

UAE Banking Sector

Resilient Credit Growth Offsets Emerging Margin Pressures

Sector Weighting:
MARKET WEIGHT

Top Picks and Rating Changes

The UAE economy continues to demonstrate strong momentum, with GDP expanding 4.5% YOY in 2Q25, driven by a robust 6.1% YOY growth in non-hydrocarbon activity, led by manufacturing, financial services, construction, and real estate. Reflecting this strength, the CBUAE revised its 2025 GDP growth forecast to 5.0%, supported by resilient non-oil activity, rising AI adoption, and favourable global conditions, alongside sustained momentum in off-plan real estate sales and property prices. Against this supportive macro environment, the UAE banking sector continues to demonstrate solid operating and balance sheet strength. Domestic advances increased 8.4% YOY and 0.8% MOM to AED 2,028.6 Bn in October 2025, driven by strong lending to GREs and the private sector, while deposits rose 14.3% YOY and 0.6% MOM to AED 3,203.6 Bn, supported by higher non-resident inflows during the same period. As a result, the loan-to-deposit ratio remained comfortable, indicating ample system liquidity. Although liquid assets moderated modestly, overall balance sheet expansion remained healthy, with total assets growing 16.9% YOY and 0.2% MOM to AED 5,209.8 Bn in October 2025. Earnings momentum also remained strong, with profitability supported by robust funded income, delivering ROA of 2.2% and ROE of 15.0% in 3Q25. In addition, ongoing monetary easing in the US and UAE is expected to further support loan demand and asset quality.

The UAE Banking sector is entering 4Q25 with stable operating momentum, supported by strong loan growth and resilient non-funded income. While banks sustained healthy margins through 3Q25, the shift toward lower benchmark rates and an increased reliance on higher-cost deposits suggests that margin pressure will begin to surface more prominently in 4Q25. Despite this, sector revenues remain well supported by double-digit loan growth and a rising share of fee-based income, reflecting banks' ongoing diversification strategies. Non-funded income accounted for 36.5% of total operating income for UAE banks in 3Q25, up from 34.9% in 2Q25, underscoring a structural shift toward more stable revenue streams as interest rates begin to ease. Additionally, the systems credit growth continued to increase, with domestic advances increasing 8.4% YOY to AED 2,028.6 Bn in 3Q25, driven by lending across the government, GREs, and private sector. The loan growth outlook for the top UAE banks remains strong, with most banks guiding to double-digit expansion in 2025. However, early repayments from GREs continue to pose a challenge. To counter this, banks have intensified cross-border lending, particularly in Saudi Arabia. ENBD's Saudi lending grew 38% on a 2025 YTD basis, representing 28% of its loan book, while ADCB's international portfolio increased 35% on a 2025 YTD basis, reaching 25% of total loans during 3Q25. Further the momentum is expected to be supported, by the UAE's pipeline of mega-development projects, including Palm Jebel Ali, Al Maktoum Airport Expansion, the Metro Blue Line, etc, which are expected to underpin medium-term credit demand and corporate activity. Funding costs are expected to ease gradually as benchmark rates decline. However, the recent decline in CASA balances across major banks suggests a shift toward more expensive time deposits, which could partially dilute the benefit of lower policy rates. While the sector's profitability normalisation is expected, earnings should remain supported by low-risk costs, strong recoveries, and healthier balance sheets. Nevertheless, ROE is likely to see mild compression as margins normalise.

Our top picks:

- 1) **ENBD** (Trades at 7.81x/1.36x 2025E P/E and P/B multiple with a dividend yield of 3.4% and a Target Price (TP) of AED 31.5). The Bank's net advances grew 22.2% YOY and 10.7% QOQ to AED 603.6 Bn in 3Q25, leading the Bank to revise 2025 loan-growth guidance upward to the low-20% range. ENBD's deposits rose 17.9% YOY to AED 760.4 Bn, with CASA deposits accounting for 60% of total deposits in 3Q25, reinforcing funding stability and margin resilience. ENBD's NIMs are expected to close 2025 within the 3.3–3.5% guidance range, supported by limited impact from 2H25 rate cuts and a continued recovery in DenizBank's margins. Asset quality improved, with NPLs declining to 2.5% and the coverage ratio rising to 160% in 3Q25. The Bank projects its NPL ratio to remain below 3% in 2025, underscoring strong asset quality. Additionally, the planned 60% acquisition of RBL Bank and expanding presence in Saudi Arabia strengthen ENBD's geographic diversification and long-term returns.
- 2) **DIB** (Trading at 9.41x/1.55x 2025E P/E and P/B multiple with a dividend yield of 4.8% and Target Price (TP) of AED 10.50). The Bank delivered another solid quarter in 3Q25, with the loan book expanding 20.1% YOY and 4.6% QOQ to AED 248.3 Bn, supported by robust underwriting activity and accelerating cross-border lending, particularly in Saudi Arabia and other GCC/MENA markets. Despite margin pressure, DIB delivered sequential NIM improvement and expects to sustain margins near the lower end of its 2.8–3.0% guidance, supported by its fixed-rate book and favourable repricing. The Bank's asset quality continues to strengthen, with NPLs improving to 3.11% and coverage rising to 107% during 3Q25. Liquidity ratios remain comfortably above regulatory levels, with NSFR of 144% and liquidity coverage ratio of 108% during 3Q25. Additionally, the Bank's long-term property monetization strategy is expected to support growth in the non-funded income, with upcoming transactions providing further upside.
- 3) **ADCB** (Trades at 9.76x/1.30x 2025E P/E and P/B multiple with a dividend yield of 4.9% and a Target Price (PT) of AED 18.00). Net advances increased 16.7% YOY to AED 401.4 Bn in 3Q25, driving the Bank to revise 2025 loan-growth guidance from low-to-mid teens to high teens, reflecting sustained demand across key sectors. Deposits rose 18.6% YOY to AED 482.4 Bn, with CASA accounting for 45% of total deposits during 3Q25, underpinning a stable funding base and supporting margin durability. Asset quality reached a record low, with NPLs declining to 1.9% and the coverage ratio strengthening to 187% in 3Q25, underscoring disciplined underwriting and healthy recoveries. The Bank's strategic initiatives, including a five-year growth plan and an AI Transformation Program targeting AED 4 Bn in value creation, are expected to further enhance ADCB's earnings visibility and operating leverage.

Key Industry Themes

The UAE economy expanded 4.5% YOY in 2Q25, supported by a strong 6.1% YOY growth in non-hydrocarbon GDP. The non-oil sector's performance was led by manufacturing, financial services, construction, and real estate. Reflecting this momentum, the Central Bank of the UAE (CBUAE) revised its 2025 GDP growth forecast to 5.0%, up from 4.9% in its September 2025 estimates. The upward revision supported by stronger than expected non-hydrocarbon activity, continued adoption of artificial intelligence that could boost productivity, and more favourable global conditions. Additionally, off-plan sales maintained healthy momentum, accompanied by a rise in property prices. UAE's non-oil economy recorded its strongest expansion during November 2025, supported by resilient business conditions and a solid pickup in new orders. The S&P UAE PMI increased to 54.8 in November 2025 from 53.8 in October 2025, marking a notable nine-month high and comfortably above the long-term trend level. Demand conditions strengthened further, with new order growth reaching the highest level since the start of the year, driving a meaningful rise in output across the non-oil private sector as companies scaled operations to meet higher workloads. Employment also strengthened, with businesses increasing headcount to support rising backlogs and stronger sales, resulting in the most substantial employment gain since May 2024, albeit from a relatively modest base. Purchasing activity continued to expand for a third consecutive month, reversing the temporary pullback seen in August. November survey data also highlighted intensifying cost pressures, as firms faced faster increases in both input prices and output charges across the wider non-oil economy. The CBUAE revised down its UAE inflation forecast for 2025 to 1.3%, compared to the earlier projection of 1.5%. The downward adjustment mainly stems from declining energy and food prices, which have eased cost pressures. For 2026, inflation is projected to edge up slightly to 1.8%, mainly due to the base effect from the lower CPI inflation in 2025.

The UAE banking system's domestic advances grew 0.8% MOM to AED 2,028.6 Bn in October 2025, supported by strong lending momentum across public sector (GREs), and private sector segments partially offset by decreasing lending from government. The increase was primarily driven by the public sector (GREs), which expanded 3.3% MOM to AED 306.4 Bn in October 2025 followed by the private sector lending which grew 0.5% MOM to AED 1,496.7 Bn in October 2025, supported by higher lending to financial institutions. However, government spending decreased by 0.4% MOM in October 2025. Deposits continued to strengthen, rising 0.6% MOM to AED 3,203.6 Bn in October 2025, underpinned by a notable increase in non-resident deposits. As a result, the loan-to-deposit ratio remained comfortable, indicating ample system liquidity. Total assets grew 0.2% MOM and 16.9% YOY to AED 5,208.8 Bn in October 2025. However, liquid assets declined from AED 871.3 Bn in 2Q25 to AED 843.6 Bn in 3Q25, with the liquid assets-to-total assets ratio easing to 16.4% in 3Q25, from 17.7% in 2Q25, reflecting modest liquidity normalization. On the earnings front, gross income increased from AED 82.7 Bn in 2Q25 to AED 125.5 Bn in 3Q25, while interest margin income improved from AED 54.1 Bn in 2Q25 to AED 81.8 Bn in 3Q25. Profitability metrics remained robust, with the sector delivering a Return on Assets (ROA) of 2.2% and a Return on Equity (ROE) of 15.0% in 3Q25.

The Federal Reserve continued its policy easing in December 2025 with a 25-bps cut, bringing the federal funds rate down to 3.50%-3.75%, its third consecutive reduction of the year, amid moderating global growth, easing inflationary pressures, and signs of labour-market softening. Looking ahead, markets anticipate roughly one additional rate cut in 2026, though the extent of further easing remains closely tied to upcoming economic data. In line with the Fed's move, the CBUAE lowered its Overnight Deposit Facility (ODF) rate to 3.65%. The ongoing decline in interest rates in both the US and the UAE is expected to spur loan demand and strengthen asset quality. More affordable borrowing is expected to lift activity across both retail and corporate segments, while

lower financing costs improve borrowers' repayment capacity and ease pressure on existing exposures. As a result, UAE banks are likely to benefit from stronger funded income and improved asset quality during this easing cycle.

The average cost-to-income ratio of UAE banks improved, with the sector average declining from 35.0% in 2Q25 to 33.8% in 3Q25. This was mainly due to stronger operating leverage and continued efficiency improvements from digitalisation and process optimisation. FAB and CBD continued to deliver the strongest efficiency levels, posting cost-to-income ratios of 22.2% and 26.2%, respectively, in 3Q25. On the other hand, CBI continued to record its highest cost-to-income ratio of 59.2% in 3Q25. Within the large-cap group, DIB recorded the sharpest quarterly improvement, with its ratio declining by 53 bps QOQ to 29.3% in 3Q25. The annualised cost of risk for the banks under our coverage increased from 0.39 bps in 2Q25 to 0.58 bps in 3Q25. In line with recent trends, only two banks recorded impairment reversals during the quarter, while the remainder continued to report net provisioning charges. The UAE banking sector continued to report healthier asset quality, with the NPL ratio improving to 3.2% in 3Q25 from 3.4% in 2Q25, supported by strong recoveries and disciplined credit underwriting. Capital buffers also strengthened, as the Capital Adequacy Ratio (CAR) edged up to 17.4% in 3Q25, compared to 17.3% in 2Q25, remaining comfortably above regulatory requirements. The Tier 1 capital ratio also increased to 16.2% in 3Q25, from 16.0% in 2Q25. Common Equity Tier 1 (CET1) capital rose to AED 535.6 Bn in 3Q25, from AED 507.9 Bn in 2Q25, with the CET1 ratio improving to 14.8% in 3Q25, from 14.6% in 2Q25. During the quarter, Risk-Weighted Assets (RWA) expanded to AED 3,619.0 Bn, compared to AED 3,482.4 Bn in 2Q25, reflecting continued growth in lending and balance sheet activity. Lower interest rates are expected to drive stronger credit demand from consumers and corporates, while banks' efforts to grow non-core income are anticipated to provide an additional lift to profitability.

Market Weight

We remain MARKET WEIGHT with 6x HOLD, 4x BUY and 1x ACCUMULATE on the 11 UAE banks under our coverage. UAE system's total net assets grew 16.9% YOY and 0.2% MOM to AED 5,208.8 Bn in October 2025. The UAE banking sector's net advances rose 8.4% YOY and 0.8% MOM to AED 2,028.6 Bn in October 2025. Customer deposits mobilisation increased 14.3% YOY and 0.6% MOM to AED 3,203.6 Bn in October 2025.

Target price and rating:

| Co. Name | Target Price | Current Market Price | Potential change | Rating |
|------------------|--------------|----------------------|------------------|-------------------|
| CBI | 1.05 | 0.88 | +19.2% | BUY |
| MASQ | 270.00 | 260.00 | +3.8% | HOLD |
| SIB | 3.10 | 3.11 | -0.3% | HOLD |
| AJMANBANK | 1.60 | 1.35 | +18.5% | BUY |
| RAKBANK | 9.10 | 8.40 | +8.3% | HOLD |
| CBD | 9.25 | 9.30 | -0.5% | HOLD |
| ADCB | 18.00 | 14.76 | +22.0% | BUY |
| ADIB | 26.00 | 20.82 | +24.9% | BUY |
| DIB | 10.50 | 9.45 | +11.1% | ACCUMULATE |
| ENBD | 31.50 | 29.35 | +7.3% | HOLD |
| UAB | 1.40 | 1.29 | +8.5% | HOLD |

Source: FABS from co data

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Industry Themes

QNB Group received SAMA's approval for a new digital bank- 'ezbank'

QNB Bank received approval from SAMA for 'ezbank', an entity dedicated to digital banking, formed in alliance with Ajlan & Bros. Holding, with SAR 2.5 Bn capital. ezbank is focused on a customer-centric approach while aiming for digital transformation and financial inclusion to provide efficient solutions to new and existing entrepreneurs. The bank will be operating from mobile platforms integrated with AI and risk management practices.

Emirates NBD to acquire 60% Stake in India's RBL Bank for USD 3 Bn

Dubai's Emirates NBD (ENBD) will acquire a 60% stake in India's RBL Bank for USD 3 Bn via a preferential share issue at INR 280 per share, marking India's largest cross-border banking deal in the financial sector. The deal is subject to regulatory approvals. India permits 74% foreign shareholding in private banks; however, it limits the shareholding of any single shareholder to 15% unless the RBI grants an exemption. The deal has a formal backing from the RBI. Also, as part of the deal, Emirates NBD will launch an open offer to acquire additional shares from retail shareholders in line with India's takeover regulations. ENBD will make an offer to acquire additional shares at INR 280 per share. Upon consummation of the deal, ENBD will gain board representation and management control.

IndiGo has secured financing from Emirates NBD through a lease agreement to acquire two A321neo aircraft

Emirates NBD has structured a finance lease with IndiGo to fund the purchase of two Airbus A321neo aircraft. The deal aligns with IndiGo's plans to strengthen its presence across both Indian and overseas markets, backed by an orderbook exceeding 900 aircraft. The UAE bank noted that the transaction highlights its continued emphasis on advancing India's aviation sector.

IHC plans to acquire the majority Stake in Pakistan's First Women Bank

Abu Dhabi-based IHC announced the acquisition of a majority stake in Pakistan's First Women Bank Limited (FWBL), marking the first bank privatisation under a government-to-government framework and growing the UAE-Pakistan economic partnership. FWBL, established in 1989, operates 42 branches nationwide, offering services to retail, corporate banking, and SME clients.

Dubai Aerospace Enterprise cuts spread on USD 650 Mn sukuk offering

Dubai Aerospace Enterprise (DAE) issued a USD 650 Mn five-year sukuk with a semi-annual coupon of 4.50%. The issuance attracted strong investor interest, with final order books reaching USD 1.85 Bn, excluding participation from joint lead managers (JLMs). The instrument was reoffered at 99.505, resulting in a yield of 4.612% and a spread of 90 bps over US Treasuries.

Mamoura issued UDS 750 Mn note with tight pricing as orders surge

Mamoura Diversified Global Holding PJSC (MDGH), a subsidiary of Abu Dhabi's Mubadala Investment Company, successfully issued a USD 750 Mn senior unsecured bond with a 10-year maturity. The bond was priced at a spread of 55 bps over US Treasuries. The fixed-rate notes offer a semi-annual coupon of 4.625%, and were priced at 99.699, resulting in a yield of 4.663%. The bond was issued through MDGH GMTN (RSC) Ltd under MDGH's Global Medium Term Note Programme and is scheduled to mature on October 16, 2035.

Strong demand drives ADQ to raise loan facility from USD 4 Bn to USD 5 Bn

Abu Dhabi Developmental Holding Company (ADQ) upsized its dual-tranche term loan facility from the initial USD 4 Bn to USD 5 Bn. The senior unsecured facility was launched with two tranches, which are a three-year portion (Tranche A) priced at 70 bps over SOFR, and a five-year portion (Tranche B) at 85 bps over SOFR, resulting in all-in pricing of 85 bps and 100 bps, respectively.

UAE's FAB strengthens marine conservation efforts with second USD 20 Mn Blue bond

First Abu Dhabi Bank (FAB) issued its second blue bond; a USD 20 Mn three-year note aimed at supporting environmentally focused marine initiatives. The proceeds from the latest issuance are expected to be directed toward climate-resilient projects, including wastewater treatment facilities in Abu Dhabi and Al Ain, as well as a desalination plant powered by renewable energy.

UAE Islamic T-Sukuk auction draws AED 4.57 Bn in bids

The UAE Ministry of Finance completed its AED 1.1 Bn Islamic Treasury Sukuk auction for October 2025, attracting AED 4.57 Bn in bids with an oversubscription of 4.2x across the 2-year tranches maturing in October 2027 and other tranches maturing in May 2030. Yields were set at 3.49% for the new 2-year sukuk and 3.65% for the 2030 tranche, priced tightly against U.S. Treasuries. The instruments will be listed under the UAE Treasury Islamic Sukuk Programme with Nasdaq Dubai. The sukuk, listed on Nasdaq Dubai, supports the UAE's dirham yield curve and strengthens the local debt capital market.

Ittihad priced USD 550 Mn 5-year sukuk at 7.375%, launched tender for USD 450 Mn Notes

Abu Dhabi-based Ittihad International Investment priced its USD 550 Mn five-year sukuk at par with a 7.375% coupon, callable after two years. The Reg S Eurobond includes a make-whole call at Treasury +50bps, yielding 7.375%. Final order book topped USD 2 Bn, excluding JLM interest. Ittihad also launched a tender offer for its USD 450 Mn 9.75% certificates due 2028. The company holds a BB- rating from both Fitch and S&P.

DIB prices USD 1 Bn debut sustainability-linked sukuk at T+90 bps following strong demand

Dubai Islamic Bank (DIB) mandated banks for its first sustainability-linked sukuk. Rated A3 (Moody's) and A (Fitch), DIB appointed Arqaam, Bank ABC, FAB, Emirates NBD, HSBC, KFH Capital, ICBC, KIB Invest, QInvest, Maybank, SIB, and Standard Chartered as joint leads. DIB priced its debut USD 1 Bn sustainability-linked sukuk at T +90 bps with a 4.572% semi-annual coupon, which tightened from IPTs at T +120 bps. Books closed at USD 1.85 Bn after peaking at USD 2 Bn

First Abu Dhabi Bank issued EUR 850 Mn 5-year green note

First Abu Dhabi Bank (FAB) initially mandated a potential benchmark fixed-rate, EUR-denominated Regulation S long five-year green bond under its USD 20 Bn Euro Medium Term Note (EMTN) Programme. Additionally, the bond will be listed on the London Stock Exchange. Furthermore, FAB priced its EUR 850 Mn benchmark Regulation S long five-year green bond with a coupon of 3.1201%. The spread on the EMTN tightened from the initial price of 100 bps over the mid-swap (MS) rate to 70 bps over MS, with a yield of 3.122%. Investor demand was strong, with the order book of EUR 1.9 bn including JLM interest.

ADIB launches UAE's first AED-denominated sovereign sukuk platform for retail investors

Abu Dhabi Islamic Bank (ADIB), in partnership with the Ministry of Finance, launched the UAE's first AED-denominated sovereign sukuk designed for individual investors through the ADIB Smart Sukuk Platform. The initiative enables retail investors to access government sukuk in far smaller denominations than before. Moreover, Investors can begin with a minimum investment of AED 4,000 compared with the usual AED 100,000 minimum for Ministry of Finance sukuk and USD 200,000 for USD-denominated issuances, with the option to add further amounts in AED 4,000 increments up to AED 28,000 per transaction.

FAB priced USD 1 Bn AT1 Bond at 5.875% amid strong demand

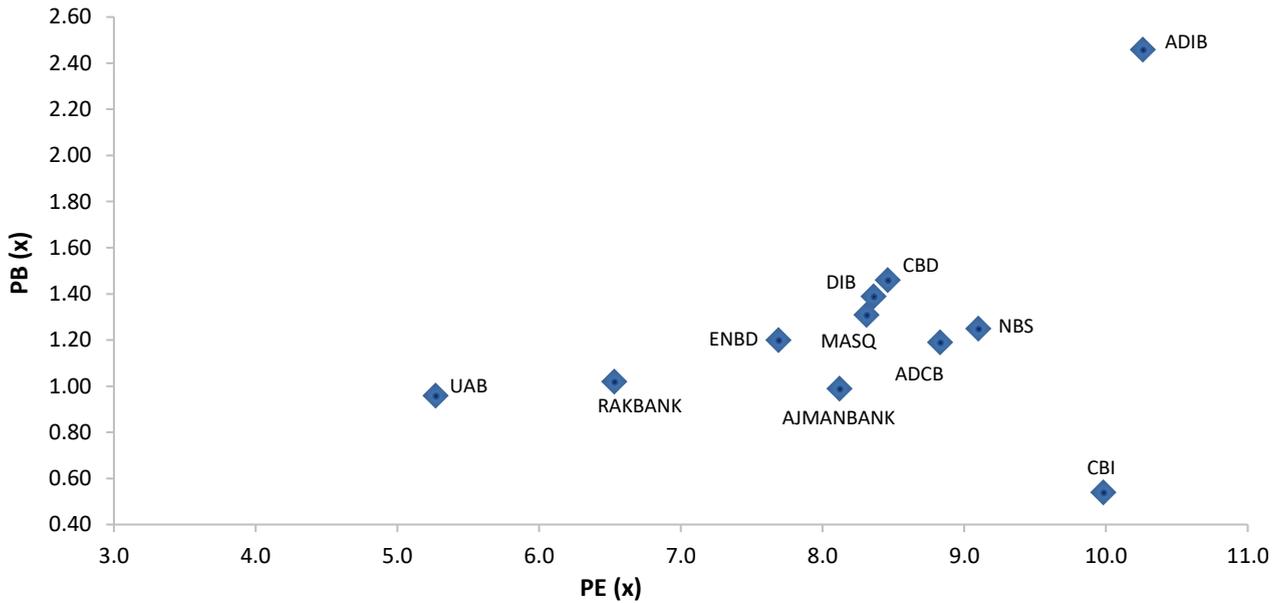
First Abu Dhabi Bank (FAB) had successfully priced a USD 1 Bn perpetual AT1 bond with a non-call period of six years at a coupon rate of 5.875%, after initially marketing the deal with price guidance in the 6.375%–6.500% range. Investor demand was strong, with final order books exceeding USD 2.35 Bn (excluding joint lead manager interest).

Relative valuation and rating

Relative valuation

Based on our 2026 estimates, five out of 11 UAE banks are trading below the average book value. Also, except ADIB all the other UAE banks are trading at a single-digit P/E multiple based on 2026 financials. The P/B ranges between 0.54x (CBI) and 2.46x (ADIB), and the P/E ranges between 5.27x (UAB) and 10.26x (ADIB) based on 2026 financials. The UAE banks under our coverage are trading at an average P/E and P/B multiple of 8.28x and 1.25x, respectively, based on 2026 financials.

FY25 P/E (X-axis) vs. FY26 P/B (Y-axis)



Source: FABS from Co Data

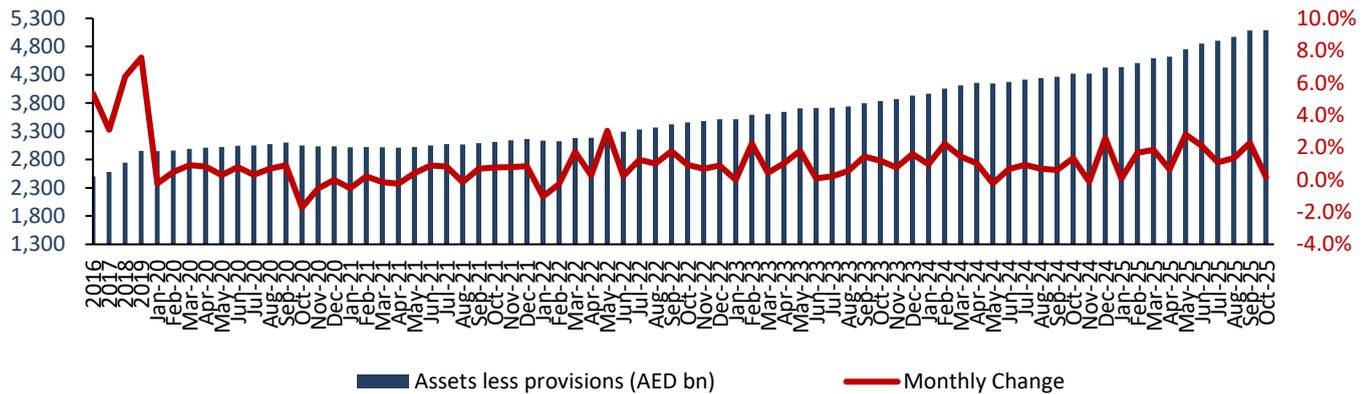
Banking indicators

1. Assets

Total net assets rose 0.2% MOM in October 2025

UAE banking system’s total net assets increased 0.2% MOM to AED 5,208.8 Bn in October 2025.

UAE banking system assets (AED bn) vs. Monthly change, 2016- October 2025



Source: FABS from CBUAE

CBD witnessed the highest growth in total assets on a QOQ basis in 3Q25

CBD’s total assets recorded the highest growth of 8.5% QOQ to AED 163.4 Bn in 3Q25, followed by AJMANBANK with 5.3% QOQ growth to AED 28.0 Bn. Furthermore, DIB witnessed a 5.2% QOQ rise in total assets to AED 393.0 Bn in 3Q25, succeeded by ENBD with total assets growth of 4.9% on a QOQ basis, reaching to AED 1,139.1 Bn. RAKBANK recorded 4.7% QOQ growth in total assets to AED 99.5 Bn, and MASQ experienced 4.0% QOQ growth, reaching AED 305.5 Bn. All banks under our coverage reported growth in total assets on a YOY and QOQ basis, except CBI with total assets declining 1.1% YOY.

