

UAE Banking Sector

Sustained Credit Momentum Supports Earnings Despite Funding Pressure

Sector Weighting:
MARKET WEIGHT

Top Picks and Rating Changes

UAE banks enter 3Q26 with sustained credit momentum, following broad-based balance-sheet expansion and healthy origination activity in 2Q26. Gross credit across the UAE banking sector rose 8.9% YTD to AED 2.8 Tn in July 2026, supported by growth in both domestic and credit outside the UAE. Domestic credit rose 7.7% YTD to AED 2.2 Tn in July 2026, driven by double-digit growth in credit to government, public sector, and other financial corporations, along with single-digit growth in credit to the private sector. Credit outside the UAE recorded strong growth of 13.8% YTD to AED 592.9 Bn in July 2026. UAE banks continued to see strong growth in their overseas credit portfolios, supported by robust credit demand across the GCC, with Saudi Arabia emerging as an important contributor given its strong lending momentum. Corporate lending pipelines remain particularly constructive, with sustained demand from large corporates, GREs and financial institutions, while retail financing continues to benefit from mortgages and consumer lending. As a result, credit growth is expected to remain healthy through 3Q26, although a more uncertain macroeconomic and geopolitical environment could moderate activity in selected segments, particularly SME and trade finance. Supportive CBUAE measures and healthy banking-system liquidity should buffer near-term funding and liquidity pressures.

Funding and liquidity conditions remained comfortable in 2Q26, supported by CBUAE measures and healthy deposit mobilisation, although the funding mix and deposit costs are becoming increasingly important for earnings. The CBUAE provided AED 31 Bn through its Contingent Liquidity Insurance Facility (CLIF) on 31 March 2026, following an initial AED 500 Mn auction on 24 March. In addition, banks were permitted to access up to 30% of their cash reserve requirement, releasing an estimated AED 80–90 Bn of system liquidity. This was a larger liquidity lever than CLIF, with ten UAE banks reporting a combined decline of close to AED 40 Bn in cash and central-bank balances in 1H26, as liquidity was redeployed into interbank placements, investment securities and customer loans. However, as these measures are temporary, banks will need to rebuild reserve balances as CBUAE support unwinds through 2H26, potentially adding to liquidity and funding costs. Deposit mobilisation remained healthy, although competition has encouraged some migration towards higher-cost term deposits. ADCB's deposits grew 14% YOY in 2Q26, with CASA at 45.7%, while ADIB maintained a 64% CASA ratio. ENBD's CASA ratio, excluding RBL and DenizBank, stood at 57%, reflecting some shift towards time deposits. At the sector level, non-interest-bearing deposits declined to 28% of total deposits in 2Q26 from 31% a year earlier. Meanwhile, loans grew 8.9% YTD versus 6.2% YTD deposit growth, although the loan-to-deposit ratio remained comfortable at around 80%. The sector LCR moderated from 138.1% in 1Q26 to 133.7% in 2Q26 but remained well above regulatory requirements. The 3M EIBOR–SOFR spread also widened during 2026, indicating a relative increase in UAE short-term funding rates. The spread was broadly neutral at the end of February and remained slightly negative through March, around the onset of the geopolitical conflict in the Middle East. It turned positive in April and widened thereafter, reaching around 33 bps by early September as 3M EIBOR increased faster than 3M SOFR. By 30 September 2026, 3M EIBOR stood at 4.32%. While the widening spread cannot be attributed solely to geopolitical developments, it points to higher local funding-cost pressure. Looking ahead, the reserve rebuild, potential withdrawal of CBUAE support and continued competition for term deposits could constrain NIM expansion in 3Q26. Strong CASA

franchises, disciplined deposit pricing and comfortable liquidity buffers should provide some offset, while continued loan growth and credit-cost discipline will remain important in supporting earnings and returns.

Non-funded income remained a meaningful contributor to sector earnings in 2Q26 and is expected to provide further support in 3Q26. Aggregate non-funded income stood at AED 17.2 Bn in 2Q26, broadly stable QOQ versus AED 17.8 Bn in 1Q26, while increasing 12.6% YOY from AED 15.2 Bn in 2Q25. As a result, non-interest income accounted for 37.4% of total income in 2Q26, up from 35.7% in 2Q25, highlighting the growing contribution of diversified revenue streams to banks earnings. Underlying fee-generating businesses should remain supportive through 2H26, with transaction banking, cards, trade finance, wealth management and treasury activities benefiting from higher customer activity, continued loan-book expansion and cross-selling opportunities. This should provide a partial offset to pressure on net interest income from elevated funding costs, particularly for banks with strong corporate, transaction-banking and wealth-management franchises. While trading and other market-sensitive income may remain volatile on a QOQ basis, recurring fee income should provide a relatively more stable source of revenue growth. The increasing contribution of non-interest income, alongside continued cost optimisation and positive operating leverage, should support earnings resilience in a less favourable rate environment. However, elevated funding costs and any increase in precautionary provisioning could moderate overall earnings growth, particularly if macroeconomic and geopolitical uncertainties persist.

Asset quality is expected to remain supportive of earnings in 3Q26, with UAE banks entering the quarter with low NPL ratios, strong provision coverage and limited Stage 2/3 migration. NPLs net of provisions declined from 6.3% of gross NPLs in 1Q26 to 5.1% in 2Q26, while the NPL ratio fell from 2.8% to 2.5%, its lowest level since 4Q13. At 1H26, ENBD, ADCB and ADIB reported NPL ratios of 2.1%, 1.7% and 2.2%, respectively, reflecting a sound underlying asset-quality position. Continued legacy NPL resolution, proactive recoveries and disciplined underwriting should provide some buffer against potential deterioration amid a more uncertain macroeconomic and geopolitical environment. The CBUAE's support measures have also helped contain near-term asset-quality pressure. Under its five-pillar strategy, banks were permitted to provide repayment deferrals to borrowers facing temporary servicing difficulties. As of 30 July 2026, loans totalling AED 13.5 Bn had been deferred for 135,031 customers, comprising AED 9.1 Bn for large corporates, AED 2.4 Bn for SMEs and AED 2.0 Bn for individuals. At around 0.5% of sector loans, uptake has remained modest, limiting the near-term impact on margins and asset quality. However, with deferrals available through September, uptake could increase in 3Q26 and warrants monitoring. Provisioning trends suggest that credit costs could become more variable through 2H26. ENBD, ADCB, DIB and FAB collectively booked around AED 2 Bn of conflict-related overlays in 1Q26, equivalent to roughly 12bps of loans, while ENBD, ADCB and DIB booked no additional overlays in 2Q26. FAB added AED 350 Mn after lowering its UAE GDP growth assumption to 3%, while ADIB has not booked an overlay to date. At the same time, the average downside scenario weighting used by the four largest banks declined to 37% in 2Q26 from around 70% in 1Q26, indicating some normalisation in ECL assumptions. Coverage remained robust, although cash provision coverage eased to around 2.5% of risky assets from 2.8% in 1Q26. Overall, credit costs should remain manageable in 3Q26, supported by strong coverage, limited Stage 2/3 migration, recoveries and the sector's favourable asset-quality starting point. However, as the benefit from legacy recoveries normalises and ECL assumptions are recalibrated, provisioning could face some upward pressure, particularly if macroeconomic or geopolitical conditions deteriorate. Selective lending in more cyclical segments should provide an additional buffer, supporting continued asset-quality resilience through 3Q26.

The UAE's investment cycle remains a key medium-term structural driver of bank credit growth. Continued investment across infrastructure, energy, transport, real estate and other strategic sectors is generating sizeable financing requirements, with opportunities increasingly extending beyond traditional government-linked activity towards private sector projects. The pipeline of government-led projects, including Dubai Metro's AED 34 Bn Gold Line and AED 20.5 Bn Blue Line, the expansion of Al Maktoum International Airport and continued Etihad Rail development, should provide multi-year financing opportunities across contractors, suppliers and related businesses. Investment in renewable energy, power generation and storage should provide further project and corporate lending opportunities. Against a backdrop of tighter capital-market conditions, higher Sukuk yields could make market-based funding less attractive and encourage corporates to shift toward bank financing. UAE banks with strong deposit franchises would be better positioned to capture this incremental credit demand while containing funding-cost pressures. Against this backdrop, healthy corporate pipelines, resilient domestic demand and sustained project-related financing should provide UAE banks with continued visibility on loan growth through 2H26 and beyond. Ongoing digitalisation, AI adoption and cost optimisation should support efficiency, while the ability to convert balance-sheet expansion into sustainable earnings will increasingly depend on deposit-cost management, NIM protection and disciplined credit costs.

Our top picks:

- 1) **ENBD** (Trades at 8.15x/1.27x 2026E P/E and P/B multiple with a dividend yield of 3.2% and a Target Price (TP) of AED 33.5). ENBD reported strong underlying loan growth, resilient earnings and balance-sheet strength. Gross lending increased 9.8% QOQ to AED 771.3 Bn in 2Q26, with UAE corporate and retail demand remaining healthy, while deposits also continued to grow strongly. The completion of the RBL Bank acquisition adds c. AED 44 Bn of loans and AED 43 Bn of deposits, providing incremental growth and diversification, with 2026 guidance excluding the contribution from RBL. Asset quality remains sound, with the NPL ratio improving to 2.1%, while CET1 of 13.6% in 2Q26 provides adequate balance-sheet expansion. Combined with strong fee-income growth and disciplined loan pricing, ENBD's scale, diversification and capital position should support continued earnings resilience through 3Q26.
- 2) **ADIB** (Trading at 12.43x/2.76x 2026E P/E and P/B multiple with a dividend yield of 4.3% and Target Price (TP) of AED 26.00). ADIB is supported by financing growth ahead of guidance, strong retail momentum and industry-leading profitability. Customer financing increased 6.1% QOQ in 2Q26, with retail financing up 23% YOY and home finance growing 37% YOY, while deposits increased 15% YOY and CASA remained healthy at 64%. Despite continued funding-cost pressures, ROE remained robust at 28.2% in 1H26, while asset quality continued to strengthen, with the NPA ratio improving to 2.2% and coverage excluding collateral exceeding 100%. With financing demand remaining resilient across retail, corporate and government-related segments, and management targeting ROE above 25%, ADIB's combination of strong balance-sheet growth, superior profitability and resilient credit metrics supports continued earnings momentum.
- 3) **DIB** (Trades at 7.73x/1.12x 2026E P/E and P/B multiple with a dividend yield of 4.8% and a Target Price (PT) of AED 9.20). DIB is supported by resilient financing growth, strong returns and continued improvement in credit quality. Net financing assets increased 3.8% QOQ to AED 281 Bn in 2Q26, with more than AED 43 Bn of new financing generated across consumer and wholesale segments during 1H26. Profitability remained robust, with pre-tax ROTE close to 20%, while the NPF ratio improved to 2.4% and cost of risk remained contained at 28 bps in 2Q26. The bank's 13.0% CET1 ratio provides sufficient headroom to support further balance-sheet growth, while its deliberate shift towards higher-return consumer, commercial and selected corporate financing should improve capital efficiency. With the corporate financing pipeline strengthening into 2H26 and management maintaining a disciplined approach to capital deployment, DIB remains well positioned to sustain financing growth and earnings resilience despite near-term funding-cost pressures.

Key Industry Themes

The UAE economy maintained its growth momentum in 1Q26, with real GDP expanding 3.0% YOY, driven by robust non-hydrocarbon activity, particularly in finance and insurance, construction, and wholesale and retail trade. However, the 2026 economic outlook remains subject to heightened uncertainty amid regional geopolitical tensions, volatile energy markets and ongoing supply-chain disruptions. Against this backdrop, GDP growth is projected at 1.6% in 2026, supported by strong macroeconomic fundamentals, sizeable fiscal buffers and proactive policy measures, including the CBUAE's Financial Institution Resilience Package, Dubai's AED 2.5 Bn economic support initiative and continued infrastructure-related public spending. Meanwhile, the non-oil private sector continued to expand in July 2026, although growth remained moderate amid geopolitical uncertainties and supply-chain constraints. Growth is expected to accelerate to 10.4% in 2027, driven by the anticipated recovery in hydrocarbon output alongside sustained momentum in the non-hydrocarbon sector. The S&P UAE PMI increased from 50.8 in June 2026 to 52.7 in July 2026, indicating an improvement in business conditions, although the index remained below the long-term average of 54.3. New order growth accelerated to its fastest pace since February, supported by a gradual recovery in customer confidence as regional tensions eased. Domestic infrastructure projects also provided additional support to business activity, although tight client budgets and intense market competition continued to weigh on growth. Export sales increased for the first time since March, with non-oil companies reporting higher inflows of export work amid a recovery in regional activity. While export growth remained modest, it reached its fastest pace in a year. Outstanding business also accumulated at the strongest rate in four months, reflecting stronger customer demand as well as supply constraints arising from freight congestion. In response to stronger demand and rising backlogs, companies increased output at a slightly faster pace during July. However, the rate of output growth remained below historical norms, indicating that overall business activity continued to expand at a relatively moderate pace.

The CBUAE projects UAE inflation at 2.4% in 2026, with contained housing costs, regulated staple food prices and close monitoring of key consumer prices supporting price stability. Easing global cost pressures and effective policy measures are expected to keep inflation moderate, with the rate projected to decline further to 1.9% in 2027, supported by improving supply conditions and softer energy prices. The UAE banking system's domestic advances grew 1.5% MOM to AED 2,798.9 Bn in July 2026, supported by strong lending momentum across public sector (GREs), private sector segments, lending from government and credit growth outside UAE. The increase was primarily driven by the government segment, which expanded 1.7% MOM to AED 255.3 Bn in July 2026, followed by private sector lending, which grew 1.6% MOM to AED 1,573.5 Bn in July 2026 and public sector (GRE) lending, which recorded a marginal growth of 0.2% MOM to AED 351.4 Bn in July 2026. Credit growth outside UAE rose 1.8% MOM to AED 592.9 Bn in July 2026. Deposits increased 1.1% MOM to AED 3,509.8 Bn in July 2026, supported by an increase in resident and non-resident deposits. Resident deposits grew 0.5% MOM to AED 3,198.4 Bn in July 2026, driven by corporates, individuals and the GRE sector. Meanwhile, non-resident deposits rose 6.8% MOM to AED 311.4 Bn in July 2026. Total assets grew 1.3% MOM and 12.8% YOY to AED 5,669.1 Bn in July 2026. However, liquid assets decreased from AED 902.1 Bn in 1Q26 to AED 797.4 Bn in 2Q26, with the liquid assets-to-total assets ratio decreasing from 16.4% in 1Q26 to 14.4% in 2Q26. On the earnings front, gross income fell marginally from AED 46.3 Bn in 1Q26 to AED 45.9 Bn in 2Q26 as the effect of interest rate cut in 2025 got reflected gradually over the quarters, while interest margin income increased from AED 28.5 Bn in 1Q26 to AED 28.8 Bn in 2Q26. Profitability metrics remained robust, with the sector delivering a Return on Assets (ROA) of 1.8% and a Return on Equity (ROE) of 15.2% in 2Q26.

The average cost-to-income ratio of UAE banks remained stable, with the sector average at 35.9% in 2Q26. FAB and CBD continued to deliver the strongest efficiency levels, posting cost-to-income ratios of 21.0% and 26.5%, respectively, in 2Q26. On the other hand, CBI Bank recorded the highest cost-to-income ratio of 73.3% in 2Q26. SIB recorded the sharpest quarterly improvement, with its ratio declining from 36.3% in 1Q26 to 31.9% in 2Q26. The annualised cost of risk for the UAE banks under our coverage decreased from 0.59 bps in 1Q26 to 0.33 bps in 2Q26. In line with recent trends, three banks in our coverage recorded impairment reversals in 2Q26, while the remainder continued to report net provisioning charges. Additionally, the UAE banking sector continued to exhibit strong asset quality metrics, with the NPL ratio improving to 2.5% in 2Q26 from 2.8% in 1Q26, supported by robust recoveries and prudent credit underwriting standards. Capital Adequacy Ratio (CAR) increased to 17.0% in 2Q26, compared to 16.8% in 1Q26, remaining comfortably above regulatory requirements. Tier 1 capital ratio increased from 15.7% in 1Q26 to 15.8% in 2Q26. Common Equity Tier 1 (CET1) capital increased from AED 548.4 Bn in 1Q26, to AED 579.0 Bn in 2Q26, with the CET1 ratio increasing to 14.5% in 2Q26, compared to 14.3% in 1Q26. During 2Q26, Risk-Weighted Assets (RWA) expanded to AED 3,994.3 Bn in 2Q26, compared to AED 3,840.6 Bn in 1Q26, reflecting continued growth in lending and balance sheet activity.

Market Weight

- We maintain a **Market Weight** stance on the UAE banking sector, with 6 BUY, 3 ACCUMULATE, 1 HOLD, and 1 REDUCE recommendations across our 11 covered banks.
- We have revised our ratings on the following banks while keeping their target prices unchanged on **ADIB** and **ADCB** (BUY to ACCUMULATE), **RAKBANK** (ACCUMULATE to HOLD), while **MASQ** has been downgraded from HOLD to REDUCE with a revised target price.
- We continue to maintain BUY ratings on ENBD, DIB, SIB, Ajman Bank, CBI, and UAB.

Target price and rating:

Companies Name	Target Price (AED)	Current Market Price (AED)	Potential change	Rating
CBI	1.05	0.89	+18.0%	BUY
MASQ	305.00	326.00	-6.4%	REDUCE
SIB	3.85	2.98	+29.2%	BUY
AJMANBANK	1.80	1.46	+23.3%	BUY
RAKBANK	10.00	10.02	-0.2%	HOLD
CBD	10.70	9.64	+11.0%	ACCUMULATE
ADCB	18.00	16.28	+10.6%	ACCUMULATE
ADIB	26.00	23.18	+12.2%	ACCUMULATE
DIB	9.20	7.24	+27.1%	BUY
ENBD	35.50	30.84	+15.1%	BUY
UAB	1.60	1.33	+20.3%	BUY

Source: FABS from co data

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Industry Themes**RAKBANK raised USD 600 Mn through 5-year senior unsecured bond**

National Bank of Ras Al Khaimah (RAKBANK) completed a USD 600 Mn benchmark issuance of five-year senior unsecured Regulation S notes under its EMTN Programme. The notes carry a 5.375% coupon and was priced at 125 bps over US Treasuries, compared with initial price guidance of UST +155 bps, resulting in a reoffer price of 99.835 and a yield of 5.413%. The issuance generated demand exceeding USD 1.2 Bn, excluding participation by joint lead manager. The bonds are expected to receive Baa1 and BBB+ ratings from Moody's and Fitch, respectively, and will be listed on Euronext Dublin.

Mashreqbank raised USD 500 Mn through perpetual AT1 issuance

Mashreqbank raised USD 500 Mn through a benchmark perpetual non-call 5.5-year Additional Tier 1 (AT1) capital securities issuance. The securities were issued at par with a fixed annual coupon of 6.625% and priced at a spread of 242 bps over US Treasuries, improving from initial price guidance in the 6.875% area. Investor demand exceeded USD 1 Bn, including USD 85 Mn from joint lead managers. The AT1 securities are scheduled for issuance on July 7, 2026, feature a first call date of July 7, 2031, and are expected to be listed on the Global Exchange Market of Euronext Dublin. Mashreqbank's latest issuance was priced with ratings of A3 (Stable) by Moody's and A (Stable) by S&P and Fitch.

Ajman Bank raised USD 300 Mn through perpetual AT1 sukuk

Ajman Bank priced a USD 300 Mn unrated Regulation S perpetual non-call 5.5-year Additional Tier 1 (AT1) capital sukuk under a Mudaraba structure, marking the bank's first capital securities transaction. The transaction was priced at a final yield of 6.50%, improving from initial price guidance in the 7.0% area. The issuance generated an orderbook of more than USD 500 Mn, excluding joint lead manager interest. The transaction follows the bank's inaugural USD 500 Mn five-year sukuk issued in April 2025, which carried a fixed profit rate of 5.125%.

Commercial Bank of Dubai raised USD 550 Mn perpetual AT1 capital securities

Commercial Bank of Dubai (CBD) completed the pricing of a USD 550 Mn benchmark-sized unrated Regulation S perpetual non-call six-year Additional Tier 1 (AT1) capital securities issuance, after increasing the offering size from the initial USD 500 Mn. The securities were issued at par with a 6.625% coupon and yield, compared with initial price guidance in the low 7.0% area. Investor demand reached a peak of USD 825 Mn, while the final orderbook exceeded USD 700 Mn, excluding joint lead manager interest. The issuance carries a reset margin of 225.4 bps over US Treasuries and is expected to be listed on Euronext Dublin and Nasdaq Dubai. The transaction comes after the bank redeemed its USD 600 Mn AT1 bond in April.

Emirates NBD to acquire HSBC Egypt's retail banking operations

Emirates NBD's wholly owned Egyptian subsidiary agreed to acquire HSBC Egypt's retail banking operations, covering the associated portfolio, branches, ATMs, customer base and relevant employees. The transaction is subject to regulatory clearances and other closing conditions and is targeted for completion in 2H27. HSBC Group expects to generate a pre-tax gain of c. USD 300 Mn from the sale.

ADIB planned AED 1.75 Bn rights issue to raise capital

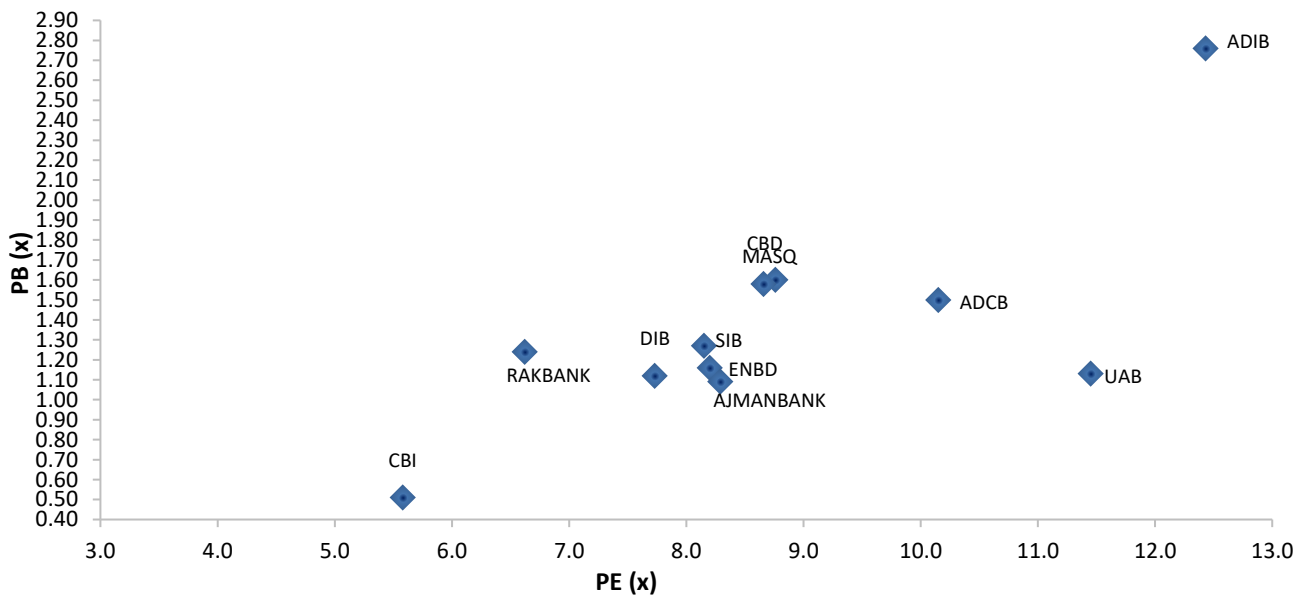
Abu Dhabi Islamic Bank (ADIB) planned to raise up to AED 1.75 Bn through a rights issue comprising 106.4 Mn new shares at a nominal value of AED 1 each, with a share premium of AED 15.45. The proposed issue price was based on an independent financial adviser's assessment and remains subject to approvals from the Central Bank of the UAE and the Capital Markets Authority (CMA). ADIB's General Assembly is scheduled to consider the proposal on October 6.

Relative valuation and rating

Relative valuation

Based on our 2026 estimates, seven out of 11 UAE banks are trading below the average book value. Also, except ADIB, UAB and ADCB all the other UAE banks are trading at a single-digit P/E multiple based on 2026 financials. The P/B ranges between 0.51x (CBI) and 2.76x (ADIB), and the P/E ranges between 5.58x (CBI) and 12.43x (ADIB) based on 2026 projected financials. The UAE banks under our coverage are trading at an average P/E and P/B multiple of 8.73x and 1.36x, respectively, based on 2026 projected financials.

FY26 P/E (X-axis) vs. FY26 P/B (Y-axis)



Source: FABS from Co Data

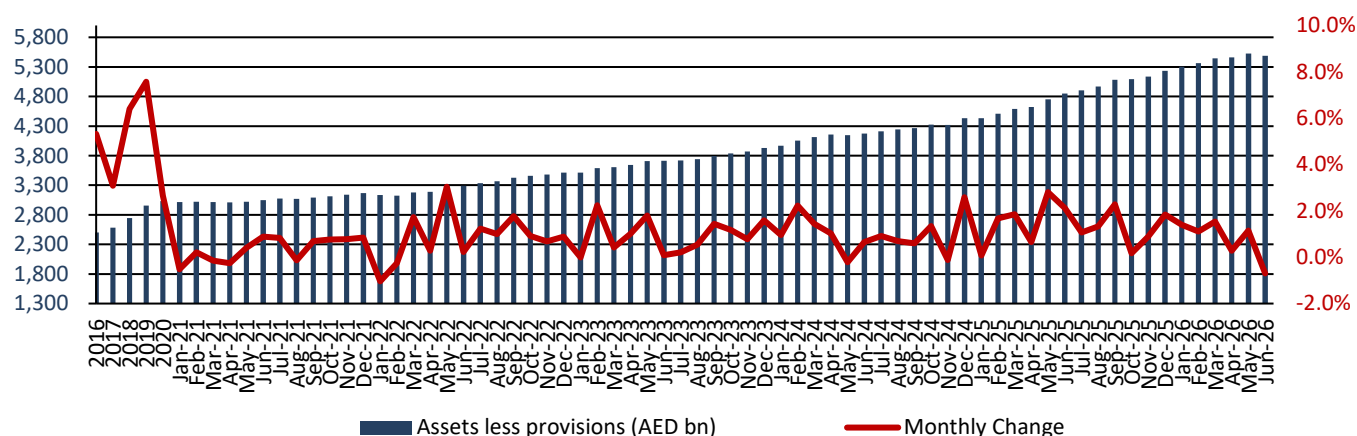
Banking indicators

1. Assets

Total net assets declined marginally 0.7% MOM in June 2026

UAE banking system's total net assets decreased marginally 0.7% MOM to AED 5,593.8 Bn in June 2026.

