

2018

Monetary and Banking Developments

Third Quarter, 2018



Research and International Affairs Deputyship
Economic Research Department

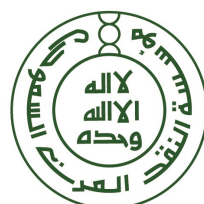


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Executive Summary

Executive Summary

In Q3 2018, SAMA decided to raise the reverse repo rate from 2.0 percent to 2.25 percent and the repo rate from 2.5 percent to 2.75 percent. The cash reserve ratio was maintained at 7.0 percent for demand deposits and 4.0 percent for time and savings deposits. SAMA continued to maintain the limit of weekly subscription in SAMA bills for domestic banks at SAR 3.0 billion in Q3 2018. The three-month SAIBOR rose to 2.6192 percent in Q3 2018.

M3 increased by 0.6 percent to SAR 1,815.5 billion in Q3 2018. Monetary base declined by 4.6 percent to SAR 311.5 billion in Q3 2018. Preliminary data of SAMA's balance sheet indicate that total foreign assets rose by 0.1 percent to SAR 1,892.6 billion in Q3 2018. In addition, total reserve assets increased by 0.1 percent to SAR 1,902.0 billion in Q3 2018.

Total bank deposits increased by 1.4 percent to SAR 1,636.5 billion in Q3 2018. Total assets and liabilities of commercial banks stood at SAR 2,330.8 billion at end-Q3 2018, rising by 0.8 percent. Commercial banks' claims on the private and public sectors went up by 1.8 percent to SAR 1,786.8 billion in Q3 2018. Preliminary estimates suggest a surplus of SAR 71.9 billion in the current account balance in Q2 2018 compared to a y/y deficit of SAR 20.2 billion.

Moreover, total value of the Saudi Riyal Inter-bank Express System (SARIE) transactions went down by 5.7 percent to SAR 10,635.9 billion in Q3 2018. Total number of ATM transactions in Q3 2018 was approximately 525.3 million, with cash withdrawals totaling SAR 184.2 billion, including transactions through banks' network and Mada.

The Tadawul All Share Index (TASI) decreased by 3.8 percent to 7,999.5 at end-Q3 2018 compared to an increase of 5.6 percent in the preceding quarter.

Total assets of investment funds managed by investment companies went down by 1.0 percent to SAR 117.9 billion in Q3 2018. According to the latest available data, total actual disbursements of loans rose by 10.9 percent (SAR 0.2 billion) and total loan repayments to SCIs by 13.3 percent (SAR 0.6 billion) in Q2 2018.

First: Monetary Policy

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

1.1 Rate of Return and Cash Reserve

In Q3 2018, SAMA decided to raise the reverse repo rate from 2.0 percent to 2.25 percent and the repo rate from 2.5 percent to 2.75 percent.

SAMA's daily average repo transactions stood at SAR 137.0 million in Q3 against SAR 489.0 million in Q2. Daily average reverse repo transactions stood at SAR 50.0 billion in Q3 compared to SAR 54.5 billion in Q2.

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

1.2 Interest Rates

To encourage domestic banks to increase lending, SAMA continued to maintain the limit of weekly subscription in SAMA bills for domestic banks at SAR 3.0 billion in Q3 2018.

The three-month SAIBOR rose to 2.6192 percent in Q3 2018. The three-month interest rate differential between the riyal and the dollar was about 28 basis points in favor of the riyal in Q3, compared to 8 basis points in Q2. As for the riyal exchange rate against the dollar, it remained unchanged at its official peg rate of SAR 3.75.

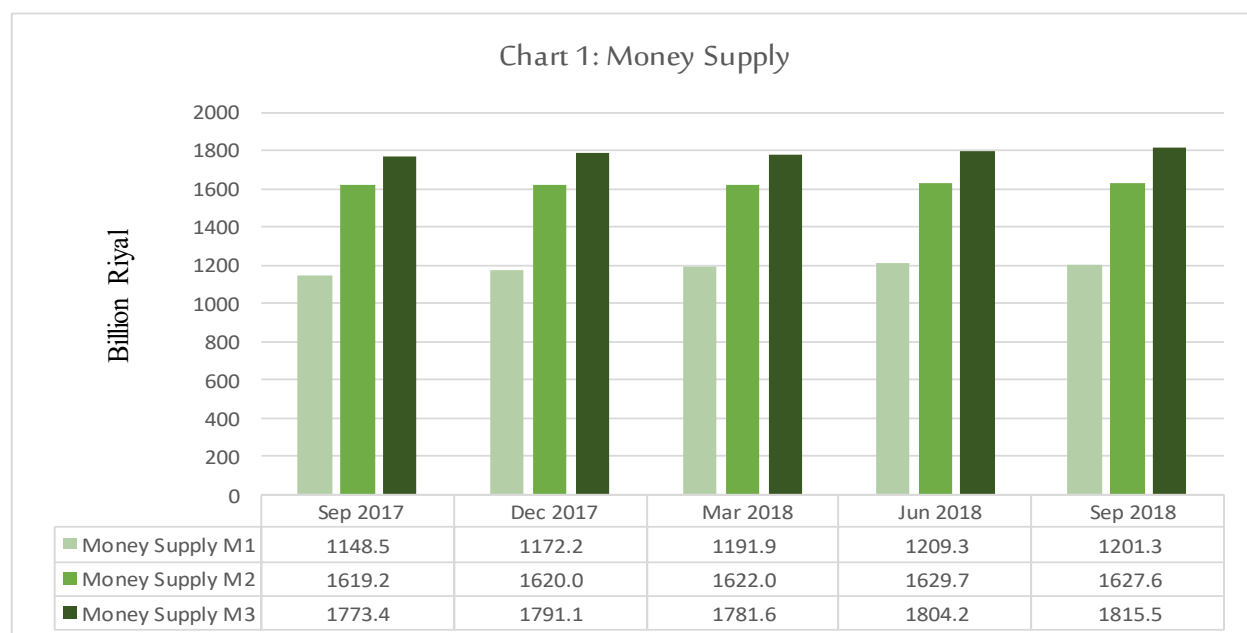
As regards foreign exchange swaps, SAMA did not make any swap transaction with domestic banks in Q3 2018.