Total assets: UAE Banks

| (AED Mn) | 3Q24 | 4Q24 | 1Q25 | 2Q25 | 3Q25 | QOQ ch |
|------------|---------|---------|---------|---------|---------|--------|
| CBI | 20,995 | 20,895 | 20,577 | 20,579 | 20,772 | 0.9% |
| YOY change | 12.0% | 10.1% | 8.3% | 3.0% | -1.1% | |
| MASQ | 254,411 | 267,453 | 272,703 | 293,635 | 305,464 | 4.0% |
| YOY change | 16.5% | 11.4% | 9.3% | 15.8% | 20.1% | |
| SIB | 74,796 | 79,210 | 82,770 | 84,708 | 86,580 | 2.2% |
| YOY change | 18.0% | 20.2% | 18.0% | 14.1% | 15.8% | |
| AJMANBANK | 24,440 | 22,854 | 24,497 | 26,633 | 28,033 | 5.3% |
| YOY change | -3.0% | -8.3% | 6.2% | 9.9% | 14.7% | |
| RAKBANK | 83,891 | 88,325 | 90,804 | 94,961 | 99,459 | 4.7% |
| YOY change | 16.5% | 19.4% | 15.5% | 18.1% | 18.6% | |
| CBD | 140,217 | 140,175 | 141,129 | 150,607 | 163,409 | 8.5% |
| YOY change | 11.3% | 8.7% | 7.8% | 6.6% | 16.5% | |
| ADCB | 638,754 | 652,814 | 679,716 | 718,502 | 744,273 | 3.6% |
| YOY change | 19.0% | 15.1% | 14.4% | 17.4% | 16.5% | |
| ADIB | 222,567 | 225,910 | 243,528 | 260,352 | 269,734 | 3.6% |
| YOY change | 20.9% | 17.2% | 25.1% | 22.0% | 21.2% | |

| | | | | | | |
|------------|-----------|-----------|-----------|-----------|-----------|------|
| DIB | 329,169 | 344,687 | 355,269 | 373,479 | 392,953 | 5.2% |
| YOY change | 5.0% | 9.7% | 8.5% | 15.8% | 19.4% | |
| ENBD | 956,041 | 996,582 | 1,030,570 | 1,085,641 | 1,139,083 | 4.9% |
| YOY change | 14.4% | 15.5% | 14.2% | 16.6% | 19.1% | |
| UAB | 20,016 | 21,461 | 23,429 | 23,921 | 24,465 | 2.3% |
| YOY change | 35.8% | 21.6% | 30.8% | 20.7% | 22.2% | |
| FAB | 1,229,616 | 1,213,247 | 1,306,568 | 1,343,387 | 1,382,281 | 2.9% |
| YOY change | 3.7% | 3.8% | 5.8% | 14.4% | 12.4% | |

Source: FABS from co data

FAB remained the market leader with the highest total assets share in 3Q25.

CBD recorded the highest growth in total asset share, rising by 0.11 pp QOQ to 3.1% in 3Q25. ENBD witnessed the second-highest growth in total asset share, increasing by 0.08 pp QOQ to 21.9% in 3Q25. However, FAB recorded the highest decline in 3Q25, with a market share of 26.6% in 3Q25, compared to 27.0% in 2Q25. Additionally, CBI held the smallest total assets market share at 0.4% in 3Q25, followed by UAB and AJMANBANK.

Total assets share

| | 3Q24 | 4Q24 | 1Q25 | 2Q25 | 3Q25 | QOQ: pp |
|-----------|-------|-------|-------|-------|-------|---------|
| CBI | 0.5% | 0.5% | 0.4% | 0.4% | 0.4% | -0.01% |
| MASQ | 5.8% | 5.9% | 5.8% | 5.9% | 5.9% | -0.03% |
| SIB | 1.7% | 1.7% | 1.8% | 1.7% | 1.7% | -0.04% |
| AJMANBANK | 0.6% | 0.5% | 0.5% | 0.5% | 0.5% | 0.00% |
| RAKBANK | 1.9% | 1.9% | 1.9% | 1.9% | 1.9% | 0.00% |
| CBD | 3.2% | 3.1% | 3.0% | 3.0% | 3.1% | 0.11% |
| ADCB | 14.5% | 14.3% | 14.4% | 14.4% | 14.3% | -0.13% |
| ADIB | 5.1% | 5.0% | 5.2% | 5.2% | 5.2% | -0.05% |
| DIB | 7.5% | 7.6% | 7.5% | 7.5% | 7.6% | 0.05% |
| ENBD | 21.7% | 21.9% | 21.8% | 21.8% | 21.9% | 0.08% |
| UAB | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% | -0.01% |
| FAB | 27.9% | 26.6% | 27.7% | 27.0% | 26.6% | -0.43% |

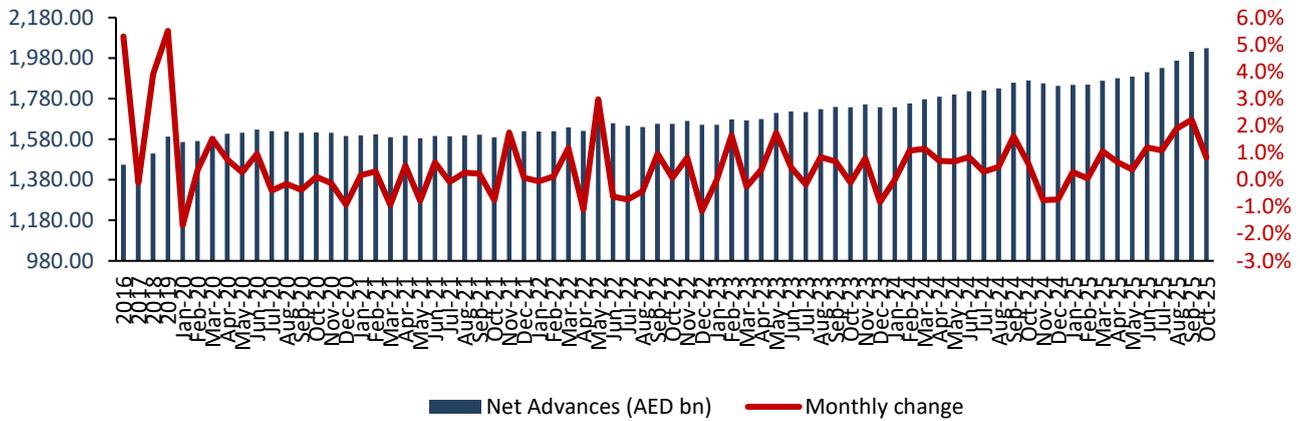
Source: FABS from Co Data, CBUAE

2. Advances

UAE Bank's net advances rose 0.8% MOM in October 2025

Net advances in the UAE banking system increased 0.8% MOM to AED 2,028.6 Bn in October 2025.

UAE banking system net advances (AED bn) vs. Monthly change, 2016 – October 2025



Source: FABS from CBUAE

All banks recorded a QOQ growth in net advances during 3Q25, except CBI

CBI's net advances declined 1.3% QOQ to AED 12.8 Bn in 3Q25. ENBD recorded the highest net advances growth of 10.7% QOQ to AED 603.6 Bn, in 3Q25. MASQ witnessed a second-highest growth of 6.7% QOQ rising to AED 143.1 Bn in 3Q25. While ADCB experienced a 6.0% QOQ growth to AED 401.4 Bn in 3Q25. On the same lines, CBD and RAKBANK net advances rose 5.4% QOQ and 5.3% to AED 105.2 Bn and AED 51.2 Bn, respectively, in 3Q25. Moreover, UAB's net advances grew 5.2% QOQ to AED 14.1 Bn in 3Q25. In conclusion, all banks under our coverage recorded an increase in net advances on a QOQ and YOY basis, except for CBI.

Net advances: UAE banks

| (AED Mn) | 3Q24 | 4Q24 | 1Q25 | 2Q25 | 3Q25 | QOQ ch |
|------------|---------|---------|---------|---------|---------|--------|
| CBI | 12,911 | 13,583 | 13,362 | 12,946 | 12,782 | -1.3% |
| YOY change | 8.4% | 7.7% | 9.6% | 3.5% | -1.0% | |
| MASQ | 118,534 | 124,758 | 125,817 | 134,120 | 143,085 | 6.7% |
| YOY change | 19.4% | 13.1% | 13.9% | 17.8% | 20.7% | |
| SIB | 36,551 | 38,083 | 40,309 | 42,987 | 43,663 | 1.6% |
| YOY change | 14.7% | 15.3% | 20.8% | 22.1% | 19.5% | |
| AJMANBANK | 13,404 | 12,959 | 13,915 | 14,825 | 15,207 | 2.6% |
| YOY change | -8.4% | -5.9% | 6.1% | 6.6% | 13.5% | |
| RAKBANK | 46,198 | 47,224 | 47,590 | 48,662 | 51,228 | 5.3% |
| YOY change | 19.5% | 19.7% | 17.2% | 18.7% | 10.9% | |
| CBD | 91,746 | 93,049 | 96,932 | 99,816 | 105,223 | 5.4% |
| YOY change | 10.7% | 11.7% | 11.7% | 11.4% | 14.7% | |
| ADCB | 344,014 | 350,638 | 359,489 | 378,465 | 401,356 | 6.0% |
| YOY change | 21.0% | 16.1% | 13.0% | 13.9% | 16.7% | |
| ADIB | 135,132 | 142,611 | 150,133 | 162,751 | 170,801 | 4.9% |
| YOY change | 20.0% | 24.0% | 28.4% | 23.2% | 26.4% | |
| DIB | 206,790 | 212,427 | 222,553 | 237,376 | 248,301 | 4.6% |
| YOY change | 3.9% | 6.5% | 10.8% | 19.1% | 20.1% | |
| ENBD | 493,843 | 501,627 | 520,909 | 545,173 | 603,648 | 10.7% |
| YOY change | 8.5% | 12.7% | 13.6% | 14.3% | 22.2% | |

| | | | | | | |
|------------|---------|---------|---------|---------|---------|------|
| UAB | 10,754 | 11,526 | 12,472 | 13,418 | 14,112 | 5.2% |
| YOY change | 39.6% | 23.2% | 30.8% | 28.6% | 31.2% | |
| FAB | 527,978 | 528,897 | 548,265 | 568,040 | 596,136 | 4.9% |
| YOY change | 10.4% | 9.3% | 7.9% | 10.7% | 12.9% | |

Source: FABS from Co Data

ENBD leads in 3Q25 with the highest growth in the advances market share

ENBD witnessed significant growth in the advances market share of 1.47 pp QOQ to 30.0% in 3Q25. ADCB recorded the second-highest market share with 0.14 pp QOQ to 19.9%, followed by MASQ with 0.09 pp QOQ to 7.1% in 3Q25. In the Quarter, ENBD also recorded the highest advances market share, followed by FAB with 29.6% and ADCB with 19.9% in 3Q25. However, CBI recorded the lowest advanced market share of 0.6%, falling by 0.04 pp QOQ during 3Q25.

Advances mkt share

| | 3Q24 | 4Q24 | 1Q25 | 2Q25 | 3Q25 | QOQ: pp |
|-----------|-------|-------|-------|-------|-------|---------|
| CBI | 0.7% | 0.7% | 0.7% | 0.7% | 0.6% | -0.04% |
| MASQ | 6.4% | 6.8% | 6.7% | 7.0% | 7.1% | 0.09% |
| SIB | 2.0% | 2.1% | 2.2% | 2.2% | 2.2% | -0.08% |
| AJMANBANK | 0.7% | 0.7% | 0.7% | 0.8% | 0.8% | -0.02% |
| RAKBANK | 2.5% | 2.6% | 2.5% | 2.5% | 2.5% | 0.00% |
| CBD | 4.9% | 5.0% | 5.2% | 5.2% | 5.2% | 0.01% |
| ADCB | 18.5% | 19.0% | 19.2% | 19.8% | 19.9% | 0.14% |
| ADIB | 7.3% | 7.7% | 8.0% | 8.5% | 8.5% | -0.03% |
| DIB | 11.1% | 11.5% | 11.9% | 12.4% | 12.3% | -0.08% |
| ENBD | 26.6% | 27.2% | 27.9% | 28.5% | 30.0% | 1.47% |
| UAB | 0.6% | 0.6% | 0.7% | 0.7% | 0.7% | 0.00% |
| FAB | 28.4% | 28.7% | 29.3% | 29.7% | 29.6% | -0.10% |

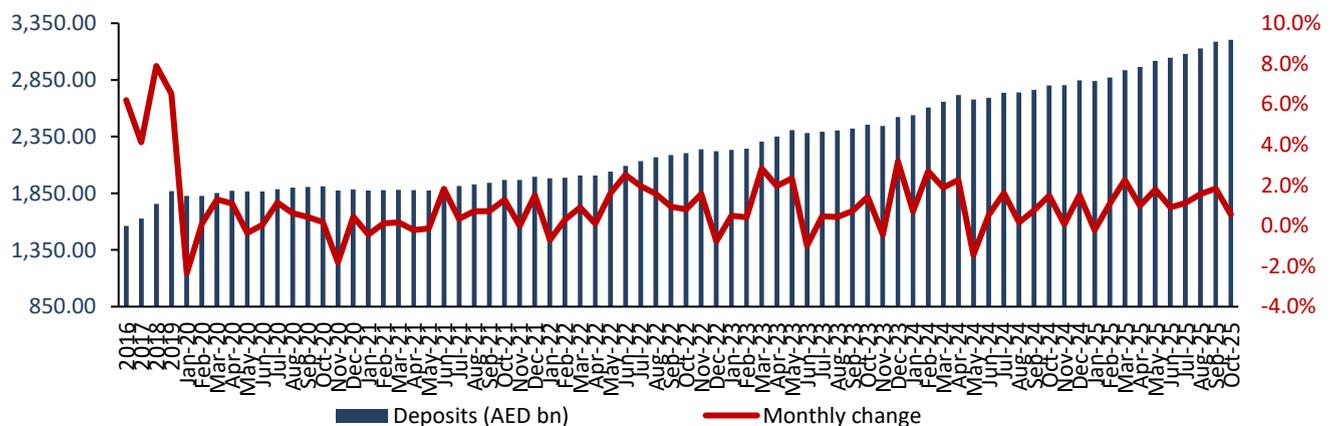
Source: FABS from co data

3. Customer Deposit

UAE banking system's customer deposits increased 0.6% MOM in October 2025

The UAE banking system's customer deposits rose 0.6% MOM to AED 3,203.6 Bn in October 2025.

UAE banking system customer deposits (AED bn) vs. Monthly change, 2016 – October 2025



Source: FABS from CBUAE

RAKBANK witnessed the highest QOQ growth in customer deposits during 3Q25

RAKBANK recorded the highest growth in customer deposits of 7.4% QOQ to AED 65.6 Bn in 3Q25, followed by DIB with a 6.4% QOQ rise to AED 301.9 Bn and MASQ with 5.4% QOQ to AED 187.2 Bn in 3Q25. Furthermore, CBD's customer deposits grew 4.8% QOQ to AED 112.2 Bn in 3Q25, while FAB's customer deposits increased 4.3% QOQ to AED 848.3 Bn in 3Q25. ADIB and ADCB also recorded growth in deposits of 4.2% and 4.1%, respectively, to AED 221.7 Bn and AED 482.4 Bn in 3Q25. Overall, all banks recorded QOQ growth in customer deposits during 3Q25, except UAB, which experienced a 7.9% decline on a QOQ basis.

Customer deposits: UAE banks

| (AED Mn) | 3Q24 | 4Q24 | 1Q25 | 2Q25 | 3Q25 | QOQ ch |
|------------|---------|---------|---------|---------|---------|--------|
| CBI | 15,191 | 15,430 | 15,339 | 15,185 | 15,774 | 3.9% |
| YOY change | 24.8% | 22.4% | 20.9% | 6.7% | 3.8% | |
| MASQ | 156,063 | 160,940 | 171,442 | 177,645 | 187,167 | 5.4% |
| YOY change | 17.5% | 10.1% | 10.3% | 15.4% | 19.9% | |
| SIB | 47,995 | 51,758 | 52,099 | 52,721 | 54,573 | 3.5% |
| YOY change | 6.1% | 14.5% | 15.6% | 6.6% | 13.7% | |
| AJMANBANK | 19,310 | 18,062 | 18,511 | 19,977 | 20,562 | 2.9% |
| YOY change | -1.4% | -8.4% | 0.4% | 3.5% | 6.5% | |
| RAKBANK | 57,266 | 59,650 | 61,038 | 61,079 | 65,621 | 7.4% |
| YOY change | 18.2% | 18.4% | 10.2% | 4.5% | 14.6% | |
| CBD | 98,682 | 97,563 | 99,624 | 107,047 | 112,148 | 4.8% |
| YOY change | 14.2% | 10.5% | 10.3% | 7.2% | 13.6% | |
| ADCB | 406,742 | 421,060 | 441,691 | 463,442 | 482,440 | 4.1% |
| YOY change | 23.5% | 16.0% | 15.1% | 18.8% | 18.6% | |
| ADIB | 179,744 | 182,675 | 200,095 | 212,831 | 221,668 | 4.2% |
| YOY change | 18.6% | 16.3% | 24.9% | 23.6% | 23.3% | |
| DIB | 236,868 | 248,546 | 264,847 | 283,663 | 301,932 | 6.4% |
| YOY change | 7.2% | 11.9% | 12.3% | 21.2% | 27.5% | |
| ENBD | 644,812 | 666,777 | 697,595 | 736,714 | 760,351 | 3.2% |
| YOY change | 13.1% | 14.1% | 14.3% | 18.0% | 17.9% | |
| UAB | 12,031 | 13,577 | 14,942 | 15,601 | 14,369 | -7.9% |
| YOY change | 31.1% | 32.6% | 40.2% | 28.6% | 19.4% | |
| FAB | 819,572 | 782,379 | 838,681 | 813,469 | 848,282 | 4.3% |
| YOY change | 4.4% | 3.0% | 4.4% | 6.2% | 3.5% | |

Source: FABS from co data

FAB's customer deposit market share remains the highest during 3Q25

DIB's deposit market share increased the most by 0.16 pp QOQ at 9.5%, followed by RAKBANK with 0.05 pp QOQ to 2.1% and MASQ by 0.04 pp QOQ to 5.9% in 3Q25. CBD deposits grew 0.01 pp QOQ to 3.5% in 3Q25, whereas CBI deposits remained flat compared to 2Q25. In total, seven banks witnessed a decline in 3Q25, while four banks experienced a rise in customer deposits.

Deposits market share

| | 3Q24 | 4Q24 | 1Q25 | 2Q25 | 3Q25 | QOQ: pp |
|-----------|-------|-------|-------|-------|-------|---------|
| CBI | 0.6% | 0.5% | 0.5% | 0.5% | 0.5% | 0.00% |
| MASQ | 5.7% | 5.7% | 5.8% | 5.8% | 5.9% | 0.04% |
| SIB | 1.7% | 1.8% | 1.8% | 1.7% | 1.7% | -0.02% |
| AJMANBANK | 0.7% | 0.6% | 0.6% | 0.7% | 0.6% | -0.01% |
| RAKBANK | 2.1% | 2.1% | 2.1% | 2.0% | 2.1% | 0.05% |
| CBD | 3.6% | 3.4% | 3.4% | 3.5% | 3.5% | 0.01% |
| ADCB | 14.7% | 14.8% | 15.0% | 15.2% | 15.1% | -0.07% |
| ADIB | 6.5% | 6.4% | 6.8% | 7.0% | 7.0% | -0.03% |
| DIB | 8.6% | 8.7% | 9.0% | 9.3% | 9.5% | 0.16% |
| ENBD | 23.4% | 23.4% | 23.8% | 24.2% | 23.9% | -0.32% |
| UAB | 0.4% | 0.5% | 0.5% | 0.5% | 0.5% | -0.06% |
| FAB | 29.7% | 27.5% | 28.6% | 26.7% | 26.6% | -0.08% |

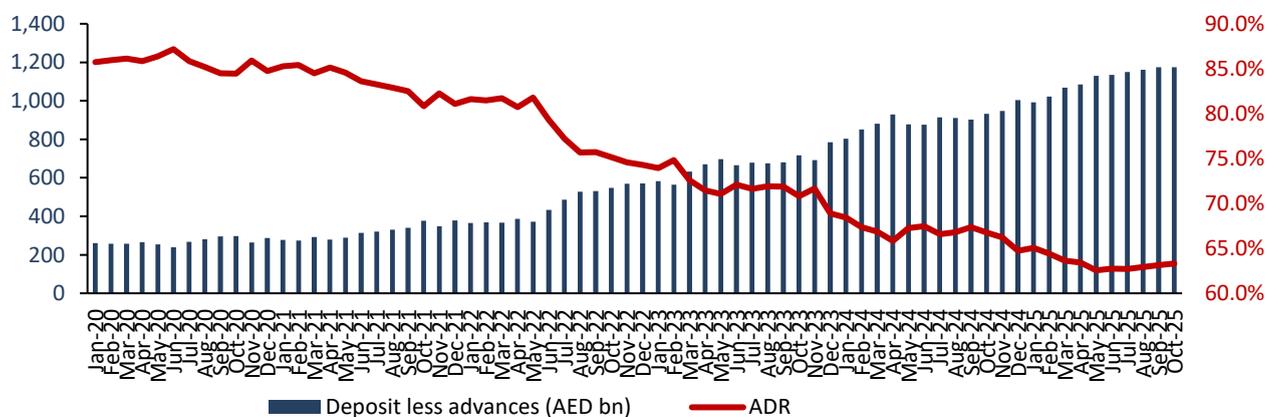
Source: FABS from co data

4. Liquidity

Liquidity in the UAE banking system

UAE banking system’s headline Advances to Deposits Ratio (ADR) increased 17.3 bps MOM to 63.3% in October 2025. The system’s liquidity increased from AED 1,174.0 Bn in September 2025 to AED 1,175.0 Bn in October 2025. 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 – October 2025



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 3Q25, six out of 11 UAE banks under our coverage recorded a rise in the ADR ratio on a QOQ basis. UAB’s ADR ratio grew the highest, rising 14.2% QOQ to 98.2%, followed by ENBD with growth of 7.3% QOQ to 79.4% and ADCB with rise of 1.9% QOQ to 83.2% in 3Q25. Conversely, CBI ADR ratio witnessed the highest decline of 5.0% QOQ to 81.0% in 3Q25. Furthermore, in the deposit surplus/deficit, seven out of 11 UAE banks under our coverage reported

an increase in deposit surplus in 3Q25, compared to 2Q25. CBI recorded the highest growth in deposit surplus of 33.7% QOQ to AED 3.0 Bn, followed by RAKBANK and DIB with 15.9% QOQ growth to AED 14.4 Bn and AED 53.6 Bn, respectively, in 3Q25. On the other hand, UAB experienced the highest decline in deposit surplus by 88.2% QOQ to AED 0.3 Bn in 3Q25. Furthermore, in terms of percent lent, six out of 11 Banks under our coverage witnessed a rise in the percentage lent on a QOQ basis during 3Q25. CBD's percentage lent declined the most by 2.8% QOQ to 64.4% in 3Q25, whereas ENBD experienced the highest growth in percentage lent by 5.5% QOQ to 53.0% in 3Q25, followed by UAB with a rise of 2.8% QOQ to 57.7%.

ADR: UAE Banks

| | 3Q24 | 4Q24 | 1Q25 | 2Q25 | 3Q25 | QOQ ch |
|-----------|-------|-------|-------|-------|-------|--------|
| CBI | 85.0% | 88.0% | 87.1% | 85.3% | 81.0% | -5.0% |
| MASQ | 76.0% | 77.5% | 73.4% | 75.5% | 76.4% | 1.3% |
| SIB | 76.2% | 73.6% | 77.4% | 81.5% | 80.0% | -1.9% |
| AJMANBANK | 69.4% | 71.8% | 75.2% | 74.2% | 74.0% | -0.3% |
| RAKBANK | 80.7% | 79.2% | 78.0% | 79.7% | 78.1% | -2.0% |
| CBD | 93.0% | 95.4% | 97.3% | 93.2% | 93.8% | 0.6% |
| ADCB | 84.6% | 83.3% | 81.4% | 81.7% | 83.2% | 1.9% |
| ADIB | 75.2% | 78.1% | 75.0% | 76.5% | 77.1% | 0.8% |
| DIB | 87.3% | 85.5% | 84.0% | 83.7% | 82.2% | -1.7% |
| ENBD | 76.6% | 75.2% | 74.7% | 74.0% | 79.4% | 7.3% |
| UAB | 89.4% | 84.9% | 83.5% | 86.0% | 98.2% | 14.2% |
| FAB | 64.4% | 67.6% | 65.4% | 69.8% | 70.3% | 0.6% |

Source: FABS from co data

Deposit surplus/-deficit

| AED Mn | 3Q24 | 4Q24 | 1Q25 | 2Q25 | 3Q25 | QOQ ch |
|-----------|---------|---------|---------|---------|---------|--------|
| CBI | 2,280 | 1,847 | 1,977 | 2,238 | 2,992 | 33.7% |
| MASQ | 37,528 | 36,181 | 45,625 | 43,524 | 44,082 | 1.3% |
| SIB | 11,445 | 13,676 | 11,790 | 9,735 | 10,910 | 12.1% |
| AJMANBANK | 5,906 | 5,102 | 4,596 | 5,152 | 5,355 | 3.9% |
| RAKBANK | 11,069 | 12,426 | 13,447 | 12,417 | 14,393 | 15.9% |
| CBD | 6,936 | 4,515 | 2,692 | 7,231 | 6,925 | -4.2% |
| ADCB | 62,728 | 70,422 | 82,202 | 84,977 | 81,084 | -4.6% |
| ADIB | 44,612 | 40,064 | 49,962 | 50,081 | 50,867 | 1.6% |
| DIB | 30,078 | 36,119 | 42,294 | 46,287 | 53,630 | 15.9% |
| ENBD | 150,969 | 165,150 | 176,686 | 191,541 | 156,703 | -18.2% |
| UAB | 1,277 | 2,051 | 2,470 | 2,183 | 257 | -88.2% |
| FAB | 291,594 | 253,482 | 290,416 | 245,429 | 252,146 | 2.7% |

Source: FABS from co data

Percentage lent

| | 3Q24 | 4Q24 | 1Q25 | 2Q25 | 3Q25 | QOQ ch |
|-----------|-------|-------|-------|-------|-------|--------|
| CBI | 61.5% | 65.0% | 64.9% | 62.9% | 61.5% | -2.2% |
| MASQ | 46.6% | 46.6% | 46.1% | 45.7% | 46.8% | 2.6% |
| SIB | 48.9% | 48.1% | 48.7% | 50.7% | 50.4% | -0.6% |
| AJMANBANK | 54.8% | 56.7% | 56.8% | 55.7% | 54.2% | -2.5% |
| RAKBANK | 55.1% | 53.5% | 52.4% | 51.2% | 51.5% | 0.5% |
| CBD | 65.4% | 66.4% | 68.7% | 66.3% | 64.4% | -2.8% |
| ADCB | 53.9% | 53.7% | 52.9% | 52.7% | 53.9% | 2.4% |
| ADIB | 60.7% | 63.1% | 61.6% | 62.5% | 63.3% | 1.3% |
| DIB | 62.8% | 61.6% | 62.6% | 63.6% | 63.2% | -0.6% |
| ENBD | 51.7% | 50.3% | 50.5% | 50.2% | 53.0% | 5.5% |
| UAB | 53.7% | 53.7% | 53.2% | 56.1% | 57.7% | 2.8% |
| FAB | 42.9% | 43.6% | 42.0% | 42.3% | 43.1% | 2.0% |

Source: FABS from co data

5. Profitability

Three out of 11 banks under our coverage recorded a rise in ROE on a QOQ basis in 3Q25

AJMANBANK's ROE grew the highest, with 127 bps QOQ to 15.4% in 3Q25, followed by ADCB and SIB with 40 bps and 18 bps QOQ growth to 14.8% and 16.7% respectively in 3Q25. Conversely, CBI experienced the highest decline of 557 bps QOQ to 2.8% in 3Q25. Furthermore, ADIB recorded the highest ROE of 26.4% in 3Q25, followed by MASQ with an ROE of 24.1% and CBD with an ROE of 21.0% in 3Q25. CBI also recorded the lowest ROE of 2.8%.

ROE: UAE Banks

| | 3Q24 | 4Q24 | 1Q25 | 2Q25 | 3Q25 | QOQ ch: bps |
|-----------|-------|-------|-------|-------|-------|-------------|
| CBI | 10.9% | 8.4% | 8.6% | 8.4% | 2.8% | -557 |
| MASQ | 29.6% | 27.7% | 28.8% | 26.0% | 24.1% | -194 |
| SIB | 13.4% | 15.0% | 16.2% | 16.5% | 16.7% | 18 |
| AJMANBANK | -0.4% | 13.8% | 14.6% | 14.1% | 15.4% | 127 |
| RAKBANK | 19.9% | 18.8% | 20.2% | 20.4% | 20.0% | -41 |
| CBD | 20.6% | 20.1% | 22.0% | 21.6% | 21.0% | -62 |
| ADCB | 14.0% | 13.5% | 14.5% | 14.4% | 14.8% | 40 |
| ADIB | 27.1% | 25.2% | 28.7% | 27.6% | 26.4% | -112 |
| DIB | 19.2% | 19.8% | 21.1% | 20.6% | 19.5% | -107 |
| ENBD | 21.4% | 20.7% | 20.3% | 18.3% | 18.3% | -5 |
| UAB | 14.2% | 16.1% | 17.0% | 18.1% | 14.9% | -322 |
| FAB | 14.2% | 13.9% | 15.4% | 15.8% | 15.9% | 5 |

Source: FABS from co data

MASQ recorded the highest ROA in 3Q25

AJMANBANK recorded the highest rise in ROA by 18 bps QOQ to 1.9% in 3Q25. This growth was followed by UAB, which experienced the second-highest increase of 12 bps QOQ to 1.8%. Moreover, SIB and ADCB recorded 7 bps QOQ and 4 bps QOQ rise in ROA to 1.6% and 1.5% respectively in 3Q25. Furthermore, five out of 11 banks under coverage reported a decline in ROA in 3Q25. MASQ reported the highest ROA of 2.9% in 3Q25, followed by RAKBANK with 2.7% and ADIB with 2.6% in 3Q25.

