

Banking Monthly Report (August 2025)

Loans and deposits: Bank lending to the private sector grew 13.2% y/y in August 2025 (+0.6% m/m), largely in line with last month's growth of 13.7% y/y. Meanwhile, retail real estate loans grew by 10.8% y/y in August (+0.8% m/m). However, residential new monthly mortgage disbursements fell by 11.2% y/y to reach SAR5.9bn in August 2025. At 8.7% y/y (+1.6% 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 39% in August. Time and Savings deposits, and Government deposits (32% of total deposits) grew by 21.1% y/y and 9.2% y/y, respectively, while demand deposits rose by 4.5% y/y. The sector's LDR stood at 81.4% in August, with most banks increasingly relying on capital market instruments to meet their liquidity requirements.

Banking sector profits: The profit before tax for the banks increased 15% y/y in August and rose by 5.2% m/m, reaching SAR8.7bn. Meanwhile, the 3Q25 (Jul & Aug) profit before tax for the banks stood at SAR16.9bn, up 10.9% y/y. The yield curve remains inverted, with Saudi 3M SAIBOR at ~5.1%, and the 10Y Govt Bond yield at ~4.6%.

Economic activity: PoS transactions grew 11.7% y/y in August, while ATM withdrawals declined by 7.8% over the same period. Saudi Arabia's non-oil private sector PMI increased marginally to 56.4 in August, up from 56.3 in July 2025, indicating a healthy expansion in economic activities. The Federal Reserve, in its 17 September meeting, cut its benchmark rate by 25bps to 4–4.25%, marking the first reduction in 2025. Two more 25bps cuts are expected by year-end amid weakening US labor data. However, the Fed chair tempered expectations of further easing, citing a challenging situation in balancing inflation control with job protection.

Figure 1: Key metrics

Key metrics (SARbn unless specified)	Aug-25	Aug-24	y/y	Jul-25	m/m
Loans					
Claims on Private Sector	3,109	2,747	13.2%	3,092	0.6%
Residential New Mortgages	5.9	6.6	-11.2%	6.4	-8.7%
Retail Real Estate Loans*	724	653	10.8%	718	0.8%
Claims on Govt. and Quasi Govt.	871	744	17.2%	860	1.3%
Deposits					
Total Deposits	2,912	2,680	8.7%	2,867	1.6%
Demand Deposits	1,503	1,437	4.5%	1,447	3.8%
Time and Savings Deposits	1,126	930	21.1%	1,123	0.2%
Government Deposits	925	847	9.2%	903	2.4%
Other key indicators					
LDR (%)	81.4%	80.7%	69bps	81.8%	-44bps
Profit Before Tax	8.7	7.5	15.0%	8.2	5.2%
SAMA Foreign Reserves (US\$bn)	457	470	-2.8%	444	2.8%
Money Supply (M3)	3,152	2,907	8.4%	3,110	1.4%
Rates (%)					
	Spot	2022	2023	YTD^	
SAIBOR 3M	5.1%	3.1%	5.9%	5.4%	
Repo	4.8%	2.5%	5.7%	5.0%	
Reverse Repo	4.3%	2.0%	5.2%	4.5%	
US Fed Data					
	Current	2024	2025	2026	
Bbg cons. benchmark rate expectations	4.25%	4.50%	3.87%	3.30%	
Next Fed meeting	28-29 October 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	16.7x	4.0x	3.3%
SNB	9.7x	1.3x	5.7%
Riyad	8.0x	1.3x	6.6%
Alinma	10.9x	2.0x	4.3%
BJAZ	9.7x	1.1x	2.4%
Al Bilad	13.7x	2.1x	2.1%
BSF	9.0x	1.1x	6.3%
Arab	9.2x	1.2x	5.6%
SIB	8.2x	1.1x	5.9%
SAB	7.9x	1.0x	6.6%