UAE banking system assets (AED Bn) vs. Monthly change, 2016- June 2026



Source: FABS from CBUAE

ENBD witnessed the highest growth in total assets on a QOQ basis in 2Q26

ENBD's total assets recorded the highest growth of 8.7% QOQ to AED 1,322.5 Bn in 2Q26, followed by MASQ with a 6.2% QOQ growth to AED 365.7 Bn in 2Q26. Furthermore, ADIB witnessed a 5.9% QOQ rise in total assets to AED 303.9 Bn in 2Q26, followed by SIB and CBI, with total assets growing by 4.0% on a QOQ basis to AED 94.5 Bn and AED 23.0 Bn, respectively, in 2Q26. UAB and AJMANBANK recorded a 3.2% QOQ growth, reaching AED 27.7 Bn and AED 33.9 Bn, respectively, in 2Q26. All banks under our coverage reported growth in total assets on a YOY and QOQ basis, except CBD with total assets declining on a QOQ basis. FAB Bank declined the highest with 3.6% on a QOQ basis to AED 1,408.7 Bn in 2Q26.

Total assets: UAE Banks

(AED Mn)	2Q25	3Q25	4Q25	1Q26	2Q26	QOQ ch
CBI	20,579	20,772	21,945	22,096	22,978	4.0%
YOY change	3.0%	-1.1%	5.0%	7.4%	11.7%	
MASQ	293,635	305,464	334,634	344,305	365,748	6.2%
YOY change	15.8%	20.1%	25.1%	26.3%	24.6%	
SIB	84,708	86,580	90,313	90,867	94,545	4.0%
YOY change	14.1%	15.8%	14.0%	9.8%	11.6%	
AJMANBANK	26,633	28,033	32,863	32,829	33,865	3.2%
YOY change	9.9%	14.7%	43.8%	34.0%	27.2%	
RAKBANK	94,961	99,459	105,018	107,323	108,611	1.2%
YOY change	18.1%	18.6%	18.9%	18.2%	14.4%	
CBD	150,607	163,409	160,308	157,922	154,505	-2.2%
YOY change	6.6%	16.5%	14.4%	11.9%	2.6%	
ADCB	718,502	744,273	773,654	808,857	833,184	3.0%
YOY change	17.4%	16.5%	18.5%	19.0%	16.0%	

ADIB	260,352	269,734	280,753	287,065	303,916	5.9%
YOY change	22.0%	21.2%	24.3%	17.9%	16.7%	
DIB	373,479	392,953	415,948	419,916	423,170	0.8%
YOY change	15.8%	19.4%	20.7%	18.2%	13.3%	
ENBD	1,085,641	1,139,083	1,164,442	1,216,751	1,322,466	8.7%
YOY change	16.6%	19.1%	16.8%	18.1%	21.8%	
UAB	23,921	24,465	27,000	26,893	27,748	3.2%
YOY change	20.7%	22.2%	25.8%	14.8%	16.0%	
FAB	1,322,000	1,382,281	1,376,862	1,462,000	1,408,739	-3.6%
YOY change	12.5%	12.4%	13.5%	11.9%	6.6%	

Source: FABS from co data

FAB remained the market leader with the highest total assets share in 2Q26.

ENBD recorded the highest growth in total asset share, rising by 1.74 pp QOQ to 23.6% in 2Q26. MASQ witnessed the second-highest growth in total asset share, increasing by 0.34 pp QOQ to 6.5% in 2Q26. ADCB also recorded growth, rising by 0.34 pp QOQ to 14.9% in 2Q26. However, FAB recorded the largest decline in total asset share, falling 1.13 pp QOQ to 25.2% in 2Q26, compared with 26.3% in 1Q26, although FAB continued to hold the largest market share among UAE banks. Additionally, CBI held the smallest total assets market share at 0.4% in 2Q26, followed by UAB at 0.5% and AJMANBANK at 0.6% in 2Q26.

Total assets share

	2Q25	3Q25	4Q25	1Q26	2Q26	QOQ: pp
CBI	0.4%	0.4%	0.4%	0.4%	0.4%	0.01%
MASQ	5.9%	5.9%	6.3%	6.2%	6.5%	0.34%
SIB	1.7%	1.7%	1.7%	1.6%	1.7%	0.05%
AJMANBANK	0.5%	0.5%	0.6%	0.6%	0.6%	0.01%
RAKBANK	1.9%	1.9%	2.0%	1.9%	1.9%	0.01%
CBD	3.0%	3.1%	3.0%	2.8%	2.8%	-0.08%
ADCB	14.4%	14.3%	14.5%	14.6%	14.9%	0.34%
ADIB	5.2%	5.2%	5.3%	5.2%	5.4%	0.27%
DIB	7.5%	7.6%	7.8%	7.6%	7.6%	0.01%
ENBD	21.8%	21.9%	21.8%	21.9%	23.6%	1.74%
UAB	0.5%	0.5%	0.5%	0.5%	0.5%	0.01%
FAB	26.6%	26.6%	25.8%	26.3%	25.2%	-1.13%

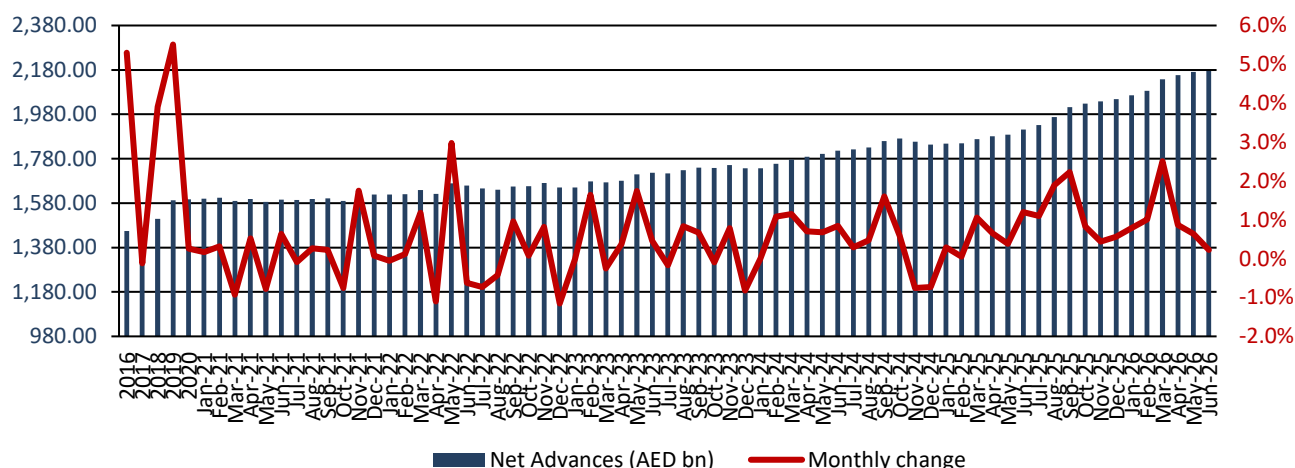
Source: FABS from Co Data, CBUAE

2. Advances

UAE Bank's net advances rose marginally 0.2% MOM in June 2026

Net advances in the UAE banking sector increased marginally 0.2% MOM to AED 2,175.4 Bn in June 2026.

UAE banking system net advances (AED Bn) vs. Monthly change, 2016 – June 2026



Source: FABS from CBUAE

All banks recorded a QOQ growth in net advances during 2Q26, except FAB

ENBD recorded the highest net advances growth of 10.1% QOQ to AED 746.4 Bn in 2Q26, followed by SIB with 6.7% QOQ growth to AED 49.9 Bn in 2Q26. ADIB and RAKBANK's net advances rose 6.4% QOQ and 4.9% QOQ to AED 206.2 Bn and AED 58.1 Bn, respectively, in 2Q26. ADCB experienced 4.4% QOQ growth to AED 444.6 Bn, followed by CBI at 4.2% QOQ to AED 14.2 Bn in 2Q26. DIB and CBD recorded growth of 3.8% QOQ and 2.1% QOQ to AED 281.0 Bn and AED 104.2 Bn, respectively in 2Q26. Moreover, UAB's net advances grew 1.6% QOQ to AED 15.3 Bn, followed by AJMANBANK at 1.2% QOQ to AED 19.7 Bn in 2Q26, while MASQ recorded the lowest QOQ growth of 0.8% to AED 169.1 Bn in 2Q26. FAB's net advances declined 1.0% QOQ to AED 661.2 Bn in 2Q26.

Net advances: UAE banks

(AED Mn)	2Q25	3Q25	4Q25	1Q26	2Q26	QOQ ch
CBI	12,946	12,782	12,928	13,632	14,203	4.2%
YOY change	3.5%	-1.0%	-4.8%	2.0%	9.7%	
MASQ	134,120	143,085	164,349	167,697	169,088	0.8%
YOY change	17.8%	20.7%	31.7%	33.3%	26.1%	
SIB	42,987	43,663	45,550	46,745	49,873	6.7%
YOY change	22.1%	19.5%	19.6%	16.0%	16.0%	
AJMANBANK	14,825	15,207	17,730	19,454	19,693	1.2%
YOY change	6.6%	13.5%	36.8%	39.8%	32.8%	
RAKBANK	48,662	51,228	53,246	55,381	58,082	4.9%
YOY change	18.7%	10.9%	12.8%	16.4%	19.4%	
CBD	99,816	105,223	101,049	102,055	104,194	2.1%
YOY change	11.4%	14.7%	8.6%	5.3%	4.4%	
ADCB	378,465	401,356	405,967	425,720	444,596	4.4%
YOY change	13.9%	16.7%	15.8%	18.4%	17.5%	

ADIB	162,751	170,801	181,376	193,809	206,189	6.4%
YOY change	23.2%	26.4%	27.2%	29.1%	26.7%	
DIB	237,376	248,301	262,055	270,662	280,995	3.8%
YOY change	19.1%	20.1%	23.4%	21.6%	18.4%	
ENBD	545,173	603,648	632,847	677,835	746,357	10.1%
YOY change	14.3%	22.2%	26.2%	30.1%	36.9%	
UAB	13,418	14,112	14,554	15,081	15,328	1.6%
YOY change	28.6%	31.2%	26.3%	20.9%	14.2%	
FAB	568,040	596,136	616,325	667,546	661,181	-1.0%
YOY change	10.7%	12.9%	16.5%	21.8%	16.4%	

Source: FABS from Co Data

ENBD leads in 2Q26 with the highest growth in the advances market share

ENBD witnessed the highest growth in advances market share of 2.61 pp QOQ to 34.3% in 2Q26. ADCB recorded the second-highest growth in advances market share with 0.53 pp QOQ to 20.4%, followed by ADIB with 0.41 pp QOQ to 9.5% in 2Q26. In 2Q26, ENBD also recorded the highest advances market share at 34.3%, followed by FAB with 30.4% and ADCB with 20.4%. However, FAB recorded the largest decline in advances market share, falling by 0.83 pp QOQ to 30.4% in 2Q26. CBI and UAB recorded the lowest advances market share at 0.7% each in 2Q26.

Advances mkt share

	2Q25	3Q25	4Q25	1Q26	2Q26	QOQ: pp
CBI	0.7%	0.6%	0.6%	0.6%	0.7%	0.02%
MASQ	7.0%	7.1%	8.0%	7.8%	7.8%	-0.07%
SIB	2.2%	2.2%	2.2%	2.2%	2.3%	0.11%
AJMANBANK	0.8%	0.8%	0.9%	0.9%	0.9%	0.00%
RAKBANK	2.5%	2.5%	2.6%	2.6%	2.7%	0.08%
CBD	5.2%	5.2%	4.9%	4.8%	4.8%	0.02%
ADCB	19.8%	19.9%	19.8%	19.9%	20.4%	0.53%
ADIB	8.5%	8.5%	8.9%	9.1%	9.5%	0.41%
DIB	12.4%	12.3%	12.8%	12.7%	12.9%	0.26%
ENBD	28.5%	30.0%	30.9%	31.7%	34.3%	2.61%
UAB	0.7%	0.7%	0.7%	0.7%	0.7%	0.00%
FAB	29.7%	29.6%	30.1%	31.2%	30.4%	-0.83%

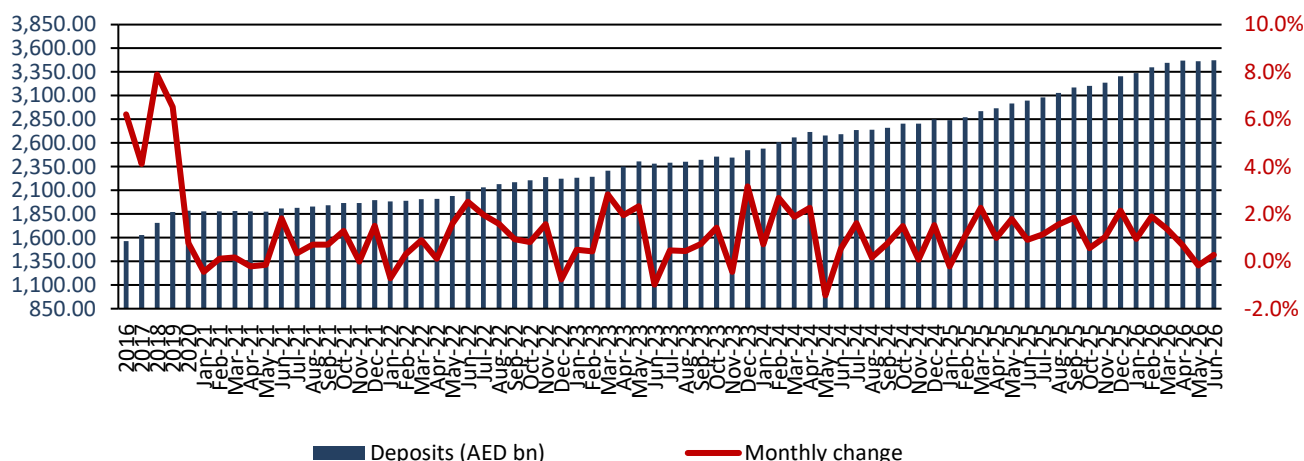
Source: FABS from co data

3. Customer Deposit

UAE banking system's customer deposits increased marginally 0.3% MOM in June 2026

The UAE banking system's customer deposits rose marginally 0.3% MOM to AED 3,472.8 Bn in June 2026.

UAE banking system customer deposits (AED Bn) vs. Monthly change, 2016 – June 2026



Source: FABS from CBUAE

UAB witnessed the highest QOQ growth in customer deposits during 2Q26

UAB recorded the highest growth in customer deposits of 9.1% QOQ to AED 18.2 Bn in 2Q26, followed by MASQ with 8.1% QOQ rise to AED 227.2 Bn and ENBD with 7.5% QOQ growth to AED 892.1 Bn in 2Q26. ADIB and DIB recorded deposit growth of 2.6% QOQ and 1.5% QOQ, reaching AED 245.7 Bn and AED 327.0 Bn, respectively in 2Q26. Furthermore, RAKBANK recorded growth of 1.1% QOQ to AED 75.1 Bn, followed by ADCB at 0.7% QOQ to AED 526.6 Bn in 2Q26. CBI remained flat QOQ, with deposit at AED 16.4 Mn in 2Q26. Overall, four banks reported a QOQ decline in customer deposits during 2Q26. AJMANBANK recorded the largest decline in customer deposits of 5.0% QOQ to AED 22.9 Bn in 2Q26, followed by SIB with 3.3% QOQ decline to AED 59.4 Bn. FAB and CBD deposits declined 2.1% QOQ and 1.8% QOQ to AED 853.0 Bn and AED 107.7 Bn, respectively, in 2Q26.

Customer deposits: UAE banks

(AED Mn)	2Q25	3Q25	4Q25	1Q26	2Q26	QOQ ch
CBI	15,185	15,774	15,906	16,385	16,381	0.0%
YOY change	6.7%	3.8%	3.1%	6.8%	7.9%	
MASQ	177,645	187,167	204,895	210,171	227,190	8.1%
YOY change	15.4%	19.9%	27.3%	22.6%	27.9%	
SIB	52,721	54,573	55,673	61,390	59,368	-3.3%
YOY change	6.6%	13.7%	7.6%	17.8%	12.6%	
AJMANBANK	19,977	20,562	23,746	24,084	22,875	-5.0%
YOY change	3.5%	6.5%	31.5%	30.1%	14.5%	
RAKBANK	61,079	65,621	70,460	74,308	75,147	1.1%
YOY change	4.5%	14.6%	18.1%	21.7%	23.0%	

CBD	107,047	112,148	111,353	109,633	107,704	-1.8%
YOY change	7.2%	13.6%	14.1%	10.0%	0.6%	
ADCB	463,442	482,440	499,775	523,095	526,638	0.7%
YOY change	18.8%	18.6%	18.7%	18.4%	13.6%	
ADIB	212,831	221,668	229,096	239,335	245,652	2.6%
YOY change	23.6%	23.3%	25.4%	19.6%	15.4%	
DIB	283,663	301,932	320,184	322,000	326,978	1.5%
YOY change	21.2%	27.5%	28.8%	21.6%	15.3%	
ENBD	736,714	760,351	786,024	830,011	892,070	7.5%
YOY change	18.0%	17.9%	17.9%	19.0%	21.1%	
UAB	15,601	14,369	17,809	16,652	18,166	9.1%
YOY change	28.6%	19.4%	31.2%	11.4%	16.4%	
FAB	813,469	848,282	840,773	870,905	852,971	-2.1%
YOY change	6.2%	3.5%	7.5%	3.8%	4.9%	

Source: FABS from co data

ENBD's customer deposit market share increased the highest during 2Q26

ENBD's deposit market share increased the most, by 1.60 pp QOQ to 25.7% in 2Q26, followed by MASQ with 0.44 pp QOQ increase to 6.5% and ADIB with 0.13 pp QOQ rise to 7.1% in 2Q26. DIB's deposit market share grew 0.07 pp QOQ to 9.4% and UAB's rose by 0.04 pp QOQ to 0.5% in 2Q26. In total, five banks witnessed a QOQ decline in deposit market share in 2Q26, while one bank remained flat QOQ.

Deposits market share

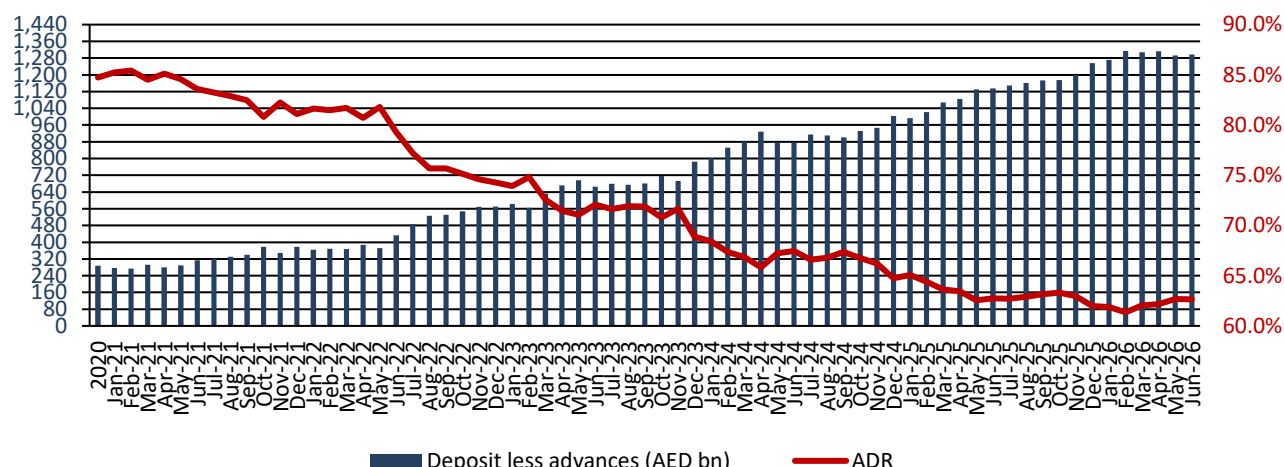
	2Q25	3Q25	4Q25	1Q26	2Q26	QOQ: pp
CBI	0.5%	0.5%	0.5%	0.5%	0.5%	0.00%
MASQ	5.8%	5.9%	6.2%	6.1%	6.5%	0.44%
SIB	1.7%	1.7%	1.7%	1.8%	1.7%	-0.07%
AJMANBANK	0.7%	0.6%	0.7%	0.7%	0.7%	-0.04%
RAKBANK	2.0%	2.1%	2.1%	2.2%	2.2%	0.01%
CBD	3.5%	3.5%	3.4%	3.2%	3.1%	-0.08%
ADCB	15.2%	15.1%	15.1%	15.2%	15.2%	-0.02%
ADIB	7.0%	7.0%	6.9%	6.9%	7.1%	0.13%
DIB	9.3%	9.5%	9.7%	9.3%	9.4%	0.07%
ENBD	24.2%	23.9%	23.8%	24.1%	25.7%	1.60%
UAB	0.5%	0.5%	0.5%	0.5%	0.5%	0.04%
FAB	26.7%	26.6%	25.4%	25.3%	24.6%	-0.71%

Source: FABS from co data

4. Liquidity

Liquidity in the UAE banking system

UAE banking system's headline Advances to Deposits Ratio (ADR) decreased 3.0 bps MOM to 62.6% in June 2026. The system's liquidity decreased from AED 1,292.8 Bn in May 2026 to AED 1,297.4 Bn in June 2026. This view is validated by using deposits less advances as an equivalent indicator to measure liquidity.

UAE banking system deposits less advances (AED Bn) & ADR, 2020 – June 2026


Source: FABS from CBUAE

Top key liquidity metrics

We evaluate and rank the balance sheet liquidity of the UAE banks under our coverage based on three key variables. In 2Q26, nine out of eleven UAE banks under our coverage recorded an increase in ADR on a QOQ basis. SIB recorded the largest increase, with its ADR rising 10.3% QOQ to 84.0% in 2Q26, followed by AJMANBANK with a 6.6% QOQ increase to 86.1%, and CBI, whose ADR increased 4.2% QOQ to 86.7% in 2Q26. Conversely, UAB recorded the largest decline, with its ADR falling 6.8% QOQ to 84.4% in 2Q26. In the deposit surplus/deficit, two out of eleven UAE banks under our coverage reported an increase in deposit surplus in 2Q26, compared to 1Q26. UAB recorded the highest growth in deposit surplus of 80.6% QOQ to AED 2.8 Bn, followed by MASQ with 36.8% QOQ growth to AED 58.1 Bn in 2Q26. On the other hand, CBD experienced the highest decline in deposit surplus, falling by 53.7% QOQ to AED 3.5 Bn in 2Q26. Furthermore, in terms of percentage lent, eight out of 11 banks under our coverage witnessed a rise in the percentage lent on a QOQ basis during 2Q26. CBD experienced the highest growth in percentage lent by 4.4% QOQ to 67.4% in 2Q26, followed by RAKBANK with a 3.6% QOQ rise to 53.5% in 2Q26, whereas MASQ's percentage lent declined by 5.1% QOQ to 46.2% in 2Q26.

ADR: UAE Banks

	2Q25	3Q25	4Q25	1Q26	2Q26	QOQ ch
CBI	85.3%	81.0%	81.3%	83.2%	86.7%	4.2%
MASQ	75.5%	76.4%	80.2%	79.8%	74.4%	-6.7%
SIB	81.5%	80.0%	81.8%	76.1%	84.0%	10.3%
AJMANBANK	74.2%	74.0%	74.7%	80.8%	86.1%	6.6%
RAKBANK	79.7%	78.1%	75.6%	74.5%	77.3%	3.7%
CBD	93.2%	93.8%	90.7%	93.1%	96.7%	3.9%
ADCB	81.7%	83.2%	81.2%	81.4%	84.4%	3.7%
ADIB	76.5%	77.1%	79.2%	81.0%	83.9%	3.7%
DIB	83.7%	82.2%	81.8%	84.1%	85.9%	2.2%
ENBD	74.0%	79.4%	80.5%	81.7%	83.7%	2.4%
UAB	86.0%	98.2%	81.7%	90.6%	84.4%	-6.8%
FAB	69.8%	70.3%	73.3%	76.6%	77.5%	1.1%

Source: FABS from co data

Deposit surplus/-deficit

AED Mn	2Q25	3Q25	4Q25	1Q26	2Q26	QOQ ch
CBI	2,239	2,992	2,978	2,753	2,178	-20.9%
MASQ	43,525	44,082	40,546	42,474	58,102	36.8%
SIB	9,734	10,910	10,123	14,645	9,495	-35.2%
AJMANBANK	5,152	5,355	6,016	4,630	3,182	-31.3%
RAKBANK	12,417	14,393	17,214	18,927	17,065	-9.8%
CBD	7,231	6,925	10,304	7,578	3,510	-53.7%
ADCB	84,977	81,084	93,808	97,375	82,042	-15.7%
ADIB	50,080	50,867	47,720	45,526	39,463	-13.3%
DIB	46,287	53,631	58,129	51,338	45,983	-10.4%
ENBD	191,541	156,703	153,177	152,176	145,713	-4.2%
UAB	2,183	257	3,255	1,571	2,838	80.6%
FAB	245,429	252,146	224,448	203,359	191,790	-5.7%

Source: FABS from co data

Percentage lent

	2Q25	3Q25	4Q25	1Q26	2Q26	QOQ ch
CBI	62.9%	61.5%	58.9%	61.7%	61.8%	0.2%
MASQ	45.7%	46.8%	49.1%	48.7%	46.2%	-5.1%
SIB	50.7%	50.4%	50.4%	51.4%	52.8%	2.5%
AJMANBANK	55.7%	54.2%	54.0%	59.3%	58.2%	-1.9%
RAKBANK	51.2%	51.5%	50.7%	51.6%	53.5%	3.6%
CBD	66.3%	64.4%	63.0%	64.6%	67.4%	4.4%
ADCB	52.7%	53.9%	52.5%	52.6%	53.4%	1.4%
ADIB	62.5%	63.3%	64.6%	67.5%	67.8%	0.5%
DIB	63.6%	63.2%	63.0%	64.5%	66.4%	3.0%
ENBD	50.2%	53.0%	54.3%	55.7%	56.4%	1.3%
UAB	56.1%	57.7%	53.9%	56.1%	55.2%	-1.5%
FAB	43.0%	43.1%	44.8%	45.7%	46.9%	2.8%

Source: FABS from co data

5. Profitability
Four out of 11 banks under our coverage recorded a rise in ROE on a QOQ basis in 2Q26

CBI's ROE grew the highest, rising 175 bps QOQ to 11.4% in 2Q26, followed by ADCB and MASQ, whose ROE increased by 44 bps and 10 bps QOQ to 17.0% and 20.2%, respectively, in 2Q26. Conversely, SIB experienced the highest decline of 388 bps QOQ to 14.8% in 2Q26. Furthermore, ADIB recorded the highest ROE of 27.1% in 2Q26, followed by RAKBANK with an ROE of 22.5% in 2Q26. CBI recorded the lowest ROE of 11.4% in 2Q26.

