



Mid-Year Economic and Fiscal Performance Report FY 2026

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List of Abbreviations

Bn	Billion
CAPEX	Capital Expenditure
CPI	Consumer Price Index
FY	Fiscal Year
GASTAT	General Authority for Statistics
GDP	Gross Domestic Product
GCC	Gulf Cooperation Council
GFCF	Gross Fixed Capital Formation
GFSM 2014	Government Finance Statistics Manual 2014
H1	First-Half of the Year
MIM	Ministry of Industry and Mineral Resources
MB/D	Million Barrels Per Day
MoF	Ministry of Finance
MSMEs	Micro, Small, and Medium-Sized Enterprises
NDF	National Development Fund
NIS	National Industrial Strategy
OPEX	Operational Expenditures
PIF	Public Investment Fund
POS	Points of Sale
PMI	Purchasing Managers' Index
PFCE	Private Final Consumption Expenditure
Q1	First Quarter of the Year
Q2	Second Quarter of the Year
SAMA	Saudi Central Bank
﷼	Saudi Arabian Riyal
TASI	Tadawul All Share Index
Tn	Trillion
USD	United States Dollar
WPI	Wholesale Price Index

Introduction

The Ministry of Finance (MoF) publishes the Mid-Year Fiscal and Economic Performance Report for Fiscal Year (FY 2026) as part of its commitment to enhance transparency and disclosure of public fiscal developments. It also aims to provide relevant authorities and interested stakeholders with the latest developments of the economic and fiscal performance, reflecting the government's approach to enhance the efficiency of public financial management in line with the Saudi Vision 2030 goals.

The report presents the results of fiscal and economic performance in the first half (H1) of FY 2026. It provides updated fiscal estimates and key economic developments through the end of the year, taking into account local and global economic developments and based on the data and information available during the reporting period.



Executive Summary

The Saudi economy continued to achieve positive results in H1 FY 2026, supported by the continued implementation of fiscal policies and structural reforms, despite the continued uncertainty in the global economy and geopolitical developments in the region. This reflects the resilience of the economic performance, and the economy's ability to adapt changing conditions, which support the Kingdom's continued development and achievement of Saudi Vision 2030 goals.

This positive performance was reflected in a number of economic indicators, such as continued growth of non-oil economic activities, alongside a strengthening labor market, and a decline in unemployment rates to historic lows. This growth reflects the progress made in economic diversification efforts, enhances the contribution of the private sector, and improves the quality of services provided to citizens and residents.

At the same time, the Saudi economy has maintained its ability to withstand and contain external challenges, including global trade tensions and geopolitical developments, taking advantage of fiscal and economic policies aimed at enhancing fiscal sustainability and supporting the economy's resilience in the face of changing conditions.

Summary of key fiscal developments, forecasts, and economic indicators:

- **Real Gross Domestic Product (GDP)**¹ in H1 2026 recorded a decline by 0.9% compared to the same period in 2025, due to a decline in oil activities by about 11.4%. The decline was partially offset by 1.8% growth in non-oil activities.
- **Private final consumption expenditure (PFCE)** in H1 2026 increased by 2.7% compared to the same period in 2025. Moreover, **real private gross fixed capital formation (GFCF)** grew by 1.2% in H1 2026 compared to the same period in 2025.
- **Inflation rate**² slowed down to 1.8% during H1 2026 compared to 1.9% during the same period in 2025, reflecting the stability of inflation rates.
- The overall **unemployment rate** in Q2 2026 decreased to 3.0%, and the unemployment rate among Saudis has also remained at historically low levels of 6.5%.
- The **external sector** recorded an improvement, as the current account deficit decreased by 67.1% to reach ~~ﷲ~~ 20.1 bn in H1 of 2026, compared to ~~ﷲ~~ 61.0 bn deficit in the same period of 2025, supported by stronger merchandise trade, reflecting improved external sector performance.
- According to preliminary estimates, **real GDP** is expected to decline by 3.6% for 2026, due to a decline in oil activities. On the other hand, **non-oil activities** are expected to grow by 3.2%.

¹ According to the GASTAT data, based on actual GDP data at base year prices 2023.

² Data issued by GASTAT, according to the updated methodology of the Consumer Price Index for the reference year 2023 (2023=100).

- **Total revenues** increased by 6.1% in H1 FY 2026 compared to the same period in FY 2025, reaching about ₪ 600 bn. Additionally, non-oil revenues increased by about 2.4% in H1 FY 2026 compared to the same period in FY 2025, amid the continued economic growth and the implementation of structural reforms and initiatives. **Total revenues** for FY 2026 are expected to reach about ₪ 1,190 bn, an increase of 3.7% compared to the approved budget. These estimates remain subject to economic and fiscal developments during the rest of the year.
- **Total expenditure** increased by 15.4% in H1 FY 2026 compared to the same period in FY 2025, reaching ₪ 760 bn. Operating expenses increased by 13.4% and capital expenditures increased by 32.4%. **Total expenditure** for FY 2026 are expected to increase by 9.3% from the approved budget, reaching ₪ 1,435 bn.
- **The budget recorded a deficit of about ₪ 160 bn in H1 FY 2026, compared to a deficit of around ₪ 93 bn for the same period in FY 2025.** It is expected that the deficit will reach around ₪ 245 bn by the end of FY 2026 (4.9% of GDP).
- In H1 FY 2026, **financing needs** amounted to approximately ₪ 183 bn, for purpose of financing the budget deficit and repay debt principal. Consequently, the **public debt** reached about ₪ 1,685 bn in H1 FY 2026.



Mid-Year Actual Performance and Estimates for 2026

First: Domestic Economic Developments and Estimates

The Saudi economy has shown resilience and flexibility in the face of the challenges witnessed by the global economy and regional developments in H1 2026. This was reflected in the positive economic performance, confirming the success of the efforts of the Saudi Vision 2030 in enhancing the resilience of the national economy and raising its ability to adapt to different situations. The government also continues with initiatives and structural reforms aimed at further diversification of the economic base and strengthening the role of the private sector. These reforms have helped establish the non-oil economic activities as the main engine of economic growth. This coincided with the continued attraction of quality investments into the industrial, logistics, technology, and tourism sectors, which supported sustainable growth, increased the private sector's contribution to the economy, and enhanced progress towards achieving Saudi Vision 2030 goals.

- Despite geopolitical events and regional developments, the domestic economy has proven its strength and resilience to shocks. **Total real GDP³** in H1 2026 recorded a decline by 0.9% compared to the same period in 2025, primarily due to a decline in **oil activities** of 11.4%. However, **non-oil activities** grew by 1.8% in the same period, representing 57.3% of total real GDP. Moreover, the continued positive performance of non-oil activities reflects

³ According to the GASTAT data, based on actual GDP data using 2023 as the base year.

the Kingdom's continued progress in economic diversification and reducing reliance on oil activities, in line with Saudi Vision 2030 goals.