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

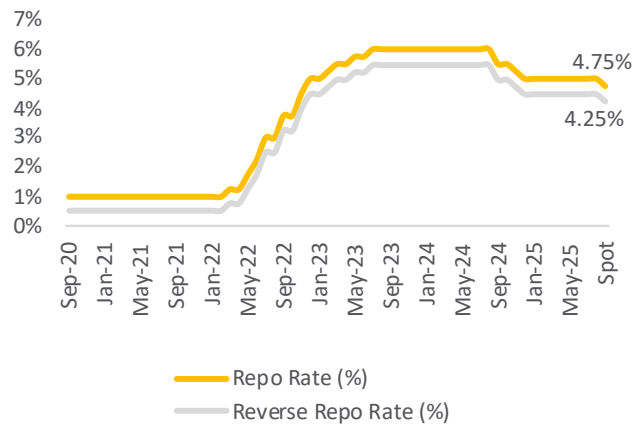
Kunal Doshi

+966-11-834 8372

Kunal.doshi@gibcapital.com

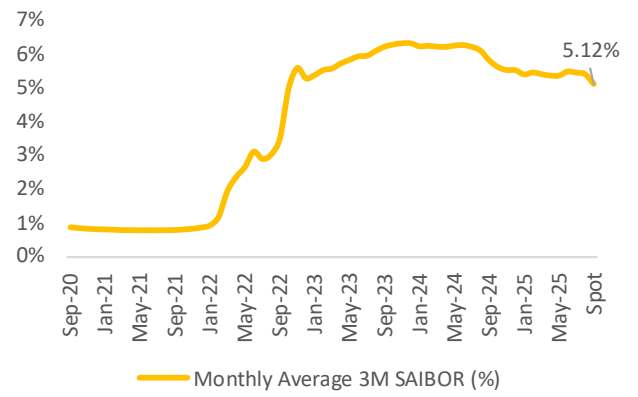
Chart Pack

Figure 2: Policy Rates



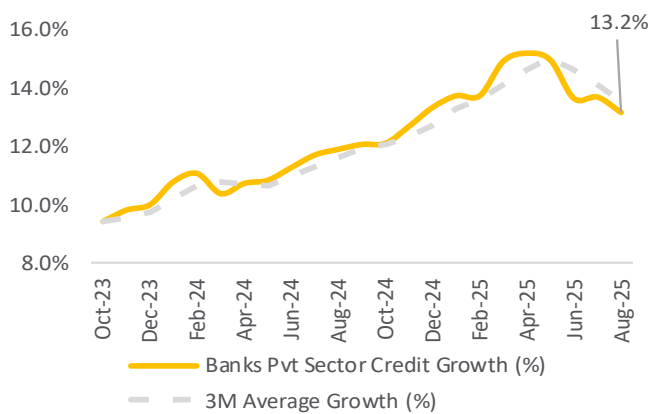
Source: SAMA, GIB Capital

Figure 3: Monthly Average 3M SAIBOR



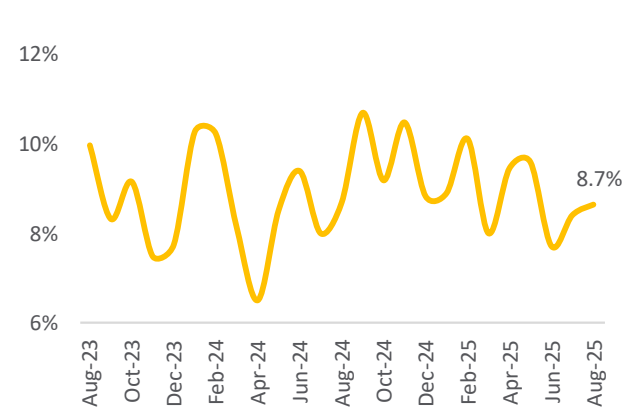
Source: Bloomberg, SAMA, GIB Capital

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



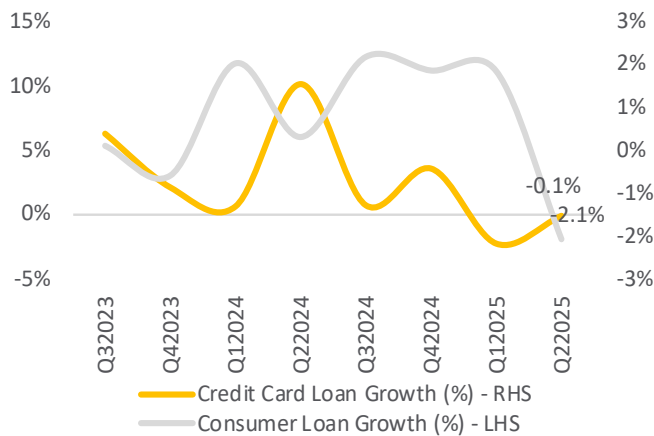
Source: SAMA, GIB Capital

Figure 5: Banks Deposit Growth (y/y)



