

Banking Monthly Report (January 2026)

Loans and deposits: Bank lending to the private sector rose 9.6% y/y to SAR3.2tn in January 2026 (+1.0% m/m), slightly slower than the increase in last month. Retail real estate loans grew by 6.4% y/y in January 2026 (+0.8% m/m). Meanwhile, residential new monthly mortgage disbursements declined 40.9% y/y to SAR6.2bn in January 2026. At 8.8% y/y (+1.6% m/m), deposits continued to increase at a slower pace compared to loans on an annual basis, reaching ~SAR3.0tn in January 2026. With regards to the deposit mix, the share of Time & Savings deposits stood at 40% in January 2026 compared to 36% in January 2025. Time and Savings deposits, and Government deposits grew by 20.4% y/y and 11.7% y/y, respectively, in January 2026, while demand deposits were unchanged. The sector's LDR declined 72bps m/m to 79.6% in January 2026, signaling easing liquidity pressure.

Banking sector profits: The profit before tax for the banks increased 4.8% y/y but declined 11.6% m/m to SAR8.5bn in January 2026. Meanwhile, the 4Q25 profit before tax grew 11.1% y/y to SAR26.1bn. 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 rose 11.5% y/y in January 2026, while ATM withdrawals declined 4.0% over the same period. KSA's non-oil private sector PMI declined to 56.3 in January 2026 from 57.4 in December 2025, recording a third monthly decline but remaining in the expansionary phase supported by strong demand amid rising cost pressures. The Federal Reserve, at its January 27–28 meeting, maintained the benchmark rate at 3.50–3.75% with an expansion in economic activity while job gains remained low. The Fed will continue to assess the upcoming economic data for its future policy decisions.

Figure 1: Key metrics

Key metrics (SARbn unless specified)	Jan-26	Jan-25	y/y	Dec-25	m/m
Loans					
Claims on Private Sector	3,177	2,899	9.6%	3,147	1.0%
Residential New Mortgages	6.2	10.5	-40.9%	5.5	11.6%
Retail Real Estate Loans*	736	692	6.4%	730	0.8%
Claims on Govt. and Quasi Govt.	907	813	11.6%	910	-0.3%
Deposits					
Total Deposits	2,973	2,732	8.8%	2,926	1.6%
Demand Deposits	1,446	1,446	0.0%	1,432	0.9%
Time and Savings Deposits	1,186	985	20.4%	1,174	1.0%
Government Deposits	953	853	11.7%	942	1.2%
Other key indicators					
LDR (%)	79.6%	82.8%	-316bps	80.3%	-72bps
Profit Before Tax	8.5	8.1	4.8%	9.6	-11.6%
SAMA Foreign Reserves (US\$bn)	476	434	9.6%	460	3.4%
Money Supply (M3)	3,218	2,966	8.5%	3,168	1.6%
Rates (%)					
	Spot	2024	2025	YTD^	
SAIBOR 3M	4.9%	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	2025	2026	2027	
Bbg cons. benchmark rate expectations	3.75%	4.17%	4.11%	4.12%	
Next Fed meeting	17-18 March 2026				

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	14.9x	3.5x	3.6%
SNB	9.7x	1.3x	5.3%
Riyad	8.1x	1.3x	5.8%
Alinma	11.0x	2.0x	3.7%
BJAZ	9.0x	1.0x	1.0%
Al Bilad	11.9x	2.0x	3.1%
BSF	9.6x	1.2x	5.6%
Arab	8.0x	1.0x	6.5%
SIB	8.3x	1.0x	6.3%
SAB	8.3x	1.1x	6.1%

