جي آي بي كابيتال
GIB CAPITAL

Banking Monthly Report (May 2026)

Loans and deposits: Private sector bank lending increased 6.6% y/y to SAR3.2tn in May 2026 (+0.6% m/m), moderating slightly from the previous month. Retail real estate loans rose 5.4% y/y (+0.6% m/m). Meanwhile, new residential mortgage disbursements declined sharply by 40.7% y/y and 30.9% m/m to SAR4.4bn in May 2026. Deposits grew 9.3% y/y (+0.2% m/m) in May 2026, continuing to outpace lending growth. Regarding the deposit mix, the share of Time & Savings deposits reached 43% in May 2026 versus 38% a year earlier. Time & Savings deposits and Government deposits climbed 22.4% y/y and 15.2% y/y, respectively, but demand deposits decreased 2.4% y/y. As a result, the sector's LDR decreased 371bps y/y to 79.0% in May 2026.

Banking sector profits: The profit before tax for the banks grew by 7.7% y/y and 6.6% m/m, reaching SAR8.8bn in May 2026. Meanwhile, QTD profit before tax (April and May'26) grew by 6.9% y/y, reaching SAR17.0bn. The yield curve turns upward sloping, with the Saudi 3M SAIBOR at ~4.7% and the 10Y government bond yield at ~4.9%, indicating a modest term premium.

Economic activity: PoS transactions rose 11.6% y/y in May 2026, with ATM withdrawals climbing 19.1% over the same period. KSA's non-oil private sector PMI improved further to 52.8 in May 2026 from 51.5 in the previous month as domestic demand improved, projects resumed, and operations normalized following disruptions earlier. The US Fed remains in a wait-and-see mode, holding its benchmark rate at 3.50–3.75%. However, the June FOMC meeting struck a more hawkish tone, as persistent inflation risks prompted policymakers to signal that rates could remain higher for longer, with the possibility of a rate hike later this year.

Valuation metrics of Saudi Banks

Bank	P/E*	P/B	Div. Yield*
Al Rajhi	14.1x	2.9x	3.9%
SNB	9.0x	1.1x	6.0%
Riyad	7.6x	1.1x	5.8%
Alinma	11.2x	1.8x	3.5%
BJAZ	8.7x	0.9x	3.6%
Al Bilad	11.0x	1.7x	4.4%
BSF	9.1x	1.1x	6.0%
Arab	8.4x	0.9x	6.0%
SAIB	8.5x	0.9x	5.9%
SAB	8.0x	0.9x	6.5%

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

Figure 1: Key metrics

Key metrics (SARbn unless specified)	May-26	May-25	y/y	Apr-26	m/m
Loans					
Claims on Private Sector	3,250	3,049	6.6%	3,229	0.6%
Residential New Mortgages	4.4	7.4	-40.7%	6.3	-30.9%
Retail Real Estate Loans*	751	712	5.4%	747	0.6%
Claims on Govt. and Quasi Govt.	917	846	8.3%	923	-0.6%
Deposits					
Total Deposits	3,109	2,845	9.3%	3,103	0.2%
Demand Deposits	1,466	1,502	-2.4%	1,467	-0.1%
Time and Savings Deposits	1,330	1,087	22.4%	1,319	0.9%
Government Deposits	1,052	913	15.2%	1,066	-1.3%
Other key indicators					
LDR (%)	79.0%	82.7%	-371bps	78.9%	16bps
Profit Before Tax	8.8	8.2	7.7%	8.2	6.6%
SAMA Foreign Reserves (US$bn)	488	459	6.4%	495	-1.3%
Money Supply (M3)	3,367	3,091	8.9%	3,357	0.3%
Rates (%)	**Spot**	**2024**	**2025**	**YTD^**	
SAIBOR 3M	4.7%	6.0%	5.3%	4.8%	
Repo	4.3%	5.8%	4.9%	4.3%	
Reverse Repo	3.8%	5.3%	4.4%	3.8%	
US Fed Data	**Current**	**2026**	**2027**	**2028**	
Bbg cons. benchmark rate expectations	3.75%	3.74%	3.47%	3.34%	
Next Fed meeting	28-29 July 2026				

