Saudi Banking Sector Monthly

November 2, 2026

Sep-26: Deposit growth slowed to 4.8% YoY; LDR up 132 bps MoM to 113.8%

Recently released SAMA's September 2026 data showed Saudi bank credit at SAR 3.5 tn, up 7.3% YoY (Aug-26: 7.0% YoY), as monthly credit formation rose to SAR 35.9 bn, the highest in 16 months, versus SAR 30.7 bn in Aug-26. Deposits rose 4.8% YoY but fell 0.1% MoM to SAR 3.1 tn, the third consecutive decline, leaving them SAR 56.1 bn below the Jun-26 high. Headline LDR rose to 113.8%, up 132 bps MoM and 266 bps YoY. Time and savings deposits made up 46.1% of total deposits, up from 39.3% in Sep-25, and above the 45.7% share of demand deposits (Sep-25: 50.4%). During Sep-26, interest rates turned higher, as the US Fed raised the interest rate target range by 25 bps to 3.75-4.00% on 16th Sep-26, and it held the range at its 28th Oct-26 meeting.

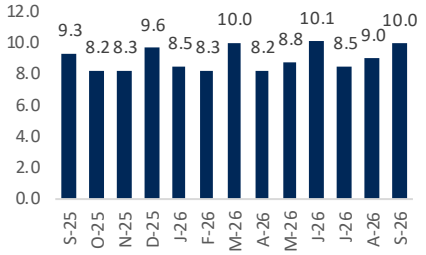
Net credit formation rose to SAR 35.9 bn. The loan book grew 7.3% YoY, still about half the 14.3% pace of Sep-25. Net loan originations of SAR 35.9 bn during Sep-26 were the highest in 16 months and 1.2x August's SAR 30.7 bn. However, 9M26 net loan additions of SAR 204.2 bn were still 33.4% below the SAR 306.6 bn of 9M25. Real estate activities led the growth, with net additions of SAR 12.4 bn during the month to SAR 435.0 bn (+2.9% MoM, +15.2% YoY). Electricity, gas and water was the second largest driver, up SAR 6.1 bn MoM to SAR 264.3 bn (+2.4% MoM, +25.6% YoY), followed by personal loans (up by SAR 5.5 bn MoM) to SAR 1,477.5 bn. In total, 12 of 17 economic activities expanded during the month.

Deposits dipped for a third month as demand balances fell. Deposits fell by SAR 4.0 bn MoM to SAR 3.1 tn, a much smaller decline than August's SAR 33.5 bn. Annual growth slowed to 4.8% YoY from 5.7% YoY in Aug-26. Demand deposits fell by SAR 19.7 bn (-1.4% MoM), while time and savings deposits rose by SAR 17.5 bn (+1.3% MoM), led by a SAR 16.0 bn (+2.2% MoM) increase in business and individual time deposits. Quasi-money deposits fell 0.7% MoM to SAR 253.6 bn. Government deposits were broadly stable, down SAR 3.7 bn (-0.4% MoM) to SAR 1,007.7 bn, after the SAR 47.4 bn decline in August.

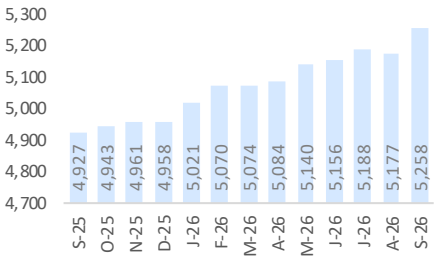
6M SAIBOR-SOFR spread narrowed to 126 bps in Sep-26. The SAIBOR-SOFR spread fell 13 bps MoM to 126 bps, and 33 bps below the Sep-25 spread of 158 bps. The narrowing came as SOFR rose 24 bps MoM, more than the 11 bps MoM increase in SAIBOR. At its latest meeting on 28th Oct-26, the US FOMC held rates at 3.75-4.00%, with two members voting for a further 25 bps hike, while its September median projection implies one more hike in 2026 and no change in 2027. The sector's net foreign liability position stood at SAR 208.5 bn as of Sep-26, down from SAR 217.3 bn in Aug-26 but up from SAR 146.5 bn in Sep-25.

