# National Bank of Kuwait (NBK)

## 3Q 2026 & 9M 2026 Results Analysis

Latest results with three-year context (FY2023–FY2025)
Focus: margin analysis — NIM, interest earned on earning assets, cost of interest-bearing liabilities

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October 2026

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# Key Takeaways — 3Q & 9M 2026

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**KD 515.1mn**

9M 2026 net profit before minority & Tier 1 distribution

+3.4% YoY

**KD 167.7mn**

3Q 2026 net profit before minority & Tier 1 distribution

+4.2% YoY

**2.85%**

NIM — 9M 2026 (annualised)

-0.22 pp vs 9M 2025

**6.66%**

Interest earned on earning assets (annualised)

-0.48 pp vs 9M 2025

**3.39%**

Cost of interest-bearing liabilities (annualised)

-0.26 pp vs 9M 2025

**13.1%**

RoE (annualised, to shareholders)

-0.9 pp vs 9M 2025

## What the quarter tells us

- Bottom line keeps growing, margin does not: 9M net profit (before minority & Tier 1 distribution) rose +3.4% to KD 515.1mn, but net interest and Islamic financing income was flat (+0.7%) and NIM on average earning assets compressed to 2.85% from 3.07%.
- Growth is coming from non-interest income (+14.2% to KD 251.4mn, now 25% of revenue), a lower tax charge, and a still-benign provision line (9M cost of risk 0.12% annualised).
- 3Q 2026 was softer on the top line: net interest income fell -2.1% YoY as interest earned on earning assets declined faster than funding cost; quarterly net profit (before minority & Tier 1) still grew +4.2% on fees, FX and lower provisions.
- Balance sheet momentum is strong — net loans +8.2% YoY and customer deposits +13.5% YoY — which is what is holding NII flat despite the lower rate environment.

# Income Statement — 9M 2026 and 3Q 2026 vs Prior Year

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| KD million | 9M 2026 | 9M 2025 | YoY | 3Q 2026 | 3Q 2025 | YoY |
|---|---|---|---|---|---|---|
| Interest & financing income | 1,759.6 | 1,741.6 | +1.0% | 594.1 | 605.3 | -1.9% |
| Interest expense & distribution to depositors | (1,005.3) | (992.7) | +1.3% | (340.3) | (346.1) | -1.7% |
| **Net interest & Islamic financing income** | **754.3** | **748.9** | **+0.7%** | **253.8** | **259.2** | **-2.1%** |
| Fees, FX & other income | 223.8 | 195.4 | +14.6% | 80.3 | 69.5 | +15.7% |
| Net investment income | 27.5 | 24.7 | +11.6% | 9.6 | 8.9 | +7.4% |
| **Total non-interest income** | **251.4** | **220.1** | **+14.2%** | **89.9** | **78.4** | **+14.7%** |
| **Total operating revenue** | **1,005.7** | **969.0** | **+3.8%** | **343.8** | **337.6** | **+1.8%** |
| Operating expenses | (380.3) | (364.6) | +4.3% | (127.3) | (124.4) | +2.3% |
| **Operating profit before provisions** | **625.5** | **604.4** | **+3.5%** | **216.4** | **213.2** | **+1.5%** |
| Provisions & impairment charge | (24.0) | (11.9) | +102.1% | (17.5) | (22.1) | -20.8% |
| Profit before taxation | 601.5 | 592.5 | +1.5% | 198.9 | 191.0 | +4.1% |
| Taxation | (86.4) | (94.1) | -8.2% | (31.2) | (30.0) | +3.8% |
| **Net profit before minority & Tier 1 distribution** | **515.1** | **498.4** | **+3.4%** | **167.7** | **161.0** | **+4.2%** |
| Tier 1 interest/profit distributions | (27.3) | (18.1) | +50.3% | (13.7) | (7.2) | +89.8% |
| Non-controlling interests | (33.5) | (31.1) | +7.8% | (10.8) | (8.9) | +22.0% |
| **Attributable to shareholders (post-Tier 1)** | **454.4** | **449.2** | **+1.2%** | **143.2** | **144.9** | **-1.2%** |
| **Basic EPS (fils)** | **49.5** | **48.9** | **+1.2%** | **15.6** | **15.8** | **-1.2%** |

