



The Edge Economic Update

Kuwait Banking Sector 2025 Performance Overview

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Kuwait Banking Sector 2025 – Performance Overview

This **brief performance overview** highlights key developments in the Kuwaiti banking sector during 2025, covering listed Kuwaiti banks. The Kuwaiti banking sector remained robust in 2025, building on the solid growth of previous years. Aggregate net profits reached new highs, underpinned by healthy credit growth and strong asset quality, although profit growth slowed due to margin compression as interest rates began to ease.

In aggregate, Kuwait’s listed banks delivered a solid performance in 2025, with most institutions reporting higher profitability. Sector-wide net profit increased by approximately 0.6% year-on-year to nearly KD 1.67 billion, marking a new record slightly higher than 2024. At the same time, total sector assets expanded by approximately 12.2% year-on-year to nearly KD 138.3 billion, underscoring continued balance sheet growth across the banking system.

Below table summarizes key financial metrics for Kuwait’s nine listed banks, showing that Kuwait Finance House (KFH) and National Bank of Kuwait (NBK) continue to dominate the sector in size and earnings.

2025 Financial Highlights of Kuwaiti Banks (KD millions)

Bank	Net Profit	YoY Profit Growth	Financing Portfolio	YoY Financing Growth	Total Assets	YoY Asset Growth	Equity	Capital Adequacy Ratio (CAR)
KFH	632.1	5.0%	21,817	14.4%	42,760	16.5%	5,747	19.8%
NBK	575.6	-4.1%	26,816	13.1%	45,613	13.1%	4,570	17.0%
Commercial Bank (CBK)	121.2	-22.9%	2,974	6.0%	5,363	14.9%	784	18.3%
Boubyan Bank	100.5	3.9%	7,680	10.9%	10,201	8.8%	966	17.2%
Ahli Bank (ABK)	62.6	19.4%	4,566	-5.5%	6,925	-6.1%	681	19.1%
Gulf Bank	52.4	-12.9%	5,859	7.2%	7,700	2.9%	854	16.9%
Warba Bank	49.6	121.5%	4,007	10.0%	6,028	13.9%	828	16.9%
Burgan Bank	46.5	0.2%	4,831	8.0%	9,099	11.5%	871	16.8%
Kuwait Int’l (KIB)	30.1	30.4%	3,319	16.6%	4,639	18.3%	383	22.1%

Source: 2025 audited financial statements. Net Profit & Equity are those attributable to the shareholders of the banks.

Kuwait Banking Sector 2025 – Performance Overview

The previous table indicates that KFH and NBK reported the highest net profits in 2025, at KD 632.1 million and KD 575.6 million, respectively, significantly outperforming other domestic banks. These two institutions also dominate the sector in terms of asset scale, with NBK's total assets reaching KD 45.6 billion (approximately USD 149 billion) and KFH's assets standing at KD 42.8 billion (approximately USD 139 billion). Beyond the two leaders, Boubyan Bank has already surpassed the KD 10 billion asset threshold, reporting total assets of KD 10.2 billion in 2025. In addition, should the proposed merger between Warba Bank and Gulf Bank be completed in 2026–2027, the consolidated entity would be expected to exceed KD 10 billion in total assets, potentially creating another large-scale player within the Kuwaiti banking sector.

Figures underscores this gap in scale: NBK and KFH tower over their peers in both profits and balance sheet size. Mid-sized players like Boubyan and Burgan hold assets between KD 9–10 billion, while smaller banks such as Gulf, ABK, Warba, CBK, and KIB each manage between KD 4.6 and KD 7.7 billion in total assets.

Despite their smaller scale, several of these banks recorded standout profit growth in 2025 – Warba Bank surged +121.5%, KIB rose +30.4%, and ABK climbed +19.4%, showcasing effective growth strategies and improving operational leverage.

