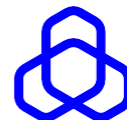


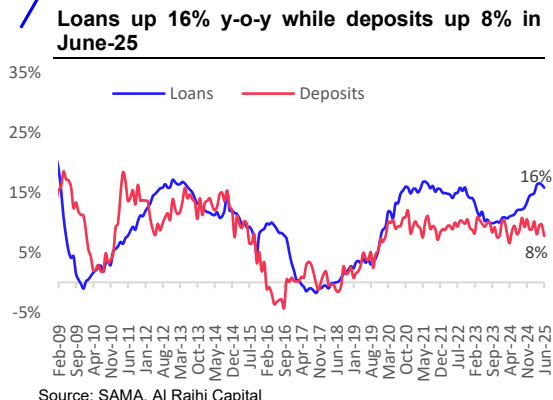
Saudi Banking Monthly Report

Banking Monthly Report

3 August 2025

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alrajhi capitalResearch Department
Madhu Appissa, CFA

Tel +966 11 834 5486, appissam@alrajhi-capital.com



Saudi Banking Monthly Report

Credit growth slows m-o-m, while deposit growth remains supportive

- **Credit growth slowed m-o-m in June due to weak mortgage origination (flat y-o-y and -28% m-o-m), however, corporate loan growth maintained its solid trajectory**
- **Deposit growth (m-o-m) was supportive for second consecutive month led by private sector, pushing the unadjusted LDR down by 54bps m-o-m**
- **Consumer spending grew by almost 9% in June, which was reassuring amid concerns of slowdown in the economy**
- **Banks' profitability in June was solid, which was also confirmed by their Q2 earnings**
- **Guidance from banks that conducted calls so far showed some pessimism on NIMs, but remained confident about asset quality**

More details:

Credit: Growth in June slowed a bit and credit offtake was up just 0.6% m-o-m (+15.8% y-o-y) versus 1.3% m-o-m in May and average run rate of about 1.4% in the first 5 months of 2025. Bank lending to the private sector increased just 0.3% m-o-m and 13.6% y-o-y (May: +1.2% m-o-m, +15.0% y-o-y). It appears retail loans dragged the overall growth as corporate loans (indicated by total bank credit minus personal loans) grew sharply by 2.0% m-o-m (+22.5% y-o-y). In 1H25, the corporate loans grew by 12.3% since December 2024. **Mortgage:** Mortgage originations came in at SAR 5.3bn, down 27.9% m-o-m but largely flat y-o-y. The number for June is the lowest for the year. So far in 2025, the average mortgage origination has been SAR 7.8bn (+15.7% y-o-y).

Deposits: Due to sluggish credit growth and total deposits being up 1.1% m-o-m (May: +1.3% m-o-m), deposit growth outpaced credit after 3 consecutive months of underperformance. The growth was primarily led by private deposits (demand + time) which rose 1.0% m-o-m, while govt. deposits declined 1.4%, primarily due to 4.9% m-o-m decline in govt. demand deposits. Additionally, sharp increase of 9.8% m-o-m in quasi-money deposits was also supportive. Overall, time deposits grew by 1.2% m-o-m, while demand deposits declined by 0.5% m-o-m. Thus, the mix of demand deposits, after witnessing a surge last month, decreased to 52.0%, while time deposits remained flat m-o-m at 38.2%.

Liquidity: The simple LDR declined 54bps m-o-m to 110.8%, while the adjusted LDR was down 111bps m-o-m to 81.6%. SAIBOR-SOFR spread in June remained over 110bps.

Consumer spending (including PoS, cash withdrawals and e-commerce) increased 8.8% y-o-y in June to SAR 122.6bn (+10.0% y-o-y in May), despite cash withdrawals in value terms decreasing 4.7% y-o-y (-4.1% y-o-y in May) to SAR 42.7bn.

Profitability: Profit before Zakat and tax (PBT) for June came in record high at SAR 9.9bn, +21.0% m-o-m and +27.6% y-o-y (May: +5.0% m-o-m, +11.2% y-o-y). PBT for 2Q25 & 1H25 came in at SAR 25.8bn & 51.0bn, witnessing a growth of 18.5% & 20.0% y-o-y, respectively.

