

SAUDI ARABIAN MONETARY AGENCY

Economic Research Department

Monetary and Banking Developments

Third Quarter 2016



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Executive Summary

Executive Summary

The repo rate remained unchanged at 2.0 percent as well as the reverse repo rate at 0.50 percent. The cash reserve ratio was also maintained at 7.0 percent for demand deposits and at 4.0 percent for time and savings deposits. The average three-month Saudi interbank offered rate (SIBOR) rose to 2.2806 percent in Q3 2016.

Broad money supply (M3) decreased by 1.0 percent to SAR 1,755.9 billion and the monetary base by 5.3 percent to SAR 304.4 billion in Q3 2016. Preliminary data of SAMA's balance sheet indicates that total foreign assets fell by 2.7 percent to SAR 2,068.6 billion in Q3 2016. In addition, SAMA's total reserve assets decreased by 2.7 percent to SAR 2,080.6 billion in Q3 2016.

Total bank deposits decreased by 0.6 percent to SAR 1,582.4 billion in Q3 2016. Total assets and liabilities of commercial banks amounted to SAR 2,249.1 billion at end-Q3 2016, decreasing by 0.4 percent. However, commercial banks' claims on the private and public sectors went up by 0.8 percent to SAR 1,655.7 billion in Q3 2016.

Preliminary estimates indicate a deficit of SAR 31.4 billion in the current account

balance in Q2 2016 compared to a deficit of SAR 29.5 billion in the corresponding quarter of the previous year.

Total value of the Saudi Riyal Inter-bank Express System (SARIE) transactions in Q3 2016 declined by 4.6 percent to SAR 8,132 billion. Total number of ATM transactions in Q3 2016 was approximately 462 million, with cash withdrawals totaling SAR 179.4 billion, including transactions through banks' network and Mada.

The general share price index went down by 13.5 percent to 5,623.3 points at the end of Q3 2016. The market capitalization of shares fell by 11.9 percent to SAR 1,325.4 billion at end-Q3 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 decreased by 8.3 percent (SAR 7.4 billion) to SAR 81.8 billion in Q3 2016.



Monetary and Banking Developments

First: Monetary Policy

1.1 Rate of Return and Cash Reserve

SAMA has continuously been adopting 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 third quarter of 2016, SAMA maintained the same measures taken during the previous quarter, which are as follows:

- Maintaining the repo rate unchanged at 2 percent as well as the reverse repo rate at 0.50 percent. SAMA's daily average repo transactions stood at SAR 0.653 billion in Q3 2016 against SAR 1,243 billion in Q2 2016, while daily average reverse repo transactions amounted to SAR 36.6 billion in Q3 2016 compared to SAR 29.3 billion in Q2 2016.
- Maintaining the cash reserve ratio at 7.0 percent for demand deposits and 4.0 percent for time and savings deposits.

1.2 Interest Rates

To encourage domestic banks to increase lending, SAMA continued to maintain the limit of weekly subscription in treasury bills for domestic banks at SAR 9 billion in Q3 2016. SIBOR rose to 2.2806 percent in Q3 2016. The three-month interest differential between the riyal and the dollar was 153 basis points in favor of the riyal at end-Q3 2016, compared to 145 basis points at end-Q2 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, on behalf of government authorities, deposited nearly SAR 20 billion with banks. It also offered 7 - and 28-day repo maturities, in addition to the current overnight maturity.

As regards foreign exchange swaps, SAMA did not make any swap transaction with domestic banks in Q3 2016.

Second: Monetary Developments

2.1 Money Supply

M3 decreased by 1.0 percent (SAR 17.7 billion) to SAR 1,755.9 billion in Q3 2016, compared to a decrease of 0.3 percent (SAR 4.7 billion) in the preceding quarter. It also recorded an annual decline of 4.0 percent (SAR 72.2 billion) at end-Q3 2016 (Chart 1).