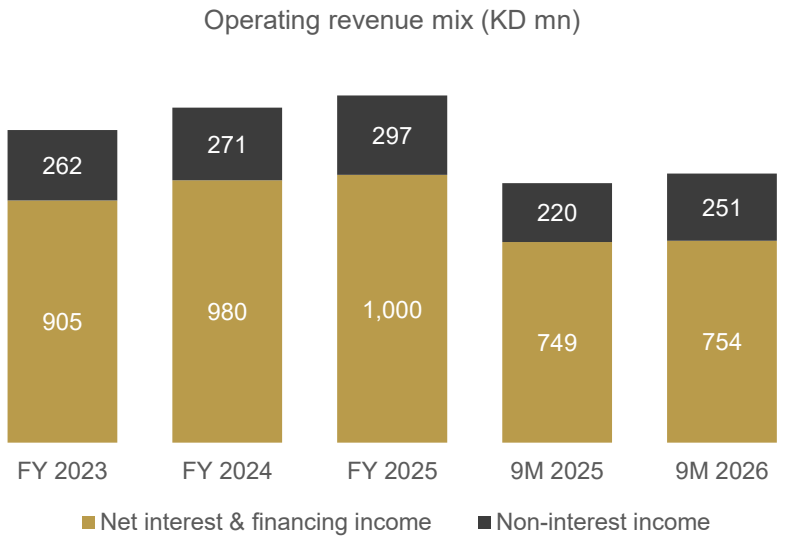
*Negative figures in parentheses and red. Attributable to shareholders shown after Tier 1 distributions (per EPS note 5); reported attributable profit before Tier 1 was KD 481.7mn (9M 2025: KD 467.4mn).*

## Reading the numbers

- Interest and financing income grew only +1.0% on an earning-asset base up ~8% — rate cuts are offsetting volume.
- Funding costs moved in step (+1.3%), leaving NII essentially flat at KD 754.3mn.
- Fees (+11.9%) and FX gains (+31.1%) drove non-interest income up 14.2%.
- Opex grew 4.3% — slightly faster than revenue — so pre-provision profit rose 3.5%.
- Provisions doubled YoY in 9M but off a very low 2025 base (which had specific recoveries); 3Q charge was lower YoY.
- Taxation fell 8.2% — DMTT and overseas tax both lower.
- EPS: 9M 49 fils (prior-year restated for the 5% bonus issue).

# Three-Year Profitability Trend — FY2023 to 9M 2026

| KD million | FY 2023 | FY 2024 | FY 2025 | 9M 2025 | 9M 2026 |
|---|---|---|---|---|---|
| Net interest & Islamic financing income | 905.1 | 980.1 | 999.5 | 748.9 | 754.3 |
| Total non-interest income | 261.6 | 271.1 | 297.3 | 220.1 | 251.4 |
| **Total operating revenue** | **1,166.8** | **1,251.2** | **1,296.8** | **969.0** | **1,005.7** |
| Operating expenses | (426.5) | (468.0) | (497.7) | (364.6) | (380.3) |
| Operating profit before provisions | 740.3 | 783.2 | 799.1 | 604.4 | 625.5 |
| Provisions & impairment charge | (103.1) | (86.5) | (64.5) | (11.9) | (24.0) |
| **Net profit before minority & Tier 1 distribution** | **588.4** | **638.6** | **615.9** | **498.4** | **515.1** |
| Attributable to shareholders (post-Tier 1) | 560.6 | 578.3 | 557.5 | 449.2 | 454.4 |
| Cost-to-income ratio | 36.6% | 37.4% | 38.4% | 37.6% | 37.8% |
| Non-interest income / revenue | 22.4% | 21.7% | 22.9% | 22.7% | 25.0% |
| RoE (annualised, post-Tier 1) | 14.9% | 14.5% | 12.8% | 14.0% | 13.1% |
| RoA (annualised, net profit before minority & Tier 1) | 1.59% | 1.64% | 1.43% | 1.56% | 1.48% |

