

## Ajman Bank

Strong growth in operating income offsets higher costs

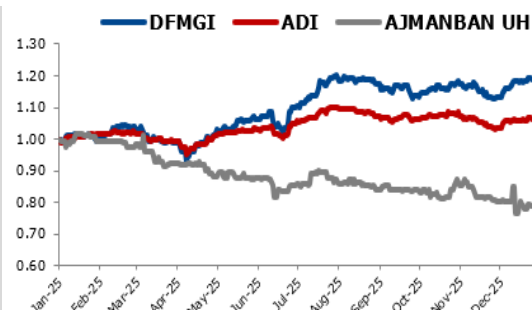
**Current Price**  
AED 1.49

**Target Price**  
AED 1.80

**Upside/Downside (%)**  
+21%

**Rating**  
**BUY**

- Net advances grew 36.8% YOY and 16.6% QOQ to AED 17.7 Bn in 4Q25, while customer deposits rose 31.5% YOY and 15.5% QOQ to AED 23.7 Bn in 4Q25.
- Cost-to-income ratio improved to 48.9% in 4Q25 from 69.5% in 4Q24.
- Calculated NPL ratio improved 315 bps YOY and 96 bps QOQ to 8.3% in 4Q25.
- Return ratio improved, as calculated ROAA increased 12 bps YOY to 1.8% and ROAE 135 bps YOY to 15.2% in 4Q25.
- The Bank also proposed a cash dividend of AED 0.0918 per share equivalent to 9.18% of paid-up capital for the period of 2025.



### Stock Information

Market Cap (AED, Mn)	4,030.78
Paid Up Capital (Mn)	2,723.50
52 Week High	1.73
52 Week Low	1.29
3M Avg. daily value(AED)	9,646,745

### 4Q25 Net Profit lower than our estimate

Ajman Bank (AJMANBANK/ the Bank) net profit increased 8.1% YOY to AED 120 Mn in 4Q25, lower than our forecast of AED 130 Mn. The growth in net profit is primarily due to an increase in funded and non-funded income coupled with lower tax charges, partially offset by a rise in funded expenses, operating expense and lower impairment reversal.

### P&L Highlights

Ajman Bank's funded income increased 19.7% YOY to AED 307 Mn in 4Q25, mainly due to a rise in interest earning asset, partially offset by a decline in asset yield. Funded expenses increased 15.2% YOY to AED 209 Mn in 4Q25 due to increase in an interest earning liabilities partially offset by decline in cost of funds. However, net funded income rose 30.6% YOY to AED 98 Mn in 4Q25. Calculated NIMs expanded 5 bps YOY and declined 15 bps QOQ to 1.7% during 4Q25. The Bank's fees and commission income grew from AED 24 Mn in 4Q24 to AED 57 Mn in 4Q25, while income from investment securities grew more than doubled from AED 22 Mn in 4Q24 to AED 84 Mn in 4Q25 due to realized gain on disposal of Islamic investment securities at FVTOCI. Thus, total non-funded income increased significantly from AED 45 Mn in 4Q24 to AED 141 Mn in 4Q25. As a result, Total operating income grew rapidly from AED 120 Mn in 4Q24 to AED 239 Mn in 4Q25. Furthermore, operating expenses increased 39.9% YOY to AED 117 Mn in 4Q25. However, the calculated cost-to-income ratio improved from 69.5% in 4Q24 to 48.9% in 4Q25. Impairments reversal declined from AED 90 Mn in 4Q24 to AED 13 Mn in 4Q25. Additionally, income tax expenses declined 7.8% YOY to AED 15 Mn in 4Q25.

### 4Q25 Result Review (AED, Mn)

Total Assets	32,863
Total Liabilities	29,391
Total Equity	3,472
Total Deposits	23,746
Net Profit	120

### Financial Ratios

Dividend Yield (12m)	4.90
Dividend Pay-out (%)	0.00
Price-Earnings Ratio(x)	8.01
Price-to-Book Ratio (x)	1.16
Book Value (AED)	1.27
Return-on Equity (%)	15.19

### Stock Performance

5 Days	2.78%
1 Months	11.28%
3 Months	0.00%
6 Months	-0.67%
1 Year	-12.94%
Month to Date (MTD%)	11.28%
Quarter to Date (QTD%)	11.28%
Year to Date (YTD%)	11.28%