Average **oil production** during H1 2026 reached about 8 million barrels per day (mb/d), recording a decrease of 12.4% compared to the same period in 2025. This is due to the geopolitical developments in the region, which include the disruption of maritime traffic.

Real Private Final Consumption Expenditure in H1 2026 grew annually by 2.7%, as most private consumption indicators also increased in H1 of the current year, driven by higher employment rates, an expanding consumer base, and easy access to goods. The **Points-of-sale (POS) index** grew by 6.1% in H1 2026 compared to the same period in 2025, and the value of **e-commerce sales** increased by 36.9% during the same period.

The private consumption growth and stable inflation rates are a reflection of domestic macroeconomic resilience in face of external geopolitical crisis in the area and disruptions to global shipping and supply chains. This reflects positively on the success of the measures and policies adopted by the government in order to absorb the current shock.

Total Private Gross Fixed Capital Formation (GFCF) recorded a real growth of 1.2% in H1 2026 compared to the same period in 2025. This came as a result of the efforts aimed at enhancing the investment environment in the Kingdom, the initiatives and programs of the Public Investment Fund (PIF) and the National Development Fund (NDF), as well as the efforts of the National Transformation Programs and the National

Investment Strategy. This reflects the partnership strength between the public and private sectors in enhancing the business environment and expanding the horizon of qualitative opportunities that ensure the continuation of the economic growth process. **The average purchasing managers' index (PMI)** in H1 2026 stood at 53.1 points, remaining above the neutral level of 50 points. This indicates continued expansion in non-oil private sector activities and sustained confidence in the business environment. This has a positive impact on new orders, production and employment, despite the uncertainty associated with regional developments.

The Inflation Rate⁴ slowed from 1.9% in H1 2025 to 1.8% in H1 2026, driven by the easing of price pressures in the housing, water, electricity, gas and other fuels category. Inflation rate in the category slowed from 7.2% to 3.9%, reflecting the impact of housing policies in mitigating inflationary pressures. **The Wholesale Price Index (WPI)** increased by 3.7% in H1 2026 compared to the same period in 2025.

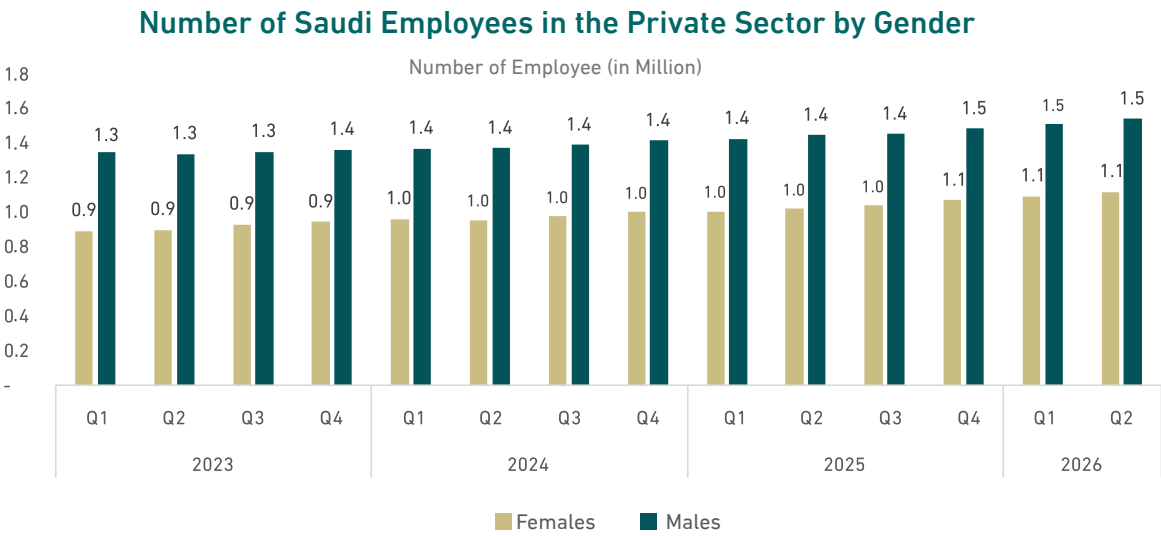
The positive performance of the domestic economy was reflected in the labor market data⁵. **The Saudi Unemployment rate** declined to 6.5% in Q2 2026, while the overall unemployment rate fell to 3.0% during the same period. This reflects labor market stability and its continued expansion, supported by the ongoing contribution of the private sector and development projects aimed at diversifying the economy and creating new jobs in the labor market.

The Number of Saudi Employees in the Private Sector increased by approximately 190.1 thousand by the end of Q2 2026 compared to the same period in 2025, representing a 7.7% increase and bringing the total

⁴ Data issued by GASTAT as per the updated CPI index methodology, with 2023 as reference year (100=2023).

⁵ Data issued by GASTAT.

number of Saudi employees in the private sector to about 2.7 million. This was driven by a 9.4% increase in the number of Saudi female employees in the private sector, compared with 6.5% for Saudi male employees over the same period. Women’s participation expanded in various sectors, with opening of new job opportunities.



Source: GASTAT

Bank Credit to the Private Sector witnessed an increase of 6.7% on an annual basis, in H1 2026, reaching a record level of **ﷲ 3.156 tn**. In Q1 2026, the bank credit to micro, small, and medium-sized enterprises (MSMEs) reached **ﷲ 466 bn⁶**, recording an annual growth of about 28%, which highlights the role of this financing in supporting economic expansion and enhancing levels of investment and consumption across various sectors.

