GCC Banking Sector Report – Q3-2025

December-2025

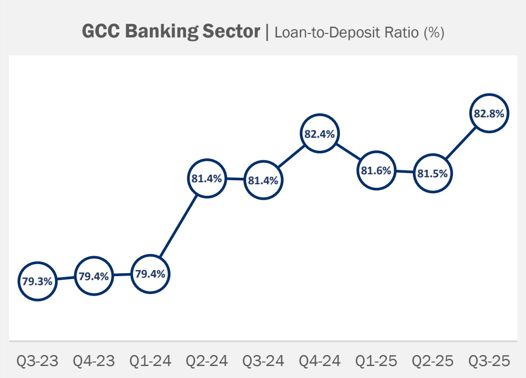
GCC banks loan-to-deposit ratio reaches record high on steady loan growth...

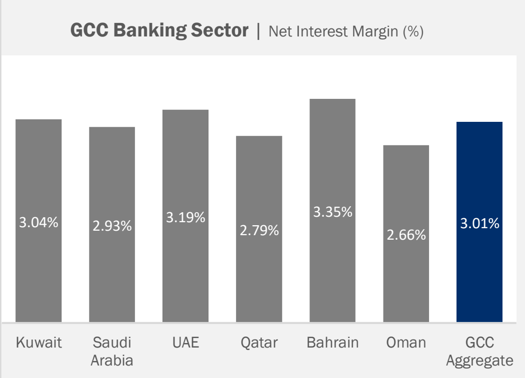
Listed banks in the GCC continued to show strong performance in the form of steady loan growth during Q3-2025 resulting in a record high loan-to-deposit ratio. The growth in credit facilities was broad-based spread across most sectors and across the region backed by a strong pipeline of projects. The ratio, however, showed strong divergence across countries with Saudi Arabia registering the highest ratio during the quarter followed by Qatari banks while UAE and Bahraini banks showed a much lower ratio below the 70% mark. *The elevated ratio in Saudi Arabia also highlights challenges on the liquidity front in the banking sector and also indicates higher external funding requirements in the near term in addition to the issuances in the current year via bonds and sukuks.*

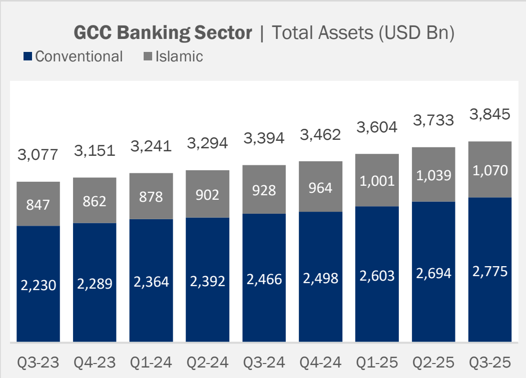
Lending growth reported by listed banks in the GCC registered an increase of 3.7%, one of the highest growths in more than four years, with net loans reaching USD 2.31 Trillion at the end of Q3-2025. *The growth reflected resilient non-oil sector growth in the region with non-oil manufacturing consistently well above the growth mark for key economies in the region. Gross loans also showed a healthy growth of 3.6% during the quarter to reach USD 2.41 Trillion.*

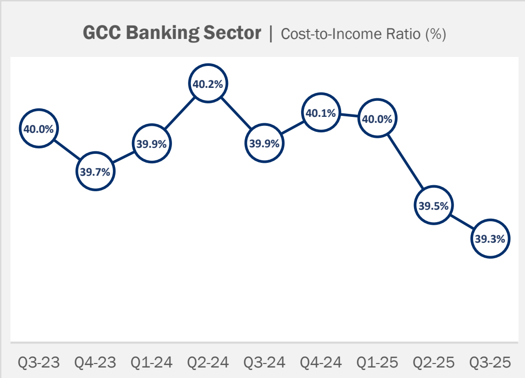
In terms of topline performance, aggregate banking sector revenues reached a new record high during the quarter at USD 36.8 Bn, after registering a three-quarter high sequential growth of 3.3%. The growth was led by a broad-based increase in revenues reported by banks across country aggregates. Qatar and Bahrain-listed banks led the way during the quarter with a strong sequential revenue growth of 5.9% and 5.0%, respectively, as compared to Q2-2025.

Net profits reported by listed banks in the GCC also reached a new record high of USD 16.6 Bn during Q3-2025, an increase for the third consecutive quarter, although the q-o-q growth was the lowest in the last three quarters at 2.2% while y-o-y growth stood at a strong 11.6%. ***The sequential increase was once again mainly led by a broad-based increase in revenues for the sector and lower cost-to-income ratio that more than offset an increase in impairments during the quarter. Loan impairments once again witnessed a double-digit increase reaching a three-quarter high level of USD 2.6 Bn during Q3-2025 vs. USD 2.4 Bn during Q2-2025.***









Source: Reuters, Company Financials, Kamco Invest Research

Junaid Ansari
Head of Investment Strategy & Research
+(965) 2233 6912
jansari@kamcoinvest.com

Highlights - GCC Banking Sector

This report analyzes the financials reported by 56 listed banks in the GCC for the quarter ended Q3-2025. Data for individual banks has been aggregated to the country level. Some of the key observations from the most recent financial quarter for the GCC Banking Sector include the following:

Fed easing continues despite elevated inflation and data limitations…

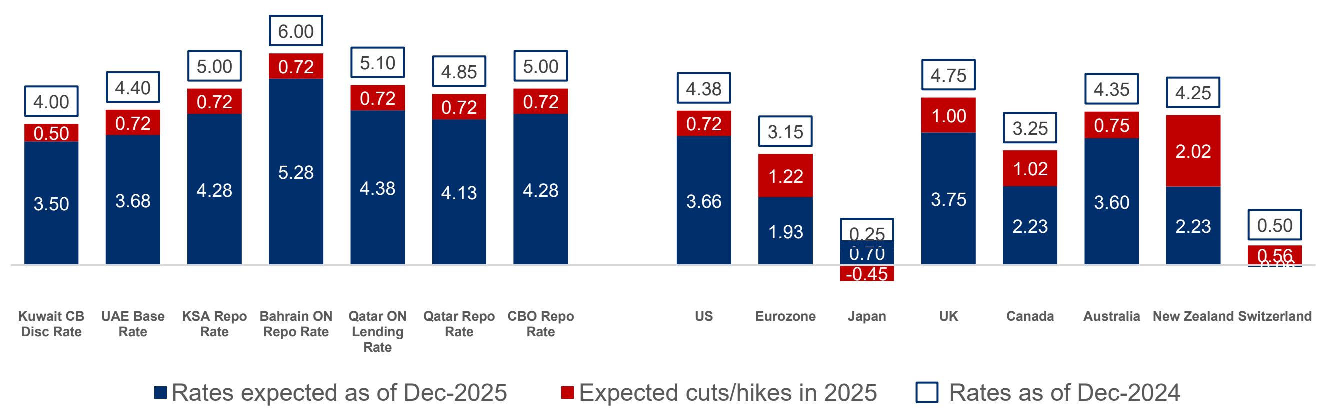
After speculations since the longest running government shutdown on record in the US over the third installment of rate cut this year, the US Fed finally slashed rate for the third time last week. The speculations started as a result of hawkish concerns from some officials after the Fed implemented the second rate cut, also due to labor market concerns. Consensus estimates were volatile for the third rate cut but ultimately went above the 80% mark over the last two weeks with financial markets also factoring the cuts in the recent trading trends. The rate cut comes despite sticky inflation in the US and once again mainly reflects labor market concerns. A report from the OECD showed that inflation remains above 4% globally and just below 3.0% in the G7 countries, prompting many central banks to pause rate cuts. In addition, the uncertainty over the impact of tariffs has led to limited impact from the rate cuts as businesses are holding back investments waiting for clarity on government policies, thereby having a negative impact on the labor market.

The latest inflation data for the US showed annual CPI reaching 3.0% for the 12 months ending September-2025, a slight rise from 2.9% in August-2025, with the next update for November-2025 expected around mid-December. Core inflation also came in at 3.0% while monthly core prices rose 0.2%, slowing from previous months, driven partly by a cooler shelter index. The energy index witnessed an annual increase of 1.5% during September-2025. However, expectations for future inflation showed year ahead inflation remaining elevated at 3.2%, according to New York Fed's monthly survey of consumer expectations.

Inflation in the Euro-area rose to 2.2% in November-2025 as compared to 2.1% in October-2025 while core inflation remained unchanged at 2.4%. The higher inflation supports ECB view about keeping interest rates at current levels. Services inflation remained a concern for the ECB that reached its highest in seven months at 3.5% during November-2025. Moreover, the trend varied at the country level in the region with higher CPI in Germany, steady reading in France and easing in Spain and Italy. Based on the latest inflation data and strong private sector activity during November-2025 that points to an improving economy, the ECB would most likely keep interest rates unchanged at current levels this year as well as going into 2026.

China, meanwhile, continues to face low inflation, contrasting sharply with global trends, driven by weak domestic demand, a property downturn, and an oversupply and intense price competition in many sectors, leading to falling consumer and producer prices. This has also impacted corporate profits and wage growth despite government efforts to stimulate consumption. While official CPI hovers near zero at 0.2% during October-2025 following two consecutive months of deflation, core inflation is slightly higher at 1.2%, and PPI prices remain negative at -2.1%, signaling broad-based price pressures. Economic growth also slowed down during Q3-2025 with GDP growing by 4.8% y-o-y vs. 5.2% during the previous quarter. At the sector level, manufacturing and trade activity remained strong in China offsetting weaknesses in construction (property) and weaker consumer spending, as authorities navigate supporting domestic demand amidst property sector woes.

GCC and Global Central Bank Rate Expectations - 2025



Source: Bloomberg Estimates, Kamco Invest Research

The interest rate outlook for global central banks continues to remain uncertain but there is a growing undercurrent of hawkish pressure, especially in the US and Euro-area. Although focus remains on US Fed's speech this week, which is likely to be hawkish, his term ends soon and a new Fed chairman is likely to be appointed by February-2026. Speculations suggest that the new Fed chairman may favor rate cuts in 2026, but it would depend on economic data. This was also reflected in the latest expectations by swap market that have trimmed expectations for Fed cuts in 2026 factoring in two rate cuts next year. On the other hand, investors have started pricing in rate hikes by the ECB next year. Similarly, central banks in Australia and Canada are likely to increase rates next year due to improving economies while the Bank of England is widely expected to reach the bottom of its rate cutting cycle by next summer.

Central banks in the GCC are likely to follow the US Fed's rate path this week as well as next year as the currency pegs remain in comfortable position. However, the Central Bank of Kuwait is expected to follow an independent path and implement rate moves that more suited to the economy as the currency remains pegged to a basket of currencies. The bank has slashed its discount rate by 25 bps last year and another 25 bps this year despite cumulative cuts of 150 bps by the US Fed and 200 bps cuts to the ECB deposit facility announcement rate since last year.

GCC witnesses resilient growth despite oil price decline…

Data from GCC central banks once again highlighted the resilience of regional economies with continued growth in outstanding credit facilities. Total credit facilities, as seen from central bank published data, continued to show growth during Q3-2025 led by growth in all countries in the region. The lending growth in the region also reflected a q-o-q recovery in project awards during Q3-2025 although there was a sharp decline when compared to the corresponding quarter of last year. According to data from MEED Projects, the total value of contracts awarded in the GCC fell by 27.0% y-o-y in Q3-2025, reaching USD 54.8 Bn, the second-lowest figure recorded in the past ten quarters, compared to USD 75.0 Bn in Q3-2024. The y-o-y decline came after four out of the six GCC countries recorded y-o-y declines in project awards. In terms of q-o-q performance, project awards were up by 52.3% during Q3-2025.