Net Profit of Kuwaiti Banks (2025 vs 2024) - KD million

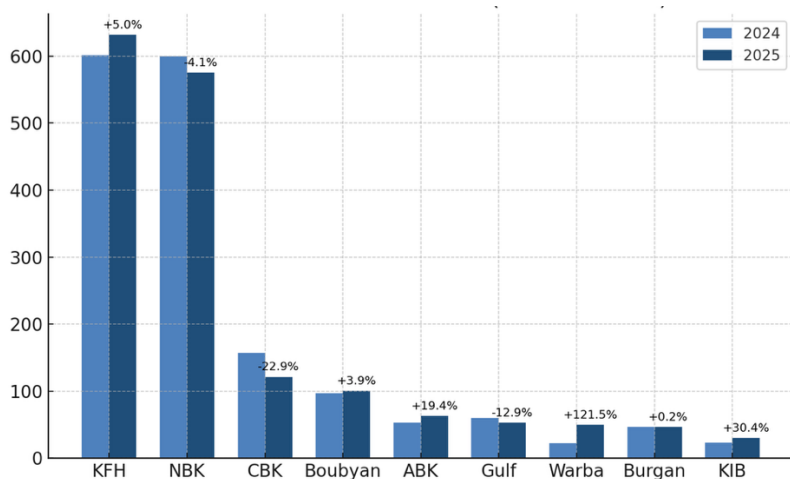


Figure 1: Net profit of Kuwaiti banks in 2024 vs 2025 (in KD millions). KFH and NBK maintained their profit leadership, while Warba and KIB saw the fastest growth rates.

Total Assets of Kuwaiti Banks (2025) - KD billion

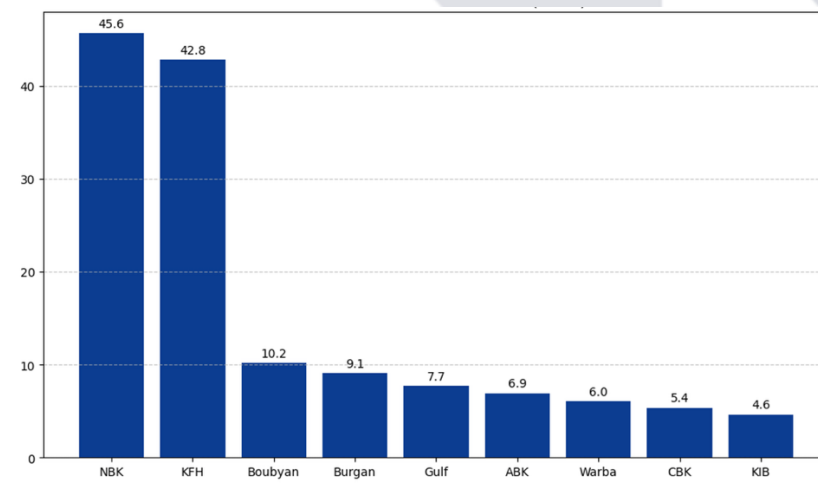


Figure 2: Total assets of Kuwaiti banks as of 2025 (KD billion). NBK and KFH together account for roughly two-thirds of sector assets.



Kuwait Banking Sector 2025 – Performance Overview

NBK and KFH dominate Kuwait’s banking sector in terms of consolidated net loans and financing receivables in 2025, reflecting their superior balance sheet capacity, diversified lending franchises, and extensive domestic and regional market reach. Based on consolidated figures, NBK reported net loans and financing receivables of approximately KD 26.8 billion, a figure that already includes Boubyan Bank’s net financing portfolio of KD 7.7 billion as part of the NBK Group consolidation, while KFH reported net financing receivables of approximately KD 21.8 billion. These levels place both institutions well ahead of the rest of the sector. The next tier of banks operates with materially smaller net financing portfolios, including Gulf Bank (approximately KD 5.9 billion) and Burgan Bank (approximately KD 4.8 billion), underscoring the pronounced scale gap between the two market leaders and other listed banks. At the same time, smaller banks such as Kuwait International Bank (KIB), with net financing receivables of around KD 3.3 billion, are able to achieve materially higher percentage growth rates due to a low base effect. Supported by strong capital buffers and elevated Capital Adequacy Ratios, KIB recorded financing receivables growth of 16.6% in 2025—the highest in the market.

