

## Banking Monthly Report (July 2025)

**Loans and deposits:** Bank lending to the private sector grew 13.7% y/y in July 2025 (+1.1% m/m), in line with last month's growth of 13.7% y/y. Meanwhile, retail real estate loans grew by 11% y/y in July (+0.8% m/m). However, residential new monthly mortgage disbursements fell by 9.3% y/y to reach SAR6.4bn in July 2025. At 8.4% y/y (-0.3% 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 July. Time and Savings deposits, and Government deposits (31% of total deposits) grew by 20.8% y/y and 10.7% y/y, respectively, while demand deposits rose by 3.4% y/y. The sector LDR stood at 81.8% in July. Most banks are resorting to capital market instruments to fund their liquidity needs.

**Banking sector profits:** In July, the profit before tax for the banks increased 7% y/y, however decreased by 16.5% m/m, reaching SAR8.2bn. Meanwhile, the 2Q25 profit before tax for the banks stood at SAR25.8bn, up 18.5% y/y. The yield curve remains inverted, with Saudi 3M SAIBOR at ~5.5%, and the 10Y Govt Bond yield at ~4.7%.

**Economic activity:** PoS sales grew 14% y/y, while ATM withdrawals dropped by 5% y/y in July. KSA's non-oil private sector PMI declined slightly to 56.3 in July, down from 57.2 in June 2025, While the PMI showed a slight deceleration, it still signaled healthy economic activity. At its July meeting, the Federal Reserve kept the federal funds rate unchanged at 4.25-4.50%, reaffirming a data-dependent approach while assessing inflationary effects of recent tariff measures. However, Fed Chair Jerome Powell's August 22 remarks highlighting rising downside risks to employment signal the possibility of resuming rate cuts as early as September 2025.

Figure 1: Key metrics

Key metrics (SARbn unless specified)	Jul-25	Jul-24	y/y	Jun-25	m/m
<b>Loans</b>					
Claims on Private Sector	3,092	2,719	13.7%	3,057	1.1%
Residential New Mortgages	6.4	7.1	-9.3%	5.3	20.7%
Retail Real Estate Loans*	718	647	11.0%	712	0.8%
Claims on Govt. and Quasi Govt.	860	730	17.9%	863	-0.3%
<b>Deposits</b>					
Total Deposits	2,867	2,645	8.4%	2,876	-0.3%
Demand Deposits	1,447	1,399	3.4%	1,495	-3.2%
Time and Savings Deposits	1,123	930	20.8%	1,100	2.1%
Government Deposits	903	816	10.7%	916	-1.4%
<b>Other key indicators</b>					
LDR (%)	81.8%	80.7%	111bps	81.6%	22bps
Profit Before Tax	8.2	7.7	7.0%	9.9	-16.5%
SAMA Foreign Reserves (US\$bn)	444	453	-1.9%	458	-3.0%
Money Supply (M3)	3,110	2,870	8.4%	3,120	-0.3%
<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%	3.45%	
Next Fed meeting	17-Sep-25				

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	15.3x	3.6x	3.6%
SNB	8.9x	1.2x	6.3%
Riyad	7.7x	1.3x	6.9%
Alinma	10.4x	1.9x	4.5%
BJAZ	9.2x	1.1x	2.5%
Al Bilad	12.7x	1.9x	2.4%
BSF	8.2x	1.0x	6.9%
Arab	8.5x	1.1x	6.1%
SIB	7.8x	1.1x	6.1%
SAB	7.6x	1.0x	7.0%