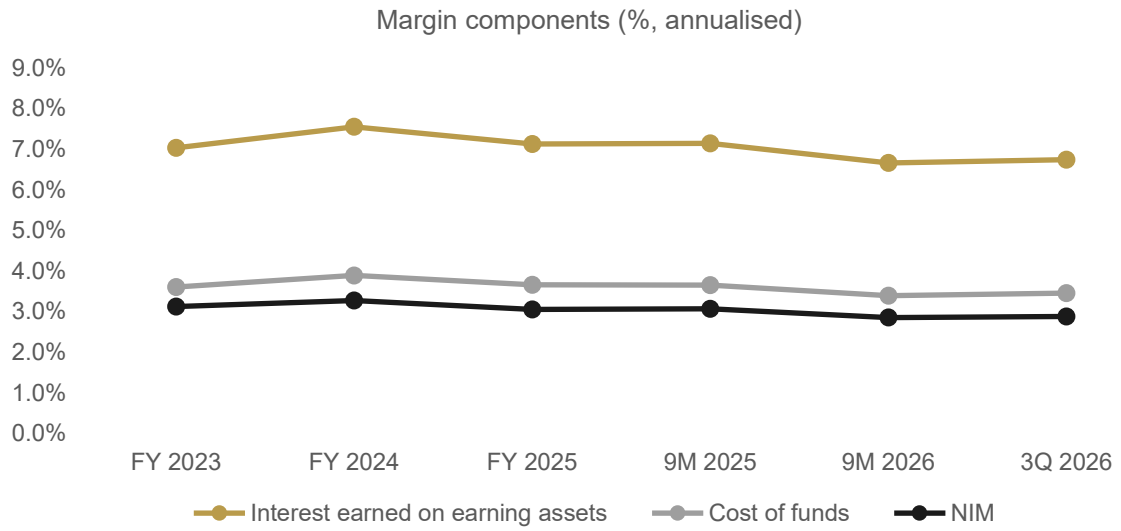



## Trend read-across

Revenue has grown every year since FY2023, but the growth engine has shifted. NII expanded sharply in FY2023–FY2024 on the rate cycle and has since plateaued near KD 1.0bn annualised, while non-interest income is on track for a record year. Net profit (before minority & Tier 1 distribution) slipped in FY2025 because of the Kuwait DMTT (15% top-up tax) taking effect; 9M 2026 shows the bank growing through that step-up. RoE has settled in the 13–14% range from ~15% in FY2023.

# Margin Analysis — Earning Rate, Cost of Funds and NIM

| Annualised, % of average balances | FY 2023 | FY 2024 | FY 2025 | 9M 2025 | 9M 2026 | 3Q 2025 | 3Q 2026 |
|---|---|---|---|---|---|---|---|
| Interest earned on earning assets | 7.03% | 7.55% | 7.13% | 7.14% | 6.66% | 7.44% | 6.74% |
| Cost of interest-bearing liabilities | 3.60% | 3.89% | 3.66% | 3.65% | 3.39% | 3.82% | 3.45% |
| **Spread** | **3.42%** | **3.67%** | **3.47%** | **3.49%** | **3.26%** | **3.62%** | **3.30%** |
| **Net interest margin (NIM)** | **3.12%** | **3.27%** | **3.05%** | **3.07%** | **2.85%** | **3.19%** | **2.88%** |
| Gross revenue on earning assets | 4.03% | 4.17% | 3.95% | 3.97% | 3.80% | 4.15% | 3.90% |
| Average earning assets (KD mn) | 28,970 | 29,971 | 32,792 | 32,537 | 35,246 | 32,537 | 35,246 |
| Average interest-bearing liabilities (KD mn) | 31,387 | 33,017 | 36,562 | 36,261 | 39,500 | 36,261 | 39,500 |




