

## Banking Monthly Report (October 2025)

**Loans and deposits:** Bank lending to the private sector rose 12.0% y/y in October 2025, (flat m/m), broadly in line with last month's growth. Meanwhile, retail real estate loans grew by 10.0% y/y in October (+0.3% m/m). However, residential new monthly mortgage disbursements witnessed a steep decline of 31.9% y/y to reach SAR5.5bn in October 2025. At 7.0% y/y (-1.3% m/m), deposits grew slower than loans on an annual basis. With regards to the deposit mix, the share of Time & Savings deposits stood at 40% in October. Time and Savings deposits, and Government deposits (31% of total deposits) grew by 19.5% y/y and 3.5% y/y, respectively, while demand deposits fell marginally by 0.7% over the same period. The sector's LDR stood at 80.8% in October, pointing to tighter liquidity, with banks increasingly relying on high interest-bearing capital market instruments to meet their funding needs.

**Banking sector profits:** The profit before tax for the banks increased 7.0% y/y in October but dropped 11.5% m/m to SAR8.2bn. Meanwhile, the 3Q25 profit before tax for the banks clocked at SAR26.2bn, marking a 13.7% increase on y/y basis. The yield curve remains inverted, with Saudi 3M SAIBOR at ~4.9%, and the 10Y Govt Bond yield at ~4.5%.

**Economic activity:** PoS transactions grew 12.4% y/y in October, and ATM withdrawals grew by 1.6% over the same period. KSA's non-oil private sector PMI rose to 60.2 in October from 57.8 in September 2025, signaling a strong and sustained expansion in economic activity. The Federal Reserve, at its October 28–29 meeting, cut its benchmark rate by 25bps to 3.75–4.00% for the second time in 2025 amid labor-market weakness and economic uncertainty. The market anticipates another rate cut in Dec 2025 after the New York Fed President stated that risks in the labor market pose a greater concern than inflation.

Figure 1: Key metrics

Key metrics (SARbn unless specified)	Oct-25	Oct-24	y/y	Sep-25	m/m
<b>Loans</b>					
Claims on Private Sector	3,135	2,800	12.0%	3,135	0.0%
Residential New Mortgages	5.5	8.1	-31.9%	5.8	-4.7%
Retail Real Estate Loans*	732	665	10.0%	730	0.3%
Claims on Govt. and Quasi Govt.	895	760	17.8%	878	2.0%
<b>Deposits</b>					
Total Deposits	2,898	2,709	7.0%	2,935	-1.3%
Demand Deposits	1,415	1,425	-0.7%	1,478	-4.2%
Time and Savings Deposits	1,161	971	19.5%	1,153	0.7%
Government Deposits	902	872	3.5%	916	-1.5%
<b>Other key indicators</b>					
LDR (%)	80.8%	80.7%	8bps	80.4%	36bps
Profit Before Tax	8.2	7.7	7.0%	9.3	-11.5%
SAMA Foreign Reserves (US\$bn)	442	435	1.6%	451	-1.8%
Money Supply (M3)	3,138	2,936	6.9%	3,172	-1.1%
<b>Rates (%)</b>					
	<b>Spot</b>	<b>2023</b>	<b>2024</b>	<b>YTD^</b>	
SAIBOR 3M	4.9%	5.9%	6.0%	5.3%	
Repo	4.5%	5.7%	5.8%	4.9%	
Reverse Repo	4.0%	5.2%	5.3%	4.4%	
<b>US Fed Data</b>					
	<b>Current</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	
Bbg cons. benchmark rate expectations	4.00%	3.82%	3.25%	3.16%	
Next Fed meeting	9-10 December 2025				

Source: SAMA, Bloomberg. \*Based on our calculations, cumulative number as on latest month, ^Average

### Valuation metrics of Saudi Banks

Bank	P/E*	P/B	Div. Yield*
Al Rajhi	14.7x	3.5x	3.6%
SNB	9.0x	1.2x	6.1%
Riyad	7.7x	1.3x	6.4%
Alinma	9.9x	1.7x	4.4%
BJAZ	9.4x	1.0x	1.7%
Al Bilad	12.1x	2.1x	2.5%
BSF	8.4x	1.0x	6.8%
Arab	8.4x	1.1x	6.2%
SIB	7.6x	1.0x	6.7%
SAB	7.6x	1.0x	6.8%