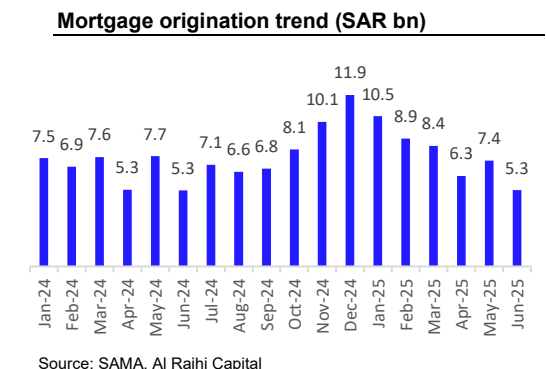
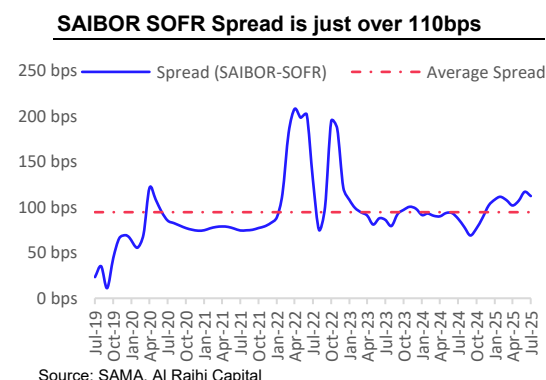
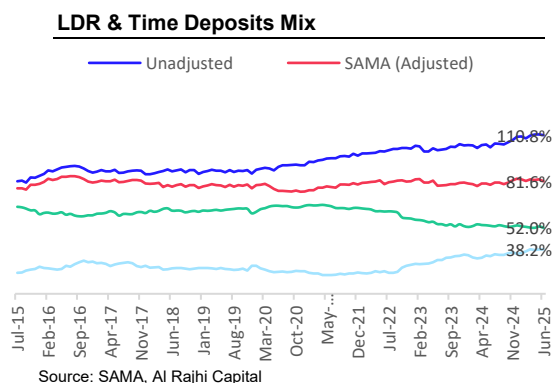


Figure 1 SAMA Monthly Data

(SAR bn)	Jun-25	Jun-24	y-o-y	May-25	m-o-m
Credit					
Total Credit	3,186	2,752	15.8%	3,168	0.6%
Claims on Private Sector	2,959	2,593	14.1%	2,944	0.5%
Claims on Public Sector	227	159	42.6%	224	1.5%
Deposits					
Total Deposits	2,876	2,670	7.7%	2,845	1.1%
Demand Deposits	1,495	1,421	5.2%	1,502	-0.5%
Time Deposits	1,100	904	21.7%	1,087	1.2%
Interbank Liabilities	128	92	40.1%	128	0.0%
Key Ratios					
Demand Deposit Mix	52.0%	53.2%	-125 bps	52.8%	-82 bps
Time Deposit Mix	38.2%	33.9%	439 bps	38.2%	4 bps
Simple LDR (%)	110.8%	103.1%	772 bps	111.3%	-54 bps
SAMA LDR (%)	81.6%	79.3%	235 bps	82.7%	-111 bps
Other Key Indicators					
Residential Mortgage	5.3	5.3	0.2%	7.4	-27.9%
Average Mortgage Origination (YTD)	7.8	6.7	15.7%	8.3	-6.0%
Profit before Zakat	9.9	7.7	27.6%	8.2	21.0%
Rates (%)					
SAIBOR 3M*	5.46%	6.26%	-80 bps	5.37%	9 bps
SOFR*	4.34%	5.33%	-99 bps	4.30%	4 bps
Spread (SAIBOR-SOFR)	112 bps	93 bps	19 bps	107 bps	5 bps

Source: SAMA, Al Rajhi Capital. *Average taken for June 2025, June 2024 and May 2025.