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

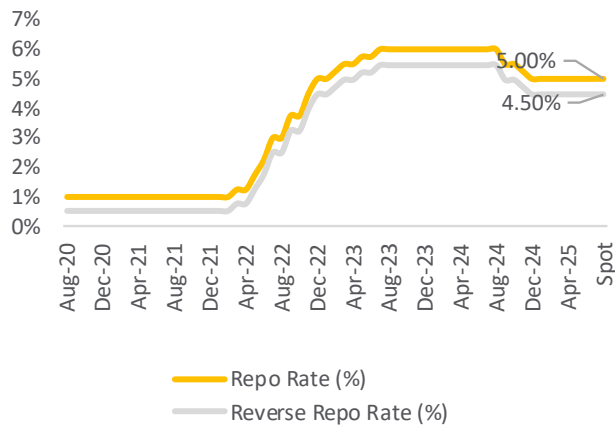
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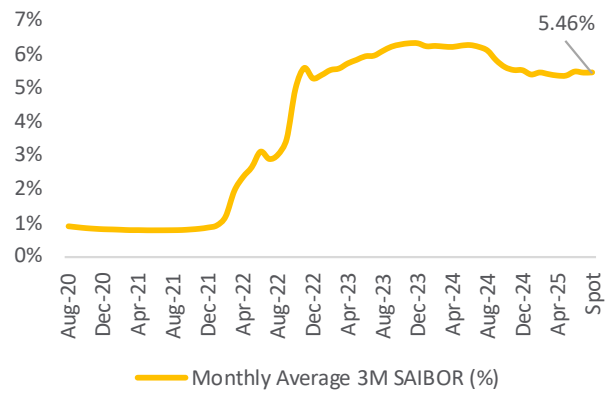
### Chart Pack

Figure 2: Policy Rates



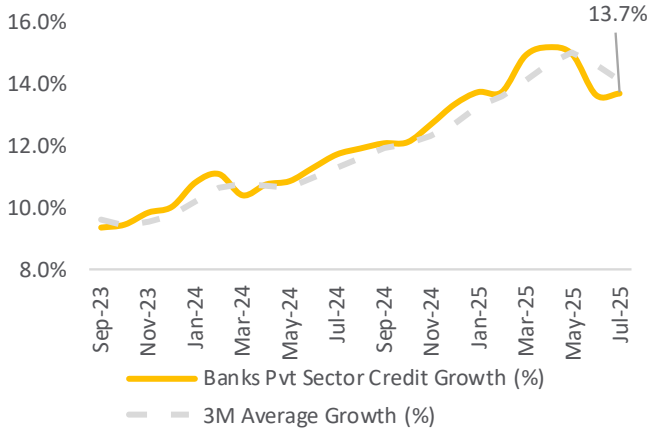
Source: SAMA, GIB Capital

Figure 3: Monthly Average 3M SAIBOR



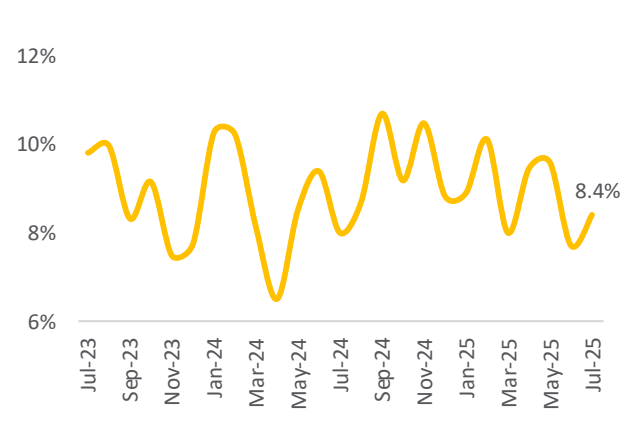
Source: Bloomberg, SAMA, GIB Capital

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



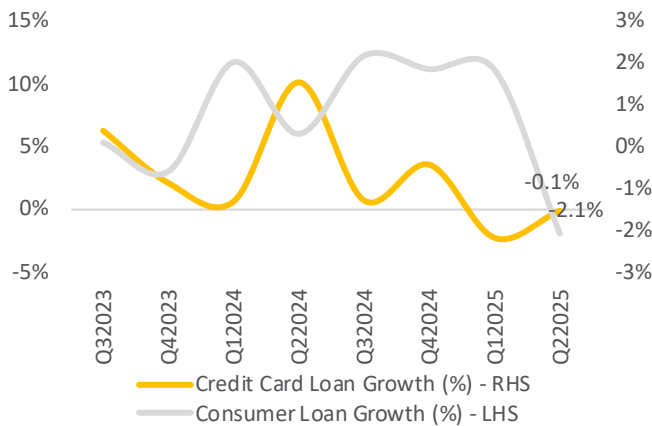
Source: SAMA, GIB Capital

Figure 5: Banks Deposit Growth (y/y)



