

SAUDI ARABIAN MONETARY AGENCY

Economic Research Department

Monetary and Banking Developments

Fourth Quarter 2016



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Monetary and Banking Developments

Executive Summary

Executive Summary

The repo rate remained unchanged at 2.0 percent, while the reverse repo rate was raised to 0.75 percent up from 0.50 percent. SAMA also reduced the limit of weekly subscription to treasury bills for domestic banks from SAR 9.0 billion to SAR 3.0 billion. The average three-month Saudi interbank offered rate (SIBOR) declined to 2.1955 percent in Q4 2016.

Broad money supply (M3) increased by 1.8 percent, whereas the monetary base decreased by 0.7 percent to SAR 302.4 billion in Q4 2016. Preliminary data of SAMA's balance sheet indicate that total foreign assets fell by 3.3 percent to SAR 2,000.8 billion in Q4 2016. SAMA's total reserve assets also decreased by 3.3 percent to SAR 2,011.5 billion in Q4 2016.

Total bank deposits increased by 2.2 percent to SAR 1,617 billion in Q4 2016. Total assets and liabilities of commercial banks amounted to SAR 2,256.4 billion at end-Q4 2016, increasing by 0.3 percent. Commercial banks' claims on the private and public sectors; however, went down by 1.4 percent to SAR 1,632.9 billion in Q4 2016.

Preliminary estimates suggest a surplus of SAR 8.1 billion in the current account

balance in Q3 2016 compared to a y/y deficit of SAR 53.7 billion.

Total value of the Saudi Riyal Inter-bank Express System (SARIE) transactions went up by 81.6 percent to SAR 14,767.9 billion in Q4 2016. Total number of ATM transactions in Q4 2016 was approximately 490 million, with cash withdrawals totaling SAR 182.9 billion, including transactions through banks' network and Mada.

The general share price index went up by 28.2 percent to 7,210.4 points at end-Q4 2016. The stock market capitalization rose by 26.9 percent to SAR 1,682 billion at end-Q4 2016 as compared to the end of the preceding quarter.

Total assets of investment funds managed by investment companies decreased by 8.3 percent to SAR 81.8 billion in Q3 2016. According to latest available data, total actual disbursements of loans from government Specialized Credit Institutions (SCIs) decreased by 31.2 percent, and total loan repayments to SCIs also decreased by 7.3 percent in Q1 2016.



Monetary and Banking Developments

First: Monetary Policy

SAMA has been adopting a monetary policy aimed at achieving price stability, supporting the various economic sectors in line with domestic and international economic developments, and assisting domestic banks to perform their financing role in the domestic economy. During the fourth quarter of 2016, SAMA made some amendments to the instruments of monetary policy as follows:

1.1 Rate of Return and Cash Reserve

In Q4 2016, SAMA changed the reverse repo rate from 0.50 percent to 0.75 percent, while maintaining the repo rate at 2.0 percent.

SAMA's daily average repo transactions stood at SAR 0.174 billion in Q4 2016 against SAR 0.653 billion in Q3 2016, while daily average reverse repo transactions amounted to SAR 83.4 billion in Q4 2016 compared to SAR 6.36 billion in Q3 2016.

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

1.2 Interest Rates

To encourage domestic banks to increase lending, SAMA reduced the limit of weekly subscription to treasury bills for domestic banks to SAR 3 billion down from SAR 9 billion in Q4 2016. The three-month Saudi interbank offered rate (SIBOR) declined to 2.1955 percent in Q4 2016. The three-month interest rate differential between

the riyal and the dollar was 127 basis points in favor of the riyal in Q4 2016, compared to 153 basis points in Q3 2016. As for the riyal exchange rate against the dollar, it remained unchanged at its official peg rate of 3.75.

Among the tools that contribute to stabilized liquidity, SAMA offered 90-day repo maturity, in addition to the current overnight, 7- and 28-day maturities.

As regards foreign exchange swaps, SAMA did not make any swap transaction with domestic banks in Q4 2016.

Second: Monetary Developments

2.1 Money Supply

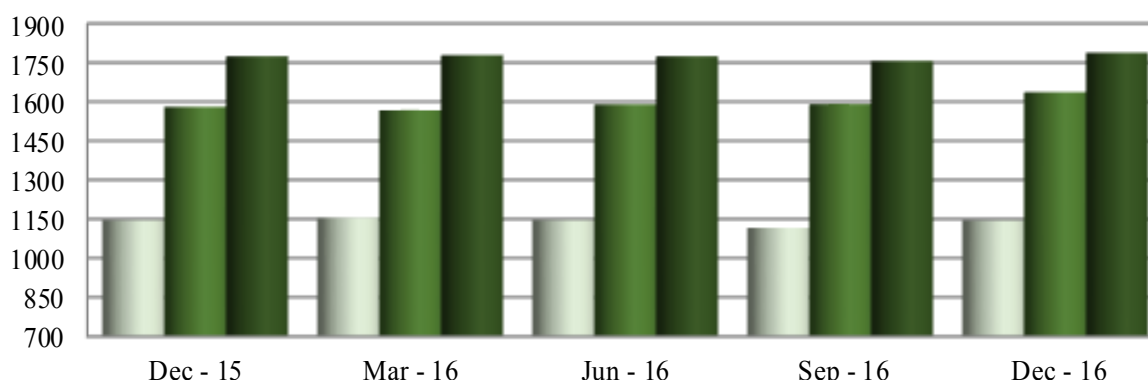
M3 increased by 1.8 percent (SAR 31.4 billion) to SAR 1,787.4 billion in Q4 2016, compared to a decrease of 1.0 percent (SAR 17.7 billion) in the preceding quarter. It also recorded an annual rise of 0.7 percent (SAR 13.3 billion) at end-Q4 2016 (Chart 1).

