

SAUDI ARABIAN MONETARY AGENCY

Economic Research Department

Monetary and Banking Developments

First Quarter 2016



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Executive Summary

The repo rate remained unchanged at 2.0 percent, while the reverse repo rate was raised to 0.5 percent. The cash reserve ratio was also maintained at 7.0 percent for demand deposits and 4.0 percent for time and savings deposits. The three-month Saudi interbank offered rate (SIBOR) stabilized at 2.0240 percent at end-Q1 2016.

Broad money supply (M3) decreased by 0.2 percent to SAR 1,778.4 billion and the monetary base by 1.1 percent to SAR 298.1 billion in Q1 2016. Preliminary data of SAMA's balance sheet indicates that total foreign assets fell by 4.6 percent to SAR 2,188.4 billion in Q1 2016. SAMA's total reserve assets also decreased by 4.8 percent to SAR 2,201.5 billion.

Total bank deposits increased by 0.3 percent to SAR 1,609.1 billion in Q1 2016, compared to a q/q decrease of 2.9 percent. Total assets and liabilities of commercial banks stood at SAR 2,225.1 billion at end-Q1 2016, increasing by 0.7 percent. Commercial banks' claims on the private and public sectors went up by 5.4 percent to SAR 1,577.9 billion in Q1 2016.

Estimated figures indicate a deficit of SAR 86.3 billion in the current account of the Kingdom's balance of payments in Q4 2015 compared to a deficit of SAR 4.1 billion in Q4 2014.

Total value of the Saudi Riyal Inter-bank Express System (SARIE) transactions in Q1 2016 went down by 17.5 percent to SAR 8297.2 billion. Total number of ATM transactions in Q1 2016 was approximately 484.7 million, with cash withdrawals totaling SAR 188.8 billion, including transactions through banks' network and Mada.

The general share price index went down by 9.9 percent to 6,223.1 in Q1 2016 compared to

a decrease of 6.7 percent in the preceding quarter. The market capitalization of shares declined by 8.9 percent to SAR 1,438.0 billion at end-Q1 2016 as compared to the end of the preceding quarter.

In Q4 2015, total actual disbursements of loans from government Specialized Credit Institutions (SCIs) increased by 11.5 percent, and total loan repayments to SCIs also increased by 99.8 percent. Total assets of investment funds managed by investment companies went down by 11.4 percent to SAR 91.1 billion in Q1 2016.

First: Monetary Policy

1.1 Rate of Return and Cash Reserve

SAMA has continuously been pursuing a monetary policy that aims 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 first quarter of 2016, SAMA maintained the same measures taken during the previous quarter, which are as follows:

- Maintaining the repo rate unchanged at 2.0 percent as well as the reverse repo rate at 0.5 percent. SAMA's daily average repo transactions stood at SAR 1.638 billion in Q1 2016 against SAR 161 million in Q4 2015, while daily average reverse repo transactions stood at SAR 26.3 billion in Q1 2016 compared to SAR 45.7 billion in Q4 2015.
- Maintaining the cash reserve ratio at 7.0 percent for demand deposits and 4.0 percent for time and savings deposits.

2.1 Interest Rates

To encourage domestic banks to steer liquidity towards lending, SAMA continued to maintain the price of treasury bills unchanged at 80 percent of the Saudi inter-bank bid rate

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(SIBID) and the limit of weekly subscription in treasury bills for domestic banks at SAR 9 billion.

The three-month Saudi interbank offered rate (SIBOR) stabilized at 2.0240 percent at end-Q1 of 2016. The three-month interest differential between the riyal and the dollar was 139 basis points in favor of the riyal at end-Q1 2016, compared to 94 basis points at end-Q4 2015. As for the riyal exchange rate against the dollar, it remained unchanged at its official peg rate of 3.75.

As regards foreign exchange swaps, SAMA did not make any swap transaction with domestic banks in Q1 2016.

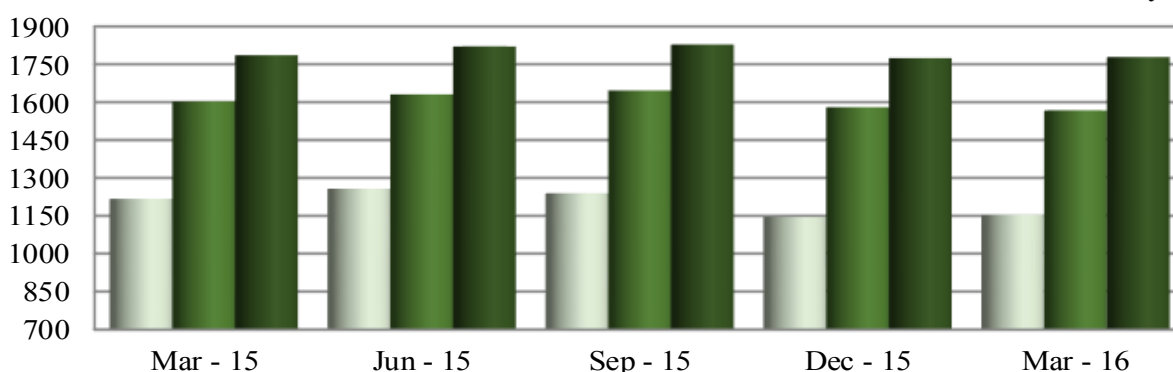
Second: Monetary Developments

2.1 Money Supply

Broad money supply (M3) decreased by 0.2 percent (SAR 4.3 billion) to SAR 1,778.4 billion in Q1 2016, compared to a decrease of 3.0 percent (SAR 54.1 billion) in the preceding quarter. It also recorded an annual decline of 0.4 percent (SAR 6.9 billion) at end-Q1 2016 (Chart 1).