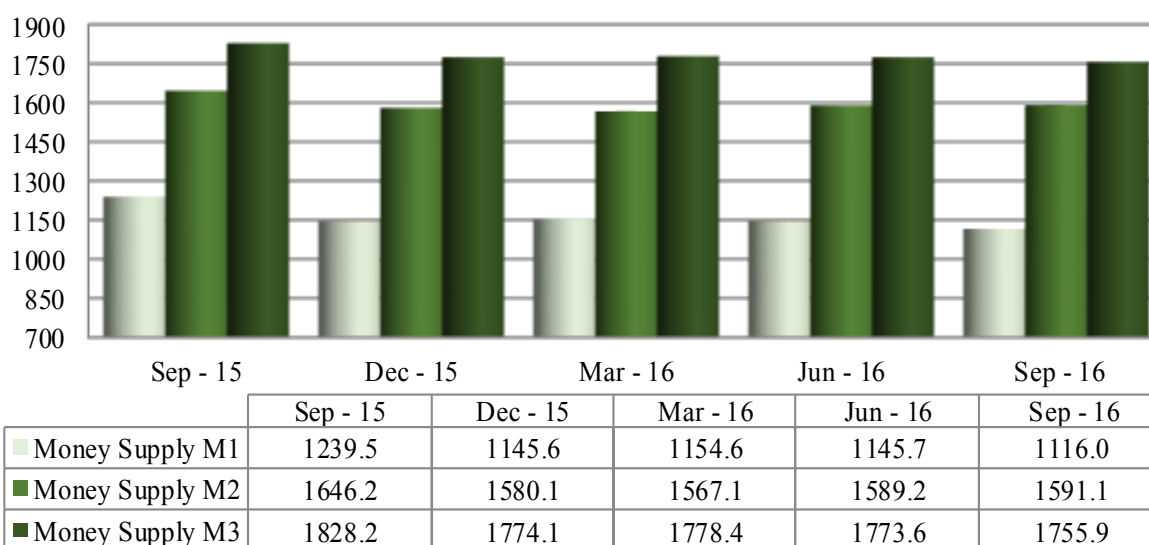
A breakdown of the components of M3 in Q3 2016 indicates that M1 declined by 2.6 percent (SAR 29.8 billion) to SAR 1,116 billion or 63.6 percent of M3, compared to a rise of 0.8 percent (SAR 8.9 billion) in the preceding quarter. It registered an annual decline of 10.0 percent (SAR 123.5 billion) at end-Q3 2016. On the other hand, M2 went up by 0.1 percent (SAR 1.8 billion) to SAR 1,591.1 billion or 90.6 percent of M3 in Q3 2016 against an increase of 1.4 percent (SAR 22.2 billion) in the preceding quarter. It registered an

Monetary and Banking Developments



Chart 1: Money Supply

Billion Riyal



annual decline of 3.3 percent (SAR 55.1 billion) at end-Q3 2016.

2.2 Monetary Base

Monetary base fell by 5.3 percent (SAR 17.1 billion) to SAR 304.4 billion in Q3 2016 against an increase of 7.8 percent (SAR 23.3 billion) in the preceding quarter. It registered an annual decline of 5.1 percent (SAR 16.4 billion) at end-Q3 2016.

A breakdown of the components of the monetary base indicates that currency in circulation outside banks decreased by 4.6 percent (SAR 8.3 billion) to SAR 173.5 billion in Q3 2016, compared to a q/q rise of 7.4 percent (SAR 12.6 billion). It registered an annual decline of 1.0 percent (SAR 1.7 billion) at end-Q3 2016.

Deposits with SAMA decreased by 0.2 percent (SAR 0.2 billion) to SAR 96.7 billion in Q3 2016, compared to a decrease of 1.5

percent (SAR 1.4 billion) in the preceding quarter. They recorded an annual decrease of 10.9 percent (SAR 11.8 billion) at end-Q3 2016. Cash in vault fell by 20.0 percent (SAR 8.5 billion) to SAR 34.2 billion, compared to a rise of 40.1 percent (SAR 12.2 billion) in the preceding quarter. It registered an annual decline of 7.9 percent (SAR 2.9 billion) at end-Q3 2016.

Third: Developments of SAMA's Balance Sheet

Preliminary data of SAMA's balance sheet indicates that total foreign assets fell by 2.7 percent (SAR 56.7 billion) to SAR 2,068.6 billion in Q3 2016, compared to a q/q decline of 2.9 percent (SAR 63.1 billion). They registered an annual decline of 15.1 percent (SAR 368.4 billion) at end-Q3 2016. Net foreign assets declined by 2.7 percent (SAR 56.7 billion) to SAR 2,050.1 billion in Q3 2016 against a decline of 2.9 percent (SAR 63.2 billion) in the preceding

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quarter, recording an annual decline of 15.5 percent (SAR 375.9 billion) at end-Q3 2016 (Chart 2).

Total deposits in domestic currency for foreign entities decreased by 0.2 percent (SAR 35.2 million) to SAR 18.5 billion in Q3 2016, compared to a rise of 0.2 percent (SAR 45 million) during the preceding

quarter, recording an annual rise of 69.8 percent (SAR 7.6 billion) at end-Q3 2016.

3.1 Reserve Assets

SAMA's total reserve assets decreased by 2.7 percent (SAR 57.1 billion) to SAR 2,080.6 billion in Q3 2016, compared to a q/q decline of 2.9 percent (SAR 63.8 billion). They recorded an annual decline of 15.2 percent (SAR 373.9 billion) at end-Q3 2016 (Chart 3).

A breakdown of the components of total reserve assets in Q3 2016 as compared to the preceding quarter indicates that the reserve position with the IMF dropped by 0.9 percent (SAR 0.1 billion) to SAR 7.6 billion. Investments in securities abroad rose by 1.2 percent (SAR 16.6 billion) to SAR 1,393.6 billion. The balance of special drawing rights decreased by 3.7 percent (SAR 1.1 billion) to SAR 28.7 billion.

