



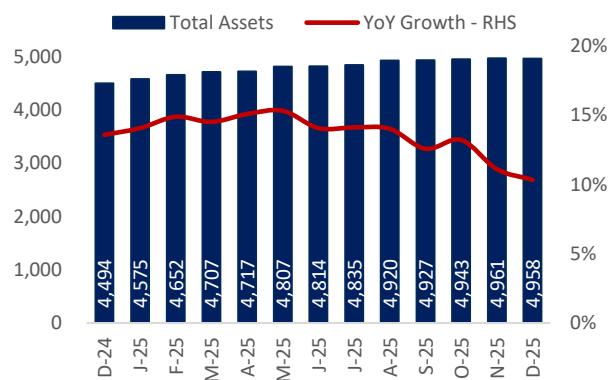
KSA credit growth in Dec-25 moderates to 11.5% YoY; lowest since June-24

Total loan portfolio up 11.5% YoY; fell slightly below estimate of 12.3% YoY: Saudi banks reported total loans of SAR 3,296.2 bn, recording an 11.5% YoY growth as of Dec-25 (+0.4% MoM), marking its slowest pace since June-24. Loan growth has experienced a moderation in recent months, with growth coming below our estimate of 12.3% YoY during 2025. This deceleration most likely reflects a more cautious lending approach by banks, due to the 100-bps countercyclical capital buffer introduced by SAMA. Within our coverage universe, among banks which have announced their results for 2025, Alinma Bank recorded the highest financing growth of 13.6% YoY to SAR 229.7 bn. This was followed by SNB, with a loan growth of 11.5% YoY to SAR 729.3 bn. AlRajhi Bank's financing portfolio arrived SAR 752.8 bn (+8.6% YoY).

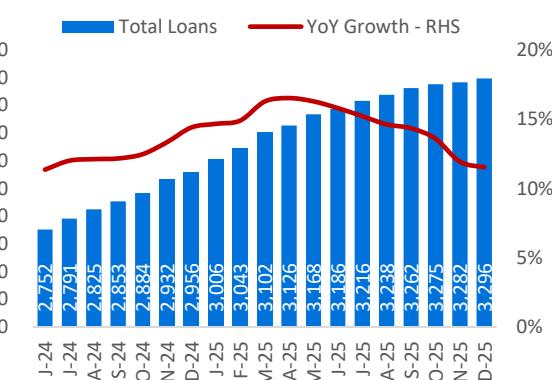
We expect loan growth to further moderate in 2026 to around ~11% from our initial estimate of ~13%. Despite the slowdown in loan growth, the medium-term outlook for credit growth remains positive, supported by an easing monetary environment and sustained investment momentum associated with Vision 2030 initiatives. Notably, net loan originations during the Dec-25 recovered to SAR 13,986.0 mn, up 97.7% MoM from net originations of SAR 7,074.3 mn in Nov-25.

As of Dec-25, total investments also witnessed a slowdown in growth (lowest growth since Aug-24), increasing 9.5% YoY to SAR 761.1 bn (+0.7% MoM). Total assets of commercial banks arrived at SAR 4,958.1 bn, up 10.3% YoY (down 0.1% MoM).

Total assets (SAR bn)



Total financing (SAR bn)



Source: SAMA, anbc research

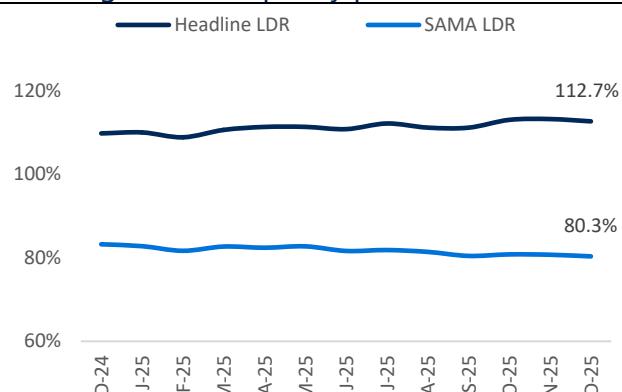
Source: SAMA, anbc research

Deposit growth improved to 8.7% YoY: At the end of Dec-25, total deposits amounted to SAR 2.9 tn, up 8.7% YoY, marking its highest growth in 4 months. On a monthly basis, deposits grew at 0.9%. The improvement in deposits growth led to a 55 bps MoM decline in headline LDR to 112.7%, though it increased 288 bps YoY. Regulatory LDR fell to 80.3%, down 38 bps MoM and 290 bps YoY.

