

GCC Banking Sector Report – Q4-2025

April-2026

GCC banks see liquidity pressure as loan-to-deposit ratio reaches record highs...

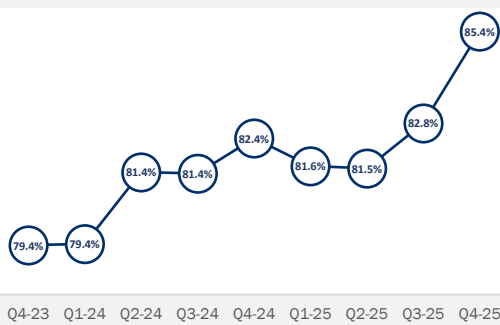
GCC-listed banks showed steady growth in revenues during Q4-2025 with total bank revenue reaching a new record high level during the quarter. The growth was led by higher net interest income despite a fall in yield on credit and non-interest income and was mainly led by consistent growth in lending. Non-interest income witnessed a decline for the first time in seven quarters, partially offsetting the overall growth. The bottom-line also declined during Q4-2025 led by a growth in impairments during the quarter that reached the highest level in eighteen quarters.

The growth in credit facilities was broad-based spread across most sectors and across the region backed by a strong pipeline of projects. Aggregate gross loans reported by listed banks in the GCC registered an increase of 2.7% reaching USD 2.47 Trillion at the end of Q4-2025. 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. Net loans also showed a healthy growth of 2.5% during the quarter to reach USD 2.37 Trillion. On the other hand, customer deposits witnessed the first sequential decline in 19 quarters to reach USD 2.78 Trillion, registering a q-o-q fall of 0.6%. As a result of higher lending and a fall in customer deposits, the loan-to-deposit ratio for the GCC Banking sector reached a new record high of 85.4% at the end of Q4-2025 vs. 82.8% during the previous quarter.

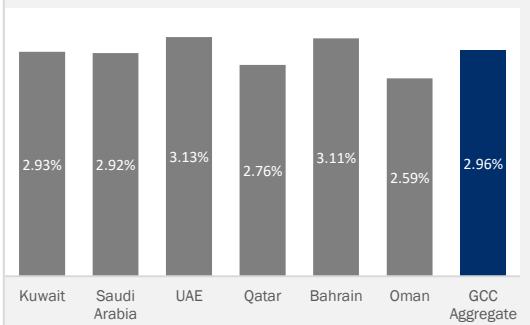
In terms of topline performance, aggregate banking sector revenues reached a new record high during the quarter at USD 37.4 Bn, after registering a sequential growth of 1.7% in Q4-2025. The growth was led by an increase in revenues reported by banks in Oman, Kuwait, Bahrain and Saudi Arabia that was partially offset by a marginal decline reported by UAE and Qatari-listed banks.

Net profits reported by listed banks in the GCC declined by 5.9% from a record high level in Q3-2025 to a four-quarter low level of USD 15.6 Bn during Q4-2025. The decline, which was seen in almost all the countries in the GCC barring Oman, mainly reflected higher impairments that more than offset the topline growth. An increase in operating expenses for the second consecutive quarter also affected bottom-line performance.

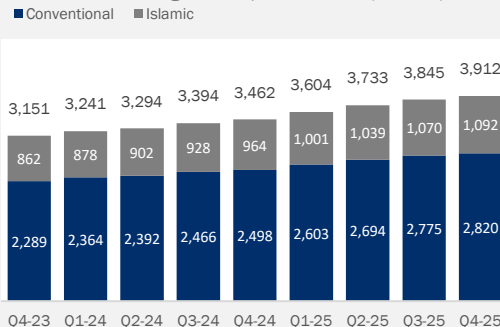
GCC Banking Sector | Loan-to-Deposit Ratio (%)



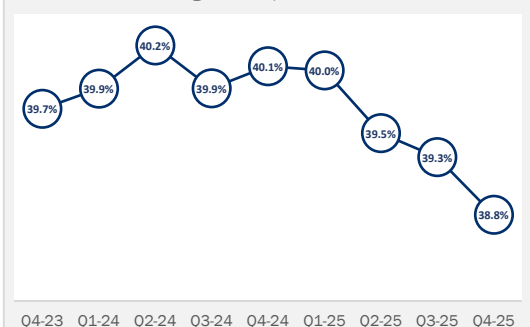
GCC Banking Sector | Net Interest Margin (%)



GCC Banking Sector | Total Assets (USD Bn)



GCC Banking Sector | Cost-to-Income Ratio (%)



Source: Reuters, Company Financials, Kamco Invest Research

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Highlights - GCC Banking Sector

This report analyzes the financials reported by 56 listed banks in the GCC for the quarter ended Q4-2025. 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 rate expectations change dramatically...

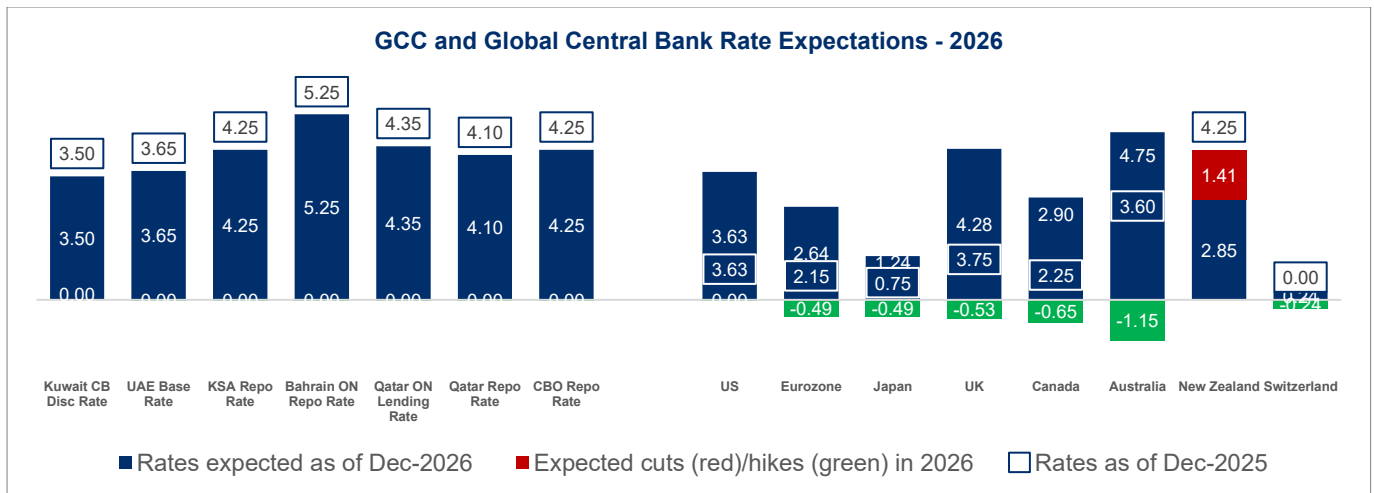
The US Fed interest rate expectations have transitioned significantly over the last six months, from a definitive easing cycle to a state of heightened caution. In late 2024 and through December 2025, the central bank was actively cutting rates, eventually reaching a range of 3.50%–3.75%. At that time, market participants largely expected a series of continued cuts throughout 2026, aiming for a terminal rate near 3.0% as inflation appeared to be cooling toward target levels.

However, the narrative shifted abruptly in early 2026 due to a double shock of persistent domestic inflation and geopolitical instability in the Middle East. The resulting surge in energy prices and a war risk premium forced the Fed to pause its easing cycle in January-2026. By the March-2026 meeting, the updated dot-plot revealed a significantly more hawkish stance, with officials revising their inflation forecasts upward and signaling that the era of easy money was on indefinite hold. As of April-2026, the conversation has moved beyond mere pauses toward the possibility of active tightening. With core inflation remaining stubborn and leadership transitions looming at the Fed, some policymakers have openly discussed the necessity of rate hikes if price stability isn't restored. This has effectively erased the optimism of late 2025, replacing it with a higher-for-longer outlook that accounts for the volatile global energy market and its impact on the broader US economy.

The most recent inflation data paints a picture of a stalled disinflationary trend, with headline CPI figures beginning to decouple from more stable core measures. While the inflation in February-2026 was steady at 2.4% y-o-y matching January's figure and marking its lowest level since mid-2025, leading data from the Cleveland Fed suggest a significant upward spike for March-2026 and April-2026, with headline CPI potentially surging toward 3.4%. This divergence is primarily attributed to a sharp reversal in energy costs while food inflation has remained stubborn at roughly 3.1%. In contrast, the Core CPI remained stable at 2.5%, marking its lowest level since March 2021. On a monthly basis, core prices advanced by a subdued 0.2%, consistent with January's figures and matching forecasts.

The ECB, meanwhile, has transitioned to a wait-and-see stance, maintaining its deposit facility rate at 2.00% as of March-2026. While the central bank had previously been on an easing path following a mid-2025 cut, persistent geopolitical instability in the Middle East has derailed expectations for further reductions. Market sentiment has shifted from anticipating a series of cuts to pricing in a prolonged pause, with some policymakers even hinting at potential hikes if energy-driven price shocks continue to threaten medium-term stability. This hawkish shift is also a direct response to a sharp reversal in Eurozone inflation, which jumped to an estimated 2.5% in March-2026 after remaining comfortably below the target at 1.9% in February-2026. The spike is primarily fueled by a nearly 5% surge in energy costs, forcing the ECB to revise its 2026 inflation forecast upward to 2.6%. Consequently, the Eurozone faces a stagflationary challenge, as higher costs are paired with a downgraded GDP growth projection of just 0.9%, leaving the central bank to navigate a narrow path between controlling resurgent prices and supporting a fragile economic recovery.

On the other hand, China is successfully moving away from the deflationary risks of previous years as CPI climbed to 1.3% in February-2026, with a year-end target of approximately 2.0%. While producer prices (PPI) remain slightly negative at -0.9%, the narrowing of this decline suggests that industrial overcapacity is easing and corporate profitability is beginning to stabilize as the government maintains modest fiscal stimulus and a deficit of 4.0% of GDP. China's economic outlook for 2026 reflects a deliberate transition toward high-quality growth, with GDP expected to moderate to a target range of 4.5% to 5.0%, down from roughly 5% in 2025. This structural slowdown is driven by a persistent property market downturn and cautious consumer spending, which are being partially offset by robust manufacturing investment in strategic sectors like AI and semiconductors.



Source: Bloomberg Estimates, Kamco Invest Research

In terms of interest rate expectations, global central banks have largely transitioned from a coordinated easing cycle to a fragmented, data-dependent hawkish pause as they grapple with a resurgence of energy-driven inflation. While the US Fed and the ECB have halted their rate-cutting campaigns to monitor the impact of Middle Eastern geopolitical tensions on global oil prices, the Bank of England remains deeply divided, balancing persistent services inflation against a softening labor market. In emerging markets, the trend is even more cautious. India's RBI is currently weighing a potential surprise rate hike to defend a weakening rupee, while other developing nations have halved the pace of their rate reductions compared to 2025. Overall, the terminal rate expectations for major economies have been revised upward across the board, signaling that the move toward neutral monetary policy will be significantly slower and more volatile than previously anticipated. 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.

Resilient growth in lending across the GCC...

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 Q4-2025 led by growth in all countries in the region. Total GCC credit facilities expanded from USD 2.08 Trillion at the end of September-2025 to USD 2.11 Trillion by December 2025, representing a net addition of USD 27.1 Bn and a quarterly growth rate of 1.30%. This modest yet consistent expansion reflects the region's resilient financial sector amid global economic uncertainties. All six GCC countries recorded growth during the quarter, with the UAE contributing the largest absolute increase of USD 10.1 Bn, followed closely by Saudi Arabia at USD 9.1 Bn. In percentage terms, the UAE led the region with 1.85% growth, followed by Bahrain (1.78%) and Kuwait (1.53%), while Qatar recorded the slowest pace of growth at 0.95%.