## Interpretation

- NIM compressed 22 bp YoY to 2.85% in 9M 2026 and 31 bp in 3Q (2.88% vs 3.19%): interest earned on earning assets fell 48 bp while cost of funds eased only 26 bp — asset yields are repricing faster than deposits.
- The FY2024 peak (NIM 3.27%, spread 3.67%) marked the top of the rate cycle; margins have been grinding lower since, consistent with CBK discount-rate cuts following the Fed.
- Volume is the offset: average earning assets rose 8.3% YoY, which is why NII held flat despite the thinner margin.
- Gross revenue rate (incl. fees) held up better (3.80% vs 3.97%) — the non-interest franchise is cushioning the margin squeeze.

# NII Drivers — Volume vs Rate, and the Quarterly Margin Picture




Growth in the balance sheet added roughly KD 62mn of NII; margin compression took back roughly KD 57mn, leaving net growth of KD 5.4mn.

## 3Q 2026 vs 3Q 2025 — margin snapshot (annualised)

| | 3Q 2026 | 3Q 2025 | Change |
|---|---|---|---|
| Interest earned on earning assets | 6.74% | 7.44% | **-70 bp** |
| Cost of interest-bearing liabilities | 3.45% | 3.82% | **-37 bp** |
| **Spread** | **3.30%** | **3.62%** | **-33 bp** |
| **Net interest margin (NIM)** | **2.88%** | **3.19%** | **-31 bp** |
| Gross revenue on earning assets | 3.90% | 4.15% | **-25 bp** |
| Net interest income (KD mn) | 253.8 | 259.2 | **-2.1%** |

## Quarter read

- The quarter shows the same shape as the nine months but sharper: asset yields fell 70 bp YoY against a 37 bp fall in funding cost, so the spread narrowed 32 bp and NIM 31 bp.
- Sequentially, 3Q NIM (2.88%) sits marginally above the 9M average (2.85%), a first sign that margin erosion may be flattening as deposit repricing catches up.
- Net interest income fell 2.1% YoY in the quarter — the first YoY decline in the series — which fees and lower provisions offset at the bottom line.

*Margin ratios are computed on Coast's in-house methodology using average balances and annualised interim figures; other analysts may define earning assets and interest-bearing liabilities differently. Please contact the author for clarification.*

# Balance Sheet — Growth and Funding Mix

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| KD million | Dec 2023 | Dec 2024 | Dec 2025 | Sep 2025 | Sep 2026 | YoY | YTD |
|---|---|---|---|---|---|---|---|
| Cash & balances with banks | 4,385 | 5,323 | 4,878 | 6,029 | 5,031 | -16.5% | +3.1% |
| Loans, advances & Islamic financing (net) | 22,281 | 23,708 | 26,816 | 26,052 | 28,193 | +8.2% | +5.1% |
| Treasury bills & bonds | 2,369 | 1,876 | 2,984 | 2,087 | 2,589 | +24.1% | -13.2% |
| Investment securities | 6,885 | 7,626 | 9,151 | 8,969 | 9,034 | +0.7% | -1.3% |
| Other assets (incl. premises, goodwill) | 1,745 | 1,805 | 1,783 | 1,774 | 2,071 | +16.7% | +16.1% |
| **Total assets** | **37,665** | **40,338** | **45,613** | **44,910** | **46,918** | +4.5% | +2.9% |
| **Earning assets (Coast definition)** | **29,035** | **30,906** | **34,678** | **34,168** | **35,813** | +4.8% | +3.3% |
| Due to banks, FI deposits & borrowings | 9,843 | 11,375 | 12,817 | 13,696 | 12,222 | -10.8% | -4.6% |
| Customer deposits | 21,949 | 22,866 | 26,064 | 24,584 | 27,897 | +13.5% | +7.0% |
| Other liabilities | 966 | 940 | 1,081 | 1,136 | 1,330 | +17.2% | +23.0% |
| **Total liabilities** | **32,758** | **35,181** | **39,963** | **39,415** | **41,449** | +5.2% | +3.7% |
| **Interest-bearing liabilities** | **31,792** | **34,242** | **38,881** | **38,279** | **40,119** | +4.8% | +3.2% |
| **Shareholders' equity** | **3,884** | **4,112** | **4,570** | **4,422** | **4,648** | +5.1% | +1.7% |
| Perpetual Tier 1 capital securities | 439 | 439 | 455 | 455 | 244 | -46.4% | -46.4% |
| Non-controlling interests | 584 | 605 | 625 | 618 | 577 | -6.7% | -7.7% |
| Net loans / customer deposits | 102% | 104% | 103% | 106% | 101% | | |
| Equity / total assets | 10.3% | 10.2% | 10.0% | 9.8% | 9.9% | | |