Source: Bbg, \*based on Bbg cons. (12m fwd)

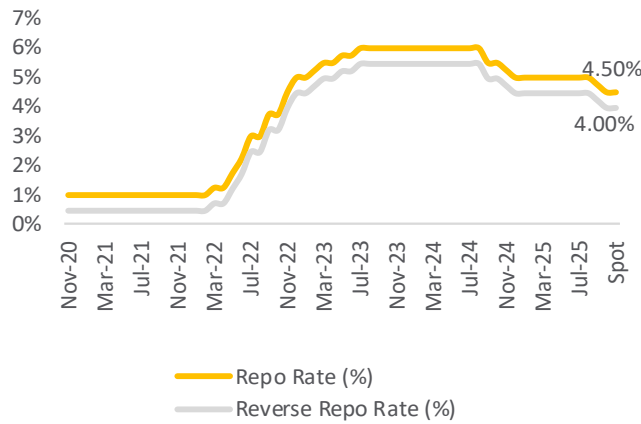
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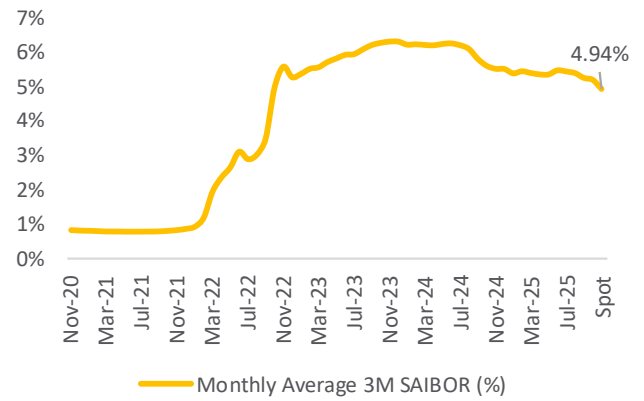
### Chart Pack

Figure 2: Policy Rates



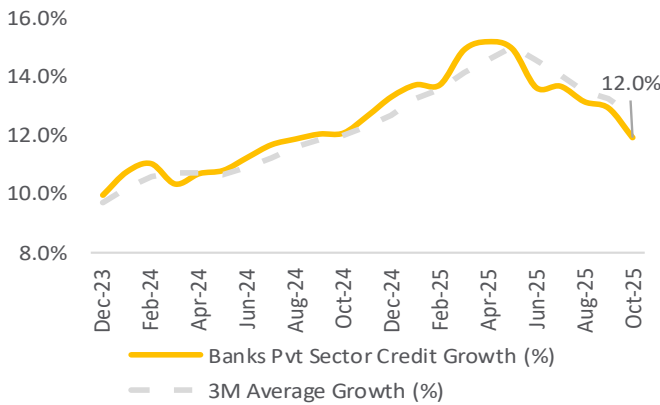
Source: SAMA, GIB Capital

Figure 3: Monthly Average 3M SAIBOR



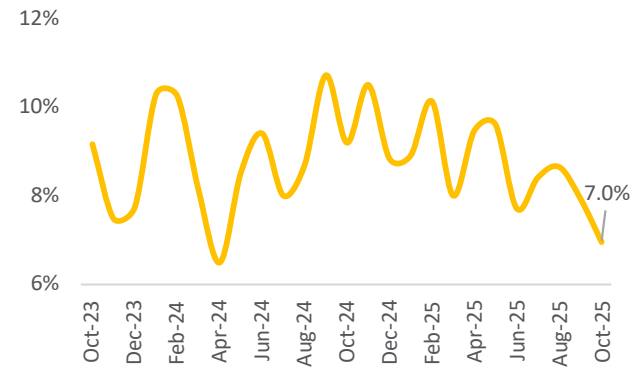
Source: Bloomberg, SAMA, GIB Capital

Figure 4: Banks Private Sector Credit Growth (y/y)



