Earnings Call Insight | 3Q26

UAE Equity Research | Sector: Banking | Market: DFM

Ajman Bank

Current Price	Target Price	Upside/Downside (%)	Rating
AED 1.35	AED 1.80	+34%	BUY

3Q26 Net Profit lower than our estimate

- Net funded income increased 8.6% YOY to AED 104 Mn in 3Q26, supported by 18.7% YOY growth in funded income to AED 338 Mn, partially offset by a 23.8% YOY increase in funded expenses to AED 234 Mn in 3Q26.
- Calculated NIM contracted 22 bps YOY but expanded 9 bps QOQ to 1.6% in 3Q26, reflecting pressure from funding costs.
- Non-funded income declined 21.1% YOY to AED 130 Mn in 3Q26, due to lower fee and commission income and lower income from Investment Securities.
- Operating expenses increased 5.9% YOY to AED 112 Mn in 3Q26.
- The calculated cost-to-income ratio increased from 40.8% in 3Q25 to 48.1% in 3Q26, reflecting lower operating income and higher operating expenses.
- Impairment charges increased from AED 6 Mn in 3Q25 to AED 32 Mn in 3Q26, weighing on profitability.
- Ajman Bank's net profit declined 40.9% YOY to AED 80 Mn in 3Q26, primarily due to lower non-funded income, higher operating expenses and higher impairment charges, partially offset by growth in net funded income and lower income taxes.
- Total assets increased 27.7% YOY and 5.7% QOQ to AED 35.8 Bn in 2Q26, driven by higher cash & bank balances, net advances, investment portfolio, property, plant and equipment and other assets.
- Net advances increased 32.1% YOY and 2.0% QOQ to AED 20.1 Bn in 3Q26, reflecting continued expansion in the Bank's financing activities.
- Customer deposits increased 8.5% YOY but declined 2.4% QOQ to AED 22.3 Bn in 3Q26. Current account deposits increased 1.0% YOY but declined 0.7% QOQ to AED 5.0 Bn, while savings account deposits declined 9.7% YOY and 6.7% QOQ to AED 465 Mn.
- CASA deposits improved to 33.7% in 3Q26 from 32.9% in 2Q26.
- The loan-to-deposit ratio increased to 90.0% in 3Q26 from 86.1% in 2Q26, reflecting stronger growth in net advances relative to customer deposits.
- Total equity increased 30.8% YOY and 29.0% QOQ to AED 4.4 Bn in 3Q26, primarily driven by the issuance of AED 1.1 Bn of Additional Tier 1 Sukuk during the quarter.

Earnings Call Summary

- Ajman Bank's net profit declined in 9M26 due to absence of exceptional gains from the sale of real estate and Sukuk recognized in 9M25 coupled with higher operating expenses and increased impairment charges offset by underlying business growth.
- Total operating income declined 10.2% YOY to AED 234 Mn in 3Q26, mainly due to the absence of a one-off AED 40 Mn gain from Sukuk sales in 3Q25, excluding this, underlying operating income grew 6% YOY.
- Financing portfolio expansion and sustained operating activity are expected to support earnings momentum despite moderating UAE GDP growth expectations.
- Higher funding costs weighs on margins in 3Q26 as financing assets yields repricing adjust gradually. The pressure was partially offset by a diversified retail portfolio and improved funding mix.
- The Bank's loan-to-deposit ratio stood at 90%, supported by a stable deposit base and diversified funding sources is expected to provide sufficient headroom for balance sheet expansion.
- Funding mix optimization, efficient liquidity deployment and asset yield enhancement remain key priority to strengthen net profit margins in 4Q26 and 2027.

- Cost efficiency weakened as investments in technology, transformation and talent continued to support business expansion, with the cost-to-income ratio increasing 728 bps YOY to 48.1% in 3Q26.
- Wholesale banking accounted for c. 50% of total assets, followed by treasury at c. 24% and consumer banking at c. 14% and other assets at c. 12%, reflecting a diversified business mix.
- Real estate accounted for c.31% of the financing and investment portfolio, with its share of RWA declining to below 32% from 46% in 2023 and 39% in 2024, reflecting continued diversification and selective onboarding across corporate and GRE sectors.
- Manufacturing and services accounted for c. 30% of financing exposure, with diversified underlying industries and no material concentration in any individual sector.
- Provision coverage remained supported by collateral protection and recoveries on previously impaired financing.
- Capitalisation strengthened following the Bank's debut AT1 issuance in July 2026, with the capital adequacy ratio increasing to 17.1% in 3Q26 from 14.1% in 2Q26, providing additional capacity to support balance sheet growth.
- 2026 guidance remains unchanged, with financing growth above 15%, deposit growth above 10%, cost of risk below 60 bps, NPF ratio below 5.5%, ROE above 12% and CAR above 15.5%.

