

## Banking Monthly Report (February 2025)

### Valuation metrics of Saudi Banks

Bank	P/E*	P/B	Div. Yield*
Al Rajhi	17.8x	4.1x	3.2%
SNB	9.5x	1.2x	5.9%
Riyad	10.1x	1.7x	5.2%
Alinma	12.4x	2.4x	3.5%
BJAZ	13.2x	1.3x	1.7%
Al Bilad	14.9x	2.8x	2.2%
BSF	9.8x	1.2x	6.0%
Arab	9.0x	1.2x	5.9%
SIB	8.9x	1.2x	5.6%
SABB	9.4x	1.3x	5.7%

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

**Loans and deposits:** Bank lending to the private sector grew 13.8% y/y in Feb 2025 (+1.2% m/m), in line with the last month's growth. Meanwhile, retail real estate loans grew by 12.7% y/y in Feb (+1.3% m/m). Residential new monthly mortgage disbursements increased by 28.3% y/y to reach SAR8.9bn in Feb 2025 (-14.9% m/m). At 10.1% y/y (+2.3% m/m), the trend of deposits growing slower than loans continued. With regards to the deposit mix, the share of Time & Savings deposits stood at 37% in Feb, up from 36% in the previous month. Time and Savings deposits, and Government deposits (31% of total deposits) grew by 23% y/y and 6.8% y/y, respectively, while demand deposits were up by 9.1% y/y. LDR came in at 81.7% in Feb. The sector LDR remains elevated, indicating rising liquidity pressure in the system. Most banks are resorting to capital market instruments to fund their liquidity needs.

**Banking sector profits:** In Feb, the profit before tax for the banks increased 21.4% y/y, while it increased by 1.3% m/m, reaching SAR8.3bn. Meanwhile, the 1Q25 (Jan + Feb) profit before tax for the banks stood at SAR16.4bn, up 18.7% y/y. The yield curve remains flattish, with Saudi 3M SAIBOR at ~5.5%, and the 10Y Govt Bond yield at ~5.1%.

**Economic activity:** PoS sales grew 9.4% y/y, while ATM withdrawals declined by 4.8% y/y in Feb. Saudi Arabia's non-oil private sector PMI moderated to 58.4 in Feb, down from Jan's multi-year peak of 60.5, but still indicates strong growth in non-oil activities. The US Fed maintained its target rate range at 4.25-4.50% in its March policy meeting. The Fed also retained its outlook of two rate cuts for 2025. However, the latest economic projections from the Fed indicate slower economic growth and higher inflation in 2025, attributed to the impact of recently implemented US tariffs and subsequent retaliatory measures. The Fed is expected to carefully assess the potential impact of global tariff uncertainties before making any policy changes. The Bloomberg 2025 rate forecast edged down to 4.05%, from the previous estimate of 4.10%.

Figure 1: Key metrics

Key metrics (SARbn unless specified)	Feb-25	Feb-24	y/y	Jan-25	m/m
<b>Loans</b>					
Claims on Private Sector	2,933	2,578	13.8%	2,899	1.2%
Residential New Mortgages	8.9	6.9	28.3%	10.5	-14.9%
Retail Real Estate Loans*	701	622	12.7%	692	1.3%
Claims on Govt. and Quasi Govt.	821	703	16.8%	813	1.0%
<b>Deposits</b>					
Total Deposits	2,796	2,538	10.1%	2,732	2.3%
Demand Deposits	1,470	1,347	9.1%	1,446	1.7%
Time and Savings Deposits	1,032	839	23.0%	985	4.7%
Government Deposits	861	806	6.8%	853	1.0%
<b>Other key indicators</b>					
LDR (%)	81.7%	79.6%	203bps	82.8%	-111bps
Profit Before Tax	8.3	6.8	21.4%	8.1	1.3%
SAMA Foreign Reserves (US\$bn)	433	432	0.3%	434	-0.3%
Money Supply (M3)	3,034	2,756	10.1%	2,966	2.3%
<b>Rates (%)</b>					
	<b>Spot</b>	<b>2022</b>	<b>2023</b>	<b>YTD^</b>	
SAIBOR 3M	5.5%	3.1%	5.9%	5.4%	
Repo	5.0%	2.5%	5.7%	5.0%	
Reverse Repo	4.5%	2.0%	5.2%	4.5%	
<b>US Fed Data</b>					
	<b>Current</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	
Bbg cons. benchmark rate expectations	4.50%	4.50%	4.05%	3.65%	
Next Fed meeting	7-May-25				