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

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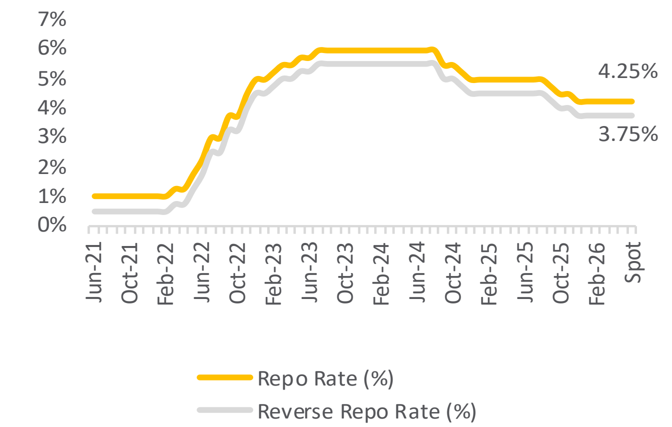
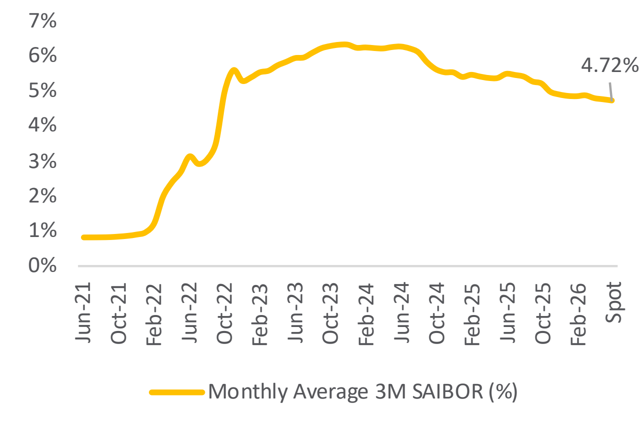
Chart Pack

