GIB CAPITAL جي آي بي كابيتال

Banking Monthly Report (June 2026)

Loans and deposits: Private sector bank lending increased 6.8% y/y to SAR3.3tn in June 2026 (+0.5% m/m), accelerating slightly from the previous month. Retail real estate loans rose 5.5% y/y (+0.8% m/m). Meanwhile, new residential mortgage disbursements rebounded by 7.2% y/y and 30.4% m/m to SAR5.7bn in June 2026. Deposits grew 8.9% y/y (+0.7% m/m) in June 2026, continuing to grow at a faster pace than lending. Regarding the deposit mix, the share of Time & Savings deposits reached 44% in June 2026 versus 38% a year earlier. Time & Savings deposits and Government deposits jumped 25.0% y/y and 13.7% y/y, respectively, but demand deposits fell 3.2% y/y. As a result, the sector's LDR decreased 195bps y/y to 79.7% in June 2026.

Banking sector profits: The profit before tax for the banks increased by 2.4% y/y and 15.0% m/m, reaching SAR10.1bn in June 2026. Meanwhile, 2Q26 profit before tax grew by 5.2% y/y, reaching SAR27.1bn. The yield curve remained upward sloping, offering a modest term premium, with the Saudi 3M SAIBOR at ~4.9% and the 10Y government bond yield at ~5.2%.

Economic activity: PoS transactions rose 9.8% y/y in June 2026, with ATM withdrawals following closely with an increase of 9.7% y/y. KSA's non-oil private sector PMI improved for a third consecutive month to 53.3 in June 2026 from 52.8 in May 2026, primarily driven by a jump in output and higher domestic demand driving new business growth. The US Fed maintained its benchmark rate at 3.50–3.75% in July 2026, reiterating a data-dependent approach as persistent inflation kept policymakers cautious, even as three FOMC members dissented in favor of a 25-basis-point rate hike.

Figure 1: Key metrics

Key metrics (SARbn unless specified)	Jun-26	Jun-25	y/y	May-26	m/m
Loans					
Claims on Private Sector	3,266	3,057	6.8%	3,250	0.5%
Residential New Mortgages	5.7	5.3	7.2%	4.4	30.4%
Retail Real Estate Loans*	757	718	5.5%	751	0.8%
Claims on Govt. and Quasi Govt.	930	863	7.8%	917	1.5%
Deposits					
Total Deposits	3,132	2,876	8.9%	3,109	0.7%
Demand Deposits	1,447	1,495	-3.2%	1,466	-1.3%
Time and Savings Deposits	1,375	1,100	25.0%	1,330	3.4%
Government Deposits	1,042	916	13.7%	1,052	-1.0%
Other key indicators					
LDR (%)	79.7%	81.6%	-195bps	79.0%	65bps
Profit Before Tax	10.1	9.9	2.4%	8.8	15.0%
SAMA Foreign Reserves (US$bn)	495	458	8.1%	488	1.3%
Money Supply (M3)	3,382	3,120	8.4%	3,367	0.4%
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**	**2026**	**2027**	**2028**	
Bbg cons. benchmark rate expectations	3.75%	3.77%	3.50%	3.38%	
Next Fed meeting	15-16 September 2026				