However, liquidity pressures persist, with 6M SOFR-SAIBOR spreads increasing by 18 bps MoM to 154 bps during Dec-25. For the full year, average 6M SOFR-SAIBOR spreads stood at 137 bps, recording an increase of 45 bps from 93 bps in 2024. The elevated SAIBOR will encourage banks to tap international markets to raise additional capital.

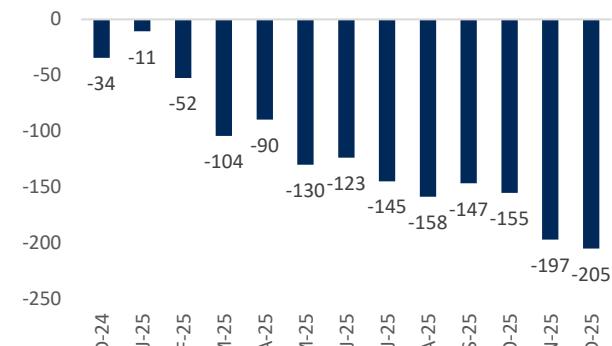
Net Foreign Assets (NFA) position, during the month, declined further to SAR -204.8 bn from SAR -196.7 bn in Nov-25, indicating increased external borrowing by banks to bridge liquidity gaps arising from strong credit demand.

Banking sector's liquidity position



Source: SAMA, anb research

Net foreign assets (SAR bn)



Source: SAMA, anb research

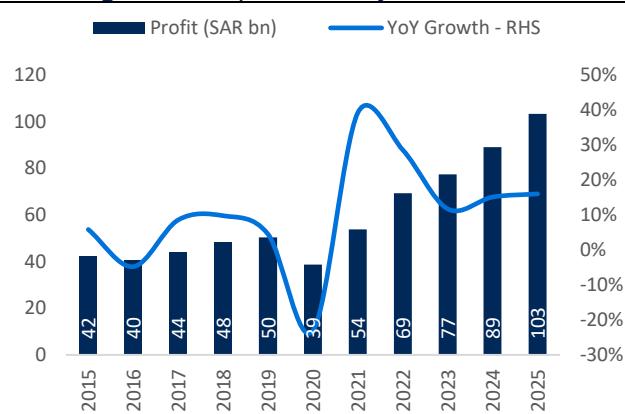
Profitability during 2025 up 16.0% YoY: During 2025, the sector reported profits of SAR 103.4 bn, up 16.0% YoY. The improvement in profitability can be associated with a 75-bps interest rate reduction during the year, with 6M SAIBOR averaging around 5.4% during 2025, compared to 5.8% in 2024. As asset yields tend to reprice more slowly than interest-bearing liabilities, banks are positioned to benefit from a faster adjustment in funding costs, which would have stabilized margins and supported stronger profitability during the year.

6M SOFR-SAIBOR spreads (bps)