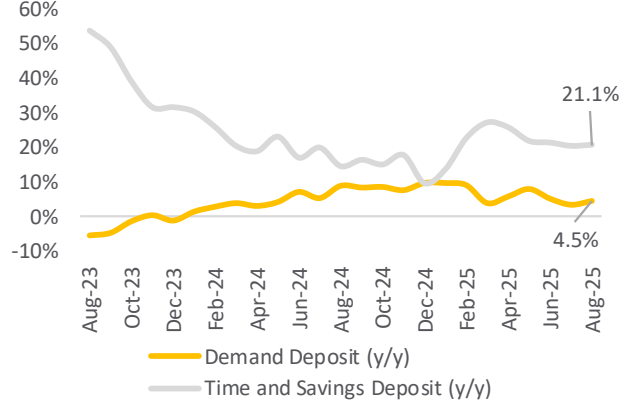
Source: SAMA, GIB Capital

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



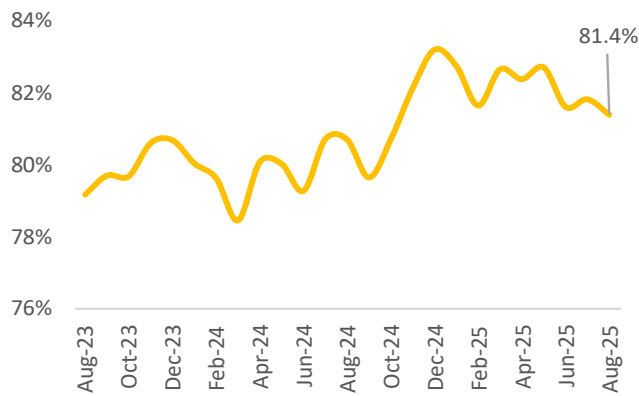
Source: SAMA, GIB Capital

Figure 7: Demand vs. Time and Savings Deposit Growth



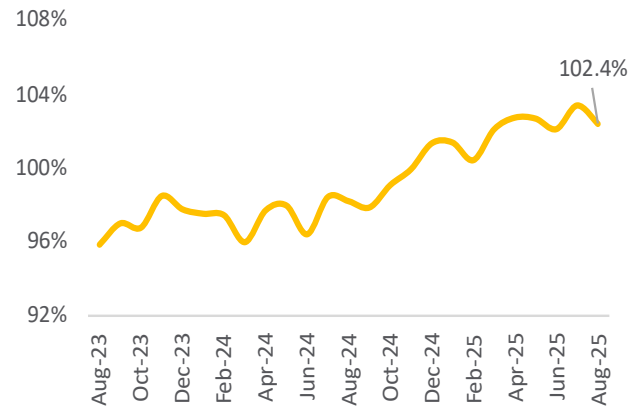
Source: SAMA, GIB Capital

Figure 8: Banks Loans-to-Deposit Ratio



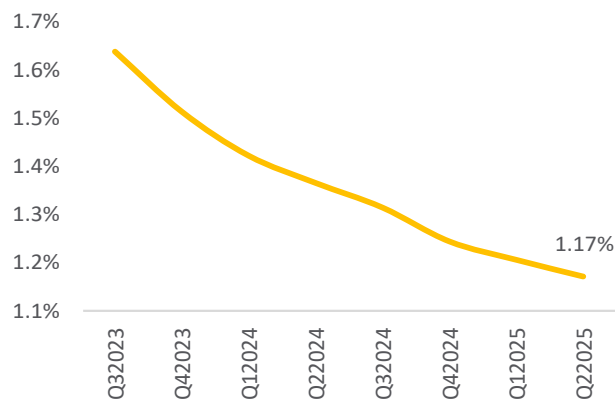
Source: SAMA, GIB Capital

Figure 9: Loans-to-Deposit Ratio



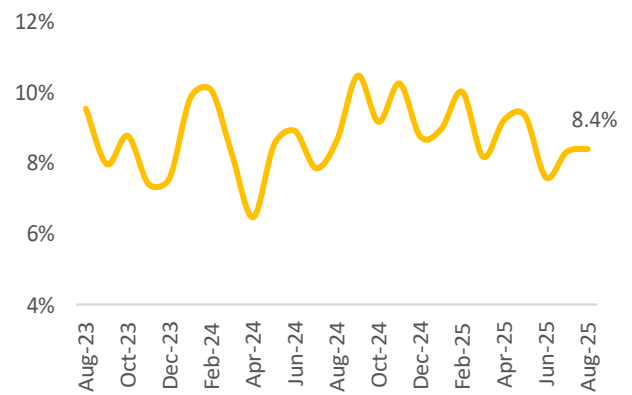
Source: GIB Capital, calculated as reported loans/reported deposits

