Bahrain Monthly Banking Report (September 2026)

Retail Banks lending activity: Private-sector lending rose 5.3% y/y (+0.5% m/m) to BD11.9bn in September 2026, slightly faster than last month. Meanwhile, government-sector lending increased 21.5% y/y to BD1.7bn but fell 2.2% sequentially. Within private-sector lending, personal loans grew 6.5% y/y, outpacing business-lending growth of 3.9%. Mortgage lending remained healthy at BD3.3bn, reflecting a y/y growth of 6.6% in September 2026.

Retail Banks deposit movement: Deposits grew 14.0% y/y (+3.8% m/m) in September 2026, continuing to outpace lending. The share of time and savings deposits edged down to 49% in September 2026 from 52% a year earlier. Government deposits recorded the strongest growth, rising 44.3% y/y, followed by demand deposits (+13.0% y/y) and time and savings deposits (+6.4% y/y).

Other key metrics: Total banking-sector assets declined slightly by 1.1% y/y but rose 2.6% m/m to US$253.5bn in September 2026. Money supply (M3) increased 13.1% y/y to BD18.4bn. CBB reserves fell 8.2% y/y while it surged 31.7% sequentially.

Economic activity: PoS transactions continued to show solid growth, increasing 11.1% y/y in Sep 2026 (+1.2% m/m). In contrast, ATM withdrawal volumes declined 14.7% y/y (+3.8% m/m). The US Fed kept its benchmark interest rate unchanged at 3.75-4.00% in October, as economic activity remained resilient. It will continue to monitor inflation, which remains above its target, before considering a policy change.

Valuation metrics of Bahrain Banks

Bank	P/E*	P/B*	Div. Yield*
NBB	14.3x	2.1x	6.8%
BBK	12.3x	1.6x	6.2%
ABC	NA	0.2x	9.4%
Al Salam	8.2x	1.5x	3.4%
Khaleeji	11.6x	0.6x	9.0%
BisB	7.5x	0.5x	7.0%
Ithmaar	NA	5.5x	NA
KFH	23.0x	2.6x	3.1%

*Source: Bloomberg, *TTM, NA - Not Available*

Figure 1: Key metrics

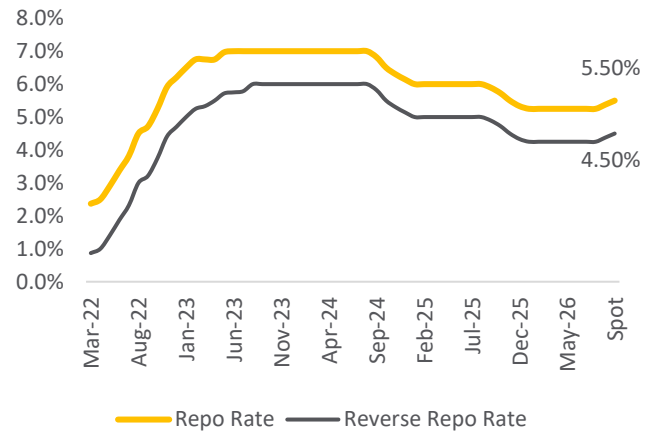
Key metrics (BDbn unless specified)	Sep-26	Sep-25	y/y	Aug-26	m/m
Retail Banks Loans					
Loans to Private Sector	11.9	11.3	5.3%	11.9	0.5%
Loans to Government Sector	1.7	1.4	21.5%	1.8	-2.2%
Business Loan	5.4	5.2	3.9%	5.4	0.6%
Personal Loan	6.5	6.1	6.5%	6.5	0.4%
Mortgage Loan	3.3	3.1	6.6%	3.3	0.8%
Retail Banks Deposits					
Total Deposits	23.4	20.6	14.0%	22.6	3.8%
Demand Deposits	3.2	2.9	13.0%	3.3	-1.6%
Time and Savings Deposits	11.4	10.7	6.4%	11.3	0.7%
Government Deposits	3.2	2.2	44.3%	2.7	18.9%
Other Key Indicators					
Banking sector total assets (US$bn)	253.5	256.4	-1.1%	247.0	2.6%
Money Supply (M3)	18.4	16.2	13.1%	17.8	2.9%
CBB Foreign Reserves	1.1	1.2	-8.2%	0.9	31.7%
Rates (%)	**SPOT**	**2024**	**2025**	**YTD**	
Interbank rate - 3M	5.5%	6.2%	5.5%	5.1%	
Repo Rate	5.5%	6.8%	5.9%	5.3%	
Reverse Repo Rate	4.5%	5.8%	4.9%	4.3%	
US Fed Data	**Current**	**2026**	**2027**	**2028**	
Bbg cons. benchmark rate expectations	4.00%	4.21%	4.05%	3.61%	
Next Fed meeting	8-9 December 2026				

