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Thought Leadership Circle:
**KUWAIT BANKING
ASSOCIATION REPORT**



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Thought Leadership Circle: Kuwait Banking Association Report

With the publication of 80 Years of Kuwaiti Banking, The Business Year and the Kuwait Banking Association (KBA) provided a landmark historical record of the sector's development and its central role in shaping the modern Kuwaiti economy. Now, Thought Leadership Circle: Kuwait Banking Association Report marks the second strategic collaboration between our two institutions. While the earlier volume looked back on eight decades of progress, this report turns toward the future, examining how banks are aligning with Kuwait Vision 2035 and preparing to address the country's emerging priorities.

Kuwait's banking sector remains one of the strongest pillars of the national economy. By year-end 2025, local banks managed total assets of KWD101.9 billion, nearly evenly split between traditional banks (KWD49.6 billion) and Islamic banks (KWD52.3 billion). This balance reflects Kuwait's distinctive dual banking model, which allows the financial system to offer both conventional and sharia-compliant solutions while reinforcing resilience through diversification.

Beyond its financial strength, the sector has shown agility in responding to new economic demands. Digital transformation is one of the clearest examples. With internet penetration among the highest in the world and mobile connectivity universal, customers expect seamless, secure, and accessible financial services. Banks have invested heavily in artificial intelligence, advanced payment systems, and data-driven risk management, while the Central Bank has promoted innovation within a stable regulatory framework. These advances position banking as a leader in Kuwait's digital agenda.

Housing and real estate finance remain another critical area. Household lending accounted for more than 60% of gross loans in 2024, with real estate among the largest categories of credit exposure, according to CBK's Financial

Stability Report (FSR) - 2024. This underscores both the importance of housing to the economy and the need to ensure affordability for Kuwaiti families. Extending mortgage terms, diversifying products, and integrating sustainability into property finance will be key priorities for banks in the years ahead.

The transition to a low-carbon economy presents perhaps the most complex challenge. Kuwait has committed to achieving net-zero emissions by 2050, a goal that will require substantial investments in renewable energy, hydrogen, and carbon-reduction technologies. Public resources alone will not be sufficient; banks will need to mobilize capital, design instruments such as green sukuk, and partner with international investors to close the financing gap. In anticipation, KBA has embedded ESG considerations across the sector, preparing members to play a more active role in sustainable finance. These themes were also the focus of the Thought Leadership Circle, a series of roundtables organized by The Business Year in collaboration with KBA as Strategic Partner. The sessions brought together leading figures from finance, government, and industry to address three interconnected priorities: accelerating technology and AI adoption, reforming housing and real estate finance, and mobilizing capital for the energy transition. Discussions reinforced the idea that banking is not only a service provider but also a catalyst for national transformation.

Thought Leadership Circle: Kuwait Banking Association Report consolidates these insights alongside broader research and interviews. It provides a structured account of how the sector is adapting to new realities, from digital innovation to urban development and climate action. Kuwait's financial system is at once stable and adaptive: it anchors household and corporate finance, supports state-led initiatives, and increasingly drives sustainability and innovation. ✖



This publication has been produced by The Business Year International's expert cadre of journalists, writers, editors, and designers. The content contained within is original and was compiled by our team on the ground.



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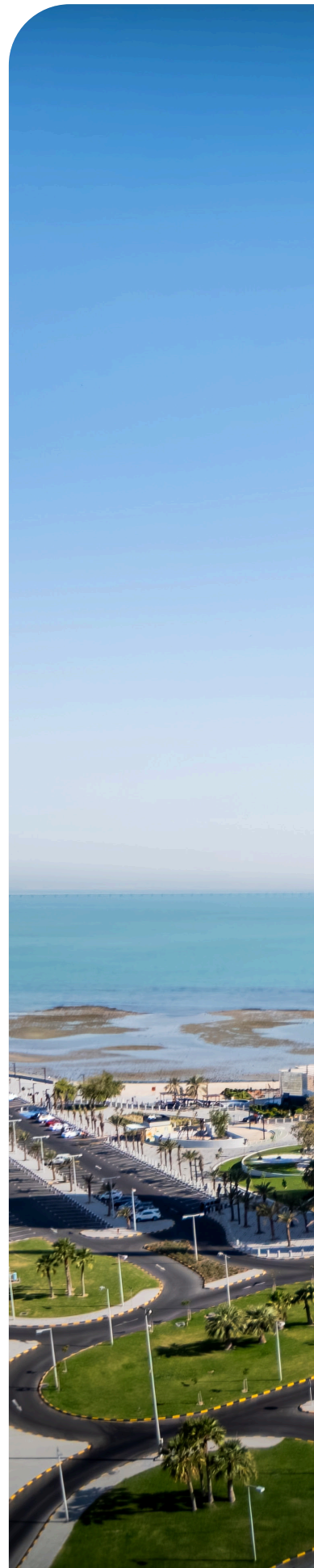
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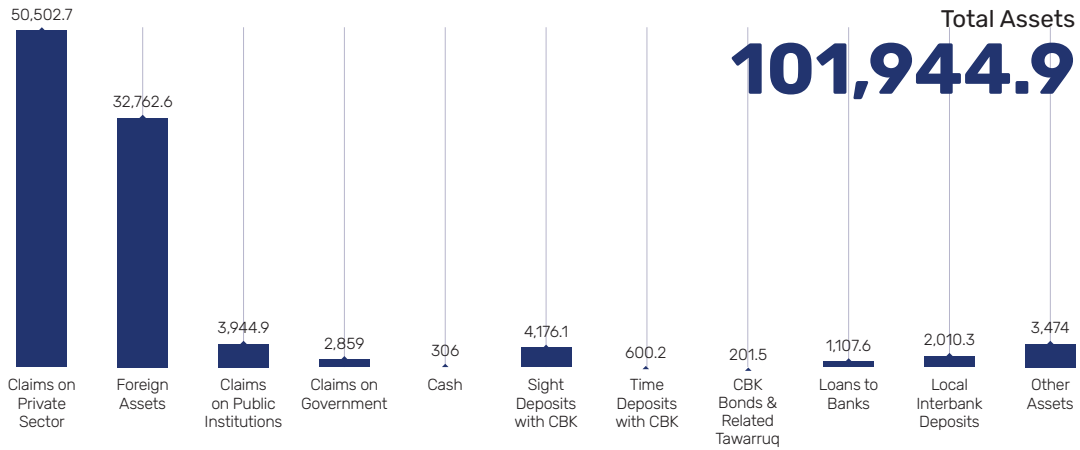