## Balance sheet observations

- Net loans up 8.2% YoY to KD 28.2bn — the strongest loan growth in the three-year window, consistent with CBK's crisis measures (lending limit raised to 100%).
- Customer deposits grew faster (+13.5% YoY), replacing more expensive bank and FI funding (−10.8% YoY). This mix shift is what is keeping cost of funds from falling faster — customer deposit pricing is sticky.
- USD 1bn GMTN senior notes were called in September 2026; USD 700mn Tier 1 securities were redeemed in August, lowering Tier 1 capital securities to KD 244mn.
- Boubyan (Islamic subsidiary) issued KD 90mn new Tier 1 sukuk and called its USD 500mn 2021 sukuk (redeemed 1 October 2026) — hence the dip in non-controlling interests.
- Equity/assets of 9.9% is slightly lower than a year ago as asset growth outpaced retained earnings after the KD 306mn dividend.

# Asset Quality and Provisioning

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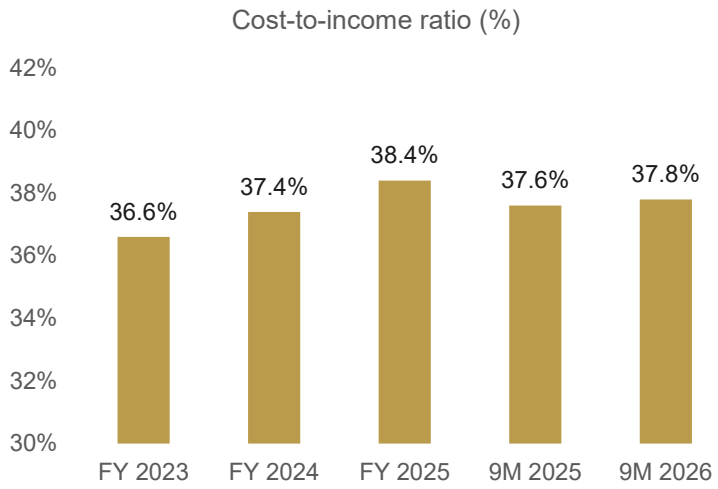
| KD million | Sep 2025 | Dec 2025 | Sep 2026 |
|---|---|---|---|
| Gross loans, advances & Islamic financing | 26,937.0 | 27,717.6 | 29,079.1 |
| of which Stage 2 | 1,553.0 | 1,550.8 | 1,568.3 |
| **of which Stage 3 (credit-impaired)** | **368.0** | **376.0** | **375.6** |
| **Stage 3 ratio** | **1.37%** | **1.36%** | **1.29%** |
| Stage 2 ratio | 5.77% | 5.60% | 5.39% |
| IFRS 9 ECL allowance (cash & non-cash facilities) | 694.1 | 698.4 | 713.0 |
| CBK provision for credit facilities (recognised) | 936.0 | 954.1 | 940.1 |
| Balance-sheet provision on loans | 885.0 | 902.1 | 885.7 |
| **ECL coverage of Stage 3 loans** | **189%** | **186%** | **190%** |
| CBK provision coverage of Stage 3 loans | 254% | 254% | 250% |

