

## UAE Banking Sector – March 2026

*Strong Liquidity and Diversified Funding Support Stability Amid Volatility*

Sector Weighting:  
**MARKET WEIGHT**

### Top Picks and Rating Changes

UAE banks remain fundamentally well positioned heading into 1Q26. However, rising geopolitical uncertainties introduce near-term risks, particularly around deposit stability and asset quality in select cyclical sectors. While the funding base could witness some volatility given the relatively high share of expatriate-linked deposits, overall liquidity remains strong. Non-resident deposits account for around 9% of total deposits as of December 2025, while a significant portion of resident deposits is linked to expatriates, reflecting the country's 85-88% expatriate population. As a result, a portion of retail deposits could exhibit relatively higher sensitivity during periods of heightened geopolitical uncertainty. With travel and tourism contributing 13% to UAE GDP, it supports bank credit growth and liquidity, though geopolitical risks could weaken asset quality and raise provisioning if demand softens.

Despite this, UAE banks maintain strong liquidity positions, which should help mitigate near-term funding risks. Large banks such as Emirates NBD (ENBD), Abu Dhabi Commercial Bank (ADCB), Abu Dhabi Islamic Bank (ADIB), and Mashreq Bank appear particularly well positioned, supported by robust liquidity buffers and diversified funding bases. ENBD maintains strong liquidity, with an LCR of 152% and ADR of 81% in 4Q25, providing a meaningful cushion against potential deposit outflows, alongside strong deposit growth since 2021. ADCB and ADIB also maintain solid liquidity profiles, supported by strong funding franchises, enhancing ability to absorb short-term deposit volatility. ADCB reported an LCR of 131.3%, while ADIB maintained an Eligible Liquid Assets Ratio (ELAR) of 19.4% and an advance to stable fund ratio (AFR) of 84.1% in 4Q25. Both banks have also strengthened their funding profiles through steady deposit accretion over recent years. Similarly, Mashreq Bank holds one of the stronger liquidity buffers in the sector, supported by high levels of liquid assets and a diversified funding structure. Overall, strong liquidity buffers and diversified funding profiles across large banks are expected to mitigate near-term risks.

Loan growth is expected to remain healthy, supported by robust economic activity and government spending, albeit moderating from the elevated levels seen in 2025. From an asset quality perspective, ENBD and ADCB appear relatively better positioned, supported by diversified loan books and exposure to more resilient segments. ENBD's loan portfolio remains well diversified across sectors, with no single segment exceeding c.24% (ex-mortgages), alongside a strong CASA mix of 60% in 4Q25, providing balance sheet stability. Similarly, ADCB loan book benefits from significant exposure to government and GRE-linked entities, with relatively limited exposure to real estate, which should help mitigate downside risks, although its corporate-heavy mix may warrant a more precautionary provisioning stance. According to Bloomberg, CBI and SIB has highest exposure to the real estate and construction sector at 33% and 26% respectively as of 2025. This elevated concentration suggests greater vulnerability to a potential geopolitical-driven slowdown in property markets. In contrast, Mashreq Bank, and RAKBANK with exposure of around 5%, remain comparatively less exposed and are better positioned from a risk perspective. CBD's loan book remains skewed towards corporate lending with notable exposure to trade, services, and construction-linked segments, increasing its sensitivity to economic disruptions. Meanwhile, DIB also has relatively higher exposure

to real estate and consumer financing, which could moderate asset quality if market conditions soften. ADIB presents a relatively defensive profile, supported by its retail-focused portfolio, although exposure to real estate-linked home finance could translate into moderate pressure under a prolonged slowdown scenario.

DIB and ENBD are the most resilient on asset quality, with the lowest cost of risk at 0.20% and 0.24% in 2025, reflecting lower sensitivity to geopolitical stress. On the Stage 1 coverage side, CBI and DIB, with relatively lower coverage levels of 41 bps and 44 bps as of 2025, may need to increase provisioning due to geopolitical uncertainties. In contrast, RAKBANK and ENBD maintain stronger buffers at 246 bps and 94 bps in 2025, positioning them better to withstand potential credit stress. Moreover, the sector continues to benefit from strong capital positions and healthy profitability, supporting sustained dividend payouts and providing flexibility to absorb potential shocks while funding growth. Capital ratios across the large UAE banks remain comfortably above regulatory requirements, underpinned by strong internal capital generation despite continued balance sheet expansion. While risk-weighted assets have increased in line with robust loan growth, particularly across retail and corporate segments, capital accretion through retained earnings has largely offset this impact, enabling banks to sustain healthy buffers. Large banks such as ENBD and ADCB continue to operate with solid capital headroom, supported by strong earnings generation and prudent capital management, while Islamic banks including DIB and ADIB also maintain comfortable buffers despite steady financing growth.

The Central Bank of the UAE has taken initiative for UAE banks to strengthen banks by introducing a proactive resilience package aimed at enhancing their financial stability during uncertain conditions. Backed by strong financial capacity, including foreign exchange reserves exceeding AED 1 Tn and a robust monetary base cover ratio of 119%, the CBUAE has ensured ample system liquidity, with total liquidity support reaching AED 920 Bn and banks reserve balances surpassing AED 400 Bn. These measures, coupled with readiness to deploy additional policy tools, have reinforced confidence in the UAE's AED 5.4 Tn banking system, ensuring stability in payment systems, sustained funding flexibility for banks, and continued resilience of the financial sector despite external headwinds.

The Financial Institution Resilience Package is structured around five key pillars, enabling banks to access monetary liquidity while providing enhanced flexibility to deploy excess liquidity and capital buffers,

**Pillar I (Monetary Policy Measures):** Enhances bank's access to liquidity by allowing utilisation of up to 30% of required reserves and providing term funding facilities in both AED and USD.

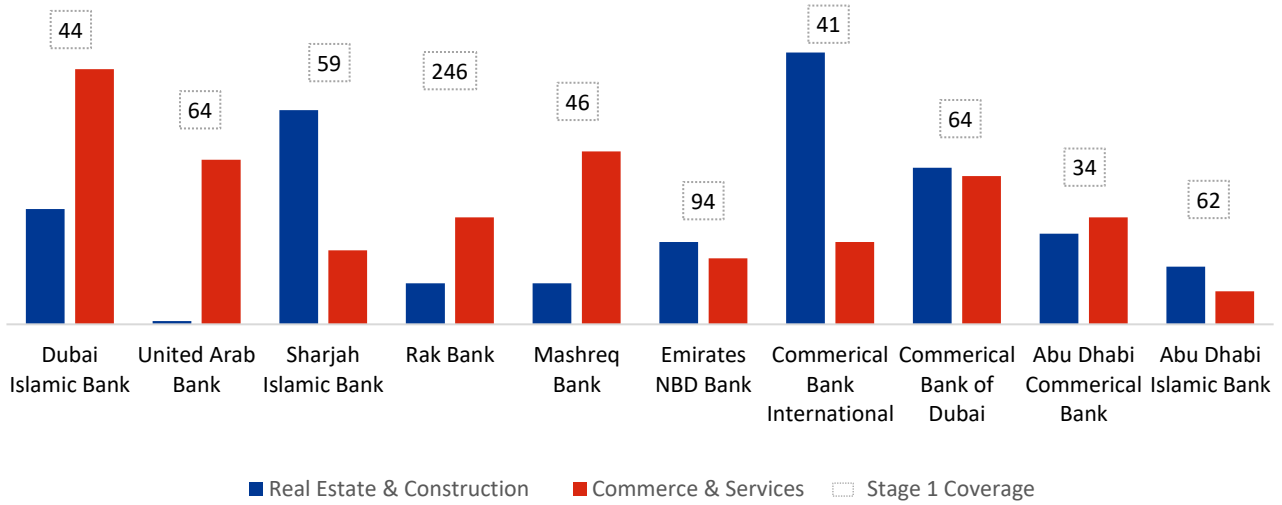
**Pillar II (Liquidity and Funding Relief):** Introduces temporary flexibility in liquidity coverage and stable funding ratios, enabling banks to more effectively support economic activity in the UAE.

**Pillar III (Capital Buffer Relief):** Allows the temporary release of the Countercyclical Capital Buffer (CCyB) and Capital Conservation Buffer (CCB), effectively freeing up regulatory capital to absorb shocks and support economy of the country.

**Pillar IV (Credit Risk Management):** Provides regulatory forbearance by permitting banks to delay loan classification for borrowers impacted by current conditions, helping mitigate procyclicality in asset quality recognition.

**Pillar V (Additional Support):** Reinforces expectations for banks to continue extending financing to households and corporates, ensuring uninterrupted support to the real economy.

Sector wise exposure and Stage 1 Coverage



Source: Bloomberg

**Our top picks:**

- 1) **ENBD** (Trades at 7.34x/1.16x 2026E P/E and P/B multiple with a dividend yield of 3.5% and a Target Price (TP) of AED 33.50). Net advances grew 26.2% YOY and 4.8% QOQ to AED 632.8 Bn in 4Q25, driven by solid momentum across retail and corporate segments, alongside accelerated expansion in KSA, where financing increased 48% YOY in 2025. The loan portfolio remains well diversified, with no single sector exceeding c.24% (ex-mortgages), complemented by a strong CASA ratio of 60% in 4Q25, supporting funding stability. The Bank continues to expand its international footprint, including its strategic stake in RBL Bank (India) and ongoing branch expansion in KSA, with plans to increase its network to 24 branches in 1Q26. Asset quality trends remain supportive, with NPLs improving to 2.4% and a healthy coverage ratio of 160% in 4Q25, providing a strong buffer against potential stress. Capitalisation remains robust, with a CET1 ratio of 14.4% and CAR of 16.6%, while liquidity metrics are strong, reflected in an LCR of 152% and ADR of 81% in 4Q25.
- 2) **ADIB** (Trading at 10.94x/2.57x 2026E P/E and P/B multiple with a dividend yield of 5.1% and Target Price (TP) of AED 26.00). ADIB reported strong balance sheet momentum in 4Q25, with net advances rising 27.2% YOY and 6.2% QOQ to AED 181.4 Bn, driven by growth in both retail financing and wholesale financing, particularly to public sector and government-related entities. The Bank added c. 283,000 new customers in 2025, supporting franchise expansion. NIMs is expected to see modest moderation, primarily due to the repricing of the corporate financing book, although the broader portfolio remains relatively insulated given its origination at higher yield levels in 2024-2025. Asset quality trends remain supportive, with the NPL ratio improving to 2.8% and provision coverage increasing to 92% in 4Q25, reflecting strong recoveries and disciplined risk management. Liquidity remains robust, with the Eligible Liquid Assets Ratio (ELAR) improving to 19.4%, while the Advances to Stable Fund Ratio (AFR) stood at 84.1% in 4Q25, indicating a well-balanced funding profile.
- 3) **ADCB** (Trades at 8.15x/1.15x 2026E P/E and P/B multiple with a dividend yield of 5.4% and a Target Price (PT) of AED 18.00). Net advances grew 15.8% YOY and 1.1% QOQ to AED 406.0 Bn in 4Q25, mainly due to broad based growth across diverse sectors. The Bank's portfolio remains conservatively positioned, with significant exposure to government and GRE-linked entities of 23% and limited exposure to real estate of 11% as of 4Q25, enhancing resilience in a potentially volatile macro environment. ADCB's customer deposits increased by 18.7% YOY and 3.6% QOQ to AED 499.8 Bn in 4Q25, with CASA accounting for 46% of total deposits during 4Q25, providing a favorable funding mix and supporting the Bank's margin profile. Asset quality continues to strengthen, with the NPL ratio declining to 1.83% in 4Q25, reflecting disciplined underwriting and strong recoveries. ADCB also proposed a cash dividend of AED 0.63 per share, amounting to AED 4.99 Bn for 2025, and target a five-year shareholder distribution of AED 25 Bn, as part of its strategic plan.

## Key Industry Themes

The UAE economy expanded 5.1% YOY in 9M25, supported by a strong 6.1% YOY growth in non-hydrocarbon GDP. The non-oil sector's performance was led by manufacturing, construction, financial services, and real estate. Reflecting this momentum, the Central Bank of the UAE (CBUAE) forecasted 5.6% GDP growth for 2025 and expects to remain flat in 2026. The growth is mainly driven by non-oil, along with a recovery in oil output. Additionally, off-plan sales maintained healthy momentum, accompanied by a rise in property prices. The S&P UAE PMI increased to 55.0 in February 2026 from 54.9 in January 2026, indicating strong growth in the non-oil private sector. Sales growth was mainly driven by domestic demand, supported by increased tourism, expanding e-commerce channels, and rising demand for AI-related products, while export growth remained modest. Employment rose modestly in February, marking the fastest increase since last November as firms continued efforts to build staffing capacity. Furthermore, supply chains improved, supporting inventory build-up, while lower fuel prices helped contain input cost pressures. Overall, strong demand continued to support positive expectations for future activity. CBUAE reported UAE inflation averaged 1.3% in 2025 and is expected to rise to 1.8% in 2026 and 2.0% in 2027. The average inflation was supported by declines in transport and textile costs, along with favorable trends in food prices.

The UAE banking system's domestic advances grew 0.6% MOM to AED 2,049.1 Bn in December 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 1.8% MOM to AED 308.7 Bn in December 2025, followed by the private sector lending which grew 0.7% MOM to AED 1,513.8 Bn in December 2025, supported by higher lending to financial institutions. However, government spending decreased by 2.0% MOM to AED 226.6 Bn in December 2025. Deposits continued to strengthen, rising 2.2% MOM to AED 3,307.0 Bn in December 2025, supported by a notable increase in resident and non-resident deposits. Total assets grew 1.7% MOM and 17.1% YOY to AED 5,339.9 Bn in December 2025. However, liquid assets increased from AED 843.6 Bn in 3Q25 to AED 919.4 Bn in 4Q25, with the liquid assets-to-total assets ratio increasing to 17.4% in 4Q25, from 16.4% in 3Q25, reflecting modest liquidity normalization. On the earnings front, gross income increased from AED 125.5 Bn in 3Q25 to AED 168.0 Bn in 4Q25, while interest margin income improved from AED 81.8 Bn in 3Q25 to AED 110.3 Bn in 4Q25. 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 4Q25.

In the January 2026 meeting, the US Federal Reserve maintained interest rates at 3.50%–3.75%, with its outlook indicating limited or delayed rate cuts due to geopolitical-driven inflation risks, although markets continue to expect at least one 25 bps cut in 2026. Following this move, the CBUAE also reduced its Overnight Deposit Facility rate to 3.65%. A broadly stable interest rate environment in 2026, with limited room for policy easing, is expected to support continued credit expansion across the UAE banking sector while keeping pressure on margins manageable. Despite heightened geopolitical uncertainty and higher oil prices influencing global markets, the UAE's strong economic fundamentals and ample liquidity are likely to sustain lending activity across both retail and corporate segments.

The average cost-to-income ratio of UAE banks increased, with the sector average growing from 33.8% in 3Q25 to 35.0% in 4Q25. FAB and CBD continued to deliver the strongest efficiency levels, posting cost-to-income ratios of 23.6% and 25.8%, respectively, in 4Q25. On the other hand, Ajman Bank recorded highest cost-to-income ratio of 48.9% in 4Q25. Within the large-cap group, CBI recorded the sharpest quarterly improvement, with its ratio declining from 59.2% in 3Q25 to 44.3% in 4Q25. The annualised cost of risk for the banks under our coverage increased from 0.58 bps in

3Q25 to 0.69 bps in 4Q25. In line with recent trends, only three banks recorded impairment reversals 4Q25, 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 2.9% in 4Q25 from 3.2% in 3Q25, supported by strong recoveries and disciplined credit underwriting. Capital Adequacy Ratio (CAR) declined to 16.7% in 4Q25, compared to 17.4% in 3Q25, remaining comfortably above regulatory requirements. Tier 1 capital ratio decreased to 15.9% in 4Q25, from 16.2% in 3Q25. Common Equity Tier 1 (CET1) capital declined from AED 535.6 Bn in 3Q25, to AED 528.1 Bn in 4Q25, with the CET1 ratio declining to 14.4% in 4Q25, from 14.8% in 3Q25. During 4Q25, Risk-Weighted Assets (RWA) expanded to AED 3,661.4 Bn in 4Q25, compared to AED 3,619.0 Bn in 3Q25, 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 a MARKET WEIGHT with BUY rating on all 11 UAE banks under our coverage. The UAE banking system continued to demonstrate solid balance sheet growth with total net assets grew 2.7% QOQ to AED 5,339.9 Bn in December 2025. The UAE banking sector's net advances rose 1.8% QOQ to AED 2,049.1 Bn in December 2025. Customer deposits mobilisation increased 3.8% QOQ to AED 3,307.0 Bn in December 2025.

### Target price and rating:

Co. Name	Target Price	Current Market Price	Potential change	Rating
<b>CBI</b>	1.05	0.88	+20%	<b>BUY</b>
<b>MASQ</b>	270.00	211.00	+28%	<b>BUY</b>
<b>SIB</b>	3.70	3.20	+16%	<b>BUY</b>
<b>AJMANBANK</b>	1.80	1.33	+35%	<b>BUY</b>
<b>RAKBANK</b>	9.50	7.91	+20%	<b>BUY</b>
<b>CBD</b>	10.70	9.20	+16%	<b>BUY</b>
<b>ADCB</b>	18.00	12.80	+41%	<b>BUY</b>
<b>ADIB</b>	26.00	20.70	+26%	<b>BUY</b>
<b>DIB</b>	10.50	7.37	+43%	<b>BUY</b>
<b>ENBD</b>	33.50	28.20	+19%	<b>BUY</b>
<b>UAB</b>	1.60	1.33	+20%	<b>BUY</b>

Source: FABS from co data

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## Industry Themes

### **Commercial Bank International to exit its Islamic banking operations refocus**

Commercial Bank International announced its exit from Islamic finance operations to focus on its core conventional banking business. The bank, listed on the Abu Dhabi Securities Exchange, received approval from the UAE Central Bank to close its Islamic Window, which managed Shariah-compliant products. The closure was stated to be implemented in an orderly and controlled manner, while remaining fully compliant with regulatory and Shariah requirements. Moreover, the bank confirmed service continuity during the transition. Additionally, management clarified that the move would not impact financial performance or operations, coupled with regular communication and dedicated customer support.

### **India approved Emirates NBD's RBL Bank stake acquisition**

India's competition regulator approved the acquisition of shares in RBL Bank by Dubai-based Emirates NBD Bank. The approval followed Emirates NBD's October announcement to acquire a 60% stake in the Indian lender for USD 3 Bn.

### **Emirates NBD raised USD 1 Bn via blue and green bonds, orders exceed USD 2 Bn**

Emirates NBD, raised a combined USD 1.0 Bn through the issuance of blue and green sustainability-linked bonds, attracting strong investor demand with an orderbook exceeding USD 2.0 Bn. Moreover, the three-year blue bond raised USD 300 Mn, priced at UST +65 bps, tightened from initial price thoughts of UST +95 bps, with a 4.195% coupon, a matching yield, and a re-offer price at par. Additionally, the five-year green bond raised USD 700 Mn, priced at UST +80 bps, tightened from IPTs of UST +110 bps, carrying a 4.529% coupon, a similar yield, and a re-offer price at par. The senior unsecured Reg S Eurobonds were issued under Emirates NBD's USD 20 Bn Euro Medium Term Note Programme.

### **First Abu Dhabi Bank prices USD 750 Mn 5-year Reg S bond at 4.299%**

First Abu Dhabi Bank PJSC prices a USD 750 Mn Regulation S 5-year senior unsecured benchmark bond under its USD 20 Bn Euro Medium Term Note Programme. The bond was priced at a fixed coupon of 4.299%, offering a yield of 4.299% at par. The pricing of the offering tightened from initial price thoughts of US Treasuries plus 95 bps to 60 bps. The notes pay interest on a semi-annual basis using a 30/360-day count convention and are listed on the London Stock Exchange. The issuance is expected to carry the same ratings as the issuer.

### **Emirates NBD prices AED 1 Bn digital notes at 4.25%**

Emirates NBD Bank (ENBD) priced its three-year AED 1 Bn digitally native notes (DNN) at a coupon of 4.25% and priced at par. Additionally, the UAE lender's debut dirham denominated DNN attracted strong demand, with orderbooks exceeding AED 1.3 Bn, excluding joint lead manager interest. Moreover, the benchmark sized Regulation S issuance is issued under ENBD's USD 20 Bn Euro Medium Term Note Programme and will clear through Euroclear's Digital Financial Market Infrastructure (DFMI). The notes will be listed on Nasdaq Dubai.

### **First Abu Dhabi Bank raised USD 750 Mn through 5-year Formosa bond**

First Abu Dhabi Bank raised USD 750 Mn through a 5-year floating rate Formosa bond, with pricing unchanged from final guidance at SOFR +75 bps, paid quarterly in arrears, while the reoffer price was set at par. The Regulation S senior unsecured issuance carried an expected rating of Aa3 by Moody's, coupled with the issuer's Aa3/AA-/AA- ratings. The bond is going to be listed on the Taipei Exchange and London Stock Exchange, marking FAB's second debt market issuance of the year

following a USD 750 Mn 5-year Eurobond issued in January at a 4.299% fixed coupon.

### **Emirates NBD priced debut EUR 500 Mn 5-year green bond**

Dubai's Emirates NBD priced its debut EUR 500 Mn 5-year green bond at mid-swaps plus 77 bps, tightening from initial guidance of MS plus 100-105 bps, while books closed above EUR 1.25 Bn. The Regulation S notes were issued under the bank's USD 20 Bn EMTN programme and were listed on Euronext Dublin and Nasdaq Dubai. Moreover BNP Paribas, Crédit Agricole CIB, Barclays, HSBC, Emirates NBD Capital, and ING acted as joint lead managers and bookrunners.

### **Mashreq priced USD 500 Mn AT1 perpetual capital security at 6.25%**

Dubai-based Mashreqbank priced a USD 500 Mn Regulation S perpetual non-call 5.5-year Additional Tier 1 capital security at 6.25%, while final books exceeded USD 1.35 Bn excluding JLM interest. Pricing for the unrated securities was set over the interpolated 5.5-year US Treasury with a benchmark yield of 3.734%, moreover initial guidance was set between 6.75%- 6.875%. Mashreqbank holds long-term ratings of A3 (Stable) from Moody's, A (Stable) from S&P and A (Stable) from Fitch.

### **ADCB raised USD 300 Mn through five-year Formosa floating rate bond**

Abu Dhabi Commercial Bank, rated A+ (Stable) by S&P and Fitch, raised USD 300 Mn through a 5-year floating rate Formosa bond priced at SOFR plus 78 bps, while the senior bonds carried ratings in line with the issuer. Standard Chartered Bank (Taiwan) and ANZ Taipei branch acted as lead managers for the issuance. The bank also issued two Formosa bonds in February and May last year, raising USD 600 Mn in each issuance with five-year tenors, moreover the February issuance was priced at SOFR plus 105 bps and the May tap was priced at SOFR plus 100 bps.

### **FAB raised GBP 450 Mn through 5.5-year senior unsecured benchmark bond after bookbuild**

First Abu Dhabi Bank raised GBP 450 Mn (USD 613 Mn) through a 5.5-year senior unsecured benchmark bond, with pricing tightened to UKT plus 75 bps from initial price thoughts in the Mid-Gilts plus 90 bps area, while final books exceeded GBP 775 Mn after peaking above GBP 825 Mn including GBP 75 Mn JLM interest. The bond carried a 4.6965% annual coupon (short first), alongside a 4.702% annual yield and reoffer price at par. The issuance was rated Aa3 / AA- / AA- by Moody's, S&P and Fitch and was issued under the bank's USD 20 Bn Euro Medium Term Note Programme. Standard Chartered, Barclays, Deutsche Bank, FAB and TD Securities acted as joint lead managers and bookrunners, with Standard Chartered acted as billing and delivery agent. The bond is going to be listed on the London Stock Exchange main market.

### **Abu Dhabi Commercial Bank faced disruption in mobile app and contact centre services**

Abu Dhabi Commercial Bank experienced a technical disruption that impacted its mobile banking application and contact centre operations. Despite the issue, customers could continue using banking services through other available channels. The issue followed a similar disruption reported a day earlier, linked to an IT outage in the Middle East.

### **Sharjah Islamic Bank plans to issues capital raise through rights issue**

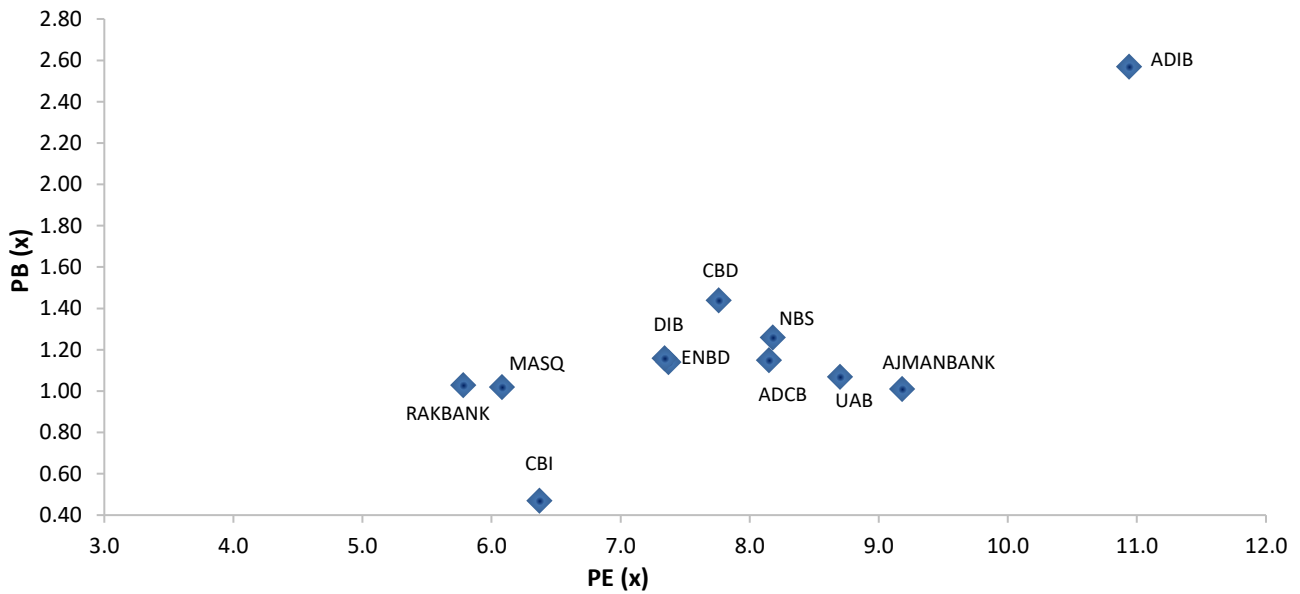
Sharjah Islamic Bank intends to raise up to AED 2.59 Bn through a rights issue aimed to reinforce its capital position and support balance sheet growth. The issuance will increase the bank's share capital from AED 3.23 Bn to AED 4.31 Bn via more than 1 Bn new shares. The shares will be priced at AED 2.40 each, including a nominal value of AED 1.00 and a premium of AED 1.40, offered at a discount to the market price. Emirates NBD Capital will act as the lead manager for the transaction.