ROE: UAE Banks

	2Q25	3Q25	4Q25	1Q26	2Q26	QOQ ch: bps
CBI	8.4%	2.8%	9.6%	9.7%	11.4%	175
MASQ	25.9%	24.0%	18.8%	20.1%	20.2%	10
SIB	16.5%	16.7%	16.5%	18.7%	14.8%	-388
AJMANBANK	14.1%	15.4%	15.2%	15.8%	15.1%	-66
RAKBANK	20.4%	20.0%	20.5%	23.6%	22.5%	-115
CBD	21.6%	21.0%	20.8%	21.9%	20.9%	-103
ADCB	14.4%	14.8%	14.7%	16.5%	17.0%	44
ADIB	27.6%	26.4%	26.1%	28.6%	27.1%	-154
DIB	20.6%	19.5%	17.2%	17.3%	17.4%	4
ENBD	18.3%	18.3%	18.6%	18.7%	17.8%	-91
UAB	18.1%	14.9%	16.0%	15.2%	15.1%	-16
FAB	15.8%	15.9%	16.2%	16.8%	16.1%	-71

Source: FABS from co data

RAKBANK recorded the highest ROA in 2Q26

CBI reported the largest increase in ROA, rising 22 bps QOQ to 1.4% in 2Q26. This was followed by ADCB, which recorded the second-highest increase of 4 bps QOQ to 1.7% in 2Q26. Moreover, UAB posted a 3 bps QOQ increase in ROA, reaching 1.7% in 2Q26. Overall, seven out of eleven banks under coverage reported a decline in ROA in 2Q26. In terms of absolute levels, RAKBANK reported the highest ROA at 2.9%, followed by ADIB at 2.4% in 2Q26.

ROA: UAE Banks						
	2Q25	3Q25	4Q25	1Q26	2Q26	QOQ ch: bps
CBI	1.0%	0.3%	1.2%	1.2%	1.4%	22
MASQ	3.0%	2.9%	2.3%	2.3%	2.2%	-2
SIB	1.5%	1.6%	1.6%	1.6%	1.6%	0
AJMANBANK	1.7%	1.9%	1.8%	1.7%	1.7%	-7
RAKBANK	2.7%	2.7%	2.7%	2.9%	2.9%	-4
CBD	2.2%	2.2%	2.3%	2.3%	2.3%	-3
ADCB	1.5%	1.5%	1.6%	1.7%	1.7%	4
ADIB	2.6%	2.6%	2.6%	2.6%	2.4%	-10
DIB	2.4%	2.2%	2.0%	1.9%	1.9%	-5
ENBD	2.2%	2.2%	2.2%	2.2%	2.0%	-13
UAB	1.7%	1.8%	1.8%	1.6%	1.7%	3
FAB	1.5%	1.5%	1.6%	1.5%	1.5%	3

Source: FABS from co data

6. Efficiency

RAKBANK records the highest NIMs in 2Q26

RAKBANK's NIMs remained the highest at 3.5% in 2Q26, followed by MASQ and ENBD at 3.3% and 3.2%, respectively. MASQ's NIM increased the most, by 17 bps QOQ to 3.3%, followed by SIB, whose NIM grew by 5 bps QOQ to 1.9% in 2Q26. On the other hand, ENBD witnessed the highest decline in NIMs, falling by 19 bps QOQ to 3.2% in 2Q26.

NIM: UAE Banks						
	2Q25	3Q25	4Q25	1Q26	2Q26	QOQ ch: bps
CBI	2.1%	2.2%	2.1%	2.1%	2.0%	-5
MASQ	3.4%	3.5%	3.3%	3.1%	3.3%	17
SIB	1.7%	1.8%	1.8%	1.9%	1.9%	5
AJMANBANK	1.9%	1.8%	1.7%	1.6%	1.5%	-6
RAKBANK	4.1%	4.0%	3.9%	3.7%	3.5%	-17
CBD	3.0%	2.9%	2.8%	2.8%	2.8%	2
ADCB	2.3%	2.3%	2.3%	2.1%	2.0%	-8
ADIB	3.1%	3.0%	3.1%	3.0%	2.9%	-10
DIB	2.5%	2.6%	2.4%	2.3%	2.3%	-3
ENBD	3.3%	3.4%	3.5%	3.3%	3.2%	-19
UAB	2.8%	2.6%	2.5%	2.4%	2.4%	0
FAB	1.9%	1.8%	1.8%	2.0%	2.0%	4

Source: FABS from co data

CBI recorded the highest cost-to-income ratio in 2Q26

CBI recorded the highest cost-to-income ratio in 2Q26, standing at 73.3%. On the other hand, FAB reported the lowest ratio at 21.0% in 2Q26, followed by CBD and ADCB, with ratios of 26.5% and 28.0%, respectively. SIB recorded the largest decline, with its cost-to-income ratio falling 440 bps QOQ to 31.9% in 2Q26, followed by UAB, whose ratio declined 343 bps QOQ to 44.5%, and FAB, which recorded a 160 bps QOQ decline to 21.0% in 2Q26. Conversely, RAKBANK reported the largest increase, with its ratio rising 756 bps QOQ to 33.7% in 2Q26, followed by CBI, whose ratio increased 537 bps QOQ to 73.3%, and AJMANBANK, which recorded a 291 bps QOQ increase to 51.5% in 2Q26.

Cost to Income: UAE Banks

	2Q25	3Q25	4Q25	1Q26	2Q26	QOQ ch: bps
CBI	69.1%	59.2%	44.3%	67.9%	73.3%	537
MASQ	30.9%	31.7%	31.1%	30.9%	31.9%	96
SIB	32.8%	31.3%	43.5%	36.3%	31.9%	-440
AJMANBANK	48.0%	40.8%	48.9%	48.6%	51.5%	291
RAKBANK	35.9%	33.9%	40.3%	26.2%	33.7%	756
CBD	26.1%	26.2%	25.8%	26.9%	26.5%	-36
ADCB	26.4%	27.6%	29.6%	25.6%	28.0%	237
ADIB	27.5%	28.4%	29.8%	29.6%	28.3%	-130
DIB	28.7%	29.3%	27.7%	28.2%	29.9%	162
ENBD	29.7%	30.7%	30.5%	29.2%	30.7%	150
UAB	42.9%	44.1%	44.9%	47.9%	44.5%	-343
FAB	21.4%	22.2%	23.6%	22.6%	21.0%	-160

Source: FABS from co data

RAKBANK and FAB both recorded the highest COR during 2Q26

RAKBANK and FAB both recorded the highest COR of 0.6% each in 2Q26, followed by SIB and ADCB with 0.4% each in 2Q26. Furthermore, several banks, including RAKBANK, DIB, ENBD, CBD, ADCB, FAB, and ADIB, reported a decline in COR on a QOQ basis in 2Q26. RAKBANK recorded the highest decline in COR, falling by 105 bps QOQ to 0.6% in 2Q26, followed by DIB with a decline of 52 bps QOQ to 0.1% in 2Q26 and ENBD with a decline of 17 bps QOQ to 0.3% in 2Q26.

Cost of risk: UAE Banks

	2Q25	3Q25	4Q25	1Q26	2Q26	QOQ ch: bps
CBI	NM	1.6%	NM	NM	NM	NM
MASQ	0.5%	0.4%	0.2%	0.2%	NM	NM
SIB	0.1%	0.2%	1.8%	NM	0.4%	NM
AJMANBANK	NM	0.2%	NM	NM	0.2%	NM
RAKBANK	0.6%	0.7%	1.3%	1.7%	0.6%	-105
CBD	0.5%	0.7%	0.4%	0.5%	0.3%	-16
ADCB	0.9%	0.8%	0.1%	0.4%	0.4%	-8
ADIB	0.5%	0.5%	0.4%	0.3%	0.3%	-5
DIB	0.2%	0.1%	0.3%	0.6%	0.1%	-52
ENBD	0.1%	NM	1.1%	0.5%	0.3%	-17
UAB	0.1%	NM	NM	0.5%	NM	NM
FAB	0.5%	0.6%	0.6%	0.7%	0.6%	-8

Source: FABS from co data, NM refers to the reversal in impairment resulting in negative COR

UAB recorded the highest CAR, while AJMANBANK reported the lowest in 2Q26

UAB recorded the highest CAR of 21.1% in 2Q26, followed by SIB at 19.5% and RAKBANK at 19.3%. AJMANBANK's CAR was the lowest at 14.1% in 2Q26. Furthermore, SIB's CAR increased the most in terms of QOQ, rising by 393 bps QOQ to 19.5%, followed by FAB, whose CAR increased by 130 bps QOQ to 17.1% in 2Q26. On the other hand, CBD recorded the highest decline in CAR, falling by 132 bps QOQ to 14.1%, followed by ENBD with a 73 bps QOQ decline to 15.6% and ADCB with a 45 bps QOQ decline to 16.5% during 2Q26.

CAR: UAE Banks

	2Q25	3Q25	4Q25	1Q26	2Q26	QOQ ch: bps
CBI	17.6%	17.7%	17.2%	16.8%	16.5%	-37
MASQ	17.5%	16.8%	14.5%	15.8%	16.9%	114
SIB	15.8%	16.3%	17.3%	15.5%	19.5%	393
AJMANBANK	17.3%	16.9%	14.1%	13.8%	14.1%	33
RAKBANK	18.8%	19.6%	18.1%	18.7%	19.3%	60
CBD	15.4%	15.8%	15.5%	15.5%	14.1%	-132
ADCB	15.5%	16.0%	17.0%	16.9%	16.5%	-45
ADIB	16.6%	16.7%	15.7%	15.5%	15.6%	10
DIB	16.7%	16.6%	15.5%	15.8%	16.1%	31
ENBD	17.0%	16.9%	16.6%	16.4%	15.6%	-73
UAB	16.3%	22.8%	21.5%	20.4%	21.1%	70
FAB	16.9%	16.8%	16.9%	15.8%	17.1%	130

Source: FABS from co data

Banking stock performance

Twelve out of 13 UAE banks generated positive returns during 2026 on a YTD basis. The average return of the Banking sector in Egypt outperformed every other index, the ADI, DSM, TASI, and DFMGI, along with Qatar, Saudi Arabia, and UAE Banking Sectors. The UAE Banking Sector generated a positive return of 9.5% while, the Egypt Banking Sector generated a positive average return of 22.4% as of 30 September 2026. Among the UAE Banks, MASQ recorded the highest return, followed by BOS, RAKBANK, ADCB, ADIB, FAB, ENBD, AJMAN, CBD, SIB, CBI, UAB, while DIB recorded the declining growth of 21.8% during the same period.

27 MENA bank stocks: YE 2025 to 30th September 2026, Ranked

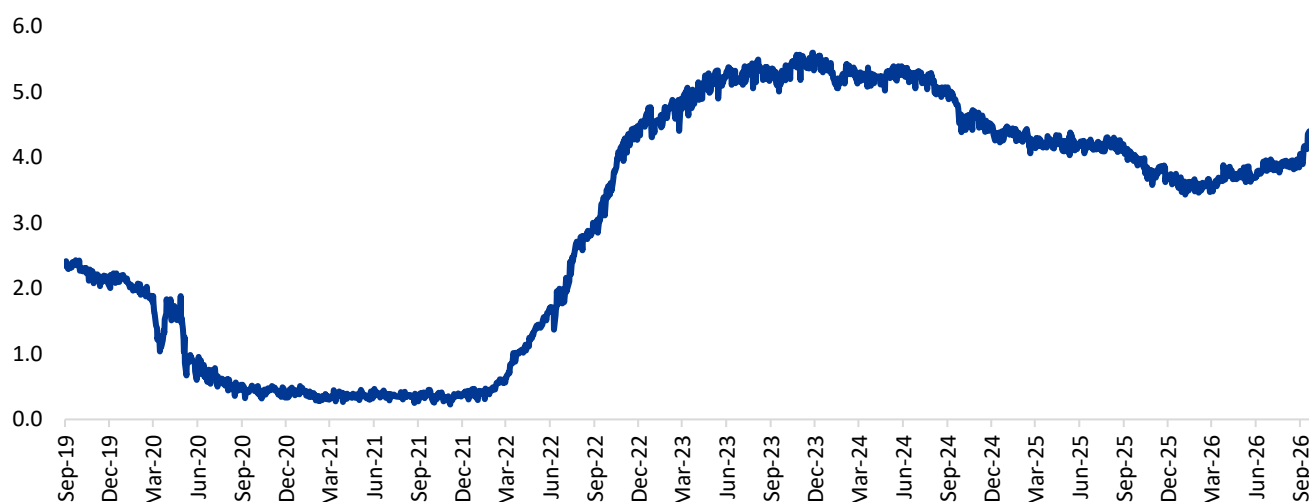
		UAE	KSA	Qatar	Egypt	Ranking
QIBK	-14.6%			-14.6%		28
MARK	-15.0%			-15.0%		31
CBD	6.7%	6.7%				14
MASQ	28.9%	28.9%				1
QNBK	-14.8%			-14.8%		29
UAB	2.3%	2.3%				19
SIB	4.2%	4.2%				15
CBQK	-4.7%			-4.7%		25
DSM	-13.7%					27
RJHI	-2.6%		-2.6%			23
TASI	0.0%					21
ADI	0.2%					20
ALINMA	20.3%		20.3%			5
ALBI	-5.4%		-5.4%			26
BSF	18.1%		18.1%			7
RAKBANK	19.3%	19.3%				6
DHBK	-14.9%			-14.9%		30
COMI	22.4%				22.4%	4
FAB	11.2%	11.2%				10
EGX30	28.0%					2
BOS	22.6%	22.6%				3
NCB	2.4%					18
DFM	-2.3%					22
ARNB	3.8%		3.8%			16
RIBL	-4.0%		-4.0%			24
CBI	3.5%	3.5%				17
ENBD	10.7%	10.7%				11
ADIB	11.7%	11.7%				9
DIB	-21.8%	-21.8%				32
AJMANBANK	9.8%	9.8%				12
ADCB	14.4%	14.4%				8
SAIB	9.5%		9.5%			13
AVERAGE		9.5%	5.7%	-12.8%	22.4%	

FABS from Bloomberg

EIBOR

The Federal Reserve raised its policy rate by 25bps to 3.75%–4.00% in September 2026, reflecting persistent inflationary pressures and an evolving monetary policy outlook. In line with the move, the CBUAE increased its Base Rate applicable to the Overnight Deposit Facility by 25bps to 3.90%, in line with the UAE's currency peg to the US dollar. Meanwhile, 3-month EIBOR increased during 3Q26, reflecting tighter domestic funding conditions. The higher interest-rate environment is expected to raise borrowing costs for consumers and businesses, while influencing banks funding costs, lending yields and net interest margins.

3-month EIBOR (%), September 2019 – September 30, 2026



Source: Bloomberg

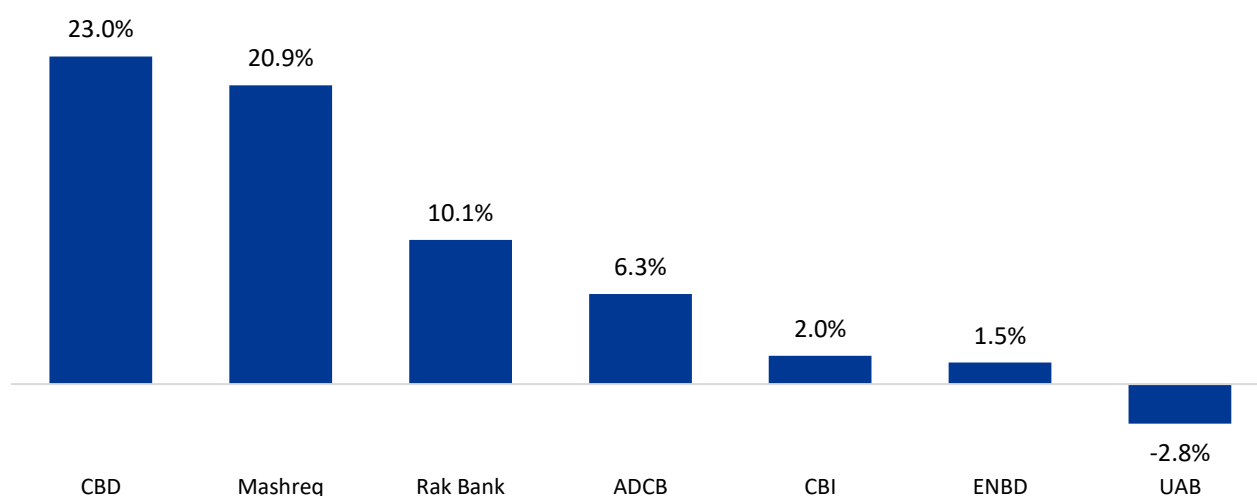
Interest Rate Sensitivity (IRS) Gap

An interest rate gap measures a bank's exposure to interest rate risk and represents the difference between rate-sensitive assets and liabilities that reprice over specified time periods. A positive gap indicates that a greater proportion of assets than liabilities are subject to repricing, providing potential NIM support in a rising rate environment as asset yields adjust ahead of funding costs. Conversely, banks with a negative gap are more exposed to an increase in funding costs as liabilities reprice faster than assets. Following the rate-easing cycle that began in September 2024, the US Federal Reserve raised its benchmark rate by 25bps to 3.75–4.00% in September 2026, with the CBUAE raising its Base Rate by an equivalent 25bps to 3.90%. The move marks a shift towards a higher-rate environment and is expected to have a differentiated impact across UAE banks depending on their balance-sheet repricing profiles.

The 25bps rate hike should provide some support to NIMs for banks with positive interest rate sensitivity gaps, particularly where a higher proportion of loans and other rate-sensitive assets reprice within shorter periods. However, the magnitude of the benefit will depend on the pace of deposit repricing and the extent of competition for term deposits. Banks with strong CASA franchises should be relatively better positioned to retain the benefit of higher asset yields, while those with greater reliance on rate-sensitive deposits could see part of the uplift absorbed by higher funding costs. Based on the interest rate sensitivity disclosures in 2025 annual reports, CBD and Mashreq had relatively favourable repricing profiles, with their balance sheets showing greater sensitivity to near-term repricing. Meanwhile, banks with a larger proportion of rate-sensitive assets concentrated in the six-to-12-month buckets may see the benefit of higher rates emerge with a lag. The ultimate NIM impact will therefore depend not only on the reported interest rate gap, but also on the underlying loan mix, deposit composition and repricing behaviour.

The analysis is based on the interest rate risk positions disclosed in banks annual reports and is intended to provide a directional assessment of NIM sensitivity. It does not factor in subsequent changes in balance-sheet composition, loan growth, deposit mobilisation, funding mix, utilisation of derivatives or changes in interest rate risk management strategies. Accordingly, the actual impact of the rate hike on individual banks NIMs may differ from that implied by their reported repricing gaps.

Sensitivity Gap 6-12 months as % of total Assets



Source: FABS

3Q26 preview: **Emirates NBD (ENBD)**

Strong funded income growth offsets higher operating expenses and impairments

Current Price	Target Price	Upside/Downside (%)	Rating
AED 30.84	AED 35.50	+15%	BUY

3Q26 Estimate

Emirates NBD (ENBD/the Bank) is expected to report a 4.1% YOY increase in net income attributable to equity shareholders to AED 6,687 Mn in 3Q26, mainly driven by anticipated growth in net funded income and a projected decline in hyperinflation adjustments, partially offset by an anticipated decline in non-funded income coupled with expected increase in operating expenses, tax expenses, the share of profit attributable to NCI holders, and a forecasted move to impairment charges from impairment reversals. ENBD's funded income is forecasted to increase 12.7% YOY to AED 24,311 Mn in 3Q26, driven by expected growth in average interest-earning assets coupled with a forecasted increase in asset yield. Meanwhile, funded expenses are expected to rise 11.7% YOY to AED 14,077 Mn in 3Q26, primarily driven by higher average interest-bearing liabilities coupled with a projected increase in cost of funds. Consequently, the Bank's net funded income is expected to rise 14.2% YOY to AED 10,233 Mn in 3Q26. The Bank's fee and commission income is expected to rise 6.7% YOY to AED 2,295 Mn in 3Q26. Trading gains are projected to decline 25.0% YOY to AED 572 Mn in 3Q26. Furthermore, other operating income is expected to decline 31.2% YOY to AED 587 Mn in 3Q26. Thus, total non-funded income is anticipated to decline 8.3% YOY to AED 3,454 Mn in 3Q26. ENBD's total operating income is expected to rise 7.5% YOY to AED 13,687 Mn in 3Q26. The Bank's operating expenses are expected to increase 8.5% YOY to AED 4,243 Mn in 3Q26. The Bank's cost-to-income ratio is expected to increase 27 bps YOY to 31.0% in 3Q26. Furthermore, the Bank is expected to incur impairment charges of AED 587 Mn in 3Q26, compared to an impairment reversal of AED 8 Mn in 3Q25. Moreover, tax expense is expected to increase 4.8% YOY to AED 1,594 Mn in 3Q26. The Bank's hyperinflation adjustment is projected to decrease 37.1% YOY to AED 550 Mn in 3Q26. Additionally, the Bank's NCI is anticipated to rise from AED 9 Mn in 3Q25 to AED 26 Mn in 3Q26.

2026 Forecast

ENBD's net profit attributable to equity shareholders is expected to increase 2.0% YOY to AED 24,463 Mn in 2026, mainly attributable to an anticipated increase in funded and non-funded income, partially offset by increase in operating expenses impairment charges, tax, hyperinflation and higher contribution to NCI. Funded income is expected to increase 11.7% YOY to AED 91,559 Mn in 2026, due to an expected rise in average interest-earning assets, partially offset by an anticipated decline in asset yield. Funded expense is forecasted to increase 12.9% YOY to AED 52,474 Mn in 2026, supported by an expected increase in average interest-bearing liabilities, partially offset by an anticipated decrease in the cost of funds. As a result, net funded income is likely to grow 10.1% YOY to AED 39,084 Mn in 2026. The Bank's fee & commission income is forecasted to grow 8.0% YOY to AED 8,675 Mn in 2026. Additionally, trading income is expected to increase 2.0% YOY to AED 2,308 Mn in 2026. Furthermore, other operating income is anticipated to rise 8.0% YOY to AED 3,804 Mn in 2026. Thus, non-funded income is likely to grow 7.0% YOY to AED 14,787 Mn in 2026. As a result, ENBD's operating income is expected to grow 9.2% YOY to AED 53,871 Mn in 2026. Operating expenses are expected to rise 13.9% YOY to AED 17,131 Mn in 2026. The Bank's cost-to-income ratio is expected to increase 131 bps YOY to 31.8% in 2026. The Bank's impairment charges are anticipated to increase significantly from AED 1,468 Mn in 2025 to AED 2,849 Mn in 2026. In addition, tax expense is forecasted to increase 4.6% YOY to AED 6,100 Mn in 2026. The Bank's hyperinflation adjustment is projected to increase 9.1% YOY to AED 3,250 Mn in 2026. The Bank's NCI is anticipated to rise to AED 78 Mn in 2026 compared to AED 26 Mn in 2025 due to the consolidation of RBL Bank.

2Q26 Outturn

ENBD's funded income grew by 12.2% YOY to AED 22,180 Mn in 2Q26, driven by an increase in net advances and investment portfolio coupled with increase in asset yield. On the other hand, funded expenses increased 11.0% YOY to AED 12,641 Mn in 2Q26, mainly due to higher customer deposits

along with rise in funding cost. Thus, net funded income increased 13.9% YOY to AED 9,539 Mn in 2Q26. Fee and commission income rose 16.4% YOY to AED 2,342 Mn in 2Q26, supported by business growth and higher wealth management activity. Trading gains increased significantly from AED 502 Mn in 2Q25 to AED 1,040 Mn in 2Q26. Other operating income decreased by 47.9% YOY to AED 611 Mn in 2Q26. Thus, non-funded income rose 8.3% YOY to AED 3,993 Mn in 2Q26. As a result, operating income increased 12.2% YOY to AED 13,532 Mn in 2Q26. The Bank's operating expenses increased 15.8% YOY to AED 4,153 Mn in 2Q26, driven by increased staff costs due to inflationary salary adjustments in Turkiye and customary salary increments in ENBD, digitalisation and international expansion. Thus, the calculated cost-to-income ratio increased from 29.7% in 2Q25 to 30.7% in 2Q26. ENBD's impairment charges increased from AED 187 Mn in 2Q25 to AED 581 Mn in 2Q26, mainly due to prudent provisioning across DenizBank and Emirates NBD, partially offset by recoveries. ENBD's tax expenses increased 15.3% YOY to AED 1,582 Mn in 2Q26. The Bank's hyperinflation adjustment increased 27.3% YOY to AED 778 Mn in 2Q26. The Bank's profit share to NCI holders increased from AED 5 Mn in 2Q25 to AED 22 Mn in 2Q26, primarily driven by the acquisition and consolidation of RBL Bank.

Target price and recommendation

We maintain our BUY rating on ENBD with target price of AED 35.50. ENBD delivered a resilient 2Q26 performance supported by strong balance sheet growth, diversified non-funded income and a healthy capital and liquidity position, reinforcing the strength of its diversified business model. During the quarter, ENBD successfully completed a 60% controlling stake in India's RBL Bank for AED 10.1 Bn, adding over AED 74 Bn in assets, AED 44 Bn in gross loans and AED 43 Bn in deposits. The acquisition strengthens ENBD's presence in the high-growth Indian market, enhances geographic diversification and provides opportunities for cross-selling and long-term earnings growth. During 2Q26, ENBD's net loan book expanded 36.9% YOY and 10.1% QOQ to AED 746.4 Bn, driven by strong underlying lending growth across the retail and corporate segments, further supported by DenizBank, while the consolidation of RBL Bank contributed an additional AED 44 Bn in gross loans. However, excluding RBL, the Bank's loan book grew 11% YTD in 2026, while management continues to target mid-teens loan growth for the full year. Customer deposits increased by 21.1% YOY and 7.5% QOQ to AED 892.1 Bn in 2Q26, supported by growth across CASA, time deposits, and DenizBank. CASA balances stood at AED 417 Bn, accounting for 57% of total deposits (excluding DenizBank and RBL) in 2Q26, down from AED 422 Bn in 1Q26, reflecting continued migration towards higher-yielding time deposits amid the prevailing interest rate environment, while remaining at healthy levels. ENBD's reported NIMs declined 15 bps YOY and 19 bps QOQ to 3.2% in 2Q26, primarily reflecting the flow-through impact of the Fed's rate cuts in 2025 and continued pricing pressure on deposits. However, management expects NIMs to remain within the 3.1%-3.3% range in 2026. Operational efficiency remained healthy, with the cost-to-income ratio at 30.7% in 2Q26, comfortably within the bank's guidance of less than 33% in 2026, despite continued investments in digital initiatives and international expansion. Asset quality strengthened further, with the reported NPL ratio improving to 2.1% in 2Q26 from 2.3% in 1Q26, while the coverage ratio remained robust at 151.7% in 2Q26, providing a strong buffer against potential credit risks. The Bank further continues to target an NPL ratio of around c.2.5% over the medium term. Capitalization remained healthy despite the impact of the RBL acquisition, with CAR and CET1 ratios at 15.6% and 13.6%, respectively, in 2Q26, remaining comfortably above regulatory requirements and supporting continued balance sheet growth. Liquidity also remained robust, with the LCR at 135% in 2Q26, following the consolidation of RBL Bank, underscoring ENBD's strong funding profile. During 1H26, the Bank also successfully raised over AED 29.9 Bn through term debt and Sukuk issuances, further strengthening its funding base and maintaining liquidity to support future loan growth. ENBD's strong franchise, healthy capital position, resilient profitability and improving geographic diversification are expected to provide sustained earnings growth in 2026 despite a moderating interest rate environment. Furthermore, in August 2026, ENBD agreed to acquire HSBC Egypt's retail banking business, strengthening its Egyptian retail franchise, expanding its customer base and creating additional cross-selling opportunities. Thus, considering the above-mentioned factors, we maintain our BUY rating on the stock.

