

SAMA Monthly

February 2024

Nauman khan
n.khan@alahlicapital.com

Key takeaways

- The banking sector assets increased by 0.97% mom to SAR4.05trn in February 2024. Loan book increased by 1.0% mom (+10.9% yoy) to SAR2.65trn, while investment book grew by 1.2% mom (+8.0% yoy) to SAR633bn.
- The increase in loan book is driven by an increase in Personal Loans (+0.7% mom), followed by Real Estate activities (+3.1% mom) and Financial and Insurance activities (+3.6% mom). Residential mortgages decreased by 7.7% mom (-2.9% yoy).
- Deposits increased by 1.2% mom (+10.3% yoy) to SAR2.54trn. Demand deposits grew by 2.3% mom, the highest growth since April 2023 (+2.9% yoy) to SAR1.35trn. Saving deposits declined for the first time since July 2022 by 3.0% mom (+26.2% yoy) to SAR839bn in February 2024.
- With growth in deposits slightly greater than the loan growth, the headline LDR decreased to c104.3% in February 2024 vs 104.5% in January 2024 whereas the regulatory LDR remained flat at 79.7% in February 2023 vs January 2024.
- From a macro perspective, total reserves decreased by 1.64% mom (-4.61% yoy) to SAR1.62trn (US\$432bn).
- CPI stood at 1.81% yoy in February 2024 vs 1.55% yoy in January 2024. Housing and Restaurants increased by 8.5% yoy and 2.5% yoy while Clothing and Furnishings declined by 4.0% yoy and 3.0% yoy, respectively.
- The broader money supply (M3) increased by 10.1% yoy (+1.3% mom) to SAR2.76trn.

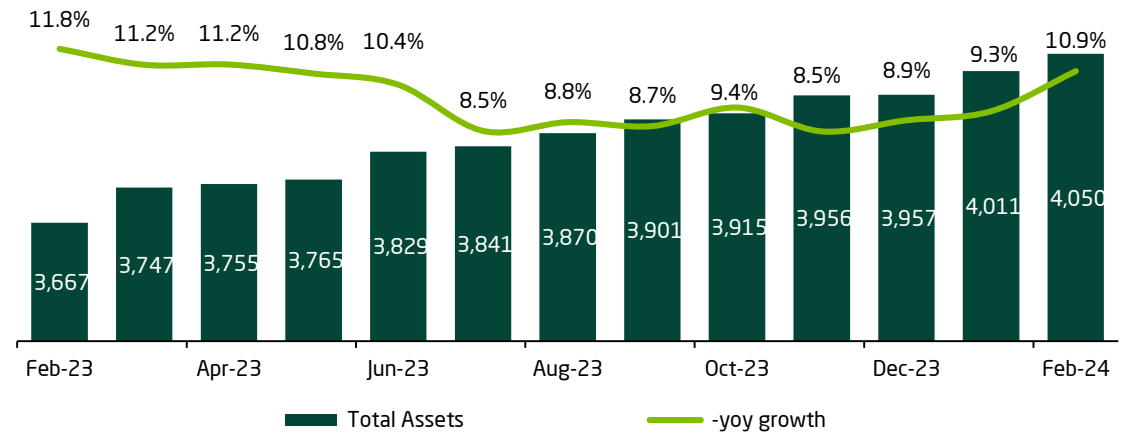
Assets

- The sector's assets increased by 0.97% mom (+12.0% yoy) to SAR4.05trn in February 2024, compared to a growth of 1.4% mom (+1.3% yoy) in February 2023.
- In February 2024, loans and advances represented c65% of total assets while investments accounted for c16%.