The healthy lending growth also reflected steady manufacturing activity in the region with data from Bloomberg (Markit Whole Economy Surveys) showed PMI figures stayed strong during the quarter above the growth mark of 50 for all the countries in the GCC that reported the number at the end of Q3-2025. Manufacturing activity in Saudi Arabia remained robust with PMI at 57.8 points during September-2025, followed by 60.2 points and 58.5 points during the next two months. The PMI for October-2025 was the second-highest growth in over a decade driven by surging new orders, output and employment signaling strong growth in non-oil private sector. The data also reflected strong domestic demand, increased foreign investment and increased growth in hiring in the Kingdom. The GDP data for the Kingdom also came in steady with Q3-2025 GDP up by 4.8% y-o-y driven by growth in both oil and non-oil sectors. Oil GDP was up by 8.3% y-o-y led by an increase in oil production, while the non-oil sector recorded a growth of 4.3%. Oil production increased by almost 11% y-o-y during Q3-2025 to average at 10 mb/d.

UAE also reported healthy PMI figure of 54.2 points in September-2025, the highest in seven months, as compared to 53.5 points during June-2025. The PMI for the two subsequent months also remained at healthy growth levels. The PMI figure for Dubai also showed steady healthy trend reaching 54.2 points at the end of September-2025 followed by 54.5 points for the next two months. Manufacturing activity recovered in Qatar with the PMI recorded at 51.5 points during September-2025, slightly below the activity during June-2025 at 52 points. The PMI data for Kuwait also showed manufacturing comfortably above the growth mark at 52.2 points in September-2025, a slight deterioration from 53.1 in June-2025, according to S&P Global. The PMI slightly increased to 52.8 points in October-2025 driven by strong new orders from marketing/pricing, improved output, and increased hiring.

In a recent report, S&P ratings underscored the steady growth trend in the GCC banking sector and said it expects regional banks' financial profile to remain stable in 2026 led by stable profitability, supportive asset quality and solid capitalization although geopolitical issues and oil price remain the biggest downside risks for the sector. On the liquidity front, the agency said that reliance on external funding is increasing in the GCC with Bahrain and Qatar still have the region's highest external debt (in the form of non-resident deposits) and believes that banks in Saudi Arabia would continue to tap international debt markets to raise the necessary funding. Economic growth is also expected to be slightly better in 2026 with Saudi Arabia and UAE benefitting from the efforts on economic transformation leading to faster growth in non-oil sector. Bank lending growth in Qatar is expected to benefit from the improving fiscal and external balances that would open doors for new investments. Similarly, implementation of reforms in Kuwait are expected to support banking lending in the near term.

Credit facilities show broad-based growth across GCC countries…

Data on outstanding credit facilities from GCC central banks showed a steady sequential increase of 3.0% during Q3-2025 reaching USD 2.08 Trillion as compared to USD 2.02 Trillion at the end of Q2-2025. The y-o-y increase was also strong at 9.9% during Q3-2025. At the country level, UAE registered the strongest quarterly growth of 5.3% followed by Saudi Arabia with a growth of 2.4%. The remaining countries also registered growth during the quarter, ranging from 1.2% to 2.2%.

According to data from SAMA, growth in outstanding credit facility in Saudi Arabia was at a seven-quarter low level at 2.4% during Q3-2025 reaching SAR 3.3 Trillion as compared to a growth of 2.7% during the previous quarter. The y-o-y growth stood at a strong 14.3% as Saudi Arabia was the only country in the GCC that has seen double-digit y-o-y growth in outstanding credit facilities since 2023. From among the prominent sectors, credit facilities to the Finance & Insurance sector witnessed the biggest q-o-q growth of 10.3% followed by loans to Utilities that grew by 5.6% during the quarter. Loans to Manufacturing also showed a healthy growth of 3.1% while individual loans increased by 1.9%. Loans for Building & Construction also showed healthy growth of 2.1%. Among the decliners, loans for Real Estate activity dropped 1.6% during the quarter. Real Estate mortgage loans showed a marginal growth of 0.6% after 2.0% growth in retail real estate loans more than offset the 4.2% decline in corporate real estate loans.

Sector level lending data for the UAE showed a broad-based growth across sectors, with the exception of personal loans for business purposes that declined by 3.1%. Loans for Agriculture, Utilities and to Government showed double-digit growth during Q3-2025. Among prominent sectors by size of loans, credit facilities for personal loans (consumption purposes) increased by 4.3% while loans to Construction & Real Estate, the second-biggest bucket among the sectors, increased by 3.1%. Lonas to financial Institutions also showed a strong increase of 8.10%. The Q2-2025 credit sentiment survey from the Central Bank of UAE highlighted favorable economic conditions, higher household incomes, a supportive investment environment, and increased government expenditure that continued to underpin strong credit activity. On the business side, loan demand strengthened across most industries, especially in the construction sector, while mining and quarrying recorded a decline. On the personal lending side, credit cards, housing loans (owner-occupier and investment), and personal (other) loans recorded the highest demand growth during the quarter.

Meanwhile, banking credit facilities in Qatar also showed growth during Q3-2025 with an increase of 2.2% after seeing a flattish growth of 0.2% in the previous quarter. The increase was led by growth in lending to almost all the sectors in the economy. Loans to public sector recovered during the quarter by 6.7% after showing a decline of 2.8% in the previous quarter. The rest of the sectors witnessed marginal growth in lending.

Outstanding credit facilities in Kuwait showed consistent growth in lending to reach KWD 53.1 Bn at the end of Q3-2025, although the sequential growth reached a three-quarter low level of 1.3%. Nevertheless, the increase was led by a broad-based growth in lending to a majority of the sectors that was offset by a marginal decline in lending for Trade and Agriculture. Among the key sectors, lending to the Real Estate sector increased by 2.6% q-o-q while loans for personal facilities and installment loans increased by 1.6% and 1.7%, respectively.

Meanwhile, outstanding credit facilities in Bahrain witnessed a growth of 2.2% during Q3-2025 to reach BHD 12.8 Bn after registering a decline of 1.0% during Q2-2025. The increase was mainly led by a 41.2% increase in lending under the General Government bucket that reached BHD 1.4 Bn at the end of the quarter and a marginal 0.3% increase in personal facilities that reached BHD 6.2 Bn. These increases were partially offset by a 3.1% decline in loans to business sector that reached BHD 5.2 Bn at the end of Q3-2025.

In Oman, outstanding credit facilities increased by 1.2% during Q3-2025, the lowest in three quarters, to reach OMR 27.1 Bn. The growth was led by 18.1% increase in lending to government that reached OMR 798.6 Mn followed by 3.2% growth in loans for public expenses at OMR 4.4 Bn and 0.3% growth in loans to private sector that reached OMR 21.5 Bn. These increases were partially offset by a fall of 3.8% in loans to non-residents that stood at OMR 408.9 Mn at the end of the quarter.

Loan growth accelerated in Q3-2025…

Aggregate lending by listed banks in the GCC continued to show q-o-q growth during Q3-2025, backed by growth in all GCC markets. Aggregate gross loans at the GCC level reached a new record high of USD 2.41 Trillion, recording the second-biggest q-o-q growth in seventeen quarters at 3.6% or USD 83.6 Bn in Q3-2025 vs. 3.3% during the previous quarter. The y-o-y growth continued to remain steady in double-digits at 13.5%. Banks in the UAE once again reported the biggest q-o-q growth in gross loans in the GCC during Q3-2025 mainly led by healthy lending in almost all sectors. Gross loans growth for UAE-listed banks came in at 6.2% or USD 41.9 Bn to reach USD 714.4 Bn at the end of Q3-2025.

Qatari banks were next with q-o-q lending growth of USD 13.2 Bn or 3.1% to reach aggregate gross loans of USD 441.5 Bn followed by Kuwaiti and Saudi-listed banks with gross loan growth of 2.5% (+USD 6.6 Bn) and 2.4% (USD 20.0 Bn), respectively. Banks in Oman and Bahrain registered relatively smaller q-o-q loan growth o f1.8% and 1.0%, respectively during Q3-2025. In terms of type of banks, conventional banks in the GCC registered a relatively healthy growth in lending during the quarter with gross loan growth of 3.9% to reach USD 1.7 Trillion while growth in Islamic bank lending came in at 2.8% to reach an outstanding gross loan of USD 726.7 Bn at the end of the quarter.

Customer deposits growth moderated during Q3-2025…

Total customer deposits reported by listed GCC banks reached a new record high level at the end of Q3-2025 at USD 2.80 Trillion, although the q-o-q growth was at a three-quarter low level of 2.1%. The moderated growth was mainly due to a fall in customer deposits reported by Saudi banks. The general trend in customer deposits, based on available data for banks in Saudi, UAE and Oman, showed that demand deposits declined in these countries while savings deposits and other deposits increased. Deposits associated with financial institutions showed mixed picture with declines in Saudi Arbia and Oman but partially offset by a growth in the UAE.

Aggregate customer deposits reported by listed banks in Saudi Arabia declined for the first time in five quarters by 1.0% to reach USD 850.3 Bn at the end of Q3-2025. The decline was mainly due to a fall in demand deposits and deposits from financial institutions that more than offset a healthy growth in savings deposits as well as other deposits. On the other hand, customer deposits in the rest of the GCC countries showed growth during Q3-2025. UAE-listed banks registered the strongest growth in deposits during the quarter that reached USD 981.9 Bn, the highest in the GCC, after a q-o-q growth of 4.4%. Qatar-listed banks were next with a q-o-q growth of 2.4% to reach total customer deposits of USD 453.5 Bn followed by banks in Kuwait with a growth of 3.8% reaching USD 347.5 Bn. Banks in Bahrain and Oman reported slightly smaller customer deposit growth during the quarter.

Loan-to-deposit ratio reached record high in Q3-2025…

The aggregate net loan-to-deposit ratio for the GCC banking sector remained elevated above the 80% mark at the end of Q3-2025 and reached a record high level at 82.8%. The ratio increased sequentially as well as y-o-y by more than 100 bps during the quarter. The ratio has remained consistently above the 80% mark over the last six quarters and reflects improving asset utilization as well as better margins to offset pressure from declining interest rates. At the country level, banks in Saudi Arabia reported record high levels of loan-to-deposit ratio that reached 97.6% during the quarter, registering a growth of 330 bps as compared to the previous quarter. The growth was led by a combination of higher net loans as well as a fall in customer deposits. Qatari banks were next with a loan-to-deposit ratio of 91.0% during Q3-2025, an improvement from 90.3% during Q2-2025. Omani banks also registered a growth of 70 bps with the ratio at the third-highest level in the GCC at 89.3% during the quarter. UAE-listed banks showed an increase in the ratio for the second straight quarter during Q3-2025 after registering a decline in Q1-2025. Aggregate ratio for the UAE banking sector came in at 69.4%, one of the highest for the UAE Banking sector but the lowest level in the GCC.

Net interest income reaches new high in Q3-2025...

Aggregate net interest income reported by banks listed in the GCC registered a much stronger growth during Q3-2025 at 3.6% as compared to marginal growth of 0.7% in the previous quarter. As a result, aggregate net interest income reached a new record high of USD 23.8 Bn during Q3-2025 vs. USD 22.9 Bn during Q2-2025. The q-o-q growth was led by an increase in gross loans during the quarter that more than offset the impact of an increasing cost of funding in certain markets and the rate cuts implemented since last year.