Chart 1: Money Supply

Billion Riyal



| | Mar - 15 | Jun - 15 | Sep - 15 | Dec - 15 | Mar - 16 |
|-----------------|----------|----------|----------|----------|----------|
| Money Supply M1 | 1217.6 | 1257.1 | 1239.5 | 1145.6 | 1154.6 |
| Money Supply M2 | 1602.3 | 1630.1 | 1646.2 | 1580.1 | 1567.1 |
| Money Supply M3 | 1785.3 | 1820.2 | 1828.2 | 1774.1 | 1778.4 |

A breakdown of the components of M3 in Q1 2016 indicates that M1 rose by 0.79 percent (SAR 9.1 billion) to SAR 1,154.6 billion or 65.0 percent of M3, compared to a decline of 7.6 percent (SAR 93.9 billion) in the preceding quarter. It registered an annual decline of 5.2 percent (SAR 62.9 billion) at end-Q1 2016. M2 went down by 0.8 percent (SAR 12.9 billion) to SAR 1,567.1 billion or 88.1 percent of M3 in Q1 2016 against a decrease of 4.0 percent (SAR 66.1 billion) in the preceding quarter. It registered an annual decline of 2.2 percent (SAR 35.2 billion) at end-Q1 2016.

2.2 Monetary Base

Monetary base fell by 1.1 percent (SAR 3.3 billion) to SAR 298.1 billion in Q1 2016 against a decrease of 6.0 percent (SAR 19.3 billion) in the preceding quarter, registering an annual decline of 0.8 percent (SAR 2.5 billion) at end-Q1 2016.

A breakdown of the components of the monetary base indicates that currency in circulation outside banks decreased by 0.04 percent (SAR 64.5 million) to SAR 169.3 billion

in Q1 2016, compared to a q/q decline of 3.3 percent (SAR 5.8 billion). It registered an annual growth rate of 1.5 percent (SAR 2.6 billion) at end-Q1 2016.

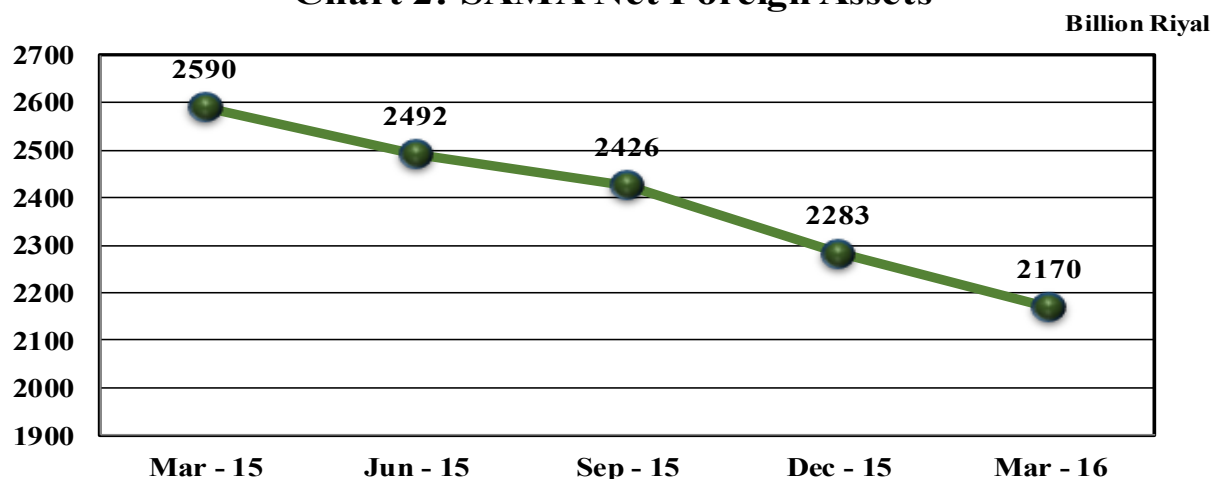
Deposits with SAMA decreased by 4.2 percent (SAR 4.4 billion) to SAR 98.4 billion in Q1 2016, compared to a decrease of 5.3 percent (SAR 5.7 billion) in the preceding quarter. They recorded an annual decrease of 7.8 percent (SAR 8.3 billion) at end-Q1 2016. Cash in vault increased by 3.7 percent (SAR 1.1 billion) to SAR 30.4 billion, compared to a decline of 20.8 percent (SAR 7.7 billion) in the preceding quarter, recording an annual increase of 11.4 percent (SAR 3.1 billion) at end-Q1 2016.

