QUARTERLY BUDGET REVIEW

Saudi Arabia General Budget

Second quarter of fiscal year 2026 (1447/1448H)

Tharaa Financial Center

The quarter at a glance

Revenues grew faster than spending in the second quarter, and the deficit finished the period almost exactly where it stood a year earlier.

Total revenues

SAR 338.8bn

USD 90.3bn

+12% year on year

Total expenditures

SAR 373.1bn

USD 99.5bn

+11% year on year

Deficit

SAR 34.3bn

USD 9.1bn

73% narrower than Q1

Oil revenues

SAR 185.1bn

55% of revenues

+22% year on year

Non-oil revenues

SAR 153.7bn

45% of revenues

+3% year on year

Government reserves

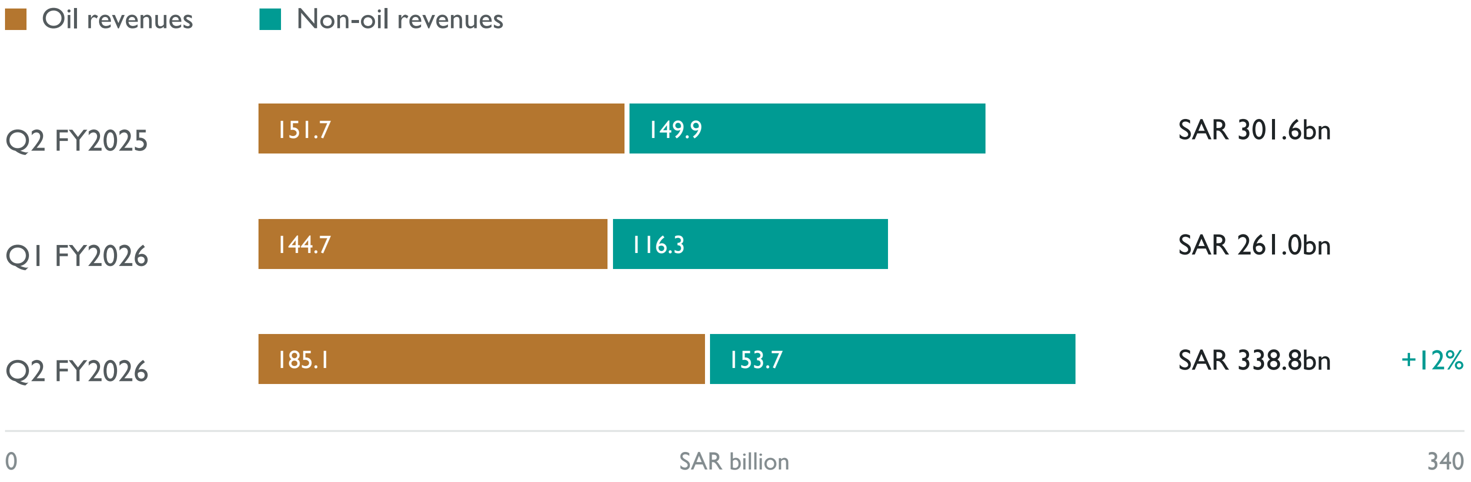
SAR 399.1bn

nil drawn in the half

above the year-earlier level

Revenue growth of 12 percent outpaced the 11 percent rise in spending, and the quarterly deficit of SAR 34.3bn sits within SAR 0.2bn of the same quarter of FY2025 even though the government spent SAR 36.9bn more. The Kingdom absorbed a materially larger delivery programme without widening the gap.

Both revenue engines ran together



Receipts rose 29.8 percent between the first and second quarters of FY2026, with oil up 27.9 percent and non-oil up 32.2 percent over the same two quarters.

