

Emirates NBD (ENBD)

Strong income growth offset by higher costs, impairments and NCI share

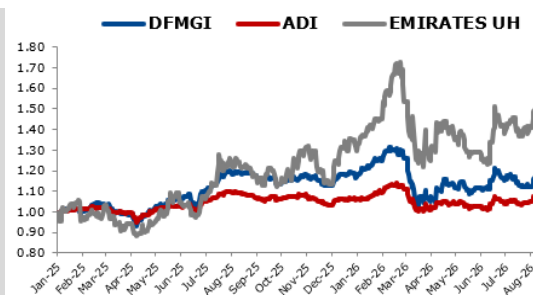
Current Price
AED 30.02

Target Price
AED 37.00

Upside/Downside (%)
+23%

Rating
BUY

- Funded income rose 15.5% YOY to AED 24.9 Bn, while non funded income grew 4.3% YOY to 3.9 Bn in 3Q26.
- Reported NIM declined by 14 bps YOY but expanded 7 bps QOQ to 3.23% in 3Q26, as higher asset yields more than offset rising funding costs following the Federal Reserve rate hike.
- 3Q26 was the first full quarter of RBL Bank's consolidation, contributing AED 1.1 Bn in operating income and AED 292 Mn in net profit.
- Excluding RBL, gross loans grew 18% YTD in 2026, prompting the Bank to raise its FY2026 loan growth guidance to low-20% from mid-teens.



Stock Information

Market Cap (AED, Mn)	189,624.28
Paid Up Capital (Mn)	6,316.60
52 Week High	37.40
52 Week Low	24.30
3M Avg. daily value(AED)	59,185,770

3Q26 Result Review (AED, Mn)

Total Assets	1,379,032
Total Liabilities	1,215,973
Total Equity	147,040
Total Deposits	934,561
Net Profit	6,326

Financial Ratios

Dividend Yield (12m)	3.35
Dividend Pay-out (%)	26.95
Price-Earnings Ratio(x)	7.95
Price-to-Book Ratio (x)	1.28
Book Value (AED)	23.28
Return-on Equity (%)	17.06

Stock Performance

5 Days	-4.94%
1 Months	-4.64%
3 Months	-0.53%
6 Months	1.35%
1 Year	7.99%
Month to Date (MTD%)	-4.48%
Quarter to Date (QTD%)	-3.84%
Year to Date (YTD%)	7.07%

3Q26 Net Profit lower than our estimate

Emirates NBD's (ENBD/the Bank) net profit attributable to equity shareholders declined 1.5% YOY to AED 6,326 Mn in 3Q26, lower than our estimate of AED 6,687 Mn. The decline was primarily driven by higher funded expenses, operating expenses, impairment charges and taxes, along with a higher share of profit attributable to NCI following the RBL Bank consolidation. This was partially offset by higher funded income, growth in fees and commissions, and lower hyperinflation adjustments.

P&L Highlights

ENBD's funded income grew by 15.5% YOY to AED 24,908 Mn in 3Q26, driven by an increase in net advances, partially offset by a decline in the asset yield. On the other hand, funded expenses increased 15.0% YOY to AED 14,493 Mn in 3Q26, mainly due to higher customer deposits, partially offset by a decrease in funding cost. Thus, net funded income increased 16.2% YOY to AED 10,415 Mn in 3Q26. Fee and commission income rose 22.1% YOY to AED 2,627 Mn in 3Q26, supported by continued business growth and strong wealth management performance. Trading gains declined 8.1% YOY from AED 763 Mn in 3Q25 to AED 701 Mn in 3Q26. The other operating income declined 29.5% YOY to AED 601 Mn in 3Q26. Thus, non-funded income rose 4.3% YOY to AED 3,929 Mn in 3Q26. As a result, operating income increased 12.7% YOY to AED 14,344 Mn in 3Q26. The Bank's operating expenses increased 25.6% YOY to AED 4,911 Mn in 3Q26. Thus, the calculated cost-to-income ratio increased from 30.7% in 3Q25 to 34.2% in 3Q26. ENBD's impairment charges reached AED 670 Mn in 3Q26, compared to a net recovery of AED 8 Mn in 3Q25, primarily due to prudent provisioning across DenizBank and ENBD, partially offset by continued recoveries. ENBD's tax expenses increased 5.1% YOY to AED 1,600 Mn in 3Q26.