Third: Developments of SAMA's Balance Sheet

Preliminary data of SAMA's balance sheet indicates that total foreign assets fell by 4.6 percent (SAR 106.1 billion) to SAR 2,188.4 billion in Q1 2016, compared to a q/q decline of 5.8 percent (SAR 142.4 billion). They registered an annual decline of 15.8 percent (SAR 411.9 billion) at end-Q1 2016. Net foreign assets declined by 4.9 percent (SAR 113.4 billion) to SAR 2,169.9 billion in Q1 2016 against a decline of 5.9 percent (SAR 142.7 billion) in the preceding quarter, recording an annual decline of 16.2 percent (SAR 419.7 billion) at end-Q1 2016 (Chart 2).

Total deposits in domestic currency for foreign entities increased by 64.5 percent (SAR 7.2 billion) to SAR 18.4 billion in Q1 2016,

Chart 2: SAMA Net Foreign Assets



compared to a rise of 3.1 percent (SAR 342.0 million) during the preceding quarter, recording an annual rise of 73.7 percent (SAR 7.8 billion) at end-Q1 2016.

1.3 Reserve Assets

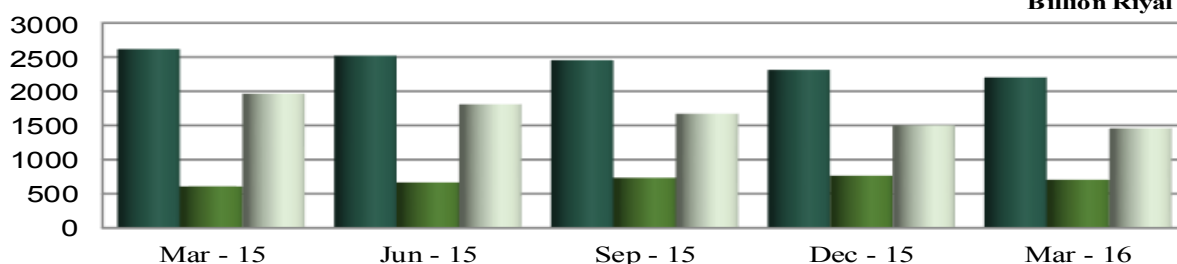
SAMA's total reserve assets decreased by 4.8 percent (SAR 110.0 billion) to SAR 2,201.5

billion in Q1 2016, compared to a q/q decrease of 5.8 percent (SAR 143.0 billion). They recorded an annual decline of 15.9 percent (SAR 415.9 billion) at end-Q1 2016 (Chart 3).

A breakdown of the components of total reserve assets in Q1 2016 as compared to the preceding quarter indicates that the reserve

Chart 3: Reserve Assets

Billion Riyal



| | Mar - 15 | Jun - 15 | Sep - 15 | Dec - 15 | Mar - 16 |
|---------------------------------|----------|----------|----------|----------|----------|
| Total Assets | 2617.5 | 2520.4 | 2454.5 | 2311.6 | 2201.6 |
| Foreign Currency and Deposits | 608.1 | 665.1 | 735.7 | 763.9 | 705.4 |
| Investment in Securities Abroad | 1963.3 | 1808.4 | 1672.2 | 1501.0 | 1456.4 |

position with the IMF dropped by 30.6 percent (SAR 3.4 billion) to SAR 7.8 billion. Investments in securities abroad also went down by 3.0 percent (SAR 44.6 billion) to SAR 1,456.4 billion. The balance of special drawing rights decreased by 10.1 percent (SAR 3.4 billion) to SAR 30.3 billion. Deposits abroad decreased by 7.7 percent (SAR 58.5 billion) to SAR 705.4 billion, while gold reserve was stable at SAR 1,624 million.

Fourth: Banking Developments

4.1 Bank Deposits

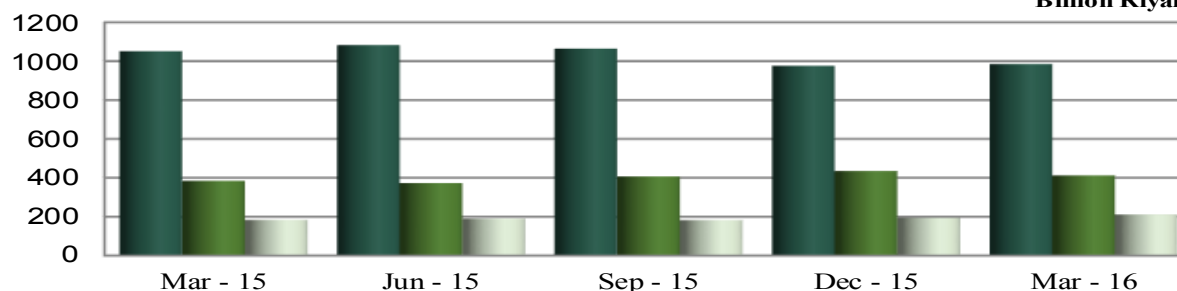
Total bank deposits increased by 0.3 percent (SAR 4.3 billion) to SAR 1,609.1 billion in Q1 2016, compared to a decrease of 2.9

percent (SAR 48.2 billion) in the preceding quarter. These deposits registered an annual decline of 0.6 percent (SAR 9.5 billion) at end-Q1 2016. The ratio of total bank deposits to M3 stood at 90.5 percent (Chart 4).