### Balance Sheet Highlights

Total assets increased 43.8% YOY and 17.2% QOQ to AED 32.9 Bn in 4Q25, mainly due to an increase in cash and bank balance, net advances, investment portfolio, property plant and equipment and other assets. Ajman Bank's net advances rose 36.8% YOY and 16.6% QOQ to AED 17.7 Bn in 4Q25, reflecting diversified funding base. The Bank's customer deposits grew 31.5% YOY and 15.5% QOQ to AED 23.7 Bn in 4Q25. Out of the total deposits, current account deposits rose 17.1% YOY to AED 5.1 Bn in 4Q25, and savings account deposits increased 20.0% YOY to AED 562 Mn in 4Q25. Moreover, CASA deposits as a percentage of total deposits stood at 23.9% in 4Q25. The Bank's headline loan-to-deposits ratio increased 291 bps YOY and 70 bps QOQ to 74.7% in 4Q25. Additionally, Ajman Bank's total equity grew 11.6% YOY and 3.0% QOQ to AED 3.5 Bn in 4Q25.

### Target Price and Rating

We maintain BUY rating on AJMANBANK with a revised target price of AED 1.80. AJMANBANK delivered a record financial performance in 2025, driven by strong momentum in core operations and disciplined strategic execution. Net profit before tax rose 24.7% YOY to AED 548 Mn in 2025, while profit after tax increased 24.8% YOY to AED 500 Mn in 2025, supported by improved operating leverage and strong execution across core businesses. Additionally, the Bank's profitability is mainly driven by solid growth in funded and non-funded income in 4Q25. The Bank's core income increased during the quarter, primarily due to rise in an interest earning assets. Additionally, the Bank recorded robust loan growth, with net advances rising by 36.8% YOY and 16.6% QOQ to AED 17.7 Bn in 4Q25. Customer deposits also grew 31.5% YOY and 15.5% to AED 23.7 Bn in 4Q25, with CASA ratio accounting for 23.9% of total deposits in 4Q25. Despite an increase in total operating expenses during 4Q25, AJMANBANK cost-to-income ratio improved from 69.5% in 4Q24 to 48.9% in 4Q25, reflecting growth in operating leverage. Furthermore, AJMANBANK's asset quality continued to improve, supported by a sustained decline in the NPL ratio over the past few quarters. The calculated NPL ratio improved 315 bps YOY and 96 bps QOQ to 8.3% in 4Q25, reflecting better risk management and improved portfolio quality. However, the calculated provision coverage ratio decreased from 47.2% in 3Q25 to 45.1% in 4Q25. AJMANBANK also maintained solid capital and liquidity positions with ROAE increasing 135 bps YOY to 15.2% in 4Q25 and ROAA increasing 12 bps YOY to 1.8% in 4Q25, with continued strengthening of profitability metrics. AJMANBANK advanced its digital transformation by strengthening digital channels, enhancing customer experience, and improving operational resilience, driving a strong 36.0% growth in its customer base in 2025. Furthermore, the Bank is focused on pursuing disciplined, sustainable growth by leveraging digital and AI capabilities and enhancing customer experience. The Bank's strong performance in 2025 was underscored by its inaugural USD 500 Mn Sukuk, oversubscribed 5.4x with participation from over 100 investors, achieving broad geographic diversification with 35% international and 65% regional allocations. The Bank also proposed a cash dividend of AED 0.0918 per share which accounts for 9.18% of paid-up capital for the period of 2025. Thus, based on our analysis, we maintained BUY rating on the stock.

### AJMAN BANK - Relative valuation

(at CMP)	2021	2022	2023	2024	2025	2026F
P/E (x)	31.84	22.82	NM	10.15	8.17	9.26
P/B (x)	1.40	1.47	1.44	1.31	1.18	1.12
BVPS	1.076	1.027	1.046	1.156	1.284	1.346
EPS	0.047	0.066	NA	0.149	0.185	0.163
DPS	0.000	0.000	0.000	0.073	0.092	0.100
Dividend Yield	NA	NA	NA	4.9%	6.2%	6.7%