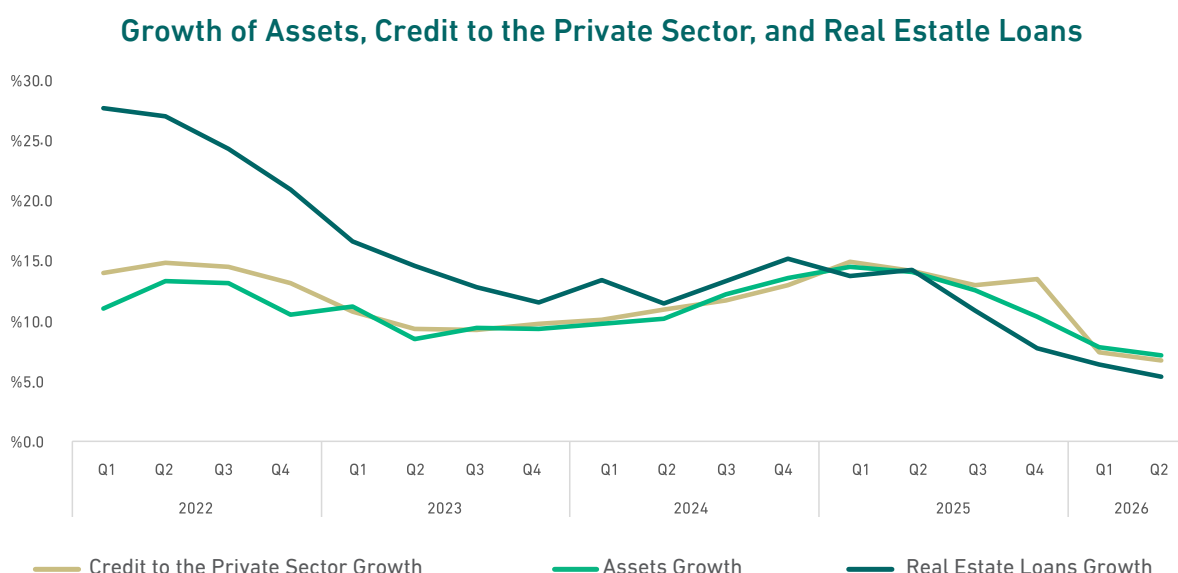
The banking sector recorded a growth in total **Assets** of 7.1% in H1 2026, reaching **ﷲ 5.156 tn** compared to about **ﷲ 4.8 tn** for the same period in 2025. This growth reflects the strength of the banking sector’s credit activity and the continued expansion of financing directed to the private sector. It also enhances the efficient allocation of financial

⁶ SAMA – July 2026 data.

resources and supports the sustainability of economic growth, with the loan portfolio accounting for more than 66% of total assets.

The **Real Estate Loans Portfolio** grew by 5.3% on an annual basis during Q2 2026 and reached ₪ 979 bn, continuing its role as a key driver of growth in bank credit to the private sector. Loans to individuals accounted for 75.8% of the total real estate loan portfolio, with a value of ₪ 743 bn, a growth rate of 3.7%. Real estate loans to corporates represented 24.2% of the loan portfolio, with a value of ₪ 237 bn, and a growth rate of 10.8% on an annual basis⁷.

The following graph shows the growth rates of assets, credit to the private sector, and real estate loans until Q2 2026:



Source: SAMA

⁷ SAMA – July 2026 data.

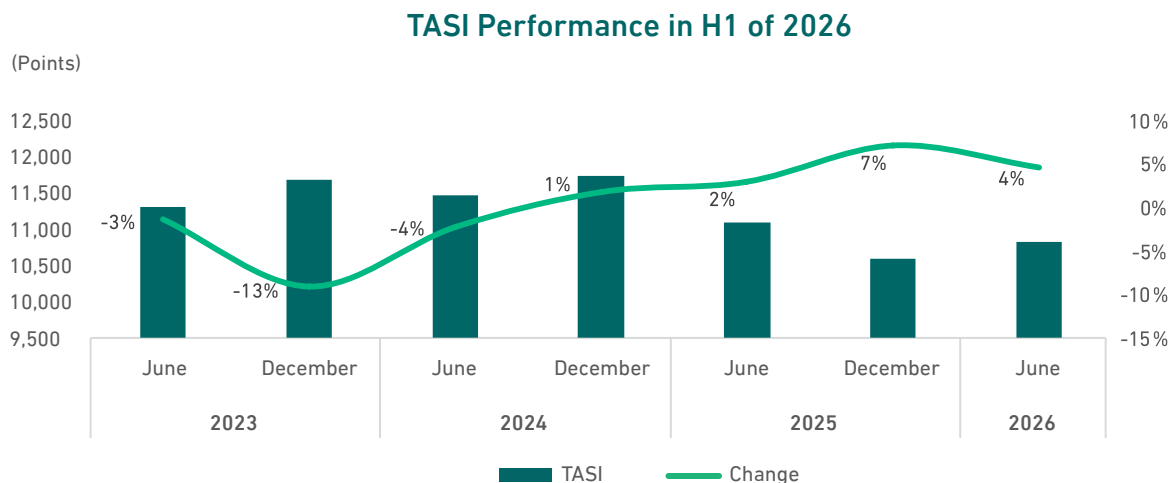
Developments in the Main Stock Exchange Market (Tadawul All Share Index - TASI)

Tadawul All Share Index (TASI) closed its trading for H1 2026 at 10,799.92 points, a decrease of 3.3% compared to the same period in 2025. In March, TASI witnessed a sharp decline of about 400 points, an initial response to the regional geopolitical developments. However, the market demonstrated strong resilience and subsequently recovered most of these losses, reaching its highest levels during the period at 11,589.05 points on April 15, 2026. This performance highlights the stock market's ability to absorb the impact of external shocks.

The Number of Companies Listed on the Main Market increased to 270, compared to 256 companies in the same period. **Saudi investors accounted for 85.8% of free-float share ownership, followed by foreign investors at 12.6% and Gulf Cooperation Council (GCC) investors at 1.6%. Non-institutional investors (Individuals) accounted for approximately 41.6% of total trading value.**

The Capital Market Authority has implemented a Regulatory Framework that allowed non-resident investors to invest directly in the Main Market, effective February 1, 2026. This framework removed the "Qualified Foreign Investor" restrictions and swap agreements, aiming at expanding the investor base and enhancing liquidity.

The following graph shows the performance of TASI in H1 2026:



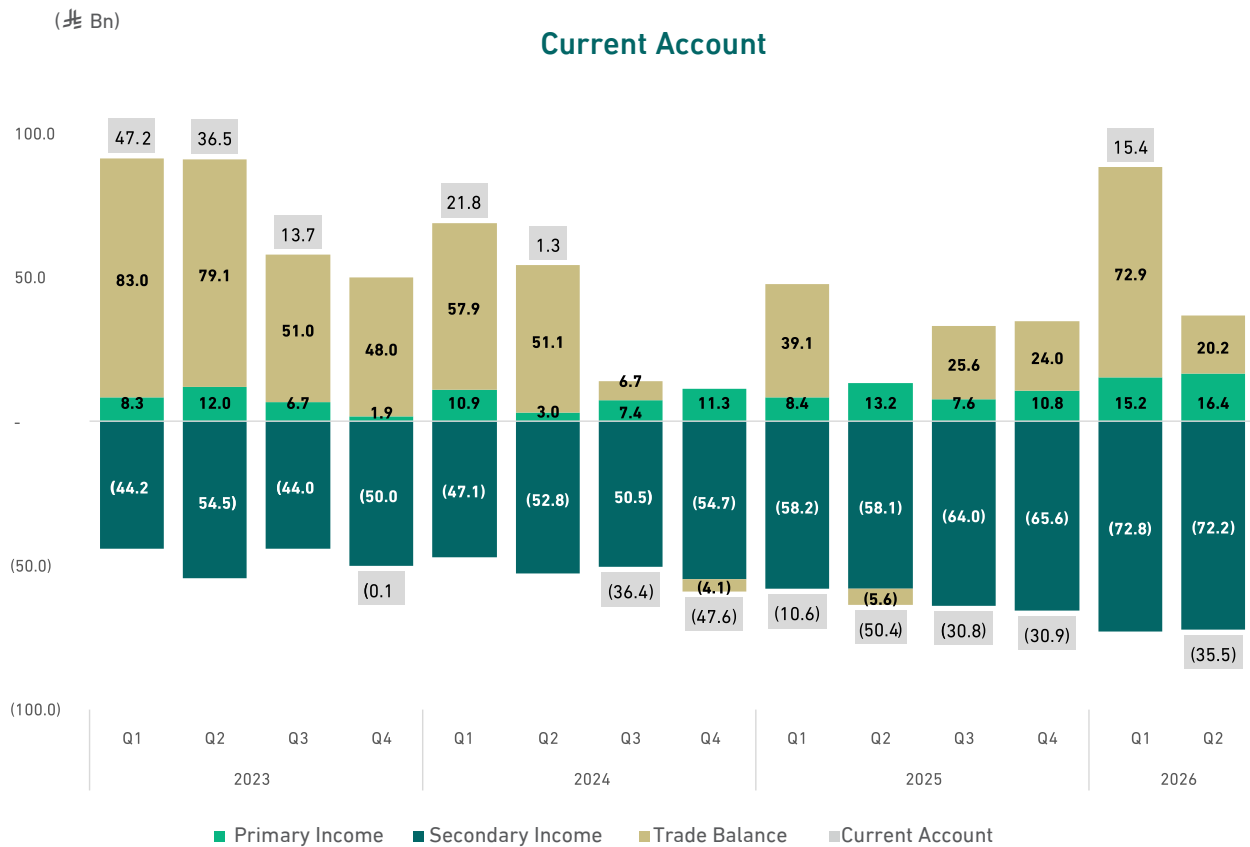
Source: Tadawul

- External Sector:

The **External Sector**⁸ indicators reflect the continued resilience of the Saudi economy and its ability to adapt to regional developments. The current account deficit decreased by 67.1% to reach **ﷲ** 20.1 bn in H1 of 2026, compared to **ﷲ** 61.0 bn deficit in the same period of 2025, supported by improved commodity trade in the External Sector. The travel item continued to support the current account, recording a surplus of **ﷲ** 31.8 bn in H1 2026. This further diversified the sources of the current account surplus and highlighted the contribution of services sector exports to the current account.

⁸ SAMA, monthly bulletin statistics.

The following graph shows the current account performance:



Source: SAMA

Foreign Trade also continued to strengthen the external sector, with the goods trade balance recording a surplus of ﷲ 154.7 bn in H1 2026, an increase of 53.2%, driven by an annual increase in oil exports of 10.6% in H1 2026. This performance reflects the continued strength of Saudi's foreign trade and its ability to support the external sector, in light of the diversification of growth sources and enhancements in the resilience of exports and supply chains, which contributes to boosting economic growth.

- Industrial Sector and Industrial Exports

Given the importance of the development of the industrial sector and its pivotal role in supporting economic diversification, the government has invested qualitatively in developing infrastructure during the previous period. These initiatives contributed to the increase in the number of factories in the Kingdom to reach 13 thousand factories, according to the latest data issued by the Ministry of Industry and Mineral Resources (MIM) in May 2026. Meanwhile, MIM aims to expand the industrial base and increase the number of factories to 36 thousand by 2035. The growth rate of **Manufacturing Activities** manufacturing industry, excluding oil refining, at constant prices reached 0.8% in H1 2026 on an annual basis. **Manufacturing Activities** is expected to continue to achieve positive growth, supported by the implementation of the National Industrial Strategy (NIS), which aims to raise industrial value added to GDP to about ~~SR~~ 895 bn by 2030, as well as to double the value of industrial exports to reach ~~SR~~ 557 bn in the same year⁹.

Economic Indicators Estimates for 2026

Preliminary estimates indicated a decline in **Real GDP** of about 3.6% by the end of 2026, compared to the estimates in 2026 budget as it was expected to achieve a positive growth of 4.6%. **Non-Oil Activities** for 2026 is expected to record 3.2% growth, on the back of economic diversification, developing promising sectors, and improving the business environment in line with Saudi Vision 2030.

⁹ National Industrial Strategy (Vision 2030).

- The Role of the Public Investment Fund and the National Development Fund in Promoting Growth and Empowering the Private Sector

The leading role of both PIF and NDF is expected to support economic growth. PIF continues to direct its investments towards strategic sectors and projects that stimulate growth, as well as enhances the role of the private sector, attracts local and foreign investments, and increases reliance on locally produced goods, services and capabilities. Thus, these efforts will contribute to supporting the growth of non-oil activities and providing additional job opportunities. In addition, NDF system contributes, through development financing, to empowering the private sector and supporting priority projects and sectors; thereby, enhancing investment activity and productive capacities.

PIF updated strategy for the period 2026-2030 reinforces this role, as it represents a transition from the growth and expansion phase to the **“value creation”** phase. This phase will focus on maximizing sustainable financial returns, raising the efficiency of investments, maximizing the value of strategic assets, and enhancing private sector participation. PIF’s strategy also aims to build integrated and competitive domestic economic systems, and to attract local and international investments, in a way that supports economic diversification and sustainable growth consistent with Saudi Vision 2030 goals.

- Private Consumption and Tourism Seasons as Growth Engines

Private consumption is expected to continue to grow in 2026, supported by the rising employment rates, and thus strengthening household income, as well as the continuation of tourism seasons. Consequently, these elements contribute to stimulating spending and

increasing private consumption spending accordingly. The Kingdom's tourism initiatives are expected to boost foreign visitor arrivals, position Saudi Arabia as a global destination, and help reach the Ministry of Tourism target of 150 million tourists by 2030. Conversely, geopolitical developments may temper private consumption growth

- Housing and Real Estate Development

One of the key drivers of growth is the continued implementation of **Housing Program** – one of the Saudi Vision 2030 programs – with the aim of continuing the development and supporting sustainability of the real estate sector. The Housing Program will continue its efforts, during the next phase, to increase the percentage of Saudi's homeownership to 70% by 2030.

In light of these developments, the **Consumer Price Index (CPI) (Inflation Rate)** is forecasted to increase on average by 2.1% in 2026.

