

Ajman Bank PJSC

Sharp growth in non-funded income boosted profitability despite a decline in core income

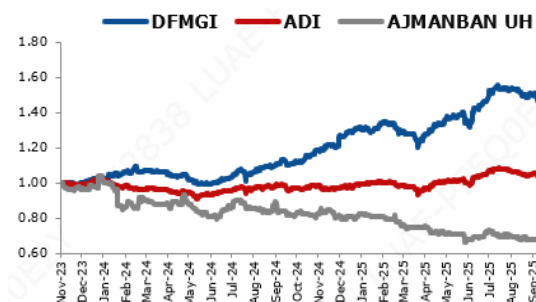
Current Price
AED 1.44

Target Price
AED 1.60

Upside/Downside (%)
+11%

Rating
ACCUMULATE

- Calculated NIMs declined by 51 bps YOY and 6 bps QOQ to 1.8% in 3Q25.
- Net advances grew 13.5% YOY and 2.6% QOQ to AED 15.2 Bn in 3Q25, while customer deposits rose 6.5% YOY to AED 20.6 Bn in 3Q25.
- Cost-to-income ratio improved to 40.8% in 3Q25 from 52.7% in 3Q24.
- Calculated NPL ratio declined from 11.8% in 3Q24 to 9.2% in 3Q25.
- Calculated Return ratio improved, as ROAA and ROAE stood at 1.9% and 15.4% in 3Q25.



3Q25 Net Profit higher than our estimate

Ajman Bank (AJMANBANK/ the Bank) net profit increased from AED 74 Mn in 3Q24 to AED 135 Mn in 3Q25, surpassing our forecast of AED 98 Mn. The growth in net profit is primarily due to a significant increase in non-funded income, partially offset by a decline in net funded income, an increase in operating expenses, and tax charges.

P&L Highlights

Ajman Bank's funded income declined 7.8% YOY to AED 285 Mn in 3Q25, mainly due to a decline in asset yield, partially offset by a growth in interest earnings assets. Funded expenses decreased 4.8% YOY to AED 189 Mn in 3Q25 due to lower cost of funds. However, net funded income fell 13.2% YOY to AED 96 Mn in 3Q25. Calculated NIMs contracted 51 bps YOY and 6 bps QOQ to 1.8% during 3Q25. The Bank's fees and commission income grew from AED 41 Mn in 3Q24 to AED 75 Mn in 3Q25, while income from investment securities grew more than doubled from AED 36 Mn in 3Q24 to AED 90 Mn in 3Q25. Thus, total non-funded income increased from AED 77 Mn in 3Q24 to AED 164 Mn in 3Q25. Total operating income grew 38.6% YOY to AED 260 Mn in 3Q25. Furthermore, operating expenses increased by 7.3% YOY to AED 106 Mn in 3Q25. However, the calculated cost-to-income ratio improved from 52.7% in 3Q24 to 40.8% in 3Q25. Income tax expenses rose from AED 6 Mn in 3Q24 to AED 13 Mn in 3Q25.

Balance Sheet Highlights

Total assets increased 14.7% YOY and 5.3% QOQ to AED 28.0 Bn in 3Q25, mainly due to an increase in cash and bank balance, net advances and investment portfolio. Ajman Bank's net advances rose 13.5% YOY and 2.6% QOQ to AED 15.2 Bn in 3Q25. The Bank's customer deposits grew 6.5% YOY and 2.9% QOQ to AED 20.6 Bn in 3Q25. Out of the total deposits, current account deposits rose 3.2%

Stock Information

Market Cap (AED, Mn)	3,976.31
Paid Up Capital (Mn)	2,723.50
52 Week High	1.82
52 Week Low	1.32
3M Avg. daily value(AED)	9,029,044

3Q25 Result Review (AED, Mn)

Total Assets	28,033
Total Liabilities	24,664
Total Equity	3,370
Total Deposits	20,562
Net Profit	135

Dividend Yield (12m)	4.97
Dividend Pay-out (%)	0.00
Price-Earnings Ratio(x)	8.00
Price-to-Book Ratio (x)	1.18
Book Value (AED)	1.24
Return-on Equity (%)	15.36

Stock Performance

5 Days	4.29%
1 Months	1.39%
3 Months	-2.67%
6 Months	-3.95%
1 Year	-16.09%
Month to Date (MTD%)	2.10%
Quarter to Date (QTD%)	2.10%
Year to Date (YTD%)	-14.62%

YOY to AED 5.0 Bn in 3Q25, and savings account deposits increased 13.2% YOY to AED 515 Mn. Moreover, CASA deposits as a percentage of total deposits stood at 26.6% in 3Q25. The Bank's headline loan-to-deposits ratio marginally declined from 74.2% in 2Q25 to 74.0% in 3Q25. Additionally, Ajman Bank's total equity grew 11.4% YOY and 4.5% QOQ to AED 3.4 Bn in 3Q25.