Chart 2: SAMA Net Foreign Assets

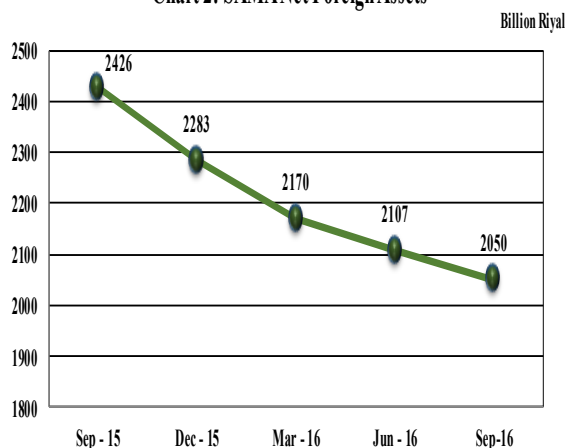
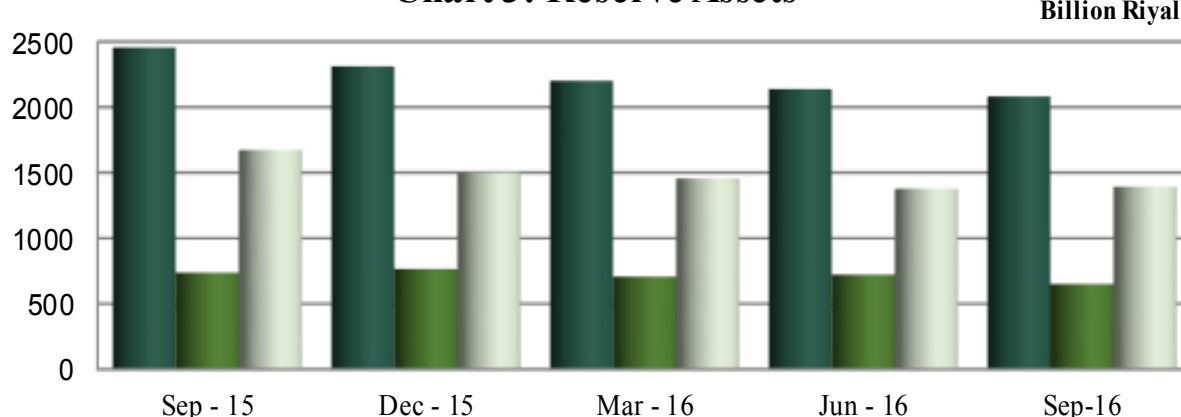


Chart 3: Reserve Assets



	Sep - 15	Dec - 15	Mar - 16	Jun - 16	Sep-16
Total Assets	2454.5	2311.6	2201.6	2137.7	2080.6
Foreign Currency and Deposits	735.7	763.9	705.4	721.7	649.2
Investment in Securities Abroad	1672.2	1501.0	1456.4	1377.0	1393.6

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Deposits abroad decreased by 10.1 percent (SAR 72.5 billion) to SAR 649.2 billion, while gold reserve was stable at SAR 1,624 million. SAMA issued, on behalf of the Ministry of Finance, government development bonds and floating rate bonds to local banks and institutions with a value of SAR 17 billion in Q3 2016.

Fourth: Banking Developments

4.1 Bank Deposits

Total bank deposits decreased by 0.6 percent (SAR 9.3 billion) to SAR 1,582.4 billion in Q3 2016, compared to a decrease of 1.1 percent (SAR 17.3 billion) in the preceding quarter. It registered an annual decline of 4.3 percent (SAR 70.6 billion) at end-Q3 2016. The ratio of total bank deposits to M3 amounted to 89.7 percent (Chart 4).