Second: Monetary Developments

2.1 Money Supply

M3 increased by 0.6 percent (SAR 11.3 billion) to SAR 1,815.5 billion in Q3 2018, compared to an increase of 1.3 percent (SAR 22.5 billion) in the preceding quarter, recording a y/y annual rise of 2.4 percent (SAR 42.1 billion) (Chart 1).

A breakdown of the components of M3 in Q3 2018 indicates that narrow money supply (M1) declined by 0.7 percent (SAR 52.8 billion) to SAR 1,201.3 billion or 66.2 percent of M3, compared to a rise of 1.5 percent (SAR 17.4 billion) in the preceding quarter, recording a y/y rise of 4.6 percent (SAR 52.8 billion). Also, M2 slightly decreased by 0.1 percent (SAR 2.1 billion) to SAR 1,627.6 billion or



89.6 percent of M3 in Q3 against an increase of 0.5 percent (SAR 7.7 billion) in the preceding quarter. It recorded a y/y rise of 0.5 percent (SAR 8.4 billion).

2.2 Monetary Base

Monetary base declined by 4.6 percent (SAR 15.1 billion) to SAR 311.5 billion in Q3 2018, compared to an increase of 4.7 percent (SAR 14.7 billion) in the preceding quarter, recording a y/y rise of 0.8 percent (SAR 2.6 billion). A breakdown of the components of the monetary base indicates that deposits with SAMA decreased by 0.7 percent (SAR 0.7 billion) to SAR 100.0 billion in Q3 2018, compared to an increase of 1.3 percent (SAR 1.3 billion) in the preceding quarter, recording a y/y decline of 5.3 percent (SAR 5.6 billion). Cash in vault decreased by 10.0 percent (SAR 3.6 billion) to SAR 32.4 billion, compared to an increase of 13.8 percent (SAR 4.4 billion) in the preceding quarter, recording a y/y decline of 0.7 percent (SAR 0.2 billion). In addition, currency in circulation went down by 5.7 percent (SAR 10.9 billion) to SAR 179.0 billion compared to a rise of 5.0 percent (SAR 9.0 billion) in the preceding quarter, registering a y/y increase of 4.9 percent (SAR 8.4 billion).

Third: Developments of SAMA's Balance Sheet

Preliminary data of SAMA's balance sheet indicate that total foreign assets rose by 0.1 percent (SAR 2.3 billion) to SAR 1,892.6 billion in Q3 2018, compared to a q/q decline of 2.8 percent (SAR 50.8 billion). They registered a y/y annual rise of 4.6 percent (SAR 82.9 billion). Net foreign assets went up by 0.2 percent (SAR 2.9 billion) to SAR 1,874.7 billion in Q3 2018, compared to an increase of 2.8 percent (SAR 50.8 billion) in the preceding quarter, recording a y/y rise of 4.7 percent (SAR 83.5 billion) (Chart 2).

Total deposits in domestic currency for foreign entities decreased by 3.1 percent (SAR 0.6 million) to SAR 17.9 billion in Q3 2018, compared to a decline of 0.1 percent (SAR 16.9 million) in the preceding quarter. They recorded a y/y decrease of 3.2 percent (SAR 0.6 million).