Loans and investments

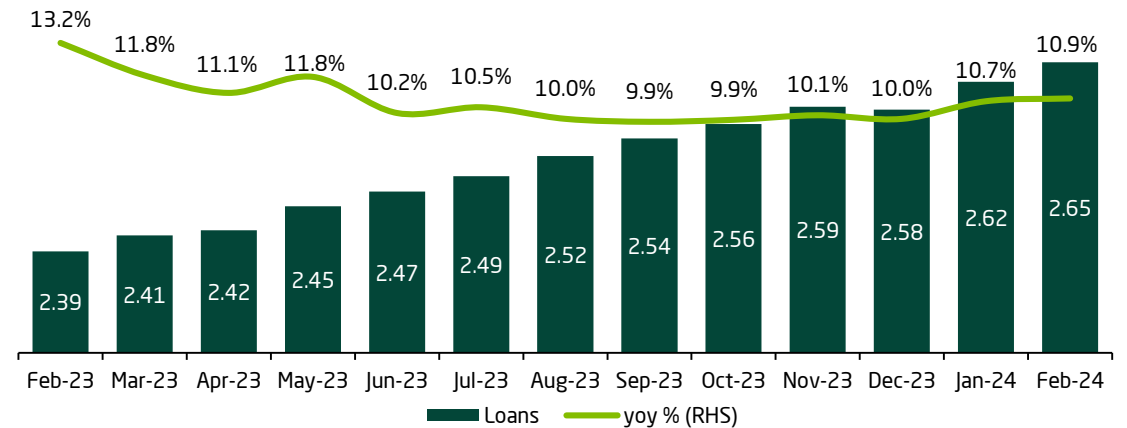
- Loans increased by 1.0% mom to SAR2.65trn.
 - In absolute terms, new loan origination stood at SAR26.9bn in February 2024, compared to SAR38.0bn last month.
 - New mortgages (by banks) decreased by 7.9% mom (-2.8% yoy) to SAR6.9bn in February 2024 vs SAR7.5bn in the previous month. Mortgage represented 25.8% of new loan origination in February 2024 vs 19.8% in January 2024 and 33% in February 2023.
 - Overall, new mortgages stood at SAR14.5bn in M2 2024, down 6.6% yoy and accounted for c22% of new loan origination vs c39% in the same period last year.
 - Based on economic activity, Personal Loans accounted for c31% of new loans vs 36% in February 2023, followed by Real Estate Activities (30%) and Financial and Insurance Activities (14%) in February 2024.
- Investment book increased by 1.2% mom (+8.0% yoy) to SAR633bn in February 2024.

Exhibit 1 : Saudi banks assets (SAR bn, %)



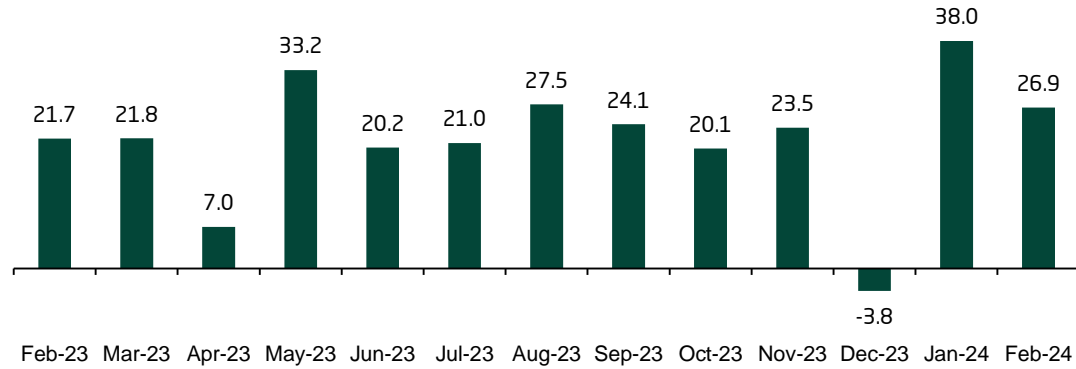
Source: SAMA, SNB Capital Research

Exhibit 2 : Total loans (SAR trn, %)