ROA: UAE Banks

| | 3Q24 | 4Q24 | 1Q25 | 2Q25 | 3Q25 | QOQ ch: bps |
|-----------|-------|------|------|------|------|-------------|
| CBI | 1.3% | 1.0% | 1.0% | 1.0% | 0.3% | -67 |
| MASQ | 3.6% | 3.5% | 3.3% | 3.0% | 2.9% | -10 |
| SIB | 1.4% | 1.4% | 1.5% | 1.5% | 1.6% | 7 |
| AJMANBANK | -0.1% | 1.7% | 1.8% | 1.7% | 1.9% | 18 |
| RAKBANK | 2.7% | 2.6% | 2.6% | 2.7% | 2.7% | 0 |
| CBD | 2.2% | 2.3% | 2.3% | 2.2% | 2.2% | -2 |
| ADCB | 1.6% | 1.5% | 1.5% | 1.5% | 1.5% | 4 |
| ADIB | 2.9% | 2.8% | 2.8% | 2.6% | 2.6% | -2 |
| DIB | 2.3% | 2.4% | 2.4% | 2.4% | 2.2% | -13 |
| ENBD | 2.6% | 2.5% | 2.3% | 2.2% | 2.2% | 3 |
| UAB | 1.5% | 1.5% | 1.6% | 1.7% | 1.8% | 12 |
| FAB | 1.3% | 1.3% | 1.4% | 1.5% | 1.5% | 2 |

Source: FABS from co data

6. Efficiency

RAKBANK once again records the highest NIMs in 3Q25

RAKBANK's NIMs stood the highest at 4.0% in 3Q25, followed by MASQ and ENBD with 3.5% and 3.4%, respectively. DIB's NIMs grew the most by 11 bps QOQ to 2.6%, followed by CBI, which grew 9 bps QOQ to 2.2% in 3Q25. On the other hand, UAB witnessed the highest decline in NIMs of 19 bps QOQ to 2.6%, in 3Q25.

NIM: UAE Banks

| | 3Q24 | 4Q24 | 1Q25 | 2Q25 | 3Q25 | QOQ ch: bps |
|-----------|------|------|------|------|------|-------------|
| CBI | 1.9% | 2.0% | 2.1% | 2.1% | 2.2% | 9 |
| MASQ | 4.2% | 3.9% | 3.6% | 3.4% | 3.5% | 8 |
| SIB | 1.9% | 1.9% | 1.7% | 1.7% | 1.8% | 5 |
| AJMANBANK | 2.3% | 1.6% | 1.9% | 1.9% | 1.8% | -6 |
| RAKBANK | 4.6% | 4.3% | 4.0% | 4.1% | 4.0% | -1 |
| CBD | 3.0% | 3.0% | 3.0% | 3.0% | 2.9% | -9 |
| ADCB | 2.2% | 2.4% | 2.3% | 2.3% | 2.3% | 0 |
| ADIB | 3.0% | 3.1% | 3.1% | 3.1% | 3.0% | -5 |
| DIB | 2.8% | 3.2% | 2.6% | 2.5% | 2.6% | 11 |
| ENBD | 3.8% | 3.7% | 3.5% | 3.3% | 3.4% | 7 |
| UAB | 2.4% | 2.3% | 2.2% | 2.8% | 2.6% | -19 |
| FAB | 1.9% | 1.9% | 2.0% | 1.8% | 1.8% | -4 |

Source: FABS from co data

CBI continues to record the highest cost-to-income ratio in 3Q25

CBI recorded the highest cost-to-income ratio of 59.2% in 3Q25. On the other hand, FAB's cost-to-income ratio was the lowest at 22.2%, followed by CBD and ADCB, with ratios of 26.2% and 27.6%, respectively in 3Q25. CBI experienced the highest decline in cost-to-income ratio from 69.1% in 2Q25 to 59.2% in 3Q25, followed by AJMANBANK with 721 bps QOQ decline to 40.8% and RAKBANK with 199 bps QOQ decline to 33.9% in 3Q25. Furthermore, ADCB cost-to-income ratio rose the most from 26.4% in 2Q25 to 27.6% in 3Q25, followed by UAB with an increase of 119 bps to 44.1% in 3Q25.

Cost to Income: UAE Banks

| | 3Q24 | 4Q24 | 1Q25 | 2Q25 | 3Q25 | QOQ ch: bps |
|-----------|-------|-------|-------|-------|-------|-------------|
| CBI | 38.9% | 49.7% | 45.2% | 69.1% | 59.2% | -982 |
| MASQ | 29.2% | 26.7% | 29.4% | 30.9% | 31.7% | 80 |
| SIB | 31.8% | 43.5% | 37.3% | 32.8% | 31.3% | -156 |
| AJMANBANK | 52.7% | 69.5% | 46.8% | 48.0% | 40.8% | -721 |
| RAKBANK | 33.5% | 40.1% | 33.4% | 35.9% | 33.9% | -199 |
| CBD | 25.7% | 29.1% | 27.0% | 26.1% | 26.2% | 10 |
| ADCB | 32.2% | 28.6% | 29.2% | 26.4% | 27.6% | 127 |
| ADIB | 30.1% | 31.1% | 28.9% | 27.5% | 28.4% | 93 |
| DIB | 28.7% | 23.2% | 28.0% | 28.7% | 29.3% | 53 |
| ENBD | 30.8% | 36.4% | 31.0% | 29.7% | 30.7% | 99 |
| UAB | 49.6% | 61.3% | 53.0% | 42.9% | 44.1% | 119 |
| FAB | 24.1% | 25.6% | 22.3% | 21.4% | 22.2% | 79 |

Source: FABS from co data

CBI recorded the highest COR during 3Q25

CBI has recorded the highest COR of 1.6% in 3Q25, followed by ADCB with 0.8%. Furthermore, Banks, including MASQ, ADCB, ADIB and DIB, reported a decline in COR on a QOQ basis in 3Q25. MASQ recorded the highest decline in COR by 11 bps QOQ to 0.4% in 3Q25, followed by DIB with a fall by 10 bps QOQ to 0.1% in 3Q25.

Cost of risk: UAE Banks

| | 3Q24 | 4Q24 | 1Q25 | 2Q25 | 3Q25 | QOQ ch: bps |
|-----------|------|------|------|------|------|-------------|
| CBI | 0.3% | 4.0% | 2.4% | NM | 1.6% | NM |
| MASQ | 0.5% | NM | 0.4% | 0.5% | 0.4% | -11 |
| SIB | 0.4% | 1.1% | NM | 0.1% | 0.2% | 12 |
| AJMANBANK | 0.2% | NM | NM | NM | 0.2% | NM |
| RAKBANK | 1.2% | 2.2% | 0.7% | 0.6% | 0.7% | 12 |
| CBD | 0.9% | 0.3% | 0.3% | 0.5% | 0.7% | 24 |
| ADCB | 0.4% | 0.7% | 0.5% | 0.9% | 0.8% | -6 |
| ADIB | 0.1% | 0.5% | 0.3% | 0.5% | 0.5% | -1 |
| DIB | NM | NM | 0.3% | 0.2% | 0.1% | -10 |
| ENBD | 0.7% | 1.1% | NM | 0.1% | NM | NM |
| UAB | NM | NM | NM | 0.1% | NM | NM |
| FAB | 0.6% | 0.8% | 0.5% | 0.5% | 0.6% | 12 |

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

UAB recorded the highest CAR, while CBD reported the lowest in 3Q25

UAB recorded the highest CAR of 22.8% in 3Q25, followed by RAKBANK at 19.2% and CBI at 17.7%. CBD's CAR stood the lowest at 15.8% in 3Q25. Furthermore, UAB's CAR also increased the most by 650 bps QOQ to 22.8%, followed by SIB, whose CAR increased by 54 bps QOQ to 16.3% in 3Q25. On the other hand, MASQ recorded the highest decline in CAR of 79 bps QOQ to 16.8%, followed by AJMANBANK with a 36 bps QOQ decline to 16.9% during 3Q25.

CAR: UAE Banks

| | 3Q24 | 4Q24 | 1Q25 | 2Q25 | 3Q25 | QOQ ch: bps |
|-----------|-------------|-------------|-------------|-------------|-------------|--------------------|
| CBI | 15.8% | 17.7% | 17.6% | 17.6% | 17.7% | 6 |
| MASQ | 19.8% | 17.5% | 18.5% | 17.5% | 16.8% | -79 |
| SIB | 17.7% | 16.2% | 15.8% | 15.8% | 16.3% | 54 |
| AJMANBANK | 19.5% | 19.1% | 18.2% | 17.3% | 16.9% | -36 |
| RAKBANK | 19.6% | 18.1% | 18.6% | 18.8% | 19.2% | 39 |
| CBD | 16.6% | 15.6% | 15.3% | 15.4% | 15.8% | 47 |
| ADCB | 16.8% | 16.1% | 16.1% | 15.5% | 16.0% | 46 |
| ADIB | 17.6% | 16.2% | 16.2% | 16.6% | 16.7% | 9 |
| DIB | 18.3% | 18.3% | 17.3% | 16.7% | 16.6% | -8 |
| ENBD | 17.9% | 17.1% | 17.0% | 17.0% | 16.9% | -6 |
| UAB | 18.8% | 17.4% | 17.1% | 16.3% | 22.8% | 650 |
| FAB | 18.0% | 17.5% | 17.2% | 16.9% | 16.8% | -15 |

Source: FABS from co data

Banking stock performance

Twelve out of 13 UAE banks generated positive returns during 2025 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 average return of 24.6%; however, the Egypt Banking Sector generated a positive average return of 44.3% as of 31 December 2025. Among the UAE Banks, ADIB recorded the highest return, followed by BOS, ADCB, RAKBANK, DIB, ENBD, CBD, FAB, SIB, MASQ, CBI and UAB during the same period. In contrast AJMANBANK generated negative returns during the period.

27 MENA bank stocks: YE 2024 to 31 December 2025, Ranked

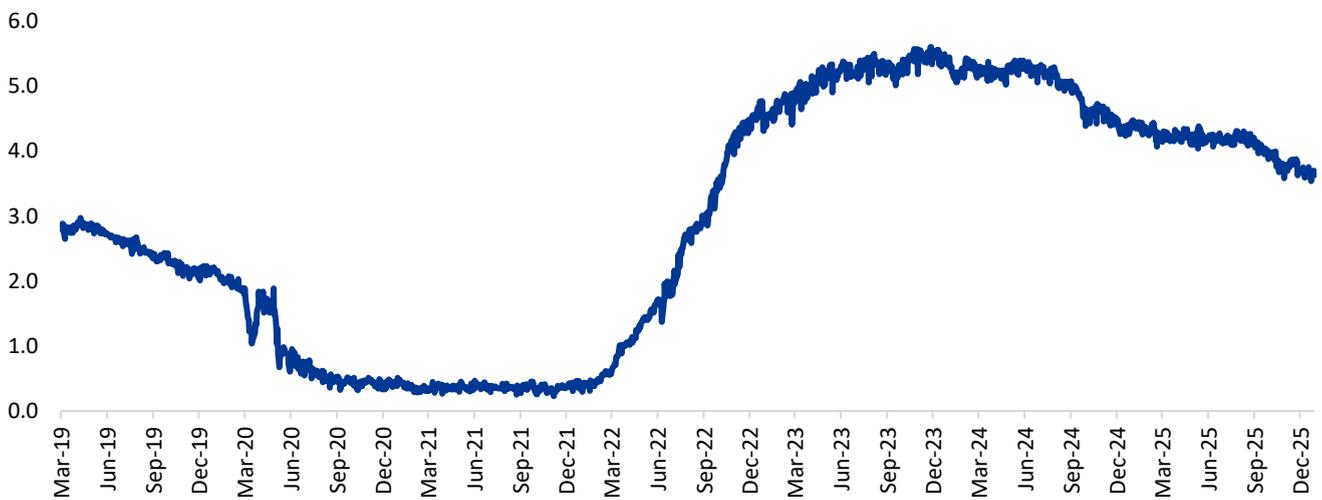
| | | UAE | KSA | Qatar | Egypt | Ranking |
|----------------|--------|--------------|--------------|--------------|--------------|---------|
| QIBK | 12.1% | | | 12.1% | | 16 |
| MARK | -10.9% | | | -10.9% | | 28 |
| CBD | 29.1% | 29.1% | | | | 10 |
| MASQ | 16.1% | 16.1% | | | | 14 |
| QNBK | 7.9% | | | 7.9% | | 17 |
| UAB | 3.8% | 3.8% | | | | 21 |
| SIB | 25.3% | 25.3% | | | | 12 |
| CBQK | -3.4% | | | -3.4% | | 25 |
| DSM | 1.8% | | | | | 24 |
| RJHI | 3.1% | | 3.1% | | | 22 |
| TASI | -12.8% | | | | | 29 |
| ADI | 6.1% | | | | | 20 |
| ALINMA | -15.8% | | -15.8% | | | 30 |
| ALBI | -23.7% | | -23.7% | | | 32 |
| BSFR | 6.2% | | 6.2% | | | 18 |
| RAKBANK | 38.8% | 38.8% | | | | 7 |
| DHBK | 44.1% | | | 44.1% | | 4 |
| COMI | 44.3% | | | | 44.3% | 3 |
| FAB | 26.9% | 26.9% | | | | 11 |
| EGX30 | 40.6% | | | | | 5 |
| BOS | 44.9% | 44.9% | | | | 2 |
| NCB | 13.4% | | 13.4% | | | 15 |
| DFMGI | 17.2% | | | | | 13 |
| ARNB | 2.6% | | 2.6% | | | 23 |
| RIBL | -5.1% | | -5.1% | | | 26 |
| CBI | 6.2% | 6.2% | | | | 19 |
| ENBD | 29.8% | 29.8% | | | | 9 |
| ADIB | 50.2% | 50.2% | | | | 1 |
| DIB | 30.7% | 30.7% | | | | 8 |
| AJMANBANK | -22.2% | -22.2% | | | | 31 |
| ADCB | 40.3% | 40.3% | | | | 6 |
| SAIB | -9.4% | | -9.4% | | | 27 |
| AVERAGE | | 24.6% | -3.6% | 10.0% | 44.3% | |

FABS from Bloomberg

EIBOR

During its December 2025 policy meeting, the US Federal Reserve delivered its third rate cut of the year, lowering the federal funds rate by 25 bps to 3.50%–3.75%. The move reflects the Fed’s response to moderating global growth, easing inflationary pressures, and signs of labour-market softening. Looking ahead, markets anticipate roughly one additional rate cut in 2026, though the extent of further easing will depend on upcoming economic data. Given the AED’s peg to the US dollar, the Central Bank of the UAE (CBUAE) aligned its policy stance, reducing the overnight deposit facility rate to 3.65% in December. The 3-month EIBOR eased from 4.44% at the start of the year (1st January 2025) to 3.63% by end-December 2025. This downward trajectory in rates is expected to reduce borrowing costs for consumers and businesses, thereby supporting loan growth in the coming period.

3-month EIBOR (%), March 2019 – December 30, 2025



Source: FABS from Bloomberg

4Q25 preview: **Emirates NBD (ENBD)**

Stronger non-funded income and easing impairment charges to drive profitability

| Current Price | 12-m Target Price | Upside/Downside (%) | Rating |
|---------------|-------------------|---------------------|--------|
| AED 29.35 | AED 31.50 | +7.3% | HOLD |

4Q25 estimate

Emirates National Bank of Dubai (ENBD/the Bank) is expected to report a substantial rise in net income from AED 3,983 Mn in 4Q24 to AED 5,201 Mn in 4Q25, mainly attributable to an anticipated increase in net-funded and non-funded income, along with expected decline in hyperinflation and impairment charges, partially offset by an estimated rise in operating expenses and tax charges. ENBD's funded income is expected to increase 1.5% YOY to AED 21,482 Mn in 4Q25, due to an anticipated rise in lending and other average interest-earning assets. On the other hand, funded expense is estimated to fall 0.8% YOY to AED 12,510 Mn in 4Q25, supported by anticipated lower cost of funds. Thus, net funded income is estimated to grow 4.7% YOY to AED 8,972 Mn in 4Q25. The Bank's fee and commission income is estimated to rise 35.7% YOY to AED 2,236 Mn in 4Q25, due to an expected growth in transaction fees. Trading gains are estimated to increase significantly from AED 205 Mn in 4Q24 to AED 510 Mn in 4Q25. Furthermore, other operating income is expected to increase 37.8% YOY to AED 1,155 in 4Q25. Thus, total non-funded income is estimated to grow 45.0% YOY to AED 3,901 Mn in 4Q25. ENBD's total operating income is expected to rise 14.4% YOY to AED 12,874 Mn in 4Q25. The Bank's operating expenses are expected to increase 6.9% YOY to AED 4,382 Mn in 4Q25. However, we expect the cost-to-income to decline 237 bps YOY to 34.0% in 4Q25. Furthermore, the Bank's impairment charges are anticipated to decline 7.1% YOY to AED 1,347 Mn in 4Q25. Moreover, tax expense is expected to increase 23.8% YOY to AED 1,223 Mn in 4Q25. In addition, the Bank is expected to incur a hyperinflation adjustment of AED 716 Mn in 4Q25, compared to AED 731 Mn in 4Q24. Additionally, the profit share to NCI holders is expected to fall 21.4% YOY to AED 6 Mn in 4Q25.

2025 Forecast

ENBD's net profit is expected to rise 5.1% YOY to AED 24,137 Mn in 2025, mainly attributed to an anticipated increase in net funded and non-funded income, coupled with lower hyperinflation adjustments, partially offset by a forecasted rise in operating expenses, impairment charges, and tax charges. Funded income is estimated to rise 5.0% YOY to AED 82,007 Mn in 2025, driven by an expected rise in lending and other interest-earning assets, partially offset by an anticipated decline in asset yield. Funded expense is forecasted to rise 3.3% YOY to AED 47,241 Mn in 2025. Thus, net funded income is likely to grow 7.3% YOY to AED 34,766 Mn in 2025. The Bank's fees & commissions income is forecasted to grow 22.0% YOY to AED 8,287 Mn in 2025. Additionally, trading income is expected to rise substantially from AED 838 Mn in 2024 to AED 1,969 Mn in 2025. Furthermore, other operating income is anticipated to increase 10.0% YOY to AED 4,518 Mn in 2025. Thus, non-funded income is likely to rise 25.9% YOY to AED 14,774 Mn in 2025. As a result, ENBD's operating income is estimated to grow 12.3% YOY to AED 49,541 Mn in 2025. Operating expenses are expected to grow 13.1% YOY to AED 15,556 Mn in 2025. The Bank's impairment charges are anticipated to boost significantly from AED 106 Mn in 2024 to AED 1,061 Mn in 2025. In addition, tax expense is estimated to increase 37.0% YOY to AED 5,663 Mn in 2025. The Bank is expected to report a lower hyperinflation adjustment of AED 3,100 Mn in 2025, compared to AED 3,136 Mn in 2024. The profit share to NCI holders is forecasted to fall 30.0% YOY to AED 25 Mn in 2025.

3Q25 Outturn

EENBD's funded income rose 4.8% YOY to AED 21,567 Mn in 3Q25, primarily driven by strong loan growth due to robust demand in domestic and international markets, partially offset by the impact of interest rate cuts. On the other hand, funded expenses rose 4.1% YOY to AED 12,604 Mn in 3Q25, mainly due to a rise in customer deposits. Thus, net funded income increased 5.7% YOY to AED 8,963 Mn in 3Q25. Fee and commission income increased 23.0% YOY to AED 2,151 Mn in 3Q25, owing to strong growth recorded across its diversified product portfolio. Trading gains more than tripled from AED 233 Mn in 3Q24 to AED 763 Mn in 3Q25 due to improved regional bond market

valuations. Other operating income fell 18.0% YOY to AED 852 Mn in 3Q25. Thus, non-funded income rose substantially 24.7% YOY to AED 3,766 Mn in 3Q25. As a result, operating income grew 10.7% YOY to AED 12,729 Mn in 3Q25. The Bank's operating expenses expanded 10.4% YOY to AED 3,911 Mn in 3Q25 driven by continued spending on strategic initiatives such as digital and international expansion, along with inflationary adjustments at DenizBank. Thus, the calculated cost-to-income ratio declined 7 bps YOY to 30.7% in 3Q25. ENBD recorded impairment reversal of AED 8 Mn in 3Q25, compared to an impairment charge of AED 872 Mn in 3Q24, supported by a healthy credit environment and resilient economy. ENBD's tax expense increased 43.6% YOY to AED 1,522 Mn in 3Q25. In addition, the Bank's capital-neutral hyperinflation adjustment grew 10.9 YOY to AED 874 Mn in 3Q25. The Bank's NCI remained stable at AED 9 Mn in 3Q25.

Target price and recommendation

We revised our rating from ACCUMULATE to HOLD on ENBD with an unchanged target price of AED 31.50. The stock price increased 5.4% since our last rating. Emirates NBD reported strong performance in the 3Q25, demonstrated by robust lending growth. ENBD recorded a significant loan growth of 22.2% YOY and 10.7% QOQ to AED 603.6 Bn during 3Q25, driven by strong growth across both retail and corporate segments. Furthermore, net advances in KSA grew 38% YTD in 3Q25, with 23 branches expected by the end of 2025. This demonstrates ENBD's strategic focus on expanding its footprint beyond the UAE. Based on the strong loan momentum in 3Q25, the Bank revised the loan growth guidance to upward to low 20% for 2025. On the other hand, deposits grew 17.9% YOY and 3.2% QOQ to AED 760.4 Bn, primarily driven by an increase in CASA and time deposits. CASA deposit increased from AED 358 in 3Q24 to AED 426 Mn in 3Q25, representing 60% of the total deposit. The Bank's asset quality improved with reported NPLs declining from 2.8% in 2Q25 to 2.5% in 3Q25, driven by recoveries and a continued buoyant property market. Furthermore, coverage ratio stood at 160% in 3Q25, compared to 155% in 2Q25. To drive income growth, ENBD made strategic investments across its regional footprint, digital infrastructure, and GenAI initiatives, which have effectively offset the impact of lower interest rates. Active customers on the ENBD X platform rose to 2.4 Mn, up 49% YOY, while the digital wealth platform surpassed USD 5 Bn in trading volumes, within a year of its launch. These advances underscore the Group's focus on customer-centric digital ecosystems. Furthermore, the Group's Digital Wealth platform further strengthened its wealth management proposition, rising assets under management to USD 53 Bn. To expand its presence outside the UAE, ENBD announced the acquisition of a 60% stake in RBL Bank through a USD 3 Bn preferential allotment, along with a potential rise in stake through mandatory share repurchase from existing shareholders. The acquisition is expected to be completed by the end of 2Q26. Thus, considering the above-mentioned factors, we assign HOLD rating on the stock.

ENBD - Relative Valuation

| (at CMP) | 2020 | 2021 | 2022 | 2023 | 2024 | 2025F |
|----------------|--------|--------|--------|--------|--------|--------|
| PE | 29.21 | 21.17 | 14.75 | 8.79 | 8.20 | 7.81 |
| PB | 2.49 | 2.48 | 2.19 | 1.83 | 1.58 | 1.36 |
| BVPS | 11.749 | 11.777 | 13.309 | 15.937 | 18.501 | 21.494 |
| EPS | 1.000 | 1.379 | 1.980 | 3.323 | 3.559 | 3.739 |
| DPS | 0.400 | 0.500 | 0.600 | 1.200 | 1.000 | 1.000 |
| Dividend Yield | 1.4% | 1.7% | 2.0% | 4.1% | 3.4% | 3.4% |

FABS estimate & Co data

ENBD - P&L

| AED Mn | 4Q24 | 3Q25 | 4Q25F | YOY Ch | QOQ Ch | 2024 | 2025F | Change |
|--|---------------|---------------|---------------|--------------|---------------|---------------|---------------|--------------|
| Funded income | 21,174 | 21,567 | 21,482 | 1.5% | -0.4% | 78,132 | 82,007 | 5.0% |
| Funded expense | -12,607 | -12,604 | -12,510 | -0.8% | -0.7% | -45,736 | -47,241 | 3.3% |
| Net funded income | 8,567 | 8,963 | 8,972 | 4.7% | 0.1% | 32,396 | 34,766 | 7.3% |
| Fees and commissions | 1,648 | 2,151 | 2,236 | 35.7% | 4.0% | 6,793 | 8,287 | 22.0% |
| Trading gain/(loss) | 205 | 763 | 510 | NM | -33.1% | 838 | 1,969 | NM |
| Other Operating Income | 838 | 852 | 1,155 | 37.8% | 35.5% | 4,107 | 4,518 | 10.0% |
| Non-funded income | 2,691 | 3,766 | 3,901 | 45.0% | 3.6% | 11,738 | 14,774 | 25.9% |
| Operating income | 11,258 | 12,729 | 12,874 | 14.4% | 1.1% | 44,134 | 49,541 | 12.3% |
| Operating expenses | -4,099 | -3,911 | -4,382 | 6.9% | 12.0% | -13,751 | -15,556 | 13.1% |
| Pre-provision profit | 7,159 | 8,818 | 8,492 | 18.6% | -3.7% | 30,383 | 33,985 | 11.9% |
| Impairment | -1,450 | 8 | -1,347 | -7.1% | NM | -106 | -1,061 | NM |
| PBT | 5,709 | 8,826 | 7,145 | 25.2% | -19.0% | 30,277 | 32,924 | 8.7% |
| Tax | -988 | -1,522 | -1,223 | 23.8% | -19.6% | -4,133 | -5,663 | 37.0% |
| Net profit | 4,721 | 7,304 | 5,922 | 25.4% | -18.9% | 26,144 | 27,261 | 4.3% |
| Hyperinflation | -731 | -874 | -716 | -2.1% | -18.1% | -3,136 | -3,100 | -1.1% |
| Net Profit adj for hyperinflation | 3,990 | 6,430 | 5,206 | 30.5% | -19.0% | 23,008 | 24,161 | 5.0% |
| NCI | -7 | -9 | -6 | -21.4% | -38.9% | -35 | -25 | -30.0% |
| Net profit attributable | 3,983 | 6,421 | 5,201 | 30.6% | -19.0% | 22,973 | 24,137 | 5.1% |

FABS estimate & Co Data

Emirates NBD - P&L KPI

| | 4Q24 | 3Q25 | 4Q25F | YOY | QOQ | 2024 | 2025F | Change |
|-----------------------------|--------|--------|--------|------|------|--------|--------|--------|
| Net FI/OI | 76.1% | 70.4% | 69.7% | -640 | -72 | 73.4% | 70.2% | -323 |
| NIM | 3.70% | 3.38% | 3.27% | -43 | -11 | 3.7% | 3.4% | -28 |
| NIS | 2.7% | 2.5% | 2.5% | -16 | -1 | 2.7% | 2.6% | -10 |
| Fees & comms/OI | 14.6% | 16.9% | 17.4% | 273 | 47 | 15.4% | 16.7% | 134 |
| Other non-funded/OI | 7.4% | 6.7% | 9.0% | 153 | 228 | 9.3% | 9.1% | -19 |
| Trading/OI | 1.8% | 6.0% | 4.0% | 214 | -203 | 1.9% | 4.0% | 208 |
| Cost to income - Calculated | 36.4% | 30.7% | 34.0% | -237 | 331 | 31.2% | 31.4% | 24 |
| Impairment/PPP | 20.3% | -0.1% | 15.9% | -440 | NM | 0.3% | 3.1% | 277 |
| Tax/PBT | 17.3% | 17.2% | 17.1% | -19 | -13 | 13.7% | 17.2% | 355 |
| NP/OI | 35.4% | 50.4% | 40.4% | 502 | NM | 52.1% | 48.7% | -333 |
| Loan-to-deposit (Headline) | 75.2% | 79.4% | 77.5% | 227 | -189 | 75.2% | 77.5% | 227 |
| NPL - Calculated | 3.3% | 2.5% | 2.7% | -63 | 25 | 3.3% | 2.7% | -63 |
| NPL Coverage - Calculated | 156.2% | 160.4% | 160.0% | 380 | -44 | 156.2% | 160.0% | 380 |
| CET1 | 14.7% | 14.7% | 14.5% | -20 | -23 | 14.7% | 14.5% | -20 |
| Capital Adequacy | 17.1% | 16.9% | 16.5% | -57 | -38 | 17.1% | 16.5% | -57 |
| ROAE | 20.7% | 18.3% | 18.7% | -197 | 39 | 20.7% | 18.7% | -197 |
| ROAA | 2.5% | 2.2% | 2.2% | -24 | 5 | 2.5% | 2.2% | -24 |

FABS estimate & Co data

ENBD - BS Key items

| AED Mn | 4Q24 | 1Q25 | 2Q25 | 3Q25 | 4Q25F | YOY |
|-------------------|---------|-----------|-----------|-----------|-----------|-------|
| Net advances | 501,627 | 520,909 | 545,173 | 603,648 | 617,709 | 23.1% |
| QOQ change | 1.6% | 3.8% | 4.7% | 10.7% | 2.3% | |
| Total Assets | 996,582 | 1,030,570 | 1,085,641 | 1,139,083 | 1,164,742 | 16.9% |
| QOQ change | 4.2% | 3.4% | 5.3% | 4.9% | 2.3% | |
| Customer Deposits | 666,777 | 697,595 | 736,714 | 760,351 | 797,043 | 19.5% |
| QOQ change | 3.4% | 4.6% | 5.6% | 3.2% | 4.8% | |
| Total Equity | 116,861 | 117,468 | 123,881 | 130,654 | 135,769 | 16.2% |
| QOQ change | 2.5% | 0.5% | 5.5% | 5.5% | 3.9% | |

FABS estimate & Co data

4Q25 preview: Dubai Islamic Bank (DIB)

Reduced non-funded income and higher impairments muted efficiency gains

| Current Price | 12-m Target Price | Upside/Downside (%) | Rating |
|---------------|-------------------|---------------------|------------|
| AED 9.45 | AED 10.50 | +11.1% | ACCUMULATE |

4Q25 estimate

Dubai Islamic Bank (DIB/the Bank) is expected to report a 21.5% YOY decline in net profit to AED 2,068 Mn in 3Q25, attributed to a decrease in net funded and non-funded income, coupled with higher tax expenses and an impairment charge, partially offset by a decline in general expenses. DIB's funded income is forecasted to fall 0.8% YOY to AED 5,158 Mn in 4Q25, due to an anticipated decline in asset yield, partially offset by an expected rise in average interest-earning assets. On the other hand, the funded expense is projected to increase 4.8% YOY to AED 2,720 Mn in 4Q25. Thus, net funded income is likely to fall 3.3% YOY to AED 2,438 Mn in 4Q25. The Bank's fee and commission income are expected to grow 2.9% YOY to AED 521 Mn in 4Q25. Additionally, other non-funded income is expected to decline 25.1% YOY to AED 542 Mn in 4Q25. As a result, DIB's non-funded income is likely to fall 13.6% YOY to AED 1,063 Mn in 4Q25. The Bank's total operating income is expected to decrease 6.7% YOY to AED 3,501 Mn in 4Q25. DIB's general expenses are anticipated to decrease 6.0% YOY to AED 819 Mn in 4Q25. Furthermore, the Bank is expected to report impairment charges of AED 66 Mn in 4Q25 compared to impairment reversals of AED 123 Mn in 4Q24. Tax charges are estimated to increase 58.7% YOY to AED 455 Mn in 4Q25. The share of profit attributable to non-controlling interest holders is projected to rise 13.0% YOY to AED 93 Mn in 4Q25.