A breakdown of M3 components in Q4 2016 indicates that M1 rose by 2.6 percent (SAR 28.5 billion) to SAR 1,144.4 billion or 64.0 percent of M3, compared to a decline of 2.6 percent (SAR 29.8 billion) in the preceding quarter. It registered an annual decline of 0.1 percent (SAR 1.1 billion) at end-Q4 2016. M2, however, went up by 2.8 percent (SAR 45 billion) to SAR 1,636 billion or 91.5 percent of M3 in Q4 2016 against an increase of 0.1 percent (SAR 1.8 billion) in the preceding quarter.

Monetary and Banking Developments

Chart 1: Money Supply

Billion Riyal



	Dec - 15	Mar - 16	Jun - 16	Sep - 16	Dec - 16
Money Supply M1	1145.6	1154.6	1145.7	1116.0	1144.4
Money Supply M2	1580.1	1567.1	1589.2	1591.1	1636.0
Money Supply M3	1774.1	1778.4	1773.6	1755.9	1787.4

It registered an annual rise of 3.5 percent (SAR 56 billion) at end-Q4 2016.

2.2 Monetary Base

Monetary base declined by 0.7 percent (SAR 2 billion) to SAR 302.4 billion in Q4 2016, compared to a decrease of 5.3 percent (SAR 17.1 billion) in the preceding quarter. It registered an annual rise of 0.3 percent (SAR 0.9 billion) at end-Q4 2016.

A breakdown of monetary base components indicates that currency in circulation outside banks decreased by 1.8 percent (SAR 3.2 billion) to SAR 170.3 billion in Q4 2016, compared to a q/q decline of 4.6 percent (SAR 8.3 million). It registered an annual rise of 0.6 percent (SAR 1 billion) at end-Q4 2016.

Deposits with SAMA increased by 5.9 percent (SAR 5.7 billion) to SAR 102.4 billion in Q4 2016, compared to a decrease

of 0.2 percent (SAR 0.2 billion) in the preceding quarter. They recorded an annual decrease of 0.4 percent (SAR 0.4 billion) at end-Q4 2016. Cash in vault fell by 13.2 percent (SAR 4.5 billion) to SAR 29.6 billion, compared to a decline of 20.0 percent (SAR 8.5 billion) in the preceding quarter. It registered an annual rise of 0.9 percent (SAR 0.3 billion) at end-Q4 2016.

Third: Developments of SAMA's Balance Sheet

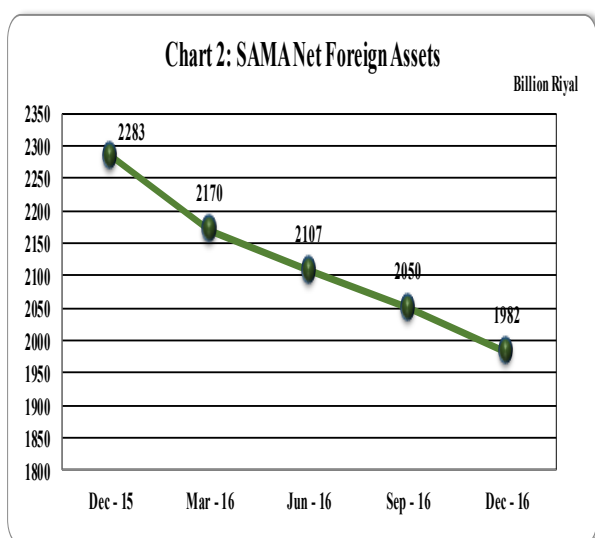
Preliminary data of SAMA's balance sheet indicates that total foreign assets fell by 3.3 percent (SAR 68 billion) to SAR 2,000.8 billion in Q4 2016, compared to a q/q decline of 2.8 percent (SAR 60 billion). They registered an annual decline of 12.8 percent (SAR 293.8 billion) at end-Q4 2016. Net foreign assets declined by 3.3 percent (SAR 68 billion) to SAR 1,982.3 billion in Q4 2016 against a decline of 2.8 percent (SAR 60 billion) in the preceding



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quarter, registering an annual decrease of 13.2 percent (SAR 301 billion) in Q4 2016 (Chart 2).

Total deposits in domestic currency for foreign entities increased by 0.2 percent (SAR 29.8 million) to SAR 18.5 billion in Q4 2016, compared to a decline of 0.2 percent (SAR 35.2 million) during the

