



The Edge Economic Update

# Kuwait **Banking Sector** Performance Overview

## **Q1** 2026

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## Kuwait Banking Sector Q1 2026 – Performance Overview

### Executive Summary

This report presents a comprehensive overview of Kuwait's banking sector performance for the first quarter of 2026, covering eight of the nine listed Kuwaiti banks. Commercial Bank of Kuwait (CBK) had not announced its Q1 2026 results at the date of preparation of this report and is therefore excluded from the comparative analysis below. All figures are sourced from CBK-approved interim condensed consolidated financial statements published through Boursa Kuwait.

The Q1 2026 quarter was defined by two parallel dynamics. First, sustained operational momentum across most banks, with KFH and NBK delivering record-level quarterly earnings and most mid-sized banks maintaining or growing profitability. Second, regional geopolitical events that began in late February 2026 prompted the Central Bank of Kuwait, on 26 March 2026, to implement a coordinated set of regulatory relief measures designed to expand banks' lending capacity, strengthen liquidity, and protect financial stability. Despite the externally-driven uncertainty, the Kuwaiti banking sector demonstrated resilience, supported by strong capital adequacy, ample liquidity, and disciplined risk management.

Aggregate net profit attributable to shareholders for the eight covered banks reached KD 385.4 million in Q1 2026, broadly flat versus KD 377.2 million in Q1 2025, with growth at six of eight banks offset by Burgan Bank's higher cost base and Boubyan's flat result. Total assets of the covered banks aggregated to KD 135.6 billion, with NBK and KFH together representing 66% of sector assets.

**Q1 2026 Key Financial Highlights – Comparative Table**

Bank	Net Profit (KD M)	YoY %	Op Income (KD M)	Total Assets (KD Bn)	Loans (KD Bn)	Deposits (KD Bn)	Equity (KD M)
<b>KFH</b>	176.52	+5.0%	496.37	43.56	21.83	21.40	5,627
<b>NBK</b>	135.45	+1.0%	331.16	46.10	27.28	25.87	4,270
<b>Boubyan</b>	26.40	-0.3%	70.10	10.36	7.82	8.24	946
<b>ABK</b>	18.15	+15.7%	56.96	7.29	4.79	4.40	651
<b>Gulf Bank</b>	9.43	+0.8%	45.11	8.04	6.18	6.10	854
<b>KIB</b>	8.02	+9.9%	24.48	4.57	3.37	3.33	368
<b>Warba</b>	6.28	+13.8%	24.88	6.13	4.04	3.36	803
<b>Burgan</b>	5.11	-52.2%	63.79	9.53	4.94	6.10	845

*Sources: CBK-approved Q1 2026 interim condensed consolidated financial statements.*

## Kuwait Banking Sector Q1 2026 – Performance Overview

### Net Profit Attributable to Shareholders – Q1 2026 vs Q1 2025

KFH led the Kuwaiti banking sector in Q1 2026 net profit attributable to shareholders, recording KD 176.5 million, up 5.0% from Q1 2025. NBK ranked second with KD 135.5 million, reflecting a modest 1.0% increase year on year.

Among the remaining banks, Boubyan Bank recorded KD 26.4 million, slightly lower by 0.3%, while ABK posted the strongest growth rate among the group, rising 15.7% to KD 18.2 million. KIB and Warba also reported solid growth of 9.9% and 13.8%, respectively.

Burgan Bank was the only major decliner, with net profit falling 52.2% to KD 5.1 million, highlighting a weaker quarterly performance compared with peers. Overall, the data shows that KFH and NBK continue to dominate sector profitability, together accounting for the largest share of earnings among listed Kuwaiti banks.