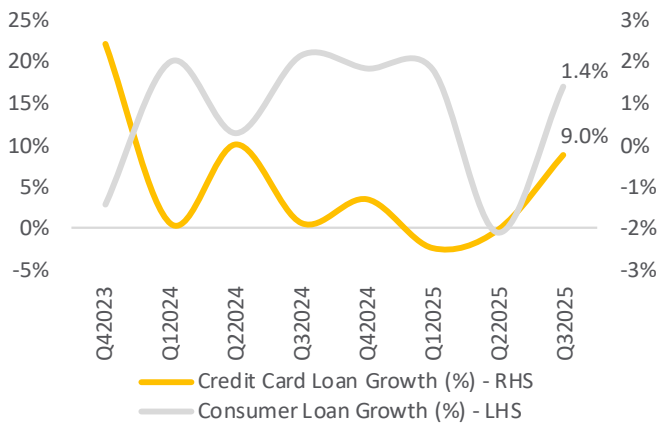
Source: SAMA, GIB Capital

Figure 5: Banks Deposit Growth (y/y)



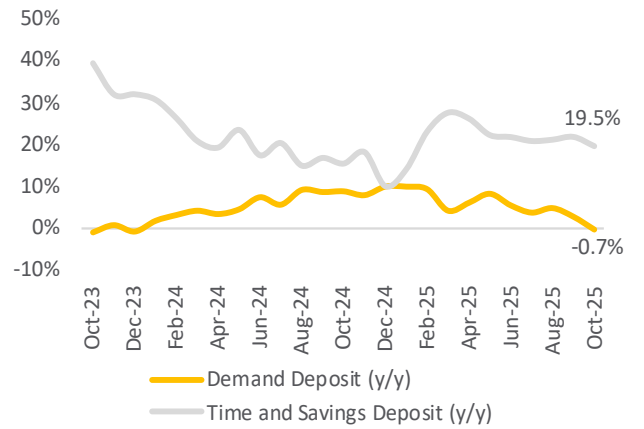
Source: SAMA, GIB Capital

Figure 6: Consumer and Credit Card Loan Growth (q/q)