Figure 2: Policy Rates



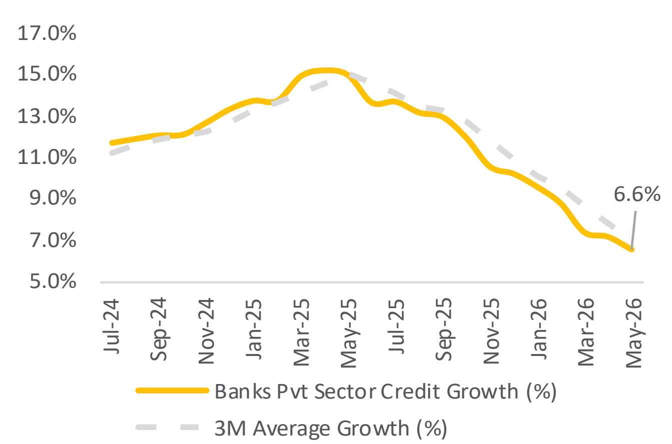
Source: SAMA, GIB Capital

Figure 3: Monthly Average 3M SAIBOR



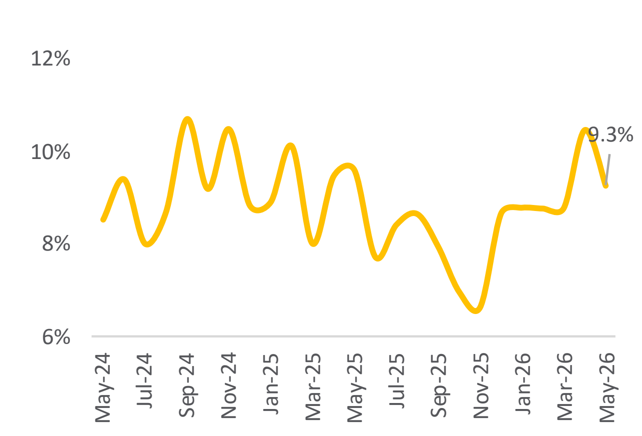
Source: Bloomberg, SAMA, GIB Capital

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



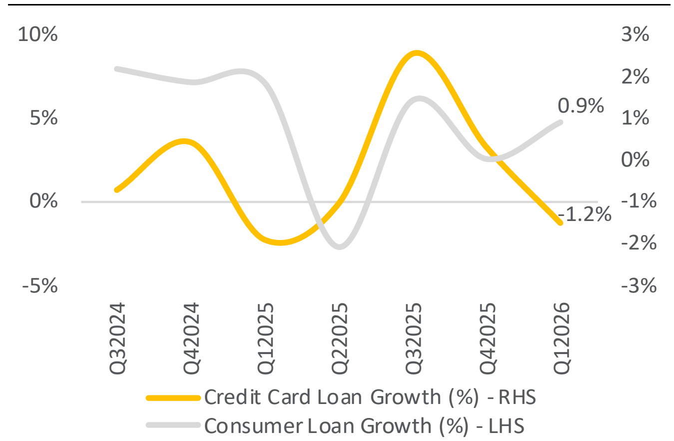
Source: SAMA, GIB Capital

Figure 5: Banks Deposit Growth (y/y)



