

59th

ANNUAL REPORT

1444H | 2023



البنك المركزي السعودي
SAMA
Saudi Central Bank



Saudi Central Bank

**59th Annual Report
1444H (2023)**



Custodian of the Two Holy Mosques

King Salman bin Abdulaziz Al Saud



His Royal Highness

Prince Muhammed bin Salman bin Abdulaziz Al Saud
Crown Prince and Prime Minister

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In the name of the Board of Directors, it gives me pleasure to present the 59th Annual Report, which reviews the latest developments in the Saudi and global economies during fiscal year 2022 (1443/1444H). The Report covers developments in various domestic economy areas, including monetary developments, banking industry, insurance industry, capital market, prices, energy and mineral resources, public finance, national accounts, foreign trade and balance of payments. It also provides an overview of the latest economic developments in various domestic productive sectors. The Report fully describes SAMA's functions, such as setting and managing monetary policy, maintaining financial stability, managing and investing foreign exchange reserves, establishing, developing and operating fintech platforms and supervising banking, insurance, finance and payments sectors. Furthermore, it includes the auditors' report on SAMA's balance sheet for the fiscal year ending June 30, 2022. The Report mainly relies on official data obtained from ministries, government departments and public entities and data issued by SAMA. I would like to extend my sincere gratitude and appreciation to all ministries and other entities for their cooperation in providing valuable information and data that allowed SAMA to prepare this Report. I would also like to thank SAMA's employees for their efforts in preparing this Report and carrying out all functions entrusted to SAMA.



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1

Global Economy and International Cooperation



Global Economy and International Cooperation

World Economic Situation

The global economy recorded a slower growth rate of 3.5 percent in 2022 compared to 6.3 percent in the previous year. The global growth rate is expected to slow down to 3.0 percent in 2023 as uncertainty continues due to the cumulative effects of adverse shocks in the past years, most notably, COVID-19, the Russia-Ukraine geopolitical tension, and higher inflation resulting from commodity price spikes and tightening of monetary policy by most central banks and its negative impact on global demand due to higher lending costs. In 2024, the global economy is expected to grow by 3 percent due to the expected gradual recovery from the Russia-Ukraine conflict implications and lower global inflation, according to the IMF's July 2023 World Economic Outlook (WEO).

Economic Growth

Advanced economies recorded a 2.7 percent growth in their real GDP in 2022 against 5.4 percent in 2021. The U.S. economy grew by 2.1 percent in 2022 compared to 5.9 percent in the previous year. The euro area's economies also grew by 3.5 percent in 2022 against 5.3 percent in the preceding year. Germany, France and Italy recorded growth rates of 1.8 percent, 2.5 percent and 3.7 percent, respectively, compared to 2.6 percent, 6.4 percent and 7.0 percent in the previous year. In the United Kingdom, the economy grew by 4.1 percent in 2022 compared to

7.6 percent in the preceding year. In Japan, the economy grew by 1.0 percent in 2022 compared to 2.2 percent in 2021.

In addition, emerging market and developing economies grew by 4.0 percent in 2022 compared to 6.8 percent in 2021. The Chinese economy grew by 3.0 percent in 2022 compared to 8.4 percent in 2021. Likewise, the Indian economy grew by 7.2 percent in 2022 compared to 9.1 percent in 2021. The economies of the Middle East and North Africa (MENA) countries grew 5.4 percent in 2022 compared to a slower growth rate of 4.0 percent in 2021. Due to geopolitical tensions, emerging and developing Europe grew slightly by 0.8 percent in 2022 against 7.3 percent in 2021. Furthermore, Latin America and the Caribbean economies recorded a lower growth rate of 3.9 percent in 2022 compared to 7.0 percent in 2021. The economies of emerging and developing Asia grew by 4.5 percent in 2022 compared to 7.5 percent in 2021.

According to the WEO report, global growth is projected to slow to 3.0 percent in 2023 compared to 3.5 percent in 2022. The advanced economies, the U.S. economy and the euro area economy are expected to grow by 1.5 percent. Emerging market and developing economies are expected to grow by 4.0 percent. China's economy is projected to grow by 5.2 percent (Table 1.1). Chart 1.1 shows the real GDP growth rates in the major countries and country groups during 2018-2023.

Inflation

In advanced economies, the inflation rate increased to 7.3 percent in 2022 compared to

3.1 percent in the previous year and is expected to fall to 4.7 percent in 2023. In the United States, the inflation rate rose from 4.7 percent in 2021 to 8.0 percent in 2022 and is projected

to decrease to 4.5 percent in 2023. The inflation rate in the euro area rose from 2.6 percent in 2021 to 8.4 percent in 2022 and is projected to decrease to 5.3 percent in 2023.

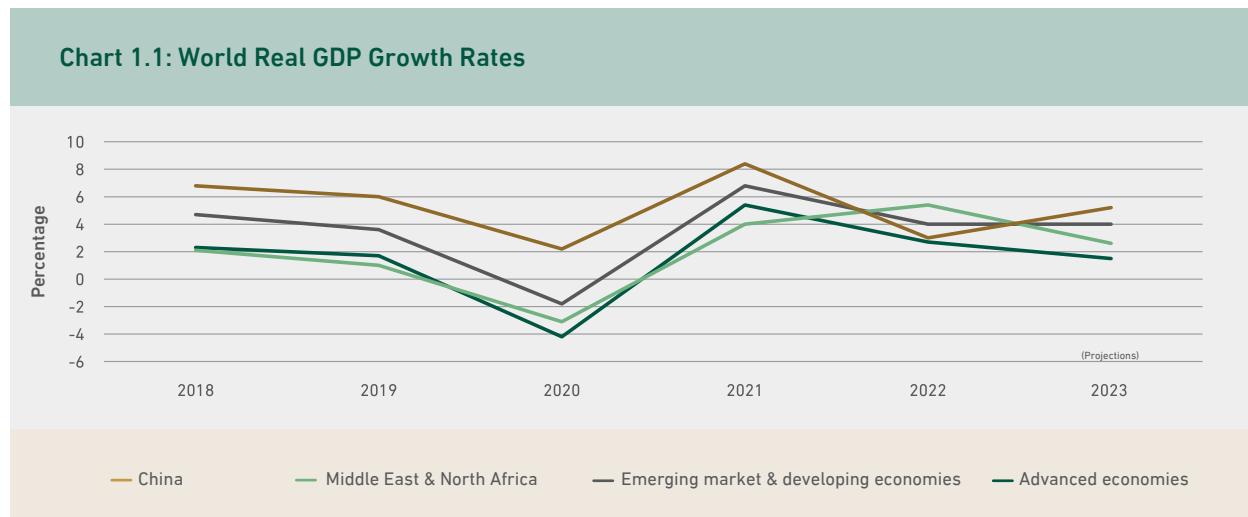


Table 1.1: Real GDP Growth Rates

	(Percentage)									
	2015	2016	2017	2018	2019	2020	2021	2022	Projections 2023	
World	3.4	3.3	3.8	3.6	2.8	-2.8	6.3	3.5	3.0	
Advanced economies	2.3	1.8	2.5	2.3	1.7	-4.2	5.4	2.7	1.5	
USA	2.7	1.7	2.2	2.9	2.3	-2.8	5.9	2.1	1.8	
Euro area	2.0	1.9	2.6	1.8	1.6	-6.1	5.3	3.5	0.9	
Germany	1.5	2.2	2.7	1.0	1.1	-3.7	2.6	1.8	-0.3	
France	1.1	1.0	2.4	1.8	1.9	-7.9	6.4	2.5	0.8	
Italy	0.8	1.3	1.7	0.9	0.5	-9.0	7.0	3.7	1.1	
Japan	1.6	0.8	1.7	0.6	-0.4	-4.3	2.2	1.0	1.4	
UK	2.4	2.2	2.4	1.7	1.6	-11.0	7.6	4.1	0.4	
Canada	0.7	1.0	3.0	2.8	1.9	-5.1	5.0	3.4	1.7	
Emerging & developing economies	4.4	4.4	4.7	4.7	3.6	-1.8	6.8	4.0	4.0	
Sub-Saharan Africa	3.2	1.5	3.0	3.2	3.3	-1.7	4.7	3.9	3.5	
Emerging & developing Asia	6.8	6.8	6.6	6.4	5.2	-0.5	7.5	4.5	5.3	
China	7.0	6.9	6.9	6.8	6.0	2.2	8.4	3.0	5.2	
India	8.0	8.3	6.8	6.5	3.9	-5.8	9.1	7.2	6.1	
Middle East & North Africa	2.9	4.7	1.6	2.1	1.0	-3.1	4.0	5.4	2.6	
Emerging & developing Europe	1.0	1.8	4.2	3.6	2.5	-1.6	7.3	0.8	1.8	
Russia	-2.0	0.2	1.8	2.8	2.2	-2.7	5.6	-2.1	1.5	
Latin America & the Caribbean countries	0.4	-0.6	1.4	1.2	0.2	-6.8	7.0	3.9	1.9	
Brazil	-3.5	-3.3	1.3	1.8	1.2	-3.3	5.0	2.9	2.1	

Source: World Economic Outlook (WEO), IMF, July 2023.

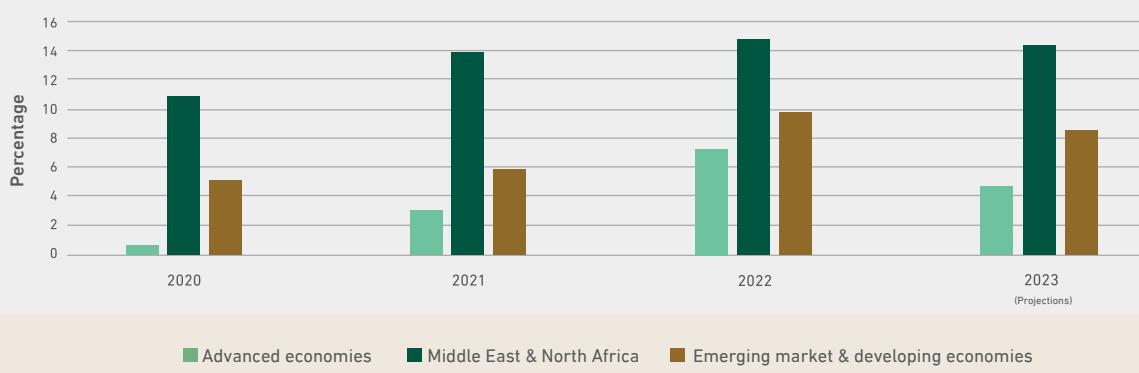
In emerging market and developing economies, the inflation rate increased to 9.8 percent in 2022 compared to 5.9 percent in the previous year and is expected to decrease to 8.6 percent in 2023. In the MENA countries, the inflation rate rose to 14.8 percent in 2022 compared to 13.9 percent in 2021 and is expected to reach 14.4 percent in 2023 (Table 1.2). Chart 1.2 shows the percentage change in consumer prices for various groups of countries during 2020-2023.

Unemployment

The unemployment rate in advanced economies decreased to approximately 4.5 percent in 2022 from 5.6 percent in the previous year. In the Unit-

ed States, it decreased from 5.4 percent in 2021 to 3.6 percent in 2022. It also decreased in the euro area to 6.8 percent in 2022 from 7.8 percent in 2021. However, unemployment rates in the United Kingdom and Japan remained unchanged in 2022 at 3.7 percent and 2.6 percent, respectively. In France, unemployment decreased slightly to 7.3 percent in 2022 from 7.9 percent in 2021. In Italy, the unemployment rate also recorded a decrease from 9.5 percent in 2021 to 8.1 percent in 2022. (Table 1.3). Chart 1.3 shows the average unemployment rates for two selected groups of countries during 2019-2023.

Chart 1.2: Percentage Change in Consumer Prices in Selected Groups of Countries



Source: World Economic Outlook (WEO), IMF, April 2023 and Bloomberg.

Table 1.2: Inflation and Interest Rates

	2020	2021	2022	(Percentage) Projections 2023
Global inflation				
Advanced economies	0.7	3.1	7.3	4.7
USA	1.3	4.7	8.0	4.5
Euro area	0.3	2.6	8.4	5.3
Emerging market & developing economies	5.2	5.9	9.8	8.6
Middle East & North Africa	10.9	13.9	14.8	14.4
London interbank offered rate (LIBOR)*				
US dollar deposits	0.2	0.2	4.8	--
Japanese yen deposits	-0.1	-0.1	-0.03	--
Euro deposits	-0.4	-0.5	-0.5	--

*Three-month rate.

Source: World Economic Outlook (WEO), IMF, April 2023 and Bloomberg.

Public Finance

The overall fiscal deficit in advanced economies decreased from 9.1 percent of GDP in 2021 to 5.4 percent in 2022. The deficit in the United States decreased from 11.6 percent in 2021 to 5.5 percent in 2022. The deficit also decreased in the euro area from 5.4 percent in 2021 to 3.8 percent in 2022, as the deficits in Germany, France and Italy decreased from 3.7 percent, 6.5 percent and 9.0 percent in 2021 to 2.6 percent, 4.9 percent and 8.0 percent, respectively, in 2022. In the United Kingdom, the deficit went down to 6.3 percent in 2022 from 8.3 percent in 2021. In Japan, the deficit increased from 6.2 percent in 2021 to 7.8 percent in 2022 (Table 1.4).

Monetary and Financial Developments

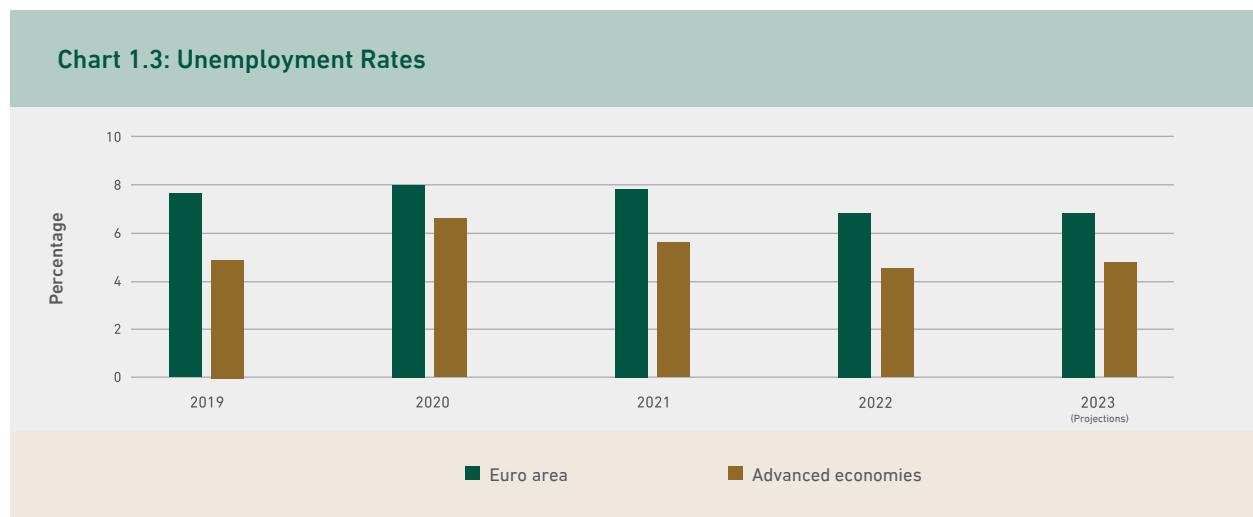
Interest Rates

The three-month dollar LIBOR rose to about 4.8 percent in 2022 from 0.2 percent in 2021. The three-month Japanese yen LIBOR slightly increased to -0.03 percent at end-2022 against -0.1 percent in 2021. The three-month euro LIBOR remained at -0.5 percent at end-2022.

Exchange Rates

The U.S. dollar recorded increased bilateral exchange rates against several major currencies at end-2022. The Japanese yen recorded the highest decrease against the U.S. dollar by 12.2 percent, followed by the pound sterling with a de-

Chart 1.3: Unemployment Rates



Source: World Economic Outlook (WEO), IMF, April 2023.

Table 1.3: Advanced economies: Unemployment rates

	(Ratio to labor force)				
	2019	2020	2021	2022	Projections 2023
Advanced economies	4.8	6.6	5.6	4.5	4.7
USA	3.7	8.1	5.4	3.6	3.8
Euro area	7.6	8.0	7.8	6.8	6.8
Germany	3.0	3.6	3.6	3.1	3.3
France	8.4	8.0	7.9	7.3	7.4
Italy	9.9	9.3	9.5	8.1	8.3
Japan	2.4	2.8	2.8	2.6	2.3
UK	3.8	4.6	4.5	3.7	4.2
Canada	5.7	9.7	7.5	5.3	5.8

Source: World Economic Outlook (WEO), IMF, April 2023.

crease of 10.7 percent against the U.S. dollar. The euro and Chinese yuan exchange rates also fell against the U.S. dollar by 5.9 percent and 7.9 percent, respectively.

The rise in the exchange rate of the U.S. dollar against major currencies in 2022 was due to the global economic conditions and the Federal Reserve's adoption of a tight monetary policy that involved rapidly raising interest rates to address the high inflation rate compared to the target level.

Equity and Bond Markets

Equity Markets

The overall performance of most global stock markets declined due to several reasons, most notably the significant decline in global economic growth compared to 2021, the rapid rise in interest rates in many economies, and the growing uncertainty surrounding investor sentiment due to the Russia-Ukraine geopolitical tension and its negative economic implications. In the United States, Dow Jones Industrial Average (DJIA) index decreased by 8.8 percent to close at 33,147 at the

end of the year. The Japanese Nikkei index fell by 9.4 percent to close at 26,095. The MSCI-EURO index also dropped by 17.3 percent to close at about 1,732, recording its biggest decline since 2018. In contrast, in the United Kingdom, the Financial Times Stock Exchange 100 Index (FTSE 100 Index) slightly increased by 0.9 percent to 7,452 at end-2022.

Bond Markets

Government bond markets witnessed noticeable fluctuations and changes in returns in 2022 as a result of several major factors related to the tightening of monetary policy in most central banks, high inflationary pressures, slowed economic growth, and geopolitical factors. Returns were greatly affected by the decisions of central banks around the world in dealing with growing challenges and adjusting their monetary policies based on economic conditions. In the United States, the Federal Reserve's tapering of the asset purchase program and rapid interest rate hikes led to an inversion of the treasury yield curve, as yields on short-term bonds became higher than yields on long-term bonds.

Table 1.4: Trends of Fiscal Balances*

	2019	2020	2021	2022	(Percentage) Projections 2023
Advanced economies	-3.8	-11.6	-9.1	-5.4	-5.6
USA	-5.7	-14.0	-11.6	-5.5	-6.3
Euro area	-0.6	-7.1	-5.4	-3.8	-3.7
Germany	1.5	-4.3	-3.7	-2.6	-3.7
France	-3.1	-9.0	-6.5	-4.9	-5.3
Italy	-1.5	-9.7	-9.0	-8.0	-3.7
Japan	-3.0	-9.1	-6.2	-7.8	-6.4
UK	-2.2	-13.0	-8.3	-6.3	-5.8
Canada	0.0	-10.9	-4.4	-0.7	-0.4

*Ratio of surplus/deficit to GDP.

Source: World Economic Outlook (WEO), IMF, April 2023.

This development was topped by the increase of the 3-month bond yield at 4.4 percent compared to the 10-year bond yield at 3.9 percent and the 30-year bond yield at 4.0 percent. In Japan, the government bond yields remained relatively stable at end-2022 due to the decision of the Bank of Japan to continue its accommodative monetary policy and move forward with the quantitative and qualitative easing program. The 10-year and 30-year bond yields increased to 0.4 percent and 1.62 percent, respectively, topping the increases seen in Japanese bond yields. The yield on most government bonds in the euro area rose at end-2022, topped by the two-year bond yield at 2.6 percent. The yield on most government bonds in the United Kingdom at end-2022 also recorded an increase, topped by the one-year bond yield at 3.9 percent and the 30-year bond yield at 4.0 percent.

World Trade and Balances of Payments

The volume of world trade increased by 5.1 percent in 2022 compared to an increase of 10.6 percent in the previous year. Additionally, the growth rate is expected to slow down to 2.4 percent in 2023. Exports of goods and services in advanced economies recorded an increase of 5.2 percent in 2022, with their growth rate projected to slow down in 2023 to 3.0 percent. Exports of emerging market and developing economies rose by 4.1 percent in 2022, and they are projected to grow by 1.6 percent in 2023.

On the other hand, imports of goods and services in advanced economies rose by 6.6 percent in 2022, with their growth rate projected to reach 1.8 percent in 2023. In addition, imports in emerging market and developing economies

increased by 3.5 percent in 2022. The growth rate of such imports is projected to record 3.3 percent in 2023 (Table 1.5).

A. Current Account Balances

The ratio of the current account to GDP recorded a deficit of 0.4 percent in developed economies in 2022 compared to a surplus of 0.8 percent in the previous year. In the United States, the current account deficit rate stabilized at 3.6 percent in 2022, which is also the percentage registered in the previous year. The deficit is expected to decline to 2.7 percent in 2023. In the euro area, the current account also recorded a deficit of 0.7 percent in 2022 compared to a surplus of 2.3 percent in 2021 and is projected to register a surplus of 0.6 percent in 2023. Germany recorded a surplus of 4.2 percent in 2022 compared to 7.7 percent in the previous year. That surplus is projected to reach 7.4 percent in 2023. On the other hand, France witnessed a current account deficit of 1.7 percent in 2022 compared to a surplus of 0.4 percent in 2021, and the deficit is expected to decrease to 1.2 percent in 2023.

In Italy, the current account recorded a deficit of 0.7 percent in 2022 compared to a surplus of 3.0 percent in 2021 and is projected to register a surplus of 0.7 percent in 2023. In Japan, the surplus decreased from 3.9 percent in 2021 to 2.1 percent in 2022 and is projected to increase to 3.0 percent in 2023. The deficit in the United Kingdom rose significantly from 1.5 percent in 2021 to 5.6 percent in 2022 and is projected to reach 5.2 percent in 2023. In emerging and developing Asia, the current account surplus (as a percentage of GDP) recorded a slight increase to 1.1 percent in

2022 against a surplus of 1.0 percent in 2021, and it is projected to decline to 0.7 percent in 2023. In the MENA countries, the current account registered a surplus of 9.0 percent in 2022 compared to a surplus of 4.2 percent in 2021, and it is expected to register a surplus of 4.5 percent (as a percentage of GDP) in 2023 (Table 1.5).

billion in 2021 to \$22.7 billion in 2022. The financial account surplus in Germany went down to \$231.7 billion in 2022 from about \$294.2 billion in 2021. The financial account balance in France registered a deficit of \$45.5 billion in 2022 compared to a surplus of \$3.6 billion in 2021. In Japan, the financial account surplus shrunk to \$63.8 billion in 2022, against about \$154.5 billion in 2021.

B. Financial Account Balances

In advanced economies, the financial account of the balance of payments (BOP) recorded a deficit of \$220.4 billion in 2022 against a surplus of \$558.2 billion in 2021. However, it is projected to register a surplus of \$72.6 billion in 2023, according to the World Economic Outlook report. In the United States, the BOP financial account deficit rose to \$869.7 billion in 2022 compared to about \$740.6 billion in 2021. In the euro area, the financial account surplus decreased from \$370.7

As for emerging market and developing economies, the BOP financial account registered a surplus of \$607.6 billion in 2022 compared to a surplus of \$154.9 billion in 2021.

In Sub-Saharan Africa, the financial account deficit of \$18.8 billion in 2021 increased to \$34.7 billion in 2022. In emerging and developing Asia, the financial account surplus of \$86.7 billion in 2021 increased to \$274.9 billion in 2022. Fur-

Table 1.5: World Trade and Current Account

	2020	2021	2022	(Percentage) Projections 2023
World trade growth	-7.8	10.6	5.1	2.4
Exports (goods & services)				
Advanced economies	-8.9	9.5	5.2	3.0
Emerging market & developing economies	-4.9	12.5	4.1	1.6
Imports (goods & services)				
Advanced economies	-8.3	10.0	6.6	1.8
Emerging market & developing economies	-7.9	11.7	3.5	3.3
Current account*				
Advanced economies	0.2	0.8	-0.4	0.0
USA	-2.9	-3.6	-3.6	-2.7
Euro area	1.6	2.3	-0.7	0.6
Germany	7.1	7.7	4.2	4.7
France	-1.8	0.4	-1.7	-1.2
Italy	3.9	3.0	-0.7	0.7
Japan	2.9	3.9	2.1	3.0
UK	-3.2	-1.5	-5.6	-5.2
Emerging market & developing economies	0.5	0.8	1.4	0.3
Emerging & developing Asia	1.5	1.0	1.1	0.7
Middle East & North Africa	-3.3	4.2	9.0	4.5
Sub-Saharan Africa	-2.8	-1.1	-2.0	-2.6
Latin America & the Caribbean	-0.4	-2.0	-2.5	-1.8

*Ratio of deficit/surplus to GDP.

Source: World Economic Outlook (WEO), IMF, April 2023.

thermore, the BOP financial account of the Middle East and Central Asia recorded a surplus of \$360.9 billion in 2022 compared to a surplus of \$110.1 billion in 2021. The surplus is expected to reach \$165.8 billion in 2023 (Table 1.6).

Economic Developments in GCC Countries

According to the IMF's April 2023 WEO, the UAE's real GDP grew by 7.4 percent in 2022 compared to a growth of 3.9 percent in 2021. Kuwait also recorded a growth of 8.2 percent in 2022 against a growth of 1.3 percent in 2021. Similarly, the growth rate in Oman rose to 4.3 percent in 2022 against a growth of 2.9 percent in the preceding year. Bahrain recorded a growth rate of 4.2 percent compared to a growth of 2.7 in the preceding year. The real GDP of Qatar grew by 4.2 percent compared to a 1.6 percent growth in the preceding year.

Inflation rates increased in all GCC countries. Qatar registered the highest inflation rate in 2022 with 5.0 percent compared to 2.3 percent in 2021. In the UAE, the inflation rate also increased to 4.8 percent in 2022 against a slight contraction of 0.1 percent in 2021. Moreover, the inflation rate in Bahrain increased to 3.6 percent in 2022 against a contraction of 0.6 percent in the preceding year. In Oman, the inflation rate increased from 1.5 percent in 2021 to 2.8 percent in 2022. As for Kuwait, the inflation rate increased from 3.5 percent in 2021 to 3.9 percent in 2022.

GCC countries recorded rises in their current account balances (as a percentage of GDP). The UAE recorded a surplus of 11.7 percent in 2022 against 11.6 percent in 2021. In Kuwait, the surplus increased from 23.7 percent in 2021 to 28.5 percent in 2022. The current account in

Table 1.6: Financial Account Balances

	2020	2021	2022	(Billion USD) Projections 2023
Advanced economies	-66.4	558.2	-220.4	72.6
USA	-697.0	-740.6	-869.7	-730.7
Euro area	205.9	370.7	22.7	--
Germany	218.5	294.2	231.7	201.2
France	-61.9	3.6	-45.5	-33.6
Italy	72.5	65.6	-16.8	34.5
Japan	130.1	154.5	63.8	129.1
UK	-107.4	-24.5	-173.2	-167.7
Canada	-36.5	-1.8	-8.4	-23.7
Emerging & developing economies	36.2	154.9	607.6	159.2
Sub-Saharan Africa	-21.8	-18.8	-34.7	-44.3
Emerging & developing Asia	145.7	86.7	274.9	171.3
Middle East & Central Asia	-89.3	110.1	360.9	165.8
Emerging & developing Europe	8.4	83.3	162.0	-20.0
Latin America & the Caribbean countries	-6.7	-106.4	-155.6	-113.5

Source: World Economic Outlook (WEO), IMF, April 2023.

Qatar recorded a surplus of 26.0 percent in 2022 compared to a surplus of 14.7 percent in the preceding year. Bahrain also registered a surplus increase of 9.1 percent in 2022 compared to a surplus of 6.6 percent in the preceding year. As for Oman, its current account recorded a surplus of 3.2 percent in 2022 against a deficit of 4.9 percent in 2021 (Table 1.7).

Regional and International Cooperation

Gulf Monetary Council (GMCO)

The GMCO witnessed several developments regarding fulfilling the main objectives of its statute and mandate as envisaged by its Board of Directors. From its establishment until the end of 2022, GMCO's Board held 58 meetings.

The developments included carrying out a number of joint projects with the central banks of member countries, conducting periodic research and reports, continuing coordination of monetary policies and strengthening cooperation between national central banks. GMCO also completed developing a comprehensive framework for liquidity forecasting and management by monitoring changes in liquidity sources. In addition, some national central banks have actually implemented the framework. Moreover, GMCO developed

and shared with members a macroeconomic model - that is currently under improvement - for the purpose of studying GCC economies and the impact of challenges and changes that may occur. On April 19th, 2022, a Memorandum of Understanding (MoU) was signed between the GCC Secretariat General and GMCO to frame cooperation and the GCC joint action between them. Signing this MoU comes in line with the resolution of the GCC Supreme Council in its 36th Session held in Riyadh, which endorsed the vision of the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz Al Saud, on promoting joint Gulf action. Furthermore, GMCO organized workshops on topics related to its objectives and technical developments in monetary policy, including a workshop on prominent challenges and developments related to the global inflation phenomenon, with the participation of several international financial institutions and all GCC central banks.

Gulf Common Market (GCM)

Total GCC intra-trade transactions increased from \$92.7 billion in 2010 to about \$102.8 billion in 2021. Statistics show that more GCC citizens are benefiting from the GCM decisions, bringing the number of citizens traveling between GCC countries to around 7 million in 2021. Addition-

Table 1.7: Key Economic Developments in GCC Countries

	UAE		Bahrain		Oman		Qatar		Kuwait	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
Real GDP growth	3.9	7.4	2.7	4.2	2.9	4.3	1.6	4.2	1.3	8.2
Inflation rate	-0.1	4.8	-0.6	3.6	1.5	2.8	2.3	5.0	3.5	3.9
Current account (billion USD)	48.0	59.6	2.6	4.0	-4.3	3.7	26.5	58.6	32.4	52.6
Current account to GDP	11.6	11.7	6.6	9.1	-4.9	3.2	14.7	26.0	23.7	28.5
Ratio of surplus/deficit in fiscal balance	4.0	9.0	-11.6	-5.6	-3.2	6.3	4.4	14.2	2.3	11.6
Population (million)	9.6	9.9	1.5	1.5	4.5	4.6	2.6	2.7	4.7	4.8

Source: World Economic Outlook (WEO), IMF, April 2023.

ally, the total number of licenses granted to GCC citizens practicing different economic activities in other GCC countries increased to more than 60 thousand by the end of 2021. The total number of GCC citizens benefiting from real estate ownership decisions reached about 162 thousand by the end of 2021. Moreover, the number of GCC citizens trading in other GCC stock markets was about 431 thousand shareholders in 682 joint-stock companies with a capital of \$376 billion in 2021.

Arab Financial Institutions

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

A. Arab Monetary Fund (AMF)

The AMF extended three loans to Egypt, Morocco and Tunisia to support the contingent finance needs and boost economic and financial reform efforts in light of the current challenges. Total loans extended by the AMF to member countries during 2022 were around 119.6 million Arab Accounting Dinars (AAD) (\$478.5 million), bringing the total value of loans extended by the AMF since the beginning of its lending activities in 1978 to around AAD 2.9 billion (\$11.4 billion). A total of 199 loans were extended by the AMF to 14 member countries. Automatic, ordinary, compensatory and extended conventional loans granted by the AMF were at the top of credit facilities extended by the AMF from 1978 until the end of 2022, representing 58 percent of total loans extended throughout this period. The

structural adjustment facilities came next with 33.2 percent, followed by facilities provided for enabling a favorable environment for small and medium projects with 5.4 percent, then the trade reform facilities with about 2.3 percent and the oil facilities with 1.1 percent.

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

According to the latest published reports, BADEA continued its policy of maintaining a sound financial position. The total net assets of BADEA increased to \$5.6 million at end-2021 from \$5.4 million at end-2020. However, the net income stood at \$174.9 million in 2021 against \$275.1 million in 2020, recording a decrease of \$100.2 million. As for liabilities, they increased to reach \$113.4 million in 2021 against \$89.0 million at end-2020. BADEA's expenses increased from \$19.6 million in 2020 to \$21.7 million in 2021.

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

During 2022, the AFESD extended three loans with a total value of Kuwaiti dinar (KWD) 52.0 million to finance projects in two Arab countries. The ratio of loans to the total cost of these projects was estimated at around 32.4 percent. Starting from the commencement of its operations in 1974 up to the end of 2022, the cumulative number of loans extended by the AFESD reached 709, with a total value of about KWD 11.2 billion. Total income for 2022 decreased to register a loss of about KWD 3.3 million against a profit of about KWD 121.1 million in 2021. Administrative expenses stood at about KWD 7.2 million in 2022. In addition, net income (after deducting provisions) recorded a loss

of KWD 5.8 million in 2022 compared to a profit of nearly KWD 113.8 million in 2021.

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

Dhaman's assets in 2022 totaled about \$536.2 million, 79.3 percent of which was in investments, 19.4 percent in cash and deposits, and 1.5 percent in other assets. Equity stood at \$508.6 million. The total income of Dhaman was around \$16.2 million. On the other hand, Dhaman's general and administrative expenses reached \$10.2 million in 2022, below the expected expenses in the budget estimate for 2022. Moreover, Dhaman's total business netted a profit of \$5.9 million in 2022 against a profit of \$11.0 million in 2021.

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

The total value of the investments of the AAAID in all its existing companies and projects under implementation and establishment (contributions and loans) was about \$661 million in 2022, representing about 91.6 percent of its paid-up capital of \$722 million. According to its website, the sectoral distribution of AAAID investments shows that agricultural manufacturing came first with 49.4 percent, followed by animal production with 24.3 percent, agricultural production with 22.9 percent and services sector with 3.5 percent.

Islamic Development Bank (IsDB)

According to the draft financial statements submitted to the external auditor, the total assets of the IsDB decreased from about \$36.4 billion at end-2021 to about \$36.0 billion at end-2022.

Total liabilities also decreased from about \$23.1

billion in 2021 to \$22.6 billion in 2022. Additionally, IsDB's capital and reserves increased to \$13.4 billion in 2022 from \$13.3 billion in 2021.

Total revenues also increased from around \$788.7 million in 2021 to \$923.5 million in 2022. Total expenses went up as well from \$639.0 million in 2021 to \$693.1 million in 2022. Consequently, net income reached about \$230.4 million in 2022 compared to \$149.7 million in 2021. It is worth noting that the total value of IsDB's granted loans decreased to nearly \$1.9 billion in 2022 from \$2.4 billion in 2021. Outstanding loans also decreased to about \$22.7 billion at the end of 2022 from about \$22.8 billion at the end of 2021. On the other hand, repaid loans increased to around \$2.2 billion in 2022 from \$1.9 billion in 2021.

OPEC Fund for International Development (OFID)

According to the OFID data, ordinary and special capital resources increased to about \$7.9 million at end-2022 against about \$7.6 million at end-2021. OFID's total assets reached around \$8.0 million at end-2022. In addition, OFID's total granted loans rose to nearly \$1.7 million in 2022 against \$1.4 million in 2021. Total repaid loans, however, decreased to about \$1.10 million in 2022 compared to \$1.12 million in 2021. Total income reached \$189.7 thousand in 2022 compared to \$277.9 thousand in 2021. Moreover, OFID's net income was \$105.3 thousand in 2022 against about \$196.3 thousand in 2021.

International Monetary Fund (IMF)

International Monetary and Financial Committee (IMFC)

The IMFC of the IMF held its 47th meeting on April 14th, 2023. It discussed the global economy and highlighted that uncertainty still prevails, with lasting negative impact on the global economic outlook. This is because successive shocks, including the ongoing Russia-Ukraine crisis and the tightening of monetary policy stances necessary to bring down inflation, are weighing on recovery and macro-financial stability, as shown by recent banking and financial-market stress episodes. The IMFC indicated that inflation has moderated somewhat, but underlying price pressures remain sticky in most regions. It also indicated that high debt vulnerabilities are elevated globally, while food and energy security is still important. Accordingly, the IMFC stressed the need to implement decisive, agile and well-calibrated policies tailored to country-specific circumstances to entrench a sustainable recovery, safeguard macroeconomic and global financial stability, support the vulnerable, and strengthen resilience. On the other hand, the IMFC commended policymakers that have taken swift actions to enhance confidence in the banking system, which remains sound and resilient, supported by the reforms implemented after the 2008-2009 global financial crisis. Furthermore, the IMFC emphasized that its priorities include reducing heightened inflation, maintaining financial stability, rebuilding fiscal buffers while reinforcing social safety nets to protect the most vulnerable and bolstering inclusive long-term growth. In addition, the IMFC noted that international cooperation is essential to boost global growth, protect the stability

of the international monetary system, address persistent health risks, and accelerate mutually reinforcing efforts toward a green, digital, and inclusive future. The IMFC stated that its efforts are directed toward overcoming the food crisis, as it will focus on lifting trade restrictions on food and fertilizers, as well as promoting sustainable investment to strengthen production value chains in vulnerable economies. It will also continue to support low-income countries as they address their financing needs.

The IMFC supported the IMF in providing tailored advice to respond to ongoing challenges. Particularly, it supported the IMF's policy advice and analytical work on policies to address financial sector vulnerabilities; the containing of inflation; the interplay between capital flows, capital flow management measures, and crises; and fiscal policies to tackle elevated debt levels. Moreover, the IMFC welcomed the IMF's ongoing work to operationalize the Integrated Policy Framework, guiding member countries on the appropriate use of multiple policy tools to deal with spillovers, shocks, and multiple risks, according to the IMF's Institutional View and taking into account country-specific circumstances. The IMFC also supported the Enterprise Risk Management Framework implemented by the IMF to support sound practices in the identification and treatment of risks in fulfilling its mandate, looking forward to a progress report at the Spring Meetings in 2024.

World Bank Group (WBG) Development Committee

The WBG Development Committee held its meeting on April 11th, 2023. The meeting discussed the impact of multiple crises and shocks on macroeconomic stability in many countries. The Committee indicated that human development suffers from major setbacks as a result of these crises as poverty rates increased; the food security crisis worsened; migration rose and reached record levels; inequality levels rose all over the world, especially in low- and middle-income countries; and the COVID-19 repercussions on the economic activity continued. In addition, the Committee stated that, according to the World Food Program (WFP), the number of food-insecure individuals is estimated to rise to 345 million in 2023, more than double the number in 2020. It mentioned that despite the stability of oil markets maintained by OPEC in the past years, the recent financial market turmoil has led to fluctuations in the fuel futures market with the possibility of a rise in prices in the short term. On the other hand, the Committee indicated that external risks increased along with interest rate margins and risk premiums, and that these factors are exacerbated by elevated debt levels, financial imbalances, current accounts, and inflation in most countries. Meanwhile, capital flow trends are highly uncertain in emerging market and developing economies due to the tightening of global monetary policy.

The Committee stressed that, given the rising risks, more support is needed to expand global liquidity. It commended the IMF for improving international liquidity through the recent Food Shock Window (FSW) and the Resilience and Sus-

tainability Trust (RST) initiatives, which provide liquidity for countries to adjust to shocks. The Committee welcomed the WBG Climate Change Action Plan (CCAP), including results measurement and reporting, as well as the strong support for Nationally Determined Contributions (NDCs). Moreover, the Committee stressed the importance of international tax reform to provide the resources necessary to invest in economic recovery, climate action, and the Sustainable Development Goals (SDGs). Therefore, the Committee called for creating a more effective, inclusive and sustainable international tax architecture, scaling up international tax cooperation, fighting illicit financial flows, and combating tax evasion with greater focus on capacity building to underpin the next wave of tax reforms. The Committee concluded the meeting by stressing the importance of a sustained collaboration of the WBG and IMF and greater regional partnerships to better serve members, given the highly uncertain global prospects.

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

The BIS held its 92nd annual general meeting and issued its Annual Economic Report in June 2022. The Report focuses on the role and importance of the monetary system in achieving sustainable economic growth. According to the Report, the priority of central banks is to restore stable inflation. In doing so, they should seek to minimize the hit to economic activity, thereby safeguarding financial stability. On the other hand, the BIS indicated in the Report that the global economy risks entering a new era of high inflation as a result

of lingering disruptions from the pandemic, the Russia-Ukraine geopolitical instability, and soaring commodity prices. Therefore, the BIS urges policymakers to carry on with reforms to support long-term growth and lay the groundwork for more fiscal and monetary policy settings. The Report indicates the importance of digital innovation to support long-term growth by influencing the strengthening of the monetary system in the future as well as the key role of technologies based on trust in money issued by central banks. In the medium term, the Report notes that fiscal and monetary buffers need to be rebuilt in a sustainable manner and governments must reboot the supply drivers of the economy more effectively so as to boost growth.

Financial Stability Board (FSB)

The FSB held its last meeting for the year 2022 in December. The plenary discussed the outlook for global financial stability, including issues related to emerging market and developing economies and actions required to address weaknesses in the global financial system. Policy developments in many areas were also reviewed in the meeting, including crypto-assets, decentralized finance and climate-related financial risks. It was noted in the meeting that the outlook for financial stability remains murky. The tightening of monetary policies since the beginning of 2022 may cause weaknesses related to record-high levels of debt, including higher debt servicing costs and refinancing outstanding debts at higher rates, to materialize. Volatility in the bond and foreign exchange markets remains high at the backdrop of uncertain prospects related to growth, high inflation and heightened geopolitical tensions.

Group of Twenty (G20)

Indonesia chaired the G20 countries' meetings in 2022. The agenda of the meetings centered around the implications of the COVID-19 pandemic, the challenges of climate change, the slowdown in global recovery, and the adverse impact of the Russia-Ukraine geopolitical tension. The leaders noted that it is imperative for the G20 to take concrete, precise and swift action, using all available policy tools to address common challenges and achieve the Sustainable Development Goals (SDGs). In line with the Indonesian G20 Presidency theme — Recover Together, Recover Stronger — several coordinated actions among the G20 were agreed on to realize a strong, comprehensive, resilient and sustainable global recovery while providing job and growth opportunities. These actions include maintaining flexibility in response and cooperation in terms of macroeconomic policies in the G20 countries, public investment and structural reforms, promotion of private investment, multilateral trade and resilience of global supply chains to support long-term growth. On the other hand, the G20 Communiqué in Bali stressed the importance of protecting macroeconomic and financial stability by using all available tools to mitigate potential risks. G20 members agreed to take measures to enhance food and energy security; support market stability; provide temporary and targeted support to mitigate the impact of price increases; enhance dialogue between producers and consumers; increase trade and investment to meet the needs of long-term food and energy security, resilience, and sustainable food, fertilizer and energy systems; and stimulate more invest-

ments in low- and middle-income and developing countries by providing a wider range of innovative financing sources and tools, while affirming commitment to accelerating the achievement of the SDGs. According to the Communiqué, the G20 leaders pledged to advance efforts to combat climate change and provide the necessary financing, and called on all members to increase their efforts in reducing emissions and adapting to the repercussions of climate change. Additionally, they urged the G20 to make progress in the negotiations to provide compensation for damages caused by climate change in poor regions. The Communiqué also noted that the goal to reduce global warming from 2.0 to 1.5 degrees Celsius annually, as agreed upon in the Paris Climate Accords, will require effective measures and commitment on the part of all members, taking into account all national trends and circumstances.

Organization of the Petroleum Exporting Countries (OPEC)

The 34th OPEC and non-OPEC Ministerial Meeting (ONOMM) was held virtually on December 4th, 2022. The meeting reaffirmed the continued commitment of the participating countries in the Declaration of Cooperation (DoC) to ensure a stable and balanced oil market. In view of current oil market fundamentals, the meeting resolved to reaffirm the decision of the 10th ONOMM on April 12th, 2020 and further endorse it in subsequent meetings, including the 19th ONOMM on July 18th, 2021, and the 33rd ONOMM on October 5th, 2022, and adjust the frequency of monthly meetings to be once every two months for the Joint Ministerial Monitoring Committee (JMMC), and hold additional meetings when needed. The

meeting stressed the importance of moving forward with a mechanism to introduce an output cut by 2 million barrels per day from the required production levels in August 2022, starting from November 2022 for OPEC members and participating non-OPEC countries.

Islamic Financial Services Board (IFSB)

The 15th IFSB Summit for the year 2021 was held in Jeddah, Saudi Arabia, and hosted by the Saudi Central Bank (SAMA). The IFSB Summit aimed to bring together financial industry leaders, experts, policymakers and other stakeholders to share knowledge, experience and expertise under the theme of "Islamic Finance and Digital Transformation: Balancing Innovation and Resilience." The Summit provided a forum to discuss policy priorities and strategies to foster renewed growth momentum in the Islamic financial services industry (IFSI), focusing particularly on the digital transformation of Islamic financial services. It also offered an opportunity to share ideas and deepen the understanding of emerging developments and advances in fintech and digital finance, the challenges and trade-offs, and the policy actions that are needed going forward to promote innovation further whilst ensuring resilience and financial stability. The 16th Summit is scheduled to be held in the Sultanate of Brunei in 2023.

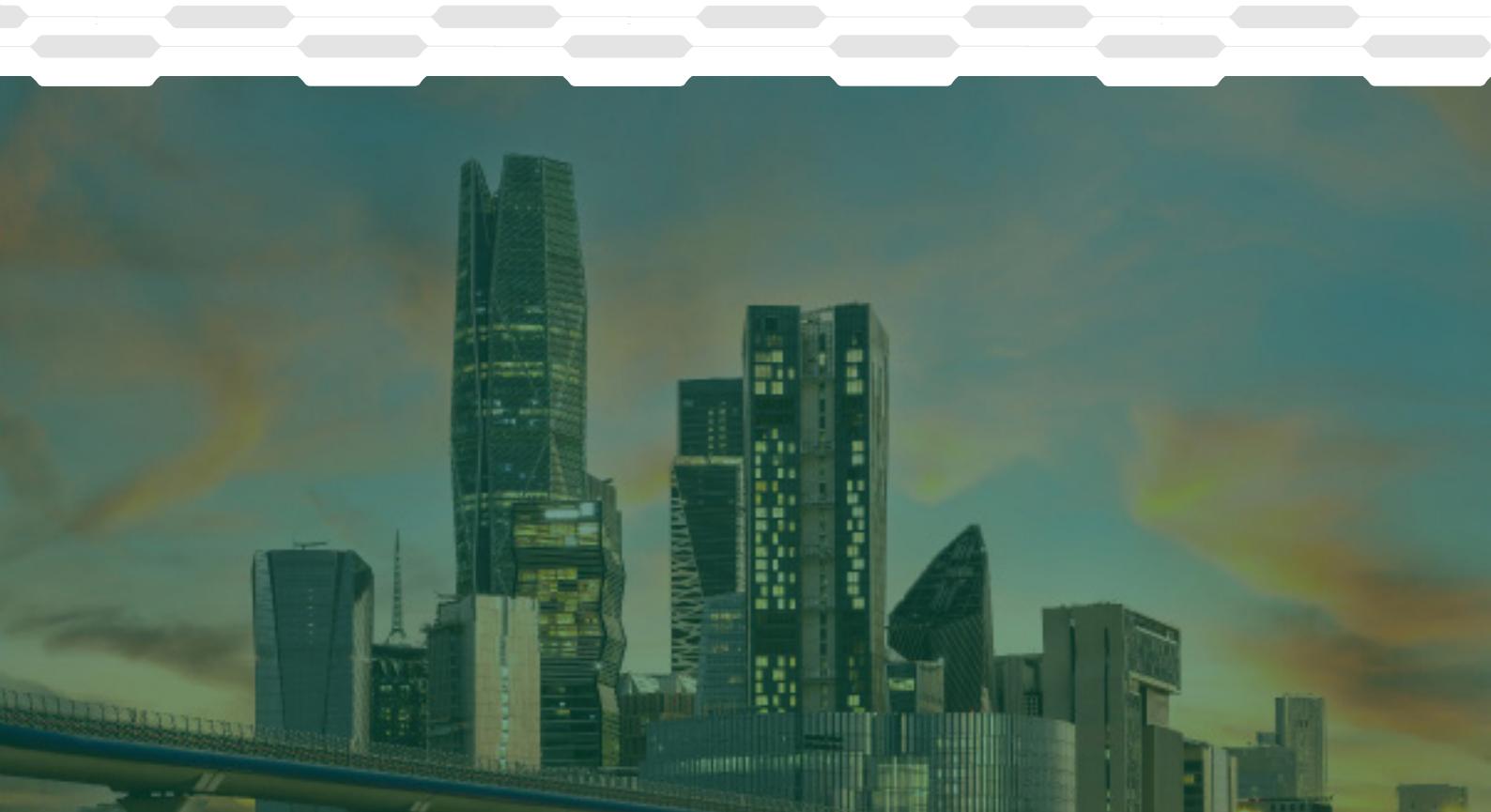
Financial Action Task Force (FATF)

FATF plenary meeting took place in February 2023, where members took important steps to enhance beneficial ownership transparency and prevent manipulation by fraudsters through illicit activities by the use of anonymous shell companies. In addition, the FATF approved revisions to Recommendation 25 on beneficial ownership of legal arrangements to ensure greater transparency. Members also agreed on a roadmap for implementing FATF standards related to virtual assets and virtual asset service providers, including

the transfer of originator and beneficiary information. The members discussed the FATF Report on Countering Ransomware Financing, and updates were made on other ongoing projects, such as a project on the misuse of nationality and residency through fraudulent investment schemes. The members also agreed to publish the FATF Report on Money Laundering and Terrorist Financing in the Art and Antiquities Market, in addition to implementing new projects on money laundering and terrorist financing related to online fraud and the use of crowdfunding to finance terrorism.

2

Saudi Economy



Saudi Economy

Most global economies face several economic challenges, including slow economic growth, high inflation rates, and geopolitical tensions. Nevertheless, the Saudi economy is steadily achieving sustainable economic development, with the Saudi economy recording the highest growth rate among the G20 countries, at 8.7 percent, the highest growth in 11 years. Moreover, the inflation rate averaged 2.5 percent in 2022, among the lowest globally, and the unemployment rate among Saudis stood at 8.0 percent.

