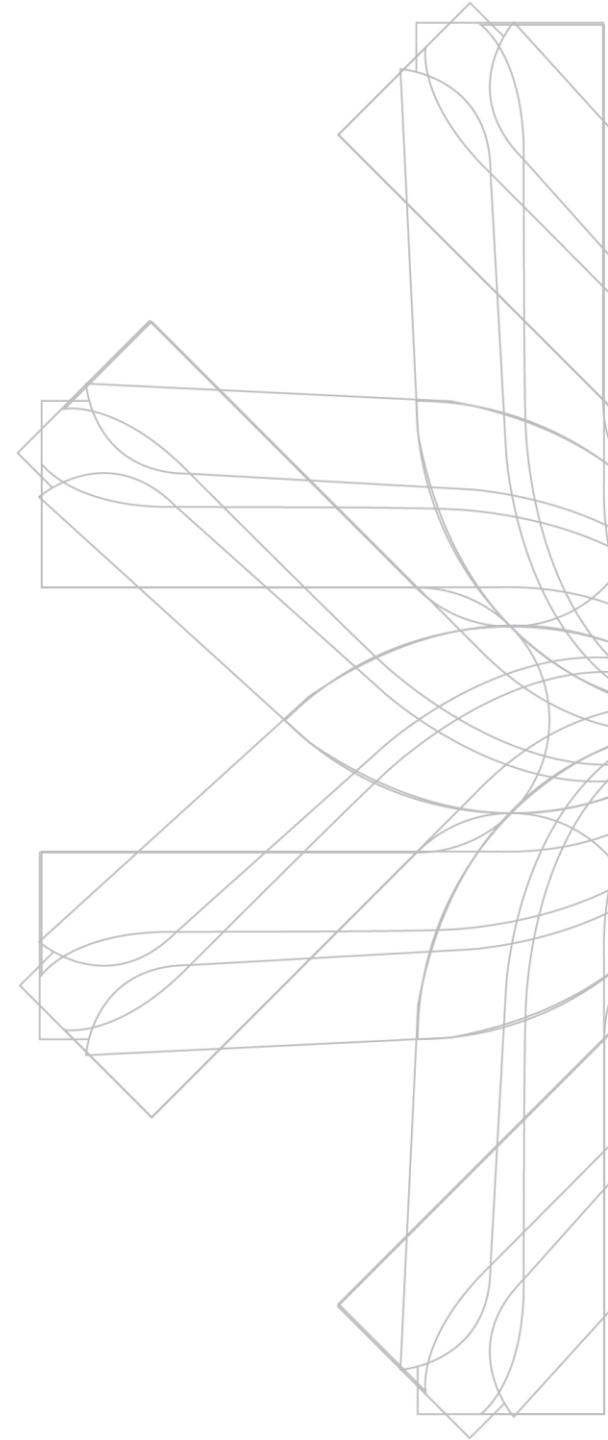




المتحدة للأوراق المالية ش.م.م
UNITED SECURITIES LLC.

GCC Banking Outlook 2026

24 December 2025





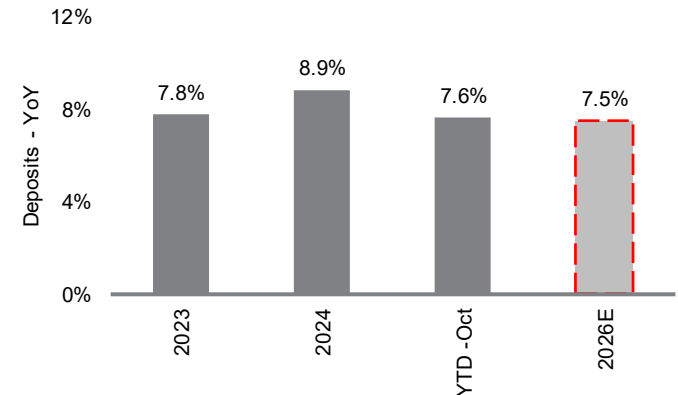
Saudi Arabia



Loan growth momentum to continue in 2026e...