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

Valuation metrics of Saudi Banks

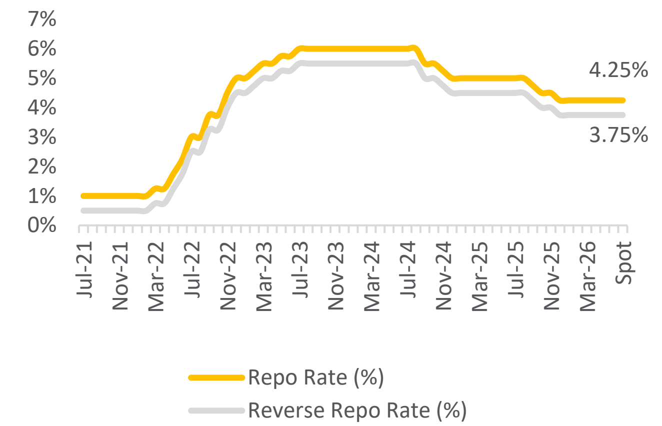
Bank	P/E*	P/B	Div. Yield*
Al Rajhi	13.3x	2.8x	4.1%
SNB	9.2x	1.1x	5.9%
Riyad	7.8x	1.1x	5.8%
Alinma	10.7x	1.7x	3.8%
BJAZ	9.4x	1.0x	3.8%
Al Bilad	11.3x	1.7x	4.2%
BSF	9.2x	1.1x	5.9%
Arab	8.7x	1.0x	5.8%
SAIB	9.8x	0.9x	5.7%
SAB	8.4x	1.0x	6.2%