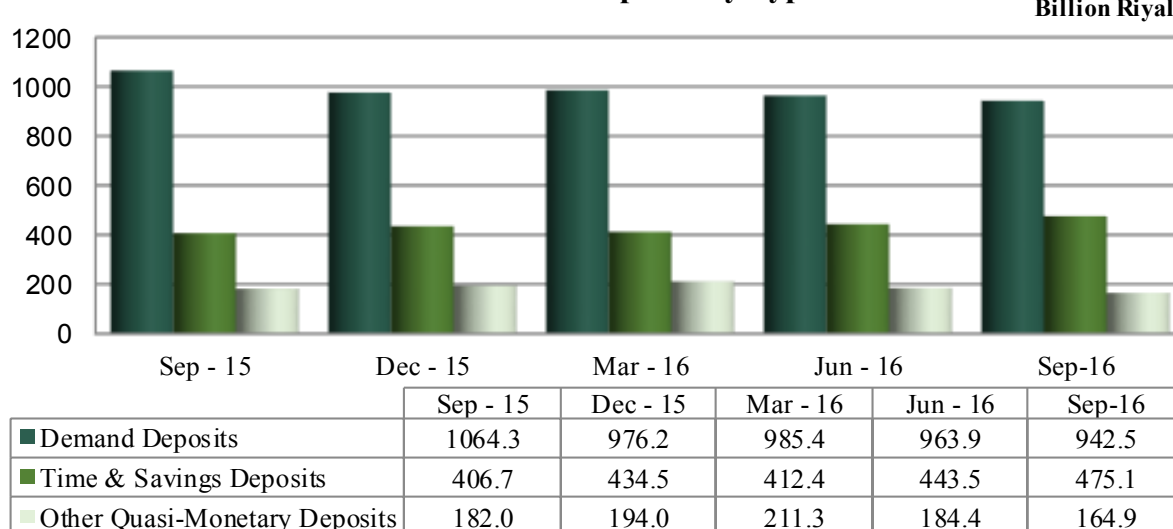
A breakdown of the components of deposits by type in Q3 2016 indicates that demand deposits went down by 2.2 percent

(SAR 21.4 billion) to SAR 942.5 billion compared to a fall of 2.2 percent (SAR 21.5 billion) during the preceding quarter, recording an annual decline of 11.4 percent (SAR 121.9 billion) at end-Q3 2016. Time and savings deposits increased by 7.1 percent (SAR 31.6 billion) to SAR 475.1 billion compared to an increase of 7.5 percent (SAR 31.1 billion) in the preceding quarter, recording an annual rise of 16.8 percent (SAR 68.4 billion). Other quasi-monetary deposits decreased by 10.6 percent (SAR 19.5 billion) to SAR 164.9 billion compared to a decline of 12.7 percent (SAR 26.9 billion) during the preceding quarter, recording an annual decline of 9.4 percent (SAR 17.1 billion).

4.2 Assets and Liabilities of Commercial Banks

Total assets and liabilities of commercial banks reached SAR 2,249.1 billion at end-Q3 2016, decreasing by 0.4

Chart 4: Bank Deposits by Type



Monetary and Banking Developments

percent (SAR 8.3 billion) compared to a q/q rise of 1.5 percent (SAR 32.3 billion). They also registered an annual rise of 1.1 percent (SAR 25.2 billion) at end-Q3 2016.

4.3 Commercial Banks' Foreign Assets and Liabilities

Total foreign assets of commercial banks declined by 1.8 percent (SAR 4.6 billion) to SAR 248.9 billion in Q3 2016 compared to a decrease of 10.0 percent (SAR 28.3 billion) during the preceding quarter. They registered an annual decline of 16.9 percent (SAR 50.8 billion), constituting 11.1 percent of commercial banks' total assets compared to 11.2 percent at the end of the preceding quarter (Chart 5).

Commercial banks' total foreign liabilities went up by 12.1 percent (SAR 11.7 billion) to SAR 108.9 billion in Q3 2016 against an increase of 19.4 percent (SAR 15.8 billion) in the preceding quarter,

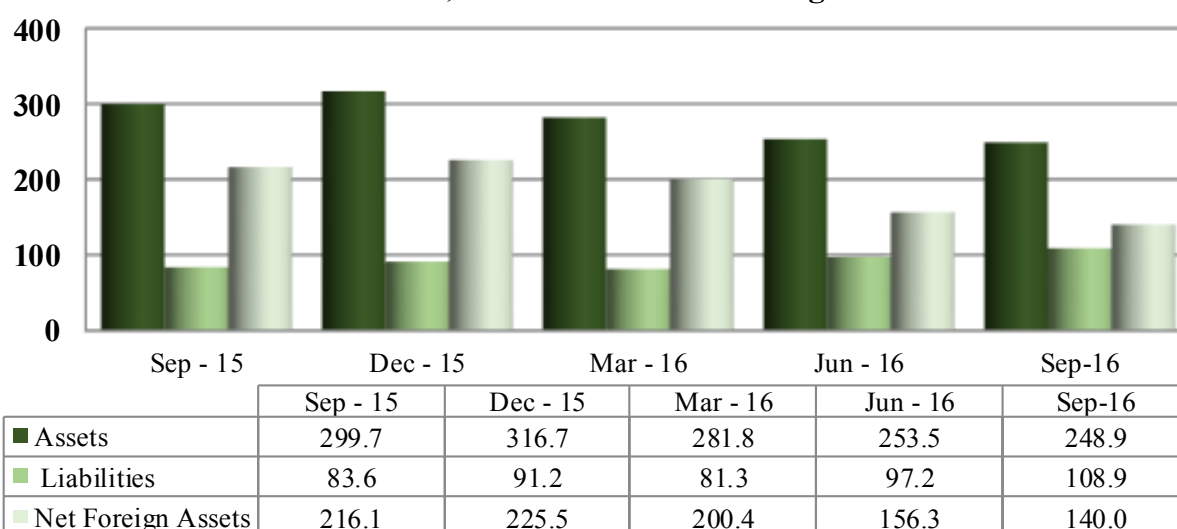
recording an annual increase of 30.2 percent (SAR 25.2 billion) and accounting for 4.8 percent of commercial banks' total liabilities compared to 4.3 percent at the end of the preceding quarter. Commercial banks' net foreign assets declined by 10.4 percent (SAR 16.3 billion) to SAR 140 billion at end-Q3 2016 compared to a decrease of 22.0 percent (SAR 44.1 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 0.8 percent (SAR 12.6 billion) to SAR 1,655.7 billion in Q3 2016, compared to an increase of 4.1 percent (SAR 65.2 billion) in the preceding quarter, recording an annual rise of 14.5 percent (SAR 209.3 billion) at end-Q3 2016. They accounted for 104.6 percent of total bank deposits