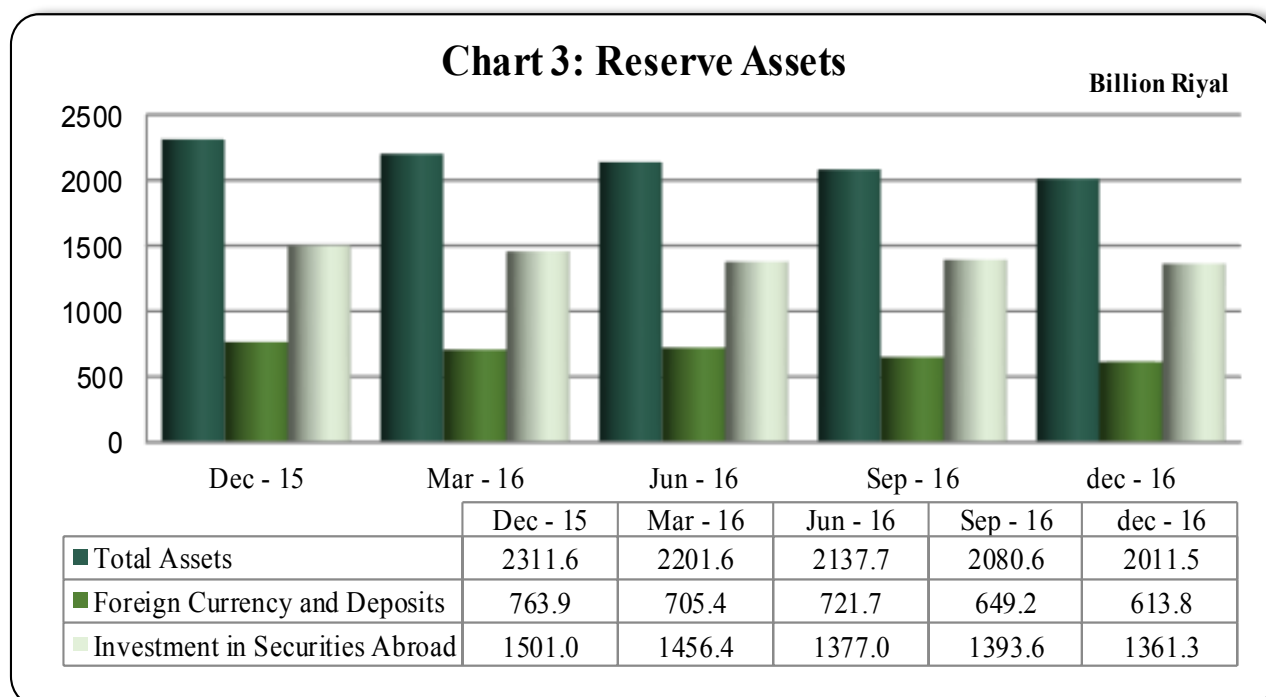


preceding quarter, recording an annual rise of 64.9 percent (SAR 7.3 billion) at end-Q4 2016.

3.1 Reserve Assets

SAMA's total reserve assets registered a decline of 3.3 percent (SAR 69.1 billion) to SAR 2,011.5 billion in Q4 2016 against a decline of 2.8 percent (SAR 60.4 billion) during the preceding quarter, recording an annual decrease of 13.0 percent (SAR 300 billion) at-end Q4 2016 (Chart 3).

A breakdown of the components of total reserve assets in Q4 2016 as compared to the preceding quarter indicates that the reserve position in the IMF dropped by 3.7 percent (SAR 0.3 billion) to SAR 7.6 billion. Investments in securities abroad declined by 2.3 percent (SAR 32.3 billion) to SAR 1,361.3 billion. The balance of





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special drawing rights decreased by 3.7 percent (SAR 1.1 billion) to SAR 27.6 billion. Deposits abroad decreased by 5.5 percent (SAR 35.4 billion) to SAR 613.8 billion, while gold reserve was stable at SAR 1,624 million. SAMA has not issued, on behalf of the Ministry of Finance, government development bonds or floating rate bonds during Q4 2016, noting that their value was SAR 97 billion in 2016.

Fourth: Banking Developments

4.1 Bank Deposits

Total bank deposits recorded a rise of 2.2 percent (SAR 34.6 billion) to SAR 1,617 billion in Q4 2016 compared to a decline of 0.6 percent (SAR 9.3 billion) during the preceding quarter, recording an annual rise of 0.8 percent (SAR 12.2 billion) at end-Q4 2016. The ratio of total bank deposits to M3 stood at 90.5 percent (Chart 4).

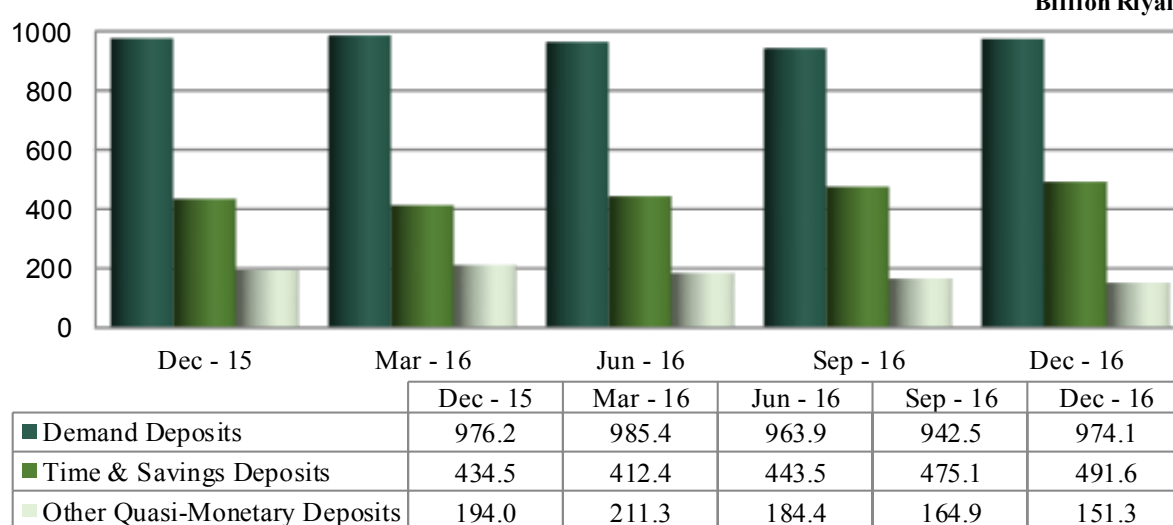
A breakdown of deposit components by type in Q4 2016 indicates that demand

