appearing in this table are rounded to the nearest decimal point.

Sources and Uses of Financial Resources of Commercial Banks

Total added financial resources of commercial banks fell by 11.7 percent to nearly SAR 336.4 billion in 2023 compared to SAR 380.9 billion in the preceding year. The additional financial sources, were used from various items for which total deposits accounted for the highest share amounting to SAR billion 178.1 billion and representing 52.9 percent of total added financial sources. Foreign liabilities amounted to SAR 72.2 billion, accounting for 21.5 percent of the total. The capital base reached nearly SAR 34.0 billion and accounted for 10.1 percent of the total. In addition, interbank claims constituted 2.9 percent of the total and amounted to SAR 9.6 billion. Other liabilities reached around SAR 42.6 billion, accounting for 12.6 percent of the total.

Most of these financial resources were used during 2023 to increase claims on the private sector, with an approximate amount of SAR 229.2 billion, accounting for 68.1 percent of total resources used. Moreover, claims on the public sector increased by approximately SAR 48.9 billion, accounting for 14.5 percent of total resources used. Foreign assets increased by about SAR 30.7 billion, accounting for 9.1 percent of the total. Claims on banks increased by about SAR 10.4 billion, accounting for 3.1 percent of total resources used. Fixed assets rose by about SAR 7.6 billion, accounting for 2.2 percent of the total. In addition, SAMA bills increased by approximately SAR 5.9 billion, accounting for 1.7 percent of the total. Banks' reserves rose by about SAR 3.2 billion, accounting for 1.0 percent of the total. Repo transactions with the private sector, claims on non-monetary financial institutions and other assets also increased by nearly SAR 335.8 million, SAR 252.8 million and SAR 36.3 million, respectively, accounting for 0.3 percent of total resources used (Table 5.20).

Table 5.20: Key Sources and Uses of Financial Resources of Commercial Banks in 2023

Uses	Amount	(%) Share	Resources	Amount	(%) Share	(Million SAR)
Banks' Reserves	3,248.2	1.0	Total deposits	178,052.0	52.9	
SAMA Bills	5,851.6	1.7	Foreign liabilities	72,173.6	21.5	
Foreign Assets	30,691.1	9.1	Capital base	33,967.5	10.1	
Claims on the Private Sector	229,205.9	68.1	Interbank claims	9,619.8	2.9	
Claims on the Public Sector	48,858.0	14.5	Other liabilities	42,598.1	12.6	
Claims on Non-Monetary Financial Institutions	252.8	0.1				
Claims on Banks	10,367.5	3.1				
Reverse Repo Transactions (Repo)*	335.8	0.1				
Fixed Assets	7,563.7	2.2				
Other Assets	36.3	0.1				
Total	336,411.0	100.0	Total	336,411.0	100.0	

*Reflects banks' transactions with the private sector

Source: Saudi Central Bank. The figures appearing in this table are rounded to the nearest decimal point.

Commercial Banks' Profits

Commercial banks' profits recorded a growth rate of 11.7 percent to SAR 77.4 billion in 2023 compared to an increase of 28.6 percent to reach SAR 69.3 billion in 2022.

Number of Banks, Branches and Employees

The number of commercial banks operating in Saudi Arabia stood at 37 (27 operating, eight licensed and two in the pilot phase). This includes branches of foreign and digital banks, such as Abu Dhabi Commercial Bank (one of the foreign banks), which was granted a license to operate in Saudi Arabia. STC Bank and D360 Bank (digital banks) are in the pilot phase. On the other hand, the number of commercial banks' branches operating in Saudi Arabia decreased to 1,901 in 2023, registering a decrease of about 26 branches compared to the preceding year due to the development of digital banking services (Table 5.21).

Table 5.21: Bank Branches Classified by Administrative Region (End of Period)

	Riyadh	Makkah	Madinah	Eastern Region	Qassim	Asir	Tabuk	Ha'il	Northern Borders Region	Jawf	Jazan	Najran	Baha	Total
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
2022	590	391	99	368	112	123	46	42	20	29	54	26	27	1,927
2023	584	376	102	356	117	124	48	42	18	28	54	26	26	1,901

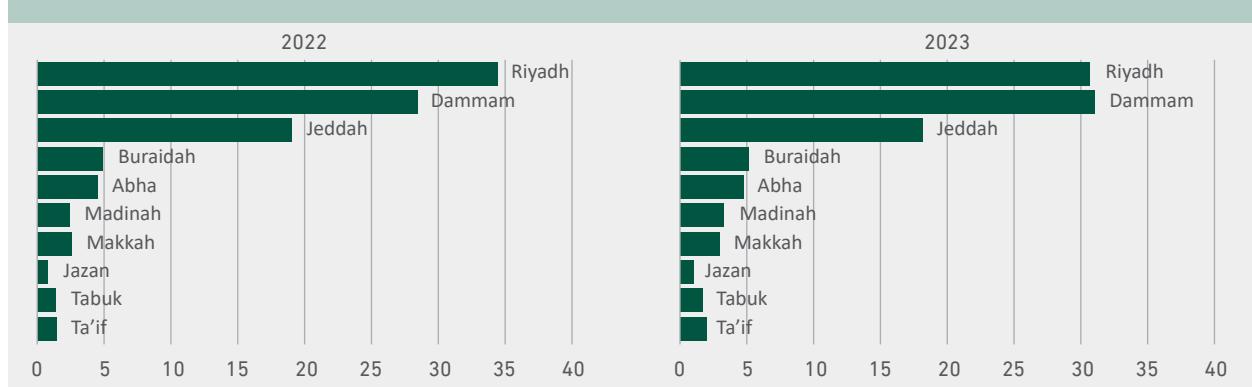
Source: Saudi Central Bank.

The number of employees in the banking sector declined by 0.8 percent to 44,421 in 2023. Saudi employees represented 95.8 percent (42,556) of the total number of employees in the banking sector. Whilst the Saudi male employees accounted for 75.6 percent of the total number of employees, the non-Saudi male employees accounted for 4.1 percent. Saudi female employees represented 20.2 percent of the total number of employees and non-Saudi female employees representd 0.1 percent of the total number of employees.

Banking Technology Developments in 2023

I. Clearing House Operations

The number of commercial and personal checks cleared through clearing houses in Saudi Arabia decreased by 21.8 percent (266 thousand checks) to 951.0 thousand checks in 2023, dropping their total value by 16.7 percent to SAR 126.1 billion compared to 2022. However, the average check value increased by 6.6 percent to SAR 132,558 in 2023 compared to the preceding year. The number of interbank checks decreased by 23.2 percent (67 thousand checks) to 220 thousand checks in 2023, dropping their total value by 15.2 percent to SAR 151.2 billion. Nevertheless, the average check value increased by 10.5 percent to nearly SAR 687.9 thousand in 2023 compared to 2022 (Chart 5.15).

Chart 5.15: Share of Commercial and Individual Checks Cleared by City

Source: Saudi Central Bank.

II. Mada

The number of automated teller machines (ATMs) operating in Saudi Arabia decreased by 1.8 percent to 15,954 in 2023 compared to a 1.8 percent decline in 2022. The number of ATM cards issued rose by 12.2 percent to approximately 47.8 million in 2023 compared to an increase of 8.1 percent in 2022. However, the number of transactions carried out through Mada dropped by 0.8 percent to 620 million in 2023 compared to a decline of 6.8 percent in 2022. The value of cash withdrawals carried out through Mada slightly decreased by 0.2 percent to about SAR 337.1 billion in 2023 compared to a decline of 4.9 percent in the previous year.

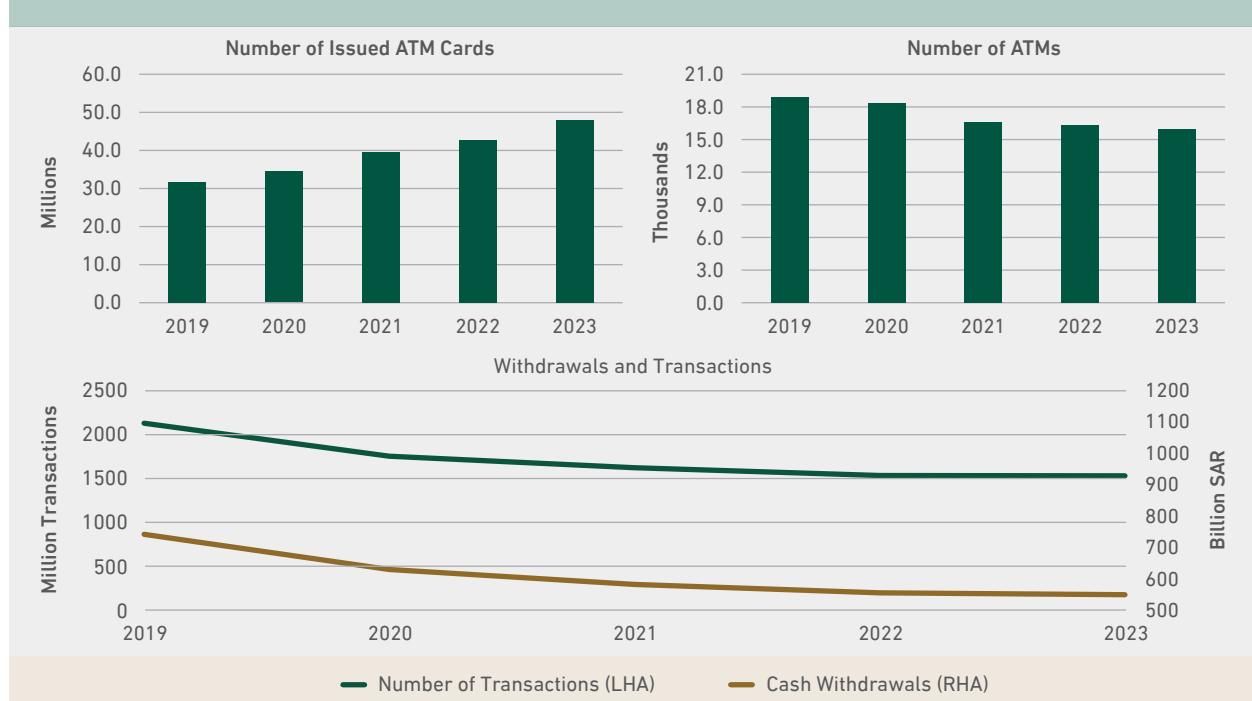
The number of transactions executed through banks' networks fell by 0.2 percent to 905 million compared to a decline of 4.4 percent in the preceding year. The value of cash withdrawals through banks' networks also went down by 2.4 percent to SAR 211.7 billion in 2023 compared to a decline of 4.4 percent in the previous year (Table 5.22 and Chart 5.16).

Table 5.22: 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
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
2022	16,251	42,563,445	624	906	1,530	337,749	216,995	554,743
2023	15,954	47,761,492	620	905	1,524	337,082	211,723	548,805

Source: Saudi Central Bank.

Chart 5.16: ATM Statistics



Source: Saudi Central Bank.

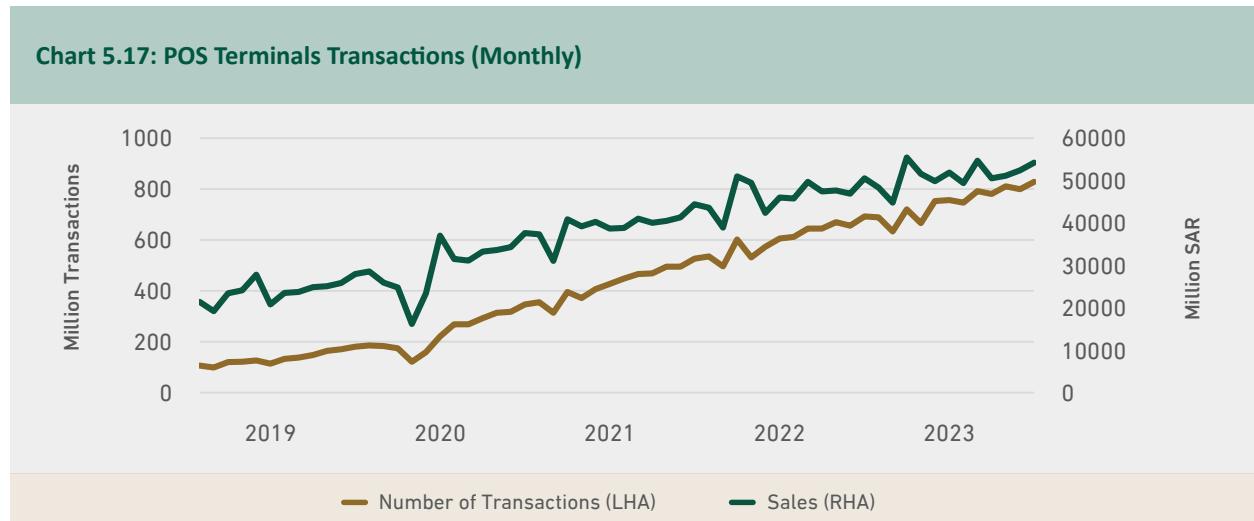
Moreover, the number of point of sale (POS) terminals went up by 20.9 percent to 1,739,070 in 2023 compared to a rise of 41.9 percent in 2022. The number of POS sales transactions rose by 23.6 percent to 8,972 million compared to a rise of 40.4 percent in the preceding year. The value of these transactions also went up by 9.8 percent to around SAR 614.0 billion compared to a rise of 18.1 percent in 2022 (Table 5.23 and Chart 5.17).

Table 5.23: POS Terminals Statistics

Years	Sales (Million SAR)	No. of Transactions (Million)	No. of POS Terminals
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	1,013,233
2022	559,135	7,262	1,438,121
2023	613,957	8,972	1,739,070

Source: Saudi Central Bank. The figures appearing in this table are rounded to the nearest decimal point.

Chart 5.17: POS Terminals Transactions (Monthly)



Source: Saudi Central Bank.

III. Saudi Arabian Riyal Interbank Express System (SARIE)

The total number of transactions executed through SARIE went up by 10.0 percent to nearly 199.5 million transactions in 2023 compared to a rise of 8.7 percent in the preceding year. A breakdown of SARIE transactions by single and bulk customer payments shows that the number of single payments increased by 26.4 percent to 2.9 million transactions while their value increased by 10.6 percent to around SAR 6,310 billion. On the other hand, the number of bulk payments rose by 10.3 percent to 193.7 million transactions and their value by 14.5 percent to nearly SAR 5,743 billion.