ENBD - Relative Valuation

(at CMP)	2021	2022	2023	2024	2025	2026F
PE	22.46	15.65	9.32	8.70	8.34	8.15
PB	2.63	2.33	1.94	1.67	1.44	1.27
BVPS	11.777	13.309	15.937	18.501	21.463	24.457
EPS	1.379	1.980	3.323	3.559	3.714	3.801
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 estimate & Co data
ENBD - P&L

AED Mn	3Q25	2Q26	3Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Funded income	21,567	22,180	24,311	12.7%	9.6%	81,975	91,559	11.7%
Funded expense	-12,604	-12,641	-14,077	11.7%	11.4%	-46,473	-52,474	12.9%
Net funded income	8,963	9,539	10,233	14.2%	7.3%	35,502	39,084	10.1%
Fees and commissions	2,151	2,342	2,295	6.7%	-2.0%	8,032	8,675	8.0%
Trading gain/(loss)	763	1,040	572	-25.0%	-45.0%	2,263	2,308	2.0%
Other Operating Income	852	611	587	-31.2%	-4.0%	3,522	3,804	8.0%
Non-funded income	3,766	3,993	3,454	-8.3%	-13.5%	13,817	14,787	7.0%
Operating income	12,729	13,532	13,687	7.5%	1.1%	49,319	53,871	9.2%
Operating expenses	-3,911	-4,153	-4,243	8.5%	2.2%	-15,035	-17,131	13.9%
Pre-provision profit	8,818	9,379	9,444	7.1%	0.7%	34,284	36,740	7.2%
Impairment	8	-581	-587	NM	1.0%	-1,468	-2,849	94.1%
PBT	8,826	8,798	8,858	0.4%	0.7%	32,816	33,891	3.3%
Tax	-1,522	-1,582	-1,594	4.8%	0.8%	-5,831	-6,100	4.6%
Net profit	7,304	7,216	7,263	-0.6%	0.7%	26,985	27,791	3.0%
Hyperinflation	-874	-778	-550	-37.1%	-29.3%	-2,978	-3,250	9.1%
Net Profit adj for hyperinflation	6,430	6,438	6,713	4.4%	4.3%	24,007	24,541	2.2%
NCI	-9	-22	-26	NM	20.0%	-26	-78	200.0%
Net profit attributable	6,421	6,416	6,687	4.1%	4.2%	23,981	24,463	2.0%

FABS estimate & Co Data
Emirates NBD - P&L KPI

	3Q25	2Q26	3Q26F	YOY	QOQ	2025	2026F	Change
Net FI/OI	70.4%	70.5%	74.8%	435	427	72.0%	72.6%	57
NIM	3.4%	3.2%	3.2%	-14	8	3.4%	3.3%	-13
NIS	2.5%	2.4%	2.5%	1	8	2.6%	2.5%	-5
Fees & comms/OI	16.9%	17.3%	16.8%	-13	-54	16.3%	16.1%	-18
Other non-funded/OI	6.7%	4.5%	4.3%	-241	-23	7.1%	7.1%	-8
Trading/OI	6.0%	7.7%	4.2%	-182	-351	4.6%	4.3%	-30
Cost to income (calculated)	30.7%	30.7%	31.0%	27	31	30.5%	31.8%	131
Impairment/PPP	-0.1%	6.2%	6.2%	630	2	4.3%	7.8%	347
Tax/PBT	17.2%	18.0%	18.0%	76	2	17.8%	18.0%	23
NP/OI	50.4%	47.4%	48.9%	-159	144	48.6%	45.4%	-321
Cost of risk	0.0%	0.3%	0.3%	31	-2	0.2%	0.48%	26
Loan-to-deposit	79.4%	83.7%	82.8%	336	-92	80.5%	82.0%	149
NPL - Calculated	2.5%	2.1%	2.2%	-25	7	2.4%	2.5%	13
NPL Coverage - Calculated	160.4%	151.7%	152.0%	-844	26	159.6%	163.0%	337
CET1	14.7%	13.6%	14.0%	-74	39	14.4%	14.3%	-4
Capital Adequacy	16.9%	15.6%	16.0%	-90	36	16.6%	16.3%	-31
ROAE	18.3%	17.8%	17.2%	-112	-65	18.6%	16.6%	-203
ROAA	2.2%	2.0%	2.0%	-21	-4	2.2%	2.0%	-25

FABS estimate & Co data
ENBD - BS Key items

AED Mn	3Q25	4Q25	1Q26	2Q26	3Q26F	YOY
Net advances	603,648	632,847	677,835	746,357	766,358	27.0%
QOQ change	10.7%	4.8%	7.1%	10.1%	2.7%	
Total Assets	1,139,083	1,164,442	1,216,751	1,322,466	1,340,904	17.7%
QOQ change	4.9%	2.2%	4.5%	8.7%	1.4%	
Customer Deposits	760,351	786,024	830,011	892,070	926,113	21.8%
QOQ change	3.2%	3.4%	5.6%	7.5%	3.8%	
Total Equity	130,654	135,453	135,068	142,932	149,504	14.4%
QOQ change	5.5%	3.7%	-0.3%	5.8%	4.6%	

FABS estimate & Co data

3Q26 preview: **Dubai Islamic Bank (DIB)**

Higher impairments and weaker non-funded income weigh on the bottom line

Current Price	Target Price	Upside/Downside (%)	Rating
AED 7.24	AED 9.20	+27.1%	BUY

3Q26 Estimate

We expect DIB's ("DIB", "the Bank") net profit attributable to equity shareholders to decline by 4.0% YOY to AED 1,788 Mn in 3Q26, mainly driven by an anticipated rise in general expenses and impairment charges, along with a projected decline in non-funded income, partially offset by an expected increase in net funded income and decline in tax expenses coupled with lower profit attributable to non-controlling interest. DIB's funded income is forecasted to increase 5.2% YOY to AED 5,311 Mn in 3Q26, due to an expected rise in average interest-earning assets, partially offset by an anticipated decline in asset yield. Meanwhile, funded expenses are forecast to increase by 7.7% YOY to AED 2,925 Mn in 3Q26, driven by an anticipated growth in average interest-bearing liabilities, partially offset by a projected decline in the cost of funds. Thus, net funded income is likely to increase 2.3% YOY to AED 2,386 Mn in 3Q26. The Bank's fee and commission income is expected to decline 2.8% YOY to AED 491 Mn in 3Q26. Additionally, other non-funded income is expected to increase marginally by 0.2% YOY to AED 466 Mn in 3Q26. As a result, DIB's non-funded income is expected to decrease 1.4% YOY to AED 957 Mn in 3Q26. The Bank's total operating income is expected to increase 1.2% YOY to AED 3,343 Mn in 3Q26. DIB's general expenses are anticipated to increase 1.1% YOY to AED 977 Mn in 3Q26. Furthermore, the Bank's impairment charges are expected to increase from AED 36 Mn in 3Q25 to AED 181 Mn in 3Q26. Tax charges are expected to decrease 9.6% YOY to AED 317 Mn in 3Q26. The share of profit attributable to non-controlling interest holders is projected to fall 8.6% YOY to AED 80 Mn in 3Q26.

2026 Forecast

We expect DIB's net profit attributable to equity shareholders to decrease 5.7% YOY to AED 7,070 Mn in 2026, mainly attributable to a projected decrease in non-funded income and anticipated increases in general expenses, impairment charges, tax expenses, as well as an expected increase in the share of profit attributable to non-controlling interest holders, partially offset by projected increase in net funded income. The Bank's funded income is forecasted to increase 7.0% YOY to AED 20,907 Mn in 2026, supported by a projected increase in loans and advances and the investment portfolio, partially offset by an expected decline in asset yield. Similarly, funded expense is forecasted to increase 8.7% YOY to AED 11,498 Mn in 2026, due to a projected rise in average interest-bearing liabilities, partially offset by a forecasted decline in the cost of funds. As a result, net funded income is likely to grow 4.9% YOY to AED 9,409 Mn in 2026. Fee and commission income is expected to increase 2.0% YOY to AED 1,911 Mn in 2026. Moreover, other non-funded income is forecasted to decrease 9.8% YOY to AED 2,169 Mn in 2026. Thus, total non-funded income is likely to decline 4.7% YOY to AED 4,080 Mn in 2026. As a result, DIB's total operating income is expected to increase 1.8% YOY to AED 13,489 Mn in 2026. General expenses are expected to rise 4.0% YOY to AED 3,913 Mn in 2026. Additionally, impairment charges are projected to increase from AED 485 Mn in 2025 to AED 851 Mn in 2026. The Bank's tax charge is expected to rise 9.5% YOY to AED 1,309 Mn in 2026. In addition, the share of profit attributable to non-controlling interest holders is expected to rise 13.0% YOY to AED 347 Mn in 2026.

2Q26 Outturn

Funded income grew 9.3% YOY to AED 5,187 Mn in 2Q26, due to increase in interest earning assets partially offset by decline in asset yields. Funded expenses increased 10.4% YOY to AED 2,897 Mn in 2Q26, driven by increase in interest earning liabilities partially offset by decline in cost of funds. Consequently, net funded income increased 7.9% YOY to AED 2,291 Mn in 2Q26. The calculated NIMs contracted marginally by 17 bps YOY and 3 bps QOQ to 2.3% in 2Q26. Fee and commission income rose 12.4% YOY to AED 479 Mn in 2Q26. However, other non-funded income declined 28.9% YOY to AED 476 Mn in 2Q26, mainly due to lower income from investments measured at fair value,

investment properties, and a lower share of profit from associates, partially offset by higher income from properties under construction and other operating income. As a result, non-funded income declined 12.9% YOY to AED 956 Mn in 2Q26. Consequently, total operating income increased marginally 0.9% YOY to AED 3,246 Mn in 2Q26. Operating expenses rose 4.8% YOY to AED 969 Mn in 2Q26. Consequently, the calculated cost-to-income ratio increased by 113 bps YOY and 162 bps QOQ to 29.9% in 2Q26. Furthermore, impairment charges declined 25.8% YOY to AED 69 Mn in 2Q26, as no additional ECL overlay was recorded during the quarter. The Bank's impairment charge on other financial assets declined from AED 30 Mn in 2Q25 to AED 27 Mn in 2Q26. Tax expenses increased 1.0% YOY to AED 270 Mn in 2Q26. Meanwhile, the Bank's share of profit attributable to non-controlling interest holders increased 8.8% YOY to AED 82 Mn in 2Q26.

Target price and recommendation

We maintain our BUY rating on DIB with a target price of AED 9.20. DIB reported broadly stable profitability in 2Q26, with net profit declining marginally by 0.1% YOY, while continuing to deliver solid balance sheet growth. Net financing increased 18.4% YOY and 3.8% QOQ to AED 281.0 Bn in 2Q26, reflecting sustained financing momentum across the Bank's core business segments. During 1H26, DIB originated more than AED 43 Bn of new financing across its consumer and corporate banking businesses. Consumer Banking remained the primary growth driver, with net financing assets increasing 24% YOY to AED 86 Bn in 2Q26, supported by strong demand across personal finance, mortgages, auto finance and credit cards. The Bank adopted a more selective lending strategy during 2Q26 to optimise capital allocation, improve balance sheet efficiency and enhance risk-adjusted returns amid geopolitical uncertainty. It indicated that lending activity has strengthened entering 3Q26, supported by a robust financing pipeline across sovereign, quasi-sovereign, energy, aviation, automobile, utilities and manufacturing sectors. Consequently, the Bank reiterated its expectation for net financing and sukuk growth of around 10% in FY2026. In addition, DIB added c. 111K new customers during 1H26, taking its total customer base to 1.82 Mn in 2Q26. Despite higher funding costs during the quarter, the reported Net Profit Margin (NPM) remained at 2.4%, slightly above the Bank's FY2026 target of 2.3%. It maintained its FY2026 NPM guidance of 2.3%, indicating that temporary funding cost pressures have not altered its outlook. The increase in funding costs during 2Q26 was primarily due to temporary liquidity premiums arising from geopolitical uncertainty, although the Bank expects deposit pricing to ease during 2H26. DIB also reaffirmed its confidence in achieving its FY2026 cost-to-income ratio target of 28%. On asset quality, impairment charges remained elevated during 1H26 primarily due to the AED 186 Mn ECL overlay recognised in 1Q26. However, impairment charges declined significantly in 2Q26, as the Bank determined that no additional management overlay was required under the current macroeconomic assumptions. Consequently, cumulative cost of risk improved to 28 bps in 2Q26, compared to 45 bps in 1Q26, supported by recoveries across multiple accounts and improving portfolio quality rather than any single large recovery. Asset quality continued to improve, with the reported non-performing financing (NPF) ratio declining to 2.4% in 2Q26 from 2.5% in 1Q26. Despite the improvement, the Bank maintained its FY2026 guidance of around 2.5% for the NPF ratio. DIB continued to strengthen its digital franchise, with registered digital users increasing 15% YOY to c. 1.8 Mn. Digital engagement remained high, with 98% of registered users actively using digital channels and more than 95% of total transactions processed digitally. Liquidity and capital positions remained strong during the quarter. The Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) stood at 140% and 105%, respectively in 2Q26, comfortably above regulatory requirements. The Bank also maintained a healthy capital position, with a CET1 ratio of 13.0% and a Capital Adequacy Ratio (CAR) of 16.1% in 2Q26, providing sufficient capacity to support future growth. On funding, DIB remains an active issuer in the sukuk market and recently raised USD 1.0 Bn through an AT1 Sukuk at a 6.2% profit rate, with the orderbook exceeding USD 2.3 Bn, reflecting strong investor demand. It also raised USD 0.75 Bn through its first syndicated Islamic financing, attracting USD 1.2 Bn in commitments, highlighting strong demand from regional and international banks. The Bank expects to opportunistically access the senior unsecured sukuk market during 2H26, subject to favourable market conditions and pricing. Looking ahead, it reaffirmed its confidence in achieving its FY2026 guidance and will continue to focus on disciplined loan growth, improving asset quality, capital optimization, digital transformation and sustainable long-term profitability. It expects to

deliver ROA of 2.2% and ROE of 21% for FY2026. Thus, considering all these factors, we maintain our BUY rating on the stock.

DIB - Relative Valuation

(at CMP)	2021	2022	2023	2024	2025	2026F
P/E	13.71	8.90	8.20	6.95	7.39	7.73
P/B	1.71	1.58	1.44	1.32	1.23	1.12
BVPS	4.226	4.563	5.012	5.486	5.878	6.464
EPS	0.526	0.811	0.880	1.039	0.977	0.935
DPS	0.250	0.300	0.450	0.450	0.350	0.350
Dividend yield	3.5%	4.1%	6.2%	6.2%	4.8%	4.8%

FABS Estimates & Co Data

DIB - P&L

AED Mn	3Q25	2Q26	3Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Funded income	5,050	5,187	5,311	5.2%	2.4%	19,548	20,907	7.0%
Funded expense	-2,717	-2,897	-2,925	7.7%	1.0%	-10,576	-11,498	8.7%
Net funded income	2,333	2,291	2,386	2.3%	4.2%	8,972	9,409	4.9%
Fees & commissions	505	479	491	-2.8%	2.5%	1,874	1,911	2.0%
Other non-funded income	465	476	466	0.2%	-2.2%	2,405	2,169	-9.8%
Non funded Income	970	956	957	-1.4%	0.2%	4,279	4,080	-4.7%
Operating income	3,303	3,246	3,343	1.2%	3.0%	13,251	13,489	1.8%
General expenses	-966	-969	-977	1.1%	0.8%	-3,763	-3,913	4.0%
Pre-provisioning profit	2,337	2,277	2,366	1.2%	3.9%	9,488	9,577	0.9%
Impairment charges	-36	-69	-181	NM	NM	-485	-851	NM
Profit before tax	2,301	2,208	2,185	-5.1%	-1.0%	9,003	8,726	-3.1%
Tax	-351	-270	-317	-9.6%	17.2%	-1,195	-1,309	9.5%
Profit before NCI	1,951	1,938	1,868	-4.2%	-3.6%	7,808	7,417	-5.0%
Non-controlling interests	-88	-82	-80	-8.6%	-1.7%	-307	-347	13.0%
Profit for the period	1,863	1,856	1,788	-4.0%	-3.7%	7,500	7,070	-5.7%

FABS estimate & Co Data

DIB - P&L KPI

	3Q25	2Q26	3Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Net FI/OI	70.6%	70.6%	71.4%	75	81	67.7%	69.8%	205
NIM	2.6%	2.3%	2.3%	-23	5	2.5%	2.3%	-19
NIS	2.1%	1.9%	1.9%	-20	7	2.0%	1.9%	-11
Fees & commissions/OI	15.3%	14.8%	14.7%	-60	-7	14.1%	14.2%	3
Other non-funded/OI	14.1%	14.7%	13.9%	-14	-74	18.2%	16.1%	-207
Cost to income	29.3%	29.9%	29.2%	-3	-63	28.4%	29.0%	61
Impairment/PPP	1.5%	3.0%	7.7%	NM	NM	5.1%	8.9%	NM
NCI/PBT	4.5%	4.2%	4.3%	-21	8	3.9%	4.7%	74
NP/OI	56.4%	57.2%	53.5%	NM	NM	56.6%	52.4%	NM
Cost of risk	0.1%	0.1%	0.3%	19	15	0.2%	0.3%	12
Loan-to-deposit - Calculated	82.2%	85.9%	84.4%	NM	NM	81.8%	83.0%	115
NPL	3.1%	2.4%	2.4%	-71	5	2.7%	2.5%	-17
Coverage - Calculated	89.6%	87.7%	87.7%	-188	0	85.4%	87.7%	232
CET 1	13.4%	13.0%	13.2%	-15	23	12.3%	12.5%	18
Capital adequacy	16.6%	16.1%	16.3%	-35	16	15.5%	15.5%	1
ROAA	2.2%	1.9%	1.8%	-45	-9	2.0%	1.6%	-33
ROAE	19.5%	17.4%	16.5%	-298	-85	17.2%	15.1%	-205

FABS estimate & Co Data

DIB - key B/S items

AED Mn	3Q25	4Q25	1Q26	2Q26	3Q26F	YOY Ch
Net financings	248,301	262,055	270,662	280,995	286,777	15.5%
QOQ change	4.6%	5.5%	3.3%	3.8%	2.1%	
Total assets	392,953	415,948	419,916	423,170	433,126	10.2%
QOQ change	5.2%	5.9%	1.0%	0.8%	2.4%	
Customer deposits	301,932	320,184	322,000	326,978	339,784	12.5%
QOQ change	6.4%	6.0%	0.6%	1.5%	3.9%	
Shareholders' fund	41,360	42,562	44,186	43,286	45,074	9.0%
QOQ change	4.0%	2.9%	3.8%	-2.0%	4.1%	

FABS estimate & Co Data

3Q26 preview: **Abu Dhabi Islamic Bank (ADIB)**

Stronger income growth offsets rising impairments and costs

Current Price	Target Price	Upside/Downside (%)	Rating
AED 23.18	AED 26.00	+12.2%	ACCUMULATE

3Q26 Estimate

Abu Dhabi Islamic Bank (ADIB/the bank) is expected to record an increase in net profit of 5.4% YOY to AED 1,817 Mn in 3Q26, primarily driven by an anticipated rise in net funded income and non-funded income, partially offset by a forecasted increase in operating expenses, impairments and NCI & zakat expenses. ADIB's funded income, including income from Islamic financing is expected to grow 13.6% YOY to AED 3,895 Mn in 3Q26, driven by expected growth in net financing and investment portfolio coupled with higher asset yield. Funded expense is anticipated to grow 18.4% YOY to AED 1,783 Mn in 3Q26, mainly due to a projected increase in average interest-bearing liabilities and increase in cost of funds. As a result, ADIB's net funded income is likely to rise 9.8% YOY to AED 2,111 Mn in 3Q26. Fee and commission income is expected to rise 5.2% YOY to AED 569 Mn in 3Q26. While other non-funded income is projected to decline 1.9% YOY to AED 737 Mn in 3Q26. Thus, the Bank's non-funded income is anticipated to increase 1.1% YOY to AED 1,306 Mn in 3Q26. As a result, the Bank's operating income is forecasted to increase 6.3% YOY to AED 3,418 Mn in 3Q26. ADIB's operating expenses are anticipated to increase 5.3% YOY to AED 962 Mn in 3Q26. Thus, we expect the cost-to-income ratio to improve by 27 bps YOY to 28.1% in 3Q26. Impairment charges are anticipated to increase 26.2% YOY to AED 260 Mn in 3Q26. In addition, NCI & zakat expenses are expected to increase 2.2% YOY to AED 379 Mn in 3Q26.

2026 Forecast

ADIB's net profit is anticipated to grow 6.2% YOY to AED 7,085 Mn in 2026, driven by the projected increase in net-funded and non-funded income, partially offset by an anticipated rise in operating expenses, impairment charges and NCI & zakat expenses. Funded income, including income from Islamic financing, is expected to grow 12.2% YOY to AED 14,764 Mn in 2026, owing to expected growth in net advances and investments, partially offset by an anticipated decline in asset yield and yield on Islamic assets. Funded expense is projected to increase 15.0% YOY to AED 6,443 Mn in 2026, supported by anticipated growth in average interest-bearing liabilities, partially offset by lower cost of funds. Thus, net funded income is expected to rise 10.2% YOY to AED 8,321 Mn in 2026. Furthermore, non-funded income is anticipated to grow 4.5% YOY to AED 4,963 Mn in 2026 due to estimated growth in fee & commission income and other non-funded income. Fee & commission income is anticipated to increase 3.8% YOY to AED 2,180 Mn in 2026, while other non-funded income is forecasted to rise 5.0% YOY to AED 2,783 Mn in 2026. As a result, operating income is anticipated to rise 8.0% YOY to AED 13,284 Mn in 2026. The Bank's operating expenses are expected to rise 7.8% YOY to AED 3,800 Mn in 2026. Impairments are forecasted to increase 32.4% YOY to AED 897 Mn in 2026. NCI & zakat expenses are anticipated to grow 5.3% YOY to AED 1,503 Mn in 2026.

2Q26 Outturn

ADIB's Islamic financing income rose 19.7% YOY to AED 3,155 Mn in 2Q26. Income from financial institutions increased 8.2% YOY to AED 570 Mn in 2Q26. Thus, total funded income surged 17.8% YOY to AED 3,725 Mn in 2Q26, supported by broad based financing growth across retail and wholesale banking, higher business volumes and new customer acquisition. Funded expenses increased significantly by 28.0% YOY to AED 1,671 Mn in 2Q26, mainly due to the significant rise in the interest-bearing liabilities coupled with higher funding cost. Thus, net funded income grew 10.7% YOY to AED 2,054 Mn in 2Q26. However, calculated NIMs contracted 19 bps YOY and 10 bps QOQ to 2.9% in 2Q26. Fees and commission income decreased 2.7% YOY to AED 532 Mn in 2Q26. Other non-funded income increased 6.4% YOY to AED 702 Mn in 2Q26, supported by higher sukuk income, net gains from investments and higher foreign exchange income. Thus, total nonfunded income increased 2.3% YOY to AED 1,234 Mn in 2Q26. As a result, total operating income increased 7.4% YOY to AED 3,288 Mn in 2Q26. Furthermore, operating expenses rose 10.6% YOY to AED 931 Mn in 2Q26,

attributable to continued investments in talent, technology, digital capabilities and business expansion initiatives. ADIB's cost-to-income deteriorated 83 bps YOY to 28.3% in 2Q26. The Bank's financing impairment decreased 28.6% YOY to AED 143 Mn in 2Q26. Additionally, zakat and profit attributable to non-controlling interest holders increased 16.2% to AED 400 Mn in 2Q26.

Target price and recommendation

We revise our rating on Abu Dhabi Islamic Bank from BUY to ACCUMULATE with an unchanged target price of AED 26.00 per share. ADIB reported strong net profit growth of 8.2% YOY in 2Q26, primarily driven by higher funded income supported by robust financing growth across the retail and wholesale banking segments, alongside resilient non-funded income from higher cards, foreign exchange, trade-related and investment income. Earnings growth was achieved despite higher operating expenses due to continued investments in talent, technology and digital capabilities, as well as increased impairment charges, while maintaining strong cost discipline and a healthy funding profile. ADIB's assets grew 16.7% YOY and 5.9% QOQ to AED 303.9 Bn, a record high, underscoring the strength of its franchise and sustained balance sheet expansion. The Bank continues to benefit from a resilient funding base with a high CASA mix and strong capital generation. ADIB's net advances grew 26.7% YOY and 6.4% QOQ to AED 206.2 Bn in 2Q26, driven by broad-based financing activities, supported by a healthy financing pipeline and sustained customer acquisition reflecting strong credit demand in UAE. ADIB's customer deposits increased 15.4% YOY and 2.6% QOQ to AED 245.7 Bn in 2Q26, driven by continued customer acquisition thereby further strengthening the Bank's funding franchise. The Bank added 59K new customers in 2Q26. CASA deposits grew 11.9% YOY to AED 157.4 Bn in 2Q26, reflecting the strength of ADIB's deposit franchise. CASA deposits stood at 64.1% of total customer deposits in 2Q26, compared to 66.9% in 1Q26. Management expects the CASA mix to improve gradually as funding market conditions normalize, supporting the Bank's resilient low-cost funding profile. ADIB maintained a robust liquidity profile in 2Q26, supported by a well-diversified funding base and strong customer deposit franchise with all key liquidity metrics remaining comfortably above regulatory requirements. The Eligible Liquid Asset Ratio improved to 15.0% in 2Q26 from 13.6% in 1Q26, while the Advances to Stable Fund Ratio increased to 90.0% from 87.6% for the same period. The loan-to-deposit ratio increased to 83.9% in 2Q26 from 81.0% in 1Q26, as advances grew 6.4% QOQ, outpacing the 2.6% QOQ increase in customer deposits. The higher ratio reflects stronger loan growth during the quarter, while the funding profile remained supportive of continued balance sheet expansion. On the front of capitalization, CAR and CET1 ratio remained broadly stable at 15.6% and 12.2% in 2Q26 compared to 15.5% and 12.0% in 1Q26, comfortably above regulatory requirements. The Bank's strong capital position continues to provide sufficient capacity to support future financing growth while maintaining prudent capital buffers. In August 2026, ADIB announced AED 1.75 Bn rights issue to raise additional capital subject to shareholder approval, strengthening its capital base and providing greater capacity to support its strong financing growth momentum and future balance sheet expansion. Following the Bank's strong 1H26 performance, ADIB upgraded its 2026 gross financing growth guidance to 18%-20% from earlier 12%-14%, reflecting sustained financing momentum across segments. The Bank revised its net profit margin guidance in 2026, primarily reflecting the funding cost pressure. Meanwhile, management maintained its Cost of Risk guidance at 0.40%-0.60%, Cost-to-Income ratio guidance of below 30% and Return on Equity guidance of above 25%, underscoring confidence in the Bank's profitability, asset quality and disciplined cost management. Overall, ADIB remains well positioned to deliver sustainable earnings growth, supported by strong fundamentals, disciplined execution and a resilient UAE operating environment. Thus, we revise our rating to ACCUMULATE on the stock.