Estimates of Key Economic Indicators

(Percentage, unless stated otherwise)

	Actual*		Budget	Estimates**
	2024	2025	2026	2026
Economic indicators				
Real GDP growth	2.7%	4.6%	4.6%	-3.6%
Non-oil activity growth	6.0%	5.1%	4.3%	%3.2
Nominal GDP (ﷲ Bn)	4,703	4,776	4,965	4,978
Nominal GDP growth	2.9%	1.6%	4.0%	4.2%
Inflation¹⁰	1.5%	2.0%	2.0%	2.1%

* Source: GASTAT

** Preliminary Estimates.

¹⁰ Data issued by GASTAT, according to the updated methodology of the Consumer Price Index for the reference year 2023 (2023=100).



Second: Fiscal Developments and Estimates

The Saudi Government continues to implement its strategies aimed at economic transformation, enhancing the sustainability of public finance and achieving comprehensive development goals, in a way that supports the resilience of the economy and enhances its flexibility. These endeavors will be achieved through efficient management of public finance and maintaining sustainable levels of public debt and government reserves.



01 Revenues Performance and Year-End Estimates

Until H1 of FY 2026, the **Actual Total Revenues** reached around ₪ 600 bn, an increase of 6.1% compared to the same period in 2025, as a result of the increase in **Oil Revenues** by 9.4%, affected by the increase in oil prices during the same period, despite the low levels of production. Meanwhile, **Non-Oil Revenues** increased by 2.4% compared to the same period, as a result of the improvement in non-oil economic activities. Total Revenues for FY 2026 are expected to reach about ₪ 1,190 bn, increasing by of 7.0% compared to FY 2025, and increasing by 3.7% compared to the approved budget. The estimate takes into account economic and fiscal developments that may affect revenue levels during the remaining period of the year.

Main Revenue Items according to the Government Finance Statistics Manual (GFSM 2014):

Taxes

Until H1 of FY 2026, tax revenues amounted to about ₪ 217 bn, an increase of 3.6% compared to the same period in 2025, as a result of the continued improvement in non-oil economic activities, as well as the government efforts and initiatives to enhance tax administration. Tax revenues for FY 2026 are expected to reach about ₪ 399 bn, a decrease of 3.3% compared to the approved budget.

Revenues from **Taxes on Income, Profits, and Capital Gains** amounted to about ₪ 21 bn in H1 FY 2026, an increase of 2.4% compared to the same period in 2025. This was driven by higher corporate and establishments income tax revenues of 7.3%, which reached about ₪ 14.6 bn, compared to about ₪ 13.6 bn in H1 FY 2025, as a result of improved performance of some economic sectors. **Taxes on income, profits, and capital gains** are expected to reach about ₪ 33 bn at the end of the year, an increase of 0.3% compared to the approved budget.

Revenues from **Taxes on Goods and Services** recorded about ₪ 154 bn in H1 FY 2026, an increase of 5.2% compared to the same period in 2025. This was mainly due to the positive performance of economy, such as higher consumption levels. Total **taxes on goods and services** are expected to total ₪ 303 bn by the end of the year, a decrease of 3.3% compared to the approved budget.

Taxes on International Trade and Transactions (Custom Duties) recorded about ₪ 10 bn in H1 FY 2026, a decrease of 13.0% compared to the same period in 2025, and **the Revenues of taxes on international trade and transactions (custom duties)** are expected to reach about ₪ 24 bn by the end of the year, 11.5% lower than the approved budget.

Other Taxes Revenues (Including Zakat) in H1 FY 2026 recorded about ₪ 32 bn, an increase of 3.7% compared to the same period in 2025, due to the improvement in the performance of economic sectors, such as the financial activities sector and insurance. **Other taxes** are expected to total ₪ 39 bn by the end of the year, an increase of 0.9% compared to the approved budget.

Other Revenues

In H1 FY 2026, the total of **Other Revenues** recorded about ₪ 383 bn, an increase of 7.6% compared to the same period in 2025, due to the increase in oil revenues, which amounted to about ₪ 330 bn until H1 FY 2026. This represents a 9.4% increase compared to the same period in 2025, primarily supported by higher oil prices during the current year that compensated for lower production volumes. It is worth noting that average oil prices increased by about 27.6%, reaching an average of about USD 91.7 per barrel until H1 FY 2026, compared to about USD 71.9 per barrel during the same period in 2025. Average oil production reached about 8 million mb/d by H1 FY 2026 compared to about 9 million mb/d for the same period in 2025. In FY 2026, **other revenues** are expected to reach about ₪ 791 bn, an increase of 7.6% compared to the approved budget.



02 Expenditure Performance and Year-End Estimates

Until H1 FY 2026, **Total Expenditure** recorded about ﷲ 760 bn, an increase of 15.4% compared to the same period last year, as Capital Expenditures increased by 32.4% and Operating Expenditures increased by 13.4% compared to the same period in FY 2025. Until H1 FY 2026, expenditures accounted for 57.9% of the total approved budget.

In FY 2026, the **Total Expenditure** are expected to increase by 9.3% from the approved budget, reaching ﷲ 1,435 bn on the back of the government's commitment to the implementation of programs and initiatives within the third phase of Saudi Vision 2030. The focus is on maximizing the impact and accelerating execution to achieve the objectives, as well as continuing economic and structural reforms aimed at promoting economic diversification and developing promising sectors. Efforts also continue to improve the business environment, support exports, and expand and diversify private sector investments, to enhance its role as a major driver of economic growth. The government also continues to develop basic services and infrastructure and enhance the efficiency of the support and social protection systems. This contributes to improving the quality of life and achieving inclusive and sustainable economic growth, while maintaining fiscal sustainability in the medium and long term.

Operational Expenditures

Until H1 FY 2026, total **Operational Expenditures (OPEX)** amounted to about ﷲ 670 bn, an increase of 13.4% compared to the same period in 2025, led by an increase in **Compensation of Employees** by 3.1%, driven by the impact of annual salary increments. Expenditures on **Goods and Services** increased by 24.7%, due to front-loaded purchases of medicines and other medical supplies during H1 of the year, as well as expenses related to transfer some health clusters to the Health Holding Company.

Financing Expenses increased by 19.6% in H1 FY 2026, compared to the same period in 2025, as a result of larger debt portfolio. **Subsidies** increased by 117.2%, due to the early disbursement of certain payments to compensate public service companies during H1 of the year. **Social Benefits Disbursements** increased by 5.6% due to the increase in Zakat revenues, as well as the increase in support for the delivery of utilities and public services in housing projects. This comes as a result of the continuous efforts to enhance the efficiency of the social system. Also, the **Grants** increased by 218.9%, reflecting the Kingdom's commitment to support the international cooperation and responding to humanitarian and development needs.