Saudi Arabia, the GCC's largest credit market with outstanding credit facilities of SAR 3.30 Trillion (USD 879 Bn), grew by 1.04% during the quarter. Corporate Real Estate financing emerged as the standout performer, increasing by 4.48% (+SAR 9.5 Bn) as Vision 2030 mega-projects continued to attract investment. The Utilities sector (Electricity, Water, Gas & Health) also showed strength with 3.38% growth (+SAR 7.1 Bn), while Transport & Communications added SAR 1.6 Bn (+2.24%). However, the Kingdom witnessed notable contractions in Building and Construction (-3.75%, -SAR 5.4 Bn), Manufacturing (-2.30%, -SAR 4.6 Bn), and Finance & Insurance (-2.51%, -SAR 4.6 Bn).

The UAE delivered the strongest absolute growth at AED 37.1 Bn (+1.85%), driven predominantly by personal consumption loans (+3.57%, +AED 20.1 Bn), government sector borrowing (+6.95%, +AED 14.7 Bn), and utilities (+8.28%, +AED 4.5 Bn), while agriculture (-22.5%), mining (-8.6%), and transport (-4.1%) experienced pullbacks.

Outstanding credit facilities in Kuwait grew 1.53% (+KWD 802.8 Mn), with the crude oil and gas sector delivering exceptional performance at 19.48% growth (+KWD 335.4 Mn), reflecting intensified upstream energy investments. Purchase of securities also performed well (+6.42%, +KWD 288.9 Mn), alongside the "Other" category (+4.87%, +KWD 191.7 Mn). However, industry (-5.29%, -KWD 119.1 Mn), trade (-2.90%, -KWD 110.7 Mn), and construction (-2.80%, -KWD 77.3 Mn) faced headwinds. Qatar's credit facilities expanded by 0.95% (+QAR 13.6 Bn), with international lending (outside Qatar) surging 36.69% (+QAR 24.1 Bn), indicating aggressive regional expansion by Qatari banks. General trade financing grew 4.79% (+QAR 9.8 Bn), and consumption loans added QAR 5.6 Bn (+1.59%), while public sector credit declined sharply by 4.68% (-QAR 20.2 Bn).

Bahrain achieved the second-highest percentage growth at 1.78% (+BHD 227.3 Mn), with other service activities expanding 14.13% (+BHD 106.9 Mn) and government borrowing increasing 5.63% (+BHD 40.6 Mn). The business sector also contributed positively with 1.37% growth (+BHD 75.1 Mn). Mining (-14.05%, -BHD 13.2 Mn) and construction (-5.25%, -BHD 24.6 Mn) were the key detractors. Oman (data through November 2025) grew 1.44% (+OMR 391.7 Mn), with government sector lending surging

14.36% (+OMR 114.7 Mn)—the highest government growth rate in the GCC—while household sector lending added OMR 134.9 Mn (+1.49%) and corporate lending grew OMR 165.7 Mn (+1.17%). Public enterprises was the only notable decline at -2.01% (-OMR 23.6 Mn).

Based on the data from central banks, four key themes emerged across the GCC credit landscape: (1) Personal and consumer lending remained the dominant growth driver across UAE, Qatar, Kuwait, and Oman, reflecting sustained economic optimism and household confidence; (2) Government sector borrowing increased significantly in the UAE (+6.95%), Oman (+14.36%), and Bahrain (+5.63%), suggesting continued public investment programs; (3) Energy and utilities sectors showed robust growth, particularly Kuwait's crude oil & gas (+19.48%) and UAE's utilities (+8.28%), aligned with the region's energy transition investments; (4) Construction and manufacturing experienced synchronized pullbacks across Saudi Arabia (-3.75% and -2.30% respectively), Kuwait (-2.80% and -5.29%), and Bahrain (-5.25%), potentially indicating project completion cycles or cautious industrial expansion.

Several measures announced to deal with the current geopolitical situation...

To counter regional instability, the six GCC central banks have announced a series of precautionary measures designed to maintain financial stability and credit flow in the economy. The central bank of UAE deployed a broad resilience package including access to 30% of reserve balances and the release of capital buffers, while central banks of Kuwait and Qatar significantly lowered liquidity and capital ratios to 80% to infuse significant liquidity into their markets. Saudi Arabia (SAMA) focused on consumer-centric relief by mandating 25 free banking services and formalizing a new bank resolution framework. Meanwhile, central banks of Bahrain and Oman have focused on operational resilience and rigorous business continuity planning, with the CBO specifically testing new interbank market operations to ensure stability during the crisis.

The Kuwait Central Bank also started implementing stimulus package in response to the current situation by introducing measures aimed at regulatory liquidity requirements and capital adequacy ratios. The measures include lowering the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) from 100% to 80%, and reducing the Regulatory Liquidity Ratio to 15%. Additionally, the CBK released 1.0% of the Capital Conservation Buffer and increased the maximum lending limit to 100% of available financing sources to ensure credit continues to flow to the local economy.

The UAE's central bank recently announced a resilience package to support the banking sector and boost liquidity and lending capacity to deal with the ongoing conflict in the region. The measure would allow banks to access as much as 30% of their CRR balances (cash reserve requirements) and provide temporary relief on liquidity and deal with the deposit outflow. This liquidity boost was primarily facilitated through the Contingent Liquidity Insurance Facility (CLIF), a flexible tool designed to provide long-term reserve support to commercial lenders during periods of market stress. While the banking sector remains liquid and resilient, this proactive measure ensures that institutions have access to necessary capital and collateral-backed borrowing to navigate evolving economic conditions and potential supply chain disruptions.

Along with these systemic measures, major local financial institutions like Abu Dhabi Islamic Bank, First Abu Dhabi Bank, and Ajman Bank have launched dedicated relief programs. These initiatives prioritize small businesses and frontline workers, offering benefits such as instalment deferrals, waived processing fees on home and auto loans, and preferential lending rates. By providing flexible payment plans and fee waivers, the banking sector aims to alleviate the immediate financial pressures faced by essential personnel and industries heavily impacted by the current climate, such as tourism and shipping.

Gross loan surged to a new high in Q4-2025...

Aggregate lending by listed banks in the GCC continued to show q-o-q growth during Q4-2025, backed by growth in all GCC markets. Aggregate gross loans at the GCC level reached a new record high of USD 2.47 Trillion, although the sequential growth was at a four-quarter low level at 2.7% or USD 64.3 Bn in Q4-2025 vs. a growth of 3.6% during the previous quarter. The y-o-y growth continued to remain steady in double-digits at 13.9%. Banks in the UAE once again reported the biggest q-o-q growth in gross loans in the GCC during Q4-2025 mainly led by healthy lending in almost all sectors. Gross loans growth for UAE-listed banks came in at 4.7% or USD 33.9 Bn to reach USD 748.4 Bn at the end of Q4-2025.

Kuwaiti banks were next with q-o-q lending growth of USD 12.6 Bn or 4.6% to reach aggregate gross loans of USD 286.8 Bn followed by Qatari and Saudi-listed banks with gross loan growth of 1.7% (+USD 7.5 Bn) and 0.8% (USD 6.6 Bn), respectively. Banks in Oman and Bahrain registered relatively smaller q-o-q loan growth of USD 2.1 Bn and USD 1.7 Bn, respectively, during Q4-2025. In terms of type of banks, Islamic banks in the GCC registered a relatively healthy growth in lending during the quarter with gross loan growth of 3.7% to reach USD 753.9 Bn while growth in conventional bank lending came in at 1.7% to reach an outstanding gross loan of USD 1.72 Trillion at the end of the quarter.

Customer deposits declined for the first time in 19 quarters...

After consistently registering growth for almost five years, total customer deposits reported by listed GCC banks declined for the first time in nineteen quarters in Q4-2025 by 0.6% to reach USD 2.78 Trillion. The decline was mainly led by a fall in customer deposits reported by Saudi and Qatari-listed banks. The general trend in customer deposits, based on available data for banks in Saudi, UAE, showed that demand deposits declined mainly in Saudi Arabia during the quarter while deposits with financial institutions declined for both Saudi Arabia and UAE-listed banks during Q4-2025.

Aggregate customer deposits reported by listed banks in Saudi Arabia declined for the second consecutive quarter by 2.7% to reach USD 827.2 Bn at the end of Q4-2025. 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. Qatari banks also reported a fall in customer deposits during the quarter with a sequential fall of 4.0% to reach USD 435.4 Bn. On the other hand, customer deposits in the rest of the GCC countries showed growth during Q4-2025. UAE-listed banks registered the strongest absolute growth in deposits during the quarter that reached USD 993.1 Bn, the highest in the GCC, after a q-o-q growth of 1.1%. Kuwait-listed banks were next with a q-o-q growth of US 6.7 Bn or 1.9% to reach total customer deposits of USD 354.1 Bn followed by banks in Bahrain and Oman with a growth of USD 4.1 Bn (+5.2%) and USD 3.0 Bn (+3.6%) reaching USD 82.9 Bn and USD 86.2 Bn, respectively.

Loan-to-deposit ratio surged to a new high in Q4-2025...

The aggregate net loan-to-deposit ratio for the GCC banking sector remained elevated above the 80% mark at the end of Q4-2025 and reached a record high level at 85.4%. The ratio increased sequentially as well as y-o-y by almost 300 bps during the quarter. The ratio has remained consistently above the 80% mark over the last seven quarters and reflects improving asset utilization as well as better margins to offset pressure from declining interest rates.

The ratio, however, showed strong divergence across countries with Saudi Arabia registering the highest ratio during the quarter followed by Qatari banks. Data from listed Saudi banks showed loan-to-deposit ratio going above the 100% mark for the first time to reach 101.2%. Data from Sama also showed the ratio of commercial bank claims on private sector to total deposits reaching the highest level on record at 108.4% during Novemebr-2025 that has subsequently declined for three consecutive months until February-2026 to reach 104.9%. 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 sukuk.

In the case of Qatari banks, the ratio reached 96.8%, the second highest in the GCC after registering a healthy q-o-q growth of 570 bps in Q4-2025. Banks in UAE also registred growth in the ratio that went above the 70% mark at 72.0% after recording a q-o-q growth of 274 bps. For the rest of the banks, however, the ratio showed a decline, including banks in Kuwait, Oman and Bahrain.

Net interest income grows despite a fall in NIM...

Aggregate net interest income reported by banks listed in the GCC continued to register growth during Q4-2025 surging 3.1% during the quarter as compared to a slightly higher growth of 3.6% in the previous quarter. Aggregate net interest income reached a new record high of USD 24.5 Bn during Q4-2025 vs. USD 23.8 Bn during Q3-2025. 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 four out of the six country aggregates showing an increase in net interest income while Kuwaiti and Qatari banks showed a marginal decline. The biggest increase was seen in Saudi Arabia with aggregate net interest income growth of 5.6% q-o-q to reach USD 8.4 Bn, the highest in the GCC. Bahrain was next with a growth of 4.1% with net interest income reaching USD 0.8 Bn followed by UAE and Omani banks with growth of 3.9% and 0.8%, respectively. In terms of y-o-y growth, UAE-listed banks showed the biggest growth of almost 10% followed by Saudi and Qatari banks.

Central banks across the globe as well as in the GCC accelerated rate cuts during Q4-2025 and implemented two 25-bps cuts during the quarter as compared to one 25-bps cut in the previous quarter. These cuts were replicated by all central banks in the GCC, barring the Kuwait central bank that lowered the rate by 25 bps in Q4-2025. The yield on credit for the GCC banking sector also showed the impact of lower interest rates going below the 4.0% mark to reach 3.98% at the end of Q4-2025 as compared to 4.05% at the end of Q3-2025 and 4.21% at the end of Q4-2024.

Revenue growth remains steady backed by higher net interest income...

Total revenues for the GCC banking sector once again showed healthy growth for the third consecutive quarter during Q4-2025. The growth, however, was almost half of the pace seen in the previous two quarters at 1.7% in Q4-2025, with total bank revenues reaching USD 37.4 Bn, a new record high for the sector. The increase in revenues was led by growth in most markets in the GCC with UAE and Qatar showing marginal q-o-q declines. Saudi-listed banks registered the biggest absolute sequential growth in revenues at USD 0.41 Bn or 3.4% to reach USD 12.5 Bn during Q4-2025. Kuwaiti banks were a close second with revenue growth USD 0.25 Bn or 6.9% reaching USD 3.9 Bn followed by Omani and Bahraini banks that registered a growth of 8.4% and 5.6% with revenues reaching USD 1.0 Bn and USD 1.1 Bn, respectively. Qatari banks, on the other hand, registered a decline of 1.8% q-o-q with revenues of USD 5.2 Bn while UAE-listed banks showed a marginal revenue decline of 0.6% recording a revenue of USD 13.7 Bn during Q4-2025, the highest in the GCC.

