

Daily Bulletin

April 7, 2026

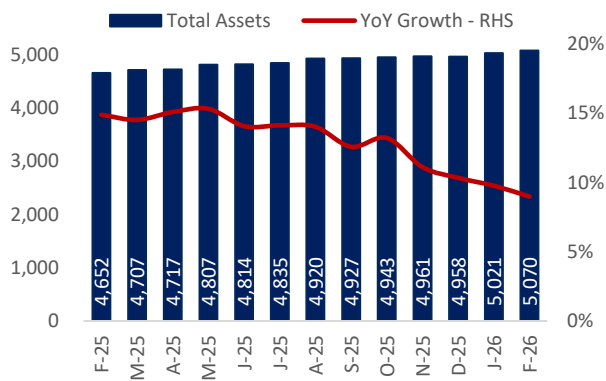
KSA loan growth moderates to 9.6% YoY in Feb-26; lowest since March-20

During Feb-26, Saudi banking sector credit reached SAR 3.3 tn, up 9.6% YoY, marking the slowest pace of expansion since March-20. The slowdown likely reflects a more cautious lending stance by banks ahead of SAMA's 100-bps countercyclical capital buffer effective from May-26, which may limit balance sheet expansion and moderate risk appetite. At the same time, the sector continues to operate against the backdrop of elevated SOFR-SAIBOR spreads, with the 6M spread at 157 bps as of Feb-26, compared to a 5-year average spread of 84 bps.

Total loan portfolio rose 9.6% YoY: Saudi banks total loan portfolio reached SAR 3.3 tn by the end of Feb-26. The loan book increased 9.6% YoY, recording its slowest annual growth since March-20, and a marked deceleration from 14.9% YoY growth recorded in Feb-25.

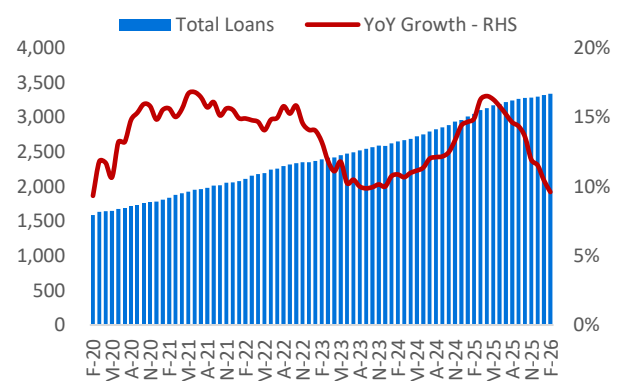
Notably, the contraction in non-oil private sector activity reflects a combination of weaker demand, project delays, and supply chain disruptions. As the March-26 reading for the Riyadh Bank Saudi PMI of 48.8 lowest since August-20 PMI reading of 48.8 (7.3 points decline from 56.1 in February) points to a softer near-term outlook for the credit growth. These factors are likely to weigh on corporate borrowing appetite in the near term, particularly for working capital, trade finance, and SME lending. While structural drivers such as public investment and Vision 2030 execution remain structural drivers of loan growth, the recent macro disruption increases the risk of slower loan growth and a more cautious lending environment. As of Feb-26, total assets of commercial banks arrived at SAR 5.1 tn, up 9.0% YoY (+1.0% MoM).

Total assets (SAR bn)



Source: SAMA, anbc research

Total financing (SAR bn)

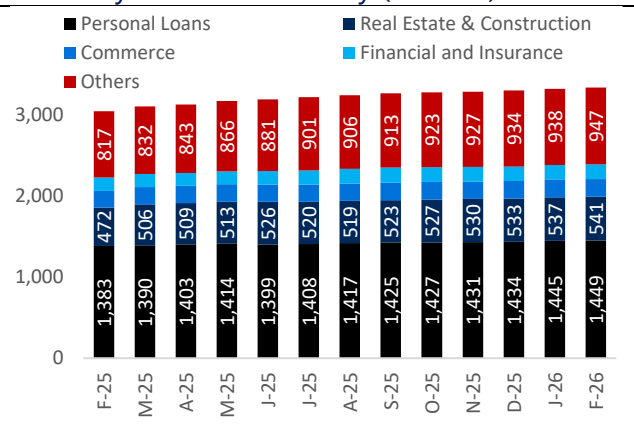


Source: SAMA, anbc research

Personal loans lead the credit expansion: The loan growth continues to be led by strong momentum in personal loans, real estate activities, and the utility sector. During Feb-26, personal loans rose by SAR 66.1 bn YoY (+4.8% YoY) to SAR 1.4 tn. This was followed by real estate related loans, which grew by 16.9% YoY (up by SAR 58.0 bn YoY) to SAR 400.4 bn by end of Feb-26, supported by sustained activity linked to real estate development. The utility sector loans were recorded at SAR 217.5 bn, up by 22.6% YoY. Overall, the composition of loan growth suggests that sector credit expansion remains anchored by relatively sticky retail demand and structurally supported project and infrastructure linked financing, even as broader system loan growth begins to moderate.