At the country level, the trend remained largely positive with five country aggregates showing an increase in net interest income while Omani banks showed a marginal decline. The biggest increase was seen in Kuwait with aggregate net interest income growth of 8.4% q-o-q to reach USD 2.7 Bn. Qatar was next with a growth of 5.6% with net interest income reaching USD 3.7 Bn followed by UAE and Bahraini banks with growth of 5.1% and 4.8%, respectively. Net interest income reported by UAE-listed banks was the highest in the GCC during the quarter at USD 8.0 Bn, almost in line with net interest income reported by Saudi-listed banks. The latter saw only a marginal improvement of 0.1% during the quarter.

The quarter also reflected a total of 125 bps in rate cuts implemented by almost all central banks in the GCC by the end of the quarter (in line with cuts by the US Fed), barring the Central Bank of Kuwait that slashed the discount rate by 50 bps since September-2024. The yield on credit also showed the impact of lower interest rates reaching 4.05% for the aggregate GCC banking sector at the end of Q3-2025 as compared to 4.10% at the end of Q2-2025 and 4.22% at the end of Q3-2024.

Revenue growth further supported by record high non-interest income…

Total revenues for the GCC banking sector once again showed healthy growth for the second consecutive quarter during Q3-2025. The growth came in at a three-quarter high level of 3.6% during Q3-2025 with total bank revenues reaching USD 36.8 Bn. The increase in revenues was led by growth in all markets in the GCC. Qatari banks registered the biggest sequential growth in revenues at 5.9% to reach USD 5.3 Bn during Q3-2025. Bahrain-listed banks were a close second with revenue growth of 5.0% reaching USD 1.0 Bn followed by UAE-listed banks that registered a growth of 3.4% with total revenues of USD 13.7 Bn, the highest in the GCC. Kuwaiti and Saudi-listed banks were next with revenue growth of 3.3% and 2.1%, respectively.

Aggregate non-interest income increased by 2.8% during the quarter to reach a new record high of USD 13.0 Bn, although the q-o-q growth moderated from 7.5% in the previous quarter. The increase in non-interest income was broad-based with five out of six country aggregates showing a q-o-q increase. Qatar-listed banks once again registered the biggest q-o-q growth in non-interest income at 6.5% to reach USD 1.6 Bn closely followed by Saudi-listed banks that reported a q-o-q growth of 6.4% to reach USD 4.1 Bn. Bahrain and Omani banks also registered healthy q-o-q growth in mid-single-digits while UAE-listed banks reported a growth of 1.3% to reach USD 5.7 Bn, the highest in the GCC. On the other hand, banks in Kuwait registered a 9.0% decline in non-interest income during Q3-2025, partially offsetting the overall growth.

Impairments increased for the second straight quarter…

Impairments booked by banks in the GCC once again increased during Q3-2025 after reaching a three-quarter low level in Q1-2025. Total loan impairment increased by 10.3% during the quarter to reach USD 2.6 Bn as compared to USD 2.4 Bn during Q2-2025. The increase reflected an increase in impairments booked by banks in Kuwait, UAE, Bahrain and Oman that more than offset a decline in the rest of the GCC countries. Impairments booked by banks in Kuwait reached USD 282.7 Mn during the quarter as compared to aggregate reversal of provision in the previous quarter at USD 44.0 Mn reflecting reversals by several large banks during Q2-2025. The increase in impairments in other markets were marginal. On the other hand, impairments booked by banks in Saudi Arabia and Qatar declined during the quarter partially offsetting the overall growth. Total impairments booked by Saudi-listed banks declined by 0.3% and reached USD 503.5 Mn, the lowest in four quarters, as compared to USD 504.7 Mn in Q2-2025. Similarly, impairments booked by banks in Qatar dropped by 15.6% to reach USD 814.1 Mn.

Despite an increase in quarterly impairments, the aggregate cost of risk (ratio of 12-month provisions vs. average loans) for the GCC banking sector declined marginally during the quarter to reach 0.45% as compared to 0.46% in Q2-2025. The low ratio as compared to historical levels indicates recoveries, strong economic indicators as well as stable asset quality. The ratio was highest in the case of Qatari banks at 0.85% in Q3-2025 vs. 0.83% during Q1-2025 reflecting higher impairments over the last twelve months, although there was a decline in impairments in Q3-2025. Bahraini banks were next with a cost of risk ratio at 0.6%, closely followed by Omani banks with the ratio at 0.53%. The ratio was the lowest in the case of Kuwaiti and Saudi banks at 0.26%, while UAE-listed banks showed slightly higher cost of risk of 0.49%.

Operating expenses sees broad-based increase during the quarter…

Aggregate operating expenses for listed banks in the GCC increased during Q3-2025 after seeing two consecutive quarters of declines during 1H-2025. Total operating expenses for the GCC Banking sector stood at USD 14.3 Bn during Q3-2025 with a q-o-q increase of 6.8% and a y-o-y growth of 9.6%. The q-o-q increase came after five out of six country aggregates showed an increase. UAE and Qatari listed banks showed double-digit q-o-q increase in operating expenses while the remaining markets registered relatively smaller increases. Saudi-listed banks reported the smallest increase in operating expenses at 1.4%. On the other hand, Kuwait was the only country which registered a decline in operating expenses by 1.9% during Q3-2025.

Meanwhile, despite a q-o-q increase in operating expenses, the aggregate cost-to-income ratio for the GCC banking sector declined marginally and stayed below the 40% mark during Q3-2025. The ratio declined by 20 bps to reach 39.3% at the end of the quarter as compared to 39.5% during Q2-2025. The decline reflected a drop in the ratio for four of six country aggregates. At the country level, the aggregates for Kuwaiti and Saudi-listed banks showed a decline of 50 bps each while Bahraini and Omani showed marginal growth. Qatari banks continued to boast the lowest cost to income ratio in the GCC that reached a eight-quarter low level of 36.4% during Q3-2025.

NIM continued to slide led by the impact of rate cuts…

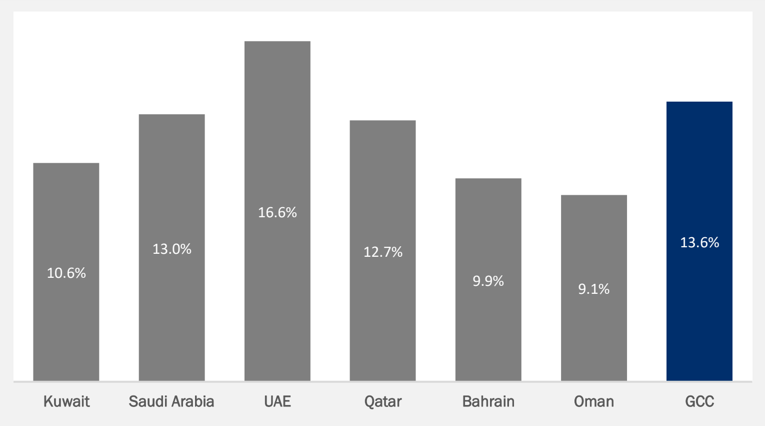
The aggregate net interest margin reported by GCC-listed banks continued to decline during Q3-2025 as a larger share of lending was repriced at the lower interest rates after the rate cuts announced during the second half of last year. The NIM at the GCC level reached 3.01% at the end of Q3-2025 falling marginally when compared to 3.05% at the end of Q2-2025. The ratio showed a broad-based decline falling in five out of six countries in the GCC. The ratio for Bahraini banks showed a marginal increase during the quarter to reach 3.35% at the end of Q3-2025. On the other hand, banks in the rest of the GCC countries registered declining NIMs.

Bahraini banks once ranked first in the GCC in terms of NIMs that reached 3.35% in Q3-2025 as compared to 3.25% during Q2-2025. UAE-listed banks followed with a NIM of 3.19% in Q3-2025 as compared to 3.26% in Q2-2025. The higher margins as compared to gulf peers reflect ample liquidity with low cost CASA deposits. The composition of loan book in the UAE also helped in generating relatively higher NIM as personal loans accounted for close to a quarter of total banking credit facilities in the country.

GCC banking RoE remained elevated…

Aggregate return on equity (RoE) for the GCC banking sector remained flat q-o-q during Q3-2025 marginally lower than one of the highest levels recorded during Q4-2024. Aggregate RoE stood at 13.6% during Q3-2025, also flat when compared to Q3-2024 levels. The flattish ratio reflected a fall in the case of four out of six country aggregates in the GCC that was fully offset by an increase reported by banks in the UAE. Total shareholder equity reached USD 484.8 Bn at the end of Q3-2025, registering a growth of 3.3% as compared to Q2-2025.

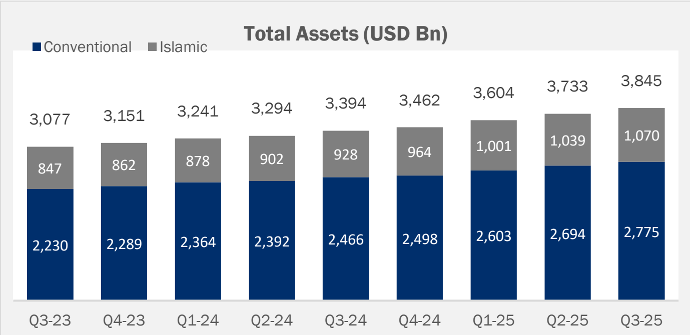
GCC Banking Sector – Return on Equity (%)

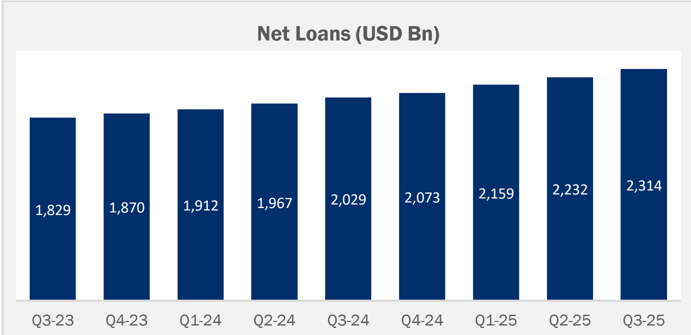


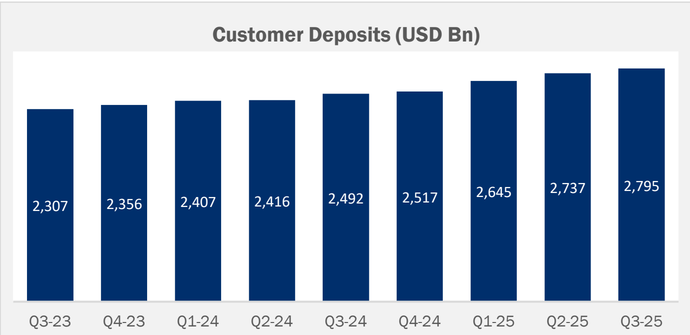
Source: Reuters Refinitiv, Financial Statements, Kamco Invest Research

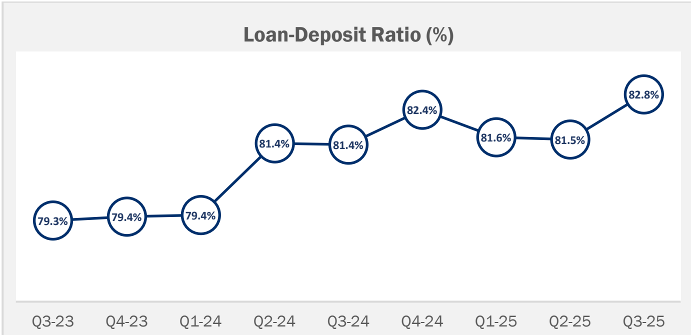
At the country level, UAE-listed banks once again topped in the region with the highest RoE at the end of Q3-2025 at 16.6% as compared to 16.4% during the previous quarter. Saudi-listed banks were next with an RoE of 13.0%, once again flat as compared to Q2-2025 followed by Qatari banks with an RoE of 12.3% recording a decline of 30 bps from the previous quarter. ROEs for Kuwaiti banks stayed elevated at a double-digit level of 10.6%, in line with the previous quarter.