A breakdown of the components of deposits by type in Q1 2016 indicates that demand deposits rose by 0.9 percent (SAR 9.1 billion) to SAR 985.3 billion compared to a decline of 8.3 percent (SAR 88.1 billion) during the preceding quarter, recording an annual decline of 6.2 percent (SAR 65.5 billion) at end-Q1 2016. Time and savings deposits decreased by 5.1 percent (SAR 22.1 billion) to SAR 412.4 billion compared to an increase of 6.8 percent (SAR 27.8

Chart 4: Bank Deposits by Type

Billion Riyal



| | Mar - 15 | Jun - 15 | Sep - 15 | Dec - 15 | Mar - 16 |
|-------------------------------|----------|----------|----------|----------|----------|
| Demand Deposits | 1050.9 | 1083.0 | 1064.3 | 976.2 | 985.4 |
| Time & Savings Deposits | 384.7 | 373.0 | 406.7 | 434.5 | 412.4 |
| Other Quasi-Monetary Deposits | 183.0 | 190.1 | 182.0 | 194.0 | 211.3 |

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billion) in the preceding quarter, recording an annual rise of 7.2 percent (SAR 27.7 billion). Other quasi-monetary deposits increased by 8.9 percent (SAR 17.2 billion) to SAR 211.3 billion compared to a rise of 6.6 percent (SAR 12.1 billion) during the preceding quarter, recording an annual rise of 15.4 percent (SAR 28.2 billion).

4.2 Commercial Banks' Assets and Liabilities

Total assets and liabilities of commercial banks stood at SAR 2,225.1 billion at end-Q1 2016, increasing by 0.7 percent (SAR 16.3 billion) compared to a q/q decrease of 0.7 percent (SAR 15.2 billion). They also registered an

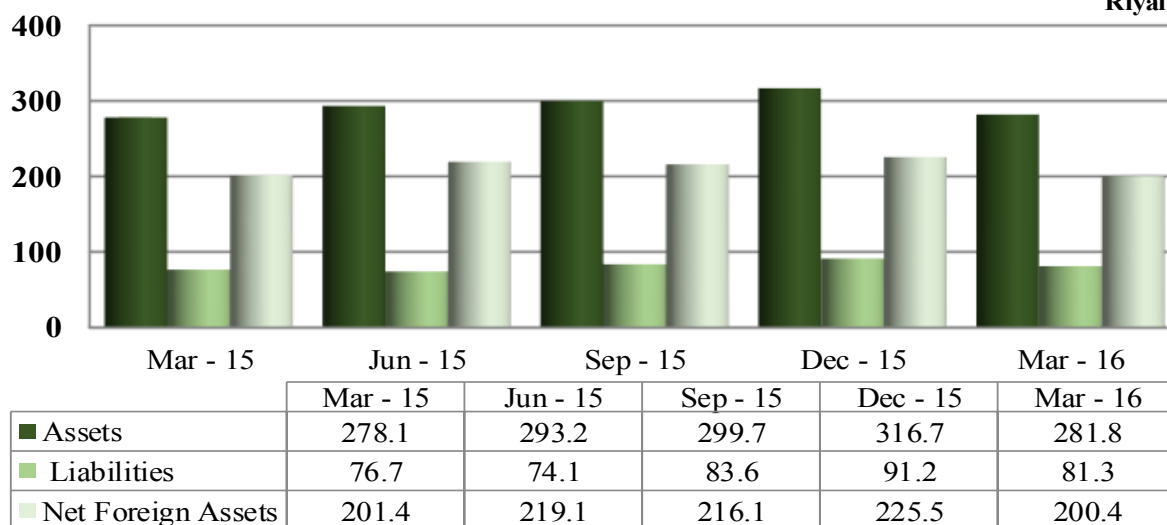
annual rise of 2.3 percent (SAR 49.3 billion) at end-Q1 2016.

4.3 Commercial Banks' Foreign Assets and Liabilities

Total foreign assets of commercial banks declined by 11.0 percent (SAR 34.9 billion) to SAR 281.7 billion in Q1 2016 compared to an increase of 5.7 percent (SAR 17.0 billion) during the preceding quarter. They registered an annual rise of 1.3 percent (SAR 3.6 billion), constituting 12.7 percent of commercial banks' total assets compared to 14.3 percent at the end of the preceding quarter (Chart 5).

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

Billion
Riyal



Commercial banks' total foreign liabilities went down by 10.8 percent (SAR 9.8 billion) to SAR 81.3 billion in Q1 2016 against an increase of 9.0 percent (SAR 7.5 billion) in the preceding quarter, recording an annual increase of 6.0 percent (SAR 4.6 billion) and constituting 3.7 percent of commercial banks' total liabilities compared to 4.1 percent at the end of the preceding quarter. Commercial banks' net foreign assets went down by 11.1 percent (SAR 25.1 billion) to SAR 200.4 billion at end-Q1 2016

compared to an increase of 4.4 percent (SAR 9.5 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 up by 5.4 percent (SAR 81.0 billion) to SAR 1,577.9 billion in Q1 2016, compared to an increase of 3.5 percent (SAR 50.5 billion) in the preceding quarter, recording an

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annual rise of 13.8 percent (SAR 191.2 billion) at end-Q1 2016. They accounted for 98.1 percent of total bank deposits compared to 93.3 percent at the end of the preceding quarter.