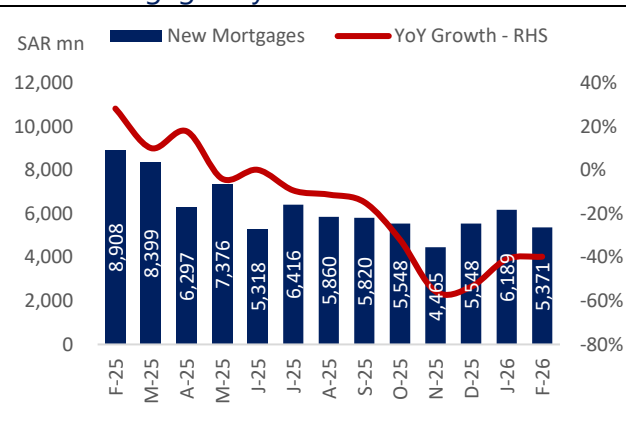
Although personal loans continue to constitute the largest share of Saudi banks' loan book, accounting for 43.4% of total credit in Feb-26, their share has declined from 49.5% recorded in Dec-21. This suggests that the growth mix has gradually shifted toward faster-growing segments, particularly, real estate, utilities, and other project- and investment-linked sectors. This shift is also partly reflective of the preceding high interest rate environment under which retail loan demand moderated compared to the Vision-2030-linked strong momentum in corporate loan growth.

Loans by economic activity (SAR bn)



Source: SAMA, anbc research

New mortgages by banks



Source: SAMA, anbc research

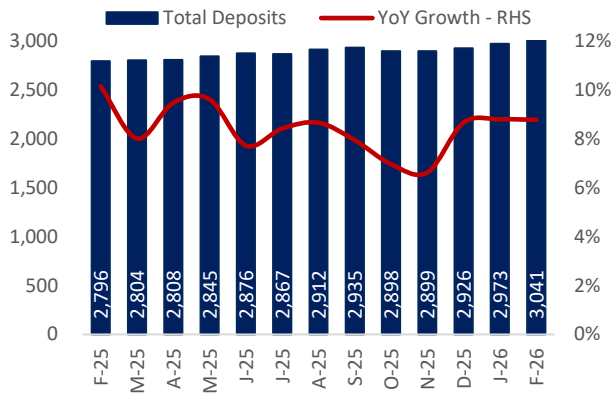
Residential new mortgages decline 39.7% YoY (-13.2% MoM): Residential new mortgages by banks declined by 39.7% YoY (-13.2% MoM) to SAR 5.4 bn in Feb-26. Total number of new contracts during the month were recorded at 8,353, compared to 9,005 during the previous month and 11,757 during Feb-25.

Deposits rose 8.8% YoY during Feb-26: Total deposits at the end of Feb-26 came in at SAR 3.0 tn, up 8.8% YoY. On a sequential basis, deposits growth has continued its growth momentum with continuous MoM increase since a 1.3% MoM decline last recorded in Oct-25. During Feb-26, deposits reported a 2.3% MoM increase, the highest in 12 months.

The annual growth in deposits was primarily led by time and savings deposits, which rose 16.2% YoY to SAR 1.2 tn. This has led to an increase in share of time and savings deposits to total deposits from 36.9% in Feb-25 to 39.4% in Feb-26. From a profitability standpoint, the increased reliance on time and savings deposits is likely to keep cost of funds elevated and slow the downward repricing of banks' funding base despite monetary easing.

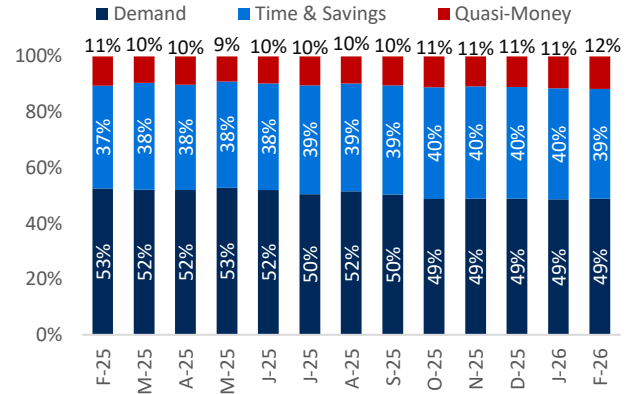
Demand deposits rose 1.2% YoY to SAR 1.5 tn. The slower pace of demand deposits growth relative to the increase in time deposits has led to the share of demand deposits in total deposits declining from 52.6% in Feb-25 to 48.9% in Feb-26. However, on a monthly basis, demand deposits showed recovery, increasing 2.9% MoM. Time & savings deposits rose 1.1% MoM, while other quasi-money deposits recorded a 3.7% MoM growth to SAR 354.3 bn (+20.6% YoY).