Loans/Financing Receivables of Kuwaiti Banks (2025) –

KD billion

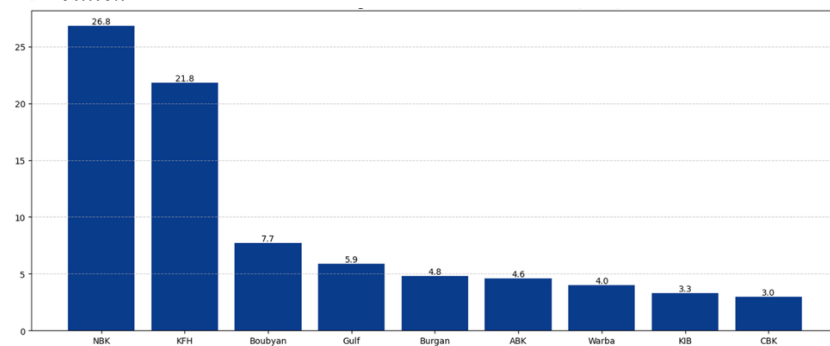


Figure 3: NBK and KFH dominate Kuwait’s banking sector in terms of consolidated loans and financing receivables in 2025.

Kuwait Finance House (KFH) – Continued Leadership in Islamic Banking

KFH reinforced its position as Kuwait’s largest Islamic bank in 2025 with another year of record earnings. Net profit attributable to shareholders increased to KD 632.1 million, up 5.0% year-on-year, marking the highest profit ever recorded by a Kuwaiti bank. This strong bottom-line performance reflects KFH’s high operating efficiency, as robust financing income, disciplined cost control, and a 29% rise in net fees and commissions more than offset the combined impact of higher loan loss provisioning and increased tax charges recorded in 2025 compared to 2024. Notably, the financing (loan) portfolio expanded 14.4% to KD 21.82 billion, reflecting healthy demand across retail and corporate segments.

KFH’s total assets expanded by 16.5% to reach KD 42.76 billion (approximately USD 139 billion), broadly keeping pace with NBK and materially widening the scale gap versus other domestic banks. Asset growth was supported by solid organic balance sheet expansion, sustained financing growth across retail and corporate segments, and ongoing contributions from the Group’s diversified regional footprint.

While full consolidation of Ahli United Bank’s operations was completed at the end of 2022, the initial post-acquisition period in 2023 was primarily characterized by integration, restructuring, and balance sheet normalization. As execution risk moderated and integration progressed, the benefits of the transaction became increasingly evident from 2024 onward, supporting improved operating leverage, scale efficiencies, and earnings resilience, and reinforcing balance sheet growth and profitability momentum into 2025.

Asset quality and capitalization remained strong. KFH’s non-performing financing ratio stayed low (~1.51% as of Dec 25) and coverage levels high, thanks to prudent risk management. On the funding side, KFH grew its deposit base (especially low-cost Islamic investment accounts), which supported balance-sheet expansion without pressuring margins.



Kuwait Banking Sector 2025 – Performance Overview

Capital Adequacy Ratio stood at 19.8%, comfortably above regulatory minimums, even after distributing healthy dividends (a 24% cash dividend for full 2025). KFH's CAR reflects a large Tier-1 capital base – bolstered by Tier-1 sukuk issued in prior years – which positions the bank strongly for future growth.