3.1 Reserve Assets

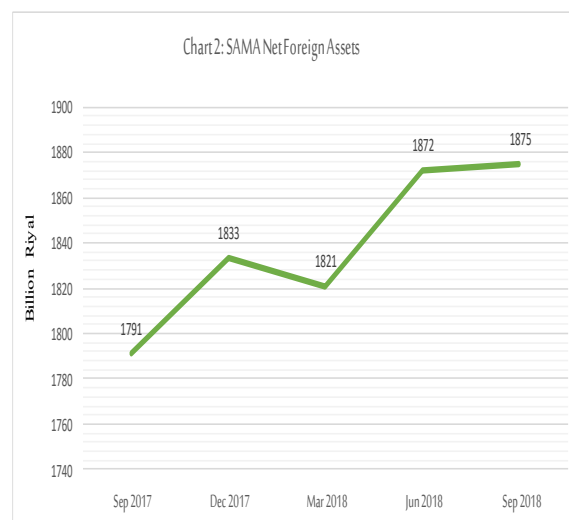
Total reserve assets increased by 0.1 percent (SAR 2.2 billion) to SAR 1,902.0 billion in Q3 2018, compared to a rise of 2.7 percent (SAR 49.6 billion) in the preceding quarter. They recorded a y/y rise of 4.5 percent (SAR 82.5 billion) (Chart 3). A breakdown of the components of total reserve assets in Q3 2018 as compared to the preceding quarter indicates that the reserve position with the IMF rose by 7.6 percent (SAR 421.0 million) to SAR 6.0 billion. The balance of special drawing rights increased by 1.0 percent (SAR 0.3 billion) to SAR 30.0 billion. Investments in securities abroad also increased by 0.2 percent (SAR 1.8 billion) to SAR 1,204.8 billion. However, the item of foreign exchange and deposits abroad slightly decreased by 0.1 percent (SAR 0.3 billion) to SAR 659.6 billion while gold reserve was stable at SAR 1,624 million.

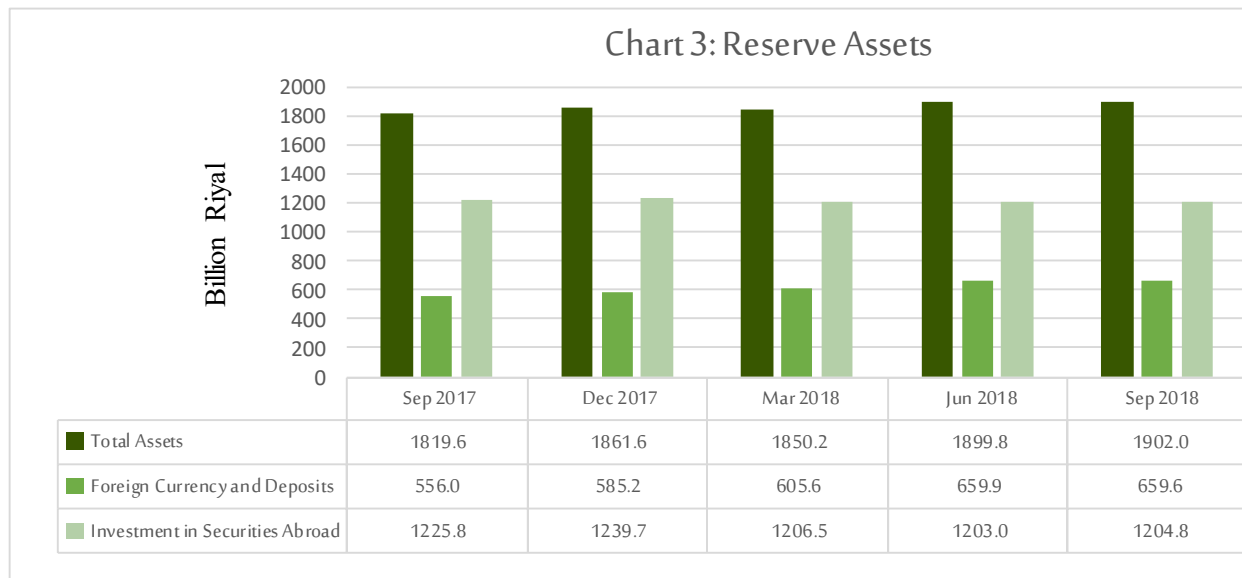
Fourth: Banking Developments

4.1 Bank Deposits

Total bank deposits increased by 1.4 percent (SAR 22.2 billion) to SAR 1,636.5 billion in Q3 2018, compared to a rise of 0.8 percent (SAR 13.5 billion) in the preceding quarter, recording a y/y rise of 2.1 percent (SAR 33.7 billion).

A breakdown of deposit components by type in Q3 2018 indicates that demand deposits rose by 0.3 percent (SAR 2.8 billion) to SAR