In light of the actual performance developments, **Operational Expenditures** are expected to reach ﷲ 1,258 bn by the end of the year, which is 9.3% higher than the approved budget. Due to the geopolitical developments and tensions in the region, **Subsidies** are now expected to increase by 80.1%, driven by higher spending on storage and food security, and the support provided to public service companies for the provision of basic services. The **Social Benefits** are expected to

increase by 7.1%, driven by continued government support for eligible beneficiaries, as well as medical treatment expenses in the kingdom. **The Goods and Services** are expected to increase by up to 27.6%, due to the shift of some health clusters to the Health Holding Company, as well as the increase in spending on medical expenses, and the increase in the expenditure on public services, maintenance and operation. **Other Expenses** are expected to increase by 8.6% due to a number of factors, including the impact of the extension of the initiative to refund government fees paid by SMEs.

Capital Expenditures

In H1 FY 2026, the total **Capital Expenditures (CAPEX)** amounted to about ﷲ 90 bn, an increase of 32.4% compared to the same period in 2025. This was due to the continued implementation of priority national projects, thereby contributing to economic diversification, supporting the achievement of national development goals, and improving quality of life. The most prominent of these projects is Qiddiya project, which continued to advance through its development stages following the inauguration of the first phase in December 2025. This also included continued work on King Salman Park and Green Riyadh, completing the development of main ring-road axes in Riyadh, and the development of sports stadiums across the Kingdom. CAPEX targeted the implementation of national strategies and programs, including the National Water Strategy, the National Industrial Strategy, the National Transformation Program, the National Industrial Development and Logistics Program, and the Quality of Life Program. Consequently, it will enhance the efficiency of resource allocation, support the development

of infrastructure and public services, contribute to the development of non-oil sectors, and promote the sustainability of economic growth in line with Saudi Vision 2030 goals.

The total **Capital Expenditures** are expected to reach about ﷲ 177 bn, by the end of FY 2026, 9.2% higher than the approved budget, driven by spending on priority projects and completing the implementation of existing projects. It will target the development of infrastructure, enhance economic growth, raise the efficiency of capital expenditure and maximize its economic impact in line with Saudi Vision 2030 goals. Key projects are the Red Sea Project, the execution of water and sanitation projects, strategic water storage projects, and railway projects.

Sectoral Expenditures

In terms of actual expenditures performance at the sectoral level, total expenditures increased by 15.4% in H1 FY 2026 compared to the same period in 2025. Expenditures on **the General Items Sector** increased by 43.8%, reaching ﷲ 129 bn. This is due to the compensatory payments to public service companies in H1 FY 2026, higher financing costs due to the increase in the size of the public debt portfolio. In addition to the continued spending on the Qiddiya project, which progressed through its development phases following the launch of its first phase in December 2025. These developments reflect continued efforts to support the sustainability of essential services and enhance the efficiency of financial liability management, thereby supporting fiscal stability and the continued implementation of development priorities.

Expenditures on **the Economic Resources Sector** increased by 23.6%, to reach ﷲ 56 bn, as a result of the disbursement of private-sector agreements related to water and wastewater treatment plants, as well as fuel subsidies allocated for machinery, equipment and stations. This reflects the government's continued investment in economic infrastructure and enhancements in the efficiency of basic services.

Expenditures on **the Infrastructure and Transportation Sector** recorded an increase of 21.0% to reach ﷲ 22 bn. This was due to the increase in spending on the construction of domestic airports, stations, and telecommunication networks to raise the quality of broadband in urban areas and in all regions of the Kingdom, which supports the development of infrastructure and enhancements in the efficiency of the transport and logistics system.

Expenditures on **the Public Administration Sector** increased by 15.2% to reach ﷲ 34 bn due to an increase in the recurrent expenditures of a number of government entities, including administrative expenses and public services expenses. This reflects the continued efforts to raise the efficiency of government performance and improve the quality of public services.

Expenditures on **the Health and Social Development Sector** recorded an increase of 9.5%, reaching ﷲ 171 bn, due to the purchase of medicines and other health supplies in H1 of the year. In addition to the government's continued efforts to enhance the efficiency of the social support and subsidies systems, which shows the continued development of health care services and the strengthening of the social system.

Expenditures on **the Municipal Services Sector** increased by 7.2% to reach ﷲ 46 bn, due to the King Salman Park project, developing the axes of the ring and main roads project in Riyadh, and Green Riyadh project supporting urban development and improving quality of life.

Expenditures on **the Military Sector** increased by 12%, reaching ﷲ 125 bn. Expenditures on the **Security and Administrative Regions Sector also** increased by 9.8%, reaching ﷲ 67 bn.

In terms of expenditure estimates for FY 2026, it is expected that the expenditures on **the General Items Sector** will record about ﷲ 265 bn, an increase of 12.2% over the approved budget. This increase is driven by the acceleration of spending on some giga projects, supporting and stimulating the private sector, as well as supporting public service companies.

Expenditures on **the Health and Social Development Sector** are expected to reach about 13.8%, an increase of ﷲ 295 bn over the approved budget. This increase is driven by efforts to support and strengthen social protection for eligible groups, as well as expenditure on transitional arrangements for health clusters and higher medical expenses.

Expenditures on the **Municipal Services sector** are expected to increase by 18.3%, reaching ﷲ 85 bn, as a result of the support provided for the maintenance and operation of the Riyadh metro, and the expropriation in a way that contributes to achieving the public interest. Municipal services will also continue to support first-home buyers through the second edition of the Developmental Housing Program and

stimulating the development of residential products and investments through enhancing public-private partnerships.

Expenditures on the **Economic Resources sector** are expected to increase by 10.9%, reaching ₪ 102 bn, as a result of the support provided for the implementation of infrastructure projects for a number of water and sanitation projects, the first package of strategic water storage projects, and supporting storage and food security.

Expenditures on the **Public Administration Sector** is expected to increase by 3.5% to reach ₪ 59 bn by the end of the year, compared to the approved budget due to the increase in administrative expenses and public service expenses.

Expenditures on **Infrastructure and Transportation, Military, Security and Administrative Regions** are expected to increase by 18.1%, 6.8% and 2.3%, respectively.