KUWAIT *Banking Sector at a Glance—Year-End 2025*

LOCAL BANKS' ASSETS (DEC. 2025)

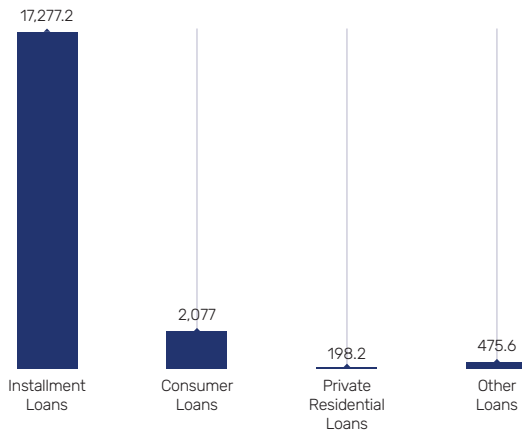
UNIT: MILLION KUWAITI DINARS

SOURCE: CBK AUGUST MONTHLY BULLETIN



PERSONAL FACILITIES BREAKDOWN (RESIDENTS ONLY, DEC. 2025)

SOURCE: CBK AUGUST MONTHLY BULLETIN

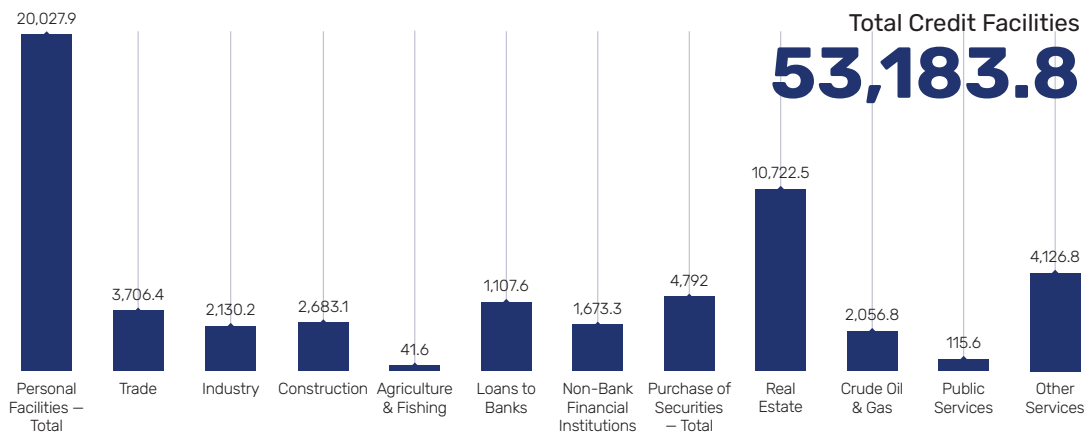




CREDIT FACILITIES OVERVIEW (DEC. 2025)

UNIT: MILLION KUWAITI DINARS

SOURCE: CBK AUGUST MONTHLY BULLETIN





SMART *banking*

NBK strengthened its market leadership in 2024 with a 7% net profit increase, driven by digital transformation, AI-powered services, sustainable finance, and strategic support for Kuwait's urban development and smart city initiatives.