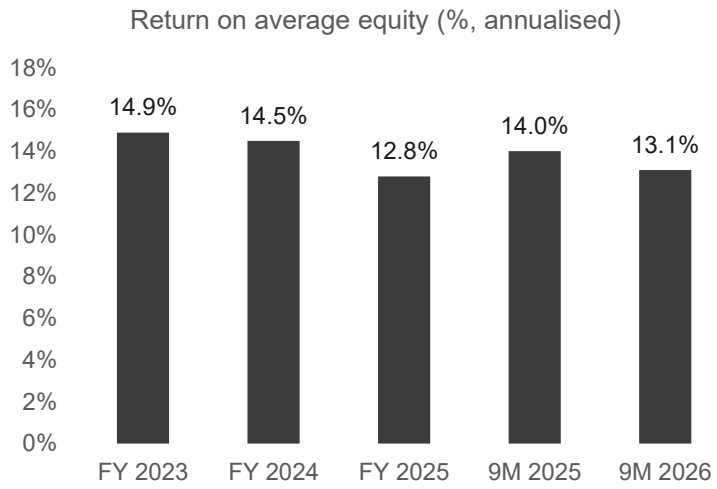
| Provision charge, KD million | 3Q 2026 | 3Q 2025 | 9M 2026 | 9M 2025 |
|---|---|---|---|---|
| Specific (incl. recoveries) | 7.9 | 16.7 | 9.4 | (19.1) |
| General | 7.2 | 5.4 | 22.9 | 21.7 |
| ECL charge / (release) | 1.9 | (1.5) | (10.5) | (1.4) |
| Other impairment losses | 0.5 | 1.5 | 2.1 | 10.7 |
| **Total charge** | **17.5** | **22.1** | **24.0** | **11.9** |
| Cost of risk (annualised, % avg net loans) | 0.25% | 0.36% | 0.12% | 0.06% |

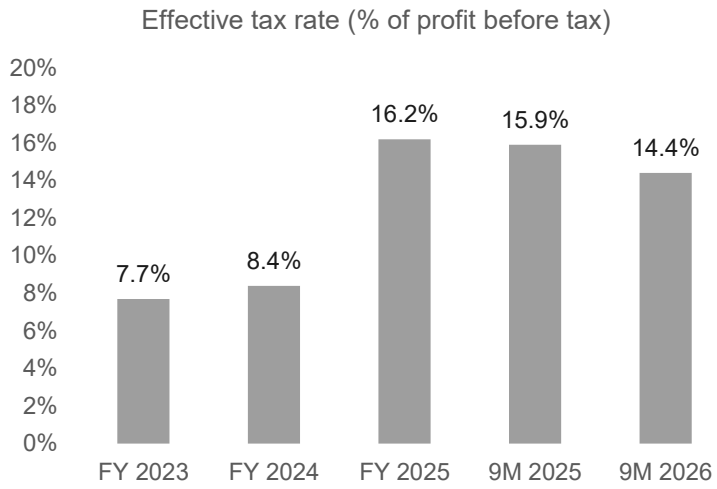
## Assessment

- Credit quality is stable to improving: Stage 3 loans were flat in absolute terms at KD 376mn while the book grew 8%, taking the Stage 3 ratio down to 1.29%. Stage 2 share also edged lower.
- Coverage is very strong — the recognised CBK provision (KD 940mn) covers Stage 3 loans 2.5 times, and IFRS 9 ECL alone covers them 1.9 times. The CBK-mandated provision remains above the IFRS 9 ECL, so there is a KD 227mn buffer on top of modelled losses.
- The 9M provision charge of KD 24mn is double last year's, but 9M 2025 benefited from KD 19mn of specific recoveries. The underlying general charge is steady at ~KD 22–23mn and 9M 2026 saw a KD 10.5mn ECL release — management is not signalling stress despite the regional conflict (note 15).
- Cost of risk of 0.12% annualised remains well below the FY2023 (0.48%) and FY2024 (0.38%) levels, leaving room for normalisation without derailing earnings.
- Stage 3 ECL fell to KD 307mn after KD 47mn of write-offs/recoveries net of FX — the bank is actively cleaning impaired exposures.