Source: CBB, Bloomberg

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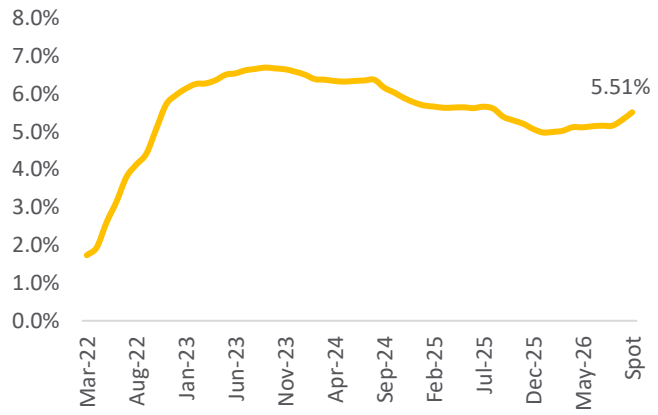
Chart Pack

Figure 2: Policy Rates



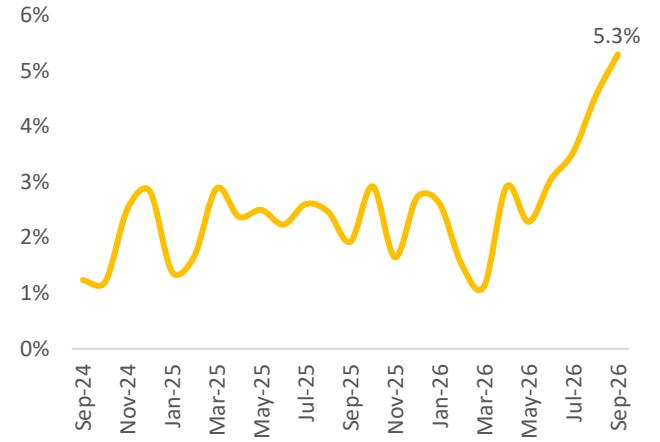
Source: Bloomberg, CBB, GIB Capital

Figure 3: Monthly Average 3M BHIBOR



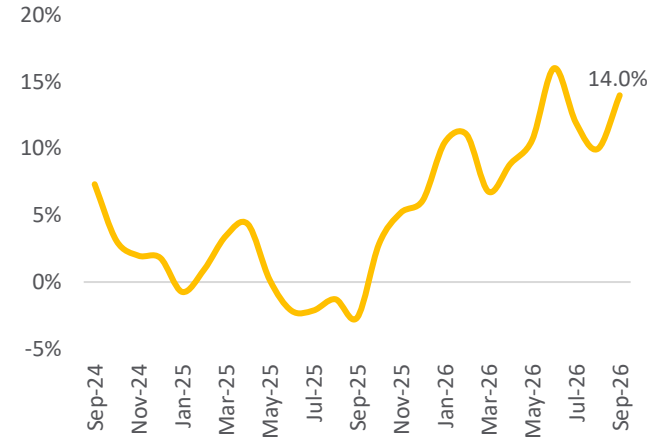
Source: Bloomberg, CBB, GIB Capital

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



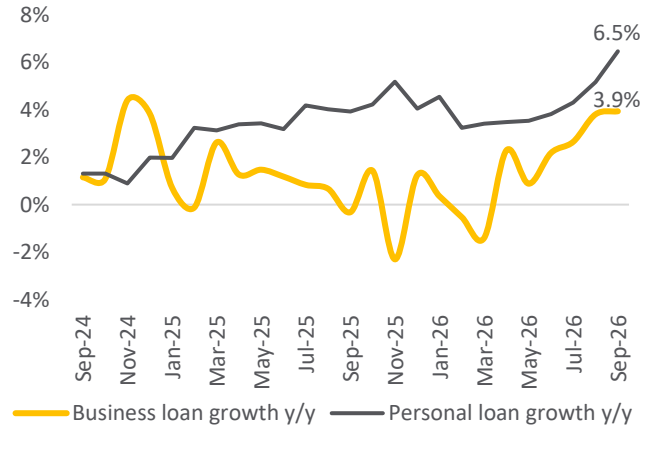
Source: CBB, GIB Capital

Figure 5: Retail Banks Deposit Growth (y/y)