Oil revenues, Q2 FY2026

SAR 185.1bn +22%

Non-oil revenues, Q2 FY2026

SAR 153.7bn +3%

Taxes on goods and services

SAR 79.1bn +6%

Taxes on income, profit and capital gains

SAR 15.0bn +9%

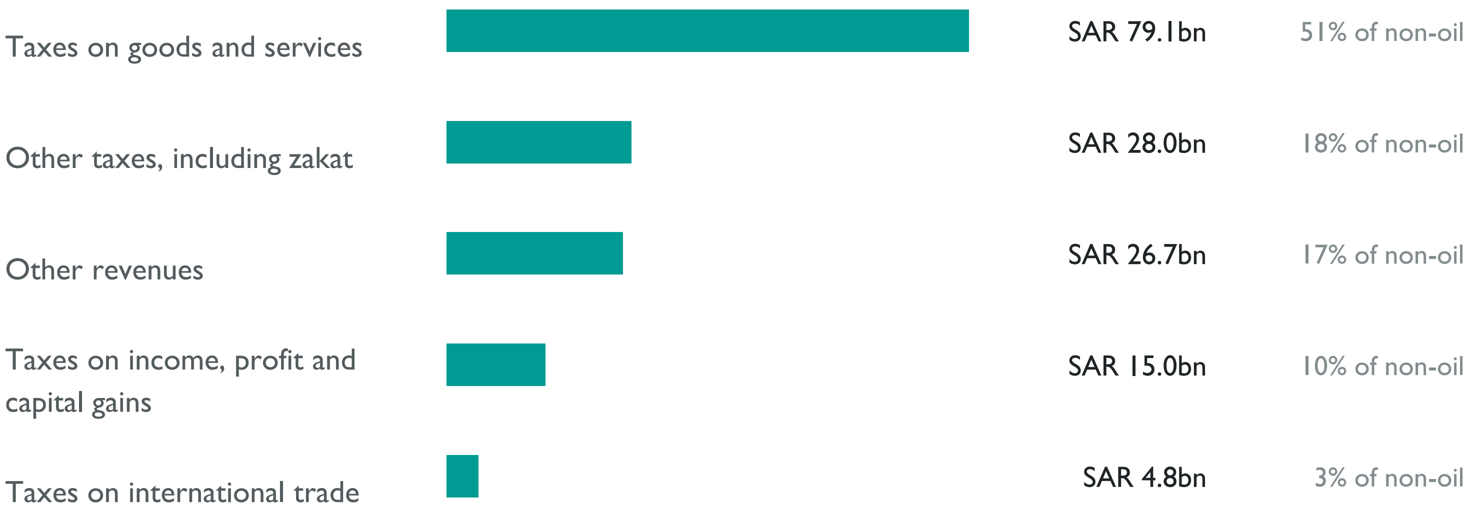
Other taxes, including zakat

SAR 28.0bn +8%

Oil receipts added SAR 33.4bn year on year and non-oil receipts added SAR 3.8bn, so every riyal of the SAR 37.2bn revenue increase came from a source that was already growing. Non-oil revenues of SAR 153.7bn are the strongest of FY2026 so far, and the tax lines closest to domestic activity, goods and services and corporate income, both advanced.

What the non-oil base now carries

Composition of non-oil revenues, Q2 FY2026



The three tax lines tied to domestic activity, goods and services, income and profit, and other taxes including zakat, all grew year on year in the quarter.

