Daily Bulletin

January 1, 2026

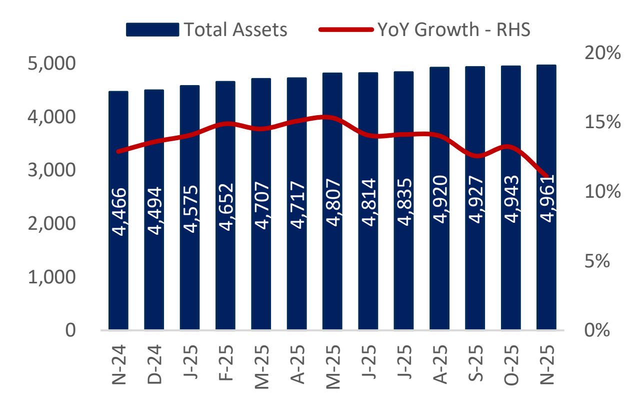
KSA credit growth moderated to 11.9% YoY in Nov-25, marking its slowest pace since Jul-24

Total assets up 11.1% YoY with sustained credit growth: Saudi banks reported total assets of SAR 4,961.2 bn at the end of Nov-25, increasing 11.1% YoY and 0.4% MoM. Total loans stood at SAR 3,282.2 bn, recording 11.9% YoY growth (+0.2% MoM). However, loan origination dynamics indicate moderation, with net loan originations declining 45.4% MoM to SAR 7.1 bn. This slowdown probably reflects a more cautious lending stance by banks, due to the 100-bps countercyclical capital buffer introduced by SAMA. Despite this slowdown, the medium-term outlook for credit growth remains positive, supported by easing monetary conditions and investment momentum driven by Vision-2030.

Liquidity constraints remained intact, as deposits growth has lagged behind credit expansion, highlighting funding pressures within the system. Total deposits grew at 6.6% YoY during Nov-25 to SAR 2,899.2 bn. Resultantly, the headline LDR grew to 113.2% in Nov-25, up 536 bps YoY (+19 bps MoM). Additionally, during Nov-25 Net Foreign Assets (NFA) position has declined further to SAR 196.7 mn from SAR 155.0 mn in Oct-25, indicating increased external borrowing by banks to bridge liquidity gaps stemming from strong credit demand. Total investments by banks for Nov-25 stood at SAR 755.7 bn, up 9.7% YoY (+0.1% MoM).

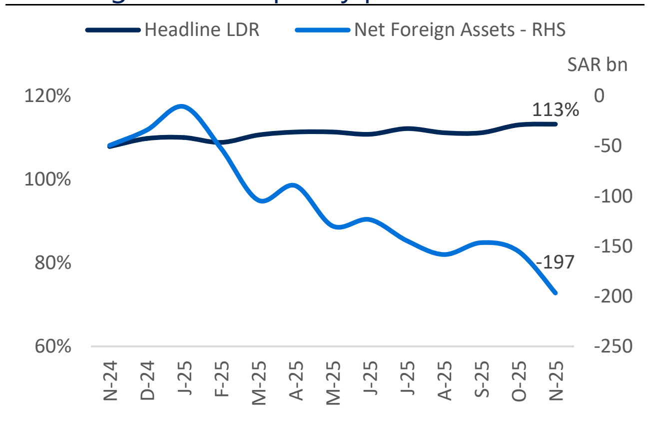
The sector reported profits of SAR 8.3 bn for Nov-25, up 18.0% YoY (+0.2% MoM). This improvement in profitability can be associated with the interest rate reduction, as during Nov-25 average 3M SAIBOR clocked in at 4.97% compared to the 5.21% in Oct-25. Asset yields generally reprice more gradually than interest-bearing liabilities, therefore banks could have benefitted from a relatively quicker decline in funding costs, supporting margin stabilization and contributing to a stronger profitability performance. The accumulated profits for 11M25 reached SAR 93.7 bn, up 16.7% YoY.

Total assets (SAR bn)



Source: SAMA, anbc research

Banking sector's liquidity position

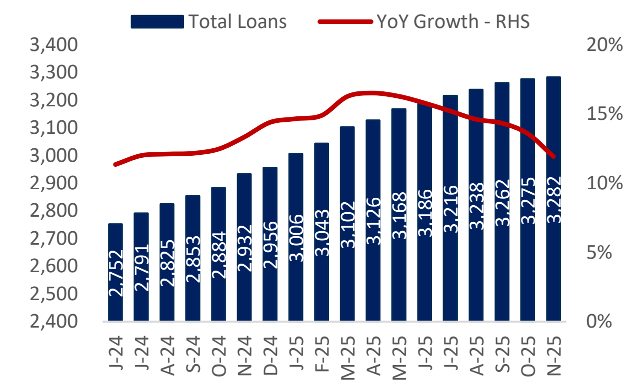


Source: SAMA, anbc research

Individual loans lead the loan growth: Within bank credit classified by economic activity, individual loans led the loan growth during Nov-25, increasing by SAR 81.1 bn YoY (+6.0% YoY) to SAR 1.4 tn. This was followed by real estate activities which rose by SAR 66.9 bn YoY (+21.2% YoY) to SAR 382.4 bn. On the other hand, education sector loans recorded a decline of SAR 454.3 mn YoY (-5.5% YoY) to SAR 7.8 bn.