A classification of SARIE transactions by interbank payments shows that the number of single interbank transactions decreased by 24.0 percent to around 891 thousand during 2023 and their value by 18.5 percent to around SAR 35,917 billion. The number of bulk interbank transactions also went down by 5.0 percent to around 443 thousand, and their value declined by 2.2 percent to nearly SAR 117.1 billion (Tables 5.24A, 5.24B, and Chart 5.18).

Table 5.24A: Number of SARIE Transactions

Period	Customer Payments			Interbank Payments			Other	Total	(Thousands)
	Bulk	Single	Total (1)	Bulk	Single	Total (2)	(3)	(1+2+3)	(Thousands)
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	1,066	1,687	201,607	
2021	160,102	3,983	164,085	287	856	1,143	1,658	166,886	
2022	175,652	2,325	177,977	467	1,172	1,638	1,785	181,400	
2023	193,738	2,938	196,677	443	891	1,334	1,489	199,499	

Source: Saudi Central Bank. The figures appearing in this table are rounded to the nearest decimal point.

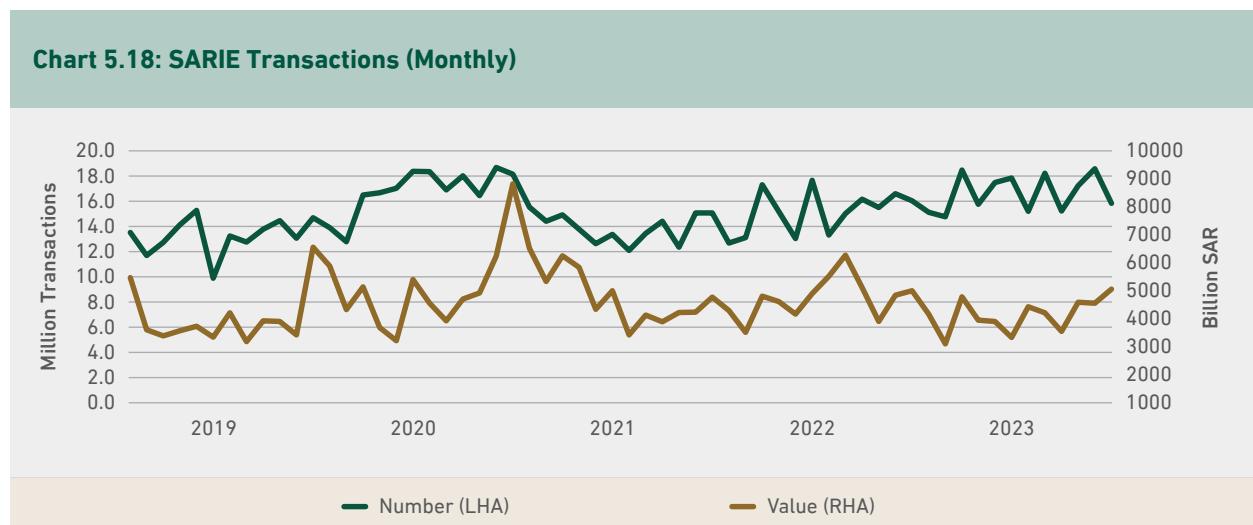
Table 5.24B: Value of SARIE Transactions

Period	Customer Payments			Interbank Payments			Other*	Total	(Billion SAR)
	Bulk	Single	Total (1)	Bulk	Single	Total (2)	(3)	(3+2+1)	(Billion SAR)
2018	2,640	3,994	6,634	106	43,226	43,332	18	49,984	
2019	2,924	4,953	7,877	140	40,157	40,297	37	48,211	
2020	3,365	4,936	8,301	149	52,199	52,348	41	60,690	
2021	4,096	4,800	8,896	129	48,432	48,561	375	57,832	
2022	5,014	5,707	10,721	120	44,095	44,215	1,878	56,814	
2023	5,743	6,310	12,053	117	35,917	36,034	1,416	49,503	

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

Source: Saudi Central Bank. The figures appearing in this table are rounded to the nearest decimal point.

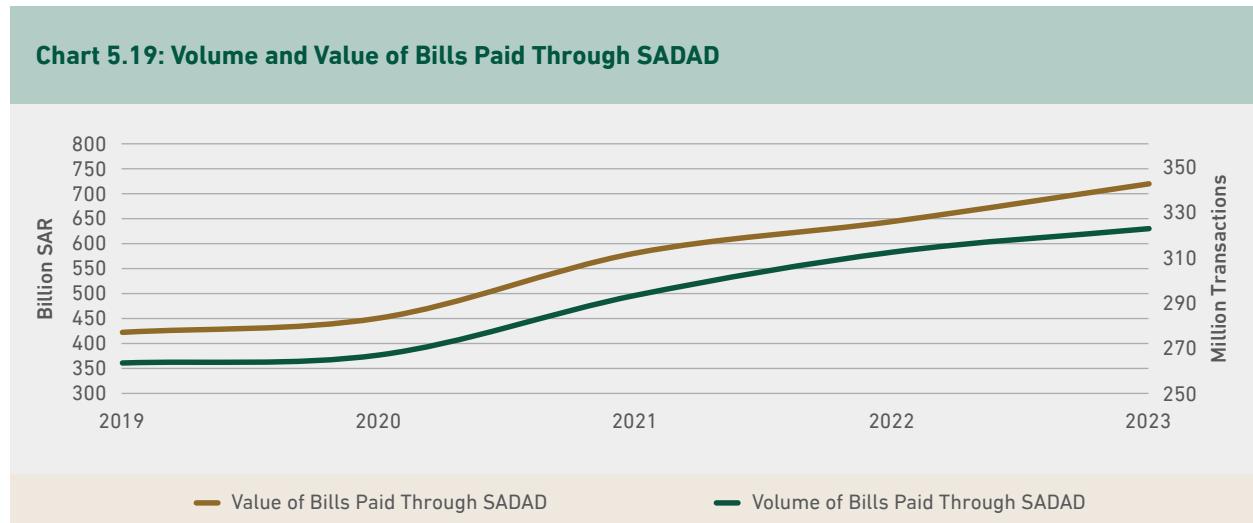
Chart 5.18: SARIE Transactions (Monthly)



Source: Saudi Central Bank.

IV. SADAD

The total number of transactions executed through SADAD during 2023 grew by 3.3 percent to 322.4 million transactions compared to a rise of 6.6 percent and a total of 312.1 million transactions in the preceding year. The value of these transactions rose by 11.7 percent to around SAR 719.0 billion in 2023 compared to a rise of 10.9 percent to SAR 643.6 billion in 2022 (Chart 5.19).



Source: Saudi Central Bank.

Banking Creditworthiness

During 2023, the Saudi Credit Bureau (SIMAH) continued to improve its services and products further, such as the retail system SIMATI and the corporate system SIMAT, which are provided to all relevant entities. 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.

Data indicates that total credit reports issued by SIMATI for the retail sector increased by 38.6 percent to 190.0 million in 2023 compared to the preceding year. The number of credit accounts in SIMATI for the Saudi market increased by 39.0 percent to reach 119.0 million at the end of 2023 compared to 2022. Similarly, total credit reports issued by SIMAT for the Saudi market increased by 14.4 percent to 809.6 thousand at the end of 2023 compared to the preceding year. Further, the number of credit accounts in SIMAT increased by 1.2 percent to reach 2.0 million at the end of 2023.

Moreover, Bayan Credit Bureau's efforts helped in reducing the volume of risks in the Saudi business sector as the company continued its efforts to provide innovative solutions and services to its members and all parties in the financial and commercial sectors. It also continued developing its services

and products and providing practical and fast solutions to keep pace with the Kingdom's economic and financial developments. Following SAMA's policies, Bayan Credit Bureau was keen to enrich its database in 2023 by targeting various new sectors for its members, such as the insurance sector, the industrial sector and the FinTech sector. It also launched a service for obtaining credit reports through API applications, as this service allows for secure and immediate access to credit data and contributes to achieving integration of credit data in banks and financial institutions' internal systems. In addition, Bayan Credit Bureau issued more than 300 thousand credit reports during 2023, recording a rise of more than 31.0 percent. It expanded its database and increased the coverage of credit information for the business sector during 2023, and it recorded an increase of 9.0 percent compared to 2022.

Progress in the Implementation of the Basel III Reforms in Saudi Arabia

The adoption of the latest Basel III reforms, under the regulatory framework for risk and capital management in banks, has been completed. This comes as part of SAMA's efforts to enhance the resilience of the banking system, comply with the best international standards and practices, and ensure that Saudi Arabia continues to be among the leading countries enforcing international standards. The official implementation of the latest Basel III reforms in local banks started on January 1, 2023, which comes in line with the internationally agreed timeline to which Saudi Arabia is committed as a member of the G20.

The latest Basel III reforms are a set of international standards set by the Basel Committee on Banking Supervision (BCBS). They aim to enhance the stability of the global banking system through rigorous standards to manage risks and capital resources in banks. These reforms include improving the methods of measuring and analyzing different types of risks, such as credit, operational and market risks, while ensuring that adequate levels of capital are maintained to cover such risks. In addition, these reforms aim to promote transparency and confidence in financial systems and banks, and increase their capability to face any potential financial crisis.

Before starting the official implementation of the reforms, SAMA carried out a pilot application of the reforms during 2022 with the participation of all Saudi banks. The pilot application results demonstrated the readiness of the banking sector to adopt the reforms while maintaining its stability and sustaining adequate capital levels in line with the standards.

This step aims to strengthen the Saudi financial system by applying the latest international standards, which can contribute to building a resilient and robust banking sector capable of facing challenges and crises. Full adoption of the Basel III reforms can also enhance confidence in the Saudi financial system among investors and the international community.



6

Financial Sector

The Saudi Stock Exchange

In cooperation with the Saudi Central Bank (SAMA) and the partners of the Financial Sector Development Program (FSDP), which is one of the Saudi Vision 2030 Realization Programs, the Capital Market Authority (CMA) continues to magnify its efforts. Recognizing its responsibility to regulate the financial market, the CMA, in 2023, introduced several strategic initiatives, in addition to some rules, implementing regulations and instructions regulating the market to promote regional and international competitiveness and increase the attractiveness of the financial market. The CMA was also keen to protect investors and traders in the financial market and raise public awareness through general instructions and guidelines.

Saudi Main Market (TASI) Developments in 2023

The Tadawul All Share Index (TASI) closed at 11,967.4 points at the end of 2023 compared to 10,478.5 points at the end of 2022, increasing by around 1,488.9 points. It registered its highest closing point during 2023 on December 31 at 11,967.4. The market capitalization of issued shares increased by 14.0 percent to about SAR 11,259.3 billion at the end of 2023.

The number of shares traded during 2023 decreased by 0.8 percent to around 83.0 billion from around 83.7 billion in the preceding year. The total value of shares traded fell by 22.0 percent to around SAR 1,333.1 billion from SAR 1,708.0 billion in 2022. However, the number of trades executed increased by 7.0 percent to 94.0 million compared to 87.9 million in the preceding year (Table 6.1).

The daily average value of traded shares reached approximately SAR 5.4 billion in 2023 against SAR 6.9 billion in 2022. Moreover, the daily average number of traded shares dropped by 1.2 percent to roughly 0.3 billion. In contrast, the daily average number of executed trades rose by 6.5 percent to around 377.6 thousand against 354.4 thousand in the preceding year.

Table 6.1: Main Market's Indicators the Tadawul All Share Index (TASI)

Year	No. of Shares Traded* (Billion)	Change (%)	Value of Shares Traded (Billion SAR)	Change (%)	Market Capitalization of Issued Shares (Billion SAR)	Change (%)	No. of Executed Trades (Thousands)	Change (%)	Market index	Change (%)
2020	186.0	220.1	2,087.8	137.2	9,101.8	0.8	76.7	170.1	8,689.5	3.6
2021	138.9	-25.3	2,235.9	7.1	10,009.2	10.0	91.9	19.8	11,281.7	29.8
2022	83.7	-39.7	1,708.0	-23.6	9,878.1	-1.3	87.9	-4.3	10,478.5	-7.1
2023	83.0	-0.8	1,333.1	-22.0	11,259.3	14.0	94.0	7.0	11,967.4	14.2

*Data were adjusted to account for corporate actions.

Source: Saudi Tadawul Group. The figures in this table are rounded to the nearest decimal point.

Parallel Market Developments (Nomu)

The Parallel Market Index (Nomu) closed at 24,529.0 points at the end of 2023 against 19,417.3 points at the end of 2022, rising by 26.3 percent. It registered its highest closing point of 28,988.1 on June 18, 2023. The market capitalization of issued shares increased by nearly 37.7 percent to SAR 48.3 billion at the end of 2023.

The number of Nomu Index shares traded during 2023 went down by 40.3 percent to around 0.6 billion from around 1.1 billion in the preceding year. The total value of shares traded also fell by 40.1 percent to around SAR 8.1 billion from SAR 13.5 billion in 2022. However, the total number of trades executed rose by 0.3 percent to 678.7 thousand compared to around 676.9 thousand in the preceding year (Table 6.2).

The daily value of shares traded on Nomu averaged about SAR 32.4 million in 2023. The daily average number of traded shares stood at around 2.6 million in 2023. Likewise, the daily number of executed trades averaged about 2.7 thousand in 2023.

Table 6.2: Saudi Stock Market Indicators (Parallel Market - Nomu)

Year	No. of Share Traded* (Billion)	Change (%)	Value of Shares Traded (Billion SAR)	Change (%)	Market Capitalization of Issued Shares (Billion SAR)	Change (%)	No. of Executed Trades* (Billion)	Change (%)	Market Index	Change (%)
2020	0.1	52.2	7.1	212.0	12.2	379.2	287.5	107.6	26,245.5	265.6
2021	0.5	289.9	11.4	59.8	19.0	56.2	394.0	37.0	25,975.8	-1.0
2022	1.1	129.2	13.5	18.6	35.1	84.4	676.9	71.8	19,417.3	-25.2
2023	0.6	-40.3	8.1	40.1-	48.3	37.7	678.7	0.3	24,529.0	26.3

*Data were adjusted to account for corporate actions.

Source: Saudi Tadawul Group. The figures in this table are rounded to the nearest decimal point.

Investors Registered in Tadawul

The number of investors registered in Tadawul went up by 5.7 percent to around 6.2 million compared to the previous year. Similarly, the number of registered investors' portfolios registered in Tadawul rose slightly by approximately 2.1 thousand (Table 6.3).