deposits rose by 3.4 percent (SAR 31.6 billion) to SAR 974.1 billion compared to a decline of 2.2 percent (SAR 21.4 billion) during the preceding quarter, recording an annual decline of 0.2 percent (SAR 2.1 billion) at end-Q4 2016. Time and savings deposits increased by 3.5 percent (SAR 16.5 billion) to SAR 491.6 billion compared to a rise of 7.1 percent (SAR 31.6 billion) during the preceding quarter, recording an annual rise of 13.1 percent (SAR 57.1 billion). Other quasi-monetary deposits decreased by 8.2 percent (SAR 13.6 billion) to SAR 151.3 billion compared to a decline of 10.6 percent (SAR 19.5 billion) during the preceding quarter, recording an annual decline of 22.0 percent (SAR 42.7 billion).

4.2 Assets and Liabilities of Commercial Banks

Total assets and liabilities of commercial banks stood at SAR 2,256.4 billion at end-Q4 2016, increasing by 0.3 percent (SAR

Chart 4: Bank Deposits by Type





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7.3 billion) compared to a q/q decrease of 0.4 percent (SAR 8.3 billion). They registered an annual rise of 2.2 percent (SAR 47.6 billion) at end-Q4 2016.

4.3 Commercial Banks' Foreign Assets and Liabilities

Total foreign assets of commercial banks declined by 9.3 percent (SAR 23.1 billion) to SAR 225.8 billion in Q4 2016 compared to a decrease of 1.8 percent (SAR 4.6 billion) during the preceding quarter. They registered an annual decline of 28.7 percent (SAR 90.9 billion), constituting 10.0 percent of commercial banks' total assets compared to 11.1 percent at the end of the preceding quarter (Chart 5).

Commercial banks' total foreign liabilities went down by 26.4 percent (SAR 28.7 billion) to SAR 80.1 billion in Q4 2016 against an increase of 12.1 percent (SAR 11.7 billion) in the preceding quarter. They

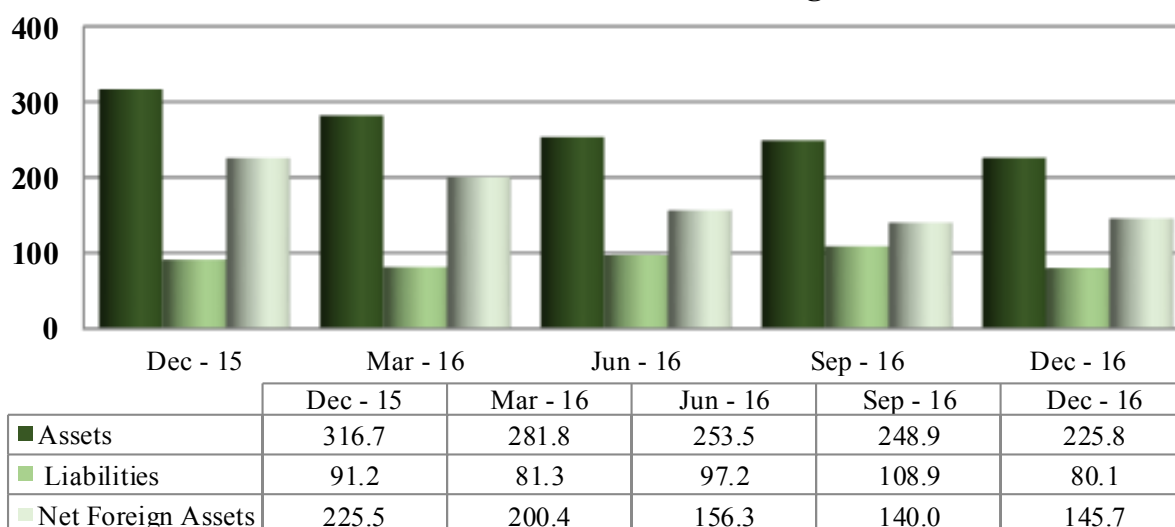
recorded an annual increase of 12.1 percent (SAR 11 billion), constituting 3.6 percent of commercial banks' total liabilities compared to 4.8 percent at the end of the preceding quarter. Commercial banks' net foreign assets went up by 4.0 percent (SAR 5.7 billion) to SAR 145.7 billion at end-Q4 2016 compared to a decrease of 10.4 percent (SAR 16.3 billion) during the preceding quarter.

4.4 Commercial Banks' Claims on the Private and Public Sectors

Commercial banks' claims on the private and public (including government and quasi-government) sectors went down by 1.4 percent (SAR 22.8 billion) to SAR 1,632.9 billion in Q4 2016, compared to a rise of 0.8 percent (SAR 12.6 billion) in the preceding quarter, recording an annual rise of 9.1 percent (SAR 136 billion) at end-Q4 2016. The ratio of these claims increased,

Chart 5: Banks' Assets, Liabilities and Net Foreign Assets

Billion Riyal



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accounting for 101.0 percent of total bank deposits compared to 104.6 percent at the end of the preceding quarter.