4.4.1 Commercial Banks' Claims on the Private Sector

Commercial banks' claims on the private sector increased by 3.3 percent (SAR 44.9 billion) to SAR 1,416.8 billion in Q1 2016, compared to a rise of 2.3 percent (SAR 31.1 billion) in the preceding quarter. The claims on the private sector registered an annual increase of 10.0 percent (SAR 129.3 billion) at end-Q1 2016. The ratio of these claims to total bank deposits rose to 88.1 percent at end-Q1 2016 compared to 85.5 percent at the end of the preceding quarter (Chart 6).

4.4.2 Commercial Banks' Claims on the Public and Quasi-Public Sectors

Commercial banks' claims on the public and quasi-public sectors increased by 28.9 percent (SAR 36.1 billion) to SAR 161.1 billion in Q1 2016, compared to a rise of 18.4 percent (SAR 19.4 billion) in the preceding quarter. These claims registered an annual increase of 62.3 percent (SAR 61.8 billion) at end-Q1 2016. The ratio of commercial banks' total claims on

the public and quasi-public sectors to total bank deposits stood at 10.0 percent at end-Q1 2016 compared to 7.8 percent at the end of the preceding quarter (Chart 6).

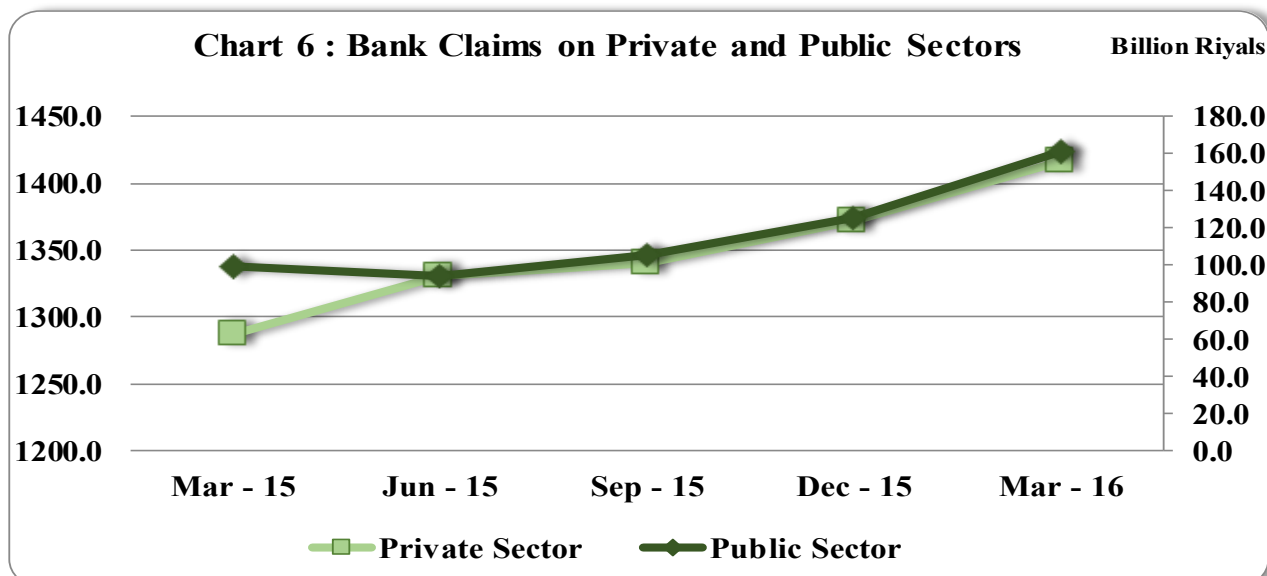
A breakdown of bank credit by maturity during Q1 2016 as compared to the previous quarter indicates that long-term credit decreased by 10.2 percent (SAR 44.8 billion) to SAR 390.2 billion, compared to a rise of 5.0 percent (SAR 20.6 billion) in the preceding quarter. Medium-term credit, however, went up by 17.6 percent (SAR 42.4 billion) to SAR 283.9 billion, compared to a rise of 5.3 percent (SAR 12.2 billion) in the preceding quarter. Short-term credit also went up by 7.1 percent (SAR 48.7 billion) to SAR 733.9 billion compared to a decrease of 0.2 percent (SAR 1.1 billion) in the preceding quarter.

4.4.3 Commercial Banks' Claims by Economic Activity

Total bank credit extended by economic activity increased by 3.4 percent (SAR 46.3 billion) to SAR 1,407.9 billion in Q1 2016 compared to a rise of 2.4 percent (SAR 31.7 billion) in the preceding quarter, recording an annual rise of 9.8 percent (SAR 126.2 billion) at end-Q1 2016. A breakdown of bank credit

Chart 6 : Bank Claims on Private and Public Sectors

Billion Riyals



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extended to economic activities in Q1 2016 indicates increases in bank credit extended to mining and quarrying sector by 19.4 percent (SAR 4.1 billion); to agriculture and fishing sector by 9.7 percent (SAR 1.1 billion); to commerce sector by 5.6 percent (SAR 15.9 billion); to building and construction sector by 5.6 percent (SAR 5.9 billion); to services sector by 5.2 percent (SAR 3.8 billion); to government and quasi-government sector by 4.3 percent (SAR 1.7 billion); to transport and telecommunication sector by 3.5 percent (SAR 1.5 billion); and to other sectors by 3.3 percent (SAR 17.8 billion). In contrast, bank credit extended to water, electricity, gas and health services sector decreased by 5.0 percent (SAR 2.0 billion); to financing sector by 4.1 percent (SAR 1.4 billion); and to manufacturing and production sector by 1.2 percent (SAR 2.1 billion).