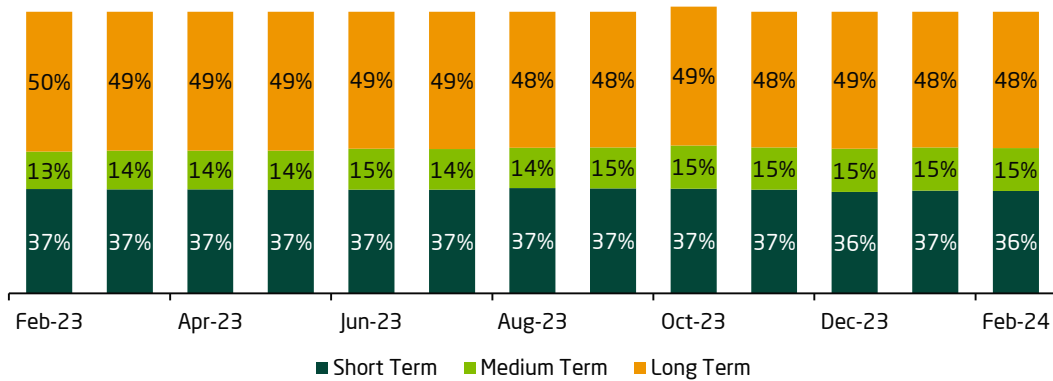
Source: SAMA, SNB Capital Research

Exhibit 3 : New loan origination (SAR bn)



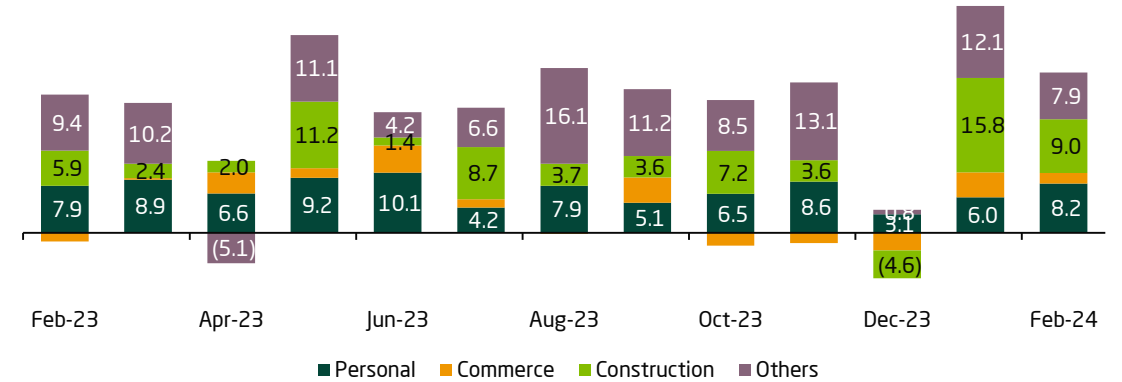
Source: SAMA, SNB Capital Research

Exhibit 5 : Loan breakdown by maturity (%)



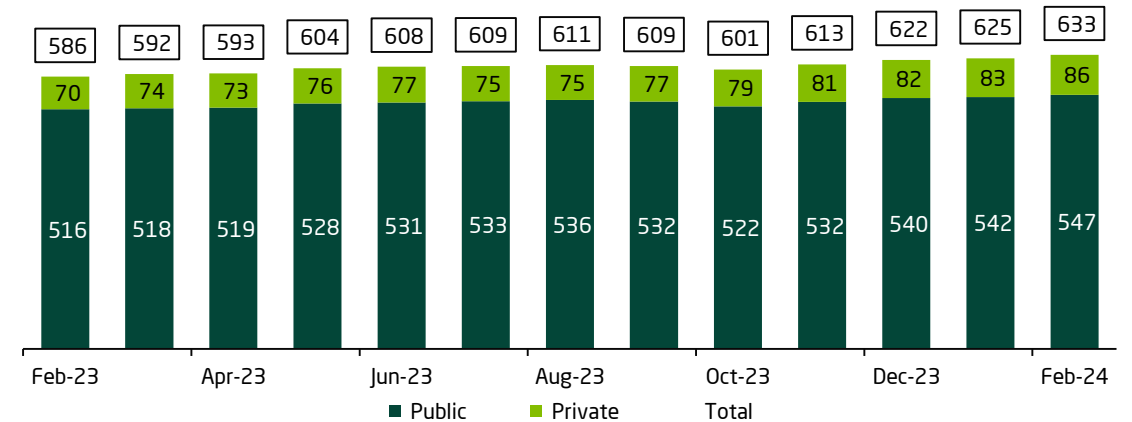
Source: SAMA, SNB Capital Research

Exhibit 4 : New loans by economic activity (SAR bn)



