

insights

Saudi Arabia's Debt Markets:

From Bank Loans to Bonds and Sukuk

Corporate Financing in 2026:
Why Saudi Companies Need a Capital Markets Strategy

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Executive Summary

In barely a decade, Saudi Arabia has built one of the largest debt markets in the emerging world. Government debt has grown from SAR 142.2 billion in 2015 to SAR 1,519 billion in 2025, total Saudi bonds and sukuk now exceed USD 520 billion.



SAR 142.2B in 2025



SAR 1,519B in 2025



USD 520B+ Total Saudi Bonds and Sukuk

The gap

Saudi companies have barely used this market. Bonds and sukuk provide only 11% of corporate debt financing, against 47% across the G20, and almost all corporate foreign-currency issuance has come from a handful of state-linked names. For most businesses, financing still means a bank loan.

The catalysts

That is now changing. Bank credit has grown faster than deposits since 2020, pushing banks themselves into the capital markets, while regulatory reform, a government yield curve and global index inclusion from January 2027 are making bonds and sukuk more accessible to issuers and investors alike.

The bottom line

Access is earned, not assumed. The 2026 regional volatility briefly closed debt markets; issuers with financing arranged and robust numbers in hand were funded, while others had to wait. For CFOs, the priority is to understand debt capacity, cost and readiness before the need arises.



In 2025
The Kingdom was the largest US dollar debt issuer among emerging markets excluding China.

Sources:

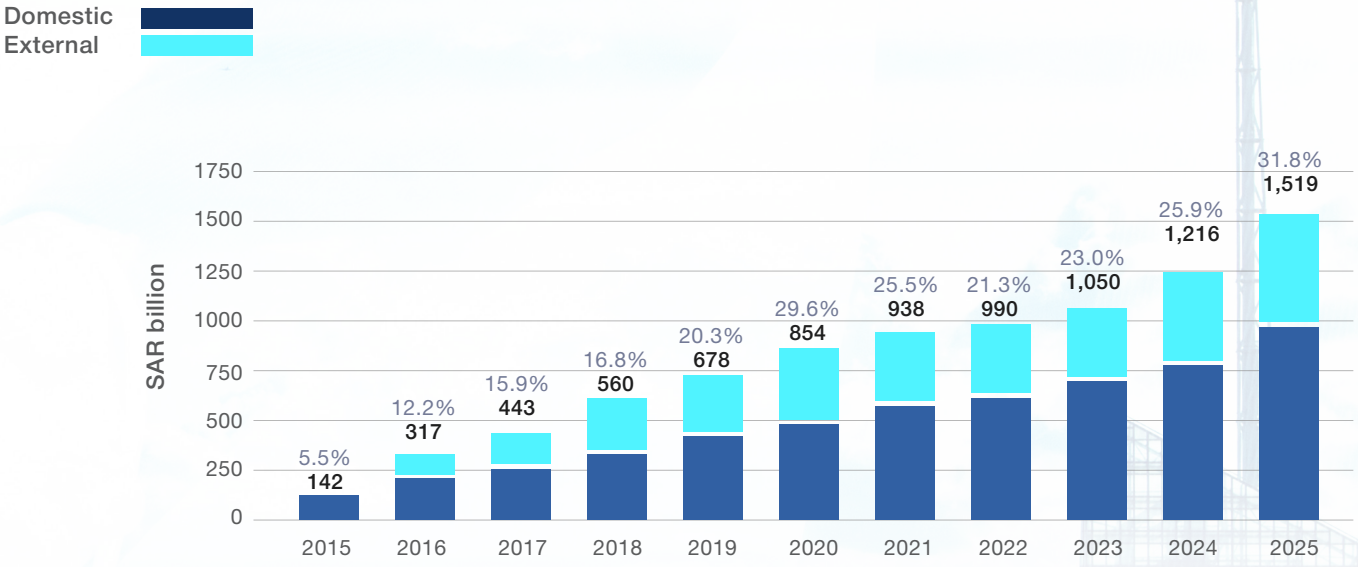
Fitch Ratings (Jan 2026), NDMC, Arab News (Jan 2026), S&P Global (Oct 2026), CMA (Apr 2024).

The Market in Numbers

Government borrowing built the foundations of the market; banks, government-related entities and a small group of large corporates have followed. External debt rose from zero in 2015 to about 38% of government debt by 2025.