Saudi Vision 2030 and its programs, jointly implemented by the public and private sectors, the economic and fiscal reforms, and the proactive measures taken have all borne fruit, as reflected in the Saudi economy indicators. In 2022, several strategies and initiatives were launched to shape the future of the Saudi economy, develop its key sectors, including industry, tourism and entertainment, and diversify the economy according to Vision 2030. These initiatives and strategies include establishing and launching Downtown Company, the National Strategy for Industry, the National Gaming and Esports Strategy, the Global Supply Chain Resilience Initiative, Al-Ula Development Program, etc.

Economic Growth

Preliminary data from the General Authority for Statistics (GaStat) indicate that GDP at constant prices (2010 = 100) grew by 8.7 percent to around SAR 2,974.8 billion during 2022 compared to 3.9 percent in 2021.

The growth was due to an increase of 15.4 percent in oil activities compared to 0.2 percent in 2021. Non-oil activities also increased by 5.4 percent compared to 7.2 percent. Government activities rose by 2.6 percent compared to 1.2 percent.

Most major economic activities at constant prices grew in 2022 at varied rates (Table 2.2). Mining and quarrying recorded the highest growth rate of 16.0 percent. Transportation, storage and communication grew by 9.1 percent; Manufacturing by 7.9 percent; wholesale and retail trade and restaurants and hotels by 5.1 percent; construction and building by 4.5 percent; agriculture, forestry and fishing by 3.9 percent; finance, insurance, real estate and business services by 2.9 percent; government services by 2.6 percent; and electricity, gas and water by 2.2 percent.

Domestic Supply and Demand

The total supply of goods and services from non-oil activities (at current prices) increased by 15.0 percent in 2022. The non-oil GDP (at current prices) increased by 11.8 percent. The government activities rose by 2.4 percent. The total imports of goods and services also grew by 24.2 percent. Non-oil activities' total demand for goods and services at current prices increased by 16.3 percent in 2022. The final consumption increased by 7.6 percent due to an 8.3 percent

Table 2.1: Selected Economic Indicators

Indicator	2021	2022
Estimated population (million)	30.8	32.2
GDP at current prices (billion SAR)	3,257.2	4,155.6
GDP at constant prices (billion SAR) (2010=100)	2,735.6	2,974.8
Non-oil GDP deflator	125.71	133.25
Inflation rate (consumer prices)	3.1	2.5
Aggregate money supply M3 (billion SAR)	2,308.8	2,495.4
Daily average of oil production (million barrels)	9.1	10.6
Average price of Arabian Light oil* (USD)	70.7	101.6
Riyal's effective exchange rate (2010=100)	113.0	117.8
Currency in circulation to total money supply ratio	8.9	8.0
Deposits to money supply ratio	91.1	92.0
Net foreign assets of domestic banks (billion SAR)	29.8	84.4
Interest rates on Saudi riyal deposits (3 months)**	0.8	3.1
Bank capital adequacy ratio (Basel III)	19.9	19.9
Actual government revenues (billion SAR)	965.5	1,268.2
Oil revenues (billion SAR)	562.2	857.3
Actual government expenditures (billion SAR)	1,038.9	1,164.3
Budget deficit (billion SAR)	-73.4	103.9
Budget deficit to GDP ratio	-2.3	2.5
Commodity Exports (billion SAR)***	1,035.7	1,541.9
Commodity imports CIF (billion SAR)	573.2	712.0
Current account surplus to GDP ratio	5.1	13.6
Current account (billion SAR)	166.2	565.3
Tadawul All Share Index (TASI) (1985 = 1,000)	11,281.7	10,478.5
Public debt to GDP ratio	28.8	23.8

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

***Including oil & non-oil exports.

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

rise in government consumption and a 7.3 percent rise in private consumption. In addition, gross capital formation increased by 31.2 percent (Table 2.3).

Non-oil exports increased by 37.9 percent compared to 32.8 percent in the preceding year, with exported goods rising by 14.0 percent compared to 35.8 percent in the preceding year. Service exports jumped by 209.5 percent compared to 14.7 percent in the preceding year (Table 2.3).

Inflation

The consumer price index (CPI) increased by 2.5 percent in 2022 compared to 3.1 percent in 2021. The GDP deflator for non-oil activities, which captures the average prices of all goods and services produced by non-oil activities within a given year, increased by 6.0 percent YoY in 2022 compared to a rise of 0.1 percent in 2021. The wholesale price index (WPI) increased by 7.6 percent in 2022 compared to 12.1 percent in 2021.

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

	(Million SAR)			
	2020	2021	2022*	Change 2022 (%)
1. Agriculture, forestry & fishing	73,173	75,109	78,044	3.9
2. Mining & quarrying	944,572	934,099	1,083,234	16.0
a. Crude petroleum & natural gas	933,885	922,754	1,071,143	16.1
b. Other mining & quarrying activities	10,687	11,345	12,091	6.6
3. Manufacturing	296,325	330,128	356,173	7.9
a. Petroleum refining	78,780	91,862	99,514	8.3
b. Other industries	217,545	238,266	256,659	7.7
4. Electricity, gas & water	30,063	30,750	31,420	2.2
5. Construction & building	112,077	113,487	118,583	4.5
6. Wholesale & retail trade, restaurants & hotels	229,125	260,577	273,842	5.1
7. Transport, storage & communication	148,421	154,007	168,010	9.1
8. Finance, insurance, real estate & business services	263,080	278,348	286,545	2.9
a. Real estate activities	140,888	148,783	150,671	1.3
b. Finance, insurance & business services	122,191	129,565	135,874	4.9
9. Community, social & personal services	74,730	80,489	84,615	5.1
Government services	373,518	377,808	387,516	2.6
Total value added	2,545,083	2,634,802	2,867,982	8.9
Net product tax	87,280	100,795	106,820	6.0
GDP	2,632,363	2,735,597	2,974,802	8.7

*Preliminary data.

Source: GaStat.

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

	(Million SAR)			
	2020	2021	*2022	Change 2022 (%)
Total supply**	1,972,566	2,134,966	2,454,367	15.0
Non-oil GDP	1,455,075	1,561,781	1,745,387	11.8
Government activities	576,972	577,633	591,183	2.4
Total imports	517,491	573,185	712,038	24.2
Total demand	2,890,123	3,271,897	3,803,588	16.3
Final consumption	1,988,536	2,163,154	2,328,063	7.6
Government	769,834	780,328	844,957	8.3
Private	1,218,702	1,382,826	1,483,106	7.3
Gross capital formation	663,546	792,559	1,039,586	31.2
Non-oil exports	238,042	316,185	435,938	37.9
Commodity exports	204,352	277,548	316,341	14.0
Service exports	33,690	38,637	119,597	209.5

*Preliminary data.

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

Source: GaStat.

Energy, Industry and Mineral Resources

Arab Light prices jumped by 43.9 percent in 2022 due to geopolitical tensions and low global oil inventories. According to OPEC data, the average price of Arab Light was about \$101.64 per barrel, the highest since 2013, compared to \$70.65 per barrel in 2021. In addition, global demand recovery contributed to an average global oil production increase of 4.9 percent in 2022.

According to the Ministry of Energy (MoE) data, Saudi Arabia's crude oil production increased by 16.1 percent to 3,865.7 million barrels in 2022. The average daily crude oil production increased by 16.1 percent to 10.6 million barrels in 2022 compared to 9.1 million barrels in 2021 (Table 2.1).

As for industry and mineral resources, the data issued by the Ministry of Industry and Mineral Resources (MIM) show that the total number of mining licenses at the end of 2022 reached 2,300; 1,452 for construction material quarries; 628 for exploration; 104 for mining; 74 for small mines; and 42 for survey with a total capital of SAR 32.2 billion, creating more than 28.2 thousand job opportunities. According to MIM's preliminary estimates for 2022, the output of gold stood at 12,268 kg, and silver stood at 9,464 kg. The output of copper and zinc reached 98,040 tons and 51,013 tons, respectively.

Money Supply and Banking Activity

Broad money supply (M3) increased by 8.1 percent to SAR 2,495.4 billion in 2022 compared to 7.4 percent in 2021. Bank deposits, which represented 92.0 percent of M3, increased by 9.1 percent in 2022 compared to 8.3 percent in

2021. Currency in circulation fell by 2.2 percent compared to a fall of 0.9 percent in 2021.

A breakdown of the components of bank deposits to M3 in 2022 indicates that demand deposits constituted 53.2 percent, time and savings deposits 26.2 percent, and other quasi-money deposits 12.5 percent. A breakdown of deposits by sector at the end of 2022 shows that private sector deposits increased by 3.2 percent to SAR 1,644.2 billion (constituting 71.6 percent of total bank deposits). The public sector's deposits also increased by 27.4 percent to SAR 651.2 billion, accounting for 28.4 percent of total bank deposits.

A breakdown of bank claims on the private and public sectors at the end of 2022 shows that total bank claims on the private sector went up by 12.6 percent to SAR 2,289.6 billion, accounting for 99.7 percent of total bank deposits compared to 96.7 percent in 2021. In addition, total bank claims on the public sector increased by 10.8 percent to SAR 638.2 billion, representing 27.8 percent of total bank deposits. Consequently, total claims on both sectors at the end of 2022 increased to 127.6 percent of total bank deposits compared to 124.0 percent at the end of 2021.

Data on the consolidated financial position of commercial banks at the end of 2022 indicate a decrease of 1.5 percent in commercial banks' reserves to SAR 202.4 billion compared to a decline of 28.7 percent in the preceding year.

Consequently, capital and reserves of commercial banks increased by 4.3 percent to SAR 437.7 billion compared to 11.3 percent in the preceding

year. Accordingly, the ratio of capital and reserves to total bank deposits fell to 19.1 percent and its ratio to total assets decreased to 12.1 percent at the end of 2022. The ratio of capital to risk-weighted assets based on Basel standard (Capital Adequacy Ratio) stood at 19.9 percent, well above the ratio recommended by Basel Committee (10.5 percent). Commercial banks recorded a 28.6 percent profit increase to SAR 69.3 billion in 2022 compared to 39.2 percent in 2021.

Insurance Sector

The insurance sector rebounded in 2022, as the gross written premiums (GWP) grew by 26.9 percent compared to the preceding year. The insurance sector maintained its penetration rate at 1.3 percent in 2022. The sector's contribution to the non-oil GDP increased to 2.1 percent in 2022 compared to 1.9 percent at the end of 2021. Net written premiums (gross written premiums less the share of reinsurance) amounted to SAR 44.6 billion, constituting 84.4 percent of gross written premiums compared to 82.3 percent in 2021.

Domestic Stock Market

The Tadawul All Share Index (TASI) registered a YoY decrease of 7.1 percent to 10,478.5 at the end of 2022. The market capitalization of issued shares fell by 1.3 percent to SAR 9,878.1 billion at the end of 2022 from SAR 10,009.2 billion at the end of the preceding year. The number of shares traded decreased by 34.2 percent to around 45.1 billion. The total value of shares traded fell by 23.6 percent to SAR 1,708.0 billion from SAR 2,235.9 billion in 2021.

Islamic Finance

The main components of the Islamic finance sector in Saudi Arabia totaled about SAR 3.15 trillion. Islamic banking continued its remarkable growth in assets, banking finance and deposits at the end of 2022. Islamic banking assets increased by 12.5 percent to around SAR 2,715 billion at the end of 2022 compared to about SAR 2,413 billion at the end of 2021. Shariah-compliant financing in Saudi Arabia increased by 14.7 percent to SAR 1,977 billion at the end of 2022 compared to SAR 1,724 billion in 2021. Likewise, the total Shariah-compliant bank deposits rose by 6.0 percent to around SAR 1,874 billion at the end of 2022 compared to SAR 1,768 billion at the end of 2021. The total outstanding sovereign sukuk in 2022 amounted to about SAR 506 billion. With regard to domestic sukuk issuances, the total volume of issuances amounted to SAR 164.2 billion in 2022 compared to SAR 145 billion in 2021. The assets under management (AUM) of Islamic investment funds in Saudi Arabia amounted to SAR 92.8 billion in 2022.

Public Finance

Actual revenue and expenditure data for FY 2022 (1443/1444H) indicate that revenues rose by 31.3 percent to SAR 1,268.2 billion compared to SAR 965.5 billion in 2021. Actual tax revenues amounted to about SAR 323.1 billion and other actual revenues reached SAR 945.1 billion. Actual expenditures rose by 12.1 percent to SAR 1,164.3 billion compared to SAR 1,038.9 billion in 2021. Thus, the surplus amounted to about SAR 103.9 billion compared to an actual deficit of SAR 73.4 billion in 2021.

Current Account and External Trade

Estimates of Saudi Arabia's balance of payments indicate a surplus of around SAR 565.3 billion in the current account in 2022, representing 13.6 percent of GDP. Preliminary external trade figures show an increase of 40.1 percent from the preceding year in Saudi Arabia's commodity trade volume to SAR 2,254.0 billion in 2022. This increase is due to a rise of 48.9 percent in the value of commodity exports to SAR 1,541.9 billion, with oil exports increasing by 61.8 percent to SAR 1,226.3 billion and non-oil exports by 13.7 percent to SAR 315.7 billion. Moreover, commodity imports increased by 24.2 percent to SAR 712.0 billion in 2022.

Trade and Investment

According to the Ministry of Commerce (MC)'s data on company licenses, the number of existing commercial registers for companies stood at about 226.9 thousand with a total capital of SAR 8,310.3 billion at the end of 2022 compared to 214.2 thousand with a total capital of SAR 8,418.3 billion in the preceding year. Compared with the previous year, the number of existing commercial registers increased by 6.0 percent in 2022 and the capital fell by 1.3 percent.

With respect to institution licenses, MC issued about 282,320 commercial registers for new institutions with a capital of over SAR 19.8 billion in 2022 compared to 265,963 with a capital of over SAR 35.1 billion in 2021, recording an increase of 6.2 percent in commercial registers and a decline of 43.6 percent in capital. A breakdown of new institution commercial registers by region up to the end of 2022 shows that Riyadh region accounted for the largest share with 28.1 percent,

followed by Makkah region with 23 percent and then the Eastern Region with 13.6 percent.

As for venture capital in Saudi Arabia, according to the MAGNiTT Report, the total investments in Saudi startups grew by 71.7 percent to SAR 3.701 billion with 144 deals in 2022 compared to SAR 2.156 billion with 149 deals in 2021. In addition, Saudi Arabia maintained its position as the second-most funded market in MENA in 2022.

Tourism

According to the latest Ministry of Tourism (MT) data, expenditure on domestic tourism trips rose by 5.0 percent to SAR 107.3 billion in 2022 compared to SAR 102.2 billion in 2021.

Expenditure on inbound tourism trips went up significantly by 568.0 percent to SAR 98 billion in 2022 against SAR 14.7 billion in 2021.

Agriculture, Water and Animal Husbandry

Water

The number of water desalination plants in Saudi Arabia stood at 30 at the end of 2022, spread over the eastern and western coasts, ten on the Arabian Gulf coast and 20 on the Red Sea coast. The total freshwater produced increased by 1.4 percent to reach about 2,003 million cubic meters in 2022, with an average daily production of 5.5 million cubic meters. The Saline Water Conversion Corporation (SWCC)'s plants generated around 48 million megawatts per hour of electricity. In addition, preliminary data indicate that the total residential water consumption stood at 3,557 million cubic meters in 2021, with a daily average of 278 liters per person.

Data from SWCC indicate that the total capacity of its water transmission systems reached around 14.1 million cubic meters per day, increasing by 3.6 million cubic meters per day compared to 2021. The amount of water distributed reached 2.5 billion cubic meters in 2022 as private desalination plants contributed 944.1 million cubic meters. As for the amount of used desalinated water by administrative region, Makkah region constituted 32.9 percent, followed by Riyadh region with 25.6 percent and the Eastern Region with 20.3 percent. The number of dams constructed across Saudi Arabia until 2022 reached 550, and 24 are under construction, with a total storage capacity of 2.6 billion cubic meters. In addition, the coverage of water networks increased from 86.3 percent to 87.7 percent, and the coverage of sewerage networks also increased from 59.5 percent to 59.6 percent.

Agricultural Production

According to the latest estimates issued by the General Authority for Statistics (GaStat) for 2022, agricultural production volume stood at 11.1 million tons, growing by 9.8 percent compared to the preceding year. A breakdown of agricultural production shows that production of fodder reached 4.5 million tons at a growth rate of 3.3 percent compared to the preceding year, vegetables 3.1 million tons at a growth rate of 4.5 percent, grain 1.1 million tons at a growth rate of 21.7 percent, and fruit 2.6 million tons at a growth rate of 3.3 percent. The total cultivated area of fodder, grain and vegetables in Saudi Arabia reached 757.5 thousand hectares, of which fodder cultivation constituted 29.4 percent, grain 28.6 percent, and vegetables 13.0 percent.

Animal Production

Statistics issued by the Ministry of Environment, Water and Agriculture (MEWA) for 2022 indicate that the total meat production reached 1.4 thousand tons, increasing by 3.3 percent compared to the preceding year. Total dairy production stood at 2.8 million tons, rising by 7.7 percent compared to the preceding year.

Transport and Communications

The transport, storage and communications activity contribution to the real GDP at constant prices stood at 5.7 percent or SAR 168.0 billion in 2022, the same percent recorded in the previous year.

Transport

Transport operations (including inter-city travel in Saudi Arabia and overseas travel by air, land and sea) showed a remarkable growth of 77.3 percent in 2022. The number of passengers rose to 97.3 million from 54.9 million in the preceding year (Table 2.4).

Regarding the recent developments of railway projects, the latest data from the Transport General Authority indicate that TGA is working on implementing the railways included in the National Railways Strategy, including the Landbridge Project and GCC Railway project, which is expected to be completed in 2030. The Landbridge Project consists of six railway routes connecting Saudi Arabia's ports on the Arabian Gulf coast with ports on the Red Sea coast, totaling 2,663 km, and passing through seven modern logistical centers, centers of economic activities, industrial cities, and mining activities.

As for the GCC 2,117-km Railway, it will be implemented in two main phases: The first phase includes Saudi Arabia, UAE, Oman and Qatar, and the second phase includes Saudi Arabia, Kuwait and Bahrain.

According to data from the Saudi Ports Authority (Mawani), Mawani signed investment agreements to build eight integrated logistics parks in Jeddah Islamic Port and King Abdulaziz Port in Dammam with major national and international companies. Mawani also struck ten agreements with key national and international partners, which resulted in the 5G Smart Ports and the new Port Community System.

According to the latest statistics on train trips and passengers, the number of passengers on intercity trains in 2022 reached 5.5 million, and the volume of freight transport reached 20.4 million tons. As for bus trips, city passengers reached 38.5 million and inter-city passengers reached 3.3 million. In addition, the number of licenses for public transport activities reached 9,669 licenses for land transport and 422 licenses for marine transport. The Transport General Authority, in coordination with Taif Municipality, requested proposals for a project to operate the public bus transport network. The project comprises nine routes, 58 buses, and 182 bus stops. As for the Transport General Authority developments, the training of the first batch of Saudi female train drivers to drive one of the fastest trains in the world (Al-Haramain Express) has been completed.

Telecommunication and Information Technology

The telecommunication and information technology sector witnessed many developments in 2022, including the advancement of Saudi Arabia's ranking in the e-government development index to rank second in the Arab world and 31 globally. Saudi Arabia achieved a new global distinction by advancing in the data of the GovTech Maturity Index (GTMI) for 2022, issued by the World Bank Group to third place globally among (198) countries and first regionally. In addition, Saudi Arabia ranked first in the Electronic and Mobile Government Services Maturity Index in 2022, issued by the UN's Economic and Social Commission for Western Asia (ESCWA). This index measures the maturity of government electronic and mobile services based on three criteria: service availability and development, service usage and user satisfaction, and government outreach efforts. The index covered 18 countries. In addition, Saudi Arabia advanced 23 places to rank 43 of 193 countries in the UN's E-Participation Index. Regarding the development of information technology in Saudi Arabia and the efforts of the Ministry of Communications and Information Technology in the field of information technology during 2022, the total investments in the technology sector amounted to SAR 13.3 billion, distributed as follows: SAR 3.7 billion venture capital, SAR 2.7 billion foreign investments, SAR 2.3 billion local investments, and SAR 4.6 billion public offerings. The number of technology companies offered in the Saudi stock market reached 13, and the Ministry supported listing eight technology companies in 2022 in the main and parallel markets. The number of

Table 2.4: Transport of Passengers

Type of transport	2021	2022
	No. of passengers (Million)	No. of passengers (Million)
Air transport	48.7	88.5
Land transport		
Railway*	2.6	5.5
Inter-city transport	3.1	3.3
International transport	--	--
Maritime transport	0.5	--
Total	54.9	97.3

*Including Riyadh-Dammam Railway, North-South Railway & Haramain High-Speed Railway starting from 2019.

Source: TrxAuthority, General Authority of Civil Aviation & Saudi Ports Authority

digital companies registered in venture capital platforms has increased to 188 new digital startups. Technological local content increased to 27.5 percent compared to 24.2 percent in 2021; due to higher local spending on goods and services and higher contribution of local cadres in the sector. The total number of licensed fintech companies reached 147 in 2022. According to data from the Communications, Space and Technology Commission (CST), mobile phone services reached 58.6 million, with the household penetration rate at 172.0 percent. The number of high-speed fiber internet services reached 2.3 million, with the household penetration rate at 37.3 percent. Moreover, the internet penetration rate among individuals in Saudi Arabia increased to 98.5 percent by the end of 2022 against 97.8 percent at the end of 2021. The Riyadh region ranked first in internet penetration rate among individuals with 99.9 percent (Chart 2.1).

Saudi Post

The Saudi Post has launched its new brand identity (SPL) to keep pace with customers' needs and aspirations for new innovative

products and services that ensure swift, precise and professional delivery.

Saudi Post witnessed several developments during 2022 and launched four new services: Returns management service, which is a service for receiving returned items from customers and delivering them to stores. To provide this service, Saudi Post has automated the entire process by linking the service to the internal systems of the e-commerce sector and closed-store service (warehouses located in populated and close to customers areas, aiming to speed up the delivery process for the best-selling products). There is also Alami service that aims to develop work with Shareek to expand the business. The service has nine addresses in different countries (United States of America, United Kingdom, China, Japan, Singapore, Malaysia, Indonesia, Thailand and Taiwan). The Saudi Post also offers Makani platform service to book and purchase online tickets for sports, cultural, social, and entertainment events.

Moreover, SPL launched the "Short Address" service to enable customers to shorten their national addresses to four digits and four letters. In 2022 the Saudi Post, in partnership with Rai Digital, launched Infinite PI, a new digital logistic technology company. The Saudi Post also signed new contracts with the largest private sector companies to provide last-mile services and signed over 200 partnerships with government hospitals. In addition, Saudi Post acquired Naqel Company to build a national operator for postal and logistic services. SPL also significantly increased medication delivery service to reach 1.4 million prescriptions delivered since the service launch. The number of post offices in Saudi Arabia reached 444 in 2022. The number of postal agencies with construction contracts signed and operating agencies until the end of 2022 was 28.

E-commerce

According to MC's data, the total number of new commercial registers for e-commerce institutions at the end of 2022 recorded a rise of 9.7 percent to 12,139, with a total capital of SAR 455.2 million. The number of new commercial registers for e-commerce companies also grew 8.2 percent to 830, with a total capital of SAR 980.2 million. E-commerce sales by mada cards jumped by 65.1 percent in 2022 to SAR 122.7 billion compared with 2021.

Education, Health and Social Services

Public Education

The total number of public education students (elementary, intermediate and secondary schools) amounted to around 6.0 million during the academic year 2021/2022. The number of

teachers at all levels of public education stood at around 469.7 thousand and the number of schools at about 26.8 thousand, 14.1 thousand of which are schools for girls, accounting for 52.6 percent of total schools. The total number of private and international education students (elementary, intermediate and secondary schools) amounted to 768.2 thousand during the academic year 2021/2022. The number of teachers at all levels of private, international and foreign education stood at 60.8 thousand and the number of schools at 5.1 thousand, 2.6 thousand of which are schools for girls, accounting for 51.2 percent of total schools. The total number of students studying abroad reached 57.8 thousand in 2022, of which 59.2 percent were males and 40.8 percent were females.

Technical, Vocational and Administrative Training

Trainees at the Technical and Vocational Training Corporation (TVTC)'s colleges and institutes totaled 262 thousand during the academic year 2022; 237.3 thousand received technical training and 24.9 thousand received vocational training. The trainees received their education and training in 283 educational units in various regions of Saudi Arabia. The total number of training staff at TVTC stood at 11.2 thousand, and the total number of male and female graduates stood at 64.8 thousand in the academic year 2021/2022. The Institute of Public Administration (IPA) continued its training programs to achieve administrative development and meet customer needs. In the academic year 2022, the IPA organized several general and private training courses, applied seminars, symposia, meetings, conferences and

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



preparatory programs at its head office in Riyadh and branches in various regions of Saudi Arabia. The number of trainees participating in such activities in person came to 190.7 thousand. The number of trainees in the e-training programs through Ithrai Platform reached 642.6 thousand, and the number of trainees in The Academy for Developing Administrative Leaders programs reached 367 trainees.

Health Affairs

Data issued by the Ministry of Health (MoH) in 2022 indicate that the number of hospitals in Saudi Arabia fell to 493, lower by four hospitals from 2021. Of these, 287 were run by MoH, 52 by other government sectors, and 154 by the private sector. In 2022, the number of healthcare centers totaled 2,120 and that of private health complexes reached 3,376. In addition, the number of physicians (including dentists) working in Saudi Arabia increased to 129 thousand (5.6 per 1,000 capita). Male and female nurses increased to 201 thousand, and allied health professionals (including pharmacists and other allied health professions) decreased to 138 thousand. The total number of beds in Saudi Arabia's hospitals

decreased by 1,216 beds to 78.4 thousand (1.6 per 1,000 capita).

Social Services

The Social Charity Fund (SCF) of the Ministry of Human Resources and Social Development (MHRSD) was responsible for combatting poverty in Saudi Arabia, enabling citizens to work and developing productive family programs and other initiatives and programs aiming at social development and poverty reduction. However, the Council of Ministers issued a resolution in mid-2022 to close the SCF and transfer all its functions, assets and employees to the Social Development Bank (SDB) to maximize outcomes and develop the service provided to target citizens. Work is ongoing to provide what the SCF used to offer through Kafalah Program, which seeks to meet the national development objectives and the National Transformation Program 2030 objectives to provide job opportunities for citizens and activate their participation to benefit them and the national economy. The Program has three tracks, the statistics of which for 2022 were as follows:

1. Kafalah Program for Ride-Hailing Vehicles: The allocation for this track amounted to SAR 56 million. The total number of beneficiaries

stood at 71, of which 10 were men and 61 women, with a financing value of SAR 6.6 million and a 100 percent guarantee rate.

2. Kafalah Program for Productive Families Finance: The allocation for this track amounted to SAR 27.6 million. The total number of beneficiaries reached 227, of which 21 were men and 206 women, with a financing value of SAR 3.2 million and a 70 percent guarantee rate, with charities and crafts societies handling the remaining guarantee percentage in addition to lending, follow-up and collection.
3. Kafalah Program for Small Businesses: The allocation for this track amounted to SAR 35.4 million. The total number of beneficiaries was nine women, with a financing value of SAR 1.9 million and a 50 percent guarantee rate.

Since its launch, a SAR 286 million portfolio has been allocated for this Program. As of 2022, the Program financed and guaranteed more than 1,508 citizens. The amount of guarantees approved for projects amounted to over SAR 91.5 million.

Citizen Account

The Saudi government introduced the Citizen Account Program in the last quarter of 2017 to redistribute subsidies and meet the citizens' need for government benefits to ensure high spending efficiency and low impact of economic reforms. The Program is also aimed at encouraging rationalization of consumption and putting in place a safety net for eligible households, whereby support is paid in cash based on household size. A royal directive was issued in mid-2022 to provide additional support to the Citizen Account Program beneficiaries, taking

into account the household income and size and reopen registration as per legal controls. The results of eligibility, which the MHRSD issued at the end of 2022, show that the total number of beneficiaries (along with dependents) increased by 38.1 percent to 11.2 million, supported by a total outlay of SAR 32.2 billion, compared to 10.5 million beneficiaries supported by a total outlay of SAR 23.1 billion in 2021. Of these beneficiaries, 47 percent received full support and 29 percent received partial support.

SME Financing Guarantee Program (Kafalah)

The SME Financing Guarantee Program (Kafalah) under the General Authority for Small and Medium Enterprises (Monsha'at) supported 8,194 enterprises with total financing of SAR 14.2 billion in 2022 compared to 7,828 enterprises and SAR 13.7 billion in 2021.

A breakdown of support by sector shows that enterprises benefiting from Kafalah Program amounted to 3,476 with total financing of SAR 5.1 billion in the trade sector; 1,274 (SAR 2.6 billion) in the building and construction sector; 862 (SAR 2.3 billion) in the industrial sector; 69 (SAR 88.8 million) in the art and entertainment sector; 9 (SAR 22.9 million) in the financial and insurance services sector; 22 (SAR 79.7 million) in the mining and quarrying sector; 21 (SAR 70.9 million) in the agriculture and fishing sector; and 7 (SAR 11.0 million) in the electricity, gas and water sector.

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) worked with its 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 percentage to 70 percent by the end of 2030. The Ministry's efforts have enabled over 148 thousand Saudi families to own their first home. The number of residential product contracts in 2022 was as follows: 12.5 thousand off-plan sale contracts, 61.8 thousand contracts for housing units, 20.7 thousand self-construction contracts, 8.2 thousand loan and land contracts and 26.5 thousand land contracts.

The total number of projects on the lands belonging to the Ministry reached 68 projects, with a total value exceeding SAR 57 billion. The Ministry still works through the National Housing Company to stimulate the housing supply by providing more than 56 thousand residential units in various regions of the Kingdom during 2023. The units' delivery is expected to be within 42 months, i.e., in 2027. The number of built residential units until the end of January 2023 exceeded 35 thousand units, and work is ongoing to deliver over 22 thousand units by the end of 2023. Moreover, more than 123 thousand residential units have started construction, whether on the lands belonging to the Ministry or private sector entities.

As part of the automated documentation processes to facilitate the contracting process, over five million electronic lease contracts have

been documented since the launch of the Ejar Platform until the end of 2022, including more than 2.3 million residential and commercial contracts (over 1.8 million residential contracts and about 500 thousand commercial contracts) on the Rental Services E-Network (Ejar). Concerning real estate development, the number of residential units offered for sale stood at 23.9 thousand and the number of fully constructed units amounted to 12.6 thousand.

The Ministry imposed idle land fees on 14 cities in the Kingdom and required landlords to submit their land documents and data within six months. Through this step, the Ministry aims to increase the supply of developed residential land lots, provide residential land lots at reasonable prices and combat monopolistic practices. These efforts resulted in the development of more than 37 million square meters and the final approval of their planning from when land fees were imposed until the end of 2022. Furthermore, the total area of developed residential land lots exceeded 5 million square meters in 2022.

Social Insurance and Public Pension

The number of subscribers to the civil pension scheme of the Public Pension Agency (PPA) increased by 0.5 percent to 1.2 million at the end of 2022. The funds collected (employee and employer contributions) from subscribers increased by 1.6 percent to SAR 50.2 billion from SAR 49.4 billion in 2021. Total disbursements by the PPA to beneficiaries amounted to SAR 94.3 billion, rising by 6.3 percent over the preceding year. The number of pensioners increased by 5.1 percent to 800 thousand. The number of deceased pensioners

also rose by 5.2 percent to 294 thousand, and the number of heirs benefiting from pension payments increased by 4.2 percent to 582.6 thousand. Furthermore, the number of private and government entities subscribing to the social insurance scheme of the General Organization for Social Insurance (GOSI) rose by 70.2 percent and 16.7 percent to 1.1 million and 1,627, respectively. Likewise, subscribers increased by 18.5 percent to around 10 million in 2022 from 8.5 million at the end of the preceding year.

Labor Market

Public Sector Employees

The latest statistics from 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 1.2 million at the end of 2022. Saudis represented 96.4 percent of total employees in the government sector, with the number of Saudi male employees reaching 689.5 thousand and that of Saudi female employees standing at 501.6 thousand. The number of non-Saudi male workers in the government sector amounted to 23.1 thousand, while that of non-Saudi female workers was 20.9 thousand (Table 2.5).

Private Sector Employees

The latest figures issued by the MHRSD show that the number of employees in the private sector (Saudis and non-Saudis) was 9.6 million at the end of 2022, a rise of 18.8 percent from the preceding year. The ratio of Saudis working in the private sector to total employees in the sector stood at 22.6 percent. A breakdown of Saudi employees in the private sector shows that the number of

Saudi male employees amounted to 1.3 million at the end of 2022, increasing by 7.6 percent from the preceding year. The number of Saudi female employees reached 853.2 thousand, increasing 24.4 percent over the preceding year. Similarly, the number of non-Saudi male employees at the end of 2022 stood at 7.1 million, a 20.4 percent rise from the preceding year. The number of non-Saudi female employees reached 287.8 thousand, increasing by 20.8 percent from 2021 (Table 2.5).

Unemployment

The latest GaStat data indicate that the overall unemployment rate in Saudi Arabia (Saudis and non-Saudis) fell to 4.8 percent in 2022, which is the lowest level historically recorded in Saudi Arabia. Unemployed Saudis accounted for 8.0 percent of the total Saudi labor force. Unemployed Saudi males accounted for 4.2 percent of the Saudi male labor force. Unemployed Saudi females accounted for 15.4 percent of the Saudi female labor force. Moreover, unemployed non-Saudis reached 1.5 percent of the non-Saudi labor force in Saudi Arabia (Table 2.5).

Domestic Loan and Subsidy Program

Actual loans disbursed under the Domestic Loan Program totaled SAR 571.7 million in 2022, increasing by 37.9 percent from the preceding year. Total loan repayments stood at around SAR 435.8 million, recording a rise of 21.3 percent compared to 2021. These loans were granted for health, education and real estate development projects.

Public Investment Fund (PIF)

The PIF launched its strategy for the next five years to achieve the goals of the Vision by maximizing

Table 2.5: Selected Indicators for Population and Labor Force

Area		2021			2022		
		Male	Female	Total	Male	Female	Total
Population	Saudis	9,228,524	9,152,145	18,380,669	9,434,131	9,358,131	18,792,262
	Non-Saudis	9,341,023	3,062,691	12,403,714	10,244,464	3,138,498	13,382,962
	Total	18,569,547	12,214,836	30,784,383	19,678,595	12,496,629	32,175,224
Unemployment rate (%)	Saudis	5.2	22.5	11.0	4.2	15.4	8.0
	Non-Saudis	2.0	9.0	2.9	0.9	5.9	1.5
	Total	3.3	18.7	6.9	2.3	12.9	4.8
Government sector employees	Saudis	711,047	500,299	1,211,346	689,483	501,640	1,191,123
	Non-Saudis	23,914	21,598	45,512	23,135	20,863	43,998
	Total	734,961	521,897	1,256,858	712,618	522,503	1,235,121
Private sector employees	Saudis	1,224,194	685,881	1,910,075	1,317,128	853,202	2,170,330
	Non-Saudis	5,935,896	238,301	6,174,197	7,148,697	287,785	7,436,482
	Total	7,160,090	924,182	8,084,272	8,465,825	1,140,987	9,606,812
Banking sector employees	Total	37,581	8,017	45,598	36,545	8,216	44,761

Note: Unemployment rates are from the Labor Force Survey.

Source: GaStat, MHRSD & SAMA.

the PIF's assets, launching new sectors, building strategic economic partnerships, and localizing technologies and knowledge, which contributes to supporting development efforts and economic diversification in Saudi Arabia. Among the key objectives of the Strategy by 2025: Growing the PIF's assets under management (AuM) to around SAR 4 trillion by the end of 2025, the PIF and its portfolio companies contributing SAR 1.2 trillion in non-oil GDP cumulatively, increasing the annual non-oil GPP by approximately 7.0 percent, and increasing PIF and its portfolio companies contribution to local content to 60.0 percent. The PIF also aims to develop promising sectors by focusing on 13 vital and strategic sectors, including aviation and defense, real estate, utilities, renewable energy, food and agriculture. Additionally, the PIF seeks to raise the share of PIF assets in new and promising sectors to 21.0 percent and invest a minimum of SAR 150 billion annually in new projects. PIF AuM stood

at SAR 2.17 trillion by the end of 2022. Local assets constitute 73.0 percent of total assets, and international assets constitute 26.0 percent.

Regarding the PIF's giga projects, there are five giga projects, namely: NEOM, Qiddiya, Roshn, the Red Sea and Diriyah.

The PIF announced the development of Sindalah Island to be the first island destination in NEOM, in addition to the Trogena project to be the new global destination for mountain tourism in NEOM.

As for PIF's new giga projects, the PIF has launched several projects and companies, namely The Saudi Company for Artificial Intelligence, the Saudi Downtown Company to build and develop downtown areas and mixed-use destinations in Saudi cities, and five regional investment companies in Jordan, Bahrain, Sudan, Iraq and Oman. Furthermore, the PIF has launched the Aircraft Leasing Company

“AviLease” to expand the aviation ecosystem in Saudi Arabia, the Savvy Games Group for electronic games, and the Saudi Coffee Company, to support domestic production and position the Kingdom as a leader in the industry. It is worth noting that the PIF has received an A1 credit rating for the first time from Moody’s and Fitch. Global credit rating agency Moody’s has assigned PIF a first-time issuer rating of A1 and a scorecard indicated rating of Aa2, with a stable outlook. Fitch has assigned PIF with a long-term issuer rating of A, with a stable outlook.

Economic and Fiscal Reforms and Key Resolutions

In continuation of the efforts exerted by Saudi Arabia to raise economic performance efficiency and achieve optimal utilization of available resources, the Saudi economy witnessed several reforms and resolutions in 2022. The most notable of which were as follows:

1. Approval of the amendment to the Saudi Central Bank Law.
2. Approval of the statute of the National Council of Occupational Safety and Health.
3. Approval of the Personal Status Law.
4. Implementation of the provisions contained in the Regulations for the Use of Municipal Real Estate by the Ministry of Sport.
5. Approval of the Regulation of Export Restriction Measures.
6. Transfer of the National Center for Palms and Dates to report to the Minister of Environment, Water and Agriculture and approval of the Center’s Regulatory Arrangements.
7. Expiration of the corrective period for violators of the Anti-Concealment Law.
8. Approval of the Amendment to the Rules on the

Offer of Securities and Continuing Obligations to Regulate an Additional Option for Capital Increase.

9. The establishment of “Trogena”, the global destination for mountain tourism in NEOM.
10. Lifting precautionary and preventive COVID-19 measures.
11. Launching The Custodian of The Two Holy Mosques Scholarship Program Strategy.
12. Launching the National Development Fund Strategy.
13. The approval of the new fees structure for the services provided by the Saudi Tadawul Group’s subsidiaries.
14. Approval of D360 Digital Bank license.
15. Approval of licensing the Bank of Jordan to open a branch in Saudi Arabia.
16. Closing the Social Charity Fund (SCF) and transferring all its functions to the Social Development Bank (SDB).
17. Approval of the Real Estate Brokerage Law.
18. Approval of the Companies Law.
19. Approval of the State’s Property Lease Law.
20. Establishing the Saudi Investment Marketing Authority.
21. Approval of the Small and Medium Enterprises Bank Law.
22. Launching the National Strategy for Industry.
23. Approval of the the amendment to the Statute of the Saudi Export-Import Bank (EXIM).
24. Amending the State Revenue Law.
25. Approval of the Law of Real Estate Registration.
26. Amending the Saudi Export Authority Regulations.
27. Approval of the Premium Residency Center Regulations.

3

Energy, Industry and Mineral Resources



Energy, Industry and Mineral Resources

Oil prices increased by 43.9 percent in 2022 as a result of geopolitical tensions and lower global oil stocks. According to OPEC data, the price of Arab Light averaged \$101.6 per barrel, which is the highest since 2013 compared to about \$70.7 per barrel in 2021. At the local level, according to OPEC data, Saudi Arabia's production of crude oil increased by 16.1 percent to about 3,865.7 million barrels, with a daily average of about 10.6 million barrels per day (bpd) in 2022.

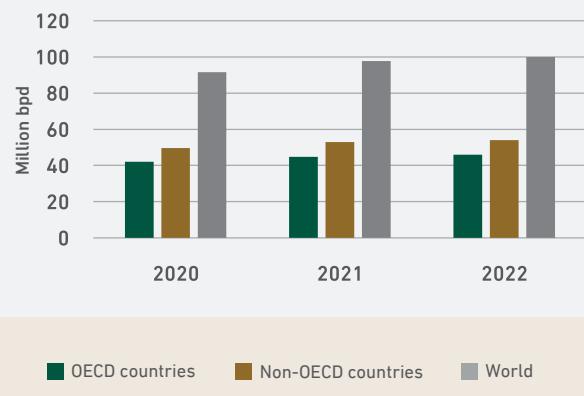
World Oil Demand

According to March 2023 estimates of the International Energy Agency (IEA), the average world oil demand rose by 2.3 percent to 99.9 million bpd in 2022 compared to around 97.7

million bpd in 2021 (Table 3.1 and Chart 3.1). This rise was attributed to the overall continued recovery in global demand from most countries as non-OECD oil demand increased by 2.1 percent to 54.0 million bpd in 2022 compared to about 52.9 million bpd in 2021.

On average, OECD oil demand increased by 2.5 percent to 45.9 million bpd in 2022 compared to around 44.8 million bpd in 2021 (Table 3.1).

Chart 3.1: World Average Oil Demand



Source: IEA Report, March 2023.

Table 3.1: World Average Oil Demand*

	2020	2021	2022	(Million bpd)	
				Change (%)	2022
OECD	42.0	44.8	45.9	6.7	2.5
North America	22.4	24.3	25.0	8.5	2.9
Western Europe	12.4	13.1	13.5	5.6	3.1
Pacific countries	7.2	7.4	7.4	2.8	0.0
Non-OECD:					
The former soviet union block	4.6	4.9	4.9	6.5	0.0
China	14.2	15.4	15.0	8.5	-2.6
Eastern Europe	0.7	0.8	0.8	14.3	0.0
South America	5.5	5.9	6.1	7.3	3.4
Other Asia	12.7	13.4	13.9	5.5	3.7
Middle East	8.1	8.5	9.1	4.9	7.1
Africa	3.8	4.0	4.2	5.3	5.0
Total non-OECD demand	49.6	52.9	54.0	6.7	2.1
Total world demand	91.6	97.7	99.9	6.7	2.3

*Including primary stock, marine bunkers & refinery fuel.

Source: IEA Report, March 2023.

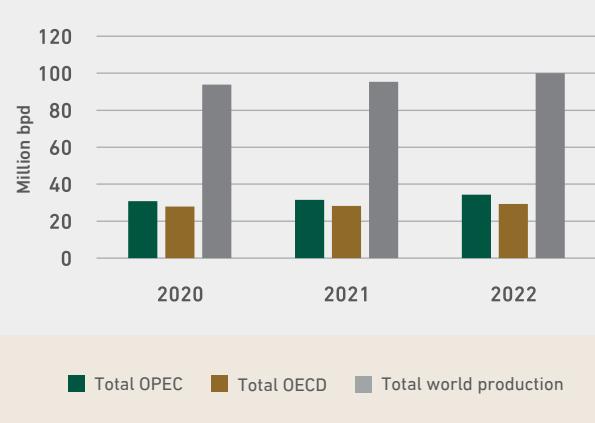
The rise in non-OECD oil demand in 2022 was led by other Asian countries with a 3.7 percent increase to 13.9 million bpd, followed by Middle Eastern countries with a 7.1 percent increase to 9.1 million bpd, South American countries with a 3.4 percent increase to 6.1 million bpd, and African countries with a 5.0 percent increase to 4.2 million bpd. In contrast, oil demand from China decreased by 2.6 percent to 15 million bpd in 2022 as a result of the tightening of COVID-19 restrictions (Table 3.1).

World Oil Production

According to the IEA estimates in March 2023, world oil production in 2022 averaged about 100.0 million bpd, increasing by 4.9 percent, compared to about 95.4 million bpd in 2021 (Table 3.2). The average OPEC production rose by 9.0 percent against a rise of 2.4 percent in 2021. The average OECD production also increased by 3.8 percent compared to an increase of 1.3 percent in 2021. In addition, the average non-OPEC production

increased by 2.9 percent compared to a rise of 1.3 percent in 2021. The average production in the United States recorded an increase of 6.7 percent compared to an increase of 1.6 percent in 2021. The average production in Mexico rose by 3.1 percent compared to an increase of 1.0 percent in 2021. China also recorded an increase of 3.0 percent compared to a rise of 2.3 percent in 2021. Moreover, Canada registered an increase of 2.9 percent against a rise of 4.5 percent in 2021. On the other hand, average oil production

Chart 3.2: World Average Crude Oil Production



Source: IEA Report, March 2023.

Table 3.2: World Average Oil Production*

	2020	2021	2022	Change (%)	
				2021	2022
OPEC	30.8	31.6	34.4	2.4	9.0
OECD	27.9	28.3	29.4	1.3	3.8
Non-OPEC	63.0	63.8	65.7	1.3	2.9
Former Soviet Union	13.5	13.8	13.9	2.0	0.9
USA	16.6	16.8	18.0	1.6	6.7
China	4.0	4.1	4.2	2.3	3.0
Canada	5.4	5.6	5.8	4.5	2.9
Mexico	1.9	2.0	2.0	1.0	3.1
UK	1.1	0.9	0.8	-18.5	-5.7
Norway	2.0	2.1	1.9	2.0	-7.3
Total world supply	93.8	95.4	100.0	1.7	4.9

*Including condensates & natural gas liquids.

Source: IEA Report, March 2023.

in Norway declined by 7.3 percent compared to a rise of 2.0 percent in 2021. The United Kingdom also recorded a decline of 5.7 percent compared to a decline of 18.5 percent in the preceding year (Table 3.2 and Chart 3.2).

43.2 percent to an average of \$100.1 per barrel in 2022 compared to \$69.9 per barrel in 2021.

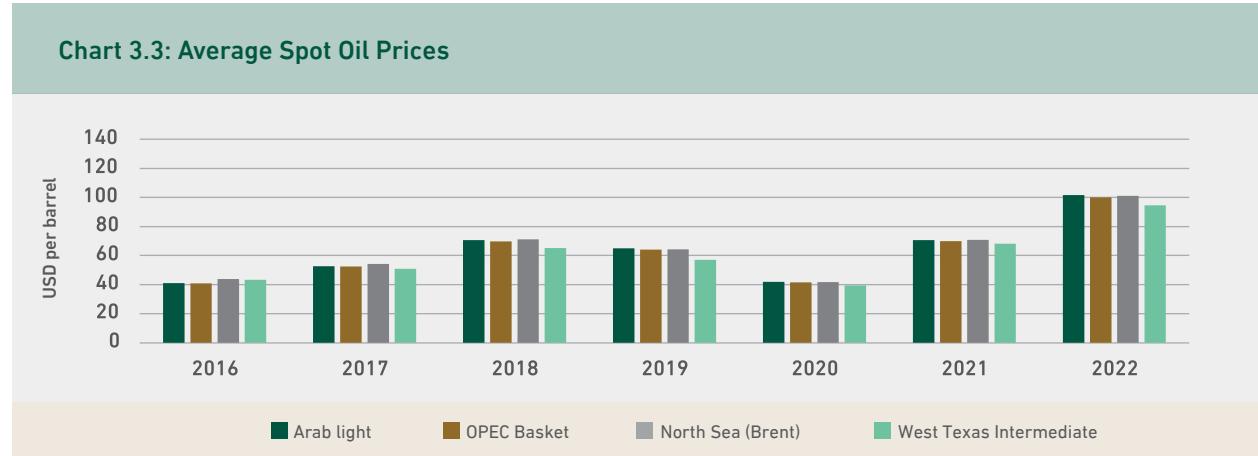
The average price of Brent Crude rose by 42.8 percent to \$101.1 per barrel in 2022 from \$70.8 per barrel in 2021.

World Oil Prices

Average world oil prices increased in 2022. The price of Arab Light averaged about \$101.6 per barrel, a rise of 43.9 percent (\$31.0 per barrel), compared to an average price of \$70.7 per barrel in 2021. The price of OPEC basket increased by

West Texas Intermediate's price averaged \$94.6 per barrel in 2022, rising by 38.7 percent, compared to \$68.2 per barrel in 2021 (Table 3.3 and Chart 3.3).

Chart 3.3: Average Spot Oil Prices



Source: OPEC.

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

Year	Arab light	OPEC Basket	North Sea (Brent)	West Texas Intermediate	(USD per barrel)
2006	61.1	61.1	65.2	66.0	
2007	68.8	69.1	72.6	72.3	
2008	95.2	94.5	97.4	100.0	
2009	61.4	61.1	61.7	61.9	
2010	77.8	77.5	79.6	79.4	
2011	107.8	107.5	111.4	95.0	
2012	110.2	109.5	111.6	94.1	
2013	106.5	105.9	108.6	98.0	
2014	97.2	96.3	99.1	93.3	
2015	49.9	49.5	52.4	48.7	
2016	41.0	40.8	43.8	43.3	
2017	52.6	52.4	54.2	50.8	
2018	70.6	69.8	71.2	65.2	
2019	65.0	64.0	64.2	57.0	
2020	41.9	41.5	41.7	39.4	
2021	70.7	69.9	70.8	68.2	
2022	101.6	100.1	101.1	94.6	

Source: OPEC.

Real Oil Prices

Real oil prices increased in 2022, based on calculations using the OPEC Basket Deflator with base year 2005. The real price of Arab Light averaged \$89.2 per barrel, rising by 60.8 percent, compared to around \$55.50 per barrel in 2021 (Table 3.4). The average real price of Brent Crude also rose by 59.4 percent to \$88.77 per barrel in 2022 from nearly \$55.70 per barrel in the preceding year. The average real price of the OPEC basket went up by 60.1 percent to \$87.88 per barrel compared to around \$54.90 per barrel in the previous year (Table 3.4 and Chart 3.4).