2025 forecast

We expect DIB's net profit to decline 5.1% YOY to AED 7,529 Mn in 2025, mainly attributed to an anticipated increase in general expenses and higher tax charges, partially offset by a projected rise in net-funded income, non-funded income and lower impairment charges. The Bank's funded income is forecasted to fall 0.2% YOY to AED 19,502 Mn in 2025, supported by an anticipated decline in asset yield, partially offset by a projected rise in average interest-earning assets. Similarly, funded expense is expected to decrease 0.8% YOY to AED 10,418 Mn in 2025. Thus, net funded income is likely to grow 1.5% YOY to AED 9,084 Mn in 2025. Fee and commission income is estimated to increase 12.0% YOY to AED 1,958 Mn in 2025. Moreover, other non-funded income is forecasted to decrease marginally 0.2% YOY to AED 2,134 Mn in 2025. Thus, non-funded income is likely to grow 5.3% YOY to AED 4,092 Mn in 2025. As a result, DIB's total operating income is expected to increase 2.6% YOY to AED 13,177 Mn in 2025. General expenses are expected to rise 4.9% YOY to AED 3,592 Mn in 2025. Additionally, impairment charges are projected to decline 12.0% YOY to AED 358 Mn in 2025. The Bank's tax charge is estimated to rise significantly from AED 840 Mn in 2024 to AED 1,384 Mn in 2025. In addition, the share of profit attributable to non-controlling interest holders is expected to grow 35.8% YOY to AED 314 Mn in 2025.

3Q25 outturn

Funded income rose 4.8% YOY to AED 5,050 Mn in 3Q25, supported by an increase in financing and Sukuk portfolio. Funded expenses grew marginally by 1.5% YOY to AED 2,717 Mn in 3Q25. However, the Bank's cost of funds declined 62 bps YOY and 7 bps QOQ to 3.4% in 3Q25. As a result, net funded income grew 8.8% YOY to AED 2,333 Mn in 3Q25. However, the calculated NIM contracted 21 bps YOY and grew 11 bps QOQ to 2.6% in 3Q25. Fee and commission income grew significantly from AED 330 Mn in 3Q24 to AED 505 Mn in 3Q25. However, other non-funded income declined 15.9% YOY to AED 465 Mn in 3Q25, mainly due to a decline in investment property and lower profit share from associates, partially offset by an increase in income from investments measured at fair value, income from properties under construction, and other operating income. Thus, non-funded income grew 9.9% YOY to AED 970 Mn in 3Q25. As a result, total operating income rose 9.1% YOY to AED 3,303 Mn in 3Q25. Operating expenses increased 11.2% YOY to AED 966 Mn in 3Q25, due to continued investment in digital transformation, technology, infrastructure, and human capital. As a result, the calculated cost-to-income ratio increased 55 bps YOY to 29.3% in 3Q25. Furthermore, the Bank recorded impairment charges of AED 36 Mn in 3Q25, compared to a reversal of AED 123

Mn in 3Q24; however, impairment charges declined significantly on a QOQ basis, due to stronger asset quality and disciplined risk management. Tax expenses grew from AED 210 Mn in 3Q24 to AED 351 Mn in 3Q25, due to a higher effective tax rate of 15%. The Bank's share of profit attributable to non-controlling interest holders surged significantly from AED 41 Mn in 3Q24 to AED 88 Mn in 3Q25.

Target price and recommendation

We revise our rating from HOLD to ACCUMULATE on DIB with an unchanged target price of AED 10.50. DIB recorded a decline in net profit in 3Q25, primarily due to higher expenses from strategic investments in digital transformation, technology, infrastructure, and human capital, as well as impairment charges and the impact of the higher 15% tax rate. DIB's loan book expanded 20.1% YOY and 4.6% QOQ to AED 248.3 Bn in 3Q25, driven by strong underwriting activity. Growth in consumer banking was supported by personal finance, auto finance, home finance, and cards, while corporate financing growth was driven by strong performance across sectors such as energy, utilities, aviation, real estate, manufacturing, trading, and logistics. The Bank's cross-border lending strategy gained momentum, with Saudi Arabia being a key growth market, alongside other GCC and MENA countries. DIB expects this momentum to continue into 4Q25, supported by a strong deal pipeline and diversified exposure across all sectors and geographies. The Bank's Sukuk portfolio expanded 20.4% YOY and 6.5% QOQ to AED 95.1 Bn in 3Q25. The Bank's Sukuk portfolio remains focused on high-quality sovereign and financial institution issuers, accounting for 78% of total Sukuk holdings, underscoring a low-risk, high-credit quality investment strategy. Based on its strong quarterly performance, DIB revised its 2025 guidance upward, projecting a 20% growth in Net Financing and Sukuk. The Bank's customer deposits increased 27.5% YOY and 6.4% QOQ to AED 301.9 Bn in 3Q25, driven by higher customer acquisition and growth in corporate deposits, particularly in escrow and operating accounts. The Bank's NIMs declined 21 bps YOY but grew 11 bps QOQ to 2.6% in 3Q25. DIB maintained its 2025 NIMs guidance at 2.8-3.0%, expecting to close near the lower end, and aims to sustain similar levels in 2026 despite sector-wide margin pressure. The Bank expects the margin stability to be supported by its fixed-rate portfolio, strong asset growth, and the repricing advantage of fixed deposits. DIB asset quality also improved in 3Q25, with NPLs continuing their downward trend over the last two years. The Bank's reported NPL ratio declined from 3.4% in 2Q25 to 3.1% in 3Q25. The improvement was supported by a reduction in Stage 3 loans, reflecting enhanced origination standards, disciplined credit processes, and prudent sectoral exposure. Furthermore, the reported coverage ratio grew from 103% in 2Q25 to 107% in 3Q25, supported by strong capital buffers and prudent risk management. DIB also maintained the LCR and NSFR ratios at 144% and 108%, respectively, in 3Q25, above regulatory requirements. Moreover, DIB successfully monetized a significant portion of its property portfolio during 2024 and 2025, in line with its long-term strategy of a gradual and profitable exit. Additionally, several real estate transactions in the pipeline are expected to conclude in 4Q25, boosting its non-core income going forward. Thus, considering all these factors, we assign ACCUMULATE rating on the stock.

DIB - Relative Valuation

| (at CMP) | 2020 | 2021 | 2022 | 2023 | 2024 | 2025F |
|----------------|-------|-------|-------|-------|-------|-------|
| P/E | 24.67 | 17.72 | 13.38 | 10.60 | 8.99 | 9.41 |
| P/B | 2.36 | 2.21 | 2.04 | 1.86 | 1.70 | 1.55 |
| BVPS | 3.951 | 4.226 | 4.563 | 5.012 | 5.486 | 6.030 |
| EPS | 0.378 | 0.526 | 0.697 | 0.880 | 1.037 | 0.992 |
| DPS | 0.200 | 0.250 | 0.300 | 0.450 | 0.450 | 0.450 |
| Dividend yield | 2.1% | 2.6% | 3.2% | 4.8% | 4.8% | 4.8% |

FABS estimate

DIB - P&L

| AED Mn | 4Q24 | 3Q25 | 4Q25F | YOY Ch | QOQ Ch | 2024 | 2025F | Change |
|--------------------------------|--------------|--------------|--------------|---------------|--------------|---------------|---------------|--------------|
| Funded income | 5,116 | 5,050 | 5,158 | 0.8% | 2.1% | 19,454 | 19,502 | 0.2% |
| Funded expense | -2,595 | -2,717 | -2,720 | 4.8% | 0.1% | -10,505 | -10,418 | -0.8% |
| Net funded income | 2,522 | 2,333 | 2,438 | -3.3% | 4.5% | 8,949 | 9,084 | 1.5% |
| Fees & commissions | 506 | 505 | 521 | 2.9% | 3.1% | 1,748 | 1,958 | 12.0% |
| Other non-funded income | 723 | 465 | 542 | -25.1% | 16.5% | 2,139 | 2,134 | -0.2% |
| Non funded Income | 1,230 | 970 | 1,063 | -13.6% | 9.5% | 3,887 | 4,092 | 5.3% |
| Operating income | 3,751 | 3,303 | 3,501 | -6.7% | 6.0% | 12,837 | 13,177 | 2.6% |
| General expenses | -871 | -966 | -819 | -6.0% | -15.3% | -3,425 | -3,592 | 4.9% |
| Pre-provisioning profit | 2,880 | 2,337 | 2,682 | -6.9% | 14.8% | 9,412 | 9,584 | 1.8% |
| Impairment charges | 123 | -36 | -66 | -153.9% | 86.4% | -407 | -358 | -12.0% |
| Profit before tax | 3,003 | 2,301 | 2,616 | -12.9% | 13.7% | 9,005 | 9,226 | 2.5% |
| Tax | -287 | -351 | -455 | 58.7% | 29.8% | -840 | -1,384 | 64.8% |
| Profit before NCI | 2,717 | 1,951 | 2,161 | -20.5% | 10.8% | 8,165 | 7,842 | -4.0% |
| Non-controlling interests | -82 | -88 | -93 | 13.0% | 5.8% | -231 | -314 | 35.8% |
| Profit for the period | 2,634 | 1,863 | 2,068 | -21.5% | 11.0% | 7,934 | 7,529 | -5.1% |

FABS estimate & Co Data

DIB - P&L KPI

| | 4Q24 | 3Q25 | 4Q25F | YOY Ch | QOQ Ch | 2024 | 2025F | Change |
|-----------------------|-------|-------|-------|--------|--------|-------|-------|--------|
| Net FI/OI | 67.2% | 70.6% | 69.6% | 242 | -99 | 69.7% | 68.9% | -77 |
| NIM | 3.2% | 2.6% | 2.6% | -56 | 3 | 2.9% | 2.6% | -29 |
| NIS | 2.6% | 2.1% | 2.2% | -44 | 2 | 2.3% | 2.1% | -22 |
| Fees & commissions/OI | 13.5% | 15.3% | 14.9% | 139 | -41 | 13.6% | 14.9% | 124 |
| Other non-funded/OI | 19.3% | 14.1% | 15.5% | -381 | 140 | 16.7% | 16.2% | -47 |
| Cost to income | 23.2% | 29.3% | 23.4% | 17 | -587 | 26.7% | 27.3% | 58 |
| Impairment/PPP | -4.3% | 1.5% | 2.5% | 674 | 95 | 4.3% | 3.7% | -59 |
| NCI/PBT | 3.0% | 4.5% | 4.3% | 127 | -20 | 2.8% | 4.0% | 117 |
| NP/OI | 70.2% | 56.4% | 59.1% | NM | 267 | 61.8% | 57.1% | -467 |
| Cost of risk | -0.2% | 0.1% | 0.1% | 33 | 5 | 0.2% | 0.2% | -4 |
| Loan-to-deposit | 85.5% | 82.2% | 84.0% | -147 | 176 | 85.5% | 84.0% | -147 |
| NPL - Calculated | 3.9% | 3.0% | 2.8% | -113 | -16 | 3.9% | 2.8% | -113 |
| Coverage - Calculated | 78.6% | 89.6% | 92.0% | NM | 241 | 78.6% | 92.0% | NM |
| CET 1 | 13.2% | 13.4% | 12.6% | -61 | -74 | 13.2% | 12.6% | -61 |
| Capital adequacy | 18.3% | 16.6% | 17.0% | -128 | 39 | 18.3% | 17.0% | -128 |
| ROAA | 2.4% | 2.2% | 2.0% | -37 | -21 | 2.4% | 2.0% | -37 |
| ROAE | 19.8% | 19.5% | 17.2% | -254 | -227 | 19.8% | 17.2% | -254 |

FABS estimate & Co Data

DIB - key B/S items

| AED Mn | 4Q24 | 1Q25 | 2Q25F | 3Q25F | 4Q25F | YOY Ch |
|--------------------|---------|---------|---------|---------|---------|--------|
| Net financings | 212,427 | 222,553 | 237,376 | 248,301 | 251,584 | 18.4% |
| QOQ change | 2.7% | 4.8% | 6.7% | 4.6% | 1.3% | |
| Total assets | 344,687 | 355,269 | 373,479 | 392,953 | 395,719 | 14.8% |
| QOQ change | 4.7% | 3.1% | 5.1% | 5.2% | 0.7% | |
| Customer deposits | 248,546 | 264,847 | 283,663 | 301,932 | 299,505 | 20.5% |
| QOQ change | 4.9% | 6.6% | 7.1% | 6.4% | -0.8% | |
| Shareholders' fund | 39,724 | 38,084 | 39,768 | 41,360 | 43,666 | 9.9% |
| QOQ change | 5.2% | -4.1% | 4.4% | 4.0% | 5.6% | |

FABS estimate & Co Data

4Q25 preview: Abu Dhabi Islamic Bank (ADIB)

Growth in customer financing to boost bottom line

| Current Price | 12-m Target Price | Upside/Downside (%) | Rating |
|---------------|-------------------|---------------------|--------|
| AED 20.82 | AED 26.00 | +24.9% | BUY |

4Q25 estimate

Abu Dhabi Islamic Bank (ADIB/the bank) is expected to record a 23.1% YOY increase in net profit to AED 1,709 Mn in 4Q25, primarily driven by an anticipated rise in net funded income and non-funded income, partially offset by a forecasted increase in operating expenses, impairments, NCI & zakat expenses. ADIB's funded income, including income from Islamic financing, is expected to grow 21.0% YOY to AED 3,496 Mn in 4Q25, driven by an expected growth in net advances, investment, and Islamic financing, partially offset by anticipated fall in yield on assets and yield on Islamic assets. Funded expense is anticipated to grow 27.2% YOY to AED 1,562 Mn in 4Q25 due to a projected increase in average interest-bearing liabilities, partially offset by an expected decrease in the cost of funds. As a result, ADIB's net funded income is likely to rise 16.3% YOY to AED 1,935 Mn in 4Q25. Furthermore, the bank's non-funded income is anticipated to rise 33.6% YOY to AED 1,301 Mn in 4Q25, due to projected growth in fees & commission income and other non-funded income. Fees and commissions is forecasted to grow 31.6% YOY to AED 555 Mn in 4Q25, while other non-funded income is forecasted to rise 35.2% YOY to AED 746 Mn. As a result, the bank's operating income is likely to increase 22.7% YOY to AED 3,236 Mn in 4Q25. ADIB's operating expenses are anticipated to increase 12.8% YOY to AED 925 Mn in 4Q25. The cost-to-income ratio is expected to improve from 31.1% in 4Q24 to 28.6% in 4Q25. Impairment charges are anticipated to increase significantly from AED 172 Mn in 4Q24 to AED 266 Mn in 4Q25. In addition, NCI & zakat expenses are projected to grow 31.0% YOY to AED 335 Mn in 4Q25.

2025 forecast

ADIB's net profit is anticipated to grow 16.4% YOY to AED 6,726 Mn in 2025, driven by the projected increase in net-funded and non-funded income, partially offset by an anticipated rise in operating expenses, impairment charges, NCI & zakat expenses. Funded income including income from Islamic financing, is expected to grow 17.8% YOY to AED 13,083 Mn in 2025, owing to an expected growth in net advances, investment, and Islamic financing, partially offset by anticipated fall in yield on assets and yield on Islamic assets. Funded expense is projected to increase 23.7% YOY to AED 5,618 Mn in 2025, supported by anticipated growth in cost of funds, and average interest-bearing liabilities. Thus, net funded income is expected to rise 13.7% YOY to AED 7,465 Mn in 2025. Furthermore, non-funded income is anticipated to boost 21.0% YOY to AED 4,920 Mn in 2025 due to estimated growth in fees & commission income and other non-funded income. Fees & commissions and other non-funded income are forecasted to rise 21.0% YOY each to AED 2,187 Mn and AED 2,733 Mn in 2025, respectively. As a result, operating income is anticipated to rise 16.5% YOY to AED 12,384 Mn in 2025. The Bank's operating expenses are expected to rise 11.6% YOY to AED 3,511 Mn in 2025. Impairments are forecasted to increase 25.4% YOY to AED 777 Mn in 2025. NCI & zakat expenses are anticipated to grow 25.6% YOY to AED 1,371 Mn in 2025.

3Q25 outturn

ADIB's Islamic financing income grew 23.1% YOY to AED 2,846 Mn in 3Q25. Income from financial institutions increased 5.9% YOY to AED 583 Mn in 3Q25. Thus, total funded income boosted 19.8% YOY to AED 3,429 Mn in 3Q25, driven by growth in interest-earning assets, due to robust business volumes, an increase in new customers, coupled with the Bank's ability to generate sustainable returns despite the rate cut impact. Funded expenses rose 17.6% YOY to AED 1,506 Mn in 3Q25, mainly due to the significant rise in the interest-bearing liabilities. Thus, net funded income grew 21.6% YOY to AED 1,922 Mn in 3Q25. However, calculated NIMs remained stable on a YOY basis and fell 5 bps on QOQ basis to 3.0% in 3Q25. Fees and commission income rose 2.1% YOY to AED 541 Mn in 3Q25. Other non-funded income increased 40.7% YOY to AED 751 Mn in 3Q25, due to increase in income from sukuk, an increase in share of results of joint ventures as well as rise in income from foreign exchange and other income. Thus, total non-funded income rose 21.4% YOY to AED 1,292

Mn in 3Q25. As a result, total operating income increased 21.5% YOY to AED 3,215 Mn in 3Q25. Furthermore, operating expenses rose 14.8% YOY to AED 914 Mn in 3Q25 owing to an increase in G&A expenses and employee costs, reflecting continued investments in talent, digital initiatives, and technological upgrades. As a result, Cost-to-income improved 165 bps YOY to 28.4% in 3Q25, driven by increased revenue and improved operational efficiencies. ADIB's impairments rose from AED 46 Mn in 3Q24 to AED 206 Mn in 3Q25. Additionally, zakat and NCI expenses increased 39.6% YOY to AED 370 Mn in 3Q25.

Target price and recommendation

We maintained our BUY rating on Abu Dhabi Islamic Bank (ADIB) with a target price of AED 26.00 per share. ADIB recorded a strong rise in net profit by 12.1% YOY and 2.9% QOQ to AED 1,724 Mn in 3Q25 due to healthy revenue growth fuelled by expansion in core business volumes, increased customer acquisition, and a rise in non-funded income. Non-funded income contributed 40.2% of total income in 3Q25, driven by growth in fees and commissions and effective cross-selling across both retail and corporate segments, supported by increased customer activity. ADIB recorded robust growth in net advances, rising 26.4% YOY and 4.9% QOQ to AED 170.8 Bn in 3Q25, supported by strong growth in retail and wholesale banking, GRE, and the closure of key landmark deals in corporate banking. Similarly, customer deposits grew 23.3% YOY and 4.2% QOQ to AED 221.7 Bn in 3Q25, maintaining a healthy funding mix, driven by growth in CASA deposits. CASA deposits constitute 65.3% of the total deposits in 3Q25, highlighting the bank's strong low-cost funding base. Thus, the loan-to-deposit ratio increased from 76.5% in 2Q25 to 77.1% in 3Q25. The Bank's NPA ratio stood at 3.3% in 3Q25, the lowest level since 4Q16, supported by proactive remediation of the legacy portfolio and robust underwriting standards, indicating improved asset quality and effective risk management. As a result, the cost of risk is expected to remain between 0.40% to 0.60% in FY2025 at a healthy level due to better asset quality and effective risk management supported by a continuous build-up of provisioning. ADIB maintained a strong capital position, with a CET 1 ratio of 13.0% and a total CAR of 16.7% in 3Q25, reflecting prudent balance sheet management and a solid buffer above regulatory requirement. Additionally, the advances to stable funding ratio stood at 81.6%, while the eligible liquid asset ratio reached 16.8% in 3Q25, thus indicating a well-balanced and resilient liquidity and funding profile within regulatory norms. Furthermore, the Bank's cost-to-income ratio improved from 30.1% in 3Q24 to 28.4% in 3Q25, supported by strong revenue growth, AI and technology investments. ADIB added 225,000 new customers in 9M25, with 75% of the new acquisitions driven by digital channels. ADIB continues to leverage its digital strategy as a core growth driver, demonstrating strong momentum in digital customer acquisition. These strategic investments are not only enhancing the overall customer experience but also reinforcing ADIB's position as a leading, future-ready financial institution in the industry. ADIB's Vision 2035 aims to become the world's most innovative Islamic bank by building the bank of the future through AI and digital transformation, enhancing customer experience and advancing sustainability to drive long-term, diversified growth. ADIB has reaffirmed its 2025 guidance, targeting a NIM of 4.00–4.25%, a CoR of 40–60 bps, and a cost-to-income ratio below 30%. However, the Bank has revised its 2025 financing growth guidance from 18–20% to above 20%, as this threshold was already achieved during 9M25. The upward revision is underpinned by strong customer financing momentum across both retail and corporate segments, which is expected to remain robust given the resilient economic environment. Thus, we assign a BUY rating on ADIB.