The Bank's hyperinflation declined 17.5% YOY to AED 721 Mn in 3Q26. The Bank's profit share to NCI holders increased significantly from AED 9 Mn in 3Q25 to AED 116 Mn in 3Q26, mainly due to the consolidation of RBL Bank from 2Q26.

Balance Sheet Highlights

ENBD's total assets rose 21.1% YOY and 4.3% QOQ to AED 1,379 Bn in 3Q26, mainly due to an increase in net advances. Net advances rose 33.9% YOY and 8.3% QOQ to AED 808 Bn in 3Q26. The Bank's gross retail loans (ex-Deniz and RBL) grew 21.3% YOY to AED 216 Bn in 3Q26, supported by AED 65 Bn of new loan originations in 9M26. Corporate portfolio (ex-Deniz and RBL) also increased 31.2% YOY to AED 416 Bn in 3Q26, supported by AED 95 Bn of new loan origination in 9M26. Deposits increased 22.9% YOY and 4.8% QOQ to AED 935 Bn in 3Q26, supported by growth in the customer base across all segments. CASA deposits (ex-Deniz and RBL) accounted for 53% of total deposits in 3Q26. Moreover, the Bank's headline loan-to-deposits ratio increased to 86.5% in 3Q26, from 83.7% in 2Q26.

Target Price and Rating

We maintain our BUY rating on ENBD with a revised target price of AED 37.00. ENBD delivered a resilient 3Q26 performance supported by strong balance sheet growth, higher fee income, and healthy capital and liquidity positions, although net profit attributable to shareholders declined 1.5% YOY to AED 6.3 Bn due to higher operating expenses, impairment charges and the NCI share following the RBL Bank consolidation. 3Q26 was the first full quarter of RBL Bank's consolidation, contributing AED 1.1 Bn in operating income and AED 292 Mn in net profit. The acquisition strengthens ENBD's presence in the high-growth Indian market, enhances geographic diversification and is already generating the Bank synergies through FCNR deposit flows. ENBD's net advances grew 33.9% YOY and 8.3% QOQ to AED 808 Bn in 3Q26, driven by strong lending growth across the corporate and retail segments. Excluding RBL, gross loans grew 18% YTD in 2026, prompting the Bank to raise its FY2026 loan growth guidance to low-20% from mid-teens. Customer deposits increased 22.9% YOY and 4.8% QOQ to AED 934.6 Bn in 3Q26, supported by a growing customer base across all segments and the consolidation of RBL Bank. CASA balances declined to AED 406 Bn in 3Q26 from AED 417 Bn in 2Q26, accounting for 53% of deposits (excluding DenizBank and RBL), reflecting the continued migration towards time deposits amid increased competition for liquidity. ENBD's reported NIM declined 14 bps YOY but expanded 7 bps QOQ to 3.23% in 3Q26, as higher asset yields more than offset rising funding costs following the Federal Reserve rate hike. The 9M26 NIM of 3.24% remains within the Bank's guidance of 3.1%–3.3% for 2026. The cost-to-income ratio rose to 34.2% in 3Q26 from 30.7% in 2Q26, mainly due to the full-quarter consolidation of RBL Bank and inflationary cost pressures at DenizBank, although the 9M26 ratio of 31.4% remains within the Bank's 2026 guidance of below 33%. Asset quality remained healthy, with the NPL ratio improving to 2.0% in 3Q26 from 2.1% in 2Q26, leading the Bank to revise its NPL guidance to c. 2.0% from c. 2.5%. However, the coverage ratio declined to 149% in 3Q26 from 152% in 2Q26, mainly due to the larger loan base, and the Bank expects the FY2026 cost of risk at the upper end of its 30–50 bps guidance. Capitalization remained adequate despite the impact of the RBL acquisition, with CAR and CET1 ratios at 15.4% and 13.4%, respectively, in 3Q26, comfortably above regulatory requirements, though the Bank indicated the need to rebuild capital. Liquidity improved, with the LCR rising to 147% in 3Q26 from 135% in 2Q26. During 9M26, the Bank also raised AED 34.8 Bn through term debt and Sukuk issuances, further diversifying its funding base to support future loan growth. ENBD's strong franchise, robust loan growth, resilient margins and improving geographic diversification are expected to support sustained earnings growth, despite near-term cost and capital pressures. Thus, we maintain our BUY rating on the Bank with a revised target price of AED 37.00.