Figure 1: Government Direct Dept Outstanding, 2015-2025 (SAR billion; % 0f GDP)

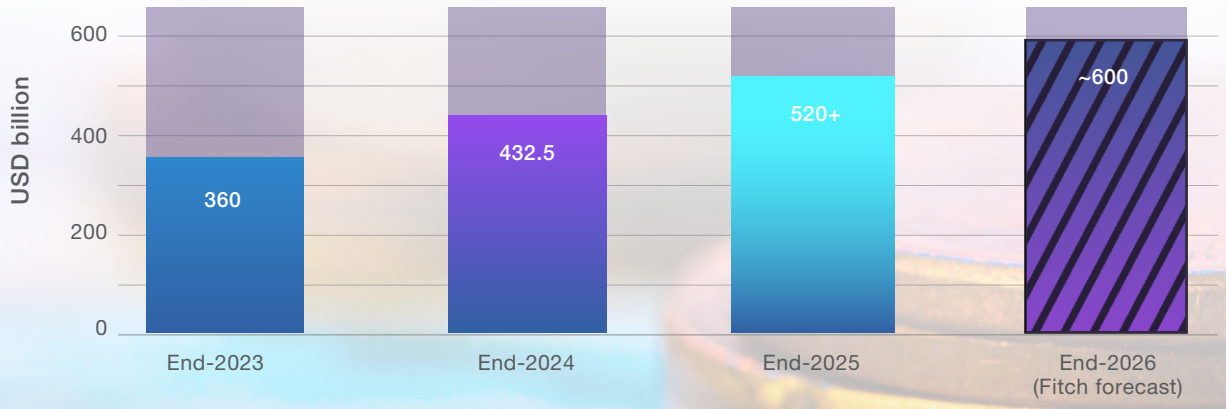
Bold = total outstanding (SAR bn); grey = dept-to-GDP ratio



Source: NDMC

Figure 2: Saudi Bonds and Sukuk Outstanding, All Issuers and Currencies (USD billion)

Growth: +14.5% (2023), +20% (2024), c.21% (2025)



End-2026 is a Fitch forecast made in January 2026, before the regional conflict. Figure 1 covers central government debt including loans and is not comparable with Figure 2

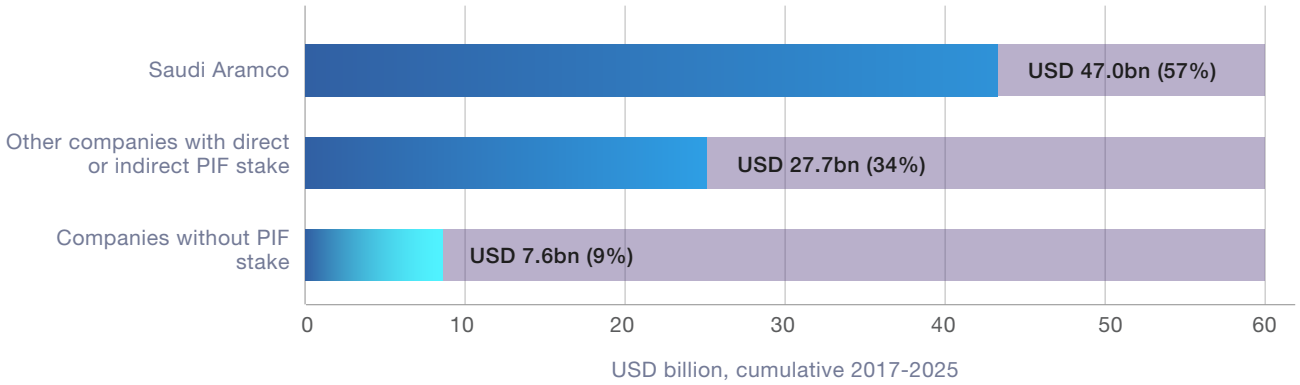
Sources:

Fitch via AGBI (Jan 2024), Fitch via Arab News (Mar 2025), Fitch Ratings (Jan 2026)

