FINANCIAL SERVICES INDUSTRY GROUP

A Regional Playbook Takes Shape

Qatar and Kuwait Join the CBUAE in Responding to the Crisis

Within a two-week period, three Gulf Cooperation Council (GCC) central banks implemented measures to support their respective banking sectors in response to regional instability. The Central Bank of the UAE (CBUAE) was the first to act on 17 March, introducing a five-pillar Financial Institution Resilience Package. [1] The Central Bank of Kuwait (CBK) followed on 26 March with a prudential and liquidity easing package. [2] The Qatar Central Bank (QCB) announced its measures on 30 March, focusing on Qatari Riyal (QAR) liquidity provisions and borrower support. [3]

For our analysis of the CBUAE package, see A Familiar Playbook for an Unfamiliar Situation and What It Means for Your Institution.

All three regulators provided the same assessment: that the banking system is resilient, capital and liquidity are strong, and the measures are precautionary. The speed and breadth of the response across the region point to a consistent precautionary pattern. The instruments chosen by each regulator differ, reflecting the structure and priorities of their respective systems.

Three Key Takeaways

The GCC regulatory response is now regional in scope

Three of the six GCC central banks have announced packages within a two-week period. Each regulator moved from a confirmed position of strength: all three assessed their banking systems as well-capitalized, adequately provisioned, and liquid before announcing measures. The packages are precautionary, not reactive.

Each regulator has calibrated its response to its own system

The CBUAE deployed the broadest package, combining reserve-balance access, AED and USD term liquidity, temporary relief on liquidity and stable funding ratios, the release of the Countercyclical Capital Buffer and Capital Conservation Buffer, and flexibility to postpone the classification of affected loans. [1] The QCB focused on QAR liquidity through unlimited repo facilities and a new term repo, along with a reserve requirement reduction and borrower payment deferrals. [3] The CBK focused on prudential liquidity and capital levers, lowering the LCR and NSFR to 80%, reducing the regulatory liquidity ratio to 15% from 18%, widening maturity mismatch limits, increasing the maximum lending limit to 100% from 90%, and releasing 1.0% of the Capital Conservation Buffer, thereby reducing the total capital requirement to 12% from 13%. [2] These differences reflect system structure and exposure, not preparedness.

All three packages have room to expand

Each package is calibrated conservatively relative to the tools available. The CBUAE's current measures are below COVID-19-era levels, when the reserve requirement was halved from 14% to 7% and AED 50 billion in zero-cost funding was deployed. [6] The QCB's reserve requirement at 3.5% retains headroom. The CBK has eased the regulatory liquidity ratio to 15% from 18% and released 1.0% of the Capital Conservation Buffer, reducing the total capital requirement to 12% from 13%. [2] All three regulators have signaled their readiness to act further if conditions require it.

Qatar Central Bank

The QCB announced three measures on 30 March 2026, following a review that confirmed the financial system's continued operation from a position of strength, with robust liquidity, capital significantly exceeding regulatory requirements, and provisioning providing extended coverage against credit risk. [3]

1 Unlimited QAR Repo Facilities

The QCB will offer an unlimited amount of Qatari riyal repurchase facilities against eligible securities held by banks, designed to ensure ample QAR liquidity in the local market. In addition to the existing overnight repo, the QCB is introducing a new term repo facility with maturities of up to three months, providing banks with the ability to lock in funding for a defined period rather than rolling it overnight. The "unlimited" framing removes any announced facility cap; in practice, access remains dependent on collateral availability. [3]

2 Reserve Requirement Cut: 4.5% to 3.5%

The reserve requirement on deposits has been reduced from 4.5% to 3.5%, a 100-basis-point cut representing roughly a 22% reduction in the required buffer. The measure releases additional QAR liquidity into the banking system; the specific amount is contingent on the reserve base, which the QCB calculates based on average total deposits held by banks. [3, 5]

3 Payment Deferrals: Up to Three Months

Banks are permitted to offer borrowers affected by current circumstances the option to defer loan principal and interest payments for up to three months, applied in accordance with the banks' internal policies and supervisory guidance. This approach gives individual banks the flexibility to assess eligibility and apply deferrals based on their own portfolio characteristics and client circumstances. [3]

Central Bank of Kuwait

The CBK announced its policy package on 26 March 2026, stating that the banking sector remains strong, with financial soundness indicators well-above international standards. It attributed this resilience to the prudent and precautionary policies adopted in recent years. [2]

The CBK framework complements the CBUAE and QCB packages by targeting prudential liquidity and capital levers rather than direct liquidity provisions or borrower support.