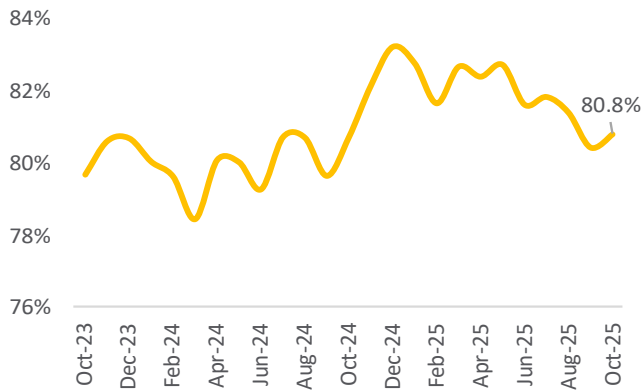
Source: SAMA, GIB Capital

Figure 7: Demand vs. Time and Savings Deposit Growth



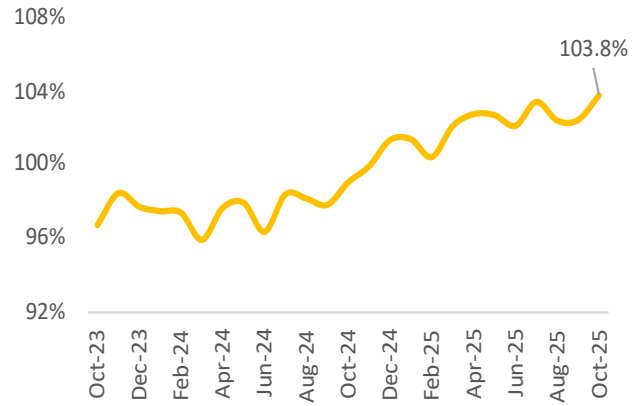
Source: SAMA, GIB Capital

Figure 8: Banks Loans-to-Deposit Ratio



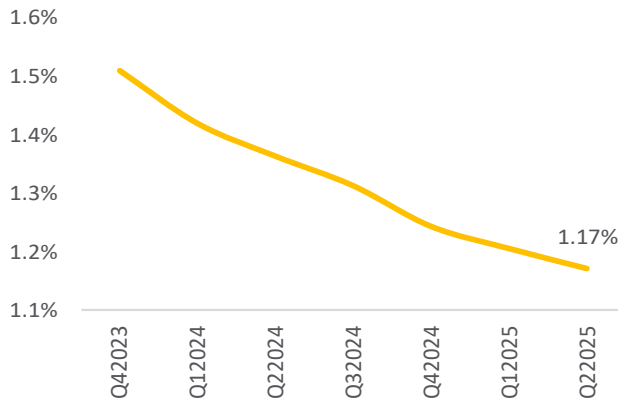
Source: SAMA, GIB Capital

Figure 9: Loans-to-Deposit Ratio



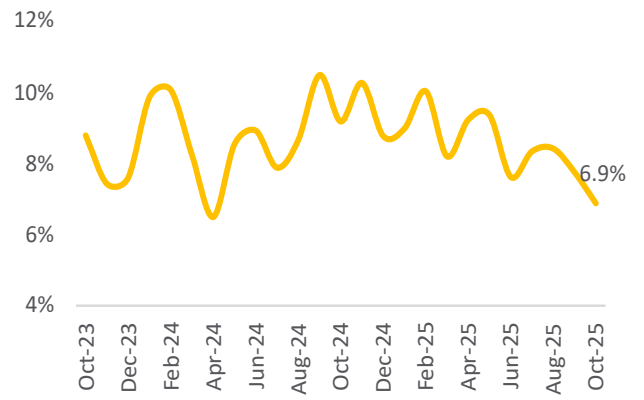
Source: GIB Capital, calculated as reported loans/reported deposits

Figure 10: Non-Performing Loans (NPL) as % of Total Loans



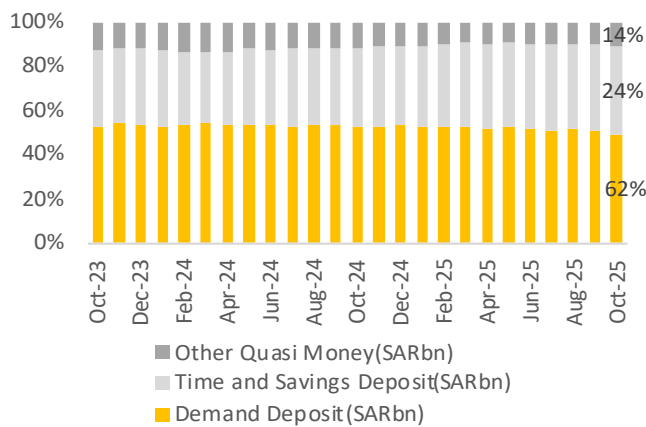
Source: SAMA, GIB Capital

Figure 11: Banking Sector Non-Govt Deposits Growth (y/y)