### Income Statement Breakdown – Q1 2026 (KD millions)

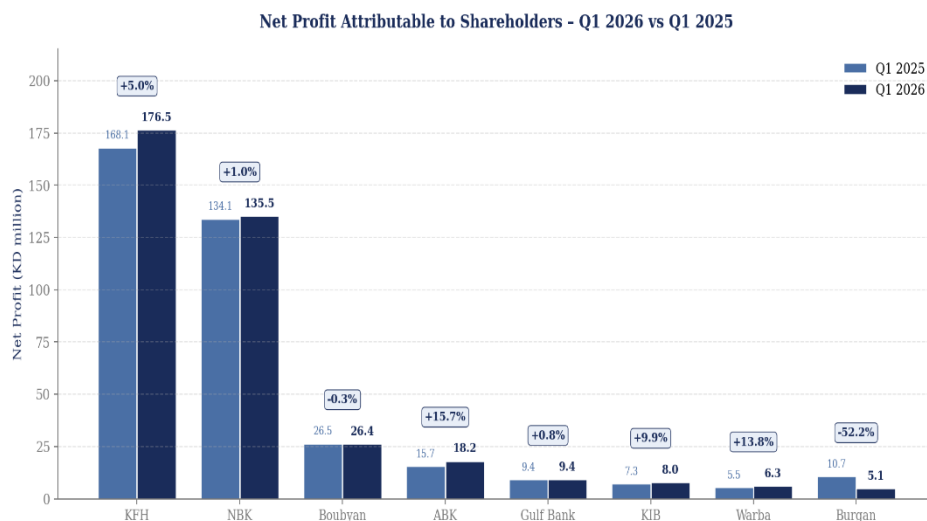
Bank	Net Financing / Interest Inc.	Net Fees & Comm.	Operating Income	Operating Expenses	Provisions / Impairments	Net Profit (Shareholders)
<b>KFH</b>	331.97	58.48	<b>496.37</b>	(155.73)	(34.15)	<b>176.52</b>
<b>NBK</b>	248.06	58.42	<b>331.16</b>	(126.81)	(26.78)	<b>135.45</b>
<b>Boubyan</b>	52.50	9.40	<b>70.10</b>	(33.72)	(3.80)	<b>26.40</b>
<b>ABK</b>	42.11	9.18	<b>56.96</b>	(24.58)	(9.25)	<b>18.15</b>
<b>Gulf Bank</b>	35.31	6.73	<b>45.11</b>	(23.43)	(11.77)	<b>9.43</b>
<b>KIB</b>	16.38	4.73	<b>24.48</b>	(15.06)	(0.89)	<b>8.02</b>
<b>Warba</b>	15.29	3.29	<b>24.88</b>	(11.61)	(6.92)	<b>6.28</b>
<b>Burgan</b>	39.58	16.20	<b>63.79</b>	(46.27)	(4.58)	<b>5.11</b>

The table highlights the key drivers behind Q1 2026 net profit across listed Kuwaiti banks. Net financing and interest income was the main earnings source, led by KFH at KD 332.0 million and NBK at KD 248.1 million.

Fee and commission income provided additional support, with KFH and NBK almost equal at KD 58.5 million and KD 58.4 million, while Burgan ranked third at KD 16.2 million.

On the cost side, operating expenses and provisions had a clear impact on profit conversion. KFH and NBK carried the highest expenses and provisions due to their scale, while Burgan's relatively high operating expenses weighed heavily on its bottom line.

Overall, the breakdown shows that core financing income drove sector earnings, while cost efficiency and provisioning levels shaped the final net profit outcomes.

