

Emirates NBD (ENBD)

Tight cost control and higher non-core income supported net profit

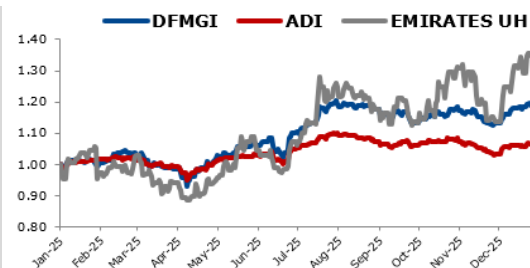
Current Price
AED 31.05

Target Price
AED 33.50

Upside/Downside (%)
+8%

Rating
HOLD

- ENBD guided loan growth lower to the low-to-mid teens for 2026 and expects NIMs to remain in the 3.1%-3.3% range, supported by margin recovery at DenizBank.
- Asset quality improved with reported NPLs declining from 2.5% in 3Q25 to 2.4% in 4Q25, offsetting higher impairments due to inflationary environment in Turkey.
- Capitalization ratio remained strong with a total CAR and CET 1 ratio of 16.6% and 14.4%, respectively, during 4Q25.
- Reflecting strong earnings delivery and a solid capital base, the Board of Directors proposed an ordinary dividend of 100 fils for 2025.



Stock Information

Market Cap (AED, Mn)	196,130.38
Paid Up Capital (Mn)	6,316.60
52 Week High	31.15
52 Week Low	18.25
3M Avg. daily value(AED)	61,096,220

4Q25 Net Profit in line with our estimate

Emirates NBD's (ENBD/the Bank) net profit attributable to equity shareholders increased 26.7% YOY to AED 5,045 Mn in 4Q25, in line with our estimate of AED 5,201 Mn. The increase is primarily supported by rise in funded income on the back of robust loan growth across core markets and KSA, reduced funded expenses, stronger non-funded income, lower operating costs, and a favorable hyperinflation adjustment, partially offset by higher impairment charges, lower other operating income, and an increase in tax expenses.

4Q25 Result Review (AED, Mn)

Total Assets	1,164,442
Total Liabilities	1,019,623
Total Equity	135,453
Total Deposits	786,024
Net Profit	5,045

P&L Highlights

ENBD's funded income rose 1.3% YOY to AED 21,450 Mn in 4Q25, supported by strong loan growth due to robust demand in domestic and international markets, partially offset by a decline in asset yield. On the other hand, funded expenses decreased 6.9% YOY to AED 11,742 Mn in 4Q25, mainly due to lower cost of funds. Thus, net funded income increased 13.3% YOY to AED 9,708 Mn in 4Q25. Fee and commission income increased 20.2% YOY to AED 1,981 Mn in 4Q25, owing to strong growth recorded across its diversified product portfolio. Trading gains almost tripled from AED 205 Mn in 4Q24 to AED 804 Mn in 4Q25, primarily due to improved global markets product offering. Other operating income fell from AED 838 Mn in 4Q24 to AED 159 Mn in 4Q25, mainly due to loss on corresponding derivatives partially offset by an increase in gains from trading securities. Thus, non-funded income rose 9.4% YOY to AED 2,944 Mn in 4Q25. As a result, operating income grew 12.4% YOY to AED 12,652 Mn in 4Q25. The Bank's operating expenses decreased 5.8% YOY to AED 3,861 Mn in 4Q25, driven by disciplined cost management despite inflationary environment in Turkey. Thus, the calculated cost-to-income ratio declined from 36.4% in 4Q24 to 30.5% in 4Q25. ENBD's impairment charges increased 21.0% YOY to AED 1,754 Mn in

Financial Ratios

Dividend Yield (12m)	3.21
Dividend Pay-out (%)	26.95
Price-Earnings Ratio(x)	8.35
Price-to-Book Ratio (x)	1.45
Book Value (AED)	21.44
Return-on Equity (%)	18.58

Stock Performance

5 Days	-0.32%
1 Months	8.19%
3 Months	11.29%
6 Months	15.43%
1 Year	51.46%
Month to Date (MTD%)	11.49%
Quarter to Date (QTD%)	11.49%
Year to Date (YTD%)	11.49%

4Q25. ENBD's tax expense increased 40.8% YOY to AED 1,391 Mn in 4Q25. In addition, the Bank's capital-neutral hyperinflation adjustment decreased 18.7% YOY to AED 594 Mn in 4Q25. The Bank's profit share to NCI holders remained stable at AED 7 Mn in 4Q25.