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

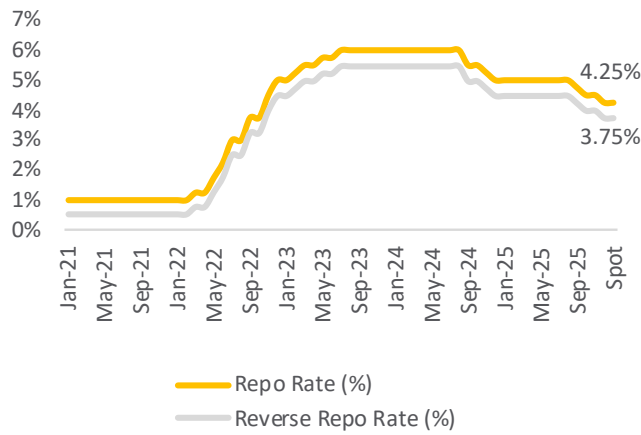
Kunal Doshi

+966-11-834 8372

Kunal.doshi@gibcapital.com

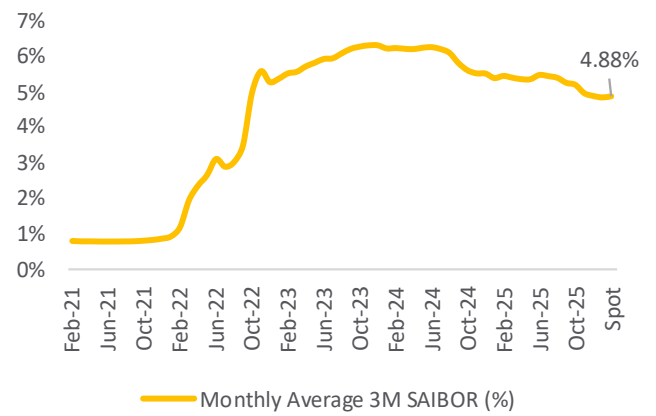
Chart Pack

Figure 2: Policy Rates



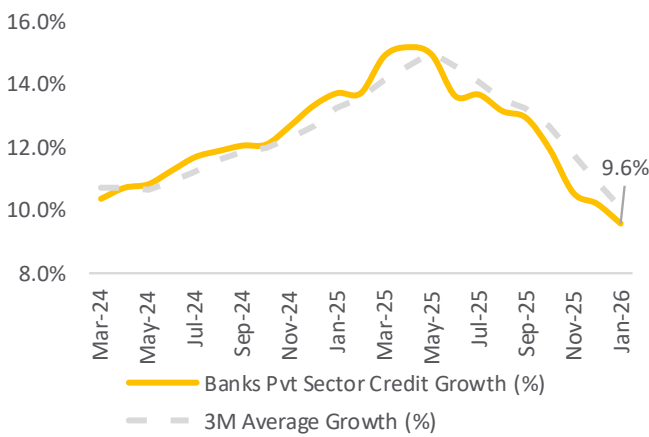
Source: SAMA, GIB Capital

Figure 3: Monthly Average 3M SAIBOR



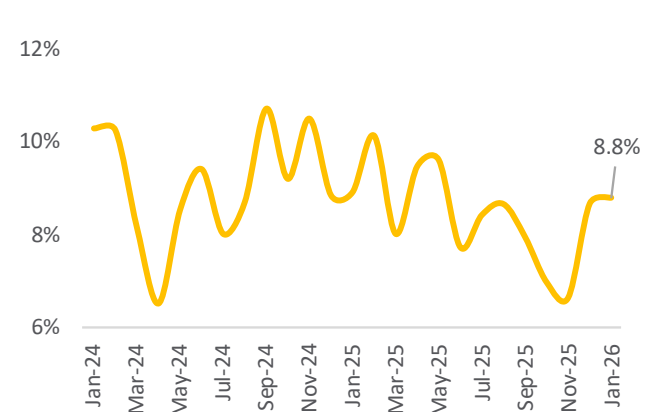
Source: Bloomberg, SAMA, GIB Capital

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



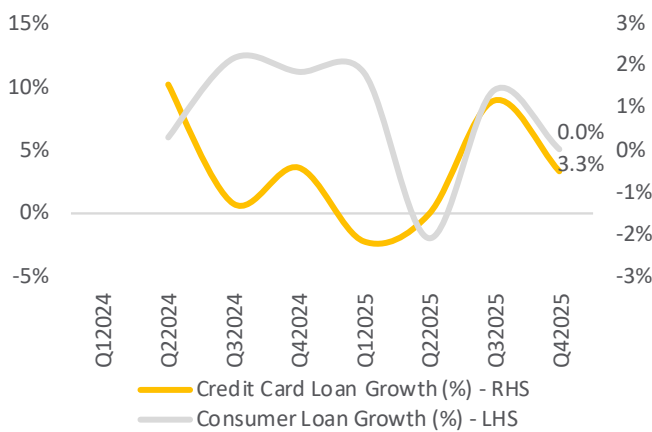
Source: SAMA, GIB Capital

Figure 5: Banks Deposit Growth (y/y)