**Relative valuation and rating**

**Relative valuation**

Based on our 2026 estimates, eight 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 0.47x (CBI) and 2.57x (ADIB), and the P/E ranges between 5.78x (RAK) and 10.94x (ADIB) based on 2026 financials. The UAE banks under our coverage are trading at an average P/E and P/B multiple of 7.80x and 1.21x, respectively, based on 2026 financials.

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



Source: FABS from Co Data

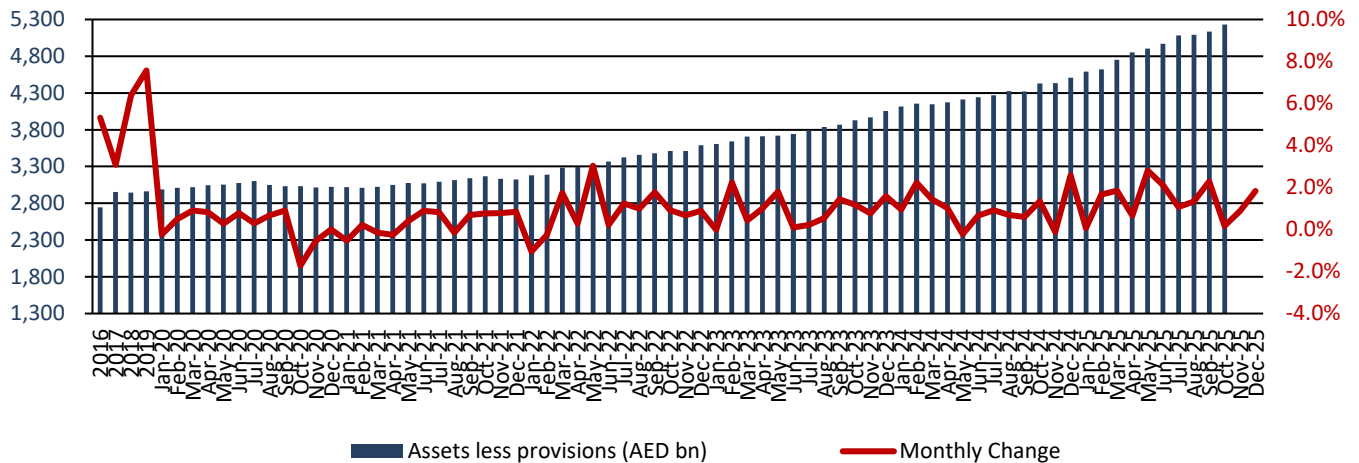
**Banking indicators**

**1. Assets**

**Total net assets rose 1.7% MOM in December 2025**

UAE banking system’s total net assets increased 1.7% MOM to AED 5,339.9 Bn in December 2025.

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



Source: FABS from CBUAE

**AJMANBANK witnessed the highest growth in total assets on a QOQ basis in 4Q25**

AJMANBANK’s total assets recorded the highest growth of 17.2% QOQ to AED 32.9 Bn in 4Q25, followed by UAB with 10.4% QOQ growth to AED 27.0 Bn. Furthermore, MASQ witnessed a 9.5% QOQ rise in total assets to AED 334.6 Bn in 4Q25, followed by DIB with total assets growth of 5.9% on a QOQ basis, reaching to AED 415.9 Bn. CBI recorded 5.6% QOQ growth in total assets to AED 21.9 Bn, and RAKBANK experienced 5.6% QOQ growth, reaching AED 105.0 Bn. All banks under our coverage reported growth in total assets on a YOY and QOQ basis, except CBD with total assets declining 1.9% QOQ to AED 160.3 Bn.

**Total assets: UAE Banks**

(AED Mn)	4Q24	1Q25	2Q25	3Q25	4Q25	QOQ ch
CBI	20,895	20,577	20,579	20,772	21,945	5.6%
YOY change	10.1%	8.3%	3.0%	-1.1%	5.0%	
MASQ	267,453	272,703	293,635	305,464	334,634	9.5%
YOY change	11.4%	9.3%	15.8%	20.1%	25.1%	
SIB	79,210	82,770	84,708	86,580	90,313	4.3%
YOY change	20.2%	18.0%	14.1%	15.8%	14.0%	
AJMANBANK	22,854	24,497	26,633	28,033	32,863	17.2%
YOY change	-8.3%	6.2%	9.9%	14.7%	43.8%	
RAKBANK	88,325	90,804	94,961	99,459	105,018	5.6%
YOY change	19.4%	15.5%	18.1%	18.6%	18.9%	
CBD	140,175	141,129	150,607	163,409	160,308	-1.9%
YOY change	8.7%	7.8%	6.6%	16.5%	14.4%	
ADCB	652,814	679,716	718,502	744,273	773,654	3.9%
YOY change	15.1%	14.4%	17.4%	16.5%	18.5%	
ADIB	225,910	243,528	260,352	269,734	280,753	4.1%
YOY change	17.2%	25.1%	22.0%	21.2%	24.3%	

DIB	344,687	355,269	373,479	392,953	415,948	5.9%
YOY change	9.7%	8.5%	15.8%	19.4%	20.7%	
ENBD	996,582	1,030,570	1,085,641	1,139,083	1,164,442	2.2%
YOY change	15.5%	14.2%	16.6%	19.1%	16.8%	
UAB	21,461	23,429	23,921	24,465	27,000	10.4%
YOY change	21.6%	30.8%	20.7%	22.2%	25.8%	
FAB	1,213,247	1,306,568	1,343,387	1,382,281	1,403,864	1.6%
YOY change	3.8%	5.8%	14.4%	12.4%	15.7%	

Source: FABS from co data

### FAB remained the market leader with the highest total assets share in 4Q25.

MASQ recorded the highest growth in total asset share, rising by 0.39 pp QOQ to 6.3% in 4Q25. DIB witnessed the second-highest growth in total asset share, increasing by 0.23 pp QOQ to 7.8% in 4Q25. However, FAB recorded the largest decline in total asset share, falling 0.29 pp QOQ to 26.3% in 4Q25, compared with 26.6% in 3Q25, although it continued to hold the largest market share among UAE banks. Additionally, CBI held the smallest total assets market share at 0.4% in 4Q25, followed by UAB and AJMANBANK.

#### Total assets share

	4Q24	1Q25	2Q25	3Q25	4Q25	QOQ: pp
CBI	0.5%	0.4%	0.4%	0.4%	0.4%	0.01%
MASQ	5.9%	5.8%	5.9%	5.9%	6.3%	0.39%
SIB	1.7%	1.8%	1.7%	1.7%	1.7%	0.03%
AJMANBANK	0.5%	0.5%	0.5%	0.5%	0.6%	0.08%
RAKBANK	1.9%	1.9%	1.9%	1.9%	2.0%	0.05%
CBD	3.1%	3.0%	3.0%	3.1%	3.0%	-0.14%
ADCB	14.3%	14.4%	14.4%	14.3%	14.5%	0.17%
ADIB	5.0%	5.2%	5.2%	5.2%	5.3%	0.07%
DIB	7.6%	7.5%	7.5%	7.6%	7.8%	0.23%
ENBD	21.9%	21.8%	21.8%	21.9%	21.8%	-0.10%
UAB	0.5%	0.5%	0.5%	0.5%	0.5%	0.04%
FAB	26.6%	27.7%	27.0%	26.6%	26.3%	-0.29%

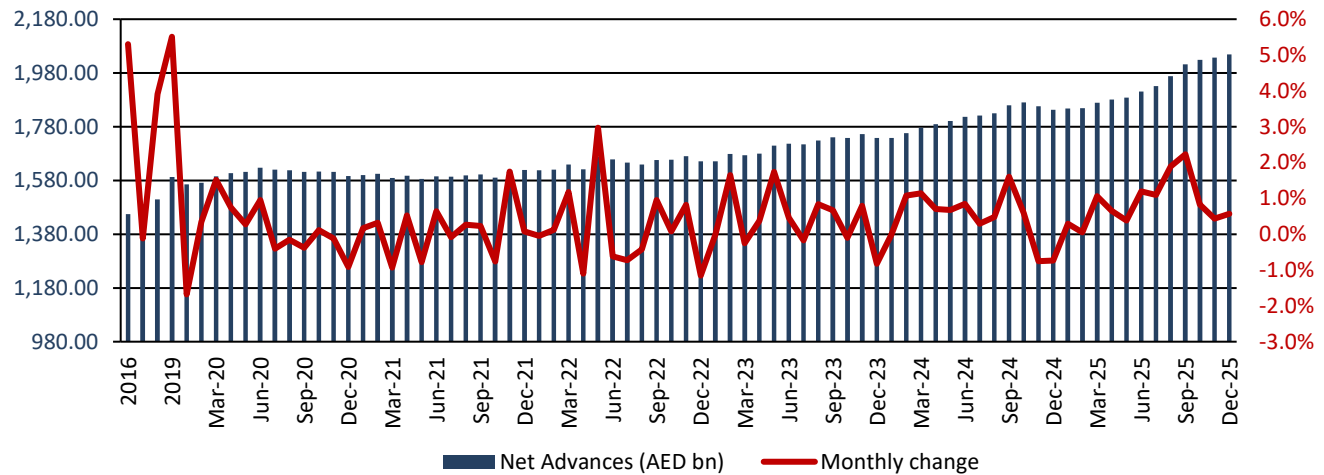
Source: FABS from Co Data, CBUAE

**2. Advances**

**UAE Bank's net advances rose 0.6% MOM in December 2025**

Net advances in the UAE banking sector increased 0.6% MOM to AED 2,049.1 Bn in December 2025.

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



Source: FABS from CBUAE

**All banks recorded a QOQ growth in net advances during 4Q25, except CBD**

CBD's net advances declined 4.0% QOQ to AED 101.0 Bn in 4Q25. AJMANBANK recorded the highest net advances growth of 16.6% QOQ to AED 17.7 Bn, in 4Q25. MASQ witnessed a second-highest growth of 14.9% QOQ rising to AED 164.3 Bn in 4Q25. While ADIB experienced a 6.2% QOQ growth to AED 181.4 Bn in 4Q25. DIB and ENBD net advances rose 5.5% QOQ and 4.8% QOQ to AED 262.1 Bn and AED 632.8 Bn, respectively, in 4Q25. Moreover, SIB's net advances grew 4.3% QOQ to AED 45.6 Bn in 4Q25. Furthermore, CBI and ADCB recorded the lowest growth in net advances of 1.1% QOQ to AED 12.9 Bn and AED 406.0 Bn respectively in 4Q25.

**Net advances: UAE banks**

(AED Mn)	4Q24	1Q25	2Q25	3Q25	4Q25	QOQ ch
CBI	13,583	13,362	12,946	12,782	12,928	1.1%
YOY change	7.7%	9.6%	3.5%	-1.0%	-4.8%	
MASQ	124,758	125,817	134,120	143,085	164,349	14.9%
YOY change	13.1%	13.9%	17.8%	20.7%	31.7%	
SIB	38,083	40,309	42,987	43,663	45,550	4.3%
YOY change	15.3%	20.8%	22.1%	19.5%	19.6%	
AJMANBANK	12,959	13,915	14,825	15,207	17,730	16.6%
YOY change	-5.9%	6.1%	6.6%	13.5%	36.8%	
RAKBANK	47,224	47,590	48,662	51,228	53,246	3.9%
YOY change	19.7%	17.2%	18.7%	10.9%	12.8%	
CBD	93,049	96,932	99,816	105,223	101,049	-4.0%
YOY change	11.7%	11.7%	11.4%	14.7%	8.6%	
ADCB	350,638	359,489	378,465	401,356	405,967	1.1%
YOY change	16.1%	13.0%	13.9%	16.7%	15.8%	
ADIB	142,611	150,133	162,751	170,801	181,376	6.2%
YOY change	24.0%	28.4%	23.2%	26.4%	27.2%	

DIB	212,427	222,553	37,376	248,301	262,055	5.5%
YOY change	6.5%	10.8%	19.1%	20.1%	23.4%	
ENBD	501,627	520,909	545,173	603,648	632,847	4.8%
YOY change	12.7%	13.6%	14.3%	22.2%	26.2%	
UAB	11,526	12,472	13,418	14,112	14,554	3.1%
YOY change	23.2%	30.8%	28.6%	31.2%	26.3%	
FAB	528,897	548,265	568,040	596,136	616,325	3.4%
YOY change	9.3%	7.9%	10.7%	12.9%	16.5%	

Source: FABS from Co Data

### MASQ leads in 4Q25 with the highest growth in the advances market share

MASQ witnessed significant growth in the advances market share of 0.91 pp QOQ to 8.0% in 4Q25. ENBD recorded the second-highest growth in advances market share with 0.88 pp QOQ to 30.9%, followed by FAB with 0.45 pp QOQ to 30.1% in 4Q25. In the quarter, ENBD also recorded the highest advances market share at 30.9%, followed by FAB with 30.1% and ADCB with 19.8% in 4Q25. However, CBI and UAB recorded the lowest advances market share of 0.6% and 0.7% respectively, and also remained flat QOQ during 4Q25.

#### Advances mkt share

	4Q24	1Q25	2Q25	3Q25	4Q25	QOQ: pp
CBI	0.7%	0.7%	0.7%	0.6%	0.6%	0.00%
MASQ	6.8%	6.7%	7.0%	7.1%	8.0%	0.91%
SIB	2.1%	2.2%	2.2%	2.2%	2.2%	0.05%
AJMANBANK	0.7%	0.7%	0.8%	0.8%	0.9%	0.11%
RAKBANK	2.6%	2.5%	2.5%	2.5%	2.6%	0.05%
CBD	5.0%	5.2%	5.2%	5.2%	4.9%	-0.30%
ADCB	19.0%	19.2%	19.8%	19.9%	19.8%	-0.14%
ADIB	7.7%	8.0%	8.5%	8.5%	8.9%	0.36%
DIB	11.5%	11.9%	12.4%	12.3%	12.8%	0.45%
ENBD	27.2%	27.9%	28.5%	30.0%	30.9%	0.88%
UAB	0.6%	0.7%	0.7%	0.7%	0.7%	0.01%
FAB	28.7%	29.3%	29.7%	29.6%	30.1%	0.45%

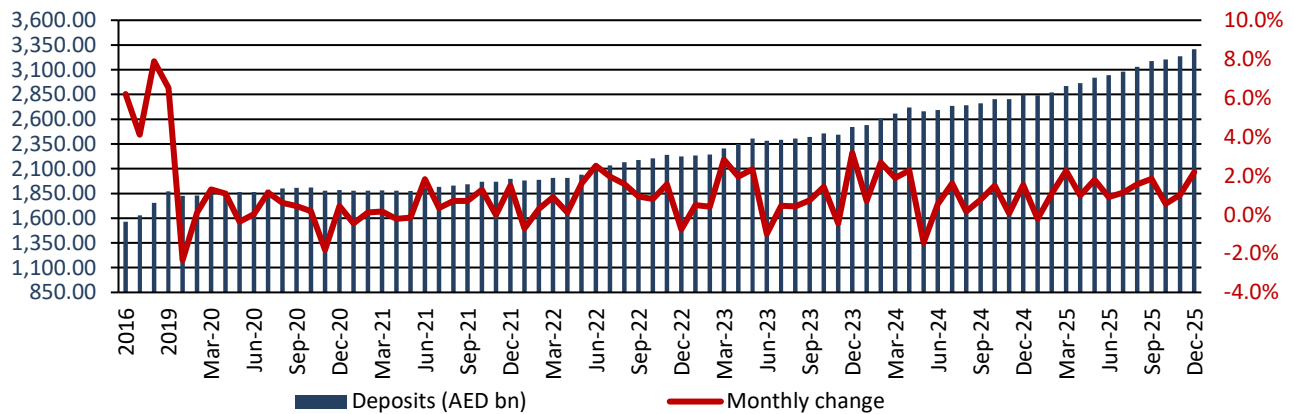
Source: FABS from co data

### 3. Customer Deposit

#### UAE banking system's customer deposits increased 2.2% MOM in December 2025

The UAE banking system's customer deposits rose 2.2% MOM to AED 3,307.0 Bn in December 2025.

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



Source: FABS from CBUAE

#### UAB witnessed the highest QOQ growth in customer deposits during 4Q25

UAB recorded the highest growth in customer deposits of 23.9% QOQ to AED 17.8 Bn in 4Q25, followed by AJMANBANK with a 15.5% QOQ rise to AED 23.7 Bn and MASQ which reported 9.5% QOQ to AED 204.9 Bn in 4Q25. Meanwhile, RAKBANK and DIB recorded deposit growth of 7.4% QOQ and 6.0% QOQ, reaching AED 70.5 Bn and AED 320.2 Bn, respectively in 4Q25. Furthermore, ADCB recorded the growth of 3.6% QOQ to AED 499.8 Bn in 4Q25. ADIB and ENBD deposit increased 3.4%, to AED 229.1 Bn and AED 786.0 Bn, respectively in 4Q25. Overall, most banks reported QOQ growth in customer deposits during 4Q25, except FAB, whose deposits declined 0.9% QOQ, and CBD, which recorded a 0.7% QOQ decline.

#### Customer deposits: UAE banks

(AED Mn)	4Q24	1Q24	2Q25	3Q25	4Q25	QOQ ch
CBI	15,430	15,339	15,185	15,774	15,906	0.8%
YOY change	22.4%	20.9%	6.7%	3.8%	3.1%	
MASQ	160,940	171,442	177,645	187,167	204,895	9.5%
YOY change	10.1%	10.3%	15.4%	19.9%	27.3%	
SIB	51,758	52,099	52,721	54,573	55,673	2.0%
YOY change	14.5%	15.6%	6.6%	13.7%	7.6%	
AJMANBANK	18,062	18,511	19,977	20,562	23,746	15.5%
YOY change	-8.4%	0.4%	3.5%	6.5%	31.5%	
RAKBANK	59,650	61,038	61,079	65,621	70,460	7.4%
YOY change	18.4%	10.2%	4.5%	14.6%	18.1%	
CBD	97,563	99,624	107,047	112,148	111,353	-0.7%
YOY change	10.5%	10.3%	7.2%	13.6%	14.1%	
ADCB	421,060	441,691	463,442	482,440	499,775	3.6%
YOY change	16.0%	15.1%	18.8%	18.6%	18.7%	

ADIB	182,675	200,095	212,831	221,668	229,096	3.4%
YOY change	16.3%	24.9%	23.6%	23.3%	25.4%	
DIB	248,546	264,847	283,663	3,01,932	320,184	6.0%
YOY change	11.9%	12.3%	21.2%	27.5%	28.8%	
ENBD	666,777	697,595	736,714	760,351	786,024	3.4%
YOY change	14.1%	14.3%	18.0%	17.9%	17.9%	
UAB	13,577	14,942	15,601	14,369	17,809	23.9%
YOY change	32.6%	40.2%	28.6%	19.4%	31.2%	
FAB	782,379	838,681	813,469	848,282	840,773	-0.9%
YOY change	3.0%	4.4%	6.2%	3.5%	7.5%	

Source: FABS from co data

### FAB's customer deposit market share remains the highest during 4Q25

MASQ's deposit market share increased the most by 0.32 pp QOQ at 6.2%, followed by DIB with 0.21 pp QOQ to 9.7% and UAB by 0.09 pp QOQ to 0.5% in 4Q25. AJMANBANK deposits grew 0.07 pp QOQ to 0.7% in 4Q25, while RAKBANK's deposits also grew 0.07 pp QOQ to 2.1% in 4Q25. In total, seven banks witnessed a decline in 4Q25, while five banks experienced a rise in customer deposits.

### Deposits market share

	4Q24	1Q25	2Q25	3Q25	4Q25	QOQ: pp
CBI	0.5%	0.5%	0.5%	0.5%	0.5%	-0.01%
MASQ	5.7%	5.8%	5.8%	5.9%	6.2%	0.32%
SIB	1.8%	1.8%	1.7%	1.7%	1.7%	-0.03%
AJMANBANK	0.6%	0.6%	0.7%	0.6%	0.7%	0.07%
RAKBANK	2.1%	2.1%	2.0%	2.1%	2.1%	0.07%
CBD	3.4%	3.4%	3.5%	3.5%	3.4%	-0.15%
ADCB	14.8%	15.0%	15.2%	15.1%	15.1%	-0.03%
ADIB	6.4%	6.8%	7.0%	7.0%	6.9%	-0.03%
DIB	8.7%	9.0%	9.3%	9.5%	9.7%	0.21%
ENBD	23.4%	23.8%	24.2%	23.9%	23.8%	-0.10%
UAB	0.5%	0.5%	0.5%	0.5%	0.5%	0.09%
FAB	27.5%	28.6%	26.7%	26.6%	25.4%	-1.20%

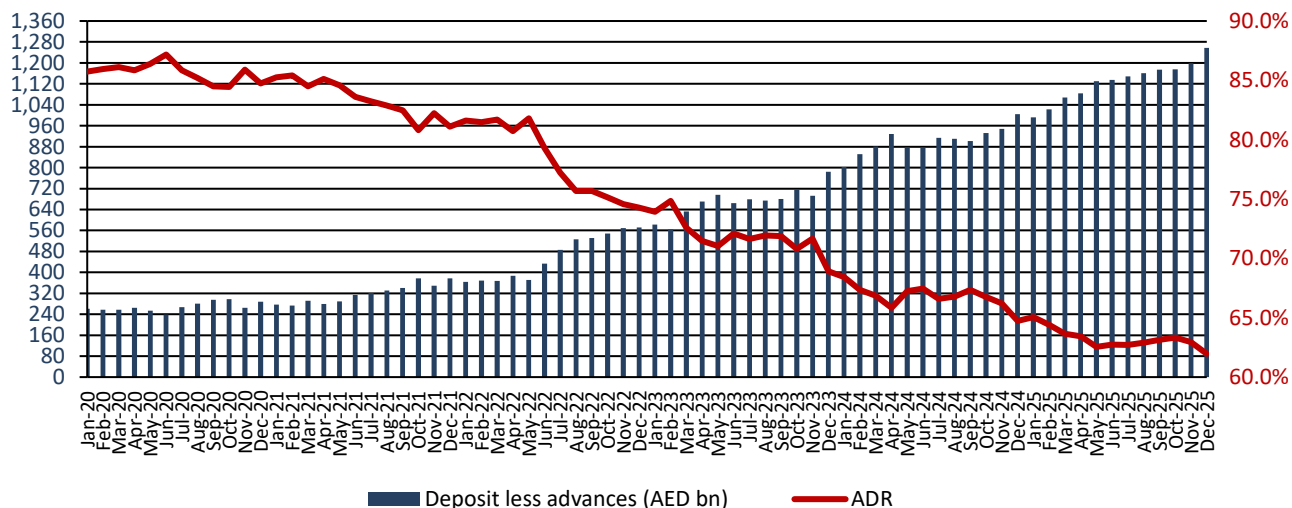
Source: FABS from co data

**4. Liquidity**

**Liquidity in the UAE banking system**

UAE banking system’s headline Advances to Deposits Ratio (ADR) decreased 99.4 bps MOM to 62.0% in December 2025. The system’s liquidity increased from AED 1,198.9 Bn in November 2025 to AED 1,257.9 Bn in December 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 – December 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 4Q25, six out of eleven UAE banks under our coverage recorded an increase in ADR on a QOQ basis. MASQ recorded the largest increase, with its ADR rising 4.9% QOQ to 80.2%, followed by FAB with a 4.3% QOQ increase to 73.3%, and ADIB, whose ADR increased 2.7% QOQ to 79.2% in 4Q25. Conversely, UAB recorded the largest decline, with its ADR falling 16.8% QOQ to 81.7% in 4Q25. In the deposit surplus/deficit, six out of 11 UAE banks under our coverage reported an increase in deposit surplus in 4Q25, compared to 3Q25. UAB recorded the highest growth in deposit surplus from AED 0.3 Bn in 3Q25 to AED 3.3 Bn in 4Q25, followed by CBD and RAKBANK with 48.8% and 19.6% QOQ growth to AED 10.3 Bn and AED 17.2 Bn, respectively, in 4Q25. On the other hand, FAB experienced the highest decline in deposit surplus by 11.0% QOQ to AED 224.4 Bn in 4Q25. Furthermore, in terms of percentage lent, just three out of 11 Banks under our coverage witnessed a rise in the percentage lent on a QOQ basis during 4Q25. UAB’s percentage lent declined the most by 6.5% QOQ to 53.9% in 4Q25, whereas MASQ experienced the highest growth in percentage lent by 4.8% QOQ to 49.1% in 4Q25, followed by ENBD with a rise of 2.6% QOQ to 54.3%.

**ADR: UAE Banks**

	4Q24	1Q25	2Q25	3Q25	4Q25	QOQ ch
CBI	88.0%	87.1%	85.3%	81.0%	81.3%	0.3%
MASQ	77.5%	73.4%	75.5%	76.4%	80.2%	4.9%
SIB	73.6%	77.4%	81.5%	80.0%	81.8%	2.3%
AJMANBANK	71.8%	75.2%	74.2%	74.0%	74.7%	1.0%
RAKBANK	79.2%	78.0%	79.7%	78.1%	75.6%	-3.2%
CBD	95.4%	97.3%	93.2%	93.8%	90.7%	-3.3%
ADCB	83.3%	81.4%	81.7%	83.2%	81.2%	-2.4%
ADIB	78.1%	75.0%	76.5%	77.1%	79.2%	2.7%
DIB	85.5%	84.0%	83.7%	82.2%	81.8%	-0.5%
ENBD	75.2%	74.7%	74.0%	79.4%	80.5%	1.4%
UAB	84.9%	83.5%	86.0%	98.2%	81.7%	-16.8%
FAB	67.6%	65.4%	69.8%	70.3%	73.3%	4.3%

Source: FABS from co data

**Deposit surplus/-deficit**

AED Mn	4Q24	1Q25	2Q25	3Q25	4Q25	QOQ ch
CBI	1,847	1,977	2,238	2,992	2,978	-0.4%
MASQ	36,181	45,625	43,524	44,082	40,547	-8.0%
SIB	13,676	11,790	9,735	10,910	10,123	-7.2%
AJMANBANK	5,102	4,596	5,152	5,355	6,016	12.4%
RAKBANK	12,426	13,447	12,417	14,393	17,214	19.6%
CBD	4,515	2,692	7,231	6,925	10,304	48.8%
ADCB	70,422	82,202	84,977	81,084	93,808	15.7%
ADIB	40,064	49,962	50,081	50,867	47,720	-6.2%
DIB	36,119	42,294	46,287	53,630	58,129	8.4%
ENBD	165,150	176,686	191,541	156,703	153,177	-2.3%
UAB	2,051	2,470	2,183	257	3,254	1165.4%
FAB	253,482	290,416	245,429	252,146	224,448	-11.0%

Source: FABS from co data

**Percentage lent**

	4Q24	1Q25	2Q25	3Q25	4Q25	QOQ ch
CBI	65.0%	64.9%	62.9%	61.5%	58.9%	-4.3%
MASQ	46.6%	46.1%	45.7%	46.8%	49.1%	4.8%
SIB	48.1%	48.7%	50.7%	50.4%	50.4%	0.0%
AJMANBANK	56.7%	56.8%	55.7%	54.2%	53.9%	-0.6%
RAKBANK	53.5%	52.4%	51.2%	51.5%	50.7%	-1.6%
CBD	66.4%	68.7%	66.3%	64.4%	63.0%	-2.1%
ADCB	53.7%	52.9%	52.7%	53.9%	52.5%	-2.7%
ADIB	63.1%	61.6%	62.5%	63.3%	64.6%	2.0%
DIB	61.6%	62.6%	63.6%	63.2%	63.0%	-0.3%
ENBD	50.3%	50.5%	50.2%	53.0%	54.3%	2.6%
UAB	53.7%	53.2%	56.1%	57.7%	53.9%	-6.5%
FAB	43.6%	42.0%	42.3%	43.1%	43.9%	1.8%

Source: FABS from co data

## 5. Profitability

### Four out of 11 banks under our coverage recorded a rise in ROE on a QOQ basis in 4Q25

CBI's ROE grew the highest, rising 681 bps QOQ to 9.6% in 4Q25, followed by UAB and RAKBANK whose ROE increased by 110 bps and 51 bps QOQ growth to 16.0% and 20.5% respectively in 4Q25. Conversely, MASQ experienced the highest decline of 522 bps QOQ to 18.8% in 4Q25. Furthermore, ADIB recorded the highest ROE of 26.1% in 4Q25, followed by CBD with an ROE of 20.8% in 4Q25. CBI also recorded the lowest ROE of 9.6%.