In terms of revenue growth drivers, the higher revenues during the quarter were mainly led by a growth in net interest income while non-interest income declined for the first time in seven quarters, partially denting the overall revenue growth. Aggregate non-interest income declined by 0.9% during the quarter and declined from a record high in the previous quarter to USD 12.9 Bn in Q4-2025. At the country level, the q-o-q trend was equally split between the six country aggregates with three showing growth and the remaining three showing declines. Kuwaiti banks registered the biggest q-o-q growth in non-interest income at 30.7% or USD 0.29 Bn to reach USD 1.2 Bn followed by Omani and Bahraini banks with growth of 22.5% and 10.4%, respectively. On the other hand, UAE-listed banks registered the biggest decline of 7.0% with non-interest income reaching USD 5.3 Bn. Qatari and Saudi-listed banks followed with declines of 3.6% and 1.0%, respectively.

Impairments increased for the third consecutive quarter...

Impairments booked by banks in the GCC increased for the third straight quarter during Q4-2025. Total loan impairment increased by almost 50% during the quarter to reach USD 3.9 Bn as compared to USD 2.6 Bn during Q3-2025. The increase reflected an higher impairments booked by almost all country aggregates in the GCC, barring Omani banks that showed a marginal decline of 4.4%. Impairments booked by banks in Kuwait more than doubled during Q4-2025 to reach USD 0.71 Bn vs. USD 0.28 Bn in Q3-2025. Banks in Saudi Arabia also showed a steep increase of 73.6% with total impairments reaching USD 0.87 Bn during the quarter. UAE and Qatari banks showed almost a quarter increase in impairments during Q4-2025 that reached over USD 1.0 Bn each.

Higher quarterly impairments were also reflected in the cost of risk for the GCC Banking sector. The ratio reached 0.47% during Q4-2025, the highest in four quarters, as compared to 0.45% in Q3-2025. However, the ratio remained low as compared to historical levels indicating recoveries, strong economic indicators as well as stable asset quality. The ratio was highest in the case of Qatari banks at 0.83% in Q4-2025 vs. 0.85% during Q3-2025. Bahraini banks were next with a cost of risk ratio at 0.62%, closely followed by Omani banks with the ratio at 0.50%. The ratio was the lowest in the case of Saudi banks at 0.29%, while Kuwaiti and UAE-listed banks showed slightly higher cost of risk of 0.44%.

Operating expenses continued to rise in Q4...

Aggregate operating expenses for listed banks in the GCC increased for the second consecutive quarter during Q4-2025 after seeing two consecutive quarters of declines during 1H-2025. Total operating expenses for the GCC Banking sector stood at USD 14.6 Bn during Q4-2025 with a q-o-q increase of 2.1% and a y-o-y growth of 2.8%. The q-o-q increase came after five out of six country aggregates showed an increase. Bahraini banks showed double-digit q-o-q increase in operating expenses while the remaining markets registered mid to low single digit q-o-q growth. Saudi-listed banks reported the smallest increase in operating expenses at 1.1%. On the other hand, Qatar was the only country which registered a decline in operating expenses by 6.2% during Q4-2025. After the increase, the y-o-y growth in operating expenses during 1H-2025 stood at 6.0% and for the full year, the growth came in at 7.3% for 2025 vs. 2024.

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 Q4-2025. The ratio declined by 50 bps to reach 38.8% at the end of the quarter as compared to 39.3% during Q3-2025. The decline reflected a drop in the ratio for five of six country aggregates. At the country level, Bahrain showed the biggest decline of 250 bps with the ratio still remaining the highest in the GCC at 58.5%. Saudi and Kuwaiti banks also showed steep declines of 90 bps and 60 bps, respectively, while Qatari and UAE-listed banks showed marginal declines. Omani banks showed a marginal growth of 10 bps with the ratio reaching 45.5% during the quarter. Qatari banks continued to boast the lowest cost-to-income ratio in the GCC that reached a nine-quarter low level of 36.1% during Q4-2025.

NIM declined in line with rate cuts...

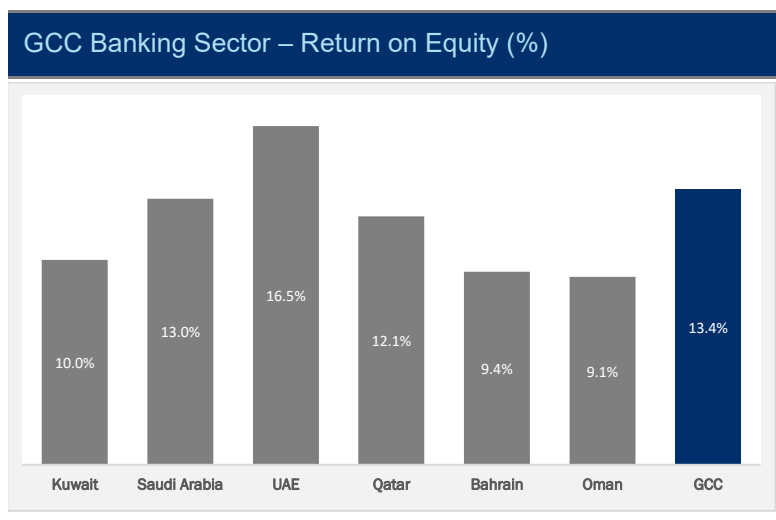
The aggregate net interest margin reported by GCC-listed banks continued to decline during Q4-2025 as a larger share of lending was repriced at the lower interest rates after the rate cuts announced during the second half of last year. The NIM at the GCC level went below the 3.0% mark and stood at 2.96% at the end of Q4-2025 as compared to 3.01% at the end of Q3-2025. The ratio showed a broad-based decline falling in all countries aggregates in the GCC, although the decline was the smallest in the case of Saudi-listed banks that showed a NIM of 2.92%.

UAE-listed banks ranked first in the GCC in terms of NIMs that reached 3.13% in Q4-2025 as compared to 3.19% during Q3-2025. Bahraini banks followed with a NIM of 3.11% in Q4-2025 as compared to 3.35% in Q3-2025. 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 declined to a 9-quarter low...

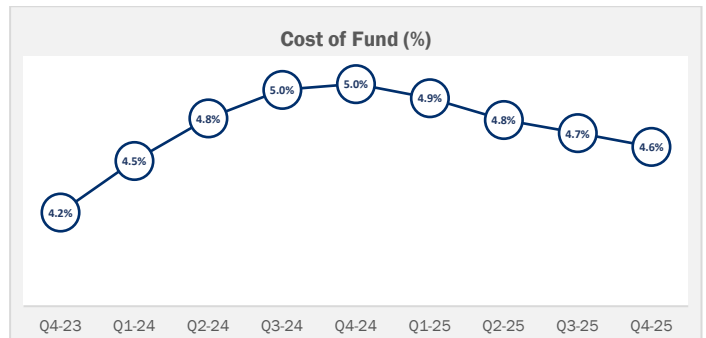
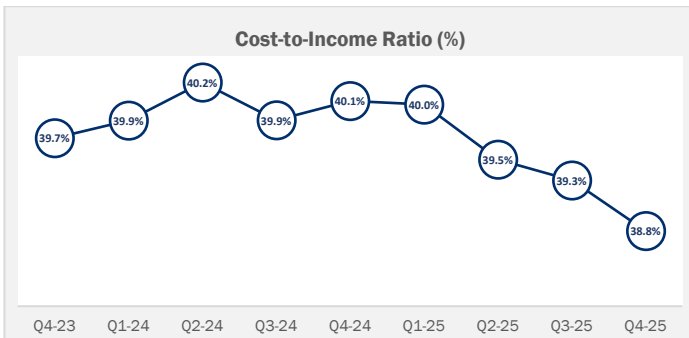
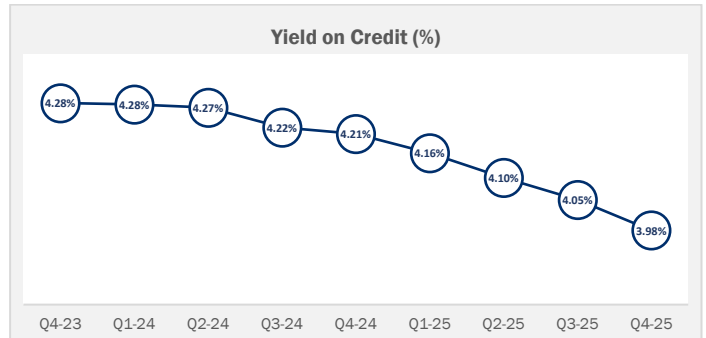
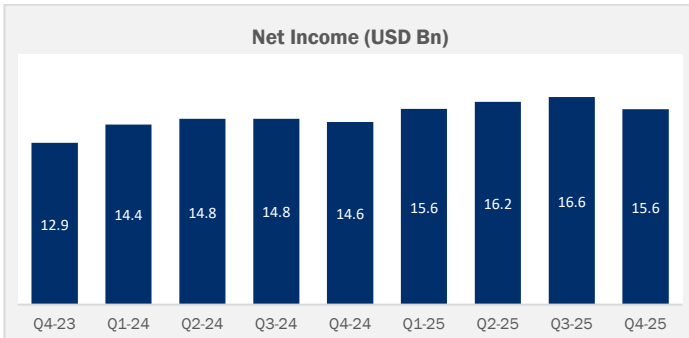
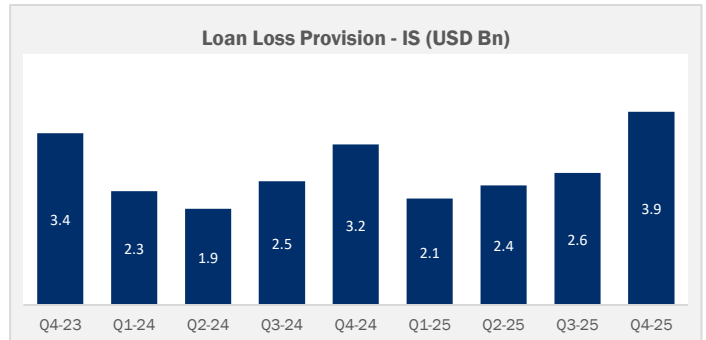
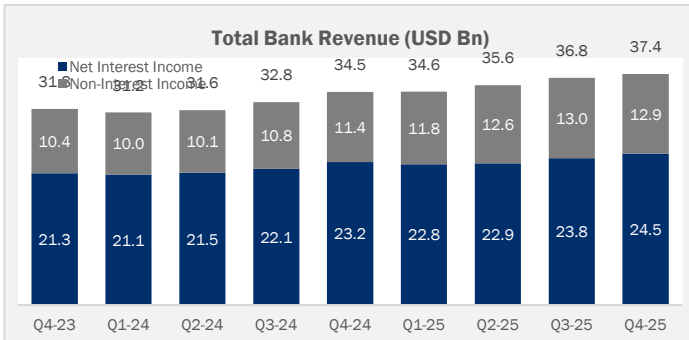
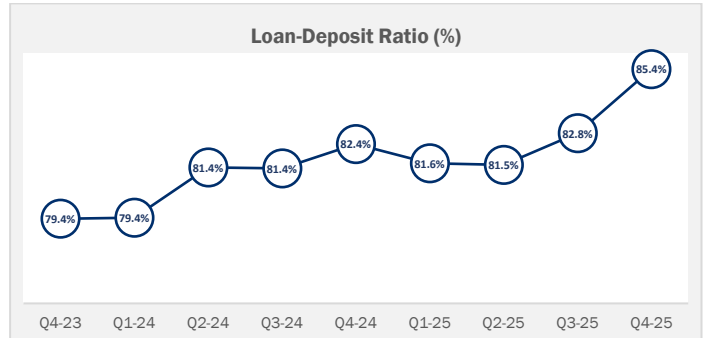
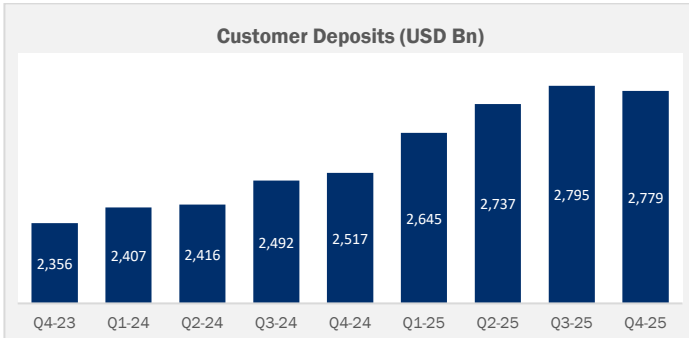
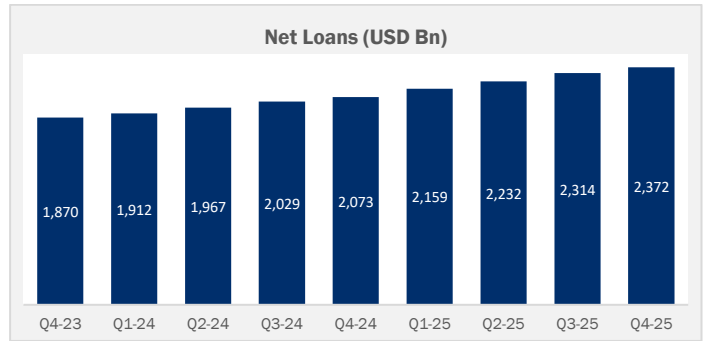
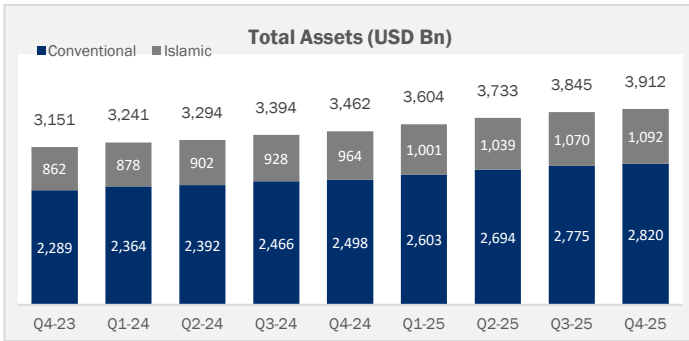
Aggregate return on equity (RoE) for the GCC banking sector declined marginally during Q4-2025 and stood at 13.4% during Q4-2025, the lowest since Q3-2023. The marginal decline in the ratio reflected a q-o-q fall in almost all country aggregates in the GCC while Saudi-listed banks registered flattish trend in Q4-2025. Total shareholder equity reached USD 502.3 Bn at the end of Q4-2025, registering a growth of 3.6% as compared to Q3-2025.