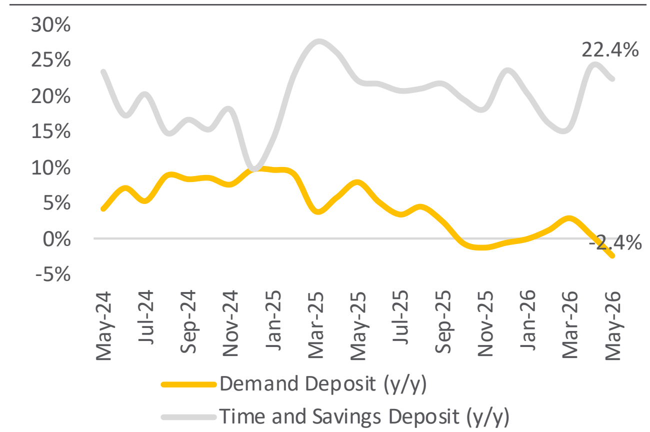
Source: SAMA, GIB Capital

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



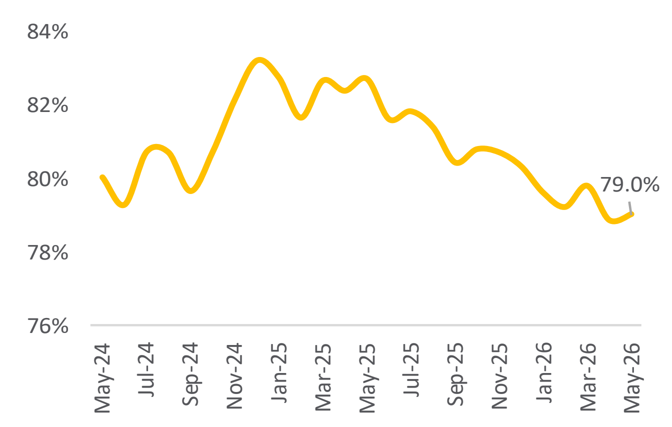
Source: SAMA, GIB Capital

Figure 7: Demand vs. Time and Savings Deposit Growth



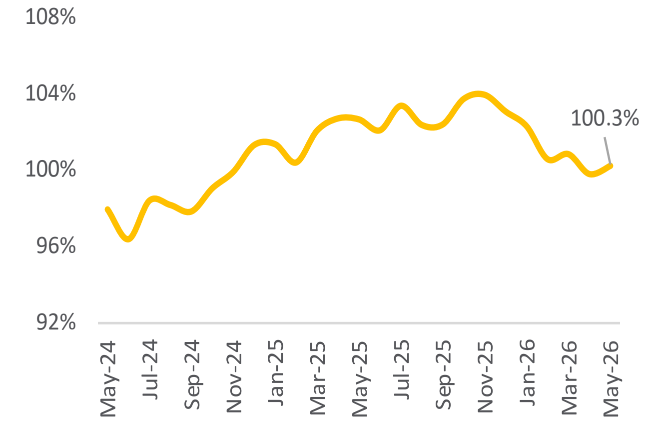
Source: SAMA, GIB Capital

Figure 8: Banks Loans-to-Deposit Ratio



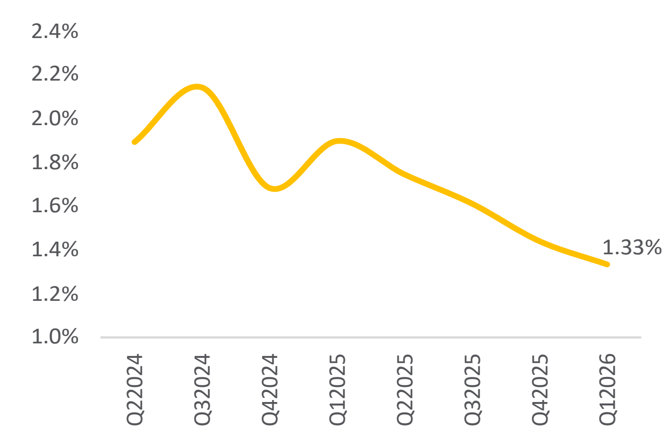
Source: SAMA, GIB Capital

Figure 9: Loans-to-Deposit Ratio



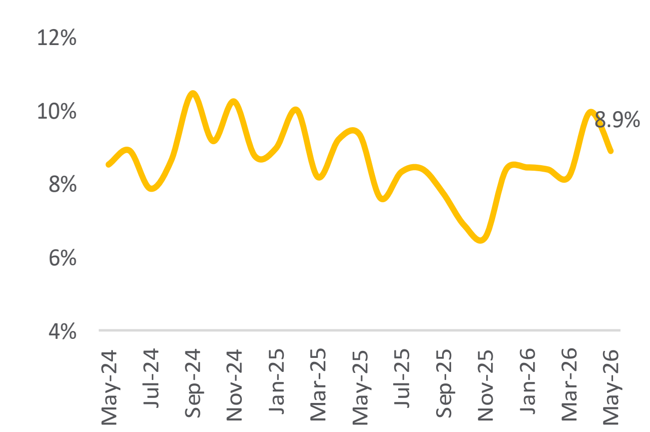
Source: GIB Capital, calculated as reported loans/reported deposits