#### ROE: UAE Banks

	4Q24	1Q25	2Q25	3Q25	4Q25	QOQ ch: bps
CBI	8.4%	8.6%	8.4%	2.8%	9.6%	681
MASQ	27.7%	28.8%	26.0%	24.1%	18.8%	-522
SIB	15.0%	16.2%	16.5%	16.7%	16.5%	-17
AJMANBANK	13.8%	14.6%	14.1%	15.4%	15.2%	-17
RAKBANK	18.8%	20.2%	20.4%	20.0%	20.5%	51
CBD	20.1%	22.0%	21.6%	21.0%	20.8%	-22
ADCB	13.5%	14.5%	14.4%	14.8%	14.7%	-7
ADIB	25.2%	28.7%	27.6%	26.4%	26.1%	-39
DIB	19.8%	21.1%	20.6%	19.5%	17.2%	-232
ENBD	20.7%	20.3%	18.3%	18.3%	18.6%	29
UAB	16.1%	17.0%	18.1%	14.9%	16.0%	110
FAB	13.9%	15.4%	15.8%	15.9%	16.2%	30

Source: FABS from co data

### RAKBANK recorded the highest ROA in 4Q25

RAKBANK recorded the highest ROA in 4Q25. CBI reported the largest increase in ROA, rising 82 bps QOQ to 1.2% in 4Q25. This was followed by CBD, which recorded the second-highest increase of 10 bps QOQ to 2.3% in 4Q25. Moreover, FAB and ADCB posted 7 bps and 6 bps QOQ increases in ROA, respectively, reaching 1.6% in 4Q25. Overall, five out of eleven banks under coverage reported a decline in ROA in 4Q25. In terms of absolute levels, RAKBANK reported the highest ROA at 2.7%, followed by ADIB at 2.6% and CBD at 2.3% in 4Q25.

#### ROA: UAE Banks

	4Q24	1Q25	2Q25	3Q25	4Q25	QOQ ch: bps
CBI	1.0%	1.0%	1.0%	0.3%	1.2%	82
MASQ	3.5%	3.3%	3.0%	2.9%	2.3%	-67
SIB	1.4%	1.5%	1.5%	1.6%	1.6%	-1
AJMANBANK	1.7%	1.8%	1.7%	1.9%	1.8%	-8
RAKBANK	2.6%	2.6%	2.7%	2.7%	2.7%	1
CBD	2.3%	2.3%	2.2%	2.2%	2.3%	10
ADCB	1.5%	1.5%	1.5%	1.5%	1.6%	6
ADIB	2.8%	2.8%	2.6%	2.6%	2.6%	3
DIB	2.4%	2.4%	2.4%	2.2%	2.0%	-27
ENBD	2.5%	2.3%	2.2%	2.2%	2.2%	3
UAB	1.5%	1.6%	1.7%	1.8%	1.8%	-1
FAB	1.3%	1.4%	1.5%	1.5%	1.6%	7

Source: FABS from co data

## 6. Efficiency

### RAKBANK once again records the highest NIMs in 4Q25

RAKBANK's NIMs remained the highest at 3.9% in 4Q25, followed by ENBD and MASQ with 3.5% and 3.3%, respectively. ENBD's NIM also grew the most by 16 bps QOQ, followed by ADIB, which grew 3 bps QOQ to 3.1% in 4Q25. On the other hand, MASQ witnessed the highest decline in NIMs of 23 bps QOQ to 3.3% in 4Q25.

<b>NIM: UAE Banks</b>						
	<b>4Q24</b>	<b>1Q25</b>	<b>2Q25</b>	<b>3Q25</b>	<b>4Q25</b>	<b>QOQ ch: bps</b>
CBI	2.0%	2.1%	2.1%	2.2%	2.1%	-9
MASQ	3.9%	3.6%	3.4%	3.5%	3.3%	-23
SIB	1.9%	1.7%	1.7%	1.8%	1.8%	2
AJMANBANK	1.6%	1.9%	1.9%	1.8%	1.7%	-15
RAKBANK	4.3%	4.0%	4.1%	4.0%	3.9%	-14
CBD	3.0%	3.0%	3.0%	2.9%	2.8%	-10
ADCB	2.4%	2.3%	2.3%	2.3%	2.3%	-7
ADIB	3.1%	3.1%	3.1%	3.0%	3.1%	3
DIB	3.2%	2.6%	2.5%	2.6%	2.4%	-15
ENBD	3.7%	3.5%	3.3%	3.4%	3.5%	16
UAB	2.3%	2.2%	2.8%	2.6%	2.5%	-13
FAB	1.93%	1.97%	1.85%	1.82%	1.75%	-7

Source: FABS from co data

### AJMANBANK continues to record the highest cost-to-income ratio in 4Q25

AJMANBANK recorded the highest cost-to-income ratio in 4Q25, standing at 48.9%. On the other hand, FAB reported the lowest ratio at 23.6% in 4Q25, followed by CBD and DIB, with ratios of 25.8% and 27.7%, respectively. CBI recorded the largest decline, with its cost-to-income ratio falling from 59.2% in 3Q25 to 44.3% in 4Q25, followed by DIB, whose ratio declined 159 bps QOQ to 27.7%, and MASQ, which recorded a 66 bps QOQ decline to 31.1%. Conversely, SIB reported the largest increase, with its ratio rising from 31.3% in 3Q25 to 43.5% in 4Q25, followed by AJMANBANK, whose ratio increased 815 bps QOQ to 48.9% in 4Q25.

<b>Cost to Income: UAE Banks</b>						
	<b>4Q24</b>	<b>1Q25</b>	<b>2Q25</b>	<b>3Q25</b>	<b>4Q25</b>	<b>QOQ ch: bps</b>
CBI	49.7%	45.2%	69.1%	59.2%	44.3%	-1,493
MASQ	26.7%	29.4%	30.9%	31.7%	31.1%	-66
SIB	43.5%	37.3%	32.8%	31.3%	43.5%	1,224
AJMANBANK	69.5%	46.8%	48.0%	40.8%	48.9%	815
RAKBANK	40.1%	33.4%	35.9%	33.9%	40.3%	633
CBD	29.1%	27.0%	26.1%	26.2%	25.8%	-41
ADCB	28.6%	29.2%	26.4%	27.6%	29.6%	193
ADIB	31.1%	28.9%	27.5%	28.4%	29.8%	136
DIB	23.2%	28.0%	28.7%	29.3%	27.7%	-159
ENBD	36.4%	31.0%	29.7%	30.7%	30.5%	-21
UAB	61.3%	53.0%	42.9%	44.1%	44.9%	79
FAB	25.6%	22.3%	21.4%	22.2%	23.6%	139

Source: FABS from co data

### SIB recorded the highest COR during 4Q25

SIB recorded the highest COR of 1.8% in 4Q25, followed by RAKBANK with 1.3%. Furthermore, Several Banks, including MASQ, CBD, ADCB, ADIB and FAB, reported a decline in COR on a QOQ basis in 4Q25. ADCB recorded the highest decline in COR by 69 bps QOQ to 0.1% in 4Q25, followed by CBD with a decline of 28 bps QOQ to 0.4% in 4Q25.

#### Cost of risk: UAE Banks

	4Q24	1Q25	2Q25	3Q25	4Q25	QOQ ch: bps
CBI	4.0%	2.4%	NM	1.6%	NM	NM
MASQ	NM	0.4%	0.5%	0.4%	0.2%	-18
SIB	1.1%	NM	0.1%	0.2%	1.8%	158
AJMANBANK	NM	NM	NM	0.2%	NM	NM
RAKBANK	2.2%	0.7%	0.6%	0.7%	1.3%	57
CBD	0.3%	0.3%	0.5%	0.7%	0.4%	-28
ADCB	0.8%	0.5%	0.9%	0.8%	0.1%	-69
ADIB	0.5%	0.3%	0.5%	0.5%	0.4%	-11
DIB	NM	0.3%	0.2%	0.1%	0.3%	24
ENBD	1.1%	NM	0.1%	NM	1.1%	NM
UAB	NM	NM	0.1%	NM	NM	NM
FAB	0.8%	0.5%	0.5%	0.6%	0.6%	-2

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

### UAB recorded the highest CAR, while AJMANBANK reported the lowest in 4Q25

UAB recorded the highest CAR of 21.5% in 4Q25, followed by RAKBANK at 18.1% and SIB at 17.3%. AJMANBANK's CAR was the lowest at 14.1% in 4Q25. Furthermore, ADCB's CAR increased the most by 101 bps QOQ to 17.0%, followed by SIB whose CAR increased by 100 bps QOQ to 17.3% in 4Q25. On the other hand, AJMANBANK also recorded the highest decline in CAR of 288 bps QOQ to 14.1%, followed by MASQ with a 225 bps QOQ decline to 14.5% during 4Q25.

#### CAR: UAE Banks

	4Q24	1Q25	2Q25	3Q25	4Q25	QOQ ch: bps
CBI	17.7%	17.6%	17.6%	17.7%	17.2%	-47
MASQ	17.5%	18.5%	17.5%	16.8%	14.5%	-225
SIB	17.1%	15.8%	15.8%	16.3%	17.3%	100
AJMANBANK	19.1%	18.2%	17.3%	16.9%	14.1%	-288
RAKBANK	18.1%	18.6%	18.7%	19.6%	18.1%	-150
CBD	15.6%	15.3%	15.4%	15.8%	15.5%	-31
ADCB	16.1%	16.1%	15.5%	16.0%	17.0%	101
ADIB	16.2%	16.2%	16.6%	16.7%	15.7%	-94
DIB	18.3%	17.3%	16.7%	16.6%	15.5%	-112
ENBD	17.1%	17.0%	17.0%	16.9%	16.6%	-32
UAB	17.4%	17.1%	16.3%	22.8%	21.5%	-129
FAB	17.5%	17.2%	16.9%	16.8%	16.9%	12

Source: FABS from co data

**Banking stock performance**

five out of 13 UAE banks generated positive returns during 2026 on a YTD basis. The Egyptian banking sector delivered the highest average returns, outperforming both major regional equity indices (ADI, DSM, TASI, and DFMGI) and peer banking sectors across Qatar, Saudi Arabia, and the UAE. The UAE Banking Sector generated a negative average return of 4.3%, followed by Qatar banking sector which recorded negative return of 1.9% on a 2026 YTD basis. Egypt Banking Sector and KSA Banking sector generated a positive average return of 24.3% and 5.9%, respectively during the same period. Among UAE banks, UAB, SIB, ADIB, CBI, and ENBD were the only banks to deliver positive returns, while all remaining banks underperformed and delivered negative returns over the same period.

**27 MENA bank stocks: YE 2025 to 06<sup>th</sup> April 2026, Ranked**

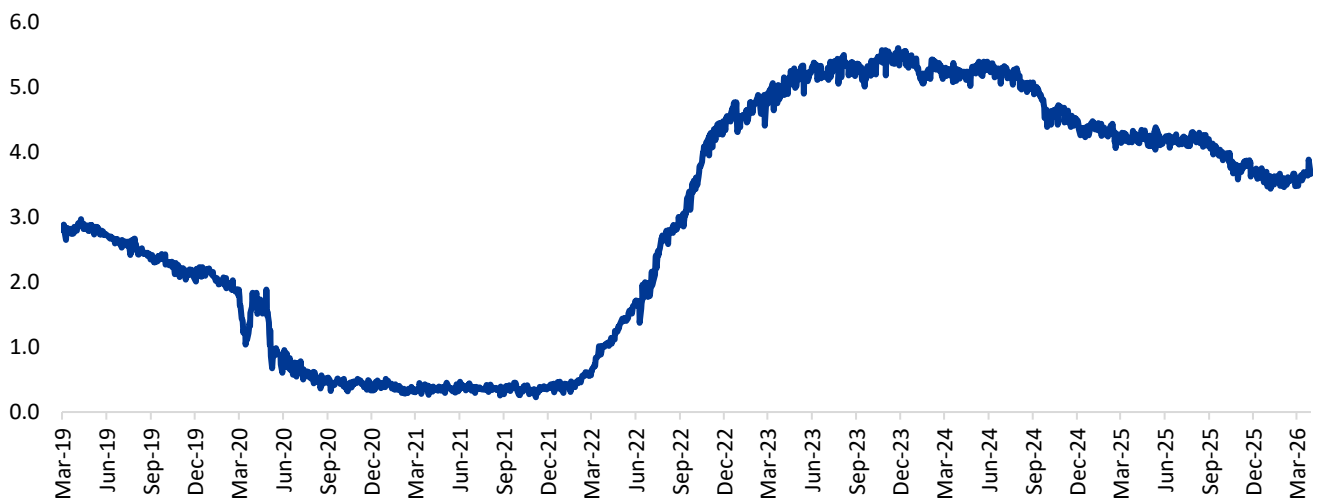
		<b>UAE</b>	<b>KSA</b>	<b>Qatar</b>	<b>Egypt</b>	<b>Ranking</b>
QIBK	-5.4%			-5.4%		25
MARK	0.1%			0.1%		17
CBD	-5.1%	-5.1%				24
MASQ	-17.4%	-17.4%				30
QNBK	-6.8%			-6.8%		26
UAB	5.4%	5.4%				9
SIB	3.2%	3.2%				11
CBQK	4.5%			4.5%		10
DSM	-3.9%					22
RJHI	9.7%		9.7%			6
TASI	7.5%					7
ADI	-3.7%					21
ALINMA	19.5%		19.5%			2
ALBI	7.2%		7.2%			8
BSFR	18.4%		18.4%			3
RAKBANK	-4.8%	-4.8%				23
DHBK	-1.9%			-1.9%		20
COMI	24.3%				24.3%	1
FAB	-0.2%	-0.2%				18
EGX30	13.9%					4
BOS	-11.3%	-11.3%				29
NCB	10.9%		10.9%			5
DFMGI	-9.9%					27
ARNB	0.7%		0.7%			16
RIBL	-20.5%		-20.5%			32
CBI	1.9%	1.9%				13
ENBD	1.5%	1.5%				14
ADIB	2.0%	2.0%				12
DIB	-19.8%	-19.8%				31
AJMANBANK	-0.8%	-0.8%				19
ADCB	-9.9%	-9.9%				28
SAIB	1.2%		1.2%			15
<b>AVERAGE</b>		<b>-4.3%</b>	<b>5.9%</b>	<b>-1.9%</b>	<b>24.3%</b>	

*FABS from Bloomberg*

**EIBOR**

The Federal Reserve kept interest rates unchanged at 3.50%-3.75% in its January 2026 meeting. The outlook indicates that geopolitical-driven inflation risks could limit or delay the pace of rate cuts. Looking ahead, markets expect roughly one additional rate cut in 2026, subject to the trajectory of inflation and economic activity. Given the AED’s peg to the US dollar, the Central Bank of the UAE (CBUAE) aligned its policy stance, maintaining the overnight deposit facility rate to 3.65% in March. The 3-month EIBOR increased from 3.53% at the start of the year (2nd January 2026) to 3.66% by end-March 2026. This upward trajectory in rates is expected to increase borrowing costs for consumers and businesses.

**3-month EIBOR (%), March 2019 – March 31, 2026**



Source: FABS from Bloomberg

## 1Q26 preview: Emirates NBD (ENBD)

Strong funded income growth to offset cost and impairment pressures

Current Price	12-m Target Price	Upside/Downside (%)	Rating
AED 28.20	AED 33.50	+18.8%	BUY

### 1Q26 Estimate

Emirates National Bank of Dubai (ENBD/the Bank) is expected to report a marginal increase of 0.9% YOY in net income attributable to equity shareholders to AED 6,271 Mn in 1Q26, mainly driven by an increase in net funded income coupled with a decline in tax expense and hyperinflation, partially offset by lower non-funded income coupled with higher operating expenses, impairment charges, and higher profit attributable to NCI. ENBD's funded income is forecasted to increase 13.1% YOY to AED 21,712 Mn in 1Q26, due to an anticipated rise in average interest-earning assets, partially offset by a forecasted decline in asset yield. Meanwhile, funded expense is expected to rise 12.1% YOY to AED 12,041 Mn in 1Q26, supported by an anticipated increase in interest-bearing liabilities, partially offset by a projected decrease in the cost of funds. Thus, net funded income is expected to increase 14.4% YOY to AED 9,671 Mn in 1Q26. The Bank's fee and commission income is expected to rise 6.5% YOY to AED 2,011 Mn in 1Q26, due to expected growth in transaction fees. Trading gains are expected to increase significantly from AED 194 Mn in 1Q25 to AED 563 Mn in 1Q26. Furthermore, other operating income is likely to decrease 40.6% YOY to AED 795 in 1Q26. Thus, total non-funded income is expected to decline 1.5% YOY to AED 3,369 Mn in 1Q26. ENBD's total operating income is expected to rise 9.8% YOY to AED 13,040 Mn in 1Q26. The Bank's operating expenses are expected to increase 8.5% YOY to AED 3,990 Mn in 1Q26. Furthermore, the Bank is expected to incur impairment charges of AED 547 Mn in 1Q26, compared to an impairment reversal of AED 465 Mn in 1Q25. Moreover, tax expense is expected to decrease 1.0% YOY to AED 1,530 Mn in 1Q26. In addition, the Bank is expected to incur a hyperinflation adjustment of AED 694 Mn in 1Q26, compared to AED 899 Mn in 1Q25. Additionally, the Bank's profit attributable to NCI is anticipated to increase 43.1% YOY to AED 7 Mn in 1Q26.

### 2026 Forecast

ENBD's net profit attributable to equity shareholders is expected to rise 3.1% YOY to AED 24,732 Mn in 2026, mainly attributable to an anticipated increase in net funded income and lower hyperinflation, partially offset by a forecasted decline in non-funded income coupled with a rise in operating expenses, impairments, and tax charges. Funded income is expected to increase 8.9% YOY to AED 89,304 Mn in 2026, due to an expected rise in average interest-earning assets, partially offset by an anticipated decline in asset yield. Funded expense is forecasted to increase 9.6% YOY to AED 50,948 Mn in 2026, supported by an expected increase in average interest-bearing liabilities, partially offset by an anticipated decrease in the cost of funds. As a result, net funded income is likely to grow 8.0% YOY to AED 38,356 Mn in 2026. The Bank's fees & commissions income is forecasted to grow 3.0% YOY to AED 8,273 Mn in 2026. Additionally, trading income is expected to increase 3.0% YOY to AED 2,331 Mn in 2026. Furthermore, other operating income is anticipated to decline 15.0% YOY to AED 2,994 Mn in 2026. Thus, non-funded income is likely to decrease 1.6% YOY to AED 13,598 Mn in 2026. As a result, ENBD's operating income is expected to grow 5.3% YOY to AED 51,954 Mn in 2026. Operating expenses are expected to rise 6.4% YOY to AED 16,002 Mn in 2026. The Bank's impairment charges are anticipated to increase significantly from AED 1,468 Mn in 2025 to AED 2,374 Mn in 2026. In addition, tax expense is expected to increase 3.7% YOY to AED 6,044 Mn in 2026. The bank is expected to report a hyperinflation adjustment of AED 2,775 Mn in 2026 compared to AED 2,978 Mn in 2025. The Bank's NCI is forecasted to increase 2.2% YOY to AED 27 Mn in 2026.

### 4Q25 Outturn

ENBD's funded income rose 1.3% YOY to AED 21,450 Mn in 4Q25, supported by strong loan growth due to robust demand in domestic and international markets, partially offset by a decline in asset yield. On the other hand, funded expenses decreased 6.9% YOY to AED 11,742 Mn in 4Q25, mainly due to lower cost of funds. Thus, net funded income increased 13.3% YOY to AED 9,708 Mn in 4Q25. Fee and commission income increased 20.2% YOY to AED 1,981 Mn in 4Q25, owing to strong growth

recorded across its diversified product portfolio. Trading gains almost tripled from AED 205 Mn in 4Q24 to AED 804 Mn in 4Q25, primarily due to improved global markets product offering. Other operating income fell from AED 838 Mn in 4Q24 to AED 159 Mn in 4Q25, mainly due to loss on corresponding derivatives partially offset by an increase in gains from trading securities. Thus, non-funded income rose 9.4% YOY to AED 2,944 Mn in 4Q25. As a result, operating income grew 12.4% YOY to AED 12,652 Mn in 4Q25. The Bank's operating expenses decreased 5.8% YOY to AED 3,861 Mn in 4Q25, driven by disciplined cost management despite inflationary environment in Turkey. Thus, the calculated cost-to-income ratio declined from 36.4% in 4Q24 to 30.5% in 4Q25. ENBD's impairment charges increased 21.0% YOY to AED 1,754 Mn in 4Q25. ENBD's tax expense increased 40.8% YOY to AED 1,391 Mn in 4Q25. In addition, the Bank's capital neutral hyperinflation adjustment decreased 18.7% YOY to AED 594 Mn in 4Q25. The Bank's profit share to NCI holders remained stable at AED 7 Mn in 4Q25.

### Target price and recommendation

We revised our rating on ENBD from HOLD to BUY with an unchanged target price of AED 33.50. ENBD's loan book grew 26.2% YOY and 4.8% QOQ to AED 632.8 Bn during 4Q25, driven by strong growth across both retail and corporate segments coupled with increased momentum from KSA. KSA continued to outperform, with the Bank's lending expanding 48% in 2025. This demonstrates ENBD's strategic focus on expanding the footprint beyond UAE. Loan growth remained well balanced, with 48% of total gross loans from retail and 52% from corporate, highlighting the strength of the Bank's diversified franchise. Loan portfolio also remains well diversified, with no single sector exceeding c.24% (ex-mortgages) in 4Q25. ENBD expects to open two additional branches in 1Q26, increasing its KSA network to 24 branches. On the other hand, deposits grew 17.9% YOY and 3.4% QOQ to AED 786.0 Bn in 4Q25, primarily driven by an increase in CASA, time deposits and DenizBank. CASA deposit increased from AED 371 Bn in 4Q24 to AED 439 Bn in 4Q25, representing 60% of the total deposit. The Bank's reported net interest margin (NIMs) fell 13 bps YOY and increased 15 bps QOQ to 3.5% in 4Q25, driven by improving margins in Türkiye due to rate cuts lowering funding costs, offsetting FED rate cuts flow through impact for the Bank. ENBD also reported strong growth in non-funded income, which increased 17.7% YOY to AED 13,817 Mn in 2025, with fee and commission income rising 18.2% YOY, driven by higher activity in credit cards, trade finance, wealth management, and investment banking. ENBD sustained investment in digital banking continues to drive robust revenue growth, mitigating the impact of a lower global interest rate environment. The Bank's reported cost-to-income ratio improved 589 bps YOY and 21 bps QOQ to 30.5% in 4Q25. Furthermore, the Bank's asset quality improved with NPLs declining from 2.5% in 3Q25 to 2.4% in 4Q25, offsetting higher impairments due to inflationary environment in Turkey. Furthermore, reported coverage ratio remained robust at 160% in 4Q25, underscoring a healthy buffer against potential credit losses. The Bank's capitalization ratio also remained strong with a total CAR and CET 1 ratio of 16.6% and 14.4%, respectively, during 4Q25, well above the minimum requirements. Internationally, ENBD is accelerating expansion across high growth markets, particularly India, supported by the strategic investment in RBL Bank, while maintaining disciplined growth across the wider region. Reflecting strong earnings delivery and a solid capital base, the Board of Directors has paid an ordinary dividend of 100 fils for 2025. ENBD is also placing greater emphasis on scaling non-funded income streams (FX, payments, wealth management, and investment banking), alongside continued investments in digital and AI-driven platforms, which are expected to support growth amid a declining interest rate environment. Thus, considering the above-mentioned factors, we revised our rating from HOLD to BUY on the stock.