At the country level, UAE-listed banks once again topped in the region with the highest RoE at the end of Q4-2025 at 16.5% as compared to 16.6% during the previous quarter. Saudi-listed banks were next with an RoE of 13.0%, once again flat as compared to Q3-2025 followed by Qatari banks with an RoE of 12.1% recording a decline of 20 bps from the previous quarter. ROEs for Kuwaiti banks stayed elevated at a double-digit level of 10.0% vs. 10.6% in the previous quarter.



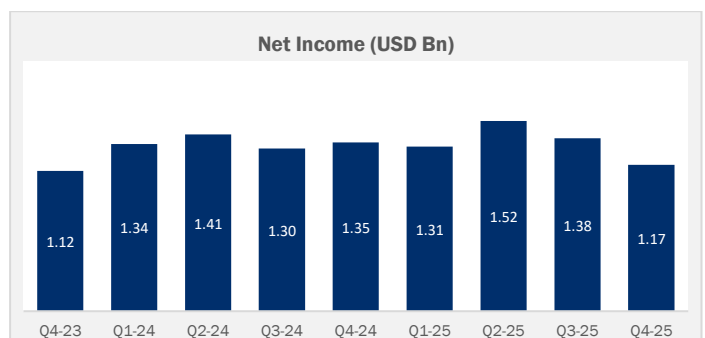
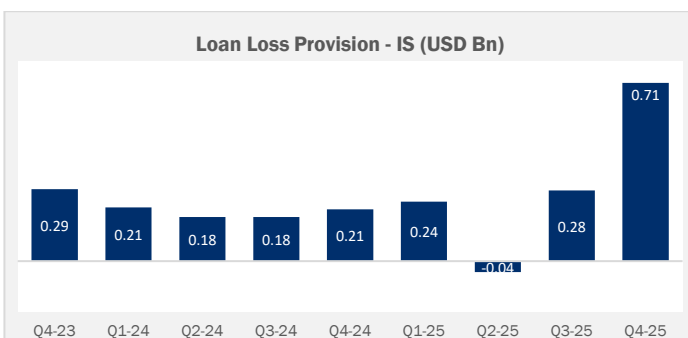
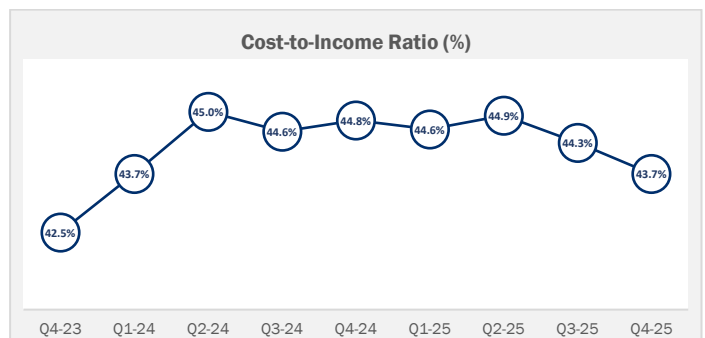
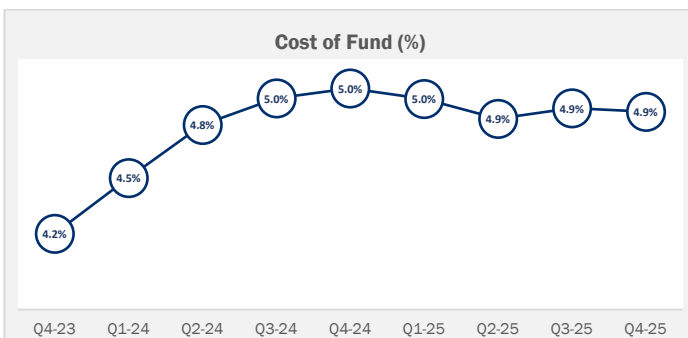
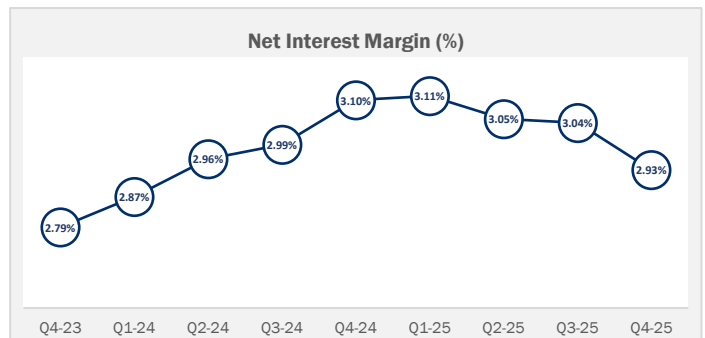
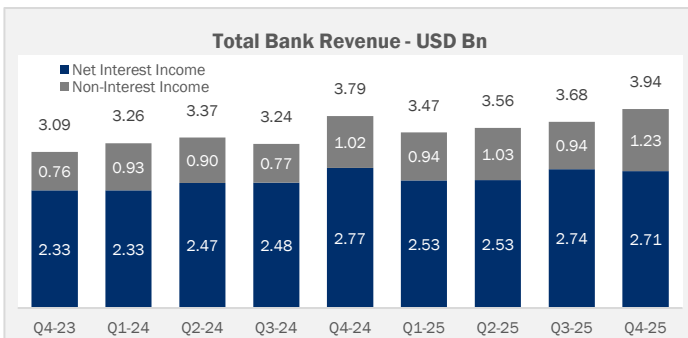
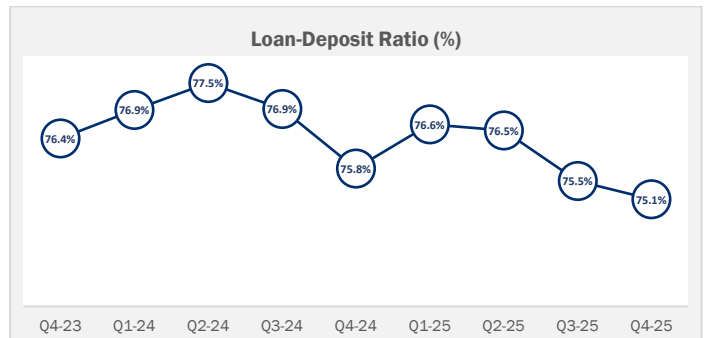
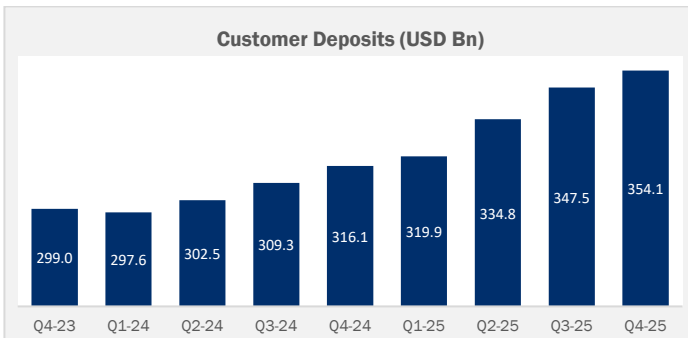
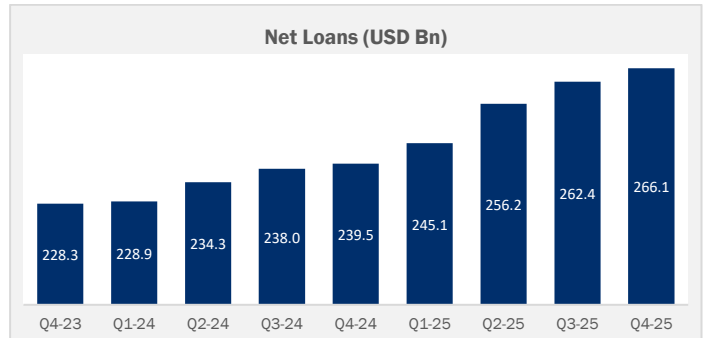
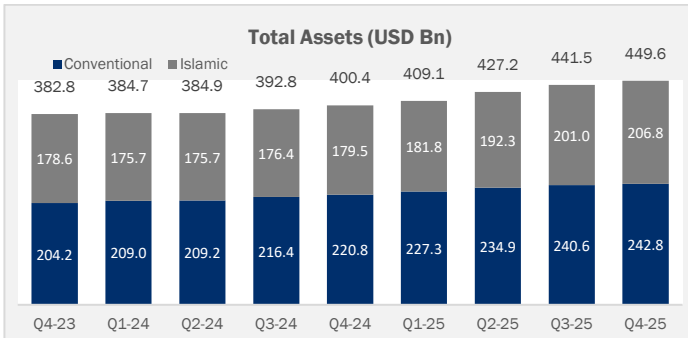
Source: Reuters Refinitiv, Financial Statements, Kamco Invest Research