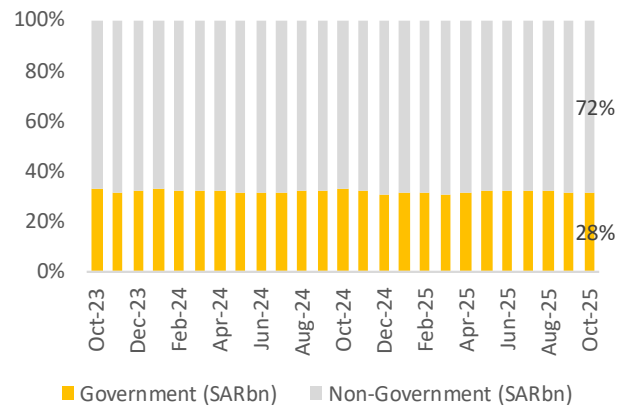
Source: SAMA, GIB Capital

Figure 12: Mix of Deposit – Demand, Time and Savings, and Others



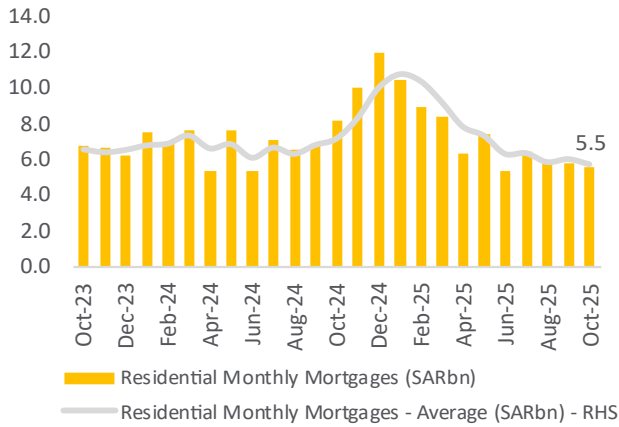
Source: SAMA, GIB Capital

Figure 13: Mix of Deposit – Government and Non-Government



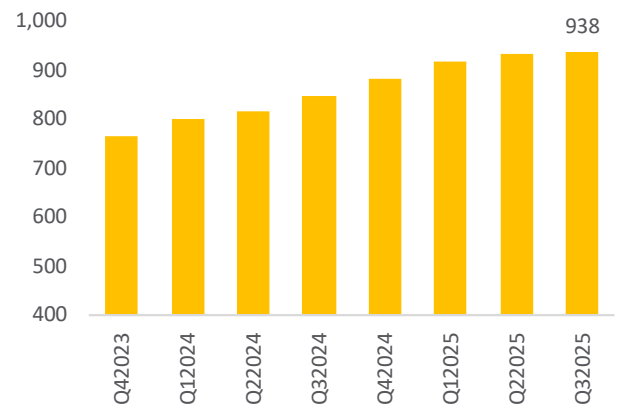
Source: SAMA, GIB Capital

Figure 14: Residential Monthly Mortgages



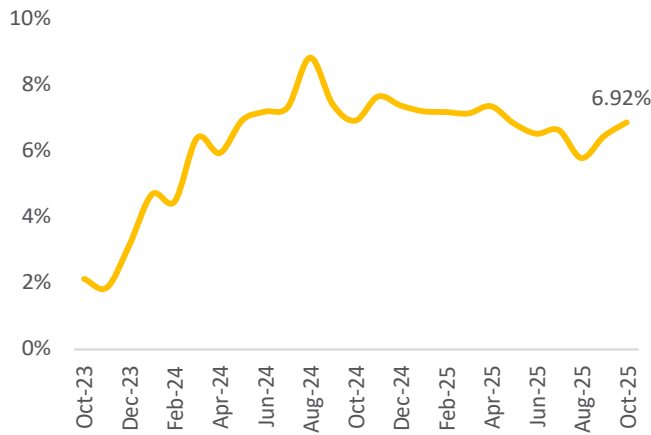
Source: SAMA, GIB Capital

Figure 15: Real Estate Loans by Banks (SARbn)



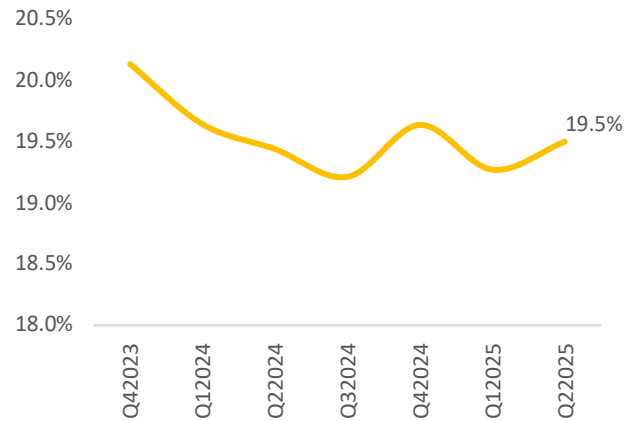
Source: SAMA, GIB Capital

Figure 16: Banking Sector Total Assets Growth (y/y)