Target Price and Rating

We maintain our ACCUMULATE rating on AJMANBANK with a target price of AED 1.60. AJMANBANK's profitability is mainly driven by solid growth in non-funded income. The Bank's core income declined during the quarter, primarily due to lower asset yield. However, the Bank recorded robust loan growth, with net advances rising by 13.5% YOY to AED 15.2 Bn in 3Q25. Customer deposits also grew 6.5% YOY to AED 20.6 Bn in 3Q25, with CASA ratio accounting for 26.6% of total deposits in 3Q25. Despite an increase in total operating expenses during 3Q25, AJMANBANK cost-to-income ratio improved to 40.8% in 3Q25 from 52.7% in 3Q24, reflecting growth in operating income. The Bank further remains focused on enhancing and optimizing the balance sheet. 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 declined from 10.2% in 2Q25 to 9.2% in 3Q25. Similarly, the calculated provision coverage ratio increased from 46.4% in 2Q25 to 47.2% in 3Q25. AJMANBANK also maintained healthy capitalization with a Tier 1 ratio of 15.8% and total CAR of 16.9% in 3Q25, both well above regulatory requirements. The Bank profitability ratio improved, as calculated ROAA and ROAE increased to 1.9% and 15.4% in 3Q25. Thus, based on our analysis, we maintain our ACCUMULATE rating on the stock.

AJMAN BANK - Relative valuation

(at CMP)	2020	2021	2022	2023	2024	2025F
P/E (x)	65.59	30.15	21.61	NM	9.61	8.93
P/B (x)	1.40	1.33	1.39	1.46	1.25	1.16
BVPS	1.022	1.076	1.027	0.982	1.143	1.237
EPS	0.022	0.047	0.066	NA	0.149	0.160
DPS	NA	NA	NA	NA	0.073	0.073
Dividend Yield	NA	NA	NA	NA	5.1%	5.1%

FABS Estimates & Co Data

AJMAN BANK - P&L

AED Mn	3Q24	2Q25	3Q25	3Q25F	Var.	YOY Ch	QOQ Ch	2024	2025F	Change
Funded income	309	281	285	303	-6.0%	-7.8%	1.5%	1,172	1,119	-4.6%
Funded expenses	-198	-187	-189	-198	-4.8%	-4.8%	1.0%	-765	-737	-3.7%
Net funded income	111	94	96	104	-8.1%	-13.2%	2.6%	407	382	-6.3%
Fees and commissions	41	60	75	63	18.5%	81.4%	25.6%	191	278	46.0%
Income from Invest. Securities	36	47	90	54	65.1%	NM	89.9%	138	225	62.7%
Total non-funded income	77	107	164	117	40.1%	NM	54.1%	329	503	53.0%
Total operating income	188	200	260	222	17.4%	38.6%	30.0%	736	885	20.2%
Operating expenses	-99	-96	-106	-98	8.5%	7.3%	10.5%	-370	-398	7.6%
Pre provision profit	89	104	154	124	24.4%	73.5%	48.0%	367	487	32.9%
Impairment	-9	16	-6	-16	-61.3%	-30.5%	NM	73	45	NM
Profit before tax	80	120	148	108	36.9%	84.9%	22.9%	440	532	21.0%
Corporate tax	-6	-10	-13	-10	35.4%	NM	30.9%	-39	-48	22.4%
Profit for the period	74	110	135	98	37.0%	82.3%	22.2%	401	484	20.9%