Share of all government spending, first half

35.5%

Measured against the public wage bill, first half

91.4%

Non-oil revenues, first half of FY2026

SAR 269.9bn +2%

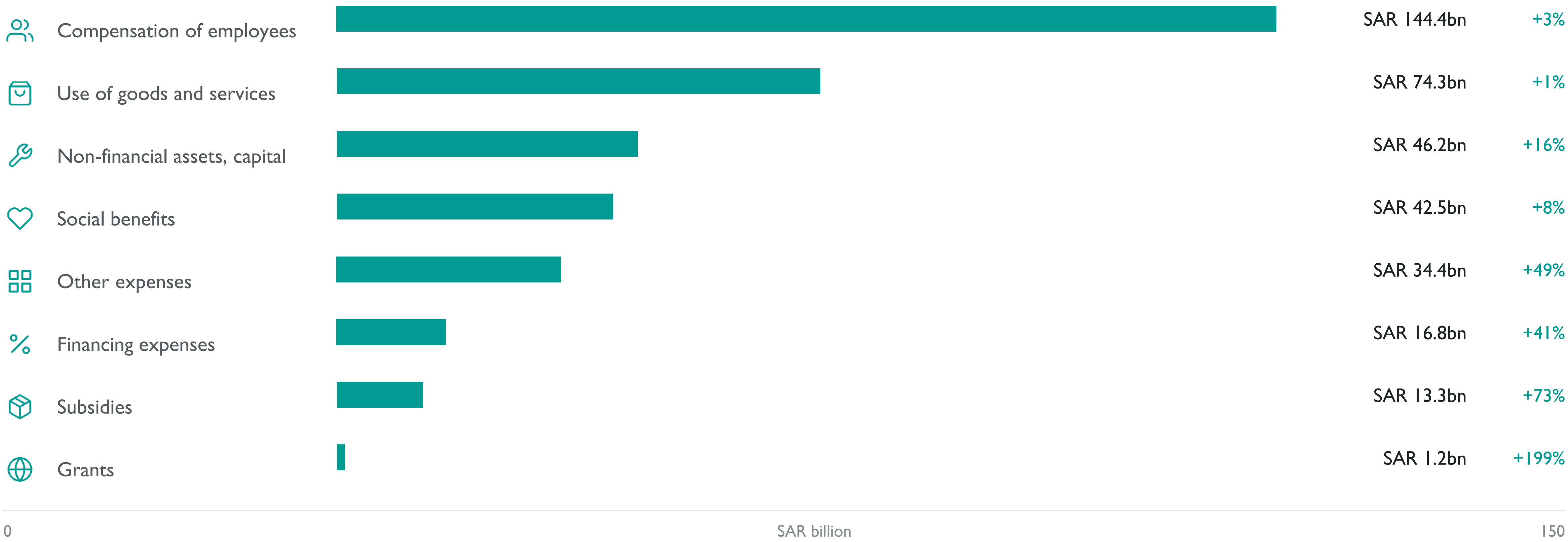
Non-oil revenues, full year FY2025

SAR 505bn

> Taxes on goods and services supply just over half of all non-oil revenue, and the base is broad enough that no single line dominates the remainder. Across the first half, non-oil receipts alone funded more than a third of total government spending and came within nine percent of covering the entire public sector wage bill, which is the practical measure of how far the diversification of the revenue base has travelled.

Spending tilted toward capital and support

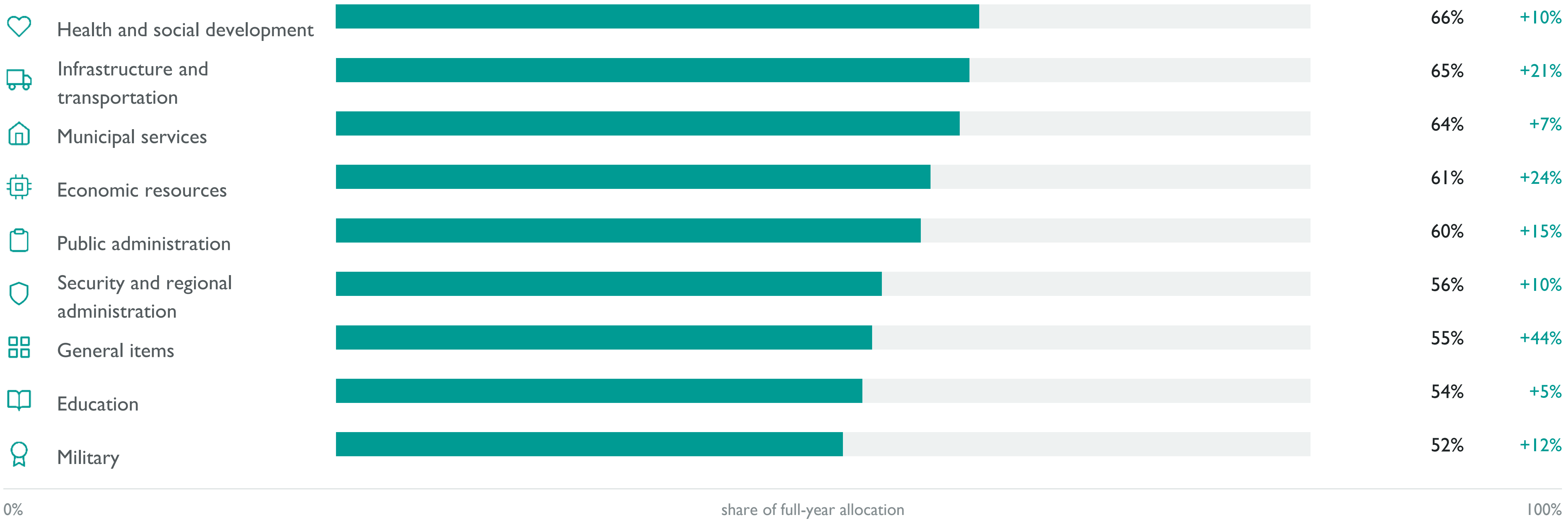
Actual expenditure by economic classification, Q2 FY2026, with the year-on-year change printed by the Ministry



Capital expenditure reached SAR 46.2bn in the quarter, 16 percent above the same period last year, and SAR 89.7bn across the first half, 32 percent higher year on year and the fastest growth of any major line. Social benefits rose 8 percent to SAR 42.5bn.

Delivery is running ahead of the calendar

First-half spending as a share of the full-year FY2026 allocation, with year-on-year growth as printed by the Ministry



Five sectors had reached 60 percent or more of their full-year allocation by the halfway point, led by health and social development at 66 percent of a SAR 259.3bn budget. Economic resources spending grew 24 percent year on year and infrastructure and transportation 21 percent.

Funded without touching the reserves

Drawn from government reserves in the first half

0

The half-year deficit was met entirely from borrowing.

Government reserve, end of first half

SAR 399.1bn

above SAR 397.0bn a year earlier

Gross issuance, first half

SAR 188.8bn

Domestic markets absorbed 73 percent of it.

Financing costs as a share of first-half revenues

4.9%

Debt service remains a small claim on receipts.