ADIB - Relative valuation

| (At CMP) | 2020 | 2021 | 2022 | 2023 | 2024 | 2025F |
|----------------|-------|-------|-------|-------|-------|-------|
| P/E | 56.31 | 35.85 | 22.39 | 15.95 | 13.71 | 11.64 |
| P/B | 5.17 | 4.71 | 4.20 | 3.65 | 3.29 | 2.85 |
| BVPS | 3.964 | 4.348 | 4.881 | 5.610 | 6.220 | 7.184 |
| EPS | 0.364 | 0.571 | 0.915 | 1.284 | 1.493 | 1.759 |
| DPS | 0.206 | 0.311 | 0.490 | 0.715 | 0.834 | 0.850 |
| Dividend yield | 1.0% | 1.5% | 2.4% | 3.4% | 4.0% | 4.0% |

FABS Estimates & Co Data

ADIB - P&L

| AED Mn | 4Q24 | 3Q25 | 4Q25F | YOY Ch | QOQ Ch | 2024 | 2025F | Change |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|--------------|
| Institutions | 523 | 583 | 592 | 13.2% | 1.6% | 2,168 | 2,234 | 3.1% |
| Islamic financings | 2,367 | 2,846 | 2,904 | 22.7% | 2.0% | 8,939 | 10,849 | 21.4% |
| Funded income | 2,890 | 3,429 | 3,496 | 21.0% | 2.0% | 11,107 | 13,083 | 17.8% |
| Funded expense | -1,227 | -1,506 | -1,562 | 27.2% | 3.7% | -4,541 | -5,618 | 23.7% |
| Net funded income | 1,663 | 1,922 | 1,935 | 16.3% | 0.6% | 6,566 | 7,465 | 13.7% |
| Fees and commissions | 422 | 541 | 555 | 31.6% | 2.6% | 1,807 | 2,187 | 21.0% |
| Other non-funded income | 552 | 751 | 746 | 35.2% | -0.6% | 2,259 | 2,733 | 21.0% |
| Non-Funded Income | 974 | 1,292 | 1,301 | 33.6% | 0.7% | 4,066 | 4,920 | 21.0% |
| Operating income | 2,637 | 3,215 | 3,236 | 22.7% | 0.7% | 10,632 | 12,384 | 16.5% |
| Operating expenses | -821 | -914 | -925 | 12.8% | 1.3% | -3,145 | -3,511 | 11.6% |
| Pre-provisioning income | 1,817 | 2,301 | 2,311 | 27.2% | 0.4% | 7,487 | 8,874 | 18.5% |
| Financing impairment | -172 | -206 | -266 | 55.0% | 29.1% | -620 | -777 | 25.4% |
| Profit before NCI | 1,645 | 2,095 | 2,045 | 24.3% | -2.4% | 6,868 | 8,097 | 17.9% |
| NCI. & zakat | -256 | -370 | -335 | 31.0% | -9.4% | -1,091 | -1,371 | 25.6% |
| Net profit for period | 1,389 | 1,724 | 1,709 | 23.1% | -0.9% | 5,777 | 6,726 | 16.4% |

FABS estimate & Co Data

ADIB - KPI

| | 4Q24 | 3Q25 | 4Q25F | YOY Ch | QOQ Ch | 2024 | 2025F | Change |
|-------------------------------|-------|-------|-------|--------|--------|-------|-------|--------|
| Net FI/OI | 63.1% | 59.8% | 59.8% | -329 | -2 | 61.8% | 60.3% | -148 |
| NIM | 3.1% | 3.0% | 3.0% | -15 | -6 | 3.3% | 3.1% | -18 |
| NIS | 2.8% | 2.7% | 2.7% | -12 | -7 | 3.0% | 2.8% | -16 |
| Fees & commissions/OI | 16.0% | 16.8% | 17.2% | 116 | 32 | 17.0% | 17.7% | 66 |
| Other non-funded/OI | 20.9% | 23.4% | 23.1% | 213 | -30 | 21.2% | 22.1% | 82 |
| Cost to income (calculated) | 31.1% | 28.4% | 28.6% | -252 | 17 | 29.6% | 28.3% | -123 |
| Impairment/PPP | 9.5% | 9.0% | 11.5% | 206 | 256 | 8.3% | 8.8% | 48 |
| NP/OI | 52.7% | 53.6% | 52.8% | 16 | -83 | 54.3% | 54.3% | -2 |
| Cost of risk | 0.47% | 0.47% | 0.59% | 13 | 12 | 0.42% | 0.49% | 7 |
| Loan-to-deposit | 78.1% | 77.1% | 76.9% | -118 | -17 | 78.1% | 76.9% | -118 |
| NPL - Calculated | 4.0% | 3.3% | 3.5% | -49 | 26 | 4.0% | 3.5% | -53 |
| Coverage excluding collateral | 75.9% | 77.7% | 76.3% | 39 | -146 | 75.9% | 76.3% | 39 |
| CET1 | 12.1% | 13.0% | 11.9% | -17 | -109 | 12.1% | 11.9% | -17 |
| Capital adequacy | 16.2% | 16.7% | 15.4% | -78 | -122 | 16.2% | 15.4% | -78 |
| ROAE | 25.2% | 26.4% | 26.2% | 99 | -21 | 25.2% | 26.2% | 99 |
| ROAA | 2.8% | 2.6% | 2.7% | -7 | 8 | 2.8% | 2.7% | -7 |

FABS estimate & Co Data

ADIB - Key B/S items

| AED Mn | 4Q24 | 1Q25 | 2Q25 | 3Q25 | 4Q25F | YOY Ch |
|----------------------------|---------|---------|---------|---------|---------|--------|
| Net advances | 142,611 | 150,133 | 162,751 | 170,801 | 174,617 | 22.4% |
| QOQ change | 5.5% | 5.3% | 8.4% | 4.9% | 2.2% | |
| Total assets | 225,910 | 243,528 | 260,352 | 269,734 | 275,042 | 21.7% |
| QOQ change | 1.5% | 7.8% | 6.9% | 3.6% | 2.0% | |
| Customer deposits | 182,675 | 200,095 | 212,831 | 221,668 | 227,117 | 24.3% |
| QOQ change | 1.6% | 9.5% | 6.4% | 4.2% | 2.5% | |
| Total shareholders' equity | 22,591 | 21,102 | 22,759 | 24,453 | 26,093 | 15.5% |
| QOQ change | 5.7% | -6.6% | 7.9% | 7.4% | 6.7% | |

FABS estimate & Co Data

4Q25 preview: National Bank of Ras Al Khaimah (RAKBANK)

Growth in diversified revenue streams to boost net profit

| Current Price | 12-m Target Price | Upside/Downside (%) | Rating |
|---------------|-------------------|---------------------|--------|
| AED 8.40 | AED 9.10 | +8.3% | HOLD |

4Q25 estimates

National Bank of Ras Al-Khaimah (RAKBANK/the Bank) is expected to report a significant growth in net income from AED 385 Mn in 4Q24 to AED 541 Mn in 4Q25. The increase in net profit is primarily driven by forecasted growth in net funded and non-funded income along with projected decrease in impairment charges, partially offset by an anticipated increase in operating expenses, income tax expenses and NCI. Interest income, including income from Islamic financing, is projected to rise 8.5% YOY to AED 1,464 Mn in 4Q25, due to forecasted rise in yield on Islamic and anticipated growth in net advances, net investment & Islamic financing assets. On the other hand, interest expense is forecasted to increase 7.4% YOY to AED 484 Mn in 4Q25, driven by expected increase in average interest-bearing liabilities, partially offset by a decline in cost of funds. As a result, net funded income is likely to rise 9.0% YOY to AED 980 Mn in 4Q25. As a result, NIMs to decline 36 bps YOY to 4.0% in 4Q25, primarily driven by elevated funding costs. The Bank's total non-funded income is anticipated to increase 30.7% YOY to AED 342 Mn in 4Q25, primarily due to an expected rise in net fees and commission income, foreign exchange gain, and investment income, coupled with a forecasted decline in gross insurance underwriting loss, partially offset by an anticipated decline in other operating income. Hence, net operating income is projected to grow 13.9% YOY to AED 1,322 Mn in 4Q25. Operating expenses are expected to increase 11.1% YOY to AED 517 Mn in 4Q25. Moreover, we expect the cost-to-income ratio to decline from 40.1% in 4Q24 to 39.1% in 4Q25, due to increased net operating income. In addition, impairment expense is forecasted to decline 24.7% YOY to AED 204 Mn in 4Q25. The Bank's tax expense is likely to expand from AED 38 Mn in 4Q24 to AED 56 Mn in 4Q25. Furthermore, non-controlling interest is expected to rise from AED 1 Mn in 4Q24 to AED 3 Mn in 4Q25.

2025 forecast

RAKBANK's net profit is estimated to increase 26.2% YOY to AED 2,615 Mn in 2025, owing to an anticipated rise in net funded and non-funded income, coupled with a decrease in impairment charges, partially offset by anticipated higher operating expenses, income tax expenses, and NCI. Interest Income, including income from Islamic financing, is projected to rise 6.3% YOY to AED 5,562 Mn in 2025, supported by an anticipated growth in asset yield and yield on Islamic financing, along with forecasted growth in average interest earning assets. On the other hand, the Bank's funded expense is also expected to grow 11.1% YOY to AED 1,858 Mn in 2025, due to expected rise in average interest-bearing liabilities, partially offset by forecasted decline in cost of funds. Resultantly, net funded income is likely to rise 4.0% YOY to AED 3,704 Mn in 2025. We expect NIMs to fall 81 bps YOY to 4.0% in 2025. Total non-funded income is expected to grow 31.4% YOY to AED 1,512 Mn in 2025, driven by a rise in net fees and commission income, foreign exchange gain, investment income, coupled with an anticipated decrease in gross insurance underwriting losses, partially offset by an expected decline in other operating income. As a result, the Bank's net operating income is likely to increase 10.7% YOY to AED 5,216 Mn in 2025. Operating expenses are anticipated to rise 12.0% YOY to AED 1,857 Mn in 2025. Additionally, we forecast the cost-to-income ratio to increase 41 bps YOY to 35.6% in 2025. Impairments are forecasted to decline 38.9% YOY to AED 475 Mn in 2025. The tax expense is estimated to rise 28.2% YOY to AED 260 Mn in 2025. Furthermore, the Bank is expected to report a non-controlling interest of AED 10 Mn in 2025 compared to AED 3 Mn in 2024.

3Q25 outturn

RAKBANK's interest income from conventional loans and investments grew 2.2% YOY to AED 1,216 Mn in 3Q25, whereas interest expense on conventional deposits and borrowings grew 9.3% YOY to AED 416 Mn in 3Q25. Thus, net interest income from conventional loans and advances declined 1.2% YOY to AED 800 Mn in 3Q25. Income from Islamic financing grew significantly, 30.9% YOY to AED

209 Mn in 3Q25, while Islamic financing expenses declined 10.7% YOY to AED 60 Mn in 3Q25. As a result, total funded income increased 5.6% YOY to AED 1,425 Mn in 3Q25, while total funded expenses grew 6.3% YOY to AED 476 Mn in 3Q25. Thus, net funded income increased 5.2% YOY to AED 949 Mn in 3Q25. Resultantly, our calculated Net interest margins (NIMs) contracted 53 bps YOY to 4.0% in 3Q25. Net fee and commission income increased strongly by 20.2% YOY to AED 201 Mn, while foreign exchange income also rose 3.6% YOY to AED 93 Mn in 3Q25. RAKBANK recorded a loss from underwriting income of AED 3 Mn in 3Q25 compared to AED 2 Mn in 3Q24. Additionally, the Bank recorded substantial growth in investment income from AED 17 Mn in 3Q24 to AED 51 Mn in 3Q25, primarily driven by gains from the disposal of investments and fair value income. Other operating income increased 3.3% YOY to AED 33 Mn in 3Q25. Consequently, total nonfunded income grew 23.9% YOY to AED 375 Mn in 3Q25. Thus, total operating income grew 9.9% YOY to AED 1,323 Mn in 3Q25.

Target price and recommendation

We revise our rating from ACCUMULATE to HOLD on RAKBANK with a revised target price of AED 9.10. RAKBANK posted a robust growth in profitability, driven by higher net funded and strong non-funded income, coupled with lower impairments during 3Q25. The contribution of non-funded income increased from 25.1% total operating income in 3Q24 to 28.3% in 3Q25, supported by its initiatives to diversify fee and forex income, along with episodic gains from investment income. RAKBANK's net advances grew 10.9% YOY and 5.3% QOQ to AED 51.2 Bn during 3Q25, driven by strong growth across all business segments. The expansion was primarily led by wholesale lending, which increased 16.3% YOY to AED 18.3 Bn, playing a key role in the overall balance sheet growth. Business Banking segment reported 4.8% YOY growth to AED 11.2 Bn in 3Q25, driven by growth across SME and commercial loans. Personal Banking loans rose 8.2% YOY to AED 24.4 Bn in 3Q25, driven by strong growth in mortgage and expat loans. The Bank also continues to expand its Corporate Banking offerings across crypto brokerage and escrow services, which is expected to support growth in fee-based and non-funded income. RAKBANK's customer deposits increased 14.6% YOY and 7.4% QOQ to AED 65.6 Bn in 3Q25, with higher CASA ratios of 66.1% in 3Q25. The Bank's higher CASA ratio is expected to support its performance in a declining interest rate environment, driven by its lower funding costs. The Bank's calculated NIMs remained stable at 4.0% in 3Q25 compared to 2Q25. RAKBANK's calculated cost of risk declined 48 bps YOY but grew 12 bps QOQ to 0.7% during 3Q25, mainly due to the improvement in the loan portfolio. The Bank's asset quality continued to improve with the calculated NPLs ratio declining from 2.4% in 3Q24 to 2.0% in 3Q25. The calculated provision coverage also increased from 242.9% in 2Q25 to 247.2% in 3Q25, indicating a strong buffer against bad loans during the medium term. In 2024 and 2025, Capex increased by 47% in technology, and this was reflected in digital transaction growth of 24% YOY during 9M25. Capitalization also remained strong with a total CAR of 19.6% in 3Q25, compared to 18.8% in 2Q25. RAKBANK also delivered strong returns, posting a ROE of 20.0% and a ROA of 2.7% in 3Q25 on a calculated basis. In July 2025, the Bank issued USD 300 Mn in perpetual, subordinated, and unsecured Additional Tier 1 (AT1) capital notes at a fixed coupon rate of 6.625% per annum. Interest is payable semi-annually until July 2031, after which it resets every six years. The Bank may skip coupon payments or redeem the notes in 2031 with regulatory approval. Proceeds are expected to strengthen the Bank's capital base, enhance lending capacity, and support strategic growth initiatives. Thus, based on our assumptions, we assign our HOLD rating on the stock.

RAKBANK - Relative valuation

| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025F |
|----------------|-------|-------|-------|-------|-------|-------|
| (at CMP) | | | | | | |
| P/E (x) | 32.34 | 21.55 | 13.92 | 9.14 | 7.86 | 6.23 |
| P/B (x) | 2.09 | 1.95 | 1.81 | 1.58 | 1.51 | 1.11 |
| BVPS | 3.881 | 4.147 | 4.471 | 5.134 | 5.352 | 7.310 |
| EPS | 0.250 | 0.376 | 0.582 | 0.887 | 1.030 | 1.300 |
| DPS | 0.125 | 0.188 | 0.283 | 0.310 | 0.500 | 0.637 |
| Dividend Yield | 1.5% | 2.2% | 3.4% | 3.7% | 6.0% | 7.6% |

FABS Estimates & Co Data

RAKBANK P&L

| AED Mn | 4Q24 | 3Q25 | 4Q25F | YOY Ch | QOQ Ch | 2024 | 2025F | Change |
|--|--------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|
| Interest Income | 1,164 | 1,216 | 1,242 | 6.7% | 2.1% | 4,568 | 4,750 | 4.0% |
| Interest expense | -386 | -416 | -484 | 25.4% | 16.3% | -1,407 | -1,858 | 32.0% |
| Net funded income | 899 | 949 | 980 | 9.0% | 3.2% | 3,562 | 3,704 | 4.0% |
| Net fees and commissions | 140 | 201 | 204 | 46.1% | 1.6% | 644 | 805 | 25.0% |
| Foreign exchange gain | 87 | 93 | 112 | 27.8% | 20.6% | 352 | 401 | 14.0% |
| Gross insurance underwriting Profit | -14 | -3 | -12 | -12.7% | NA | -45 | -18 | -60.0% |
| Investment Income | 12 | 51 | 21 | 71.9% | -58.2% | 88 | 229 | NM |
| Other operating income | 36 | 33 | 17 | -53.5% | -49.0% | 112 | 95 | -15.0% |
| Total non-funded income | 262 | 375 | 342 | 30.7% | -8.7% | 1,150 | 1,512 | 31.4% |
| Net operating income | 1,160 | 1,323 | 1,322 | 13.9% | -0.1% | 4,713 | 5,216 | 10.7% |
| Operating expenses | -466 | -449 | -517 | 11.1% | 15.2% | -1,658 | -1,857 | 12.0% |
| Pre-provision profit | 694 | 875 | 804 | 15.8% | -8.0% | 3,054 | 3,359 | 10.0% |
| Impairment | -270 | -98 | -204 | -24.7% | NM | -776 | -475 | -38.9% |
| Profit before tax | 424 | 777 | 601 | 41.7% | -22.7% | 2,278 | 2,885 | 26.6% |
| Income tax expense | -38 | -70 | -56 | 48.4% | -20.0% | -202 | -260 | 28.2% |
| Profit After tax & before NCI | 386 | 707 | 545 | 41.0% | -22.9% | 2,076 | 2,625 | 26.5% |
| Non-controlling interest | -1 | -1 | -3 | NM | NM | -3 | -10 | NM |
| Net profit attributable | 385 | 705 | 541 | 40.5% | -23.3% | 2,072 | 2,615 | 26.2% |

FABS estimate & Co Data

RAKBANK - KPI

| | 4Q24 | 3Q25 | 4Q25F | YOY Ch | QOQ Ch | 2024 | 2025F | Change |
|---------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Net FI/OI | 77.5% | 71.7% | 74.1% | -333 | 243 | 75.6% | 71.0% | -457 |
| NIM | 4.3% | 4.0% | 4.0% | -36 | -6 | 4.8% | 4.0% | -81 |
| NIS | 4.0% | 3.7% | 3.6% | -40 | -12 | 4.5% | 3.6% | -91 |
| Fees & comms/OI | 12.1% | 15.2% | 15.5% | 340 | 26 | 13.7% | 15.4% | 177 |
| Foreign exchange gain/OI | 7.5% | 7.0% | 8.5% | 92 | 146 | 7.5% | 7.7% | 22 |
| Other operating income/OI | 3.1% | 2.5% | 1.3% | -182 | -120 | 2.4% | 1.8% | -55 |
| Invnt Income/OI | 1.1% | 3.9% | 1.6% | 55 | -226 | 1.9% | 4.4% | 252 |
| Cost to income | 40.1% | 33.9% | 39.1% | -100 | 521 | 35.2% | 35.6% | 41 |
| Impairment/PPP | 38.9% | 11.2% | 25.3% | NM | NM | 25.4% | 14.1% | NM |
| NP/OI | 33.2% | 53.3% | 41.0% | 775 | NM | 44.0% | 50.1% | 616 |
| Cost of risk - calculated | 2.2% | 0.7% | 1.5% | -69 | 75 | 1.7% | 0.9% | -79 |
| Loan-to-deposit | 79.2% | 78.1% | 80.0% | 83 | 193 | 79.2% | 80.0% | 83 |
| NPL - calculated | 2.2% | 2.0% | 2.0% | -25 | 2 | 2.2% | 2.0% | -25 |
| NPL Coverage - calculated | 253.2% | 247.2% | 245.0% | -822 | -217 | 253.2% | 245.0% | -822 |
| CET 1 | 15.7% | 16.0% | 16.9% | 122 | 90 | 15.7% | 16.9% | 122 |
| Capital adequacy | 18.1% | 19.6% | 19.0% | 93 | -57 | 18.1% | 19.0% | 93 |
| ROAE | 18.8% | 20.0% | 20.6% | 183 | 62 | 18.8% | 20.6% | 183 |
| ROAA | 2.6% | 2.7% | 2.7% | 16 | 3 | 2.6% | 2.7% | 16 |

FABS estimate & Co data

RAKBANK - Key B/S items

| AED Mn | 4Q24 | 1Q25 | 2Q25 | 3Q25 | 4Q25F | YOY Ch |
|-------------------|--------|--------|--------|--------|---------|--------|
| Net advances | 47,224 | 47,590 | 48,662 | 51,228 | 52,657 | 11.5% |
| QOQ change | 2.2% | 0.8% | 2.3% | 5.3% | 2.8% | |
| Total assets | 88,325 | 90,804 | 94,961 | 99,459 | 104,353 | 18.1% |
| QOQ change | 5.3% | 2.8% | 4.6% | 4.7% | 4.9% | |
| Customer deposits | 59,650 | 61,038 | 61,079 | 65,621 | 65,822 | 10.3% |
| QOQ change | 4.2% | 2.3% | 0.1% | 7.4% | 0.3% | |
| Total Equity | 11,797 | 11,579 | 12,341 | 14,202 | 14,743 | 25.0% |
| QOQ change | 2.0% | -1.8% | 6.6% | 15.1% | 3.8% | |

FABS estimate & Co data

4Q25 preview: Abu Dhabi Commercial Bank (ADCB)

Diversified lending growth and disciplined risk management to boost net income

| Current Price | 12-m Target Price | Upside/Downside (%) | Rating |
|---------------|-------------------|---------------------|--------|
| AED 14.76 | AED 18.00 | +22.0% | BUY |

4Q25 estimate

Abu Dhabi Commercial Bank's (ADCB/the Bank) net profit is forecasted to increase 36.3% YOY to AED 3,507 Mn in 4Q25, driven by an anticipated growth in net funded and non-funded income coupled with a forecasted decline in impairments and lower tax charges, partially offset by a projected increase in operating expenses. ADCB's funded income is expected to grow 9.1% YOY to AED 9,515 Mn in 4Q25, due to an anticipated rise in average interest-earning assets. Funded expense is projected to rise 3.9% YOY to AED 5,420 Mn in 4Q25. Thus, net funded income is expected to grow 16.8% YOY to AED 4,095 Mn in 4Q25. We expect NIMs to remain unchanged at 2.4% in 4Q25, compared to 4Q24. Fee and commission income is forecasted to grow 36.5% YOY to AED 986 Mn in 4Q25. Simultaneously, other operating income is anticipated to decline 20.5% YOY to AED 985 Mn in 4Q25. Thus, non-funded income is likely to rise marginally 0.5% YOY to AED 1,971 Mn in 4Q25. As a result, total operating income is likely to rise 10.9% YOY to AED 6,065 Mn in 4Q25. Furthermore, operating expenses are projected to increase 4.7% YOY to AED 1,638 Mn in 4Q25. However, we expect the cost-to-income ratio to decline 161 bps YOY to 27.0% in 4Q25. Additionally, the Bank's impairments are expected to fall 24.6% YOY to AED 769 Mn in 4Q25. ADCB's tax charges are expected to decline substantially from AED 311 Mn in 4Q24 to AED 145 Mn in 4Q25, as we expect the Bank's tax rate to decline to 9.0%. The profit share to NCI holders is likely to grow from AED 1 Mn in 4Q24 to AED 7 Mn in 4Q25.

2025 forecast

ADCB's net profit is expected to grow 23.3% YOY to AED 11,612 Mn in 2025, attributable to a forecasted increase in net funded and non-funded income, partially offset by an anticipated rise in operating expenses and impairment charges. Funded income is projected to rise 5.4% YOY to AED 35,567 Mn in 2025, due to an expected expansion in the loan book and other interest-earning assets, partially offset by an anticipated decline in asset yield. On the other hand, the funded expense is expected to grow marginally 0.5% YOY to AED 20,618 Mn in 2025. Thus, net funded income is estimated to grow 13.0% YOY to AED 14,949 Mn in 2025. Fees and commission income are projected to grow 19.5% YOY to AED 3,705 Mn in 2025. Other operating income is expected to increase 27.7% YOY to AED 4,027 Mn in 2025. Thus, non-funded income is likely to increase 23.6% YOY to AED 7,732 Mn in 2025. As a result, operating income is projected to grow 16.4% YOY to AED 22,681 Mn in 2025. Furthermore, operating expenses are forecasted to rise 3.4% YOY to AED 6,237 Mn in 2025. In addition, impairments are anticipated to increase 28.3% YOY to AED 3,689 Mn in 2025. Profit share from associates is expected to remain stable at AED 11 Mn in 2025, compared to 2024. ADCB's overseas tax expense is expected to decline 1.5% YOY to AED 1,149 Mn in 2025.

3Q25 outturn

ADCB's funded income, including interest income and income from Islamic financing, grew 8.1% YOY to AED 9,159 Mn in 3Q25, primarily due to a solid growth in loans and advances and other interest-earning assets, partially offset by lower asset yield. The Bank's funded expenses increased 0.4% YOY to AED 5,352 Mn in 3Q25, mainly attributable to lower cost of funds. ADCB's reported cost of funds declined 68 bps YOY but increased 5 bps QOQ to 3.6% in 3Q25. As a result, the net funded income grew 21.1% YOY to AED 3,806 Mn in 3Q25. ADCB's calculated NIMs increased by 7 bps YOY and remained unchanged on QOQ basis at 2.3% in 3Q25. Fee and commission income grew 12.1% YOY to AED 971 Mn in 3Q25 due to a rise in loan processing fees, asset management services, trade finance commission, and accounts related fees. Furthermore, the other operating income surged 56.2% YOY to AED 1,097 Mn in 3Q25, owing to gains from the sale of loans on hedging derivatives.

Resultantly, the non-funded income experienced a healthy growth of 31.8% YOY to AED 2,068 Mn in 3Q25. Total operating income rose 24.7% YOY to AED 5,875 Mn in 3Q25. Operating expenses grew 7.2% YOY to AED 1,624 Mn in 3Q25, with an improvement in cost-to-income ratio from 32.2% in 3Q24 to 27.6% in 3Q25, higher operating income combined with sustained cost discipline and digital-driven operating efficiency. Impairments grew significantly from AED 525 Mn in 3Q24 to AED 1,087 Mn in 3Q25, mainly driven by higher charges from legacy corporate accounts. Furthermore, tax expense fell significantly from AED 288 Mn in 3Q24 to AED 76 Mn in 3Q25, due to the reversal of the excess tax provision recognized in 1H25, which was calculated at the Domestic Minimum Top-up Tax (DMTT) rate of 15%. In addition, ADCB applied a statutory tax rate of 9% for 3Q25, as it expects to meet the Initial Phase of International Activity Exclusion (IAE) criteria, which would reduce the statutory tax rate from 15% to 9%.

Target price and recommendation

We maintain our BUY rating on Abu Dhabi Commercial Bank (ADCB) with a target price of AED 18.00. ADCB reported substantial profitability growth in 3Q25 on the back of solid growth across both core and non-core income along with lower tax expenses. ADCB's calculated NIMs improved 7 bps YOY and remained unchanged on QOQ basis at 2.3% in 3Q25. The Bank maintained solid margins amid declining interest rates. Net advances increased significantly 16.7% YOY to AED 401.4 Bn in 3Q25, driven by lending growth across diverse sectors. Consequently, the Bank revised its 2025 loan guidance from low to mid-teens to high teens. Deposit growth surged 18.6% YOY and 4.1% QOQ to AED 501.9 Bn in 3Q25, with CASA deposits increasing 27% YOY, accounting for 45% of total deposits. ADCB is planning to adopt a new 5-year strategy focused on sustained, diversified top-line growth through disciplined credit expansion and higher fee income. The bank will also undertake an AI-led transformation, unlocking AED 4 Bn in value over the next few years through higher revenue, cost efficiencies, and enhanced risk management. The AI Transformation Program is set to play a pivotal role in its strategy to double profits to AED 20 Bn within five years. Cost of risk is guided between 63-68 bps for the full year 2025, with medium-term guidance to be below 60 bps. The Bank's asset quality improved as reported NPLs fell to a record low level of 1.9% in 3Q25, down from 2.0% in the previous quarter. Moreover, the coverage ratio remained strong at 187.3% in 3Q25, up from 173.1% in 2Q25. ADCB's capitalization stood strong with a CET1 ratio of 12.7% and a CAR of 16.0% in 3Q25. Additionally, ADCB is committed to maintaining a minimum CET1 capital ratio of more than 12%, ensuring a strong capital position. The Bank is planning to distribute AED 25 Bn in dividends over the next five years, following a progressive dividend policy. Thus, based on our analysis, we assign a BUY rating on the stock.