Source: SAMA, SNB Capital Research

Exhibit 6 : Investment Breakdown (SAR bn)



Source: SAMA, SNB Capital Research

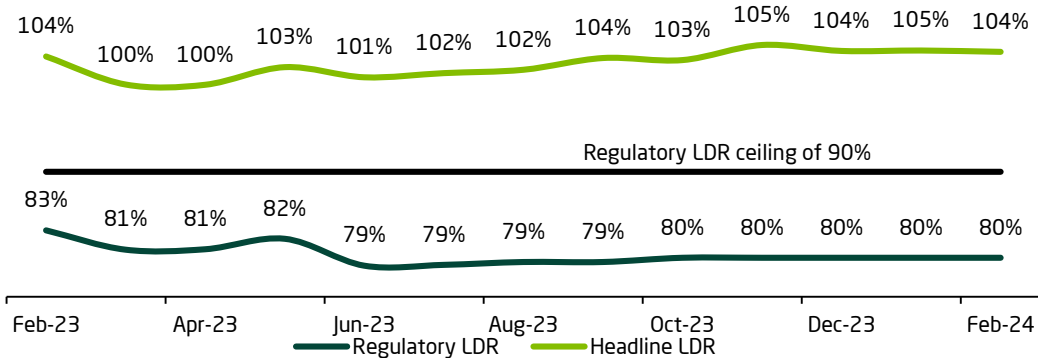
Deposits

- Deposits increased by 1.2% mom (+10.3% yoy) to SAR2.54trn in February 2024.
 - Demand deposits recorded the highest growth since April 2023, increasing by 2.3% mom (+2.9% yoy) to SAR1.35trn. Demand deposits accounted for c53% of total deposits in February 2024 vs 57% in February 2023.
 - Saving deposits declined 3.0% mom (+26.2% yoy) to SAR839bn in February 2024 and accounted for 33% of total deposits (vs 29% in February 2023). We highlight that this is the 1st significant decline in Saving deposits since August 2022.

Loans to Deposits (LDR)

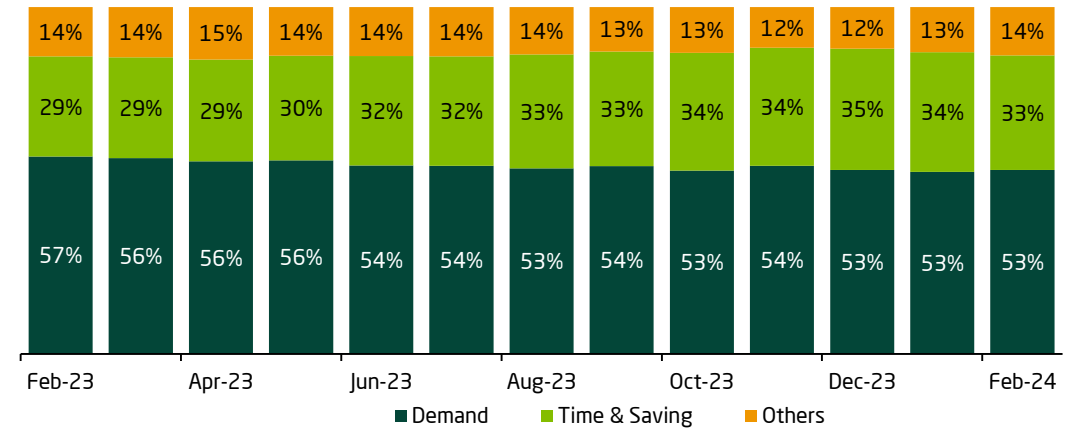
- With growth in deposits slightly greater than the loan growth, the headline LDR decreased to c104.3% in February 2024 vs 104.5% in January 2024 whereas the regulatory LDR remained flat at 79.7% in February 2023 vs January 2024.