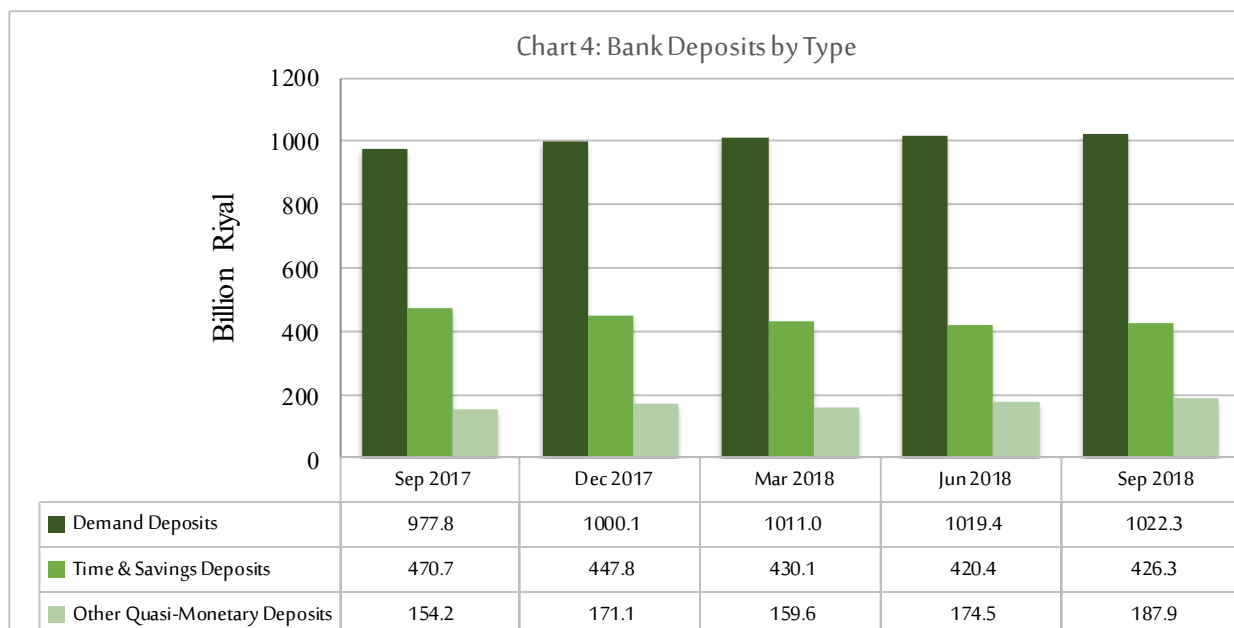
1,022.3 billion compared to an increase of 0.8 percent (SAR 8.4 billion) during the preceding quarter, recording a y/y rise of 4.5 percent (SAR 44.4 billion). Time and savings deposits also increased by 1.4 percent (SAR 5.9 billion) to SAR 426.3 billion compared to a decline of 2.3 percent (SAR 9.8 billion) during the preceding quarter. They, however, recorded a y/y decline of 9.4 percent (SAR 44.4 billion). Other quasi-monetary deposits went up by 7.7 percent (SAR 13.4 billion) to SAR 187.9 billion, compared to a rise of 9.3 percent (SAR 14.9 billion) during the preceding quarter, recording a y/y rise of 21.9 percent (SAR 33.7 billion) (Chart 4).

4.2 Assets and Liabilities of Commercial Banks

Total assets and liabilities of commercial banks stood at SAR 2,330.80 billion at end-Q3 2018, increasing by 0.8 percent (SAR 18.8 billion), compared to a q/q increase of 2.2 percent (SAR 49.6 billion). They registered an annual rise of 2.1 percent (SAR 47.7 billion).

4.3 Commercial Banks' Foreign Assets and Liabilities

Total foreign assets of commercial banks decreased by 2.5 percent (SAR 5.6 billion) to



SAR 221.4 billion in Q3 2018 compared to an increase of 6.2 percent (SAR 13.2 billion) during the preceding quarter. They registered a y/y decline of 8.9 percent (SAR 21.6 billion), constituting 9.5 percent of commercial banks' total assets at end-Q3 2018 as compared to 9.8 percent at the end of the preceding quarter. Commercial banks' total foreign liabilities went down by 10.3 percent (SAR 9.3 billion) to SAR 80.8 billion in Q3 2018 against an increase of 7.3 percent (SAR 25.0 billion) in the preceding quarter. They registered a y/y increase of 14.8 percent (SAR 6.3 billion), or 3.5 percent of total liabilities of commercial banks against 3.9 percent at the end of the preceding quarter. Commercial banks' net foreign assets went up by 2.7 percent (SAR 3.7 billion) to SAR 140.6 billion at end-Q3 2018, compared to a decrease of 5.1 percent (SAR 7.4 billion) during the preceding quarter. However, they recorded a y/y decline of 9.8 percent (SAR 15.2 billion) (Chart 5).

4.4 Commercial Banks' Claims on the Private and Public Sectors

Commercial banks' claims on the private and public (including government and quasi-government) sectors went up by 1.8 percent (SAR 31.1 billion) to SAR 1,786.8 billion in Q3 2018, compared to an increase of 1.9 percent (SAR 32.4 billion) in the preceding quarter. They recorded an annual rise of 5.3 percent (SAR 89.6 billion). The ratio of these claims to total bank deposits rose to 109.2 percent up from

108.8 percent at the end of the preceding quarter.