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



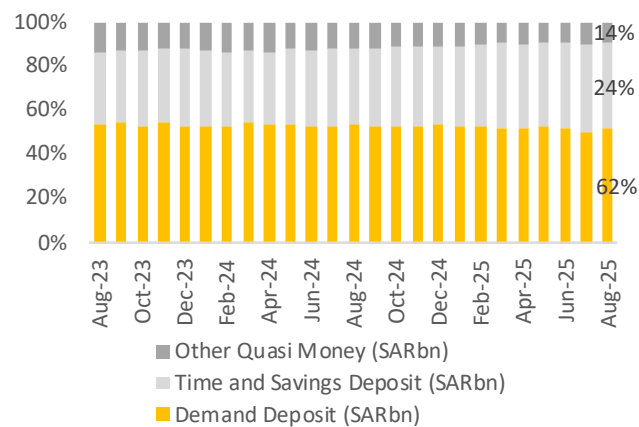
Source: SAMA, GIB Capital

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



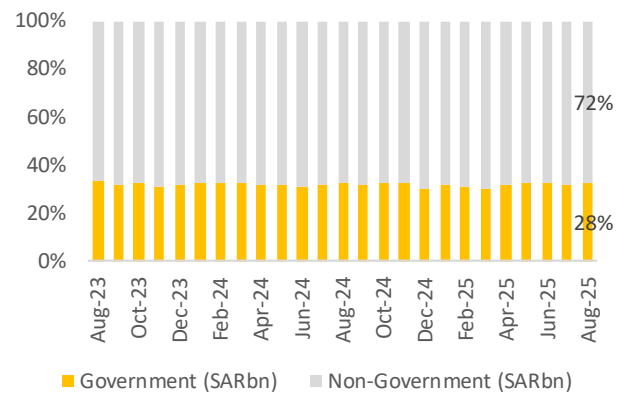
Source: SAMA, GIB Capital

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



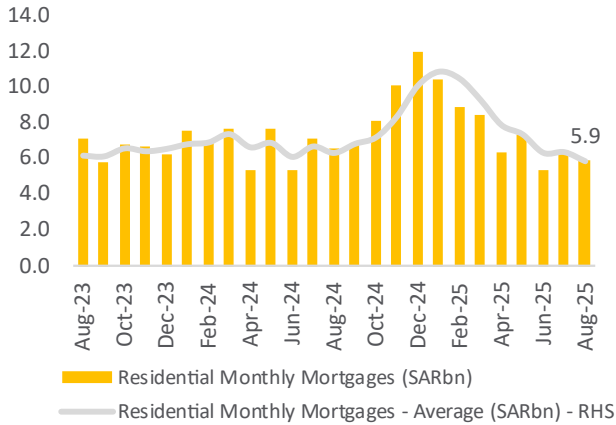
Source: SAMA, GIB Capital

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



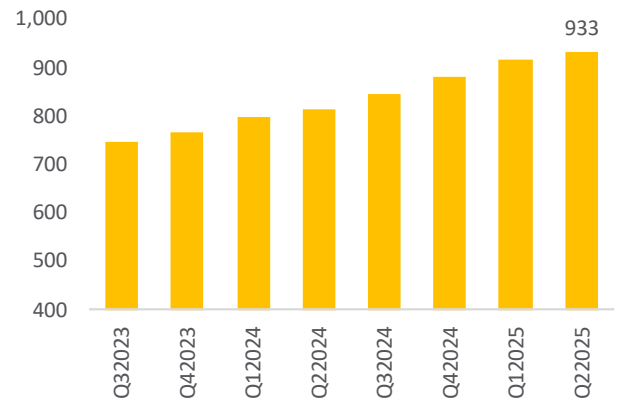
Source: SAMA, GIB Capital

Figure 14: Residential Monthly Mortgages



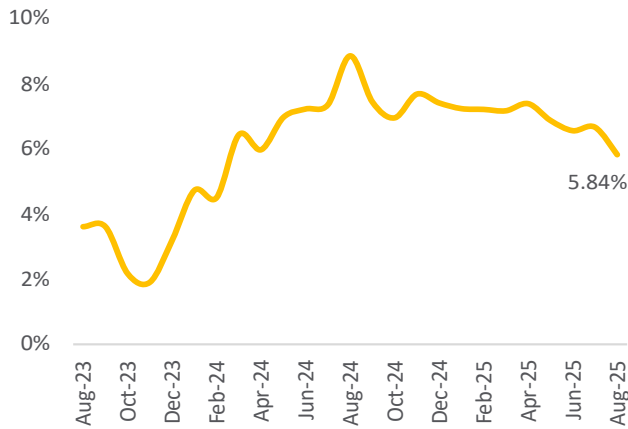
Source: SAMA, GIB Capital

Figure 15: Real Estate Loans by Banks (SARbn)