# Efficiency, Returns and Tax




| Operating expenses, KD million | 9M 2026 | 9M 2025 | YoY |
|---|---|---|---|
| Staff expenses | 204.0 | 198.6 | +2.7% |
| Other administrative expenses | 134.1 | 126.9 | +5.7% |
| Depreciation & amortisation | 42.2 | 39.2 | +7.8% |
| **Total operating expenses** | **380.3** | **364.6** | **+4.3%** |

*Cost growth is shown in red as it is adverse to earnings.*

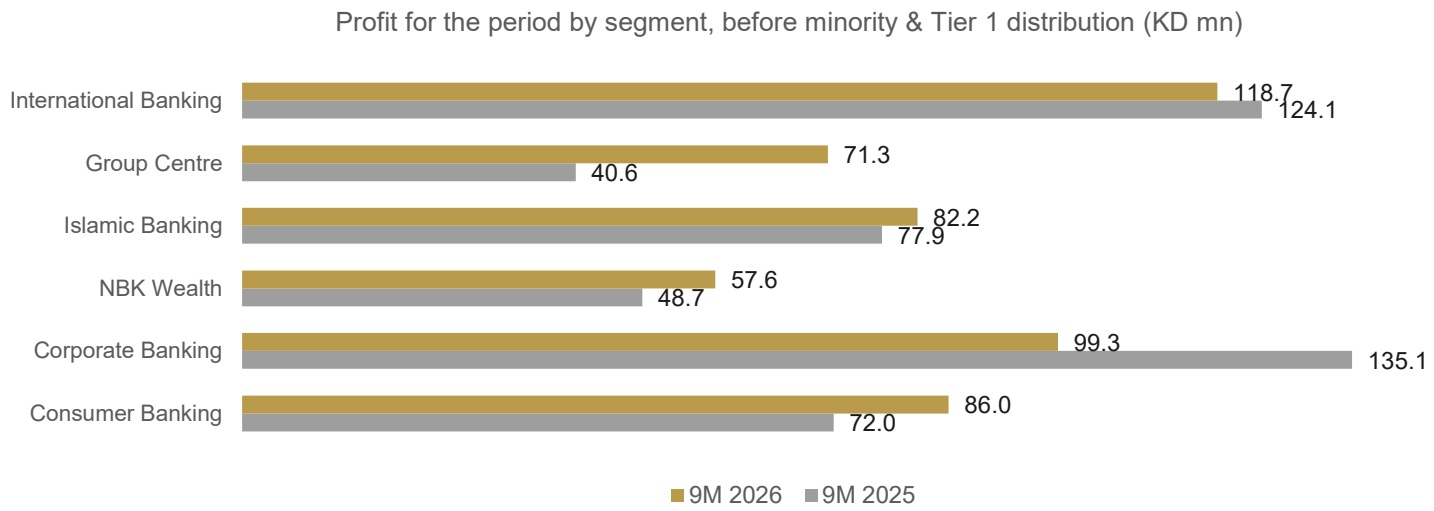
## Assessment

- Cost-to-income of 37.8% is within the 36.5–38.5% band of the last three years; other admin costs (+5.7%) and depreciation (+7.8%) are growing faster than staff costs (+2.7%), pointing to technology and premises investment rather than headcount.
- RoE of 13.1% (post-Tier 1, annualised) is below 9M 2025 (14.0%) because equity grew faster than attributable profit and Tier 1 coupons rose (the new 6.375% USD 800mn issue replaced 3.625% paper).
- The effective tax rate has stepped up to ~14–16% since the DMTT took effect on 1 January 2025; 9M 2026 DMTT of KD 43.2mn is lower than last year's KD 48.7mn, which supported net profit growth.