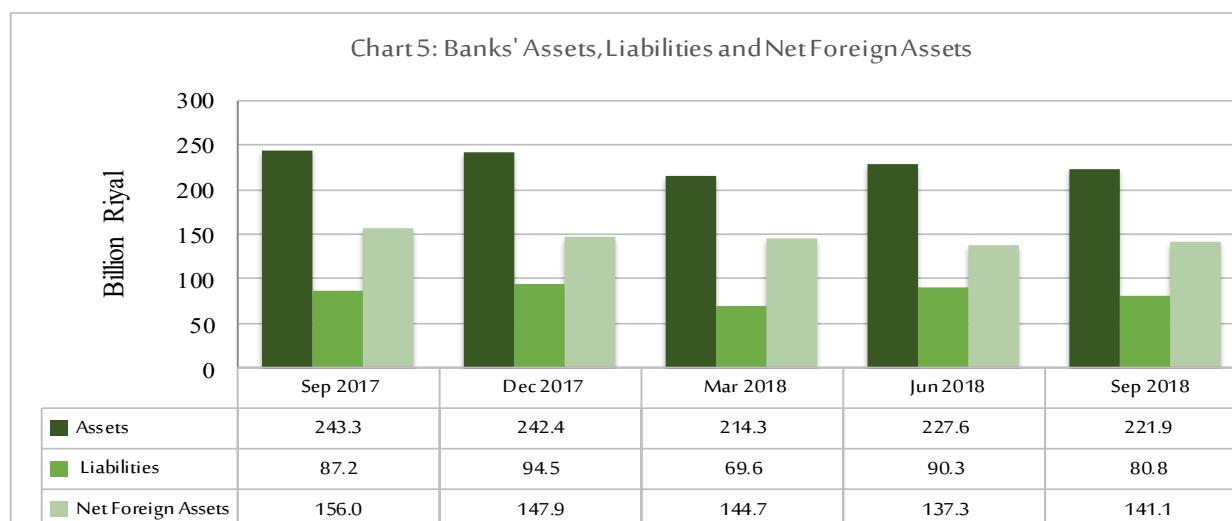
4.4.1 Commercial Banks' Claims on the Private Sector

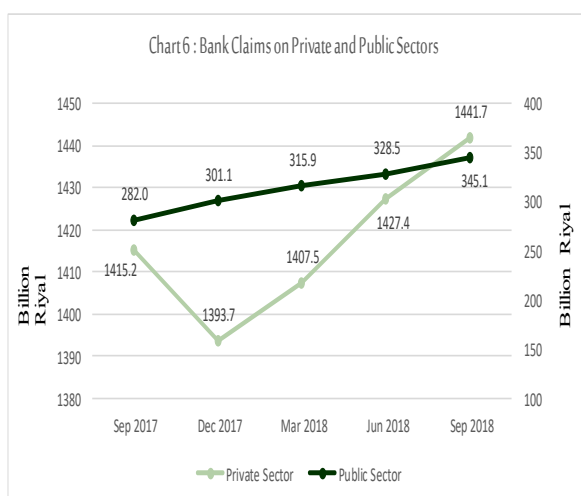
Commercial banks' claims on the private sector increased by 1.0 percent (SAR 14.4 billion) to SAR 1,441.7 billion in Q3 2018, compared to a rise of 1.4 percent (SAR 19.9 billion) in the preceding quarter. The claims on the private sector registered a y/y increase of 1.9 percent (SAR 26.5 billion). The ratio of these claims to total bank deposits declined to 88.1 percent at end-Q3 2018 compared to 88.4 percent at the end of the preceding quarter (Chart 6).

4.4.2 Commercial Banks' Claims on the Public Sector

Commercial banks' claims on the public sector rose by 5.1 percent (SAR 16.7 billion) to SAR 345.1 billion in Q3 2018, compared to a rise of 4.0 percent (SAR 12.5 billion) in the preceding quarter. These claims registered a y/y increase of 22.4 percent (SAR 63.1 billion). The ratio of commercial banks' total claims on the public sector to total bank deposits increased to 21.1 percent at end-Q3 2018 from 20.3 percent at the end of the preceding quarter (Chart 6).

A breakdown of bank credit by maturity during Q3 2018 indicates that long-term credit





increased by 18.7 percent (SAR 77.8 billion) to SAR 494.4 billion, compared to a decline of 3.2 percent (SAR 13.9 billion) in the preceding quarter. Medium-term credit, however, went down by 14.8 percent (SAR 40.1 billion) to SAR 230.5 billion, compared to a rise of 1.7 percent (SAR 4.4 billion) in the preceding quarter. Short-term credit also decreased by 3.0 percent (SAR 21.5 billion) to SAR 705.3 billion compared to a rise of 4.3 percent (SAR 30.3 billion) in the preceding quarter.

4.4.3 Commercial Banks' Claims by Economic Activity

Total bank credit extended by economic activity increased by 1.1 percent (SAR 16.2 billion) to SAR 1,430.2 billion in Q3 2018, compared to a rise of 1.5 percent (SAR 20.8 billion) in the preceding quarter, recording a y/y rise of 1.5 percent (SAR 21.4 billion).

A breakdown of bank credit extended to economic activities in Q3 2018 indicates increases in bank credit extended to government and quasi-government sector by 9.9 percent (SAR 4.4 billion); to finance by 4.5 percent (SAR 1.7 billion); to agriculture and fishing by 3.8 percent (SAR 0.6 billion); to building and construction by 3.3 percent (SAR 3.2 million); to services by 2.9 percent (SAR 2.1 billion); to manufacturing and production by 2.9 percent (SAR 4.9 billion); and to other sectors by 0.9 percent (SAR 5.0 billion). On the other hand, bank credit extended to mining and quarrying sector fell by 6.0 percent (SAR 1.3 billion); to water, electricity, gas and health services by 3.7

percent (SAR 1.9 billion); to transport and telecommunication by 3.3 percent (SAR 1.7 billion); and to commerce by 0.3 percent (SAR 0.8 billion).