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

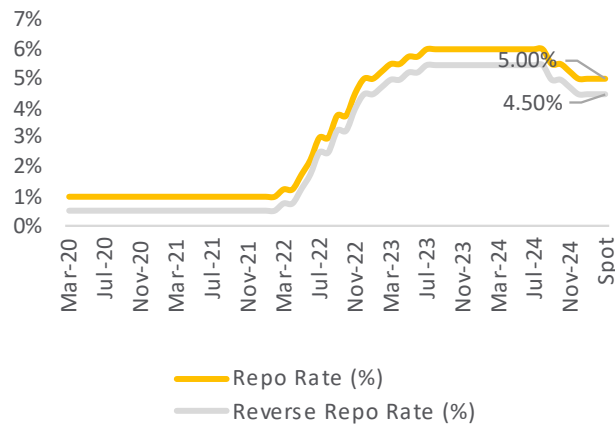
Kunal Doshi

+966-11-834 8372

[Kunal.doshi@gibcapital.com](mailto:Kunal.doshi@gibcapital.com)

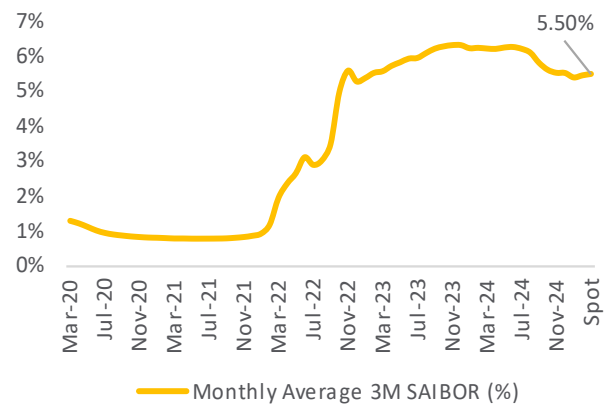
## Chart Pack

Figure 2: Policy Rates



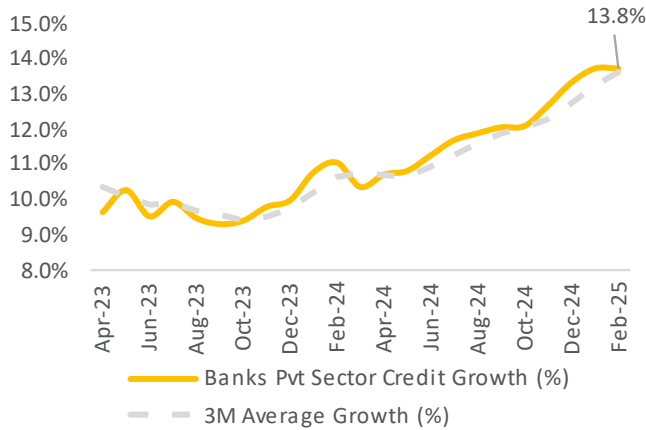
Source: SAMA, GIB Capital

Figure 3: Monthly Average 3M SAIBOR



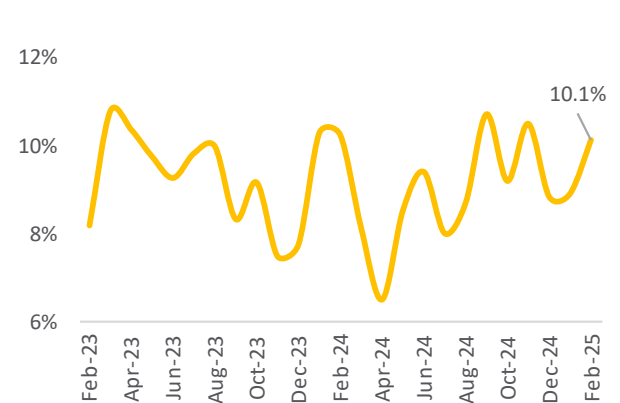
Source: Bloomberg, SAMA, GIB Capital

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



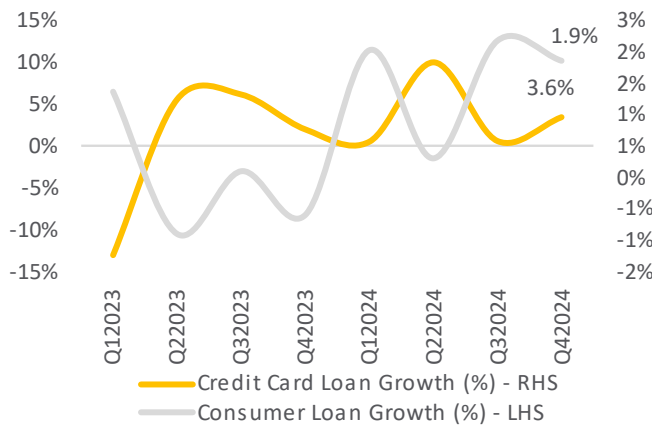
Source: SAMA, GIB Capital

Figure 5: Banks Deposit Growth (y/y)