Domestic debt   External debt

Public debt at the end of the first half, SAR 1,685.0bn

End of H1 FY2026

Average time to maturity of the debt portfolio (EOY 2025)

9 years

Average cost of funding of the debt portfolio (EOY 2025)

3.8%

Nothing was taken from reserves in either quarter, and the reserve balance of SAR 399.1bn finished the half above the SAR 397.0bn held at the same point last year. Just under three quarters of gross issuance was raised at home, which is the local capital market doing the work Vision 2030 set out for it.

The first half against the approved budget

Revenues, first half of FY2026

SAR 599.8bn +6%

Expenditures, first half of FY2026

SAR 759.8bn +15%

Revenue collected against the full-year budget

52.3%

Budget delivered against the full-year plan

57.9%

Approved FY2026 revenues

SAR 1,147.4bn

Approved FY2026 expenditures

SAR 1,312.8bn

Approved FY2026 deficit

SAR 165.4bn 3.3% of GDP

Revenue rise from the first to the second quarter

+29.8%

The shape of the year is a quiet first quarter followed by a much stronger second. Revenues rose 29.8 percent between the two quarters and the quarterly deficit narrowed by 73 percent. With 57.9 percent of the spending plan already delivered, the heaviest part of the FY2026 programme is behind the government, and the revenue side is entering the second half with the better momentum of the two.

The economy underneath the budget

Full-year FY2025 outturn, the most recent complete picture published by the Ministry and the General Authority for Statistics.

4.6%
Real GDP growth in FY2025, with non-oil activities up 5.1 percent

3.2%
Overall unemployment, with Saudi unemployment at 7.0 percent, meeting the Vision 2030 target

SAR 122.4bn
Net foreign direct investment, 52.9 percent higher than the year before

122m
Tourist arrivals, with tourism spending above SAR 300bn

SAR 220.1bn
Merchandise trade surplus, with non-oil exports up 18.9 percent

60.2
Purchasing Managers Index in October 2025, well above the neutral 50 level

2.5m
Saudi nationals employed in the private sector, up 5.8 percent on the year

+10.4%
Growth in bank credit to the private sector, reaching SAR 3 trillion

The fiscal accounts sit on an economy that grew 4.6 percent with the non-oil side leading, unemployment down to 3.2 percent, foreign direct investment up by more than half, and 122 million visitors. These are the conditions that produced a 12 percent revenue quarter, and they are the reason the non-oil tax base keeps widening.

What we are watching into the second half

Revenue momentum

Receipts rose 29.8 percent between the first and second quarters. If the second half holds anywhere near the second-quarter run rate, the revenue side of the plan is comfortably within reach.

The non-oil trajectory

Non-oil receipts already fund more than a third of total spending. Each additional point of coverage lowers the budget's sensitivity to the oil price, which is the central objective of the fiscal reform programme.

Capital delivery

Capital spending is up 32 percent across the half. Sustained delivery at this level is what converts the budget into installed productive capacity across transport, health and industry.

Funding flexibility

Reserves are intact, debt service takes under five percent of revenue, and the domestic market took nearly three quarters of issuance. The government enters the second half with its options open.

Actual revenues and expenditures, SAR million. Change percentages are as printed by the Ministry of Finance.

LINE	Q2 FY2025	Q2 FY2026	CHANGE	H1 FY2025	H1 FY2026	CHANGE
REVENUES						
Oil revenues	151,734	185,127	+22%	301,543	329,848	+9%
Taxes on goods and services	74,950	79,127	+6%	146,511	154,058	+5%
Other taxes	25,991	28,011	+8%	30,573	31,701	+4%
Taxes on income, profit and capital gains	13,729	14,990	+9%	20,427	20,909	+2%
Taxes on international trade	6,323	4,788	-24%	11,882	10,335	-13%
Other revenues	28,868	26,740	-7%	54,274	52,905	-3%
Non-oil revenues	149,861	153,657	+3%	263,667	269,908	+2%
Total revenues	**301,595**	**338,784**	**+12%**	**565,210**	**599,756**	**+6%**
EXPENDITURES						
Compensation of employees	140,402	144,373	+3%	286,492	295,428	+3%
Use of goods and services	73,580	74,283	+1%	138,214	172,335	+25%
Non-financial assets, capital	39,909	46,226	+16%	67,695	89,660	+32%
Social benefits	39,168	42,452	+8%	69,642	73,532	+6%
Other expenses	23,026	34,420	+49%	57,206	66,704	+17%
Financing expenses	11,941	16,812	+41%	24,328	29,099	+20%
Subsidies	7,688	13,267	+73%	14,180	30,804	+117%
Grants	415	1,240	+199%	689	2,196	+219%
Total expenditures	**336,129**	**373,073**	**+11%**	**658,446**	**759,757**	**+15%**
Surplus or deficit	**-34,534**	**-34,289**		**-93,236**	**-160,002**	

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