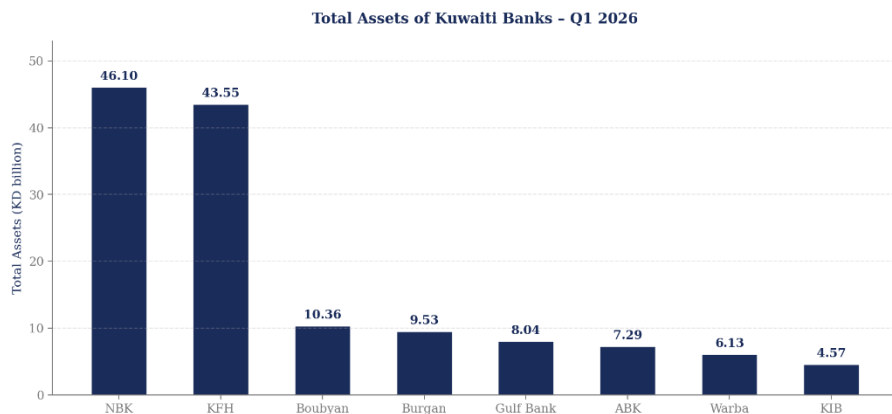




# Kuwait Banking Sector Q1 2026 – Performance Overview

## Balance Sheets of Kuwaiti Banks – Q1 2026

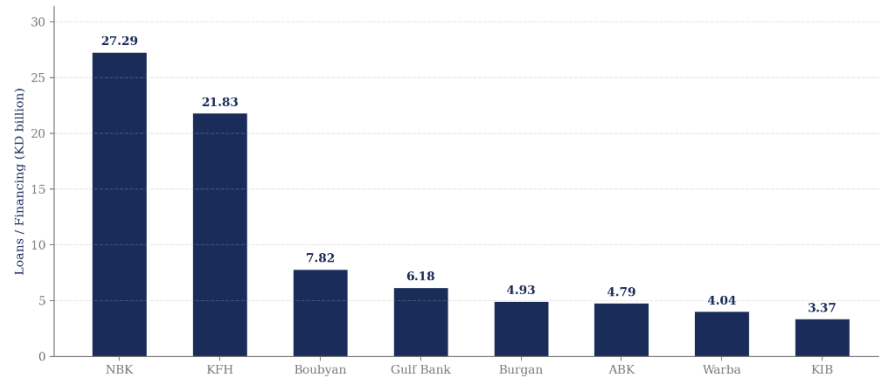
Kuwaiti banks' Q1 2026 balance sheets show a highly concentrated sector, with NBK and KFH clearly dominating total assets, lending activity, and customer deposits. NBK held the largest asset base at KD 46.1 billion, followed closely by KFH at KD 43.6 billion, while the gap with the rest of the sector remained significant.



In lending, NBK also ranked first with KD 27.3 billion in net loans and financing receivables, compared with KD 21.8 billion for KFH. Boubyan remained the third-largest lender at KD 7.8 billion, ahead of Gulf Bank at KD 6.2 billion and Burgan at KD 4.9 billion.

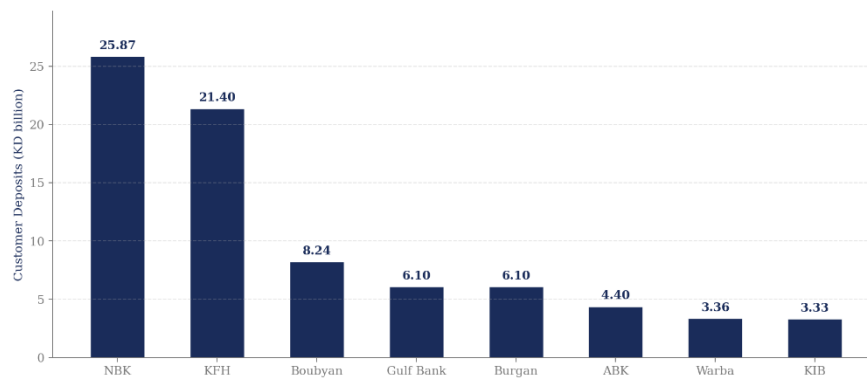
Customer deposits followed the same structure, confirming the strong funding advantage of the largest banks. NBK led with KD 25.9 billion in deposits, followed by KFH at KD 21.4 billion and Boubyan at KD 8.2 billion. Gulf Bank and Burgan each recorded KD 6.1 billion, placing them ahead of ABK, Warba, and KIB.

**Net Loans & Financing Receivables - Q1 2026**



Overall, the balance sheet data highlights NBK's leadership in assets, loans, and deposits, while KFH remains a close second with substantial scale. Boubyan stands out as the strongest mid-sized bank, whereas the rest of the sector operates at a considerably smaller balance sheet base.

**Customer Deposits of Kuwaiti Banks - Q1 2026**





## Kuwait Banking Sector Q1 2026 – Performance Overview

### Kuwait Finance House (KFH)

KFH delivered another record quarter. Net profit attributable to shareholders reached KD 176.52 million in Q1 2026, up 5.0% year-on-year, with earnings per share of 9.59 fils (Q1 2025: 9.13 fils). Total operating income increased 6.0% year-on-year to KD 496.37 million, supported by growth across all core business activities. Net financing income rose 4.1% to KD 331.97 million, net fees and commissions income grew 17.5% to KD 58.48 million, and net gain from foreign currencies surged to KD 59.73 million from KD 16.68 million in Q1 2025, supporting strong non-financing income growth. Operating expenses decreased 2.2% year-on-year to KD 155.73 million, improving the cost-to-income ratio.