ADIB - Relative valuation

(at CMP)	2021	2022	2023	2024	2025	2026F
PE	40.23	25.12	17.90	15.39	13.17	12.43
PB	5.28	4.71	4.10	3.69	3.20	2.76
BVPS	4.348	4.881	5.610	6.220	7.177	8.331
EPS	0.571	0.915	1.284	1.493	1.746	1.848
DPS	0.311	0.490	0.715	0.834	0.971	1.003
Dividend Yield	1.3%	2.1%	3.1%	3.6%	4.2%	4.3%

FABS Estimates & Co Data

ADIB-P&L

(AED Mn)	3Q25	2Q26	3Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Funded income	3,429	3,725	3,895	13.6%	4.6%	13,156	14,764	12.2%
Funded expense	-1,506	-1,671	-1,783	18.4%	6.7%	-5,603	-6,443	15.0%
Net funded income	1,922	2,054	2,111	9.8%	2.8%	7,553	8,321	10.2%
Fees and commissions	541	532	569	5.2%	7.0%	2,100	2,180	3.8%
Other non-funded income	751	702	737	-1.9%	5.0%	2,650	2,783	5.0%
Non-Funded Income	1,292	1,234	1,306	1.1%	5.9%	4,751	4,963	4.5%
Operating income	3,215	3,288	3,418	6.3%	4.0%	12,304	13,284	8.0%
Operating expenses	-914	-931	-962	5.3%	3.3%	-3,525	-3,800	7.8%
Pre-provisioning income	2,301	2,356	2,456	6.7%	4.2%	8,779	9,485	8.0%
Financing impairment	-206	-143	-260	26.2%	NM	-678	-897	32.4%
Profit before NCI	2,095	2,214	2,196	4.8%	-0.8%	8,101	8,588	6.0%
Zakat & NCI.	-370	-400	-379	2.2%	-5.4%	-1,428	-1,503	5.3%
Net profit for the period	1,724	1,814	1,817	5.4%	0.2%	6,674	7,085	6.2%

FABS estimate & Co Data
ADIB - P&L KPI

	3Q25	2Q26	3Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Net FI/OI	59.8%	62.5%	61.8%	198	-69	61.4%	62.6%	125
NIM	3.0%	2.9%	2.9%	-16	-2	3.1%	2.9%	-23
NIS	2.7%	2.6%	2.6%	-12	0	2.8%	2.6%	-18
Fees & commissions/OI	16.8%	16.2%	16.7%	-18	47	17.1%	16.4%	-66
Other non-funded/OI	23.4%	21.3%	21.6%	-180	22	21.5%	20.9%	-59
Cost to income (calculated)	28.4%	28.3%	28.1%	-27	-18	28.6%	28.6%	-5
Impairment/PPP	9.0%	6.0%	10.6%	163	454	7.7%	9.5%	174
NP/OI	53.6%	55.2%	53.2%	-48	-200	54.2%	53.3%	-91
Cost of risk (calculated)	0.47%	0.27%	0.50%	3	23	0.41%	0.45%	4
Loan-to-deposit	77.1%	83.9%	80.1%	309	-380	79.2%	81.5%	232
NPL - Calculated	3.3%	2.2%	2.9%	-32	78	2.8%	2.8%	-2
Coverage excl. collateral	77.7%	86.0%	77.4%	-30	-860	80.1%	85.3%	524
CET1	13.0%	12.2%	11.5%	-153	-70	12.0%	12.3%	33
Capital adequacy	16.7%	15.6%	14.8%	-187	-82	15.7%	15.5%	-22
ROAE	26.4%	27.1%	25.6%	-82	-147	26.1%	23.6%	-242
ROAA	2.6%	2.4%	2.4%	-18	-3	2.6%	2.4%	-27

FABS estimate & Co Data
ADIB - key B/S items

AED Mn	3Q25	4Q25	1Q26	2Q26	3Q26F	YOY Ch
Net advances	170,801	181,376	193,809	206,189	209,812	22.8%
QOQ change	4.9%	6.2%	6.9%	6.4%	1.8%	
Total assets	269,734	280,753	287,065	303,916	308,178	14.3%
QOQ change	3.6%	4.1%	2.2%	5.9%	1.4%	
Customer deposits	221,668	229,096	239,335	245,652	261,806	18.1%
QOQ change	4.2%	3.4%	4.5%	2.6%	6.6%	
Shareholders' funds (ex-Tier 1)	24,453	26,067	23,865	25,834	27,651	13.1%
QOQ change	7.4%	6.6%	-8.5%	8.3%	7.0%	

FABS estimate & Co Data

3Q26 preview: **National Bank of Ras Al Khaimah (RAKBANK)**

Higher non-funded income offsets rising impairments and costs

Current Price	Target Price	Upside/Downside (%)	Rating
AED 10.02	AED 10.00	-0.2%	HOLD

3Q26 Estimate

National Bank of Ras Al-Khaimah (RAKBANK/the Bank) is expected to report an increase in net profit attributable to equity shareholders of 2.9% YOY to AED 726 Mn in 3Q26. The increase in net profit is primarily driven by an anticipated rise in net funded and non-funded income, partially offset by a forecasted increase in operating expenses, impairment charges, tax expenses, and non-controlling interest. Interest income, including income from Islamic financing, is projected to rise 3.5% YOY to AED 1,475 Mn in 3Q26, due to a forecasted rise in average interest-earning assets, partially offset by a projected decline in asset yield and yield on Islamic Financing. On the other hand, interest expense is forecasted to increase 8.6% YOY to AED 517 Mn in 3Q26, driven by an expected increase in average interest-bearing liabilities, partially offset by a forecasted decline in the cost of funds. As a result, net funded income is likely to rise marginally by 0.9% YOY to AED 958 Mn in 3Q26. Thus, NIM is expected to fall 40 bps YOY but increase 10 bps QOQ to 3.6% in 3Q26. The Bank's total non-funded income is anticipated to increase 11.0% YOY to AED 416 Mn in 3Q26, primarily due to a forecasted rise in net fees and commissions, foreign exchange gains, along with a marginal gross insurance underwriting profit of AED 35K in 3Q26, compared to a loss of AED 3 Mn in 3Q25, partially offset by an anticipated decline in investment income and other operating income. Hence, net operating income is expected to grow 3.8% YOY to AED 1,373 Mn in 3Q26. Operating expenses are expected to rise 3.4% YOY to AED 464 Mn in 3Q26. Moreover, we expect the cost-to-income ratio to decrease 12 bps YOY but increase 8 bps QOQ to 33.8% in 3Q26. In addition, impairment expense is forecasted to increase 13.3% YOY to AED 111 Mn in 3Q26. The Bank's tax expense is likely to rise 1.2% YOY to AED 71 Mn in 3Q26. Furthermore, non-controlling interest is expected to increase from AED 1 Mn in 3Q25 to AED 2 Mn in 3Q26.

2026 Forecast

RAKBANK's net profit is expected to grow 16.8% YOY to AED 3,038 Mn in 2026, driven by an anticipated increase in net funded income and non-funded income, partially offset by forecasted increases in operating expenses, impairment charges and income tax expenses. Interest income, including income from Islamic financing, is projected to rise 5.7% YOY to AED 5,845 Mn in 2026, supported by anticipated growth in average interest-earning assets, partially offset by a projected decline in asset yield and yield on Islamic Financing. On the other hand, the Bank's funded expense is also expected to grow 5.9% YOY to AED 1,950 Mn in 2026, due to an expected rise in average interest-bearing liabilities, partially offset by a forecasted decline in the cost of funds. Consequently, net funded income is likely to expand 5.7% YOY to AED 3,895 Mn in 2026. We expect NIM to fall 21 bps YOY to 3.8% in 2026. Total non-funded income is expected to grow 37.1% YOY to AED 2,032 Mn in 2026, driven by a forecasted rise in net fees and commission income, foreign exchange gains, and other operating income, partially offset by an anticipated decline in investment income and an expected decline in gross insurance underwriting profit. As a result, the Bank's net operating income is likely to increase 14.7% YOY to AED 5,927 Mn in 2026. Operating expenses are anticipated to rise 4.0% YOY to AED 1,926 Mn in 2026. Additionally, we forecast the cost-to-income ratio to improve from 35.8% in 2025 to 32.5% in 2026. Impairments are forecasted to increase 44.8% YOY to AED 652 Mn in 2026. The tax expense is expected to rise 17.8% YOY to AED 301 Mn in 2026. Non-controlling interest is likely to increase marginally by 0.2% YOY to AED 9 Mn in 2026.

2Q26 Outturn

RAKBANK's interest income increased 6.3% YOY to AED 1,249 Mn in 2Q26, supported by growth in loans and investments, partially offset by a decline in asset yield. The Bank's interest expense rose by 16.9% YOY to AED 466 Mn in 2Q26, due to higher customer deposits, partially offset by decrease in the Bank's cost of fund. Thus, net interest income from conventional loans and advances increased

marginally by 0.8% YOY to AED 782 Mn in 2Q26. Income from Islamic financing grew 0.8% YOY to AED 199 Mn in 2Q26, while Islamic financing expenses declined 3.4% YOY to AED 62 Mn in 2Q26. Thus, the net Islamic financing income increased 2.8% YOY to AED 137 Mn in 2Q26. As a result, total funded income increased 5.5% YOY to AED 1,447 Mn in 2Q26, while total funded expenses rose 14.1% YOY to AED 528 Mn in 2Q26. Thus, net funded income increased 1.1% YOY to AED 919 Mn in 2Q26. Resultantly, the calculated NIM contracted 52 bps YOY and 17 bps QOQ to 3.5% in 2Q26. Net fee and commission income increased marginally 0.6% YOY to AED 213 Mn, while foreign exchange income rose 17.5% YOY to AED 116 Mn in 2Q26. RAKBANK recorded a profit from insurance underwriting of AED 0.03 Mn in 2Q26, compared to AED 0.15 Mn in 2Q25. Additionally, investment income rose 47.6% YOY to AED 44 Mn in 2Q26. The other operating income declined 39.8% YOY to AED 13 Mn in 2Q26. Consequently, total non-funded income grew 6.7% YOY to AED 386 Mn in 2Q26. Thus, total operating income rose 2.7% YOY to AED 1,305 Mn in 2Q26. However, the operating expenses declined 3.6% YOY to AED 440 Mn in 2Q26, despite continued investment in improving customer experience and technological capabilities. Thus, the Bank's cost-to-income ratio declined 219 bps YOY to 33.7% in 2Q26. Impairment charges increased 15.2% YOY to AED 92 Mn in 2Q26. Income tax expenses increased 4.6% YOY to AED 69 Mn in 2Q26. Profit attributable to non-controlling interest holders decreased 8.9% YOY to AED 2 Mn in 2Q26.

Target price and recommendation

We revise our rating on RAKBANK from ACCUMULATE to HOLD with an unchanged target price of AED 10.0. The Bank's share price rose marginally since our last rating. RAKBANK reported resilient profitability growth in 2Q26, primarily driven by higher net funded and non-funded income, supported by continued loan and investment growth, stronger foreign exchange income and higher investment income, despite higher funding costs, impairment charges and disciplined cost management, with continued investments in technology and customer experience. RAKBANK's net advances increased 19.4% YOY and 4.9% QOQ to AED 58.1 Bn in 2Q26, supported by continued growth across its lending portfolio. Retail Banking loans and advances increased 10.0% YOY and 1.6% QOQ to AED 25.9 Bn in 2Q26, driven by continued growth in credit card facilities and mortgages. Wholesale Banking loans and advances rose 39.0% YOY and 11.1% QOQ to AED 23.6 Bn, supported by higher lending across corporate and financial institution clients. Business Banking loans and advances increased 5.8% YOY but moderately declined 1.0% QOQ to AED 11.4 Bn in 2Q26. The broad-based growth in the lending portfolio reflects the strength of the Bank's diversified franchise and disciplined execution, supporting continued expansion in earning assets. RAKBANK's customer deposits increased 23.0% YOY and 1.1% QOQ to AED 75.1 Bn in 2Q26. CASA deposits remained resilient at AED 48.3 Bn in 2Q26 despite a marginal decline of 0.9% QOQ, accounting for a healthy 64.3% of total customer deposits and continuing to support RAKBANK's low-cost funding profile. We expect the Bank's NIMs to remain under pressure in 2026 owing to slower growth in change in loan mix, slow growth in CASA deposits, and negative interest rate sensitivity gap. Thus, we expect the NIMs to decline 23 bps YOY to 3.8% in 2026. Asset quality remained robust during 2Q26, with the calculated NPL ratio improving to 1.8% in 2Q26 from 1.9% in 1Q26, while the stage 3 asset NPL coverage ratio amounted to 85.9% in 2Q26 compared to 89.8% in 1Q26. Total provision coverage ratio remained steady at 252.6% in 2Q26 compared to 1Q26, reflecting the Bank's conservative provisioning approach. Notably, Stage 2 loans declined to AED 1.83 Bn from AED 1.92 Bn in 1Q26, with the Stage 2 loan ratio improving to 3.0% in 2Q26, indicating a stronger credit profile for the loan book and reducing the risk of future migration into Stage 3 assets. Capitalization remained robust during 2Q26, with a CAR of 19.3% comfortably above the regulatory minimum requirements and thereby providing adequate capacity to support future loan growth while maintaining a prudent capital buffer. ROAE moderated to 22.2% in 2Q26 from 23.6% in 1Q26, while calculated ROAA remained stable at 2.9%, highlighting the Bank's ability to sustain healthy profitability despite a moderating interest rate environment. The combination of strong capital ratios and resilient profitability positions the Bank to pursue balance sheet growth while preserving capital strength. With a resilient balance sheet, strong capital buffers and improving asset quality, RAKBANK remains well positioned to deliver sustainable profit in 2026. Accordingly, we revise our rating to HOLD on the stock.

RAKBANK - Relative valuation

(at CMP)	2021	2022	2023	2024	2025	2026F
P/E	26.60	17.18	11.28	9.71	7.74	6.62
P/B	2.41	2.24	1.95	1.87	1.37	1.24
BVPS	4.147	4.471	5.134	5.352	7.315	8.051
EPS	0.376	0.582	0.887	1.030	1.293	1.510
DPS	0.188	0.283	0.310	0.500	0.630	0.752
Dividend Yield	1.9%	2.8%	3.1%	5.0%	6.3%	7.5%

FABS Estimates & Co Data
RAKBANK P&L

AED Mn	3Q25	2Q26	3Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Interest Income	1,425	1,447	1,475	3.5%	1.9%	5,527	5,845	5.7%
Interest expense	-476	-528	-517	8.6%	-2.0%	-1,842	-1,950	5.9%
Net funded income	949	919	958	0.9%	4.2%	3,686	3,895	5.7%
Net fees and commissions	201	213	218	8.5%	2.5%	774	836	8.0%
Foreign exchange gain	93	116	119	27.9%	2.0%	390	441	13.0%
Gross insurance underwriting Profit	-3	0	0	NM	NM	-13	-20	50.0%
Investment Income	51	44	47	-7.9%	8.0%	231	197	-15.0%
Other operating income	33	13	32	-2.1%	NM	100	578	NM
Total non-funded income	375	386	416	11.0%	7.8%	1,482	2,032	37.1%
Net operating income	1,323	1,305	1,373	3.8%	5.2%	5,168	5,927	14.7%
Operating expenses	-449	-440	-464	3.4%	5.5%	-1,852	-1,926	4.0%
Pre-provision profit	875	865	909	4.0%	5.1%	3,316	4,000	20.7%
Impairment	-98	-92	-111	13.3%	21.0%	-451	-652	44.8%
Profit before tax	777	774	799	2.8%	3.2%	2,865	3,348	16.9%
Income tax expense	-70	-69	-71	1.2%	3.2%	-256	-301	17.8%
Profit after tax & before NCI	707	705	728	3.0%	3.2%	2,609	3,047	16.8%
Non-controlling interest	-1	-2	-2	35.3%	-25.0%	-9	-9	0.2%
Net profit attributable	705	702	726	2.9%	3.3%	2,600	3,038	16.8%

FABS estimate & Co Data
RAKBANK - KPI

	3Q25	2Q26	3Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Net FI/OI	71.7%	70.4%	69.7%	-198	-72	71.3%	65.7%	-560
NIM	4.0%	3.5%	3.6%	-40	10	4.0%	3.8%	-21
NIS	3.7%	3.5%	3.3%	-37	-17	3.6%	3.4%	-23
Fees & comms/OI	15.2%	16.3%	15.9%	69	-42	15.0%	14.1%	-87
Foreign exchange gain/OI	7.0%	8.9%	8.6%	163	-27	7.6%	7.4%	-11
Other operating income/OI	2.5%	1.0%	2.3%	-14	132	1.9%	9.7%	782
Investment Income/OI	3.9%	3.4%	3.4%	-44	9	4.5%	3.3%	-116
Cost to income	33.9%	33.7%	33.8%	-12	8	35.8%	32.5%	-334
Impairment/PPP	11.2%	10.6%	12.2%	101	160	13.6%	16.3%	272
NP/OI	53.3%	53.8%	52.8%	-45	-98	50.3%	51.3%	94
Cost of risk	0.7%	0.6%	0.2%	-56	-43	0.8%	1.1%	25
Loan-to-deposit	78.1%	77.3%	77.5%	-57	21	75.6%	77.0%	143
NPL - Calculated	2.0%	1.8%	1.8%	-18	0	1.9%	1.8%	-8
NPL Coverage - Calculated	247.2%	252.6%	253.5%	633	93	258.8%	255.0%	-376
CET 1	16.0%	15.9%	15.9%	-8	2	14.5%	14.5%	0
Capital Adequacy	19.6%	19.3%	19.2%	-42	-12	18.1%	17.7%	-35
ROAE	20.0%	22.2%	20.9%	89	-130	19.6%	19.2%	-46
ROAA	2.7%	2.9%	2.8%	14	-7	2.7%	2.8%	12

FABS estimate & Co data
RAKBANK - Key B/S items

AED Mn	3Q25	4Q25	1Q26	2Q26	3Q26F	YOY Ch
Net advances	51,228	53,246	55,381	58,082	59,349	15.9%
QOQ change	5.3%	3.9%	4.0%	4.9%	2.2%	
Total assets	99,459	105,018	107,323	108,611	110,473	11.1%
QOQ change	4.7%	5.6%	2.2%	1.2%	1.7%	
Customer deposits	65,621	70,460	74,308	75,147	76,579	16.7%
QOQ change	7.4%	7.4%	5.5%	1.1%	1.9%	
Total Equity	14,202	14,756	14,199	15,019	15,708	10.6%
QOQ change	15.1%	3.9%	-3.8%	5.8%	4.6%	

FABS estimate & Co data

3Q26 preview: **Abu Dhabi Commercial Bank (ADCB)**

Higher non-funded income and lower impairments to drive profit growth

Current Price	Target Price	Upside/Downside (%)	Rating
AED 16.28	AED 18.00	+10.6%	ACCUMULATE

3Q26 Estimate

Abu Dhabi Commercial Bank's (ADCB/the Bank) net profit attributable to equity shareholders is forecasted to increase 9.5% YOY to AED 3,385 Mn in 3Q26, driven by anticipated growth in non-funded income and a projected decline in impairment charges, partially offset by decline in net funded income, an expected increase in operating expenses coupled with increase in tax expense. ADCB's funded income is expected to decline 1.4% YOY to AED 9,030 Mn in 3Q26, due to an anticipated decrease in asset yield, partially offset by a forecasted rise in net loans and advances and net investments. Funded expense is projected to decline marginally by 0.7% YOY to AED 5,313 Mn in 3Q26, despite expected increase in average interest-bearing liabilities. Consequently, net funded income is forecasted to decrease 2.4% YOY to AED 3,717 Mn in 3Q26. We expect NIMs to decline by 32 bps YOY and 4 bps QOQ to 2.0% in 3Q26. Fee and commission income is forecasted to increase 28.2% YOY to AED 1,245 Mn in 3Q26. Simultaneously, other operating income is anticipated to grow 6.8% YOY to AED 1,172 Mn in 3Q26. Hence, non-funded income is likely to rise 16.9% YOY to AED 2,417 Mn in 3Q26. As a result, total operating income is projected to increase 4.4% YOY to AED 6,134 Mn in 3Q26. Furthermore, operating expenses are expected to increase 2.0% YOY to AED 1,656 Mn in 3Q26. Accordingly, the cost-to-income ratio is forecasted to improve 64 bps YOY to 27.0% in 3Q26. Additionally, the Bank's impairments are projected to decrease 37.7% YOY to AED 677 Mn in 3Q26. ADCB's tax expense is expected to increase from AED 76 Mn in 3Q25 to AED 419 Mn in 3Q26. The contribution to NCI is expected to be AED 2 Mn in 3Q26 compared to AED 2.6K in 3Q25.

2026 Forecast

ADCB's net profit attributable to equity shareholders is expected to grow 17.4% YOY to AED 13.4 Bn in 2026, supported by anticipated growth in net funded and non-funded income, as well as a projected decline in impairment charges, partially offset by forecasted growth in operating expenses and tax expenses. Funded income is projected to increase marginally by 0.2% YOY to AED 35.2 Bn in 2026, due to anticipated growth in interest-earnings assets, partially offset by an expected decline in asset yield. Meanwhile, funded expenses are forecasted to increase marginally by 0.1% YOY to AED 20.5 Bn in 2026, due to expected growth in interest-bearing liabilities, partially offset by decline in cost of funds. Consequently, net funded income is expected to rise by 0.4% YOY to AED 14.8 Bn in 2026, with NIMs expected to decline 25 bps YOY to 2.1% in 2026. Fees and commission income is projected to increase 22.0% YOY to AED 4.4 Bn in 2026, while other operating income is forecasted to grow 29.1% YOY to AED 5.0 Bn in 2026. As a result, non-funded income is likely to increase 25.7% YOY to AED 9.4 Bn in 2026. Consequently, total operating income is projected to grow 9.0% YOY to AED 24.2 Bn in 2026. Furthermore, operating expenses are expected to increase 4.5% YOY to AED 6.5 Bn in 2026. Thus, the cost-to-income ratio is expected to improve 116 bps YOY to 27.0% in 2026. In addition, impairments are anticipated to decline 17.4% YOY to AED 2.6 Bn in 2026. ADCB's tax expense is forecasted to increase 18.8% YOY to AED 1.7 Bn in 2026.

2Q26 Outturn

ADCB's funded income, including interest income and income from Islamic financing, grew 3.7% YOY to AED 8,956 Mn in 2Q26, primarily due to increase in interest earning assets, partially offset by a decline in asset yields. The Bank's funded expenses increased 4.8% YOY to AED 5,223 Mn in 2Q26, mainly due to increase in interest bearing liabilities, partially offset by decrease in cost of funds. As a result, net funded income grew 2.1% YOY to AED 3,733 Mn in 2Q26. ADCB's calculated NIM declined 28 bps YOY and 8 bps QOQ to 2.0% in 2Q26. Fee and commission income grew 27.7% YOY to AED 1,186 Mn in 2Q26, driven by higher card-related and loan processing fees, along with trade finance commissions and asset management income. Meanwhile, other operating income declined

1.5% YOY to AED 1,128 Mn in 2Q26. Resultantly, non-funded income grew 11.6% YOY to AED 2,314 Mn in 2Q26. Total operating income rose 5.6% YOY to AED 6,047 Mn in 2Q26. Operating expenses increased 12.0% YOY to AED 1,691 Mn in 2Q26, mainly due to continued investment in talent, technology, and AI to support growth initiatives. Thus, the calculated cost-to-income ratio deteriorated 161 bps YOY and 237 bps QOQ to 28.0% in 2Q26, as operating expense growth outpaced operating income growth. Impairments declined 54.8% YOY and 16.0% QOQ to AED 536 Mn in 2Q26, driven by higher recoveries and portfolio quality against an elevated prior-year charge related to a few legacy corporate accounts. Furthermore, tax expense declined 3.8% YOY to AED 450 Mn in 2Q26.

Target price and recommendation

We revise our rating on Abu Dhabi Commercial Bank (ADCB) from BUY to ACCUMULATE with an unchanged target price of AED 18.00. ADCB delivered a strong performance in 2Q26, with profitability supported by robust non-funded income growth, lower impairment charges, and continued balance sheet expansion, partially offset by higher operating expenses. Net loans increased 17.5% YOY to AED 444.6 Bn on solid credit demand across the UAE and key international corridors, while customer deposits grew 13.6% YOY and 0.7% QOQ to AED 526.6 Bn. The funding mix remained favorable, with CASA at 45.7% of total deposits, up from 44.7% a year earlier though moderating from 46.9% in 1Q26 as term deposits grew faster during the quarter. NIM moderated to 2.0% in 2Q26 from 2.1% in 1Q26, reflecting three benchmark rate cuts since September 2025 and a higher cost of funds, risk adjusted NIM, however, improved to 1.91% in 1H26 and is expected to remain broadly stable through 2026 assuming no further cuts, though the system-wide liquidity surplus has narrowed from c. AED 240 Bn to c. AED 80 Bn, sustaining funding-cost pressure into 3Q26. Loan growth was led by the corporate segment across GREs, financial institutions, trading, and manufacturing, international lending which grew faster than domestic in 2Q26 on drawdown timing, though the domestic-to-international mix is expected to hold at c. 70:30, with over AED 90 Bn of committed undrawn lending to draw down in coming quarters, and the Bank guided to high-teens net loan growth for full-year 2026. The loan book remains well diversified, with 46% exposure to Abu Dhabi, 19% to Dubai, 5% to other Emirates, and 30% internationally. ADCB also strengthened its capital markets franchise, acting as bookrunner on Emirates NBD's USD 750 Mn AT1 issuance, joint lead manager and joint bookrunner on Kazakhstan Temir Zholy's USD 1 Bn dual-tranche bond, and joint bookrunner on UzNIF's USD 692 Mn listing. Trading income strength reflects both structural enhancements across people, products, and infrastructure and supportive market volatility, with c. 60–65% now viewed as sustainable. Private Banking and Wealth Management client base rose 26.0% YOY and AUM rose 27.0% YOY, while the retail franchise added over 56,000 new customers and more than 47,000 new credit cards during 2Q26, supported by continued digital investment including the launch of a conversational AI interface on its new mobile banking app. ADCB reaffirmed its 2026 and medium-term guidance, with any revisions contingent on macro developments, and remains confident in navigating the current environment on the back of strong capital and liquidity buffers and disciplined risk management. Overall, its strong balance sheet, diversified revenue base, favourable funding mix, and robust growth pipeline support sustained earnings momentum amid evolving macroeconomic and geopolitical conditions. Additionally, ADCB distributed AED 4.98 Bn, amounting to AED 0.63 per share, in respect of 2025. Thus, based on our analysis, we revise our rating to ACCUMULATE on the stock.