1 LCR and NSFR Reduced from 100% to 80%

The minimum Liquidity Coverage Ratio and Net Stable Funding Ratio have been eased from 100% to 80%, providing banks with more flexibility to deploy liquidity and funding buffers while remaining above a temporary regulatory floor. [2]

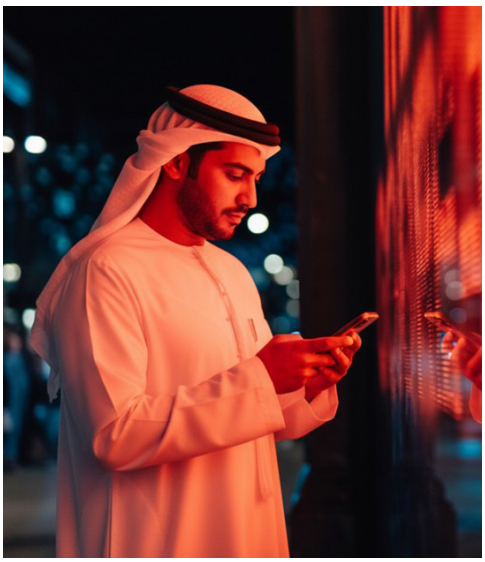
2 Broader Prudential and Capital Easing

The CBK also reduced the regulatory liquidity ratio (RLR) to 15% from 18%, widened permitted cumulative negative liquidity gaps across all maturity buckets by 1,000 basis points, increased the maximum lending limit (MLL) to 100% from 90%, and released 1.0% of the Capital Conservation Buffer in CET1, reducing the total capital requirement to 12% from 13%. [2]

Three Packages Compared

	CBUAE 17 March 2026	QCB 30 March 2026	CBK 26 March 2026
Primary focus	Liquidity provision, buffer relief, classification flexibility	QAR liquidity, reserve release, borrower support	Prudential liquidity and capital easing
Structure	Five named pillars	Three measures	Multiple prudential and liquidity adjustments
Liquidity tools	Enhanced access to reserve balances; term funding in AED and USD	Unlimited QAR repo; new term repo up to 3 months	Lower LCR/NSFR/RLR; wider liquidity-gap limits; higher lending limit
Reserve / capital	Temporary relief on LCR/NSFR; release of CCyB and CCB	Reserve requirement cut from 4.5% to 3.5%	Release of 1.0% CCB; total capital 13% to 12%
Borrower support	Flexibility to postpone classification of affected loans	Payment deferrals up to 3 months, per banks' internal policies	Not in current package
USD provision	Explicit USD funding facilities	Not in current package	Not in current package
Reserves / FX	AED 1tn+ (USD 270bn); cover ratio 119%	QAR 261.9bn reserves and FX liquidity, Jan 2026	Not cited in statement
Sector size	AED 5.4tn banking sector	QAR 2.15tn banking assets	KWD 102.16bn local bank assets
Tone	Proactive; record reserves cited; COVID precedent referenced	Prudent and precautionary; system strength confirmed	Prudent and precautionary; strong indicators; conservative policies