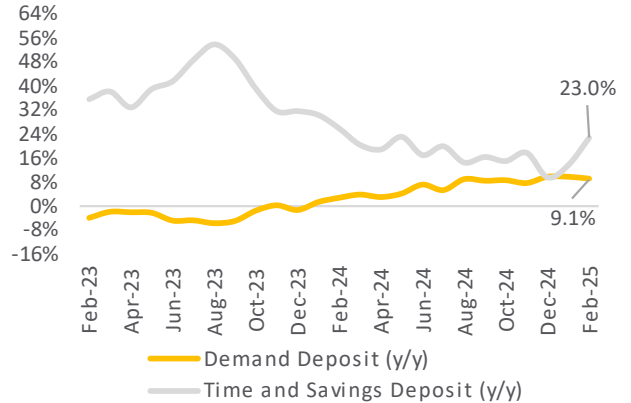
Source: SAMA, GIB Capital

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



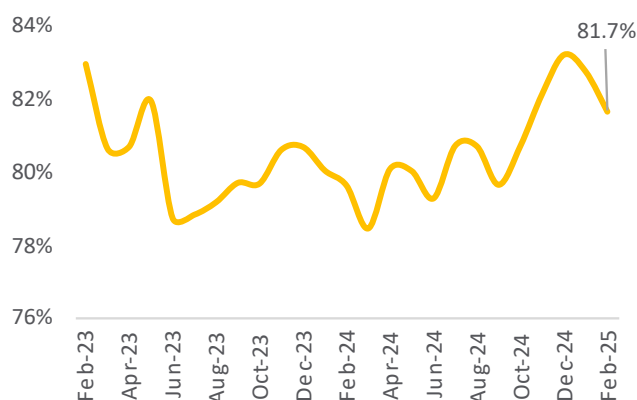
Source: SAMA, GIB Capital

Figure 7: Demand vs. Time and Savings Deposit Growth



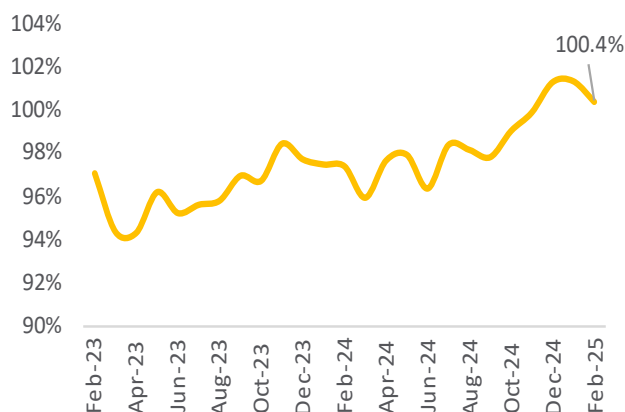
Source: SAMA, GIB Capital

Figure 8: Banks Loans-to-Deposit Ratio



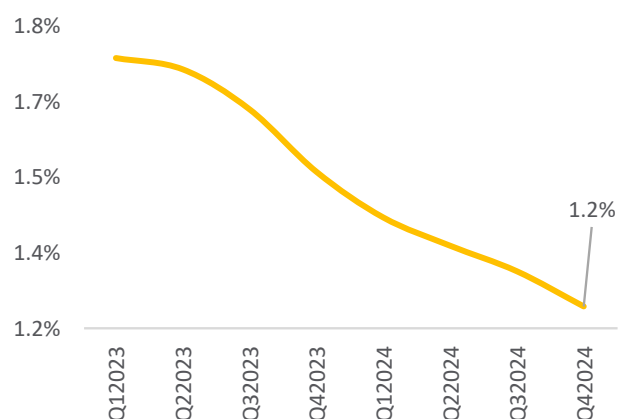
Source: SAMA, GIB Capital

Figure 9: Loans-to-Deposit Ratio



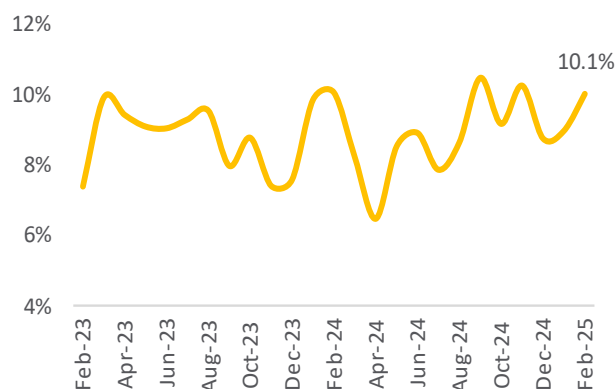
Source: GIB Capital, calculated as reported loans/reported deposits