Balance Sheet Highlights

ENBD's net advances rose 26.2% YOY and 4.8% QOQ to AED 632.8 Bn in 4Q25, mainly driven by strong growth from the domestic and international markets. The gross retail loans rose from AED 148 Bn in 4Q24 to AED 184 Bn in 4Q25, driven by growth across all products and geographies. Corporate portfolio increased from AED 240 Bn in 4Q24 to AED 340 Bn in 4Q25, supported by AED 135 Bn of new loan origination. Deposits increased 17.9% YOY and 3.4% QOQ to AED 786.0 Bn in 4Q25, supported by a rise in CASA deposits. CASA deposits represented 60% of total deposits in 4Q25. Moreover, the ENBD's headline loan-to-deposits ratio increased to 80.5% in 4Q25, compared to 79.4% in 3Q25. Total assets rose 16.8% YOY and 2.2% QOQ to AED 1,164.4 Bn in 4Q25.

Target Price and Rating

We maintain our HOLD rating on ENBD with a revised target price of AED 33.50. The Bank's stock price increased 5.1% since our last rating. ENBD reported strong performance in 4Q25, demonstrated by robust lending growth and higher non-core income coupled with lower operating expenses. ENBD's loan book grew 26.2% YOY and 4.8% QOQ to AED 632.8 Bn during 4Q25, driven by strong growth across both retail and corporate segments coupled with increased momentum from KSA. This demonstrates ENBD's strategic focus on expanding the footprint beyond UAE. KSA continued to outperform, with the Bank's lending expanding 48% in 2025. However, the Bank expects KSA loan growth to moderate from the exceptional 48% pace in 2025, reflecting tighter liquidity, funding discipline and base effects. However, growth should remain well above the Group average, with management prioritizing returns and asset quality over volume. ENBD expects to open two additional branches in 1Q26, increasing its KSA network to 24 branches. The Bank further guided the loan growth downwards to low mid-teens for 2026. On the other hand, deposits grew 17.9% YOY and 3.4% QOQ to AED 786.0 Bn in 4Q25, primarily driven by an increase in CASA, time deposits and DenizBank. CASA deposit increased from AED 371 Bn in 4Q24 to AED 439 Bn in 4Q25, representing 60% of the total deposit. The Bank's reported net interest margin (NIMs) fell 13 bps YOY and increased 15 bps QOQ to 3.5% in 4Q25, driven by improving margins in Türkiye due to rate cuts lowering funding costs, offsetting FED rate cuts flow through impact for the Bank. ENBD further guides NIMs to be in the range of 3.1%-3.3% in 2026, driven by margin recovery at DenizBank. Emirates NBD's sustained investment in digital banking continues to drive robust revenue growth, mitigating the impact of a lower global interest rate environment. The Bank strengthened the fee and wealth income profile, with Digital Wealth AUM exceeding USD 100 Bn, supported by nearly tripling digital wealth assets and a fourfold increase in trading volumes. Additionally, technology remains a key differentiator for the Bank, with over 50 AI initiatives deployed, deep API integration, and mobile platforms serving more than 2.5 Mn active users across the UAE and KSA, enhancing operating efficiency and customer experience. The Bank's reported cost-to-income ratio improved 589 bps YOY and 21 bps QOQ to 30.5% in 4Q25 and going ahead the bank expects the cost to income ratio below 33% for 2026. Furthermore, the Bank's asset quality improved with NPLs declining marginally from 2.5% in 3Q25 to 2.4% in 4Q25, offsetting higher impairments due to inflationary environment in Turkey. Furthermore, coverage ratio remained robust at 159.6% in 4Q25, underscoring a healthy buffer against potential credit losses. ENBD expects the NPL ratio to normalize around c.2.5% going forward, which underpins its strong credit quality and resilient loan book and expects cost of risk in the range of 30-50 bps for 2026. The Bank's capitalization ratio also remained strong with a total CAR and CET 1 ratio of 16.6% and 14.4%, respectively, during 4Q25, well above the minimum requirements. Internationally, ENBD is accelerating expansion across high growth markets, particularly India, supported by the strategic investment in RBL Bank, while maintaining disciplined growth across the wider region. Reflecting strong earnings delivery and a solid capital base, the Board of Directors has proposed an ordinary dividend of 100 fils for 2025. ENBD is also placing greater emphasis on scaling non-funded income streams (FX, payments, wealth management, and investment banking), alongside continued investments in

digital and AI-driven platforms, which are expected to support growth amid a declining interest rate environment. Thus, considering the above-mentioned factors, we maintain our HOLD rating on the stock.