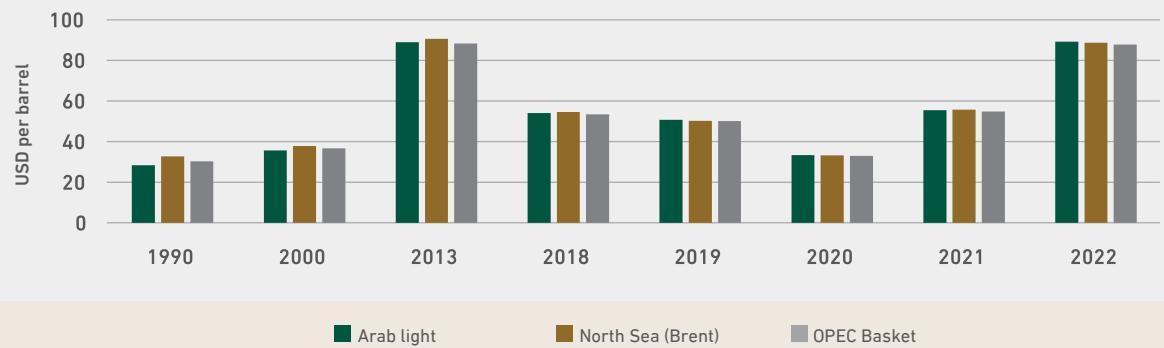
Saudi Crude Oil Output

Saudi Arabia's production of crude oil increased by 16.1 percent to about 3,865.7 million barrels in 2022 compared to about 3,330.5 million barrels in 2021. Accordingly, the average daily output of Saudi Arabia stood at nearly 10.6 million bpd in 2022 (Table 3.5).

Petrochemical Industry

According to the 2022 Annual Report of the Saudi Basic Industries Corporation (SABIC), production of diversified chemicals increased by 6 percent to 61.4 million metric tons in 2022 compared to about 58.2 million metric tons in 2021. SABIC's

Chart 3.4: Real Oil Prices (Base Year 2005)



Source: OPEC.

Table 3.4: 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	28.7	37.9	28.6	62.9	83.1	62.8	
1990	20.8	24.0	22.3	28.4	32.7	30.4	
2000	26.8	28.4	27.6	35.6	37.8	36.7	
2013	106.5	108.6	105.9	89.0	90.7	88.4	
2014	97.2	99.1	96.3	80.3	81.9	79.6	
2015	49.9	52.4	49.5	46.5	48.9	46.1	
2016	41.0	43.8	40.8	31.9	34.1	31.8	
2017	52.6	54.2	52.4	40.7	41.9	40.6	
2018	70.6	71.2	69.8	54.1	54.6	53.5	
2019	65.0	64.2	64.0	50.8	50.2	50.1	
2020	41.9	41.7	41.5	33.4	33.2	33.0	
2021	70.7	70.8	69.9	55.5	55.7	54.9	
2022	101.6	101.1	100.1	89.3	88.8	87.9	

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

Source: OPEC.

production of petrochemicals and specialties increased by 4 percent to 47.9 million metric tons in 2022 compared to about 45.9 million metric tons in 2021. Production of agri-nutrients and metals also increased by 9 percent and 12 percent to 8.3 million metric tons and 5.2 million metric tons, respectively.

Mineral Resources

The Deputy Ministry for Mineral Resources at the Ministry of Industry and Mineral Resources (MIM) supervises mining activities in Saudi Arabia, encourages mining investments, provides services and consultations, and issues mining licenses and concessions in accordance with the applicable laws and regulations. At the end of 2022, the total number of mining licenses amounted to 2,300. The number of construction materials quarry licenses stood at 1,452 for various construction materials, such as crushed stone, sand, scoria, granite blocks, and backfill materials. The number of exploration licenses, which enable their holders

to conduct detailed studies on the mineral ores required under the exploration license, reached 628. Additionally, the number of mineral mining licenses amounted to 104, licenses for small-sized mines stood at 74, and reconnaissance licenses reached 42.

Regarding the production of gold, silver and associated minerals from Mahd Al-Dhahab, Al-Sukhaybarat, Al-Hajar, Bulghah and Al-Amar, the output of gold stood at 12,268 kg and that of silver stood at 9,464 kg in 2022.

Moreover, Saudi Arabia's production of copper and zinc increased to 98,040 tons and 51,013 tons, respectively. Table 3.6 shows the output of gold and associated minerals in Saudi Arabia during 2018 - 2022.

More than 591,872 thousand tons of various ores were extracted in 2022. Table 3.7 shows Saudi Arabia's various extracted ores during 2018-2022.

Table 3.5: Saudi Crude Oil Output

	2019	2020	2021	2022	(Million barrels)	
					Change (%)	
					2021	2022
Total output	3,580.0	3,372.0	3,330.5	3,865.7	-1.2	16.1
Daily average	9.8	9.2	9.1	10.6	-1.0	16.1

Source: OPEC.

Table 3.6: Production of Minerals in Saudi Arabia

Year	Gold (kg)	Silver (kg)	Copper (ton)	Zinc (ton)
2018	11,765	5,322	60,340	18,000
2019	12,593	7,123	88,491	51,856
2020	11,822	6,493	92,883	50,819
2021	11,153	8,604	89,128	46,376
2022*	12,268	9,464	98,040	51,013

*Estimates.

Source: Ministry of Industry and Mineral Resources.

Table 3.7: Mineral Ores Extracted (Thousand Ton)

Type	2018	2019	2020	2021	*2022
Limestone	69,457	72,930	46,210	66,766	70,104
Clay	10,187	10,696	7,147	8,161	8,569
Salt	2,646	2,778	2,220	2,231	2,342
Silica sand	1,433	1,505	1,380	1,978	2,076
Crusher materials (pebbles)	382,200	401,310	197,800	415,859	436,651
Sand	24,000	25,000	21,400	36,140	37,947
Iron sand	778	817	764	931	977
Gypsum	3,307	3,472	3,803	3,640	3,822
Industrial marble	2,947	3,094	3,506	6,001	6,301
Marble blocks	13	14	35	36	37
Granite blocks	1,160	1,218	2,320	2,436	2,557
Limestone blocks	114	120	480	504	529
Kaolinite	216	227	213	266	279
Feldspar	206	216	523	621	652
Basalt	33	35	28	108	113
Pozzolan	555	583	930	477	500
Dolomite	2,348	2,465	639	671	704
Schist	665	600	570	727	763
Pyrophyllite	46	48	61	167	175
Low-grade bauxite	438	297	282	572	600
Bauxite	4,623	4,100	4,945	5,077	5,330
Diammonium phosphate	5,444	6,098	8,000	10,328	10,844

*Estimates.

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

Industrial Licensing

The MIM issued industrial licenses in 2022 for 974 new factories in various industrial activities with a total capital of around SAR 32.2 billion, creating more than 28.2 thousand job opportunities.

At the end of 2022, the total cumulative number of industrial units in Saudi Arabia licensed by the MIM rose to 10,518, providing about 1.0 million job opportunities.

4

National Accounts and Sectoral Development



National Accounts and Sectoral Development

Gross Domestic Product (GDP) for 2022

Preliminary data from the General Authority for Statistics (GaStat) indicate that GDP at constant prices (2010 = 100) grew by 8.7 percent to around SAR 2,974.8 billion during 2022 compared to 3.9 percent in 2021. The growth was due to a hike of 15.4 percent in oil activities compared to 0.2 percent in 2021. Moreover, Non-oil activities increased by 5.4 percent compared to 7.2 percent in the preceding year. Government activities increased by 2.6 percent compared to 1.2 percent in the preceding year (Table 4.1).

Preliminary data also show that GDP at current prices grew by 27.6 percent to about SAR 4,155.6 billion in 2022 against 18.3 percent in 2021. The growth was due to a 74.8 percent hike in oil activities compared to 52.3 percent in the preceding year. Non-oil activities increased by 11.8 percent compared to 7.3 percent in the preceding year. Government activities also rose by 2.4 percent compared to 0.1 percent in the preceding year.

In contrast, the non-oil GDP implicit deflator increased by 6.0 percent in 2022 compared to 0.1 percent in the preceding year (Table 4.1).

Contribution of Key Economic Activities to Real GDP for 2022

Contribution of Non-Oil Activities to Real GDP

The contribution of non-oil activities to GDP at constant prices (2010 = 100) fell to 45.7 percent in 2022 from 47.2 percent in the preceding year (Table 4.2 and Chart 4.1).

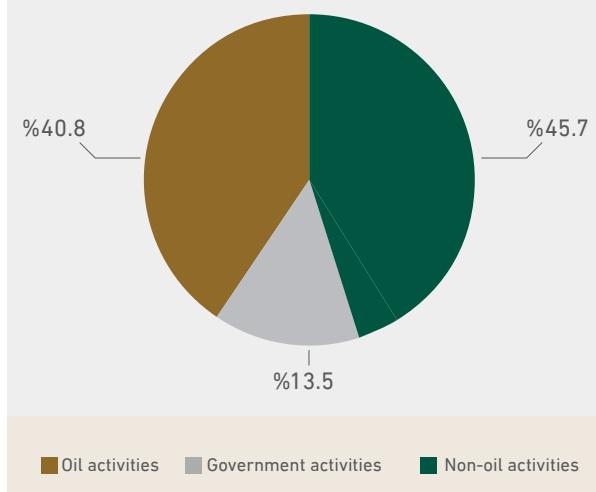
Contribution of Government Activities to Real GDP

The contribution of government activities to GDP at constant prices (2010 = 100) fell to 13.5 percent in 2022 from 14.3 percent in the preceding year (Table 4.2 and Chart 4.1).

Contribution of Oil Activities to Real GDP

The contribution of oil activities to GDP at constant prices (2010 = 100) increased to 40.8 percent in 2022 from 38.5 percent in the preceding year (Table 4.2 and Chart 4.1).

Chart 4.1: Contribution of Key Economic Activities to GDP in 2022 at Constant Prices



Source: GaStat.

Table 4.1: GDP by Key Economic Activities

	(Million SAR)					
	2021			2022*		
	Value	Growth	Share	Value	Growth	Share
At constant prices (2010=100)						
Oil activities	1,014,616	0.2	37.1	1,170,657	15.4	39.4
Non-oil activities	1,242,378	7.2	45.4	1,309,810	5.4	44.0
Government activities	377,808	1.2	13.8	387,516	2.6	13.0
GDP (excluding net product tax)	2,634,802	3.5	96.3	2,867,982	8.9	96.4
Net product tax	100,795	15.5	3.7	106,820	6.0	3.6
GDP	2,735,597	3.9	100.00	2,974,802	8.7	100.00
At current prices						
Oil activities	919,928	52.3	28.2	1,608,429	74.8	38.7
Non-oil activities	1,561,781	7.3	48.0	1,745,387	11.8	42.0
Government activities	577,633	0.1	17.7	591,183	2.4	14.2
GDP (excluding net product tax)	3,059,342	16.1	93.9	3,944,999	29.0	94.9
Net product tax	197,855	68.7	6.1	210,560	6.4	5.1
GDP	3,257,197	18.3	100.00	4,155,559	27.6	100.00
Implicit deflator (2010=100)						
GDP	119.07	13.8	--	139.69	17.3	--
Oil activities	90.67	52.0	--	137.40	51.5	--
Non-oil activities	125.71	0.1	--	133.25	6.0	--

*Preliminary data.

Source: GaStat.

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

Year	GDP**	Non-oil activities			Government activities			Oil activities		
		(Million SAR)	(Million SAR)	Share	Change (%)	(Million SAR)	Share	Change (%)	(Million SAR)	Share
2018	2,648,714	1,157,066	43.7	-2.4	369,345	13.9	4.0	1,122,304	42.4	2.3
2019	2,664,772	1,203,935	45.2	4.1	375,746	14.1	1.7	1,085,091	40.7	-3.3
2020	2,545,083	1,158,900	45.5	-3.7	373,518	14.7	-0.6	1,012,665	39.8	-6.7
2021	2,634,802	1,242,378	47.2	7.2	377,808	14.3	1.2	1,014,616	38.5	0.2
2022*	2,867,982	1,309,810	45.7	5.4	387,516	13.5	2.6	1,170,657	40.8	15.4

*Preliminary data. **Excluding net product tax.

Source: GaStat.

Contribution of Economic Activities to Real GDP

Contribution of Services to Real GDP

The contribution of services (including wholesale and retail trade; restaurants and hotels; transport, storage and telecommunications; finance, insurance, real estate and business services; community, social and personal services; and producers of government services) to GDP at constant prices (2010 = 100) fell to 41.9 percent in 2022 from 43.7 percent in 2021. In addition, the services at constant prices (2010 = 100) for 2022 grew by about 4.3 percent compared to 5.7 percent in the previous year (Table 4.3 and Chart 4.2).

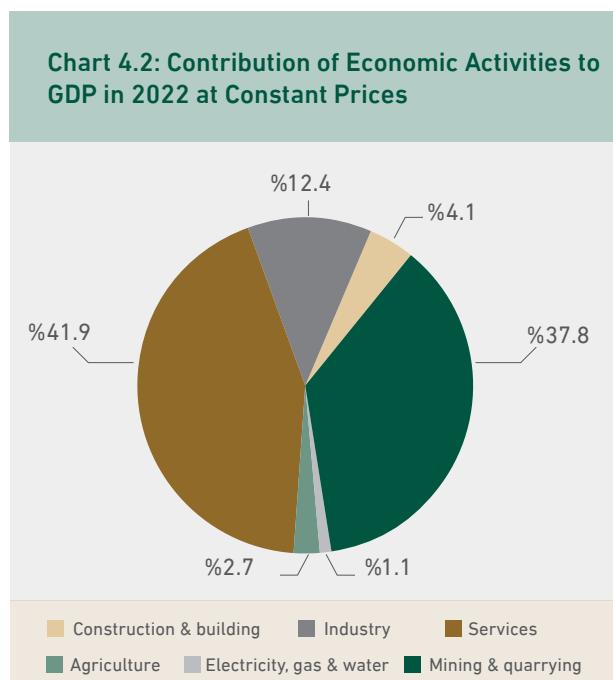
Contribution of Mining and Quarrying to Real GDP

The contribution of the mining and quarrying (including crude oil and natural gas) to GDP at constant prices (2010 = 100) increased to 37.8 percent in 2022 from 35.5 percent in the preceding year. In addition, the mining and quarrying at constant prices (2010 = 100) for 2022 recorded a growth of 16.0 percent compared to a fall of 1.1 percent in the previous year (Table 4.3 and Chart 4.2).

Contribution of Industry to Real GDP

The contribution of industry (including oil refining) to GDP at constant prices (2010 = 100) fell to 12.4 percent in 2022 from 12.5 percent in the preceding year. In addition, industry at constant prices (2010 = 100) for 2022 recorded a growth of 7.9 percent compared to a growth of 11.4 percent in the previous year (Table 4.3 and Chart 4.2).

Chart 4.2: Contribution of Economic Activities to GDP in 2022 at Constant Prices



Source: GaStat.

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

Year	GDP** (Million SAR)	Services activity***				Mining & quarrying activity****				Industrial activity*****		
		(Million SAR)	Share	Change (%)	(Million SAR)	Share	Change (%)	(Million SAR)	Share	Change (%)		
2018	2,648,714	1,077,697	40.7	0.4	1,038,842	39.2	2.8	322,738	12.2	-2.9		
2019	2,664,772	1,120,689	42.1	4.0	1,004,865	37.7	-3.3	323,900	12.2	0.4		
2020	2,545,083	1,088,874	42.8	-2.8	944,572	37.1	-6.0	296,325	11.6	-8.5		
2021	2,634,802	1,151,229	43.7	5.7	934,099	35.5	-1.1	330,128	12.5	11.4		
2022*	2,867,982	1,200,528	41.9	4.3	1,083,234	37.8	16.0	356,173	12.4	7.9		

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

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

Source: GaStat.

Contribution of Other Economic Activities to Real GDP

The contribution of agricultural activity (including agriculture, forestry and fishing) to GDP at constant prices (2010 = 100) stood at around 2.7 percent in 2022 compared to 2.9 percent in the previous year. Additionally, the growth rate of agricultural activity at constant prices (2010 = 100) for 2022 was about 3.9 percent compared to an increase of 2.7 percent in the preceding year (Table 4.4 and Chart 4.2).

The contribution of construction and building to GDP at constant prices (2010 = 100) stood at around 4.1 percent in 2022 compared to 4.3 percent in the preceding year. This activity grew by 4.5 percent in 2022 compared to 1.3 percent in the preceding year (Table 4.4 and Chart 4.2).

Moreover, the contribution of electricity, gas and water to GDP at constant prices (2010 = 100) was around 1.1 percent in 2022 compared to 1.2 percent in the preceding year. This activity recorded a rise of 2.2 percent in 2022 compared to an increase of 2.3 percent in 2021 (Table 4.4 and Chart 4.2).

Nominal GDP Developments by Economic Activities

Preliminary data of GDP at current prices indicate that all economic activities registered growth in 2022 at varying degrees. Mining and quarrying achieved the highest growth rate of about 71.4 percent compared to an increase of 49.8 percent in 2021. Manufacturing industries came second with a growth of 38.3 percent against an increase of 26.7 percent in the preceding year, followed by transport, storage and telecommunications with a growth of 14.1 percent against a rise of 5.4 percent in 2021. Agriculture, forestry and fishing came next with a 13.8 percent growth against a rise of 7.8 percent in the preceding year.

Building and construction followed with a growth rate of 9.9 percent compared to an increase of 6.0 percent in the preceding year; wholesale and retail trade, restaurants and hotels with an 8.7 percent growth against a rise of 12.7 percent; finance, insurance, real estate and business services with a 7.5 percent growth against a rise of 2.6 percent; electricity, gas and water with a 3.1 percent growth against a rise of 0.5 percent; and producers of government services with a 2.4 percent growth against a rise of 0.1 percent (Table 4.5).

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

Year	GDP**	Agricultural activity***	Share	Change (%)	Construction & building	Share	Change (%)	Electricity, gas & water	Share	Change (%)	(Million SAR)
2018	2,648,714	72,779	2.8	2.3	106,747	4.0	-8.4	29,911	1.1	-10.0	
2019	2,664,772	74,407	2.8	2.2	109,956	4.1	3.0	30,954	1.2	3.5	
2020	2,545,083	73,173	2.9	-1.7	112,077	4.4	1.9	30,063	1.2	-2.9	
2021	2,634,802	75,109	2.9	2.7	113,487	4.3	1.3	30,750	1.2	2.3	
2022*	2,867,982	78,044	2.7	3.9	118,583	4.1	4.5	31,420	1.1	2.2	

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

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

	2019	2020	2021			2022*			(Million SAR)
			Value	Share	Change (%)	Value	Share	Change (%)	
1. Agriculture, forestry & fishing	80,488	81,511	87,840	2.9	7.8	99,976	2.5	13.8	
2. Mining & quarrying	855,259	535,614	802,399	26.2	49.8	1,374,943	34.9	71.4	
3. Manufacturing industries***	392,735	347,986	441,013	14.4	26.7	610,052	15.5	38.3	
4. Electricity, gas & water	44,986	42,779	42,981	1.4	0.5	44,302	1.1	3.1	
5. Construction & building	155,048	160,449	169,990	5.6	6.0	186,791	4.7	9.9	
6. Wholesale & retail trade, restaurants & hotels	306,297	277,761	312,899	10.2	12.7	340,028	8.6	8.7	
7. Transport, storage & telecommunications	177,128	164,223	173,032	5.7	5.4	197,360	5.0	14.1	
8. Finance, insurance, real estate & business services	357,862	362,138	371,363	12.1	2.6	399,218	10.1	7.5	
9. Producers of government services	583,758	576,972	577,633	18.9	0.1	591,183	15.0	2.4	
GDP**	3,052,673	2,636,247	3,059,342	100.00	16.1	3,944,999	100.00	29.0	

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

Source: GaStat.

Per Capita Share

Preliminary figures indicate that the per capita share of GDP (at current prices) in Saudi Arabia increased by 22.1 percent to around SAR 129,154 in 2022 compared to SAR 105,807 in the preceding year (Table 4.6).

Expenditure on GDP in 2022

Preliminary figures show that expenditure on GDP at current prices went up by 27.6 percent to about SAR 4,155.6 billion in 2022 against an increase of 18.3 percent in the preceding year. This increase was due to a dramatic surge of 151.9 percent in net exports of goods and services to register a surplus of about SAR 694.1

billion in 2022 compared to SAR 275.6 billion in the preceding year. Gross capital formation also increased by 38.5 percent to around SAR 1,133.4 billion in 2022 against a rise of 7.3 percent in the preceding year. In addition, government consumption rose by 8.3 percent to SAR 845.0 billion compared to an increase of 1.4 percent in the preceding year. Gross final consumption rose by 7.6 percent to SAR 2,328.1 billion compared to an increase of 8.8 percent in the preceding year. Moreover, private consumption expanded by 7.3 percent to SAR 1,483.1 billion compared to an increase of 13.5 percent in the preceding year (Table 4.7 and Chart 4.3).

Table 4.6: Per Capita GDP

	2019	2020	2021	Change (%)	2022*	Change (%)
GDP** (current prices) (million SAR)	3,144,618	2,753,517	3,257,197	18.3	4,155,559	27.6
Population (million)	30.06	31.55	30.78	-2.4	32.18	4.5
Per capita GDP (SAR)	104,598	87,268	105,807	21.2	129,154	22.1

*Preliminary data. **Including net product tax.

Source: GaStat.

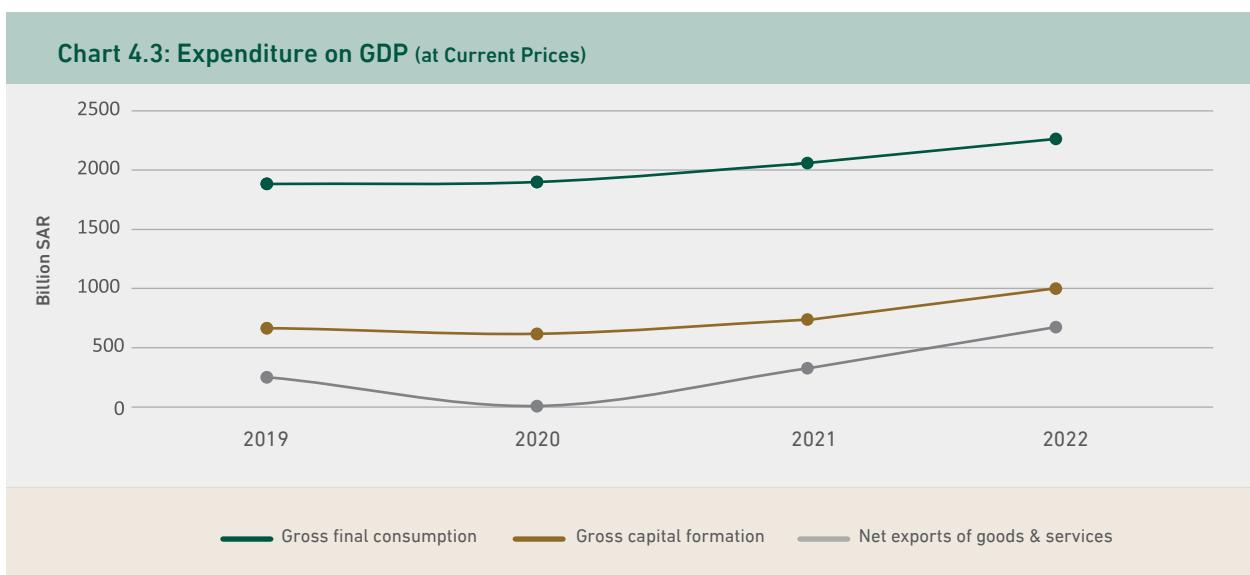
Table 4.7: Expenditure on GDP (at Current Prices)

	(Million SAR)											
	2019			2020			2021*			2022*		
	Value	Share	Change (%)	Value	Share	Change (%)	Value	Share	Change (%)	Value	Share	Change (%)
Gross final consumption	2,003,884	63.7	2.7	1,988,536	72.2	-0.8	2,163,154	66.4	8.8	2,328,063	56.0	7.6
Government consumption	735,969	23.4	-1.8	769,834	28.0	4.6	780,328	24.0	1.4	844,957	20.3	8.3
Private consumption	1,267,915	40.3	5.6	1,218,702	44.3	-3.9	1,382,826	42.5	13.5	1,483,106	35.7	7.3
Gross capital formation**	889,787	28.3	7.3	762,490	27.7	-14.3	818,472	25.1	7.3	1,133,443	27.3	38.5
Net exports of goods & services***	250,947	8.0	-36.5	2,491	0.1	-99.0	275,572	8.5	10,962.5	694,052	16.7	151.9
Expenditure on GDP	3,144,618	100.0	-1.0	2,753,517	100.0	-12.4	3,257,197	100.0	18.3	4,155,559	100.0	27.6

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

Source: GaStat.

Chart 4.3: Expenditure on GDP (at Current Prices)

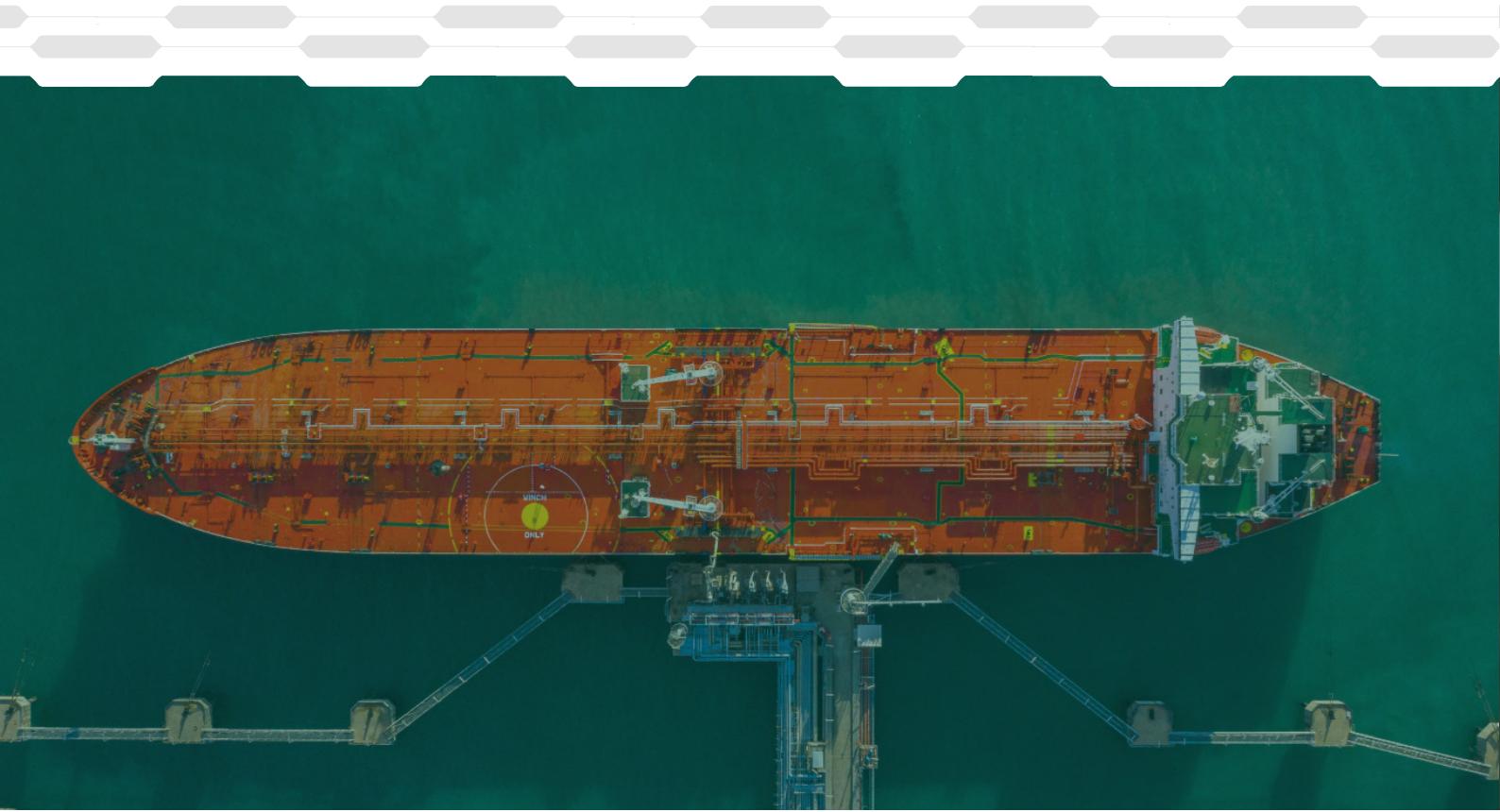


*Excluding inventory change.

Source: GaStat.

5

External Sector



External Sector

According to data from the General Authority for Statistics (GaStat), the total value of Saudi Arabia's oil exports stood at around SAR 1,226.3 billion in 2022, accounting for 79.5 percent of Saudi Arabia's total exports compared to around SAR 758.1 billion in 2021. Oil exports accounted for 29.5 percent of Saudi Arabia's GDP. The non-oil exports (including re-exports) amounted to nearly SAR 315.7 billion in 2022, representing 20.5 percent of Saudi Arabia's total exports. The total value of imports (CIF) amounted to about SAR 712.0 billion, constituting 17.1 percent of GDP. Estimates of Saudi Arabia's balance of payments indicated a surplus of around SAR 565.3 billion in the current account in 2022, representing 13.6 percent of GDP.

External Trade

External trade figures show that the total value of Saudi Arabia's merchandise trade (exports + imports) increased by 40.1 percent to approximately SAR 2,254.0 billion in 2022

compared to around SAR 1,608.9 billion in the preceding year.

The ratio of external merchandise trade to GDP was 54.2 percent in 2022 compared to 49.4 percent in the preceding year.

Exports

According to GaStat data, the total value of Saudi Arabia's merchandise exports reached nearly SAR 1,541.9 billion in 2022 compared to around SAR 1,035.7 billion in 2021, rising by 48.9 percent compared to an increase of 58.9 percent in the preceding year (Table 5.1).

Oil Exports

Saudi Arabia's oil exports amounted to around SAR 1,226.3 billion in 2022, increasing by 61.8 percent compared to a rise of 69.4 percent in the preceding year. They constituted 79.5 percent of total exports (Table 5.1). The rise was due to higher oil prices in global markets, with the average price of Arab Light crude standing at around \$101.6 per barrel in 2022 compared to \$70.7 per barrel in 2021, according to OPEC data. Likewise, Saudi Arabia's average crude oil

Table 5.1: Saudi Arabia's Commodity Exports

	2019	2020	2021	2022	Share			Change 2021 (%)	Change 2022 (%)
					2020	2021	2022		
Oil exports	751,828	447,600	758,124	1,226,277	68.7	73.2	79.5	69.4	61.8
Crude oil	625,863	376,434	603,826	969,542	57.7	58.3	62.9	60.4	60.6
Refined products	125,965	71,166	154,298	256,735	10.9	14.9	16.7	116.8	66.4
Non-oil exports	229,184	204,352	277,548	315,663	31.3	26.8	20.5	35.8	13.7
Petrochemicals	140,748	118,953	173,653	198,531	18.2	16.8	12.9	46.0	14.3
Construction materials	16,289	15,225	19,795	21,618	2.3	1.9	1.4	30.0	9.2
Agricultural, animal & food products	13,038	12,753	14,547	16,997	2.0	1.4	1.1	14.1	16.8
Other goods*	59,109	57,421	69,553	78,517	8.8	6.7	5.1	21.1	12.9
Total	981,012	651,952	1,035,672	1,541,940	100.0	100.0	100.0	58.9	48.9

*Including re-exports.

Source: GaStat.

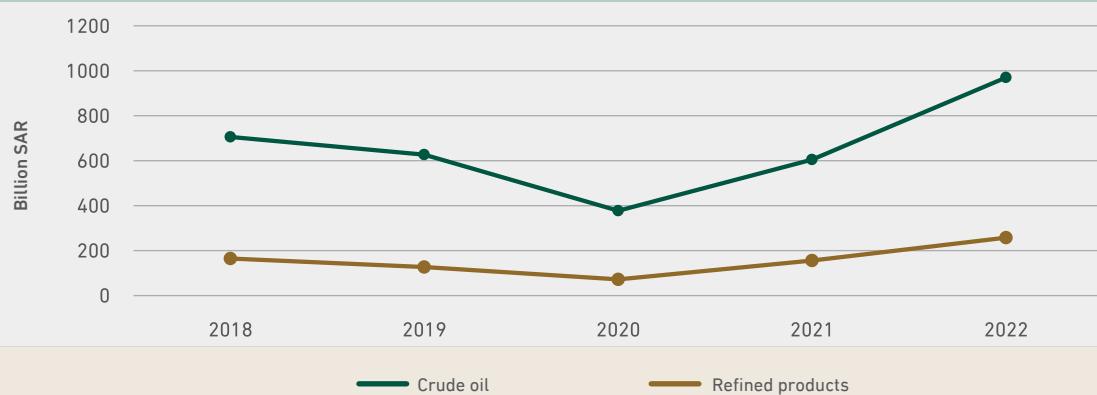
production increased from 9.1 million barrels per day in 2021 to about 10.6 million barrels per day in 2022.

Data on oil exports by type indicate that the value of crude oil exports jumped by 60.6 percent from around SAR 603.8 billion in 2021 to nearly SAR 969.5 billion in 2022, constituting 62.9 percent of total exports. In addition, the value of refined product exports jumped by 66.4 percent from nearly SAR 154.3 billion to about SAR 256.7 billion, representing 16.7 percent of total exports. Chart 5.1 shows the developments in Saudi Arabia's oil exports.

Non-Oil Exports

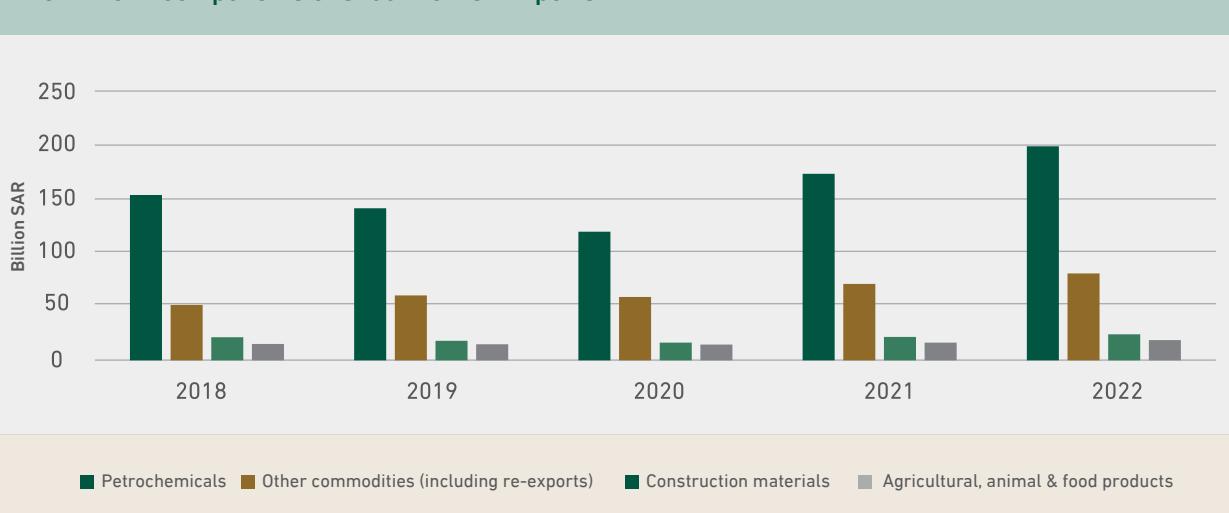
According to GaStat data, Saudi Arabia's non-oil exports increased by 13.7 percent to around SAR 315.7 billion (the highest historically) in 2022, constituting 20.5 percent of total exports compared to an increase of 35.8 percent in the preceding year (Table 5.1). The value of petrochemical exports went up by 14.3 percent to nearly SAR 198.5 billion, with 12.9 percent of total exports. Furthermore, the value of construction materials exports rose by 9.2 percent to around SAR 21.6 billion, constituting 1.4 percent of the total. The value of exports of agricultural, animal and food products increased by 16.8 percent to about SAR 17.0 billion with a

Chart 5.1: Saudi Oil Exports



Source: GaStat.

Chart 5.2: Components of Saudi Non-Oil Exports



Source: GaStat.

share of 1.1 percent of total exports. The value of other commodities exports, including re-exports, also increased by 12.9 percent to about SAR 78.5 billion, representing 5.1 of total exports. Chart 5.2 shows the numbers and developments of non-oil exports over 2018 - 2022.

Development of Saudi Non-Oil Exports

The Saudi Export Program (SEP) offers exporters credit facilities and guarantees to diversify the national income sources, develop non-oil exports and promote their competitiveness in various sectors at global markets, which enhances the confidence in Saudi exports in line with the objectives of Saudi Vision 2030.

As per the EXIM Bank's classification of sectors, Saudi export finance and guarantee data show that the total value of export financing transactions approved by the SEP amounted to about SAR 4.6 billion in 2022 compared to around SAR 1.7 billion in the preceding year. These transactions were divided into several sectors (Table 5.2).

Imports

GaStat data show that the value of imports of goods (CIF) increased by 24.2 percent to about SAR 712.0 billion in 2022 from nearly SAR 573.2 billion in 2021 (Table 5.3).

Table 5.2: Finance and Guarantee of Saudi Exports

Sector	2020	2021	2022	(Million SAR)
Manufacturing	329.2	1,456.7	3,949.9	
Agriculture & fishing	--	--	200.0	
Building & construction	--	139.5	279.0	
Financial & insurance activities	--	--	65.7	
Mining	--	75.0	75.0	
Waste management	--	12.0	12.0	
Total	329.2	1,683.2	4,581.6	

*Preliminary data.

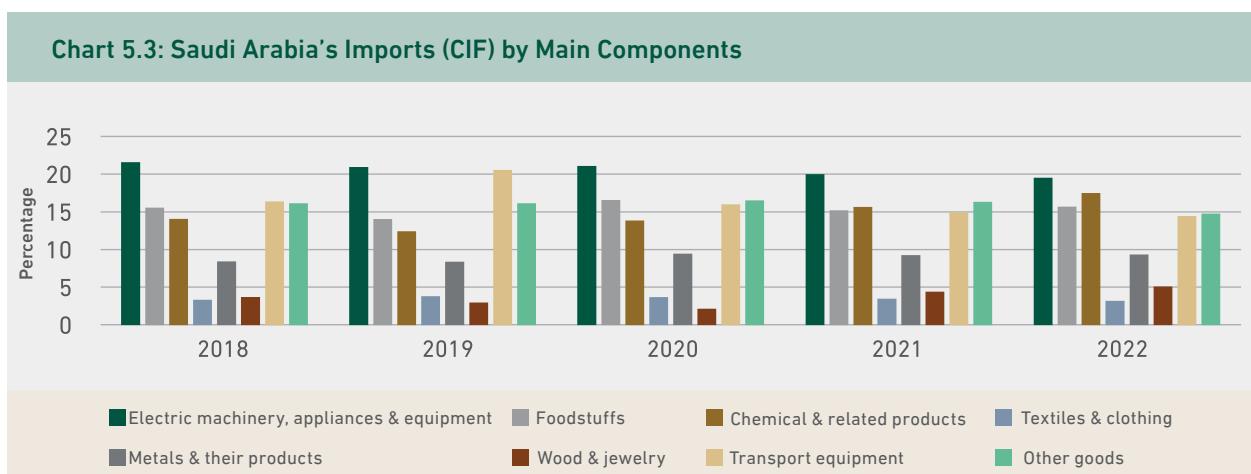
Source: Saudi EXIM Bank.

Detailed data on Saudi Arabia's imports by the main component for 2022 (Chart 5.3) show that imports of electric machinery, appliances and equipment and their parts (SAR 138.3 billion) ranked first with a share of 19.4 percent of total imports, increasing by 20.8 percent over the preceding year. Imports of chemicals and related products came second with a share of 17.8 percent (SAR 126.9 billion), rising by 41.1 percent over the preceding year. Imports of foodstuffs ranked third with a share of 15.7 percent (SAR 112.0 billion), increasing by 28.0 percent. Imports of other goods came fourth with a share of 14.8 percent (SAR 105.5 billion), increasing by 12.1 percent. Imports of transport equipment and their parts ranked fifth with a share of 14.5 percent (SAR 103.0 billion), rising by 19.5 percent. Imports of ordinary metals and their products ranked sixth with a share of 9.4 percent (SAR 67.0 billion), increasing by 24.7 percent. Imports of wood and jewelry came next in seventh place with a share of 5.0 percent (SAR 35.4 billion), rising by 35.3 percent. Imports of textiles and clothing came last with a share of 3.4 percent (SAR 23.9 billion), increasing by 13.7 percent.

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

	Million SAR			Share			Change (%)
	2020	2021	2022	2020	2021	2022	
Electric machinery, appliances & equipment	109,094	114,500	138,267	21.1	20.0	19.4	20.8
Foodstuffs	85,716	87,529	112,048	16.6	15.3	15.7	28.0
Chemical & related products	72,017	89,891	126,859	13.9	15.7	17.8	41.1
Textiles & clothing	20,018	21,060	23,942	3.9	3.7	3.4	13.7
Metals & their products	49,600	53,735	67,028	9.6	9.4	9.4	24.7
Wood & jewelry	12,342	26,199	35,442	2.4	4.6	5.0	35.3
Transport equipment & its parts	83,009	86,201	102,996	16.0	15.0	14.5	19.5
Other goods	85,695	94,070	105,456	16.6	16.4	14.8	12.1
Total	517,491	573,185	712,038	100.0	100.0	100.0	24.2

Source: GaStat.

Chart 5.3: 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 are 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 Arab countries excluding the GCC countries, and the fourth comprises rest of the world (Table 5.4).

Destination of Exports

Saudi Arabia's exports to the top five non-Arab countries increased by 47.7 percent to around SAR 789.3 billion in 2022, representing 51.2 percent of total exports. Exports to China

ranked first (SAR 249.9 billion) with a share of 16.2 percent of total exports, increasing by 30.9 percent over the preceding year. Exports to India came in second place with a share of 10.2 percent (SAR 157.2 billion), rising by 57.2 percent from the preceding year, followed by Japan with a share of 9.9 percent (SAR 152.9 billion), rising by 49.0 percent. Exports to South Korea came fourth with a share of 9.2 percent (SAR 142.2 billion), increasing by 62.8 percent.

Exports to the United States ranked fifth with a share of 5.6 percent (SAR 87.1 billion), rising by 62.8 percent over the preceding year. Chart 5.4A shows the destinations of Saudi Arabia's exports in 2022.

Saudi Arabia's exports to the GCC countries rose by 39.9 percent to around SAR 135.3 billion in 2022, accounting for 8.8 percent of total exports. Exports to other Arab countries jumped by 38.1 percent to nearly SAR 112.2 billion, accounting for 7.3 percent of total exports. Further, exports to rest of the world increased by 56.2 percent to about SAR 505.2 billion, with a share of 32.8 percent.

Origin of Imports

Detailed data on total imports indicate that imports from the top five non-Arab exporting countries to Saudi Arabia increased by 21.1 percent to around SAR 309.0 billion in 2022, with a share of 43.4 percent of Saudi Arabia's total imports. Imports from China ranked first with a share of 21.0 percent (SAR 149.3 billion) of Saudi Arabia's total imports, increasing by 31.6

percent over the preceding year. Imports from the United States came second with a share of 9.1 percent (SAR 65.0 billion), rising by 7.4 percent over the preceding year. Imports from India followed with a share of 5.5 percent (SAR 39.5 billion), increasing by 30.5 percent. Imports from Germany came fourth with a share of 4.2 percent (SAR 30.0 billion), rising by 6.8 percent. Imports from Japan came fifth with a share of 3.5 percent (SAR 25.2 billion), increasing by 10.8 percent.

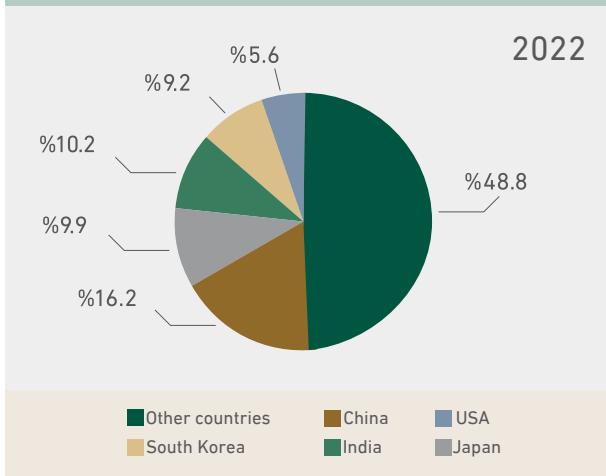
Saudi Arabia's imports from GCC countries recorded a rise of 18.2 percent to SAR 77.7 billion in 2022, accounting for 10.9 percent of total imports. Imports from other Arab countries went up by 45.6 percent to around SAR 38.2 billion, accounting for 5.4 percent of total imports. Imports from rest of the world rose by

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

	Million SAR		Share		Change (%)
	2021	2022	2021	2022	
Exports					
China	190,911	249,926	18.4	16.2	30.9
India	99,966	157,187	9.7	10.2	57.2
Japan	102,598	152,890	9.9	9.9	49.0
South Korea	87,342	142,159	8.4	9.2	62.8
USA	53,517	87,117	5.2	5.6	62.8
Total of the five countries	534,334	789,279	51.6	51.2	47.7
GCC countries	96,745	135,342	9.3	8.8	39.9
Other Arab countries	81,222	112,156	7.8	7.3	38.1
Other countries	323,371	505,164	31.2	32.8	56.2
Total exports	1,035,672	1,541,941	100.0	100.0	48.9
Imports					
China	113,381	149,252	19.8	21.0	31.6
USA	60,549	65,002	10.6	9.1	7.4
India	30,277	39,509	5.3	5.5	30.5
Germany	28,093	30,000	4.9	4.2	6.8
Japan	22,732	25,195	4.0	3.5	10.8
Total of the five countries	255,032	308,958	44.5	43.4	21.1
GCC countries	65,735	77,703	11.5	10.9	18.2
Other Arab countries	26,216	38,165	4.6	5.4	45.6
Other countries	226,202	287,212	39.5	40.3	27.0
Total imports	573,185	712,038	100.0	100.0	24.2

*Including re-exports.

Source: GaStat.

Chart 5.4A: Destination of Exports

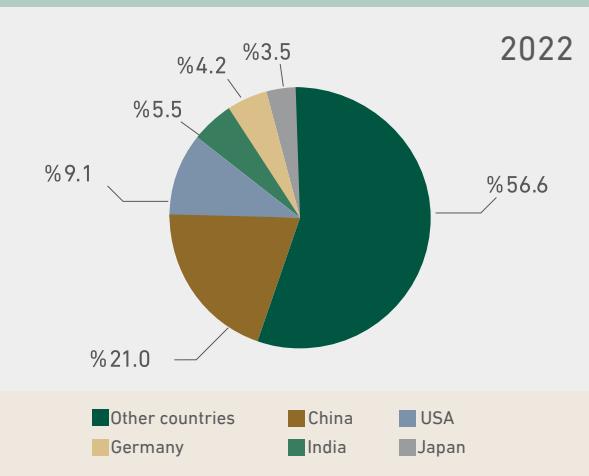
Source: GaStat.

27.0 percent to SAR 287.2 billion, accounting for 40.3 percent of total imports. Chart 5.4B shows Saudi Arabia's imports by origin in 2022.

Non-Oil Trade with GCC Countries

Saudi Arabia's net non-oil trade with the GCC countries recorded a deficit of around SAR 13.8 billion in 2022 against a deficit of around SAR 7.0 billion in 2021. The imports from the GCC countries increased by 18.2 percent to around SAR 77.7 billion in 2022 compared to nearly SAR 65.7 billion in the preceding year, accounting for 10.9 percent of total imports. Saudi non-oil exports to the GCC countries increased by 8.8 percent to SAR 63.9 billion in 2022, accounting for 20.2 percent of total non-oil exports (including re-exports).

Detailed data for 2022 indicate that Saudi Arabia's non-oil commodity balance with Kuwait and Qatar recorded surpluses of SAR 3.7 billion and SAR 331 million, respectively. However, it recorded a deficit with the UAE, Oman and Bahrain of SAR 1.3 billion, SAR 11.5 billion and SAR 5.0 billion, respectively.

Chart 5.4B: Saudi Arabia's Imports by Origin

Source: GaStat.

Data on Saudi Arabia's non-oil exports to GCC countries in 2022 show that the UAE remained in the first place with SAR 43.8 billion or 68.6 percent of the total. Kuwait and Bahrain came next with SAR 7.1 billion each (11.1 percent), followed by Oman with nearly SAR 4.3 billion (6.7 percent), and Qatar came last with SAR 1.5 billion (2.4 percent).

For Saudi Arabia's non-oil imports from GCC countries in 2022, the UAE remained in the first place as the largest GCC exporter to Saudi Arabia, with exports amounting to SAR 45.1 billion (58.0 percent of the total). Oman came second with SAR 15.8 billion (20.4 percent), followed by Bahrain with SAR 12.1 billion (15.6 percent), Kuwait with SAR 3.4 billion (4.4 percent), and Qatar came last with SAR 1.2 billion (1.6 percent) (Table 5.5).

Non-Oil Trade with Top Arab Trading Partners

Saudi Arabia's non-oil trade with Arab countries (excluding GCC countries) registered a surplus of nearly SAR 5.2 billion in 2022 against almost SAR 9.1 billion in 2021. Imports from Arab

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

Country	2020			2021			2022			Change in 2022 (%)		Share in 2022	
	Imports from	Exports to	Difference	Imports from	Exports to	Difference	Imports from	Exports to	Difference	Imports	Exports	Imports	Exports
UAE	34,287	33,714	-573	46,770	37,681	-9,089	45,103	43,801	-1,302	-3.6	16.2	58.0	68.6
Kuwait	1,681	6,025	4,344	2,125	6,709	4,584	3,416	7,123	3,707	60.8	6.2	4.4	11.1
Bahrain	6,950	6,991	41	9,747	8,428	-1,319	12,141	7,117	-5,024	24.6	-15.6	15.6	11.1
Oman	6,253	3,606	-2,647	6,708	3,805	-2,903	15,831	4,304	-11,527	136.0	13.1	20.4	6.7
Qatar	0	0	0	385	2,101	1,716	1,212	1,543	331	214.8	-26.6	1.6	2.4
Total	49,171	50,336	1,165	65,735	58,724	-7,011	77,703	63,888	-13,815	18.2	8.8	100.0	100.0

*Including re-exports.