Exhibit 8 : Regulatory LDR vs headline LDR (%)



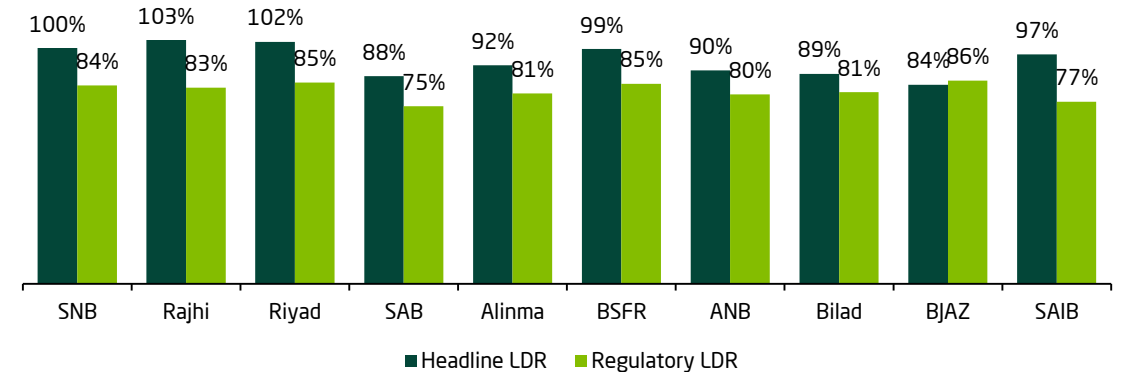
Source: SAMA, SNB Capital Research

Exhibit 7 : Deposit breakdown (%)



Source: SAMA, SNB Capital Research

Exhibit 9: Headline and regulatory LDR of individual banks (%)