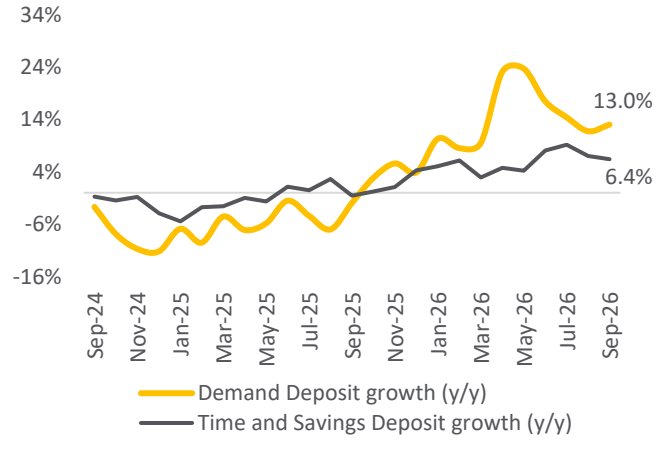
Source: CBB, GIB Capital

Figure 6: Retail Banks - Business and Personal Loan Growth



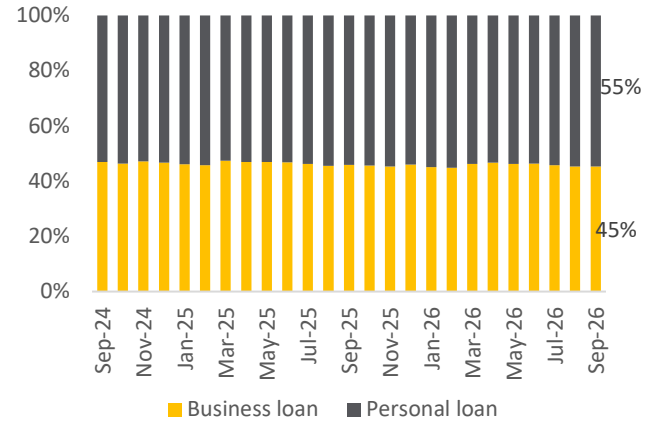
Source: CBB, GIB Capital

Figure 7: Retail Banks: Demand vs. Time & Savings Deposit Growth



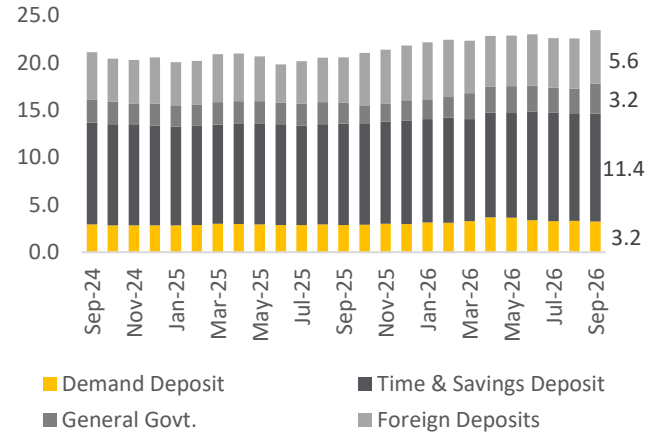
Source: CBB, GIB Capital

Figure 8: Retail Banks - Private Sector Credit Mix



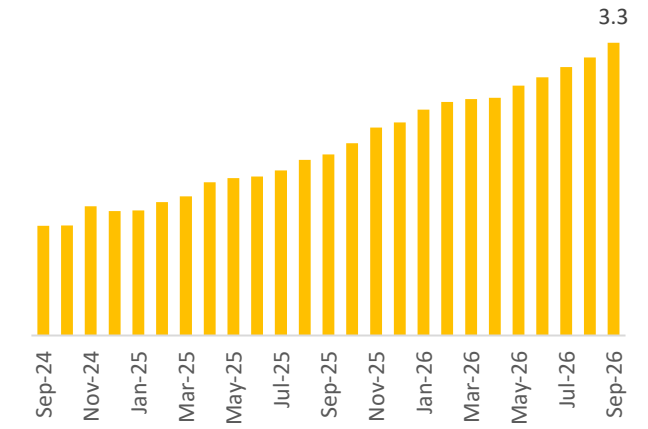
Source: CBB, GIB Capital

Figure 9: Retail Banks - Deposit Mix (BDbn)