4.4.1 Commercial Banks' Claims on the Private Sector

Commercial banks' claims on the private sector decreased by 2.1 percent (SAR 29.7 billion) to SAR 1,405.5 billion in Q4 2016, compared to a decline of 0.2 percent (SAR 3.5 billion) in the preceding quarter, registering an annual increase of 2.4 percent (SAR 33.6 billion) in Q4 2016. The ratio of these claims to total bank deposits rose to 86.9 percent at end-Q4 2016 compared to 90.7 percent at the end of the preceding quarter (Chart 6).

4.4.2 Commercial Banks' Claims on the Public Sector

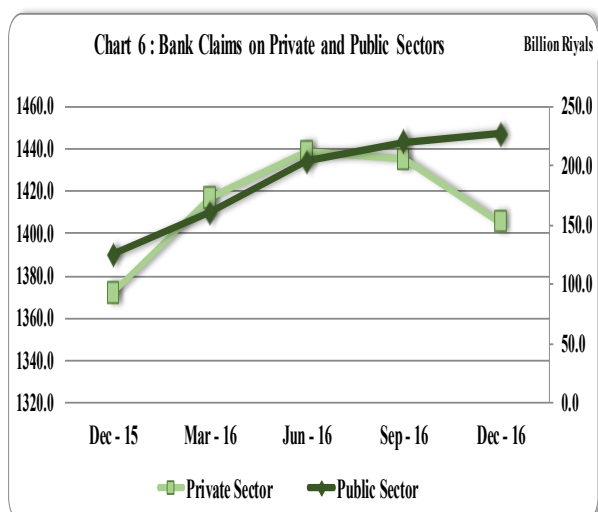
Commercial banks' claims on the public and quasi-public sectors increased by 3.2 percent (SAR 7 billion) to SAR 227.4 billion in Q4 2016, compared to a rise of 7.9 percent (SAR 16.1 billion) in the preceding

quarter, registering an annual increase of 82.0 percent (SAR 102.5 billion) at end-Q4 2016. Their ratio to total bank deposits stood at 14.1 percent at end-Q4 2016 compared to 13.9 percent at the end of the preceding quarter (Chart 6).

A breakdown of bank credit by maturity during the fourth quarter of 2016 indicates that long-term credit increased by 4.2 percent (SAR 17.4 billion) to SAR 432.7 billion, compared to a rise of 0.6 percent (SAR 2.3 billion) in the preceding quarter. Medium-term credit, however, went down by 3.2 percent (SAR 8.6 billion) to SAR 264.9 billion, compared to a decline of 2.6 percent (SAR 7.2 billion) in the preceding quarter. Short-term credit also decreased by 5.1 percent (SAR 38 billion) to SAR 702.9 billion compared to a decline of 0.2 percent (SAR 1.3 billion) in the preceding quarter.

4.4.3 Commercial Banks' Claims by Economic Activity

Total bank credit by economic activity decreased by 2.0 percent (SAR 29.2 billion) to SAR 1,400.4 billion in Q4 2016 compared to a decline of 0.4 percent (SAR 6.2 billion) in the preceding quarter, recording an annual rise of 3.4 percent (SAR 18.1 billion) at end-Q4 2016. A breakdown of bank credit extended to economic activities in Q4 2016 indicates increases in bank credit extended to government and quasi-government sector by 3.3 percent (SAR 1.6 billion) and to other sectors by 0.6 percent (SAR 3.1





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billion). However, bank credit extended to mining and quarrying sector decreased by 16.3 percent (SAR 3.8 billion); to agriculture and fishing sector by 11.2 percent (SAR 1.6 billion); to building and construction sector by 8.4 percent (SAR 9.5 billion); to services sector by 6.6 percent (SAR 5 billion); to finance sector by 4.9 percent (SAR 1.6 billion); to manufacturing and production by 2.8 percent (SAR 5.1 billion); to transport and telecommunication sector by 2.3 percent (SAR 0.9 billion); to water, electricity, gas and health services by 1.9 percent (SAR 0.8 billion); and to commerce sector by 1.8 percent (SAR 5.5 billion).

4.5 Reserves, Capital, Profits and Branches of Commercial Banks

Capital and reserves of commercial banks increased by 0.7 percent (SAR 2 billion) to SAR 299 billion in Q4 2016, compared to a fall of 2.3 percent (SAR 6.8 billion) in the preceding quarter. Their ratio to total bank deposits was 18.5 percent at end-Q4 2016 compared to 18.8 percent at the end of the preceding quarter. The annual growth rate of commercial banks' capital and reserves went up by 10.3 percent (SAR 27.9 billion) in Q4 2016. Commercial banks' profits reached SAR 7.6 billion in Q4 2016 compared to SAR 9.8 billion in the preceding quarter, declining by 22.3 percent (SAR 2.2 billion). They registered a y/y decrease of 23.6 percent (SAR 2.3 billion).

At end-Q4 2016, the number of commercial banks' branches operating in the Kingdom amounted to 2,038 with a q/q

increase of 31. They registered a y/y increase of 2.5 percent (49 branches).