Source: SAMA, anb research

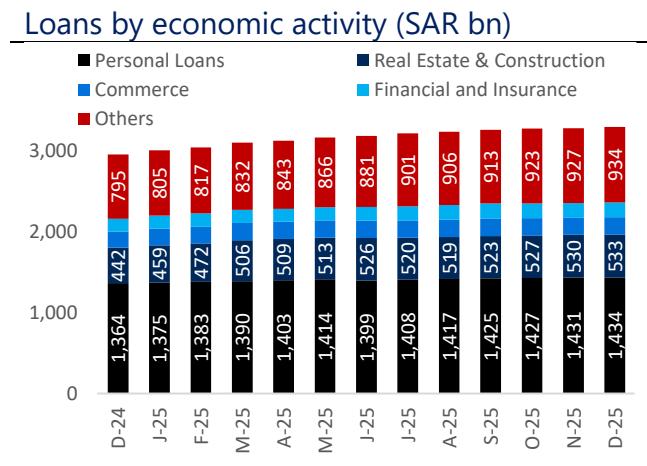
Banking sector's profitability



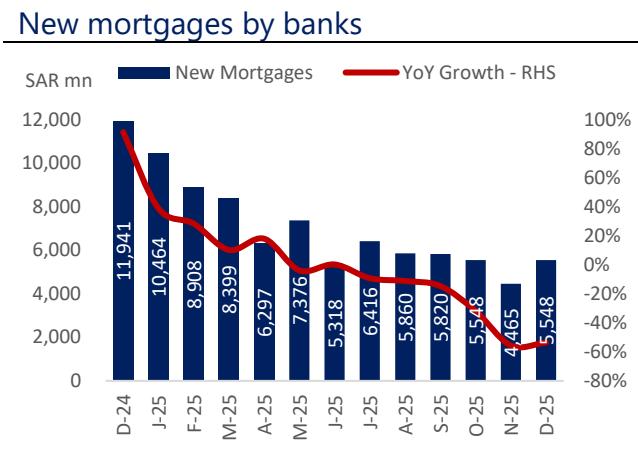
Source: SAMA, anb research

Real estate loans led the loan growth during 2025: Within bank credit classified by economic activity, real estate loans led the loan growth during 2025, increasing by SAR 72.0 bn YoY (+22.4% YoY) to SAR 393.5 bn, reflecting continued momentum in housing and commercial developments. This was followed by personal loans which rose by SAR 70.5 bn YoY (+5.2% YoY) to SAR 1.4 tn, supported by resilient household consumption, stable employment conditions, and ongoing demand for consumer financing. With interest rates now in a declining environment, we expect further growth momentum in personal financing demand. On the other hand, education sector loans recorded a decline of SAR 598.8 mn during the year (-7.2% YoY) to SAR 7.7 bn at the end of 2025.

Individual loans continue to constitute the largest share in total loans of 43.5% during Dec-25. However, growth in individual loans has slowed, relative to overall loan growth, leading to its share declining from 46.1% in Dec-24. Real estate activities follow with a contribution of 11.9% in total loans during Dec-25 (an increase from the share of 10.9% in Dec-24).



Source: SAMA, anb research



Source: SAMA, anb research

Residential new mortgages decline 53.5% YoY (+24.3% MoM): Residential new mortgages by banks declined by 53.5% YoY to SAR 5.5 bn in Dec-25. However, on a monthly basis, new mortgages increased 24.3%, potentially reflecting a revival in demand as a result of declining interest rates. Total number of contracts during the month were recorded at 7,613, compared to 6,773 during the previous month. Total contracts for 2025 amounted to 108,795, down 11.0% YoY, with total loan amount of SAR 80.4 bn. With continuous monetary easing, a gradual recovery in residential mortgages is expected.

Looking ahead, an easing interest-rate environment is expected to support retail lending by lowering borrowing costs and enhancing household affordability. The recovery in retail credit may be further underpinned by favorable demographic trends, sustained policy initiatives to increase homeownership (Vision 2030's target of raising homeownership to 70%), and continued stability in labor market conditions.

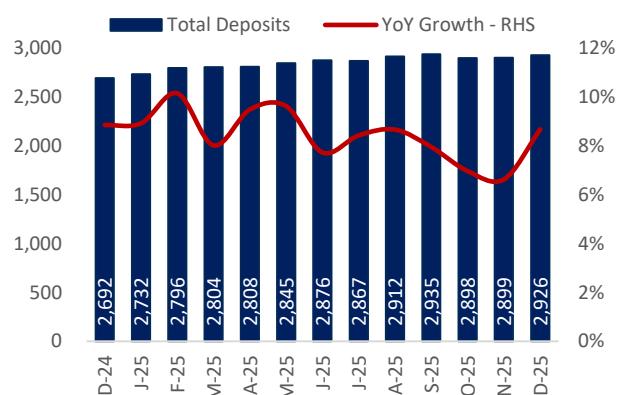
Share of time deposits increased to 40.1% vs 35.3% in 2024: Total deposits at the end of Dec-25 came in at SAR 2.9 tn, up 8.7% YoY (+0.9% MoM). The growth primarily was led by time and savings deposits, which rose 23.6% YoY to SAR 1.2 tn. This has led to an increase in share of time and savings deposits to total deposits from 35.3% at the end of 2024 to 40.1% in 2025. The growing dependence on time deposits has meaningful implications for banks' funding profiles going forward, as it will exert upward pressure on the cost of funds, even as recent monetary easing begins to filter through.