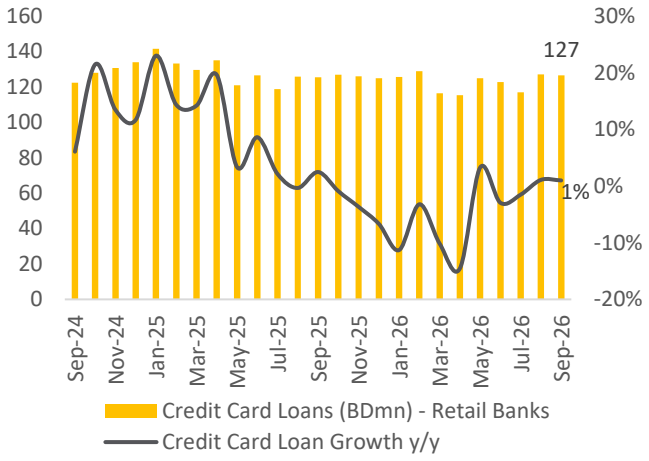
Source: CBB, GIB Capital

Figure 10: Retail Banks: Residential Mortgage (BDbn)



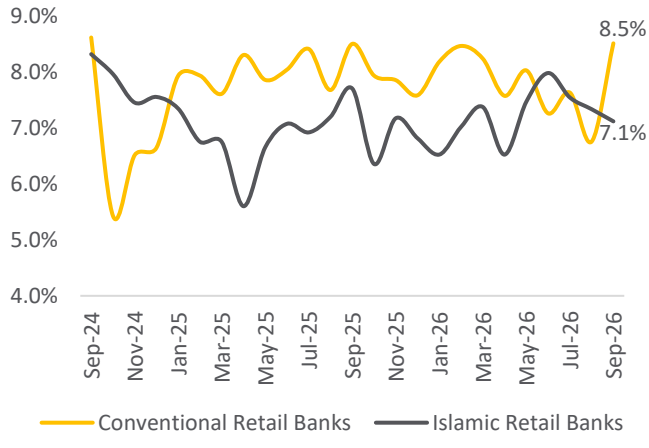
Source: CBB, GIB Capital

Figure 11: Retail Banks: Credit Card Loans (BDmn) and growth y/y



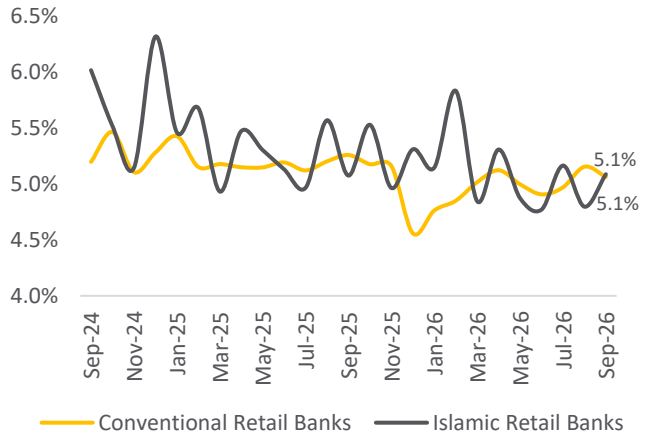
Source: CBB, GIB sCapital

Figure 12: Int. Rate on Construction & Real Estate Business Loan



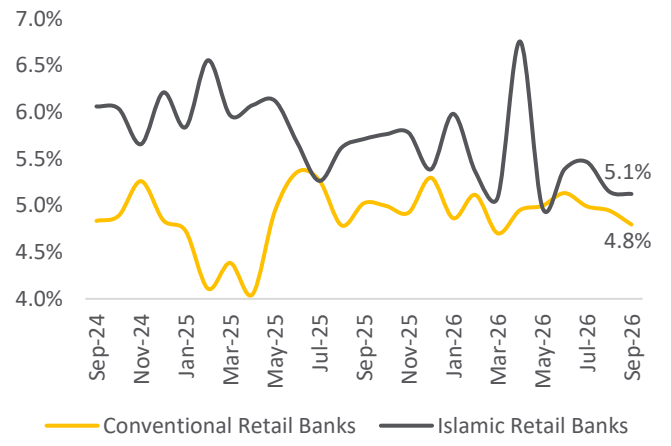
Source: CBB, GIB Capital

Figure 13: Int. Rate on Mortgage Personal Loan