**Claims on Private sector excludes investment in private securities; Claims on Public sector excludes govt and quasi-govt bonds

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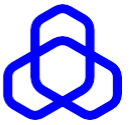
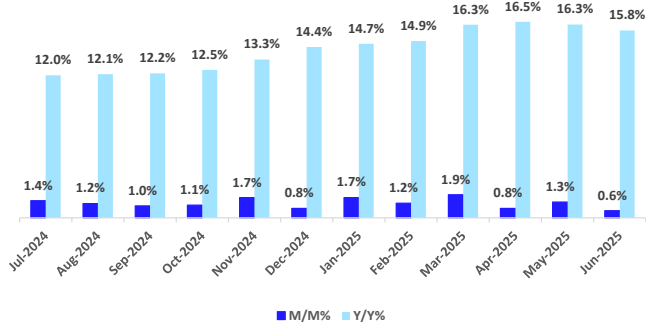
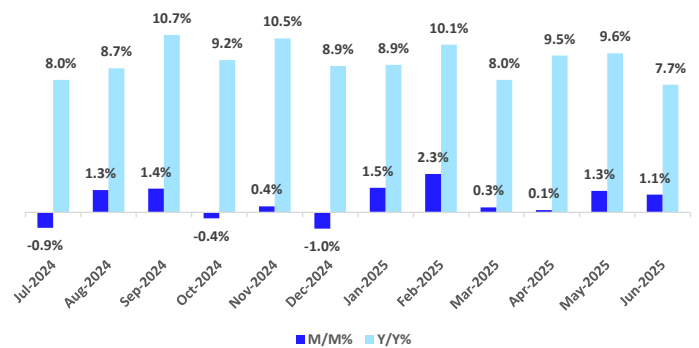
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Figure 2 Credit Growth (Last 12 Months)



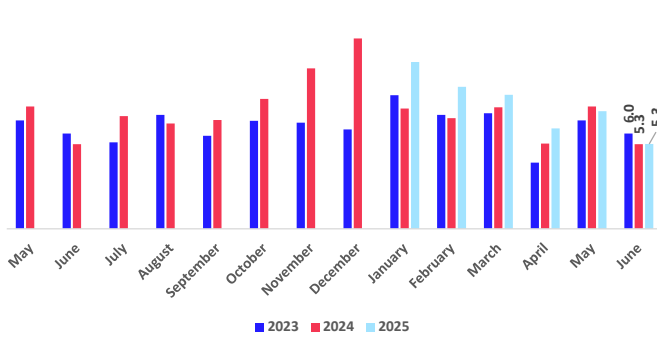
Source: Saudi Central Bank, Al Rajhi Capital

Figure 3 Deposit Growth (Last 12 Months)



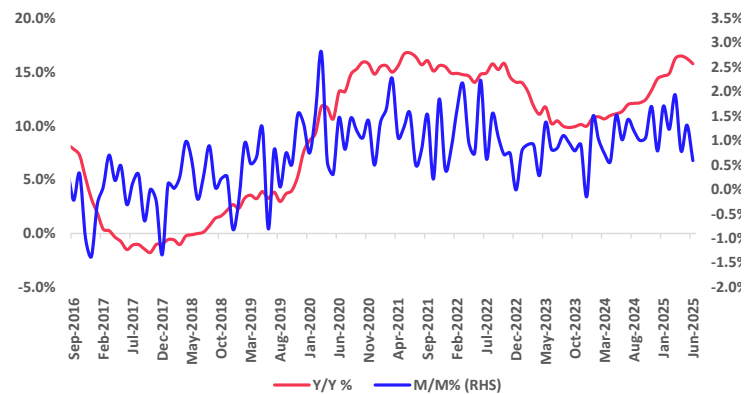
Source: Saudi Central Bank, Al Rajhi Capital

Figure 4 New Mortgage Origination (Last 12M, SAR bn)



