



# Kuwait Credit Growth: Reaccelerates in 2025

GCC Banking | Fixed Income Research | 2026

**7.6%**

**Credit Growth in 2025**

Strongest since 2022

**38%**

**Household Share**

Broadly flat for 5 years

**100k+**

**Mortgage Applications**

Pending reform unlock

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# Key Performance Indicators

## Headline metrics from Kuwait's domestic credit market - 2025

**7.6%**

### Domestic Credit Growth 2025

Strongest pace since 2022

+4.0pp YoY

**6.0%**

### Business Lending Growth

Oil & Gas · Real Estate · Services

Key Driver

**3.7%**

### Household Credit Growth

Recovering but structurally lagging

Best in 4 Years

**38%**

### Household Share of Credit

Broadly flat for 5 years

Structural Gap

## Market Context

- Uptick in the broad-based lending environment since 2023 has been the primary driver of the credit growth in Kuwait
- Growth momentum has been witnessed during this period even without mortgage reform
- Upward momentum to continue in the coming months due to the structural reforms in Kuwait

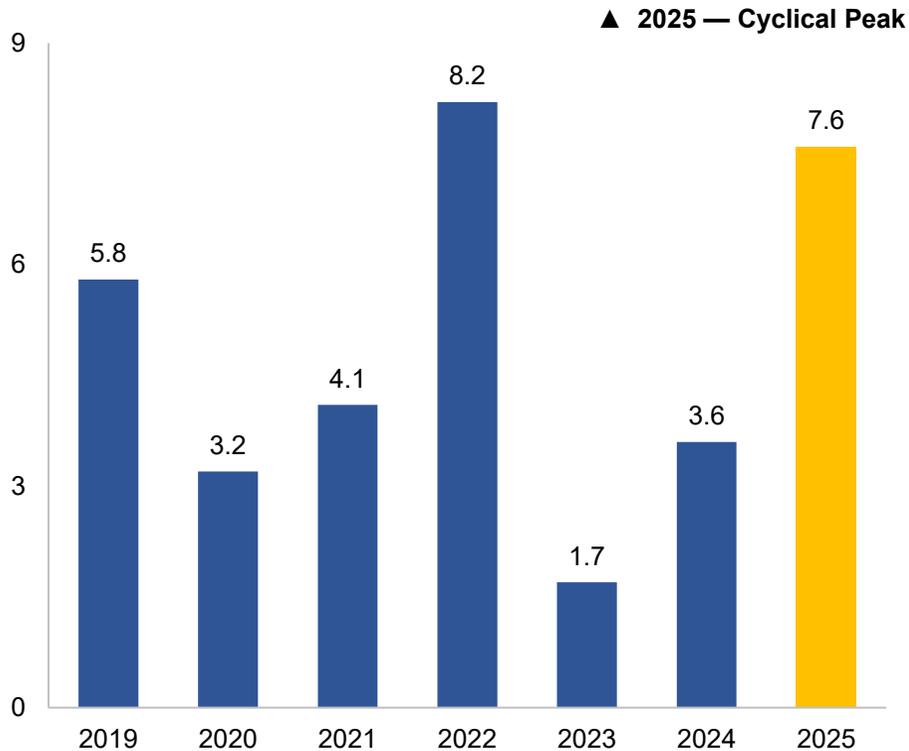
## Credit Mix Insight

- Household accounts for ~38% of total domestic credit mix. Broadly flat for 5 years; no structural shift to retail yet
- Business lending accounts for ~48% to 49%; dominated by Oil & Gas, Real Estate, and Services
- 100,000+ pending mortgage applications signal massive pent-up housing demand

Source: Central Bank of Kuwait, Kuwait Capital Markets Authority

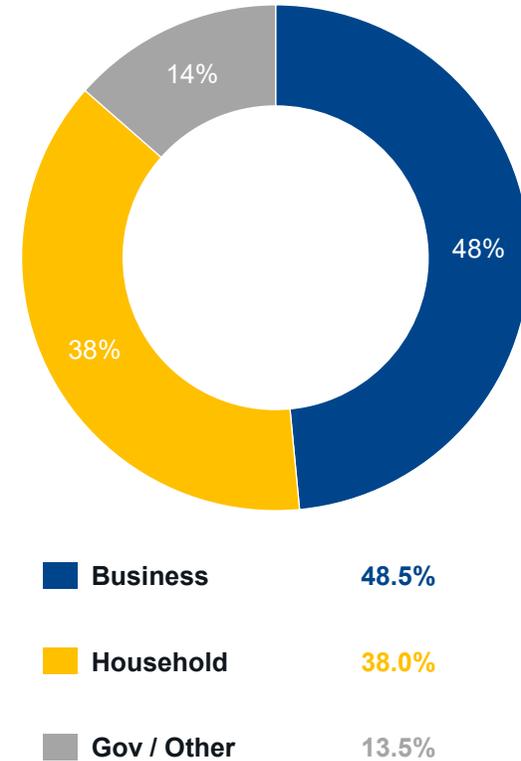
# Credit Growth Acceleration

## Domestic Credit YoY (%) Growth Trend - 2019 to 2025



## Domestic Credit Composition - 2025

### Credit Mix - Structural Imbalance Persists



Source: Central Bank of Kuwait, Kuwait Capital Markets Authority

# Drivers of the Next Phase of Credit Growth

Four converging forces - project execution, monetary easing, real estate momentum, and mortgage reform