Table 6.3: Number of Investors and Portfolios Registered in Tadawul (End of Period)

Year	Number of Investors Registered in Tadawul (Million)	Change (%)	Number of Registered Investors' Portfolios Registered in Tadawul (Million)	Change (%)
2020	5.6	2.0	9.1	-8.4
2021	5.9	5.0	10.4	14.4
2022	5.8	-0.8	11.1	7.0
2023	6.2	5.7	11.1	0.0

Source: Saudi Tadawul Group. The figures in this table are rounded to the nearest decimal point.

Stock Market Developments by Sector and Company

In terms of total shares traded by sector in 2023, consumer services industry group ranked first with 18.4 billion shares, representing 22.1 percent of the total. Financial services industry group came second with 17.9 billion shares (21.5 percent of the total), followed by materials industry group in third place with 6.7 billion shares (8.1 percent of the total).

As for the value of shares traded in 2023, materials industry group ranked first with SAR 225.9 billion, representing 16.9 percent of the total. Banks industry group came second with SAR 221.4 billion (16.6 percent of the total), followed by energy industry group with SAR 120.3 billion (9.0 percent of the total).

A breakdown of the number of trades executed in 2023, which totaled 94.0 million, shows that materials industry group ranked first with 16.5 million, accounting for 17.6 percent of the total. Banks industry group came next with 9.2 million (9.8 percent of the total), followed by insurance industry group with 6.4 million (6.8 percent of the total) (Table 6.4).

Table 6.4: TASI Activity by Sector in 2023

Sector	Number of Shares Traded		Value of Shares Traded		Number of Executed Trades	
	(Billion)	Ratio to Total %	(Billion SAR)	Ratio to Total %	(Million SAR)	Ratio to Total %
Energy	3.9	4.8	120.3	9.0	5.6	6.0
Materials	6.7	8.1	225.9	16.9	16.5	17.6
Capital Goods	2.7	3.3	40.9	3.1	4.1	4.3
Commercial & Professional Services	1.2	1.5	29.4	2.2	1.9	2.0
Transport	1.7	2.1	39.0	2.9	3.1	3.3
Consumer Durables & Apparel	1.4	1.7	13.3	1.0	1.4	1.5
Consumer Services	18.4	22.1	67.2	5.0	6.0	6.4
Media & Entertainment	0.3	0.4	14.7	1.1	1.2	1.3
Retailing	1.9	2.2	42.8	3.2	4.0	4.2
Food & Staples Retailing	5.7	6.9	44.6	3.3	4.0	4.3
Food & Beverages	1.6	1.9	62.2	4.7	5.3	5.6
Health Care	1.7	2.0	59.1	4.4	4.4	4.6
Pharmaceuticals	0.2	0.2	13.0	1.0	1.0	1.0
Banks	5.8	7.0	221.4	16.6	9.2	9.8
Financial Services	17.9	21.5	26.3	2.0	2.3	2.4
Insurance	3.2	3.8	62.7	4.7	6.4	6.8
Software & Services	1.2	1.5	49.4	3.7	3.3	3.5
Communications	2.4	2.8	85.8	6.4	4.9	5.3
Utilities	0.7	0.9	47.1	3.5	3.1	3.3
REITs	0.7	0.8	5.8	0.4	2.2	2.3
Real Estate Management & Development	3.8	4.6	62.2	4.7	4.1	4.3
Total	83.0	100.0	1,333.1	100.0	94.0	100.0

Source: Saudi Tadawul Group. The figures in this table are rounded to the nearest decimal point.

An analysis of the activity of Nomu by sectors during 2023 indicates that capital goods industry group were the most active sector in terms of the total number of shares traded, accounting for 22.1 percent of the total. With regards to the total value of shares traded, retailing industry group ranked first with SAR 1,545.4 million, representing 19.1 percent of the total. As for the total number of trades executed on Nomu in 2023, materials industry group accounted for the largest share of trades with about 112.2 thousand, constituting 16.5 percent of the total (Table 6.5).

Table 6.5: Saudi Stock Market Activity (Parallel Market - Nomu) by Sector in 2023

Sector	Number of Shares Traded		Value of Shares Traded		Number of Executed Trades	
	(Million)	of Total %	Million SAR	of Total %	(Thousands)	of Total %
Materials	99.1	15.5	1,128.1	14.0	112.2	16.5
Capital Goods	141.0	22.1	964.6	12.0	89.5	13.2
Commercial & Professional Services	71.2	11.2	410.0	5.1	39.7	5.9
Transport	2.8	0.4	209.4	2.6	18.8	2.8
Consumer Services	42.9	6.7	552.8	6.9	43.6	6.4
Retailing	66.2	10.4	1,545.4	19.1	85.6	12.6
Retailing of Consumer Goods	4.6	0.7	207.5	2.6	19.4	2.9
Food & Beverages	29.8	4.7	773.5	9.6	61.7	9.1
Home & Personal Products	1.3	0.2	57.7	0.7	3.7	0.6
Health Care	57.4	9.0	860.4	10.7	95.3	14.0
Financial Services	0.6	0.1	20.5	0.3	3.4	0.5
Software & Services	30.1	4.7	805.2	10.0	62.7	9.2
Technology Hardware & Equipment	10.0	1.6	32.5	0.4	6.1	0.9
Utilities	1.2	0.2	64.5	0.8	3.9	0.6
REITs	2.2	0.3	25.2	0.3	1.8	0.3
Real Estate Management & Development	77.6	12.2	412.7	5.1	31.4	4.6
Total	638.2	100.0	8,070.2	100.0	678.7	100.0

Source: Saudi Tadawul Group. The figures in this table are rounded to the nearest decimal point.

Sukuk and Debt Instruments Market Developments

The sukuk and debt instruments market witnessed some positive developments, the most prominent of which include:

- Adopting a strategy to develop the debt instruments market, encompassing over 35 strategic initiatives for 2023-2025, in addition to adopting 10 indices to measure performance.
- As of May 2023, CMA has canceled its share in the sukuk and bonds trading commission to stimulate secondary market activities for debt instruments and liquidity in general.
- JP Morgan established a special index to track the issuances of Saudi Arabia's local sukuk. This usually precedes joining global indices such as the JP Morgan Government Bond Index-Emerging Markets (GBI-EM) index, which enhances foreign investment in the domestic market.
- CMA has begun receiving license applications to practice market activities under the category of alternative trading systems in Saudi Arabia (sukuk and debt instruments), as they will contribute to supporting the debt instruments market in Saudi Arabia, expanding its investor base, and providing effective technical solutions to facilitate linking and trading.
- The Capital Market Institutions Committee has published the Sukuk and Debt Instruments Market Manual to educate investors and issuers on many key aspects of the market, including investment mechanisms and issuance channels for sukuk and debt instruments. This step aims to expand the market's base of investors and issuers, increasing its depth and liquidity.

In terms of trading activity in the sukuk and debt instruments market, data indicate a significant rise in the total executed trades, which reached 40.6 thousand in 2023 compared to about 5.8 thousand in 2022. The overall value of sukuk and debt instruments issuances listed on the market in 2023 totaled about SAR 549.8 billion.

The Sukuk and Bonds Market Index closed at 915.3, points down by 1.6 percent from the preceding year, bringing the total traded value to about SAR 19.0 billion in 2023 compared to about SAR 12.0 billion in 2022 (Table 6.6). The total volume of listed sukuk and bonds of GDP accounted for about 13.8 percent at the end of Q4 2023, and the volume of unlisted sukuk and bonds accounted for about 5.2 percent (Chart 6.1).

6.6: Sukuk and Bonds Market Indicators in 2023

Sukuk and Bonds	Index Closed at (Point)	Value Traded (Billion SAR)	No. of Trades (Thousands)
2022	929.7	12.0	5.8
2023	915.3	19.0	40.6
Change (%)	-1.6	58.5	600.4

Source: Annual Statistical Report 2023, Saudi Tadawul. The figures in this table are rounded to the nearest decimal point.

Chart 6.1: Total Volume of Sukuk and Bonds to GDP in 2023

Source: Saudi Exchange.

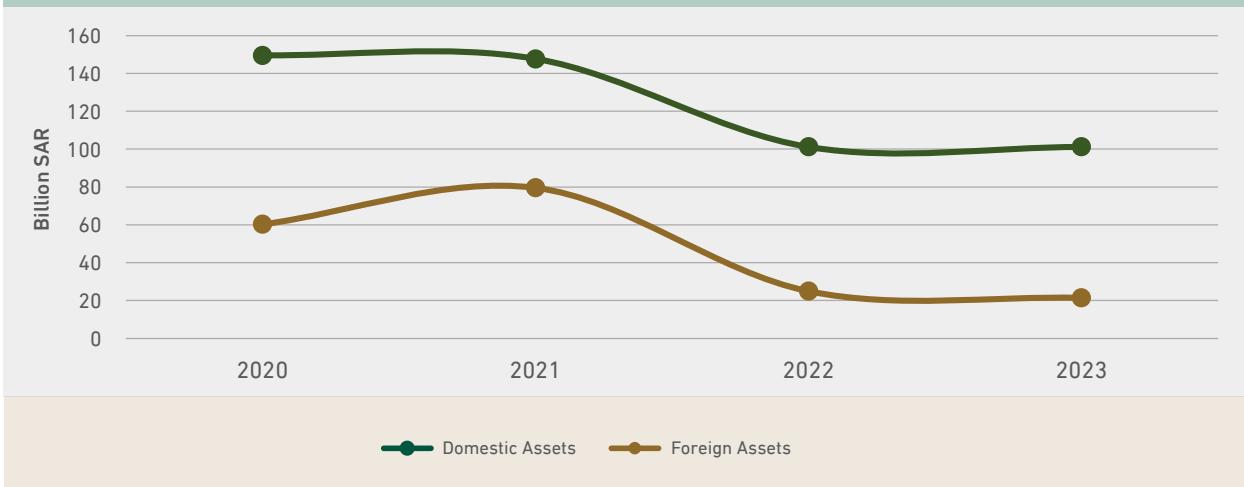
Investment Funds Developments in 2023

The number of investment funds managed by investment companies in Saudi Arabia went up by 15.0 percent to 291 in 2023, with the number of subscribers reached 1,080.5 thousand at the end of 2023. In contrast, the funds' total assets decreased by 2.8 percent to reach SAR 122.6 billion, as investments in foreign assets of investment funds decreased by 14.1 percent to SAR 21.4 billion. The volume of investments in domestic assets decreased slightly from the preceding year by about SAR 4.5 million, constituting 82.5 percent of the funds' total assets. In comparison, investment funds in foreign assets constituted 17.5 percent (Table 6.7 and Chart 6.2).

Table 6.7: Key Indicators of Investment Funds Managed by Domestic Investment Companies

Year	No. of Public 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 (Thousands)	Change (%)
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
2022	253	-1.2	101.2	-31.5	24.9	-68.6	126.1	-44.5	652.9	23.3
2023	291	15.0	101.2	0.0	21.4	-14.1	122.6	-2.8	1,080.50	65.5

Source: CMA. The figures in this table are rounded to the nearest decimal point.

Chart 6.2: Assets of Investment Funds at Domestic Investment Companies

Source: CMA.

In general, public investment funds' assets constituted 22.0 percent of the total value of assets of managed investment funds at the end of 2023. A review of the indicators of public investment funds by type of investment shows that the value of equity funds' assets increased by about 21.4 percent to SAR 28.2 billion. Real estate investment traded funds also increased by about 10.0 percent to SAR 27.7 billion at the end of 2023. Moreover, investment funds in debt instruments increased by 17.8 percent to SAR 23.0 billion, holding investment funds by 61.4 percent and other funds by 114.4 percent. In contrast, asset values in investment funds in money markets decreased by about 38.3 percent, exchange-traded funds by 57.4 percent, and real estate investment funds by about 56.6 percent (Table 6.8).

Table 6.8: Assets of Investment Funds Managed by Domestic Investment Companies by Type of Investment

Year	Equity	Debt Instruments	Money Markets	Real Estate	Holding Company	Balanced	Exchange-Traded Funds	(Billion SAR)		
								REITs	Other	Total Assets
2022	23.3	19.6	49.6	0.7	2.8	--	1.5	25.2	3.4	126.1
2023	28.2	23.0	30.6	0.3	4.6	0.1	0.6	27.7	7.4	122.6
Change (%)	21.4	17.8	-38.3	-56.6	61.4	--	-57.4	10.0	114.4	-2.8

Source: CMA. The numbers in the table are rounded to the nearest decimal point.

Derivatives Market Developments in 2023

With its launch on August 30, 2020, the derivatives market is now among the most important major initiatives of the FSDP. It represents a milestone in developing the Saudi Stock Exchange (Tadawul) as an advanced financial market. Derivative instruments provide investors in the Saudi market with opportunities to diversify their investments. They are also hedging tools that can enhance the effectiveness of risk management in the market. From this aspect, the Saudi Stock Exchange introduced the first exchange-traded derivative product, 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 market during 2023, trading in single-stock options contracts began as of Monday 13/05/1445H (November 27, 2023). Investors can trade single-stock options contracts on 4 companies listed as their primary assets. Single-stock options contracts are the third product to be introduced in the Saudi derivatives market. A review of financial market statistics in 2023 shows that the total number of trades amounted to about 425 with a traded value of about SAR 161.3 million. Additionally, the total volume of traded contracts during 2023 amounted to about 6,780 contracts (Table 6.9).

Table 6.9: Derivatives Market Statistics in 2023

Contract	Number of Transactions	Value Traded (SAR)	Volume Traded
Single-Stock Options	119	101,159	888
Total of Index Futures Contracts	251	136,867,750	922
Single-Stock Futures Contracts	55	24,359,500	4,970
Total	425	161,328,409	6,780

Source: Saudi Tadawul Group. The figures in this table are rounded to the nearest decimal point.

Islamic Banking Sector

Islamic banking in Saudi Arabia continued to achieve remarkable growth in total assets, including those of Islamic banks and windows⁶. Total Islamic assets increased by 9.8 percent to SAR 2,981.7 billion at the end of 2023 compared to SAR 2,714.6 billion at the end of 2022. Shariah-compliant banking finance went up by 10.4 percent to SAR 2,181.7 billion. Deposits also increased by 5.3 percent to a record SAR 1,973.6 billion (Table 6.10).