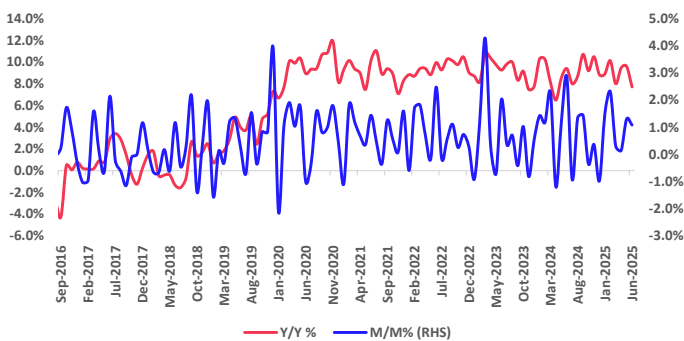
Source: Saudi Central Bank, Al Rajhi Capital.

Figure 5 Credit Growth Long Term



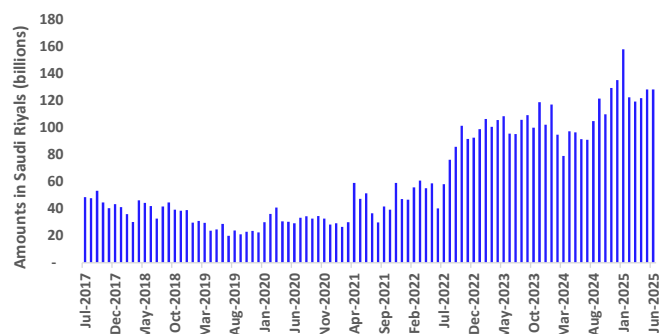
Source: Saudi Central Bank, Al Rajhi Capital

Figure 6 Deposit Growth Long Term



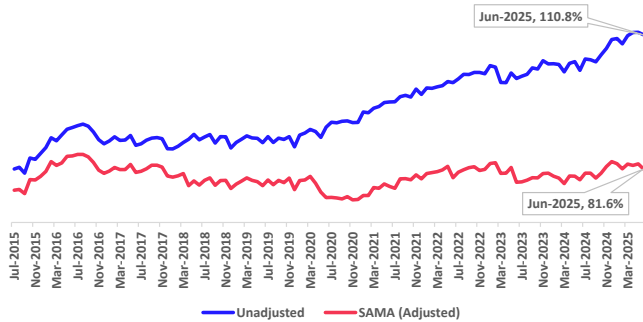
Source: Saudi Central Bank, Al Rajhi Capital

Figure 7 Interbank Liabilities (Long-Term)



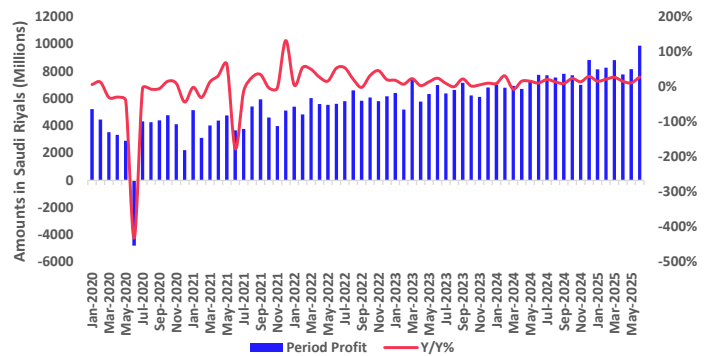
Source: Saudi Central Bank, Al Rajhi Capital

Figure 8 LDR (Long-Term)



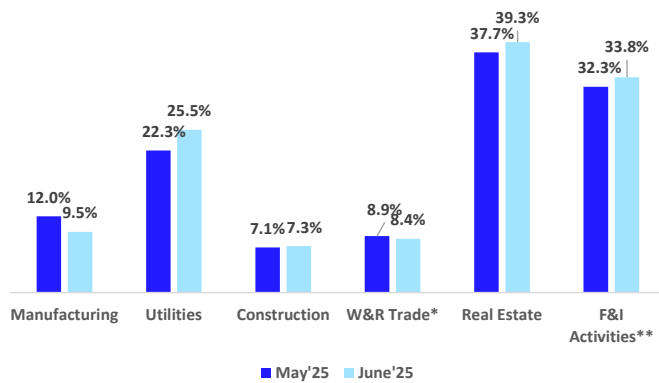
Source: Saudi Central Bank, Al Rajhi Capital