Strategically, KFH continued to capitalize on its leadership in Islamic banking, leveraging its scale and diversified footprint to strengthen its competitive positioning. The Group deepened its presence across key regional and international markets, with operations spanning 12 countries, while further enhancing its digital banking capabilities during 2025. Management maintained a clear focus on a “customer-centric, digital-first” strategy, prioritizing investment in digital platforms, data analytics, and process automation, alongside the launch of new fintech partnerships and Sharia-compliant products across retail and corporate segments. These initiatives are aimed at supporting sustainable growth, improving customer engagement, and enhancing operating efficiency over the medium term. Reflecting this strategic execution, KFH received multiple industry awards during 2025 and continued to rank as the largest listed company in Kuwait by market capitalization, underscoring strong investor confidence in its business model and long-term growth prospects.

Overall, KFH's 2025 performance was very positive, showcasing strong profit generation and balance sheet growth, while maintaining the conservative risk profile expected of an Islamic banking giant.

National Bank of Kuwait (NBK)

NBK, Kuwait's flagship conventional bank, delivered a solid performance in 2025 despite a slight dip in net profit. NBK's net income was KD 575.6 million, down 4.1% from the record KD 600.1 million in 2024. This modest decline was anticipated – it largely resulted from tax effects (the introduction of Kuwait's domestic minimum tax on multinational firms, which impacted NBK in 2025) and mild margin compression as interest rates began to fall late in the year. Importantly, NBK's pre-tax profit actually rose +5.4% YoY to KD 734.6 million,

underscoring strong underlying operating trends. The bank's net operating income grew by around 3.6%, surpassing KD 1.3 billion for the first time, driven by higher non-interest income that helped offset pressure on interest spreads. In addition, provisions for credit & impairment losses charged in 2025 totaled KD 64.5 million, down 25% compared to 2024, which helped mitigate the decline in net profit in 2025.

NBK's balance sheet expanded robustly. Total assets grew 13.1% to KD 45.61 billion as of Dec 2025, keeping NBK the largest bank in Kuwait (slightly ahead of KFH by assets). This growth was fueled by broad-based lending – loans and advances rose 13.1% YoY to KD 26.82 billion. Customer deposits increased even faster (+14.0% to KD 26.1 billion), reflecting NBK's strong local franchise and flight-to-quality amid market volatility. Asset quality remained excellent – NBK's NPL ratio was just ~1.36%, and loan loss provision charges stayed low as recoveries and upgrades continued post-pandemic.

NBK's capitalization and financial strength remain a hallmark, the bank's CAR recorded 17.0% in 2025, well above requirements. NBK also grew its shareholders' equity to KD 4.57 billion, reflecting strong retained earnings. This capital buffer enables NBK to pursue regional expansion and support Kuwait's development projects. Indeed, NBK continues to benefit from its diversified footprint – its international operations (spanning GCC, Egypt, and global hubs) contributed more than one quarter of group profits in 2025.

In summary, NBK navigated the shifting rate environment adeptly. While bottom-line growth paused due to aforementioned factors, the bank achieved healthy business volume growth and improved its operating income. With its major market share in corporate banking and a leading wealth management franchise, NBK is well positioned to capitalize on Kuwait's ongoing economic recovery and higher oil revenues, even as interest rates normalize.



Kuwait Banking Sector 2025 – Performance Overview

Other Kuwaiti Banks – Mixed Results, Generally Positive Trends

Outside the two giants, Kuwait's other banks had diverse outcomes in 2025. Several Islamic banks and smaller conventional banks achieved higher profits and growth, while one or two faced headwinds:

Commercial Bank of Kuwait (CBK)

After a one-off windfall in 2024, CBK's profit normalized to KD 121.2 million in 2025 (down 22.9%). Recall that in 2024, CBK had earned KD 157 million – a figure second only to KFH/NBK – boosted by a large reversal of provision for KD 47.7 million. In 2025, CBK's earnings reverted closer to its core run-rate, reflecting stable banking income. The bank's underlying trends are healthy: financing grew 6.0% to KD 2.97 billion and provision reversals are offsetting the bulk of charged new provisions. CBK's assets of KD 5.36 billion (+14.9%) remain the second smallest of the listed banks after KIB, but it boasts solid capital strength (CAR 18.3%).