Table 6.10: Indicators of Islamic banking

(Billion SAR)			
Period	Total Assets	Total Finance	Total Deposits
2020	2,041.0	1,461.9	1,570.2
2021	2,413.3	1,724.3	1,768.0
2022	2,714.6	1,976.5	1,873.7
2023	2,981.7	2,181.7	1,973.6

Source: Saudi Central Bank, the numbers in the table are rounded to the nearest decimal point.

Shariah-Compliant Bank Financing

Shariah-compliant bank financing provided by Islamic banks and windows recorded a growth of 10.4 percent YoY to SAR 2,181.7 billion at the end of 2023 compared to SAR 1,976.5 billion at the end of 2022. Shariah-compliant finance consists of the contracts of Murabaha, Tawarruq, Ijarah, Mudaraba, Musharakah, etc. Murabaha contracts represented the highest percentage of total finance contracts at about 52.5 percent (SAR 1,145.5 billion) in 2023, followed by Tawarruq contracts at 36.5 percent (SAR 795.5 billion) and Ijarah contracts at 9.2 percent (SAR 200.9 billion). The remaining 1.8 percent was distributed among Mudaraba, Musharakah, and other contracts (Table 6.11).

Table 6.11: Shariah-Compliant Financing Contracts

(Billion SAR)							
Period	Murabaha	Tawarruq	Ijarah	Mudarabah	Musharakah	Other	Total finance
2020	646.4	561.8	229.0	1.6	1.8	21.3	1,461.9
2021	879.0	640.5	178.3	1.9	1.3	23.2	1,724.3
2022	1,049.5	709.6	180.7	1.8	1.4	33.4	1,976.5
2023	1,145.5	795.5	200.9	1.7	1.9	36.3	2,181.7

Source: Saudi Central Bank, the numbers in the table are rounded to the nearest decimal point.

The category of "Other" includes credit cards and other Shariah-compliant financing forms.

⁶They are part of a conventional bank (which may be a branch or a dedicated unit of that bank) that provides shariah-compliant finance and investment services both for assets and liabilities products – Shariah Governance Framework for Local Banks Operating in Saudi Arabia, SAMA.

Shariah-Compliant Bank Deposits

Shariah-compliant bank deposits consist of demand deposits and time and savings deposits held by Islamic banks and windows. Total Shariah-compliant bank deposits amounted to about SAR 1,973.6 billion at the end of 2023 compared to SAR 1,873.7 billion in the preceding year. Islamic windows constituted about 50.3 percent (SAR 992.3 billion), and Islamic banks about 49.7 percent (SAR 981.2 billion). This increase was attributed to the growth in deposits paying a return, which included Murabaha deposits and others, by 16.7 percent, recording SAR 517.1 billion, in addition to the growth in profit-sharing investment accounts by 38.8 percent to SAR 185.5 billion. On the other hand, demand deposits declined by 2.0 percent YoY to SAR 1,271.0 billion (Table 6.12).

Table 6.12: Shariah-Compliant Deposits - Q4 2023

Components	Islamic Banks	Change (%)	Islamic Windows	Change (%)	Total	Change (%)	(Billion SAR)
Profit-Sharing Investment Accounts	180.7	40.2	4.8	1.2	185.5	38.8	
Demand Deposits	557.2	3.9	713.8	-6.2	1,271.00	-2.0	
Profitable Deposits	243.3	3.6	273.8	31.6	517.1	16.7	
Total	981.2	9.0	992.3	1.9	1,973.60	5.3	

Source: Saudi Central Bank. The figures in this table are rounded to the nearest decimal point.

Non-Banking Islamic Financial Services

Sukuk

The outstanding sukuk of banks and financial institutions amounted to SAR 82.9 billion at the end of 2023 compared to SAR 72.6 billion at the end of 2022. Sukuk of companies and non-financial institutions amounted to SAR 39.1 billion compared to SAR 39.7 billion at the end of 2022. Sukuk issued through debt instrument platforms in 2023 stood at around 1,084 with a total value of SAR 1,516.5 million compared to 269 with a value of SAR 440.4 million in 2022 (Table 6.13).

Table 6.13: Value & Number of Sukuk Issued through Debt Instrument Platforms

Period	Number of Sukuk	Value (Million SAR)
2022	269	440.4
2023	1,084	1,516.50
Change (%)	303.0	244.3

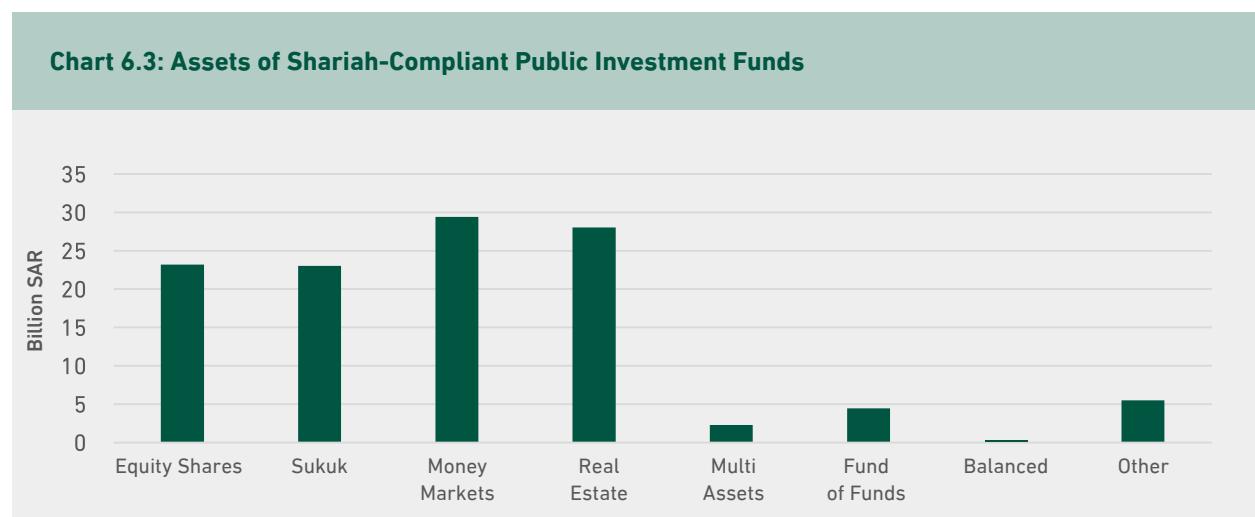
Source: CMA, the Quarterly Statistical Bulletin - Issue 39, Q1 2024. The figures in this table are rounded to the nearest decimal point.

Shariah-Compliant Investment Funds

Shariah-compliant investment funds in Saudi Arabia account for about 27.5 percent of the managed assets of Islamic investment funds globally, according to the IFSB Islamic Financial Services Industry Stability Report 2023.

The value of managed assets of Shariah-compliant investment funds in Saudi Arabia amounted to SAR 115.9 billion at the end of 2023. The number of Shariah-compliant investment funds stood at 242. Shariah-compliant funds' investments in Shariah-compliant assets varied as equity funds made up 40.1 percent of the total number of investment funds (about 97 funds) with an asset value of SAR 23.2 billion, followed by money market funds with 41 funds with a total asset value of SAR 29.4 billion. Investment in money markets constituted the largest share of investment volume at 25.4 percent, followed by real estate investment funds (about 24 funds) with a total value of SAR 28.0 billion (Chart 6.3).

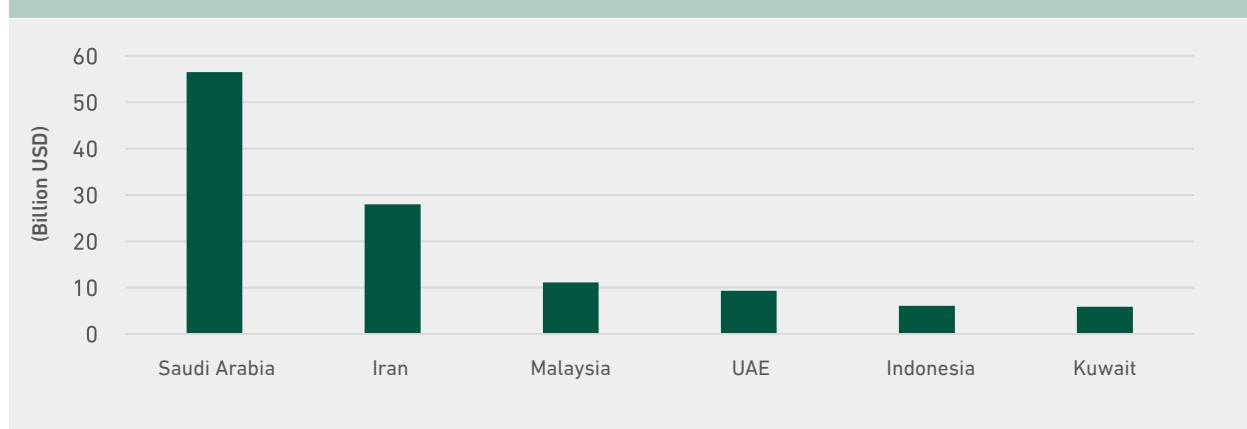
Chart 6.3: Assets of Shariah-Compliant Public Investment Funds



Source: CMA.

Islamic FinTech

The Islamic FinTech market continued growing, showing flexibility and innovation in offering innovative technology products and solutions in various sectors like digital banks, lending, insurance, and wealth management. Saudi Arabia led the Islamic world in the volume of transactions and assets under management, followed by Iran, Malaysia, the UAE, Indonesia, and Kuwait. These six markets together account for 85.0 percent of the global Islamic FinTech market (Chart 6.4).

Chart 6.4: Size of Global Islamic FinTech Market in 2023

Source: Global Islamic FinTech Report 2023/24.

Insurance Sector

The Insurance Authority assumes a regulatory role over the insurance sector in Saudi Arabia, as established by Council of Ministers Resolution No. 85 dated 8/15/2023. The Authority aims to regulate, supervise and control the insurance sector in Saudi Arabia to support it and enhance its effectiveness; raise insurance awareness; protect the rights of the insured and beneficiaries; maintain stability of the insurance sector; contribute to the financial stability; and underpin the principles and pillars of the insurance contractual relationship.

I. Regulatory Developments of Insurance Sector Supervision in 2023

Relevant laws, regulations, and instructions are continuously being updated and developed to keep up with changes in the insurance sector in particular and the economy in general. For this purpose, several rules and regulations governing all aspects of the sector have been issued, most notably:

- Amending the Comprehensive Motor Insurance Rules regulating the contractual relationship between the insurer and the insured.
- Issuing the Marine Insurance Coverage Instructions in collaboration with the Transport General Authority to establish a comprehensive and regulatory framework for marine insurance coverage, ensuring compliance with international agreements and treaties that Saudi Arabia is a party to, and the provisions of the Commercial Maritime Law. These instructions are expected to enhance the quality of insurance services and protect the rights of the insured and beneficiaries of marine insurance products.
- Approving the Insurtech Rules to regulate the relationship between FinTech players and their clients, safeguarding the rights of the parties businesswise and provide appropriate services to beneficiaries.
- Updating some articles of the Unified Compulsory Motor Insurance Policy.

II. Saudization in the Insurance Sector

The total number of employees in insurance companies at the end of 2023 was 10,623 with Saudi employees accounting for 79.4 percent of the total employees. Saudi employees in non-senior positions increased to 82.2 percent, while it was 68.8 percent in senior positions (Table 6.14).

Table 6.14: Saudization Ratio in the Insurance Sector

Nationality	2022		Total	2023		Total
	Number of Employees in Non-Senior Positions	Number of Employees in Senior Positions		Number of Employees in Non-Senior Positions	Number of Employees in Senior Positions	
Saudi	6,765	1,471	8,236	6,906	1,531	8,437
Non-Saudi	1,550	642	2,192	1,492	694	2,186
Total	8,315	2,113	10,428	8,398	2,225	10,623
Saudization rate (%)	81.4	69.6	79.0	82.2	68.8	79.4

Source: Insurance Authority, the Saudi Insurance Market Report 2023. The figures in this table are rounded to the nearest decimal point.

The total number of employees in insurance service providers by the end of 2023 was 6,848, with Saudi employees accounting for 83.3 percent of the total employees. Saudi employees in non-senior positions rose to 82.6 percent compared to 80.8 percent in 2022. Moreover, Saudi employees in senior positions increased to 86.4 percent compared to 83.8 percent in 2022 (Table 6.15).

Table 6.15: Saudization Ratio in Insurance and Reinsurance Service Providers

Nationality	2022		Total	2023		Total
	Number of Employees in Non-Senior Positions	Number of Employees in Senior Positions		Number of Employees in Non-Senior Positions	Number of Employees in Senior Positions	
Saudi	4,660	899	5,559	4,704	998	5,702
Non-Saudi	1,107	174	1,281	989	157	1,146
Total	5,767	1,073	6,840	5,693	1,155	6,848
Saudization Rate (%)	80.8	83.8	81.3	82.6	86.4	83.3

Source: Insurance Authority, the Saudi Insurance Market Report 2023.

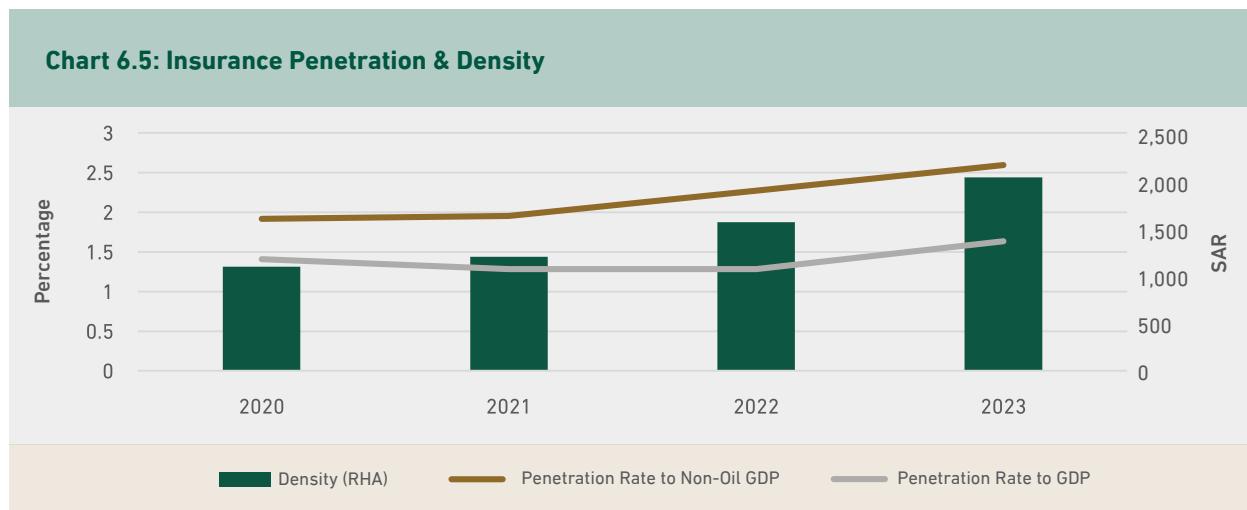
III. Insurance Market in 2023

A. Overall Market Performance

The insurance sector rebounded in 2023, as the Gross Written Premiums (GWP) grew by 22.7 percent YoY to SAR 65.5 billion. Additionally, the insurance sector increased its contribution to non-oil GDP from 2.3 percent in 2022 to 2.6 percent at the end of 2023. Total claims paid increased by 21.1 percent to SAR 41.1 billion at the end of 2023 compared to SAR 34.0 billion in 2022.