Figure 9 Bank profit before zakat



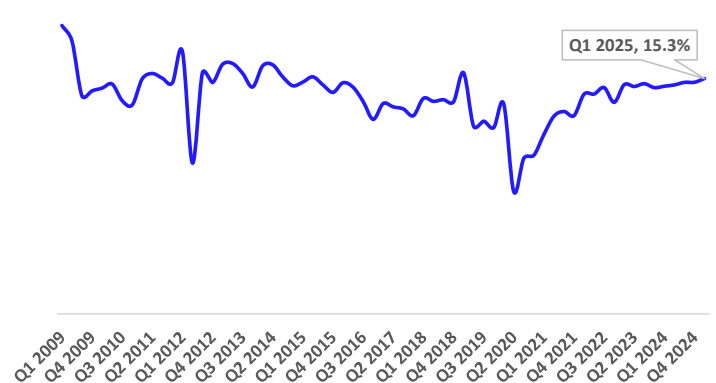
Source: Saudi Central Bank, Al Rajhi Capital

Figure 10 Bank-Credit growth by Economic activity



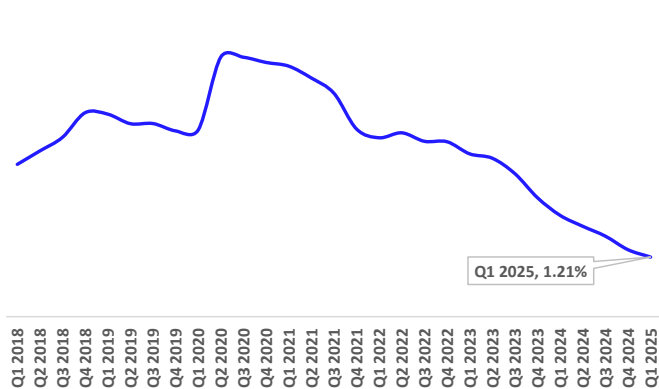
Source: Saudi Central Bank, Al Rajhi Capital; * Wholesale and Retail Trade; ** Finance & Insurance Activities

Figure 11 Return on Equity (Banks)



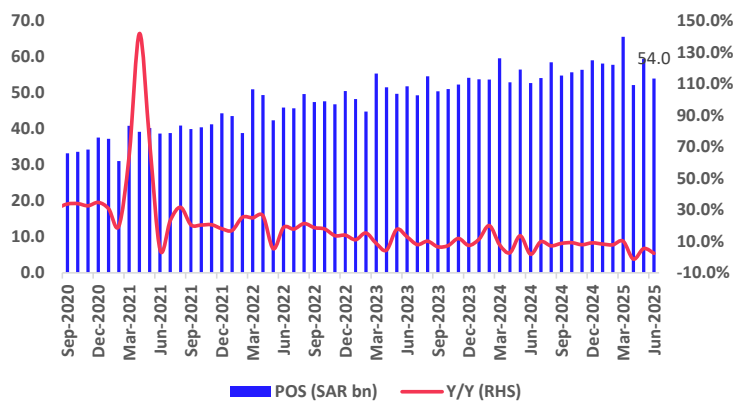
Source: Saudi Central Bank, Al Rajhi Capital

Figure 12 Non-performing loans to Gross loans



Source: Saudi Central Bank, Al Rajhi Capital

Figure 13 Point-of-sale transactions (POS) trend



Source: Saudi Central Bank, Al Rajhi Capital

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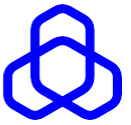
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Contact us

Dr. Sultan Altowaim

Head of Research

Tel : +966 11 828 5468

Email: AltowaimS@alrajhi-capital.sa

Al Rajhi Capital

Research Department

Head Office, King Fahad Road

P.O. Box 5561, Riyadh 11432

Kingdom of Saudi Arabia

Email: research@alrajhi-capital.com

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