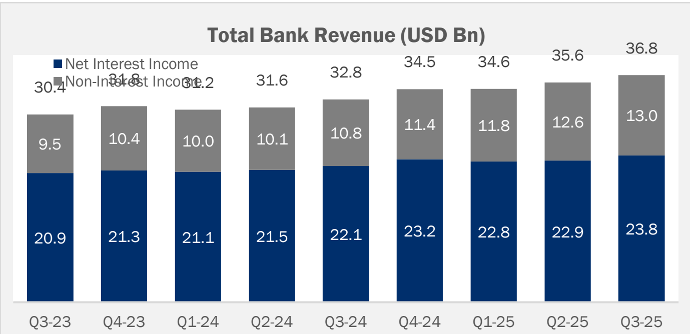
Key Banking Sector Metrics : GCC

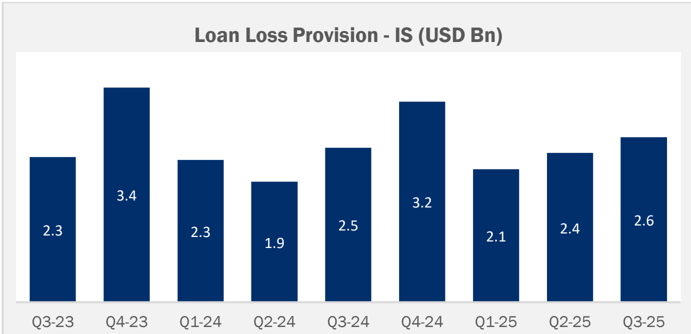


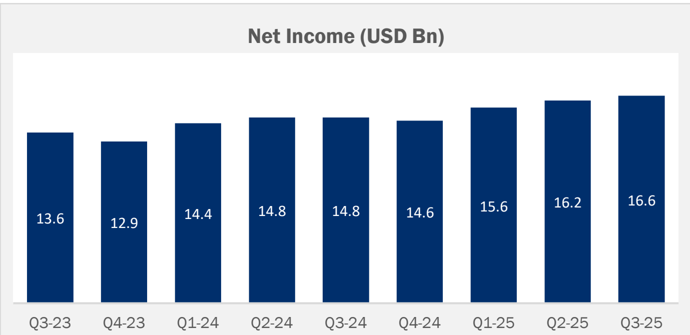


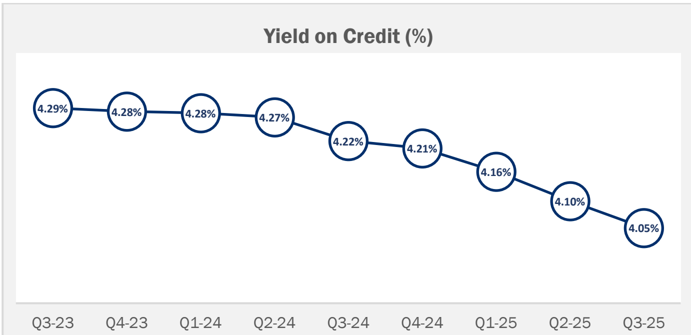


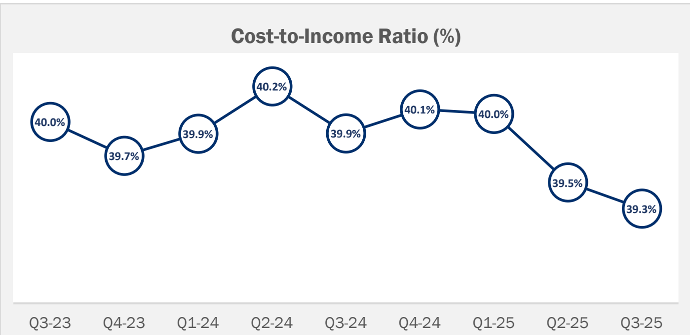


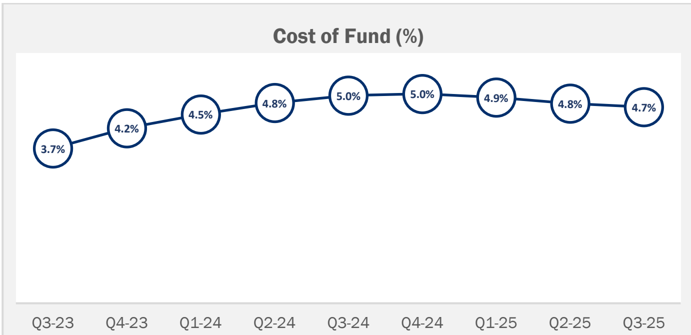






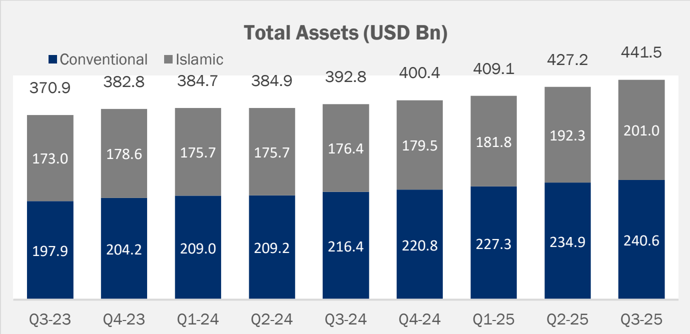


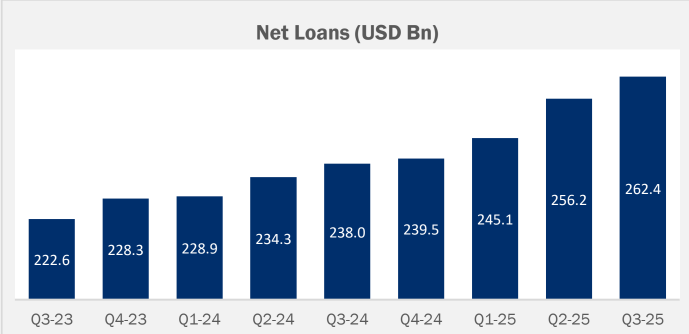


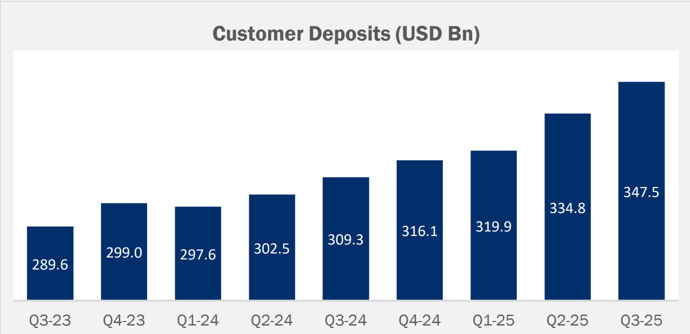


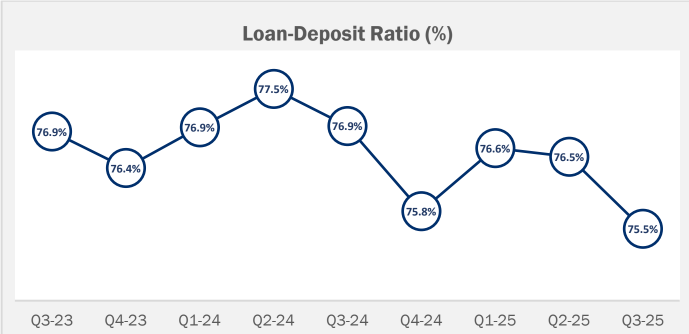
Source : Reuters, Bloomberg, Bank Financials, Kamco Invest Research