The Corporate Gap

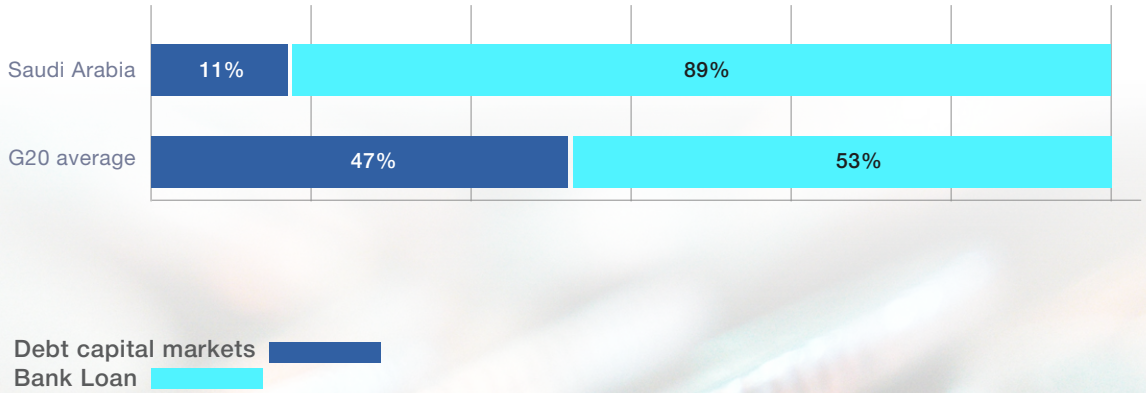
Saudi companies remain heavily dependent on banks. Corporate bonds and sukuk issued locally total about USD 35.3 billion, only 2.8% of GDP, and foreign-currency issuance has been dominated by Saudi Aramco and other PIF-linked companies. In Q1 2026 alone, Saudi corporate issuance reached USD 18.5 billion, the highest in the GCC.

Figure 3: Foreign-Currency Debt Issued by Saudi Non-Financial Corporates, 2017–2025 (USD billion)



Other PIF-linked' and 'without PIF stake' derived by Insights from S&P totals (USD 82.3bn total; USD 74.7bn PIF-linked)

Figure 4: Corporate Debt Financing Mix, Saudi Arabia vs G20 Average (%)



Sources:

S&P Global (Oct 2026), Markaz (Apr 2026), CMA (Apr 2024).

Financing Routes for Saudi Companies

Each financing route suits a different stage of growth and requires a different level of preparation

Bank Facilities

Still the default for working capital and shorter-tenor capex. Banks look for audited accounts, cash-flow projections, collateral and covenant headroom.

Debt Crowdfunding

Permitted by the CMA since 2025 for licensed platforms. A route to non-bank debt for smaller companies with a clean financial history, a clear use of proceeds and a credible repayment plan.

Local Sukuk and Bonds

Private placements or listed issues for established companies seeking longer tenor and a wider lender base. Requires governance, Shariah structuring, disclosure and, often, a credit rating.

International Bonds and Sukuk

Large, rated issuers, so far mostly government-related. Requires an international rating, IFRS reporting, investor relations and full documentation.

Project and Structured Finance

Long-dated, cash-flow-based debt for infrastructure and capital-intensive assets. The government itself is expanding project finance and export credit agency funding

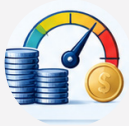


Sources:

Arab News (Sep 2025), CMA (Apr 2024), CMA (Nov 2024), MoF Pre-Budget FY2027.

Common Reasons Debt Raises Fail or Cost More

01- Debt Sized on Ambition, Not Cash Flow



Borrowing is often set by the capex plan rather than by what cash flows can service. Lenders test leverage, debt service coverage and interest cover under downside cases, and so should the borrower.

02- Weak or Unaudited Financial Information



Investors and rating agencies expect IFRS-quality audited accounts and consistent KPIs. Information that cannot be verified attracts a higher price, or no offer at all.

03- No Integrated Financial Model



Without a driver-based, three-statement model with covenant tests and maturity profiles, a company cannot show lenders how the debt will be repaid.

04- Ignoring the All-In Cost



The coupon is only part of the cost. Fees, ratings, Shariah structuring, covenants and the Zakat and tax treatment of financing costs change the real comparison between options

05- Leaving Refinancing Too Late



Late refinancing exposes a company to market closures and to rate moves, which follow the US Federal Reserve because of the riyal peg (SAMA repo rate: 4.25% since December 2025)

06- Governance Gaps Found in Due Diligence



Related-party balances, off-balance-sheet obligations and debt-like items discovered late reprice a transaction, or end it.

Source:

SAMA (Dec 2025).

Outlook: What to Watch in 2027

Growth will continue, at a pace set by oil prices, interest rates and regional stability.



Continued Government Supply

The IMF projects public debt at 32.1% of GDP in 2026 and 34.4% in 2027. The FY2027 pre-budget statement implies a deficit of about SAR 190 billion (3.6% of GDP).



Foreign Capital Arriving

Index inclusion starts in January 2027 (J.P. Morgan) and April 2027 (Bloomberg), which should improve liquidity in riyal debt and, over time, corporate paper



Private Issuers Following

S&P expects more private-sector companies to follow public issuers into the debt market, widening the range of credit ratings available to investors.