ENBD- Relative valuation

(at CMP)	2021	2022	2023	2024	2025	2026F
P/E	23.20	16.17	9.63	8.99	8.61	8.21
P/B	2.72	2.40	2.01	1.73	1.49	1.32
BVPS	11.777	13.309	15.937	18.501	21.463	24.223
EPS	1.379	1.980	3.323	3.559	3.714	3.898
DPS	0.500	0.600	1.200	1.000	1.000	1.000
Dividend Yield	1.7%	2.0%	4.0%	3.3%	3.3%	3.3%

FABS Estimates & Co Data
ENBD- P&L

AED Mn	3Q25	2Q26	3Q26	3Q26F	Var.	YOY Ch	QOQ Ch	2025	2026F	Change
Funded income	21,567	22,180	24,908	24,311	2.5%	15.5%	12.3%	81,975	89,865	9.6%
Funded expense	-12,604	-12,641	-14,493	-14,077	3.0%	15.0%	14.7%	-46,473	-49,924	7.4%
Net funded income	8,963	9,539	10,415	10,233	1.8%	16.2%	9.2%	35,502	39,941	12.5%
Fees and commissions	2,151	2,342	2,627	2,295	14.5%	22.1%	12.2%	8,032	9,799	22.0%
Trading gain/(loss)	763	1,040	701	572	22.6%	-8.1%	-32.6%	2,263	2,670	18.0%
Other Operating Income	852	611	601	587	2.5%	-29.5%	-1.6%	3,522	3,804	8.0%
Non-funded income	3,766	3,993	3,929	3,454	13.8%	4.3%	-1.6%	13,817	16,273	17.8%
Operating income	12,729	13,532	14,344	13,687	4.8%	12.7%	6.0%	49,319	56,214	14.0%
Operating expenses	-3,911	-4,153	-4,911	-4,243	15.7%	25.6%	18.3%	-15,035	-18,157	20.8%
Pre-provision profit	8,818	9,379	9,433	9,444	-0.1%	7.0%	0.6%	34,284	38,057	11.0%
Impairment	8	-581	-670	-587	14.2%	NM	15.3%	-1,468	-2,967	102.1%
PBT	8,826	8,798	8,763	8,858	-1.1%	-0.7%	-0.4%	32,816	35,090	6.9%
Tax	-1,522	-1,582	-1,600	-1,594	0.4%	5.1%	1.1%	-5,831	-6,492	11.3%
Net profit	7,304	7,216	7,163	7,263	-1.4%	-1.9%	-0.7%	26,985	28,598	6.0%
Hyperinflation	-874	-778	-721	-550	31.1%	-17.5%	-7.3%	-2,978	-3,250	9.1%
Net Profit adj for hyperinflation	6,430	6,438	6,442	6,713	-4.0%	0.2%	0.1%	24,007	25,348	5.6%
NCI	-9	-22	-116	-26	NM	NM	NM	-26	-273	950.0%
Profit for the period	6,421	6,416	6,326	6,687	-5.4%	-1.5%	-1.4%	23,981	25,075	4.6%

FABS estimate & Co Data
ENBD- KPI

	3Q25	2Q26	3Q26	YOY Ch	QOQ Ch	2025	2026F	Change
Net FI/OI	70.4%	70.5%	72.6%	219	212	72.0%	71.1%	-93
NIM (Calculated)	3.4%	3.2%	3.3%	-12	10	3.4%	3.3%	-18
NIS	2.5%	2.4%	2.5%	-2	6	2.6%	2.6%	2
Fees & comms/OI	16.9%	17.3%	18.3%	142	101	16.3%	17.4%	115
Other non-funded/OI	6.7%	4.5%	4.2%	-250	-33	7.1%	6.8%	-37
Trading/OI	6.0%	7.7%	4.9%	-111	-280	4.6%	4.8%	16
Cost to income (calculated)	30.7%	30.7%	34.2%	351	355	30.5%	32.3%	181
Impairment/PPP	-0.1%	6.2%	7.1%	719	91	4.3%	7.8%	352
Tax/PBT	17.2%	18.0%	18.3%	101	28	17.8%	18.5%	73
NP/OI	50.4%	47.4%	44.1%	-634	-331	48.6%	44.6%	-402
Cost of Risk	0.0%	0.3%	0.3%	34	2	0.2%	0.50%	28
Loan-to-deposit (Headline)	79.4%	83.7%	86.5%	711	283	80.5%	84.0%	349
NPL – Reported	2.5%	2.1%	2.0%	-48	-16	2.4%	2.0%	-37
NPL Coverage – Reported	160.4%	151.7%	148.6%	-1,181	-311	159.6%	150.0%	-963
CET1	14.7%	13.6%	13.4%	-128	-15	14.4%	13.8%	-58
Capital Adequacy	16.9%	15.6%	15.4%	-146	-20	16.6%	15.8%	-77
ROAE	18.3%	17.8%	17.1%	-123	-77	18.6%	17.1%	-152
ROAA	2.2%	2.0%	1.9%	-27	-10	2.2%	1.9%	-27