## Project Execution & Wholesale Lending

- 2025 project awards fed directly into business credit
- Oil & Gas (+13.2%), Other Services (+16.1%), and Real Estate (+5.2%) led sectoral expansion

**KWD 4.4bn Awards  
+6.0% Business**



## Fed Rate Cuts & Monetary Easing

- 75bps of US Fed rate cuts in 2025 eased regional funding costs
- Markets expect ~50bps more by end-2026, underpinning borrowing appetite

**75bps 2025 Delivered  
+50bps 2026E**



## Real Estate Record Activity

- Total property sales hit a record KWD 4.4bn in 2025, up 27% YoY
- Signals robust underlying demand and setting the stage for mortgage lending

**KWD 4.4bn Sales  
+27% YoY Record**



## Mortgage Reform Structural Catalyst

- Long-tenor housing finance legislation expected to unlock 100k+ pending applications
- Potential shifts of credit composition in 2026 towards households

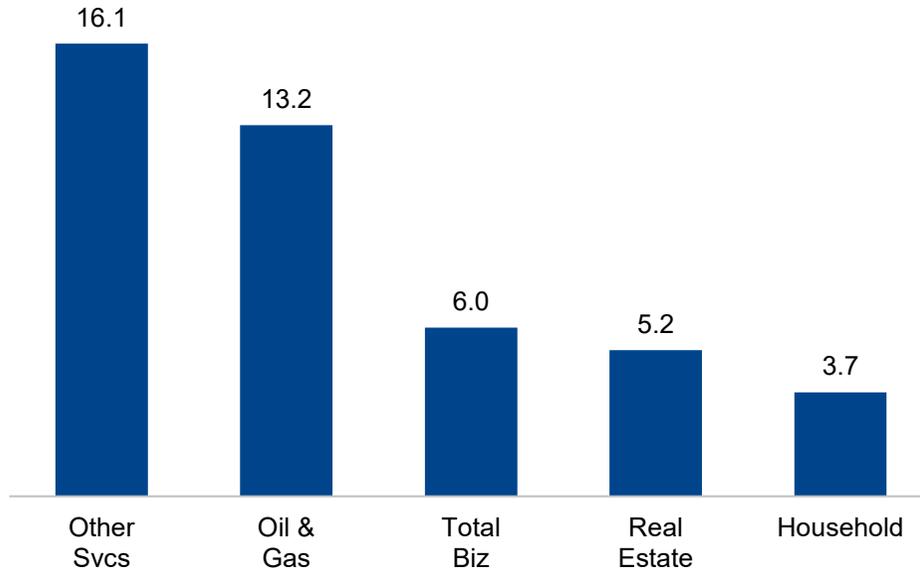
**100,000+ Apps  
2026 Inflection**

Source: Central Bank of Kuwait, Kuwait Capital Markets Authority, Aranca Research

# Sectoral Breakdown & Bank Positioning

## Sectoral Credit Breakdown - 2025

Business lending sub-sectors YOY (%)



- Oil & Gas growth driven by sustained capex cycle; key exposure for NBK and KFH
- Other services posted the strongest YoY growth, supported by diversified project spending across the domestic economy.
- Household credit growth remains relatively softer but stands to benefit the most from the anticipated mortgage reform.

## Bank Positioning for Mortgage Demand

Competitive landscape - Kuwait domestic franchise



**National Bank of Kuwait (NBK)**

Interesting Pick

Largest domestic franchise. Deep liquidity reserves and extensive retail distribution network uniquely position NBK as first-mover in long-tenor mortgage origination. Capital adequacy supports book build-up.



**Kuwait Finance House (KFH)**

Interesting Pick

Dominant Islamic banking platform. Sharia-compliant housing finance products (Ijara/Murabaha) address the largest addressable population segment - structural advantage in a reform-led environment.



**Warba Bank + Gulf Bank  
(Proposed Merger)**

Watch Merger

Combined entity would become Kuwait's third-largest bank - improving scale economics and competitiveness for incremental domestic credit market share post-reform.

Source: Central Bank of Kuwait, Kuwait Capital Markets Authority, Company Filings, Aranca Research

# What Looks Interesting?

## Kuwait Banking Sector - Forward View 2026

- Kuwait's banking sector is transitioning from a cyclical rebound to a potential structural growth phase.
- The convergence of accelerating project awards, easing monetary conditions, record real estate activity, and pending mortgage reform creates a rare multi-year credit impulse.
- NBK and KFH, with large domestic franchises and strong liquidity, are best positioned to capture rising mortgage demand.
- The proposed Warba-Gulf Bank merger would crystallise scale benefits and improve competitive positioning.
- 2025's 7.6% headline growth is likely a floor, not a ceiling, for 2026.

**Mortgage Reform = Key Catalyst for 2026**

**≥8–10%**

**Credit Growth 2026E**

7.6% is the floor, not the ceiling

**100k+**

**Pending Mortgage Apps**

Reform unlock = structural inflection

**KWD 4.4bn**

**Real Estate Sales FY2025**

+27% YoY - record activity

Source: Central Bank of Kuwait, Kuwait Capital Markets Authority, S&P and Fitch Estimates



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