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

Kunal Doshi
+966-11-834 8372
Kunal.doshi@gibcapital.com

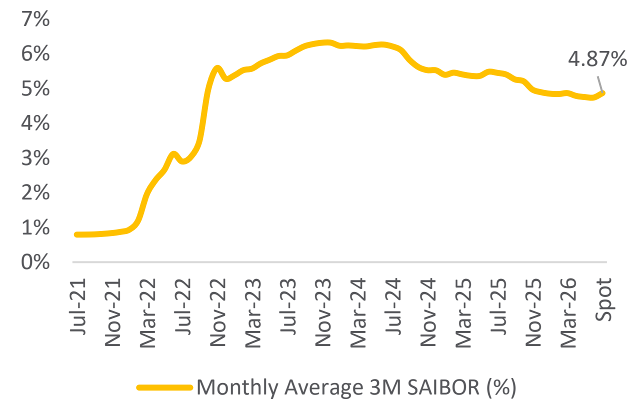
Chart Pack

Figure 2: Policy Rates



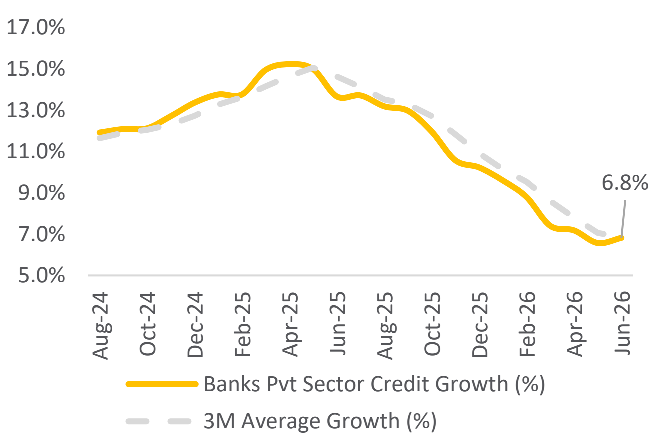
Source: SAMA, GIB Capital

Figure 3: Monthly Average 3M SAIBOR



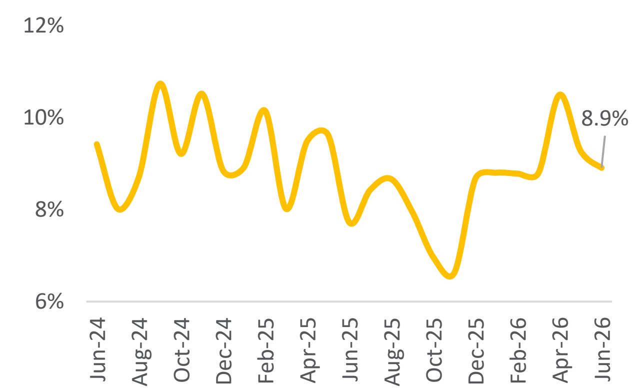
Source: Bloomberg, SAMA, GIB Capital

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



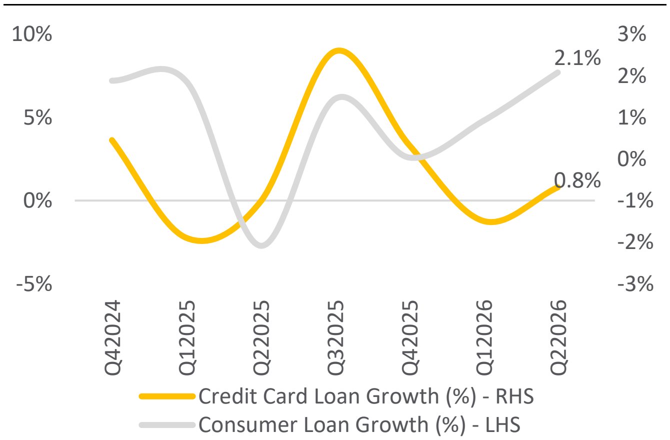
Source: SAMA, GIB Capital

Figure 5: Banks Deposit Growth (y/y)