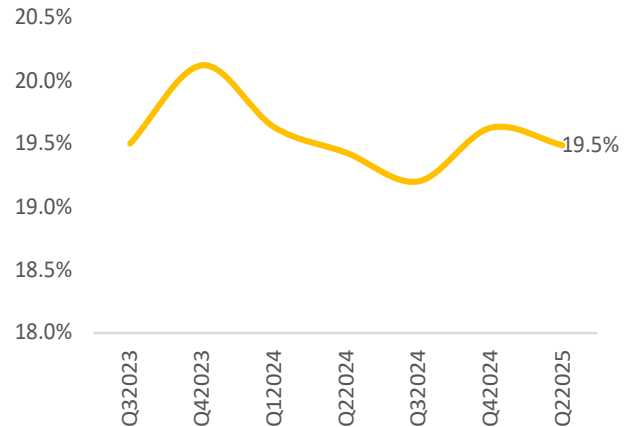
Source: SAMA, GIB Capital

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



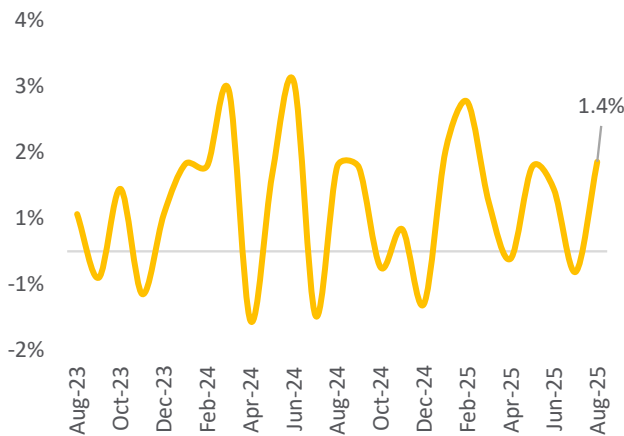
Source: SAMA, GIB Capital

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



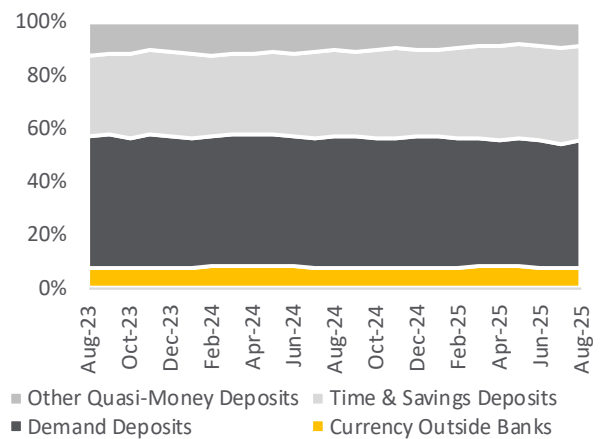
Source: SAMA, GIB Capital

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



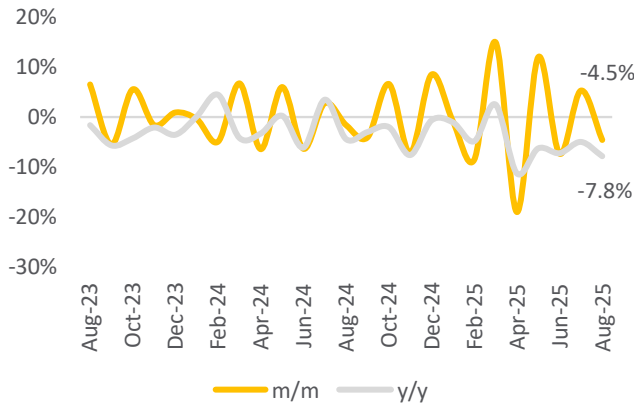
Source: SAMA, GIB Capital

Figure 19: Money Supply (M3) Components



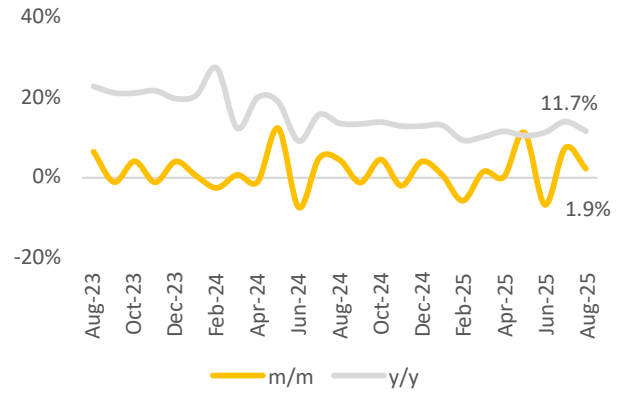