ADCB - Relative Valuation

(at CMP)	2021	2022	2023	2024	2025	2026F
PE	23.92	19.39	15.51	14.19	11.49	10.15
PB	2.27	2.19	1.94	1.81	1.64	1.50
BVPS	7.290	7.571	8.537	9.127	10.109	11.061
EPS	0.692	0.854	1.067	1.167	1.442	1.631
DPS	0.352	0.171	0.560	0.590	0.630	0.707
Dividend Yield	2.2%	1.1%	3.4%	3.6%	3.9%	4.3%

FABS Estimates & Co Data

ADCB - P&L

AED Mn	3Q25	2Q26	3Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Funded income	9,159	8,956	9,030	-1.4%	0.8%	35,123	35,206	0.2%
Funded expense	-5,352	-5,223	-5,313	-0.7%	1.7%	-20,435	-20,455	0.1%
Net funded income	3,806	3,733	3,717	-2.4%	-0.4%	14,688	14,751	0.4%
Fees & commissions	971	1,186	1,245	28.2%	5.0%	3,607	4,401	22.0%
Other operating income	1,097	1,128	1,172	6.8%	3.9%	3,888	5,019	29.1%
Non funded income	2,068	2,314	2,417	16.9%	4.5%	7,495	9,419	25.7%
Operating income	5,875	6,047	6,134	4.4%	1.4%	22,183	24,170	9.0%
Operating expenses	-1,624	-1,691	-1,656	2.0%	-2.1%	-6,246	-6,526	4.5%
Pre-provision profit	4,251	4,356	4,478	5.3%	2.8%	15,937	17,644	10.7%
Impairments	-1,087	-536	-677	-37.7%	26.4%	-3,103	-2,564	-17.4%
Operating profit	3,164	3,820	3,800	20.1%	-0.5%	12,834	15,081	17.5%
Share of profit of assoc.	3	6	5	NM	NM	9	20	NM
Profit before tax	3,166	3,826	3,805	20.2%	-0.5%	12,843	15,101	17.6%
Overseas tax expense	-76	-450	-419	NM	-7.0%	-1,398	-1,661	18.8%
Non-controlling interest	0	0	-2	NM	NM	1	-7	NM
Profit for the period	3,090	3,376	3,385	9.5%	0.3%	11,446	13,433	17.4%

FABS estimate & Co Data
ADCB - P&L KPI

	3Q25	2Q26	3Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Net FI/OI	64.8%	61.7%	60.6%	-420	-114	66.2%	61.0%	-518
NIM	2.3%	2.0%	2.0%	-32	-4	2.3%	2.1%	-25
NIS	1.9%	1.7%	1.7%	-22	-4	1.9%	1.7%	-14
Fees & comms/OI	16.5%	19.6%	20.3%	377	69	16.3%	18.2%	195
Other non-funded/OI	18.7%	18.7%	19.1%	43	45	17.5%	20.8%	324
Cost to income	27.6%	28.0%	27.0%	-64	-96	28.2%	27.0%	-116
Impairment/PPP	25.6%	12.3%	15.1%	NM	282	19.5%	14.5%	-494
Tax/PBT	2.4%	11.8%	11.0%	861	-76	10.9%	11.0%	11
NP/OI	52.6%	55.8%	55.2%	258	-64	51.6%	55.6%	398
Cost of risk - Calculated	0.8%	0.4%	0.4%	-35	8	0.6%	0.4%	-16
Loan-to-deposit - Calculated	85.1%	86.1%	85.5%	44	-58	82.2%	84.0%	177
NPL - calculated	2.0%	1.8%	1.9%	-11	9	2.0%	2.0%	4
Coverage (calculated)	174.5%	133.0%	130.0%	NM	-302	126.5%	130.0%	354
CET 1	12.7%	13.7%	14.2%	148	52	13.8%	14.0%	25
Capital adequacy	16.0%	16.5%	17.0%	101	50	17.0%	17.0%	-2
ROAE	14.8%	17.0%	16.7%	194	-22	14.7%	15.4%	69
ROAA	1.5%	1.7%	1.7%	15	0	1.6%	1.7%	6

FABS estimate & Co Data
ADCB- Key BS Items

AED Mn	3Q25	4Q25	1Q26	2Q26	3Q26F	YOY Ch
Net advances	401,356	403,031	425,720	444,596	455,370	13.5%
QOQ change	6.0%	0.4%	5.6%	4.4%	2.4%	
Total assets	744,273	773,654	808,857	833,184	840,691	13.0%
QOQ change	3.6%	3.9%	4.6%	3.0%	0.9%	
Customer deposits	482,440	499,775	523,095	526,638	543,475	12.7%
QOQ change	4.1%	3.6%	4.7%	0.7%	3.2%	
Total shareholders equity	79,509	88,741	85,774	89,254	92,525	16.4%
QOQ change	4.3%	11.6%	-3.3%	4.1%	3.7%	

FABS estimate & Co Data

3Q26 preview: Mashreq Bank (MASQ)

Strong funded and non-funded income growth to boost profits

Current Price	Target Price	Upside/Downside (%)	Rating
AED 326.00	AED 305.00	-6.4%	REDUCE

3Q26 Estimate

We expect Mashreq Bank (MASQ/the Bank) to report 8.6% YOY increase in net profit attributable to equity shareholders to AED 1,830 Mn in 3Q26, primarily due to anticipated growth in net funded income and non-funded income, partially offset by a forecasted increase in G&A expenses, impairment charges, tax expenses, and NCI. MASQ's funded income, including income from Islamic financing, is expected to rise 19.6% YOY to AED 4,910 Mn in 3Q26, driven by forecasted growth in average interest-earning assets and asset yields. Funded expense is anticipated to increase 31.1% YOY to AED 2,605 Mn in 3Q26, due to an anticipated rise in average interest-bearing liabilities and the cost of funds, partially offset by the absence of distribution to depositors - Islamic products. Resultantly, net funded income is expected to increase 8.8% YOY to AED 2,305 Mn in 3Q26. We anticipate NIMs to decline by 18 bps YOY but rise by 6 bps QOQ to 3.3% in 3Q26. Furthermore, the Bank's net fee and commission income is forecasted to decrease 26.5% YOY to AED 285 Mn in 3Q26. Additionally, income from investment securities is projected to grow from AED 99 Mn in 3Q25 to AED 215 Mn in 3Q26. Other operating income is anticipated to increase 14.3% YOY to AED 682 Mn in 3Q26. Thus, total non-funded income is expected to increase 9.1% YOY to AED 1,182 Mn in 3Q26. General and administrative expenses are anticipated to increase 6.4% YOY to AED 1,081 Mn in 3Q26. As a result, the cost-to-income ratio is expected to improve by 71 bps YOY and 89 bps QOQ to 31.0% in 3Q26. In addition, the Bank's impairment charges are expected to increase 39.4% YOY to AED 169 Mn in 3Q26. Furthermore, tax expense is anticipated to increase marginally by 0.2% YOY to AED 358 Mn in 3Q26. MASQ's share attributable to non-controlling interest is expected to increase from AED 23 Mn in 3Q25 to AED 50 Mn in 3Q26.

2026 Forecast

MASQ's net profit attributable to equity shareholders is expected to increase 14.2% YOY to AED 7,814 Mn in 2026, supported by an anticipated rise in net funded income and non-funded income, along with a projected decline in impairment charges, partially offset by higher projected G&A expenses, tax expenses and non-controlling interest. Funded income, including income from Islamic financing, is expected to increase 16.6% YOY to AED 18,499 Mn in 2026, driven by growth in average interest-earning assets, while asset yields are expected to remain flat. Funded expense is also expected to rise 21.7% YOY to AED 9,398 Mn in 2026, due to an anticipated rise in average interest-bearing liabilities and the cost of funds, partially offset by the absence of distribution to depositors - Islamic products. Thus, net funded income is expected to increase 11.8% YOY to AED 9,101 Mn in 2026. MASQ's net fee and commission income is forecasted to decrease 2.0% YOY to AED 1,306 Mn in 2026. Other operating income is expected to rise 3.0% YOY to AED 2,834 Mn in 2026. Income from investment securities is anticipated to grow significantly from AED 350 Mn in 2025 to AED 771 Mn in 2026. Thus, non-funded income is expected to increase 10.7% YOY to AED 4,911 Mn in 2026. G&A expenses are projected to increase 9.7% YOY to AED 4,246 Mn in 2026. The Bank is expected to report impairment charges of AED 232 Mn in 2026, compared to AED 444 Mn in 2025. Tax expense is anticipated to increase 18.2% YOY to AED 1,526 Mn in 2026. Additionally, the profit share attributable to non-controlling interest holders is expected to increase from AED 131 Mn in 2025 to AED 196 Mn in 2026.

2Q26 Outturn

MASQ's interest income rose 16.9% YOY to AED 4,003 Mn in 2Q26, due to an increase in net advances and investments coupled with a rise in asset yield. Similarly, income from Islamic financing increased 29.0% YOY to AED 599 Mn in 2Q26, driven by an increase in Islamic financing assets, partially offset by lower asset yield on Islamic assets. As a result, total funded income grew 18.3% YOY to AED 4,602 Mn in 2Q26. Moreover, funded expenses increased 27.4% YOY to AED 2,415 Mn in 2Q26, owing to an increase in interest bearing liabilities and higher cost of funds. Consequently,

net funded income increased 9.6% YOY to AED 2,187 Mn in 2Q26. MASQ's net fee and commission income decreased 16.3% YOY to AED 248 Mn in 2Q26. Income from investment securities grew significantly from AED 100 Mn in 2Q25 to AED 286 Mn in 2Q26. Other operating income grew 0.4% YOY to AED 679 Mn in 2Q26. Thus, the Bank's total non-funded income grew 13.1% YOY to AED 1,213 Mn in 2Q26. Consequently, MASQ's total operating income increased 10.9% YOY to AED 3,400 Mn in 2Q26. Furthermore, the Bank's G&A expenses increased 14.3% YOY to AED 1,084 Mn in 2Q26. Thus, cost-to-income ratio grew 97 bps YOY and 96 bps QOQ to 31.9% in 2Q26. MASQ recorded impairment reversal of AED 209 Mn in 2Q26, compared to impairments charges of AED 144 Mn in 2Q25. Tax expenses increased from AED 295 Mn in 2Q25 to AED 404 Mn in 2Q26. The profit share to NCI holders grew from AED 32 Mn in 2Q25 to AED 49 Mn in 2Q26.

Target price and recommendation

We revise our rating on MASQ from HOLD to REDUCE with a revised target price of AED 305.0. MASQ delivered a strong set of 2Q26 results, with net profit increasing 25.7% YOY to AED 2.1 Bn, primarily driven by higher funded income, stronger income from investment securities and other operating income, together with a reversal in impairment charges. The Bank continued to maintain healthy balance sheet momentum with loans net advances increasing 26.1% YOY and 0.8% QOQ to AED 169.1 Bn in 2Q26. MASQ's investment portfolio also expanded 23.0% QOQ to AED 76.1 Bn in 2Q26, as surplus deposits were deployed into high-quality liquid securities. Customer deposits grew 27.9% YOY and 8.1% QOQ to AED 227.2 Bn in 2Q26, outpacing loan growth and strengthening the Bank's funding profile. Furthermore, CASA deposits accounted for 63% of total deposits during 2Q26. However, Bank's NIMs contracted by 15 bps YOY to 3.3% in 2Q26, while the cost-to-income ratio increased by 97 bps YOY to 31.9%. Asset quality remained healthy, supported by a decline in calculated NPL ratio to 1.1% in 2Q26, although provision coverage moderated to 149.4% in 2Q26, compared to 159.7% in 1Q26. Meanwhile, liquidity and capitalisation remained robust, with a Liquid Assets Ratio of 27.6%, and an LCR of 147% during 2Q26. The Bank liquidity ratio also remained healthy with a CET1 ratio of 13.8% and a total CAR of 16.9% in 2Q26, enabling the Bank to support future growth while maintaining comfortable regulatory buffers. MASQ also continued to generate healthy shareholder returns, reporting a ROAE of 21.0% in 2Q26. While we remain constructive on the Bank's strong balance sheet, resilient funding profile, solid capital position and healthy profitability, we believe these positives are largely reflected in the current valuation. Accordingly, we revise our rating to REDUCE on the stock.

MASQ- Relative Valuation

(at CMP)	2021	2022	2023	2024	2025	2026F
P/E	65.46	17.59	7.72	7.49	9.92	8.76
P/B	3.24	2.92	2.24	1.94	1.80	1.60
BVPS	100.839	112.152	145.720	168.367	181.634	204.567
EPS	4.996	18.590	42.349	43.657	32.975	37.329
DPS	1.000	9.000	18.500	21.100	10.200	11.199
Dividend Yield	0.3%	2.8%	5.7%	6.5%	3.1%	3.4%

FABS estimate & Co Data

MASQ - P&L

AED Mn	3Q25	2Q26	3Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Interest income	3,616	4,003	4,294	18.8%	7.3%	13,960	16,104	15.4%
Income from Islamic financing	491	599	616	25.4%	2.8%	1,906	2,395	25.7%
Funded income	4,106	4,602	4,910	19.6%	6.7%	15,866	18,499	16.6%
Funded expense	-1,988	-2,415	-2,605	31.1%	7.9%	-7,724	-9,398	21.7%
Net funded income	2,119	2,187	2,305	8.8%	5.4%	8,141	9,101	11.8%
Net Fee and commission income	388	248	285	-26.5%	15.0%	1,333	1,306	-2.0%
Inc. from investment securities	99	286	215	NM	-25.0%	350	771	NM
Other operating income, net	597	679	682	14.3%	0.5%	2,752	2,834	3.0%
Total other OI	1,083	1,213	1,182	9.1%	-2.6%	4,435	4,911	10.7%
Total operating income	3,202	3,400	3,487	8.9%	2.5%	12,576	14,013	11.4%
General & admin. expenses	-1,015	-1,084	-1,081	6.4%	-0.3%	-3,871	-4,246	9.7%
Pre provision profit	2,187	2,316	2,406	10.0%	3.9%	8,705	9,767	12.2%
Allowances for impairment, net	-121	209	-169	39.4%	NM	-444	-232	NM
Income tax expense	-357	-404	-358	0.2%	-11.3%	-1,291	-1,526	18.2%
Non-controlling interests	-23	-49	-50	NM	2.0%	-131	-196	50.0%
Net Profit	1,685	2,072	1,830	8.6%	-11.7%	6,840	7,814	14.2%

FABS estimate & Co Data

MASQ - KPI

	3Q25	2Q26	3Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Net FI/OI	66.2%	64.3%	66.1%	-7	178	64.7%	64.9%	21
NIM	3.5%	3.3%	3.3%	-18	6	3.4%	3.3%	-10
NIS	3.4%	3.5%	3.6%	16	10	3.3%	3.3%	-1
Fees & comms/OI	12.1%	7.3%	8.2%	-394	88	10.6%	9.3%	-128
Trading/OI	3.1%	8.4%	6.2%	308	-226	2.8%	5.5%	272
Cost to income	31.7%	31.9%	31.0%	-71	-89	30.8%	30.3%	-48
Impairment/PPP	5.5%	-9.0%	7.0%	147	NM	5.1%	2.4%	-273
NP/OI	52.6%	60.9%	52.5%	-15	-847	54.4%	55.8%	138
Cost of risk - Calculated	0.4%	-0.6%	0.5%	7	105	0.3%	0.2%	-17
Loan-to-deposit	76.4%	74.4%	75.7%	-75	127	80.2%	77.6%	-256
NPL - Calculated	1.3%	1.1%	1.1%	-21	-1	1.4%	1.1%	-24
Coverage excluding Collateral	121.3%	149.4%	150.0%	NM	62	110.9%	150.5%	NM
CET1	14.2%	13.8%	14.0%	-16	23	12.3%	13.2%	99
Capital Adequacy	16.8%	16.9%	17.1%	31	15	14.5%	16.2%	168
ROAE	24.0%	20.2%	19.5%	-455	-75	18.8%	19.3%	49
ROAA	2.9%	2.2%	2.2%	-73	-3	2.3%	2.2%	-11

FABS estimate & Co Data

MASQ - key BS items

AED Mn	3Q25	4Q25	1Q26	2Q26	3Q26F	YOY Ch
Net advances	143,085	164,349	167,697	169,088	174,621	22.0%
QOQ changes	6.7%	14.9%	2.0%	0.8%	3.3%	
Total assets	305,464	334,634	344,305	365,748	375,503	22.9%
QOQ changes	4.0%	9.5%	2.9%	6.2%	2.7%	
Customer deposits	187,167	204,895	210,171	227,190	230,686	23.3%
QOQ changes	5.4%	9.5%	2.6%	8.1%	1.5%	
Total equity	38,924	40,577	41,722	44,045	45,786	17.6%
QOQ changes	5.2%	4.2%	2.8%	5.6%	4.0%	

FABS estimate & Co Data

3Q26 preview: **Sharjah Islamic Bank (SIB)**

Weaker non-funded income and higher costs to weigh on earnings

Current Price	Target Price	Upside/Downside (%)	Rating
AED 2.98	AED 3.85	+29.2%	BUY

3Q26 Estimate

Sharjah Islamic Bank's (SIB/the Bank) net profit is expected to decline 1.9% YOY to AED 400 Mn in 3Q26, due to a decline in non-funded income coupled with an expected rise in general & admin expenses and provisions, partially offset by anticipated increases in net funded income, as well as a forecasted decline in corporate taxes. Funded income is expected to grow 10.1% YOY to AED 1,103 Mn in 3Q26, driven by expected growth in the investment and loan book, partially offset by an expected decline in asset yield. Funded expense is forecasted to increase marginally by 1.0% YOY to AED 602 Mn in 3Q26, due to a projected rise in average interest-bearing liabilities, partially offset by a forecasted decline in the cost of funds. Hence, net funded income is likely to grow 23.7% YOY to AED 501 Mn in 3Q26. The Bank's fee and commission income is expected to decline 20.2% YOY to AED 193 Mn in 3Q26, while fee and commission expenses are anticipated to increase 17.1% YOY to AED 37 Mn in 3Q26. Moreover, the Bank is expected to record investment income of AED 15 Mn in 3Q26 compared to an investment loss of AED 12 Mn in 3Q25. The Bank's foreign exchange income is projected to grow 3.1% YOY to AED 25 Mn in 3Q26. SIB's other income is expected to decrease 13.2% YOY to AED 48 Mn in 3Q26. Thus, total non-funded income is likely to decrease 12.3% YOY to AED 244 Mn in 3Q26. Consequently, total operating income is expected to increase 9.0% YOY to AED 745 Mn in 3Q26. Furthermore, SIB's general and administrative expenses are anticipated to increase 13.4% YOY to AED 242 Mn in 3Q26. SIB is expected to record a provision charge of AED 63 Mn in 3Q26 compared to a charge of AED 21 Mn in 3Q25. The Bank's tax expense is forecasted to fall 1.9% YOY to AED 40 Mn in 3Q26.

2026 Forecast

SIB's net profit is forecasted to increase 16.5% YOY to AED 1,534 Mn in 2026, owing to an expected increase in net funded and non-funded income, partially offset by projected growth in general & admin expenses, provisions, and corporate taxes. SIB's funded income is expected to grow 11.5% YOY to AED 4,350 Mn in 2026, due to a forecasted rise in average interest-earning assets, partially offset by a projected decline in asset yield. On the other hand, funded expense is projected to grow 2.8% YOY to AED 2,384 Mn in 2026, driven by forecasted growth in average interest-bearing liabilities, partially offset by an expected decline in the cost of funds. As a result, net funded income is likely to grow 24.3% YOY to AED 1,966 Mn in 2026. SIB's fee and commission income is anticipated to rise 3.9% YOY to AED 755 Mn, while fee and commission expenses are expected to rise 17.2% YOY to AED 149 Mn in 2026. Investment income is projected to grow significantly from AED 22 Mn in 2025 to AED 85 Mn in 2026. Moreover, foreign exchange income is forecasted to decline 10.0% YOY to AED 101 Mn in 2026. In addition, other income is expected to decline 5.0% YOY to AED 162 Mn in 2026. As a result, total non-funded income is projected to increase 5.4% YOY to AED 953 Mn in 2026. Thus, total operating income is expected to increase 17.4% YOY to AED 2,919 Mn in 2026. G&A expenses are anticipated to increase 7.3% YOY to AED 963 Mn in 2026. Provisions are expected to increase 24.2% YOY to AED 270 Mn in 2026. Furthermore, the tax expense is forecasted to grow 16.6% YOY to AED 152 Mn in 2026.

2Q26 Outturn

Funded income increased 9.9% YOY to AED 1,064 Mn in 2Q26, supported by strong growth in net loans and advances, due to strong demand across diversified sectors, partially offset by a decline in asset yields. Depositors share of profit declined 2.1% YOY to AED 573 Mn in 2Q26, reflecting a lower cost of funds, partially offset by growth in customer deposits. Consequently, net funded income rose 28.3% YOY to AED 491 Mn in 2Q26, with the NIMs improving 23 bps YOY and 5 bps QOQ to 1.9% in 2Q26. Non-funded income increased 7.3% YOY to AED 266 Mn in 2Q26, supported by higher investment income, partially offset by lower net fees and commission income, foreign exchange

income, and other income. Net fees and commission income declined 19.0% YOY to AED 136 Mn in 2Q26. Meanwhile, investment income increased significantly from AED 21 Mn in 2Q25 to AED 75 Mn in 2Q26. Additionally, foreign exchange income decreased 8.2% YOY to AED 29 Mn in 2Q26. Similarly, other income declined 5.7% YOY to AED 25 Mn in 2Q26, primarily due to lower income from hospitality, and other income, partially offset by higher rental income and gains from disposal of properties. As a result, total operating income increased 20.0% YOY to AED 757 Mn in 2Q26. G&A expenses rose 16.6% YOY to AED 241 Mn in 2Q26. However, the calculated cost-to-income ratio improved by 93 bps YOY and 440 bps QOQ to 31.9% in 2Q26. Impairment charges increased substantially from AED 8 Mn in 2Q25 to AED 50 Mn in 2Q26. Corporate tax expense increased 12.4% YOY to AED 42 Mn in 2Q26, reflecting higher profit before tax.

Target Price and recommendation

We maintain our BUY rating on SIB with a target price of AED 3.85. SIB recorded strong growth in profitability in 2Q26, driven by effective management execution and the successful implementation of its profit-generating strategies. Furthermore, net advances increased 16.0% YOY and 6.7% QOQ to AED 49.9 Bn in 2Q26. This growth highlights the Bank's steadfast commitment to providing Islamic financial services and fostering sectoral growth. Customer deposits also increased 12.6% YOY to AED 59.4 Bn in 2Q26, demonstrating strong customer relationships as well as the competitiveness of the Bank's products and profit rates. Additionally, the financing-to-deposit ratio increased to 84.0% in 2Q26, compared to 76.1% in 1Q26, reflecting the Bank's prudent management of its financial portfolio while maintaining a well-balanced risk profile. Additionally, CASA deposits increased to 43.7% of total deposits in 2Q26 from 42.7% in 1Q26, while the Bank's NIM expanded 23 bps YOY to 1.9% in 2Q26. Furthermore, the cost-to-income ratio improved to 31.9% in 2Q26 from 32.8% in 2Q25, indicating enhanced operating efficiency and improved profitability. Asset quality also improved, with the calculated NPL ratio declining to 3.6% in 2Q26 from 4.3% in 2Q25. However, calculated NPL coverage ratio declined to 91.8% in 2Q26 from 93.4% in 1Q26. Liquid assets represented 20.9% of total assets in 2Q26, remaining above the Bank's strategic minimum liquidity threshold of 20% and indicating a strong liquidity position to meet its short-term obligations. Furthermore, the Group maintained a strong capital position, with the CAR improving to 19.5% in 2Q26 from 15.5% in 1Q26, primarily supported by the successful rights issue, while the CET 1 ratio improved to 15.6% in 2Q26 from 11.5% in 1Q26. Furthermore, calculated ROAA stood at 1.6% in 2Q26 compared to 1.5% in 2Q25. ROAE decreased to 14.8% in 2Q26 from 16.5% in 2Q25. During the period, the Bank completed a successful rights issue of 1.1 Bn shares at an issue price of AED 2.4 per share, strengthening shareholders equity and the Bank's capital base. Thus, based on these factors, we maintain our BUY rating on the stock.