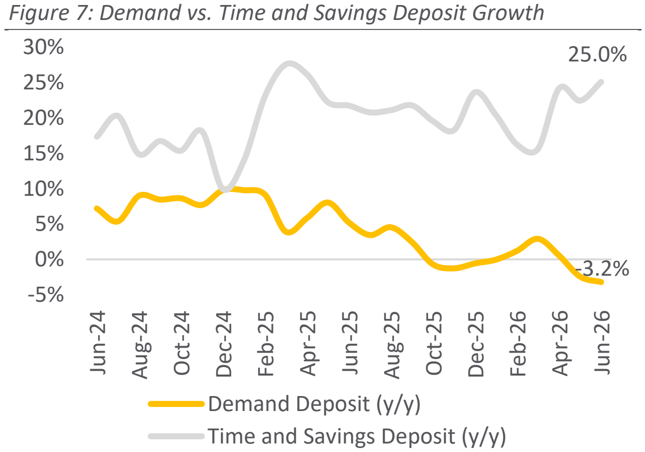
Source: SAMA, GIB Capital

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



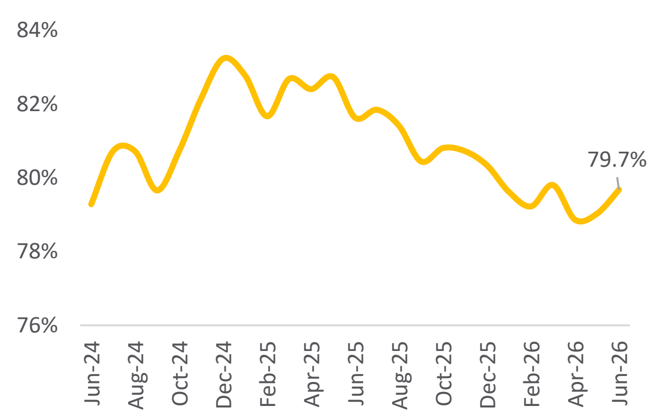
Source: SAMA, GIB Capital

Figure 7: Demand vs. Time and Savings Deposit Growth



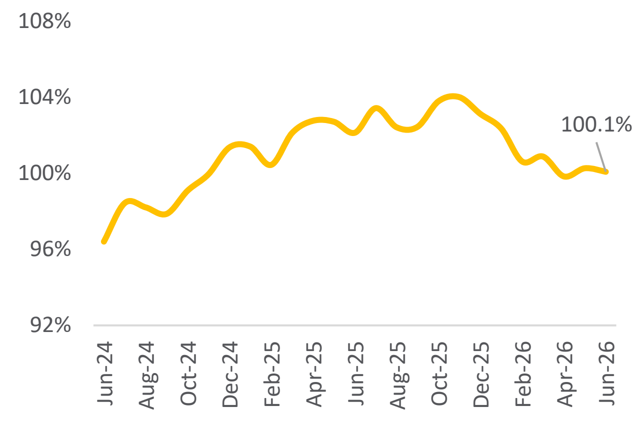
Source: SAMA, GIB Capital

Figure 8: Banks Loans-to-Deposit Ratio



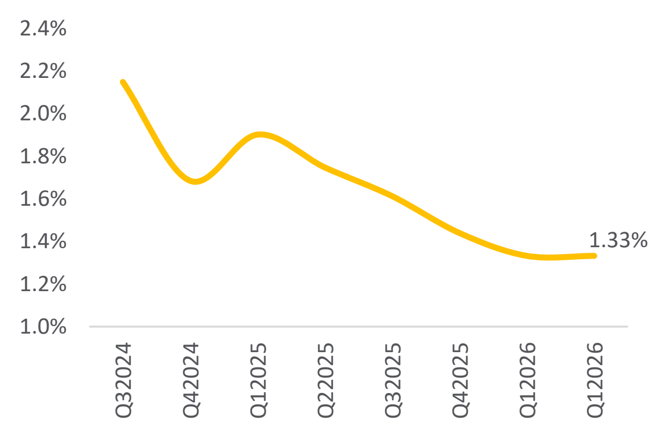
Source: SAMA, GIB Capital

Figure 9: Loans-to-Deposit Ratio



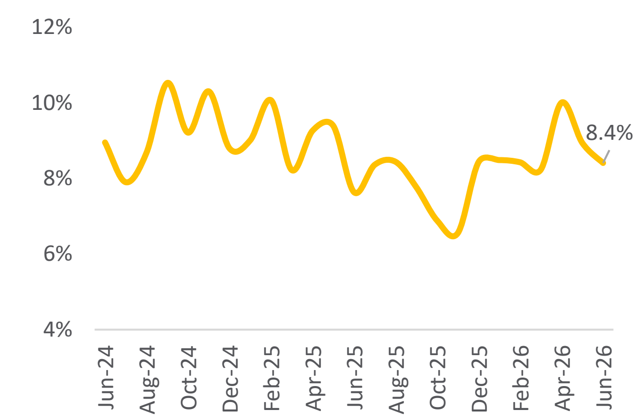
Source: GIB Capital, calculated as reported loans/reported deposits