FABS estimate & Co Data

AJMAN BANK – KPI

	3Q24	2Q25	3Q25	YOY Ch	QOQ Ch	2024	2025F	Change
Net FI/OI	58.9%	46.7%	36.9%	-2,201	-986	55.3%	43.1%	-1,219
NIM	2.3%	1.9%	1.8%	-51	-6	2.2%	1.9%	-24
NIS	2.5%	2.0%	1.8%	-73	-15	2.4%	2.1%	-31
Fees & comms/OI	21.9%	29.7%	28.7%	677	-100	25.9%	31.5%	556
Invst Securities/OI	19.2%	23.6%	34.4%	1,524	1,086	18.8%	25.4%	663
Cost to income	52.7%	48.0%	40.8%	-1,190	-721	50.2%	45.0%	-525
Impairment/PPP	9.9%	-15.7%	4.0%	-593	1,963	-20.0%	-9.3%	1,071
NP/OI	39.4%	55.1%	51.8%	1,240	-332	54.4%	54.7%	31
Cost of risk	0.2%	-0.4%	0.2%	-9	59	-0.5%	-0.3%	22
Loan-to-deposit	69.4%	74.2%	74.0%	455	-25	71.8%	73.0%	125
NPL (Calculated)	11.8%	10.2%	9.2%	-253	-93	11.4%	9.8%	-163
Coverage excl. collateral (Calculated)	38.9%	46.4%	47.2%	829	83	53.6%	48.0%	-565
Tier 1	18.4%	16.1%	15.8%	-260	-36	18.0%	14.8%	-316
Capital adequacy	19.5%	17.3%	16.9%	-258	-36	19.1%	15.9%	-318
ROAA	NM	1.7%	1.9%	NM	18	1.7%	1.9%	19
ROAE	NM	14.1%	15.4%	NM	127	13.8%	14.8%	98

FABS estimate & Co Data

AJMAN BANK - Key B/S items

AED Mn	3Q24	4Q24	1Q25	2Q25	3Q25	YOY Ch
Net advances	13,404	12,959	13,915	14,825	15,207	13.5%
QOQ change	-3.6%	-3.3%	7.4%	6.5%	2.6%	
Total assets	24,440	22,854	24,497	26,633	28,033	14.7%
QOQ change	0.8%	-6.5%	7.2%	8.7%	5.3%	
Customer deposits	19,310	18,062	18,511	19,977	20,562	6.5%
QOQ change	0.0%	-6.5%	2.5%	7.9%	2.9%	
Total equity	3,025	3,112	3,077	3,224	3,370	11.4%
QOQ change	5.0%	2.9%	-1.1%	4.8%	4.5%	

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	1.60	70.0%	1.12
Relative Valuation (RV)	1.58	30.0%	0.47
Weighted Average Valuation (AED)			1.60
Current market price (AED)			1.44
Upside/Downside (%)			+11.1%

1) Residual Income Method:

We have discounted the economic profit/excess equity using the cost of equity of 8.3%. Cost of equity is calculated by using the 10-year government bond yield of 5.3%, 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)	441
Terminal value (AED, Mn)	502
Book Value of Equity (as of Sep 2025)	3,370
FV to Common shareholders (AED, Mn)	4,313
No. of share (Mn)	2,691
Current Market Price (AED)	1.44
Fair Value per share (AED)	1.60

Residual Income Method

(All Figures in AED Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
Net Profit	484	412	421	432	411	396
(-) Equity Charge	-259	-284	-302	-319	-337	-348
Excess Equity	226	128	119	113	74	47
Discounting Factor	0.98	0.91	0.84	0.77	0.71	0.66
Present Value of Excess Equity	55¹	115	99	87	53	31

Source: FAB Securities, ¹Adjusted for partial year

2) Relative Valuation:

We have used local peers to value AJMANBANK, and it is valued using P/B multiple. It is valued at a 2026 P/B multiple of 1.2x in line with peers.

Company	Market (USD Mn)	P/E (x)		P/B (x)		Dividend Yield (%)	
		2025F	2026F	2025F	2026F	2025F	2026F
Emirates NBD	46,943	7.2	7.3	1.2	1.1	3.8	4.0
Mashreq Bank	13,003	6.5	6.7	1.3	1.2	7.1	8.4
RAK Bank	4,271	5.9	7.9	1.1	1.2	8.3	6.2
Sharjah Islamic Bank	2,519	NM	9.1	NM	1.1	0.1	NA
Abu Dhabi Commercial Bank	31,277	11.0	10.0	1.5	1.4	4.1	4.4
Average		7.6x	8.2x	26.5x	1.2x	4.7%	5.8%
Median		6.8x	7.9x	1.3x	1.2x	4.1%	5.3%
Max		8.1x	9.1x	1.5x	1.2x	7.1%	6.8%
Min		6.3x	7.3x	1.2x	1.1x	3.8%	4.3%

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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