Total deposits (SAR bn)



Source: SAMA, anbc research

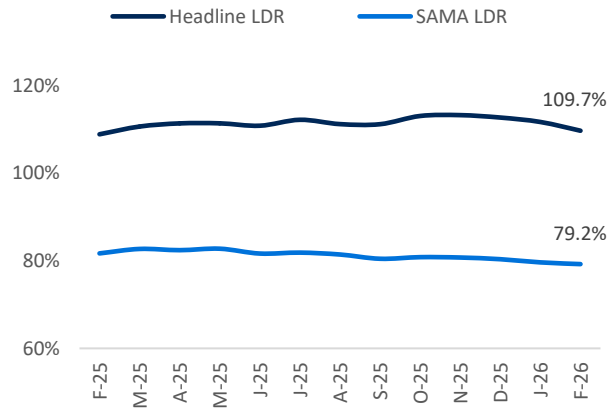
Deposits breakup



Source: SAMA, anbc research

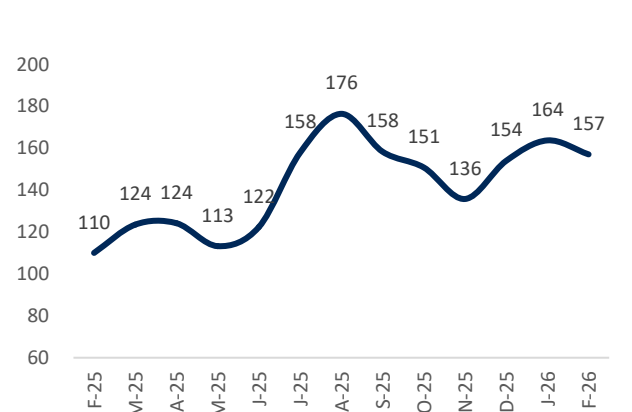
Liquidity pressures persist, though LDR shows signs of stabilization: Amid the persistent imbalance between credit and deposit growth, headline LDR has remained elevated, staying above 100% since May-22. However, the recent moderation in loan growth, alongside a modest improvement in deposit growth, has helped stabilize sector liquidity conditions in recent months. In Feb-26, headline LDR declined by 200 bps MoM to 109.7%, marking its lowest level in the past 12 months. Despite this sequential improvement, the ratio remains historically elevated and was still up 81 bps YoY from 108.8% in Feb-25. SAMA LDR was reported at 79.2% during Feb-26, down 245 bps YoY (-39 bps MoM) from 81.7% in Feb-25.

Banking sector's liquidity position



Source: SAMA, anbc research

6M SOFR-SAIBOR spreads (bps)

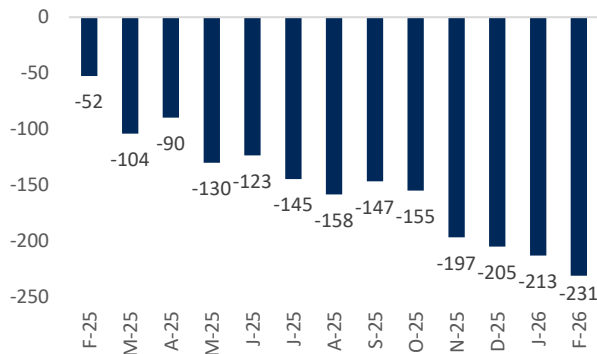


Source: SAMA, anbc research

Liquidity conditions remain tight across the banking sector, although some sequential easing was observed in Feb-26. The 6M SOFR-SAIBOR spread narrowed to 157 bps in Feb-26 from 164 bps in Jan-26, suggesting a modest MoM improvement in domestic funding conditions. However, spreads remain materially above the 5-year average of 84 bps, indicating that system liquidity pressures continue to persist at elevated levels. The high SAIBOR environment is likely to incentivize banks to increasingly access international funding markets to supplement domestic liquidity and diversify funding sources. This is also reflected in the sector's Net Foreign Assets (NFA) position, which deteriorated further to SAR -230.8 bn in Feb-26 from SAR -212.9 bn in Jan-26, pointing to continued reliance on external borrowing to bridge funding gaps.