4.5 Commercial Banks' Reserves, Capital, Profits and Branches

Capital and reserves of commercial banks increased by 14.5 percent (SAR 39.3 billion) to SAR 310.3 billion in Q1 2016, compared to a decrease of 0.7 percent (SAR 1.8 billion) in the preceding quarter. Their ratio to total bank deposits stood at 19.3 percent at end-Q1 2016 compared to 16.9 percent at the end of the preceding quarter. The annual growth rate of commercial banks' capital and reserves went up by 9.1 percent (SAR 25.9 billion) in Q1 2016. Commercial banks' profits reached SAR 11.6 billion in Q1 2016 compared to SAR 9.9 billion in the preceding quarter, denoting a rise of 16.6 percent (SAR 1.6 billion). They registered a y/y increase of 7.4 percent (SAR 799.3 million).

At end-Q1 2016, the number of commercial banks' branches operating in the Kingdom stood at 1,996 with a q/q increase of 7. They registered a y/y increase of 3.0 percent (59 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 went down by 3.4 percent (SAR 27.8 billion) to SAR 786.7 billion in Q1 2016, compared to a q/q decline of 12.2 percent (SAR 113.0 billion), recording a y/y annual fall of 22.9 percent (SAR 233.6 billion). A q/q comparison of banks' total purchases of foreign exchange shows that purchases from domestic banks decreased by 13.3 percent (SAR 14.7 billion); from other sources by 28.4 percent (SAR 9.8 billion); from SAMA by 38.4 percent (SAR 63.5 billion); and from customers by 4.6 percent (SAR 5.4 billion) (Chart 7). In contrast, purchases from foreign banks increased by 17.0 percent (SAR 65.6 billion).

4.6.2 Commercial Banks' Sales of Foreign Exchange

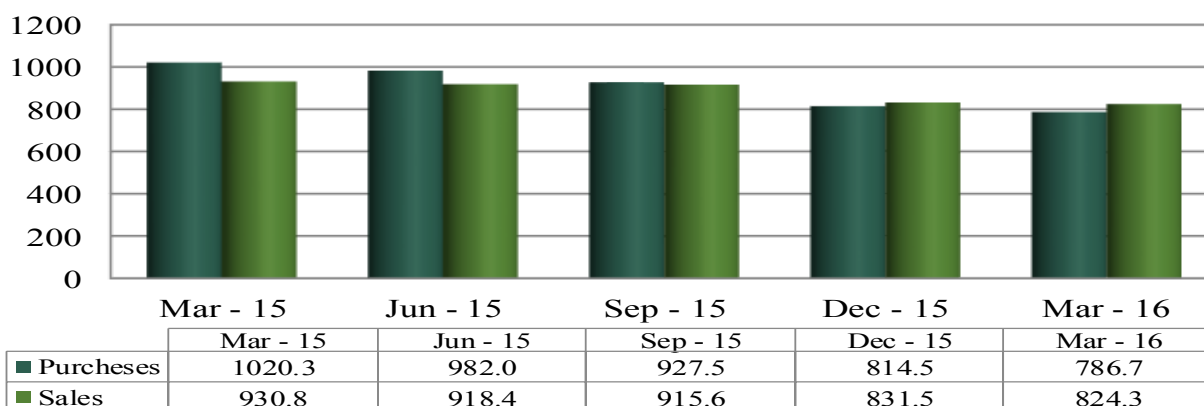
Commercial banks' total sales of foreign exchange went down by 0.9 percent (SAR 7.2 billion) to SAR 824.3 billion in Q1 2016, compared to a q/q fall of 9.2 percent (SAR 84.1 billion), recording a y/y annual decline of 11.4 percent (SAR 106.5 billion). A q/q comparison of banks' total sales of foreign exchange indicates that sales to SAMA rose by 131.1 percent (SAR 1.6 billion); to banks inside the Kingdom by 14.3 percent (SAR 14.5 billion); and to banks abroad by 0.5 percent (SAR 1.8 billion). However, sales of foreign exchange to money changers fell by 33.9 percent (SAR 403.0 million); to government entities by 18.0 percent (SAR 2.2 billion); and to other customers inside the Kingdom by 3.2 percent (SAR 7.8 billion) (Chart 7).

Fifth: External Sector **Foreign Trade**

Value of imports (CIF) recorded a q/q decrease of 4.8 percent to SAR 153.1 billion in

Chart 7: Banks' Foreign Currency Purchases and Sales

Billion Riyals



Q4 2015, compared to an increase of 7.5 percent during the corresponding period of 2014. It decreased by 1.5 percent compared to Q3 2015.