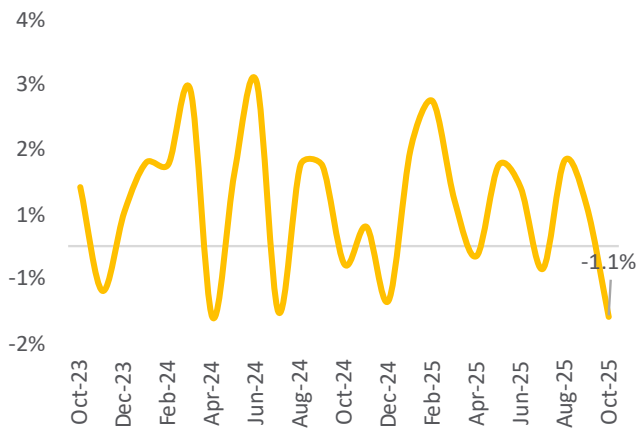
Source: SAMA, GIB Capital

Figure 17: Tier1 Capital-to-Risk Weighted Assets (RWA)



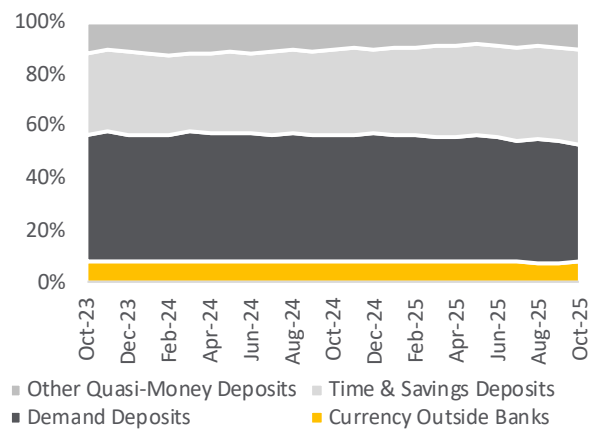
Source: SAMA, GIB Capital

Figure 18: Money Supply (M3) Growth (m/m)