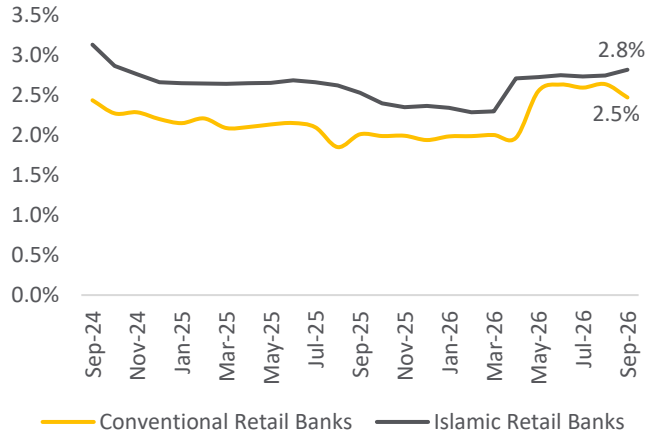
Source: CBB, GIB Capital

Figure 14: Int. Rate on Vehicle Personal Loan



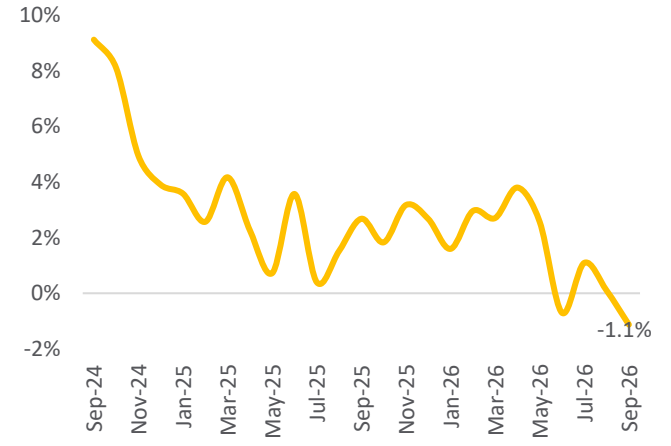
Source: CBB, GIB Capital

Figure 15: 6-12 Months Int. Rate on Deposits



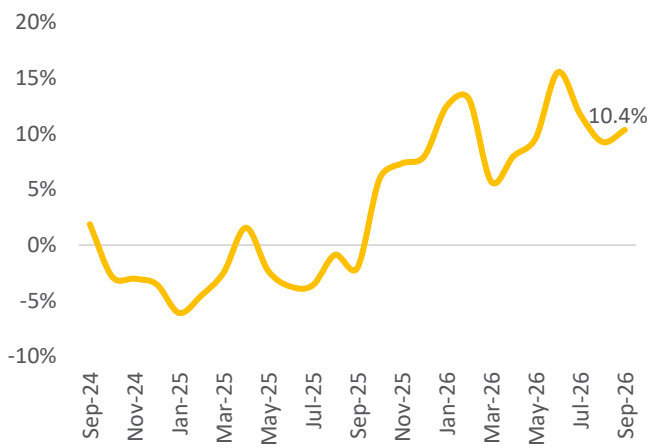
Source: CBB, GIB Capital

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



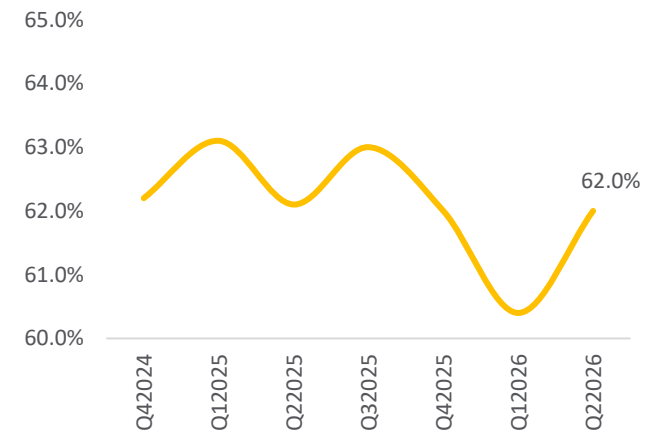
Source: CBB, GIB Capital

Figure 17: Retail Banking Sector Non-Govt. Deposits Growth (y/y)