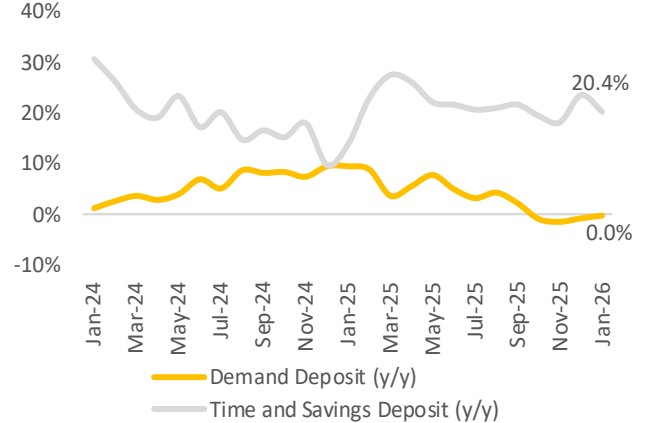
Source: SAMA, GIB Capital

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



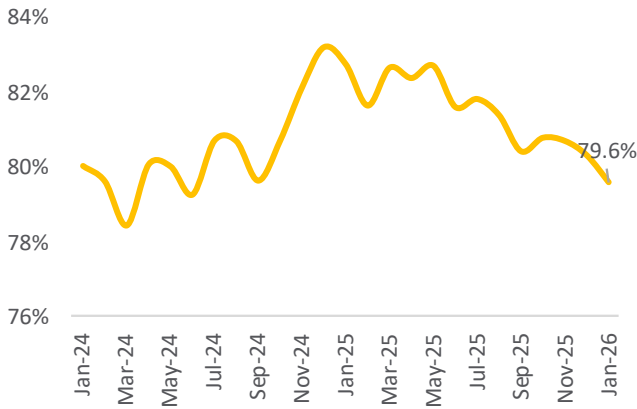
Source: SAMA, GIB Capital

Figure 7: Demand vs. Time and Savings Deposit Growth



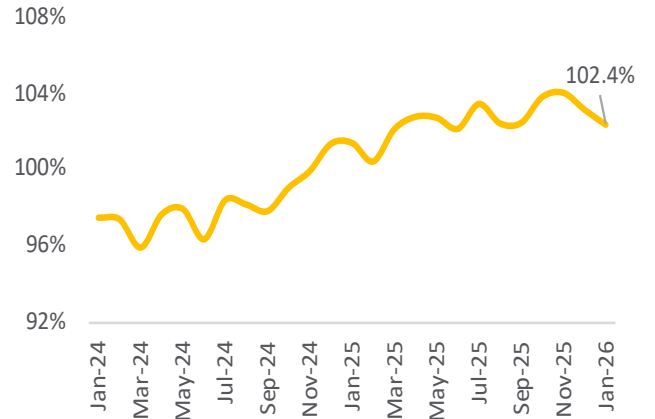
Source: SAMA, GIB Capital

Figure 8: Banks Loans-to-Deposit Ratio



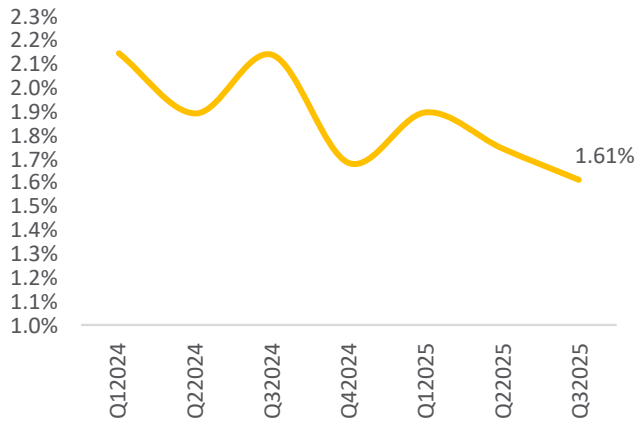
Source: SAMA, GIB Capital

Figure 9: Loans-to-Deposit Ratio



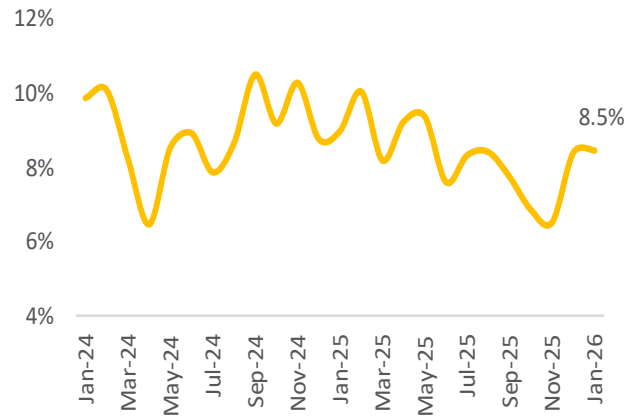
Source: GIB Capital, calculated as reported loans/reported deposits