ADCB - Relative Valuation

| AED Mn | 2020 | 2021 | 2022 | 2023 | 2024 | 2025F |
|----------------|-------|-------|-------|-------|-------|--------|
| PE | 29.79 | 20.74 | 16.81 | 13.45 | 12.03 | 9.76 |
| PB | 2.08 | 1.97 | 1.90 | 1.68 | 1.57 | 1.30 |
| BVPS | 6.912 | 7.290 | 7.571 | 8.537 | 9.127 | 11.008 |
| EPS | 0.482 | 0.692 | 0.854 | 1.067 | 1.193 | 1.472 |
| DPS | 0.257 | 0.352 | 0.171 | 0.560 | 0.590 | 0.725 |
| Dividend Yield | 1.7% | 2.4% | 1.2% | 3.8% | 4.0% | 4.9% |

FABS Estimates & Co Data

ADCB - P&L

| AED Mn | 4Q24 | 3Q25 | 4Q25F | YOY Ch | QOQ Ch | 2024 | 2025F | Change |
|------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|--------------|
| Funded income | 8,723 | 9,159 | 9,515 | 9.1% | 3.9% | 33,734 | 35,567 | 5.4% |
| Funded expense | -5,218 | -5,352 | -5,420 | 3.9% | 1.3% | -20,508 | -20,618 | 0.5% |
| Net funded income | 3,505 | 3,806 | 4,095 | 16.8% | 7.6% | 13,226 | 14,949 | 13.0% |
| Fees & commissions | 722 | 971 | 986 | 36.5% | 1.5% | 3,101 | 3,705 | 19.5% |
| Other operating income | 1,240 | 1,097 | 985 | -20.5% | -10.2% | 3,153 | 4,027 | 27.7% |
| Non funded income | 1,962 | 2,068 | 1,971 | 0.5% | -4.7% | 6,254 | 7,732 | 23.6% |
| Operating income | 5,467 | 5,875 | 6,065 | 10.9% | 3.2% | 19,480 | 22,681 | 16.4% |
| Operating expenses | -1,565 | -1,624 | -1,638 | 4.7% | 0.8% | -6,031 | -6,237 | 3.4% |
| Pre-provision profit | 3,902 | 4,251 | 4,427 | 13.5% | 4.2% | 13,448 | 16,444 | 22.3% |
| Impairments | -1,020 | -1,087 | -769 | -24.6% | -29.3% | -2,874 | -3,689 | 28.3% |
| Operating profit | 2,882 | 3,164 | 3,659 | 26.9% | 15.6% | 10,574 | 12,755 | 20.6% |
| Share of profit of assoc. | 1 | 3 | 0 | NM | NM | 11 | 11 | NM |
| Profit before tax | 2,884 | 3,166 | 3,659 | 26.9% | 15.6% | 10,585 | 12,766 | 20.6% |
| Overseas tax expense | -311 | -76 | -145 | -53.3% | NM | -1,166 | -1,149 | -1.5% |
| Non-controlling interest | -1 | 0 | -7 | NM | NM | 1 | -6 | NM |
| Profit for the period | 2,572 | 3,090 | 3,507 | 36.3% | 13.5% | 9,421 | 11,612 | 23.3% |

FABS estimate & Co Data

ADCB - P&L KPI

| | 4Q24 | 3Q25A | 4Q25F | YOY Ch | QOQ Ch | 2024 | 2025F | Change |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Net FI/OI | 64.1% | 64.8% | 67.5% | 339 | 272 | 67.9% | 65.9% | -199 |
| NIM | 2.4% | 2.3% | 2.4% | 2 | 11 | 2.4% | 2.4% | -5 |
| NIS | 1.9% | 1.9% | 2.0% | 12 | 15 | 1.9% | 2.0% | 8 |
| Fees & comms/OI | 13.2% | 16.5% | 16.3% | 304 | -28 | 15.9% | 16.3% | 42 |
| Other non-funded/OI | 22.7% | 18.7% | 16.2% | -643 | -244 | 16.2% | 17.8% | 157 |
| Cost to income | 28.6% | 27.6% | 27.0% | -161 | -64 | 31.0% | 27.5% | -346 |
| Impairment/PPP | 26.1% | 25.6% | 17.4% | -877 | -821 | 21.4% | 22.4% | 106 |
| Tax/PBT | 10.8% | 2.4% | 4.0% | -681 | 158 | 11.0% | 9.0% | -202 |
| NP/OI | 47.1% | 52.6% | 57.8% | NM | 521 | 48.4% | 51.2% | 283 |
| Cost of risk – calculated | 0.8% | 0.8% | 0.5% | -29 | -25 | 0.6% | 0.7% | 7 |
| Loan-to-deposit – calculated | 84.9% | 85.1% | 84.0% | -85 | -106 | 84.9% | 84.0% | -85 |
| NPL - calculated | 3.3% | 2.8% | 2.7% | -60 | -5 | 3.3% | 2.7% | -63 |
| Coverage excluding collateral | 103.4% | 127.7% | 128.0% | NM | 28 | 103.4% | 128.0% | NM |
| CET 1 | 12.6% | 12.7% | 13.5% | 96 | 81 | 12.6% | 13.5% | 96 |
| Capital adequacy | 16.1% | 16.0% | 16.8% | 65 | 79 | 16.1% | 16.8% | 65 |
| ROAE | 13.5% | 14.8% | 14.9% | 137 | 8 | 14.6% | 15.8% | 119 |
| ROAA | 1.5% | 1.5% | 1.6% | 10 | 10 | 1.5% | 1.6% | 10 |

FABS estimate & Co Data

ADCB- Key BS Items

| AED Mn | 4Q24 | 1Q25 | 2Q25 | 3Q25 | 4Q25F | YOY Ch |
|----------------------------|---------|---------|---------|---------|---------|--------|
| Net advances | 350,638 | 359,489 | 378,465 | 401,356 | 409,508 | 16.8% |
| QOQ change | 1.9% | 2.5% | 5.3% | 6.0% | 2.0% | |
| Total assets | 652,814 | 679,716 | 718,502 | 744,273 | 758,246 | 16.2% |
| QOQ change | 2.2% | 4.1% | 5.7% | 3.6% | 1.9% | |
| Customer deposits | 421,060 | 441,691 | 463,442 | 482,440 | 501,885 | 19.2% |
| QOQ change | 3.5% | 4.9% | 4.9% | 4.1% | 4.0% | |
| Total shareholders' equity | 75,567 | 73,872 | 76,249 | 79,509 | 89,337 | 18.2% |
| QOQ change | 2.5% | -2.2% | 3.2% | 4.3% | 12.4% | |

FABS estimate & Co Data

4Q25 preview: Mashreq Bank (MASQ)

Lack of one-time gain to weigh on net profit

| Current Price | 12-m Target Price | Upside/Downside (%) | Rating |
|---------------|-------------------|---------------------|--------|
| AED 260.00 | AED 270.00 | +3.8% | HOLD |

4Q25 estimate

We expect Mashreq Bank (MASQ/the Bank) to report a 48.3% YOY decline in the net profit to AED 1,625 Mn in 4Q25, primarily due to an expected decline in non-funded income, coupled with an anticipated increase in G&A expenses, tax expenses and NCI, partially offset by a forecasted rise in net-funded income, along with anticipated decline in impairment charges. MASQ's funded income, including income from Islamic financing, is expected to rise 9.5% YOY to AED 4,209 Mn in 4Q25, driven by a projected rise in yield on Islamic assets, and average interest earning assets, partially offset by forecasted decline in asset yield. Funded expense is anticipated to rise 9.1% YOY to AED 1,953 Mn in 4Q25, due to an anticipated rise in average interest-bearing liabilities, partially offset by projected decline in cost of funds. Resultantly, net funded income to increase 9.8% YOY to AED 2,256 Mn in 4Q25. We expect NIMs to decline 21 bps YOY to 3.7% in 4Q25. Furthermore, the Banks's net fee and commission income is forecasted to rise 9.9% YOY to AED 330 Mn in 4Q25. Additionally, income from investment securities is projected to grow significantly from AED 21 Mn in 4Q24 to AED 112 Mn in 4Q25. Other operating income is anticipated to fall substantially from AED 1,941 Mn in 4Q24 to AED 601 Mn in 4Q25. Thus, non-funded income is expected to decline 53.9% YOY to AED 1,043 Mn in 4Q25. As a result, MASQ's total operating income is likely to fall 23.6% YOY to AED 3,299 Mn in 4Q25. General and administrative expenses are anticipated to increase 7.6% YOY to AED 1,242 Mn in 4Q25. As a result, cost-to-income ratio to grow from 26.7% in 4Q24 to 37.7% in 4Q25. In addition, the Bank is expected to see an impairment charges of AED 147 Mn in 4Q25, compared to impairment reversal of AED 239 Mn in 4Q24. Furthermore, tax expense is anticipated to grow 9.6% YOY to AED 246 Mn in 4Q25. MASQ, share to non-controlling interest is expected to rise 14.9% YOY to AED 38 Mn in 4Q25.

2025 forecast

MASQ's net profit is expected to decline 24.7% YOY to AED 6,714 Mn in 2025, primarily due to an anticipated decline in net funded income, non-funded income, increased G&A expenses, coupled with higher projected impairments, tax charges, and NCI. Funded income, including income from Islamic financing, is forecasted to increase marginally 0.2% YOY to AED 15,968 Mn in 2025, supported by anticipated increase in average interest earning assets, partially offset by forecasted decline in assets yield, and yield on Islamic assets. Funded expense is also anticipated to grow marginally 1.1% YOY to AED 7,631 Mn in 2025, due to forecasted increase in average interest-bearing liabilities, partially offset by expected decrease in cost of funds. Thus, net funded income is likely to decline marginally 0.6% YOY to AED 8,336 Mn in 2025. MASQ's net fees and commission income is expected to decrease 7.0% YOY to AED 1,362 Mn in 2025. Additionally, income from investment securities is forecasted to increase strongly from AED 229 Mn in 2024 to AED 423 Mn in 2025. Furthermore, other operating income is expected to fall 23.0% YOY to AED 2,568 Mn in 2025. Thus, non-funded income is expected to decline 13.4% YOY to AED 4,352 Mn in 2025. As a result, the Bank's total operating income is expected to decrease 5.4% YOY to AED 12,689 Mn in 2025. In addition, G&A expenses are likely to grow 11.6% YOY to AED 4,124 Mn in 2025. The Bank is expected to report impairment charges of AED 513 Mn in 2025, compared to an impairment reversal of AED 166 Mn in 2024. Tax expense is anticipated to increase 39.1% YOY to AED 1,208 Mn in 2025. Additionally, the profit share attributable to non-controlling interest holders is expected to rise from AED 100 Mn in 2024 to AED 130 Mn in 2025.

3Q25 outturn

MASQ's interest income remained flat on YOY basis to AED 3,616 Mn in 3Q25, primarily due to a decrease in asset yield, offset by an increase in average interest-earning assets. However, income from Islamic financing grew 11.7% YOY to AED 491 Mn in 3Q25, driven by an increase in average Islamic financing assets, but offset by a contraction in the yield on Islamic assets. Thus, total funded

income increased 1.2% YOY to AED 4,106 Mn in 3Q25. Moreover, funded expenses increased 1.9% YOY to AED 1,988 Mn in 3Q25 due distribution to depositors of Islamic products. As a result, net funded income increased 0.5% YOY to AED 2,119 Mn in 3Q25 due to broadbased strength across segments and geographies. MASQ's net fee and commission income increased 38.6% YOY to AED 388 Mn in 3Q25. The Bank recorded robust growth in income from investment securities, reaching AED 99 Mn in 3Q25, compared to AED 71 Mn in 3Q24. In addition, MASQ's other operating income grew 16.4% YOY to AED 597 Mn in 3Q25. Resultantly, the Bank's total non-funded income grew 25.5% YOY to AED 1,083 Mn in 3Q25 reflecting stronger client activity, market opportunities captured across investment and trading portfolios, and ongoing diversification of Mashreq's revenue base. Thus, MASQ total operating income surged 7.8% YOY to AED 3,202 Mn in 3Q25, mainly driven by ongoing double-digit increases in loans and advances, as well as non-interest income. Furthermore, the Bank's G&A expenses increased 17.0% YOY to AED 1,015 Mn in 3Q25 with continued investments in digital innovation, automation, Gen-AI-led initiatives and strategic business expansion. Resultantly, the cost-to-income ratio increased from 29.2% in 3Q24 to 31.7% in 3Q25, highlighting Mashreq's focus on growth and modernisation while maintaining cost discipline through automation and technology. MASQ's impairment charges increased 2.5% YOY to AED 121 Mn in 3Q25. MASQ tax expenses surged from AED 197 Mn in 3Q24 to AED 357 Mn in 3Q25 driven by UAE's adoption of the corporate income tax regime and the introduction of Global Minimal Tax. The Bank's NCI increased from AED 17 Mn in 3Q24 to AED 23 Mn in 3Q25.

Target price and recommendation

We revise our rating from ACCUMULATE to HOLD on MASQ with an unchanged target price of AED 270.0. MASQ recorded a decline in profitability in 3Q25 on a YOY basis, primarily due to marginal growth in net funded income and higher tax expenses. However, the Bank's non-funded income continued to grow, accounting for 33.8% of total operating income in 3Q25, compared to 29.1% in 3Q24, mainly due to the Bank's strategy to diversify revenue sources. Net advances grew 20.7% YOY and 6.7% QOQ to AED 143.1 Bn in 3Q25, with growth in strategically important sectors such as mortgage, manufacturing, construction and FIs. Customer deposits grew 19.9% YOY and 5.4% QOQ to AED 187.2 Bn in 3Q25, with a significant portion contributed by CASA accounts, demonstrating Mashreq's strong funding franchise and ability to attract stable deposits through enhanced transaction flow and product innovation. Moreover, CASA deposits represented 66% of total deposits in 3Q25, continuing to offset rate-driven margin pressure and preserve spread stability. However, the Bank's NIMs fell 68 bps YOY but expanded 8 bps QOQ to 3.5% in 3Q25. MASQ, asset quality improved as the calculated NPL ratio fell from 1.9% in 3Q24 to 1.4% in 3Q25, reflecting disciplined underwriting, prudent exposure management, and sustained portfolio quality across businesses and geographies. Additionally, MASQ reported a Liquid Assets Ratio of 27% and a Liquidity Coverage Ratio of 123% in 3Q25, above the regulatory requirement, which reflects the Bank's measured funding strategy, stable deposit base, and prudent management of liquidity risk. In 3Q25, MASQ reported a CET1 ratio of 14.2% and a total CAR of 16.8%. This highlights Mashreq's strong capital base, supported by solid internal capital generation and stable asset quality, which enables the Bank to fund growth and meet regulatory requirements. MASQ reported strong returns in 3Q25, with a calculated ROAE at 24.1%, supported by disciplined capital deployment, a capital-light operating model, and diversified revenue streams. The Bank strengthened regional footprint by opening a representative office in Türkiye and launching operations in Oman, expanding its presence across MENA and India (GIFT City). MASQ also introduced digital retail banking and deepened its partnership with Mastercard in Pakistan. Building on strong 2025 progress, Mashreq aims to advance long-term strategy, focusing on scalability, innovation, and international expansion. The Bank is embedding advanced digital and AI capabilities to enhance client experience, strengthen risk management, and improve efficiency. Thus, considering the above-mentioned reasons, we assign a HOLD rating on the stock.

MASQ- Relative Valuation

| (at CMP) | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|----------------|--------|---------|---------|---------|---------|---------|
| P/E(x) | NA | 52.02 | 13.98 | 6.14 | 5.95 | 8.03 |
| P/B(x) | 2.68 | 2.58 | 2.32 | 1.78 | 1.54 | 1.42 |
| BVPS | 96.863 | 100.839 | 112.152 | 145.720 | 168.367 | 182.755 |
| EPS | NA | 4.996 | 18.590 | 42.349 | 43.657 | 32.349 |
| DPS | NA | 1.000 | 9.000 | 18.500 | 21.100 | 16.310 |
| Dividend Yield | NA | 0.4% | 3.5% | 7.1% | 8.1% | 6.3% |

FABS estimate & Co Data

MASQ - P&L

| AED Mn | 4Q24 | 3Q25 | 4Q25F | YOY Ch | QOQ Ch | 2024 | 2025F | Change |
|---------------------------------|--------------|--------------|--------------|---------------|--------------|---------------|---------------|---------------|
| Interest income | 3,408 | 3,616 | 3,701 | 8.6% | 2.3% | 14,271 | 14,083 | -1.3% |
| Income from Islamic financing | 438 | 491 | 509 | 16.2% | 3.6% | 1,667 | 1,884 | 13.1% |
| Funded income | 3,845 | 4,106 | 4,209 | 9.5% | 2.5% | 15,938 | 15,968 | 0.2% |
| Funded expense | -1,791 | -1,988 | -1,953 | 9.1% | -1.7% | -7,550 | -7,631 | 1.1% |
| Net funded income | 2,054 | 2,119 | 2,256 | 9.8% | 6.5% | 8,388 | 8,336 | -0.6% |
| Net Fee and commission income | 301 | 388 | 330 | 9.9% | -14.9% | 1,465 | 1,362 | -7.0% |
| Inc. from investment securities | 21 | 99 | 112 | NM | 13.1% | 229 | 423 | 85.0% |
| Other operating income, net | 1,941 | 597 | 601 | -69.0% | 0.8% | 3,335 | 2,568 | -23.0% |
| Total other OI | 2,263 | 1,083 | 1,043 | -53.9% | -3.7% | 5,028 | 4,352 | -13.4% |
| Total operating income | 4,317 | 3,202 | 3,299 | -23.6% | 3.0% | 13,416 | 12,689 | -5.4% |
| General & admin. expenses | -1,155 | -1,015 | -1,242 | 7.6% | 22.3% | -3,696 | -4,124 | 11.6% |
| Pre-provision profit | 3,162 | 2,187 | 2,057 | -35.0% | -5.9% | 9,720 | 8,565 | -11.9% |
| Allowances for impairment, net | 239 | -121 | -147 | NM | 21.5% | 166 | -513 | NM |
| Tax expense | -225 | -357 | -246 | 9.6% | -31.0% | -869 | -1,208 | 39.1% |
| Non-controlling interests | -34 | -23 | -38 | 14.9% | 64.5% | -100 | -130 | 30.0% |
| Net Profit | 3,143 | 1,685 | 1,625 | -48.3% | -3.5% | 8,917 | 6,714 | -24.7% |

FABS estimate & Co Data

MASQ - KPI

| | 4Q24 | 3Q25 | 4Q25F | YOY Ch | QOQ Ch | 2024 | 2025F | Change |
|---------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Net FI/OI | 47.6% | 66.2% | 68.4% | NM | 222 | 62.5% | 65.7% | 317 |
| NIM | 3.9% | 3.5% | 3.7% | -21 | 20 | 4.1% | 3.6% | -52 |
| NIS | 3.8% | 3.4% | 3.7% | -14 | 27 | 4.1% | 3.5% | -58 |
| Fees & comms/OI | 7.0% | 12.1% | 10.0% | 305 | -210 | 10.9% | 10.7% | -18 |
| Trading/OI | 0.5% | 3.1% | 3.4% | 290 | 30 | 1.7% | 3.3% | 163 |
| Cost to income | 26.7% | 31.7% | 37.7% | NM | 594 | 27.5% | 32.5% | 495 |
| Impairment/PPP | -7.6% | 5.5% | 7.1% | NM | 161 | -1.7% | 6.0% | 769 |
| NP/OI | 72.8% | 52.6% | 49.3% | NM | -336 | 66.5% | 52.9% | NM |
| Cost of risk - Calculated | -0.9% | 0.4% | 0.5% | 139 | 6 | -0.2% | 0.4% | 56 |
| Loan-to-deposit | 77.5% | 76.4% | 86.2% | 865 | 972 | 77.5% | 75.6% | -194 |
| NPL - Calculated | 1.9% | 1.4% | 1.7% | -25 | 28 | 1.9% | 1.7% | -22 |
| Coverage - Calculated | 106.4% | 121.3% | 117.0% | NM | -434 | 106.4% | 117.0% | NM |
| CET1 | 14.4% | 14.2% | 13.4% | -106 | -80 | 14.4% | 13.4% | -106 |
| Capital Adequacy | 17.5% | 16.8% | 16.0% | -146 | -73 | 17.5% | 16.0% | -146 |
| ROAE | 27.7% | 24.1% | 18.4% | -923 | -564 | 27.8% | 18.4% | -937 |
| ROAA | 3.5% | 2.9% | 2.2% | -135 | -77 | 3.5% | 2.3% | -120 |

FABS estimate & Co Data

MASQ - key BS items

| AED Mn | 4Q24 | 1Q25 | 2Q25 | 3Q25 | 4Q25F | YOY Ch |
|-------------------|---------|---------|---------|---------|---------|--------|
| Net advances | 124,758 | 125,817 | 134,120 | 143,085 | 148,470 | 19.0% |
| QOQ changes | 5.3% | 0.8% | 6.6% | 6.7% | 3.8% | |
| Total assets | 267,453 | 272,703 | 293,635 | 305,464 | 313,881 | 17.4% |
| QOQ changes | 5.1% | 2.0% | 7.7% | 4.0% | 2.8% | |
| Customer deposits | 160,940 | 171,442 | 177,645 | 187,167 | 196,438 | 22.1% |
| QOQ changes | 3.1% | 6.5% | 3.6% | 5.4% | 5.0% | |
| Total equity | 37,780 | 35,346 | 36,996 | 38,924 | 40,763 | 7.9% |
| QOQ changes | 7.0% | -6.4% | 4.7% | 5.2% | 4.7% | |

FABS estimate & Co Data

4Q25 preview: **Sharjah Islamic Bank (SIB)**

Higher non-funded income to support profitability

| Current Price | 12-m Target Price | Upside/Downside (%) | Rating |
|---------------|-------------------|---------------------|--------|
| AED 3.11 | AED 3.10 | -0.3% | HOLD |

4Q25 estimate

Sharjah Islamic Bank's (SIB/the Bank) net profit is expected to rise significantly from AED 157 Mn in 4Q24 to AED 329 Mn in 4Q25, due to an expected increase in non-funded income and decrease in provisions, partially offset by an anticipated decline in net-funded income, increase in G&A expenses and tax expenses. Funded income is expected to grow 2.5% YOY to AED 1,024 Mn in 4Q25 driven by an expected growth in net advances, partially offset by a decline in asset yield. Funded expenses are expected to increase 5.9% YOY to AED 633 Mn in 4Q25, supported by a forecasted rise in deposits, partially offset by an anticipated decrease in cost of funds. Hence, net funded income is likely to decline 2.7% YOY to AED 391 Mn in 4Q25. The Bank's net fees and commission income is expected to expand significantly from AED 112 Mn in 4Q24 to AED 193 Mn in 4Q25. Moreover, investment income is expected to rise 4.8% YOY to AED 23 Mn in 4Q25. Bank's foreign exchange income is expected to rise significantly from AED 9 Mn in 4Q24 to AED 31 Mn in 4Q25. SIB's other income is expected to increase 64.9% YOY to AED 37 Mn in 4Q25. Thus, total non-funded income is likely to rise significantly 71.6% YOY to AED 284 Mn in 4Q25. As a result, total operating income will likely increase 19.0% YOY to AED 675 Mn in 4Q25. Furthermore, SIB's general and administrative expenses are anticipated to increase 6.8% YOY to AED 263 Mn in 4Q25. SIB's provision expense is expected to fall significantly 53.9% YOY to AED 51 Mn in 4Q25. The Bank's tax expenses are forecasted to rise from AED 11 Mn in 4Q24 to AED 32 Mn in 4Q25.

2025 Forecast

SIB's net profit is forecasted to increase 36.8% YOY to AED 1,434 Mn in 2025, owing to an expected increase in net-funded income, non-funded income and a decline in provisions, partially offset by a projected rise in G&A expenses and tax expenses. SIB's funded income is expected to grow 4.9% YOY to AED 3,908 Mn in 2025, due to forecasted rise in average interest earning assets, partially offset by anticipated decline in asset yield. On the other hand, funded expense is anticipated to increase 6.6% to AED 2,362 Mn in 2025, supported by expected growth in average interest-bearing liabilities, partially offset by projected decline in cost of funds. Funded expense also includes profit expense from Sukuks which is predicted to increase from AED 102 Mn in 2024 to AED 146 Mn in 2025. As a result, net funded income is projected to grow 2.4% YOY to AED 1,546 Mn in 2025. SIB's net fee and commission income is anticipated to rise significantly 69.8% YOY to AED 680 Mn in 2025. Investment income is projected to fall from AED 85 Mn in 2024 to AED 34 Mn in 2025. Moreover, foreign exchange income is forecasted to grow substantially from AED 63 Mn in 2024 to AED 113 Mn in 2025. In addition, other income is estimated to grow 20.0% YOY to AED 148 Mn in 2025. As a result, total non-funded income is projected to expand 45.1% YOY to AED 974 Mn in 2025. Therefore, total operating income is expected to increase 15.6% YOY to AED 2,520 Mn in 2025. G&A expenses are anticipated to increase 13.2% YOY to AED 882 Mn in 2025. Provisions are expected to decline substantially from AED 210 Mn in 2024 to AED 63 Mn in 2025. Furthermore, SIB will record a tax expense of AED 142 Mn in 2025 compared to AED 101 Mn in 2024.

3Q25 Outrun

Funded income rose 4.7% YOY to AED 1,002 Mn in 3Q25, supported by expansion in financing assets, somewhat offset by a decline in asset yield. Depositors' share of profit increased modestly 2.2% YOY to AED 596 Mn in 3Q25, reflecting higher mobilisation of deposits, partially offset by a decline in funding costs. Consequently, net funded income grew 8.5% YOY to AED 405 Mn in 3Q25, with the NIMs improving marginally 5 bps QOQ to 1.8%. The increase in funded income reflects continued loan book expansion, though margins remain compressed versus last year due to a higher decline in asset yield compared to the cost of funding. Non-funded income surged 31.3% YOY to AED 278.0 Mn in 3Q25, primarily driven by a substantial rise in fee and commission income, which grew 77.9% YOY to AED 242 Mn on higher transaction volumes and financing activity. Foreign exchange income

improved 5.9% YOY to AED 24 Mn in 3Q25, reflecting steady treasury flows, while other income rose 21.2% YOY to AED 55 Mn on higher income from the disposal of properties. Investment income turned negative at AED 12 Mn in 3Q25, impacted by mark-to-market losses. However, the overall contribution of nonfunded income to total operating income strengthened to 40.7% in 3Q25 from 36.2% in 3Q24. G&A expenses increased 14.9% YOY to AED 214 Mn in 3Q25, reflecting continued investment in technology, digital channels, and franchise growth. Despite the rise, the cost-to-income ratio improved to 31.3% in 3Q25 from 31.8% in 3Q24, aided by higher operating income. Impairment charges declined 36.3% YOY to AED 21 Mn in 3Q25, supported by stable asset quality and improved recoveries. Corporate tax expenses grew 21.0% YOY to AED 40 Mn in 3Q25 owing to higher profitability.

Target Price and recommendation

We revise our rating from ACCUMULATE to HOLD on Sharjah Islamic Bank with an unchanged target Price of AED 3.10 per share. The Bank's net profit recorded a significant increase during 3Q25, supported by growth in both funded and non-funded income. The Bank's fee-based income reported double-digit growth in 3Q25, supported by higher transaction activity, while funded income benefited from balance sheet expansion and steady margins. Net interest margin experienced marginal decline during 3Q25 on a YOY basis, supported by an improved mix and efficient liquidity management. SIB's NIMs are likely to remain under pressure amid the declining interest rate environment. However, sustained growth in non-funded income is expected to support overall profitability. Additionally, lower impairments further supported bottom-line performance, reflecting stable asset quality and effective risk management. On the balance sheet front, the Bank maintained strong growth momentum, with total assets and net advances rising 15.8% and 19.5% YOY, respectively in 3Q25. CASA deposits stood at 42.1% of total deposits in 3Q25 compared to 40.7% in 2Q25. The loan-to-deposit ratio expanded to 80.0% in 3Q25 compared to 73.6% in 2024, indicating improved inflow utilisation, while liquidity coverage and capital buffers remain comfortably above regulatory requirements. Furthermore, asset quality continued to improve, with NPLs declining to 4.0% in 3Q25, compared to 4.9% in 2024 and 4.3% in 2Q25. Moreover, NPL coverage also increased to 90.7% in 3Q25 from 87.4% in 2Q25. Additionally, Stage 2 loans as a share of gross loans continue to decline from 6.9% in 3Q24 and 4.5% in 2Q25 to 4.2% in 3Q25, reflecting continued recoveries and stronger asset quality. The Bank's liquid assets stood at AED 18.2 Bn in 3Q25, representing 21.0% of total assets, exceeding its strategic minimum liquidity threshold of 20%, indicating a strong liquidity position to meet short-term obligations. Furthermore, capitalization remained strong, with a CAR of 16.3% and CET1 of 12.0% in 3Q25, providing adequate space for growth. SIB enhanced its operational efficiency, with the cost-to-income ratio improving to 31.3% in 3Q25, compared to 31.8% in 3Q24 and 32.8% in 2Q25. Thus, based on these factors, we assign a HOLD rating.