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

Billion Riyal



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compared to 103.2 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 0.2 percent (SAR 3.5 billion) to SAR 1,435.2 billion in Q3 2016, compared to a rise of 1.5 percent (SAR 21.9 billion) in the preceding quarter. They registered an annual increase of 7.0 percent (SAR 94.4 billion) at end-Q3 2016. The ratio of these claims to total bank deposits rose to 90.7 percent at end-Q3 2016 compared to 90.4 percent at the end of the preceding quarter (Chart 6).

4.4.2 Commercial Banks' Claims on the Public Sector

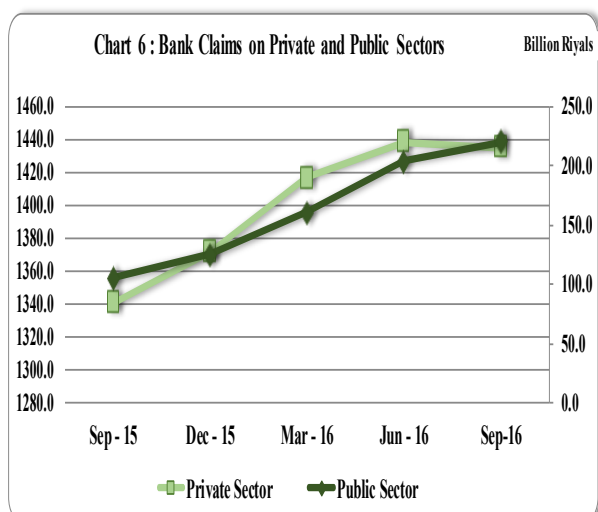
Commercial banks' claims on the public and quasi-public sectors increased by 7.9 percent (SAR 16.1 billion) to SAR 220.5 billion in Q3 2016, compared to a rise of 26.9 percent (SAR 43.3 billion) in the preceding quarter, registering an annual

increase of 108.8 percent (SAR 114.9 billion) at end-Q3 2016. The ratio of banks' claims on the public and quasi-public sectors to total bank deposits stood at 13.9 percent at end-Q3 2016 compared to 12.8 percent at the end of the preceding quarter (Chart 6).

A breakdown of bank credit by maturity during Q3 2016 as compared to the previous quarter indicates that long-term credit increased by 0.6 percent (SAR 2.3 billion) to SAR 415.3 billion, compared to a rise of 5.8 percent (SAR 22.8 billion) in the preceding quarter. Medium-term credit, however, went down by 2.6 percent (SAR 7.2 billion) to SAR 273.5 billion, compared to a fall of 1.1 percent (SAR 3.2 billion) in the preceding quarter. Short-term credit went down by 0.2 percent (SAR 1.3 billion) to SAR 740.9 billion compared to an increase of 1.1 percent (SAR 8.3 billion) in the preceding quarter.

4.4.3 Commercial Banks' Claims by Economic Activity

The total extended bank credit by economic activity decreased by 0.4 percent (SAR 6.2 billion) to SAR 1,429.7 billion in Q3 2016 compared to a rise of 2.0 percent (SAR 27.9 billion) in the preceding quarter, recording an annual rise of 7.5 percent (SAR 99.7 billion) at end-Q3 2016. A breakdown of bank credit extended to economic activities in Q3 2016 indicates increases in bank credit extended to agriculture and fishing sector by 6.0 percent (SAR 0.8 billion); to water,





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electricity, gas and health services sector by 5.0 percent (SAR 2.0 billion); to commerce sector by 2.8 percent (SAR 8.2 billion); and to building and construction sector by 0.6 percent (SAR 0.7 billion). However, bank credit extended to manufacturing and production decreased by 0.6 percent (SAR 1.0 billion), to government and quasi-government sector by 0.7 percent (SAR 0.3 billion), to other sectors by 0.7 percent (SAR 3.7 billion), to services sector by 4.3 percent (SAR 3.4 billion), to mining and quarrying sector by 4.6 percent (SAR 1.1 billion), to transport and telecommunication sector by 8.9 percent (SAR 4.0 billion), and to financing sector by 11.4 percent (SAR 4.3 billion).