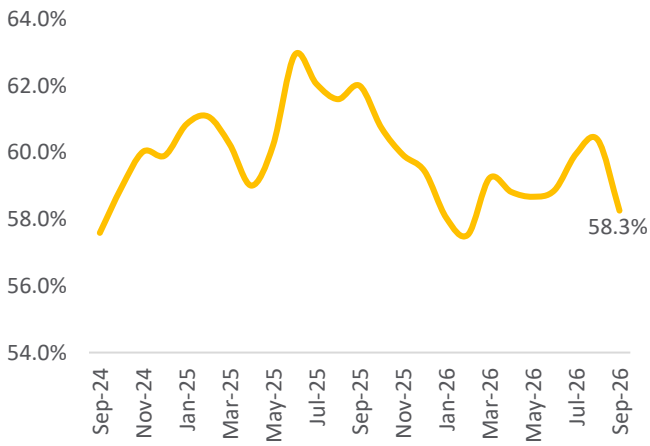
Source: CBB, GIB Capital

Figure 18: Consolidated Loans-to-Deposits Ratio



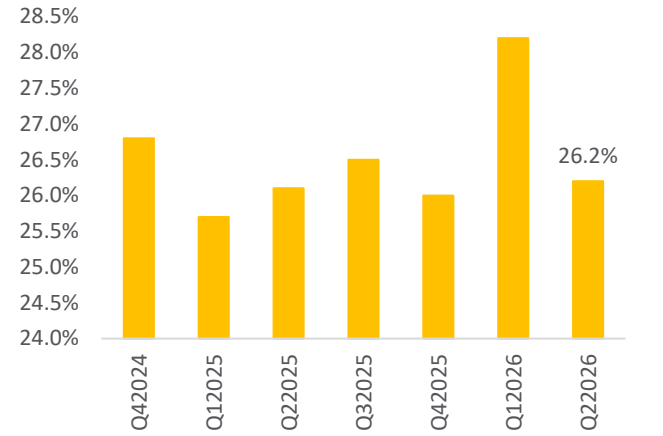
Source: CBB, GIB Capital

Figure 19: Retail Banks Loans-to-Deposits Ratio



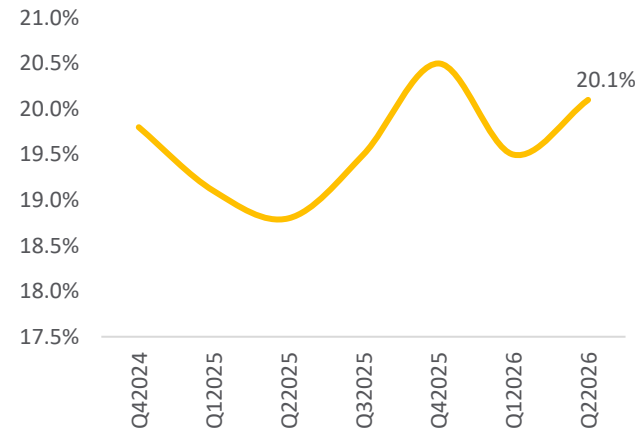
Source: CBB, GIB Capital

Figure 20: Liquid Assets Ratio



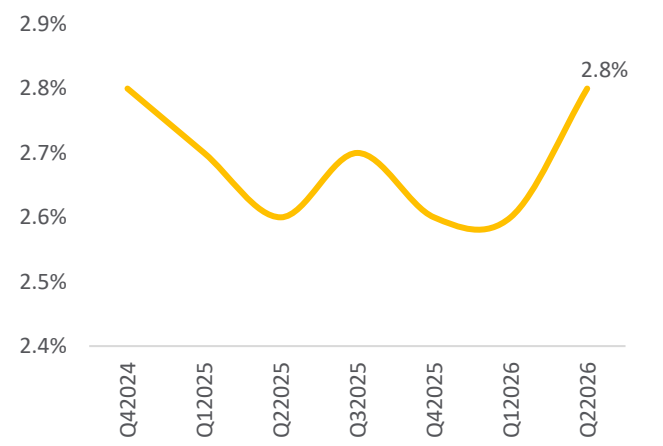
Source: CBB, GIB Capital

Figure 21: Tier1 Capital-to-Risk Weighted Assets (RWA)