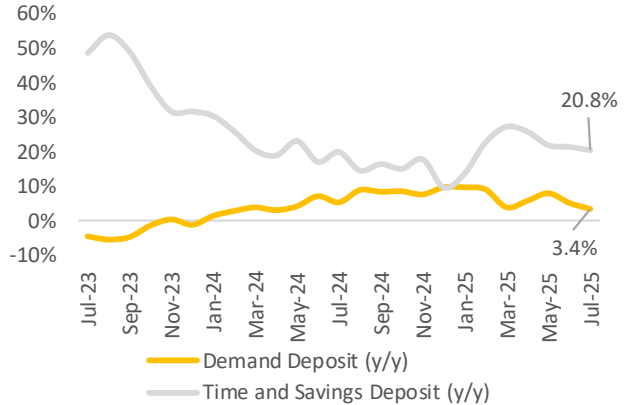
Source: SAMA, GIB Capital

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



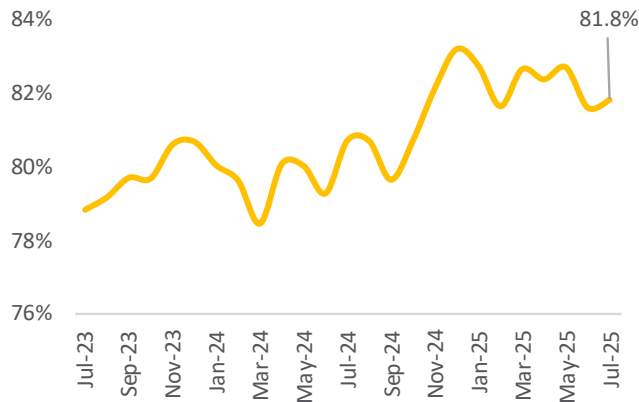
Source: SAMA, GIB Capital

Figure 7: Demand vs. Time and Savings Deposit Growth



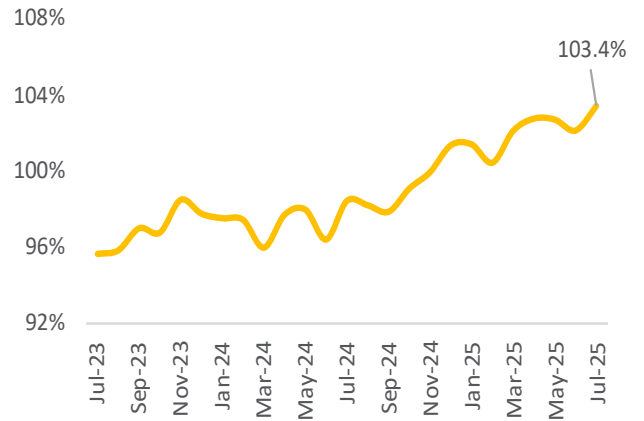
Source: SAMA, GIB Capital

Figure 8: Banks Loans-to-Deposit Ratio



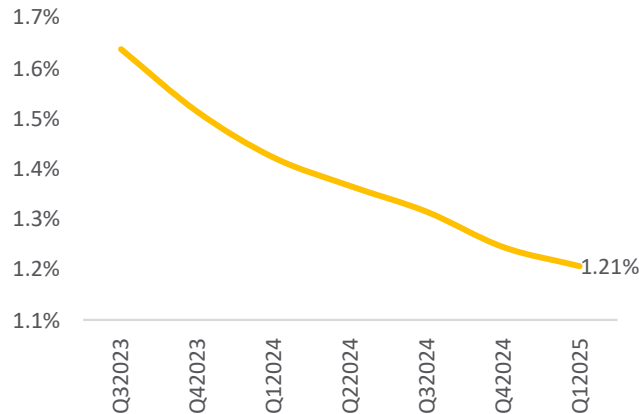
Source: SAMA, GIB Capital

Figure 9: Loans-to-Deposit Ratio



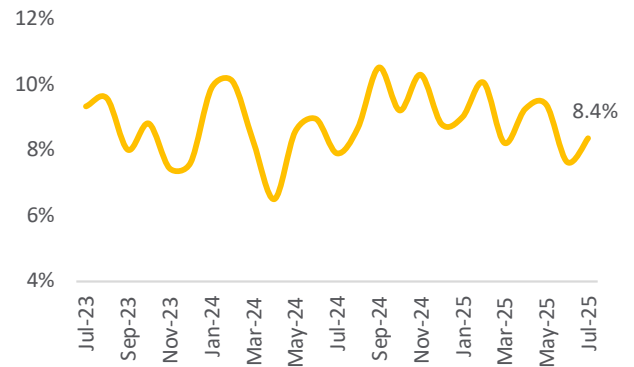
Source: GIB Capital, calculated as reported loans/reported deposits