4.5 Reserves, Capital, Profits and Branches of Commercial Banks

Capital and reserves of commercial banks decreased by 4.2 percent (SAR 14.1 billion) to SAR 318.8 billion in Q3 2018, compared to a decline of 2.0 percent (SAR 6.7 billion) in the preceding quarter, recording a y/y rise of 0.6 percent (SAR 1.9 billion). Their ratio to total bank deposits went down to 19.5 percent at end-Q3 2018 from 20.6 percent in the preceding quarter. Commercial banks' profits stood at SAR 12.4 billion in Q3 2018 compared to SAR 11.9 billion in the preceding quarter, denoting a rise of 4.2 percent (SAR 0.5 billion) compared to a q/q decrease of 2.4 percent (SAR 0.3 billion).

At end-Q3 2018, the number of commercial banks' branches operating in Saudi Arabia increased to 2,081 with three more branches over the preceding quarter, registering a y/y increase of 3.0 percent (31 branches).

4.6 Commercial Banks' Purchases and Sales of Foreign Exchange

4.6.1 Commercial Banks' Purchases of Foreign Exchange

Commercial banks' total purchases of foreign exchange fell by 9.9 percent (SAR 71.2 billion) to SAR 644.9 billion in Q3 2018, compared to a q/q decline of 3.5 percent (SAR 25.9 billion), recording an annual decline of 6.6 percent (SAR 45.6 billion). A q/q comparison of banks' total purchases shows that purchases from domestic banks decreased by 32.0 percent (SAR 38.1 billion); from foreign banks by 11.3 percent (SAR 40.6 billion); from other sources by 20.5 percent (SAR 3.8 billion); and from customers by 3.0 percent (SAR 3.2 billion) while that from SAMA rose by 12.9 percent (SAR 14.5 billion) (Chart 7).

4.6.2 Commercial Banks' Sales of Foreign Exchange

Commercial banks' total sales of foreign exchange went down by 4.0 percent (SAR 25.9 billion) to SAR 625.4 billion in Q3 2018, compared to a rise of 0.9 percent (SAR 6.0 billion) during the preceding quarter. They recorded a y/y decline of 9.7 percent (SAR 67.3 billion).

A q/q comparison of banks' total sales of foreign exchange indicates that the sales to ministries and municipalities decreased by 86.4 percent (SAR 0.2 billion); to SAMA by 14.1 percent (SAR 0.2 billion); to domestic banks by 14.0 percent (SAR 11.7 billion); to banks abroad by 9.1 percent (SAR 21.6 billion); and to others for specific purposes (foreign contractors, personal remittances and investments abroad) by 7.1 percent (SAR 6.4 billion), while no sales to money changers were recorded in Q1. In contrast, sales to government entities increased by 38.5 percent (SAR 6.6 billion) and to other customers in Saudi Arabia by 3.4 percent (SAR 7.5 billion) (Chart 7).

Fifth: External Sector **Foreign Trade**

Total exports value went up by 49.0 percent (SAR 282.6 billion) during Q2 2018 as compared to SAR 189.7 billion in the corresponding quarter of the previous year. Total value of oil exports rose by 54.2 percent to SAR 222.6 billion and other exports (including re-

exports) by 32.7 percent to SAR 68.1 billion. Value of imports (CIF) recorded a y/y increase of 4.9 percent to SAR 132.9 billion in Q2 2018.

Balance of Payments

5.1 Current Account

Preliminary estimates suggest a surplus of SAR 71.9 billion in the current account balance in Q2 2018 compared to a y/y deficit of SAR 20.2 billion. This is attributed to a surplus of SAR 99.0 billion in the balance of goods and services against a y/y surplus of SAR 4.2 billion. The balance of goods recorded a surplus of SAR 160.8 billion due to a rise in exported goods by 49.5 percent to SAR 282.6 billion compared to SAR 189.1 billion in the corresponding quarter of the previous year, a decrease in imported goods (FOB) by 5.5 percent to SAR 121.8 billion compared to SAR 115.4 billion in the corresponding quarter of the preceding year, and a decline in services deficit from SAR 69.5 billion in Q2 2017 to SAR 61.8 billion in Q2 2018. The surplus of the balance of primary income fell to SAR 9.2 billion against SAR 11.7 billion in the corresponding quarter of the previous year. On the other hand, the deficit in the secondary income balance rose by 0.5 percent to SAR 36.2 billion compared to SAR 36.1 billion in the corresponding quarter of the preceding year.

Chart 7: Banks' Foreign Currency Purchases and Sales



5.2: Capital Account

Capital account registered outflows of SAR 0.7 billion in Q2 2018 against SAR 1.1 billion in the corresponding quarter of the previous year.

5.3: Financial Account

Net direct investments increased by SAR 4.8 billion in Q2 2018 due to net acquisition of financial assets abroad (SAR 8.1 billion) being higher than domestic net incurrence of liabilities (SAR 3.3 billion). Net portfolio investments recorded a decline of SAR 42.0 billion against a decline of SAR 30.4 billion in the corresponding quarter of the preceding year. Net other investments registered an increase of SAR 44.1 billion against an increase of SAR 34.9 billion y/y. Net reserve assets increased by SAR 48.8 billion in Q2 2018 against a y/y decrease of SAR 25.2 billion, where other reserve assets rose by SAR 50.0 billion (due to a rise in currency and deposits item by SAR 54.9 billion) against a y/y decline of SAR 26.1 billion (due to a decline in the item of investment in securities by SAR 41.2 billion).