#### ENBD - Relative Valuation

(at CMP)	2021	2022	2023	2024	2025	2026F
PE	20.33	14.17	8.44	7.88	7.55	7.34
PB	2.38	2.11	1.76	1.52	1.31	1.16
BVPS	11.777	13.309	15.937	18.501	21.463	24.285
EPS	1.379	1.980	3.323	3.559	3.714	3.822
DPS	0.500	0.600	1.200	1.000	1.000	1.000
Dividend Yield	1.8%	2.1%	4.3%	3.5%	3.5%	3.5%

FABS estimate & Co data

**ENBD - P&L**

AED Mn	1Q25	4Q25	1Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Funded income	19,198	21,450	21,712	13.1%	1.2%	81,975	89,304	8.9%
Funded expense	-10,743	-11,742	-12,041	12.1%	2.5%	-46,473	-50,948	9.6%
<b>Net funded income</b>	<b>8,455</b>	<b>9,708</b>	<b>9,671</b>	<b>14.4%</b>	<b>-0.4%</b>	<b>35,502</b>	<b>38,356</b>	<b>8.0%</b>
Fees and commissions	1,888	1,981	2,011	6.5%	1.5%	8,032	8,273	3.0%
Trading gain/(loss)	194	804	563	NM	-30.0%	2,263	2,331	3.0%
Other Operating Income	1,338	159	795	-40.6%	NM	3,522	2,994	-15.0%
<b>Non-funded income</b>	<b>3,420</b>	<b>2,944</b>	<b>3,369</b>	<b>-1.5%</b>	<b>14.4%</b>	<b>13,817</b>	<b>13,598</b>	<b>-1.6%</b>
<b>Operating income</b>	<b>11,875</b>	<b>12,652</b>	<b>13,040</b>	<b>9.8%</b>	<b>3.1%</b>	<b>49,319</b>	<b>51,954</b>	<b>5.3%</b>
Operating expenses	-3,676	-3,861	-3,990	8.5%	3.3%	-15,035	-16,002	6.4%
<b>Pre-provision profit</b>	<b>8,199</b>	<b>8,791</b>	<b>9,049</b>	<b>10.4%</b>	<b>2.9%</b>	<b>34,284</b>	<b>35,952</b>	<b>4.9%</b>
Impairment	465	-1,754	-547	NM	-68.8%	-1,468	-2,374	61.7%
<b>PBT</b>	<b>8,664</b>	<b>7,037</b>	<b>8,503</b>	<b>-1.9%</b>	<b>20.8%</b>	<b>32,816</b>	<b>33,578</b>	<b>2.3%</b>
Tax	-1,546	-1,391	-1,530	-1.0%	10.0%	-5,831	-6,044	3.7%
<b>Net profit</b>	<b>7,118</b>	<b>5,646</b>	<b>6,972</b>	<b>-2.0%</b>	<b>23.5%</b>	<b>26,985</b>	<b>27,534</b>	<b>2.0%</b>
Hyperinflation	-899	-594	-694	-22.8%	16.8%	-2,978	-2,775	-6.8%
<b>Net Profit adj for hyperinflation</b>	<b>6,219</b>	<b>5,052</b>	<b>6,278</b>	<b>1.0%</b>	<b>24.3%</b>	<b>24,007</b>	<b>24,759</b>	<b>3.1%</b>
NCI	-5	-7	-7	43.1%	2.2%	-26	-27	2.2%
<b>Net profit attributable</b>	<b>6,214</b>	<b>5,045</b>	<b>6,271</b>	<b>0.9%</b>	<b>24.3%</b>	<b>23,981</b>	<b>24,732</b>	<b>3.1%</b>

FABS estimate & Co Data

**Emirates NBD - P&L KPI**

	1Q25	4Q25	1Q26F	YOY	QOQ	2025	2026F	Change
Net FI/OI	71.2%	76.7%	74.2%	297	-256	72.0%	73.8%	184
NIM	3.5%	3.5%	3.5%	-3	-8	3.4%	3.3%	-18
NIS	2.6%	2.7%	2.6%	2	-10	2.6%	2.5%	-10
Fees & comms/OI	15.9%	15.7%	15.4%	-48	-24	16.3%	15.9%	-36
Other non-funded/OI	11.3%	1.3%	6.1%	-517	484	7.1%	5.8%	-138
Trading/OI	1.6%	6.4%	4.3%	268	-204	4.6%	4.5%	-10
Cost to income (calculated)	31.0%	30.5%	30.6%	-36	8	30.5%	30.8%	31
Impairment/PPP	-5.7%	20.0%	6.0%	NM	NM	4.3%	6.6%	232
Tax/PBT	17.8%	19.8%	18.0%	16	-177	17.8%	18.0%	23
NP/OI	52.3%	39.9%	48.1%	-423	NM	48.6%	47.6%	-102
Loan-to-deposit	74.7%	80.5%	80.5%	584	0	80.5%	81.0%	49
NPL - Calculated	3.1%	2.4%	2.4%	-66	5	2.4%	2.5%	13
NPL Coverage - Calculated	158.2%	159.6%	160.5%	234	87	159.6%	163.0%	337
CET1	14.7%	14.4%	15.0%	31	62	14.4%	14.5%	15
Capital Adequacy	17.0%	16.6%	17.2%	16	61	16.6%	16.5%	-9
ROAE	20.3%	18.6%	18.1%	-212	-44	18.6%	16.7%	-187
ROAA	2.3%	2.2%	2.2%	-15	-4	2.2%	2.0%	-21

FABS estimate & Co data

**ENBD - BS Key items**

AED Mn	1Q25	2Q25	3Q25	4Q25	1Q26F	YOY
Net advances	520,909	545,173	603,648	632,847	641,706	23.2%
QOQ change	3.8%	4.7%	10.7%	4.8%	1.4%	
Total Assets	1,030,570	1,085,641	1,139,083	1,164,442	1,179,739	14.5%
QOQ change	3.4%	5.3%	4.9%	2.2%	1.3%	
Customer Deposits	697,595	736,714	760,351	786,024	797,027	14.3%
QOQ change	4.6%	5.6%	3.2%	3.4%	1.4%	
Total Equity	117,468	123,881	130,654	135,453	141,572	20.5%
QOQ change	0.5%	5.5%	5.5%	3.7%	4.5%	

FABS estimate & Co data

## 1Q26 preview: Dubai Islamic Bank (DIB)

Operating income growth to offset higher costs and impairments

Current Price	12-m Target Price	Upside/Downside (%)	Rating
AED 7.37	AED 10.50	+42.5%	BUY

### 1Q26 estimate

Dubai Islamic Bank (DIB/the Bank) is expected to report a 1.5% YOY increase in net profit attributable to equity shareholders of AED 1,767 Mn in 1Q26, mainly driven by an increase in net funded and non-funded income, partially offset by higher general expenses, increased impairment charges, tax charges, and a higher contribution to non-controlling interests. DIB's funded income is forecasted to increase 17.6% YOY to AED 5,352 Mn in 1Q26, due to an expected rise in average interest-earning assets, partially offset by an anticipated decline in asset yield. Meanwhile, funded expense is forecasted to increase 26.5% YOY to AED 2,984 Mn in 1Q26, due to growth in average interest-bearing liabilities and a higher cost of funds. Thus, net funded income is likely to increase 8.1% YOY to AED 2,368 Mn in 1Q26. The Bank's fee and commission income is expected to decline 9.3% YOY to AED 458 Mn in 1Q26. Additionally, other non-funded income is expected to increase 19.0% YOY to AED 544 Mn in 1Q26. As a result, DIB's non-funded income is expected to increase 4.2% YOY to AED 1,002 Mn in 1Q26. The Bank's total operating income is expected to increase 6.9% YOY to AED 3,371 Mn in 1Q26. DIB's general expenses are anticipated to increase 12.8% YOY to AED 996 Mn in 1Q26. Furthermore, the Bank's impairment charges are expected to increase 24.6% YOY to AED 203 Mn in 1Q26. Tax charges are anticipated to increase 4.8% YOY to AED 326 Mn in 1Q26. The share of profit attributable to non-controlling interest holders is projected to rise 37.5% YOY to AED 79 Mn in 1Q26.

### 2026 forecast

We expect DIB's net profit to increase 1.7% YOY to AED 7,631 Mn in 2026, mainly attributable to an increase in net funded and non-funded income, partially offset by higher general expenses, impairment charges, and tax expenses, coupled with a higher contribution to non-controlling interests. The Bank's funded income is forecasted to increase 11.0% YOY to AED 21,701 Mn in 2026, supported by a projected rise in average interest-earning assets, partially offset by an anticipated decline in asset yield. Similarly, funded expense is forecasted to increase 12.7% YOY to AED 11,922 Mn in 2026, due to a projected rise in average interest-bearing liabilities, partially offset by a forecasted decline in the cost of funds. As a result, net funded income is likely to grow 9.0% YOY to AED 9,779 Mn in 2026. Fee and commission income is expected to increase 6.0% YOY to AED 1,986 Mn in 2026. Moreover, other non-funded income is forecasted to decrease marginally by 0.6% YOY to AED 2,391 Mn in 2026. Thus, non-funded income is likely to increase 2.3% YOY to AED 4,377 Mn in 2026. As a result, DIB's total operating income is expected to increase 6.8% YOY to AED 14,157 Mn in 2026. General expenses are expected to rise 8.1% YOY to AED 4,069 Mn in 2026. Additionally, impairment charges are projected to increase from AED 485 Mn in 2025 to AED 696 Mn in 2026. The Bank's tax charge is expected to rise 17.9% YOY to AED 1,409 Mn in 2026. In addition, the share of profit attributable to non-controlling interest holders is expected to grow 14.3% YOY to AED 351 Mn in 2026.

### 4Q25 outturn

Funded income increased 1.7% YOY to AED 5,203 Mn in 4Q25, supported by higher financing and sukuk investments reflecting broad-based business growth. Funded expenses rose 10.9% YOY to AED 2,878 Mn in 4Q25. However, the Bank's cost of funds declined 38 bps YOY to 3.4% in 4Q25, while remaining unchanged on a QOQ basis. As a result, net funded income declined 7.8% YOY to AED 2,325 Mn in 4Q25, due to higher funded expenses offsetting growth in funded income. The calculated NIMs contracted 74 bps YOY and 15 bps QOQ to 2.4% in 4Q25. Fee and commission income declined from AED 506 Mn in 4Q24 to AED 437 Mn in 4Q25. However, other nonfunded income rose 12.4% YOY to AED 813 Mn in 4Q25, mainly due to an increase in income from investments measured at fair value, increased income from properties under construction, and increase in other operating income partially offset by lower income from investment properties and

a reduced profit share from associates. Thus, non-funded income grew 1.6% YOY to AED 1,250 Mn in 4Q25. As a result, total operating income declined by 4.7% YOY to AED 3,575 Mn in 4Q25. Operating expenses increased 13.6% YOY to AED 989 Mn in 4Q25. As a result, the calculated cost-to-income ratio increased 445 bps YOY to 27.7% in 4Q25. Furthermore, the Bank recorded impairment charges of AED 194 Mn in 4Q25, compared to a reversal of AED 123 Mn in 4Q24. Tax expenses declined from AED 287 Mn in 4Q24 to AED 266 Mn in 4Q25, despite changes in the effective tax rate from 9% to 15%. The Bank's share of profit attributable to non-controlling interest holders increased from AED 82 Mn in 4Q24 to AED 87 Mn in 4Q25.

### Target price and recommendation

We revised our rating from ACCUMULATE to BUY on DIB with an unchanged target price of AED 10.50. DIB reported a decline in net profit in 4Q25, primarily impacted by lower net funded income, reduced fees and commission income, and higher impairment charges. However, underlying business momentum remains strong, with the financing book expanding 23.4% YOY to AED 262.1 Bn in 4Q25, supported by robust growth across both consumer and wholesale segments. Retail financing continues to gain traction, driven by expansion in home, personal, and auto finance, while wholesale growth was led by real estate, government, and services sectors. However, DIB has relatively higher exposure to real estate and consumer financing, which could moderate asset quality if market conditions soften. The bank remains focused on expanding its presence across the UAE and select cross-border markets, targeting capital-efficient lending in high-quality segments including sovereign, GREs, and highly rated corporates. Furthermore, DIB's Sukuk investment grew 10.3% YOY and declined 4.8% QOQ to AED 90.6 Bn in 4Q25, maintaining a high-quality sovereign and financial institutions positioning, supported by AED 20 Bn in new investments during the year. DIB added c. 90K customers during the year, taking its total UAE customer base beyond 1.6 Mn. The Bank's total deposits increased 28.8% YOY to AED 320.1 Bn in 4Q25, underpinned by a 17% rise in CASA balances, reinforcing a stable and diversified funding base. However, the Bank's reported NIMs stood at 2.6% below its full year guidance of 2.8%-3.0% in 2025. The Bank's cost-to-income ratio grew 445 bps YOY but declined 159 bps QOQ to 27.7% in 4Q25. Asset quality trends remain supportive, with the NPF ratio improving to 2.7% and coverage strengthening to 160% in 4Q25, reflecting disciplined underwriting and proactive provisioning. Liquidity remains robust, with comfortable LCR and NSFR levels of 157% and 109%, respectively in 4Q25, well above the regulatory requirements. The Bank also recorded strong shareholders returns with a ROTE (before tax) of 22% and ROA (before tax) of 2.4% in 2025. DIB board also proposed a cash dividend of 35 fils per share, amounting to AED 2,534 Mn for 2025, subject to shareholder approval. Thus, considering all these factors, we revised our rating from ACCUMULATE to BUY on the stock.

### DIB - Relative Valuation

	2021	2022	2023	2024	2025	2026F
(at CMP)						
P/E	14.09	10.64	8.43	7.14	7.59	7.37
P/B	1.76	1.63	1.48	1.35	1.26	1.14
EPS	0.526	0.697	0.880	1.039	0.977	1.007
BVPS	4.226	4.563	5.012	5.486	5.878	6.537
DPS	0.250	0.300	0.450	0.450	0.350	0.350
Dividend yield	3.4%	4.1%	6.1%	6.1%	4.7%	4.7%

FABS estimate

**DIB - P&L**

AED Mn	1Q25	4Q25	1Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Funded income	4,550	5,203	5,352	17.6%	2.9%	19,548	21,701	11.0%
Funded expense	-2,358	-2,878	-2,984	26.5%	3.7%	-10,576	-11,922	12.7%
<b>Net funded income</b>	<b>2,192</b>	<b>2,325</b>	<b>2,368</b>	<b>8.1%</b>	<b>1.9%</b>	<b>8,972</b>	<b>9,779</b>	<b>9.0%</b>
Fees & commissions	505	437	458	-9.3%	5.0%	1,874	1,986	6.0%
Other non-funded income	457	813	544	19.0%	-33.1%	2,405	2,391	-0.6%
<b>Non funded Income</b>	<b>962</b>	<b>1,250</b>	<b>1,002</b>	<b>4.2%</b>	<b>-19.8%</b>	<b>4,279</b>	<b>4,377</b>	<b>2.3%</b>
<b>Operating income</b>	<b>3,154</b>	<b>3,575</b>	<b>3,371</b>	<b>6.9%</b>	<b>-5.7%</b>	<b>13,251</b>	<b>14,157</b>	<b>6.8%</b>
General expenses	-883	-989	-996	12.8%	0.7%	-3,763	-4,069	8.1%
<b>Pre-provisioning profit</b>	<b>2,271</b>	<b>2,586</b>	<b>2,375</b>	<b>4.6%</b>	<b>-8.2%</b>	<b>9,488</b>	<b>10,087</b>	<b>6.3%</b>
Impairment charges	-163	-194	-203	24.6%	4.8%	-485	-696	43.4%
<b>Profit before tax</b>	<b>2,108</b>	<b>2,392</b>	<b>2,172</b>	<b>3.0%</b>	<b>-9.2%</b>	<b>9,003</b>	<b>9,391</b>	<b>4.3%</b>
Tax	-311	-266	-326	4.8%	22.4%	-1,195	-1,409	17.9%
<b>Profit before NCI</b>	<b>1,797</b>	<b>2,126</b>	<b>1,846</b>	<b>2.7%</b>	<b>-13.2%</b>	<b>7,808</b>	<b>7,983</b>	<b>2.2%</b>
Non-controlling interests	-58	-87	-79	37.5%	-8.3%	-307	-351	14.3%
<b>Profit for the period</b>	<b>1,740</b>	<b>2,040</b>	<b>1,767</b>	<b>1.5%</b>	<b>-13.4%</b>	<b>7,500</b>	<b>7,631</b>	<b>1.7%</b>

FABS estimate & Co Data

**DIB - P&L KPI**

	1Q25	4Q25	1Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Net FI/OI	69.5%	65.0%	70.3%	78	522	67.7%	69.1%	137
NIM	2.6%	2.4%	2.3%	-29	-8	2.5%	2.4%	-11
NIS	2.2%	2.0%	1.9%	-29	-11	2.0%	2.0%	-7
Fees & commissions/OI	16.0%	12.2%	13.6%	-242	139	14.1%	14.0%	-11
Other non-funded/OI	14.5%	22.7%	16.1%	165	-661	18.2%	16.9%	-126
Cost to income	28.0%	27.7%	29.5%	156	188	28.4%	28.7%	35
Impairment/PPP	7.2%	7.5%	8.5%	137	106	5.1%	6.9%	178
NCI/PBT	3.2%	4.1%	4.3%	109	23	3.9%	4.4%	46
NP/OI	55.2%	57.1%	52.4%	-275	-464	56.6%	53.9%	-269
Cost of risk	0.3%	0.3%	0.3%	1	0	0.2%	0.3%	7
Loan-to-deposit - Calculated	84.0%	81.8%	82.0%	-203	15	81.8%	81.0%	-85
Coverage - Calculated	83.5%	85.4%	NM	NM	NM	85.4%	88.0%	260
CET 1	13.4%	12.3%	12.9%	-42	60	12.3%	12.6%	29
Capital adequacy	17.3%	15.5%	15.5%	-176	0	15.5%	15.5%	0
ROAA	2.4%	2.0%	1.9%	-46	-6	2.0%	1.8%	-21
ROAE	21.1%	17.2%	17.2%	-388	5	17.2%	16.2%	-97

FABS estimate & Co Data

**DIB - key B/S items**

AED Mn	1Q25	2Q25	3Q25	4Q25	1Q26F	YOY Ch
Net financings	222,553	237,376	248,301	262,055	267,048	20.0%
QOQ change	4.8%	6.7%	4.6%	5.5%	1.9%	
Total assets	355,269	373,479	392,953	415,948	433,856	22.1%
QOQ change	3.1%	5.1%	5.2%	5.9%	4.3%	
Customer deposits	264,847	283,663	301,932	320,184	325,669	23.0%
QOQ change	6.6%	7.1%	6.4%	6.0%	1.7%	
Shareholders' fund	38,084	39,768	41,360	42,562	44,240	16.2%
QOQ change	-4.1%	4.4%	4.0%	2.9%	3.9%	

FABS estimate & Co Data

**1Q26 preview: Abu Dhabi Islamic Bank (ADIB)**

Bottom line growth supported by strong financing expansion

Current Price	12-m Target Price	Upside/Downside (%)	Rating
AED 20.70	AED 26.00	+25.6%	BUY

**1Q26 estimate**

Abu Dhabi Islamic Bank (ADIB/the bank) is expected to record a 9.2% YOY increase in net profit to AED 1,764 Mn in 1Q26, primarily driven by an anticipated rise in net funded income and non-funded income, partially offset by a forecasted increase in operating expenses, impairments, and NCI & zakat expenses. ADIB's funded income, including income from Islamic financing, is expected to grow 21.5% YOY to AED 3,640 Mn in 1Q26, driven by expected growth in net advances, investments, and Islamic financing, along with an anticipated rise in yield on assets, partially offset by a decline in yield on Islamic assets. Funded expense is anticipated to grow 24.0% YOY to AED 1,544 Mn in 1Q26 due to a projected increase in average interest-bearing liabilities. As a result, ADIB's net funded income is likely to rise 19.6% YOY to AED 2,095 Mn in 1Q26. Furthermore, the bank's non-funded income is anticipated to rise 6.5% YOY to AED 1,193 Mn in 1Q26, driven by projected growth in other non-funded income, partially offset by a decline in fees & commission income. Fees and commissions are anticipated to decline 5.2% YOY to AED 516 Mn in 1Q26, while other non-funded income is forecasted to rise 17.6% YOY to AED 677 Mn in 1Q26. As a result, the bank's operating income is likely to increase 14.5% YOY to AED 3,288 Mn in 1Q26. ADIB's operating expenses are anticipated to increase 11.1% YOY to AED 922 Mn in 1Q26. The cost-to-income ratio is expected to improve from 28.9% in 1Q25 to 28.0% in 1Q26. Impairment charges are anticipated to increase significantly from AED 106 Mn in 1Q25 to AED 228 Mn in 1Q26. In addition, NCI & zakat expenses are projected to grow 16.8% YOY to AED 374 Mn in 1Q26.

**2026 forecast**

ADIB's net profit is anticipated to grow 8.5% YOY to AED 7,238 Mn in 2026, driven by the projected increase in net-funded and non-funded income, partially offset by an anticipated rise in operating expenses, impairment charges, and NCI & zakat expenses. Funded income including income from Islamic financing, is expected to grow 11.5% YOY to AED 14,671 Mn in 2026, owing to expected growth in net advances, investments, and Islamic financing, partially offset by an anticipated fall in yield on assets and yield on Islamic assets. Funded expense is projected to increase 9.4% YOY to AED 6,129 Mn in 2026, supported by anticipated growth in average interest-bearing liabilities, partially offset by a decline in cost of funds. Thus, net funded income is expected to rise 13.1% YOY to AED 8,543 Mn in 2026. Furthermore, non-funded income is anticipated to grow 5.9% YOY to AED 5,030 Mn in 2026 due to projected growth in fees & commission income and other non-funded income. Fees & commissions income are anticipated to increase 7.0% YOY to AED 2,247 Mn in 2026, while other non-funded income is forecasted to rise 5.0% YOY to AED 2,783 Mn in 2026. As a result, operating income is anticipated to rise 10.3% YOY to AED 13,573 Mn in 2026. The Bank's operating expenses are expected to rise 9.0% YOY to AED 3,843 Mn in 2026. The cost-to-income ratio is expected to improve 34 bps YOY to 28.3% in 2026. Impairments are forecasted to increase 41.2% YOY to AED 957 Mn in 2026. NCI & zakat expenses are anticipated to grow 7.6% YOY to AED 1,535 Mn in 2026.

**4Q25 outturn**

ADIB's Islamic financing income grew 24.0% YOY to AED 2,935 Mn in 4Q25. Income from financial institutions increased 21.3% YOY to AED 635 Mn in 4Q25. Thus, total funded income boosted 23.5% YOY to AED 3,570 Mn in 4Q25, driven by strong expansion in interest-earning assets, supported by healthy business volumes and sustained new customer acquisition. Funded expenses rose 26.0% YOY to AED 1,546 Mn in 4Q25, mainly due to the significant rise in the interest-bearing liabilities. Thus, net funded income grew 21.6% YOY to AED 2,023 Mn in 4Q25. However, calculated NIMs marginally fell by five bps YOY but increased 3 bps QOQ to 3.1% in 4Q25. Fees and commission income rose 11.1% YOY to AED 469 Mn in 4Q25. Other non-funded income increased 20.3% YOY to AED 664 Mn in 4Q25, supported by higher sukuk income, increased returns from investment

properties, and improved foreign exchange income. Thus, total non-funded income rose 16.3% YOY to AED 1,133 Mn in 4Q25, reflecting revenue diversification efforts. As a result, total operating income increased 19.7% YOY to AED 3,156 Mn in 4Q25. Furthermore, operating expenses rose 14.5% YOY to AED 940 Mn in 4Q25, attributable to higher employee costs and G&A expenses, reflecting continued investments in talent and strategic initiatives to support long-term growth. However, cost-to-income improved 134 bps YOY to 29.8% in 4Q25 as operating income growth outpaced the rise in expenses, demonstrating positive operating leverage. ADIB's impairments decreased from AED 172 Mn in 4Q24 to AED 167 Mn in 4Q25. Additionally, zakat and profit attributable to non-controlling interest holders increased significantly from AED 256 Mn in 4Q24 to AED 392 Mn in 4Q25.

### Target price and recommendation

We maintain our BUY rating on Abu Dhabi Islamic Bank (ADIB) with a target price of AED 26.00 per share. ADIB's investment portfolio grew 8.0% YOY, driven by a deliberate shift toward fixed-rate assets in 2025, reflecting a disciplined deployment of excess liquidity. The Bank remains focused on high-quality, low-risk instruments to enhance risk-adjusted returns and income stability while retaining flexibility amid the evolving rate environment. ADIB's non-funded income increased 16.3% YOY to AED 1,133 Mn in 4Q25, representing 39% of total income, driven by strong performance in the cards business, trade finance activities, investment income, and FX flows. However, intensifying geopolitical tensions could temporarily slow capital flows, trade activity, and wealth management transactions, potentially impacting fee income. Asset quality trends remain supportive, with the NPL ratio improving to 2.8% and provision coverage increasing to 92% in 4Q25, reflecting strong recoveries and disciplined risk management. Liquidity remains robust, with the Eligible Liquid Assets Ratio (ELAR) improving to 19.4%, while the Advances to Stable Fund Ratio (AFR) stood at 84.1% in 4Q25, indicating a well-balanced funding profile. ADIB recorded robust growth in net advances, rising 27.2% YOY and 6.2% QOQ to AED 181.4 Bn in 4Q25, driven by growth in retail financing and wholesale financing, primarily to public sector enterprises and government. Retail lending contributes 53.2% of total lending while wholesale contributed 42.7% in 4Q25. The Bank's international business contributes around 14-15% of the franchise and is expected to remain at a similar level going forward, given the balance of diversification benefits and associated risks. Fixed-rate loan origination continued at pre 2024 pricing levels, preserving asset yields despite multiple rate cuts. This has sustained a strong gross yield and generated robust NIMs. NIMs compressed 5 bps YOY to 3.1% in 4Q25, mainly due to funding costs, though it improved sequentially. NIMs is expected to see modest moderation, primarily due to the repricing of the corporate financing book, although the broader portfolio remains relatively insulated given its origination at higher yield levels in 2024-2025. ADIB added c. 283,000 new customers in 2025, showcasing the Bank's long-term commitment to customers and continuous efforts to deliver superior customer service. Customer deposits grew 25.4% YOY and 3.4% QOQ to AED 229.1 Bn in 4Q25, maintaining a healthy funding mix, driven by growth in CASA and time deposits. CASA deposits constitute 64.5% of the total deposits in 4Q25, contributing to an improved cost of funds and enhancing margin resilience. RWA efficiency remains a key strength, positioning ADIB among the UAE's most capital-efficient banks, supported by capital-accretive retail growth and a higher share of government exposures. Despite 24.3% asset growth, RWAs rose only 14.75%, reflecting effective capital optimization. With the completion of ADIB's five-year strategy and achievement of all stated targets, ADIB enters a new growth phase under the 2035 Vision framework. By 2030, the bank targets total assets to grow c. 1.7-1.9x, cost-to-income to improve to 26-28%, cost of risk to remain c. 40-60 bps, and ROE c. 25%. The strategy focuses on fully digitized end to end customer journeys and maintaining the industry's #1 NPS ranking. The targeted 70-90% asset growth by 2030 is expected to be entirely organic, implying an annual CAGR of c. 11-14%, potentially higher in the near term. ADIB reaffirmed continued tech and strategic investments while maintaining positive operating leverage, with revenue growth outpacing costs and medium-term efficiency gains from digital initiatives. Additionally, ADIB highlighted strong positioning in Islamic financing, rising demand from affluent customers, digital leadership, and government support under the UAE's Islamic finance agenda. The Bank also proposed a cash dividend of 97.05 fils per share, representing a total payout of AED 3.5 Bn and equivalent to c. 50% of 2025 net profit. Thus, we assign a BUY rating on ADIB.