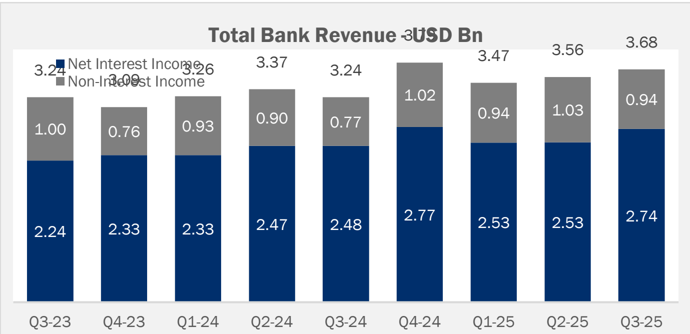
Key Banking Sector Metrics : Kuwait

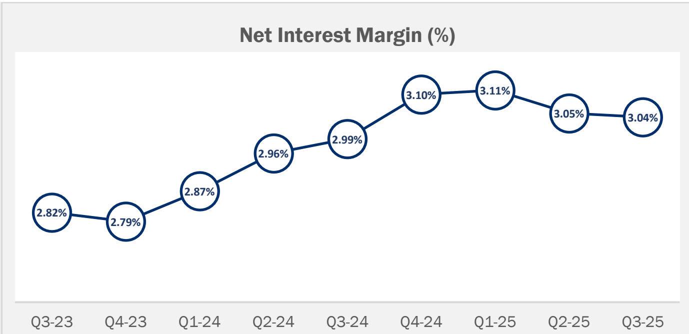


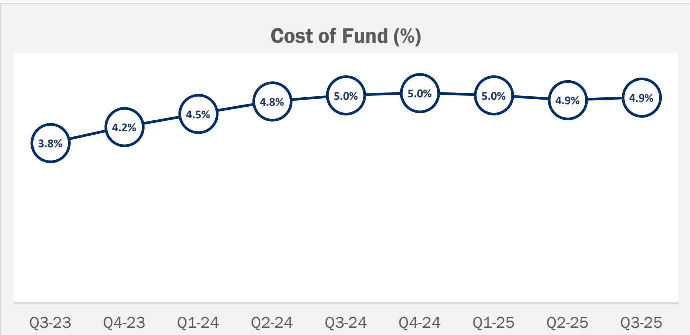


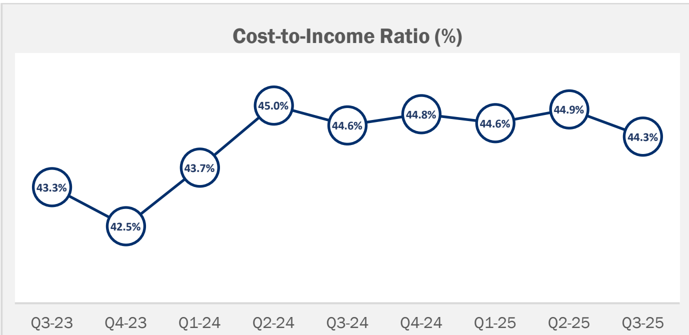


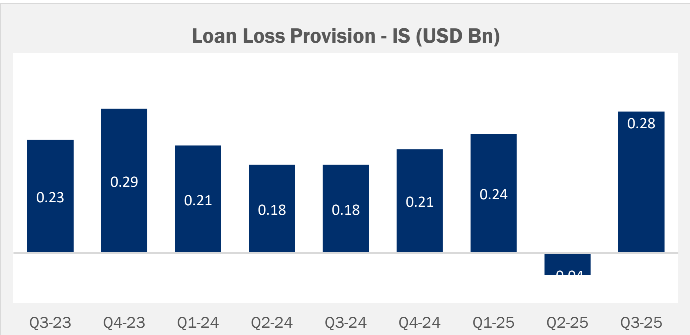


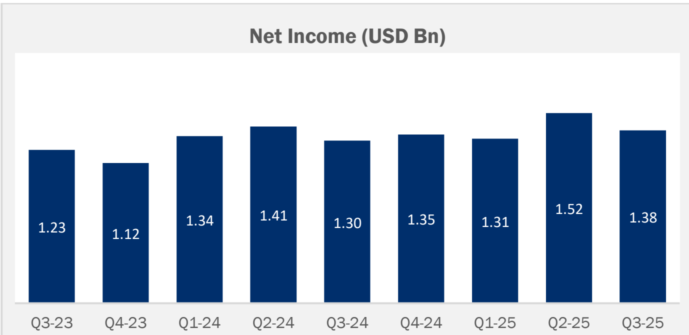






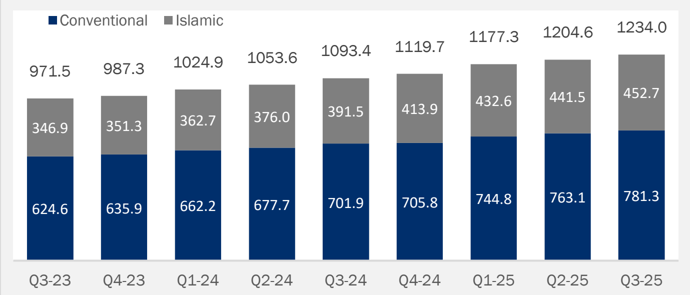




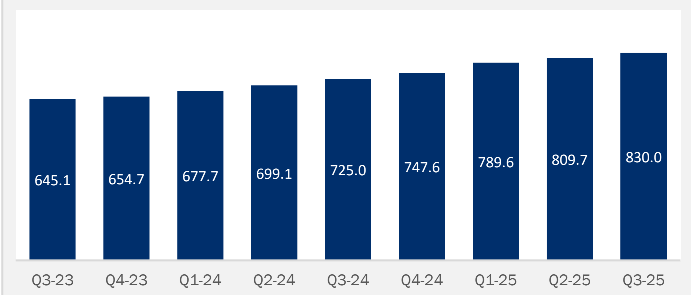


Source : Reuters, Bloomberg, Bank Financials, Kamco Invest Research

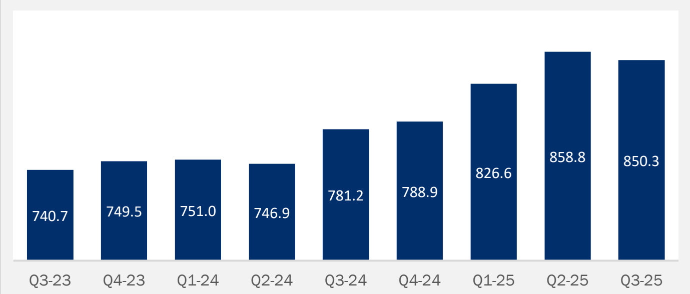
Key Banking Sector Metrics : Saudi Arabia



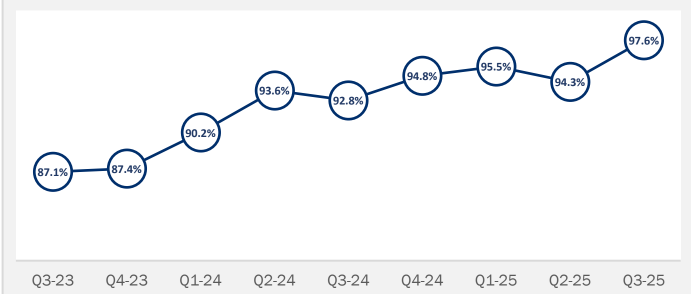
Total Assets (USD Bn)



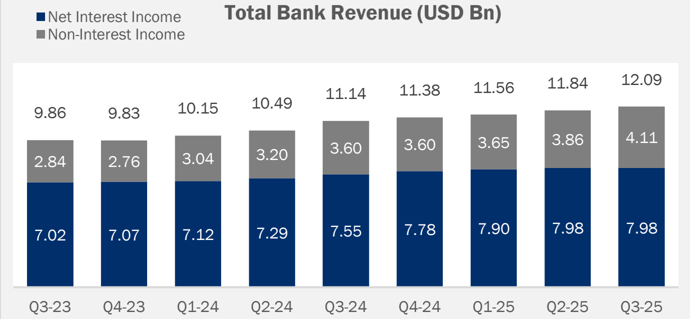
Net Loans (USD Bn)



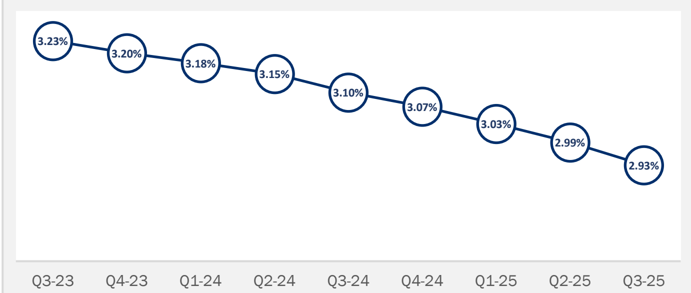
Customer Deposits (USD Bn)



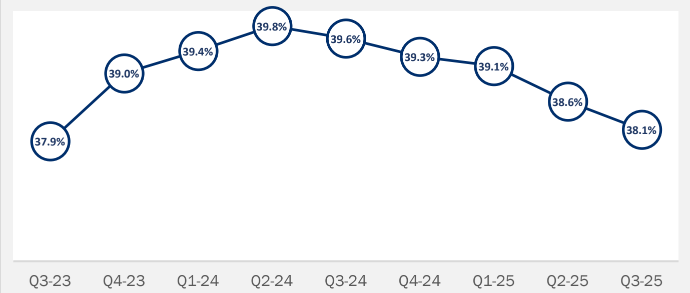
Loan-Deposit Ratio (%)



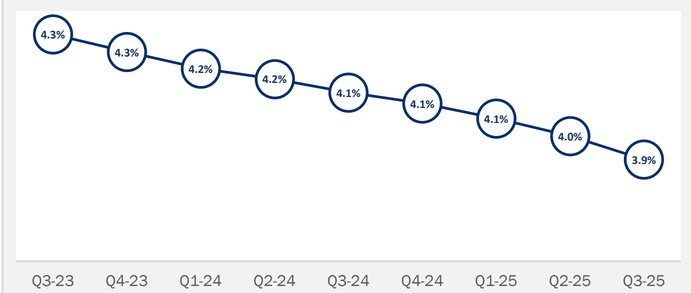
Total Bank Revenue (USD Bn)



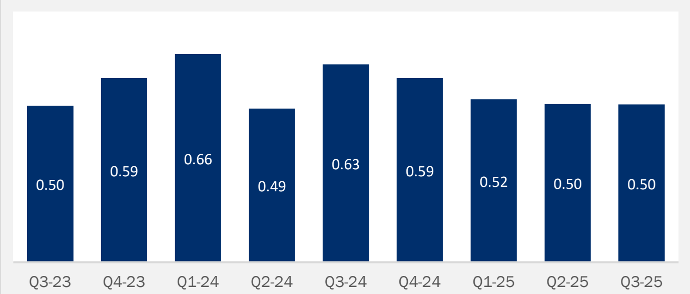
Net Interest Margin (%)



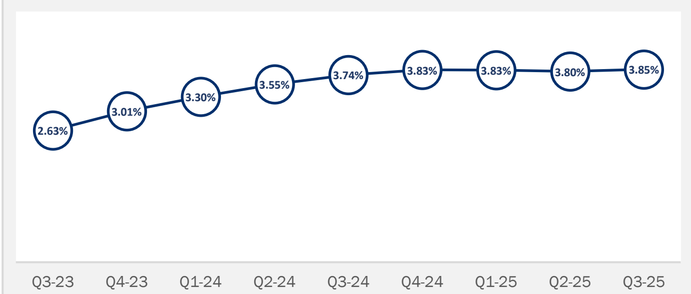
Cost-to-Income Ratio (%)



Yield on Credit (%)



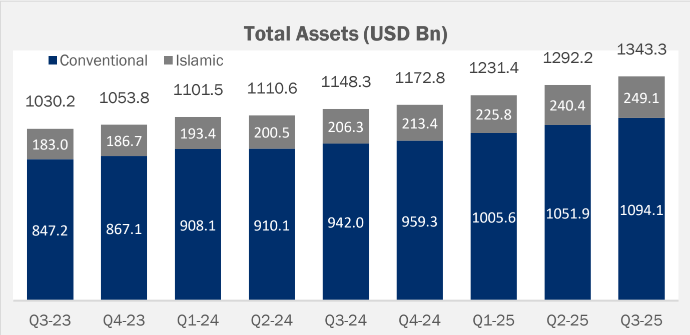
Loan Loss Provision - IS (USD Bn)

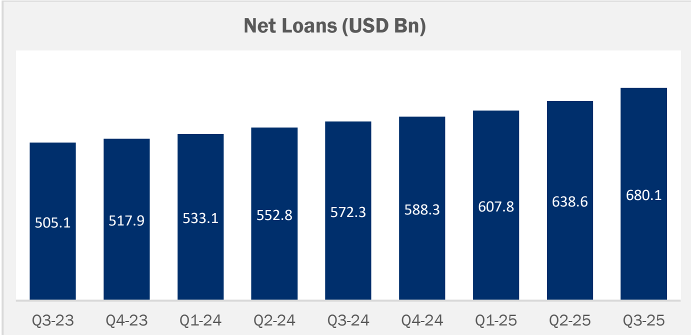


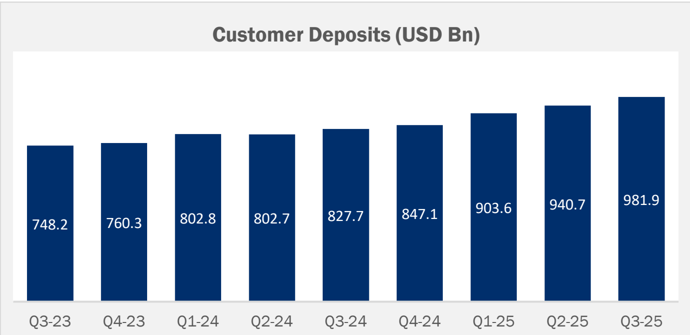
Cost of Fund (%)

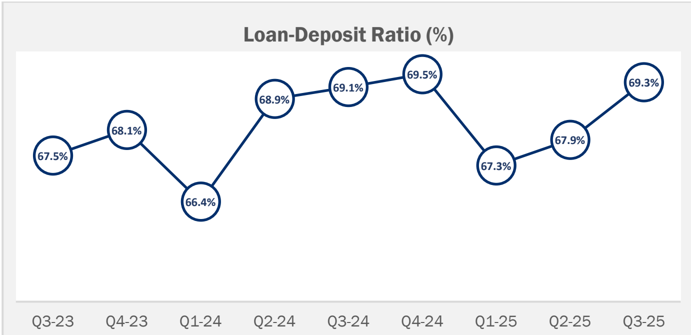
Source : Reuters, Bloomberg, Bank Financials, Kamco Invest Research