B. Insurance Market Penetration and Density

The insurance sector's contribution to GDP increased by 0.4 percentage points to 1.6 percent in 2023, and its contribution to non-oil GDP increased by 0.3 percentage points to 2.6 percent (Chart 6.5).



Source: Insurance Authority. Saudi Insurance Market Report (2023).

IV. Council of Cooperative Health Insurance (CCHI)

The number of individuals with health insurance reached 7.9 million at the end of 2023. The number of companies authorized to sell health insurance policies reached 24 companies, and the number of insurance claims management companies was 3. The CCHI accredited 6,159 healthcare facilities at the end of 2023. The geographic concentration of healthcare facilities was the highest in Riyadh region at 32.8 percent (2,020), followed by Makkah region at 23.0 percent (1,419) and the Eastern Region at 18.6 percent (1,144). The remaining 1,576 healthcare facilities were distributed across other regions of Saudi Arabia.

Finance Companies Sector

SAMA supervises and regulates the non-banking finance sector and develops its regulatory environment by following established international best practices and keeping abreast of the latest developments in the finance industry. Furthermore, SAMA seeks to ensure that laws and regulations are adequate, support the finance sector's growth and protect consumer rights. SAMA works on enhancing and enabling the finance sector by allowing new finance activities in the market and attracting new medium-capital investors and companies to work under its supervision to ensure their efficiency and adherence to corporate governance, compliance and risk management, and consumer protection.

I. Regulatory Developments of Finance Companies Sector Supervision in 2023

As part of its regulatory and supervisory role over finance companies, SAMA issued several circulars and rules in 2023, which covered a number of topics that regulate and support finance and FinTech companies, raise the effectiveness and flexibility of financial transactions, and enable innovation in the financial services provided. SAMA actively support financial inclusion in Saudi Arabia, access to financial services for all society segments, buttress fairness of transactions in the financial sector, and reduce the differences and discrepancies in finance contracts among finance entities.

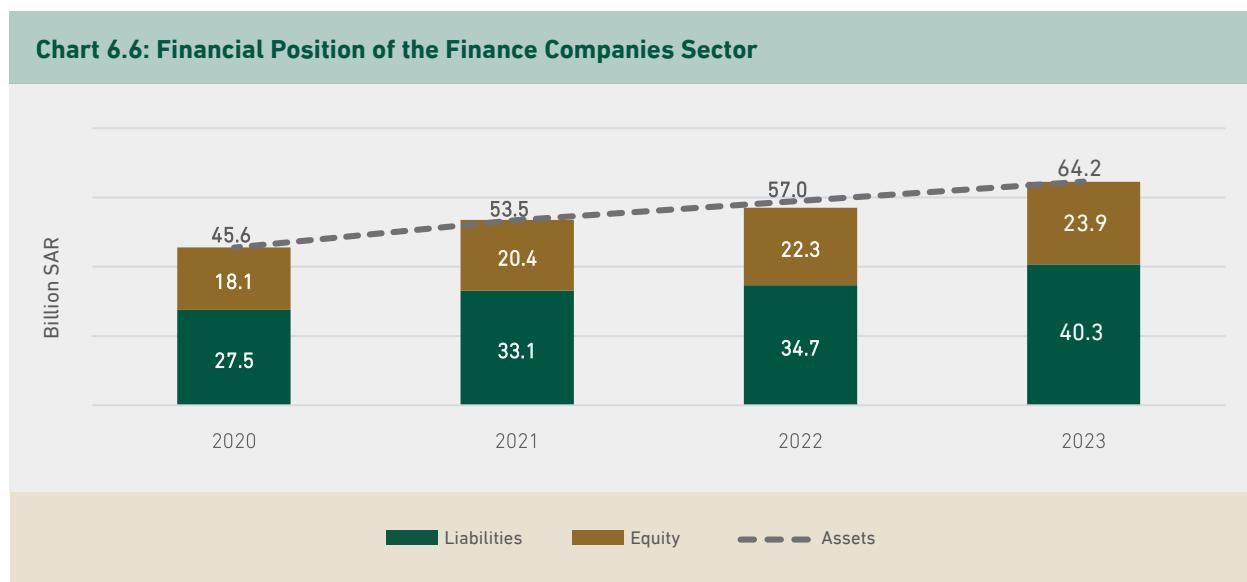
The key developments in the finance sector in 2023 were:

- Amending Article 8 of the Implementing Regulation of the Finance Companies Control Law: this amendment aims to promote the small and medium enterprises (SMEs) sector by attracting new investors to establish finance companies tailored to SMEs finance. The amendment included reducing the capital requirement for these companies to SAR 50 million, down from SAR 100 million.
- Restricting the debt collection tasks for banks and financial companies to debt collection facilities for finance companies licensed by SAMA, and this stems from SAMA's supervisory and control role over banks, finance companies and debt collection facilities of finance companies to achieve stability in the sector and protect consumer rights.
- Issuing the Rules for Practicing Aggregator Service: these rules aim to set the minimum standards and procedures necessary for practicing aggregator service, which contributes to the activity's supervision and control, growth and stability, and fairness of transactions.
- Issuing the Rules Governing Calculation of Annual Percentage Rate (APR): these rules aim to improve the practices of APR disclosure to individual clients when they obtain finance products and standardize the APR calculation method among all financing entities.
- Issuing the Rules for Regulating Buy-Now-Pay-Later (BNPL) Companies: these rules aim to establish licensing provisions for BNPL companies and set minimum standards and procedures necessary to promote its growth and sustainability while taking into account the principles and rules aiming at protecting the rights of financial institutions' clients.
- Based on SAMA's ongoing efforts to protect financial institutions' clients and reduce the differences and discrepancies in consumer finance contracts among finance entities, SAMA issued the Standard Retail Consumer Finance Contract in February 2023, which took effect on 01/07/2023.

II. Financial Developments of Finance Companies Sector

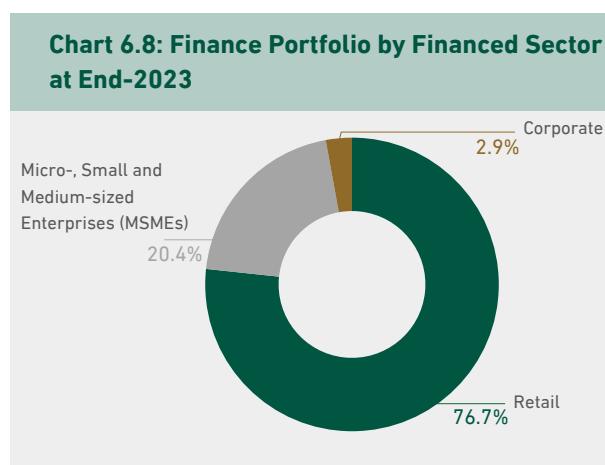
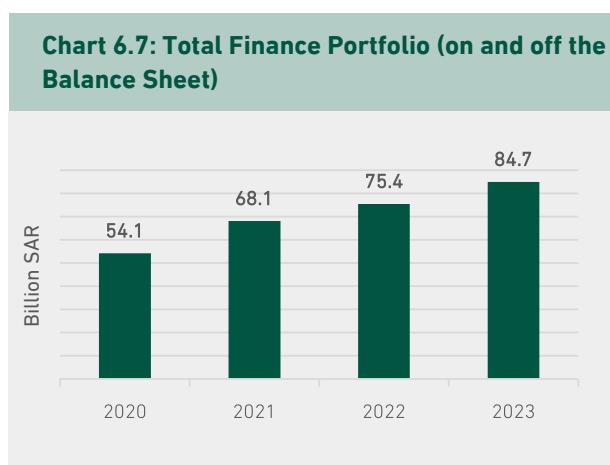
Assets, Liabilities and Equity

Most of the indicators for the finance companies sector grew with varying degrees. Total assets of finance companies increased by 12.6 percent to about SAR 64.2 billion at the end of 2023 compared to SAR 57.0 billion in 2022. Total liabilities and equity rose by 16.4 percent and 6.7 percent, respectively (Chart 6.6).

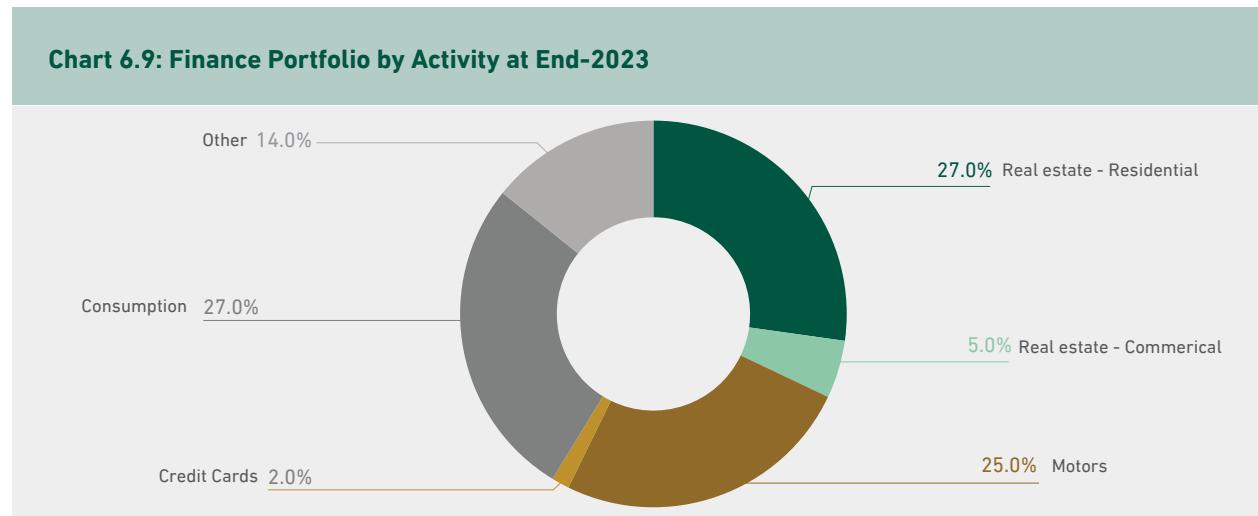


Finance Portfolio

The sector's finance portfolio continued to grow with the net finance portfolio registering an increase of 12.3 percent to SAR 84.7 billion at the end of 2023 (Chart 6.7). Finance granted by finance companies was distributed among the main retail, MSMEs and corporate sectors. Retail finance constituted the bulk of the total net finance at 76.7 percent. MSMEs' finance amounted to 20.4 percent, and the corporate sector accounted for 2.9 percent of finance companies' total net finance portfolios (Chart 6.8).



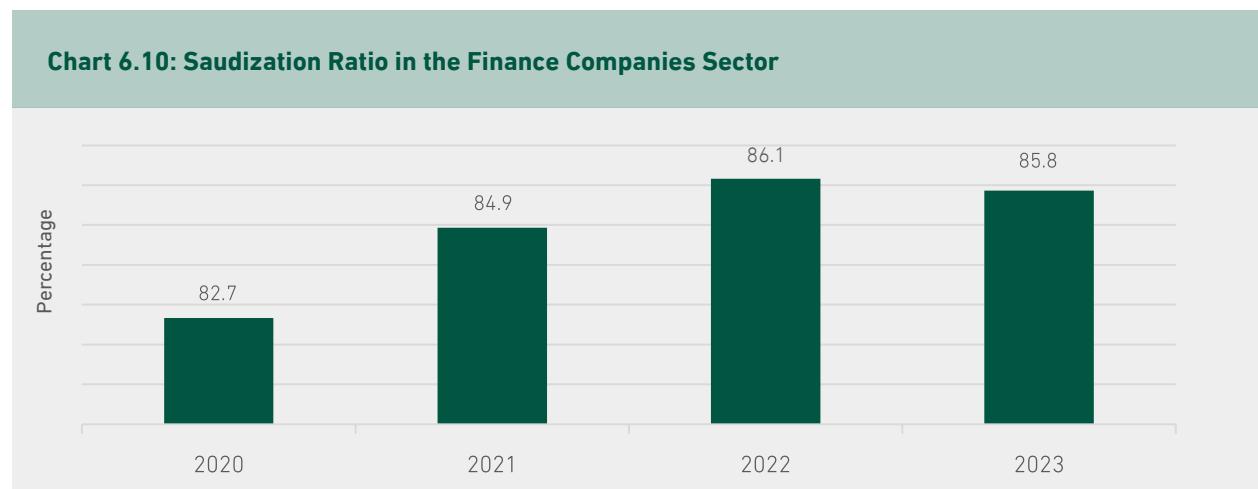
Real estate finance, both residential and commercial, constituted 32.0 percent (SAR 27.2 billion) of the total finance portfolio, followed by consumer finance and motor finance at 27.0 percent and 25.0 percent, respectively, with a total of SAR 44.5 billion for both sectors. Credit cards recorded the lowest contribution to the finance portfolio at 2.0 percent (Chart 6.9).



Source: Saudi Central Bank.

III. Saudization Ratio in the Finance Sector

The Saudization ratio in the finance sector decreased by 0.3 percentage points to 85.8 percent in 2023 compared to 86.1 percent in 2022 (Chart 6.10).



Source: Saudi Central Bank.

IV. Finance Companies Licensed to Operate in Saudi Arabia

Licensed finance companies stood at 61 at the end of 2023, of which 57 are active, compared to 46 at the end of 2022, of which 42 are active.