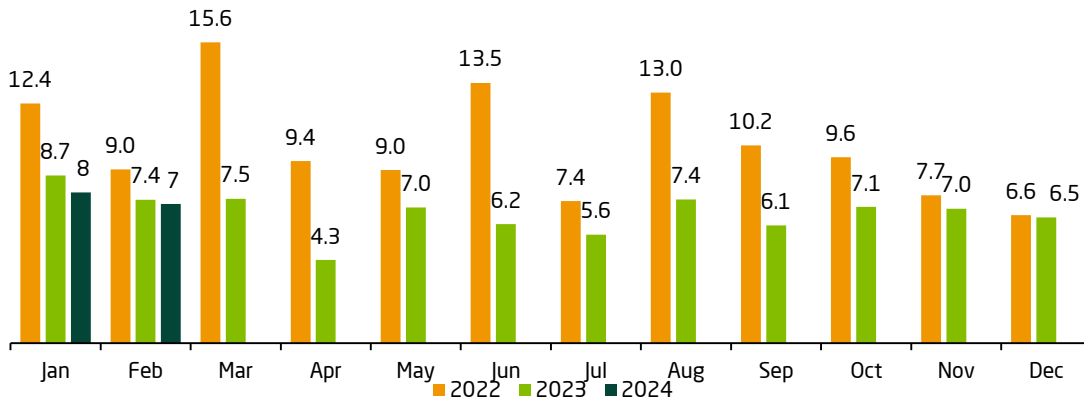


Source: SAMA, SNB Capital Research

Mortgages

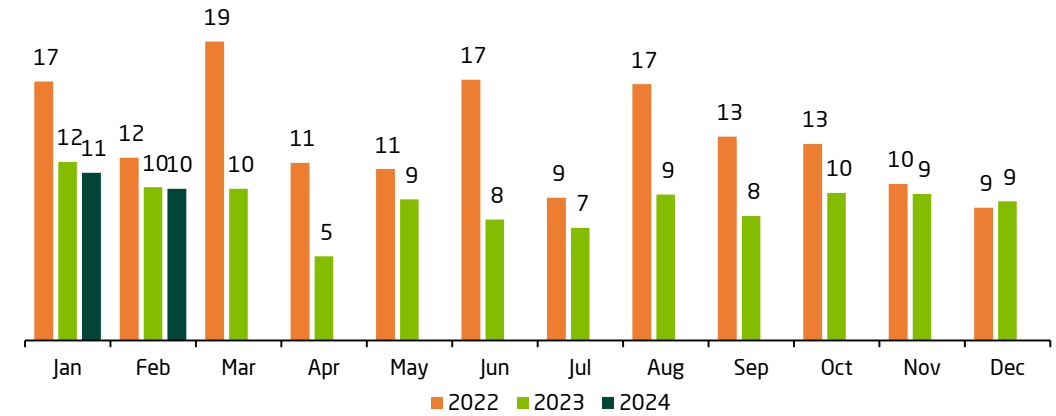
- Banks and other financing companies signed 9,806 new residential mortgage contracts for individuals in February 2024 vs 10,840 in January 2024.
- Disbursed amount stood at SAR7.21bn in February 2024 vs SAR7.81bn in January 2024 (-7.7% mom) and is lower than SAR7.42bn in February 2023 (-2.9% yoy).
- YTD, the total disbursed amount stood at SAR15.0bn vs SAR16.1bn in the same period last year. As mentioned earlier, the change in the subsidy mechanism, high interest rates and the increase real estate prices are impacting mortgages.
- The average contract value in February 2024 stood at SAR0.74mn in February 2024 vs SAR0.72mn in January 2024 and 0.75mn in February 2023.

Exhibit 18 : Mortgages disbursed amount (SAR bn)



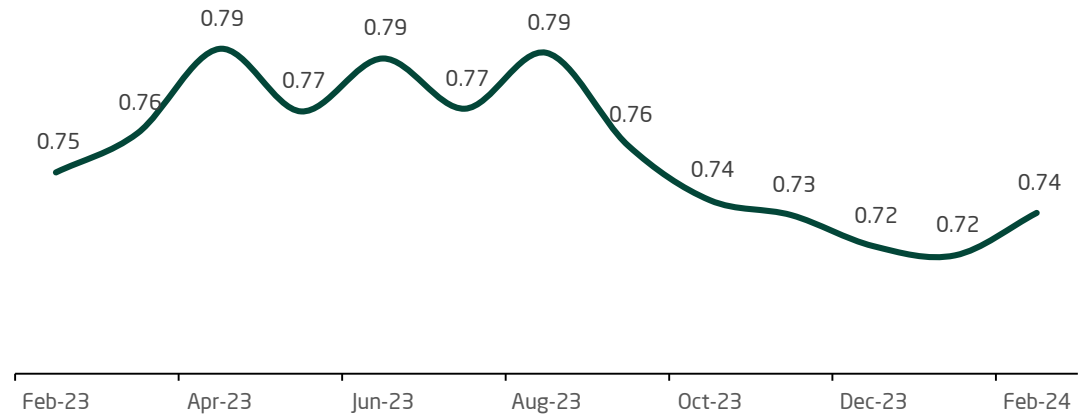
Source: SAMA, SNB Capital Research

Exhibit 17 : New mortgage contracts (000)



Source: SAMA, SNB Capital Research

Exhibit 19 : Average contract value (SAR mn)