FABS Estimates & Co Data

**AJMAN BANK – P&L**

AED Mn	4Q24	3Q25	4Q25	4Q25F	Var.	YOY Ch	QOQ Ch	2024	2025	Change
Funded income	257	285	307	299	2.7%	19.7%	7.8%	1,172	1,127	-3.9%
Funded expenses	-182	-189	-209	-196	6.9%	15.2%	10.8%	-765	-750	-1.9%
<b>Net funded income</b>	<b>75</b>	<b>96</b>	<b>98</b>	<b>103</b>	<b>-5.3%</b>	<b>30.6%</b>	<b>1.8%</b>	<b>407</b>	<b>376</b>	<b>-7.6%</b>
Fees and commissions	24	75	57	74	-22.7%	NM	-23.7%	191	262	37.2%
Income from Invest. Securities	22	90	84	76	10.7%	NM	-6.1%	138	261	88.7%
<b>Total non-funded income</b>	<b>45</b>	<b>164</b>	<b>141</b>	<b>150</b>	<b>-5.7%</b>	<b>NM</b>	<b>-14.1%</b>	<b>329</b>	<b>522</b>	<b>58.8%</b>
<b>Total operating income</b>	<b>120</b>	<b>260</b>	<b>239</b>	<b>253</b>	<b>-5.5%</b>	<b>98.7%</b>	<b>-8.2%</b>	<b>736</b>	<b>899</b>	<b>22.1%</b>
Operating expenses	-84	-106	-117	-102	14.3%	39.9%	10.1%	-370	-412	11.6%
<b>Pre provision profit</b>	<b>37</b>	<b>154</b>	<b>122</b>	<b>151</b>	<b>-19.0%</b>	<b>NM</b>	<b>-20.9%</b>	<b>367</b>	<b>486</b>	<b>32.6%</b>
Impairment	90	-6	13	-4	NM	-85.9%	NM	73	62	NM
<b>Profit before tax</b>	<b>127</b>	<b>148</b>	<b>135</b>	<b>146</b>	<b>-7.8%</b>	<b>6.1%</b>	<b>-9.0%</b>	<b>440</b>	<b>548</b>	<b>24.7%</b>
Corporate tax	-16	-13	-15	-17	-12.2%	-7.8%	11.4%	-39	-48	23.6%
<b>Profit for the period</b>	<b>111</b>	<b>135</b>	<b>120</b>	<b>130</b>	<b>-7.3%</b>	<b>8.1%</b>	<b>-11.0%</b>	<b>401</b>	<b>500</b>	<b>24.8%</b>

*FABS estimate & Co Data*
**AJMAN BANK – KPI**

	4Q24	3Q25	4Q25	YOY Ch	QOQ Ch	2024	2025	Change
Net FI/OI	62.2%	36.9%	40.9%	-2,131	404	55.3%	41.9%	-1,346
NIM	1.6%	1.8%	1.7%	5	-15	2.2%	1.7%	-43
NIS	1.8%	1.8%	1.8%	-6	-6	2.4%	1.9%	-52
Fees & comms/OI	19.9%	28.7%	23.9%	400	-483	25.9%	29.1%	322
Invst Securities/OI	17.9%	34.4%	35.2%	1,730	80	18.8%	29.0%	1,024
Cost to income	69.5%	40.8%	48.9%	-2,056	815	50.2%	45.9%	-431
Impairment/PPP	-246.2%	4.0%	-10.4%	NM	-1,441	-20.0%	-12.8%	717
NP/OI	92.4%	51.8%	50.2%	-4,212	-156	54.4%	55.6%	123
Cost of risk	-2.6%	0.2%	-0.3%	230	-45	-0.5%	-0.4%	13
Loan-to-deposit	71.8%	74.0%	74.7%	291	70	71.8%	74.7%	291
NPL (Calculated)	11.4%	9.2%	8.3%	-315	-96	11.4%	8.3%	-315
Coverage excl. collateral (Calculated)	53.6%	47.2%	45.1%	-856	-211	53.6%	45.1%	-856
Tier 1	18.0%	15.8%	12.9%	-508	-289	18.0%	12.9%	-508
Capital adequacy	19.1%	16.9%	14.1%	-505	-288	19.1%	14.1%	-505
ROAA	1.7%	1.9%	1.8%	12	-8	1.7%	1.8%	12
ROAE	13.8%	15.4%	15.2%	135	-17	13.8%	15.2%	135