FinTech

SAMA seeks to enable the FinTech sector to promote the role of innovation and competition and allow non-banking actors to provide FinTech services in alignment with growth requirements and in a manner that would contribute to realizing Saudi Vision 2030. The following is a summary of SAMA's key achievements in the FinTech sector:

Banking Sector

Three digital banks have obtained banking licenses. In addition, the appropriate technical infrastructure has been enabled to activate open banking services that allow clients to securely share their financial data with third parties with explicit consent. This will allow clients to take advantage of new and innovative financial products and services.

Local banks have completed the technical permitting process and have conformed to the open banking framework and its technical standards for the payment account information service. Additionally, these banks have established links and enabled services with all FinTech companies authorized by the regulatory sandbox to provide open banking services.

Payment Sector

Electronic payments reached 70.0 percent in 2023, thus achieving the 2025 target. The number of transactions carried out through Points-of-Sales (POS) reached 9.0 billion, with a growth rate of 24.0 percent compared to 2022. The number of E-wallets in Saudi Arabia reached 21.2 million at the end of 2023 compared to 13.8 million in 2022, with a growth rate of 53.6 percent. E-commerce purchases amounted to 874.0 million, or SAR 157.0 billion in 2023.

Insurance and Finance Sector

In July 2023, SAMA approved the Insurtech Rules to regulate and develop the regulatory environment to align with established best practices and keep pace with the sector's latest developments. These rules comprehensively regulate the principles of insurtech business in all its activities. Moreover, the number of companies practicing insurance aggregation services in the sector amounted to eight.

As for the finance sector, SAMA issued Rules for Practicing Aggregator Service derived from the Rules of Licensing of Finance Support Activities. The rules for regulating Buy-Now-Pay-Later (BNPL) companies were issued in 2023. These rules defined BNPL activity as a type of financing that allows a clients to purchase goods or services without a term cost payable by the clients.

Regulatory Sandbox

By the end of 2023, there were about 33 companies operating under the Regulatory Sandbox. The innovative business models that were made available for testing in the regulatory sandbox were as follows: digital savings groups, BNPL for enterprises, open banking services, peer-to-peer financing, and term deposit aggregation. In 2023, the application process for the Regulatory Sandbox was fully automated to enhance the applicant experience. The sandbox framework was also updated to accept applications year-round. Furthermore, 11 regulations and regulatory rules were issued and amended based on the experiences and benefits gained from the results of the tests in the Regulatory Sandbox.



7

SAMA, Achievements and Aspirations

SAMA, Achievements and Aspirations

The Saudi Central Bank (SAMA) seeks to fulfill its mandate in accordance with national economy requirements and Saudi Vision 2030. In performing its missions, 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. Moreover, SAMA seeks to realize many achievements and optimize its supervisory and regulatory role to boost the national economy, and promote digital transformation and innovation in the financial sector. SAMA also keeps abreast of the developments in the financial sector by adopting regulations that enhance the readiness and resilience of the sector toward achieving Saudi Vision 2030. This chapter discusses SAMA's roles and functions as well as its salient achievements made in 2023.

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 previously known as the Saudi Arabian Monetary Agency (SAMA). 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:

- Maintaining monetary stability.
- Promoting the stability and the enhancement of confidence in the financial sector.
- 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, which enables balance and sustains economic growth. Therefore, these strategic fundamentals have constituted the essential pillar for achieving SAMA's aspirations. To that end, SAMA is committed to adopting the 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:

- Issuing and regulating currency, including minting, printing, issuing, circulating, withdrawing, canceling, managing, and protecting the national currency, and other related activities, without prejudice to the provisions of the Saudi Arabian Monetary Law.
- Overseeing and supervising financial institutions in accordance with relevant laws.
- Issuing regulations and directives related to financial institutions and their operations.
- Formulating and conducting a monetary policy, and regulating the foreign currency exchange market.
- Managing and investing foreign currency reserves.
- Acting as the government's bank and adviser on monetary, banking, and financial affairs.
- Establishing, developing, and operating infrastructures of national payment, settlement, and clearing systems; issuing rules, directives, and licenses; and overseeing and supervising payment, settlement, and clearing systems within its jurisdiction.
- Establishing, developing, and operating financial technology platforms; issuing relevant rules, instructions and licenses; and overseeing and supervising such platforms.
- Issuing directives and developing procedures to protect clients of financial institutions.
- Formulating and managing prudential policies and taking necessary actions and measures for financial institutions, as well as taking necessary measures and procedures to contribute in addressing economic and financial upheavals and crises, whether locally, regionally, or globally.
- Taking appropriate procedures and measures to prevent the commission of crimes associated with financial institutions.
- Representing and participating in regional and international organizations, authorities, forums, and conferences in which the Bank engages as a member, in accordance with legal procedures.
- Cooperating and exchanging expertise with other central banks and counterparts, regional and international organizations, and specialized consulting firms inside the Kingdom and abroad, within its jurisdiction.
- Developing and setting professional tests and requirements related to financial institutions and their operations.
- Conducting research and studies and publishing statistics related to its jurisdiction.
- Establishing subsidiary companies, contributing to the incorporation of companies, and partnering with companies that carry out activities related to the nature of its business, in accordance with legal procedures.
- Proposing draft laws related to financial institutions and the financial sector, proposing amendments to existing laws, and submitting the same for completion of legal procedures; drafting and proposing draft laws or amendments to existing laws that may impact monetary conditions or the stability of the financial sector shall be made in coordination with the Bank.
- Defining the terms and interpreting the provisions of Law.

Risk and Compliance

SAMA has worked to instill the concept of risk management and compliance to raise awareness based on scientific and technical knowledge. It has adopted the governance, risk management, and compliance (GRC) system to improve the efficiency of business outputs and reports issued by SAMA's management at various levels and to improve the quality of services provided to stakeholders inside and outside SAMA. Additionally, SAMA has been working to develop frameworks that are consistent with its strategic objectives and operational model while incorporating the latest methods and practices in risk management, compliance, and business continuity in a manner that supports SAMA in achieving its objectives and strategy.

SAMA Achievements and Aspirations

Issuance and Regulation of the National Currency

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. It incorporates the latest and strongest security features that make it simpler for people handling cash to judge the authenticity of a banknote. In addition, SAMA seeks to raise awareness about 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. SAMA's efforts in managing currency include the following:

- Conducting studies to investigate currency users' satisfaction with the availability and quality of currency in circulation in Saudi Arabia by distributing a questionnaire to all users of the Saudi currency.
- Organizing 40 training courses to educate the financial sector's employees about the security marks of the sixth banknote series and provide them with tools to detect counterfeit currency, such as lenses and pens.
- Holding three workshops with representatives from the Public Security in the Riyadh and Makkah regions.

Supervision and Control of Financial Institutions

Supervision and Control of the Banking Sector

SAMA supervises and regulates banks to ensure their sound operations, solvency, and efficient performance in the national economy. In this context, SAMA it implements laws; issues regulations, instructions and rules; makes supervisory visits; and executes necessary inspection programs. The following are the key developments in 2023 (1444H/1445H):

- Issuing the Banks Remuneration Rules in January 2023 to ensure that banks establish a suitable governance framework for granting remuneration and effective risk management.

- Issuing the Standard Retail Consumer Finance Contract to standardize all retail consumer finance contracts using a single mandatory format that is limited to retail consumer finance contracts only and does not apply to real estate finance contracts, finance lease contracts (including vehicle finance lease contracts for individuals), and credit card finance contracts.
- Updating the loan-to-deposit (LTD) ratio rules in March 2023 to clarify how to calculate the LTD ratio and how to apply the weights.
- Amending Rule 5 of the Bank Accounts Rules on inoperative accounts in March 2023 by adding any credit transactions carried out by the customer as well as the debit transactions to the bank accounts to be classified as inoperative, according to international practices and without conflicting with the purpose of the requirements.
- Amending Rule (4-1-300) of the Bank Accounts Rules on residents investing under the Foreign Investment Law in May 2023 by excluding several of the requirements and replacing them with flexible ones, which facilitated the requirements for opening bank accounts for residents investing under the Foreign Investment Law without prejudice to the relevant laws and regulations.
- Updating the Bank Accounts Rules in May 2023 as Saudi Arabia joined the Hague Convention on the Abolition of the Requirement of Legalization for Foreign Public Documents (Apostille Convention). This update eliminated the requirements for authentication of the Ministry of Foreign Affairs, replacing it with "Apostille" authentication.
- Issuing the first update of the Instructions for Providing New Banking Products and Services in November 2023. These Instructions aim to clarify the roles and responsibilities of the board of directors and senior management in governing, developing, and supervising banking products and services as well as enhance the process of receiving and handling notifications from banks regarding new products and services.
- Implementing the latest Basel III reforms in local banks starting from January 1, 2023, as Saudi Arabia is among the first countries to adhere to the internationally agreed timetable set by the BCBS. This demonstrates the preparedness of the Saudi banking sector, which contributes to achieving SAMA's goal of promoting the stability of the financial sector.
- SAMA continued to plan and perform different on-site banking inspections, which covered stress testing, interest rate risk in the banking book, operational risk, and SMEs. The inspections also covered banks' control functions to ensure that they comply with SAMA laws and regulations and apply monitoring procedures to a number of retail and corporate bank accounts. In addition, they included examining banks' compliance with SAMA laws and regulations relating to treasury management.
- SAMA supervises and controls all bank and remittance center operations. This includes ensuring the best services are provided to Umrah pilgrims and visitors by monitoring the operations of banks and ensuring their compliance with relevant regulations and instructions as well as the full readiness of their branches and centers in Makkah and Madinah regions.

Supervision and Control of the 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 (the Finance Companies Control Law and its Implementing Regulations, the Real Estate Finance Law and its Implementing Regulations, and the 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 the 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 2023 (1444H/1445H):

- Amending Article 8 of the Implementing Regulation of the Finance Companies Control Law to promote the SMEs sector by attracting new investors to establish finance companies that finance these enterprises as the capital requirement for such companies was reduced from SAR 100 million to SAR 50 million.
- Restricting the debt collection tasks for banks and financial companies to debt collection facilities for finance entities licensed by SAMA. This was based on SAMA's supervisory and control role over banks, finance companies and debt collection facilities for financiers to achieve stability in the sector and protect clients rights.
- Issuing the Instructions for Practicing Aggregation Activity to set the minimum standards and procedures necessary for practicing the activity, contributing to the control and supervision over this activity, its growth and stability as well as the fairness of its transactions.
- Issuing the Rules Governing Calculation of Annual Percentage Rate (APR) to improve the practices of disclosing the APR to retail customers when they obtain finance products, and standardize the APR calculation method among all financiers.
- Issuing the Rules for Regulating Buy-Now-Pay-Later (BNPL) Companies to establish licensing provisions for BNPL companies and set the minimum standards and procedures necessary to practice the activity and promote its growth and sustainability while observing the principles and rules for protecting the rights of clients of financial institutions.
- Issuing 32 circulars to the finance companies sector, including the Rules for Advertising Products and Services Provided by Financial Institutions, the Law of Real Estate Registration, and the Annual Survey for FinTech Companies.
- The number of licensed finance companies stood at 56, while the number of licensed finance support companies stood at nine.
- Participating in the United Nations Economic and Social Commission for Western Asia (ESCWA) to prepare a study on women's financial inclusion in the Gulf Cooperation Council (GCC) countries within the framework of the ESCWA Center for Women.
- The number of inspection, supervisory, and licensing visits reached 211 in 2023 (1444H/1445H).

Supervision and Control of Payment Systems and Companies

The global payments industry 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. Moreover, new digital technologies are being adopted at an exponential pace around the world. Accordingly, regulators around the globe seek to adapt to such changes by developing regulatory and legislative frameworks that would organize the market and enable participants to provide services within a competitive and fair environment. In Saudi Arabia, Vision 2030 has set, through the Financial Sector Development Program (FSDP), the path toward promoting the local economy by developing and operating digital technologies in all aspects of the economy.

To achieve growth in the payments sector in a manner consistent with its soundness and efficiency, SAMA has developed supervisory and regulatory frameworks for payment and financial settlement systems and services. SAMA has also worked on developing, managing, and overseeing a modern payment infrastructure that is in line with international best practices and technologies available in the banking industry. This comes with the realization of the key role of payment and settlement systems in the financial and banking sectors (including their use for payments, clearing and settlements through electronic channels). To support the oversight of payment and settlement systems, SAMA considers the Principles for Financial Market Infrastructures (PFMIs) 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 PFMIs 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 2023 (1444H/1445H):

- The total number of licensed payment companies stood at 25, 10 provide e-wallet services, while the remaining 15 offer various payment services, including POS, bill payment aggregation, and e-commerce payment services.
- Approving a number of innovative products and services offered by payment service providers in the sector. Such products and services are expected to contribute to achieving SAMA's goals of digitizing payments and promoting financial inclusion.
- Holding more than 40 workshops for companies wishing to obtain payment business licenses. These workshops aimed to explain how to fill out the forms in accordance with the requirements contained in the regulatory framework of the payments sector.
- Adopting a risk-based supervisory policy to oversee payment companies by preparing different reports based on the entity type, in addition to ongoing assessment and follow-up by SAMA to ensure compliance with the relevant laws and instructions.
- Holding more than 10 workshops for payment companies after being licensed. The workshops included a general introduction to the Payment Systems and Companies Oversight Division and presented reporting forms for periodic supervisory and prudential returns. During these workshops, instructions were given on how to complete the forms properly. Moreover, SAMA held

quarterly workshops for compliance managers to raise their awareness of SAMA requirements and identify the key obstacles and challenges facing companies.

- Making 20 supervisory visits to payment companies based on an approved annual plan and conducting 28 inspection visits to examine companies according to the risk-based approach.
- Approving 11 requests for capital adjustment and 13 requests for bulk account opening.
- Working on a number of studies, initiatives, and controls, including studying the financial limits of e-wallet companies, the offering of payment companies' shares in the capital markets, and the investment of funds of customers and payment companies.
- SAMA's Board of Directors approved the Implementing Regulations of the Law of Payments and Payment Services on 24 / 11 / 1444H (corresponding to 13 / 06 / 2023). These Regulations aim to contribute to achieving the Law's objectives by enhancing the integrity and adequacy of the payments sector's infrastructure in Saudi Arabia and establishing regulatory and supervisory frameworks to activate SAMA's role in protecting and stabilizing the financial sector and enhancing compliance with relevant international principles and standards, such as the Principles for Financial Market Infrastructures (PFMIs). Moreover, the Regulations included provisions related to providing payment services in Saudi Arabia and regulating the obligations of all parties to payment transactions so as to protect the rights of such parties in the payments sector. These Regulations also included provisions related to the designation of systemically important payment systems and finality to ensure the soundness and stability of transactions.