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



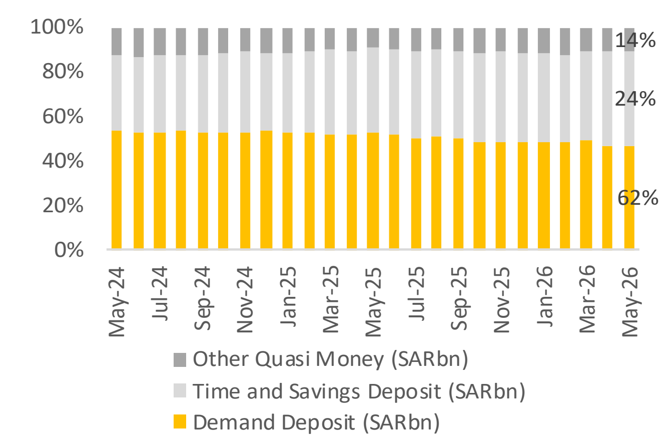
Source: SAMA, GIB Capital

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



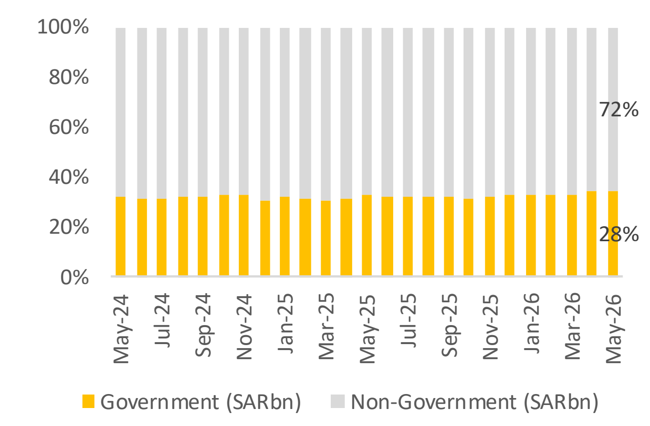
Source: SAMA, GIB Capital

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



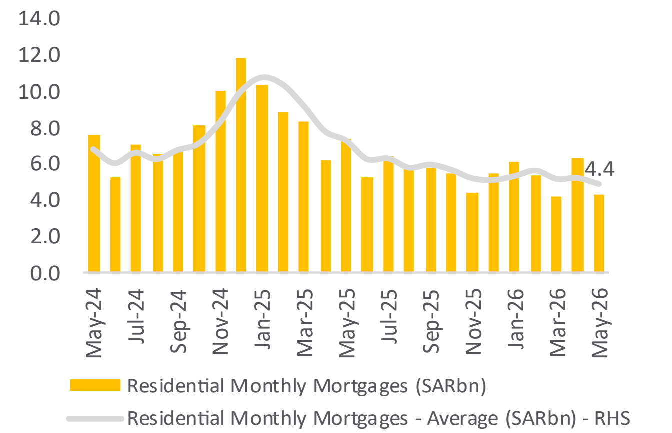
Source: SAMA, GIB Capital

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



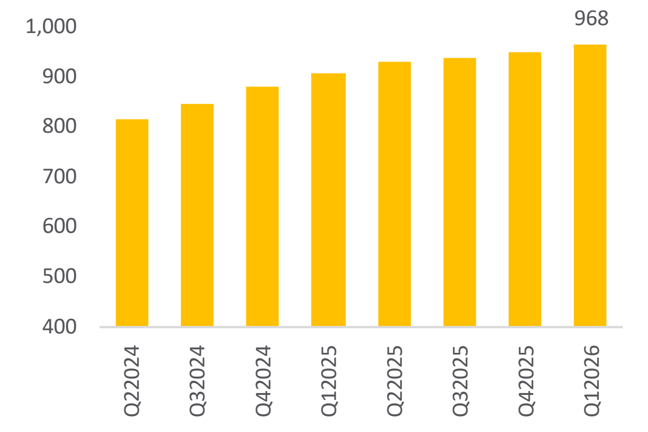
Source: SAMA, GIB Capital

Figure 14: Residential Monthly Mortgages



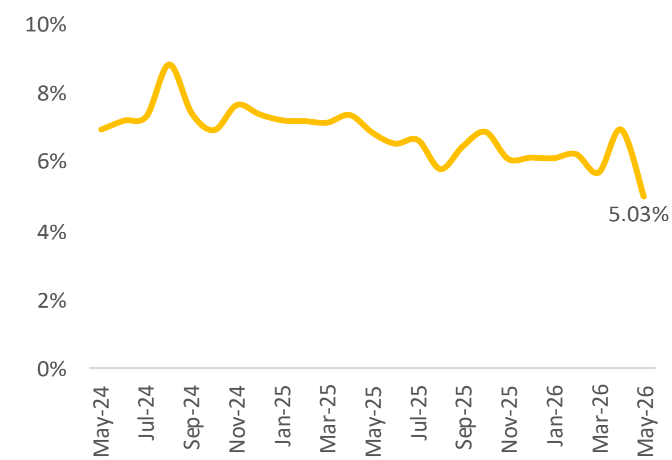
Source: SAMA, GIB Capital

Figure 15: Real Estate Loans by Banks (SARbn)