ENBD- Relative valuation

(at CMP)	2021	2022	2023	2024	2025	2026F
P/E	22.36	15.58	9.28	8.67	8.31	8.09
P/B	2.62	2.32	1.94	1.67	1.44	1.27
BVPS	11.777	13.309	15.937	18.501	21.463	24.276
EPS	1.379	1.980	3.323	3.559	3.714	3.813
DPS	0.500	0.600	1.200	1.000	1.000	1.000
Dividend Yield	1.6%	1.9%	3.9%	3.2%	3.2%	3.2%

FABS Estimates & Co Data

ENBD- P&L

AED Mn	4Q24	3Q25	4Q25	4Q25F	Var.	YOY Ch	QOQ Ch	2024	2025	Change
Funded income	21,174	21,567	21,450	21,482	-0.1%	1.3%	-0.5%	78,132	81,975	4.9%
Funded expense	-12,607	-12,604	-11,742	-12,510	-6.1%	-6.9%	-6.8%	-45,736	-46,473	1.6%
Net funded income	8,567	8,963	9,708	8,972	8.2%	13.3%	8.3%	32,396	35,502	9.6%
Fees and commissions	1,648	2,151	1,981	2,236	-11.4%	20.2%	-7.9%	6,793	8,032	18.2%
Trading gain/(loss)	205	763	804	510	57.6%	NM	5.4%	838	2,263	NM
Other Operating Income	838	852	159	1,155	NM	-81.0%	-81.3%	4,107	3,522	-14.2%
Non-funded income	2,691	3,766	2,944	3,901	-24.5%	9.4%	-21.8%	11,738	13,817	17.7%
Operating income	11,258	12,729	12,652	12,874	-1.7%	12.4%	-0.6%	44,134	49,319	11.7%
Operating expenses	-4,099	-3,911	-3,861	-4,382	-11.9%	-5.8%	-1.3%	-13,751	-15,035	9.3%
Pre-provision profit	7,159	8,818	8,791	8,492	3.5%	22.8%	-0.3%	30,383	34,284	12.8%
Impairment	-1,450	8	-1,754	-1,347	30.3%	21.0%	NM	-106	-1,468	NM
PBT	5,709	8,826	7,037	7,145	-1.5%	23.3%	-20.3%	30,277	32,816	8.4%
Tax	-988	-1,522	-1,391	-1,223	13.7%	40.8%	-8.6%	-4,133	-5,831	41.1%
Net profit	4,721	7,304	5,646	5,922	-4.7%	19.6%	-22.7%	26,144	26,985	3.2%
Hyperinflation	-731	-874	-594	-716	-17.0%	-18.7%	-32.0%	-3,136	-2,978	-5.0%
Net Profit adj for hyperinflation	3,990	6,430	5,052	5,206	-3.0%	26.6%	-21.4%	23,008	24,007	4.3%
NCI	-7	-9	-7	-6	27.3%	0.0%	-22.2%	-35	-26	-25.7%
Profit for the period	3,983	6,421	5,045	5,201	-3.0%	26.7%	-21.4%	22,973	23,981	4.4%