SIB - Relative valuation

(At CMP)	2021	2022	2023	2024	2025	2026F
PE	18.82	17.30	12.90	10.00	7.89	8.20
PB	1.65	1.67	1.54	1.41	1.25	1.16
BVPS	1.811	1.791	1.944	2.115	2.383	2.578
EPS	0.159	0.173	0.232	0.299	0.379	0.365
DPS	0.076	0.095	0.100	0.150	0.200	0.237
Dividend Yield	2.6%	3.2%	3.4%	5.0%	6.7%	8.0%

FABS estimate & Co Data

SIB – P&L

AED Mn	3Q25	2Q26	3Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Income from fin. & leasing	1,002	1,064	1,103	10.1%	3.7%	3,900	4,350	11.5%
Depositors' share of profit	-596	-573	-602	1.0%	5.1%	-2,318	-2,384	2.8%
Net funded income	405	491	501	23.7%	2.1%	1,582	1,966	24.3%
Fees and commissions	242	174	193	-20.2%	11.0%	726	755	3.9%
Fee and commission expense	-31	-38	-37	17.1%	-2.8%	-127	-149	17.2%
Investment income	-12	75	15	NM	NM	22	85	NM
Foreign exchange income	24	29	25	3.1%	-15.8%	112	101	-10.0%
Other income	55	25	48	-13.2%	NM	170	162	-5.0%
Total non-funded income	278	266	244	-12.3%	-8.4%	904	953	5.4%
Total operating income	683	757	745	9.0%	-1.6%	2,486	2,919	17.4%
General & admin. Expenses	-214	-241	-242	13.4%	0.3%	-897	-963	7.3%
Pre provision profit	470	515	503	7.1%	-2.4%	1,588	1,956	23.1%
Provisions	-21	-50	-63	NM	25.7%	-217	-270	24.2%
Profit before tax	448	465	440	-1.9%	-5.5%	1,448	1,686	16.5%
Corporate Tax	-40	-42	-40	-1.9%	-6.2%	-130	-152	16.6%
Net profit	408	423	400	-1.9%	-5.4%	1,317	1,534	16.5%

FABS estimate & Co Data
SIB – KPI

	3Q25	2Q26	3Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Net FI/OI	59.3%	64.8%	67.3%	796	243	63.6%	67.4%	371
NIM	1.8%	1.9%	1.9%	14	-4	1.7%	1.9%	18
NIS	1.8%	2.0%	2.0%	17	-6	1.8%	2.0%	20
Fees & comms/OI	35.5%	23.0%	25.9%	-951	294	29.2%	25.9%	-336
Cost to income	31.3%	31.9%	32.5%	124	60	36.1%	33.0%	-310
Provisions/PPP	4.5%	9.7%	12.5%	798	280	13.7%	13.8%	12
NP/OI	59.7%	55.9%	53.7%	-597	-217	53.0%	52.6%	-43
Cost of risk	0.2%	0.4%	0.5%	31	10	0.5%	0.6%	5
Loan-to-deposit	80.0%	84.0%	82.2%	217	-183	81.8%	82.0%	19
NPL – Calculated	4.0%	3.6%	3.6%	-40	-1	3.8%	3.6%	-20
NPL Coverage – Calculated	90.7%	91.8%	93.0%	232	117	97.5%	99.0%	152
CET 1	12.0%	15.6%	15.8%	377	13	11.9%	11.9%	1
Capital Adequacy	16.3%	19.5%	19.5%	323	5	16.2%	15.6%	-55
ROAE	16.7%	14.8%	14.6%	-212	-23	16.5%	15.1%	-140
ROAA	1.6%	1.6%	1.5%	-2	-4	1.6%	1.6%	6

FABS estimate & Co Data
SIB – Key BS Items

AED Mn	3Q25	4Q25	1Q26	2Q26	3Q26F	YOY Ch
Net advances	43,663	45,550	46,745	49,873	50,754	16.2%
QOQ change	1.6%	4.3%	2.6%	6.7%	1.8%	
Total assets	86,580	90,313	90,867	94,545	96,803	11.8%
QOQ change	2.2%	4.3%	0.6%	4.0%	2.4%	
Customer deposits	54,573	55,673	61,390	59,368	61,761	13.2%
QOQ change	3.5%	2.0%	10.3%	-3.3%	4.0%	
Total equity	9,000	9,530	9,186	12,177	12,578	39.8%
QOQ change	-13.8%	5.9%	-3.6%	32.6%	3.3%	

FABS estimate & Co Data

3Q26 preview: **Commercial Bank of Dubai (CBD)**

Lower funded and non-funded income to weigh on earnings

Current Price	Target Price	Upside/Downside (%)	Rating
AED 9.64	AED 10.70	+11.0%	ACCUMULATE

3Q26 Estimate

Commercial Bank of Dubai's (The Bank/ CBD) net profit is expected to remained flat at AED 883 Mn in 3Q26 as compared to AED 884 Mn in 3Q25, mainly driven by a projected decline in net funded and non-funded income, coupled with decline in recoveries partially offset by anticipated decline in operating expenses and impairments. Funded income is anticipated to decline 1.4% YOY to AED 1,945 Mn in 3Q26, driven by a projected decrease in average interest-earning assets, while asset yield is expected to remain flat. Meanwhile, the Bank's funded expense is projected to fall marginally by 0.9% YOY to AED 891 Mn in 3Q26, owing to an anticipated decrease in the cost of funds, partially offset by an expected decrease in average interest-bearing liabilities. Consequently, net funded income is forecasted to decline 1.9% YOY to AED 1,054 Mn in 3Q26. Fees & commission income is expected to increase 6.7% YOY to AED 327 Mn in 3Q26, while trading income is projected to decrease 45.7% YOY to AED 89 Mn in 3Q26. Moreover, other non-funded income is anticipated to decrease 3.1% YOY to AED 32 Mn in 3Q26. Consequently, total non-funded income is expected to decline 11.0% YOY to AED 447 Mn in 3Q26. As a result, total operating income is projected to decline 4.8% YOY to AED 1,501 Mn in 3Q26. CBD's G&A expenses are expected to decrease 7.3% YOY to AED 360 Mn in 3Q26, while depreciation and amortization charges are projected to increase 30.3% YOY to AED 32 Mn in 3Q26. Thus, we expect the cost-to-income ratio to improve by 8 bps YOY and 42 bps QOQ to 26.1% in 3Q26. Furthermore, the Bank's impairments are forecasted to decrease 29.8% YOY to AED 183 Mn in 3Q26, while recoveries are projected to decline 30.3% YOY to AED 46 Mn in 3Q26. Additionally, the Bank's impairment charges on AFS investments are projected to move from a gain of AED 49 K in 3Q25 to a loss of AED 2 Mn in 3Q26. The Bank's corporate tax expense is anticipated to increase 1.2% YOY to AED 87 Mn in 3Q26.

2026 Forecast

CBD's net profit is expected to decline 0.8% YOY to AED 3,474 Mn in 2026, primarily due to a projected increase in operating expenses and impairment charges, partially offset by an expected increase in net funded and non-funded income and a forecasted decline in tax expenses. Funded income is forecasted to grow marginally by 0.7% YOY to AED 7,709 Mn in 2026, driven by a projected increase in the loan and investment book, partially offset by anticipated contraction in asset yield. Meanwhile, funded expenses are expected to increase 0.8% YOY to AED 3,534 Mn in 2026, supported by an anticipated decline in the cost of funds, partially offset by a projected increase in average interest-bearing liabilities. Consequently, net funded income is likely to grow marginally by 0.6% YOY to AED 4,175 Mn in 2026. We expect the Bank's non-funded income to increase 1.6% YOY to AED 1,797 Mn in 2026, mainly due to an anticipated growth in fees and commission income and other non-funded income, partially offset by a forecasted decline in trading income. Fee and commission income is expected to increase 9.0% YOY to AED 1,277 Mn in 2026, while trading income is projected to decline 23.8% YOY to AED 376 Mn in 2026. In addition, other non-funded income is forecasted to rise from AED 103 Mn in 2025 to AED 144 Mn in 2026. As a result, total operating income is anticipated to increase 0.9% YOY to AED 5,972 Mn in 2026. Furthermore, G&A expenses are projected to decrease 1.0% YOY to AED 1,445 Mn in 2026, whereas depreciation and amortization expenses are expected to increase 37.4% YOY to AED 130 Mn in 2026. Accordingly, the cost-to-income ratio is forecasted to deteriorated by 12 bps YOY to 26.4% in 2026. Impairment charges are anticipated to grow 4.3% YOY to AED 740 Mn in 2026, while recoveries are expected to decrease 3.7% YOY to AED 182 Mn in 2026. Additionally, impairment allowances on AFS investments are projected to increase significantly from AED 1 Mn in 2025 to AED 22 Mn in 2026. In addition, the Bank's corporate tax is expected to decline marginally by 0.1% YOY to AED 344 Mn in 2026.

2Q26 Outturn

CBD's funded income declined 2.0% YOY to AED 1,839 Mn in 2Q26, owing to a decrease in asset yield, partially offset by an increase in the loan and investment portfolio. The funded expenses fell marginally 0.3% YOY to AED 845 Mn in 2Q26, owing to lower funding costs, partially offset by an increase in interest-bearing liabilities. Thus, the net funded income declined 3.4% YOY to AED 994 Mn in 2Q26, as lower funded income outweighed the reduction in funded expenses. CBD's calculated NIM fell 26 bps YOY to 2.8% in 2Q26, mainly due to competitive price pressure and margin compression, with Bank expecting margins to stabilize around this level. The Bank's fees and commission income grew 5.0% YOY to AED 340 Mn in 2Q26, driven by broad-based growth across trade finance and other product lines. Trading income grew 8% YOY to AED 82 Mn in 2Q26, while other nonfunded income increased 16.2% YOY to AED 28 Mn in 2Q26. As a result, the Bank's total non-funded income increased 6.2% YOY to AED 450 Mn in 2Q26. CBD's total operating income declined 0.6% YOY to AED 1,444 Mn in 2Q26. Furthermore, the G&A expenses declined 2.1% YOY to AED 350 Mn in 2Q26. D&A expenses grew from AED 22 Mn in 2Q25 to AED 34 Mn in 2Q26. Thus, total operating expenses increased 1.1% YOY to AED 383 Mn in 2Q26, primarily driven by investments in digitization, technology, business expansion, and regulatory compliance. However, the cost-to-income ratio deteriorated 44 bps YOY to 26.5% in 2Q26, reflecting softer operating income growth alongside continued investment. Impairments on loans and advances and Islamic financing decreased from AED 164 Mn in 2Q25 to AED 134 Mn in 2Q26. While the recoveries on loans and advances and Islamic financing increased 3.7% YOY to AED 43 Mn in 2Q26, the Bank's impairment allowances on AFS investment rose from AED 1 Mn in 2Q25 to AED 4 Mn in 2Q26. CBD's corporate tax charge increased 3.1% YOY to AED 87 Mn in 2Q26, broadly in line with growth in profit before tax.

Target price and recommendation

We maintain our ACCUMULATE rating on Commercial Bank of Dubai (CBD) with an unchanged target price of AED 10.70. The Bank reported net profit growth of 2.1% YOY in 2Q26, supported by growth in loans, and lower impairment charges, offsetting margin compression and higher expenses. Gross lending reached AED 108.2 Bn, representing c. 4.0% of the UAE loan market share in 2Q26. The Bank maintained its loan growth guidance for 2026 of mid-to-high single digits, broadly in line with sector trends. CBD's investment securities portfolio stood at AED 18.8 Bn in 2Q26, predominantly comprising fixed-rate government securities (84.6%), followed by other fixed-rate securities (14.6%), while fund of funds and equities accounted for a minimal 0.8% of the total portfolio, with 74.0% of the portfolio invested in the UAE and GCC. On the funding side, the Bank continued to benefit from a well-diversified and stable deposit base. Customer deposits grew 0.6% YOY to AED 107.7 Bn in 2Q26, and CASA deposits comprised 51.0% of total deposits, reflecting a strong funding profile supported by stable, low-cost operational accounts. CBD's net interest margin was 2.8% in 1H26, with Bank citing loan and CASA growth offsetting margin compression from competitive price pressure and expecting margins to stabilize around this level; the Bank reiterated its NIM guidance of 2.70% to 2.80% for 2026. CBD reported a cost of risk of 41 bps in 1H26 and lowered its 2026 cost of risk guidance to below 50 bps, from below 70 bps previously, supported by a healthy pipeline of recoveries, while noting the underlying loan book remains strong. On asset quality, CBD reported an NPL ratio of 3.60% and a cash coverage ratio of 96.5% in 1H26, with coverage including collateral for stage 3 loans at 143.5%, reflecting prudent provisioning including refreshed macroeconomic overlays. The Bank maintained a 20.9% return on equity after tax (reported) in 1H26 and expects to maintain above 18% in 2026. CBD's cost efficiency remained strong, with the cost-to-income ratio stable at 26.7% in 1H26, even as the bank continued investing in its technology-stack replacement and digitization. The Bank expects this ratio to remain below 28% in 2026. CBD's capital ratios were healthy, with the capital adequacy ratio (CAR) at 14.1%, Tier 1 ratio at 13.0% and Common Equity Tier 1 (CET1) ratio at 13.0% in 2Q26, all comfortably above the regulatory minimum requirements set by the UAE Central Bank; the USD 600 Mn AT1 issued in mid-July 2026 would lift pro-forma CAR to 15.9%. Thus, based on the above-mentioned factors, we maintain our ACCUMULATE rating on the stock.

CBD - Relative Valuation

(at CMP)	2021	2022	2023	2024	2025	2026F
P/E	22.42	17.44	11.73	10.19	8.77	8.66
P/B	2.60	2.53	2.17	1.94	1.71	1.58
BVPS	3.807	3.912	4.548	5.099	5.768	6.277
EPS	0.441	0.567	0.843	0.971	1.128	1.142
DPS	0.243	0.245	0.444	0.507	0.586	0.582
Dividend Yield	2.5%	2.5%	4.5%	5.1%	5.9%	5.9%

FABS estimate & Co Data
CBD - P&L

AED Mn	3Q25	2Q26	3Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Funded income	1,973	1,839	1,945	-1.4%	5.8%	7,657	7,709	0.7%
Funded expense	-899	-845	-891	-0.9%	5.6%	-3,505	-3,534	0.8%
Net funded income	1,074	994	1,054	-1.9%	6.0%	4,151	4,175	0.6%
Fees and commissions	306	340	327	6.7%	-4.0%	1,171	1,277	9.0%
Trading income	164	82	89	-45.7%	9.0%	493	376	-23.8%
Other non-funded income	33	28	32	-3.1%	15.0%	103	144	40.0%
Total non-funded income	503	450	447	-11.0%	-0.5%	1,768	1,797	1.6%
Total operating income	1,577	1,444	1,501	-4.8%	4.0%	5,919	5,972	0.9%
General and administrative expenses	-388	-350	-360	-7.3%	3.0%	-1,459	-1,445	-1.0%
Depreciation and amortization	-25	-34	-32	30.3%	-4.6%	-95	-130	37.4%
Operating Expenses	-413	-383	-392	-5.1%	2.3%	-1,554	-1,575	1.3%
Pre provision profit	1,164	1,061	1,109	-4.7%	4.6%	4,365	4,397	0.7%
Impair allow. on loans & adv and Islamic fin	-260	-134	-183	-29.8%	35.8%	-710	-740	4.3%
Recoveries	66	43	46	-30.3%	6.8%	189	182	-3.7%
Impairment allowances on AFS investment	0	4	-2	NM	NM	-1	-22	NM
Profit before tax	970	973	971	0.1%	-0.2%	3,844	3,817	-0.7%
Corporate tax	-86	-87	-87	1.2%	-0.1%	-344	-344	-0.1%
Net Profit	884	886	883	0.0%	-0.3%	3,500	3,474	-0.8%

FABS estimate & Co Data
CBD - KPI

	3Q25	2Q26	3Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Net FI/OI	68.1%	68.9%	70.2%	209	133	70.1%	69.9%	-22
NIM	2.9%	2.8%	2.9%	-2	15	3.0%	2.80%	-18
NIS	2.6%	2.4%	2.6%	0	14	2.6%	2.5%	-12
Fees & comms/OI	19.4%	23.6%	21.8%	234	-181	19.8%	21.4%	159
Trading/OI	10.4%	5.6%	5.9%	-447	27	8.3%	6.3%	-204
Cost to income	26.2%	26.5%	26.1%	-8	-42	26.3%	26.4%	12
Impairment/PPP	16.7%	8.3%	12.5%	-417	422	11.9%	13.2%	125
NP/OI	56.0%	61.3%	58.8%	280	-250	59.1%	58.2%	-96
Cost of Risk	0.7%	0.3%	0.7%	-1	36	0.49%	0.50%	1
Loan-to-deposit - Calculated	93.8%	96.7%	96.2%	237	-55	90.7%	94.1%	331
NPL - Calculated	4.1%	4.2%	4.2%	3	-1	4.3%	4.2%	-11
Coverage - Calculated	93.3%	89.4%	91.5%	-178	211	96.6%	97.0%	43
CET1	12.9%	13.0%	13.2%	33	24	12.5%	13.7%	119
Capital adequacy	15.8%	14.1%	14.3%	-149	21	15.5%	14.9%	-59
ROAE	21.0%	20.9%	19.8%	-119	-111	20.8%	19.0%	-181
ROAA	2.2%	2.3%	2.2%	-4	-12	2.7%	2.5%	-22

FABS estimate & Co Data
CBD - Key B/S items

AED Mn	3Q25	4Q25	1Q26	2Q26	3Q26F	YOY Ch
Net advances	105,223	101,049	102,055	104,194	106,711	1.4%
QOQ ch	5.4%	-4.0%	1.0%	2.1%	2.4%	
Total assets	163,409	160,308	157,922	154,505	158,454	-3.0%
QOQ ch	8.5%	-1.9%	-1.5%	-2.2%	2.6%	
Customer deposits	112,148	111,353	109,633	107,704	110,933	-1.1%
QOQ ch	4.8%	-0.7%	-1.5%	-1.8%	3.0%	
Total equity	18,572	19,422	18,315	16,968	20,055	8.0%
QOQ ch	5.3%	4.6%	-5.7%	-7.4%	18.2%	

FABS estimate & Co Data

3Q26 preview: **Ajman Bank (AJMANBANK)**

Higher costs, impairments and weaker non-funded income to pressure profitability

Current Price	Target Price	Upside/Downside (%)	Rating
AED 1.46	AED 1.80	+23.3%	BUY

3Q26 Estimate

Ajman Bank's (AJMANBANK/the Bank) net profit is expected to decrease 11.7% YOY to AED 119 Mn in 3Q26, primarily due to a forecasted increase in operating expenses, impairments, and a projected decline in non-funded income, partially offset by an anticipated rise in net funded income and an expected decline in corporate tax expense. The Bank's funded income is projected to increase 15.6% YOY to AED 329 Mn in 3Q26, supported by expected growth in average interest-earning assets, partially offset by a projected fall in asset yield. Meanwhile, funded expenses are anticipated to rise 17.7% YOY to AED 222 Mn in 3Q26, due to forecasted higher average interest-bearing liabilities, partially offset by an anticipated decline in the cost of funds. Consequently, net funded income is expected to grow 11.5% YOY to AED 107 Mn in 3Q26. On the non-funded side, fee & commission income is expected to decline 5.3% YOY to AED 71 Mn in 3Q26, and income from investment securities is projected to decrease 15.2% YOY to AED 76 Mn in 3Q26. As a result, total non-funded income is expected to decline 10.7% YOY to AED 147 Mn in 3Q26. Thus, total operating income is likely to decrease 2.5% YOY to AED 254 Mn in 3Q26. Furthermore, operating expenses are anticipated to increase 6.0% YOY to AED 113 Mn in 3Q26. Consequently, the Bank's cost-to-income ratio is expected to rise to 44.3% in 3Q26 from 40.8% in 3Q25. In addition, we expect AJMANBANK to record an impairment charge of AED 10 Mn in 3Q26 compared to a charge of AED 6 Mn in 3Q25. Therefore, profit before tax is expected to fall 11.5% YOY to AED 131 Mn in 3Q26, while corporate tax is anticipated to decline 9.5% YOY to AED 12 Mn in 3Q26.

2026 Forecast

Ajman Bank's net profit is expected to decline 5.0% YOY to AED 475 Mn in 2026, mainly due to a lower impairment reversal in 2026 versus 2025 and a forecasted rise in operating expenses, partially offset by a projected increase in net funded and non-funded income, coupled with an anticipated decline in corporate tax. The Bank's funded income is projected to increase 14.6% YOY to AED 1,291 Mn in 2026, driven by expected growth in average interest-earning assets, partially offset by an anticipated decline in asset yield. Meanwhile, funded expenses are anticipated to rise 17.2% YOY to AED 879 Mn in 2026, primarily due to projected growth in average interest-bearing liabilities, partially offset by a forecasted decline in the cost of funds. Consequently, net funded income is expected to increase 9.4% YOY to AED 412 Mn in 2026. On the non-funded side, fee & commission income is expected to decrease 4.0% YOY to AED 251 Mn in 2026, while income from investment securities is projected to rise 10.9% YOY to AED 289 Mn. As a result, total non-funded income is forecasted to grow 3.4% YOY to AED 540 Mn in 2026. Accordingly, total operating income is expected to grow 5.9% YOY to AED 952 Mn in 2026. At the same time, operating expenses are anticipated to increase 8.0% YOY to AED 446 Mn in 2026. In addition, AJMANBANK is expected to record an impairment reversal of AED 16 Mn in 2026 compared to a reversal of AED 62 Mn in 2025. Consequently, profit before tax is projected to decline 4.8% YOY to AED 522 Mn in 2026. However, tax expense is expected to decline by 2.9% YOY to AED 47 Mn in 2026.

2Q26 Outturn

Ajman Bank's funded income grew 13.2% YOY to AED 318 Mn in 2Q26, driven by growth in interest earning assets, partially offset by a decline in asset yield. Funded expenses rose by 18.5% YOY to AED 222 Mn in 2Q26 driven by growth in customer deposits and amounts due to banks and other financial institutions, partially offset by a decrease in the cost of funds. As a result, net funded income increased 2.8% YOY to AED 96 Mn in 2Q26. Calculated NIM contracted 37 bps YOY and 6 bps QOQ to 1.5% in 2Q26. The Bank's fees and commission income declined by 19.3% YOY to AED 48 Mn in 2Q26, while income from investment securities increased significantly from AED 47 Mn in 2Q25 to AED 71 Mn in 2Q26. Thus, total non-funded income increased 11.8% YOY to AED 119 Mn in 2Q26.

As a result, the total operating income increased 7.6% YOY to AED 216 Mn in 2Q26. Furthermore, operating expenses increased by 15.5% YOY to AED 111 Mn in 2Q26. Thus, the pre provision profit remained stable at AED 104 Mn in 2Q26 as compared to 2Q25. However, the cost-to-income ratio deteriorated from 48.0% in 2Q25 to 51.5% in 2Q26. Impairments reversal increased from AED 16 Mn in 2Q25 to AED 24 Mn in 2Q26. Thus, the profit before tax increased from AED 120 Mn in 2Q25 to AED 129 Mn in 2Q26. Additionally, income tax expenses increased 16.3% YOY to AED 12 Mn in 2Q26. Thus, net profit grew 5.8% YOY to AED 117 Mn in 2Q26.

Target price and recommendation

We maintain BUY rating on AJMANBANK with a target price of AED 1.80. AJMANBANK delivered another quarter of resilient financial performance in 2Q26, supported by continued expansion in its financing portfolio and healthy growth in non-funded income. Net profit increased 5.8% YOY to AED 117 Mn in 2Q26, driven by higher net funded income and stronger non-funded income coupled with a higher impairment reversal. AJMANBANK continued to deliver healthy balance sheet growth during 2Q26, with net advances increasing 32.8% YOY and 1.2% QOQ to AED 19.7 Bn, reflecting sustained expansion in financing activities. Total assets grew 27.2% YOY and 3.2% QOQ to AED 33.9 Bn in 2Q26, while customer deposits increased 14.5% YOY but declined 5.0% QOQ to AED 22.9 Bn, which the Bank attributed to a deliberate strategy of deploying excess liquidity into customer financing rather than central bank placements and CDs. Accordingly, the Bank revised its 2026 deposit growth guidance down to low double digits (>10%) from above 15% and now guides to single-digit to low-double-digit growth (>15%) in the customer financing portfolio over the remainder of the year. The Bank maintained a stable funding profile, with the CASA ratio improving marginally to 32.9% in 2Q26 from 32.7% in 1Q26, and Bank targeting a CASA share of 35% supported by the 1Q26 launch of corporate and retail digital banking platforms. Asset quality continued to improve during 2Q26, with the calculated NPF ratio declining to 6.2% in 2Q26 from 7.7% in 1Q26, while the calculated provision coverage ratio strengthened to 47.6% in 2Q26 from 43.2% in 1Q26. The Bank disclosed a Stage 3 NPF ratio of 5.3% as of 2Q26 compared to 8.5% in 2Q25, alongside a reduction in Stage 2 assets to 4.9% from 7.0%, with Bank guiding to an NPF ratio below 5.5% by year-end on continued recoveries and progress on resolution of the legacy non-performing book. The calculated cost of risk normalised to 0.2% in 2Q26 from negative 0.4% in both 2Q25 and 1Q26, which Bank attributed to routine IFRS 9 Stage 1 provisioning on a growing financing book rather than any credit deterioration; also noted that deferments granted under the CBUAE financial resilience package amounted to c. 0.5% of the total financing book, with 90-95% expected to be recovered. The Bank remained well capitalized, with a Capital Adequacy Ratio of 14.1% and a Tier 1 capital ratio of 13.0% in 2Q26, while ROAE stood at 15.1% and ROAA remained stable at 1.7%, demonstrating the Bank's ability to sustain healthy profitability despite a moderating benchmark rate environment. Furthermore, the Bank continues to invest in automation and digitalisation initiatives to enhance operational efficiency and support sustainable long-term growth, with Bank guiding the cost-to-income ratio towards 35-40% over the next two to three years and medium-term ROAE settling around 15%. Subsequent to the 2Q26 end, in July 2026, Bank successfully completed its inaugural USD 300 Mn Additional Tier 1 perpetual Sukuk issuance, lifting total capital to AED 4.5 Bn from AED 3.5 Bn and taking the Capital Adequacy Ratio to a guided c. 15.5%, strengthening its capital position and supporting future growth initiatives while enhancing its presence in regional and international capital markets. The Bank continues to focus on disciplined growth, diversified income generation, prudent risk management and operational efficiency to deliver sustainable financial performance. Thus, based on our analysis, we maintain our BUY rating on the stock.