KFH's balance sheet continued to strengthen. Total assets reached KD 43.56 billion at end-March 2026, financing receivables stood at KD 21.83 billion, depositors' accounts at KD 21.40 billion, and equity attributable to shareholders at KD 5.63 billion. The Group's Perpetual Tier 1 Capital Securities and Sukuks balance reached KD 644.67 million, supporting capital strength. During the quarter, on 6 January 2026, KFH successfully completed a five-year USD 1 billion senior unsecured sukuk issuance (4.563% per annum) listed on the London Stock Exchange, the third issuance under its USD 4 billion sukuk program. The Annual General Assembly held on 30 March 2026 approved a final cash dividend of 14 fils per share (Total 24 fils for 2025) and a 7% bonus share distribution, raising paid-up capital to 19.77 billion shares.

KFH retained its position as the largest listed company on Boursa Kuwait by market capitalization at approximately KD 15 billion. The Group continued its international recognition during Q1 2026, including awards from EMEA Finance, Forbes Middle East, Global Finance and Euromoney.

### National Bank of Kuwait (NBK)

NBK reported Q1 2026 net profit attributable to shareholders of KD 135.45 million, up 1.0% year-on-year from KD 134.08 million. Net operating income increased 6.6% year-on-year to KD 331.16 million, supported by 5.0% growth in net interest income and net income from Islamic financing combined (KD 248.06 million) and a 12.4% increase in non-interest income to KD 83.10 million. Within non-interest income, net fees and commissions rose 5.7% to KD 58.42 million, net investment income increased 26.0% to KD 9.85 million, and net gains from dealing in foreign currencies rose 25.2% to KD 14.15 million.

Operating expenses rose 9.6% year-on-year to KD 126.81 million, with the cost-to-income ratio remaining well-controlled. The provision charge for credit losses and impairment losses rose to KD 26.78 million (Q1 2025: KD 21.53 million), reflecting forward-looking adjustments to ECL macro-economic variables in response to regional developments. Pre-tax operating profit reached KD 177.57 million.

The Group balance sheet continued its strong growth trajectory. Total assets rose 10.7% year-on-year to KD 46.10 billion, loans and advances and Islamic financing to customers grew 10.9% to KD 27.28 billion, and customer deposits increased 10.0% to KD 25.87 billion. Equity attributable to shareholders stood at KD 4.27 billion, with the Group's Tier 1 Capital Securities totaling KD 455.34 million following the July 2025 issuance of USD 800 million perpetual securities at 6.375%. The Annual General Assembly held on 14 March 2026 approved a final cash dividend of 35 fils per share and 5% bonus shares for FY 2025, with the EGM also approving an increase in authorized share capital to 15 billion shares.



## Kuwait Banking Sector Q1 2026 – Performance Overview

### **Boubyan Bank**

Boubyan reported Q1 2026 net profit attributable to equity holders of KD 26.40 million, broadly flat versus KD 26.48 million in Q1 2025 (-0.3%), with EPS of 4.95 fils. Operating income grew 7.2% year-on-year to KD 70.10 million, supported by 6.1% growth in net financing income to KD 52.50 million and a 47.5% increase in net investment income to KD 5.80 million, partially offset by lower net fees and commissions of KD 9.40 million.

Operating expenses rose 10.3% to KD 33.72 million, reflecting continued investment in technology and human capital. Provisions for impairment increased modestly to KD 3.80 million. Taxation rose to KD 5.36 million, primarily reflecting the Domestic Minimum Top-up Tax (DMTT) introduced in 2025.

Total assets grew 6.6% year-on-year to KD 10.36 billion, Islamic financing to customers expanded 7.5% to KD 7.82 billion, and depositors' accounts increased 4.5% to KD 8.24 billion. Equity attributable to equity holders of the Bank reached KD 946 million, supplemented by KD 150.4 million of Perpetual Tier 1 Sukuk.