4.5 Reserves, Capital, Profits and Branches of Commercial Banks

Capital and reserves of commercial banks decreased by 2.3 percent (SAR 6.8 billion) to SAR 296.9 billion in Q3 2016, compared to a decrease of 2.1 percent (SAR 6.5 billion) in the preceding quarter. Their ratio to total bank deposits stood at 18.8 percent at end-Q3 2016 compared to 19.1 percent at the end of the preceding quarter. The annual growth rate of commercial banks' capital and reserves went up by 8.9 percent (SAR 24.2 billion) in Q3 2016. Commercial banks' profits reached SAR 9.8 billion in Q3 2016 compared to SAR 11.4 billion in the preceding quarter, denoting a decline of 14.7 percent (SAR 1.7 billion). They registered a y/y decrease of 5.5 percent (SAR 562.6 million).

At the end of the third quarter of 2016, the number of commercial banks' branches operating in the Kingdom stood at 2,007 with a q/q increase of 2. They registered a y/y annual increase of 2.2 percent (44 branches).

4.6 Commercial Banks' Purchases and Sales of Foreign Exchange

4.6.1 Commercial Banks' Purchases of Foreign Exchange

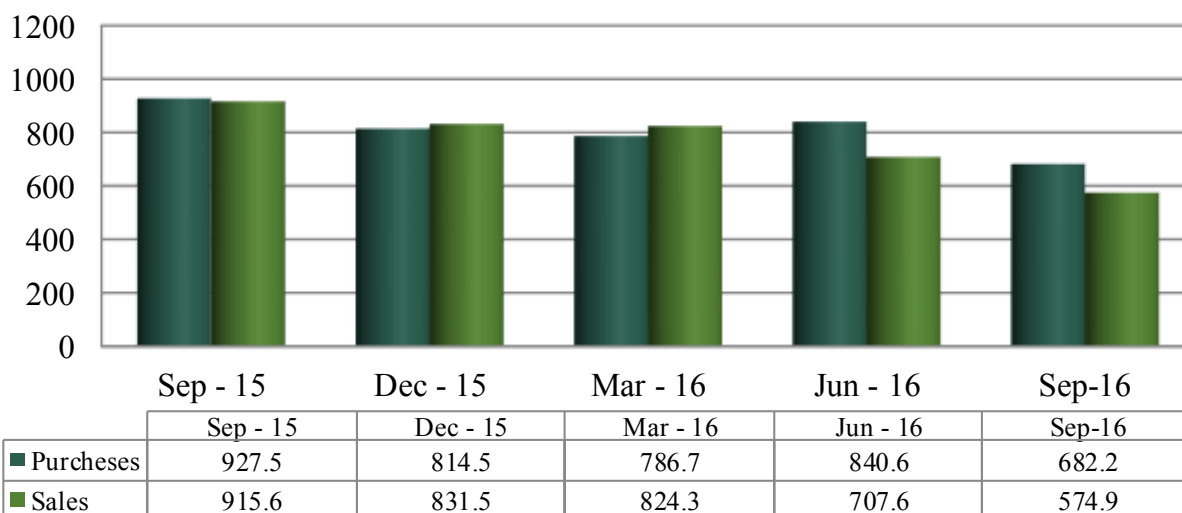
Commercial banks' total purchases of foreign exchange went down by 18.8 percent (SAR 158.3 billion) to SAR 682.2 billion in Q3 2016, compared to a q/q rise of 6.8 percent (SAR 53.8 billion), recording a y/y annual decrease of 26.5 percent (SAR 245.3 billion). A q/q comparison of banks' total purchases of foreign exchange shows that purchases from other sources increased by 84.7 percent (SAR 16.0 billion); and from SAMA by 10.9 percent (SAR 11.9 billion). On the other hand, purchases from domestic banks fell by 6.8 percent (SAR 8.5 billion), from foreign banks by 27.4 percent (SAR 122.7 billion), and from customers by 39.2 percent (SAR 54.9 billion) (Chart 7).