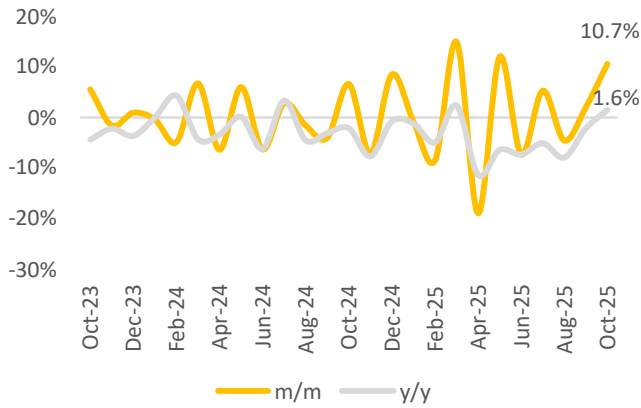
Source: SAMA, GIB Capital

Figure 19: Money Supply (M3) Components



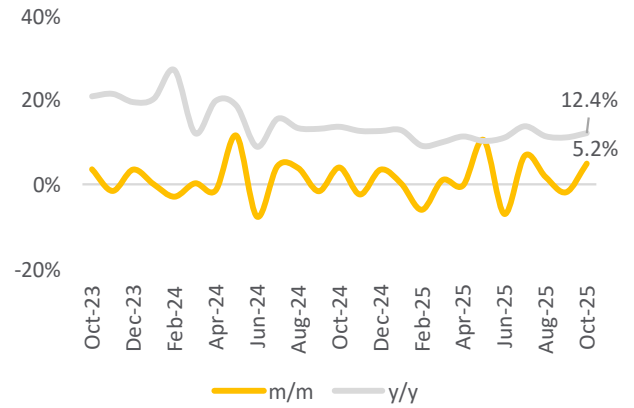
Source: SAMA, GIB Capital

Figure 20: ATM Withdrawals Growth



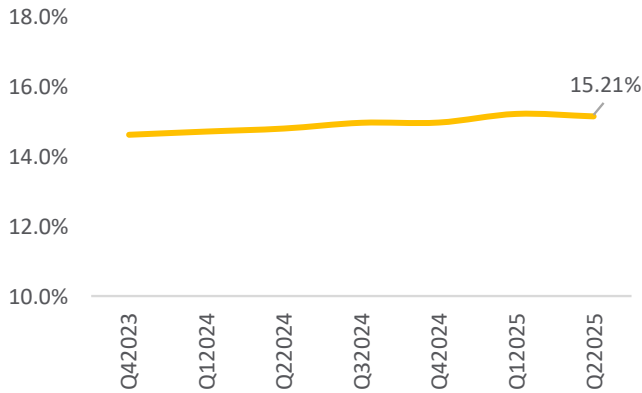
Source: SAMA, GIB Capital

Figure 21: PoS Transactions Growth



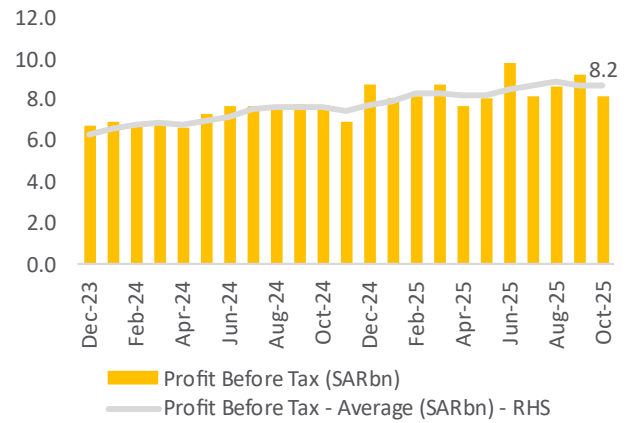
Source: SAMA, GIB Capital

Figure 22: Return on Equity



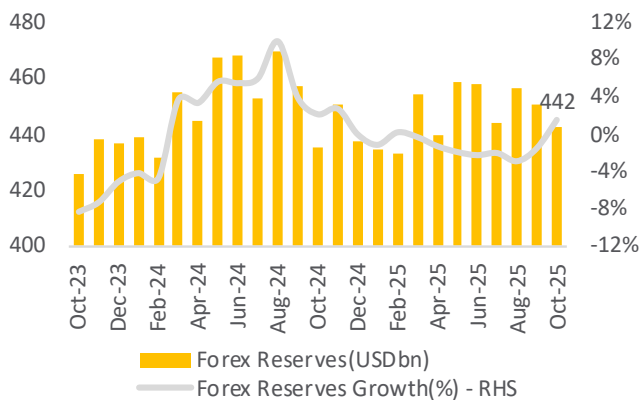
Source: SAMA, GIB Capital

Figure 23: Profit Before Tax



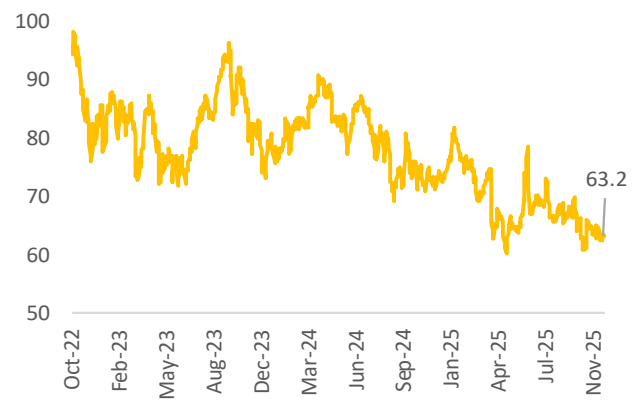
Source: SAMA, GIB Capital

Figure 24: Forex reserves



Source: SAMA, GIB Capital

Figure 25: Oil prices (US\$/bbl)



Source: Bloomberg, GIB Capital

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