4.6 Commercial Banks' Purchases and Sales of Foreign Exchange

4.6.1 Commercial Banks' Purchases of Foreign Exchange

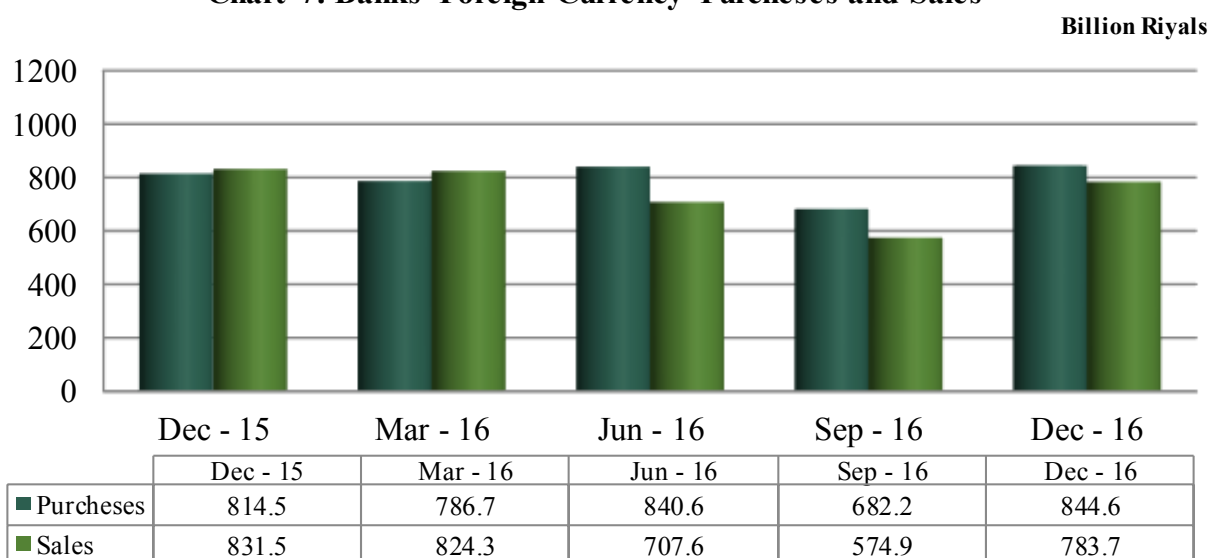
Commercial banks' total purchases of foreign exchange rose by 23.8 percent (SAR 162.4 billion) to SAR 844.6 billion in Q4 2016, compared to a q/q decline of 18.8 percent (SAR 158.3 billion). They recorded a y/y rise of 3.7 percent (SAR 30.1 billion). A q/q comparison of banks' total purchases of foreign exchange shows that purchases from other sources went up by 97.3 percent (SAR 33.7 billion); from SAMA by 41.8 percent (SAR 50.5 billion); from domestic banks by 23.6 percent (SAR 27.3 billion); from customers by 15.2 percent (SAR 13 billion); and from banks abroad by 11.6 percent (SAR 37.9 billion) (Chart 7).

4.6.2 Commercial Banks' Sales of Foreign Exchange

Commercial banks' total sales of foreign exchange increased by 36.3 percent (SAR 208.8 billion) to SAR 783.7 billion in Q4 2016, compared to a decrease of 18.8 percent (SAR 132.7 billion) during the preceding quarter. They recorded a y/y decline of 5.8 percent (SAR 47.9 billion). A q/q comparison of banks' total sales of foreign exchange indicates that the sales to ministries and municipalities increased by 412.7 percent (SAR 0.2 billion); to government entities by 370.8 percent (SAR

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Chart 7: Banks' Foreign Currency Purchases and Sales



12.5 billion); to SAMA by 362.9 percent (SAR 1.4 billion); to banks abroad by 48.6 percent (SAR 113.4 billion); to banks inside the Kingdom by 43.5 percent (SAR 35.5 billion); to other customers inside the Kingdom by 24.4 percent (SAR 41.1 billion), to money changers by 8.8 percent (SAR 0.2 billion); and to other purposes by 5.2 percent (SAR 4.5 billion) (Chart 7).

Fifth: External Sector

Foreign Trade

Value of imports (CIF) recorded a y/y decrease of 27.5 percent to SAR 114.0 billion in Q3 2016, compared to a decrease of 16.7 percent during Q2 of 2016.

Balance of Payments

5.1 Current Account:

Preliminary estimates suggest a surplus of SAR 8.1 billion in the current account balance in Q3 2016 compared to a y/y deficit of SAR 53.7 billion. This is attributed to projections of a surplus of SAR 29.7 billion

in the balance of goods and services due to the decrease in imported goods by 32.4 percent to SAR 97.0 billion in Q3 2016 compared to SAR 143.5 billion in the corresponding quarter of the previous year, despite the decline in exported goods by 8.4 percent and in services deficit by 46.3 percent during the same period. The surplus of primary income balance is projected to decrease by 23.1 percent to SAR 15.5 billion compared to the corresponding quarter of the previous year. On the other hand, the deficit in the secondary income balance is projected to increase by 4.1 percent to SAR 37.1 billion compared to the corresponding quarter of the preceding year.

5.2 Capital Account:

Capital account item is projected to register outflows of SAR 732 million in Q3 2016 against SAR 746 million in the corresponding quarter of the previous year.