**ADIB - Relative valuation**

(at CMP)	2021	2022	2023	2024	2025	2026F
PE	36.41	22.74	16.20	13.93	11.92	10.94
PB	4.78	4.26	3.71	3.34	2.90	2.57
BVPS	4.348	4.881	5.610	6.220	7.177	8.108
EPS	0.571	0.915	1.284	1.493	1.746	1.901
DPS	0.311	0.490	0.715	0.834	0.971	1.052
Dividend Yield	1.5%	2.4%	3.5%	4.0%	4.7%	5.1%

FABS Estimates & Co Data

**ADIB-P&L**

(AED Mn)	1Q25	4Q25	1Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Institutions	533	635	624	17.0%	-1.7%	2,277	2,469	8.5%
Islamic financings	2,464	2,935	3,016	22.4%	2.8%	10,880	12,202	12.2%
<b>Funded income</b>	<b>2,997</b>	<b>3,570</b>	<b>3,640</b>	<b>21.5%</b>	<b>2.0%</b>	<b>13,156</b>	<b>14,671</b>	<b>11.5%</b>
Funded expense	-1,245	-1,546	-1,544	24.0%	-0.1%	-5,603	-6,129	9.4%
<b>Net funded income</b>	<b>1,752</b>	<b>2,023</b>	<b>2,095</b>	<b>19.6%</b>	<b>3.6%</b>	<b>7,553</b>	<b>8,543</b>	<b>13.1%</b>
Fees and commissions	544	469	516	-5.2%	10.0%	2,100	2,247	7.0%
Other non-funded income	576	664	677	17.6%	2.0%	2,650	2,783	5.0%
<b>Non-Funded Income</b>	<b>1,120</b>	<b>1,133</b>	<b>1,193</b>	<b>6.5%</b>	<b>5.3%</b>	<b>4,751</b>	<b>5,030</b>	<b>5.9%</b>
<b>Operating income</b>	<b>2,871</b>	<b>3,156</b>	<b>3,288</b>	<b>14.5%</b>	<b>4.2%</b>	<b>12,304</b>	<b>13,573</b>	<b>10.3%</b>
Operating expenses	-830	-940	-922	11.1%	-1.9%	-3,525	-3,843	9.0%
<b>Pre-provisioning income</b>	<b>2,042</b>	<b>2,216</b>	<b>2,366</b>	<b>15.9%</b>	<b>6.8%</b>	<b>8,779</b>	<b>9,730</b>	<b>10.8%</b>
Financing impairment	-106	-167	-228	NM	36.7%	-678	-957	41.2%
<b>Profit before NCI</b>	<b>1,936</b>	<b>2,049</b>	<b>2,138</b>	<b>10.4%</b>	<b>4.3%</b>	<b>8,101</b>	<b>8,773</b>	<b>8.3%</b>
Zakat & NCI.	-320	-392	-374	16.8%	-4.6%	-1,428	-1,535	7.6%
<b>Net profit for the period</b>	<b>1,616</b>	<b>1,657</b>	<b>1,764</b>	<b>9.2%</b>	<b>6.5%</b>	<b>6,674</b>	<b>7,238</b>	<b>8.5%</b>

FABS estimate & Co Data

**ADIB - P&L KPI**

	1Q26	4Q25	1Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Net FI/OI	61.0%	64.1%	63.7%	273	-39	61.4%	62.9%	155
NIM	3.1%	3.1%	3.1%	-5	2	3.1%	3.0%	-8
NIS	2.8%	2.8%	2.8%	0	7	2.8%	2.8%	-2
Fees & commissions/OI	18.9%	14.9%	15.7%	-327	83	17.1%	16.6%	-51
Other non-funded/OI	20.1%	21.0%	20.6%	54	-44	21.5%	20.5%	-104
Cost to income (calculated)	28.9%	29.8%	28.0%	-85	-174	28.6%	28.3%	-34
Impairment/PPP	5.2%	7.5%	9.6%	446	211	7.7%	9.8%	211
NP/OI	56.3%	52.5%	53.6%	-263	114	54.2%	53.3%	-91
Cost of risk	0.27%	0.36%	0.50%	23	14	0.41%	0.50%	9
Loan-to-deposit	75.0%	79.2%	76.0%	100	-314	79.2%	78.5%	-63
NPL - Calculated	3.7%	2.8%	3.9%	20	109	2.8%	2.8%	-4
CET1	12.2%	12.0%	12.7%	48	70	12.0%	12.5%	46
Capital adequacy	16.2%	15.7%	16.3%	9	61	15.7%	15.8%	12
ROAE	28.7%	26.1%	26.5%	-221	46	26.1%	24.9%	-118
ROAA	2.8%	2.6%	2.6%	-18	-6	2.6%	2.5%	-16

FABS estimate & Co Data

**ADIB - key B/S items**

AED Mn	1Q25	2Q25	3Q25	4Q25	1Q26F	YOY Ch
Net advances	150,133	162,751	170,801	181,376	183,268	22.1%
QOQ change	5.3%	8.4%	4.9%	6.2%	1.0%	
Total assets	243,528	260,352	269,734	280,753	285,570	17.3%
QOQ change	7.8%	6.9%	3.6%	4.1%	1.7%	
Customer deposits	200,095	212,831	221,668	229,096	241,045	20.5%
QOQ change	9.5%	6.4%	4.2%	3.4%	5.2%	
Shareholders' funds (ex-Tier 1)	21,102	22,759	24,453	26,067	27,831	31.9%
QOQ change	-6.6%	7.9%	7.4%	6.6%	6.8%	

FABS estimate & Co Data

**1Q26 preview: National Bank of Ras Al Khaimah (RAKBANK)**

Expanding financing portfolio to drive earnings growth

<b>Current Price</b> AED 7.91	<b>12-m Target Price</b> AED 9.50	<b>Upside/Downside (%)</b> +20.1%	<b>Rating</b> BUY
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**1Q26 estimates**

National Bank of Ras Al-Khaimah (RAKBANK/the Bank) is expected to report a 3.5% YOY increase in net income attributable to equity shareholders to AED 727 Mn in 1Q26. The increase in net profit is primarily driven by forecasted growth in net funded income, partially offset by higher operating expenses, impairment charges, an increase in income tax expenses and a higher profit attributable to NCI coupled with lower non-funded income. Interest income, including income from Islamic financing, is projected to rise 11.3% YOY to AED 1,449 Mn in 1Q26, due to anticipated growth in average interest-earning assets, partially offset by a forecasted decline in asset yield and yield on Islamic assets. Meanwhile, interest expense is forecasted to increase 5.4% YOY to AED 458 Mn in 1Q26, driven by an increase in average interest-bearing liabilities, partially offset by a decline in the cost of funds. As a result, net funded income is likely to rise 14.3% YOY to AED 991 Mn in 1Q26. However, NIMs are expected to decrease by 13 bps YOY to 3.9% in 1Q26. The Bank's total non-funded income is anticipated to decline 11.4% YOY to AED 384 Mn in 1Q26, primarily due to an expected decline in investment income, other operating income, and net fee and commission income, coupled with a forecasted increase in gross insurance underwriting losses, partially offset by foreign exchange gains. Hence, net operating income is projected to grow 5.7% YOY to AED 1,375 Mn in 1Q26. Operating expenses are expected to increase 6.0% YOY to AED 461 Mn in 1Q26. Moreover, we expect the cost-to-income ratio to increase by 9 bps YOY to 33.5% in 1Q26, due to higher operating expenses. In addition, impairment expense is forecasted to increase 20.3% YOY to AED 113 Mn in 1Q26. The Bank's tax expense is likely to increase 6.6% YOY to AED 72 Mn in 1Q26. Furthermore, profits attributable to non-controlling interest is expected to rise from AED 2 Mn in 1Q25 to AED 3 Mn in 1Q26.

**2026 forecast**

RAKBANK's net income attributable to equity shareholders is expected to increase 10.9% YOY to AED 2,884 Mn in 2026, owing to an increase in net funded and non-funded income, partially offset by higher operating expenses, impairment charges and higher tax expenses. Interest income, including income from Islamic financing, is projected to rise 6.9% YOY to AED 5,909 Mn in 2026, supported by 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 expected to fall 3.0% YOY to AED 1,787 Mn in 2026, due to a forecasted decline in the cost of funds, partially offset by an expected rise in average interest-bearing liabilities. As a result, net funded income is likely to increase 11.8% YOY to AED 4,122 Mn in 2026. We expect NIMs to decline by 5 bps YOY to 3.9% in 2026. Total non-funded income is expected to grow 3.4% YOY to AED 1,533 Mn in 2026, driven by a rise in net fees and commission income, foreign exchange gains, investment income, and other operating income, partially offset by an anticipated increase in gross insurance underwriting losses. As a result, the Bank's net operating income is likely to increase 9.4% YOY to AED 5,655 Mn in 2026. Operating expenses are anticipated to rise 3.8% YOY to AED 1,923 Mn in 2026. Additionally, we forecast the cost-to-income ratio to decrease by 184 bps YOY to 34.0% in 2026, due to higher net operating income. Impairments are forecasted to increase 22.7% YOY to AED 553 Mn in 2026. Tax expense is expected to rise 11.9% YOY to AED 286 Mn in 2026. Furthermore, the Bank is expected to report marginal increase of 0.2% YOY in profit attributable to non-controlling interest to AED 9 Mn in 2026.

**4Q25 outturn**

RAKBANK's interest income from conventional loans and investments grew 5.1% YOY to AED 1,223 Mn in 4Q25, whereas interest expense on conventional deposits and borrowings decreased 4.3% YOY to AED 370 Mn in 4Q25. Thus, net interest income from conventional loans and advances increased 9.7% YOY to AED 853 Mn in 4Q25. Income from Islamic financing grew 11.3% YOY to AED

206 Mn in 4Q25, while Islamic financing expenses increased substantially from AED 65 Mn in 4Q24 to AED 99 Mn in 4Q25. As a result, total funded income increased 5.9% YOY to AED 1,429 Mn in 4Q25, while total funded expenses grew 3.9% YOY to AED 468 Mn in 4Q25. Thus, net funded income increased 6.9% YOY to AED 961 Mn in 4Q25. Resultantly, our calculated Net interest margins (NIMs) contracted 44 bps YOY to 3.9% in 4Q25. Net fee and commission income increased 24.2% YOY to AED 174 Mn, while foreign exchange income rose 15.7% YOY to AED 101 Mn in 4Q25. RAKBANK recorded a lower loss from insurance underwriting of AED 7 Mn in 4Q25, compared to AED 14 Mn in 4Q24. Additionally, the Bank recorded growth in investment income from AED 12 Mn in 4Q24 to AED 24 Mn in 4Q25, primarily driven by gains from the disposal of investments and fair value gains. Other operating income decreased from AED 36 Mn in 4Q24 to AED 21 Mn in 4Q25. Consequently, total non-funded income grew 19.5% YOY to AED 313 Mn in 4Q25. Thus, total operating income grew 9.8% YOY to AED 1,273 Mn in 4Q25. Operating expenses rose 10.1% YOY to AED 513 Mn in 4Q25, driven by outsourced staff cost and other expenses, with the cost-to-income ratio increasing 12 bps YOY to 40.3% in 4Q25. Impairment charges declined significantly, 33.5% YOY to AED 180 Mn in 4Q25, owing to an improvement in the Bank's loan portfolio. Income tax expenses rose 38.3% YOY to AED 52 Mn in 4Q25. Profits attributable to NCI stood at AED 3 Mn in 4Q25 compared to AED 1 Mn in 4Q24.

### Target price and recommendation

We revised our rating on RAKBANK from HOLD to BUY with an unchanged target price of AED 9.50. The Bank's stock price grew 16.7% since our last rating (January 2026). RAKBANK delivered strong profitability growth in 4Q25, supported by higher net funded income, solid non-funded income, and significantly lower impairment charges. RAKBANK's gross advances increased 11.7% YOY and 3.9% QOQ to AED 55.9 Bn during 4Q25, driven by strong growth across all the business segments. Retail Banking loans and advances rose by AED 1.7 Bn to AED 25 Bn in 4Q25, driven by mortgage and expat lending. Wholesale Banking loans and advances expanded 22.0% YOY to AED 19.7 Bn, supported by growth across corporate and financial institutions, while Business Banking loans and advances increased 6.1% YOY to AED 11.3 Bn in 4Q25, primarily led by SME and commercial loans. RAKBANK's customer deposits rose 18.1% YOY and 7.4% QOQ to AED 70.5 Bn in 4Q25, with a CASA ratio of 65%. The higher CASA ratio is expected to support performance in a declining interest rate environment, driven by its lower funding costs. The Bank's reported risk-adjusted NIM remained stable at 3.7% in 2025 compared to 2024, despite the impact of interest rate cuts. However, given RAKBANK's positive interest rate sensitivity gap, a continued easing cycle could still weigh on margins and net interest income going forward. RAKBANK's reported cost of risk improved to 0.9% in 4Q25 from 1.7% in 4Q24, reflecting better asset quality and lower credit provisioning pressures. Furthermore, the Bank's asset quality improved with calculated NPL ratio declining from 2.0% in 3Q25 to 1.9% in 4Q25. The calculated provision coverage also increased from 247.2% in 3Q25 to 258.8% in 4Q25, indicating a strong buffer against bad loans during the medium term. The Bank's capital ratio also remained strong with a total CAR and CET 1 ratio of 18.1% and 14.5%, respectively during 4Q25. RAKBANK also delivered strong returns, with reported ROA and ROE of 2.8% and 20.2%, respectively during 2025. Further, RAKBANK Board recommended a cash dividend distribution of 63 fils per share for FY2025. Thus, based on our assumptions, we revised our rating from HOLD to BUY on the stock.

#### RAKBANK - Relative valuation

(at CMP)	2021	2022	2023	2024	2025	2026F
P/E (x)	22.05	14.24	9.35	8.05	6.41	5.78
P/B (x)	2.00	1.85	1.61	1.55	1.13	1.03
BVPS (AED)	4.147	4.471	5.134	5.352	7.315	8.083
EPS (AED)	0.376	0.582	0.887	1.030	1.293	1.434
DPS (AED)	0.188	0.283	0.310	0.500	0.630	0.717
Dividend Yield	2.4%	3.6%	3.9%	6.3%	8.0%	9.1%

FABS Estimates & Co Data

**RAKBANK P&L**

AED Mn	1Q25	4Q25	1Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Interest Income	1,301	1,429	1,449	11.3%	1.4%	5,527	5,909	6.9%
Interest expense	-434	-468	-458	5.4%	-2.2%	-1,842	-1,787	-3.0%
<b>Net funded income</b>	<b>867</b>	<b>961</b>	<b>991</b>	<b>14.3%</b>	<b>3.1%</b>	<b>3,686</b>	<b>4,122</b>	<b>11.8%</b>
Net fees and commissions	188	174	182	-3.0%	5.0%	774	798	3.0%
Foreign exchange gain	98	101	102	4.7%	1.0%	390	410	5.0%
Gross insurance underwriting Profit	-3	-7	-7	138.6%	-7.0%	-13	-23	70.0%
Investment Income	126	24	83	-34.0%	250.0%	231	248	7.0%
Other operating income	24	21	23	-4.7%	8.0%	100	101	1.0%
<b>Total non-funded income</b>	<b>433</b>	<b>313</b>	<b>384</b>	<b>-11.4%</b>	<b>22.9%</b>	<b>1,482</b>	<b>1,533</b>	<b>3.4%</b>
<b>Net operating income</b>	<b>1,300</b>	<b>1,273</b>	<b>1,375</b>	<b>5.7%</b>	<b>8.0%</b>	<b>5,168</b>	<b>5,655</b>	<b>9.4%</b>
Operating expenses	-434	-513	-461	6.0%	-10.1%	-1,852	-1,923	3.8%
<b>Pre-provision profit</b>	<b>866</b>	<b>761</b>	<b>914</b>	<b>5.6%</b>	<b>20.2%</b>	<b>3,316</b>	<b>3,732</b>	<b>12.6%</b>
Impairment	-94	-180	-113	20.3%	-37.3%	-451	-553	22.7%
<b>Profit before tax</b>	<b>772</b>	<b>581</b>	<b>802</b>	<b>3.8%</b>	<b>38.0%</b>	<b>2,865</b>	<b>3,179</b>	<b>11.0%</b>
Income tax expense	-68	-52	-72	6.6%	37.9%	-256	-286	11.9%
<b>Profit after tax &amp; before NCI</b>	<b>704</b>	<b>529</b>	<b>730</b>	<b>3.5%</b>	<b>38.0%</b>	<b>2,609</b>	<b>2,893</b>	<b>10.9%</b>
Non-controlling interest	-2	-3	-3	9.6%	-3.6%	-9	-9	0.2%
<b>Net profit attributable</b>	<b>702</b>	<b>526</b>	<b>727</b>	<b>3.5%</b>	<b>38.2%</b>	<b>2,600</b>	<b>2,884</b>	<b>10.9%</b>

FABS estimate & Co Data

**RAKBANK - KPI**

	1Q25	4Q25	1Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Net FI/OI	66.7%	75.4%	72.1%	539	-339	71.3%	72.9%	157
NIM	4.0%	3.9%	3.9%	-13	-2	4.0%	3.9%	-5
NIS	3.7%	4.0%	3.6%	-10	-47	3.6%	3.6%	1
Fees & comms/OI	14.5%	13.6%	13.3%	-119	-38	15.0%	14.1%	-88
Foreign exchange gain/OI	7.5%	7.9%	7.4%	-7	-51	7.6%	7.2%	-30
Other operating income/OI	1.9%	1.7%	1.7%	-18	0	1.9%	1.8%	-15
Investment Income/OI	9.7%	1.9%	6.1%	-366	420	4.5%	4.4%	-10
Cost to income	33.4%	40.3%	33.5%	9	-675	35.8%	34.0%	-184
Impairment/PPP	10.8%	23.6%	12.3%	151	NM	13.6%	14.8%	122
NP/OI	54.0%	41.3%	52.9%	-113	NM	0.0%	0.0%	0
Cost of risk	0.7%	1.3%	0.2%	-55	-111	0.8%	1.0%	10
Loan-to-deposit	78.0%	75.6%	76.0%	-197	43	75.6%	74.0%	-157
NPL – Calculated	2.4%	1.9%	1.9%	-58	-1	1.9%	1.8%	-6
NPL Coverage – Calculated	231.8%	258.8%	260.0%	NM	NM	258.8%	264.0%	524
CET 1	16.2%	14.5%	0.0%	NM	NM	14.5%	14.6%	3
Capital Adequacy	18.6%	18.1%	0.0%	NM	NM	18.1%	17.8%	-34
ROAE	20.2%	20.5%	20.3%	11	-21	19.6%	18.6%	-102
ROAA	2.6%	2.7%	2.7%	5	-4	2.7%	2.6%	-6

FABS estimate & Co data

**RAKBANK - Key B/S items**

AED Mn	1Q25	2Q25	3Q25	4Q25	1Q26F	YOY Ch
Net advances	47,590	48,662	51,228	53,246	54,052	13.6%
QOQ change	0.8%	2.3%	5.3%	3.9%	1.5%	
Total assets	90,804	94,961	99,459	105,018	107,256	18.1%
QOQ change	2.8%	4.6%	4.7%	5.6%	2.1%	
Customer deposits	61,038	61,079	65,621	70,460	71,120	16.5%
QOQ change	2.3%	0.1%	7.4%	7.4%	0.9%	
Total Equity	11,579	12,341	14,202	14,756	15,483	33.7%
QOQ change	-1.8%	-1.8%	6.6%	15.1%	3.5%	

FABS estimate & Co data

## 1Q26 preview: Abu Dhabi Commercial Bank (ADCB)

Income momentum and lower tax to support earnings growth

Current Price	12-m Target Price	Upside/Downside (%)	Rating
AED 12.80	AED 18.00	+40.6%	BUY

### 1Q26 estimate

Abu Dhabi Commercial Bank's (ADCB/the Bank) net profit is forecasted to increase 20.3% YOY to AED 2,943 Mn in 1Q26, driven by an anticipated growth in net funded and non-funded income coupled with a decline in overseas tax expense, partially offset by a projected increase in operating expenses and impairment charges. ADCB's funded income is expected to grow 13.6% YOY to AED 9,378 Mn in 1Q26, due to an anticipated rise in interest earning assets, partially offset by a forecasted decline in asset yield. Funded expense is forecasted to rise 10.8% YOY to AED 5,387 Mn in 1Q26, supported by a rise in average interest-bearing liabilities, partially offset by an anticipated decline in cost of funds. Thus, net funded income is expected to grow 17.6% YOY to AED 3,991 Mn in 1Q26. We expect NIMs to increase 4 bps YOY to 2.3% in 1Q26. Fee and commission income is forecasted to grow 13.7% YOY to AED 932 Mn in 1Q26. Simultaneously, other operating income is anticipated to grow 3.5% YOY to AED 827 Mn in 1Q26. Thus, non-funded income is expected to rise 8.7% YOY to AED 1,759 Mn in 1Q26. As a result, total operating income is likely to rise 14.7% YOY to AED 5,750 Mn in 1Q26. Furthermore, operating expenses are projected to increase 11.9% YOY to AED 1,639 Mn in 1Q26. As a result, the cost-to-income ratio is expected to decline 72 bps YOY to 28.5% in 1Q26. Additionally, the Bank's impairments are forecasted to increase 35.5% YOY to AED 876 Mn in 1Q26. ADCB's overseas tax expenses are expected to decrease 36.8% YOY to AED 291 in 1Q26.

### 2026 forecast

ADCB's net profit is expected to grow 12.2% YOY to AED 12,844 Mn in 2026, attributable to a forecasted increase in net funded and non-funded income and a decline in overseas tax expenses, partially offset by an anticipated rise in operating expenses and impairment charges. Funded income is projected to rise 10.4% YOY to AED 38,789 Mn in 2026, due to an expected expansion in the loan book and net investments, partially offset by an expected decline in asset yield. On the other hand, funded expense is expected to grow 10.3% YOY to AED 22,547 Mn in 2026, supported by anticipated growth in customer deposits, partially offset by forecasted decline in cost of funds. Thus, net funded income is expected to grow 10.6% YOY to AED 16,241 Mn in 2026. We expect NIMs to decrease 4 bps YOY to 2.2% in 2026. Fees and commission income is projected to grow 10.0% YOY to AED 3,968 Mn in 2026. Other operating income is forecasted to increase 2.8% YOY to AED 3,998 Mn in 2026. Thus, non-funded income is likely to increase 6.3% YOY to AED 7,966 Mn in 2026. As a result, operating income is expected to grow 9.1% YOY to AED 24,207 Mn in 2026. Furthermore, operating expenses are forecasted to rise 7.7% YOY to AED 6,730 Mn in 2026. As a result, the cost-to-income ratio is expected to decline 36 bps YOY to 27.8% in 2026. In addition, impairments are anticipated to increase 8.2% YOY to AED 3,356 Mn in 2026. ADCB's overseas tax expense is expected to decline 9.1% YOY to AED 1,271 Mn in 2026.

### 4Q25 outturn

ADCB's funded income, including interest income and income from Islamic financing, grew 4.0% YOY to AED 9,071 Mn in 4Q25, primarily due to growth in loans and advances and other interest-earning assets, partially offset by lower asset yield. The Bank's funded expenses increased marginally 0.4% YOY to AED 5,237 Mn in 4Q25, mainly due to rise in interest earning liabilities, partially offset by lower cost of funds. As a result, the net funded income grew 9.4% YOY to AED 3,834 Mn in 4Q25. ADCB's calculated NIMs declined 15 bps YOY and 7 bps QOQ to 2.3% in 4Q25. Fee and commission income grew 22.8% YOY to AED 887 Mn in 4Q25. However, other operating income declined 31.7% YOY to AED 846 Mn in 4Q25, due to high base in 4Q24, which included one-off gains from corporate loan extinguishments. Resultantly, the non-funded income declined 11.6% YOY to AED 1,734 Mn in 4Q25. Total operating income rose 1.8% YOY to AED 5,567 Mn in 4Q25. Operating expenses grew 5.2% YOY to AED 1,647 Mn in 4Q25, mainly due to continued investments in talent and technology to support growth. Thus, the calculated cost-to-income ratio increased 96 bps YOY and 193 bps QOQ

to 29.6% in 4Q25. Impairments declined significantly from AED 1,020 Mn in 4Q24 to AED 183 Mn in 4Q25, driven by higher recoveries and provision writebacks. Furthermore, tax expense grew 26.9% YOY to 394 Mn in 4Q25. ADCB applied a statutory tax rate of 9% for 4Q25 and 2025, as it qualifies for the initial phase of the international activity exclusion under the evolving regulatory framework.

### 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 solid profitability growth in 4Q25, driven by robust increase in core income and a sharp decline in impairment charges. Net loans increased by 15.8% YOY to AED 406.0 Bn in 4Q25, extending the Bank's growth trajectory for the third consecutive year, supported by solid credit demand across the UAE and key international corridors. Corporate loans accounted for 71% of gross loans, while retail loans contributed 11%, with retail lending remaining stable in 2025 and expected to accelerate in 2026 across both secured and unsecured products. Loans outside the UAE increased to 27% of the portfolio in 2025 from 21% in 2024, supporting cross-border investments across key corridors such as Saudi Arabia and Egypt, while the Bank's KSA strategy remained focused on government-related energy projects, often funded via multi-bank facilities. The Bank's portfolio remains conservatively positioned, with significant exposure to government and GRE-linked entities of 23% and limited exposure to real estate of 11% as of 4Q25, enhancing resilience in a potentially volatile macro environment. Customer deposits increased by 18.7% YOY and 3.6% QOQ to AED 499.8 Bn in 4Q25, supported by a healthy inflow across both retail and corporate segments. Low-cost CASA deposits accounted for 46% of total deposits in 4Q25, up from 45% in 3Q25, providing a favorable funding mix and supporting the Bank's margin profile. ADCB's reported risk adjusted NIMs increased from 1.68% in 3Q25 to 2.24% in 4Q25. Non-interest income declined 11.6% YOY to AED 1,734 Mn in 4Q25 due to a high base from corporate loan extinguishment gains in 4Q24, excluding this one-off, underlying non-interest income grew 41% YOY. ADCB's AI transformation program, launched in October, is gaining strong momentum with high-impact use cases deployed across the Bank, enhancing operational speed and quality, improving efficiency and risk management, and strengthening scalable, technology-led competitive advantage. The Bank's calculated cost of risk declined 69 bps YOY and 66 bps QOQ to 0.1% in 4Q25, below both full-year guidance and the Bank's five-year target, reflecting improving portfolio quality and strong recoveries. Asset quality continues to strengthen, with the NPL ratio declining to 2.7% in 4Q25, reflecting disciplined underwriting and strong recoveries. ADCB's capitalization stood strong with a CET1 ratio of 13.8% in 4Q25, driven by retained earnings and the successful rights issue completion and total CAR ratio of 17.0% in 4Q25. Additionally, the Bank plans to double its net profit to AED 20 Bn within five years with an annual targeted growth rate of 20%. The Bank board also proposed a cash dividend of AED 0.63 per share, translating into a 44% payout ratio and total payout of AED 4.99 Bn for 2025. Additionally, ADCB reaffirmed its commitment to deliver AED 25 Bn in shareholder distributions over five years as part of its strategic plan. Thus, based on our analysis, we maintain our BUY rating on the stock.