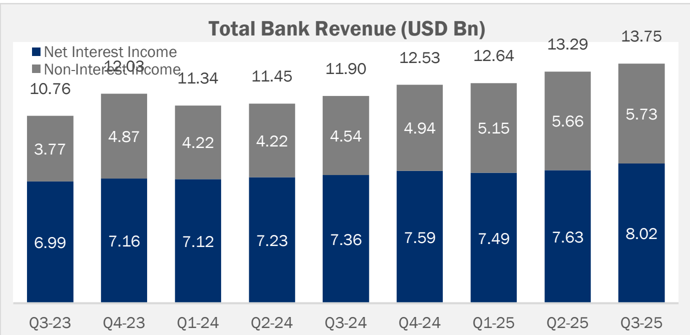
Key Banking Sector Metrics : UAE

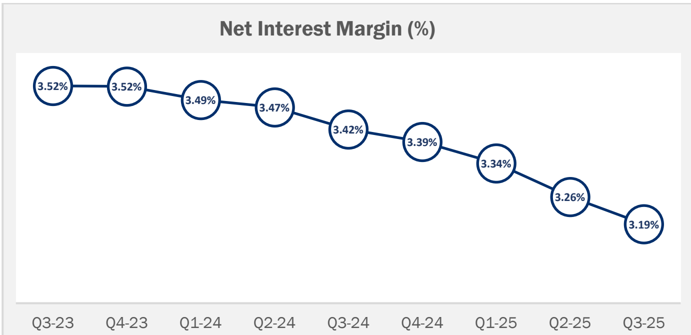


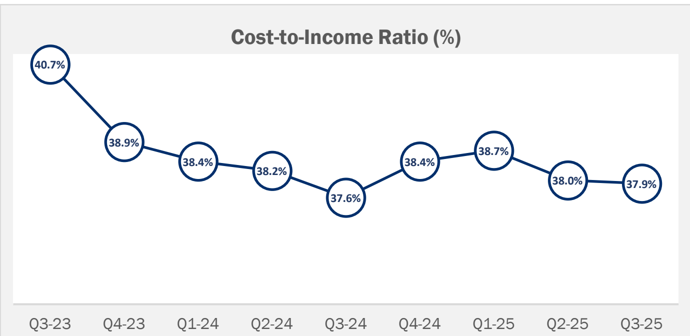


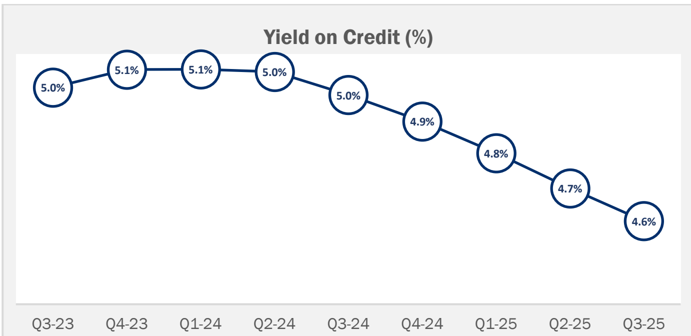


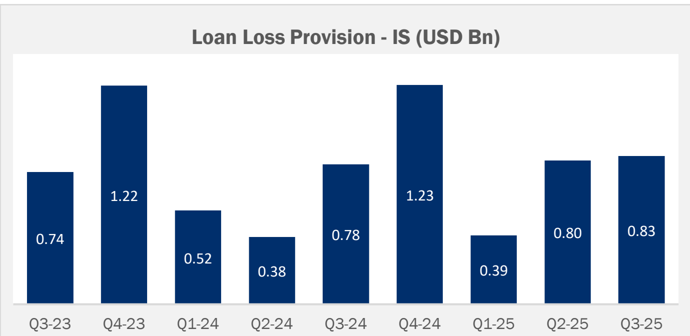


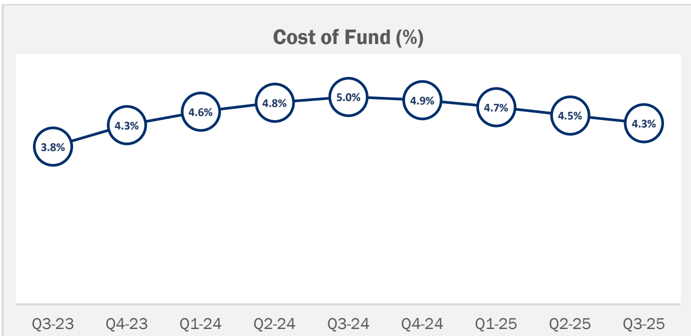






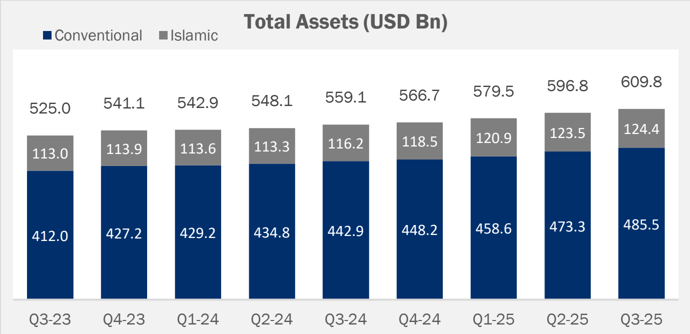


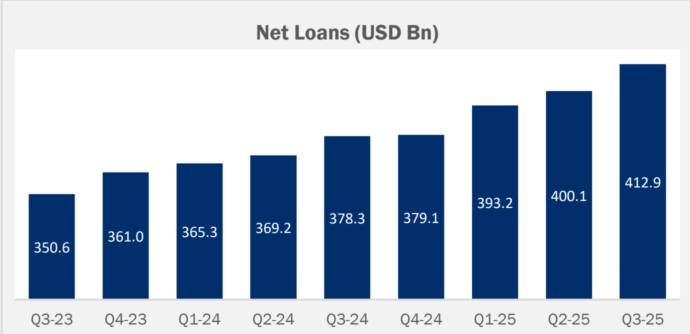


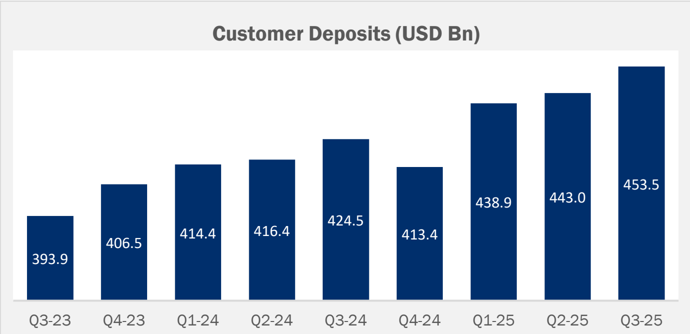


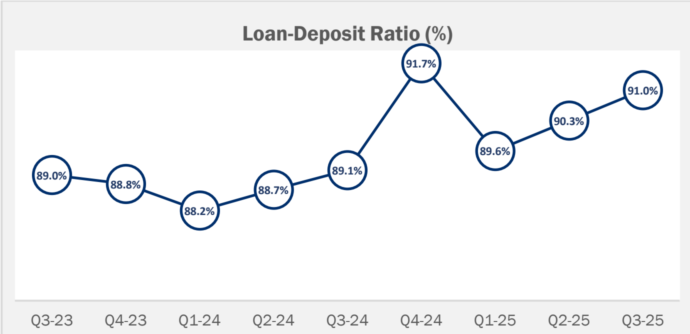
Source : Reuters, Bloomberg, Bank Financials, Kamco Invest Research