SIB - Relative valuation

| (At CMP) | 2020 | 2021 | 2022 | 2023 | 2024 | 2025F |
|----------------|-------|-------|-------|-------|-------|-------|
| PE (x) | 24.88 | 19.64 | 18.06 | 13.47 | 10.44 | 7.44 |
| PB (x) | 1.74 | 1.72 | 1.74 | 1.60 | 1.56 | 1.35 |
| BVPS | 1.795 | 1.811 | 1.791 | 1.944 | 1.999 | 2.316 |
| EPS | 0.125 | 0.159 | 0.173 | 0.232 | 0.299 | 0.419 |
| DPS | 0.076 | 0.076 | 0.095 | 0.100 | 0.150 | 0.150 |
| Dividend Yield | 2.4% | 2.4% | 3.1% | 3.2% | 4.8% | 4.8% |

FABS estimate & Co Data

Sharjah Islamic Bank

| AED Mn | 4Q24 | 3Q25 | 4Q25F | YOY Ch | QOQ Ch | 2024 | 2025F | Change |
|--------------------------------|------------|------------|------------|---------------|---------------|--------------|--------------|--------------|
| Income from fin. & leasing | 999 | 1,002 | 1,024 | 2.5% | 2.2% | 3,725 | 3,908 | 4.9% |
| Depositors' share of profit | -598 | -596 | -633 | 5.9% | 6.2% | -2,215 | -2,362 | 6.6% |
| Net funded income | 401 | 405 | 391 | -2.7% | -3.6% | 1,510 | 1,546 | 2.4% |
| Fees and commissions | 136 | 242 | 234 | 72.4% | -3.3% | 500 | 809 | 62.0% |
| Fee and commission expense | -24 | -31 | -41 | 75.5% | 31.9% | -99 | -129 | 30.6% |
| Investment Income | 22 | -12 | 23 | 4.8% | -297.3% | 85 | 34 | -60.0% |
| Foreign Exchange income | 9 | 24 | 31 | NM | 29.7% | 63 | 113 | 80.0% |
| Other Income | 22 | 55 | 37 | 64.9% | -32.2% | 123 | 148 | 20.0% |
| Total non-funded income | 165 | 278 | 284 | 71.6% | 2.1% | 671 | 974 | 45.1% |
| Total operating income | 567 | 683 | 675 | 19.0% | -1.3% | 2,181 | 2,520 | 15.6% |
| General & admin. Expenses | -246 | -214 | -263 | 6.8% | 23.2% | -779 | -882 | 13.2% |
| Pre provision profit | 321 | 470 | 411 | 28.3% | -12.4% | 1,402 | 1,638 | 16.8% |
| Provisions | -110 | -21 | -51 | -53.9% | NM | -210 | -63 | -70.3% |
| Profit before tax | 168 | 448 | 361 | NM | -19.5% | 1,149 | 1,576 | 37.2% |
| Corporate tax | -11 | -40 | -32 | NM | -20.3% | -101 | -142 | 40.5% |
| Net profit | 157 | 408 | 329 | 109.8% | -19.5% | 1,048 | 1,434 | 36.8% |

FABS estimate & Co Data

SIB – KPI

| | 4Q24 | 3Q25 | 4Q25F | YOY Ch | QOQ Ch | 2024 | 2025F | Change |
|---------------------------|-------|-------|-------|--------|--------|-------|-------|--------|
| Net FI/OI | 70.8% | 59.3% | 57.9% | NM | -140 | 69.2% | 61.3% | -788 |
| NIM | 1.9% | 1.8% | 1.6% | -29 | -12 | 1.9% | 1.7% | -24 |
| NIS | 2.0% | 1.8% | 1.7% | -33 | -11 | 2.2% | 2.0% | -24 |
| Fees & comms/OI | 24.0% | 35.5% | 34.7% | NM | -73 | 22.9% | 32.1% | 921 |
| Cost to income | 43.5% | 31.3% | 39.0% | -445 | 775 | 35.7% | 35.0% | -72 |
| Provisions/PPP | 34.2% | 4.5% | 12.3% | NM | 777 | 15.0% | 3.8% | NM |
| NP/OI | 27.6% | 59.7% | 48.7% | NM | NM | 48.0% | 56.9% | 885 |
| Cost of risk – Calculated | 1.1% | 0.2% | 0.4% | -69 | 25 | 0.6% | 0.2% | -42 |
| Loan-to-deposit | 73.6% | 80.0% | 78.9% | 536 | -107 | 73.6% | 78.9% | 536 |
| NPL – Calculated | 4.9% | 4.0% | 4.2% | -65 | 23 | 4.9% | 4.2% | -65 |
| NPL Coverage – Calculated | 90.3% | 90.7% | 86.0% | -427 | -468 | 90.3% | 86.0% | -427 |
| CET 1 | 11.5% | 12.0% | 11.5% | -3 | -49 | 11.5% | 11.5% | -3 |
| Capital Adequacy | 16.2% | 16.3% | 15.6% | -57 | -69 | 16.2% | 15.6% | -57 |
| ROAE | 15.0% | 16.7% | 19.2% | 424 | 253 | 15.0% | 19.2% | 424 |
| ROAA | 1.4% | 1.6% | 1.7% | 25 | 13 | 1.4% | 1.6% | 15 |

FABS estimate & Co Data

SIB – Key BS Items

| AED Mn | 4Q24 | 1Q25 | 2Q25 | 3Q25 | 4Q25F | YOY Ch |
|-------------------|--------|--------|--------|--------|--------|--------|
| Net advances | 38,083 | 40,309 | 42,987 | 43,663 | 45,300 | 19.0% |
| QOQ change | 4.2% | 5.8% | 6.6% | 1.6% | 3.7% | |
| Total assets | 79,210 | 82,770 | 84,708 | 86,580 | 89,825 | 13.4% |
| QOQ change | 5.9% | 4.5% | 2.3% | 2.2% | 3.7% | |
| Customer deposits | 51,758 | 52,099 | 52,721 | 54,573 | 57,388 | 10.9% |
| QOQ change | 7.8% | 0.7% | 1.2% | 3.5% | 5.2% | |
| Total equity | 8,303 | 8,162 | 10,439 | 9,000 | 9,332 | 12.4% |
| QOQ change | -4.5% | -1.7% | 27.9% | -13.8% | 3.7% | |

FABS estimate & Co Data

4Q25 preview: **Commercial Bank of Dubai (CBD)**

Growth in operating income tempered by higher impairments

| Current Price | 12-m Target Price | Upside/Downside (%) | Rating |
|---------------|-------------------|---------------------|--------|
| AED 9.30 | AED 9.25 | -0.5% | HOLD |

4Q25 Estimate

Commercial Bank of Dubai's (The Bank/ CBD) net profit is expected to grow 15.3% YOY to AED 921 Mn in 4Q25, mainly driven by projected growth in net funded income, non-funded income, and recoveries, partially offset by forecasted rise in G&A expenses, D&A expenses, impairment charges, and tax charges. Funded income is expected to grow 10.5% YOY to AED 2,080 Mn in 4Q25, driven by an expected rise in average interest earning assets, partially offset by an anticipated decline in asset yield. On the other hand, the Bank's funded expense is projected to grow 5.1% YOY to AED 980 Mn in 4Q25, owing to an expected increase in average interest-bearing liabilities, partially offset by a projected decline in cost of funds. Thus, net funded income is expected to grow 15.8% YOY to AED 1,100 Mn in 4Q25. Fees & commission income is anticipated to grow 29.9% YOY to AED 345 Mn in 4Q25. Trading income is expected to rise 11.2% YOY to AED 93 Mn in 4Q25. Moreover, other non-funded income is anticipated to expand significantly from AED 28 Mn in 4Q24 to AED 43 Mn in 4Q25. Thus, total non-funded income is likely to grow 27.7% YOY to AED 481 Mn in 4Q25. Resultantly, total operating income is expected to rise 19.2% YOY to AED 1,581 Mn in 4Q25. CBD's G&A expenses are projected to increase 7.6% YOY to AED 394 Mn in 4Q25, while depreciation and amortization charge is estimated to rise from AED 20 Mn in 4Q24 to AED 28 Mn in 4Q25. Thus, we expect the cost-to-income ratio to fall from 29.1% in 4Q24 to 26.7% in 4Q25. Furthermore, the Bank's impairments are estimated to grow substantially from AED 107 Mn in 4Q24 to AED 193 Mn in 4Q25. However, recoveries are projected to grow 12.2% YOY to AED 49 Mn in 4Q25. Additionally, the Bank is expected to incur no impairment charges on AFS investments in 4Q25, compared to AED 2 Mn in 4Q24. CBD's corporate tax is anticipated to grow 21.8% YOY to AED 93 Mn in 4Q25.

2025 Forecast

CBD's net profit is anticipated to grow 15.5% YOY to AED 3,500 Mn in 2025 due to an anticipated rise in net-funded, non-funded income, and decline in impairment charges, partially offset by forecasted rise in G&A expenses, D&A expenses, decline in recoveries, and rise in tax expenses. CBD's funded income is expected to grow 2.9% YOY to AED 7,760 Mn in 2025, driven by a projected rise in average interest-earning assets, partially offset by a forecasted contraction in asset yield. Funded expenses are anticipated to fall 4.6% YOY to AED 3,572 Mn in 2025, due to an anticipated decline in cost of funds, partially offset by a projected increase in average interest-bearing liabilities. Thus, net funded income is likely to grow 10.2% YOY to AED 4,188 Mn in 2025. We anticipate the Bank's non-funded income to grow 6.0% YOY to AED 1,793 Mn in 2025, mainly due to an expected growth in fees and commissions income, and trading income, partially offset by a decline in other non-funded income. The Bank's fee and commission income is anticipated to rise 12.0% YOY to AED 1,249 Mn in 2025. Additionally, trading income is projected to expand 21.1% YOY to AED 408 Mn in 2025. Furthermore, other non-funded income is forecasted to decline significantly from AED 240 Mn in 2024 to AED 137 Mn in 2025. As a result, total operating income is forecasted to increase 8.9% YOY to AED 5,982 Mn in 2025. Furthermore, G&A expenses are anticipated to increase 11.0% YOY to AED 1,490 Mn in 2025. Depreciation and amortization expenses are expected to grow substantially from AED 61 Mn in 2024 to AED 95 Mn in 2025. Thus, cost-to-income ratio is expected to grow from 25.6% in 2024 to 26.5% in 2025. Impairment charges are projected to fall 25.9% YOY to AED 733 Mn in 2025. The Banks's recoveries are expected to decline 26.9% YOY to AED 188 Mn in 2025. Additionally, impairment allowances on AFS investment are anticipated to decrease significantly from AED 30 Mn in 2024 to AED 5 Mn in 2025. In addition, we expect the Bank's corporate tax to grow 17.2% YOY to AED 346 Mn in 2025.

3Q25 Outturn

CBD's funded income rose 2.1% YOY to AED 1,973 Mn in 3Q25, owing to an increase in loan and investment portfolio. On the other hand, the funded expenses fell 9.2% YOY to AED 899 Mn in 3Q25,

owing to lower funding cost. Thus, the net funded income grew 13.8% YOY to AED 1,074 Mn in 3Q25. CBD's calculated NIMs remained stable YOY and declined 9 bps QOQ to 2.9% in 3Q25. The Bank's fees and commission income grew 10.5% YOY to AED 306 Mn in 3Q25. Trading income grew significantly from AED 84 Mn in 3Q24 to AED 164 Mn in 3Q25, while the other nonfunded income declined from AED 150 Mn in 3Q24 to AED 33 Mn in 3Q25. As a result, the Bank's total non-funded income declined 1.6% YOY to AED 503 Mn in 3Q25. CBD's total operating income grew 8.4% YOY to AED 1,577 Mn in 3Q25. Furthermore, the G&A expenses increased by 8.4% YOY to AED 388 Mn in 3Q25. Depreciation and amortization expenses also grew from AED 16 Mn in 3Q24 to AED 25 Mn in 3Q25. Thus, total operating expenses increased from AED 374 Mn in 3Q24 to AED 413 Mn in 3Q25, primarily reflecting the Bank's ongoing investments in digital transformation, technology enhancements, business growth initiatives, and regulatory compliance measures. Resultantly, the cost-to-income ratio rose 49 bps YOY and 10 bps QOQ to 26.2% in 3Q25. Impairments on loans, advances and Islamic financing fell 17.2% YOY to AED 260 Mn in 3Q25. However, the recoveries on loans & advances and Islamic financing declined from AED 98 Mn in 3Q24 to AED 66 Mn in 3Q25. CBD incurred a corporate tax charge of AED 86 Mn in 3Q25, compared to AED 76 Mn in 3Q24.

Target price and recommendation

We maintain our rating on CBD to HOLD, with a target price at AED 9.25. Since our last review in October 2025, CBD's share price has declined by 2.2%. CBD reported a strong improvement in profitability during 3Q25, driven by higher net funded income and lower impairment charges. Gross lending surpassed AED 105 Bn, representing c. 4.7% of the UAE loan market share. Reflecting this robust performance, the Bank revised its loan growth guidance for 2025 from mid-to-high single digits to low double digits, while maintaining expectations of mid-to-high single-digit growth through 2026, broadly in line with sector trends. Customer deposits also showed solid momentum, rising 13.6% YOY and 4.8% QOQ to AED 112.1 Bn in 3Q25. The CASA ratio stood at 51.0%, supporting a low-cost funding base that helped cushion margins. NIMs remained stable YOY, though down 9 bps QOQ to 2.9% in 3Q25. The Bank expects NIMs to remain within the 3.0%-3.1% range through 2025, with minimal compression despite potential rate cuts, supported by proactive hedging and disciplined funding cost management. CBD has already absorbed a significant portion of market rate adjustments and does not anticipate any material NII impact from further rate reductions in 2026. The Bank's non-funded income remained broadly flat during 3Q25 offsetting one-off gains recorded in 3Q24 with strong growth in fees, commissions, and investment income. The Bank expects non-funded income to rebound in 2026, led by transaction banking, syndication, account fees, and trade-finance activities. The cost-to-income ratio increased 49 bps YOY and 10 bps QOQ to 26.2% in 3Q25, though management has guided this ratio to remain below 27% for 2025. Asset quality continued to improve, with the reported NPL ratio declining from 4.1% in 2Q25 to 3.5% in 3Q25 and reported provision coverage increasing from 96.9% to 98.9% over the same period. CBD's capital position remains robust, with CET1 and CAR ratios at 12.9% and 15.8%, respectively, comfortably above regulatory requirements. Shareholder returns also strengthened, as the reported ROA rose to 2.3% and reported ROE to 23.0% in 3Q25. The Bank also reaffirmed its ROE guidance above 20% for 2026, supported by stable margins, disciplined execution, and strong asset quality. Thus, based on the above-mentioned factors we assign HOLD rating on the stock.

CBD - Relative valuation

| (at CMP) | 2020 | 2021 | 2022 | 2023 | 2024 | 2025F |
|----------------|-------|-------|-------|-------|-------|-------|
| P/E(x) | 24.72 | 20.88 | 16.24 | 10.92 | 9.49 | 8.16 |
| P/B(x) | 2.70 | 2.42 | 2.35 | 2.02 | 1.81 | 1.60 |
| BVPS | 3.407 | 3.807 | 3.912 | 4.548 | 5.099 | 5.770 |
| EPS | 0.373 | 0.441 | 0.567 | 0.843 | 0.971 | 1.128 |
| DPS | 0.188 | 0.243 | 0.245 | 0.444 | 0.507 | 0.550 |
| Dividend Yield | 2.0% | 2.6% | 2.6% | 4.8% | 5.5% | 5.9% |

FABS Estimates & Co Data

CBD - P&L

| AED Mn | 4Q24 | 3Q25 | 4Q25F | YOY Ch | QOQ Ch | 2024 | 2025F | Change |
|--|--------------|--------------|--------------|--------------|--------------|---------------|---------------|--------------|
| Funded income | 1,882 | 1,973 | 2,080 | 10.5% | 5.4% | 7,544 | 7,760 | 2.9% |
| Funded expense | -933 | -899 | -980 | 5.1% | 9.0% | -3,745 | -3,572 | -4.6% |
| Net funded income | 950 | 1,074 | 1,100 | 15.8% | 2.4% | 3,799 | 4,188 | 10.2% |
| Fees and commissions | 265 | 306 | 345 | 29.9% | 12.6% | 1,115 | 1,249 | 12.0% |
| Trading income | 84 | 164 | 93 | 11.2% | -43.1% | 337 | 408 | 21.1% |
| Other non-funded income | 28 | 33 | 43 | 57.6% | 32.0% | 240 | 137 | -43.0% |
| Total non-funded income | 377 | 503 | 481 | 27.7% | -4.3% | 1,692 | 1,793 | 6.0% |
| Total operating income | 1,326 | 1,577 | 1,581 | 19.2% | 0.3% | 5,491 | 5,982 | 8.9% |
| General and administrative expenses | -366 | -388 | -394 | 7.6% | 1.4% | -1,342 | -1,490 | 11.0% |
| Depreciation and amortization | -20 | -25 | -28 | 42.8% | 15.1% | -61 | -95 | 55.0% |
| Operating Expenses | -386 | -413 | -422 | 9.4% | 2.2% | -1,403 | -1,585 | 12.9% |
| Pre provision profit | 941 | 1,164 | 1,159 | 23.2% | -0.4% | 4,087 | 4,397 | 7.6% |
| Impair allow. on loans & adv and Islamic fin | -107 | -260 | -193 | 80.8% | -25.7% | -990 | -733 | -25.9% |
| Recoveries | 44 | 66 | 49 | 12.2% | -26.0% | 257 | 188 | -26.9% |
| Impairment allowances on AFS investment | -2 | 0 | 0 | NM | NM | -30 | -5 | NM |
| Profit before tax | 876 | 970 | 1,015 | 15.8% | 4.6% | 3,325 | 3,847 | 15.7% |
| Corporate tax | -76 | -86 | -93 | 21.8% | 7.9% | -295 | -346 | 17.2% |
| Net Profit | 799 | 884 | 921 | 15.3% | 4.3% | 3,030 | 3,500 | 15.5% |

FABS estimate & Co Data

CBD - KPI

| | 4Q24 | 3Q25 | 4Q25F | YOY Ch | QOQ Ch | 2024 | 2025F | Change |
|------------------------------|-------|-------|-------|--------|--------|-------|-------|--------|
| Net FI/OI | 71.6% | 68.1% | 69.6% | -204 | 145 | 69.2% | 70.0% | 83 |
| NIM | 3.0% | 2.9% | 2.9% | -5 | -4 | 3.1% | 3.0% | -10 |
| NIS | 2.5% | 2.6% | 2.6% | 5 | -3 | 2.6% | 2.6% | 1 |
| Fees & comms/OI | 20.0% | 19.4% | 21.8% | 179 | 238 | 20.3% | 20.9% | 57 |
| Trading/OI | 6.3% | 10.4% | 5.9% | -42 | -449 | 6.1% | 6.8% | 69 |
| Cost to income | 29.1% | 26.2% | 26.7% | -238 | 52 | 25.6% | 26.5% | 93 |
| Impairment/PPP | 6.9% | 16.7% | 12.4% | 556 | -421 | 18.6% | 12.5% | -613 |
| NP/OI | 60.3% | 56.0% | 58.3% | -198 | 224 | 55.2% | 58.5% | 334 |
| Cost of Risk | 0.3% | 0.7% | 0.5% | 27 | -18 | 0.7% | 0.50% | -24 |
| Loan-to-deposit - calculated | 95.4% | 93.8% | 91.3% | -407 | -252 | 95.4% | 91.3% | -407 |
| NPL - calculated | 5.4% | 4.1% | 4.1% | -132 | -3 | 5.4% | 4.1% | -132 |
| Coverage - calculated | 98.5% | 93.3% | 95.0% | -349 | 172 | 98.5% | 95.0% | -349 |
| CET1 | 12.4% | 12.9% | 12.2% | -20 | -70 | 12.4% | 12.2% | -20 |
| Capital adequacy | 15.6% | 15.8% | 15.1% | -45 | -71 | 15.6% | 15.1% | -45 |
| ROAE (TTM) | 20.1% | 21.0% | 20.8% | 63 | -22 | 20.1% | 20.8% | 64 |
| ROAA (TTM) | 2.3% | 2.2% | 2.3% | 5 | 8 | 2.5% | 2.7% | 22 |

FABS estimate & Co Data

CBD - Key B/S items

| AED Mn | 4Q24 | 1Q25 | 2Q25 | 3Q25 | 4Q25F | YOY Ch |
|----------------------------|---------|---------|---------|---------|---------|--------|
| Net advances | 93,049 | 96,932 | 99,816 | 105,223 | 104,857 | 12.7% |
| QOQ change | 1.4% | 4.2% | 3.0% | 5.4% | -0.3% | |
| Total assets | 140,175 | 141,129 | 150,607 | 163,409 | 163,967 | 17.0% |
| QOQ change | 0.0% | 0.7% | 6.7% | 8.5% | 0.3% | |
| Customer deposits | 97,563 | 99,624 | 107,047 | 112,148 | 114,849 | 17.7% |
| QOQ change | -1.1% | 2.1% | 7.5% | 4.8% | 2.4% | |
| Total shareholders' equity | 17,425 | 16,813 | 17,645 | 18,572 | 19,428 | 11.5% |
| QOQ change | 3.9% | -3.5% | 4.9% | 5.3% | 4.6% | |

FABS estimate & Co Data

4Q25 preview: Ajman Bank (AJMANBAN)

Strong growth in non-yield income to support higher profitability

| Current Price | 12-m Target Price | Upside/Downside (%) | Rating |
|---------------|-------------------|---------------------|--------|
| AED 1.35 | AED 1.60 | +18.5% | BUY |

4Q25 estimate

Ajman Bank's (AJMANBANK/the Bank) net profit is expected to rise 16.6% YOY to AED 130 Mn in 4Q25, attributed to a forecasted rise in net funded-income, and non-funded income, partially offset by anticipated growth in operating expenses, tax expenses, and forecasted to incur an impairment charge compared to impairment reversal recorded in 4Q24. The Bank's funded income is expected to rise 16.6% YOY to AED 299 Mn in 4Q25, due to a projected growth in average interest earning assets. Similarly, the funded expenses are anticipated to increase 7.8% YOY to AED 196 Mn in 4Q25, driven by a forecasted rise in interest-bearing liabilities, partially offset by anticipated lower cost of funds. As a result, net funded income is likely to grow 37.9% YOY to AED 103 Mn in 4Q25. Fees and commission income are projected to rise substantially from AED 24 Mn in 4Q24 to AED 74 Mn in 4Q25, while income from investment securities is expected to rise from AED 22 Mn in 4Q24 to AED 76 Mn in 4Q25. Thus, we expect the Bank's total non-funded income to increase from AED 45 Mn in 4Q24 to AED 150 Mn in 4Q25. Hence, the Bank's total operating income is projected to rise from AED 120 Mn in 4Q24 to AED 253 Mn in 4Q25. Operating expenses are anticipated to increase 22.4% YOY to AED 102 Mn in 4Q25. As a result, the Bank's cost-to-income ratio is likely to fall substantially from 69.5% in 4Q24 to 40.5% in 4Q25. In addition, we expect AJMANBANK's to record impairment charges of AED 4 Mn in 4Q25, compared to impairment reversal of AED 90 Mn in 4Q24. Tax expenses are estimated to rise from AED 16 Mn in 4Q24 to AED 17 Mn in 4Q25.

2025 forecast

Ajman Bank's net profit is expected to increase 27.2% YOY to AED 509 Mn in 2025, mainly driven by an anticipated increase in non-funded income, partially offset by a forecasted decrease in net funded income & impairment reversal and an increase in operating expenses & tax charges. Funded income is anticipated to decline 4.6% YOY to AED 1,119 Mn in 2025, due to projected lower asset yield, partially offset by an anticipated rise in average interest-earning assets. Funded expenses are also expected to decrease 3.7% YOY to AED 737 Mn in 2025, owing to an anticipated decline in the cost of funds, partially offset by an expected rise in average interest-bearing liabilities. Thus, net funded income is likely to decrease 6.3% YOY to AED 382 Mn in 2025. As a result, NIMs to fall 24 bps YOY to 1.9% in 2025. Fees and commission income is estimated to rise 46.0% YOY to AED 278 Mn in 2025. Income from investment securities is expected to grow significantly from AED 138 Mn in 2024 to AED 252 Mn in 2025. Thus, non-funded income is forecasted to increase 61.4% YOY to AED 531 Mn in 2025. Resultantly, total operating income is expected to rise 24.0% YOY to AED 913 Mn in 2025. The Bank's operating expenses are anticipated to increase 7.6% YOY to AED 398 Mn in 2025. AJMANBANK's impairment reversal is forecasted to fall from AED 73 Mn in 2024 to AED 45 Mn in 2025. In addition, the Bank's tax expenses are estimated to increase 28.8% YOY to AED 50 Mn in 2025.

3Q25 outturn

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

Target price and recommendation

We revise our rating from ACCUMULATE to BUY on AJMANBANK with an unchanged target price of AED 1.60. The stock price decreased 3.5% since our last rating. AJMANBANK's profitability is mainly driven by solid growth in non-funded income. The Bank's core income declined during the quarter, primarily due to lower asset yield. However, the Bank recorded robust loan growth, with net advances rising by 13.5% YOY to AED 15.2 Bn in 3Q25. Customer deposits also grew 6.5% YOY to AED 20.6 Bn in 3Q25, with CASA ratio accounting for 26.6% of total deposits in 3Q25. Despite an increase in total operating expenses during 3Q25, AJMANBANK cost-to-income ratio improved to 40.8% in 3Q25 from 52.7% in 3Q24, reflecting growth in operating income. The Bank further remains focused on enhancing and optimizing the balance sheet. Furthermore, AJMANBANK's asset quality continued to improve, supported by a sustained decline in the NPL ratio over the past few quarters. The calculated NPL ratio declined from 10.2% in 2Q25 to 9.2% in 3Q25. Similarly, the calculated provision coverage ratio increased from 46.4% in 2Q25 to 47.2% in 3Q25. AJMANBANK also maintained healthy capitalization with a Tier 1 ratio of 15.8% and total CAR of 16.9% in 3Q25, both well above regulatory requirements. The Bank profitability ratio improved, as calculated ROAA and ROAE increased to 1.9% and 15.4% in 3Q25. Thus, based on our analysis, we revised our rating to BUY on the stock.