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



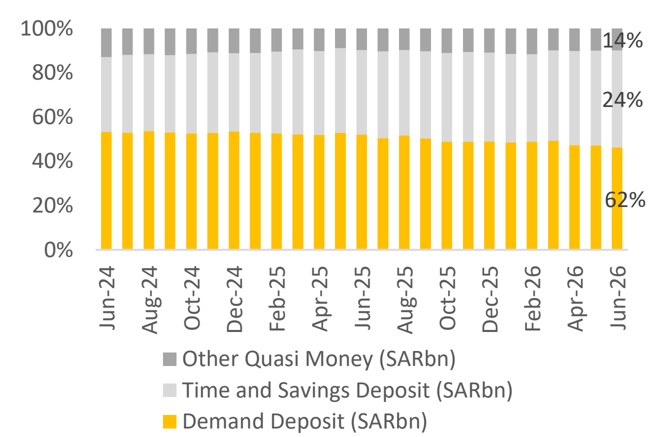
Source: SAMA, GIB Capital

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



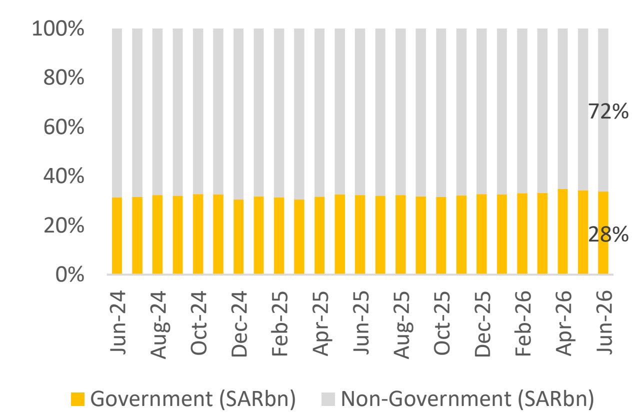
Source: SAMA, GIB Capital

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



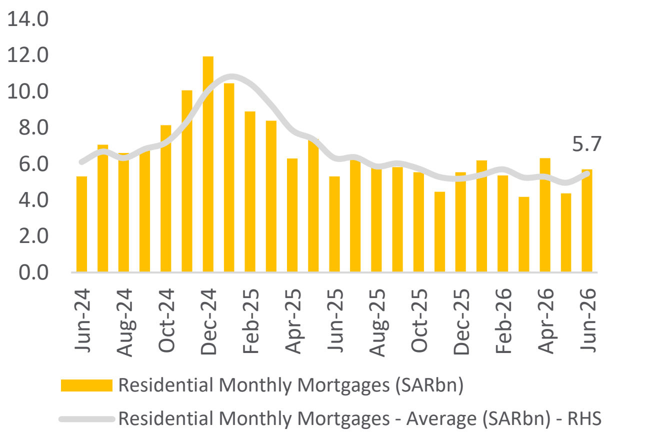
Source: SAMA, GIB Capital

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



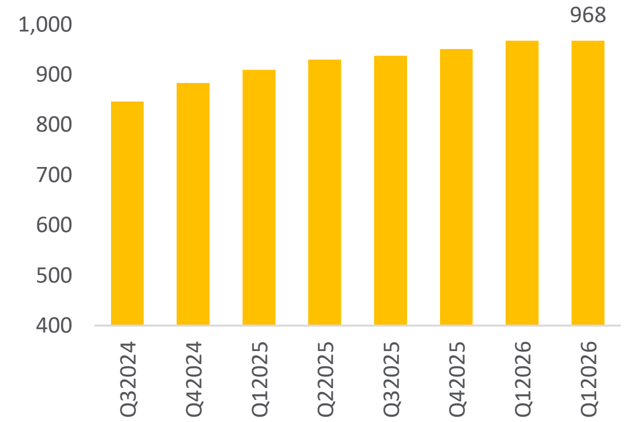
Source: SAMA, GIB Capital

Figure 14: Residential Monthly Mortgages



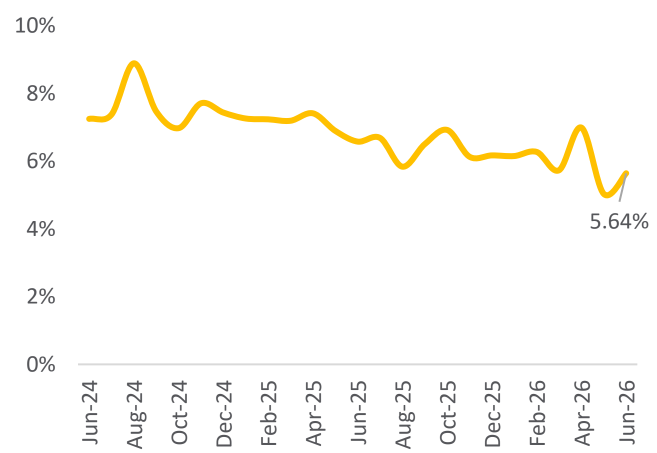
Source: SAMA, GIB Capital

Figure 15: Real Estate Loans by Banks (SARbn)