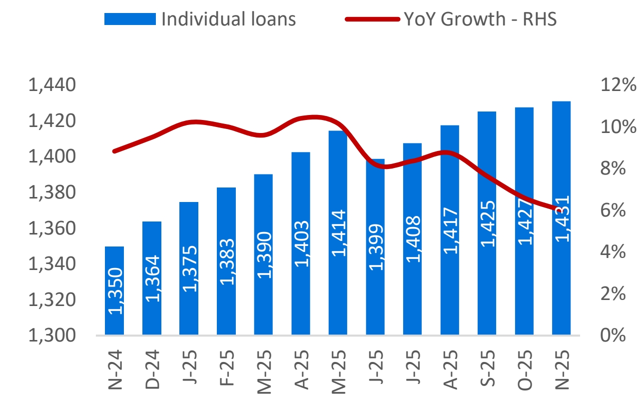
Individual loans continue to constitute the largest share in total loans of 43.6% during Nov-25. However, growth in individual loans has slowed, relative to overall loan growth, leading to its share declining from 46.0% in Nov-24. Real estate activities follow with a contribution of 11.7% in total loans during Nov-25.

Total loans (SAR bn)



Source: SAMA, anbc research

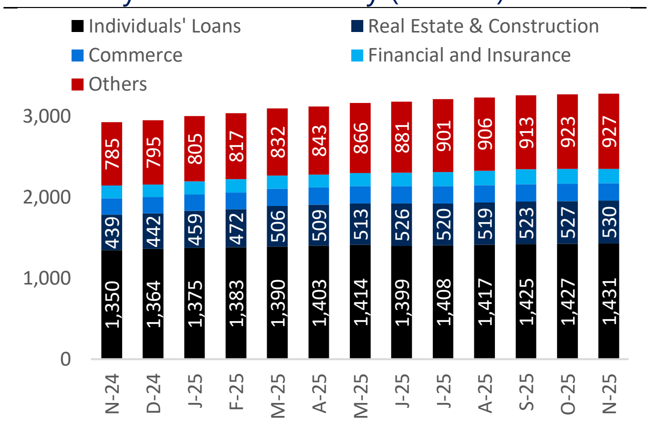
Individual loans (SAR bn)



Source: SAMA, anbc research

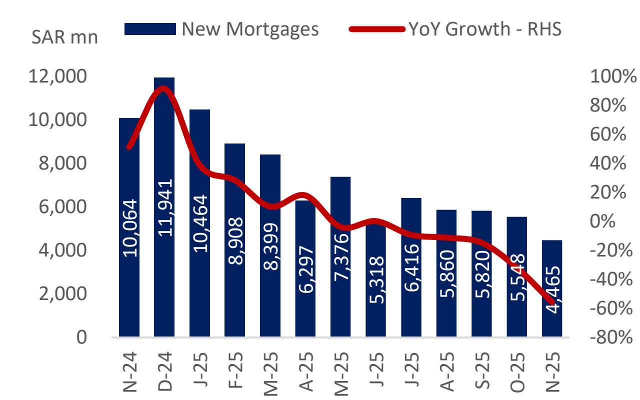
Residential new mortgages decline 55.6% YoY (-19.5% MoM): Residential new mortgages by banks declined by 55.6% YoY to SAR 4.5 bn in Nov-25 (-19.5% MoM). Total number of contracts during the month were recorded at 6,773, compared to 8,025 during the previous month and 13,142 during Nov-24. Total contracts during 11M25 amounted to 101,182, down 5.4% YoY, with total loan amount of SAR 74.9 bn. With continuous monetary easing, a gradual recovery in residential mortgages is expected.

Loans by economic activity (SAR bn)



Source: SAMA, anbc research

New mortgages by banks



Source: SAMA, anbc research

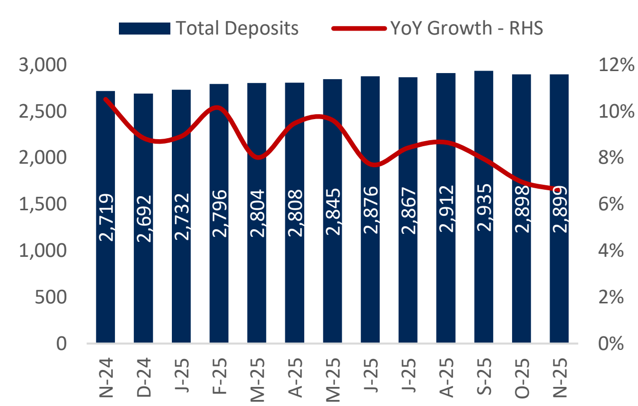
Going forward, lower interest rates are likely to provide a meaningful boost to retail lending demand by easing borrowing costs and improving household affordability. The recovery in retail lending is expected to be further supported by favorable demographics, continued policy support for homeownership (Vision 2030 target of increasing home ownership to 70%), and stable labor market conditions.