Key Banking Sector Metrics : GCC



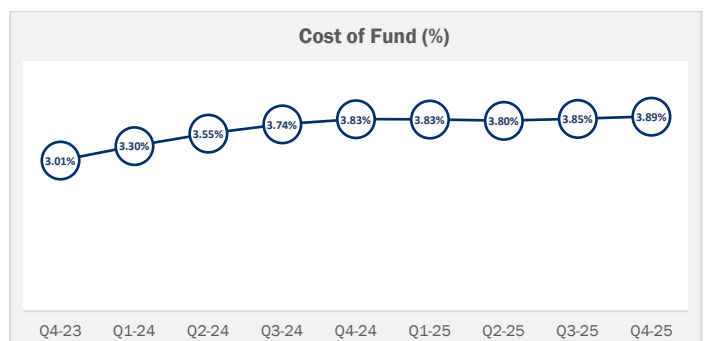
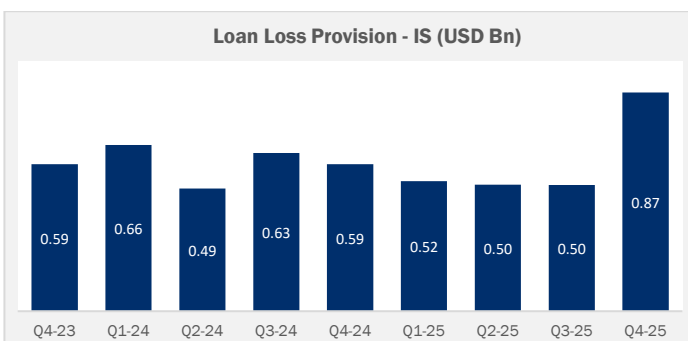
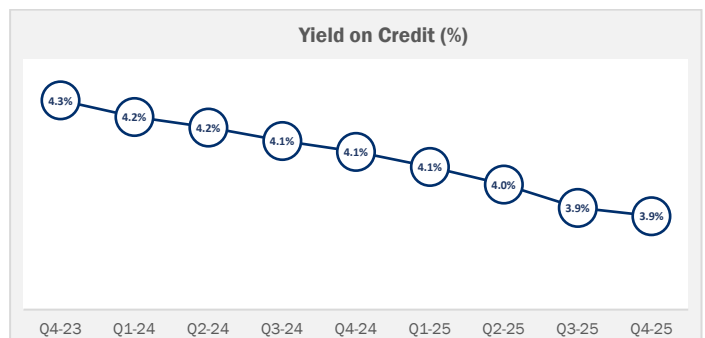
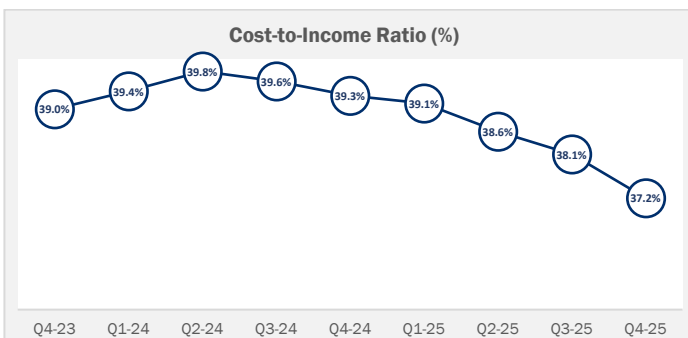
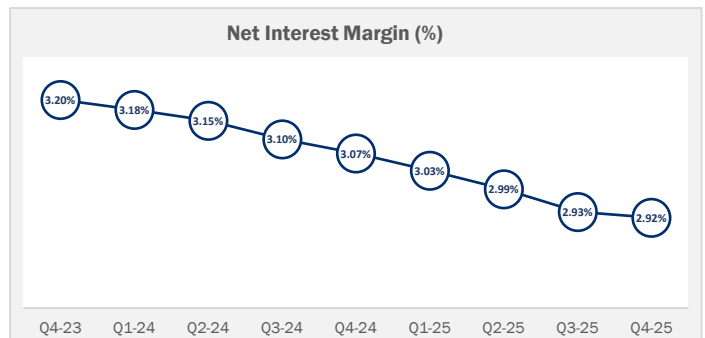
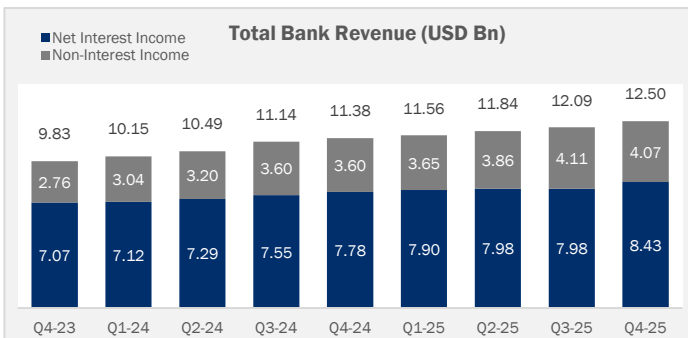
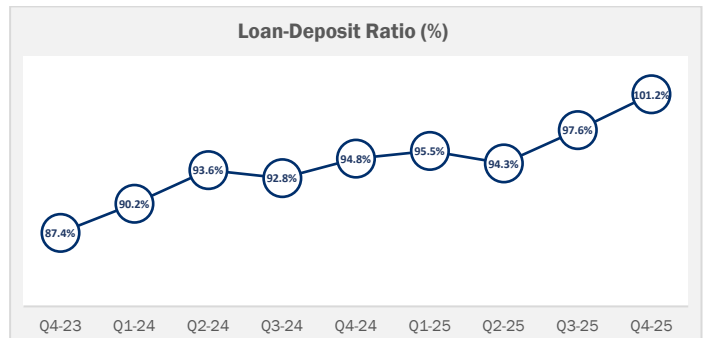
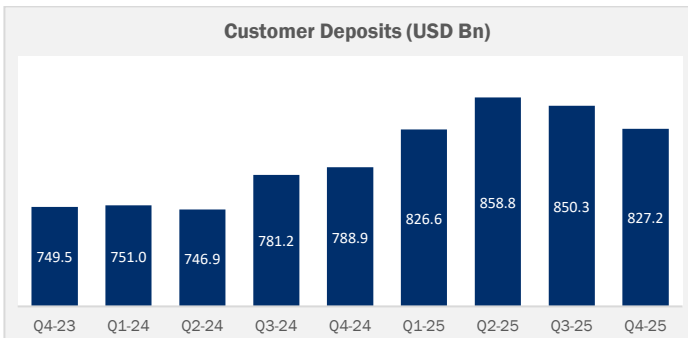
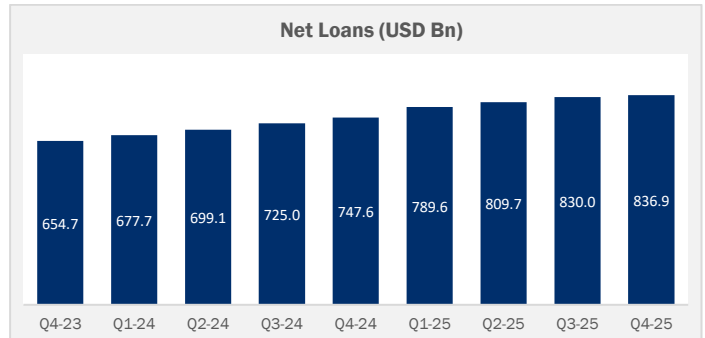
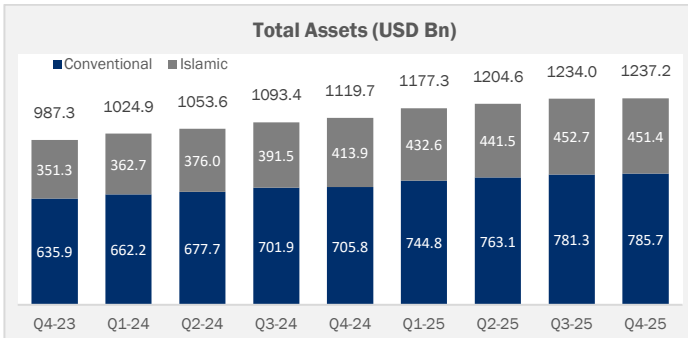
Source : Reuters, Bloomberg, Bank Financials, Kamco Invest Research

Key Banking Sector Metrics : Kuwait



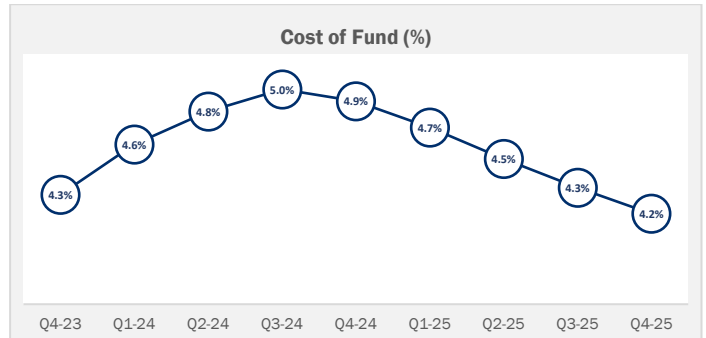
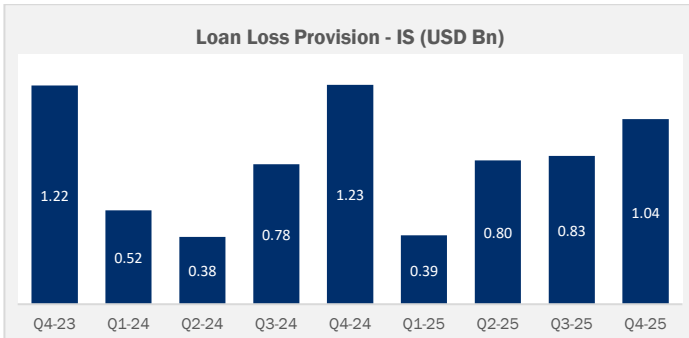
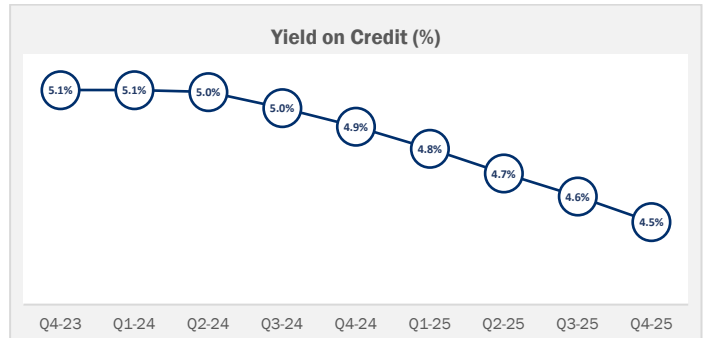
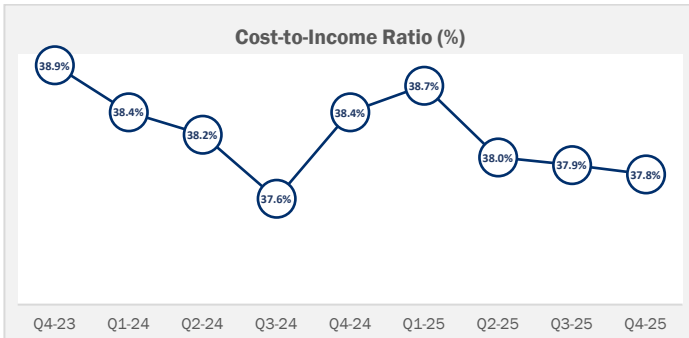
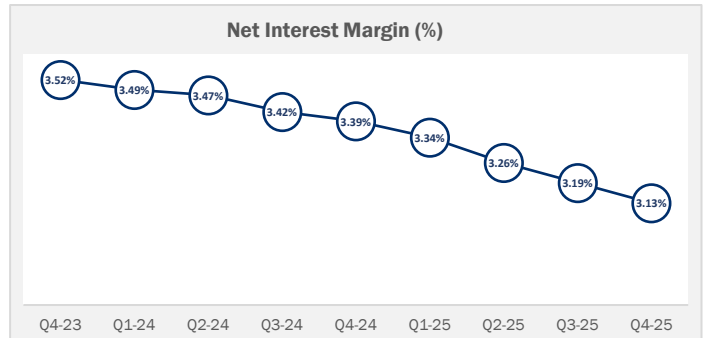
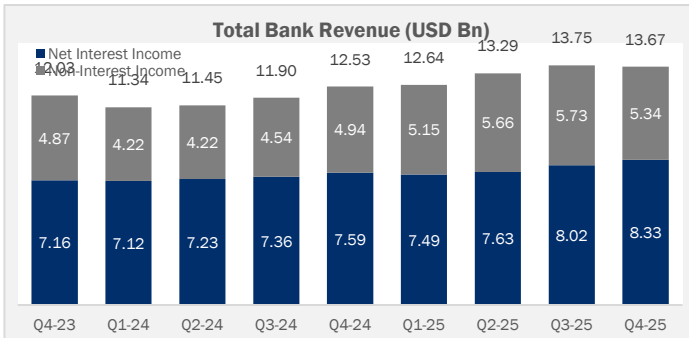
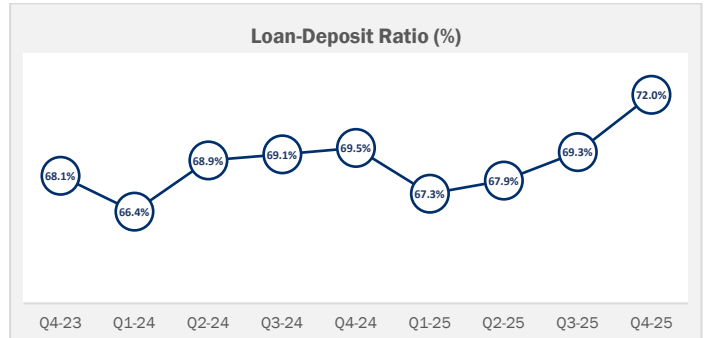
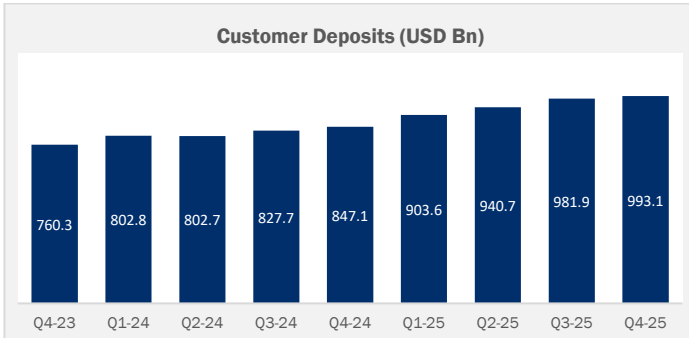
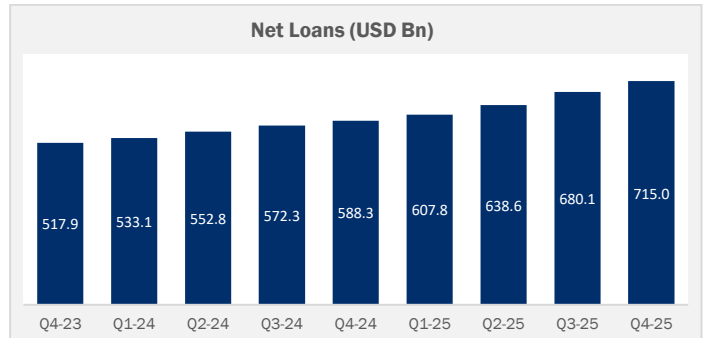
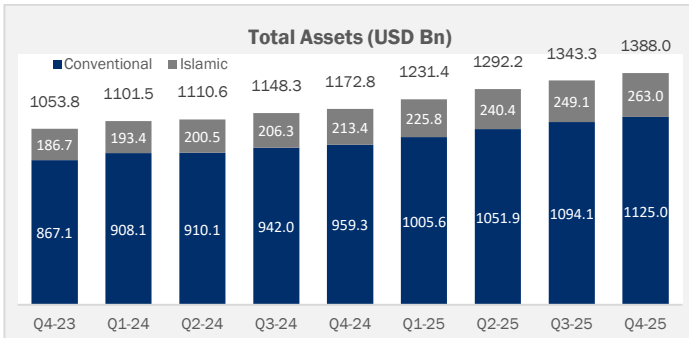
Source : Reuters, Bloomberg, Bank Financials, Kamco Invest Research