Source: GaStat.

countries increased by 45.6 percent to around SAR 38.2 billion in 2022 compared to nearly SAR 26.2 billion in the preceding year, accounting for 5.4 percent of total imports. Moreover, exports to Arab countries increased by 22.8 percent to almost SAR 43.3 billion, constituting 13.7 percent of total non-oil exports (including re-exports).

Detailed data on Saudi trade with top Arab trading partners in 2022 show that Saudi Arabia recorded surpluses of SAR 4.7 billion in trade with Yemen, SAR 3.8 billion with Iraq, SAR 3.4 billion with Jordan, SAR 2.0 billion with Morocco, SAR 112 million with Sudan, and SAR 502 million with Lebanon. On the contrary, Saudi trade with Egypt and Syria recorded deficits of SAR 13.6 billion and SAR 691 million, respectively.

As for Saudi non-oil exports to the top Arab trading partners in 2022, Egypt came first with SAR 11.2 billion (25.9 percent of the total). Jordan came second with SAR 10.3 billion (23.8 percent), followed by Yemen with about SAR 5.4 billion. Iraq and Morocco came fourth and fifth with SAR 3.9 billion and SAR 3.8 billion, respectively.

With regard to Saudi Arabia's non-oil imports from top Arab trading partners in 2022, Egypt took the lead with SAR 24.8 billion (65.1 percent of the total). Jordan came next with SAR 6.9 billion (18.0 percent), followed by Morocco in third place with SAR 1.73 billion (4.5 percent). Sudan and Syria came in fourth and fifth places with SAR 1.67 billion (4.4 percent) and SAR 1.2 billion (3.0 percent), respectively (Table 5.6).

Private Sector Exports Financed by Commercial Banks

Private sector exports financed by commercial banks (settled letters of credit) rose by 35.1 percent to about SAR 60.8 billion in 2022 compared to nearly SAR 45.0 billion in 2021. Their ratio to total non-oil exports (including re-exports) also rose to 19.2 percent in 2022 from almost 16.2 percent in 2021.

Data on private sector exports financed by commercial banks (settled letters of credit) in 2022 show that exports of other industrial products increased by 30.8 percent to about SAR 43.3 billion, ranking first with a share of 71.2 percent

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

Country	2020			2021			2022			Change in 2022 (%)		Share in 2022	
	Imports from	Exports to	Difference	Imports from	Exports to	Difference	Imports from	Exports to	Difference	Imports	Exports	Imports	Exports
Egypt	10,129	6,739	-3,390	15,781	9,835	-5,946	24,827	11,219	-13,608	57.3	14.1	65.1	25.9
Jordan	4,182	4,698	516	5,010	6,916	1,906	6,886	10,302	3,416	37.4	49.0	18.0	23.8
Yemen	673	4,562	3,889	849	4,849	4,000	684	5,407	4,723	-19.4	11.5	1.8	12.5
Iraq	42	2,653	2,611	69	3,055	2,986	105	3,936	3,831	52.2	28.8	0.3	9.1
Morocco	601	1,344	743	681	1,878	1,197	1,727	3,757	2,030	153.6	100.1	4.5	8.7
Sudan	912	2,503	1,591	1,279	2,566	1,287	1,673	1,785	112	30.8	-30.4	4.4	4.1
Syria	768	2	-766	1,219	270	-949	1,154	463	-691	-5.3	71.5	3.0	1.1
Lebanon	948	546	-402	596	543	-53	1	503	502	-99.8	-7.4	0.0	1.2
Other Arab countries	548	3,981	3,433	732	5,399	4,667	1,108	5,974	4,865	51.4	10.6	2.9	13.8
Total	18,803	27,028	8,225	26,216	35,311	9,095	38,165	43,346	5,180	45.6	22.8	100.0	100.0

*Including re-exports.

Source: GaStat.

of total exports as compared to 2021. Chemical and plastic products came second with SAR 16.9 billion, recording an increase of 46.8 percent and representing a share of 27.8 percent of the total. Agricultural and animal products came next with a value of SAR 624 million, increasing by 63.8 percent and accounting for 1.0 percent of the total.

Private Sector Imports Financed by Commercial Banks

Private sector imports financed by commercial banks (settled letters of credit and bills under collection) increased by 20.9 percent to nearly SAR 158.1 billion in 2022 compared to about SAR 130.8 billion in the preceding year. Their share of the total value of Saudi Arabia's imports was about 22.3 percent in 2022 compared to 22.8 percent in the preceding year.

This rise in imports was due to increases in the financing of imports of other goods of 25.2

percent to around SAR 78.1 billion; motor vehicles of 21.3 percent to nearly SAR 35.7 billion; construction materials of 19.3 percent to almost SAR 15.3 billion; grain of 28.3 percent to about SAR 7.2 billion; other foodstuffs of 15.1 percent to around SAR 10.4 billion; machinery of 20.5 percent to nearly SAR 5.2 billion, fruit and vegetable of 157.9 percent to almost SAR 585 million; and textiles and clothing of 16.3 percent to about SAR 834 million. On the other hand, financing of livestock and meat imports decreased by 54.8 percent to SAR 969 million; sugar, tea and coffee beans by 18.7 percent to SAR 589 million; and appliances by 3.2 percent to around SAR 3.2 billion.

As for their share, financing of imports of other goods ranked first with a share of 49.4 percent of total imports, followed by motor vehicles in second place with 22.6 percent. Financing of imports of construction materials came third with a share of 9.7 percent of total imports.

Financing of imports of other foodstuffs came fourth with a share of 6.6 percent, followed by grain in fifth place with 4.5 percent (Table 5.7).

Exports through Ports

According to data issued by the Saudi Ports Authority (Mawani), the volume of exports (excluding crude oil exports) handled at Saudi ports increased by 9.4 percent to 211.0 million tons in 2022 compared to nearly 192.9 million tons in the preceding year.

This rise was attributed to increases in the exports of refined oil products and gas by 12.3 percent to 117.8 million tons, petrochemicals by 5.8 percent to 35.4 million tons, construction materials and steel by 12.7 percent to 22.3 million tons, and other goods by 18.5 percent to 20.3 million tons. However, exports of transshipment goods decreased by 12.5 percent to 14.9 million tons and agricultural products by 66.8 to 136 thousand tons.

As for their share in the total volume of exports handled at ports, refined oil products and gas ranked first with a share of 55.9 percent. Petrochemicals came second with a share of 16.8 percent, followed by construction materials and steel with 10.6 percent. Exports of other goods came fourth with a share of 9.6 percent. Exports of transshipment goods came in fifth place with 7.1 percent, followed by exports of agricultural products with 0.1 percent.

Imports through Ports

According to data issued by Mawani, the volume of imports handled at Saudi ports rose by 6.3 percent to around 107.5 million tons in 2022 compared to about 101.2 million tons in the preceding year. This was due to a rise of 7.5 percent in imports through industrial ports to almost 39.8 million tons. Similarly, imports handled at commercial ports rose by 5.5 percent to 67.8 million tons as a

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

	2021	2022	Share		Change 2022 (%)
			2021	2022	
Exports*	44,986	60,789	100.0	100.0	35.1
Agricultural & animal products	381	624	0.8	1.0	63.8
Chemical & plastic products	11,503	16,881	25.6	27.8	46.8
Other industrial products	33,102	43,284	73.6	71.2	30.8
Imports**	130,755	158,122	100.0	100.0	20.9
Grain	5,606	7,192	4.3	4.5	28.3
Fruit & vegetables	227	585	0.2	0.4	157.9
Sugar, tea & coffee beans	725	589	0.6	0.4	-18.7
Livestock & meat	2,142	969	1.6	0.6	-54.8
Foodstuffs	9,007	10,367	6.9	6.6	15.1
Textiles & clothing	717	834	0.5	0.5	16.3
Construction materials	12,823	15,305	9.8	9.7	19.3
Motor vehicles	29,401	35,662	22.5	22.6	21.3
Machinery	4,351	5,242	3.3	3.3	20.5
Appliances	3,335	3,228	2.6	2.0	-3.2
Other goods	62,421	78,148	47.7	49.4	25.2

*Settled letters of credit.

**Settled letters of credit & bills under collection.

Source: Saudi Central Bank.

Table 5.8: Exports and Imports Through Ports

	2021	2022*	Share		Change 2022 (%)	(Million tons)
			2021	2022		
Exports	192.9	211.0	100.0	100.0	9.4	
Petrochemicals	33.5	35.4	17.4	16.8	5.8	
Refined oil products & gas	104.9	117.8	54.4	55.9	12.3	
Construction materials & steel	19.8	22.3	10.3	10.6	12.7	
Transshipment goods	17.1	14.9	8.8	7.1	-12.5	
Agricultural products	0.4	0.1	0.2	0.1	-66.8	
Other goods	17.1	20.3	8.9	9.6	18.5	
Imports	101.2	107.5	100.0	100.0	6.3	
Imports through commercial ports	64.2	67.8	63.4	63.0	5.5	
Foodstuffs	21.0	20.7	20.8	19.3	-1.4	
Construction materials	10.7	12.8	10.6	11.9	19.0	
Equipment	1.5	2.1	1.5	2.0	39.9	
General merchandise	30.9	32.1	30.5	29.8	3.9	
Imports through industrial ports	37.0	39.8	36.6	37.0	7.5	
Number of livestock**	3,599,322	3,892,842	--	--	8.2	
Number of motor vehicles***	618,352	867,684	--	--	40.3	

*Preliminary data. **Livestock in ton are included in foodstuffs. ***Motor vehicles in ton are included in general merchandise.

Source: Saudi Ports Authority.

result of increases of 19.0 percent in the imports of construction materials to around 12.8 million tons, 39.9 percent in imports of equipment to about 2.1 million tons, and 3.9 percent in imports of general merchandise to nearly 32.1 million tons. Imports of foodstuffs, however, dropped by 1.4 percent to about 20.7 million tons. As for their share, general merchandise ranked first with a share of 29.8 percent of total imports through ports, followed by foodstuffs with 19.3 percent, construction materials with 11.9 percent, and equipment with 2.0 percent.

For motor vehicles and livestock imported through Saudi ports during 2022, the number of motor vehicles increased by 40.3 percent to nearly 867.7 thousand from 618.4 thousand in 2021, while that of livestock reached around 3.9

million, rising by 8.2 percent compared to the preceding year (Table 5.8).

Balance of Payments

I. Current Account

Preliminary estimates of Saudi Arabia's balance of payments for 2022 indicate that the current account recorded a surplus of nearly SAR 565.3 billion or 13.6 percent of GDP compared to a surplus of around SAR 166.2 billion in 2021. This surplus was due to an increase of 150.1 percent in the surplus of goods and services and a decrease of 0.6 percent in the deficit of net secondary income despite a fall of 27.1 percent in the net primary income surplus (Table 5.9). Chart 5.5 illustrates the developments in the current account balance and its major items during the period 2019-2022.

A. Goods and Services

1. Goods

The surplus of the goods account went up by 72.0 percent to around SAR 880.1 billion in 2022 compared to a surplus of about SAR 511.7 billion in 2021. This rise was due to an increase of 48.7 percent to about SAR 1,540.0 billion in total exports (including oil and other exports) compared to almost SAR 1,035.7 billion in the preceding year, despite the rise of 25.9 percent to around SAR 660.0 billion in imports (FOB) against nearly SAR 524.0 billion in 2021.

2. Services

The deficit in services account dropped by 19.2 percent to around SAR 190.9 billion in 2022 compared to a deficit of nearly SAR 236.2 billion in 2021. This decline was mainly attributed to recording a surplus in the net travel item of about SAR 28.4 billion in 2022 compared to a deficit of around SAR 31.3 billion in 2021. In addition, the deficit in the net other business services item declined by 26.5 percent to around SAR 55.3 billion compared to about SAR 75.3 billion in 2021. The deficit in the net financial services item also decreased to almost SAR 5.1 billion in 2022 from nearly SAR 6.5 billion in 2021. On the other hand, the deficit in the net transportation services item rose by 29.9 percent to around SAR 68.8 billion from about SAR 53.0 billion in the preceding year. The deficit in the net construction services item also increased by 23.9 percent to almost SAR 30.7 billion from nearly SAR 24.8 billion in 2021. The deficit in the net insurance and pensions item rose by 75.0 percent to around SAR 11.2 billion from about SAR 6.4 billion in 2021. Moreover, the net telecommunication item recorded a deficit of

around SAR 2.8 billion in 2022 against a surplus of about SAR 1.0 billion in 2021. Finally, the deficit in the net government goods and services item (not listed elsewhere) increased by 13.8 percent to almost SAR 45.4 billion in 2022 from nearly SAR 39.9 billion in 2021.

B. Primary Income

According to the estimates of the balance of payments, the surplus in the net primary income account decreased by 27.1 percent to about SAR 41.6 billion in 2022 compared to around SAR 57.0 billion in the preceding year. This decline was due to a fall in the surplus of portfolio investment income to about SAR 10.2 billion from around SAR 40.3 billion in the preceding year and a drop in the surplus of other investment income to almost SAR 5.1 billion from nearly SAR 13.0 billion in the preceding year, despite recording an increase in the surplus of net direct investment income to about SAR 27.2 billion in 2022 compared to nearly SAR 6.1 billion in 2021. Furthermore, the deficit in net workers' compensation declined to almost SAR 921 million in 2022 compared to about SAR 2.4 billion in 2021.

C. Secondary Income

The deficit in the secondary income account fell by 0.6 percent to about SAR 165.4 billion in 2022 from around SAR 166.4 billion in 2021. This decrease was due to a decline of 2.5 percent in expatriate remittances to about SAR 145.6 billion. In contrast, government transfers grew by 10.8 percent to about SAR 17.9 billion against nearly SAR 16.1 billion in the preceding year. Table 5.10 illustrates the developments in expatriate remittances in Saudi Arabia and their ratio to private sector GDP since 2013.

Table 5.9: Balance of Payments

					(Million SAR)
	2019*	2020*	2021*	2022**	Change in 2022 (%)
I. Current account balance	143,362	-85,553	166,213	565,324	240.1
A. Goods & services	250,947	2,491	275,572	689,173	150.1
1. Goods	455,010	179,791	511,738	880,079	72.0
Exports	981,064	651,990	1,035,744	1,540,035	48.7
Imports	526,054	472,199	524,006	659,957	25.9
2. Services	-204,064	-177,300	-236,167	-190,905	-19.2
Credit	90,910	33,690	38,637	119,597	209.5
Debit	294,974	210,990	274,804	310,503	13.0
B. Primary income	29,623	52,306	57,034	41,599	-27.1
Credit	77,328	81,470	103,766	99,258	-4.3
Debit	47,705	29,164	46,732	57,659	23.4
C. Secondary income	-137,208	-140,351	-166,393	-165,448	-0.6
Credit	--	--	--	--	--
Debit	137,208	140,351	166,393	165,448	-0.6
II. Capital account	-6,499	-6,917	-4,942	-9,229	86.8
III. Financial account	135,612	-90,190	155,914	523,449	235.7
1. Direct investment	33,692	-1,831	17,154	41,023	139.2
Net acquisition of financial assets	50,801	18,416	89,475	70,597	-21.1
Net incurrence of liabilities	17,110	20,247	72,321	29,574	-59.1
2. Portfolio investments	-43,196	88,838	144,501	138,523	-4.1
Net acquisition of financial assets	129,637	200,819	208,616	186,513	-10.6
Net incurrence of liabilities	172,833	111,982	64,114	47,990	-25.1
3. Other investments	133,915	-4,995	-12,171	327,102	--
Net acquisition of financial assets	208,741	18,295	83,536	290,735	248.0
Net incurrence of liabilities	74,826	23,290	95,706	-36,367	--
4. Reserve assets	11,202	-172,202	6,430	16,801	161.3
Errors & omissions	-1,251	2,281	-5,358	-32,646	509.3

*Preliminary data. **Estimates.

Source: Balance of payments data issued by SAMA

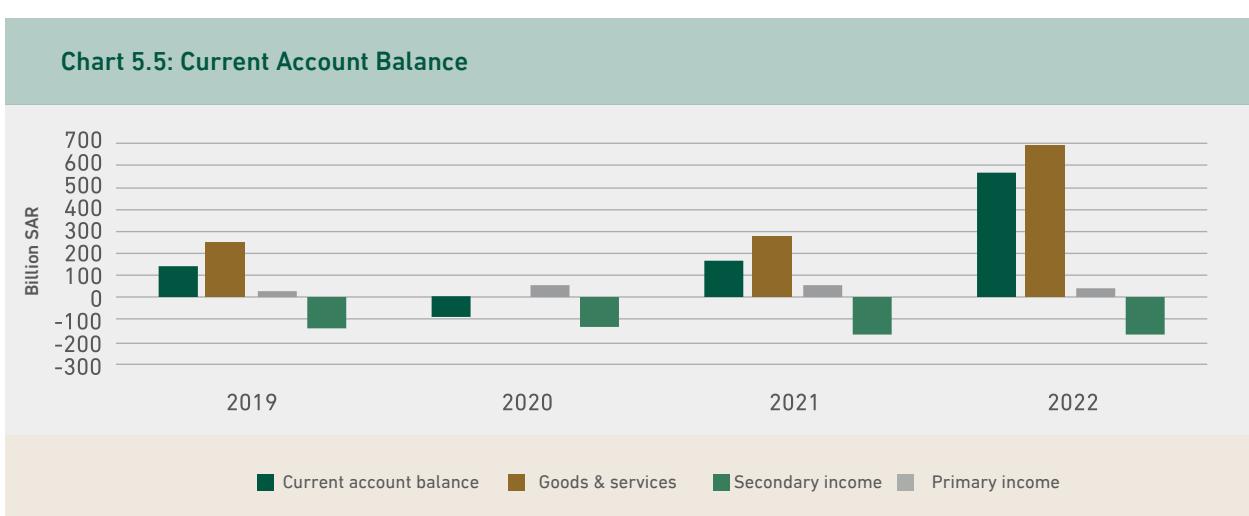
Chart 5.5: Current Account Balance

Table 5.10: Remittances of Expatriates in Saudi Arabia

Year	Value	Change (%)	(Million SAR) Ratio of remittances to private sector GDP
2013	127,768	19.0	11.9
2014	134,995	5.7	11.4
2015	141,785	5.0	11.2
2016	138,745	-2.1	10.6
2017	132,518	-4.5	9.8
2018	123,637	-6.7	9.1
2019	113,573	-8.1	8.0
2020	128,768	13.4	9.5
*2021	149,300	15.9	10.2
**2022	145,563	-2.5	8.9

*Preliminary data. **Estimates.

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

II. Capital Account

The capital account registered an outflow of nearly SAR 9.2 billion in 2022 against an outflow of around SAR 4.9 billion in the preceding year.

III. Financial Account

The net financial account registered an outflow of nearly SAR 523.4 billion in 2022 compared to an outflow of almost SAR 155.9 billion in the preceding year. This was due to an increase of around SAR 41.0 billion in net direct investments in 2022, an increase of about SAR 327.1 billion in net other investments and an increase of nearly SAR 138.5 billion in net portfolio investments. Reserve assets also increased by nearly SAR 16.8 billion.

International Investment Position (IIP)

Net foreign assets grew by 10.2 percent to about SAR 2.56 trillion at end-2022 compared to SAR 2.32 trillion at end-2021 (Table 5.11). This change was due to developments in the following components:

Direct Investment

Net direct investment abroad rose by 10.6 percent to almost SAR 628.1 billion at end-2022. Net direct investment in Saudi Arabia also increased by 3.0 percent to nearly SAR 1.0 trillion compared to the preceding year.

Portfolio Investments

Net portfolio investments abroad decreased by 0.2 percent to almost SAR 1.4 trillion at end-2022. In contrast, net portfolio investments in Saudi Arabia rose by 5.7 percent to nearly SAR 822.8 billion compared to the preceding year.

Other Investments

Net other investments abroad grew by 20.6 percent to around SAR 1.2 trillion at end-2022. However, net other investments in Saudi Arabia fell by 5.8 percent to almost SAR 572.3 billion compared to the preceding year.

Reserve Assets

Reserve assets increased by 1.0 percent to around SAR 1.7 trillion at end-2022 compared to the preceding year.

Foreign Debt

Saudi Arabia's total foreign debt (government and non-government) was around SAR 1,004.7 billion at end-2022 compared to almost SAR 1,076.6 billion at end-2021.

Saudi Development Assistance and Loans Abroad

Saudi aid, loans and contributions abroad reached around SAR 195.5 billion during 2018-2022 (Table 5.12). Aid and loans constituted 93.3 percent (around SAR 182.4 billion) of the total. Total

contributions to associations and organizations amounted to about SAR 13.1 billion or 6.7 percent of the total. Additionally, aid provided through multilateral aid programs during the same period amounted to around SAR 21 million or 0.01 percent of the total. Saudi aid and loans provided through bilateral channels and multilateral associations, organizations and institutions in 2022 reached around SAR 4.3 billion (7.7 percent of the total), increasing by 21.3 percent over the preceding year. Aid and loans extended in 2022 constituted the bulk of the total, amounting to SAR 51.2 billion (92.3 percent) and rising by 23.5 percent over the preceding year.

Table 5.11: International Investment Position

				(Million SAR)
	2020	*2021	**2022	Change in 2022
I. Assets	4,305,474	4,684,311	4,959,508	5.9
1. Direct investment abroad	483,057	568,122	628,063	10.6
2. Portfolio investments	1,246,372	1,432,775	1,430,613	-0.2
3. Other investments	874,836	975,776	1,176,392	20.6
4. Reserve assets	1,701,209	1,707,639	1,724,440	1.0
II. Liabilities	2,058,358	2,365,332	2,403,653	1.6
1. Direct investment in Saudi Arabia	906,657	978,978	1,008,552	3.0
2. Portfolio investments	637,938	778,696	822,803	5.7
3. Other investments	513,763	607,657	572,297	-5.8
III. Net international investment position	2,247,117	2,318,980	2,555,855	10.2

*Preliminary data. **Estimates.

Source: Saudi Central Bank.

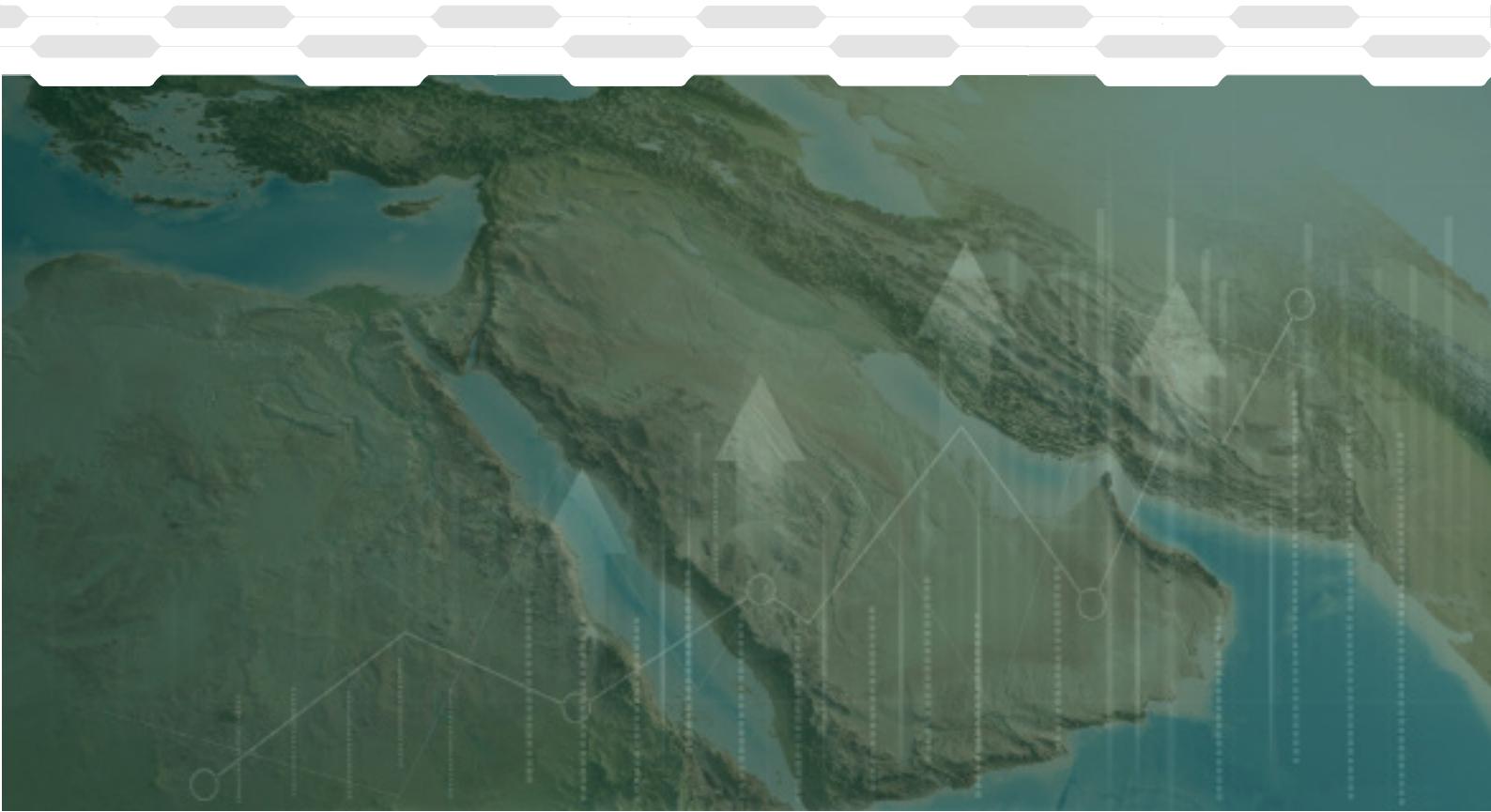
Table 5.12: Saudi Arabia's Aid and Contributions Abroad

Year	Aid & loans	Contributions to associations & organizations	Multilateral aid	Total
2018	37,500	680	21	38,201
2019	35,157	2,448	--	37,605
2020	17,088	2,142	--	19,230
2021	41,464	3,531	--	44,994
2022	51,212	4,283	--	55,495
Total	182,421	13,084	21	195,526

Source: MoF.

6

Public Finance



Public Finance

In its session on Wednesday, December 07, 2022 (Jumada I 13, 1444H), the Council of Ministers approved the state budget for the fiscal year 2023 (1444/1445H). This budget came in support of Saudi Arabia's march towards achieving the goals of Vision 2030 by continuously working to adopt economic and structural reforms to strengthen the state's financial position, enhance the economy's resilience, and keep pace with global changes. This budget also supported the continued implementation of programs, projects, and strategies that support growth, expand the economic base, and achieve comprehensive development at an accelerated pace without affecting financial sustainability.

The budget was aimed at accelerating the implementation of comprehensive structural reforms through strategies and projects supporting sustainable economic growth, according to Saudi Vision 2030. This is to achieve high growth rates, provide more job opportunities, promote the private sector's role and develop local content. Moreover, this budget aimed to maintain safe levels of government reserves to enhance Saudi Arabia's ability to deal with external shocks.

Revenues in the 2023 state budget were estimated at around SAR 1,130.0 billion, rising by 8.1 percent over the estimated budget for the preceding fiscal year. Total expenditures in the budget amounted to about SAR 1,114.0 billion, increasing by 16.6 percent from the estimates of the preceding fiscal year. The budget's surplus was estimated at nearly SAR 16.0 billion compared to a surplus of SAR 90.1 billion in the preceding fiscal year (Table 6.1).

Main Features of the State Budget for FY 2023 (1444/1445H):

Saudi Arabia seeks to raise spending efficiency to create an environment conducive to economic growth. It also supports priority sectors by allocating the required financial resources to achieve comprehensive development and fulfill public finance objectives. The following are the state budget's allocations for spending on the main sectors for the fiscal year 2023 (Table 6.2 and Chart 6.1):

Military

The Military sector was allocated around SAR 259.2 billion or 23.3 percent of the total budgetary expenditures, increasing by 51.7 percent over the preceding fiscal year.

Education

The education sector was allocated about SAR 189.0 billion or 17.0 percent of total budgetary expenditures, increasing by 2.1 percent from the 2022 budgeted amount.

Table 6.1: Budget Projections

	(Billion SAR)		
	FY 2022 (1443/1444H)	FY 2023 (1444/1445H)	Change (%)
Total revenues	1,045.1	1,130.0	8.1
Total expenditures	955.0	1,114.0	16.6
Surplus/deficit	90.1	16.0	-82.2

Source: MoF.

Health and Social Development

The health services and social development sector was allocated about SAR 189.3 billion or 17.0 percent of total budgetary expenditures, increasing by 37.0 percent over the preceding fiscal year.

Security and Regional Administration:

The security and regional administration sector was allocated around SAR 105.4 billion or 9.5 percent of total budgetary expenditures, increasing by 4.1 percent over the preceding fiscal year.

Municipal Services

The Municipal services sector, including the Ministry of Municipal and Rural Affairs, secretariats, and municipalities, was allocated about SAR 63.1 billion or 5.7 percent of the budgetary expenditures, increasing by 27.3 percent from the 2022 budgeted amount.

Infrastructure and Transportation

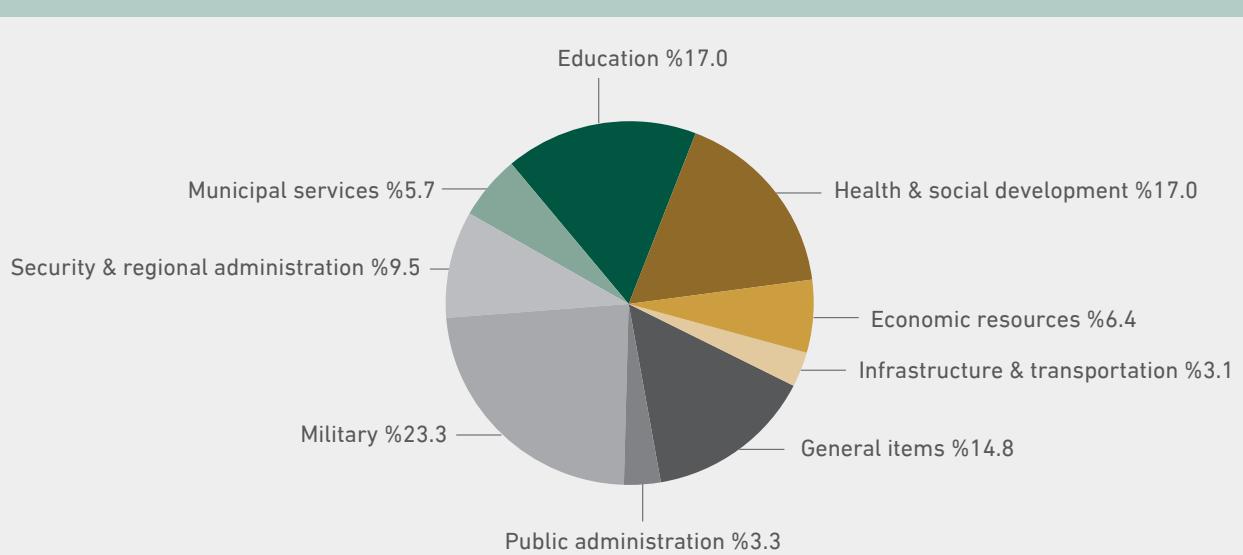
The infrastructure and transportation sector was allocated around SAR 34.0 billion or 3.1 percent of total budgetary expenditures, decreasing by 19.1 percent from the 2021 budgeted amount.

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

Sector	2022 (1443/1444H)			2023 (1444/1445H)			(Million SAR)
	Amount	Share	Change (%)	Amount	Share	Change (%)	
Public administration	32,260	3.4	-3.9	36,947	3.3	14.5	
Military	170,900	17.9	-2.4	259,249	23.3	51.7	
Security & regional administration	101,280	10.6	0.5	105,400	9.5	4.1	
Municipal services	49,589	5.2	-2.4	63,118	5.7	27.3	
Education	185,103	19.4	-0.3	189,011	17.0	2.1	
Health & social development	138,236	14.5	-20.9	189,343	17.0	37.0	
Economic resources	53,591	5.6	-26.0	71,771	6.4	33.9	
Infrastructure & transportation	42,038	4.4	-8.3	34,027	3.1	-19.1	
General items	182,003	19.1	20.4	165,135	14.8	-9.3	
Total	955,000	100.0	-3.5	1,114,000	100.0	16.6	

Source: MoF.

Chart 6.1: Budget Allocations for FY 2023 (1444/1445H) by Key Sector



Source: MoF.

Other Sectors

General items were allocated about SAR 165.1 billion or 14.8 percent of total budgetary expenditures, decreasing by 9.3 percent compared to the preceding fiscal year.

The economic resources sector was allocated around SAR 71.8 billion or 6.4 percent of total budgetary expenditures, increasing by 33.9 percent over the preceding fiscal year.

The public administration sector was allocated around SAR 36.9 billion or 3.3 percent of total budgetary expenditures, increasing by 14.5 percent from the 2022 budgeted amount.

Actual Revenues and Expenditures for FY 2022

Data for the fiscal year 2022 (1443/1444H) indicate that total actual revenues reached nearly SAR 1,268.2 billion, recording an increase of 31.3 percent compared to the preceding year. The ratio of actual revenues to GDP was 30.5 percent, rising by 21.3 percent from the estimated revenues. Actual tax revenues for the fiscal year 2022 amounted to nearly SAR 323.1 billion, recording an increase of 14.4 percent compared to the estimated tax revenues. Moreover, actual other revenues for the fiscal year 2022 amounted to around SAR 945.1 billion, recording an increase of 23.9 percent compared to the estimated other revenues.

Actual expenditures for the fiscal year 2022 totaled around SAR 1,164.3 billion or 28.0 percent of GDP, increasing by 21.9 percent from the budgeted figure. In addition, the 2022 actual expen-

ditures were 12.1 percent higher than the 2021 actual expenditures.

Actual expenditures for the use of goods and services stood at approximately SAR 258.1 billion, rising by 61.2 percent from the budgeted figure. Actual other expenditures increased by 29.3 percent to nearly SAR 107.2 billion. Moreover, actual expenditures for social benefits rose by 26.1 percent to around SAR 79.4 billion, and for subsidies by 22.5 percent to around SAR 29.6 billion. Actual expenditures for grants also increased by 28.8 percent to about SAR 3.0 billion, and for compensation of employees by 3.0 percent to reach about SAR 513.2 billion. In contrast, actual expenditures for financing stood at nearly SAR 30.3 billion, declining by 6.9 percent from the budgeted figure (Table 6.3).

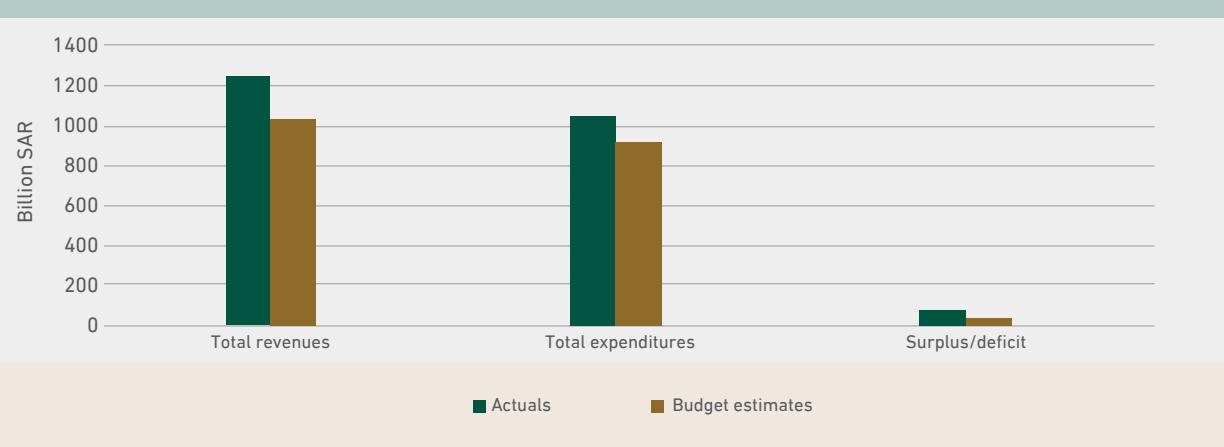
Actual Budget Deficit\Surplus

The state budget recorded a surplus of SAR 103.9 billion or 2.5 percent of GDP compared to a deficit of SAR 73.4 billion or 2.3 percent of GDP in the previous fiscal year (Table 6.4 and Chart 6.2).

Domestic Loan and Subsidy Programs

I. Domestic Loans

Actual loans disbursed in 2022 totaled around SAR 571.7 million, increasing by 37.9 percent compared to the preceding year. Total loan repayments stood at nearly SAR 435.8 million, recording an increase of 21.3 percent compared to the preceding year (Table 6.5).

Chart 6.2: Budget Estimates and Actuals for FY 2022 (1443/1444H)

Source: MoF.

Table 6.3: State Budget Actual and Estimated Revenues and Expenditures for FY 2022

				(Million SAR)
	Estimates	Actuals	Difference	Difference to estimates %
Total revenues	1,045,090	1,268,164	223,074	21.3
Taxes	282,448	323,094	40,646	14.4
Taxes on income, profits, & capital gains	15,684	24,481	8,797	56.1
Taxes on goods & services	223,430	251,455	28,025	12.5
Taxes on international trade & transactions	17,819	18,749	930	5.2
Other taxes	25,515	28,409	2,895	11.3
Other revenues	762,642	945,070	182,428	23.9
Total expenditures	955,000	1,164,309	209,308	21.9
Operating expenses	863,207	1,020,844	157,637	18.3
Compensation of employees	498,102	513,224	15,122	3.0
Goods & services	160,120	258,105	97,985	61.2
Interest expenses	32,570	30,314	-2,256	-6.9
Subsidies	24,203	29,648	5,445	22.5
Grants	2,299	2,961	662	28.8
Social benefits	63,000	79,418	16,418	26.1
Other expenses	82,914	107,174	24,260	29.3
Non-financial assets (capital expenses)	91,792	143,464	51,672	56.3

Source: MoF.

Table 6.4: Actual Revenues and Expenditures

	2020 (1441/1442H)			2021 (1442/1443H)			2022 (1443/1444H)		
	Value	Change (%)	Ratio to GDP*	Value	Change (%)	Ratio to GDP*	Value	Change (%)	Ratio to GDP*
Total revenues	781,834	-15.6	28.4	965,486	23.5	29.6	1,268,164	31.3	30.5
Total expenditures	1,075,734	1.5	39.1	1,038,933	-3.4	31.9	1,164,309	12.1	28.0
Surplus/deficit	-293,900	121.6	-10.7	-73,447	-75.0	-2.3	103,855	--	2.5

*Including net product tax (at current prices).

Source: MoF.

II: Domestic Subsidies

During the fiscal year 2022 (1443/1444H), a total of SAR 4.5 billion of subsidies were disbursed as follows: King Salman Humanitarian Aid and Relief Centre subsidy stood at around SAR 816.1 million; imported fodder subsidy SAR 336.0 million; infant formula subsidy SAR 17.8 million; Jockey Club subsidy SAR 702.3 million; Saudi Falcons Club subsidy SAR 140.0 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 28.8 million; the Secretariat of the Finance Committee subsidy SAR 30.0 million; Waqf libraries subsidy SAR 10.0 million; and the private schools' subsidy SAR 1.9 million.

Public Debt

Data for the fiscal year 2022 indicate that total public debt registered an increase of 5.6 percent, reaching around SAR 990.1 billion or 23.8 percent of GDP compared to around SAR 938.0 billion or 28.8 percent of GDP at the end of the fiscal year 2021. Domestic debt stood at around SAR 615.0 billion or 62.1 percent of total public debt at the end of 2022, while external debt stood at around SAR 375.1 billion or 37.9 percent of total public debt (Table 6.6).

Table 6.5: Current Balances of Domestic Loan Program

				(Million SAR)		
		2021		2022		Change (%)
Actual loans disbursed		414.5		571.7		37.9
Actual loans repaid		359.3		435.8		21.3

Source: MoF.

Table 6.6: Public Debt

FY					Outstanding public debt at year-end			Change (%)	GDP (at current prices)	Ratio of public debt to GDP
	Borrowed		Repaid		Domestic debt	External debt	Total public debt			
	Domestic debt	External debt	Domestic debt	External debt	Domestic debt	External debt	Total public debt			
2018 (1439/1440H)	48,750	71,250	3,272	--	304,980	255,000	559,980	26.3	3,174,689	17.6
2019 (1440/1441H)	69,839	50,161	2,055	--	372,764	305,161	677,925	21.1	3,144,618	21.6
2020 (1441/1442H)	174,253	45,747	44,360	49.8	502,656	350,859	853,515	25.9	2,753,517	31.0
2021 (1442/1443H)	108,754	49,144	52,663	20,739	558,747	379,264	938,011	9.9	3,257,197	28.8
2022 (1443/1444H)	106,650	18,750	50,441	22,885	614,956	375,128	990,084	5.6	4,155,559	23.8

GDP data for 2022 are preliminary.

Source: MoF.

7

Prices and Indices



Prices and Indices

The consumer price index (CPI) increased by 2.5 percent in 2022 compared to 3.1 percent in 2021. Inflation rose globally due to the impact of the coronavirus pandemic and the Russia-Ukraine war on the global economy, as supply chains were affected and transportation costs rose. The consumer price index of Saudi Arabia's top trading partners rose by 8.0 percent in the US, 6.7 percent in India, and 1.9 percent in China. Nevertheless, Saudi Arabia's inflation rate was among the lowest globally.

According to the April 2023 IMF World Economic Outlook (WEO), the average consumer price index increased by 7.3 percent in developed countries and 9.8 percent in emerging and developing countries in 2022.

Consumer Price Index in 2022

Saudi Arabia's CPI increased by 2.5 percent in 2022 compared to 3.1 percent in 2021. The non-oil GDP deflator, which captures the average prices of all goods and services produced in non-oil activities

within a given year, increased by 6.0 percent in 2022 compared to 0.1 percent in 2021 (Table 7.1).

In 2022, most sections of the CPI recorded inflation rates lower than their 2019-21 average except for four sections that recorded higher rates: education; restaurants and hotels; recreation and culture; and housing water, electricity, gas and other fuels (Table 7.2).

Most CPI sections recorded annual increases in 2022, namely education by 5.4 percent; restaurants and hotels by 5.1 percent; transport by 4.1 percent; food and beverages by 3.7 percent; recreation and culture by 2.7 percent; housing, water, electricity, gas and other fuels by 1.8 percent; personal goods and services by 1.6 percent; furnishings, household equipment and maintenance by 1.3 percent; and health and communications by 0.4 percent each.

In contrast, clothing and footwear fell by 1.3 percent, and tobacco by 0.1 percent (Table 7.2).

Table 7.1: Annual Growth Rates of Selected Indicators

	(Percentage)			
	2019	2020	2021	2022
Non-oil GDP deflator (2010 = 100)*	0.5	-0.5	0.1	6.0
General CPI for all cities (2018 = 100)	-2.1	3.5	3.1	2.5
Non-oil GDP at constant prices (2010 = 100)*	4.1	-3.7	7.2	5.4
GDP at constant prices (2010 = 100)*	0.8	-4.3	3.9	8.7
GDP deflator (2010 = 100)*	-1.8	-8.5	13.8	17.3
Government expenditure	-1.9	1.5	-3.4	12.1
Money supply (M3)	7.1	8.3	7.4	8.1

*Preliminary data in 2022.

Source: GaStat, MoF & SAMA.

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

	2019	2020	2021	2022	Average annual change (2019-2021) (%)	Change 2022 (%)
General index	97.9	101.3	104.4	107.0	1.5	2.5
Food & beverages	102.1	111.3	117.3	121.7	5.5	3.7
Tobacco	101.0	108.1	114.9	114.8	4.8	-0.1
Clothing & footwear	98.6	101.5	103.7	102.4	1.2	-1.3
Housing, water, electricity, gas & other fuels	91.4	90.8	88.6	90.2	-3.9	1.8
Home furnishing, equipment & maintenance	99.4	104.0	108.2	109.6	2.7	1.3
Health	100.1	101.3	102.9	103.4	1.0	0.4
Transport	98.6	102.4	112.9	117.5	4.2	4.1
Communication	98.7	103.5	111.2	111.6	3.7	0.4
Recreation & culture	98.3	100.1	103.2	106.0	1.1	2.7
Education	102.5	100.5	95.5	100.7	-1.5	5.4
Restaurants & hotels	103.2	107.7	112.5	118.2	4.0	5.1
Miscellaneous goods & services	99.6	103.6	106.4	108.2	2.1	1.6

Source: GaStat.

Effect of Major Sections on Consumer Price Index

Major sections contributed to the CPI by various rates during 2022. Food and beverages contributed the most with 27.0 percent, followed by transport with 20.4 percent; housing, water, electricity, gas and other fuels with 18.1 percent; restaurants and hotels with 11.1 percent; personal goods and

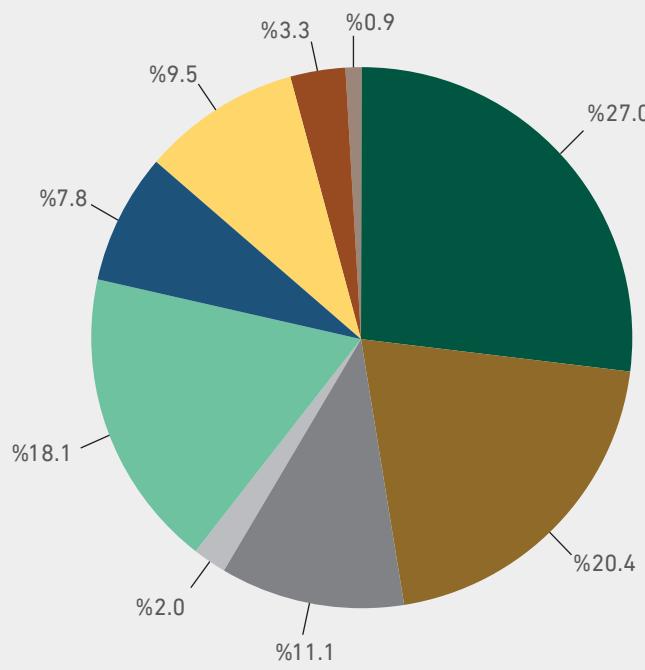
services with 7.8 percent; education with 6.0 percent; furnishings, household equipment and maintenance with 3.3 percent; recreation and culture with 3.2 percent; clothing and footwear with 2.0 percent; communications with 0.9 percent; health with 0.2 percent; and tobacco contribution was insignificant (Table 7.3 and Chart 7.1).

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

	Change 2022 (%)	Weight	Effect on 2022 index
General index	2.5	100.0	100.0
Food & beverages	3.7	18.8	27.0
Tobacco	-0.1	0.6	0.0
Clothing & footwear	-1.3	4.2	2.0
Housing, water, electricity, gas & other fuels	1.8	25.5	18.1
Home furnishing, equipment & maintenance	1.3	6.7	3.3
Health	0.4	1.4	0.2
Transport	4.1	13.0	20.4
Communication	0.4	5.6	0.9
Recreation & culture	2.7	3.1	3.2
Education	5.4	2.9	6.0
Restaurants & hotels	5.1	5.6	11.1
Miscellaneous goods & services	1.6	12.6	7.8

Source: GaStat.

Chart 7.1: Effect of Major Sections on the 2022 Consumer Price Index



Legend:
█ Food & beverages █ Miscellaneous goods & services █ Communication █ Housing, water, electricity, gas & other fuels
█ Clothing & footwear █ Restaurants & hotels █ Transport █ Other sections* █ Home furnishing, equipment & maintenance

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

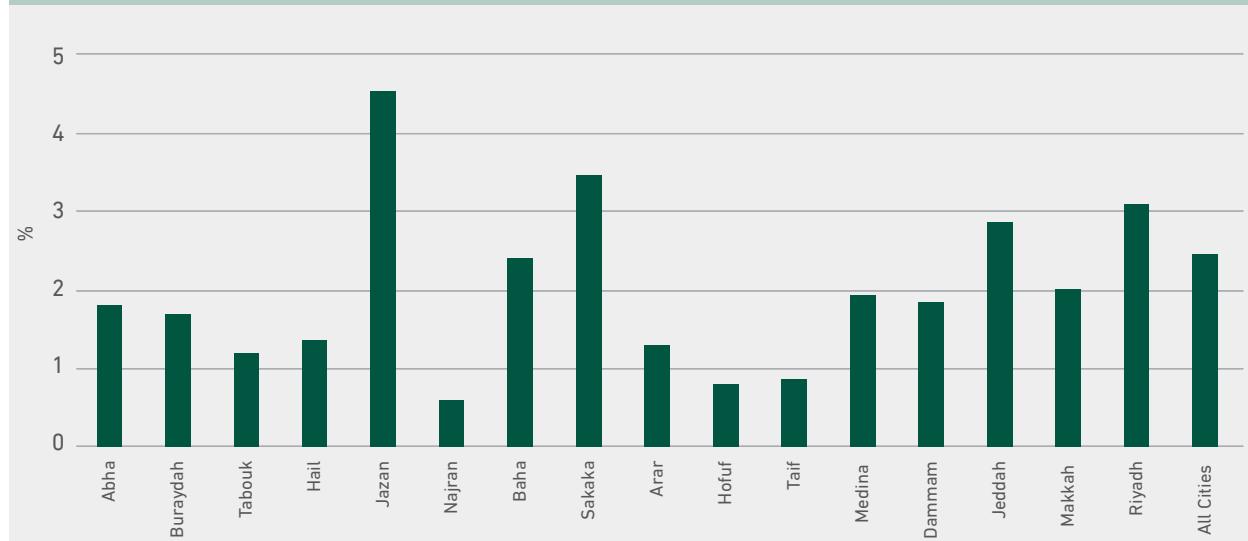
Consumer Price Index Annual Change

Rate by City in 2022

All cities recorded various annual increases, with Jazan recording the highest increase of 4.6 percent. Sakaka came second with 3.5 percent, Riyadh placed third with 3.1 percent, followed by Jeddah with 2.9

percent; Al-Baha with 2.4 percent; Makkah with 2.0 percent; Madinah with 1.9 percent; Dammam and Abha with 1.8 percent; Buraidah with 1.7 percent; Ha'il with 1.4 percent; Ar'ar with 1.3 percent; Tabuk with 1.2 percent; Ta'if with 0.9 percent; Al-Hufuf with 0.8 percent; and Finally Najran with 0.6 percent (Chart 7.2).