What to Watch



1. **USD liquidity across the GCC.** The CBUAE has explicitly addressed USD funding in its package. As Qatar's LNG revenues and Kuwait's oil revenues are both dollar-denominated, any persistent export disruptions would make USD liquidity a critical area to monitor. The QCB reported international reserves and foreign currency liquidity of QAR 261.9 billion (USD 71.9 billion) as of January 2026, including gold holdings of QAR 66.0 billion, providing substantial capacity. [4]
2. **IFRS 9 Expected Credit Loss guidance.** As of 31 March 2026, none of the three regulators has yet issued conflict-specific guidance on IFRS 9 staging and provisioning. During the COVID-19 pandemic, the CBUAE, the Dubai Financial Services Authority (DFSA) and the Abu Dhabi Global Market (ADGM) Financial Services Regulatory Authority (FSRA) issued joint IFRS 9 Expected Credit Loss guidance. [7] Banks across the GCC will be looking for clarity on whether conflict-related deferrals and restructurings trigger a Significant Increase in Credit Risk and a move from Stage 1 to Stage 2.

What to Watch

3. **Package expansion and convergence.** All three packages retain headroom. The CBUAE's current measures are below COVID-19-era levels. [6] The QCB's reserve requirement has room to fall below 3.5%. The CBK has eased the regulatory liquidity ratio to 15% from 18% and released 1.0% of the Capital Conservation Buffer, reducing the total capital requirement to 12% from 13%. [2] During the pandemic, GCC regulators extended and expanded their packages multiple times. Over time, the three approaches may also converge as each regulator adds complementary instruments; for instance, the QCB may add prudential ratio relief, the CBK may introduce borrower deferral programs, and the CBUAE may issue detailed classification guidance.
4. **Rating agency actions**. Sovereign ratings anchor bank funding costs. Rating pressure is no longer hypothetical. On 30 March, Fitch placed Qatar's AA sovereign rating on Rating Watch Negative, citing uncertainty over the security environment and the impact of the Ras Laffan strike on the economy. [8] The treatment of infrastructure disruption and revenue loss will be significant for future review cycles.
5. **SAMA, CBB, and CBO.** The regional picture is not yet complete. Any formal support measures or prudential adjustments from SAMA, CBB, or CBO would broaden the GCC regulatory response and show whether the region is moving toward wider policy convergence.

Key Contacts

This is the second instalment in A&M's GCC Regulatory Response Series tracking central bank and regulatory authority actions in response to the 2026 Iran conflict. The first instalment covered the CBUAE's Financial Institution Resilience Package (17 March 2026). This instalment covers the QCB and CBK packages announced in the final week of March. Future instalments will cover SAMA, CBB, CBO, and other regional regulatory actions as they are announced.

For a confidential discussion on the implications for your institution, contact our team of experts.

Zeeshan Mansoor
Managing Director
zeeshan.mansoor@alvarezandmarsal.com
+971 50 953 1765

Paul Sharma
Managing Director
psharma@alvarezandmarsal.com
+44 795 748 3897

Sam Gidoomal
Managing Director
sgidoomal@alvarezandmarsal.com
+971 50 29 84 917

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[2] Central Bank of Kuwait, "CBK Offers a Stimulus Package for Local Banks," and related circular to local banks, 26 March 2026

[3] Qatar Central Bank, "QCB Assesses Resilience of Financial Sector and Announces Pre-emptive Support Measures," QNA, 30 March 2026

[4] QNA, "Qatar Central Bank Says Foreign Reserves Rise 2.63% in January," 8 February 2026

[5] Qatar Central Bank, "Monetary Policy Tools" webpage (required reserve methodology), accessed 31 March 2026."

[6] Central Bank of the UAE, "CBUAE reduces reserve requirement for demand deposits by 50 percent and announces further measures to support the UAE economy during the COVID-19 pandemic," 5 April 2020

[7] Joint Guidance of the Central Bank of the UAE, Dubai Financial Services Authority and ADGM Financial Services Regulatory Authority on IFRS 9 Expected Credit Losses in the context of COVID-19, April 2020

[8] Reuters, "Fitch signals downgrade risk for Qatar over post-Iran war security concerns," 30 March 2026

[9] Qatar News Agency, QCB Governor interview, 14 December 2025 (commercial bank assets approximately QAR 2.15 trillion at end-September 2025); Central Bank of Kuwait, Summary of the Key Local Monetary and Banking Indicators, November 2025 (local banks' total assets KWD 102.16 billion)