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



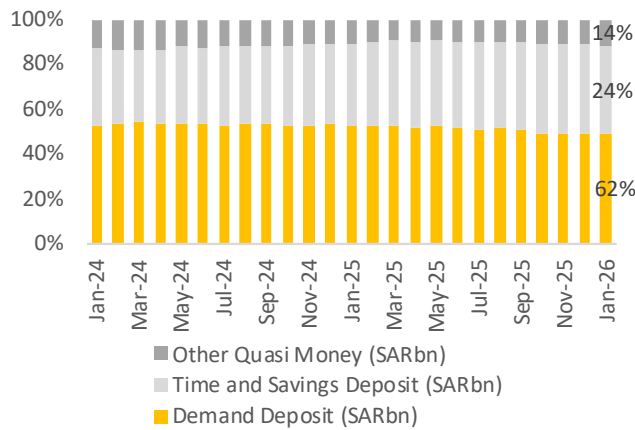
Source: SAMA, GIB Capital

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



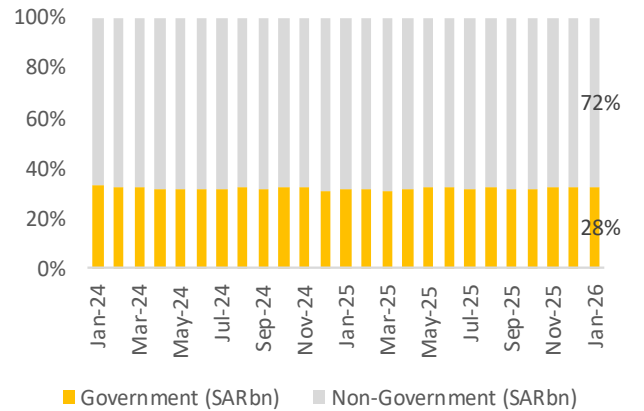
Source: SAMA, GIB Capital

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



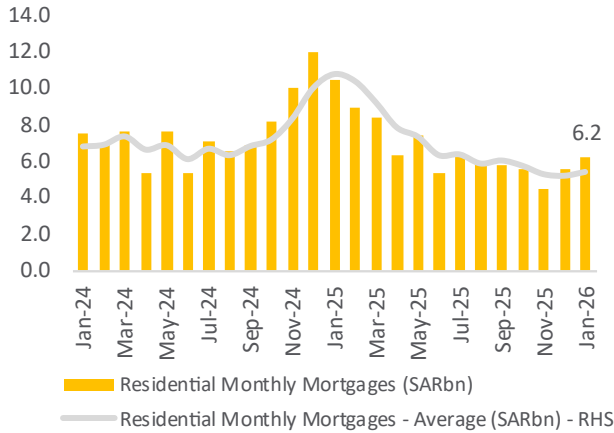
Source: SAMA, GIB Capital

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



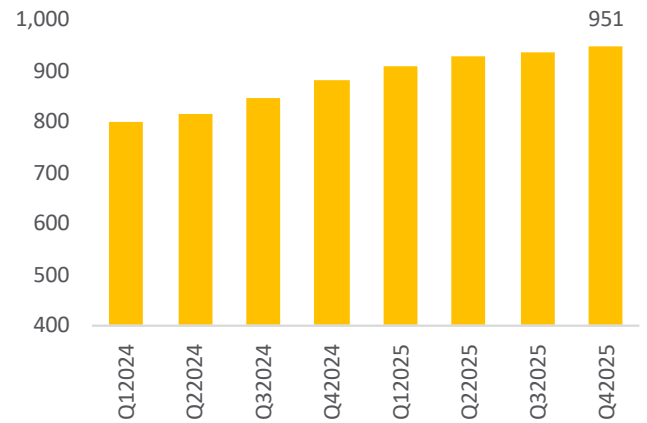
Source: SAMA, GIB Capital

Figure 14: Residential Monthly Mortgages



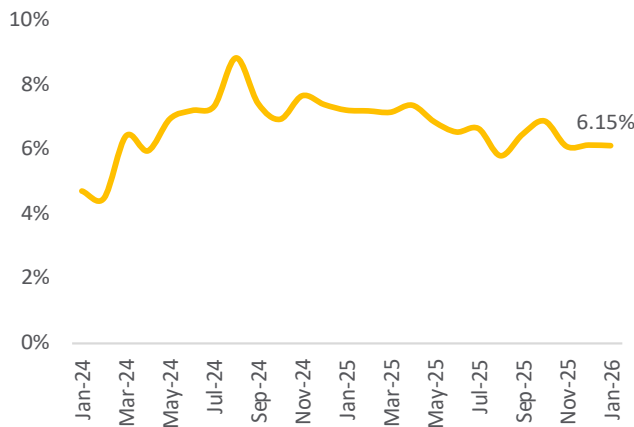
Source: SAMA, GIB Capital

Figure 15: Real Estate Loans by Banks (SARbn)