Chart 7.2: Consumer Price Index Annual Change by City in 2022



Source: GaStat.

Wholesale Price Index in 2022

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 (CPC2)¹. The wholesale price index increased by 7.6 percent in 2022 compared to 12.1 percent in 2021. All WPI main categories increased in 2022, with agriculture and fishery products recording the highest increase of 13.7 percent, followed by other transportable goods except metal products,

machinery and equipment with 9.0 percent, food products, beverages, tobacco and textiles with 7.4 percent, ores and minerals came next with 5.8 percent, and finally metal products, machinery and equipment with 5.1 percent (Table 7.4).

Developments of World Prices

According to the World Bank's Commodity Markets Outlook issued in April 2023, the energy price index jumped by 60.0 percent during 2022. The food products index rose by 18.0 percent, the raw materials index decreased by 3.1 percent, and the precious metals index fell by 2.4 percent (Table 7.5).

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

	Weight	2020	2021	2022	Change (%)	
					2021	2022
General index	100.0	123.2	138.2	148.8	12.1	7.6
Agriculture & fishery products	8.7	113.0	122.4	139.1	8.3	13.7
Ores & minerals	0.6	100.4	109.8	116.1	9.3	5.8
Food products, beverages, tobacco & textiles	17.3	114.7	121.5	130.4	5.9	7.4
Other goods*	33.7	139.5	160.4	174.9	15.0	9.0
Metal products, machinery & equipment	39.7	115.7	130.5	137.2	12.8	5.1

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

Source: GaStat.

Table 7.5: Selected Indices for Major Commodities

	2020	2021	2022	Change (%)	
				2021	2022
Commodity imports					
Commodity imports (million SAR)	517,491.0	573,185.0	712,036.0	10.8	24.2
Indices for major commodities (2010 = 100)					
Energy products	52.7	95.4	152.6	81.0	60.0
Food products	93.1	121.8	143.7	30.8	18.0
Raw materials	75.8	82.9	80.3	9.4	-3.1
Precious metals	133.5	140.2	136.8	5.0	-2.4
SAR real & nominal effective exchange rates					
SAR nominal effective exchange rate*	118.8	116.2	126.9	-2.2	9.2
SAR real effective exchange rate**	115.0	113.0	117.8	-1.7	4.2

*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 2023; & International Financial Statistics (IFS), IMF.

¹Central Product Classification (CPC2) is an international standard to compile and tabulate all types of data that require product details.

Table 7.6 shows the annual change in consumer prices of Saudi Arabia's top trading partners during 2022, according to recent data from the IMF's World Economic Outlook published in April 2023. The average consumer prices rose by 8.0 percent in the US in 2022; 8.7 percent in Germany; 9.1 percent in the UK; 8.7 percent in Italy; 6.7 percent in India; 5.9 percent in France; 5.1 percent in South Korea; 2.5 percent in Japan; and 1.9 percent in China.

Table 7.6: Annual Changes in Consumer Prices in Top Trading Partners (%)

	2018	2019	2020	2021	2022
Developed countries	2.0	1.4	0.7	3.1	7.3
Emerging & developing countries	4.9	5.1	5.2	5.9	9.8
Top Trading Partners					
USA	2.4	1.8	1.2	4.7	8.0
Japan	1.0	0.5	0.0	-0.2	2.5
UK	2.5	1.8	0.9	2.6	9.1
China	2.1	2.9	2.4	0.9	1.9
Germany	1.9	1.4	0.4	3.2	8.7
India	3.4	4.8	6.2	5.5	6.7
France	2.1	1.3	0.5	2.1	5.9
Italy	1.2	0.6	-0.1	1.9	8.7
UAE	3.1	-1.9	-2.1	-0.1	4.8
South Korea	1.5	0.4	0.5	2.5	5.1

Source: World Economic Outlook (WEO), IMF, April 2023.

Table 7.7: Annual Changes in Consumer Prices in GCC Countries (%)

	2018	2019	2020	2021	2022*
UAE	3.1	-1.9	-2.1	-0.1	4.8
Bahrain	2.1	1.0	-2.3	-0.6	3.6
Qatar	0.1	-0.9	-2.5	2.3	5.0
Kuwait	0.6	1.1	2.1	3.5	3.9
Oman	0.9	0.1	-0.9	1.5	2.8

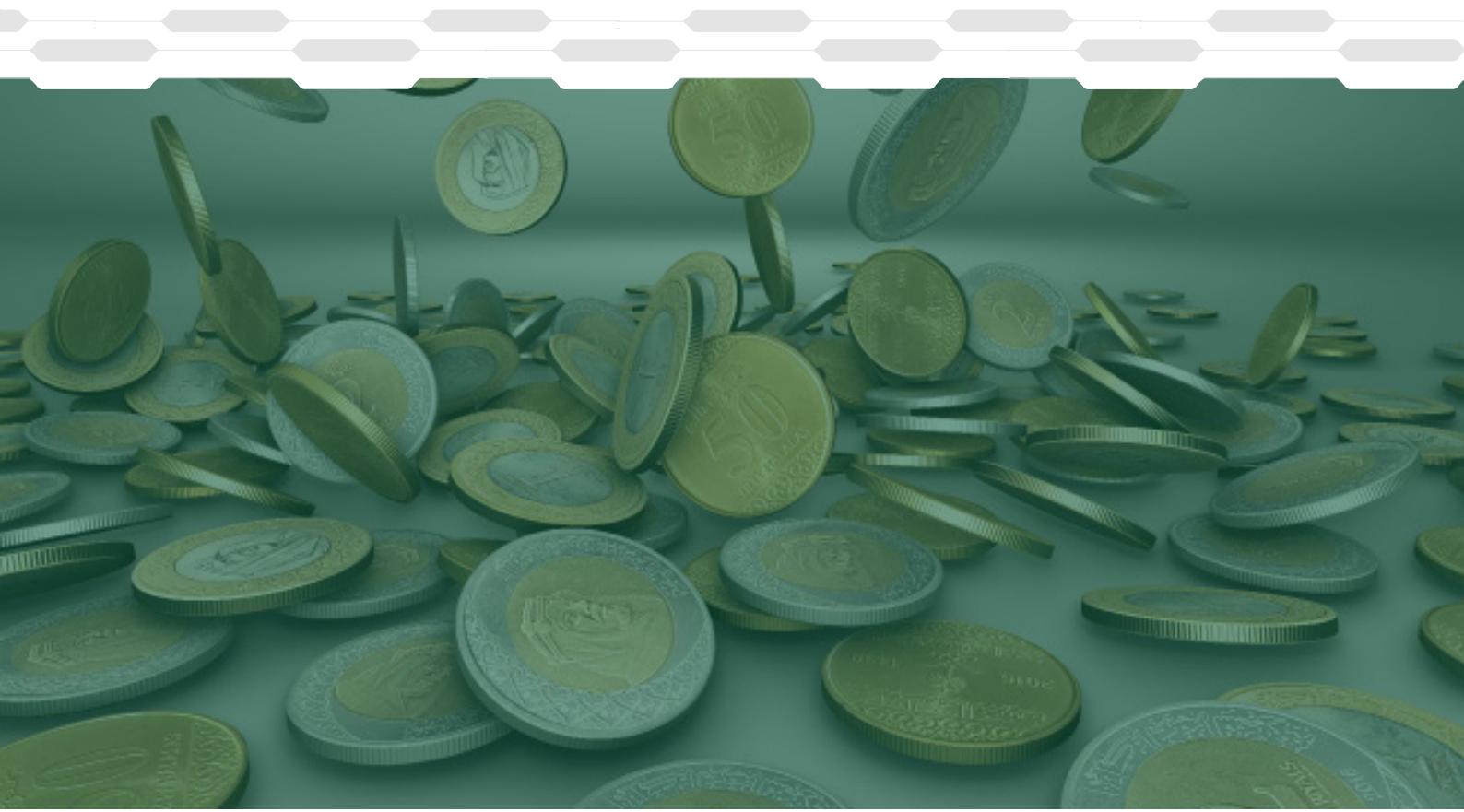
*Preliminary data.

Source: World Economic Outlook (WEO), IMF, April 2023.

As for GCC countries, the average consumer prices increased during 2022 by 5.0 percent in Qatar, 4.8 percent in the UAE, 3.9 percent in Kuwait, 3.6 percent in Bahrain, and 2.8 percent in Oman (Table 7.7).

8

Monetary Developments



Monetary Developments

SAMA has continued to adopt a monetary policy aimed at achieving monetary stability and ensuring that the banking sector is still performing its financing role to meet economic needs. SAMA has also continued to implement a fixed exchange rate policy of the Saudi riyal against the US dollar at SAR 3.75 per one US dollar in light of strong foreign exchange reserves and their sufficiency to meet all external obligations of Saudi Arabia.

Monetary Policy Tools

As part of its role in maintaining monetary stability in light of domestic and global developments in 2022, SAMA made several decisions to raise the base interest rate by seven times during the year. As a result, the repo rate and the reverse repo rate stood at around 5.0 percent and 4.5 percent, respectively, at end-2022. The average daily reverse repo transactions declined by around 33.5 percent to SAR 43.1 billion in 2022 as compared to the preceding year.

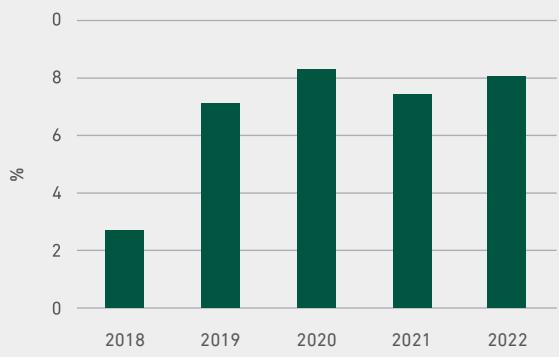
Money Supply Growth

Broad money (M3), which comprises currency in circulation and aggregate bank deposits, continued to increase in 2022. It recorded a growth of nearly 8.1 percent (SAR 186.6 billion) to stand at SAR 2,495.4 billion compared to an increase of nearly 7.4 percent (SAR 159.6 billion) in 2021. Bank deposits, which constituted 92 percent of M3, also increased by 9.1 percent (SAR 190.9

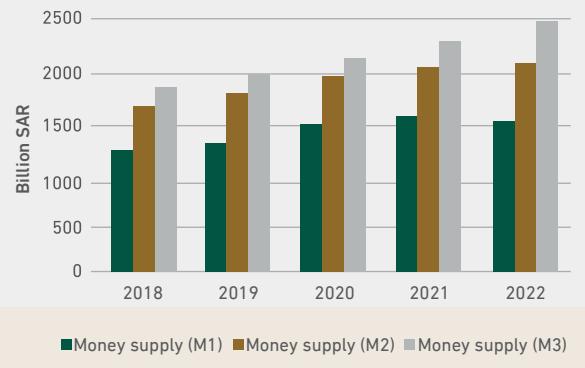
billion) in 2022 compared to a growth rate of 8.3 percent (SAR 161.5 billion) in 2021. In contrast, currency in circulation decreased by 2.2 percent (SAR 4.4 billion) in 2022 compared to a decrease of 0.9 percent (SAR 1.9 billion) in 2021.

A breakdown of bank deposits shows that demand deposits constituted the largest share of M3. They stood at around 53.2 percent of total M3 in 2022 compared to 58.9 percent in 2021 despite their annual decrease of 2.4 percent (SAR 31.9 billion) in 2022 compared to an increase of nearly 6.0 percent (SAR 77.5 billion) in the preceding year. On the other hand, time and savings deposits grew by 32.2 percent (SAR 159.4 billion) in 2022 compared to an increase of 4.5 percent (SAR 21.4 billion) in 2021, which is the highest growth rate since 2006. The share of time and savings deposits in M3 increased from about 21.5 percent in 2021 to about 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 an increase of 25.5 percent (SAR 63.5 billion) in 2022 compared to an increase of 33.6 percent (SAR 62.6 billion) in 2021. The share of other quasi-monetary deposits in M3 constituted 12.5 percent in 2022 compared to about 10.8 percent in 2021 (Tables 8.1, 8.2 and 8.3; Charts 8.1 and 8.2). As for the other key monetary aggregates, M1 (which comprises currency in circulation and demand deposits) recorded a decrease of 2.3 percent (SAR 36.3 billion) in 2022 compared to a rise of 5.1 percent (SAR 75.6 billion) in the preceding

Chart 8.1: Growth Rates of Money Supply (M3)

Source: Saudi Central Bank

Chart 8.2: Money Supply Component

Source: Saudi Central Bank

Table 8.1: Money Supply

End of year	Currency in circulation	Demand deposits	M1 (1+2)	Time and savings deposits	M2 (3+4)	Other quasi-monetary deposits*	(Million SAR)
							M3 (5+6)
	(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

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

Source: Saudi Central Bank

Table 8.2: Money Supply Growth Rates and Components

End of year	Currency in circulation	Demand deposits	M1 (1+2)	Time and savings deposits	M2 (3+4)	Other quasi-monetary deposits	(Percentage)
							M3 (5+6)
2018	4.7	3.8	3.9	-2.5	2.2	7.6	2.7
2019	5.0	5.6	5.5	13.2	7.6	2.8	7.1
2020	9.1	16.7	15.6	-5.5	9.7	-4.5	8.3
2021	-0.9	6.0	5.1	4.5	4.9	33.6	7.4
2022	-2.2	-2.4	-2.3	32.2	6.0	25.5	8.1

Source: Saudi Central Bank

year. The share of demand deposits in M1 remained unchanged at 86.9 percent in 2022. Moreover, M2 (comprising M1 plus time and savings deposits) grew by 6.0 percent (SAR 123.1 billion) in 2022 against an increase of 4.9 percent (SAR 97.0 billion) in 2021. The ratio of M1 to M3 went down from 67.8 percent in 2021 to 61.2 percent in 2022. The ratio of M2 to M3 also decreased to

approximately 87.5 percent in 2022 compared to about 89.2 percent in 2021 (Table 8.3).

Broad Money Supply (M3): Causal Factors

M3 rose to a record high in 2022 as a result of the continued impact of net government expenditures and bank claims on the private and public

Table 8.3: Money Supply Components

	(Percentage in M3: end of year)				
	2018	2019	2020	2021	2022
Currency in circulation	9.7	9.5	9.6	8.9	8.0
Total deposits	90.3	90.5	90.4	91.1	92.0
Demand deposits	56.1	55.4	59.7	58.9	53.2
M1 / M3	65.9	64.9	69.3	67.8	61.2
Time and savings deposits	23.9	25.3	22.1	21.5	26.2
M2 / M3	89.8	90.2	91.3	89.2	87.5
Other quasi-monetary deposits	10.2	9.8	8.7	10.8	12.5
Money Supply (M3)	100.0	100.0	100.0	100.0	100.0

Source: Saudi Central Bank

sectors, reaching about SAR 186.6 billion in 2022. Net government expenditures stood at about SAR 602.4 billion in 2022 compared to about SAR 624.5 billion in the preceding year. Bank claims on the private sector increased by around 12.6 percent (SAR 255.5 billion) to SAR 2,289.6 billion in 2022 compared to an increase of 15.4 percent (SAR 271.6 billion) in 2021. On the other hand, the deficit in the private sector's balance of payments rose to nearly SAR 768 billion in 2022 compared to a deficit of nearly SAR 665.4 billion in the preceding year. In addition, net other items rose by nearly SAR 63.9 billion in 2022 compared to a decrease by around SAR 87.1 billion in the preceding year (Table 8.4 and Chart 8.3).

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 2.2 percent (SAR 7.8 billion) to SAR 364.2 billion in 2022 compared to a rise of 1.0 percent (SAR 3.6 billion) in 2021.

The share of currency in circulation in the monetary base stood at 54.9 percent in 2022 com-

pared to 57.4 percent in the preceding year. On the other hand, commercial banks' deposits with SAMA recorded an increase of 5.9 percent (SAR 7.5 billion) in 2022 against an increase of 8.3 percent (SAR 9.8 billion) in the preceding year. Moreover, public financial institutions' deposits with SAMA increased significantly in 2022, increasing by SAR 5.4 billion and bringing the total deposits to approximately SAR 5,845 million compared to around SAR 444 million in the preceding year. The money multiplier² stood at nearly 6.9 percent in 2022 compared to about 6.5 percent in the preceding year (Table 8.5 and Chart 8.4).

Seasonal Trends of Currency in Circulation

Currency in circulation usually records its highest levels during the month of Ramadan, Eid al-Fitr and the Hajj season, which move through the Gregorian calendar but have coincided with the second and third quarters of the last few Gregorian years. This is demonstrated in the time series data on currency in circulation (Table 8.6 and Chart 8.5).

Currency in circulation reached its peak of SAR 214.1 billion on April 30, 2022 (Ramadan 29,

² Money Multiplier: The ratio of broad money (M3) to the monetary base.

Table 8.4: Causal Factors for Change in M3

	(Billion SAR)			
	2019	2020	2021	2022
Change in M3	131.5	164.1	159.6	186.6
Causal Factors				
Net domestic government expenditure*	600.0	479.7	624.5	602.4
Change in banks' claims on the private sector	101.3	215.9	271.6	255.5
Change in banks' claims on public non-financial institutions	7.9	17.5	15.9	32.8
Deficit in the private sector's balance of payments**	-558.0	-710.8	-665.4	-768.0
Other items (Net)	-19.7	161.8	-87.1	63.9
Total	131.5	164.1	159.6	186.6

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

**Estimated.

Source: Saudi Central Bank

Chart 8.3: Causal Factors for Change in M3

Source: Saudi Central Bank

Table 8.5: Monetary Base and Money Multiplier

	2019	2020	2021	2022
Money Multiplier	6.1	6.1	6.5	6.9
Monetary base (million SAR)				
Currency in circulation	189,160	206,284	204,366	199,966
Cash in vault	29,319	27,384	23,131	22,483
Deposits with SAMA: Local banks' deposits	105,470	118,539	128,335	135,862
Deposits with SAMA: Public financial institutions' deposits	724	444	444	5,845
Total	324,674	352,651	356,276	364,156

Source: Saudi Central Bank

1443H) and recorded its lowest level of SAR 196.7 billion on November 30, 2022 (Jumada I 6, 1444H).

pared to a decline of 4.5 percent (SAR 79.4 billion) in the preceding year. This increase was attributable to a rise of nearly 182.7 percent (SAR 54.5 billion) in total foreign assets of commercial banks compared to a decrease of 56.1 percent (SAR 38.2 billion) in the preceding year. Moreover, SAMA's net assets increased slightly by around 0.5 percent (SAR 8.6 billion) compared to a decrease of about 2.4 percent (SAR 41.2 billion) in the preceding year. As a result, the share of net foreign assets in total assets decreased from 39.1 percent in 2021 to 37.2 percent in 2022.

Chart 8.4: Monetary Base and Money Multiplier

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 any changes that occur. The 2022 monetary survey indicated an increase of nearly 8.9 percent (SAR 380.9 billion) in the assets of the banking system as a whole to SAR 4,663.8 billion compared to an increase of 6.2 percent (SAR 250.6 billion) in 2021.

Net foreign assets rose by 3.8 percent (SAR 63.1 billion) in 2022 to nearly SAR 1,736.1 billion com-

In contrast, bank claims on the private sector rose by 12.6 percent (SAR 255.5 billion) in 2022 compared to an increase of 15.4 percent (SAR 271.6 billion) in 2021. Bank claims on the public sector also increased by 6.1 percent (SAR 29.5 billion) in 2022 compared to an increase of 9.7 percent (SAR 42.4 billion) in the preceding year. Moreover, bank claims on public non-financial institutions rose by 34.5 percent (SAR 32.8 billion) in 2022 compared to an increase of 20.1 percent (SAR 15.9 billion) in 2021 (Table 8.7).

Interest Rate Trends

The average three-month Saudi interbank offered rate (SAIBOR) increased by around 232

Table 8.6: Seasonal Trends of Currency in Circulation

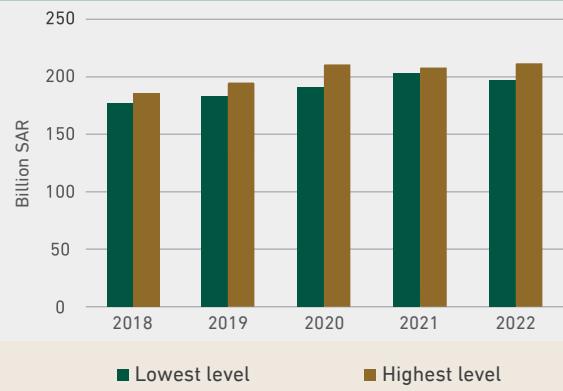
Highest level of currency in circulation during the year			Lowest level of currency in circulation during the year		
End of Gregorian month	Corresponding Hijri date	Quantity (Million SAR)	End of Gregorian month	Corresponding Hijri date	Quantity (Million SAR)
2018/6	H1439/10/16	189,877	2018/1	H1439/5/14	175,134
2019/5	H1440/9/26	196,878	2019/1	H1440/5/25	181,105
2020/5	H1441/10/8	213,586	2020/1	H1441/6/6	190,963
2021/5	H1442/10/19	212,186	2021/11	H1443/4/25	202,564
2022/4	H1443/9/29	214,121	2022/11	H1444/5/6	196,724

Source: Saudi Central Bank

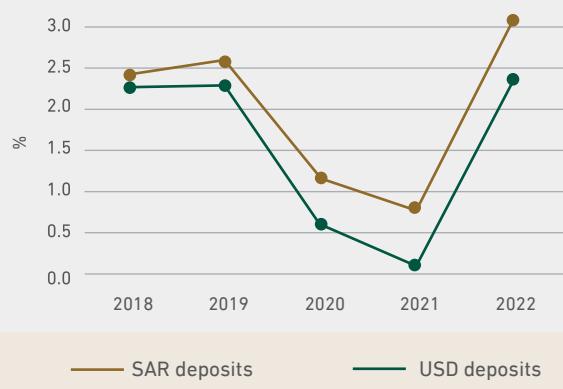
basis points to 3.1 percent in 2022 compared to 0.8 percent in 2021. Similarly, The average three-month interest rate on USD deposits (LIBOR) increased by around 223 basis points from 0.2 percent in 2021 to 2.4 percent in 2022. The interest rate spread (the differential between the two average rates) increased to 73 basis points in 2022 in favor of the Saudi riyal compared to 65 basis points in 2021. These developments were attributed to the global monetary policy tightening during 2022 (Table 8.8 and Chart 8.6).increased to 73 basis points in 2022 in favor of the Saudi Riyal compared to 65 basis points in 2021. These developments were attributed to the global monetary policy tightening cycle during 2022 (Table 8.8 and Chart 8.6).

Exchange Rate Trends

SAMA maintained its US dollar-pegged monetary policy, which aims to maintain the stability of the Saudi riyal exchange rate to serve the Saudi economy's interests. The Saudi riyal exchange rate averaged around SAR 3.7547 per US dollar in 2022 compared to around SAR 3.7509 in the preceding year. The highest exchange rate recorded in 2022 was around 3.7650, and the lowest was SAR 3.7498 (Table 8.9).

Chart 8.5: Seasonal Trends of Currency in Circulation

Source: Saudi Central Bank

Chart 8.6: Interest Rates on SAR and USD Deposits (3-Month Average Rates)

Source: Bloomberg.

Table 8.7: Monetary Survey* (End of year)

	2018	2019	2020	2021	2022
Assets					
Net foreign assets	1,956,765	1,923,100	1,752,315	1,672,954	1,736,098
SAMA	1,835,866	1,852,626	1,684,317	1,643,109	1,651,738
Commercial banks	120,899	70,475	67,998	29,846	84,360
Domestic credit	1,804,171	1,991,837	2,279,967	2,609,908	2,927,741
Banks' claims on the private sector	1,445,252	1,546,519	1,762,440	2,034,085	2,289,581
Banks' claims on the government	305,154	383,672	438,370	480,750	510,298
Banks' claims on public sector non-financial institutions	53,765	61,646	79,158	95,073	127,862
Total	3,760,936	3,914,938	4,032,283	4,282,862	4,663,838
Liabilities					
Money supply (M3)	1,853,645	1,985,139	2,149,267	2,308,820	2,495,372
Government deposits**	681,492	622,945	585,029	537,715	594,092
Other items (Net)	1,225,799	1,306,853	1,297,987	1,436,327	1,574,374
Total	3,760,936	3,914,938	4,032,283	4,282,862	4,663,838
(Change)					
Net foreign assets	-1.0	-1.7	-8.9	-4.5	3.8
Domestic credit	5.3	10.4	14.5	14.5	12.2
Banks' claims on the private sector	2.8	7.0	14.0	15.4	12.6
Banks' claims on the government	19.9	25.7	14.3	9.7	6.1
Banks' claims on public sector non-financial institutions	-0.1	14.7	28.4	20.1	34.5
Money Supply (M3)	2.7	7.1	8.3	7.4	8.1
Government deposits**	-7.6	-8.6	-6.1	-8.1	10.5
Other items (Net)	6.9	6.6	-0.7	10.7	9.6

*The consolidated financial position of SAMA and financial position of commercial banks. **Including LCs and bills for collection.
Source: Saudi Central Bank

Table 8.8: Interest Rates on SAR and USD Deposits*

Year	SAR deposits (SAIBOR 3M)	USD deposits (LIBOR 3M)	Three-month average rates
			Difference between SAR and USD 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	2.39	0.73

*Interbank offered rates.

Source: Bloomberg.

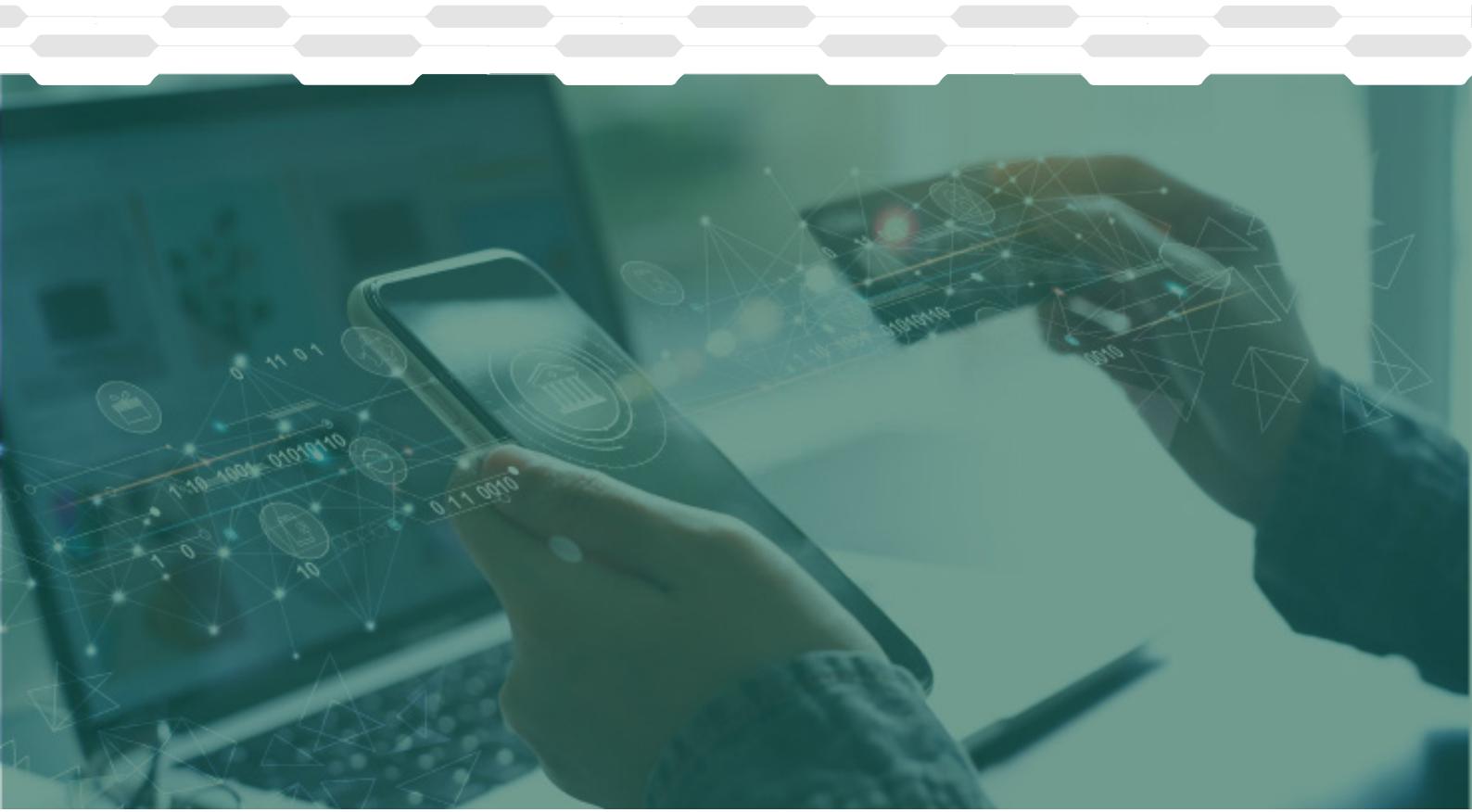
Table 8.9: Indicators of USD/SAR Exchange Rate in the Spot Market

Year	Highest rate	Lowest rate	Average rate (for the entire year)
2017	3.7518	3.7499	3.7503
2018	3.7530	3.7498	3.7506
2019	3.7535	3.7500	3.7508
2020	3.7694	3.7503	3.7537
2021	3.7499	3.7560	3.7509
2022	3.7498	3.7650	3.7547

Source: Bloomberg.

9

Banking Sector



Banking Sector

The banking sector continued its good performance during 2022 at all levels. Through SAMA's supervisory role over the sector and efforts to enhance its resilience and solvency, in cooperation with local banks and in line with the objectives of Vision 2030, SAMA has contributed to the development of banking services provided by the sector. The good performance of commercial banks during 2022 was reflected in their improved general activities and enhanced financial position. Their total assets increased by 10.5 percent, bank deposits by 9.1 percent, and profits by 28.6 percent.

Consolidated Financial Position of Banks

Commercial banks performed well in 2022 as their total assets rose by 10.5 percent (SAR 343.1 billion) to nearly SAR 3,620.9 billion compared to an increase of 10.0 percent (SAR 298.2 billion) in the preceding year (Table 9.1).

Bank Deposits

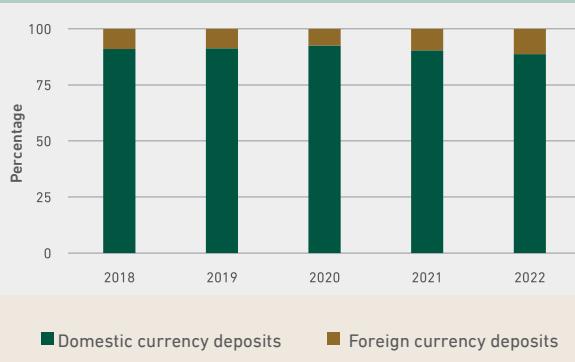
Total bank deposits increased by 9.1 percent (SAR 191.0 billion) to about SAR 2,295.4 billion in 2022 compared to an increase of 8.3 percent (SAR 161.5 billion) in the preceding year (Table 9.2 and Charts 9.1 and 9.2).

A review of developments in bank deposits by type shows that demand deposits declined by 2.3 percent (SAR 31.9 billion) to around SAR 1,328.2 billion in 2022 compared to a rise of 6.0 percent (SAR 77.5 billion) in the preceding year, bringing down their share in total deposits to 57.9 percent from 64.6 percent at the end of the preceding

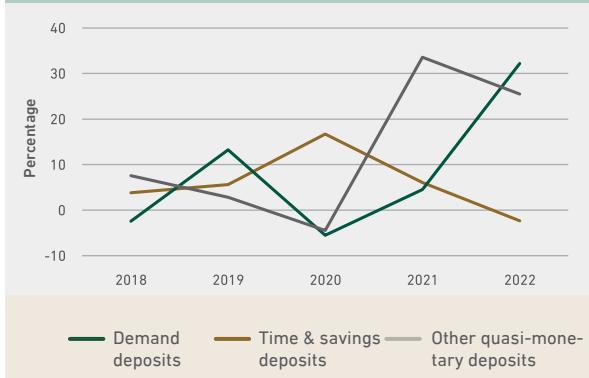
Table 9.1: Consolidated Financial Position of Commercial Banks (End of Period)

	2018	2019	2020	2021	2022	(Million SAR)
Assets						
Bank reserves	222,856	239,375	288,177	205,569	202,417	
Foreign assets	231,832	243,629	250,064	255,572	286,890	
Claims on the public sector	358,919	445,318	517,527	575,822	638,160	
Claims on the private sector	1,445,252	1,546,519	1,762,440	2,034,085	2,289,581	
Claims on non-financial institutions	1,041	1,398	1,419	368	973	
Other assets	138,246	154,888	159,998	206,430	202,929	
Total assets (liabilities)	2,398,147	2,631,128	2,979,625	3,277,846	3,620,949	
Liabilities						
Bank deposits	1,673,513	1,795,979	1,942,984	2,104,454	2,295,406	
Foreign liabilities	110,933	173,155	182,066	225,727	202,530	
Capital & reserves	303,439	342,976	377,099	419,525	437,728	
Profits	48,148	50,315	38,701	53,875	69,272	
Other liabilities	262,113	268,703	438,776	474,266	616,013	

Source: Saudi Central Bank.

Chart 9.1: Deposits by Currency

Source: Saudi Central Bank.

Chart 9.2: Growth Rates of Bank Deposits

Source: Saudi Central Bank.

Table 9.2: Bank Deposits (End of Period)

	2018	2019	2020	2021	2022	(Million SAR)
I. By type						
Demand deposits	1,040,665	1,099,151	1,282,591	1,360,108	1,328,160	
Time & savings deposits	443,022	501,667	473,967	495,334	654,764	
Other quasi-monetary deposits	189,826	195,161	186,425	249,011	312,482	
Foreign currency deposits	149,976	155,039	144,064	200,449	257,553	
Deposits for LCs	25,409	24,191	25,973	28,669	39,932	
Repo transactions	--	--	1	--	--	
Outstanding remittances	14,440	15,931	16,387	19,893	14,996	
II. By sector						
Private sector	1,330,444	1,390,494	1,518,294	1,593,191	1,644,217	
Public sector	343,069	405,485	424,689	511,263	651,189	
III. By currency						
Domestic currency deposits	1,523,537	1,640,940	1,798,920	1,904,005	2,037,853	
Foreign currency deposits	149,976	155,039	144,064	200,449	257,553	
Total bank deposits	1,673,513	1,795,979	1,942,984	2,104,454	2,295,406	

Source: Saudi Central Bank.

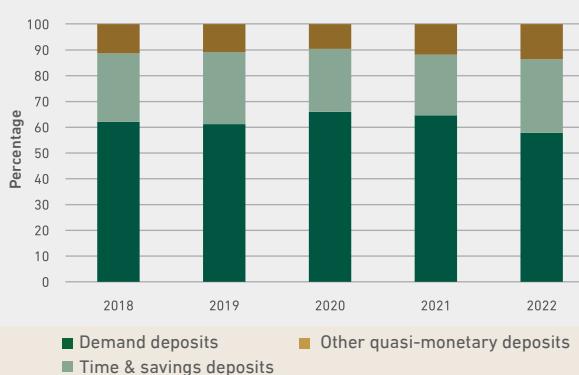
year. On the other hand, time and savings deposits increased by 32.2 percent (SAR 159.4 billion) to around SAR 654.8 billion in 2022 compared to an increase of 4.5 percent (SAR 21.4 billion) in the previous year. Their share in total deposits also increased to 28.5 percent compared to 23.5 percent at the end of the preceding year.

Moreover, other quasi-monetary deposits increased by 25.5 percent (SAR 63.5 billion) to around SAR 312.5 billion in 2022 compared to an increase of 33.6 percent (SAR 62.6 billion) in the

preceding year. Their share in total deposits rose to 13.6 percent compared to 11.8 percent at the end of the preceding year (Chart 9.3).

A breakdown of deposits by sector shows that the private sector deposits increased by 3.2 percent (SAR 51.0 billion) to around SAR 1,644.2 billion in 2022 compared to a rise of 4.9 percent (SAR 74.9 billion) in the preceding year. The share of the private sector deposits in total bank deposits declined to 71.6 percent compared to 75.7 percent at the end of the preceding year.

Chart 9.3: Shares of Deposit Components



Source: Saudi Central Bank.

Furthermore, the public sector deposits increased by 27.4 percent (SAR 139.9 billion) to about SAR 651.2 billion compared to an increase of 20.4 percent (SAR 86.6 billion) in the preceding year, bringing up the share of the sector's deposits in total deposits to 28.4 percent at end-2022 from 24.3 percent at end-2021.

A review of developments in bank deposits by currency shows that domestic currency deposits increased by 7.0 percent (SAR 8.3 billion) to nearly SAR 2,037.9 billion in 2022 compared to a rise of 5.8 percent (SAR 105.1 billion) in the preceding year. Their share in total deposits declined to 88.8 percent at end-2022 from 90.5 percent at end-2021. In addition, foreign currency deposits rose by 28.5 percent (SAR 57.1 billion) to about SAR 257.6 billion in 2022 compared to a rise of 39.1 percent (around SAR 56.4 billion) in the preceding year. The share of foreign currency deposits in total deposits increased to 11.2 percent from 9.5 percent at end-2021.

Bank Claims on the Private and Public Sectors

Total bank claims on the private and public sectors increased by 12.2 percent (SAR 318.4 billion) to nearly SAR 2,928.7 billion in 2022 compared to an increase of 14.4 percent (SAR 328.9 billion) in the preceding year.

Thus, total claims on the private and public sectors at end-2022 accounted for 127.6 percent of total bank deposits compared to 124.0 percent at end-2021.

Total bank claims on the private sector rose by 12.6 percent (SAR 255.5 billion) to around SAR 2,289.6 billion in 2022 compared to a rise of 15.4 percent (SAR 271.6 billion) in the preceding year.

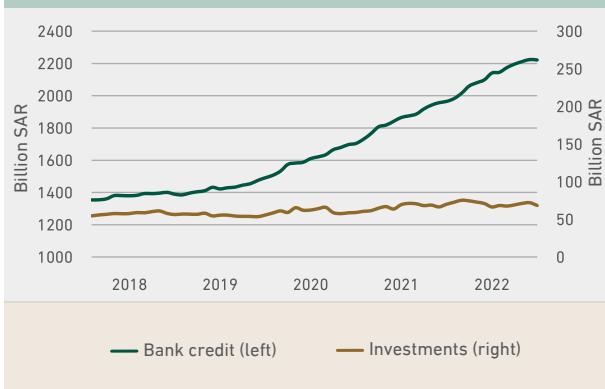
Total bank credit extended to the private and public sectors grew by 12.2 percent during 2022. These claims constituted 99.7 percent of total bank deposits at end-2022 compared to 96.7 percent at end-2021.

On the other hand, bank claims on the public sector (credit to public institutions and government or quasi-government bonds) increased by 10.8 percent (SAR 62.3 billion) to about SAR 638.2 billion in 2022 compared to a rise of 11.3 percent (SAR 58.3 billion) in the preceding year. This rise was attributable to the growth of bank credit to public institutions by 34.5 percent against 20.1 percent in the preceding year. Bank claims on the public sector constituted 27.8 percent of total bank deposits in 2022 compared to 27.4 percent in the preceding year.

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

	2020		2021		2022		(Million SAR)
	Amount	Share	Amount	Share	Amount	Share	
Claims on the private sector	1,762,440	77.25	2,034,085	77.93	2,289,581	78.18	
Bank credit	1,703,432	74.67	1,964,147	75.25	2,221,209	75.84	
Loans & advances	1,690,316	74.09	1,948,981	74.67	2,205,600	75.31	
Bills discounted	13,117	0.57	15,166	0.58	15,610	0.53	
Investments in private securities	59,008	2.59	69,938	2.68	68,371	2.33	
Claims on the public sector	517,527	22.68	575,822	22.06	638,160	21.79	
Bank credit to public institutions	79,158	3.47	95,073	3.64	127,862	4.37	
Government & quasi-government	438,370	19.22	480,750	18.42	510,298	17.42	
Claims on non-monetary financial institutions	1,419	0.06	368	0.01	973	0.03	
Total	2,281,386	100.00	2,610,276	100.00	2,928,713	100.00	

Source: Saudi Central Bank.

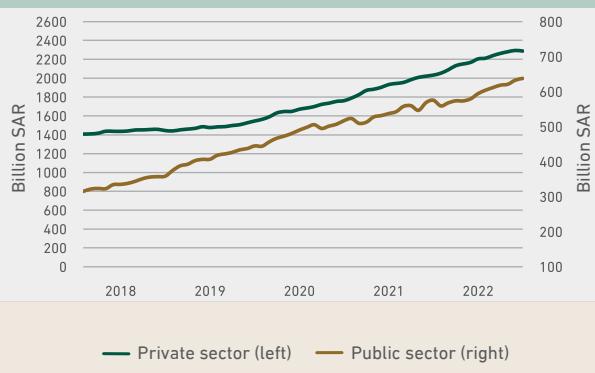
Chart 9.4: Bank Claims on Private Sector (Monthly)

Source: Saudi Central Bank.

Furthermore, claims on non-monetary financial institutions went up by 164.2 percent (SAR 604.6 million) at end-2022 compared to a decline of 74.1 percent (SAR 1.1 billion) at the end of the preceding year (Table 9.3 and Charts 9.4 and 9.5).

Bank Credit by Maturity

Short-term bank credit extended to the private sector and institutions of the public sector increased by 13.2 percent (SAR 101.8 billion) to nearly SAR 873.4 billion in 2022 compared to an increase of 10.5 percent (SAR 73.5 billion) in 2021. Similarly, medium-term credit (1-3 years) rose by 7.8 percent (SAR 21.0 billion) to roughly

Chart 9.5: Bank Claims by Sector (Monthly)

Source: Saudi Central Bank.

SAR 290.4 billion compared to a rise of 3.3 percent (SAR 8.5 billion) in the preceding year. In addition, long-term credit (more than 3 years) increased by 16.4 percent (SAR 167.0 billion) to around SAR 1,185.3 billion compared to an increase of 23.6 percent (SAR 194.7 billion) in the preceding year (Table 9.4).

Bank Credit by Economic Activity

A breakdown of bank credit by economic activity during 2022 shows mixed trends. Bank credit extended to the real estate activity recorded the highest growth rate compared to the rest of economic activities, rising by 30.7 percent (SAR

2.49 billion) to nearly SAR 209.6 billion compared to SAR 160.4 billion in the preceding year. Bank credit extended to the mining and quarrying activity grew by 22.4 percent (SAR 6.8 billion) to SAR 36.9 billion compared to SAR 30.2 billion in the preceding year. Furthermore, bank credit extended to financial and insurance activities grew by 20.2 percent (SAR 15.2 billion) to SAR 90.0 billion compared to SAR 74.9 billion in the preceding year.

Bank credit extended to electricity, gas and water supplies also went up by 19.4 percent (SAR 18.0 billion) to SAR 110.9 billion compared to SAR 92.9 billion in the preceding year. Bank credit extended to human health and social work activities also increased by 16.5 percent (SAR 2.5 billion) to SAR 18.0 billion compared to SAR 15.5 billion in the preceding year. Moreover, bank credit extended to accommodation and food service activities increased by 16.3 percent (SAR 5.3 billion) to SAR 37.7 billion compared to SAR 32.4 billion

Table 9.4: Bank Credit by Maturity

Year (end of period)	Short term	Medium term	Long term	Total	(Million SAR)
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	

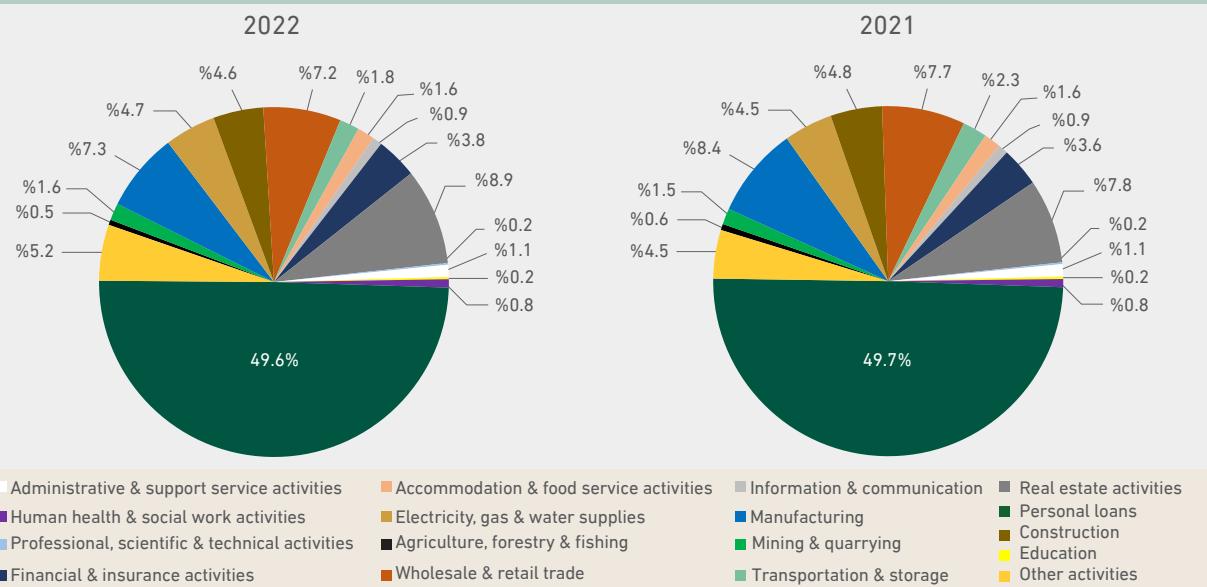
Note: Short term: less than one year. Medium term: 1-3 years. Long term: more than three years.

Source: Saudi Central Bank.

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

	2021		2022	
	Amount	Share	Amount	Share
Agriculture, forestry & fishing	11,747	0.6	11,523	0.5
Mining & quarrying	30,218	1.5	36,986	1.6
Manufacturing	172,994	8.4	171,392	7.3
Electricity, gas & water supplies	92,904	4.5	110,898	4.7
Construction	98,080	4.8	109,005	4.6
Wholesale & retail trade	158,157	7.7	168,507	7.2
Transportation & storage	46,514	2.3	42,999	1.8
Accommodation & food service activities	32,425	1.6	37,698	1.6
Information & communication	18,500	0.9	20,402	0.9
Financial & insurance activities	74,863	3.6	90,015	3.8
Real estate activities	160,411	7.8	209,586	8.9
Professional, scientific & technical activities	3,461	0.2	3,827	0.2
Administrative & support service activities	23,475	1.1	26,339	1.1
Education	4,547	0.2	4,741	0.2
Human health & social work activities	15,476	0.8	18,025	0.8
Personal loans	1,023,012	49.7	1,165,410	49.6
Other activities	92,434	4.5	121,718	5.2
Total	2,059,220	100.0	2,349,071	100.0

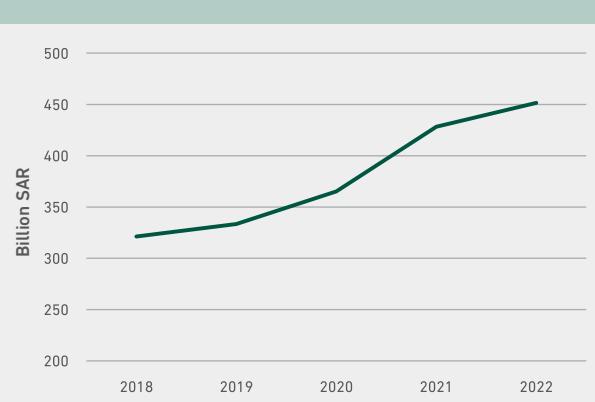
Source: Saudi Central Bank.

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

Source: Saudi Central Bank.

in the preceding year. Bank credit extended to retail loans also increased by 13.9 percent (SAR 142.4 billion) to SAR 1,165.4 billion compared to SAR 1,023.0 billion in the preceding year. Likewise, Bank credit extended to administrative and support service activities increased by 12.2 percent (SAR 2.9 billion) to SAR 26.3 billion compared to SAR 23.5 billion in the preceding year. Bank credit extended to the construction activity also rose by 11.1 percent (SAR 10.9 billion) to SAR 109.0 billion compared to SAR 98.1 billion in the preceding year. Bank credit extended to professional, scientific and technical activities also increased by 10.6 percent (SAR 0.366 million) to SAR 3.8 billion compared to SAR 3.5 billion in the preceding year. Similarly, Bank credit extended to the information and communication activity rose

by 10.3 percent (SAR 1.9 billion) to SAR 20.4 billion compared to SAR 18.5 billion in the preceding year. Bank credit extended to the wholesale and retail trade activity also increased by 6.5 percent (SAR 4.10 billion) to SAR 168.5 billion compared to SAR 158.2 billion in the preceding year. Bank credit extended to the education activity also grew by 4.3 percent (SAR 0.194 million) to SAR

Chart 9.7: Total Consumer Loans

Source: Saudi Central Bank.

Table 9.6: Syndicated Loans

Period	No. of syndicated loans			Value of syndicated loans (billion SAR)		
	Resident	Non-resident	Total	Resident	Non-resident	Total
2018	571	78	649	341	14	355
2019	525	98	623	446	22	467
2020	411	83	494	179	23	202
2021	404	69	473	188	19	206
2022	697	76	773	201	17	219

Source: Saudi Central Bank.

4.7 billion compared to SAR 4.5 billion in the preceding year. In contrast, bank credit extended to the manufacturing activity went down by 0.9 percent (SAR 1.6 billion) to SAR 171.4 billion compared to SAR 173.0 billion in the preceding year. Bank credit extended to the agriculture, forestry and fishing activity also decreased by 1.9 percent (SAR 224.8 million) to SAR 11.5 billion compared to SAR 11.7 billion in the preceding year. Bank credit extended to the transportation and storage activity also fell by 7.6 percent (SAR 3.5 billion) to SAR 43.0 billion compared to SAR 46.5 billion in the preceding year (Table 9.5 and Chart 9.6).