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



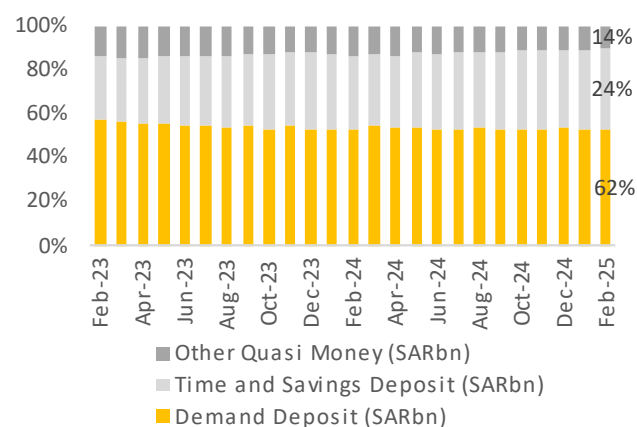
Source: SAMA, GIB Capital

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



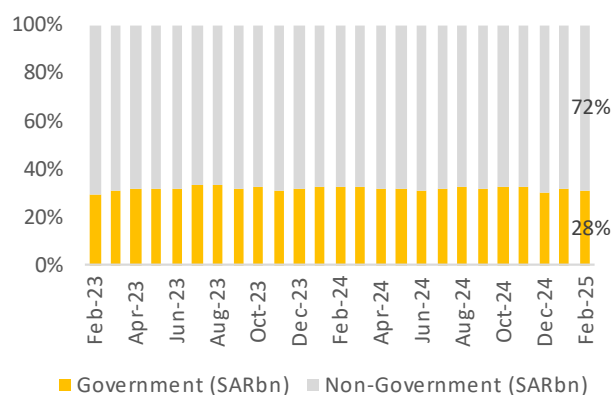
Source: SAMA, GIB Capital

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



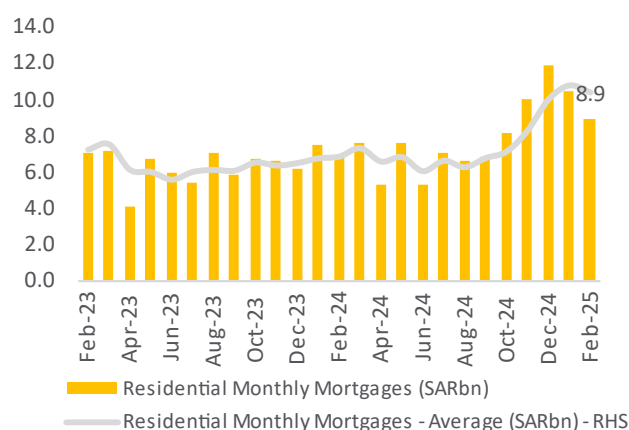
Source: SAMA, GIB Capital

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



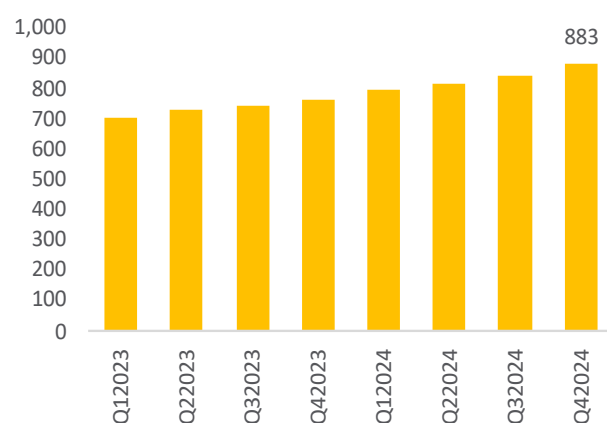
Source: SAMA, GIB Capital

Figure 14: Residential Monthly Mortgages



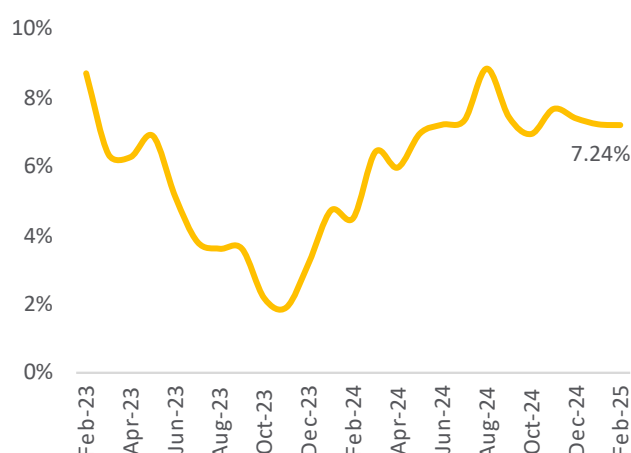
Source: SAMA, GIB Capital

Figure 15: Real Estate Loans by Banks (SARbn)