5. Balance of Payments

5.1 Current Account:

Preliminary estimations indicate a deficit of SAR 86.3 billion in the current account balance in Q4 2015 compared to a deficit of SAR 4.1 billion in the corresponding quarter of the previous year. This is attributed to projections of a deficit in the balance of goods and services, a decrease in the surplus of the balance of primary income by 34.3 percent, and an increase in the deficit of secondary income by 3.5 percent over the corresponding quarter of the previous year.

5.2: Capital Account:

Capital account item is projected to register outflows valuing SAR 333 million in Q4 2015 against SAR 430 million in the corresponding quarter of the previous year.

5.3: Financial Account:

Net direct investments are projected to decrease by SAR 0.6 billion in Q4 2015 due to an increase in domestic net incurrence of liabilities by SAR 7.1 billion over net acquisition of financial assets abroad estimated at SAR 6.5

billion. Net portfolio investments are expected to record a y/y increase of SAR 2.2 billion against SAR 49.6 billion. Net other investments are also expected to record a y/y increase of SAR 15.6 billion against SAR 9.7 billion. Net reserve assets are projected to register a y/y decrease of SAR 143.0 billion in Q4 2015 against a decrease of SAR 50.6 billion as the item of investments in securities registered a y/y decline of SAR 171.2 billion against SAR 89.2 billion. On the other hand, the item of currencies and deposits recorded an rise of SAR 28.2 billion against an increase of SAR 43.1 billion in the corresponding quarter of the previous year.

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 Q1 2016 went down by 17.5 percent (SAR 1,767.2 billion) to SAR 8,297.2 billion. The value of single payment transactions totaled SAR 7,777.6 billion, whereas the total value of bulk payment transactions stood at SAR 505.7 Billion. Total customer payments reached SAR 1,325.8 billion, with a q/q decline of 0.03 percent. The total value of inter-bank payments

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transactions stood at SAR 6,957.5 billion with a q/q decrease of 20.3 percent.

6.2 Mada

Total number of ATM transactions in Q1 2016 was approximately 484.7 million, with cash withdrawals totaling SAR 188.8 billion, including transactions through banks' network and Mada. Total POS terminal transactions stood at 134.2 million with sales totaling SAR 48.8 billion in Q1 2016. The number of ATMs totaled 17.2 thousand and the number of ATM cards issued by domestic banks stood at 23.4 million at end-Q4 2015. The number of POS terminals stood at 249.2 thousand at end-Q1 2016.

6.3 Clearing

As for statistics on clearing in Q1 2016, the number of bank checks (outgoing and incoming) cleared at the clearing houses totaled 1.5 million with a total value of SAR 155.1 billion. The number of individual and corporate checks totaled 1.3 million with a total value of SAR 110.2 billion; and the number of certified checks totaled 151.1 thousand with a total value of SAR 44.8 billion.

Seventh: Domestic Stock Market Developments

The general share price index went down by 9.9 percent to 6,223.1 at end-Q1 2016 compared

to a decrease of 6.7 percent in the preceding quarter, recording an annual decrease of 29.0 percent. The number of traded shares increased by 29.3 percent to 20.6 billion in Q1 2016 compared to a q/q increase of 43.2 percent, recording a y/y fall of 7.3 percent. Total value of shares traded in Q1 2016 increased by 9.3 percent to SAR 368.3 billion compared to a q/q increase of 20.2 percent, recording a y/y decline of 35.5 percent.

At end-Q1 2016, the market capitalization of shares went down by 8.9 percent to SAR 1,438.0 billion against a decline of 5.3 percent at the end of the preceding quarter. The market capitalization of shares recorded a y/y decrease of 24.2 percent. Total number of transactions executed in Q1 2016 increased by 28.5 percent to 8.8 million compared to a q/q rise of 19.9 percent, recording a y/y decline of 8.7 percent (Chart 8).

Eighth: Investment Funds

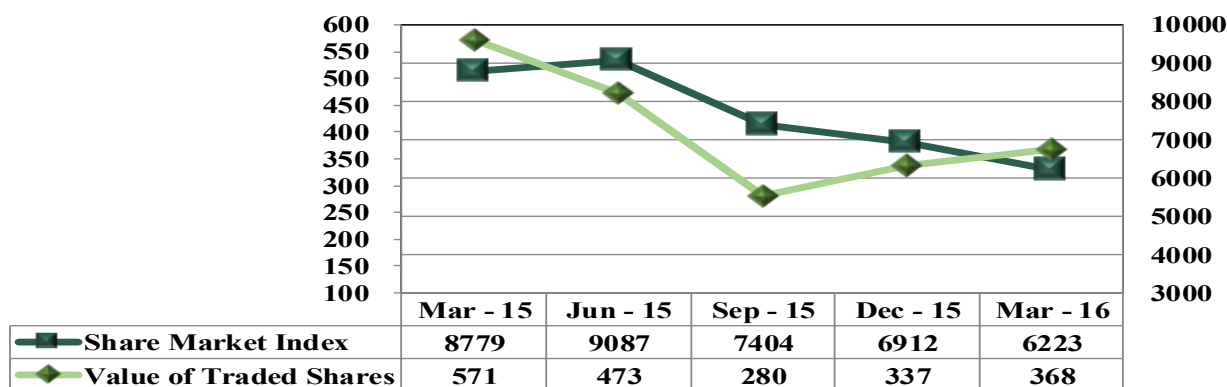
Total assets of investment funds managed by investment companies recorded a q/q decline of 11.4 percent (SAR 11.7 billion) to SAR 91.1 billion compared to 9.4 percent (SAR 10.6 billion) and a y/y decrease of 18.8 percent (SAR 21.1 billion).