Syndicated Loans

Data on syndicated loans extended to residents indicate that their number increased by 72.5 percent to 697 in 2022. Similarly, syndicated loans

Table 9.7A: Consumer and Credit Card Loans*

Year (end of period)	Consumer loans							Total	Credit cards	(Million SAR)
	Renovation & property improvement	Motor vehicles & personal transportation	Furniture & durable goods	Education	Health care	Tourism & travel	Others			
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	

*Excluding real estate finance, leasing and finance for stocks trading.
Source: Saudi Central Bank.

Table 9.7B: Real Estate Loans from Commercial Banks

Year (end of period)	Retail subscribers	Corporate	Total	
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

Source: Saudi Central Bank.

extended to non-residents went up by 10.1 percent to 76. The total value of syndicated loans extended to residents increased by 7.4 percent to SAR 201 billion in 2022. Conversely, the value of syndicated loans extended to non-residents declined by 8.7 percent to SAR 17 billion (Table 9.6).

Consumer and Credit Card Loans

Consumer and credit card loans extended by commercial banks went up by 6.0 percent to nearly SAR 474.6 billion at end-2022 compared to about SAR 447.9 billion in the preceding year (Table 9.7A and Chart 9.7).

Real Estate Bank Credit

Retail and corporate real estate loans extended by banks continued their growth to reach around SAR 687.8 billion, increasing by 20.9 percent (SAR

119.0 billion) in 2022 compared to a growth rate of 32.8 percent (SAR 140.4 billion) in the preceding year. Retail real estate loans recorded a rise of 23.3 percent (SAR 104.0 billion) to SAR 549.8 billion compared to an increase of 41.4 percent (roughly SAR 130.6 billion) in the preceding year, accounting for 79.9 percent of total real estate loans at end-2022. Corporate real estate loans extended by commercial banks also rose by 12.1 percent (SAR 15.0 billion) to about SAR 138.1 billion in 2022 compared to a rise of 8.7 percent

(SAR 9.9 billion) in the preceding year, accounting for 20.1 percent of total real estate loans (Table 9.7B).

Commercial Banks' Foreign Assets and Liabilities

Foreign assets of commercial banks went up by 12.3 percent (SAR 31.3 billion) to around SAR 286.9 billion at end-2022 compared to an increase of 2.2 percent (SAR 5.5 billion) in the preceding year.

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

	Amount		Change				(Million SAR)
			2021		2022		
	2021	2022	Amount	Percentage	Amount	Percentage	
Foreign assets							
Due from foreign banks	60,241	59,664	12,486	26.1	-577	-1.0	
Due from branches abroad	60,524	57,463	3,673	6.5	-3,061	-5.1	
Other assets	38,374	52,284	-285	-0.7	13,910	36.2	
Investments abroad	96,434	117,479	-10,366	-9.7	21,045	21.8	
Total	255,572	286,890	5,508	2.2	31,318	12.3	
Foreign liabilities							
Due to foreign banks	129,511	107,846	34,802	36.7	-21,665	-16.7	
Due to branches abroad	51,634	42,326	7,901	18.1	-9,309	-18.0	
Other liabilities	44,582	52,358	957	2.2	7,777	17.4	
Total	225,727	202,530	43,661	24.0	-23,197	-10.3	
Net foreign assets	29,846	84,360	-38,153	-56.1	54,514	182.7	

Source: Saudi Central Bank.

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



Source: Saudi Central Bank.

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



Source: Saudi Central Bank.

Table 9.9: Commercial Banks' Reserves (End of Period)

(Million SAR)					
Year (end of period)	2018	2019	2020	2021	2022
Cash in vault	30,733	29,319	27,384	23,131	22,483
SAMA deposits					
Current deposits	1,401	593	432	59	1,483
Statutory deposits	98,060	102,918	115,067	124,145	133,995
Other deposits	92,662	106,545	145,294	58,234	44,455
Bank reserves	222,856	239,375	288,177	205,569	202,417
Ratios to bank deposits					
Cash in vault	1.89	1.80	1.64	1.29	1.07
SAMA deposits					
Current deposits	0.09	0.04	0.03	0.00	0.07
Statutory deposits	6.02	6.30	6.88	6.91	6.37
Other deposits	5.69	6.52	8.68	3.24	2.11
Bank reserves	13.68	14.66	17.22	11.45	9.62

Source: Saudi Central Bank.

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

(Million SAR)					
	2018	2019	2020	2021	2022
Capital & reserves	303,439	342,976	377,099	419,525	437,728
Capital & reserves as a ratio of:					
Bank deposits	18.1	19.1	19.4	19.9	19.1
Total assets	12.7	13.0	12.7	12.8	12.1
Capital to risk-weighted assets ratio (%)					
(Basel Standard)	20.3	19.3	20.3	19.9	19.9

Source: Saudi Central Bank.

In contrast, foreign liabilities of commercial banks went down by 10.3 percent (SAR 23.2 billion) to around SAR 202.5 billion in 2022 compared to an increase of 24.0 percent (SAR 43.7 billion) in the preceding year. As a result, commercial banks' net foreign assets (foreign assets less foreign liabilities) rose by 182.7 percent (SAR 54.5 billion) to SAR 84.4 billion in 2022 compared to a decline of 56.1 percent (SAR 38.2 billion) in the preceding year (Table 9.8 and Charts 9.8 and 9.9).

Commercial Banks' Cash Reserves

Commercial banks' cash reserves (cash in vault and deposits with SAMA) fell by 1.5 percent (about

SAR 3.2 billion) to nearly SAR 202.4 billion in 2022 compared to a decline of 28.7 percent (SAR 82.6 billion) in the preceding year. The decline was due to a 23.7 percent (SAR 13.8 billion) decline in other deposits with SAMA, which reached SAR 44.5 billion at end-2022 against about SAR 58.2 billion at end-2021. On the other hand, current deposits with SAMA increased by about SAR 1.4 billion to SAR 1.5 billion at end-2022 compared to SAR 59.0 million in the previous year. Statutory deposits with SAMA also increased by 7.9 percent (nearly SAR 9.9 billion) to around SAR 134.0 billion. Cash in commercial banks' vaults, however, declined by 2.8 percent (nearly SAR 647.8 mil-

lion) from about SAR 23.1 billion at end-2021 to around SAR 22.5 billion at end-2022 (Table 9.9).

Banks' Capital and Reserves

Banks' capital and reserves recorded an increase of approximately SAR 18.2 billion or 4.3 percent to about SAR 437.7 billion in 2022 compared to a rise of SAR 42.4 billion or 11.3 percent in the preceding year. Their ratio to total deposits, however, decreased from 19.9 percent at end-2021 to 19.1 percent at end-2022. Their ratio to total assets also decreased from 12.8 percent at end-2021 to 12.1 percent at end-2022. The capital adequacy ratio (CAR) stood at around 19.9 percent at end-2022, which is higher than 10.5 percent, the recommended ratio according to Basel III (Table 9.10).

Sources and Uses of Financial Resources of Commercial Banks

Total added financial resources of commercial banks fell by 1.8 percent to nearly SAR 380.9 billion in 2022 compared to nearly SAR 387.9 billion in the preceding year. Key added financial resources were used in several items; however,

total deposits accounted for the highest share of total added financial resources. Total deposits accounted for 50.1 percent, increasing by about SAR 191.0 billion, and other liabilities accounted for 24.5 percent, increasing by about SAR 93.5 billion of total added resources. The Interbank claims also rose by around SAR 45.4 billion, accounting for 11.9 percent of the total. In addition, the capital base went up by about SAR 33.6 billion, accounting for 8.8 percent of the total. SAMA bills also rose to nearly SAR 5.6 billion, accounting for 1.5 percent of the total. Likewise, claims on banks went up by SAR 5.6 billion, accounting for 1.5 percent of the total. Moreover, banks' reserves increased by about SAR 3.2 billion, accounting for 0.8 percent of the total. Repurchase agreements (Repos) also rose to about SAR 2.9 billion, accounting for 0.8 percent of the total. Other assets also went up by about SAR 294.6 million, accounting for 0.1 percent of the total.

Most of these financial resources were used during 2022 to increase claims on the private sector with an approximate amount of SAR 255.5 billion, accounting for 67.1 percent of total re-

Table 9.11: Key Sources and Uses of Financial Resources of Commercial Banks in 2022

Uses	Amount	Share	Resources	Amount	Share	(Million SAR)
Foreign assets	31,317.6	8.2	Total deposits	190,952.4	50.1	
Foreign liabilities	23,196.9	6.1	Capital base	33,600.3	8.8	
Claims on the private sector	255,495.4	67.1	Interbank claims	45,395.5	11.9	
Claims on the government and public sector	62,337.6	16.4	Banks' reserves	3,151.6	0.8	
Claims on non-monetary financial institutions	604.6	0.2	SAMA bills	5,592.7	1.5	
Fixed assets	7,948.5	2.1	Claims on banks	5,561.7	1.5	
			Repo transactions	2,871.7	0.8	
			Other liabilities	93,480.2	24.5	
			Other assets	294.6	0.1	
Total	380,900.7	100.0	Total	380,900.7	100.0	

Source: Saudi Central Bank.

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

Year (end of period)	Riyadh	Makkah	Madinah	Eastern Region	Qassim	Asir	Tabuk	Ha'il	Northern Borders Region	Jawf	Jazan	Najran	Baha	Total
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

Source: Saudi Central Bank.

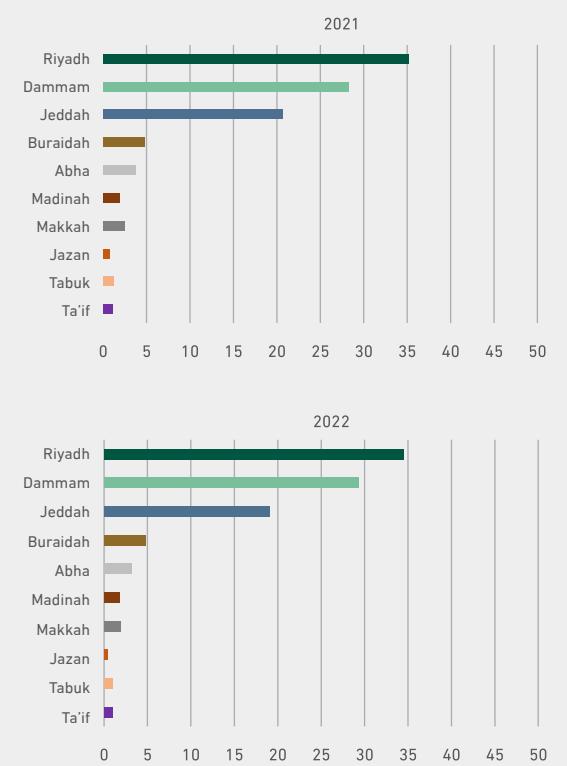
sources used. In addition, claims on the government and public sector went up by about SAR 62.4 billion, accounting for 16.4 percent of the total. Foreign assets also increased by nearly SAR 31.3 billion, accounting for 8.2 percent of the total. Foreign liabilities also rose by nearly SAR 23.2 billion, accounting for 6.1 percent of total financial resources used. Similarly, fixed assets went up by around SAR 7.9 billion, accounting for 2.1 percent of the total. Claims on non-monetary financial institutions also increased by about SAR 604.6 million, accounting for 0.2 percent of the total (Table 9.11).

Commercial Banks' Profits

Commercial banks' profits recorded an increase of 28.6 percent to approximately SAR 69.3 billion in 2022, above last year's profits of SAR 53.9 billion.

Number of Banks and Branches

The number of commercial banks operating in Saudi Arabia stood at 36 (27 operating and 9 licensed) at end-2022. This includes branches of foreign and digital banks as Bank of Jordan (one of the foreign banks) and D360 Bank (one of the digital banks) were granted licenses to operate in Saudi Arabia. The number of commercial banks'

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

Source: Saudi Central Bank.

branches operating in Saudi Arabia decreased to 1,927 in 2022, registering a decrease of 18 compared to the preceding year. A breakdown of bank branches by administrative regions shows that Riyadh region accounted for 590 branches, Makkah region 391 branches, the Eastern region 368 branches, Asir region 123 branches, Al-Qassim region 112 branches, and Madinah region 99 branches (Table 9.12).

Number of Employees in the Banking Sector

The number of employees in the banking sector declined by 1.8 percent to 44,761 (male and female) in 2022. Saudi (male and female) employees represented 95.4 percent (42,689) of the total number of employees in the banking sector. Saudi male employees accounted for 77.1 percent of the total number of employees as compared to 4.6 percent of non-Saudi male employees. Saudi female employees represented 18.3 percent of the total number of employees, whereas non-Saudi female employees accounted for 0.1 percent.

Banking Technology Developments in 2022

I. Clearing House Operations

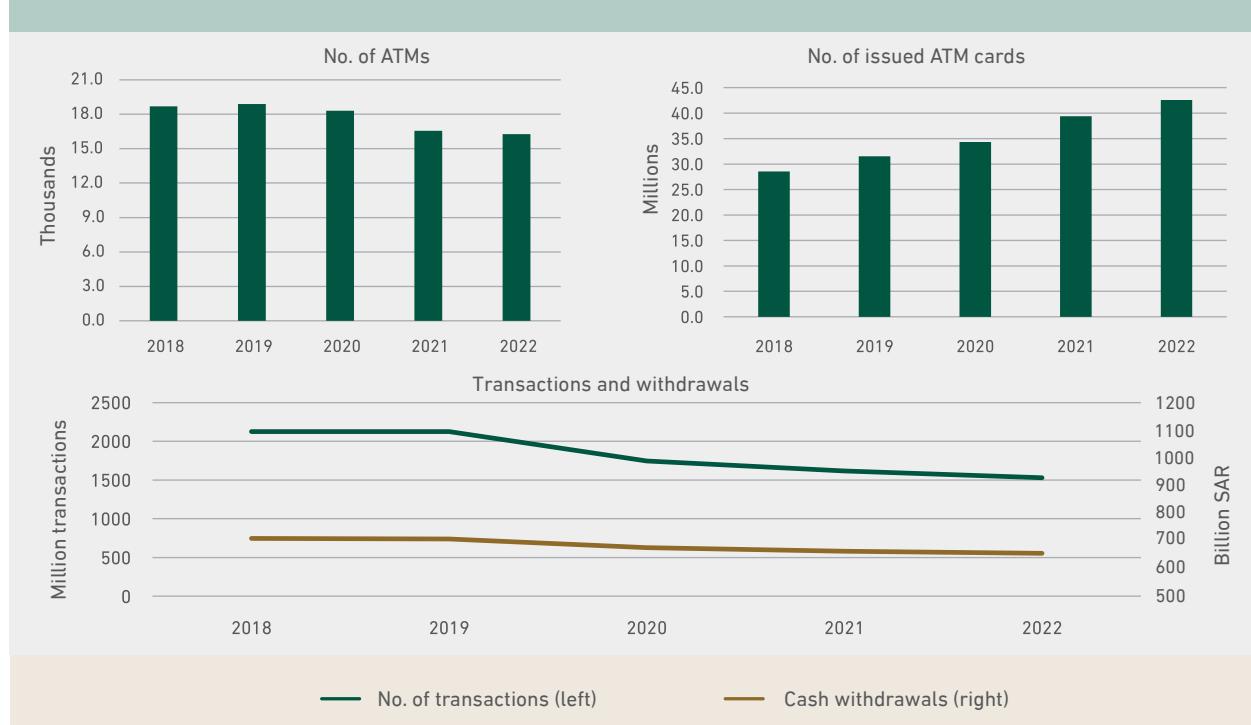
The number of commercial and personal checks cleared through clearing houses in Saudi Arabia decreased by 22.5 percent (352.8 thousand checks) in 2022, dropping their value by 15.2 percent to around SAR 151.3 billion. However, the average check value increased by 9.3 percent from SAR 113,729 in 2021 to SAR 124,351 in 2022. The number of checks in Riyadh clearing house declined by 24.1 percent to around 418.9 thousand, Dammam 22.0 percent to 346.1 thousand,

Table 9.13: ATM Statistics

Year	No. of ATMs	No. of issued ATM cards	No. of transactions (million)			Cash withdrawals (million SAR)		
			Mada	Banks	Total	Mada	Banks	Total
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

Source: Saudi Central Bank.

Chart 9.11: ATM Statistics



Source: Saudi Central Bank.

Jeddah 28.5 percent to 231.6 thousand, Buraidah 19.5 percent to 59.8 thousand, Abha 6.1 percent to 55.1 thousand, Makkah 20.2 percent to 31.6 thousand, Madinah 0.3 percent to 29.9 thousand, Tabuk 15.0 percent to 16.8 thousand, and Jazan 14.8 percent to 9.6 thousand. On the other hand, the number of checks in Ta'if clearing house rose by 5.7 percent to 17.6 thousand (Chart 9.10). The number of checks in Riyadh clearing house declined by 24.1 percent to around 418.9 thousand, Dammam 22.0 percent to 346.1 thousand, Jeddah 28.5 percent to 231.6 thousand, Buraidah 19.5 percent to 59.8 thousand, Abha 6.1 percent to 55.1 thousand, Makkah 20.2 percent to 31.6 thousand, Madinah 0.3 percent to 29.9 thousand, Tabuk 15.0 percent to 16.8 thousand, and Jazan 14.8 percent to 9.6 thousand. On the other hand, the number of checks in Ta'if clearing house rose by 5.7 percent to 17.6 thousand (Chart 9.10).

II. Mada

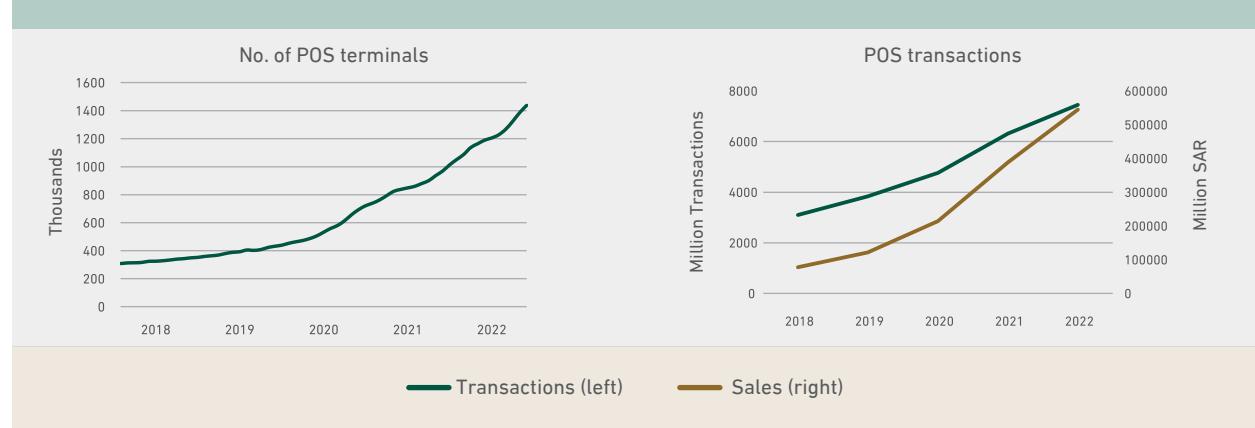
The number of automated teller machines (ATMs) operating in Saudi Arabia went down by 1.8 percent to 16,251 at end-2022 compared to a decline of 9.6 percent in the preceding year. The number of ATM cards issued increased by 8.1 percent to nearly 42.6 million at-end 2022 compared to an increase of 14.7 percent in 2021. Additionally, the number of cash withdrawal transactions carried out through Mada dropped by 6.8 percent to 624 million in 2022 compared to a decline of 12.0 percent in the preceding year. The value of withdrawals carried out through Mada also decreased by 4.9 percent to about SAR 7.337 billion compared to a decline of 8.1 percent in the previous year. The number of transactions executed through banks' networks fell by 4.4 percent to 906 million compared to a decline of 3.9 percent in the preceding year. The value of cash withdrawals

Table 9.14: POS Statistics

Years	Sales (million SAR)	No. of transactions (million)	Total number 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

Source: Saudi Central Bank.

Chart 9.12: POS Transactions Statistics



Source: Saudi Central Bank.

through these networks also went down by 4.4 percent to about SAR 217.0 billion compared to a decline of 6.4 percent in the previous year. As a result, total cash withdrawals declined by 4.7 percent to around SAR 554.7 billion (Table 9.13 and Chart 9.11).

The number of point of sale (POS) terminals went up by 41.9 percent to 1,438,121 in 2022 compared to a rise of 40.5 percent in 2021. The number of sales transactions executed through

POS terminals rose by 40.4 percent to 7,262 million compared to a rise of 81.3 percent in the preceding year. The value of these transactions also rose by 18.1 percent to nearly SAR 559.1 billion compared to an increase of 32.5 percent in the preceding year (Table 9.14 and Chart 9.12). Higher growth rates in ATM cards and transactions executed through POS terminals indicate their expansion in the retail sector in addition to customers' increased confidence in modern banking technology.

Table 9.15A: Number of SARIE Transactions

Year	Customer payments			Interbank payments			Others	(1+2+3)
	Bulk	Single	Total (1)	Bulk	Single	Total (2)		
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

Source: Saudi Central Bank.

Table 9.15B: Value of SARIE Transactions

Year	Customer payments			Interbank payments			Others*	(1+2+3)
	Bulk	Single	Total (1)	Bulk	Single	Total (2)		
2018	2,640	3,994	6,634	105.8	43,226	43,332	18	49,984
2019	2,924	4,953	7,877	139.8	40,157	40,297	37	48,211
2020	3,365	4,936	8,301	148.6	52,199	52,348	41	60,690
2021	4,096	4,800	8,896	129.3	48,432	48,561	375	57,832
2022	5,014	5,707	10,721	119.8	44,095	44,215	1,878	56,814

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

Source: Saudi Central Bank.

III. Saudi Arabian Riyal Interbank Express System (SARIE)

The total number of transactions executed via SARIE increased by 8.7 percent to approximately 181.4 million in 2022 compared to a decrease of 17.2 percent in the preceding year. A breakdown of SARIE transactions by single and bulk customer payments shows that the number of single payments declined by 41.6 percent to 2.3 million transactions while their value increased by 18.9 percent to around SAR 5,707 billion. On the other hand, the number of bulk payments rose by 9.7 percent to 175.7 million transactions and their value by 22.4 percent to nearly SAR 5,014 billion.

A classification of SARIE transactions by interbank payments shows that the number of single interbank transactions increased by 36.9 percent to 1,172 thousand during 2022 as opposed to their value that decreased by 9.0 percent to around SAR 44,095 billion. The number of bulk interbank transactions executed through SARIE rose by 62.6 percent to 467.0 thousand, while their value fell by 7.4 percent to nearly SAR 119.8 billion (Tables 9.15A and 9.15B and Chart 9.13).

IV. SADAD

The total number of billers from various sectors (such as education, electricity, water, communications, airline companies, insurance and credit cards) linked to SADAD stood at 146 at end-2022. In addition, the number of banks linked to SADAD reached about 16. The number of transactions executed through SADAD during 2022 rose by 10.9 percent as it amounted to about 312 million with a total value of about SAR 643.6 billion compared

to a rise of 28.9 percent or approximately 293 million transactions with a total value of about SAR 580.4 billion in the preceding year (Chart 9.14).

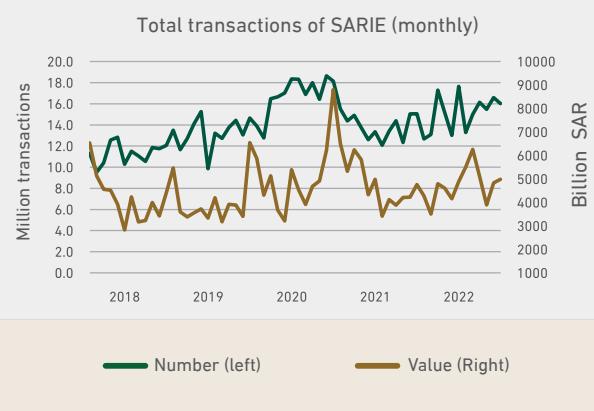
Derivatives Market Activity

Derivative transactions in Saudi Arabia rose by 100.3 percent (nearly SAR 1,826 billion) to about SAR 3,648 billion in 2022 compared to nearly SAR 1,821 billion in the preceding year. This significant rise is attributed to the increase in the total value of derivative transactions in the commodities market in 2022, which amounted to SAR 3.3 billion compared to SAR 0.4 billion in the preceding year.

Banking Creditworthiness

The Saudi Credit Bureau (SIMAH) continued to improve its services and products, such as the retail system SIMATI and the corporate system SIMAT, that are provided to all relevant entities during 2022. Through these services and products, SIMAH aims to provide proper and accurate credit information necessary to contribute to enhancing capabilities concerning risk analysis, evaluating borrowers' creditworthiness, reducing financial risk, and developing the credit information sector and its various services in order to pave the way for expanding the credit market in Saudi Arabia according to the economic environment and Saudi Vision 2030.

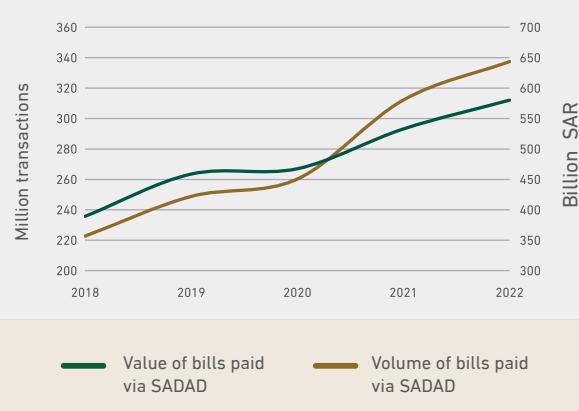
Total credit reports issued by SIMATI for the retail sector increased by 6.2 percent to 137.2 million in 2022, up from 129.1 million in 2021. Additionally, the number of credit accounts SIMATI for the Saudi market increased by 12.6 percent to reach SAR 85.6 million in 2022, up from 76.0 million in 2021. Total

Chart 9.13: SARIE Transactions

Source: Saudi Central Bank.

credit reports issued by SIMATI for the Saudi market increased by 31.2 percent to 707.5 thousand in 2022, up from 539.1 thousand in 2021. Further, the number of credit accounts in SIMAT increased by 4.1 percent to reach 2.0 million at end-2022.

As a credit information provider, Bayan Credit Bureau reduced 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 Vision 2030 goals. Following SAMA's policies, Bayan Credit Bureau was keen to enrich its database in 2022 by targeting various new sectors for its members, such as the banking sector, the finance sector, the fintech sector, the aggregator service sector and the industrial sector. Bayan Credit Bureau also linked with Etimad platform (the National Center for Government Resources Systems) and the Ministry of Justice as it sought to increase the number of information providers to improve the credit reports and solutions provided to its members.

Chart 9.14: Volume and Value of Bills Paid via SADAD

Source: Saudi Central Bank.

During 2022, Bayan Credit Bureau issued more than 200 thousand credit reports, raising the total credit reports issued to more than one million since the start of its operations in 2017. The coverage of credit information for the business sector increased by 28.5 percent in 2022 compared to the previous year. Moreover, the pilot phase of the new "comprehensive credit report" was completed and launched, in cooperation with 14 entities from the banking and finance sectors, in preparation for launching the final version.

Developments in Implementation of the Basel III Framework in Saudi Arabia

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 set by the Basel Committee on Banking Supervision (BCBS), the global standard-setter for the prudential regulation of banks. Seeking to make the Kingdom one of the first countries to apply international standards and in line with the Kingdom's obligations as a member of the G20, SAMA has updated the precautionary instructions framework related to

capital risks in local banks. This comes based on the powers vested in SAMA under its Law issued by Royal Decree No. (M/36) dated 11/04/1442H, and the Banking Control Law issued by Royal Decree No. (M/5) dated 22/02/1386H.

The recent Basel III reforms issued by the Basel Committee in December 2017 are complementary to Basel III standards issued in 2010. These reforms aim to restore creditability in the calculation of risk-weighted assets (RWA) by improving the sensitivity of the standardized approach (SA) used in calculating them, and to reduce

the reliance on the internal ratings-based approach (IRB). They also aim to complement the risk-weighted capital ratio with a revised leverage framework and minimum outputs for calculating risk-weighted assets (Output Floors). During the second half of 2022, SAMA carried out a pilot application of the recent Basel III reforms with the participation of all Saudi banks. The pilot application demonstrated the readiness of the banking sector for official implementation while sustaining stable capital levels, which contributes to achieving SAMA's objective of maintaining financial stability.

10

Insurance and Finance



Insurance and Finance

Insurance Sector

SAMA is working to enhance every aspect that leads to the growth and prosperity of the insurance sector, making it one of the pillars supporting the financial industry, by issuing laws and regulations that can deepen this sector. SAMA also seeks to enable the sector to raise its contribution to the GDP to meet Vision 2030 objectives by encouraging investment, enhancing the sector governance and promoting innovation in line with international best practices. These efforts will help maintain a resilient and reliable sector that offers suitable insurance services and boosts the effectiveness of insurance companies.

I. Regulatory Developments of Insurance Sector Supervision in 2022

To support the sector's stability, strengthen risk management systems, and protect the rights of insurance parties, SAMA is continuously updating laws, regulations, and instructions to keep up with changes in the insurance sector and the economy. In 2022, SAMA issued 22 circulars related to all regulatory aspects of the sector to advance it and improve the quality of its outputs.

Key developments include the following:

- SAMA updated the Claim Form for Compulsory Motor Insurance (Third Party) for Individuals and Corporates with the aim of expanding the scope of application of the Form to include

all Compulsory Motor Insurance (Third Party) claims for Individuals and Corporates. The update includes the possibility of converting the form into an electronic one to keep pace with digital transformation.

- SAMA issued the Pricing Adequacy Report Instructions requiring appointed actuaries in insurance companies to prepare pricing adequacy reports every quarter for health and motor insurance and submit them to SAMA, the company's senior management and board.
- SAMA issued the Comprehensive Motor Insurance Rules, which regulate the contractual relationship between the insurer and the insured. The Rules standardize the minimum coverage of the non-compulsory comprehensive motor insurance and define the provisions of the compulsory and optional coverage provided by the comprehensive insurance policy. These Rules are an extension of SAMA's role in developing the sector's regulatory system.
- SAMA issued several standard insurance policies in coordination with relevant entities, such as the Standard Insurance Policy on Domestic Worker Contract and the Standard Insurance Policy of Professional Indemnity for Auditors of the Entities Supervised by the Capital Market Authority.
- SAMA completed the transition plan for IFRS17 (insurance contracts), which was implemented on 1 January 2023. IFRS17 is a new accounting standard that provides more accurate, transparent and quality information to users of financial statements

of insurance and reinsurance companies than the current IFRS4.

- SAMA, represented by the General Department of Insurance Control, continued to cooperate with several international organizations in the areas of supervision, control and implementation of international standards and practices through its membership in several working groups and teams of the International Association of Insurance Supervisors (IAIS), the Islamic Financial Services Board (IFSB), and the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). The number of working groups and teams in which SAMA is a member reached 12.

II. Saudization in the Insurance Sector

Article 2 of the Implementing Regulations of the Cooperative Insurance Companies Control Law stipulates that a key objective of the Law is to develop the insurance sector in Saudi Arabia, including training and Saudization. Furthermore, Article 4 of the Implementing Regulations states that the business plan prepared by insurance companies and insurance service providers must specify the expected number of employees and include a plan for recruiting and training Saudis. In addition, Article 79 stipulates that insurance companies and insurance service providers must provide SAMA, 45 days prior to the end of each fiscal year, with a statement specifying the number and percentage of Saudi employees at the level of the company and at the level of each branch and department, and the level of positions they occupy. The percentage of Saudi employees in insurance companies and insurance service

providers must not be less than 30 percent at the end of the first year, and this percentage must increase according to the business plan submitted to SAMA.

Due to SAMA's and other government entities' ongoing efforts, Saudi employees constituted 79 percent (10,428) of the total employees in insurance companies by the end of 2022 compared to 78 percent in the previous year (Table 10.1). The total number of employees in insurance service providers increase to 6,840 by the end of 2022 with Saudi employees accounting for 81 percent of total employees compared to 77 percent in the preceding year (Table 10.2).

III. Training

SAMA makes great efforts to build and develop the capabilities of national cadres in the insurance sector. It encourages companies and their employees to adhere to professionalism based on a well-established scientific and methodological basis pursuant to rules, regulations and instructions issued by SAMA, while aligning learning outcomes with labor market requirements. Key efforts include the following:

- SAMA continued the CILA Diploma Program for Loss Adjustment and Assessment in the Insurance Sector. The Program aims to equip participants with technical skills by focusing on basic insurance principles, claim handling, and insurance professional practices. The program gives the opportunity to participants to obtain a diploma certificate in loss adjustment and assessment approved by the

Chartered Institute of Loss Adjusters (CILA). The program began in 2022 and it lasts for a period of ten months.

- SAMA launched the Qualification Program for Financial Departments in the Insurance Sector in cooperation with the Financial Academy. The Program period is two months and it aims to train 30 fresh graduates who hold financial management academic qualifications. The Program aims to provide its participants with the skills and knowledge that support their access to job opportunities in the financial departments of companies operating in the insurance sector. The Qualification Program contains several training courses delivered in English, which cover several topics, namely: Insurance Foundation Certificate Exam (IFCE), structures of financial statements of insurance companies, technical accounts for

reinsurance, value-added tax and withholding tax, SAMA's instructions related to financial departments in the insurance industry, and the general content of International Financial Reporting Standards (IFRS).

- SAMA held several lectures and workshops discussing the insurance industry in Saudi Arabia and insurance reality, legislation and future.

IV. Insurance Market in Saudi Arabia in 2022

A. Overall Market Performance

The insurance sector rebounded in 2022 as the gross written premiums (GWP) grew by 26.9 percent compared to the preceding year. Additionally, the insurance sector increased its contribution to non-oil GDP from 1.9 percent in 2021 to 2.1 percent by the end of 2022. Total

Table 10.1: Saudization in Insurance Companies in 2022

Year	2020		Total 2020	2021		Total 2021	2022		Total 2022
	Nationality	Number of employees in non-management positions		Number of employees in management positions	Number of employees in non-management positions		Number of employees in non-management positions	Number of employees in management positions	
Non-Saudi	1,814	889	2,703	1,724	731	2,455	1,550	642	2,192
Saudi	6,645	1,667	8,312	6,921	1,526	8,447	6,765	1,471	8,236
Total	8,459	2,556	11,015	8,645	2,257	10,902	8,315	2,113	10,428
Saudization (Percentage)	79	65	75	80	68	77	81	69	79

Source: Saudi Central Bank.

Table 10.2: Saudization in Insurance Service Providers in 2022

Year	2020		Total 2020	2021		Total 2021	2022		Total 2022
	Nationality	Number of employees in non-management positions		Number of employees in management positions	Number of employees in non-management positions		Number of employees in non-management positions	Number of employees in management positions	
Non-Saudi	1,207	370	1,577	1,168	297	1,465	1,107	174	1,281
Saudi	3,810	752	4,562	4,186	835	5,021	4,660	899	5,559
Total	5,017	1,122	6,139	5,354	1,132	6,486	5,767	1,073	6,840
Saudization (Percentage)	76	67	74	87	74	77	81	84	81

Source: Saudi Central Bank.

claims paid increased by 13.8 percent to SAR 33.9 billion by the end of 2022 compared to SAR 29.8 billion in 2021.

B. Net Written Premiums (NWP)

The insurance sector in Saudi Arabia witnessed an increase in GWP by 26.9 percent in 2022 to SAR 53.4 billion compared to SAR 42.0 billion in 2021. The increase was driven by the increase of 27.7 percent in other insurance activities³ and the increase of 26.8 percent in motor insurance due to higher average premiums for motor insurance policies (Table 10.3).

C. Retention Ratio

The total retention ratio⁴ of insurance companies operating in Saudi Arabia in 2022 was 84.4 percent compared to 82.3 percent in 2021. This was mainly driven by the high retention rates of 98.3 percent and 95.4 percent in health insurance and motor insurance, respectively. Energy insurance continued to record the lowest retention rate of about 1.9 percent in 2022 (Table 10.3).

D. Insurance Market Penetration and Density

The sector's penetration to GDP rate remained at 1.3 percent in 2022, unchanged from 1.3 percent in 2021⁵. The sector's penetration to non-oil GDP rate increased to 2.1 percent for 2022 compared to 1.9 percent at the end of 2021. The contribution of health insurance to non-oil GDP amounted to 1.3 percent in 2022 compared to 1.1 percent in 2021 (Table 10.4).

E. Commissions Paid to Insurance Brokers and Agents

Total commissions paid by insurance companies to insurance brokers and agents increased by about 33.9 percent compared to the previous year to reach SAR 2.8 billion at the end of 2022. Total protection and savings insurance recorded the highest growth rate of 207.8 percent of total commissions paid during 2022, while health insurance commissions came second with about 39.0 percent of total commissions paid (Table 10.5).

F. Total Claims Paid by Insurance Type

Total claims paid increased by 13.8 percent to SAR 34.0 billion by the end of 2022 compared to SAR 29.8 billion in 2021. This was mainly driven by increases in health and general insurance claims by 12.6 percent and 19.1 percent, respectively, of total claims paid by the end of 2022. Energy insurance recorded the highest growth rate of total claims paid with an increase of 548.9 percent in 2022 compared to the previous year, followed by aviation insurance with an increase of 215.7. In contrast, engineering insurance registered a YoY decline of 81.2 percent (Table 10.6).

V. Council of Cooperative Health Insurance

The total number of individuals with health insurance reached 11.8 million, including 7.5 million expatriates, at the end of 2022. The total number of active health policies up to the end of 2022 stood at 800,725⁶. The number of approved healthcare providers in Saudi Arabia was 5,716 at the end of 2022. A breakdown of the

³ Other insurance activities: All other insurance activities except health and motor insurance.

⁴ The direct relationship between retention ratio and risks is a risk indicator in GWP retained by insurance companies. It is measured by dividing NWP by GWP.

⁵ Insurance penetration is measured by the ratio of GWP to GDP.

⁶ Source: Council of Health Insurance.

Table 10.3: Insurance Indicators (2020-2022)

Insurance type	2020				2021				2022				(Million SAR)	
	GWP	Share	NWP	NWP/GWP (Retention Ratio)	GWP	Share	NWP	NWP/GWP (Retention Ratio)	GWP	Share	NWP	NWP/GWP (Retention Ratio)		
Accident, liability & other insurance	1,369.9	3.5	637.2	46.5	1,586.4	3.8	773.8	48.5	2,675.7	5.0	1,342.0	50.2		
Motor insurance	8,358.0	21.6	7,763.5	92.9	8,162.7	19.4	7,691.1	94.2	10,340.6	19.4	9,860.6	95.4		
Property/fire insurance	2,109.2	5.4	362.7	17.2	2,282.1	5.4	422.5	18.5	2,463.1	4.6	489.9	19.9		
Marine insurance	690.0	1.8	176.6	25.6	696.3	1.7	194.4	27.9	692.3	1.3	208.1	30.1		
Aviation insurance	178.6	0.5	8.7	4.9	189.1	0.4	7.9	4.2	234.6	0.4	5.4	2.3		
Energy insurance	910.8	2.3	16.9	1.9	1,295.2	3.1	22.7	1.8	1,652.7	3.1	32.0	1.9		
Engineering insurance	1,061.8	2.7	236.5	22.2	1,002.0	2.4	189.1	18.9	1,593.8	3.0	226.8	14.2		
Total health insurance	22,836.8	58.9	21,924.7	96.0	25,109.3	59.7	24,221.7	96.5	31,829.8	59.7	31,286.8	98.3		
Total protection & savings insurance	1,263.6	3.3	859.4	2.7	1,707.2	4.1	1,078.5	3.1	1,873.6	3.5	1,192.1	2.7		
Total	38,778.7	100.0	31,986.3	82.5	42,030.5	100.0	34,601.6	82.3	53,356.2	100.0	44,643.6	84.4		

Source: Saudi Central Bank.

Table 9.4: Insurance Penetration to GDP (2021-2022)

Insurance type	(Percentage)					
	2020		2021		2022	
	GDP	Non-oil GDP	GDP	Non-oil GDP	GDP	Non-oil GDP
Total general insurance	0.6	0.7	0.5	0.7	0.5	0.8
Total health insurance	0.9	1.1	0.8	1.1	0.8	1.3
Total protection & savings insurance	0.1	0.1	0.1	0.1	0.1	0.1
Total	1.5	1.9	1.3	1.9	1.3	2.1

Source: Saudi Central Bank.

geographic distribution of healthcare providers by administrative region (Table 10.7) indicates that Riyadh region ranked first with 32.1 percent (1,837), followed by Makkah region with 23.1 percent and the Eastern Region with 19.3 percent.

and acquisitions in the insurance sector to achieve the objectives and programs of Vision 2030, enhance the competitiveness of insurance companies, increase their ability to create innovative insurance products and services, improve their operational efficiency, reduce their expenses, and attract and retain qualified human resources. As a result, there were two mergers last year between Ahli Takaful Company and Arabian Shield Cooperative Insurance Company

VI. Insurance Companies and Mergers

The number of insurance/reinsurance companies in Saudi Arabia was 28 at the end of 2022 (Table 10.8). SAMA continued to encourage mergers

Table 10.5: Commissions Incurred by Type of Business (2020-2022)

Insurance type	2020		2021		2022		Change 2021-2022
	Million SAR	Percentage	Million SAR	Percentage	Million SAR	Percentage	
Accident, liability & other insurance	141.6	6.2	171.5	8.2	189.0	6.7	10.2
Motor insurance	560.2	24.7	644.0	30.7	823.5	29.3	27.9
Property/fire insurance	156.6	6.9	180.5	8.6	209.1	7.4	15.9
Marine insurance	64.0	2.8	52.0	2.5	70.7	2.5	35.9
Aviation insurance	2.8	0.1	3.4	0.2	4.5	0.2	32.2
Energy insurance	9.5	0.4	11.3	0.5	12.9	0.5	14.7
Engineering insurance	81.9	3.6	87.9	4.2	96.9	3.5	10.2
Total general insurance	1,016.6	44.7	1,150.5	54.9	1,406.5	50.1	22.3
Total health insurance	1,180.7	52.0	894.5	42.7	1,243.0	44.3	39
Total protection & savings insurance	73.9	3.3	51.5	2.5	158.6	5.6	207.8
Total	2,271.2	100.1	2,096.6	100.1	2,808.1	100.0	33.9

Source: Saudi Central Bank.

Table 10.6: Total Claims Paid by Type of Insurance (2020-2022)

Insurance type	2020		2021		2022		Change 2021-2022
	Million SAR	Percentage	Million SAR	Percentage	Million SAR	Percentage	
Accident, liability & other insurance	336.5	1.3	289.6	1.0	278.5	0.8	-3.9
Motor insurance	5,478.6	20.4	6,842.6	22.9	8,192.5	24.1	19.7
Property/fire insurance	303.3	1.1	488.5	1.6	736.7	2.2	50.8
Marine insurance	269.2	1.0	221.6	0.7	220.1	0.6	-0.7
Aviation insurance	27.9	0.1	15.7	0.1	49.6	0.1	215.7
Energy insurance	909.9	3.4	98.0	0.3	635.6	1.9	548.9
Engineering insurance	267.3	1.0	634.3	2.1	119.5	0.4	-81.2
Total general insurance	7,592.7	28.2	8,590.4	28.8	10,232.40	30.1	19.1
Total health insurance	18,664.6	69.4	20,217.5	67.8	22,758.20	67.0	12.6
Total protection & savings insurance	652.2	2.4	1,029.9	3.5	967.5	2.8	-6.1
Total	26,909.5	100.0	29,837.8	100.1	33,958.1	99.9	13.8

Source: Saudi Central Bank.

Table 10.7: Number of Authorized Healthcare Providers

Region	Total
Riyadh	1,837
Makkah	1,322
Eastern Region	1,102
Asir	333
Madinah	294
Qassim	173
Jazan	144
Tabuk	140
Ha'il	102
Najran	81
Jawf	81
Northern Borders Region	64
Baha	43
Total	5,716

Source: Council of Health Insurance

and between Walaa Insurance Company and SABB Takaful Company, raising the total mergers to five since 2020.

Finance Sector

SAMA supervises and regulates the non-banking finance sector and develops its regulatory environment by following the best international practices and keeping abreast of the latest developments in the finance industry. Furthermore, SAMA seeks to ensure that laws and regulations are adequate and 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 efficiently while adhering

to corporate governance, compliance and risk management, and consumer protection.

I. Developments and Regulations

SAMA issued several circulars and rules in 2022, which covered several topics that regulate and support finance and fintech companies, raise the effectiveness and flexibility of financial transactions, and encourage innovation in the financial services provided. SAMA aims to enhance financial inclusion in Saudi Arabia and provide access to financial services for all society segments. The key developments in the finance sector in 2022 were as follows:

- SAMA issued the Rules on Liquidity Risk Management, which aim to strengthen the liquidity risk management process in finance

Table 10.8: Licensed Insurance and Reinsurance Companies up to the End of 2022

Company	Capital (Million SAR)	Licensed on
National Company for Cooperative Insurance (NCCI)	1,250	02/12/2004
Malath Cooperative Insurance & Reinsurance Company	500	11/09/2007
The Mediterranean & Gulf Cooperative Insurance & Reinsurance (MEDGULF)	1,050	11/09/2007
Salama Cooperative Insurance Company	100	11/09/2007
Arabian Shield Cooperative Insurance	639	11/09/2007
Saudi Arabian Cooperative Insurance Company (SAICO)	300	11/09/2007
Gulf Union Cooperative Insurance Company	459	11/09/2007
Allianz Saudi Fransi	600	08/03/2008
Al-Etihad Cooperative Insurance Company (PLC)	450	31/03/2008
Al Sagr Cooperative Insurance Company	140	31/03/2008
Saudi Indian Company for Cooperative Insurance	100	10/06/2008
Arabia Insurance Cooperative Company (AICC)	530	18/06/2008
Walaa Cooperative Insurance Company	851	02/07/2008
Saudi Reinsurance Company (Saudi Re)	891	21/07/2008
Bupa Arabia for Cooperative Insurance	1,500	10/08/2008
United Cooperative Assurance (UCA)	400	30/12/2008
Allied Cooperative Insurance Group (ACIG)	291	10/05/2009
Al-Rajhi Company for Cooperative Insurance (Al-Rajhi Takaful)	400	17/11/2009
Chubb Arabia Cooperative Insurance Company	300	08/12/2009
Al-Alamiya Cooperative Insurance Company	400	13/12/2009
AXA Cooperative Insurance Company	500	26/01/2010
Gulf General Cooperative Insurance Company	500	06/03/2010
Buruj Cooperative Insurance Company	300	29/05/2010
National Insurance Company (NIC)	400	16/06/2010
AMANA Cooperative Insurance Company	430	06/07/2010
Saudi Enaya Cooperative Insurance Company	230	07/08/2011
Alinma Tokio Marine Company	300	30/09/2012
Aljazira Takaful Company	550	18/12/2013

Source: Saudi Central Bank.

and refinance companies and enable them to establish a robust liquidity risk management framework. These Rules also aim to identify, measure, and monitor liquidity risk exposures under normal and stressed conditions.

- SAMA update the Rules for Engaging in Debt-Based Crowdfunding. The new update includes: (1) redefining the beneficiary to include all commercial enterprises registered in Saudi Arabia seeking to obtain finance through a debt-based crowdfunding platform; (2) adding the definition of collection accounts to ensure complete separation between the funds of participants and the funds of the debt-based crowdfunding company; and (3) amending Article 28 to set credit limits based on capita through the debt-based crowdfunding platform for debt-based crowdfunding companies.
- SAMA also announced issuing decisions to amend some articles of the implementing regulations of finance laws applicable in Saudi Arabia. The decisions included:
 - The Minister of Finance's approval to cancel Article 4 of the Implementing Regulations of the Real Estate Finance Law was issued. As a result, real estate finance companies can practice the real estate finance activity with any other finance activity. SAMA may impose special restrictions on licenses.
 - Article 16 of the Implementing Regulations of the Finance Companies Control Law was amended after the period for public consultation on the draft amendment through the Public Consultation Platform "Istitlaa" of the National Competitiveness Center ended. SAMA stated that finance companies are

allowed to practice any finance activities due to this amendment without prohibiting combining any of these finance activities, and SAMA may impose special restrictions on licenses.

- SAMA conducted 27 supervisory visits and 178 inspection visits in 2022 to ensure that finance companies comply with rules, regulatory requirements and governance and risk management rules.

II. Finance Companies Licensed to Operate in Saudi Arabia

Licensed finance companies stood at 46 in 2022 compared to 43 in 2021 (Table 10.9). Two finance companies obtained SAMA's final non-objection for an initial public offering (IPO) in the Main Market. One finance company obtained SAMA's final non-objection for IPO in the Parallel Market (Nomu). Moreover, three finance companies obtained SAMA's initial non-objection for IPO in the Main Market and Parallel Market (Nomu).

The total assets of finance companies increased by 7.5 percent to SAR 57.4 billion in 2022 from SAR 53.4 billion at the end of 2021. This increase was due to credit growth in the assets of non-real estate finance companies.

The Saudization rate in the finance sector increased to 86.1 percent at the end of 2022 compared to 84.9 percent at the end of 2021. The Saudization rate in non-real estate finance companies increased by 1.5 percent to reach 85.8 percent, and the Saudization rate in real estate finance companies reached 88.7 percent.