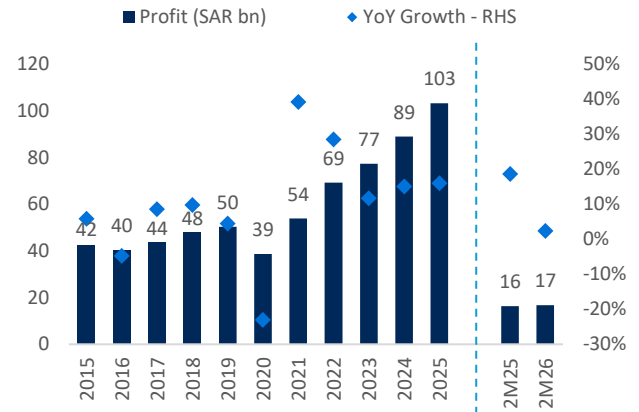
However, the elevated SOFR-SAIBOR spread also offers a near-term earnings tailwind for the sector. In particular, banks with a higher proportion of corporate loan exposures are likely to benefit from slower asset repricing in a declining rate environment, providing support to NIM. As of Dec-25, Saudi Investment Bank and Banque Saudi Fransi had the highest exposure to gross corporate lending within their gross loan books, at 89.4% and 79.4%, respectively, positioning them relatively better to benefit from this dynamic.

Net foreign assets (SAR bn)



Source: SAMA, anbc research

Banking sector's profitability



Source: SAMA, anbc research

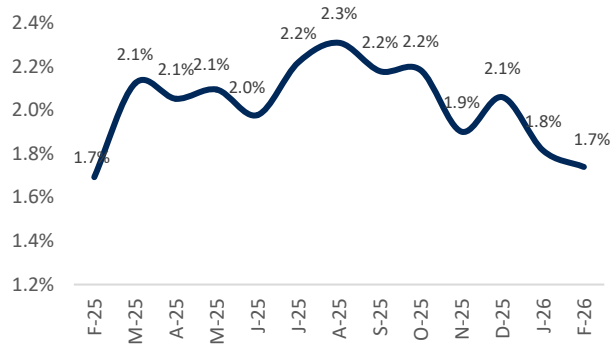
Banking sector profitability up 2.4% YoY in 2M26: During 2M26, the sector reported profits of SAR 16.8 bn, up 2.4% YoY. However, the sector profitability growth declined from 18.7% YoY growth recorded in 2M25. The relatively subdued earnings growth in 2M26 is likely driven by a combination of slower loan growth, which has tempered asset-side expansion, and continued pressure on funding costs amid a rising share of time deposits in the liability mix.

CPI for Feb-26 recorded at 1.7%: CPI for Feb-26 was reported at 1.7% YoY, compared to 1.8% in the previous month. The rise was mainly driven by a 4.1% YoY increase in housing, water, electricity, gas, and other fuels (holding 19.5% weight) and an 8.2% YoY growth in personal care, social protection, and miscellaneous goods (holding 5.8% weight). Additionally, transport index recorded a 1.4% YoY increase (14.8% weightage).

Consumer spending: POS transactions value for Feb-26 arrived at SAR 59.9 bn, up 3.5% YoY. In contrast, ATM cash withdrawals declined by 2.6% YoY to SAR 43.2 bn, underscoring the continued structural migration away from cash usage toward electronic payment methods. Digital channels recorded notably stronger growth. E-commerce transactions via Mada cards surged to SAR 30.4 bn, up 45.6% YoY, highlighting accelerating adoption of online commerce and card-based payments. Value of bills paid through Sadad increased 8.5% YoY to SAR 69.5 bn.

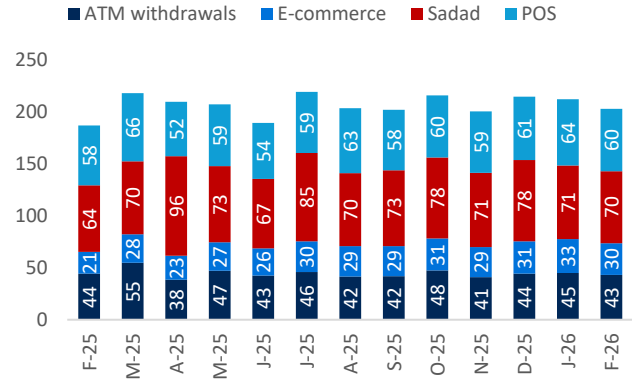
These trends point to a deepening shift in the payments mix toward digital platforms in KSA, reinforcing the structural transformation of the financial system in line with Vision 2030's financial sector development and cashless economy objectives.

Annual CPI



Source: SAMA, anbc research

Consumer spending (SAR bn)



Source: SAMA, anbc research

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