Profitability during 9M26 up 5.5% YoY. Profit before zakat and tax for Sep-26 arrived at SAR 10.0 bn, up 7.3% YoY and 10.9% MoM. Cumulative 9M26 profit amounted to SAR 81.5 bn, up 5.5% YoY, well below the 17.8% YoY growth recorded in 9M25. Total assets stood at SAR 5.3 tn at the end of Sep-26 (+1.6% MoM), up 6.7% YoY.

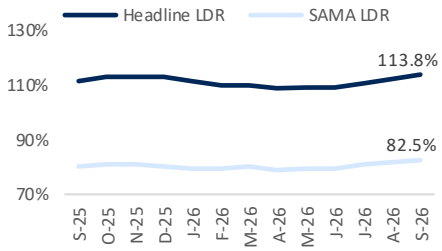
PROFIT BEFORE ZAKAT & TAX (SAR bn)



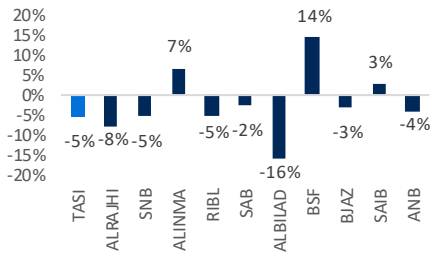
TOTAL ASSETS (SAR bn)



BANKING SECTOR'S LIQUIDITY POSITION



RELATIVE PERFORMANCE - BANKS (YTD)*



Last close of 29th Oct, 2026

Source: Saudi Central Bank, Tadawul, anbc research

Muhammad Adnan Afzal
Head of Sell Side Research
Muhammad.afzal@anbcapital.com.sa
+966 11 4062500 ext:4364

MONTHLY – SEPTEMBER 2026

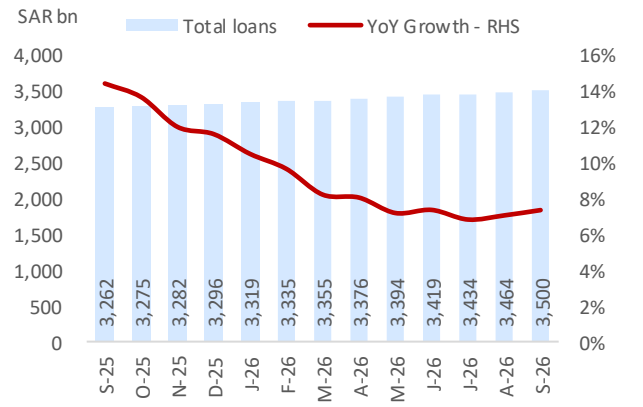
Total loan book up 7.3% YoY as of Sep-26

Saudi banks' loan book reached SAR 3.5 tn at the end of Sep-26, up 7.3% YoY (vs Aug-26: 7.0% YoY) and 6.2% YTD. Net monthly loan originations of SAR 35.9 bn were the highest in 16 months and 1.2x of Aug-26 net originations of SAR 30.7 bn. However, originations were still 33.4% down in 9M26 at SAR 204.2 bn, compared to SAR 306.6 bn in 9M25.

We expect sector loan growth to remain in the mid to high single digits through 2026 end. The Riyad Bank Saudi PMI rose to 55.3 in Sep-26 from 53.8 in Aug-26, the highest reading since February, as new orders grew at their fastest pace since February, with demand predominantly domestic. Activity growth slowed to a five month low, which the survey linked to greater geopolitical uncertainty, and export orders fell for a seventh consecutive month. During 3Q26, real GDP fell 3.8% YoY on a 20.4% fall in oil activity, while non-oil activity grew 1.9%, according to GASTAT's flash estimate. Hence, we expect credit demand during the rest of 2026 and in 2027 to depend mainly on domestic non-oil activity.

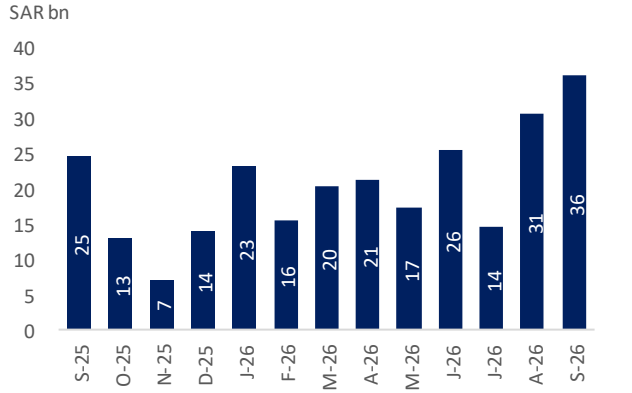
The rate path remains unfavorable for credit demand. The Fed raised the target range by 25 bps to 3.75-4.00% on 16th Sep-26 and held it on 28th Oct-26, with two members voting for a further hike. The September median Fed projection implies a further hike this year and no change in 2027, removing the prospect of cuts that would have supported personal and mortgage demand.