### **Ahli Bank of Kuwait (ABK)**

ABK delivered the strongest year-on-year profit growth among the disclosed banks, with Q1 2026 net profit attributable to shareholders rising 15.7% to KD 18.15 million (Q1 2025: KD 15.69 million). Net interest income grew 17.8% year-on-year to KD 42.11 million, driving operating income up 13.0% to KD 56.96 million. Non-interest income contributions included net fees and commissions of KD 9.18 million, net foreign exchange gains of KD 2.95 million, and dividend and investment income of KD 1.61 million.

Operating expenses rose 16.3% to KD 24.58 million, reflecting continued strategic investments. Provision and impairment losses declined 16.6% to KD 9.25 million. The Group benefited from the Pillar 2 / DMTT tax relief, with the management's assessment indicating that the Group should be eligible for tax relief for the current period under the law (subject to annual reassessment, with relief available for a maximum of five years).

Total assets stood at KD 7.29 billion, with loans and advances of KD 4.79 billion. Equity attributable to shareholders was KD 651 million, supplemented by KD 91.56 million of Perpetual Tier 1 Capital Securities (6.5% coupon, first callable September 2029).

### **Gulf Bank**

Gulf Bank reported Q1 2026 net profit of KD 9.43 million, up 0.8% year-on-year from KD 9.35 million. Net interest income remained flat year-on-year at KD 35.31 million as the impact of the December 2025 benchmark rate cut on asset yields was partially offset by lower funding costs. Operating income grew 2.6% to KD 45.11 million, supported by 15.5% growth in net fees and commissions to KD 6.73 million.

Total provisions and credit losses (specific, general, and recoveries) totaled KD 11.77 million versus KD 11.04 million in Q1 2025. Operating expenses were tightly controlled at KD 23.43 million (+1.3%). The Bank continued to make progress on its planned conversion into a fully Sharia-compliant bank, having received initial CBK approval; final approvals from CBK, shareholders and other regulatory authorities are pending. The potential merger with Warba Bank also remained under evaluation.

Total assets stood at KD 8.04 billion, with loans and advances of KD 6.18 billion and customer deposits of KD 6.10 billion. Equity attributable to shareholders reached KD 854 million.



## Kuwait Banking Sector Q1 2026 – Performance Overview

### **Kuwait International Bank (KIB)**

KIB Group reported Q1 2026 net profit attributable to shareholders of KD 8.02 million, up 9.9% year-on-year from KD 7.30 million, with EPS of 4.61 fils (Q1 2025: 4.19 fils). Total operating income rose 13.3% year-on-year to KD 24.48 million, driven by stable net financing income of KD 16.38 million, fees and commission income of KD 4.73 million, net foreign exchange gains of KD 0.81 million, and a significant increase in investment income to KD 2.39 million (Q1 2025: KD 0.45 million).

Operating expenses rose 16.0% to KD 15.06 million, reflecting investments in operations and human capital. Provisions and impairment losses declined slightly to KD 0.89 million. The Bank attributed the increase in net profit to higher operating income and lower net provision charges, partially offset by higher operating expenses.

Total assets grew 17.6% year-on-year to KD 4.57 billion, financing receivables expanded 16.8% to KD 3.37 billion, and depositors' accounts rose 19.5% to KD 3.33 billion. Equity attributable to shareholders stood at KD 368 million, supplemented by KD 92.40 million of Perpetual Tier 1 Sukuk. On 16 October 2025, KIB issued USD 300 million Tier 2 subordinated sukuk (5.535% per annum) listed on the London Stock Exchange.

### **Warba Bank**

Warba Bank reported Q1 2026 net profit of KD 6.28 million, up 13.8% year-on-year from KD 5.51 million in Q1 2025. The increase was primarily driven by higher net financing income, net investment income, and foreign exchange gains. Net financing income rose 23.7% to KD 15.29 million, net investment income grew 25.0% to KD 5.02 million, and net foreign exchange gain reversed to a KD 0.95 million gain (Q1 2025: KD 0.99 million loss). Net operating income climbed 36.5% to KD 24.88 million.

Operating expenses rose 11.5% to KD 11.61 million. Provision for impairment and credit losses increased substantially to KD 6.92 million (Q1 2025: KD 2.04 million), with the higher charge reflecting more conservative provisioning. Net operating profit before provisions reached KD 13.27 million, up 69.9% year-on-year, demonstrating strong underlying operating momentum.