*FABS estimate & Co Data*
**AJMAN BANK - Key B/S items**

AED Mn	4Q24	1Q25	2Q25	3Q25	4Q25	YOY Ch
Net advances	12,959	13,915	14,825	15,207	17,730	36.8%
QOQ change	-3.3%	7.4%	6.5%	2.6%	16.6%	
Total assets	22,854	24,497	26,633	28,033	32,863	43.8%
QOQ change	-6.5%	7.2%	8.7%	5.3%	17.2%	
Customer deposits	18,062	18,511	19,977	20,562	23,746	31.5%
QOQ change	-6.5%	2.5%	7.9%	2.9%	15.5%	
Total equity	3,112	3,077	3,224	3,370	3,472	11.6%
QOQ change	2.9%	-1.1%	4.8%	4.5%	3.0%	

*FABS estimate & Co Data*

## Valuation:

We use the Residual Income and Relative Valuation (RV) method to value AJMANBANK. We have assigned 70% weight to Residual Income and 30% to RV method.

Valuation Method	Target	Weight	Weighted Value
Residual Income	1.82	70.0%	1.28
Relative Valuation (RV)	1.74	30.0%	0.52
<b>Weighted Average Valuation (AED)</b>			<b>1.80</b>
Current market price (AED)			1.49
Upside/Downside (%)			+21%

### 1) Residual Income Method:

We have discounted the economic profit/excess equity using the cost of equity of 8.1%. Cost of equity is calculated by using the 10-year government bond yield of 5.1%, the beta of 0.68 and the equity risk premium of 4.5%. Government bond yield is calculated after adding the Dubai 10-year spread over the 10-year US risk-free rate. Also, assumed a terminal growth rate of 2.0%.

Sum of PV (AED, Mn)	498
Terminal value (AED, Mn)	<b>991</b>
Book Value of Equity (as of Dec 2025)	3,472
<b>FV to Common shareholders (AED, Mn)</b>	<b>4,962</b>
No. of share (Mn)	2,720
Current Market Price (AED)	1.49
<b>Fair Value per share (AED)</b>	<b>1.82</b>

### Residual Income Method

(All Figures in AED Mn)	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
Net Profit	441	433	429	433	421
(-) Equity Charge	-282	-297	-310	-322	-333
<b>Excess Equity</b>	<b>159</b>	<b>136</b>	<b>118</b>	<b>111</b>	<b>88</b>
Discounting Factor	0.92	0.86	0.79	0.73	0.68
<b>Present Value of Excess Equity</b>	<b>147</b>	<b>117</b>	<b>94</b>	<b>81</b>	<b>59</b>

Source: FAB Securities

## 2) Relative Valuation:

We have used local peers to value AJMANBANK, and it is valued using the PB multiple. It is valued at a 2026 PB multiple of 1.3x in line with peers.

Company	Market (USD Mn)	P/E (x)		P/B (x)		Dividend Yield (%)	
		2026F	2027F	2026F	2027F	2026F	2027F
Emirates NBD	52,622	8.2	7.7	1.3	1.1	3.6%	3.9%
Mashreq Bank	14,200	7.3	7.0	1.3	1.2	NA	NA
RAK Bank	4,764	8.2	8.3	1.4	1.3	6.1%	6.0%
Sharjah Islamic Bank	3,066	9.1	NA	1.1	NA	NA	NA
Abu Dhabi Commercial Bank	31,280	10.2	9.1	1.4	1.3	4.3%	4.7%
<b>Average</b>		<b>8.6x</b>	<b>8.0x</b>	<b>1.3x</b>	<b>1.2x</b>	<b>4.7%</b>	<b>4.9%</b>
<b>Median</b>		<b>8.2x</b>	<b>8.0x</b>	<b>1.3x</b>	<b>1.2x</b>	<b>4.3%</b>	<b>4.7%</b>
<b>Max</b>		<b>9.1x</b>	<b>8.5x</b>	<b>1.4x</b>	<b>1.3x</b>	<b>5.2%</b>	<b>5.3%</b>
<b>Min</b>		<b>8.2x</b>	<b>7.5x</b>	<b>1.3x</b>	<b>1.2x</b>	<b>4.0%</b>	<b>4.3%</b>

Source: FAB Securities

## Research Rating Methodology:

Rating	Upside/Downside potential
BUY	Higher than +15%
ACCUMULATE	Between +10% to +15%
HOLD	Lower than +10% to -5%
REDUCE	Between -5% to -15%
SELL	Lower than -15%

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