Key Banking Sector Metrics : Saudi Arabia



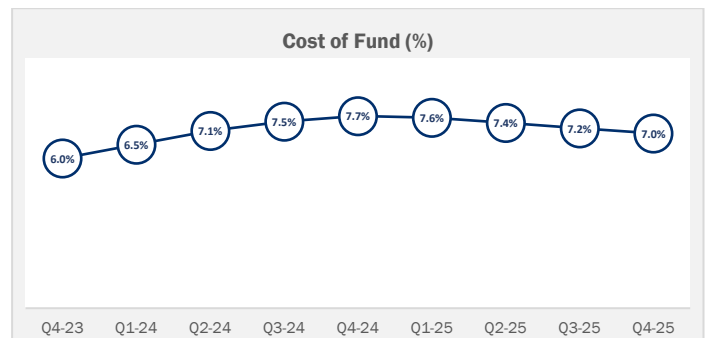
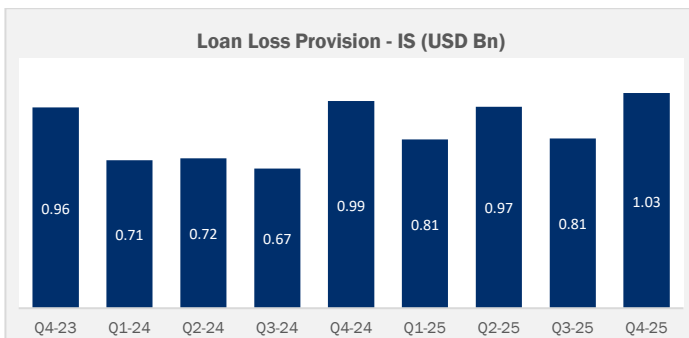
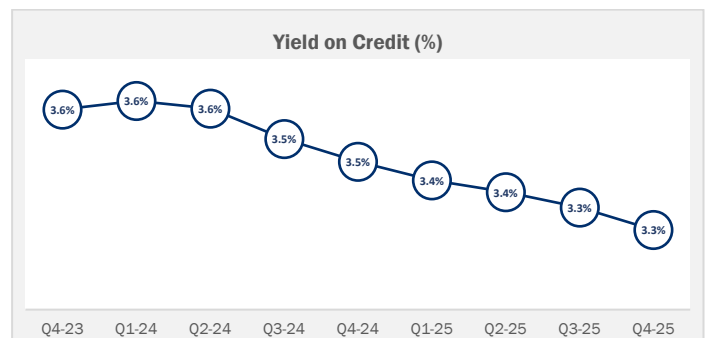
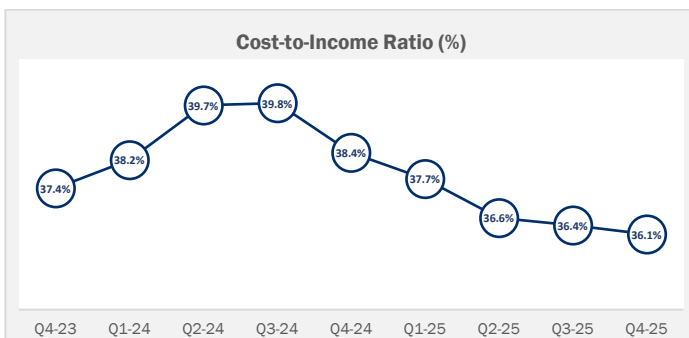
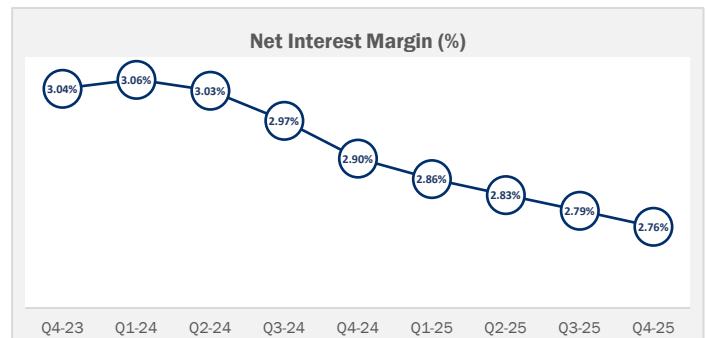
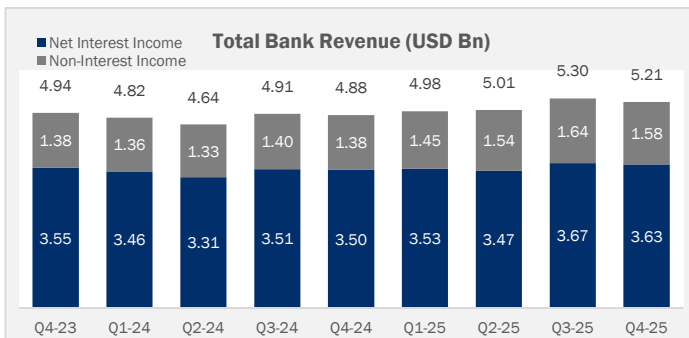
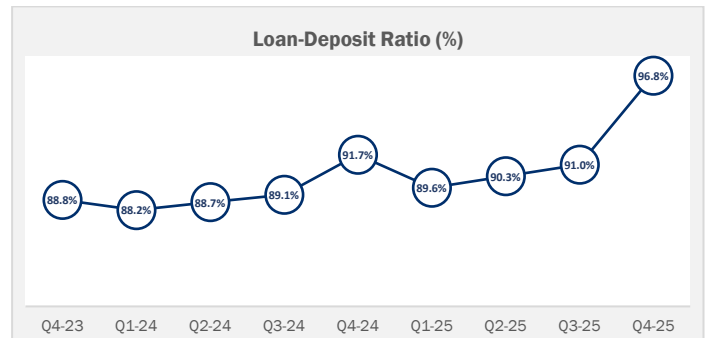
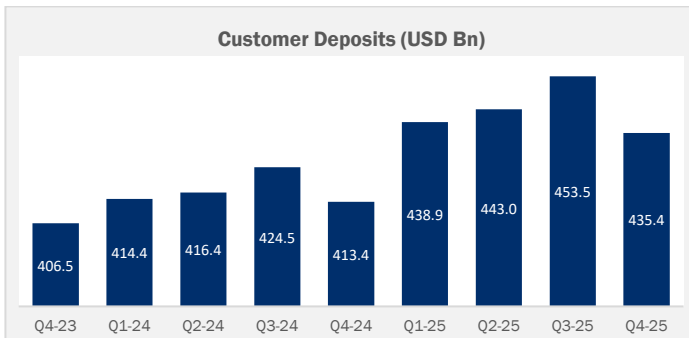
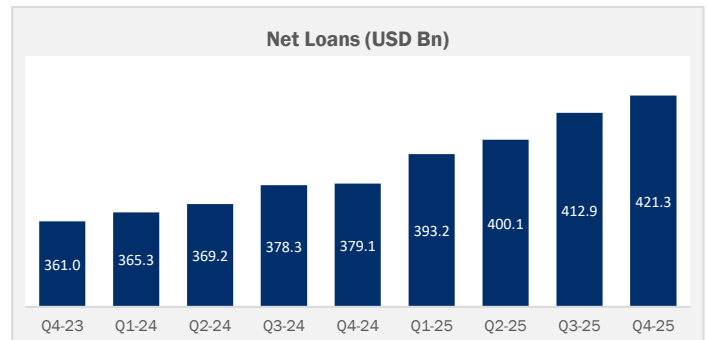
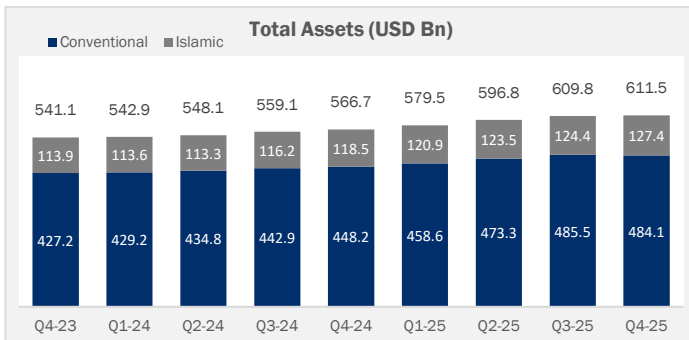
Source : Reuters, Bloomberg, Bank Financials, Kamco Invest Research