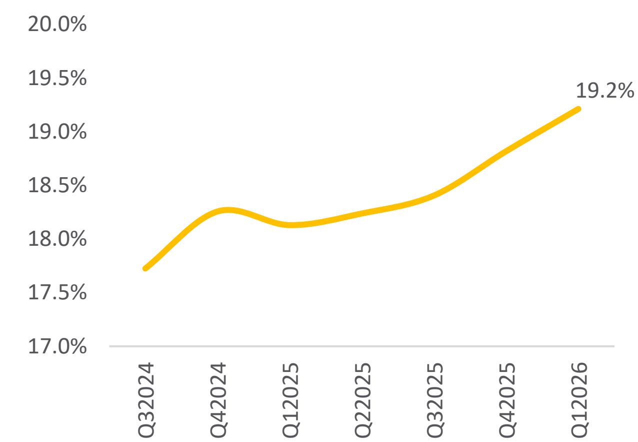
Source: SAMA, GIB Capital

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



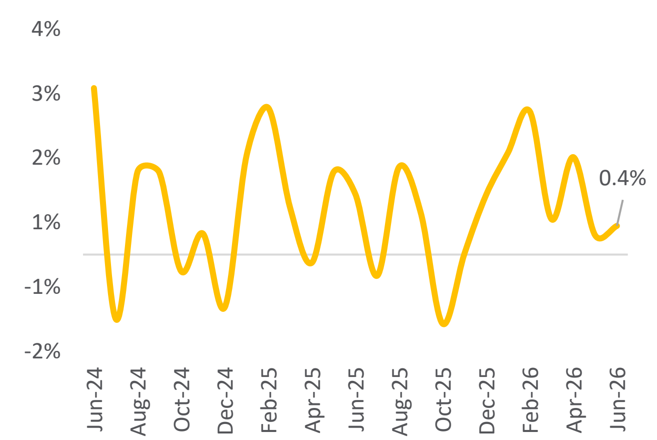
Source: SAMA, GIB Capital

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



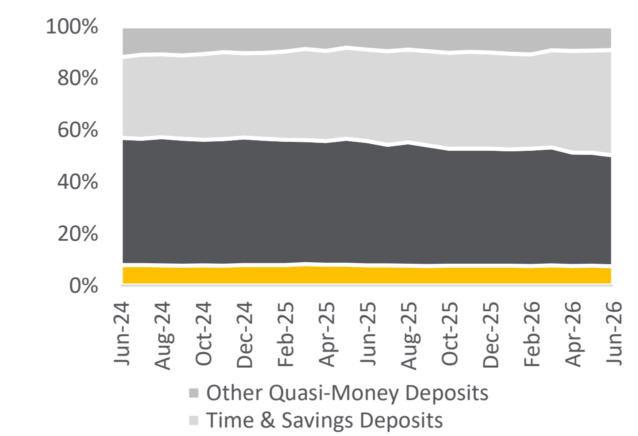
Source: SAMA, GIB Capital

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



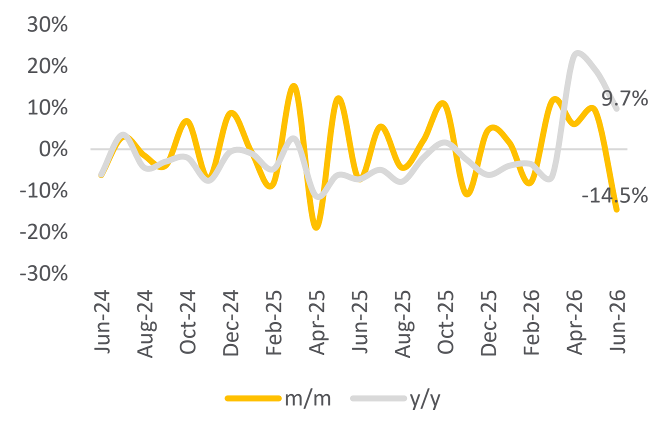
Source: SAMA, GIB Capital

Figure 19: Money Supply (M3) Components



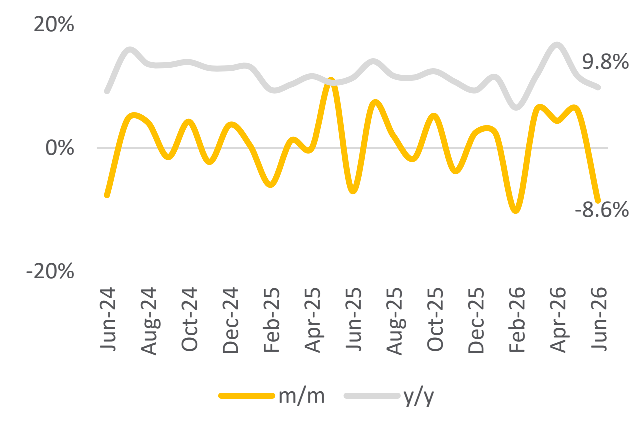