Total assets grew 10.6% year-on-year to KD 6.13 billion, financing receivables expanded 8.9% to KD 4.04 billion, and depositors' accounts declined modestly to KD 3.36 billion (vs KD 3.36 billion). Equity attributable to shareholders more than doubled year-on-year to KD 803 million, reflecting the 2025 capital increase.

### **Burgan Bank**

Burgan Bank reported Q1 2026 net profit attributable to equity holders of the Bank of KD 5.11 million, compared with KD 10.68 million in Q1 2025. The year-on-year decline primarily reflected higher operating expenses. Net interest income declined 10.5% year-on-year to KD 39.58 million, while net fees and commissions surged 99.4% to KD 16.20 million, driving net operating income up 10.2% to KD 63.79 million. Other income contributions included KD 1.05 million from net investment income, KD 0.60 million from dividend income, and KD 7.86 million from other income.

Operating expenses increased 38.6% year-on-year to KD 46.27 million (Q1 2025: KD 33.44 million). Operating profit was KD 17.52 million versus KD 24.44 million in Q1 2025. Provision for credit losses (net of recoveries) totaled KD 4.16 million, and provision for other financial assets and net monetary loss together contributed KD 6.27 million. Taxation rose to KD 3.88 million.



## Kuwait Banking Sector Q1 2026 – Performance Overview

Total assets grew 10.5% year-on-year to KD 9.53 billion, loans and advances expanded 6.3% to KD 4.94 billion, and customer deposits rose 12.6% to KD 6.10 billion. Equity attributable to equity holders of the Bank stood at KD 845 million, supplemented by KD 150 million of Perpetual Tier 1 capital securities.

### Outlook

The outlook for Kuwait's banking sector for the remainder of 2026 will be shaped largely by the regional geopolitical situation that emerged in late February 2026. Bank earnings, asset quality, and balance sheet growth will depend on the duration and intensity of the conflict, the pace of resolution, and the continued effectiveness of the Central Bank of Kuwait's regulatory relief measures.

In the near term, three factors are expected to drive sector performance. First, business continuity and operational resilience will remain priorities, with banks continuing to strengthen remote work capabilities "If needed" and digital channels. Second, credit costs may rise as banks reassess forward-looking macroeconomic assumptions and apply overlays to sectors more exposed to uncertainty, including aviation, hospitality, supply chain-dependent industries, and SMEs. Third, margin pressure from the December 2025 rate cut will continue to flow through, partly offset by CBK stimulus measures that expand lending capacity and reduce the cost of mandatory liquidity buffers.

On the positive side, the CBK's 26 March 2026 relief package has materially increased the sector's ability to support the economy. Reductions in the LCR, NSFR, and regulatory Liquidity Ratio free up high-quality liquid assets for lending, while raising the Maximum Lending Limit from 90% to 100% allows banks to extend up to 11.1% more credit relative to deposits. The 1.0% release from the Capital Conservation

Buffer further enhances risk-bearing capacity, supporting lending despite external uncertainty.

Q1 2026 results show that strong capital and liquidity buffers have positioned Kuwaiti banks to navigate this elevated-risk environment with resilience. KFH and NBK delivered record quarterly profits, mid-sized banks broadly maintained growth, aggregate sector loans expanded year on year, and customer deposits increased, indicating continued confidence in the banking system.

Structural initiatives also remain in progress. Gulf Bank continued its planned conversion into a fully Sharia-compliant bank, while the potential merger with Warba Bank remained under regulatory review. KFH continued optimizing its post-merger structure and international footprint, and NBK and Boubyan advanced their dual-franchise strategy across conventional and Islamic banking.

Overall, the outlook is one of disciplined resilience. While regional uncertainty may pressure credit costs and operating expenses, Kuwaiti banks enter this period from a position of structural strength, supported by strong capital, ample liquidity, CBK relief measures, continued government project execution, and stable sovereign ratings. Full-year performance will depend on how quickly regional conditions normalize and how effectively banks deploy the additional lending capacity unlocked by CBK measures.



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The Edge for Economic Consultancy W.L.L.

edgeconsultancykw.com +965-22286370

Al-Qibla, Block 14, Hamad Al-Saqer Street, Tower 15 (Yacoub Tower), Office C11. Kuwait City, State of Kuwait.