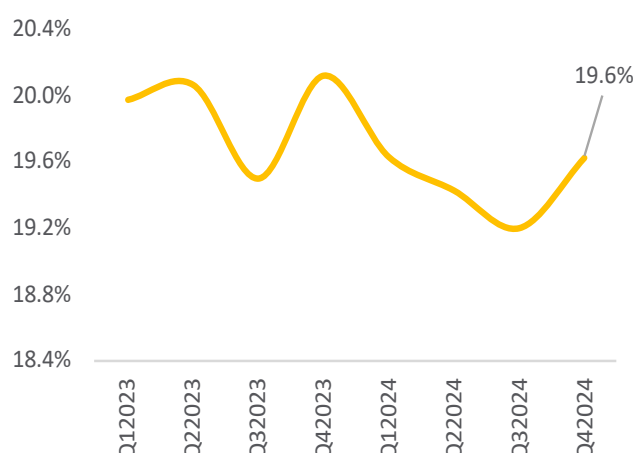
Source: SAMA, GIB Capital

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



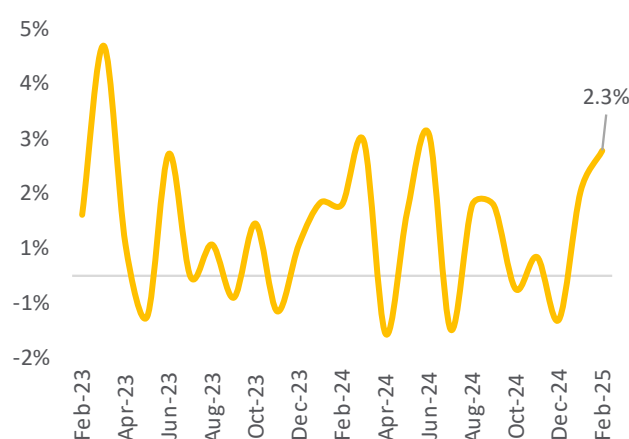
Source: SAMA, GIB Capital

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



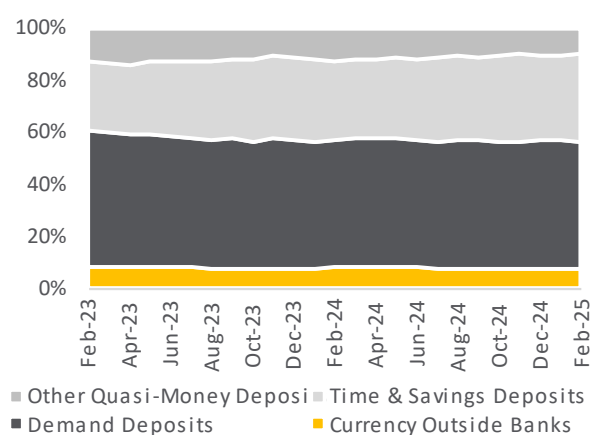
Source: SAMA, GIB Capital

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



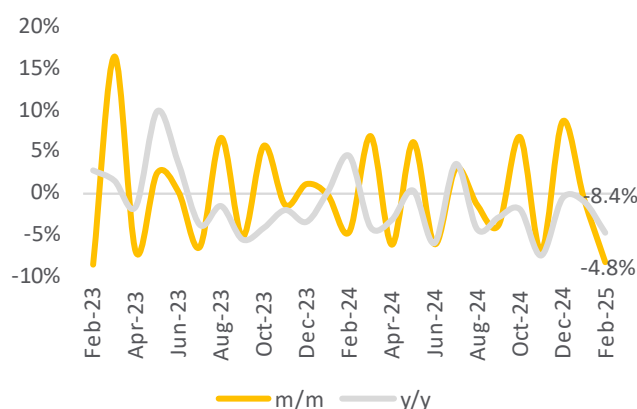
Source: SAMA, GIB Capital

Figure 19: Money Supply (M3) Components



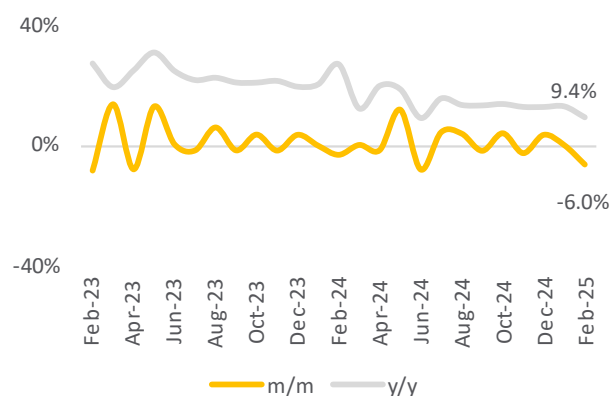
Source: SAMA, GIB Capital

Figure 20: ATM Withdrawals Growth