Total financing



Source: Saudi Central Bank, anbc research

New net monthly loan originations



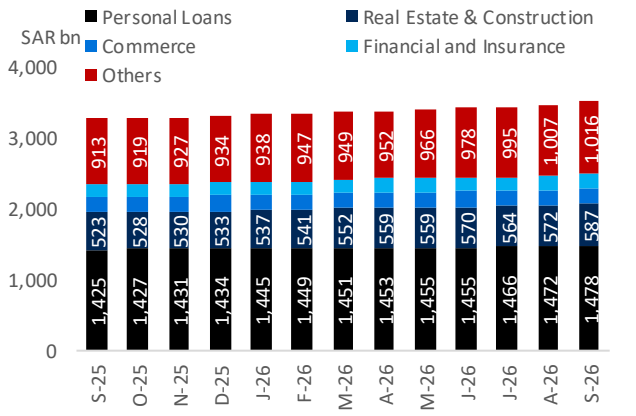
Source: Saudi Central Bank, anbc research

Real estate lending led the credit expansion

Real estate activities were the leading contributor to monthly loan originations, rising by SAR 12.4 bn MoM (+2.9% MoM) to SAR 435.0 bn in Sep-26, more than double August's SAR 5.7 bn MoM gain, with annual growth of 15.2% YoY. Electricity, gas and water lending rose by SAR 6.1 bn (+2.4% MoM) to SAR 264.3 bn, up 25.6% YoY. Personal loans rose by SAR 5.5 bn MoM (+0.4% MoM) to SAR 1,477.5 bn, below August's SAR 6.2 bn gain. Annual growth in personal loans eased to 3.7% YoY, from 3.9% YoY in Aug-26, with their share of the total loan book declining to 42.2% from 43.7% in Sep-25. Higher policy rates raise the cost of new consumer and mortgage borrowing, which we expect to weigh on personal loan growth.

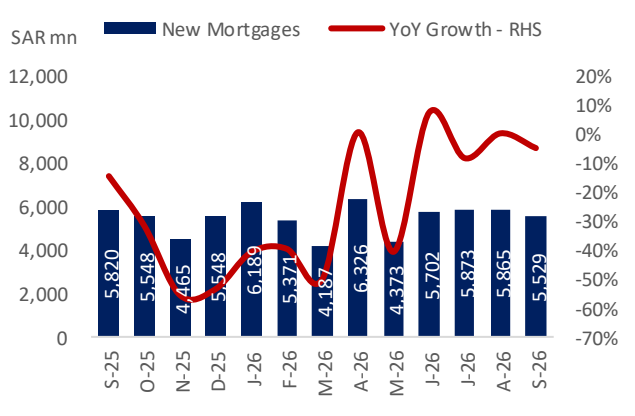
Within other non-personal lending, wholesale and retail trade rose by SAR 3.4 bn MoM to SAR 224.3 bn, construction loans increased by SAR 2.8 bn to SAR 152.0 bn, and financial and insurance activities by SAR 2.8 bn to SAR 195.2 bn. Transport and storage was the largest decliner, down by SAR 1.7 bn (-2.2% MoM) to SAR 76.7 bn.