Key Risks

Oil prices, US interest rates, evolving Shariah standards for sukuk and geopolitics.



The question for Saudi boards is shifting from "Will the bank lend?" to "What is the best way to finance this balance sheet, and are we ready for the scrutiny that comes with it?"

Source:

IMF Article IV (Jul 2026), MoF Pre-Budget FY2027, Ministry of Finance (Apr 2026), S&P Global (Oct 2026), Fitch Ratings (Jan 2026).

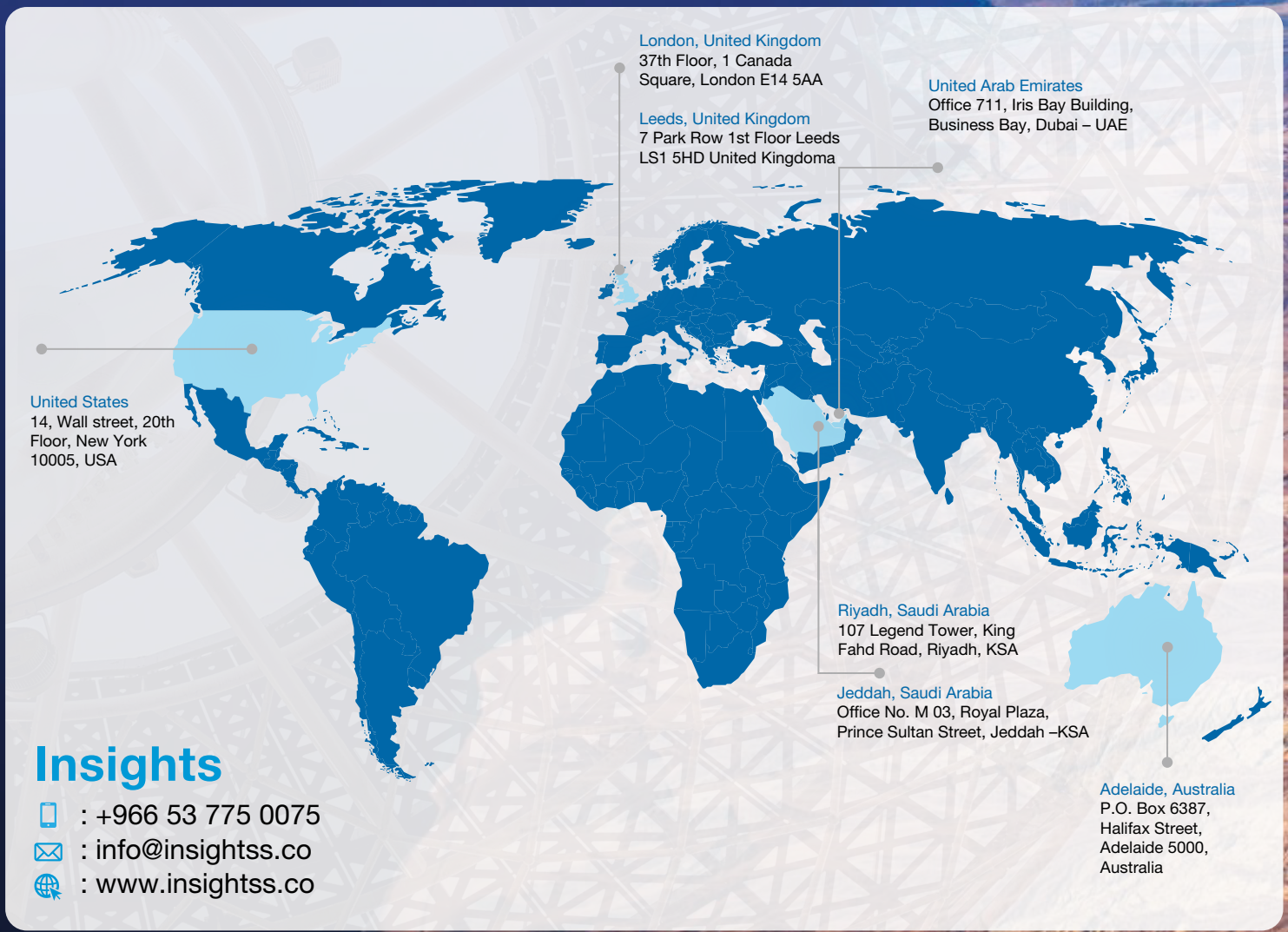
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