4.6.2 Commercial Banks' Sales of Foreign Exchange

Commercial banks' total sales of foreign exchange declined by 18.8 percent (SAR 132.7 billion) to SAR 574.9 billion in Q3 2016, compared to a q/q decrease of 14.2 percent (SAR 116.7 billion), recording

Chart 7: Banks' Foreign Currency Purchases and Sales

Billion Riyals



a y/y annual decline of 37.2 percent (SAR 340.7 billion). A q/q comparison of banks' total sales of foreign exchange indicates that sales to money changers decreased by 6.1 percent (SAR 115 million), to banks abroad by 10.3 percent (SAR 26.9 billion); to banks inside the Kingdom by 17.7 percent (SAR 17.6 billion); to other purposes by 20.4 percent (SAR 22.0 billion); to government entities by 26.4 percent (SAR 1.2 billion); to other customers inside the Kingdom by 27.3 percent (SAR 63.2 billion); to ministries and municipalities by 73.8 percent (SAR 159.3 million); and to SAMA by 79.6 percent (SAR 1.5 billion) (Chart 7).

Fifth: External Sector

Foreign Trade

Value of imports (CIF) recorded a y/y decrease of 19.3 percent to SAR 137.0 billion in Q2 2016, compared to a decrease of 2.5 percent during Q1 of 2016.

Balance of Payments

5.1 Current Account:

Preliminary estimates indicate a deficit of SAR 31.4 billion in the current account balance in Q2 2016 compared to a deficit of SAR 29.5 billion in the corresponding quarter of the previous year. This is attributed to projections of a deficit of SAR 6.8 billion in the balance of goods and services. The surplus of the balance of primary income is projected to decrease by 6.5 percent to SAR 16.4 billion compared to the corresponding quarter of the previous year. The deficit in the secondary income balance is, however, projected to increase by 4.6 percent to SAR 40.9 billion compared to the corresponding quarter of the previous year.

5.2 Capital Account:

Capital account item is projected to register outflows of SAR 294 million in Q2



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2016 against SAR 523 million in the corresponding quarter of the previous year.

5.3 Financial Account:

Net direct investments are projected to rise by SAR 5.2 billion in Q2 2016 due to an increase in net acquisition of financial assets abroad estimated at SAR 12.2 billion over the increase of domestic net incurrence of liabilities of SAR 6.9 billion. Net portfolio investments are expected to record a decrease of SAR 18.1 billion against an increase of SAR 9.7 billion y/y. Net other investments are expected to record a decrease of SAR 8.4 billion against an increase of SAR 49.5 billion y/y. Net reserve assets are projected to register a y/y decrease of SAR 63.8 billion in Q2 2016 against a decrease of SAR 97.1 billion as the item of investments in securities registered a y/y decline of SAR 79.4 billion against a decline of SAR 154.8 billion. The item of currencies and deposits is projected to rise by SAR 16.3 billion against an increase of SAR 57.1 billion in Q2 2015.

Sixth: Banking Technology Developments and Financial Inclusion:

6.1 Saudi Riyal Inter-bank Express System (SARIE)

Statistics showed that the total value of SARIE's transactions went down by 4.6 percent (SAR 387.9 billion) to SAR 8,132 billion in Q3 2016. The value of single payment transactions totaled SAR 7,666 billion, whereas the total value of bulk payment transactions stood at SAR 456.6 billion. Total customer payments reached SAR 1,171.2 billion, with a q/q decline of

19.6 percent. The total value of inter-bank payments stood at SAR 6,951.3 billion with a q/q decrease of 1.6 percent.

6.2 Mada

Total number of ATM transactions in Q3 2016 was approximately 462 million, with cash withdrawals totaling SAR 179.4 billion, including transactions through banks' network and Mada. Total point of sale (POS) terminal transactions were 131.9 million with sales totaling SAR 43 billion in Q3 2016. The number of ATMs totaled 17.5 thousand and the number of ATM cards issued by domestic banks stood at 25.6 million at end-Q3 2016. The number of POS terminals reached 266.7 thousand at end-Q3 2016.

6.3 Clearing

Statistics on clearing in Q3 2016 showed that the number of bank checks (outgoing and incoming) cleared at the clearing houses totaled 1.1 million with a total value of SAR 112.5 billion. The number of individual and corporate checks totaled 1.0 million with a total value of SAR 83.5 billion, and the number of certified checks totaled 108.8 thousand with a total value of SAR 28.9 billion.

Seventh: Domestic Stock Market Developments

The general share price index went down by 13.5 percent to 5,623.3 points in Q3 2016 compared to an increase of 4.5 percent in the preceding quarter, recording an annual decline of 24.1 percent. The



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number of traded shares decreased by 45.3 percent to 9.9 billion in Q2 2016 compared to a q/q decrease of 12.4 percent, recording a y/y fall of 11.3 percent. Total value of shares traded in Q3 2016 decreased by 47.1 percent to SAR 169.2 billion compared to a q/q decrease of 13.2 percent, recording a y/y decline of 39.6 percent.

At the end of the third quarter of 2016, the market capitalization of shares went down by 11.9 percent to SAR 1,325.4 billion against a rise of 4.6 percent at the end of the preceding quarter. The market capitalization of shares recorded an annual decrease of 20.5 percent compared to end-Q3 2015. Total number of transactions in Q3 2016 decreased by 43.2 percent to 4.1 million compared to a q/q decline of 18.2 percent, recording a y/y decline of 28.4 percent (Chart 8).

