

A low-angle photograph of several modern skyscrapers with glass facades, reaching towards a clear blue sky. The buildings are viewed from below, creating a sense of height and scale.

Saudi Banks: Corporate Lending Drives Growth

Aranca Fixed Income and Credit Research Intelligence

GCC Banking | 2026

9.6%

YoY Credit Growth (Feb'26)

Moderating, still above trend

~57%

Corporate Share

Structural shift to corporates

~110%

Loan-Deposit Ratio

Liquidity tightening

Contents

Key Performance Indicators	02
Credit Growth Moderates After Multi-Year Expansion	03
Drivers of the Next Phase of Credit Growth	04
Sectoral Breakdown & Bank Positioning	05
What Looks Interesting?	06

Key Performance Indicators

Headline Metrics – Saudi Domestic Credit Market (as of Feb 2026)

9.6%

YoY Credit Growth

Moderating, above trend

Post-cycle normalization

13.6%

YoY Corporate Loan Growth

Primary Growth Driver

Project-led demand

4.8%

YoY Personal Loan Growth

Retail Lagging

Consumption stabilizing

56.6%

Corporate Loan Share

Corporate-led structure

Shift in credit mix

109.7%

Loan to Deposit Ratio (LDR)

Liquidity Tightening

Deposits lagging loans

Market Context

- Credit growth has moderated from recent peaks but remains solid, broadly in line with long-term trends
- Lending momentum is supported by project financing and infrastructure activity
- Funding conditions are tightening as loan growth outpaces deposit accumulation

Credit Mix Insight

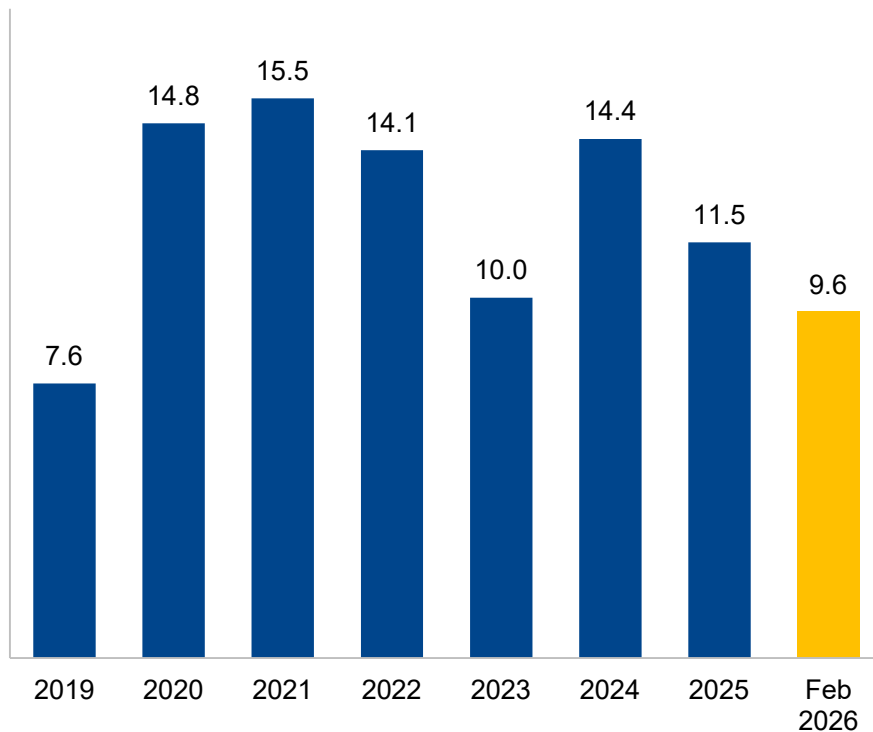
- Corporate loans increased to ~57% (vs ~50% in 2021), indicating a shift in credit composition
- Private sector dominates (~92%), with a gradual rise in government-linked exposure
- Credit cycle is increasingly investment-led rather than consumption-driven