Key Banking Sector Metrics : UAE



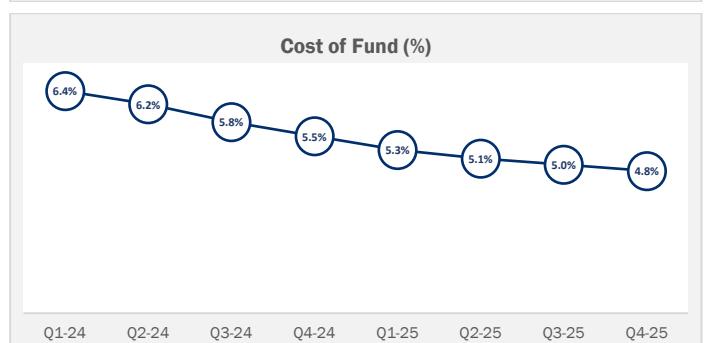
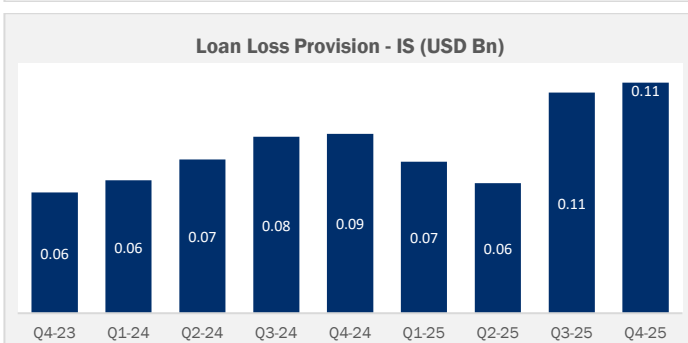
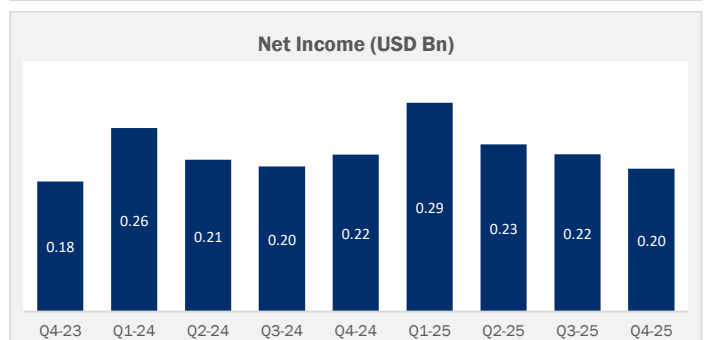
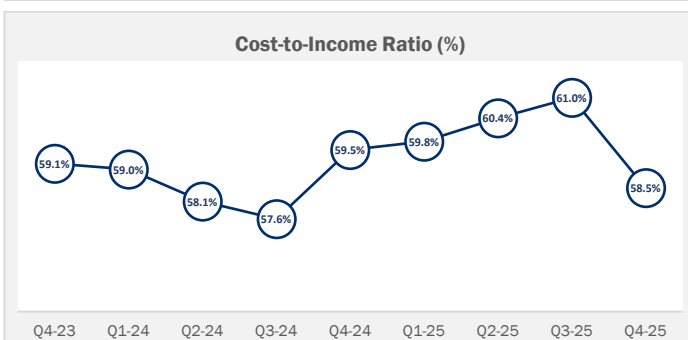
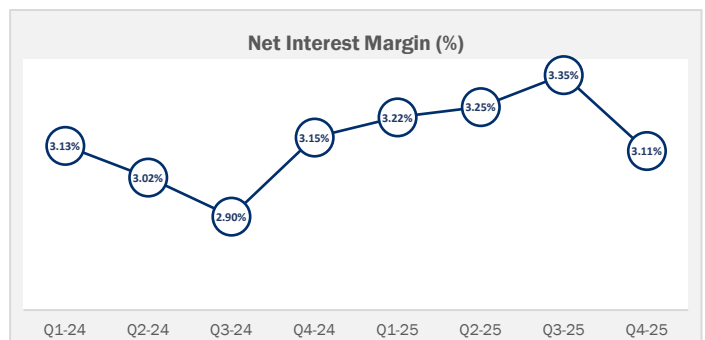
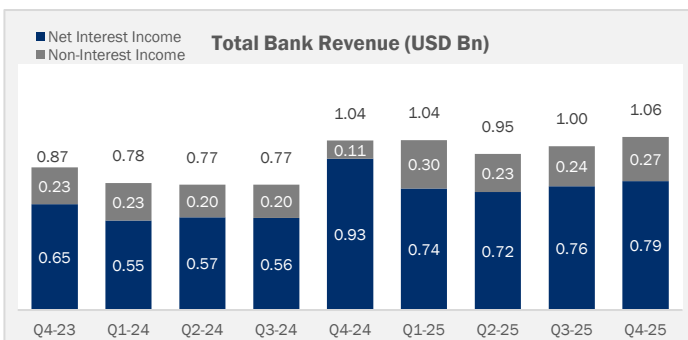
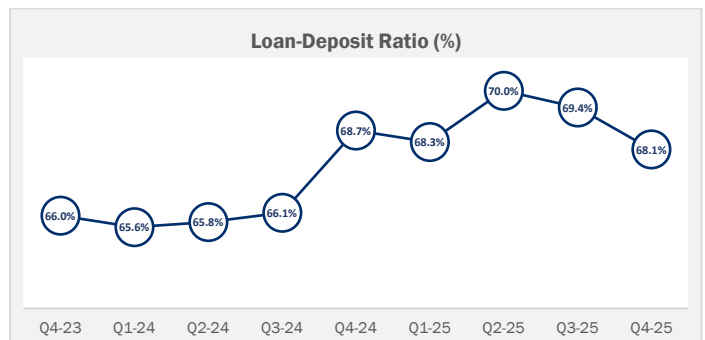
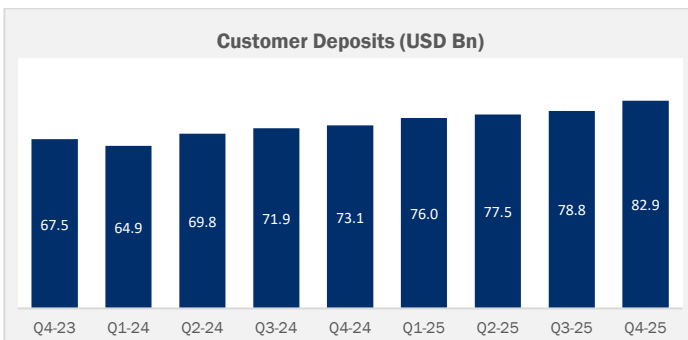
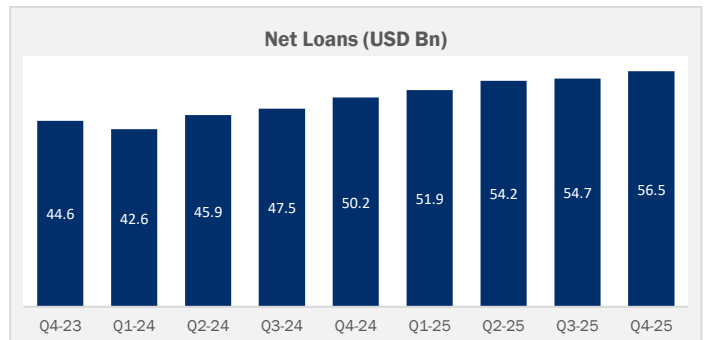
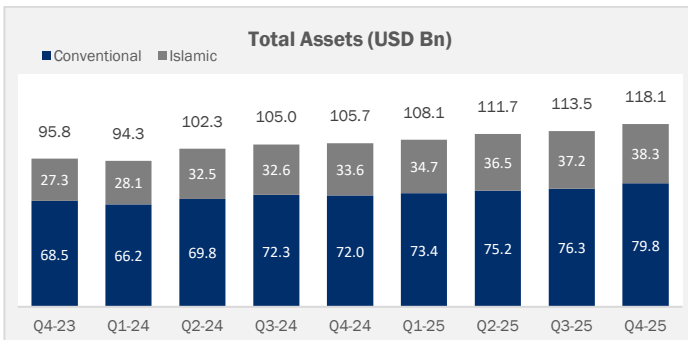
Source : Reuters, Bloomberg, Bank Financials, Kamco Invest Research