Sixth: Banking Technology Developments and Financial Inclusion

6.1 Saudi Riyal Inter-bank Express System (SARIE)

In Q3 2018, the total value of the Saudi Riyal Inter-bank Express System (SARIE) transactions went down by 5.7 percent (SAR 641.4 billion) to SAR 10,635.9 billion. The value of single payment transactions totaled SAR 9,970.6 billion, whereas the total value of bulk payment transactions amounted to SAR 661.9 billion. Total customer payments stood at SAR 1,556.7 billion, with a q/q decline of 7.3 percent. The total value of inter-bank payments stood at SAR 9,075.8 billion with a q/q fall of 5.4 percent.

6.2 Mada

Total number of ATM transactions in Q3 2018 was approximately 525.3 million, with cash withdrawals totaling SAR 184.2 billion, including transactions through banks' network and Mada. Total point of sale (POS) terminal

transactions were 260.9 million with sales totaling SAR 57.7 billion in Q3 2018. Moreover, the number of ATMs totaled 18.5 thousand, the number of ATM cards issued by domestic banks stood at 28.7 million, and the number of POS terminals reached 339.0 thousand at end-Q3 2018.

6.3 Clearing

As for statistics on clearing in Q3 2018, the number of bank checks (outgoing and incoming) cleared at the clearing houses totaled 868 thousand with a total value of SAR 88.1 billion. The number of individual and corporate checks totaled 774 thousand with a total value of SAR 64.8 billion; and the number of interbank checks totaled 94 thousand with a total value of SAR 23.3 billion.

Seventh: Domestic Stock Market Developments

The Tadawul All Share Index (TASI) decreased by 3.8 percent to 7,999.5 at end-Q3 2018 compared to an increase of 5.6 percent in the preceding quarter, recording a y/y increase of 9.8 percent. The number of traded shares fell by 32.0 percent to 7.1 billion in Q3 2018 compared to a q/q decrease of 5.3 percent, recording a y/y decline of 8.6 percent. Total value of shares traded in Q3 2018 went down by 25.6 percent to SAR 177.2 billion compared to a q/q increase of 0.4 percent, registering a y/y rise of 3.7 percent.

At end-Q3 2018, the market capitalization fell by 4.2 percent to SAR 1,900 billion against an increase of 6.0 percent at the end of the preceding quarter. The market capitalization registered a y/y increase of 10.4 percent. Total number of transactions executed in Q3 2018 decreased by 16.3 percent to 5.2 million compared to a fall of 1.2 percent in the preceding quarter, recording a y/y rise of 10.7 percent (Chart 8).

Eighth: Investment Funds

Total assets of investment funds managed by investment companies went down by 1.0 percent (SAR 1.2 billion) to SAR 117.9

billion in Q3 2018 compared to a fall of 0.9 percent (SAR 1.0 billion) in the preceding quarter, recording a y/y increase of 4.6 percent (SAR 5.2 billion).

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

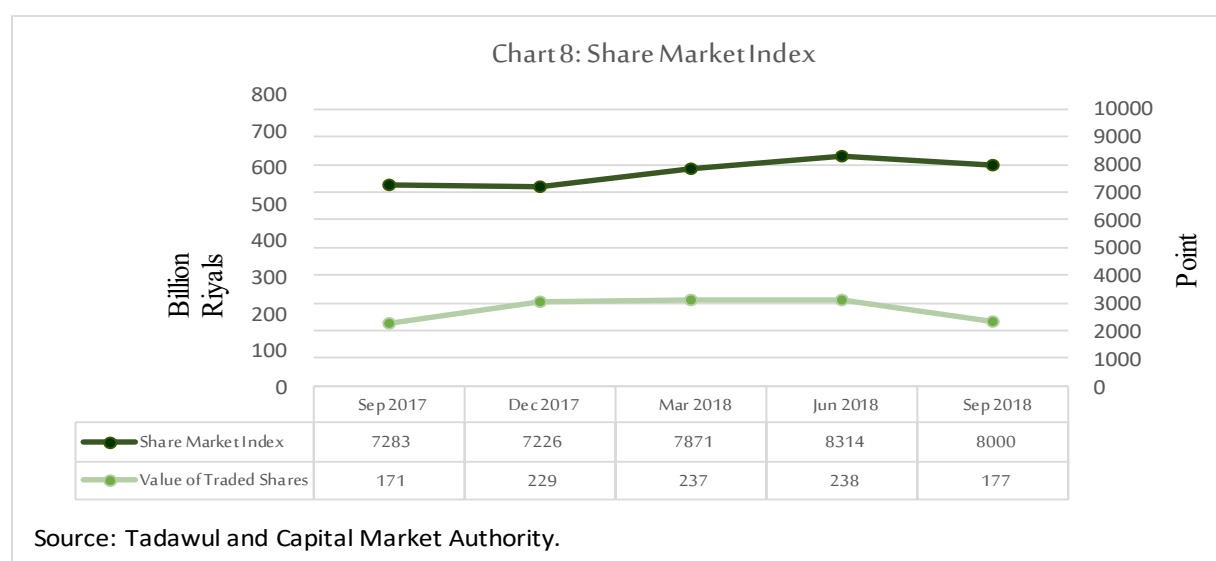
The number of subscribers to investment funds rose by 5.0 percent (15.8 thousand subscribers) to 326.9 thousand in Q3 2018, compared to a rise of 5.6 percent (16.4 thousand subscribers) in the preceding quarter. The number of subscribers recorded a y/y increase of 39.0 percent (91.7 thousand subscribers). As for the number of operating funds, it stood at 264.