Ajman Bank - Relative valuation

| (at CMP) | 2020 | 2021 | 2022 | 2023 | 2024 | 2025F |
|----------------|-------|-------|-------|-------|-------|-------|
| P/E (x) | 61.46 | 28.25 | 20.25 | NM | 9.00 | 7.07 |
| P/B (x) | 1.31 | 1.25 | 1.30 | 1.36 | 1.17 | 1.06 |
| BVPS | 1.022 | 1.076 | 1.027 | 0.982 | 1.143 | 1.266 |
| EPS | 0.022 | 0.047 | 0.066 | NA | 0.149 | 0.190 |
| DPS | 0.000 | 0.000 | 0.000 | 0.000 | 0.073 | 0.073 |
| Dividend Yield | NA | NA | NA | NA | 5.4% | 5.4% |

FABS Estimates & Co Data

Ajman Bank - P&L

| AED Mn | 4Q24 | 3Q25 | 4Q25F | YOY Ch | QOQ Ch | 2024 | 2025F | Change |
|-----------------------------------|------------|------------|------------|--------------|--------------|------------|------------|--------------|
| Funded income | 257 | 285 | 299 | 16.6% | 5.0% | 1,172 | 1,119 | -4.6% |
| Funded expenses | -182 | -189 | -196 | 7.8% | 3.7% | -765 | -737 | -3.7% |
| Net funded income | 75 | 96 | 103 | 37.9% | 7.5% | 407 | 382 | -6.3% |
| Fees and commissions | 24 | 75 | 74 | NM | -1.3% | 191 | 278 | 46.0% |
| Income from Investment Securities | 22 | 90 | 76 | NM | -15.2% | 138 | 252 | 82.8% |
| Total non-funded income | 45 | 164 | 150 | NM | -8.9% | 329 | 531 | 61.4% |
| Total operating income | 120 | 260 | 253 | NM | -2.8% | 736 | 913 | 24.0% |
| Operating expenses | -84 | -106 | -102 | 22.4% | -3.6% | -370 | -398 | 7.6% |
| Pre-provision profit | 37 | 154 | 151 | NM | -2.3% | 367 | 515 | 40.4% |
| Impairment | 90 | -6 | -4 | NM | -28.3% | 73 | 45 | NM |
| Profit before tax | 127 | 148 | 146 | 15.1% | -1.2% | 440 | 560 | 27.3% |
| Corporate tax | -16 | -13 | -17 | 5.0% | 26.9% | -39 | -50 | 28.8% |
| Net profit | 111 | 135 | 130 | 16.6% | -4.0% | 401 | 509 | 27.2% |

FABS estimate & Co Data

Ajman Bank - KPI

| | 4Q24 | 3Q25 | 4Q25F | YOY Ch | QOQ Ch | 2024 | 2025F | Change |
|-------------------------------|---------|-------|-------|--------|--------|--------|-------|--------|
| Net FI/OI | 62.2% | 36.9% | 40.8% | NM | 392 | 55.3% | 41.8% | NM |
| NIM | 1.6% | 1.8% | 1.9% | 29 | 10 | 2.2% | 1.9% | -24 |
| NIS | 1.8% | 1.8% | 2.0% | 19 | 19 | 2.4% | 2.1% | -31 |
| Fees & comms/OI | 19.9% | 28.7% | 29.2% | 930 | 46 | 25.9% | 30.5% | 461 |
| Invt Securities/OI | 17.9% | 34.4% | 30.1% | NM | -438 | 18.8% | 27.7% | 890 |
| Cost to income | 69.5% | 40.8% | 40.5% | NM | -33 | 50.2% | 43.6% | -662 |
| Impairment/PPP | -246.2% | 4.0% | 2.9% | NM | -106 | -20.0% | -8.8% | NM |
| NP/OI | 92.4% | 51.8% | 51.2% | NM | -60 | 54.4% | 55.8% | 141 |
| Cost of risk | -2.6% | 0.2% | 0.1% | 270 | -5 | -0.5% | -0.3% | 22 |
| Loan-to-deposit | 71.8% | 74.0% | 73.0% | 125 | -96 | 71.8% | 73.0% | 125 |
| NPL | 11.4% | 9.2% | 9.8% | -163 | 57 | 11.4% | 9.8% | -163 |
| Coverage excluding collateral | 53.6% | 47.2% | 48.0% | -565 | 80 | 53.6% | 48.0% | -565 |
| Tier 1 | 18.0% | 15.8% | 14.9% | -304 | -86 | 18.0% | 14.9% | -304 |
| Capital adequacy | 19.1% | 16.9% | 16.0% | -306 | -89 | 19.1% | 16.0% | -306 |
| ROAA | 1.7% | 1.9% | 2.0% | 28 | 9 | 1.7% | 2.0% | 28 |
| ROAE | 13.8% | 15.4% | 15.5% | 169 | 18 | 13.8% | 15.5% | 169 |

FABS estimate & Co Data

Ajman Bank - Key B/S items

| AED Mn | 4Q24 | 1Q25 | 2Q25 | 3Q25 | 4Q25F | YOY Ch |
|-------------------|-------------|-------------|-------------|-------------|--------------|---------------|
| Net advances | 12,959 | 13,915 | 14,825 | 15,207 | 15,524 | 19.8% |
| QOQ change | -3.3% | 7.4% | 6.5% | 2.6% | 2.1% | |
| Total assets | 22,854 | 24,497 | 26,633 | 28,033 | 29,091 | 27.3% |
| QOQ change | -6.5% | 7.2% | 8.7% | 5.3% | 3.8% | |
| Customer deposits | 18,062 | 18,511 | 19,977 | 20,562 | 21,266 | 17.7% |
| QOQ change | -6.5% | 2.5% | 7.9% | 2.9% | 3.4% | |
| Total equity | 3,112 | 3,077 | 3,224 | 3,370 | 3,447 | 10.8% |
| QOQ change | 2.9% | -1.1% | 4.8% | 4.5% | 2.3% | |

FABS estimate & Co Data

4Q25 preview: **Commercial Bank International (CBI)**

Improved core operations and reduced impairments restore profitability

| Current Price | 12-m Target Price | Upside/Downside (%) | Rating |
|---------------|-------------------|---------------------|--------|
| AED 0.88 | AED 1.05 | +19.2% | BUY |

4Q25 estimates

Commercial Bank International's (CBI/the Bank) is expected to record a net profit of AED 25 Mn in 4Q25, compared to net loss of AED 29 Mn in 4Q24, mainly due to an anticipated rise in net funded income, and decline in impairment charges, partially offset by forecasted decrease in non-funded income, and rise in operating expenses. Funded income is projected to fall 8.0% YOY to AED 221 Mn in 4Q25, primarily due to an expected decline in asset yield, along with anticipated decline in average interest earning assets. Similarly, Income from Islamic financing is expected to decline 28.2% YOY to AED 24 Mn in 4Q25 owing to the expected substantial decline in Islamic financing assets, partially offset by forecasted significant rise in yield on Islamic assets. Additionally, funded expense is estimated to decline 23.5% YOY to AED 140 Mn in 4Q25, due to forecasted decline in cost of funds, and average interest-bearing liabilities. Hence, net funded income is expected to grow 15.6% YOY to AED 105 Mn in 4Q25. Fees and commission income are forecasted to rise 24.0% YOY to AED 41 Mn in 4Q25, while other operating income is forecasted to fall 16.4% YOY to AED 41 Mn. Thus, CBI's total non-funded income is likely to decline marginally 1.4% YOY to AED 83 Mn in 4Q25. As a result, total operating income is likely to grow 7.5% YOY to AED 188 Mn in 4Q25. Operating expenses are anticipated to expand 21.3% YOY to AED 105 Mn in 4Q25. However, we expect the Bank's cost-to-income ratio to surge from 49.7% in 4Q24 to 56.1% in 4Q25. We forecast CBI's impairment charge to decline 54.5% YOY to AED 54 Mn in 4Q25. In addition, the Bank is expected to record a tax expense of AED 2 Mn in 4Q25, compared to reversal of AED 3 Mn in 4Q24.

2025 forecast

CBI's net profit is expected to decrease from AED 201 Mn in 2024 to AED 125 Mn in 2025, mainly due to a projected decline in non-funded income, coupled with an expected increase in operating expenses, and impairment charges, partially offset by the projected increase in net funded income and decline in tax expense. Funded income is estimated to decline 11.2% YOY to AED 868 Mn in 2025, driven by an expected decline in asset yield, and average interest-earning assets. However, income from Islamic financing is forecasted to rise 9.5% YOY to AED 114 Mn in 2025, supported by expected growth in yield on Islamic assets, partially offset by anticipated decline in Islamic finance assets. Furthermore, we forecast funded expenses to fall 4.4% YOY to AED 587 Mn in 2025 driven by anticipated decline in cost of funds, along with decrease in average interest-bearing liabilities. As a result, net funded income is likely to grow 15.0% YOY to AED 396 Mn in 2025. Fees and commission income are estimated to rise 5.0% YOY to AED 145 Mn in 2025, while the other operating income is anticipated to decline 23.0% YOY to AED 170 Mn in 2025. Hence, total non-funded income is expected to decline 12.1% YOY to AED 316 Mn in 2025. As a result, operating income is anticipated to rise marginally 1.2% YOY to AED 711 Mn in 2025. Operating expenses are anticipated to grow 6.1% YOY to AED 401 Mn in 2025. The Bank's impairments are estimated to rise substantially from AED 103 Mn in 2024 to AED 173 Mn in 2025. In addition, the Bank's tax expenses are expected to fall 40.5% YOY to AED 12 Mn in 2025.

3Q25 outturn

CBI's funded income fell 13.9% YOY to AED 216 Mn in 3Q25, attributed to a decline in asset yield, partially offset by an increase in loans & advances and investments. However, income from Islamic financing and investment assets fell 26.2% YOY to AED 23 Mn in 3Q25, driven by a significant decline in average Islamic financing assets. Funded expenses shrank 29.2% YOY to AED 140 Mn in 3Q25 owing to lower cost of funds. As a result, the net funded income grew 17.5% YOY to AED 99 Mn in 3Q25. NIMs grew 32 bps YOY and 9 bps QOQ to 2.2% in 3Q25. Net fees and commission income declined from AED 41 Mn in 3Q24 to AED 30 Mn in 3Q25. Other operating income dropped sharply from AED 155 Mn in 3Q24 to AED 43 Mn in 3Q25, primarily due to the absence of the one-off gains recognized in 3Q24 from the sale of non-financial assets. As a result, the nonfunded income

decreased significantly from AED 196 Mn in 3Q24 to AED 73 Mn in 3Q25. Thus, total operating income decreased 38.6% YOY to AED 172 Mn in 3Q25. Similarly, operating expenses fell 6.0% YOY to AED 102 Mn in 3Q25. However, the cost-to-income ratio increased substantially from AED 38.7% in 3Q24 to 59.2% in 3Q25. The Bank's impairment charges grew significantly from AED 6 Mn in 3Q24 to AED 54 Mn in 3Q25. CBI's tax charges declined from AED 15 Mn in 3Q24 to AED 2 Mn in 3Q25.

Target Price and Rating

We maintained our rating to BUY on CBI with a target price of AED 1.05. While CBI's net profit softened in 3Q25, driven by lower non-funded income due to the absence of the one-off gain from the sale of non-financial assets in 3Q24, along with higher impairment charges, the Bank's underlying fundamentals continue to strengthen. The Bank's core income rose 17.5% YOY to AED 99 Mn in 3Q25, supported by higher lending and an expanded investment portfolio. Loans and advances except Islamic financing grew 10.8% YOY and 10.0% QOQ to AED 12.4 Bn in 3Q25, with wholesale lending accounting for 92.7% of the book, reflecting the Bank's focus on large-ticket corporate opportunities. However, Islamic financing and investment assets declined sharply from AED 1,712 Mn in 2Q25 to AED 423 Mn in 3Q25. Customer deposits increased 3.8% YOY and 3.9% QOQ to AED 15.8 Bn in 3Q25, although the deposit base remains dominated by high-cost term deposits. NIMs improved by 32 bps YOY and 9 bps QOQ to 2.2% in 3Q25, aided by a reduction in funding costs. Asset quality continued to improve, with the NPL ratio declining from 16.8% in 2Q25 to 16.4% in 3Q25, while the coverage ratio strengthened to 51.6% in 3Q25 from 44.7% in 2Q25, highlighting enhanced provisioning buffers. Capitalisation remains solid, with CET1 and CAR at 13.8% and 17.7%, respectively, during 3Q25, underscoring strong balance-sheet resilience. Given the improvement in core operating metrics, stronger capital and provision buffers, and the recent correction in the share price, we maintained CBI to BUY with a target price of AED 1.05.

CBI-Relative valuation

| (At CMP) | 2020 | 2021 | 2022 | 2023 | 2024 | 2025F |
|----------------|-------|-------|-------|-------|-------|-------|
| PE | NM | 12.27 | 12.74 | 9.71 | 7.43 | 12.00 |
| PB | 0.76 | 0.72 | 0.70 | 0.65 | 0.60 | 0.58 |
| BVPS | 1.134 | 1.200 | 1.230 | 1.320 | 1.422 | 1.493 |
| EPS | NM | 0.070 | 0.067 | 0.089 | 0.116 | 0.072 |
| DPS | NA | NA | NA | NA | NA | NA |
| Dividend Yield | NA | NA | NA | NA | NA | NA |

FABS estimate & Co Data

CBI - P&L

| AED Mn | 4Q24 | 3Q25 | 4Q25F | YOY Ch | QOQ Ch | 2024 | 2025F | Change |
|--------------------------------------|------------|------------|------------|--------------|--------------|------------|------------|---------------|
| Funded income | 240 | 216 | 221 | -8.0% | 2.2% | 978 | 868 | -11.2% |
| Inc from Islamic fin & invest assets | 34 | 23 | 24 | -28.2% | 4.5% | 105 | 114 | 9.5% |
| Funded expenses | -182 | -140 | -140 | -23.5% | -0.3% | -614 | -587 | -4.4% |
| Net funded income | 91 | 99 | 105 | 15.6% | 6.4% | 344 | 396 | 15.0% |
| Fees and commissions | 33 | 30 | 41 | 24.0% | 35.9% | 138 | 145 | 5.0% |
| Other operating income, net | 49 | 43 | 41 | -16.4% | -3.6% | 221 | 170 | -23.0% |
| Total non-funded income | 84 | 73 | 83 | -1.4% | 12.8% | 359 | 316 | -12.1% |
| Total operating income | 175 | 172 | 188 | 7.5% | 9.1% | 703 | 711 | 1.2% |
| Operating expenses | -87 | -102 | -105 | 21.3% | 3.4% | -378 | -401 | 6.1% |
| Pre provision profit | 88 | 70 | 82 | -6.2% | 17.4% | 326 | 311 | -4.5% |
| Impairment | -119 | -54 | -54 | -54.5% | 0.7% | -103 | -173 | 68.4% |
| UAE corporate tax | 3 | -2 | -2 | NM | -10.8% | -21 | -12 | -40.5% |
| Non-controlling interests | 0 | -1 | 1 | NM | NM | 1 | 1 | NM |
| Net profit | -29 | 15 | 25 | NM | NM | 201 | 125 | -38.1% |

FABS estimate & Co Data

CBI - P&L KPI

| | 4Q24 | 3Q25 | 4Q25F | YOY Ch | QOQ Ch | 2024 | 2025F | Change |
|-----------------------|--------|-------|-------|--------|--------|-------|-------|--------|
| Net FI/OI | 52.1% | 57.5% | 56.0% | 395 | -145 | 48.9% | 55.6% | 671 |
| NIM | 2.0% | 2.2% | 2.3% | 34 | 12 | 1.9% | 2.1% | 22 |
| NIS | 1.6% | 1.9% | 2.0% | 43 | 11 | 1.5% | 1.8% | 36 |
| Fees & comms/OI | 19.1% | 17.7% | 22.0% | 294 | 435 | 19.7% | 20.4% | 75 |
| Trading/OI | 28.2% | 24.8% | 21.9% | -626 | -289 | 31.5% | 24.0% | NA |
| Cost to income | 49.7% | 59.2% | 56.1% | 641 | -311 | 53.7% | 56.3% | 260 |
| Impairment/PPP | 135.7% | 76.9% | 65.9% | NM | NM | 31.6% | 55.8% | NA |
| NP/OI | -16.3% | 8.8% | 13.4% | NM | 464 | 28.6% | 17.5% | NA |
| Cost of risk | 4.0% | 1.6% | 1.6% | -240 | -1 | 0.9% | 1.4% | 52 |
| Loan-to-deposit | 88.0% | 81.0% | 80.0% | -803 | -103 | 88.0% | 80.0% | -803 |
| NPL - calculated | 15.9% | 16.4% | 16.2% | 27 | -17 | 15.9% | 16.2% | 27 |
| Coverage - calculated | 41.7% | 51.6% | 51.1% | 936 | -51 | 41.7% | 51.1% | 936 |
| CET 1 | 13.8% | 13.8% | 13.9% | 9 | 15 | 13.8% | 13.9% | 9 |
| Capital Adequacy | 17.7% | 17.7% | 17.6% | -8 | -3 | 17.7% | 17.6% | -8 |
| ROAE | 8.4% | 2.8% | 4.9% | -353 | 212 | 8.4% | 4.9% | -353 |
| ROAA | 1.0% | 0.3% | 0.6% | -42 | 25 | 1.0% | 0.6% | -42 |

FABS estimate & Co Data

CBI- Key BS Items

| AED Mn | 4Q24 | 1Q25 | 2Q25 | 3Q25 | 4Q25F | YOY Ch |
|-------------------|--------|--------|--------|--------|--------|--------|
| Net advances | 13,583 | 13,362 | 12,946 | 12,782 | 12,757 | -6.1% |
| QOQ Change | 5.2% | -1.6% | -3.1% | -1.3% | -0.2% | |
| Total assets | 20,895 | 20,577 | 20,579 | 20,772 | 21,082 | 0.9% |
| QOQ Change | -0.5% | -1.5% | 0.0% | 0.9% | 1.5% | |
| Customer deposits | 15,430 | 15,339 | 15,185 | 15,774 | 15,947 | 3.3% |
| QOQ Change | 1.6% | -0.6% | -1.0% | 3.9% | 1.1% | |
| Total equity | 2,929 | 2,969 | 3,001 | 3,019 | 3,054 | 4.3% |
| QOQ Change | -1.4% | 1.4% | 1.1% | 0.6% | 1.1% | |

FABS estimate & Co Data

4Q25 preview: United Arab Bank (UAB)

Impairment charges to impact net profit

| Current Price | 12-m Target Price | Upside/Downside (%) | Rating |
|---------------|-------------------|---------------------|--------|
| AED 1.29 | AED 1.40 | +8.5% | HOLD |

4Q25 Estimate

United Arab Bank (UAB) is anticipated to report 20.4% YOY decrease in net profit to AED 71 Mn in 4Q25, mainly due to an increase in operating expenses and an estimated impairment charge compared to the impairment reversal in 4Q24, partially offset by an expected increase in net funded and non-funded income, along with lower tax expenses. Funded income is forecasted to rise 15.6% YOY to AED 336 Mn in 4Q25, due to a forecasted increase in advances and investments, partially offset by a decline in asset yield. Similarly, funded expense is anticipated to increase 5.8% YOY to AED 188 Mn in 4Q25, driven by an expected rise in average interest-bearing liabilities, partially offset by forecasted decline in cost of funds. Therefore, net funded income is expected to increase substantially from AED 113 Mn in 4Q24 to AED 148 Mn in 4Q25. Furthermore, fee and commission income is anticipated to decline marginally 0.1% YOY to AED 26 Mn in 4Q25. Whereas, exchange income is forecasted to rise 2.3% YOY to AED 12 Mn in 4Q25. The Bank's other non-funded income is anticipated to increase significantly from AED 3 Mn in 4Q24 to AED 14 Mn in 4Q25. Thus, total non-funded income is expected to rise 26.5% YOY to AED 52 Mn in 4Q25. UAB's operating income is likely to grow from AED 154 Mn in 4Q24 to AED 200 Mn in 4Q25. The Bank's operating expense is expected to increase 19.2% YOY to AED 112 Mn in 4Q25. UAB is expected to witness an impairment charge of AED 10 Mn in 4Q25, compared to an impairment reversal of AED 38 Mn in 4Q24. We expect the Bank to record a tax expense of AED 7 Mn in 4Q25, compared to AED 9 Mn in 4Q24.

2025 Forecast

UAB's net profit is forecasted to rise 28.3% YOY to AED 386 Mn in 2025, attributed to an expected increase in net funded income, non-funded income, and decline in impairment charges, partially offset by an anticipated rise in operating expenses and tax expense. The Bank's funded income is expected to increase 8.5% YOY to AED 1,294 Mn in 2025, primarily due to an expected increase in net advances and investments, partially offset by a forecasted reduction in asset yields. On the other hand, funded expense is forecasted to marginally decline 0.8% YOY to AED 721 Mn in 2025, owing to expected decline in cost of funds, partially offset by growth in deposits. Consequently, net funded income is likely to grow 23.0% YOY to AED 574 Mn in 2025. The Bank's fees and commission income is forecasted to grow 12.0% YOY to AED 102 Mn in 2025. Additionally, exchange income is forecasted to rise 40.0% YOY to AED 48 Mn in 2025. Furthermore, other non-funded income is expected to increase substantially from AED 14 Mn in 2024 to AED 56 Mn in 2025. Consequently, total non-funded income is likely to grow 48.1% YOY to AED 206 Mn in 2025. The Bank's operating income is expected to rise 28.7% YOY to AED 780 Mn in 2025. In addition, operating expenses are forecasted to increase 19.7% YOY to AED 381 Mn in 2025. UAB's impairment charges is forecasted to decline substantially from AED 43 Mn in 2024 to AED 25 Mn in 2025. The Bank's tax expense is anticipated to increase 28.1% YOY to AED 38 Mn in 2025.

3Q25 Outrun

UAB's interest income grew 9.7% YOY to AED 331 Mn in 3Q25, driven by a strong growth in average interest-earning assets, partially offset by a decline in asset yield. Interest expenses fell 5.4% YOY to AED 181 Mn in 3Q25 owing to a lower cost of funds on YOY basis, partially offset by a growth in average interest-bearing liabilities. Fees and commissions income increased 9.4% YOY to AED 25 Mn in 3Q25, while exchange income grew 45.7% YOY to AED 14 Mn. Similarly, other non-funded income more than doubled from AED 8 Mn in 3Q24 to AED 17 Mn in 3Q25. Non-funded income rose from AED 41 Mn in 3Q24 to AED 56 Mn in 3Q25 due to the Bank's strategic efforts to increase cross-selling and higher foreign exchange income, coupled with higher investment gain. Thus, operating income rose 36.4% YOY to AED 207 Mn in 3Q25. Operating expenses increased 21.5% YOY to AED 91 Mn in 3Q25, driven by investments in talent and enhancements to products and systems to strengthen the Bank's operations along with non-discretionary regulatory expenses while maintaining discipline

in discretionary spending. Thus, the cost-to-income ratio decreased from 49.6% in 3Q24 to 44.1% in 3Q25. The Bank recorded impairment reversal of AED 3 Mn in 3Q25 compared to a reversal of AED 5 Mn in 3Q24, driven by prudent risk management and continued focus on maintaining strong asset quality. Tax expenses increased 46.0% YOY to AED 11 Mn in 3Q25 in line with growth in profit before tax.

Target Price and Recommendation

We maintain our HOLD rating on UAB, with a revised target price of AED 1.40. UAB's profitability grew 46.2% YOY in 3Q25, supported by a robust growth in net funded and non-funded income and disciplined cost control. The Bank's loans & advances increased 31.2% YOY and 5.2% QOQ to AED 14.1 Bn, driven by an increase in lending across key sectors and a rise in Islamic financing, indicating strong credit demand. Similarly, the Bank's investment portfolio expanded 30.4% YOY and 12.0% QOQ to AED 7.4 Bn in 3Q25, driven by the strategic deployment of surplus liquidity into high-quality assets aimed at improving yield performance. This growth highlights the Bank's focus on enhancing income diversification and maximizing returns from its liquid resources. UAB also recorded strong growth in non-funded income in 9M25 through enhanced cross-selling, FX income, investment and property-related gain. We expect the Bank to maintain this momentum going forward, using new strategies. Despite higher growth in operating income, the Bank maintained its cost focus as the cost-to income ratio declined from 49.5% in 9M24 to 46.2% in 9M25. However, deposits declined by 7.9% QOQ to AED 14.4 Bn in 3Q25 due to a decline in CASA and non-CASA deposits. CASA deposits as a percentage of total deposits fell from 36.5% in 2Q25 to 34.4% in 3Q25. Decline in CASA deposit during a declining interest rate scenario will negatively impact NIMs. UAB's asset quality weakened in 3Q25, with an increase in the NPL ratio from 2.2% in 2Q25 to 3.1% in 3Q25. The increase in the NPL ratio is due to the addition of fresh slippages of AED 225.4 Mn and write-off of AED 98.0 Mn loans in 3Q25. While the stage 2 loans as a percentage of gross loans declined from 3.4% in 2Q25 to 2.6% in 3Q25. In addition, the provision coverage declined from 148.0% in 2Q25 to 82.0% in 3Q25, indicating a reduced buffer against potential loan losses. To strengthen its capital base, the bank raised AED 1.03 Bn through a rights issue in 3Q25, which was fully subscribed, resulting in an improvement in its CET1 ratio to 18.5% and CAR to 22.8% in 3Q25. UAB's stable resource ratio and eligible liquid asset ratio stood at 81% and 14%, respectively in 3Q25, both above the regulatory requirement, thus reflecting the Bank's continued resilience in maintaining a well-balanced funding mix and sufficient liquidity buffers. The bank launched the "Jaywan Prepaid Card" in partnership with Network International, IDEMIA, and Al Etihad Payments to promote digital payments and financial inclusion, reflecting the Bank's focus on innovation and profitable growth. Thus, based on these factors, we assigned a HOLD rating on the stock.

UAB - Relative valuation

| (At CMP) | 2020 | 2021 | 2022 | 2023 | 2024 | 2025F |
|----------------|-------|-------|-------|-------|-------|-------|
| PE | NA | 35.85 | 16.26 | 9.84 | 8.35 | 7.79 |
| PB | 1.73 | 1.66 | 1.68 | 1.45 | 1.26 | 0.86 |
| BVPS | 0.705 | 0.733 | 0.727 | 0.844 | 0.971 | 1.410 |
| EPS | NM | 0.034 | 0.075 | 0.124 | 0.146 | 0.157 |
| DPS | NA | NA | NA | NA | NA | NA |
| Dividend Yield | NA | NA | NA | NA | NA | NA |

FABS Estimates & Co Data

UAB - P&L

| AED Mn | 4Q24 | 3Q25 | 4Q25F | YOY Ch | QOQ Ch | 2024 | 2025F | Change |
|--------------------------------|------------|------------|------------|---------------|---------------|------------|------------|--------------|
| Interest income | 290 | 331 | 336 | 15.6% | 1.3% | 1,193 | 1,294 | 8.5% |
| Interest expense | -178 | -181 | -188 | 5.8% | 4.0% | -726 | -721 | -0.8% |
| Net interest income | 113 | 151 | 148 | 31.1% | -1.9% | 467 | 574 | 23.0% |
| Fees and commissions | 26 | 25 | 26 | -0.1% | 5.1% | 91 | 102 | 12.0% |
| Exchange income | 12 | 14 | 12 | 2.3% | -16.7% | 34 | 48 | 40.0% |
| Other non-funded income | 3 | 17 | 14 | NA | -18.8% | 14 | 56 | NM |
| Total non-funded income | 41 | 56 | 52 | 26.5% | -7.9% | 139 | 206 | 48.1% |
| Total operating income | 154 | 207 | 200 | 29.9% | -3.5% | 606 | 780 | 28.7% |
| Total operating Expenses | -94 | -91 | -112 | 19.2% | 23.1% | -318 | -381 | 19.7% |
| Pre provision profit | 59 | 116 | 87 | 46.8% | -24.5% | 288 | 399 | 38.7% |
| Impairment | 38 | 3 | -10 | NM | NM | 43 | 25 | -41.6% |
| Profit before tax | 98 | 118 | 77 | -20.6% | -34.6% | 331 | 424 | 28.3% |
| Corporate tax | -9 | -11 | -7 | -21.9% | -35.1% | -30 | -38 | 28.1% |
| Net profit | 89 | 108 | 71 | -20.4% | -34.6% | 301 | 386 | 28.3% |

FABS estimate & Co Data

UAB - P&L KPI

| | 4Q24 | 3Q25 | 4Q25F | YOY Ch | QOQ Ch | 2024 | 2025F | Change |
|-------------------------------|--------|-------|--------|--------|--------|--------|--------|--------|
| Net FI/OI | 73.4% | 72.9% | 74.1% | 70 | 123 | 77.0% | 73.6% | -346 |
| NIM | 2.3% | 2.6% | 2.4% | 15 | -15 | 2.5% | 2.5% | 3 |
| NIS | 1.8% | 2.1% | 1.8% | 6 | -24 | 2.0% | 2.0% | 6 |
| Fees & comms/OI | 16.8% | 11.9% | 12.9% | -387 | 105 | 15.0% | 13.0% | -195 |
| Exchange income/OI | 7.6% | 6.9% | 6.0% | -161 | -95 | 5.7% | 6.2% | 50 |
| Cost to income | 61.3% | 44.1% | 56.3% | -505 | NM | 52.5% | 48.8% | -367 |
| Impairment/PPP | -64.1% | -2.5% | 11.2% | NM | NM | -14.9% | -6.3% | 861 |
| NP/OI | 57.7% | 52.1% | 35.4% | NM | NM | 49.7% | 49.5% | -17 |
| Cost of risk – Calculated | -1.3% | -0.1% | 0.3% | 156 | 34 | -0.4% | -0.2% | 21 |
| Loan-to-deposit | 84.9% | 98.2% | 98.0% | NM | -21 | 84.9% | 98.0% | NM |
| NPL | 3.9% | 3.1% | 2.5% | -135 | -56 | 3.9% | 2.5% | -135 |
| Coverage excluding collateral | 117.7% | 82.0% | 130.0% | NM | NM | 117.7% | 130.0% | NM |
| CET 1 | 12.7% | 18.5% | 19.0% | 625 | 45 | 12.7% | 19.0% | 625 |
| Capital adequacy | 17.4% | 22.8% | 22.9% | 548 | 9 | 17.4% | 22.9% | 548 |
| ROAE | 16.1% | 14.9% | 14.1% | -200 | -78 | 16.1% | 14.1% | -200 |
| ROAA | 1.5% | 1.8% | 1.6% | 9 | -19 | 1.5% | 1.6% | 9 |

FABS estimate & Co Data

UAB- Key BS Items

| AED Mn | 4Q24 | 1Q25 | 2Q25 | 3Q25 | 4Q25F | YOY Ch. |
|-------------------|--------|--------|--------|--------|--------|---------|
| Net advances | 11,526 | 12,472 | 13,418 | 14,112 | 15,186 | 31.8% |
| QOQ Change | 7.2% | 8.2% | 7.6% | 5.2% | 7.6% | |
| Total assets | 21,461 | 23,429 | 23,921 | 24,465 | 25,974 | 21.0% |
| QOQ Change | 7.2% | 9.2% | 2.1% | 2.3% | 6.2% | |
| Customer deposits | 13,577 | 14,942 | 15,601 | 14,369 | 15,496 | 14.1% |
| QOQ Change | 12.9% | 10.1% | 4.4% | -7.9% | 7.8% | |
| Total equity | 2,551 | 2,659 | 2,781 | 3,959 | 4,030 | 57.9% |
| QOQ Change | -1.0% | 4.2% | 4.6% | 42.4% | 1.8% | |

FABS estimate & Co Data