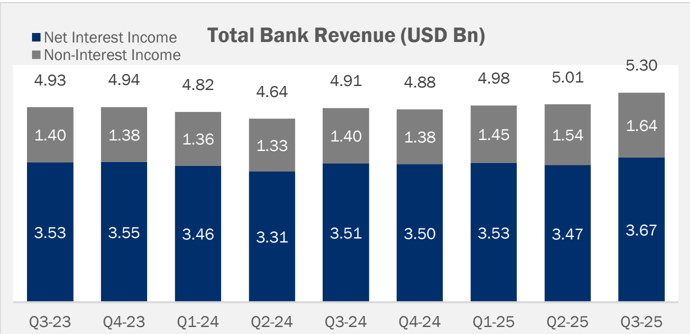
Key Banking Sector Metrics : Qatar

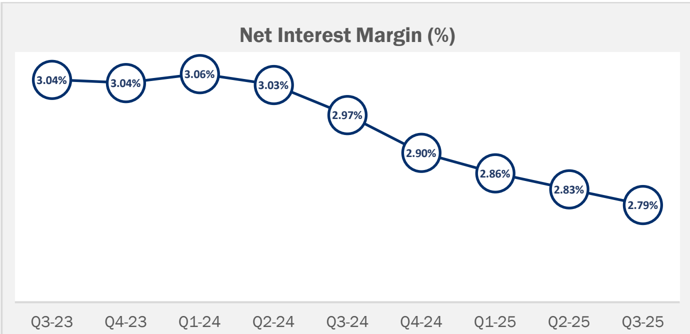


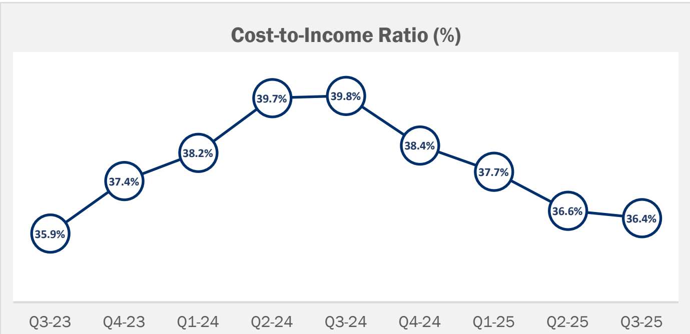


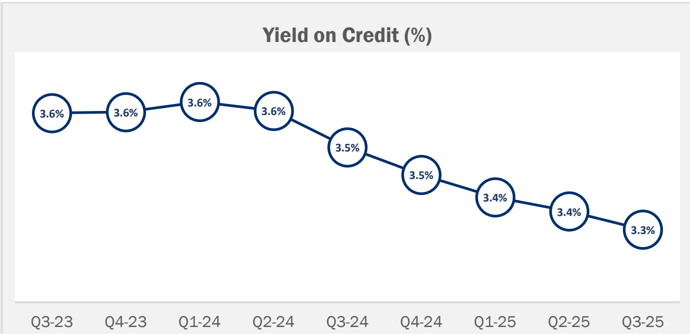


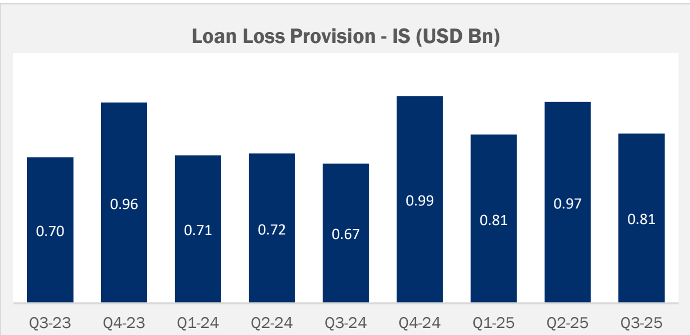


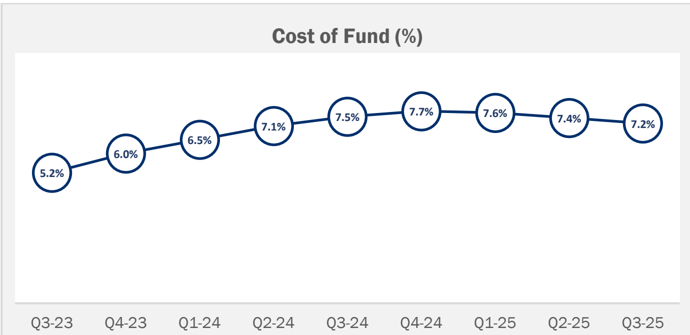






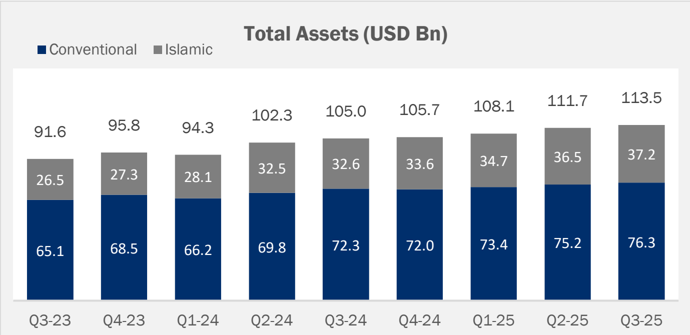


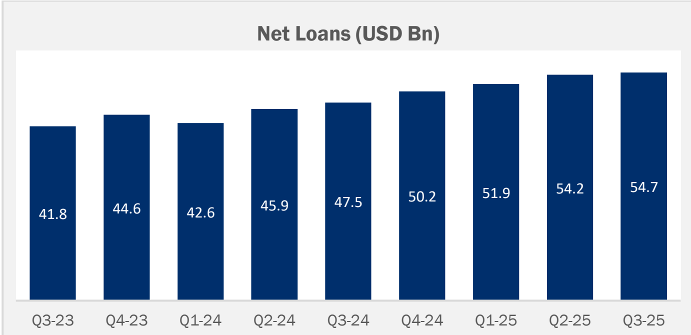


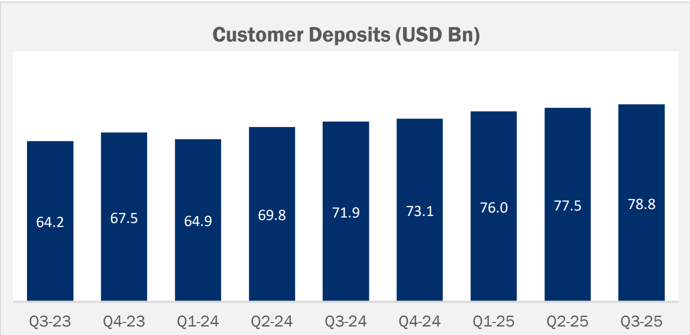


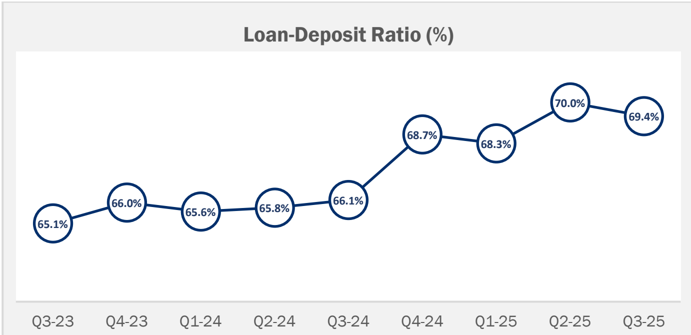
Source : Reuters, Bloomberg, Bank Financials, Kamco Invest Research

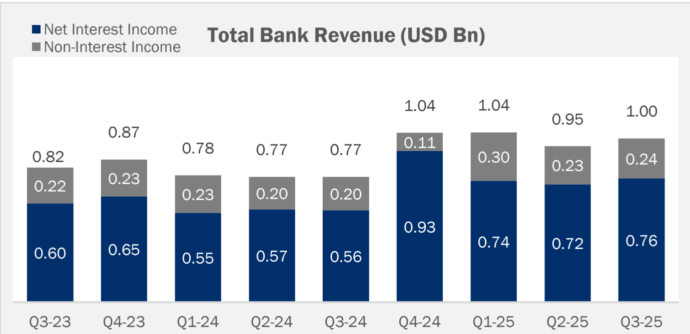
Key Banking Sector Metrics : Bahrain

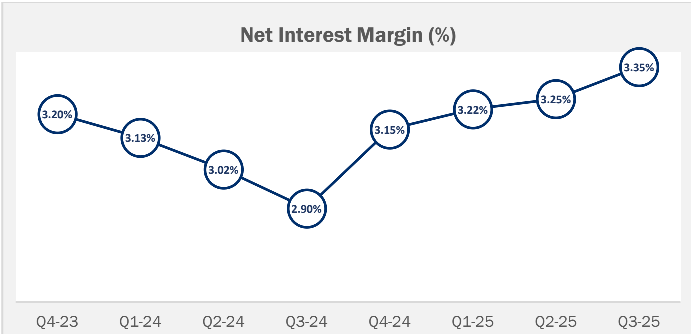


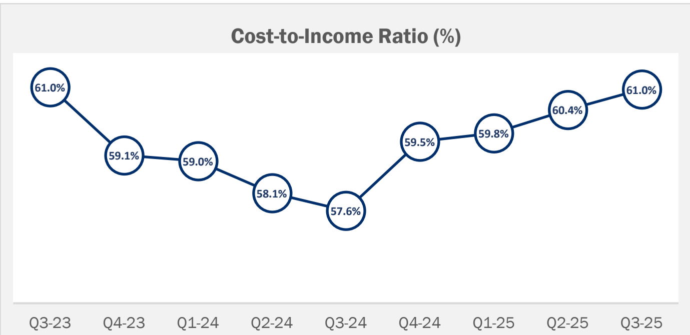


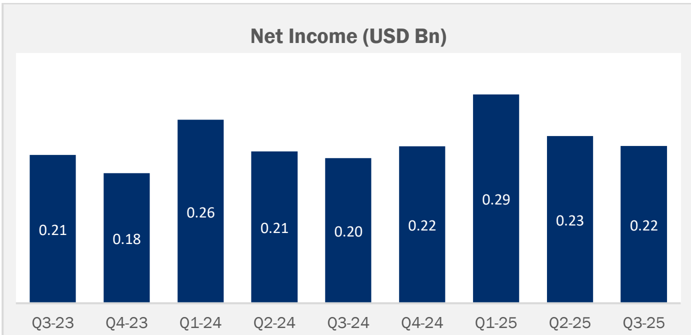


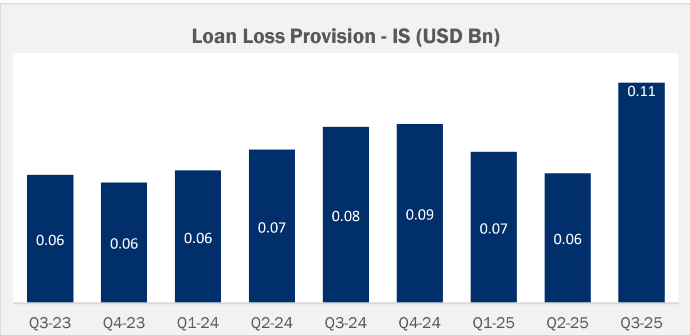


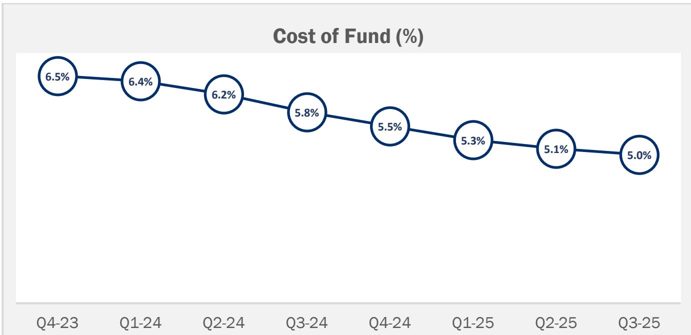






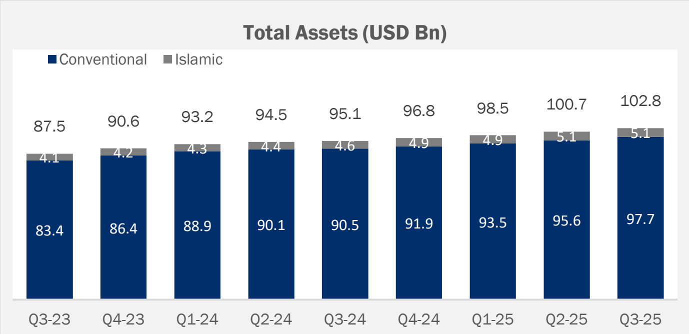


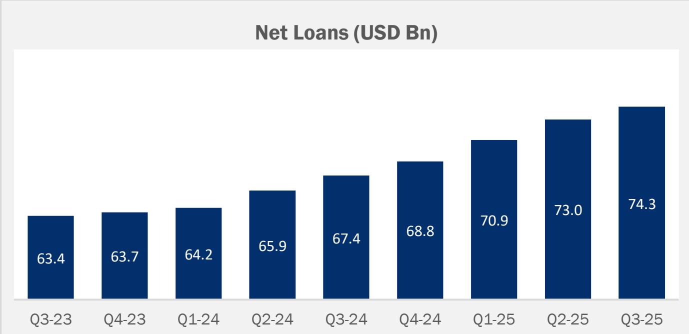


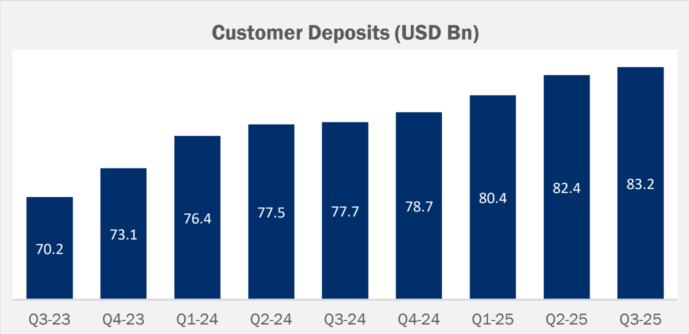


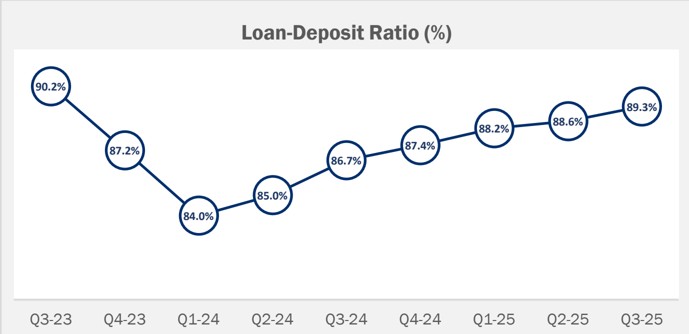
Source : Reuters, Bloomberg, Bank Financials, Kamco Invest Research