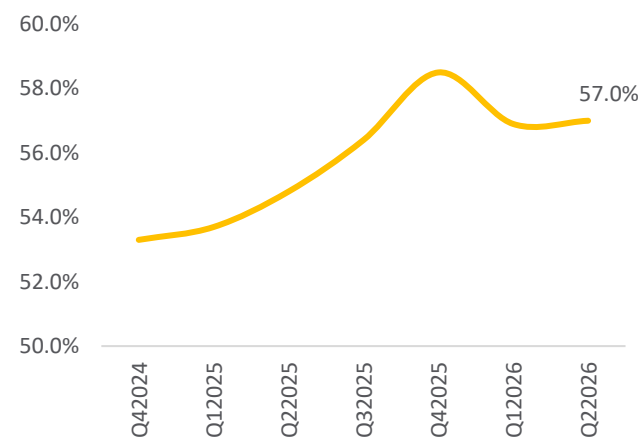
Source: CBB, GIB Capital

Figure 22: Non-Performing Loans (NPL) as % of Total Loans



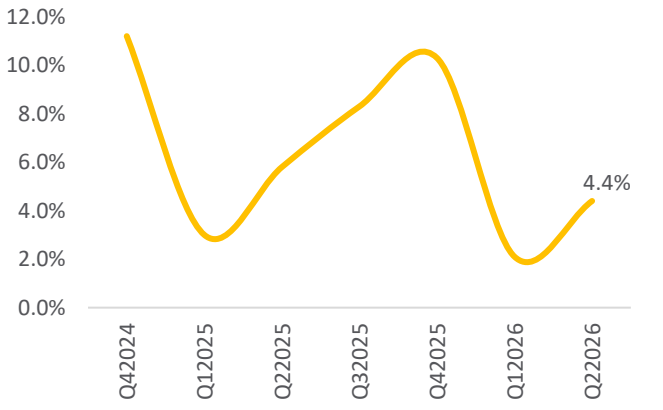
Source: CBB, GIB Capital

Figure 23: NPL Coverage



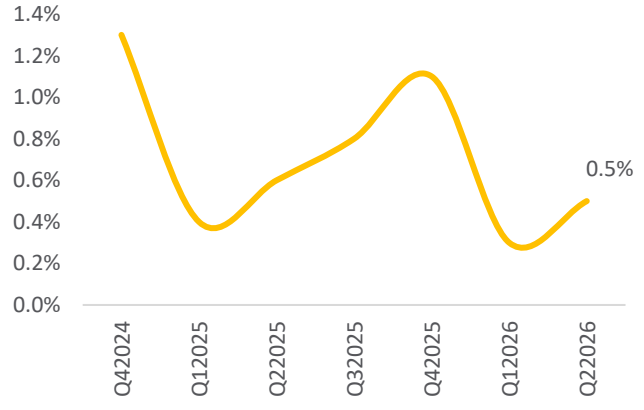
Source: CBB, GIB Capital

Figure 24: Return on Equity



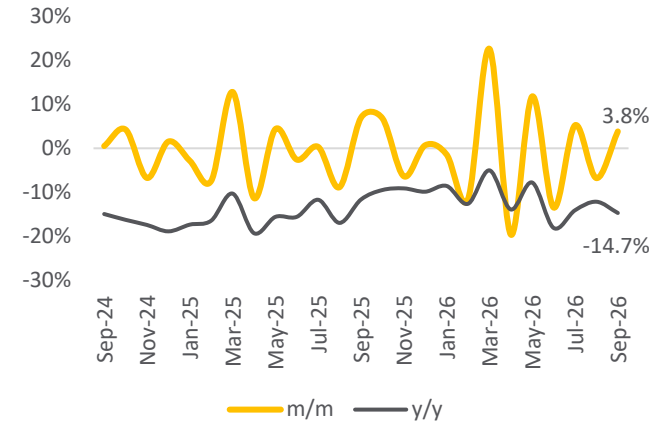
Source: CBB, GIB Capital

Figure 25: Return on Assets



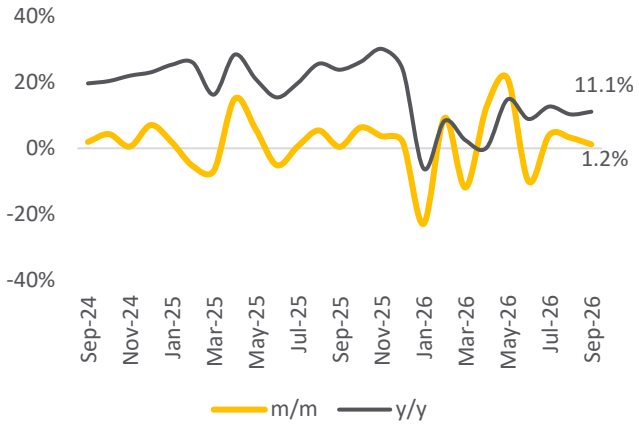
Source: CBB, GIB Capital

Figure 26: ATM Withdrawals Growth



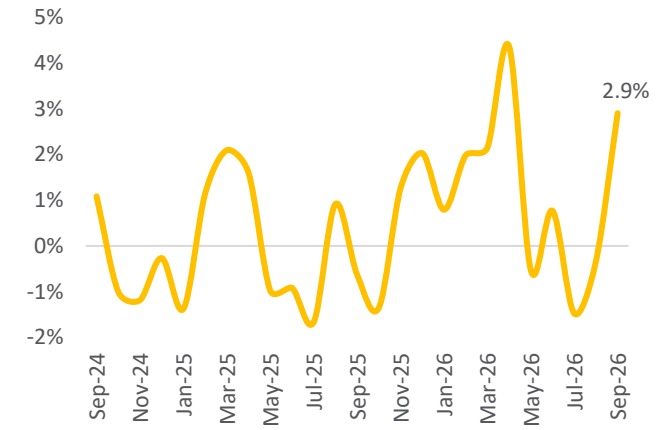