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



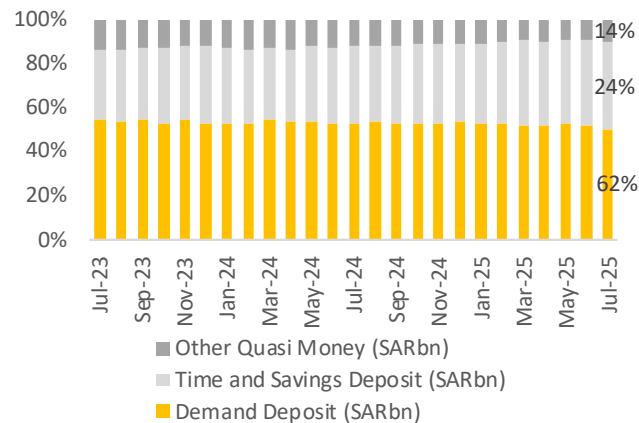
Source: SAMA, GIB Capital

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



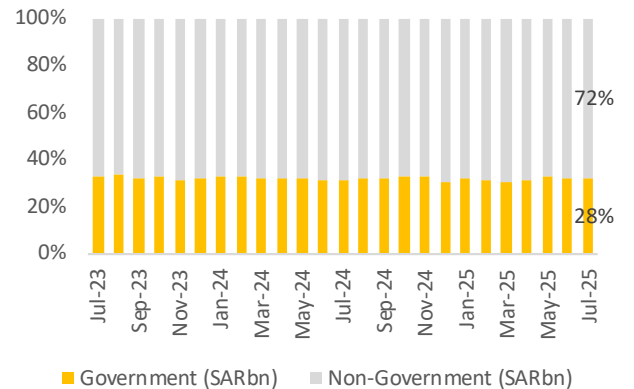
Source: SAMA, GIB Capital

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



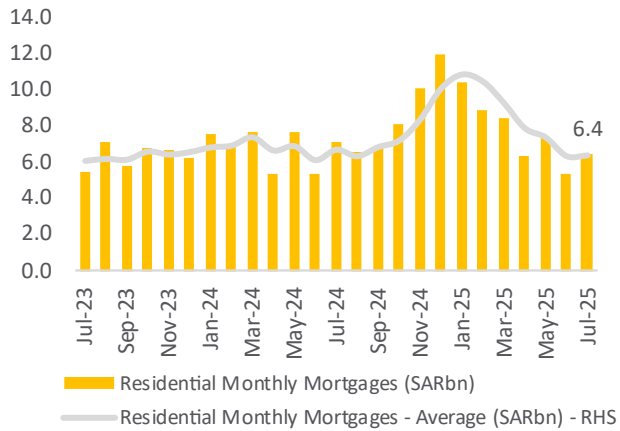
Source: SAMA, GIB Capital

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



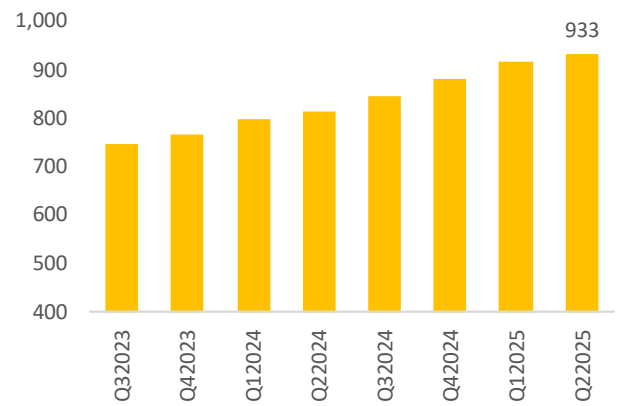
Source: SAMA, GIB Capital

Figure 14: Residential Monthly Mortgages



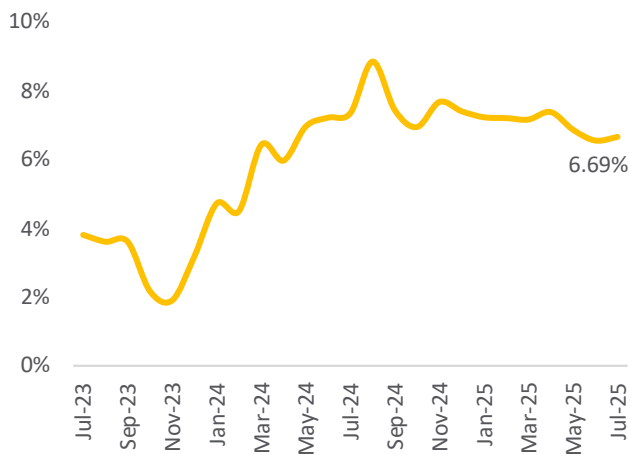
Source: SAMA, GIB Capital

Figure 15: Real Estate Loans by Banks (SARbn)