Eighth: Investment Funds

Total assets of investment funds managed by investment companies recorded

a decline of 8.3 percent (SAR 7.4 billion) to SAR 81.8 billion in Q3 2016 compared to a decline of 2.2 percent (SAR 2.0 billion) in the preceding quarter, recording a y/y annual decline of 27.9 percent (SAR 31.7 billion).

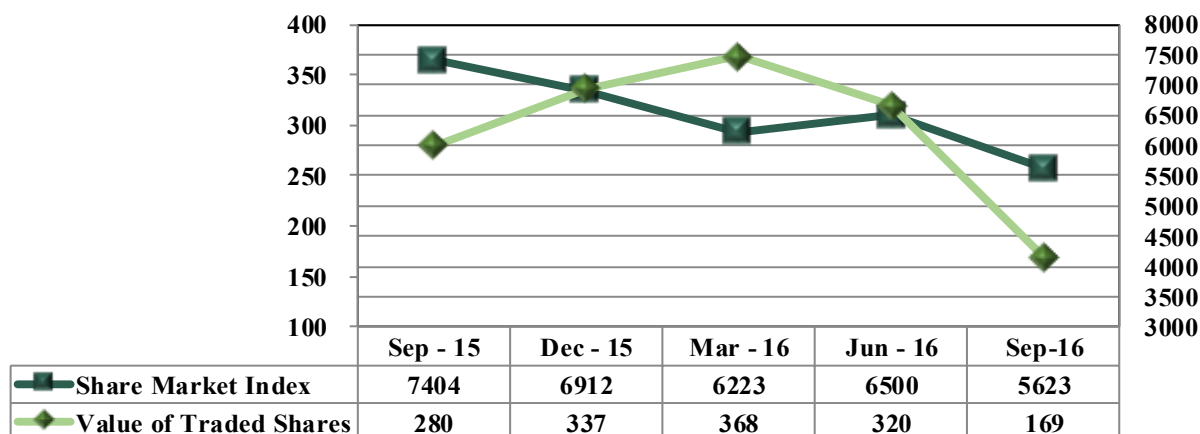
A breakdown of total assets of investment funds shows that domestic assets fell by 4.8 percent (SAR 3.4 billion) to SAR 66.7 billion in Q3 2016 compared to a rise of 6.5 percent (SAR 4.3 billion) in the previous quarter. Domestic assets also registered a y/y decrease of 26.5 percent (SAR 24.1 billion). Net foreign assets declined by 21.0 percent (SAR 4.0 billion) to SAR 15.1 billion in Q3 2016 against a decline of 24.6 percent (SAR 6.2 billion) in the preceding quarter, registering 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

Billion Riyals

Chart 8: Share Market Index

Point



Source: Tadawul and Capital Market Authority.



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(5,722 shareholders) in the preceding quarter, recording a y/y decrease of 5.6 percent (13,333 shareholders). In addition, 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)

The SCIs' total outstanding loans went up by 2.1 percent (SAR 7.2 billion) to SAR 351.8 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 40.8 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 decline of 30.0 percent (SAR 3.0 billion) in Q4 2015, compared to a decrease of 12.5 percent (SAR 1.4 billion) in the previous quarter, registering an annual decline of 33.7 percent.

A breakdown of loans extended by SCIs in Q4 2015 indicates that the loans extended by the Saudi Industrial

Development Fund (SIDF) 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 (REDF) 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 (ADF) 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 SIDF by 41.2 percent (SAR 370 million) compared to a decline of 65.1 percent (SAR 1.6 billion) in the preceding quarter, and repayments to the REDF by 181.6 percent (SAR 1.9 billion) compared to a rise of 7.7 percent (SAR 78.5 million) in the preceding quarter. Moreover, the volume of repayments to the



Monetary and Banking Developments

ADF 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 Third Quarter of 2016

SAMA issued Circular 371000112753 dated 28/10/1437H on Revisions to the Securitization Framework.

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

- Approving the establishment of a council for family affairs chaired by the Minister of Labor and Social Development.
- Approving the establishment of a holding fund under the name of Fund of Funds with a capital of SAR four billion.
- Approving amendments to the Traffic Regulations.
- Approving amendments to some articles of the Billboard Advertisement Regulation.
- Approving the suspension of annual increment for the year 1438H; and cancellations of and amendments to some allowances, remunerations and financial benefits.
- Approving the Regulation for the Sale or Rent Of Real Estate Units on a Map.
- Approving the implementation of the GCC Supreme Council's decision regarding the establishment of a high level commission with the name of "Economic and Development Affairs Commission" and it shall consist of GCC member countries.
- Approving the establishment of Administrative Leadership Development Center at the Institute of Public Administration.