Sectoral Expenditures

(¥ Billion, unless otherwise stated)

Sector	Approved Budget FY 2026	Actual Expenditure for H1 of FY 2026	Expenditure (as % of Budget)	Projections FY 2026	Change Percent % (Approved Budget Estimates)	Actual Expenditure for H1 of FY 2025	Change Percent % (Approved Budget Estimates)
Public Administration	57	34	59.8%	59	3.5%	30	15.2%
Military	240	125	51.9%	256	6.8%	111	12.0%
Security and Regional Administration	120	67	55.6%	123	2.3%	61	9.8%
Municipal Services	72	46	64.4%	85	18.3%	43	7.2%
Education	202	110	54.4%	209	3.6%	104	5.4%
Health and Social Development	259	171	65.8%	295	13.8%	156	9.5%
Economic Resources	92	56	61.4%	102	10.9%	46	23.6%
Infrastructure and Transportation	35	22	64.6%	41	18.1%	19	21.0%
General Items	236	129	54.6%	265	12.2%	90	43.8%
Total	1,313	760	57.9%	1,435	9.3%	658	15.4%

Source: MoF

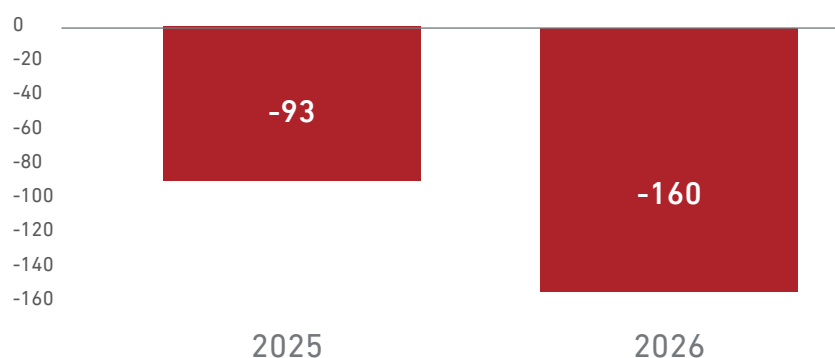
Figures are rounded to the nearest decimal point



03 Debt, Financing, and Year-End Estimates

In H1 of FY 2026, the budget registered a deficit of around ﷲ 160 bn, compared to a deficit of approximately ﷲ 93 bn for the same period in 2025. This reflects the acceleration of the implementation of some aspects of expenditure related to the implementation of projects and programs with economic and social impact at the beginning of the year. It comes as part of the effective management of financial liquidity during the year, with the aim of optimizing cashflow and ensuring that government's obligations are met on time. In addition, the budget deficit comes as a result of continued targeted and countercyclical spending towards programs and initiatives aimed at diversifying the economic base, stimulating investment, and accelerating the pace of economic transformation in line with Saudi Vision 2030 goals.

Budget Deficit in H1 of FY 2026 Compared to H1 of FY 2025

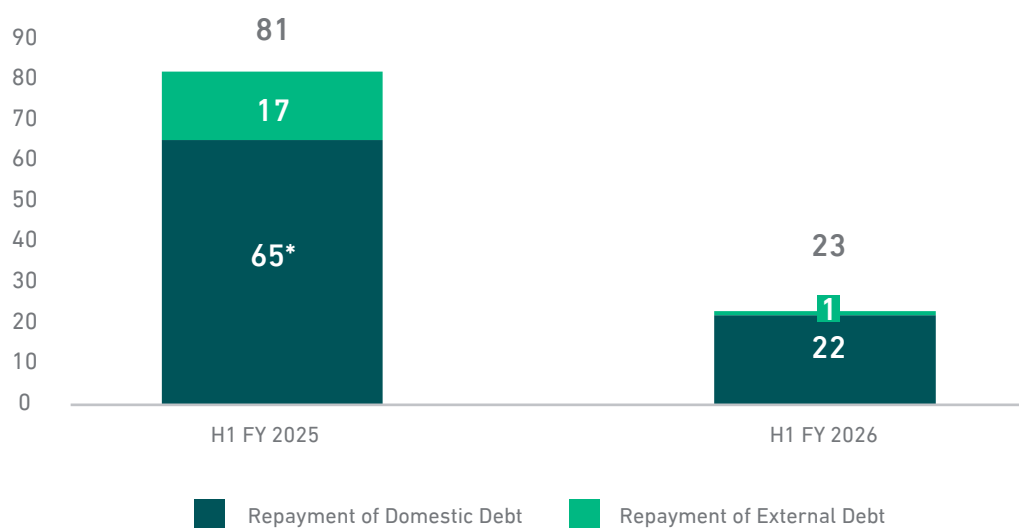


Source: MoF

Government Financing Activities in H1 FY 2026 including alternative financing activities reached about ₹ 189 bn, This comprised approximately ₹ 139 bn in domestic financing activities, and about ₹ 50 bn in external issuances. During the same period, total **Repayments of Debt Principal** amounted to about ₹ 23 bn, with ₹ 22 bn allocated to domestic debt principal repayment, The repayment of external debt principle was around ₹ 1 bn. By the end of H1 of FY 2026 **The Public Debt** reached approximately ₹ 1,685 bn, compared to around ₹ 1,386 bn for the same period in 2025.

Repayment of Debt Principal in H1 FY 2026 Compared to H1 FY 2025

(₹ Bn)

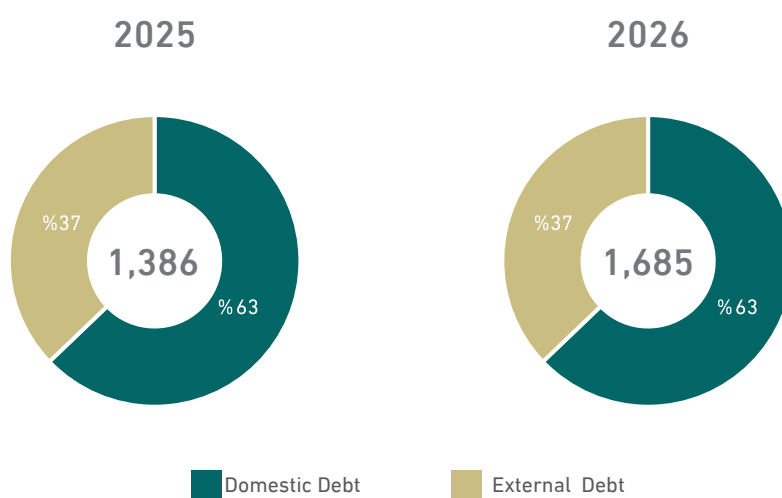


Source: MoF

*It includes early purchases of some debt principal for FY 2025, FY 2026, FY 2027, FY 2028, & FY 2029 totaling around ₹ 60 bn

Public Debt balance by the end of H1 of FY 2026 Compared to H1 of FY 2025

(₹ Bn)