Loans by economic activity



Source: Saudi Central Bank, anbc research

New mortgages by banks



Source: Saudi Central Bank, anbc research

Residential new mortgages down 5.0% YoY at SAR 5.5 bn

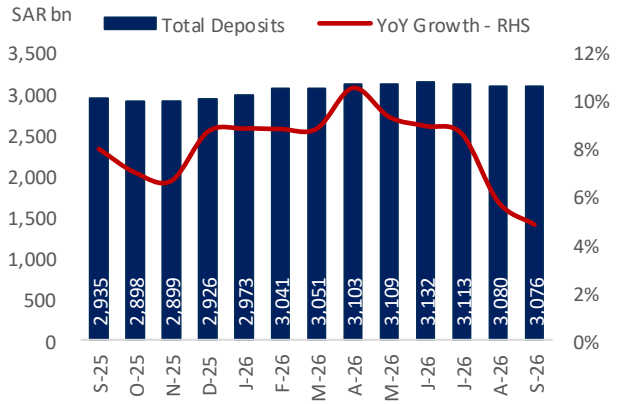
Residential new mortgages by banks amounted to SAR 5.5 bn in Sep-26, down 5.0% YoY and 5.7% lower MoM. Originations during 9M26 amounted to SAR 49.4 bn and are 23.8% below 9M25 levels. With the current higher interest rate environment, we expect volumes to remain subdued through 2026 end. The number of contracts also fell by 9.9% YoY during 9M26 to 77,825, while average value per contract fell by 15.4% YoY to SAR 635.0k from SAR 750.8k in 9M25.

Deposits fell 0.1% MoM in Sep-26; annual growth slowed to 4.8%

Total deposits at the end of Sep-26 arrived at SAR 3.1 tn, down by 0.1% MoM, the third consecutive decline. Annual growth slowed to 4.8% from 5.7% YoY in Aug-26, the slowest since Oct-19, and is further below credit growth of 7.3%.

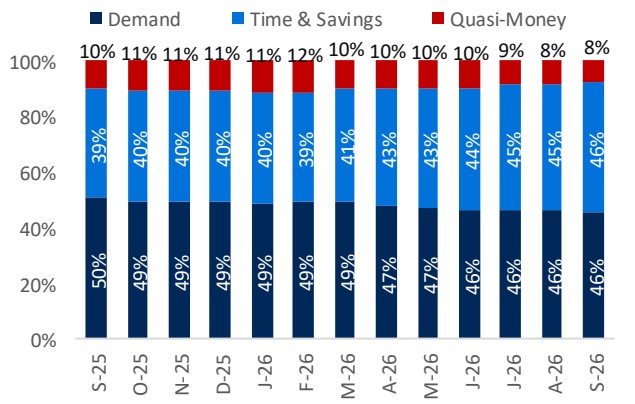
Demand deposits fell by SAR 19.7 bn during the month (-1.4% MoM) to SAR 1.4 tn. Time and savings deposits rose by SAR 17.5 bn (+1.3% MoM) to SAR 1.4 tn. Quasi-money deposits declined by SAR 1.8 bn (-0.7% MoM) to SAR 253.6 bn.

Total deposits



Source: Saudi Central Bank, anbc research

Deposits breakdown



Source: Saudi Central Bank, anbc research

Within demand deposits, business and individual deposits declined by SAR 16.3 bn during the month (-1.4% MoM) to SAR 1,145.5 bn, reversing most of August's SAR 18.6 bn increase, while government demand deposits fell by SAR 3.4 bn (-1.3% MoM) to SAR 259.4 bn. Time deposits exhibited the opposite trend, with business and individual time deposits increasing by SAR 16.0 bn (+2.2% MoM) to SAR 752.1 bn, indicating a partial

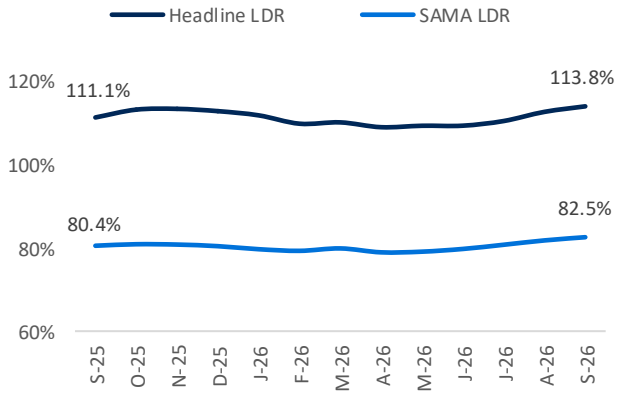
reallocation from demand toward time and savings deposits. Government time deposits rose by SAR 1.6 bn to SAR 665.1 bn.

Time and savings deposits constituted 46.1% of total deposits as of Sep-26 (Sep-25: 39.3%) and demand deposits made up 45.7% of total deposits (Sep-25: 50.4%).