FABS estimate & Co Data

ENBD- KPI

	4Q24	3Q25	4Q25	YOY	QOQ	2024	2025	Change
Net FI/OI	76.1%	70.4%	76.7%	63	632	73.4%	72.0%	-142
NIM (Calculated)	3.7%	3.4%	3.5%	-16	16	3.7%	3.4%	-21
NIS	2.7%	2.5%	2.7%	9	25	2.7%	2.6%	-8
Fees & comms/OI	14.6%	16.9%	15.7%	102	-124	15.4%	16.3%	89
Other non-funded/OI	7.4%	6.7%	1.3%	-619	-544	9.3%	7.1%	-216
Trading/OI	1.8%	6.0%	6.4%	453	36	1.9%	4.6%	269
Cost to income (calculated)	36.4%	30.7%	30.5%	-589	-21	31.2%	30.5%	-67
Impairment/PPP	20.3%	-0.1%	20.0%	-30	2,004	0.3%	4.3%	393
Tax/PBT	17.3%	17.2%	19.8%	246	252	13.7%	17.8%	412
NP/OI	35.4%	50.4%	39.9%	450	-1,057	52.1%	48.6%	-343
Loan-to-deposit (Headline)	75.2%	79.4%	80.5%	528	112	75.2%	80.5%	528
NPL - Calculated	3.3%	2.5%	2.4%	-96	-8	3.3%	2.4%	-96
NPL Coverage - Calculated	156.2%	160.4%	159.6%	343	-82	156.2%	159.6%	343
CET1	14.7%	14.7%	14.4%	-29	-32	14.7%	14.4%	-29
Capital Adequacy	17.1%	16.9%	16.6%	-51	-32	17.1%	16.6%	-51
ROAE	20.7%	18.3%	18.6%	-207	29	20.7%	18.6%	-207
ROAA	2.5%	2.2%	2.2%	-25	3	2.5%	2.2%	-25

FABS estimate & Co Data

ENBD- Key B/S items

AED Mn	4Q24	1Q25	2Q25	3Q25	4Q25	YOY
Net advances	501,627	520,909	545,173	603,648	632,847	26.2%
QOQ ch	1.6%	3.8%	4.7%	10.7%	4.8%	
Total assets	996,582	1,030,570	1,085,641	1,139,083	1,164,442	16.8%
QOQ ch	4.2%	3.4%	5.3%	4.9%	2.2%	
Customer deposits	666,777	697,595	736,714	760,351	786,024	17.9%
QOQ ch	3.4%	4.6%	5.6%	3.2%	3.4%	
Total equity (excluding minority & T1)	116,861	117,468	123,881	130,654	135,453	15.9%
QOQ ch	2.5%	0.5%	5.5%	5.5%	3.7%	

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	33.28	70.0%	23.30
Relative Valuation (RV)	34.02	30.0%	10.20
Weighted Average Valuation (AED)			33.50
Current market price (AED)			31.05
Upside/Downside (%)			+7.9%

1) Residual Income Method:

We have discounted the economic profit/excess equity using the cost of equity of 9.2%. Cost of equity is calculated by using 10-year government bond yield of 4.2%, beta of 0.85 and equity risk premium of 4.8%. 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)	33,557
Terminal value (AED, Mn)	41,018
Book Value of Equity (as of Dec 2025)	1,35,453
FV to Common shareholders (AED, Mn)	2,10,028
No. of share (Mn)	6,311
Current Market Price (AED)	31.05
Fair Value per share (AED)	33.28

Residual Income Method

(All Figures in AED Mn)	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
Net Profit	24,065	24,405	24,176	23,816	23,382
(-) Equity Charge	-12,409	-14,036	-15,694	-17,330	-18,934
Excess Equity	11,655	10,369	8,483	6,486	4,448
Discounting Factor	0.92	0.84	0.77	0.71	0.65
Present Value of Excess Equity	10,748	8,759	6,564	4,598	2,889

Source: FAB Securities

2) Relative Valuation:

We have used local peers to value ENBD and it is valued using the PB multiple. It is valued at a 2026 PB multiple of 1.4x in line with peers.

Company	Market (USD Mn)	P/B (x)		P/E (x)		Dividend Yield (%)	
		2026F	2027F	2026F	2027F	2026F	2027F
Sharjah Islamic Bank	3,066	1.1	NA	9.1	NA	NA	NA
Commercial Bank of Dubai	7,802	1.5	1.4	10.1	9.5	NA	NA
Mashreq Bank	14,200	1.3	1.2	7.3	7.0	NA	NA
RAK Bank	4,764	1.4	1.3	8.2	8.3	6.1%	6.0%
Abu Dhabi Commercial Bank	31,280	1.4	1.3	10.2	9.1	4.3%	4.7%
Dubai Islamic Bank	19,420	1.5	1.4	10.1	9.7	4.8%	5.0%
Average		1.4x	1.3x	9.2x	8.7x	5.1%	5.2%
Median		1.4x	1.3x	9.6x	9.1x	4.8%	5.0%
Max		1.5x	1.4x	10.1x	9.5x	5.4%	5.5%
Min		1.3x	1.3x	8.4x	8.3x	4.6%	4.8%

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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