Table 10.9: Finance Companies with Final Authorization up to the End of 2022

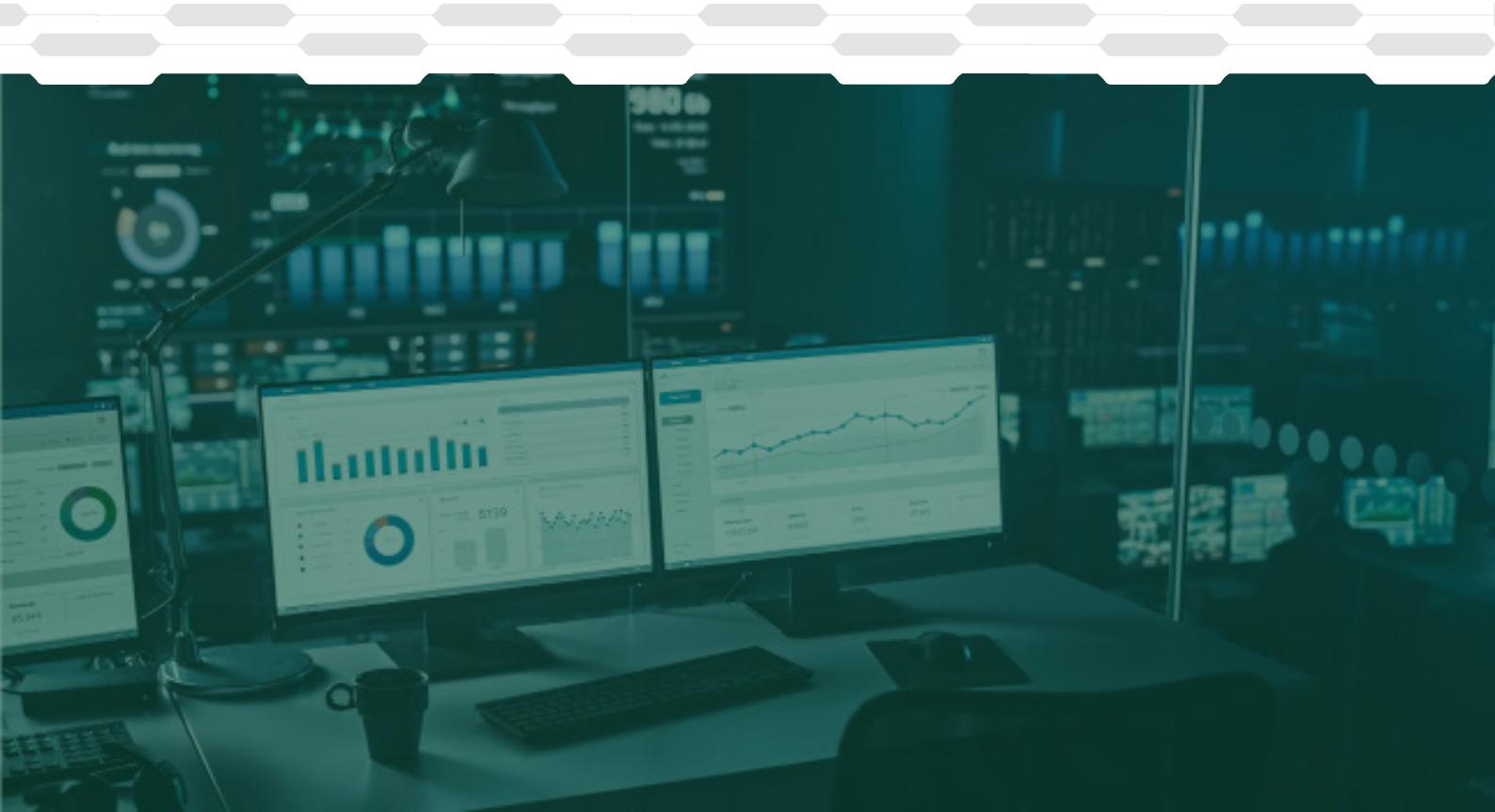
Name		Licensed on	Capital (Million SAR)
Companies licensed to provide real estate finance			
1	Amlak International for Real Estate Finance	24/12/2013	906
2	Saudi Home Loans (SHL)	27/02/2014	1,000
3	Deutsche Gulf Finance	20/05/2014	575
4	Abdul Latif Jameel for Real Estate Finance	07/12/2014	250
5	Bidaya Home Finance	14/12/2015	900
6	Dar Al Tamleek	31/12/2013	359
Companies licensed to provide real estate refinance			
1	Saudi Real Estate Refinance Company	25/09/2017	5,000
Companies licensed to register finance contracts			
1	Saudi Finance Lease Registration Company (Sijil)	28/12/2017	38.4
2	Tawtheeq Finance Lease Registration Company	26/04/2020	10
Finance debt collection service providers			
1	National Financing Servicing Company (NFSC)	08/03/2020	80
2	Marsoom Debt Collection Company	08/04/2021	10
3	Mutalabah Company for Financial Entities Debt Collection	30/11/2021	10
Consumer microfinance companies			
1	Tamam Financing Company	30/12/2020	57
2	FinZey Finance	15/03/2022	20
Companies licensed to practice finance activities other than the above activities			
1	Nayifat Finance Company	31/12/2013	1,000
2	YANAL Finance Company (formerly known as Saudi ORIX Leasing Company)	27/02/2014	550
3	Al Yusr Leasing and Financing	27/02/2014	500
4	AJIL Financial Services Company	20/05/2014	500
5	National Finance Company	25/08/2014	250
6	Morabaha Marina Company	14/09/2014	311
7	AlJasriah Co. for Finance LLC.	16/11/2014	150
8	Matager Finance Company	16/11/2014	150
9	Saudi Finance Company	20/11/2014	100

10	Abdul Latif Jameel Real Estate Finance	08/12/2014	1,000
11	Gulf Finance Saudi Arabia	08/12/2014	100
12	Alamthal Financing	06/03/2015	313
13	Osoul Modern Finance Company	22/03/2015	100
14	Dar Aletiman Al Saudi Finance Company	05/05/2015	100
15	Tawkelat Financing Company	04/06/2015	100
16	Ijarah Finance Company	31/08/2015	200
17	Tayseer Arabian Company	30/08/2015	300
18	Saudi Fransi for Finance and Leasing (SFL)	18/11/2015	500
19	Tamweel Al-Oula	03/12/2015	250
20	American Express Saudi Arabia	10/12/2015	100
21	Aljabr Financing Company	14/12/2015	345
22	AlRaedah Finance Company	09/02/2016	150
23	Raya Financing Company	23/03/2016	230
24	Quara Holding Company	09/05/2016	300
25	Taajeer Finance Company	29/11/2016	200
26	Gulf Lifting Financial Leasing Company	06/08/2017	100
27	United Company for Financial Services (Tas'heel Finance)	01/05/2019	350
28	Emkan Finance Company	12/04/2020	2,000
29	National Finance House Company	06/06/2021	100
30	Lendo Finance Company	14/03/2022	5
31	Sulfah Finance Company	29/03/2022	10
32	Manafa Debt Crowdfunding Company	08/11/2022	40

Source: Saudi Central Bank.

11

Capital Market



Capital Market

In cooperation with several financial authorities, including SAMA, the Capital Market Authority (CMA) continued to implement its strategic plan 2021-2023 that contributes to the development of the financial sector. CMA also strengthened procedures to further reduce risks related to securities transactions, protect investors from unfair practices, and ensure fairness and transparency in securities transactions. In addition, CMA introduced several initiatives under the Financial Leadership Program (FLP) and the Financial Sector Development Program (FSDP). It aims to solidify the position of the Saudi capital market as the main market in the Middle East, one of the world's top capital markets, and an advanced and attractive market for domestic and foreign investors, enabling it to play a pivotal role in developing the economy and diversifying its sources of income. In order to raise investment awareness, CMA continued to carry out many financial awareness campaigns through various media and awareness activities and programs.

The most prominent achievements of CMA in 2022 include publishing several advertisements and materials on its website and holding 43 workshops attended by more than 12 thousand people. As a reflection of CMA's efforts to enhance the capital market, 17 new companies were listed on the Main Market in 2022, bringing the number of listed companies to 223 at the end of 2022 compared to 210 in 2021. In addition, 18 new companies were listed on the Parallel Mar-

ket (Nomu), bringing the number of companies listed to 46 in 2022 compared to 14 in the preceding year.

Saudi Stock Market Developments

Main Market Developments

The Tadawul All Share Index (TASI) closed at 10,478.5 at the end of 2022, compared to 11,281.7 at the end of 2021, decreasing by around 7.1 percent. It registered its highest closing point of 13,820.4 on May 8, 2022. The market capitalization of issued shares decreased by 1.3 percent from about SAR 10,009.2 billion at the end of 2021 to about SAR 9,878.1 billion at the end of 2022.

The number of shares traded during 2022 decreased by 34.2 percent to around 45.1 billion from around 68.5 billion in the preceding year. The total value of shares traded fell by 23.6 percent to around SAR 1,708.0 billion from SAR 2,235.9 billion in 2021. The number of transactions executed also decreased by 4.3 percent to 87.9 million compared to 91.9 million in the preceding year (Table 11.1).

The daily average value of traded shares reached approximately SAR 6.9 billion in 2022 against SAR 8.9 billion in 2021. Moreover, the daily average number of traded shares went down by 33.6 percent to roughly 181.9 million from 274.1 million in 2021. The daily average number of transactions executed also declined by 3.6 percent to nearly 354.4 thousand against 367.5 thousand in the preceding year.

Table 11.1: Saudi Main Market Indicators

Year	No. of shares traded* (Million shares)	Change (%)	Value of shares traded (Billion SAR)	Change (%)	Market capitalization of issued shares (Billion SAR)	Change (%)	No. of trades (Thousand)	Change (%)	TASI	Change (%)
2016	70,630.3	-0.3	1,157.0	-30.3	1,682.0	6.5	27,273.7	-10.4	7,210.4	4.3
2017	47,401.0	-32.9	836.3	-27.7	1,689.6	0.5	21,895.3	-19.7	7,226.3	0.2
2018	41,004.3	-13.5	870.9	4.1	1,859.0	10.0	25,011.9	14.2	7,826.7	8.3
2019	35,831.9	-12.6	880.1	1.1	9,025.4	385.5	28,395.8	13.5	8,389.2	7.2
2020	81,588.2	127.7	2,087.8	137.2	9,101.8	0.8	76,686.3	170.1	8,689.5	3.6
2021	68,512.9	-16.0	2,235.9	7.1	10,009.2	10.0	91,866.4	19.8	11,281.7	29.8
2022	45,110.4	-34.2	1,708.0	-23.6	9,878.1	-1.3	87,899.0	-4.3	10,478.5	7.1

*Data were adjusted to account for corporate actions.

Source: Saudi Stock Exchange (Tadawul).

Parallel Market developments

The Parallel Market Index (NomuC) closed at 19,417.3 at the end of 2022 against 25,975.8 at the end of 2021, decreasing by 25.2 percent. It registered its highest closing point of 26,287.8 on January 16, 2022. The market capitalization of issued shares increased by nearly SAR 16.1 billion to SAR 35.1 billion at the end of 2022.

aged about SAR 54.4 million in 2022 against SAR 45.5 million in 2021, rising by 19.5 percent. The daily average number of traded shares also went up by 38.0 percent to around 666.7 thousand in 2022 from 483.0 thousand in 2021. Likewise, the daily number of executed transactions averaged about 2,729.5 in 2022 against 1,575.0 in the preceding year, increasing by 73.3 percent.

The number of Nomu Index shares traded during 2022 went up by 38.7 percent to around 165.3 million from around 119.2 million in the preceding year. The total value of shares traded increased by 18.6 percent to nearly SAR 13.5 billion from SAR 11.4 billion in 2021. The total number of transactions executed also rose by 71.8 percent to 676.9 thousand compared to around 394.0 thousand in the preceding year (Table 11.2).

The daily value of shares traded on Nomu aver-

The number of investors registered in Tadawul by the end of 2022 decreased by 0.8 percent to nearly 5.8 million. On the other hand, the number of investment portfolios registered in Tadawul rose by 7.0 percent to approximately 11.1 million (Table 11.3).

Table 11.2: Saudi Stock Market Indicators (Parallel Market - Nomu)

Year	No. of shares traded* (Thousand shares)	Change (%)	Value of shares traded (Million SAR)	Change (%)	Market capitalization of issued shares (Billion SAR)	Change (%)	No. of trades (Thousand)	Change (%)	TASI	Change (%)
2019	78,140.4	241.4	2,279.8	452.7	2.5	9.3	138.5	228.6	7,439.9	195.1
2020	119,602.6	53.1	7,114.0	212.0	12.2	379.2	287.5	107.6	26,245.5	252.8
2021	119,219.7	-0.3	11,365.5	59.8	19.0	56.2	394.0	37.0	25,975.8	-1.0
2022	165,347.6	38.7	13,483.7	18.6	35.1	84.4	676.9	71.8	19,417.3	-25.2

*Data were adjusted to account for corporate actions.

Source: Saudi Stock Exchange (Tadawul).

Table 11.3: Number of Investors and Portfolios Registered in Tadawul

Year	No. of investors registered in Tadawul	Change (%)	No. of portfolios registered in Tadawul	(End of period)
				Change (%)
2017	4,675,535	1.3	9,378,957	1.8
2018	4,741,870	1.4	9,844,247	5.0
2019	5,485,716	15.7	9,891,677	0.5
2020	5,596,266	2.0	9,065,693	-8.4
2021	5,874,406	5.0	10,367,251	14.4
2022	5,826,481	-0.8	11,090,462	7.0

Source: Saudi Stock Exchange (Tadawul).

Stock Market Developments by Most Active Sectors and Companies

A sectoral review of the activity of the Main Market (Tadawul) during 2022 indicates that the materials sector was the most active in terms of the number of shares traded, amounting to around 8.9 billion and representing 19.8 percent of the total volume traded. Banks came second with 7.7 billion (17.1 percent of the total), followed by real estate management and development in third place with 5.9 billion (13.0 percent of the total).

In terms of the value of shares traded, materials ranked first with SAR 406.5 billion, representing 23.8 percent of the total value of shares traded in 2022. Banks came second with SAR 371.6 billion (21.8 percent of the total), followed by energy with SAR 120.4 billion (7.1 percent of the total).

A review of Tadawul's performance by the number of transactions executed, Materials ranked first with 19.9 million, accounting for 22.7 percent of the total number of transactions executed in 2022. Banks came next with 10.6 million (12.1 percent of the total), followed by energy with 5.7 million (6.5 percent of the total).

A sectoral comparison of the market capitalization of issued shares by the end of 2022 shows that energy ranked first with a value of SAR 7,111.1 billion, representing 72.0 percent of the total market capitalization of issued shares. Banks came second with SAR 945.3 billion (9.6 percent of the total), followed by materials with SAR 691.0 billion (7.0 percent of the total) (Table 11.4).

Regarding the three most active companies in terms of the number of transactions executed in 2022, Al Rajhi Bank took the lead with about 3,133.0 thousand, followed by Saudi Aramco with around 2,982.8 thousand and then Alinma Bank with about 2,017.2 thousand. As for the number of shares traded, Dar Al-Arkan topped the list with around 3.7 billion, followed by Saudi Aramco and Alinma Bank with a volume of approximately 1.9 billion each. In terms of the value of shares traded, Al Rajhi Bank led the market with SAR 137.0 billion, followed by Saudi Aramco with SAR 72.7 billion and Alinma Bank with SAR 67.4 billion (Table 11.5).

An analysis of the activity of the Parallel Market (Nomu) by sectors during 2022 indicates that capital goods came first in terms of the number of shares traded with 50.2 million, represent-

Table 11.4: Saudi Stock Market Activity by Sector During 2022

Sector	No. of shares traded*		Value of shares traded		No. of trades		Market capitalization	
	(Million shares)	Ratio to total	(Billion SAR)	Ratio to total	(Thousands)	Ratio to total	(Billion SAR)	Ratio to total
Energy	3,816.8	8.5	120.4	7.1	5,743.0	6.5	7,111.1	72.0
Materials	8,924.4	19.8	406.5	23.8	19,916.7	22.7	691.0	7.0
Capital goods	1,060.3	2.4	43.3	2.5	3,400.8	3.9	18.3	0.2
Commercial & professional services	415.3	0.9	23.3	1.4	1,465.1	1.7	9.7	0.1
Transport	839.8	1.9	24.9	1.5	1,853.4	2.1	15.4	0.2
Consumer durables & apparel	579.8	1.3	15.7	0.9	1,583.6	1.8	5.2	0.1
Consumer services	2,819.8	6.3	55.8	3.3	4,045.9	4.6	51.4	0.5
Media & entertainment	136.2	0.3	18.3	1.1	1,070.8	1.2	20.2	0.2
Retailing	816.8	1.8	40.0	2.3	3,011.8	3.4	33.4	0.3
Food & staples retailing	801.6	1.8	53.3	3.1	3,563.0	4.1	48.1	0.5
Food & beverages	1,284.6	2.8	55.1	3.2	4,088.0	4.7	87.9	0.9
Health care	760.0	1.7	50.5	3.0	3,101.7	3.5	128.1	1.3
Pharmaceuticals	56.6	0.1	1.8	0.1	190.4	0.2	2.6	0.0
Banks	7,705.8	17.1	371.6	21.8	10,639.6	12.1	945.3	9.6
Diversified financials	1,630.8	3.6	59.0	3.5	2,858.6	3.3	55.3	0.6
Insurance	2,400.9	5.3	53.6	3.1	4,753.3	5.4	49.1	0.5
Software & services	363.9	0.8	61.2	3.6	3,010.5	3.4	61.8	0.6
Communications	2,779.1	6.2	89.9	5.3	3,516.1	4.0	219.2	2.2
Utilities	1,091.9	2.4	65.2	3.8	2,982.6	3.4	226.5	2.3
REITs	968.5	2.1	9.7	0.6	2,071.2	2.4	16.3	0.2
Real estate management & development	5,857.5	13.0	88.8	5.2	5,032.8	5.7	82.5	0.8
Total	45,110.4	100.0	1,708.0	100.0	87,899.0	100.0	9,878.1	100.0

*Data were adjusted to account for corporate actions.

Source: Annual Statistical Report 2022, Saudi Tadawul.

Table 11.5: Three Most Active Joint-Stock Companies in 2022

No. of transactions	Company	Al-Rajhi	Saudi Aramco	Alinma Bank
	(Thousands)	3,133.0	2,982.8	2,017.2
No. of shares traded	Company	Dar Al-Arkan	Saudi Aramco	Alinma Bank
	(Billion)	3.7	1.9	1.9
Value of Shares Traded	Company	Al-Rajhi	Saudi Aramco	Alinma Bank
	(Billion SAR)	137.0	72.7	67.4

Source: Annual Statistical Report 2022, Saudi Tadawul.

ing 30.4 percent of the total number of shares traded. With regard to the value of shares traded on Nomu, capital goods ranked first with around SAR 3.6 billion, representing 26.7 percent of the total value of shares traded in 2022.

As for the number of transactions executed on Nomu in 2022, capital goods accounted for the largest share of transactions with about 136.4 thousand, constituting 20.2 percent of the total number of transactions (Table 11.6).

New Public Offerings on the Saudi Stock Exchange

In 2022, the shares of 17 companies and one REIT were floated on the Main Market and 18 companies and one REIT on Nomu, with a total capital of SAR 38.8 billion. Moreover, the number of issued shares totaled approximately 9,986.0 million, of which about 2,981.8 million were offered to the public. The total market capitalization of issued shares amounted to around SAR 153.2 billion. The IPO oversubscription for companies floated

on the Main Market averaged nearly 11.8 times and 54.8 times in the categories of retail and institutional investors, respectively. The IPO oversubscription for companies floated on Nomu averaged nearly 16.5 times.

The total number of subscribers for companies floated in 2022 was 10.2 million. Different subscription channels, such as phone banking, ATMs, electronic channels and bank branches, contributed to facilitating the subscription process and reducing its completion time. The number of subscribers via electronic channels reached 7.3 million (71.8 percent of the total subscribers), 2.0 million (20.1 percent) via phone banking, 664.0 thousand (6.5 percent) via ATMs, and 163.0 thousand (1.6 percent) via bank branches (Table 11.7).

Investor Awareness

Since its establishment, CMA has given great attention and care to raising awareness and promoting an investment culture in securities. CMA

Table 11.6: Saudi Parallel Market (Nomu) Activity by Sector During 2022

Sector	No. of shares traded		Value of shares traded		No. of trades		Market capitalization	
	(Million shares)	Ratio to total	(Million SAR)	Ratio to total	(Thousands)	Ratio to total	(Million SAR)	Ratio to total
Materials	29.4	17.8	1,455.6	10.8	87.6	12.9	6,336.3	18.1
Capital goods	50.2	30.4	3,598.3	26.7	136.4	20.2	9,233.2	26.3
Commercial & professional services	3.9	2.3	254.4	1.9	18.1	2.7	477.1	1.4
Consumer services	4.0	2.4	430.1	3.2	23.9	3.5	530.1	1.5
Retailing	6.5	3.9	2,862.1	21.2	111.1	16.4	8,359.6	23.8
Food & beverages	8.9	5.4	1,029.1	7.6	70.4	10.4	584.3	1.7
Health care	23.6	14.3	1,501.5	11.1	85.5	12.6	2,803.8	8.0
Software & services	6.4	3.8	621.3	4.6	45.1	6.7	1,552.8	4.4
Technology hardware & equipment	3.7	2.2	591.5	4.4	28.9	4.3	152.5	0.4
Utilities	1.4	0.9	138.8	1.0	9.9	1.5	290.0	0.8
REITs	1.1	0.7	11.6	0.1	1.5	0.2	158.7	0.5
Real estate management & development	26.3	15.9	989.4	7.3	58.6	8.6	4,607.3	13.1
Total	165.3	100.0	13,483.7	100.0	676.9	100.0	35,085.6	100.0

Source: Annual Statistical Report 2022, Saudi Tadawul.

Table 11.7: Number of Subscribers for IPOs by Channel of Subscription

Channel of subscription	(Thousand subscribers)							
	2019		2020		2021		2022	
	No.	Percentage	No.	Percentage	No.	Percentage	No.	Percentage
Phone banking	103.7	2.0	126.9	15.6	508.0	10.8	2,044.0	20.1
ATM	1,859.9	36.0	189.1	23.2	597.8	12.7	664.0	6.5
E-channels	1,462.7	28.3	323.0	39.6	2,305.0	49.0	7,304.0	71.8
Bank branches	1,733.3	33.6	176.3	21.6	1,289.0	27.4	163.0	1.6
Total	5,159.7	100.0	815.4	100.0	4,700	100.0	10,175	100.0

Source: CMA.

aims to highlight the position of the capital market for the community locally, regionally and internationally and its contribution to the national economy as well as to increase awareness of laws and regulations governing it and enhance the financial and investment culture. Therefore, CMA is keen to provide the local community participating in the capital market with the latest decisions and announcements related to this sector to increase confidence, knowledge and acquisition of skills needed to manage investment instruments. CMA also aims to enable investors to take advantage of investment opportunities, grow and develop their investments, and inject available funds and savings into the capital market. Consequently, the national economy will be positively affected. It continued its efforts to protect investors by raising awareness of the risks to which they may be exposed in the capital market as well as non-professional practices in the market, such as manipulation and misinformation.

In line with its strategy for continuing its investor awareness programs, CMA carried out several media and investment culture programs and awareness campaigns in 2022. Different channels, which included social media platforms and university meetings, were used for executing such programs and campaigns. Additionally, CMA

published many press and media articles on the decisions issued by CMA's board and some that explain the decisions in local, regional and international media in both Arabic and English. These articles were also published on CMA's social media accounts, where more than 2,200 publications were shared to keep investors informed of the latest news and information on the capital market.

Moreover, CMA carried out many cultural activities during 2022 through its two awareness programs: "Thameen" and "Smart Investor." In these programs, CMA provided awareness brochures and conducted awareness campaigns on social media, among other important educational means, for investors of all segments. It conducted 25 awareness campaigns on various platforms under these two awareness programs. The awareness campaigns included messages on financial planning, savings, investment and investor protection. Furthermore, CMA distributed a number of "Thameen" brochures and "Smart Investor" magazine to the target audience in the events in which it participated during 2022. As part of "Thameen" program, CMA held 34 meetings at a number of universities across various regions of Saudi Arabia and eight informative lectures in cooperation with the Financial Academy. Realizing the importance of social media chan-

nels and their great use by various segments of society, CMA carried out a series of awareness campaigns through electronic platforms and social media channels in 2022. These campaigns included enhancing awareness of CMA's rules and regulations, investors' rights, and unfair practices. In addition, CMA's campaigns aimed to promote the financial and investment culture and increase the confidence and knowledge needed to manage investment instruments. In addition, through the Standing Committee for Awareness on Dealing in Unauthorized Securities Activities in the Foreign Exchange Market (Forex), CMA contributed to the launch of awareness campaigns against dealing in unauthorized securities activities in the Forex market and against dealing in unauthorized digital currencies activities, regardless of their names and derivatives. CMA also actively contributed to the Gulf Investment Awareness Program "Mulim." It was jointly launched by the regulators of GCC capital markets to raise the awareness of investors about financial transactions and investment in capital markets through a number of campaigns and events held under the program. CMA participated in the National Campaign Against Financial Fraud (#Stay Vigilant) in cooperation with the relevant entities in the public and private sectors under SAMA's leadership to raise awareness of financial fraud methods and risks as well as the ways to report financial fraud crimes and channels.

CMA's Efforts in 2022 in Support of Vision 2030

CMA is working on several initiatives under the FLP and the FSDP in support of the Saudi capital market's position as the largest stock market in the

Middle East and one of the world's top ten capital markets. CMA aims to provide investment alternatives and secure various funding sources for the Saudi capital market, thus boosting its attractiveness. Through its contribution to the FSDP, CMA aims to support national economic development by developing the financial sector and, in particular, the Saudi capital market. It seeks to strengthen the capability of the Saudi capital market to face challenges. Further, it focuses on building a capital market that facilitates financing, stimulates investment, and promotes the confidence of its participants. CMA continued the economic development process to achieve the objectives of Vision 2030 and create a thriving economy for the nation and its citizens. Specifically, it continued developing the Saudi financial market to meet the financing needs of the national economy. Moreover, CMA continued developing programs and initiatives to reach its strategic objectives. In 2022, it continued to work on 102 initiatives within its strategic plan 2021-2023.

Sukuk and Bonds Market Developments

The Sukuk and Bonds Market Index closed at 929.7 points, bringing the total traded value of the Market to about SAR 574.3 million in 2022. The traded value of government debt instruments stood at approximately SAR 481.3 million. The traded value of corporate sukuk and bonds reached around SAR 93.0 million. In 2022, the number of transactions in the Sukuk and Bonds Market amounted to 3,941; corporate sukuk and bonds constituted 91.9 percent of these transactions and government debt instruments accounted for the remaining 8.1 percent (Table 11.8).

Derivatives Market Developments

The derivatives market was launched on August 30, 2020. It is one of the main initiatives under the FSDP, a main program adopted by Saudi Arabia to achieve Vision 2030. Launching the derivatives market represents a milestone in the development of the Saudi Stock Exchange (Tadawul) to be an advanced financial market. Derivative instruments provide investors in the Saudi market with opportunities to diversify their investments. They are also hedging tools that can enhance the effectiveness of risk management in the market. From this aspect, the Saudi Stock Exchange introduced the first exchange-traded derivative product called the MT30 Index Futures. These futures contracts are based on the MSCI Tadawul 30 (MT30) Index, which provides a benchmark of the 30 largest and most liquid companies listed on the Saudi Stock Exchange. As for key developments of the derivatives market during 2022, the market recorded a total of 65 deals with a total traded value of about SAR 91.6 million. In order to enhance the market, Saudi Tadawul Group is currently working on rolling out more derivative products, such as single-stock futures, single-stock options, and index options.

Developments of Investment Funds

The number of investment funds managed by investment companies in Saudi Arabia decreased by 1.2 percent to 253 in 2022. The total assets of these funds also declined by nearly 44.5 percent to around SAR 126.1 billion. Domestic assets of investment funds decreased by 31.5 percent to around SAR 101.2 billion. Similarly, foreign assets of investment funds decreased by 68.6 percent to about SAR 24.9 billion. In addition, foreign assets constituted 19.8 percent of the total assets of the funds compared to 80.2 percent for domestic assets. The number of investment fund subscribers stood at around 652.9 thousand at the end of 2022, jumping by 23.3 percent from that of the preceding year (Table 11.9 and Chart 11.1). A breakdown of the funds' investments inside and outside Saudi Arabia in 2022 indicates that total investments on global stock exchanges decreased by 47.6 percent to about SAR 3.4 billion. Investment in domestic equities also went down by 2.5 percent to nearly SAR 19.4 billion. Thus, domestic equities accounted for 15.4 percent of the total assets of investment funds, up from 8.8 percent at the end of 2021. Investment in domestic and foreign equities rose to 18.1 percent of total assets of investment funds at the end of 2022 against 11.6 percent at the end of the preceding year.

Table 11.8: Sukuk and Bonds Market Statistics for 2022

Sukuk & bonds	Index closed at (Points)	Value traded (Million SAR)	No. of trades
Corporate Sukuk & Bonds	993.7	93.0	3,623.0
Government Debt Instruments	938.5	481.3	318.0
Sukuk & Bonds Market	929.7	574.3	3,941.0

Source: Annual Statistical Report 2022, Saudi Tadawul.

In contrast, funds' investments in foreign bonds declined by 16.7 percent to about SAR 2.9 billion in 2022. Funds' investments in domestic sukuk and bonds, however, rose by 0.4 percent to nearly SAR 16.9 billion. Investments in domestic and foreign bond markets accounted for around 15.7 percent of investment funds' total assets at the end of 2022 compared to about 8.9 percent at the end of the preceding year.

Funds' investments in domestic and foreign money market instruments constituted 38.8 percent of investment funds' total assets at end-2022 against 60.8 percent at end-2021. Investment in domestic money market instruments decreased by 55.7 percent from SAR 69.5 billion at end-2021

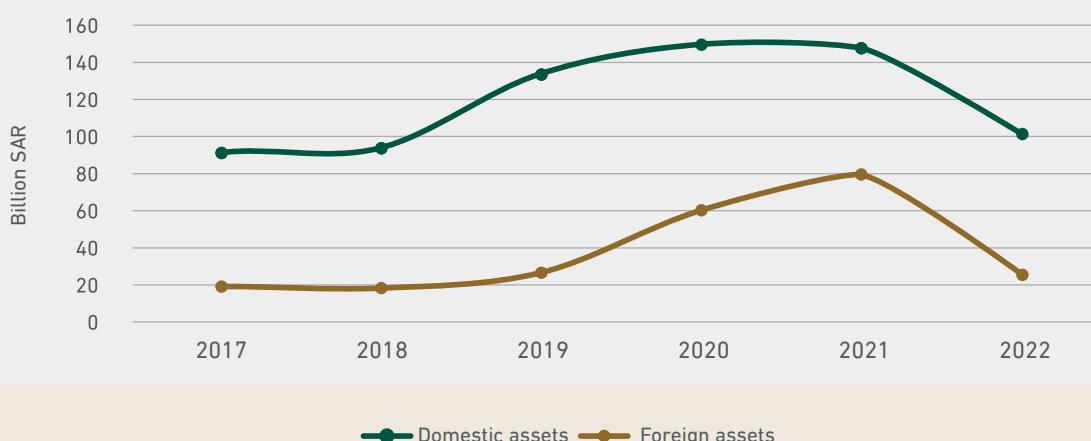
to SAR 30.8 billion at end-2022, accounting for 63.0 percent of total investments in money market instruments against 50.3 percent at the end of 2021. Additionally, investments in foreign money market instruments shrunk by 73.7 percent to about SAR 18.1 billion at the end of 2022 compared to about SAR 68.7 billion at the end of 2021. Investments in other domestic assets declined by 28.0 percent to around SAR 10.6 billion at the end of 2022, accounting for 95.0 percent of total investments in other domestic and foreign assets compared to 94.1 percent at end-2021. Likewise, investments in other foreign assets shrunk by 39.5 percent to approximately SAR 557.3 million at the end of 2022. Investments in real estate assets also decreased by 12.2 percent to around

Table 11.9: 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 (Thousand subscribers)	Change (%)
2016	275	1.9	70.7	-6.9	17.2	-36.3	87.8	-14.6	224.4	-5.3
2017	273	-0.7	91.1	29.0	19.1	11.1	110.2	25.5	238.4	6.3
2018	249	-8.8	93.6	2.7	18.2	-4.6	111.9	1.5	332.6	39.5
2019	253	1.6	133.4	42.5	26.5	45.6	160.0	43.0	329.7	-0.9
2020	254	0.4	149.6	12.1	60.2	126.9	209.7	31.1	358.9	8.8
2021	256	0.8	147.7	-1.3	79.5	32.1	227.2	8.3	529.3	47.5
2022	253	-1.2	101.2	-31.5	24.9	-68.6	126.1	-44.5	652.9	23.3

Source: The Capital Market Authority.

Chart 11.1: Assets of Investment Funds at Domestic Investment Companies



Source: The Capital Market Authority.

SAR 23.5 billion in 2022, representing 18.6 percent of investment funds' total assets compared to about 11.8 percent at end-2021 (Table 11.10).

An analysis of the classification of investment companies by funds' assets shows that NCB Capital took the lead in terms of the assets of its investment funds, standing at about SAR 34.6 billion and representing 27.4 percent of the total assets of investment funds. Riyad Capital came next with around SAR 26.6 billion (21.1 percent of the total), followed by Al Rajhi Capital with about SAR 12.7 billion (10.0 percent of the total).

For the total number of investment funds, NCB Capital came first with 43 funds, two of which were close-ended. Both Riyad Capital and Alawwal Invest came second with 25 funds, one of which was Riyad Capital's close-ended fund. Al Rajhi Capital came third with 17 funds, one of which was close-ended. A breakdown of investment companies ranking by the number of subscribers shows that Alkhabeer Capital ranked first with nearly 168.4 thousand, followed by Riyad Capital with about 86.6 thousand and Al Rajhi Capital with 64.3 thousand.

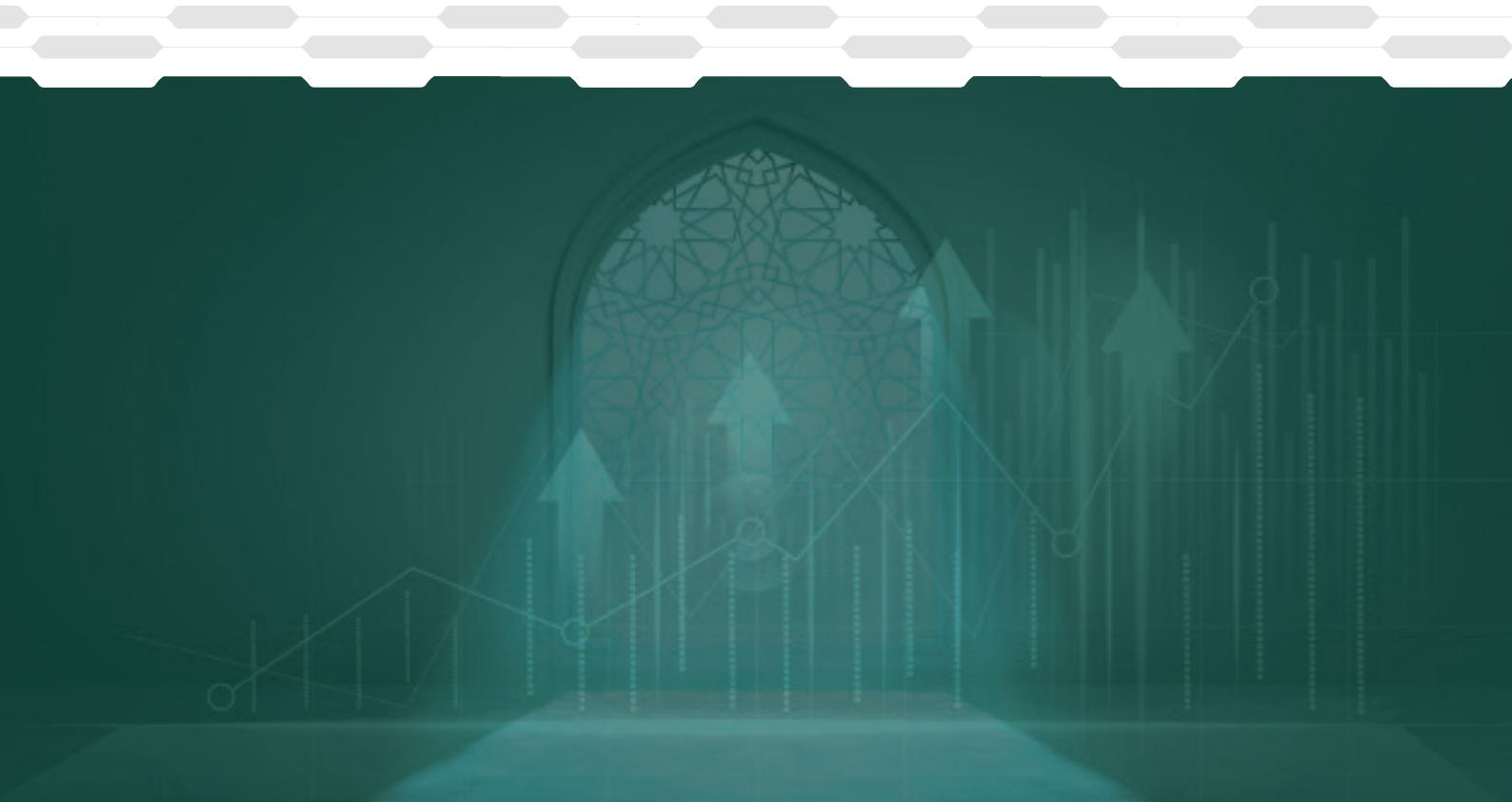
Table 11.10: Assets of Investment Funds Managed by Domestic Investment Companies by Type of Investment

Year	Domestic equities	Foreign equities	Domestic sukuk and bonds	Foreign bonds	Domestic money market instruments	Foreign money market instruments	Other domestic assets	Other foreign assets	Real estate investments	(Million SAR) Total Assets
2017	17,988	5,420	4,996	1,528	55,169	11,598	8,743	542	4,249	110,232.75
2018	21,512	4,321	4,494	1,032	45,447	12,736	2,588	123	19,609	111,861.70
2019	23,000	4,150	6,915	1,011	76,729	21,276	3,043	80	23,754	159,958.03
2020	19,352	4,965	9,595	3,881	81,506	50,874	13,889	442	25,220	209,724.32
2021	19,939	6,425	16,830	3,485	69,518	68,652	14,667	921.7	26,734	227,173.40
2022	19,442	3,368	16,895	2,905	30,812	18,089	10,563	557.3	23,473	126,105.00

Source: The Capital Market Authority.

12

Islamic Finance



Islamic Finance

The Islamic financial services industry continued its growth globally as the total assets amounted to \$3.25 trillion for 2022⁷, increasing by 6.2 percent compared to 2021. The Islamic finance sector in Saudi Arabia is the largest globally in terms of asset size. The total main components of the sector amounted to SAR 3.15 trillion (\$842 billion) by the end of 2021.

Islamic Banking Sector

Islamic Banking Assets

Islamic banking in Saudi Arabia continued to achieve remarkable growth in total assets, including those of Islamic banks and windows.⁸ The total assets increased by 12.5 percent to about SAR 2,714.6 billion at the end of 2022 compared to around SAR 2,413.3 billion at the end of 2021 (Table 12.1 and Chart 12.1). This growth was supported by high Shariah-compliant banking finance, which constituted 72.8 percent of the total the Islamic banking assets.

Shariah-Compliant Banking Finance

Shariah-compliant banking finance provided by Islamic banks and windows in Saudi Arabia grew to SAR 1,997.4 billion at the end of 2022 compared to SAR 1,724.3 billion at the end of 2021,

recording an annual growth rate of 14.7 percent (Table 12.1 and Chart 12.1). Shariah-compliant finance consists of the contracts of Murabaha, Tawarruq, Ijarah, Mudaraba, Musharakah, etc.

Murabaha contracts constituted 53.1 percent (SAR 1,049.5 billion) of the total Shariah-compliant finance contracts in 2022, followed by Tawarruq contracts at 35.9 percent (SAR 710.2 billion), then Ijarah contracts at 9.1 percent (SAR 180.7 billion). The remaining 1.9 percent was distributed over Mudarabah, Musharakah, and other contracts.

Shariah-Compliant Bank Deposits

Shariah-compliant bank deposits consist of demand deposits and time and savings deposits deposited in Islamic banks and windows. The total Shariah-compliant bank deposits increased by 6.0 percent to about SAR 1,873.7 billion at the end of 2022 compared to 1,768 billion at the end of 2021 (Table 12.1 and Chart 12.2).

This increase was supported by growth in profitable deposits, including Murabaha deposits and others, reaching SAR 442.4 billion at the end of 2022 from SAR 339.6 billion at the end of 2021. Thus, profitable deposits represented about 23.6 percent of the total Shariah-compliant deposits. Furthermore, there was an increase in Profit-sharing investment accounts which con-

Table 12.1: Islamic Banking Indicators

	Total assets	Total finance	(Million SAR) Total deposits
2020	2,413,332	1,724,264	1,767,999
2021	2,714,555	1,977,400	1,873,686

Source: Saudi Central Bank

⁷ Islamic Financial Services Industry Stability Report 2023 issued by the Islamic Financial Services Board (IFSB).

⁸ They are a separate part of conventional bank operations (carried out in a branch or a specialized unit of the bank). An Islamic window provides Shariah-compliant finance and investment services related to assets and liabilities- Saudi Central Bank (Shariah Governance Framework for Local Banks Operating in Saudi Arabia).

stituted 7.1 percent of the total Shariah-compliant deposits reaching SAR 133.6 billion at the end of 2022 compared to SAR 115.1 billion at the end of 2021.

In contrast, demand deposits consisting of current account deposits, fell to SAR 1,297.6 billion at the end of 2022 from SAR 1,313.3 billion at the end of 2021 and represented about 69.3 percent of Shariah-compliant deposits (Chart 12.1).

Non-Banking Islamic Financial Services Sukuk

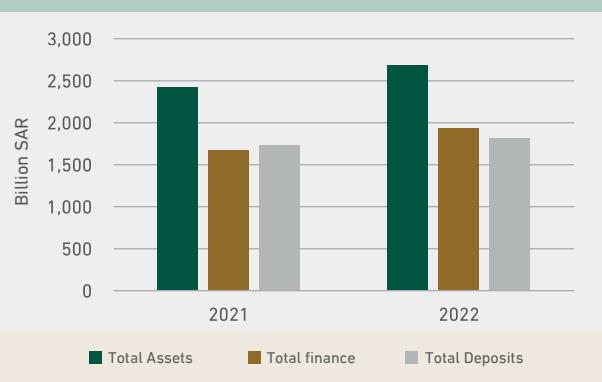
Saudi Arabia is the largest in the size of sovereign Sukuk issuances globally.⁹ The Ministry of Finance, represented by the National Debt Management Center, issues domestic and international sovereign Sukuk. Total outstanding domestic Sukuk amounted to around SAR 506.2 billion at the end of 2022 compared to SAR 426.2 billion at the end of 2021.

Total outstanding international Sukuk amounted to around SAR 50.6 billion at the end of 2022, compared to SAR 58.1 billion in the 2021 (Chart 12.3). With regard to outstanding domestic non-sovereign Sukuk, the total outstanding

Sukuk amounted to SAR 129.6 billion at the end of 2022, of which banks and financial institutions Sukuk accounted for about 56.9 percent of the total, with a value of SAR 73.7 billion. Sukuk of companies and non-financial institutions accounted for about 31.4 percent, with a value of SAR 40.7 billion, and semi-sovereign Sukuk accounted for about 11.7 percent, with a value of SAR 15.2 billion.

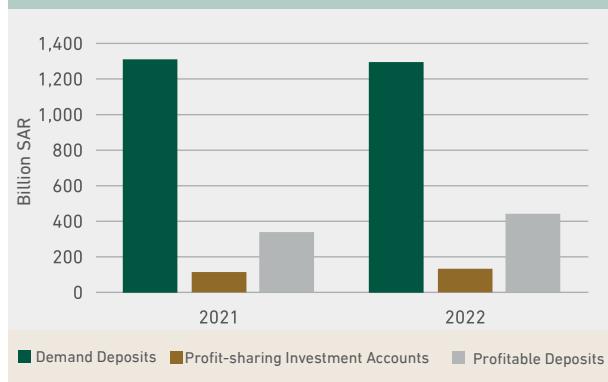
Regarding Sukuk issuances in 2022, the total Sukuk issued locally reached SAR 164.2 billion, compared to SAR 145 billion in 2021, increasing by 13.2 percent. These issuances included Sukuk from government entities amounting to 14 issuances issued privately with a value of SAR 103.4 billion in 2022 compared to SAR 115.1 billion in 2021. In addition, they included issuances of banks and financial institutions, which amounted to 15 private issuances and one public issuance with a value reaching SAR 52.2 billion in 2022 compared to SAR 23.6 billion in 2021 and issuances of companies and non-financial institutions that amounted to 10 private issuances with a value reaching SAR 8.6 billion in 2022 compared to SAR 6.4 billion in 2021 (Chart 12.4).

Chart 12.1: Islamic Banking Sector Indicators



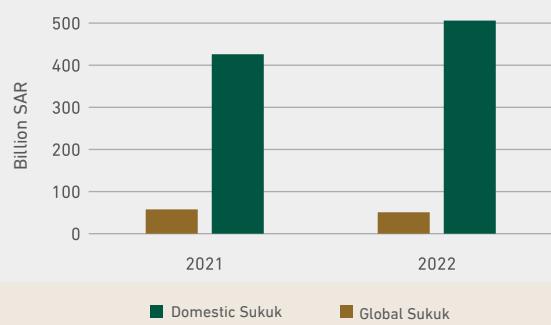
Source: Saudi Central Bank

Chart 12.2: Shariah Compliant Deposits



Source: Saudi Central Bank

⁹ Islamic Financial Services Industry Stability Report 2022 issued by the Islamic Financial Services Board (IFSB).

Chart 12.3: Total Outstanding Sovereign Sukuk

Source: National Debt Management Center.

Shariah-Compliant Investment Funds

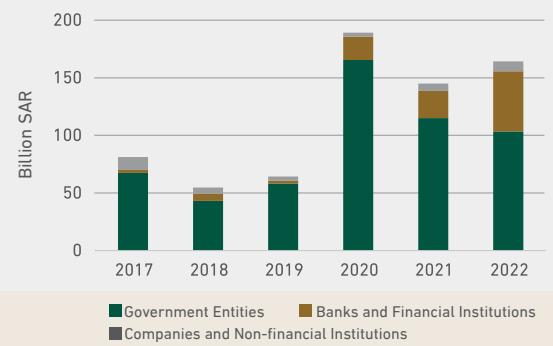
Shariah-compliant investment funds in Saudi Arabia account for about 35.2 percent of the managed assets of Islamic investment funds globally, according to the IFSB Islamic Financial Services Industry Stability Report 2022.

The value of managed assets of Shariah-compliant investment funds in Saudi Arabia amounted to SAR 92.8 billion at the end of 2022.

The number of Shariah-compliant investment funds stood at 187 in 2022. Shariah-compliant funds' investments in Shariah-compliant assets varied as investments in money market instruments constituted the largest share of 51.8 percent of the total managed assets, followed by investment in Sukuk with 21.1 percent and investment in equities with 20.4 percent (Chart 12.5).

Insurance Companies

Insurance companies provide Shariah-compliant cooperative insurance services and products and perform their activities according to the cooperative insurance model, in line with the provisions and principles of Shariah and Article 1 of the Cooperative Insurance Companies Control Law.

Chart 12.4: The value of domestic Sukuk Issuances

Source: The Capital of Market Authority.

The gross written premiums (GWP) for insurance companies grew by 26.9 percent to SAR 53.4 billion in 2022 compared to SAR 42 billion in 2021.

Finance Companies

Finance companies provide Shariah-compliant finance services and products and carry out their activities according to the provisions of Shariah and Article 3 of the Finance Companies Control Law. Finance companies offer Shariah-compliant products, such as Murabaha, Ijarah and other products. The finance portfolio for finance companies totaled around SAR 75.7 billion at the end of 2022, as compared to SAR 68.1 billion at the end of 2021, increasing by 10.8 percent.

Islamic Fintech

According to the Global Islamic Fintech (GIFT) Report, Saudi Arabia is the largest Islamic fintech market in the world, with an estimated transaction volume of around SAR 97.6 billion (\$26 billion) in 2021 compared to SAR 76.5 Billion (\$18 billion) in 2020. This market size represents 33.0 percent of the global Islamic fintech industry. The GIFT Report also projects that the transaction volume of Islamic fintech will continue to grow in Saudi Arabia to SAR 195 Billion (\$52 billion) by

2026 at a compound annual growth rate (CAGR) of 15 percent. Fintech companies in Saudi Arabia provide Shariah-compliant finance services and solutions as modern technologies in finance, insurance, business solutions, data provision, payments, etc., allow Islamic financial institutions to offer Shariah-compliant products and services for a large segment of customers.

Legislations and Regulations

The quantitative growth in the size of the Islamic finance sector is accompanied by several multi-faceted qualitative initiatives led by regulators. Through the initiatives, the regulators contribute to strengthening governance and oversight. The key legislation and regulation developments in 2022 include the following:

Issuing the Rules for Profit Sharing Investment Accounts for Banks Practicing Islamic Banking

SAMA issued the Rules for Profit Sharing Investment Accounts for Banks Practicing Islamic Banking to enhance compliance with the provisions and principles of Shariah. The Rules aim to set the minimum regulatory requirements that banks must comply with, boost customer protection and raise transparency in the banking sector.

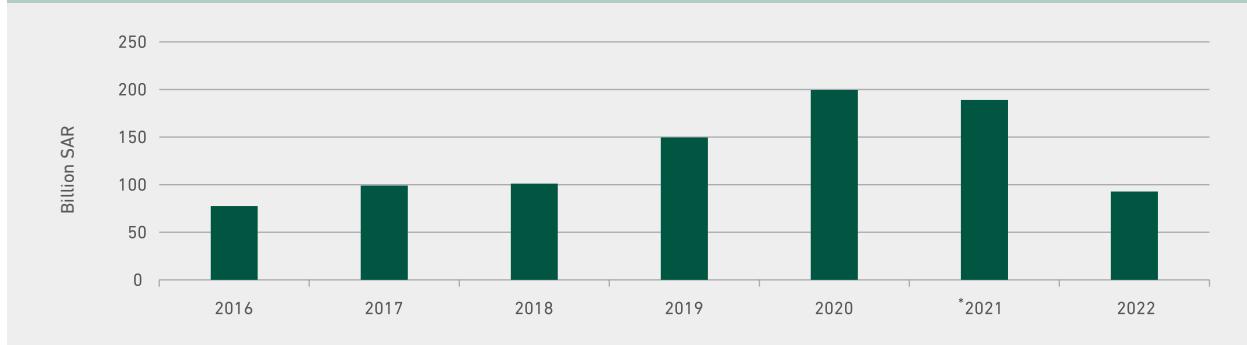
Standard Retail Consumer Finance Contract

SAMA issued the Standard Retail Consumer Finance Contract covering all consumer finance contracts in banks and finance companies in Saudi Arabia.