### ADCB - Relative Valuation

	2021	2022	2023	2024	2025	2026F
PE	18.32	14.84	11.88	10.87	8.80	8.15
PB	1.74	1.67	1.49	1.39	1.25	1.15
BVPS (AED)	7.290	7.571	8.537	9.127	10.109	11.036
EPS (AED)	0.692	0.854	1.067	1.167	1.442	1.557
DPS (AED)	0.352	0.171	0.560	0.590	0.630	0.685
Dividend Yield	2.8%	1.3%	4.4%	4.6%	4.9%	5.4%

FABS Estimates & Co Data

**ADC B - P&L**

AED Mn	1Q25	4Q25	1Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Funded income	8,256	9,071	9,378	13.6%	3.4%	35,123	38,789	10.4%
Funded expense	-4,863	-5,237	-5,387	10.8%	2.9%	-20,435	-22,547	10.3%
<b>Net funded income</b>	<b>3,394</b>	<b>3,834</b>	<b>3,991</b>	<b>17.6%</b>	<b>4.1%</b>	<b>14,688</b>	<b>16,241</b>	<b>10.6%</b>
Fees & commissions	820	887	932	13.7%	5.0%	3,607	3,968	10.0%
Other operating income	799	846	827	3.5%	-2.2%	3,888	3,998	2.8%
<b>Non funded income</b>	<b>1,619</b>	<b>1,734</b>	<b>1,759</b>	<b>8.7%</b>	<b>1.5%</b>	<b>7,495</b>	<b>7,966</b>	<b>6.3%</b>
<b>Operating income</b>	<b>5,013</b>	<b>5,567</b>	<b>5,750</b>	<b>14.7%</b>	<b>3.3%</b>	<b>22,183</b>	<b>24,207</b>	<b>9.1%</b>
Operating expenses	-1,465	-1,647	-1,639	11.9%	-0.5%	-6,246	-6,730	7.7%
<b>Pre-provision profit</b>	<b>3,548</b>	<b>3,921</b>	<b>4,111</b>	<b>15.9%</b>	<b>4.9%</b>	<b>15,937</b>	<b>17,478</b>	<b>9.7%</b>
Impairments	-646	-183	-876	35.5%	NM	-3,103	-3,356	8.2%
<b>Operating profit</b>	<b>2,901</b>	<b>3,737</b>	<b>3,235</b>	<b>11.5%</b>	<b>-13.4%</b>	<b>12,834</b>	<b>14,121</b>	<b>10.0%</b>
Share of profit of assoc.	5	-2	0	NM	NM	9	0	NM
<b>Profit before tax</b>	<b>2,907</b>	<b>3,735</b>	<b>3,235</b>	<b>11.3%</b>	<b>-13.4%</b>	<b>12,843</b>	<b>14,121</b>	<b>10.0%</b>
Overseas tax expense	-461	-394	-291	-36.8%	-26.2%	-1,398	-1,271	-9.1%
Non-controlling interest	0	0	-1	NM	NM	1	-6	NM
<b>Profit for the period</b>	<b>2,447</b>	<b>3,341</b>	<b>2,943</b>	<b>20.3%</b>	<b>-11.9%</b>	<b>11,446</b>	<b>12,844</b>	<b>12.2%</b>

**ADC B - P&L KPI**

	1Q25	4Q25	1Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Net FI/OI	67.7%	68.9%	69.4%	170	55	66.2%	67.1%	88
NIM	2.3%	2.3%	2.3%	4	4	2.3%	2.2%	-4
NIS	1.8%	1.8%	1.9%	6	4	1.9%	1.8%	-3
Fees & comms/OI	16.4%	15.9%	16.2%	-15	26	16.3%	16.4%	13
Other non-funded/OI	15.9%	15.2%	14.4%	-155	-81	17.5%	16.5%	-101
Cost to income	29.2%	29.6%	28.5%	-72	-108	28.2%	27.8%	-36
Impairment/PPP	18.2%	4.7%	21.3%	308	1,663	19.5%	19.2%	-27
Tax/PBT	15.8%	10.6%	9.0%	-685	-156	10.9%	9.0%	-189
NP/OI	48.8%	60.0%	51.2%	237	-883	51.6%	53.1%	146
Cost of risk – Calculated	0.5%	0.1%	0.6%	9	47	0.6%	0.6%	-3
Loan-to-deposit – Calculated	83.0%	82.2%	82.0%	-99	-23	82.2%	84.0%	177
NPL - calculated	3.3%	2.7%	2.7%	-66	-3	2.7%	2.5%	-18
Coverage (calculated)	103.4%	107.4%	109.4%	603	200	107.4%	109.4%	200
CET 1	12.6%	13.8%	0.0%	-1,259	-1,379	13.8%	14.2%	42
Capital adequacy	16.1%	17.0%	0.0%	-1,607	-1,701	17.0%	17.2%	20
ROAE	14.5%	14.7%	15.4%	93	71	14.7%	14.7%	0
ROAA	1.5%	1.6%	1.6%	11	3	1.6%	1.6%	-1

FABS estimate &amp; Co Data

**ADC B- Key BS Items**

AED Mn	1Q25	2Q25	3Q25	4Q25	1Q26F	YOY Ch
Net advances	359,489	378,465	401,356	405,967	414,912	15.4%
QOQ change	2.5%	5.3%	6.0%	1.1%	2.2%	
Total assets	679,716	718,502	744,273	773,654	783,318	15.2%
QOQ change	4.1%	5.7%	3.6%	3.9%	1.2%	
Customer deposits	441,691	463,442	482,440	499,775	516,212	16.9%
QOQ change	4.9%	4.9%	4.1%	3.6%	3.3%	
Total shareholders' equity	73,872	76,249	79,509	88,741	91,579	24.0%
QOQ change	-2.2%	3.2%	4.3%	11.6%	3.2%	

FABS estimate &amp; Co Data

**1Q26 preview: Mashreq Bank (MASQ)**

Higher earning assets growth to support bottom-line

Current Price	12-m Target Price	Upside/Downside (%)	Rating
AED 211.00	AED 270.00	+28.0%	BUY

**1Q26 estimate**

We expect Mashreq Bank (MASQ/the Bank) to report a 1.2% YOY increase in net income attributable to equity shareholders to AED 1,777 Mn in 1Q26, primarily due to anticipated growth in net funded income, partially offset by a forecasted increase in G&A expenses, impairment charges, tax expenses, and profit attributable to NCI, coupled with an expected decline in total non-funded income. MASQ's funded income, including income from Islamic financing, is expected to rise 11.5% YOY to AED 4,196 Mn in 1Q26, 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 increase 15.8% YOY to AED 2,079 Mn in 1Q26, due to an anticipated rise in average interest-bearing liabilities, partially offset by the absence of distribution to depositors - Islamic products and an expected decrease in cost of funds. Resultantly, net funded income is expected to increase 7.6% YOY to AED 2,117 Mn in 1Q26. We anticipate NIMs to decline by 39 bps YOY to 3.2% in 1Q26. Furthermore, the Bank's net fee and commission income is forecasted to fall 6.4% YOY to AED 325 Mn in 1Q26. Additionally, income from investment securities is projected to decline 37.6% YOY to AED 70 Mn in 1Q26. Other operating income is anticipated to increase 2.2% YOY to AED 709 Mn in 1Q26. Thus, total non-funded income is expected to decline 4.3% YOY to AED 1,104 Mn in 1Q26. As a result, MASQ's total operating income is likely to rise 3.2% YOY to AED 3,221 Mn in 1Q26. General and administrative expenses are anticipated to increase 5.3% YOY to AED 966 Mn in 1Q26. As a result, the cost-to-income ratio is expected to increase from 29.4% in 1Q25 to 30.0% in 1Q26. In addition, the Bank is expected to report impairment charges of AED 115 Mn in 1Q26, compared to AED 101 Mn in 1Q25. Furthermore, tax expense is anticipated to increase 3.9% YOY to AED 321 Mn in 1Q26. MASQ's profit attributable to non-controlling interest is expected to increase from AED 36 Mn in 1Q25 to AED 42 Mn in 1Q26.

**2026 forecast**

MASQ's net income attributable to equity shareholders is expected to increase 4.6% YOY to AED 7,156 Mn in 2026, supported by an anticipated rise in net funded income and non-funded income coupled with marginal decline in tax charges, partially offset by higher projected G&A expenses, impairment charges, and profits attributable to non-controlling interest. Funded income, including income from Islamic financing, is forecasted to increase 7.7% YOY to AED 17,080 Mn in 2026, 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 expected to rise 6.6% YOY to AED 8,236 Mn in 2026, due to an anticipated rise in average interest-bearing liabilities, partially offset by the absence of distribution to depositors - Islamic products and an expected decrease in cost of funds. Thus, net funded income is expected to increase 8.6% YOY to AED 8,844 Mn in 2026. MASQ's net fees and commission income is forecasted to increase 3.0% YOY to AED 1,373 Mn in 2026. Other operating income is also expected to rise 3.0% YOY to AED 2,834 Mn in 2026. However, income from investment securities is anticipated to decline 20.0% YOY to AED 280 Mn in 2026. Thus, non-funded income is expected to increase 1.2% YOY to AED 4,488 Mn in 2026. As a result, total operating income is expected to increase 6.0% YOY to AED 13,332 Mn in 2026. G&A expenses are projected to increase 6.9% YOY to AED 4,137 Mn in 2026, leading to pre-provision income rising 5.6% YOY to AED 9,195 Mn in 2026. The Bank is expected to report impairment charges of AED 607 Mn in 2026, compared to AED 444 Mn in 2025. Tax expense is anticipated decline marginally 0.2% YOY to AED 1,288 Mn in 2026. Additionally, the profit share attributable to non-controlling interest holders is expected to increase from AED 131 Mn in 2025 to AED 144 Mn in 2026.

**4Q25 outturn**

MASQ's interest income rose 5.0% YOY to AED 3,577 Mn in 4Q25 due to increasing interest earning assets, partially offset by decreasing asset yields. Similarly, income from Islamic financing increased

21.2% YOY to AED 530 Mn in 4Q25, driven by higher average Islamic financing assets and higher yields. As a result, total funded income grew 6.8% YOY to AED 4,107 Mn in 4Q25. Moreover, funded expenses increased 14.3% YOY to AED 2,046 Mn in 4Q25 led by higher interest expense and distribution of Islamic products. Consequently, net funded income increased marginally by 0.3% YOY to AED 2,061 Mn in 4Q25. MASQ's net fee and commission income increased 0.2% YOY to AED 301 Mn in 4Q25. The Bank also recorded higher income from investment securities, rising to AED 39 Mn in 4Q25 compared to AED 21 Mn in 4Q24. However, MASQ's other operating income declined significantly by 59.6% YOY to AED 785 Mn in 4Q25 due to a one-off capital gain from sale of IDFAA Payment Service Ltd recorded in 4Q24. As a result, the Bank's total non-funded income fell 50.2% YOY to AED 1,126 Mn in 4Q25. Consequently, MASQ's total operating income declined 26.2% YOY to AED 3,187 Mn in 4Q25, driven by the decline in other operating income. Furthermore, the Bank's G&A expenses declined 14.3% YOY to AED 990 Mn in 4Q25, reflecting cost discipline and increased scalability due to digitisation. The cost-to-income ratio increased from 26.7% in 4Q24 to 31.1% in 4Q25. MASQ recorded impairment charges of AED 78 Mn in 4Q25 compared to impairment reversal of AED 239 Mn in 4Q24. Tax expenses increased sharply from AED 225 Mn in 4Q24 to AED 329 Mn in 4Q25, on account of introduction of corporate income taxation (UAE DMTT). Meanwhile, the Bank's NCI increased from AED 34 Mn to AED 39 Mn in 4Q25.

### Target price and recommendation

We revised our rating on MASQ from HOLD to BUY with an unchanged target price of AED 270.00. MASQ reported a YOY decline in 4Q25 profits, primarily due to the absence of one-off gains recorded in 4Q24. Despite margin pressures, balance sheet momentum remained strong, with net advances rising 31.7% YOY and 14.9% QOQ to AED 164.3 Bn, driven by robust origination across wholesale, retail and financial institution portfolios, supported by higher transaction and financing volumes. Customer deposits grew 27.3% YOY and 9.5% QOQ to AED 204.9 Bn, led by strong CASA inflows from granular retail and corporate customers. As a result, CASA deposits accounted for 62% of total deposits, providing a stable, low-cost funding base that supports both profitability and liquidity. While NIMs declined by 64 bps YOY and 23 bps QOQ, they remained stable at 3.3% in 4Q25, reflecting disciplined repricing and funding cost management despite cumulative policy rate cuts. Asset quality continued to improve, with the calculated NPL ratio declining to 1.1% in 4Q25 from 1.7% in 4Q24, supported by disciplined credit execution and strong portfolio performance across geographies. Liquidity metrics remained robust, with a Liquid Assets Ratio of 28% and LCR of 158% in 2025, comfortably above regulatory requirements, supporting elevated lending and transaction activity. Funding resilience was further reinforced through two highly successful and oversubscribed transactions in 2025, including a USD 2 Bn syndicated loan facility and a debut USD 500 Mn Sukuk issuance, highlighting strong investor confidence in Mashreq's credit profile. Capitalisation remained solid, with a CET1 ratio of 12.3% and total CAR of 14.5% in 4Q25, enabling the Bank to fund growth while maintaining regulatory buffers. MASQ continued to deliver strong returns, with a calculated ROAE of 18.8% in 4Q25, underscoring the Bank's ability to generate high-quality earnings through disciplined capital deployment, stable margins and a diversified income base. During the year, Mashreq was designated a Domestic Systemically Important Bank (D-SIB) by the Central Bank of the UAE, reflecting its scale and systemic relevance. Strategically, Mashreq remains differentiated by its global franchise and innovation leadership. The Bank is the only UAE bank with a US commercial license and ranks among the top eight globally in USD clearing, while continuing to expand its footprint across Türkiye, India, Egypt, Pakistan, the US, and Oman, strengthening cross-border and trade corridor capabilities. Ongoing investments in digital transformation, cloud-native infrastructure, AI and GenAI-enabled operations are enhancing scalability, client acquisition and operating leverage across retail, corporate and SME segments. Despite a challenging macro and rate environment, Mashreq delivered a resilient performance in 2025 and enters 2026 well positioned, supported by strong capitalisation, balance sheet momentum and a clear strategic focus on innovation and selective international expansion. The Bank also announced a dividend of AED 10.2 per share for the period of 2025, compared to dividend of AED 21.1 for 2024. Thus, considering the above-mentioned reasons, we revised our rating from HOLD to BUY on the stock.

**MASQ- Relative Valuation**

(at CMP)	2021	2022	2023	2024	2025	2026F
P/E(x)	42.04	11.30	4.96	4.81	6.37	6.08
P/B(x)	2.08	1.87	1.44	1.25	1.16	1.02
BVPS	100.839	112.152	145.720	168.367	181.634	205.986
EPS	4.996	18.590	42.349	43.657	32.975	34.550
DPS	1.000	9.000	18.500	21.100	10.200	16.273
Dividend Yield	0.5%	4.3%	8.8%	10.0%	4.8%	7.7%

*FABS estimate & Co Data*
**MASQ - P&L**

AED Mn	1Q25	4Q25	1Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Interest income	3,341	3,577	3,641	9.0%	1.8%	13,960	14,834	6.3%
Income from Islamic financing	421	530	554	31.8%	4.5%	1,906	2,246	17.8%
<b>Funded income</b>	<b>3,762</b>	<b>4,107</b>	<b>4,196</b>	<b>11.5%</b>	<b>2.2%</b>	<b>15,866</b>	<b>17,080</b>	<b>7.7%</b>
Funded expense	-1,795	-2,046	-2,079	15.8%	1.6%	-7,724	-8,236	6.6%
<b>Net funded income</b>	<b>1,967</b>	<b>2,061</b>	<b>2,117</b>	<b>7.6%</b>	<b>2.7%</b>	<b>8,141</b>	<b>8,844</b>	<b>8.6%</b>
Net Fee and commission income	348	301	325	-6.4%	8.0%	1,333	1,373	3.0%
Inc. from investment securities	112	39	70	-37.6%	79.0%	350	280	-20.0%
Other operating income, net	694	785	709	2.2%	-9.8%	2,752	2,834	3.0%
<b>Total other OI</b>	<b>1,154</b>	<b>1,126</b>	<b>1,104</b>	<b>-4.3%</b>	<b>-1.9%</b>	<b>4,435</b>	<b>4,488</b>	<b>1.2%</b>
<b>Total operating income</b>	<b>3,120</b>	<b>3,187</b>	<b>3,221</b>	<b>3.2%</b>	<b>1.1%</b>	<b>12,576</b>	<b>13,332</b>	<b>6.0%</b>
General & admin. expenses	-918	-990	-966	5.3%	-2.4%	-3,871	-4,137	6.9%
<b>Pre provision profit</b>	<b>2,202</b>	<b>2,197</b>	<b>2,255</b>	<b>2.4%</b>	<b>2.6%</b>	<b>8,705</b>	<b>9,195</b>	<b>5.6%</b>
Allowances for impairment, net	-101	-78	-115	13.5%	NM	-444	-607	36.7%
Income tax expense	-309	-329	-321	3.9%	-2.6%	-1,291	-1,288	-0.2%
Non-controlling interests	-36	-39	-42	17.0%	9.1%	-131	-144	10.0%
<b>Net Profit</b>	<b>1,756</b>	<b>1,751</b>	<b>1,777</b>	<b>1.2%</b>	<b>1.5%</b>	<b>6,840</b>	<b>7,156</b>	<b>4.6%</b>

*FABS estimate & Co Data*
**MASQ - KPI**

	1Q25	4Q25	1Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Net FI/OI	63.0%	64.7%	65.7%	269	105	64.7%	66.3%	160
NIM	3.6%	3.3%	3.2%	-39	-9	3.4%	3.2%	-14
NIS	3.5%	3.3%	3.2%	-27	-6	3.3%	3.3%	-4
Fees & comms/OI	11.1%	9.5%	10.1%	-104	65	10.6%	10.3%	-30
Trading/OI	3.6%	1.2%	2.2%	-142	95	2.8%	2.1%	-68
Cost to income	29.4%	31.1%	30.0%	58	-105	30.8%	31.0%	25
Impairment/PPP	4.6%	3.6%	5.1%	50	152	5.1%	6.6%	150
NP/OI	56.3%	54.9%	55.2%	-112	23	54.4%	53.7%	NM
Cost of risk - Calculated	0.4%	0.2%	0.3%	-6	10	0.3%	0.4%	NM
Loan-to-deposit	73.4%	80.2%	139.0%	NM	NM	80.2%	76.0%	-421
NPL - Calculated	1.7%	1.1%	1.7%	-3	58	1.2%	1.6%	40
Coverage excluding Collateral	118.5%	138.5%	117.4%	-106	NM	123.1%	118.0%	NM
CET1	15.4%	12.3%	12.7%	-270	45	12.3%	13.1%	84
Capital Adequacy	18.5%	14.5%	14.9%	-351	42	14.5%	15.2%	71
ROAE	28.8%	18.8%	19.1%	-966	25	18.8%	17.8%	-102
ROAA	3.3%	2.3%	2.0%	-128	-23	2.3%	2.1%	-20

*FABS estimate & Co Data*
**MASQ - key BS items**

AED Mn	1Q25	2Q25	3Q25	4Q25	1Q26F	YOY Ch
Net advances	1,25,817	1,34,120	1,43,085	1,64,349	1,67,010	32.7%
QOQ changes	0.8%	6.6%	6.7%	14.9%	1.6%	
Total assets	2,72,703	2,93,635	3,05,464	3,34,634	3,38,227	24.0%
QOQ changes	2.0%	7.7%	4.0%	9.5%	1.1%	
Customer deposits	1,71,442	1,77,645	1,87,167	2,04,895	2,11,815	23.5%
QOQ changes	6.5%	3.6%	5.4%	9.5%	3.4%	
Total equity	35,346	36,996	38,924	40,577	42,312	19.7%
QOQ changes	-6.4%	4.7%	5.2%	4.2%	4.3%	

*FABS estimate & Co Data*

## 1Q26 preview: Sharjah Islamic Bank (SIB)

Profit to expand modestly amid rising expense pressures

Current Price	12-m Target Price	Upside/Downside (%)	Rating
AED 3.20	AED 3.70	+15.6%	BUY

### 1Q26 Estimate

Sharjah Islamic Bank's (SIB/the Bank) net profit is expected to rise 1.6% YOY to AED 324 Mn in 1Q26, due to an expected increase in net funded income and non-funded income, partially offset by an anticipated rise in G&A expenses and higher provision charges. Funded income is expected to grow 13.2% YOY to AED 1,035 Mn in 1Q26, driven by an expected growth in average interest-earning assets. Funded expenses are forecasted to increase 9.4% YOY to AED 598 Mn in 1Q26, supported by a projected rise in average interest-bearing liabilities. Hence, net funded income is likely to grow 19.0% YOY to AED 437 Mn in 1Q26. The Bank's fees and commissions income is expected to expand 21.2% YOY to AED 165 Mn in 1Q26, while fee and commission expenses are anticipated to increase 16.1% YOY to AED 33 Mn in 1Q26. Moreover, investment income is expected to rise substantially from AED 2 Mn in 1Q25 to AED 11 Mn in 1Q26. Bank's foreign exchange income is expected to decline 1.6% YOY to AED 25 Mn in 1Q26. SIB's other income is expected to increase 37.3% YOY to AED 40 Mn in 1Q26. Thus, total non-funded income is likely to rise 27.1% YOY to AED 209 Mn in 1Q26. As a result, total operating income will likely increase 21.5% YOY to AED 646 Mn in 1Q26. Furthermore, SIB's G&A expenses are anticipated to increase 17.3% YOY to AED 233 Mn in 1Q26. SIB is expected to record a provision charge of AED 58 Mn in 1Q26, compared to a reversal of AED 17 Mn in 1Q25. The Bank's tax expenses are forecasted to remain flat from AED 31.7 Mn in 1Q25 to AED 32.0 Mn in 1Q26.

### 2026 Forecast

SIB's net profit is forecasted to increase 3.7% YOY to AED 1,367 Mn in 2026, owing to an expected increase in net-funded and non-funded income, partially offset by an anticipated rise in G&A expenses, higher provisions, and increased tax expenses. SIB's funded income is expected to grow 8.4% YOY to AED 4,226 Mn in 2026, due to a forecasted rise in average interest-earning assets, partially offset with decline in an asset yield. On the other hand, funded expense is projected to grow 4.7% to AED 2,428 Mn in 2026, supported by expected growth in average interest-bearing liabilities, partially offset by a projected decline in cost of funds. As a result, net funded income is projected to grow 13.7% YOY to AED 1,798 Mn in 2026. SIB's net fee and commission income is anticipated to rise 3.0% YOY to AED 748 Mn in 2026, coupled with an expected increase in fee and commission expense by 16.2% YOY to AED 148 Mn. Investment income is projected to grow from AED 22 Mn in 2025 to AED 47 Mn in 2026. Moreover, foreign exchange income is forecasted to decline 10.0% YOY to AED 101 Mn in 2026. In addition, other income is expected to decline 5.0% YOY to AED 162 Mn in 2026. As a result, total non-funded income is projected to increase marginally 0.6% YOY to AED 910 Mn in 2026. Therefore, total operating income is expected to increase 8.9% YOY to AED 2,708 Mn in 2026. G&A expenses are anticipated to increase 8.0% YOY to AED 969 Mn in 2026. Provisions are expected to increase 9.2% YOY to AED 237 Mn in 2026. Furthermore, SIB forecasted to record a tax expense of AED 135 Mn in 2026 compared to AED 130 Mn in 2025.

### 4Q25 Outturn

Funded income rose 1.7% YOY to AED 1,016 Mn in 4Q25, supported by robust expansion in net loan and advances, due to strong demand across diversified sectors, partially offset by a decline in asset yield. Depositors share of profit declined modestly 1.4% YOY to AED 589 Mn in 4Q25, reflecting decline in funding costs, partially offset by a higher growth of deposits. Consequently, net funded income grew 6.3% YOY to AED 427 Mn, with the NIMs declining 14 bps QOQ, but improved 2 bps YOY to 1.8% in 4Q25. Non-funded income surged 29.0% YOY to AED 213.0 Mn in 4Q25, driven by a rise in fee and commission income, foreign exchange income and other income, partially offset by lower investment income. Fees and commission income grew 11.3% YOY to AED 151 Mn in 4Q25, due to higher transaction volumes. Furthermore, investment income declined from AED 22 Mn in 4Q24 to AED 11 Mn in 4Q25. Additionally, foreign exchange income rose substantially from AED 9 Mn in 4Q24 to AED 31 Mn in 4Q25. Similarly, other income grew significantly from AED 22 Mn in

4Q24 to AED 60 Mn in 4Q25, due to robust higher income from the disposal of properties, coupled with strong growth in income from hospitality and brokerage, and rental income, partially offset by decline in other income. Thus, the overall contribution of non-funded income to total operating income strengthened to 33.3% in 4Q25, from 29.2% in 4Q24. G&A expenses increased 13.1% YOY to AED 279 Mn in 4Q25. As a result, the calculated cost-to-income ratio remained stable at 43.5% in 4Q25, compared to 4Q24. Impairment charges expanded substantially from AED 110 Mn in 4Q24 to AED 205 in 4Q25. Corporate tax expenses increased from AED 11 Mn in 4Q24 to AED 20 Mn in 4Q25, owing to higher profit before tax.

### Target Price and recommendation

We revise our rating from HOLD to BUY on SIB with an unchanged target price of AED 3.70. SIB's net profit recorded an increase of 35.5% during 4Q25, supported by growth across funded and non-funded income, indicating effective execution and the success of its profit-generation strategies. The Bank's fee-based income reported double-digit growth in 4Q25, supported by higher transaction activity, along with the rise in foreign exchange income and other income. While funded income benefited from strong lending activities across the sectors, indicating the Bank's efficiency in managing its core business operations. The Bank's net advances grew 19.6% YOY and 4.3% QOQ to AED 45.6 Bn in 4Q25, driven by robust lending across key sectors. Deposit rose 7.6% YOY and 2.0% QOQ to AED 55.7 Bn in 4Q25, reflecting strong customer relationships as well as the competitiveness of the Group's products and profit rates. CASA deposits stood at 42.7% of total deposits in 4Q25, compared to 42.2% in 4Q24. However, the Bank's NIMs experienced a decline of 14 bps YOY to 1.8% in 4Q25. Furthermore, NIMs are expected to remain under pressure amid the declining interest rate environment. Furthermore, asset quality continued to improve, with calculated NPLs declining to 3.8% in 4Q25, compared to 4.0% in 3Q25. Moreover, reported NPL coverage strengthened to 97.5% in 4Q25 from 90.7% in 3Q25. However, despite the improvement in headline asset quality metrics, the Bank's underlying credit risk profile shows emerging signs of stress. Total credit exposure expanded sharply on a YOY basis in 4Q25, accompanied by a build-up in Stage 2 balances, particularly within non-investment grade and watch-list Islamic financing, indicating rising early-stage credit risk. Consequently, Stage 2 loans as a share of gross loans increased to 4.7% in 4Q25 from 4.5% in 3Q25. The Bank's liquid assets accounted 22.3% 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 17.3% and CET1 of 13.0% in 4Q25. Thus, based on these factors, we revise our rating from HOLD to BUY rating on the stock.