AJMANBANK – P&L

AED Mn	3Q25	2Q26	3Q26	3Q26F	Var	YOY Ch	QOQ Ch
Funded income	285	318	338	329	2.7%	18.7%	6.4%
Funded expenses	-189	-222	-234	-222	5.2%	23.8%	5.5%
Net funded income	**96**	**96**	**104**	**107**	**-2.6%**	**8.6%**	**8.3%**
Fees and commissions	75	48	58	71	-17.8%	-22.1%	21.3%
Income from Investment Securities	90	71	71	76	-6.1%	-20.3%	0.2%
Total non-funded income	**164**	**119**	**130**	**147**	**-11.7%**	**-21.1%**	**8.7%**
Total operating income	**260**	**216**	**234**	**254**	**-7.9%**	**-10.2%**	**8.5%**
Operating expenses	-106	-111	-112	-113	-0.1%	5.9%	1.2%
Pre provision profit	**154**	**104**	**121**	**141**	**-14.0%**	**-21.2%**	**16.3%**
Impairment	-6	24	-32	-10	NM	NM	NM
Profit before tax	**148**	**129**	**89**	**131**	**-32.1%**	**-39.9%**	**-30.7%**
Corporate tax	-13	-12	-9	-12	-21.4%	-28.9%	-19.9%
Net profit for the period	**135**	**117**	**80**	**119**	**-33.1%**	**-40.9%**	**-31.8%**

FABS estimate & Co Data

Management Guidance:

		9M'26 Actuals	2026 Guidance
Balance Sheet	Financing Growth	+13%	>15%
	Deposit Growth	+9%	>10%
Asset Quality	Cost of Risk	(5)bps	<60bps
	NPF Ratio	5.0%	<5.5%
Profitability & Capital	ROE	11.1%	>12%
	CAR	17.1%	>15.5%

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%

FAB Securities Contacts:

Research Analyst

Ahmad Banihani	+971-2-6161629	Ahmad.Banihani@Bankfab.com
Shahrukh Nawaz	+971-2-6161612	Shahrukh.Nawaz@Bankfab.com

Sales & Execution

Abu Dhabi Head Office

Trading Desk	+971-2-6161700/1	Online Trading Link
	+971-2-6161777	
Institutional Desk	+971-4-4245765	

DISCLAIMER

This report has been prepared by FAB Securities (FABS), which is authorised by the UAE Securities and Commodities Authority, licensing registration number 604002, and is a member of the Abu Dhabi Securities Exchange and Dubai Financial Market. The information, opinions and materials contained in this report are provided for information purposes only and are not to be used, construed, or considered as an offer or the solicitation of an offer or recommendation to sell or to buy or to subscribe for any investment security or other financial instrument. The information, opinions and material in this report have been obtained and derived from publicly available information and other sources considered reliable without being independently verified for their accuracy or completeness. FABS gives no representation or warranty, express or implied, as to the accuracy and completeness of information and opinions expressed in this report. Opinions expressed are current as of the original publication date appearing on the report only and the information, including the opinions contained herein, are subject to change without notice. FABS is under no obligation to update this report. The investments referred to in this report might not be suitable for all recipients. Recipients should not base their investment decisions on this report and should make their own investigations, and obtain independent advice, as appropriate. Any loss or other consequences arising from the uses of material contained in this report shall be the sole and exclusive responsibility of the recipient and FABS accepts no liability for any such loss or consequence. The value of any investment could fall as well as rise and the investor may receive less than the original amount invested. Some investments mentioned in this report might not be liquid investments, which could be difficult to realise in cash. Some investments discussed in this report could be characterised by high level of volatility, which might result in loss. FABS owns the intellectual property rights and any other material contained in this report. No part of this report may be reproduced, utilised or modified in any form either in whole or in part or by any electronic, mechanical or other means, now known or hereafter invented, including photocopying and recording, or stored in any retrieval system without the prior consent of FABS in writing. While utmost care has been taken to ensure that the information provided is accurate and correct, neither FABS, nor its employees shall, in any way, be responsible for the contents. By accepting this document, the recipient agrees he/she has read the above disclaimer and to be bound by the foregoing limitations/restrictions.