Source: SAMA, GIB Capital

Figure 20: ATM Withdrawals Growth



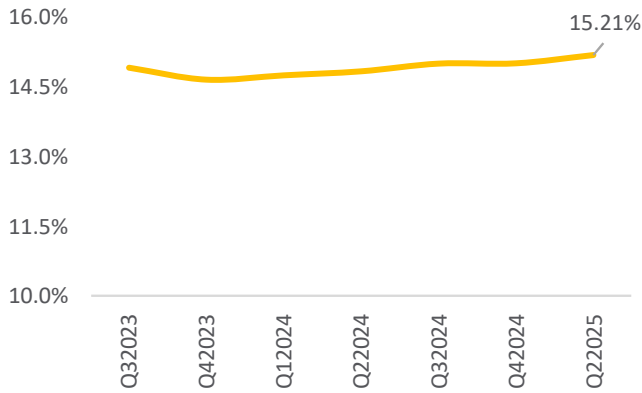
Source: SAMA, GIB Capital

Figure 21: PoS Transactions Growth



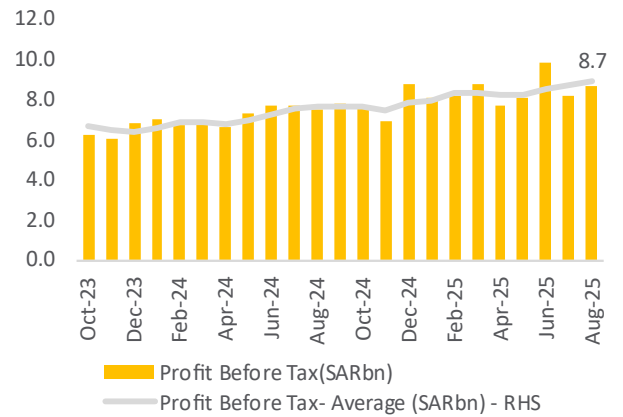
Source: SAMA, GIB Capital

Figure 22: Return on Equity



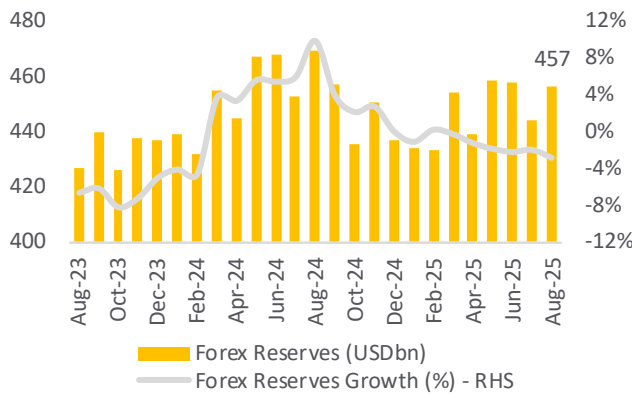
Source: SAMA, GIB Capital

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

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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