Monetary Policy

SAMA plays a fundamental role in the national economy through its monetary policy that aims to maintain monetary stability, manage 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 its monetary policy goals, SAMA uses a package of monetary policy tools, including the repo and reverse repo rates, SAMA bills, required 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.

Financial Stability

SAMA has an effective role in the banking and financial systems. It closely supervises all financial institutions under its supervision to achieve a number of strategic objectives, including maintaining the soundness and the resilience of banking and financial systems in addition to identifying, assessing, measuring, and addressing all related risks. In this context, 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.

Foreign Exchange Reserves Management and Investment

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 educational and professional qualifications. 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, trading in alcohol, tobacco, and weapons.

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 and that necessary measures are taken to enhance compliance related to AML/CTF. The following are the key AML/CTF developments in 2023 (1444H/1445H):

- Completing a number of inspection programs for financial institutions to verify the implementation of AML/CTF requirements according to a risk-based approach. The conducted inspection programs varied as they included on-site, off-site, supervisory, and other inspection programs. The results of these visits and the financial institutions' corrective action plans are constantly monitored.
- Continuing to contribute effectively to the National Program for Combating Commercial Concealment by providing solutions and developing initiatives to combat and eliminate commercial concealment. In addition, anti-commercial concealment indicators were prepared in cooperation with a number of relevant government entities and circulated to financial institutions. Specialized workshops were also held to raise the capabilities of entities combating commercial concealment.
- Continuing to raise awareness among financial institutions by organizing specialized workshops, including a workshop on the legal requirements for combating money laundering and terrorist financing in the payments sector, a workshop on combating commercial concealment, and a number of workshops to enhance the implementation of relevant legal requirements.
- Supporting national initiatives aimed at combating money laundering and terrorist financing and protecting the integrity of the financial sector from such crimes. SAMA participates in the permanent committees for combating terrorism and its financing and seeks to implement Security Council Resolutions related to combating proliferation financing. SAMA's employees also participate in specialized work teams to address specific topics.
- Participating in a number of relevant international meetings, such as the Financial Action Task Force (FATF) meetings and the Middle East and North Africa Financial Action Task Force (MENAFATF) meetings, and a number of meetings with the United Nations Office on Drugs and Crime (UNODC),

the United Nations Counter-Terrorism Centre (UNCCT) in New York, and the International Monetary Fund (IMF), in addition to holding a number of bilateral meetings to exchange experiences with other countries.

Control of Cyber Risks

Given the importance of cybersecurity in supporting and sustaining financial stability and maintaining clients confidence in the financial sector, SAMA took strategic steps to strengthen cybersecurity and contain its risks. It had previously issued a comprehensive cybersecurity strategy for the financial sector based on international and regional best practices and experiences. The strategy encompasses several strategic objectives and initiatives that aim to strengthen SAMA's regulatory role, develop its supervisory tools, and enhance cybersecurity practices in the sector. The following are the key developments in 2023 (1444H/1445H):

- Work on conducting a comprehensive analysis of critical systems in the financial sector, as this analysis aims to identify the systems and their sensitivity to the financial sector and its stakeholders. Based on the analysis results, scenario-based assessments of advanced cyber threats are conducted. Also, work was done to develop regulatory frameworks that feed into the risk management of critical systems and identify common infrastructure risks for the financial sector.
- Establishing a forward-looking center for cybersecurity supported by technical systems. The center aims to detect and analyze cyber threats targeting the financial sector in Saudi Arabia. SAMA also works with various entities to coordinate and exchange proactive information to take the necessary precautionary measures. It also assesses the readiness of entities under its supervision by conducting red-teaming exercises and implementing various scenarios to raise the financial sector's readiness.
- Due to the financial sector's connection with external parties concerned with providing services and products to financial entities or on their behalf, and the accompanying risks to the financial sector, SAMA worked proactively to develop a draft regulatory manual for its governance. The regulatory manual aims to create a clear and central vision through which service providers are identified and risks associated with contracts are reduced, while creating integrated governance for contract management based on international best practices.
- Launching a national awareness program under the slogan "Stay Vigilant", in cooperation with a number of government and private entities, aiming to raise the level of community awareness of fraudulent risks by clarifying fraud scenarios and ways to combat such exploitation attempts.
- Working on a number of programs to empower the FinTech sector by establishing controls and procedures that are commensurate with the size and risks of companies operating in the sector, which facilitated the process of licensing companies without affecting the cyber practices of the FinTech sector. In addition, SAMA has worked with FinTech Saudi on developing "Makken" program,

which revolves around empowering the FinTech sector by providing the necessary support to meet cybersecurity requirements in companies operating in the sector.

- Launching the updated regulatory guide to combat financial fraud, which aims to improve the level of established practices in the sector by implementing a set of controls that contribute to elevating the maturity level to combat fraud proactively and more effectively, and increase flexibility in dealing with the most prominent developments and risks in this regard.

Research, Studies and Statistics

SAMA seeks to develop intellectual and knowledge capital by preparing studies and reports of high value and quality in financial and economic fields. It also aspires to be 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 in this field during 2023 (1444H/1445H) include the following:

- Preparing SAMA's Annual Report, which is a key reference for researchers and practitioners 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 included the Monthly Statistical Bulletin, Inflation Report, Economic Developments Report, Financial Stability Report and Islamic Finance Report.
- Dedicating to meet the requirements of the G20 Data Gaps Initiative.
- Preparing and publishing working papers on various economic, financial, and development topics on SAMA's website.
- Continuing the "Joint Research Program" initiative, which supports research collaboration between SAMA's researchers and other external academics, subject matter experts and specialists. The initiative stems from SAMA's interest in developing the economic and financial research ecosystem, and it confirms the importance of research in achieving Saudi Vision 2030.
- Holding quarterly workshops and symposia to enrich knowledge and share ideas with academics, bankers and interested parties. Such events cover various economic and financial topics and developments.
- Making monthly presentations on different economic topics to SAMA's senior management and those concerned with financial and economic affairs to promote sharing ideas between the employees of SAMA and other government entities.
- Holding a number of internal "Ethraa" sessions and workshops to introduce key developments in Islamic finance at the local and the global levels, and review international best practices in the control and the governance of Islamic financial institutions.
- Providing relevant entities with specialized research papers on monetary, banking and financial topics and with SAMA's projections for the Saudi economy.

FinTech

Financial Sector Development

SAMA works with the Financial Sector Development Program (FSDP) to maintain the stability and the development of the banking system, deploy the best technologies that improve the financial sector's performance, facilitate its services, and obtain the best financial products and services. Accordingly, SAMA seeks 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. The key achievements in this field during 2023 (1444H/1445H) include the following:

- Achieving the FSDP objectives of increasing e-payments: The percentage of e-payments reached 70.0 percent in 2023, meeting 2025 targets and seeking to achieve 80.0 percent by 2030.
- Issuing the rules regulating Buy now pay later (BNPL) activity, which defines the BNPL as a type of financing that allows a consumer to purchase goods or services without a term cost payable by the consumer. The value of BNPL purchases exceeded SAR 26.5 billion in 2023, which enhances purchasing power and provides various financing options.
- Issuing the Rules for Practicing Aggregator Service that are derived from the Rules of Licensing of Finance Support Activities.
- Approving the Insurtech Rules, which comprehensively regulate the insurtech business principles in all its activities. Moreover, the number of companies practicing insurance aggregation services in the sector amounted to eight.
- By the end of 2023, there were about 33 companies operating under the Regulatory Sandbox. Also, work was done to update the Regulatory Sandbox Framework to receive applications year-round, in addition to automating the application process. Regulatory-wise, work was done to issue and amend a number of regulations and regulatory rules based on the experiences and benefits gained from the results of tests in the Regulatory Sandbox.

Innovation

SAMA is dedicated to stimulate the adoption of the latest FinTech trends by identifying potential innovations and conducting necessary tests to prove the feasibility and value of the innovations. These innovations may arise from SAMA, coming in response to challenges faced by stakeholders, or be part of broad cooperation with different international organizations. The following are the most prominent efforts made by SAMA's Innovation Center during 2023 (1444H/1445H):

- Continue testing the Central Bank Digital Currency (CBDC), and examining the possibility of benefiting from CBDCs for a number of use cases, including settlements of SADAD payments and digitalizing the repo and reverse repo transactions market.
- Leading several experiments involving generative AI, specifically experiments using various closed-source and open-source large language models.

- Creating an AI tool that contains a wide range of texts related to Islamic finance that can provide textual advice and guidance on various topics.
- Developing an integrated tool that supports virtual assets and the CBDC program by enabling quick access to the latest information regarding relevant laws and policies in various countries.
- Developing a tool that uses different AI-based methods to collect structured data (such as financial reports) and independently analyze it from a different perspective (such as financial stability or supervision); and generating new observations and forecasts without human intervention.
- Creating a tool to develop synthetic data that can be used for various purposes when real data cannot be used due to its sensitivity, unavailability, or other limitations.
- Examining the benefits and risks of quantum computing, given the future importance of this emerging technology in solving a number of financial problems, in addition to participating in a number of global initiatives and developing a number of use cases related to this field.
- Coordinating with many other central banks and international organizations to exchange knowledge and participate in joint projects, including the Hong Kong Monetary Authority, the Bank for International Settlements, the Bank of Indonesia, the Monetary Authority of Singapore, and the British Financial Conduct Authority.

Open Banking

SAMA continues supporting the Open Banking Program, which is one of the initiatives of the National FinTech Strategy. The program seeks to adopt open banking practices in Saudi Arabia that enable customers of financial institutions to share their financial data with FinTech companies in a secure manner, which promotes competitiveness and innovation and improves customer experience. SAMA is keen to proactively organize the program in a manner consistent with international best practices, thus confirming its continued support for open banking, which is a vital initiative of the Saudi Vision 2030 towards a digitally enabled economy. The key 2023 (1444H/1445H) achievements in this field include the following:

- Launching the Open Banking Lab, which aims to accelerate the development of open banking services in Saudi Arabia through a specialized platform that provides banks and FinTech companies with a testing technical environment aimed at ensuring participants' compatibility and commitment to the open banking regulatory framework and standards.
- Launching the Collaborative Center for Open Banking, which aims to improve operational efficiency by providing a central platform to streamline approval procedures, respond to inquiries, submit reports, and deal with complaints.
- Activating account information services in open banking after banks and FinTech companies complete the necessary procedures. Activating this service aligns with the open banking regulatory framework and standards in Saudi Arabia, ensuring a coherent and unified environment for sharing financial data. SAMA is closely monitoring the progress of the activation process to encourage increased adoption of services from participants.

- Authorizing a number of FinTech companies to participate in open banking in the Regulatory Sandbox. This step confirms SAMA's commitment to supporting the financial sector and contributing to achieving the goals of the National FinTech Strategy.

Human Capital Development

SAMA has spared no effort in developing its human resources through a prestigious scholarship program to study abroad, allowing its employees to earn master's and Ph.D. degrees from many 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, SAMA offers cooperative training (co-op) programs for university students in majors relevant to its functions to prepare them for future employment. SAMA continuously develops its human cadres through many programs and schemes. The following are the key 2023 (1444H/1445H) achievements in this regard:

- The Leadership Development Program, which aims to train SAMA's employees and enhance their leadership skills to prepare them for leading roles in the future. This program is held in cooperation with international universities and leading centers. The number of employees enrolled in the Program was 167 in 2023.
- The Central Banking Master's Program, which aims to enable SAMA employees, equip them with analytical tools and provide them with diverse expertise to keep pace with future developments. It is designed in collaboration with some globally recognized universities. The number of employees enrolled in this Program was four in 2023.
- The Investment Immersion Program, which aims to develop the investment capabilities of investment specialists and recent graduates. The Program comprises intensive conceptual and applied training in multiple investment fields, including developing expertise in global markets, investment management, macroeconomics, effective communication, and strategic thinking. The number of trainees enrolled in the program was 27 in 2023.
- The Saudi Economists Program, which aims to attract fresh graduates, develop their skills in the economic field and train them to join postgraduate programs. The number of employees enrolled in the program, including cohort 19, was 186.
- The Women Empowerment Program, which is part of SAMA's strategy to develop human capital. The program is designed to recognize and foster female talents and develop their leadership skills and capabilities, which should enable females to take on leading roles and advance the work environment for females, and also prepare them for future developments. The number of employees enrolled in this Program was 83. It is worth also noting that the number of female employees in leading positions reached 60.
- The Professional Certification Program, which aims to boost the employees' professional side and assist them in learning the best practices in their fields. SAMA offers support for an approved list of 56 professional certificates from leading international bodies in financial, control, technical, administrative and other fields. Employees who obtained professional certificates reached 79 in 2023.

- Various training and development solutions were provided, including online training platforms, training programs at several regional and international institutions, group courses and lectures aimed at developing employees' technical and behavioral skills, and internal and external English language programs. The number of employees who enrolled in short training courses was 1,692 in 2023. Also, those who received training courses through training platforms were 446 employees, bringing the total number of training courses recipients to 2,138 in 2023.
- Employees studying abroad were 90, while those studying locally, part-time, or through distance learning were 69.
- Diverse training programs were provided to SAMA's staff through the Financial Academy. The number of employees who enrolled in these programs reached 198.
- The Cooperative Vocational Training Program for Saudi universities graduates and accredited international universities in specializations that aligned with SAMA role. The program focuses on training graduates on a set of skills and competencies to broaden their perspectives through direct integration into SAMA's departments, and enriching them with training and development programs that enhance their employment prospects in the financial sector. Trainees enrolled in the program were 43 in 2023.
- The Anti-Cyber Crime Program, which comes as part of SAMA's strategic direction and involvement in cybersecurity issues, as well as its keenness to acquire specialized knowledge to combat fraudulent crimes. This also comes as part of SAMA's efforts to advance the competencies of its employees and those of the financial sector through adopting best international practices and standards in combating cyber crimes and technologies necessary to combat fraud. This Program aims to enhance awareness and acquire the necessary expertise through conceptual training in major educational institutions and applied training in international companies and banks to gain skills and knowledge from subject-matter experts. The first cohort of trainees enrolled in the program was 27 in 2023.
- The Basic Skills Program for new recruits, which targets newly-joined employees in SAMA with limited experience to enhance their integration into the work environment and develop the most important basic skills through conceptual and applied training. Trainees enrolled in this Program were 157 in 2023.
- Based on the Council of Ministers Resolution No. 713 dated 30 Dhul-Qi'dah 1438H, which stipulated the development of legal departments in government bodies, and in commitment to the principle of continuous development and improvement in line with the ambitious targets aimed at raising the level of compliance with regulations and instructions, and providing protection and all forms of legal support to help SAMA achieve its objectives and execute its mandates and powers prescribed in the Saudi Central Bank Law, the General Department of Legal Affairs has obtained the ISO certificate in quality management system in legal services. It also works to empower its employees by having a number of them complete their postgraduate studies inside Saudi Arabia and abroad, and enroll some of them in English language programs. In addition, the department trains a number of university students in Saudi Arabia.