...while deposits growth expected to trail loan growth



Our view

- Although capital expenditure activity is moderating, we expect loan growth in Saudi to remain supported by spill-over demand from pending projects/new pipeline of investments. The elevated base will naturally temper expansion, and we forecast loan growth of around 11.5% in 2026, with construction and consumer lending the key segments to watch
- Deposit growth has remained structurally steady but continues to trail credit expansion. We expect this trend to persist, with deposit growth stabilizing at roughly 7.5% in 2026.
- While anticipated policy rate cuts are likely to exert near-term pressure on banking sector margins, we believe incremental balance-sheet growth should partially cushion the impact through higher volumes.
- NPLs trend will be similar to 2025, however exposure to consumer and high capital-intensive segments to be monitored

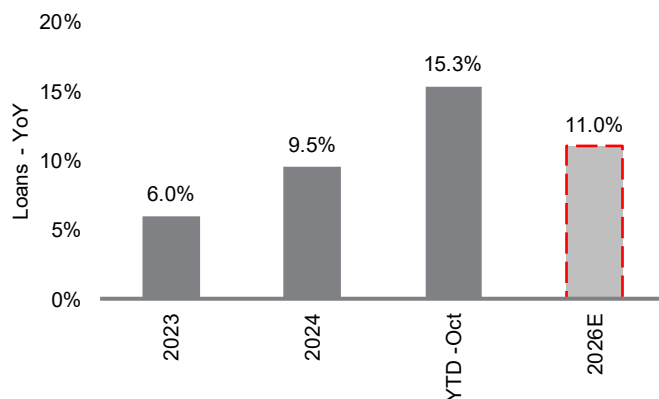
Top Picks - Saudi National Bank, Saudi Awwal Bank



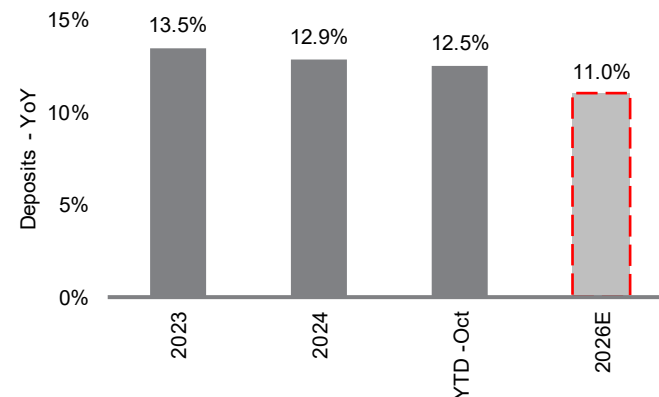
United Arab Emirates



High base effect to kick in and expect moderation in 2026



...with deposit growth keeping pace with loan growth



Our view

- Loan growth of 15% YTD Oct 2025 was predominantly driven by trade finance, consumer lending and, to a large extent, public sector related demand. We anticipate a relative deceleration to around 11% in 2026, reflecting reduced public-sector drawdowns and the impact of a high base.
- Deposit growth exceeded loan growth through 2023 and 2024, but the trend reversed in YTD Oct 2025, with deposits expanding by 12.5%. Sustaining a fourth consecutive year above this threshold appears challenging; accordingly, we expect deposit growth to converge with loan growth at roughly 11% in 2026.
- We believe policy rate cuts will stimulate incremental consumer credit demand. UAE banks demonstrated an ability to protect and even enhance margins in 2025 despite rate cuts, and we expect this margin-resilience trend to persist
- Recoveries in 2025 translated into lower provisions, hence we believe provisions for 2026 may move higher. However, NPLs to remain low, given the higher base

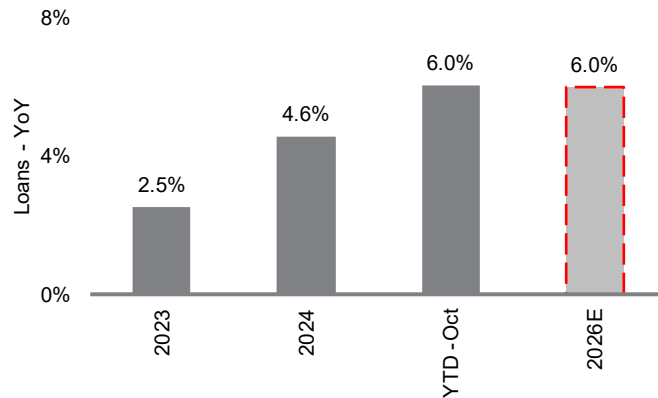
Top Picks – Abu Dhabi Commercial Bank, Abu Dhabi Islamic Bank