A breakdown of total assets of investment funds shows that domestic assets went down by

Billion Riyals

Chart 8: Share Market Index

Point



Source: Tadawul and Capital Market Authority.

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13.3 percent (SAR 10.1 billion) to SAR 65.8 billion in Q1 2016 compared to a decline of 16.3 percent (SAR 14.8 billion) in the previous quarter. Domestic assets also registered a y/y decrease of 25.5 percent (SAR 22.5 billion). Foreign assets declined by 5.9 percent (SAR 1.6 billion) to SAR 25.3 billion in Q1 2016 against a rise of 18.5 percent (SAR 4.2 billion) in the preceding quarter. However, they registered a y/y rise of 5.7 percent (SAR 1.4 billion).

The number of investment fund shareholders declined by 1.2 percent (2,930 shareholders) to 234.0 thousand in Q1 2016, compared to a decline of 0.9 percent (2,205 shareholders) in the preceding quarter, recording a y/y decrease of 3.6 percent (8,755 shareholders). Number of operating funds rose by 2.6 percent (7 funds) to 277 in Q1 2016 compared to a rise of 1.5 percent (4 funds) in the preceding quarter.

Ninth: Specialized Credit Institutions (SCIs)

The SCIs' total outstanding loans went up by 2.0 percent (SAR 6.9 billion) to SAR 351.5 billion in Q4 2015, compared to an increase of 1.9 percent (SAR 6.3 billion) in the preceding quarter. They registered an annual rise of 13.1 percent (SAR 40.6 billion) at end-Q4 2015.

Total actual disbursements of loans rose by 11.4 percent (SAR 1.6 billion) in Q4 2015 compared to a decrease of 16.9 percent (SAR 3.0 billion) in the preceding quarter, recording an annual rise of 0.3 percent. Total loan repayments to SCIs went up by 99.8 percent (SAR 4.7 billion) in Q4 2015 compared to a decline of 25.0 percent (SAR 1.5 billion) in the preceding quarter, registering an annual increase of 62.5 percent. SCIs' net credit recorded a q/q decline of 30.0 percent (SAR 3.0 billion) in Q4 2015, compared to a decrease of 12.5 percent (SAR 1.4 billion) and an annual decline of 33.7 percent.

A breakdown of the loans extended by SCIs in Q4 2015 indicates that the loans extended by the Saudi Industrial Development Fund increased by 92.8 percent (SAR 934.3 million) compared to a decrease of 81.8 percent (SAR 4.5 billion) in the preceding quarter. Loans extended by the Real Estate Development Fund also rose by 11.6 percent (SAR 646.0 million) in Q4 2015 against a decline of 25.5 percent (SAR 1.9 billion) in the preceding quarter, while loans extended by the Agriculture Development Fund decreased by 6.6 percent (SAR 9.6 million) compared to a decline of 26.9 percent (SAR 53.5 million) in the preceding quarter. In addition, loans extended by the Public Investment Fund (PIF) decreased by 15.1 percent (SAR 844 million) compared to a rise of 458.7 percent (SAR 4.5 billion) in the previous quarter, whereas those extended by the Saudi Credit and Saving Bank (SCSB) rose by 38.7 percent (SAR 963.5 million) compared to a decrease of 31.5 percent (SAR 1.1 billion) in the preceding quarter.

As for credit repayments in Q4 2015, the volume of repayments to the SCSB increased by 59.7 percent (SAR 1.0 billion) against a decline of 13.6 percent (SAR 275.7 million) in the preceding quarter, repayments to the Industrial Development Fund by 41.2 percent (SAR 370 million) compared to a decline of 65.1 percent (SAR 1.6 billion), and repayments to the Real Estate Development Fund by 181.6 percent (SAR 1.9 billion) compared to a rise of 7.7 percent (SAR 78.5 million). Moreover, the volume of repayments to the Agriculture Development Fund rose by 13.5 percent (SAR 24.5 million) against an increase of 1.7 percent (SAR 3.0 million) in the preceding quarter, and repayments to the PIF by 161.4 percent (SAR 1.3 billion) compared to an increase of 59.3 percent (SAR 297.1 million) in the preceding quarter.



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

SAMA has not issued any circulars to the banking sector during the first quarter of 2016.

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

1. Approval of the incorporation agreement of

the Asian Infrastructure Investment Bank, signed in Beijing on 12/9/1436H.

2. Approval of the Kingdom's subscription with (19,483) nineteen thousand, four hundred and eighty-three of the shares available for subscription in increasing the capital of SAMA for development of the private sector with an amount of (194,830,000) one hundred and ninety-four million, eight hundred and thirty thousand U.S. dollars.