Source: SAMA, GIB Capital

Figure 20: ATM Withdrawals Growth



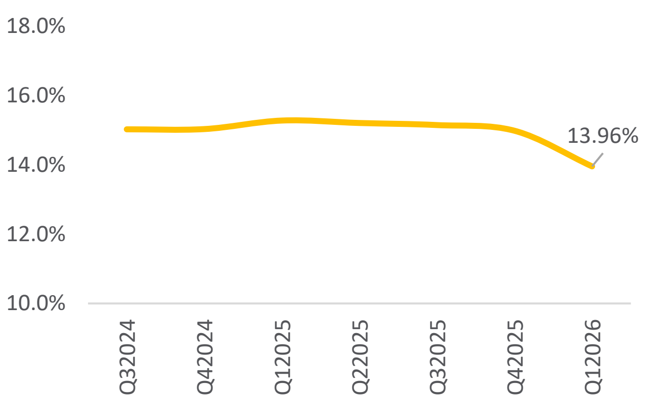
Source: SAMA, GIB Capital

Figure 21: PoS Transactions Growth



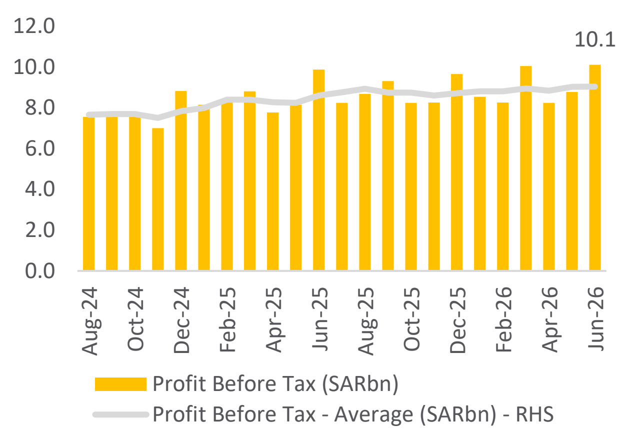
Source: SAMA, GIB Capital

Figure 22: Return on Equity



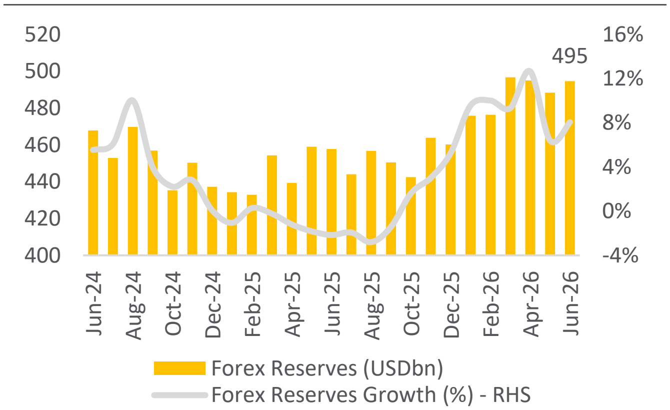
Source: SAMA, GIB Capital

Figure 23: Profit Before Tax



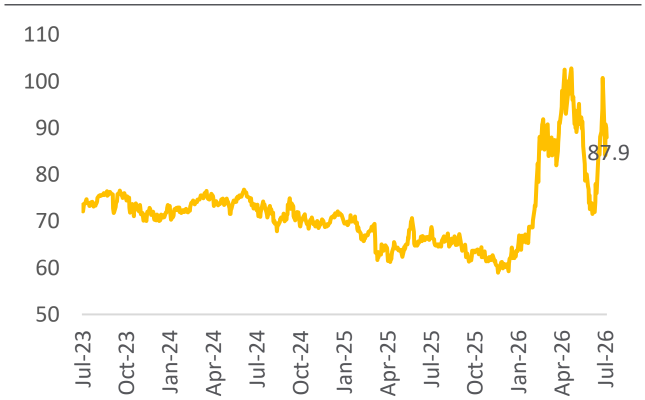
Source: SAMA, GIB Capital

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