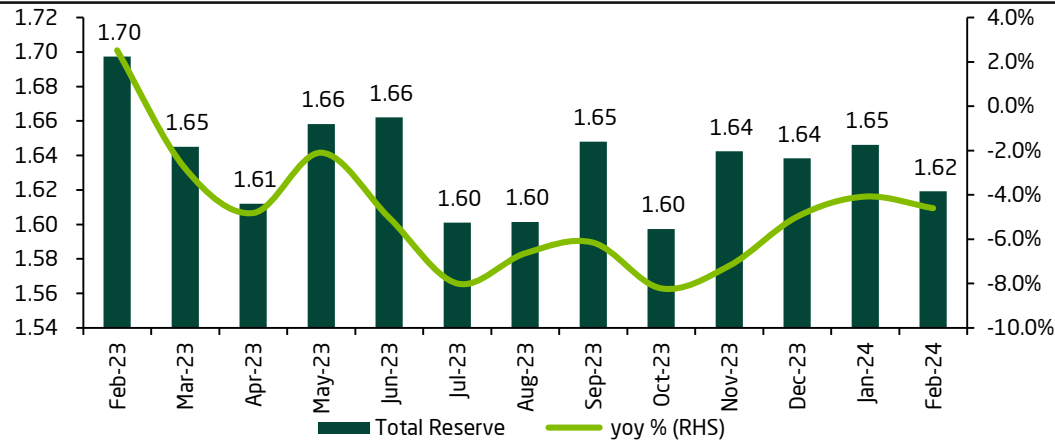


Source: SAMA, SNB Capital Research

Reserves

- Total reserves decreased by 1.64% mom (-4.6% yoy) to SAR1.62trn (US\$432bn). The decrease was primarily due to a decrease in foreign currency & deposits abroad and investment in foreign securities. Foreign currency & deposits decreased by 2.7% mom (-3.9% yoy) to SAR548bn. Whereas investment in foreign securities decreased by SAR11.7bn in February 2024 vs last month.

Exhibit 21 : Total reserves (SAR trn, %)

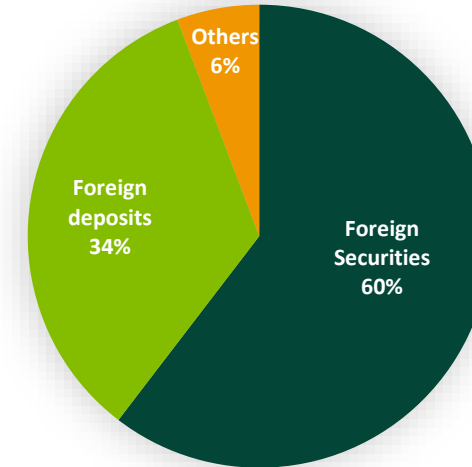


Source: SAMA, SNB Capital Research

Money Supply

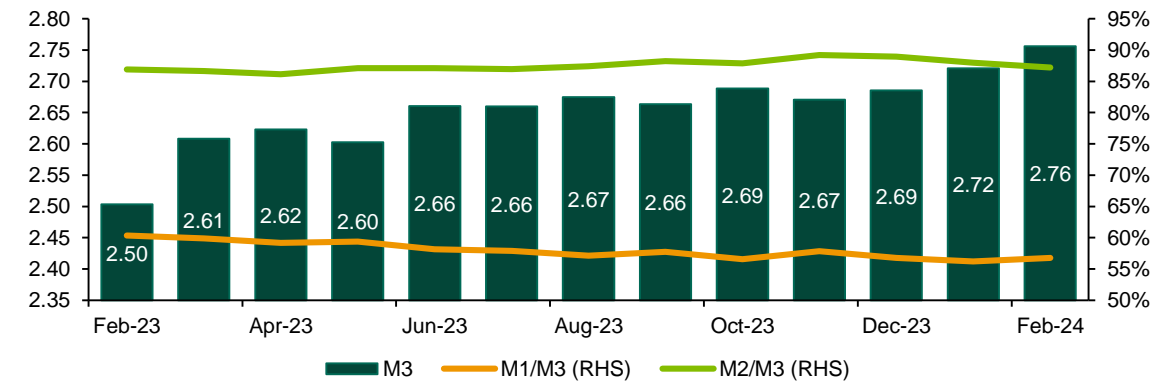
- Broad money supply (M3) increased by 10.1% yoy (+1.3% mom) to SAR2.76trn.
- The yoy growth was primarily due to a growth in the T&S deposits, which increased by 26.2% yoy (-3.0% mom).
- M1 increased by 3.6% yoy (+2.3% mom) to SAR1.57trn, with demand deposits increasing by 2.9% yoy (+2.3% mom) and currency in circulation (CIC) increasing by 8.3% yoy (+2.7% mom).