# Segment Performance — 9M 2026 vs 9M 2025

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| KD million | Revenue 9M26 | Revenue 9M25 | YoY | Profit* 9M26 | Profit* 9M25 | YoY | Assets Sep-26 |
|---|---|---|---|---|---|---|---|
| Consumer Banking | 212.2 | 196.6 | +7.9% | 86.0 | 72.0 | +19.4% | 5,078 |
| Corporate Banking | 109.5 | 118.5 | -7.6% | 99.3 | 135.1 | -26.5% | 5,909 |
| NBK Wealth | 104.3 | 97.0 | +7.6% | 57.6 | 48.7 | +18.3% | 1,438 |
| Islamic Banking (Boubyan) | 215.5 | 203.7 | +5.8% | 82.2 | 77.9 | +5.4% | 11,011 |
| Group Centre | 99.9 | 96.0 | +4.0% | 71.3 | 40.6 | +75.8% | 1,360 |
| International Banking | 264.4 | 257.2 | +2.8% | 118.7 | 124.1 | -4.3% | 22,123 |
| **Group** | **1,005.7** | **969.0** | +3.8% | **515.1** | **498.4** | +3.4% | **46,918** |




## Where the growth is

- Consumer (+19%) and NBK Wealth (+18%) delivered the strongest profit growth — fee-rich, deposit-gathering businesses that benefit from the retail franchise.
- Corporate Banking profit fell 26%: revenue down 8% as loan pricing compressed, plus a swing in provisions (the 2025 base carried recoveries). This is the segment to watch.
- Group Centre profit rose 76% — treasury and investment income, and the beneficiary of lower funding costs centrally. Partly a transfer-pricing effect, so we treat it as lower quality.
- International Banking (47% of assets) grew revenue 3% but profit slipped 4% on higher costs; Boubyan grew profit 5% with revenue up 6%.
- Analytical inference: segment profits are after internal transfer pricing; shifts between Corporate and Group Centre partly reflect the rate cycle rather than franchise change.

** Profit for the period before non-controlling interests and Tier 1 distributions, as disclosed in note 10.*

# Conclusions and What to Watch

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## Positives

- Earnings growth sustained through the DMTT step-up and a rate-cutting cycle: 9M net profit before minority & Tier 1 distribution +3.4%, 3Q +4.2%.
- Loan growth of 8% YoY with Stage 3 ratio falling to 1.29% and 2.5× CBK provision coverage.
- Non-interest income +14% — the fee/FX franchise is now a quarter of revenue, diversifying away from the margin.
- Funding mix improving: customer deposits +13.5% YoY while wholesale funding shrank 11%.

## Concerns

- NIM down 22 bp YoY (9M) and 31 bp (3Q); interest earned on earning assets is falling roughly twice as fast as the cost of funds.
- Corporate Banking profit −26%; International profit −4% despite being the largest asset pool.
- RoE trending down (13.2% vs 14.0%) as equity and Tier 1 coupon costs outgrow attributable profit.
- Provisions are at cyclical lows (0.12% CoR) — normalisation is a headwind to FY2027 earnings.

## Watch in 4Q 2026 / FY2026

- Whether cost of funds catches down to asset yields as fixed-term deposits reprice — the key to NIM stabilising near 2.8–2.9%.
- Full-year dividend: FY2025 paid 35 fils cash plus 5% bonus; 9M EPS of 49 fils supports a similar or higher payout.
- CBK's temporary relief measures (LCR/NSFR 80%, 14% CAR) and their eventual unwind.
- Boubyan sukuk redemption on 1 October 2026 and any replacement Tier 1 issuance at group level.

**Bottom line: NBK is delivering modest, good-quality earnings growth on volume and fees while the margin compresses. The 9M print is consistent with FY2026 net profit before minority & Tier 1 distribution of roughly KD 680–700mn (analytical inference, simple run-rate of 9M), with the main sensitivity being the pace of deposit repricing.**

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