Share of demand deposits stood at 48.9%: Total deposits during Nov-25 came in at SAR 2.9 tn, up 6.6% YoY. Time & savings deposits led the yearly growth, increasing by SAR 180.7 bn (+18.3% YoY) to SAR 1.2 tn, while demand deposits fell by 1.3% YoY to SAR 1.4 tn. Demand deposits showed slight recovery on a monthly basis, increasing

0.2% MoM, with growth led by 6.4% MoM rise in deposits by government entities. Time & savings deposits continued to lead growth, rising 0.9% MoM. Other quasi-money deposits were recorded at SAR 310.3 bn, up 6.0% YoY, though it declined 3.6% MoM.

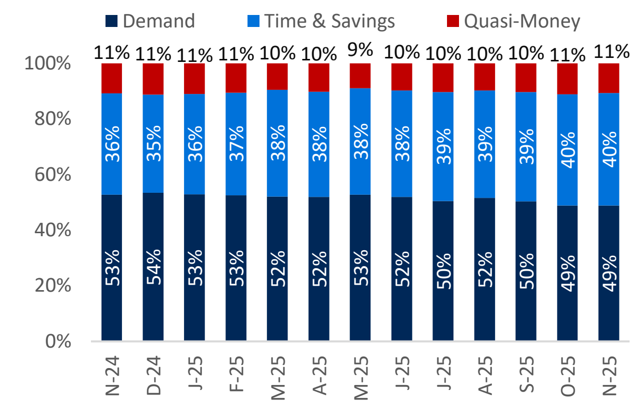
The share of demand deposits in total deposits declined to 48.9% in Nov-25 from 52.8% in the same period last year, reflecting a structural migration toward interest-bearing deposits. Conversely, share of time & savings deposits increased to 40.4% of total deposits, up 397 bps YoY, while quasi-money deposits accounted for 10.7% of deposits. This transition has implications for banks' funding costs, contributing to upward pressure on cost of funds, even as recent monetary easing begins to filter through.

Total deposits (SAR bn)



Source: SAMA, anbc research

Deposits breakup



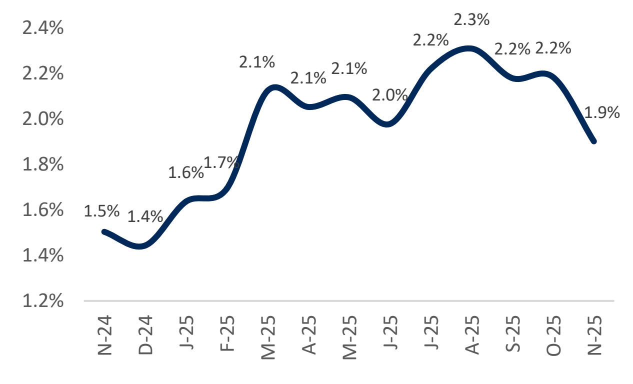
Source: SAMA, anbc research

CPI for Nov-25 moderated to 1.9%: CPI for Nov-25 was recorded at 1.9% YoY, compared to 2.2% in the previous month. The annual rise was mainly driven by a 4.3% YoY increase in housing, water, electricity, gas, and other fuels (holding 19.5% weight) and a 6.6% 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 14.8% weight.

Consumer spending: POS transactions value for Nov-25 arrived at SAR 59.0 bn, up 4.5% YoY. ATM cash withdrawals declined 4.4% YoY to SAR 40.9 bn, reflecting an ongoing structural shift away from cash-based transactions toward digital payment channels. E-commerce transactions value using Mada cards were recorded at SAR 29.1 bn, up 66.9% YoY. Value of bills paid through Sadad increased 17.8% YoY to SAR 71.5 bn. The growth trends reinforce the ongoing structural evolution of Saudi Arabia's payments landscape, characterized by increasing digitization in line with Vision 2030's financial sector development objectives.

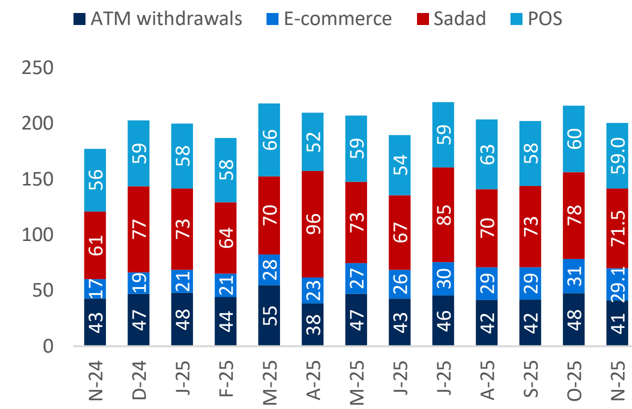
However, on a monthly basis, spending momentum softened, with overall consumer activity moderating across all categories. ATM withdrawals declined 13.9% MoM, while e-commerce sales fell 5.3% MoM. Additionally, payments through Sadad and POS transactions value decreased 8.3% and 1.4% MoM, respectively.

Annual CPI



Source: SAMA, anbc research

Consumer spending (SAR bn)



Source: SAMA, anbc research

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