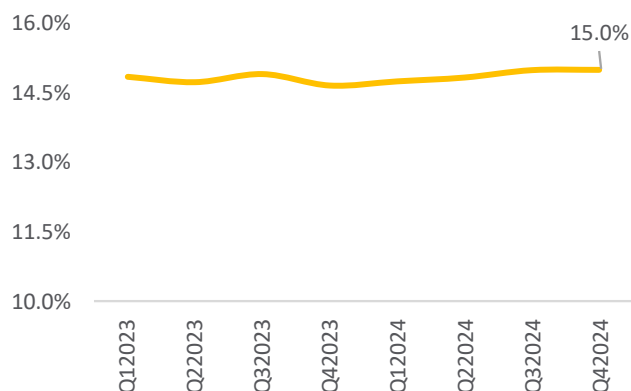
Source: SAMA, GIB Capital

Figure 21: PoS Transactions Growth



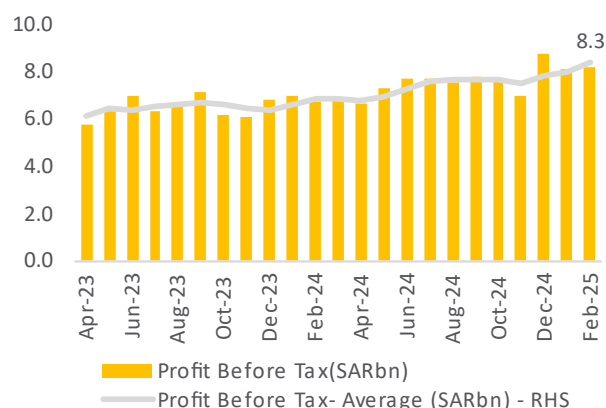
Source: SAMA, GIB Capital

Figure 22: Return on Equity



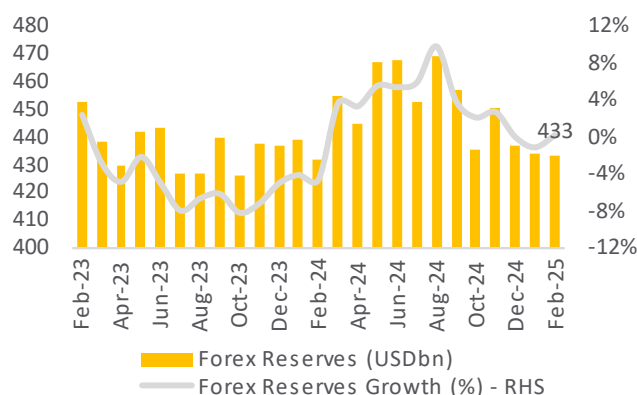
Source: SAMA, GIB Capital

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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Sell Side Research Department,  
GIB Capital,  
B1, Granada Business & Residential Park,  
Eastern Ring Road, PO Box 89589, Riyadh 11692  
[www.gibcapital.com](http://www.gibcapital.com)