FABS estimate & Co Data

ENBD- Key B/S items

AED Mn	3Q25	4Q25	1Q26	2Q26	3Q26	YOY Ch
Net advances	6,03,648	6,32,847	6,77,835	7,46,357	8,08,375	33.9%
QOQ ch	10.7%	4.8%	7.1%	10.1%	8.3%	
Total assets	11,39,083	11,64,442	12,16,751	13,22,466	13,79,032	21.1%
QOQ ch	4.9%	2.2%	4.5%	8.7%	4.3%	
Customer deposits	7,60,351	7,86,024	8,30,011	8,92,070	9,34,561	22.9%
QOQ ch	3.2%	3.4%	5.6%	7.5%	4.8%	
Total equity (excluding minority & T1)	1,30,654	1,35,453	1,35,068	1,42,932	1,47,040	12.5%
QOQ ch	5.5%	3.7%	-0.3%	5.8%	2.9%	

FABS estimate & Co Data

Valuation:

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

Valuation Method	Target	Weight	Weighted Value
Residual Income	39.81	70.0%	27.87
Relative Valuation (RV)	30.45	30.0%	9.13
Weighted Average Valuation (AED)			37.00
Current market price (AED)			30.02
Upside/Downside (%)			+23%

1) Residual Income Method:

We have discounted the economic profit/excess equity using the cost of equity of 9.5%. Cost of equity is calculated by using 10-year government bond yield of 5.8%, beta of 0.85 and equity risk premium of 4.3%. Government bond yield is calculated after adding Dubai 10-year CDS spread over 10-year US risk-free rate. Also, assumed a terminal growth rate of 2.0%.

Sum of PV (AED, Mn)	39,788
Terminal value (AED, Mn)	64,420
Book Value (as of June 2026)	1,47,040
FV to Common shareholders (AED, Mn)	2,51,248
No. of share (Mn)	6,311
Current Market Price (AED)	30.02
Fair Value per share (AED)	39.81

Residual Income Method

(All Figures in AED Mn)	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E	FY 2031E
Net Profit	24,602	26,517	27,820	27,997	27,727	30,152
(-) Equity Charge	-12,858	-14,512	-16,430	-18,472	-20,531	-22,564
Excess Equity	11,743	12,005	11,390	9,525	7,197	7,589
Discounting Factor	0.98	0.90	0.82	0.75	0.68	0.62
Present Value of Excess Equity	2,885	10,775	9,337	7,131	4,921	4,739

2) Relative Valuation:

We have used local peers to value ENBD and it is valued using the PB multiple. It is valued at a 2027 PB multiple of 1.1x in line with peers.

Company	Market (USD Mn)	P/B (x)		P/E (x)		Dividend Yield (%)	
		2027F	2028F	2027F	2028F	2027F	2028F
Sharjah Islamic Bank	3,418	1.1	NA	9.8	8.2	3.4%	NA
Commercial Bank of Dubai	7,884	NA	NA	NA	NA	NA	NA
Mashreq Bank	17,315	NA	NA	NA	NA	NA	NA
RAK Bank	5,510	1.2	NA	6.6	6.2	8.0%	NA
Abu Dhabi Commercial Bank	33,951	1.3	1.2	9.1	8.1	4.7%	5.2%
Dubai Islamic Bank	13,958	1.0	0.9	8.1	7.6	5.0%	5.5%
Average		1.1x	1.1x	8.4x	7.5x	5.3%	5.3%
Median		1.1x	1.1x	8.6x	7.8x	4.8%	5.3%
Max		1.2x	1.1x	9.3x	8.1x	5.8%	5.4%
Min		1.0x	1.0x	7.7x	7.2x	4.4%	5.3%

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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