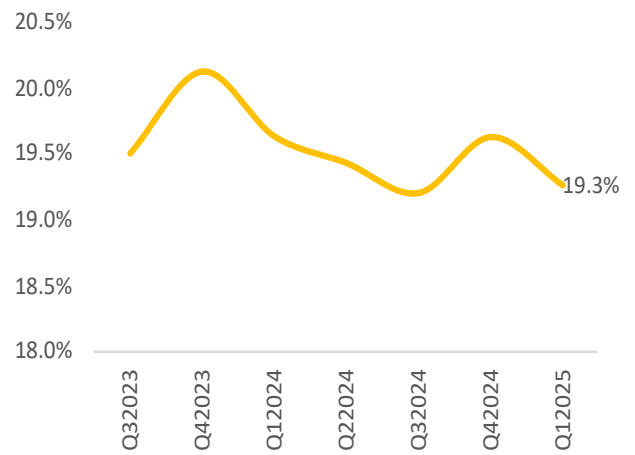
Source: SAMA, GIB Capital

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



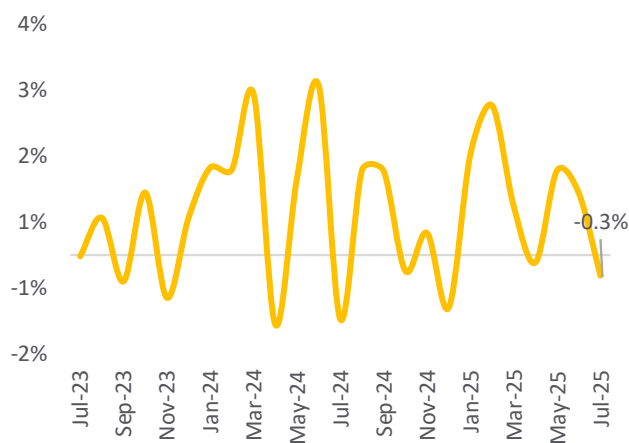
Source: SAMA, GIB Capital

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



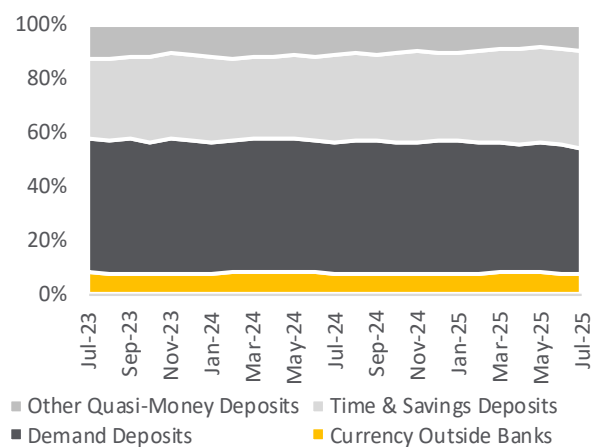
Source: SAMA, GIB Capital

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



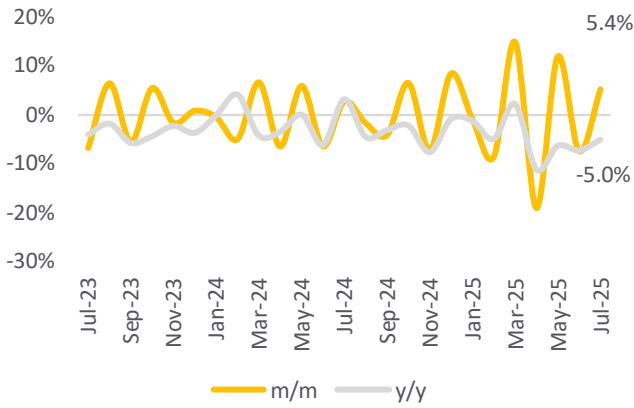
Source: SAMA, GIB Capital

Figure 19: Money Supply (M3) Components