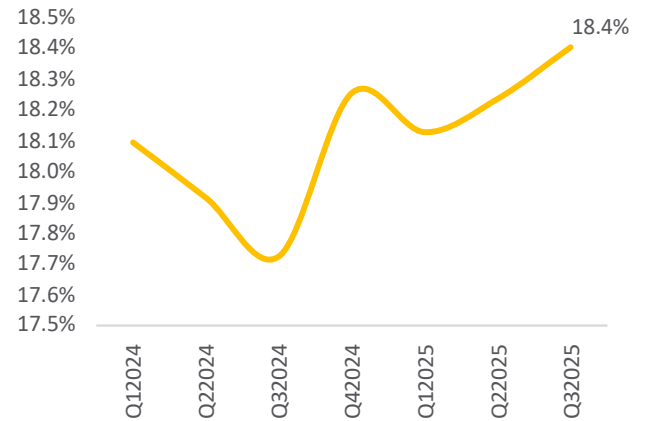
Source: SAMA, GIB Capital

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



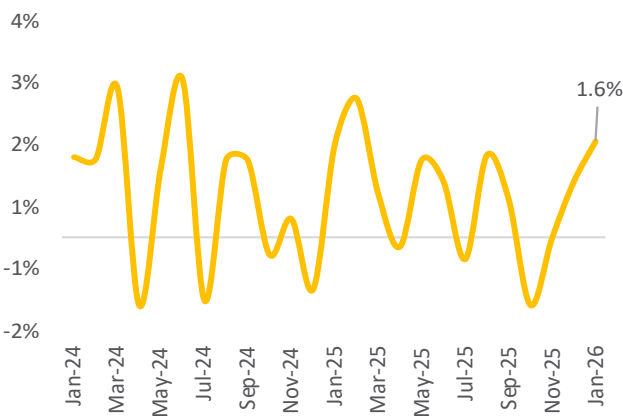
Source: SAMA, GIB Capital

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



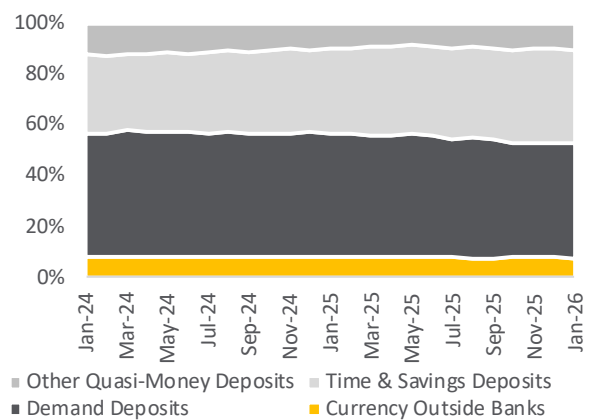
Source: SAMA, GIB Capital

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



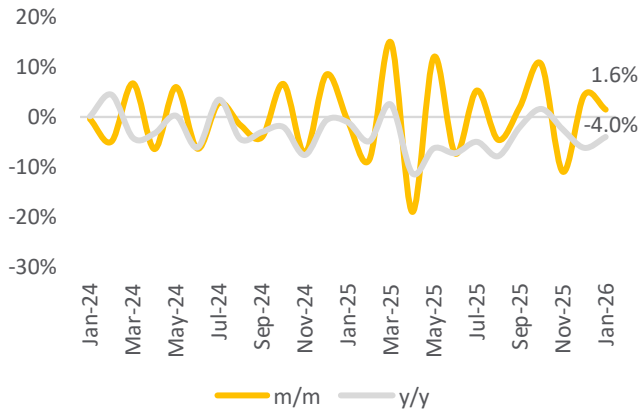
Source: SAMA, GIB Capital

Figure 19: Money Supply (M3) Components



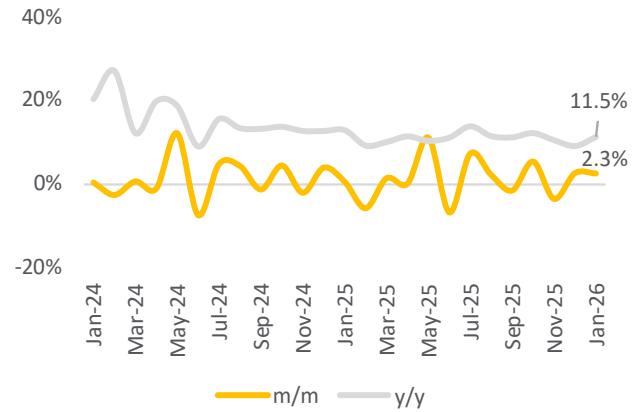
Source: SAMA, GIB Capital

Figure 20: ATM Withdrawals Growth



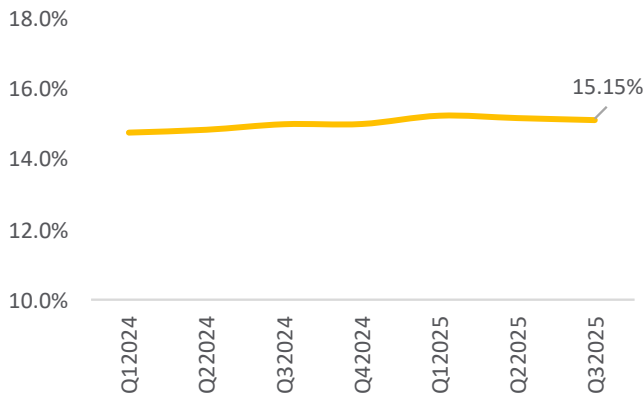
Source: SAMA, GIB Capital

Figure 21: PoS Transactions Growth



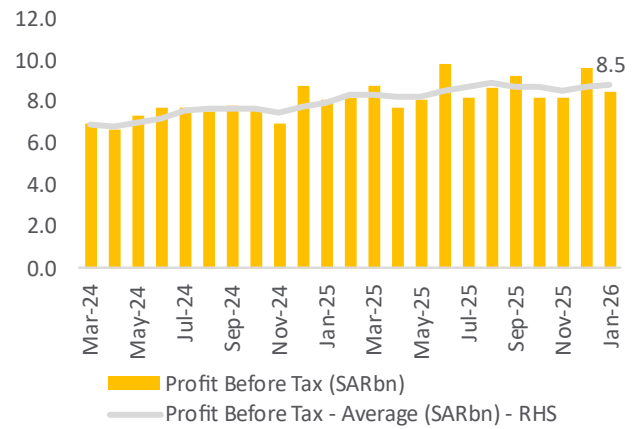
Source: SAMA, GIB Capital

Figure 22: Return on Equity



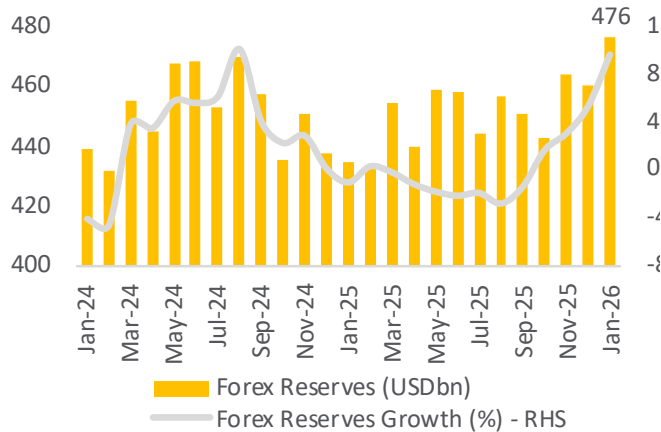
Source: SAMA, GIB Capital

Figure 23: Profit Before Tax



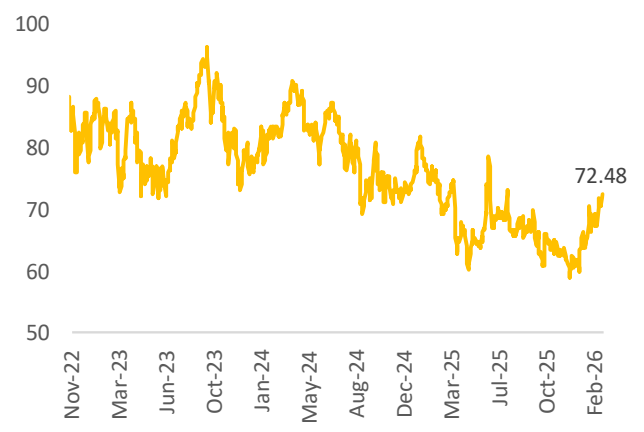
Source: SAMA, GIB Capital

Figure 24: Forex reserves



Source: SAMA, GIB Capital

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



Source: Bloomberg, GIB Capital

Disclaimer

This research report has been prepared by GIB Capital, Riyadh, Saudi Arabia. It has been prepared for the general use of GIB Capital's clients and may not be altered, redistributed, retransmitted or disclosed, in whole or in part, or in any form or manner, without the express written consent of GIB Capital. Receipt and review of this research document constitute your agreement not to redistribute, retransmit, or disclose to others the contents, opinions, conclusion, or information contained in this document prior to public disclosure of such information by GIB Capital. The information contained was obtained from various public sources believed