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5.3 Financial Account:

Net direct investments fell by SAR 2.7 billion in Q3 2016 due to an increase in domestic net incurrence of liabilities of SAR 6.4 billion over the increase of net acquisition of financial assets abroad of SAR 3.7 billion. Net portfolio investments are expected to record a rise of SAR 8.4 billion against a decline of SAR 6.5 billion in the corresponding quarter of the preceding year. Net other investments are expected to record a decrease of SAR 7.8 billion against an increase of SAR 28.1 billion y/y. Net reserve assets are projected to register a decrease of SAR 57.1 billion in Q3 2016 against a decrease of SAR 78.6 billion y/y, owing to a decrease in other reserve assets by SAR 56.0 billion (due to the decline of SAR 72.5 billion in the currencies and deposits item despite the rise of SAR 16.6 billion in the item of security investments). Moreover, the decline in the special drawing rights of SAR 1.1 billion contributed to the decline in reserve assets.

Sixth: Banking Technology Developments and Financial Inclusion:

6.1 Saudi Riyal Inter-bank Express System (SARIE)

Statistics of the Saudi Riyal Inter-bank Express System (SARIE) show that total value of its transactions in Q4 2016 went up by 81.6 percent (SAR 6,635.9 billion) to SAR 14,767.9 billion. The value of single payment transactions totaled SAR 14,166.9 billion, whereas the total value of bulk payment transactions stood at SAR 596.1 billion. Total customer payments reached

SAR 1,510.2 billion, with a q/q rise of 29.0 percent. The total value of inter-bank payment transactions was SAR 13,252.7 billion, with a q/q increase of 90.7 percent.

6.2 Mada

Total number of ATM transactions in Q4 2016 was approximately 490 million, with cash withdrawals totaling SAR 182.9 billion, including transactions through banks' network and Mada. Total point of sale (POS) transactions was 151.9 million with sales totaling SAR 45.3 billion in Q4 2016. The number of ATMs totaled 17.9 thousand and the number of ATM cards issued by domestic banks stood at 26.5 million at end-Q4 2016. The number of POS terminals reached 276.2 thousand at end-Q4 2016.

6.3 Clearing

As for statistics on clearing in Q4 2016, the number of bank checks (outgoing and incoming) cleared at the clearing houses totaled 1.4 million with a total value of SAR 133.1 billion. The number of individual and corporate checks totaled 1.3 million with a total value of SAR 102.6 billion; and the number of certified checks totaled 135.5 thousand with a total value of SAR 30.5 billion.

Seventh: Domestic Stock Market Developments

The general share price index rose by 28.2 percent to 7,210.4 points at end-Q4 2016 compared to a decrease of 13.5 percent in the preceding quarter, recording



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an annual increase of 4.3 percent. The number of traded shares increased by 94.0 percent to 19.2 billion in Q4 2016 compared to a q/q decrease of 45.3 percent, recording a y/y rise of 20.2 percent. Total value of shares traded in Q4 2016 went up by 77.1 percent to SAR 299.6 billion compared to a q/q decrease of 47.1 percent, recording a y/y decline of 11.0 percent.

At end-Q4 2016, the stock market capitalization rose by 26.9 percent to SAR 1,682 billion against a decline of 11.9 percent at the end of the preceding quarter. The stock market capitalization registered a y/y increase of 6.5 percent. Total number of transactions executed in Q4 2016 increased by 73.9 percent to 7.1 million compared to a fall of 43.2 percent in the preceding quarter, recording a y/y rise of 3.8 percent (Chart 8).

Eighth: Investment Funds

Total assets of investment funds managed by investment companies went down by 8.3 percent (SAR 7.4 billion) to

SAR 81.8 billion in Q4 2016 compared to a fall of 2.2 percent (SAR 2.0 billion) in the preceding quarter, recording a y/y decline of 27.9 percent (SAR 31.7 billion).

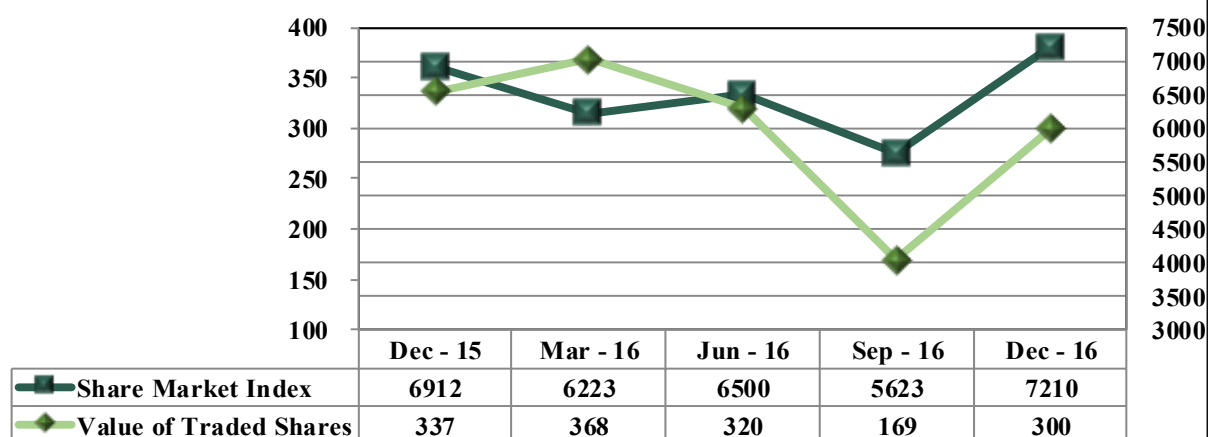
A breakdown of total assets of investment funds shows that domestic assets declined by 4.8 percent (SAR 3.4 billion) to SAR 66.7 billion in Q4 2016 compared to a rise of 6.5 percent (SAR 4.3 billion) in the previous quarter. Domestic assets also registered a y/y decrease of 26.5 percent (SAR 24.1 billion). Net foreign assets declined by 21.0 percent (SAR 4.0 billion) to SAR 15.1 billion in Q4 2016 against a decline of 24.6 percent (SAR 6.2 billion) in the preceding quarter; however, they registered a y/y fall of 33.6 percent (SAR 7.6 billion).