Source: MoF

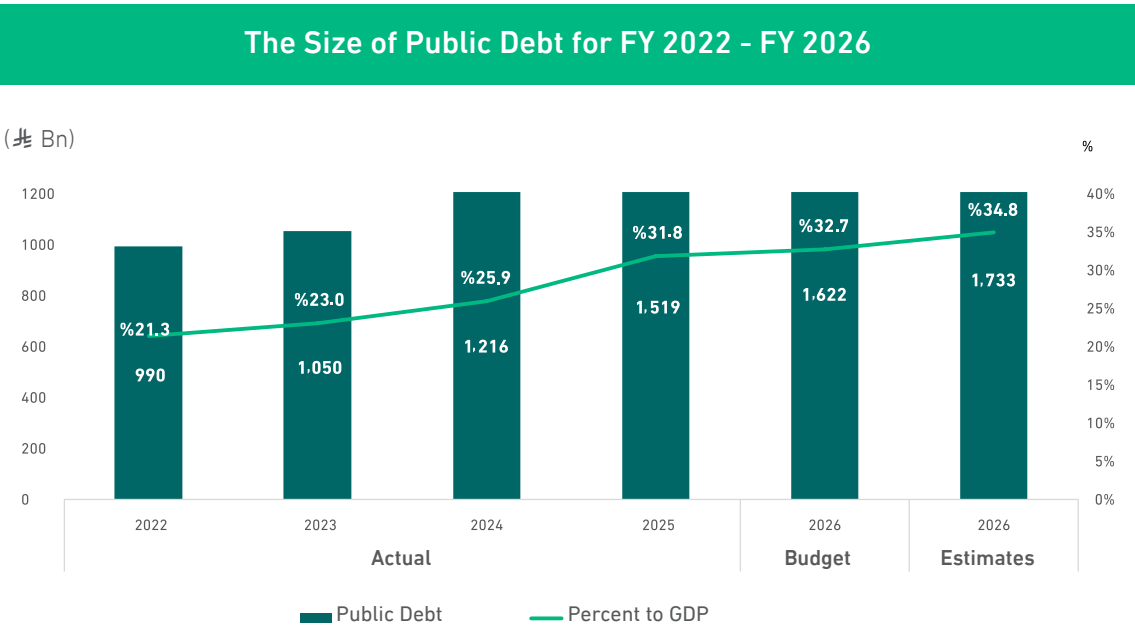
Despite the fluctuations in global markets and the current geopolitical developments, the average coupon rate on domestic and external public issuances in H1 FY 2026 increased marginally to around 5.2%, compared to the average coupon rate on domestic and external public issuances for the same period in 2025 of around 5.1%.

The Kingdom's public finances are characterized by high resilience which has enabled the kingdom enabled to respond to local and global economic and fiscal developments, including geopolitical challenges and developments while maintaining fiscal sustainability and supporting the objective of Saudi Vision 2030 through continued funding of development programs and projects, and enhancing economic diversification efforts. Furthermore, the government will utilize its fiscal space to enhance economic diversification efforts.

Further, the updated estimates for FY 2026 budget indicate a **Budget Deficit** of approximately ﷲ 245 bn (4.9% of GDP), due to the continuation of targeted spending on development and social programs and projects. The government has proactively undertaken additional financing activities through private funding channels. The government will continue the borrowing activities to meet FY 2026 estimated financing needs, primarily through domestic market and private channels to support the prioritization of spending, meet financing needs, and leverage available opportunities in the markets. By the end of FY 2026, the **Public Debt** is expected to reach ﷲ 1,733 bn (34.8% of GDP).

By the end of H1 FY 2026, **the balance of Government Reserves** at the Saudi Central Bank (SAMA) amounted to approximately **ﷲ 399 bn** compared to about **ﷲ 397 bn** for the same period in 2025. The Kingdom’s fiscal policy aims to preserving a strong fiscal position while achieving fiscal sustainability through maintaining considerable levels of government reserves, **The Government Reserves Balance** is estimated to be approximately **ﷲ 399 bn** by the end of FY 2026.

The following graph shows the actual public debt for FY 2022 - FY 2025 and the projected public debt for FY 2026 compared to the budget estimates.



Source: MoF

*Note: Nominal GDP is according to the updated actual numbers published by GASTAT. GDP of FY 2026 is according to the updated budget estimates.

Fiscal Performance (First Half of the Year)

	(Bn, Unless otherwise stated)		
	Jan - Jun 2025	Jan - Jun 2026	Annual change
Revenues			
Total Revenues	565	600	6.1%
Taxes	209	217	3.6%
Taxes on income, profits, and capital gains	20	21	2.4%
Taxes on goods and services	147	154	5.2%
Taxes on international trade and transaction	12	10	-13.0%
Other taxes	31	32	3.7%
Other Revenues	356	383	7.6%
Expenditures			
Total Expenditures	658	760	15.4%
Expenses (OPEX)	591	670	13.4%
Compensation of employees	286	295	3.1%
Goods and services	138	172	24.7%
Financing expenses	24	29	19.6%
Subsidies	14	31	117.2%
Grants	1	2	218.9%
Social benefits	70	74	5.6%
Other expenditures	57	67	16.6%
Non-Financial Assets (CAPEX)	68	90	32.4%
Budget Deficit/Surplus			
Deficit/Surplus	-93	-160	-
Percent of GDP*	-2.0%	-3.2%	-
Debt and Reserves			
Debt	1,386	1,685	%21.5
Percent of GDP*	29.0%	33.8%	-
Government Reserves	397	399	-
Percent of GDP*	8.3%	8.0%	-

Source: MoF

*GDP of FY 2025 is according to the updated actual data published by GASTAT, and GDP of FY 2026 are based on the updated estimates.

Figures are rounded to the nearest decimal point

Fiscal Estimates for FY 2026

(₹ Billion, Unless otherwise stated)				
	Actual 2025	Budget 2026	Estimates* 2026	Change (Estimates compared to Budget)
Revenues				
Total Revenues	1,112	1,147	1,190	3.7%
Taxes	389	412	399	-3.3%
Taxes on income, profits, and capital gains	34	33	33	0.3%
Taxes on goods and services	294	314	303	-3.3%
Taxes on international trade and transaction	24	28	24	-11.5%
Other Taxes	36	39	39	0.9%
Other Revenues	723	735	791	7.6%
Expenditures				
Total Expenditures	1,388	1,313	1,435	9.3%
Expenses (OPEX)	1,220	1,151	1,258	9.3%
Compensation of employees	575	584	584	0.0%
Goods and services	316	247	315	27.6%
Financing expenses	54	64	63	-1.5%
Subsidies	36	30	54	80.1%
Grants	5	5	4	-26.4%
Social benefits	99	99	106	7.1%
Other expenditures	134	121	132	8.6%
Non-Financial Assets (CAPEX)	169	162	177	9.2%
Budget Deficit/Surplus				
Deficit/Surplus	-277	-165	-245	—
Percent of GDP*	-5.8%	-3.3%	-4.9%	
Debt and Reserves				
Debt	1,519	1,622	1,733	6.8%
Percent of GDP*	31.8%	32.7%	34.8%	
Government Reserves	399	390	399	
Percent of GDP*	8.4%	7.9%	8.0%	

Source: MoF

*GDP of FY 2025 is according to the updated actual data published by GASTAT, and GDP of FY 2026 are based on the updated estimates.

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