Ninth: Specialized Credit Institutions (SCIs)

According to the latest available data on the specialized credit institutions, SCIs' total outstanding loans went down by 1.2 percent (SAR 2.8 billion) to SAR 231.1 billion in Q2 2018, compared to a decline of 1.3 percent (SAR 3.1 billion) in the preceding quarter. They

registered a y/y decline of 3.4 percent (SAR 8.1 billion) at end-Q2 2018. Total actual disbursements of loans rose by 10.9 percent (SAR 0.2 billion) in Q2 2018, compared to a decrease of 68.9 percent (SAR 4.5 billion) in the preceding quarter. They recorded a y/y decline of 47.4 percent (SAR 2.0 billion). Total loan repayments to SCIs went up by 13.3 percent (SAR 0.6 billion) in Q2 2018 compared to a fall of 37.4 percent (SAR 2.6 million) in the preceding quarter, registering a y/y increase of 3.8 percent (SAR 0.2 billion). SCIs net credit recorded a deficit of SAR 2.7 billion at end-Q2 2018, rising by 15.3 percent over the preceding quarter.

A breakdown of loans extended by SCIs in Q2 2018 indicates that the loans extended by the Real Estate Development Fund (REDF) decreased by 45.4 percent (SAR 0.5 billion) compared to an increase of 16.2 percent (SAR 0.1 billion) in the preceding quarter. On the other hand, loans extended by the Saudi Industrial Development Fund (SIDF) rose by 174.3 percent (SAR 0.6 billion) compared to a decrease of 92.4 percent (SAR 4.5 billion) in the preceding quarter. Loans extended by the Agricultural Development Fund (ADF) went down by 25.3 percent (SAR 0.2 billion) compared to a decrease of 19.3 percent (SAR 17.4 million) in the preceding quarter. Loans extended by the Social Development Bank rose by 10.3 percent (SAR 58.7 million) against a fall of 39.9 percent (SAR 0.5 billion) in the



preceding quarter.

As for credit repayments in Q2 2018, the volume of repayments to the SIDF went up by 443.4 percent (SAR 1.1 billion) against a decline of 86.6 percent (SAR 1.5 billion) in the preceding quarter. However, repayments to the Social Development Bank dropped by 14.7 percent (SAR 0.4 billion) compared to a decrease of 27.5 percent (SAR 0.9 billion) in the preceding quarter. Repayments to the ADF rose by 20.9 percent (SAR 31.2 million) against a fall of 23.9 percent (SAR 46.8 million) in the preceding quarter. In contrast, repayments to the REDF declined by 11.0 percent (SAR 0.2 billion) against a decrease of 4.21 percent (SAR 66.3 million) in the preceding quarter.

Tenth: Supervisory and Legislative Banking Developments during Q3 2018

- SAMA has emphasized that banks, insurance companies, reinsurance companies and finance companies, operating in the Kingdom of Saudi Arabia, have to obtain a Legal Entity Identifier (LEI) to enable regulatory entities to assess potential risks, maintain financial stability, and supervise financial market participants.
- SAMA has also stressed that all banks shall make their terminals, used at stores, accept purchase transactions executed using cards issued by Bahraini banks. Further, SAMA has directed domestic banks to enable customers to make purchases in the Kingdom of Bahrain via a direct link to the Bahrain payment system.
- SAMA has emphasized that all banks operating in the Kingdom of Saudi Arabia shall adopt Electronic Certification Mechanism and develop internal procedures to be in consistence with e-services offered by Riyadh Chamber to

verify and approve documents, certificates and instruments via the E-Services portal.

SAMA strongly encouraged all banks, insurance companies, reinsurance companies, finance companies, and money changers operating in the Kingdom of Saudi Arabia to participate in His Royal Highness Prince Mohammed bin Salman's Program "Pride", directed to all military forces in Saudi Arabia as a recognition of the role of military personnel in maintaining security and safety.

Eleventh: Prominent Regulatory Developments in the Saudi Economy During Q3 2018

- Approving the licensing of Trade Bank of Iraq to open a branch in the Kingdom of Saudi Arabia and delegating H.E. Minister of Finance to decide on any further requests of opening other branches for the bank.
- Approving the establishment of a state-owned company to provide agricultural services with a capital of no more than SAR 2 billion.
- Approving the change of the Non-Oil Revenues Development Unit to a center under the name "Non-Oil Revenues Development Center" and approving its regulatory arrangements.
- Approving the change of the Bureau of Capital and Operational Spending Rationalization to a center under the name "Spending Efficiency Center" and approving its regulatory arrangements.
- Approving the change of "State Property Department" to a public body named "General Authority of State Real Estate" and approving its regulatory arrangements.



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Saudi Arabian Monetary Authority