### SIB - Relative valuation

	2021	2022	2023	2024	2025	2026F
(At CMP)						
PE (x)	20.33	18.69	13.94	10.81	8.52	8.18
PB (x)	1.78	1.80	1.66	1.62	1.36	1.26
EPS	1.811	1.791	1.944	1.999	2.378	2.554
BVPS	0.159	0.173	0.232	0.299	0.379	0.395
DPS	0.076	0.095	0.100	0.150	0.200	0.200
Dividend Yield	2.4%	3.0%	3.1%	4.7%	6.3%	6.3%

FABS estimate & Co Data

**SIB – P&L**

AED Mn	1Q25	4Q25	1Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Income from fin. & leasing	914	1,016	1,035	13.2%	1.9%	3,900	4,226	8.4%
Depositors' share of profit	-547	-589	-598	9.4%	1.6%	-2,318	-2,428	4.7%
<b>Net funded income</b>	<b>367</b>	<b>427</b>	<b>437</b>	<b>19.0%</b>	<b>2.4%</b>	<b>1,582</b>	<b>1,798</b>	<b>13.7%</b>
Fees and commissions	136	151	165	21.2%	9.0%	726	748	3.0%
Fee and commission expense	-28	-39	-33	16.1%	-16.3%	-127	-148	16.2%
Investment income	2	11	11	NM	1.0%	22	47	NM
Foreign exchange income	26	31	25	-1.6%	-17.9%	112	101	-10.0%
Other income	29	60	40	37.3%	-32.1%	170	162	-5.0%
<b>Total non-funded income</b>	<b>164</b>	<b>213</b>	<b>209</b>	<b>27.1%</b>	<b>-2.1%</b>	<b>904</b>	<b>910</b>	<b>0.6%</b>
<b>Total operating income</b>	<b>532</b>	<b>640</b>	<b>646</b>	<b>21.5%</b>	<b>0.9%</b>	<b>2,486</b>	<b>2,708</b>	<b>8.9%</b>
General & admin. Expenses	-198	-279	-233	17.3%	-16.5%	-897	-969	8.0%
<b>Pre provision profit</b>	<b>333</b>	<b>362</b>	<b>413</b>	<b>24.0%</b>	<b>14.3%</b>	<b>1,588</b>	<b>1,739</b>	<b>9.5%</b>
Provisions	17	-205	-58	NM	NM	-217	-237	9.2%
<b>Profit before tax</b>	<b>351</b>	<b>233</b>	<b>356</b>	<b>1.5%</b>	<b>53.0%</b>	<b>1,448</b>	<b>1,502</b>	<b>3.7%</b>
Corporate Tax	-32	-20	-32	1.1%	NM	-130	-135	3.9%
<b>Net profit</b>	<b>319</b>	<b>212</b>	<b>324</b>	<b>1.6%</b>	<b>52.6%</b>	<b>1,317</b>	<b>1,367</b>	<b>3.7%</b>

*FABS estimate & Co Data*
**SIB – KPI**

	1Q25	4Q25	1Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Net FI/OI	69.1%	66.7%	67.7%	-143	100	63.6%	66.4%	277
NIM	1.7%	1.8%	1.8%	9	-2	1.7%	1.8%	8
NIS	1.8%	1.9%	1.9%	7	-1	1.8%	1.9%	10
Fees & comms/OI	25.6%	23.6%	25.5%	-6	189	29.2%	27.6%	-159
Cost to income	37.3%	43.5%	36.0%	-130	-751	36.1%	35.8%	-30
Provisions/PPP	-5.2%	56.7%	13.9%	NM	NM	13.7%	13.6%	-4
NP/OI	60.0%	33.2%	50.1%	-984	NM	53.0%	50.5%	-254
Cost of risk	-0.2%	1.8%	0.5%	67	-127	0.5%	0.5%	0
Loan-to-deposit	77.4%	81.8%	80.9%	355	-90	81.8%	80.9%	-88
NPL – Calculated	4.5%	3.8%	3.7%	-80	-2	3.8%	3.7%	-8
NPL Coverage – Calculated	88.5%	97.5%	98.0%	955	52	97.5%	99.0%	152
CET 1	11.3%	13.0%	13.1%	173	5	13.0%	13.1%	8
Capital Adequacy	15.8%	17.3%	17.3%	152	-1	17.3%	17.2%	-14
ROAE	16.2%	16.5%	16.4%	13	-14	16.5%	15.3%	-125
ROAA	1.5%	1.6%	1.5%	6	-4	1.6%	1.5%	-9

*FABS estimate & Co Data*
**SIB – Key BS Items**

AED Mn	1Q25	2Q25	3Q25	4Q25	1Q26F	YOY Ch
Net advances	40,309	42,987	43,663	45,550	46,462	15.3%
QOQ change	5.8%	6.6%	1.6%	4.3%	2.0%	
Total assets	82,770	84,708	86,580	90,313	91,914	11.0%
QOQ change	4.5%	2.3%	2.2%	4.3%	1.8%	
Customer deposits	52,099	52,721	54,573	55,673	57,417	10.2%
QOQ change	0.7%	1.2%	3.5%	2.0%	3.1%	
Total equity	8,162	10,439	9,000	9,530	9,854	20.7%
QOQ change	-1.7%	27.9%	-13.8%	5.9%	3.4%	

*FABS estimate & Co Data*

## 1Q26 preview: Commercial Bank of Dubai (CBD)

Loan and investment expansion with improving asset quality to support growth

Current Price	12-m Target Price	Upside/Downside (%)	Rating
AED 9.20	AED 10.70	+16.3%	BUY

### 1Q26 Estimate

Commercial Bank of Dubai's (The Bank/ CBD) net profit is expected to grow 6.7% YOY to AED 884 Mn in 1Q26, mainly driven by projected growth in net funded income, non-funded income, and recoveries, partially offset by a forecasted rise in operating expenses, impairment charges, and tax expenses. Funded income is anticipated to grow 9.5% YOY to AED 2,004 Mn in 1Q26, driven by an expected rise in average interest-earning assets, partially offset by an anticipated decline in asset yield. Meanwhile, the Bank's funded expense is projected to increase 8.9% YOY to AED 921 Mn in 1Q26, owing to an expected increase in average interest-bearing liabilities, partially offset by a projected decline in the cost of funds. Thus, net funded income is expected to grow 10.0% YOY to AED 1,084 Mn in 1Q26. Fees & commission income is expected to grow 5.5% YOY to AED 289 Mn in 1Q26. Trading income is forecasted to rise 19.3% YOY to AED 90 Mn in 1Q26. Moreover, other non-funded income is anticipated to decline from AED 37 Mn in 1Q25 to AED 18 Mn in 1Q26. Thus, total non-funded income is forecasted to grow 2.9% YOY to AED 397 Mn in 1Q26. As a result, total operating income is likely to grow 8.0% YOY to AED 1,480 Mn in 1Q26. CBD's G&A expenses are projected to increase 1.5% YOY to AED 356 Mn in 1Q26, while depreciation and amortization charges are expected to rise from AED 20 Mn in 1Q25 to AED 22 Mn in 1Q26. Consequently, we expect the cost-to-income ratio to decline from 27.0% in 1Q25 to 25.6% in 1Q26. Furthermore, the Bank's impairments are expected to increase 40.8% YOY to AED 164 Mn in 1Q26. However, recoveries are projected to grow 40.3% YOY to AED 44 Mn in 1Q26. Additionally, the Bank's impairment charges on AFS investments are expected to increase from AED 5 Mn in 1Q25 to AED 10 Mn in 1Q26. CBD's corporate tax is anticipated to increase 6.7% YOY to AED 87 Mn in 1Q26.

### 2026 Forecast

CBD's net profit is anticipated to grow 4.9% YOY to AED 3,671 Mn in 2026 due to an anticipated rise in net-funded income coupled with decline in operating expenses. This was partially offset by decline in non-funded income and recoveries coupled with a forecasted rise in impairment allowances on AFS investments and tax charges. CBD's funded income is expected to grow 6.3% YOY to AED 8,138 Mn in 2026, driven by a projected rise in average interest-earning assets, partially offset by an anticipated contraction in asset yield. Funded expenses are anticipated to rise 6.2% YOY to AED 3,723 Mn in 2026, due to a projected increase in average interest-bearing liabilities, partially offset by an anticipated decline in the cost of funds. Thus, net funded income is likely to grow 6.4% YOY to AED 4,415 Mn in 2026. We expect the Bank's non-funded income to fall 3.2% YOY to AED 1,711 Mn in 2026, mainly due to a decline in trading income and other non-funded income, partially offset by expected growth in fees and commissions income. The Bank's fee and commission income is anticipated to grow 7.0% YOY to AED 1,253 Mn in 2026. Additionally, trading income is projected to decline 27.2% YOY to AED 359 Mn in 2026. Furthermore, other non-funded income is forecasted to decline 5.0% YOY to AED 98 Mn in 2026. As a result, total operating income is expected to increase 3.5% YOY to AED 6,126 Mn in 2026. Furthermore, G&A expenses are anticipated to decrease 1.0% YOY to AED 1,445 Mn in 2026. Depreciation and amortization expenses are expected to decline 5.0% YOY to AED 90 Mn in 2026. Thus, cost-to-income ratio is expected to decline by 120 bps YOY to 25.1% in 2026. Impairment charges are projected to fall marginally by 0.5% YOY to AED 706 Mn in 2026. The Banks's recoveries are expected to decline 9.6% YOY to AED 171 Mn in 2026. Additionally, impairment allowances on AFS investments are anticipated to increase significantly from AED 1 Mn in 2025 to AED 22 Mn in 2026. In addition, we expect the Bank's corporate tax to grow 5.5% YOY to AED 363 Mn in 2026.

### 4Q25 Outturn

CBD's funded income rose 5.0% YOY to AED 1,977 Mn in 4Q25, owing to an increase in the loan and investment portfolio, partially offset by a decline in asset yield. On the other hand, the funded

expenses fell 2.0% YOY to AED 914 Mn in 4Q25, owing to lower funding costs. Thus, the net funded income grew 11.9% YOY to AED 1,063 Mn in 4Q25. CBD's calculated NIMs fell 12 bps YOY and 10 bps QOQ to 2.8% in 4Q25. The Bank's fees and commission income grew marginally 0.7% YOY to AED 267 Mn in 4Q25. Trading income grew significantly from AED 84 Mn in 4Q24 to AED 179 Mn in 4Q25, while the other non-funded income declined from AED 28 Mn in 4Q24 to AED 10 Mn in 4Q25. As a result, the Bank's total non-funded income increased 21.0% YOY to AED 456 Mn in 4Q25. CBD's total operating income grew 14.5% YOY to AED 1,519 Mn in 4Q25. Furthermore, the G&A expenses fell marginally 0.8% YOY to AED 363 Mn in 4Q25. D&A expenses grew from AED 20 Mn in 4Q24 to AED 28 Mn in 4Q25. Thus, total operating expenses increased 1.5% YOY to AED 392 Mn in 4Q25. However, the cost-to-income ratio fell 331 bps YOY and 41 bps QOQ to 25.8% in 4Q25. Impairments on loans & advances and Islamic financing increased 52.1% YOY to AED 162 Mn in 4Q25. While the recoveries on loans & advances and Islamic financing increased 15.8% YOY to AED 51 Mn in 4Q25. CBD incurred a corporate tax charge of AED 91 Mn in 4Q25, compared to AED 76 Mn in 4Q24.

### Target price and recommendation

We revise our rating on CBD from ACCUMULATE to BUY with an unchanged target price of AED 10.70. CBD reported a healthy growth in profitability during 4Q25, driven by higher net funded & non-funded income, loan recoveries and lower opex. Loan growth remained steady, with gross lending reaching AED 105 Bn, while net loans increased 8.6% YOY to AED 101 Bn in 4Q25, underpinned by a well-diversified funding base across retail and corporate deposits. Customer deposits also showed solid momentum, rising 14.1% YOY, with a healthy CASA mix of 49% in 4Q25, supporting funding stability and margins. The Bank continues to focus on its UAE-centric strategy while supporting client's regional expansion through trade and cross-border financing. However, its loan book remains skewed towards corporate lending, with notable exposure to trade, services, and construction-linked sectors, which may increase sensitivity to macroeconomic disruptions. Profitability was further supported by strong growth in non-funded income and improved cost efficiency, with the cost-to-income ratio declining to 331 bps YOY and 41 bps QOQ to 25.8% in 4Q25. While the Bank's NIMs moderated during 4Q25, the Bank has largely absorbed the impact of rate adjustments and does not expect material pressure on net interest income going forward. Asset quality trends remain broadly stable, with calculated NPL ratio growing from 4.1% in 3Q25 to 4.3% in 4Q25, but lower than 4Q24. CBD's capital position remains robust, with CET1 and CAR ratios at 12.5% and 15.5%, respectively, comfortably above regulatory requirements. Furthermore, the Bank paid a cash dividend of AED 1.8 Bn in 2025, representing a 50% payout ratio and equating to 58.62 fils per share, marking a 15.5% YOY increase, subject to AGM approval. Thus, based on the above-mentioned factors, we revise our rating from ACCUMULATE to BUY on the stock.

### CBD - Relative Valuation

	2021	2022	2023	2024	2025	2026F
(at CMP)						
P/E(x)	20.86	16.22	10.91	9.48	8.15	7.76
P/B(x)	2.42	2.35	2.02	1.80	1.59	1.44
BVPS	3.807	3.912	4.548	5.099	5.768	6.367
EPS	0.441	0.567	0.843	0.971	1.128	1.185
DPS	0.243	0.245	0.444	0.507	0.586	0.615
Dividend Yield	2.6%	2.7%	4.8%	5.5%	6.4%	6.7%

FABS estimate & Co Data

**CBD - P&L**

AED Mn	1Q25	4Q25	1Q26F	YOY Ch	QQQ Ch	2025	2026F	Change
Funded income	1,831	1,977	2,004	9.5%	1.4%	7,657	8,138	6.3%
Funded expense	-845	-914	-921	8.9%	0.7%	-3,505	-3,723	6.2%
<b>Net funded income</b>	<b>985</b>	<b>1,063</b>	<b>1,084</b>	<b>10.0%</b>	<b>2.0%</b>	<b>4,151</b>	<b>4,415</b>	<b>6.4%</b>
Fees and commissions	274	267	289	5.5%	8.0%	1,171	1,253	7.0%
Trading income	75	179	90	19.3%	-49.9%	493	359	-27.2%
Other non-funded income	37	10	18	-50.3%	NM	103	98	-5.0%
<b>Total non-funded income</b>	<b>386</b>	<b>456</b>	<b>397</b>	<b>2.9%</b>	<b>-13.0%</b>	<b>1,768</b>	<b>1,711</b>	<b>-3.2%</b>
<b>Total operating income</b>	<b>1,371</b>	<b>1,519</b>	<b>1,480</b>	<b>8.0%</b>	<b>-2.5%</b>	<b>5,919</b>	<b>6,126</b>	<b>3.5%</b>
General and administrative expenses	-351	-363	-356	1.5%	-2.0%	-1,459	-1,445	-1.0%
Depreciation and amortization	-20	-28	-22	14.7%	-20.8%	-95	-90	-5.0%
<b>Operating Expenses</b>	<b>-370</b>	<b>-392</b>	<b>-378</b>	<b>2.2%</b>	<b>-3.4%</b>	<b>1,554</b>	<b>1,535</b>	<b>-1.2%</b>
<b>Pre provision profit</b>	<b>1,001</b>	<b>1,127</b>	<b>1,102</b>	<b>10.1%</b>	<b>-2.2%</b>	<b>4,365</b>	<b>4,591</b>	<b>5.2%</b>
Impair allow. on loans & adv and Islamic fin	-116	-162	-164	40.8%	0.8%	-710	-706	-0.5%
Recoveries	31	51	44	40.3%	-13.9%	189	171	-9.6%
Impairment allowances on AFS investment	-5	-3	-10	91.8%	NM	-1	-22	NM
<b>Profit before tax</b>	<b>910</b>	<b>1,012</b>	<b>971</b>	<b>6.7%</b>	<b>-4.0%</b>	<b>3,844</b>	<b>4,034</b>	<b>4.9%</b>
Corporate tax	-82	-91	-87	6.7%	-4.0%	-344	-363	5.5%
<b>Net Profit</b>	<b>828</b>	<b>921</b>	<b>884</b>	<b>6.7%</b>	<b>-4.0%</b>	<b>3,500</b>	<b>3,671</b>	<b>4.9%</b>

FABS estimate & Co Data

**CBD - KPI**

AED Mn	1Q25	4Q25	1Q26F	YOY Ch	QQQ Ch	2025	2026F	Change
Net FI/OI	71.9%	70.0%	73.2%	134	322	70.1%	72.1%	194
NIM	3.0%	2.8%	2.9%	-13	6	3.0%	2.9%	-11
NIS	2.6%	2.5%	2.5%	-11	3	2.6%	2.5%	-10
Fees & comms/OI	20.0%	17.6%	19.5%	-46	190	19.8%	20.5%	67
Trading/OI	5.5%	11.8%	6.1%	57	-573	8.3%	5.9%	-247
Cost to income	27.0%	25.8%	25.6%	-144	-22	26.3%	25.1%	-120
Impairment/PPP	9.1%	10.2%	11.9%	280	165	11.9%	12.1%	20
NP/OI	60.4%	60.6%	59.7%	-70	-94	59.1%	59.9%	79
Cost of Risk	0.3%	0.4%	0.7%	32	23	0.49%	0.47%	-2
Loan-to-deposit - Calculated	97.3%	90.7%	92.1%	-524	131	90.7%	92.0%	125
NPL - Calculated	5.3%	4.3%	4.1%	-122	-21	4.3%	4.3%	4
Coverage excluding collateral	96.4%	96.6%	96.6%	18	0	96.6%	97.0%	43
CET1	12.3%	12.5%	12.6%	30	4	12.5%	13.0%	45
Capital adequacy	15.3%	15.5%	15.4%	12	-9	15.5%	15.8%	27
ROAE	22.0%	20.8%	20.7%	-125	-5	20.8%	19.5%	-123
ROAA	2.3%	2.3%	2.3%	2	1	2.7%	2.6%	-8

FABS estimate & Co Data

**CBD - Key B/S items**

AED Mn	1Q25	2Q25	3Q25	4Q25	1Q26F	YOY Ch
Net advances	96,932	99,816	105,223	101,049	103,283	6.6%
QOQ ch	4.2%	3.0%	5.4%	-4.0%	2.2%	
Total assets	141,129	150,607	163,409	160,308	163,020	15.5%
QOQ ch	0.7%	6.7%	8.5%	-1.9%	1.7%	
Customer deposits	99,624	107,047	112,148	111,353	112,200	12.6%
QOQ ch	2.1%	7.5%	4.8%	-0.7%	0.8%	
Total equity	16,813	17,645	18,572	19,422	20,267	20.5%
QOQ ch	-3.5%	4.9%	5.3%	4.6%	4.3%	

FABS estimate & Co Data

**1Q26 preview: Ajman Bank (AJMANBAN)**

Elevated funding costs and impairments to pressure earnings

Current Price	12-m Target Price	Upside/Downside (%)	Rating
AED 1.33	AED 1.80	+35.3%	BUY

**1Q26 estimate**

Ajman Bank’s (AJMANBANK/the Bank) net profit is expected to decline 28.4% YOY to AED 96 Mn in 1Q26, primarily due to an anticipated impairment charges along with higher operating expenses and corporate tax. This decline is expected to be partially offset by growth in net funded and non-funded income. The Bank’s funded income is projected to increase 26.4% YOY to AED 321 Mn in 1Q26, supported by expected growth in average interest-earning assets partially offset by decline in asset yields. Meanwhile, funded expenses are anticipated to rise 33.8% YOY to AED 221 Mn in 1Q26, with expected growth in interest-bearing liabilities, partially offset by anticipated lower cost of funds. Consequently, net funded income is anticipated to grow 12.7% YOY to AED 100 Mn in 1Q26. On the non-funded side, fees and commission income is expected to decline 8.4% YOY to AED 64 Mn in 1Q26, while income from investment securities is projected to increase to AED 78 Mn in 1Q26 from AED 39 Mn in 1Q25. As a result, total non-funded income is expected to rise 29.4% YOY to AED 142 Mn in 1Q26. Accordingly, total operating income is forecasted to increase 21.9% YOY to AED 243 Mn in 1Q26. At the same time, operating expenses are expected to increase 26.2% YOY to AED 118 Mn in 1Q26, resulting in pre-provision profit to rise 18.1% YOY to AED 125 Mn in 1Q26. Consequently, the Bank’s cost-to-income ratio is expected to increase to 48.5% in 1Q26 from 46.8% in 1Q25. In addition, we expect AJMANBANK to record an impairment charge of AED 17 Mn in 1Q26 compared to an impairment reversal of AED 39 Mn in 1Q25, which is likely to weigh on profitability. Corporate tax is expected to stand at AED 12 Mn in 1Q26, compared to AED 10 Mn in 1Q25.

**2026 forecast**

Ajman Bank’s net profit is expected to decline 21.0% YOY to AED 395 Mn in 2026, mainly due to anticipated impairment charges along with higher operating expenses, partially offset by expected growth in net funded and non-funded income coupled with lower corporate tax expenses. The Bank’s funded income is projected to increase 20.5% YOY to AED 1,358 Mn in 2026, driven by expected growth in interest-earning assets, partially offset by lower asset yield. Meanwhile, funded expenses are anticipated to rise 24.5% YOY to AED 934 Mn, primarily due to projected growth in interest-bearing liabilities, partially offset by lower cost of funds. Consequently, net funded income is expected to increase 12.6% YOY to AED 424 Mn in 2026. On the non-funded side, fees and commission income is expected to rise 6.0% YOY to AED 277 Mn in 2026, while income from investment securities is projected to increase 16.0% YOY to AED 302 Mn in 2026. As a result, total non-funded income is forecasted to increase 11.0% YOY to AED 579 Mn in 2026. Accordingly, total operating income is expected to grow 11.6% YOY to AED 1,003 Mn in 2026. At the same time, operating expenses are anticipated to increase 14.0% YOY to AED 470 Mn in 2026, leading pre-provision profit to rise 9.6% YOY to AED 533 Mn in 2026. In addition, AJMANBANK is expected to record an impairment charge of AED 99 Mn in 2026 compared to an impairment reversal of AED 62 Mn in 2025, which is likely to weigh on profitability. Corporate tax is expected to decline 19.2% YOY to AED 39 Mn in 2026.

**4Q25 outturn**

Ajman Bank’s funded income increased 19.7% YOY to AED 307 Mn in 4Q25, mainly due to a rise in interest earning asset, partially offset by a decline in asset yield. Funded expenses increased 15.2% YOY to AED 209 Mn in 4Q25 due to increase in an interest earning liabilities partially offset by decline in cost of funds. However, net funded income rose 30.6% YOY to AED 98 Mn in 4Q25. Calculated NIMs expanded 5 bps YOY and declined 15 bps QOQ to 1.7% during 4Q25. The Bank’s fees and commission income grew from AED 24 Mn in 4Q24 to AED 57 Mn in 4Q25, while income from investment securities grew more than doubled from AED 22 Mn in 4Q24 to AED 84 Mn in 4Q25 due to realized gain on disposal of Islamic investment securities at FVTOCI. Thus, total non-funded income increased significantly from AED 45 Mn in 4Q24 to AED 141 Mn in 4Q25. As a result, Total operating income grew rapidly from AED 120 Mn in 4Q24 to AED 239 Mn in 4Q25. Furthermore,

operating expenses increased 39.9% YOY to AED 117 Mn in 4Q25. However, the calculated cost-to-income ratio improved from 69.5% in 4Q24 to 48.9% in 4Q25. Impairments reversal declined from AED 90 Mn in 4Q24 to AED 13 Mn in 4Q25. Additionally, income tax expenses declined 7.8% YOY to AED 15 Mn in 4Q25.

### Target price and recommendation

We maintain BUY rating on AJMANBANK with a target price of AED 1.80. AJMANBANK delivered a record financial performance in 2025, driven by strong momentum in core operations and disciplined strategic execution. Ajman Bank delivered a record financial performance in 2025, with net profit before tax rising 24.7% YOY to AED 500 Mn in 2025, driven by strong growth in both funded and non-funded income and improved operating leverage. Core income momentum remained robust, supported by expansion in interest-earning assets, while non-funded income saw significant growth, led by higher fee generation across wholesale, consumer, treasury, and FX businesses. The Bank is also enhancing its fee income capabilities through ongoing investments in cash management, trade finance, and FX platforms. Balance sheet growth remained strong, with net advances increasing 36.8% YOY and 16.6% QOQ to AED 17.7 Bn in 4Q25. The bank continues to diversify its loan book across government entities, corporates, and retail segments, while gradually reducing its concentration in real estate exposures. Customer deposits also grew 31.5% YOY and 15.5% to AED 23.7 Bn in 4Q25, with CASA ratio accounting for 23.9% of total deposits in 4Q25. NIMs improved from 2.2% in 2024 to 1.7% in 2025, supported by financing and treasury growth despite rate cuts. Despite an increase in total operating expenses during 4Q25, AJMANBANK cost-to-income ratio improved from 69.5% in 4Q24 to 48.9% in 4Q25, reflecting growth in operating leverage. 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 improved 315 bps YOY and 96 bps QOQ to 8.3% in 4Q25, reflecting better risk management and improved portfolio quality. However, the calculated provision coverage ratio decreased from 47.2% in 3Q25 to 45.1% in 4Q25. AJMANBANK also maintained solid capital and liquidity positions with ROAE increasing 135 bps YOY to 15.2% in 4Q25 and ROAA increasing 12 bps YOY to 1.8% in 4Q25, with continued strengthening of profitability metrics. The Bank also paid a cash dividend of AED 0.0918 per share which accounts for 9.18% of paid-up capital for the period of 2025. Thus, based on our analysis, we maintained BUY rating on the stock.