Demand deposits fell by 0.6% YoY to SAR 1.4 tn, resulting in share of demand deposits to total deposits declining to 49.0% in 2025, from 53.5% in 2024. However, on a monthly basis, demand deposits showed recovery, leading the deposit growth, increasing 1.0% MoM. Time & savings deposits rose 0.3% MoM, while other quasi-money deposits recorded a 3.0% MoM growth to SAR 319.7 bn (+5.8% YoY).

Within our coverage banks as per result announcements so far, SNB recorded the highest deposit growth of 9.7% YoY during 2025 to SAR 636.1 bn. However, deposits growth lagged financing growth, leading to headline LDR elevated at 114.7% (+181 bps YoY). Alinma Bank followed with an increase in deposits by 8.0% YoY to SAR 227.4 bn,

with headline LDR recorded at 101.0%, up 496 bps YoY. AlRajhi Bank recorded the slowest deposits growth at 1.9% YoY to SAR 667.3 bn. Resultantly, the bank's headline LDR rose 694 bps to 112.8%.

Total deposits (SAR bn)



Source: SAMA, anbc research

Deposits breakup



Source: SAMA, anbc research

CPI for Dec-25 rose to 2.1%: CPI for Dec-25 was recorded at 2.1% YoY, compared to 1.9% 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 a 7.0% YoY growth in personal care, social protection, and miscellaneous goods (holding 5.8% weight). Additionally, food and beverages recorded a 1.3% YoY increase (22.0% weightage), while transport rose 1.5% YoY and holds a weight of 14.8%. For the full year 2025, inflation was recorded at 2.0%.

Consumer spending: POS transactions value for Dec-25 arrived at SAR 61.1 bn, up 3.5% YoY. In contrast, ATM cash withdrawals declined by 5.7% YoY to SAR 44.4 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 31.1 bn, up 60.7% YoY, highlighting accelerating adoption of online commerce and card-based payments. Value of bills paid through Sadad increased 1.4% YoY to SAR 78.2 bn.

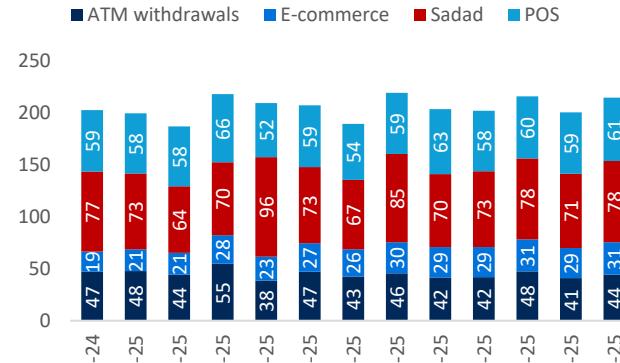
For the full year, e-commerce activities increased by 64.7% YoY to SAR 325.2 bn. SADAD payments followed, growing at 9.9% YoY to SAR 898.6 bn. Conversely, cash withdrawals fell to SAR 537.5 bn, down 2.8% YoY. These trends point to a deepening shift in the payments mix toward digital platforms in KSA, 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

Disclaimer:

This report has been prepared on the basis of information believed to be reliable, but anb capital makes no guarantee, representation or warranty, express or implied, as to the accuracy, correctness or completeness of such information, nor do they accept any responsibility for loss or damage arising in any way (including by negligence) from errors in, or omissions from the information.

This report has been prepared by anb capital for information purposes only and is not and does not form part of nor should be considered advice, recommendation, offer for sale or solicitation of any offer to subscribe for, purchase or sell any securities, nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever, and any views or opinions expressed herein are subject to change without notice.

This report and information contained herein, are provided for informational purpose only and does not take into consideration any investment objective, financial situation or particular needs of any recipient and are not designed with the objective of providing information to any particular recipient and only provides general information.