Exhibit 20 : Reserves break-up (%)



Source: SAMA, SNB Capital Research

Exhibit 22 : Money supply (SAR trn, %)

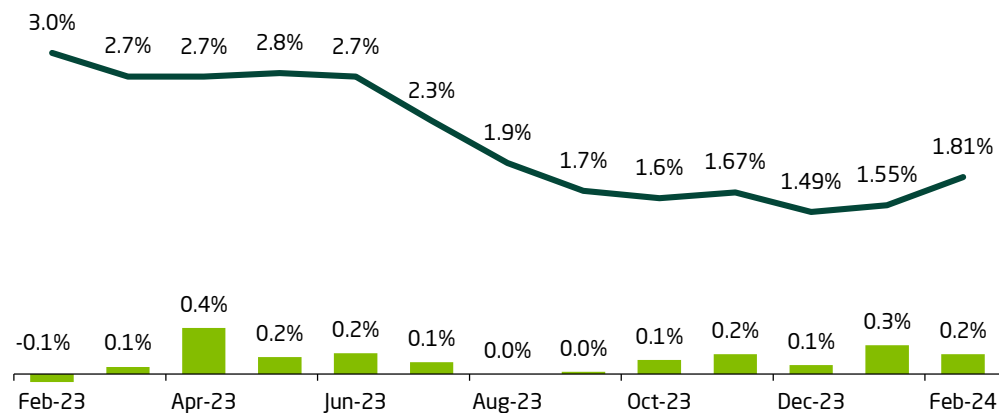


Source: SAMA, SNB Capital Research

CPI

- CPI stood at 1.81% yoy in February 2024 (+0.18% mom) vs 1.55% in January 2024.
 - Housing index (25.5% weightage) continues to push the index up (+8.5% yoy, +1.2% mom).
 - Clothing, Furnishing and Communication are moderating the inflationary trends decreasing by 4.02% yoy (-0.3% mom), 3.0% yoy (-0.2% mom) and 1.8% yoy (-0.2% mom), respectively.

Exhibit 23 : CPI (%)

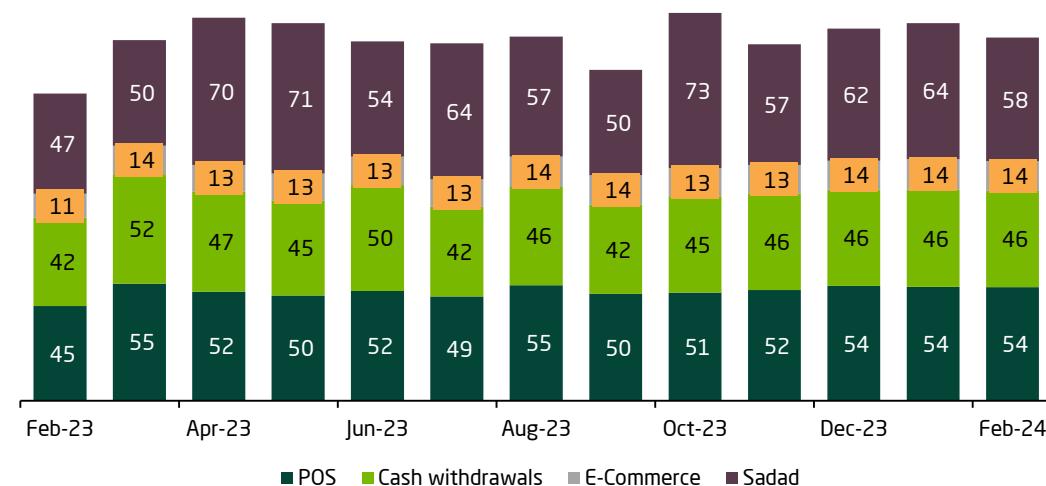


Source: SAMA, SNB Capital Research

Consumer Spending

- PoS transactions stood at SAR53.7bn in February 2024, up 19.9% yoy (-0.2% mom).
- ATM cash withdrawals (Banks and Mada) increased by 9.1% yoy (-1.0% mom) to SAR45.5bn.
- E-commerce transaction using Mada card stood at SAR14.1bn, up by 24.6% yoy (-2.2% mom) to SAR14.1bn.
- Value of bills paid through SADAD increased by 23.0% yoy (-9.3% mom) to SAR58.3bn.

Exhibit 24 : Consumer spending (SAR bn)



Source: SAMA, SNB Capital Research

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