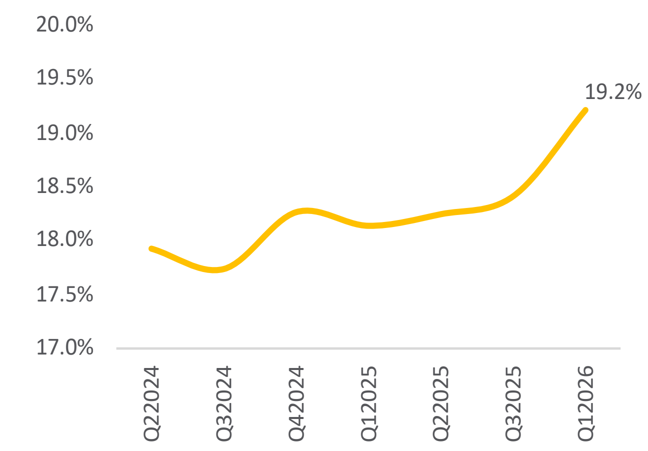
Source: SAMA, GIB Capital

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



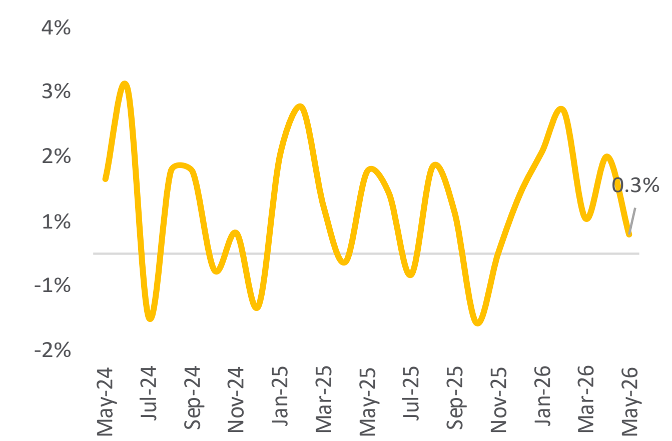
Source: SAMA, GIB Capital

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



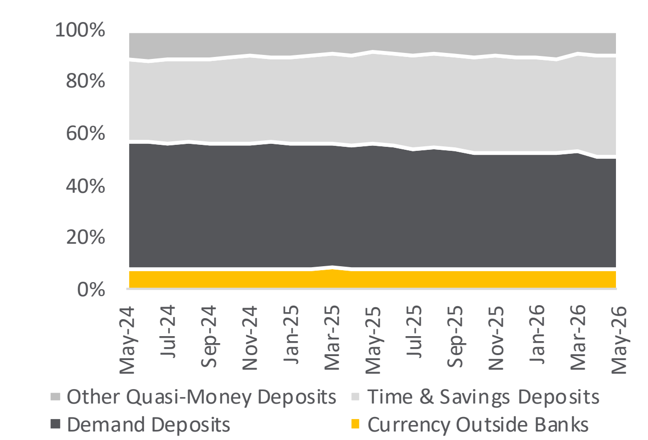
Source: SAMA, GIB Capital

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



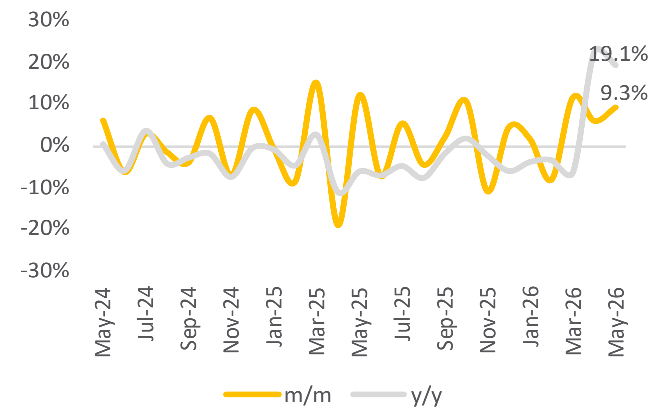
Source: SAMA, GIB Capital

Figure 19: Money Supply (M3) Components



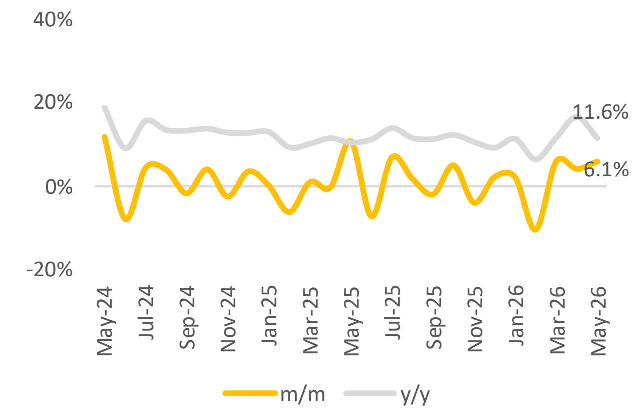
Source: SAMA, GIB Capital