Ajman Bank - Relative valuation

(At CMP)	2021	2022	2023	2024	2025	2026F
P/E	30.68	21.99	NM	9.78	7.87	8.29
P/B	1.35	1.42	1.39	1.26	1.13	1.09
BVPS	1.076	1.027	1.046	1.156	1.284	1.333
EPS	0.047	0.066	NA	0.149	0.185	0.176
DPS	NA	NA	NA	0.073	0.092	0.087
Dividend Yield	NA	NA	NA	5.0%	6.3%	6.0%

FABS Estimates & Co Data

Ajman Bank - P&L

AED Mn	3Q25	2Q26	3Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Funded income	285	318	329	15.6%	3.6%	1,127	1,291	14.6%
Funded expenses	-189	-222	-222	17.7%	0.3%	-750	-879	17.2%
Net funded income	96	96	107	11.5%	11.1%	376	412	9.4%
Fees and commissions	75	48	71	-5.3%	47.5%	262	251	-4.0%
Income from Investment Securities	90	71	76	-15.2%	6.7%	261	289	10.9%
Total non-funded income	164	119	147	-10.7%	23.1%	522	540	3.4%
Total operating income	260	216	254	-2.5%	17.8%	899	952	5.9%
Operating expenses	-106	-111	-113	6.0%	1.3%	-412	-446	8.0%
Pre provision profit	154	104	141	-8.4%	35.2%	486	506	4.1%
Impairment	-6	24	-10	NM	NM	62	16	NM
Profit before tax	148	129	131	-11.5%	1.9%	548	522	-4.8%
Corporate tax	-13	-12	-12	-9.5%	1.9%	-48	-47	-2.9%
Net profit	135	117	119	-11.7%	1.9%	500	475	-5.0%

FABS estimate & Co Data

Ajman Bank - KPI

	3Q25	2Q26	3Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Net FI/OI	36.9%	44.6%	42.1%	528	-251	41.9%	43.2%	137
NIM	1.8%	1.5%	1.6%	-18	13	1.7%	1.5%	-20
NIS	1.8%	1.7%	1.8%	-2	15	1.9%	1.6%	-27
Fees & comms/OI	28.7%	22.3%	27.9%	-81	562	29.1%	26.4%	-273
Invst Securities/OI	34.4%	33.1%	30.0%	-447	-312	29.0%	30.4%	136
Cost to income	40.8%	51.5%	44.3%	355	-719	45.9%	46.8%	92
Impairment/PPP	4.0%	-23.1%	7.2%	328	NM	-12.8%	-3.1%	NM
NP/OI	51.8%	54.2%	46.9%	-487	-728	55.6%	49.9%	-575
Cost of risk	0.2%	0.2%	0.1%	-11	-18	-0.4%	0.1%	49
Loan-to-deposit	74.0%	86.1%	86.0%	NM	-9	74.7%	79.0%	434
NPL	9.2%	6.2%	5.8%	-343	-35	8.3%	5.3%	-298
Coverage excluding collateral	47.2%	47.6%	45.5%	-170	-208	45.1%	46.5%	141
Tier 1	15.8%	13.0%	13.3%	-251	31	12.9%	14.2%	134
Capital adequacy	16.9%	14.1%	14.4%	-253	28	14.1%	15.4%	135
ROAA	1.9%	1.7%	1.5%	-33	-11	1.8%	1.4%	-41
ROAE	15.4%	15.1%	14.1%	-128	-102	15.2%	13.4%	-182

FABS estimate & Co Data

Ajman Bank - Key B/S items

AED Mn	3Q25	4Q25	1Q26	2Q26	3Q26F	YOY Ch
Net advances	15,207	17,730	19,454	19,693	20,107	32.2%
QOQ change	2.6%	16.6%	9.7%	1.2%	2.1%	
Total assets	28,033	32,863	32,829	33,865	34,779	24.1%
QOQ change	5.3%	17.2%	-0.1%	3.2%	2.7%	
Customer deposits	20,562	23,746	24,084	22,875	23,380	13.7%
QOQ change	2.9%	15.5%	1.4%	-5.0%	2.2%	
Total equity	3,370	3,472	3,204	3,416	3,529	4.7%
QOQ change	4.5%	3.0%	-7.7%	6.6%	3.3%	

FABS estimate & Co Data

3Q26 preview: **Commercial Bank International (CBI)**

Non-funded income growth and lower impairments to boost bottom line

Current Price	Target Price	Upside/Downside (%)	Rating
AED 0.89	AED 1.05	+18.0%	BUY

3Q26 Estimate

Commercial Bank International's (CBI/the Bank) net profit attributable to equity shareholders is expected to grow from AED 15 Mn in 3Q25 to AED 62 Mn in 3Q26, mainly due to an anticipated growth in net funded income and total non-funded income coupled with projected decline in impairment charges, partially offset by a forecasted increase in operating expenses, funded expenses and taxes. Funded income is projected to grow 8.1% YOY to AED 233 Mn in 3Q26, primarily due to an expected increase in average interest-earning assets, partially offset by a forecasted decline in asset yield. However, we expect income from Islamic financing and investing assets to decline to AED 15 Mn in 3Q26, compared to AED 23 Mn in 3Q25, due to an anticipated decline in Islamic financing assets, partially offset by an expected increase in the yield on Islamic assets. Funded expenses are estimated to grow 1.8% YOY to AED 143 Mn in 3Q26, driven by the forecasted increase in average interest-bearing liabilities, partially offset by an expected decrease in the cost of funds. Consequently, net funded income is expected to grow 6.5% YOY to AED 105 Mn in 3Q26. Fees and commission income are forecast to grow 49.5% YOY to AED 45 Mn in 3Q26, while other operating income is expected to decline 6.2% YOY to AED 40 Mn in 3Q26. Thus, CBI's total non-funded income is projected to rise 17.0% YOY to AED 86 Mn in 3Q26. As a result, total operating income is likely to rise 10.9% YOY to AED 191 Mn in 3Q26. Operating expenses are anticipated to rise 12.3% YOY to AED 114 Mn in 3Q26. However, the cost-to-income ratio is likely to increase 76 bps YOY to 60.0% in 3Q26. The Bank is expected to record an impairment charge of AED 7 Mn in 3Q26 compared to a charge of AED 54 Mn in 3Q25. The Bank is also projected to record a tax expense of AED 6 Mn in 3Q26, compared to AED 2 Mn in 3Q25. Additionally, the Bank's share of non-controlling interests is expected to shift to positive AED 1 Mn in 3Q26, from negative AED 1 Mn in 3Q25.

2026 Forecast

CBI's net profit is expected to grow 22.6% YOY to AED 305 Mn in 2026, mainly due to a projected growth in net funded income and an expected decline in profit attributable to non-controlling interest holders, as well as an impairment reversal in 2026 compared to a charge in 2025, partially offset by a decline in non-funded income, coupled with anticipated growth in operating expenses and corporate tax. Funded income is expected to grow 7.9% YOY to AED 955 Mn in 2026, driven by an anticipated increase in average interest-earning assets, partially offset by a projected decline in asset yield. Income from Islamic financing and investing assets is projected to decrease from AED 106 Mn in 2025 to AED 59 Mn in 2026, primarily due to a forecasted decline in average Islamic financing assets, partially offset by an expected increase in the yield on Islamic assets. Funded expenses are forecast to decline 3.6% YOY to AED 579 Mn in 2026, driven by an anticipated increase in average interest-bearing liabilities, partially offset by an expected decrease in the cost of funds. As a result, net funded income is expected to increase 11.5% YOY to AED 434 Mn in 2026. Fees & commission income is projected to grow 8.0% YOY to AED 179 Mn in 2026, while other operating income is expected to decline from AED 243 Mn in 2025 to AED 121 Mn in 2026. Consequently, total non-funded income is expected to decline 25.1% YOY to AED 301 Mn in 2026. As a result, total operating income is forecast to decline 7.1% YOY to AED 735 Mn in 2026. Operating expenses are anticipated to grow by 3.1% YOY to AED 426 Mn in 2026. The Bank is expected to record an impairment reversal of AED 28 Mn in 2026 compared to a charge of AED 67 Mn in 2025. Tax expenses are expected to grow from AED 16 Mn in 2025 to AED 30 Mn in 2026. Additionally, the profit attributable to non-controlling interest is expected to decline from AED 46 Mn in 2025 to AED 2 Mn in 2026.

2Q26 Outturn

CBI's funded income increased 18.9% YOY to AED 245 Mn in 2Q26, supported by higher yields on conventional earning assets and growth in loans and advances. However, income from Islamic

financing and investing assets declined sharply from AED 34 Mn in 2Q25 to AED 14 Mn in 2Q26, primarily due to a fall in Islamic financing assets and a decline in Islamic asset yield. Funded expenses increased 6.9% YOY to AED 156 Mn in 2Q26, driven by growth in interest-bearing liabilities and a rise in cost of funds. Consequently, net funded income rose 9.2% YOY to AED 103 Mn in 2Q26. Calculated net interest margin (NIM) declined 5 bps YOY and QOQ each to 2.0% in 2Q26, following the transmission of policy rate cuts. Net fees and commission income increased from AED 28 Mn in 2Q25 to AED 42 Mn in 2Q26, supported by stronger business activity and transaction volumes. Meanwhile, other operating income declined from AED 22 Mn in 2Q25 to AED 5 Mn in 2Q26, due to lower foreign exchange gain and reduced gain on sale of properties, partially offset by a gain on financial assets at fair value through profit & loss (FVTPL). As a result, non-funded income declined 10.2% YOY to AED 45 Mn in 2Q26. Total operating income grew from AED 144 Mn in 2Q25 to AED 148 Mn in 2Q26. Operating expenses increased 8.8% YOY to AED 108 Mn in 2Q26, reflecting continued investments in operations and business expansion. Consequently, the cost- to- income ratio increased to 73.3% in 2Q26 from 69.1% in 2Q25. Pre-provision profit declined 11.5% YOY to AED 39 Mn in 2Q26. The Bank recorded an impairment reversal of AED 65 Mn in 2Q26 compared with AED 3 Mn in 2Q25, reflecting higher recoveries during the quarter. The Bank reported a corporate tax expense of AED 10 Mn in 2Q26, compared with AED 5 Mn in 2Q25. Profit attributable to non-controlling interest holders amounted to AED 0.5 Mn in 2Q26.

Target Price and Rating

We maintain our BUY rating on CBI with a target price of AED 1.05. CBI delivered a strong 2Q26, with net profit more than doubling to AED 95 Mn from AED 43 Mn in 2Q25, supported by healthy core income growth and higher impairment reversals. Loans and advances grew 10.2% YTD, supported by strong wholesale funding growth and a modest increase in retail funding, partly offset by lower Islamic financing. We expect the Bank to continue expanding both its wholesale and retail funding base over the forecast period. Net funded income grew 9.2% YOY to AED 103 Mn in 2Q26. However, NIMs declined by 5 bps YOY and QOQ each to 2.0% in 2Q26, owing to changes in advances and deposit mix. Customer deposits increased 7.9% YOY and remained flat QOQ to AED 16.4 Bn, resulting in the loan-to-deposit ratio rising to 86.7% in 2Q26 from 83.2% in 1Q26. However, CBI's CASA deposits declined 13.4% YOY and 16.2% QOQ to AED 2.7 Bn in 2Q26, driven by a 10.3% YOY and 16.9% QOQ decline in current account balances to AED 2.4 Bn and a 32.9% YOY and 9.7% QOQ fall in savings deposits to AED 290 Mn in 2Q26. As a result, the CASA ratio declined to 16.5% of total customer deposits in 2Q26 from 19.7% in 1Q26, while the share of time deposits increased to 81.6% in 2Q26 from 78.5% in 1Q26, reflecting a shift towards term funding. The shift towards higher-cost term deposits could exert upward pressure on the Bank's cost of funds and weigh on net interest margins if continued in the remainder of 2026. Non-funded income declined 10.2% YOY to AED 45 Mn in 2Q26 due to a decline in non-core other operating income, partially offset by higher growth in core fee income. We expect the non-funded income to remain under pressure in 2026 owing to lower gains on sale of properties, partially offset by gains on investment in financial assets. Asset quality remained resilient; the calculated NPL ratio improved to 12.4% in 2Q26 from 12.8% in 1Q26, reflecting continued resolution of legacy non-performing assets. It only recorded fresh slippage of AED 32.2 Mn in 2Q26. However, the calculated coverage ratio excluding collateral declined to 39.6% in 2Q26 from 42.4% in 1Q26, indicating lower provisioning buffers. At the end of FY2025, the bank held collateral worth AED 1.4 Bn against wholesale funding sufficient to fund the shortfall in provisioning. Stage 2 loans also improved, declining to 6.1% of gross loans in 2Q26 from 6.5% in 1Q26, highlighting improving underlying credit trends. Capitalisation remained comfortable, with CET1 at 13.0% and capital adequacy ratio at 16.5%, providing adequate capacity to support future loan growth despite modest sequential moderation. The lower interest rates continue to pressure margins, but CBI's improving asset quality, healthy loan growth, strong fee income generation and robust profitability position the Bank well for the remainder of 2026. Thus, we maintain a BUY rating on CBI.

CBI-Relative valuation

(At CMP)	2021	2022	2023	2024	2025	2026F
PE	12.70	13.19	10.05	8.90	6.99	5.58
PB	0.74	0.72	0.67	0.63	0.57	0.51
BVPS	1.200	1.230	1.320	1.422	1.559	1.741
EPS	0.070	0.067	0.089	0.100	0.127	0.160

FABS estimate & Co Data
CBI - P&L

AED Mn	3Q25	2Q26	3Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Funded income	216	245	233	8.1%	-4.9%	885	955	7.9%
Income from Islamic financing and investing assets	23	14	15	-36.6%	8.1%	106	59	-44.3%
Funded expenses	-140	-156	-143	1.8%	-8.3%	-601	-579	-3.6%
Net funded income	99	103	105	6.5%	2.0%	390	434	11.5%
Fees and commissions	30	42	45	49.5%	7.5%	166	179	8.0%
Other operating income, net	43	5	40	-6.2%	NM	243	121	-50.0%
Total non-funded income	73	45	86	17.0%	92.1%	402	301	-25.1%
Total operating income	172	148	191	10.9%	29.1%	791	735	-7.1%
Operating expenses	-102	-108	-114	12.3%	5.7%	-414	-426	3.1%
Pre provision profit	70	39	76	8.9%	93.5%	378	309	-18.2%
Impairment	-54	65	-7	-86.3%	NM	-67	28	NM
UAE Corporate Tax	-2	-10	-6	NM	-34.9%	-16	-30	86.3%
Non-controlling interests	-1	0	1	NM	NM	46	2	-95.7%
Net profit	15	95	62	NM	-97.9%	249	305	22.6%

FABS estimate & Co Data
CBI - P&L KPI

	3Q25	2Q26	3Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Net FI/OI	57.5%	69.9%	55.2%	-231	NM	49.2%	59.1%	985
NIM	2.2%	2.0%	2.1%	-11	3	2.0%	2.1%	7
NIS	1.9%	1.7%	1.8%	-10	10	1.7%	1.7%	1
Fees & comms/OI	17.7%	28.6%	23.8%	615	-480	21.0%	24.4%	341
Trading/OI	24.8%	3.2%	21.0%	-384	NM	30.7%	16.5%	NM
Cost to income	59.2%	73.3%	60.0%	76	NM	52.3%	58.0%	571
Impairment/PPP	76.9%	-164.2%	9.7%	NM	NM	17.6%	-9.2%	NM
NP/OI	8.8%	64.2%	32.5%	NM	NM	31.4%	41.5%	NM
Cost of risk	1.6%	-1.7%	0.2%	-143	189	0.6%	-0.2%	-78
Loan-to-deposit	81.0%	86.7%	85.0%	397	-170	81.3%	83.0%	172
NPL - calculated	16.4%	12.4%	12.3%	-403	-3	13.3%	12.6%	-67
Coverage - calculated	51.6%	39.6%	41.2%	NM	163	41.7%	43.0%	129
CET 1	13.8%	13.0%	13.0%	-73	7	13.5%	14.1%	61
Capital Adequacy	17.7%	16.5%	16.5%	-118	1	17.2%	17.7%	47
ROAE	2.8%	11.4%	13.0%	NM	155	9.6%	10.6%	103
ROAA	0.3%	1.4%	1.6%	126	19	1.2%	1.3%	17

FABS estimate & Co Data
CBI- Key BS Items

AED Mn	3Q25	4Q25	1Q26	2Q26	3Q26F	YOY Ch
Net advances	12,782	12,928	13,632	14,203	14,204	11.1%
QOQ Change	-1.3%	1.1%	5.4%	4.2%	0.0%	
Total assets	20,772	21,945	22,096	22,978	23,352	12.4%
QOQ Change	0.9%	5.6%	0.7%	4.0%	1.6%	
Customer deposits	15,774	15,906	16,385	16,381	16,710	5.9%
QOQ Change	3.9%	0.8%	3.0%	0.0%	2.0%	
Total equity	2,560	2,708	2,752	2,830	2,892	13.0%
QOQ Change	0.7%	5.8%	1.6%	2.9%	2.2%	

FABS estimate & Co Data

3Q26 preview: **United Arab Bank (UAB)**

Higher Operating Expenses Weigh on Earnings Despite Income Growth

Current Price	Target Price	Upside/Downside (%)	Rating
AED 1.33	AED 1.60	+20.3%	BUY

3Q26 Estimate

United Arab Bank (UAB) is expected to report a marginal rise in net profit of 0.8% YOY to AED 109 Mn in 3Q26, primarily due to an anticipated increase in net funded and non-funded income, partially offset by a projected rise in operating expenses, tax expenses, and a shift from an impairment reversal in 3Q25 to impairment charges in 3Q26. Funded income is forecasted to increase 7.6% YOY to AED 357 Mn in 3Q26, mainly due to an anticipated increase in interest-earnings assets, partially offset by a projected decline in asset yield. Meanwhile, funded expense is expected to grow 5.7% YOY to AED 191 Mn in 3Q26, driven by a forecasted increase in average interest-bearing liabilities, partially offset by an anticipated decline in the cost of funds. Consequently, net funded income is projected to increase 9.9% YOY to AED 166 Mn in 3Q26. Furthermore, fee and commission income is projected to rise 17.8% YOY to AED 29 Mn in 3Q26, while exchange income is forecasted to increase 7.7% YOY to AED 15 Mn in 3Q26. The Bank's other non-funded income is expected to increase from AED 17 Mn in 3Q25 to AED 29 Mn in 3Q26. As a result, total non-funded income is projected to increase 30.9% YOY to AED 73 Mn in 3Q26. UAB's operating income is anticipated to increase 15.6% YOY to AED 239 Mn in 3Q26. The Bank's operating expenses are expected to increase 13.9% YOY to AED 104 Mn in 3Q26. The Bank is expected to record impairment charges of AED 16 Mn in 3Q26 compared to impairment reversals of AED 3 Mn in 3Q25. In addition, the Bank's tax expense is anticipated to rise 1.1% YOY to AED 11 Mn in 3Q26.

2026 Forecast

UAB's net profit is expected to decline 18.6% YOY to AED 357 Mn in 2026, mainly attributable to anticipated increases in operating expenses and impairment charges, partially offset by forecasted growth in net funded and non-funded income, along with an expected decline in tax expense. The Bank's funded income is projected to rise marginally by 0.1% YOY to AED 1,292 Mn in 2026, primarily driven by an expected increase in interest-earning assets, partially offset by a forecasted decline in asset yield. Meanwhile, funded expense is expected to decrease 1.6% YOY to AED 701 Mn in 2026, owing to a projected decline in the cost of funds, partially offset by an anticipated increase in average interest-bearing liabilities. Consequently, net funded income is forecasted to increase 2.1% YOY to AED 591 Mn in 2026. The Bank's fee and commission income is expected to grow 2.0% YOY to AED 104 Mn in 2026. Additionally, exchange income is anticipated to increase 28.0% YOY to AED 61 Mn in 2026, while other non-funded income is projected to grow 28.0% YOY to AED 87 Mn in 2026. As a result, total non-funded income is expected to increase 15.8% YOY to AED 252 Mn in 2026. Accordingly, operating income is forecasted to rise 5.9% YOY to AED 843 Mn in 2026. Furthermore, operating expenses are anticipated to increase 10.3% YOY to AED 403 Mn in 2026. UAB's impairment charges are projected to increase significantly from a reversal of AED 51 Mn in 2025 to a charge of AED 48 Mn in 2026. Meanwhile, the Bank's tax expense is expected to decline 19.8% YOY to AED 35 Mn in 2026.

2Q26 Outturn

UAB's funded income improved 2.5% YOY to AED 345 Mn in 2Q26, driven by strong growth in the lending and investments book, partially offset by a contraction in asset yield. Funded expenses grew 3.9% YOY to AED 186 Mn in 2Q26, owing to a rise in customer deposits and medium-term borrowing, partially offset by a decline in the cost of funds. Thus, net funded income slightly rose 0.8% YOY to AED 159 Mn in 2Q26. Fees and commissions income increased 2.3% YOY to AED 27 Mn in 2Q26. Exchange income expanded 30.1% YOY to AED 14 Mn in 2Q26. The Bank recorded other non-funded income of AED 28 Mn in 2Q26, compared with AED 13 Mn in 2Q25. Thus, total non-funded income increased 37.3% YOY to AED 69 Mn in 2Q26. As a result, operating income expanded 9.6% YOY to AED 228 Mn in 2Q26. Operating expenses increased 13.5% YOY to AED 101 Mn in 2Q26, due to

continued investment in growth initiatives across people, products, process and systems. Thus, the cost-to-income ratio increased from 42.9% in 2Q25 to 44.5% in 2Q26. The Bank recorded impairment reversal of AED 12 Mn in 2Q26 compared to impairment allowance of AED 2 Mn in 2Q25. Tax expenses rose 18.4% YOY to AED 12 Mn in 2Q26, in line with the increment in profit before tax.

Target Price and Recommendation

We maintain our BUY rating on UAB with a target price of AED 1.60. The Bank delivered a strong operating performance in 2Q26, with a 9.6% YOY increase in operating income, reflecting disciplined strategy execution, robust asset growth, and prudent risk management amid global and regional uncertainties. Net profit also rose 18.6% YOY in 2Q26 to AED 126 Mn, primarily due to rise in other non-funded income and impairment reversal. Furthermore, the Bank's 2Q26 performance was supported by continued investment in people, products, systems, and processes, reinforcing ongoing operational progress. Net advances grew 14.2% YOY and 1.6% QOQ to AED 15.3 Bn in 2Q26, supported by strong demand across corporate and retail segments, along with growth in Islamic financing, indicating sustained lending momentum and continued balance sheet expansion. Similarly, the Bank's investment portfolio expanded 25.3% YOY and 0.2% QOQ to AED 8.3 Bn in 2Q26, driven by the efficient deployment of excess liquidity into high-quality assets, supporting yield improvement. The Bank's performance took a hit in its NIM (calculated), which declined to 2.4% in 2Q26 from 2.8% in 2Q25. UAB's deposits expanded 16.4% YOY and 9.1% QOQ to AED 18.2 Bn in 2Q26, with a growth in CASA deposits of 17.3% YOY to AED 7.2 Bn in 2Q26, accounting for 39.7% of total deposits. This reflects a strengthening low-cost funding mix and supports funding stability. UAB's asset quality slightly dipped in 2Q26, with a decline in the NPL ratio (calculated) from 2.2% in 2Q25 to 2.7% in 2Q26. However, the coverage ratio (calculated) fell from 148.0% in 2Q25 to 96.6% in 2Q26. Additionally, stage 2 loans declined over the past four quarters, signalling improving asset migration trends and reducing credit stress within the portfolio. The Bank's CET1 and CAR stood at 17.2% and 21.1% in 2Q26, respectively, remaining well above regulatory requirements, thus enhancing the Bank's capacity to absorb potential shocks, sustain lending expansion, and maintain financial stability while pursuing strategic growth initiatives. Similarly, UAB's advances to stable resource ratio and eligible liquid asset ratio (ELAR) stood at 73% and 17%, respectively in 2Q26, both above the regulatory requirement, thus reflecting the Bank's continued resilience in maintaining a well-balanced funding mix and sufficient liquidity buffers. Thus, based on these factors, we maintain our rating to BUY on the stock.

UAB - Relative valuation

(At CMP)	2021	2022	2023	2024	2025	2026F
PE	38.79	17.60	10.65	9.04	7.44	11.45
PB	1.80	1.82	1.56	1.36	0.94	1.13
BVPS	0.733	0.727	0.844	0.971	1.411	1.170
EPS	0.034	0.075	0.124	0.146	0.178	0.115
DPS	NA	NA	NA	NA	0.035	0.030
Dividend Yield	NA	NA	NA	NA	2.6%	2.3%

FABS estimate & Co Data

UAB - P&L

AED Mn	3Q25	2Q26	3Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Interest income	331	345	357	7.6%	3.4%	1,291	1,292	0.1%
Interest expense	-181	-186	-191	5.7%	2.9%	-713	-701	-1.6%
Net interest income	151	159	166	9.9%	4.0%	579	591	2.1%
Fees and commissions	25	27	29	17.8%	7.5%	102	104	2.0%
Exchange income	14	14	15	7.7%	8.0%	47	61	28.0%
Other non-funded income	17	28	29	NM	5.0%	68	87	28.0%
Total non-funded income	56	69	73	30.9%	6.6%	218	252	15.8%
Total operating income	207	228	239	15.6%	4.8%	797	843	5.9%
Total operating expenses	-91	-101	-104	13.9%	2.5%	-365	-403	10.3%
Pre provision profit	116	127	135	16.9%	6.6%	431	440	2.1%
Impairment	3	12	-16	NM	NM	51	-48	NM
Profit before Tax	118	138	119	0.8%	-13.7%	482	392	-18.7%
Corporate Tax	-11	-12	-11	1.1%	-13.7%	-44	-35	-19.8%
Net profit	108	126	109	0.8%	-13.7%	438	357	-18.6%

FABS estimate & Co Data

UAB – KPI

	3Q25	2Q26	3Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Net FI/OI	72.9%	69.8%	69.3%	-359	-53	72.6%	70.1%	-256
NIM	2.6%	2.4%	2.4%	-16	2	2.5%	2.2%	-32
NIS	2.1%	2.0%	1.9%	-14	-3	2.0%	1.7%	-27
Fees & comms/OI	11.9%	11.8%	12.1%	23	31	12.9%	12.4%	-47
Exchange income/OI	6.9%	6.3%	6.5%	-47	19	5.9%	7.2%	124
Cost to income	44.1%	44.5%	43.5%	-63	-97	45.9%	47.8%	192
Impairment/PPP	-2.5%	-9.2%	11.6%	NM	NM	-11.8%	11.0%	NM
NP/OI	52.1%	55.2%	45.5%	-667	-973	55.0%	42.3%	NM
Cost of risk – Calculated	-0.1%	-0.3%	0.1%	18	40	-0.4%	0.3%	68
Loan-to-deposit	98.2%	84.4%	84.8%	NM	43	81.7%	85.0%	327
NPL	3.1%	2.7%	2.7%	-36	-2	2.8%	2.7%	-10
Coverage Ratio	82.0%	96.6%	97.0%	NM	41	102.4%	102.5%	10
CET 1	18.5%	17.2%	17.4%	-114	16	17.4%	16.4%	-102
Capital adequacy	22.8%	21.1%	21.2%	-164	6	21.5%	20.1%	-141
ROAE	14.9%	15.1%	12.4%	-252	-273	16.0%	10.0%	-593
ROAA	1.8%	1.7%	1.6%	-19	-4	1.8%	1.3%	-55

FABS estimate & Co Data
UAB – Key BS Items

AED Mn	3Q25	4Q25	1Q26	2Q26	3Q26F	YOY Ch.
Net advances	14,112	14,554	15,081	15,328	16,019	13.5%
QOQ change	5.2%	3.1%	3.6%	1.6%	4.5%	
Total assets	24,465	27,000	26,893	27,748	28,713	17.4%
QOQ change	2.3%	10.4%	-0.4%	3.2%	3.5%	
Customer deposits	14,369	17,809	16,652	18,166	18,890	31.5%
QOQ change	-7.9%	23.9%	-6.5%	9.1%	4.0%	
Total equity	3,959	4,032	3,842	4,039	4,136	4.5%
QOQ change	42.4%	1.8%	-4.7%	5.1%	2.4%	

FABS estimate & Co Data

FAB Securities Contacts:

Research Analysts

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

Sales & Execution

Trading Desk Abu Dhabi Head Office	+971-2 -6161777
	+971-2 -6161700/1
Institutional Desk	+971-4 -5658395
Sales and Marketing	+971-2 -6161703

Customer Service

Abu Dhabi Office	+971-2 -6161600
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