The number of investment fund shareholders declined by 1.1 percent (2,476 shareholders) to 225.8 thousand in Q3 2016, compared to a decline of 2.4 percent (5,722 shareholders) in the preceding

Billion Riyals

Chart 8: Share Market Index

Point



Source: Tadawul and Capital Market Authority.



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quarter, recording a y/y decrease of 5.6 percent (13,333 shareholders). Furthermore, the number of operating funds decreased by 0.4 percent (one fund) to 277 in Q3 2016 compared to a rise of 0.4 percent (one fund) in the preceding quarter.

Ninth: Specialized Credit Institutions (SCIs)

According to the latest available data, the specialized credit institutions' total outstanding loans went up in Q1 2016 by 0.7 percent (SAR 2.6 billion) to SAR 354.4 billion, compared to an increase of 2.1 percent (SAR 7.2 billion) in the preceding quarter, recording an annual rise of 8.8 percent (SAR 28.7 billion) at end-Q1 2016.

Total actual disbursements of loans decrease by 31.2 percent (SAR 5.1 billion) in Q1 2016 compared to an increase of 11.4 percent (SAR 1.6 billion) in the preceding quarter, recording an annual decline of 44.8 percent. Total repayments to specialized credit institutions (SCI) went down by 7.3 percent (SAR 0.7 billion) in Q1 2016 compared to a rise of 99.8 percent (SAR 4.7 billion) in the preceding quarter, registering an annual increase of 70.3 percent. SCIs' net credit fell by 63.1 percent (SAR 4.4 billion) in Q1 2016, compared to a decline of 30.0 percent (SAR 3 billion) in the preceding quarter, recording an annual decrease of 83.1 percent.

A breakdown of the loans extended by the SCIs in Q1 2016 indicates that the loans extended by the Saudi Industrial

Development Fund (SIDF) went down by 19.3 percent (SAR 374.1 million) compared to an increase of 92.8 percent (SAR 934.3 million) in the preceding quarter. Loans extended by the Real Estate Development Fund fell by 47.3 percent (SAR 2,931.6 million) in Q1 2016 against a rise of 11.6 percent (SAR 646 million) in the preceding quarter, loans extended by the Agriculture Development Fund declined by 24.0 percent (SAR 32.5 million) compared to a decline of 6.6 percent (SAR 9.6 million) in the preceding quarter. Loans extended by the Public Investment Fund went down by 11.8 percent (SAR 560.1 million) compared to a fall of 15.1 percent (SAR 844 million) in the preceding quarter, and loans extended by the Social Development Bank by 35.8 percent (SAR 1,238.3 million) compared to an increase of 38.7 percent (SAR 963.5 million) in the preceding quarter.

As for credit repayments in Q1 2016, the volume of repayments to the Public Investment Fund went up by 90.9 percent (SAR 1,894.4 million) against a rise of 161.4 percent (SAR 1.3 billion) in the preceding quarter. However, repayments to the Social Development Bank declined by 10.1 percent (SAR 282.2 million) compared to an increase of 59.7 percent (SAR 1 billion) in the preceding quarter, repayments to the Saudi Industrial Development Fund by 30.5 percent (SAR 386.4 million) against a rise of 41.2 percent (SAR 370 million) in the preceding quarter, repayments to the Real Estate Development



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Fund by 61.1 percent (SAR 1,879.6 million) against an increase of 181.6 percent (SAR 1,985.2 million) in the preceding quarter, and repayments to the Agriculture Development Fund by 16.5 percent (SAR 33.9 million) compared to a rise of 13.5 percent (SAR 24.5 million) in the preceding quarter.

Tenth: Supervisory and Legislative Banking Developments during the Fourth Quarter of 2016

SAMA did not issue any circulars to the banking sector during the fourth quarter of 2016.

Eleventh: Prominent Regulatory Developments in the Saudi Economy during the Fourth Quarter of 2016

Approving the allocation of 10 percent of Human Resources Fund's income, without prejudice to its obligations and pursuant to its charter, for the General Authority for Small and Medium Enterprises on a quarterly basis.

- Approving the implementation a real estate finance program called "Affordable

Mortgage Scheme", by the Ministry of Housing and in coordination with the Ministry of Finance and SAMA, dedicated to the beneficiaries of the Ministry of Housing schemes.

- Approving the change of the name of the Saudi Credit and Savings Bank to become the Social Development Bank.
- Approving the establishment of labor offices in the kingdom's following embassies: (Egypt, India, Philippines, Pakistan, Bangladesh, Indonesia, and Sri Lanka.)
- Approving the establishment of a supervisory committee on King Abdullah bin Abdulaziz Zamzam Water Project.
- Approving the establishment of the National Committee for the Facilitation of Transport and Trade in the countries of the ESCWA region.
- Approving the privatization of sports clubs of the professional football league.
- Approving to grant the Bank of Tokyo-Mitsubishi a license to open a branch in the kingdom.