Boubyan Bank

Continued its high-growth trajectory with net profit up 3.9% to KD 100.5 million – marking its highest ever profit. Boubyan's assets grew 8.8% to KD 10.20 billion, driven by a rapid 10.9% rise in financing receivables to KD 7.68 billion. The associated growth in financing income coupled with enhanced net investment income and lower charged provisions boosted earnings. Boubyan's profit has more than doubled since 2020, making it one of Kuwait's fastest-growing banks. The bank's emphasis on digital innovation and youth-oriented services is paying off. Boubyan's CAR was a solid 17.2%, ensuring capacity for expansion.

Ahli Bank of Kuwait (ABK)

Achieved a strong rebound with net profit up 19.4% to KD 62.6 million. This marks ABK's highest profit in over 5 years, as the bank's turnaround efforts gain traction, supported by higher operating income that offset an increase in provision/ impairment losses and higher taxation. While profit rose, the bank optimized its balance sheet: financing portfolio decreased 5.5% to KD 4.57 billion and Total Assets decreased 6.1% to KD 6.93 billion. The bank's capital buffer is high (CAR 19.1%). ABK is targeting further growth and efficiencies with digital transformation and customer-facing digital initiatives.

Gulf Bank

Faced margin pressure and saw net profit decline 12.9% to KD 52.4 million. Although fees grew and loan-loss provisions fell, it was not enough to fully counter the lower net interest income. Gulf's assets edged up 2.9% to KD 7.70 billion, and financing grew 7.2% to KD 5.86 billion. Capital remains adequate (16.9% CAR). Gulf Bank is undertaking a strategic pivot: it is progressing toward conversion into a fully Sharia-compliant bank alongside the ongoing Warba Bank transaction.

Warba Bank

Emerged as the fastest-growing bank in Kuwait. Warba's net profit soared 121.5% to KD 49.6 million, as the young Islamic bank rapidly scaled up. Warba's financing book grew 10.0% to KD 4.01 billion, and total assets jumped 13.9% to KD 6.03 billion (surpassing older peers like CBK). Even with such rapid expansion, CAR remained healthy at 16.9% post capital increase in 2025 to reach equity of KD 828 million up from KD 336 million in 2024. Worth noting that Warba has sparked consolidation talk by acquiring an indirect 32.75% stake in Gulf Bank, leading to a potential merger between Warba and Gulf Bank subject to final approvals.



Kuwait Banking Sector 2025 – Performance Overview

Burgan Bank

Reported a net profit of KD 46.5 million, flat YoY (+0.2%). This stable outcome masks improvements in core operations: Burgan's financing portfolio grew 8.0% (to KD 4.83 billion) and funding costs were optimized. However, higher provisions and operating expenses offset the operating gains. Burgan's total assets reached KD 9.10 billion (+11.5%), solidifying its rank as the second-largest conventional bank. Its CAR of 16.8% is comfortable.

Kuwait International Bank (KIB)

Reported a net profit of KD 30.1 million, representing a strong year-on-year increase of 30.4%. Performance was underpinned by a solid expansion in the financing portfolio, which grew by 16.6% to KD 3.32 billion, driven primarily by higher Corporate Islamic financing activity. This supported an increase in financing income, partially offset by margin compression amid the easing interest rate environment. In addition, profitability benefited from improved fee and commission income, higher investment income, and a reduction in loan loss provisions, collectively contributing to the bank's strong earnings growth. KIB maintains the strongest capital position in the sector, with a Capital Adequacy Ratio of 22.1%, providing ample balance sheet flexibility. Strategically, the bank continues to leverage technology and digital capabilities to enhance its competitive positioning, allowing it to effectively compete in the consumer banking segment despite its relatively smaller scale.