Figure 20: ATM Withdrawals Growth



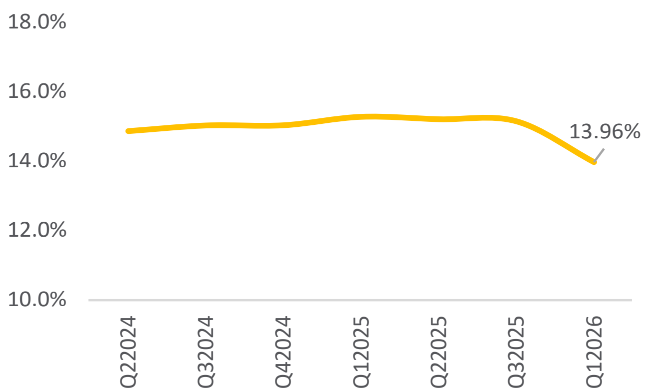
Source: SAMA, GIB Capital

Figure 21: PoS Transactions Growth



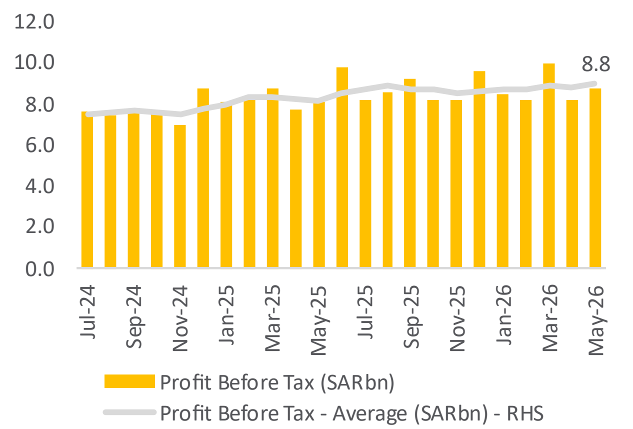
Source: SAMA, GIB Capital

Figure 22: Return on Equity



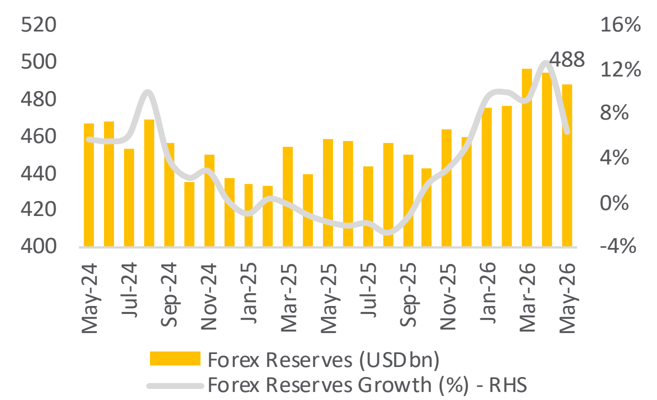
Source: SAMA, GIB Capital

Figure 23: Profit Before Tax



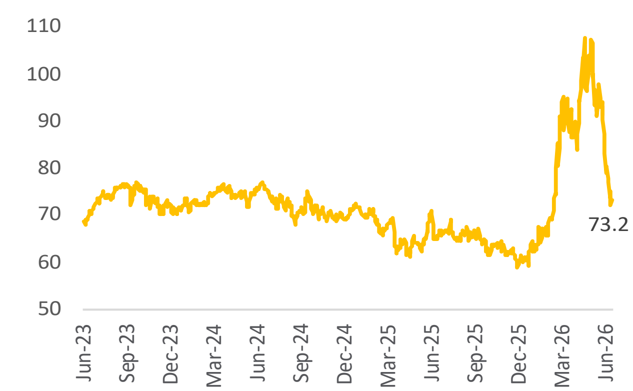
Source: SAMA, GIB Capital

Figure 24: Forex reserves



Source: SAMA, GIB Capital

Figure 25: Oil prices (US$/bbl)



Source: Bloomberg, GIB Capital

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