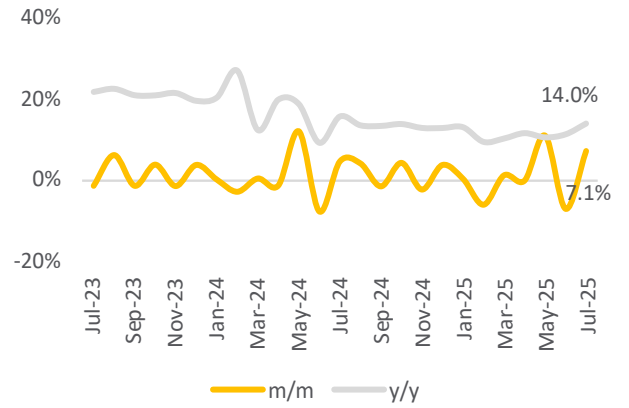
Source: SAMA, GIB Capital

Figure 20: ATM Withdrawals Growth



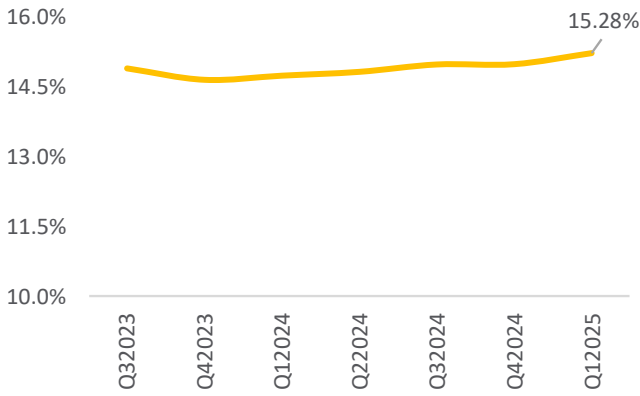
Source: SAMA, GIB Capital

Figure 21: PoS Transactions Growth



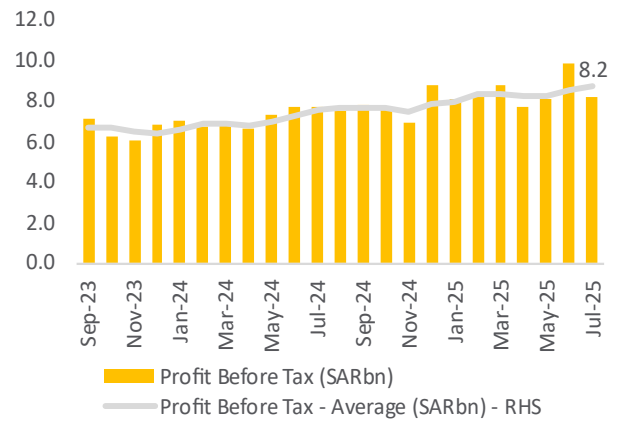
Source: SAMA, GIB Capital

Figure 22: Return on Equity



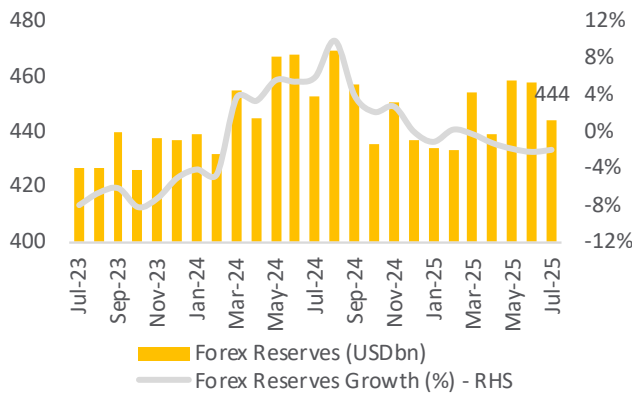
Source: SAMA, GIB Capital

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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