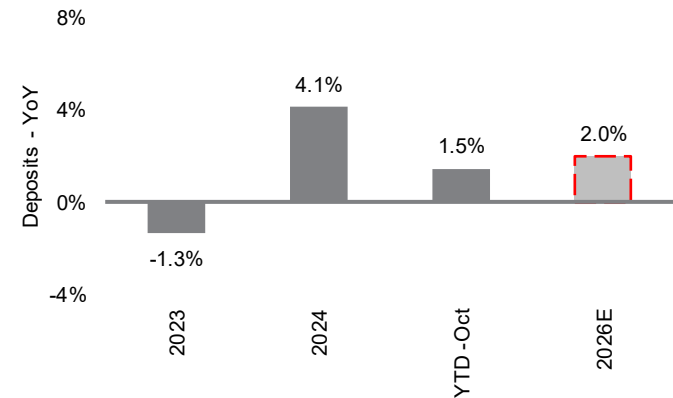
Qatar



North Field expansion to be key driver of loan growth...



...deposit growth expected to be moderate in 2026e



Our view

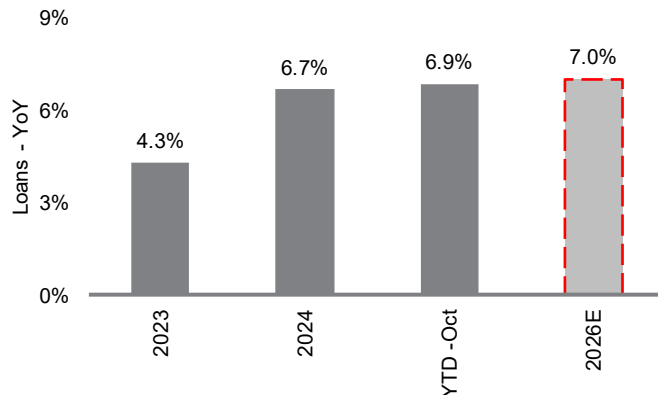
- Qatar's loan book expanded by 6% YTD Oct 2025. We expect the North Field expansion and associated ancillary investments to serve as the primary growth catalyst, with the majority of the anticipated c.6% loan growth in 2026 likely to be back-ended in 2H26.
- Deposit growth of 1.5% YTD Oct 2025 has remained sluggish relative to credit expansion, with Government/GRE balances acting as the main funding source. Maintaining demand deposits will be a key challenge for banks, and we project a moderate deposit growth of around 2% in 2026.
- We expect Qatari banks to face continued NIM pressure, given the high proportion of fixed-rate liabilities. While the largest player is better positioned to absorb the pricing squeeze, margin trajectory of other banks is to be monitored.
- We are watchful of the provisions arising from real estate and contracting sectors. NPLs are expected to remain steady.



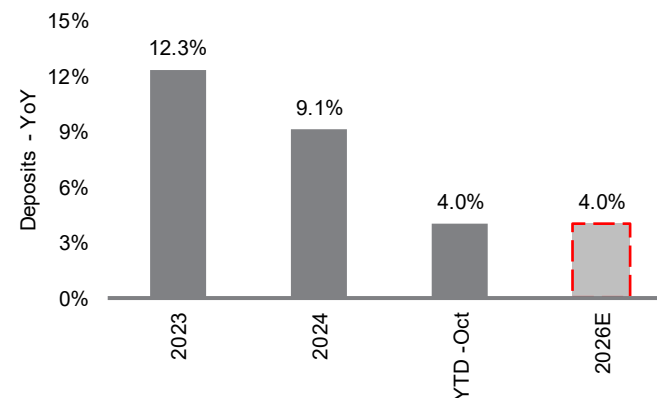
Sultanate of Oman



Steady growth rate in loans expected in 2026e...



...with 2026e deposit growth continue to be steady



Our view

- Corporate lending, and to a lesser extent, retail demand, supported Oman's 6.9% loan growth as of Oct YTD 2025. We expect this momentum to carry into 2026, with loan expansion forecast at around 7%, underpinned by construction-related corporate credit and continued growth in housing loans within the retail segment.
- Deposit growth of 4% as of Oct YTD 2025 has remained moderate relative to lending, reflecting a decline in GRE balances partly offset by stronger private sector deposits. We expect a similar shift in funding mix in 2026, with deposit growth of ~ 4%.
- Omani banks have experienced margin compression, with asset yields trending lower while funding costs have remained broadly stable through Sep YTD. We expect banks to respond similarly to policy easing in 2026, resulting in NIM moderation.
- In the absence of any evidence of stress in across sectors, we do not expect elevated provisions in 2026,. NPLs to remain at similar levels.

Top Picks – Bank Muscat, Sohar International Bank

Key contacts

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