Key Banking Sector Metrics : Qatar



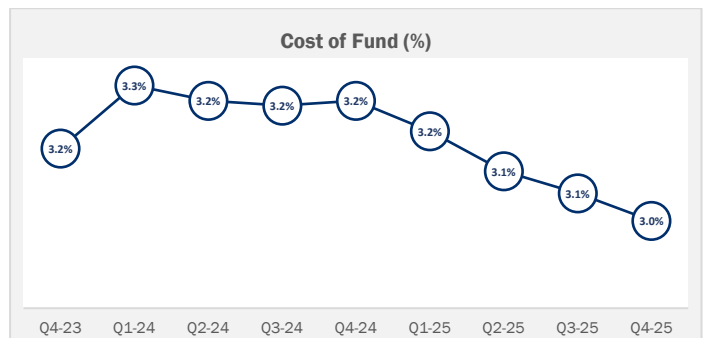
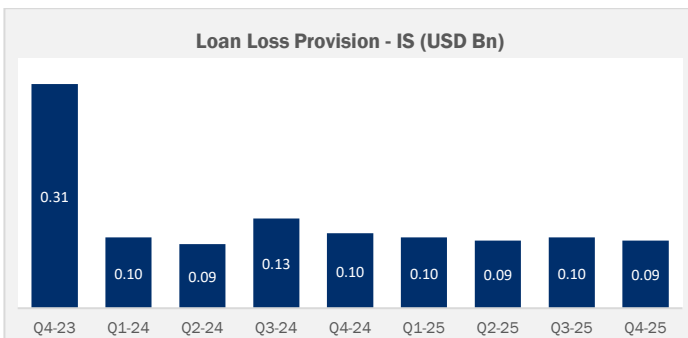
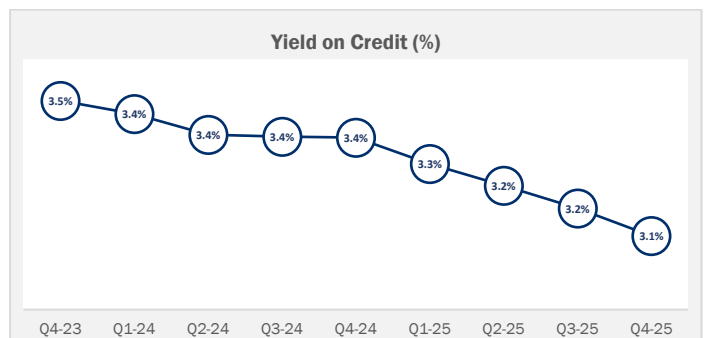
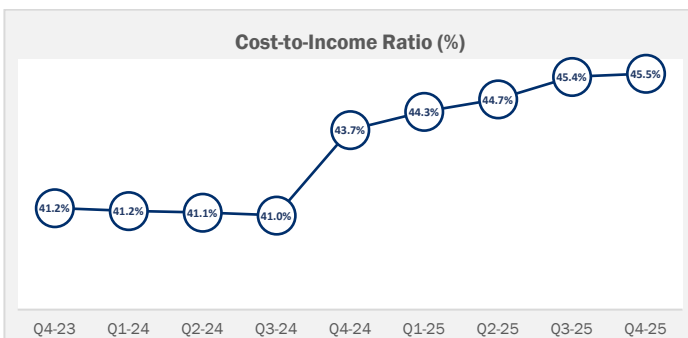
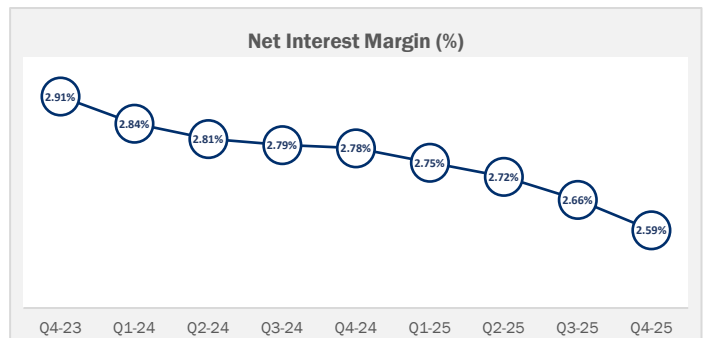
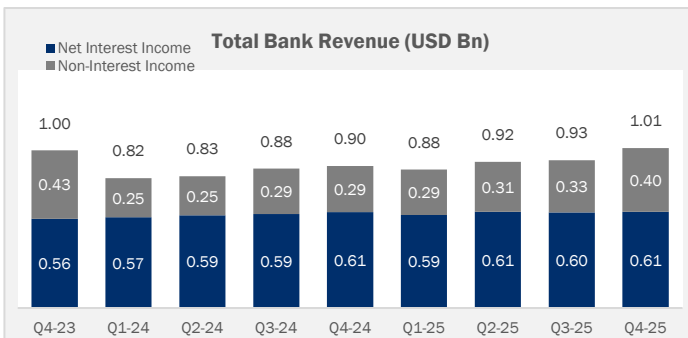
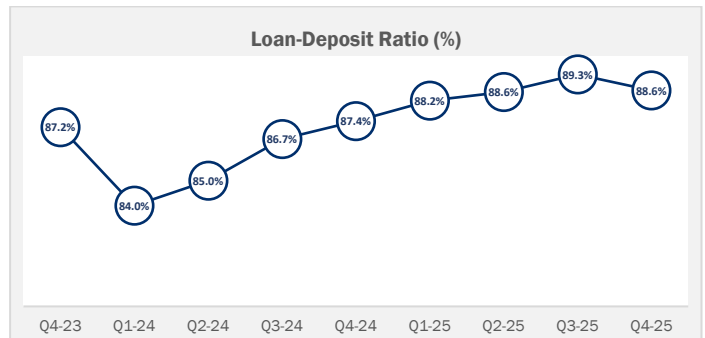
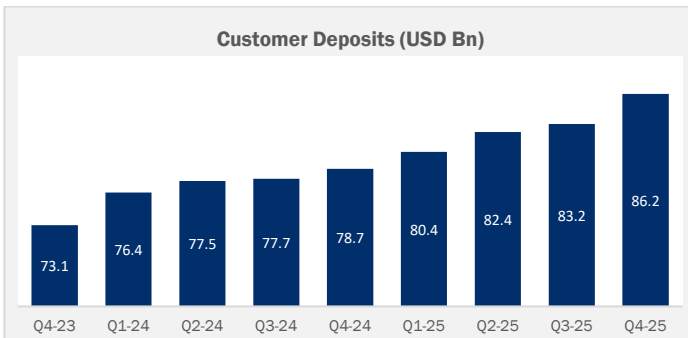
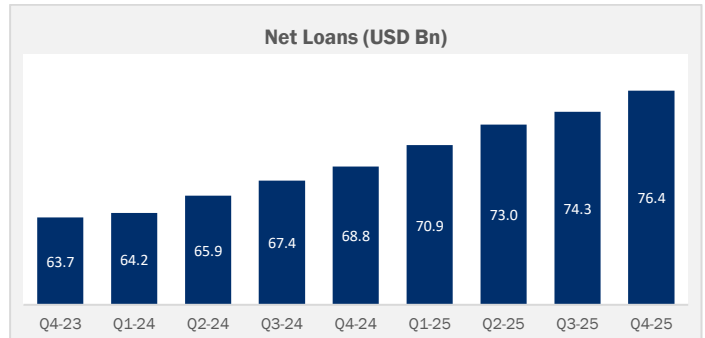
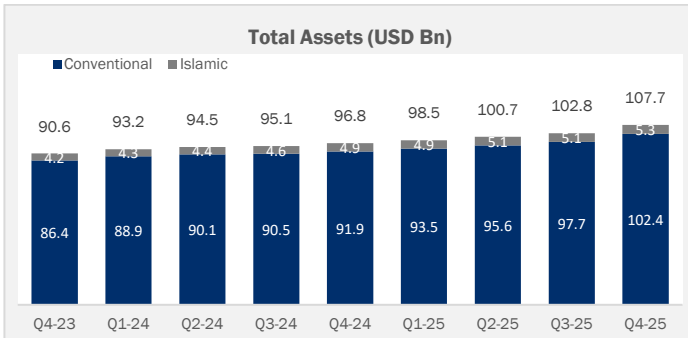
Source : Reuters, Bloomberg, Bank Financials, Kamco Invest Research

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-26 Returns	3-Yr Avg Tot Return	5-Yr Avg Tot Return	10-Yr Avg Tot Return
NATIONAL BANK OF BAHRAIN BSC	Bahrain	2.8	0.470	12.4	1.8	7.4	-2.4%	-0.7%	4.3%	9.2%
ARAB BANKING CORP	Bahrain	1.0	0.317	N/A	0.2	8.7	2.5%	15.9%	8.5%	N/A
BBK BSC	Bahrain	2.4	0.500	11.2	1.4	8.0	2.4%	9.2%	11.6%	13.9%
AL-SALAM BANK	Bahrain	1.7	0.207	8.3	1.4	3.6	2.9%	38.3%	38.1%	16.7%
BAHRAIN ISLAMIC BANK	Bahrain	0.2	0.079	5.0	0.5	6.3	-1.2%	N/A	N/A	N/A
NATIONAL BANK OF KUWAIT	Kuwait	26.8	0.903	14.9	1.8	3.7	-3.0%	6.3%	10.8%	11.6%
KUWAIT FINANCE HOUSE	Kuwait	48.2	0.831	23.8	2.5	2.9	2.5%	12.3%	12.3%	17.0%
BOUBYAN BANK K.S.C	Kuwait	10.1	0.661	33.4	3.2	1.0	-0.1%	10.3%	9.7%	12.7%
COMMERCIAL BANK OF KUWAIT	Kuwait	3.0	0.474	7.9	1.2	7.8	-2.8%	8.2%	7.6%	10.0%
GULF BANK	Kuwait	4.2	0.313	25.2	1.5	2.7	-5.4%	13.8%	16.7%	9.8%
BURGAN BANK	Kuwait	2.6	0.219	23.5	0.9	2.7	0.0%	7.3%	8.1%	2.5%
AL AHLI BANK OF KUWAIT	Kuwait	2.5	0.296	15.4	1.1	3.4	0.7%	4.3%	16.2%	4.1%
WARBA BANK KSCP	Kuwait	4.4	0.299	23.9	1.6	1.7	2.0%	16.1%	9.9%	9.4%
KUWAIT INTERNATIONAL BANK	Kuwait	1.6	0.291	20.4	1.3	2.7	6.2%	25.6%	13.5%	9.5%
BANKMUSCAT SAOG	Oman	9.4	0.480	12.9	1.7	3.8	49.6%	27.1%	27.5%	20.9%
BANK DHOFAR SAOG	Oman	1.6	0.198	14.9	1.0	3.8	38.9%	13.8%	17.7%	4.8%
NATIONAL BANK OF OMAN SAOG	Oman	1.6	0.388	N/A	N/A	2.7	4.3%	17.8%	23.9%	10.2%
SOHAR INTERNATIONAL BANK	Oman	3.9	0.226	14.9	1.6	1.8	45.6%	37.3%	25.9%	11.5%
AHLI BANK	Oman	1.3	0.192	13.2	1.2	3.1	3.1%	6.5%	17.0%	5.9%
BANK NIZWA	Oman	0.9	0.153	14.7	1.2	1.8	46.9%	18.9%	13.5%	9.2%
QATAR NATIONAL BANK	Qatar	45.0	17.8	10.3	1.6	4.1	-3.0%	7.5%	3.7%	6.5%
QATAR ISLAMIC BANK	Qatar	15.1	23.3	11.9	1.9	3.9	-0.4%	12.1%	10.8%	12.1%
MASRAF AL RAYAN	Qatar	5.7	2.2	13.9	0.8	5.0	6.2%	-2.8%	-8.6%	-0.4%
COMMERCIAL BANK PQSC	Qatar	5.0	4.5	8.8	0.9	6.7	14.0%	-2.3%	3.3%	5.2%
QATAR INTERNATIONAL ISLAMIC	Qatar	4.6	11.2	13.5	2.1	4.7	0.5%	9.0%	9.9%	10.5%
AL AHLI BANK	Qatar	2.6	3.8	10.8	1.3	6.6	7.3%	5.5%	7.9%	5.2%
DOHA BANK QSC	Qatar	2.4	2.8	9.6	0.8	5.3	4.5%	26.6%	9.0%	3.4%
AL RAJHI BANK	Saudi Arabia	115.1	108.0	18.4	3.8	2.3	10.8%	14.9%	4.5%	10.7%
SAUDI NATIONAL BANK	Saudi Arabia	68.3	42.7	10.6	1.4	5.0	12.8%	9.9%	4.5%	11.7%
RIYAD BANK	Saudi Arabia	23.0	21.5	6.5	1.0	4.9	-18.6%	-7.1%	2.0%	15.4%
SAUDI BRITISH BANK	Saudi Arabia	20.1	36.7	9.6	1.1	5.5	13.3%	5.5%	9.6%	9.1%
BANQUE SAUDI FRANSI	Saudi Arabia	13.3	19.9	10.2	1.2	5.4	18.5%	7.9%	7.4%	9.7%
ALINMA BANK	Saudi Arabia	19.7	29.6	12.5	2.1	4.1	21.2%	9.3%	18.9%	17.3%
ARAB NATIONAL BANK	Saudi Arabia	11.5	21.7	8.7	1.0	6.0	3.2%	8.3%	11.7%	13.2%
BANK ALBILAD	Saudi Arabia	10.6	26.5	13.1	2.1	3.8	6.8%	-11.9%	-4.3%	3.1%
SAUDI INVESTMENT BANK/THE	Saudi Arabia	4.5	13.4	8.0	1.0	3.0	2.1%	5.3%	11.1%	8.9%
BANK AL-JAZIRA	Saudi Arabia	4.0	11.8	10.5	1.0	4.2	10.1%	0.5%	4.4%	9.3%
FIRST ABU DHABI BANK PJSC	UAE	56.3	18.7	10.2	1.6	4.3	12.3%	18.7%	10.2%	12.2%
EMIRATES NBD PJSC	UAE	52.2	30.3	8.2	1.4	3.3	12.1%	38.0%	26.5%	18.6%
ABU DHABI COMMERCIAL BANK	UAE	28.6	13.3	9.3	1.3	4.7	-2.6%	24.5%	24.0%	12.6%
DUBAI ISLAMIC BANK	UAE	15.6	7.9	8.1	1.3	4.4	-14.5%	19.8%	16.7%	8.3%
ABU DHABI ISLAMIC BANK	UAE	22.6	22.9	13.1	3.2	4.2	15.5%	37.1%	43.2%	26.5%
MASHREQBANK	UAE	11.5	211.1	6.1	1.2	4.8	-12.7%	31.7%	37.8%	17.5%
COMMERCIAL BANK OF DUBAI	UAE	7.5	9.2	8.1	1.6	6.4	5.5%	38.2%	26.2%	10.5%
NATIONAL BANK OF FUJAIRAH	UAE	3.9	5.5	11.8	1.8	3.8	11.8%	10.3%	7.0%	8.3%
INVEST BANK	UAE	3.0	0.0	73.0	6.7	N/A	-90.7%	-54.6%	-37.8%	-31.2%
NATIONAL BANK OF RAS AL-KHAI	UAE	4.9	8.9	6.9	1.3	7.2	12.9%	32.1%	25.6%	10.6%
NATIONAL BANK OF UMM AL QAIW	UAE	1.5	2.8	9.6	0.9	7.2	0.1%	28.2%	13.3%	4.4%
SHARJAH ISLAMIC BANK	UAE	3.0	3.4	9.1	1.4	5.8	16.0%	28.3%	28.2%	16.5%
UNITED ARAB BANK PJSC	UAE	1.2	1.4	7.9	1.2	2.5	9.6%	24.9%	12.0%	-3.5%
BANK OF SHARJAH	UAE	1.0	1.2	5.0	0.8	5.3	-8.3%	48.1%	16.0%	-1.6%
AJMAN BANK PJSC	UAE	1.0	1.4	7.4	1.1	6.7	9.7%	6.0%	20.1%	0.8%
COMMERCIAL BANK INTERNATIONA	UAE	0.4	0.9	6.1	0.6	N/A	1.9%	11.6%	4.6%	-8.9%

Source: Bloomberg

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