Source: CBB, GIB Capital

Figure 27: PoS Transactions Growth



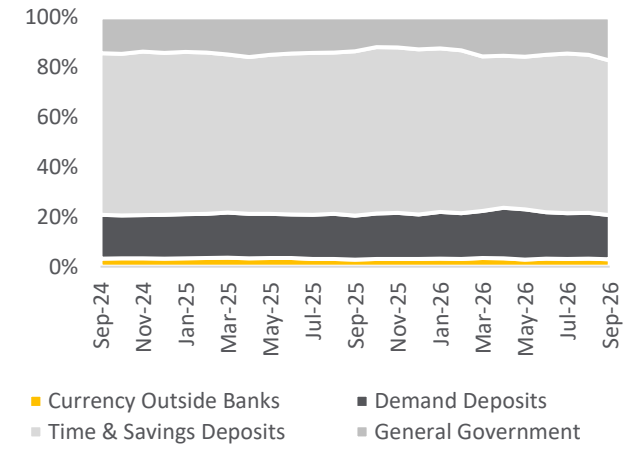
Source: CBB, GIB Capital

Figure 28: Money Supply (M3) growth (m/m)



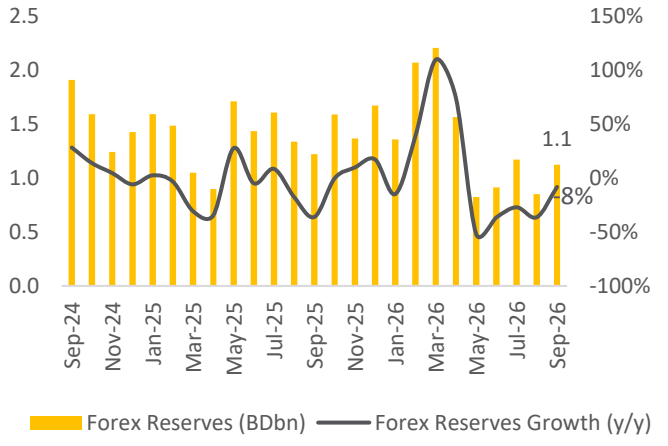
Source: CBB, GIB Capital

Figure 29: Money Supply (M3) Components



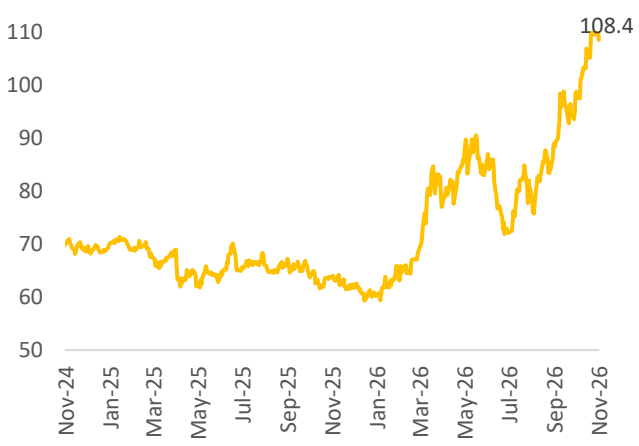
Source: CBB, GIB Capital

Figure 30: Central Bank Forex Reserves Trend



Source: CBB, GIB Capital

Figure 31: Oil Prices (US$/bbl)



Source: Bloomberg, GIB Capital

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