Source: Saudi Central Bank

Credit Growth Moderates After Multi-Year Expansion

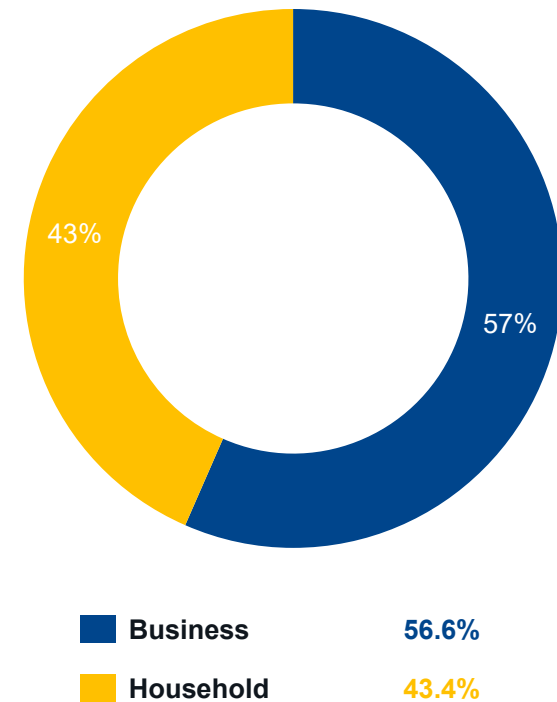
Domestic Credit YoY (%) Growth Trend – 2019 to Feb 2026

Credit Growth Normalizing After Cycle Peak (15.5% in 2021)



Domestic Credit Composition – Feb 2026

Credit Mix Transition Toward Business Lending



- Bank credit expanded at a 12.3% CAGR to SAR 3.33tn in Feb 2026 (vs. SAR 2.06tn in 2021), highlighting the scale of the recent credit cycle
- Current phase reflects normalization after sustained expansion, rather than a slowdown in demand

Source: Saudi Central Bank

Drivers of the Next Phase of Credit Growth

Project pipeline and corporate demand support growth, with risks moderating momentum



Vision-2030 Driven Investment Cycle

- Large-scale infrastructure and giga-project pipeline continues to support sustained financing demand
- Project awards (~USD 435bn since 2022) provide multi-year lending visibility

~USD 435bn Pipeline
Multi-year demand visibility



Shift Toward Capital-Intensive Lending

- Corporate loans account for ~80% of new lending, driven by infrastructure and project financing
- Lending mix shifting toward long-tenor, capital-intensive exposures

~80% New Loans
Project-linked demand



Normalization, Not Slowdown

- Credit growth expected at ~10-11% in 2026, moderating from recent highs
- Supported by ongoing project pipeline despite lower new project awards

~10–11% Growth Outlook
Moderation, not reversal

Key Risks

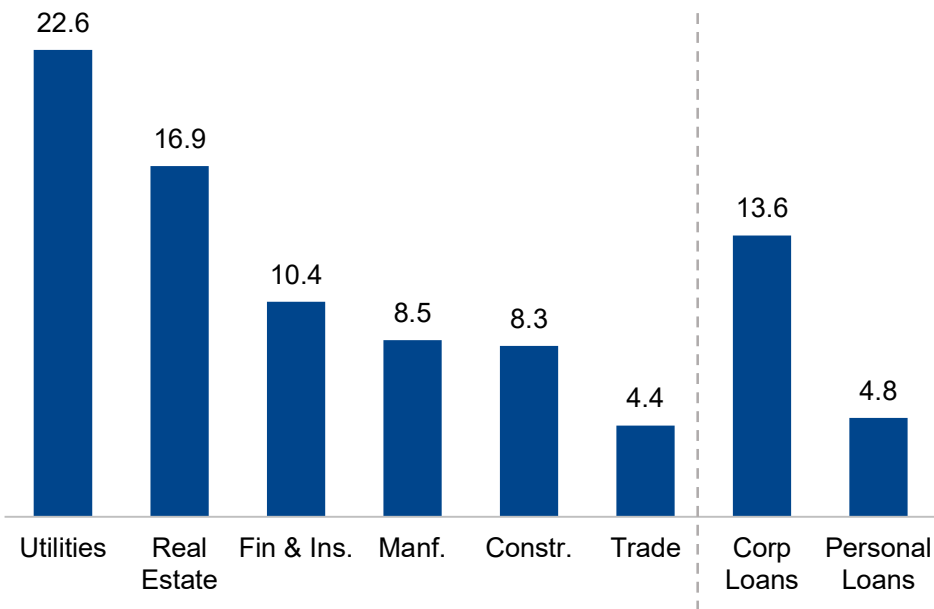
- **Liquidity:** LDR of ~110% as of Feb 2026 signals tighter liquidity, with a shift toward higher-cost deposits raising funding competition
- **Geopolitical:** Prolonged regional conflict could weigh on credit demand and confidence, with potential pressure on funding flows
- **Rates / Inflation:** Higher energy-driven US inflation may prompt Fed tightening, raising regional borrowing costs