Salah Y. Al-Fulaij
CEO KUWAIT,
NATIONAL BANK OF KUWAIT (NBK)

NBK reported a net profit of KWD575.6 million for the financial year ended December 31, 2025, despite a more challenging global operating environment and the impact of the new tax regime applicable to multinational entities in Kuwait. What were the key drivers underpinning this performance, and how does the Bank intend to sustain momentum in 2026?

Delivering resilient performance amid a challenging global operating environment, National Bank of Kuwait (NBK), reported a net profit of KWD575.6 million for the financial year ended December 31, 2025. Despite the impact of the new tax regime applicable to multinational entities, the Group continued to demonstrate strong underlying operating momentum, with profit before tax increasing by 5.4% YoY to KWD734.6 million, supported by strong business volumes, diversified income growth, and continued expansion across key segments. The year once again highlighted the strength of NBK's diversified business model and disciplined execution. Net operating income increased by 3.6% YoY to KWD1.3 billion, while total assets grew 13.1% to KWD45.6 billion and loans and advances increased by the same percentage to KWD26.8 billion. More than half of the loan growth generated during the year came from the Group's international operations, further reinforcing the effectiveness of NBK's diversification strategy. This performance was further underpinned by strong capitalization, resilient asset quality, and prudent risk management. The Group maintained a capital adequacy ratio of 17.0%, while the non-performing loan ratio remained stable at 1.36%, supported by an NPL coverage ratio of 240%. At the same time, NBK continued to advance its strategic priorities across innovation, digital banking, and sustainability, while maintaining a strong focus on enhancing customer engagement and expanding cross-selling opportunities across its regional and international footprint. The Bank also achieved approximately 60% of its USD10 billion sustainable assets target for 2030, reinforcing

its commitment to long-term sustainable growth and value creation. Looking ahead, we maintain a cautiously optimistic outlook for a gradual improvement in the operating environment as geopolitical tensions continue to ease and regional conditions stabilize over the course of 2026, with loan growth expected to remain in the mid- to high-single-digit range. Supported by diversified income streams, a strong balance sheet, and disciplined execution, NBK remains well positioned to capture growth opportunities across its domestic and international markets.

As CEO of NBK, how do you view the role of the banking sector in supporting urban development and smart city projects in Kuwait?

NBK plays a crucial role in Kuwait's urban development and smart city transformation, aligning its efforts with Vision 2035 to enhance digital infrastructure, modernize public services, and foster a more connected, sustainable economy. Through structured financing, strategic investments, and digital innovation, the bank continues to fund key projects that reshape Kuwait's urban landscape. With a strong track record, NBK plays a key role in supporting urban development and smart city initiatives in Kuwait. Our Green Bond is a strong vote of confidence from investors in our commitment to sustainable finance, with proceeds directed towards projects that enhance renewable energy, energy efficiency, clean water, and eco-friendly infrastructure; key pillars of smart urban development. On the social side, we're also investing in essential services like healthcare, education, and affordable housing to create a positive impact on communities. Additionally, NBK has committed approximately KD 7 million to revitalizing Sharq Area, supporting green spaces and improved urban accessibility. Beyond financing, NBK is driving financial inclusion and digital literacy by investing in cutting-edge technologies like blockchain and AI, helping digitize public services and promote a cash-

less economy. By integrating sustainability, innovation, and strategic financing, NBK remains at the forefront of Kuwait's smart city evolution, shaping a more sustainable and tech-driven future.

Innovation is a key component of NBK's strategy. How is the bank driving digital transformation and fostering innovation within its services to meet the evolving needs of your customers?

Innovation is deeply embedded in NBK's strategy, serving as a cornerstone of our long-term growth and competitive differentiation. Our approach to digital transformation is centered on enhancing customer experience, expanding financial accessibility, and driving operational efficiency through cutting-edge technology. We continue to invest heavily in advanced digital banking solutions, ensuring seamless, secure, and personalized banking experiences across all touchpoints. Our state-of-the-art mobile and online banking platforms offer a comprehensive suite of services, empowering customers with greater control over their finances. We've brought in advanced technology to make banking safer, more efficient, and easier for our customers. Our AI-powered customer service helps people get quick, personalized support whenever they need it. Biometric authentication adds extra security while keeping things simple and hassle-free. Plus, with open banking, customers can securely link their accounts to other financial services, giving them more flexibility and control over their money. ✖

BIO

Salah Y. Al-Fulaij is the CEO of National Bank of Kuwait-Kuwait, bringing over 39 years of banking and finance experience to the role. A veteran NBK leader, he has held major executive positions, including CEO of NBK Capital and general manager of treasury and investment services, alongside overseeing key international subsidiaries. He also serves as vice chairman of Watani Investment Company and holds board positions at NBK-France and Watani Financial Brokerage Company. Al-Fulaij earned his bachelor's in industrial engineering and an MBA from the University of Miami. Additionally, he has completed advanced executive education programs at Harvard, Stanford, and Duke.



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