From Rate Windfall to Margin Compression

The Central Bank of Kuwait (CBK) navigated a challenging interest rate cycle by balancing global monetary developments with domestic conditions. In 2023, the CBK raised its discount rate from 3.50% to a peak of 4.25% over two rate hikes, in response to the US Federal Reserve's aggressive monetary tightening and rising inflationary pressures. As global tightening peaked and local inflation eased, the CBK signaled a shift in its policy stance by cutting the rate to 4.00% in September 2024, marking the end of the hiking cycle. Monetary easing continued in 2025, with two rate cuts in September and December that lowered the discount rate to 3.50%, effectively reversing the earlier tightening.

This interest rate trajectory was somewhat less aggressive than the U.S. & other GCC peers (where rates rose higher and remained elevated longer) due to Kuwait's unique monetary policy approach. The dinar is pegged to a basket (with heavy USD weight), giving CBK some leeway to diverge from the Fed. The early and gradual rate cuts in 2024–25 helped relieve pressure on banks' funding costs and supported continued lending. In summary, CBK's prudent monetary policy during 2023–25 provided a favorable backdrop for banks – first bolstering their margins during the hike phase, then mitigating downside risks with timely rate cuts.

Impact on Net Interest and Financing Margins: CBK DR cuts will trigger a compression in margins across the sector in coming period. Because many corporate loans/Islamic financings in Kuwait are floating-rate, yields on these assets adjusted downward almost immediately or with following rollover date (Usually +/-3 months). Conversely, the cost of time deposits remained "sticky," as banks were forced to maintain competitive rates to retain liquidity. The consensus is that margin compression will continue into early 2026 (since the full effect of the Sep/Dec 2025 rate cuts will be felt then), but Kuwaiti banks enter this phase with very strong balance sheets and profitability buffers.



Kuwait Banking Sector 2025 – Performance Overview

Outlook

As the sector moves into 2026, Kuwait's banking system appears to be on a fundamentally strong footing, underpinned by solid capital buffers, resilient asset quality, and comfortable liquidity positions. While profitability is expected to moderate in the near term due to the lower interest rate environment and ongoing margin compression, this is likely to be partially offset by higher credit volumes, supported by elevated oil revenues, continued government capital spending, and progress on large scale infrastructure and development projects.

Kuwaiti banks are also well positioned to pursue further growth through regional expansion, digitalization, and selective fintech partnerships, supported by strong capitalization and excess lending capacity. In addition, the sector's conservative risk appetite and low non performing loan ratios provide a meaningful buffer against potential macroeconomic volatility.

Potential consolidation represents a possible source of structural change for the sector, following Warba Bank's acquisition of a significant indirect stake of 32.75% in Gulf Bank. This ownership position may provide optionality for further strategic integration over time. Any such development would be subject to regulatory approvals and execution considerations, but could support improved operating efficiency, enhanced scale, and a stronger competitive profile, should integration progress.

Overall, the outlook for Kuwait's banking sector remains cautiously optimistic. Structural strengths including strong capital adequacy, ongoing digital transformation, and prudent risk management are expected to outweigh near term challenges related to margin pressure and global economic uncertainty. This resilience should enable Kuwaiti banks to navigate the evolving operating environment in 2026 while continuing to grow broadly in line with regional peers.

***Final Note:** This report presents a comprehensive overview of the performance of Kuwaiti banks in 2025, based on the latest available information. It incorporates key financial indicators, comparative charts, and consolidated balance sheet data to support deeper analysis of sector trends and relative positioning. The figures are sourced from banks' audited 2025 financial statements and disclosures, as well as official publications from the Central Bank of Kuwait and Boursa Kuwait. As financial conditions and regulatory dynamics continue to evolve, these indicators should be monitored closely for potential shifts in performance and risk profiles.*



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