#### Ajman Bank - Relative valuation

(At CMP)	2021	2022	2023	2024	2025	2026F
P/E (x)	28.25	20.25	NM	9.00	7.25	9.18
P/B (x)	1.25	1.30	1.28	1.16	1.04	1.01
BVPS (AED)	1.076	1.027	1.046	1.156	1.284	1.329
EPS (AED)	0.047	0.066	NA	0.149	0.185	0.146
DPS (AED)	NA	NA	NA	0.073	0.092	0.100
Dividend Yield	NA	NA	NA	5.5%	6.9%	7.5%

FABS Estimates & Co Data

#### Ajman Bank - P&L

AED Mn	1Q25	4Q25	1Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Funded income	254	307	321	26.4%	4.6%	1,127	1,358	20.5%
Funded expenses	-165	-209	-221	33.8%	5.4%	-750	-934	24.5%
<b>Net funded income</b>	<b>89</b>	<b>98</b>	<b>100</b>	<b>12.7%</b>	<b>2.7%</b>	<b>376</b>	<b>424</b>	<b>12.6%</b>
Fees and commissions	70	57	64	-8.4%	13.0%	262	277	6.0%
Income from Investment Securities	39	84	78	97.0%	-7.7%	261	302	16.0%
<b>Total non-funded income</b>	<b>110</b>	<b>141</b>	<b>142</b>	<b>29.4%</b>	<b>0.6%</b>	<b>522</b>	<b>579</b>	<b>11.0%</b>
<b>Total operating income</b>	<b>199</b>	<b>239</b>	<b>243</b>	<b>21.9%</b>	<b>1.5%</b>	<b>899</b>	<b>1,003</b>	<b>11.6%</b>
Operating expenses	-93	-117	-118	26.2%	0.5%	-412	-470	14.0%
<b>Pre provision profit</b>	<b>106</b>	<b>122</b>	<b>125</b>	<b>18.1%</b>	<b>2.4%</b>	<b>486</b>	<b>533</b>	<b>9.6%</b>
Impairment	39	13	-17	NM	NM	62	-99	NM
<b>Profit before tax</b>	<b>145</b>	<b>135</b>	<b>108</b>	<b>-25.4%</b>	<b>-19.7%</b>	<b>548</b>	<b>434</b>	<b>-20.9%</b>
Corporate tax	-10	-15	-12	NM	-19.7%	-48	-39	-19.2%
<b>Net profit</b>	<b>135</b>	<b>120</b>	<b>96</b>	<b>-28.4%</b>	<b>-19.7%</b>	<b>500</b>	<b>395</b>	<b>-21.0%</b>

FABS estimate & Co Data

**Ajman Bank - KPI**

	1Q25	4Q25	1Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Net FI/OI	44.8%	40.9%	41.4%	-340	49	41.9%	42.2%	35
NIM	1.9%	1.7%	1.5%	-38	-11	1.7%	1.6%	-18
NIS	2.2%	1.8%	1.7%	-48	-7	1.9%	1.7%	-18
Fees & comms/OI	35.4%	23.9%	26.6%	-881	271	29.1%	27.7%	-147
Invst Securities/OI	19.8%	35.2%	32.0%	1,221	NM	29.0%	30.1%	112
Cost to income	46.8%	48.9%	48.5%	164	-47	45.9%	46.9%	97
Impairment/PPP	-37.2%	-10.4%	13.4%	NM	NM	-12.8%	18.6%	NM
NP/OI	67.7%	50.2%	39.7%	NM	NM	55.6%	39.4%	NM
Cost of risk	-1.1%	-0.3%	0.1%	119	39	-0.4%	0.5%	89
Loan-to-deposit	75.2%	74.7%	74.0%	-117	-66	74.7%	74.0%	-66
NPL	11.3%	8.3%	7.5%	-379	-80	8.3%	6.5%	-180
Coverage excluding collateral	48.6%	45.1%	45.6%	-309	46	45.1%	46.5%	141
Tier 1	17.0%	12.9%	13.1%	-389	26	12.9%	13.6%	67
Capital adequacy	18.2%	14.1%	14.3%	-389	24	14.1%	14.7%	66
ROAA	1.8%	1.8%	1.6%	-21	-20	1.8%	1.1%	-66
ROAE	14.6%	15.2%	13.9%	-75	-129	15.2%	11.1%	NM

FABS estimate & Co Data

**Ajman Bank - Key B/S items**

AED Mn	1Q25	2Q25	3Q25	4Q25	1Q26F	YOY Ch
Net advances	13,915	14,825	15,207	17,730	18,234	31.0%
QOQ change	7.4%	6.5%	2.6%	16.6%	2.8%	
Total assets	24,497	26,633	28,033	32,863	33,561	37.0%
QOQ change	7.2%	8.7%	5.3%	17.2%	2.1%	
Customer deposits	18,511	19,977	20,562	23,746	24,641	33.1%
QOQ change	2.5%	7.9%	2.9%	15.5%	3.8%	
Total equity	3,077	3,224	3,370	3,472	3,569	16.0%
QOQ change	-1.1%	4.8%	4.5%	3.0%	2.8%	

FABS estimate & Co Data

## 1Q26 preview: Commercial Bank International (CBI)

Expansion in advances and investments with lower funding costs to support earnings

Current Price	12-m Target Price	Upside/Downside (%)	Rating
AED 0.88	AED 1.05	+19.9%	BUY

### 1Q26 estimate

Commercial Bank International's (CBI/the Bank) net income attributable to equity shareholders is expected to increase 64.4% YOY to AED 69 Mn in 1Q26, mainly due to anticipated growth in funded income and significantly lower impairment charges, partially offset by an expected decline in non-funded income, coupled with a rise in operating expenses and higher tax expenses. Funded income is projected to grow 9.0% YOY to AED 246 Mn in 1Q26, primarily due to an expected increase in loan & advances income and net investment income, partially offset by a projected decline in asset yield. Similarly, income from Islamic financing and investing assets is expected to decline from AED 33 Mn in 1Q25 to AED 9 Mn in 1Q26, owing to a substantial decline in Islamic financing assets, partially offset by increase in yield on Islamic assets. Funded expenses are expected to decline 2.2% YOY to AED 158 Mn in 1Q26, due to the decline in cost of funds, partially offset by an anticipated increase in average interest-bearing liabilities. Consequently, net funded income is expected to decline 1.0% YOY to AED 96 Mn in 1Q26. Fees and commission income is forecast to rise 15.9% YOY to AED 53 Mn in 1Q26, while other operating income is expected to fall 47.5% YOY to AED 34 Mn in 1Q26. Thus, CBI's total non-funded income is projected to decline 21.3% YOY to AED 87 Mn in 1Q26. As a result, total operating income is likely to decrease 11.8% YOY to AED 183 Mn in 1Q26. Operating expenses are anticipated to expand 3.6% YOY to AED 97 Mn in 1Q26. However, the cost-to-income ratio is expected to rise from 45.2% in 1Q25 to 53.0% in 1Q26. Impairment charges are forecast to decline significantly from AED 68 Mn in 1Q25 to AED 10 Mn in 1Q26. The Bank is also expected to record a tax expense of AED 7 Mn in 1Q26, compared to AED 4 Mn in 1Q25. In addition, profit attributable to non-controlling interest is expected to stand at AED 1 Mn in 1Q26, compared to nil in 1Q25.

### 2026 forecast

CBI's net income attributable to equity shareholders is expected to decline 1.3% YOY to AED 245 Mn in 2026, mainly due to a projected decline in non-funded income, along with anticipated higher corporate tax, partially offset by anticipated higher net funded income coupled with lower operating expenses, impairments, and profit attributable to non-controlling interest. Funded income is expected to grow 15.7% YOY to AED 1,024 Mn in 2026, driven by an increase in loan and advances income and net investment, partially offset by a projected decline in asset yield. Income from Islamic financing and investing assets is projected to decrease significantly from AED 106 Mn in 2025 to AED 29 Mn in 2026, supported by lower average Islamic financing assets. Funded expenses are forecast to rise 9.6% YOY to AED 658 Mn in 2026, driven by anticipated higher cost of funds and interest earning liabilities, partially offset by the absence of depositor's share of profits in 2026 compared to AED 81 Mn in 2025. As a result, net funded income is expected to increase 1.2% YOY to AED 394 Mn in 2026. Fees and commission income is projected to rise 6.0% YOY to AED 176 Mn in 2026, while other operating income is expected to decline 40.0% YOY to AED 146 Mn in 2026. Consequently, total non-funded income is expected to decline 19.9% YOY to AED 322 Mn in 2026. As a result, total operating income is forecast to decrease 9.5% YOY to AED 716 Mn in 2026. Operating expenses are anticipated to decline 8.6% YOY to AED 378 Mn in 2026. However, cost to income ratio is expected to increase 51 bps YOY to 52.8% in 2026. Impairment charges are projected to decrease 0.8% YOY to AED 66 Mn in 2026. Tax expenses are expected to increase 50.3% YOY to AED 24 Mn in 2026. Additionally, the Bank is expected to record profit attributable to non-controlling interests of AED 2 Mn in 2026, compared to AED 46 Mn in 2025.

### 4Q25 outturn

CBI's funded income fell marginally 1.2% YOY to AED 237 Mn in 4Q25, 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 54.6% YOY to AED 15 Mn in 4Q25, mainly driven

by a significant decline in average Islamic financing assets. Funded expenses shrank 16.0% YOY to AED 153 Mn in 4Q25, owing to lower cost of funds, partially offset by an increase in interest-bearing liabilities. As a result, the net funded income grew 8.9% YOY to AED 99 Mn in 4Q25. NIMs grew 14 bps YOY, but declined 9 bps QOQ to 2.1% in 4Q25. Net fees and commission income rose substantially from AED 33 Mn in 4Q24 to AED 62 Mn in 4Q25. Similarly, other operating income boosted significantly from AED 49 Mn in 4Q24 to AED 113 Mn in 4Q25, primarily due to a robust rise in foreign exchange gains, and net income from financial assets at FVTPL. As a result, the non-funded income grew significantly from AED 84 Mn in 4Q24 to AED 169 Mn in 4Q25. Thus, total operating income rise 53.2% YOY to AED 268 Mn in 4Q25. Similarly, operating expenses grew 36.6% YOY to AED 119 Mn in 4Q25. However, the cost-to-income ratio declined substantially from 49.7% in 4Q24 to 44.3% in 4Q25. The Bank recorded the net impairment reversal of AED 53 Mn in 4Q25, compared to charges of AED 119 Mn in 4Q24, due to impairment reversal on property inventory recorded over the period. CBI reported a tax charge of AED 5 Mn in 4Q25, compared to a reversal of AED 3 Mn in 4Q24. The Bank recoded the non-controlling interest of AED 47 Mn in 4Q25.

### Target Price and Rating

We maintained our BUY rating on CBI with an unchanged target price of AED 1.05. CBI delivered a record year in 2025, with pre-tax profit increased 40% YOY to AED 311 Mn and profit for the owners of the banks at AED 249 Mn, reflecting strong operating execution and ongoing balance sheet optimization. Operating momentum was supported by a 12.5% YOY increase in net operating income to AED 791 Mn in 2025, driven by disciplined balance sheet management, higher fee income, and strategic monetization initiatives. Net funded income also rose 13.3% YOY to AED 390 Mn in 2025, on improved CASA mix and 12 bps NIM expansion. Asset quality improved materially, with impairment charges down as legacy exposures were resolved. The balance sheet remained resilient, with total assets up 5.0% YOY to AED 21.9 Bn, deposit base up 3.1% YOY to AED 15.9 Bn in 2025, and a 2 ppt increase in CASA supporting funding efficiency. Furthermore, loans and advances except Islamic financing grew 16.4% YOY and 3.2% QOQ to AED 12.8 Bn in 4Q25, with wholesale lending accounting for 92.5% of the book, reflecting the Bank's focus on large-ticket corporate opportunities. However, Islamic financing and investment assets declined sharply from AED 423 Mn in 3Q25 to AED 171 Mn in 4Q25. Asset quality continued to improve, with the NPL ratio declining from 15.6% in 3Q25 to 13.3% in 4Q25. However, the coverage ratio fell to 41.7% in 4Q25 from 51.6% in 3Q25, highlighting a reduction in provisioning buffers despite the improvement in headline asset quality. Furthermore, capitalisation remains solid, with CET1 and CAR at 13.5% and 17.2%, respectively, during 4Q25, underscoring strong balance-sheet resilience. Given the strong core operating metrics, and non-core income, we maintained our BUY rating on CBI with a target price of AED 1.05.

#### CBI-Relative valuation

(At CMP)	2021	2022	2023	2024	2025	2026F
PE	11.40	11.84	9.02	7.99	6.28	6.37
PB	0.67	0.65	0.61	0.56	0.51	0.47
BVPS	1.200	1.230	1.320	1.422	1.559	1.684
EPS	0.070	0.067	0.089	0.100	0.127	0.125

FABS estimate & Co Data

**CBI - P&L**

AED Mn	1Q25	4Q25	1Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Funded income	226	237	246	9.0%	3.8%	885	1,024	15.7%
Income from Islamic financing and investing assets	33	15	9	-73.9%	-42.6%	106	29	-72.9%
Funded expenses	-162	-153	-158	-2.2%	3.4%	-601	-658	9.6%
<b>Net funded income</b>	<b>97</b>	<b>99</b>	<b>96</b>	<b>-1.0%</b>	<b>-2.8%</b>	<b>390</b>	<b>394</b>	<b>1.2%</b>
Fees and commissions	46	62	53	15.9%	-15%	166	176	6.0%
Other operating income, net	65	113	34	-47.5%	NM	243	146	-40.0%
<b>Total non-funded income</b>	<b>110</b>	<b>169</b>	<b>87</b>	<b>-21.3%</b>	<b>-48.4%</b>	<b>402</b>	<b>322</b>	<b>-19.9%</b>
<b>Total operating income</b>	<b>208</b>	<b>268</b>	<b>183</b>	<b>-11.8%</b>	<b>-31.5%</b>	<b>791</b>	<b>716</b>	<b>-9.5%</b>
Operating expenses	-94	-119	-97	3.6%	-18.1%	-414	-378	-8.6%
<b>Pre provision profit</b>	<b>114</b>	<b>149</b>	<b>86</b>	<b>-24.4%</b>	<b>-42.2%</b>	<b>378</b>	<b>338</b>	<b>-10.5%</b>
Impairment	-68	53	-10	-85.0%	NM	-67	-66	-0.8%
UAE Corporate Tax	-4	-5	-7	70.8%	24.8%	-16	-24	50.3%
Non-controlling interests	0	47	1	NM	NM	46	2	-95.7%
<b>Net profit</b>	<b>42</b>	<b>149</b>	<b>69</b>	<b>64.4%</b>	<b>-54.1%</b>	<b>249</b>	<b>245</b>	<b>-1.3%</b>

*FABS estimate & Co Data*
**CBI - P&L KPI**

	1Q25	4Q25	1Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Net FI/OI	46.8%	37.0%	52.5%	573	NM	49.2%	55.1%	583
NIM	2.1%	2.1%	1.9%	-18	-16	2.0%	1.9%	-14
NIS	1.8%	1.7%	1.6%	-23	-19	1.7%	1.6%	-13
Fees & comms/OI	22.0%	23.3%	28.9%	690	562	21.0%	24.6%	360
Trading/OI	31.2%	42.4%	18.6%	NM	NM	30.7%	20.3%	NM
Cost to income	45.2%	44.3%	53.0%	784	869	52.3%	52.8%	51
Impairment/PPP	59.9%	-35.3%	11.9%	NM	NM	17.6%	19.5%	192
NP/OI	20.1%	55.8%	37.4%	NM	NM	31.4%	34.3%	286
Cost of risk	2.4%	-1.3%	0.3%	-208	165	0.6%	0.5%	-12
Loan-to-deposit	87.1%	81.3%	81.0%	-611	-28	81.3%	79.0%	-228
NPL - calculated	16.5%	13.4%	13.3%	-316	-15	13.3%	13.1%	-20
Coverage - calculated	43.9%	41.7%	0.0%	NM	NM	41.7%	42.4%	69
CET 1	13.7%	13.5%	13.6%	-9	7	13.5%	13.2%	-30
Capital Adequacy	17.6%	17.2%	17.2%	-38	-1	17.2%	16.5%	-66
ROAE	8.6%	9.6%	10.4%	187	82	9.6%	8.7%	-89
ROAA	1.0%	1.2%	1.3%	24	12	1.2%	1.1%	-10

*FABS estimate & Co Data*
**CBI- Key BS Items**

AED Mn	1Q25	2Q25	3Q25	4Q25	1Q26F	YOY Ch
Net advances	13,362	12,946	12,782	12,928	13,191	-1.3%
QOQ Change	-1.6%	-3.1%	-1.3%	1.1%	2.0%	
Total assets	20,577	20,579	20,772	21,945	22,393	8.8%
QOQ Change	-1.5%	0.0%	0.9%	5.6%	2.0%	
Customer deposits	15,339	15,185	15,774	15,906	16,285	6.2%
QOQ Change	-0.6%	-1.0%	3.9%	0.8%	2.4%	
Total equity	2,510	2,542	2,560	2,708	2,776	10.6%
QOQ Change	1.6%	1.3%	0.7%	5.8%	2.5%	

*FABS estimate & Co Data*

**1Q26 preview: United Arab Bank (UAB)**

Expansion in advances and investments with lower funding costs to support earnings

Current Price	12-m Target Price	Upside/Downside (%)	Rating
AED 1.33	AED 1.60	+20.3%	BUY

**1Q26 Estimate**

United Arab Bank (UAB) is anticipated to report a 6.7% YOY increase in net profit to AED 108 Mn in 1Q26, mainly supported by a strong rise in net funded income and non-funded income, partially offset by higher operating expenses, tax expense, and an impairment charge in 1Q26. Funded income is anticipated to rise 16.7% YOY to AED 339 Mn in 1Q26, due to an expected increase in net advances and investments, partially offset by a projected decline in asset yield. Similarly, funded expense is anticipated to increase 4.9% YOY to AED 181 Mn in 1Q26, driven by an expected rise in interest bearing liabilities, partially offset by a projected decline in cost of funds. Consequently, net funded income is likely to increase from AED 117 Mn in 1Q25 to AED 157 Mn in 1Q26. Furthermore, fee and commission income is anticipated to grow 18.4% YOY to AED 30 Mn in 1Q26, while exchange income is expected to increase 39.1% YOY to AED 15 Mn. In addition, other non-funded income is likely to increase from AED 12 Mn in 1Q25 to AED 21 Mn in 1Q26. As a result, total non-funded income is anticipated to rise 35.7% YOY to AED 65 Mn in 1Q26. Accordingly, total operating income is expected to increase from AED 165 Mn in 1Q25 to AED 223 Mn in 1Q26. Meanwhile, operating expenses are anticipated to rise 9.3% YOY to AED 96 Mn in 1Q26, resulting in pre-provision profit increasing from AED 78 Mn in 1Q25 to AED 127 Mn in 1Q26. UAB is expected to record an impairment charge of AED 7 Mn in 1Q26, compared with an impairment reversal of AED 34 Mn in 1Q25. Consequently, profit before tax is expected to increase 7.1% YOY to AED 120 Mn in 1Q26. Furthermore, tax expense is anticipated to increase 11.5% YOY to AED 11 Mn in 1Q26.

**2026 Forecast**

UAB's net profit is forecasted to rise 5.6% YOY to AED 462 Mn in 2026, attributed to an expected increase in net funded income and non-funded income, partially offset by an anticipated rise in operating expenses, tax expense, and higher impairment charges. The Bank's funded income is expected to increase 8.0% YOY to AED 1,394 Mn in 2026, primarily due to a projected increase in net advances and investments, partially offset by a forecasted decline in asset yields. On the other hand, funded expense is forecasted to rise 3.3% YOY to AED 736 Mn in 2026, owing to expected growth in interest bearing liabilities, partially offset by a projected decline in cost of funds. Consequently, net funded income is likely to grow 13.8% YOY to AED 658 Mn in 2026. The Bank's fees and commission income is forecasted to grow 25.0% YOY to AED 128 Mn in 2026. Additionally, exchange income is anticipated to rise 35.0% YOY to AED 64 Mn in 2026. Furthermore, other non-funded income is expected to increase from AED 68 Mn in 2025 to AED 82 Mn in 2026. Consequently, total non-funded income is likely to grow 25.6% YOY to AED 274 Mn in 2026. The Bank's operating income is expected to rise 17.0% YOY to AED 932 Mn in 2026. In addition, operating expenses are forecasted to increase 3.3% YOY to AED 377 Mn in 2026, resulting in pre-provision profit increasing to AED 554 Mn in 2026, compared with AED 431 Mn in 2025. UAB is expected to record an impairment charge of AED 47 Mn in 2026, compared with an impairment reversal of AED 51 Mn in 2025. Consequently, profit before tax is anticipated to rise 5.4% YOY to AED 508 Mn in 2026. Furthermore, the Bank's tax expense is expected to increase 3.9% YOY to AED 46 Mn in 2026.

**4Q25 Outturn**

UAB's interest income grew 14.6% YOY to AED 333 Mn in 4Q25, driven by a strong growth in average interest-earning assets, partially offset by a decline in asset yield. Interest expenses grew marginally by 1.3% YOY to AED 180 Mn in 4Q25, owing to a rise in customer deposits and medium-term borrowing, partially offset by a decline in the cost of funds. Thus, net interest income grew 35.5% YOY to AED 153 Mn in 4Q25. Fees and commissions income increased 2.8% YOY to AED 27 Mn in 4Q25, while exchange income declined 4.6% YOY to AED 11 Mn. Similarly, other non-funded income increased significantly from AED 3 Mn in 4Q24 to AED 26 Mn in 4Q25, due to a strong increase in gain on sale of investments. Thus, non-funded income increased 55.0% YOY to AED 63 Mn in 4Q25.

As a result, operating income expanded 40.7% YOY to AED 216 Mn in 4Q25, with net interest income accounting for 70.7% and non-funded income contributed for 29.3% of total operating income. Operating expenses increased 3.1% YOY to AED 97 Mn in 4Q25, driven by rise in employee benefit expenses. Thus, the cost-to-income ratio decreased from 61.3% in 4Q24 to 44.9% in 4Q25, supported by rise in funded and non-funded income. The Bank recorded impairment reversal of AED 16 Mn in 4Q25 compared to a reversal of AED 38 Mn in 4Q24. Tax expenses increased 43.9% YOY to AED 13 Mn in 4Q25.

### Target Price and Recommendation

We revised our rating from HOLD to BUY on UAB, with an unchanged target price of AED 1.60. UAB reported strong growth in net profit of 37.9% YOY in 4Q25, supported by the effective execution of its strategy, resulting in robust expansion in total assets, including advances and Islamic financing, a larger investment book, and prudent risk management. Furthermore, the Bank's strong performance in 2025 was supported by continued investments in people, products, systems, and processes, enabling it to further build on the progress achieved. In addition, UAB is undertaking focused initiatives to enhance cross-selling, strengthen FX income, and expand investment related revenues through new strategic measures. Advances grew 26.3% YOY and 3.1% QOQ to AED 14.6 Bn, supported by strong demand from large and mid-sized corporates in real estate & services, increased financing to financial institutions, sustained growth in retail mortgages, and a rise in Islamic financing. The healthy growth in the UAE economy supports overall credit demand, providing a favorable backdrop for sustained loan expansion across key segments. Similarly, the Bank's investment portfolio expanded 30.9% YOY and 6.1% QOQ to AED 7.9 Bn in 4Q25, driven by the efficient deployment of excess liquidity into high-quality assets, supporting yield improvement. The Bank's customer deposit increased 31.2% YOY and 23.9% QOQ to AED 17.8 Bn in 4Q25, with a growth in CASA deposit of 41.9% YOY to AED 6.5 Bn in 2025, accounting for 36.3% of total deposits. Additionally, CASA deposit demonstrated a healthy growth of 30.8% QOQ in 4Q25, higher than growth in term deposits, thereby supporting margins and balance sheet stability. UAB's asset quality improved in 4Q25, with a decline in the NPL ratio from 3.1% in 3Q25 to 2.8% in 4Q25. Additionally, coverage grew from 82.0% in 3Q25 to 102.4% in 4Q25. In addition, the coverage ratio, including collaterals, stood at 183% in 2025. This provision buffer would shield the Bank's profit from any rise in loan losses. Additionally, stage 2 loans declined over the past two quarters, signalling improving asset migration trends and reduced credit stress within the portfolio. The Bank's CET1 and CAR stood at 17.4% and 21.5% in 4Q25, respectively, remaining well above regulatory requirements, thus enhancing the Bank's capacity to absorb potential shocks, sustain lending expansion, and maintain financial stability while pursuing strategic growth initiatives. Similarly, UAB's stable resource ratio and eligible liquid asset ratio stood at 69.8% and 17.4%, respectively in 4Q25, 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 proposed a cash dividend payout of 25% of its 2025 net profit, amounting to 3.5 fils per share (AED 109.5 Mn), subject to shareholder approval. The approval of dividends is expected to boost shareholder confidence, reflecting UAB's improved earnings profile and a healthy capital position. Thus, based on these factors, revised our rating from HOLD to BUY on the stock.

#### UAB - Relative valuation

(At CMP)	2021	2022	2023	2024	2025	2026F
PE (x)	38.20	17.33	10.49	8.90	7.32	8.70
PB (x)	1.77	1.79	1.54	1.34	0.92	1.07
BVPS	0.733	0.727	0.844	0.971	1.411	1.217
EPS	0.034	0.075	0.124	0.146	0.178	0.149
DPS	NA	NA	NA	NA	0.035	0.040
Dividend Yield	NA	NA	NA	NA	2.6%	3.0%

FABS estimate & Co Data

**UAB – P&L**

AED Mn	1Q25	4Q25	1Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Interest income	290	333	339	16.7%	1.8%	1,291	1,394	8.0%
Interest expense	-173	-180	-181	4.9%	0.8%	-713	-736	3.3%
<b>Net interest income</b>	<b>117</b>	<b>153</b>	<b>157</b>	<b>34.3%</b>	<b>3.0%</b>	<b>579</b>	<b>658</b>	<b>13.8%</b>
Fees and commissions	25	27	30	18.4%	12.0%	102	128	25.0%
Exchange income	11	11	15	39.1%	35.0%	47	64	35.0%
Other non-funded income	12	26	21	NM	-20.0%	68	82	20.0%
<b>Total non-funded income</b>	<b>48</b>	<b>63</b>	<b>65</b>	<b>35.7%</b>	<b>3.0%</b>	<b>218</b>	<b>274</b>	<b>25.6%</b>
<b>Total operating income</b>	<b>165</b>	<b>216</b>	<b>223</b>	<b>34.7%</b>	<b>3.0%</b>	<b>797</b>	<b>932</b>	<b>17.0%</b>
Total operating expenses	-88	-97	-96	9.3%	-1.4%	-365	-377	3.3%
<b>Pre provision profit</b>	<b>78</b>	<b>119</b>	<b>127</b>	<b>63.3%</b>	<b>6.6%</b>	<b>431</b>	<b>554</b>	<b>28.6%</b>
Impairment	34	16	-7	NM	NM	51	-47	NM
<b>Profit before Tax</b>	<b>112</b>	<b>135</b>	<b>120</b>	<b>7.1%</b>	<b>-11.4%</b>	<b>482</b>	<b>508</b>	<b>5.4%</b>
Corporate Tax	-10	-13	-11	11.5%	-11.4%	-44	-46	3.9%
<b>Net profit</b>	<b>102</b>	<b>122</b>	<b>108</b>	<b>6.7%</b>	<b>-11.4%</b>	<b>438</b>	<b>462</b>	<b>5.6%</b>

FABS estimate & Co Data

**UAB – KPI**

	1Q25	4Q25	1Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Net FI/OI	70.9%	70.7%	70.7%	-22	-1	72.6%	70.6%	-201
NIM	2.2%	2.5%	2.4%	20	-7	2.5%	2.4%	-10
NIS	1.8%	1.9%	1.9%	14	-1	2.0%	1.9%	-7
Fees & comms/OI	15.2%	12.3%	13.3%	-183	107	12.9%	13.7%	88
Exchange income/OI	6.5%	5.2%	6.8%	21	160	5.9%	6.9%	91
Cost to income	53.0%	44.9%	43.0%	-999	-193	45.9%	40.5%	-538
Impairment/PPP	-43.6%	-13.4%	5.8%	NM	NM	-11.8%	8.4%	NM
NP/OI	61.4%	56.6%	48.6%	-1,278	-793	55.0%	49.6%	-537
Cost of risk – Calculated	-1.1%	-0.4%	0.1%	113	48	-0.4%	0.3%	68
Loan-to-deposit	83.5%	81.7%	90.3%	678	852	81.7%	76.9%	-483
NPL	3.4%	2.8%	2.4%	-99	-40	2.8%	2.7%	-10
Coverage Ratio	117.6%	102.4%	130.0%	NM	NM	102.4%	105.0%	260
CET 1	12.6%	17.4%	17.7%	509	22	17.4%	16.8%	-63
Capital adequacy	17.1%	21.5%	21.7%	460	14	21.5%	20.4%	-108
ROAE	17.0%	16.0%	15.6%	-143	-37	16.0%	12.8%	-322
ROAA	1.6%	1.8%	1.7%	12	-7	1.8%	1.6%	-18

FABS estimate & Co Data

**UAB – Key BS Items**

AED Mn	1Q25	2Q25	3Q25	4Q25	1Q26F	YOY Ch.
Net advances	12,472	13,418	14,112	14,554	14,951	19.9%
QOQ change	8.2%	7.6%	5.2%	3.1%	2.7%	
Total assets	23,429	23,921	24,465	27,000	27,634	17.9%
QOQ change	9.2%	2.1%	2.3%	10.4%	2.3%	
Customer deposits	14,942	15,601	14,369	17,809	18,233	22.0%
QOQ change	10.1%	4.4%	-7.9%	23.9%	2.4%	
Total equity	2,659	2,781	3,959	4,032	4,140	55.7%
QOQ change	4.2%	4.6%	42.4%	1.8%	2.7%	

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