Headline LDR climbed 132 bps MoM to 113.8%

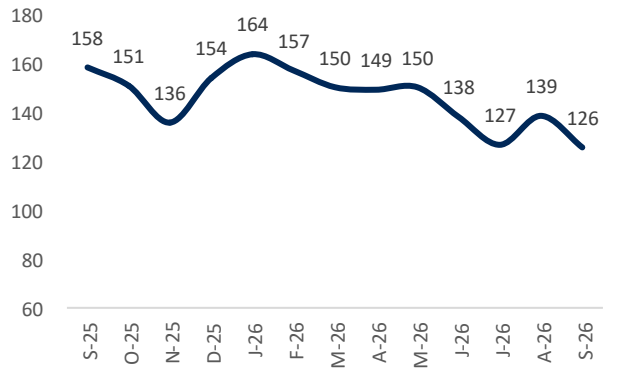
Headline LDR for Sep-26 stood at 113.8%, up 132 bps MoM and 266 bps YoY. The headline LDR is now 499 bps above the Apr-26 low of 108.8%. SAMA LDR rose 76 bps MoM to 82.5%, the highest in 16 months.

Banking sector's liquidity position



Source: Saudi Central Bank, anbc research

6M SAIBOR-SOFR spreads (bps)

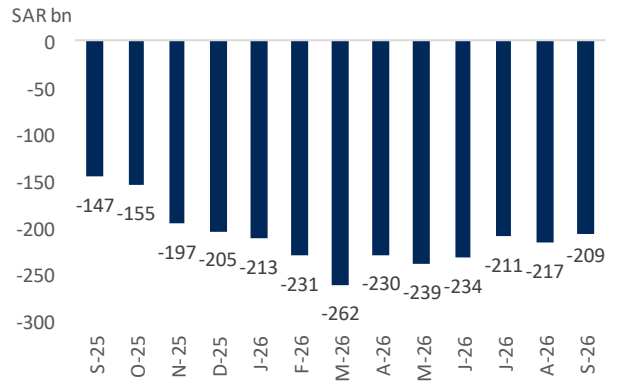


Source: Saudi Central Bank, anbc research

The 6M SAIBOR-SOFR spread narrowed 13 bps MoM to 126 bps in Sep-26 from 139 bps in Aug-26, and is 33 bps below Sep-25. The sequential decrease in spread was driven by a 24 bps MoM rise in SOFR to 4.11%, which outpaced an 11 bps MoM rise in SAIBOR to 5.37%. Net foreign liabilities narrowed by SAR 8.8 bn MoM to SAR 208.5 bn. On an annual basis, net foreign liabilities increased by SAR 62.0 bn from SAR 146.5 bn in Sep-25.

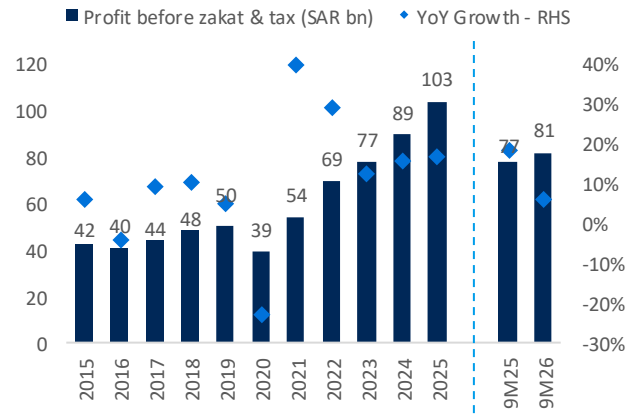
Overall, banking sector profit before zakat and tax rose 5.5% YoY during 9M26 to SAR 81.5 bn, notably below the 17.8% YoY growth recorded in 9M25. During Sep-26, profits amounted to SAR 10.0 bn, up 10.9% MoM and 7.3% YoY.

Net foreign assets



Source: Saudi Central Bank, anbc research

Banking sector's profitability



Source: Saudi Central Bank, anbc research

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Contact

ANB Capital Head Office

3581 Al Mouyyad Al Jadid, Al Murabba, Riyadh 11311,

PO Box 22009, Kingdom of Saudi Arabia

Tel: +966 11 406 2500, 800 124 0055

Email: research@anbcapital.com.sa

Web: www.anbcapital.com.sa