Social Responsibility

Social Responsibility Strategy

SAMA's strategy aims to promote social responsibility by focusing on four main elements: increase employees' awareness of social responsibility, instill social responsibility principles in the organization's policies and procedures, launch initiatives and events that support social responsibility for the benefit of society and the environment, and encourage sectors supervised by SAMA to develop their social responsibility. SAMA's strategy places attention on all concerned parties, with a special focus on the following areas:

The community: SAMA's interest in this regard includes communicating with the community by focusing on training, education, and financial awareness programs, enabling persons with disabilities and supporting the third sector (non-profit sector).

Employees and work environment: SAMA concentrates on developing human capital, setting up an attractive and ideal work environment that aligns with the best occupational health and safety standards, providing excellent care to families of employees, and encouraging organized voluntary work in areas needed by society.

Financial sector entities supervised by SAMA: SAMA pays great attention to sector-wide social responsibility and enables financial entities to develop such practices to reflect positively on the reputation and effectiveness of the sector, while simultaneously focusing on sustaining the development of consumer protection- and awareness-related laws and procedures, in addition to providing local suppliers with opportunities to provide their services for the sector.

The environment: SAMA focuses on conserving natural resources of the environment, reducing the harmful impact on the environment through optimizing energy consumption and lowering emissions, reducing paper use, rationalizing water use, and exploring new insights that contribute to preserving natural environment components.

The strategy's implementation model consists of two phases. The first phase focuses on highlighting SAMA's social responsibility and initiatives being of top priority to be publicized to society. This is followed by raising awareness among SAMA's employees about social responsibility, while fulfilling its responsibility towards the financial sector and working actively on improving the environment. Upon achieving that milestone, the strategy's focus gradually shifts to the financial sector as a top priority. The improvement in the financial sector's practice of social responsibility demonstrates SAMA's distinct role in enabling social responsibility, in addition to its exerted efforts in all relevant areas in a balanced manner that ensures the promotion of 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.

Clients Protection in the Financial Sector

The Clients Protection Department at SAMA aims to ensure that clients of the financial sector receive transparent, honest and fair treatment in line with the applicable laws and regulations. It also seeks to ensure that clients have facilitated access to affordable and high-quality financial services and products.

In addition, the department aims to raise awareness among all targeted segments and continues to survey public opinion about consumer protection efforts and campaigns to measure their success in communicating their message and benefiting the recipient. Furthermore, the Clients Protection Department receives and addresses complaints from clients of the financial sector. During 2023, SAMA continued receiving and addressing complaints through "SAMA Cares" system. The system enables customers of the financial sectors supervised and controlled by SAMA to submit and follow up on their complaints. It also ensures a quick and clear processing of complaints. Through the system, SAMA received and processed 612,794 complaints of various types from bank customers, finance companies, FinTech companies, and exchange companies. The call center has received 997,318 calls, where customer satisfaction rate reached around 90.0 percent. Additionally, SAMA worked on several initiatives to enhance consumer protection in the financial institutions under its supervision, most notably the issuance of the clients Protection Rules and Principles, and Rules for Advertising Products and Services Provided by Financial Institutions.

Participation in Community Growth

Through continuous awareness campaigns, SAMA contributes to educating and raising awareness of beneficiaries of SAMA 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, thereby confirming SAMA's pivotal role in community service. During 2023, SAMA carried out several voluntary social campaigns, initiatives and activities, most notably: participating in the FinTech Careers Fair, the Open Day for Employment at King Fahd University of Petroleum and Minerals, the Annual Career Day at Alfaisal University, and Khatwa Job Fair. In addition, SAMA introduced many programs that aim to activate its social role through supporting and developing the local community, including all of its segments, and strengthening and elevating national capabilities.

SAMA's International and Regional Participations

SAMA actively participates as a member of various international and regional financial organizations and attends their meetings, including: the G20 meetings; SAMA participates in the G20 Finance Track meetings as well as the IMF-World Bank Annual Meetings, which broadly discussed the most salient subjects relating to global economy changes. SAMA also participates in various meetings and committees of the Bank of International Settlements (BIS), as it contributes to existing discussions, efforts, and projects of the BIS. In addition, SAMA participates in many of the Financial Stability Board's (FSB) efforts, as the FSB addresses many topics, the most prominent of which are related to FinTech development. Moreover, SAMA has been a member of the Network for Greening the Financial System since 2023, participating in many meetings and task forces concerning the development and exchange of expertise relevant to the finance and climate change aspects. Furthermore, as an extension of its efforts to maintain cooperation, the exchange of expertise, and discussions of economic and financial issues of mutual interest, SAMA hosted meetings of the Islamic Financial Services Board and its General Assembly, the Annual Conference of the Union of Arab Banks; in addition to many bilateral meetings with central banks, counterparts, and regional and international organizations.



8

SAMA **Balance Sheet**

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THE BOARD OF DIRECTORS OF SAUDI CENTRAL BANK

Opinion

We have audited the accompanying financial statements of Saudi Central Bank SAMA ("the bank"), which comprise the Issuance Department balance sheet, Banking Operation Department balance sheet and Contra Accounts balance sheet as at 30 June 2023, and the statement of revenues and expenses for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements of the bank as at and for the year ended 30 June 2023 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 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 Statement 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 International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that is relevant our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements.

Emphasis of Matter – Basis of Preparation

We draw attention to Note (2) to the financial statements, which describe the basis of preparation and accounting. The financial statements have been prepared for the bank's financial reporting purposes as per its Governor' 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 the information to be 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 auditor's 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 the Financial Statements

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 alternative but to do so.

Those charged with governance, i.e. the Board of Directors, are responsible for overseeing the bank's financial reporting process.

Auditors' 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 are 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 the audit in order to design audit procedures that are appropriate in the 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 the 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.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

We communicate with those charged with governance regarding, among other matters, 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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28 Thul-Qi`dah 1445H
(5 June 2024)

**SAUDI CENTRAL BANK SAMA (THE BANK) | BALANCE SHEET
AS AT 30 JUNE 2023 | ISSUANCE Department**

	(Thousand Riyals)	
	2023	2022
ASSETS		
CURRENCY COVER:		
Gold (note 2-g)	1,623,503	1,623,503
Investments in Foreign Securities	263,457,896	265,573,637
TOTAL ASSETS	265,081,399	267,197,140
LIABILITIES		
Issued Currency:		
In Circulation	246,943,520	231,592,146
In Banking Operation Department	18,137,879	35,604,994
TOTAL LIABILITIES	265,081,399	267,197,140

The accompanying notes from 1 to 6 form an integral part of these financial statements.

**SAUDI CENTRAL BANK SAMA (THE BANK) | BALANCE SHEET
AS AT 30 JUNE 2023 | BANKING OPERATION DEPARTMENT**

	(Thousand Riyals)	
	2023	2022
ASSETS		
Cash on Hand		
Cash on Hand	18,137,879	35,604,994
Deposits in Local Banks	81,702,390	150,629,929
Cash & Deposits in Foreign Currency	400,312,521	340,437,117
Foreign Investments	977,644,769	1,108,665,458
Other Miscellaneous Assets	89,403,852	67,998,023
TOTAL ASSETS	1,567,201,411	1,703,335,521
LIABILITIES		
Government Agencies & Institutions Deposits		
Government Agencies & Institutions Deposits	518,143,203	698,675,203
Foreign Organizations Deposits	5,383,527	5,652,353
Local Banks Deposits	139,681,580	130,735,004
Other Miscellaneous Liabilities & Reserves	903,993,101	868,272,961
TOTAL LIABILITIES	1,567,201,411	1,703,335,521

The accompanying notes from 1 to 6 form an integral part of these financial statements.

**SAUDI CENTRAL BANK SAMA (THE BANK) | BALANCE SHEET
FOR THE YEAR ENDED 30 JUNE 2023 | CONTRA ACCOUNT**

	(Thousand Riyals)	
	2023	2022
ASSETS		
Cheques Under Collection & Other	91	91
LIABILITIES		
Liabilities for Cheques Under Collection & Other	91	91

The accompanying notes from 1 to 6 form an integral part of these financial statements.

**SAUDI CENTRAL BANK SAMA (THE BANK) | STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED 30 JUNE 2023**

	(Thousand Riyals)	
	2023	2022
Revenues		
	5,760,822	4,620,359
Expenses		
General & Administration	3,012,000	2,672,796
The Bank's Contribution to the General Organization of Social Insurance (note 5)	49,959	40,142
Total Expenses	3,061,959	2,712,938
Surplus Transferred to General Reserve (note 2-i)	2,698,863	1,907,421

The accompanying notes from 1 to 6 form an integral part of these financial statements.

SAUDI CENTRAL BANK SAMA (THE BANK)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

(1) NATURE OF OPERATION OF THE BANK AND BASIS OF PRESENTATION OF THE FINANCIAL Statements

On 11 Rabie Alakhar 1442H (corresponding to 26 November 2020), Saudi Central bank SAMA's Law (the "bank" or "central bank") 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 value internally and externally.

Banking Operation Department

Assets in the Banking Operation department include cash on hand, cash and deposits in banks in foreign currency, foreign investments and deposits in local banks, in addition to other miscellaneous assets. Liabilities include deposits of the government agencies and institutions, foreign organization deposits, and local banks companies' deposits, in addition to other miscellaneous liabilities and reserves. Investment returns are recorded in the Banking Operation Department balance sheet and not in the statement of revenue and expenses of the bank.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation of The Financial Statements

These financial statements of the Bank have been prepared in accordance with the Accounting policies as mentioned below which have been approved by the Governor of the Saudi Central Bank. These policies have been consistently applied to all the years presented unless stated otherwise.

On 23 Ramadan 1443 AH (corresponding to 24 April 2022), it was approved to change the financial regulations that included changing the accounting basis from the cash basis to the accrual basis.

Accordingly, these financial statements were prepared in accordance with the accounting policies approved by the Governor of Saudi Central Bank.

b. Basis of Accounting

The bank follows the accrual basis of accounting recording and verifying its transactions.

c. Measurement Basis

The financial statements of the Central Bank are prepared according to the historical cost principle, unless otherwise stated, as shown in the accounting policies below.

d. Presentation Currency

The financial statements are presented in Saudi Riyals, which is the functional currency of the Saudi Central Bank and all values are rounded to the nearest thousand Saudi Riyals, unless otherwise stated.

e. Investments

Investments are recorded and measured initially at fair value, including transaction costs. The accrued returns are calculated and recorded, and any premium or discount is added to the existing investments. Profits and losses resulting from the sale of investments are recorded in the investment returns account. Investments available for sale or held for trading are valued as one unit at the end of each fiscal year based on the book value or the market value according to the latest available data, whichever is less. Differences resulting from the decline in value are recognized in the investment valuation deference account as part of other miscellaneous liabilities and reserves.

f. Foreign Currencies

Translation of foreign currency balances and transitions 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.

g. Gold Held as Currency Cover

In accordance with Royal Decree No. 38 dated 13 Rajab 1393H (corresponding to 12 August 1973), gold held as a currency cover is valued at a rate of one Saudi Riyal per 0.20751 gram.

h. Tangible and Intangible Assets

Tangible and intangible assets are recorded at cost after deducting accumulated depreciation/amortization under other miscellaneous assets in the balance sheet of the banking Operation Department. The cost of tangible and intangible assets -except for land- is depreciated using a straight-line method over the estimated useful life of those assets.

i. Revenues and Expenses

In accordance with Article 5 of the Bank's articles of association, the bank collects fees for the services it performs in order to cover its expenses. According to the accrual basis, the central bank's revenues that pertain to a specific financial period are recorded when they become due, and the expenses that pertain to the same period are charged incurred. The bank transfers the surplus of revenues over expenses to the general reserve, which appears among other miscellaneous liabilities and reserves in the balance sheet of the Banking Operation Department.

j. Investments in Subsidiaries

An entity affiliated with and wholly owned by the Central Bank, and it is not accounted for and has no material impact on the Central Bank's statements and financial records. The table below shows the details of the subsidiary.

Actual Ownership Percentage as in			
Subsidiary Company	Country of Incorporation	30 JUNE 2023	30 JUNE 2022
Saudi Payments	Saudi Arabia	%100	%100

(3) FINANCIAL STATEMENTS PERIOD

These financial statements are prepared for the period from 1 July 2022 to 30 June 2023 (corresponding to 2 Thu Al hijjah 1443H to 12 Thu Alhijjah 1444H).

(4) INDEPENDENT ORGANIZATIONS AND INSTITUTIONS ACCOUNTS

The Central Bank plays the role of custodian and manages the assets of some Government agencies and institutions, which include managing cash accounts and various investments. These assets are not treated as assets belonging to the Central Bank and therefore are not included in the financial statements of the Central Bank.

The assets of the independent agencies as of June 30, 2023 amount to Saudi Riyals 247 Billion (2022: Saudi Riyals 72 Billion).

(5) CONTRIBUTION TO THE GENERAL ORGANIZATION FOR SOCIAL INSURANCE (GOSI)

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).

(6) SUBSEQUENT EVENTS

On 28 Muharram 1445H (corresponding to 15 August 2023), Ministerial Decision No. 85 was approved regarding the establishment of a financially and administratively independent insurance authority responsible for regulating, developing, and supervising the insurance sector in the Kingdom.

Management believes that no additional material events have occurred subsequent to year end that would require adjustment to or disclosure in these financial statements.

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<http://www.sama.gov.sa/ar-sa/EconomicReports/Pages/YearlyStatistics.aspx>

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