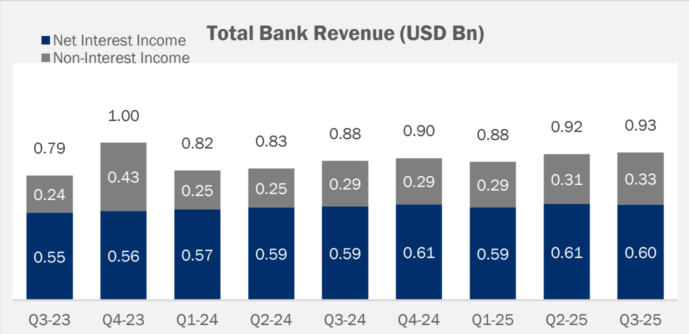
Key Banking Sector Metrics : Oman

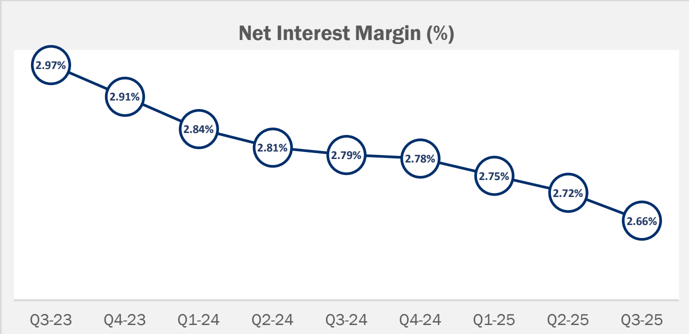


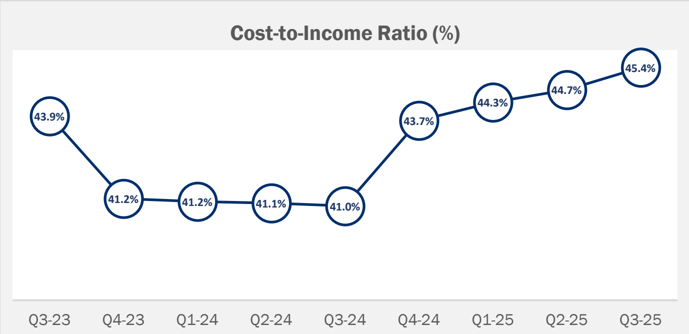


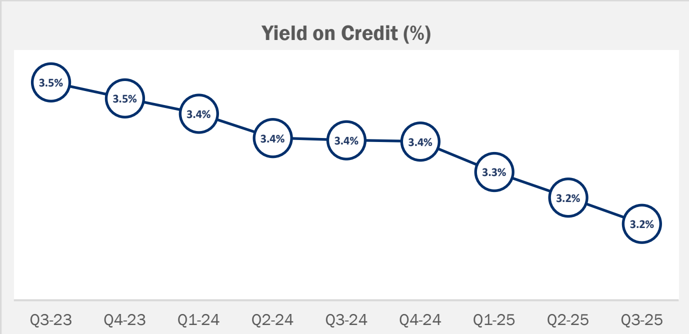


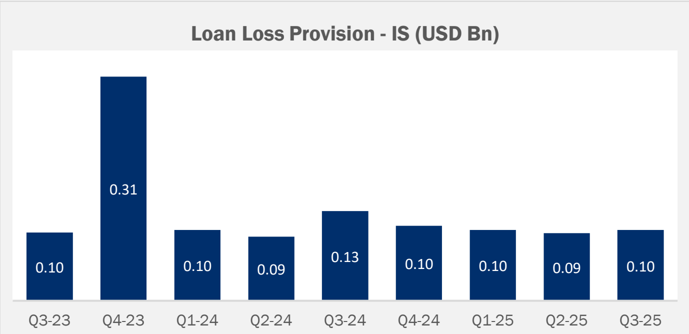


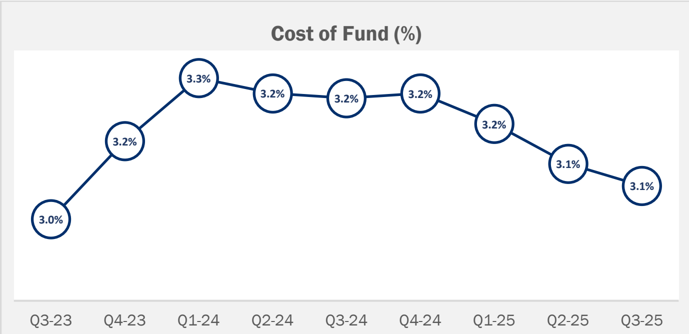












Source : Reuters, Bloomberg, Bank Financials, Kamco Invest Research

GCC Banking Sector : Market Data

Name	Country	M-CAP (USD Bn)	Price (LCL)	P/E (x)	P/BV (x)	Div Ind Yield (%)	YTD-23 Returns	3-Yr Avg Tot Return	5-Yr Avg Tot Return	10-Yr Avg Tot Return
NATIONAL BANK OF BAHRAIN BSC	Bahrain	3.1	0.510	13.7	2.0	6.9	11.6%	3.7%	6.7%	8.6%
ARAB BANKING CORP	Bahrain	1.1	0.340	4.4	0.3	8.1	9.7%	N/A	N/A	0.0
BBK BSC	Bahrain	2.5	0.522	12.4	1.5	6.7	16.0%	13.3%	14.6%	12.9%
AL-SALAM BANK	Bahrain	1.8	0.225	8.6	1.5	2.5	21.8%	44.9%	35.0%	17.9%
BAHRAIN ISLAMIC BANK	Bahrain	0.2	0.080	5.6	0.5	N/A	0.4	N/A	N/A	0.0
NATIONAL BANK OF KUWAIT	Kuwait	29.7	1.043	15.6	2.1	4.6	25.5%	6.8%	13.0%	11.3%
KUWAIT FINANCE HOUSE	Kuwait	48.3	0.826	24.6	2.7	2.6	23.0%	11.2%	16.3%	16.4%
BOUBYAN BANK K.S.C	Kuwait	10.7	0.744	35.0	3.5	1.3	41.4%	3.4%	13.2%	12.9%
COMMERCIAL BANK OF KUWAIT	Kuwait	3.4	0.530	6.7	1.4	9.1	-2.9%	12.7%	8.9%	11.2%
GULF BANK	Kuwait	4.8	0.370	25.5	1.8	2.6	22.6%	13.1%	19.2%	8.1%
BURGAN BANK	Kuwait	2.7	0.223	24.7	1.0	2.6	36.4%	8.2%	9.1%	1.8%
AL AHLI BANK OF KUWAIT	Kuwait	2.4	0.284	12.4	1.1	3.4	18.5%	4.1%	14.2%	3.0%
WARBA BANK KSCP	Kuwait	4.4	0.301	21.7	1.7	N/A	69.4%	14.0%	9.9%	7.8%
KUWAIT INTERNATIONAL BANK	Kuwait	1.5	0.282	22.4	1.4	1.7	65.5%	22.0%	12.7%	8.0%
BANKMUSCAT SAOG	Oman	6.6	0.341	9.5	1.3	4.8	44.1%	10.9%	21.2%	14.3%
BANK DHOFAR SAOG	Oman	1.2	0.149	12.8	0.8	4.3	1.3%	0.4%	14.2%	4.4%
NATIONAL BANK OF OMAN SAOG	Oman	1.6	0.370	11.0	1.0	2.5	29.1%	11.0%	22.3%	10.0%
SOHAR INTERNATIONAL BANK	Oman	2.8	0.165	3.8	1.2	4.8	29.7%	22.3%	18.3%	6.3%
AHLI BANK	Oman	1.2	0.170	13.9	1.1	2.9	7.3%	5.6%	11.2%	4.1%
BANK NIZWA	Oman	0.6	0.111	10.0	0.9	2.2	17.3%	7.7%	5.7%	5.3%
QATAR NATIONAL BANK	Qatar	48.0	18.9	11.1	1.8	3.8	14.2%	6.2%	4.9%	7.7%
QATAR ISLAMIC BANK	Qatar	15.9	24.6	12.6	2.0	3.9	20.1%	6.7%	11.5%	11.3%
MASRAF AL RAYAN	Qatar	5.6	2.2	13.7	0.8	4.5	-6.3%	-9.6%	-9.6%	-0.4%
COMMERCIAL BANK PQSC	Qatar	4.6	4.1	6.9	0.8	7.3	1.6%	-3.8%	3.6%	3.7%
QATAR INTERNATIONAL ISLAMIC	Qatar	4.7	11.4	14.1	2.2	4.5	9.8%	7.1%	9.5%	10.6%
AL AHLI BANK	Qatar	2.6	3.7	10.8	1.3	6.8	15.1%	3.5%	8.3%	4.8%
DOHA BANK QSC	Qatar	2.4	2.8	9.5	0.7	3.6	46.5%	16.1%	7.2%	-0.6%
AL RAJHI BANK	Saudi Arabia	105.5	99.0	17.6	3.6	2.2	6.9%	13.1%	19.0%	20.5%
SAUDI NATIONAL BANK	Saudi Arabia	61.2	38.3	9.8	1.3	5.2	21.2%	7.2%	8.0%	7.3%
RIYAD BANK	Saudi Arabia	21.4	26.7	8.3	1.3	6.5	-0.8%	0.3%	10.6%	12.7%
SAUDI BRITISH BANK	Saudi Arabia	18.0	32.9	8.4	1.0	6.1	4.1%	1.9%	9.8%	5.4%
BANQUE SAUDI FRANSI	Saudi Arabia	11.2	16.8	8.7	1.0	6.2	12.9%	3.7%	6.5%	6.6%
ALINMA BANK	Saudi Arabia	16.5	24.8	10.7	1.8	4.8	-10.6%	4.8%	17.2%	14.4%
ARAB NATIONAL BANK	Saudi Arabia	12.0	22.6	9.1	1.1	5.8	13.9%	5.9%	13.6%	10.7%
BANK ALBILAD	Saudi Arabia	10.4	25.9	12.8	2.1	1.7	-19.0%	-4.0%	15.0%	13.7%
SAUDI INVESTMENT BANK/THE	Saudi Arabia	4.4	13.3	9.2	1.0	6.0	-3.4%	3.3%	12.0%	7.5%
BANK AL-JAZIRA	Saudi Arabia	3.9	11.6	10.9	1.0	N/A	-22.8%	-2.5%	6.5%	5.9%
FIRST ABU DHABI BANK PJSC	UAE	50.8	16.9	9.6	1.5	4.4	29.8%	5.6%	9.9%	11.5%
EMIRATES NBD PJSC	UAE	47.8	27.8	7.8	1.3	3.6	35.8%	35.6%	26.2%	17.2%
EMIRATES ISLAMIC BANK	UAE	16.0	10.9	19.5	3.4	N/A	31.0%	N/A	N/A	0.2
ABU DHABI COMMERCIAL BANK	UAE	29.2	14.4	10.6	1.5	4.0	49.0%	24.6%	25.5%	14.6%
DUBAI ISLAMIC BANK	UAE	18.6	9.4	8.9	1.6	4.8	41.3%	26.7%	21.6%	13.3%
ABU DHABI ISLAMIC BANK	UAE	20.5	20.8	12.5	3.1	4.0	57.9%	38.9%	40.9%	25.1%
MASHREQBANK	UAE	13.3	243.0	6.0	1.4	8.7	20.7%	46.9%	39.2%	15.7%
COMMERCIAL BANK OF DUBAI	UAE	7.7	9.5	8.7	1.7	5.3	41.3%	37.7%	28.2%	10.0%
NATIONAL BANK OF FUJAIRAH	UAE	3.4	4.8	11.8	1.7	3.5	31.5%	4.2%	3.4%	9.9%
INVEST BANK	UAE	32.2	0.5	N/A	74.9	N/A	0.0%	0.0%	0.0%	-12.7%
NATIONAL BANK OF RAS AL-KHAI	UAE	4.3	7.8	6.4	1.1	6.4	39.0%	34.7%	27.2%	10.3%
NATIONAL BANK OF UMM AL QAIW	UAE	1.5	2.8	9.8	0.9	6.4	37.8%	24.1%	15.7%	4.7%
UNITED ARAB BANK PJSC	UAE	1.0	1.2	6.6	1.1	N/A	-3.3%	16.4%	8.2%	-11.8%
BANK OF SHARJAH	UAE	1.0	1.3	7.2	0.9	N/A	38.3%	37.3%	13.9%	-1.0%
AJMAN BANK PJSC	UAE	1.1	1.5	7.9	1.2	5.0	-11.5%	17.4%	18.3%	1.3%
COMMERCIAL BANK INTERNATIONA	UAE	0.4	0.9	22.1	0.6	N/A	9.9%	7.1%	5.1%	-4.3%

Source: Bloomberg

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Kamco Investment Company - K.S.C. (Public)
Al-Shaheed Tower, Khalid Bin Al-Waleed Street- Sharq
P.O. BOX : 28873, Safat 13149, State of Kuwait
Tel: (+965) 2233 6600 Fax: (+965) 2249 2395
Email : kamcoird@kamcoinvest.com
Website : www.kamcoinvest.com