This step is part of SAMA's ongoing efforts to protect financial institutions' consumers, promote fair transactions in the financial sector, reduce the differences in consumer finance contracts among finance entities, and reduce disputes arising from such contracts.

Instructions for Shariah Governance in Capital Market Institutions

The Capital Market Authority issued the Instructions for Shariah Governance in Capital Market Institutions. These Instructions aim to set out the rules and standards of Shariah governance for the Capital Market Institutions, which provide, wholly or partially, products or services that are Shariah Compliant. The Instructions include some mandatory provisions and other guidance provisions.

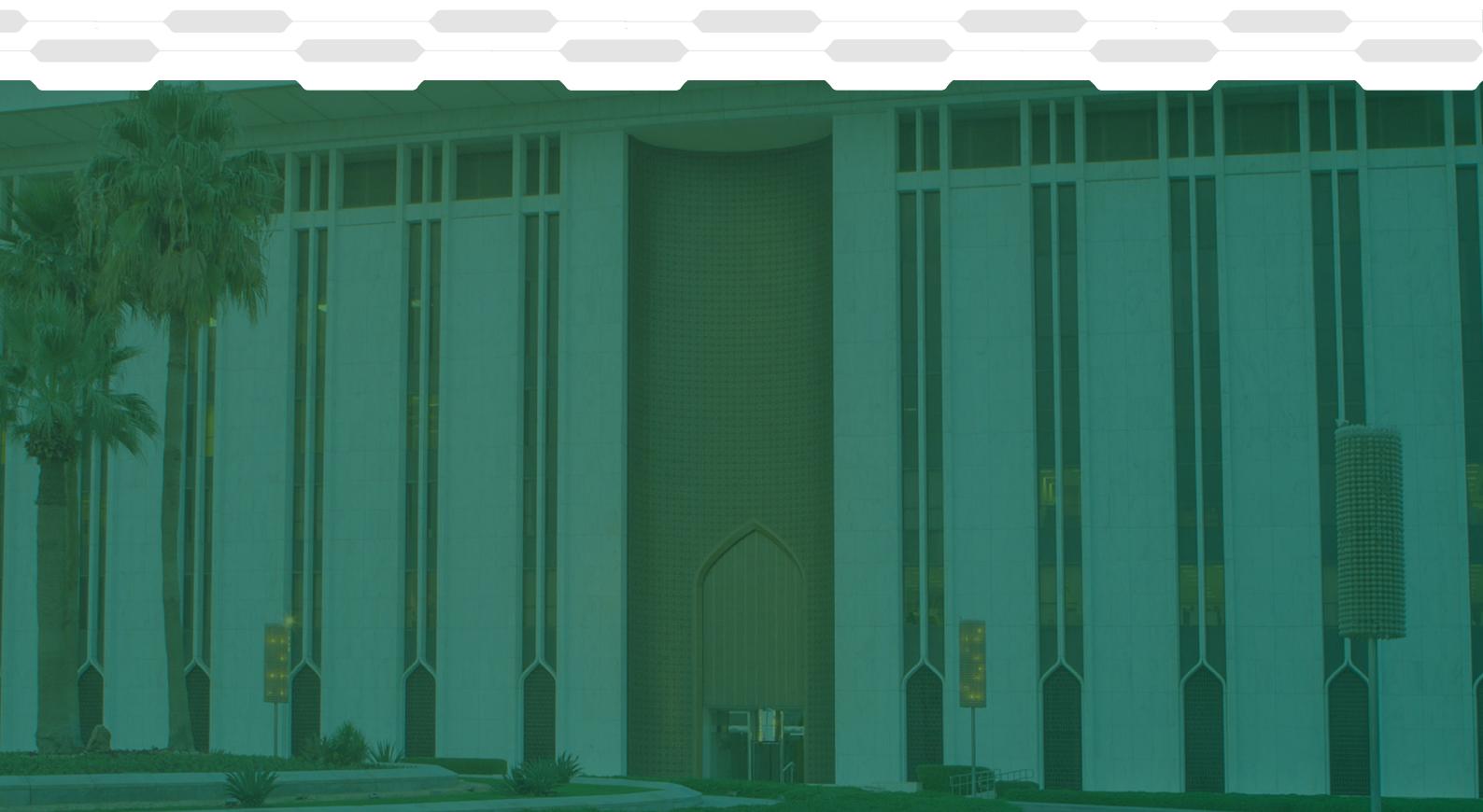
Chart 12.5: Assets of Shariah-Compliant Public Investment Funds

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

Source: The Capital of Market Authority.

13

SAMA Achievements and Aspirations



SAMA Achievements and Aspirations

The Saudi Central Bank (SAMA) seeks to fulfill the mandate entrusted to it in line with national economy requirements and Saudi Vision 2030. In performing its functions, SAMA follows a clear vision of the present and future of the financial sector in Saudi Arabia and its prospective role in boosting economic growth. Despite the challenges the world faced in 2022, SAMA continued to realize many achievements in that year. It optimized its supervisory and regulatory role to boost the national economy, support economic diversification, and promote digital transformation and innovation in the financial sector. SAMA also keeps abreast of the developments in the financial sector through adopting regulations that enhance the readiness and resilience of the sector toward achieving Saudi Vision 2030.

This chapter discusses SAMA's roles and functions, salient achievements made in 2022, and SAMA's role in Vision 2030. The chapter also touches upon SAMA's contributions to society. The last part of the chapter reviews key developments in SAMA's financial position.

Saudi Central Bank Law

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

SAMA's Strategy

SAMA strives to support the Saudi Vision 2030 and its executive programs, such as the Financial Sector Development Program (FSDP), through maintaining monetary and financial stability and supporting balanced and sustainable economic growth. Therefore, SAMA's strategy defines four objectives: maintaining monetary stability, safeguarding the stability and resilience of the financial system, broadening and deepening the financial sector, and contributing to the economic development of Saudi Arabia. These strategic objectives have constituted the bedrock for achieving SAMA's aspirations. To that end, SAMA is committed to adopting relevant international best practices, maintaining human capital while continuously developing its capabilities, and benefiting from the latest technologies to support the roles vested in SAMA, including:

- To develop and execute the monetary policy.
- To boost the stability of the financial sector.
- To regulate and supervise the banking, finance, and insurance sectors.
- To manage foreign exchange reserves.
- To serve as the government's central bank and financial advisor.
- To issue and manage the national currency.
- To ensure the availability of secure and innovative payment systems.
- To establish, develop, operate, control and supervise the financial technology platforms within its competencies and issue rules, instructions and licenses related thereto.
- To provide banking services for the government.
- To conduct research and studies, and publish statistics within its competencies.

Monetary Policy

SAMA plays a fundamental role in the domestic economy through its monetary policy that aims to maintain monetary stability, ensure abundant liquidity to meet economic needs, and support the stability of the exchange rate. SAMA has maintained the exchange rate of the Saudi riyal against the U.S. dollar fixed at SAR 3.75 per one U.S. dollar since 1986.

To achieve the goals of its monetary policy, SAMA uses a package of monetary policy tools, including the repo and reverse repo rates, SAMA bills, reserve ratios for commercial banks, direct deposits, open market operations, and other monetary tools available to SAMA to manage liquidity levels. These tools have helped maintain the stability of the Saudi riyal exchange rate, thus supporting economic growth through imports and exports.

Financial Stability

SAMA has an effective role in the banking and financial systems. It closely supervises all banking, finance, and insurance institutions in order to achieve a number of strategic objectives, including maintaining the soundness and resilience of banking and financial systems in addition to identifying, assessing, measuring, and addressing all related risks. To that end, SAMA monitors capital and levels of liquidity and profitability of the financial sector. It also oversees stress testing of the banking sector and its indicators of financial soundness to ensure the resilience of the financial sector and its ability to withstand shocks.

1. Achievements and Aspirations

1.1 National Currency Management

SAMA's functions include issuing the national currency (banknotes and coins), maintaining issuances and their value, holding Saudi Arabia's currency assets, and meeting the demand for currency through SAMA's branches in all regions of Saudi Arabia. The currency is printed and minted in accordance with the latest technical specifications available in the industry. 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 of the national currency along with its security features. It also pursues all cases of currency counterfeiting and continuously coordinates with security authorities in order to combat all counterfeiting attempts, a fact that has contributed to the decline of counterfeiting rates of the Saudi currency. SAMA's efforts in combating currency counterfeiting include the following:

- Holding training courses to spread awareness about the Saudi currency and counterfeiting methods, including specialized courses, practical training in detecting counterfeit banknotes, and awareness lectures for university and institute students who visit SAMA.
- Continuing the development of the mobile application that interactively provides information about Saudi banknotes and their security features.

1.2 Foreign Reserve Management

By managing foreign exchange reserves, SAMA aims to achieve a balance between maximizing

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

1.3 Supervision and Control of Banking Sector

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

The following are the key developments in 2022:

- Revising and updating, as necessary, SAMA's instructions in line with the advances witnessed in Saudi Arabia, other applicable laws, and international best banking practices. In particular, SAMA updated a number of instructions including the Guidelines for Combating Financial Fraud which aims to protect the banking sector and its customers from financial fraud and improve fraud prevention practices by applying a set of controls that contribute to reaching the maturity level for combating fraud proactively and more effectively so as to reduce it.
- Issuing new instructions to regulate the banking sector in Saudi Arabia, including the Rules for Electronic Issuance and Authenticity Verification of Banking Documents, Rules for Remote Opening of Bank Accounts for Foreign Companies, Initial Public Offering (IPO) Rules for Receiving and Lending Banks, Financial Sector Cyber Threat Intelligence Principles, Instructions for Creditors on Dealing with Promissory Notes, Banks Investment Rules, and Rules of Receiving Money Transfers for the Purposes of Conducting Transfer or Currency Exchange Transactions. Furthermore, SAMA issued the Financial Consumer Protection Principles and Rules.
- Devising a plan to implement the standards of the Islamic Financial Services Board (IFSB). SAMA had previously issued the Shariah Governance Framework for Local Banks Operating in Saudi Arabia and the Risk Management Framework for Banks Practicing Islamic Banking. SAMA also issued the Rules for Profit Sharing Investment Accounts for Banks Practicing Islamic Banking. In addition, SAMA updated the Related Parties Rules for Banks.
- Conducting periodic supervisory visits to all domestic banks and foreign banks' branches operating in Saudi Arabia to prepare, update and assess banks' risk profiles.

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

1.3.1 Macro-Prudential Supervisory Measures in Saudi Arabia

To support the stability of, and enhance confidence in, the financial sector, SAMA develops and manages prudential policies and takes actions and measures necessary for the financial institutions as well as those necessary to tackle economic and financial disruptions and crises at the international, regional and domestic levels.

Macroprudential policies have a proactive role as they mitigate the impact of shocks on the financial system, increase the banking sector's resilience, and ensure that the banking sector continues to perform its role in supporting the economy. Macroprudential policy instruments used during 1443/1444H (2022) include:

- The countercyclical capital buffer, set at zero percent.
- The capital conservation buffer of 2.5 percent of risk-weighted assets.
- Regulatory capital requirement where the total regulatory capital must be at least 8 percent of the risk-weighted assets, 6 percent of which must be coming from Tier 1 regulatory capital.
- The leverage ratio as Tier 1 capital to total exposures ratio must be at least 3.0 percent, and deposit liabilities of a bank must not exceed 15 times its reserves and invested capital.
- Capital surcharges for domestic systemically important banks (D-SIBs), which were five in 2022, ranging from 0.5 percent to 2.5 percent.
- The limits for large exposures of banks, which vary according to the type and size of the counterparty as follows:
 - The total exposures of a bank to any single non-bank counterparty or group of connected counterparties (except for individuals, sole proprietorships, and commercial undertakings majority-owned by the Saudi government or a government-related entity) must not exceed 15.0 percent of the bank's available eligible capital base at all times.¹⁰
 - The total exposures of a bank to an individual, a sole proprietorship or a partnership must not exceed 5.0 percent of the bank's available eligible capital base at all times.

¹⁰ The value of the Tier 1 capital as determined by the Basel III framework capital adequacy standard.

- A bank's total exposures to any other bank must not exceed 25.0 percent of the lending bank's available eligible capital base at all times. However, this ratio drops to 15.0 percent if the lending bank and/or the borrowing bank are/is systemically important, whether domestically (D-SIB) or globally (G-SIB).
- The total exposures of a bank to any commercial undertakings majority-owned by the Saudi government or a government-related entity must not exceed 25.0 percent of the bank's available eligible capital base at all times.
- In all cases, the aggregate large exposures of the bank must not exceed six times the bank's eligible capital.
- The interim regulatory treatment of accounting provisions and standards for transitional arrangements which banks were required to adopt to implement the International Financial Reporting Standard (IFRS) 9 — Financial Instruments.
- The maximum debt-to-income (DTI) ratio which varies depending on the consumer's income and total monthly obligations (including basic expenses), according to the Responsible Lending Principles for Retail Consumers.
- The loan-to-value (LTV) ratio which must not exceed 90.0 percent for citizens' first home ownership for all real estate financiers (banks and finance companies) and must not exceed 70.0 percent for citizens' second (or further) homeownership for banks and 85.0 percent for finance companies.
- Liquidity requirements as the reserve requirement with SAMA must not be less than 7.0 percent for demand deposits and 4.0 percent for time and savings deposits. The liquidity reserve must not be less than 20.0 percent of deposits, and the loan-to-deposit (LTD) ratio must not exceed 90.0 percent. In addition, a net stable funding ratio (NSFR) of at least 100.0 percent must be maintained by banks at all times. The liquidity coverage ratio (LCR) must also be maintained by banks, at all times, at no less than 100.0 percent of the net cash outflows. The LCR is designed to ensure that banks hold a sufficient reserve of high-quality liquid assets (HQLA) to allow them to survive a period of significant liquidity stress lasting 30 calendar days, as determined by SAMA.

1.4 Supervision and Control of Insurance Sector

As part of its supervisory and regulatory role, SAMA strives to enhance the growth and stability of the insurance sector and safeguard it against any potential risks, thus contributing to the achievement of SAMA's objectives and strategy and supporting the Saudi Vision 2030. In addition, SAMA continuously develops and updates relevant laws, regulations and instructions to strengthen the sector's capability to face risks and keep pace with changes at the levels of the sector in particular and the economy in general. Moreover, SAMA develops the insurance sector and bolsters its capabilities by encouraging insurance companies to increase their capital through mergers and acquisitions. Mergers enhance the insurance sector's competitiveness by establishing large competitive insurance entities. They would also buttress the financial position of

the insurance sector and safeguard the rights of the insureds. Furthermore, mergers improve the quality of services provided for customers, reduce costs, diversify products offered, and attract and retain competent human resources. Mergers in the insurance sector also have many other positive effects that would be reflected positively in the economy, the financial sector, customers, and beneficiaries of insurance coverage.

SAMA publishes the laws, regulations and instructions related to the sector on its website. It also publishes information on the insurance market and licensed companies in this sector. In addition, SAMA publishes information about its supervisory and inspection visits made to assess the performance of insurance and reinsurance companies. The following are the key developments in 1443/1444H (2022):

- SAMA issued 22 circulars in 2022, which covered several regulatory aspects that would improve the sector and raise the quality of its outputs. These circulars included Updating the Insurance Claim Form for Compulsory Motor (Third Party) Insurance for Individuals and Corporates, Pricing Adequacy Report Instructions, and the Application of IFRS 9 and IFRS 17.
- SAMA issued the Comprehensive Motor Insurance Rules, which aim to regulate the contractual relationship between the insurer and the insured by setting the minimum requirements for comprehensive motor insurance. In addition, SAMA issued several standard insurance policies in coordination with the relevant authorities, such as the Standard Insurance Policy on Domestic Worker Contract

and the Standard Insurance Policy of Professional Indemnity for Auditors of the Entities Supervised by the Capital Market Authority.

- SAMA continued to cooperate with several international organizations competent in the areas of supervision, controls and implementation of international standards and practices through its membership in several working groups and teams of the International Association of Insurance Supervisors (IAIS), the Islamic Financial Services Board (IFSB), and the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).
- Two successful mergers of insurance companies, thus promoting mergers and acquisitions in the insurance sector.
- The percentage of Saudi employees in insurance companies operating in Saudi Arabia reached 79.0 percent in 2022 compared to 77.0 percent in 2021. In addition, Saudi employees in insurance-related service providers accounted for 81.0 percent in 2022 compared to 77.0 percent in 2021. These achievements reflect SAMA's supervisory role and keenness to attain the desired goal of Saudizing jobs in the insurance sector and insurance-related service providers.
- Launching several training programs and technical workshops aimed at developing and raising competencies of national personnel in the field of insurance and urging insurance companies to comply with SAMA's regulations and instructions. Some of these programs were the CILA Diploma Program for Loss Adjustment and Assessment in the Insurance Sector and the Qualification Program for Financial Departments in the

Insurance Sector, launched in collaboration with the Financial Academy.

1.5 Supervision and Control of Finance Sector

SAMA seeks to develop the regulatory and supervisory frameworks of the finance sector to achieve the main objectives of finance laws and their implementing regulations (Finance Companies Control Law and its Implementing Regulations, Real Estate Finance Law and its Implementing Regulations, and Finance Lease Law and its Implementing Regulations). Through these laws and regulations, SAMA aims to enhance financial stability in the finance sector and promote sustainable economic growth. To achieve these goals, SAMA has set necessary guidelines for engaging in finance activities, sought to ensure fair transactions for all stakeholders and encouraged fair competition among financiers while taking into account the principles of transparency and disclosure. SAMA is also responsible for issuing licenses for finance activities in accordance with finance laws and regulations. The following are the key developments in 1443/1444H (2022):

- SAMA issued several regulatory policies for finance companies, such as the Rules on Liquidity Risk Management, Rules Governing Real Estate Refinance Companies, and Financial Consumer Protection Principles and Rules. It also updated some regulations for finance companies; such updates included deleting Article 4 from the Implementing Regulations of the Real Estate Finance Law and amending Article 16 of the Implementing Regulations of the Finance Companies Control Law.

- Licensing the first debt-based crowdfunding company.
- Training employees on observing international supervision and control standards and encouraging employees at supervisory positions to attend symposia and conferences to keep abreast of developments in the finance sector.
- SAMA made 27 supervisory visits and 178 on-site visits to finance companies. The visits were aimed at studying the technical and regulatory aspects of these companies, assessing their business plans and governance, and evaluating their compliance with finance laws and implementing regulations.
- Approval of floating six finance companies on the Main Market and the Parallel Market (Nomu).

1.6 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 FSDP (one of the Vision's pillars), Saudi Arabia's 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 settlement systems and services. SAMA has also worked on developing, managing and overseeing a modern payment infrastructure 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.

In order to stimulate innovation and competition in the payments sector, SAMA has opened the door for non-banking actors to keep pace with the latest developments and provide fintech services in the fields of payments and open banking. SAMA also issued the Payment Services Provider Regulations at the end of January 2020 and the Law of Payments and Payment Services issued by Royal Decree dated 20/03/1443H (corresponding to October 28, 2021). In doing so, SAMA seeks to regulate a competitive payments sector that promotes innovation. The Payment

Services Provider Regulations pave the way for emerging payment companies to request the necessary licenses through requests submitted to the Licensing Division at the Payment Systems and Companies Control Department. In addition, emerging open banking companies operating in SAMA's Regulatory Sandbox can obtain the necessary licenses in accordance with the Regulations. The following are the key developments in 2022:

- 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 clarify the requirements of the relevant regulations and explain how to fill out the forms in accordance with the requirements and guidelines contained in the regulations.
- SAMA adopted a risk-based supervisory approach for payment companies. This approach requires the preparation of different (daily, monthly, quarterly or annual) reports based on the entity type. It also requires ongoing assessment and follow-up by SAMA to ensure compliance with the relevant laws and instructions.
- Receiving reports through supervisory systems aimed at automating supervisory procedures and submission of prudential returns, thus maintaining the accuracy and quality of data submitted and facilitating reporting.

- Holding more than 10 workshops for payment companies, after being licensed. The workshops included a general introduction and presented reporting forms for periodic supervisory and prudential returns. During these workshops, instructions were given on how to complete the forms properly in accordance with the requirements of the Payment Services Provider Regulations. The workshops were attended by a number of holders of senior positions in the companies, such as the CEOs, compliance managers, finance managers and risk managers. Such workshops contributed positively to companies' compliance and submission of all required documents to SAMA.
- Monitoring the performance of payment companies, supporting their compliance with regulations and instructions, and enhancing the role of governance and internal control. In this regard, SAMA continued to provide companies with its key feedback on issues identified to address them and develop the companies' systems, hence achieving a safe and effective payment environment.
- Making 11 supervisory visits to payment companies.
- Planning a number of inspection programs for payment companies according to a risk-based approach and conducting 44 inspection visits as a result. These programs included thematic inspection programs at the sector level, targeted inspection programs, unscheduled inspection programs implemented on an as-needed basis, and follow-up programs to ensure that the previously made observations were addressed. Of the different inspection programs, the thematic inspection programs and the follow-up programs constituted the largest part with 34 visits, while the unscheduled inspection programs constituted three visits.
- Holding quarterly workshops for compliance managers to raise their awareness of SAMA requirements and identify the key obstacles and challenges facing companies.
- SAMA seeks to develop the regulatory framework of the payments sector in Saudi Arabia in line with international best practices and in a manner that contributes to achieving the objectives of Vision 2030. Therefore, SAMA issued the Law of Payments and Payment Services. In addition, it is currently developing the Law's Implementing Regulations as it sought public consultations on them through the Public Consultation Platform "Istitlaa." SAMA also continued to work on several initiatives aimed at ensuring the integration of regulatory frameworks of the payments sector.

1.7 Anti-Money Laundering and Counter-Terrorist Financing (AML/CTF)

SAMA continued to conduct periodic inspections of financial institutions under its supervision to ensure their adherence to regulations and instructions, detect any irregularities and follow up with the necessary corrective actions in areas such as AML/CTF. The following are the key AML/CTF developments in 2022:

- Organizing the 14th Compliance and Anti-Money Laundering (CAML) Seminar, which discussed developments in AML international standards, challenges facing combating pro-

liferation financing, cyber fraud and the consequences of not implementing the risk-based approach to financial inclusion. The CAML Seminar also highlighted opportunities and challenges arising from reliance on third parties for certain AML activities.

- Developing a tool for identifying and assessing money laundering (ML) and terrorist financing (TF) risks facing financial institutions, with the aim of increasing the effectiveness in supervising and controlling the financial institutions. This special tool is also used for analyzing the data provided by financial institutions to identify ML/TF vulnerabilities and weaknesses in each financial sector.
- Launching the "E-Reporting" project, which aims to enhance AML/CTF domestic cooperation and coordination in a manner that contributes to attaining the AML/CTF national strategic objectives.
- Completing the project of compliance with Recommendation 15 of the Financial Action Task Force (FATF). The project included identifying and assessing ML/TF risks linked to virtual assets and virtual asset service providers and analyzing the regulatory framework to determine if any updates are needed to cover aspects related to virtual assets and virtual asset service providers. Specialized training was also provided for the National Risk Assessment Team, which comprises the supervisory authorities and competent authorities.
- Establishing the E-KYC Center, which aims to increase the effectiveness and efficiency of financial institutions by implementing KYC procedures and taking due diligence measures electronically and in accordance with regulatory instructions and requirements.

- Continuing to hold training courses and awareness workshops for financial institutions to apply the AML/CTF standards and requirements and the FATF's Standards.
- Following up on the implementation of the strategic objectives and the national action plan for AML in coordination with the concerned entities and other relevant national committees. In addition, SAMA provided support and technical assistance for the concerned entities and promoted international cooperation and coordination in this field.

1.8 Control of Cyber Risks

Given the importance of cybersecurity in achieving financial stability and maintaining consumer confidence in the financial sector, SAMA took many strategic steps to strengthen cybersecurity and contain its risks. It issued a comprehensive cybersecurity strategy for the financial sector based on international and regional best practices and experiences. The strategy encompasses a number of strategic objectives and several projects that aim to strengthen the regulatory role of SAMA, develop its supervisory tools and enhance cybersecurity practices in the sector. Moreover, SAMA established a cybersecurity center to have a clear, forward-looking vision and detailed information on the cyberspace of the financial sector. The center is responsible for analyzing information about threats, known as threat intelligence. In particular, it analyzes cyber threats targeting the financial sector in Saudi Arabia and proactively shares relevant information with the sector to take the necessary precautionary measures. The center also assesses the security readiness of the relevant supervised entities by conducting red teaming,

applying different scenarios to improve cyber readiness in the financial sector. The following are the key developments in 2022:

- Analyzing cyber threats to the financial sector to establish theoretical and practical foundations for monitoring and detecting cyber threats. The analysis was also aimed at improving financial institutions' practices relating to monitoring the threat landscape.
- Circulating the Business Continuity Management Framework and the Cyber Security Framework in the insurance sector. The two frameworks aim to set controls to manage business continuity and improve maturity to ensure the resilience of the financial sector.
- Issuing the Guidelines for Combating Financial Fraud, which aim to enhance fraud governance and mitigate cyber fraud risks.
- Requiring institutions supervised by SAMA to use biometric authentication to verify the identity of an individual customer against documents or information from a reliable and independent source. The requirement aims to enhance the reliability of e-transactions.
- Requiring compliance with instructions on customer personal data protection.
- Training and attracting national cadres through the training program "SECURE," which aims to qualify national cadres to implement SAMA's strategic direction. SECURE is a cybersecurity program designed to support supervisory and control tasks of the financial sector and provide financial institutions with the necessary cadres to follow the strategic direction.

- Completing the Financial Sector Critical Systems Protection Program, which aimed to develop regulatory frameworks to manage risks of critical systems and identify common infrastructure risks for the financial sector.
- Developing the Third-Party Risk Management Framework, which identifies and assesses the third-party risks related to the financial sector.

1.9 Economic Research and Statistics

SAMA seeks to make its Research and International Affairs Deputyship an active and completely reliable intellectual source referred to by others, whether from SAMA or outside. To that end, SAMA encourages the Deputyship to prepare studies and reports of high value and quality in financial and economic fields. It also aspires to make the Deputyship a source of the latest and most accurate monetary, banking and financial data to keep pace with national and international economic developments. The key achievements of the Deputyship in 1443/1444H (2022) include the following:

- Preparing SAMA's Annual Report, which is a key reference for researchers and those interested in the national economy.
- Preparing weekly, monthly, quarterly and annual reports and statistics and publishing them on SAMA's website. Such reports and statistics included the Monthly Statistical Bulletins, Inflation Report, Economic Developments Report, Financial Stability Report and Islamic Finance Report.
- Striving to meet the requirements of the G20 Data Gaps Initiative.
- Preparing working papers on various eco-

nomic, financial and development topics and publishing them on SAMA's website.

- Continuing the "Joint Research Program" initiative, which supports research collaboration between SAMA's researchers and external academics, subject matter experts and specialists to develop the economic and financial research ecosystem in line with Saudi Vision 2030.
- Holding quarterly workshops and symposia that aim to enrich knowledge and share ideas with academics, bankers and interested parties. Such workshops covered 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 support sharing ideas between the employees of SAMA and other government entities.
- Holding many internal Ethraa sessions and workshops to introduce key developments in Islamic finance at the local and global levels and to review international best practices in the control and 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.

2. Risk and Compliance

SAMA has been keen to instill the concept of compliance and risk management in order to raise awareness on a scientific and technical basis. It has developed a set of methods and mechanisms to address risks and promote a risk management

culture. It has also introduced a policy on intellectual property at SAMA level in accordance with the requirements of the Saudi Authority for Intellectual Property. Furthermore, SAMA seeks to promote compliance with regulations and instructions to protect its resources. More importantly, it has paid particular attention to providing the necessary support to ensure its critical functions' continuity, hence fulfilling its well-established objectives and strategy.

3. Saudi Vision 2030

SAMA has continued to fulfill its roles in line with development requirements and economic needs, as its work is oriented toward maintaining monetary and financial stability and supporting sustainable economic growth. It constantly coordinates with the authorities concerned with achieving Saudi Vision 2030 and its related programs. Such coordination aims to explore areas of cooperation and overcome the obstacles associated with SAMA's functions and responsibilities in a manner consistent with the monetary and financial stability requirements. Saudi Vision 2030 encompasses multiple economic and development goals, on which many initiatives and projects are based. One of the main goals is to advance the Saudi economy to be among the top 15 economies of the world in terms of GDP by 2030. This goal will be achieved by increasing the private sector's contribution to GDP from 40.0 percent to 65.0 percent, raising the share of non-oil exports in total non-oil GDP from 16.0 percent to 50.0 percent and increasing SMEs' contribution to total GDP from 20.0 percent to 35.0 percent by 2030. Another goal of the Vision is to promote social engagement in achieving the national objectives and aspirations, such as increasing household savings

from 6.0 percent to 10.0 percent of total household income by 2030. SAMA also strives to support the Saudi Vision 2030 by participating in the FSDP and the Housing Program.

3.1 Financial Sector Development Program (FSDP)

SAMA continued to work and cooperate effectively with the main partners in the financial sector: the Ministry of Finance and the Capital Market Authority (CMA) as well as other government bodies. SAMA participates with its partners in the FSDP Committee, which works on diversifying funding sources, promoting financial inclusion and enabling optimal financial planning for all segments of society. The FSDP aims to develop a dynamic and effective financial sector that supports the development of the national economy, diversifies its sources of income, and stimulates savings, financing and investment in a manner consistent with the strategic objectives of maintaining the stability and resilience of the financial sector.

SAMA's key achievements under the FSDP include developing the financial sector, raising its contribution to the development of the national economy, and developing digital solutions and payment systems. The achievements also involve promoting financial inclusion, developing and regulating the real estate finance sector, supporting SMEs, developing the fintech sector, continuing to develop and regulate the insurance sector and boosting confidence in the financial system. The following is a summary of SAMA's key achievements under the FSDP in 2022:

- Launching the Fintech Strategy, which aims to make Saudi Arabia a global fintech hub

where technology-based innovation in financial services is the foundation to enhance the economic empowerment of individuals and society. The strategy aspires to increase the number of fintech companies operating in Saudi Arabia from 82 currently to 230 by 2025. It also seeks to raise the share of non-cash (digital) transactions to reach 70.0 percent by 2025.

- Issuing 13 new licenses for fintech companies (nine providing payment services and four working in the field of finance), bringing the total number of licensed companies to 30 by end-Q4 2022. This step reflects SAMA's supportive role in enabling the fintech sector, allowing the introduction of new activities to strengthen the sector and attracting a new segment of investors and companies to work under its supervision.
- Granting permits to 10 fintech companies to operate in SAMA's Regulatory Sandbox to provide innovative solutions, such as savings solutions for individuals; e-payments, debt-based crowdfunding platforms for SMEs; and Buy Now, Pay Later (BNPL) service.
- Licensing a third domestic digital bank established by a consortium of institutional and individual investors, with the Public Investment Fund (PIF) as one of the key investors. It should be noted that digital-only banks are subject to all supervision and control requirements applicable to banks operating in Saudi Arabia.
- Updating SAMA's Regulatory Sandbox Framework, allowing companies to apply at any time of the year. This step aims to achieve several national strategic goals and increase the effectiveness of the Regulatory Sandbox in achieving the FSDP objectives.

- Launching the POS service between Saudi Arabia and Qatar via the Gulf Payments Network (GCCNET). The service started on August 1, 2022.
- Issuing the Rules for Electronic Issuance and Authenticity Verification of Banking Documents, with a view to improving the quality and effectiveness of such services. The Rules ensure facilitated financial transactions, saving time and effort to obtain banking documents and certificates while boosting confidence in the authenticity of e-documents.
- Issuing the Open Banking Framework, which includes a set of legislation, regulatory guidelines and technological standards in line with international best practices to enable banks and fintechs to provide open banking services in Saudi Arabia.
- Opening the Fintech Saudi Hub, an initiative launched by SAMA in cooperation with the CMA in March 2022. The Fintech Hub is aimed to be the home of fintech companies in Saudi Arabia and to provide opportunities for cooperation, communication and innovation for the Saudi fintech community.
- Launching the Qualification Program for Financial Departments in the Insurance Sector. The program was designed according to the best training and development solutions in the insurance field. It aims to provide participants with the knowledge and skills that support their access to job opportunities in the financial departments of companies operating in the insurance sector.
- Issuing the Comprehensive Motor Insurance Rules, which aim to regulate the contractual relationship between the insurer and the insured. The Rules standardize the minimum coverage of the non-compulsory comprehensive motor insurance and set out the provisions of the compulsory and optional coverage provided by the comprehensive insurance policy.
- Extending the Guaranteed Financing Program for an additional year until March 14, 2023. This step came as part of SAMA's role in enhancing confidence in the financial sector and supporting economic growth. It also reflects SAMA's contributions to supporting MSMEs and enabling them to overcome the challenges accompanying the COVID-19 pandemic and the precautionary measures taken to contain it.
- Updating the Rules for Engaging in Debt-Based Crowdfunding.
- Participating in the Global Money Week (GMW) organized by the International Network on Financial Education (INFE) of the Organization for Economic Co-operation and Development (OECD) during March 21-27, 2022.
- Launching the CILA Diploma Program for Loss Adjustment and Assessment in the Insurance Sector to raise the competencies of Saudi male and female employees in the insurance sector. The program focused on the essential principles of insurance, claim handling, and principles of professional practice in this area.

3.2 Housing Program

SAMA participates as a member in the Housing Program, a major program under the National Transformation Program 2020 and the Saudi Vision 2030. SAMA acts as the strategic link between the relevant government agencies to achieve the program's goals of raising the

percentage of home ownership to 70.0% by end-2030. SAMA contributes to achieving the objectives of the program by developing the legislative and regulatory environment in its capacity as the regulator and supervisor of the real estate finance sector. In 2022, SAMA worked on a number of initiatives and projects, such as the project of reviewing and updating laws and legislation related to real estate finance and the project of giving the real estate finance contracts in the form of Murabaha the status of enforcement documents. In addition, the number of new residential real estate finance contracts provided by banks and finance companies reached about 158 thousand in 2022 compared to around 206 thousand in 2021. The total volume of finance amounted to about SAR 123 billion in 2022 against SAR 156 billion in 2021.

4. Human Resources

4.1 Training and Development

SAMA has spared no effort in developing its human resources through a prestigious scholarship program to study abroad, giving its employees the opportunity to earn master's and Ph.D. degrees from a number of accredited international institutes and universities. SAMA also offers internal and external training, in addition to relevant education and training programs provided by the Financial Academy. Moreover, SAMA offers cooperative training (co-op) programs for university students in majors related to its work to prepare them for future employment. SAMA continuously develops its human cadres through several programs and schemes. The following are the key achievements in 1443/1444H (2022):

- The Leadership Development Program, which aims to train SAMA's employees and enhance their leadership skills to prepare them for leadership roles in the future. This program is held in cooperation with international universities and leading centers. Employees benefitting from the program in 2022 were 167.
- The Central Banking Master's Program, which aims to empower SAMA employees with analytical tools and diverse expertise. The program is designed in collaboration with globally renowned US universities.
- The Investment Immersion Program (IIP), which aims to develop professionals in the field of investment. The program gives trainees the opportunity to attend an advanced technical course at a leading US university in business administration. The IIP also offers on-the-job training in central banks and global investment companies to develop capabilities and interpersonal skills that qualify trainees to work in the financial sector. In addition, it includes job rotation at SAMA to perform investment functions under the supervision of experts in investment fields, and then the employee specializes in one of the investment fields. Trainees benefitting from the IIP were 20.
- The Professional Learning Partnership (PLP) for fresh graduates, which aims to attract and train distinguished fresh graduates. The program focuses on equipping trainees with the practical skills needed to work effectively in the financial industry. Trainees benefitting from the PLP in 2022 were 24.
- The Saudi Economists Program, which aims to attract fresh graduates, develop their skills in the economic and financial field and qualify them to join postgraduate programs.

- The Professional Certification Program, which aims to boost the employees' professional side and assist them in learning the best practices in their fields. Under the program, SAMA provides an accredited list of professional certificates from the world's leading entities in finance, investment, financial crimes, insurance, risk management, information and data security, etc.
- 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 SAMA employees on scholarships abroad was 35, and the number of employees studying locally, part-time or through distance learning, was 73. In addition, 46 students joined the Cooperative Training Program.
- Diverse training programs were provided for SAMA's staff through the Financial Academy. Employees benefitting from these programs were 512.
- SAMA nominated a number of employees in 2022 for direct scholarship in the legal field, for obtaining relevant professional certificates and for attending specialized training programs to develop their technical skills. SAMA also provided professional training for a number of university students specialized in relevant majors. SAMA's steps in this regard were based on the Council of Ministers' Resolution No. 713 dated 30/11/1438H, stipulating that legal departments at government bodies shall

be developed and supported with qualified individuals specialized in the legal domain, including Islamic law, and that such government bodies shall have plans in place for appropriate development of their departments and staff in a way that meets the objectives of their prepared plans. SAMA also launched several development initiatives, such as the Contract and Agreement Development Initiative and SAMA's Legal Strategy.

5. Social Responsibility

5.1 Social Responsibility Strategy

SAMA's strategy aims to promote social responsibility by focusing on four main elements: increasing employees' awareness of social responsibility, instilling its principles in organizations' policies and procedures, launching initiatives and events that support social responsibility toward society and the environment, and encouraging the sectors supervised by SAMA to develop their social responsibility. SAMA's strategy pays attention to all concerned parties, with a special focus on the following areas:

- The community: SAMA's interest in this regard includes communicating with the community; focusing on training, education and financial awareness programs; paying attention to unemployment; enabling persons with disabilities; and supporting the service sector.
- Employees and work environment: SAMA concentrates on developing human capital, providing an attractive and ideal work environment in accordance with the best occupational health and safety standards, paying attention to employees' families, and encouraging organized voluntary work in areas needed by society.

Financial sector entities supervised by SAMA: SAMA pays significant attention to social responsibility at the sector level and enables financial entities to develop such practices to enhance the sector's reputation and effectiveness. SAMA also focuses on continuing the development of consumer protection- and awareness-related regulations and procedures in addition to giving opportunities to local suppliers to provide their services for the sector.

- The environment: SAMA focuses on conserving natural resources and reducing the harmful impact on the environment through lowering energy consumption and emissions, reducing paper use, rationalizing water use and exploring new ideas to preserve the components of the natural environment.

The implementation model of the strategy consists of two stages. The first stage focuses on highlighting SAMA's social responsibility and its initiatives as a top priority to be publicized in society. This is followed by raising awareness among employees on social responsibility while fulfilling SAMA's responsibility toward the financial sector and working actively on improving the environment. Upon achieving that milestone, the focus of the strategy gradually shifts to the financial sector as a top priority. The improvement in the sector's ability to assume social responsibility demonstrates SAMA's distinct role in enabling social responsibility and its efforts exerted in all areas in a balanced way that ensures promoting social responsibility within SAMA and the institutions it supervises. By doing so, SAMA contributes to achieving sustainable development and the objectives of the Saudi Vision 2030.

5.2 Consumer Protection in the Financial Sector

The Consumer Protection Department at SAMA aims to ensure that financial sector's consumers receive fair, transparent, and honest treatment in line with applicable laws and regulations. It also seeks to ensure that consumers have easy access to affordable and high-quality financial services and products. In addition, the department aims to spread awareness among all the targeted segments. The department regularly surveys public opinion about its awareness efforts and campaigns to measure its effectiveness in communicating its messages and the benefits received by intended recipients. In 2022, SAMA continued to receive and address complaints through "SAMA Cares" system. The system allows customers of the financial sector supervised and regulated by SAMA to submit and follow up on their complaints. It also ensures quick and clear processing of complaints. Through the system, SAMA received and processed 633,133 complaints of various types from customers of banks, insurance companies, finance companies and payments companies.

Additionally, 1,353,033 calls to file complaints or make inquiries were received through the concerned call center. Moreover, SAMA worked on several initiatives to enhance consumer protection in the financial institutions under its supervision, most notably:

- Requiring front-line employees of financial institutions to obtain the Retail Banking Foundations Professional Certificate and the Credit Advisor Professional Certificate.

Completing on-site visits to the customer service departments at payment systems and management companies, in cooperation with the Payment Systems and Companies Control Department.

- Issuing the Financial Consumer Protection Principles and Rules.
- Updating the Rules for Establishing a Consumer Care Department in Banks Supervised and Regulated by SAMA.
- Forming the Bank Customer Protection Committee.

in the GCC central banks, and organizing the Cybersecurity Day event. Furthermore, SAMA introduced several programs that aimed to activate its social role. Such programs were directed toward supporting and developing the local community with all its components and strengthening the national capabilities. They included training programs for graduates, health programs, educational and awareness programs for employees, and programs to care for employees' children and families. SAMA also actively participates in various meetings and conferences organized by the world's central banks.

5.3 Participation in Community Development

Through continuous awareness campaigns, SAMA contributes to educating and raising awareness of the beneficiaries of SAMA's services and the services of the institutions it supervises. SAMA also engages in the most important annual social events observed globally and locally, through various programs. This engagement confirms SAMA's pivotal role in community service. In 2022, SAMA carried out several voluntary social campaigns, initiatives and activities, such as launching an awareness event with data and artificial intelligence professionals, holding a workshop on data policy and a workshop for cybersecurity specialists

6. SAMA's International and Regional Participation

As a member, SAMA actively participates in and attends meetings of many international and regional financial organizations, including the Group of Twenty (G20), GCC Central Bank Governors, the Bank for International Settlements (BIS), the International Monetary Fund (IMF), the World Bank Group (WBG), the Financial Stability Board (FSB), the Financial Action Task Force (FATF), the Arab financial institutions, the Islamic Financial Services Board (IFSB), the Gulf Monetary Council (GMCO) and the credit rating agencies.

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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 Balance sheets of Issuance Department, Banking Operation Department, and Contra Accounts as at 30 June 2022, and the statement of revenues and expenses for the year then ended, and the notes to the financial statements, which include 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 2022 are prepared, in all material respects, in accordance with the basis of preparation set out in Note (2) to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA") as endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that is relevant to 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 Notes (2 and 6) to the financial statements, which describes the basis of preparation of these financial statements and change during the year from cash to accrual basis of accounting. The financial statements have been prepared for the bank's financial reporting purposes in accordance with its Governor's 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. The 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, we 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 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 auditors' 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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Rashid S. Roshod

Certified Public Accountant

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Kingdom of Saudi Arabia

Bader I. Benmohareb

Certified Public Accountants

Registration No. 471

17 Ramadan 1444H

(8 April 2023)

**SAUDI CENTRAL BANK (SAMA) | BALANCE SHEET
AS AT 30 JUNE 2022 | ASSETS**

	(Thousands Riyals)	
	2022	2021
ISSUANCE DEPARTMENT		
خطاء العملة المصدرة:		
Gold (note 2-h)	1,623,503	1,623,503
Investments in foreign securities	265,573,637	271,488,120
TOTAL	267,197,140	273,111,623
BANKING OPERATION DEPARTMENT		
Cash on hand	35,604,994	37,067,302
Deposits in local banks	150,629,929	122,936,861
Cash and deposits in banks in foreign currency	340,437,117	265,469,171
Foreign investments	1,108,665,458	1,135,446,674
Other miscellaneous assets	67,998,023	3,498,655
TOTAL	1,703,335,521	1,564,418,663
CONTRA ACCOUNTS		
Cheques under collection and other	91	1,077

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

**SAUDI CENTRAL BANK (SAMA) | BALANCE SHEET
AS AT 30 JUNE 2022 | LIABILITIES**

	(Thousands Riyals)	
	2022	2021
ISSUANCE DEPARTMENT		
Issued currency		
In circulation	231,592,146	236,044,321
In banking operation department	35,604,994	37,067,302
TOTAL	267,197,140	273,111,623
BANKING OPERATION DEPARTMENT		
Government and semi government agencies and institutions deposits	698,675,203	614,988,563
Foreign organizations deposits	5,652,353	6,974,271
Local banks deposits	130,735,004	125,064,756
Other miscellaneous liabilities and reserves	868,272,961	817,391,073
TOTAL	1,703,335,521	1,564,418,663
CONTRA ACCOUNTS		
Liabilities for cheques under collection and other	91	1,077

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

SAUDI CENTRAL BANK (SAMA) | STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED 30 JUNE 2022

(Thousand Riyals)		
	2022	2021 (Restated)
Revenues	4,620,359	4,241,373
Expenses		
General and Administration	2,672,796	2,610,527
The bank's contribution to the General Organization of Social Insurance (note 4)	40,142	39,789
Total Expenses	2,712,938	2,650,316
Surplus transferred to reserve for building of head office and branches (note 2-k)	1,907,421	1,591,057

SAUDI CENTRAL BANK (THE BANK)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

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), the regulation for the Saudi 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 rate internally and externally.

Banking Operation Department

Assets in the Banking Operations department include the bank's deposits, foreign investments and deposits in local banks in addition to other miscellaneous assets. Liabilities include deposits of the government and semi government, local banks deposits and foreign organizations in addition to other miscellaneous liabilities and reserves. Investment returns are recorded in the Banking Operations 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

On 23 Ramadan 1443 AH (corresponding to April 24, 2022), it was approved to change the financial regulations that included changing the accounting basis from the cash basis to the accrual basis (note 6). Accordingly, these financial statements were prepared in accordance with the accounting policies approved by the Governor of the 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.

d. Re-measurement

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 difference account as part of other miscellaneous liabilities and reserves.

e. 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.

f. Investments

Investments are recorded 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.

g. Foreign currencies

Translation of foreign currency balances and transactions to Saudi Riyals is made using the bank's fixed book rates, which are approved by the bank's Governor on 29 Shawwal 1406H (corresponding to 7 July 1986), and the subsequent amendments of Euro and US Dollars and Yen rates, which are also approved by the Governor. Exchange differences are reported in the exchange differences reserve account as part of other miscellaneous liabilities and reserves.

h. Gold held as currency cover

In accordance with Royal Decree No. 38/M 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.

i. Change in presentation of balance sheet item

- Coins have been combined with paper currencies in the balance sheet for presentation purposes.
- The items of governmental agencies and institutions' deposits along with government liabilities have been combined with governmental deposits in the balance sheet for presentation purposes.

j. 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.

k. 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 when incurred. The bank transfers the surplus of revenues over expenses to the reserve account of the headquarter building and branches, which appears among other miscellaneous liabilities and reserves in the balance sheet of the Banking Operation Department.

l. Investments in subsidiaries

An entity affiliated with and wholly owned by the Central Bank, and it is not accounted for and has no 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 2022	30 JUNE 2021
Saudi Payments	Saudi Arabia	%100	%100

3. FINANCIAL STATEMENTS PERIOD

These financial statements are prepared for the period from 1 July 2021 to 30 June 2022 (corresponding to 21 Thu Al Qudah 1442H to 1 Thu Al hijjah 1443H).

4. CONTRIBUTION TO THE GENERAL ORGANIZATION OF SOCIAL INSURANCE

Contributions to the General Organization of Social Insurance 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).

5. INDEPENDENT ORGANIZATIONS AND INSTITUTIONS ACCOUNTS

The Central Bank plays the role of custodian and manages the assets of some Government agencies and institutions, the assets include 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. Following a change to the accounting policy relating to the presentation of the financial statements, these assets are no longer required to be presented as a separate balance sheet in the financial statements of the Central Bank. Accordingly, the balance sheet relating to independent organizations and institutions accounts is not presented as a primary statement in the current year financial statements.

The assets of the independent agencies as of June 30, 2022 amount is SR 72 billion (2021: SR 71 billion).

6. CHANGES IN ACCOUNTING POLICIES

Saudi Central Bank has transferred to the accrual basis of accounting in preparing its financial statements for the year ended 30 June 2022, which were previously prepared according to the cash basis. For the purposes of transformation, the figures for the comparison year 2021 have been restated to be according to the accrual basis. The effect of applying the accrual basis was mainly by recording accrued revenues and expenses, as shown in the following.

Balance sheets – Issuance department and contra account.

There is no impact of the balance sheets.

Balance sheets – Contra accounts

There is no impact of the balance sheets.

SAUDI CENTRAL BANK (SAMA) | BALANCE SHEET
AS AT 30 JUNE 2022 | CHANGES IN ACCOUNTING POLICIES

(Thousand Riyals)			
Banking operation department	As presented before adjustment 2021	Adjustment	Adjusted 2021
Assets			
Cash on hand	37,067,302	--	37,067,302
Total cash on hand	37,067,302	--	37,067,302
Deposits in local banks	122,936,861	--	122,936,861
Deposits with foreign banks*	265,139,543	329,628	265,469,171
Foreign investments	1,133,561,353	1,885,321	1,135,446,674
Other miscellaneous assets*	3,462,066	36,589	3,498,655
Total assets	1,562,167,125	2,251,538	1,564,418,663
Liabilities			
Government agencies and institutions deposits	614,988,480	83	614,988,563
Foreign organizations deposits	6,974,271	--	6,974,271
Local banks deposits	125,064,756	--	125,064,756
Other miscellaneous liabilities and reserves*	815,139,618	2,251,455	817,391,073
Total liabilities	1,562,167,125	2,251,538	1,564,418,663

*The adjustment represents returns on investments that have not yet been received.

SAUDI CENTRAL BANK (SAMA) | BALANCE SHEET
AS AT 30 JUNE 2022 | Statement of Revenues and expenses

(Thousand Riyals)			
	As presented before adjustment 2021	Adjustment	Adjusted 2021
Revenues***	4,209,610	31,763	4,241,373
Expenses			
General and administration**	2,487,397	123,130	2,610,527
General Organization of Social Insurance	39,789	--	39,789
Total expenses	2,527,186	123,130	2,650,316
Surplus transferred to reserve for building of head office and branches	1,682,424	-91,367	1,591,057

**The adjustment represents accrued expenses that have not yet been paid.

***Adjustment represents accrued revenue not yet received.

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Annual Report Statistics are available on SAMA's website:

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

Annual Report feedback survey is available on SAMA's website:

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

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