to be reliable, but we do not guarantee its accuracy. GIB Capital makes no representations or warranties (express or implied) regarding the data and information provided and GIB Capital does not represent that the information content of this document is complete, or free from any error, not misleading, or fit for any particular purpose. This research document provides general information only. Neither the information nor any opinion expressed constitutes an offer or an invitation to make an offer, to buy or sell any securities or other investment products related to such securities or investments. It is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the particular needs of any specific person who may receive this document.

Investors should seek financial, legal or tax advice regarding the appropriateness of investing in any securities, other investment or investment strategies discussed or recommended in this document and should understand that statements regarding future prospects may not be realized. Investors should note that income from such securities or other investments, if any, may fluctuate and that the price or value of such securities and investments may rise or fall. Fluctuations in exchange rates could have adverse effects on the value of or price of, or income derived from, certain investments. Accordingly, investors may receive back less than originally invested. GIB Capital or its officers (including research analysts) may have a financial interest in securities of the issuer(s) or related investments, including long or short positions in securities, warrants, futures, options, derivatives, or other financial instruments. GIB Capital may from time to time perform investment banking or other services for, solicit investment banking or other business from, any company mentioned in this research document. GIB Capital and employees shall not be liable for any direct, indirect or consequential loss or damages that may arise, directly or indirectly, from any use of the information contained in this research document. Where the report contains or refers to a recommendation about a specific security or securities service, please note that it may not be suitable for all recipients. Please note that the achievement of any price target may be impeded by general market and economic trends and other external factors, or if a company's profits or operating performance exceed or fall short of our expectations. The subjectivity in future expectations is complex and may completely actual or reported numbers.

This research document and any recommendations contained are subject to change without prior notice. GIB Capital assumes no responsibility to update the information in this research document. This research document is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law, or which would subject GIB Capital to any registration or licensing requirement within such jurisdiction

The principal activities of GIB Capital are Dealing, Custody, Managing, Arranging and Advising pursuant to the Capital Market Authority ("CMA") License No. 07078-37.

We use a rating system based on potential upside, 1 year from today, based on our valuation models. For "Overweight" ratings, the estimated upside is >10%, for "Underweight", the estimated downside is <10%. For returns in between +/-10%, we have a Neutral rating.

Contact us for queries:

Sell Side Research Department,
GIB Capital,
B1, Granada Business & Residential Park,
Eastern Ring Road, PO Box 89589, Riyadh 11692
www.gibcapital.com