Source: Saudi Central Bank, Aranca Research, S&P and Fitch Estimates

Sectoral Breakdown & Bank Positioning

Sectoral Credit Growth YoY (%) – Feb 2026

Utilities and real estate led the corporate credit growth



- Utilities, real estate and construction highlight strong project and infrastructure-led credit demand
- Financial services and trade indicate broad-based credit expansion beyond core project sectors
- Personal loan growth remains softer vs corporate, but still provides stable system support

Source: Saudi Central Bank, Aranca Research

Bank Positioning – Corporate vs Retail Dynamics

Competitive landscape – Saudi banks domestic franchise



Saudi National Bank (SNB)

Interesting Pick

Largest bank with strong corporate and project finance franchise, well positioned to capture Vision-2030 lending. High systemic importance, diversified earnings and strong capital support sustained growth.



Riyad Bank

Interesting Pick

Strong exposure to corporate, SME and trade finance, with solid positioning in government and large corporate projects. Growth aligned with sector expansion, supported by established franchise.



Al Rajhi Bank

Defensive Pick

Market leader in retail lending with high share of low-cost deposits, supporting margin resilience despite rising funding costs. Strong asset quality and profitability provide defensive stability.

What Looks Interesting?

Saudi Banking Sector – Outlook 2026

- Saudi banking sector is transitioning into a more sustainable growth phase following a strong credit expansion cycle
- Lending momentum is supported by ongoing project execution and infrastructure financing pipeline
- Credit growth has shifted from balanced expansion to a more business-led, investment-driven cycle
- Funding conditions are gradually tightening, with rising competition for deposits and higher funding costs
- Banks with strong project financing capabilities (SNB, Riyad) and stable retail funding (Al Rajhi) remain best positioned
- Regional conflict may weigh on near-term credit demand and liquidity, though overall growth remains supported by strong system buffers

**Project-Driven Growth Continues,
While Funding Conditions Shape the Next Phase**

~10-11%

Credit Growth Outlook

Sustainable expansion

~USD 435bn

Project Pipeline

Visible credit demand

~110%

Loan to Deposit Ratio

Liquidity tightening

Source: Saudi Central Bank, Aranca Research, S&P and Fitch Estimates



500+

Strong, professional team across multi-disciplinary domains

2500+

Global clients

120+

Sectors and sub-sectors researched by our analysts

80+

Countries where we have delivered projects

ABOUT ARANCA



Growth Advisory

CXOs in Strategy, SBUs, Sales, Marketing, CI/MI, Innovation



Technology | IP Research & Advisory

R&D, Tech Scouting, Open Innovation, IP Teams, Product Development



Valuation & Financial Advisory

CFOs in Start-ups, PE/VC Firms, Corporate M&A Teams, Mid-market Companies



Investment Research & Analytics

Brokerage, Hedge Funds, IRPs, I-Banks, AMCs, Investor Relations

Decide Fearlessly

From startups to the Fortune 500, private equity and global financial firms, Aranca is the trusted research and advisory partner for over 2500 companies

www.aranca.com



This material is exclusive property of Aranca. No part of this presentation may be used, shared, modified and/or disseminated without permission. All rights reserved.